



# Virchow Krause & company

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Wisconsin Public Power Inc.  
Sun Prairie, Wisconsin

We have audited the accompanying statement of net assets of Wisconsin Public Power Inc. as of December 31, 2006, and related statement of revenues, expenses and changes in net assets and statement of cash flows for the year then ended as noted in the table of contents. These financial statements are the responsibility of the Wisconsin Public Power Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Wisconsin Public Power Inc. as of and for the year ended December 31, 2005 were audited by other auditors whose report, dated February 24, 2006, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Public Power Inc. as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis information enclosed in this report is not a required part of the financial statements 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 required supplementary information. However, we did not audit the information and express no opinion on it.

In 2006, Wisconsin Public Power Inc. had a change in accounting principle relative to implementing Statement of Financial Accounting Standard 71 – "Accounting for Certain Types of Regulation" relative to accounting for unrealized gains and losses on investments as discussed in Note 1.

*Virchow, Krause & Company, LLP*

Madison, Wisconsin  
March 16, 2007

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**Virchow, Krause & Company, LLP**

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