

**WISCONSIN PUBLIC POWER INC.**

Statements of Cash Flows

Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Cash receipts from members and others	\$ 299,302,372	217,614,831
Cash payments for purchased power	(243,235,656)	(181,437,294)
Cash payments for fuel	(25,171,824)	(8,373,551)
Cash payments for operations and management	(4,506,138)	(3,651,529)
Cash payments for payroll and ad valorem taxes	(2,619,890)	(2,506,210)
Cash payments to employees	(5,261,750)	(4,844,036)
Cash payments for administrative and general	(7,303,424)	(6,278,845)
Net cash provided by operating activities	<u>11,203,690</u>	<u>10,523,366</u>
Cash flows from noncapital financing activities:		
Cash payments for other nonoperating expenses	<u>(34,625)</u>	<u>(29,500)</u>
Cash flows from investing activities:		
Investments purchased	(244,016,037)	(51,507,406)
Investment in ATC	(4,100,592)	(5,025,966)
Investments sold	56,025,022	42,954,143
Investment income	2,882,185	1,939,217
Cash distributions received from ATC	3,879,264	3,223,876
Cash receipts from notes	5,488	15,137
Net cash used in investing activities	<u>(185,324,670)</u>	<u>(8,400,999)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(26,462,390)	(15,904,835)
Bond issuance costs paid	(3,520,954)	—
Bond premium proceeds	5,229,624	—
Proceeds from issuance of new debt	236,920,000	—
Proceeds from line of credit	6,500,000	—
Principal paid	(5,600,000)	(7,985,000)
Interest paid	(8,367,534)	(8,291,454)
Net cash provided by (used in) capital and related financing activities	<u>204,698,746</u>	<u>(32,181,289)</u>
Increase (decrease) in cash and cash equivalents	30,543,141	(30,088,422)
Cash and cash equivalents, beginning of year	<u>36,109,173</u>	<u>66,197,595</u>
Cash and cash equivalents, end of year	\$ <u>66,652,314</u>	\$ <u>36,109,173</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 9,134,441	8,336,054
Noncash item included in operating income:		
Depreciation and amortization	6,641,731	5,998,809
Changes in assets and liabilities:		
Receivables	(7,502,656)	(3,651,302)
Inventories	(800,664)	21,913
Prepayments	(32,705)	(97,122)
Accounts payable and other current liabilities	1,247,964	2,711,345
Deferred credits and other liabilities	1,510,205	222,839
Other deferred charges	1,005,374	(3,019,170)
Net cash provided by operating activities	\$ <u>11,203,690</u>	\$ <u>10,523,366</u>

As of December 31, 2005 and 2004, WPPI held \$259,686,910 and \$66,805,612, respectively, of investments considered to be noncash equivalents.

See accompanying notes to financial statements.