

**Presque Isle Electric & Gas Co-op**  
**SPECIAL BOARD MEETING**  
**March 27, 2018**

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on March 27, 2018 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 Arbour, Berg, Borowicz, Brown, Knopf, Krajniak, Lucas, Peterson and Wozniak present. A quorum was present. Also attending were Chief Executive Officer Sobeck, Chief Financial Officer Stempky, Attorney Ekdahl, Operations Manager Szymoniak, Information Systems Manager Kieliszewski, Director of Administration & Controller Cryderman, Director of Communications & Member Services Chagnon-Hazelman, IT SEC/CSS Specialist Hartung and Executive Assistant DeMaestri.

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

**REVIEW ITEMS**

CFO Sobeck indicated there were two (2) items for the board's consideration and discussed the following;

1. **Reconcile 2017 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, 2017 in the amount of 191,081.53 and management is currently refunding this amount to the membership through the use of the 2018 PSCR Factor. Discussion ensued.
2. **Review and accept the 2017 Electric Operations TIER Analysis:** The TIER analysis for the 2017 electric operating year indicated an adjusted TIER of 1.60, which falls within the TIER range of 1.60 to 2.20. No adjustment in revenue and/or rates is required.

**GUESTS & MEMBER COMMENT**

No guests or members were in attendance.

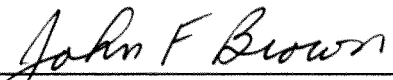
**ACTION ITEMS**


1. **Reconcile 2017 Power Supply Cost Recovery (PSCR) Factor Collections:** *A motion was made by Knopf, supported by Wozniak, to accept management's 2017 Electric PSCR Factor reconciliation analysis, which indicates an over-collection of \$191,081.53 and directs management to continue refunding this amount to the membership through the use of the 2018 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 2018 MR-01 attached.)***

- 2. Review and accept the 2017 Electric Operations TIER Analysis: A motion was made by Borowicz, supported by Knopf, to accept management's 2017 Electric TIER analysis that indicates an adjusted TIER of 1.60 and no adjustment in revenue and/or rates 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 2018 MR-02 attached.)***

There being no further business to come before the board, Chairman Brown adjourned the meeting at 9:09 a.m.

  
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John F. Brown, Chairman

  
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Sandra Borowicz, Secretary

/ddm

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
MARCH 27, 2018**

**RESOLUTION 2018-MR-01  
2017 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, charges, accounting standards, billing practices, and terms and conditions of service are under authority of the board of directors and not the Michigan Public Service Commission (MPSC); and

**WHEREAS**, PIE&G staff has reviewed the 2017 PSCR Factor reconciliation exhibits with the Board of Directors; and

**WHEREAS**, the 2017 PSCR Factor reconciliation indicates that PIE&G has experienced a cumulative over-collection of power supply costs of \$191,081.53 for the 12 month period ending December 31, 2017; and

**WHEREAS**, PIE&G has incorporated the over-collection of \$191,081.53 into its 2018 PSCR Factor application.

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management's 2017 ELECTRIC PSCR Factor reconciliation analysis, which indicates an over-collection of \$191,081.53 and directs management to continue refunding this amount from the membership through the use of the 2018 PSCR Factor.

**CERTIFICATION**

I, Sandra Borowicz, 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 27, 2018.

By: *Sandra Borowicz*  
Sandra Borowicz, Secretary

Dated: *March 27, 2018*

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
MARCH 27, 2018**

**RESOLUTION 2018-MR-02  
2017 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, charges, accounting standards, billing practices, and terms and conditions of service are under authority of the board of directors and not the Michigan Public Service Commission (MPSC); 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 1.60 to 2.20, and PIE&G's management has reviewed with the Board of Directors and established that the TIER calculation for the 2017 operating year indicates an adjusted TIER of 1.60.

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management's 2017 ELECTRIC TIER analysis that indicates an adjusted TIER of 1.60 and no adjustment in revenue is required.

**CERTIFICATION**

I, Sandra Borowicz, 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 27, 2018.

By: Sandra Borowicz  
Sandra Borowicz, Secretary

Dated: March 27, 2018