

Your Co-op's 2019 Annual Report



Allan Berg
Chairman



Thomas Sobeck
CEO

To Our Member-Owners:

2019 was a year in which the cooperative experienced several positive developments. The plans to construct a new headquarters and service center building were finalized. We're very excited to have begun construction in April of 2020 and look forward to the many benefits that an updated facility will afford us. We've also continued to develop plans for a smart grid technology deployment, which involves the use of Automated Metering Infrastructure (AMI). This too will provide benefits in efficiency and member convenience. In addition, our natural gas and electric operations continue to provide positive margins. Our natural gas operating margins did require an increase in distribution rates but as energy costs were reduced, the overall impact was an actual decrease in rates. The board of directors continues its commitment to the cooperative business model as we will again this year return patronage capital to you. This year, the cooperative will return approximately \$1,345,000 in the form of patronage capital retirements to the membership.



The future holds exciting plans for our cooperative, including the completion of a new headquarters and service center facility, deployment of an Automated Metering Infrastructure, and our efforts to explore the feasibility of deploying Fiber to the Home (FTTH or fiber optic internet service) to the membership. We're excited and look forward to serving your needs well into the future!

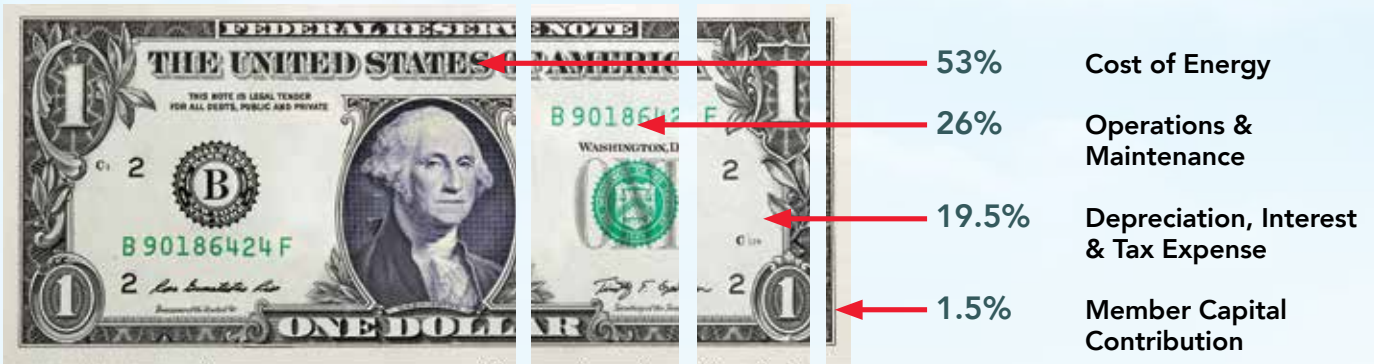
On behalf of the board and our employees, we thank you for your trust and support.

Respectfully,

Allan Berg
Chairman of the Board

Thomas Sobeck
President & Chief Executive Officer

Where Your Energy Dollar Goes:



2019 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	33,834	12,546
Energy Sold	245,783,857 kWh	11,466,624 CCF
New Services	242	168
Miles of Line	3,835 (overhead) 1,068 (underground)	869

Treasurer's Report



Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending December 31, 2019 and 2018 are included in this annual report. As indicated by these financial reports, the cooperative has completed another successful year. Our electric and natural gas operations continue to provide competitive energy alternatives to our members.

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 distinguished pleasure to serve as treasurer for the past year.

Charles Arbour, Treasurer

Statement of Operations

	2018	2019
OPERATING REVENUES	\$46,046,735	47,308,955
OPERATING EXPENSES		
Cost of Purchased Power	25,020,082	25,188,530
Operations & Maintenance Expense	11,607,372	12,137,035
Depreciation	4,445,463	5,212,520
Interest	2,717,104	2,810,247
Taxes	<u>1,181,887</u>	<u>1,226,330</u>
Total Operating Expenses	<u>44,971,908</u>	<u>46,574,662</u>
Member Capital Contribution	1,074,828	734,293
NON-OPERATING MARGINS		
Capital Credits—G&T and Other	1,759,758	1,451,129
Non-Operating Margins—Other	<u>(267,576)</u>	<u>(94,081)</u>
NET MARGINS	2,567,010	2,091,341

Balance Sheet

ASSETS

Total Utility Plant	159,406,503	162,780,323
Accumulated Depreciation	(70,648,602)	(74,884,948)
Net Utility Plant	88,757,901	87,895,375
Investments in Associated Organizations	24,621,871	24,206,436
Cash & Cash Equivalents	2,964,539	2,959,103
Accounts Receivable	4,498,418	5,473,718
Materials & Supplies	1,945,684	2,130,544
Other Assets	373,934	406,006
Deferred Debits	<u>341,403</u>	<u>368,655</u>
Total Assets	123,503,750	123,439,837

EQUITIES & LIABILITIES

Margins & Equities

Patronage Capital	54,481,033	54,606,369
Other Equities	<u>(253,082)</u>	<u>21,064</u>
Total Margins & Equities	54,227,951	54,627,433

Liabilities

Long-term Debt	58,272,209	56,146,573
Notes Payable	0	0
Accounts Payable	11,003,590	12,665,831
Other Current & Accrued Liabilities	0	0
Total Liabilities	<u>69,275,799</u>	<u>68,812,404</u>
TOTAL EQUITIES & LIABILITIES	123,503,750	123,439,837