

**PRESQUE ISLE ELECTRIC & GAS CO-OP
SPECIAL BOARD MEETING
9 A.M. May 28, 2019**

AGENDA

Call to Order – Chairman Brown

Roll Call

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

Review Items:

1. Accept 2018 Electric Operations TIER Analysis
2. Implement Revenue Increase to Specific Rate Classes
3. Electric Rate Design

Member Comment – CEO Sobeck

Action Items:

1. Accept 2018 Electric Operations TIER Analysis
2. Approve Revenue Increase to Specific Rate Classes
3. Approve the Recommended Rate Design for Each Rate Class

Adjournment

Presque Isle Electric & Gas Co-op
Proposed Rate, Tariff and Billing Rules Changes
Open Member Meeting: May 28, 2019

Page 1

Proposed Changes At A Glance

- | | | |
|--|--|--|
| 1. Review and accept the 2018 TIER Analysis and approve a revenue increase of \$617,401.00 | 2. Approve the application of the 2019 revenue increase to the Monthly, Seasonal, General Service, Large General Service, Primary Service and Outdoor Lighting Rate Classes. | 3. Review and approve the distribution rate design per management's recommendation
4. Consider revisions to the Cooperative's Billing Rules |
|--|--|--|

2. Review and accept the 2018 TIER Analysis and approve a revenue increase of \$617,401

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o The TIER analysis based upon the 2018 operating year indicates an Adjusted TIER of 1.40. Management has reviewed this analysis with the board of directors. 	<ul style="list-style-type: none"> o Accept the 2018 TIER analysis which indicates an Adjusted TIER of 1.40 and a revenue increase of \$617,401 is necessary to return to a TIER of 1.80.* <p style="margin-top: 20px;">*Note that the TIER Analysis indicates an increase of \$617,375 however, when applying the increases across all rate classes the result in an increase of \$617,401.</p>	<ul style="list-style-type: none"> o Management recommends acceptance of the 2018 TIER analysis and approval of the request to increase revenue by \$617,401

3. Review and approve management's request to implement the revenue increase on the Monthly, Seasonal, General Service, Large General Service, Primary Service and Outdoor Lighting

Existing Situation	Proposed Change	Management Recommends																												
<div><div><div><div><div><div></div><div>The board has approved an increase in revenue of \$617,401 based upon the 2018 TIER analysis.</div></div></div><div><div><div></div><div>Management has presented updated Cost of Service Study exhibits which indicate that there continue to be subsidies between rate classes.</div></div></div><div><div><div></div><div>PIE&G Board Policy No. 307 provides that the cooperative will design energy rates in a manner that allocates costs across rate classes in an equitable manner and minimizes subsidies between rate classes.</div></div></div><div><div><div></div><div>The Cost of Service Study indicates there continues to be a need to increase the revenue requirement and rates of the Monthly, Seasonal, General Service, Large General Service, Primary Service and Outdoor Lighting rate classes.</div></div></div></div></div></div>	<div><div><div><div><div><div></div><div>The proposed revenue/rate increase should be allocated to the Monthly, Seasonal, General Service, Large General Service, Primary Service and Outdoor Lighting rate classes in the following manner.</div></div></div><div><div><div></div><div><table><tr><td>Residential Monthly</td><td>\$444,413</td></tr><tr><td>Residential Seasonal</td><td>\$109,889</td></tr><tr><td>General Service</td><td>\$ 30,906</td></tr><tr><td>Large General Service</td><td>\$ 4,225</td></tr><tr><td>Primary Service</td><td>\$ 14,539</td></tr><tr><td>Outdoor Lighting</td><td>\$ 13,429</td></tr><tr><td>Total</td><td>\$617,401</td></tr></table></div></div></div></div></div></div>	Residential Monthly	\$444,413	Residential Seasonal	\$109,889	General Service	\$ 30,906	Large General Service	\$ 4,225	Primary Service	\$ 14,539	Outdoor Lighting	\$ 13,429	Total	\$617,401	<div><div><div><div><div><div></div><div>Implementation of the revenue/rate increase to the following rate classes</div></div></div><div><div><div></div><div><table><tr><td>Residential Monthly</td><td>\$444,413</td></tr><tr><td>Residential Seasonal</td><td>\$109,889</td></tr><tr><td>General Service</td><td>\$ 30,906</td></tr><tr><td>Large General Service</td><td>\$ 4,225</td></tr><tr><td>Primary Service</td><td>\$ 14,539</td></tr><tr><td>Outdoor Lighting</td><td>\$ 13,429</td></tr><tr><td>Total</td><td>\$617,401</td></tr></table></div></div></div></div></div><div><div><div><div><div><div></div><div>Implementation of the revenue/rate increase be effective with bills rendered on or after September 1, 2019</div></div></div></div></div></div></div>	Residential Monthly	\$444,413	Residential Seasonal	\$109,889	General Service	\$ 30,906	Large General Service	\$ 4,225	Primary Service	\$ 14,539	Outdoor Lighting	\$ 13,429	Total	\$617,401
Residential Monthly	\$444,413																													
Residential Seasonal	\$109,889																													
General Service	\$ 30,906																													
Large General Service	\$ 4,225																													
Primary Service	\$ 14,539																													
Outdoor Lighting	\$ 13,429																													
Total	\$617,401																													
Residential Monthly	\$444,413																													
Residential Seasonal	\$109,889																													
General Service	\$ 30,906																													
Large General Service	\$ 4,225																													
Primary Service	\$ 14,539																													
Outdoor Lighting	\$ 13,429																													
Total	\$617,401																													

**4. Approved increases to the kWh charges for Residential Monthly, Seasonal, General Service
Large General Service, Primary Service and Outdoor Lighting**

Existing Situation	Proposed Change	Management Recommends																																																																														
o The cooperative has approved increases to the Residential Monthly, Seasonal General Service, Large General Service, Primary Service and Outdoor Lighting rate classes.	o The cooperative has approved increases in the following manner.	o The cooperative establish electric distribution rates as follows:																																																																														
	<table> <tr> <th>Rate Class</th><th>Current \$/kWh</th><th>Proposed \$/kWh</th></tr> <tr> <td>Monthly</td><td>\$ 0.02772</td><td>\$ 0.03067</td></tr> <tr> <td>Seasonal</td><td>\$ 0.07335</td><td>\$ 0.07815</td></tr> <tr> <td>General Service</td><td>\$ 0.02535</td><td>\$ 0.02609</td></tr> <tr> <td>Large General Service</td><td>\$ 0.01470</td><td>\$ 0.01548</td></tr> <tr> <td>Primary Service</td><td>\$ 0.00540</td><td>\$ 0.00646</td></tr> <tr> <td colspan="3">Outdoor Lighting - Monthly Charge</td></tr> <tr> <td>175W MV</td><td>\$ 11.40</td><td>\$ 12.48</td></tr> <tr> <td>400W MV</td><td>\$ 19.70</td><td>\$ 22.17</td></tr> <tr> <td>100W HPS</td><td>\$ 9.00</td><td>\$ 9.62</td></tr> <tr> <td>250W HPS</td><td>\$ 14.80</td><td>\$ 16.35</td></tr> <tr> <td>40W LED T5</td><td>\$ 6.80</td><td>\$ 7.05</td></tr> <tr> <td>70W LED T3/T5</td><td>\$ 7.70</td><td>\$ 8.13</td></tr> </table>	Rate Class	Current \$/kWh	Proposed \$/kWh	Monthly	\$ 0.02772	\$ 0.03067	Seasonal	\$ 0.07335	\$ 0.07815	General Service	\$ 0.02535	\$ 0.02609	Large General Service	\$ 0.01470	\$ 0.01548	Primary Service	\$ 0.00540	\$ 0.00646	Outdoor Lighting - Monthly Charge			175W MV	\$ 11.40	\$ 12.48	400W MV	\$ 19.70	\$ 22.17	100W HPS	\$ 9.00	\$ 9.62	250W HPS	\$ 14.80	\$ 16.35	40W LED T5	\$ 6.80	\$ 7.05	70W LED T3/T5	\$ 7.70	\$ 8.13	<table> <tr> <th>Rate Class</th><th>Current \$/kWh</th><th>Proposed \$/kWh</th></tr> <tr> <td>Monthly</td><td>\$ 0.02772</td><td>\$ 0.03067</td></tr> <tr> <td>Seasonal</td><td>\$ 0.07335</td><td>\$ 0.07815</td></tr> <tr> <td>General Service</td><td>\$ 0.02535</td><td>\$ 0.02609</td></tr> <tr> <td>Large General Service</td><td>\$ 0.01470</td><td>\$ 0.01548</td></tr> <tr> <td>Primary Service</td><td>\$ 0.00540</td><td>\$ 0.00646</td></tr> <tr> <td colspan="3">Outdoor Lighting - Monthly Charge</td></tr> <tr> <td>175W MV</td><td>\$ 11.40</td><td>\$ 12.48</td></tr> <tr> <td>400W MV</td><td>\$ 19.70</td><td>\$ 22.17</td></tr> <tr> <td>100W HPS</td><td>\$ 9.00</td><td>\$ 9.62</td></tr> <tr> <td>250W HPS</td><td>\$ 14.80</td><td>\$ 16.35</td></tr> <tr> <td>40W LED T5</td><td>\$ 6.80</td><td>\$ 7.05</td></tr> <tr> <td>70W LED T3/T5</td><td>\$ 7.70</td><td>\$ 8.13</td></tr> </table>	Rate Class	Current \$/kWh	Proposed \$/kWh	Monthly	\$ 0.02772	\$ 0.03067	Seasonal	\$ 0.07335	\$ 0.07815	General Service	\$ 0.02535	\$ 0.02609	Large General Service	\$ 0.01470	\$ 0.01548	Primary Service	\$ 0.00540	\$ 0.00646	Outdoor Lighting - Monthly Charge			175W MV	\$ 11.40	\$ 12.48	400W MV	\$ 19.70	\$ 22.17	100W HPS	\$ 9.00	\$ 9.62	250W HPS	\$ 14.80	\$ 16.35	40W LED T5	\$ 6.80	\$ 7.05	70W LED T3/T5	\$ 7.70	\$ 8.13
Rate Class	Current \$/kWh	Proposed \$/kWh																																																																														
Monthly	\$ 0.02772	\$ 0.03067																																																																														
Seasonal	\$ 0.07335	\$ 0.07815																																																																														
General Service	\$ 0.02535	\$ 0.02609																																																																														
Large General Service	\$ 0.01470	\$ 0.01548																																																																														
Primary Service	\$ 0.00540	\$ 0.00646																																																																														
Outdoor Lighting - Monthly Charge																																																																																
175W MV	\$ 11.40	\$ 12.48																																																																														
400W MV	\$ 19.70	\$ 22.17																																																																														
100W HPS	\$ 9.00	\$ 9.62																																																																														
250W HPS	\$ 14.80	\$ 16.35																																																																														
40W LED T5	\$ 6.80	\$ 7.05																																																																														
70W LED T3/T5	\$ 7.70	\$ 8.13																																																																														
Rate Class	Current \$/kWh	Proposed \$/kWh																																																																														
Monthly	\$ 0.02772	\$ 0.03067																																																																														
Seasonal	\$ 0.07335	\$ 0.07815																																																																														
General Service	\$ 0.02535	\$ 0.02609																																																																														
Large General Service	\$ 0.01470	\$ 0.01548																																																																														
Primary Service	\$ 0.00540	\$ 0.00646																																																																														
Outdoor Lighting - Monthly Charge																																																																																
175W MV	\$ 11.40	\$ 12.48																																																																														
400W MV	\$ 19.70	\$ 22.17																																																																														
100W HPS	\$ 9.00	\$ 9.62																																																																														
250W HPS	\$ 14.80	\$ 16.35																																																																														
40W LED T5	\$ 6.80	\$ 7.05																																																																														
70W LED T3/T5	\$ 7.70	\$ 8.13																																																																														

5. Consider Revisions to the Cooperative's Billing Rules

Existing Situation		
o The cooperative has no recommended changes to its Billing Rules at this time.		

PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
May 28, 2019

RESOLUTION 2019-MR02
2018 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 for a TIER range of 1.6 to 2.2 with a Target TIER of 1.8 and PIE&G has established that the TIER calculation for the 2018 operating year indicates an adjusted TIER of 1.40; and

WHEREAS, an adjusted TIER of 1.40 falls outside the "Quiet Zone"; and

WHEREAS, a revenue increase of \$617,401 is required to achieve a 1.8 Target TIER;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's 2018 ELECTRIC TIER analysis, which indicates a revenue increase of \$617,401 is required to achieve a Target TIER of 1.8.

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 May 28, 2019.

By: _____
Sandra Borowicz, Secretary

Dated: _____

PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
May 28, 2019

RESOLUTION 2019-MR03
2019 ELECTRIC RATE REVENUE REQUIREMENTS

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 has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented to in a manner that allocates cost across rate classes in an equitable manner and minimizes subsidies between rate classes; and;

WHEREAS, PIE&G has established that the 2018 TIER Analysis provides for an increase of \$617,401 to achieve a Target TIER of 1.8; and

WHEREAS, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist between rate classes; and

WHEREAS, PIE&G desires to develop and implement distribution rates across rate classes in an equitable manner and minimize subsidies between rate classes;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors directs management to implement electric rate increases to the residential monthly, seasonal, general service, large general service, primary service and outdoor lighting rate classes in the following manner effective with bills rendered on or after September 1, 2019:

Residential Monthly Total Increase	\$ 444,413
Residential Seasonal Total Increase	\$ 109,889
General Service	\$ 30,906
Large General Service	\$ 4,225
Primary Service	\$ 14,539
Outdoor Lighting Total Increase	\$ 13,429

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 May 28, 2019.

By: _____
Sandra Borowicz, Secretary

Dated: _____

PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
May 28, 2019

RESOLUTION 2019-MR04
2019 ELECTRIC RATE DESIGN

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 has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented in a manner that phases out intentional subsidies within rate classes and minimizes subsidies between classes; and

WHEREAS, PIE&G has established that the 2012 TIER Analysis provides for an increase of \$617,401 to achieve a Target TIER of 1.8; and

WHEREAS, PIE&G has established that the increase of \$617,401 is to be implemented on the Residential Monthly, Seasonal, General Service, Large General Service, Primary Service and Outdoor Lighting rate classes; and

WHEREAS, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist within rate classes;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors directs management to implement electric distribution rate increases to the residential monthly, seasonal, general service, large general service, primary service and outdoor lighting rate classes in the following manner effective with bills rendered on or after September 1, 2019:

Residential Monthly	distribution charge	\$0.03067 per kWh
Residential Seasonal	distribution charge	\$0.07815 per kWh
General Service	distribution charge	\$0.02535 per kWh
Large General Service	distribution charge	\$0.01548 per kWh
Primary Service	distribution charge	\$0.00646 per kWh
Outdoor Lighting	175W MV	\$ 12.00 per month
	400W MV	\$ 21.74 per month
	100W HPS	\$ 8.55 per month
	250W HPS	\$ 14.68 per month
	40W LED T5	\$ 7.05 per month
	70W LED T3/T5	\$ 8.13 per month

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 May 28, 2019.

By: _____
Sandra Borowicz, Secretary

Dated: _____

TEST YEAR MARGINS AND INTEREST
12 MONTHS ENDED DECEMBER 31, 2018

	<u>Operating Margins</u>	<u>Total Margins</u>	<u>Interest</u>
December 31, 2018	\$ 393,862 ¹	\$ 1,679,465 ²	\$1,537,520 ³

¹ From December 2018 Form 7, Part 1A, line 20, *Patronage Capital and Operating Margins*.

² From December 2018 Form 7, Part 1A, line 28, *Patronage Capital*.

³ From December 2018 Form 7, Part 1A, line 15, *Interest on Long Term Debt*.

ADJUSTED TOTAL MARGINS

<u>Step One:</u>	Unadjusted Total Margins	\$ 1,679,465 ⁴
<u>Step Two:</u>	Add Back Net Loss From Equity Investments	\$ 488,366 ⁵
	Less G&T Capital Credits Allocated/Not Paid	\$(1,486,730) ⁶
	Less Other Capital Credits Allocated/Not Paid	\$(65,290) ⁷

(continued on next page)

⁴ From Exhibit A-2.

⁵ From December 2018 Form 7, page 1, column (b), line 23, "Income (Loss) from Equity Investments" includes a \$488,366 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 \$488,366.

⁶ From December 2018 Form 7, page 1, column (b), line 25a, "Generation and Transmission Capital Credits" + Line 25b, "G&T Capital Credits – PSDFC".

⁷ From December 2018 Form 7, page 1, column (b), line 26, "Other Capital Credits and Patronage Dividends", i.e. \$198,493 less \$133,203. The \$133,203 is comprised of the following declared and paid other capital credits or patronage dividends.

NRUCFC	\$ 70,556
COBANK	\$ 7,557
NISC	\$ 5,785
CRC	\$ 318
RESCO	\$ 48,987
Total	\$ <u>133,203</u>

ADJUSTED TOTAL MARGINS
(continued from prior page)

<u>Step Three:</u> Add: Issued Capital Credits/Past Years' Allocations	\$ 1,594,069
Less General Capital Credit Retired to Members	\$(724,509)
<u>Step Four:</u> Less Member Remaining Capital Credits Retired	\$(872,730) ⁸
Adjusted Total Margins	\$ 612,641

⁸ Presque Isle actually retired remaining capital credits in the amount of \$1,677,037 however, the reduction allowed in Step 4 cannot be used to reduce the Adjusted TIER below the floor of 1.60.

CALCULATION OF REQUIRED TIER REVISION

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

$$\text{Interest} = \$1,537,520^9$$

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \$1,537,520 \text{ Interest}}{\$1,537,520 \text{ Interest}}$$

$$\text{Necessary Margins} = \$1,230,016$$

Target TIER:

$$1.8 \text{ TIER} = \frac{\$1,230,016 \text{ Necessary Margin} + \$1,537,520 \text{ Interest}}{\$1,537,520 \text{ Interest}}$$

Actual Adjusted Total TIER:

$$\text{TIER} = \frac{\$612,641^{10} + \$1,537,520 \text{ Interest}}{\$1,537,520 \text{ Interest}} = 1.40 \text{ TIER}$$

Based on Adjusted Total TIER of 1.40, an increase of \$617,375 or 1.76% is required.

⁹ From Exhibit A-2.

¹⁰ From Exhibit A-3.

RECONCILIATION OF OPERATING AND TOTAL MARGINSLine No.

1	Operating Margins	\$	393,862 ¹¹
2	Other Income		
3	a. Non Operating Margins – Interest	\$	68,349 ¹²
	b. Income from Equity Investments	\$	(471,140) ¹³
	c. Non Operating Margins – Other	\$	0 ¹⁴
	d. G&T Capital Credits	\$	1,489,900 ¹⁵
	Other Capital Credits and Patronage Dividends	\$	<u>198,493</u> ¹⁶
3.	Total Additions to Operating Margins	\$	1,285,602
4	Total Margins	\$	1,679,465

¹¹ From Exhibit A-2.

¹² From December 2018 Form 7, Part 1A, line 21, “*Non Operating Margins – Interest*”.

¹³ From December 2018 Form 7, Part 1A, line 23, “*Income(Loss) from Equity Investments*”.

¹⁴ From December 2018 Form 7, Part 1A, line 24, “*Non Operating Margins – Other*”.

¹⁵ From December 2018 Form 7, Part 1A, line 25a, “*Generation and Transmission Capital Credits*”.

¹⁶ From December 2018 Form 7, Part 1A, line 26, “*Other Capital Credits and Patronage Dividends*”.

CALCULATION OF REQUIRED AND REQUESTED INCREASELine No.

1	Required \$ Increase Per Exhibit A-4	\$ 617,375
2	2018 Revenue from Electric Sales	\$ 35,145,650 ¹⁷
3	Required % Increase	1.76%
4	2018 kWh Sales	247,825,873 ¹⁸
5	Average Mills Per kWh Increase	2.49 mills per kWh

¹⁷ From December 2018 Form 7, Page 5, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total Sales of Electric Energy, dollars.

¹⁸ From December 2018 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.

DocuSigned by:

Randy Stempky

3/20/2019

Signature of Chief Financial Officer

Date

Thomas Sobek

3/20/2019

Signature of Chief Executive Officer

Date

PART 1A - STATEMENT OF ELECTRICAL OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2018

RUS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2017	2018	BUDGET	
1.	Operating Revenue - Electric	35,617,160	36,281,323	35,419,092	2,924,653
1.					
	Total Revenue	35,617,160	36,281,323	35,419,092	2,924,653
3.	Cost of Purchased Energy - Electric	20,722,593	20,933,066	20,574,235	1,672,024
3.					
	Total Cost of Energy Sold	20,722,593	20,933,066	20,574,235	1,672,024
	Gross Revenues	14,894,568	15,348,257	14,844,857	1,252,629
5.	Distribution Expense - Operation	1,056,367	1,268,600	1,253,044	79,132
6.	Distribution Expense - Maintenance	3,593,859	4,050,076	4,188,339	360,105
7.	Consumer Accounts Expense	1,377,122	1,597,765	1,681,105	106,854
8.	Customer Service and Informational Expens	803,051	844,751	917,774	35,299
10.	Administrative and General Expense	1,485,628	1,609,085	1,588,700	139,523
	Total Operation & Maintenance Expense	8,316,027	9,370,276	9,628,962	720,913
12.	Depreciation & Amortization Expense	3,019,129	3,086,468	3,089,396	257,517
13.	Tax Expense - Property & Gross Receipts	873,652	898,771	872,598	133,372
14.	Tax Expense - Other	1,052	1,060	1,733	9
15.	Interest on Long-Term Debt	1,587,376	1,537,520	1,791,330	147,022
17.	Interest Expense - Other	20,045	59,301	15,524	7,100
18.	Other Deductions	1,000	1,000	0	0
	Total Cost of Operations	13,818,280	14,954,395	15,399,543	1,265,932
20.	Patronage Capital & Operating Margins	1,076,287	393,862	(554,686)	(13,303)
21.	Non-Operating Margins - Interest	69,171	68,349	51,429	1,598
23.	Income (Loss) from Equity Investments	(102,178)	(471,140)	(263,241)	(114,797)
24.	Non-Operating Margins - Other	0	0	0	0
25.a	Generation and Transmission Capital Credit	1,340,933	1,486,730	1,300,000	1,486,730
25.b	G & T Capital Credits - PSDFC	0	0	0	0
26.	Other Capital Credits and Patronage Dividen	199,893	198,493	195,652	18,500
27.	Extraordinary Items See attached sheet	0	0	0	0
28.	Patronage Capital	2,584,106	1,676,295	729,154	1,378,728
	Net T.I.E.R.	2.61	2.05		
	Operating T.I.E.R.	1.67	1.25		

PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2017	2018
1. New Services Connected	213	245
2. Services Retired	88	27
3. Total Services in Place	35,780	36,050
4. Idle Services (Excl Seasonal)	2,312	2,400
5. Miles Distribution - Overhead	3,838	3,841
6. Miles Distribution - Underground	1,051	1,068
7. Total Miles Energized (5 + 6)	4,889	4,908

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

PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2018

RUS Form 7 Line Number	ASSETS AND OTHER DEBITS	RUS Form 7 Line Number	LIABILITIES AND OTHER CREDITS
1a.	Utility Plant in Service - Electric 108,812,471	30a.	Memberships - Electric 260,060
1b.	Utility Plant in Service - Gas 43,379,841	30b.	Memberships - Gas 25,205
1.	Utility Plant in Service - Combined 152,192,312	30.	Memberships - Combined 285,265
2a.	Construction Work in Progress - Electric 865,356	31a.	Patronage Capital - Electric 41,275,861
2b.	Construction Work in Progress - Gas 148,846	31b.	Patronage Capital - Gas 6,486,821
2.	Construction Work in Progress - Combined 1,014,201	31.	Patronage Capital - Combined 47,762,682
3a.	Total Utility Plant (1 + 2) - Electric 109,677,827	32a.	Operating Margins - Prior Years - Electric (253,082)
3b.	Total Utility Plant (1 + 2) - Gas 43,528,687	32b.	Operating Margins - Prior Years - Gas 0
3.	Total Utility Plant - Combined 153,206,513	32.	Operating Margins - Prior Years - Combined (253,082)
4a.	Accumulated Provision for Depreciation - Electric 56,718,916	33a.	Operating Margins - Current Year - Electric 393,862
4b.	Accumulated Provision for Depreciation - Gas 10,427,978	33b.	Operating Margins - Current Year - Gas 827,536
4.	Accum. Provision for Depreciation - Combined 67,146,894	33.	Operating Margins - Current Year - Combined 1,221,399
5a.	Net Utility Plant (3 - 4) - Electric 52,958,911	34a.	Non Operating Margins - Electric 1,282,433
5b.	Net Utility Plant (3 - 4) - Gas 33,100,708	34b.	Non Operating Margins - Gas 63,178
5.	Net Utility Plant - Combined 86,059,619	34.	Non Operating Margins - Combined 1,345,611
7.	Investments in Subsidiary Companies 0	35a.	Other Margins and Equities - Electric 3,598,250
8.a	Invest. in Assoc. Org- Patronage Capital - WPC 20,379,590	35b.	Other Margins and Equities - Gas 7,179
8.b	Invest. in Assoc. Org- Patronage Capital - Other 5,309,166	35.	Other Margins and Equities - Combined 3,605,429
9.	Invest. in Assoc. Org. - Other - General Funds 4,800	36a.	Total Margins and Equities (30 thru 35) - Electric 46,557,385
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds 1,500,225	36b.	Total Margins and Equities (30 thru 35) - Gas 7,409,919
11.	Invest. in Economic Development Projects 0	36.	Total Margins and Equities (30 thru 35) - Combined 53,967,304
12.	Other Investments 0	37.	Long Term Debt - RUS (Net)
13.	Restricted Funds 0		(Payments-Unapplied \$ -0-) 0
14.	Total Other Property and Investments (6 thru 13) 27,193,781	38.	Long Term Debt - RUS - Econ. Dev. (Net) 0
15.	Cash - General Funds 1,210,125	39.	Long Term Debt - Other - RUS Guaranteed 0
16.	Cash - Construction Funds 0	40.	Long Term Debt - Other (Net) 58,272,209
17.	Special Deposits 0	41.	Total Long Term Debt (37 thru 40) 58,272,209
18.	Temporary Investments 1,609,260	42.	Obligations Under Capital Leases 0
19.	Notes Receivable - Net 0	43.	Deferred Compensation 0
20.	Accounts Receivable - Net Sales of Energy 4,203,386	44.	Total Other Non Current Liabilities (42+43) 0
21.	Accounts Receivable - Net Other 295,032	45.	Line of Credit Balance Due 2,500,000
22.	Materials and Supplies - Electric and Other 1,945,684	46.	Accounts Payable 2,755,927
23.	Prepayments 373,934	47.	Consumers Deposits 596,468
24.	Other Current and Accrued Assets 0	48.	Other Current and Accrued Liabilities 5,140,316
25.	Total Current and Accrued Assets (15 thru 24) 9,637,421	49.	Total Current and Accrued Liabilities (45 thru 48) 10,992,711
26.	Regulatory Assets 0	50.	Deferred Credits
27.	Other Deferred Debits 341,403	51.	Accumulated Deferred Income Taxes 0
28.	Accumulated Deferred Income Taxes 0	52.	Total Liabilities and Other Credits
29.	Total Assets and Other Debits (5 + 14 + 25 thru 28) 123,232,224		(36+41+44+49 thru 51) 123,232,224
			<i>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</i>
		53.	Balance Beginning of the Year - Electric 21,653,464
		54.	Balance Beginning of the Year - Gas 4,660,838
		55.	Balance Beginning of the Year - Gas AER 1,054,511
			Amount Received This Year (Net) - Electric 635,199
			Amount Received This Year (Net) - Gas 108,053
			Amount Received This Year (Net) - Gas AER
			Total Contributions in Aid of Construction - Electric 22,288,663
			Total Contributions in Aid of Construction - Gas 4,768,891
			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, 2018

BALANCE SHEET RATIOS

Current Assets to Current Liabilities	- Combined	87.67 %
Margins & Equities as % of Assets	- Combined	43.79 %
Long Term Debt as % of Net Utility Plant	- Combined	67.71 %
Long Term Debt as % of Plant	- Combined	38.04 %
Modified Debt Service Coverage Ratio	- Combined	2.04

CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service A.	kWh Sold B.	Amount C.	Number of Minimum Bills D.
Sales - Residential	17,641	12,259,920	1,697,954	999
Sales - Seasonal	13,540	2,895,215	681,677	15,608
Sales - General Service - Oil	469	440,136	56,014	80
Sales - Irrigation	26	7,528	1,514	16
Sales - General Service	1,555	2,499,667	300,962	205
Sales - Large Power - Oil	9	124,467	13,401	
Sales - Large Power	41	2,289,021	228,790	1
Sales - Public Street & Highway Lighting	38	12,270	3,845	
Sales - Public Buildings	331	358,410	44,760	44
Consumer Sales - PSCR			(150,532)	
Total Sales of Electric Energy (1 thru 11)	33,650	20,886,634	2,878,384	16,953
Other Electric Revenue			46,269	
Total (12 + 13)			2,924,653	
Last Year kWh Sales	33,468	20,650,998		

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service B.	kWh Sold Cumulative C.	Amount Cumulative D.
Sales - Residential	17,591	139,660,811	19,549,457
Sales - Seasonal	13,516	33,888,309	8,004,170
Sales - General Service - Oil	469	4,675,662	606,939
Sales - Irrigation	26	248,483	35,244
Sales - General Service	1,503	32,078,144	3,804,192
Sales - Large Power - Oil	9	1,385,237	153,078
Sales - Large Power	41	30,975,401	3,048,095
Sales - Public Street & Highway Lighting	38	158,397	46,753
Sales - Public Buildings	332	4,755,429	585,984
Consumer Sales - PSCR			(688,262)
Total Sales of Electric Energy (1 thru 11)	33,525	247,825,873	35,145,650
Other Electric Revenue			1,135,673
Total (12 + 13)			36,281,323
Last Year kWh Sales		236,535,693	

KWH AND KWH STATISTICS

ITEM	THIS MONTH	YEAR-TO-DATE
1. kWh Purchased	23,509,140	267,335,055
2. Interchange kWh-Net	562	36,752
3. Total kWh (1 + 2)	23,509,702	267,371,807
4. Total kWh-Sold	20,886,634	247,825,873
5. Office Use - **For Information Purposes Only**	25,947	247,221
6. Total Unaccounted for (3 - 4)	2,623,068	19,545,934
7. Percent System Loss (6/3)x100	11.16	7.31
8. Maximum Demand (kw)	39,407	55,233
9. Month When Maximum Demand Occurred		7

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

STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2018

	THIS YEAR	LAST YEAR
1. KWHRS Sold Per Consumer:		
a. For the Month	621	617
b. Year to Date	<u>616</u>	<u>591</u>
2. Average Monthly Bill	85.54	94.33
Average Residential Bill	<u>96.25</u>	<u>97.53</u>
3. Average Bill:		
a. Year To Date	87.36	86.25
b. YTD Residential	<u>92.61</u>	<u>89.93</u>
4. Cost Per KWHR Purchased		
a. This Month Mills	71.12	78.93
b. Year to Date Mills	<u>78.29</u>	<u>80.64</u>
5. Revenue Per KWHR Sold:		
a. This Month Mills	137.81	152.88
b. Year to Date Mills	<u>141.82</u>	<u>145.98</u>
6. Power Cost Adjustment		
a. This Month	<u>-0.000590</u>	<u>0.000870</u>
7. Number of New Members - Electric	82	68
Number of Transferred Members Added - Electric	1326	1411
7. Number of New Members - Gas	115	47
Number of Transferred Members Added - Gas	<u>144</u>	<u>151</u>
8. Security Lights Billed	<u>1941</u>	<u>1945</u>
9. Regular Payroll - Hours	13,677.00	12,198.50
Overtime Payroll - Hours	782.25	1,995.50
Total Payroll	<u>14,459.25</u>	<u>14,194.00</u>
10. Number of Employees		
Full Time	77	71
Temporary	<u>8</u>	<u>6</u>
11. Principal Paid To CFC-YTD	1,823,401.11	1,621,675.15
Interest Paid To CFC-YTD	<u>2,598,518.74</u>	<u>2,435,745.78</u>
12. Interest Paid on Line of Credit - YTD	<u>74,958.72</u>	<u>24,143.47</u>

TIER CALCULATION

CO-OP: **Presque Isle Electric & Gas Co-op**

Case:

Year: **2018**

FORM		2018	
7 LINE	ITEM	All Costs	
		\$	
	<u>Operating Revenue</u>		
	Sales of Electricity	36,281,323	
	Other	-	
1	Operating Revenue	36,281,323	
	<u>Operating Expenses</u>		
3	Cost of Purchased Energy	20,933,066	
4	Transmission Expense		
5	Distribution Expense - Operation	1,268,600	
6	Distribution Expense - Maintenance	4,050,076	
7	Consumer Accounts Expense	1,597,765	
8	Customer Service & Info. Expense	844,751	
9	Sales Expense		
10	Administrative & General Expense	1,609,085	
11	Total O & M Expense	30,303,343	
12	Depreciation & Amortization Exp.	3,086,468	
13	Tax Exp. - Property & Gross Recpts.	898,771	
14	Tax Expense - Other	1,060	
15	Interest on Long-Term Debt (mpsc)	1,537,520	
16	Interest Charged to Const. - Cr.		
17	Interest Expense - Other	59,301	
18	Other Deductions	1,000	
19	Total Cost of Operations	35,887,461	
20	Ptrng Cap. & OPERATING Margins	393,862	
21	Non-Operating Margins - Interest	68,349	
22	AFUDC		
nt lsted	Loss from Property Retirements		
23	Inc. (Loss) from Equity Investments	(471,140)	
24	Non-Operating Margins - Other	-	
25.a	Gen. & Trans. Capital Crs.	1,486,730	
25.b	G & T Capital Crs - PSDFC	-	
26	Other Capital Crs. & Patronage Div's.	198,493	
27	Extraordinary Items	-	
28	Ptrng Capital or Margins (20-27)	1,676,294	
Part II: Adjusted Margins & TIER AS FILED			
	Actual Total Margin (Ln 28)	1,676,294	
Step II	Back Out:		
	Gain/Loss from Equity Investments	488,366	
	G&T Credits, Allocated/Not Paid	(1,486,730)	
	Other Cap Crs, Allocated/Nt Pd	(65,290)	
	Weather Normalization Adjustment		
	Adjustment for Non-Operating Loss		
	Total Mrgns Less Cap. Crs. Allocation	612,640	
Step III	Add Back:		
	Estimated Storm Restoration Costs		
	Cap Crs Pd for Prior Years	1,594,069	
	Less offset of Cap Crs Retired/Members	(2,628,193)	
	Preliminary Adjusted Total Margins	(421,484)	
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	1,034,124	
	Adjusted Total Margin	612,640	
Resulting TIER:			
	Adjusted Total Margin	612,640	
	+ Interest, L/T Debt +	1,537,520	
	+ Interest, L/T Debt	1,537,520	
	= TIER	1.40	
	[Quiet zone = 1.6 - 2.2]		
Part III - Increase in Rates resulting from the 2018 PSCR/TIER Reconciliation			
Part III: Increase Calculation			
	Target TIER as per Co-op Application	1.80	
	x Interest, LT Debt	1,537,520	
	Subtotal	2,767,560	
	LESS Interest, LT Debt	(1,537,520)	
	= Target Total Margin	1,230,041	
	LESS Adjusted Total Margin	(612,640)	
	Rate Increase for Co-op's Target TIER	617,401	
	<u>Percent Increase</u>		
	Annualized (Year) Electric Sales Revenue	\$ 35,145,650	
	Percent Increase Needed for Target TIER	1.76%	
	2018 kWh Sales	247,825,873	
	Increase per kWh	0.00249	
	Average Residential Bill - kWh	662	
	Monthly Residential Increase	\$ 1.65	

**Comparison of
Present and Proposed Rate Schedules**

Present Rates

Residential Monthly Service (A)

Monthly Service Charge	\$18.00 /month
Distribution Variable Charge (All kWh)	\$0.02772 /kWh
Power Supply Energy Charge (All kWh)	\$0.08601 /kWh
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$0.00229 /kWh

Seasonal Residential Monthly Service (S)

Yearly Rate

Monthly Service Charge	\$228.00 /year
Distribution Variable Charge (All kWh)	\$0.07335 /kWh
Power Supply Energy Charge (All kWh)	\$0.08601 /kWh
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$0.00229 /kWh

General Monthly Service (GS)

Monthly Service Charge	
Single Phase	\$16.00 /month
Three Phase	\$35.00 /month
Distribution Variable Charge (All kWh)	\$0.02535 /kWh
Energy Charge	\$0.08321 /kWh
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$3.10 /month

Large General Monthly Service (LG)

Monthly Service Charge	\$50.00 /month
Distribution Demand Charge	\$1.98 /kW
Demand Charge - Power Supply	\$7.02 /kW
Distribution Variable Charge	\$0.01470 /kWh
Energy Charge	\$0.06481 /kWh
Primary Monthly Service Discount	(\$0.20) /kW
Primary Meter Discount	-2.00%
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$74.14 /month

Optional Large Power TOD Monthly Service (LPTOD)

Monthly Service Charge	\$60.00 /month
Demand Charge	
Peak Period	\$6.00 /kW
Maximum	\$6.55 /kW
Energy Charge	\$0.06951 /kWh
Primary Monthly Service Discount	(\$0.20) /kW
Primary Meter Discount	-2.00%
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$74.14 /month

Customer Owned Backup Generation (CBG)

Demand Charge	(\$2.50) /kW
---------------	--------------

Proposed Rates

Residential Monthly Service (A)

Monthly Service Charge	\$18.00 /month
Distribution Variable Charge (All kWh)	\$0.03067 /month
Power Supply Energy Charge (All kWh)	\$0.08601 /kWh
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$0.00229 /kWh

Seasonal Residential Monthly Service (S)

Yearly Rate

Monthly Service Charge	\$228.00 /year
Distribution Variable Charge (All kWh)	\$0.07815 /kWh
Power Supply Energy Charge (All kWh)	\$0.08601 /kWh
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$0.00229

General Monthly Service (GS)

Monthly Service Charge	
Single Phase	\$16.00 /month
Three Phase	\$35.00 /month
Distribution Variable Charge (All kWh)	\$0.02609 /kWh
Energy Charge	\$0.08321 /kWh
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$3.10 /month

Large General Monthly Service (LG)

Monthly Service Charge	\$50.00 /month
Distribution Demand Charge	\$1.98 /kW
Demand Charge - Power Supply	\$7.02 /kW
Distribution Variable Charge	\$0.01548 /kWh
Energy Charge	\$0.06481 /kWh
Primary Monthly Service Discount	(\$0.20) /kW
Primary Meter Discount	-2.00%
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$74.14 /month

Optional Large Power TOD Monthly Service (LPTOD)

Monthly Service Charge	\$60.00 /month
Demand Charge	
Peak Period	\$6.00 /kW
Maximum	\$6.55 /kW
Energy Charge	\$0.06951 /kWh
Primary Monthly Service Discount	(\$0.20) /kW
Primary Meter Discount	-2.00%
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$74.14 /month

Customer Owned Backup Generation (CBG)

Demand Charge	(\$2.50) /kW
---------------	--------------

**Comparison of
Present and Proposed Rate Schedules**

Present Rates
Outdoor Lighting Monthly Service (OD)

175 W MV	\$11.40 /month
400 W MV	\$19.70 /month
100 W HPS	\$9.00 /month
250 W HPS	\$14.80 /month
40 W LED Type 5	\$6.80 /month
70 W LED Type 3	\$7.70 /month
70 W LED Type 5	\$7.70 /month
PSCR	-\$0.00608 /kWh

Proposed Rates
Outdoor Lighting Monthly Service (OD)

175 W MV	\$12.48 /month
400 W MV	\$22.17 /month
100 W HPS	\$9.62 /month
250 W HPS	\$16.35 /month
40 W LED Type 5	\$7.05
70 W LED Type 3	\$8.13
70 W LED Type 5	\$8.13 /month
PSCR	-\$0.00608 /kWh

Primary Monthly Service (PSDS)

Rider C&I

Monthly Service Charge	/month
Distribution Demand Charge	\$6.10 /kW
Power Supply Demand Charge	\$7.16 /kW
Distribution Variable Charge	\$0.00540 /kWh
Power Supply Energy Charge	\$0.06091 /kWh
Reactive Charge	\$0.25 /kVar
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$ 400.99 /month

Primary Monthly Service (PSDS)

Rider C&I

Monthly Service Charge	\$0.00 /month
Distribution Demand Charge	\$6.10 /kW
Demand Charge	\$7.16 /kW
Distribution Variable Charge	\$0.00646 /kWh
Energy Charge	\$0.06091 /kWh
Reactive Charge	\$0.25 /kVar
PSCR	(\$0.00608) /kWh
Energy Optimization Surcharge	\$ 400.99 /month

Controlled Heating Monthly Service (CH)

Schedule A

Energy Charge Discount	(\$0.03000) /kWh
------------------------	------------------

Schedule GS

Energy Charge Discount	(\$0.03000) /kWh
------------------------	------------------

Controlled Heating Monthly Service (CH)

Energy Charge	(\$0.03000) /kWh
---------------	------------------

(\$0.03000)

Efficient Electric Heating

Energy Charge Discount	(\$0.03000) /kWh
------------------------	------------------

Efficient Electric Heating

Energy Charge	(\$0.03000) /kWh
---------------	------------------

Partial Controlled Heating Monthly Service (PCH)

Energy Charge	(\$0.0150) /kWh
---------------	-----------------

Partial Controlled Heating Monthly Service (PCH)

Energy Charge	(\$0.0150) /kWh
---------------	-----------------

Green/Renewable Energy -- Rider

Energy Charge	\$ 2.50 /100 kWh
---------------	------------------

Green/Renewable Energy -- Rider

Energy Charge	\$ 2.50 /100 kWh
---------------	------------------

Controlled Water Heater Credit (CWH)

Option #1	(\$4.50) /month
Option #2	(\$6.00) /month
Option #3	(\$7.50) /month

Controlled Water Heater Credit (CWH)

Option #1	(\$4.50) /month
Option #2	(\$6.00) /month
Option #3	(\$7.50) /month

Net Metering

Variable Energy Charge	\$0.10450 /kWh
PSCR	(\$0.00608) /kWh

Net Metering

Variable Energy Charge	\$0.10745 /kWh
PSCR	(\$0.00608) /kWh

Distributed Renewable Energy (DRE)

Excess Generation Credit	\$0.05600 /kWh
--------------------------	----------------

\$0.05600

**Comparison of Revenue
Present and Proposed Rates**

Present and Proposed Rates
Page 3 of 6

(a)	(b)	(c)	(d)	(e)	(e)
Line No.	Rate Class	Present Rate Revenue	Proposed Rates		
			Proposed Revenue	Increase (Decrease)	
				Amount	%
		(\$)	(\$)	(\$)	(%)
1	Residential Service (A)	20,088,147	20,529,385	441,238	2.20
2	Seasonal Residential Monthly Service (S)	6,394,957	6,504,874	109,918	1.72
3	General Monthly Service (GS)	4,779,805	4,810,597	30,792	0.64
4	Large General Monthly Service (LG)	579,768	584,009	4,241	0.73
5	Optional Large Power TOD Monthly Service (LPTOD)	1,304,515	1,304,515	-	-
6	Customer Owned Backup Generation (CBG)	-	-	-	-
7	Outdoor Lighting Monthly Service (OD)	197,926	211,340	13,414	6.78
8	Primary Monthly Service (PSDS)	1,156,679	1,171,163	14,484	1.25
9	Controlled Heating Monthly Service (CH)	(106,642)	(106,642)	-	-
10	Partial Controlled Heating Monthly Service (PCH)	-	-	-	-
11	Controlled Water Heater Credit (CWH)	(74,424)	(74,424)	-	-
12	Net Metering	(3,617)	(3,725)	(108)	2.99
13		-			
14		-			
15	Total	34,317,113	34,931,092	613,979	1.79

Summary of Consumers, Energy Sales, and Revenue Under Proposed Rates

(a)	(b)	(c)	(d)	(e)	(f)
Rate Class	Billing	Units	Proposed Rates		
	Determinants		Rate	Revenue	% Split
<u>Residential Service (A)</u>					
Service Charge	18,457	/month	\$18.00	\$ 3,986,712	46.5%
Distribution Variable Charge	149,572,086	/kWh	\$0.03067	4,587,376	53.5%
Power Supply Energy Charge	149,572,086	/kWh	\$0.08601	12,864,695	
PSCR	149,572,086	/kWh	(\$0.00608)	(909,398)	
				<u>\$ 20,529,385</u>	<u>100.0%</u>
<u>Seasonal Residential Monthly Service (S)</u>					
<i>Yearly Rate</i>					
Availability Charge	12,653	/year	\$228.00	\$ 2,884,922	61.7%
Distribution Variable Charge	22,899,496	/kWh	\$0.07815	1,789,596	38.3%
Power Supply Energy Charge	22,899,496	/kWh	\$0.08601	1,969,586	
PSCR	22,899,496	/kWh	(\$0.00608)	(139,229)	
				<u>\$ 6,504,874</u>	<u>100.0%</u>
<u>General Monthly Service (GS)</u>					
Monthly Service Charge					
Single Phase	2,032.8	/month	\$16.00	\$ 390,304	
Three Phase	298.2	/month	\$35.00	125,230	32.2%
Distribution Variable Charge	41,610,760	/kWh	\$0.02609	1,085,625	67.8%
Energy Charge	41,610,760	/kWh	\$0.08321	3,462,431	
Energy Charge Credits	41,610,760	/kWh	\$0.00000	-	
PSCR	41,610,760	/kWh	(\$0.00608)	(252,993)	
				<u>\$ 4,810,597</u>	<u>100.0%</u>
<u>Large General Monthly Service (LG)</u>					
Monthly Service Charge	33	/month	\$50.00	\$ 19,900	14.3%
Distribution Demand Charge	17,841	/kW	\$1.98	35,325	25.3%
Demand Charge - Power Supply	17,841	/kW	\$7.02	125,244	
Oil Related Demand Credit	-	/kW	\$0.00000	-	
Distribution Variable Charge	5,437,816	/kWh	\$0.01548	84,177	60.4%
Energy Charge	5,437,816	/kWh	\$0.06481	352,425	
Primary Monthly Service Discount	-	/kVa	(\$0.20)	-	
Primary Meter Discount	-		-2.0%	-	
PSCR	5,437,816	/kWh	(\$0.00608)	(33,062)	
				<u>\$ 584,009</u>	<u>100.0%</u>

Summary of Consumers, Energy Sales, and Revenue Under Proposed Rates

(a)	(b)	(c)	(d)	(e)	(f)
Rate Class	Billing	Units	Proposed Rates		
	Determinants		Rate	Revenue	% Split
<u>Optional Large Power TOD Monthly Service (LPTOD)</u>					
Monthly Service Charge	14	/month	\$60.00	\$ 10,080	3.6%
Demand Charge					
Peak Period	31,011	/kW	\$6.00	186,066	
Maximum	40,941	/kW	\$6.55	268,164	96.4%
Energy Charge	13,246,180	/kWh	\$0.06951	920,742	
Primary Monthly Service Discount	-	/kVa	(\$0.20)	-	
Primary Meter Discount	-	/kWh	(\$0.02)	-	
PSCR	13,246,180	/kWh	(\$0.00608)	(80,537)	
				<u>\$ 1,304,515</u>	<u>100.0%</u>
<u>Customer Owned Backup Generation (CBG)</u>					
Demand Charge	-	/kW	(\$2.50)	\$ -	
				<u>\$ -</u>	
<u>Outdoor Lighting Monthly Service (OD)</u>					
175 W MV	264	/month	\$12.48	\$ 39,487	
400 W MV	4	/month	\$22.17	1,064	
100 W HPS	469	/month	\$9.62	54,141	
250 W HPS	37	/month	\$16.35	7,243	
40 W LED Type 5	247	/month	\$7.05	20,896	
70 W LED Type 3	432	/month	\$8.13	42,105	
70 W LED Type 5	530	/month	\$8.13	51,707	
PSCR	872,231	/kWh	(\$0.00608)	(5,303)	
				<u>\$ 211,340</u>	
<u>Primary Monthly Service (PSDS)</u>					
<i><u>Rider C&I</u></i>					
Monthly Service Charge	4	/cons	\$0.00	\$ -	
Distribution Demand Charge	29,674	/kW	\$6.10	181,011	15.6%
Power Supply Demand Charge	20,031	/kW	\$7.16	143,422	12.4%
Oil Related Demand Credit	-	/kW	\$0.00000	-	
Distribution Variable Charge	13,664,100	/kWh	\$0.00646	88,270	
Power Supply Energy Charge	13,664,100	/kWh	\$0.06091	832,280	72.0%
Reactive Charge	16,169	/kVar	\$0.25	4,042	
PSCR	12,806,400	/kWh	(\$0.00608)	(77,863)	
				<u>\$ 1,171,163</u>	<u>100.0%</u>
<u>Controlled Heating Monthly Service (CH)</u>					
<i><u>Schedule A</u></i>					
Energy Charge Discount	3,298,075	/kWh	(\$0.03000)	\$ (98,942)	
<i><u>Schedule GS</u></i>					
Energy Charge Discount	256,652	/kWh	(\$0.03000)	<u>\$ (7,700)</u>	
Total				<u>\$ (106,642)</u>	

**Summary of Consumers, Energy Sales, and
Revenue Under Proposed Rates**

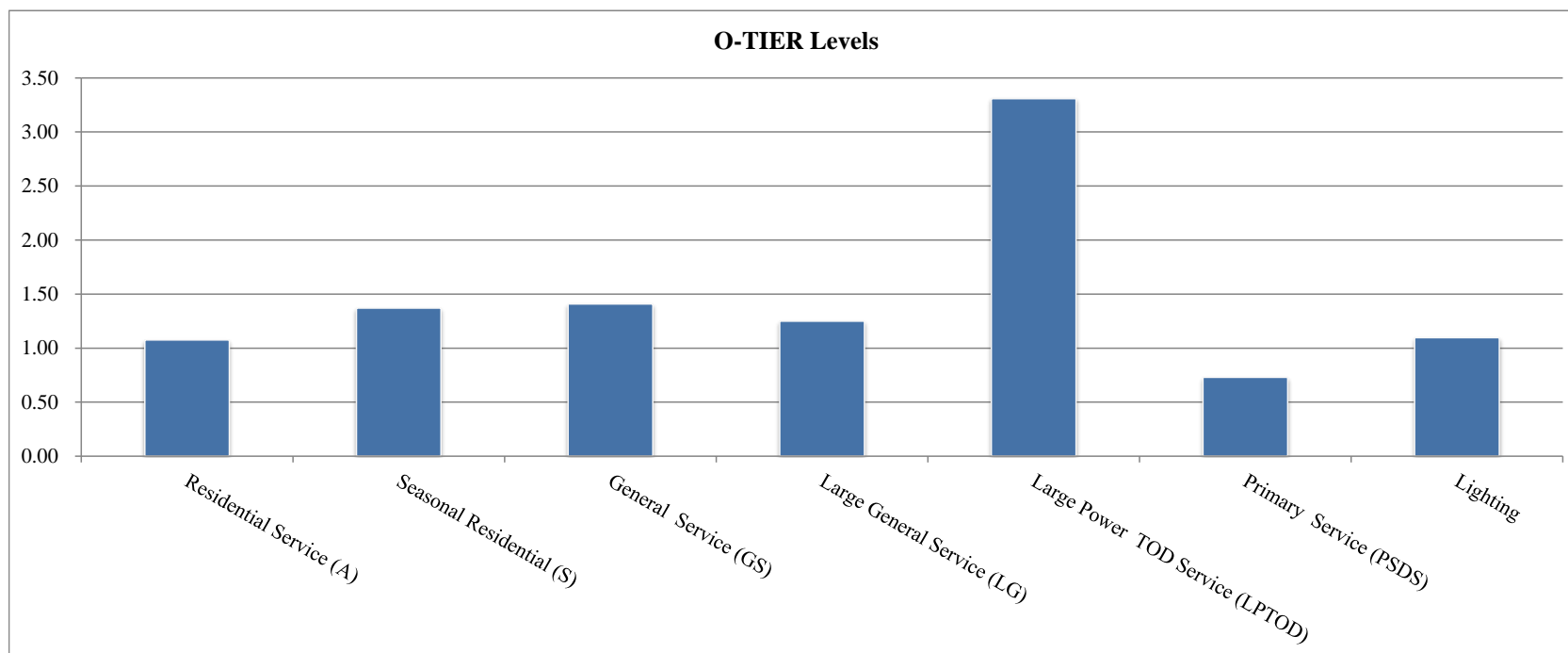
(a)	(b)	(c)	(d)	(e)	(f)
Rate Class	Billing Determinants	Units	Proposed Rates		
			Rate	Revenue	% Split
<u>Partial Controlled Heating Monthly Service (PCH)</u>					
Energy Charge	-	/kWh	(\$0.0150)	\$	-
				\$	-
<u>Controlled Water Heater Credit (CWH)</u>					
Option #1	522	/month	(\$4.50)	\$	(28,175)
Option #2	576	/month	(\$6.00)		(41,502)
Option #3	53	/month	(\$7.50)		(4,748)
Total	1,151	/month		\$	(74,424)
<u>Net Metering</u>					
Variable Energy Charge	(36,752)	/month	\$0.10745	\$	(3,949)
PSCR	(36,752)	/month	(\$0.00608)		223
Total				\$	(3,725)
<u>Grand Total</u>				\$	34,931,092

Cost of Service Summary
Revenue Requirements Summary -- BUNDLED

Line No.	Description	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
1	<u>Revenue Requirements</u>								
2	Revenue Requirements	35,518,303	20,791,186	6,586,369	4,868,444	591,026	1,281,144	1,185,630	214,505
3									
4	<u>Present Rates</u>								
5	Revenue-Present Rates	34,498,180	20,084,530	6,394,957	4,779,805	579,768	1,304,515	1,156,679	197,926
6	Revenue Credits	402,751	234,478	74,658	55,802	6,769	15,230	13,504	2,311
7		34,900,931	20,319,008	6,469,615	4,835,607	586,537	1,319,745	1,170,183	200,237
8									
9	Required Incr./(Decr)	617,372	472,178	116,754	32,837	4,489	(38,601)	15,447	14,268
10	Percent	1.79%	2.35%	1.83%	0.69%	0.77%	(2.96%)	1.34%	7.21%
11									

Cost of Service Summary
Margin by Rate Class

Line No.	Description	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
19	<u>O-TIER Under Present Rates</u>								
20	Revenue-Present Rates	34,900,931	20,319,008	6,469,615	4,835,607	586,537	1,319,745	1,170,183	200,237
21	Operating Expenses Allocated	34,555,941	20,254,776	6,303,633	4,774,778	583,608	1,266,676	1,174,825	197,644
22	Margin Under Present Rates	344,990	64,232	165,982	60,829	2,928	53,068	(4,642)	2,592
23	Allocated LT Interest Expense	1,528,628	852,039	449,102	148,780	11,782	22,981	17,162	26,782
24	O-TIER - Present Rates	1.23	1.08	1.37	1.41	1.25	3.31	0.73	1.10
25									
26	O-TIER Parity Index - Present Rates	1.00	0.88	1.12	1.15	1.02	2.70	0.60	0.89
27									



Cost of Service Summary
Class Allocation Summary -- BUNDLED

Line No.	Category	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
36	<u>Power Supply</u>								
37	Direct and Revenue Related								
38	Wholesale Cost	(56,553)					(32,009)	(24,544)	
39	Allocated Cost								
40	Subtotal	(56,553)					(32,009)	(24,544)	
41	Capacity Related								
42	Wholesale Cost	6,386,329	3,760,138	905,268	1,007,189	146,566	303,981	259,153	4,035
43	Allocated Cost	55,522	34,790	5,328	8,867	1,346	2,803	2,322	68
44	Subtotal	6,441,851	3,794,927	910,595	1,016,056	147,912	306,784	261,474	4,102
45	Energy Related								
46	Wholesale Cost	12,732,823	7,700,267	1,179,191	2,142,712	280,016	682,101	703,622	44,915
47	Allocated Cost	110,634	67,118	10,278	18,677	2,441	5,752	5,977	391
48	Subtotal	12,843,457	7,767,384	1,189,469	2,161,389	282,457	687,854	709,598	45,306
49	Sub. Power Supply	19,228,754	11,562,312	2,100,064	3,177,444	430,368	962,629	946,529	49,408
50	<u>Transmission</u>								
51	Direct								
52	Capacity								
53	Energy								
54	Allocated Cost								
55	Sub. Transmission								
56	<u>Distribution</u>								
57	Direct	114,333							114,333
58	Consumer	10,410,066	5,664,354	3,883,189	782,460	25,981	20,867	4,185	29,030
59	Capacity	5,765,150	3,564,520	603,116	908,540	134,676	297,648	234,916	21,734
60	Energy								
61	Sub. Distribution	16,289,549	9,228,874	4,486,305	1,691,000	160,658	318,515	239,101	165,097
62									
63	Total	35,518,303	20,791,186	6,586,369	4,868,444	591,026	1,281,144	1,185,630	214,505

Cost of Service Summary
Rate Design Factors -- BUNDLED

Line No.	Category	Units	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
64	<u>Costs Broken Down by Function</u>									
65	<u>Power Supply</u>									
66	Direct and Revenue Related									
67	Wholesale Cost	\$/Mo./cons	(0.13)					(190.53)	(681.78)	
68	Allocated Cost	\$/Mo./cons								
69	Subtotal		(0.13)					(190.53)	(681.78)	
70	Capacity Related									
71	Wholesale Cost	¢/kWh	2.58	2.51	3.95	2.42	2.70	2.29	1.90	0.46
72	Allocated Cost	¢/kWh	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01
73	Subtotal	¢/kWh	2.61	2.54	3.98	2.44	2.72	2.32	1.91	0.47
74	Energy Related									
75	Wholesale Cost	¢/kWh	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
76	Allocated Cost	¢/kWh	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
77	Subtotal	¢/kWh	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19
78	Sub. Power Supply	¢/kWh	7.78	7.73	9.17	7.64	7.91	7.27	6.93	5.66
79	<u>Transmission</u>									
80	Direct	¢/kWh								
81	Capacity	¢/kWh								
82	Energy	¢/kWh								
83	Allocated Cost	¢/kWh								
84	Sub. Transmission	¢/kWh								
85	<u>Distribution</u>									
86	Direct	\$/Mo./cons	0.27							4.81
87	Consumer	\$/Mo./cons	24.46	25.57	25.57	27.97	65.28	124.21	116.25	1.22
88	Capacity	¢/kWh	2.33	2.38	2.63	2.18	2.48	2.25	1.72	2.49
89	Energy	¢/kWh								
90	Sub. Distribution	¢/kWh	6.59	6.17	19.59	4.06	2.95	2.40	1.75	18.93
91	Total	¢/kWh	14.36	13.90	28.76	11.70	10.87	9.67	8.68	24.59
92	<u>Costs Broken Down by Classification</u>									
93	Direct	\$/Mo./cons	0.14					(190.53)	(681.78)	4.81
94	Consumer	\$/Mo./cons	24.46	25.57	25.57	27.97	65.28	124.21	116.25	1.22
95	Capacity	¢/kWh	4.94	4.92	6.61	4.63	5.20	4.56	3.63	2.96
96	Energy	¢/kWh	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19
97	Total		14.36	13.90	28.76	11.70	10.87	9.67	8.68	24.59

Statement of Operations
Present Rates
For the Test Year Ended December 31, 2018

(a) Line No.	(b) Description	(c) Actual Test Year	(d) Adjustments ¹	(e) Pro Forma Test Year
1	<u>Operating Revenue</u>			
2	Sales of Electricity	\$ 35,145,650	\$ (754,113)	\$ 34,391,537
3	Other	1,135,673		1,135,673
4	Total Operating Revenue	<u>\$ 36,281,323</u>	<u>\$ (754,113)</u>	<u>\$ 35,527,210</u>
5	<u>Operating Expenses</u>			
6	Cost of Purchased Power	\$ 20,933,066	\$ (714,132)	\$ 20,218,934
7	Transmission - O & M			
8	Distribution - Operation	1,268,600	-	1,268,600
9	Distribution - Maintenance	4,050,076	-	4,050,076
10	Consumer Accounts	1,597,765	-	1,597,765
11	Consumer Service & Information	844,751	-	844,751
12	Sales		-	-
13	Administrative & General	1,609,085	-	1,609,085
14	Depreciation & Amortization	3,086,468	-	3,086,468
15	Taxes - Property	898,771	-	898,771
16	Taxes - Other	1,060	-	1,060
17	Interest on Long Term Debt	1,537,520	-	1,537,520
18	Other Interest Expense	59,301	-	59,301
19	Other Deductions	1,000	-	1,000
20	Total Operating Expenses	<u>\$ 35,887,463</u>	<u>\$ (714,132)</u>	<u>\$ 35,173,331</u>
21	Net Operating Margins	<u>\$ 393,860</u>	<u>\$ (39,981)</u>	<u>\$ 353,879</u>
22	<u>Non-Operating Margins</u>			
23	Non-Operating Margins (Interest Income)	\$ 68,349	\$ -	68,349
24	Income (Loss) from Property Retirements	(471,140)	488,366	17,226
25	Non-Operating Margins (Other) ²	-		-
26	Generation and Transmission Capital Credits ³	1,486,730	(1,486,730)	-
27	Other Capital Credits & Patronage Dividends ³	198,493	(65,290)	133,203
28	Total Non-Operating Margins	<u>\$ 1,282,432</u>	<u>\$ (1,063,654)</u>	<u>\$ 218,778</u>
29	Total Patronage Capital & Margins	<u><u>\$ 1,676,292</u></u>	<u><u>\$ (1,103,635)</u></u>	<u><u>\$ 572,657</u></u>

¹ See Page 2, "Summary of Adjustments," for references to schedules supporting each adjustment.

**Supporting Adjustment Schedules
Summary of Adjustments**

(a) Description	(b) Pages	(c) Amounts
I. Sales of Electricity		
Schedule A - Adjustment to Revenue	4	\$ (754,113)
II. Purchased Power		
Schedule B - Purchased Power	8	\$ (714,132)
III. Generation and Transmission Capital Credits		
Schedule C - Other Adjustments to Revenue Requirements	9	\$ (1,486,730)
IV. Other Adjustments to Revenue Requirements		
Schedule C - Other Capital Credits	9	\$ (65,290)
V. Other Adjustments to Revenue Requirements		
Schedule C - Income (Loss) From Equity Investments	9	\$ 488,366

Schedule A
Summary of Consumers, Energy Sales, and
Revenue Under Present Rates

I. Consumer and Sales Data for December 31, 2010 (Per Billing Records)

(a) Line No.	(b) Description	(c) Avg. No. Cons.	(d) Energy Sales (kWh)	(e) Billing Demand (kW)	(f) Revenue (\$)
1	Residential Service (A)	18,457	149,572,086	N.A.	21,161,408
2	Seasonal Residential Monthly Service (S)	12,653	22,899,496	N.A.	6,589,230
3	General Monthly Service (GS)	2,331	41,610,760	N.A.	5,089,132
4	Large General Monthly Service (LG)	33	5,437,816	17,841.0	639,399
5	Optional Large Power TOD Monthly Service (LPTOD)	14	13,246,180	40,941.0	1,375,089
6	Customer Owned Backup Generation (CBG)			N.A.	
7	Outdoor Lighting Monthly Service (OD)	904	872,231	N.A.	203,481
8	Primary Monthly Service (PSDS)	3	13,664,100	29,674.0	1,240,917
9	Controlled Heating Monthly Service (CH)			N.A.	
10	Partial Controlled Heating Monthly Service (PCH)			N.A.	
11	Controlled Water Heater Credit (CWH)			N.A.	(74,424)
12	Net Metering		36,752		(3,593)
13					
14					
15					
16					
17					
18	Total <small>(No. of Consumers Excludes Water Heaters and Street Lighting)</small>	33,491	247,339,421	88,456.0	36,220,639

I.a. Consumer and Sales Data for the Year Ended December 31, 2015 (As Recorded on Form 7, Part R)

Line No.	Description	Avg. No. Cons.	Energy Sales (kWh)	Billing Demand (kW)	Revenue (\$)
19	Residential Sales	17,591	139,660,811	N.A.	19,549,457
20	Residential Sales Seasonal	13,516	33,888,309	N.A.	8,004,170
21	Irrigation Sales	26	248,483	N.A.	35,244
22	Comm. And Ind. 1000 kVa or Less	1,972	36,753,806	N.A.	4,411,131
23	Comm. And Ind. Over 1000 kVa	50	32,360,638	N.A.	3,201,173
24	Public Street and Highway Lighting	38	158,397	N.A.	46,753
25	Other Sales to Public Auth.	332	4,755,429	N.A.	585,984
26	Sales for Resale - RUS Borrowers			N.A.	
27	PSCR Revenue			N.A.	(688,262)
28	Total <small>(No. of Consumers Excludes Water Heaters and Street Lighting)</small>	33,525	247,825,873	-	35,145,650

Schedule A
Summary of Consumers, Energy Sales, and
Revenue Under Present Rates

II. Consumer and Sales Data for Pro Forma Test Year

(a) Line No.	(b) Description	(c) Avg. No. Cons.	(d) Energy Sales (kWh)	(e) Billing Demand (kW)	(f) Revenue (\$)
1	Residential Service (A)	18,457	149,572,086	N.A.	20,088,147
2	Seasonal Residential Monthly Service (S)	12,653	22,899,496	N.A.	6,394,957
3	General Monthly Service (GS)	2,331	41,610,760	N.A.	4,779,805
4	Large General Monthly Service (LG)	33	5,437,816	17,841.0	579,768
5	Optional Large Power TOD Monthly Service (LPTOD)	14	13,246,180	31,011.0	1,304,515
6	Customer Owned Backup Generation (CBG)	-		N.A.	-
7	Outdoor Lighting Monthly Service (OD)	774	872,231	N.A.	197,926
8	Primary Monthly Service (PSDS)	3	13,664,100	29,674.0	1,156,679
9	Controlled Heating Monthly Service (CH)	-	-	N.A.	(106,642)
10	Partial Controlled Heating Monthly Service (PCH)	-	-	N.A.	-
11	Controlled Water Heater Credit (CWH)	1,151	-	N.A.	(74,424)
12	Net Metering		(36,752)	N.A.	(3,617)
13					
14					
15					
16					
17					
18	Total <small>(No. of Consumers Excludes Water Heaters and Street Lighting)</small>	33,491	247,265,917	78,526.0	34,317,113
19					
20	Less: Controlled Water Heater Switch Credits				(74,424)
21	Total Revenues				34,391,537

Presque Isle Electric & Gas

**Calculation of Revenues Under Present Rates
and Comparison to Cost Based Distribution Charges**

(a)	(b)	(c)	(d)	(e)	(f)
Rate Class		Billing	Present Rates		
	Description	Determinants	Rate	Revenue	% Split
<u>Residential Service (A)</u>					
	Service Charge	18,457 /month	\$18.00	\$ 3,986,712	49.0%
	Distribution Variable Charge (All kWh)	149,572,086 /kWh	\$0.02772	4,146,138	51.0%
	Power Supply Energy Charge (All kWh)	149,572,086 /kWh	\$0.08601	12,864,695	
	PSCR	149,572,086 /kWh	(\$0.00608)	(909,398)	
				<u>\$ 20,088,147</u>	<u>100.0%</u>
<u>Seasonal Residential Monthly Service (S)</u>					
<i>Yearly Rate</i>					
	Availability Charge	12,653 /year	\$228.00	\$ 2,884,922	63.2%
	Distribution Variable Charge (All kWh)	22,899,496 /kWh	\$0.07335	1,679,678	36.8%
	Power Supply Energy Charge (All kWh)	22,899,496 /kWh	\$0.08601	1,969,586	
	PSCR	22,899,496 /kWh	(\$0.00608)	(139,229)	
				<u>\$ 6,394,957</u>	<u>100.0%</u>
<i>Seasonal Monthly Rate</i>					
	Availability Charge	- /month	\$19.00	\$ -	
	Distribution Variable Charge (All kWh)	- /kWh	\$0.07335	-	
	Power Supply Energy Charge (All kWh)	- /kWh	\$0.08601	-	
	PSCR	- /kWh	(\$0.00608)	-	
				<u>\$ -</u>	<u>0.0%</u>
<u>General Monthly Service (GS)</u>					
	Monthly Service Charge				
	Single Phase	2,032.8 /month	\$16.00	\$ 390,304	
	Three Phase	298.2 /month	\$35.00	125,230	32.8%
	Distribution Variable Charge (All kWh)	41,610,760 /kWh	\$0.02535	1,054,833	67.2%
	Energy Charge	41,610,760 /kWh	\$0.08321	3,462,431	
	Energy Charge Credits	41,610,760 /kWh	\$0.00000	-	
	PSCR	41,610,760 /kWh	(\$0.00608)	(252,993)	
				<u>\$ 4,779,805</u>	<u>100.0%</u>

Presque Isle Electric & Gas

**Calculation of Revenues Under Present Rates
and Comparison to Cost Based Distribution Charges**

(a)	(b)	(c)	(d)	(e)	(f)
Rate Class		Billing	Present Rates		
	Description	Determinants	Rate	Revenue	% Split
<u>Large General Monthly Service (LG)</u>					
	Monthly Service Charge	33 /month	\$50.00	\$ 19,900	14.7%
	Distribution Demand Charge	17,841 /kW	\$1.98	35,325	26.1%
	Demand Charge - Power Supply	17,841 /kW	\$7.02	125,244	
	Oil Related Demand Credit	- /kW		-	
	Distribution Variable Charge	5,437,816 /kWh	\$0.01470	79,936	59.1%
	Energy Charge	5,437,816 /kWh	\$0.06481	352,425	
	Primary Monthly Service Discount	- /kVa	(\$0.20)	-	
	Primary Meter Discount	-	-2.0%	-	
	PSCR	5,437,816 /kWh	(\$0.00608)	(33,062)	
				<u>\$ 579,768</u>	<u>100.0%</u>
<u>Optional Large Power TOD Monthly Service (LPTOD)</u>					
	Monthly Service Charge	14 /month	\$60.00	\$ 10,080	3.6%
	Demand Charge				
	Peak Period	31,011 /kW	\$6.00	186,066	
	Maximum	40,941 /kW	\$6.55	268,164	96.4%
	Energy Charge	13,246,180 /kWh	\$0.06951	920,742	
	Primary Monthly Service Discount	- /kVa	(\$0.20)	-	
	Primary Meter Discount	- /kWh	-2%	-	
	PSCR	13,246,180 /kWh	(\$0.00608)	(80,537)	
				<u>\$ 1,304,515</u>	<u>100.0%</u>
<u>Customer Owned Backup Generation (CBG)</u>					
	Demand Charge	- /kW	(\$2.50)	\$ -	
				<u>\$ -</u>	
<u>Outdoor Lighting Monthly Service (OD)</u>					
	175 W MV	264 /month	\$11.40	\$ 36,070	
	400 W MV	4 /month	\$19.70	946	
	100 W HPS	469 /month	\$9.00	50,652	
	250 W HPS	37 /month	\$14.80	6,556	
	40 W LED Type 5	247 /month	\$6.80	20,155	
	70 W LED Type 3	432 /month	\$7.70	39,878	
	70 W LED Type 5	530 /month	\$7.70	48,972	
	Total	1,982 /month			
	PSCR	872,231 /kWh	(\$0.00608)	(5,303)	
				<u>\$ 197,926</u>	

Presque Isle Electric & Gas

**Calculation of Revenues Under Present Rates
and Comparison to Cost Based Distribution Charges**

(a)	(b)	(c)	(d)	(e)	(f)
Rate Class		Billing	Present Rates		
	Description	Determinants	Rate	Revenue	% Split
<u>Primary Monthly Service (PSDS)</u>					
	<i>Rider C&I</i>				
	Monthly Service Charge	4 /cons	\$0.00	\$ -	0.0%
	Distribution Demand Charge	29,674 /kW	\$6.10	181,011	71.0%
	Power Supply Demand Charge	20,031 /kW	\$7.16	143,422	
	Oil Related Demand Credit	- /kW		-	
	Distribution Variable Charge	13,664,100 /kWh	\$0.00540	73,786	29.0%
	Power Supply Energy Charge	13,664,100 /kWh	\$0.06091	832,280	
	Reactive Charge	16,169 /kVar	\$0.25	4,042	
	PSCR	12,806,400 /kWh	(\$0.00608)	(77,863)	
				<u>\$ 1,156,679</u>	<u>100.0%</u>
<u>Controlled Heating Monthly Service (CH)</u>					
	<i>Schedule A</i>				
	Energy Charge Discount	3,298,075 /kWh	(\$0.03000)	\$ (98,942)	
	<i>Schedule GS</i>				
	Energy Charge	256,652 /kWh	(\$0.03000)	\$ (7,700)	
	Total			<u>\$ (106,642)</u>	
<u>Partial Controlled Heating Monthly Service (PCH)</u>					
	Energy Charge	- /kWh	(\$0.0150)	\$ -	
				<u>\$ -</u>	
<u>Controlled Water Heater Credit (CWH)</u>					
	Option #1	522 /month	(\$4.50)	\$ (28,175)	
	Option #2	576 /month	(\$6.00)	(41,502)	
	Option #3	53 /month	(\$7.50)	(4,748)	
	Total	<u>1,151 /month</u>		<u>\$ (74,424)</u>	
<u>Net Metering</u>					
	Variable Energy Charge	(36,752) /month	\$0.10450	\$ (3,841)	
	PSCR	(36,752) /month	(\$0.00608)	223	
	Total			<u>\$ (3,617)</u>	
<u>Grand Total</u>				<u><u>\$ 34,317,113</u></u>	

Schedule B
Estimate of Pro Forma
Test Year Purchased Power Expense

(a) Line No.	(b) Description	(c) Amount	(d) Units
1	PSCR Base	\$0.08785	/kWh sold
2	PSCR Factor ¹	<u>-\$0.00608</u>	/kWh sold
3	Average Test Year Power Cost	\$0.08177	/kWh sold
4			
5	Total Test Year Energy Sales	<u>247,265,917</u>	kWh
6			
7	Pro Forma Test Year Purchased Power Cost	\$ 20,218,934	
8			
9	Less: Actual Test Year Purchased Power Cost	<u>\$ 20,933,066</u>	
10	Adjustment	<u><u>\$ (714,132)</u></u>	

¹ As planned by Presque Isle Electric for application during 2019 excluding prior period reconciliations.

Total 2019 PSCR Factor	(\$0.00757)
Less: Prior Period Reconciliation (\$360,000 ÷ 242,383,186 kWh)	<u>(\$0.00149)</u>
Adjusted PSCR Factor	<u><u>(\$0.00608)</u></u>

Schedule C
Other Adjustments to Revenue Requirements

Generation and Transmission Capital Credits

Eliminate Unpaid Test Year G&T Capital Credits	\$ (1,486,730)
Add Patronage Capital Refunds Received	
	<u>\$ (1,486,730)</u>

Other Capital Credits and Patronage Dividends

Eliminate Unpaid Test Year Other Capital Credits	\$ (198,493)
Add Patronage Capital Refunds Received	133,203
	<u>\$ (65,290)</u>

Income (Loss) from Equity Investments

Eliminate Test Year losses from Equity Investments	<u>\$ 488,366</u>
--	-------------------

Schedule D
Adjusted Statement of Operations
at Present Rates for Cost of Service Study Input
For the Test Year Ended December 31, 2018

(a) Line No.	(b) Description	(c) Total System ¹	(d) Adjustment ²	(e) Adjusted System
	<u>Operating Revenue</u>	(\$)	(\$)	(\$)
1	Sales of Electricity	34,391,537	106,642	34,498,179
2	Other	1,135,673	(732,922)	402,751
3	Total Operating Revenue	35,527,210	(626,280)	34,900,930
4	<u>Operating Expenses</u>			
5	Cost of Purchased Power			
6	Direct Assign. Chgs (Cr.)	(56,553)		(56,553)
7	Substation Charges	1,316,327		1,316,327
8	MISO Demand	3,059,829	-	3,059,829
9	Base Demand	3,266,695	59,805	3,326,500
10	Energy	12,632,636	100,187	12,732,823
11			-	-
12	Distribution - Operation	1,268,600	(8,892)	1,259,708
13	Distribution - Maintenance	4,050,076	(8,892)	4,041,184
14	Consumer Accounts	1,597,765	-	1,597,765
15	Consumer Service & Information	844,751	(732,922)	111,829
16	Sales	-	-	-
17	Administrative & General	1,609,085	(8,892)	1,600,193
18	Depreciation & Amortization	3,086,468	(8,892)	3,077,576
19	Taxes - Property	898,771	-	898,771
20	Taxes - Other	1,060	-	1,060
21	Other Interest Expense	59,301	-	59,301
22	Other Deductions	1,000	-	1,000
23	Total Operating Expenses (Before Long Term Interest)	33,635,811	(608,496)	33,027,315
24	Long Term Interest	1,537,520	(8,892)	1,528,628
25	Proposed Margin ³	1,190,032	(8,892)	1,181,140
26	Gross Revenue Requirements	36,363,363	(626,280)	35,737,083
27	Non-Operating Margins	218,778		218,778
28	Net Revenue Requirements	36,144,585	(626,280)	35,518,305
29				
30	Target Increase	617,375	-	617,375
31	Percent	1.80%		1.79%

Schedule D
Adjustment to Eliminate Non-COS Revenue and Expenses

1. Revenue ¹					(\$)
Controlled Heating Service (CH)	3,554,727	-\$0.03000	=		(106,642)
			=		
Total -- Sales of Electricity			=		(106,642)
Eliminate EO Charges from Other Operating Revenue					<u>732,922</u>
2. Expenses					
Purchased Power ²					
Energy:					
Controlled Heating Service (CH)					
3,339,576 kWh	x	-\$0.03000	=		(100,187)
	kWh	x	/kWh	=	
Subtotal -- Energy Expenses					<u>(100,187)</u>
Demand:					
Eliminate Water Heater Switch Credits					
Per 2015 PSCR Plan			=		(59,805)
-					
Subtotal -- Demand Expenses					<u>(59,805)</u>
Subtotal -- Purchased Power Expenses					<u>(159,993)</u>
Customer Service & Information					
Energy Optimization Program Costs (Acct. 905)					<u>732,922</u>
Subtotal -- Specific O&M Account Adjustments					<u>572,929</u>
Distribution - Operation ³			=		8,892
Distribution - Maintenance ³			=		8,892
Administrative and General ³			=		8,892
Depreciation ³			=		8,892
Interest ³			=		8,892
Margin Requirements ³			=		<u>8,892</u>
Subtotal					<u>53,350</u>
Total -- Expenses					<u>(106,642)</u>

¹ From Exhibit II, Schedule A.

² From Exhibit II.

³ Split remainder of revenue approximately equal between Operation Requirements Categories