



April 16, 2014

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

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Re: **Application for Authorization Under Section 204 of the Federal Power Act of Wolverine Power Supply Cooperative, Inc., Docket No. ES14-__-000**

Dear Ms. Bose:

Attached for electronic filing is the application of Wolverine Power Supply Cooperative, Inc. ("Wolverine") under Section 204 of the Federal Power Act for an order authorizing Wolverine to enter into short- or long-term lines of credit, commercial paper, letters of credit, or similar facilities and to assume liabilities including guaranteeing similar debt of subsidiaries in an aggregate amount not to exceed \$300 million. Wolverine respectfully requests that such authorization be granted within thirty days of the date of this application (by May 16, 2014).

If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

/s/ Michael J. Rustum
Michael J. Rustum
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Counsel for Wolverine Power Supply Cooperative, Inc.

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member-owners: Cherryland Electric Cooperative, Great Lakes Energy Cooperative, HomeWorks Tri-County Electric Cooperative, Midwest Energy Cooperative, and Presque Isle Electric & Gas Co-op (collectively, the "Distribution Cooperative Member-Owners"). These Distribution Cooperative Member-Owners purchase both generation and transmission service from Wolverine and resell that power at retail to approximately 268,000 service locations, primarily in Michigan's Lower Peninsula. Wolverine's two other member-owners, Wolverine Power Marketing Cooperative, Inc. and Spartan Renewable Energy, Inc., are alternative electric suppliers in Michigan licensed by the Michigan Public Service Commission ("MPSC"). Wolverine's members are both its customers and its owners.

Wolverine obtains capacity and energy from its own units and/or long-term power supply contracts, including a 100 percent entitlement purchase from Peninsula Generation Cooperative ("Peninsula"), Wolverine's wholly-owned subsidiary, which owns a minority share (less than 10 percent) of the Ohio Valley Electric Corporation ("OVEC"). Wolverine purchases Peninsula's entitlement to OVEC capacity and energy under a long-term contract for resale to Wolverine's Distribution Cooperative Member-Owners. Wolverine is a Midcontinent Independent System Operator, Inc. ("MISO") Transmission Owner with a transmission system consisting of approximately 1,200 miles of 69 kV and 138 kV looped transmission lines and associated facilities. These transmission facilities are included in the Michigan Joint Zone under MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff ("MISO Tariff"), as are 69 kV radial lines and associated facilities whose use by third parties is priced separately under Commission-approved wholesale distribution service agreements entered into pursuant to Schedule 11 of the MISO Tariff.

II. INFORMATION REQUIRED BY SECTION 34.3 OF THE COMMISSION'S REGULATIONS

A. Applicant's Name and Address

Wolverine Power Supply Cooperative, Inc.
10125 West Watergate Road
P.O. Box 229
Cadillac, MI 49601-0229

B. Incorporation

Wolverine was incorporated in Michigan in 1948, and operates as a non-profit cooperative corporation in Michigan under the Michigan Non-profit Corporation Act.⁴

C. Contact Persons

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D. Date of Requested Action

Wolverine requests that the Commission issue an order approving this application by May 16, 2014.

E. Description of Securities or Assumption of Obligations

On March 28, 2012, the Commission authorized Wolverine to: (i) enter into short- or long-term lines of credit, commercial paper, letters of credit or similar credit facilities in an aggregate amount not to exceed \$300 million, and (ii) issue long-term debt securities or assume liabilities including guaranteeing similar debt of subsidiaries in an aggregate amount not to exceed \$200 million.⁵ This authorization terminated on March 25, 2014. Accordingly,

⁴ MCL §§ 450.2101 - 450.3192.

⁵ *Wolverine Power Supply Cooperative, Inc.*, 138 FERC ¶ 62,310 (2012) (the "March 2012 Order").

Wolverine hereby requests authorization to enter into short- or long-term lines of credit, commercial paper, letters of credit, or similar credit facilities or assume similar liabilities from time to time as authorized by Wolverine's Board of Directors. Wolverine is not at this time seeking to renew its authorization to issue long-term debt securities. The short- or long-term lines of credit or similar credit facilities and the assumption of liabilities will not exceed, in the aggregate, \$300 million. The terms upon which such lines of credit or similar credit facilities will be entered into, including maturity dates and interest rates, will be determined at the time of assumption or issuance and, therefore, will depend upon market conditions at such time. Wolverine will pay an interest rate that will not exceed the highest of: (i) the sum of the one month, three month, six month or one year adjusted London Interbank Offered Rate ("LIBOR") in effect at the time of borrowing plus 575 basis points, or (ii) the sum of the Prime Rate as published in the Wall Street Journal plus 275 basis points, or (iii) 6.0 percent for facilities not based on LIBOR or the Prime Rate.

F. Purpose of Issuance of Securities or Assumption of Liabilities

The funds obtained from the issuance of debt securities or assumption of liabilities for which this authorization is requested will be used, together with other available funds, to finance the construction and maintenance of, and modification or improvement to, new and existing electric facilities; to refinance existing debt; to meet working capital needs; and for other general corporate purposes. Wolverine is projecting to spend \$60 million on transmission, generation, and distribution projects over the next two years as part of its long-term construction work plan. Additionally, Wolverine is investigating several options for generation that could result in capital expenditures of approximately \$100 million over the next two years. Wolverine currently has and plans to extend \$225 million of existing lines. It is essential that Wolverine maintain

adequate lines of credit to support its ongoing activities. Wolverine primarily uses these credit facilities for temporary funding of capital expenditures.

G. State Regulatory Oversight

The MPSC does not have jurisdiction over the securities that are the subject of this application and, therefore, Wolverine has not filed an application for approval with the MPSC.

H. Detailed Statement Regarding Assumption of Obligations

Wolverine will perform its obligations to pursue lawful purposes that are compatible with the public interest and will assist Wolverine in providing services to its members. The obligations, which support the generation or purchase of power at wholesale and the transmission delivery to serve Wolverine's members at a competitive price, will be used exclusively for electric utility purposes associated with Wolverine's responsibility to furnish reliable electric service to its members.

I. Limitation on Interest and Dividend Coverage

Most of Wolverine's long-term debt is secured under an Indenture adopted in December 2008 that pledges substantially all of Wolverine's tangible assets and certain of Wolverine's intangible assets, including its key contracts, to the trustee under Wolverine's Indenture for the equal benefit of all holders of debt issued thereunder. The Indenture has two key financial covenants. First, Wolverine is obligated to set its rates in a manner reasonably expected to achieve a Margins For Interest Ratio (an interest coverage ratio that covers annual interest charges on all debt secured in the Indenture, and excludes capitalized interest charges) equal to or greater than 1.10. Second, distributions of patronage capital are restricted if Wolverine is in default under the Indenture or the ratio of equity to combined long-term debt and equity is less than 20 percent.

The loan agreements for some of Wolverine's long-term debt impose two additional financial covenants related to debt service coverage:

1. The Debt Service Coverage Ratio⁶ for long-term debt secured under the Indenture must be equal to or greater than 1.00 on an unconsolidated basis; and
2. The Debt Service Coverage Ratio for all debt must be equal to or greater than 1.00 on a consolidated basis.

J. Contractual Rights to Debt Cost Recovery

Wolverine's wholesale requirements power contracts with its Distribution Cooperative Member-Owners, as accepted and on file with the Commission, provide for Wolverine to review and revise the rates thereunder as necessary to produce revenues that are sufficient, together with any revenues from other sources, to meet all of Wolverine's costs, including all principal and interest on Wolverine's indebtedness.⁷

K. Summary of Rate Changes During The Period Covered By Financial Statements

Wolverine is including a *pro forma* balance sheet for the period December 31, 2013 as Exhibit C. There were no rate changes that were made effective during the period for which financial statements are submitted or that will become effective after the period for which the statements are submitted.

⁶ The Debt Service Coverage Ratio is a statistical measure of the ability to make both interest and principal repayments and is calculated using the following representative formula: (margins + interest + depreciation) / (interest + principal payments).

⁷ These contracts, which were accepted by the Commission in Docket Nos. ER08-1577-000 and ER11-4491-000, extend through December 31, 2050.

III. VERIFICATION REQUIRED BY SECTION 34.8

The verification required by Section 34.8 of the Commission's regulations⁸ is provided as Attachment 1.

IV. EXHIBITS REQUIRED BY SECTION 34.4 OF THE COMMISSION'S REGULATIONS

The exhibits required pursuant to Part 34 of the Commission's regulations⁹ are attached hereto. Specifically, Wolverine has provided the following attachments and exhibits:

- Affidavit of Janet L. Kass Verifying Contents of Application (Attachment 1);
- Statement of Corporate Purpose, from Wolverine's Articles of Incorporation (Exhibit A);
- Wolverine's Board of Directors Resolution Authorizing Assumption of Obligations with Respect to Securities (Exhibit B);
- Balance Sheets (Exhibit C);
- Income Statements (Exhibit D); and
- Statement of Cash Flows and Interest Coverage Computation (Exhibits E1 and E2).¹⁰

V. REQUEST FOR EXEMPTION FROM COMPETITIVE BIDDING AND NEGOTIATED PLACEMENT REQUIREMENTS

In its March 2012 Order, the Commission granted Wolverine's request for an exemption from the competitive bidding and negotiated placement requirements set forth in Section 34.2 of the Commission's regulations.¹¹ Wolverine respectfully requests that the Commission also grant this exemption for the authority being sought in this application. This exemption is consistent with the Commission's past treatment of financing arrangements for not-for-profit cooperatives where members are both the customers and the owners.¹²

⁸ 18 C.F.R. § 34.8.

⁹ 18 C.F.R. Part 34.

¹⁰ Because the assumption of liabilities and issuance of securities does not require the filing of a registration statement with the Securities and Exchange Commission, Wolverine is not including Exhibit F.

¹¹ 18 C.F.R. § 34.2

¹² See, e.g., *Wolverine Power Supply Cooperative, Inc.*, 125 FERC ¶ 62,190 (2008); see also *Golden Spread Electric Cooperative, Inc.*, 123 FERC ¶ 62,105 (2008).

VI. CONCLUSION

For the reasons set forth above, Wolverine respectfully requests that the Commission issue an order approving this application by May 16, 2014, with the authorization effective on the date of the order.

Respectfully submitted,

/s/ Michael J. Rustum
Michael J. Rustum
Fulbright & Jaworski LLP
801 Pennsylvania Ave., N.W.
Washington, D.C. 20004

*Counsel for Wolverine Power Supply
Cooperative, Inc.*

Attachment 1

Affidavit of Janet L. Kass Verifying Contents of Application

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

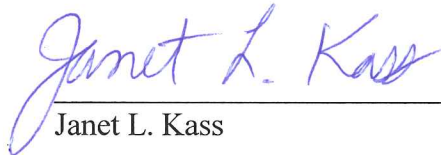
Wolverine Power Supply
Cooperative, Inc.

) Docket No. ES14-____-000

AFFIDAVIT


STATE OF MICHIGAN)
) ss:
COUNTY OF MISSAUKEE)

I, **Janet L. Kass**, being duly sworn, certify that I am the Chief Financial Officer of Wolverine Power Supply Cooperative, Inc., Applicant for the Application for Authorization to Assume Obligations With Respect to Securities under Section 204 of the Federal Power Act (the "Application"). I have read the Application and know the contents thereof. I verify that the same is true and correct to the best of my information, knowledge and belief.



Janet L. Kass

Subscribed and sworn to before me this 15th day of April, 2014.



Laurie J. Millen, Notary Public

County of Osceola, State of Michigan
Acting in Missaukee County, Michigan
My Commission Expires: January 9, 2019



Exhibit A

**Statement of Corporate Purpose
from Wolverine's Articles of Incorporation**

EXCERPT FROM RESTATED ARTICLES OF INCORPORATION
OF
WOLVERINE POWER SUPPLY COOPERATIVE, INC.
(A Nonprofit Cooperative Corporation)
Dated: February 6, 2009

ARTICLE II

The purposes for which the corporation is formed are as follows:

- A. To generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes, provided, that the word "members" and the term "members only", as used in this subparagraph (A), shall not and shall not be construed to, prohibit or unduly restrict the rights, power and authority of the corporation to enter into such arrangements with one or more entities which are not its members as will, directly or indirectly, immediately or ultimately, result in greater efficiency of operations, greater conservation of energy resources, or more economical or reliable bulk power service, and such arrangements may include, but shall not be limited to, the acquisition and operation of all types of electrical facilities, through joint ownership or as tenants in common with such other entity or entities, and the sale, purchase or economic exchange of electric power and energy or other electrical service to or from such other entity or entities;
- B. To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the corporation;
- C. To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein as necessary, useful or appropriate to enable the corporation to accomplish any or all of its purposes;
- D. To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired, or for any of the other objects or purposes of the corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of other lien upon, any or all of the property, rights, privileges, or permits of the corporation wheresoever situated, acquired or to be acquired; and
- E. To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all power as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the acts under which the corporation is formed; provided, however, that the corporation shall not be operated for pecuniary profit to the corporation or its members and shall not render service to or for the public directly or indirectly except in the manner and to the extent such may occur as a result of arrangements contemplated in the provision at the end of subparagraph (A) of this Article II.

Exhibit B

**Wolverine's Board of Directors Resolution Authorizing
Assumption of Obligations with Respect to Securities**

Wolverine Power Supply Cooperative, Inc.
Board of Directors Resolution
February 23, 2012

RESOLUTION 2012-4

WHEREAS, Wolverine Power Supply Cooperative, Inc. (“**Wolverine**”) presently has authorization from its Board of Directors and the Federal Energy Regulatory Commission (“**FERC**”) to enter into and incur debt under lines of credit or similar credit facilities (either short-term or long term) in an aggregate amount outstanding at any one time not to exceed \$300 million and to incur long-term debt obligations or assume liabilities in an aggregate amount not to exceed \$250 million;

WHEREAS, over the next two years, Wolverine may need to borrow several hundred million dollars to finance generation acquisitions as well as capital expenditures for generation, transmission, and distribution projects as part of its five-year construction plan;

WHEREAS, it is useful to finance capital expenditures temporarily with lines of credit or similar credit facilities, before financing the expenditures with long-term debt obligations;

WHEREAS, the current two-year authorization from FERC to enter into and incur debt under lines of credit or similar credit facilities (either short-term or long-term) will expire on March 25, 2012; and,

WHEREAS, the current two-year authorization from FERC to incur long-term debt obligations or assume liabilities has been fully utilized by Wolverine and will expire on February 24, 2012.

NOW, THEREFORE, BE IT RESOLVED, that the Wolverine Board of Directors hereby authorizes Wolverine from time to time after the date hereof (i) to perform, use, amend the terms and conditions, and extend any and all of Wolverine's existing lines of credit or similar credit facilities and (ii) to enter into, perform, use, amend the terms and conditions, and extend one or more additional lines of credit or similar credit facilities with banks and other financial institutions, subject to the limitations that the aggregate principal commitment amount of all such existing and additional lines of credit or similar credit facilities may not in the aggregate exceed at any one time \$300 million and such lines of credit or similar credit facilities shall be entered into or amended no later than June 30, 2014;

BE IT FURTHER RESOLVED, that the Wolverine Board of Directors hereby authorizes Wolverine from time to time after the date hereof to enter into, perform, use, amend the terms and conditions of, and extend long-term debt obligations or to assume liabilities, including the guaranteeing of debt of its subsidiaries, in an aggregate amount not to exceed \$200 million and such long-term debt obligations shall be entered into or amended no later than June 30, 2014, and shall have a maturity date no later than December 31, 2050;

BE IT FURTHER RESOLVED, that Wolverine's President & CEO, or his designee, is authorized and directed to take, on behalf of Wolverine, any and all actions and to pay such fees, expenses and other amounts necessary and appropriate to give effect to this Resolution, including seeking the necessary authorizations from FERC, establishing the terms and conditions of and entering into loan or line of credit agreements, notes or bonds, supplemental indentures or other agreements and amendments, extensions and other supplements thereto, selecting agents, lenders or purchaser, authorizing advances, interest rate selections, prepayments, terminations and other elections of Wolverine under such debt, and requesting the trustee under Wolverine's mortgage indenture to authenticate and deliver debt obligations authorized under this Resolution under such sections of the mortgage indenture and with such series designations as determined by the President & CEO, or his designee, in each case necessary or convenient to implement the intent of this Resolution.

CERTIFICATE

The undersigned, Paul Byl, Secretary of Wolverine Power Supply Cooperative, Inc., certifies that the above is a true and correct copy of a Resolution adopted by Wolverine's Board of Directors on February 23, 2012.



Paul Byl, Secretary

Exhibit C

**Actual and *Pro Forma* Balance Sheets
for Twelve Months Ended December 31, 2013**

PRO FORMA BALANCE SHEET \$(000)	Actual 12 Mos. Ended December 31, 2013	Adjustment for Lines of Credit ¹	Pro Forma with New Debt and Assump. of Oblig.
ASSETS AND OTHER DEBITS			
UTILITY PLANT			
Utility Plant	\$ 591,867	\$ 300,000	\$ 891,867
Construction Work in Progress	5,663	0	5,663
Total Utility Plant	<u>\$ 597,530</u>	<u>\$ 300,000</u>	<u>\$ 897,530</u>
Less: Accumulated Provision for Depreciation/Amortization	197,751	10,000	207,751
Net Utility Plant	<u>\$ 399,779</u>	<u>\$ 290,000</u>	<u>\$ 689,779</u>
OTHER PROPERTY AND INVESTMENTS			
Investment in Associated Companies	\$ 13,453	\$ 0	\$ 13,453
Investment in Subsidiary Companies	34,022	0	34,022
Other Special Funds	965	0	965
Total Other Property and Investments	<u>\$ 48,440</u>	<u>\$ 0</u>	<u>\$ 48,440</u>
CURRENT AND ACCRUED ASSETS			
Cash	\$ 90,225	\$ 12,600	\$ 102,825
Special Deposits	7,982	0	7,982
Temporary Cash Investments	26,882	0	26,882
Customer Accounts Receivable	30,064	0	30,064
Other Accounts Receivable	(57)	0	(57)
Fuel Stock	1,358	0	1,358
Plant Materials and Operating Supplies	18,400	0	18,400
Prepayments	11,769	0	11,769
Interest and Dividends Receivable	157	0	157
Total Current and Accrued Assets	<u>\$ 186,780</u>	<u>\$ 12,600</u>	<u>\$ 199,380</u>
DEFERRED DEBITS			
Unamortized Debt Expenses	\$ 2,370	\$ 0	\$ 2,370
Total Deferred Debits	<u>\$ 2,370</u>	<u>\$ 0</u>	<u>\$ 2,370</u>
TOTAL ASSETS	<u><u>\$ 637,369</u></u>	<u><u>\$ 302,600</u></u>	<u><u>\$ 939,969</u></u>
LIABILITIES AND OTHER CREDITS			
PROPRIETARY CAPITAL			
Common Stock Issued	\$ 2	\$ 0	\$ 2
Retained Earnings	172,458	2,600	175,058
Unappropriated Undistributed Subsidiary Earnings	463	0	463
Accumulated Other Comprehensive Income	(739)	0	(739)
Total Proprietary Capital	<u>\$ 172,184</u>	<u>\$ 2,600</u>	<u>\$ 174,784</u>
LONG-TERM DEBT			
Other Long-term Debt	\$ 423,932	\$ 0	\$ 423,932
Total Long-term Debt	<u>\$ 423,932</u>	<u>\$ 0</u>	<u>\$ 423,932</u>
OTHER NONCURRENT LIABILITIES			
Accumulated Provision for Pensions and Benefits	\$ 2,903	\$ 0	\$ 2,903
Total Other Noncurrent Liabilities	<u>\$ 2,903</u>	<u>\$ 0</u>	<u>\$ 2,903</u>
CURRENT AND ACCRUED LIABILITIES			
Notes Payable	\$ 0	\$ 300,000	\$ 300,000
Accounts Payable	28,379	0	28,379
Customer Deposits	1,458	0	1,458
Taxes Accrued	4,999	0	4,999
Interest Accrued	1,609	0	1,609
Tax Collections Payable	34	0	34
Miscellaneous Current and Accrued Liabilities	1,871	0	1,871
Total Current and Accrued Liabilities	<u>\$ 38,350</u>	<u>\$ 300,000</u>	<u>\$ 338,350</u>
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	<u><u>\$ 637,369</u></u>	<u><u>\$ 302,600</u></u>	<u><u>\$ 939,969</u></u>

¹ Reflects issuance of \$300 million of short- or long-term credit facilities per the authorization requested herein.

Exhibit D

**Actual and *Pro Forma* Income Statements
for Twelve Months Ended December 31, 2013**

PRO FORMA INCOME STATEMENT \$(000)	Actual 12 Mos. Ended December 31, 2013	Adjustment for Authorized New Lines of Credit ¹	Pro Forma with New Debt and Assump. of Oblig.
Operating Revenues ^{2,3}	\$ 376,019	\$ 30,600	\$ 406,619
Operating Expenses:			
Operation Expenses	\$ 310,510	\$ 0	\$ 310,510
Maintenance Expenses	7,154	0	7,154
Depreciation Expense	15,243	10,000	25,243
Amortization and Depletion of Utility Plant	2	0	2
Taxes Other than Income Taxes	8,567	0	8,567
Total Utility Operating Expenses	<u>\$ 341,476</u>	<u>\$ 10,000</u>	<u>\$ 351,476</u>
Net Utility Operating Income	<u>\$ 34,543</u>	<u>\$ 20,600</u>	<u>\$ 55,143</u>
Other Income:			
Equity in Earnings of Subsidiary Companies	\$ 157	\$ 0	\$ 157
Interest and Dividend Income	639	0	639
Miscellaneous Nonoperating Income	922	0	922
Gain on Disposition of Property	43	0	43
Total Other Income	<u>\$ 1,761</u>	<u>\$ 0</u>	<u>\$ 1,761</u>
Other Income Deductions:			
Loss on Disposition of Property	\$ 1,151	\$ 0	\$ 1,151
Total Other Income Deductions	<u>\$ 1,151</u>	<u>\$ 0</u>	<u>\$ 1,151</u>
Taxes Applicable to Other Income and Deductions:			
Income Taxes - Other	\$ 0	\$ 0	\$ 0
Total Taxes on Other Income and Deductions	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Other Income and Deductions	<u>\$ 610</u>	<u>\$ 0</u>	<u>\$ 610</u>
Interest Charges:			
Interest on Long-Term Debt	\$ 14,201	\$ 0	\$ 14,201
Amortization of Debt Discount and Expense	180	0	180
Other Interest Expense	0	18,000	18,000
Less Allow. For Borrowed Funded During Constr.	(632)	0	(632)
Net Interest Charges	<u>\$ 13,749</u>	<u>\$ 18,000</u>	<u>\$ 31,749</u>
Income Before Extraordinary Items	<u>\$ 21,404</u>	<u>\$ 2,600</u>	<u>\$ 24,004</u>
Extraordinary Items After Taxes	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Income	<u><u>\$ 21,404</u></u>	<u><u>\$ 2,600</u></u>	<u><u>\$ 24,004</u></u>

¹ Assumes \$300 million in lines of credit were in use for the full year to purchase 30-year depreciable utility plant. The interest rate will not exceed LIBOR plus 575 basis points for credit facilities based on LIBOR, Prime Rate plus 275 basis points for credit facilities based on the Prime Rate or 6% for credit facilities not based on LIBOR or the Prime Rate. For illustrative purposes, an interest rate of 6% was used in the pro-forma calculations, which was the highest of the interest rates as of the date of filing.

² Revenue projection based on maintenance of 1.70 Interest Coverage ratio as indicated in Docket No. ER11-3480-000.

³ The Amended and Restated Wholesale Power Contracts ("Contracts") between Wolverine and its distribution cooperative members provide that Wolverine shall, subject to regulatory approval, revise its rates to ensure that such rates are sufficient to recover all costs. These Contracts, which were submitted to the Commission in Docket No. ER08-1577 and in Docket No. ER11-4491, extend through December 31, 2050.

Exhibit E1

**Actual and *Pro Forma* Statement of Cash Flows
for Twelve Months Ended December 31, 2013**

PRO FORMA CASH FLOW STATEMENT

\$(000)	Actual 12 Months Ended December 31, 2013	Adjustment for Authorized New Lines of Credit	Pro Forma with New Debt and Assump. of Oblig.
Net Income	\$ 21,404	\$ 2,600	\$ 24,004
Noncash Charges (Credits) to Income:			
Depreciation	\$ 15,243	\$ 10,000	\$ 25,243
Amortization	181	0	181
Non-Cash Patronage Allocations	(197)	0	(197)
Interest Income	2	0	2
Deferred Income Taxes	0	0	0
Net (Increase)/Decrease in Receivables	442	0	442
Net (Increase)/Decrease in Inventory	(3,352)	0	(3,352)
Net Increase/(Decrease) in Payables and Accrued Expenses	(3,620)	0	(3,620)
(Less) Undistributed Earnings from Subsidiary Companies	(157)	0	(157)
Loss on Asset Disposition	1,108	0	1,108
Net (Inc)/Dec in Prepaid Expenses and Other Current Assets	(3,824)	0	(3,824)
Net Cash Provided by Operating Activities	<u>\$ 27,230</u>	<u>\$ 12,600</u>	<u>\$ 39,830</u>
Cash Flows From Investing Activities:			
Gross Addition to Utility Plant	\$ (37,802)	\$ (300,000)	\$ (337,802)
Proceeds from Disposals of Noncurrent Assets	286	0	286
Invest. in Assoc. and Subsidiary Companies	0	0	0
Associated and Subsidiary Companies	5,560	0	5,560
Investment in Commercial Paper	(26,882)	0	(26,882)
Net Cash Used in Investing Activities	<u>\$ (58,838)</u>	<u>\$ (300,000)</u>	<u>\$ (358,838)</u>
Cash Flows from Financing Activities:			
Proceeds from Issuance of:			
Long-Term Debt	\$ 170,000	\$ 0	\$ 170,000
Capital Retirements	(3,575)	0	(3,575)
Net Increase (Decrease) in Short-term Debt	0	300,000	300,000
Loan Cost Incurred	(1,021)	0	(1,021)
Payment for Retirement of:			
Long-term Debt	(45,595)	0	(45,595)
Net Cash Provided by Financing Activities	<u>\$ 119,809</u>	<u>\$ 300,000</u>	<u>\$ 419,809</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 88,201</u>	<u>\$ 12,600</u>	<u>\$ 100,801</u>
Cash and Cash Equivalents at Beginning of Period	<u>\$ 10,008</u>	<u>\$ 0</u>	<u>\$ 10,008</u>
Cash and Cash Equivalents at End of Period	<u><u>\$ 98,209</u></u>	<u><u>\$ 12,600</u></u>	<u><u>\$ 110,809</u></u>

Exhibit E2

**Actual and *Pro Forma* Computation of Interest Coverage
for Twelve Months Ended December 31, 2013**

CALCULATION OF INTEREST COVERAGE RATIOS
\$(000)

For the 12 Months Ended

	Actual	Pro Forma
	December 31, 2013	with New Debt and Assump. of Oblig.
Net Income	\$ 21,404	\$ 24,004
Add: Net Interest Charges	13,749	31,749
Add: Federal and State Income Taxes	0	0
Income Before Interest and Income Taxes	<u>35,153</u>	<u>55,753</u>

Computation of Interest Coverage

Income Before Interest and Income Taxes	\$ 35,153	\$ 55,753
Total Interest Expense	13,749	31,749
Interest Coverage	2.6	1.8 ¹

¹ The Amended and Restated Wholesale Power Contracts ("Contracts") between Wolverine and its distribution cooperative members provide that Wolverine shall, subject to regulatory approval, revise its rates to ensure that such rates are sufficient to recover all costs. These Contracts, which were accepted by the Commission in Docket Nos. ER08-1577 and ER11-4491, extend through December 31, 2050.

Document Content(s)

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