



# SPECIAL BOARD MEETING

## FEBRUARY 27, 2024

### Vision

**Our members and Northeast Michigan will regard us as a trusted energy and community partner.**

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### Mission

**To provide energy and other services to sustain and improve the quality of life for our members through the use of a cooperative business structure.**



# BOARD OF DIRECTORS MEMBER REGULATION

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## Agenda

- Call to Order – Chairman Berg
- Roll Call
- PA 167 of 2008 – CFO Stempky
- Review Items – CFO Stempky
  - 2023 Power Supply Cost Recovery (PSCR) Factor Reconciliation
  - 2024 Electric Revenue Increase
  - Implement Revenue Increase to Specific Rate Classes
  - Electric Rate Design



# BOARD OF DIRECTORS MEMBER REGULATION

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- Introduction of Guests & Member Comment
- Action Items – CFO Stempky
  - Acceptance of 2024 Power Supply Cost Recovery (PSCR) Factor
  - Acceptance of 2024 Electric Revenue Increase
  - Approve Revenue Increase to Specific Rate Classes
  - Approve Recommended Rate Design for each Rate Class
- Adjournment

# BOARD OF DIRECTORS MEMBER REGULATION

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- PIE&G became Member Regulated September 23, 2012. (Public Act 167 of 2008)
- Allows electric cooperatives to establish rates, charges, accounting standards, billing practices, and terms and conditions of service.

# BOARD OF DIRECTORS MEMBER REGULATION

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- Four Issues for Board Consideration
  - Acceptance of 2023 PSCR Factor Reconciliation
  - Acceptance of 2024 Electric Revenue Increase
  - Implement Revenue Increase to Specific Rate Classes
  - Electric Rate Design

# Member Regulation 2023 PSCR Factor Reconciliation

2023 Over Collection --  
\$ 2,303,681.42

Roll in prior year (2022) Over Collection --  
\$6,967.88

Total amount to be refunded in 2024 --  
\$2,310,649.30

# Member Regulation PSCR Factor Reconciliation

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## Resolution 2024-MR-01

- Accept management's 2023 Electric PSCR Factor reconciliation analysis which indicates an over-collection of \$2,310,649.30 and direct management to continue refunding this amount to the membership through the use of the 2024 PSCR Factor.



# Member Regulation Electric Rate Review Analysis



1.35 average MDSC needed to comply with mortgage covenants and retain discounts on LTD

1.20 MDSC Projected for 2023

1.50 MDSC needed in 2024 to meet average of 1.35

PIE&G staff reviewed six different scenarios for a revenue increase with the Board of Directors at the January, 2024 board meeting

A motion was approved to present the following two options at the Special Member Regulation meeting:



# Member Regulation Electric Rate Review Analysis



	<b>OPTION #1</b>	<b>OPTION #2</b>
Percentage Increase	4%	5%
Revenue Increase	\$1,927,848	\$2,406,859
Effective Date	April 1, 2024	April 1, 2024
Retain CFC Discounts	YES	YES
MDSC Compliant 2024	NO	YES
MDSC Compliant 2025	YES	YES

# Member Regulation Electric Rate Review Analysis Increase per Cost of Service Study

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	<b>OPTION #1</b>	<b>OPTION #2</b>
Residential Monthly	\$1,074,852	\$1,341,496
Residential Seasonal	\$576,775	\$721,163
General Service	\$185,416	\$231,212
Large General Service	\$14,302	\$17,786
LPTOD	\$27,512	\$34,178
Primary Service	\$20,414	\$25,318
Outdoor Lighting	\$28,577	\$35,706

# Member Regulation Electric Rate Review Analysis Rate Design – Increase per kWh

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	<b>OPTION #1</b>	<b>OPTION #2</b>
Residential Monthly	\$0.00681	\$0.00850
Residential Seasonal	\$0.02386	\$0.02983
General Service	\$0.00422	\$0.00526
Large General Service	\$0.00249	\$0.00310
LPTOD	\$0.00197	\$0.00244
Primary Service	\$0.00142	\$0.00176

# Member Regulation Electric Rate Review Analysis

## Outdoor Lighting -- Increase per Month

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	<b>OPTION #1</b>	<b>OPTION #2</b>
40 W LED T5	\$0.69	\$0.88
70 W LED T3/T5	\$1.21	\$1.54

# Member Regulation Electric Rate Review Analysis



	<b>OPTION #1</b>	<b>OPTION #2</b>
Average Monthly Residential Increase (664 kWh)	\$4.52	\$5.64
Annual Residential Increase	\$54.24	\$67.68
Average Seasonal Monthly Increase (173 kWh)	\$4.13	\$5.16
Annual Seasonal Increase	\$49.56	\$61.92

# Member Regulation Electric Rate Review Analysis

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## Resolution 2024-MR-02

- Accept management's 2024 Electric Rate Review Analysis which indicates a revenue increase is required to remain in compliance with the lender requirements in the cooperative's mortgage held by NRUCFC.

# Member Regulation Electric Rate Review – Revenue Increase

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## Resolution 2024-MR-03

- Accept management's recommendation to implement the revenue increase to the Residential Monthly, Seasonal, General Service, Large General Service, Large Power Time of Day, Primary Service, and Outdoor Lighting Rate Classes, per the Cost of Service Study update.
- Increase to be effective with bills rendered on or after April 1, 2024.



# Member Regulation Electric Rate Review Rate Design

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## Resolution 2024-MR-04

- Accept management's recommendation 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, per the Cost of Service Study update.
- Increase to be effective with bills rendered on or after April 1, 2024.

Our members will regard us as a trusted energy partner.

# BOARD OF DIRECTORS MEMBER REGULATION

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- Introduction of Guests and Member Comments
  - PIE&G Tradition of Inviting Member Comments (in this case not required by PA 167)...
  - Welcome Member Comments

Our members will regard us as a trusted energy partner.

# BOARD OF DIRECTORS MEMBER REGULATION

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- ACTION ITEMS:
  - Approval of Resolutions

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-01**

**2023 POWER SUPPLY COST RECOVERY (PSCR) FACTOR  
RECONCILIATION**

**WHEREAS**, PIE&G transitioned to member-regulation with an effective date of September 23, 2012 thus providing that its electric rates, charges, accounting standards, billing practices, and terms and conditions of service are under authority of the board of directors and not the Michigan Public Service Commission (MPSC); and

**WHEREAS**, PIE&G staff has reviewed the 2023 PSCR Factor reconciliation exhibits with the Board of Directors; and

**WHEREAS**, the 2023 PSCR Factor reconciliation indicates that PIE&G has experienced a cumulative over-collection of power supply costs of \$2,310,649.30 for the 12-month period ending December 31, 2023;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts 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 through the use of the 2024 PSCR Factor.

**CERTIFICATION**

I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-02  
2024 ELECTRIC OPERATIONS RATE REVIEW ANALYSIS**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the Michigan Public Service Commission; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design, which requires energy rates be developed and implemented to generate margins adequate to meet annual lender requirements and the Cooperative’s long-term financial objectives; and

**WHEREAS**, PIE&G has also established Board Policy No. 204 – Financial Policy, which requires the Cooperative to maintain a Modified Debt Service Coverage (MDSC) Ratio of an average of 1.35 in two of the most recent three years as required by the cooperative’s lender, the National Rural Utilities Cooperative Finance Corporation (NRUCFC); and

**WHEREAS**, the TIER rate setting mechanism provides for a TIER range of 1.6 to 2.2 with a Target TIER of 1.8 and PIE&G has established that the TIER calculation for the 2023 operating year indicates a projected adjusted TIER of 2.10; and

**WHEREAS**, PIE&G has established that the projected MDSC ratio for 2024 and future years is expected to be less than the required 1.35; and

**WHEREAS**, an adjusted TIER of 2.10 falls inside the “Quiet Zone”, however the projected MDSC ratio for 2024 and beyond falls below the requirements of Policy 204, Policy 307, and the lender requirements specified in the cooperative’s mortgage held by NRUCFC; and

**WHEREAS**, NRUCFC requires that utility rates provide a revenue stream that assures compliance with its mortgage covenants; and

**WHEREAS**, an increase in electric rates of \$1,927,848 is required to achieve the desired MDSC ratio for the year 2024 and beyond;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s 2023 Projected ELECTRIC TIER analysis and 2024 MDSC Ratio review, which indicates a revenue increase of \$1,927,848 is required to achieve a Target DSC of 1.35.

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**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

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2024 ELECTRIC OPERATIONS RATE REVIEW ANALYSIS**

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**WHEREAS**, the TIER rate setting mechanism provides for a TIER range of 1.6 to 2.2 with a Target TIER of 1.8 and PIE&G has established that the TIER calculation for the 2023 operating year indicates a projected adjusted TIER of 2.10; and

**WHEREAS**, PIE&G has established that the projected MDSC ratio for 2024 and future years is expected to be less than the required 1.35; and

**WHEREAS**, an adjusted TIER of 2.10 falls inside the “Quiet Zone”, however the projected MDSC ratio for 2024 and beyond falls below the requirements of Policy 204, Policy 307, and the lender requirements specified in the cooperative’s mortgage held by NRUCFC; and

**WHEREAS**, NRUCFC requires that utility rates provide a revenue stream that assures compliance with its mortgage covenants; and

**WHEREAS**, an increase in electric rates of \$2,406,859 is required to achieve the desired MDSC ratio for the year 2024 and beyond;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s 2023 Projected ELECTRIC TIER analysis and 2024 MDSC Ratio review, which indicates a revenue increase of \$2,406,859 is required to achieve a Target DSC of 1.35.

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BOARD OF  
DIRECTORS  
MEMBER  
REGULATION

Adjourn



**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-01**

**2023 POWER SUPPLY COST RECOVERY (PSCR) FACTOR  
RECONCILIATION**

**WHEREAS**, PIE&G transitioned to member-regulation with an effective date of September 23, 2012 thus providing that its electric rates, charges, accounting standards, billing practices, and terms and conditions of service are under authority of the board of directors and not the Michigan Public Service Commission (MPSC); and

**WHEREAS**, PIE&G staff has reviewed the 2023 PSCR Factor reconciliation exhibits with the Board of Directors; and

**WHEREAS**, the 2023 PSCR Factor reconciliation indicates that PIE&G has experienced a cumulative over-collection of power supply costs of \$2,310,649.30 for the 12-month period ending December 31, 2023;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts 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 through the use of the 2024 PSCR Factor.

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I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

MICHIGAN DEPARTMENT OF COMMERCE  
PUBLIC SERVICE COMMISSION  
MONTHLY REPORT OF POWER SUPPLY COST

This form is authorized by Act 3, P.A. 1939,  
as amended. Filing of this form is voluntary.  
However, failure to file this form or an alter-  
native submission approved by the Commission  
will place you in violation of the Act.

INSTRUCTIONS

When completed, a copy of all bills for power and fuel, and any  
worksheets or other documents required to support the data reported  
herein are to be mailed to: MICHIGAN DEPARTMENT OF COMMERCE, PUBLIC  
SERVICE COMMISSION, Electric Division - Audit, 6545 Mercantile, P.O.  
Box 30221, Lansing, Michigan 48909. Alternatively, any of the above  
documentation may be submitted in a microcomputer readable format  
approved by MPSC Staff.

For assistance or clarification, please contact the Public Service  
Commission Staff at: (Area Code 517) 334-6416

STATUTORY REFERENCE

Section 6j(11) of Act 3, P.A. 1939, as amended, sets forth: "(1)  
Not more than 45 days following the last day of each billing month in  
which a power supply cost recovery factor has been applied to  
customer's bills, the utility shall file with the commission a detailed  
statement for that month of the revenues recorded pursuant to the power  
supply cost recovery factor and the allowances for cost of power supply  
included in the base rates established in the latest commission order  
for the utility, and the cost of power supply. The detailed statement  
shall be in the manner and form prescribed by the commission. The  
commission shall establish procedures for insuring that the detailed  
statement is promptly verified and corrected if necessary."

1. NAME OF REPORTING UTILITY:	PRESQUE ISLE ELECTRIC COOPERATIVE
2. THIS REPORT FILED FOR THE COST MONTH OF:	December 2023
3. IS THIS REPORT SUBMITTED AS AN ORIGINAL OR REVISION? IF THIS IS A REVISION, ATTACH AN EXPLANATION.	Original
4. DATE OF REPORT SUBMISSION:	None-Member Regulated
5. UTILITY REPRESENTATIVE TO WHOM QUESTIONS REGARDING THIS REPORT MAY BE DIRECTED - NAME:	Dawn Cryderman
PHONE No. (include area code):	(989) 733-8515
6. POWER SUPPLY COST RECOVERY FACTOR AUTHORIZED (or requested):	mills per kWh = 11.690

NAME OF REPORTING UTILITY:

|| PRESQUE ISLE ELECTRIC COOPERATIVE

7. REVENUES RECORDED PURSUANT TO THE POWER SUPPLY COST RECOVERY FACTOR AND THE ALLOWANCE FOR POWER SUPPLY INCLUDED IN BASE RATES FOR THIS MONTH:				
a. kWh sales subject to the PSCR clause are:	kWh			21,035,863
b. Applied PSCR factor:	mills per kWh			11.88044663
c. PSCR factor revenues: (a * b)			\$	249,915.45
d. Allowance for power supply included in case rates:				
e. Revenues collected pursuant to allowance for power supply included in base rates: (a * d)	mills per kWh			87.85
			\$	1,848,000.56
f. TOTAL POWER SUPPLY COST REVENUE: (c + e)			\$	2,097,916.01
8. THE TOTAL COST OF POWER (from attached worksheets ) APPLICABLE TO SALES REPORTED ABOVE:			\$	2,196,271.97
9. MONTHLY OVER(UNDER) COLLECTION : (7f-8)			\$	(98,355.96)
10. TOTAL OVER/(UNDER) COLLECTION THIS PSCR YEAR			\$	2,303,681.42
11. Is there a major difference between actual and projected costs this month: Please circle Yes or No (if yes, please explain)				
NO				

12. Do you anticipate any significant changes which would have an effect on next month's projected costs? Please circle Yes or No (if yes, briefly explain the change)

NO

13. Authorized refund/surcharge this month due to reconciliation of prior year(s) PSCR:

MEMBER REGULATED	PSCR YEAR	2022 Roll In	Seasonal	Year to Date	Remaining
Auth.PSCR adj.(m/kWh)					
Auth.PSCR adj.(dollars)		\$ 2,168.65	\$ 159.34	\$ 1,891.51	\$ 277.14
MEMBER REGULATED	PSCR YEAR	2022 Roll In	Monthly	Year to Date	Remaining
Auth.PSCR adj.(m/kWh)					
Auth.PSCR adj.(dollars)		\$ (56,692.95)	\$ (4,165.55)	\$ (49,447.93)	\$ (7,245.02)

NAME OF REPORTING UTILITY :		PRESQUE ISLE ELECTRIC COOPERATIVE			PRESQUE ISLE ELECTRIC COOPERATIVE				
2023		December 276444			YEAR TO DATE				
		(ag)	(ah)	(ai)	(aj)	(ak)	(al)		
		*UNITS	\$	\$/Unit	*UNITS	\$	\$/Unit		
PURCHASED POWER FROM WOLVERINE									
1	Energy-A	22,908,736	\$ 1,093,324.16	0.047725	258,797,648	\$ 12,583,329.77	0.048622		
2	Energy-C&I	1,052,675	\$ 55,111.04	0.052353	13,654,578	\$ 639,295.80	0.046819		
3	Total Energy	23,961,411	\$ 1,148,435.20	0.047929	272,452,226	\$ 13,222,625.57	0.048532		
4	Demand-Rate A	42,052	\$ 649,191.00	15.437815	541,272	\$ 6,803,004.00	12.568550		
5	Demand-Rate C & I	2,615	\$15,663.00	5.989675	33,127	\$ 160,852.00	4.855616		
6	Total Demand	44,667	\$ 664,854.00	14.884680	574,399	\$ 6,963,856.00	12.123726		
7	Load Management Credits		\$0.00			\$0.00			
8	Substation Fixed Charge	19	\$ 65,949.00	\$ 3,471.00	260	\$ 770,562.00	2963.700000		
9	Substation Investment Charge		\$ 125,330.19	Varies		\$ 1,352,483.21	Varies		
10	Shared Excluded Facilities		\$ 8,428.55	Varies		\$ 96,915.60	Varies		
11	Renewable Energy Contracts		\$ (26.96)	Varies		\$ (1,465.08)	Varies		
12	True Ups Billed		\$ 4,741.73			\$ 56,900.76	Varies		
13	TOTAL WPSC	23,961,411	\$ 2,017,711.71	0.084207	272,452,226	\$ 22,461,878.06	0.082443		
13b	WPSC True Ups Already Booked		(\$4,741.73)			\$ (56,900.76)			
13c	Actual WPSC True Up					\$ -			
13d	Estimated WPSC True Up		\$ 182,700.26			\$ 182,700.26			
13e	Renewable Energy Contracts		\$ 26.96			\$ 1,465.08			
13f	Final WPSC After True Up		\$ 2,195,697.20	0.091635		\$ 22,589,142.64	0.000000		
13n	Total NEG Purchases	2,364	\$ 574.77	0.243135	150,207	\$ 10,863.57	0.072324		
14	Total kWh Purchase & Cost	23,963,775	\$ 2,196,271.97	0.091650	272,602,433	\$ 22,600,006.21	0.082905		
15	Less: Line Loss	2,927,912		0.12218075	22,892,455		0.083977		
16	kWh Available for Use	21,035,863	\$ 2,196,271.97	0.10440608	249,709,978	\$ 22,600,006.21	0.090505		
17	PSCR SALES & POWER COSTS	21,035,863	\$ 2,196,271.97	0.104406	249,709,978	\$ 22,600,006.21	0.090505		
PSCR OVER/(UNDER) RECOVERY									
		BASE	FACTOR	TOTAL	BASE	FACTOR	TOTAL		
A. PSCR REVENUE									
18	1. Mills/kWh	87.8500	11.88044663	99.7304	87.850000	11.8804	99.730447		
19	2. PSCR Sales	21,035,863	21,035,863	21,035,863	249,709,978	249,709,978	249,709,978		
20	3. PSCR Revenue [(1*2)/1000]	\$ 1,848,000.56	\$ 249,915.45	\$ 2,097,916.01	21,937,022	\$ 2,966,666.07	\$ 24,903,687.63		
21	C. PSCR COST			\$ 2,196,271.97			\$ 22,600,006.21		
22	D. OVER/(UNDER) RECOVERY			\$(98,355.96)			\$ 2,303,681.42		
Current Year to Date			\$ 2,303,681.42			\$ 2,303,681.43			
Surcharge Distribution:		kWh	Recovery	FACTOR	kWh	Recovery	Surcharge Remaining: Target Recovery	Est pscr kWh:	Adjustment
Prior Year Monthly - 2022		17,723,854	\$ (4,165.55)	(0.198021)	211,337,585	\$ (49,447.93)	\$ (7,245.02)	\$ (56,692.95)	242,635,948
Prior Year Seasonal - 2022		3,312,009	\$ 159.34	0.007575	38,372,393	1,891.51	277.14	2,168.65	43,661,052
Total		21,035,863	\$ (4,006.21)	(0.190447)	249,709,978	(47,556.42)	(6,967.88)	(54,524.30)	286,297,000
									(0.190447)
Combined PSCR		21,035,863	\$ 245,909.24	11.69					

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-02  
2024 ELECTRIC OPERATIONS RATE REVIEW ANALYSIS**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the Michigan Public Service Commission; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design, which requires energy rates be developed and implemented to generate margins adequate to meet annual lender requirements and the Cooperative’s long-term financial objectives; and

**WHEREAS**, PIE&G has also established Board Policy No. 204 – Financial Policy, which requires the Cooperative to maintain a Modified Debt Service Coverage (MDSC) Ratio of an average of 1.35 in two of the most recent three years as required by the cooperative’s lender, the National Rural Utilities Cooperative Finance Corporation (NRUCFC); and

**WHEREAS**, the TIER rate setting mechanism provides for a TIER range of 1.6 to 2.2 with a Target TIER of 1.8 and PIE&G has established that the TIER calculation for the 2023 operating year indicates a projected adjusted TIER of 2.10; and

**WHEREAS**, PIE&G has established that the projected MDSC ratio for 2024 and future years is expected to be less than the required 1.35; and

**WHEREAS**, an adjusted TIER of 2.10 falls inside the “Quiet Zone”, however the projected MDSC ratio for 2024 and beyond falls below the requirements of Policy 204, Policy 307, and the lender requirements specified in the cooperative’s mortgage held by NRUCFC; and

**WHEREAS**, NRUCFC requires that utility rates provide a revenue stream that assures compliance with its mortgage covenants; and

**WHEREAS**, an increase in electric rates of \$1,927,848 is required to achieve the desired MDSC ratio for the year 2024 and beyond;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s 2023 Projected ELECTRIC TIER analysis and 2024 MDSC Ratio review, which indicates a revenue increase of \$1,927,848 is required to achieve a Target DSC of 1.35.

**CERTIFICATION**

I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on  
February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

OPTION 1 -- 4% RATE INCREASE

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-03  
2024 ELECTRIC RATE REVENUE REQUIREMENTS**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented to in a manner that allocates cost across rate classes in an equitable manner and minimizes subsidies between rate classes; and;

**WHEREAS**, PIE&G has established that the 2024 Electric Rate Analysis provides for an increase of \$1,927,848 to achieve a Target MDSC of 1.35 in 2024 and beyond; and

**WHEREAS**, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist between rate classes; and

**WHEREAS**, PIE&G desires to develop and implement distribution rates across rate classes in an equitable manner and minimize subsidies between rate classes;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors directs 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:

Residential Monthly Total Increase	\$1,074,852
Residential Seasonal Total Increase	\$ 576,775
General Service	\$ 185,416
Large General Service	\$ 14,302
Large Power Time of Day	\$ 27,512
Primary Service	\$ 20,414
Outdoor Lighting Total Increase	\$ 28,577

**CERTIFICATION**

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By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_



**PRESQUE ISLE ELECTRIC & GAS CO-OP**  
**BOARD RESOLUTION**  
**FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-04**  
**2024 ELECTRIC RATE DESIGN**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented in a manner that phases out intentional subsidies within rate classes and minimizes subsidies between classes; and

**WHEREAS**, PIE&G has established that the 2024 Electric Rate Analysis provides for an increase of \$1,927,848 to achieve a Target MDSC of 1.35 in 2024 and beyond; and

**WHEREAS**, PIE&G has established that the increase of \$1,927,848 is to be implemented on the Residential Monthly, Seasonal, General Service, Large General Service, Large Power Time of Day, Primary Service, and Outdoor Lighting rate classes; and

**WHEREAS**, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist within rate classes;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors directs 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 April 1, 2024:

Residential Monthly	distribution charge	\$0.05293 per kWh
Residential Seasonal	distribution charge	\$0.13196 per kWh
General Service (1PH)	distribution charge	\$0.03904 per kWh
General Service (3PH)	distribution charge	\$0.03904 per kWh
Large General Service	distribution charge	\$0.02735 per kWh
Large Power Time of Day	kWh charge	\$0.07988 per kWh
Primary Service	distribution charge	\$0.01586 per kWh
Outdoor Lighting		
	40W LED T5	\$ 8.60 per month
	70W LED T3/T5	\$ 10.85 per month

## CERTIFICATION

I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

OPTION 1 -- 4% RATE INCREASE

Presque Isle Electric & Gas  
Determination of Estimated 2024 TIER Rate Adjustments  
\$1,927,848 Increase

Rate Code	Applicable Rate Schedule	Consumers	kWh Sales	2024 Tier Increase <sup>1</sup>	Service Charges				Increase from Service Charges	Remaining Increase		Distribution Charge		Alt. Averaged Res. And Seas.		
					Present	Customer Costs <sup>2</sup>	Proposed <sup>3</sup> at No Change	Change		Total	per kWh	Present	Proposed	Total	per kWh	Proposed
RES	A															
RESSE	A															
	Total Sch. A	19,096	157,847,725	\$ 1,074,852	\$24.00	\$40.43	<b>\$24.00</b>		\$ -	\$ 1,074,852	\$0.00681	\$0.04612	<b>\$0.05293</b>	\$1,432,289	\$0.00907	<b>\$ 0.05519</b>
RESSE	S	13,091	24,172,436	\$ 576,775	\$300.00	\$485.21	<b>\$300.00</b>		\$ -	\$ 576,775	\$0.02386	\$0.10810	<b>\$0.13196</b>	\$ 219,337	\$0.00907	<b>\$ 0.11717</b>
GS1	GS	2,103			\$24.00	\$44.15	<b>\$24.00</b>		-							
GS3	GS	315			\$42.00	\$66.49	<b>\$42.00</b>		-							
	Total Sch. GS	2,418	43,923,825	\$ 185,416					\$ -	\$ 185,416	\$0.00422	\$0.03482	<b>\$0.03904</b>			
LGS	LGS <sup>4</sup>	34	5,740,094	\$ 14,302	\$50.00	\$99.09	<b>\$50.00</b>		\$ -	\$ 14,302	\$0.00249	\$0.02486	<b>\$0.02735</b>			
LPTOD	LPTOD <sup>4</sup>	14	13,982,511	27,512	\$60.00	\$182.37	<b>\$60.00</b>		-	27,512	\$0.00197	\$0.07791	<b>\$0.07988</b>			
PSDS	PSDS opt 1-B <sup>4</sup>	3	14,423,662	20,414					-	20,414	\$0.00142	\$0.01444	<b>\$0.01586</b>			
SYL	OD		592,079	28,578					-	28,578	\$0.04724	See Below				
		37,074	260,682,332	\$ 1,927,848					\$ -	\$ 1,927,848						

Rate Code	Type	kWh Per Light	Increase		Monthly Rate	
			per kWh	per Month	Present	Proposed
dvc 10	40 T5	15	\$ 0.04724	\$0.69	\$7.91	<b>\$8.60</b>
dvc 11	70 T5	26	\$ 0.04724	\$1.21	\$9.64	<b>\$10.85</b>
dvc 12	70 T3	26	\$ 0.04724	\$1.21	\$9.64	<b>\$10.85</b>

<sup>1</sup> Class COS increases per PIE&G's 2019 (2018 Actual) COS Study updated for 2022 Revenue Requirements adjusted for 2024 TIER Increases and Estimated 2022 Sales Volumes by Rate Class.

<sup>2</sup> Monthly customer related per the updated COSS including the estimated 2024 TIER based increase.

<sup>3</sup> Proposed Service charges equal Present Rates.

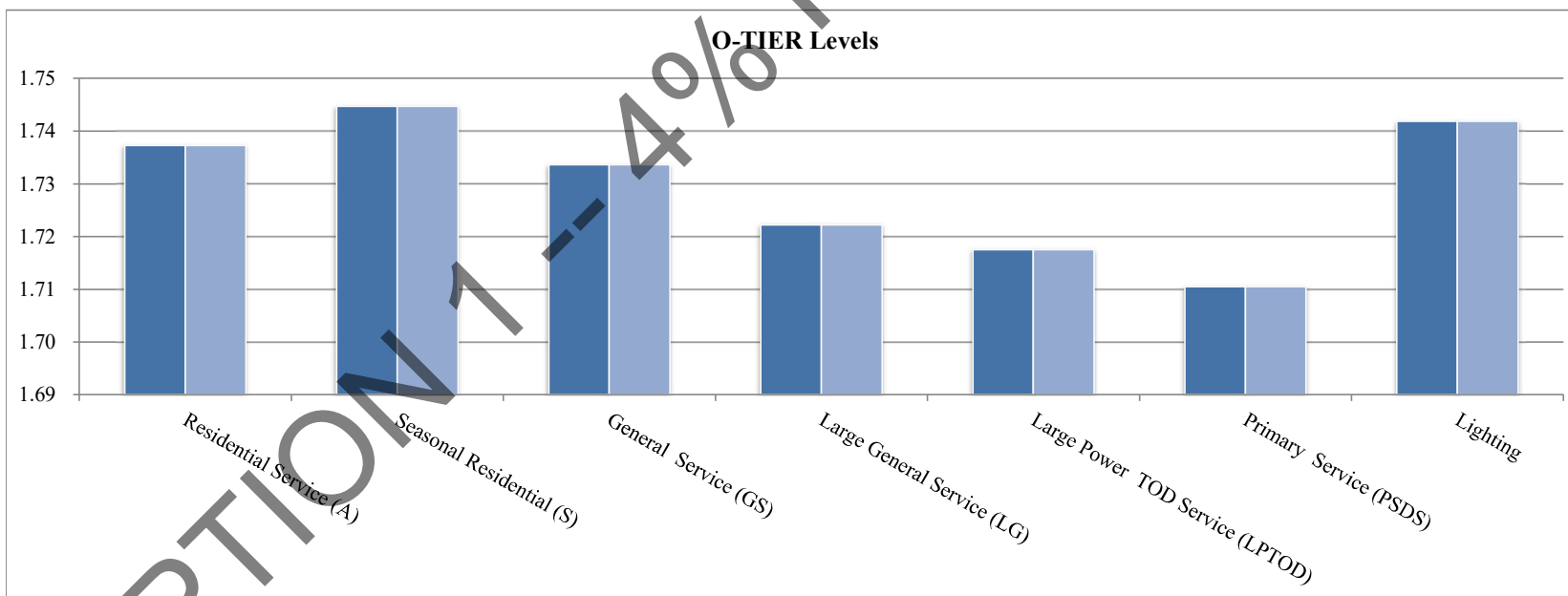
<sup>4</sup> If desired, demand charges could be realigned to better match underlying costs.

**Cost of Service Summary**  
**Revenue Requirements Summary -- BUNDLED**

Line No.	Description	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	0 Outdoor Lighting
1	<b>Revenue Requirements</b>								
2	Revenue Requirements	49,472,776	29,039,455	9,476,223	6,571,535	775,732	1,743,741	1,593,800	272,288
3									
4	<b>Present Rates</b>								
5	Revenue-Present Rates	47,198,660	27,760,939	8,834,634	6,339,609	755,885	1,703,730	1,561,928	241,935
6	Revenue Credits	346,267	203,665	64,814	46,510	5,545	12,499	11,459	1,775
7		47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
8									
9	Required Incr./(Decr)	1,927,848	1,074,852	576,775	185,416	14,302	27,512	20,414	28,578
10	Percent	4.08%	3.87%	6.53%	2.92%	1.89%	1.61%	1.31%	11.81%
11									
12	<b>Proposed Rates</b>								
13	Revenue-Proposed Rates	47,198,660	27,760,939	8,834,634	6,339,609	755,885	1,703,730	1,561,928	241,935
14	Revenue Credits	346,267	203,665	64,814	46,510	5,545	12,499	11,459	1,775
15		47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
16									
17	Required Incr./(Decr)	1,927,848	1,074,852	576,775	185,416	14,302	27,512	20,414	28,578
18	Percent		3.87%	6.53%	2.92%	1.89%	1.61%	1.31%	11.81%

**Cost of Service Summary**  
**Margin by Rate Class**

Line No.	Description	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
19	<b><u>O-TIER Under Present Rates</u></b>								
20	Revenue-Present Rates	47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
21	Operating Expenses Allocated	45,817,975	27,004,994	8,374,563	6,222,120	749,146	1,692,881	1,556,377	217,895
22	Margin Under Present Rates	1,726,952	959,610	524,885	163,999	12,285	23,348	17,010	25,815
23	Allocated LT Interest Expense	2,338,273	1,301,611	704,822	223,549	17,010	32,540	23,943	34,799
24	O-TIER - Present Rates	1.74	1.74	1.74	1.73	1.72	1.72	1.71	1.74
25									
26	O-TIER Parity Index - Present Rates	1.00	1.00	1.00	1.00	0.99	0.99	0.98	1.00
27									
28	<b><u>O-TIER Under Proposed Rates</u></b>								
29	Revenue-Proposed Rates	47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
30	Operating Expenses Allocated	45,817,975	27,004,994	8,374,563	6,222,120	749,146	1,692,881	1,556,377	217,895
31	Margin - Proposed Rates	1,726,952	959,610	524,885	163,999	12,285	23,348	17,010	25,815
32	Allocated LT Interest Expense	2,338,273	1,301,611	704,822	223,549	17,010	32,540	23,943	34,799
33	O-TIER - Proposed Rates	1.74	1.74	1.74	1.73	1.72	1.72	1.71	1.74
34									
35	O-TIER Parity Index - Proposed Rates	1.00	1.00	1.00	1.00	0.99	0.99	0.98	1.00



**Cost of Service Summary**  
**Class Allocation Summary -- BUNDLED**

Line No.	Category	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	0 Outdoor Lighting
36	<b><u>Power Supply</u></b>								
37	Direct and Revenue Related								
38	Wholesale Cost	(2,600)	0	0	0	0	(1,472)	(1,128)	0
39	Allocated Cost	0	0	0	0	0	0	0	0
40	Subtotal	(2,600)	0	0	0	0	(1,472)	(1,128)	0
41	Capacity Related								
42	Wholesale Cost	1,570,864	980,438	150,141	249,851	38,008	84,006	67,204	1,217
43	Allocated Cost	19,791	12,354	1,892	3,148	479	1,057	846	15
44	Subtotal	1,590,656	992,792	152,033	252,999	38,487	85,063	68,050	1,233
45	Energy Related								
46	Wholesale Cost	17,722,138	10,731,918	1,643,447	2,986,314	390,260	950,649	980,643	38,907
47	Allocated Cost	223,278	135,228	20,708	37,629	4,917	11,962	12,343	490
48	Subtotal	17,945,416	10,867,146	1,664,155	3,023,943	395,178	962,611	992,986	39,397
49	Sub. Power Supply	19,533,472	11,859,938	1,816,188	3,276,942	433,664	1,046,203	1,059,907	40,630
50	<b><u>Transmission</u></b>								
51	Direct	0	0	0	0	0	0	0	0
52	Capacity	3,664,256	2,283,593	349,701	581,941	88,526	195,663	156,528	8,303
53	Energy	0	0	0	0	0	0	0	0
54	Allocated Cost	0	0	0	0	0	0	0	0
55	Sub. Transmission	3,664,256	2,283,593	349,701	581,941	88,526	195,663	156,528	8,303
56	<b><u>Distribution</u></b>								
57	Direct	156,596	0	0	0	0	0	0	156,596
58	Consumer	17,019,533	9,265,427	6,351,899	1,277,657	40,801	31,698	6,320	45,730
59	Capacity	9,098,919	5,630,497	958,436	1,434,995	212,741	470,177	371,044	21,029
60	Energy	0	0	0	0	0	0	0	0
61	Sub. Distribution	26,275,048	14,895,925	7,310,335	2,712,652	253,542	501,875	377,365	223,355
62									
63	<b>Total</b>	49,472,775	29,039,455	9,476,223	6,571,535	775,732	1,743,741	1,593,800	272,288

**Cost of Service Summary**  
**Rate Design Factors -- BUNDLED**

Line No.	Category	0 0 Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	0 Outdoor Lighting
64	<b><u>Costs Broken Down by Function</u></b>								
65	<b><u>Power Supply</u></b>								
66	Direct and Revenue Related								
67	Wholesale Cost	(0.01)	0.00	0.00	0.00	0.00	(8.47)	(30.30)	0.00
68	Allocated Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
69	Subtotal	(0.01)	0.00	0.00	0.00	0.00	(8.47)	(30.30)	0.00
70	Capacity Related								
71	Wholesale Cost	0.60	0.62	0.62	0.57	0.66	0.60	0.47	0.21
72	Allocated Cost	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00
73	Subtotal	0.61	0.63	0.63	0.58	0.67	0.61	0.47	0.22
74	Energy Related								
75	Wholesale Cost	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80
76	Allocated Cost	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
77	Subtotal	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88
78	Sub. Power Supply	7.49	7.51	7.51	7.46	7.55	7.48	7.35	7.10
79	<b><u>Transmission</u></b>								
80	Direct	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
81	Capacity	1.41	1.45	1.45	1.32	1.54	1.40	1.09	1.45
82	Energy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
83	Allocated Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
84	Sub. Transmission	1.41	1.45	1.45	1.32	1.54	1.40	1.09	1.45
85	<b><u>Distribution</u></b>								
86	Direct	0.36	0.00	0.00	0.00	0.00	0.00	0.00	6.43
87	Consumer	38.67	40.43	40.43	44.15	99.09	182.37	169.69	1.88
88	Capacity	3.49	3.57	3.96	3.27	3.71	3.36	2.57	3.67
89	Energy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	Sub. Distribution	10.08	9.44	30.24	6.18	4.42	3.59	2.62	39.03
91	Total	18.98	18.40	39.20	14.96	13.51	12.47	11.05	47.58
92	<b><u>Costs Broken Down by Classification</u></b>								
93	Direct	0.35	0.00	0.00	0.00	0.00	(8.47)	(30.30)	6.43
94	Consumer	38.67	40.43	40.43	44.15	99.09	182.37	169.69	1.88
95	Capacity	5.51	5.64	6.04	5.17	5.92	5.37	4.13	5.34
96	Energy	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88
97	Total	18.98	18.40	39.20	14.96	13.51	12.47	11.05	47.58



**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-02  
2024 ELECTRIC OPERATIONS RATE REVIEW ANALYSIS**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the Michigan Public Service Commission; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design, which requires energy rates be developed and implemented to generate margins adequate to meet annual lender requirements and the Cooperative’s long-term financial objectives; and

**WHEREAS**, PIE&G has also established Board Policy No. 204 – Financial Policy, which requires the Cooperative to maintain a Modified Debt Service Coverage (MDSC) Ratio of an average of 1.35 in two of the most recent three years as required by the cooperative’s lender, the National Rural Utilities Cooperative Finance Corporation (NRUCFC); and

**WHEREAS**, the TIER rate setting mechanism provides for a TIER range of 1.6 to 2.2 with a Target TIER of 1.8 and PIE&G has established that the TIER calculation for the 2023 operating year indicates a projected adjusted TIER of 2.10; and

**WHEREAS**, PIE&G has established that the projected MDSC ratio for 2024 and future years is expected to be less than the required 1.35; and

**WHEREAS**, an adjusted TIER of 2.10 falls inside the “Quiet Zone”, however the projected MDSC ratio for 2024 and beyond falls below the requirements of Policy 204, Policy 307, and the lender requirements specified in the cooperative’s mortgage held by NRUCFC; and

**WHEREAS**, NRUCFC requires that utility rates provide a revenue stream that assures compliance with its mortgage covenants; and

**WHEREAS**, an increase in electric rates of \$2,406,859 is required to achieve the desired MDSC ratio for the year 2024 and beyond;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s 2023 Projected ELECTRIC TIER analysis and 2024 MDSC Ratio review, which indicates a revenue increase of \$2,406,859 is required to achieve a Target DSC of 1.35.

**CERTIFICATION**

I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on  
February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

OPTION 2 -- 5% RATE INCREASE

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-03  
2024 ELECTRIC RATE REVENUE REQUIREMENTS**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented to in a manner that allocates cost across rate classes in an equitable manner and minimizes subsidies between rate classes; and;

**WHEREAS**, PIE&G has established that the 2024 Electric Rate Analysis provides for an increase of \$2,406,859 to achieve a Target MDSC of 1.35 in 2024 and beyond; and

**WHEREAS**, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist between rate classes; and

**WHEREAS**, PIE&G desires to develop and implement distribution rates across rate classes in an equitable manner and minimize subsidies between rate classes;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors directs 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:

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

**CERTIFICATION**

I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

**PRESQUE ISLE ELECTRIC & GAS CO-OP  
BOARD RESOLUTION  
FEBRUARY 27, 2024**

**RESOLUTION 2024-MR-04  
2024 ELECTRIC RATE DESIGN**

**WHEREAS**, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

**WHEREAS**, PIE&G has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented in a manner that phases out intentional subsidies within rate classes and minimizes subsidies between classes; and

**WHEREAS**, PIE&G has established that the 2024 Electric Rate Analysis provides for an increase of \$2,406,859 to achieve a Target MDSC of 1.35 in 2024 and beyond; and

**WHEREAS**, PIE&G has established that the increase of \$2,406,859 is to be implemented on the Residential Monthly, Seasonal, General Service, Large General Service, Large Power Time of Day, Primary Service, and Outdoor Lighting rate classes; and

**WHEREAS**, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist within rate classes;

**NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors directs 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 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
	70W LED T3/T5	\$ 11.18 per month

### CERTIFICATION

I, Sandra Borowicz, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on February 27, 2024.

By: \_\_\_\_\_  
Sandra Borowicz, Secretary

Dated: \_\_\_\_\_

OPTION 2 -- 5% RATE INCREASE

Presque Isle Electric & Gas  
Determination of Estimated 2024 TIER Rate Adjustments  
\$2,406,861 Increase

Rate Code	Applicable Rate Schedule	Consumers	kWh Sales	2024 Tier Increase <sup>1</sup>	Service Charges				Increase from Service Charges	Remaining Increase		Distribution Charge		Alt. Averaged Res. And Seas.		
					Present	Customer Costs <sup>2</sup>	Proposed <sup>3</sup> at No Change	Change		Total	per kWh	Present	Proposed	Total	per kWh	Proposed
RES	A															
RESSE	A															
	Total Sch. A	19,096	157,847,725	\$ 1,341,496	\$24.00	\$41.25	<b>\$24.00</b>		\$ -	\$ 1,341,496	\$0.00850	\$0.04612	<b>\$0.05462</b>	\$1,788,736	\$0.01133	<b>\$ 0.05745</b>
RESSE	S	13,091	24,172,436	\$ 721,163	\$300.00	\$495.03	<b>\$300.00</b>		\$ -	\$ 721,163	\$0.02983	\$0.10810	<b>\$0.13793</b>	\$ 273,923	\$0.01133	<b>\$ 0.11943</b>
GS1	GS	2,103			\$24.00	\$41.25	<b>\$24.00</b>		-							
GS3	GS	315			\$42.00	\$66.49	<b>\$42.00</b>		-							
	Total Sch. GS	2,418	43,923,825	\$ 231,212					\$ -	\$ 231,212	\$0.00526	\$0.03482	<b>\$0.04008</b>			
LGS	LGS <sup>4</sup>	34	5,740,094	\$ 17,786	\$50.00	\$100.62	<b>\$50.00</b>		\$ -	\$ 17,786	\$0.00310	\$0.02486	<b>\$0.02796</b>			
LPTOD	LPTOD <sup>4</sup>	14	13,982,511	34,178	\$60.00	\$184.44	<b>\$60.00</b>		-	34,178	\$0.00244	\$0.07791	<b>\$0.08035</b>			
PSDS	PSDS opt 1-B <sup>4</sup>	3	14,423,662	25,318					-	25,318	\$0.00176	\$0.01444	<b>\$0.01620</b>			
SYL	OD		592,079	35,706					-	35,706	\$0.06031	See Below				
		37,074	260,682,332	\$ 2,406,859					\$ -	\$ 2,406,859						

Rate Code	Type	kWh Per Light	Increase		Monthly Rate	
			per kWh	per Month	Present	Proposed
dvc 10	40 T5	15	\$ 0.06031	\$0.88	\$7.91	<b>\$8.79</b>
dvc 11	70 T5	26	\$ 0.06031	\$1.54	\$9.64	<b>\$11.18</b>
dvc 12	70 T3	26	\$ 0.06031	\$1.54	\$9.64	<b>\$11.18</b>

<sup>1</sup> Class COS increases per PIE&G's 2019 (2018 Actual) COS Study updated for 2022 Revenue Requirements adjusted for 2024 TIER Increases and Estimated 2022 Sales Volumes by Rate Class.

<sup>2</sup> Monthly customer related per the updated COSS including the estimated 2024 TIER based increase.

<sup>3</sup> Proposed Service charges equal Present Rates.

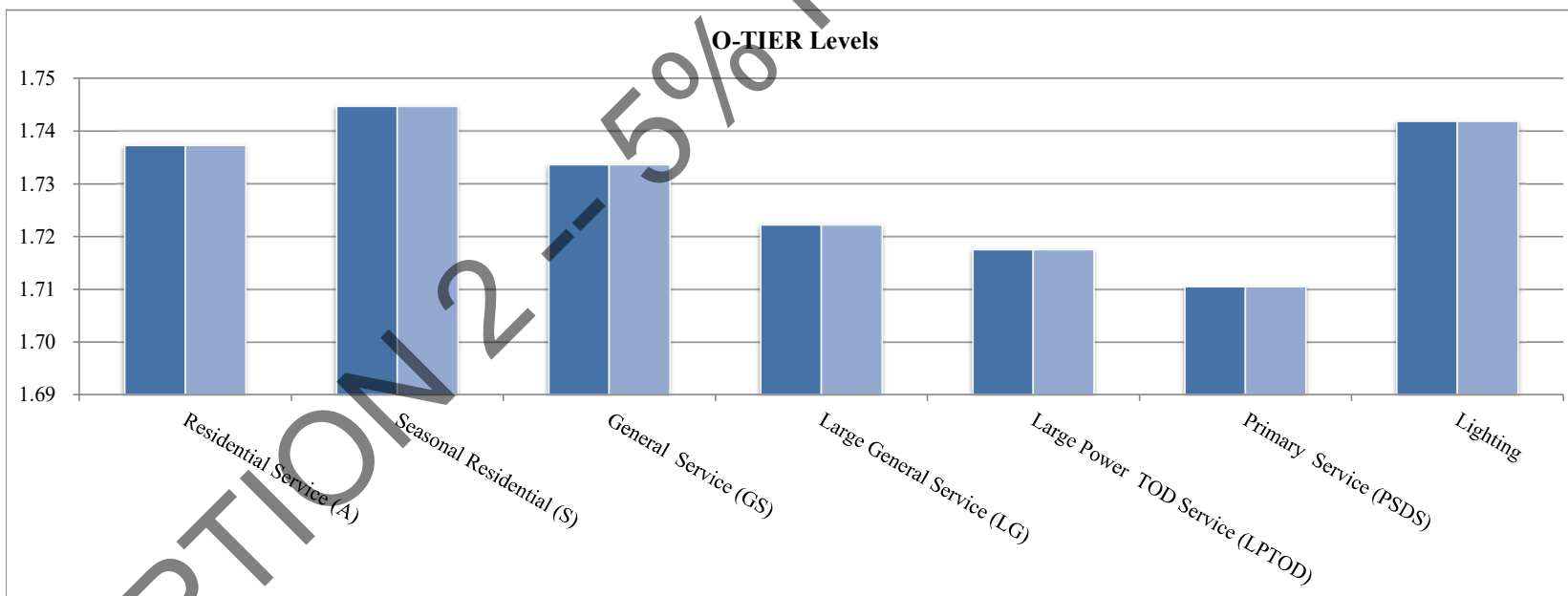
<sup>4</sup> If desired, demand charges could be realigned to better match underlying costs.

**Cost of Service Summary**  
**Revenue Requirements Summary -- BUNDLED**

Line No.	Description	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	0 Outdoor Lighting
1	<b><u>Revenue Requirements</u></b>								
2	Revenue Requirements	49,951,789	29,306,100	9,620,611	6,617,330	779,217	1,750,407	1,598,705	279,416
3									
4	<b><u>Present Rates</u></b>								
5	Revenue-Present Rates	47,198,660	27,760,939	8,834,634	6,339,609	755,885	1,703,730	1,561,928	241,935
6	Revenue Credits	346,267	203,665	64,814	46,510	5,545	12,499	11,459	1,775
7		47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
8									
9	Required Incr./(Decr)	2,406,861	1,341,496	721,163	231,212	17,786	34,178	25,318	35,706
10	Percent	5.10%	4.83%	8.16%	3.65%	2.35%	2.01%	1.62%	14.76%
11									
12	<b><u>Proposed Rates</u></b>								
13	Revenue-Proposed Rates	47,198,660	27,760,939	8,834,634	6,339,609	755,885	1,703,730	1,561,928	241,935
14	Revenue Credits	346,267	203,665	64,814	46,510	5,545	12,499	11,459	1,775
15		47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
16									
17	Required Incr./(Decr)	2,406,861	1,341,496	721,163	231,212	17,786	34,178	25,318	35,706
18	Percent		4.83%	8.16%	3.65%	2.35%	2.01%	1.62%	14.76%

**Cost of Service Summary**  
**Margin by Rate Class**

Line No.	Description	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
19	<b><u>O-TIER Under Present Rates</u></b>								
20	Revenue-Present Rates	47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
21	Operating Expenses Allocated	45,817,975	27,004,994	8,374,563	6,222,120	749,146	1,692,881	1,556,377	217,895
22	Margin Under Present Rates	1,726,952	959,610	524,885	163,999	12,285	23,348	17,010	25,815
23	Allocated LT Interest Expense	2,338,273	1,301,611	704,822	223,549	17,010	32,540	23,943	34,799
24	O-TIER - Present Rates	1.74	1.74	1.74	1.73	1.72	1.72	1.71	1.74
25									
26	O-TIER Parity Index - Present Rates	1.00	1.00	1.00	1.00	0.99	0.99	0.98	1.00
27									
28	<b><u>O-TIER Under Proposed Rates</u></b>								
29	Revenue-Proposed Rates	47,544,927	27,964,604	8,899,448	6,386,119	761,430	1,716,229	1,573,387	243,710
30	Operating Expenses Allocated	45,817,975	27,004,994	8,374,563	6,222,120	749,146	1,692,881	1,556,377	217,895
31	Margin - Proposed Rates	1,726,952	959,610	524,885	163,999	12,285	23,348	17,010	25,815
32	Allocated LT Interest Expense	2,338,273	1,301,611	704,822	223,549	17,010	32,540	23,943	34,799
33	O-TIER - Proposed Rates	1.74	1.74	1.74	1.73	1.72	1.72	1.71	1.74
34									
35	O-TIER Parity Index - Proposed Rates	1.00	1.00	1.00	1.00	0.99	0.99	0.98	1.00





**Cost of Service Summary**  
**Class Allocation Summary -- BUNDLED**

Line No.	Category	Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	0 Outdoor Lighting
36	<b><u>Power Supply</u></b>								
37	Direct and Revenue Related								
38	Wholesale Cost	(2,600)	0	0	0	0	(1,472)	(1,128)	0
39	Allocated Cost	0	0	0	0	0	0	0	0
40	Subtotal	(2,600)	0	0	0	0	(1,472)	(1,128)	0
41	Capacity Related								
42	Wholesale Cost	1,570,864	980,438	150,141	249,851	38,008	84,006	67,204	1,217
43	Allocated Cost	19,791	12,354	1,892	3,148	479	1,057	846	15
44	Subtotal	1,590,656	992,792	152,033	252,999	38,487	85,063	68,050	1,233
45	Energy Related								
46	Wholesale Cost	17,722,138	10,731,918	1,643,447	2,986,314	390,260	950,649	980,643	38,907
47	Allocated Cost	223,278	135,228	20,708	37,629	4,917	11,962	12,343	490
48	Subtotal	17,945,416	10,867,146	1,664,155	3,023,943	395,178	962,611	992,986	39,397
49	Sub. Power Supply	19,533,472	11,859,938	1,816,188	3,276,942	433,664	1,046,203	1,059,907	40,630
50	<b><u>Transmission</u></b>								
51	Direct	0	0	0	0	0	0	0	0
52	Capacity	3,664,256	2,283,593	349,701	581,941	88,526	195,663	156,528	8,303
53	Energy	0	0	0	0	0	0	0	0
54	Allocated Cost	0	0	0	0	0	0	0	0
55	Sub. Transmission	3,664,256	2,283,593	349,701	581,941	88,526	195,663	156,528	8,303
56	<b><u>Distribution</u></b>								
57	Direct	162,486	0	0	0	0	0	0	162,486
58	Consumer	17,363,099	9,452,890	6,480,414	1,303,269	41,432	32,057	6,378	46,659
59	Capacity	9,228,476	5,709,679	974,309	1,455,179	215,595	476,484	375,892	21,339
60	Energy	0	0	0	0	0	0	0	0
61	Sub. Distribution	26,754,061	15,162,570	7,454,723	2,758,447	257,027	508,541	382,270	230,483
62									
63	<b>Total</b>	49,951,788	29,306,100	9,620,611	6,617,330	779,217	1,750,407	1,598,705	279,416

**Cost of Service Summary**  
**Rate Design Factors -- BUNDLED**

Line No.	Category	0 0 Total	Residential Service (A)	Seasonal Residential (S)	General Service (GS)	Large General Service (LG)	Large Power TOD Service (LPTOD)	Primary Service (PSDS)	0 Outdoor Lighting
64	<b><u>Costs Broken Down by Function</u></b>								
65	<b><u>Power Supply</u></b>								
66	Direct and Revenue Related								
67	Wholesale Cost	(0.01)	0.00	0.00	0.00	0.00	(8.47)	(30.30)	0.00
68	Allocated Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
69	Subtotal	(0.01)	0.00	0.00	0.00	0.00	(8.47)	(30.30)	0.00
70	Capacity Related								
71	Wholesale Cost	0.60	0.62	0.62	0.57	0.66	0.60	0.47	0.21
72	Allocated Cost	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00
73	Subtotal	0.61	0.63	0.63	0.58	0.67	0.61	0.47	0.22
74	Energy Related								
75	Wholesale Cost	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80
76	Allocated Cost	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
77	Subtotal	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88
78	Sub. Power Supply	7.49	7.51	7.51	7.46	7.55	7.48	7.35	7.10
79	<b><u>Transmission</u></b>								
80	Direct	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
81	Capacity	1.41	1.45	1.45	1.32	1.54	1.40	1.09	1.45
82	Energy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
83	Allocated Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
84	Sub. Transmission	1.41	1.45	1.45	1.32	1.54	1.40	1.09	1.45
85	<b><u>Distribution</u></b>								
86	Direct	0.37	0.00	0.00	0.00	0.00	0.00	0.00	6.67
87	Consumer	39.45	41.25	41.25	45.03	100.62	184.44	171.24	1.92
88	Capacity	3.54	3.62	4.03	3.31	3.76	3.41	2.61	3.73
89	Energy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	Sub. Distribution	10.26	9.61	30.84	6.28	4.48	3.64	2.65	40.28
91	Total	19.16	18.57	39.80	15.07	13.57	12.52	11.08	48.83
92	<b><u>Costs Broken Down by Classification</u></b>								
93	Direct	0.36	0.00	0.00	0.00	0.00	(8.47)	(30.30)	6.67
94	Consumer	39.45	41.25	41.25	45.03	100.62	184.44	171.24	1.92
95	Capacity	5.56	5.69	6.11	5.21	5.97	5.42	4.16	5.40
96	Energy	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88
97	Total	19.16	18.57	39.80	15.07	13.57	12.52	11.08	48.83

**TEST YEAR MARGINS AND INTEREST**  
**12 MONTHS ENDED DECEMBER 31, 2023**

	<u>Operating Margins</u>	<u>Total Margins</u>	<u>Interest</u>
December 31, 2023	\$1,256,516 <sup>1</sup>	\$647,808 <sup>2</sup>	\$2,525,702 <sup>3</sup>

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<sup>1</sup> From December 2023 Form 7, Part 1A, line 20, *Patronage Capital and Operating Margins*.

<sup>2</sup> From December 2023 Form 7, Part 1A, line 28, *Patronage Capital*.

<sup>3</sup> From December 2023 Form 7, Part 1A, line 15, *Interest on Long Term Debt*.

**ADJUSTED TOTAL MARGINS**

<u>Step One:</u>	Unadjusted Total Margins	\$ 647,808 <sup>4</sup>
<u>Step Two:</u>	Add Back Net Loss from Equity Investments	\$ 1,103,132 <sup>5</sup>
	Add Miscellaneous Non-Operating Loss	\$ 0 <sup>6</sup>
	Add Annualized Revenue from Rate Increase	\$ 1,263,227 <sup>7</sup>
	Less G&T Capital Credits Allocated/Not Paid	\$ (0) <sup>8</sup>
	Less Other Capital Credits Allocated/Not Paid	\$ (216,106) <sup>9</sup>

(continued on next page)

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<sup>4</sup> From Exhibit A-2.

<sup>5</sup> From December 2023 Form 7, page 1, column (b), line 23, "Income (Loss) from Equity Investments" includes a \$1,103,132 loss on disposition of utility plant. Accounts 421.10 and 421.20 Gain/(Loss) on Disposition of Utility Plant are to be removed from Total Margins, which results in an increase of \$1,103,132.

<sup>6</sup> From December 2023 Form 7, page 1, column (b), line 23, "Income (Loss) from Equity Investments". No one-time Miscellaneous Non-Operating Losses were incurred in 2023.

<sup>7</sup> From Exhibit A-7, Annualized Increase in Revenue at New Rates.

<sup>8</sup> From December 2023 Form 7, page 1, column (b), line 25a, "Generation and Transmission Capital Credits" + Line 25b, "G&T Capital Credits – PSDFC".

<sup>9</sup> From December 2023 Form 7, page 1, column (b), line 26, "Other Capital Credits and Patronage Dividends", i.e. \$426,314 less \$210,208. The \$210,208 is comprised of the following declared and paid other capital credits or patronage dividends.

NRUCFC	\$ 134,321
COBANK	\$ 22,261
NISC	\$ 6,951
NRTC	\$ 0
CRC	\$ 0
<u>RESCO</u>	<u>\$ 46,675</u>
Total	<u>\$ 210,208</u>

**ADJUSTED TOTAL MARGINS**  
**(continued from prior page)**

<u>Step Three:</u> Add: Issued Capital Credits/Past Years' Allocations	\$ 0
Less General Capital Credit Retired to Members	\$ (12,574)
<u>Step Four:</u> Less Member Remaining Capital Credits Retired	\$ 0
Adjusted Total Margins	\$ 2,785,487

### CALCULATION OF REQUIRED TIER REVISION

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \text{Interest}}{\text{Interest}}$$

$$\text{Interest} = \$2,525,702^{10}$$

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \$2,525,702 \text{ Interest}}{\$2,525,702 \text{ Interest}}$$

$$\text{Necessary Margins} = \$2,020,562$$

Target TIER:

$$1.8 \text{ TIER} = \frac{\$2,020,562 \text{ Necessary Margin} + \$2,525,702 \text{ Interest}}{\$2,525,702 \text{ Interest}}$$

Actual Adjusted Total TIER:

$$\text{TIER} = \frac{\$2,785,487^{11} + \$2,525,702 \text{ Interest}}{\$2,525,702 \text{ Interest}} = 2.10 \text{ TIER}$$

Based on Adjusted Total TIER of 2.10, no adjustment is required.

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<sup>10</sup> From Exhibit A-2.

<sup>11</sup> From Exhibit A-3.

**RECONCILIATION OF OPERATING AND TOTAL MARGINS**Line No.

1	Operating Margins		\$ 1,256,516 <sup>12</sup>
2	Other Income		
3	a. Non Operating Margins – Interest	\$ 46,701 <sup>13</sup>	
	b. Income from Equity Investments	\$ (1,081,723) <sup>14</sup>	
	c. Non Operating Margins – Other	\$ 0 <sup>15</sup>	
	d. G&T Capital Credits	\$ 0 <sup>16</sup>	
	Other Capital Credits and Patronage Dividends	\$ <u>426,314</u> <sup>17</sup>	
3.	Total Additions to Operating Margins		\$ (608,708)
4	Total Margins		\$ 647,808

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<sup>12</sup> From Exhibit A-2.

<sup>13</sup> From December 2023 Form 7, Part 1A, line 21, “*Non Operating Margins – Interest*”.

<sup>14</sup> From December 2023 Form 7, Part 1A, line 23, “*Income(Loss) from Equity Investments*”.

<sup>15</sup> From December 2023 Form 7, Part 1A, line 24, “*Non Operating Margins – Other*”.

<sup>16</sup> From December 2023 Form 7, Part 1A, line 25a, “*Generation and Transmission Capital Credits*”.

<sup>17</sup> From December 2023 Form 7, Part 1A, line 26, “*Other Capital Credits and Patronage Dividends*”.

**CALCULATION OF REQUIRED AND REQUESTED INCREASE**Line No.

1	Required \$ Increase Per Exhibit A-4	\$ 0
2	2023 Revenue from Electric Sales	\$ 42,833,147 <sup>18</sup>
3	Required % Increase	0.00%
4	2023 kWh Sales	249,709,978 <sup>19</sup>
5	Average Mills Per kWh Increase	0.00 mills per kWh

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<sup>18</sup> From December 2023 Form 7, Page 6, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total Sales of Electric Energy, dollars.

<sup>19</sup> From December 2023 Form 7, Page 6, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total kWh sold.



# ANNUALIZED REVENUE FROM RATE INCREASE

EXHIBIT A-7  
PAGE 1 OF 3

	OLD RATE \$/KWH JANUARY THROUGH APRIL	NEW RATE \$/KWH MAY THROUGH DECEMBER
RESIDENTIAL	\$0.04163	\$0.04612
SEASONAL	\$0.09736	\$0.10810
GENERAL SERVICE	\$0.03230	\$0.03482
LARGE GENERAL SERVICE	\$0.02074	\$0.02486
LARGE POWER TIME OF DAY	\$0.07493	\$0.07791
PRIMARY SERVICE	\$0.01246	\$0.01444

	KWH SOLD AT OLD RATE JANUARY THROUGH APRIL	KWH SOLD AT NEW RATE MAY THROUGH DECEMBER	TOTAL KWH SOLD 2023	ANNUALIZED REVENUE AT OLD RATES
RESIDENTIAL	50,611,483	87,451,866	138,063,349	\$5,747,577
SEASONAL -- OVER 7,200 kWh	5,185,097	7,811,633	12,996,730	\$541,054
SEASONAL	10,123,721	15,251,942	25,375,663	\$2,470,575
GS1	7,602,477	19,512,660	27,115,137	\$875,819
GS3	3,442,061	10,260,740	13,702,801	\$442,600
LGS	1,672,199	3,813,300	5,485,499	\$113,769
LPTOD	3,628,340	7,248,720	10,877,060	\$815,018
PSDS	4,160,400	8,316,600	12,477,000	\$155,463
	86,425,778	159,667,461	246,093,239	\$11,161,876

	KWH REVENUE AT OLD RATE JANUARY THROUGH APRIL	KWH REVENUE AT NEW RATE MAY THROUGH DECEMBER	TOTAL KWH REVENUE 2023	ANNUALIZED REVENUE AT NEW RATES	ANNUALIZED INCREASE IN REVENUE AT NEW RATES
RESIDENTIAL	\$2,106,956	\$4,033,280	\$6,140,236	\$6,367,482	\$227,246
SEASONAL -- OVER 7,200 kWh	\$215,856	\$360,273	\$576,128	\$599,409	\$23,281
SEASONAL	\$985,645	\$1,648,735	\$2,634,380	\$2,743,109	\$108,729
GS1	\$245,560	\$679,431	\$924,991	\$944,149	\$19,158
GS3	\$111,179	\$357,279	\$468,458	\$477,132	\$8,674
LGS	\$34,681	\$94,799	\$129,480	\$136,370	\$6,889
LPTOD	\$271,872	\$564,748	\$836,619	\$847,432	\$10,812
PSDS	\$51,839	\$120,092	\$171,930	\$180,168	\$8,238
	\$4,023,587	\$7,858,635	\$11,882,223	\$12,295,250	\$413,027
SECURITY LIGHTS (FROM EXHIBIT A-7 PAGE 2 OF 3)					\$5,270
SERVICE CHARGE REVENUE INCREASE (FROM EXHIBIT A-7 PAGE 3 OF 3)					\$844,930
ANNUALIZED INCREASE IN REVENUE AT NEW RATES					\$1,263,227

# ANNUALIZED REVENUE FROM RATE INCREASE -- SECURITY LIGHTS

EXHIBIT A-7  
PAGE 2 OF 3

	OLD MONTHLY CHARGE JANUARY THROUGH APRIL	NEW MONTHLY CHARGE MAY THROUGH DECEMBER
175W MV	\$12.73	\$12.73
400W MV	\$22.71	\$22.71
100W HPS	\$9.77	\$9.77
250W HPS	\$16.70	\$16.70
40W LED T5	\$7.51	\$7.91
70W LED T3/T5	\$8.95	\$9.64

	AVERAGE NUMBER OF SECURITY LIGHTS PER MONTH	ANNUALIZED SYL REVENUE AT OLD RATES
175W MV	1	\$153
400W MV	0	\$0
100W HPS	0	\$0
250W HPS	0	\$0
40W LED T5	282	\$25,414
70W LED T3/T5	1,746	\$187,520
	2,029	\$213,087

	SYL REVENUE AT OLD RATE JANUARY THROUGH APRIL	SYL REVENUE AT NEW RATE MAY THROUGH DECEMBER	TOTAL SYL REVENUE 2023	ANNUALIZED SYL REVENUE AT NEW RATES	ANNUALIZED INCREASE IN SYL REVENUE AT NEW RATES
175W MV	\$51	\$102	\$153	\$153	\$0
400W MV	\$0	\$0	\$0	\$0	\$0
100W HPS	\$0	\$0	\$0	\$0	\$0
250W HPS	\$0	\$0	\$0	\$0	\$0
40W LED T5	\$8,471	\$17,845	\$26,316	\$26,767	\$451
70W LED T3/T5	\$62,507	\$134,652	\$197,158	\$201,977	\$4,819
	\$71,029	\$152,598	\$223,627	\$228,897	\$5,270

## ANNUALIZED REVENUE FROM RATE INCREASE

EXHIBIT A-7  
PAGE 3 OF 3

	NUMBER OF CONSUMERS JANUARY THROUGH APRIL	SERVICE CHARGE INCREASE	REVENUE INCREASE
RESIDENTIAL	78,213	\$6	\$469,278
SEASONAL	50,326	\$6	\$301,956
GENERAL SERVICE	9,212	\$8	\$73,696
LARGE GENERAL SERVICE	116	\$0	\$0
LARGE POWER TIME OF DAY	52	\$0	\$0
PRIMARY SERVICE	12	\$0	\$0
			\$844,930

# PRESQUE ISLE ELECTRIC & GAS CO-OP

3149 Main Street P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

## CERTIFICATION

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

\_\_\_\_\_  
Signature of Chief Financial Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Chief Executive Officer

\_\_\_\_\_  
Date

## PART 1A - STATEMENT OF ELECTRICAL OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2023

RUS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2022	2023	BUDGET	
1.	Operating Revenue - Electric	41,456,782	44,260,331	45,171,528	4,101,746
1.	<b>Total Revenue</b>	<b>41,456,782</b>	<b>44,260,331</b>	<b>45,171,528</b>	<b>4,101,746</b>
3.	Cost of Purchased Energy - Electric	23,993,618	22,417,446	24,980,550	2,013,301
3.	<b>Total Cost of Energy Sold</b>	<b>23,993,618</b>	<b>22,417,446</b>	<b>24,980,550</b>	<b>2,013,301</b>
	<b>Gross Revenues</b>	<b>17,463,164</b>	<b>21,842,885</b>	<b>20,190,978</b>	<b>2,088,444</b>
5.	Distribution Expense - Operation	2,803,665	2,901,469	2,420,345	204,284
6.	Distribution Expense - Maintenance	5,528,035	4,143,891	5,296,414	349,385
7.	Consumer Accounts Expense	1,879,277	1,763,664	2,002,127	126,068
8.	Customer Service and Informational Expense	525,311	855,634	797,351	53,120
10.	Administrative and General Expense	2,247,202	2,427,334	2,575,431	183,317
	<b>Total Operation &amp; Maintenance Expense</b>	<b>12,983,489</b>	<b>12,091,992</b>	<b>13,091,668</b>	<b>916,174</b>
12.	Depreciation & Amortization Expense	4,059,088	4,258,386	4,319,456	356,530
13.	Tax Expense - Property & Gross Receipts	1,317,005	1,380,219	1,130,210	154,739
14.	Tax Expense - Other	880	1,691	4,593	20
15.	Interest on Long-Term Debt	2,319,511	2,525,702	2,639,515	228,071
17.	Interest Expense - Other	161,854	327,379	164,170	32,707
18.	Other Deductions	2,000	1,000	1,000	0
	<b>Total Cost of Operations</b>	<b>20,843,828</b>	<b>20,586,369</b>	<b>21,350,612</b>	<b>1,688,240</b>
20.	Patronage Capital & Operating Margins	(3,380,664)	1,256,516	(1,159,634)	400,204
21.	Non-Operating Margins - Interest	47,133	46,701	55,186	213
23.	Income (Loss) from Equity Investments	(1,243,396)	(1,081,723)	(362,647)	(247,425)
24.	Non-Operating Margins - Other	0	0	0	0
25.a	Generation and Transmission Capital Credits	1,543,116	0	1,300,000	0
25.b	G & T Capital Credits - PSDFC	0	0	0	0
26.	Other Capital Credits and Patronage Dividend	326,964	426,314	346,365	12,055
27.	Extraordinary Items See attached sheet	0	0	0	0
28.	<b>Patronage Capital</b>	<b>(2,706,847)</b>	<b>647,808</b>	<b>179,270</b>	<b>165,047</b>
	<b>Net T.I.E.R.</b>	<b>-0.09</b>	<b>1.23</b>		
	<b>Operating T.I.E.R.</b>	<b>-0.36</b>	<b>1.44</b>		

## PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2022	2023
1. New Services Connected	329	360
2. Services Retired	44	68
3. Total Services in Place	37,191	37,488
4. Idle Services (Excl Seasonal)	2,372	2,389
5. Miles Distribution - Overhead	3,813	3,805
6. Miles Distribution - Underground	1,159	1,178
7. Total Miles Energized (5 + 6)	4,971	4,984

# PRESQUE ISLE ELECTRIC & GAS CO-OP

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## PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2023

RUS Form 7 Line Number	ASSETS AND OTHER DEBITS	RUS Form 7 Line Number	LIABILITIES AND OTHER CREDITS
1a.	Utility Plant in Service - Electric 151,007,056	30a.	Memberships - Electric 295,130
1b.	Utility Plant in Service - Gas 48,515,645	30b.	Memberships - Gas 30,040
1c.	Utility Plant in Service - Fiber 26,958,707	30c.	Memberships - Fiber 85
1.	Utility Plant in Service - Combined <b>226,481,408</b>	30.	Memberships - Combined <b>325,255</b>
2a.	Construction Work in Progress - Electric 3,386,587	31a.	Patronage Capital - Electric 38,202,410
2b.	Construction Work in Progress - Gas 536,493	31b.	Patronage Capital - Gas 9,745,236
2c.	Construction Work in Progress - Fiber 22,895,673	31c.	Patronage Capital - Fiber (2,035,678)
2.	Construction Work in Progress - Combined <b>26,818,753</b>	31.	Patronage Capital - Combined <b>45,911,968</b>
3a.	Total Utility Plant (1+ 2) - Electric 154,393,643	32a.	Operating Margins - Prior Years - Electric 21,064
3b.	Total Utility Plant (1 + 2) - Gas 49,052,138	32b.	Operating Margins - Prior Years - Gas 0
3c.	Total Utility Plant (1 + 2) - Fiber 49,854,380	32c.	Operating Margins - Prior Years - Fiber 0
3.	Total Utility Plant - Combined <b>253,300,161</b>	32.	Operating Margins - Prior Years - Combined <b>21,064</b>
4a.	Accumulated Provision for Depreciation - Electric 71,301,379	33a.	Operating Margins - Current Year - Electric 1,256,516
4b.	Accumulated Provision for Depreciation - Gas 18,610,379	33b.	Operating Margins - Current Year - Gas (569,998)
4c.	Accumulated Provision for Depreciation - Fiber 230,450	33c.	Operating Margins - Current Year - Fiber (2,187,101)
4.	Accum. Provision for Depreciation - Combined <b>90,142,208</b>	33.	Operating Margins - Current Year - Combined <b>(1,500,584)</b>
5a.	Net Utility Plant (3 - 4) - Electric 83,092,264	34a.	Non Operating Margins - Electric (608,708)
5b.	Net Utility Plant (3 - 4) - Gas 30,441,759	34b.	Non Operating Margins - Gas 60,626
5c.	Net Utility Plant (3 - 4) - Fiber 49,623,930	34c.	Non Operating Margins - Fiber 398,545
5.	Net Utility Plant - Combined <b>163,157,953</b>	34.	Non Operating Margins - Combined <b>(149,537)</b>
7.	Investments in Subsidiary Companies 0	35a.	Other Margins and Equities - Electric 5,126,356
8.a	Invest. in Assoc. Org- Patronage Capital - WPC 19,940,248	35b.	Other Margins and Equities - Gas 6,358
		35c.	Other Margins and Equities - Fiber 0
8.b	Invest. in Assoc. Org- Patronage Capital - Other 5,325,196	35.	Other Margins and Equities - Combined <b>5,132,714</b>
9.	Invest. in Assoc. Org. - Other - General Funds 4,800	36a.	Total Margins and Equities (30 thru 35) - Electric 44,292,768
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds 1,345,370	36b.	Total Margins and Equities (30 thru 35) - Gas 9,272,261
		36c.	Total Margins and Equities (30 thru 35) - Fiber (3,824,149)
11.	Invest. in Economic Development Projects 0	36.	Total Margins and Equities (30 thru 35) - Combined 49,740,880
12.	Other Investments 0	37.	Long Term Debt - RUS (Net)
13.	Restricted Funds 0		(Payments-Unapplied \$ -0- ) 0
14.	Total Other Property and Investments (6 thru 13) 26,615,614	38.	Long Term Debt - RUS - Econ. Dev. (Net) 0
15.	Cash - General Funds 5,202,392	39.	Long Term Debt - Other - RUS Guaranteed 0
16.	Cash - Construction Funds 0	40.	Long Term Debt - Other (Net) 136,558,508
17.	Special Deposits 0	41.	Total Long Term Debt (37 thru 40) 136,558,508
18.	Temporary Investments 88,358	42.	Obligations Under Capital Leases 0
19.	Notes Receivable - Net 0	43.	Deferred Compensation 0
20.	Accounts Receivable - Net Sales of Energy 4,743,272	44.	Total Other Non Current Liabilities (42+43) 0
21.	Accounts Receivable - Net Other 836,367	45.	Line of Credit Balance Due 15,055,338
22.	Materials and Supplies - Electric and Other 16,175,200	46.	Accounts Payable 7,107,861
23.	Prepayments 251,563	47.	Consumers Deposits 501,801
24.	Other Current and Accrued Assets - Unbilled Revenue 145	48.	Other Current and Accrued Liabilities 8,072,749
25.	Total Current and Accrued Assets (15 thru 24) 27,297,296	49.	Total Current and Accrued Liabilities (45 thru 48) 30,737,749
26.	Regulatory Assets 0	50.	Deferred Credits 352,712
27.	Other Deferred Debits 318,985	51.	Accumulated Deferred Income Taxes
28.	Accumulated Deferred Income Taxes 0	52.	Total Liabilities and Other Credits
29.	Total Assets and Other Debits ( 5 + 14 + 25 thru 28) <b>217,389,849</b>		(36+41+44+49 thru 51) <b>217,389,849</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		53.	Balance Beginning of the Year - Electric 27,136,028
		54.	Balance Beginning of the Year - Gas 5,730,084
		55.	Balance Beginning of the Year - Gas AER 1,054,511
			Amount Received This Year (Net) - Electric 3,207,288
			Amount Received This Year (Net) - Gas 349,693
			Amount Received This Year (Net) - Gas AER
			Total Contributions in Aid of Construction - Electric 30,343,316
			Total Contributions in Aid of Construction - Gas 6,079,777
			Total Contributions in Aid of Construction - Gas AER 1,054,511

## PART 4 - NOTES TO COMBINED FINANCIAL STATEMENTS

THIS SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

- 1) The Balance Sheet has been modified to eliminate the Accounts Receivable (Acct. #142.70) and Accounts Payable (Acct. #232.70) amounts that are due between Divisions, which nets to zero.
- The AR and AP amount was \$ 89,700,976.86
- 2) Per the final audit report, unbilled revenue has been moved from Line 27, Other Deferred Debits, to Line 24, Other Current and Accrued Assets. Customer prepayments have also been moved to Line 50, Deferred Credits. This resulted in an increase of \$338,154 to total assets and total liabilities.

# PRESQUE ISLE ELECTRIC & GAS CO-OP

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## ELECTRIC OPERATIONS PLANT RATIOS, SALES & REVENUE REPORT FOR THE MONTH ENDING DECEMBER 31, 2023

### BALANCE SHEET RATIOS

Current Assets to Current Liabilities	- Combined	88.81 %
Margins & Equities as % of Assets	- Combined	22.88 %
Long Term Debt as % of Net Utility Plant	- Combined	83.70 %
Long Term Debt as % of Plant	- Combined	53.91 %
Modified Debt Service Coverage Ratio	- Combined	1.16

### CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service A.	kWh Sold B.	Amount C.	Number of Minimum Bills D.
Sales - Residential	18,519	12,225,017	2,198,568	528
Sales - Seasonal	13,829	3,311,764	1,056,792	12,696
Sales - General Service - Oil	492	401,401	64,886	46
Sales - Irrigation	27	976	1,250	18
Sales - General Service	1,827	2,723,180	403,153	160
Sales - Large Power - Oil	2	77,560	9,311	0
Sales - Large Power	43	1,965,231	245,286	1
Sales - Public Street & Highway Lighting	37	12,387	4,856	0
Sales - Public Buildings	323	318,347	50,074	32
Consumer Sales - PSCR			(80,338)	
Total Sales of Electric Energy (1 thru 11)	35,099	21,035,863	3,953,837	13,481
Other Electric Revenue			147,908	
Total (12 + 13)			4,101,746	
Last Year kWh Sales	34,819	22,980,962		

### CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service B.	kWh Sold Cumulative C.	Amount Cumulative D.
Sales - Residential	18,407	138,315,199	24,513,316
Sales - Seasonal	13,811	38,359,752	10,733,572
Sales - General Service - Oil	492	4,593,639	729,400
Sales - Irrigation	27	214,709	38,695
Sales - General Service	1,785	35,144,537	5,062,427
Sales - Large Power - Oil	2	948,400	111,846
Sales - Large Power	43	27,925,011	3,407,553
Sales - Public Street & Highway Lighting	37	146,653	56,932
Sales - Public Buildings	322	4,062,078	618,231
Consumer Sales - PSCR			(2,438,825)
Total Sales of Electric Energy (1 thru 11)	34,926	249,709,978	42,833,147
Other Electric Revenue			1,427,184
Total (12 + 13)			44,260,331
Last Year kWh Sales		260,694,328	

### KWH AND KWH STATISTICS

ITEM	THIS MONTH	YEAR-TO-DATE
1. kWh Purchased	23,961,411	272,452,225
2. Interchange kWh-Net	2,364	150,207
3. Total kWh (1 + 2)	23,963,775	272,602,432
4. Total kWh-Sold	21,035,863	249,709,978
5. Office Use - **For Information Purposes Only**	64,682	705,545
6. Total Unaccounted for (3 - 4)	2,927,912	22,892,454
7. Percent System Loss (6/3)x100	12.22	8.40
8. Maximum Demand (kw)	44,667	58,851
9. Month When Maximum Demand Occurred		7

# PRESQUE ISLE ELECTRIC & GAS CO-OP

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## STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2023

	THIS YEAR	LAST YEAR
1. KWHRS Sold Per Consumer:		
a. For the Month	599	660
b. Year to Date	<u>596</u>	<u>627</u>
2. Average Monthly Bill	112.65	110.16
Average Residential Bill	<u>118.72</u>	<u>117.83</u>
3. Average Bill:		
a. Year To Date	102.20	98.05
b. YTD Residential	<u>110.98</u>	<u>104.26</u>
4. Cost Per KWHR Purchased		
a. This Month Mills	84.01	89.37
b. Year to Date Mills	<u>82.23</u>	<u>84.24</u>
5. Revenue Per KWHR Sold:		
a. This Month Mills	187.96	166.91
b. Year to Date Mills	<u>171.53</u>	<u>156.39</u>
6. Power Cost Adjustment		
a. This Month	<u>0.011690</u>	<u>0.007620</u>
7. Number of New Members - Electric	131	131
Number of Transferred Members Added - Electric	1078	1195
7. Number of New Members - Gas	34	49
Number of Transferred Members Added - Gas	<u>150</u>	<u>143</u>
8. Security Lights Billed	<u>2029</u>	<u>2040</u>
9. Regular Payroll - Hours	18,184.75	18,881.00
Overtime Payroll - Hours	1,684.25	2,304.00
Total Payroll	<u>19,869.00</u>	<u>21,185.00</u>
10. Number of Employees		
Full Time	112	110
Temporary	<u>0</u>	<u>3</u>
11. Principal Paid To CFC-YTD	3,894,410.69	3,204,513.36
Interest Paid To CFC-YTD	<u>5,576,635.88</u>	<u>3,835,115.97</u>
12. Interest Paid on Line of Credit - YTD	<u>667,912.32</u>	<u>327,493.71</u>

<b>TIER CALCULATION</b>			
CO-OP:	Presque Isle Electric & Gas Co-op		
Case:			
Year:	2023		
FORM		2023	
7 LINE	ITEM	All Costs	
		\$	
	Operating Revenue		
	Sales of Electricity	44,260,331	
	Other	-	
1	Operating Revenue	44,260,331	
	Operating Expenses		
3	Cost of Purchased Energy	22,417,446	
4	Transmission Expense		
5	Distribution Expense - Operation	2,901,469	
6	Distribution Expense - Maintenance	4,143,891	
7	Consumer Accounts Expense	1,763,664	
8	Customer Service & Info. Expense	855,634	
9	Sales Expense		
10	Administrative & General Expense	2,427,334	
11	Total O & M Expense	34,509,438	
12	Depreciation & Amortization Exp.	4,258,386	
13	Tax Exp. - Property & Gross Recpts.	1,380,219	
14	Tax Expense - Other	1,691	
15	Interest on Long-Term Debt (mpsc)	2,525,702	
16	Interest Charged to Const. - Cr.		
17	Interest Expense - Other	327,379	
18	Other Deductions	1,000	
19	Total Cost of Operations	43,003,815	
20	Ptrng Cap. & OPERATING Margins	1,256,516	
21	Non-Operating Margins - Interest	46,701	
22	AFUDC		
nt lsted	Loss from Property Retirements		
23	Inc. (Loss) from Equity Investments	(1,081,723)	
24	Non-Operating Margins - Other	-	
25.a	Gen. & Trans. Capital Crs.	-	
25.b	G & T Capital Crs - PSDFC	-	
26	Other Capital Crs. & Patronage Div's.	426,314	
27	Extraordinary Items	-	
28	Ptrng Capital or Margins (20-27)	647,808	
<b>Part II: Adjusted Margins &amp; TIER AS FILED</b>			
	Actual Total Margin (Ln 28)	647,808	
Step II	Back Out:		
	Gain/Loss from Equity Investments	1,103,132	
	One-time Miscellaneous Non-Operating Income	-	
	Annualized Revenue from Rate Increase	1,263,227	
	G&T Credits, Allocated/Not Paid	-	
	Other Cap Crs, Allocated/Nt Pd	(216,106)	
	Weather Normalization Adjustment	-	
	Adjustment for Non-Operating Loss		
	Total Mrgns Less Cap. Crs. Allocation	2,798,061	
Step III	Add Back:		
	Estimated Storm Restoration Costs		
	Cap Crs Pd for Prior Years	-	
	Less offset of Cap Crs Retired/Members	(12,574)	
	Preliminary Adjusted Total Margins	2,785,487	
Step IV	Back Out:		
	Member Remaining Cap Crs. Retired	-	
	Adjust for difference in LT Debt Interest		
	Adjust for Add Back of C.C. Retired/Members	-	
	Adjusted Total Margin	2,785,487	
<b>Resulting TIER:</b>			
	Adjusted Total Margin	2,785,487	
	+ Interest, L/T Debt	2,525,702	
	+ Interest, L/T Debt	2,525,702	
	= TIER	2.10	
	[Quiet zone = 1.6 - 2.2]		
<b>Part III N/A - Increase in Rates resulting from the 2023 PSCR/TIER Reconciliation</b>			