

Your Co-op's 2016 Annual Report



John Brown
Chairman



Tom Sobeck
CEO

To Our Member-Owners:

We are pleased to report that 2016 was another favorable year for your cooperative. Both natural gas and electric operations continue to provide positive margins. However, after a rate decrease last year, 2016 natural gas margins fell short, which in turn will call for a rate increase later in 2017. We plan to implement a natural gas rate increase once we have regulatory approval to do so. We expect that to happen in the coming months.

Our electric members continue to benefit from positive margins and the board of directors' commitment to the cooperative business model as we will again retire and return patronage capital to you. This year the cooperative will return \$2,623,000 in the form of capital credit refunds to the membership.

In keeping with our mission, we continue to invest in and rehabilitate the infrastructure that delivers energy to you. In 2016, our total utility plant investments exceeded \$2.7 million.

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

Tom Sobeck
President & Chief Executive Officer



Where Your Energy Dollar Goes:



2016 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	33,305	9,272
Energy Sold	238,718,475 kWh	6,677,958 CCF
New Services	187	109
Miles of Line	3,837 (overhead) 1,040 (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 2016 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

	2015	2016
OPERATING REVENUES	\$43,840,025	\$43,134,964
OPERATING EXPENSES		
Cost of Purchased Power	24,747,830	24,382,270
Operations & Maintenance Expense	9,721,568	10,196,423
Depreciation	3,599,611	3,679,291
Interest	2,412,002	2,443,147
Taxes	1,086,199	1,124,918
Total Operating Expenses	<u>41,567,210</u>	<u>41,826,049</u>
Member Capital Contribution	2,272,815	1,308,915
NON-OPERATING MARGINS		
Capital Credits—G&T and Other	2,027,832	2,166,013
Non-Operating Margins - Other	<u>(247,972)</u>	<u>(181,406)</u>
NET MARGINS	4,052,675	3,293,522

Balance Sheet

ASSETS

Total Utility Plant	134,265,482	136,969,890
Accumulated Depreciation	(57,822,400)	(60,747,421)
Net Utility Plant	76,443,082	76,222,469
Investments in Associated Organizations	25,439,018	24,733,009
Cash & Cash Equivalents	2,031,248	3,494,617
Accounts Receivable	4,550,055	4,645,457
Materials & Supplies	1,439,184	1,508,895
Other Assets	452,143	397,673
Deferred Debits	<u>252,010</u>	<u>221,083</u>
Total Assets	110,606,740	111,223,203

EQUITIES & LIABILITIES

Margins & Equities

Patronage Capital	51,083,100	52,470,101
Other Equities	<u>(1,319,079)</u>	<u>(1,319,079)</u>
Total Margins & Equities	49,764,021	51,151,022

Liabilities

Long Term Debt	46,629,653	50,609,285
Notes Payable	5,000,000	0
Accounts Payable	8,953,251	9,136,001
Other Current & Accrued Liabilities	259,816	326,895
Total Liabilities	<u>60,842,720</u>	<u>60,072,181</u>
TOTAL EQUITIES & LIABILITIES	110,606,740	111,223,203