

Presque Isle Electric & Gas Co-op
SPECIAL BOARD MEETING
March 28, 2023

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on March 28, 2023 at PIE&G headquarters in Onaway, Michigan. Chairman Brown called the meeting to order at 9:30 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, Chagnon-Hazelman, Chaskey, Fitzpatrick, Hartung, Karsten, Kieliszewski, Largent, 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

Members James and Alice Patterson were in attendance.

ACTION ITEMS

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

1. **Accept 2022 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** The reconciliation for the 12-month period ending December 31, 2022 indicates that there was an over-collection of \$54,524.31. This amount has been rolled into the 2023 PSCR factor and is currently being refunded to the membership throughout the 2023 calendar year. ***A motion was made by Borowicz, supported by Wozniak, to accept management's 2022 Electric PSCR Factor reconciliation analysis, which indicates an over-collection of \$54,524.31 and directs management to continue refunding this amount to the membership using the 2023 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 2023-MR-01)***
2. **Accept 2022 Electric Operations Times Interest Earned Ratio (TIER) Analysis:** The TIER analysis based upon the 2022 operating year indicates an Adjusted TIER of .019, which falls outside the TIER range of 1.60 to 2.20. A revenue increase of \$3,735,417 is necessary to return to a TIER of 1.80. ***A motion was made by Knopf, supported by Berg, to accept management's 2022 Electric TIER analysis, which indicates a revenue increase of \$3,735,417 is required to achieve a target TIER of 1.8. A roll call vote was taken with eight***

(8) directors voting in the affirmative and one (1) opposed (Arbour). Motion carried by an 8-1 vote. (Refer to Board Resolution 2023-MR-02)

- 3. Implement Revenue Increase to Specific Rate Classes:** The 2023 TIER analysis indicates a revenue increase of \$3,735,417 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 June 1, 2023:

Residential Monthly	\$2,084,369
Residential Seasonal	\$1,202,237
General Service	\$ 338,966
Large General Service	\$ 23,648
Large Power Time of Day	\$ 41,628
Primary Service	\$ 28,487
Outdoor Lighting	<u>\$ 16,082</u>
Total	\$3,735,417

Discussion ensued. **A motion was made by Berg, supported by Krajniak, 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 June 1, 2023:**

Residential Monthly	\$2,084,369
Residential Seasonal	\$1,202,237
General Service	\$ 338,966
Large General Service	\$ 23,648
Large Power Time of Day	\$ 41,628
Primary Service	\$ 28,487
Outdoor Lighting	<u>\$ 16,082</u>
Total	\$3,735,417

A roll call vote was taken with seven (7) directors voting in the affirmative and two (2) opposed (Arbour & Peterson). Motion carried by an 7-2 vote. (Refer to Board Resolution 2023-MR-03)

- 4. Electric Rate Design:** Management recommends increases to the distribution rate for the Residential Monthly, Residential Seasonal, General Service, Large General Service, Large Power Time of Day, Primary Service, and Outdoor Lighting

rate classes. Management also recommends increases to the availability charge for the Residential Monthly, Residential Seasonal, and General Service and suggests increases be applied in the following manner for bills rendered on or after June 1, 2023:

Residential Monthly:	availability charge	\$24.00 per month
	distribution charge	\$0.04612 per kWh
Residential Seasonal:	availability charge	\$25.00 per month
	distribution charge	\$0.10810 per kWh
General Service (1PH):	available charge	\$24.00 per month
	distribution charge	\$0.03482 per kWh
General Service (3PH):	available charge	\$42.00 per month
	distribution charge	\$0.03482 per kWh
Large General Service:	distribution charge	\$0.02486 per kWh
Large Power Time of Day:	kWh charge	\$0.07791 per kWh
Primary Service:	distribution charge	\$0.01444 per kWh
Outdoor Lighting:	40W LED T5	\$7.91 per month
	75W LED T3/T5	\$9.64 per month

A motion was made by Brown, supported by Wozniak, to direct management to implement electric distribution rate and availability charge increases to the residential monthly, residential 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 June 1, 2023:

Residential Monthly:	availability charge	\$24.00 per month
	distribution charge	\$0.04612 per kWh
Residential Seasonal:	availability charge	\$25.00 per month
	distribution charge	\$0.10810 per kWh
General Service (1PH):	available charge	\$24.00 per month
	distribution charge	\$0.03482 per kWh

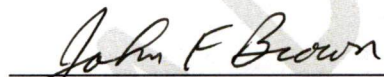
General Service (3PH):	available charge	\$42.00 per month
	distribution charge	\$0.03482 per kWh
Large General Service:	distribution charge	\$0.02486 per kWh
Large Power Time of Day:	kWh charge	\$0.07791 per kWh
Primary Service:	distribution charge	\$0.01444 per kWh
Outdoor Lighting:	40W LED T5	\$7.91 per month
	75W LED T3/T5	\$9.64 per month

A roll call vote was taken with seven (7) directors voting in the affirmative and two (2) opposed (Arbour & Peterson). Motion carried by an 7-2 vote. (Refer to Board Resolution 2023-MR-04)

- 5. Revisions to Residential and Seasonal Rate Tariffs:** Management recommends a revision to Tariff Sheets D-5.03 and D-6.01 in the Electric Rate Book to allow for monthly billing of seasonal accounts. ***A motion was made by Lucas, supported by Krajniak, to accept the proposed revisions to the Tariff Sheets D-5.03 and D-6.01 in the Electric Rate Book as provided by cooperative staff to accommodate monthly billing on all residential (monthly and seasonal) accounts. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2023-MR-05)***

ADJOURNMENT

A motion was made by Peterson, seconded by Borowicz, to adjourn the special meeting. Ayes – all, motion carried. There being no further business to come before the board, Chairman Brown adjourned the meeting at 10:08 a.m.


John Brown, Chairman


Sandra Borowicz, Secretary

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