

Presque Isle Electric & Gas Co-op
SPECIAL BOARD MEETING
June 23, 2020

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on June 23, 2020 by teleconference. Chairman Berg called the meeting to order at 9:02 a.m.

Roll call was taken with Directors Arbour, Berg, Borowicz, Brown, Knopf, Krajniak, Lucas, Peterson, and Wozniak in attendance. A quorum was present. Also attending were President & Chief Executive Officer Sobeck and leadership team members Stempky, Kieliszewski, Chaskey, Cryderman, Chagnon-Hazelman, Karsten, Dowling, Hartung, Repke, Vizina, DeMaestri and Attorney Ekdahl.

CFO Stempky announced the various ways participants on the call could access the Special Board Meeting packet and presentation in order to follow along.

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

REVIEW ITEMS

CFO Stempky indicated there were three (3) items for the board's consideration and discussed the following;

1. **Accept 2019 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** The reconciliation for the 12-month period ending December 31, 2019 indicates that there was an under-collection of \$199,400.87. This amount has been rolled into the 2020 PSCR factor and is currently being collected from the membership throughout the 2020 calendar year.
2. **Accept 2019 Electric Operations Times Interest Earned Ratio (TIER) Analysis:** The TIER analysis based upon the 2019 operating year indicates an Adjusted TIER of 1.6, which falls within the TIER range of 1.60 to 2.20. No adjustment in revenue is required. Discussion ensued.
3. **Approve changes to PIE&G Rate Book to identify Standard and Nonstandard Meters and Opt-out procedures and fees for Automated Metering Infrastructure (AMI):** PIE&G is beginning the process of implementing an AMI system. The current Rate Book does not address AMI or the opportunity for the membership to elect not to have an AMI meter installed. PIE&G wishes to offer an AMI alternative for members who are concerned over the implications of AMI meters. This requires changes to the current rate book which identifies a Standard vs Nonstandard meter and outlines the fees associated with Opting Out of the AMI Standard meter option. Nonstandard meter options at this point are strictly an AMR

or drive by meter. Management will undertake a review of the need to offer an Opt Out provision that provides for a Nonstandard meter that is not an AMR meter, i.e. a “dumb” meter. Discussion ensued.

GUESTS & MEMBER COMMENT

CFO Stempky welcomed member, Bruce Hartdegen, of Afton and invited him to share comments. Mr. Hartdegen indicated he has been a member of our co-op for two years and still is becoming familiar with the cooperative business model. Mr. Hartdegen asked several questions in regards to member surveys, board decision making process, and opt out options for AMI. CEO Sobeck and CFO Stempky provided answers and discussion ensued.

ACTION ITEMS

1. **Accept 2019 Power Supply Cost Recovery (PSCR) Factor Reconciliation:**
A motion was made by Borowicz, supported by Knopf, to accept management's 2019 Electric PSCR Factor reconciliation analysis, which indicates an under-collection of \$199,400.87 and directs management to continue recovering this amount from the membership through the use of the 2020 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 2020-MR-01 attached.)
2. **Accept 2019 Electric Operations TIER Analysis:**
A motion was made by Krajniak, supported by Knopf, to accept management's 2019 Electric TIER analysis that indicates an adjusted TIER of 1.60 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 2020-MR-02 attached.)
3. **Approve changes to PIE&G Rate Book to identify Standard and Nonstandard Meters and Opt-out procedures and fees for Automated Metering Infrastructure (AMI):**
A motion was made by Peterson, supported by Knopf, to accept management's recommended changes to PIE&G Rate Book sheets A-6.01 and D-5.01 to provide the membership with an Opt Out option to its AMI system and the fees associated with it as listed below.
Pre-deployment Opt Out One-time Fee - \$10.00 per billing meter
Post-deployment Opt Out One-time Fee - \$50.00 per billing meter
Monthly Opt Out Fee - \$ 5.00 per month per billing meter
PIE&G management will undertake a review of the need to offer an Opt Out provision that provides for a Nonstandard meter that is not an AMR meter, i.e. a “dumb” meter, and if necessary, develop provisions and fees associated with a “dumb” meter option for consideration. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2020-MR-03 attached.)

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
JUNE 23, 2020**

**RESOLUTION 2020-MR-01
2019 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 2019 PSCR Factor reconciliation exhibits with the Board of Directors; and


WHEREAS, the 2019 PSCR Factor reconciliation indicates that PIE&G has experienced a cumulative under-collection of power supply costs of \$199,400.87 for the 12 month period ending December 31, 2019; and


WHEREAS, PIE&G has incorporated the under-collection of \$199,400.87 into its 2020 PSCR Factor application.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's 2019 ELECTRIC PSCR Factor reconciliation analysis, which indicates an under-collection of \$199,400.87 and directs management to continue recovering this amount from the membership through the use of the 2020 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 June 23, 2020.

By: 
Sandra Borowicz, Secretary

Dated: June 23, 2020 

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
JUNE 23, 2020**

**RESOLUTION 2020-MR-02
2019 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 2019 operating year indicates an adjusted TIER of 1.60.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's 2019 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 June 23, 2020.

By: Sandra Borowicz
Sandra Borowicz, Secretary

Dated: June 23, 2020

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
JUNE 23, 2020**

**RESOLUTION 2020-MR-03
REVISIONS TO PIE&G RATE BOOK TO ACCOMMODATE OPT OUT
PROVISIONS TO AUTOMATED METERING INFRASTRUCTURE**

WHEREAS, PIE&G has begun the process of installing an Automated Metering Infrastructure (AMI) system; and

WHEREAS, PIE&G acknowledges the cost to install an AMI system is considerable and that it is necessary to protect that investment by promoting its use to the membership; and

WHEREAS, PIE&G also wishes to accommodate the request of some members to provide an Opt Out provision for its AMI system; and

WHEREAS, PIE&G recognizes that opting out of the AMI system provides unique costs and challenges; and

WHEREAS, PIE&G wishes to recognize the additional costs associated with opting out of the AMI system by providing a process and fee structure for those members who wish to elect to opt out of the AMI system; and

WHEREAS, PIE&G management has proposed a procedure and fee structure to the Board of Directors for its review and approval which includes identification of Standard (AMI) meters and Nonstandard (AMR) meters and the process and fees required for members taking service on residential monthly rate Service Schedule A, to elect a Nonstandard (AMR) meter; and

WHEREAS, PIE&G management has proposed that the Opt Out provision only offer an AMR meter option at this time; and

WHEREAS, PIE&G's Board of Directors wishes management to undertake a review of the need to offer an Opt Out provision that provides for a Nonstandard meter that is not an AMR meter, i.e. a "dumb" meter, along with the fees associated with a "dumb" meter option.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
JUNE 23, 2020**

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's recommended changes to PIE&G Rate Book sheets A-6.01 and D-5.01 to provide the membership with an Opt Out option to its AMI system and the fees associated with it as listed below.

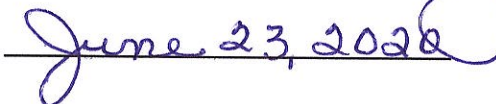
Pre-deployment Opt Out One-time Fee -	\$10.00 per billing meter
Post-deployment Opt Out One-time Fee -	\$50.00 per billing meter
Monthly Opt Out Fee -	\$ 5.00 per month per billing meter

BE IT FURTHER RESOLVED that PIE&G management will undertake a review of the need to offer an Opt Out provision that provides for a Nonstandard meter that is not an AMR meter, i.e. a "dumb" meter, and if necessary, develop provisions and fees associated with a "dumb" meter option for consideration.

CERTIFICATION

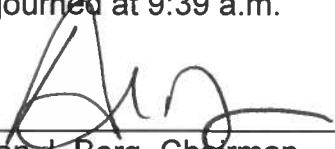
I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on June 23, 2020.

By: 
Sandra Borowicz, Secretary

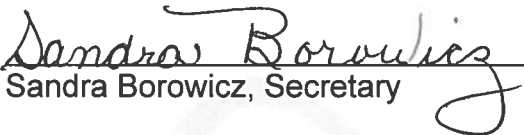
Dated: 

ADJOURNMENT

There being no further business to come before the board, Chairman Berg asked for a motion to adjourn. ***A motion was made by Borowicz, seconded by Lucas, to adjourn the meeting. Ayes – all, motion carried.*** Chairman Berg declared the meeting adjourned at 9:39 a.m.



Allan J. Berg, Chairman



Sandra Borowicz, Secretary

/ddm