

# Your Co-op's 2014 Annual Report



Brian Burns and John Brown



## To Our Member-Owners:

We are pleased to report that 2014 was a very favorable year for your cooperative. There were no major weather events (storms) and temperatures were colder than normal. This kept maintenance expenses down and had a positive effect on energy sales, resulting in record level net operating margins.

In keeping with our mission, we continued to invest in and rehabilitate the infrastructure that delivers energy to you. In 2014, total utility plant investments were just under \$3 million.

Natural gas has become an important part of your cooperative's success. Our objective remains the same today as it was 20 years ago when we began delivering it to members: expand gas service in a financially responsible manner to benefit as many members as we can.

Our employees' hard work was reflected in the results of our 2014 American Customer Satisfaction Index (ACSI) survey. Members gave us a score of 85. This rating exceeds that of such notable companies as Apple (84), Southwest Airlines (78), and Nike (78). We thank our employees for their efforts to earn this score.

In 2014, the board of directors continued its commitment to the cooperative business model by authorizing \$1,882,100 in capital credit retirements. To date, the board has authorized the return of more than \$9 million in capital to members.

Thank you for your continued support as we strive to be your trusted energy and community partner.

Respectfully,

**John Brown**  
Chairman of the Board

**Brian J. Burns**  
President & Chief Executive Officer

## Where Your Energy Dollar Goes:



## 2014 Statistical Summary:

|               | ELECTRIC                                | NATURAL GAS   |
|---------------|---|---------------|
| Active Meters | 33,049                                  | 8,950         |
| Energy Sold   | 244,248,074 kWh                         | 7,989,884 CCF |
| New Services  | 164                                     | 209           |
| Miles of Line | 3,852 (overhead)<br>1,011 (underground) | 584           |

# Treasurer's Report



Daryl Peterson

Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending December 31, 2014 and 2013 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 for you.

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.

**Daryl Peterson**, Treasurer

## Statement of Operations

|  | 2013          | 2014          |
|--|---------------|---------------|
| <b>OPERATING REVENUES</b> . . . . .          | \$ 43,939,243 | \$ 46,156,932 |
| <b>OPERATING EXPENSES</b>                    |               |               |
| Cost of Purchased Power . . . . .            | 24,899,061    | 26,634,255    |
| Operations & Maintenance Expense . . . . .   | 8,780,950     | 8,899,910     |
| Depreciation . . . . .                       | 3,434,323     | 3,512,749     |
| Interest . . . . .                           | 2,931,289     | 2,643,203     |
| Taxes . . . . .                              | 1,054,259     | 1,126,459     |
| <b>Total Operating Expenses</b> . . . . .    | 41,099,882    | 42,816,576    |
| <b>Member Capital Contribution</b> . . . . . | 2,839,361     | 3,340,356     |
| <b>NON-OPERATING MARGINS</b>                 |               |               |
| Capital Credits—G&T and Other . . . . .      | 2,147,473     | 1,681,344     |
| Non-Operating Margins - Other . . . . .      | (128,309)     | (279,645)     |
| <b>NET MARGINS</b> . . . . .                 | 4,858,525     | 4,742,055     |

## Balance Sheet

|   |              |              |
|---|--------------|--------------|
| <b>ASSETS</b>                                     |              |              |
| Total Utility Plant . . . . .                     | 128,094,751  | 130,989,659  |
| Accumulated Depreciation . . . . .                | (51,744,886) | (54,738,554) |
| Net Utility Plant . . . . .                       | 76,349,865   | 76,251,105   |
| Investments in Associated Organizations . . . . . | 23,651,084   | 23,960,796   |
| Cash & Cash Equivalents . . . . .                 | 1,647,495    | 2,311,764    |
| Accounts Receivable . . . . .                     | 4,542,215    | 5,016,658    |
| Materials & Supplies . . . . .                    | 1,277,856    | 1,455,279    |
| Other Assets . . . . .                            | 360,230      | 397,577      |
| Deferred Debits . . . . .                         | 317,964      | 284,987      |
| <b>Total Assets</b> . . . . .                     | 108,146,709  | 109,678,166  |
| <b>EQUITIES &amp; LIABILITIES</b>                 |              |              |
| <b>Margins &amp; Equities</b>                     |              |              |
| Patronage Capital . . . . .                       | 42,793,997   | 48,585,300   |
| Other Equities . . . . .                          | (1,123,264)  | (1,319,079)  |
| <b>Total Margins &amp; Equities</b> . . . . .     | 41,670,733   | 47,266,221   |
| <b>Liabilities</b>                                |              |              |
| Long Term Debt . . . . .                          | 50,387,301   | 48,131,300   |
| Notes Payable . . . . .                           | 5,200,000    | 4,750,000    |
| Accounts Payable . . . . .                        | 10,805,948   | 9,518,540    |
| Other Current & Accrued Liabilities . . . . .     | 82,727       | 12,106       |
| <b>Total Liabilities</b> . . . . .                | 66,475,976   | 62,411,946   |
| <b>TOTAL EQUITIES &amp; LIABILITIES</b> . . . . . | 108,146,709  | 109,678,166  |