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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION MI0029

FINANCIAL AND STATISTICAL REPORT

PERIOD ENDED
December, 2006 (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.

ONTONAGON COUNTY R E ASSN

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.

Thomas Haarala

3/16/2007

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	4,010,596	4,334,143	4,498,951	382,078
2. Power Production Expense	0			
3. Cost of Purchased Power	1,918,527	2,246,523	2,351,000	198,808
4. Transmission Expense	0			
5. Distribution Expense - Operation	91,989	121,354	108,000	9,373
6. Distribution Expense - Maintenance	311,920	347,219	288,000	13,524
7. Customer Accounts Expense	126,064	114,758	125,000	1,050
8. Customer Service and Informational Expense	12,641	13,008	13,800	1,102
9. Sales Expense	0		300	
10. Administrative and General Expense	440,132	456,744	429,000	41,483
11. Total Operation & Maintenance Expense (2 thru 10)	2,901,273	3,299,606	3,315,100	265,340
12. Depreciation and Amortization Expense	423,805	443,023	446,100	37,795
13. Tax Expense - Property & Gross Receipts	142,929	149,344	152,400	11,199
14. Tax Expense - Other	34,821	33,782	34,100	3,103
15. Interest on Long-Term Debt	403,961	473,522	462,000	44,159
16. Interest Charged to Construction - Credit	0			
17. Interest Expense - Other	36,915	13,597	4,000	746
18. Other Deductions	1,800	600	600	50
19. Total Cost of Electric Service (11 thru 18)	3,945,504	4,413,474	4,414,300	362,392
20. Patronage Capital & Operating Margins (1 minus 19)	65,092	(79,331)	84,651	19,686
21. Non Operating Margins - Interest	36,542	40,937	29,200	9,725
22. Allowance for Funds Used During Construction	0			
23. Income (Loss) from Equity Investments	0			
24. Non Operating Margins - Other	4,404	9,033	3,600	180
25. Generation and Transmission Capital Credits	0			
26. Other Capital Credits and Patronage Dividends	9,365	6,312	6,500	414
27. Extraordinary Items	0			
28. Patronage Capital or Margins (20 thru 27)	115,403	(23,049)	123,951	30,005

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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	91	73	5. Miles Transmission	0.00	
2. Services Retired	9	17	6. Miles Distribution - Overhead	825.81	823.84
3. Total Services in Place	5,077	5,133	7. Miles Distribution - Underground	85.85	94.08
4. Idle Services (Exclude Seasonals)	239	248	8. Total Miles Energized (5 + 6 + 7)	911.66	917.92

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	16,038,087	29. Memberships.....	19,050
2. Construction Work in Progress	258,454	30. Patronage Capital.....	2,006,970
3. Total Utility Plant (1 + 2)	16,296,541	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort	4,140,203	32. Operating Margins - Current Year.....	(73,018)
5. Net Utility Plant (3 - 4)	12,156,338	33. Non-Operating Margins.....	49,970
6. Non-Utility Property (Net)	0	34. Other Margins and Equities.....	30,841
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34).....	2,033,813
8. Invest. in Assoc. Org. - Patronage Capital	36,415	36. Long-Term Debt - RUS (Net).....	10,071,257
9. Invest. in Assoc. Org. - Other - General Funds	248,537	37. Long-Term Debt - FFB - RUS Guaranteed.....	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	61,456	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects	0	39. Long-Term Debt Other (Net).....	618,594
12. Other Investments	0	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds	0	41. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13) ...	346,408	42. Total Long-Term Debt (36 thru 40 - 41).....	10,689,851
15. Cash - General Funds	89,150	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	0
17. Special Deposits	0	45. Total Other Noncurrent Liabilities (43 + 44).....	0
18. Temporary Investments	0	46. Notes Payable.....	0
19. Notes Receivable (Net)	0	47. Accounts Payable.....	287,144
20. Accounts Receivable - Sales of Energy (Net)	838,045	48. Consumers Deposits.....	8,775
21. Accounts Receivable - Other (Net)	4,272	49. Current Maturities Long-Term Debt.....	310,000
22. Materials and Supplies - Electric & Other	205,242	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments	27,641	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets	0	52. Other Current and Accrued Liabilities.....	283,901
25. Total Current and Accrued Assets (15 thru 24)	1,164,350	53. Total Current & Accrued Liabilities (45 thru 52).....	889,820
26. Regulatory Assets	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits	15,453	55. Other Deferred Credits.....	69,065
28. Total Assets and Other Debits (5+14+25 thru 27)..	13,682,549	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	13,682,549

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PART D. NOTES TO FINANCIAL STATEMENTS

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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	13,804,606	980,684	164,621		14,620,669
2. General Plant	1,228,054	254,607	310,671		1,171,990
3. Headquarters Plant	236,551	7,528			244,079
4. Intangibles	1,349				1,349
5. Transmission Plant	0				0
6. All Other Utility Plant	0				0
7. Total Utility Plant in Service (1 thru 6)	15,270,560	1,242,819	475,292		16,038,087
8. Construction Work in Progress	198,789	59,665			258,454
9. TOTAL UTILITY PLANT (7 + 8)	15,469,349	1,302,484	475,292		16,296,541

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	205,049	299,208	2,647	283,986	2,470	(20,978)	199,470
2. Other	5,403	726			540	183	5,772

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	5.40	1.93	.21	1.08	8.62
2. Five-Year Average	3.92	2.55	.09	1.41	7.97

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS			
1. Number of Full Time Employees	13	4. Payroll - Expensed	349,013
2. Employee - Hours Worked - Regular Time	26,487	5. Payroll - Capitalized	308,197
3. Employee - Hours Worked - Overtime	1,645	6. Payroll - Other	138,959

PART I. PATRONAGE CAPITAL			
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements		
	b. Special Retirements		
	c. Total Retirements (a + b)		
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power		
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	488	
	c. Total Cash Received (a + b)	488	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1. AMOUNT DUE OVER 60 DAYS	\$ 45,000	2. AMOUNT WRITTEN OFF DURING YEAR	\$ 9,217

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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	Upper Peninsula Power Company	19578	25,807,070	2,056,033	7.97		
2	Wisconsin Electric Power Co	20847	3,543,395	190,490	5.38		
	Total		29,350,465	2,246,523	7.65		

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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 6/17/2006	2. Total Number of Members 4,100	3. Number of Members Present at Meeting 34	4. Was Quorum Present? N
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 26,539	8. Does Manager Have Written Contract? N

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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)	10,071,257	452,821	280,756	733,577
2	National Rural Utilities Cooperative Finance Corporation	320,744	20,701	8,288	28,989
3	Bank for Cooperatives				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	FASB - 106	297,850		33,827	33,827
	Total	10,689,851	473,522	322,871	796,393

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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	3,141	3,119	
	b. kWh Sold			18,915,293
	c. Revenue			3,003,749
2. Residential Sales - Seasonal	a. No. Consumers Served	1,281	1,281	
	b. kWh Sold			1,735,214
	c. Revenue			383,263
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	190	191	
	b. kWh Sold			5,927,480
	c. Revenue			881,818
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	134	134	
	b. kWh Sold			10,329
	c. Revenue			12,976
7. Other Sales to Public Authorities	a. No. Consumers Served	25	25	
	b. kWh Sold			86,669
	c. Revenue			14,839
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			
10. TOTAL No. of Consumers (lines 1a thru 9a)		4,771	4,750	
11. TOTAL kWh Sold (lines 1b thru 9b)				26,674,985
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				4,296,645
13. Other Electric Revenue				37,498
14. kWh - Own Use				
15. TOTAL kWh Purchased				29,350,465
16. TOTAL kWh Generated				
17. Cost of Purchases and Generation				2,246,523
18. Interchange - kWh - Net				
19. Peak - Sum All kW Input (Metered) Non-coincident ___ Coincident <u>X</u>				6,340

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PART I. INVESTMENTS

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
2	Investments in Associated Organizations				
	Federated Rural Electric Insurance Exchange	12,984			
	National Information Solutions Cooperative	21,197			
	Michigan Electric Cooperative Assn	5,080			
	Various (Common Stock)	423			
	NRUCFC(Pat Cap, Memb Cert & CTC's)	15,194	61,456		
	RESCO	64			
	Settlers Cooperative Inc	285			
	American Transmission Company	229,725			
	Totals	284,952	61,456		
6	Cash - General				
	Checking, Savings & Working Funds		89,150		
	Totals		89,150		
9	Accounts and Notes Receivable - NET				
	Various		4,272		
	Totals		4,272		
11	TOTAL INVESTMENTS (1 thru 10)	284,952	154,878		

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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)]

1.74 %

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				
	Total				