



# Special Board Meeting

## June 23, 2020

### Vision

**Our members and Northeast Michigan will regard us as a trusted energy and community partner.**

### Mission

**To provide energy and other services to sustain and improve the quality of life for our members through the use of a cooperative business structure.**

Our members will regard us as a trusted energy partner.



# Board of Directors Member Regulation

## Agenda

- Call to Order – Chairman Berg
- Roll Call
- PA167 of 2008 – CFO Stempky
- Review Items – CFO Stempky
  - Accept 2019 Power Supply Cost Recovery (PSCR) Factor Reconciliation
  - Accept 2019 Electric Operations TIER Analysis
  - Approve changes to PIE&G Rate Book to identify Standard and Nonstandard Meters and Opt-Out procedures and fees for Automated Metering Infrastructure (AMI)
- Member Comment – CFO Stempky
- Action Items – CFO Stempky
  - Accept 2019 Power Supply Cost Recovery (PSCR) Factor Reconciliation
  - Accept 2019 Electric Operations TIER Analysis
  - Approve changes to the PIE&G Rate Book to accommodate Opt-Out provisions and fees for Presque Isle’s AMI system
- Adjourn



# Board of Directors Member Regulation

- Enabling Legislation: Public Act 167 of 2008
  - Signed into law June 26, 2008
  - Known as “electric cooperative member-regulation act”.
  - Allows electric cooperatives to establish rates, charges, accounting standards, billing practices, and terms and conditions of service.
  - The MPSC retains jurisdiction over: safety, interconnections, code of conduct, customer choice, and distribution performance standards.



# Board of Directors Member Regulation

- Public Act 167 of 2008, continued:
  - Non-controversial: unanimously passed (107 ayes to 0 nay in the House; 38 to 0 in the Senate).
  - Popular: all 9 of Michigan’s electric distribution cooperatives are member-regulated.
  - Common Sense: Cooperatives are not-for-profit, member-owned, and democratically governed.
  - Electric not Gas: applies to electric operations not natural gas.



# Board of Directors Member Regulation

- Public Act 167 of 2008, continued:
  - Nationally, most co-ops are not regulated (in the majority of states coops are not rate regulated or allow choice)
  - Michigan municipal (city) owned electric systems are not regulated by the MPSC (40 utilities)
  - Return to Past: PIE&G was NOT rate regulated by the MPSC from its inception in 1937 and for nearly 30 years thereafter (December 22, 1965).



# Board of Directors Member Regulation

- PIE&G's Path to Member Regulation:
  - June 25, 2012: board meeting open to members, board adopts resolution to become MR
  - August 28, 2012: MPSC determines PIE&G meets requirements to become MR
  - September 23, 2012: effective date, PIE&G becomes MR



# Board of Directors Member Regulation

- This is our 8<sup>th</sup> year of Member Regulation
- Website has archives: [www.pieg.com](http://www.pieg.com)
- This Meeting Noticed: May/June 2020 *Country Lines* member magazine



# Board of Directors Member Regulation

- 3 Issues for Board Consideration
  - Accept 2019 Power Supply Cost Recovery (PSCR) Factor Reconciliation
  - Accept 2019 Electric Operations TIER Analysis
  - Approve changes to PIE&G Rate Book to identify Standard and Nonstandard Meters and Opt-Out procedures and fees for Automated Metering Infrastructure (AMI)





# Board of Directors Member Regulation

- Accept the 2019 PSCR Factor Reconciliation
  - Power Supply costs from Wolverine Power Cooperative (WPC) are passed through at cost to the membership.
  - PIE&G, working with WPC, establishes a factor to collect or return power supply cost revenues that are above or below the base energy cost.
  - This collection is reconciled annually with actual costs and the difference is either returned or charged to the membership.
  - The reconciliation for the 12 month period ending December 31, 2019 indicates there was an under-collection of \$199,400.87. This amount has been rolled into the 2020 PSCR Factor and is currently being collected from the membership throughout the 2020 calendar year.



# Board of Directors Member Regulation

- Accept the 2019 Electric Operations TIER Analysis
  - The TIER Analysis based upon the 2019 operating year indicates an Adjusted TIER of 1.60.



# Board of Directors Member Regulation

- Approve changes to the PIE&G Rate Book to identify Standard and Nonstandard Meters and Opt-Out procedures and fees for Automated Metering Infrastructure (AMI)
  - PIE&G is beginning the process of implementing an AMI system.
  - The current Rate Book does not address AMI or the opportunity for the membership to elect not to have an AMI meter installed.
  - PIE&G wishes to offer an AMI alternative for those members who are concerned over the implications of AMI meters.
  - This requires changes to the current rate book which identifies a Standard vs Nonstandard meter and outlines the fees associated with Opting Out of the AMI Standard meter option.
  - Nonstandard meter options at this point are strictly an AMR or drive by meter.
  - Management will undertake a review of the need to offer an Opt Out provision that provides for a Nonstandard meter that is not an AMR meter, i.e. a “dumb” meter.



# Board of Directors Member Regulation

- Introduction of Guests & Member Comments
  - PIE&G Tradition of Inviting Member Comments (in this case not required by PA167)...
  - Welcome Member Comments



# Board of Directors Member Regulation

- Recommend Approval of Resolution  
2020-MR-01
- **NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management's 2019 Electric PSCR Factor reconciliation analysis, which indicates an under-collection of \$199,400.87 and directs management to continue collecting this amount from the membership through the use of the 2020 PSCR Factor.



# Board of Directors Member Regulation

- Recommend Approval of Resolution  
2020-MR-02
  - **NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management's 2019 Electric TIER analysis that indicates an adjusted TIER of 1.60 and no adjustment in electric revenue is required.



# Board of Directors Member Regulation

- Recommend Approval of Resolution  
2020-MR-03
- **NOW BE IT HEREBY RESOLVED** that the PIE&G Board of Directors accepts management’s recommended changes to PIE&G Rate Book sheets A-6.01 and D-5.01 to provide the membership with an Opt Out option to its AMI system and the fees associated with it as listed below.
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  - Pre-deployment Opt Out One-time Fee - \$10.00 per billing meter
  - Post-deployment Opt Out One-time Fee - \$50.00 per billing meter
  - Monthly Opt Out Fee - \$ 5.00 per month per billing meter
  -
- **BE IT FURTHER RESOLVED** that PIE&G management will undertake a review of the need to offer an Opt Out provision that provides for a Nonstandard meter that is not an AMR meter, i.e. a “dumb” meter, and if necessary, develop provisions and fees associated with a “dumb” meter option for consideration.

# Board of Directors Member Regulation

## Adjourn