

**Presque Isle Electric & Gas Co-op**  
**SPECIAL BOARD MEETING**  
**March 29, 2022**

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on March 29, 2022 at PIE&G headquarters on Main Street (M-211) in Onaway, Michigan. Chairman Berg called the meeting to order at 9:00 a.m.

Roll call was taken with Directors Arbour, Berg, Borowicz, Brown, Knopf, Krajniak, Lucas, Peterson, and Wozniak present. A quorum was present. Also attending were President & Chief Executive Officer Sobeck, and leadership team members Stempky, Cryderman, Hartung, Fitzpatrick, VanSchoten, and Attorney Ekdahl.

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

**INTRODUCTION OF GUESTS & MEMBER COMMENT**

Member John Chappa, a member of the Presque Isle County Board of Commissioners, was in attendance.

**ACTION ITEMS**

CFO Stempky indicated there were five (5) items for the board's consideration and discussed the following:

1. **Accept 2021 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** The reconciliation for the 12-month period ending December 31, 2021 indicates that there was an under-collection of \$840,499.34. This amount has been rolled into the 2022 PSCR factor and is currently being collected from the membership throughout the 2022 calendar year. ***A motion was made by Borowicz, supported by Krajniak, to accept management's 2021 Electric PSCR Factor reconciliation analysis, which indicates an under-collection of \$840,499.34 and directs management to continue recovering this amount from the membership through the use of the 2022 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 2022-MR-01)***

2. **Accept 2021 Electric Operations Times Interest Earned Ratio (TIER) Analysis, which is presented in 2 options:**

**Option 1:** The TIER analysis based upon the 2021 operating year (including Pole Inventory Expenses) indicates an Adjusted TIER of 0.73, which falls outside the TIER range of 1.60 to 2.20. A revenue increase of \$2,031,825 is necessary to return to a TIER of 1.80.

**Option 2:** The TIER analysis based upon the 2021 operating year (excluding Pole Inventory Expenses) indicates an Adjusted TIER of 0.94, which falls outside the TIER range of 1.60 to 2.20. A revenue increase of \$1,631,066 is necessary to return to a TIER of 1.80. Discussion ensued.

***A motion was made by Peterson, supported by Krajniak, to accept management's 2021 Electric TIER analysis Option 1, which indicates a revenue increase of \$2,031,825 is required to achieve a target TIER of 1.8. A roll call vote was taken with seven (7) directors voting in the affirmative and two (2) opposed (Borowicz, Brown). Motion carried by a 7-2 vote. (Refer to Board Resolution 2022-MR-02)***

- 3. Implement Revenue Increase to Specific Rate Classes:** The 2022 TIER analysis indicates a revenue increase of \$2,031,825 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, Large Power Time of Day, 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, 2022:

Residential Monthly	\$1,341,347
Residential Seasonal	\$ 309,896
General Service	\$ 197,320
Large General Service	\$ 19,802
Large Power Time of Day	\$ 74,961
Primary Service	\$ 71,569
Outdoor Lighting	\$ 16,934
Total	\$2,031,829

Discussion ensued. ***A motion was made by Lucas, supported by Wozniak, to direct management to implement electric rate increases to the residential monthly, seasonal, general service, large general service, large power time of day, primary service and outdoor lighting rate classes in the following manner effective with bills rendered on or after September 1, 2022:***

<b><i>Residential Monthly</i></b>	<b><i>\$1,341,347</i></b>
<b><i>Residential Seasonal</i></b>	<b><i>\$ 309,896</i></b>
<b><i>General Service</i></b>	<b><i>\$ 197,320</i></b>
<b><i>Large General Service</i></b>	<b><i>\$ 19,802</i></b>
<b><i>Large Power Time of Day</i></b>	<b><i>\$ 74,961</i></b>
<b><i>Primary Service</i></b>	<b><i>\$ 71,569</i></b>
<b><i>Outdoor Lighting</i></b>	<b><i>\$ 16,934</i></b>



**Total** **\$2,031,829**

***A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2022-MR-03)***

- 4. Electric Rate Design:** Management recommends increases to the distribution rate for the Residential Monthly, Seasonal Monthly, General Service, Large General Service, Large Power Time of Day, Primary Service, and Outdoor Lighting rate classes, and suggests increases be applied in the following manner for bills rendered on or after September 1, 2022:

Rate Class	Current \$/kWh	Proposed \$/kWh
Residential Monthly	\$ 0.03305	\$ 0.04163
Residential Seasonal	\$ 0.08441	\$ 0.09736
General Service	\$ 0.02776	\$ 0.03230
Large General Service	\$ 0.01726	\$ 0.02074
Large Power Time of Day	\$ 0.06951	\$ 0.07493
Primary Service	\$ 0.00745	\$ 0.01246
Outdoor Lighting - Monthly Charge		
40W LED T5	\$ 7.10	\$ 7.51
70W LED T3/T5	\$ 8.21	\$ 8.95

***A motion was made by Brown, supported by Knopf, to direct management to implement electric distribution rate increases to the residential monthly, seasonal, general service, large general service, large power time of day, primary service and outdoor lighting rate classes in the following manner effective with bills rendered on or after September 1, 2022;***

<b><i>Residential Monthly</i></b>	<b><i>distribution charge \$0.04163 per kWh</i></b>
<b><i>Residential Seasonal</i></b>	<b><i>distribution charge \$0.09736 per kWh</i></b>
<b><i>General Service</i></b>	<b><i>distribution charge \$0.03230 per kWh</i></b>
<b><i>Large General Service</i></b>	<b><i>distribution charge \$0.02074 per kWh</i></b>
<b><i>Large Power Time of Day</i></b>	<b><i>distribution charge \$0.07493 per kWh</i></b>
<b><i>Primary Service</i></b>	<b><i>distribution charge \$0.01246 per kWh</i></b>
<b><i>Outdoor Lighting</i></b>	
	<b><i>40W LED T5 \$ 7.51 per month</i></b>
	<b><i>70W LED T3/T5 \$ 8.95 per month</i></b>

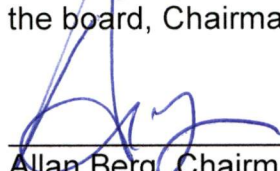
***A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2021-MR-04)***


- 5. Revisions to Renewable Energy Tariffs:** Management recommends a revision to the Distributed Renewable Energy and Buy All/Sell All Tariffs to reflect

changes to Wolverine Power Cooperative's rate structure. Changes to be effective with bills rendered on or after June 1, 2022. **A motion was made by Borowicz, supported by Knopf, to accept the proposed revisions to the Renewable Energy Tariffs as provided by cooperative staff as a reasonable basis for establishing options to its membership to participate in Renewable Energy programs at PIE&G June 1, 2022. A roll call vote was taken with eight (8) directors voting in the affirmative and one (1) opposed (Arbour). Motion carried by a 8-1 vote. (Refer to Board Resolution 2022-MR-05)**

#### ADJOURNMENT

**A motion was made by Peterson, seconded by Knopf, 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 9:54 a.m.

  
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Allan Berg, Chairman

  
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Sandra Borowicz, Secretary

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