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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION  
MI0049

PERIOD ENDED December, 2011 (Prepared with Audited Data)

BORROWER NAME  
Midwest Energy Cooperative

INSTRUCTIONS - See help in the online application.

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

**CERTIFICATION**

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

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

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE 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 Hance

3/30/2012

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	65,628,036	68,022,430	67,763,412	5,833,941
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	44,118,481	45,112,509	45,312,438	3,656,933
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	1,462,816	1,301,117	1,597,525	135,936
7. Distribution Expense - Maintenance	4,205,845	5,063,336	4,041,508	443,024
8. Customer Accounts Expense	2,243,135	2,372,746	2,314,552	231,546
9. Customer Service and Informational Expense	972,849	1,244,844	1,329,632	154,554
10. Sales Expense	161,160	104,717	163,152	4,705
11. Administrative and General Expense	2,738,095	2,819,896	2,913,193	317,881
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>55,902,381</b>	<b>58,019,165</b>	<b>57,672,000</b>	<b>4,944,579</b>
13. Depreciation and Amortization Expense	4,010,787	4,147,305	4,220,209	351,945
14. Tax Expense - Property & Gross Receipts	1,673,462	1,737,515	1,774,500	110,890
15. Tax Expense - Other	105,263	129,890	150,000	(7,610)
16. Interest on Long-Term Debt	3,646,428	3,707,564	3,743,108	318,576
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	48,920	46,313	50,892	4,166
19. Other Deductions	11,509	9,780	7,800	3,326
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>65,398,750</b>	<b>67,797,532</b>	<b>67,618,509</b>	<b>5,725,872</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>229,286</b>	<b>224,898</b>	<b>144,903</b>	<b>108,069</b>
22. Non Operating Margins - Interest	558,136	587,176	523,075	48,891
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	441,698	193,445	223,445	51,957
25. Non Operating Margins - Other	(15,354)	42,714	9,733	5,873
26. Generation and Transmission Capital Credits	1,237,173	1,448,239	1,224,000	1,335,060
27. Other Capital Credits and Patronage Dividends	279,032	209,552	274,631	20,482
28. Extraordinary Items				
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>2,729,971</b>	<b>2,706,024</b>	<b>2,399,787</b>	<b>1,570,332</b>

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION

MI0049

PERIOD ENDED

December, 2011

INSTRUCTIONS - See help in the online application.

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	183	226	5. Miles Transmission	14.46	18.96
2. Services Retired	33	55	6. Miles Distribution – Overhead	3,149.33	3,144.64
3. Total Services in Place	38,343	38,552	7. Miles Distribution - Underground	749.99	769.27
4. Idle Services (Exclude Seasonals)	3,294	3,407	<b>8. Total Miles Energized (5 + 6 + 7)</b>	3,913.78	3,932.87

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	139,341,540	30. Memberships	0
2. Construction Work in Progress	5,437,221	31. Patronage Capital	42,674,656
<b>3. Total Utility Plant (1 + 2)</b>	144,778,761	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	44,611,025	33. Operating Margins - Current Year	224,898
<b>5. Net Utility Plant (3 - 4)</b>	100,167,736	34. Non-Operating Margins	2,481,126
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	(12,287,895)
7. Investments in Subsidiary Companies	3,970,122	<b>36. Total Margins &amp; Equities (30 thru 35)</b>	33,092,785
8. Invest. in Assoc. Org. - Patronage Capital	11,594,586	37. Long-Term Debt - RUS (Net)	58,423,450
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	15,843,372
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	2,174,698	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	11,159,526
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments – Unapplied	9,154,363
<b>14. Total Other Property &amp; Investments (6 thru 13)</b>	17,739,406	<b>43. Total Long-Term Debt (37 thru 41 - 42)</b>	76,271,985
15. Cash - General Funds	2,376,943	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	90	45. Accumulated Operating Provisions and Asset Retirement Obligations	6,981,957
17. Special Deposits	195	<b>46. Total Other Noncurrent Liabilities (44 + 45)</b>	6,981,957
18. Temporary Investments	0	47. Notes Payable	0
19. Notes Receivable (Net)	133,753	48. Accounts Payable	5,005,331
20. Accounts Receivable - Sales of Energy (Net)	3,149,161	49. Consumers Deposits	837,507
21. Accounts Receivable - Other (Net)	255,336	50. Current Maturities Long-Term Debt	2,958,661
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	1,111,849	52. Current Maturities Capital Leases	0
24. Prepayments	77,601	53. Other Current and Accrued Liabilities	1,900,758
25. Other Current and Accrued Assets	60,812	<b>54. Total Current &amp; Accrued Liabilities (47 thru 53)</b>	10,702,257
<b>26. Total Current and Accrued Assets (15 thru 25)</b>	7,165,740	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	633,561
28. Other Deferred Debits	2,609,663	<b>57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)</b>	127,682,545
<b>29. Total Assets and Other Debits (5+14+26 thru 28)</b>	127,682,545		

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p><b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION</p> <p>MI0049</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December, 2011</p>
<p><b>PART D. NOTES TO FINANCIAL STATEMENTS</b></p>	

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p><b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION</p> <p>MI0049</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December, 2011</p>
<p><b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b></p>	
<p> </p>	

**FINANCIAL AND OPERATING REPORT  
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PERIOD ENDED December, 2011

INSTRUCTIONS - See help in the online application.

**PART E. CHANGES IN UTILITY PLANT**

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	120,340,943	3,348,606	398,979		123,290,570
2. General Plant	8,872,797	940,254	547,177		9,265,874
3. Headquarters Plant	4,820,416	926			4,821,342
4. Intangibles	0				0
5. Transmission Plant	1,963,754				1,963,754
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	0				0
<b>8. Total Utility Plant in Service (1 thru 7)</b>	135,997,910	4,289,786	946,156		139,341,540
9. Construction Work in Progress	266,552	5,170,669			5,437,221
<b>10. Total Utility Plant (8 + 9)</b>	136,264,462	9,460,455	946,156		144,778,761

**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	830,039	1,071,641	29,056	927,397		71,649	1,074,988
2. Other	46,395	63,726			71,825	(1,435)	36,861

**PART G. SERVICE INTERRUPTIONS**

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	
1. Present Year	20.700	1,464.700	17.000	291.500	1,793.900
2. Five-Year Average	91.500	602.200	6.900	184.400	885.000

**PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS**

1. Number of Full Time Employees	98	4. Payroll - Expensed	4,226,135
2. Employee - Hours Worked - Regular Time	172,404	5. Payroll - Capitalized	1,151,553
3. Employee - Hours Worked - Overtime	15,453	6. Payroll - Other	428,418

**PART I. PATRONAGE CAPITAL**

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	0	7,869,538
	b. Special Retirements	137,560	2,744,484
	<b>c. Total Retirements (a + b)</b>	137,560	10,614,022
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	31,942	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	151,941	
	<b>c. Total Cash Received (a + b)</b>	183,883	

**PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE**

1. Amount Due Over 60 Days	\$ 49,437	2. Amount Written Off During Year	\$ 214,551
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0049
INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2011

**PART K. kWh PURCHASED AND TOTAL COST**

No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Wabash Valley Power Assn, Inc (IN0107)	40211			618,509,445	43,982,446	7.11		
2	Buckeye Power, Inc (OH0099)	7004			16,252,588	1,130,063	6.95		
	Total				634,762,033	45,112,509	7.11		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0049
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INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2011
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<b>PART K. kWh PURCHASED AND TOTAL COST</b>
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No	Comments
1	
2	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0049	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2011	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	<b>TOTAL</b>		



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0049	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2011	
<b>PART M. ANNUAL MEETING AND BOARD DATA</b>			
1. Date of Last Annual Meeting 4/25/2011	2. Total Number of Members 28,115	3. Number of Members Present at Meeting 9	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 161,642	8. Does Manager Have Written Contract? Y

**RUS Financial and Operating Report Electric Distribution**

**Revision Date 2010**

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION MI0049
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

**PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS**

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	58,423,451	2,760,347	1,427,665	4,188,012
2	National Rural Utilities Cooperative Finance Corporation	6,672,075	420,503	750,267	1,170,770
3	CoBank, ACB	4,487,450	210,682	325,108	535,790
4	Federal Financing Bank	15,843,372	315,478	156,628	472,106
5	RUS - Economic Development Loans				
6	Payments Unapplied	9,154,363			
	<b>TOTAL</b>	<b>76,271,985</b>	<b>3,707,010</b>	<b>2,659,668</b>	<b>6,366,678</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION MI0049
	PERIOD ENDED December, 2011
INSTRUCTIONS - See help in the online application.	

**PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY**

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	29,687	29,703	
	b. kWh Sold			349,587,579
	c. Revenue			42,923,793
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served	486	469	
	b. kWh Sold			10,390,181
	c. Revenue			1,088,160
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	4,965	4,910	
	b. kWh Sold			135,520,706
	c. Revenue			15,145,615
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	7	7	
	b. kWh Sold			105,559,908
	c. Revenue			8,362,418
6. Public Street & Highway Lighting	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
<b>10. Total No. of Consumers (lines 1a thru 9a)</b>		35,145	35,089	
<b>11. Total kWh Sold (lines 1b thru 9b)</b>				601,058,374
<b>12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)</b>				67,519,986
13. Transmission Revenue				
14. Other Electric Revenue				502,444
15. kWh - Own Use				1,010,265
16. Total kWh Purchased				634,762,033
17. Total kWh Generated				0
18. Cost of Purchases and Generation				45,112,509
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident ___ Coincident <input checked="" type="checkbox"/>				134,004

UNITED STATES DEPARTMENT OF AGRICULTURE  
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**FINANCIAL AND OPERATING REPORT  
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PERIOD ENDED December, 2011

INSTRUCTIONS - See help in the online application.

**PART P. ENERGY EFFICIENCY PROGRAMS**

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)	1,962	416,397	5,603	9,259	843,658	17,514
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	23	259,504	5,058	188	490,449	10,045
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
<b>10. Total</b>	1,985	675,901	10,661	9,447	1,334,107	27,559

RUS Financial and Operating Report Electric Distribution

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION          INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION MI0049  PERIOD ENDED December, 2011
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

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

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	123.18 Midwest Energy, Inc.	3,970,122		193,445	
	123.10 Patronage Capital - NRUCFC		330,495	22,422	
	123.11 Patronage Capital - WVPA		9,851,303	1,373,423	
	123.12 Patronage Capital - NISC	144,413		17,877	
	123.13 Patronage Capital - Resco MI			0	
	123.15 Patronage Capital - Resco OH	20,106			
	123.16 Patronage Capital - Resco WI	417,612		(14,839)	
	123.17 Patronage Capital - Buckeye		830,657	42,874	
	123.22 Capital Term Certificates - CFC		1,279,313	(2,465)	
	123.23 MI Electric Coop Association	54,034			
	123.24 Federated - Member Equity	304,031		6,217	
	123.24 NRUCFC Membership Fee		1,000		
	123.24 WVPA Membership Fee	5			
	123.24 NRTC	189,690		20,434	
	124.10 Cooperative Response Center	29,293		0	
	123.24 Co-Bank		17,133	7,965	
	124.03 Riverfront Student Housing, LLC				
	123.21 CFC Capital Funding Investment		300,000		
	123.27 Wolverine Power Membership	200		200	
	Totals	5,129,506	12,609,901	1,667,553	
<b>5</b>	<b>Special Funds</b>				
	128.50 Deferred Compensation				
	Totals				
<b>6</b>	<b>Cash - General</b>				
	131.50 5/3 General Fund	837,009			
	131.27, FNB General & Payroll	16,430			
	131.26 Valley Ridge Bank	14,986			
	135.00 Working Funds - Petty Cash	1,751			
	131.20 Fifth Third Construction Acct.	90			
	131.51 5/3 Electroinc Pmts.	1,486,384			
	131.53 5/3 Empl Gives Back	7,517			
	131.52 5/3 URMED	12,866			
	Totals	2,377,033			
<b>7</b>	<b>Special Deposits</b>				
	134.00 U.S. Post Office	195			
	Totals	195			
<b>8</b>	<b>Temporary Investments</b>				
	136.00 Temporary Investments				
	Totals				
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Accounts Receivable - Other (Net)	255,336			
	Notes Receivable (Net)	133,753			
	Totals	389,089			
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	7,895,823	12,609,901	1,667,553	

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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**PART Q. SECTION II. LOAN GUARANTEES**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Midwest Energy Inc.	8/23/2023	7,450,000	1,344,950	
	<b>TOTAL</b>		7,450,000	1,344,950	
	TOTAL (Included Loan Guarantees Only)		7,450,000	1,344,950	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION MI0049
	PERIOD ENDED December, 2011

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**SECTION III. RATIO**

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	6.38 %
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**SECTION IV. LOANS**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
	<b>TOTAL</b>				

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

This form is authorized by Case No. U-12134, the Code of Conduct.  
Filing of this form is mandatory.

Report submitted for year ending:	2011				
Present name of respondent:	Midwest Energy Cooperative				
Address of principal place of business:	901 E. State St. Cassopolis, MI 49031				
Utility representative to whom inquires regarding this report may be directed:					
<u>Name:</u>	John H. Miner V.P. of Finance				
<u>Address:</u>	901 E. State St.				
<u>City:</u>	Cassopolis	<u>State:</u>	MI	<u>Zip:</u>	49031
<u>Direct Telephone, Include Area Code:</u>	269-445-1064				
If the utility name has been changed during the past year:					
<u>Prior Name:</u>					
<u>Date of Change:</u>					
Two copies of the published annual report to stockholders:					
<input type="checkbox"/>	<input type="checkbox"/>	were forwarded to the Commission			
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	will be forwarded to the Commission			
		<u>on or about</u>	April 26, 2012		
Annual reports to stockholders:					
<input type="checkbox"/>	<input type="checkbox"/>	are published			
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	are not published			

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

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

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

**RECEIVED**  
Michigan Public Service Commission

APR 8 0 2012

**REGULATED ENERGY  
DIVISION**



Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>4/24/2012</b>	Year of Report <b>2011</b>
<b>IMPORTANT CHANGES DURING THE YEAR</b>			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p>			
<ol style="list-style-type: none"> <li>1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</li> <li>8. State the estimated annual effect and nature of any important wage scale changes during the year.</li> <li>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.</li> <li>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.</li> <li>11. (Reserved.)</li> <li>12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page.</li> </ol>			
<p><b>Please reference the attached Midwest Energy Cooperative's notes to the financial statements, 2011 Annual Audit Report.</b></p>			

**MIDWEST ENERGY COOPERATIVE**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

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MIDWEST ENERGY COOPERATIVE  
BOARD OF DIRECTORS  
DECEMBER 31, 2011

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

President & CEO

Robert Hance

*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, 2011 and 2010, 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 \$2,726,973 and \$3,588,485 as of December 31, 2011 and 2010, 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, 2011 and 2010, 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 5, 2012, 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.

March 5, 2012



# HARRIS GROUP

*Certified Public Accountants*

March 5, 2012

To the Board of Directors  
Midwest Energy Cooperative  
Cassopolis, Michigan

This letter supplements our Independent Auditor's Report dated March 5, 2012 and should be read in conjunction with that report.

During the period of this audit period, Midwest Energy Cooperative received \$0 in long-term loan fund advances from CFC on loans controlled by the RUS/CFC Mortgage and Loan Agreement. Based on our audit procedures of construction work orders and other plant accounting records created during the period of audit, it is our opinion that these CFC loan funds were expended for purposes contemplated in the Loan Agreements on such loans.

*Harris Group*

Certified Public Accountants

**MIDWEST ENERGY COOPERATIVE  
BALANCE SHEETS  
DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>ASSETS</b>		
<b>ELECTRIC PLANT:</b>		
In service – at cost	\$ 139,341,540	\$ 135,997,910
Construction work in progress	5,437,221	266,552
	144,778,761	136,264,462
Less accumulated depreciation	44,611,025	41,015,172
<b>NET ELECTRIC PLANT</b>	<b>100,167,736</b>	<b>95,249,290</b>
 <b>OTHER ASSETS AND INVESTMENTS:</b>		
Investments in associated organizations	17,739,406	16,071,855
Notes receivable	93,753	100,961
Receivables from subsidiary	88,374	70,969
<b>TOTAL OTHER ASSETS AND INVESTMENTS</b>	<b>17,921,533</b>	<b>16,243,785</b>
 <b>CURRENT ASSETS:</b>		
Cash and temporary cash investments	2,377,228	5,536,920
Accounts receivable, less allowance for doubtful accounts of approximately \$536,000 and \$525,000 in 2011 and 2010, respectively	3,316,122	4,226,776
Current portion of notes receivable	40,000	40,000
PSCR	352,668	
Materials and supplies	1,111,849	876,434
Other current assets	138,413	69,429
<b>TOTAL CURRENT ASSETS</b>	<b>7,336,280</b>	<b>10,749,559</b>
 <b>DEFERRED CHARGES</b>	<b>2,256,995</b>	<b>4,683,319</b>
<b>TOTAL ASSETS</b>	<b>\$ 127,682,544</b>	<b>\$ 126,925,953</b>

The accompanying notes are an integral part of these statements.

	<u>2011</u>	<u>2010</u>
<b>EQUITIES AND LIABILITIES</b>		
<b>EQUITIES:</b>		
Patronage capital and other equities	\$ <u>33,092,785</u>	\$ <u>34,935,268</u>
LONG-TERM DEBT, less current maturities	<u>76,271,985</u>	<u>72,539,244</u>
POST RETIREMENT BENEFITS OTHER THAN PENSIONS	<u>2,795,628</u>	<u>2,735,523</u>
<b>CURRENT LIABILITIES:</b>		
Note payable – line of credit, unsecured		
Current maturities of long-term debt	2,958,661	2,713,463
Accounts payable:		
Purchased power	3,602,129	3,825,584
PSCR		1,750,106
Energy Optimization	366,825	349,433
Associated organizations	753,552	59,604
Other	649,650	367,765
Patronage refunds payable	161,736	161,893
Customer deposits	837,506	806,625
Other	<u>6,087,087</u>	<u>2,024,238</u>
TOTAL CURRENT LIABILITIES	<u>15,417,146</u>	<u>12,058,711</u>
DEFERRED CREDITS	<u>105,000</u>	<u>4,657,207</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 127,682,544</u>	<u>\$ 126,925,953</u>



**MIDWEST ENERGY COOPERATIVE**  
**STATEMENTS OF REVENUE**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES	\$ 68,022,430	\$ 65,628,036
OPERATING EXPENSES:		
Cost of power	45,112,509	44,118,481
Distribution – operations	1,301,117	1,462,816
Distribution – maintenance	5,063,337	4,205,845
Customer accounts	2,372,747	2,243,135
Customer service and information expense	1,349,560	1,134,009
Administrative and general	2,819,896	2,738,095
Depreciation and amortization	4,147,304	4,010,787
Taxes – property	1,737,515	1,673,462
Taxes – other	129,890	105,263
TOTAL OPERATING EXPENSES	<u>64,033,875</u>	<u>61,691,893</u>
OPERATING MARGINS BEFORE FIXED CHARGES	<u>3,988,555</u>	<u>3,936,143</u>
FIXED CHARGES:		
Interest on long-term debt	3,707,564	3,646,428
Other interest	46,313	48,920
TOTAL FIXED CHARGES	<u>3,753,877</u>	<u>3,695,348</u>
OPERATING MARGINS AFTER FIXED CHARGES	234,678	240,795
G&T AND OTHER CAPITAL CREDITS	<u>1,657,791</u>	<u>1,516,206</u>
NET OPERATING MARGINS	<u>1,892,469</u>	<u>1,757,001</u>
NON-OPERATING MARGINS:		
Interest and dividend income	587,176	558,135
Income (Loss) from subsidiary	193,446	441,698
Other income (expense)	32,933	(26,863)
TOTAL NON-OPERATING MARGINS	<u>813,555</u>	<u>972,970</u>
NET MARGINS	<u>\$ 2,706,024</u>	<u>\$ 2,729,971</u>

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE  
STATEMENT OF CHANGES IN PATRONAGE CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Total	Patronage Capital Assigned	Patronage Capital Assignable	Non-Assignable Non-Operating Margins	Unappropriated Undistributed Subsid. Earnings	Other Equities	Accumulated Other Comprehensive Loss
Balance, December 31, 2009	\$ 32,125,794	\$ 35,053,479	\$ 3,436,603	\$ 751,554	\$ (3,165,122)	\$ 1,631,476	\$ (5,580,955)
Adjustments	(9)	1,993,755	(1,993,764)				
Net margins (loss)	2,729,971		1,745,491	542,782	441,698	15,217	
Capital credits retired	(106,861)	(122,078)					
Reserved-prepaid pension cost	186,373						158,532
Balance, December 31, 2010	34,935,268	36,925,156	3,188,330	1,294,336	(2,723,424)	1,646,693	(5,395,823)
Adjustments	279	2,303,769	(2,303,490)				
Net margins (loss)	2,706,024		1,882,688	629,890	193,446	17,508	
Capital credits retired	(117,573)	(135,081)					
Reserved-prepaid pension cost	(4,431,213)						(4,431,213)
Balance, December 31, 2011	\$ 33,092,785	\$ 39,093,844	\$ 2,767,528	\$ 1,924,226	\$ (2,529,978)	\$ 1,664,201	\$ (9,827,036)

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from consumers	\$ 66,927,841	\$ 65,543,510
Cash paid to suppliers and employees	(57,453,154)	(56,158,384)
Interest received	546,820	555,577
Interest paid	(3,751,595)	(3,596,439)
Taxes paid	(1,724,581)	(1,854,728)
	<b>4,545,331</b>	<b>4,489,536</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction and acquisition of plant, net of retirements	(8,500,619)	(5,188,961)
Net proceeds from sale of plant	74,630	48,378
(Increase) decrease in:		
Materials inventory	(235,415)	(134,542)
Deferred charges	2,426,324	(665,434)
Notes receivable	7,208	1,001
Investments – associated organizations	183,686	155,355
	<b>(6,044,186)</b>	<b>(5,784,203)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from RUS and CFC	7,000,000	9,000,000
Cushion of credit payment to RUS	(362,392)	(426,323)
Retirement of patronage capital credits, net	(117,451)	(107,052)
Payments on debt	(2,659,668)	(2,407,120)
Payments to pension	(1,000,000)	(1,000,000)
Increase (decrease) in:		
Consumer deposits and advances	(4,521,326)	802,499
	<b>(1,660,837)</b>	<b>5,862,004</b>
Net Increase (Decrease) in Cash and Temporary Cash Investments	(3,159,692)	4,567,337
CASH AND TEMPORARY CASH INVESTMENTS – beginning	5,536,920	969,583
CASH AND TEMPORARY CASH INVESTMENTS - ending	\$ 2,377,228	\$ 5,536,920

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(Continued)

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net margins	\$ 2,706,024	\$ 2,729,971
Adjustments to reconcile net margins to net cash provided by Operating activities:		
Depreciation and amortization	4,545,689	4,385,342
G & T capital credits	(1,657,791)	(1,516,206)
(Gain) Loss on disposal of assets	(38,147)	(20,858)
(Income) Loss from subsidiary	(193,446)	(441,698)
(Increase) decrease in assets:		
Customer and other accounts receivable	893,249	(620,820)
Current and accrued assets – other	(68,984)	61,355
PSCR Receivable	(352,668)	
Post-retirement benefits other than pensions	(4,371,108)	(369,379)
Increase (decrease) in:		
Accounts payable	(980,336)	628,872
Current and accrued liabilities – other	4,062,849	(347,043)
Total Adjustments	<u>1,839,307</u>	<u>1,759,565</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,545,331</u>	<u>\$ 4,489,536</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital credits	\$ 1,657,791	\$ 1,516,206
Income (Loss) from subsidiary	193,446	441,698
(Gain) Loss on disposition of plant	(38,147)	(20,858)
Capitalized depreciation	138,875	127,273

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 Michigan Business Tax Act of the State of Michigan. The Cooperative is engaged principally in the distribution and sale of electricity in Southwest and Southeast Michigan, Northern Indiana and Northern Ohio.

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

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

Accounting Records

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

Electric Plant

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

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

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

Investments

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

Cash

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

Unbilled Revenues

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

Accounts receivable

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

Purchased Power Billing

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

Materials and Supplies

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

Regulation

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

Revenue Recognition

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

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

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

Recognition of Patronage Revenue

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

Unclaimed Property

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

Cash and Cash Equivalents

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

Advertising

The cost of advertising is expensed as incurred.

Compensated Absences

The Cooperative's policy on accumulated extended sick leave is to grant 96 hours annually with any unused hours available to be carried forward to future years up to a maximum of 800 hours. It is the Cooperative's policy to pay one-half of the employee's accumulated unused sick leave upon normal retirement by the employee or if the employee qualifies to draw benefits from the Cooperative pension plan. However, upon termination of employment, other than by normal retirement, or not meeting the qualifications required to receive pension benefits, the employee forfeits all rights to the accumulated unused hours. For the years ended December 31, 2011 and 2010 an accrual has been made for individuals who have attained the age of 60 and have qualified to receive pension benefits.

**NOTE 2: ASSETS PLEDGED**

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

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

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

Major classes of electric plant as of December 31, 2011 and 2010 consisted of:

	2011	2010
Cost:		
General plant	\$ 14,087,216	\$ 13,693,213
Transmission plant	1,963,754	1,963,754
Distribution plant	123,290,570	120,340,943
Construction in progress	5,437,221	266,552
	144,778,761	136,264,462
Accumulated depreciation and amortization	44,611,025	41,015,172
Net Electric Plant	\$ 100,167,736	\$ 95,249,290

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

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

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

Depreciation and amortization of electric plant in service was charged as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Charged to operations-		
Classified as depreciation	\$ 4,147,304	\$ 4,010,787
Classified in other operating expenses	398,385	374,555
	4,545,689	4,385,342
Capitalized	138,875	127,273
TOTAL DEPRECIATION	\$ 4,684,564	\$ 4,512,615



**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4: INVESTMENTS IN ASSOCIATED ORGANIZATIONS**

Investments in associated organizations consisted of the following at December 31, 2011 and 2010:

	2011	2010
Capital term certificates, at cost, issued by National Rural Utilities Cooperative Finance Corp. (CFC)	\$ 1,279,313	\$ 1,281,778
Patronage capital:		
CFC	330,495	308,074
National Information Solutions Cooperative	144,413	126,536
Wabash Valley Power Association	9,851,303	8,477,880
Buckeye Power, Inc.	731,768	688,894
Midwest Energy, Inc.	3,970,122	3,776,676
Michigan Electric Cooperative Assn.	54,034	54,034
Federated Rural Electric Insurance Cooperative, at cost	304,031	297,814
Buckeye Power, Inc. – membership	98,889	98,889
CFC Member Capital Securities	300,000	300,000
Other	675,038	661,280
<b>TOTAL</b>	<b>\$ 17,739,406</b>	<b>\$ 16,071,855</b>

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, 2010	6,500,000
Undistributed loss, to date, December 31, 2010	(2,723,424)
Book value as of December 31, 2010	3,776,676
Undistributed income during 2011	193,446
Book value as of December 31, 2011	<b>\$ 3,970,122</b>

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

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5: DEFERRED CHARGES AND CREDITS**

Following is a summary of the amounts recorded as deferred charges as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
WVPA buyout	\$ 2,159,871	\$ 4,552,207
Other work-in-progress	<u>97,124</u>	<u>131,112</u>
<b>TOTAL</b>	<u>\$ 2,256,995</u>	<u>\$ 4,683,319</u>

Following is a summary of the amounts recorded as deferred credits as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
WVPA buyout	\$	\$ 4,552,207
Prepaid deposits from subsidiary	<u>105,000</u>	<u>105,000</u>
	<u>\$ 105,000</u>	<u>\$ 4,657,207</u>

**NOTE 6: CASH AND INVESTMENTS**

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

	<u>Per Institution</u>
Insured	\$ 531,652
Uninsured	<u>1,831,672</u>
	2,363,324
In-transit transactions	<u>11,958</u>
	<u>\$ 2,375,282</u>
Total cash in bank	\$ 2,375,282
Working funds	<u>1,946</u>
<b>Total Cash</b>	<u>\$ 2,377,228</u>

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7: NOTES RECEIVABLE**

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

**NOTE 8: MORTGAGE NOTES**

Long-term debt is composed of 2.472% to 5.375% mortgage notes payable to the Rural Utilities Service (RUS) of the United States of America, the National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank Cooperative. 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 2011 through 2040. Unadvanced loan funds were available from RUS at December 31, 2011 and 2010 in the amounts of \$4,000,000 and \$11,000,000, respectively.

Detail of the long-term debt is as follows:

	2011	2010
Notes payable to CFC in quarterly installments of \$288,830, including interest at 4.75%-7.35%, with final maturity ranging from 2012 to 2032. Secured by substantially all assets	\$ 6,672,075	\$ 7,422,342
Notes payable to CoBank in monthly installments of \$44,409, including interest at 4.44%, with final maturity in 2022. Secured by substantially all assets	4,487,450	4,812,559
Notes payable to FFB in quarterly installments of \$118,031, including interest at 2.47%-3.94%, with final maturity in 2042. Secured by substantially all assets	15,843,372	9,000,000
Notes, payable to RUS in monthly installments of \$348,779, including interest at 3.000-5.375%, with final maturity ranging from 2014 to 2035. Secured by substantially all assets.	61,382,112	62,809,777
	88,385,009	84,044,678
Less:		
RUS Cushion of credit	9,154,363	8,791,971
Current maturities	2,958,661	2,713,463
<b>TOTAL LONG-TERM DEBT, less current portion</b>	<b>\$ 76,271,985</b>	<b>\$ 72,539,244</b>

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

2012	\$	2,958,661
2013		3,091,382
2014		3,144,203
2015		3,204,024
2016		3,270,785
Thereafter		72,715,954
	\$	88,385,009

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9: LINE OF CREDIT**

The Cooperative has available a perpetual line of credit with CFC in the amount of \$10,000,000 for 2011 and 2010, respectively. The Cooperative had an outstanding balance of \$-0- for 2011 and \$-0- in 2010. Interest at December 31, 2011 was charged at 3.20%

The Cooperative has available a line of credit with CoBank in the amount of \$10,000,000 for both 2011 and 2010. The Cooperative had an outstanding balance of \$0 for both 2011 and 2010. Interest at December 31, 2011 was charged at 3.10%.

**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. Effective December 31, 2011, the Cooperative terminated such commitment and entered into a similar commitment to purchase most of its electric power and energy requirements from Wolverine Power Supply Cooperative, Inc. through December 31, 2050. The rates paid for such purchases are subject to approval of the Federal Energy Regulatory Commission (FERC).

**NOTE 11: RETIREMENT PLAN**

The Cooperative has a defined benefit pension plan covering substantially all of its employees, but none of its subsidiary employees. As of January 1, 2007, the plan was closed to all new non-union staff and inside union staff. As of January 1, 2010, the plan was closed to all new outside union staff. Prior to July 1, 1995, employees became eligible to participate in the plan after completion of one year of service and attainment of age 20. Beginning July 1, 1995, the plan was amended such that employees are now eligible to participate in the plan after completion of six months of service and attainment of age 20, and the normal retirement age was reduced to age 62. Retirement benefits are based on a percentage of compensation as defined in the plan and benefits vested after completion of five years of service or age 55. The assets of the plan consist primarily of mutual funds. The Cooperative's funding policy is to contribute so as to amortize the unfunded actuarial accrued liabilities over a 30-year period from January 1, 1987.

The following table sets forth the plan's funded status and amounts recognized in the Cooperative's financial statements at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Actuarial present value of benefit obligations: Accumulated		
Benefit obligation, including vested benefits of \$16,571,185 for 2011 and \$12,755,523 for 2010 respectively	<u>\$ 16,683,492</u>	<u>\$ 12,866,584</u>
<b>Change in Benefit Obligation</b>		
Benefit obligation at beginning of year	\$ 14,502,816	\$ 12,701,926
Service cost	539,270	464,793
Interest cost	808,674	751,616
Actuarial (gain) loss	3,529,484	959,057
Benefits paid	<u>(390,586)</u>	<u>(374,576)</u>
Benefit obligation at end of year	<u>\$ 18,989,658</u>	<u>\$ 14,502,816</u>

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11: RETIREMENT PLAN - continued**

	2011	2010
<b>Change in Plan Assets</b>		
Fair value of plan assets at beginning of year	\$ 14,239,200	\$ 11,959,476
Actual return on plan assets	(45,282)	1,654,300
Employer contributions	1,000,000	1,000,000
Benefits paid	(390,586)	(374,576)
Fair value of plan assets at end of year	\$ 14,803,332	\$ 14,239,200
 <b>Reconciliation of Funded Status</b>		
Funded status (underfunded)/overfunded	\$ (4,186,326)	\$ (263,616)
 Net pension cost included the following components:		
Service cost- benefits earned during the period	\$ 539,270	\$ 464,793
Interest cost on projected benefit obligation	808,674	751,616
Actual return on plan assets	(1,114,090)	(943,399)
Net amortization and deferral	257,643	270,131
Net periodic pension cost	\$ 491,497	\$ 543,141
 <b>Amounts Recognized in Accumulated Other Comprehensive Loss</b>		
Net actuarial gains	\$ (8,964,111)	\$ (4,522,409)
Net prior service cost	(52,443)	(62,932)
 <b>Amounts Recognized in Accumulated Other Comprehensive Loss - ending</b>	\$ (9,016,554)	\$ (4,585,341)

The weighted-average discount rate was 4.68% for 2011 and 5.65% for 2010. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 3.5% for 2011 and 2010, respectfully. The expected long-term rate of return on assets was 7.5% for 2011 and 2010, respectively.

The Cooperative expects to contribute \$1,300,000 to its pension plan in 2012. Expected benefit payments for 2012 are estimated at \$430,000, \$500,000 for 2013, \$550,000 for 2014, \$570,000 for 2015, \$660,000 for 2016 and \$4,330,000 for 2017 – 2021.

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11: RETIREMENT PLAN - continued**

**Investment Policy**

Asset Allocation for Midwest Energy Cooperative

US large cap equity	\$	4,659,569
U.S. small/mid cap equity		1,210,791
International Equity		1,891,312
Balanced		589,475
Fixed income		<u>6,452,185</u>
 Total	 \$	 <u>14,803,332</u>

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

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

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

The following table sets forth the plan's combined funded status reconciled with the amount shown in the Cooperative's statement of financial position at December 31, 2011 and 2010:

	2011	2010
(Accrued) post-retirement benefit costs, beginning	\$ (2,735,523)	\$ (2,732,154)
Net periodic post-retirement benefit (costs)	(209,354)	(149,622)
Contributions made	<u>149,249</u>	<u>146,253</u>
 (Accrued) post-retirement benefit cost, end of year	 <u>\$ (2,795,628)</u>	 <u>\$ (2,735,523)</u>

**MIDWEST ENERGY COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS**

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

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

	<u>2011</u>	<u>2010</u>
Service cost-benefits attributed to service during the period	\$ 64,613	\$ 92,763
Interest cost	149,302	159,837
Net amortization and deferral	<u>(4,561)</u>	<u>(102,978)</u>
Net periodic post-retirement benefit cost	<u>\$ 209,354</u>	<u>\$ 149,622</u>

In 2012, premiums are expected to increase 9.0% and then drop to 5.0 % per year in 2017 and after.

The weighted average discount rate used in determining the accumulated post-retirement benefit obligation is 5.65% for both 2011 and 2010.

Benefit payments of \$186,000 are expected for 2012.

**NOTE 13: RECLASSIFICATION OF AMOUNTS**

Certain amounts previously reported have been reclassified to conform to the 2011 presentation.

**NOTE 14: RELATED PARTY TRANSACTIONS**

Midwest Energy, Inc. is a wholly-owned subsidiary of Midwest Energy Cooperative. In addition, Midwest Energy Cooperative has furnished some personnel, office space, and other necessary operating facilities such as computer time for Midwest Energy's operations. During the year Midwest Energy Cooperative charged Midwest Energy, Inc.'s operations for such services. The total inter-company receivable (payable) was \$665,178 and \$(11,365) at December 31, 2011 and 2010, respectively.

**NOTE 15: SUBSEQUENT EVENTS**

In preparing these financial statements, the Cooperative's management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2011, the most recent statement of financial position presented herein, through March 5, 2012, the issuance date of the accompanying financial statements. No significant such events or transactions were identified.

**SUPPLEMENTARY MATERIAL**



**MIDWEST ENERGY COOPERATIVE  
BALANCE SHEET - STATISTICS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Utility plant, net	\$ 100,167,736	\$ 95,249,290	\$ 93,414,070	\$ 92,759,672
Investments	17,739,406	16,071,855	14,269,306	12,292,575
Notes receivable	93,753	100,961	101,962	96,018
Current assets	7,336,280	10,749,559	5,439,438	5,788,161
Long-term debt	76,271,985	72,539,244	66,740,150	65,465,825
Equities	33,092,785	34,935,268	32,125,794	27,952,640
Current liabilities	15,417,146	12,058,711	11,840,541	15,058,138
Net cash flows	(3,159,692)	4,567,337	(261,247)	(1,011,485)
Current ratio	48%	89%	46%	38%
Quick ratio	41%	84%	40%	34%
Equity/assets ratio	26%	28%	27%	24%
Number of members	28,115	28,237	28,387	27,992

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Electric revenues	\$ 68,022,430	\$ 65,628,036	\$ 61,741,607	\$ 57,859,097
Purchased power	45,112,509	44,118,481	41,419,720	37,847,530
Gross margin	22,909,921	21,509,555	20,321,887	20,011,567
Gross margin %	33.68%	32.77%	32.91%	34.59%
Operating expenses	12,906,657	11,783,900	10,566,608	9,551,135
Depreciation	4,147,304	4,010,787	3,902,045	3,867,391
Taxes	1,867,405	1,778,725	1,783,184	1,763,464
Operating margins before other items	3,988,555	3,936,143	4,070,050	4,829,577
Patronage revenue	1,657,791	1,516,206	1,556,166	1,617,269
Interest expense	3,753,877	3,695,348	3,625,382	3,342,815
Operating margins (loss)	1,892,469	1,757,001	2,000,834	3,104,031
Non-operating items	813,535	972,970	633,842	(61,066)
Net margins (loss)	2,706,024	2,729,971	2,634,676	3,042,965
KWH sold	601,058,374	604,428,773	592,196,063	585,900,923
KWH purchased	634,762,033	640,248,291	628,830,452	625,011,728
Line loss %	5.15%	5.43%	5.66%	6.08%
Percentage change in KWH sold	(0.56%)	2.07%	1.07%	2.33%
Revenue per KWH sold	0.1131	0.1086	0.1043	0.0988
Power cost per KWH sold	0.0751	0.0730	0.0699	0.0646
Margin per KWH sold	0.0380	0.0356	0.0343	0.0342
Times interest earned ratio (TIER)	1.73	1.75	1.74	1.93
Debt service coverage (DSC)	1.67	1.73	1.74	1.93

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

March 5, 2012

To the Board of Directors  
Midwest Energy Cooperative  
Cassopolis, Michigan

We have audited the financial statements of Midwest Energy Cooperative for the year ended December 31, 2011, and have issued our report thereon dated March 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

Compliance and Other Matters

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

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

Certified Public Accountants

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/24/2012	Year of Report 2011
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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. "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117)	
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	
5	Amortization of (Specify)	
6	Intangible Plant	
7		
8	Deferred Income Taxes (Net)	
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	
11	Net (Increase) Decrease in Inventory	
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19		
20		
21		
22	Net Cash Provided by ( Used in) Operating Activities (Total of lines 2 thru 21)	
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in ( and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/24/2012	Year of Report 2011
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**STATEMENT OF CASH FLOWS (Continued)**

- |  |  |
|--|--|
| <p>4. Investing Activities</p> <p>(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.</p> <p>(b) Don not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.</p> | <p>5. Codes used:</p> <p>(a) Net proceeds or payments.</p> <p>(b) Bonds, debentures and other long-term debt.</p> <p>(c) Include commercial paper.</p> <p>(d) Identify separately such items as investments, fixed assets, intangibles, etc. 6.</p> <p>Enter on pages 122-123 clarifications and explanations.</p> |
|--|--|

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	
87		
88	Cash and Cash Equivalents at Beginning of Year	
89		
90	Cash and Cash Equivalents at End of Year	

**MIDWEST ENERGY COOPERATIVE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from consumers	\$ 66,927,841	\$ 65,543,510
Cash paid to suppliers and employees	(57,453,154)	(56,158,384)
Interest received	546,820	555,577
Interest paid	(3,751,595)	(3,596,439)
Taxes paid	(1,724,581)	(1,854,728)
	<u>4,545,331</u>	<u>4,489,536</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction and acquisition of plant, net of retirements	(8,500,619)	(5,188,961)
Net proceeds from sale of plant	74,630	48,378
(Increase) decrease in:		
Materials inventory	(235,415)	(134,542)
Deferred charges	2,426,324	(665,434)
Notes receivable	7,208	1,001
Investments – associated organizations	183,686	155,355
	<u>(6,044,186)</u>	<u>(5,784,203)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from RUS and CFC	7,000,000	9,000,000
Cushion of credit payment to RUS	(362,392)	(426,323)
Retirement of patronage capital credits, net	(117,451)	(107,052)
Payments on debt	(2,659,668)	(2,407,120)
Payments to pension	(1,000,000)	(1,000,000)
Increase (decrease) in:		
Consumer deposits and advances	(4,521,326)	802,499
	<u>(1,660,837)</u>	<u>5,862,004</u>
Net Increase (Decrease) in Cash and Temporary Cash Investments	(3,159,692)	4,567,337
CASH AND TEMPORARY CASH INVESTMENTS – beginning	<u>5,536,920</u>	<u>969,583</u>
CASH AND TEMPORARY CASH INVESTMENTS - ending	<u>\$ 2,377,228</u>	<u>\$ 5,536,920</u>

The accompanying notes are an integral part of these statements.

**MIDWEST ENERGY COOPERATIVE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(Continued)

	2011	2010
<b>RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net margins	\$ 2,706,024	\$ 2,729,971
Adjustments to reconcile net margins to net cash provided by Operating activities:		
Depreciation and amortization	4,545,689	4,385,342
G & T capital credits	(1,657,791)	(1,516,206)
(Gain) Loss on disposal of assets	(38,147)	(20,858)
(Income) Loss from subsidiary	(193,446)	(441,698)
(Increase) decrease in assets:		
Customer and other accounts receivable	893,249	(620,820)
Current and accrued assets – other	(68,984)	61,355
PSCR Receivable	(352,668)	
Post-retirement benefits other than pensions	(4,371,108)	(369,379)
Increase (decrease) in:		
Accounts payable	(980,336)	628,872
Current and accrued liabilities – other	4,062,849	(347,043)
Total Adjustments	1,839,307	1,759,565
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 4,545,331</b>	<b>\$ 4,489,536</b>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital credits	\$ 1,657,791	\$ 1,516,206
Income (Loss) from subsidiary	193,446	441,698
(Gain) Loss on disposition of plant	(38,147)	(20,858)
Capitalized depreciation	138,875	127,273

The accompanying notes are an integral part of these statements.

Name of Respondent <b>Midwest Energy Cooperative</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
<b>NONUTILITY PROPERTY (Account 121)</b>				
1. Give a brief description and state the location of nonutility property included in Account 121.		4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.		
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.		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		
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.		(2) other nonutility property.		
Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	n/a			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
	TOTAL			

<b>ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)</b>		
Report below the information called for concerning depreciation and amortization of nonutility property.		
Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	



Name of Respondent <b>Midwest Energy Cooperative</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
<b>INVESTMENTS (Accounts 123, 124, 136)</b>				
<p>1. Report below the investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investment</i>, and 136, <i>Temporary Cash Investments</i>.</p> <p>2. Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included</p> <p>in Account 124, <i>Other Investments</i>), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes.</p> <p>(b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be</p>				
Line No.	Description of Investment  (a)	Book Cost at Beginning of Year <i>(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (b)		Purchases or Additions During Year  (c)
		Original Cost	Book Value	
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	See Attachment			

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**INVESTMENTS (Accounts 123, 124, 136) (Cont'd)**

listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of

authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)		Revenues for Year (g)	Gain of Loss from Improvement Disposed of (h)	Line No.
		Original Cost	Book Value			
						1
						2
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**Midwest Energy Cooperative  
Investment in Associated Organizations - Patronage Capital and Other NonGeneral Funds**

**YTD through 12/31/2011**

Account Number	Description	12/31/2010 Beginning Balance	Allocated	YTD_through_12/31/2011 Invested	YTD_through_12/31/2011 Profit/(Loss)	Adjusted Adjustments	Reitted (Cash Received)	Ecom.Z	YTD_through_12/31/2011 GeneralLedger
<b>Investment in Subsidiary Companies</b>									
123.25	Midwest Energy-100 shares	6,500,100	-	-	-	-	-	6,500,100	6,500,100.00
123.18	Midwest Energy, Inc.	(2,723,423)	-	-	193,445	-	-	(2,529,978)	(2,529,978.44)
		3,776,677	-	-	193,445	-	-	3,970,122	3,970,121.56
123.10	NRUCFC	308,074	44,845	-	-	(22,421)	-	330,495	330,495.21
123.11	Wabash Valley	8,477,880	1,373,423	-	-	-	-	9,851,303	9,851,302.62
123.12	NISC (formerly CADP)	126,536	20,482	-	-	(2,604)	-	144,413	144,413.15
123.13	Resco - Michigan	-	-	-	-	-	-	-	-
123.15	Resco - Ohio	20,106	-	-	-	-	-	20,106	20,106.05
123.16	Resco - Wisconsin	432,451	58,919	-	-	(73,758)	-	417,612	417,611.87
123.17	Buckeye	787,783	74,816	-	-	(31,942)	-	830,657	830,656.96
		10,152,829	1,572,483	-	-	(130,726)	-	11,594,586	11,594,585.86
123.21	CFC Capital Funding Investment	300,000	-	-	-	-	-	300,000	300,000.00
123.22	CFC Cap. Term Cert.	1,281,778	-	-	-	(2,465)	-	1,279,313	1,279,312.74
123.23	MECA	54,034	-	-	-	-	-	54,034	54,034.00
123.24	NRUCFC Membership	1,000	-	-	-	-	-	1,000	1,000.00
123.24	Wabash Membership	5	-	-	-	-	-	5	5.00
123.24	NRTC (New 6/03)	169,257	29,191	-	-	(8,757)	-	189,690	189,690.40
123.24	Federated Insurance	287,814	34,879	-	-	(28,662)	-	304,031	304,030.54
123.24	ECO INC. New 2005	-	-	-	-	-	-	-	-
123.24	CoBank-New 10/2006	9,168	22,758	-	-	(14,793)	-	17,133	17,133.00
123.27	Wolverine Power-membership	-	-	200	-	-	-	200	200.00
124.00	American Sealing Park-SBT	-	-	-	-	-	-	-	-
124.03	River Front Student Housing-MBT	-	-	-	-	-	-	-	-
124.10	Cooperative Response Center	29,293	600	-	-	(600)	-	29,293	29,293.34
		2,142,348	87,428	200	-	(55,277)	-	2,174,699	2,174,699.02
128.50	Other Special Funds - Def. Comp	-	-	-	-	-	-	-	-
		16,071,855	1,659,910	200	193,445	(186,003)	-	17,739,406	17,739,406
	<b>Total - Form 7, Part C, Line 14</b>								

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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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> |
|---|--|

\* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the account company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	<b>See Attachment</b>					
2						
3						
4						
5						
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17						
18						
19						
20						
21						
22						
23						
24						
25	<b>TOTAL</b>					

**Midwest Energy Cooperative  
Receivables from Associated Companies (Account 145,146)  
For Year Ending 12/31/11**

<u>Line #</u>	<u>Particulars</u> (a)	<u>Balance</u> <u>Beginning of</u> <u>Year</u> (b)	<u>Debits</u> (c)	<u>Credits</u> (d)	<u>Balance</u> <u>End of</u> <u>Year</u> (e)	<u>Interest</u> <u>for Year</u> (f)
1	146.00 Midwest Energy, Inc.- Unbilled	\$0	\$0	\$0	\$0	
2	146.10 Midwest Propane-Unbilled	\$0	307,144	\$307,144	\$0	
3	146.35 Midwest Energy, Inc. Billed	\$3,920	43,693	43,149	\$4,464	
4	146.36 Midwest Propane Billed	\$59,119	1,508,311	1,490,340	\$77,090	
5	146.37 Due from wild Blue	\$4,165	42,035	42,418	\$3,782	
6	146.38 Due from BPL	\$3,764	126,897	\$127,623	\$3,038	
7	146.95 Midwest Propane Unreimbursed Medical	\$0	1,935	\$1,935	\$0	
		<u>\$70,969</u>	<u>\$2,030,014</u>	<u>\$2,012,609</u>	<u>\$88,374</u>	<u>\$0</u>

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**ALLOWANCES**

- |  |  |
|--|--|
| <p>1. Report below the details called for concerning allowances.</p> <p>2. Report all acquisitions of allowances at cost.</p> <p>3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.</p> <p>4. Report the allowances transactions by the period they are first</p> | <p>eligible for use; the current year;s allowances in columns (b)-( c), allowances for the three succeeding years in column(d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).</p> <p>5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions on lines 36-40.</p> |
|--|--|

Line No.	Allowance Inventory (a)	Current Year		20__	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance - Beginning of Year				
2-4	Acquired During Year: Issued (Less Withheld Allow.)				
5	Returned by EPA				
6-8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16-18	Relinquished During Year: Charges to Acct. 509				
19	Other:				
20					
21-22	Cost of Sales/Transfers:				
23					
24					
25					
26					
27					
28	Total				
29	Balance - End of Year				
30-32	Sales:				
	Net Sales Proceeds (Assoc Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld				
36	Balance - Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance - End of Year				
41-43	Sales:				
	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

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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/transfers 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/transfers 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
				N/A				6-8
								9
								10
								11
								12
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								15
								16-18
								19
								20
								21-22
								23
								24
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								26
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								28
								29
								30-32
								33
								34
								35
								36
								37
								38
								39
								40
								41-43
								44
								45
								46

Midwest Energy Cooperative  
Debt Servicing Payments

Total Debt

Total Debt  
Servicing Pmts

2011

	Principal Payments				Interest Payments				Total
	CFC	RUS	CoBank	EEB	CFC	RUS	CoBank	EEB	
Dec 2010 Inv. Pd. Jan 2011			26,546				18,452		18,452
January	-	112,062	26,644	35,523	-	237,008	18,364	82,637	338,009
February	185,606	135,404	26,742	-	108,460	213,665	16,482	-	338,607
March	-	112,982	26,841	42,522	-	236,094	18,150	-	254,245
April	-	121,007	26,941	-	-	228,070	17,471	75,381	320,921
May	187,384	113,887	27,040	-	106,523	235,190	17,929	-	359,641
June	-	121,912	27,140	39,539	-	227,165	17,298	78,474	322,937
July	-	114,754	27,241	-	-	234,322	17,762	-	252,084
August	189,868	115,168	27,341	-	104,098	233,908	17,631	-	355,637
September	-	123,130	27,442	39,045	-	225,946	16,953	78,986	321,885
October	-	116,179	27,544	-	-	232,600	17,426	-	250,025
November	187,409	124,102	27,646	-	101,422	224,677	16,764	-	342,863
December	-	117,077	-	x	-	231,703	-	x	231,703
	750,267	1,427,665	325,108	156,628	420,503	2,760,347	210,682	315,478	3,688,557

6,366,678



Midwest Energy Cooperative  
RUS Debt  
2011 Activity

		224.30 + .40 LTD - Construction Notes Executed		
		Principal	Conversion	Balance
		Borrowings/(pay off)	Fee Paid	
1	Beginning Balance			62,809,777.09
2	January	0.00375		62,697,715.52
3	February	112,061.57		62,562,311.34
4	March	135,404.18		62,449,328.90
5	April	112,982.44		62,328,321.96
6	May	121,006.94		62,214,435.19
7	June	113,886.77		62,092,523.22
8	July	121,911.97		61,977,769.01
9	August	114,754.21		61,862,600.63
10	September	115,168.38		61,739,470.27
11	October	123,130.36		61,623,290.78
12	November	116,179.49		61,499,188.73
13	December	124,102.05		61,382,112.05
14	Ending Balance	1,427,665.04	4.45%	

Midwest Energy Cooperative  
 CFC Debt  
 2011 Activity

224.12 Other Long Term Debt-CFC

	Borrowings	Principal Payments	Avg Int %	Balance
Beginning Balance				7,422,342.15
January	-	-		7,422,342.15
February	-	185,605.71		7,236,736.44
March	-	-		7,236,736.44
April	-	-		7,236,736.44
May	-	187,364.16		7,049,352.28
June	-			7,049,352.28
July	-			7,049,352.28
August	-	189,868.04		6,859,484.24
September	-			6,859,484.24
October	-			6,859,484.24
November	-	187,408.88		6,672,075.36
December	-			6,672,075.36
Ending Balance	-	750,266.79	5.92%	

Midwest Energy Cooperative  
 CoBank Debt  
 2011 Activity

4,812,558.62

224.04 LTD - Construction Notes Exec

	Borrowings/(pay off)	Principal Payments	Balance
1	Beginning Balance		4,812,558.62
2	January payment of December 2010 Inv.	26,545.72	4,786,012.90
3	January	26,643.89	4,759,369.01
4	February	26,742.42	4,732,626.59
5	March	26,841.32	4,705,785.27
6	April	26,940.58	4,678,844.69
7	May	27,040.21	4,651,804.48
8	June	27,140.21	4,624,664.27
9	July	27,240.57	4,597,423.70
10	August	27,341.31	4,570,082.39
11	September	27,442.42	4,542,639.97
12	October	27,543.90	4,515,096.07
13	November	27,645.76	4,487,450.31
	December	-	4,487,450.31
	\$27,748.00-Principal pmt made 1/2012		

14 Ending Balance 325,108.31

Midwest Energy Cooperative  
 FFB Debt  
 2011 Activity

9,000,000

224.35 LTD - FFB Construction Notes

	Borrowings/(pay off)	Principal Payments	Balance
1 Beginning Balance		0.00300	9,000,000.00
2 January		35,523.22	8,964,476.78
3 February			8,964,476.78
4 March		42,522.10	8,921,954.68
5 April			8,921,954.68
6 May			8,921,954.68
7 June		39,538.62	8,882,416.06
8 July			8,882,416.06
9 August			8,882,416.06
10 September		39,044.50	8,843,371.56
11 October			8,843,371.56
12 November			8,843,371.56
13 December	7,000,000.00		15,843,371.56
14 Ending Balance	7,000,000.00	156,628.44	

RUS Payments Unapplied  
12/31/2012

		<i>Month Activity</i>		<i>Balance</i>
		<i>Deposits</i>	<i>Interest Earned</i>	<i>Trsfr to make monthly debt pmt</i>
\$	8,000,000.00			\$ 8,000,000.00
			\$ 33,812.33	\$ 8,261,478.95
			\$ 35,082.99	\$ 8,296,561.94
			\$ 0.13	\$ 8,296,562.07
			\$ 34,113.72	\$ 8,330,675.79
			\$ (402.87)	\$ 8,330,272.92
			\$ 35,375.13	\$ 8,365,648.06
			\$ 35,525.35	8,401,173.41
			\$ 32,223.68	8,433,397.09
			\$ (380.01)	8,433,017.08
			\$ 35,811.44	8,468,828.52
			\$ 34,803.40	8,503,631.93
			\$ 34,946.43	8,538,578.36
			\$ 745.99	8,539,324.35
			\$ 35,093.11	8,574,417.46
			\$ 36,411.91	8,610,829.37
			\$ 36,566.54	8,647,395.91
			\$ (409.00)	8,646,986.91
			\$ 35,535.56	8,682,522.47
			\$ 36,870.99	8,719,393.46
			\$ 35,833.12	8,755,226.58
			\$ (433.71)	8,754,792.87
			\$ 37,177.89	8,791,970.76
			\$ 37,335.77	8,829,306.53
			\$ 33,436.91	8,862,743.44
			\$ -	8,862,743.44
			\$ 37,636.31	8,900,379.75
			\$ 36,576.90	8,936,956.65
\$	2,000,000.00			10,936,956.65
			\$ 46,444.61	10,983,401.26
			\$ (469.82)	10,982,931.44
			\$ 2,440.75	10,985,372.19
			\$ 45,145.37	11,030,517.56
			\$ 46,841.92	10,728,283.01
			\$ 44,976.11	10,424,182.66
			\$ -	10,424,182.66
			\$ 42,839.11	10,117,945.29
			\$ 42,966.62	9,812,132.51
			\$ 39,789.29	9,503,142.40
			\$ -	9,503,142.40
			\$ 40,355.81	9,194,718.81
			\$ 496,315.66	\$ (2,093,567.61)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0049			
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2011			
<b>PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS</b>					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	58,423,451	2,760,347	1,427,665	4,188,012
2	National Rural Utilities Cooperative Finance Corporation	6,672,075	420,503	750,267	1,170,770
3	CoBank, ACB	4,487,450	210,682	325,108	535,790
4	Federal Financing Bank	15,843,372	315,478	156,628	472,106
5	RUS - Economic Development Loans				
6	Payments Unapplied	9,154,363			
	<b>TOTAL</b>	<b>76,271,985</b>	<b>3,707,010</b>	<b>2,659,668</b>	<b>6,366,678</b>

Current portion of LTD = 2,958,661.00, *Schedule Attached.*

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
<b>LONG-TERM DEBT (Accounts 221, 222, 223 and 224)</b>			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i>  (a)	Principal Amount of Debt Issued  (b)	Total Expense, Premium or Discount  (c)
1	<b>See Attachment</b>		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25	<b>TOTAL</b>		

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)**

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt-Discout and Expense, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
						4
						5
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						25



Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

1. Report particulars of notes and accounts payable to associated companies at end of year.
2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts.
3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.
4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.
5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.

*\*See definition on page 226B*

Line No.	Particulars  (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	<b>See Attachment</b>					
2						
3						
4						
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21						
22						
23						
	<b>TOTAL</b>					



Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.		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 <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)**

3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2
4. A substitute page, designed to meet a particular need of a company, may be used as long as data is consistent and meets the requirements of the above instructions.

Utility	Other	Line No.
		1
		2
		3
		4
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		25
		26

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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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					
3	<b>See Attachment</b>				
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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) 04/24/12	Year of Report 2011
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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					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss				

4/26/2012		Midwest Energy Cooperative										11:23 AM	
Schedule of general plant assets disposed of in 2011													
Reconciliation of GI #421.10 gain or loss on disposition of property													
Date	Acct #	Item #	Description	Cost	A/D	Carrying Value	Sales Price	Gain (Loss)	Item Notes	CR	DR		
1/31/2010	392.00	3920000403	2003 Ford F-150 4x4 Supercab	24,207.08	24,207.08	0.00	3,050.00	3,050.00	Sold truck to Lisa Guyott Inv #2276 (Bid)				
1/31/2010	392.00	3920001303	2003 Ford F-150	23,623.02	23,623.02	0.00	2,800.00	2,800.00	Sold truck to John Mccarty Inv #2277 (Bid)				
2/28/2010	392.00	3920000398	98 Chevy Pickup	23,468.80	23,468.80	0.00	1,700.00	1,700.00	Sold truck to Jon Mccarty Inv #2278 (Bid)				
3/31/2011	392.00	3924-WHEEL	2003 Polaris 4x4 ATV	6,211.70	6,211.70	0.00	4,300.00	4,300.00	sold 4-wheeler to Prentice Carpenter Inv# 2601 (Bid)				
3/31/2011	392.00	39200051598	1998 International Utility Truck	155,619.06	155,619.06	0.00	12,000.00	12,000.00	Sold Truck to M. Bender Inv# 2600 (Bid)				
3/31/2011	391.00		Filing Cabinets			0.00	20.00	20.00	sold 2 Filing cabinets to Pam Myers Inv# 2489 (Bid)				
3/31/2011	392.00	3920003804	2004 Ford F150 Ext Cab-Bed	23,781.30	23,781.30	0.00	0.00	0.00	Donation to habitat for Humanity				
5/6/2011	392.00	3920001205	1975 Trailer w/5KW Alternator	6,208.80	6,208.80	0.00	250.00	250.00	Sold to Kurt Schantz Inv# 2875 (Bid)				
9/30/2011	391.10	3911000487	Dell 2161 DSKVM SRVR Hardware	1,615.44	1,615.44	0.00	0.00	0.00	Sent to Recycle Center in Bernten Hart				
9/21/2011	392.00	3920001201	Brooks 2 Ton Pole Trailer	5,863.00	5,863.00	0.00	255.54	255.54	Sustainable Recycling, Inc				
9/30/2011	398.00	3980000074	Energy Park Meter - One	720.00	440.00	280.00	0.00	(280.00)	Damaged in Lightning Storm				
11/30/2011	392.00	3920000506	2006 F550 V506 TRK	99,521.88	99,521.88	0.00	9,251.00	9,251.00	Sold Truck to J. Hunsberger Inv 4579 (Bid)				
11/30/2011	392.00	392004298A	Bering Ring	841.55	841.55	0.00	0.00	0.00					
11/30/2011	392.00	392004298B	1998 Freightliner 80-Cass	5,483.66	5,483.66	0.00	0.00	0.00					
12/31/2011	391.10	3911000488	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to Clarence Barth Inv# 4368				
12/31/2011	391.10	3911000489	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to Harold Gentz Inv# 4371				
12/31/2011	391.10	3911000490	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to James Dickerson Inv# 4370				
12/31/2011	391.10	3911000491	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to Earl Sorsby Inv# 4374				
12/31/2011	391.10	3911000492	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to Jerry Campbell Inv# 4369				
12/31/2011	391.10	3911000494	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to Ronald Armstron Inv# 4367				
12/31/2011	391.10	3911000495	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to John Green Inv# 4372				
12/31/2011	391.10	3911000496	Dell Latitude Laptop	1,232.25	1,232.25	0.00	0.00	0.00	Sold to Kenneth Swope Inv# 4375				
12/5/2011	392.00	3920004298	1998 Digger Derrick	156,807.42	156,807.42	0.00	4,000.00	4,000.00	Sold Truck to Green Leaf Tree Services Inv# 4675				
				548,830.71	543,550.71	280.00	37,626.54	38,146.54					
			Dec-11										

Find:

- ▶ Accounts Payable
- ▶ Asset Management
- ▶ Bank Reconciliation
- ▶ Budget
- ▶ Fleet Management
- ▶ General Ledger
- ▶ Account Entry
- ▶ History Inquiry

**Account Balance**

- Account Summary
- Activity
- Balance Sheet
- Comparison
- Income Statement
- Journal Code
- Module
- Ratio
- Transaction
- Administration
- Reports/Processes
- Installation Loan
- Material Inventory
- Miscellaneous Receivable

Navigation My Favorites

Alerts

Search Type: Account

Division

Period: 12 - Dec

Account: 421.10

0 - MIDWEST ENERGY ...

2011

Search

Advanced Search

**Account Balance: 0 421.10 - GAIN OR LOSS ON DISP OF PROPERTY**

Set Aside

Refresh

Division	Account	Description	PTD Amount	PTD Budget	YTD Balance	YTD Budget	Account
0 - MID...	421.10	GAIN OR LOSS ON DISP OF PROPERTY	-4,800.00	0.00	-38,146.54	0.00	0 - COO

-4,800.00 0.00 -38,146.54 0.00



Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

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

426.4, Expenditures for Certain civic, Political and Related Activities.)  
 (a) Name and address of person or organization rendering services,  
 (b) description of services received during year and project or case to which services relate,  
 (c) basis of charges,  
 (d) total charges for the year, detailing utility department and account charged.  
 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
 3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1					
2					
3		See Attachment			
4					
5					
6					
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35					

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1					
2					
3					
4		<b>See Attachment</b>			
5					
6					
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25					
26					
27					
28					
29					
30					
<b>TOTAL</b>					

Midwest Energy Cooperative  
 Charges for Outside Professional and Other Consultative Service  
 Year Ending 12/31/11  
 Amounting to more than \$25,000.00

Name and Address	Description of Services	Basis of Charges	Total Charges for the Year	Account Charged	Amount
Hydaker-Wheatlake Co 1435 Reliable Parkway Chicago, IL 60686	Contractor-Construction	107.10	\$113,313.60	180- purchase order	108,494.30
				416.22	4,819.30
				927.10-23	<u>113,313.60</u>
Cooperative Response Center 2000 8th Street N.W. Austin, MN 55912	Customer Service, Overflow and after hours	107.70	\$96,814.72	581.01-22	2,657.43
				1,100.923.00	78,772.38
					15,384.91
					<u>96,814.72</u>
Harris Group 731 S. Garfield Ave Traverse City, MI 49686	CPA	923.00-11	\$39,599.42		\$39,599.42
					<u>\$39,599.42</u>
Dykema Gosselt 400 Renaissance Center Detroit, MI 48243	Legal Services	923.00-1	\$243,109.84	923.01-1	96,504.11
				1,100.925.00	146,245.73
					360.00
					<u>243,109.84</u>
American Energy Services PO Box 295 Richmond, MI 48062	Pole Testing	593.00-51	\$70,719.60		70,719.60
					<u>70,719.60</u>
Green Leaf Tree Service 5280 Engle Rd Middleville, MI 49333	Contractor- Tree Work	107.10	\$1,957,720.00	592.00-51	873,551.50
				593.30-54	25,000.00
					1,059,168.50
					<u>1,957,720.00</u>
Markur Consulting, LLC 9319 Mockingbird Lane Cadillac, MI 49601	Information Systems Contractor	180- purchase order	\$108,728.91	416.22	4,240.00
				927.10-23	2,712.76
				909.00-70	1,101.00
				927.00-23	100.00
				921.00-23	96,540.00
					52.99
					3,982.16
					<u>108,728.91</u>

Midwest Energy Cooperative  
 Charges for Outside Professional and Other Consultative Service  
 Year Ending 12/31/11

Amounting to more than \$25,000.00

Name and Address	Description of Services	Basis of Charges	Total Charges for the Year	Account Charged	Amount
Michigan Electric Coop Assoc 7973 East Grand River Ave Portland, MI 48875	Utility Restructuring		\$742,282.46	782.3	4,516.70
	Country Line Magazine			184.9	15,871.00
	Deferred Income			580.66-45	107,353.21
	EO			583.00-51	350.00
				583.50-51	40.80
				908.01-30	252.70
				908.02-30	45,035.96
				908.03-30	110.37
				908.05-30	88,708.36
				908.06-30	22,752.13
				908.07-30	27,496.18
				908.09-30	61.32
				908.52-30	2,852.69
				908.53-30	182,521.24
				909.01-70	1,021.32
				909.02-70	95,406.68
				1-100.913.00	3,586.00
				921.60-1	6,682.13
				921.66-1	350.00
				921.66-70	175.00
				923.00-1	175.00
				930.21-3	7,927.67
				930.22-1	2,800.00
					126,226.00
					<u>742,282.46</u>

NISC  
 SDS 12-2053  
 Minneapolis, MN 55486

Computer System Support	Total Charges for the Year	Account Charged	Amount
	\$469,651.42	186	21,092.20
		581.01-22	300.00
		588.10-46	9,466.64
		593.00-51	9,009.36
		903.00-21	3,969.45
		903.00-22	6,713.92
		908.02-23	140,006.04
		903.04-21	197,512.31
		903.08-21	7,043.00
		903.08-22	6,985.00
		903.08-21	6,304.71
		904.02-21	300.00
		921.00-11	1,391.17
		921.00-21	337.50
		921.00-22	391.23
		921.60-1	399.00
		921.60-70	399.00
		921.66-11	1,296.00
		921.66-21	431.00
		921.66-22	28.00
		921.66-23	500.00
		1,100.165.50	3,445.00
		1,100.921.00	13,938.42
		1,100.921.40	33,814.60
		2,00.731.00	3,436.19
		4,00.914.00	1,111.68
			<u>469,651.42</u>

Midwest Energy Cooperative  
 Charges for Outside Professional and Other Consultative Service  
 Year Ending 12/31/11

Amounting to more than \$25,000.00

Name and Address	Description of Services	Basis of Charges	Total Charges for the Year	Account Charged	Amount
McDonald Underground 30155 Topash Dowagiac, MI 49047	Contractor-Construction		\$85,836.00	107.10	\$85,836.00 \$85,836.00
Balos Engineering & Electric, Inc. 10902 Preston Road Constantine, MI 49042	Contractor-Construction		\$124,962.50	107.10	\$124,962.50 \$124,962.50
Great Lakes Energy PO Box 70 Boyer City, MI 49712	Contractor Storm Restoration Apprentice Training		\$52,819.37	107.10 580.66-51 580.60-51	\$48,861.37 \$2,923.00 \$1,035.00 \$52,819.37
Thumb Electric Cooperative 2231 Main Street Uby, MI 48475	Contractor Storm Restoration		\$35,860.12	107.10	\$35,860.12 \$35,860.12
Commonwealth Associates, Inc. PO Box 1124 Jackson, MI 49204	Contractor		\$142,229.19	107.10	\$142,229.19 \$142,229.19
Insight Strategic Concepts, Inc. 3743 East Jackson Blvd Elkhart, IN 46516	Consulting		\$63,925.50	926.70-1	\$63,925.50 \$63,925.50
SKF Electrical Contracting 10495 Deal Rd Williamsburg, MI 49690	Contractor		\$180,069.50	107.10	\$180,069.50 \$180,069.50
	Total				\$4,527,642.15

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
						1
						2
						3
						4
						5
						6
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						30

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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24					
25					
26					
27					
28					
29					
30					
<b>TOTAL</b>					

Name of Respondent <b>Midwest Energy Cooperative</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/24/12	Year of Report 2011
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
						1
						2
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Miscellaneous Midwest Inc/Propane Expenses  
 Paid by Midwest Energy Cooperative to be Reimbursed  
 For year 2011

		Form 7 MPSC, page Descr:			
<u>Line #</u>	<u>company</u>	<u>Affiliation</u>	<u>Nature of Goods and Services</u>	<u>Account #</u>	
				<u>Amount Classified To Balance</u>	<u>Pricing Method</u>
1	Midwest Energy, Inc GL# 0.00.146.35	Wholly Owned Subsidiary of Midwest Energy Co	Out of Pocket Expense Labor & Benefit Allocation	\$ 3,341.37 \$ 33,105.93 \$ 36,447.30	Cost Cost Cost
2	Midwest Propane LLC GL# 0.00.146.36 / GL# 0.00.146.10	Wholly Owned Subsidiary of Midwest Energy Co	Out of Pocket Expense Labor & Benefit Allocation Facility Lease	\$ 274,928.16 \$ 265,860.64 \$ 20,390.00 \$ 561,178.80	Cost Cost Contract Cost
3	Midwest Energy Inc - Connection/Wild Blu GL# 0.00.146.37	Wholly Owned Subsidiary of Midwest Energy, Inc Line of Business	Out of Pocket Expense Labor & Benefit Allocation	\$ 4,880.55 \$ 30,186.70 \$ 35,067.25	Cost Cost Cost
4	Due from BPL GL# 0.00.146.38	Midwest Energy, Inc Line of Business	Out of Pocket Expense Labor & Benefit Allocation	\$ 14,009.56 \$ 20,923.95 \$ 34,933.51	Cost Cost Cost
<b>Total Costs Billed to Associated Companies</b>				<b>\$ 667,626.86</b>	

Miscellaneous Midwest Inc/Propane Expenses  
 Paid by Midwest Energy Cooperative to be reimbursed  
 For year 2011

Form 7 MPSC page  
 Used for Code of Conduct reporting at year end (Due April 30)

Account #	Expenses:	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
<p>GL #146.35 Midwest Energy Inc                      Desc: nature of                      Goods and Services</p>											
Labor	Labor & Benefit Allocation	\$ 1,211.65	\$ 1,221.00	\$ 1,178.30	\$ 1,164.47	\$ 1,214.38	\$ 1,561.00	\$ 1,213.47	\$ 1,205.11	\$ 1,182.44	\$ 960.27
Labor	Labor & Benefit Allocation	\$ 232.39	\$ 265.86	\$ 313.57	\$ 239.97	\$ 270.73	\$ 339.66	\$ 246.01	\$ 289.99	\$ 315.19	\$ 223.05
Labor	Labor & Benefit Allocation	\$ 1,130.62	\$ 1,298.22	\$ 1,162.74	\$ 1,298.40	\$ 1,216.60	\$ 1,509.86	\$ 1,226.39	\$ 1,170.85	\$ 1,103.11	\$ 714.35
3.165.10	Prepaid Liability Insurance	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -
3.918.00	Telecomm-JC labor	\$ 188.27	\$ 206.36	\$ 189.98	\$ 207.27	\$ 197.92	\$ 253.60	\$ 202.16	\$ 193.41	\$ 181.79	\$ 58.97
3.919.00	IC-Accounting/Admin	\$ 1,655.67	\$ 1,737.28	\$ 1,691.53	\$ 1,718.01	\$ 1,676.35	\$ 2,151.55	\$ 1,764.10	\$ 1,777.00	\$ 1,784.63	\$ 1,370.79
3.920.00	Intercompany Labor-CEO	\$ 730.71	\$ 781.44	\$ 773.10	\$ 778.55	\$ 751.39	\$ 1,005.37	\$ 719.61	\$ 705.54	\$ 712.45	\$ 544.15
3.923.02	Legal and Professional Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.923.00	Directors Expenses	\$ -	\$ -	\$ 150.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.921.00	Dues, Fees and Subscriptions	\$ -	\$ -	\$ 25.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.924.00	Computer Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.954.00	Out of Pocket expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total GL #146.35 Midwest Energy Inc</b>	\$ 2,574.65	\$ 3,225.08	\$ 2,769.61	\$ 2,703.83	\$ 3,125.66	\$ 3,410.52	\$ 2,841.29	\$ 3,228.14	\$ 2,708.19	\$ 2,785.15
<p>GL #146.36 Midwest Propane LLC</p>											
Labor	Mechanic-Cost	\$ 443.41	\$ 309.85	\$ 377.99	\$ 909.21	\$ 149.20	\$ 539.95	\$ 709.70	\$ 915.05	\$ 738.33	\$ 626.21
Labor	Labor & Benefit Allocation	\$ 377.38	\$ 421.78	\$ 398.82	\$ 356.44	\$ 397.03	\$ 496.71	\$ 389.51	\$ 356.36	\$ 388.40	\$ 273.57
Labor	Labor & Benefit Allocation	\$ 6,295.22	\$ 6,924.20	\$ 6,972.90	\$ 6,939.43	\$ 8,106.60	\$ 6,530.56	\$ 6,390.56	\$ 6,559.10	\$ 5,967.24	\$ 4,089.55
Labor	Billing Services	\$ 2,218.50	\$ 2,531.51	\$ 2,100.46	\$ 1,801.19	\$ 2,431.18	\$ 2,894.72	\$ 2,431.18	\$ 2,272.81	\$ 2,127.65	\$ 1,963.04
Labor	CSR Services	\$ 11,987.16	\$ 10,623.52	\$ 9,210.11	\$ 10,901.65	\$ 12,252.65	\$ 13,570.39	\$ 10,780.05	\$ 10,670.50	\$ 10,948.41	\$ 8,715.59
Labor	Marketing Services	\$ 1,102.77	\$ 1,020.44	\$ 958.16	\$ 1,027.21	\$ 1,011.64	\$ 1,239.69	\$ 1,095.23	\$ 1,100.25	\$ 1,139.81	\$ 861.55
1.142.50	Accounts Receivable - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.165.20	Prepaid Liability Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.165.30	Prepaid Workers Comp Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.559.10	New Account Charges	\$ 82.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.582.00	Life & Disability Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.594.00	Workers Compensation	\$ 1,660.76	\$ 1,659.97	\$ 1,940.34	\$ 1,940.34	\$ 1,940.34	\$ 1,940.34	\$ 1,940.34	\$ 1,940.34	\$ 1,940.34	\$ 1,940.34
1.590.00	Training Expense	\$ 291.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.590.00	Training Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.591.10	Maintenance - Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.912.30	Marketing Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.915.00	Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.914.00	Travel Expense	\$ 1,164.65	\$ 7,457.00	\$ 2,905.45	\$ 1,828.71	\$ 1,516.67	\$ 1,597.58	\$ 9,296.60	\$ 450.80	\$ 2,546.65	\$ 1,959.39
1.232.40	ACCOUNTS PAYABLE MWE COOP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.914.10	Meals & Entertainment Expense	\$ 36.37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.921.00	Office Supplies	\$ 1,159.72	\$ 3,028.84	\$ 3,952.43	\$ 3,927.26	\$ 3,170.90	\$ 3,986.67	\$ 2,881.30	\$ 2,774.77	\$ 2,829.60	\$ 3,142.87
1.921.00	Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.921.10	Shop Supplies	\$ 720.80	\$ -	\$ 713.83	\$ 424.99	\$ 424.44	\$ -	\$ 430.23	\$ -	\$ -	\$ -
1.921.30	Telephone Expense	\$ 2,952.05	\$ 16.90	\$ 18.24	\$ 79.00	\$ 79.00	\$ 503.44	\$ 79.00	\$ 504.62	\$ 245.00	\$ 1,280.33
1.921.30	Telephone Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.921.40	Postage Expense	\$ -	\$ 977.14	\$ 79.00	\$ 79.00	\$ 79.00	\$ 503.44	\$ 79.00	\$ 504.62	\$ 245.00	\$ 1,280.33
1.232.40	ACCOUNTS PAYABLE MWE COOP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.921.80	Uniforms & Clothing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.921.70	Bank Service Charges	\$ 2,443.57	\$ 1,731.40	\$ 1,257.56	\$ 1,964.21	\$ 1,393.20	\$ 1,243.05	\$ 1,483.02	\$ 1,287.22	\$ 1,402.76	\$ 1,136.17
1.922.00	Rent - Bldg	\$ 1,699.00	\$ 944.00	\$ 944.00	\$ 944.00	\$ 944.00	\$ 944.00	\$ 944.00	\$ 944.00	\$ 944.00	\$ 944.00
1.923.00	Outside Contract Services	\$ 1,200.00	\$ 755.00	\$ 755.00	\$ 755.00	\$ 755.00	\$ 755.00	\$ 755.00	\$ 755.00	\$ 755.00	\$ 755.00
1.923.10	Interco Labor-Administrative	\$ 21,981.04	\$ 21,521.54	\$ 18,984.39	\$ 21,356.66	\$ 21,564.64	\$ 27,802.95	\$ 21,226.60	\$ 20,959.02	\$ 20,571.50	\$ 15,893.30
1.925.00	Legal & Professional Expense	\$ 136.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.932.20	Miscellaneous Expense	\$ -	\$ 67.47	\$ 84.20	\$ 265.43	\$ 174.33	\$ 129.92	\$ 428.15	\$ 147.71	\$ 741.32	\$ 500.84
1.921.50	Credit & Collection Expense	\$ -	\$ 125.33	\$ -	\$ 269.49	\$ 126.59	\$ 132.22	\$ 145.62	\$ 176.81	\$ 1,334.18	\$ 225.53
1.924.50	BC/BS - Protax Deduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.580.00	Health Insurance	\$ -	\$ 857.07	\$ -	\$ -	\$ -	\$ -	\$ 969.37	\$ -	\$ 969.37	\$ 969.37
1.921.50	Dues & Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 969.37	\$ -	\$ -	\$ -
1.904.02	Collections Expense	\$ -	\$ 249.95	\$ -	\$ -	\$ 509.20	\$ 69.25	\$ -	\$ -	\$ 1.25	\$ 106.50
	<b>Total GL #146.36 Midwest Propane LLC</b>	\$ 35,537.07	\$ 70,188.10	\$ 33,376.60	\$ 34,978.99	\$ 63,199.07	\$ 41,503.10	\$ 44,299.63	\$ 64,306.41	\$ 36,989.60	\$ 31,695.63
1.581.00	Fuel - Vehicles	\$ 675.62	\$ 422.48	\$ 1,664.46	\$ 3,216.82	\$ 755.73	\$ 566.25	\$ 1,511.10	\$ 1,282.04	\$ 2,219.76	\$ 747.42
0.146.1	A/R Midwest Propane	\$ (675.62)	\$ (422.48)	\$ (1,664.46)	\$ (3,216.82)	\$ (755.73)	\$ (566.25)	\$ (1,511.10)	\$ (1,282.04)	\$ (2,219.76)	\$ (747.42)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the 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 MI0049

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

PERIOD ENDED December, 2011 (Prepared with Audited Data)

BORROWER NAME Midwest Energy Cooperative

INSTRUCTIONS - See help in the online application.

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

**CERTIFICATION**

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

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

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE 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 Hance

3/30/2012  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	65,628,036	68,022,430	67,763,412	5,833,941
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	44,118,481	45,112,509	45,312,438	3,656,933
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	1,462,816	1,301,117	1,597,525	135,936
7. Distribution Expense - Maintenance	4,205,845	5,063,336	4,041,508	443,024
8. Customer Accounts Expense	2,243,135	2,372,746	2,314,552	231,546
9. Customer Service and Informational Expense	972,849	1,244,844	1,329,632	154,554
10. Sales Expense	161,160	104,717	163,152	4,705
11. Administrative and General Expense	2,738,095	2,819,896	2,913,193	317,881
12. Total Operation & Maintenance Expense (2 thru 11)	55,902,381	58,019,165	57,672,000	4,944,579
13. Depreciation and Amortization Expense	4,010,787	4,147,305	4,220,209	351,945
14. Tax Expense - Property & Gross Receipts	1,673,462	1,737,515	1,774,500	110,890
15. Tax Expense - Other	105,263	129,890	150,000	(7,610)
16. Interest on Long-Term Debt	3,646,428	3,707,564	3,743,108	318,576
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	48,920	46,313	50,892	4,166
19. Other Deductions	11,509	9,780	7,800	3,326
20. Total Cost of Electric Service (12 thru 19)	65,398,750	67,797,532	67,618,509	5,725,872
21. Patronage Capital & Operating Margins (1 minus 20)	229,286	224,898	144,903	108,069
22. Non Operating Margins - Interest	558,136	587,176	523,075	48,891
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	441,698	193,445	223,445	51,957
25. Non Operating Margins - Other	(15,354)	42,714	9,733	5,873
26. Generation and Transmission Capital Credits	1,237,173	1,448,239	1,224,000	1,335,060
27. Other Capital Credits and Patronage Dividends	279,032	209,552	274,631	20,482
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	2,729,971	2,706,024	2,399,787	1,570,332

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0049
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  December, 2011

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	183	226	5. Miles Transmission	14.46	18.96
2. Services Retired	33	55	6. Miles Distribution – Overhead	3,149.33	3,144.64
3. Total Services in Place	38,343	38,552	7. Miles Distribution - Underground	749.99	769.27
4. Idle Services (Exclude Seasonals)	3,294	3,407	8. Total Miles Energized (5 + 6 + 7)	3,913.78	3,932.87

PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	139,341,540		30. Memberships	0	
2. Construction Work in Progress	5,437,221		31. Patronage Capital	42,674,656	
3. Total Utility Plant (1 + 2)	144,778,761		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	44,611,025		33. Operating Margins - Current Year	224,898	
5. Net Utility Plant (3 - 4)	100,167,736		34. Non-Operating Margins	2,481,126	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	(12,287,895)	
7. Investments in Subsidiary Companies	3,970,122		36. Total Margins & Equities (30 thru 35)	33,092,785	
8. Invest. in Assoc. Org. - Patronage Capital	11,594,586		37. Long-Term Debt - RUS (Net)	58,423,450	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	15,843,372	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	2,174,698		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	11,159,526	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	9,154,363	
14. Total Other Property & Investments (6 thru 13)	17,739,406		43. Total Long-Term Debt (37 thru 41 - 42)	76,271,985	
15. Cash - General Funds	2,376,943		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	90		45. Accumulated Operating Provisions and Asset Retirement Obligations	6,981,957	
17. Special Deposits	195		46. Total Other Noncurrent Liabilities (44 + 45)	6,981,957	
18. Temporary Investments	0		47. Notes Payable	0	
19. Notes Receivable (Net)	133,753		48. Accounts Payable	5,005,331	
20. Accounts Receivable - Sales of Energy (Net)	3,149,161		49. Consumers Deposits	837,507	
21. Accounts Receivable - Other (Net)	255,336		50. Current Maturities Long-Term Debt	2,958,661	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	0	
23. Materials and Supplies - Electric & Other	1,111,849		52. Current Maturities Capital Leases	0	
24. Prepayments	77,601		53. Other Current and Accrued Liabilities	1,900,758	
25. Other Current and Accrued Assets	60,812		54. Total Current & Accrued Liabilities (47 thru 53)	10,702,257	
26. Total Current and Accrued Assets (15 thru 25)	7,165,740		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	633,561	
28. Other Deferred Debits	2,609,663		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	127,682,545	
29. Total Assets and Other Debits (5+14+26 thru 28)	127,682,545				

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION  MI0049</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2011</p>
<p><b>PART D. NOTES TO FINANCIAL STATEMENTS</b></p>	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION  MI0049</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2011</p>
<p><b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b></p>	

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION MI0049

PERIOD ENDED December, 2011

INSTRUCTIONS - See help in the online application.

PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	120,340,943	3,348,606	398,979		123,290,570
2. General Plant	8,872,797	940,254	547,177		9,265,874
3. Headquarters Plant	4,820,416	926			4,821,342
4. Intangibles	0				0
5. Transmission Plant	1,963,754				1,963,754
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	0				0
8. Total Utility Plant in Service (1 thru 7)	135,997,910	4,289,786	946,156		139,341,540
9. Construction Work in Progress	266,552	5,170,669			5,437,221
10. Total Utility Plant (8 + 9)	136,264,462	9,460,455	946,156		144,778,761

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	830,039	1,071,641	29,056	927,397		71,649	1,074,988
2. Other	46,395	63,726			71,825	(1,435)	36,861

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	
1. Present Year	20.700	1,464.700	17.000	291.500	1,793.900
2. Five-Year Average	91.500	602.200	6.900	184.400	885.000

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	98	4. Payroll - Expensed	4,226,135
2. Employee - Hours Worked - Regular Time	172,404	5. Payroll - Capitalized	1,151,553
3. Employee - Hours Worked - Overtime	15,453	6. Payroll - Other	428,418

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	0	7,869,538
	b. Special Retirements	137,560	2,744,484
	c. Total Retirements (a + b)	137,560	10,614,022
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	31,942	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	151,941	
	c. Total Cash Received (a + b)	183,883	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	\$ 49,437	2. Amount Written Off During Year	\$ 214,551
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION  MI0049
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INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2011
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**PART K. kWh PURCHASED AND TOTAL COST**

No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Wabash Valley Power Assn, Inc (IN0107)	40211			618,509,445	43,982,446	7.11		
2	Buckeye Power, Inc (OH0099)	7004			16,252,588	1,130,063	6.95		
	Total				634,762,033	45,112,509	7.11		



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INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2011
<b>PART K. kWh PURCHASED AND TOTAL COST</b>		
<b>No</b>	<b>Comments</b>	
1		
2		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION M10049	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2011	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
<b>TOTAL</b>			

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INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2011	
<b>PART M. ANNUAL MEETING AND BOARD DATA</b>			
1. Date of Last Annual Meeting 4/25/2011	2. Total Number of Members 28,115	3. Number of Members Present at Meeting 9	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 161,642	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0049			
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2011			
<b>PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS</b>					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	58,423,451	2,760,347	1,427,665	4,188,012
2	National Rural Utilities Cooperative Finance Corporation	6,672,075	420,503	750,267	1,170,770
3	CoBank, ACB	4,487,450	210,682	325,108	535,790
4	Federal Financing Bank	15,843,372	315,478	156,628	472,106
5	RUS - Economic Development Loans				
6	Payments Unapplied	9,154,363			
	<b>TOTAL</b>	<b>76,271,985</b>	<b>3,707,010</b>	<b>2,659,668</b>	<b>6,366,678</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0049		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2011		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	29,687	29,703	
	b. kWh Sold			349,587,579
	c. Revenue			42,923,793
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served	486	469	
	b. kWh Sold			10,390,181
	c. Revenue			1,088,160
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	4,965	4,910	
	b. kWh Sold			135,520,706
	c. Revenue			15,145,615
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	7	7	
	b. kWh Sold			105,559,908
	c. Revenue			8,362,418
6. Public Street & Highway Lighting	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		35,145	35,089	
11. Total kWh Sold (lines 1b thru 9b)				601,058,374
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				67,519,986
13. Transmission Revenue				
14. Other Electric Revenue				502,444
15. kWh - Own Use				1,010,265
16. Total kWh Purchased				634,762,033
17. Total kWh Generated				0
18. Cost of Purchases and Generation				45,112,509
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				134,004

UNITED STATES DEPARTMENT OF AGRICULTURE  
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INSTRUCTIONS - See help in the online application.

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)	1,962	416,397	5,603	9,259	843,658	17,514
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	23	259,504	5,058	188	490,449	10,045
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale - RUS Borrowers						
9. Sales for Resale - Other						
10. Total	1,985	675,901	10,661	9,447	1,334,107	27,559

RUS Financial and Operating Report Electric Distribution

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION MI0049  PERIOD ENDED December, 2011
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

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

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	123.18 Midwest Energy, Inc.	3,970,122		193,445	
	123.10 Patronage Capital - NRUCFC		330,495	22,422	
	123.11 Patronage Capital - WVPA		9,851,303	1,373,423	
	123.12 Patronage Capital - NISC	144,413		17,877	
	123.13 Patronage Capital - Resco MI			0	
	123.15 Patronage Capital - Resco OH	20,106			
	123.16 Patronage Capital - Resco WI	417,612		(14,839)	
	123.17 Patronage Capital - Buckeye		830,657	42,874	
	123.22 Capital Term Certificates - CFC		1,279,313	(2,465)	
	123.23 MI Electric Coop Association	54,034			
	123.24 Federated - Member Equity	304,031		6,217	
	123.24 NRUCFC Membership Fee		1,000		
	123.24 WVPA Membership Fee	5			
	123.24 NRTC	189,690		20,434	
	124.10 Cooperative Response Center	29,293		0	
	123.24 Co-Bank		17,133	7,965	
	124.03 Riverfront Student Housing, LLC				
	123.21 CFC Capital Funding Investment		300,000		
	123.27 Wolverine Power Membership	200		200	
	<b>Totals</b>	<b>5,129,506</b>	<b>12,609,901</b>	<b>1,667,553</b>	
<b>5</b>	<b>Special Funds</b>				
	128.50 Deferred Compensation				
	<b>Totals</b>				
<b>6</b>	<b>Cash - General</b>				
	131.50 5/3 General Fund	837,009			
	131.27, FNB General & Payroll	16,430			
	131.26 Valley Ridge Bank	14,986			
	135.00 Working Funds - Petty Cash	1,751			
	131.20 Fifth Third Construction Acct.	90			
	131.51 5/3 Electroinc Pmts.	1,486,384			
	131.53 5/3 Empl Gives Back	7,517			
	131.52 5/3 URMED	12,866			
	<b>Totals</b>	<b>2,377,033</b>			
<b>7</b>	<b>Special Deposits</b>				
	134.00 U.S. Post Office	195			
	<b>Totals</b>	<b>195</b>			
<b>8</b>	<b>Temporary Investments</b>				
	136.00 Temporary Investments				
	<b>Totals</b>				
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Accounts Receivable - Other (Net)	255,336			
	Notes Receivable (Net)	133,753			
	<b>Totals</b>	<b>389,089</b>			
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	<b>7,895,823</b>	<b>12,609,901</b>	<b>1,667,553</b>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION MI0049
	PERIOD ENDED December, 2011

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**PART Q. SECTION II. LOAN GUARANTEES**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Midwest Energy Inc.	8/23/2023	7,450,000	1,344,950	
	<b>TOTAL</b>		7,450,000	1,344,950	
	<b>TOTAL (Included Loan Guarantees Only)</b>		7,450,000	1,344,950	



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	REPORTING PERIOD M10049
<b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	REPORTING PERIOD December, 2011

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**SECTION III. RATIO**

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	6.38 %
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**SECTION IV. LOANS**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
	<b>TOTAL</b>				