

WISCONSIN PUBLIC POWER INC.

Statement of Cash Flows
Years ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Cash receipts from members and others	\$ 336,481,151	\$ 301,144,944
Cash payments for purchased power	(282,593,947)	(231,569,072)
Cash payments for fuel	(16,637,488)	(14,515,840)
Cash payments for operations and maintenance	(5,151,753)	(3,826,016)
Cash payments for payroll and ad valorem taxes	(2,286,177)	(2,490,377)
Cash payments to employees	(5,867,417)	(5,513,725)
Cash payments for administrative and general	(6,663,489)	(7,783,434)
Net cash provided by operating activities	17,280,880	35,446,480
 Cash flows from noncapital financing activities		
Cash payments for other non-operating expenses	300,640	(33,750)
 Cash flows from investing activities		
Investments purchased	(81,115,080)	(62,590,405)
Investment in ATC	(4,453,456)	(9,405,938)
Investments sold	138,451,563	95,763,613
Investment income	12,130,442	10,032,286
Cash distributions received from ATC	6,328,456	4,960,039
Net cash provided by (used in) investing activities	71,341,925	38,759,595
 Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(52,883,406)	(33,223,002)
Proceeds from line of credit	-	(6,500,000)
Principal paid	(6,085,000)	(8,585,000)
Interest paid	(17,853,248)	(15,685,092)
Net cash used in capital and related financing activities	(76,821,654)	(63,993,094)
 Increase in cash and cash equivalents	12,101,791	10,179,231
 Cash and cash equivalents, beginning of year	76,831,545	66,652,314
 Cash and cash equivalents, end of year	\$ 88,933,336	\$ 76,831,545

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

WISCONSIN PUBLIC POWER INC.

Statement of Cash Flows Years ended December 31, 2007 and 2006

	2007	2006
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 4,292,015	\$ 22,164,040
Noncash item included in operating income:		
Depreciation and amortization	6,778,266	6,736,109
Cumulative change in accounting principle	463,007	-
Changes in assets and liabilities:		
Receivables	(2,538,250)	5,641,527
Inventories	(137,511)	(179,549)
Prepayments	644,320	(701,318)
Other deferred charges	1,005,374	1,005,374
Accounts payable	5,001,937	(46,762)
Other current liabilities	1,751,585	(829,449)
Operating reserves and other liabilities	21,472	870,865
Rate stabilization	(1,335)	785,643
	\$ 17,280,880	\$ 35,446,480
Reconciliation of cash and cash equivalents to the statement of net assets		
Current assets:		
Cash and investments	\$ 27,537,196	\$ 22,808,817
Restricted cash and investments	68,733,527	73,544,759
Noncurrent assets:		
Restricted cash and investments	129,911,572	174,445,019
Investments	553,868	675,801
Total cash and investments	226,736,163	271,474,396
Less: long term investments	137,802,827	194,642,851
Total cash and cash equivalents	\$ 88,933,336	\$ 76,831,545

Non-Cash Activity:

During 2007 and 2006 WPPI recognized \$1,678,726 and \$1,355,280 of equity earnings in ATC.

During 2007 and 2006 WPPI recognized \$97,654 and \$90,486 of accretion of long term investments.

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