

Presque Isle Electric & Gas Co-op
MEMBER REGULATION MEETING
March 24, 2015

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on March 24, 2015 at PIE&G headquarters in Onaway, Michigan. Chairman Brown called the meeting to order at 9:00 a.m.

The Pledge of Allegiance was recited.

Roll call was taken with Directors, Berg, Borowicz, Brown, Knopf, Krajniak, Peterson, Smith, Wegmeyer 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 Krzywiecki. Also in attendance was Manager of Member Services Maire Chagnon-Hazelman.

Public Act 167 of 2008: The Electric Cooperative Member Regulation Act: CEO Burns provided a summary of PA 167 and highlighted the process and rationale for becoming member regulated.

GUESTS & MEMBER COMMENT

Mr. John Chappa and Ms. Patricia Reider Chappa were in attendance. Mr. Chappa stated that he was there to learn about the proposed rate changes.

ACTION ITEMS

CFO Sobeck indicated there were six (6) items for the board's consideration and action and referred to the information distributed earlier.

1. **Reconcile 2014 Power Supply Cost Recovery (PSCR) Factor Collections:** It was reported that PIE&G experienced an over-collection of power supply costs for the 12 month period ending December 31, 2014 which will result in a reduced factor for 2015. ***A motion was made by Peterson, supported by Knopf, to accept management's 2014 Electric PSCR factor collection analysis, which indicates an over-collection of \$213,683.61 and directs management to continue refunding this amount to the membership through the use of the 2015 PSCR factor. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2015 MR-01 attached.)***

2. **Review and accept the 2014 Electric Operations TIER Analysis:** The TIER analysis for the 2014 operating year indicated an adjusted TIER of 2.13, which falls within the TIER range of 1.6 to 2.2. ***A motion was made by Berg, supported by Borowicz, to accept management's 2014 Electric TIER analysis that indicated an adjusted TIER of 2.13 and no adjustment in***

revenue is required. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2015 MR-02 attached.)

3. **Approve Revised Controlled Energy Tariffs:** Wolverine Power Cooperative (WPC) has received approval to revise its energy tariffs from the Federal Energy Regulatory Commission. Management is recommending changes to its current tariffs to align with WPC's wholesale energy tariffs. Discussion ensued regarding the proposed changes and the length of a grace period. **A motion was made by Knopf, supported by Krajniak, to approve revising its controlled energy tariffs by closing the CWH, CH, and PCH tariffs to new enrollees following a reasonable grace period; allowing service on CWH to continue until such time as the account changes membership, the equipment is removed or Wolverine no longer provides credits, whichever is first; transitioning members on the CH and PCH tariffs to the new EEH tariff until such time as the account changes memberships, the equipment is removed, or Wolverine no longer provides credit, which ever is first; and discontinuing credits for controlled oil-related loads. The PIE&G board directs management to amend the Electric Rate Book to reflect these changes. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2015 MR-03 attached.)**
4. **Adopt an Efficient Electric Heat (EEH) Tariff:** Management is recommending the adoption of a new Efficient Electric Heat (EEH) tariff to align with Wolverine Power Cooperative's wholesale energy tariffs. Discussion ensued regarding the effective date and credit amount. **A motion was made by Berg, supported by Wozniak, to approve the adoption of an Efficient Electric Heat (EEH) tariff that aligns with Wolverine's tariff and directs management to include an EEH tariff in the Cooperative's Electric Rate Book. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2015 MR-04 attached.)**
5. **Approve Revisions to the Cooperative's Special Charges:** The proposed changes affect special charges and line extension fees. **A motion was made by Berg, supported by Peterson, to amend the Electric Rate Book to reflect the Special Charges assessed to members be set as presented and directs management to amend the Electric Rate Book to reflect these changes. A roll call vote was taken with eight (8) directors voting in the affirmative and 1 director (Wegmeyer) voting against. Motion carried by a 8-1 vote. (Refer to Board Resolution 2015 MR-05 attached.)**
6. **Approve Revisions to the Cooperative's Aid to Construction Charges:** The board has been reviewing this topic for the last eighteen (18) months. The proposed rates are for residential electric service only. Discussion ensued regarding the review process and the date to accomplish same; rates reflected

are for typical services (1000 ft. or less). Non-typical services (over 1000 ft.) are billed at time and material. **A motion was made by Borowicz, supported by Smith, to approve revisions to the Aid to Construction charges assessed to members requesting new residential electric service as presented; directs management to amend its Electric Rate Book; and requests management to conduct an annual review of the Aid to Construction charges by May 1 and recommend to the Board any changes necessary to more accurately align the Charges with the target recovery of 40% of the cost of construction for new residential electric service. A roll call vote was taken with seven (7) directors voting in the affirmative and two (2) directors (Berg and Wegmeyer) voting against. Motion carried by a 7-2 vote. (Refer to Board Resolution 2015 MR-06 attached.)**

There being no further business to come before the board, Chairman Brown adjourned the meeting at 10:00 a.m.



John F. Brown, Chairman



David W. Smith, Secretary

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