

# Your Co-op's 2012 Annual Report



Brian Burns and John Brown



## To Our Member-Owners:

Looking back, the year 2012 was quite remarkable in the history of your cooperative. Not only did we celebrate the 75<sup>th</sup> anniversary of Presque Isle Electric & Gas Co-op's founding, but we experienced not one, but two devastating winter storms, first in March and again at Christmastime. Each caused record numbers of power outages and catastrophic damage, the worst we've had on our system in many years, if not the last 75. Combined, these two storms resulted in unplanned repair and maintenance expenses exceeding \$1.3 million.

Despite these storms, your co-op continued to place the utmost value on reliability of service by committing more than \$3 million to energy delivery infrastructure improvements and over \$1 million in vegetation management programs in 2012 to enhance service.

After careful review, the board of directors also honored two key cooperative principles by authorizing a return of approximately \$1.5 million in capital credits back to members and by approving member regulation, in accordance with Public Act 167 of 2008, which returned electric rate-setting back to Onaway for local control, just as it was during the co-op's first 30 years.

On behalf of all the directors and employees of PIE&G, we thank you for your loyal support and the opportunity to serve. It is truly a privilege to be your trusted energy and community partner.

Respectfully,

**Brian J. Burns**  
President & Chief Executive Officer

**John Brown**  
Chairman of the Board

## Where Your Energy Dollar Goes:



## Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters (12/31/2012)	33,190	8,670
Energy Sold, 2012	232,545,000 kWh	5,797,260 CCF
New Services, 2012	146	125
Miles of Line	3,860 (overhead) 977 (underground)	584

# Treasurer's Report



Daryl Peterson

Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending Dec. 31, 2012 and 2011 are included in this annual report. As indicated by these financial reports, the cooperative has completed another successful year with margins being \$1,855,017. Our electric and natural gas operations continue to provide competitive energy alternatives for our members.

Our independent auditor, Harris Group, has confirmed that the financial statements and records presented to them accurately reflect the financial position of the cooperative. The reports of the results of our operations are in conformity with generally accepted accounting principles.

It has been my distinguished pleasure to serve as treasurer for the past year.

– Daryl Peterson, Treasurer

## Statement of Operations

	2011	2012
<b>OPERATING REVENUES</b> .....	\$ 40,303,746	\$ 41,631,734
<b>OPERATING EXPENSES</b>		
Cost of Purchased Power .....	23,596,605	24,306,322
Operations & Maintenance Expense .....	8,377,788	9,871,952
Depreciation .....	3,267,176	3,354,875
Interest .....	3,151,240	3,055,897
Taxes .....	1,091,380	1,032,248
<b>Total Operating Expenses</b> .....	39,484,189	41,621,294
<b>Net Operating Income</b> .....	819,557	10,440
<b>NON-OPERATING MARGINS</b>		
Capital Credits - G&T and Other .....	1,493,963	1,912,025
Non-Operating Margins - Other .....	(235,321)	(67,448)
<b>NET MARGINS</b> .....	2,078,199	1,855,017

## Balance Sheet

	2011	2012
<b>ASSETS</b>		
Total Utility Plant .....	121,535,778	124,917,472
Accumulated Depreciation .....	(45,954,018)	(48,585,345)
Net Utility Plant .....	75,581,760	76,332,127
Investments in Associated Organizations .....	20,885,708	22,222,658
Cash & Cash Equivalents .....	1,830,054	2,708,664
Accounts Receivable .....	4,725,144	5,119,420
Materials & Supplies .....	1,285,871	1,286,667
Other Assets .....	292,889	328,170
Deferred Debits .....	155,512	197,416
<b>Total Assets</b> .....	104,756,938	108,195,122
<b>EQUITIES &amp; LIABILITIES</b>		
<b>Margins &amp; Equities</b>		
Patronage Capital .....	39,171,503	40,227,641
Other Equities .....	(1,301,485)	(1,588,940)
<b>Total Margins &amp; Equities</b> .....	37,870,018	38,638,701
<b>Liabilities</b>		
Long Term Debt .....	50,559,819	50,555,379
Notes Payable .....	6,200,310	7,278,699
Accounts Payable .....	9,710,237	11,133,828
Other Current & Accrued Liabilities .....	416,554	588,515
<b>Total Liabilities</b> .....	66,886,920	69,556,421
<b>TOTAL EQUITIES &amp; LIABILITIES</b> .....	104,756,938	108,195,122