

**Presque Isle Electric & Gas Co-op**  
**BOARD OF DIRECTORS SPECIAL MEETING**  
**September 27, 2016**

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on September 27, 2016 at PIE&G headquarters in Onaway, Michigan. Chairman Brown called the meeting to order at 9:00 a.m.

Roll call was taken with Directors Berg, Borowicz, Brown, Knopf, Krajniak, Lucas, Peterson, Smith, and Wozniak in attendance. A quorum was present. Also attending were Chief Executive Officer Burns, Attorney Werth, Chief Financial Officer Sobeck, Information Systems Manager Kieliszewski, Operations Manager Szymoniak and Executive Assistant DeMaestri.

**INTRODUCTION OF GUESTS**

There were no guests in attendance.

**PA 167 OF 2008 – MEMBER REGULATION**

CEO Burn presented a brief history of how Presque Isle Electric & Gas Co-op became Member Regulated under Public Act 167 of 2008.

**ACTION ITEMS**

CFO Sobeck indicated there were two (2) items for the board's consideration and referred to the information provided in the packet.

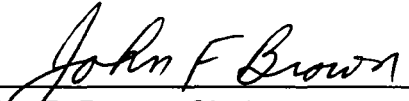
1. **2017 Power Supply Cost Recovery (PSCR):** CFO Sobeck explained the results of the analysis of projected energy costs and sales volumes that was conducted by Wolverine Power Cooperative and PIE&G. A projected overall energy cost to PIE&G with its current PSCR basing point of 87.85 mills/kWh provides for a 2017 PSCR factor of 0.87 mills/kWh. This is an increase of 2.18 mill/kWh when compared with the 2016 PSCR factor of -1.31 mills/kWh and represents an increase of approximately 1.44% per month for the average residential monthly account. Management recommended approval of Resolution 2016-MR03 (copy attached). ***A motion by Borowicz, seconded by Knopf, to adopt Resolution 2016-MR03. A roll call vote was taken with all directors voting in the affirmative. Motion carried.***
  
2. **Outdoor Lighting Tariffs:** CFO Sobeck explained the results of the cost of service study analysis of current and prospective Outdoor Lighting (OD) devices. The cooperative wishes to take advantage of Light Emitting Diode technology to reduce the costs to both the Cooperative and individual members. The analysis indicated the need to revise OD lighting rates. Management recommended approval of Resolution 2016-MR04 (copy attached). ***A motion made by***

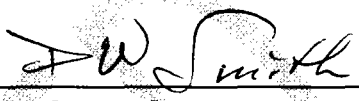
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**Wozniak, seconded by Krajniak, to adopt Resolution 2016-MR04. A roll call vote was taken with all directors voting in the affirmative. Motion carried.**

**ADJOURNMENT**

**A motion made by Peterson, seconded by Krajniak, to adjourn the meeting. Ayes –all, motion carried.** There being no further business to come before the Board, Chairman Brown declared the meeting adjourned at 9:24 a.m.

  
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John F. Brown, Chairman

  
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David W. Smith, Secretary

/ddm

APPROVED

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
SEPTEMBER 27, 2016**

**RESOLUTION 2016-MR-03  
2017 PSCR FACTOR**

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

**WHEREAS**, PIE&G in conjunction with Wolverine Power Supply Cooperative (WPSC), it's wholesale electric energy supplier, has conducted an analysis of projected energy costs and sales volumes; and

**WHEREAS**, PIE&G's staff has reviewed the analysis with the Board of Directors; and

**WHEREAS**, results of that analysis indicate and overall energy cost of 88.72 mills/kWh or \$0.08872/kWh which, when combined with PIE&G's current PSCR basing point of 87.85 mills/kWh provides for a 2017 PSCR Factor of 0.87 mills/kWh.

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts the analysis as provided by the cooperative staff as a reasonable basis for establishing the maximum 2017 PSCR Factor of 0.87 mills/kWh or \$0.00087/kWh effective with all bills rendered on or after February 1, 2017 and directs staff to amend the appropriate tariffs in its Electric Rate Book.

**BE IT FURTHER RESOLVED** that the cooperative staff may apply a lesser PSCR Factor than approved in this resolution because of an over-collection of power supply costs from the membership, in which case they shall notify the Board of Directors of their intent to do so.

**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 September 27, 2016.

By: David W. Smith  
David Smith, Secretary

Dated: 27 Sept '16

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
SEPTEMBER 27, 2016**

**RESOLUTION 2016-MR-04  
OUTDOOR LIGHTING PROGRAM REVISIONS**

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

**WHEREAS**, PIE&G has conducted a cost of service study analysis of current and prospective Outdoor Lighting (OD) rates; and

**WHEREAS**, PIE&G's staff has reviewed the analysis with the Board of Directors; and

**WHEREAS**, the Cooperative wishes to implement changes to its Outdoor Lighting program to take advantage of Light Emitting Diode technology to reduce the costs to both the Cooperative and it's individual members:

**WHEREAS**, results of that analysis indicate the need to revise OD lighting rates as indicated in the table below; and

<u>Nominal Rating</u>	<u>Monthly</u>	<u>Annual</u>
40W LED (alternative to 175W MV; 100 W HPS)	\$ 6.80	\$ 81.60
70W LED (alternative to 400W MV; 250W HPS)	\$ 7.70	\$ 92.40
<u>No Longer Available for New Installations</u>		
175 Watts MV	\$11.40	\$136.80
400 Watts MV	\$19.70	\$236.40
100 Watts HPS	\$ 9.00	\$108.00
250 Watts HPS	\$14.80	\$177.60

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts the analysis as provided by the cooperative staff as a reasonable basis for establishing the new Outdoor Lighting rates for all bills rendered on or after February 1, 2017 and directs staff to amend the appropriate tariffs in its Electric Rate Book.

**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 September 27, 2016.

By:   
David Smith, Secretary

Dated: 27 Sept 16