



Your Co-op's 2022 Annual Report

To Our Member-Owners:

2022 was a year in which the cooperative continued to achieve some historic milestones. We've continued deployment of smart grid technology, which involves the use of Advanced Metering Infrastructure (AMI). So far, we have deployed AMI meters to 99% of our total active electric meters and we are working to deploy the same technology on our natural gas system over the coming months. When fully implemented, this system will provide increased operational efficiencies and enhanced benefits including member conveniences. Our natural gas operations continue to provide positive margins, though the annual analysis of our 2022 electric operations did result in an increase in distribution rates of 8.63% overall, which were effective June 1, 2023. 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 returned approximately \$1,437,000 in capital credit retirements to members.

Through PIE&G Connect, our fiber division, we continue construction of our Fiber-to-the-Home broadband project



John Brown



Thomas Sobeck

in our service territory. We began offering high-speed internet access in July 2022 to members who receive electric service within Phase 1 of the project. We now have approximately 1,750 members subscribed to high-speed internet, and home installations are increasing by approximately 75 new services per week. This will usher in a new era at the cooperative, using our time-tested and member-focused business model.

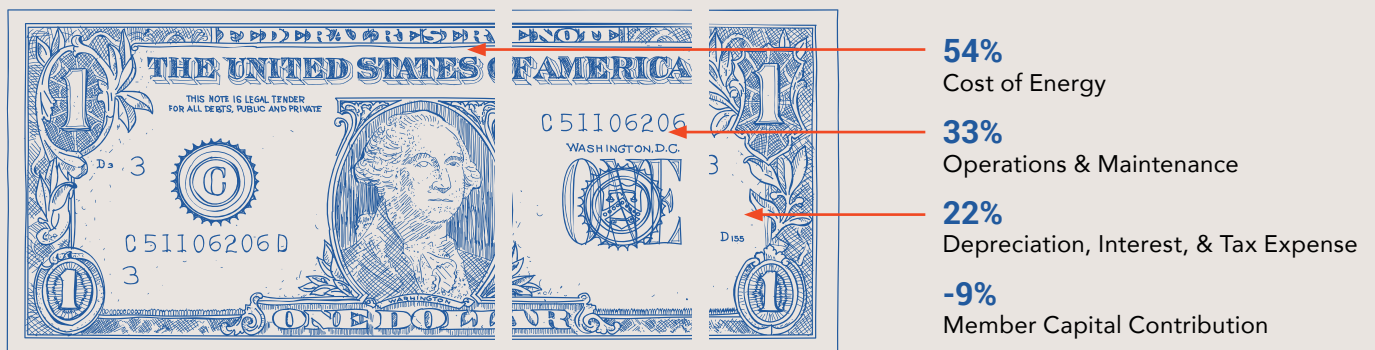
The future holds exciting prospects and challenges for all of us, including the continued deployment of an Advanced Metering Infrastructure Smart Grid and providing high-speed internet access to northeast Michigan, all while doing our best to keep rates for all services affordable and maintaining service reliability. 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,

John Brown, Chairman of the Board
Tom Sobeck, President & Chief Executive Officer

Where Your Energy Dollar Goes:



2022 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	34,819	13,161
Energy Sold	260,694,328 kWh	11,690,030 CCF
New Services	329	219
Miles of Line	3,813 (overhead) 1,159 (underground)	894

Treasurer's Report

STATEMENT OF OPERATIONS	2022	2021
OPERATING REVENUES	\$54,000,052	\$49,340,198
OPERATING EXPENSES		
Cost of Purchased Power	28,993,930	25,959,068
Operations & Maintenance Expenses	17,996,785	15,052,787
Depreciation	6,265,696	5,431,454
Interest	4,268,100	3,155,009
Taxes	1,664,137	1,427,239
Total Operating Expenses	59,188,648	51,025,557
Member Capital Contribution	(5,188,596)	(1,685,359)
NONOPERATING MARGINS		
Capital Credits—G&T and Other	2,070,419	1,873,364
Nonoperating Margins—Other	(889,883)	(610,800)
NET MARGINS	(4,008,060)	(422,795)
BALANCE SHEET		
ASSETS		
Total Utility Plant	224,128,249	196,647,665
Accumulated Depreciation	(87,854,153)	(83,233,329)
Net Utility Plant	136,274,096	113,414,336
Investments in Associated Organizations	24,630,290	23,953,102
Cash & Cash Equivalents	7,306,149	5,703,297
Accounts Receivable	7,853,637	7,719,371
Materials & Supplies	10,550,148	7,363,697
Other Assets	216,471	182,659
Deferred Debits	45,406	251,665
Total Assets	186,876,197	158,588,127
EQUITIES & LIABILITIES		
Margins & Equities		
Patronage Capital	51,411,136	56,374,384
Other Equities	21,064	21,064
Total Margins & Equities	51,432,200	56,395,448
Liabilities		
Long-term Debt	105,949,734	79,391,733
Notes Payable	0	0
Accounts Payable	28,365,748	22,435,752
Other Current & Accrued Liabilities	1,128,515	365,194
Total Liabilities	135,443,997	102,192,679
TOTAL EQUITIES & LIABILITIES	186,876,197	158,588,127



Daryl Peterson

Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending Dec. 31, 2021, and 2022 are included in this annual report. As indicated by these financial reports, the cooperative has experienced some challenges during 2022. Our natural gas operations results were such that no distribution rate increase was necessary, but unfortunately, our electric operations results were not as positive and required a rate increase that was implemented on June 1, 2023. Like all other segments of our economy, we have and continue to experience cost pressures. Despite this, it remains our goal to continue to provide competitive and reliable energy alternatives for our members.

Our independent auditing firm, Eide Bailly, has confirmed that the financial statements and records presented to them accurately reflect the financial position of the cooperative. 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.

Daryl Peterson, Treasurer