

Presque Isle Electric & Gas Co-op
SPECIAL BOARD MEETING
February 27, 2024

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on February 27, 2024 at PIE&G headquarters in Onaway, Michigan. Chairman Berg called the meeting to order at 9:30 a.m.

Roll call was taken with Directors Berg, Borowicz (via Microsoft Teams), Brown, Knopf, Krajniak, Lucas, Nagel, Peterson, and Wozniak present. A quorum was present. Also attending were President & Chief Executive Officer Sobeck, and leadership team members Stempky, Chaskey, Cryderman, Ellenberger, Hartung, Karsten, Knouse, Larson, MacArthur, McFall, Repke, VanSchoten, and Attorney Ekdahl. Sommer Poquette, from Keep It Real Social, was also in attendance via Microsoft Teams.

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 Phyllis Braidwood, Michael Cicinelli, Norm Fasse, and Gerald Wenzel were in attendance. Michael Cicinelli inquired about the procedure of purchasing natural gas. Norm Fasse reported on the impact of increasing rates. Gerald Wenzel commented on the increasing rates. Phyllis Braidwood pointed out that costs are going up everywhere.

ACTION ITEMS

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

1. **Accept 2023 Power Supply Cost Recovery (PSCR) Factor Reconciliation:** The reconciliation for the 12-month period ending December 31, 2023 indicates that there was an over-collection of \$2,310,649.30. This amount is currently being refunded to the membership throughout the 2024 calendar year. ***A motion was made by Brown, supported by Knopf, to accept management's 2023 Electric PSCR Factor reconciliation analysis, which indicates an over-collection of \$2,310,649.30 and directs management to continue refunding this amount to the membership using the 2024 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 2024-MR-01)***
2. **Accept 2024 Electric Revenue Increase:** CFO Stempky presented two revenue increase options. Option #1 is a 4% increase that would create a revenue increase of \$1,927,848. The 4% increase would allow PIE&G to retain CFC discounts and be MDSC compliant in 2025. Option #2 is a 5% increase that would create a

revenue increase of \$2,406,859. The 5% increase would allow PIE&G to retain CFC discounts and be MDSC compliant in 2024. ***A motion was made by Peterson, supported by Nagel, to authorize Option #1, a 4% Electric Revenue Increase. A roll call vote was taken with four (4) directors voting in the affirmative and five (5) opposed (Borowicz, Brown, Knopf, Lucas, Wozniak). Motion failed by an 4-5 vote.*** Discussion ensued. ***A motion was made by Borowicz, supported by Brown, to authorize Option #2, a 5% Electric Revenue Increase. A roll call vote was taken with seven (7) directors voting in the affirmative and two (2) opposed (Krajniak and Peterson) Motion carried by a 7-2 vote. (Refer to Board Resolution 2024-MR-02)***

3. **Implement Revenue Increase to Specific Rate Classes:** PIE&G has established that the 2024 Electric Rate Analysis provides for a revenue increase of \$2,406,859 to achieve a Target MDSC of 1.35 in 2024. 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 April 1, 2024:

Residential Monthly	\$1,341,496
Residential Seasonal	\$ 721,163
General Service	\$ 231,212
Large General Service	\$ 17,786
Large Power Time of Day	\$ 34,178
Primary Service	\$ 25,318
Outdoor Lighting	<u>\$ 35,706</u>
Total	\$2,406,859

Discussion ensued. ***A motion was made by Krajniak, supported by Lucas, 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 April 1, 2024:***

<i>Residential Monthly</i>	<i>\$1,341,496</i>
<i>Residential Seasonal</i>	<i>\$ 721,163</i>
<i>General Service</i>	<i>\$ 231,212</i>
<i>Large General Service</i>	<i>\$ 17,786</i>
<i>Large Power Time of Day</i>	<i>\$ 34,178</i>
<i>Primary Service</i>	<i>\$ 25,318</i>
<i>Outdoor Lighting</i>	<i><u>\$ 35,706</u></i>

Total **\$2,406,859**

A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2024-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 and suggests increases be applied in the following manner for bills rendered on or after April 1, 2024:

Residential Monthly:	distribution charge	\$0.05462 per kWh
Residential Seasonal:	distribution charge	\$0.13793 per kWh
General Service (1PH):	distribution charge	\$0.04008 per kWh
General Service (3PH):	distribution charge	\$0.04008 per kWh
Large General Service:	distribution charge	\$0.02796 per kWh
Large Power Time of Day:	kWh charge	\$0.08035 per kWh
Primary Service:	distribution charge	\$0.01620 per kWh
Outdoor Lighting:	40W LED T5	\$ 8.79 per month
	75W LED T3/T5	\$11.18 per month

A motion was made by Lucas, supported by Borowicz, to direct management to implement electric distribution rate 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 April 1, 2024:


Residential Monthly:	distribution charge	\$0.05462 per kWh
Residential Seasonal:	distribution charge	\$0.13793 per kWh
General Service (1PH):	distribution charge	\$0.04008 per kWh
General Service (3PH):	distribution charge	\$0.04008 per kWh

Large General Service:	distribution charge	\$0.02796 per kWh
Large Power Time of Day:	kWh charge	\$0.08035 per kWh
Primary Service:	distribution charge	\$0.01620 per kWh
Outdoor Lighting:	40W LED T5	\$ 8.79 per month
	75W LED T3/T5	\$11.18 per month

A roll call vote was taken with all directors voting in the affirmative. Motion carried by an 9-0 vote. (Refer to Board Resolution 2024-MR-04)

ADJOURNMENT

A motion was made by Knopf, seconded by Wozniak, 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 10:12 a.m.



Allan Berg, Chairman



Sandra Borowicz, Secretary

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