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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION MI0049

PERIOD ENDED December, 2012 (Prepared with Audited Data)

BORROWER NAME Midwest Energy Cooperative

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 REPORT 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) are specifically described in Part D of this report.

Robert Hance

3/8/2013

DATE

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APR 30 2013

FINANCIAL ANALYSIS AND
AUDIT DIVISION

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	68,022,430	72,202,854	69,410,104	6,057,203
2. Power Production Expense	0			
3. Cost of Purchased Power	45,112,509	49,302,514	45,820,385	3,811,086
4. Transmission Expense		35,467		28,800
5. Regional Market Expense				
6. Distribution Expense - Operation	1,301,117	1,430,580	1,476,928	110,347
7. Distribution Expense - Maintenance	5,063,336	4,356,558	4,419,487	415,061
8. Customer Accounts Expense	2,372,746	2,652,346	2,422,837	312,682
9. Customer Service and Informational Expense	1,244,844	1,418,937	1,719,232	107,081
10. Sales Expense	104,717	121,264	167,714	10,576
11. Administrative and General Expense	2,819,896	3,049,529	2,955,809	252,914
12. Total Operation & Maintenance Expense (2 thru 11)	58,019,165	62,367,195	58,982,392	5,048,547
13. Depreciation and Amortization Expense	4,147,305	4,373,462	4,423,953	371,799
14. Tax Expense - Property & Gross Receipts	1,737,515	1,827,240	1,858,000	124,077
15. Tax Expense - Other	129,890	(28,687)	43,827	(28,687)
16. Interest on Long-Term Debt	3,707,564	3,770,986	3,804,844	314,621
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	46,313	73,098	59,452	5,444
19. Other Deductions	9,780	5,929	8,020	(4,739)
20. Total Cost of Electric Service (12 thru 19)	67,797,532	72,389,223	69,180,488	5,831,062
21. Patronage Capital & Operating Margins (1 minus 20)	224,898	(186,369)	229,616	226,141
22. Non Operating Margins - Interest	587,176	453,928	449,285	32,292
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	193,445	242,630	318,759	173,522
25. Non Operating Margins - Other	42,714	9,714	(6,877)	(5,722)
26. Generation and Transmission Capital Credits	1,448,239	1,930,045	1,525,000	1,855,305
27. Other Capital Credits and Patronage Dividends	209,552	210,500	197,070	23,987
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	2,706,024	2,660,448	2,712,853	2,305,525

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 MI0049		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2012		
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	226	224	5. Miles Transmission	18.96	39.96
2. Services Retired	55	51	6. Miles Distribution -- Overhead	3,144.64	3,133.28
3. Total Services in Place	38,552	38,757	7. Miles Distribution - Underground	769.27	793.45
4. Idle Services (Exclude Seasonals)	3,407	3,502	8. Total Miles Energized (5 + 6 + 7)	3,932.87	3,966.69
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	147,523,440		30. Memberships	0	
2. Construction Work in Progress	3,946,537		31. Patronage Capital	42,861,421	
3. Total Utility Plant (1 + 2)	151,469,977		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	47,741,809		33. Operating Margins - Current Year	(186,370)	
5. Net Utility Plant (3 - 4)	103,728,168		34. Non-Operating Margins	2,846,818	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	(10,191,349)	
7. Investments in Subsidiary Companies	4,212,751		36. Total Margins & Equities (30 thru 35)	35,330,520	
8. Invest. in Assoc. Org. - Patronage Capital	11,715,581		37. Long-Term Debt - RUS (Net)	56,729,202	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	19,484,642	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	4,046,126		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	10,058,184	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments - Unapplied	5,705,184	
14. Total Other Property & Investments (6 thru 13)	19,974,458		43. Total Long-Term Debt (37 thru 41 - 42)	80,566,844	
15. Cash - General Funds	2,859,354		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	90		45. Accumulated Operating Provisions and Asset Retirement Obligations	7,011,438	
17. Special Deposits	89		46. Total Other Noncurrent Liabilities (44 + 45)	7,011,438	
18. Temporary Investments	0		47. Notes Payable	0	
19. Notes Receivable (Net)	119,472		48. Accounts Payable	4,798,631	
20. Accounts Receivable - Sales of Energy (Net)	4,008,035		49. Consumers Deposits	752,600	
21. Accounts Receivable - Other (Net)	436,204		50. Current Maturities Long-Term Debt	3,160,426	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	0	
23. Materials and Supplies - Electric & Other	1,354,779		52. Current Maturities Capital Leases	0	
24. Prepayments	55,467		53. Other Current and Accrued Liabilities	1,924,973	
25. Other Current and Accrued Assets	43,902		54. Total Current & Accrued Liabilities (47 thru 53)	10,636,630	
26. Total Current and Accrued Assets (15 thru 25)	8,877,392		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	663,655	
28. Other Deferred Debits	1,629,069		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	134,209,087	
29. Total Assets and Other Debits (5+14+26 thru 28)	134,209,087				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION MI0049
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2012
PART D. NOTES TO FINANCIAL STATEMENTS	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION MI0049
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2012
PART D. CERTIFICATION LOAN DEFAULT NOTES	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION MI0049				
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			PERIOD ENDED December, 2012				
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	123,290,570	5,891,664	977,630		128,204,604		
2. General Plant	9,265,874	1,111,379	614,561		9,762,692		
3. Headquarters Plant	4,821,342	80,515			4,901,857		
4. Intangibles	0				0		
5. Transmission Plant	1,963,754	2,690,532			4,654,286		
6. Regional Transmission and Market Operation Plant							
7. All Other Utility Plant	0				0		
8. Total Utility Plant in Service (1 thru 7)	139,341,540	9,774,090	1,592,191		147,523,439		
9. Construction Work in Progress	5,437,221	(1,490,683)			3,946,538		
10. Total Utility Plant (8 + 9)	144,778,761	8,283,407	1,592,191		151,469,977		
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	1,074,988	1,388,472	20,416	1,125,630	0	(33,207)	1,325,039
2. Other	36,861	56,809			63,930		29,740
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	75.000	0.000	7.200	226.800	309.000		
2. Five-Year Average	96.300	447.500	7.300	199.500	750.600		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	101	4. Payroll - Expensed	4,541,282				
2. Employee - Hours Worked - Regular Time	177,416	5. Payroll - Capitalized	942,568				
3. Employee - Hours Worked - Overtime	9,841	6. Payroll - Other	426,576				
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION		THIS YEAR (a)	CUMULATIVE (b)			
1. Capital Credits - Distributions	a.	General Retirements	0	7,869,538			
	b.	Special Retirements	142,705	2,887,189			
	c.	Total Retirements (a + b)	142,705	10,756,727			
2. Capital Credits - Received	a.	Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	20,363				
	b.	Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	127,757				
	c.	Total Cash Received (a + b)	148,120				
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. Amount Due Over 60 Days	\$	54,650	2. Amount Written Off During Year	\$	262,800		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION					BORROWER DESIGNATION MI0049				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December, 2012				
PART K. kWh PURCHASED AND TOTAL COST									
No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Wolverine Pwr Supply Coop, Inc	20910	Various	Wind	634,872,200	48,051,045	7.57		
2	Buckeye Power, Inc (OH0099)	7004			18,044,638	1,289,111	7.14		
3	Wabash Valley Power Assn, Inc (IN0107)	40211			0	(37,642)	0.00		
	Total				652,916,838	49,302,514	7.55		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0049	
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2012	
PART K, kWh PURCHASED AND TOTAL COST			
No	Comments		
1			
2			
3			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0049	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2012	
PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	TOTAL		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0049	
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2012	
INSTRUCTIONS - See help in the online application.			
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 4/24/2012	2. Total Number of Members 28,993	3. Number of Members Present at Meeting 15	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 146,721	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 MI0049		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2012		
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)	56,729,202	2,692,869	1,492,483	4,185,352
2	National Rural Utilities Cooperative Finance Corporation	5,910,566	377,291	761,509	1,138,800
3	CoBank, ACB	4,147,618	195,009	341,089	536,098
4	Federal Financing Bank	19,484,642	505,817	358,729	864,546
5	RUS - Economic Development Loans				
6	Payments Unapplied	5,705,184			
	TOTAL	80,566,844	3,770,986	2,953,810	6,724,796

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0049		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2012		
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	29,634	29,692	
	b. kWh Sold			347,006,055
	c. Revenue			44,518,911
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			0
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served	533	513	
	b. kWh Sold			21,146,234
	c. Revenue			1,702,923
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	5,082	5,005	
	b. kWh Sold			140,543,567
	c. Revenue			16,545,130
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	6	7	
	b. kWh Sold			108,629,348
	c. Revenue			8,949,615
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)		35,255	35,217	
11. Total kWh Sold (lines 1b thru 9b)				617,325,204
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				71,716,579
13. Transmission Revenue				0
14. Other Electric Revenue				486,274
15. kWh - Own Use				921,473
16. Total kWh Purchased				652,916,838
17. Total kWh Generated				0
18. Cost of Purchases and Generation				49,337,981
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				136,242

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION MI0049			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			PERIOD ENDED December, 2012			
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)	1,320	497,362	12,423	10,579	1,341,020	12,483
2. Residential Sales - Seasonal						
3. Irrigation Sales	1	10,738	34	1	10,738	34
4. Comm. and Ind. 1000 KVA or Less	38	333,913	5,178	226	824,362	5,212
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	1,359	842,013	17,635	10,806	2,176,120	17,729

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0049			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2012			
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)
2	Investments in Associated Organizations				
	123.18 Midwest Energy, Inc.	4,212,751		242,630	
	123.10 Patronage Capital - NRUCFC	0	347,145	16,650	
	123.11 Patronage Capital - WVPA		9,854,658	3,355	
	123.12 Patronage Capital - NISC	164,099		19,686	
	123.13 Patronage Capital - Resco MI				
	123.15 Patronage Capital - Resco OH	20,106			
	123.16 Patronage Capital - Resco WI	447,894		30,282	
	123.17 Patronage Capital - Buckeye		881,679	51,022	
	123.22 Capital Term Certificates - CFC		1,277,248	(2,065)	
	123.23 MI Electric Coop Association	54,034			
	123.24 Federated - Member Equity	309,253	0	5,222	
	123.24 NRUCFC Membership Fee		1,000		
	123.24 WVPA Membership Fee			(5)	
	123.24 NRTC	186,238	0	(3,452)	
	124.10 Cooperative Response Center	29,293			
	123.24 Co-Bank	0	33,555	16,422	
	124.03 Riverfront Student Housing, LLC				
	123.21 CFC Capital Funding Investment		300,000	0	
	123.27 Wolverine Power Membership	200	1,855,305	1,855,305	
	Totals	5,423,868	14,550,590	2,235,052	
5	Special Funds				
	128.50 Deferred Compensation				
	Totals				
6	Cash - General				
	131.50 5/3 General Fund	1,210,161			
	131.96 Choice One	809			
	131.26 Valley Ridge Bank	69,419			
	135.00 Working Funds - Petty Cash	1,751			
	131.20 Fifth Third Construction Acct.	90			
	131.51 5/3 Electroinc Pmts.	1,553,139			
	131.53 5/3 Empl Gives Back	9,966			
	131.52 5/3 URMED	14,109			
	Totals	2,859,444			
7	Special Deposits				
	134.00 U.S. Post Office	89			
	Totals	89			
8	Temporary Investments				
	136.00 Temporary Investments				
	Totals				
9	Accounts and Notes Receivable - NET				
	Accounts Receivable - Other (Net)	436,205			
	Notes Receivable (Net)	119,472			
	Totals	555,677			
11	TOTAL INVESTMENTS (1 thru 10)	8,839,078	14,550,590	2,235,052	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0049			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2012			
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)
1	Midwest Energy Inc.	8/23/2023	7,450,000	764,123	
	TOTAL		7,450,000	764,123	
	TOTAL (Included Loan Guarantees Only)		7,450,000	764,123	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION MI0049		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS			PERIOD ENDED December, 2012		
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]					6.34 %
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				

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.

Report submitted for year ending:	
2012	
Present name of respondent:	
Midwest Energy Cooperative	
Address of principal place of business:	
901 E. State St. Cassopolis, MI 49031	
Utility representative to whom inquires regarding this report may be directed:	
Name:	John H. Miner V.P. of Finance
Address:	901 E. State St.
City:	Cassopolis
State:	MI
Zip:	49031
Direct Telephone, Include Area Code:	269-445-1064
If the utility name has been changed during the past year:	
Prior Name:	
Date of Change:	
Two copies of the published annual report to stockholders:	
[]	were forwarded to the Commission
[XX]	will be forwarded to the Commission
on or about April 26, 2013	
Annual reports to stockholders:	
[]	are published
[X]	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Bill Stosik) at
(517) 241-5853 or stosikb@michigan.gov OR forward correspondence to:

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

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MPSC

APR 30 2013

**FINANCIAL ANALYSIS AND
AUDIT DIVISION**

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/26/2013	Year of Report 2012
IMPORTANT CHANGES DURING THE YEAR			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p>			
<ol style="list-style-type: none"> 1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact. 2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization. 3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission. 4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization. 5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc. 6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee. 7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments. 8. State the estimated annual effect and nature of any important wage scale changes during the year. 9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year. 10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest. 11. (Reserved.) 12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page. 			
<p>Please reference the attached Midwest Energy Cooperative's notes to the financial statements, 2012 Annual Audit Report.</p>			

MIDWEST ENERGY COOPERATIVE
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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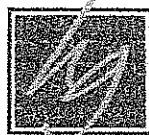
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MIDWEST ENERGY COOPERATIVE
BOARD OF DIRECTORS
DECEMBER 31, 2012

Clarence A. Barth	Chairman
Kenneth Swope	Vice Chairman
Colyne Sorsby	Secretary
John Green	Treasurer
Jerry Campbell	Director
James W. Dickerson	Director
Ronald Armstrong	Director
Harry Gentz	Director
Ben Russell	Director

President & CEO

Robert Hance



HARRIS GROUP

Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Midwest Energy Cooperative
Cassopolis, Michigan

We have audited the accompanying balance sheets of Midwest Energy Cooperative as of December 31, 2012 and 2011, and the related statements of revenue, patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Midwest Energy Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

Generally accepted accounting principles require that all majority-owned subsidiaries be included in financial statements with the parent corporation. If the financial statements of the company had been consolidated with its majority-owned subsidiaries, total assets and total liabilities would have increased by \$3,279,523 and \$2,726,973 as of December 31, 2012 and 2011, respectively.

In our opinion, except for the effect of not including the wholly-owned subsidiary's activities, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Energy Cooperative as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2013, on our consideration of Midwest Electric Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplementary material in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Midwest Energy Cooperative. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Harris Group

March 23, 2013

**MIDWEST ENERGY COOPERATIVE
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
ELECTRIC PLANT:		
In service -- at cost	\$ 147,523,441	\$ 139,341,540
Construction work in progress	<u>3,946,537</u>	<u>5,437,221</u>
	151,469,978	144,778,761
Less accumulated depreciation	<u>47,741,809</u>	<u>44,611,025</u>
 NET ELECTRIC PLANT	 <u>103,728,169</u>	 <u>100,167,736</u>
 OTHER ASSETS AND INVESTMENTS:		
Investments in associated organizations	19,974,458	17,739,406
Notes receivable	79,472	93,753
Receivables from subsidiary	<u>48,113</u>	<u>88,374</u>
 TOTAL OTHER ASSETS AND INVESTMENTS	 <u>20,102,043</u>	 <u>17,921,533</u>
 CURRENT ASSETS:		
Cash and temporary cash investments	2,859,533	2,377,228
Accounts receivable, less allowance for doubtful accounts of approximately \$540,000 and \$536,000 in 2012 and 2011, respectively	4,396,126	3,316,122
Current portion of notes receivable	40,000	40,000
PSCR	784,684	352,668
Materials and supplies	1,354,779	1,111,849
Other current assets	<u>99,369</u>	<u>138,413</u>
 TOTAL CURRENT ASSETS	 <u>9,534,491</u>	 <u>7,336,280</u>
 DEFERRED CHARGES	 <u>1,629,069</u>	 <u>2,256,995</u>
 TOTAL ASSETS	 <u><u>\$ 134,993,772</u></u>	 <u><u>\$ 127,682,544</u></u>

The accompanying notes are an integral part of these statements.

	2012	2011
EQUITIES AND LIABILITIES		
EQUITIES:		
Patronage capital and other equities	\$ 35,330,520	\$ 33,092,785
 LONG-TERM DEBT, less current maturities	 80,566,844	 76,271,985
 POST RETIREMENT BENEFITS OTHER THAN PENSIONS	 2,943,354	 2,795,628
 CURRENT LIABILITIES:		
Note payable – line of credit, unsecured		
Current maturities of long-term debt	3,160,426	2,958,661
Accounts payable:		
Purchased power	3,813,418	3,602,129
Energy Optimization	667,976	366,825
Associated organizations	112,460	753,552
Other	889,353	649,650
Patronage refunds payable	-	161,736
Customer deposits	752,600	837,506
Other	5,993,058	6,087,087
 TOTAL CURRENT LIABILITIES	 15,389,291	 15,417,146
 DEFERRED CREDITS	 763,763	 105,000
 TOTAL EQUITIES AND LIABILITIES	 \$ 134,993,772	 \$ 127,682,544

MIDWEST ENERGY COOPERATIVE
STATEMENTS OF REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING REVENUES	\$ 72,202,854	\$ 68,022,430
OPERATING EXPENSES:		
Cost of power	49,302,514	45,112,509
Distribution – operations	1,466,047	1,301,117
Distribution – maintenance	4,356,558	5,063,337
Customer accounts	2,652,346	2,372,747
Customer service and information expense	1,540,201	1,349,560
Administrative and general	3,049,529	2,819,896
Depreciation and amortization	4,373,462	4,147,304
Taxes – property	1,827,240	1,737,515
Taxes – other	(28,687)	129,890
TOTAL OPERATING EXPENSES	68,539,210	64,033,875
OPERATING MARGINS BEFORE FIXED CHARGES	3,663,644	3,988,555
FIXED CHARGES:		
Interest on long-term debt	3,770,986	3,707,564
Other interest	73,098	46,313
TOTAL FIXED CHARGES	3,844,084	3,753,877
OPERATING MARGINS AFTER FIXED CHARGES	(180,440)	234,678
G&T AND OTHER CAPITAL CREDITS	2,140,546	1,657,791
NET OPERATING MARGINS	1,960,106	1,892,469
NON-OPERATING MARGINS:		
Interest and dividend income	453,928	587,176
Income (Loss) from subsidiary	242,629	193,446
Other income (expense)	3,785	32,933
TOTAL NON-OPERATING MARGINS	700,342	813,555
NET MARGINS	\$ 2,660,448	\$ 2,706,024

The accompanying notes are an integral part of these statements.

MIDWEST ENERGY COOPERATIVE
STATEMENT OF CHANGES IN PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Patronage Capital Assigned	Patronage Capital Assignable	Non-Operating Margins	Unappropriated Undistributed Subsid. Earnings	Other Equities	Accumulated Other Comprehensive Loss
Balance, December 31, 2010	\$ 34,935,268	\$ 36,925,156	\$ 3,188,330	\$ 1,294,336	\$ (2,723,424)	\$ 1,646,693
Adjustments						
Net margins (loss)	279	2,303,769	(2,303,490)			
Capital credits retired	2,706,024	1,882,688	629,890	193,446		
Reserved-prepaid pension cost	(117,573)	(135,081)			17,508	
	(4,431,213)					(4,431,213)
Balance, December 31, 2011	33,092,785	39,093,844	2,767,528	1,924,226	1,664,201	(9,827,036)
Adjustments						
Net margins (loss)	161,793	3,810,094	(3,810,094)		161,793	
Capital credits retired	2,660,448	1,954,176	463,643	242,629		
Reserved-prepaid pension cost	(126,822)	(142,728)			15,906	
	(457,684)					(457,684)
Balance, December 31, 2012	\$ 35,330,520	\$ 42,761,210	\$ 911,610	\$ 2,387,869	\$ 1,841,900	\$ (10,284,720)

The accompanying notes are an integral part of these statements.

MIDWEST ENERGY COOPERATIVE NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the accounting policies adopted by Midwest Energy Cooperative which have a significant effect on the financial statements.

Organization

Midwest Energy Cooperative (Midwest) is a non-profit organization generally exempt from income tax under Section 501(c)(12) of the United States Internal Revenue Code. For 2012, Midwest is subject to the Michigan Corporate Income tax and in 2011 Midwest was subject to the Michigan Business Tax Act of the State of Michigan. The Cooperative is engaged principally in the distribution and sale of electricity in Southwest and Southeast Michigan, Northern Indiana and Northern Ohio.

It is the Cooperatives policy not to charge membership fees and all previously collected membership fees have been refunded.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Accounting Records

The Cooperative maintains its records in accordance with policies prescribed or permitted by the Michigan Public Service Commission (MPSC) and United States Department of Agriculture Rural Utilities Service (RUS). The applicable uniform system of accounts prescribed by these regulatory commissions conform in all material respects with generally accepted accounting principles as applied to rate regulated utilities.

Electric Plant

Additions, with a life expectancy of more than one year, are recorded at cost, less contributions in aid of construction received from customers. As items are retired or otherwise disposed of, the asset account is credited for the cost and the accumulated depreciation account is charged. The cost of removal, less salvage, is also charged to the accumulated depreciation account.

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

The carrying values of investments in associated organizations are stated at cost, adjusted for capital credits earned or retired. Short-term investments are stated at cost, which approximates market value.

Cash

For purposes of the statement of cash flows, Midwest considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Unbilled Revenues

Unbilled revenues for the year were determined to be immaterial and therefore not recorded.

Accounts receivable

Accounts receivable consist primarily of amounts due from members for electric service. An allowance for doubtful accounts has been estimated based on collection history. When a member's account becomes past due and uncollectible, the member's service is terminated. The Board of Director's approve all accounts charged off.

Purchased Power Billing

Refundable or recoverable PSCR credit-over collections as well as under collections of the cost of electricity purchased not recovered or refunded through rates are deferred and are being refunded or recovered in accordance with procedures approved by the MPSC.

Materials and Supplies

Electrical materials and supplies are valued at lower of market value or average cost.

Regulation

The MPSC has jurisdiction over regulated Rural Electric Cooperatives in Michigan. This agency regulates the Cooperative's utility business operations and rates. The financial statements of the Cooperative are based on generally accepted accounting principles, which give recognition to the rate-making and accounting practices of this agency.

Revenue Recognition

Revenue, and its related receivable, are recorded as of the monthly meter reading date and accordingly, does not include the consumption for the balance of the month. Although this accounting policy is not a generally accepted accounting principle, the effect on the financial statements is immaterial. Electric rates used in the determination of revenues are approved by the MPSC.

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recognition of Patronage Revenue

Patronage revenue of associated organizations is recognized in the year in which the associated organization allocates its earnings to their respective members.

Unclaimed Property

Unclaimed property represents refunds to members of deposits, membership fees received and patronage refunds received which have not been claimed. After five years and appropriate notification, such amounts may be credited back to the cooperative as donated capital

Cash and Cash Equivalents

Cash and cash equivalents includes cash in bank. The Cooperative places its cash in investments with high credit quality financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

Advertising

The cost of advertising is expensed as incurred.

Compensated Absences

The Cooperative's policy on accumulated extended sick leave is to grant 96 hours annually with any unused hours available to be carried forward to future years up to a maximum of 800 hours. It is the Cooperative's policy to pay one-half of the employee's accumulated unused sick leave upon normal retirement by the employee or if the employee qualifies to draw benefits from the Cooperative pension plan. However, upon termination of employment, other than by normal retirement, or not meeting the qualifications required to receive pension benefits, the employee forfeits all rights to the accumulated unused hours. For the years ended December 31, 2012 and 2011 an accrual has been made for individuals who have attained the age of 60 and have qualified to receive pension benefits.

NOTE 2: ASSETS PLEDGED

Substantially all assets are pledged as collateral on long-term debt payable to the Rural Utilities Service (RUS) of the United States of America, the National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank Cooperative.

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: ELECTRIC PLANT AND DEPRECIATION RATES AND PROCEDURES

Major classes of electric plant as of December 31, 2012 and 2011 consisted of:

	2012	2011
Cost:		
General plant	\$ 14,664,550	\$ 14,087,216
Transmission plant	4,654,286	1,963,754
Distribution plant	128,204,605	123,290,570
Construction in progress	3,946,537	5,437,221
	<u>151,469,978</u>	<u>144,778,761</u>
Accumulated depreciation and amortization	47,741,809	44,611,025
	<u>151,469,978</u>	<u>144,778,761</u>
Net Electric Plant	\$ 103,728,169	\$ 100,167,736

Provision has been made for depreciation of the distribution plant at a straight-line composite rate of 3.0 percent per annum, except for yard lights and street lighting systems which are being depreciated at the rate of 4.2 percent per annum.

General plant depreciation rates have been applied on a straight-line basis as follows:

Structures and improvements	2.0%
Office furniture, fixtures, data processing and laboratory equipment	4.8-20.0%
Transportation equipment	10.0-33.3%
Stores, tools and power operated equipment	6.0%
Communications	8.4%
Miscellaneous	9.6%

Depreciation and amortization of electric plant in service was charged as follows for the years ended December 31, 2012 and 2011:

	2012	2011
Charged to operations-		
Classified as depreciation	\$ 4,373,462	\$ 4,147,304
Classified in other operating expenses	382,120	398,385
	<u>4,755,582</u>	<u>4,545,689</u>
Capitalized	128,586	138,875
	<u>128,586</u>	<u>138,875</u>
TOTAL DEPRECIATION	\$ 4,884,168	\$ 4,684,564

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4: INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2012 and 2011:

	2012	2011
Capital term certificates, at cost, issued by National Rural Utilities Cooperative Finance Corp. (CFC)	\$ 1,277,248	\$ 1,279,313
Patronage capital:		
CFC	347,145	330,495
National Information Solutions Cooperative	164,099	144,413
Wabash Valley Power Association	9,854,658	9,851,303
Buckeye Power, Inc.	782,790	731,768
Wolverine Power Supply Cooperative	1,855,505	200
Midwest Energy, Inc.	4,212,751	3,970,122
Michigan Electric Cooperative Assn.	54,034	54,034
Federated Rural Electric Insurance Cooperative, at cost	309,253	304,031
Buckeye Power, Inc. – membership	98,889	98,889
CFC Member Capital Securities	300,000	300,000
Resco (WISC)	447,894	417,612
NRTC	186,238	189,690
Other	83,954	67,536
TOTAL	\$ 19,974,458	\$ 17,739,406

The accounting policies for recognition of patronage revenue are described in Note 1. Investments are pledged to secure long-term debt as described in Note 8.

The following is a detailed schedule of investments in affiliated and subsidiary companies:

	Midwest Energy, Inc.
Original Investment	\$ 100
Capital contributions, to date, December 31, 2011	6,500,000
Undistributed loss, to date, December 31, 2011	(2,529,978)
Book value as of December 31, 2011	3,970,122
Undistributed income during 2012	242,629
Book value as of December 31, 2012	<u>\$ 4,212,751</u>

Midwest Energy, Inc. provides telecommunication/internet services, remarkets natural gas, and owns a 100% interest in Midwest Propane, LLC. Midwest Energy Cooperative owns 100% of the outstanding stock and accounts for the investment on the equity basis.

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5: DEFERRED CHARGES AND CREDITS

Following is a summary of the amounts recorded as deferred charges as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
WVPA buyout	\$ 1,439,875	\$ 2,159,871
Other work-in-progress	<u>189,194</u>	<u>97,124</u>
TOTAL	<u><u>\$ 1,629,069</u></u>	<u><u>\$ 2,256,995</u></u>

Following is a summary of the amounts recorded as deferred credits as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Refundable contracting advance	\$ 687,763	\$
Prepaid deposits from subsidiary	<u>76,000</u>	<u>105,000</u>
	<u><u>\$ 763,763</u></u>	<u><u>\$ 105,000</u></u>

NOTE 6: CASH AND INVESTMENTS

Statements of Financial Accounting Standards (SFAS) No. 105 require disclosure of significant concentrations of credit risk arising from cash deposits in excess of federally insured limits. The detail of these deposits follows:

	<u>Per Institution</u>
Insured	\$ 343,584
Uninsured	<u>2,777,348</u>
	3,120,932
In-transit transactions	<u>(265,112)</u>
	<u><u>\$ 2,855,820</u></u>
Total cash in bank	\$ 2,855,820
Working funds	<u>3,713</u>
Total Cash	<u><u>\$ 2,859,533</u></u>

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: NOTES RECEIVABLE

Notes receivable includes loans to customers for the purchase of miscellaneous equipment.

NOTE 8: MORTGAGE NOTES

Long-term debt is composed of 2.267% to 7.350% mortgage notes payable to the Rural Utilities Service (RUS) of the United States of America, the National Rural Utilities Cooperative Finance Corporation (CFC), the Federal Financing Bank (FFB), and CoBank Cooperative. Several mortgage notes to CFC and RUS will be repriced and the interest rate adjusted accordingly during the next 10 years in accordance with the policy and procedure governing such repricing. The notes are for 35 year periods each, with principal and interest installments due either quarterly or monthly. The notes are scheduled to be fully repaid at various times from 2014 through 2042. Unadvanced loan funds were available from RUS at December 31, 2012 and 2011 in the amounts of \$24,000,000 and \$4,000,000, respectively.

Detail of the long-term debt is as follows:

	2012	2011
Notes payable to CFC in quarterly installments of \$285,555, including interest at 4.90%-7.35%, with final maturity ranging from 2013 to 2032. Secured by substantially all assets	\$ 5,910,565	\$ 6,672,075
Notes payable to CoBank in monthly installments of \$44,672, including interest at 4.44%, with final maturity in 2022. Secured by substantially all assets	4,147,618	4,487,450
Notes payable to FFB in quarterly installments of \$215,405, including interest at 2.267%-3.941%, with final maturity in 2042. Secured by substantially all assets	19,484,642	15,843,372
Notes payable to RUS in monthly installments of \$348,779, including interest at 3.000%-5.375%, with final maturity ranging from 2014 to 2039. Secured by substantially all assets.	59,889,629	61,382,112
	89,432,454	88,385,009
Less:		
RUS Cushion of credit	5,705,184	9,154,363
Current maturities	3,160,426	2,958,661
TOTAL LONG-TERM DEBT, less current portion	\$ 80,566,844	\$ 76,271,985

Approximate maturities of long-term debt for each of the next five years are as follows:

2013	\$ 3,160,426
2014	3,256,745
2015	3,412,607
2016	3,572,638
2017	3,749,395
Thereafter	72,280,644
	<u>\$ 89,432,455</u>

MIDWEST ENERGY COOPERATIVE NOTES TO FINANCIAL STATEMENTS

NOTE 9: LINE OF CREDIT

The Cooperative has available a perpetual line of credit with CFC in the amount of \$10,000,000 for 2012 and 2011, respectively. The Cooperative had an outstanding balance of \$-0- for 2012 and \$-0- in 2011. Interest at December 31, 2012 was charged at 2.90%

The Cooperative has available a line of credit with CoBank in the amount of \$10,000,000 for both 2012 and 2011. The Cooperative had an outstanding balance of \$0 for both 2012 and 2011. Interest at December 31, 2012 was charged at 3.06%.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Under its wholesale power agreement the Cooperative is committed to purchase most of its electric power and energy requirements from Wolverine Power Supply Cooperative, Inc., until December 31, 2050. The rates paid for such purchases are subject to approval of the Federal Energy Regulatory Commission (FERC).

NOTE 11: RETIREMENT PLAN

The Cooperative has a defined benefit pension plan covering substantially all of its employees, but none of its subsidiary employees. As of January 1, 2007, the plan was closed to all new non-union staff and inside union staff. As of January 1, 2009, the plan was closed to all new outside union staff. Prior to July 1, 1995, employees became eligible to participate in the plan after completion of one year of service and attainment of age 20. Beginning July 1, 1995, the plan was amended such that employees are now eligible to participate in the plan after completion of six months of service and attainment of age 20, and the normal retirement age was reduced to age 62. Retirement benefits are based on a percentage of compensation as defined in the plan and benefits vested after completion of five years of service or age 55. The assets of the plan consist primarily of mutual funds. The Cooperative's funding policy is to contribute so as to amortize the unfunded actuarial accrued liabilities over a 30-year period from January 1, 1987.

The following table sets forth the plan's funded status and amounts recognized in the Cooperative's financial statements at December 31, 2012 and 2011:

	2012	2011
Actuarial present value of benefit obligations: Accumulated		
Benefit obligation, including vested benefits of \$19,143,366 for 2012 and \$16,571,185 for 2011.	<u>\$ 19,254,571</u>	<u>\$ 16,683,492</u>
Change in Benefit Obligation		
Benefit obligation at beginning of year	\$ 18,989,658	\$ 14,502,816
Service cost	756,789	539,270
Interest cost	878,654	808,674
Actuarial (gain) loss	1,874,378	3,529,484
Benefits paid	(476,400)	(390,586)
Benefit obligation at end of year	<u>\$ 22,023,079</u>	<u>\$ 18,989,658</u>

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11: RETIREMENT PLAN - continued

	2012	2011
Change in Plan Assets		
Fair value of plan assets at beginning of year	\$ 14,803,332	\$ 14,239,200
Actual return on plan assets	2,028,066	(45,282)
Employer contributions	1,600,000	1,000,000
Benefits paid	(476,400)	(390,586)
Fair value of plan assets at end of year	<u>\$ 17,954,998</u>	<u>\$ 14,803,332</u>
Reconciliation of Funded Status		
Funded status (underfunded)/overfunded	<u>\$ (4,068,081)</u>	<u>\$ (4,186,326)</u>
Net pension cost included the following components:		
Service cost- benefits earned during the period	\$ 756,789	\$ 539,270
Interest cost on projected benefit obligation	878,654	808,674
Return on plan assets	(1,148,270)	(1,114,090)
Net amortization and deferral	<u>596,322</u>	<u>257,643</u>
Net periodic pension cost	<u>\$ 1,083,495</u>	<u>\$ 491,497</u>
Amounts Recognized in Accumulated Other Comprehensive Loss		
Net actuarial gains	\$ (9,372,860)	\$ (8,964,111)
Net prior service cost	<u>(41,954)</u>	<u>(52,443)</u>
Amounts Recognized in Accumulated Other Comprehensive Loss - ending	<u>\$ (9,414,814)</u>	<u>\$ (9,016,554)</u>

The weighted-average discount rate was 4.14% for 2012 and 4.68% for 2011. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 3.5% for 2012 and 2011. The expected long-term rate of return on assets was 7.5% for 2012 and 2011.

The Cooperative expects to contribute \$1,500,000 to its pension plan in 2013. Expected benefit payments for 2013 are estimated at \$580,000, \$590,000 for 2014, \$650,000 for 2015, \$700,000 for 2016, \$790,000 for 2017 and \$5,090,000 for 2018 – 2022.

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11: RETIREMENT PLAN - continued

Investment Policy

Asset Allocation for Midwest Energy Cooperative

US large cap equity	\$ 5,506,908
U.S. small/mid cap equity	1,410,659
International Equity	2,498,070
Balanced	901,344
Fixed income	<u>7,638,017</u>
 Total	 <u><u>\$ 17,954,998</u></u>

The investment strategy is to build an efficient, well-diversified portfolio based on long-term, strategic outlook of the investment markets. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the needs of the plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to help maximize the plans return while providing multiple layers of diversification to help minimize risk.

NOTE 12: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

The Cooperative sponsors a defined benefit post-retirement plan that covers both salaried and nonsalaried employees, but none of its subsidiary employees. The plan provides for medical benefits for retirees between the ages of 60 and 65. The Cooperative's funding policy is pay-as-you-go.

The following table sets forth the plan's combined funded status reconciled with the amount shown in the Cooperative's statement of financial position at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
(Accrued) post-retirement benefit costs, beginning	\$ (2,960,027)	\$ (2,899,922)
Net periodic post-retirement benefit (costs)	(219,859)	(209,354)
Contributions made	117,362	149,249
Actuarial adjustment	<u>119,170</u>	<u>-</u>
 (Accrued) post-retirement benefit cost, end of year	 <u><u>\$ (2,943,354)</u></u>	 <u><u>\$ (2,960,027)</u></u>

**MIDWEST ENERGY COOPERATIVE
NOTES TO FINANCIAL STATEMENTS**

NOTE 12: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - continued

Net periodic post-retirement benefit cost includes the following components:

	<u>2012</u>	<u>2011</u>
Service cost-benefits attributed to service during the period	\$ 74,305	\$ 64,613
Interest cost	150,115	149,302
Net amortization and deferral	<u>(4,561)</u>	<u>(4,561)</u>
Net periodic post-retirement benefit cost	<u>\$ 219,859</u>	<u>\$ 209,354</u>

In 2013, premiums are expected to increase 8.0% and then drop to 4.5 % per year in 2021 and after.

The weighted average discount rate used in determining the accumulated post-retirement benefit obligation is 4.14% and 5.65% for 2012 and 2011, respectively.

Benefit payments of \$181,000 are expected for 2013.

NOTE 13: RECLASSIFICATION OF AMOUNTS

Certain amounts previously reported have been reclassified to conform to the 2012 presentation.

NOTE 14: RELATED PARTY TRANSACTIONS

Midwest Energy, Inc. is a wholly-owned subsidiary of Midwest Energy Cooperative. In addition, Midwest Energy Cooperative has furnished some personnel, office space, and other necessary operating facilities such as computer time for Midwest Energy's operations. During the year Midwest Energy Cooperative charged Midwest Energy, Inc.'s operations for such services. The total inter-company receivable (payable) was (\$64,347) and (\$665,178) at December 31, 2012 and 2011, respectively.

NOTE 15: SUBSEQUENT EVENTS

In preparing these financial statements, the Cooperative's management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2012, the most recent statement of financial position presented herein, through March 23, 2013, the issuance date of the accompanying financial statements. No significant such events or transactions were identified.

SUPPLEMENTARY MATERIAL

**MIDWEST ENERGY COOPERATIVE
BALANCE SHEET - STATISTICS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Utility plant, net	\$ 103,728,169	\$ 100,167,736	\$ 95,249,290	\$ 93,414,070
Investments	19,974,458	17,739,406	16,071,855	14,269,306
Notes receivable	79,472	93,753	100,961	101,962
Current assets	9,534,491	7,336,280	10,749,559	5,439,438
Long-term debt	80,566,844	76,271,985	72,539,244	66,740,150
Equities	35,330,520	33,092,785	34,935,268	32,125,794
Current liabilities	15,389,291	15,417,146	12,058,711	11,840,541
Net cash flows	482,305	(3,159,692)	4,567,337	(261,247)
Current ratio	62%	48%	89%	46%
Quick ratio	53%	41%	84%	40%
Equity/assets ratio	26%	26%	28%	27%
Number of members	28,993	28,115	28,237	28,387

**MIDWEST ENERGY COOPERATIVE
STATEMENTS OF REVENUE - STATISTICS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Electric revenues	\$ 72,202,854	\$ 68,022,430	\$ 65,628,036	\$ 61,741,607
Purchased power	49,302,514	45,112,509	44,118,481	41,419,720
Gross margin	22,900,340	22,909,921	21,509,555	20,321,887
Gross margin %	31.72%	33.68%	32.77%	32.91%
Operating expenses	13,064,681	12,906,657	11,783,900	10,566,608
Depreciation	4,373,462	4,147,304	4,010,787	3,902,045
Taxes (net)	1,798,553	1,867,405	1,778,725	1,783,184
Operating margins before other items	3,663,644	3,988,555	3,936,143	4,070,050
Patronage revenue	2,140,546	1,657,791	1,516,206	1,556,166
Interest expense	3,844,084	3,753,877	3,695,348	3,625,382
Operating margins (loss)	1,960,106	1,892,469	1,757,001	2,000,834
Non-operating items	700,343	813,555	972,970	633,842
Net margins (loss)	2,660,448	2,706,024	2,729,971	2,634,676
KWH sold	617,325,204	601,058,374	604,428,773	592,196,063
KWH purchased	652,916,838	634,762,033	640,248,291	628,830,452
Line loss %	5.31%	5.15%	5.43%	5.66%
Percentage change in KWH sold	2.71%	(0.56%)	2.07%	1.07%
Revenue per KWH sold	0.1170	0.1131	0.1086	0.1043
Power cost per KWH sold	0.0799	0.0751	0.0730	0.0699
Margin per KWH sold	0.0371	0.0450	0.0356	0.0343
Times interest earned ratio (TIER)	1.71	1.73	1.75	1.74
Debt service coverage (DSC)	1.61	1.66	1.72	1.74



HARRIS GROUP

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

March 23, 2013

To the Board of Directors
Midwest Energy Cooperative
Cassopolis, Michigan

We have audited the financial statements of Midwest Energy Cooperative for the year ended December 31, 2012, and have issued our report thereon dated March 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Certified Public Accountants

Traverse City • Suttons Bay

www.harrisgroupcpa.com

Name of Respondent	This Report Is:	Date of Report	Year of Report
Midwest Energy Cooperative	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/26/2013	2012

STATEMENT OF CASH FLOWS

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.

2. Under "Other" specify significant amounts and group others.

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.

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		
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	This Report Is:	Date of Report	Year of Report
Midwest Energy Cooperative	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/26/2013	2012

STATEMENT OF CASH FLOWS (Continued)

4.	Investing Activities (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.	5.	Codes used: (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. 6. Enter on pages 122-123 clarifications and explanations.
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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	

**MIDWEST ENERGY COOPERATIVE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from consumers	\$ 71,115,058	\$ 66,927,841
Cash paid to suppliers and employees	(62,651,232)	(57,453,154)
Interest received	470,838	546,820
Interest paid	(3,936,810)	(3,751,595)
Taxes paid	(1,730,063)	(1,724,581)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,267,791</u>	<u>4,545,331</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and acquisition of plant, net of retirements	(6,926,605)	(8,500,619)
Net proceeds from sale of plant	233,403	74,630
(Increase) decrease in:		
Materials inventory	(242,930)	(235,415)
Deferred charges	627,926	2,426,324
Notes receivable	14,281	7,208
Investments – associated organizations	148,123	183,686
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(6,145,802)</u>	<u>(6,044,186)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from RUS and CFC	4,000,000	7,000,000
Cushion of credit advances from RUS	3,449,179	(362,392)
Retirement of patronage capital credits, net	(110,165)	(117,451)
Payments on debt	(2,952,555)	(2,659,668)
Payments to pension	(1,600,000)	(1,000,000)
Increase (decrease) in:		
Consumer deposits and advances	573,857	(4,521,326)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,360,316</u>	<u>(1,660,837)</u>
Net Increase (Decrease) in Cash and Temporary Cash Investments	482,305	(3,159,692)
CASH AND TEMPORARY CASH INVESTMENTS – beginning	<u>2,377,228</u>	<u>5,536,920</u>
CASH AND TEMPORARY CASH INVESTMENTS - ending	<u>\$ 2,859,533</u>	<u>\$ 2,377,228</u>

The accompanying notes are an integral part of these statements.

MIDWEST ENERGY COOPERATIVE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net margins	\$ 2,660,448	\$ 2,706,024
Adjustments to reconcile net margins to net cash provided by Operating activities:		
Depreciation and amortization	4,755,582	4,545,689
G & T capital credits	(2,140,546)	(1,657,791)
(Gain) Loss on disposal of assets	(22,813)	(38,147)
(Income) Loss from subsidiary	(242,629)	(193,446)
(Increase) decrease in assets:		
Customer and other accounts receivable	(1,039,743)	893,249
Current and accrued assets – other	39,044	(68,984)
PSCR Receivable	(432,016)	(352,668)
Post-retirement benefits other than pensions	147,726	(4,371,108)
Increase (decrease) in:		
Accounts payable	94,451	(980,336)
Current and accrued liabilities – other	(551,713)	4,062,849
Total Adjustments	<u>607,343</u>	<u>1,839,307</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,267,791</u>	<u>\$ 4,545,331</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital credits	\$ 2,140,546	\$ 1,657,791
Income (Loss) from subsidiary	242,629	193,446
(Gain) Loss on disposition of plant	(22,813)	(38,147)
Capitalized depreciation	128,586	138,875

The accompanying notes are an integral part of these statements.

Name of Respondent Midwest Energy Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/26/13	Year of Report 2012
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	n/a			
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17				
TOTAL				

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	
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)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012	
INVESTMENTS (Accounts 123, 124, 136)				
<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	See Attachment			
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Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012		
INVESTMENTS (Accounts 123, 124, 136) (Cont'd)					
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. 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. 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		authorization, and case or docket number. 5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year. 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).			
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
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Midwest Energy Cooperative
Investment in Associated Organizations - Patronage Capital and Other NonGeneral Funds
YTD through 12/31/2012

Account Number	Description	12/31/2011 Beginning Balance	YTD through 12/31/2012 Allocated	YTD through 12/31/2012 Invested	YTD through 12/31/2012 Profit/(loss)	Adjusted Adjustments	Retired (Cash Received)	YTD through 12/31/2012 Form I	YTD through 12/31/2012 General Ledger
Investment in Subsidiary Companies									
123.25	Midwest Energy-100 shares	6,500,100	-	-	-	-	-	6,500,100	\$ 6,500,100.00
123.18	Midwest Energy, Inc.	(2,529,978)	-	-	242,630	-	-	(2,287,349)	\$ (2,287,348.62)
		3,970,122	-	-	242,630	-	-	4,212,751	\$ 4,212,751.38
Investment in Other Organizations									
123.10	NRUCFC	330,495	-	-	-	-	-	347,144.92	347,144.92
123.11	Wabash Valley	9,851,303	33,299	-	-	-	(16,650)	9,854,657.62	9,854,657.62
123.12	NISC (formerly CADP)	144,413	23,987	-	-	-	(4,301)	164,099.26	164,099.26
123.13	Resco - Michigan	-	-	-	-	-	-	-	-
123.15	Resco - Ohio	20,106	-	-	-	-	-	20,106.05	20,106.05
123.16	Resco - Wisconsin	417,612	66,661	-	-	-	(36,379)	447,893.87	447,893.87
123.17	Buckeye	830,657	71,385	-	-	-	(20,363)	881,679.18	881,679.18
		11,594,586	198,688	-	-	-	(77,693)	11,715,581	\$ 11,715,580.90
Investment in Other Organizations									
123.21	CFC Capital Funding Investment	300,000	-	-	-	-	-	300,000	\$ 300,000.00
123.22	CFC Cap. Term Cert.	1,279,313	-	-	-	-	(2,065)	1,277,248	\$ 1,277,247.85
123.23	MECA	54,034	-	-	-	-	-	54,034	\$ 54,034.00
123.24	NRUCFC Membership	1,000	-	-	-	-	-	1,000	\$ 1,000.00
123.24	Wabash Membership	5	-	-	-	-	(5)	-	\$ -
123.24	NRTC (New G03)	189,690	1,646	-	-	-	(5,098)	186,238	\$ 186,238.13
123.24	Federated Insurance	304,031	37,383	-	-	-	(32,161)	309,253	\$ 309,252.54
123.24	ECO INC. New 2005	-	-	-	-	-	-	-	\$ -
123.24	CoBank-New 10/2006	17,133	46,920	-	-	-	(30,498)	33,555	\$ 33,554.83
123.27	Wolverine Power-membership	200	1,855,305	-	-	-	-	1,855,505	\$ 1,855,504.89
124.00	American Sealing Park-SBT	-	-	-	-	-	-	-	\$ -
124.03	River Front Student Housing-MBT	-	-	-	-	-	-	-	\$ -
124.10	Cooperative Response Center	29,293	600	-	-	-	(600)	29,293	\$ 29,293.34
		2,174,699	1,941,854	-	-	-	(70,427)	4,046,126	\$ 4,046,125.58
Investment in Other Organizations									
128.50	Other Special Funds - Def. Comp	-	-	-	-	-	-	-	\$ -
	Total - Form 7, Part C, Line 14	17,739,406	2,140,542	-	242,630	-	(148,120)	19,974,458	\$ 19,974,458

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)

- | | |
|--|---|
| 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	See Attachment					
2						
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22						
23						
24						
25	TOTAL					

**Midwest Energy Cooperative
Receivables from Associated Companies (Account 145,146)
For Year Ending 12/31/12**

<u>Line #</u>	<u>Particulars</u> (a)	<u>Balance Beginning of Year</u> (b)	<u>Debits</u> (c)	<u>Credits</u> (d)	<u>Balance End of Year</u> (e)	<u>Interest for Year</u> (f)
1	146.00 Midwest Energy, Inc.- Unbilled	\$0	\$0	\$0	\$0	\$0
2	146.10 Midwest Propane-Unbilled	\$0	\$0	\$0	\$0	\$0
3	146.35 Midwest Energy, Inc. Billed	\$4,464	37,804	39,059	\$3,208	
4	146.36 Midwest Propane Billed	\$77,090	1,401,255	1,436,003	\$42,342	
5	146.37 Due from wild Blue	\$3,782	32,005	33,224	\$2,563	
6	146.38 Due from BPL	\$3,038	119,457	\$122,495	\$0	
7	146.95 Midwest Propane Unreimbursed Medical	\$0	145	\$117	\$29	
		<u>\$88,374</u>	<u>\$1,590,666</u>	<u>\$1,630,898</u>	<u>\$48,142</u>	<u>\$0</u>

Name of Respondent Midwest Energy Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report 2012 04/26/13		Year of Report 2012	
ALLOWANCES							
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)-(i), 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 Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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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 43-46 the net sales or auction of the withheld allowances.				8. Report on lines 22-27 the names of purchasers/transfers of allowances disposed of and identify associated companies.				
7. Report on lines 8-14 the names of vendors/transfers of allowances acquired and identify associated companies (See "associated co." under "Definitions" in Uniform System of Accounts).				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 & 43-46 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
					N/A			6-8
								9
								10
								11
								12
								13
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								30-32
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								36
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								40
								41-43
								44
								45
								46

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<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	See Attachment		
2			
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25	TOTAL		

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt-Discout and Expense*, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
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.
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.
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.
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, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

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)			
						1
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION M10049		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2012		
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)	56,729,202	2,692,869	1,492,483	4,185,352
2	National Rural Utilities Cooperative Finance Corporation	5,910,566	377,291	761,509	1,138,800
3	CoBank, ACB	4,147,618	195,009	341,089	536,098
4	Federal Financing Bank	19,484,642	505,817	358,729	864,546
5	RUS - Economic Development Loans				
6	Payments Unapplied	5,705,184			
	TOTAL	80,566,844	3,770,986	2,953,810	6,724,796

Current portion of LTD = \$ 3,160,426

Midwest Energy Cooperative

RUS Debt

2012 Activity

4.50%

58,738,377.93

237.14/427.14 Accrued Int-RUS Debt

	Borrowings/(pay off)	Principal Payments	Conversion Fee Paid	Balance
1 Beginning Balance		0.00375		61,382,112.05
2 January		118,145.36		61,263,966.69
3 February		133,436.30		61,130,530.39
4 March		119,083.31		61,011,447.08
5 April		126,921.87		60,884,525.21
6 May		119,999.94		60,764,525.27
7 June		127,812.21		60,636,713.06
8 July	\$	120,923.36		60,515,789.70
9 August		121,373.65		60,394,416.05
10 September		129,146.70		60,265,269.35
11 October		122,338.47		60,142,930.88
12 November		130,053.85		60,012,877.03
13 December	\$	123,248.28		59,889,628.75
14 Ending Balance		1,492,483.30	4.44%	2,692,869.50

RUS
December 2012 Debt Servicing Payment

	Month Activity		Balance
	Interest Earned	Trsfr to make monthly debt pmt	
Rollforward of COC Deposit Account			
Original Custion of Credit Payment	\$ 8,000,000.00		\$ 8,000,000.00
2009			
2011			
December Interest Credited to COC Acct	\$ 40,355.81	\$ (348,779.40)	9,194,718.81
2012			
January Interest Credited to COC Acct	\$ 39,046.07	\$ (348,779.40)	8,884,985.48
February Interest Credited to COC Acct	\$ 35,296.52	\$ (348,779.40)	8,571,502.60
1st Quarter Adj Jnl#	\$ (688.61)		8,570,813.99
March Interest Credited to COC Acct	\$ 36,396.61	\$ (348,779.40)	8,258,431.20
April Interest Credited to COC Acct	\$ 35,070.05	\$ (348,779.40)	7,944,721.85
May Interest Credited to COC Acct	\$ 33,737.86	\$ (348,779.40)	7,629,680.31
2nd Quarter Adj Jnl#	\$ (1,867.47)		7,627,812.84
June Interest Credited to COC Acct	\$ 32,392.08	\$ (348,779.40)	7,311,425.52
July Interest Credited to COC Acct	\$ 31,048.52	\$ (348,779.40)	6,993,694.64
August Interest Credited to COC Acct	\$ 28,741.21	\$ (348,779.40)	6,673,656.45
3rd Quarter Adj Jnl#	\$ (744.33)		6,672,912.12
September Interest Credited to COC Acct	\$ 27,422.93	\$ (348,779.40)	6,351,555.65
October Interest Credited to COC Acct	\$ 26,972.36	\$ (348,779.40)	6,029,748.61
November Interest Credited to COC Acct	\$ 24,779.79	\$ (348,779.40)	5,705,748.99
4th Quarter Adj Jnl#	\$ (564.52)		5,705,184.47
December Interest Credited to COC Acct	\$ 23,445.96		5,728,630.43
			Dec pmt from General fund

Midwest Energy Cooperative
FFB Debt
2012 Activity

MJ-19

3.60%

2,000,000

		224.35 LTD - FFB Construction Notes Executed		237.05/ 427.05 Accrued Int-RUS Debt		
		Borrowings/(pay off)	Principal Payments	Conversion Fee Paid	Accrued Int.	Interest Payments
			0.00300			
1	Beginning Balance					
2	December					87,360.92
3	January		36,911.14			87,360.92
4	February				43,098.22	49,261.29
5	March		72,926.70		40,040.89	89,302.18
6	April				39,269.14	-
7	May				40,968.85	40,968.85
8	June		79,285.43		40,968.85	81,937.70
9	July				39,946.81	-
10	August				40,770.04	40,770.04
11	September		79,866.40		40,761.34	81,531.38
12	October	1,600,000.00			48,844.95	-
13	November				43,802.01	43,802.01
14	December	2,400,000.00	89,739.82		43,762.40	87,564.41
	Dec adv \$2.4 mil, 6 days				42,620.04	-
					963.00	963.00
15	Ending Balance	4,000,000.00	358,729.49		505,816.54	592,214.46
		Amount Billed Quarterly				
		16,205,056.98				

Midwest Energy Cooperative

CFC Debt

2012 Activity

MJ-14

224.12 Other Long Term Debt-CFC		237.20/427.20 Int Accrued-CFC Construction	
Borrowings	Principal	Conversion	Interest
	Payments	Fee	Payments
			Balance
Beginning Balance			
January	-	-	32,998.40
February	-	-	65,985.30
March	-	-	-
April	-	-	32,140.18
May	-	-	64,280.36
June	-	-	-
July	-	-	31,281.47
August	-	-	62,562.94
September	-	-	-
October	-	-	30,432.14
November	-	-	60,864.28
December	-	-	29,577.58
Ending Balance	-	-	380,711.53

6,290,494.69

5.90% < JM Estimate

Accrued Int. Fee

32,986.90

32,931.39

32,140.18

32,140.18

32,272.15

31,281.47

31,281.47

31,412.81

30,432.14

30,432.14

30,402.30

29,577.58

377,290.71

Combined \$

#VALUE!

6,672,075.36

67,864,215.11

67,746,069.75

67,612,633.45

67,300,978.26

67,174,056.39

67,054,056.45

66,735,461.38

66,614,538.02

66,493,164.37

66,175,835.62

66,053,497.15

60,012,877.03

Midwest Energy Cooperative
CoBank Debt
2012 Activity

MJ-18

4,487,450

		224.04 LTD - Construction Notes Executed		237.04/ 427.04 Accrued Int-RUS Debt		
		Borrowings/(pay off)	Principal Payments	Conversion Fee Paid	Accrued Int.	Conversion Fee
					Interest Payments	Balance
1	Beginning Balance					17,197.93
2	December 2011 Inv. Paid 1/2012				17,126.22	-
3	January		27,850.61		15,906.22	-
4	February		27,953.61		16,899.63	-
5	March		28,056.98		16,232.13	-
6	April		28,160.74		16,681.68	-
7	May		28,264.88		16,044.58	-
8	June		28,369.41		16,472.58	-
9	July		28,474.32		16,342.89	-
10	August		28,579.62		15,725.69	-
11	September		28,685.31		16,131.36	-
12	October		28,791.39		15,517.02	-
14	November		28,897.86		179,080.00	196,277.93
	Ending Balance	-	312,084.73	4.14%		
13	December 2012 Inv. Paid 1/2013		29,004.73		15,929.01	-
			341,089.46		195,009.01	

4,330,159.00

Name of Respondent Midwest Energy Cooperative	This Report Is: 2,012 (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

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	See Attachment					
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23						
	TOTAL					

Midwest Energy Cooperative

Payables to Associated Companies (Accts 232,233,242)
For Year Ending 12/31/12

Note () = credit balance

Line #	Particulars (a)	Balance Beginning of Year (b)	Debits (c)	Credits (d)	Balance End of Year (e)	Interest for Year (f)
1	232.50 Accounts Payable Midwest Propane Payments made with Electric bill that need to be transferred to Propane	(\$33,286.60)	8,115,754.04	8,188,001.17	(\$105,533.73)	
2	232.60 Accounts Payable Midwest Energy, Inc.	(\$700,000.00)	1,900,450.74	1,200,450.74	\$0.00	
3	232.63 Accounts Payable BPL	(\$6,385.01)	32,196.30	25,811.29	\$0.00	
4	232.70 Accounts payable-Wild Blue	(\$13,880.12)	128,333.44	121,379.35	(\$6,926.03)	
5	242.58 Allac Pretax Deduction-Employee transfer to Propane-due coop	(\$40.39)	13,264.28	13,223.89	\$0.00	
		(753,592.12)	10,189,998.80	9,548,866.44	(112,459.76)	\$0.00

Name of Respondent Midwest Energy Cooperative	This Report Is: 2,012 (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

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.

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.

Line No.	N/A, MWE is a tax exempt organization and does not file a Federal Income Tax Return.	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	
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	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Midwest Energy Cooperative	2,012 (2) <input type="checkbox"/> A resubmission	04/26/13	2012

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL
INCOME TAXES (Continued)**

3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2
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.

Utility	Other	Line No.
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Name of Respondent Midwest Energy Cooperative		This Report Is: 2,012 (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012	
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421. 2)					
<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:				
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3	See Attachment				
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16					
17	Total Gain				

Name of Respondent Midwest Energy Cooperative		This Report Is: 2,012 (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012	
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:				
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33					
34	Total Loss				

Midwest Energy Cooperative
Schedule of general plant assets disposed of in 2012
Reconciliation of GI #421.10 gain or loss on disposition of property

Date	Acct #	Item #	Description	Cost	DR	CR	Carrying Value	Sales Price	Gain (Loss)	Item Notes	JL#
3/31/2012	392.00	39200051095	1996 Int. 4700 Chipper #51095	36,000.00	36,000.00	-	-	5,200.45	5,200.45	Sold Truck to M. McNee Inv#5182 (Bid)	93551
3/31/2012	392.00	3920000807 & A	2007 Chevy Silverado & Cap	33,063.01	28,088.25	4,974.76	10,800.00	10,800.00	5,825.24	Retirement agreement J. Bonnell	93327
5/2/2012	391.10	3911000450	Dell FlatScreen Mon	1,527.29	1,527.29	-	-	25.00	25.00	5377 - C. Hilligoss Dell Monitor	95251
5/2/2012	391.10	3911000454	Dell FlatScreen Mon	1,527.30	1,527.30	-	-	25.00	25.00	5376 - A. Edge Dell Monitor	95251
5/2/2012	391.10	3911000459	Dell FlatScreen Mon	1,527.30	1,527.30	-	-	25.00	25.00	5375 - K. Smith Dell Monitor	95251
5/2/2012	391.10					-	-	25.00	25.00	5374 - D. Allen Dell Monitor	95251
5/2/2012	391.10					-	-	375.00	375.00	5373 - K. Mack 3 Monitors & 3 Comp Sets	95251
5/2/2012	391.10	3911000188	Dell Opti GX620 Computer	1,866.66	1,866.66	-	-	100.00	100.00	5372 - J. Kniss Computer Set	95251
5/2/2012	391.10	3911000189	Dell Opti GX620 Computer	1,866.66	1,866.66	-	-	100.00	100.00	5371 - L. Ruff Computer Set	95251
5/7/2012	391.10					-	-	25.00	25.00	5407 - C. Hilligoss Dell Monitor	95382
5/7/2012	391.10					-	-	50.00	50.00	5404 - B. Hance 2 Dell Monitors	95382
5/7/2012	391.10					-	-	10.00	10.00	5401 - D. Wilkins Table & Chairs	95382
5/16/2012	391.10					-	-	75.00	75.00	5472 - S. Bishop 3 Dell Monitors	95882
5/17/2012	394.00	3940003289	Power Washer	625.00	625.00	-	-	200.00	200.00	5474 - M. Burrell Power Washer	95934
8/17/2012	396.00	3960000001	Grasshopper Lawn Tractor/Trail	8,382.51	8,382.51	-	-	2,000.00	2,000.00	Sold to Rouch Outdoor Equipment	100700
9/30/2012	392.00	3920002396	1996 F350 4x4 V8 2396	21,321.82	21,321.82	-	-	1,550.37	1,550.37	Sold to Steve Stange Inv# 6400	
9/30/2012	392.00	3920002396A	Accessories for V# 2396	1,779.15	1,779.15	-	-	-	-	Sold to Steve Stange Inv# 6400	
9/30/2012	396.01	3960100W03	5700DD-DW-Digger-2001 Adrian	70,595.95	70,595.95	-	-	5,500.00	5,500.00	Sold to Bender Electric Inv# 6401	
9/30/2012	392.00	3920007219	T188 Trailer	8,427.00	8,427.00	-	-	-	-	Sold to Bender Electric Inv# 6402	
11/29/2012	391.00		Filing Cabinet			-	-	10.00	10.00	Sold to Billy Meigs Inv# 6821	106032
11/29/2012	391.00		Filing Cabinet			-	-	10.00	10.00	Sold to Nicki Adam Inv# 6826	106041
11/29/2012	391.00		Black Table with attached chairs			-	-	218.37	218.37	Sold to Glenyce Bentzer Inv# 6831	106042
11/29/2012	391.00		2 Door Cabinet & 3 Pictres			-	-	56.44	56.44	Sold to Linda Carango Inv# 6836	106042
11/29/2012	391.00		2 Pictures			-	-	24.51	24.51	Sold to Patty Clark Inv# 6839	106042
11/29/2012	391.00		Microwave			-	-	10.00	10.00	Sold to Tom Clark Inv# 6840	106042
11/29/2012	391.00		3 Pictures			-	-	23.00	23.00	Sold to Patti Clymer Inv# 6838	106042
11/29/2012	391.00		Filing Cabinet			-	-	15.50	15.50	Sold to Angie Edge Inv# 6833	106042
11/29/2012	391.00		4 Filing Cabinets			-	-	35.00	35.00	Sold to Jennifer Gilliam Inv# 6834	106042
11/29/2012	391.00		Filing Cabinet & Microwave			-	-	104.64	104.64	Sold to Casey Hilligoss Inv# 6828	106042
11/29/2012	391.00		Filing Cabinet			-	-	15.00	15.00	Sold to Jenna Kniss Inv# 6832	106042
11/29/2012	391.00		2 Filing Cabinets			-	-	200.00	200.00	Sold to Pam Myers Inv# 6837	106042
11/29/2012	391.00		2 Door Cabinet, Filing Cabinet & Popcorn Machine			-	-	84.00	84.00	Sold to Candy Riem Inv# 6827	106042
11/29/2012	391.00		Filing Cabinet			-	-	61.00	61.00	Sold to Karen Smith Inv# 6835	106042
11/29/2012	391.00		3 Filing Cabinets			-	-	50.00	50.00	Sold to Deryk Steinman Inv# 6829	106042
11/29/2012	391.00		3 Filing Cabinets, Table/organizer, T.V., 2 Pictures, & Refrigerator			-	-	94.79	94.79	Sold to Dixie Teague Inv# 6830	106042
12/17/2012	391.10	3911000542	Dell Latitude E6500 Laptop	1,397.41	1,397.41	-	-	100.00	100.00	Sold to Sue Vomish Inv# 7038	107041
12/31/2012	391.10	3911003004	Ipad with Keyboard	1,262.53	1,052.11	210.42	-	-	(210.42)	Sold to Patty Nowlin Invoiced in Jan	108765
12/31/2012			Sold 8 laptops to Employees				800.00	800.00	800.00	Sold to 8 employees in March 2012	92275

Dec-12 191,169.59 185,964.41 5,185.18 27,998.07 22,812.89

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

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.

- 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.
- 3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
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3		See Attachment			
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Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

- | | |
|--|--|
| 1. In column (a) report the name of the associated company.
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and | services provided (administrative and general expenses, dividends declared, etc.).
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported. |
|--|--|

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
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29					
30					
TOTAL					

Midwest Energy Cooperative
Charges for Outside Professional and Other Consultative Service
Year Ending 12/31/12
Amounting to more than \$25,000.00

Name and Address	Description of Services	Base of Charges	Total Charges for the Year	Account Charged	Amount
Hydaker-Wheatlake Co 1435 Reliable Parkway Chicago, IL 60686	Contractor-Construction		\$1,365,236.99	107.10 108.90	1,179,502.71 185,734.28 <u>1,365,236.99</u>
Cooperative Response Center 2000 8th Street N.W. Austin, MN 55912	Customer Service, Overflow and after hours			107.10 581.01-22 1,100.923.00	79,836.48 16,126.20 <u>95,962.68</u>
Harris Group 731 S. Garfield Ave Traverse City, MI 49686	CPA		\$39,543.31	923.00-11	\$39,543.31 <u>\$39,543.31</u>
Dykema Gossett 400 Renaissance Center Detroit, MI 48243	Legal Services		\$177,496.94	923.00-1 923.01-1 1,100.925.00	172,739.68 3,940.66 816.60 <u>177,496.94</u>
American Energy Services PO Box 295 Richmond, MI 48062	Pole Testing		\$67,055.65	593.00-51	67,055.65 <u>67,055.65</u>
Green Leaf Tree Service 5280 Engle Rd Middleville, MI 49333	Contractor- Tree Work			107.10 592.00-51 593.30-54 563.00-53	886,132.00 21,500.00 1,148,988.00 28,800.00 <u>2,085,420.00</u>
Markur Consulting, LLC 9319 Mockingbird Lane Cadillac, MI 49601	Information Systems Contractor	186- purchase asset		921.00-1 921.00-11 927.00-21 921.00-23 927.00-23 927.10-23 909.00-70 2,007.29.00 4,00.923.01	6,489.12 511.98 2,082.97 94.80 2,588.15 97,448.00 1,996.95 100.00 108.00 2,035.20 <u>113,465.17</u>

4/25/2013

Midwest Energy Cooperative
Charges for Outside Professional and Other Consultative Service
Year Ending 12/31/12
Amounting to more than \$25,000.00

Name and Address	Description of Services	Basis of Charges	Total Charges for the Year	Account Charged	Amount
Michigan Electric Coop Assoc 7973 East Grand River Ave Portland, MI 48875	Utility Restructuring Country Line Magazine Deferred Income EO		\$271,290.06	184.90-30 580.66-51 908.03-30 908.05-30 908.09-30 909.01-70 909.02-70 1,100.913.00 923.00-1 930.21-3 930.22-1	2,920.22 250.00 160.76 160.76 1,406.35 114,940.23 2,889.40 6,404.60 16,051.03 500.00 125,606.71 <u>271,290.06</u>
MECA 7973 East Grand River Ave Portland, MI 48875	EO			182.31-30 184.90-30 908.01-30 908.02-30 908.03-30 908.05-30 908.06-30 908.08-30 908.09-30 908.11-30 908.52-30 908.53-30 908.56-30 908.57-30 923.00-1	127,721.22 92,591.58 24,222.20 27,118.19 194,714.49 8,325.54 48,318.80 29,672.23 13,342.03 6,736.09 172,355.00 37,716.22 10,105.32 16,838.54 999.82 <u>810,777.27</u>
NISC SDS 12-2053 Minneapolis, MN 55486	Computer System Support		\$495,210.45	186 580.66-51 581.01-22 588.10-46 593.00-51 902.00-21 903.00-21 903.00-22 903.02-21 903.02-23 903.04-21 903.08-21	30,001.72 990.00 300.00 9,920.00 9,023.67 3,225.00 3,173.20 21,434.58 1,380.00 128,624.43 203,321.78 6,408.00

4/25/2013

7:34 AM

Midwest Energy Cooperative
Charges for Outside Professional and Other Consultative Service
Year Ending 12/31/12
Amounting to more than \$25,000.00

Name and Address	Description of Services	Base of Charges	Total Charges for the Year	Account Charged	Amount
				903.08-22	11,296.83
				903.09-21	6,793.47
				921.00-11	2,530.85
				921.00-22	350.53
				921.66-11	1,826.00
				921.66-21	531.00
				921.66-22	2,021.50
				927.10-23	3,343.24
				1.100.921.00	13,015.42
				1.100.921.40	34,363.32
				2.00.731.00	985.01
				4.00.914.00	540.90
					<u>495,210.45</u>
McDonald Underground 30155 Topash Dowagiac, MI 49047	Contractor-Construction			107.10	\$307,656.50
					<u>\$307,656.50</u>
Commonwealth Associates, Inc. PO Box 1124 Jackson, MI 49204	Contractor			107.10	\$165,015.60
					<u>\$165,015.60</u>
Kent Power, Inc. 90 Spring St PO Box 327 Kent City, MI 49330	Contractor-Construction		\$999,313.88	107.10 109.90	994,813.88 4,500.00
					<u>999,313.88</u>
	Total				56,182,667.23

Name of Respondent	This Report Is:	Date of Report	Year of Report
Midwest Energy Cooperative	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/26/13	2012

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.
7. In column (j) report the total.
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
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Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/26/13	Year of Report 2012
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company.
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
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TOTAL					

Name of Respondent	This Report Is:	Date of Report	Year of Report
Midwest Energy Cooperative	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/26/13	2012

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.
7. In column (j) report the total.
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
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Miscellaneous Midwest Inc./Propane Expenses
Paid by Midwest Energy Cooperative to be Reimbursed
For year 2012

				Form 7 MPSC, page Descr.		Amount Classified		Pricing
				Nature of Goods and Services		To Balance		Method
Line #	company	Affiliation	Account #					
1	Midwest Energy, Inc	Wholly Owned		Out of Pocket Expense		\$	2,938.38	Cost
	GL# 0.00.146.35	Subsidiary of Midwest Energy Co		Labor & Benefit Allocation		\$	33,790.92	Cost
			0.00.146.35			\$	36,729.30	
2	Midwest Propane LLC	Wholly Owned		Out of Pocket Expense		\$	281,269.24	Cost
	GL# 0.00.146.36 / GL# 0.00.146.10	Subsidiary of Midwest Energy Co		Labor & Benefit Allocation		\$	276,448.16	Cost
				Facility Lease		\$	20,390.00	Contract
			0.00.146.36			\$	578,107.40	
3	Midwest Energy Inc - Connection/Wild Blu	Midwest Energy, Inc		Out of Pocket Expense		\$	2,649.74	Cost
	GL# 0.00.146.37	Line of Business		Labor & Benefit Allocation		\$	27,849.59	Cost
			0.00.146.37			\$	30,499.33	
4	Due from BPL	Midwest Energy, Inc		Out of Pocket Expense		\$	32,632.58	Cost
	GL# 0.00.146.38	Line of Business		Labor & Benefit Allocation		\$	25,197.90	Cost
			0.00.146.38			\$	57,830.48	
Total Costs Billed to Associated Companies						\$	703,166.51	