

Your Co-op's 2017 Annual Report



John Brown
Chairman



Tom Sobeck
CEO

To Our Member-Owners:

We are pleased to report that 2017 was another favorable year for your cooperative. Both our natural gas and electric operations continue to provide positive margins. Our electric and natural gas operating margins were such that no change in distribution rates was necessary for this year. Our electric members continue to benefit from positive margins and the board of director's commitment to the cooperative business model as we will again this year return patronage capital to you.

This year the cooperative will return approximately \$2,392,000 in the form of patronage capital retirements to the membership.

In keeping with our mission, we continue to invest in and rehabilitate the infrastructure that delivers energy to you. In 2017, our total utility plant investments exceeded \$3.3 million.

On behalf of the board and our employees, we thank you for your trust and support. We are pleased to have the opportunity to serve you.

Respectfully,

John Brown
Chairman of the Board

Tom Sobeck
President & Chief Executive Officer



Where Your Energy Dollar Goes:



2017 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	33,468	9,405
Energy Sold	236,535,693 kWh	7,170,458 CCF
New Services	213	129
Miles of Line	3,838 (overhead) 1,051 (underground)	593

Treasurer's Report



Daryl Peterson

Presque Isle Electric and Gas Co-op's Statement of Operations and Balance Sheet for the past two years (2016–2017) are included in this Annual Report. As indicated by these financial reports, the cooperative has completed another successful year of operation in the gas and electric operations.

Our independent auditor, Harris Group, has confirmed that the financial statements and records presented to them accurately reflect the financial position of the cooperative. The reports of the results of our operations are in conformity with generally accepted accounting principles.

It has been my pleasure to serve as treasurer over the last nine years.

Daryl Peterson, Treasurer

Statement of Operations

	2016	2017
OPERATING REVENUES	\$43,134,964	\$42,909,614
OPERATING EXPENSES		
Cost of Purchased Power	24,382,270	24,003,855
Operations & Maintenance Expense	10,196,423	10,006,233
Depreciation	3,679,291	3,748,845
Interest	2,443,147	2,464,041
Taxes	1,124,918	1,138,899
Total Operating Expenses	<u>41,826,049</u>	<u>41,361,873</u>
Member Capital Contribution	1,308,915	1,547,741
NON-OPERATING MARGINS		
Capital Credits—G&T and Other	2,166,013	1,612,186
Non-Operating Margins - Other	<u>(181,406)</u>	<u>(14,374)</u>
NET MARGINS	3,293,522	3,145,553

Balance Sheet

ASSETS		
Total Utility Plant	136,969,890	140,272,009
Accumulated Depreciation	(60,747,421)	(63,737,119)
Net Utility Plant	76,222,469	76,534,890
Investments in Associated Organizations	24,733,009	24,644,319
Cash & Cash Equivalents	3,494,617	2,971,080
Accounts Receivable	4,645,457	4,648,383
Materials & Supplies	1,508,895	1,460,638
Other Assets	397,673	347,401
Deferred Debits	<u>221,083</u>	<u>236,795</u>
Total Assets	111,223,203	110,843,506
EQUITIES & LIABILITIES		
Margins & Equities		
Patronage Capital	52,470,101	53,531,597
Other Equities	<u>(1,319,079)</u>	<u>(\$253,082)</u>
Total Margins & Equities	51,151,022	53,278,515
Liabilities		
Long Term Debt	50,609,285	48,874,610
Notes Payable	0	0
Accounts Payable	9,136,001	8,661,137
Other Current & Accrued Liabilities	326,895	29,244
Total Liabilities	<u>60,072,181</u>	<u>57,564,991</u>
TOTAL EQUITIES & LIABILITIES	111,223,203	110,843,506