

WISCONSIN PUBLIC POWER INC.

Statement of Net Assets December 31, 2006 and 2005

	2006	2005	Memorandum Only Net Change
Assets			
Current assets:			
Cash and investments	\$ 22,808,817	\$ 18,160,698	\$ 4,648,119
Restricted cash and investments	73,544,759	51,291,534	22,253,225
Receivables:			
Power sales	21,519,253	27,596,797	(6,077,544)
Other	524,047	348,944	175,103
Unrestricted Interest	552,134	319,436	232,698
Restricted Interest	4,070,421	1,490,653	2,579,768
Total receivables	26,665,855	29,755,830	(3,089,975)
Inventories	3,566,733	3,387,184	179,549
Prepayments	1,067,880	366,562	701,318
Total current assets	127,654,044	102,961,808	24,692,236
Noncurrent assets:			
Restricted cash and investments	174,445,019	223,971,151	(49,526,132)
Investments	675,801	657,941	17,860
Investment in ATC	43,269,461	32,257,900	11,011,561
Receivables from members	281,910	20,021	261,889
Total non-current assets	218,672,191	256,907,013	(38,234,822)
Deferred costs:			
Unamortized bond issuance costs	5,533,415	5,868,639	(335,224)
Future recoverable costs	21,542,177	20,981,802	560,375
Fair value of interest rate swap	1,677,053	-	1,677,053
Other	2,117,488	3,123,836	(1,006,348)
Total deferred costs	30,870,133	29,974,277	895,856
Capital assets:			
Property, plant and equipment	210,286,293	208,923,113	1,363,180
Accumulated depreciation and amortization	(91,388,605)	(85,331,589)	(6,057,016)
Electric plant and equipment, net	118,897,688	123,591,524	(4,693,836)
Land	88,883	88,883	
Construction work in progress	63,063,956	28,694,373	34,369,583
Total capital assets	182,050,527	152,374,780	29,675,747
Total assets	\$ 559,246,895	\$ 542,217,878	\$ 17,029,017

See accompanying notes to financial statements and independent auditors' report.

WISCONSIN PUBLIC POWER INC.

Statement of Net Assets December 31, 2006 and 2005

	2006	2005	Memorandum Only Net Change
Liabilities and Net Assets			
Current liabilities			
Liabilities payable from restricted assets:			
Accounts payable	\$ 22,705,805	\$ 22,669,026	\$ 36,779
Accrued interest	5,533,233	3,399,420	2,133,813
Line of credit	-	6,500,000	(6,500,000)
Current maturities of long-term debt	6,085,000	8,585,000	(2,500,000)
Other current liabilities	89,153	1,129,040	(1,039,887)
Total current liabilities	34,413,191	42,282,486	(7,869,295)
Deferred credits and other liabilities			
Operating reserves and other liabilities	11,484,619	9,746,133	1,738,486
Rate stabilization	36,557,320	35,756,677	800,643
Fair value of interest rate swap agreement	-	1,226,841	(1,226,841)
Regulatory liability	1,677,053	-	1,677,053
Asset retirement obligation	1,991,190	1,896,371	94,819
Total deferred credits & other liabilities	51,710,182	48,626,022	3,084,160
Long-term debt:			
Revenue bonds (net of unamortized premium)	389,024,923	393,566,716	(4,541,793)
Total liabilities	475,148,296	484,475,224	(9,326,928)
Net assets:			
Invested in capital assets, net of related debt	(64,967,255)	(75,014,998)	10,047,743
Restricted for debt compliance, decommissioning, self insurance and replacements	109,501,473	107,860,039	1,641,434
Unrestricted	39,564,381	24,897,613	14,666,768
Total net assets	84,098,599	57,742,654	26,355,945
Total net assets and liabilities	\$ 559,246,895	\$ 542,217,878	\$ 17,029,017

See accompanying notes to financial statements and independent auditors' report.