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# YOUR CO-OP'S 2020 ANNUAL REPORT

## To Our Member-Owners:

2020 was a year in which the cooperative achieved several historic milestones, all while adapting to the pandemic. We commenced construction of our new Headquarters and Service Center and look forward to the many member and employee benefits that a state-of-the-art facility will offer. We've also continued the deployment of smart grid technology, which involves Advanced Metering Infrastructure (AMI). This, too, will provide increased operational efficiencies and member convenience. In addition, our natural gas and electric operations continue to provide positive margins. Our annual analysis of the 2020 electric operating margins did result in an increase in distribution rates of 1.73% overall, which will be effective Sept. 1, 2021. Still, our electric rates remain very competitive with our cooperative

peers in Michigan and our neighboring investor-owned utilities.

The board of directors remains committed to the cooperative business model, once again authorizing a return of patronage capital. In 2021, the cooperative will return approximately \$1,425,000 in capital credit retirements to members. We have also begun the development of a Fiber-to-the-Home project in our service territory. We will begin offering high-speed internet access to members who are in phase one of the project beginning in 2022 through PIE&G Connect, our newly formed fiber division. This will usher in a new era at the cooperative, using our time-tested and member-focused business model.

The future holds exciting prospects for all of us, including completing the new Headquarters and Service Center, deploying an Advanced Metering



Allan Berg



Thomas Sobeck

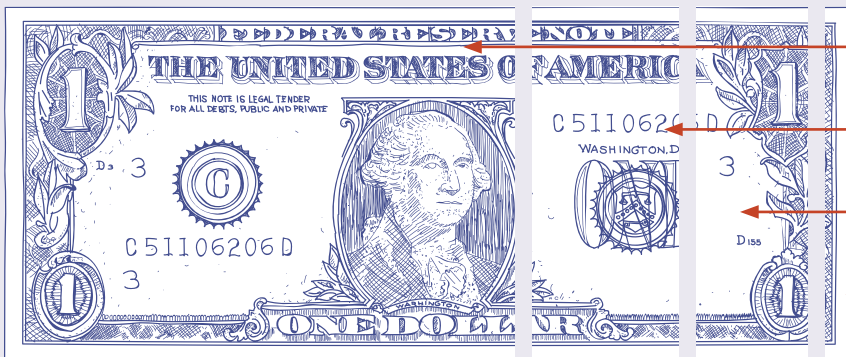
Infrastructure, and providing high-speed internet access to northeast Michigan. We're elated about our progress, and we look forward to serving your needs now and well into the future!

Respectfully,

**Allan Berg**, Chairman of the Board

**Thomas Sobeck**, President & Chief Executive Officer

## Where Your Energy Dollar Goes:



**52%**

Cost of Energy

**26%**

Operations & Maintenance

**20%**

Depreciation, Interest, & Tax Expense

**2%**

Member Capital Contribution

## 2020 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters .....	34,137	12,739
Energy Sold .....	246,588,784 kWh	10,519,692 CCF
New Services .....	305	178
Miles of Line .....	3,828 (overhead) 1,108 (underground)	875

# Treasurer's Report

STATEMENT OF OPERATIONS	2020	2019
<b>OPERATING REVENUES</b>	\$46,506,749	\$47,308,955
<b>OPERATING EXPENSES</b>		
Cost of Purchased Power	24,091,855	25,188,530
Operations & Maintenance Expenses	12,207,482	12,137,035
Depreciation	5,244,046	5,212,520
Interest	2,803,245	2,810,247
Taxes	1,256,319	<u>1,226,330</u>
<b>Total Operating Expenses</b>	45,602,947	<u>46,574,662</u>
<b>Member Capital Contribution</b>	903,802	734,293
<b>NON-OPERATING MARGINS</b>		
Capital Credits—G&T and Other	1,565,685	1,451,129
Non-Operating Margins—Other	1,869,093	<u>(94,081)</u>
<b>NET MARGINS</b>	4,338,580	2,091,341
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
Total Utility Plant	181,103,741	162,780,323
Accumulated Depreciation	(78,861,950)	(74,884,948)
Net Utility Plant	102,241,791	87,895,375
Investments in Associated Organizations	23,948,108	24,206,436
Cash & Cash Equivalents	2,889,574	2,959,103
Accounts Receivable	5,718,743	5,473,718
Materials & Supplies	2,709,315	2,130,544
Other Assets	390,775	406,006
Deferred Debits	<u>305,915</u>	<u>368,655</u>
<b>Total Assets</b>	138,204,221	123,439,837
<b>EQUITIES &amp; LIABILITIES</b>		
<b>Margins &amp; Equities</b>		
Patronage Capital	57,910,587	54,606,369
Other Equities	<u>21,064</u>	<u>21,064</u>
<b>Total Margins &amp; Equities</b>	57,931,651	54,627,433
<b>Liabilities</b>		
Long-term Debt	67,483,649	56,146,573
Notes Payable	0	0
Accounts Payable	12,788,921	12,665,831
Other Current & Accrued Liabilities	0	0
<b>Total Liabilities</b>	<u>80,272,570</u>	<u>68,812,404</u>
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	138,204,221	123,439,837



Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending Dec. 31, 2020, and 2019 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 cooperative's financial position. 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