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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION WI0063

PERIOD ENDED
December, 2007 (Prepared with Audited Data)

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

BORROWER NAME

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

BAYFIELD ELEC COOP INC

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Carl Melchioris

2/29/2008

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	8,829,909	9,903,316	9,193,982	1,228,429
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	4,327,728	4,927,251	4,555,755	515,111
4. Transmission Expense	26,541	5,224	24,960	1,857
5. Distribution Expense - Operation	202,753	171,032	216,610	31,021
6. Distribution Expense - Maintenance	993,507	1,321,401	903,755	89,389
7. Customer Accounts Expense	378,343	423,795	351,878	38,137
8. Customer Service and Informational Expense	122,487	133,102	121,195	9,287
9. Sales Expense	32,203	10,805	30,009	800
10. Administrative and General Expense	853,392	856,866	873,899	47,639
11. Total Operation & Maintenance Expense (2 thru 10)	6,936,954	7,849,476	7,078,061	733,241
12. Depreciation and Amortization Expense	915,410	980,733	908,703	82,428
13. Tax Expense - Property & Gross Receipts	133,819	143,735	122,248	14,110
14. Tax Expense - Other	28,780	0	36,157	0
15. Interest on Long-Term Debt	675,876	696,818	679,566	58,087
16. Interest Charged to Construction - Credit	(35,388)	(13,001)	(36,583)	(1,433)
17. Interest Expense - Other	5,518	19,926	3,431	8,528
18. Other Deductions	8,000	10,000	0	10,000
19. Total Cost of Electric Service (11 thru 18)	8,668,969	9,687,687	8,791,583	904,961
20. Patronage Capital & Operating Margins (1 minus 19)	160,940	215,629	402,399	323,468
21. Non Operating Margins - Interest	61,296	61,128	63,157	7,059
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	0	0	0	0
24. Non Operating Margins - Other	81,186	(43,654)	32,085	4,292
25. Generation and Transmission Capital Credits	186,069	195,318	161,466	40,893
26. Other Capital Credits and Patronage Dividends	34,275	115,478	30,352	6,165
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	523,766	543,899	689,459	381,877

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PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	145	136	5. Miles Transmission	0.00	0.00
2. Services Retired	0	36	6. Miles Distribution - Overhead	1,335.13	1,331.52
3. Total Services in Place	9,044	9,144	7. Miles Distribution - Underground	560.72	572.40
4. Idle Services (Exclude Seasonals)	486	499	8. Total Miles Energized (5 + 6 + 7)	1,895.85	1,903.92

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	32,985,718	29. Memberships.....	39,125
2. Construction Work in Progress	329,153	30. Patronage Capital.....	6,849,758
3. Total Utility Plant (1 + 2)	33,314,871	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort	15,327,466	32. Operating Margins - Current Year.....	526,425
5. Net Utility Plant (3 - 4)	17,987,405	33. Non-Operating Margins.....	17,474
6. Non-Utility Property (Net)	1,500	34. Other Margins and Equities.....	(180,170)
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34).....	7,252,612
8. Invest. in Assoc. Org. - Patronage Capital	2,410,268	36. Long-Term Debt - RUS (Net).....	11,595,511
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	588,089	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects	352,780	39. Long-Term Debt Other (Net).....	2,800,807
12. Other Investments	310,339	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds	34,769	41. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13) ...	3,697,745	42. Total Long-Term Debt (36 thru 40 - 41).....	14,396,318
15. Cash - General Funds	366,114	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	827,170
17. Special Deposits	0	45. Total Other Noncurrent Liabilities (43 + 44).....	827,170
18. Temporary Investments	47,808	46. Notes Payable.....	200,000
19. Notes Receivable (Net)	53,322	47. Accounts Payable.....	652,880
20. Accounts Receivable - Sales of Energy (Net)	1,704,517	48. Consumers Deposits.....	54,504
21. Accounts Receivable - Other (Net)	14,338	49. Current Maturities Long-Term Debt.....	633,217
22. Materials and Supplies - Electric & Other	220,085	50. Current Maturities Long-Term Debt -Economic Development.....	16,083
23. Prepayments	94,828	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets	1,716	52. Other Current and Accrued Liabilities.....	355,185
25. Total Current and Accrued Assets (15 thru 24)	2,502,728	53. Total Current & Accrued Liabilities (46 thru 52).....	1,911,869
26. Regulatory Assets	274,000	54. Regulatory Liabilities.....	0
27. Other Deferred Debits	38,658	55. Other Deferred Credits.....	112,567
28. Total Assets and Other Debits (5+14+25 thru 27)..	24,500,536	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	24,500,536

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PART D. NOTES TO FINANCIAL STATEMENTS

The 2007 impact of the Margin Stabilization Plan is reflected in Part O, line 9c, with an adjustment in December.

The 2007 effect of the plan was to defer costs of \$ 274,000.00 in December 2007 to 2008, which amount was amortized to January 2008 revenues/margins.

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PART E. CHANGES IN UTILITY PLANT							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)		
1. Distribution Plant	27,984,362	1,008,943	356,892		28,636,413		
2. General Plant	2,052,779	235,189	121,384		2,166,584		
3. Headquarters Plant	756,282	7,349			763,631		
4. Intangibles	155	0			155		
5. Transmission Plant	1,418,934	0	0	0	1,418,934		
6. All Other Utility Plant	19,208			(19,208)	0		
7. Total Utility Plant in Service (1 thru 6)	32,231,720	1,251,481	478,276	(19,208)	32,985,717		
8. Construction Work in Progress	227,762	101,392			329,154		
9. TOTAL UTILITY PLANT (7 + 8)	32,459,482	1,352,873	478,276	(19,208)	33,314,871		
PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	119,615	500,660		355,329	44,950	89	220,085
2. Other	0						0
PART G. SERVICE INTERRUPTIONS							
ITEM	AVERAGE HOURS PER CONSUMER BY CAUSE				TOTAL (e)		
	POWER SUPPLIER (a)	EXTREME STORM (b)	PREARRANGED (c)	ALL OTHER (d)			
1. Present Year	1.79	10.33	1.03	4.80	17.95		
2. Five-Year Average	.81	4.26	.40	2.65	8.12		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	24	4. Payroll - Expensed	952,399				
2. Employee - Hours Worked - Regular Time	48,631	5. Payroll - Capitalized	303,963				
3. Employee - Hours Worked - Overtime	3,843	6. Payroll - Other	270,668				
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)				
1. Capital Credits - Distributions	a. General Retirements	62,044	1,674,443				
	b. Special Retirements		207,498				
	c. Total Retirements (a + b)	62,044	1,881,941				
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	38,913					
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	17,710					
	c. Total Cash Received (a + b)	56,623					
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. AMOUNT DUE OVER 60 DAYS	\$ 57,706	2. AMOUNT WRITTEN OFF DURING YEAR	\$ 14,060				

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Part K. kWh PURCHASED AND TOTAL COST

No	ITEM (a)	RUS USE ONLY SUPPLIER CODE (b)	kWh PURCHASED (c)	TOTAL COST (d)	AVERAGE COST (Cents/kWh) (e)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT (f)	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES (g)
1	Dairyland Power Cooperative (WI) (WI0064)	4716	88,829,421	4,927,251	5.55		
	Total		88,829,421	4,927,251	5.55		

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PART L. LONG-TERM LEASES

No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
Total			

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PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 6/9/2007	2. Total Number of Members 7,825	3. Number of Members Present at Meeting 148	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 239	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 114,721	8. Does Manager Have Written Contract? Y

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PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	11,595,511	538,657	310,833	849,490
2	National Rural Utilities Cooperative Finance Corporation	2,600,807	160,815	288,114	448,929
3	Bank for Cooperatives				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	DPC-EDL-Titus	0	474	11,855	12,329
8	DPC-EDL-Progressive Dental	0	232	2,850	3,082
9	DPC-EDL-Hipsher	0	206	10,284	10,490
10	DPC-EDL-Wee One's	0	236	3,753	3,989
11	DPC EDL-Northland Veterinary	0	903	8,810	9,713
12	USDA-REDLG	200,000			
	Total	14,396,318	701,523	636,499	1,338,022

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PART O. POWER REQUIREMENTS DATA BASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	4,808	4,794	
	b. kWh Sold			54,608,202
	c. Revenue			6,153,302
2. Residential Sales - Seasonal	a. No. Consumers Served	3,778	3,747	
	b. kWh Sold			14,269,898
	c. Revenue			2,285,751
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	51	52	
	b. kWh Sold			11,542,796
	c. Revenue			859,080
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
6. Public Street & Highway Lighting	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			446,000
10. TOTAL No. of Consumers (lines 1a thru 9a)		8,637	8,593	
11. TOTAL kWh Sold (lines 1b thru 9b)				80,420,896
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				9,744,133
13. Other Electric Revenue				159,183
14. kWh - Own Use				297,789
15. TOTAL kWh Purchased				88,829,421
16. TOTAL kWh Generated				
17. Cost of Purchases and Generation				4,932,475
18. Interchange - kWh - Net				
19. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				18,618

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PART I. INVESTMENTS					
No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
1	Non-Utility Property (NET)				
	Iron River Development	1,500			
	Totals	1,500			
2	Investments in Associated Organizations				
	NISC-Membership	25			
	NISC-Patronage Capital	22,564			
	Chequamegon Telephone Coop	30,706			
	NRUCFC-Patronage Capital		65,844		
	Wisconsin Electric Cooperative-Patronage Capital	781			
	Dairyland Power Cooperative-Patronage Capital		2,200,956		
	Midland Services Inc-Patronage Capital	3,725			
	Iron River Cooperative-Patronage Capital	1,604			
	Federated Insurance	84,199			
	Rural Electric Supply Coop-Common Stock	5,000			
	Cooperative Services	5,800			
	NRECA Membership	10			
	Rural Electric Supply Coop-Preferred Stock	13,904			
	Ener-Services Inc. - Common Stock	100			
	Ener Services, Inc.-Membership	10			
	Iron River Development Group-Common Stock	100			
	Wisconsin Rural Enterprise Fund	81,000			X
	RESCO Patronage Capital	26,702			
	NRTC-Patronage Capital	57,386			
	NRUCFC-Membership		1,000		
	NRUCFC-Subordinate Certificate		396,941		
	Totals	333,616	2,664,741		
3	Investments in Economic Development Projects				
	Baysat Internet	16,341			X
	Midwest Contractors	41,418			X
	Progressive Dental	2,241			X
	Northland Vet	8,536			X
	Wisconsin Business Corporation	120,000			X
	Northern Pines Golf Course	118,988			X
	Jim Klinge's Meat Market	45,256			X
	Totals	352,780			
4	Other Investments				
	Industrial Park	310,339			
	Totals	310,339			
5	Special Funds				
	Deferred Comp	34,769			
	Totals	34,769			
6	Cash - General				
	Working Funds	758			
	Checking		365,356		
	Totals	758	365,356		
8	Temporary Investments				
	DPC	47,808			
	Totals	47,808			
9	Accounts and Notes Receivable - NET				
	Customer Accounts Receivable-Other	67,660			

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PART I. INVESTMENTS

Totals		67,660		
11	TOTAL INVESTMENTS (1 thru 10)	1,149,230	3,030,097	

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PART II. LOAN GUARANTEES

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
Total					
TOTAL (Include Loan Guarantees Only)					

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Part III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT

[Total Of Included Investments (Part I, 11b) and Loan Guarantees - Loan Balance (Part II, 5d) to Total Utility Plant (Form7, Part C, Line3)]

3.45 %

PART IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
3	Titus Enterprises	2/15/2007	125,000	0	X
4	Hipsher Forest Products	9/15/2007	94,800	0	X
5	Wee One's Day Care	5/15/2008	33,855	0	X
6	Progressive Dental	11/1/2008	25,000	1,995	X
7	Northland Veterinary Services	11/15/2008	75,000	7,776	X
8	Jim Klinge's Meat Market	12/15/2016	50,000	44,907	X
	Total		403,655	54,678	