

Presque Isle Electric & Gas Co-op
SPECIAL BOARD MEETING
October 24, 2023

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on October 24, 2023 at PIE&G headquarters at 3149 Main Street (M-211) 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, Caldwell, Chaskey, Cryderman, Fitzpatrick, Karsten, Kieliszewski, Knouse, Larson, MacArthur, Repke, VanSchoten, and Attorney Ekdahl. Sommer Poquette, from Keep It Real Social, was also in attendance.

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

No guests or members were in attendance.

ACTION ITEMS

CFO Stempky indicated there were four (4) items for the board's consideration and discussed the following.

- 1. Acceptance of 2024 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** An analysis of projected energy costs and sales volumes was conducted by Wolverine Power Cooperative and PIE&G for 2024 operating year. The overall estimated energy rate billed to the members of PIE&G is the sum of the PSCR Basing Point and the current year's PSCR Factor. This resulted in an overall estimated energy cost to PIE&G of \$0.09144/kWh or 91.44 mills/kWh. Prior action of the Board has set the PSCR Basing Point at \$.08785/kWh or 87.85 mills/kWh. This results in a maximum PSCR Factor of \$0.00359/kWh or 3.59 mills/kWh for 2024. The maximum PSCR Factor for 2023 was established at \$0.01169/kWh or 11.69 mills/kWh. The difference is a decrease of \$0.00810/kWh for 2024. The proposed change includes an estimated over-collection of 2023 power supply costs of \$1,860,000. Should actual over-collections be more than forecasted, the cooperative may charge less than the established rate. Management will bring forward the 2023 over/under collection at the first Special Member Regulation Meeting of 2024. Discussion ensued. ***A motion was made by Borowicz, supported by Berg, to adopt Resolution 2023-MR-06 accepting management's analysis as a reasonable basis for establishing the maximum 2024 Electric PSCR Factor of 3.59 mills/kWh or \$0.00359/kWh effective with***

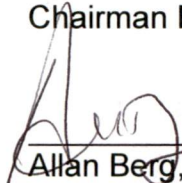
all bills rendered on or after February 1, 2024 and direct staff to amend the appropriate tariffs in its Electric Rate Book. A roll call vote was taken with six (6) directors voting in the affirmative, three (3) opposed (Arbour, Peterson, Wozniak). Motion carried by a 6-3 vote.

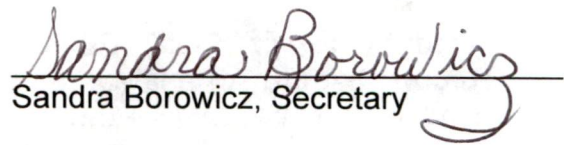
- 2. Acceptance of the 2024 Electric Revenue Increase:** The 2023 Rate Review Analysis indicates that an increase in electric revenue of \$2,800,00 is required to achieve the desired MDSC ratio for the year 2024 and beyond. Resolution 2023-MR-07 accepts management's 2024 Electric Rate Review Analysis which indicates a revenue increase of \$2,800,000 is required to achieve a target MDSC of 1.35. Discussion ensued. ***A motion was made by Borowicz, supported by Knopf, to adopt Resolution 2023-MR-07 accepting management's 2023 Projected Electric Tier Analysis and MDSC ratio review, which indicates a revenue increase of \$2,800,000 is required to achieve a Target MDSC of 1.35. A roll call vote was taken with four (4) directors voting in the affirmative, five (5) opposed (Arbour, Berg, Krajniak, Peterson, Wozniak). Motion failed by a 5-4 vote.***

2023-MR-08 2024 Electric Rate Revenue Requirements and 2023-MR-09 2024 Electric Rate Design were made null and void with the failed motion of 2023-MR-07 Electric Operations Rate Review Analysis.

ADJOURNMENT

A motion was made by Berg, seconded by Peterson, 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 9:58 a.m.


Allan Berg, Chairman


Sandra Borowicz, Secretary

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