

**WISCONSIN PUBLIC POWER INC.**

Financial Statements

December 31, 2004 and 2003

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
4200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402

## **Independent Auditors' Report**

The Board of Directors  
Wisconsin Public Power Inc.:

We have audited the accompanying balance sheets of Wisconsin Public Power Inc. (WPPI) as of December 31, 2004 and 2003, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of WPPI's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of American Transmission Company LLC (ATC) (a 5.5 percent owned investee company). WPPI's investment in ATC at December 31, 2004 and 2003 was \$26,975,087 and \$20,942,467, respectively, and its equity in earnings of ATC was \$4,230,530 and \$3,439,494 for the years ended December 31, 2004 and 2003, respectively. The financial statements of ATC were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ATC, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WPPI's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of WPPI as of December 31, 2004 and 2003, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements of WPPI but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

February 18, 2005