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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION MI0029

FINANCIAL AND STATISTICAL REPORT

PERIOD ENDED
December, 2008 (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(s) in the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Thomas Haarala

3/31/2009

DATE

RECEIVED
Michigan Public Service Commission
MAY 11 2009

**REGULATED ENERGY
DIVISION**

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	4,741,328	4,999,354	5,183,569	435,785
2. Power Production Expense				
3. Cost of Purchased Power	2,538,754	2,628,838	2,709,000	232,353
4. Transmission Expense				
5. Distribution Expense - Operation	117,553	108,763	120,000	2,094
6. Distribution Expense - Maintenance	406,436	286,082	342,000	15,875
7. Customer Accounts Expense	133,523	150,668	134,500	18,485
8. Customer Service and Informational Expense	12,839	13,385	13,200	1,118
9. Sales Expense	1,044		300	
10. Administrative and General Expense	528,003	517,012	505,000	47,876
11. Total Operation & Maintenance Expense (2 thru 10)	3,738,152	3,704,748	3,824,000	317,801
12. Depreciation and Amortization Expense	486,365	511,852	519,900	43,528
13. Tax Expense - Property & Gross Receipts	153,454	158,873	162,000	12,012
14. Tax Expense - Other	41,697	41,742	40,600	9,767
15. Interest on Long-Term Debt	522,711	526,308	547,000	44,057
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	12,460	36,470	7,200	4,567
18. Other Deductions	600	600	600	50
19. Total Cost of Electric Service (11 thru 18)	4,955,439	4,980,593	5,101,300	431,782
20. Patronage Capital & Operating Margins (1 minus 19)	(214,111)	18,761	82,269	4,003
21. Non Operating Margins - Interest	43,918	4,172	26,000	(38,038)
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments		80,565		80,565
24. Non Operating Margins - Other	49,405	71,455	48,000	9,082
25. Generation and Transmission Capital Credits				
26. Other Capital Credits and Patronage Dividends	10,183	11,021	5,500	6,621
27. Extraordinary Items				
28. Patronage Capital or Margins (20 thru 27)	(110,605)	185,974	161,769	62,233

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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	70	63	5. Miles Transmission		
2. Services Retired	22	15	6. Miles Distribution - Overhead	820.49	820.91
3. Total Services in Place	5,181	5,233	7. Miles Distribution - Underground	102.08	108.90
4. Idle Services (Exclude Seasonals)	252	271	8. Total Miles Energized (5 + 6 + 7)	922.57	929.81

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	17,812,506	29. Memberships.....	20,635
2. Construction Work in Progress	252,087	30. Patronage Capital.....	1,864,163
3. Total Utility Plant (1 + 2)	18,064,593	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort	4,682,955	32. Operating Margins - Current Year.....	29,782
5. Net Utility Plant (3 - 4)	13,381,638	33. Non-Operating Margins.....	156,192
6. Non-Utility Property (Net)	0	34. Other Margins and Equities.....	30,712
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34).....	2,101,484
8. Invest. in Assoc. Org. - Patronage Capital	43,222	36. Long-Term Debt - RUS (Net).....	10,269,598
9. Invest. in Assoc. Org. - Other - General Funds	331,405	37. Long-Term Debt - FFB - RUS Guaranteed.....	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	63,962	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects	0	39. Long-Term Debt Other (Net).....	662,366
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) ...	438,589	42. Total Long-Term Debt (36 thru 40 - 41).....	10,931,964
15. Cash - General Funds	232,846	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.....	1,200,000
19. Notes Receivable (Net)	0	47. Accounts Payable.....	293,457
20. Accounts Receivable - Sales of Energy (Net)	873,651	48. Consumers Deposits.....	10,850
21. Accounts Receivable - Other (Net)	21,832	49. Current Maturities Long-Term Debt.....	360,000
22. Materials and Supplies - Electric & Other	246,517	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments	26,934	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets	0	52. Other Current and Accrued Liabilities.....	325,505
25. Total Current and Accrued Assets (15 thru 24)	1,401,780	53. Total Current & Accrued Liabilities (46 thru 52).....	2,189,812
26. Regulatory Assets	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits	29,753	55. Other Deferred Credits.....	28,500
28. Total Assets and Other Debits (5+14+25 thru 27)..	15,251,760	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	15,251,760

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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	15,341,568	1,096,577	174,667		16,263,478		
2. General Plant	1,237,586	15,778	2,199		1,251,165		
3. Headquarters Plant	280,176	20,338	4,000		296,514		
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)	16,860,679	1,132,693	180,866		17,812,506		
8. Construction Work in Progress	174,849	77,238			252,087		
9. TOTAL UTILITY PLANT (7 + 8)	17,035,528	1,209,931	180,866		18,064,593		
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	214,724	359,016	7,998	330,679	21,088	7,663	237,634
2. Other	6,441	3,017			1,317	742	8,883
PART G. SERVICE INTERRUPTIONS							
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)		
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)			
1. Present Year	330.000	16.000	14.000	44.000	404.000		
2. Five-Year Average	223.000	157.000	9.000	99.000	488.000		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	14	4. Payroll - Expensed			393,196		
2. Employee - Hours Worked - Regular Time	27,857	5. Payroll - Capitalized			313,650		
3. Employee - Hours Worked - Overtime	961	6. Payroll - Other			157,167		
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		530				
	c. Total Cash Received (a + b)		530				
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. AMOUNT DUE OVER 60 DAYS	\$	60,000	2. AMOUNT WRITTEN OFF DURING YEAR	\$	17,253		

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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	Wisconsin Electric Power Co	20847	3,344,702	228,814	6.84		
2	Upper Peninsula Power Company	19578	24,504,493	2,400,024	9.79		
	Total		27,849,195	2,628,838	9.44		

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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 6/21/2008	2. Total Number of Members 4,200	3. Number of Members Present at Meeting 38	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 \$ 32,716	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)	10,269,598	507,032	331,930	838,962
2	National Rural Utilities Cooperative Finance Corporation	302,515	19,276	9,401	28,677
3	Bank for Cooperatives				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	FASB - 106	359,851		30,000	30,000
	Total	10,931,964	526,308	371,331	897,639

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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	3,181	3,170	
	b. kWh Sold			18,156,351
	c. Revenue			3,564,512
2. Residential Sales - Seasonal	a. No. Consumers Served	1,278	1,286	
	b. kWh Sold			1,617,264
	c. Revenue			489,479
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	203	198	
	b. kWh Sold			4,817,643
	c. Revenue			865,633
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	138	136	
	b. kWh Sold			110,828
	c. Revenue			16,669
7. Other Sales to Public Authorities	a. No. Consumers Served	23	23	
	b. kWh Sold			76,540
	c. Revenue			16,506
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)		4,823	4,813	
11. TOTAL kWh Sold (lines 1b thru 9b)				24,778,626
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				4,952,799
13. Other Electric Revenue				46,555
14. kWh - Own Use				
15. TOTAL kWh Purchased				27,849,195
16. TOTAL kWh Generated				
17. Cost of Purchases and Generation				2,628,838
18. Interchange - kWh - Net				
19. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>				5,535

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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 Ins Exchange	19,834			
	National Information Solutions Cooperative	22,228			
	Michigan Electric Cooperative Association	5,080			
	NRUCFC(Pat Cap, Membership Cert & CTC's	17,012	63,962		
	RESCO	64			
	Settlers Cooperative Inc	510			
	American Transmission Company	292,728			
	CoBank	4,473			
	Cooperative Response Center	12,699			
	Totals	374,628	63,962		
6	Cash - General				
	Checking, Savings & Working Funds		232,846		
	Totals		232,846		
9	Accounts and Notes Receivable - NET				
	Various		21,832		
	Totals		21,832		
11	TOTAL INVESTMENTS (1 thru 10)	374,628	318,640		

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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 (Included 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)]

2.07 %

PART IV. LOANS

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