

Your Co-op's 2015 Annual Report



Brian Burns and John Brown



To Our Member-Owners:

We are pleased to report that 2015 was another favorable year for your cooperative. Our natural gas operation continues to provide a positive impact on all aspects of the cooperative. Natural gas operating margins were near record highs again, and coupled with lower interest costs will require a rate decrease. Yes, a decrease! Once we have regulatory approval that allows us to implement the rate decrease across our service territory, we will apply it. We expect that to happen in the coming months.

Our electric operation also had a successful year, despite the six-day Christmas Eve windstorm. Although the total cost of the storm was over \$500,000, our electric operations still yielded positive margins.

In keeping with our mission, we continue to invest in and rehabilitate the infrastructure that delivers energy to you. In 2015, our total utility plant investments exceeded \$4 million.

PIE&G's board of directors kept its commitment to the cooperative business model by authorizing \$1,225,000 in capital credit retirements in 2016. To date, the board has authorized the return of more than \$11 million to you, our member-owners. On behalf of the board and our employees, we thank you for your trust and support. We are pleased to have the opportunity to serve you.

Respectfully,

John Brown
Chairman of the Board

Brian J. Burns
President & Chief Executive Officer

Where Your Energy Dollar Goes:



2015 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	33,160	9,151
Energy Sold	239,756,252 kWh	7,348,500 CCF
New Services	180	228
Miles of Line	3,840 (overhead) 1,025 (underground)	593

Treasurer's Report



Daryl Peterson

Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending December 31, 2015 and 2014 are included in this annual report. As indicated by these financial reports, the cooperative has completed another successful year. 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

	2014	2015
OPERATING REVENUES	\$ 46,156,932	\$43,840,025
OPERATING EXPENSES		
Cost of Purchased Power	26,634,255	24,747,830
Operations & Maintenance Expense	8,899,910	9,721,568
Depreciation	3,512,749	3,599,611
Interest	2,643,203	2,412,002
Taxes	<u>1,126,459</u>	<u>1,086,199</u>
Total Operating Expenses	<u>42,816,576</u>	<u>41,567,210</u>
Member Capital Contribution	3,340,356	2,272,815
NON-OPERATING MARGINS		
Capital Credits—G&T and Other	1,681,344	2,027,832
Non-Operating Margins - Other	<u>(279,645)</u>	<u>(247,972)</u>
NET MARGINS	4,742,055	4,052,675

Balance Sheet

ASSETS

Total Utility Plant	130,989,659	134,265,482
Accumulated Depreciation	(54,738,554)	(57,822,400)
Net Utility Plant	76,251,105	76,443,082
Investments in Associated Organizations	23,960,796	25,439,018
Cash & Cash Equivalents	2,311,764	2,031,248
Accounts Receivable	5,016,658	4,550,055
Materials & Supplies	1,455,279	1,439,184
Other Assets	397,577	452,143
Deferred Debits	<u>284,987</u>	<u>252,010</u>
Total Assets	109,678,166	110,606,740

EQUITIES & LIABILITIES

Margins & Equities

Patronage Capital	48,585,300	51,083,100
Other Equities	<u>(1,319,079)</u>	<u>(1,319,079)</u>
Total Margins & Equities	47,266,221	49,764,021

Liabilities

Long Term Debt	48,131,300	46,629,653
Notes Payable	4,750,000	5,000,000
Accounts Payable	9,518,540	8,953,251
Other Current & Accrued Liabilities	12,106	259,816
Total Liabilities	<u>62,411,946</u>	<u>60,842,720</u>
TOTAL EQUITIES & LIABILITIES	109,678,166	110,606,740