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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION MI0029

PERIOD ENDED December, 2015 (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	6,265,030	6,313,543	6,429,333	512,447
2. Power Production Expense				
3. Cost of Purchased Power	2,623,983	2,663,214	2,640,311	206,099
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	408,022	397,838	596,678	34,109
7. Distribution Expense - Maintenance	578,727	518,293	640,002	41,459
8. Customer Accounts Expense	237,836	223,489	198,060	(6,363)
9. Customer Service and Informational Expense	79,630	84,981	74,924	5,573
10. Sales Expense	196			
11. Administrative and General Expense	614,286	517,803	549,688	43,000
12. Total Operation & Maintenance Expense (2 thru 11)	4,542,680	4,405,618	4,699,663	323,877
13. Depreciation and Amortization Expense	665,274	704,777	692,700	59,255
14. Tax Expense - Property & Gross Receipts	208,810	218,088	219,600	17,543
15. Tax Expense - Other				
16. Interest on Long-Term Debt	564,228	660,518	676,680	58,615
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	33,855	13,236	8,000	(53)
19. Other Deductions	16,345			
20. Total Cost of Electric Service (12 thru 19)	6,031,192	6,002,237	6,296,643	459,237
21. Patronage Capital & Operating Margins (1 minus 20)	233,838	311,306	132,690	53,210
22. Non Operating Margins - Interest	7,320	7,007	6,435	605
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	43,609	35,760	31,200	9,946
25. Non Operating Margins - Other	33,055	94,263	58,000	33,588
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	126,135	123,668	101,000	4,181
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	443,957	572,004	329,325	101,530

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			MI0029		
			PERIOD ENDED December, 2015		
INSTRUCTIONS - See help in the online application.					
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	22	34	5. Miles Transmission		
2. Services Retired	1	82	6. Miles Distribution – Overhead	799.98	799.48
3. Total Services in Place	5,827	5,777	7. Miles Distribution - Underground	158.69	161.90
4. Idle Services (Exclude Seasonals)	663	624	8. Total Miles Energized (5 + 6 + 7)	958.67	961.38
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service		23,272,325	30. Memberships		23,005
2. Construction Work in Progress		2,078,742	31. Patronage Capital		3,380,738
3. Total Utility Plant (1 + 2)		25,351,067	32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.		7,998,347	33. Operating Margins - Current Year		434,973
5. Net Utility Plant (3 - 4)		17,352,720	34. Non-Operating Margins		137,030
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)		4,008,243
8. Invest. in Assoc. Org. - Patronage Capital		157,825	37. Long-Term Debt - RUS (Net)		5,101,782
9. Invest. in Assoc. Org. - Other - General Funds		529,207	38. Long-Term Debt - FFB - RUS Guaranteed		0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		71,688	39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects		0	40. Long-Term Debt Other (Net)		9,245,825
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)		758,720	43. Total Long-Term Debt (37 thru 41 - 42)		14,347,607
15. Cash - General Funds		401,369	44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee		3	45. Accumulated Operating Provisions and Asset Retirement Obligations		427,524
17. Special Deposits		0	46. Total Other Noncurrent Liabilities (44 + 45)		427,524
18. Temporary Investments		0	47. Notes Payable		0
19. Notes Receivable (Net)		0	48. Accounts Payable		564,448
20. Accounts Receivable - Sales of Energy (Net)		765,588	49. Consumers Deposits		13,600
21. Accounts Receivable - Other (Net)		75,953	50. Current Maturities Long-Term Debt		488,000
22. Renewable Energy Credits		0	51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other		219,974	52. Current Maturities Capital Leases		0
24. Prepayments		53,044	53. Other Current and Accrued Liabilities		311,531
25. Other Current and Accrued Assets		0	54. Total Current & Accrued Liabilities (47 thru 53)		1,377,579
26. Total Current and Accrued Assets (15 thru 25)		1,515,931	55. Regulatory Liabilities		98,243
27. Regulatory Assets		0	56. Other Deferred Credits		30,210
28. Other Deferred Debits		662,035	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		20,289,406
29. Total Assets and Other Debits (5+14+26 thru 28)		20,289,406			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0029
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2015
<b>PART D. NOTES TO FINANCIAL STATEMENTS</b>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0029
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<b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b>	



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INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2015		

  

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	20,656,169	496,854	181,632		20,971,391
2. General Plant	1,518,480	256,193	2,161		1,772,512
3. Headquarters Plant	433,435	93,638			527,073
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)	22,609,433	846,685	183,793		23,272,325
9. Construction Work in Progress	487,112	1,591,630			2,078,742
10. Total Utility Plant (8 + 9)	23,096,545	2,438,315	183,793		25,351,067

  

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	238,573	56,233	8,218	82,017		(1,033)	219,974
2. Other	0						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	30.640	78.970	13.010	91.300		213.920
2. Five-Year Average	188.770	136.150	18.500	131.180		474.600

  

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS			
1. Number of Full Time Employees	10	4. Payroll - Expensed	491,274
2. Employee - Hours Worked - Regular Time	23,346	5. Payroll - Capitalized	192,809
3. Employee - Hours Worked - Overtime	1,208	6. Payroll - Other	164,822

  

PART I. PATRONAGE CAPITAL			
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements		
	b. Special Retirements		
	c. Total Retirements (a + b)		
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power		
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	81,968	
	c. Total Cash Received (a + b)	81,968	

  

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1. Amount Due Over 60 Days	\$ 31,143	2. Amount Written Off During Year	\$ 22,049

  

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  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>					BORROWER DESIGNATION  MI0029				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December, 2015				
<b>PART K. kWh PURCHASED AND TOTAL COST</b>									
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	Wisconsin Public Service Corp	20860			25,409,205	1,950,119	7.67		
2	Wisconsin Electric Power Co	20847			3,129,080	266,394	8.51		
3	Upper Peninsula Power Company	19578				446,701	0.00		
	Total				28,538,285	2,663,214	9.33		

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INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2015
<b>PART K. kWh PURCHASED AND TOTAL COST</b>		
<b>No</b>	<b>Comments</b>	
1		
2		
3		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0029	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2015	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	<b>TOTAL</b>		



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029	
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2015	
INSTRUCTIONS - See help in the online application.			
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 6/20/2015	2. Total Number of Members 3,517	3. Number of Members Present at Meeting 41	4. Was Quorum Present? N
5. Number of Members Voting by Proxy or Mail 65	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 39,630	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, 2015		
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)	5,101,782	213,693	137,963	351,656
2	National Rural Utilities Cooperative Finance Corporation	189,554	7,853	16,228	24,081
3	CoBank, ACB	9,056,271	440,250	315,803	756,053
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				
	TOTAL	14,347,607	661,796	469,994	1,131,790

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2015		
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	3,201	3,193	
	b. kWh Sold			17,842,331
	c. Revenue			4,364,191
2. Residential Sales - Seasonal	a. No. Consumers Served	1,281	1,286	
	b. kWh Sold			1,724,142
	c. Revenue			813,318
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	210	209	
	b. kWh Sold			5,195,014
	c. Revenue			1,019,589
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	134	136	
	b. kWh Sold			109,734
	c. Revenue			19,495
7. Other Sales to Public Authorities	a. No. Consumers Served	25	25	
	b. kWh Sold			60,518
	c. Revenue			18,286
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)	4,851	4,849	
11.	Total kWh Sold (lines 1b thru 9b)			24,931,739
12.	Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)			6,234,879
13.	Transmission Revenue			
14.	Other Electric Revenue			78,663
15.	kWh - Own Use			
16.	Total kWh Purchased			28,538,285
17.	Total kWh Generated			
18.	Cost of Purchases and Generation			2,663,214
19.	Interchange - kWh - Net			
20.	Peak - Sum All kW Input (Metered) Non-coincident___ Coincident___			5,314

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>				BORROWER DESIGNATION      MI0029		
INSTRUCTIONS - See help in the online application.				PERIOD ENDED      December, 2015		
<b>PART P. ENERGY EFFICIENCY PROGRAMS</b>						
CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)		24,970	50	1,080	168,029	3,743
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less		17,276	12		47,537	657
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
<b>10. Total</b>		<b>42,246</b>	<b>62</b>	<b>1,080</b>	<b>215,566</b>	<b>4,400</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2015			
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	32,403			
	National Informational Solutions Cooperative	37,651			
	NRUCFC(Pat Cap. Member Cert & CTC's)	26,283	71,688		
	RESCO	65			
	Settlers Cooperative Inc.	510			
	American Transmission Company	483,240			
	CoBank	91,962			
	Cooperative Response Center	13,918			
	NRUCFC-Membership	1,000			
	Totals	687,032	71,688		
6	Cash - General				
	Checking, Savings & Working Funds		401,369		
	Totals		401,369		
9	Accounts and Notes Receivable - NET				
	Various		75,953		
	Totals		75,953		
11	TOTAL INVESTMENTS (1 thru 10)	687,032	549,010		



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION          INVESTMENTS, LOAN GUARANTEES AND LOANS</b>		BORROWER DESIGNATION MI0029			
		PERIOD ENDED December, 2015			
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<b>PART Q. SECTION II. LOAN GUARANTEES</b>					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	<b>TOTAL</b>				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2015			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
SECTION III. RATIO					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]					2.71 %
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				
	<b>TOTAL</b>				