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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION MI0029
	PERIOD ENDED December, 2010 (Prepared with Audited Data)
	BORROWER NAME The Ontonagon County Rural Electrification Ass
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

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

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

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

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

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

Deborah Miles

3/31/2011

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	4,987,112	5,148,971	4,886,500	430,027
2. Power Production Expense				
3. Cost of Purchased Power	2,417,376	2,592,884	2,316,000	210,610
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	134,565	173,430	168,000	17,007
7. Distribution Expense - Maintenance	347,621	426,925	400,000	23,680
8. Customer Accounts Expense	179,597	187,927	176,000	9,441
9. Customer Service and Informational Expense	11,511	13,524	14,400	1,122
10. Sales Expense			300	
11. Administrative and General Expense	469,342	402,366	381,000	39,330
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>3,560,012</b>	<b>3,797,056</b>	<b>3,455,700</b>	<b>301,190</b>
13. Depreciation and Amortization Expense	551,309	595,554	593,100	50,986
14. Tax Expense - Property & Gross Receipts	176,379	186,802	186,000	16,302
15. Tax Expense - Other	15,444	5,561	12,000	360
16. Interest on Long-Term Debt	513,013	548,917	552,000	48,934
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	59,425	56,332	25,500	4,027
19. Other Deductions	897	1,308	960	108
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>4,876,479</b>	<b>5,191,530</b>	<b>4,825,260</b>	<b>421,907</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>110,633</b>	<b>(42,559)</b>	<b>61,240</b>	<b>8,120</b>
22. Non Operating Margins - Interest	3,958	4,006	3,400	729
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	40,977	40,743	26,000	16,161
25. Non Operating Margins - Other	63,113	58,034	72,000	3,888
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	16,357	9,901	11,500	4,459
28. Extraordinary Items				
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>235,038</b>			<b>33,357</b>

**RECEIVED**

Michigan Public Service Commission

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

MAY 31 2011

**REGULATED ENERGY  
DIVISION**

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0029
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  December, 2010

**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	53	63	5. Miles Transmission		
2. Services Retired	19	9	6. Miles Distribution -- Overhead	820.01	812.06
3. Total Services in Place	5,269	5,321	7. Miles Distribution - Underground	112.90	125.87
4. Idle Services (Exclude Seasonals)	271	279	8. Total Miles Energized (5 + 6 + 7)	932.91	937.93

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	19,840,069	30. Memberships	20,695
2. Construction Work in Progress	575,321	31. Patronage Capital	2,277,519
3. Total Utility Plant (1 + 2)	20,415,390	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	5,470,300	33. Operating Margins - Current Year	(36,438)
5. Net Utility Plant (3 - 4)	14,945,090	34. Non-Operating Margins	106,562
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	32,498
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	2,400,836
8. Invest. in Assoc. Org. - Patronage Capital	49,794	37. Long-Term Debt - RUS (Net)	11,271,425
9. Invest. in Assoc. Org. - Other - General Funds	396,994	38. Long-Term Debt - FFB - RUS Guaranteed	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	66,144	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	645,983
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13)	512,932	43. Total Long-Term Debt (37 thru 41 - 42)	11,917,408
15. Cash - General Funds	74,597	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	0
18. Temporary Investments	0	47. Notes Payable	1,500,000
19. Notes Receivable (Net)	0	48. Accounts Payable	257,531
20. Accounts Receivable - Sales of Energy (Net)	671,739	49. Consumers Deposits	9,150
21. Accounts Receivable - Other (Net)	25,517	50. Current Maturities Long-Term Debt	370,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	351,352	52. Current Maturities Capital Leases	0
24. Prepayments	33,951	53. Other Current and Accrued Liabilities	337,526
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	2,474,207
26. Total Current and Accrued Assets (15 thru 25)	1,157,156	55. Regulatory Liabilities	0
27. Regulatory Assets	(17,393)	56. Other Deferred Credits	41,820
28. Other Deferred Debits	236,486	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	16,834,271
29. Total Assets and Other Debits (5+14+26 thru 28)	16,834,271		

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION  MI0029</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2010</p>
<p><b>PART D. NOTES TO FINANCIAL STATEMENTS</b></p>	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION  MI0029</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2010</p>
<p><b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b></p>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION MI0029
<b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b>	PERIOD ENDED December, 2010
INSTRUCTIONS - See help in the online application.	

**PART E. CHANGES IN UTILITY PLANT**

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	16,951,190	1,233,943	156,978		18,028,155
2. General Plant	1,306,598	208,498	4,092		1,511,004
3. Headquarters Plant	299,561				299,561
4. Intangibles	1,349				1,349
5. Transmission Plant	0				0
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	0				0
<b>8. Total Utility Plant in Service (1 thru 7)</b>	<b>18,558,698</b>	<b>1,442,441</b>	<b>161,070</b>		<b>19,840,069</b>
9. Construction Work in Progress	378,281	197,040			575,321
<b>10. Total Utility Plant (8 + 9)</b>	<b>18,936,979</b>	<b>1,639,481</b>	<b>161,070</b>		<b>20,415,390</b>

**PART F. MATERIALS AND SUPPLIES**

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	235,215	410,610	2,112	298,565	7,916		341,456
2. Other	8,628	2,995			1,726		9,897

**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	125.000	192.000	32.000	110.000	459.000
2. Five-Year Average	205.000	118.000	16.000	89.000	428.000

**PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS**

1. Number of Full Time Employees	13	4. Payroll - Expensed	465,618
2. Employee - Hours Worked - Regular Time	27,190	5. Payroll - Capitalized	292,805
3. Employee - Hours Worked - Overtime	1,500	6. Payroll - Other	156,815

**PART I. PATRONAGE CAPITAL**

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements		
	b. Special Retirements		
	<b>c. Total Retirements (a + b)</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	6,499	
	<b>c. Total Cash Received (a + b)</b>	6,499	

**PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE**

1. Amount Due Over 60 Days	\$ 75,000	2. Amount Written Off During Year	\$ 14,125
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0029
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**PART K. kWh PURCHASED AND TOTAL COST**

No	ITEM	RUS USE ONLY SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT (h)	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES (i)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Upper Peninsula Power Company	19578				609,561	0.00		609,561
2	Wisconsin Electric Power Co	20847			3,199,504	256,578	8.02		
3	Wisconsin Public Service Corp	20860			24,547,906	1,726,745	7.03		
	Total				27,747,410	2,592,884	9.34		609,561

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION  MI0029
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2010
<b>PART K. kWh PURCHASED AND TOTAL COST</b>		
<b>No</b>	<b>Comments</b>	
1		
2		
3		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0029	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2010	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
<b>TOTAL</b>			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0029	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2010	
<b>PART M. ANNUAL MEETING AND BOARD DATA</b>			
1. Date of Last Annual Meeting 6/19/2010	2. Total Number of Members 4,225	3. Number of Members Present at Meeting 43	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 \$ 42,652	8. Does Manager Have Written Contract? N

RUS Financial and Operating Report Electric Distribution

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  MI0029		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2010		
<b>PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS</b>					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	11,271,425	530,649	342,855	873,504
2	National Rural Utilities Cooperative Finance Corporation	281,838	18,268	10,664	28,932
3	CoBank, ACB				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	FASB - 106	364,145			
	<b>TOTAL</b>	<b>11,917,408</b>	<b>548,917</b>	<b>353,519</b>	<b>902,436</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2010		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - 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	3,225	3,218	
	b. kWh Sold			18,246,110
	c. Revenue			3,724,481
2. Residential Sales - Seasonal	a. No. Consumers Served	1,262	1,270	
	b. kWh Sold			1,606,426
	c. Revenue			548,100
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	202	
	b. kWh Sold			4,508,253
	c. Revenue			794,078
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	140	139	
	b. kWh Sold			110,991
	c. Revenue			18,004
7. Other Sales to Public Authorities	a. No. Consumers Served	24	24	
	b. kWh Sold			82,351
	c. Revenue			18,060
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)		4,854	4,853	
11. Total kWh Sold (lines 1b thru 9b)				24,554,131
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				5,102,723
13. Transmission Revenue				
14. Other Electric Revenue				46,248
15. kWh - Own Use				
16. Total kWh Purchased				27,747,410
17. Total kWh Generated				
18. Cost of Purchases and Generation				2,592,884
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				5,517

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION MI0029

PERIOD ENDED December, 2010

INSTRUCTIONS - See help in the online application.

**PART P. ENERGY EFFICIENCY PROGRAMS**

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)						
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less						
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale - RUS Borrowers						
9. Sales for Resale - Other						
<b>10. Total</b>						

RUS Financial and Operating Report Electric Distribution

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION MI0029  PERIOD ENDED December, 2010
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)**

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	Federated Rural Electric Insurance Exchange	21,632			
	National Informational Solutions Cooperative	23,395			
	Michigan Electric Cooperative Assn	5,080			
	NRUCFC(Pat Cap, Memb Cert & CTC's)	21,499	66,143		
	RESCO	64			
	Settlers Cooperative Inc	510			
	American Transmission Company	356,718			
	CoBank	5,392			
	Cooperative Response Center	12,500			
	Totals	446,790	66,143		
<b>6</b>	<b>Cash - General</b>				
	Checking, Savings & Working Funds		74,597		
	Totals		74,597		
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Various		25,517		
	Totals		25,517		
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	446,790	166,257		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION MI0029
	PERIOD ENDED December, 2010

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**PART Q. SECTION II. LOAN GUARANTEES**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	<b>TOTAL</b>				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2010			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
<b>SECTION III. RATIO</b>					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]					2.19 %
<b>SECTION IV. LOANS</b>					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
<b>TOTAL</b>					