



Allan Berg



Thomas Sobeck

Your Co-op's 2021 Annual Report

To Our Member-Owners:

2021 was a year in which the cooperative continued to achieve some historic milestones while adapting to the ongoing pandemic. We've continued deployment of smart grid technology, which involves the use of Advanced Metering Infrastructure (AMI). This will provide increased operational efficiencies and member convenience. Our natural gas operation continues to provide positive margins, while the annual analysis of our 2021 electric operations resulted in an increase in distribution rates of 5.09% overall, which took effect Sept. 1, 2022. Still, our electric rates remain very competitive with our cooperative peers in Michigan, as well as our neighboring investor-owned utilities.

The board of directors remains committed to the cooperative business model by, once again, authorizing a return of patronage capital. In 2022, the cooperative will return approximately \$1,437,000 in capital credit retirements to members.

We continue the development of a Fiber-to-the-Home broadband project in our service territory through PIE&G

Connect, our newly formed fiber division. We began offering high-speed internet access in July 2022 to members who receive electric service within Phase One of the project. This will usher in a new era at the cooperative, using our time-tested and member-focused business model.

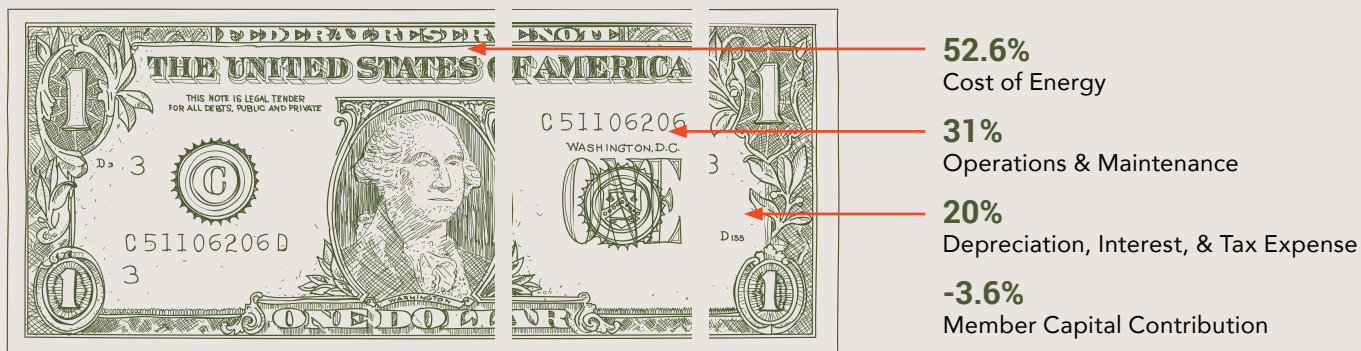
The future holds exciting prospects for all of us, including the deployment of an Advanced Metering Infrastructure Smart Grid and providing high-speed internet access to northeast Michigan. We're elated about our progress, and we look forward to serving your needs now and well into the future!

On behalf of the board of directors, management, and 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:



2021 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	34,547	12,934
Energy Sold	258,071,694 kWh	10,355,995 CCF
New Services	412	206
Miles of Line	3,820 (overhead) 1,137 (underground)	886

Treasurer's Report



Daryl Peterson

Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending Dec. 31, 2021, and 2020 are included in this annual report. These financial reports indicate that the cooperative has completed another successful year. Our electric and natural gas operations continue to provide competitive energy alternatives to our members.

Our previous independent accounting firm for many years, Harris Group, decided to retire from the utility accounting audit business at the end of 2020, so your board of directors chose the firm of Eide Bailly as a replacement. Eide Bailly is a nationally recognized auditing firm specializing in utility auditing. They have extensive experience working with utility cooperatives nationwide, and perform audits for several other cooperatives in Michigan. The PIE&G staff worked diligently with the new firm, and Eide Bailly found nothing out of the ordinary in their very detailed audit. They have 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. I would like to thank the PIE&G staff for their cooperation with the new auditors and look forward to another great year in 2022!

Daryl Peterson, Treasurer

STATEMENT OF OPERATIONS	2021	2020
OPERATING REVENUES	\$49,340,198	\$46,506,749
OPERATING EXPENSES		
Cost of Purchased Power	25,959,068	24,091,855
Operations & Maintenance Expenses	15,052,787	12,207,482
Depreciation	5,431,454	5,244,046
Interest	3,155,009	2,803,245
Taxes	1,427,239	1,256,319
Total Operating Expenses	51,025,557	45,602,947
Member Capital Contribution	(1,685,359)	903,802
NONOPERATING MARGINS		
Capital Credits—G&T and Other	1,873,364	1,565,685
Nonoperating Margins—Other	(610,800)	1,869,093
NET MARGINS	(422,795)	4,338,580
BALANCE SHEET		
ASSETS		
Total Utility Plant	196,647,665	181,103,741
Accumulated Depreciation	(83,233,329)	(78,861,950)
Net Utility Plant	113,414,336	102,241,791
Investments in Associated Organizations	23,953,102	23,948,108
Cash & Cash Equivalents	5,703,297	2,889,575
Accounts Receivable	7,719,371	6,263,943
Materials & Supplies	7,363,697	2,709,315
Other Assets	182,659	390,775
Deferred Debits	<u>251,665</u>	<u>100,946</u>
Total Assets	158,588,127	138,544,453
EQUITIES & LIABILITIES		
Margins & Equities		
Patronage Capital	56,374,384	57,910,587
Other Equities	<u>21,064</u>	<u>21,064</u>
Total Margins & Equities	56,395,448	57,931,651
Liabilities		
Long-term Debt	79,391,733	67,483,649
Notes Payable	0	0
Accounts Payable	22,435,752	12,649,713
Other Current & Accrued Liabilities	365,194	479,440
Total Liabilities	<u>102,192,679</u>	<u>80,612,802</u>
TOTAL EQUITIES & LIABILITIES	158,588,127	138,544,453