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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

INSTRUCTIONS - See help in the online application.

BORROWER DESIGNATION MI0037

PERIOD ENDED December 2022 (Prepared with Audited Data)

BORROWER NAME Thumb Electric Cooperative of Michigan

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.

3-31-23
DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)	YEAR-TO-DATE BUDGET (c)	THIS MONTH (d)
1. Operating Revenue and Patronage Capital	24,044,219	26,873,107	28,329,873	2,439,230
2. Power Production Expense	79,165	67,153	49,909	3,686
3. Cost of Purchased Power	10,933,137	11,151,553	11,571,143	1,006,328
4. Transmission Expense	138,583	128,440	318,600	15,432
5. Regional Market Expense				
6. Distribution Expense - Operation	867,832	1,016,294	749,925	83,997
7. Distribution Expense - Maintenance	2,655,382	3,215,257	3,053,454	405,951
8. Customer Accounts Expense	702,988	866,851	872,300	74,736
9. Customer Service and Informational Expense	366,286	377,056	425,806	49,122
10. Sales Expense				
11. Administrative and General Expense	1,487,058	1,984,677	1,763,768	269,794
12. Total Operation & Maintenance Expense (*2 thru 11*)	17,230,431	18,807,281	18,804,905	1,909,046
13. Depreciation and Amortization Expense	2,838,154	3,023,535	3,692,094	270,823
14. Tax Expense - Property & Gross Receipts	1,046,726	1,065,071	1,080,000	76,980
15. Tax Expense - Other				
16. Interest on Long-Term Debt	1,500,799	2,252,712	2,070,080	341,818
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	99,797	401,713	483,447	43,248
19. Other Deductions	16,805	28,208	0	2,500
20. Total Cost of Electric Service (*12 thru 19*)	22,732,712	25,578,520	26,130,526	2,644,415
21. Patronage Capital & Operating Margins (*1 minus 20*)	1,311,507	1,294,587	2,199,347	(205,185)
22. Non Operating Margins - Interest	76,674	636,152	606,015	53,554
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	1,091,480	414,063	0	7,927
25. Non Operating Margins - Other	56,433	53,732	71,064	1,068
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	93,527	637,706	98,900	4,086
28. Extraordinary Items				
29. Patronage Capital or Margins (*21 thru 28*)	2,629,621	3,036,240	2,975,326	(138,550)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

INSTRUCTIONS - See help in the online application.

BORROWER DESIGNATION
MI0037

PERIOD ENDED
December 2022

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)	ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)
1. New Services Connected	101	70	5. Miles Transmission	141.41	141.41
2. Services Retired	41	31	6. Miles Distribution – Overhead	1,977.88	1,982.57
3. Total Services in Place	12,783	12,824	7. Miles Distribution - Underground	20.85	22.43
4. Idle Services (*Exclude Seasonals*)	413	435	**8. Total Miles Energized** *(5 + 6 + 7)*	2,140.14	2,146.41

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	115,838,212	30. Memberships	190,495
2. Construction Work in Progress	21,018,433	31. Patronage Capital	24,044,958
3. Total Utility Plant *(1 + 2)*	136,856,645	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	34,548,097	33. Operating Margins - Current Year	1,294,587
5. Net Utility Plant *(3 - 4)*	102,308,548	34. Non-Operating Margins	1,741,653
6. Non-Utility Property (Net)	79,837	35. Other Margins and Equities	4,717,186
7. Investments in Subsidiary Companies	19,675,629	**36. Total Margins & Equities** *(30 thru 35)*	31,988,879
8. Invest. in Assoc. Org. - Patronage Capital	1,343,309	37. Long-Term Debt - RUS (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	57,349,810
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	719,575	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	28,009,094
12. Other Investments	48,280	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	1,372,625	42. Payments – Unapplied	0
14. Total Other Property & Investments *(6 thru 13)*	23,239,255	**43. Total Long-Term Debt** *(37 thru 41 - 42)*	85,358,904
15. Cash - General Funds	416,735	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	**46. Total Other Noncurrent Liabilities** *(44 + 45)*	0
18. Temporary Investments	0	47. Notes Payable	11,825,952
19. Notes Receivable (Net)	0	48. Accounts Payable	7,412,029
20. Accounts Receivable - Sales of Energy (Net)	2,308,253	49. Consumers Deposits	175,839
21. Accounts Receivable - Other (Net)	3,292,004		
22. Renewable Energy Credits	0	50. Current Maturities Long-Term Debt	2,822,404
23. Materials and Supplies - Electric & Other	10,786,066	51. Current Maturities Long-Term Debt - Economic Development	0
24. Prepayments	202,416	52. Current Maturities Capital Leases	0
25. Other Current and Accrued Assets	29,647	53. Other Current and Accrued Liabilities	2,207,389
26. Total Current and Accrued Assets *(15 thru 25)*	17,035,121	**54. Total Current & Accrued Liabilities** *(47 thru 53)*	24,443,613
27. Regulatory Assets	0	55. Regulatory Liabilities	0
28. Other Deferred Debits	0	56. Other Deferred Credits	791,528
29. Total Assets and Other Debits *(5+14+26 thru 28)*	142,582,924	**57. Total Liabilities and Other Credits** *(36 + 43 + 46 + 54 thru 56)*	142,582,924

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PART D. NOTES TO FINANCIAL STATEMENTS	

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PART D. CERTIFICATION LOAN DEFAULT NOTES	

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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	79,735,962	4,761,134	1,160,601		83,336,495
2. General Plant	7,918,831	824,598	101,397		8,642,032
3. Headquarters Plant	1,632,130	53,654	22,500		1,663,284
4. Intangibles	834				834
5. Transmission Plant	13,573,749	50,861	17,561		13,607,049
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	8,588,518				8,588,518
8. Total Utility Plant in Service (*1 thru 7*)	111,450,024	5,690,247	1,302,059		115,838,212
9. Construction Work in Progress	4,898,142	16,120,291			21,018,433
10. Total Utility Plant (*8 + 9*)	116,348,166	21,810,538	1,302,059		136,856,645

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	6,822,748	10,810,215	1,450	6,820,071	1,006	(27,679)	10,785,657
2. Other	11,030				11,919	1,298	409

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	TOTAL (e)
1. Present Year	0.000	0.000	5.104	236.121	241.225
2. Five-Year Average	.080	163.985	4.938	205.920	374.923

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	41	4. Payroll - Expensed	2,124,635
2. Employee - Hours Worked - Regular Time	82,067	5. Payroll – Capitalized	1,411,104
3. Employee - Hours Worked - Overtime	5,877	6. Payroll - Other	874,181

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	494,023	7,782,682
	b. Special Retirements	241,615	5,997,445
	c. Total Retirements (*a + b*)	735,638	13,780,127
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power		
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	21,574	
	c. Total Cash Received (*a + b*)	21,574	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	$ 191,393	2. Amount Written Off During Year	$ 33,259

ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM

1. Anticipated Loan Delinquency %	0	4. Anticipated Loan Default %	0
2. Actual Loan Delinquency %	0	5. Actual Loan Default %	0
3. Total Loan Delinquency Dollars YTD	$ 0	6. Total Loan Default Dollars YTD	$ 0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0037
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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	CMS Marketing, Serv & Trade Co	3991			202,593,825	11,130,788	5.49		1,573,619
	Total				202,593,825	11,130,788	5.49		1,573,619

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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 MI0037
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PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present?
6/11/2022	12,370	117	Y
5. Number of Members Voting by Proxy or Mail	**6. Total Number of Board Members**	**7. Total Amount of Fees and Expenses for Board Members**	**8. Does Manager Have Written Contract?**
387	9	$ 99,543	Y

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0037
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2022

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)				
2	National Rural Utilities Cooperative Finance Corporation	27,924,724	959,463	1,290,186	2,249,649
3	CoBank, ACB	84,370	5,210	22,740	27,950
4	Federal Financing Bank	57,349,810	1,288,039	1,269,445	2,557,484
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
	TOTAL	85,358,904	2,252,712	2,582,371	4,835,083

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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	9,244	9,246	
	b. kWh Sold			126,604,130
	c. Revenue			16,362,198
2. Residential Sales - Seasonal	a. No. Consumers Served	1,993	1,976	
	b. kWh Sold			5,421,409
	c. Revenue			1,395,158
3. Irrigation Sales	a. No. Consumers Served	55	52	
	b. kWh Sold			754,174
	c. Revenue			115,137
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,097	1,094	
	b. kWh Sold			55,826,702
	c. Revenue			6,138,202
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
6. Public Street & Highway Lighting	a. No. Consumers Served			
	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*)		12,389	12,368	
11. Total kWh Sold (*lines 1b thru 9b*)				188,606,415
12. Total Revenue Received From Sales of Electric Energy (*lines 1c thru 9c*)				24,010,695
13. Transmission Revenue				
14. Other Electric Revenue				2,862,411
15. kWh - Own Use				480,518
16. Total kWh Purchased				202,593,825
17. Total kWh Generated				12,437
18. Cost of Purchases and Generation				11,347,146
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident___ Coincident_X_				38,782

UNITED STATES DEPARTMENT OF AGRICULTURE
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BORROWER DESIGNATION MI0037

PERIOD ENDED December 2022

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)	236	92,784	1,747	12,031	2,727,689	40,061
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	1	5,000	267	1,635	485,661	12,146
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	237	97,784	2,014	13,666	3,213,350	52,207

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0037 PERIOD ENDED December 2022

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)
1	**Non-Utility Property (NET)**				
	Vacant Lot	12,000			
	Rental Home	67,837			
	Totals	79,837			
2	**Investments in Associated Organizations**				
	CFC, CoBank Patronage, CTCs		961,080		
	NISC, NRTC, RESCO, Federated	951,804			
	Mbr Cap Sec	150,000			
	TEsC	179,602			
	Air Advantage	19,496,028			
	Totals	20,777,434	961,080		
4	**Other Investments**				
	ERC Loans/RESP Loans	48,280			
	Totals	48,280			
5	**Special Funds**				
	Member Contributions	135,517			
	Deferred Revenue	500,000			
	Billed Power Supply Over Recovery	587,107			
	Temporary Investment	150,000			
	Totals	1,372,624			
6	**Cash - General**				
	General Fund	416,735			
	Totals	416,735			
8	**Temporary Investments**				
	Commercial Paper				
	Totals				
9	**Accounts and Notes Receivable - NET**				
	W/H Billing	102,378			
	A/R Other	3,800,597			
	Bad Debt Reserve	(610,971)			
	Totals	3,292,004			
11	TOTAL INVESTMENTS (1 thru 10)	25,986,914	961,080		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0037 PERIOD ENDED December 2022

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

PART Q. SECTION II. LOAN GUARANTEES

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	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 MI0037 PERIOD ENDED December 2022

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]	18.99 %

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				