

**PRESQUE ISLE ELECTRIC & GAS CO-OP
SPECIAL BOARD MEETING
9 A.M. March 24, 2015**

AGENDA

Call to Order – Chairman Brown

Roll Call

PA167 of 2008: The Electric Cooperative Member-Regulation Act – CEO Burns

Member Comment – CEO Burns

Action Items:

1. Accept 2014 Power Supply Cost Recovery (PSCR) Factor Reconciliation
2. Accept 2014 Electric Operations TIER Analysis
3. Approve revisions to controlled energy tariffs
4. Adoption of an Efficient Electric Heat (EEH) Tariff
5. Approve revisions to the Cooperative's Special Charges
6. Approve revisions to the Cooperative's Aid To Construction Charges

Adjournment

Proposed Changes At A Glance

- | | | |
|---|---|--|
| <p>1. Reconcile 2014 Power Supply Cost Recovery Factor Collections</p> <p>2. Review and accept the 2014 TIER Analysis.</p> <p>3. Approve the revised Controlled Energy Tariffs - CWH, CH and PCH.</p> | <p>4. Approve the proposed new Efficient Electric Heating (EEH) Tariff.</p> <p>5. Approve revisions to the Cooperative's schedule of Special Charges.</p> | <p>6. Approve revisions to the Cooperative's Aid to Construction (ATC) charges.</p> <p>7. Consider changes to the Cooperative's billing practices.</p> |
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1. Reconcile 2014 Power Supply Cost Recovery (PSCR) Factor Collections

<p>Existing Situation</p> <ul style="list-style-type: none"> o Power supply costs from Wolverine Power Supply Cooperative (WPSC) are passed through at cost to the members of Presque Isle Electric & Gas Co-op. o PIE&G, working with WPSC establishes a factor to collect or return power supply costs (PSCR) that are above or below the base energy rates, based upon cost and sales forecasts. o This PSCR Factor collection is reconciled annually with actual costs and the difference is either returned or charged to the membership. o The reconciliation for the 12 month period ending December 31, 2014 indicates that there was an over-collection of \$213,683.61 This amount has been rolled into the 2015 PSCR factor and is currently being collected from the membership throughout the 2015 calendar year. 	<p>Proposed Action</p> <ul style="list-style-type: none"> o Accept the reconciliation of the 2014 PSCR Factor over-collection of \$213,683.61. 	<p>Management Recommends</p> <ul style="list-style-type: none"> o Approval of the Proposed Power Supply Cost Recovery Reconciliation net Over-recovery of \$213,683.61. o The over-collection of \$213,683.61 will continue to be refunded for the remainder of the 2015 calendar year.
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2. Review and accept the 2014 TIER Analysis

<p>Existing Situation</p> <ul style="list-style-type: none"> o The TIER analysis based upon the 2014 operating year indicates an Adjusted TIER of 2.13. Management has reviewed this analysis with the board. 	<p>Proposed Action</p> <ul style="list-style-type: none"> o Accept the 2014 TIER analysis which establishes an adjusted TIER of 2.13 and indicates no adjustment to revenue is necessary. 	<p>Management Recommends</p> <ul style="list-style-type: none"> o Management recommends acceptance of the 2014 TIER analysis.
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3. Approve revised controlled energy tariffs

<p>Existing Situation</p> <ul style="list-style-type: none"> o The Cooperative currently provides credits to members that qualify for Controlled Water Heating (CWH), Controlled Heat (CH), Partially Controlled Heat (PCH) energy tariffs. The Cooperative also provides credits to oil wells electing to take service under a controllable energy provision of the General Services and Large General Services Tariffs. o The Cooperative had in turn, received credits from its wholesale energy supplier, Wolverine Power Cooperative. o The Cooperative will not receive credits from WPC on new accounts requesting service under the CWH, CH and PCH tariffs. 	<p>Proposed Action</p> <ul style="list-style-type: none"> o Close the availability of the CWH, CH and PCH tariffs to new applicants. o Allow those members currently taking service under the CWH tariff to continue service under that tariff until a qualifying event takes place. o Allow those members currently taking service under the CH and PCH tariffs to transition to the new, Efficient Electric Heat (EEH) and continue service under that tariff until a qualifying event takes place. o Discontinue all credit programs for controlled oil. o Define qualifying events as replacement of the current equipment or a change of ownership on the service. 	<p>Management Recommends</p> <ul style="list-style-type: none"> o Management recommends acceptance of the proposed revisions to its CWH, CH, PCH, GS and LGS Tariffs.
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4. Approve the Proposed Efficient Electric Heating EEH Tariff

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o The Cooperative's wholesale energy provider, Wolverine Power Cooperative (WPC), has revised its wholesale energy rates and created an energy credit for Presque Isle's members who use certain energy efficient equipment to heat their homes. o The Cooperative wishes to pass that credit on to its members through the creation of an Efficient Electric Heating Tariff. 	<ul style="list-style-type: none"> o Adopt the proposed Efficient Electric Heating Tariff as proposed. 	<ul style="list-style-type: none"> o Adoption of the Efficient Electric Heating Tariff.

5. Approve revisions to the Cooperative's Schedule of Special Charges

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o The Cooperative's Schedule of Special Charges has been unchanged for several years. o The current Schedule of Special Charges is outdated and requires revision to adequately recover costs. 	<ul style="list-style-type: none"> o Management has provided a revised Schedule of Special Charges that more closely approximates the cost to the membership. 	<ul style="list-style-type: none"> o Adoption of the Schedule of Special Charges as proposed by management.

6. Approve revisions to the Cooperative's Construction Policy and Accompanying Aid To Construction Fees

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o The Cooperative's Construction Policy and Aid To Construction Fees have not been revised in several years and the fees are no longer indicative of the cost of construction to extend facilities to new members. 	<ul style="list-style-type: none"> o Management has provided an extensive review of current ATC charges and cost recovery and has also discussed the various options for adjusting the Cooperative's construction policies and fees. o Management has provided a revised ATC fee schedule and reviewed its impact with the Board of Directors. 	<ul style="list-style-type: none"> o Adoption of the revised ATC fee schedule as proposed by management.

7. Consider changes to the Cooperative's billing practices

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o There are no changes to the Cooperative's billing practices to consider at this time. 	N/A	N/A

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
MARCH 24, 2015**

**RESOLUTION 2015 MR-01
2014 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 certain of its electric rates, charges, billing practices and terms and conditions of service are no longer regulated by the Michigan Public Service Commission; and

WHEREAS, PIE&G staff has reviewed the 2014 PSCR Factor reconciliation exhibits with the Board of Directors; and

WHEREAS, the 2014 PSCR Factor reconciliation indicates that PIE&G has experienced an over-collection of power supply costs of \$213,683.61 for the 12 month period ending December 31, 2014; and

WHEREAS, PIE&G has incorporated the over-collection of \$213,683.61 into its 2015 PSCR Factor collection.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's 2014 ELECTRIC PSCR Factor collection analysis, which indicates an over-collection of \$213,683.61, and directs management to continue refunding this amount to the membership through the use of the 2015 PSCR Factor.

CERTIFICATION

I, David Smith, 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 March 24, 2015.

By: _____
David Smith, 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 2014
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 1.060

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		20,959,798
b. Applied PSCR factor:	mills per kWh		2.729452788
c. PSCR factor revenues: (a * b)		\$	57,208.78
d. Allowance for power supply included in case rates:	mills per kWh		87.85
e. Revenues collected pursuant to allowance for power supply included in base rates: (a * d)		\$	1,841,318.25
f. TOTAL POWER SUPPLY COST REVENUE: (c + e)		\$	1,898,527.03
8. THE TOTAL COST OF POWER (from attached worksheets) APPLICABLE TO SALES REPORTED ABOVE:			\$ 1,866,737.18
9. MONTHLY OVER(UNDER) COLLECTION : (7f-8)			\$ 31,789.86
10. TOTAL OVER/(UNDER) COLLECTION THIS PSCR YEAR			\$ 225,312.86
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	2013 Roll In		<u>Seasonal</u>	<u>Year to Date</u>	<u>Remaining</u>
Auth.PSCR adj.(m/kWh)						
Auth.PSCR adj.(dollars)		\$ (52,815.62)		\$ (4,739.06)	\$ (54,798.58)	\$ 1,982.96
MEMBER REGULATED	PSCR YEAR	2013 Roll In		<u>Monthly</u>	<u>Year to Date</u>	<u>Remaining</u>
Auth.PSCR adj.(m/kWh)						
Auth.PSCR adj.(dollars)		\$ (343,296.59)		\$ (30,252.33)	\$ (352,942.88)	\$ 9,646.29

NAME OF REPORTING UTILITY :	PRESQUE ISLE ELECTRIC COOPERATIVE			PRESQUE ISLE ELECTRIC COOPERATIVE					
	2014			YEAR TO DATE					
	(ag)	(ah)	(ai)	(aj)	(ak)	(al)			
PURCHASED POWER FROM WOLVERINE	*UNITS	\$	\$/Unit	*UNITS	\$	\$/Unit			
1 Energy-A	22,200,000	\$ 1,205,770.80	0.054314	240,774,900	\$ 13,077,447.92	0.054314			
2 Energy-LPI	1,538,400	\$ 69,228.00	0.045000	21,750,900	\$ 978,790.50	0.045000			
3 Budget PSCR	23,738,400	\$84,033.94	0.003540	262,525,800	\$ 1,561,649.18	0.005949			
4 PSCR Adjustment	22,992,600	\$43,456.01	0.001890	264,092,400	\$597,813.63	0.002264			
5 Total Energy	23,738,400	\$ 1,402,488.75	0.059081	262,525,800	\$ 16,215,701.23	0.061768			
6 Demand-Rate A	38,741	\$ 364,552.81	9.410000	431,591	\$ 4,061,271.31	9.410000			
7 Demand-Rate C & I	2,647	\$ 28,960.62	10.940922	31,176	\$ 344,029.68	11.035081			
8 kVAR Schedule A	5,225	\$ 1,306.25	0.250000	59,349	\$ 14,837.25	0.250000			
9 kVAR Schedule C & I	2,207	\$ 551.75	0.250000	31,051	\$ 7,762.75	0.250000			
11 Michigan Joint Zone Credit	41,388	\$ (203,513.22)	(4.917204)	462,767	(\$2,412,914.71)	(5.214103)			
12 Load Management Credits		\$ (14,596.14)			(\$181,207.53)				
13 Substation Fixed Charge	18	\$ 37,544.04	\$ 2,085.78	252	\$ 450,528.48	1787.811429			
14 Substation Carrying Charge		\$ 62,999.15	Varies		\$ 755,989.80	Varies			
15 Shared Dist. Equip. Carrying Charge		\$ 2,897.87	Varies		\$ 35,939.36	Varies			
16 Radial Line Carrying Charge		\$ 27,694.20	Varies		\$ 332,330.40	Varies			
17 Transmission Charges		\$ 273,628.41			\$2,984,364.82				
18 TOTAL WPSC	23,738,400	\$ 1,984,514.49	0.083599	262,525,800	\$ 22,608,632.84	0.086120			
18B Temp Rate Reducton		\$ (117,823.00)			\$ (712,445.00)				
18F Final WPSC After Rate Reduction		\$ 1,866,691.49	0.078636		\$ 21,896,187.84				
18B Total NEG Purchases	398	\$ 45.69	0.114798995	11,328	\$ 1,316.70	0.000000			
19 Total kWh Purchase & Cost	23,738,798	\$ 1,866,737.18	0.078637	262,537,128	\$ 21,897,504.54	0.083407			
20 Less: Line Loss	2,779,000		0.117065742	18,300,530		0.069706			
21 kWh Available for Use	20,959,798	\$ 1,866,737.18	0.08906275	244,236,598	\$ 21,897,504.54	0.089657			
22 PSCR SALES & POWER COSTS	20,959,798	\$ 1,866,737.18	0.089063	244,236,598	\$ 21,897,504.55	0.089657			
PSCR OVER/(UNDER) RECOVERY	BASE	FACTOR	TOTAL	BASE	FACTOR	TOTAL			
A. PSCR REVENUE									
23 1. Mills/kWh	87.8500	2.729453	90.5795	87.850000	2.7295	90.579453			
24 2. PSCR Sales	20,959,798	20,959,798	20,959,798	244,236,598	244,236,598	244,236,598			
25 3. PSCR Revenue [(1*2)/1000]	\$ 1,841,318.25	\$ 57,208.78	\$ 1,898,527.03	21,456,185	\$ 666,632.26	\$ 22,122,817.40			
26 C. PSCR COST			\$ 1,866,737.18			\$ 21,897,504.55			
27 D. OVER/(UNDER) RECOVERY			\$ 31,789.86			\$ 225,312.86			
Current Year to Date			\$ 225,312.86			\$ 225,312.86			
Surcharge Distribution:	kWh	Recovery	FACTOR	kWh	Recovery	Surcharge Remaining	Target Recovery	Est pscr kWh:	Adjustment
Prior Year Monthly - 2013	18,121,106	\$ (30,252.33)	(1.669453)	211,412,323	\$ (352,942.88)	\$ 9,646.29	\$ (343,296.59)	209,443,626	
Prior Year Seasonal - 2013	2,838,692	\$ (4,739.06)	(1.669453)	32,824,275	(54,798.58)	1,982.96	(52,815.62)	27,827,061	
Total		\$ (34,991.39)	(1.669453)	244,236,598	(407,741.46)	11,629.25	(396,112)	237,270,687	(1.669453)
Combined PSCR	20,959,798	\$ 22,217.39	1.06	244,236,598	258,891	1.06000			

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
MARCH 24, 2015**

**RESOLUTION 2015 MR-02
2014 ELECTRIC OPERATIONS TIMES INTEREST EARNED RATIO
(TIER) ANALYSIS**

WHEREAS, PIE&G transitioned to Member Regulation with an effective date of September 23, 2012 thus providing that certain of its electric rates, charges, billing practices and terms and conditions of service 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 was authorized by the MPSC to employ the Times Interest Earned Ratio (TIER) Analysis rate setting mechanism when regulated by the Commission and continues to do so in order to satisfy the requirements of Board Policy No. 307; and

WHEREAS, the TIER Analysis rate setting mechanism provides that margins are adequate and there is no need to adjust revenue for a TIER range of 1.6 to 2.2, and PIE&G's management has reviewed with the Board of Directors and established that the TIER calculation for the 2014 operating year indicates an adjusted TIER of 2.13;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's 2014 ELECTRIC TIER analysis that indicates an adjusted TIER of 2.13 and no adjustment in revenue is required.

CERTIFICATION

I, David Smith, 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 March 24, 2015.

By: _____
David Smith, Secretary

Dated: _____

TEST YEAR MARGINS AND INTEREST
12 MONTHS ENDED DECEMBER 31, 2014

	<u>Operating Margins</u>	<u>Total Margins</u>	<u>Interest</u>
December 31, 2014	\$2,003,108 ¹	\$ 3,302,687 ²	\$1,645,985 ³

¹ From December 2014 Form 7, Part 1A, line 20, *Patronage Capital and Operating Margins*.

² From December 2014 Form 7, Part 1A, line 28, *Patronage Capital*.

³ From December 2014 Form 7, Part 1A, line 15, *Interest on Long Term Debt* -- 2014 Electric Rate Documents.

ADJUSTED TOTAL MARGINS

<u>Step One:</u>	Unadjusted Total Margins	\$ 3,302,687 ⁴
<u>Step Two:</u>	Add Back Net Loss From Equity Investments	\$ 360,207 ⁵
	Less Typical Weather Related Expenses	\$ (531,146)⁶
	Less G&T Capital Credits Allocated/Not Paid	\$(1,316,485) ⁷
	Less Other Capital Credits Allocated/Not Paid	\$ (129,803) ⁸

(continued on next page)

⁴ From Exhibit A-2.

⁵ From December 2014 Form 7, page 1, column (b), line 23, "Income (Loss) from Equity Investments" includes a \$360,207 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. When that is done, Total Margins increase by \$360,207.

⁶ **Weather related expenses in 2014 were extraordinarily low thus the budgeted expense was included in this analysis to account for anticipated future costs.**

⁷ From December 2014 Form 7, page 1, column (b), line 25a, "Generation and Transmission Capital Credits" + Line 25b, "G&T Capital Credits – PSDFC".

⁸ From December 2014 Form 7, page 1, column (b), line 26, "Other Capital Credits and Patronage Dividends", i.e. \$274,705 less \$144,902. The \$144,902 is comprised of the following declared and paid other capital credits or patronage dividends.

NRUCFC	\$ 76,002
COBANK	\$ 32,233
NISC	\$ 4,370
CRC	\$ 557
RESCO	\$ <u>31,740</u>
Total	\$ <u><u>144,902</u></u>

ADJUSTED TOTAL MARGINS
(continued from prior page)

<u>Step Three:</u> Add: Issued Capital Credits/Past Years' Allocations	\$ 1,055,101
Less General Capital Credit Retired to Members	\$(880,541)
<u>Step Four:</u> Less Member Remaining Capital Credits Retired	\$(0)
Adjusted Total Margins	\$ 1,860,020

CALCULATION OF REQUIRED TIER REVISION

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

$$\text{Interest} = \$1,645,985^9$$

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \$1,645,985 \text{ Interest}}{\$1,645,985 \text{ Interest}}$$

$$\text{Necessary Margins} = \$ 1,316,788$$

Target TIER:

$$1.8 \text{ TIER} = \frac{\$1,316,788 \text{ Necessary Margin} + \$1,645,985 \text{ Interest}}{\$1,645,985 \text{ Interest}}$$

Actual Adjusted Total TIER:

$$\text{TIER} = \frac{\$1,860,020^{10} + \$1,645,985 \text{ Interest}}{\$1,645,985 \text{ Interest}} = 2.13 \text{ TIER}$$

Based on Adjusted Total TIER of 2.13, no increase is required.

⁹ From Exhibit A-2.

¹⁰ From Exhibit A-3.

RECONCILIATION OF OPERATING AND TOTAL MARGINSLine No.

1	Operating Margins		\$ 2,003,108 ¹¹
2	Other Income		
3	a. Non Operating Margins – Interest	\$ 55,579 ¹²	
	b. Income from Equity Investments	\$ (347,191) ¹³	
	c. Non Operating Margins – Other	\$ 0 ¹⁴	
	d. G&T Capital Credits	\$ 1,316,485 ¹⁵	
	Other Capital Credits and Patronage Dividends	\$ <u>274,705</u> ¹⁶	
3.	Total Additions to Operating Margins		\$ 1,299,578
4	Total Margins		\$ 3,302,686

¹¹ From Exhibit A-2.

¹² From December 2014 Form 7, Part 1A, line 21, “*Non Operating Margins – Interest*”.

¹³ From December 2014 Form 7, Part 1A, line 23, “*Income(Loss) from Equity Investments*”.

¹⁴ From December 2014 Form 7, Part 1A, line 24, “*Non Operating Margins – Other*”.

¹⁵ From 2014 December Form 7, Part 1A, line 25b, “*G&T Capital Credits - PSDFC*”.

¹⁶ From December 2014 Form 7, Part 1A, line 26, “*Other Capital Credits and Patronage Dividends*”.

CALCULATION OF REQUIRED AND REQUESTED INCREASELine No.

1	Required \$ Increase Per Exhibit A-4	\$ 0.00
2	2014 Revenue from Electric Sales	\$ 35,825,886 ¹⁷
3	Required % Increase	0.00%
4	2014 kWh Sales	244,248,074 ¹⁸
5	Average Mills Per kWh Increase	0.00 mills per kWh

¹⁷ From December 2014 Form 7, Page 5, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total Sales of Electric Energy, dollars.

¹⁸ From December 2014 Form 7, Page 5, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total kWh sold.

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. 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, 2014

RUS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2013	2014	BUDGET	
1.	Operating Revenue - Electric	36,106,758	36,587,101	35,770,979	3,107,017
1.					
	Total Revenue	36,106,758	36,587,101	35,770,979	3,107,017
3.	Cost of Purchased Energy - Electric	21,282,518	21,896,813	21,096,346	1,866,826
3.					
	Total Cost of Energy Sold	21,282,518	21,896,813	21,096,346	1,866,826
	Gross Revenues	14,824,240	14,690,288	14,674,633	1,240,190
5.	Distribution Expense - Operation	1,012,310	885,762	953,911	53,488
6.	Distribution Expense - Maintenance	3,091,707	3,033,594	3,806,513	303,468
7.	Consumer Accounts Expense	1,375,194	1,484,989	1,545,753	107,453
8.	Customer Service and Informational Expens	553,127	474,625	608,247	44,386
10.	Administrative and General Expense	1,331,268	1,399,763	1,364,687	106,796
	Total Operation & Maintenance Expense	7,363,606	7,278,733	8,279,111	615,591
12.	Depreciation & Amortization Expense	2,759,795	2,834,479	2,993,304	240,801
13.	Tax Expense - Property & Gross Receipts	787,208	868,124	813,710	78,481
14.	Tax Expense - Other	2,582	1,960	31,074	409
15.	Interest on Long-Term Debt	1,755,163	1,645,985	1,813,689	131,172
17.	Interest Expense - Other	134,118	57,899	173,836	3,646
18.	Other Deductions	1,625	0	0	0
	Total Cost of Operations	12,804,098	12,687,179	14,104,724	1,070,100
20.	Patronage Capital & Operating Margins	2,020,142	2,003,108	569,909	170,091
21.	Non-Operating Margins - Interest	51,049	55,579	54,452	455
23.	Income (Loss) from Equity Investments	(184,224)	(347,191)	(17,094)	(130,196)
24.	Non-Operating Margins - Other	0	0	0	0
25.a	Generation and Transmission Capital Credit	1,761,560	1,316,485	1,300,000	1,316,485
25.b	G & T Capital Credits - PSDFC	0	0	0	0
26.	Other Capital Credits and Patronage Divider	286,700	274,705	266,671	18,575
27.	Extraordinary Items See attached sheet	0	0	0	0
28.	Patronage Capital	3,935,226	3,302,687	2,173,937	1,375,410
	Net T.I.E.R.	3.08	2.94		
	Operating T.I.E.R.	2.07	2.18		

PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2013	2014
1. New Services Connected	155	164
2. Services Retired	57	94
3. Total Services in Place	35,822	35,598
4. Idle Services (Excl Seasonal)	2,606	2,549
5. Miles Distribution - Overhead	3,854	3,852
6. Miles Distribution - Underground	992	1,011
7. Total Miles Energized (5 + 6)	4,846	4,863

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2014

RUS Form 7 Line Number	ASSETS AND OTHER DEBITS	RUS Form 7 Line Number	LIABILITIES AND OTHER CREDITS
1a.	Utility Plant in Service - Electric 98,725,543	30a.	Memberships - Electric 232,820
1b.	Utility Plant in Service - Gas 31,818,429	30b.	Memberships - Gas 20,630
1.	Utility Plant in Service - Combined 130,543,972	30.	Memberships - Combined 253,450
2a.	Construction Work in Progress - Electric 437,594	31a.	Patronage Capital - Electric 39,005,025
2b.	Construction Work in Progress - Gas 8,093	31b.	Patronage Capital - Gas 2,661,596
2.	Construction Work in Progress - Combined 445,687	31.	Patronage Capital - Combined 41,666,621
3a.	Total Utility Plant (1+ 2) - Electric 99,163,137	32a.	Operating Margins - Prior Years - Electric (1,319,079)
3b.	Total Utility Plant (1 + 2) - Gas 31,826,522	32b.	Operating Margins - Prior Years - Gas 0
3.	Total Utility Plant - Combined 130,989,659	32.	Operating Margins - Prior Years - Combined (1,319,079)
4a.	Accumulated Provision for Depreciation - Electric 47,142,327	33a.	Operating Margins - Current Year - Electric 2,003,108
4b.	Accumulated Provision for Depreciation - Gas 7,596,227	33b.	Operating Margins - Current Year - Gas 1,337,248
4.	Accum. Provision for Depreciation - Combined 54,738,554	33.	Operating Margins - Current Year - Combined 3,340,356
5a.	Net Utility Plant (3 - 4) - Electric 52,020,810	34a.	Non Operating Margins - Electric 1,299,579
5b.	Net Utility Plant (3 - 4) - Gas 24,230,294	34b.	Non Operating Margins - Gas 102,120
5.	Net Utility Plant - Combined 76,251,105	34.	Non Operating Margins - Combined 1,401,699
7.	Investments in Subsidiary Companies 0	35a.	Other Margins and Equities - Electric 1,915,931
8.a	Invest. in Assoc. Org- Patronage Capital - WPC 13,105,742	35b.	Other Margins and Equities - Gas 7,243
8.b	Invest. in Assoc. Org. - Patronage Capital - WPC - PSDFC 6,925,238	35.	Other Margins and Equities - Combined 1,923,174
8.c	Invest. in Assoc. Org. - Patronage Capital - Other 2,323,168	36a.	Total Margins and Equities (30 thru 35) - Electric 43,137,383
9.	Invest. in Assoc. Org. - Other - General Funds 9,300	36b.	Total Margins and Equities (30 thru 35) - Gas 4,128,837
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds 1,597,349	36.	Total Margins and Equities (30 thru 35) - Combined 47,266,221
11.	Invest. in Economic Development Projects 0	37.	Long Term Debt - RUS (Net)
12.	Other Investments 0		(Payments-Unapplied \$ -0-) 0
13.	Restricted Funds 0	38.	Long Term Debt - RUS - Econ. Dev. (Net) 0
14.	Total Other Property and Investments (6 thru 13) 23,960,797	39.	Long Term Debt - Other - RUS Guaranteed 0
15.	Cash - General Funds 1,272,770	40.	Long Term Debt - Other (Net) 48,131,300
16.	Cash - Construction Funds 0	41.	Total Long Term Debt (37 thru 40) 48,131,300
17.	Special Deposits 0	42.	Obligations Under Capital Leases 0
18.	Temporary Investments 1,038,994	43.	Deferred Compensation 0
19.	Notes Receivable - Net 0	44.	Total Other Non Current Liabilities (42+43) 0
20.	Accounts Receivable - Net Sales of Energy 4,694,364	45.	Line of Credit Balance Due 4,750,000
21.	Accounts Receivable - Net Other 322,294	46.	Accounts Payable 2,783,296
22.	Materials and Supplies - Electric and Other 1,455,279	47.	Consumers Deposits 469,176
23.	Prepayments 397,577	48.	Other Current and Accrued Liabilities 6,266,068
24.	Other Current and Accrued Assets 0	49.	Total Current and Accrued Liabilities (45 thru 48) 14,268,539
25.	Total Current and Accrued Assets (15 thru 24) 9,181,277	50.	Deferred Credits 12,106
26.	Regulatory Assets 0	51.	Accumulated Deferred Income Taxes 0
27.	Other Deferred Debits 284,987	52.	Total Liabilities and Other Credits
28.	Accumulated Deferred Income Taxes 0		(36+41+44+49 thru 51) 109,678,166
29.	Total Assets and Other Debits (5 + 14 + 25 thru 28) 109,678,166		<i>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</i>
		53.	Balance Beginning of the Year - Electric 19,895,819
		54.	Balance Beginning of the Year - Gas 3,808,617
		55.	Balance Beginning of the Year - Gas AER 1,054,511
			Amount Received This Year (Net) - Electric 269,191
			Amount Received This Year (Net) - Gas 265,660
			Amount Received This Year (Net) - Gas AER
			Total Contributions in Aid of Construction - Electric 20,165,010
			Total Contributions in Aid of Construction - Gas 4,074,277
			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.

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

ELECTRIC OPERATIONS PLANT RATIOS, SALES & REVENUE REPORT FOR THE MONTH ENDING DECEMBER 31, 2014

BALANCE SHEET RATIOS

Current Assets to Current Liabilities	- Combined	64.35 %
Margins & Equities as % of Assets	- Combined	43.10 %
Long Term Debt as % of Net Utility Plant	- Combined	63.12 %
Long Term Debt as % of Plant	- Combined	36.74 %
Modified Debt Service Coverage Ratio	- Combined	2.57

CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service	kWh Sold	Amount	Number of Minimum Bills
	A.	B.	C.	D.
Sales - Residential	17,345	12,523,025	1,737,636	1,174
Sales - Seasonal	13,387	2,838,692	671,292	12,519
Sales - General Service - Oil	474	466,041	59,930	30
Sales - Irrigation	26	4,787	2,031	19
Sales - General Service	1,399	2,358,442	287,374	185
Sales - Large Power - Oil	9	124,260	13,610	
Sales - Large Power	36	2,249,297	226,587	0
Sales - Public Street & Highway Lighting	39	32,263	5,986	
Sales - Public Buildings	334	363,389	45,991	43
Consumer Sales - PSCR			3,202	
Total Sales of Electric Energy (1 thru 11)	33,049	20,960,196	3,053,638	13,970
Other Electric Revenue			53,379	
Total (12 + 13)			3,107,017	
Last Year kWh Sales	33,216	21,161,546		

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service	kWh Sold Cumulative	Amount Cumulative
	B.	C.	D.
Sales - Residential	17,362	138,741,390	19,589,149
Sales - Seasonal	13,370	32,824,275	7,871,634
Sales - General Service - Oil	475	5,201,048	673,446
Sales - Irrigation	26	122,818	22,674
Sales - General Service	1,395	30,714,678	3,683,489
Sales - Large Power - Oil	9	1,546,152	167,490
Sales - Large Power	37	30,013,058	2,975,443
Sales - Public Street & Highway Lighting	39	387,088	71,713
Sales - Public Buildings	332	4,697,567	588,420
Consumer Sales - PSCR			182,429
Total Sales of Electric Energy (1 thru 11)	33,045	244,248,074	35,825,886
Other Electric Revenue			761,215
Total (12 + 13)			36,587,101
Last Year kWh Sales		239,195,030	

KWH AND KWH STATISTICS

ITEM	THIS MONTH	YEAR-TO-DATE
1. kWh Purchased	23,738,400	262,525,800
2. Interchange kWh-Net	398	11,084
3. Total kWh (1 + 2)	23,738,798	262,536,884
4. Total kWh-Sold	20,960,196	244,248,074
5. Office Use - **For Information Purposes Only**	22,361	252,705
6. Total Unaccounted for (3 - 4)	2,778,602	18,288,810
7. Percent System Loss (6/3)x100	11.70	6.97
8. Maximum Demand (kw)	42,351	44,689
9. Month When Maximum Demand Occured		1

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2014

	THIS YEAR	LAST YEAR
1. KWHRs Sold Per Consumer:		
a. For the Month	634	637
b. Year to Date	616	600
2. Average Monthly Bill	92.40	96.00
Average Residential Bill	100.18	102.54
3. Average Bill:		
a. Year To Date	90.35	88.56
b. YTD Residential	94.02	93.02
4. Cost Per KWHR Purchased		
a. This Month Mills	78.64	79.33
b. Year to Date Mills	83.40	81.79
5. Revenue Per KWHR Sold:		
a. This Month Mills	145.69	150.68
b. Year to Date Mills	146.68	147.52
6. Power Cost Adjustment		
a. This Month	0.001060	0.003190
7. Number of New Members - Electric	61	73
Number of Transferred Members Added - Electric	1098	1084
7. Number of New Members - Gas	42	45
Number of Transferred Members Added - Gas	122	112
8. Security Lights Billed	2031	2035
9. Regular Payroll - Hours	12,377.00	11,892.76
Overtime Payroll - Hours	735.75	1,194.25
Total Payroll	13,112.75	13,087.01
10. Number of Employees		
Full Time	67	64
Temporary	5	7
11. Principal Paid To CFC-YTD	2,140,000.94	2,021,078.08
Interest Paid To CFC-YTD	2,709,939.80	2,926,764.88
12. Interest Paid on Line of Credit - YTD	73,366.00	165,076.75

TIER CALCULATION			
CO-OP: Presque Isle Electric & Gas Co-op			
Case:			
Year: 2014			
FORM			
7 LINE	ITEM	2014 All Costs	2014 Add Storm Estimate
		\$	
	Operating Revenue		
	Sales of Electricity	36,587,101	36,587,101
	Other	-	-
1	Operating Revenue	36,587,101	36,587,101
	Operating Expenses		
3	Cost of Purchased Energy	21,896,813	21,896,813
4	Transmission Expense		
5	Distribution Expense - Operation	885,762	885,762
6	Distribution Expense - Maintenance	3,033,594	3,033,594
7	Consumer Accounts Expense	1,484,989	1,484,989
8	Customer Service & Info. Expense	474,625	474,625
9	Sales Expense	-	-
10	Administrative & General Expense	1,399,763	1,399,763
11	Total O & M Expense	29,175,546	29,175,546
12	Depreciation & Amortization Exp.	2,834,479	2,834,479
13	Tax Exp. - Property & Gross Recpts.	868,124	868,124
14	Tax Expense - Other	1,960	1,960
15	Interest on Long-Term Debt (mpsc)	1,645,985	1,645,985
16	Interest Charged to Const. - Cr.		
17	Interest Expense - Other	57,899	57,899
18	Other Deductions	-	-
19	Total Cost of Operations	34,583,993	34,583,993
20	Ptrng Cap. & OPERATING Margins	2,003,108	2,003,108
21	Non-Operating Margins - Interest	55,579	55,579
22	AFUDC		
nt lsted	Loss from Property Retirements	(360,207)	(360,207)
23	Inc. (Loss) from Equity Investments	13,016	13,016
24	Non-Operating Margins - Other	-	-
25.a	Gen. & Trans. Capital Crs.	1,316,485	1,316,485
25.b	G & T Capital Crs - PSDFC	-	-
26	Other Capital Crs. & Patronage Div's.	274,705	274,705
27	Extraordinary Items	-	-
28	Ptrng Capital or Margins (20-27)	3,302,687	3,302,687
Part II: Adjusted Margins & TIER AS FILED			
	Actual Total Margin (Ln 28)	3,302,687	3,302,687
Step II	Back Out:		
	Gain/Loss from Equity Investments	360,207	360,207
	G&T Credits, Allocated/Not Paid	(1,316,485)	(1,316,485)
	Other Cap Crs, Allocated/Nt Pd	(129,803)	(129,803)
	Weather Normalization Adjustment		
	Adjustment for Non-Operating Loss		
	Total Mrgns Less Cap. Crs. Allocation	2,216,606	2,216,606
Step III	Add Back:		
	Estimated Storm Restoration Costs		(531,146)
	Cap Crs Pd for Prior Years	1,055,101	1,055,101
	Less offset of Cap Crs Retired/Members	(880,541)	(880,541)
	Preliminary Adjusted Total Margins	2,391,166	1,860,020
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	2,391,166	1,860,020
Resulting TIER:			
	Adjusted Total Margin	2,391,166	1,860,020
	+ Interest, L/T Debt	1,645,985	1,645,985
	÷ Interest, L/T Debt	1,645,985	1,645,985
	= TIER	2.45	2.13
	[Quiet zone = 1.6 - 2.2]		
Part III N/A - Increase in Rates resulting from the 2014 PSCR/TIER Reconciliation			

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
MARCH 24, 2015**

**RESOLUTION 2015 MR-03
ELECTRIC RATE BOOK AMENDMENTS
TARIFF REVISIONS – CONTROLLED ENERGY**

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

WHEREAS, PIE&G's wholesale energy supplier, Wolverine Power Cooperative (WPC), has received approval to revise its energy tariffs from the Federal Energy Regulatory Commission; and

WHEREAS, PIE&G's management has reviewed and recommended changes to its current tariffs to align with WPC's wholesale energy tariffs by:

- Discontinuing the availability of all controlled energy tariffs to new applicants following a reasonable grace period;
- Allowing members currently on (and those who enroll during the grace period) the Controlled Water Heater (CWH) tariff to remain on the tariff until such time as the account changes memberships, the equipment is removed or Wolverine no longer provides credits, whichever is first;
- Allowing members on (and those who enroll during the grace period) the Controlled Heat (CH) and Partially Controlled Heat (PCH) tariffs to transition to the Efficient Electric Heat (EEH) tariff until such time as the account changes memberships, the equipment is removed, or Wolverine no longer provides credits, whichever is first;
- Discontinuing the availability of credits for controlled oil-related loads

NOW BE IT HEREBY RESOLVED that the PIE&G board of directors approves revising its controlled energy tariffs by: closing the CWH, CH, and PCH tariffs to new enrollees following a reasonable grace period; allowing service on CWH to continue until such time as the account changes membership, the equipment is removed or WPC no longer provides credits, whichever is first, transitioning members on the CH and PCH tariffs to the new EEH tariff until such time as the account changes membership, the equipment is removed, or Wolverine no longer provides credits, whichever occurs first; and discontinuing credits for controlled oil-related service.

BE IT FURTHER RESOLVED that the PIE&G board of directors directs management to amend the Electric Rate Book to reflect these changes.

CERTIFICATION

I, David Smith, 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 March 24, 2015.

By: _____
David Smith, Secretary

Dated: _____

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
MARCH 24, 2015**

**RESOLUTION 2015 MR-04
ELECTRIC RATE BOOK AMENDMENTS
TARIFF REVISIONS – EFFICIENT ELECTRIC HEATING**

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

WHEREAS, PIE&G's wholesale energy supplier, Wolverine Power Cooperative (WPC) has revised its energy tariffs with the Federal Energy Regulatory Commission; and

WHEREAS, WPC's revised tariffs allow PIE&G to receive a \$0.03/kWh credit for members who have specific energy efficient electric heating products; and

WHEREAS, PIE&G's management has recommended the adoption of a new Efficient Electric Heat (EEH) tariff to align with WPC's wholesale energy tariffs; and

WHEREAS, PIE&G's management has reviewed the details of the proposed EEH tariff with the Board of Directors.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors approves adoption an Efficient Electric Heat (EEH) Tariff that aligns with Wolverine's tariff and directs management to include an EEH tariff in the Cooperative's Electric Rate Book.

CERTIFICATION

I, David Smith, 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 March 24, 2015.

By: _____
David Smith, Secretary

Dated: _____

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
MARCH 24, 2015**

**RESOLUTION 2015 MR-05
ELECTRIC RATE BOOK AMENDMENTS
SPECIAL CHARGES**

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

WHEREAS, PIE&G's Special Charges have not been revised since July 13, 2006; and

WHEREAS, PIE&G's management has recommended changes to the special charges schedule in its electric rate book to more closely reflect actual cost; and

WHEREAS, PIE&G's management has recommended that the charges be adjusted per the attached Schedule (Attachment A); and

WHEREAS, PIE&G management has reviewed the requested changes with the Board of Directors

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors amends the Electric Rate Book to reflect the Special Charges assessed to members be set as indicated on the attached schedule and directs management to amend the Electric Rate Book to reflect these changes.

CERTIFICATION

I, David Smith, 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 March 24, 2015.

By: _____
David Smith, Secretary

Dated: _____

RESOLUTION 2015 MR-05

Attachment A

Charge for Any Special Services at Member-Consumers Request

	Current	Proposed
During Regular Working Hours	\$25	\$50
Outside Regular Working Hours	\$55	\$125
Meter Reading Charge	\$20	\$20
Meter Test Charge	\$55	\$55
Reconnect Charge –During Regular Working Hours	\$30	\$50
Reconnect Charge--Outside Regular Working Hours	\$70	\$125
Collection Charge when Nonpayment Disconnect Order is written	\$20	\$20
Bad Check Handling Charge	\$25	\$25
Energy Audit	\$15	\$15
Account Transfer	\$10	\$10
Bois Blanc Service Call	\$53	\$75
Automatic Meter Reading (AMR) Charge (monthly)	\$ 5	\$5

Presque Isle Electric & Gas Co-op

Special Charges Review

Board of Directors Presentation

October 22, 2013

Electric ATC Review

Special Charges Review

Charge	PIE&G	Homeworks	Great Lakes	Cloverland	Midwest	Est. Cost Wages Only
Meter Read	\$20	\$23	\$20	\$15	\$20	
Meter Test	\$55	\$60	\$55	\$20	\$35	\$29.63*
Reconnect						
Daytime	\$30	\$80	\$40	\$20	\$35	\$30.83*
After Hours	\$70	\$112	\$75	\$55	\$70	\$185**
Other Services						
Daytime	\$25	\$80	\$40	\$25	\$40	
After Hours	\$55	\$112	\$75	\$40	\$70	
Bad Check	\$25	\$30	\$20	\$5	\$15	

*Assumes 1 hour of labor.

**Assumes 1 standby crew on Overtime for minimum 2 hour callout pay

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
MARCH 24, 2015**

**RESOLUTION 2015 MR-06
ELECTRIC RATE BOOK AMENDMENTS
AID-TO-CONSTRUCTION CHARGES**

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

WHEREAS, PIE&G's Construction Policy was last updated on June 19, 1991; and

WHEREAS, PIE&G's management has recommended changes to the electric rate book to amend the construction policy for residential electric service applicants; and

WHEREAS, PIE&G's Board of Directors, after extensive review and deliberation, directed management to design charges assessed for new residential service applications to recover, on average, a target of 40% of the construction costs; and

WHEREAS, PIE&G's management has developed the attached schedule of Aid to Construction (Attachment A) charges as a reasonable basis for recovering an average of 40% of the construction costs from new residential electric service applicants; and

WHEREAS, PIE&G's management has reviewed the attached ATC Fee Schedule with the Board of Directors.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors approves revisions to the Aid to Construction Charges assessed to members requesting new residential electric service as indicated on the attached schedule and directs management to amend its Electric Rate Book to accommodate these changes.

BE IT FURTHER RESOLVED that the PIE&G Board of Directors requests management to conduct an annual review of the ATC charges by May 1 and recommend to the Board any changes necessary to more accurately align the Charges with the target recovery of 40% of the cost of construction for new residential electric service.

CERTIFICATION

I, David Smith, 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 March 24, 2015.

By: _____
David Smith, Secretary

Dated: _____

RESOLUTION 2015 MR-06
Attachment A

Line Extension Fee Schedule	
Description	Rate
Application Fee (non-refundable)	\$100.00
Base Construction Fee	\$200.00
Overhead Line Construction	
Primary single phase (\$/ft)	\$5.50/ft
Secondary single phase (\$/ft)	\$5.00/ft
Pole with Security Light Installation	\$350.00
Transition Riser Fee	
Secondary	\$200.00
Primary single phase	\$800.00
Underground line Construction	
Primary single phase (\$/ft)	\$7.00/ft
Secondary single phase (\$/ft)	\$7.00/ft
Rock Digging Charge (\$/ft)	\$3.00/ft
Hand dig trench charge (\$/ft)	\$12.00/ft
Winter Charge trench (\$/ft)	\$3.00/ft
Directional Bore	
Base Charge	\$350.00
3" or less pipe (\$/ft)	\$10.00/ft
4" or more pipe (\$/ft)	\$10.00/ft
Brushing / Right of Way Clearing	
Base charge	\$100.00
Single side-20 foot right of way (\$/ft)	\$2.50/ft
Double side-40 foot right of way (\$/ft)	\$4.00/ft
Permits	
County Road Permit	Varies
State Hwy Permit	Varies
DNR / Wet Land Permit	Varies