

**Presque Isle Electric & Gas Co-op**  
**SPECIAL BOARD MEETING**  
**March 23, 2021**

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on March 23, 2021 at PIE&G headquarters in Onaway, Michigan. Due to the COVID-19 pandemic and continued restrictions on in-person gatherings issued by the MDHHS, the meeting was also held remotely using the GoToMeetings app. Chairman Berg called the meeting to order at 9:00 a.m.

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

**Public Act 167 of 2008: The Electric Cooperative Member Regulation Act:** CFO Stempky provided a brief summary of PA 167, which allows electric cooperatives to establish rates, charges, accounting standards, billing practices, and terms and conditions of service.

**REVIEW ITEMS**

CFO Stempky indicated there were six (6) items for the board's consideration and discussed the following;

- 1. Accept 2020 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** The reconciliation for the 12-month period ending December 31, 2020 indicates that there was an under-collection of \$399,899.62. This amount has been rolled into the 2021 PSCR factor and is currently being collected from the membership throughout the 2021 calendar year.
- 2. Accept 2020 Electric Operations Times Interest Earned Ratio (TIER) Analysis:** The TIER analysis based upon the 2020 operating year indicates an Adjusted TIER of 1.44, which falls outside the TIER range of 1.60 to 2.20. A revenue increase of \$607,762 is necessary to return to a TIER of 1.80. Discussion ensued.
- 3. Implement Revenue Increase to Specific Rate Classes:** The 2020 TIER analysis indicates a revenue increase of \$607,762 is required. The updated Cost of Service Study indicates 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. Management's recommendation is that the proposed revenue/rate increase be allocated in the following manner and effective with bills rendered on or after September 1, 2021:

Residential Monthly	\$365,223
Residential Seasonal	\$153,345
General Service	\$ 67,970
Large General Service	\$ 7,265
Primary Service	\$ 12,100
Outdoor Lighting	\$ 1,857
Total	\$607,760

Discussion ensued.

**4. Temporary Suspension of Section II,B,2c of Policy 307 – Energy Rate**

**Design:** The current availability charge for the Seasonal Rate Class is 73% of the Cost of Service Study result, which falls outside the required Monthly Availability charge range of no less than 60% and no more than 70%, set forth in Section II,B,2c of Board Policy 307. The current Cost of Service Study does not account for the new HQ or AMI projects which will likely increase the availability charge and should be taken in to account when completed. Management proposes suspending the requirement in Section II,B,2c until a cost of service study is completed based upon the 2021 operating year. Discussion ensued.

**5. Electric Rate Design:** Management recommends increases to the distribution rate for the Residential Monthly, Seasonal Monthly, General Service, Large General Service, Primary Service, and Outdoor Lighting rate classes, and suggests increases be applied in the following manner for bills rendered on or after September 1, 2021:

Rate Class	Current \$/kWh	Proposed \$/kWh
Residential Monthly	\$ 0.03067	\$ 0.03305
Residential Seasonal	\$ 0.07815	\$ 0.08441
General Service	\$ 0.02609	\$ 0.02776
Large General Service	\$ 0.01548	\$ 0.01726
Primary Service	\$ 0.00646	\$ 0.00745
Outdoor Lighting - Monthly Charge		
175W MV	\$ 12.48	\$ 12.73
400W MV	\$ 22.17	\$ 22.71
100W HPS	\$ 9.62	\$ 9.77
250W HPS	\$ 16.35	\$ 16.70
40W LED T5	\$ 7.05	\$ 7.10
70W LED T3/T5	\$ 8.13	\$ 8.21

6. **Approve Changes to PIE&G Rate Book regarding Opt-out procedures and fees for Automated Metering Infrastructure (AMI):** The board approved fees and charges for members wishing to opt out of the Cooperative's AMI program to a Nonstandard AMR meter at the June 2020 Special Meeting. Per the request of the board, management developed procedures and fees for members who wish to further opt out to a Nonstandard, (Non-AMR) meter, i.e. a "dumb" meter. Members wishing to pursue an opt out to a Nonstandard (Non-AMR) meter must request a waiver in writing to the board of directors. If approved, a monthly fee of \$15.55 will be assessed for each meter to which the waiver applies. Discussion ensued.

**GUESTS & MEMBER COMMENT**

No guests or members were in attendance.

**ACTION ITEMS**

1. **Accept 2020 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** *A motion was made by Krajniak, supported by Wozniak, to accept management's 2020 Electric PSCR Factor reconciliation analysis, which indicates an under-collection of \$399,899.62 and directs management to continue recovering this amount to the membership through the use of the 2021 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 2021-MR-01 attached.)*
2. **Accept 2020 Electric Operations Times Interest Earned Ratio (TIER) Analysis:** *A motion was made by Peterson, supported by Knopf, to accept management's 2020 Electric TIER analysis, which indicates a revenue increase of \$607,762 is required to achieve a target TIER of 1.8. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2021-MR-02 attached.)*
3. **Implement Revenue Increase to Specific Rate Classes:** *A motion was made by Borowicz, supported by Krajniak, to direct 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, 2021:*

<i>Residential Monthly</i>	<i>\$365,223</i>
<i>Residential Seasonal</i>	<i>\$153,345</i>
<i>General Service</i>	<i>\$ 67,970</i>
<i>Large General Service</i>	<i>\$ 7,265</i>
<i>Primary Service</i>	<i>\$ 12,100</i>
<i>Outdoor Lighting</i>	<i>\$ 1,857</i>

*A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2021-MR-03 attached.)*

4. **Temporary Suspension of Section II,B,2c of Policy 307 – Energy Rate Design:** *A motion was made by Knopf, supported by Wozniak, approve a temporary suspension of Board Policy 307, Section II, B, 2c to maintain the current availability charge for all rate classes until the completion of a cost of service study to be conducted based upon the 2021 operating year financials results. A roll call vote was taken with seven (7) directors voting in the affirmative and two (2) opposed (Arbour, Brown). Motion carried by a 7-2 vote. (Refer to Board Resolution 2021-MR-04 attached.)*
5. **Electric Rate Design:** *A motion was made by Krajniak, supported by Lucas, to direct 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, 2021;*

<i>Residential Monthly</i>	<i>distribution charge</i>	<i>\$0.03305 per kWh</i>
<i>Residential Seasonal</i>	<i>distribution charge</i>	<i>\$0.08441 per kWh</i>
<i>General Service</i>	<i>distribution charge</i>	<i>\$0.02776 per kWh</i>
<i>Large General Service</i>	<i>distribution charge</i>	<i>\$0.01726 per kWh</i>
<i>Primary Service</i>	<i>distribution charge</i>	<i>\$0.00745 per kWh</i>
<i>Outdoor Lighting</i>	<i>175W MV</i>	<i>\$12.73 per month</i>
	<i>400W MV</i>	<i>\$22.71 per month</i>
	<i>100W HPS</i>	<i>\$ 9.77 per month</i>
	<i>250W HPS</i>	<i>\$16.70 per month</i>
	<i>40W LED T5</i>	<i>\$ 7.10 per month</i>
	<i>70W LED T3/T5</i>	<i>\$ 8.21 per month</i>

*A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2021-MR-05 attached.)*

6. **Approve Changes to PIE&G Rate Book regarding Opt-out procedures and fees for Automated Metering Infrastructure (AMI):** *A motion was made by Peterson, supported by Borowicz, to accept management's recommendation to change PIE&G Rate Book sheet D-5.01 to provide the membership with an additional Opt-Out option to its AMI system and the fees associated with it as listed below.*

**Nonstandard (Non-AMR) Meter**

**Pre-deployment Opt-Out One-time Fee - \$10.00 per billing meter**

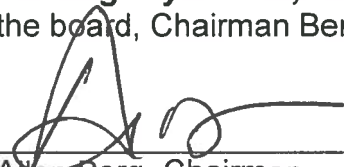
**Post-deployment Opt-Out One-time Fee - \$50.00 per billing meter**

**Monthly Opt-Out Fee - \$15.55 per month per billing meter**

***A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2021-MR-06 attached.)***

**ADJOURNMENT**

***A motion was made by Peterson, seconded by Lucas, to adjourn the special meeting. Ayes – all, motion carried.*** There being no further business to come before the board, Chairman Berg adjourned the meeting at 9:35 a.m.

  
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Allan Berg, Chairman

  
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Sandra Borowicz, Secretary

/ddm

APPROVED

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
MARCH 23, 2021**

**RESOLUTION 2021-MR-01  
2020 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 2020 PSCR Factor reconciliation exhibits with the Board of Directors; and

**WHEREAS**, the 2020 PSCR Factor reconciliation indicates that PIE&G has experienced a cumulative under-collection of power supply costs of \$399,899.62 for the 12-month period ending December 31, 2020; and

**WHEREAS**, PIE&G has incorporated the under-collection of \$399,899.62 into its 2021 PSCR Factor application.

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management's 2020 ELECTRIC PSCR Factor reconciliation analysis, which indicates an under-collection of \$399,899.62 and directs management to continue recovering this amount from the membership through the use of the 2021 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 March 23, 2021.

By: Sandra Borowicz  
Sandra Borowicz, Secretary

Dated: March 23, 2021

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
MARCH 23, 2021**

**RESOLUTION 2021-MR-02  
2020 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 2020 operating year indicates an adjusted TIER of 1.44; and

**WHEREAS**, an adjusted TIER of 1.44 falls outside the “Quiet Zone”; and

**WHEREAS**, a revenue increase of \$607,762 is required to achieve a 1.8 Target TIER;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s 2020 ELECTRIC TIER analysis, which indicates a revenue increase of \$607,762 is required to achieve a Target TIER of 1.8.

**CERTIFICATION**

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Sandra Borowicz, Secretary

Dated: March 23, 2021

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
March 23, 2021**

**RESOLUTION 2021-MR-03  
2021 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 2020 TIER Analysis provides for an increase of \$607,762 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, 2021:

Residential Monthly Total Increase	\$ 365,223
Residential Seasonal Total Increase	\$ 153,345
General Service	\$ 67,970
Large General Service	\$ 7,265
Primary Service	\$ 12,100
Outdoor Lighting Total Increase	\$ 1,857

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Sandra Borowicz, Secretary

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**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
March 23, 2021**

**BOARD RESOLUTION No. 2021-MR-04  
TEMPORARY CHANGE TO CERTAIN PORTIONS OF POLICY 307  
(RATE POLICY STATEMENT – ENERGY RATE DESIGN)**

**WHEREAS**, the Board of Directors by its Policy 307 (Rate Policy Statement – Energy Rate Design) has established the method by which the Cooperative is to develop the monthly availability charge for each electric rate class based upon its most recent cost of service study; and

**WHEREAS**, the availability charge for the Seasonal Residential Service rate class is currently not in conformity with this requirement of Policy 307; and

**WHEREAS**, the Board of Directors acknowledges that the completion of the current construction of the new Headquarters and Service Center facility and the implementation of its Advanced Metering Infrastructure projects will require an updated cost of service study which will impact the availability charge calculation; and

**WHEREAS**, the Board of Directors wishes to ensure that the impact of the completion of current projects is accurately reflected in the rate design in accordance with Policy 307; and

**WHEREAS**, the Cooperative intends to conduct a cost of service study based upon the 2021 operating year financial results, to be conducted in the first quarter of 2022.

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors approves a temporary suspension of Board Policy 307, Section II, B, 2c to maintain the current availability charge for all rate classes until the completion of a cost of service study to be conducted based upon the 2021 operating year financial results.

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Sandra Borowicz, Secretary

Dated: March 23, 2021

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
March 23, 2021**

**RESOLUTION 2021-MR-05  
2021 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 2020 TIER Analysis provides for an increase of \$607,762 to achieve a Target TIER of 1.8; and

**WHEREAS**, PIE&G has established that the increase of \$607,762 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, 2021:

Residential Monthly	distribution charge	\$0.03305 per kWh
Residential Seasonal	distribution charge	\$0.08441 per kWh
General Service	distribution charge	\$0.02776 per kWh
Large General Service	distribution charge	\$0.01726 per kWh
Primary Service	distribution charge	\$0.00745 per kWh
Outdoor Lighting	175W MV	\$ 12.73 per month
	400W MV	\$ 22.71 per month
	100W HPS	\$ 9.77 per month
	250W HPS	\$ 16.70 per month
	40W LED T5	\$ 7.10 per month
	70W LED T3/T5	\$ 8.21 per month

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**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
MARCH 23, 2021**

**RESOLUTION 2021-MR-06  
REVISIONS TO PIE&G RATE BOOK TO ACCOMMODATE OPT OUT  
PROVISIONS TO ADVANCED METERING INFRASTRUCTURE**

**WHEREAS**, PIE&G has begun the process of installing an Advanced 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 Nonstandard (Non AMR) meters and the process and fees required **for members taking service on residential monthly rate Service Schedule A**, to elect a Nonstandard (Non AMR) meter; and

**WHEREAS**, PIE&G management has identified a procedure by which members must request in writing that the board of directors approve a waiver in order to utilize a Nonstandard (Non AMR) meter; and

**WHEREAS**, PIE&G management has further determined that if a waiver is granted, the additional monthly fee associated with the Nonstandard (Non AMR) meter will be \$15.55.

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
MARCH 23, 2021**

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

**Nonstandard (AMR) Meter**

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

**Nonstandard (Non AMR) Meter**

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	-	\$15.55 per month per billing meter

**CERTIFICATION**

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