

# Your Co-op's 2017 Annual Report



**John Brown**  
Chairman



**Tom Sobeck**  
CEO

## To Our Member-Owners:

We are pleased to report that 2017 was another favorable year for your cooperative. Both our natural gas and electric operations continue to provide positive margins. Our electric and natural gas operating margins were such that no change in distribution rates was necessary for this year. Our electric members continue to benefit from positive margins and the board of director's commitment to the cooperative business model as we will again this year return patronage capital to you.

This year the cooperative will return approximately \$2,392,000 in the form of patronage capital retirements to the membership.

In keeping with our mission, we continue to invest in and rehabilitate the infrastructure that delivers energy to you. In 2017, our total utility plant investments exceeded \$3.3 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.

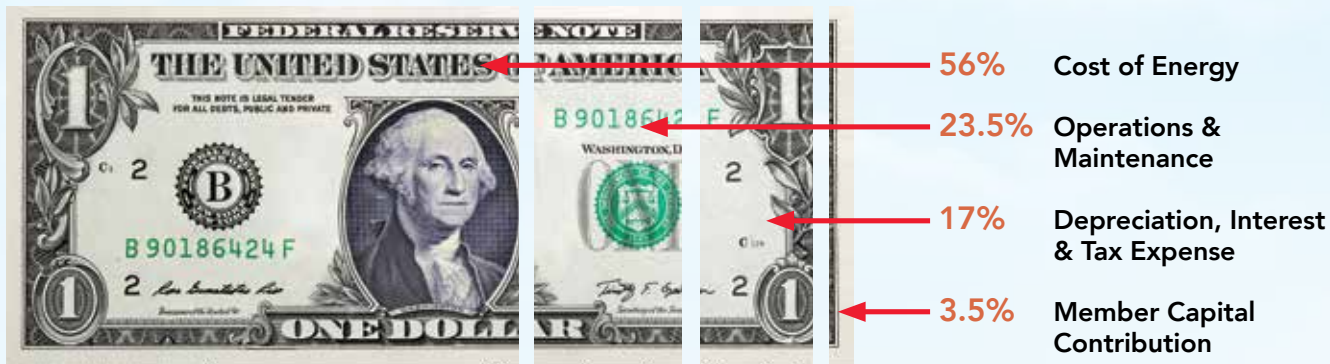
Respectfully,

**John Brown**  
Chairman of the Board

**Tom Sobeck**  
President & Chief Executive Officer



## Where Your Energy Dollar Goes:



## 2017 Statistical Summary:

	ELECTRIC	NATURAL GAS
Active Meters	33,468	9,405
Energy Sold	236,535,693 kWh	7,170,458 CCF
New Services	213	129
Miles of Line	3,838 (overhead) 1,051 (underground)	593

# Treasurer's Report



**Daryl Peterson**

Presque Isle Electric and Gas Co-op's Statement of Operations and Balance Sheet for the past two years (2016–2017) are included in this Annual Report. As indicated by these financial reports, the cooperative has completed another successful year of operation in the gas and electric operations.

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 pleasure to serve as treasurer over the last nine years.

**Daryl Peterson, Treasurer**

## Statement of Operations

	2016	2017
<b>OPERATING REVENUES</b> . . . . .	\$43,134,964	\$42,909,614
<b>OPERATING EXPENSES</b>		
Cost of Purchased Power . . . . .	24,382,270	24,003,855
Operations & Maintenance Expense . . . . .	10,196,423	10,006,233
Depreciation . . . . .	3,679,291	3,748,845
Interest . . . . .	2,443,147	2,464,041
Taxes . . . . .	1,124,918	1,138,899
<b>Total Operating Expenses</b> . . . . .	<u>41,826,049</u>	<u>41,361,873</u>
<b>Member Capital Contribution</b> . . . . .	1,308,915	1,547,741
<b>NON-OPERATING MARGINS</b>		
Capital Credits—G&T and Other . . . . .	2,166,013	1,612,186
Non-Operating Margins - Other . . . . .	<u>(181,406)</u>	<u>(14,374)</u>
<b>NET MARGINS</b> . . . . .	3,293,522	3,145,553

## Balance Sheet

<b>ASSETS</b>		
Total Utility Plant . . . . .	136,969,890	140,272,009
Accumulated Depreciation . . . . .	(60,747,421)	(63,737,119)
Net Utility Plant . . . . .	76,222,469	76,534,890
Investments in Associated Organizations . . . . .	24,733,009	24,644,319
Cash & Cash Equivalents . . . . .	3,494,617	2,971,080
Accounts Receivable . . . . .	4,645,457	4,648,383
Materials & Supplies . . . . .	1,508,895	1,460,638
Other Assets . . . . .	397,673	347,401
Deferred Debits . . . . .	<u>221,083</u>	<u>236,795</u>
<b>Total Assets</b> . . . . .	111,223,203	110,843,506
<b>EQUITIES &amp; LIABILITIES</b>		
<b>Margins &amp; Equities</b>		
Patronage Capital . . . . .	52,470,101	53,531,597
Other Equities . . . . .	<u>(1,319,079)</u>	<u>(\$253,082)</u>
<b>Total Margins &amp; Equities</b> . . . . .	51,151,022	53,278,515
<b>Liabilities</b>		
Long Term Debt . . . . .	50,609,285	48,874,610
Notes Payable . . . . .	0	0
Accounts Payable . . . . .	9,136,001	8,661,137
Other Current & Accrued Liabilities . . . . .	326,895	29,244
<b>Total Liabilities</b> . . . . .	<u>60,072,181</u>	<u>57,564,991</u>
<b>TOTAL EQUITIES &amp; LIABILITIES</b> . . . . .	111,223,203	110,843,506