

Schedule D1

Michigan Public Service Commission
 Upper Peninsula Power Company
 Projected Rate of Return Summary
 Projected 12 Month Period Ending, December 31, 2012

Case No.: U-16417
 Exhibit No.: A-4 (LJG-1)
 Schedule: D1
 Page: 1 of 1
 Witness: Lisa J. Gast

Line No.	(a) Description	(b) Capital Structure			(e) Cost Rate %	(g) Weighted Cost			(i) Pre-Tax Return	(j) Percent Capital Incl ST	(k) Weighted Cost Incl ST
		(b) Amount (1)	(c) Percent Capital	(d) Percent of Total Capital		(f) Capital	(g) Total Cost %	(h) Conversion Factor			
1											
2	Long-Term Debt	\$ 55,000,000	40.28%	30.85%	6.3302% (2)	2.55%	1.9531%		1.9531%	37.03%	2.3443%
3											
4	Preferred Stock	\$ -	0.00%	0.00%	0.0000% (4)	0.00%	0.0000%		0.0000%	0.00%	0.0000%
5											
6	Adjusted Common Equity	\$ 81,538,153	59.72%	45.74%	10.7500% (5)	6.42%	4.9172%	1.637	8.0494%	54.90%	5.9019%
7											
8	Total Capital	<u>\$ 136,538,153</u>	<u>100.00%</u>			<u>8.97%</u>					
9											
10	Short-Term Debt	\$ 11,978,931		6.72%	1.9691% (3)		0.1323%		0.1323%	8.07%	0.1588%
11											
12	Job Development - ITC - Debt										
13	Job Development - ITC Equity										
14	Total Job Development - ITC	\$ -		0.00%							
15											
16	Deferred Investment Tax Credit	\$ 2,033,017		1.14%		0.00%	0.0000%		0.0000%		
17											
18	Deferred Income Taxes (Net) - Federal	\$ 30,361,184		17.03%		0.00%	0.0000%		0.0000%		
19											
20	Capital Structure Adj	\$ (2,651,303)		-1.49%		8.40%	-0.1250%		-0.1250%		
21											
22	Total	<u>\$ 178,259,982</u>		<u>100.00%</u>			<u>6.8776%</u>		<u>10.0098%</u>	<u>100.00%</u>	<u>8.4050%</u>

- (1) See Exh. A-2, Sch. B1
- (2) See Exh. A-4, Sch. D2
- (3) See Exh. A-4, Sch. D3
- (4) See Exh. A-4, Sch. D4
- (5) See Exh. A-4, Sch. D5

Schedule D2

Michigan Public Service Commission
 Upper Peninsula Power Company
 Cost of Long-Term Debt
 Projected 12 Month Period Ending, December 31, 2012

Case No.: U-16417
 Exhibit No.: A-4 (LJG-1)
 Schedule: D2
 Page: 1 of 1
 Witness: Lisa J. Gast

Line No.	(a) Description	(b) Original Issue Date	(c) Stated Maturity Date	(d) Interest Rate (%)	(e) Amount of Offering	(f) Price to Public	(g) Underwriting & Financing Expenses (%)	(h) Net Proceeds to the Company (%)	(i) Cost Based on Net Proceeds (%)	(j) Amount Outstanding	(k) Annual Cost
1											
2	Mortgage Bonds										
3											-
4											-
5											
6											
7											
8	Total Mortgage Bonds									\$ -	\$ -
9											
10	Other Long-Term Debt										
11		8/1/2003	7/1/2013	5.250%	15,000,000	15,000,000		15,000,000	5.338%	15,000,000	800,625
12		10/1/2007	10/1/2017	6.059%	15,000,000	15,000,000		15,000,000	6.160%	15,000,000	923,998
13		4/30/2010	4/30/2020	5.041%	15,000,000	15,000,000		15,000,000	5.041%	15,000,000	756,150
14		9/1/2011	9/1/2016	3.630%	10,000,000	10,000,000		10,000,000	3.630%	10,000,000	363,000
15											
16	Total Other Long-Term Debt									\$ 55,000,000	\$ 2,843,773
17											
18	Amortization of Loss on Reacquired Debt										\$ 590,592
19	Amortization of Upfront Credit Facility Fees										\$ 43,404
20	Reconcile Bond Interest										\$ 3,852
21	Total Interest										\$ 3,481,620
22	Total Long-Term Debt									\$ 55,000,000	
23											
24	Unamortized Debt Discount, Premium and Expense									-	
25											
26											
27	Total Long-Term Debt Balance									\$ 55,000,000	6.3302%

Schedule D3

Michigan Public Service Commission
Upper Peninsula Power Company
Cost of Short-Term Debt
Projected 12 Month Period Ending, December 31, 2012

Case No.: U-16417
Exhibit No.: A-4 (LJG-1)
Schedule: D3
Page: 1 of 1
Witness: Lisa J. Gast

Line No.	(a) Month	(b) Balance Outstanding	(c) Total Cost
1			
2	Commercial Paper	\$ -	\$ -
3			
4	Inter-Company Loans	\$ 11,978,931	\$ 235,881
5			
6	Letter of Credit	\$ -	\$ -
7			
8	Other	\$ -	\$ -
9			
10	Total	<u>\$ 11,978,931</u>	<u>\$ 235,881</u>
11			
12	Average Cost of Short-Term Debt		<u>1.9691%</u>

Schedule D5

Michigan Public Service Commission
Upper Peninsula Power Company
Cost of Common Shareholders' Equity
Projected 12 Month Period Ending, December 31, 2012

Case No.: U-16417
Exhibit No.: A-4 (LJG-1)
Schedule: D5
Page: 1 of 1
Witness: Lisa J. Gast

<u>Line No.</u>	<u>Description</u>	<u>Adjusted Common Equity</u>	<u>Return On Equity</u>
1			
2	December	81,437,588	
3	January	82,450,442	
4	February	83,004,006	
5	March	80,805,421	
6	April	81,580,785	
7	May	81,661,416	
8	June	80,117,784	
9	July	80,857,416	
10	August	80,930,404	
11	September	80,912,978	
12	October	81,536,104	
13	November	81,826,788	
14	December	84,110,998	
15			
16	Average	81,538,153	10.7500%

Schedule D1

Michigan Public Service Commission
 Upper Peninsula Power Company
 Actual Rate of Return Summary
 Actual 12 Month Period Ending, December 31, 2010

Case No.: U-16417
 Exhibit No.: A-14 (LJG-2)
 Schedule: D1
 Page: 1 of 1
 Witness: Lisa J. Gast

Line No.	(a) Description	(b) Capital Structure			(e) Cost Rate %	(g) Weighted Cost			(i) Pre-Tax Return	(j) Percent Capital Incl ST	(k) Weighted Cost Incl ST
		(b) Amount (1)	(c) Percent Capital	(d) Percent of Total Capital		(f) Capital	(g) Total Cost %	(h) Conversion Factor			
1											
2	Long-Term Debt	\$ 51,000,000	41.45%	33.26%	6.3087% (2)	2.61%	2.0981%	2.0981%	39.60%	2.4983%	
3											
4	Preferred Stock	\$ -	0.00%	0.00%	0.0000% (4)	0.00%	0.0000%	0.0000%	0.00%	0.0000%	
5											
6	Adjusted Common Equity	\$ 72,037,367	58.55%	46.98%	10.9000% (5)	6.38%	5.1205%	1.637	8.3823%	6.0971%	
7											
8	Total Capital	<u>\$ 123,037,367</u>	<u>100.00%</u>			<u>9.00%</u>					
9											
10	Short-Term Debt	\$ 5,747,292		3.75%	0.8340% (3)		0.0313%	0.0313%	4.46%	0.0372%	
11											
12	Job Development - ITC - Debt										
13	Job Development - ITC Equity										
14	Total Job Development - ITC	\$ -		0.00%							
15											
16	Deferred Investment Tax Credit	\$ 1,503,848		0.98%		0.00%	0.0000%	0.0000%			
17											
18	Deferred Income Taxes (Net) - Federal	\$ 20,975,191		13.68%		0.00%	0.0000%	0.0000%			
19											
20	Capital Structure Adj	\$ 2,082,113		1.36%		8.63%	0.1172%	0.1172%			
21											
22	Total	<u>\$ 153,345,811</u>		<u>100.00%</u>			<u>7.3671%</u>	<u>10.6289%</u>	<u>100.00%</u>	<u>8.6326%</u>	

- (1) See Exh. A-2, Sch. B1
- (2) See Exh. A-4, Sch. D2
- (3) See Exh. A-4, Sch. D3
- (4) See Exh. A-4, Sch. D4
- (5) See Exh. A-4, Sch. D5

Schedule D2

Michigan Public Service Commission
 Upper Peninsula Power Company
 Cost of Long-Term Debt
 Actual 12 Month Period Ending, December 31, 2010

Case No.: U-16417
 Exhibit No.: A-14 (LJG-2)
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 Page: 1 of 1
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Line No.	(a) Description	(b) Original Issue Date	(c) Stated Maturity Date	(d) Interest Rate (%)	(e) Amount of Offering	(f) Price to Public (%)	(g) Underwriting & Financing Expenses (%)	(h) Net Proceeds to the Company (%)	(i) Cost Based on Net Proceeds (%)	(j) Amount Outstanding	(k) Annual Cost
1											
2	Mortgage Bonds										
3		11/21/1991	11/1/2021	9.320%	18,000,000	18,000,000	225,000	17,775,000	9.438%	10,375,000	2 961,513
4											
5										-	
6										-	
7										-	
8	Total Mortgage Bonds									<u>\$ 10,375,000</u>	<u>\$ 961,513</u>
9											
10	Other Long-Term Debt										
11		8/1/2003	7/1/2013	5.250%	15,000,000	15,000,000		15,000,000	5.323%	15,000,000	1 798,438
12		10/1/2007	10/1/2017	6.059%	15,000,000	15,000,000		15,000,000	6.143%	15,000,000	1 921,473
13		4/30/2010	4/30/2020	5.041%	15,000,000	15,000,000		15,000,000	5.111%	10,625,000	3 511,101
14											
15											
16	Total Other Long-Term Debt									<u>\$ 40,625,000</u>	<u>\$ 2,231,011</u>
17											
18	Amortization of Loss on Reacquired Debt										\$ 2,712
19	Amortization of Debt Discount and Expense										\$ 10,793
20	Amortization of Upfront Credit Facility Fees										\$ 10,685
21											
22	Reconcile Bond Interest										\$ 703
23	Total Interest										3,217,417
24	Total Long-Term Debt									\$ 51,000,000	
25											
26	Unamortized Debt Discount, Premium and Expense									-	
27											
28											
29	Total Long-Term Debt Balance									<u>\$ 51,000,000</u>	<u>6.3087%</u>

Notes:

1 Effective rate for 2003 and 2007 debt issues whose credit agreements specify "Interest shall be calculated by the method known as 'The Banker's Rule,' multiplying the actual number of days the debt is outstanding by the interest rate and dividing the product thereof by 360."

2	12-mo. Avg LTD Outstanding	\$ 10,316,667
	Interest Rate	9.32%
	Actual Interest Expense	<u>\$ 961,513</u>
3	Amount Outstanding	\$ 15,000,000
	Interest Rate	5.111%
	Annual Interest Expense	\$ 766,652
	2010 Interest Expense - 8 Months	\$ 511,101

Schedule D3

Michigan Public Service Commission
Upper Peninsula Power Company
Cost of Short-Term Debt
Actual 12 Month Period Ending, December 31, 2010

Case No.: U-16417
Exhibit No.: A-14 (LJG-2)
Schedule: D3
Page: 1 of 1
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	(a)	(b)	(c)
Line No.	Month	Balance Outstanding	Total Cost
1			
2	Commercial Paper	\$ -	\$ -
3			
4	Inter-Company Loans	\$ 5,747,292	\$ 47,931
5			
6	Letter of Credit	\$ -	\$ -
7			
8	Other	\$ -	\$ -
9			
10	Total	<u>\$ 5,747,292</u>	<u>\$ 47,931</u>
11			
12	Average Cost of Short-Term Debt		<u>0.8340%</u>

Schedule D5

Michigan Public Service Commission
Upper Peninsula Power Company
Cost of Common Shareholders' Equity
Actual 12 Month Period Ending, December 31, 2010

Case No.: U-16417
Exhibit No.: A-14 (LJG-2)
Schedule: D5
Page: 1 of 1
Witness: Lisa J. Gast

<u>Line No.</u>	<u>Description</u>	<u>Adjusted Common Equity</u>	<u>Return On Equity</u>
1			
2	December	63,720,252	
3	January	65,156,280	
4	February	65,535,493	
5	March	65,317,706	
6	April	73,333,205	
7	May	73,821,489	
8	June	74,151,898	
9	July	75,210,091	
10	August	75,586,143	
11	September	73,770,127	
12	October	75,337,957	
13	November	76,045,710	
14	December	78,644,355	
15			
16	Average	72,037,367	10.9000%

Upper Peninsula Power Company

Credit Rating Data for Parent, Integrys Energy Group, Inc.

S&P Credit Ratings

	Senior Unsecured	Junior Subordinated	Commercial Paper	Outlook
21-Jan-2011	BBB	BBB-	A-2	Positive
26-Jan-2010	BBB	BBB-	A-2	Stable
5-Mar-2009	BBB	BBB-	A-2	Negative
25-Nov-2008	BBB+	BBB	A-2	Negative
13-Nov-2007	BBB+	BBB	A-2	Stable
21-Feb-2007	BBB+	BBB	A-2 (c)	Negative
10-Jul-2006	A/Watch Negative	-	A-1/Watch Negative	Watch Negative
17-Jan-2006	A	-	A-1	Negative

Moody's Credit Ratings

	Senior Unsecured	Junior Subordinated	Commercial Paper	Outlook
27-May-2010	Baa1	Baa2	Prime-2	Stable
9-Jun-2009	Baa1	Baa2	Prime-2	Negative
9-Mar-2009	A3	Baa1	-	Negative Review
9-Mar-2009	-	-	Prime-2	Stable
21-Feb-2007	A3	Baa1	Prime-2 (c)	Stable
28-Sep-2005	A1	-	Prime-1	Negative

- (a) Ratings are for Integrys Energy Group, Inc. on and after 21-Feb-2007. Ratings are for WPS Resources Corporation prior to 21-Feb-2007.
- (b) Ratings listed are those in effect as of June 30, 2006 and subsequent ratings changes only. Affirmations are not included.
- (c) Initially rated BBB+ by S&P and A2 by Moody's when issued on 28-Nov-2006.
- (d) UPPCO is not rated by any agency.
- (e) Integrys is not rated by Fitch.
- (f) Integrys has no Senior Secured Debt.

Upper Peninsula Power Company

Utility Bond Issuances - February 2010 through July 2010

Issue Date	Issuing Company	Offering Type	Offering Amount (millions)	Coupon Rate	Maturity Date	Offering Structure	Moody/S&P Ratings	Gross Spread	Reoffer Spread
2/3/2010	Florida Power & Light	First Mortgage Bonds-Secured	\$500	5.690%	3/1/2040	30 NC/L	Aa2/A	0.875%	+110
2/3/2010	Wisconsin Electric Power Company	Senior Notes-Secured	\$275	6.090%	2/11/2040	25.73YR WAL	A1/A-	N/A	+145
2/3/2010	Wisconsin Electric Power Company	Senior Notes-Secured	\$255	5.209%	2/11/2030	12.13YR WAL	A1/A-	N/A	+150
3/2/2010	Public Service Electric & Gas Co.	Senior Notes-Secured	\$300	5.500%	3/1/2040	30 NC/L	A2/A-	N/A	+95
3/3/2010	Western Mass Electric Co.	Senior Notes-Unsecured	\$95	5.100%	3/1/2020	10 NC/L	Baa2/BBB	0.650%	+150
3/3/2010	Puget Sound Energy	Senior Notes Fallaway Bonds-Secured	\$325	5.795%	3/15/2040	30 NC/L	Baa1/A-	0.875%	+120
3/3/2010	Southwestern Electric Power Co.	Senior Notes-Unsecured	\$350	6.200%	3/15/2040	30 NC/L	Baa3/BBB	0.875%	+160
3/4/2010	TECO Finance, Inc.	Senior Notes-Unsecured	\$300	5.150%	3/15/2020	10 NC/L	Baa3/BBB	0.650%	+160
3/4/2010	TECO Finance, Inc.	Senior Notes-Unsecured	\$250	4.000%	3/15/2016	6 NC/L	Baa3/BBB	0.600%	+180
3/8/2010	Southern California Edison	First Mortgage Bonds-Secured	\$500	5.500%	3/15/2040	30 NC/L	A1/A	0.875%	+90
3/9/2010	Georgia Power Company	Series 2010A Floating Rate Senior Notes-Unsecured	\$350	3mL+32	3/15/2013	3NC2	A2/A	0.350%	3mL+32
3/9/2010	Transalta	Senior Notes-Unsecured	\$300	6.500%	3/15/2040	30 NC/L	Baa2/BBB	Not Available	+190
3/11/2010	Columbus Southern Power	Series A Floating Rate Senior Notes-Unsecured	\$150	3mL+40	3/16/2012	2 NC/L	A3/BBB	0.250%	3mL+40
3/11/2010	NSTAR Electric Co.	Senior Notes-Unsecured	\$300	5.500%	3/15/2040	30 NC/L	A1/A+	0.875%	+90
3/15/2010	Entergy Louisiana	Retail First Mortgage Bonds-Secured	\$150	6.000%	3/15/2040	30 NC5	A3/A-	3.150%	+137
3/17/2010	Narragansett Electric	Senior Notes-Unsecured	\$300	5.638%	3/15/2040	30 NC/L	A3/A-	N/A	+108
3/17/2010	Narragansett Electric	Senior Notes-Unsecured	\$250	4.534%	3/15/2020	10 NC/L	A3/A-	N/A	+90
3/22/2010	Duke Energy Corporation	Senior Notes-Unsecured	\$450	3.350%	4/1/2015	5 NC/L	Baa2/BBB+	0.600%	+95
3/22/2010	Progress Energy Florida, Inc.	First Mortgage Bonds-Secured	\$350	5.650%	4/1/2040	30 NC/L	A1/A-	0.875%	+110
3/22/2010	Progress Energy Florida, Inc.	First Mortgage Bonds-Secured	\$250	4.550%	4/1/2020	10 NC/L	A1/A-	0.650%	+90
3/26/2010	Pacific Gas & Electric	Senior Notes-Unsecured	\$250	5.800%	3/1/2037	30 NC/L	A3/BBB+	0.875%	+115
3/29/2010	PSEG Power LLC	Senior Notes-Unsecured	\$406	5.125%	4/15/2020	10 NC/L	Baa1/BBB	Not Available	+130
3/29/2010	PSEG Power LLC	Senior Notes-Unsecured	\$300	2.500%	4/15/2013	3 NC/L	Baa1/BBB	Not Available	+90
4/6/2010	Gulf Power Company	Series 2010A Senior Notes-Unsecured	\$175	4.750%	4/15/2020	10 NC/L	A2/A	0.650%	+80
4/14/2010	SEMCO Energy Inc.	Senior Notes-Secured	\$300	5.150%	4/21/2020	10 NC/L	A3/BBB+	Not available	+130
5/10/2010	San Diego Gas & Electric	First Mortgage Bonds-Secured	\$250	5.350%	5/15/2040	30 NC/L	Aa3/A+	0.875%	+95
5/10/2010	Xcel Energy, Inc.	Senior Notes-Unsecured	\$550	4.700%	5/15/2020	10 NC/9.5	Baa1/BBB	0.650%	+120
5/13/2010	FPL Group Capital	Senior Notes-Unsecured	\$250	2.550%	11/15/2013	3.5 NC/L	Baa1/BBB+	0.350%	+115
5/17/2010	Public Service Electric & Gas Co.	Senior Notes-Secured	\$300	2.700%	5/1/2015	5 NC/L	A2/A-	0.500%	+539
5/18/2010	Entergy Texas, Inc.	Senior Secured Mortgage Bonds	\$200	3.600%	6/1/2015	5 NC/L	Baa2/BBB+	0.600%	+150
5/19/2010	Appalachian Power	Senior Notes-Unsecured	\$300	3.400%	5/24/2015	5 NC/L	Baa2/BBB	0.600%	+137
5/24/2010	Georgia Power Company	Senior Notes-Unsecured	\$600	5.400%	6/1/2040	30 NC/L	A2/A	0.880%	+135
5/24/2010	Empire District Electric	First Mortgage Bonds-Secured	\$100	4.650%	6/1/2020	10 NC/L	A3/BBB+	0.650%	+145
6/2/2010	Duke Energy Carolinas LLC	Senior Secured First and Refunding Mortgage Bonds	\$450	4.300%	6/15/2020	10 NC/L	A1/A-	0.65%	+100
6/2/2010	Consolidated Edison Co. of NY	Senior Notes-Unsecured	\$350	4.450%	6/15/2020	10 NC/L	A3/A-	0.65%	+115
6/2/2010	Consolidated Edison Co. of NY	Senior Notes-Unsecured	\$350	5.700%	6/15/2040	30 NC/L	A3/A-	0.88%	+150
6/3/2010	Oklahoma Gas & Electric	Senior Notes-Unsecured	\$250	5.850%	6/1/2040	30 NC/L	A2/BBB+	0.88%	+162.5
6/3/2010	Tri-State Generation & Transmission Association, Inc.	First Mortgage Bonds-Secured	\$400	6.000%	6/15/2040	30 NC/L	Baa1/A	Not Available	+187.5
6/10/2010	Wisconsin Power & Light	Senior Notes-Unsecured	\$150	4.600%	6/15/2020	10 NC/L	A2/A-	0.65%	+135
6/10/2010	Interstate Power & Light	Senior Notes-Unsecured	\$150	3.300%	6/15/2015	5 NC/L	A3/BBB+	0.60%	+130
6/24/2010	Puget Sound Energy	Senior Notes-Secured	\$250	5.764%	7/15/2040	30 NC/L	Baa1/A-	Not Available	+167.5
7/6/2010	Duke Energy Indiana, Inc.	First Mortgage Bonds-Secured	\$500	3.750%	7/15/2020	10 NC/L	A2/A	Not Available	+80
7/13/2010	Black Hills Corporation	Senior Notes-Unsecured	\$200	5.875%	7/15/2020	10 NC/L	Baa3/BBB-	Not Available	+277
7/26/2010	Commonwealth Edison Co.	First Mortgage Bonds-Secured	\$500	4.000%	8/1/2020	10 NC/9.75	Baa1/A-	Not Available	+100

Upper Peninsula Power Company

Historical and Projected Financial Metrics - Financial Basis
(000s)

Line	Description [A]	Historical Source / Comment [B]	Rate Relief	No Rate Relief	Historical Year Ended					
			Test Year Ending 12/31/2012 [C]	Test Year Ending 12/31/2012 [D]	12/31/2010 [E]	12/31/2009 [F]	12/31/2008 [G]	12/31/2007 [H]	12/31/2006 [I]	
1	A EBIT Interest Coverage									
2	Total Operating Income	FERC - Income Statement	\$ 12,201	\$ 7,512	\$ 8,982	\$ 3,702	\$ 7,080	\$ 8,854	\$ 7,274	
3	Other Income and Deductions, net	FERC - Income Statement [417 - 426.5]	1,026	1,026	2,103	234	(1,059)	1,761	1,042	
4	Federal and State Income Taxes	FERC - Income Statement [409.1- 411.4]	5,133	2,121	4,582	1,067	1,903	3,562	2,009	
5	AFUDC Equity Funds Portion	N/A	-	-	-	-	-	-	-	
6	EBIT	Sum of Lines 2-4, - Line 5	\$ 18,360	\$ 10,658	\$ 15,668	\$ 5,003	\$ 7,923	\$ 14,176	\$ 10,326	
7	Total Interest Charges	FERC - Income Statement [427 - 431]	\$ 3,717	\$ 3,718	\$ 3,207	\$ 2,975	\$ 3,269	\$ 2,969	\$ 3,064	
8	EBIT Interest Coverage	Line 6 / Line 7	4.9	2.9	4.9	1.7	2.4	4.8	3.4	
9	B EBITDA Interest Coverage									
10	Total Operating Income	Line 2	\$ 12,201	\$ 7,512	\$ 8,982	\$ 3,702	\$ 7,080	\$ 8,854	\$ 7,274	
11	Depreciation and Amortization	Line 21	9,356	9,356	6,698	6,268	5,786	5,803	5,553	
12	Other Income and Deductions, net	Line 3	1,026	1,026	2,103	234	(1,059)	1,761	1,042	
13	Federal and State Income Taxes	Line 4	5,133	2,121	4,582	1,067	1,903	3,562	2,009	
14	AFUDC Equity Funds Portion		-	-	-	-	-	-	-	
15	EBITDA	Sum of the Above	\$ 27,716	\$ 20,014	\$ 22,366	\$ 11,271	\$ 13,709	\$ 19,979	\$ 15,878	
16	Total Interest Charges	Line 7	\$ 3,717	\$ 3,718	\$ 3,207	\$ 2,975	\$ 3,269	\$ 2,969	\$ 3,064	
17	EBITDA Interest Coverage	Line 6 / Line 7	7.5	5.4	7.0	3.8	4.2	6.7	5.2	
18	C FFO Interest Coverage									
19	<u>Funds from Operations</u>									
20	Net Income	Income Statement	\$ 9,509	\$ 4,820	\$ 7,879	\$ 961	\$ 2,751	\$ 7,646	\$ 5,253	
21	Depreciation and Amortization	Income Statement	9,356	9,356	6,698	6,268	5,786	5,803	5,553	
22	Deferred Income Tax and Investment Tax Credits		1,225	1,225	10,596	4,485	1,236	(93)	144	
23	Other Operating Cash Flow		1,336	1,336	(18,721)	(6,777)	(267)	1,900	674	
24	Total Funds from Operations	Sum of the Above	\$ 21,426	\$ 16,737	\$ 6,452	\$ 4,937	\$ 9,507	\$ 15,256	\$ 11,624	
25	Total Interest Charges	Line 7	3,717	3,718	3,207	2,975	3,269	2,969	3,064	
26	Funds from Operation plus Interest	Sum of the Above	\$ 25,144	\$ 20,455	\$ 9,659	\$ 7,912	\$ 12,776	\$ 18,224	\$ 14,687	
27	Total Interest Charges	Line 7	\$ 3,717	\$ 3,718	\$ 3,207	\$ 2,975	\$ 3,269	\$ 2,969	\$ 3,064	
28	FFO Interest Coverage	Line 26 / Line 27	6.8	5.5	3.0	2.7	3.9	6.1	4.8	
29	D Overall Fixed Charge Coverage:									
30	Net Income	Line 20	\$ 9,509	\$ 4,820	\$ 7,879	\$ 961	\$ 2,751	\$ 7,646	\$ 5,253	
31	Total Interest Charges (Gross Interest)	Line 7	3,717	3,718	3,207	2,975	3,269	2,969	3,064	
32	Net Income plus Gross Interest	Sum of the Above	\$ 13,227	\$ 8,538	\$ 11,086	\$ 3,936	\$ 6,020	\$ 10,614	\$ 8,316	
33	Total Interest Charges (Gross Interest)	Line 7	\$ 3,717	\$ 3,718	\$ 3,207	\$ 2,975	\$ 3,269	\$ 2,969	\$ 3,064	
34	Preferred Dividends	N/A	-	-	-	-	-	-	-	
35	Gross Interest plus Preferred Dividends	Sum of the Above	\$ 3,717	\$ 3,718	\$ 3,207	\$ 2,975	\$ 3,269	\$ 2,969	\$ 3,064	
36	Overall Fixed Charge Coverage	Line 32 / Line 35	3.56	2.30	3.46	1.32	1.84	3.58	2.71	
37	E Cash Flow Coverage of Dividends	N/A UPPCO doesn't pay dividends								
38	F Common Dividend Payout Ratio	N/A UPPCO doesn't pay dividends								

Note - the above ratios are on a financial basis

Upper Peninsula Power Company

Historical and Projected Financial Metrics - Financial Basis
(000s)

Line	Description [A]	Historical Source [B]	Rate Relief	No Rate Relief	Historical Year Ended					
			Test Year Ending 12/31/2012 [C]	Test Year Ending 12/31/2012 [D]	12/31/2010 [E]	12/31/2009 [F]	12/31/2008 [G]	12/31/2007 [H]	12/31/2006 [I]	
1	G Permanent Capitalization Balances & Percentages									
2	<u>Capital Structure</u>									
3	Long-term Debt	GLN5117M	55,000	55,000	41,588	42,488	31,513	29,288	30,188	
4	Preferred Stock	N/A								
5	Unadjusted Common Equity	GLN5117M	\$ 98,083	\$ 98,072	\$ 72,231	\$ 66,283	\$ 64,985	\$ 64,456	\$ 63,940	
6	Unadjusted Total Capital	Sum of Lines 3 - 5	<u>\$ 153,083</u>	<u>\$ 153,072</u>	<u>\$ 113,818</u>	<u>\$ 108,770</u>	<u>\$ 96,497</u>	<u>\$ 93,744</u>	<u>\$ 94,128</u>	
7	<u>Capital Structure Ratios - Financial</u>									
8	Long-term Debt Ratio	Line 3 / Line 6	35.93%	35.93%	36.54%	39.06%	32.66%	31.24%	32.07%	
9	Preferred Stock Ratio	Line 4 / Line 6	-	-	-	-	-	-	-	
10	Common Equity Ratio	Line 5 / Line 6	64.07%	64.07%	63.46%	60.94%	67.34%	68.76%	67.93%	
11	H Return on Equity (ROE)									
12	Financial ROE	Line 20 from Page 1 / Line 5	9.70%	4.92%	10.91%	1.45%	4.23%	11.86%	8.21%	
13	Authorized ROE				10.75%	10.75%	10.75%	11.40%	11.40%	
14	I Total Capitalization Balances & Percentages									
15	Short-term Debt	GLN5117M	11,968	11,979	6,954	2,389	11,894	12,790	9,725	
16	Long-term Debt	Line 3 Above	55,000	55,000	41,588	42,488	31,513	29,288	30,188	
17	Preferred Stock	Line 4 Above	-	-	-	-	-	-	-	
18	Unadjusted Common Equity	Line 5 Above	98,083	98,072	72,231	66,283	64,985	64,456	63,940	
19	Unadjusted Total Capital	Sum of Lines 15 - 18	<u>\$ 165,050</u>	<u>\$ 165,050</u>	<u>\$ 120,772</u>	<u>\$ 111,159</u>	<u>\$ 108,391</u>	<u>\$ 106,533</u>	<u>\$ 103,853</u>	
20	<u>Capital Structure Ratios - Financial</u>									
21	Short-term Debt Ratio	Line 15 / Line 19	7.25%	7.26%	5.76%	2.15%	10.97%	12.01%	9.36%	
22	Long-term Debt Ratio	Line 16 / Line 19	33.32%	33.32%	34.43%	38.22%	29.07%	27.49%	29.07%	
23	Preferred Stock Ratio	Line 17 / Line 19	-	-	-	-	-	-	-	
24	Common Equity Ratio	Line 18 / Line 19	59.43%	59.42%	59.81%	59.63%	59.95%	60.50%	61.57%	

Note (1): The above ratios are on a financial basis.

Note (2): Data is presented on a 13-month average basis.

Upper Peninsula Power Company

Historical and Projected Financial Metrics - Ratemaking Basis
 (000s)

Line	Description [A]	Historical Source / Comment [B]	Rate Relief	No Rate Relief	Historical Year Ended					
			Test Year Ending 12/31/2012 [C]	Test Year Ending 12/31/2012 [D]	12/31/2010 [E]	12/31/2009 [F]	12/31/2008 [G]	12/31/2007 [H]	12/31/2006 [I]	
1	A EBIT Interest Coverage									
2	Total Operating Income	Jurisdictional Models	\$ 12,033	\$ 7,344	\$ 9,539	\$ 3,805	\$ 6,835	\$ 8,456	\$ 7,384	
3	Other Income and Deductions, net		-	-	-	-	-	-	-	
4	Federal and State Income Taxes	Jurisdictional Models	\$ 5,870	\$ 2,858	\$ 3,603	\$ 1,103	\$ 2,510	\$ 3,111	\$ 1,461	
5	AFUDC Equity Funds Portion	N/A	-	-	-	-	-	-	-	
6	EBIT	Sum of Lines 2-4, - Line 5	\$ 17,904	\$ 10,202	\$ 13,141	\$ 4,908	\$ 9,344	\$ 11,566	\$ 8,845	
7	Total Interest Charges	Jurisdictional Models	\$ 3,717	\$ 3,718	\$ 3,265	\$ 3,243	\$ 3,430	\$ 2,886	\$ 2,810	
8	EBIT Interest Coverage	Line 6 / Line 7	4.8	2.7	4.0	1.5	2.7	4.0	3.1	
9	B EBITDA Interest Coverage									
10	Total Operating Income	Line 2	\$ 12,033	\$ 7,344	\$ 9,539	\$ 3,805	\$ 6,835	\$ 8,456	\$ 7,384	
11	Depreciation and Amortization	Line 21	9,356	9,356	6,698	6,268	5,674	5,682	5,462	
12	Other Income and Deductions, net	Line 3	-	-	-	-	-	-	-	
13	Federal and State Income Taxes	Line 4	5,870	2,858	3,603	1,103	2,510	3,111	1,461	
14	AFUDC Equity Funds Portion		-	-	-	-	-	-	-	
15	EBITDA	Sum of the Above	\$ 27,259	\$ 19,558	\$ 19,840	\$ 11,176	\$ 15,018	\$ 17,248	\$ 14,307	
16	Total Interest Charges	Line 7	\$ 3,717	\$ 3,718	\$ 3,265	\$ 3,243	\$ 3,430	\$ 2,886	\$ 2,810	
17	EBITDA Interest Coverage	Line 15 / Line 16	7.3	5.3	6.1	3.4	4.4	6.0	5.1	
18	C FFO Interest Coverage									
19	<u>Funds from Operations</u>									
20	Net Income	Jurisdictional Models	\$ 8,316	\$ 3,627	\$ 6,273	\$ 562	\$ 3,405	\$ 5,570	\$ 4,575	
21	Depreciation and Amortization	GLN5250M	9,356	9,356	6,698	6,268	5,674	5,682	5,462	
22	Deferred Income Tax and Investment Tax Credits	GLN5250M	1,225	1,225	10,596	4,696	1,359	(115)	125	
23	Other Operating Cash Flow		1,336	1,336	(18,721)	(6,777)	(267)	1,900	674	
24	Total Funds from Operations	Sum of the Above	\$ 20,233	\$ 15,544	\$ 4,847	\$ 4,748	\$ 10,171	\$ 13,036	\$ 10,836	
25	Total Interest Charges	Line 7	3,717	3,718	3,265	3,243	3,430	2,886	2,810	
26	Funds from Operation plus Interest	Sum of the Above	\$ 23,950	\$ 19,262	\$ 8,112	\$ 7,991	\$ 13,601	\$ 15,922	\$ 13,646	
27	Total Interest Charges	Line 7	\$ 3,717	\$ 3,718	\$ 3,265	\$ 3,243	\$ 3,430	\$ 2,886	\$ 2,810	
28	FFO Interest Coverage	Line 26 / Line 27	6.4	5.2	2.5	2.5	3.97	5.52	4.86	
29	D Overall Fixed Charge Coverage:									
30	Net Income	Line 20	\$ 8,316	\$ 3,627	\$ 6,273	\$ 562	\$ 3,405	\$ 5,570	\$ 4,575	
31	Total Interest Charges (Gross Interest)	Line 7	3,717	3,718	3,265	3,243	3,430	2,886	2,810	
32	Net Income plus Gross Interest	Sum of the Above	\$ 12,033	\$ 7,344	\$ 9,539	\$ 3,805	\$ 6,835	\$ 8,456	\$ 7,385	
33	Total Interest Charges (Gross Interest)	Line 7	\$ 3,717	\$ 3,718	\$ 3,265	\$ 3,243	\$ 3,430	\$ 2,886	\$ 2,810	
34	Preferred Dividends	N/A	-	-	-	-	-	-	-	
35	Gross Interest plus Preferred Dividends	Sum of the Above	\$ 3,717	\$ 3,718	\$ 3,265	\$ 3,243	\$ 3,430	\$ 2,886	\$ 2,810	
36	Overall Fixed Charge Coverage	Line 32 / Line 35	3.2	2.0	2.9	1.2	2.0	2.9	2.6	
37	E Cash Flow Coverage of Dividends	N/A UPPCO doesn't pay dividends								
38	F Common Dividend Payout Ratio	N/A UPPCO doesn't pay dividends								

Note - the above ratios are on a ratemaking basis

Upper Peninsula Power Company

Historical and Projected Financial Metrics - Ratemaking Basis
(000s)

Case No. U-16166
Witness: Lisa J. Gast
Exhibit A-14 (LJG-2)
Schedule D8
Page 4 of 4

Line	Description [A]	Historical Source [B]	Rate Relief	No Rate Relief	Historical Year Ended				
			Test Year Ending 12/31/2012 [C]	Test Year Ending 12/31/2012 [D]	12/31/2010 [E]	12/31/2009 [F]	12/31/2008 [G]	12/31/2007 [H]	12/31/2006 [I]
1	G Permanent Capitalization Balances & Percentages								
2	<u>Capital Structure</u>								
3	Long-term Debt	Jurisdictional Models	55,000	55,000	51,000	41,588	42,488	31,513	29,288
4	Preferred Stock	N/A							
5	Common Equity - Ratemaking	Jurisdictional Models	<u>81,549</u>	<u>81,538</u>	<u>72,037</u>	<u>59,966</u>	<u>54,188</u>	<u>45,766</u>	<u>47,939</u>
6	Ratemaking Total Capital	Sum of Lines 3 - 6	<u>\$ 136,549</u>	<u>\$ 136,538</u>	<u>\$ 123,037</u>	<u>\$ 101,554</u>	<u>\$ 96,675</u>	<u>\$ 77,278</u>	<u>\$ 77,226</u>
7	<u>Capital Structure Ratios - Ratemaking</u>								
8	Long-term Debt Ratio	Line 3 / Line 6	40.28%	40.28%	41.45%	40.95%	43.95%	40.78%	37.92%
9	Preferred Stock Ratio	Line 4 / Line 6	-	-	-	-	-	-	-
10	Common Equity Ratio	Line 5 / Line 6	59.72%	59.72%	58.55%	59.05%	56.05%	59.22%	62.08%
11	H Return on Equity (ROE)								
12	Ratemaking Net Income	Page 1 Line 20	\$ 8,316	\$ 3,627	\$ 6,273	\$ 562	\$ 3,405	\$ 5,570	\$ 4,575
13	Ratemaking ROE	Jurisdictional Models	11.45%	0.85%	2.33%	7.95%	12.04%	9.47%	7.45%
14	Authorized ROE				10.75%	10.75%	10.75%	10.75%	11.40%
15	I Total Capitalization Balances & Percentages								
16	Short-term Debt	Jurisdictional Models	11,968	11,979	8,950	6,954	2,389	11,894	12,790
17	Long-term Debt	Line 3	55,000	55,000	51,000	41,588	42,488	31,513	29,288
18	Preferred Stock	Line 4	-	-	-	-	-	-	-
19	Common Equity - Ratemaking	Line 5	<u>81,549</u>	<u>81,538</u>	<u>72,037</u>	<u>59,966</u>	<u>54,188</u>	<u>45,766</u>	<u>47,939</u>
20	Total Capital	Line 7 Above	<u>148,517</u>	<u>148,517</u>	<u>131,987</u>	<u>108,508</u>	<u>99,064</u>	<u>89,172</u>	<u>90,016</u>
21	Job Development - ITC - Debt		-	-	-	-	-	-	-
22	Job Development - ITC - Equity		-	-	-	-	-	-	-
23	Total Job Development - ITC		-	-	-	-	-	-	-
24	Deferred Investment Tax Credit	Jurisdictional Models	2,033	2,033	1,504	678	697	700	814
25	Deferred Income Taxes (Net) - Federal	Jurisdictional Models	30,361	30,361	20,975	15,287	16,044	15,396	16,462
26	Capital Structure Adjustment	Jurisdictional Models	(2,651)	(2,651)	2,082	(4,704)	(3,544)	-	-
27	Ratemaking Total Capital	Sum of Lines 20 - 26	<u>\$ 178,260</u>	<u>\$ 178,260</u>	<u>\$ 156,549</u>	<u>\$ 119,769</u>	<u>\$ 112,261</u>	<u>\$ 105,267</u>	<u>\$ 107,293</u>
28	<u>Percent Capital</u>								
29	Short-term Debt Ratio	Line 16 / Line 20	8.06%	8.07%	6.78%	6.41%	2.41%	13.34%	14.21%
30	Long-term Debt Ratio	Line 17 / Line 20	37.03%	37.03%	38.64%	38.33%	42.89%	35.34%	32.54%
31	Preferred Stock Ratio	Line 18 / Line 20	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	Common Equity Ratio	Line 19 / Line 20	54.91%	54.90%	54.58%	55.26%	54.70%	51.32%	53.26%
29	<u>Percent of Total Capital</u>								
30	Short-term Debt Ratio	Line 16 / Line 27	6.71%	6.72%	5.72%	5.81%	2.13%	11.30%	11.92%
31	Long-term Debt Ratio	Line 17 / Line 27	30.85%	30.85%	32.58%	34.72%	37.85%	29.94%	27.30%
32	Preferred Stock Ratio	Line 18 / Line 27	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
33	Common Equity Ratio	Line 19 / Line 27	45.75%	45.74%	46.02%	50.07%	48.27%	43.48%	44.68%
34	Job Development - ITC Ratio	Line 23 / Line 27	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	Deferred Investment Tax Credit Ratio	Line 24 / Line 27	1.14%	1.14%	0.96%	0.57%	0.62%	0.66%	0.76%
36	Deferred Income Taxes (Net) - Federal - Ratio	Line 25 / Line 27	17.03%	17.03%	13.40%	12.76%	14.29%	14.63%	15.34%
36	Capital Structure Adjustment	Line 26 / Line 27	-1.49%	-1.49%	1.33%	-3.93%	-3.16%	0.00%	0.00%

Note (1): The above ratios are on a ratemaking basis.

Note (2): Data is presented on a 13-month average basis.