

time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION

MI0349

PERIOD ENDED

12/2005

FINANCIAL AND STATISTICAL REPORT

BORROWER NAME AND ADDRESS

MIDWEST ENERGY COOPERATIVE

P.O. Box 127

Cassopolis, MI 49031-

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-1.

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.

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.

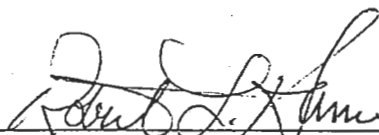
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

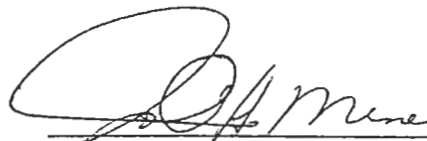
(check one of the following)

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.

  
Robert L. Hance, CEO & President

03/28/2006  
DATE

  
John H. Miner, Vice President of Finance

03/28/2006  
DATE

RECEIVED  
Michigan Public Service Commission

MAY 01 2006

REGULATED ENERGY  
DIVISION

FINANCIAL AND STATISTICAL REPORT

M10049

PERIOD ENDED

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INSTRUCTIONS-See RUS Bulletin 1717B-2

Part A. Statement of Operations

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)	Year-to-date Budget (c)	This Month (d)
1. Operating Revenue and Patronage Capital	38,360,950	43,335,768	39,890,121	4,064,309
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	22,557,186	27,235,229	23,300,829	2,503,898
4. Transmission Expense	0	0	0	0
5. Distribution Expense - Operation	1,214,930	1,453,927	1,366,145	167,868
6. Distribution Expense - Maintenance	3,360,186	2,788,061	2,676,392	262,410
7. Customer Accounts Expense	2,096,044	2,173,996	2,202,086	266,593
8. Customer Service and Informational Expense	243,938	234,275	257,621	28,994
9. Sales Expense	165,811	293,168	178,811	39,640
10. Administrative and General Expense	2,434,657	2,036,133	1,787,709	234,153
11. Total Operation & Maintenance Expense (2 thru 10)	32,074,754	36,224,789	31,769,593	3,503,556
12. Depreciation and Amortization Expense	3,138,021	3,290,664	3,434,495	280,357
13. Tax Expense - Property & Gross Receipts	1,346,202	1,148,492	1,484,453	( 149,612)
14. Tax Expense - Other	159,232	204,774	180,000	35,720
15. Interest on Long-Term Debt	2,500,753	2,647,769	2,746,333	232,426
16. Interest Charged to Construction - Credit	0	0	0	0
17. Interest Expense - Other	46,833	85,266	44,448	3,991
18. Other Deductions	22,369	45,117	29,101	100
19. Total Cost of Electric Service (11 thru 18)	35,288,164	43,649,871	39,668,423	3,906,338
20. Patronage Capital & Operating Margins (1 minus 19)	( 907,214)	285,697	201,698	157,971
21. Non Operating Margins - Interest	100,185	105,716	84,553	9,547
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	( 234,444)	( 715,935)	( 569,990)	112,633
24. Non Operating Margins - Other	26,078	13,428	26,302	8,798
25. Generation and Transmission Capital Credits	340,807	442,793	327,063	342,812
26. Other Capital Credits and Patronage Dividends	84,784	101,862	84,784	600
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	( 589,804)	235,761	136,410	632,361

Part B. Data on Transmission and Distribution Plant

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)
1. New Services Connected	774	567
2. Services Retired	72	69
3. Total Services in Place	36,199	36,790
4. Idle Services (Exclude Seasonal)	2,591	2,712
5. Miles Transmission	14.46	14.46
6. Miles Distribution - Overhead	3,145.35	3,150.15
7. Miles Distribution - Underground	596.92	643.05
8. Total Miles Energized (5 - 6 - 7)	3,756.73	3,807.66

## FINANCIAL AND STATISTICAL REPORT

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INSTRUCTIONS-See RUS Bulletin 1717B-2

## Part C. Balance Sheet

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	110,391,367	29. Memberships	0
2. Construction Work in Progress	3,674,575	30. Patronage Capital	30,930,149
3. Total Utility Plant (1 + 2)	114,065,942	31. Operating Margins - Prior Years	( 154,322)
4. Accum. Provision for Depreciation and Amort.	27,244,957	32. Operating Margins - Current Year	830,553
5. Net Utility Plant (3 - 4)	86,820,975	33. Non-Operating Margins	( 596,791)
6. Non-Utility Property (Net)	0	34. Other Margins and Equities	( 1,352,123)
7. Investments in Subsidiary Companies	3,027,394	35. Total Margins & Equities (29 thru 34)	29,627,466
8. Invest. in Assoc. Org. - Patronage Capital	5,170,030	36. Long-Term Debt - RUS (Net)	52,033,140
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments - Unapplied)	0
10. Invest. in Assoc. Org. - Other - Nongenera. Funds	1,569,110	37. Long-Term Debt - RUS - Econ. Devel. (Net)	150,000
11. Investments in Economic Development Projects	0	38. Long-Term Debt - FFB - RUS Guaranteed	0
12. Other Investments	0	39. Long-Term Debt - Other - RUS Guaranteed	0
13. Special Funds	0	40. Long-Term Debt Other (Net)	11,283,497
14. Total Other Property & Investments (5 thru 13)	9,765,534	41. Total Long-Term Debt (36 thru 40)	63,436,637
15. Cash - General Funds	1,276,499	42. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	90	43. Accumulated Operating Provisions and Asset Retirement Obligations	1,432,100
17. Special Deposits	188	44. Total Other Noncurrent Liabilities (42 + 43)	1,432,100
18. Temporary Investments	0	45. Notes Payable	0
19. Notes Receivable (Net)	105,545	46. Accounts Payable	3,625,459
20. Accounts Receivable - Sales of Energy (Net)	2,418,760	47. Consumers Deposits	519,765
21. Accounts Receivable - Other (Net)	242,510	48. Current Maturities Long-Term Debt	0
22. Materials and Supplies - Electric & Other	705,965	49. Current Maturities Long-Term Debt-Economic Development	0
23. Prepayments	141,433	50. Current Maturities Capital Leases	0
24. Other Current and Accrued Assets	14,765	51. Other Current and Accrued Liabilities	3,512,355
25. Total Current and Accrued Assets (15 thru 24)	4,908,795	52. Total Current & Accrued Liabilities (45 thru 51)	7,657,580
26. Regulatory Assets	0	53. Regulatory Liabilities	0
27. Other Deferred Debits	966,039	54. Other Deferred Credits	306,560
28. Total Assets and Other Debits (5+14+25 thru 27)	102,462,343	55. Total Liabilities and Other Credits (35+ 41 + 44 + 52 thru 54)	102,462,343

Name of Borrower		Report Year	Report Period
MIDWEST ENERGY COOPERATIVE (MI0049)		2005	12
<b>Part D. Notes to Financial Statements</b>			

Part N. Long-Term Debt Interest

Billed this year - interest - column (b) Total	\$2,100,670.68
Plus: RJS Interest Deferral	547,098.97
equals the	
Total Interest Long Term Debt	
Per Statement of Operations, Part A, Line 15(b)	\$ 2,647,769.65
Form 7, Part A, Line	

FINANCIAL AND STATISTICAL REPORT

MIO049

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12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	93,282,105	6,437,451	1,491,780	0	98,227,776
General Plant	6,718,447	646,989	393,340	0	6,972,096
Headquarters Plant	4,422,663	10,093	0	0	4,432,756
Intangibles	0	0	0	0	0
Transmission Plant	758,737	0	0	0	758,737
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	105,181,952	7,094,533	1,885,120	0	110,391,365
Construction Work in Progress	1,626,411	2,048,167			3,674,572
TOTAL UTILITY PLANT (7 + 8)	106,808,363	9,142,694	1,885,120	0	114,065,937

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	597,290	1,000,499	0	942,117	0	( 579)	655,093
2. Other	59,463	74,109	0	0	82,692	0	50,900

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	1.32	0.06	0.07	2.57	4.02
2. Five-Year Average	2.23	4.36	0.11	4.45	11.15

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	82
2. Employee - Hours Worked - Regular Time	199,741
3. Employee - Hours Worked - Overtime	10,469
4. Payroll - Expensed	3,192,080
5. Payroll - Capitalized	893,237
6. Payroll - Other	476,115

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INSTRUCTIONS-See RUS Bulletin 1717B-2

Part I. Patronage Capital

ITEM	DESCRIPTION	This Year (a)	Cumulative (b)
1. Capital Credits Distributions	a. General Retirements	0	7,659,538
	b. Special Retirements	60,987	2,095,659
	c. Total Retirements (a + b)	60,987	9,955,407
2. Capital Credits Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	64,151	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	62,812	
	c. Total Cash Received (a + b)	126,963	

Part J. Due from Consumers for Electric Service

	Amount
1. AMOUNT DUE OVER 60 DAYS	106,227
2. AMOUNT WRITTEN OFF DURING YEAR	102,351

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MID049

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INSTRUCTIONS-See RUS Bulletin 1717B-2

Part K. kWh Purchased and Total Cost

Line No.	ITEM (a)	RJS Use Only Supplier Code (b)	kWh Purchased (c)	Total Cost (d)	Average Cost (Cents/kWh) (e)	Included in Total Cost Fuel Cost Adjustment (f)	Included in Total Cost Wheeling and Other Charges (or credits) (g)
1	Wabash Valley Power Assn, Inc (IND107)	40211	539,754,967	26,493,608	4.91	0	0
2	Buckeye Rural Elec Coop, Inc (OH0088)	2502	17,319,067	741,521	4.28	0	0
3		0	0	0	0.00	0	0
4		0	0	0	0.00	0	0
5		0	0	0	0.00	0	0
6		0	0	0	0.00	0	0
7		0	0	0	0.00	0	0
8		0	0	0	0.00	0	0
9		0	0	0	0.00	0	0
10		0	0	0	0.00	0	0
11		0	0	0	0.00	0	0
12		0	0	0	0.00	0	0
13		0	0	0	0.00	0	0
14		0	0	0	0.00	0	0
15		0	0	0	0.00	0	0
16		0	0	0	0.00	0	0
17		0	0	0	0.00	0	0
18		0	0	0	0.00	0	0
19		0	0	0	0.00	0	0
20		0	0	0	0.00	0	0
	<b>Total</b>		557,074,034	27,235,229	4.89	0	0

FINANCIAL AND STATISTICAL REPORT

MI0049

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12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part L. Long Term Leases

Name of Lessor	Type of Property	Rental This Year
(a)	(b)	(c)
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
Total		0



## FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

MI0549

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12/2005

INSTRUCTIONS-See RJS Bulletin 1717B-2

## Part M. Annual Meeting and Board Data

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present (Y/N) ?
04/21/2005	28,878	9	Y
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members	7. Total Amount of Fees and Expenses for Board Members	8. Does Manager Have Written Contract (Y/N) ?
0	9	134,264	Y

FINANCIAL AND STATISTICAL REPORT

MI0349

PERIOD ENDED

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part N. Long-Term Debt and Debt Service Requirements

ITEM	Balance	Billed This	Billed This	Billed This
	End of Year	Year	Year	Year
	(a)	Interest (b)	Principal (c)	Total (d)
Rural Utilities Service (Excludes RUS - Economic Development Loans)	50,192,140	1,525,317	600,727	2,127,044.00
National Rural Utilities Cooperative Finance Corporation	11,283,497	574,353	768,055	1,342,408.00
Bank for Cooperatives	0	0	0	0.00
Federal Financing Bank	0	0	0	0.00
RUS - Economic Development Loans	150,000	0	0	0.00
Other (List Separately)	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
	0	0	0	0.00
TOTAL	61,625,637	2,100,670	1,368,782	3,469,452.00

FINANCIAL AND STATISTICAL REPORT

M10349

PERIOD ENDED

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INSTRUCTIONS-See RUS Bulletin 17173-2

Part O. Power Requirements Data Base - Annual Summary

CLASSIFICATION	Consumer Sales & Revenue Data	December	Average No. Consumers Served	Total Year to Date
		(a)	(b)	(c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	29,908	29,587	
	b. kWh Sold			355,218,292
	c. Revenue			30,885,782
2. Residential Sales - Seasonal	a. No. Consumers Served	160	213	
	b. kWh Sold			1,489,562
	c. Revenue			151,712
3. Irrigation Sales	a. No. Consumers Served	1	85	
	b. kWh Sold			9,471,566
	c. Revenue			587,583
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	4,007	3,767	
	b. kWh Sold			134,746,333
	c. Revenue			10,224,615
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	2	3	
	b. kWh Sold			20,374,200
	c. Revenue			1,578,807
6. Public Street & Highway Lighting	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
7. Other Sales to Public Authorities	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
8. Sales for Resales - RUS Borrowers	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
9. Sales for Resale - Other	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
10. TOTAL No. of Consumers (lines 1a thru 9a)		34,076	33,775	
11. TOTAL kWh Sold (lines 1b thru 9b)				522,300,059
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				43,438,699
13. Other Electric Revenue				497,088
14. kWh - Own Use				1,117,805
15. TOTAL kWh Purchased				597,984,034
16. TOTAL kWh Generated				0
17. Cost of Purchases and Generation and Transmission Expense				27,235,229
18. Interchange - kWh - Net				0
19. System Peak - Sum Annual Peak kW Input from al. Sources (Metered)				120,267

Non-coincident  Coincident

FINANCIAL AND STATISTICAL REPORT

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INSTRUCTIONS-See RUS Bulletin #717B-2

7a - Part I. Investments

Line No.	Description (a)	Included (\$) (b)	Excluded (\$) (c)	Income or Loss (\$) (d)	Rural Development (e)
<b>1. NON-UTILITY PROPERTY (NET)</b>					
1	123.18 Midwest Energy, Inc.	0	0		
<b>Total: 1. NON-UTILITY PROPERTY (NET)</b>		0	0		
<b>2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>					
2	123.16/123.25 Midwest Energy, Inc. - 100 Shares Stock	3,027,394	0	0	
3	123.10 Patronage Capital - NRUCFC	0	242,544	57,544	
4	123.11 Patronage Capital - WVPA	0	3,977,885	342,812	
5	123.12 Patronage Capital - NISC	87,583	0	0	
6	123.13 Patronage Capital - Resco MI	17,677	0	0	
7	123.15 Patronage Capital - Resco OH	20,105	0	0	
8	123.16 Patronage Capital - Resco WI	115,181	0	21,774	
9	123.17 Patronage Capital - Buckeye	0	705,853	99,981	
10	123.22 Capital Term Certificates - CFC	0	1,295,252	18,298	
11	123.23 MI Electric Coop Association	54,334	0	0	
12	123.24 Federated - Reciprocal Stock	42,982	0	0	
13	123.24 Federated - Preferred Stock	12,450	0	0	
14	123.24 Federated - Insurance Stock	109,000	0	0	
15	123.24 Federated - Member Equity	47,294	0	17,784	
16	123.24 NRUCFC Membership Fee	0	1,000	0	
17	123.24 WVPA Membership Fee	5	0	0	
18	123.24 NRTC	3,020	0	3,134	
19	124.00 American Seating Park-SBT	0	0	( 128,517)	
20	124.10 Cooperative Response Center	13,074	0	500	
21	123.24 ECO INC	0	0	925	
<b>Total: 2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>		3,543,999	6,222,535	434,335	
<b>5. SPECIAL FUNDS</b>					
22	128.50 Deferred Compensation	0	0		
<b>Total: 5. SPECIAL FUNDS</b>		0	0		
<b>6. CASH - GENERAL</b>					
23	131.10,131.12,131.13,131.30 Std. Federal	591,324	100,000		
24	131.24,131.25,131.27, FNS	203,130	100,000		
25	131.26 Valley Ridge Bank	0	38,032		
26	135.00 Working Funds - Petty Cash	2,051	0		
27	131.20 Fifth Third Construction Acct.	90	0		
28	131.40 Transfer of Cash-Construct fund	241,962	0		
<b>Total: 6. CASH - GENERAL</b>		1,038,557	238,032		
<b>7. SPECIAL DEPOSITS</b>					
29	134.00 U.S. Post Office	188	0		
<b>Total: 7. SPECIAL DEPOSITS</b>		188	0		
<b>8. TEMPORARY INVESTMENTS</b>					
30	135.00 Temporary Investments	0	0		
<b>Total: 8. TEMPORARY INVESTMENTS</b>		0	0		

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INSTRUCTIONS-See RUS Bulletin 1717B-2

Line No.	Description (a)	Included (\$) (b)	Excluded (\$) (c)	Income or Loss (\$) (d)	Rural Development (e)
<b>9. ACCOUNTS &amp; NOTES RECEIVABLE - NET</b>					
31	Accounts Receivable - Other (Net)	242,510	0	0	
32	Notes Receivable (Net)	108,545	0	0	
<b>Total: 9. ACCOUNTS &amp; NOTES RECEIVABLE - NET</b>		<b>351,055</b>	<b>0</b>	<b>0</b>	
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57					
58					
59					
60					
<b>11. TOTAL INVESTMENTS</b>		<b>4,933,799</b>	<b>6,460,557</b>	<b>434,335</b>	

## FINANCIAL AND STATISTICAL REPORT

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INSTRUCTIONS-See RUS Bulletin 1717B-2

## 7a - Part II. Loan Guarantees/Part III. Ratio

Line No.	Organization (a)	Maturity date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Rural Development (e)
1	Midwest Energy Inc.	09/30/2009	4,500,000	4,480,881	
2			0	0	
3			0	0	
4			0	0	
5			0	0	
6			0	0	
7			0	0	
8			0	0	
9			0	0	
10			0	0	
TOTALS			4,500,000	4,480,881	
TOTAL (included Loan Guarantees only)			0	0	

Ratio of Investments and Loan Guarantees to Utility Plant [Total of Included Investments (Part I, 11b) and Loan Guarantees - Loan Balance (Part II, 5d) to Total Utility Plant (Form 7, Part C, Line 3)]

4.5 %

## FINANCIAL AND STATISTICAL REPORT

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INSTRUCTIONS-See RUS Bulletin 1717B-2

## 7a - Part IV. Loans

Line No.	Organization (a)	Maturity date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Rural Development (e)
1	Employees, Officers, Directors	07/15/2005	2,000	0	
2	Energy Resource Conservation Loans		127,366	44,945	
3	W/H Loans 141.13		31,064	63,600	
4			0	0	
5			0	0	
6			0	0	
7			0	0	
8			0	0	
9			0	0	
10			0	0	
11			0	0	
12			0	0	
13			0	0	
14			0	0	
15			0	0	
TOTALS			160,430	108,545	

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.

**RECEIVED**  
Michigan Public Service Commission

Report submitted for year ending: 2005	MAY 01 2006
Present legal name of respondent: Midwest Energy Cooperative	<b>REGULATED ENERGY DIVISION</b>
Present DBA name in Michigan if different from legal name:	
Address of principal place of business: 901 E. State St. Cassopolis, MI 49031	
Utility representative to whom inquiries regarding this report may be directed:	
Name John H. Miner	Title V.P. Of Finance
Address 901 E. State St.	
City Cassopolis,	State MI Zip Code 49031
Telephone: ( 269 ) 445-1064 E-mail: JohnM@teammidwest.com	
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:	
[ X ] was forwarded to the Commission	
[ ] will be forwarded to the Commission	
on or about March 28, 20 <sup>06</sup>	

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

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

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



Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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**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.

See Attached Midwest Energy Cooperative's notes to the Financial Statements, 2005 Annual Audit Report



# HARRIS GROUP

Certified Public Accountants

## Independent Auditor's Report

The Board of Directors  
Midwest Energy Cooperative  
Cassopolis, Michigan

We have audited the accompanying balance sheets of Midwest Energy Cooperative as of December 31, 2005 and 2004, and the related statements of revenue, patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Midwest Energy Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

Generally accepted accounting principles require that all majority-owned subsidiaries be included in financial statements with the parent corporation. If the financial statements of the company had been consolidated with its majority-owned subsidiaries, total assets and total liabilities would have increased by \$5,984,516 and \$4,456,332 as of December 31, 2005 and 2004, respectively.

In our opinion, except for the effect of not including the wholly-owned subsidiary's activities, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Energy Cooperative as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2006, on our consideration of Midwest Electric Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Harris Group*

March 2, 2006



# HARRIS GROUP

Certified Public Accountants

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

The Board of Directors  
Midwest Electric Cooperative  
Cassopolis, Michigan

We have audited the financial statements of Midwest Electric Cooperative, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 2, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Midwest Electric Cooperative's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting which we have reported to the management of Midwest Electric Cooperative in a separate letter dated March 2, 2006.

### Compliance and Other Matters

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

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

March 2, 2006

**MIDWEST ENERGY COOPERATIVE  
STATEMENT OF CHANGES IN PATRONAGE CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	Total	Patronage Capital Assigned	Patronage Capital Assignable	Non-Assignable Non-Operating Margins	Pre-1951 Operating Margins	Unappropriated Undistributed Subsid. Earnings	Retired Capital credits -Gain	Capital Gains & Losses	Donated Capital
Balance, December 31, 2003	\$ 30,039,494	\$ 30,444,006	\$ 1,043,025	\$ (210,976)	\$ 4,595	\$ (2,522,428)	\$ 64,719	\$	\$ 1,216,553
Adjustments	51,008	999,604	(1,043,025)	43,423				(1,074)	52,080
Net margins (loss)	(589,803)		(481,622)	126,263		(234,444)			
Capital credits retired	(91,661)	(118,476)							26,815
Balance, December 31, 2004	29,409,038	31,325,134	(481,622)	(41,290)	4,595	(2,756,872)	64,719	(1,074)	1,295,448
Adjustments	33,006	(87)							33,093
Net margins (loss)	233,761		830,553	119,144		(715,936)			
Capital credits retired	(48,339)	(60,902)							12,563
Balance, December 31, 2005	\$ 29,627,466	\$ 31,264,145	\$ 348,931	\$ 77,854	\$ 4,595	\$ (3,472,808)	\$ 64,719	\$ (1,074)	\$ 1,341,104

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Organization

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

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

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

Accounting Records

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

Electric Plant

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

Investments

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

Cash

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

Unbilled Revenues

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

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Accounts receivable

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

Purchased Power Billing

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

Materials and Supplies

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

Regulation

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

Revenue Recognition

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

Recognition of Patronage Revenue

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

Unclaimed Property

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

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Cash and Cash Equivalents

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

Advertising

The cost of advertising is expensed as incurred.

Compensated Absences

The Cooperative's policy on accumulated extended sick leave is to grant 96 hours annually with any unused hours available to be carried forward to future years up to a maximum of 800 hours. It is the Cooperative's policy to pay one-half of the employee's accumulated unused sick leave upon normal retirement by the employee or if the employee qualifies to draw benefits from the Cooperative pension plan. However, upon termination of employment, other than by normal retirement, or does not qualify to receive pension benefits, the employee forfeits all rights to the accumulated unused hours. For the years ended December 31, 2005 and 2004 an accrual has been made for individuals who have attained the age of 60 and have qualified to receive pension benefits.

**NOTE 2: ASSETS PLEDGED**

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

**NOTE 3: ELECTRIC PLANT AND DEPRECIATION RATES AND PROCEDURES**

Major classes of electric plant as of December 31, 2005 and 2004 consisted of:

	2005	2004
Cost:		
General plant	\$ 11,404,851	\$ 11,141,109
Transmission plant	758,737	758,737
Distribution plant	98,227,779	93,282,107
Construction in progress	3,674,575	1,626,411
	114,065,942	106,808,364
Accumulated depreciation and amortization	27,244,968	25,494,718
Net Electric Plant	\$ 86,820,974	\$ 81,313,646

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

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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**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)
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)	



**MIDWEST ENERGY COOPERATIVE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from consumers	\$ 43,210,765	\$ 38,929,698
Cash paid to suppliers and employees	(32,126,658)	(30,719,580)
Interest received	105,884	100,185
Interest paid	(5,624,622)	(1,848,091)
Taxes paid	(1,508,076)	(1,323,161)
	<b>4,057,293</b>	<b>5,139,051</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction and acquisition of plant, net of retirements	(9,521,672)	(8,594,211)
Net proceeds from sale of plant	244,183	28,148
(Increase) decrease in:		
Materials inventory	(49,191)	(177,654)
Deferred charges	(767,904)	116,577
Notes receivable	(16,822)	11,071
Investments – associated organizations	237,283	(66,841)
Investment in subsidiary	1,232	(122)
	<b>(9,872,891)</b>	<b>(8,683,032)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from RUS and CFC	17,985,000	6,700,000
Advances from financial institutions		
Retirement of patronage capital credits, net	415,795	(103,757)
Payments on debt	(12,968,613)	(3,422,267)
Increase (decrease) in:		
Consumer deposits and advances	765,845	82,039
	<b>6,198,027</b>	<b>3,256,015</b>
Net Increase (Decrease) in Cash and Temporary Cash Investments	382,429	(287,966)
CASH AND TEMPORARY CASH INVESTMENTS – beginning	894,349	1,182,315
CASH AND TEMPORARY CASH INVESTMENTS - ending	\$ 1,276,778	\$ 894,349

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
(Continued)

	2005	2004
<b>RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net margins	\$ 233,761	\$ (589,803)
Adjustments to reconcile net margins to net cash provided by Operating activities:		
Depreciation and amortization	3,478,802	3,330,598
G & T capital credits	(544,656)	(425,590)
(Gain) Loss on disposal of assets	(28,521)	(12,378)
(Income) Loss from subsidiary	715,936	234,444
(Increase) decrease in assets:		
Customer and other accounts receivable	(431,729)	260,079
Current and accrued assets – other	42,530	32,784
Post-retirement benefits other than pensions	151,273	95,383
Increase (decrease) in:		
Accounts payable	110,253	691,282
Current and accrued liabilities – other	329,644	1,522,252
 Total Adjustments	 3,823,532	 5,728,854
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 4,057,293	 \$ 5,139,051
 <b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital credits	\$ 544,656	\$ 425,590
Income (Loss) from subsidiary	(715,936)	(234,444)
(Gain) Loss on disposition of plant	(28,521)	(12,378)
Materials salvaged from plant	(103,866)	10,931
Capitalized depreciation	130,909	134,379
Amortization of RUS deferral to long term debt	(3,367,797)	

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3: ELECTRIC PLANT AND DEPRECIATION RATES AND PROCEDURES - continued**

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

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

Depreciation and amortization of electric plant in service was charged as follows for the years ended December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Charged to operations-		
Classified as depreciation	\$ 3,290,664	\$ 3,138,021
Classified in other operating expenses	<u>188,138</u>	<u>192,577</u>
	3,478,802	3,330,598
Capitalized	<u>130,909</u>	<u>134,379</u>
<b>TOTAL DEPRECIATION</b>	<u><u>\$ 3,609,711</u></u>	<u><u>\$ 3,464,977</u></u>

**NOTE 4: INVESTMENTS IN ASSOCIATED ORGANIZATIONS**

Investments in associated organizations consisted of the following at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Capital term certificates, at cost, issued by National Rural Utilities Cooperative Finance Corp. (CFC)	\$ 1,295,252	\$ 1,277,470
Patronage capital:		
CFC	242,544	239,553
National Information Solutions Cooperative	87,583	87,582
Wabash Valley Power Association	3,977,886	3,635,074
Buckeye Power, Inc.	606,964	565,691
Midwest Energy, Inc.	3,027,292	3,743,228
Michigan Electric Cooperative Assn.	54,034	54,034
Federal Rural Electric Insurance Cooperative, at cost	206,750	192,522
Buckeye Power, Inc. - membership	98,889	98,889
American Seating, LLC		128,617
Other	<u>169,340</u>	<u>152,436</u>
<b>TOTAL</b>	<u><u>\$ 9,766,534</u></u>	<u><u>\$ 10,175,096</u></u>

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4: INVESTMENTS IN ASSOCIATED ORGANIZATIONS - continued**

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

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

	Midwest Energy, Inc.
Original Investment	\$ 100
Capital contributions, to date, December 31, 2004	6,500,000
Undistributed loss, to date, December 31, 2004	(2,756,872)
Book value as of December 31, 2004	3,743,228
Undistributed loss during 2005	(715,936)
Book value as of December 31, 2005	\$ 3,027,292

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

**NOTE 5: DEFERRED CHARGES AND CREDITS**

Following is a summary of the amounts recorded as deferred charges as of December 31, 2005 and 2004:

	2005	2004
Global positioning mapping	\$ 49,320	\$ 123,299
WVPA buyout	709,841	
Other work-in-progress	206,879	74,837
<b>TOTAL</b>	<b>\$ 966,040</b>	<b>\$ 198,136</b>

Following is a summary of the amounts recorded as deferred credits as of December 31, 2005 and 2004:

	2005	2004
Line extension contributions	\$ 74,078	\$ 82,473
WVPA buyout	709,841	
Prepaid deposits from subsidiary	72,000	34,000
	<b>\$ 885,919</b>	<b>\$ 116,473</b>

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6: CASH AND INVESTMENTS**

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

	Per Institution
Insured	\$ 238,122
Uninsured	972,515
	1,210,637
In-transit transactions	63,902
	\$ 1,274,539
Total cash in bank	\$ 1,274,539
Working funds	2,239
Total Cash	\$ 1,276,778

**NOTE 7: NOTES RECEIVABLE**

Notes receivable includes loans to customers for purchase of electrical equipment, these loans are limited to \$10,000.

**NOTE 8: MORTGAGE NOTES**

Long-term debt is composed of 2.0% to 7.35% mortgage notes payable to the Rural Utilities Service (RUS) of the United States of America and the National Rural Utilities Cooperative Finance Corporation (CFC). All mortgage notes to CFC will be repriced and the interest rate adjusted accordingly during the next 10 years in accordance with the policy and procedure governing such repricing. The notes are for 35 year periods each, with principal and interest installments due either quarterly or monthly. The notes are scheduled to be fully repaid at various times from 2005 through 2037. Unadvanced loan funds were available from RUS at December 31, 2005 and 2004 in the amounts of \$0 and \$7,785,000, respectively.

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8: MORTGAGE NOTES - Continued**

Detail of the long-term debt is as follows:

	2005	2004
Notes payable to CFC in quarterly installments of \$345,100, including interest at 3.1%-7.35%, with final maturity ranging from 2006 to 2032. Secured by substantially all assets	\$ 11,283,497	\$ 12,051,552
Notes, payable to RUS in monthly and quarterly installments ranging from \$116,000 to \$139,000, including interest at 2.00-5.375% with final maturity ranging from 2005 to 2037. Secured by substantially all assets.	52,003,140	41,451,071
Promissory note, RUS Intermediary Relending Program, interest at 1%, proceeds to be used for economic development	150,000	
	63,436,637	53,502,623
Less current maturities	1,811,000	1,310,000
<b>TOTAL LONG-TERM DEBT, less current portion</b>	<b>\$ 61,625,637</b>	<b>\$ 52,192,623</b>

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

2006	\$	1,811,000
2007		1,821,000
2008		1,870,000
2009		1,905,000
2010		1,940,000
Thereafter		54,089,637
	<b>\$</b>	<b>63,436,637</b>

**NOTE 9: LINE OF CREDIT**

The Cooperative has available a perpetual line of credit with CFC in the amount of \$10,000,000 for 2005 and 2004, respectively. The Cooperative had an outstanding balance of \$-0- for 2005 and \$1,400,000 in 2004. Interest at December 31, 2005 was charged at 6.10%

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

Under its wholesale power agreement, the Cooperative is committed to purchase most of its electric power and energy requirements from WVPA, until March 1, 2027. The rates paid for such purchases are subject to approval of the Federal Energy Regulatory Commission (FERC). During 2004, the Cooperative exercised its right of termination, whereby the Cooperative may elect to terminate its contract with WVPA in 10 years. Pursuant to the termination agreement, the Cooperative is depositing annually a sum equal to 1.5 mills of KWH purchased by the old Fruit Belt division.

**NOTE 11: RETIREMENT PLAN**

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

The following table sets forth the plan's funded status and amounts recognized in the Cooperative's financial statements at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Actuarial present value of benefit obligations: Accumulated Benefit obligation, including vested benefits of \$6,927,890 For 2005 and \$5,627,835 for 2004 respectively	<u>\$ 7,255,266</u>	<u>\$ 5,857,250</u>
<b>Change in Benefit Obligation</b>		
Benefit obligation at beginning of year	\$ 7,074,301	\$ 8,837,950
Service cost	450,460	416,233
Interest cost	456,647	581,958
Actuarial (gain) loss	787,284	1,120,364
Benefits paid	(74,241)	(441,653)
Effect of settlement		(3,440,551)
Benefit obligation at end of year	<u>\$ 8,694,451</u>	<u>\$ 7,704,301</u>
<b>Change in Plan Assets</b>		
Fair value of plan assets at beginning of year	\$ 5,271,671	\$ 8,341,077
Actual return on plan assets	401,165	412,798
Employer contributions	660,000	400,000
Benefits paid	(74,241)	(441,653)
Effect of settlement		(3,440,551)
Fair value of plan assets at end of year	<u>\$ 6,258,595</u>	<u>\$ 5,271,671</u>

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11: RETIREMENT PLAN - continued**

	<u>2005</u>	<u>2004</u>
<b>Reconciliation of Funded Status</b>		
Funded status (underfunded)/overfunded	\$ (2,435,856)	\$ (1,802,630)
Unrecognized net actuarial (gain)/loss	1,919,101	1,160,387
Unrecognized transition (asset)/obligation		9,754
Unrecognized prior service cost	181,365	209,697
(Accrued)/Prepaid benefit cost	<u>\$ (335,390)</u>	<u>\$ (422,792)</u>
Net pension cost included the following components:		
Service cost- benefits earned during the period	\$ 450,460	\$ 416,233
Interest cost on projected benefit obligation	456,647	581,958
Actual return on plan assets	(406,703)	(625,104)
Net amortization and deferral	72,194	40,364
Effects of Special Events		<u>564,326</u>
Net periodic pension cost	<u>\$ 572,598</u>	<u>\$ 977,777</u>

Prepaid pension cost is included in prepaid assets. Accrued pension cost is included in other current liabilities.

The weighted-average discount rate was 6.00% and 6.50% for 2005 and 2004, respectively. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 4.0% for 2005 and 2004. The expected long-term rate of return on assets was 7.5% for 2005 and 2004, respectively.

The Cooperative expects to contribute \$660,000 to its pension plan in 2006. Expected benefit payments for 2006 are estimated at \$200,000, \$330,000 for 2007, \$370,000 for 2008, \$530,000 for 2009, \$580,000 for 2010 and \$4,000,000 for 2011 – 2015.

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

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

The following table sets forth the plan's combined funded status reconciled with the amount shown in the Cooperative's statement of financial position at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
(Accrued) post-retirement benefit costs, beginning	\$ (943,166)	\$ (847,783)
Net periodic post-retirement benefit (costs)	(294,920)	(241,637)
Contributions made	<u>143,647</u>	<u>146,254</u>
(Accrued) post-retirement benefit cost, end of year	<u>\$ (1,094,439)</u>	<u>\$ (943,166)</u>



**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

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

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

	2005	2004
Service cost-benefits attributed to service during the period	\$ 73,261	\$ 92,764
Interest cost	145,734	102,370
Net amortization and deferral	75,925	46,503
Net periodic post-retirement benefit cost	\$ 294,920	\$ 241,637

Midwest Energy Cooperative assumes for measurement purposes a 10.0% annual rate of increase in the per capita cost of covered health care benefits for 2006. The rate was assumed to decrease by .5% per year to an ultimate rate of 5%, and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point would increase the accumulated post-retirement obligation by \$33,584 and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the years then ended by \$8,394.

The weighted average discount rate used in determining the accumulated post-retirement benefit obligation as 6.75% and 7.25% for 2005 and 2004, respectively.

**NOTE 13: RECLASSIFICATION OF AMOUNTS**

Certain amounts previously reported have been reclassified to conform to the 2005 presentation.

**NOTE 14: RELATED PARTY TRANSACTIONS**

Midwest Energy, Inc. is a wholly-owned subsidiary of Midwest Energy Cooperative. In addition, Midwest Energy Cooperative has furnished some personnel, office space, and other necessary operating facilities such as computer time for Midwest Energy's operations. During the year Midwest Energy Cooperative charged Midwest Energy, Inc.'s operations for such services. The total inter-company receivable was \$1,043 and \$88 at December 31 2005 and 2004, respectively.

The Cooperative has leased space within its building to First National Bank of Three Rivers. The bank has opened a branch location within the lobby of the cooperative. The Cooperatives Chief Executive Officer is a member of the Board of Directors for the Bank.

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**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	N/A			
2				
3				
4				
5				
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17				
<b>TOTAL</b>				

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

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

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

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**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 attachment					1
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Midwest Energy Cooperative Investment in Associated Organizations - Patronage Capital and Other NonGeneral Funds									
12/31/2005									
Account Number	Description	12/31/2004 Beginning Balance	Allocated	12/31/2005 Invested	12/31/2005 Profit(Loss)	Adjusted Adjustments G/L	Retired (Cash Received)	12/31/2005 Form 7	12/31/2005 General Ledger
Investment in Subsidiary Companies									
123.25	Midwest Energy-100 shares	\$ 6,500,100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,500,100	\$ 6,500,100.00
123.18	Midwest Energy, Inc.	\$ (2,756,770.58)	\$ -	\$ -	\$ (715,934.95)	\$ -	\$ -	\$ (3,472,706)	\$ (3,472,705.53)
		\$ 3,743,329.42	\$ -	\$ -	\$ (715,934.95)	\$ -	\$ -	\$ 3,027,394	\$ 3,027,394.47
123.10	NRUCFC	\$ 239,552.93	\$ 57,044.17	\$ -	\$ -	\$ -	\$ (54,653.36)	\$ 242,544	\$ 242,543.74
123.11	Wabash Valley	\$ 3,635,074.00	\$ 342,812.41	\$ -	\$ -	\$ -	\$ -	\$ 3,977,886	\$ 3,977,886.41
123.12	NISC (formerly CADP)	\$ 87,582.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,583	\$ 87,582.85
123.13	Resco - Michigan	\$ 17,877.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,877	\$ 17,877.00
123.15	Resco - Ohio	\$ 20,106.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,106	\$ 20,106.05
123.16	Resco - Wisconsin	\$ 101,849.90	\$ 21,774.00	\$ -	\$ -	\$ -	\$ (5,443.00)	\$ 118,181	\$ 118,180.90
123.17	Buckeye	\$ 664,580.23	\$ 99,980.85	\$ -	\$ -	\$ -	\$ (58,708.10)	\$ 705,853	\$ 705,852.98
		\$ 4,766,622.96	\$ 522,211.43	\$ -	\$ -	\$ -	\$ (118,804.46)	\$ 5,170,030	\$ 5,170,029.93
123.22	CFC Cap. Term Cert.	\$ 1,277,470.14	\$ -	\$ 18,298.00	\$ -	\$ -	\$ (516.51)	\$ 1,295,252	\$ 1,295,251.03
123.23	MECA	\$ 54,034.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,034	\$ 54,034.00
123.24	NRUCFC Membership	\$ 1,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000.00
123.24	Wabash Membership	\$ 5.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 5.00
123.24	NRTC (New 6/03)	\$ 825.63	\$ 3,134.29	\$ -	\$ -	\$ -	\$ (940.29)	\$ 3,020	\$ 3,019.63
123.24	Federated Insurance	\$ 190,891.54	\$ 17,785.00	\$ -	\$ -	\$ -	\$ (5,751.00)	\$ 202,726	\$ 202,725.54
123.24	ECO INC.	\$ -	\$ 925.00	\$ -	\$ -	\$ -	\$ (925.00)	\$ -	\$ -
124.00	American Sealing Park-SBT	\$ 128,617.00	\$ -	\$ -	\$ (128,617.00)	\$ -	\$ -	\$ -	\$ -
124.10	Cooperative Response Center	\$ 12,500.00	\$ 600.00	\$ -	\$ -	\$ -	\$ (26.30)	\$ 13,074	\$ 13,073.70
		\$ 1,665,143.31	\$ 22,444.29	\$ 18,298.00	\$ (128,617.00)	\$ -	\$ (8,159.10)	\$ 1,569,110	\$ 1,569,109.50
128.50	Other Special Funds - Def. Comp	\$ 36,208.50	\$ -	\$ -	\$ (438.46)	\$ -	\$ (35,770.04)	\$ -	\$ -
	Total - Form 7, Part C, Line 14	\$ 10,211,304.19	\$ 544,655.72	\$ 18,298.00	\$ (844,990.41)	\$ -	\$ (162,733.60)	\$ 9,766,534	\$ 9,766,534

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**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>
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\* 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 attachment					
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21						
22						
23						
24						
25	TOTAL					

**Midwest Energy Cooperative  
 Receivables from Associated Companies (Account 145,146)  
 For Year Ending 12/31/04**

Line#	Particulars (a)	Balance Beginning of Year (b)	Debits ©	Credits (d)	Balance End of Year (e)	Interest for Year (f)
1	146.00 Midwest Energy, Inc.- Unbilled	\$0	\$26,483	\$26,483	\$0	\$0
2	146.01 Midwest Energy, Inc. Commerce Park	\$67	\$1,222	\$1,200	\$88	\$88
3	146.10 Midwest Propane	\$0	\$460,998	\$460,998	\$0	\$0
4	146.15 Midwest Energy, Inc. Propane Conversion	\$0			\$0	\$0
5	146.18 Midwest Energy, Inc. Internet	\$0	\$12,213	\$12,213	\$0	\$0
6	146.20 Midwest Energy, Inc. Long Distance	\$0	\$14,903	\$14,903	\$0	\$0
7	146.35 Midwest Energy, Inc. Billed	\$8,858	\$52,702	\$50,634	\$10,925	\$10,925
8	146.36 Midwest Propane Billed	\$29,068	\$458,164	\$381,738	\$105,495	\$105,495
9	146.95 Midwest Propane Unreimbursed Medical	\$180	\$1,429	\$420	\$1,189	\$1,189
10	146.96 Midwest Propane Cobra Suspense	\$0	\$0	\$0	\$0	\$0
		<u>\$38,173</u>	<u>\$1,028,113</u>	<u>\$948,590</u>	<u>\$117,696</u>	<u>\$0</u>

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**ALLOWANCES (Continued)**

6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-46 the net sales or auction of the withheld allowances.

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).

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

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

10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.

20__		20__		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								1
								2-4
								5
								6-8
								9
								10
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								41-43
								44
								45
								46

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**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, 222, Reacquired Bonds, 223, 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	See attachment		
2			
3			
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25	TOTAL		



Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <sup>05</sup>
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**LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)**

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.

11. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt 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 <i>(Total amount outstanding without reduction for amounts held by respondent)</i>  (h)	Interest for Year Amount  (i)	Line No.
		Date From (f)	Date To (g)			
						1
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Midwest Energy Cooperative					
RUS Debt Summary					
December 2005					
		Date	Final	12/31/2005	Year To Date
		Loan	Payment	End Of Month	Interest
	A/C #	Executed	Date	Principal	Interest
				Balance	Expense
1	4210	6/25/1970	6/25/2005		\$ 39.32
2	B200	1/6/1972	1/6/2007	\$ 2,243.49	\$ 69.04
3	B202	1/6/1972	1/6/2007	\$ 2,243.49	\$ 69.04
4	4210	1/6/1972	1/6/2007	\$ 2,514.95	\$ 76.77
4	1B260	4/29/1982	4/29/2017	\$ 113,148.97	\$ 1,914.29
5	1B262	4/29/1982	4/29/2017	\$ 112,785.29	\$ 1,908.13
6	1B270	4/30/1984	4/30/2019	\$ 99,672.96	\$ 838.30
7	1B271	4/30/1984	4/30/2019	\$ 473.74	\$ 3.99
8	1B273	4/30/1984	4/30/2019	\$ 102,801.43	\$ 864.61
9	1B280	10/30/1986	10/30/2021	\$ 250,503.60	\$ 2,104.01
10	1B282	10/30/1986	10/30/2021	\$ 208,752.92	\$ 1,753.33
11	1B283	10/30/1986	10/30/2021	\$ 42,869.72	\$ 360.06
12	1B290	12/9/1988	12/9/2023	\$ 466,792.41	\$ 3,917.14
13	1B292	12/9/1988	12/9/2023	\$ 457,491.80	\$ 3,839.09
14	1B293	12/9/1988	12/9/2023	\$ 5,206.20	\$ 43.69
15	1B301	10/31/1991	10/31/2026	\$ 562,741.82	\$ 4,718.05
16	1B310	2/29/1996	2/28/2031	\$ 705,336.60	\$ 5,023.42
17	1B311	2/29/1996	2/28/2031	\$ 108,836.53	\$ 638.56
18	1B312	2/29/1996	2/28/2031	\$ 216,560.33	\$ 1,768.73
19	1B313	2/29/1996	2/28/2031	\$ 327,831.59	\$ 2,677.52
20	1B314	2/29/1996	2/28/2031	\$ 26,322.26	\$ 214.98
21	1B315	2/29/1996	2/28/2031	\$ 1,085,528.90	\$ 9,773.33
22	1B316	9/23/1999	2/28/2031	\$ 333,779.36	\$ 1,818.67
23	1B520	12/15/1971	12/15/2006	\$ 19,340.31	\$ 595.29
24	1B522	12/15/1971	12/15/2006	\$ 19,340.31	\$ 595.29
25	1B591	1/31/1989	3/20/2030	\$ 1,713,032.58	\$ 14,351.54
26	1B596	1/31/1989	3/20/2030	\$ 1,713,209.68	\$ 14,353.03
27	1B600	7/1/1997	7/1/2032	\$ 4,208,382.73	\$ 35,243.44
28	1B605	1/6/1999	7/1/2032	\$ 4,146,863.98	\$ 31,261.51
29	1B610	8/11/1999	3/12/1934	\$ 3,562,740.01	\$ 152,902.94
30	1B611	2/9/2000	3/12/1934	\$ 3,906,226.51	\$ 201,885.02
31	1B612	2/16/2000	3/12/1934	\$ 1,021,120.79	\$ 47,663.48
32	1B613	1/9/2001	3/12/1934	\$ 1,954,091.49	\$ 88,764.84
33	1B614	2/27/2001	3/12/1934	\$ 2,507,044.80	\$ 83,875.50
34	1B615	9/11/2001	3/1/2034	\$ 2,222,020.70	\$ 100,938.47
35	1B620	3/25/2003	8/1/2037	\$ 2,383,087.50	\$ 121,885.80
36	1B621	3/31/2003	3/31/2013	\$ 2,373,066.66	\$ 94,771.06
37	1B622	4/2/2003	4/30/2008	\$ 2,361,145.60	\$ 68,952.56
38	1B623	12/23/2003	8/1/2037	\$ 1,965,724.04	\$ 100,731.25
39	1B624	7/8/2004	8/1/2037	\$ 2,950,206.46	\$ 156,195.25
40	1B625	3/29/2005	8/1/2037	\$ 3,466,556.24	\$ 129,087.13
41	1B626	9/13/2005	8/1/2037	\$ 1,993,006.79	\$ 26,552.00
42	1B627	11/22/2005	8/1/2037	\$ 2,282,494.86	\$ 11,277.90
43	1C44	9/7/2005		\$ 22,000,000.00	\$ -
				\$ 74,003,140.40	\$ 1,526,317.37

CFC Debt					
Midwest Energy Cooperative Long Term Debt - Account # 224.12 CFC Debt - 2005 Annual Summary					
	Original	Date	Final	11/30/2005	YTD
	Loan	Loan	Payment	Principal	Interest
	Amount	Executed	Date	Balance	Expense
9001-001	\$12,000.00	1/6/1972	3/1/2007	\$908.00	\$ 102.75
9002-001	\$90,000.00	9/27/1973	9/1/2008	\$17,298.89	\$ 1,396.76
9003-001	\$35,000.00	5/27/1976	3/1/2011	\$12,641.97	\$ 595.63
9004-001	\$228,000.00	6/23/1977	6/1/2012	\$97,686.75	\$ 4,459.41
9005-001	\$182,000.00	8/17/1979	6/1/2014	\$86,716.08	\$ 4,543.57
9006-001	\$118,000.00	4/29/1982	2/28/2017	\$72,321.95	\$ 3,816.61
9007-001	\$98,000.00	4/30/1984	3/1/2019	\$63,783.67	\$ 3,379.11
9008-001	\$222,680.00	10/30/1986	9/1/2021	\$157,008.24	\$ 9,542.95
9009-001	\$211,454.00	12/9/1988	11/30/2023	\$161,105.82	\$ 9,922.08
9009-002	\$184,379.00	12/9/1988	11/30/2023	\$140,470.32	\$ 8,651.20
9010-001	\$437,500.00	10/31/1991	9/1/2026	\$351,543.15	\$ 17,882.37
9011-001	\$178,980.00	2/29/1996	2/28/1931	\$161,722.10	\$ 8,198.16
9011-002	\$614,020.00	2/29/1996	3/1/1931	\$551,953.51	\$ 27,980.10
9012-001	\$104,000.00	12/15/1971	3/1/2007	\$9,511.94	\$ 881.01
9013-001	\$428,000.00	8/13/1973	6/1/2008	\$75,145.43	\$ 6,166.47
9014-001	\$478,000.00	10/7/1974	9/1/2009	\$120,519.99	\$ 9,308.21
9015-001	\$290,000.00	10/22/1975	9/1/2010	\$101,929.09	\$ 6,101.70
9016-001	\$768,000.00	7/27/1978	6/1/2013	\$353,972.63	\$ 22,803.46
9017-001	\$784,000.00	10/23/1979	9/1/2014	\$399,038.86	\$ 27,816.07
9018-001	\$603,000.00	8/18/1982	6/1/2017	\$395,624.76	\$ 24,485.55
9019-001	\$1,273,469.00	1/13/1989	12/1/2023	\$997,630.03	\$ 31,252.72
9020-001	\$1,471,000.00	7/1/1997	5/1/2032	\$1,442,203.78	\$ 104,879.41
9020-002	\$1,471,000.00	7/1/1997	5/1/2032	\$1,284,156.11	\$ 69,550.23
9021-001	\$433,574.57	8/8/2003	8/31/2004	\$0.00	\$ -
9021-002	\$433,574.57	8/8/2003	8/31/2005	\$0.00	\$ 3,389.53
9021-003	\$433,574.57	8/8/2003	8/31/2006	\$326,432.89	\$ 12,636.94
9021-004	\$433,574.57	8/8/2003	8/31/2007	\$433,574.57	\$ 13,332.41
9021-005	\$433,574.57	8/8/2003	8/31/2008	\$433,574.57	\$ 14,849.91
9021-006	\$433,574.57	8/8/2003	8/31/2009	\$433,574.57	\$ 16,367.43
9021-007	\$433,574.57	8/8/2003	8/31/2010	\$433,574.57	\$ 17,884.93
9021-008	\$433,574.57	8/8/2003	8/31/2011	\$433,574.57	\$ 18,968.87
9021-009	\$433,574.57	8/8/2003	8/31/2012	\$433,574.57	\$ 20,052.82
9021-010	\$385,806.78	8/8/2003	8/31/2013	\$385,806.78	\$ 18,422.27
9021-011	\$47,767.79	8/8/2003	8/31/2014	\$47,767.79	\$ 2,599.12
9021-012	\$433,574.57	8/8/2003	8/31/2015	\$433,574.57	\$ 24,675.80
9021-013	\$433,574.53	8/8/2003	8/31/2016	\$433,574.53	\$ 25,755.75
Grand Total	\$15,485,376.80			11,283,497.05	\$ 592,651.31

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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**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="center">* 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						
2						
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21						
22						
23						
	<b>TOTAL</b>					

Midwest Energy Cooperative  
 Payables to Associated Companies (Accts 233,234)  
 For Year Ending 12/31/05

Line #	Particulars (a)	Balance Beginning of Year (b)	Debits (c)	Credits (d)	Balance End of Year (e)	Interest for Year (f)
1	232.50 Accounts Payable Midwest Propane payments made with Electric bill that need to be transferred to Propane	(\$10,306)	\$3,119,331	\$3,170,253	(\$61,228)	
2	232.51 Accounts Payable Midwest Propane Gooles location payments made with Electric bill that are NSF's	\$0	\$0	\$0	\$0	
3	232.52 Accounts Payable Midwest Energy, Inc. Propane tank cylinder & gas sales	\$0	\$863	\$863	\$0	
4	232.70 Accounts payable-Wild Blue payments made with Electric bill that need to be transferred to Wild Blue	\$0	\$166,746	\$193,830	(\$27,084)	
5	232.70 Accounts payable-Wild Blue payments made with Electric bill that need to be transferred to Wild Blue	\$0	\$166,746	\$193,830	(\$27,084)	
6	233.10 Accounts Payable Midwest Energy, Inc.	\$0	\$2,205	\$2,205	\$0	
7	242.58 Af ac Pretax Deduction-Employee transfer to Propane-due coop	\$29	\$20,997	\$20,986	\$40	
		(\$10,277)	\$3,476,888	\$3,581,968	(\$115,357)	\$0

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <sup>05</sup>
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.  
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated

Line No.		TOTAL AMOUNT
	N/A, MWE is a tax exempt organization and does not file a Federal Income Tax Return.	
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 2005
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)**

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

4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.

Utility	Other	Line No.
		1
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Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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**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					
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14					
15					
16					
17	Total Gain				



Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20					
21	See attachment				
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss				

Acct #	Item #	Description	CR	DR	Midwest Energy Cooperative Schedule of general plant assets disposed of in 2005 Reconciliation of GI #421.10 gain or loss on disposition of property		REVIS 2-19-02		Date	Comments
					Cost	AD	Carrying Value	Sales Price		
392.00	817A	Utility body for #897	3,028.70	3,770.10	1,250.00	0.00	0.00	1/12/2005	DK found/repair 2005-classified with Mile M the body with sold with-exception instead of removed as previous practices	
392.00	21	Toro snow blower	695.07	695.07	0.00	111.11	(1,246.00)	4/12/2005	Adrian location	
392.00	P14	New snow blower	11,330.00	9,041.65	2,284.43	2,500.00	205.57	2/4/2005	DK found/repair 2005-classified with Mile M the body with sold with-exception instead of removed as previous practices	
392.00	1983	1996 F 1500 Hi Ranger truck	10,107.80	10,070.88	0.00	20,000.00	20,000.00	2/17/2005	Adrian location	
392.00	3565	95 F 1500 Pickup - make marks	15,281.05	15,281.05	0.00	825.00	825.00	4/12/2005	Adrian location	
392.00	R 100	Ditch Witch Digger	80,000.00	80,000.00	0.00	8,000.00	8,000.00	4/12/2005	Adrian location	
392.00	R100A	2' feed blades on DW digger	2,640.81	816.14	2,024.67	0.00	(2,024.67)	4/12/2005	Adrian location	
392.00	43	Scrammer Ice Machine	2,288.28	2,288.28	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	2600a	Winch for bk 2500	1,980.04	1,980.04	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	706A	Truck body for V706	6,111.38	6,111.38	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	290B	Accessories for V796	3,011.54	1,095.75	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	897B	transmission for #897	1,005.20	62,639.20	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	1103A	Tower Body for used 1103	62,639.20	62,639.20	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	1103C	retractable grounding reel v 1103	841.55	841.55	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	1105B	retractable grounding reel	841.55	841.55	0.00	0.00	0.00	4/12/2005	Adrian location	
392.00	1935C	rebuilt empty winches Healy	24,802.49	14,091.32	9,921.17	0.00	(9,921.17)	12/31/2005	Adrian location	
398.00	30	Cement attached winch	507.44	507.44	0.00	0.00	0.00	12/31/2005	Adrian location	
365,789	GJ19.7	Sale of Angels crossing	229,000.55	439.71	229,093.84	241,961.74	17,860.90	12/31/2005	Adrian location	
			550,966.36	306,290.65	244,077.71	273,196.65	26,521.14			
G/L balance 2005							26,521.14			
Diff							0.00			

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$ 25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain Civic, Political and Related Activities.)

(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	
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5	See attachment
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Midwest Energy Cooperative  
 Charges for Outside Professional and Other Consultive Service  
 Year Ending 12/31/04

Amounting to more than \$25,000.00

Name and Address	Description of Services	Basis of Charges	Total Charges for the Year	Account Charged	Amount
Balos Engineering & Electric 10902 Preston Road Constantine, MI 49042	Contractor-Construction		\$36,509.21	107.10	\$22,357.76
				108.90	\$2,811.45
				583.00-51	\$2,915.00
				584.00-51	\$715.00
				586.00-51	\$2,238.00
				593.00-51	\$5,472.00
					<u>\$36,509.21</u>
CC Power Electrical Contracting PO Box 5663 Traverse City, MI 49696	Contractor-Construction		\$79,572.30	107.10	\$66,567.40
				108.90	\$12,214.90
				583.00-51	\$790.00
					<u>\$79,572.30</u>
Cooperative Response Center 2000 8th Street N.W. Austin, MN 55912			\$81,495.15	146.10	\$11,874.38
				581.01-22	\$68,840.77
				580.60-46	\$540.00
				581.60-22	\$240.00
					<u>\$81,495.15</u>
Data Image 7708 Green Meadows Dr Ste E Lewis Center, OH 43035	Pre paid postage Statement mailed & Stuffers		\$143,680.67	165.21	\$100,000.00
				903.04-21	\$42,699.83
				904.02-21	\$980.84
					<u>\$143,680.67</u>
Don's Quality Cable Inc. 5090 Kristine Lane Clayton, MI 49235	Contractor-Construction		\$36,361.00	107.10	\$35,468.50
				107.20	\$892.50
					<u>\$36,361.00</u>
Dykema Gossett 400 Renaissance Center Detroit, MI 48243	Legal Services		\$365,010.99	146.00	\$9,889.66
				923.00-0*	\$355,121.33
					<u>\$365,010.99</u>
Environmental Protection PO Box 710 Wheeling, WV 26003			\$37,868.00	593.00-51	\$37,868.00
					<u>\$37,868.00</u>
Green Leaf Tree Service 5280 Engle Rd Middleville, MI 49333	Contractor-Tree Work		\$1,727,340.00	107.10	\$651,590.00
				593.30-54	\$1,075,750.00
					<u>\$1,727,340.00</u>
Hydaker Wheel Lake 1435 Reliable parkway Chicago, IL 60686	Contractor-Construction		\$843,327.04	107.10	\$738,143.05
				108.90	\$45,067.66
				416.20-45	\$2,074.37
				583.00-51	\$24,791.23
				584.00-51	\$15,996.89
				586.00-51	\$13,871.54
				583.00-51	\$1,562.50
				594.00-51	\$1,364.80
				598.00-51	\$455.00
Lasalle Bank Midwest Attn: Account Analysis Drawer #0704 PO Box 79001 Detroit, MI 48279	Bank Fees		\$27,737.50	921.0*-1	\$27,737.50
					<u>\$27,737.50</u>

Markur Consulting, LLC 9319 Mockingbird Lane Cadillac, MI 49601	Information Systems Contractor	\$96,263.34	146.10	\$8,737.90
			146.18	\$9,400.00
			146.20	\$80.00
			903.12-22	\$8,760.93
			921.00-22	\$646.84
			927.00-23	\$22,870.61
			927.10-23	\$41,641.07
			927.10-23	\$3,825.99
			930.23-70	\$240.00
				<u>\$96,263.34</u>
Michigan Electric Coop Assoc 2859 W. Jolly Rd Okemos, MI 48864	Utility Restructuring Country Line Magazine Deferred Income	\$240,207.67	146.10	\$6,590.29
			146.18	\$1,766.43
			146.20	\$1,207.44
			185.30	\$5,746.58
			580.60-50	\$20.00
			583.50-51	\$393.37
			909.01-70	\$83,696.20
			909.02-70	\$5,388.60
			921.60-1	\$300.00
			921.60-60	\$20.00
			921.60-70	\$20.00
			923.00-01	\$23,613.76
			930.21-3	\$2,400.00
			930.22-1	\$93,680.00
			926.11-50	\$17,365.00
	<u>\$240,207.67</u>			
P. Wayne Nabozny Wayne Nabozny Construction 25729 M-60 West Cassopolis, MI 49031		\$27,400.97	416.00-70	\$50.00
			583.20-51	\$105.97
			587.00-51	\$7,625.00
			587.10-70	\$900.00
			588.20-60	\$17,930.00
			912.30-70	\$285.00
			921.00-1	\$160.00
			925.00-45	\$130.00
			925.00-51	\$125.00
			927.10-23	\$90.00
				<u>\$27,400.97</u>
NISC SDS 12-2053 Minneapolis, MN 55486	Computer System Support	\$182,557.12	146.1	13142.64
			146.18	1619.17
			186	5677.38
			581.01-22	376.71
			588.10-46	15550
			902.00-21	1375
			903.02-21	1196.09
			903.02-23	100754.28
			903.04-21	22214.26
			903.06-21	18.29
			903.09-21	4398.04
			903.60-21	650
			903.60-22	975
			912.60-70	325
			921.00-11	1323.24
			921.00-21	141.99
			921.00-21	853.59
			921.00-22	475.8
			921.60-11	742.76
			921.60-21	75
			921.60-23	325
923.00-01	1347.88			
	<u>\$182,557.12</u>			
Owen Speciality Service, Inc. 300 Fenway Drive Fenton, MI 48430		\$48,775.80	593.10-54	\$48,775.80
				<u>\$48,775.80</u>
Power System Engineering 2000 Engle St Suite 100 Madison, WI 53713	Rate Study Consulting	\$40,498.00	186.40	\$25,666.00
			923.00-1	\$14,832.00
				<u>\$40,498.00</u>

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	See attachment				
2					
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28					
29					
30					
<b>TOTAL</b>					

Name of Respondent Midwest Energy Cooperative		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <sup>05</sup>	
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)						
<p>5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.</p> <p>6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.</p> <p>7. In column (j) report the total.</p> <p>8. In column (k) indicate the pricing method (cost, per contract terms, etc.)</p>						
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
						1
						2
						3
						4
						5
						6
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Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20_05
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

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

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



Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2006	Year of Report Dec. 31, 20 <u>05</u>
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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
						2
						3
						4
						5
						6
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Midwest Energy Cooperative  
 Summary of Costs Billed to Associated Companies  
 For year 2005

Line #	Company	Affiliation	Desc: nature of Goods and Services	Account Number	Amount Classified Balance Sheet	Amount Classified to Operating Income	Amount Classified to Non-operating	Pricing Method
1	Midwest Energy, Inc.	Wholly owned subsidiary of Midwest Energy Cooperative	Out of pocket expenses Labor & Benefit Allocation	146.00 146.00	12,824.73 29,773.92			cost
					<u>\$ 42,598.65</u>	<u>\$ -</u>	<u>\$ -</u>	cost
2	Midwest Energy, Inc.- Commerce Park	Owned by Midwest Energy, Inc	Electric Usage Labor & Benefit Allocation	146.01 146.01	1,028.45			cost
					<u>\$ 1,028.45</u>	<u>\$ -</u>	<u>\$ -</u>	cost
3	Midwest Energy, Inc.- Midwest Propane	Wholly owned subsidiary of Midwest Energy, Inc.	Labor & Benefit Allocation Out of pocket expenses Facility Lease	146.10 146.10 146.10	291,701.79 280,714.80 19,020.00			cost cost contract
					<u>\$ 601,436.59</u>	<u>\$ -</u>	<u>\$ -</u>	
4	Midwest Energy, Inc.-Connections Plus	Midwest Energy, Inc. Line of Business	Labor & Benefit Allocation Out of pocket expenses	146.18 146.18	73,954.24 38,849.26			cost cost
					<u>\$ 112,803.50</u>	<u>\$ -</u>	<u>\$ -</u>	
5	Midwest Energy, Inc. - Long Distance Telephone	Midwest energy inc	Labor & Benefit Allocation Out of pocket expenses	146.20 146.20	7,788.30 4,660.31			cost
					<u>\$ 12,448.61</u>	<u>\$ -</u>	<u>\$ -</u>	
			<b>Total Costs billed To Associated Companies</b>		<u>\$ 770,321.80</u>	<u>\$ -</u>	<u>\$ -</u>	



Miscellaneous Midwest Inc/Propane Expenses  
 Paid by Midwest Energy Cooperative to be reimbursed  
 For year 2005

Line #	Company	Affiliation	Expenses-Child	Franks	hide months columns	Jan	Feb	Mar	Apr	May		
1	Midwest Energy Inc	Wholly owned subsidiary of Midwest Energy Cooperative	Expenses-Child	Form 7 MFSC page								
			Dykema - Legal	Goods and Services								
			Office Supplies and Expenses	Out of Pocket expense								
			Federated/Inc	Out of Pocket expense								
			Administrative Services	Out of Pocket expense								
			Accounting Services	Labor & Benefit Allocation								
			Accounting Services	Labor & Benefit Allocation								
			Accounting Services	Labor & Benefit Allocation								
			Accounting Services	Labor & Benefit Allocation								
			Accounting Services	Labor & Benefit Allocation								
Total #146.00 billed												
2	Midwest Energy Inc-Commerce Park	Owned by Midwest Energy, Inc	Electric Usage	Out of Pocket expense								
			Total #146.01 MWE Inc Commerce Park	Out of Pocket expense								
			Total INC	Out of Pocket expense								
			Facility Rental	Facility Lease								
			Office Space Rental	Facility Lease								
			Coop Services	Labor & Benefit Allocation								
			Garage expense after markup	Out of Pocket expense								
			outside vehicle repairs/costs	Out of Pocket expense								
			collection agency	Out of Pocket expense								
			OK to open new bit account-FNB	Out of Pocket expense								
3	Midwest Propane LLC	Wholly owned subsidiary of Midwest Energy, Inc	Great lakes- up service	Out of Pocket expense								
			Credit card fees	Out of Pocket expense								
			Federated Inc	Out of Pocket expense								
			Accident Fund	Out of Pocket expense								
			SBC - Ameritech	Out of Pocket expense								
			Cass County Fair- sponsorship	Out of Pocket expense								
			Farmhand News-Advertising/bh adv	Out of Pocket expense								
			Leader Publication	Out of Pocket expense								
			MI Electric Coop	Out of Pocket expense								
			Image campaign invoice/misc ad/billstuf	Out of Pocket expense								
4	Midwest Energy Inc.-Connections/Wildblue	Midwest Energy, Inc. Line of Business	Verizon 517-263-1808	Out of Pocket expense								
			Verizon Directories 30008	Out of Pocket expense								
			Giveaway promotion/donation	Out of Pocket expense								
			Alltel Publishing Directory Advertising	Out of Pocket expense								
			Alltel - cell phones	Out of Pocket expense								
			Blue Cross /Blue Shield	Out of Pocket expense								
			Fortis Benefits Inc	Out of Pocket expense								
			Pharmcare RX	Out of Pocket expense								
			Unum	Out of Pocket expense								
			AFLAC - employee	Out of Pocket expense								
MPGA fees for andy/billy/seminars	Out of Pocket expense											
meeting registration	Out of Pocket expense											
shoe covers	Out of Pocket expense											
Driving Record fees/background checks	Out of Pocket expense											
gobies big mnc-mowing	Out of Pocket expense											
misc p/r w/h	Out of Pocket expense											
NISC	Out of Pocket expense											
Salesforce	Out of Pocket expense											
Mark consulting-Matt	Out of Pocket expense											
Newsgo/other	Out of Pocket expense											
CRC-call center	Out of Pocket expense											
off supplies/postage/misc postage etc	Out of Pocket expense											
Hotels for newgo staff near class/other	Out of Pocket expense											
Annual picnic expenses-billed late/appro: dnu	Out of Pocket expense											
Meals	Out of Pocket expense											
Meals & entertainment	Out of Pocket expense											
Total #146.10 billed	Out of Pocket expense											
4	Midwest Energy Inc.-Connections/Wildblue	Midwest Energy, Inc. Line of Business	Accounting Services	Labor & Benefit Allocation								
			Admin Services	Labor & Benefit Allocation								
			Marketing Services	Labor & Benefit Allocation								
			Dispatch Dept Services	Labor & Benefit Allocation								
			Customer Service	Labor & Benefit Allocation								
			Advertising	Labor & Benefit Allocation								
			Bill Stuffers M-46	Out of Pocket expense								
			WB coffee fees	Out of Pocket expense								
			Install Supplies/cos w/b	Out of Pocket expense								
			Travel/meals, hotel/training	Out of Pocket expense								
Inventory Program	Out of Pocket expense											
Total #146.10 billed												

Miscellaneous Midwest Inc/Propane Expenses  
 Paid by Midwest Energy Cooperative to be reimbursed  
 For year 2005

Line #	Company	Affiliation	Expenses-hide	Franks	hide months columns					
					Jan	Feb	Mar	Apr	May	
			software license/inventory program-cart							
			Petty Cash-Postage, NRTC postage							
			Wildblue-MSC-salesforce							
			Matt PC/Server support/Use tax audit							
			<b>Total #146.18 Midwest Connections</b>	\$ 2,248.60	\$ 4,539.68	\$ 9,591.45	\$ 15,319.97	\$ 12,557.31		
5	146.2 Long Distance Expense TWIN	Midwest Energy, Inc. Line of Business	Accounting Services	148.62		319.76	710.00	366.81	377.81	
			Marketing Services	116.64		294.79	283.10	200.29	261.40	
			Bill Stuffers fee MJ-46							
			Market consulting			80				
			Alltel Publishing Advertising 020-202-2880	22.02		26.6	26.80	26.80	26.80	
			Verizon Directories Corp 380008402495	73.80		73.80	73.80	73.80	73.80	
			Verizon Directories Corp 517-263-1808			137.54	138.58	139.38	139.38	
			SBC-Ameritech 616 r0216477443	40.74		40.74	40.74	40.74	42.00	
			Mi Elec-advertising	603.72		603.72	603.72	603.72	603.72	
			<b>Total #146.20</b>	\$ 1,005.54	\$ 913.23	\$ 1,876.74	\$ 867.82	\$ 921.19		
			<b>Total Costs billed To Associated Companies</b>	\$ 122,434.66	\$ 35,129.35	\$ 76,522.69	\$ 59,292.46	\$ 54,201.06		
			Per Franks Affiliated reports							
			Late billings coop to sube-not updated on Franks schedule							