

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION MI0043
	PERIOD ENDED 12/2005 <i>Post-Audit</i>
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>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.</i>	BORROWER NAME AND ADDRESS CLOVERLAND ELECTRIC COOP 2916 W- M28 Dafter, MI 49724-

**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.

*Eugene Kanikovsky*  
 Eugene Kanikovsky, Director of Finance  
 02/15/2006  
 DATE

*Don Wozniak*  
 Don Wozniak, General Manager  
 02/15/2006  
 DATE

*Eugene Kanikovsky*

*Don Wozniak 5/10/06*

**RECEIVED**  
 Michigan Public Service Commission

MAY 16 2006

**REGULATED ENERGY  
 DIVISION**

USDA-RUS <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION MIO043
	PERIOD ENDED 12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**Part A. Statement of Operations**

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)	Year-to-date Budget (c)	This Month (d)
1. Operating Revenue and Patronage Capital	16,455,255	18,271,917	17,477,112	1,986,746
2. Power Production Expense	187,161	308,097	220,649	20,779
3. Cost of Purchased Power	7,669,890	8,808,245	8,392,060	1,148,625
4. Transmission Expense	4,645	3,570	4,698	45
5. Distribution Expense - Operation	529,581	567,012	540,272	55,642
6. Distribution Expense - Maintenance	1,348,143	1,672,421	1,484,255	262,804
7. Customer Accounts Expense	545,768	621,744	613,994	80,980
8. Customer Service and Informational Expense	52,087	41,590	73,672	452
9. Sales Expense	90,802	77,667	97,609	2,978
10. Administrative and General Expense	1,723,176	1,605,337	1,768,857	180,201
11. Total Operation & Maintenance Expense (2 thru 10)	12,151,253	13,705,683	13,196,066	1,752,506
12. Depreciation and Amortization Expense	1,475,139	1,517,328	1,480,068	129,860
13. Tax Expense - Property & Gross Receipts	531,544	569,161	491,154	70,007
14. Tax Expense - Other	135,441	104,554	130,566	10,900
15. Interest on Long-Term Debt	1,131,549	1,397,276	1,461,839	156,667
16. Interest Charged to Construction - Credit	0	0	0	0
17. Interest Expense - Other	27,812	17,310	11,601	987
18. Other Deductions	27,811	10,895	0	113
19. Total Cost of Electric Service (11 thru 18)	15,480,549	17,322,207	16,771,294	2,121,040
20. Patronage Capital & Operating Margins (1 minus 19)	974,706	949,710	705,818	( 134,294)
21. Non Operating Margins - Interest	63,494	138,458	60,574	8,552
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	103,452	17,794	532,593	45,533
24. Non Operating Margins - Other	533,424	828,192	0	250,461
25. Generation and Transmission Capital Credits	0	0	0	0
26. Other Capital Credits and Patronage Dividends	63,441	84,730	63,812	9,469
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	1,738,517	2,018,884	1,362,797	179,721

**Part B. Data on Transmission and Distribution Plant**

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)
1. New Services Connected	326	278
2. Services Retired	70	58
3. Total Services in Place	19,141	19,361
4. Idle Services (Exclude Seasonal)	347	395
5. Miles Transmission	0.00	0.00
6. Miles Distribution - Overhead	2,142.00	2,146.00
7. Miles Distribution - Underground	379.00	392.00
8. Total Miles Energized (5 + 6 + 7)	2,521.00	2,538.00

USDA-RUS FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION MI0043	
INSTRUCTIONS-See RUS Bulletin 1717B-2		PERIOD ENDED 12/2005	
Part C. Balance Sheet			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	60,163,124	29. Memberships	77,515
2. Construction Work in Progress	1,396,631	30. Patronage Capital	15,474,515
3. Total Utility Plant (1 + 2)	61,559,755	31. Operating Margins - Prior Years	506,734
4. Accum. Provision for Depreciation and Amort.	21,321,852	32. Operating Margins - Current Year	1,034,440
5. Net Utility Plant (3 - 4)	40,237,903	33. Non-Operating Margins	1,802,683
6. Non-Utility Property (Net)	0	34. Other Margins and Equities	222,754
7. Investments in Subsidiary Companies	666,235	35. Total Margins & Equities (29 thru 34)	19,118,641
8. Invest. in Assoc. Org. - Patronage Capital	313,988	36. Long-Term Debt - RUS (Net)	15,662,197
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments - Unapplied)	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	4,927,375	37. Long-Term Debt - RUS - Econ. Devel. (Net)	0
11. Investments in Economic Development Projects	0	38. Long-Term Debt - FFB - RUS Guaranteed	0
12. Other Investments	0	39. Long-Term Debt - Other - RUS Guaranteed	0
13. Special Funds	0	40. Long-Term Debt Other (Net)	11,333,730
14. Total Other Property & Investments (6 thru 13)	5,907,598	41. Total Long-Term Debt (36 thru 40)	26,995,927
15. Cash - General Funds	818,150	42. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	733	43. Accumulated Operating Provisions and Asset Retirement	
17. Special Deposits	0	Obligations	399,119
18. Temporary Investments	13,710	44. Total Other Noncurrent Liabilities (42 + 43)	399,119
19. Notes Receivable (Net)	0	45. Notes Payable	750,000
20. Accounts Receivable - Sales of Energy (Net)	3,192,646	46. Accounts Payable	1,730,283
21. Accounts Receivable - Other (Net)	316,581	47. Consumers Deposits	89,608
22. Materials and Supplies - Electric & Other	1,146,483	48. Current Maturities Long-Term Debt	1,198,000
23. Prepayments	77,899	49. Current Maturities Long-Term Debt-Economic	
24. Other Current and Accrued Assets	10,605	Development	0
25. Total Current and Accrued Assets (15 thru 24)	5,576,807	50. Current Maturities Capital Leases	0
26. Regulatory Assets	0	51. Other Current and Accrued Liabilities	1,264,413
27. Other Deferred Debits	27,491	52. Total Current & Accrued Liabilities (45 thru 51)	5,032,304
28. Total Assets and Other Debits (5+14+25 thru 27)	51,749,799	53. Regulatory Liabilities	0
		54. Other Deferred Credits	203,808
		55. Total Liabilities and Other Credits (35+ 41 + 44 + 52 thru 54)	51,749,799

Name of Borrower		Report Year	Report Period
CLOVERLAND ELECTRIC COOP (MI0043)		2005	12
<b>Part D. Notes to Financial Statements</b>			

Set forth are the amounts included in Special Fund, above (Part C, Line 13) representing PSCR overcollections and refundable contributions restricted per Michigan Public Service Commission Order Case U-7904 March 2, 1984

Overcollections:	\$0
Refundable Contributions:	\$237
Total Restricted Funds:	\$237

USDA-RUS  
**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION  
 MI0043

PERIOD ENDED  
 12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**Part E. Changes in Utility Plant**

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	46,908,761	3,434,045	627,236	0	49,715,570
General Plant	1,768,414	23,925	0	0	1,792,339
Headquarters Plant	3,985,008	481,295	49,605	0	4,416,698
Intangibles	252	0	0	0	252
Transmission Plant	755,476	0	0	0	755,476
All Other Utility Plant	3,320,175	211,475	48,861	0	3,482,789
Total Utility Plant in Service (1 thru 6)	56,738,086	4,150,740	725,702	0	60,163,124
Construction Work in Progress	1,315,396	81,235			1,396,631
<b>TOTAL UTILITY PLANT (7 + 8)</b>	<b>58,053,482</b>	<b>4,231,975</b>	<b>725,702</b>	<b>0</b>	<b>61,559,755</b>

**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	779,034	832,295	0	579,509	0	104,571	1,136,391
2. Other	8,509	7,620	0	0	6,037	0	10,092

**Part G. Service Interruptions**

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	0.00	13.79	0.15	4.22	18.16
2. Five-Year Average	0.09	5.37	0.19	4.44	10.09

**Part H. Employee-Hour and Payroll Statistics**

	Amount
1. Number of Full Time Employees	48
2. Employee - Hours Worked - Regular Time	102,228
3. Employee - Hours Worked - Overtime	8,375
4. Payroll - Expensed	2,058,614
5. Payroll - Capitalized	800,572
6. Payroll - Other	0

**FINANCIAL AND STATISTICAL REPORT**

MI0043

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**Part I. Patronage Capital**

ITEM	DESCRIPTION	This Year (a)	Cumulative (b)
1. Capital Credits Distributions	a. General Retirements	813,037	9,032,331
	b. Special Retirements	36,963	403,461
	c. Total Retirements (a + b)	850,000	9,435,792
2. Capital Credits Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	0	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	0	
	c. Total Cash Received (a + b)	0	

**Part J. Due from Consumers for Electric Service**

	Amount
1. AMOUNT DUE OVER 60 DAYS	96,361
2. AMOUNT WRITTEN OFF DURING YEAR	58,789

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

M10043

PERIOD ENDED

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**Part K. kWh Purchased and Total Cost**

Line 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 (or credits) (g)
1	Edison Sault Electric Company	5659	243,595,626	8,754,031	3.59	0	0
2	Newberry Water & Light Board	13525	274,734	54,214	19.73	0	0
3		0	0	0	0.00	0	0
4		0	0	0	0.00	0	0
5		0	0	0	0.00	0	0
6		0	0	0	0.00	0	0
7		0	0	0	0.00	0	0
8		0	0	0	0.00	0	0
9		0	0	0	0.00	0	0
10		0	0	0	0.00	0	0
11		0	0	0	0.00	0	0
12		0	0	0	0.00	0	0
13		0	0	0	0.00	0	0
14		0	0	0	0.00	0	0
15		0	0	0	0.00	0	0
16		0	0	0	0.00	0	0
17		0	0	0	0.00	0	0
18		0	0	0	0.00	0	0
19		0	0	0	0.00	0	0
20		0	0	0	0.00	0	0
<b>Total</b>			243,870,360	8,808,245	3.61	0	0





**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

M10043

PERIOD ENDED

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**Part M. Annual Meeting and Board Data**

1. Date of Last Annual Meeting  04/28/2005	2. Total Number of Members  19,361	3. Number of Members Present at Meeting  400	4. Was Quorum Present (Y/N) ?  Y
5. Number of Members Voting by Proxy or Mail  0	6. Total Number of Board Members  9	7. Total Amount of Fees and Expenses for Board Members  17,891	8. Does Manager Have Written Contract (Y/N) ?  Y

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part N. Long-Term Debt and Debt Service Requirements

ITEM	Balance End of Year (a)	Billed This Year Interest (b)	Billed This Year Principal (c)	Billed This Year Total (d)
		Rural Utilities Service (Excludes RUS - Economic Development Loans)	15,662,197	783,740
National Rural Utilities Cooperative Finance Corporation	11,333,730	632,253	814,000	1,446,253.00
Bank for Cooperatives	0	0	0	0.00
Federal Financing Bank	0	0	0	0.00
RUS - Economic Development Loans	0	0	0	0.00
Other (List Separately)	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
TOTAL	26,995,927	1,415,993	1,250,249	2,666,242.00

## FINANCIAL AND STATISTICAL REPORT

MI0043

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

## Part O. Power Requirements Data Base - Annual Summary

CLASSIFICATION	Consumer Sales & Revenue Data	December	Average No. Consumers Served	Total Year to Date
		(a)	(b)	(c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	9,722	9,716	
	b. kWh Sold			97,912,757
	c. Revenue			8,627,168
2. Residential Sales - Seasonal	a. No. Consumers Served	7,490	7,427	
	b. kWh Sold			22,495,692
	c. Revenue			2,844,690
3. Irrigation Sales	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,080	1,044	
	b. kWh Sold			37,767,478
	c. Revenue			2,987,072
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	3	3	
	b. kWh Sold			32,659,154
	c. Revenue			1,866,053
6. Public Street & Highway Lighting	a. No. Consumers Served	34	34	
	b. kWh Sold			503,994
	c. Revenue			62,135
7. Other Sales to Public Authorities	a. No. Consumers Served	228	230	
	b. kWh Sold			10,978,760
	c. Revenue			760,585
8. Sales for Resales - RUS Borrowers	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
9. Sales for Resale - Other	a. No. Consumers Served	1	1	
	b. kWh Sold			21,619,631
	c. Revenue			882,084
10. TOTAL No. of Consumers (lines 1a thru 9a)		18,558	18,455	
11. TOTAL kWh Sold (lines 1b thru 9b)				223,937,466
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				18,029,787
13. Other Electric Revenue				242,128
14. kWh - Own Use				569,628
15. TOTAL kWh Purchased				243,870,360
16. TOTAL kWh Generated				694,130
17. Cost of Purchases and Generation and Transmission Expense				9,119,912
18. Interchange - kWh - Net				0
19. System Peak - Sum Annual Peak kW Input from all Sources (Metered)				41,855

Non-coincident  Coincident

**FINANCIAL AND STATISTICAL REPORT**

MI0043

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**7a - Part I. Investments**

Line No.	Description (a)	Included (\$) (b)	Excluded (\$) (c)	Income or Loss (\$) (d)	Rural Development (e)
<b>2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>					
1	Patronage Capital in NRUCFC	0	198,100	56,594	
2	Patronage Capital in NISC	54,863	0	4,310	
3	Patronage Capital in NRTC	459	0	75	
4	Patronage Capital in CRC	9,956	0	0	
5	Patronage Capital in RESCO	50,611	0	16,220	
6	Patronage Capital in Federated	133,554	0	7,531	
7	Investment in NRUCFC CTCs	1,063,251	0	40,339	
8	Investment in ATC	3,699,492	0	671,123	
9	Investment in subsidiary/Lighthouse Computers	666,235	0	16,089	
10	Investment in Statewide MECA	30,077	0	0	
11	NRUCFC Membership	1,000	0	0	
<b>Total: 2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>		<b>5,709,498</b>	<b>198,100</b>	<b>812,281</b>	
<b>6. CASH - GENERAL</b>					
12	Old Mission Bank	815,860	0		
13	CSB Payroll	1,000	0		
14		0	0		
15	Working Funds Petty Cash	1,290	0		
<b>Total: 6. CASH - GENERAL</b>		<b>818,150</b>	<b>0</b>		
<b>8. TEMPORARY INVESTMENTS</b>					
16	Meryll Lunch	10,382	0		
17	ED Jones	3,318	0		
18	Credit Union Memberships	10	0		
<b>Total: 8. TEMPORARY INVESTMENTS</b>		<b>13,710</b>	<b>0</b>		
<b>9. ACCOUNTS &amp; NOTES RECEIVABLE - NET</b>					
19	Accounts Receivable Other	316,581	0	0	
<b>Total: 9. ACCOUNTS &amp; NOTES RECEIVABLE - NET</b>		<b>316,581</b>	<b>0</b>	<b>0</b>	
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					

**FINANCIAL AND STATISTICAL REPORT**

MI0043

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Line No.	Description (a)	Included (\$) (b)	Excluded (\$) (c)	Income or Loss (\$) (d)	Rural Development (e)
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57					
58					
59					
60					

<b>11. TOTAL INVESTMENTS</b>	<b>6,857,939</b>	<b>198,100</b>	<b>812,281</b>	
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**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

MI0043

PERIOD ENDED

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

**7a - Part IV. Loans**

Line No.	Organization (a)	Maturity date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Rural Development (e)
1	Employees, Officers, Directors	01/01/2010	18,000	15,859	
2	Energy Resource Conservation Loans		0	0	
3			0	0	
4			0	0	
5			0	0	
6			0	0	
7			0	0	
8			0	0	
9			0	0	
10			0	0	
11			0	0	
12			0	0	
13			0	0	
14			0	0	
15			0	0	
<b>TOTALS</b>			<b>18,000</b>	<b>15,859</b>	

# Data Error and Warning Checks

(Items that did not pass the Check)

**Borrower:** CLOVERLAND ELECTRIC COOP (MI0043)

**Year:** 2005 **Period:** 12

\_\_\_\_\_  
Signature of Authorizing Official

\_\_\_\_\_  
Title of Authorizing Official

**Group:** Form 7 Part A

**Check ID:** 710

**Description:** "Patronage Capital & Operating Margins" (Col. d) is generally greater than or equal to zero.

Values and rule checked: -134294.00 >= 0.00

**Explanation:** We had a negative margin month in December due to substantial storm damage. 90% of the costs from the storm were expensed.

<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b> <b>RURAL UTILITIES SERVICE</b>  <b>OPERATING REPORT -</b> <b>INTERNAL COMBUSTION PLANT</b>	<b>BORROWER DESIGNATION</b> MI0043 <b>PLANT</b> Dafter (Total Plant) <b>PERIOD ENDED</b> 12/2005
<b>INSTRUCTIONS -</b> Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	<i>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.</i>

**Section A. Internal Combustion Generating Units**

Unit No.	Size (kW)	Fuel Consumption Oil (1000 gals)	Fuel Consumption Gas (1000 C.F.)	Fuel Consumption Other	Fuel Consumption Total	Operating Hours In Service	Operating Hours On Standby	Operating Hours Out of Service Scheduled	Operating Hours Out of Service Unscheduled	Gross Generation (MWh)	BTU Per kWh
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			(k)	(l)
1	1,000	0	0	0		2	8,758	0	0	0	
2	1,000	0	0	0		0	8,760	0	0	0	
3	1,000	1	0	0		20	8,740	0	0	11	
4	3,000	25	0	0		180	8,412	0	168	363	
5	3,000	19	0	0		138	5,846	0	2,776	283	
<b>Total</b>	<b>9,000</b>	<b>45</b>	<b>0</b>	<b>0</b>		<b>340</b>	<b>40,516</b>	<b>0</b>	<b>2,944</b>	<b>658</b>	<b>0.0</b>
<b>Average BTU</b>		0.00	0.00	0.00		<b>Station Service (MWh)</b>				331	
<b>Total BTU (10<sup>6</sup>)</b>		0	0	0	0	<b>Net Generation (MWh)</b>				326.4	0.0
<b>Total Del. Cost (\$)</b>		0	0	0		<b>Station Service % of Gross</b>				50.39	

**Section B. Labor Report**

<b>1. No. Employees Full-Time (incl. Superintendent)</b>	1	<b>2. No. Employees Part-Time</b>	1	<b>3. Total Empl. - Hrs. Worked</b>	3,012	<b>4. Oper. Plant Payroll (\$)</b>	29,380
<b>5. Maint. Plant Payroll (\$)</b>	38,036	<b>6. Other Accts. Plant Payroll (\$)</b>	0	<b>7. Total Plant Payroll (\$)</b>	67,416		

**Section C. Factors & Max. Demand**

<b>1. Load Factor (%)</b>	0.19	<b>2. Plant Factor (%)</b>	0.83	<b>3. Running Plant Capacity Factor (%)</b>	67.41	
<b>4. 15 Minute Gross Maximum Demand (kW)</b>			0	<b>5. Indicated Gross Maximum Demand (kW)</b>		39,456

**Section D. Cost of Net Energy Generated**

Production Expense	Account Number	Amount (\$)	Mills/Net/kWh	\$/million BTU
		(a)	(b)	(c)
1. Operation, Supervision and Engineering	546	2,612		
2. Fuel, Oil	547.1	82,206		0.00
3. Fuel, Gas	547.2	0		0.00
4. Fuel, Other	547.3	0		0.00
5. Energy for Compressed Air	547.4	0	0.00	
<b>6. FUEL SUBTOTAL (2 thru 5)</b>	<b>547</b>	<b>82,206</b>	<b>251.85</b>	<b>0.00</b>
7. Generation Expenses	548	28,998		
8. Miscellaneous Other Power Generation	549	13,673		
9. Rents	550	0		
<b>10. NON-FUEL SUBTOTAL (1+7 thru 9)</b>		<b>45,283</b>	<b>138.73</b>	
<b>11. OPERATION EXPENSE (6+10)</b>		<b>127,489</b>	<b>390.59</b>	
12. Maintenance, Supervision and Engineering	551	1,696		
13. Maintenance of Structures	552	0		
14. Maintenance of Generating and Electric Plant	553	54,384		
15. Maintenance of Miscellaneous Other Power	554	0		
<b>16. MAINTENANCE EXPENSE (12 thru 15)</b>		<b>56,080</b>	<b>171.81</b>	
<b>17. TOTAL PRODUCTION EXPENSE (11+16)</b>		<b>183,569</b>	<b>562.40</b>	
18. Depreciation	403.4, 411.10	21,419		
19. Interest	427	39,671		
<b>20. TOTAL FIXED COST (18+19)</b>		<b>61,090</b>	<b>187.16</b>	
<b>21. POWER COST (17+20)</b>		<b>244,659</b>	<b>749.56</b>	



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>OPERATING REPORT -          INTERNAL COMBUSTION PLANT</b>	BORROWER DESIGNATION <span style="float: right;">MI0043</span> PLANT <span style="float: right;">Detour (Total Plant)</span> PERIOD ENDED <span style="float: right;">12/2005</span>
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	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.

**Section A. Internal Combustion Generating Units**

Unit No.	Size (kW)	Fuel Consumption Oil (1000 gals)	Fuel Consumption Gas (1000 C.F.)	Fuel Consumption Other	Fuel Consumption Total	Operating Hours In Service	Operating Hours On Standby	Operating Hours Out of Service Scheduled	Operating Hours Out of Service Unscheduled	Gross Generation (MWh)	BTU Per kWh
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			(k)	(l)
1	3,000	29	0	0		190	8,570	0	0	380	
2	3,000	20	0	0		137	8,307	0	316	252	
<b>Total</b>	<b>6,000</b>	<b>50</b>	<b>0</b>	<b>0</b>		<b>327</b>	<b>16,877</b>	<b>0</b>	<b>316</b>	<b>632</b>	<b>0.0</b>
<b>Average BTU</b>		0.00	0.00	0.00		<b>Station Service (MWh)</b>				282	
<b>Total BTU (10<sup>6</sup>)</b>		0	0	0	0	<b>Net Generation (MWh)</b>				349.6	0.0
<b>Total Del. Cost (\$)</b>		0	0	0		<b>Station Service % of Gross</b>				44.68	

**Section B. Labor Report**

1. No. Employees Full-Time (Incl. Superintendent)	0	2. No. Employees Part-Time	1	3. Total Empl. - Hrs. Worked	1,151	4. Oper. Plant Payroll (\$)	12,864
5. Maint. Plant Payroll (\$)	12,836	6. Other Accts. Plant Payroll (\$)	0	7. Total Plant Payroll (\$)	25,700		

**Section C. Factors & Max. Demand**

1. Load Factor (%)	0.18	2. Plant Factor (%)	1.20	3. Running Plant Capacity Factor (%)	64.42
4. 15 Minute Gross Maximum Demand (kW)	0	5. Indicated Gross Maximum Demand (kW)	39,456		

**Section D. Cost of Net Energy Generated**

Production Expense	Account Number	Amount (\$)	Mills/Net/kWh	\$/million BTU
		(a)	(b)	(c)
1. Operation, Supervision and Engineering	546	960		
2. Fuel, Oil	547.1	88,226		0.00
3. Fuel, Gas	547.2	0		0.00
4. Fuel, Other	547.3	0		0.00
5. Energy for Compressed Air	547.4	0	0.00	
<b>6. FUEL SUBTOTAL (2 thru 5)</b>	<b>547</b>	<b>88,226</b>	<b>252.36</b>	<b>0.00</b>
7. Generation Expenses	548	14,836		
8. Miscellaneous Other Power Generation	549	1,734		
9. Rents	550	0		
<b>10. NON-FUEL SUBTOTAL (1+7 thru 9)</b>		<b>17,530</b>	<b>50.14</b>	
<b>11. OPERATION EXPENSE (6+10)</b>		<b>105,756</b>	<b>302.50</b>	
12. Maintenance, Supervision and Engineering	551	177		
13. Maintenance of Structures	552	0		
14. Maintenance of Generating and Electric Plant	553	18,593		
15. Maintenance of Miscellaneous Other Power	554	0		
<b>16. MAINTENANCE EXPENSE (12 thru 15)</b>		<b>18,770</b>	<b>53.68</b>	
<b>17. TOTAL PRODUCTION EXPENSE (11+16)</b>		<b>124,526</b>	<b>356.19</b>	
18. Depreciation	403.4, 411.10	43,484		
19. Interest	427	39,671		
<b>20. TOTAL FIXED COST (18+19)</b>		<b>83,155</b>	<b>237.85</b>	
<b>21. POWER COST (17+20)</b>		<b>207,681</b>	<b>594.05</b>	

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

This form is authorized by Case No. U-12134, the Code of Conduct.  
Filing of this form is mandatory.

Report submitted for year ending: 2005
Present legal name of respondent: Cloverland Electric Cooperative
Present DBA name in Michigan if different from legal name:
Address of principal place of business: 2916 W. M-28, Dafter, MI 49724
Utility representative to whom inquiries regarding this report may be directed: Name Eugene Kanikovsky Title Director of Finance Address 2916 W. M-28 City Dafter State MI Zip Code 49724 Telephone: ( 906 ) 635-6800 E-mail:office@cloverland.com
If the utility name has been changed during the past year: Prior Name Date of Change
One copy of the same annual report, Form 7, you submit to the RUS or CFC: <input checked="" type="checkbox"/> was forwarded to the Commission <input type="checkbox"/> will be forwarded to the Commission on or about 3/31, 2006.

Should you have any questions regarding this report, please contact:

Brian Ballinger, Financial Analysis Section Supervisor  
(517) 241-6103 OR [blballi@michigan.gov](mailto:blballi@michigan.gov)

Michigan Public Service Commission  
Regulated Energy Division  
6545 Mercantile Way  
PO Box 30221  
Lansing, MI 48909

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
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**IMPORTANT CHANGES DURING THE YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing

sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. (Reserved.)

12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be included on this page.

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
<b>STATEMENT OF CASH FLOWS</b>			
1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be included them on pages 122-123. Information about noncash investing and financing activities should be provided on pages 122-123. Provide also on pages 122-123 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.		2. Under "Other" specify significant amounts and group others. 3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.	
Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)	
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 72(c) on page 117)	2,018,884	
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	1,519,071	
5	Amortization of (Specify)		
6			
7			
8	Deferred Income Taxes (Net)		
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	(357,566)	
11	Net (Increase) Decrease in Inventory		
12	Net (Increase) Decrease in Allowances Inventory		
13	Net (Increase) Decrease in Payables and Accrued Expenses	878,063	
14	Net (Increase) Decrease in Other Regulatory Assets	(654,066)	
15	Net Increase (Decrease) in Other Regulatory Liabilities	(290,656)	
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies	(891,853)	
18	Other: Current and Accrued Liabilities	159,109	
19	Accrued Post Retirement Benefits	22,636	
20	Patronage capital refunds applied to billing	(317,562)	
21	Gain on sale of fixed assets	(11,802)	
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	2,075,058	
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	(3,705,816)	
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance to Other Funds Used During Construction		
31	Other: Plant removal costs	(128,378)	
32	Net proceeds from sale of plant	2,888	
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	3,831,306	
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies	549,095	
40	Contributions and Advances from Assoc. and Subsidiary Companies	(3,651)	
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43	Materials Inventory	(254,370)	
44	Purchase of Investment Securities (a)	250,725	
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**NONUTILITY PROPERTY (Account 121)**

- |   |  |
|---|--|
| <p>1. Give a brief description and state the location of nonutility property included in Account 121.</p> <p>2. Designate with a double asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> | <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.</p> <p>5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$ 100,000, whichever is less) may be grouped by (1) previously devoted to public service, or (2) other nonutility property.</p> |
|---|--|

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1				
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3				
4				
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12				
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14				
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16				
17				
	<b>TOTAL</b>	Ø	Ø	Ø

**ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)**

Report below the information called for concerning depreciation and amortization of nonutility property.

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	Ø
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 7, 12, and 14)	Ø

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**INVESTMENTS (Accounts 123, 124, 136) (continued)**

listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of

authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)	Revenues for Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
					1
					2
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					7
					8
					9
					10
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Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
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**RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)**

- |   |  |
|---|--|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|--|

\* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1						
2						
3						
4						
5						
6						
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12						
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22						
23						
24						
25	TOTAL	Ø	Ø	Ø	Ø	Ø

Name of Respondent Cloverland Electric Coop		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 3/31/06		Year of Report Dec. 31, 20 <sup>05</sup>		
ALLOWANCES (Continued)								
6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-46 the net sales or auction of the withheld allowances.				8. Report on lines 22-27 the names of purchasers/transferees of allowances disposed of and identify associated companies.				
7. Report on lines 8-14 the names of vendors/transfers of allowances acquired and identify associated companies (See "associated co." under "Definitions" in Uniform System of Accounts).				9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.				
				10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.				
20__		20__		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								1
								2-4
								5
								6-8
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								30-32
								33
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								40
								41-43
								44
								45
								46



Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**LONG-TERM DEBT (Accounts 221, 222, 223 and 224)**

- |   |   |
|---|---|
| <p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, <i>Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies,</i> and 224, <i>Other Long-Term Debt.</i></p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under</p> | <p>which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p> |
|---|---|

Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i>	Principal Amount of Debt Issued	Total Expense, Premium or Discount
(a)	(b)	(c)	
1	USDA - RUS	20,840,830	1,219,989
2	NRUCFC	20,621,730	1,446,253
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
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23			
24			
25	TOTAL	26,995,927	1,415,993

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
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**LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)**

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.

11. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt Discount and Expense*, or credited to Account 429, *Amortization of Premium on Debt - Credit*.

12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.

14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.

16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
Various	2040	2005	2040	15,662,197	783,740	1
Various	2040	2005	2040	11,333,730	632,253	2
						3
						4
						5
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						7
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Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

- |  |  |
|--|--|
| <p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> | <p>4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p align="center">* See definition on page 226B</p> |
|--|--|

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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19						
20						
21						
22						
23						
	<b>TOTAL</b>	Ø	Ø	Ø	Ø	Ø

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated

Line No.		TOTAL AMOUNT
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	2,018,884
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	Ø

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)**

return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.  
3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2.

4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.

Utility	Other	Line No.
		1
		2
		3
		4
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		6
		7
		8
		9
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		11
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		25
		26

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20_05
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**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)**

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.

2. Individual gains or losses relating to property with an original cost of less than \$ 100,000 may be grouped with the number of such transactions disclosed in column (a).

3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2	1995 Ford Aerostar Van	13,830.50	7/2005	1,924.00	
3	1999 Ford Explorer SUV	29,000.00	10/2005	1,500.00	
4	Land Parcel in Detour, MI	2,887.50	11/2005	26,000.00	
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	<b>Total Gain</b>	<b>45,718.00</b>		<b>29,424.00</b>	

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19	Fuel Tank Removal	15,307.47	10/2005		1,265.56
20	Fuel Tank Removal	33,554.07	10/2005		16,356.62
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	48,861.54			17,622.18

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$ 25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain Civic, Political and Related Activities.)  
(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
3. Designate with an asterisk associated companies.

Line No.	
1	a) Dykema Gossett PLLC
2	P.O. Box 79001
3	Detroit, MI 48279
4	b) Legal Services
5	c) Hourly Billed Rate
6	d) Total Charges: \$27,656.76
7	
8	a) Power Systems Engineering Inc.
9	2000 Engel St.
10	Suite 100
11	Madison, WI 53713
12	b) Engineering Services
13	c) Hourly Billed Rate
14	d) Total Charges: \$42,631.42
15	
16	
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company.  
 2. In column (b) describe the affiliation (percentage ownership, etc.).  
 3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).  
 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Lighthouse		Insurance,	143.00	Ø
2	Computers Inc.	100%	Data Services,		
3			Misc. Minor		
4			Services		
5					
6					
7					
8					
9					
10					
11					
12					
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27					
28					
29					
30					
<b>TOTAL</b>					

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
∅	∅	∅	52,636.71	52,636.71	Cost Allocation Per Manual	1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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						26
						27
						28
						29
			52,636.71	52,636.71		30

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 2005
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Lighthouse				
2	Computers, Inc.	100%	pass through billing and misc. merchandise		Ø
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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24					
25					
26					
27					
28					
29					
30					
<b>TOTAL</b>					

Name of Respondent Cloverland Electric Coop	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/06	Year of Report Dec. 31, 20 <u>05</u>
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
∅	∅	232.20	228,785.76	228,785.76	cost allocation manual	1
						2
						3
						4
						5
						6
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						19
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						27
						28
						29
			228,785.76			30