

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
SPECIAL BOARD MEETING  
9 A.M. March 22, 2016**

**AGENDA**

Call to Order – Chairman Brown

Roll Call

PA167 of 2008: The Electric Cooperative Member-Regulation Act – CEO Burns

Member Comment – CEO Burns

Action Items:

1. Accept 2015 Power Supply Cost Recovery (PSCR) Factor Reconciliation
2. Accept 2015 Electric Operations TIER Analysis

Adjournment

**Proposed Changes At A Glance**

1. Reconcile 2015 Power Supply Cost Recovery Factor Collections
2. Review and accept the 2015 TIER Analysis.

**1. Reconcile 2015 Power Supply Cost Recovery (PSCR) Factor Collections**

**Existing Situation**

- o Power supply costs from Wolverine Power Supply Cooperative (WPSC) are passed through at cost to the members of Presque Isle Electric & Gas Co-op.
- o PIE&G, working with WPSC establishes a factor to collect or return power supply costs (PSCR) that are above or below the base energy rates, based upon cost and sales forecasts.
- o This PSCR Factor collection is reconciled annually with actual costs and the difference is either returned or charged to the membership.
- o The reconciliation for the 12 month period ending December 31, 2015 indicates that there was an over-collection of \$131,244.23. This amount has been rolled into the 2016 PSCR factor and is currently being refunded to the membership throughout the 2016 calendar year.

**Proposed Action**

- o Accept the reconciliation of the 2015 PSCR Factor over-collection of \$131,244.23.

**Management Recommends**

- o Approval of the Proposed Power Supply Cost Recovery Reconciliation net Over-recovery of \$131,244.23.
- o The over-collection of \$131,244.23 will continue to be refunded for the remainder of the 2016 calendar year.

**2. Review and accept the 2015 TIER Analysis**

**Existing Situation**

- o The TIER analysis based upon the 2015 operating year indicates an Adjusted TIER of 1.60. Management has reviewed this analysis with the board.

**Proposed Action**

- o Accept the 2015 TIER analysis which establishes an adjusted TIER of 1.60 and indicates no adjustment to revenue is necessary.

**Management Recommends**

- o Management recommends acceptance of the 2015 TIER analysis.

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION**

**RESOLUTION 2016-MR1  
2015 POWER SUPPLY COST RECOVERY (PSCR) FACTOR  
RECONCILIATION**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

**WHEREAS**, PIE&G staff has reviewed the 2015 PSCR Factor reconciliation exhibits with the Board of Directors; and

**3WHEREAS**, the 2015 PSCR Factor reconciliation indicates that PIE&G has experienced a cumulative over-collection of power supply costs of \$131,244.23 for the 12 month period ending December 31, 2015; and

**WHEREAS**, PIE&G has incorporated the over-collection of \$131,244.23 into its 2016 PSCR Factor collection.

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management's 2015 ELECTRIC PSCR Factor collection analysis, which indicates an over-collection of \$131,244.23, and directs management to continue refunding this amount to the membership through the use of the 2016 PSCR Factor.

**CERTIFICATION**

I, David Smith, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on March 22, 2016.

By: \_\_\_\_\_  
David Smith, Secretary

Dated: \_\_\_\_\_

MICHIGAN DEPARTMENT OF COMMERCE  
PUBLIC SERVICE COMMISSION  
MONTHLY REPORT OF POWER SUPPLY COST

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This form is authorized by Act 3, P.A. 1939,  
as amended. Filing of this form is voluntary.  
However, failure to file this form or an alter-  
native submission approved by the Commission  
will place you in violation of the Act.

INSTRUCTIONS

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When completed, a copy of all bills for power and fuel, and any worksheets or other documents required to support the data reported herein are to be mailed to: MICHIGAN DEPARTMENT OF COMMERCE, PUBLIC SERVICE COMMISSION, Electric Division - Audit, 6545 Mercantile, P.O. Box 30221, Lansing, Michigan 48909. Alternatively, any of the above documentation may be submitted in a microcomputer readable format approved by MPSC Staff.

For assistance or clarification, please contact the Public Service Commission Staff at: (Area Code 517) 334-6416

STATUTORY REFERENCE

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Section 6j(11) of Act 3, P.A. 1939, as amended, sets forth: "(1) Not more than 45 days following the last day of each billing month in which a power supply cost recovery factor has been applied to customer's bills, the utility shall file with the commission a detailed statement for that month of the revenues recorded pursuant to the power supply cost recovery factor and the allowances for cost of power supply included in the base rates established in the latest commission order for the utility, and the cost of power supply. The detailed statement shall be in the manner and form prescribed by the commission. The commission shall establish procedures for insuring that the detailed statement is promptly verified and corrected if necessary."

1. NAME OF REPORTING UTILITY:	PRESQE ISLE ELECTRIC COOPERATIVE
2. THIS REPORT FILED FOR THE COST MONTH OF:	December 2015
3. IS THIS REPORT SUBMITTED AS AN ORIGINAL OR REVISION? IF THIS IS A REVISION, ATTACH AN EXPLANATION.	Original
4. DATE OF REPORT SUBMISSION:	None-Member Regulated
5. UTILITY REPRESENTATIVE TO WHOM QUESTIONS REGARDING THIS REPORT MAY BE DIRECTED - NAME:	Dawn Cryderman
PHONE No. (include area code):	((989) 733-8515
6. POWER SUPPLY COST RECOVERY FACTOR AUTHORIZED (or requested):	mills per kWh -0.310

NAME OF REPORTING UTILITY: || PRESQUE ISLE ELECTRIC COOPERATIVE

7. REVENUES RECORDED PURSUANT TO THE POWER SUPPLY COST RECOVERY FACTOR AND THE ALLOWANCE FOR POWER SUPPLY INCLUDED IN BASE RATES FOR THIS MONTH:			
a. kWh sales subject to the PSCR clause are:	kWh		19,804,208
b. Applied PSCR factor:	mills per kWh		0.50745834
c. PSCR factor revenues: (a * b)		\$	10,049.81
d. Allowance for power supply included in case rates:	mills per kWh		87.85
e. Revenues collected pursuant to allowance for power supply included in base rates: (a * d)		\$	1,739,799.67
f. TOTAL POWER SUPPLY COST REVENUE: (c + e)		\$	1,749,849.48
8. THE TOTAL COST OF POWER (from attached worksheets ) APPLICABLE TO SALES REPORTED ABOVE:			\$ 2,010,669.11
9. MONTHLY OVER(UNDER) COLLECTION : (7f-8)			\$ (260,819.63)
10. TOTAL OVER/(UNDER) COLLECTION THIS PSCR YEAR			\$ 113,551.36
11. Is there a major difference between actual and projected costs this month: Please circle Yes or No (if yes, please explain)			
NO			

12. Do you anticipate any significant changes which would have an effect on next month's projected costs? Please circle Yes or No (if yes, briefly explain the change)

NO

13. Authorized refund/surcharge this month due to reconciliation of prior year(s) PSCR:						
MEMBER REGULATED	PSCR YEAR	2014 Roll In		<u>Seasonal</u>	<u>Year to Date</u>	<u>Remaining</u>
Auth.PSCR adj.(m/kWh)						
Auth.PSCR adj.(dollars)		\$ (28,298.00)		\$ (2,248.97)	\$ (25,792.73)	\$ (2,505.27)
MEMBER REGULATED	PSCR YEAR	2014 Roll In		<u>Monthly</u>	<u>Year to Date</u>	<u>Remaining</u>
Auth.PSCR adj.(m/kWh)						
Auth.PSCR adj.(dollars)		\$ (185,385.61)		\$ (13,940.14)	\$ (170,198.01)	\$ (15,187.60)

NAME OF REPORTING UTILITY :	PRESQUE ISLE ELECTRIC COOPERATIVE			PRESQUE ISLE ELECTRIC COOPERATIVE				
	2015			YEAR TO DATE				
	(ag)	(ah)	(ai)	(aj)	(ak)	(al)		
	*UNITS	\$	\$/Unit	*UNITS	\$	\$/Unit		
<b>PURCHASED POWER</b>								
<b>FROM WOLVERINE</b>								
1 Energy-A	20,336,700	\$ 1,161,774.66	0.057127	239,477,100	\$ 13,680,608.29	0.057127		
2 Energy-C&I	1,421,100	\$ 81,183.18	0.057127	18,974,700	\$ 1,083,967.69	0.057127		
3 C & I Energy Credit	1,421,100	\$ (7,105.50)	(0.005000)	18,974,700	\$ (94,873.50)	(0.005000)		
4 PSCR Adjustment	0	\$ -	0.000000	23,738,400	\$ 124,626.60	0.005250		
5 Total Energy	21,757,800	\$ 1,235,852.34	0.056800	258,451,800	\$ 14,794,329.08	0.057242		
6 Demand-Rate A	40,098	\$ 315,547.20	7.869400	434,923	\$ 3,422,583.06	7.869400		
7 Demand-Rate C & I	1,952	\$ 15,361.07	7.869400	30,313	\$ 238,545.12	7.869400		
8 Miso-Demand Rate A	39,463	\$ 82,757.86	2.097100	473,556	\$ 993,094.29	2.097100		
9 Miso-Demand Rate C & I	3,619	\$ 7,589.40	2.097100	43,428	\$ 91,072.86	2.097100		
11 Michigan Joint Zone Credit	42,050	\$ -	0.000000	0	\$ (\$11,213.98)	True Up		
12 Load Management Credits		\$ (12,455.88)			\$ (\$187,217.94)			
13 Substation Fixed Charge	18	\$ 40,554.00	\$ 2,253.00	252	\$ 486,648.00	1931.142857		
14 Substation Investment Charge		\$ 66,892.78	Varies		\$ 802,713.36	Varies		
15 Dedicated Excluded Facilites		\$ -	Varies		\$ 137,566.95	Varies		
16 Shared Excluded Facilites		\$ 950.56	Varies		\$ 43,536.67	Varies		
18 TOTAL WPSC	21,757,800	\$ 1,753,049.33	0.080571	258,451,800	\$ 20,811,657.47	0.080524		
18B Temp Rate Reducton		\$ 257,537.00			\$ 257,537.00			
18F Final WPSC After Rate Reduction		\$ 2,010,586.33	0.092408		\$ 21,069,194.47			
18B Total NEG Purchases	730	\$ 82.78	0.113397	13,079	\$ 1,507.23	0.115240		
19 Total kWh Purchase & Cost	21,758,530	\$ 2,010,669.11	0.092408	258,464,879	\$ 21,070,701.70	0.081522		
20 Less: Line Loss	1,954,322		0.08981866	18,708,627	\$ -	0.072384		
21 kWh Available for Use	19,804,208	\$ 2,010,669.11	0.10152737	239,756,252	\$ 21,070,701.70	0.087884		
22 PSCR SALES & POWER COSTS	19,804,208	\$ 2,010,669.11	0.101527	239,756,252	\$ 21,070,701.68	0.087884		
<b>PSCR OVER/(UNDER) RECOVERY</b>								
	<u>BASE</u>	<u>FACTOR</u>	<u>TOTAL</u>	<u>BASE</u>	<u>FACTOR</u>	<u>TOTAL</u>		
A. PSCR REVENUE								
23 1. Mills/kWh	87.8500	0.507458	88.3575	87.850000	0.5075	88.357458		
24 2. PSCR Sales	19,804,208	19,804,208	19,804,208	239,756,252	239,756,252	239,756,252		
25 3. PSCR Revenue [(1*2)/1000]	\$ 1,739,799.67	\$ 10,049.81	\$ 1,749,849.48	21,062,587	\$ 121,666.31	\$ 21,184,253.05		
26 C. PSCR COST			\$ 2,010,669.11			\$ 21,070,701.68		
27 D. OVER/(UNDER) RECOVERY			\$ (260,819.63)			\$ 113,551.36		
<b>Current Year to Date</b>			<b>\$ 113,551.36</b>			<b>\$ 113,551.36</b>		
<b>Surcharge Distribution:</b>								
	<u>kWh</u>	<u>Recovery</u>	<u>FACTOR</u>	<u>kWh</u>	<u>Recovery</u>	<u>Surcharge Remaining; Target Recovery</u>	<u>Est pscr kWh;</u>	<u>Adjustment</u>
Prior Year Monthly - 2014	17,053,031	\$ (13,940.14)	(0.817458)	208,203,903	\$ (170,198.01)	\$ (15,187.60)	\$ (185,385.61)	228,600,000
Prior Year Seasonal - 2014	2,751,177	\$ (2,248.97)	(0.817458)	31,552,349	(25,792.73)	(2,505.27)	(28,298.00)	32,800,000
Total		\$ (16,189.11)	(0.817458)	239,756,252	(195,990.74)	(17,692.87)	(213,684)	261,400,000
Combined PSCR	19,804,208	\$ (6,139.30)	(0.31)	239,756,252	(74,324)	(0.31000)		

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION**

**RESOLUTION 2016-MR2  
2015 ELECTRIC OPERATIONS TIMES INTEREST EARNED RATIO  
(TIER) ANALYSIS**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the Michigan Public Service Commission; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design, which requires energy rates be developed and implemented to generate margins adequate to meet annual lender requirements and the Cooperative’s long-term financial objectives; and

**WHEREAS**, PIE&G was authorized by the MPSC to employ the Times Interest Earned Ratio (TIER) Analysis rate setting mechanism when regulated by the Commission and continues to do so in order to satisfy the requirements of Board Policy No. 307; and

**WHEREAS**, the TIER rate setting mechanism provides that margins are adequate and there is no need to adjust revenue for a TIER range of 1.6 to 2.2, and PIE&G’s management has reviewed with the Board of Directors and established that the TIER calculation for the 2015 operating year indicates an adjusted TIER of 1.60; and

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s 2015 ELECTRIC TIER analysis that indicates an adjusted TIER of 1.60 and no adjustment in revenue is required.

**CERTIFICATION**

I, David Smith, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on March 22, 2016.

By: \_\_\_\_\_  
David Smith, Secretary

Dated: \_\_\_\_\_

**TEST YEAR MARGINS AND INTEREST**  
**12 MONTHS ENDED DECEMBER 31, 2015**

	<u>Operating Margins</u>	<u>Total Margins</u>	<u>Interest</u>
December 31, 2015	\$1,049,016 <sup>1</sup>	\$ 2,752,579 <sup>2</sup>	\$1,492,949 <sup>3</sup>

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<sup>1</sup> From December 2015 Form 7, Part 1A, line 20, *Patronage Capital and Operating Margins*.

<sup>2</sup> From December 2015 Form 7, Part 1A, line 28, *Patronage Capital*.

<sup>3</sup> From December 2015 Form 7, Part 1A, line 15, *Interest on Long Term Debt* -- 2015 Electric Rate Documents.



**ADJUSTED TOTAL MARGINS**

<u>Step One:</u>	Unadjusted Total Margins	\$2,752,579 <sup>4</sup>
<u>Step Two:</u>	Add Back Net Loss From Equity Investments	\$ 317,151 <sup>5</sup>
	Less G&T Capital Credits Allocated/Not Paid	\$(1,752,797) <sup>6</sup>
	Less Other Capital Credits Allocated/Not Paid	\$ ( 77,405) <sup>7</sup>

(continued on next page)

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<sup>4</sup> From Exhibit A-2.

<sup>5</sup> From December 2015 Form 7, page 1, column (b), line 23, "Income (Loss) from Equity Investments" includes a \$317,151 loss on disposition of utility plant. Accounts 421.10 and 421.20 Gain/(Loss) on Disposition of Utility Plant are to be removed from Total Margins. When that is done, Total Margins increase by \$317,151.

<sup>6</sup> From December 2015 Form 7, page 1, column (b), line 25a, "Generation and Transmission Capital Credits" + Line 25b, "G&T Capital Credits – PSDFC".

<sup>7</sup> From December 2015 Form 7, page 1, column (b), line 26, "Other Capital Credits and Patronage Dividends", i.e. \$202,377 less \$124,972. The \$124,972 is comprised of the following declared and paid other capital credits or patronage dividends.

NRUCFC	\$ 70,519
COBANK	\$ 2,535
NISC	\$ 5,572
CRC	\$ 552
RESCO	\$ 45,794
Total	\$ <u>124,972</u>

**ADJUSTED TOTAL MARGINS**  
**(continued from prior page)**

<u>Step Three:</u> Add: Issued Capital Credits/Past Years' Allocations	\$ 353,648
Less General Capital Credit Retired to Members	\$( 691,952)
<u>Step Four:</u> Less Member Remaining Capital Credits Retired	\$( 0) <sup>8</sup>
Adjusted Total Margins	\$ 901,224

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<sup>8</sup> Actual Member Capital Credits retired totaled \$1,187,263.92 however the reduction allowed in Step Four cannot be used to reduce the Adjusted TIER below the floor of 1.60.

### CALCULATION OF REQUIRED TIER REVISION

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \text{Interest}}{\text{Interest}}$$

$$\text{Interest} = \$1,492,949^9$$

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \$1,492,949 \text{ Interest}}{\$1,492,949 \text{ Interest}}$$

$$\text{Necessary Margins} = \$1,194,359$$

Target TIER:

$$1.8 \text{ TIER} = \frac{\$1,194,359 \text{ Necessary Margin} + \$1,492,949 \text{ Interest}}{\$1,492,949 \text{ Interest}}$$

Actual Adjusted Total TIER:

$$\text{TIER} = \frac{\$901,224^{10} + \$1,492,949 \text{ Interest}}{\$1,492,949 \text{ Interest}} = 1.60 \text{ TIER}$$

Based on Adjusted Total TIER of 1.60, no increase is required.

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<sup>9</sup> From Exhibit A-2.

<sup>10</sup> From Exhibit A-3.

**RECONCILIATION OF OPERATING AND TOTAL MARGINS**Line No.

1	Operating Margins		\$ 1,049,016 <sup>11</sup>
2	Other Income		
3	a. Non Operating Margins – Interest	\$ 51,679 <sup>12</sup>	
	b. Income from Equity Investments	\$ (303,290) <sup>13</sup>	
	c. Non Operating Margins – Other	\$ 0 <sup>14</sup>	
	d. G&T Capital Credits	\$ 1,752,797 <sup>15</sup>	
	Other Capital Credits and Patronage Dividends	\$ <u>202,377</u> <sup>16</sup>	
3.	Total Additions to Operating Margins		\$ 1,703,563
4	Total Margins		\$ 2,752,579

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<sup>11</sup> From Exhibit A-2.

<sup>12</sup> From December 2015 Form 7, Part 1A, line 21, “*Non Operating Margins – Interest*”.

<sup>13</sup> From December 2015 Form 7, Part 1A, line 23, “*Income(Loss) from Equity Investments*”.

<sup>14</sup> From December 2015 Form 7, Part 1A, line 24, “*Non Operating Margins – Other*”.

<sup>15</sup> From December 2015 Form 7, Part 1A, line 25b, “*G&T Capital Credits - PSDFC*”.

<sup>16</sup> From December 2015 Form 7, Part 1A, line 26, “*Other Capital Credits and Patronage Dividends*”.

**CALCULATION OF REQUIRED AND REQUESTED INCREASE**Line No.

1	Required \$ Increase Per Exhibit A-4	\$ 0.00
2	2015 Revenue from Electric Sales	\$ 34,597,924 <sup>17</sup>
3	Required % Increase	0.00%
4	2015 kWh Sales	239,769,331 <sup>18</sup>
5	Average Mills Per kWh Increase	0.00 mills per kWh

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<sup>17</sup> From December 2015 Form 7, Page 5, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total Sales of Electric Energy, dollars.

<sup>18</sup> From December 2015 Form 7, Page 5, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total kWh sold.

# PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

## CERTIFICATION

*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.*

\_\_\_\_\_  
Signature of Chief Financial Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Chief Executive Officer

\_\_\_\_\_  
Date

## PART 1A - STATEMENT OF ELECTRICAL OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2015

RUS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2014	2015	BUDGET	
1.	Operating Revenue - Electric	36,587,101	35,356,277	35,912,139	2,985,035
1.					
	<b>Total Revenue</b>	<b>36,587,101</b>	<b>35,356,277</b>	<b>35,912,139</b>	<b>2,985,035</b>
3.	Cost of Purchased Energy - Electric	21,896,813	20,812,250	21,115,907	1,753,083
3.					
	<b>Total Cost of Energy Sold</b>	<b>21,896,813</b>	<b>20,812,250</b>	<b>21,115,907</b>	<b>1,753,083</b>
	<b>Gross Revenues</b>	<b>14,690,288</b>	<b>14,544,027</b>	<b>14,796,232</b>	<b>1,231,952</b>
5.	Distribution Expense - Operation	899,026	1,005,940	1,085,881	119,178
6.	Distribution Expense - Maintenance	3,020,330	3,864,325	3,818,370	668,905
7.	Consumer Accounts Expense	1,487,074	1,430,735	1,590,593	100,922
8.	Customer Service and Informational Expens	472,541	487,613	653,926	59,622
10.	Administrative and General Expense	1,399,763	1,416,101	1,465,624	81,649
	<b>Total Operation &amp; Maintenance Expense</b>	<b>7,278,733</b>	<b>8,204,715</b>	<b>8,614,395</b>	<b>1,030,276</b>
12.	Depreciation & Amortization Expense	2,834,479	2,912,148	3,227,256	244,816
13.	Tax Expense - Property & Gross Receipts	868,124	828,727	825,916	117,043
14.	Tax Expense - Other	1,960	1,733	2,582	78
15.	Interest on Long-Term Debt	1,645,985	1,492,949	1,761,952	154,798
17.	Interest Expense - Other	57,899	53,270	58,813	4,151
18.	Other Deductions	0	1,469	813	440
	<b>Total Cost of Operations</b>	<b>12,687,179</b>	<b>13,495,011</b>	<b>14,491,726</b>	<b>1,551,602</b>
20.	Patronage Capital & Operating Margins	2,003,108	1,049,016	304,507	(319,650)
21.	Non-Operating Margins - Interest	55,579	51,679	51,571	250
23.	Income (Loss) from Equity Investments	(347,191)	(303,290)	(156,799)	(135,477)
24.	Non-Operating Margins - Other	0	0	0	0
25.a	Generation and Transmission Capital Credit	1,316,485	1,752,797	1,300,000	1,752,797
25.b	G & T Capital Credits - PSDFC	0	0	0	0
26.	Other Capital Credits and Patronage Divider	274,705	202,377	273,347	14,857
27.	Extraordinary Items See attached sheet	0	0	0	0
28.	<b>Patronage Capital</b>	<b>3,302,687</b>	<b>2,752,579</b>	<b>1,772,626</b>	<b>1,312,777</b>

**Net T.I.E.R.            2.94            2.78**

**Operating T.I.E.R.    2.18            1.68**

## PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2014	2015
1. New Services Connected	164	176
2. Services Retired	94	180
3. Total Services in Place	35,598	35,526
4. Idle Services (Excl Seasonal)	2,549	2,366
5. Miles Distribution - Overhead	3,852	3,840
6. Miles Distribution - Underground	1,011	1,025
7. Total Miles Energized (5 + 6)	4,863	4,866

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19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

## PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2015

RUS Form 7 Line Number	ASSETS AND OTHER DEBITS	RUS Form 7 Line Number	LIABILITIES AND OTHER CREDITS
1a.	Utility Plant in Service - Electric 101,448,132	30a.	Memberships - Electric 239,090
1b.	Utility Plant in Service - Gas 32,670,433	30b.	Memberships - Gas 21,915
1.	Utility Plant in Service - Combined <b>134,118,565</b>	30.	Memberships - Combined <b>261,005</b>
2a.	Construction Work in Progress - Electric 135,404	31a.	Patronage Capital - Electric 40,428,496
2b.	Construction Work in Progress - Gas 11,513	31b.	Patronage Capital - Gas 4,099,943
2.	Construction Work in Progress - Combined <b>146,917</b>	31.	Patronage Capital - Combined <b>44,528,439</b>
3a.	Total Utility Plant (1+ 2) - Electric 101,583,537	32a.	Operating Margins - Prior Years - Electric (1,319,079)
3b.	Total Utility Plant (1 + 2) - Gas 32,681,946	32b.	Operating Margins - Prior Years - Gas 0
3.	Total Utility Plant - Combined <b>134,265,483</b>	32.	Operating Margins - Prior Years - Combined <b>(1,319,079)</b>
4a.	Accumulated Provision for Depreciation - Electric 49,596,390	33a.	Operating Margins - Current Year - Electric 1,049,016
4b.	Accumulated Provision for Depreciation - Gas 8,226,011	33b.	Operating Margins - Current Year - Gas 1,223,799
4.	Accum. Provision for Depreciation - Combined <b>57,822,400</b>	33.	Operating Margins - Current Year - Combined <b>2,272,816</b>
5a.	Net Utility Plant (3 - 4) - Electric 51,987,147	34a.	Non Operating Margins - Electric 1,703,563
5b.	Net Utility Plant (3 - 4) - Gas 24,455,935	34b.	Non Operating Margins - Gas 76,297
5.	Net Utility Plant - Combined <b>76,443,082</b>	34.	Non Operating Margins - Combined 1,779,860
7.	Investments in Subsidiary Companies 0	35a.	Other Margins and Equities - Electric 2,233,786
8.a	Invest. in Assoc. Org- Patronage Capital - WPC 14,504,891	35b.	Other Margins and Equities - Gas 7,195
8.b	Invest. in Assoc. Org. - Patronage Capital - WPC - PSDFC 6,925,238	35.	Other Margins and Equities - Combined <b>2,240,981</b>
8.c	Invest. in Assoc. Org. - Patronage Capital - Other 2,437,167	36a.	Total Margins and Equities (30 thru 35) - Electric 44,334,872
9.	Invest. in Assoc. Org. - Other - General Funds 9,300	36b.	Total Margins and Equities (30 thru 35) - Gas 5,429,150
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds 1,562,423	36.	Total Margins and Equities (30 thru 35) - Combined 49,764,022
11.	Invest. in Economic Development Projects 0	37.	Long Term Debt - RUS (Net)
12.	Other Investments 0		(Payments-Unapplied \$ -0- ) 0
13.	Restricted Funds 0	38.	Long Term Debt - RUS - Econ. Dev. (Net) 0
14.	Total Other Property and Investments (6 thru 13) 25,439,018	39.	Long Term Debt - Other - RUS Guaranteed 0
15.	Cash - General Funds 1,656,325	40.	Long Term Debt - Other (Net) 46,629,653
16.	Cash - Construction Funds 0	41.	Total Long Term Debt (37 thru 40) 46,629,653
17.	Special Deposits 0	42.	Obligations Under Capital Leases 0
18.	Temporary Investments 374,923	43.	Deferred Compensation 0
19.	Notes Receivable - Net 0	44.	Total Other Non Current Liabilities (42+43) 0
20.	Accounts Receivable - Net Sales of Energy 4,021,714	45.	Line of Credit Balance Due 5,000,000
21.	Accounts Receivable - Net Other 270,804	46.	Accounts Payable 2,689,324
22.	Materials and Supplies - Electric and Other 1,439,184	47.	Consumers Deposits 524,193
23.	Prepayments 452,143	48.	Other Current and Accrued Liabilities 5,739,733
24.	Other Current and Accrued Assets 0	49.	Total Current and Accrued Liabilities (45 thru 48) 13,953,250
25.	Total Current and Accrued Assets (15 thru 24) 8,215,092	50.	Deferred Credits 2,278
26.	Regulatory Assets 0	51.	Accumulated Deferred Income Taxes 0
27.	Other Deferred Debits 252,010	52.	Total Liabilities and Other Credits
28.	Accumulated Deferred Income Taxes 0		(36+41+44+49 thru 51) <b>110,349,203</b>
29.	Total Assets and Other Debits ( 5 + 14 + 25 thru 28) <b>110,349,203</b>		<i>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</i>
		53.	Balance Beginning of the Year - Electric 20,165,010
		54.	Balance Beginning of the Year - Gas 4,074,277
		55.	Balance Beginning of the Year - Gas AER 1,054,511
			Amount Received This Year (Net) - Electric 407,952
			Amount Received This Year (Net) - Gas 260,350
			Amount Received This Year (Net) - Gas AER
			Total Contributions in Aid of Construction - Electric 20,572,962
			Total Contributions in Aid of Construction - Gas 4,334,626
			Total Contributions in Aid of Construction - Gas AER 1,054,511

## PART 4 - NOTES TO COMBINED FINANCIAL STATEMENTS

THIS SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

# PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

## ELECTRIC OPERATIONS PLANT RATIOS, SALES & REVENUE REPORT FOR THE MONTH ENDING DECEMBER 31, 2015

### BALANCE SHEET RATIOS

Current Assets to Current Liabilities	- Combined	58.88 %
Margins & Equities as % of Assets	- Combined	45.10 %
Long Term Debt as % of Net Utility Plant	- Combined	61.00 %
Long Term Debt as % of Plant	- Combined	34.73 %
Modified Debt Service Coverage Ratio	- Combined	2.17

### CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service	kWh Sold	Amount	Number of Minimum Bills
	A.	B.	C.	D.
Sales - Residential	17,396	11,499,497	1,612,438	1,106
Sales - Seasonal	13,433	2,751,177	659,013	12,532
Sales - General Service - Oil	474	398,591	52,526	44
Sales - Irrigation	25	(6,173)	440	14
Sales - General Service	1,414	2,290,499	276,641	172
Sales - Large Power - Oil	9	114,861	12,652	2
Sales - Large Power	37	2,375,064	231,323	
Sales - Public Street & Highway Lighting	39	31,844	5,903	
Sales - Public Buildings	333	349,578	43,979	29
Consumer Sales - PSCR			19,472	
Total Sales of Electric Energy (1 thru 11)	33,160	19,804,938	2,914,387	13,899
Other Electric Revenue			70,869	
Total (12 + 13)			2,985,255	
Last Year kWh Sales	33,049	20,960,196		

### CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service	kWh Sold Cumulative	Amount Cumulative
	B.	C.	D.
Sales - Residential	17,343	135,069,353	18,998,763
Sales - Seasonal	13,417	31,552,349	7,639,618
Sales - General Service - Oil	474	4,939,749	638,281
Sales - Irrigation	26	169,271	27,092
Sales - General Service	1,406	30,443,048	3,615,785
Sales - Large Power - Oil	9	1,474,392	159,939
Sales - Large Power	36	31,089,117	3,045,652
Sales - Public Street & Highway Lighting	39	379,755	70,496
Sales - Public Buildings	334	4,652,297	577,395
Consumer Sales - PSCR			(175,098)
Total Sales of Electric Energy (1 thru 11)	33,084	239,769,331	34,597,924
Other Electric Revenue			758,574
Total (12 + 13)			35,356,498
Last Year kWh Sales		244,248,074	

### KWH AND KWH STATISTICS

ITEM	THIS MONTH	YEAR-TO-DATE
1. kWh Purchased	21,757,800	258,451,800
2. Interchange kWh-Net	730	13,079
3. Total kWh (1 + 2)	21,758,530	258,464,879
4. Total kWh-Sold	19,804,938	239,769,331
5. Office Use - **For Information Purposes Only**	18,554	233,542
6. Total Unaccounted for (3 - 4)	1,953,592	18,695,548
7. Percent System Loss (6/3)x100	8.98	7.23
8. Maximum Demand (kw)	42,050	46,048
9. Month When Maximum Demand Occured		7



# PRESQUE ISLE ELECTRIC & GAS CO-OP

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## STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2015

	THIS YEAR	LAST YEAR
1. KWHRs Sold Per Consumer:		
a. For the Month	597	634
b. Year to Date	604	616
2. Average Monthly Bill	87.89	92.40
Average Residential Bill	92.69	100.18
3. Average Bill:		
a. Year To Date	87.15	90.35
b. YTD Residential	91.29	94.02
4. Cost Per KWHR Purchased		
a. This Month Mills	80.57	78.64
b. Year to Date Mills	80.52	83.40
5. Revenue Per KWHR Sold:		
a. This Month Mills	147.15	145.69
b. Year to Date Mills	144.30	146.68
6. Power Cost Adjustment		
a. This Month	-0.000310	0.001060
7. Number of New Members - Electric	70	61
Number of Transferred Members Added - Electric	1184	1098
7. Number of New Members - Gas	124	42
Number of Transferred Members Added - Gas	133	122
8. Security Lights Billed	2027	2031
9. Regular Payroll - Hours	12,815.00	12,377.00
Overtime Payroll - Hours	4,153.75	735.75
Total Payroll	16,968.75	13,112.75
10. Number of Employees		
Full Time	67	67
Temporary	6	5
11. Principal Paid To CFC-YTD	2,272,647.28	2,140,000.94
Interest Paid To CFC-YTD	2,502,207.94	2,709,939.80
12. Interest Paid on Line of Credit - YTD	66,127.11	73,366.00

<b>TIER CALCULATION</b>			
CO-OP: <b>Presque Isle Electric &amp; Gas Co-op</b>			
Case:			
Year: <b>2015</b>			
FORM			
7 LINE	ITEM	<b>2015</b>	
		<b>All Costs</b>	
		\$	
	Operating Revenue		
	Sales of Electricity	35,356,277	
	Other	-	
1	Operating Revenue	35,356,277	
	Operating Expenses		
3	Cost of Purchased Energy	20,812,250	
4	Transmission Expense		
5	Distribution Expense - Operation	1,005,940	
6	Distribution Expense - Maintenance	3,864,325	
7	Consumer Accounts Expense	1,430,735	
8	Customer Service & Info. Expense	487,613	
9	Sales Expense	-	
10	Administrative & General Expense	1,416,101	
11	Total O & M Expense	29,016,964	
12	Depreciation & Amortization Exp.	2,912,148	
13	Tax Exp. - Property & Gross Recpts.	828,727	
14	Tax Expense - Other	1,733	
15	Interest on Long-Term Debt (mpsc)	1,492,949	
16	Interest Charged to Const. - Cr.		
17	Interest Expense - Other	53,270	
18	Other Deductions	1,469	
19	Total Cost of Operations	34,307,260	
20	<b>Ptrng Cap. &amp; OPERATING Margins</b>	1,049,017	
21	Non-Operating Margins - Interest	51,679	
22	AFUDC		
nt lsted	Loss from Property Retirements	(317,151)	
23	Inc. (Loss) from Equity Investments	13,860	
24	Non-Operating Margins - Other	-	
25.a	Gen. & Trans. Capital Crs.	1,752,797	
25.b	G & T Capital Crs - PSDFC	-	
26	Other Capital Crs. & Patronage Div's.	202,377	
27	Extraordinary Items	-	
28	<b>Ptrng Capital or Margins (20-27)</b>	<b>2,752,579</b>	
<b>Part II: Adjusted Margins &amp; TIER AS FILED</b>			
	Actual Total Margin (Ln 28)	2,752,579	
Step II	Back Out:		
	Gain/Loss from Equity Investments	317,151	
	G&T Credits, Allocated/Not Paid	(1,752,797)	
	Other Cap Crs, Allocated/Nt Pd	(77,405)	
	Weather Normalization Adjustment		
	Adjustment for Non-Operating Loss		
	<b>Total Mrgns Less Cap. Crs. Allocation</b>	<b>1,239,528</b>	
Step III	Add Back:		
	Estimated Storm Restoration Costs		
	Cap Crs Pd for Prior Years	353,648	
	Less offset of Cap Crs Retired/Members	(691,952)	
	<b>Preliminary Adjusted Total Margins</b>	<b>901,224</b>	
Step IV	Back Out:		
	Member Remaining Cap Crs. Retired		
	Adjust for difference in LT Debt Interest		
	Adjust for Add Back of C.C. Retired/Members		
	<b>Adjusted Total Margin</b>	<b>901,224</b>	
<b>Resulting TIER:</b>			
	Adjusted Total Margin	901,224	
	+ Interest, L/T Debt	1,492,949	
	÷ Interest, L/T Debt	1,492,949	
	<b>= TIER</b>	<b>1.60</b>	
	[Quiet zone = 1.6 - 2.2]		
<b>Part III N/A - Increase in Rates resulting from the 2015 PSCR/TIER Reconciliation</b>			