

WISCONSIN PUBLIC POWER INC.

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating revenues:		
Sales to members	\$ 253,960,043	196,421,285
Rate stabilization	—	3,016,600
Sales to others	51,226,690	22,777,895
Other income	925,195	813,199
Total operating revenues	<u>306,111,928</u>	<u>223,028,979</u>
Operating expenses:		
Purchased power	245,870,163	181,170,782
Fuel	25,081,903	8,458,159
Other power production	4,945,772	5,261,339
Administrative and general	11,815,072	11,334,693
Depreciation and amortization	6,641,731	5,998,809
Taxes	2,622,846	2,469,143
Total operating expenses	<u>296,977,487</u>	<u>214,692,925</u>
Operating income	<u>9,134,441</u>	<u>8,336,054</u>
Nonoperating revenues (expenses):		
Investment income	4,140,803	2,157,289
Equity in earnings of ATC	5,061,484	4,230,530
Unrealized loss on interest rate swap agreements	(945,856)	(783,668)
Net decrease in fair value of investments	(410,001)	(259,524)
Interest expense, net	(8,950,930)	(7,911,689)
Amortization of debt-related costs	(1,970,069)	(2,078,259)
Other	(34,625)	(29,500)
Loss on disposal of assets	(46,504)	(117,592)
Total nonoperating expenses, net	<u>(3,155,698)</u>	<u>(4,792,413)</u>
Change in net assets before future recoverable costs	5,978,743	3,543,641
Future recoverable costs	650,610	556,359
Change in net assets	6,629,353	4,100,000
Total net assets, beginning of year	<u>51,113,300</u>	<u>47,013,300</u>
Total net assets, end of year	<u>\$ 57,742,653</u>	<u>51,113,300</u>

See accompanying notes to financial statements.