

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION

MI0037

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

PERIOD ENDED

December, 2010 (Prepared with Audited Data)

BORROWER NAME

Thumb Electric Cooperative of Michigan

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.

Della Brown

3-16-11

DATE

#### PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	16,909,775	18,165,273	18,695,353	1,656,469
2. Power Production Expense	69,884	62,395	69,160	5,684
3. Cost of Purchased Power	8,799,078	9,763,341	10,232,177	872,562
4. Transmission Expense	51,622	76,717	46,452	6,311
5. Regional Market Expense				
6. Distribution Expense - Operation	370,800	437,647	390,546	41,473
7. Distribution Expense - Maintenance	645,845	767,560	783,535	76,847
8. Customer Accounts Expense	630,251	660,150	582,480	93,630
9. Customer Service and Informational Expense	192,212	301,327	338,180	24,285
10. Sales Expense				
11. Administrative and General Expense	865,274	839,583	806,238	81,298
12. Total Operation & Maintenance Expense (2 thru 11)	11,624,966	12,908,720	13,248,768	1,202,090
13. Depreciation and Amortization Expense	1,727,356	1,774,322	1,788,060	149,208
14. Tax Expense - Property & Gross Receipts	658,983	676,957	694,980	40,025
15. Tax Expense - Other	15,000	15,000	30,000	(12,500)
16. Interest on Long-Term Debt	1,665,878	1,563,794	1,616,436	130,717
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	72,081	29,672	85,500	1,503
19. Other Deductions	1,743	1,978	1,980	165
20. Total Cost of Electric Service (12 thru 19)	15,766,007	16,970,443	17,465,724	1,511,208
21. Patronage Capital & Operating Margins (1 minus 20)	1,143,768	1,194,830	1,229,629	145,261
22. Non Operating Margins - Interest	39,715	45,411	42,804	3,947
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	(211,912)	49,401	51,978	28,778
25. Non Operating Margins - Other	13,122	13,803	9,300	3,925
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	145,036	112,969	113,000	4,312
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,129,729	1,416,414	1,446,711	186,223

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION MI0037		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			PERIOD ENDED December, 2010		
INSTRUCTIONS - See help in the online application.					
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	64	70	5. Miles Transmission	146.81	146.81
2. Services Retired	62	64	6. Miles Distribution - Overhead	1,983.93	1,983.86
3. Total Services in Place	12,929	12,905	7. Miles Distribution - Underground	16.53	16.59
4. Idle Services (Exclude Seasonals)	677	612	8. Total Miles Energized (5 + 6 + 7)	2,147.27	2,147.26
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	74,063,404		30. Memberships	158,615	
2. Construction Work in Progress	378,776		31. Patronage Capital	18,149,403	
3. Total Utility Plant (1 + 2)	74,442,180		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	22,212,527		33. Operating Margins - Current Year	1,194,830	
5. Net Utility Plant (3 - 4)	52,229,653		34. Non-Operating Margins	221,584	
6. Non-Utility Property (Net)	121,356		35. Other Margins and Equities	443,945	
7. Investments in Subsidiary Companies	837,839		36. Total Margins & Equities (30 thru 35)	20,168,377	
8. Invest. in Assoc. Org. - Patronage Capital	580,246		37. Long-Term Debt - RUS (Net)	17,350,235	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	6,933,385	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	841,599		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	9,468,285	
12. Other Investments	79,972		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	253,340		42. Payments - Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	2,714,352		43. Total Long-Term Debt (37 thru 41 - 42)	33,751,905	
15. Cash - General Funds	415,848		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	837,838	
19. Notes Receivable (Net)	0		48. Accounts Payable	2,083,622	
20. Accounts Receivable - Sales of Energy (Net)	3,020,693		49. Consumers Deposits	123,550	
21. Accounts Receivable - Other (Net)	24,488		50. Current Maturities Long-Term Debt	1,490,410	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	3,400	
23. Materials and Supplies - Electric & Other	855,228		52. Current Maturities Capital Leases	0	
24. Prepayments	73,829		53. Other Current and Accrued Liabilities	895,584	
25. Other Current and Accrued Assets	9,513		54. Total Current & Accrued Liabilities (47 thru 53)	5,434,404	
26. Total Current and Accrued Assets (15 thru 25)	4,399,599		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	18,567	
28. Other Deferred Debits	29,649		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	59,373,253	
29. Total Assets and Other Debits (5+14+26 thru 28)	59,373,253				

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p><b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION</p> <p>MI0037</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December, 2010</p>
<p><b>PART D. NOTES TO FINANCIAL STATEMENTS</b></p>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION MI0037
	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	50,964,310	2,482,242	1,250,304		52,196,248
2. General Plant	4,008,690	131,810	36,642		4,103,858
3. Headquarters Plant	920,301	941			921,242
4. Intangibles	834				834
5. Transmission Plant	8,428,560	548,051	8,375		8,968,236
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	7,864,741	8,247			7,872,988
8. Total Utility Plant in Service (1 thru 7)	72,187,436	3,171,291	1,295,321		74,063,406
9. Construction Work in Progress	339,602	39,173			378,775
10. Total Utility Plant (8 + 9)	72,527,038	3,210,464	1,295,321		74,442,181

**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	823,908	653,568	3,768	661,406	770	(4,461)	814,607
2. Other	34,396	135,696			130,264	793	40,621

**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	0.000	0.000	.330	102.093	102.423
2. Five-Year Average	0.000	358.530	3.276	159.385	521.191

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

1. Number of Full Time Employees	29	4. Payroll - Expensed	1,016,034
2. Employee - Hours Worked - Regular Time	62,860	5. Payroll - Capitalized	807,985
3. Employee - Hours Worked - Overtime	3,644	6. Payroll - Other	497,983

**PART I. PATRONAGE CAPITAL**

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	50,001	2,253,301
	b. Special Retirements	166,224	4,855,838
	c. Total Retirements (a + b)	216,225	7,109,139
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	33,825	
	c. Total Cash Received (a + b)	33,825	

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

1. Amount Due Over 60 Days	\$ 488,979	2. Amount Written Off During Year	\$ 65,895
----------------------------	------------	-----------------------------------	-----------

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>					BORROWER DESIGNATION  MI0037				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December, 2010				
<b>PART K. kWh PURCHASED AND TOTAL COST</b>									
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)		
1	Detroit Edison Company	5109			166,273,331	9,763,341	5.87		1,403,680
	Total				166,273,331	9,763,341	5.87		1,403,680

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION  MI0037
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2010
<b>PART K. kWh PURCHASED AND TOTAL COST</b>		
No	Comments	
1		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0037	
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      MI0037	
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  6/12/2010	2. Total Number of Members  43,727	3. Number of Members Present at Meeting  380	4. Was Quorum Present?  Y
5. Number of Members Voting by Proxy or Mail  59	6. Total Number of Board Members  9	7. Total Amount of Fees and Expenses for Board Members  \$                      43,700	8. Does Manager Have Written Contract?  Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2010



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  MI0037		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2010		
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)	17,350,235	756,361	391,266	1,147,627
2	National Rural Utilities Cooperative Finance Corporation	5,375,411	305,694	541,300	846,994
3	CoBank, ACB	4,092,874	129,335	206,589	335,924
4	Federal Financing Bank	6,933,385	372,403	151,979	524,382
5	RUS - Economic Development Loans				
6	Payments Unapplied				
	TOTAL	33,751,905	1,563,793	1,291,134	2,854,927

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0037		
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	9,383	9,391	
	b. kWh Sold			122,620,781
	c. Revenue			14,309,120
2. Residential Sales - Seasonal	a. No. Consumers Served	2,006	1,985	
	b. kWh Sold			4,136,238
	c. Revenue			865,542
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	904	892	
	b. kWh Sold			26,209,445
	c. Revenue			2,888,882
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			
	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)	12,293	12,268	
11.	Total kWh Sold (lines 1b thru 9b)			152,966,464
12.	Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)			18,063,544
13.	Transmission Revenue			0
14.	Other Electric Revenue			101,728
15.	kWh - Own Use			324,728
16.	Total kWh Purchased			166,273,331
17.	Total kWh Generated			15,868
18.	Cost of Purchases and Generation			9,902,453
19.	Interchange - kWh - Net			0
20.	Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>			31,808

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>			BORROWER DESIGNATION MI0037			
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2010			
<b>PART P. ENERGY EFFICIENCY PROGRAMS</b>						
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)	2,174	135,446	1,005	2,174	135,446	3,429
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	61	26,049	228	61	26,049	779
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						
10. Total	2,235	161,495	1,233	2,235	161,495	4,208

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0037			
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.					
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)
1	<b>Non-Utility Property (NET)</b>				
	Vacant Lot	12,000			
	Rental Home	109,356			
	Totals	121,356			
2	<b>Investments in Associated Organizations</b>				
	CFC, CoBank Patronage, CTCs		910,915		
	NISC, NRTC, RSC, MECA, Federated	360,930			
	Mbr Cap Sec	150,000			
	TEsC	837,839			
	Mbr Cap Securities				
	Totals	1,348,769	910,915		
4	<b>Other Investments</b>				
	ERC Loans	79,972			
	Totals	79,972			
5	<b>Special Funds</b>				
	Member Deposits		85,000		
	Billed Power Supply Over Recovery	153,388			
	Member Contributions	14,952			
	Totals	168,340	85,000		
6	<b>Cash - General</b>				
	General Fund	415,848			
	Totals	415,848			
9	<b>Accounts and Notes Receivable - NET</b>				
	W/H Billing	278,362			
	A/R Other	136,222			
	Bad Debt Reserve	(390,096)			
	Totals	24,488			
11	<b>TOTAL INVESTMENTS (1 thru 10)</b>	2,158,773	995,915		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0037			
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.					
PART Q. SECTION II. LOAN GUARANTEES					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (S) (c)	LOAN BALANCE (S) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0037			
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.					
SECTION III. RATIO					
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]					2.9 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
	TOTAL				

## Operating Report Checks

Borrower Name: Thumb Electric Cooperative of Michigan

Year: 2010

Borrower ID: MI0037

Period: December

## Part A: Statement of Operations

Type	Check Key	Description
Warning	670	"Line 15. Tax Expense - Other" (Col. d) [(12,500)] is generally greater than or equal to zero.

*Borrower Explanation: Had to adjust property taxes because accrued too much.*

## Part O: Power Requirements Database - Annual Summary

Type	Check Key	Description
Warning	3320	Line 3. This utility had Irrigation consumers last year (O3a, Col. b), but shows no Line 3. Irrigation consumers this year.

*Borrower Explanation: Changed to general service rate.*

Warning	3340	Line 3. This utility had Irrigation sales last year (O3b, Col. c), but shows no Line 3. Irrigation sales this year.
---------	------	---

*Borrower Explanation: Changed to general service rate.*

Warning	3360	Line 3. This utility had Irrigation revenues last year (O3c, Col. c), but shows no Line 3. Irrigation revenues this year.
---------	------	---

*Borrower Explanation: Changed to general service rate.*

## Part Q Section I: Investments

Type	Check Key	Description
Warning	2725	In general, at least one investment should have "Rural Development" checked other than those in Category 3 Economic Development. Please check your non-type three investments to see if any are rural development.

*Borrower Explanation: No rural development at this time.*

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE							BORROWER DESIGNATION MI0037					
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART F IC - INTERNAL COMBUSTION PLANT							PLANT Ubyly					
INSTRUCTIONS - See help in the online application.							PERIOD ENDED December, 2010					
SECTION A. INTERNAL COMBUSTION GENERATING UNITS												
NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS					
			OIL (1000 Gals.) (c)	GAS (1000 C.F.) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE SCHED. (i) UNSCH. (j)	GROSS GENER.(MWh) (k)	BTU PER kWh (l)	
1.	1	630	.07				1	8,759			1	
2.	2	736	.07				1	8,759			1	
3.	3	736	.07				1	8,759			1	
4.	4	980	.07				1	8,759			1	
5.	5	1,550	.15				1	8,759			1	
6.	<b>Total</b>	12,424	.80	35.03	0.00		9	78,831	0	0	10	71,280.39
7.	Average BTU		139,500.00	17,569.51			Station Service (MWh)				282.20	
8.	Total BTU (10 <sup>6</sup> )		111.60	615.46		727.06	Net Generation (MWh)				(272.00)	(2,673.01)
9.	Total Del. Cost (\$)						Station Service % of Gross				2,766.67	
SECTION B. LABOR REPORT												
NO.	ITEM	VALUE	NO.	ITEM	VALUE	SECTION C. FACTORS & MAXIMUM DEMAND						
1.	No. Employees Full Time (Include Superintendent)	1	5.	Maintenance Plant Payroll (\$)	1,165	1.	Load Factor (%)		0.00%			
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)	61,248	2.	Plant Factor (%)		0.01%			
3.	<b>Total Employee Hours Worked</b>	2,106	7.	<b>Total Plant Payroll (\$)</b>	63,521	3.	Running Plant Capacity Factor (%)		82.10%			
4.	Operating Plant Payroll (\$)	1,108				4.	15 Min. Gross Max. Demand (kW)					
						5.	Indicated Gross Max. Demand (kW)					
SECTION D. COST OF NET ENERGY GENERATED												
NO.	PRODUCTION EXPENSE		ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET (kWh) (b)	\$/10 <sup>6</sup> BTU (c)						
1.	Operation, Supervision and Engineering		546	947								
2.	Fuel, Oil		547.1	1,656		14.83						
3.	Fuel, Gas		547.2	134		.21						
4.	Fuel, Other		547.3	0		0.00						
5.	Energy for Compressed Air		547.4	0	0.00							
6.	<b>Fuel SubTotal (2 thru 5)</b>		547	1,790	(6.58)	2.46						
7.	Generation Expenses		548	797								
8.	Miscellaneous Other Power Generation Expenses		549	7,935								
9.	Rents		550	0								
10.	<b>Non-Fuel SubTotal (1 + 7 thru 9)</b>			9,679	(35.58)							
11.	<b>Operation Expense (6 + 10)</b>			11,469	(42.16)							
12.	Maintenance, Supervision and Engineering		551	0								
13.	Maintenance of Structures		552	865								
14.	Maintenance of Generating and Electric Plant		553	1,616								
15.	Maintenance of Miscellaneous Other Power Generating Plant		554	118								
16.	<b>Maintenance Expense (12 thru 15)</b>			2,599	(9.55)							
17.	<b>Total Production Expense (11 + 16)</b>			14,068	(51.72)							
18.	Depreciation		403,4,411.10	18,296								
19.	Interest		427	39,352								
20.	<b>Total Fixed Cost (18 + 19)</b>			57,648	(211.94)							
21.	<b>Power Cost (17 + 20)</b>			71,716	(263.66)							
Remarks (including Unscheduled Outages)												



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE					BORROWER DESIGNATION MI0037				
<b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART F IC - INTERNAL COMBUSTION PLANT</b>					PLANT Ubly				
INSTRUCTIONS - See help in the online application.					PERIOD ENDED December, 2010				

SECTION A. INTERNAL COMBUSTION GENERATING UNITS												
NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS					
			OIL (1000 Gals.) (c)	GAS (1000 C.F.) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE SCHED. (i) UNSCH. (j)	GROSS GENER.(MWh) (k)	BTU PER kWh (l)	
1.	6	1,542	.05	19.80			1	8,759			2	
2.	7	2,500	.21				1	8,759			2	
3.	8	2,250	.05	8.63			1	8,759			1	
4.	9	1,500	.06	6.60			1	8,759			1	
5.												
6.	<b>Total</b>											
7.	Average BTU						Station Service (MWh)					
8.	Total BTU (10 <sup>6</sup> )						Net Generation (MWh)					
9.	Total Del. Cost (\$)						Station Service % of Gross					

SECTION B. LABOR REPORT					SECTION C. FACTORS & MAXIMUM DEMAND			
NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full Time (Include Superintendent)		5.	Maintenance Plant Payroll (\$)		1.	Load Factor (%)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)		2.	Plant Factor (%)	
3.	<b>Total Employee Hours Worked</b>		7.	<b>Total Plant Payroll (\$)</b>		3.	Running Plant Capacity Factor (%)	
4.	Operating Plant Payroll (\$)					4.	15 Min. Gross Max. Demand (kW)	
						5.	Indicated Gross Max. Demand (kW)	

SECTION D. COST OF NET ENERGY GENERATED					
NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET (kWh) (b)	\$/10 <sup>6</sup> BTU (c)
1.	Operation, Supervision and Engineering	546			
2.	Fuel, Oil	547.1			
3.	Fuel, Gas	547.2			
4.	Fuel, Other	547.3			
5.	Energy for Compressed Air	547.4			
6.	<b>Fuel SubTotal (2 thru 5)</b>	547			
7.	Generation Expenses	548			
8.	Miscellaneous Other Power Generation Expenses	549			
9.	Rents	550			
10.	<b>Non-Fuel SubTotal (1 + 7 thru 9)</b>				
11.	<b>Operation Expense (6 + 10)</b>				
12.	Maintenance, Supervision and Engineering	551			
13.	Maintenance of Structures	552			
14.	Maintenance of Generating and Electric Plant	553			
15.	Maintenance of Miscellaneous Other Power Generating Plant	554			
16.	<b>Maintenance Expense (12 thru 15)</b>				
17.	<b>Total Production Expense (11 + 16)</b>				
18.	Depreciation	403.4, 411.10			
19.	Interest	427			
20.	<b>Total Fixed Cost (18 + 19)</b>				
21.	<b>Power Cost (17 + 20)</b>				

Remarks (including Unscheduled Outages)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE							BORROWER DESIGNATION MI0037						
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART F IC - INTERNAL COMBUSTION PLANT							PLANT Caro						
INSTRUCTIONS - See help in the online application.							PERIOD ENDED December, 2010						
SECTION A. INTERNAL COMBUSTION GENERATING UNITS													
NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS						
			OIL (1000 Gals.) (c)	GAS (1000 C.F.) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE SCHED. (i) UNSCH. (j)		GROSS GENER.(MWh) (k)	BTU PER kWh (l)	
1.	1	1,313	.15				1	8,759			0		
2.	2	1,313	.13				1	8,759			1		
3.	3	1,313	.16				1	8,759			1		
4.	4	1,550	.10				1	8,759			0		
5.	5	2,000	.27				1	8,759			2		
6.	<b>Total</b>	9,489	1.01	0.00	0.00	6	52,554	0	0	6	25,158.93		
7.	Average BTU		139,495.04			Station Service (MWh)					272.10		
8.	Total BTU (10 <sup>6</sup> )		140.89			140.89	Net Generation (MWh)					(266.50)	(528.67)
9.	Total Del. Cost (\$)						Station Service % of Gross					4,858.93	
SECTION B. LABOR REPORT						SECTION C. FACTORS & MAXIMUM DEMAND							
NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE					
1.	No. Employees Full Time (Include Superintendent)	1	5.	Maintenance Plant Payroll (\$)	60	1.	Load Factor (%)	0.00%					
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)	61,210	2.	Plant Factor (%)	0.01%					
3.	<b>Total Employee Hours Worked</b>	2,119	7.	<b>Total Plant Payroll (\$)</b>	64,113	3.	Running Plant Capacity Factor (%)	59.02%					
4.	Operating Plant Payroll (\$)	2,843				4.	15 Min. Gross Max. Demand (kW)						
						5.	Indicated Gross Max. Demand (kW)						
SECTION D. COST OF NET ENERGY GENERATED													
NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET (kWh) (b)	\$/10 <sup>6</sup> BTU (c)								
1.	Operation, Supervision and Engineering	546	536										
2.	Fuel, Oil	547.1	705										
3.	Fuel, Gas	547.2	0										
4.	Fuel, Other	547.3	0										
5.	Energy for Compressed Air	547.4	0	0.00									
6.	<b>Fuel SubTotal (2 thru 5)</b>	547	705	(2.65)									
7.	Generation Expenses	548	1,055										
8.	Miscellaneous Other Power Generation Expenses	549	4,643										
9.	Rents	550	0										
10.	<b>Non-Fuel SubTotal (1 + 7 thru 9)</b>		6,234			(23.39)							
11.	<b>Operation Expense (6 + 10)</b>		6,939	(26.04)									
12.	Maintenance, Supervision and Engineering	551	0										
13.	Maintenance of Structures	552	0										
14.	Maintenance of Generating and Electric Plant	553	0										
15.	Maintenance of Miscellaneous Other Power Generating Plant	554	354										
16.	<b>Maintenance Expense (12 thru 15)</b>		354	(1.33)									
17.	<b>Total Production Expense (11 + 16)</b>		7,293	(27.37)									
18.	Depreciation	403.4, 411.10	57,351										
19.	Interest	427	19,676										
20.	<b>Total Fixed Cost (18 + 19)</b>		77,027			(289.03)							
21.	<b>Power Cost (17 + 20)</b>		84,320	(316.40)									
Remarks (including Unscheduled Outages)													

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE							BORROWER DESIGNATION MI0037					
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART F IC - INTERNAL COMBUSTION PLANT							PLANT Caro					
INSTRUCTIONS - See help in the online application.							PERIOD ENDED December, 2010					
SECTION A. INTERNAL COMBUSTION GENERATING UNITS												
NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS					
			OIL (1000 Gals.) (c)	GAS (1000 C.F.) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE SCHED. (i) UNSCH. (j)		GROSS GENER. (MWh) (k)	BTU <sup>1</sup> PER kWh (l)
1.	6	2,000	.20				1	8,759			2	
2.												
3.												
4.												
5.												
6.	Total											
7.	Average BTU						Station Service (MWh)					
8.	Total BTU (10 <sup>6</sup> )						Net Generation (MWh)					
9.	Total Del. Cost (\$)						Station Service % of Gross					
SECTION B. LABOR REPORT												
NO.	ITEM	VALUE	NO.	ITEM	VALUE	SECTION C. FACTORS & MAXIMUM DEMAND						
1.	No. Employees Full Time (Include Superintendent)		5.	Maintenance Plant Payroll (\$)		1.	Load Factor (%)					
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)		2.	Plant Factor (%)					
3.	Total Employee Hours Worked		7.	Total Plant Payroll (\$)		3.	Running Plant Capacity Factor (%)					
4.	Operating Plant Payroll (\$)					4.	15 Min. Gross Max. Demand (kW)					
						5.	Indicated Gross Max. Demand (kW)					
SECTION D. COST OF NET ENERGY GENERATED												
NO.	PRODUCTION EXPENSE		ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET (kWh) (b)	\$/10 <sup>6</sup> BTU (c)						
1.	Operation, Supervision and Engineering		546									
2.	Fuel, Oil		547.1									
3.	Fuel, Gas		547.2									
4.	Fuel, Other		547.3									
5.	Energy for Compressed Air		547.4									
6.	Fuel SubTotal (2 thru 5)		547									
7.	Generation Expenses		548									
8.	Miscellaneous Other Power Generation Expenses		549									
9.	Rents		550									
10.	Non-Fuel SubTotal (1 + 7 thru 9)											
11.	Operation Expense (6 + 10)											
12.	Maintenance, Supervision and Engineering		551									
13.	Maintenance of Structures		552									
14.	Maintenance of Generating and Electric Plant		553									
15.	Maintenance of Miscellaneous Other Power Generating Plant		554									
16.	Maintenance Expense (12 thru 15)											
17.	Total Production Expense (11 + 16)											
18.	Depreciation		403.4, 411.10									
19.	Interest		427									
20.	Total Fixed Cost (18 + 19)											
21.	Power Cost (17 + 20)											
Remarks (including Unscheduled Outages)												

# THUMB ELECTRIC COOPERATIVE



2231 Main Street • Ubly, MI 48475-0157  
(989) 658-8571 • Fax: (989) 658-2571  
E-Mail: tec@tecmi.coop • Web Site: www.tecmi.coop

March 23, 2011

Deanne Rivera  
Regulated Energy Division  
Michigan Public Service Commission  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

**RECEIVED**  
Michigan Public Service Commission

MAR 25 2011

RE: Public Assessment Form  
Annual Report (Form 7)  
Affiliate Transaction Schedule

REGULATED ENERGY  
DIVISION

Dear Ms. Rivera:

As requested in your February 1, 2011 correspondence, our Public Utility Assessment and Annual Report (Form 7) are enclosed. Because our cooperative has obtained code of conduct waivers from the Michigan Public Service Commission, we also are submitting the requested annual schedules detailing affiliate transactions.

If you have any questions, please contact me.

Sincerely,

A. James Philp  
Office Services Manager

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION MI0037

PERIOD ENDED December, 2010 (Prepared with Audited Data)

BORROWER NAME Thumb Electric Cooperative of Michigan

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.**

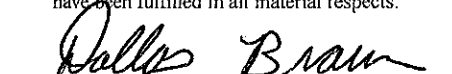
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**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.



3-16-11  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	16,909,775	18,165,273	18,695,353	1,656,469
2. Power Production Expense	69,884	62,395	69,160	5,684
3. Cost of Purchased Power	8,799,078	9,763,341	10,232,177	872,562
4. Transmission Expense	51,622	76,717	46,452	6,311
5. Regional Market Expense				
6. Distribution Expense - Operation	370,800	437,647	390,546	41,473
7. Distribution Expense - Maintenance	645,845	767,560	783,535	76,847
8. Customer Accounts Expense	630,251	660,150	582,480	93,630
9. Customer Service and Informational Expense	192,212	301,327	338,180	24,285
10. Sales Expense				
11. Administrative and General Expense	865,274	839,583	806,238	81,298
12. Total Operation & Maintenance Expense (2 thru 11)	11,624,966	12,908,720	13,248,768	1,202,090
13. Depreciation and Amortization Expense	1,727,356	1,774,322	1,788,060	149,208
14. Tax Expense - Property & Gross Receipts	658,983	676,957	694,980	40,025
15. Tax Expense - Other	15,000	15,000	30,000	(12,500)
16. Interest on Long-Term Debt	1,665,878	1,563,794	1,616,436	130,717
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	72,081	29,672	85,500	1,503
19. Other Deductions	1,743	1,978	1,980	165
20. Total Cost of Electric Service (12 thru 19)	15,766,007	16,970,443	17,465,724	1,511,208
21. Patronage Capital & Operating Margins (1 minus 20)	1,143,768	1,194,830	1,229,629	145,261
22. Non Operating Margins - Interest	39,715	45,411	42,804	3,947
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	(211,912)	49,401	51,978	28,778
25. Non Operating Margins - Other	13,122	13,803	9,300	3,925
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	145,036	112,969	113,000	4,312
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,129,729	1,416,414	1,446,711	186,223

TESC OPERATING REPORT  
December 31, 2010

	ACTUAL	BUDGET	YTD ACTUAL	YTD BUDGET
PROPANE REVENUE	\$ 193,996	\$ 184,634	\$ 1,177,001	\$ 1,177,001
OTHER REVENUE	\$ 2,129	\$ 3,720	\$ 36,905	\$ 36,905
COST OF PROPANE SOLD	\$ 110,266	\$ 115,520	\$ 617,105	\$ 741,227
GROSS MARGIN	\$ 85,859	\$ 72,834	\$ 453,291	\$ 472,679
DELIVERY COSTS	\$ 23,577	\$ 25,177	\$ 137,529	\$ 161,549
OTHER REVENUE COSTS	\$ 562	\$ 840	\$ 11,061	\$ 10,080
TANK MAINTENANCE	\$ 35	\$ 0	\$ 1,127	\$ 750
CONSUMER EXPENSE	\$ 8,064	\$ 8,200	\$ 84,919	\$ 97,742
INFORMATION/PROMOTION	\$ 680	\$ 0	\$ 4,593	\$ 1,700
ADMINISTRATIVE	\$ 5,965	\$ 2,075	\$ 43,225	\$ 29,900
TOTAL OPERATION EXPENSE	\$ 38,883	\$ 36,292	\$ 282,454	\$ 301,721
EARNINGS BEFORE DEPR., TAXES & INTEREST	\$ 46,976	\$ 36,542	\$ 170,837	\$ 170,958
DEPRECIATION	\$ 4,408	\$ 4,412	\$ 51,623	\$ 52,284
MBT TAX	\$ 1,000	\$ 0	\$ 1,000	\$ 0
INTEREST LTD	\$ 2,488	\$ 3,690	\$ 43,736	\$ 44,937
INTEREST LOC	\$ 1,408	\$ 2,058	\$ 16,184	\$ 21,759
TOTAL COST OF SERVICE	\$ 48,187	\$ 46,452	\$ 394,997	\$ 420,701
OTHER PROFIT	\$ 1,567	\$ 2,880	\$ 22,775	\$ 26,825
PROPANE PROFIT	\$ 36,105	\$ 23,502	\$ 35,519	\$ 25,153
PROFIT BEFORE INC TAX	\$ 37,672	\$ 26,382	\$ 58,294	\$ 51,978
FED INCOME TAX	\$ 8,894	\$ 0	\$ 8,894	\$ 0
TOTAL PROFIT AFTER INC TAX	\$ 28,778	\$ 26,382	\$ 49,400	\$ 51,978
CUSTOMERS	1,083	1,085	1,064	1,069
GALLONS	92,457	98,735	539,329	633,527
GALLONS / CUST	85	91	507	593
TOTAL PLANT	\$ 1,717,776	\$ 1,665,188	\$ 1,717,776	\$ 1,665,188
PROPANE GROSS MARGIN	\$ 0.91	\$ 0.70	\$ 0.78	\$ 0.69

OFFICE MANAGER

DATE

EXECUTIVE VICE PRESIDENT

DATE

**MICHIGAN PUBLIC SERVICE COMMISSION**

**ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE**

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

<b>Report submitted for year ending:</b>			
December 31, 2010			
<b>Present name of respondent:</b>			
Thumb Electric Cooperative			
<b>Address of principal place of business:</b>			
2231 Main Street, Ubly, MI 48475			
<b>Utility representative to whom inquires regarding this report may be directed:</b>			
<b>Name:</b> A. James Philp		<b>Title:</b> Office Services Manager	
<b>Address:</b> 2231 Main Street			
<b>City:</b>	Ubly	<b>State:</b>	MI <b>Zip:</b> 48475
<b>Direct Telephone, Include Area Code:</b>		XXX-XXX-XXX 989-658-8571 ext. 204	
<b>If the utility name has been changed during the past year:</b>			
<b>Prior Name:</b>			
<b>Date of Change:</b>			
<b>Two copies of the published annual report to stockholders:</b>			
[March 2011]		were forwarded to the Commission	
[ ]		will be forwarded to the Commission	
<b>on or about</b>			
<b>Annual reports to stockholders:</b>			
[ ]		are published	
[May 2011]		are not published	

**FOR ASSISTANCE IN COMPLETION OF THIS FORM:**

Contact the Michigan Public Service Commission (Deanne Rivera) at  
(517) 335-0535 or riverad@michigan.gov OR forward correspondence to:

Regulated Energy Division (Deanne Rivera)  
Financial Analysis and Customer Choice Section  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

Name of Respondent <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
---	--	---	---	-----------------------------------

STATEMENT OF CASH FLOWS		
<p>1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be included on pages 122-123. Information about noncash investing and financing activities should be provided on pages 122-123. "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.</p>		<p>2. Under "Other" specify significant amounts and group others.</p> <p>3. Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.</p>

Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117)	
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	
5	Amortization of (Specify)	
6	Intangible Plant	
7	See Attached	
8	Deferred Income Taxes (Net)	
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	
11	Net (Increase) Decrease in Inventory	
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19		
20		
21		
22	Net Cash Provided by ( Used in) Operating Activities (Total of lines 2 thru 21)	
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (Including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in ( and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	



Name of Respondent: <div style="font-size: 1.2em; font-family: cursive;">Thumb Electric</div>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03-22-11	Year of Report 12-31-10
--	---	--	----------------------------

STATEMENT OF CASH FLOWS (Continued)		
<b>4. Investing Activities</b> (a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123. (b) Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.	<b>5. Codes used:</b> (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc. <b>6.</b> Enter on pages 122-123 clarifications and explanations.	

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	
87		
88	Cash and Cash Equivalents at Beginning of Year	
89		
90	Cash and Cash Equivalents at End of Year	

**THUMB ELECTRIC COOPERATIVE OF MICHIGAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 18,116,257	\$ 16,904,467
Cash paid to suppliers and employees	(12,643,566)	(11,875,842)
Interest received	45,166	36,920
Interest paid	(1,594,200)	(1,746,285)
Taxes paid	(590,671)	(662,584)
Net cash provided by operating activities	<u>3,332,986</u>	<u>2,656,676</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Construction and acquisition of plant	(2,231,195)	(2,427,987)
Plant removal costs	(267,771)	(579,769)
Net proceeds from sale of plant	-	83,617
Contributions in aid of construction	118,900	134,264
(Increase) decrease in:		
Materials inventory	3,075	180,454
Investments in associated organizations	(71,765)	38,070
Other assets/Restricted investments	2,652	(23,920)
Deferred credits	(20,585)	(24,660)
Rent income	11,838	22,010
Net cash used in investing activities	<u>(2,454,851)</u>	<u>(2,597,921)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from debt	15,560,896	13,932,306
Payments on debt	(16,068,989)	(14,008,298)
Patronage capital credits paid	(148,884)	(165,784)
Proceeds from memberships issued	2,725	2,370
Increase (decrease) in consumer deposits	15,545	13,020
Net cash provided by financing activities	<u>(638,707)</u>	<u>(226,386)</u>
<b>NET INCREASE (DECREASE) IN CASH AND TEMPORARY CASH INVESTMENTS</b>	<b>239,428</b>	<b>(167,631)</b>
<b>CASH AND TEMPORARY CASH INVESTMENTS, beginning</b>	<b>344,760</b>	<b>512,391</b>
<b>CASH AND TEMPORARY CASH INVESTMENTS, ending</b>	<b><u>\$ 584,188</u></b>	<b><u>\$ 344,760</u></b>

The accompanying notes are an integral part of these statements.

**THUMB ELECTRIC COOPERATIVE OF MICHIGAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
**(Continued)**

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net margins	\$ 1,416,414	\$ 1,129,729
Adjustments to reconcile net margins to net cash provided by Operating activities:		
Depreciation and amortization	1,778,467	1,731,501
Capital credits	(112,969)	(145,037)
(Gain)/Loss on disposal of electric plant	1,365	6,025
Rent income	(11,838)	(22,010)
(Increase) decrease in:		
Customer and other accounts receivable	(68,607)	(16,159)
Current and accrued assets – other	97,924	13,570
Deferred charges	12,648	(29,396)
Capital credits applied to accounts receivable	(12,694)	(10,631)
Increase (decrease) in:		
Accounts payable	239,820	(233,982)
Accrued property taxes	15,934	1,388
Accrued payroll and vacation	13,785	34,986
Accrued other	12,138	(15,220)
Equity in subsidiary	(49,401)	211,912
Total adjustments	<u>1,916,572</u>	<u>1,526,947</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,332,986</u>	<u>\$ 2,565,676</u>

The accompanying notes are an integral part of these statements.

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
---	---	---	-----------------------------------

### NONUTILITY PROPERTY (Account 121)

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

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	VACANT LOT			
2	2416 EAST DAYTON RD.	\$ 12,000		\$ 12,000
3	CARO, MI 48723			
4				
5				
6				
7				
8				
9	RENTAL #2			
10	2434 EAST DAYTON RD.	\$ 145,142		\$ 145,142
11	CARO, MI 48723			
12				
13				
14				
15				
16				
17				
TOTAL		157,142		157,142

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

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

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	
2	Accruals for Year, Charged to	31,642
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit) <b>RENTAL HOME DEPRECIATION</b>	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	4,145
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	35,787

Thumb Electric Cooperative  
Attachment to page 221 (M)

Dec 2010

Gen. Ledger a/c 421.00, Non-Operating Revenue

MBT, (deferred gain).	\$7,707
Rental Home	\$6,000
Air Advantage rent space on radio tower.	\$1,200
Credit card rebate program	\$1,631
Total	\$16,538

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>	
<b>INVESTMENTS (Accounts 123, 124, 136)</b>				
<p>1. Report below the investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investment</i>, and 136, <i>Temporary Cash Investments</i>.</p> <p>2. Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included</p> <p>In Account 124, <i>Other Investments</i>), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes.</p> <p>(b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be</p>				
Line No.	Description of Investment  (a)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b) Original Cost      Book Value		Purchases or Additions During Year (c)
1	<b>See ATTACHED</b>			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
---	---	---	-----------------------------------

INVESTMENTS (Accounts 123, 124, 136) (Cont'd)						
<p>listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.</p> <p>3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of</p>			<p>authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).</p>			
Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f) Original Cost      Book Value		Revenues for Year (g)	Gain or Loss from Improvement Disposed of (h)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30

Thumb Electric Cooperative  
Attachment to page 222

	Beginning Balance	Additions	Dispositions	Year End Balance	Revenue for Year
Gen. Ledger a/c 123, 124 and 136					
CFC	\$877,694	\$36,639	\$28,644	\$885,689	\$36,639
NISC	\$63,070	\$4,313	\$675	\$66,708	\$4,313
NRTC	\$1,098	\$0	\$101	\$997	\$0
RESCO	\$117,264	\$34,757	\$6,952	\$145,069	\$34,757
Federated Insurance	\$126,797	\$13,407	\$10,956	\$129,248	\$13,407
Thumb Energy Services (includes 200 shares @ \$ 1.00 / share)	\$703,142	\$134,697 *		\$837,839	\$49,401
MECA, (building investment)	\$18,861	\$0	\$0	\$18,861	
CoBank	\$16,878	\$8,349	\$0	\$25,227	\$8,349
ERC Loans	\$78,480 **	\$34,102	\$32,610	\$79,972	
Coop Elevator	\$47	\$0	\$0	\$47	\$0
Commercial Paper	\$0			\$0	
CFC Member Capital Securities	\$0	\$150,000		\$150,000	\$11,250

\* \$ 49,401 Thumb Energy Services profit, plus \$ 85,296 equity investment made on 03-19-10, as allowed by MPSC, Case No. U-14778, approved on 08-22-06.

\*\* Loans made to members for energy efficiency or dual fuel heating / cooling.



Name of Respondent <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>Dec. 31, 2010</b>
<b>NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET</b>				
Show separately by footnote the total amount of notes and accounts receivable from directors, officers, and employees included in Notes Receivable (Account 141) and Other Accounts Receivable (Account 143).				
Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)	
1	Notes Receivable (Account 141)			
2	Customer Accounts Receivable (Account 142)	2,828,007	3,020,693	
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	467,407	414,584	
4	<b>TOTAL</b>			
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	319,710	390,096	
6	<b>TOTAL, Less Accumulated Provision for Uncollectible Accounts</b>	<b>2,975,704</b>	<b>3,045,181</b>	
7				
8				
9				
10				
11				
12				
13				
14				

<b>ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)</b>						
1. Report below the information called for concerning this accumulated provision. 2. Explain any important adjustments of subaccounts. 3. Entries with respect to officers and employees shall not include items for utility services.						
Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	319,710				319,710
2	Prov. for uncollectibles for current year	112,757				112,757
3	Accounts written off	(65,895)	( )	( )	( )	(65,895)
4	Coll. of accounts written off	23,524				23,524
5	Adjustments (explain): .....					
6	Balance end of year	390,096				390,096
7						
8						
9						
10						
11						

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
<b>RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)</b>			
1. Report particulars of notes and accounts receivable from associated companies* at end of year. 2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts. 3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.		4. If any note was received in satisfaction of an open account, state the period covered by such open account. 5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year. 6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.	

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

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

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL					

Name of Respondent: <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <b>03-22-11</b>		Year of Report <b>12-31-10</b>	
<b>ALLOWANCES</b>							
1. Report below the details called for concerning allowances. 2. Report all acquisitions of allowances at cost. 3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts. 4. Report the allowances transactions by the period they are first				eligible for use; the current year's allowances in columns (b)-(c), allowances for the three succeeding years in column(d)-(f), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k). 5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions on lines 36-40.			
Line No.	Allowance Inventory (a)	Current Year		20			
		No. (b)	Amt. (c)	No. (d)	Amt. (e)		
1	Balance - Beginning of Year						
2-4	Acquired During Year: Issued (Less Withheld Allow.)						
5	Returned by EPA						
6-8	Purchases/Transfers:						
9							
10							
11							
12							
13							
14							
15	Total						
16-18	Relinquished During Year: Charges to Acct. 509						
19	Other:						
20							
21-22	Cost of Sales/Transfers:						
23							
24							
25							
26							
27							
28	Total						
29	Balance - End of Year						
30-32	Sales:						
	Net Sales Proceeds (Assoc. Co.)						
33	Net Sales Proceeds (Other)						
34	Gains						
35	Losses						
	Allowances Withheld						
36	Balance - Beginning of Year						
37	Add: Withheld by EPA						
38	Deduct: Returned by EPA						
39	Cost of Sales						
40	Balance - End of Year						
41-43	Sales:						
	Net Sales Proceeds (Assoc. Co.)						
44	Net Sales Proceeds (Other)						
45	Gains						
46	Losses						

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
---	---	---	-----------------------------------

ALLOWANCES (Continued)

6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-45 the net sales or auction of the withheld allowances.

7. Report on lines 8-14 the names of vendors/transferrors of allowances acquired and identify associated companies (See "associated co." under "Definitions" in Uniform System of Accounts).

8. Report on lines 22-27 the names of purchasers/transferrors of allowances disposed of and identify associated companies.

9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.

10. Report on lines 32-35 & 43-45 the net sales proceeds and gains or losses from allowance sales.

20		20		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								1
								2-4
								5
								6-8
								9
								10
								11
								12
								13
								14
								15
								16-18
								19
								20
								21-22
								23
								24
								25
								26
								27
								28
								29
								30-32
								33
								34
								35
								36
								37
								38
								39
								40
								41-43
								44
								45
								46

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
<b>LONG-TERM DEBT (Accounts 221, 222, 223 and 224)</b>			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give Commission Authorization numbers and dates) (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	<b>See ATTACHED</b>		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25	<b>TOTAL</b>		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  MI0037		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2010		
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)	17,350,235	756,361	391,266	1,147,627
2	National Rural Utilities Cooperative Finance Corporation	5,375,411	305,694	541,300	846,994
3	CoBank, ACB	4,092,874	129,335	206,589	335,924
4	Federal Financing Bank	6,933,385	372,403	151,979	524,382
5	RUS - Economic Development Loans				
6	Payments Unapplied				
	TOTAL	33,751,905	1,563,793	1,291,134	2,854,927

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>			
<b>LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)</b>						
<p>10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.</p> <p>11. Explain any debits and credits other than amortization debited to Account 428, <i>Amortization of Debt-Discout and Expense</i>, or credited to Account 429, <i>Amortization of Premium on Debt-Credit</i>.</p> <p>12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.</p> <p>14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, <i>Interest on Long-Term Debt</i>, and Account 430, <i>Interest on Debt to Associated Companies</i>.</p> <p>16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>						
Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
		N   A				1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
						25

Name of Respondent <i>Thumb Electric</i>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <i>03-22-11</i>	Year of Report <i>12-31-10</i>	
<b>PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)</b>						
1. Report particulars of notes and accounts payable to associated companies at end of year. 2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts. 3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate. 4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year. 5. If collateral has been pledged as security to the payment of any note or account, describe such collateral. *See definition on page 226B						
Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	<i>Line of credit</i>	<i>2,143,867</i>	<i>10,863,179</i>	<i>9,557,150</i>	<i>837,838</i>	<i>29,672</i>
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
TOTAL						



Name of Respondent <b>Thymb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
<b>RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES</b>				
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p>				
Line No.		TOTAL AMOUNT		
1	Utility net operating income (page 114 line 20)			
2	Allocations: Allowance for funds used during construction			
3	Interest expense			
4	Other (specify)			
5	Net income for the year (page 117 line 68)			
6	Allocation of Net income for the year			
7	Add: Federal income tax expenses	N/A		
8				
9	Total pre-tax income			
10				
11	Add: Taxable income not reported on books:			
12				
13				
14				
15	Add: Deductions recorded on books not deducted from return			
16				
17				
18				
19	Subtract: Income recorded on books not included in return:			
20				
21				
22				
23	Subtract: Deductions on return not charged against book income:			
24				
25				
26	Federal taxable income for the year			

Name of Respondent <i>Thumb Electric</i>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) <i>03-22-11</i>	Year of Report <i>12-31-10</i>
<b>RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)</b>			
<p>3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2</p> <p>4. A substitute page, designed to meet a particular need of a company, may be used as long as data is consistent and meets the requirements of the above instructions.</p>			
Utility	Other	Line No.	
<i>N/A</i>		1	
		2	
		3	
		4	
		5	
		6	
		7	
		8	
		9	
		10	
		11	
		12	
		13	
		14	
		15	
		16	
		17	
		18	
		19	
		20	
		21	
		22	
		23	
		24	
		25	
		26	

Name of Respondent <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
<b>GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)</b>					
<p>1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.</p> <p>2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped with the number of such transactions disclosed in column (a).</p> <p>3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)</p>					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain				

Name of Respondent <i>Thumb Electric</i>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <i>03-22-11</i>	Year of Report <i>12-31-10</i>
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20	<i>old phone system</i>	<i>18,764</i>			<i>1364</i>
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	<i>18,764</i>			<i>1364</i>

Name of Respondent <b>Thumb Electric</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>		
<b>CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES</b>					
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account</p>		<p>426.4, Expenditures for Certain civic, Political and Related Activities.)          (a) Name and address of person or organization rendering services,          (b) description of services received during year and project or case to which services relate,          (c) basis of charges,          (d) total charges for the year, detailing utility department and account charged.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.</p> <p>3. Designate with an asterisk associated companies.</p>			
Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	<b>see</b>	<b>ATTACHED</b>			
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					

Thumb Electric Cooperative  
Attachment to page 357

Outside Services & Consulting

	Service	Basis of Charge	G/L A/C	Amount
James Woodworth 263 East Huron Bad Axe, MI 48413	Attorney	Retainer	923.01	\$5,642
Dykema 400 Renaissance Detroit, MI 48243	Regulatory Legal		923.02	\$1,318
Power System Eng. 2000 Engel St. Madison, WI 53713	Engineering	Bid	923.02 923.04	\$143 \$0
Harris Group 731 South Garfield Traverse City, MI 49686	Auditing	Bid	923.03	\$25,747
York & Tiedering Kalamazoo, MI	Attorney	Bankruptcy Work	923.02	\$1,590
CoBank Denver, CO	Attorney	Bid Pre-pay RUS debt	923.02	\$4,530
Total				\$38,970

Name of Respondent <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
<b>SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES</b>					
1. In column (a) report the name of the associated company.			services provided (administrative and general expenses, dividends declared, etc.).		
2. In column (b) describe the affiliation (percentage ownership, etc.).			4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.		
3. In column (c) describe the nature of the goods and					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
<b>TOTAL</b>					

Name of Respondent <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>	
<b>SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)</b>						
<p>5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.</p> <p>6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.</p> <p>7. In column (j) report the total.</p> <p>8. In column (k) indicate the pricing method (cost, per contract terms, etc.)</p>						
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30



Thumb Electric Cooperative  
Attachment to sheets 358 & 359

Costs billed to associated companies			Amt. To		Amt. To		Pricing
Affiliation	Description	A/C No.	Operating Income	Balance Sheet	Total	Method	
Thumb Energy Services	Subsidiary Payroll & 100% Overhead		\$0	143.02 \$82,985	\$82,985	Cost	
Thumb Energy Services	100% Facility Lease	921.00 549.00 549.10	\$1,500	\$0	\$1,500	Contract	
Thumb Energy Services	100% Share of heat, lights, supplies & bldg depr		\$4,395	\$0	\$4,395		

Name of Respondent <b>Thumb Electric</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <b>03-22-11</b>	Year of Report <b>12-31-10</b>
<b>SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES</b>					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
<b>TOTAL</b>					

Name of Respondent <i>Thumb Electric</i>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) <i>03-22-11</i>	Year of Report <i>12-31-10</i>	
<b>SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)</b>						
5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.				7. In column (j) report the total.		
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which				8. In column (k) indicate the pricing method (cost, per contract terms, etc.)		
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30

Thumb Electric Cooperative  
Attachment to sheets 360 & 361

Costs billed from associated companies		Amt. To Operating Income	Amt. To Balance Sheet	Total	Pricing Method
Affiliation	Description		A/C No.		
Thumb Energy Services	Subsidiary LP Customer	\$0	232.17	\$1,097,052	Cost
100%	Bill Payments				

Subsidiary billing is a separate process and does not impact Thumb Electric general ledger.

Subsidiary bill payments are processed together with parent bill payments. Software sets a liability entry to general ledger a/c 232.17 each day for amount of subsidiary payments.