

Presque Isle Electric & Gas Co-op
SPECIAL BOARD MEETING
September 24, 2019

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on September 24, 2019 at PIE&G headquarters in Onaway, Michigan. Chairman Brown called the meeting to order at 9:00 a.m.

Roll call was taken with Directors Arbour, Berg, Borowicz, Brown, Knopf, Krajniak, Lucas, Peterson and Wozniak present. A quorum was present. Also attending were Chief Executive Officer Sobeck, Chief Financial Officer Stempky, Attorney Ekdahl, Information Systems Manager Kieliszewski, Director of Administration & Controller Cryderman, IT SEC/CSS Specialist Hartung, System Engineer Repke and Executive Assistant DeMaestri.

Public Act 167 of 2008: The Electric Cooperative Member Regulation Act: CEO Sobeck provided a summary of PA 167 and highlighted the process and rationale for becoming a member regulated cooperative.

REVIEW ITEMS

CFO Sobeck indicated there was one (1) item for the board's consideration:

1. **2020 Power Supply Cost Recovery (PSCR) Factor:** An analysis of projected energy costs and sales volumes was conducted by Wolverine Power Cooperative and PIE&G for 2020. This resulted in an overall estimated energy cost to PIE&G of \$0.08035/kWh or 80.35 mills/kWh. The overall estimated energy rate billed to the members of PIE&G is the sum of the PSCR Basing Point and the current years PSCR Factor. Prior action of the Board has set the PSCR Basing Point at \$.08785/kWh or 87.85 mills/kWh. This results in a maximum PSCR Factor of (\$.00750)/kWh or (7.50 mills)/kWh for 2020. The maximum PSCR Factor for 2019 was established at (\$.00757)/kWh or (7.57) mills/kWh. The difference is an increase of \$0.00007/kWh for 2020. The proposed change includes an estimated over-collection of 2019 power supply costs of \$360,000. Should actual over-collections be higher than forecasted, the cooperative may charge less than the established rate. Should actual over-collections be lower, the excess will be collected through the next year's PSCR Factor. Management will bring forward the 2019 over/under collection at the first Special Member Regulation Board Meeting of 2020.

GUESTS & MEMBER COMMENT

No guests or members were in attendance.

ACTION ITEMS

1. **Establish the 2020 Power Supply Cost Recovery (PSCR) Factor:** *A motion was made by Krajniak, supported by Lucas, to accept the analysis as*


provided by the cooperative staff as a reasonable basis for establishing the maximum 2020 PSCR Factor of -7.50 mills/kWh or $-\$0.00750/\text{kWh}$ effective with all bills rendered on or after February 1, 2020 and directs 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 2019-MR-05 attached.)

ADJOURNMENT

There being no further business to come before the board, **a motion was made by Knopf, seconded by Wozniak, to adjourn. Ayes – all, motion carried.** Chairman Brown adjourned the meeting at 9:05 a.m.



John F. Brown, Chairman



Sandra Borowicz, Secretary

/ddm

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
SEPTEMBER 24, 2019**

**RESOLUTION 2019-MR-05
2020 PSCR FACTOR**

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

WHEREAS, PIE&G in conjunction with Wolverine Power Supply Cooperative (WPSC), its wholesale electric energy supplier, has conducted an analysis of projected energy costs and sales volumes; and

WHEREAS, PIE&G's staff has reviewed the analysis with the Board of Directors; and

WHEREAS, results of that analysis indicate an overall energy cost of 80.35 mills/kWh or \$0.08035/kWh which, when combined with PIE&G's current PSCR basing point of 87.85 mills/kWh provides for a 2020 PSCR Factor of **-7.50** mills/kWh.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts the analysis as provided by the cooperative staff as a reasonable basis for establishing the maximum 2020 PSCR Factor of **-7.50** mills/kWh or **-\$0.00750**/kWh effective with all bills rendered on or after February 1, 2020 and directs staff to amend the appropriate tariffs in its Electric Rate Book.

BE IT FURTHER RESOLVED that the cooperative staff may apply a lesser PSCR Factor than approved in this resolution because of an over-collection of power supply costs from the membership, in which case they shall notify the Board of Directors of their intent to do so.

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 September 24, 2019.

By: Sandra Borowicz
Sandra Borowicz, Secretary

Dated: September 24, 2019