

| | |
|---|--|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION | BORROWER DESIGNATION MI026 |
| FINANCIAL AND STATISTICAL REPORT Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar. | BORROWER NAME HomeWorks Tri-County Electric Cooperative |
| | ENDING DATE 12/31/2005 |

CERTIFICATION

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.

Patrick Dennis 4/25/06
Signature of Office Manager or Accountant Date

Sue Bray 4/25/06
Signature of Manager Date

NEW AUTHORIZATION CHOICES

A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?

NRECA Yes No

B. Will you authorize CFC to share your data with other co-ops on Cooperative.com's website?

Cooperative.com Yes No

PART A. STATEMENT OF OPERATIONS

| ITEM | YEAR-TO-DATE | | | |
|---|------------------|------------------|---------------|-------------------|
| | LAST YEAR (a) | THIS YEAR (b) | BUDGET (c) | THIS MONTH (d) |
| 1. Operating Revenue and Patronage Capital | 26,103,300 | 30,043,016 | 27,567,000 | 3,143,731 |
| 2. Power Production Expense | 0 | 0 | | 0 |
| 3. Cost of Purchased Power | 16,726,332 | 20,051,482 | 17,831,900 | 2,025,818 |
| 4. Transmission Expense | 0 | 0 | | 0 |
| 5. Distribution Expense - Operation | 961,221 | 968,734 | 1,036,100 | 139,324 |
| 6. Distribution Expense - Maintenance | 1,342,505 | 1,333,408 | 1,207,100 | 226,013 |
| 7. Consumer Accounts Expense | 912,301 | 1,020,722 | 871,600 | 127,287 |
| 8. Customer Service and Informational Expense | 735,614 | 771,060 | 773,700 | 111,934 |
| 9. Sales Expense | 129,919 | 148,775 | 146,900 | 18,804 |
| 10. Administrative and General Expense | 1,750,990 | 2,026,354 | 1,681,200 | 211,855 |
| 11. Total Operation & Maintenance Expense (2 thru 10) | 22,558,882 | 26,320,537 | 23,548,500 | 2,861,036 |
| 12. Depreciation & Amortization Expense | 1,750,028 | 1,831,226 | 1,887,300 | 158,231 |
| 13. Tax Expense - Property | 452,676 | 465,642 | 661,500 | (140,408) |
| 14. Tax Expense - Other | 94,227 | 166,832 | 114,000 | 78,832 |
| 15. Interest on Long-Term Debt | 995,912 | 1,320,159 | 1,204,000 | 128,068 |
| 16. Interest Charged to Construction (Credit) | 0 | 0 | 0 | 0 |
| 17. Interest Expense - Other | 78,387 | 132,084 | 113,600 | 3,557 |
| 18. Other Deductions | (95,235) | (95,235) | (95,200) | (7,936) |
| 19. Total Cost of Electric Service (11 thru 18) | 25,834,877 | 30,141,246 | 27,433,700 | 3,081,379 |
| 20. Patronage Capital & Operating Margins (11 minus 19) | 268,423 | (98,230) | 133,300 | 62,352 |
| 21. Non Operating Margins - Interest | 49,451 | 49,125 | 37,700 | 6,599 |
| 22. Allowance for Funds Used During Construction | 0 | 0 | 0 | 0 |
| 23. Income (Loss) from Equity Investments | 740,170 | 571,093 | 0 | 571,093 |
| 24. Non Operating Margins - Other | 81,790 | 10,752 | 67,000 | 4,297 |
| 25. Generation & Transmission Capital Credits | 2,219,179 | 2,373,942 | 1,988,400 | 2,373,942 |
| 26. Other Capital Credits & Patronage Dividends | 101,268 | 113,570 | 98,700 | (10,635) |
| 27. Extraordinary Items | 0 | 0 | 0 | 0 |
| 28. Patronage Capital or Margins (20 thru 27) | 3,460,281 | 3,020,253 | 2,325,100 | 3,007,648 |

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 | 218 | 507 | 5. Miles Transmission | 0 | 0 |
| 2. Services Retired | 107 | 70 | 6. Miles Distribution Overhead | 2,877 | 2,888 |
| 3. Total Services In Place | 26,583 | 27,020 | 7. Miles Distribution Underground | 361 | 379 |
| 4. Idle Services (Exclude Seasonal) | 1,698 | 1,836 | 8. Total Miles Energized (5+6+7) | 3,238 | 3,267 |

| CFC FINANCIAL AND STATISTICAL REPORT | | BORROWER DESIGNATION MI026 | |
|---|------------|--|------------|
| | | YEAR ENDING 12/31/2005 | |
| PART C. BALANCE SHEET | | | |
| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
| 1. Total Utility Plant in Service | 66,602,675 | 28. Memberships | 194,015 |
| 2. Construction Work in Progress | 358,553 | 29. Patronage Capital | 28,054,916 |
| 3. Total Utility Plant (1+2) | 66,961,228 | 30. Operating Margins - Prior Years | 1,409,229 |
| 4. Accum. Provision for Depreciation and Amort | 19,629,689 | 31. Operating Margins - Current Year | 2,364,931 |
| 5. Net Utility Plant (3-4) | 47,331,539 | 32. Non-Operating Margins | 849,304 |
| 6. Nonutility Property - Net | 3,300 | 33. Other Margins & Equities | 541,930 |
| 7. Investment in Subsidiary Companies | 3,040,135 | 34. Total Margins & Equities (28 thru 33) | 33,414,325 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 13,605,790 | 35. Long-Term Debt CFC (Net) | 29,126,428 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | (Payments-Unapplied (\$ _____)) | |
| 10. Invest in Assoc. Org. - Other - Nongeneral Funds | 1,213,124 | 36. Long-Term Debt - Other (Net) | 17,944 |
| 11. Investments in Economic Development Projects | 14,815 | (Payments-Unapplied (\$ _____)) | |
| 12. Other Investments | 0 | 37. Total Long-Term Debt (35+36) | 29,144,373 |
| 13. Special Funds | 0 | 38. Obligations Under Capital Leases | 0 |
| 14. Total Other Property & Investments (6 thru 13) | 17,877,164 | 39. Accumulated Operating Provisions | 1,451,820 |
| 15. Cash-General Funds | 1,145,462 | 40. Total Other Noncurrent Liabilities (38+39) | 1,451,820 |
| 16. Cash-Construction Funds-Trustee | 0 | 41. Notes Payable | 1,000,000 |
| 17. Special Deposits | 0 | 42. Accounts Payable | 3,044,570 |
| 18. Temporary Investments | 699,211 | 43. Consumers Deposits | 477,038 |
| 19. Notes Receivable - Net | 135,424 | 44. Current Maturities Long-Term Debt | 1,464,000 |
| 20. Accounts Receivable - Net Sales of Energy | 5,053,090 | 45. Current Maturities Long-Term Debt-Economic Dev. | 45,000 |
| 21. Accounts Receivable - Net Other | 287,094 | 46. Current Maturities Capital Leases | 0 |
| 22. Materials & Supplies - Electric and Other | 924,319 | 47. Other Current & Accrued Liabilities | 1,812,649 |
| 23. Prepayments | 198,420 | 48. Total Current & Accrued Liabilities (41 thru 47) | 7,843,257 |
| 24. Other Current & Accrued Assets | 0 | 49. Deferred Credits | 1,801,551 |
| 25. Total Current & Accrued Assets (15 thru 24) | 8,443,020 | 50. Total Liabilities & Other Credits (34+37+40-48+49) | 73,655,326 |
| 26. Deferred Debits | 3,603 | | |
| 27. Total Assets & Other Debits (5+14+25-26) | 73,655,326 | ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION | |
| | | Balance Beginning of Year | 0 |
| | | Amounts Received This Year (Net) | 0 |
| | | TOTAL Contributions-In-Aid-Of-Construction | 0 |
| PART D. NOTES TO FINANCIAL STATEMENTS | | | |
| 1. CASH RECEIVED AS A RESULT OF RETIREMENT OF G&T AND OTHER CAPITAL CREDITS | | 2. INCOME TAX PAID | |
| TWO PREVIOUS YEARS | 1,017,334 | TWO PREVIOUS YEARS | 0 |
| PREVIOUS YEAR | 688,133 | PREVIOUS YEAR | 0 |
| CURRENT YEAR | 312,204 | CURRENT YEAR | 0 |
| 3. AMOUNT OF GAIN FROM PREPAYMENT OF RUS NOTES | | | |
| CURRENT YEAR | 95,235 | | |
| THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT | | | |
| Refer to audit report for notes to the financial statements. | | | |

CFC
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION
MI026

YEAR ENDING

12/31/2005

PART E. CHANGES IN UTILITY PLANT

| ITEM | BALANCE BEGINNING OF YEAR (a) | ADDITIONS (b) | RETIREMENTS (c) | ADJUSTMENTS AND TRANSFER (d) | BALANCE OF YEAR (e) | DEPRECIATION RATE % (f) |
|---|--|------------------|--------------------|------------------------------------|---------------------------|----------------------------|
| 1. Land and Land Rights (360) | 275,158 | 55,241 | 0 | 0 | 330,399 | |
| 2. Structures and Improvements (361) | 2,392,712 | 126,268 | 0 | 0 | 2,518,980 | 2.08% |
| 3. Station Equipment (362) | 0 | 0 | 0 | 0 | 0 | |
| 4. Storage Battery Equipment | 0 | 0 | 0 | 0 | 0 | |
| 5. Poles, Towers, and Fixtures (364) | 19,395,248 | 919,559 | 520,063 | 0 | 19,794,744 | 3.00% |
| 6. Overhead Conductors and Devices (365) | 13,104,574 | 549,292 | 173,355 | 0 | 13,480,511 | 2.30% |
| 7. Underground Conduit (366) | 141,930 | 0 | 0 | 0 | 141,930 | 2.70% |
| 8. Underground Conductors and Devices (367) | 5,667,665 | 294,983 | 83,435 | 0 | 5,879,214 | 2.40% |
| 9. Line Transformers (368) | 8,371,892 | 191,005 | 1,517 | 0 | 8,561,380 | 2.60% |
| 10. Services (369) | 6,802,517 | 461,829 | 133,795 | 0 | 7,130,551 | 3.10% |
| 11. Meters (370) | 2,593,311 | 163,616 | 69,412 | 0 | 2,687,515 | 2.90% |
| 12. Installation on Consumer's Premises (371) | 71,191 | 0 | 0 | 0 | 71,191 | 3.90% |
| 13. Leased Property on Consumer's Premises (372) | 570 | 0 | 0 | 0 | 570 | 3.60% |
| 14. Street Lighting (373) | 30,847 | 0 | 0 | 0 | 30,847 | 3.80% |
| 15. SUBTOTAL: Distribution (1 thru 14) | 58,847,614 | 2,761,794 | 981,577 | 0 | 60,627,832 | |
| 16. Land and Land Rights (See Line 26) | | | | | | |
| 17. Structures and Improvements (See Line 26) | | | | | | |
| 18. Office Furniture & Equipment (391) | 1,042,373 | 30,994 | 10,929 | 0 | 1,062,439 | 11.33% |
| 19. Transportation Equipment (392) | 2,228,750 | 104,111 | 234,178 | 0 | 2,098,684 | 9.27% |
| 20. Stores, Tool's Shop, Garage, and Laboratory Equipment (393, 394, 395) | 317,215 | 2,584 | 0 | 0 | 319,799 | 4.94% |
| 21. Power-Operated Equipment (396) | 584,754 | 23,967 | 8,327 | 0 | 600,393 | 6.35% |
| 22. Communication Equipment (397) | 410,132 | 0 | 1,167 | 0 | 408,965 | 11.19% |
| 23. Miscellaneous Equipment (398) | 101,701 | 0 | 8,000 | 0 | 93,701 | 4.41% |
| 24. Other Tangible Property (399) | 0 | 0 | 0 | 0 | 0 | |
| 25. SUBTOTAL: General Plant (18 thru 24) | 4,684,926 | 161,656 | 262,601 | 0 | 4,583,981 | |
| 26. Headquarters Plant (389 & 390) | 1,027,923 | 43,570 | 3,924 | 0 | 1,067,569 | |
| 27. Intangibles (301, 302, 303) | 323,292 | 0 | 0 | 0 | 323,292 | |
| 28. Land and Land Rights, Roads and Trails (350, 359) | 0 | 0 | 0 | 0 | 0 | |
| 29. Structures and Improvements (352) | 0 | 0 | 0 | 0 | 0 | |
| 30. Station Equipment (353) | 0 | 0 | 0 | 0 | 0 | |
| 31. Towers and Fixtures and Poles and Fixtures (354, 355) | 0 | 0 | 0 | 0 | 0 | |
| 32. Overhead, Conductors, and Devices (356) | 0 | 0 | 0 | 0 | 0 | |
| 33. Underground Conduit (357) | 0 | 0 | 0 | 0 | 0 | |
| 34. Underground Conductor & Devices (358) | 0 | 0 | 0 | 0 | 0 | |
| 35. SUBTOTAL: Transmission Plant (28 thru 34) | 0 | 0 | 0 | 0 | 0 | |
| 36. Production Plant - Steam (310-316) | 0 | 0 | 0 | 0 | 0 | |
| 37. Production Plant - Nuclear (320-325) | 0 | 0 | 0 | 0 | 0 | |
| 38. Production Plant - Hydro (330-336) | 0 | 0 | 0 | 0 | 0 | |
| 39. Production Plant - Other (340-346) | 0 | 0 | 0 | 0 | 0 | |
| 40. All Other Utility Plant (102, 104-106, 114, 118) | 0 | 0 | 0 | 0 | 0 | |
| 41. SUBTOTAL:(15+25+26+27+35 thru 40) | 64,883,756 | 2,967,021 | 1,248,102 | 0 | 66,602,675 | |
| 42. Construction Work in Progress (107) | 74,388 | 284,165 | | | 358,553 | |
| 43. TOTAL UTILITY PLANT (41+42) | 64,958,144 | 3,251,186 | 1,248,102 | 0 | 66,961,228 | |

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| PART F. ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION - TOTAL ELECTIC PLANT | | | | |
|--|---------------------------|----------------------|---------------------------|--------------------|
| ITEM | DISTRIBUTION PLANT (a) | GENERAL PLANT (b) | TRANSMISSION PLANT (c) | OTHER PLANT (d) |
| 1. Balance Beginning of Year | 15,089,986 | 3,087,055 | 0 | 136,696 |
| 2. Additions - Depreciation Accruals Charged to: | | | | |
| a. Depreciation Expense | 1,616,267 | 221,419 | 0 | 41,090 |
| b. Clearing Accounts and Others | 0 | 232,736 | 0 | 0 |
| c. Subtotal (a+b) | 1,616,267 | 454,154 | 0 | 41,090 |
| 3. Less - Plant Retirements: | | | | |
| a. Plant Retired | 412,923 | 264,189 | 0 | 0 |
| b. Removal Costs | 144,101 | 0 | 0 | 0 |
| c. Subtotal (a+b) | 556,124 | 264,189 | 0 | 0 |
| 4. Plus Salvaged Materials | 24,752 | 0 | 0 | 0 |
| 5. TOTAL (2c - 3c +4) | 1,084,896 | 189,966 | 0 | 41,090 |
| 6. Other Adjustments - Debit or Credit | 0 | 0 | 0 | 0 |
| 7. Balance End of Year (1+5+6) | 16,174,882 | 3,277,021 | 0 | 177,786 |

AS OF 12/31/98 CFC NO LONGER REQUIRES SECTIONS "G", "N" AND "P" DATA
Those sections refer to data on, "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and Conservation Data" (P).

| PART H. SERVICE INTERRUPTIONS | | | | | |
|-------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------|
| ITEM | Avg. Hours per Consumer by Cause | Avg. Hours per Consumer by Cause | Avg. Hours per Consumer by Cause | Avg. Hours per Consumer by Cause | TOTAL (e) |
| | Power Supplier (a) | Extreme Storm (b) | Prearranged (c) | All Other (d) | |
| 1. Present Year | 0.64 | 0.00 | 0.03 | 3.92 | 4.59 |
| 2. Five-Year Average | 1.07 | 4.84 | 0.06 | 2.98 | 8.95 |

| PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS | | | |
|--|---------|--------------------------|-----------|
| 1. Number of Full Time Employees | 80 | 4. Payroll - Expensed | 2,612,301 |
| 2. Employee - Hours Worked - Regular Time | 182,620 | 5. Payroll - Capitalized | 777,825 |
| 3. Employee - Hours Worked - Overtime | 9,837 | 6. Payroll - Other | 1,111,501 |

| PART J. PATRONAGE CAPITAL | | | PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE | |
|---|------------------|-------------------|---|--|
| ITEM | THIS YEAR (a) | CUMULATIVE (b) | | |
| 1. General Retirement | 334,544 | 3,670,856 | 1. Amount Due Over 60 Days: 78,521 | |
| 2. Special Retirements | 0 | 303,979 | 2. Amount Written Off During Year: | |
| 3. Total Retirements (1+2) | 334,544 | 3,974,835 | | |
| 4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power | 215,295 | | 37,772 | |
| 5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System | 94,020 | | | |
| 6. Total Cash Received (4-5) | 309,315 | | | |

| PART L. KWH PURCHASED AND TOTAL COST | | | | | | |
|--------------------------------------|-----------------------------------|----------------------|-------------------|-------------------------------------|-----------------------------|--|
| NAME OF SUPPLIER (a) | CFC USE ONLY SUPPLIER CODE (b) | KWH PURCHASED (c) | TOTAL COST (d) | AVERAGE COST PER KWH (cents) (e) | INCLUDED IN TOTAL COST | |
| | | | | | FUEL COST ADJUSTMENT (f) | WHEELING & OTHER CHARGES (or Credits) (g) |
| 1. Wolverine Power Supply | | 304,376,400 | 19,812,933 | 6.51 | 2,734,481 | 2,397,433 |
| 2. | | 0 | 0 | 0.00 | 0 | 0 |
| 3. | | 0 | 0 | 0.00 | 0 | 0 |
| 4. | | 0 | 0 | 0.00 | 0 | 0 |
| TOTALS | | 304,376,400 | 19,812,933 | 6.51 | 2,734,481 | 2,397,433 |

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PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

| LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE") | | |
|--|----------------|------------------|
| | NAME OF LESSOR | RENTAL THIS YEAR |
| 1. | N/A | \$0 |
| 2. | | |
| TOTAL | | \$0 |
| <p>** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000.</p> | | |

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

| | NAME OF LENDER | BALANCE END OF YEAR | BILLED THIS YEAR | | | CFC USE ONLY (e) |
|--------------------------------|--|---------------------|--------------------|--------------------|--------------------|------------------|
| | | | INTEREST (a) | PRINCIPAL (b) | TOTAL (c) | |
| 1. | National Rural Utilities Cooperative Finance Corporation | 30,590,428 | 1,279,262 | 1,391,379 | 2,670,641 | |
| 2. | RUS-Economic Development Loan | 62,944 | 0 | 44,445 | 44,445 | |
| 3. | | 0 | 0 | 0 | 0 | |
| 4. | | 0 | 0 | 0 | 0 | |
| 5. | | 0 | 0 | 0 | 0 | |
| 6. | | 0 | 0 | 0 | 0 | |
| 7. | | 0 | 0 | 0 | 0 | |
| 8. | | 0 | 0 | 0 | 0 | |
| 9. | | 0 | 0 | 0 | 0 | |
| TOTAL (Sum of 1 thru 9) | | \$30,653,373 | \$1,279,262 | \$1,435,824 | \$2,715,086 | |

| CFC FINANCIAL AND STATISTICAL REPORT | | BORROWER DESIGNATION MI026 YEAR ENDING 12/31/2005 | | | | | |
|---|----------------------------------|---|------------|------------|------------|------------|------------|
| PART R. POWER REQUIREMENTS DATA BASE | | | | | | | |
| CLASSIFICATION | CONSUMER SALES & REVENUE DATA | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE |
| | | (a) | (b) | (c) | (d) | (e) | (f) |
| 1. Residential Sales (excluding seasonal) | a. No. Consumers Served | 21,926 | 22,053 | 22,037 | 22,062 | 22,096 | 22,043 |
| | b. KWH Sold | 20,284,138 | 16,849,620 | 17,880,394 | 14,674,170 | 14,729,963 | 19,252,920 |
| | c. Revenue | 1,863,988 | 1,676,545 | 1,673,113 | 1,427,524 | 1,476,686 | 2,003,734 |
| 2. Residential Sales - Seasonal | a. No. Consumers Served | | | | | | 0 |
| | b. KWH Sold | | | | | | 0 |
| | c. Revenue | | | | | | 0 |
| 3. Irrigation Sales | a. No. Consumers Served | 215 | 215 | 215 | 215 | 218 | 220 |
| | b. KWH Sold | 10,785 | 8,888 | 9,225 | 10,196 | 91,410 | 512,809 |
| | c. Revenue | 4,501 | 3,345 | 3,681 | 4,717 | 20,858 | 84,095 |
| 4. Comm. and Ind. 1000 KVA or Less | a. No. Consumers Served | 2,600 | 2,496 | 2,500 | 2,510 | 2,519 | 2,522 |
| | b. KWH Sold | 3,563,065 | 2,969,649 | 3,205,294 | 2,788,428 | 3,194,833 | 4,311,644 |
| | c. Revenue | 345,951 | 312,385 | 319,275 | 284,703 | 331,955 | 453,947 |
| 5. Comm. and Ind. Over 1000 KVA | a. No. Consumers Served | 3 | 3 | 3 | 3 | 3 | 3 |
| | b. KWH Sold | 1,410,590 | 1,199,529 | 1,402,723 | 1,194,416 | 1,380,802 | 1,649,634 |
| | c. Revenue | 83,047 | 79,181 | 82,760 | 72,588 | 82,052 | 110,195 |
| 6. Public Street & Highway Lighting | a. No. Consumers Served | 24 | 24 | 24 | 25 | 25 | 25 |
| | b. KWH Sold | 9,678 | 8,769 | 10,149 | 8,906 | 10,162 | 12,452 |
| | c. Revenue | 1,630 | 1,351 | 1,367 | 1,273 | 1,457 | 1,838 |
| 7. Other Sales to Public Authority | a. No. Consumers Served | 135 | 133 | 132 | 132 | 132 | 132 |
| | b. KWH Sold | 516,409 | 473,887 | 508,600 | 424,782 | 555,282 | 424,045 |
| | c. Revenue | 43,171 | 42,341 | 42,770 | 37,691 | 47,477 | 43,809 |
| 8. Sales for Resales-REA Borrowers | a. No. Consumers Served | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. KWH Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Sales for Resales-Other | a. No. Consumers Served | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. KWH Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. TOTAL No. of Consumers (lines 1a thru 9a) | | 24,903 | 24,924 | 24,911 | 24,947 | 24,993 | 24,945 |
| 11. TOTAL KWH Sold (lines 1b thru 9b) | | 25,794,665 | 21,510,342 | 23,016,385 | 19,100,898 | 19,962,452 | 26,163,504 |
| 12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c) | | 2,342,288 | 2,115,148 | 2,122,966 | 1,828,496 | 1,960,485 | 2,697,618 |
| 13. Other Electric Revenue | | 15,493 | 26,774 | 50,797 | 27,825 | 29,260 | 25,259 |
| 14. KWH - Own Use | | | | | | | |
| 15. TOTAL KWH Purchased | | 27,736,200 | 23,129,400 | 24,748,800 | 20,538,600 | 21,465,000 | 28,132,800 |
| 16. TOTAL KWH Generated | | | | | | | |
| 17. Cost of Purchases and Generation | | 1,592,228 | 1,439,870 | 1,402,807 | 1,176,550 | 1,212,050 | 1,764,150 |
| 18. Interchange - KWH - Net | | | | | | | |
| 19. Peak - Sum All KW Input (Metered) Non-coincident <u>X</u> Coincident | | 54,964 | 49,923 | 49,318 | 44,448 | 45,887 | 71,936 |

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BORROWER DESIGNATION

MI026

YEAR ENDING

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PART R. POWER REQUIREMENTS DATA BASE (Continued)

(See preceding page 6 of CFC Form 7 for Headings of Line Item numbers below.)

| LINE ITEM NUMBER | | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL |
|------------------|----|------------|------------|------------|------------|------------|------------|--------------------------|
| | | (g) | (h) | (i) | (j) | (k) | (l) | (Column a thru l) (m) |
| 1 | a. | 22,053 | 22,085 | 22,108 | 22,115 | 22,136 | 22,160 | 22,043 |
| | b. | 20,175,150 | 19,644,405 | 15,612,159 | 15,975,282 | 16,298,310 | 20,630,334 | 212,006,845 |
| | c. | 2,130,332 | 2,244,951 | 1,809,957 | 1,849,845 | 1,838,527 | 2,427,676 | 22,422,878 |
| 2 | a. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | a. | 220 | 221 | 221 | 221 | 221 | 222 | 219 |
| | b. | 2,036,051 | 1,891,604 | 1,085,461 | 325,749 | 62,403 | 14,633 | 6,159,214 |
| | c. | 232,668 | 230,267 | 148,331 | 57,273 | 29,598 | 22,062 | 841,396 |
| 4 | a. | 2,532 | 2,542 | 2,543 | 2,548 | 2,552 | 2,557 | 2,579 |
| | b. | 4,280,468 | 3,718,860 | 3,225,023 | 3,715,282 | 4,181,975 | 4,011,889 | 43,166,410 |
| | c. | 458,192 | 434,329 | 379,327 | 428,688 | 463,915 | 483,473 | 4,696,140 |
| 5 | a. | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | b. | 1,516,650 | 1,269,089 | 1,198,676 | 1,455,128 | 1,455,407 | 1,516,047 | 16,648,691 |
| | c. | 105,820 | 104,308 | 96,308 | 112,041 | 108,200 | 129,604 | 1,166,105 |
| 6 | a. | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| | b. | 10,627 | 9,450 | 8,492 | 10,295 | 10,559 | 10,854 | 120,393 |
| | c. | 1,618 | 1,532 | 1,376 | 1,640 | 1,649 | 1,721 | 18,451 |
| 7 | a. | 132 | 133 | 133 | 133 | 134 | 133 | 134 |
| | b. | 393,855 | 415,202 | 394,481 | 481,701 | 470,934 | 500,854 | 5,560,032 |
| | c. | 39,600 | 43,685 | 44,130 | 52,872 | 52,021 | 53,779 | 543,346 |
| 8 | a. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | a. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | | 24,965 | 25,009 | 25,033 | 25,045 | 25,071 | 25,100 | 25,002 |
| 11 | | 28,412,801 | 26,948,610 | 21,524,292 | 21,963,437 | 22,479,588 | 26,784,611 | 283,661,585 |
| 12 | | 2,968,230 | 3,059,072 | 2,479,429 | 2,502,359 | 2,493,910 | 3,118,315 | 29,688,317 |
| 13 | | 25,846 | 29,517 | 28,357 | 27,504 | 42,651 | 25,416 | 354,699 |
| 14 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | | 30,551,400 | 28,977,000 | 23,144,400 | 23,616,600 | 24,171,600 | 28,164,600 | 304,376,400 |
| 16 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 | | 2,048,490 | 2,206,675 | 1,764,478 | 1,739,053 | 1,679,313 | 2,025,818 | 20,051,482 |
| 18 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | | 73,431 | 73,265 | 59,465 | 53,996 | 54,561 | 56,335 | 73,431 |

| CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION (All investments refer to your most recent CFC Loan Agreement) Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar. | | BORROWER DESIGNATION MI026 BORROWER NAME HomeWorks Tri-County Electric Cooperative MONTH ENDING 12/31/2005 | | |
|---|----------------------|---|-----------------------|--|
| 7a - PART 1 - INVESTMENTS | | | | |
| DESCRIPTION (a) | INCLUDED (\$) (b) | EXCLUDED (\$) (c) | INCOME OR LOSS (d) | |
| 1. NON-UTILITY PROPERTY (NET) | | | | |
| 1 Lot at Canadian Lakes, MI | 3,300 | 0 | 0 | |
| 2 | 0 | 0 | 0 | |
| 3 | 0 | 0 | 0 | |
| 4 | 0 | 0 | 0 | |
| Subtotal (Line 1 thru 4) | 3,300 | 0 | 0 | |
| 2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS | | | | |
| 5 See Attached Notes | 2,650,766 | 14,637,190 | 571,093 | |
| 6 | 0 | 0 | 0 | |
| 7 | 0 | 0 | 0 | |
| 8 | 0 | 0 | 0 | |
| Subtotal (Line 5 thru 8) | 2,650,766 | 14,637,190 | 571,093 | |
| 3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS | | | | |
| 9 Leprino Foods | 14,815 | 0 | 0 | |
| 10 | 0 | 0 | 0 | |
| 11 | 0 | 0 | 0 | |
| 12 | 0 | 0 | 0 | |
| Subtotal (Line 9 thru 12) | 14,815 | 0 | 0 | |
| 4. OTHER INVESTMENTS | | | | |
| 13 N/A | 0 | 0 | 0 | |
| 14 | 0 | 0 | 0 | |
| 15 | 0 | 0 | 0 | |
| 16 | 0 | 0 | 0 | |
| Subtotal (Line 13 thru 16) | 0 | 0 | 0 | |
| 5. SPECIAL FUNDS | | | | |
| 17 N/A | 0 | 0 | 0 | |
| 18 | 0 | 0 | 0 | |
| 19 | 0 | 0 | 0 | |
| 20 | 0 | 0 | 0 | |
| Subtotal (Line 17 thru 20) | 0 | 0 | 0 | |
| 6. CASH - GENERAL | | | | |
| 21 Portland Federal Credit Union Accounts | 1,045,462 | 100,000 | 0 | |
| 22 | 0 | 0 | 0 | |
| 23 | 0 | 0 | 0 | |
| 24 | 0 | 0 | 0 | |
| Subtotal (Line 21 thru 24) | 1,045,462 | 100,000 | 0 | |
| 7. SPECIAL DEPOSITS | | | | |
| 25 | 0 | 0 | 0 | |
| 26 | 0 | 0 | 0 | |
| 27 | 0 | 0 | 0 | |
| 28 | 0 | 0 | 0 | |
| Subtotal (Line 25 thru 28) | 0 | 0 | 0 | |
| 8. TEMPORARY INVESTMENTS | | | | |
| 29 Cash-Fed-Line Account | 199,211 | 0 | 0 | |
| 30 NRUCFC Commercial Paper | 0 | 500,000 | 0 | |
| 31 | 0 | 0 | 0 | |
| 32 | 0 | 0 | 0 | |
| Subtotal (Line 29 thru 32) | 199,211 | 500,000 | 0 | |
| 9. ACCOUNT & NOTES RECEIVABLE - NET | | | | |
| 33 See Attached Notes | 369,759 | 52,759 | 0 | |
| 34 | 0 | 0 | 0 | |
| 35 | 0 | 0 | 0 | |
| 36 | 0 | 0 | 0 | |
| Subtotal (Line 33 thru 36) | 369,759 | 52,759 | 0 | |
| 10. COMMITMENTS TO INVEST WITH 12 MONTHS BUT NOT ACTUALLY PURCHASED | | | | |
| 37 N/A | 0 | 0 | 0 | |
| 38 | 0 | 0 | 0 | |
| 39 | 0 | 0 | 0 | |
| 40 | 0 | 0 | 0 | |
| Subtotal (Line 37 thru 40) | 0 | 0 | 0 | |
| Total | 4,283,313 | 15,289,949 | 571,093 | |



PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added 92 new ratios to the existing 53 ratios calculated from the data entered on your Form 7. These preliminary ratios can be used to evaluate your system's performance and used as an error checking device. MDSC and DSC will be "estimated" values. Your system's prior year's "Investment in Associated Orgs – Patronage Capital" must be entered as a part of the calculation for MDSC.

| ITEM DESCRIPTION | ENTER DATA | RATIO NO. | RATIO DESCRIPTION | ESTIMATED RATIO VALUE |
|---|--------------|-----------|---|-----------------------|
| Invest. In Assoc. Org. - Pat Cap (for 2004) | 12,607,364 | 1 | Average Total Consumers Served | 25,002.00 |
| Bill Debt Services (2005) | 2,336,488 | 2 | Total KWH Sold (1,000) | 283,662.00 |
| Total KWH Sold (for 2004) | 269,065,463 | 3 | Total Utility Plant (1,000) | 66,961.23 |
| Avg. Total Number of Consumers (for 2004) | 24,715 | 4 | Total Number of Employees (Full Time Only) | 80.00 |
| Total Utility Plant (for 2004) | 64,958,144 | 5 | Total Miles of Line | 3,267.00 |
| Total Margins and Equities (for 2003) | 28,130,765 | 6 | TIER (estimated) | 3.29 |
| Total Margins and Equities (for 2004) | 31,105,444 | 7 | TIER (2 of 3 year High Average) | 3.96 |
| Total Long-Term Debt (for 2003) | 23,607,490 | 8 | OTIER | 1.16 |
| Total Long-Term Debt (for 2004) | 25,576,751 | 9 | OTIER (2 of 3 year High Average) | 1.56 |
| Total Margins and Equities (for 2000) | 22,431,865 | 10 | MDSC (estimated) | 1.97 |
| Total Long-Term Debt (for 2000) | 19,255,920 | 11 | MDSC (2 of 3 year High Average) | 1.89 |
| Current Maturities Long-Term Debt - Economic Development (2004) | 45,000 | 12 | Debt Service Coverage - DSC (estimated) | 2.64 |
| Current Maturities Long-Term Debt (2004) | 1,423,000 | 13 | DSC (2 of 3 year High Average) | 2.66 |
| TIER (2003) | 3.45 | 14 | ODSC | 1.44 |
| TIER (2004) | 4.47 | 15 | ODSC (2 of 3 year High Average) | 1.52 |
| TIER (2005) | 3.29 | 16 | Equity As A % of Assets | 45.37 |
| | | 17 | Distribution Equity (excludes equity in Assoc. Org's Patronage Capital) | 32.99 |
| OTIER (2003) | 0.00 | 18 | Equity As A % of Total Capitalization | 53.41 |
| OTIER (2004) | 1.96 | 19 | Long-Term Debt As A % of Total Assets | 39.57 |
| OTIER (2005) | 1.16 | 20 | Long-Term Debt Per KWH Sold (Mills) | 102.74 |
| | | 21 | Long-Term Debt Per Consumer (\$) | 1,165.70 |
| MDSC (2003) | 1.82 | 22 | Non-Government Debt As % of Total Long-Term Debt | 100.00 |
| MDSC (2004) | 1.62 | 23 | Blended Interest Rate (%) | 4.58 |
| MDSC (2005) | 1.97 | 24 | Annual Capital Credits Retired Per Total Equity (%) | 1.00 |
| | | 25 | Long-Term Interest As A % of Revenue | 4.39 |
| DSC (2003) | 2.30 | 26 | Cumulative Patronage Capital Retired As A % of Total Patronage Capital | 10.63 |
| DSC (2004) | 2.68 | 27 | Rate of Return on Equity (%) | 9.04 |
| DSC (2005) | 2.64 | 28 | Rate of Return on Total Capitalization (%) | 6.94 |
| | | 29 | Current Ratio | 1.08 |
| ODSC (2003) | 0.00 | 30 | General Funds Per TUP (%) | 2.76 |
| ODSC (2004) | 1.60 | 31 | Plant Revenue Ratio (PPR) One Year | 6.70 |
| ODSC (2005) | 1.44 | 32 | Investment in Subsidiaries to Total Assets (%) | 4.13 |
| 2% of Total Margins & Equity | 668,286.50 | 33 | Total Operating Revenue per KWH Sold (Mills) | 105.91 |
| Total Long-Term Leases | - | 34 | Total Operating Revenue per TUP Investment (Cents) | 44.87 |
| 1/3 of the Lease portion | (222,762.17) | 35 | Total Operating Revenue Per Consumer (\$) | 1,201.65 |
| Pat Cap (Cash) portion | 1,489,086.30 | 36 | Electric Revenue per KWH Sold (Mills) | 104.66 |
| | | 37 | Electric Revenue per Cosumer (\$) | 1,187.46 |
| | | 38 | Residential Revenue per KWH Sold (Mills) | 105.76 |
| | | 39 | Non-Residential Revenue per KWH Sold (Mills) | 101.40 |
| | | 40 | Seasonal Revenue per KWH Sold (Mills) | #DIV/0! |

Part F.

Line 2.a. does not equal Part A., Line 12.b. because of amortization of insurance gain due to replacement of property lost in a fire on Jan. 13, 2004. This resulted in a reduction of \$47,550 to depreciation expense for 2005. The balance of this gain is shown as a liability in Part B., Line 49 "Deferred Credits".

| | |
|--------------------------------------|------------------|
| Depreciation per Part F., Line 2.a. | 1,878,776 |
| Amortization of insurance gain | <u>(47,550)</u> |
| Depreciation per Part A., Line 12.b. | <u>1,831,226</u> |

7a-Part 1-Investments

2. Investments in Associated Organizatons

| | Description | Included | Excluded | Income |
|-------|---|-----------|------------|---------|
| 1 | CFC Patronage | | 358,853 | |
| 2 | Tri-Co Services-50,000 shrs common stock | 50,000 | | |
| 3 | Tri-Co Services Subsidiary Investrment | 1,691,925 | | |
| 4 | Tri-Co Services Subsidiary Equity | 726,616 | | 571,093 |
| 5 | United Service Alliance-Subsidiary | 500 | | |
| 6 | NRUCFC Capital Term Cerificates | | 1,171,925 | |
| 7 | NRUCFC Membership | | 1,000 | |
| 8 | Cooperative Response Center-Membership | 3,103 | | |
| 9 | Michigan Electric Coop Assoc, Building | 34,477 | | |
| 10 | Michigan Electric Coop Assoc, Membership | 1,000 | | |
| 11 | National Rural Telecom Coop-Patronage | 519 | | |
| 12 | Natonal Cooperative Service Corp-Membership | 100 | | |
| 13 | Wolverine Power Supply Coop-Patronage | | 13,104,412 | |
| 14 | National Information Solutions Coop-Patronage | 58,842 | | |
| 15 | Rural Electric Supply Coop-Patronage | 32,129 | | |
| 16 | Co-Bank-Investment | | 1,000 | |
| 17 | Federated Rural Insurance Coop-Stock | 20,000 | | |
| 19 | Federated Rural Insurance Coop-Patronage | 31,554 | | |
| Total | | 2,650,766 | 14,637,190 | 571,093 |

9. Accounts & Notes Receivable Net

| | Description | Included | Excluded | Income |
|-------|--|----------|----------|--------|
| 1 | Notes Receivable-Water Heaters | 90,980 | | |
| 2 | Notes Receivable-Economic Development Loan | | 44,444 | |
| 3 | Accounts Receivable-Subsidiary | 219,022 | | |
| 4 | Accounts Receivable-Employees, Officers, Directors | 9,445 | | |
| 5 | NRUCFC Int Receivable-CTC's & Commercial Paper | | 8,315 | |
| 6 | Other Receivables | 50,312 | | |
| Total | | 369,759 | 52,759 | - |

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: December 31, 2005 |
| Present legal name of respondent: HomeWorks Tri-County Electric Cooperative |
| Present DBA name in Michigan if different from legal name: |
| Address of principal place of business: 7973 E. Grand River Ave. Portland, MI 48875 |
| Utility representative to whom inquiries regarding this report may be directed: Name <u>Patrick Simmer</u> Title <u>Director of Admin Services</u> Address <u>7973 E. Grand River Ave.</u> City <u>Portland</u> State <u>MI</u> Zip Code <u>48875</u> Telephone: (<u>517</u>) <u>647-1287</u> E-mail: <u>psimmer@homeworks.org</u> |
| If the utility name has been changed during the past year: Prior Name _____ Date of Change _____ |
| One copy of the same annual report, Form 7, you submit to the RUS or CFC: <input type="checkbox"/> was forwarded to the Commission <input checked="" type="checkbox"/> will be forwarded to the Commission on or about <u>April 26</u> , 20 <u>06</u> . |

Should you have any questions regarding this report, please contact:

Brian Ballinger, Financial Analysis Section Supervisor
(517) 241-6103 OR blballi@michigan.gov

Michigan Public Service Commission
Regulated Energy Division
6545 Mercantile Way
PO Box 30221
Lansing, MI 48909

| | | | |
|--------------------|---|---|---|
| Name of Respondent | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|--------------------|---|---|---|

IMPORTANT CHANGES DURING THE YEAR

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.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor 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 included on this page.

| | | | |
|---|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|---|---|---|---|

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. Provide also on pages 122-123 a reconciliation between "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) |
|----------|--|----------------|
| | See attached statement of cashflows | |
| 1 | Net Cash Flow from Operating Activities: | |
| 2 | Net Income (Line 72(c) on page 117) | |
| 3 | Noncash Charges (Credits) to Income: | |
| 4 | Depreciation and Depletion | |
| 5 | Amortization of (Specify) | |
| 6 | | |
| 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) | |

TRI-COUNTY ELECTRIC COOPERATIVE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | |
|---|--------------|
| Cash flows from operating activities | |
| Net margins | \$ 3,020,252 |
| Adjustments to reconcile net margins to net cash provided by operating activities: | |
| Depreciation | 2,063,963 |
| Amortization of deferred credits | (96,896) |
| Loss on disposition of fixed assets | 1,169 |
| Income from subsidiary | (571,093) |
| Capital credits - non cash | (2,571,035) |
| Inventories | (167,538) |
| Accounts receivable | 79,472 |
| Accounts payable | 808,032 |
| Prepaid expenses | 27,837 |
| Accrued expenses | (303,542) |
| Notes receivable | (17,190) |
| Customer deposits | 72,242 |
| Refunds payable/receivable to/from customers | (1,552,197) |
| Postretirement benefits | 38,238 |
| Total adjustments | (2,188,538) |
| Net cash provided by operating activities | 831,714 |
| Cash flows from investing activities: | |
| Acquisition of electric plant | (2,640,301) |
| Return of paid in capital | 120,000 |
| Return on investment | 344,170 |
| Restricted cash | 594,678 |
| Net cash used by investing activities | (1,581,453) |

See notes to financial statements.

TRI-COUNTY ELECTRIC COOPERATIVE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

| | |
|--|----------------------------|
| Cash flows from financing activities: | |
| Issuance of long-term debt | \$ 5,000,000 |
| Payments on long-term debt | (1,391,378) |
| Net repayment of line of credit | (2,158,003) |
| Patronage capital retired | (334,543) |
| Memberships issued - net | <u>15,292</u> |
| Net cash provided by financing activities | <u>1,131,368</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 381,629 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>730,853</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u><u>\$ 1,112,482</u></u> |
| SUPPLEMENTAL CASH FLOW INFORMATION: | |
| Cash paid for interest | <u><u>\$ 1,410,627</u></u> |

See notes to financial statements.

| | | | |
|---|---|---|--|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report: Dec. 31, 20 <u>05</u> |
|---|---|---|--|

NONUTILITY PROPERTY (Account 121)

- | | |
|---|--|
| <p>1. Give a brief description and state the location of nonutility property included in Account 121.</p> <p>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.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> | <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.</p> <p>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.</p> |
|---|--|

| Line No. | Description and Location (a) | Balance at Beginning of Year (b) | Purchases, Sales, Transfers, etc. (c) | Balance at End of Year (d) |
|--------------|------------------------------|----------------------------------|---------------------------------------|----------------------------|
| 1 | Vacant lot at Canadian Lakes | \$3,300 | 0 | \$3,300 |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| TOTAL | | \$3,300 | \$0 | \$3,300 |

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 | 0 |
| 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 7, 12, and 14) | 0 |

| | | | |
|---|---|---|----------------------------------|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20_05 |
|---|---|---|----------------------------------|

INVESTMENTS (Accounts 123, 124, 136) (continued)

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 <i>(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (f) | Revenues for Year (g) | Gain or Loss from Investment Disposed of (h) | Line No. |
|--|---|---|--------------------------|---|----------|
| See attached schedule | | | | | 1 |
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HomeWorks Tri County Electric Cooperative
GENERAL LEDGER ACCOUNT ANALYSIS-2005

| Account | Description | Balance @ 12/31/04 | Allocation | Investment | Cash Received | Net Change | Balance @ 12/31/05 |
|---------------|---|----------------------|---------------------|--------------------|-------------------|---------------------|----------------------|
| 1.1.123.10 | CFC Patronage | 339,321.80 | 113,551.38 | | 94,020.28 | 19,531.10 | 358,852.90 |
| 1.1.123.11 | Tri-Co Services (a) | 2,588,541.87 | 571,093.00 | (120,000.00) | | 571,093.00 | 3,039,634.87 |
| 1.1.123.12 | United Services Allianco - MBSP | 500.00 | | | | 0.00 | 500.00 |
| 1.1.123.22 | CFC CTC'S | 1,136,182.16 | | 67,709.16 | 31,966.02 | 35,743.14 | 1,171,925.30 |
| 1.2.123.22 | CFC Memberships | 1,000.00 | | | | 0.00 | 1,000.00 |
| 1.3.123.22 | CRC Memberships | 13,103.11 | 1,211.50 | (10,634.51) | 576.99 | (10,000.00) | 3,103.11 |
| 1.1.123.23 | MECA Building and Property | 34,477.00 | | | | 0.00 | 34,477.00 |
| 1.2.123.23 | MECA Memberships | 1,000.00 | | | | 0.00 | 1,000.00 |
| 1.1.123.24 | NRTC | 519.00 | | | | 0.00 | 519.00 |
| 1.2.123.24 | National Coop Service Corp MBSP | 100.00 | | | | 0.00 | 100.00 |
| 1.1.123.30 | Wolverine Capital Credits | 10,945,765.29 | 2,373,942.07 | | 215,294.79 | 2,158,647.28 | 13,104,412.57 |
| 1.1.123.31 | NISC - National Information Solutions Cooperative (b) | 58,688.33 | 1,039.63 | (668.07) | 218.32 | 821.31 | 58,841.57 |
| 1.1.123.40 | RESCO Capital Credits (c) | 29,176.59 | 3,350.00 | 272.41 | 670.00 | 2,680.00 | 32,129.00 |
| 1.1.123.50 | Co-Bank | 0.00 | | 1,000.00 | | 0.00 | 1,000.00 |
| 1.1.123.60 | Federated Rural Electric | 47,475.01 | 5,503.00 | | 1,424.00 | 4,079.00 | 51,554.01 |
| Totals | | 15,195,850.16 | 3,069,690.58 | (62,321.01) | 344,170.40 | 2,782,594.83 | 17,859,049.33 |

| | | | |
|---|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|---|---|---|---|

RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)

- | | |
|---|--|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>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.</p> <p>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.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|--|

* 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 accounting 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 attached schedule of Inter Company Transactions-Pages 226B and 260B | | | | | |
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| 25 | TOTAL | | | | | |

HomeWorks Tri County Electric Cooperative

Schedule of Inter company Transactions - Pages 226B and 260B

For the Year Ended December 31, 2005

| Account | Description | 12/31/2004 Balance | Debits | Credits | 12/31/2005 Balance | Interest for Year* |
|------------|--|-----------------------|--------------|--------------|-----------------------|-----------------------|
| 1.10.143. | A/C Receivable - Other - Tri Co Services | 152,498.53 | 2,148,595.23 | 2,082,071.49 | 219,022.27 | - |
| 1.1.143.05 | Powernet Labor Transfer | 277.99 | 5,940.03 | 6,204.68 | 13.34 | - |
| | Total | 152,776.52 | 2,154,535.26 | 2,088,276.17 | 219,035.61 | - |
| 1.1.232.01 | Account Payable - Tri-Co Services | 475.89 | 112,755.73 | 114,960.23 | 2,680.39 | - |
| 1.1.232.05 | Account Payable - to Powernet-Blan Collected | 5,730.40 | 59,026.86 | 53,296.46 | - | - |
| 1.1.232.07 | Accounts Payable - Propane | 36,724.86 | 746,015.74 | 714,001.17 | 4,710.29 | - |
| | Total | 42,931.15 | 917,798.33 | 882,257.86 | 7,390.68 | - |

*All monies were paid between Cooperative and Affiliate on a timely basis and no interest was charged/paid.

The 143 accounts include labor, fringe benefits, space charges and any expenses that are split between HomeWorks Tri-County Electric and Tri-Co Services

The accounts payable accounts are used as collection sites for payments being received for Tri-Co Services thru the HomeWorks Tri-County Electric bank accounts

| | | | | | | | | |
|--|----------|---|----------|--|----------|---|----------|----------|
| Name of Respondent HomeWorks Tri-County Elec | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 4-26-06 | | Year of Report Dec. 31, 20 <u>05</u> | | |
| 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/transferees of allowances disposed of and identify associated companies. | | | | |
| 7. Report on lines 8-14 the names of vendors/transferees 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 |
| N/A | | | | | | | | 2-4 |
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|---|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|---|---|---|---|

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, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</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</p> | <p>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 <i>(For new issue, give Commission Authorization numbers and dates)</i> | Principal Amount of Debt Issued | Total Expense, Premium or Discount |
|----------|--|---------------------------------|------------------------------------|
| (a) | (b) | (c) | |
| 1 | N/A | | |
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| 25 | TOTAL | | |

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|---|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 ⁰⁵ |
|---|---|---|---|

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 Discount 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) | | | |
| N/A | | | | | | 1 |
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|---|---|---|---------------------------------|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 2005 |
|---|---|---|---------------------------------|

PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

- | | |
|--|---|
| <p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> | <p>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.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p align="right">* See definition on page 226B</p> |
|--|---|

| 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 attached Schedule of Inter Company Transactions. | | | | | |
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| 23 | | | | | | |
| | TOTAL | | | | | |

HomeWorks Tri County Electric Cooperative

Schedule of Inter company Transactions · Pages 226B and 260B

For the Year Ended December 31, 2005

| Account | Description | 12/31/2004 Balance | Debits | Credits | 12/31/2005 Balance | Interest for Year* |
|------------|--|-----------------------|--------------|--------------|-----------------------|-----------------------|
| 1.10.143. | A/C Receivable - Other - Tri Co Services | 152,498.53 | 2,148,595.23 | 2,082,071.49 | 219,022.27 | - |
| 1.1.143.05 | Powernet Labor Transfer | 277.99 | 5,940.03 | 6,204.68 | 13.34 | - |
| | Total | 152,776.52 | 2,154,535.26 | 2,088,276.17 | 219,035.61 | - |
| 1.1.232.01 | Account Payable - Tri-Co Services | 475.89 | 112,755.73 | 114,960.23 | 2,680.39 | - |
| 1.1.232.05 | Account Payable - to Powernet-Blan Collected | 5,730.40 | 59,026.86 | 53,296.46 | - | - |
| 1.1.232.07 | Accounts Payable - Propane | 36,724.86 | 746,015.74 | 714,001.17 | 4,710.29 | - |
| | Total | 42,931.15 | 917,798.33 | 882,257.86 | 7,390.68 | - |

*All monies were paid between Cooperative and Affiliate on a timely basis and no interest was charged/paid.

The 143 accounts include labor, fringe benefits and any expenses that are split between HomeWorks Tri-County Electric and Tri-Co Services

The accounts payable accounts are used as collection sites for payments being received for Tri-Co Services thru the HomeWorks Tri-County Electric bank accounts

| | | | |
|---|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|---|---|---|---|

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

| Line No. | N/A | 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 | \$0 |

| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|--|---|---|---|
| RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued) | | | |
| <p>return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p> <p>3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2.</p> | | <p>4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.</p> | |
| Utility | Other | Line No. | |
| N/A | | 1 | |
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| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20_05 |
|---|---|---|----------------------------------|

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)

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.
 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).
 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.)

| Line No. | Description of Property (a) | Original Cost of Related Property (b) | Date Journal Entry Approved (When Required) (c) | Account 421.1 (d) | Account 421.2 (e) |
|----------|----------------------------------|--|--|----------------------|----------------------|
| 1 | Gain on disposition of property: | | | | |
| 2 | Various Equipment (5) | 86,960.39 | N/A | 13,199.08 | |
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| 16 | | | | | |
| 17 | Total Gain | 86,960.39 | | 13,199.08 | |

| | | | |
|---|---|---|---------------------------------|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 2005 |
|---|---|---|---------------------------------|

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)

| Line No. | Description of Property (a) | Original Cost of Related Property (b) | Date Journal Entry Approved (When Required) (c) | Account 421.1 (d) | Account 421.2 (e) |
|----------|----------------------------------|--|--|----------------------|----------------------|
| 18 | Loss on disposition of property: | | | | |
| 19 | Various Equipment (4) | 108,276.64 | | | 9,518.46 |
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| 33 | | | | | |
| 34 | Total Loss | 108,276.64 | | | 9,518.46 |

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|--|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
| CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES | | | |
| <p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$ 25,000, including payments for legislative services, except those which should be reported in Account</p> | | <p>426.4, Expenditures for Certain Civic, Political and Related Activities.) (a) Name and address of person or organization rendering services, (b) description of services received during year and project or case to which services relate, (c) basis of charges, (d) total charges for the year, detailing utility department and account charged.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.</p> <p>3. Designate with an asterisk associated companies.</p> | |
| Line No. | | | |
| 1 | Michigan Electric Cooperative Association | \$191,806 | |
| 2 | 2859 W. Jolly Rd | | |
| 3 | | | |
| 4 | Okemos, MI 48864-3547 | | |
| 5 | Description of Services-Legal, Legislative Service, Advertising, Training | | |
| 6 | | | |
| 7 | | | |
| 8 | Maner, Costerisan and Ellis, P.C. | \$55,230 | |
| 9 | | | |
| 10 | 544 Cherbourg Dr, Suite 200 | | |
| 11 | Lansing, MI 48917 | | |
| 12 | | | |
| 13 | Description of Service-Audit/Accounting Services | | |
| 14 | | | |
| 15 | | | |
| 16 | Law offices of Dykema Gossett | \$42,442 | |
| 17 | | | |
| 18 | 800 Michigan National Tower | | |
| 19 | Lansing, MI 48933 | | |
| 20 | | | |
| 21 | Description of Services-Legal | | |
| 22 | | | |
| 23 | | | |
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| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 2005 |
|---|---|---|---------------------------------|

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and
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)* |
|--------------|-----------------|--------------------|---|-----------------------|---|
| 1 | Tri-Co Services | 100% | Administrative | 1.20.454. | 136,838.83 |
| 2 | | | Expense Reimbursement | | |
| 3 | | | Contract Employees, | | |
| 4 | Venturenet LLC | 16.7% | Office/Facilities | | |
| 5 | | | Rent | | |
| 6 | | | Expense Reimbursements, | | |
| 7 | | | Contract Employees | | |
| 8 | | | | | |
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| TOTAL | | | | | 136,838.83 |

(1)

(2)

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|---|---|---|---|
| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20 <u>05</u> |
|---|---|---|---|

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) | | 1.10.143 | 2,148,595.23 | 2,285,434.06 | Cost/Mkt | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| | | | | | | 4 |
| (2) | | 1.1.143.05 | 5,940.03 | 5,940.03 | Cost/Mkt | 5 |
| | | | | | | 6 |
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| | | | 2,154,535.26 | 2,291,374.09 | | |

* Amounts posted as operating income are also recorded in the balance sheet total. An entry is made each month to debit 1.10.143. and credit 1.20.454 for office/facilitiesrental. This amount is then paid by Tri-Co Services within 30 days.

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|---|---|---|---------------------------------|

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and
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) |
|--------------|------------------------------|--------------------|--|--------------------------|--|
| 1 | HomeWorks Tri-County Propane | 100% | Propane, Misc | 1.30.921. | 12,075.10 |
| 2 | | | Parts | 1.40.580. | |
| 3 | Powernet Internet | 16.7% | Internet Service | 1.30.921. | 4,919.40 |
| 4 | | | | | |
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| TOTAL | | | | | 16,944.50 |

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| Name of Respondent HomeWorks Tri-County Elec | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-26-06 | Year of Report Dec. 31, 20_05 |
|---|---|---|----------------------------------|

SUMMARY OF COSTS BILLED FROM 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. |
|-----------------------|--|-----------------------|---|--------------|-----------------------|----------|
| | | 1.1.163. | 6,664.21 | 18,739.31 | FMV | 1 |
| | | | | | | 2 |
| | | | | 4,919.40 | FMV | 3 |
| | | | | | | 4 |
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| | | | 6,664.21 | 23,658.71 | | |