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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
MI0029

PERIOD ENDED December, 2014 (Prepared with Audited Data)

BORROWER NAME
The Ontonagon County Rural Electrification Ass

INSTRUCTIONS - See help in the online application.

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

CERTIFICATION

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

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

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

(check one of the following)

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

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

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	6,031,896	6,265,030	6,321,700	540,003
2. Power Production Expense				
3. Cost of Purchased Power	2,447,427	2,623,983	2,682,500	224,663
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	304,635	408,022	507,400	19,101
7. Distribution Expense - Maintenance	494,467	578,727	439,000	29,859
8. Customer Accounts Expense	191,431	237,836	225,372	5,542
9. Customer Service and Informational Expense	80,449	79,630	26,200	6,878
10. Sales Expense	89	196		
11. Administrative and General Expense	585,629	614,286	665,984	56,657
12. Total Operation & Maintenance Expense (2 thru 11)	4,104,127	4,542,680	4,546,456	342,700
13. Depreciation and Amortization Expense	659,058	665,274	706,540	55,692
14. Tax Expense - Property & Gross Receipts	206,618	208,810	210,000	14,045
15. Tax Expense - Other				
16. Interest on Long-Term Debt	581,666	564,228	662,605	47,214
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	39,980	33,855	8,000	2,958
19. Other Deductions	13,315	16,345		(118)
20. Total Cost of Electric Service (12 thru 19)	5,604,764	6,031,192	6,133,601	462,491
21. Patronage Capital & Operating Margins (1 minus 20)	427,132	233,838	188,099	77,512
22. Non Operating Margins - Interest	7,944	7,320	4,220	1,179
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	45,676	43,609	41,200	12,244
25. Non Operating Margins - Other	111,302	33,055	58,000	6,358
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	102,919	126,135	81,000	4,069
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	694,973	443,957	372,519	101,362

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION

MI0029

PERIOD ENDED

December, 2014

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PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	32	22	5. Miles Transmission		
2. Services Retired	2	1	6. Miles Distribution - Overhead	788.96	799.98
3. Total Services in Place	5,805	5,827	7. Miles Distribution - Underground	154.54	158.69
4. Idle Services (Exclude Seasonals)	635	663	8. Total Miles Energized (5 + 6 + 7)	943.50	958.67

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	22,609,434	30. Memberships	23,040
2. Construction Work in Progress	487,112	31. Patronage Capital	2,936,783
3. Total Utility Plant (1 + 2)	23,096,546	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	7,483,382	33. Operating Margins - Current Year	359,971
5. Net Utility Plant (3 - 4)	15,613,164	34. Non-Operating Margins	83,984
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	32,497
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	3,436,275
8. Invest. in Assoc. Org. - Patronage Capital	126,563	37. Long-Term Debt - RUS (Net)	2,172,673
9. Invest. in Assoc. Org. - Other - General Funds	508,176	38. Long-Term Debt - FFB - RUS Guaranteed	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	70,409	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	10,007,562
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13)	705,148	43. Total Long-Term Debt (37 thru 41 - 42)	12,180,235
15. Cash - General Funds	318,381	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	16	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	0
18. Temporary Investments	0	47. Notes Payable	1,162,000
19. Notes Receivable (Net)	0	48. Accounts Payable	332,639
20. Accounts Receivable - Sales of Energy (Net)	737,541	49. Consumers Deposits	12,250
21. Accounts Receivable - Other (Net)	45,577	50. Current Maturities Long-Term Debt	439,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	238,573	52. Current Maturities Capital Leases	0
24. Prepayments	60,205	53. Other Current and Accrued Liabilities	344,177
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	2,290,066
26. Total Current and Accrued Assets (15 thru 25)	1,400,293	55. Regulatory Liabilities	74,491
27. Regulatory Assets	0	56. Other Deferred Credits	25,620
28. Other Deferred Debits	288,082	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	18,006,687
29. Total Assets and Other Debits (5+14+26 thru 28)	18,006,687		

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p>MI0029</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<p>PART D. NOTES TO FINANCIAL STATEMENTS</p>	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p style="text-align: center;">FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p style="text-align: center;">MI0029</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p style="text-align: center;">December, 2014</p>
<p>PART D. CERTIFICATION LOAN DEFAULT NOTES</p>	
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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION
MI0029

PERIOD ENDED
December, 2014

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	19,328,050	1,582,414	254,295		20,656,169
2. General Plant	1,717,866	3,342	202,728		1,518,480
3. Headquarters Plant	432,812	623			433,435
4. Intangibles	1,349				1,349
5. Transmission Plant	0				0
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	0				0
8. Total Utility Plant in Service (1 thru 7)	21,480,077	1,586,379	457,023		22,609,433
9. Construction Work in Progress	1,465,545	(978,433)			487,112
10. Total Utility Plant (8 + 9)	22,945,622	607,946	457,023		23,096,545

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	285,515	78,055	2,355	107,528		(19,824)	238,573
2. Other	6,570					(6,570)	0

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	94.660	43.380	7.840	139.400	285.280
2. Five-Year Average	207.600	159.000	22.200	135.000	523.800

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	10	4. Payroll - Expensed	429,806
2. Employee - Hours Worked - Regular Time	22,927	5. Payroll - Capitalized	177,447
3. Employee - Hours Worked - Overtime	1,458	6. Payroll - Other	165,811

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	0	
	b. Special Retirements		
	c. Total Retirements (a + b)	0	
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power		
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	84,269	
	c. Total Cash Received (a + b)	84,269	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	\$ 23,376	2. Amount Written Off During Year	\$ 22,862
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ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM

1. Anticipated Loan Delinquency %		4. Anticipated Loan Default %	
2. Actual Loan Delinquency %		5. Actual Loan Default %	
3. Total Loan Delinquency Dollars YTD	\$	6. Total Loan Default Dollars YTD	\$

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION MI0029
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INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2014
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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	Upper Peninsula Power Company	19578				389,262	0.00		
2	Wisconsin Electric Power Co	20847			3,128,405	284,084	9.08		
3	Wisconsin Public Service Corp	20860			25,981,242	1,950,637	7.51		
	Total				29,109,647	2,623,983	9.01		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0029
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2014
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 MI0029	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2014	
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

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
MI0029

PERIOD ENDED
December, 2014

INSTRUCTIONS - See help in the online application.

PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting 6/21/2014	2. Total Number of Members 4,063	3. Number of Members Present at Meeting 56	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 124	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 61,256	8. Does Manager Have Written Contract? N

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0029			
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2014			
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)	2,172,673	102,523	113,782	216,305
2	National Rural Utilities Cooperative Finance Corporation	206,429	8,574	15,633	24,207
3	CoBank. ACB	9,387,500	454,499	300,432	754,931
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	FASB-102	413,633			
	TOTAL	12,180,235	565,596	429,847	995,443

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2014		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	3,198	3,206	
	b. kWh Sold			18,608,084
	c. Revenue			4,443,038
2. Residential Sales - Seasonal	a. No. Consumers Served	1,299	1,291	
	b. kWh Sold			1,539,600
	c. Revenue			694,396
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	208	207	
	b. kWh Sold			4,984,316
	c. Revenue			1,002,938
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
6. Public Street & Highway Lighting	a. No. Consumers Served	138	138	
	b. kWh Sold			110,048
	c. Revenue			19,194
7. Other Sales to Public Authorities	a. No. Consumers Served	25	25	
	b. kWh Sold			61,846
	c. Revenue			18,260
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		4,868	4,867	
11. Total kWh Sold (lines 1b thru 9b)				25,303,894
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				6,177,826
13. Transmission Revenue				
14. Other Electric Revenue				87,201
15. kWh - Own Use				
16. Total kWh Purchased				29,109,647
17. Total kWh Generated				
18. Cost of Purchases and Generation				2,623,983
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident ___ Coincident ___				5,616

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

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PERIOD ENDED December, 2014

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)	210	37,880	619	1,080	143,059	3,693
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less		5,768		9	30,261	645
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	210	43,648	619	1,089	173,320	4,338

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION MI0029 PERIOD ENDED December, 2014
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

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

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
2	Investments in Associated Organizations				
	Federated Rural Electric Insurance Exchange	27,462			
	National Informational Solutions Cooperative	34,690			
	NRUCFC(Pat Cap, Member Cert & CTC's)	25,738	70,409		
	RESCO	65			
	Settlers Cooperative Inc.	510			
	American Transmission Company	467,150			
	CoBank	64,821			
	Cooperative Response Center	13,304			
	NRUCFC-Membership	1,000			
	Totals	634,740	70,409		
6	Cash - General				
	Check, Savings & Working Funds		318,381		
	Totals		318,381		
9	Accounts and Notes Receivable - NET				
	Various		45,577		
	Totals		45,577		
11	TOTAL INVESTMENTS (1 thru 10)	634,740	434,367		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION MI0029 PERIOD ENDED December, 2014
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PART Q. SECTION II. LOAN GUARANTEES

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

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION MI0029
	PERIOD ENDED December, 2014

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SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	2.75 %
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SECTION IV. LOANS

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