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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
MI0049

PERIOD ENDED December, 2015 (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

4/22/2016

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	76,464,384	75,823,381	78,137,030	6,242,159
2. Power Production Expense				
3. Cost of Purchased Power	50,852,087	49,258,950	50,381,081	4,510,221
4. Transmission Expense	5,519	17,090		
5. Regional Market Expense				
6. Distribution Expense - Operation	1,622,754	1,725,651	1,823,798	183,132
7. Distribution Expense - Maintenance	5,482,950	6,900,076	6,093,649	673,448
8. Customer Accounts Expense	2,726,357	2,488,534	2,586,205	110,430
9. Customer Service and Informational Expense	1,649,737	1,726,580	2,151,464	272,249
10. Sales Expense	139,218	120,643	166,402	10,509
11. Administrative and General Expense	2,980,017	3,572,497	3,475,154	378,926
12. Total Operation & Maintenance Expense (2 thru 11)	65,458,639	65,810,021	66,677,753	6,138,915
13. Depreciation and Amortization Expense	4,843,148	5,141,766	5,508,414	457,558
14. Tax Expense - Property & Gross Receipts	1,909,367	2,021,048	2,195,599	8,411
15. Tax Expense - Other	459			
16. Interest on Long-Term Debt	3,679,638	3,568,005	3,904,323	284,614
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	87,194	69,300	131,321	7,679
19. Other Deductions	6,356	5,037	5,750	99
20. Total Cost of Electric Service (12 thru 19)	75,984,801	76,615,177	78,423,160	6,897,276
21. Patronage Capital & Operating Margins (1 minus 20)	479,583	(791,796)	(286,130)	(655,117)
22. Non Operating Margins - Interest	442,347	404,750	300,431	26,688
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	812,336	576,624	576,056	(1,213,050)
25. Non Operating Margins - Other	(721,625)	(1,041,192)	(1,200,056)	(67,086)
26. Generation and Transmission Capital Credits	1,302,936	2,948,827	1,316,885	2,830,848
27. Other Capital Credits and Patronage Dividends	294,527	230,618	272,302	24,757
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	2,610,104	2,327,831	979,488	947,040

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION

MI0049

PERIOD ENDED

December, 2015

INSTRUCTIONS - See help in the online application.

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	252	196	5. Miles Transmission	44.96	44.96
2. Services Retired	55	28	6. Miles Distribution – Overhead	3,116.15	3,405.00
3. Total Services in Place	39,267	39,433	7. Miles Distribution - Underground	847.95	838.00
4. Idle Services (Exclude Seasonals)	3,666	3,747	8. Total Miles Energized (5 + 6 + 7)	4,009.06	4,287.96

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	173,451,198	30. Memberships	0
2. Construction Work in Progress	7,543,346	31. Patronage Capital	60,255,210
3. Total Utility Plant (1 + 2)	180,994,544	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	58,816,737	33. Operating Margins - Current Year	(791,794)
5. Net Utility Plant (3 - 4)	122,177,807	34. Non-Operating Margins	3,119,627
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	(13,604,808)
7. Investments in Subsidiary Companies	6,382,165	36. Total Margins & Equities (30 thru 35)	48,978,235
8. Invest. in Assoc. Org. - Patronage Capital	2,301,249	37. Long-Term Debt - RUS (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	28,312,094
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	18,726,808	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	61,985,368
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments – Unapplied	4,080,484
14. Total Other Property & Investments (6 thru 13)	27,410,222	43. Total Long-Term Debt (37 thru 41 - 42)	86,216,978
15. Cash - General Funds	2,132,812	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	90	45. Accumulated Operating Provisions and Asset Retirement Obligations	4,646,584
17. Special Deposits	432	46. Total Other Noncurrent Liabilities (44 + 45)	4,646,584
18. Temporary Investments	0	47. Notes Payable	5,402,272
19. Notes Receivable (Net)	243,869	48. Accounts Payable	9,480,709
20. Accounts Receivable - Sales of Energy (Net)	7,482,758	49. Consumers Deposits	687,599
21. Accounts Receivable - Other (Net)	224,697	50. Current Maturities Long-Term Debt	3,608,001
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	2,288,301	52. Current Maturities Capital Leases	0
24. Prepayments	193,862	53. Other Current and Accrued Liabilities	2,690,765
25. Other Current and Accrued Assets	14,870	54. Total Current & Accrued Liabilities (47 thru 53)	21,869,346
26. Total Current and Accrued Assets (15 thru 25)	12,581,691	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	600,979
28. Other Deferred Debits	142,402	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	162,312,122
29. Total Assets and Other Debits (5+14+26 thru 28)	162,312,122		

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p>MI0049</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December, 2015</p>
<p>PART D. NOTES TO FINANCIAL STATEMENTS</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, 2015</p>
<p>PART D. CERTIFICATION LOAN DEFAULT NOTES</p>	
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**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION MI0049

PERIOD ENDED December, 2015

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	138,600,646	5,021,653	845,306		142,776,993
2. General Plant	13,574,752	3,562,851	390,053	1,617,585	18,365,135
3. Headquarters Plant	5,039,297	399,830		45,245	5,484,372
4. Intangibles	0				0
5. Transmission Plant	6,546,825	7,042			6,553,867
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	0	270,831	0	0	270,831
8. Total Utility Plant in Service (1 thru 7)	163,761,520	9,262,207	1,235,359	1,662,830	173,451,198
9. Construction Work in Progress	1,958,621	5,584,725			7,543,346
10. Total Utility Plant (8 + 9)	165,720,141	14,846,932	1,235,359	1,662,830	180,994,544

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	903,324	4,145,228	4,370	2,873,989	0	31,367	2,210,300
2. Other	142,467	1,149,136		1,204,974		(8,628)	78,001

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	63.700	75.500	5.100	294.300	438.600
2. Five-Year Average	89.760	488.540	10.400	250.560	839.260

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	92	4. Payroll - Expensed	5,427,822
2. Employee - Hours Worked - Regular Time	192,165	5. Payroll - Capitalized	1,040,517
3. Employee - Hours Worked - Overtime	12,942	6. Payroll - Other	742,286

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	216,925	3,440,026
	c. Total Retirements (a + b)	216,925	11,309,564
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	851,447	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	174,897	
	c. Total Cash Received (a + b)	1,026,344	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	\$ 39,897	2. Amount Written Off During Year	\$ 84,458
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ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM

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

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION MI0049
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INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2015
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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	Buckeye Power, Inc (OH0099)	7004			17,768,120	1,357,806	7.64		
2	Wolverine Pwr Supply Coop, Inc	20910	Various	Wind	626,460,800	47,901,144	7.65		
	Total				644,228,920	49,258,950	7.65		

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, 2015
PART K. kWh PURCHASED AND TOTAL COST		
No	Comments	
1		
2		

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, 2015	
PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	TOTAL		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION MI0049	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2015	
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 4/28/2015	2. Total Number of Members 29,088	3. Number of Members Present at Meeting 14	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 \$ 112,203	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION MI0049
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2015

PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	0	1,186,644	711,596	1,898,240
2	National Rural Utilities Cooperative Finance Corporation	3,884,739	260,898	570,750	831,648
3	CoBank, ACB	58,100,628	1,244,618	1,386,824	2,631,442
4	Federal Financing Bank	28,312,094	882,294	681,477	1,563,771
5	RUS - Economic Development Loans				
6	Payments Unapplied	4,080,484			
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	Fiber to the Home interest on Financing of Plant	0	(6,449)		(6,449)
	TOTAL	86,216,977	3,568,005	3,350,647	6,918,652

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, 2015

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	29,681	29,660	
	b. kWh Sold			340,350,169
	c. Revenue			46,195,252
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served	688	682	
	b. kWh Sold			11,250,408
	c. Revenue			1,881,321
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	5,310	5,281	
	b. kWh Sold			150,505,844
	c. Revenue			18,416,950
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	7	8	
	b. kWh Sold			103,424,561
	c. Revenue			8,507,162
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)		35,686	35,631	
11. Total kWh Sold (lines 1b thru 9b)				605,530,982
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				75,000,685
13. Transmission Revenue				
14. Other Electric Revenue				822,696
15. kWh - Own Use				926,004
16. Total kWh Purchased				644,228,920
17. Total kWh Generated				
18. Cost of Purchases and Generation				49,276,040
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident ___ Coincident <u>X</u>				131,077

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
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PERIOD ENDED December, 2015

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)	2,316	699,610	7,368	16,885	3,250,892	40,319
2. Residential Sales - Seasonal						
3. Irrigation Sales				1	10,738	34
4. Comm. and Ind. 1000 KVA or Less	87	437,568	13,322	469	2,268,856	41,778
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	2,403	1,137,178	20,690	17,355	5,530,486	82,131

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION MI0049 PERIOD ENDED December, 2015
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

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

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
2	Investments in Associated Organizations				
	123.18 Midwest Energy, Inc.	6,382,165		576,624	
	123.10 Patronage Capital - NRUCFC		391,110	12,445	
	123.11 Patronage Capital - WVPA		9,085,982	(768,676)	
	123.12 Patronage Capital - NISC	232,091		15,429	
	123.15 Patronage Capital - Resco OH	20,106		0	
	123.16 Patronage Capital - Resco WI	608,834		18,685	
	123.17 Patronage Capital - Buckeye		1,049,107	84,069	
	123.22 Capital Term Certificates - CFC		1,255,571	(8,671)	
	123.24 Federated - Member Equity	254,149		2,914	
	123.24 NRUCFC Membership Fee	0	1,000		
	123.24 NRTC	198,788		728	
	124.10 Cooperative Response Center	38,534		4,515	
	123.24 Co-Bank	0	64,976	9,054	
	123.27 Wolverine Power Membership		7,827,809	2,781,986	
	Totals	7,734,667	19,675,555	2,729,102	
6	Cash - General				
	131.50 5/3 General Fund	346,139	250,000		
	131.05 MWE Fiber	71,301			
	135.00 Working Funds - Petty Cash	1,651			
	131.51 5/3 Electroinc Pmts.	1,430,856	0		
	131.52 5/3 URMED	16,145			
	131.20 5/3 construction fund	90			
	131.53 Employees Give Back	16,720			
	Totals	1,882,902	250,000		
7	Special Deposits				
	134.00 U.S. Post Office	432			
	Totals	432			
9	Accounts and Notes Receivable - NET				
	Accounts Receivable - Other (Net)	224,697			
	Notes Receivable (Net)	243,870			
	Totals	468,567			
11	TOTAL INVESTMENTS (1 thru 10)	10,086,568	19,925,555	2,729,102	

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, 2015
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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	682,759	
	TOTAL		7,450,000	682,759	
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION MI0049
	PERIOD ENDED December, 2015

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

SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	5.57 %
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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				
	TOTAL				

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

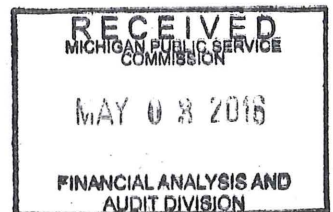
This form is authorized by Case No. U-12134, the Code of Conduct. Filing of this form is mandatory pursuant to PA 3 of 1939. Failure to provide this information will put you in violation of this act and the commission shall order such remedies and penalties as necessary.

Report submitted for year ending: December 31, 2015	
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:	
Name: John H. Miner	Title: CFO
Address: 901 E. State St.	
City: Cassopolis	State: MI Zip: 49031
Direct Telephone, Include Area Code: 269-445-1064	
If the utility name has been changed during the past year:	
Prior Name:	
Date of Change:	
Two copies of the published annual report to stockholders:	
[]	were forwarded to the Commission
[X]	will be forwarded to the Commission
on or about April 29, 2016	
Annual reports to stockholders:	
[X]	are published
[]	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at (517) 284-8266 or cantinh@michigan.gov OR forward correspondence to:

Michigan Public Service Commission
 Financial Analysis & Audit Division
 Attn: Heather Cantin
 7109 W. Saginaw Hwy
 PO Box 30221
 Lansing, MI 48909



Name of Respondent Midwest Energy Cooperative	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page.

Consolidated Financial Statements with Supplementary Information Enclosed



Report of Independent Auditors and
Consolidated Financial Statements
with Supplementary Information for

Midwest Energy Cooperative

December 31, 2015 and 2014

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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Midwest Energy Cooperative
Board of Directors
December 31, 2015

Clarence A. Barth	Chairman
Ben Russell	Vice Chairman
Colyne Sorsby	Secretary
John Green	Treasurer
Fred Turk	Director
James W. Dickerson	Director
Ronald Armstrong	Director
Harry Gentz	Director
Arell Chapman	Director

President and CEO

Robert Hance

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Midwest Energy Cooperative
Cassopolis, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Midwest Energy Cooperative (the Cooperative), which comprise the consolidated balance sheet as of December 31, 2015 and the related consolidated statements of operations, equities and margins, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT OF INDEPENDENT AUDITORS (continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note 14 to the consolidated financial statements, the Cooperative has restated its 2014 consolidated financial statements to change its accounting for unbilled revenue, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

2014 Consolidated Financial Statements

The financial statements of the Cooperative as of and for the year ended December 31, 2014, were audited by other auditors whose opinion dated March 17, 2015, expressed an unmodified opinion on those statements. The other auditors reported on the 2014 financial statements before restatement.

As part of our audit of the 2015 consolidated financial statements, we also audited adjustments described in Note 14 that were applied to restate the 2014 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 consolidated financial statements of the Cooperative other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 consolidated financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cooperative's consolidated financial statements. The consolidating balance sheet, and consolidating statement of operations (collectively, "supplementary information") are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

REPORT OF INDEPENDENT AUDITORS (continued)

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2016, on our consideration of Midwest Energy 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.

Miss Adams UP

Portland, Oregon

April 18, 2016

**MIDWEST ENERGY COOPERATIVE
CONSOLIDATED BALANCE SHEETS**

ASSETS

	December 31,	
	2015	2014 (As restated)
ELECTRIC PLANT AND EQUIPMENT		
In service – at cost	\$ 180,855,882	\$ 172,447,130
Construction work in progress	7,543,346	1,958,620
	188,399,228	174,405,750
Less accumulated depreciation	62,944,135	59,705,838
Net electric plant and equipment	125,455,093	114,699,912
OTHER ASSETS AND INVESTMENTS		
Investments in associated organizations	21,029,058	18,876,580
Notes receivable	159,870	76,994
Grant receivable	211,532	-
Goodwill	-	930,110
Total other assets and investments	21,400,460	19,883,684
CURRENT ASSETS		
Cash and cash equivalents	2,441,856	2,904,750
Accounts receivable, less allowance for doubtful accounts of \$958,000 and \$1,116,000 in 2015 and 2014, respectively	3,176,107	3,643,323
Unbilled revenue	4,165,210	4,780,298
Current portion of notes receivable	84,000	14,000
Power supply cost recovery	523,223	426,290
Materials and supplies	2,288,301	1,045,791
Inventory of subsidiary	491,120	1,172,830
Other current assets	820,579	909,261
Total current assets	13,990,396	14,896,543
DEFERRED CHARGES	142,403	160,628
Total assets	\$ 160,988,352	\$ 149,640,767

**MIDWEST ENERGY COOPERATIVE
CONSOLIDATED BALANCE SHEETS**

LIABILITIES, EQUITIES, AND OTHER CREDITS

	December 31,	
	2015	2014 (As restated)
EQUITIES		
Patronage capital and other equities	\$ 48,978,235	\$ 46,783,074
LONG-TERM DEBT, less current maturities	86,899,737	77,567,174
OTHER LIABILITIES		
Post retirement benefits other than pensions	2,845,185	2,876,775
Accrued pension liability	1,801,398	2,160,766
	4,646,583	5,037,541
CURRENT LIABILITIES		
Current maturities of long-term debt	3,782,774	3,541,157
Accounts payable		
Purchased power	4,510,221	4,034,095
Regulatory liabilities – energy optimization	1,060,848	1,026,476
Other	2,083,109	1,760,998
Customer deposits	2,415,671	2,462,752
Income taxes payable	59,633	18,940
Accrued liabilities	2,781,986	2,408,560
Line of credit borrowings	3,500,000	5,000,000
Total current liabilities	20,194,242	20,252,978
DEFERRED TAX LIABILITY	269,555	-
Total equities and liabilities	\$ 160,988,352	\$ 149,640,767

MIDWEST ENERGY COOPERATIVE
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2015	2014
OPERATING REVENUES	<u>\$ 85,197,153</u>	<u>\$ 86,118,271</u>
OPERATING EXPENSES		
Cost of power	49,258,950	50,852,087
Cost of goods sold	5,709,895	6,930,170
Distribution – operations	1,880,698	1,734,170
Distribution – maintenance	7,309,758	5,563,766
Customer accounts	2,488,534	2,726,357
Customer service and information expense	2,276,306	1,857,018
Administrative and general	5,208,877	4,479,109
Depreciation and amortization	6,504,475	5,203,295
Taxes – property	2,031,262	1,918,753
Taxes – other	61,580	108,937
Total operating expenses	<u>82,730,335</u>	<u>81,373,662</u>
OPERATING MARGINS BEFORE FIXED CHARGES	<u>2,466,818</u>	<u>4,744,609</u>
FIXED CHARGES		
Interest on long-term debt	3,610,096	3,724,488
Other interest	69,301	87,194
Total fixed charges	<u>3,679,397</u>	<u>3,811,682</u>
OPERATING MARGINS AFTER FIXED CHARGES	(1,212,579)	932,927
G&T AND OTHER CAPITAL CREDITS	<u>3,179,445</u>	<u>1,597,463</u>
NET OPERATING MARGINS	<u>1,966,866</u>	<u>2,530,390</u>
NON-OPERATING MARGINS		
Interest and dividend income	404,750	442,347
Gain on sale of assets	493,470	20,530
Other expense	(155,315)	(365,123)
Income tax expense	(381,938)	(18,040)
Total non-operating margins	<u>360,967</u>	<u>79,714</u>
NET MARGINS	<u>\$ 2,327,833</u>	<u>\$ 2,610,104</u>

**MIDWEST ENERGY COOPERATIVE
CONSOLIDATED STATEMENTS OF EQUITIES AND MARGINS**

	Years Ended December 31,	
	2015	2014 (As restated)
Patronage capital		
Balance at January 1,	\$ 52,716,914	\$ 46,424,652
Prior period restatement	-	4,780,298
Balance at January 1, restated	52,716,914	51,204,950
Transfer of current year Cooperative net operating margins	1,494,114	1,693,674
Retirement of capital credits, net	(216,925)	(181,710)
Balance at December 31,	53,994,103	52,716,914
Non-operating margins		
Balance at January 1,	2,707,972	2,603,878
Current year Cooperative non-operating margins	257,095	104,094
Balance at December 31,	2,965,067	2,707,972
Undistributed subsidiary earnings		
Balance at January 1,	(694,560)	(1,506,896)
Income from subsidiary, excluded from net operating and non-operating margins	576,624	812,336
Balance at December 31,	(117,936)	(694,560)
Other equity		
Balance at January 1,	1,875,969	1,857,435
Additions	21,006	18,534
Balance at December 31,	1,896,975	1,875,969
Accumulated other comprehensive income (loss)		
Balance at January 1,	(9,823,221)	(5,549,360)
Unrealized gain (loss) on pension and post-retirement benefits other than pensions	63,247	(4,273,861)
Balance at December 31,	(9,759,974)	(9,823,221)
Total equities and margins	\$ 48,978,235	\$ 46,783,074

MIDWEST ENERGY COOPERATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of Organization and Operations

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

Midwest Energy, Inc. and Subsidiary, a wholly-owned subsidiary of the Cooperative, is a Michigan corporation, which was incorporated and commenced doing business January 30, 1998. Midwest Energy, Inc. and Subsidiary's principal business activity is providing propane services. The main office is located in Cassopolis, Michigan.

The Cooperative began a project for communication and fiber to the home in 2013. This includes providing phone and high-speed broadband to 5,414 members in their service territory. It was under construction in 2014 and 2015.

Note 2 – Summary of Significant Accounting Policies

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specific estimates include allowance for doubtful accounts, unbilled revenue, depreciation and postretirement benefit obligation. Actual results could differ from those estimates.

Principles of consolidation – The consolidated financial statements for 2015 and 2014 combine the financial results of the Cooperative and its wholly owned subsidiary Midwest Energy, Inc. The Cooperative has accounted for the investment using the equity method. All significant intercompany transactions and accounts have been eliminated.

Accounting records – The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to regulated enterprises, which conform to 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.

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission (FERC) for Class A and B electric utilities.

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Electric plant – Additions, with a life expectancy of more than one year, are recorded at the cost of construction, which includes the cost of contracted services, direct labor and materials, and overhead items, 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.

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

Fair value of financial instruments – Financial instruments include cash, investments and long-term debt. Investments in associated organizations are not considered financial instruments because they represent nontransferable interests in associated organizations.

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.

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 power supply cost recovery (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 Board.

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

Inventory of subsidiary – Propane inventory is recorded using average cost.

Revenue recognition and unbilled revenue – The Cooperative utilizes cycle billing and records revenue billed to its customers when the meters are read each month. In addition, the Cooperative records unbilled revenue for electric power delivered but not yet billed as of the end of the fiscal year. Electric rates used in the determination of revenues are approved by the Board.

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.

Advertising – The cost of advertising is expensed as incurred.

MIDWEST ENERGY COOPERATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Regulation and regulatory accounting – The MPSC has jurisdiction over regulated Rural Electric Cooperatives in Michigan. On May 24, 2015, the Board of Directors voted to become member-regulated as of August 24, 2015. On that date, the Cooperative became self-regulated for rates, billing practices, and accounting standards. MPSC regulated the Cooperative's electric utility business operations and rates prior to August 24, 2015. All other aspects of electric service continue to be regulated by MPSC. Due to regulation of its rates by the Board, the Cooperative follows regulatory accounting requirements. Regulatory accounting requirements recognize that the ratemaking process can result in differences in the application of generally accepted accounting principles between regulated and non-regulated businesses. Such differences generally involve the accounting period in which various transactions enter into the determination of net margins. Accordingly, certain costs and income may be capitalized as a regulatory asset or liability that would otherwise be charged to expense or revenues. Regulatory assets and liabilities are recorded when it is probable that future rates will permit recovery and are approved by the Board.

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.

Compensated absences – The Cooperative provides a flexible leave program to meet the needs of their unique employee base. Each regular employee will earn Paid Time Off (PTO) in increments that are based on their length of service on a bi-weekly basis. PTO is added to the employee's PTO bank when the bi-weekly paycheck is issued and subtracted from the employee's bank as used. Each employee may carry over unused hours of PTO provided they do not exceed the maximum level based on years of service detailed in their accrual schedule. The Cooperative's policy on accumulated extended sick leave is to grant 48 hours annually with any unused hours available to be carried forward to future years up to a maximum of 800 hours. Employees may use extended sick leave hours on their 4th consecutive day of absence due to their own personal illness or injury. It is the Cooperative's policy to pay one-half of the employee's accumulated unused sick leave upon normal retirement provided that their extended sick leave bank is equal to or greater than 520 hours.

The payout is capped at 260 hours and will be reduced by any PTO payouts taken during the employee's tenure. For the years ended December 31, 2015 and 2014 an accrual has been made for individuals who meet the required qualifications and have attained the age of 60 which has been included in accrued liabilities on the balance sheet.

Cushion of credit – RUS established a Cushion of Credit Payment Program, whereby borrowers may make advance payments on their RUS and Federal Financing Bank (FFB) notes. These advance payments earn interest at the rate of 5.0% per annum. The advance payments, plus any accrued interest, can only be used for the payment of principal and interest on the notes. The Cooperative's participation in the Cushion of Credit Payment Program totaled approximately \$4.1 million and \$7.1 million at December 31, 2015 and 2014, respectively, and is recorded as a reduction of RUS long-term debt on the balance sheets.

MIDWEST ENERGY COOPERATIVE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of credit risk – Financial instruments that are exposed to concentrations of credit risk consist primarily of cash, including temporary investments and receivables. Credit is extended to customers generally without collateral requirements; however, deposits are obtained from certain customers and formal shut-off procedures are in place.

Income taxes – The Cooperative is exempt from federal and state income taxes under Section 501(c)(12) of the Internal Revenue Code. The Cooperative adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. As of December 31, 2015 and 2014, the Cooperative does not have any uncertain tax positions. The Cooperative files an exempt organization tax return in the U.S. federal jurisdiction and the state of Michigan.

Midwest Energy, Inc. and Subsidiary is a taxable for-profit corporation for both federal and state tax purposes. Income taxes are provided for in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided on an asset and liability approach whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. There were no uncertain tax positions as of December 31, 2015 or 2014.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which eliminates the current requirement to present deferred tax liabilities and assets as current and noncurrent amounts in a classified statement of financial position. Instead, entities will be required to classify all deferred tax assets and liabilities as noncurrent in a statement of financial position. This standard is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early application is permitted. Midwest Energy, Inc. and Subsidiary elected early application of this ASU which has been reflected in the provision calculations, and did not have a material impact on the consolidated financial statements.

Patronage capital – Operating margins are assigned to individual Cooperative members' capital credit accounts based upon their pro rata use of total Cooperative's electricity provided for the year. Amounts are assigned to members immediately after year end. Non-operating margins are allocated to members at the discretion of the Board of Directors. Capital credits are returned to members in accordance with the Cooperative's bylaws.

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 CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Subsequent events – Accounting standards require disclosure of the date through which subsequent events have been evaluated, as well as whether the date is the date the financial statements were issued or the date the financial statements were available to be issued. The Cooperative has evaluated subsequent events through April 18, 2016, the date the financial statements were available to be issued.

Reclassifications – Certain prior year balances have been reclassified to conform with current year presentation.

Note 3 – Electric Plant and Equipment and Depreciation Rates and Procedures

Major classes of electric plant and equipment as of December 31, 2015 and 2014 consisted of:

	<u>2015</u>	<u>2014</u>
Cost		
General plant	\$ 24,407,765	\$ 24,430,521
Transmission plant	6,553,867	6,546,825
Distribution plant	142,776,992	138,600,646
Fiber plant	7,117,248	2,869,138
Construction in progress	<u>7,543,356</u>	<u>1,958,620</u>
Total cost	188,399,228	174,405,750
Accumulated depreciation and amortization	<u>62,944,135</u>	<u>59,705,838</u>
Net electric plant and equipment	<u>\$ 125,455,093</u>	<u>\$ 114,699,912</u>

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. Depreciation of the subsidiary's assets is computed over the estimated useful life of the assets on a straight-line method for financial reporting and an accelerated method for income tax purposes.

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

Structures and improvements	2.00%
Office furniture, fixtures, data processing, and laboratory equipment	4.8–20.0%
Transportation equipment	10.0–33.3%
Stores, tools, and power operated equipment	6.00%
Communications	8.40%
Miscellaneous	9.60%
Propane tanks	2.85%

**MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 4 – Investments in Associated Organizations

Investments in associated organizations consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
National Rural Utilities Cooperative Finance Corp. (CFC)		
Capital term certificates, 5.00% maturing through 2080	\$ 1,049,571	\$ 1,058,242
Loan term certificates, 3.00% maturing through 2035	206,000	206,000
Patronage capital		
CFC	391,110	378,665
National Information Solutions Cooperative	232,091	216,663
Wabash Valley Power Association	9,085,982	9,854,658
Buckeye Power, Inc.	950,218	866,150
Wolverine Power Supply Cooperative, Inc.	7,827,809	5,045,822
Federated Rural Electric Insurance Cooperative, at cost	254,149	251,235
Buckeye Power, Inc. – membership	98,889	98,889
Resco (WISC)	608,834	590,149
NRTC	198,788	198,060
Other	125,617	112,047
	<u>\$ 21,029,058</u>	<u>\$ 18,876,580</u>

The accounting policies for recognition of patronage revenue are described in Note 2. Investments are pledged to secure long-term debt as described in Note 6.

Note 5 – Goodwill

The carrying amount of Goodwill for the year ended December 31, 2014 was \$930,110. The Goodwill was a result of purchasing the remaining 50% interest of Midwest Propane on August 31, 2001. Management annually tests the goodwill for impairment. During 2015, an impairment loss was recorded for the carrying amount of \$930,110 as a result of the sale of the Adrian Propane Operation (see Note 13). As a result, there was no carrying amount of Goodwill as of December 31, 2015.

Note 6 – Long-term debt

Long-term debt is composed of mortgage notes payable to the Rural Utilities Service (RUS) of the United States of America, the National Rural Utilities Cooperative Finance Corporation (CFC), the Federal Financing Bank (FFB), and CoBank Cooperative. Several mortgage notes to CFC and RUS 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 scheduled to be fully repaid at various times from 2015 through 2046. Unadvanced loan funds were available from RUS at December 31, 2015 and 2014 in the amount of \$10,000,000 and \$20,000,000, respectively.

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 – Long-term Debt (continued)

Midwest Energy, Inc. and Subsidiary long-term debt is composed of mortgage notes payable to National Cooperative Services Corporation (NCSC). These notes are secured by substantially all assets of the organization and guaranteed by the Cooperative.

Detail of the long-term debt is as follows:

	<u>2015</u>	<u>2014</u>
Cooperative		
Notes payable to CFC in quarterly installments of \$259,679, including interest at 5.25%-7.35%, with final maturity ranging from 2017 to 2032. Secured by substantially all assets.	\$ 3,884,739	\$ 4,455,490
Notes payable to Cobank in monthly installments of \$375,861, including interest at 3.49%-3.80%, with final maturity ranging from 2032 to 2037. Secured by substantially all assets.	58,100,629	3,421,081
Notes payable to FFB in quarterly installments of \$279,182, including interest at 2.203%-3.941%, with final maturity ranging from 2042 to 2046. Secured by substantially all assets.	31,920,095	22,601,572
Notes payable to RUS in monthly installments of \$347,895, including interest at 3.000%-5.375%, with final maturity ranging from 2019 to 2039. Secured by substantially all assets. Refinanced with Cobank during the year ended 2015.	-	56,685,663
RUS advance payments (cushion of credit)	(4,080,484)	(7,081,460)
Midwest Energy, Inc. and Subsidiary		
Notes payable to NCSC in quarterly installments including interest at 3.70%, per annum, with final maturity ranging from 2018 to 2023.	<u>857,532</u>	<u>1,025,985</u>
	90,682,511	81,108,331
Less current maturities	<u>3,782,774</u>	<u>3,541,157</u>
TOTAL LONG-TERM DEBT, less current portion	<u>\$ 86,899,737</u>	<u>\$ 77,567,174</u>

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 – Long-Term Debt (continued)

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

2016	\$ 3,782,774
2017	4,089,824
2018	4,146,122
2019	4,257,312
2020	4,412,026
Thereafter	<u>69,994,453</u>
	<u>\$ 90,682,511</u>

Note 7 – Line of Credit

The Cooperative has available a line of credit with CFC in the amount of \$10,000,000 for both 2015 and 2014. The Cooperative had no balance outstanding as of December 31, 2015 and 2014. The interest rate at December 31, 2015 was 2.90%.

The Cooperative has available a line of credit with CoBank in the amount of \$10,000,000 for both 2015 and 2014. The Cooperative had an outstanding balance of \$3,500,000 for 2015 and \$5,000,000 for 2014. Interest at December 31, 2015 and 2014 was 3.02%.

The Cooperative also had a \$5,000,000 unsecured promissory note from Wolverine Power Supply Cooperative. Interest on advances was charged at 1.25%. The note expired December 31, 2015. In January 2016 the Cooperative renewed and increased the unsecured promissory note to \$8,000,000. The note expires December 31, 2016. Interest charges during the year ended December 31, 2015 have been included in other interest on the statement of operations.

Midwest Energy, Inc. and Subsidiary had available a \$3,750,000, 60 month revolving line of credit with NCSC for 2015 with a variable interest rate. The line of credit matures in 2018. Midwest Energy, Inc. and Subsidiary has no outstanding balance as of December 31, 2015 and 2014. Interest at December 31, 2015 is 3.55%. The agreement provides that Midwest Energy Cooperative unconditionally guarantee all amounts due on the loan.

Note 8 – Commitments and Contingencies

Wholesale power commitment – Under its wholesale power agreement the Cooperative is committed to purchase most of its electric power and energy requirements from Wolverine Power Supply Cooperative, Inc., until December 31, 2050. The rates paid for such purchases are subject to approval of the Federal Energy Regulatory Commission (FERC).

MIDWEST ENERGY COOPERATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 – Commitments and Contingencies (continued)

Propane purchase commitment – Midwest Energy, Inc. and Subsidiary have entered into contracts with Plains Marketing Canada, L.P. to buy propane gas for a specific period, in agreed upon quantities and at agreed upon prices. These transactions lock in the price Midwest Energy, Inc. and Subsidiary will be paying for such gas in the upcoming heating season. Upon entering these contracts, Midwest Energy, Inc. and Subsidiary pays a security deposit for such commitments. This deposit is deducted from each invoice for propane gas upon delivery. As of December 31, 2015, Midwest Energy, Inc. and Subsidiary's related commitment to buy such propane gas from January 1, 2016 through May 31, 2016 totaled 2,152,084 gallons at an average price of \$0.93. As of December 31, 2015, Midwest Energy, Inc. and Subsidiary also had another commitment to buy propane gas from September 1, 2016 through April 30, 2017 that totaled 1,300,000 gallons at an average price per gallon of \$0.79. In the event that all gallons are not purchased during the agreed upon period, Midwest Energy, Inc. and Subsidiary is obligated to buy such unpurchased propane gas in subsequent months, at escalating prices.

Legal – In the normal course of business, Midwest is a party to claims and matters of litigation. The ultimate outcome of these matters cannot presently be determined; however, in the opinion of management of the Cooperative, the resolution of these matters will not have a material adverse effect on Midwest's financial position, results of operations or liquidity.

Union contracts – The Cooperative has an agreement with two separate unions. One union represents 17 inside staff including the customer service and billing employees. The other union represents 37 outside staff. As of December 31, 2015, 59% of the employees were covered by the two union contracts. The agreement for inside employees expires on July 14, 2017. The agreement with outside employees expired in September 2015, and is currently in negotiations for a new agreement.

Note 9 – Retirement Plans

The Cooperative has a defined benefit pension plan covering 56 employees. As of January 1, 2007, the plan was closed to all new non-union staff and inside union staff. As of January 1, 2009, the plan was closed to all new outside union staff. 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 normal retirement age is 62. 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.

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 – Retirement Plans (continued)

The following table sets forth the plan's funded status and amounts recognized in the Cooperative's financial statements at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Actuarial present value of benefit obligations		
Accumulated benefit obligation, including vested benefits	<u>\$ 23,036,408</u>	<u>\$ 22,264,716</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 26,009,978	\$ 20,700,492
Service cost	954,141	721,219
Interest cost	1,034,097	1,011,864
Actuarial (gain) loss	(1,182,318)	4,175,185
Benefits paid	<u>(624,840)</u>	<u>(598,782)</u>
Benefit obligation at end of year	<u>\$ 26,191,058</u>	<u>\$ 26,009,978</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 23,873,819	\$ 21,888,270
Actual return on plan assets	(221,536)	1,184,331
Employer contributions	1,400,000	1,400,000
Benefits paid	<u>(624,840)</u>	<u>(598,782)</u>
Fair value of plan assets at end of year	<u>\$ 24,427,443</u>	<u>\$ 23,873,819</u>
Reconciliation of funded status		
Funded status (underfunded)/overfunded	<u>\$ (1,763,615)</u>	<u>\$ (2,136,159)</u>
Service cost – benefits earned during the period	\$ 954,141	\$ 721,219
Interest cost on projected benefit obligation	1,034,097	1,011,864
Return on plan assets	(1,688,473)	(1,609,769)
Net amortization and deferral	557,027	223,764
Amortization of prior service cost	<u>10,489</u>	<u>10,489</u>
Net periodic pension cost	<u>\$ 867,281</u>	<u>\$ 357,567</u>
Amounts recognized in accumulated other comprehensive loss		
Net actuarial gains	\$ (9,483,833)	\$ (9,313,169)
Net prior service cost	<u>(10,487)</u>	<u>(20,976)</u>
Amounts recognized in accumulated other comprehensive loss – ending	<u>\$ (9,494,320)</u>	<u>\$ (9,334,145)</u>

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 – Retirement Plans (continued)

The Cooperative expects to contribute \$1,400,000 to its pension plan in 2016. Expected benefit payments for 2016 are estimated at \$750,000, \$860,000 for 2017, \$920,000 for 2018, \$1,000,000 for 2019, \$1,090,000 for 2020, and \$6,440,000 for 2021 – 2025.

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 forwardlooking 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.

Asset allocation for Midwest Energy Cooperative as of December 31 as follows:

	<u>2015</u>	<u>2014</u>
U.S. Large cap equity	\$ 7,763,635	\$ 7,187,374
U.S. small/mid cap equity	1,904,262	1,850,904
International equity	2,853,573	2,898,393
Balanced	1,070,546	1,156,928
Fixed income	9,319,305	9,336,845
Other	<u>1,516,122</u>	<u>1,443,375</u>
Total	<u>\$ 24,427,443</u>	<u>\$ 23,873,819</u>

The Cooperative established an unfunded 457(f) deferred compensation plan in 2014 for the purposes of providing benefits for a select group of management or highly compensated employees within the regulations of the Employee Retirement Income Security Act (ERISA). Current participation in the plan is limited to one participant of management with a deferred vesting date of January 23, 2017; however, new participants may be added to the plan at the discretion of the Board of Directors.

The plan provides for a deferred compensation benefit equal to the difference between the single lump sum actuarial equivalents of the benefit that the Participant would have accrued under the Company Pension Plan as calculated by the Company without application of the limitations provided in Sections 415 and 401(a)(17) of the Code, and the Participant's accrued benefit under the Company Pension Plan as calculated by the Company after application of those limitations under Code Sections 415 and 401(a)(17). The missed benefit is calculated each year and is recorded to accrued pension liability on the consolidated balance sheet. As of December 31, 2015 and 2014, the related liability for this plan was approximately \$38,000 and \$25,000, respectively.

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 – Retirement Plans (continued)

The participant becomes fully vested in the 457(f) plan if the participant remains employed by the Company until the earliest of the following occur: the participant's date of death; the date of the Participant's disability; the Participant's involuntary termination of employment by the Company without just cause; or the vesting date established by the Participant. If the Participant has a separation from service prior to the earliest of the dates set forth above, all of the Participant's rights to any such benefits under this plan will be forfeited.

Note 10 – Post-Retirement Benefits Other Than Pensions

The Cooperative sponsors a defined benefit post-retirement plan that covers both salaried and non-salaried 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 consolidated financial statements at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
(Accrued) post-retirement benefit costs, beginning	\$ (2,876,775)	\$ (2,819,905)
Net periodic post-retirement benefits (costs)	(282,450)	(327,273)
Contributions made	102,920	165,562
Actuarial adjustment	<u>211,120</u>	<u>104,841</u>
(Accrued) post-retirement benefit cost, end of year	<u>\$ (2,845,185)</u>	<u>\$ (2,876,775)</u>

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

	<u>2015</u>	<u>2014</u>
Service cost-benefits attributed to service during the period	\$ 170,916	\$ 197,820
Interest cost	113,274	134,014
Net amortization and deferral	<u>(1,740)</u>	<u>(4,561)</u>
Net periodic post-retirement benefit cost	<u>\$ 282,450</u>	<u>\$ 327,273</u>

Amounts recognized in accumulated other comprehensive loss:

Net actuarial gains	\$ (265,654)	\$ (478,513)
Net prior service cost	<u>-</u>	<u>1,740</u>
Total recognized in other comprehensive income	<u>\$ (265,654)</u>	<u>\$ (476,773)</u>

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 – Post-Retirement Benefits Other Than Pensions (continued)

In 2016, medical costs are expected to increase 7.0% and then drop to 4.5% per year in 2024 and after.

The weighted average discount rate used in determining the accumulated post-retirement benefit obligation is 4.60% and 4.03% for 2015 and 2014, respectively.

Benefit payments of \$91,000 are expected for 2016, \$118,000 for 2017, \$161,000 for 2018, \$233,000 for 2019, and \$224,000 for 2020.

Note 11 – Income Taxes

The provision for income taxes consists of the following as of and for the year ended December 31:

	<u>2015</u>	<u>2014</u>
Current	\$ 112,383	\$ 18,040
Deferred	269,555	-
	<u>\$ 381,938</u>	<u>\$ 18,040</u>

The net deferred tax liability as of December 31 consists of the following:

	<u>2015</u>	<u>2014</u>
Deferred tax assets (liabilities)		
Allowance for bad debt	\$ 78,620	\$ -
Tax depreciation greater than book	(1,006,566)	(896,121)
Net operating losses	632,739	806,360
AMT credits	44,581	-
Other	(18,929)	89,761
	<u>\$ (269,555)</u>	<u>\$ -</u>
Net deferred tax asset (liabilities)		

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 – Income Taxes (continued)

Net operating losses are comprised of the following amounts:

<u>Year of Loss</u>	<u>Loss</u>	<u>NOL Used</u>	<u>Expiration of NOL</u>
2001	\$ 780,523	\$ 780,523	2021
2002	201,521	201,521	2022
2003	121,384	121,384	2023
2004	566,841	504,222	2024
2005	1,130,499	-	2025
2006	457,454	-	2026
2008	210,434	-	2028
2008	210,434	-	2028

Note 12 – Related Party Transactions

Midwest Energy, Inc. and Subsidiary 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, Inc. and Subsidiary's operations. During the year Midwest Energy Cooperative charged Midwest Energy, Inc. and Subsidiary's operations for such services. The 2015 and 2014 inter-company balance includes a \$2,837,728 and \$1,600,000, respectively, non-interest bearing fund advancement, which are expected to be repaid in 2016. During the year ended December 31, 2015, Midwest Energy, Inc. advanced a note payable to the Cooperative for the fiber activity in the amount of \$1,902,272 bearing an interest rate of 3.50%. There is currently no firm payment plan established on the note payable due to Midwest Energy, Inc. and Subsidiary. These transactions have been eliminated in the consolidated financial statements.

Note 13 – Sale of Adrian Propane Operation

In October 2015, the company entered into an asset purchase agreement to sell the Adrian propane operation for a gross sales price of \$1,100,000. The buyer obtained all related customer accounts and related fixed assets used in the operation, which included: tanks, storage tanks, trucks and equipment. The total cost basis of fixed assets sold was \$1,005,491 net of accumulated depreciation of \$750,738. Additionally, due to the sale, there were fees/commissions of \$58,859 and restructuring charges related to the buyout of gas prepays, which resulted in an additional loss of \$145,354 for a total gain on sale of \$641,034. Subsequent to the sale, additional restructuring charges occurred for retirements of regulators, purged gas, domes and pigtailed, with a cost basis of \$432,984, net of accumulated depreciation of \$194,225. These gains and losses related to the sale have been recorded under gain on sale of assets in the statement of operations and retained margins (deficit).

MIDWEST ENERGY COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 - Prior Period Adjustment

In prior periods, the Cooperative did not accrue for revenues earned but unbilled. During 2015, in order to account for revenues in the period in which they are earned, the Cooperative implemented a methodology of accounting for unbilled revenues and established estimates for an accrual at year end. As a result, the Cooperative changed the recording of unbilled revenue in previous periods which increased patronage capital by \$4,780,298 as of January 1, 2014, and resulted in the following adjustments to the 2014 consolidated financial statements. Management has determined that the effect on 2014 net margin is not material; therefore, there have been no changes to the 2014 consolidated statements of operations and cash flows.

	<u>As Originally Reported</u>	<u>As Restated</u>	<u>Effect of Change</u>
Balance sheet			
Unbilled revenue, December 31	\$ -	\$ 4,780,298	\$ 4,780,298
Patronage capital and other equities, December 31	\$ 42,002,776	\$ 46,783,074	\$ 4,780,298

**MIDWEST ENERGY COOPERATIVE
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2015**

	Midwest Energy Cooperative	Midwest Energy Inc. and Subsidiary	Eliminations	Consolidated Total
ASSETS				
ELECTRIC PLANT				
In service – at cost	\$ 173,451,198	\$ 7,404,684	\$ -	\$ 180,855,882
Construction work in progress	7,543,346	-	-	7,543,346
	180,994,544	7,404,684	-	188,399,228
Less accumulated depreciation	58,816,737	4,127,398	-	62,944,135
Net electric plant	122,177,807	3,277,286	-	125,455,093
OTHER ASSETS AND INVESTMENTS				
Investments in associated organizations	27,410,222	1,000	(6,382,164)	21,029,058
Notes receivable	159,870	1,902,272	(1,902,272)	159,870
Receivables from subsidiary	172,787	-	(172,787)	-
Grant receivable	211,532	-	-	211,532
Total other assets and investments	27,954,411	1,903,272	(8,457,223)	21,400,460
CURRENT ASSETS				
Cash and cash equivalents	2,133,334	308,522	-	2,441,856
Accounts receivable, less allowance for doubtful accounts of approximately \$958,000	3,157,925	18,182	-	3,176,107
Accounts receivable, associated organizations	-	2,954,350	(2,954,350)	-
Unbilled revenue	4,165,210	-	-	4,165,210
Current portion of notes receivable	84,000	-	-	84,000
Power supply cost recovery	523,223	-	-	523,223
Materials and supplies	2,288,301	-	-	2,288,301
Inventory of subsidiary	-	491,120	-	491,120
Other current assets and accrued assets	208,732	665,847	(54,000)	820,579
Total current assets	12,560,725	4,438,021	(3,008,350)	13,990,396
DEFERRED CHARGES				
	142,403	-	-	142,403
Total assets	\$ 162,835,346	\$ 9,618,579	\$ (11,465,573)	\$ 160,988,352

MIDWEST ENERGY COOPERATIVE
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2015

	<u>Midwest Energy Cooperative</u>	<u>Midwest Energy Inc. and Subsidiary</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
EQUITIES AND LIABILITIES				
EQUITIES				
Patronage capital and other equities	\$ 48,978,235	\$ 6,382,164	\$ (6,382,164)	\$ 48,978,235
LONG-TERM DEBT, NET OF CURRENT MATURITIES	<u>86,216,978</u>	<u>682,759</u>	<u>-</u>	<u>86,899,737</u>
OTHER LIABILITIES				
Post-retirement benefits other than pensions	2,845,185	-	-	2,845,185
Accrued pension liability	<u>1,801,398</u>	<u>-</u>	<u>-</u>	<u>1,801,398</u>
Total other liabilities	<u>4,646,583</u>	<u>-</u>	<u>-</u>	<u>4,646,583</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	3,608,001	174,773	-	3,782,774
Accounts payable				
Purchased power	4,510,221	-	-	4,510,221
Regulatory Liabilities – energy optimization	1,060,848	-	-	1,060,848
Associated organizations	3,055,399	71,738	(3,127,137)	-
Other	1,924,444	158,665	-	2,083,109
Customer deposits	687,599	1,728,072	-	2,415,671
Income taxes payable	-	59,633	-	59,633
Accrued liabilities	2,690,766	91,220	-	2,781,986
Note payable to subsidiary	1,902,272	-	(1,902,272)	-
Line of credit borrowings	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>
Total current liabilities	<u>22,939,550</u>	<u>2,284,101</u>	<u>(5,029,409)</u>	<u>20,194,242</u>
DEFERRED TAX LIABILITY	<u>-</u>	<u>269,555</u>	<u>-</u>	<u>269,555</u>
DEFERRED CREDITS	<u>54,000</u>	<u>-</u>	<u>(54,000)</u>	<u>-</u>
Total equities and liabilities	<u>\$ 162,835,346</u>	<u>\$ 9,618,579</u>	<u>\$ (11,465,573)</u>	<u>\$ 160,988,352</u>

See report of independent auditors.

**MIDWEST ENERGY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF OPERATIONS
DECEMBER 31, 2015**

	Midwest Energy Cooperative	Midwest Energy Inc. and Subsidiary	Eliminations	Consolidated Total
OPERATING REVENUES	\$ 76,435,570	\$ 8,761,583	\$ -	\$ 85,197,153
OPERATING EXPENSES				
Cost of power	49,258,950	-	-	49,258,950
Cost of goods sold		5,709,895	-	5,709,895
Distribution – operations	1,880,698	-	-	1,880,698
Distribution – maintenance	7,309,758	-	-	7,309,758
Customer accounts	2,488,534	-	-	2,488,534
Customer service and information expense	2,276,306	-	-	2,276,306
Administrative and general	3,915,852	1,291,225	1,800	5,208,877
Depreciation and amortization	5,234,755	1,269,720	-	6,504,475
Taxes – property	2,021,048	10,214	-	2,031,262
Taxes – other	-	61,580	-	61,580
Total operating expenses	74,385,901	8,342,634	1,800	82,730,335
OPERATING MARGINS BEFORE FIXED CHARGES	2,049,669	418,949	(1,800)	2,466,818
FIXED CHARGES				
Interest on long-term debt	3,665,699	35,642	(91,245)	3,610,096
Other interest	69,301	-	-	69,301
Total fixed charges	3,735,000	35,642	(91,245)	3,679,397
OPERATING MARGINS AFTER FIXED CHARGES	(1,685,331)	383,307	89,445	(1,212,579)
G&T AND OTHER CAPITAL CREDITS	3,179,445	-	-	3,179,445
NET OPERATING MARGINS	1,494,114	383,307	89,445	1,966,866
NON-OPERATING MARGINS				
Interest and dividend income	404,750	91,245	(91,245)	404,750
Income from subsidiary	576,624	-	(576,624)	-
Gain (loss) on sale of assets	9,455	484,015	-	493,470
Other income (expense)	(157,110)	(5)	1,800	(155,315)
Income tax expense	-	(381,938)	-	(381,938)
TOTAL NON-OPERATING MARGINS	833,719	193,317	(666,069)	360,967
NET MARGINS	\$ 2,327,833	\$ 576,624	\$ (576,624)	\$ 2,327,833

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Midwest Energy Cooperative

We have audited, in accordance with the 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, the consolidated financial statements of Midwest Energy Cooperative (the Cooperative), which consist of the consolidated balance sheet as of December 31, 2015 and the consolidated statements of operations, equities and margins and cash flows for the year ended December 31, 2015, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miss Adams UP

Portland, Oregon
April 18, 2016

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Midwest Energy Cooperative

We have audited, 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, the consolidated financial statements of Midwest Energy Cooperative (the Cooperative), which comprise the consolidated balance sheets as of December 31, 2015, and the related consolidated statements of operations, equities and margins and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 18, 2016. In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2016, on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33, and clarified in the Rural Utilities Service (RUS) policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention that indicate the Cooperative's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding the Cooperative's accounting and records to indicate that the Cooperative did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;
- Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely Financial and Operating Reports;

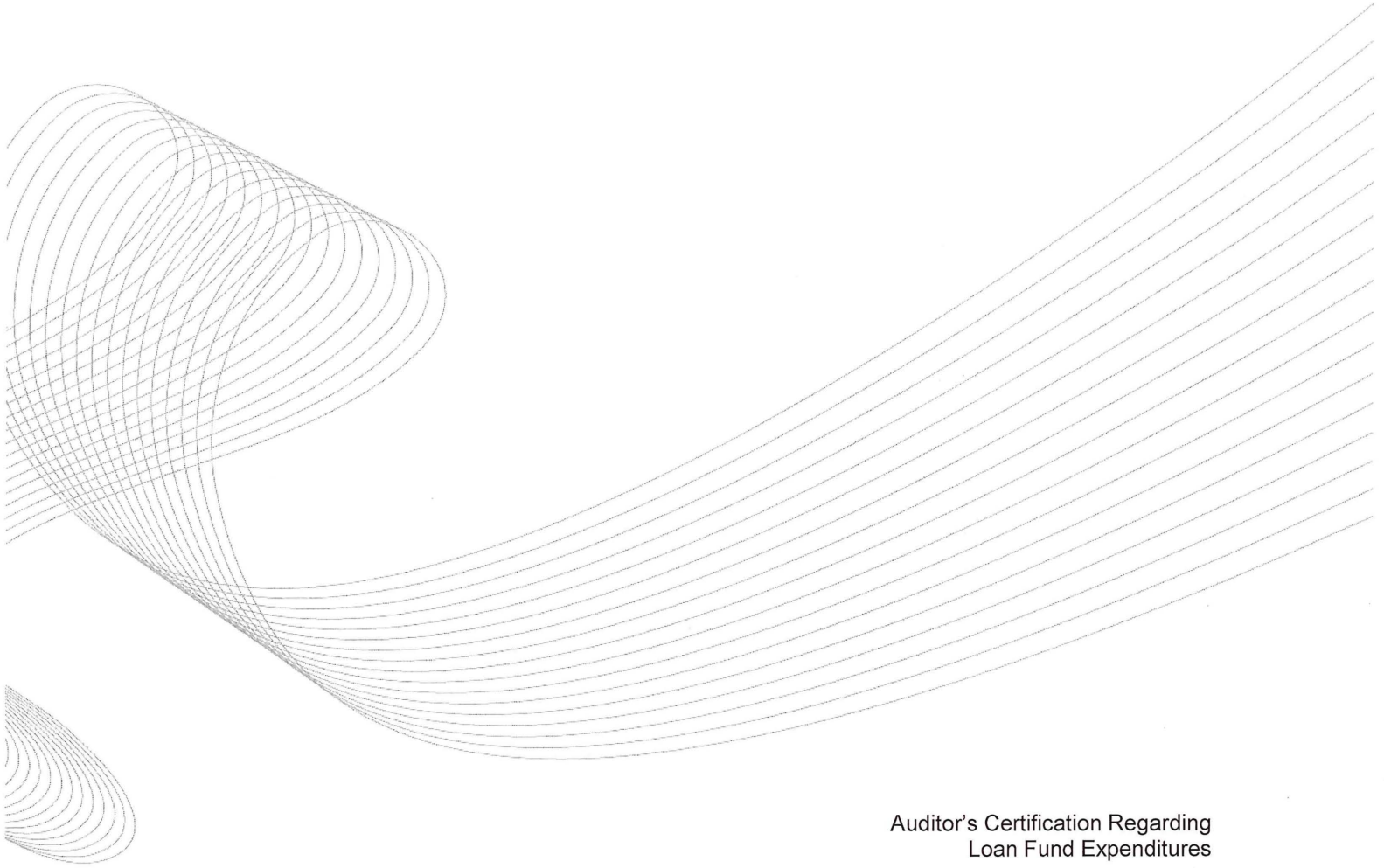
REPORT OF INDEPENDENT AUDITORS (continued)

- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Record depreciation in accordance with RUS requirements (see RUS Bulletin 183-1, *Depreciation Rates and Procedures*);
- Comply with the requirements for the detailed schedule of deferred debits and deferred credits; and
- Comply with the requirements for the detailed schedule of investments.

The purpose of this report is solely to communicate, in connection with the audit of the consolidated financial statements, on compliance with aspects of contractual agreements and regulatory requirements for electric borrowers based on the requirements of 7 CFR Part 1773, as clarified in the RUS policy memorandum dated February 7, 2014. Accordingly, this report is not suitable for any other purpose.

Miss Adams LLP

Portland, Oregon
April 18, 2016



Auditor's Certification Regarding
Loan Fund Expenditures

Midwest Energy Cooperative

December 31, 2015

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

AUDITOR'S CERTIFICATION REGARDING LOAN FUND EXPENDITURES

Board of Directors
Midwest Energy Cooperative

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Midwest Energy Cooperative as of December 31, 2015 and the related consolidated statements of operations, equities and margins and cash flows for the year then ended and have issued our report thereon dated April 18, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the provisions related to use of proceeds in the following agreements between the Cooperative and National Rural Utilities Cooperative Finance Corporation (CFC), insofar as they relate to accounting matters:

- Restated Mortgage and Security Agreement dated December 1, 2015
- Supplemental Mortgage and Security Agreement dated July 2, 2012
- Supplemental Mortgage and Security Agreement dated July 26, 2010
- Restated Mortgage and Security Agreement dated November 1, 2005

Cooperative management represented to us that during the year ended December 31, 2015, the Cooperative received \$55,979,956 in advances under the Restated Mortgage Agreement dated December 1, 2015. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Company's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Agreements, insofar as they related to accounting matters.

This report is intended solely for the information and use of the board of directors and management of the Cooperative and CFC and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
April 18, 2016

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 4/29/2016	Year of Report 12/31/2015
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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	Support Attached	
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 Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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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
CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	\$ 2,327,833	\$ 2,610,104
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation and amortization	6,504,475	5,541,559
Capital credits allocated	(3,179,445)	(1,597,463)
Gain on disposal of assets	(493,470)	(38,579)
Deferred taxes	269,555	-
Changes in assets and liabilities		
Customer and other accounts receivable	283,968	407,872
Unbilled revenue	615,088	-
Inventory of subsidiary	681,710	(98,912)
Power supply cost recovery	(96,933)	(808,478)
Other current assets	88,682	28,029
Deferred charges	18,225	1,006,436
Accrued pension liability	(296,121)	(2,325,317)
Post-retirement benefits other than pensions	(31,590)	56,870
Accounts payable	520,376	33,285
Regulatory liabilities	34,372	118,639
Customer deposits	(47,081)	20,069
Current and accrued liabilities – other	875,228	231,644
Net cash provided by operating activities	<u>8,074,872</u>	<u>5,185,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and acquisition of plant, net of retirements	(17,146,695)	(7,661,722)
Net proceeds from sale of plant	1,310,619	90,015
(Increase) decrease in		
Materials inventory	(1,242,510)	142,667
Notes receivable	(152,876)	26,000
Investments – associated organizations	1,026,967	576,697
Net cash used in investing activities	<u>(16,204,495)</u>	<u>(6,826,343)</u>

**MIDWEST ENERGY COOPERATIVE
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	December 31,	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances in debt	\$ 10,000,000	\$ -
Net activity on line of credit	(1,500,000)	5,000,000
Cushion of credit payment to RUS	3,000,976	(1,352,823)
Grant receivable	(211,532)	-
Retirement of patronage capital credits, net	(216,925)	(181,710)
Other equity	21,006	18,534
Payments on debt	<u>(3,426,796)</u>	<u>(3,348,968)</u>
Net cash provided by financing activities	<u>7,666,729</u>	<u>135,033</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(462,894)	(1,505,552)
CASH AND CASH EQUIVALENTS – beginning	<u>2,904,750</u>	<u>4,410,302</u>
CASH AND CASH EQUIVALENTS – ending	<u><u>\$ 2,441,856</u></u>	<u><u>\$ 2,904,750</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 3,597,864</u>	<u>\$ 3,817,496</u>
Cash paid for property taxes	<u><u>\$ 2,422,405</u></u>	<u><u>\$ 1,953,456</u></u>

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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NONUTILITY PROPERTY (Account 121)

- | | |
|---|---|
| <p>1. Give a brief description and state the location of nonutility property included in Account 121.</p> <p>2. Designate with a double asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> | <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.</p> <p>5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service, or (2) other nonutility property.</p> |
|---|---|

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	N/A			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
TOTAL				

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

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

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

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 4/29/2016	Year of Report 12/31/2015	
INVESTMENTS (Accounts 123, 124, 136)				
<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	Support Attached			
2				
3				
4				
5				
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7				
8				
9				
10				
11				
12				
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Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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INVESTMENTS (Accounts 123, 124, 136) (Cont'd)

<p>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.</p> <p>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.</p> <p>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</p>	<p>authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>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).</p>
--	--

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
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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						28
						29
						30

Midwest Energy Cooperative

Investment in Associated Organizations - Patronage Capital and Other NonGeneral Funds

YTD Summary thru 12/31/2015

Account Number	Description	12/31/2014 Beginning Balance	YTD Summary thru 12/31/2015 Allocated	YTD Summary thru 12/31/2015 Invested	YTD Summary thru 12/31/2015 Profit(loss)	YTD Summary thru 12/31/2015 Adjusted	YTD Summary thru 12/31/2015 Form 7	YTD Summary thru 12/31/2015 General Ledger
Investment in Subsidiary Companies								
123.25	Midwest Energy-100 shares	6,500,100	-	-	-	-	6,500,100	6,500,100
123.18	Midwest Energy, Inc.	(694,559)	-	-	576,624	-	(117,935)	(117,935)
		5,805,541	-	-	576,624	-	6,382,165	6,382,165
123.10	NRUCFC	378,665	24,889	-	(622)	-	391,110	391,110
123.11	Wabash Valley	9,854,658	-	-	-	-	9,085,982	9,085,982
123.12	NISC (formerly CADP)	216,663	24,757	-	-	-	232,091	232,091
123.15	Resco - Ohio	20,106	-	-	-	-	20,106	20,106
123.16	Resco - Wisconsin	590,149	76,011	-	-	2,077	608,834	608,834
123.17	Buckeye	965,039	117,979	-	-	-	1,049,107	1,049,107
		12,025,280	243,636	-	(622)	2,077	11,387,230	11,387,230
123.21	CFC Capital Funding Investment	-	-	-	-	-	-	-
123.22	CFC Cap. Term Cert.	1,264,242	-	-	-	-	1,255,571	1,255,571
123.24	NRUCFC Membership	1,000	-	-	-	-	1,000	1,000
123.24	NRTC (New 6/03)	198,060	1,275	-	-	-	198,788	198,788
123.24	Federated Insurance	251,235	59,751	-	-	-	254,149	254,149
123.24	CoBank-New 10/2006	55,922	36,214	-	-	-	64,976	64,976
123.27	Wolverine Power-membership	5,045,822	2,830,848	-	-	-	7,827,809	7,827,809
124.10	Cooperative Response Center	34,019	5,644	-	-	-	38,534	38,534
		6,850,300	2,933,732	-	-	-	9,640,827	9,640,827
	Total - Form 7, Part C, Line 14	24,681,120	3,177,368	-	576,002	2,077	27,410,222	27,410,222

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 4/29/2016	Year of Report 12/31/2015
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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	Support Attached					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL					

**Midwest Energy Cooperative
Receivables from Associated Companies (Account 146.XX)
For Year Ending 12/31/15**

<u>Line #</u>	<u>Particulars</u> (a)	<u>Balance Beginning of Year</u> (b)	<u>Debits</u> (c)	<u>Credits</u> (d)	<u>Balance End of Year</u> (e)	<u>Interest for Year</u> (f)
1	146.35 Midwest Energy, Inc. Billed	\$2,382	49,889	49,912	\$2,359	
2	146.36 Midwest Propane Billed	\$94,918	1,920,138	1,946,173	\$68,883	
3	146.37 Due from Wild Blue	\$598	7,532	7,633	\$496	
4	146.05 Due from Fiber	\$0	4,950,479	\$4,849,431	\$101,049	
		<u>\$97,898</u>	<u>\$6,928,038</u>	<u>\$6,853,149</u>	<u>\$172,787</u>	<u>\$0</u>

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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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		N/A			
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				

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 4/29/2016	Year of Report 12/31/2015
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, 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	Support Attached		
2			
3			
4			
5			
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11			
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21			
22			
23			
24			
25	TOTAL		

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

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

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (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
						6
						7
						8
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						24
						25

Midwest Energy Cooperative
 Total Long Term Debt
 12/31/2015

CoBank Debt

Note Number	Loan Executed Date	Final Payment Date	Next Reprice Year	Interest Rate %	12/31/2015 Principal Balance
Sum of> 1B260-1B596	7/28/2010	7/20/2022	N/A	4.440%	\$ 3,032,951.64
RIO437T02	6/20/2015	6/20/2032	N/A	3.490%	\$ 8,397,931.49
RIO437T03	6/20/2015	6/20/2034	N/A	3.630%	\$ 11,735,317.24
RIO437T04	6/20/2015	6/20/2037	N/A	3.800%	\$ 16,220,221.78
RIO437T05	6/20/2015	12/20/2037	N/A	3.830%	\$ 18,714,206.75
<u>CoBank Debt</u>					<u>\$ 58,100,628.90</u>

CFC Debt

9006-001	4/29/1982	2/28/2017	N/A	5.125%	\$ 10,284.44
9007-001	4/30/1984	3/1/2019	N/A	5.175%	\$ 19,974.44
9008-001	10/30/1986	9/1/2021	N/A	5.975%	\$ 75,097.83
9009-001	12/9/1988	11/30/2023	N/A	6.075%	\$ 93,526.08
9009-002	12/9/1988	11/30/2023	N/A	6.075%	\$ 81,546.29
9010-001	10/31/1991	9/1/2026	1/1/24	5.275%	\$ 227,763.46
9011-001	2/29/1996	2/28/2031	1/1/24	5.275%	\$ 120,987.12
9011-002	2/29/1996	3/1/2031	1/1/24	5.275%	\$ 412,925.98
9018-001	8/18/1982	6/1/2017	N/A	6.025%	\$ 68,623.95
9019-001	1/13/1989	12/1/2023	N/A	7.125%	\$ 590,508.24
9020-001	7/1/1997	5/1/2032	N/A	7.225%	\$ 1,179,811.82
9020-002	7/1/1997	5/1/2032	1/1/17	5.725%	\$ 1,003,689.64
<u>CFC Debt</u>					<u>\$ 3,884,739.29</u>

RUS(FFB) Debt

F0010	6/2/2010	12/31/2042	N/A	3.94%	\$ 1,820,289.95
F0015	8/31/2010	12/31/2042	N/A	3.25%	\$ 6,295,726.20
F0020	12/19/2011	12/31/2042	N/A	2.47%	\$ 6,372,753.39
F0025	7/6/2012	12/31/2042	N/A	2.27%	\$ 1,475,666.05
F0030	12/26/2012	12/31/2042	N/A	2.44%	\$ 2,231,674.45
F0002-001	6/6/2013	12/31/2046	N/A	2.90%	\$ 1,943,308.32
F0002-002	6/13/2013	12/31/2046	N/A	3.03%	\$ 1,944,638.91
Midwergy 0002	2/6/2015	12/31/2046	N/A	2.20%	\$ 9,836,037.39
<u>FFB Debt</u>					<u>\$ 31,920,094.66</u>

Advanced payments Unapplied

RUS Deposit \$ (4,080,484.29)

Total LTD \$ 89,824,978.56

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 4/29/2016	Year of Report 12/31/2015
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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	Support Attached					
2						
3						
4						
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19						
20						
21						
22						
23						
	TOTAL					

Midwest Energy Cooperative

**Payables to Associated Companies (Accts 232,233,242)
For Year Ending 12/31/15**

Note () ='s credit balance

<u>Line #</u>	<u>Particulars</u> (a)	<u>Balance Beginning of Year</u> (b)	<u>Debits</u> ©	<u>Credits</u> (d)	<u>Balance End of Year</u> (e)	<u>Interest for Year</u> (f)
1	232.50 Accounts Payable Midwest Propane Payments made with Electric bill that need to be transferred to Propane	(\$30,775.09)	9,869,248.28	9,862,535.77	(\$24,062.58)	
2	232.60 Accounts Payable Midwest Energy, Inc.	(\$1,600,000.00)	2,954,034.65	4,191,762.20	(\$2,837,727.55)	
3	232.70 Accounts payable-Wild Blue	(\$3,649.25)	32,446.96	30,114.08	(\$1,316.37)	
4	232.80 Accounts Payable due to Fiber	\$0.00	5,776,537.21	5,776,537.21	\$0.00	
		<u>(1,634,424.34)</u>	<u>18,632,267.10</u>	<u>19,860,949.26</u>	<u>(2,863,106.50)</u>	<u>\$0.00</u>

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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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
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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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 Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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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	Support Attached				
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 4/29/2016	Year of Report 12/31/2015
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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	Support Attached				
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss				

Midwest Energy Cooperative
 Schedule of general plant assets disposed of in 2015
 Reconciliation of G/L #421.10 gain or loss on disposition of property

Date	Acct #	Item #	Description	CR Cost	DR A/D	Carrying Value	Sales Price	#421.10 Gain (Loss)	Item Notes	JL#
1/29/2015			4 Drawer Filing Cabinet			-	55.00	55.00	Silent Bid - Rich Drews Inv# 12297	152987
			3 Drawer Filing Cabinet			-	40.00	40.00	Silent Bid - Rich Drews Inv# 12297	152987
4/22/2015			1 Tablet			-	10.00	10.00	Dixie Teague - Inv# 12733	158607
7/28/2015			1 Creeper			-	40.00	40.00	Silent Auction Items MR #13240	165257
7/28/2015			1 Desk from WC			-	30.00	30.00	Silent Auction Items MR #13239	165257
7/28/2015			1 Cherry picker			-	100.00	100.00	Silent Auction Items MR #13238	165257
9/10/2015			Sale of HP copier S3911003002			-	1.00	1.00	MR #13481	168487
9/18/2015			Sale of vehicle T206				500.00	500.00	Silent Auction Katie Cross MR #13557	169197
9/22/2015			Sale of vehicle #54000				4,500.00	4,500.00	MR #13533 Groner	169351
9/30/2015			Sale to Tigh Molitor - Veh# 2008	111,131.59	100,712.97	10,418.62	-	(10,418.62)	Asset # 3920002008	169982
10/2/2015			Sale to Tigh Molitor - Veh# 2008				4,000.00	4,000.00	MR #13610	170030
10/14/2015			Sale of vehicle 3009				13,000.00	13,000.00	MR #13684;Sold to fiber	170858
				=====	=====	=====	=====	=====		
Jul-15				0.00	0.00	0.00	22,276.00	11,857.38		
				=====	=====	=====	=====	=====		
Per ABS								(11,857.38)		
Difference										

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 4/29/2016	Year of Report 12/31/2015
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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	Support Attached				
3					
4					
5					
6					
7					
8					
9					
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33					
34					
35					

Midwest Energy Cooperative
 Charges for Outside Professional and Other Consultative Service
 Year Ending 12/31/15

Hydaker-Wheatlake Co 1435 Reliable Parkway Chicago, IL 60686	Contractor-Construction	\$439,175.51	107.10	317,144.25
			107.21	
			108.90	115,149.31
			583.00-51	6,881.95
			584.00-51	
			439,175.51	
Harris Group 731 S. Garfield Ave Traverse City, MI 49686	CPA	\$36,545.12	923.00-11	\$36,545.12
			36,545.12	
Dykema Gossett 400 Renaissance Center Detroit, MI 48243	Legal Services	\$298,260.08	184.90-30	
			416.22	83,995.89
			923.00-1	189,318.19
			3.00.923.01	12,557.50
			5.05.6720.45	12,388.50
			298,260.08	
Kent Power, Inc. 90 spring St PO Box 327 Kent City, MI 49330	Contractor-Construction	\$134,271.20	107.10	108,527.34
			592.00-51	25,743.86
			134,271.20	
Michigan Electric Coop Assoc 7973 East Grand River Ave Portland, MI 48875		\$195,919.17	583.50-51	250.00
			908.05-30	976.58
			908.06-30	488.96
			909.01-70	85,775.09
			909.02-70	3,200.40
			930.21-3	800.00
			921.66-22	
			923.00-1	3,826.56
			930.22-1	86,062.00
			1.100.913.00	13,078.73
			5.5.6611.30	1,460.85
			195,919.17	
MECA 7973 East Grand River Ave Portland, MI 48875	EO	\$866,639.40	182.31-30	14,635.50
			184.90-30	84,468.23
			908.01-30	49,226.90
			908.02-30	53,846.55
			908.03-30	196,760.39
			908.05-30	5,629.48
			908.06-30	52,635.00
			908.08-30	21,264.00
			908.09-30	\$12,384.00
			908.11-30	\$9,268.88
			908.52-30	\$327,195.47
			908.56-30	\$9,276.00
			908.57-30	\$15,456.00
			165.13	14,593.00

Midwest Energy Cooperative
Charges for Outside Professional and Other Consultative Service
Year Ending 12/31/15

MECA 7973 East Grand River Ave Portland, MI 48875	EO	\$866,639.40	182.31-30	14,635.50
			184.90-30	84,468.23
			908.01-30	49,226.90
			908.02-30	53,846.55
			908.03-30	196,760.39
			908.05-30	5,629.48
			908.06-30	52,635.00
			908.08-30	21,264.00
			908.09-30	\$12,384.00
			908.11-30	\$9,268.88
			908.52-30	\$327,195.47
			908.56-30	\$9,276.00
			908.57-30	\$15,456.00
			165.13	14,593.00
	866,639.40			
Green Leaf Tree Service .5280 Engle Rd Middleville, MI 49333	Contractor- Tree Work	\$2,162,199.38	107.10	489,303.00
			107.21	
			593.30-54	1,672,896.38
			2,162,199.38	
Wright Way Lawn Service 22282 Loupee Drive Cassopolis, MI 49031	Contractor Build Maint	\$35,299.20	588.20-60	23,945.78
			592.00-51	11,353.42
			925.00-51	
			35,299.20	
Markur Consulting, LLC 9319 Mockingbird Lane Cadillac, MI 49601	Information Systems Contractor	\$150,421.20	391.10	904.19
			592.00-45	371.74
			5.5.6532.50	150.00
			927.00-23	112,306.10
			927.10-23	36,689.11
			150,421.14	
Adams Outdoor Advertising PO Box 809140 Chicago, IL 60680	Advertising	\$50,200.00	913.00-70	41,615.00
			1.100.913.00	6,435.00
			5.5.6611.30	2,150.00
			50,200.00	
Cooperative Response Center 2000 8th Street N.W. Austin, MN 55912	Customer Service, Overflow and after hours	\$111,808.81	581.01-22	100,369.58
			1.100.923.00	11,439.23
			111,808.81	
NISC SDS 12-2053 Minneapolis, MN 55486	Computer System Support	\$524,195.30	163	674.00
			580.66-51	1,150.00
			580.66-46	453.33
			581.01-22	337.00
			588.10-46	11,134.48
			593.00-51	10,187.97
			2.00.725.00	1,061.46
			902.00-21	5,729.00
			903.00-21	2,090.50
			903.00-22	22,131.75
			903.02-21	10,361.81
			903.02-22	1,575.00
			903.02-23	158,589.82
			903.04-21	216,906.24
			903.04-22	10,353.15
			903.08-21	2,136.00
			903.08-22	4,470.20
			903.09-21	2,354.08
			904.02-21	337.00
			921.00-11	1,213.65
			921.00-01	242.37
			1.100.921.00	16,657.48
			921.00-11	(343.89)
			1.100.921.40	30,864.27
			1.100.921.62	1,050.00
			921.66-11	1,283.50
			921.66-21	1,311.00
921.66-22	1,100.50			
921.66-23	1,290.00			
927.00-23	4,294.95			
930.21-3	530.00			
1.100.932.20	75.00			
5.5.6122.00	1,493.63			
5.5.6740.00	1,090.00			
	524,195.25			

Midwest Energy Cooperative
Charges for Outside Professional and Other Consultative Service
Year Ending 12/31/15

McDonald Underground 30155 Topash Dowagiac, MI 49047	Contractor-Construction	\$845,416.45	107.10	\$641,464.25
			107.20	\$46,262.20
			107.25-5	\$155,081.25
			583.00-51	\$500.00
			584.00-51	\$500.00
			925.00-51	\$1,608.75
				<u>\$845,416.45</u>
Pulse Broadband LLC 18044 Shepherd Valley Road Wildwood, MO 63038	Contractor-Construction	\$1,198,251.85	107.05	\$235,364.60
			107.10	\$799,248.86
			107.25-5	\$159,198.39
			5.5.6720.45	\$4,440.00
Western Tel Com PO Box 1317 A-4273 Blue Star Highway Holland, MI 49422	Contractor-Construction	\$3,366,794.97	107.05	\$137,427.45
			107.10	\$2,540,467.82
			107.25	\$688,089.70
			593.05-5	\$480.00
			5.5.6536.00	\$330.00
				<u>\$3,366,794.97</u>
Ace Cable 53425 Hathaway Rd Marcellus, MI 49067	Contractor-Construction	\$705,778.31	5.5.107.05	\$549,231.90
			0.0.107.05	\$26,493.70
			107.10	\$2,638.00
			0.0.107.25	\$117,190.90
			583.05-5	\$2,730.00
			593.05	\$3,414.31
			593.05-51	\$1,202.50
			932.50-45	\$130.00
			5.5.6536.00	\$1,545.00
			5.5.6611.30	\$1,202.00
				<u>\$705,778.31</u>
Underwood Nursery LLC 4373 N Adrian HWY Adrian, MI 49221	Contractor- Tree Work	\$177,200.00	593.30-54	\$177,200.00
				<u>\$177,200.00</u>
Earthcom, Inc. 3424 Corwin Road Williamston, MI 48895	Contractor-Construction	\$742,850.20	107.10	\$546,507.30
			107.25-05	\$196,342.90
				<u>\$742,850.20</u>
B & M Ashman Inc. 8455 Ronda Dr Canton Twp, MI 48187	Contractor-Construction	\$244,164.85	107.10	\$244,164.85
W Soule & Company 8455 Ronda Dr Canton Twp, MI 48187	Contractor Build Maintenance	\$59,633.32	588.20-60	\$22,475.88
			390.00	\$16,849.00
			391.00	\$2,200.25
			394.00	\$18,108.19

Midwest Energy Cooperative
Charges for Outside Professional and Other Consultative Service
Year Ending 12/31/15

Commonwealth Associates, Inc PO Box 1124 Jackson, MI 49204	Contractor-Construction	\$78,856.30	107.10	\$78,856.30
				<u>\$78,856.30</u>
Asplundh Tree Expert PO Box 640032 Pittsburgh, PA 15264	Contractor- Tree Work	\$354,719.16	107.10	\$354,719.16
				<u>\$354,719.16</u>
Waste Management of MI Inc PO Box 4648 Carol Stream, IL 60197	Trash Removal	\$35,975.61	588.20-60 1.100.913.00	\$35,663.87 \$311.74
				<u>\$35,975.61</u>
Telnet Worldwide 1175 W. Long Lake Rd Troy, MI 48098	Phone and DS Lines	\$196,821.86	903.12-22 1.100.921.30 927.00-23 927.10-23	\$75,964.82 \$24,767.04 \$71,415.00 \$24,675.00
				<u>\$196,821.86</u>
Rignet, Inc. 1880 South Dairy Ashford St Houston, TX 77077	Data Network	\$35,375.29	582.00-45	\$35,375.29
				<u>\$35,375.29</u>
Mint City Tree 6329 Elm Road Bremen, IN 46506	Contractor- Tree Work	\$885,465.00	593.30-54	\$885,465.00
				<u>\$885,465.00</u>
A. Freer Construction LLC 137 S. Monroe St Blissfield, MI 49228	Contractor- Construction	\$182,685.00	390.00 588.20-60	\$182,465.00 \$220.00
				<u>\$182,685.00</u>
Rauhorn Electric, INC 17171 23 Mile Road Macomb Township, MI 48042	Contractor	\$93,553.41	107.10 108.90	\$75,342.81 \$18,210.60
				<u>\$93,553.41</u>
Moss Adams LLP PO Box 748369 Los Angeles, CA 90074	Auditors	\$53,418.00	416.22 923.00-1 3.100.923.01	\$32,260.00 \$20,582.00 \$576.00
				<u>\$53,418.00</u>
Arc American, Inc PO Box 599 Wakarusa, IN 46573	Contractor-Construction	\$67,776.77	107.10 108.90 593.00-51	\$36,553.41 \$13,801.98 \$17,421.38
				<u>\$67,776.77</u>
			Total	<u>\$14,329,670.61</u>

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/29/2016	Year of Report 12/31/2015
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company.
 2. In column (b) describe the affiliation (percentage ownership, etc.).
 3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).
 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					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
TOTAL					

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/29/16	Year of Report 12/31/2015
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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
						7
						8
						9
						10
						11
						12
						13
						14
						15
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						26
						27
						28
						29
						30

Miscellaneous Midwest Inc/Propane Expenses
 Paid by Midwest Energy Cooperative to be Reimbursed
 For year 2015

<u>Line #</u>	<u>company</u>	<u>Affiliation</u>	<u>Form 7 MPSC page Descr:</u> <u>Nature of Goods and</u> <u>Services</u>	<u>Account #</u>	<u>Amount Classified</u> <u>To Balance</u>	<u>Pricing</u> <u>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		\$ 13,014.71 \$ 23,413.44	Cost Cost
				0.00.146.35	\$ 36,428.15	
2	Midwest Propane LLC GL# 0.00.146.36	Wholly Owned Subsidiary of Midwest Energy Co	Out of Pocket Expense Labor & Benefit Allocation Rental Agreement		\$ 188,876.73 \$ 322,526.36 \$ 22,800.00	Cost Cost Contract
				0.00.146.36	\$ 534,203.09	
3	Midwest Energy Inc - Connection/Wild Blu GL# 0.00.146.37	Midwest Energy, Inc Line of Business	Out of Pocket Expense Labor & Benefit Allocation		\$ 1,078.11 \$ 3,840.56	Cost Cost
				0.00.146.37	\$ 4,918.67	
4	Due from Fiber GL# 0.00.146.05	Midwest Energy, Inc Line of Business	Out of Pocket Expense Labor & Benefit Allocation Rental Agreement		\$ 357,105.49 \$ 472,085.74 \$ 13,772.84	Cost Cost Contract
				0.00.146.05	\$ 842,964.07	
Total Costs Billed to Associated Companies					\$ 1,418,513.98	

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 04/29/16	Year of Report 12/31/2015
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company.
 2. In column (b) describe the affiliation (percentage ownership, etc.).
 3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).
 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	Support Attached				
4					
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28					
29					
30					
TOTAL					

Name of Respondent Midwest Energy Cooperative	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/29/16	Year of Report 12/31/2015
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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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