UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009 (Prepared with Audited Data)
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.*	BORROWER NAME GREAT LAKES ENERGY COOPERATIVE

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)

[X] 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 Form 12a Section C of this report.

Steven Boeckman

3/29/2010
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION: MI0048
OPERATING REPORT - INTERNAL COMBUSTION PLANT	PLANT: Beaver Island
	PERIOD ENDED: December, 2009
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see Bulletin 1717B-3.	*This data will be used 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

LINE NO.	UNIT NO. (*a*)	SIZE (kW) (*b*)	FUEL CONSUMPTION: OIL (1000 Gals.) (*c*)	GAS (1000 C.F.) (*d*)	OTHER (*e*)	TOTAL (*f*)	OPERATING HOURS: IN SERVICE (*g*)	ON STANDBY (*h*)	OUT OF SERVICE: Sche. (*i*)	Unsche. (*j*)	GROSS GENERATION (MWh) (*k*)	BTU PER kWh (*l*)
1.	1	1,250	6.09				119	8,641			102	
2.	2	1,250	6.09				119	8,641			101	
3.	3	900	4.39				101	8,659			60	
4.												
5.												
6.	TOTAL	3,400	16.57	0.00	0.00		339	25,941	0	0	263	8,820.53
7.	Average BTU		140,000.00				STATION SERVICE (MWh)				164.00	
8.	Total BTU (10^6)		2,319.80			2,319.80	NET GENERATION (MWh)				99.00	23,432.32
9.	Total Del. Cost ($)		51,781.00				STATION SERVICE % OF GROSS				62.35	

SECTION B. LABOR REPORT

LINE NO.	ITEM	VALUE	LINE NO.	ITEM	VALUE
1.	No. Emp. Full Time (incl. Superintendent)		5.	Maint. Plant Payroll ($)	
2.	No. Emp. Part Time		6.	Other Accounts Plant Payroll ($)	
3.	Total Emp. - Hrs. Worked		7.	TOTAL Plant Payroll ($)	
4.	Oper. Plant Payroll ($)				

SECTION C. FACTORS & MAXIMUM DEMAND

LINE NO.	ITEM	VALUE
1.	Load Factor (%)	1.11%
2.	Plant Factor (%)	0.88%
3.	Running Plant Capacity Factor (%)	67.71%
4.	15 Min. Gross Max. Demand (kW)	0
5.	Indicated Gross Max. Demand (kW)	2,700

SECTION D. COST OF NET ENERGY GENERATED

LINE NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT ($) (a)	MILLS/NET kWh (*b*)	$/10^6 BTU (*c*)
1.	Operation, Supervision and Engineering	546	0		
2.	Fuel, Oil	547.1	55,710		24.01
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	
6.	**FUEL SUBTOTAL** (*2 thru 5*)	547	55,710	562.72	24.01
7.	Generation Expenses	548	97,681		
8.	Miscellaneous Other Power Generation Expenses	549	0		
9.	Rents	550	0		
10.	**NON-FUEL SUBTOTAL** (*1 + 7 thru 9*)		97,681	986.67	
11.	**OPERATION EXPENSE** (*6 + 10*)		153,391	1,549.40	
12.	Maintenance, Supervision and Engineering	551	0		
13.	Maintenance of Structures	552	927		
14.	Maintenance of Generating and Electric Plant	553	7,537		
15.	Maintenance of Miscellaneous Other Power Generating Plant	554	0		
16.	**MAINTENANCE EXPENSE** (*12 thru 15*)		8,464	85.49	
17.	**TOTAL PRODUCTION EXPENSE** (*11 + 16*)		161,855	1,634.89	
18.	Depreciation	553, 512	0		
19.	Interest	554, 513	0		
20.	**TOTAL FIXED COST** (*18 + 19*)		0	0.00	
21.	**POWER COST** (*17 + 20*)		161,855	1,634.89	

REMARKS (including Unscheduled Outages)

RUS Form **12f IC**

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND STATISTICAL REPORT**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009 (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.	GREAT LAKES ENERGY COOPERATIVE

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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.

Steven Boeckman 4/7/2010
DATE

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	144,486,383	149,715,599	155,088,442	14,997,759
2. Power Production Expense	180,261	161,855	176,371	16,427
3. Cost of Purchased Power	91,309,755	96,086,582	101,019,801	9,185,114
4. Transmission Expense				
5. Distribution Expense - Operation	8,546,791	9,166,212	9,029,628	664,453
6. Distribution Expense - Maintenance	9,110,735	8,497,825	10,719,722	484,067
7. Customer Accounts Expense	3,888,668	4,013,684	4,056,352	372,113
8. Customer Service and Informational Expense	840,204	1,076,032	965,420	197,553
9. Sales Expense	375,552	407,038	431,925	55,089
10. Administrative and General Expense	7,282,421	7,465,087	7,657,327	683,394
11. Total Operation & Maintenance Expense (*2 thru 10*)	121,534,387	126,874,315	134,056,546	11,658,210
12. Depreciation and Amortization Expense	9,810,536	10,293,458	10,386,075	871,643
13. Tax Expense - Property & Gross Receipts				
14. Tax Expense - Other	176,852	272,028	450,000	(35,758)
15. Interest on Long-Term Debt	8,848,369	9,179,586	9,530,116	765,890
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	143,154	228,317	125,000	37,361
18. Other Deductions	317,162	154,250	93,000	21,954
19. Total Cost of Electric Service (*11 thru 18*)	140,830,460	147,001,954	154,640,737	13,319,300
20. Patronage Capital & Operating Margins (*1 minus 19*)	3,655,923	2,713,645	447,705	1,678,459
21. Non Operating Margins - Interest	778,573	905,979	950,000	95,719
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments	108,671	86,991	87,131	(25,383)
24. Non Operating Margins - Other	(438,246)	(406,993)	(512,000)	(30,865)
25. Generation and Transmission Capital Credits	9,934,632	7,903,979	8,200,000	500,488
26. Other Capital Credits and Patronage Dividends	313,340	316,277	313,000	26,083
27. Extraordinary Items	(179,354)			
28. Patronage Capital or Margins (*20 thru 27*)	14,173,539	11,519,878	9,485,836	2,244,501

USDA - RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-2

BORROWER DESIGNATION
MI0048

PERIOD ENDED
December, 2009

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)	ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)
1. New Services Connected	1,412	871	5. Miles Transmission		
2. Services Retired	362	209	6. Miles Distribution - Overhead	11,058.00	11,053.00
3. Total Services in Place	133,151	133,813	7. Miles Distribution - Underground	2,928.00	2,985.00
4. Idle Services (*Exclude Seasonals*)	10,547	10,787	8. Total Miles Energized (*5 + 6 + 7*)	13,986.00	14,038.00

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS

1. Total Utility Plant in Service	351,431,249
2. Construction Work in Progress	6,242,787
3. Total Utility Plant *(1 + 2)*	357,674,036
4. Accum. Provision for Depreciation and Amort	94,408,683
5. Net Utility Plant *(3 - 4)*	263,265,353
6. Non-Utility Property (Net)	0
7. Investments in Subsidiary Companies	466,281
8. Invest. in Assoc. Org. - Patronage Capital	85,108,642
9. Invest. in Assoc. Org. - Other - General Funds	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	4,973,599
11. Investments in Economic Development Projects	716,482
12. Other Investments	742,732
13. Special Funds	0
14. Total Other Property & Investments *(6 thru 13)*	92,007,736
15. Cash - General Funds	3,313,100
16. Cash - Construction Funds - Trustee	0
17. Special Deposits	3,924,935
18. Temporary Investments	0
19. Notes Receivable (Net)	0
20. Accounts Receivable - Sales of Energy (Net)	19,242,719
21. Accounts Receivable - Other (Net)	797,929
22. Materials and Supplies - Electric & Other	2,138,825
23. Prepayments	955,198
24. Other Current and Accrued Assets	68,332
25. Total Current and Accrued Assets *(15 thru 24)*	30,441,038
26. Regulatory Assets	173,521
27. Other Deferred Debits	768,512
28. Total Assets and Other Debits *(5+14+25 thru 27)*	386,656,160

LIABILITIES AND OTHER CREDITS

29. Memberships	519,740
30. Patronage Capital	126,393,940
31. Operating Margins - Prior Years	0
32. Operating Margins - Current Year	10,933,902
33. Non-Operating Margins	585,977
34. Other Margins and Equities	3,023,310
35. Total Margins & Equities *(29 thru 34)*	141,456,869
36. Long-Term Debt - RUS (Net)	144,675,163
37. Long-Term Debt - FFB - RUS Guaranteed	32,735,403
38. Long-Term Debt - Other - RUS Guaranteed	0
39. Long-Term Debt Other (Net)	19,347,571
40. Long-Term Debt - RUS - Econ. Devel. (Net)	240,886
41. Payments - Unapplied	9,756,863
42. Total Long-Term Debt *(36 thru 40 - 41)*	187,242,160
43. Obligations Under Capital Leases - Noncurrent	0
44. Accumulated Operating Provisions and Asset Retirement Obligations	12,768,948
45. Total Other Noncurrent Liabilities *(43 + 44)*	12,768,948
46. Notes Payable	15,904,302
47. Accounts Payable	10,396,324
48. Consumers Deposits	1,234,480
49. Current Maturities Long-Term Debt	6,030,788
50. Current Maturities Long-Term Debt -Economic Development	120,165
51. Current Maturities Capital Leases	0
52. Other Current and Accrued Liabilities	4,840,797
53. Total Current & Accrued Liabilities *(46 thru 52)*	38,526,856
54. Regulatory Liabilities	0
55. Other Deferred Credits	6,661,327
56. Total Liabilities and Other Credits *(35+ 42 + 45 + 53 thru 55)*	386,656,160

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-2*	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009

PART D. NOTES TO FINANCIAL STATEMENTS

Note 1: Special Deposits/Temp Investments, Form 7C, Lines 17 and 18.The Michigan Public Service Commission (MPSC) requires rural utility cooperatives to maintain funds to satisfy any "refundable contributions in aid of construction" plus any "power supply cost recovery over collections" less any "power supply cost recovery under collections" At December 31, 2009, Great Lakes Energy was required to have $3,924,935 in Special Deposits/Temporary Investments as determined by the followingRefundable contributions in aid of const. $4,645,601Plus power supply cost recovery over-collections $0Less Power supply Cost Recovery under collections $720,666 Special Deposits required at 12/31/09 $3,924,935Form 7, Part C calculationSpecial Deposits - Form 7c, Line 17 $7,849,871 Temporary Investments, Form 7c, Line 18 $(3,924,935)Total Funds available for MPSC requirement (line 17 minus line 18) $3,924,935

Note:2 In 2009, GLE refinanced a $15,000,000 line of credit using proceeds from our FFB D8 loan with RUS. The line of credit was shown as Long Term Debt at 12/31/08 as it was intended to be refinanced early in 2009. The principal paid through this refinancing is not included in Part N - Long Term Debt. Additionally, in February 2009, GLE pre-paid $910,193 of NRUCFC long term debt and $2,123,783 of RUS long term debt, neither of these pre-payments are included in Part N long term debt.

USDA - RUS **FINANCIAL AND STATISTICAL REPORT**	BORROWER DESIGNATION
INSTRUCTIONS - See RUS Bulletin 1717B-2	PERIOD ENDED

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	295,588,635	16,797,408	2,173,310		310,212,733
2. General Plant	23,588,365	5,016,392	3,267,826		25,336,931
3. Headquarters Plant	13,335,124	104,574			13,439,698
4. Intangibles	39,845		5,430		34,415
5. Transmission Plant	0				0
6. All Other Utility Plant	2,401,680	5,793			2,407,473
7. Total Utility Plant in Service (1 thru 6)	334,953,649	21,924,167	5,446,566		351,431,250
8. Construction Work in Progress	7,163,995	(921,209)			6,242,786
9. TOTAL UTILITY PLANT (7 + 8)	342,117,644	21,002,958	5,446,566		357,674,036

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	2,610,606	4,569,264	11,078	4,676,860	350,276	(24,987)	2,138,825
2. Other	0						0

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	(e)
1. Present Year	9.000	0.000	3.000	155.400	167.400
2. Five-Year Average	31.680	140.520	3.620	227.520	403.340

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	232	4. Payroll - Expensed	8,355,464
2. Employee - Hours Worked - Regular Time	474,024	5. Payroll - Capitalized	3,407,106
3. Employee - Hours Worked - Overtime	24,172	6. Payroll - Other	3,368,154

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	3,543,385	
	b. Special Retirements	516,172	
	c. Total Retirements (a + b)	4,059,557	
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	114,550	
	c. Total Cash Received (a + b)	114,550	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. AMOUNT DUE OVER 60 DAYS	$ 892,621	2. AMOUNT WRITTEN OFF DURING YEAR	$ 323,653

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-2*	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009

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	Wolverine Pwr Supply Coop, Inc	20910	1,383,368,338	96,086,581	6.95		
	Total		1,383,368,338	96,086,581	6.95		

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-2*	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009

PART L. LONG-TERM LEASES

No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Northern Broadcast Inc	Tower	22,334
2	Antenna Designs	Tower	4,197
3	State of Michigan	Railroad	255
4	Global Tower	Tower	19,507
5	CSX	Railroad	2,784
6	E.W. Marine	Tower	5,550
7	Paul Latorre	Tower	12
	Total		54,639

USDA - RUS **FINANCIAL AND STATISTICAL REPORT**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See RUS Bulletin 1717B-2	PERIOD ENDED December, 2009

PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present?
8/26/2009	103,979	0	N
5. Number of Members Voting by Proxy or Mail	**6. Total Number of Board Members**	**7. Total Amount of Fees and Expenses for Board Members**	**8. Does Manager Have Written Contract?**
3,936	9	$ 504,929	Y

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-2

BORROWER DESIGNATION
MI0048

PERIOD ENDED
December, 2009

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)	144,675,163	6,925,230	6,358,783	13,284,013
2	National Rural Utilities Cooperative Finance Corporation	7,467,171	478,510	2,459,194	2,937,704
3	Bank for Cooperatives				
4	Federal Financing Bank	32,735,404	1,215,354	102,175	1,317,529
5	RUS - Economic Development Loans	240,886		91,116	91,116
6	Payments Unapplied	9,756,863			
7	CoBank	10,910,761	576,731	448,608	1,025,339
8	Rural Economic Dev. Grant - City of Newaygo	400,000			
9	City of Newaygo Special Assessment	103	392	1,842	2,234
10	IRP	569,536	6,273	28,763	35,036
11	Capital Lease - phone system	0	1,891	74,882	76,773
	Total	187,242,161	9,204,381	9,565,363	18,769,744

USDA - RUS **FINANCIAL AND STATISTICAL REPORT**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - *See RUS Bulletin 1717B-2*	PERIOD ENDED December, 2009

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	75,326	75,189	
	b. kWh Sold			683,401,704
	c. Revenue			82,117,467
2. Residential Sales - Seasonal	a. No. Consumers Served	36,968	36,897	
	b. kWh Sold			83,423,964
	c. Revenue			17,533,931
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	10,429	10,422	
	b. kWh Sold			169,599,367
	c. Revenue			19,934,595
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	303	300	
	b. kWh Sold			380,388,698
	c. Revenue			28,614,068
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			
10. TOTAL No. of Consumers (lines 1a thru 9a)		123,026	122,808	
11. TOTAL kWh Sold (lines 1b thru 9b)				1,316,813,733
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				148,200,061
13. Other Electric Revenue				1,515,537
14. kWh - Own Use				
15. TOTAL kWh Purchased				1,383,368,338
16. TOTAL kWh Generated				163,900
17. Cost of Purchases and Generation				96,248,437
18. Interchange - kWh - Net				
19. Peak - Sum All kW Input (Metered) Non-coincident___ Coincident X				236,614

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-2

BORROWER DESIGNATION
MI0048

PERIOD ENDED
December, 2009

PART I. INVESTMENTS

No	DESCRIPTION (a)	INCLUDED ($) (b)	EXCLUDED ($) (c)	INCOME OR LOSS ($) (d)	RURAL DEVELOPMENT (e)
2	**Investments in Associated Organizations**				
	Investment in Subsidiaries	466,281			
	WPC patronage - G&T		83,591,993		
	NRUCFC Patronage		713,934		
	Federated Patronage	263,365			
	CoBank patronage		141,144		
	NISC Patronage	156,965			
	Resco Patronage	241,241			
	Resco Stock	5,400			
	MECA Statewide Membership	141,720			
	WPC Membership - G&T	600			
	NRUCFC Membership		1,000		
	CoBank Membership		1,000		
	NRTC Membership	2,000			
	NISC Membership	25			
	Geothermal Energy Membership	600			
	NRUCFC CTC's/Membership Certificates		4,821,254		
	Totals	1,278,197	89,270,325		
3	**Investments in Economic Development Projects**				
	Petoskey Investment Group		303,750		X
	Boyne USA Resort		100,292		X
	IRP Loans		230,209		X
	Revolving Loan Fund		82,231		X
	Totals		716,482		
4	**Other Investments**				
	Homestead Funds - Deferred Comp.		11,287		
	Homestead funds - Director Def. Comp.		101,900		
	American Funds - Mutual Funds		596,997		
	Homestead funds - def comp GLE emp.		32,548		
	Totals		742,732		
6	**Cash - General**				
	Fifth Third Bank	(937,869)	2,372,828		
	West Shore Bank		65,140		
	Choice One Bank		35,007		
	Huntington Bank		20,382		
	United Bank of Michigan		8,808		
	Choice One Bank - Economic Dev.	190,396	250,000		X
	Huntington Bank - Revolving Loan Fund	61,776	250,000		X
	Choice One Bank - IRP Account	742,556	250,000		X
	Working Funds - Petty Cash	4,075			
	Totals	60,934	3,252,165		
7	**Special Deposits**				
	NRUCFC - See section D, note 1		3,924,935		
	Totals		3,924,935		
9	**Accounts and Notes Receivable - NET**				
	Other Accounts Receivable - Net		797,929		
	Totals		797,929		
11	TOTAL INVESTMENTS (1 thru 10)	1,339,131	98,704,568		

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-2*	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009

PART II. LOAN GUARANTEES

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
1					
	Total				
	TOTAL (Included Loan Guarantees Only)		0	0	

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-2*	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2009

Part III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total Of Included Investments (PartI, 11b) and Loan Guarantees - Loan Balance (Part II, 5d) to Total Utility Plant (Form7, Part C, Line3)]	.37 %

PART IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors		23,186	7,960	
2	Energy Resources Conservation Loans				
	Total		23,186	7,960	

FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
GREAT LAKES ENERGY COOPERATIVE

GREAT LAKES ENERGY COOPERATIVE

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EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the accompanying consolidated balance sheets of Great Lakes Energy Cooperative, as of December 31, 2009 and 2008 and the related consolidated statements of revenues and net margins, comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of Great Lakes Energy Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Lakes Energy Cooperative as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2010, on our consideration of Great Lakes Energy Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Eide Bailly LLP

Fargo, North Dakota
April 9, 2010

GREAT LAKES ENERGY COOPERATIVE
Consolidated Balance Sheets
as of December 31, 2009 and 2008

ASSETS	2009	2008
ELECTRIC PLANT:		
Distribution and generation plant, at cost	$ 357,674,036	$ 342,117,644
Less accumulated depreciation	94,408,683	87,357,113
Net electric plant	263,265,353	254,760,531
OTHER ASSETS AND INVESTMENTS:		
Nonutility property, net of accumulated depreciation	9,522	56,412
Investments and memberships	90,824,974	80,536,314
Notes and loans receivables	336,225	494,038
Total other assets and investments	91,170,721	81,086,764
CURRENT ASSETS:		
Cash	3,709,851	2,100,338
Temporary investments and special funds	3,924,935	8,335,247
Accounts receivable, net of allowance for uncollectible accounts of $1,376,841 in 2009 and $1,439,638 in 2008	20,194,007	18,250,264
Materials and supplies	2,138,825	2,610,605
Other current assets, including current portion of notes and other receivables	2,143,533	2,490,226
Total current assets	32,111,151	33,786,680
DEFERRED CHARGES	542,824	543,880
Total assets	$ 387,090,049	$ 370,177,855

EQUITIES AND LIABILITIES	2009	2008
EQUITIES:		
Memberships	$ 519,740	$ 519,740
Patronage capital	142,395,824	134,841,255
Donated capital	3,023,310	2,338,186
Accumulated other comprehensive expenses	(4,484,303)	(6,270,315)
Total equities	141,454,571	131,428,866
LONG-TERM DEBT, net of current maturities	187,242,160	180,155,216
OTHER NON-CURRENT LIABILITIES	12,768,948	13,416,297
CURRENT LIABILITIES:		
Current maturities of long-term debt	6,150,954	6,225,283
Notes payable	15,904,302	15,126,801
Accounts payable	10,396,957	11,475,477
Accrued expenses	5,276,350	4,979,102
Customer deposits	1,234,480	815,294
Total current liabilities	38,963,043	38,621,957
DEFERRED CREDITS	6,661,327	6,555,529
Total equities and liabilities	$ 387,090,049	$ 370,177,865

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Revenue and Net Margins
for the years ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES	$ 149,715,546	$ 144,486,383
OPERATING EXPENSES:		
Purchased and produced power	96,248,437	91,490,016
Distribution expenses:		
Operations	9,166,212	8,546,791
Maintenance	8,497,825	9,110,735
Customer accounts and service expense	5,496,755	5,104,424
Administration and general	7,467,709	7,280,371
Depreciation and amortization	10,297,766	9,817,369
Other operating expenses	469,891	556,942
Total operating expenses	137,644,595	131,906,648
OPERATING MARGINS BEFORE FIXED CHARGES	12,070,951	12,579,735
FIXED CHARGES, interest expense	9,407,903	8,991,523
OPERATING MARGINS AFTER FIXED CHARGES	2,663,048	3,588,212
NON-OPERATING MARGINS:		
Interest income	911,338	787,203
Other expenses, net of other income	(230,838)	(393,847)
Total non-operating margins	680,500	393,356
CAPITAL CREDITS, from associated organizations	8,220,256	10,247,972
Net margins before federal income taxes	11,563,804	14,229,540
PROVISION FOR FEDERAL INCOME TAX	46,223	56,000
Net margins	$ 11,517,581	$ 14,173,540

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Cash Flows
for the years ended December 31, 2009 and 2008

Increase (Decrease) in Cash

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margins	$ 11,517,581	$ 14,173,540
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	10,297,766	9,818,022
Capital credits from associated organizations	(8,220,256)	(10,247,972)
Net (gain) loss on sale of assets	329	(11,471)
Unrealized appreciation on investments	(13,238)	-
Bad debt provision	275,400	315,496
Changes in assets and liabilities:		
Accounts receivable	(2,631,951)	2,872,197
Materials and supplies	483,488	(49,143)
Other assets and deferred charges	392,484	(953,027)
Accounts payable	(1,074,722)	654,284
Accrued expenses and other liabilities	994,335	55,617
Customer deposits	419,196	384,234
Other non-current liabilities and deferred credits	1,347,294	668,698
Net cash provided by operating activities	13,787,706	17,680,475
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash from short-term investments	4,410,312	(5,187,119)
Net investments and memberships	(1,976,965)	1,197,536
Proceeds from sale of assets	33,447	144,463
Property additions	(18,665,346)	(24,831,425)
Plant removal costs	(1,214,467)	(1,040,391)
Additions to notes receivable	(9,367)	(11,525)
Collection on notes receivable	234,716	302,688
Changes in deferred charges	(456,443)	(325,153)
Additions to other non-current liabilities	-	24,537
Net cash (used) in investing activities	(17,646,113)	(29,726,389)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions in aid of construction received net of refunds	1,159,662	2,339,092
Net proceeds from (payment of) short-term debt	777,500	8,896,625
Proceeds from long-term debt	30,000,000	19,849,147
Payment of long-term debt	(22,987,386)	(18,434,034)
Capital credits paid out	(3,578,402)	(1,623,306)
Sales tax returned (adjustment) related to equity provided by operating margins	96,546	120,536
Net cash provided by financing activities	5,467,920	11,148,060
Net change in cash	1,609,513	(897,854)
CASH, beginning of year	2,100,338	2,998,192
CASH, end of year	$ 3,709,851	$ 2,100,338

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Comprehensive Income
for the years ended December 31, 2009 and 2008

	2009	2008
NET MARGINS	$ 11,517,581	$ 14,173,540
Other comprehensive income (expense):		
Unrealized holding gain (loss) on securities arising during year	76,200	(158,876)
Directors' pension liability adjustment	(181,082)	223,711
Employees' Postretirement Health Insurance Benefit Plan liability adjustment	1,890,894	(537,645)
Net other comprehensive income (expense)	1,786,012	(472,810)
Comprehensive income	$ 13,303,593	$ 13,700,730

The accompanying notes are a part of these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Great Lakes Energy Cooperative (the "Company") is an electric distribution company servicing the rural areas in parts of 26 counties located in the western portion of Michigan's Lower Peninsula.

The Company is organized as a member cooperative with all customers being members. Each member who joins the cooperative is entitled to certain membership rights, including the right to vote on certain corporate matters. The Company is governed by a board of directors elected by the members.

As a cooperative, annual net margins are assigned to members as capital credits based on their relative purchase of electric power during the year. It is the Company's policy to retire these capital credits when the financial condition of the Company permits.

The Company has a wholly-owned subsidiary which engages in certain business activities unrelated to the distribution of electricity.

The Company is a nonprofit organization exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code, except for tax on any unrelated business income. The Company's subsidiary is a corporation that is not exempt from federal income tax. The Company and its subsidiary are each subject to the Michigan Business Tax.

Basis of Accounting

The Company is subject to the accounting and reporting rules and regulations of Rural Utilities Service, a Federal Government agency. The Company follows the Federal Energy Regulatory Commission's Uniform System of Accounts prescribed for Class A and B Electric Utilities as modified by the Rural Utilities Service.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Great Lakes Utilities Services Corporation ("GLUS"). All significant intercompany transactions have been eliminated in preparing the consolidated financial statements.

Electric Plant

Electric plant includes the electric distribution system, a small generating plant, real estate and various buildings and operating equipment. These assets are recorded at cost, net of any contributions received from customers to defray the cost of constructing the distribution system. Assets are depreciated over their estimated useful lives under the straight-line method.

The cost of any distribution system and generating plant that is retired, plus the cost of removal, net of any salvage value realized, is charged, in total, against accumulated depreciation; a gain or loss is not recognized. The cost and related accumulated depreciation of buildings and operating equipment retired or sold is removed from their respective accounts and a gain or loss is recognized.

Nonutility Property

At December 31, 2009 non-utility property consisted of equipment; at December 31, 2008 it included equipment, real estate, and a building. The equipment and building are being depreciated under the straight-line method over their estimated useful lives, the lives permitted for income tax purposes. The building was not depreciated during 2009 as it was sold during the early part of that year.

Investments and Memberships

Investments and memberships include investments in other cooperatives and various mutual funds. The investments in cooperatives, which comprise the majority of investments, are carried at cost plus assigned capital credits less any capital credits paid to the Company. Income from investments in other cooperatives is recognized when capital credits are assigned by these cooperatives.

Investments in mutual funds are carried at market value. Certain of these investments are directly related to deferred-compensation obligations and changes in market value are recorded as changes in the related liability. The remaining investments are classified as available-for-sale with changes in market value reported in other comprehensive income until realized.

Notes and Other Receivables

Notes and other receivables include primarily low or zero interest loans made under Federal Rural Economic Development programs. These receivables as reported in the balance sheets are net of related allowances for uncollectible accounts of $148,035 in 2009 and $136,035 in 2008 with any additions to the allowance charged against margins. Interest income is recognized on these receivables by applying the stipulated interest rates to any unpaid balance; any fee revenue is recognized when assessed.

Temporary Investments and Special Funds

Temporary investments and special funds consist of cash at the end of 2009 and commercial paper issued by the National Rural Utilities Cooperative Finance Corporation and cash at the end of 2008. The investments in commercial paper are recorded at cost and are unsecured.

Electric Revenues and Accounts Receivable

Rates for electricity charged to customers are established by the Board of Directors and are subject to approval of the Michigan Public Service Commission ("MPSC") before becoming effective. Revenue is recognized when electricity is delivered to customers. Bills are rendered in staggered cycles throughout each month for economic and business reasons. Consequently, at the end of each month a portion of the recognized revenue remains unbilled. The unbilled revenue was computed by applying approved revenue rates to the difference between total kilowatt hours ("KWH") delivered, as determined from electronic meter readings taken at month end, and the KWH used for cycle billing purposes.

The Company bills and collects Michigan sales tax related to electric revenue from most of its customers. The tax billed is reflected in accounts receivable and recorded as a liability; it is not recorded as revenue or as an expense.

Any electric accounts receivable not collected within one month of billing are assessed a one-time late fee of 2 pct. This fee is included as part of operating revenue.

Allowances are provided for accounts receivable that may become uncollectible, with additions to the allowance charged against margins. Past collection experience is tracked by the Company and is used to determine additions to the allowance. Accounts receivable are written off by a charge against the allowance only after collection efforts have been exhausted and future collection appears unlikely.

Materials and Supplies

Materials and supplies, which are recorded at average cost, consist of items necessary to construct and maintain the distribution system and fuel to operate the generating plant

Deferred Charges

Deferred charges consist principally of preliminary survey, pole inspection, and in 2009 deferred Energy Optimization Program costs. The pole inspection costs are are being amortized straight-line over periods not exceeding twenty years, the Energy Optimization costs over a two-year period, and the other deferred costs over various periods.

Deferred Credits

Deferred credits consist principally of refundable contributions in aid of construction, which are refundable for a certain period of time, contributions received for future construction, and service availability charges billed in advance. Upon expiration of the refund period, any contributions not refunded are credited to the electric plant's distribution system. Contributions for future construction are applied against the distribution system when construction costs related to the contribution are incurred. Service availability charges billed in advance are amortized straight-line to revenue over the period covered by the advanced billing.

Fair Value of Financial Instruments

Certain investment assets are recorded at fair value and the fair value of long term debt is disclosed below. Fair values were determined in accordance with fair value measuring criteria under generally accepted accounting principles. Fair value is defined as the price that would be received in exchange for an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at year end, the measurement date, in the principal or most advantageous market for the asset or liability being valued at its fair value.

A hierarchy has been established which prioritizes the techniques for determining fair value. The highest priority, level 1, is quoted market prices on an active market. Level 2 involves quoted market prices in a market that is not considered active while level 3 involves fair value established using other factors but without a market. The valuation level used in determining fair value depends on the Company's ability to access the markets at the measurement date.

Financial instruments, such as cash, temporary investments and special funds, accounts receivable, accounts payable, accrued expenses and customer deposits are carried in the consolidated financial statements at cost. These amounts approximate the fair value of such instruments due to their short maturity. Notes and other receivables are carried at cost as they are made under various government programs which specify below-market interest rates. Investments and memberships in other cooperatives are carried at cost plus undistributed capital credits assigned by the investee cooperative as there is no practical way to determine a market value for these investments. Investments in mutual funds are carried at active published market prices as of year-end.

The fair value of long-term debt at December 31, 2009, based on borrowing rates available from current lenders at that date, is estimated at approximately $160 million versus the carrying amount of approximately $193 million. At December 31, 2008 the comparable fair value was estimated at approximately $145.4 million versus the carrying amount of approximately $186.4 million.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Areas requiring the use of significant estimates by management include useful lives of plant, potential uncollectible accounts, notes and other receivable, and postretirement benefit costs. Actual results could differ from the estimates embedded in the consolidated financial statements.

Cash Flows

The Company reports its cash flows using the indirect method in order to present a reconciliation of net margins to significant changes in cash. Cash reported on the consolidated statement of cash flows is cash reflected on the consolidated balance sheet; it does not include temporary investments and special funds.

NOTE B - ELECTRIC PLANT

Major classes of electric plant as of December 31, 2009 and 2008 are as follows:

	2009	2008
Distribution system	$310,212,732	$295,588,635
Generation plant	1,953,008	1,947,215
General plant, including asset acquired under a capital lease in the amount of $443,265	39,231,093	37,377,953
Intangible plant	34,416	39,846
Construction work in progress, net of related contributions in aid of construction	6,242.787	7,163,995
	357,674,036	342,117,644
Less accumulated depreciation, including accumulated depreciation of $235,061 for 2008 associated with capital lease asset	94,408,683	87,357,113
Total	$263,265,353	$254,760,531

During 2009 and 2008, the various components of the electric plant were depreciated based on management's estimate of their estimated useful lives. The lives used equate to an annual composite rate of approximately 2.9 pct. for the distribution system and 4.4 pct. for the generation plant.

General plant is being depreciated over the following lives:

General Plant	
Structures and improvements	50 years
Office furniture and equipment:	
General office equipment and general purpose data processing equipment	3-16 years
Special purpose data processing equipment	3 years
Computer software	3 years
Transportation equipment:	
Automobile and pickup trucks	5-8.5 years
Heavy trucks	10 years
Power operated equipment	8 years
Communications equipment,	5-12.5 years
Load control equipment	10 years
Other	20 years

The nonutility property is being depreciated over the following lives:

Nonutility Plant	
Building	39 years
Equipment	5-7 years
Computer software	3 years

NOTE C - INVESTMENTS AND MEMBERSHIPS

Investments in associated organizations consisted of the following as of December 31, 2009 and 2008:

	2009	2008
Wolverine Power Cooperative, Inc., patronage capital credits and membership	$83,591,994	$75,688,014
National Rural Utilities Cooperative Finance Corporation:		
Capital Term Certificates	4,821,254	2,838,394
Patronage capital credits and membership	714,934	690,984
Other memberships, patronage capital and mutual fund investments	1,696,792	1,318,922
Total	$90,824,974	$80,536,314

Wolverine Power Cooperative, Inc.

Wolverine Power Cooperative, Inc. ("Wolverine") is an electric generating and transmission cooperative in which the Company has as an approximate 60.3 pct. interest. According to the contract with Wolverine, all electric power required by the Company is to be purchased from Wolverine (see Note S).

The Company carries its investment in various mutual funds at their fair values. A portion of the investments aggregating $145,735 at December 31, 2009 and $113,471 at December 31, 2008 represent investments held on behalf of current and former directors and employees. Accordingly, annual changes in the fair values of these investments are recorded as an adjustment to their related liability accounts rather than as a part of accumulated other comprehensive income.

Management classifies the remaining investments as available for sale. Annual changes in fair value are determined under level 1 valuation techniques and are recorded as a component of accumulated other comprehensive income. A comparison of cost and fair value of these investments at December 31, 2009 and 2008 follows:

	2009	2008
Cost of remaining mutual fund investments	$679,755	$543,095
Unrealized loss	(82,756)	(158,876)
Fair value	$596,999	$384,219

NOTE D -NOTES AND LOANS RECEIVABLE

Notes receivable consisted of the following as of December 31, 2009 and 2008:

	2009	2008
Rural Economic Development loans, net of allowance for uncollectable loans	$568,447	$799,938
Land contract receivable	39,240	-
Employee loans	7,960	13,819
	615,647	813,757
Less current portion	279,422	319,719
Total	$336,225	$494,038

The current portion of notes receivable is classified with other current assets in the consolidated balance sheets.

Rural Economic Development Loans Receivable

The Rural Economic Development loans receivable are zero or low interest loans due in periodic installments of principal and, where appropriate, interest until final maturity. The loans are financed from grants or loans obtained by the Company under various federal programs established for the purpose of promoting loans through electric cooperatives to qualifying entities within their service areas for the purpose of promoting economic development. The loans are collateralized by real estate mortgages or a security interest in equipment.

NOTE E –TEMPORARY INVESTMENTS AND SPECIAL FUNDS

Temporary cash investments and special funds of $3,924,935 at December 31, 2009 consisted of cash designated on the general ledger as special funds.

The MPSC requires Michigan rural electric cooperatives to maintain funds to satisfy any refundable contributions in aid of construction (CIAC) plus any power supply cost recovery over collections net of any power supply cost under collections. Funds restricted to comply with MPSC's requirements are considered special funds and are included as a component of temporary cash investments and special funds reported in the consolidated balance sheets. At December 31, 2009 special funds were equal to the refundable CIAC less the under collection of the power supply cost recovery charges. At December 31, 2008 special funds were equal to refundable CIAC plus the over collection of power supply charges. The status of refundable CIAC and power supply cost recovery net under or over collections is detailed below.

	2009	2008
Refundable contributions in aid of construction	$4,645,601	$4,973,980
Power supply cost recovery over (under) collections	(720,666)	3,361,267
Special funds required by the MPSC	$3,924,935	$8,335,247
Special funds available	$3,924,935	$8,335,247

NOTE F – ACCOUNTS RECEIVABLE

Accounts receivable include both billed and unbilled revenues. At December 31, 2009 and 2008 accounts receivable consisted of the following:

	2009	2008
Billed accounts	$12,120,328	$10,855,554
Unbilled accounts	9,450,520	8,834,348
	21,570,848	19,689,902
Less allowance for uncollectible accounts	1,376,841	1,439,638
Net accounts receivable	$20,194,007	$18,250,264

NOTE G - DEFERRED CHARGES

Deferred charges at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Unamortized debt costs	$25,310	$ 27,704
Pole inspection	215,506	182,307
Preliminary survey costs	527,696	649,254
Deferred Energy Optimization Program costs	173,521	-
Other	-	(2,631)
	942,033	856,634
Less current portion	399,209	312,754
Totals	$542,824	$543,880

NOTE H - EQUITIES

The changes in memberships, patronage capital , donated capital and accumulated other comprehensive expense (AOCE) are summarized as follows:

	Memberships	Patronage Capital	Donated Capital	AOCE	Total
Balance at December 31, 2007	$ 519,740	$ 122,478,476	$ 2,164,698	$ (5,797,505)	$ 119,365,409
Net margins	-	14,173,540	-	-	14,173,540
Other comprehensive income (expense):					
Unrealized holding gain on securities	-	-	-	(158,876)	(158,876)
Directors' Pension and Retiree Welfare Benefit Plan liability adjustment	-	-	-	(313,934)	(313,934)
Sales tax refund	-	120,536	-	-	120,536
Undeliverable retired patronage refunds to members	-	-	173,488	-	173,488
Patronage refunds to members:					
Cash refunds	-	(1,623,306)	-	-	(1,623,306)
Non-cash refunds	-	(307,991)	-	-	(307,991)
Balance at December 31, 2008	519,740	134,841,255	2,338,186	(6,270,315)	131,428,866
Net margins	-	11,517,581	-	-	11,517,581
Other comprehensive income (expense):					
Unrealized holding gain on securities	-	-	-	76,200	76,200
Directors' Pension and Retiree Welfare Benefit Plan liability adjustment	-	-	-	1,709,812	1,709,812
Sales tax returned	-	96,546	-	-	96,546
Undeliverable retired patronage refunds to members and other adjustments	-	-	717,350	-	717,350
Patronage refunds to members:					
Cash refunds	-	(3,546,379)	(32,226)	-	(3,578,605)
Non-cash refunds	-	(513,179)	-	-	(513,179)
Balance at December 31, 2009	$ 519,740	$ 142,395,824	$ 3,023,310	$ (4,484,303)	$ 141,454,571

Loans under the RUS mortgage carry fixed or semi-fixed interest rates as detailed below. They are payable in either monthly or quarterly installments, which include both principal and interest, until final maturity during 2035.

Mortgages with 2 pct. fixed interest	$411,851
Mortgages with 3.00 pct. to 4.87 pct., semi-fixed interest	55,522,558
Mortgages with 5 pct. fixed interest	93,186,537
Total	$149,120,946

Loans under the CFC mortgage are payable in quarterly installments, which include both principal and interest, until final maturity in the year 2030. They bear interest at either fixed or variable rates. At December 31, 2009 fixed rates range between 3.30 pct. and 5.50 pct.; the variable rate was 4.95 pct.

The loans with CoBank are payable in quarterly installments, including principal and interest, until final maturity during 2032. Loans aggregating $3,074,783 at December 31, 2009 bear interest at a fixed rate of 6.48 pct. Loans aggregating $8,310,896 at December 31, 2009 bear interest at 3.64 pct., a variable rate established by CoBank weekly.

Loans from FFB and RED are payable primarily in either monthly or quarterly installments, including principal and interest, and have various maturity dates. The FFB loans bear interest at various rates, which at December 31, 2009 ranged from between 3.69 pct. and 7.429 pct. The RED borrowings bear no interest or interest at one percent.

The line of credit with CFC was a one-year unsecured line of credit. It was repaid in full during 2009.

At expiration of the capitalized lease in September 2009 the Company acquired the general plant asset associated with the lease as permitted by terms of the lease. Interest expense associated with the lease was $1,892 during 2009 prior to its September 2009 expiration and $7,769 during 2008.

During 2008 the Company entered into a loan agreement with FFB collateralized by a joint mortgage agreement with RUS, CFC and CoBank which generally replaced prior mortgage agreements. Under the joint agreement, substantially all of the Company's assets, except transportation and power operated equipment, certain investments and memberships, certain temporary investments and special funds, and some office equipment, are pledged as collateral under terms of the joint agreement. The first draw on the loan was made during 2009 in the amount of $30,000,000. Subsequent to 2009 and additional draw of $12,000,000 was made with $6,500,000 used to pay down borrowings under the lines of credit, $4,000,000 to pay down long-term debt under RUS's cushion of credit program, and $1,500,000 for general financial purposes.

In addition to pledging its assets as collateral for the above loans, the Company has agreed under terms of loan agreements with the RUS, CFC and CoBank, to maintain margins at adequate levels to meet certain financial ratios of times interest earned and debt service coverage. RUS and CFC use the three most recent years, including the current year, to determine whether these loan covenants are met through an averaging computation. The Company was in compliance with these loan covenants during 2009 and 2008.

Aggregate annual future maturities of long-term debt, net of amortization of the cushion of credit, are as follows:

Years	Loans
2010	$6,150,954
2011	6,541,605
2012	6,572,700
2013	6,943,912
2014	6,245,828
2015 and beyond	160,938,115
Total	$193,393,114

NOTE J – OTHER NON-CURRENT LIABILITIES

The other non-current liabilities at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Accumulated provision for directors' pension plan and employees' postretirement health insurance benefits	$12,623,213	$13,302,826
Employees' and directors' deferred Compensation	145,735	113,471
Total	$12,768,948	$13,416,297

NOTE K - NOTES PAYABLE

The Company has two revolving lines of credit aggregating $35,000,000 excluding the line of credit from CFC terminated subsequent to year end. The remaining line of credit with CFC is an unsecured perpetual line in the amount of $25,000,000. The other line of credit is with CoBank. It is a one-year line expiring October 31, 2010 in the amount of $10,000,000. Any borrowings under the CoBank line are subject to a statutory first lien on the Company's equity, but are otherwise unsecured. At December 31, 2009, outstanding loans under the two lines of credit totaled $15,904,302, with $7,764,665 under the CFC perpetual line and $8,139,637 under the CoBank line. These loans bear interest at 4.25 pct. and 3.64 pct, respectively. The remaining available balance under the two lines of credit aggregated $19,095,699. At December 31, 2008 the Company had outstanding loans aggregating $15,126,801 against its credit lines.

NOTE L - DEFERRED CREDITS

Deferred credits at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Customer advances to defray system construction costs:		
Non-refundable	$540,252	$544,623
Refundable	4,645,601	4,973,980
Total customer advances	5,185,853	5,518,603
Estimated labor cost associated with initial installation of transformers and meters	142,480	216,288
Deferred revenue associated with seasonal accounts	808,184	820,638
Deferred Energy Optimization Program surcharge Revenue	524,810	-
Total	$6,661,327	$6,555,529

NOTE M - CASH FLOW INFORMATION

Additional cash flow information for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
Cash paid during the year for:		
Interest	$9,430,111	$9,000,636
Federal income:		
Federal income tax paid	25,692	181,288
Phone excise tax refund	(4,159)	-

NOTE N - FEDERAL INCOME TAX AND MICHIGAN BUSINESS TAX

The Company, as a tax exempt entity, is exempt from federal income tax except for the rent it receives on its towers. Its subsidiary is subject to federal income tax. The Company and subsidiary file separate federal income tax returns to report their respective taxable income.

The Company and its subsidiary are also subject to the Michigan Business Tax ("MBT"). They are considered a unitary business group under this tax and accordingly file a single return that includes both entities. The MBT is a tax on both gross receipts and taxable income, including the Company's income exempt from federal income tax.

Management believes that positions taken during prior years and to be taken for 2009 in reporting federal taxable income for the Company and for its subsidiary and reporting the taxable base subject to the MBT are not controversial and have a high degree of being sustained upon any future examination by the taxing authority.

Under normal circumstances, the Company is no longer subject to federal tax examination for year 2005 and prior and State examination for years 2006 and prior.

NOTE O - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, temporary cash investments and special funds, investments and memberships, and accounts receivable.

Cash and temporary investments and special funds are maintained in credit worthy banks. Accordingly, the Company believes it has no significant credit risk regarding cash and temporary investments and special funds.

The majority of the Company's investments and memberships are invested in Wolverine, the Company's exclusive power supplier, Capital Term Certificates issued by CFC, and other cooperatives. The Company believes there is no significant credit risk associated with these investments. Mutual fund investments, which comprise .82 pct. of investments, are subject to normal market fluctuations.

Any credit risk relative to accounts receivable is dissipated due to the large number of customers throughout the Company's service area.

Cash on deposit at December 31, 2009 and 2008, including the cash assigned to temporary investments and special funds, exceeded the Federal Depository Insurance limits by $1,450,944 and $1,307,213, respectively.

NOTE P - EMPLOYEE BENEFITS

The Company currently offers most employees several types of employee benefits, including retirement plans and health insurance benefits. The Company also provides certain directors a retirement plan.

Retirement Plans for Employees

The Company participates with other electric cooperatives in a multi-employer retirement and security program sponsored by the National Rural Electric Cooperative Association (NRECA). Substantially all employees are covered by this program. This program is a defined benefit pension plan qualified under Section 501(a) of the Internal Revenue Code.

The NRECA retirement and security program provides benefits based on years of service and the highest five years of compensation during the last 10 years of employment. The Company makes contributions to the program equal to the amounts reflected as an expense in the consolidated financial statements. In this multi-employer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The Company's contributions to the program for 2009 and 2008 were $1,505,666 and $1,252,811, respectively.

Retirement Plan for Directors

The Company has a non-qualified unfunded pension plan for certain directors. The plan covers directors who serve on the Board for at least ten years, who were on the Board as of June 22, 2005, and who, under normal circumstances, retire before reaching the age of 72. Directors elected to the Board subsequent to that date are not eligible for the Plan. The plan provides only for retirement benefits; it does not provide for death or disability benefits.

The Company accrues the annual cost associated with this plan and reports a liability for any unpaid benefits. However, there is no trust associated with this plan and monies to fund the plan come from the unrestricted assets of the Company.

The following table provides information regarding projected benefit obligations, plan assets and funded status of the directors' plan as of December 31, 2009 and 2008:

	2009	2008
Change in benefit obligation:		
Benefit obligation at January 1	$1,732,893	$1,902,847
Service cost	-	-
Interest cost	115,239	110,571
Actuarial loss (gain)	205,119	(173,290)
Benefits paid	(112,360)	(107,235)
Benefit obligation at December 31	$1,940,891	$ 1,732,893
Change in plan assets:		
Fair value of plan assets at January 1	$ -	$ -
Company contributions	112,360	107,235
Benefits paid	(112,360)	(107,235)
Fair value of plan assets at December 31	$ -	$ -
Reconciliation of funded status of plans:		
Projected benefit obligation	$(1,940,891)	$(1,732,893)
Fair value of plan assets	-	-
Recorded accrued benefit cost at December 31	$(1,940,891)	$(1,732,893)
Weighted average assumptions used to determine the benefit obligations as of December 31:		
Discount rate	5.75%	7.00%
Rate of compensation increase	4.00%	4.00%

Net period costs for the directors' plan were as follows for the years ended December 31, 2009 and 2008:

	2009	2008
Service cost	$ -	$ -
Interest cost	115,239	110,571
Amortization of prior service cost	19,149	19,149
Amortization of loss	4,888	31,160
Recorded net benefit cost	$139,276	$160,880

Future benefits expected to be paid during the next 10 years are as follows:

2010	$133,000
2011	141,000
2012	143,000
2013	145,000
2014	145,000
2015 – 2019	663,000
Total	$1,370,000

The Company believes its contributions for the Plan during 2010 will approximate the expected benefits to be paid for that year indicated above.

Retirement Savings Plan for Employees

The Company offers selective retirement savings plans to employees. The plans are offered to employees, pursuant to Section 401(k) of the Internal Revenue Code. The Company and employees make contributions to the employees' accounts. The Company's contributions are equal to the amounts reflected as an expense in the consolidated financial statements. The Company contributed approximately $450,692 and $458,219 during 2009 and 2008, respectively. Employees vest immediately in their contributions and in the contributions made by the Company.

Postretirement Health Insurance Benefits for Employees

The Company sponsors a defined benefit postretirement medical plan which covers most retired employees and provides partial or full medical insurance benefits for these employees and, under certain circumstances, their spouses and covered dependents. Determination of benefits is based on an employee's status upon retirement.

Plan assets have been placed in a separate trust with a conservative investment approach and a strategy of diversification. The allocation of Plan assets at December 31, 2009 includes 4.3 pct. in a money market fund, 16.5 pct. in a fixed income fund, and 79.2 pct. in an equity fund. The estimated overall long-term rate of return on Plan assets, based on historical rates for similar investments, is 7.75 pct.

During 2003 the Medicare Prescription Drug, Improvement and Modernization Act ("Act") was signed into law. The Act provided for a refund to companies who provide a drug benefit as a part of their postretirement health benefit program that is at least actuarially equivalent to Medicare. The Company's program provides a level of drug benefits that meet these criteria. During 2009 the Company received a refund under the Act in the amount of $41,627 and has included such amount in 2009 net margins. Future refunds under this Act will be recorded in net margins during the year received.

The following table provides information regarding accumulated postretirement benefit obligations, plan assets and funded status of the plan as of December 31, 2009 and 2008:

	2009	2008
Change in benefit obligation:		
Benefit obligation at January 1	$13,111,023	$ 12,406,947
Service cost	353,607	382,385
Interest cost	854,004	758,228
Actuarial loss	(1,295,406)	(47,048)
Benefits paid from plan assets	(434,253)	(389,489)
Benefit obligation at December 31	$12,588,975	$13,111,023
Change in plan assets:		
Fair value of plan assets at January 1	$1,541,090	$ 2,231,169
Actual return on plan assets	365,563	(690,079)
Company contributions	434,253	389,489
Benefits paid	(434,253)	(389,489)
Fair value of plan assets at December 31	$1,906,653	$1,541,090
Reconciliation of funded status of plan:		
Benefit plan obligation at December 31	$(12,588,975)	$(13,111,023)
Fair value of plan assets at December 31	1,906,653	1,541,090
Recorded accrued benefit cost at December 31	$(10,682,322)	$(11,569,933)
Weighted average assumptions as of December 31:		
Discount rate used to determine accumulated postretirement benefit obligation	6.50%	6.25%
Expected long-term rate of return on plan assets	7.75%	7.75%

Net periodic costs include the following components for the years ended December 31, 2009 and 2008:

	2009	2008
Service cost	$353,607	$382,385
Interest cost	854,004	758,228
Expected return on plan assets	(95,003)	(172,916)
Amortization of prior service cost	113,007	113,007
Amortization of net loss	211,921	165,147
Recorded net benefit cost	$1,437,536	$1,245,851

Future benefits expected to be paid during the next 10 years are as follows:

2010	$542,000
2011	540,000
2012	565,000
2013	598,000
2014	627,000
2015 – 2019	3,422,000
Total	$6,294,000

The Company expects 2010 benefits to be paid by the Plan will approximate those listed above.

The 2009 costs were developed based on the health insurance plan in effect at January 1, 2009. For the year ended December 31, 2009, the actuary assumed that retiree medical cost increases would be 8.20 pct. and would gradually decrease each year until the rate of increase was 5 pct. by 2013. The health care cost trend rate assumption significantly affects the amounts reported. For example, a one percentage point increase in each year would increase the accumulated postretirement benefit obligation as of December 31, 2009 by approximately $2,328,960 and the aggregate of the service and interest cost components of net periodic retiree medical costs for 2008 by approximately $235,134.

NOTE Q - LEASES

The Company rents radio tower space under terms of non-cancelable operating leases expiring at various dates, including renewal options, through October 2030. Rent expense for 2009 and 2008 was approximately $52,194 and $60,233, respectively. Future rentals under the non-cancelable leases, including renewals with escalation clauses, are as follows:

2010	$9,612
2011	9,612
2012	9,612
2013	9,705
2014	10,020
2015 and beyond	43,230
Total	$91,791

NOTE R - CONTINGENCIES

At December 31, 2009 the Company was a party to a lawsuit involving right of way property issues. Management cannot predict the ultimate outcome of these cases. However, management believes any resulting liability will not have a material adverse impact upon the Company's financial position or results of operations.

NOTE S - RELATED PARTY TRANSACTIONS

During 2005 the Company entered into an agreement with Wolverine to extend the 1949 power purchase agreement through 2041. This agreement requires the Company to purchase all the electric power it sells from Wolverine at Wolverine's current prices. The cost of electric power purchased from Wolverine amounted to $96,086,581 in 2009 and $91,309,755 in 2008.

Wolverine is an electric generating and transmission cooperative owned by its member cooperatives / customers. The Company's investment in Wolverine includes a membership investment and allocated capital credits, which at December 31, 2009 amounted to $83,591,994 and at December 31, 2008 to $75,688,014, which equates to an equity interest in Wolverine of 60.3 pct. and 58 pct. respectively. No capital credits were paid by Wolverine during 2009; capital credits of $959,072 were paid during 2008.

Amounts payable to Wolverine at December 31, 2009 and 2008 were $9,413,816 and $9,002,451, respectively. Substantially all of these payables were related to obligations under the purchase power agreement.

NOTE T – SUBSEQUENT EVENTS

The Company reviewed events occurring subsequent to December 31, 2009 for any requiring disclosure in accordance with generally accepted accounting principles. Other than those subsequent events described in Note I, no such events had occurred. The review covered the period from year end through April 9, 2010, the date the financial statements were available to be issued

SUPPLEMENTAL INFORMATION

GREAT LAKES ENERGY COOPERATIVE

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Eide Bailly LLP

Fargo, North Dakota
April 9, 2010

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GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING BALANCE SHEET
as of December 31, 2009

ASSETS	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
ELECTRIC PLANT:				
Distribution and generation plant, at cost	$ 357,674,036	$ -	$ -	$ 357,674,036
Less accumulated depreciation	94,408,683	-	-	94,408,683
Net electric plant	263,265,353	-	-	263,265,353
OTHER ASSETS AND INVESTMENTS:				
Nonutility property, net of accumulated depreciation	-	9,522	-	9,522
Investments and memberships	91,291,255	-	(466,281)	90,824,974
Notes and other receivables	297,352	38,873	-	336,225
Total other assets and investments	91,588,607	48,395	(466,281)	91,170,721
CURRENT ASSETS:				
Cash	3,313,100	396,751	-	3,709,851
Temporary investments and special funds	3,924,935	-	-	3,924,935
Accounts receivable, net of allowance for uncollectible accounts	20,180,723	23,866	(10,582)	20,194,007
Materials and supplies	2,138,825	-	-	2,138,825
Other current assets	2,130,753	12,780	-	2,143,533
Total current assets	31,688,336	433,397	(10,582)	32,111,151
DEFERRED CHARGES	542,824	-	-	542,824
Total assets	$ 387,085,120	$ 481,792	$ (476,863)	$ 387,090,049

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING BALANCE SHEET
as of December 31, 2009

EQUITIES AND LIABILITIES	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
EQUITIES:				
Memberships	$ 519,740	$ -	$ -	$ 519,740
Patronage capital	142,395,824	-	-	142,395,824
Equity in subsidiaries	-	466,281	(466,281)	$ -
Total memberships, patronage capital, including equity in subsidiaries	142,915,564	466,281	(466,281)	142,915,564
Donated capital	3,023,310	-	-	3,023,310
Accumulated other comprehensive loss	(4,484,303)	-	-	(4,484,303)
Total equities	141,454,571	466,281	(466,281)	141,454,571
LONG-TERM DEBT, net of current maturities	187,242,160	-	-	187,242,160
OTHER NON-CURRENT LIABILITIES	12,768,948	-	-	12,768,948
CURRENT LIABILITIES:				
Current maturities of long-term debt	6,150,954	-	-	6,150,954
Notes payable	15,904,302	-	-	15,904,302
Accounts payable	10,398,621	8,918	(10,582)	10,396,957
Accrued expenses	5,269,757	6,593	-	5,276,350
Customer deposits	1,234,480	-	-	1,234,480
Total current liabilities	38,958,114	15,511	(10,582)	38,963,043
DEFERRED CREDITS	6,661,327	-	-	6,661,327
Total equities and liabilities	$ 387,085,120	$ 481,792	$ (476,863)	$ 387,090,049

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING STATEMENT OF REVENUES AND NET MARGINS
for the year ended December 31, 2009

	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
OPERATING REVENUES	$149,715,546	$ -	$ -	$149,715,546
OPERATING EXPENSES:				
Purchased and produced power	96,248,437	-	-	96,248,437
Distribution expenses:				
Operations	9,166,212	-	-	9,166,212
Maintenance	8,497,825	-	-	8,497,825
Customer accounts, service and selling expenses	5,496,755	-	-	5,496,755
Administration and general	7,467,384	325	-	7,467,709
Depreciation and amortization	10,293,458	4,308	-	10,297,766
Other operating expenses	408,920	60,971	-	469,891
Total operating expenses	137,578,991	65,604	-	137,644,595
OPERATING MARGINS BEFORE FIXED CHARGES	12,136,555	(65,604)	-	12,070,951
FIXED CHARGES, interest expense	9,407,903	-	-	9,407,903
OPERATING MARGINS AFTER FIXED CHARGES	2,728,652	(65,604)	-	2,663,048
NON-OPERATING MARGINS:				
Interest income	905,979	5,359	-	911,338
Other income (expense), net	(406,414)	175,576	-	(230,838)
Total non-operating margins	499,565	180,935	-	680,500
CAPITAL CREDITS, and equity in subsidiary's net income:				
From associated organizations	8,220,256	-	-	8,220,256
Equity in subsidiary's net income	86,991	-	(86,991)	-
Total capital credits	8,307,247	-	(86,991)	8,220,256
Net margins before federal income tax	11,535,464	115,331	(86,991)	11,563,804
PROVISION FOR FEDERAL INCOME TAX	17,883	28,340	-	46,223
NET MARGINS	$ 11,517,581	$ 86,991	$ (86,991)	$ 11,517,581

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative (Company) as of and for the year ended December 31, 2009, and have issued our report thereon dated April 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A deficiency in internal control exist when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about Company's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management and the Rural Utilities Service and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Fargo, North Dakota
April 9, 2010

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MANAGEMENT LETTER

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative for the year ended December 31, 2009, and have issued our report thereon dated April 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Development Utilities Programs (RDUP) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

Section 1773.33 requires comments on specific aspects of the internal control structure over financial reporting, compliance with specific RDUP loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control structure over financial reporting, of compliance with specific RDUP loan and security instrument provisions and of additional matters. The specific aspects of the internal control structure over financial reporting, compliance with specific RDUP loan and security instrument provision, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RDUP loan and security instrument provisions set forth in § 1773.33(e)(1), related party transactions, depreciation rates, a schedule of deferred debits and credits, and a schedule of investments upon which we express an opinion. In addition, our audit of the financial statements also included the procedures specified in § 1773.38 through 1773.45. Our objective was not to provide an opinion on these specific aspects of the internal control structure over financial reporting, compliance with specific RDUP loan and security instrument provisions, or additional matters and, accordingly, we express no opinion thereon.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such control is set forth in our independent auditor's report on internal control over financial reporting and on compliance and other matters dated April 9, 2010, and should be read in conjunction with this report.

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No reports other than our independent auditor's report, and our independent auditor's report on compliance and on internal control over financial reporting, and communication with those charged with governance according to SAS 114, all dated April 9, 2010 or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of the internal control structure over financial reporting, compliance with specific RDUP loan and security instrument provisions, and other additional matters as required by § 1773.33 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Great Lakes Energy Cooperative's internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

* The accounting procedures and records;

* The process for accumulating and recording labor, material and overhead costs and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and,

* The materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC LOAN AND SECURITY INSTRUMENT PROVISIONS

Management's responsibility for compliance with laws, regulations, contracts and grants is set forth in our independent auditor's report on compliance and internal control over financial reporting dated April 9, 2010, and should be read in conjunction with this report. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, and contracts. The procedures we performed are summarized as follows:

* Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of its property or for the use of mortgaged property by others for the year ended December 31, 2009, of Great Lakes Energy Cooperative.

  - Obtained management's representation that there were no new contracts entered into during the year for the operation or maintenance of all or any part of its property, or for the use of its property by others as defined in § 1773.33(e)(1)(i).

  - Reviewed board minutes and ascertained there were no such contracts.

* Procedure performed with respect to the requirement to submit RDUP Form 7 to the RDUP:

  - Agreed amounts reported in Form 7 to Great Lakes Energy Cooperative's records.

The results of our tests indicate that with respect to the items tested, Great Lakes Energy Cooperative, complied, in all material respects, with the specific RDUP loan and security instrument provisions referred to below. The specific provisions tested include the requirements that:

* The borrower has submitted its Form 7 and Form 12 to RDUP and the Form 7 Financial and Statistical Report, as of December 31, 2009, as represented by the Company as having been submitted to RDUP, is in agreement with the Great Lakes Energy Cooperative's records in all material respects.

* The borrower has obtained written approval of the RDUP to enter into any contract for the operation and maintenance of property, or for the use of mortgaged property by others as defined in § 1773.33(e)(1)(i).

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the consolidated financial statements of Great Lakes Energy Cooperative, nothing came to our attention that caused us to believe that Great Lakes Energy Cooperative, failed to comply with respect to:

* The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);

* The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);

* The retirement of plant addressed at 7 CFR Part 1773.33(c)(3) and (4);

* Sales, lease or transfer for capital assets secured under the mortgage and proceeds from sale of plant, material or scrap addressed at 7 CFR Part 1773.33(c)(5);

* The disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2009, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f);

* Depreciation rates addressed at 7 CFR Part 1773.33(g);

* The detailed schedule of deferred debits and credits addressed at 7 CFR Part 1773.33(h); and

* The detailed schedule of investments addressed at 7 CFR Part 1773.33(i).

DETAILED SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The detailed schedule of deferred debits and deferred credits required by 7 CFR part 1773.33(h) and the detailed schedule of investments required by 7 CFR part 1773.33(i) and provided below is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

	2009	2008
Deferred debits		
Preliminary survey and investigation charges	**$ 527,696**	$ 649,254
Pole inspection costs	**215,506**	182,307
Deferred regulatory asset	**173,521**	-
Other	**25,310**	25,073
	$ 942,033	$ 856,634
Deferred credits		
Consumer advances for contributions in aid of construction	**$ 5,185,853**	$ 5,518,603
Deferred revenue, seasonal accounts	**808,184**	820,638
Estimated installation cost - special equipment	**142,480**	216,288
Deferred energy optimization program surcharge	**524,810**	-
Total deferred credits	**$ 6,661,327**	$ 6,555,529

DETAILED SCHEDULE OF INVESTMENTS

	Great Lakes Utilities Service Corporation
Book value of investment as of December 31, 2007	$ 670,618
Dividends paid to parent	(400,000)
Undistributed earnings as of December 31, 2008	108,672
Book value of investment as of December 31, 2008	379,290
Dividends paid to parent	-
Undistributed earnings as of December 31, 2009	86,991
Book value of investment as of December 31, 2009	$ 466,281

This report is intended solely for the information and use of the Board of Directors and management of Great Lakes Energy Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Fargo, North Dakota
April 9, 2010