

**Presque Isle Electric & Gas Co-op
SPECIAL BOARD MEETING
September 23, 2025**

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on September 23, 2025, at PIE&G headquarters in Onaway, Michigan. Chairperson Borowicz called the meeting to order at 9:35 a.m.

Roll call was taken with Directors Borowicz, Brown, Knopf, Krajniak, Lucas, Nagel, Peterson, Smigelski, and Wozniak present. A quorum was present. Also attending were President & Chief Executive Officer Berg, and team members Stempky, Hartung, Caldwell, Karsten, Knouse, McGraham, Ellenberger, Konieczny, and Attorney Ryan.

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.

CEO Berg presented the financial forecast and equity model outlining five primary strategic goals under the cooperative's long-term objectives. These goals included: Plan for increased power supply needs, support recovery efforts following the recent ice storm, prepare for rising operating costs due to inflation and labor market pressures, invest in the electric grid including AMI and GIS, and complete the deployment of fiber project. These goals are intended to ensure system reliability, operational resilience and enhanced member services.

CFO Stempky then presented 2026 PSCR (Power Supply Cost Recovery) as a part of member regulation. The PSCR factor is a component used to adjust rates based on fluctuations in power supply costs.

INTRODUCTION OF GUESTS & MEMBER COMMENT

Members William Carver, Dawn Fenstermaker and Melinda Hambelton were in attendance. William Carver inquired about the compensation of the Board of Directors and the salary of the CEO and expressed his concern regarding rising member utility rates. Dawn Fenstermaker addressed the Board with concerns also about rising utility rates, particularly their impact on low-income families struggling to keep the lights on or homes heated. Melinda Hambelton was just in attendance to observe.

ACTION ITEMS

CFO Stempky indicated there were seven (7) items for the board's consideration and discussed the following:

- 1. Accept 2026 Power Supply Cost Recovery (PSCR) Factor:** An analysis of projected energy costs and sales volumes was conducted by Wolverine Power Cooperation and PIE&G for 2026 operating year. The overall estimated energy

cost of 105.98 mill/kWh or \$0.10598/kWh which, when combined with PIE&G's current PSCR basing point of 87.85 mills/kWh provides for a 2026 PSCR Factor of 18.13 mills/kWh. The analysis as provided by the cooperative staff as a reasonable basis for establishing the maximum 2026 PSCR Factor of 18.13 mills/kWh or \$0.01813/kWh effective with all bills rendered on or after February 1, 2026, and directs staff to amend the appropriate tariffs in its electric rate book. The cooperative may apply a lesser PSCR Factor than approved, because of an over/collection of power supply costs from the membership. ***A motion was made by Krajniak, supported by Lucas, to adopt Resolution 2025-MR-07 accepting management's analysis as a reasonable basis for establishing the maximum 2026 Electric PSCR Factor of 18.13 mills/kWh or \$0.01813/kWh effective with all bills rendered on or after February 1, 2026, and direct staff to amend the appropriate tariffs in its Electric Rate Book. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-07)***

- 2. Accept 2026 Electric Operations Rate Review Analysis:** The 2026 Electric Rate Review Analysis indicates a revenue increase of \$12,000,000 is advised by management to meet the cooperative's financial goals and targets including debt service and equity goals, and that the revenue increase will be implemented in two phases, with one half of the increase (i.e. \$6,000,000) implemented with bills rendered on or after February 1, 2026 and the remaining half (i.e. \$6,000,000) implemented with bills rendered on or after February 1, 2027. ***A motion was made by Smigelski, supported by Wozniak, to adopt Resolution 2025-MR-08 accepting management's 2026 Electric Rate Review Analysis, which indicates a revenue increase of \$12,000,000 is advised to meet the cooperative's financial goals and targets, including debt service and equity goals, and that the revenue increase will be implemented in two phases. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-08)***
- 3. Accept 2026/2027 Electric Rate Revenue Requirements:** PIE&G has established that the 2026 Electric Rate Analysis provides for a revenue increase of \$12,000,000 to achieve the cooperative's financial goals and targets, including debt service and equity goals. The updated Cost of Service Study Analysis which indicates subsidies continue to exist between rate classes. Managements recommendation is to implement electric rate increase to the Monthly, Seasonal, General Service, Large General Service, Large Power Time of Day, Primary Service, and Outdoor Lighting rate classes.

Effective with bills rendered on or after February 1, 2026:

Residential Monthly Total Increase	\$3,282,561
Residential Seasonal Total Increase	\$1,484,406
General Service	\$ 646,800
Large General Service	\$ 60,638
Large Power Time of Day	\$ 345,532
Primary Service	\$ 79,913
Outdoor Lighting Total Increase	\$ 100,292
Total	\$ 6,000,142

Effective with bills rendered on or after February 1, 2027:

Residential Monthly Total Increase	\$3,282,561
Residential Seasonal Total Increase	\$1,484,406
General Service	\$ 646,800
Large General Service	\$ 60,638
Large Power Time of Day	\$ 345,532
Primary Service	\$ 79,913
Outdoor Lighting Total Increase	\$ 100,292
Total	\$ 6,000,142

A motion was made by Brow, supported by Knopf, 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 February 1, 2026: A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-09)

4. **Accept Electric Rate Design:** Management recommends that the increase of \$12,000,000 is to be implemented on Residential Monthly, 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 February 1, 2026:

Effective with bills rendered on or after February 1, 2026:

Residential Monthly	availability charge	\$28.00 per month
	distribution charge	\$0.07978 per kWh
Residential Seasonal	availability charge	\$37.80 per month
	distribution charge	\$0.14695 per kWh

General Service (1PH)	availability charge distribution charge	\$28.00 per month \$0.05855 per kWh
General Service (3PH)	availability charge distribution charge	\$32.00 per month \$0.05855 per kWh
Large General Service	availability charge distribution charge	\$74.00 per month \$0.04084 per kWh
Large Power Time of Day	availability charge kWh charge	\$148.00 per month \$0.11737 per kWh
Primary Service	distribution charge	\$0.02366 per kWh
Outdoor Lighting	40W LED T5 70W LED T3/T5	\$ 12.97 per month \$ 16.50 per month

Effective with bills rendered on or after February 1, 2027:

Residential Monthly	availability charge distribution charge	\$28.00 per month \$0.10138 per kWh
Residential Seasonal	availability charge distribution charge	\$47.60 per month \$0.14695 per kWh
General Service (1PH)	availability charge distribution charge	\$28.00 per month \$0.07439 per kWh
General Service (3PH)	availability charge distribution charge	\$32.00 per month \$0.07439 per kWh
Large General Service	availability charge distribution charge	\$74.00 per month \$0.05190 per kWh
Large Power Time of Day	availability charge kWh charge	\$148.00 per month \$0.14913 per kWh
Primary Service	distribution charge	\$0.03007 per kWh
Outdoor Lighting	40W LED T5 70W LED T3/T5	\$ 16.28 per month \$ 20.70 per month

A motion was made by Knopf, supported by Wozniak, to direct management to implement electric availability charge increases and 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 February 1, 2026: A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-010)

5. **Accept the Discontinuation of EO Program:** PIE&G cooperative will discontinue its Energy Optimization Program (EO) Programs effective February 1, 2026. These programs, originally required by state law (2008 PA 295), had been voluntarily continued after the mandate expired in 2022. Despite their past benefits, the Board has decided to end them following recent legislative changes. This action cancels the prior authorization given under Resolution 2021-15. *A motion was made by Krajniak, supported by Smigelski, to adopt Resolution 2025-MR-11 as presented, effective February 1, 2026, PIE&G coop Board of Directors discontinues the Energy Optimization and Energy Waste Reduction Programs originally authorized under Board Resolution No. 2021-15. This action follows recent changes to 2008 PA 295 and concludes the cooperatives voluntary continuation of these programs beyond the statutory requirement. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-11)*
6. **Accept the Energy Waste Reduction Program:** PIE&G cooperative is reinstating its Energy Optimization and Waste Reduction Programs following recent amendments to 2008 PA 295, which now require such programs again with Board approval and reporting to the Michigan Public Service Commission. The Board authorizes the continuation and development of both existing and new programs as proposed by management. The cooperative is authorized to use surcharge revenues and reserves to fund these programs. A new Energy Optimization Surcharge will be applied monthly to all electric members beginning February 1, 2026, based on rate classes.

<u>Rate Schedule</u>	<u>\$/kWh</u>
Schedule A – Residential Service	\$0.00229
Schedule S – Seasonal Residential Service	\$0.00229
Schedule CH – Controlled Heating Service	\$0.00229
Schedule EEH – Efficient Electric Heating	\$0.00229
Schedule OL – Outdoor Lighting Service	\$0.00312

<u>Rate Schedule</u>	<u>\$/meter/month</u>
Schedule GS – General Services	\$ 3.10
Schedule LG – Large General Service	\$ 74.14
Schedule LPTOD – Option Large Power Time-of-Day Service	\$ 74.14
Schedule PSDS – Primary Service	\$400.99

A motion was made by Lucas, supported by Krajniak, to adopt Resolution 2025-MR-12, authorizing the implementation of the Energy Waste Reduction Program as proposed by management, effective February 1, 2026. This includes approval of the use of surcharge revenues and reserves to fund these programs and the application of a monthly surcharge to all member electric bills according to the rate schedule outlined in the resolution. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-12)

7. **Accept Bundled Energy Charge:** A recommendation from PIE&G staff to transition to a bundled kilowatt hour (kWh) rate that consolidates separate energy supply and distribution charges into one simplified rate. Staff explained that the current unbundled rate structure can be difficult for members to understand. The proposed bundled charge will be revenue-neutral, maintain cost recovery, and improve transparency and communication with members. **A motion was made by Brown, supported by Nagel, to adopt Resolution 2025-MR-13, authorizing staff to begin implementing the bundled rate structure in all billing and accounting systems, update all relevant tariffs and policies, and notify the board prior to final implementation for review and input. A roll call vote was taken with all directors voting in the affirmative. Motion carried by a 9-0 vote. (Refer to Board Resolution 2025-MR-13)**

ADJOURNMENT

A motion was made by Peterson, supported by Lucas, to adjourn the special meeting. Ayes – all, motion carried. There being no further business to come before the board, Chairman Borowicz adjourned the meeting at 10:06 a.m.

Sandra Borowicz, Chairperson

Sally Knopf, Secretary