



A Touchstone Energy® Cooperative 

Member Regulation Electric Rate Review

Board of Director's Meeting

March 18, 2013



Member Regulation Electric Rate Review – Proposed Resolutions

- Resolution 2013-MR1
 - PSCR Factor Collection Reconciliation
- Resolution 2013-MR2
 - 2012 TIER Analysis and Revenue Increase
- Resolution 2013-MR3
 - Application of Revenue Increase to Rate Classes per the updated Cost of Service Study
- Resolution 2013-MR4
 - Rate design increases per the updated Cost of Service Study



Member Regulation Electric Rate Review – PSCR Factor Reconciliation

- 2012 PSCR Plan Purchases
 - 264,415,707 kWh
 - \$21,030,429
 - 79.54 mills per kWh purchased

- 2012 PSCR Plan Sales
 - 240,851,297 kWh
 - \$21,159,600
 - 87.85 mills per kWh sold



Member Regulation Electric Rate Review – PSCR Factor Reconciliation

- 2012 Actual PSCR Purchases
 - 254,477,108 kWh
 - \$20,815,820
 - 81.80 mills per kWh purchased

- 2012 Actual PSCR Sales
 - 232,537,505 kWh
 - \$20,615,014
 - 88.65 mills per kWh sold



Member Regulation Electric Rate Review – PSCR Factor Reconciliation

□ 2012 Actual PSCR Cost	\$ 20,815,820.34
□ 2012 Actual PSCR Revenue	<u>20,615,013.66</u>
□ 2012 Under-collection	\$ 200,806.68
□ Additional MI JZ Credit	- 99,480.42
□ Prior Year's	<u>- 5,422.52</u>
□ Net Under-collection*	\$ 95,903.74

*Currently collecting through the 2013
PSCR Factor



Member Regulation Electric Rate Review – PSCR Factor Reconciliation

- Resolution 2013-MR1
 - Accept 2012 Electric PSCR Factor collection analysis which indicates an under-collection of \$95,903.74 and direct management to continue collecting this amount from the membership through the use of the 2013 PSCR Factor.



Member Regulation Electric Rate Review – TIER Analysis

- Full Cost w/Draco
 - 0.93 TIER
 - \$1,566,203 revenue increase to achieve 1.8 TIER
 - 6.73 mills per kWh sold

- Remove Draco
 - 1.32 TIER
 - \$865,430 revenue increase to achieve 1.8 TIER
 - 3.72 mills per kWh sold



Member Regulation Electric Rate Review – TIER Analysis

- Remove Draco
- Resolution 2013-MR2
 - Accept management's adjusted Electric TIER analysis which indicates a revenue increase of \$865,430 is required to achieve a Target TIER of 1.80.



Member Regulation Electric Rate Review – Increase per Cost of Service Study

- Who should increase apply to?
 - Cost of Service Study
 - Since 2006, only Residential Monthly, Seasonal and Outdoor Lighting rate classes have been adjusted.
 - No increase to Commercial Accounts



Member Regulation Electric Rate Review – Increase per Cost of Service Study

- Cost of Service Study – Update March 2013
 - Still indicates need to adjust Monthly, Seasonal and Outdoor Lighting Rate Classes
 - No increase to Commercial Accounts



Member Regulation Electric Rate Review – Increase per Cost of Service Study

□ Cost of Service Study – Update March 2013

■ Residential Monthly	\$ 460,904
■ Seasonal	397,140
■ Outdoor Lighting	<u>7,386</u>
■ Total	\$ 865,430



Member Regulation Electric Rate Review – Increase per Cost of Service Study

□ Resolution 2013-MR3

- Direct management to implement electric rate increases to residential monthly, seasonal and outdoor lighting rate classes in the following manner effective with bills rendered on or after June 1, 2013

■ Residential Monthly	\$ 460,904
■ Seasonal	397,140
■ Outdoor Lighting	<u>7,386</u>
■ Total	\$ 865,430



Member Regulation Electric Rate Review – Rate Design

- How should the increase be applied?
 - Availability Charge?
 - Commodity Charge?
 - Both?

- Cost of Service Study Update
 - Availability charge should be \$28.56 per month for residential accounts.



Member Regulation Electric Rate Review – Rate Design

- Cost of Service Study Update

- Residential Rate Class

□ Total Accounts	17,866
□ Total kWh	131,845,937
□ Average Consumption	7,380 kWh per year



Member Regulation Electric Rate Review – Rate Design

- Cost of Service Study Update

- Residential Rate Class

□ Accounts above avg.	7,747
□ Accounts below avg.	10,119
□ Total kWh above avg.	92,284,263
□ Total kWh below avg.	39,561,674
□ Consumption above avg.	11,912 kWh per year
□ Consumption below avg.	3,910 kWh per year



Member Regulation Electric Rate Review – Rate Design

- Cost of Service Study Update
 - Residential Rate Class – Exhibit 3 Page 1
 - Subsidy to below average consumption accounts
 - \$63.54 per account annually
 - Cost of subsidy for above average consumption accounts
 - \$68.27 per account annually



Member Regulation Electric Rate Review – Rate Design

- How should the increase be applied?
 - Residential Monthly Accounts - % of Revenue
 - Availability Charge 47.60%
 - Commodity Charge 52.40%
 - Rate Adjustment needed to maintain current %'s
 - Availability Charge \$1.01 per month
 - Commodity Charge \$0.001740 per kWh
 - Suggested Rates
 - Availability Charge \$17.00 per month
 - Commodity Charge \$0.02928 per kWh



Member Regulation Electric Rate Review – Rate Design

- How should the increase be applied?
 - Residential Monthly Accounts – Current Rates
 - Availability Charge \$16.00 per month
 - Commodity Charge \$0.02752 per kWh
 - Suggested Rates
 - Availability Charge \$17.00 per month
 - Commodity Charge \$0.02928 per kWh
 - Increase to avg residential account – 640 kWh
 - \$2.21 per month



Member Regulation Electric Rate Review – Rate Design

- Cost of Service Study Update

- Seasonal Rate Class

□ Total Accounts	13,183
□ Total kWh	28,602,486
□ Average Consumption	2,169 kWh per year



Member Regulation Electric Rate Review – Rate Design

- Cost of Service Study Update

- Seasonal Rate Class

□ Accounts above avg.	3,553
□ Accounts below avg.	9,630
□ Total kWh above avg.	9,368,489
□ Total kWh below avg.	19,233,997
□ Consumption above avg.	2,636 kWh per year
□ Consumption below avg.	1,997 kWh per year



Member Regulation Electric Rate Review – Rate Design

- Cost of Service Study Update
 - Seasonal Rate Class – Exhibit 3 Page 2
 - Subsidy to below average consumption accounts
 - \$61.25 per account annually
 - Cost of subsidy for above average consumption accounts
 - \$150.69 per account annually



Member Regulation Electric Rate Review – Rate Design

- How should the increase be applied?
 - Seasonal Accounts - % of Revenue
 - Availability Charge 63.42%
 - Commodity Charge 36.58%
 - Rate Adjustment needed to maintain current %'s
 - Availability Charge \$1.66 per month
 - Commodity Charge \$0.006735 per kWh
 - Suggested Rates
 - Availability Charge \$18.75 per month
 - Commodity Charge \$0.07511 per kWh



Member Regulation Electric Rate Review – Rate Design

- How should the increase be applied?
 - Seasonal Accounts – Current Rates
 - Availability Charge \$17.00 per month
 - Commodity Charge \$0.06901 per kWh
 - Suggested Rates
 - Availability Charge \$18.75 per month
 - Commodity Charge \$0.07511 per kWh
 - Increase to avg seasonal account – 2,076 kWh
 - \$2.81 per month or \$33.67 per year



Member Regulation Electric Rate Review – Rate Design

- Percentage of revenue after suggested increase

- Monthly Accounts - % current % suggested

□ Availability	47.60%	47.56%
□ Commodity	52.40%	52.44%

- Seasonal

□ Availability	63.42%	63.73%
□ Commodity	36.58%	36.27%



Member Regulation Electric Rate Review – Rate Design

□ How should the increase be applied?

■ Outdoor Lighting	Current Rates	Suggested Rates
175W MV	\$11.65	\$12.00
400W MV	\$21.10	\$21.74
100W HPS	\$ 8.30	\$ 8.55
250W HPS	\$14.25	\$14.68



Member Regulation Electric Rate Review – Rate Design

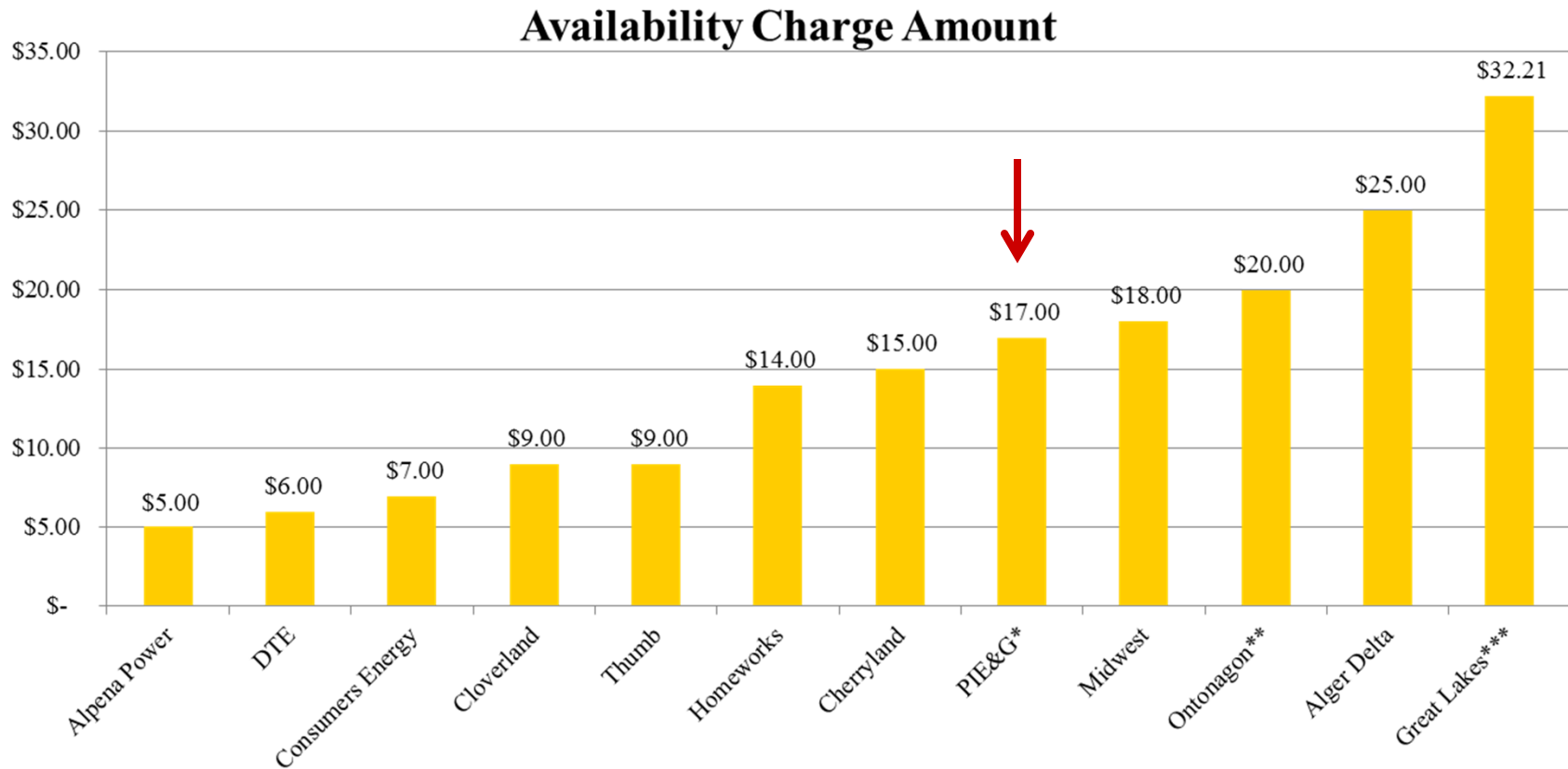
- Resolution 2013-MR4
 - Adjusted the Monthly, Seasonal and Outdoor Lighting Rate Classes in the following manner
 - Suggested Residential Monthly Rates
 - Availability Charge \$17.00 per month
 - Commodity Charge \$0.02928 per kWh
 - Suggested Seasonal Rates
 - Availability Charge \$18.75 per month
 - Commodity Charge \$0.07511 per kWh



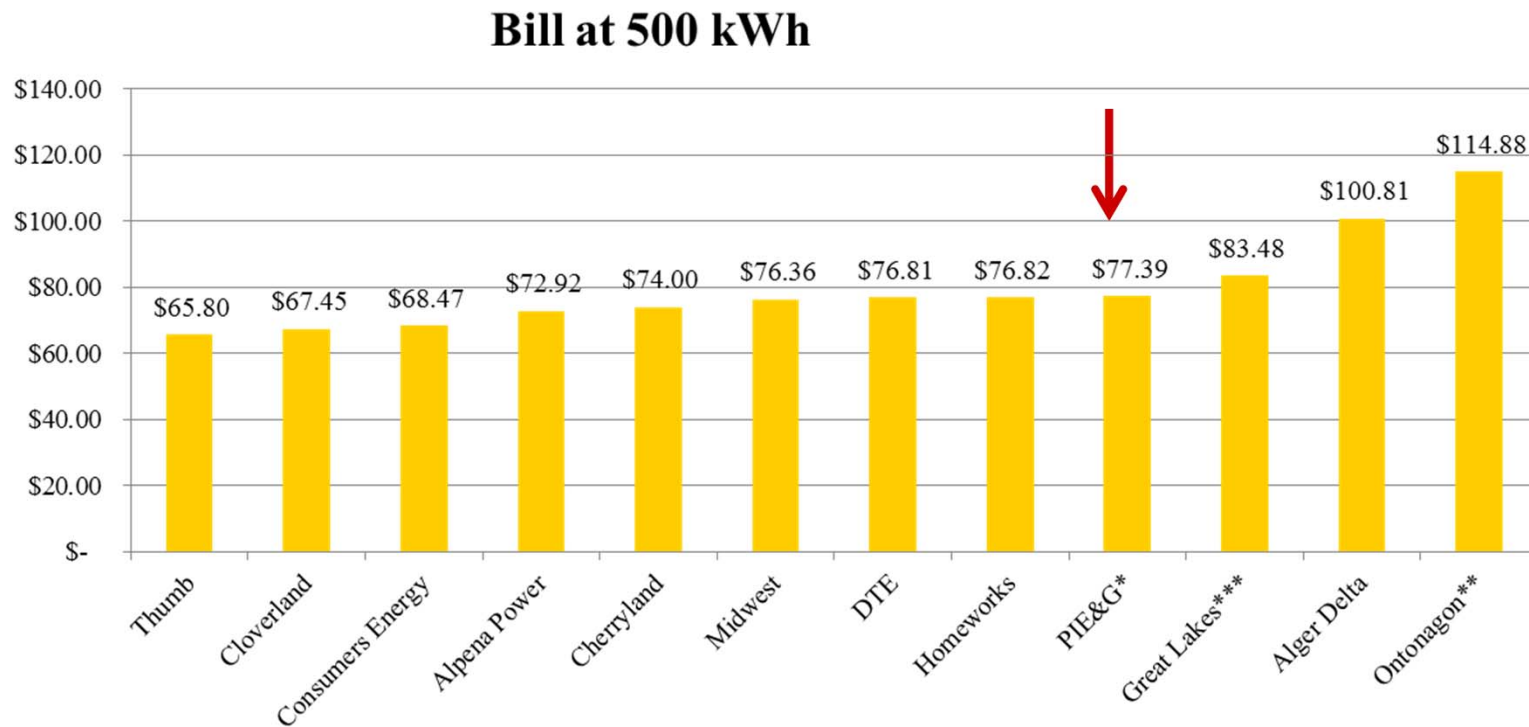
Member Regulation Electric Rate Review – Rate Design

- Suggested Outdoor Lighting Rates
 - 175W MV \$12.00 per month
 - 400W MV \$21.74 per month
 - 100W HPS \$ 8.55 per month
 - 250W HPS \$14.68 per month

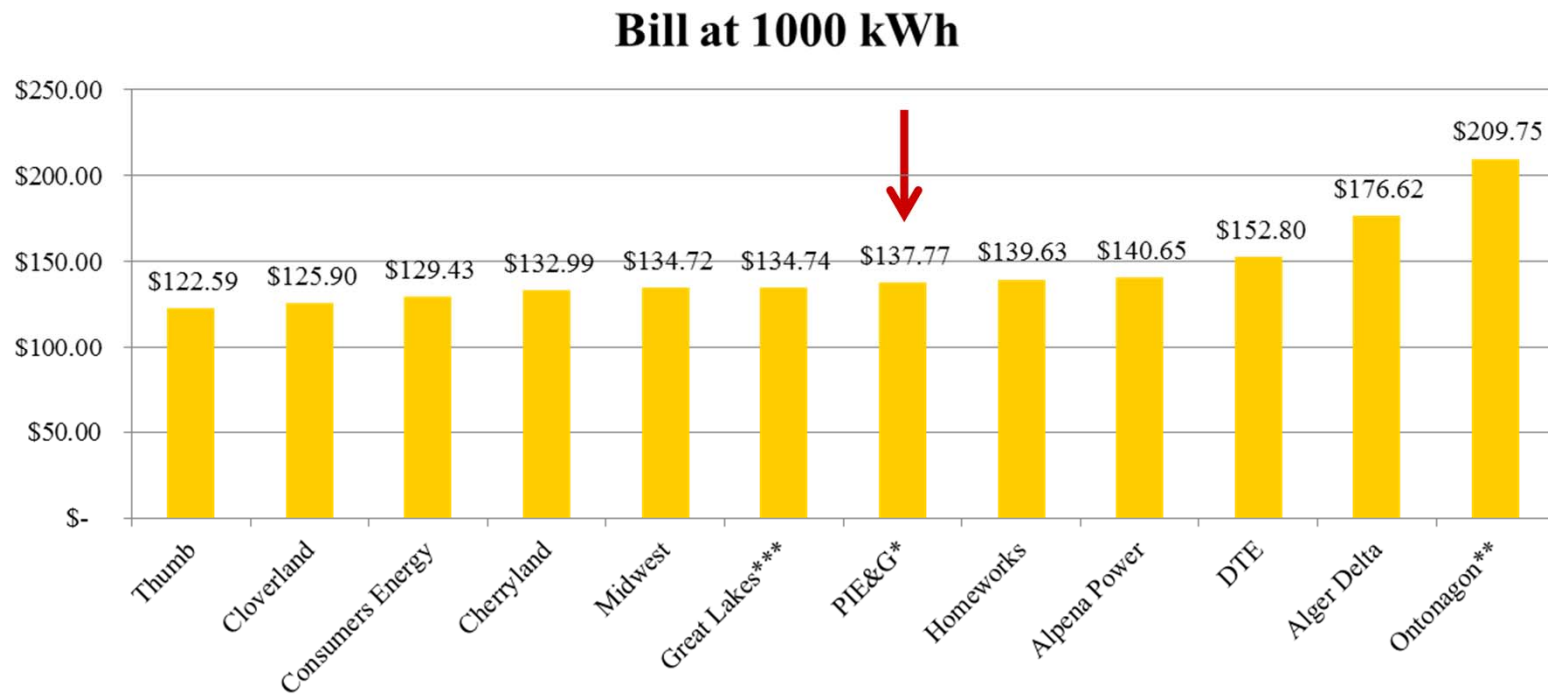
Member Regulation Electric Rate Review – Rate Design



Member Regulation Electric Rate Review – Rate Design



Member Regulation Electric Rate Review – Rate Design



Proposed Changes At A Glance

1. Reconcile 2012 Power Supply Cost Recovery Factor Collections	3. Approve the application of the 2013 revenue increase to the Monthly, Seasonal and Outdoor Lighting Rate Classes	4. Review and approve the distribution rate design per management's recommendation
2. Review and accept the 2012 TIER Analysis and approve a revenue increase of \$865,265.00		5. Consider revisions to the Cooperative's Billing Rules

1. Reconcile 2012 Power Supply Cost Recovery (PSCR) Factor Collections

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o Power supply costs from Wolverine Power Supply Cooperative (WPSC) are passed through at cost to the members of Presque Isle Electric & Gas Co-op. o PIE&G, working with WPSC establishes a factor to collect or return power supply costs (PSCR) that are above or below the base energy rates, based upon cost and sales forecasts. o This PSCR Factor collection is reconciled annually with actual costs and the difference is either returned or charged to the membership. o The reconciliation for the 12 month period ending December 31, 2012 indicates that there was an under-collection of \$95,903.74 This amount has been rolled into the 2013 PSCR factor and is currently being collected from the membership throughout the 2013 calendar year. 	<ul style="list-style-type: none"> o Accept the reconciliation of the 2012 PSCR Factor undercollection of \$95,903.74. 	<ul style="list-style-type: none"> o Approval of the Proposed Power Supply Cost Recovery Reconciliation net Under-recovery of \$95,903.74. o The under-collection of \$95,903.74 will continue to be collected for the remainder of the 2013 calendar year.

2. Review and accept the 2012 TIER Analysis and approve a revenue increase of \$865,265

Existing Situation	Proposed Change	Management Recommends
<ul style="list-style-type: none"> o The TIER analysis based upon the 2012 operating year indicates an Adjusted TIER of 0.82. Management has reviewed this analysis with the board. Management has also provided the board with information related to the expenses associated with winter storm Draco and the impact to the TIER analysis. It has been determined that the impact of Draco should be considered an extraordinary event and should be excluded from the 2012 TIER analysis calculation of revenue requirement. The exclusion of Draco results in an Adjusted TIER of 1.32 and revenue requirement of \$865,430. 	<ul style="list-style-type: none"> o Accept the 2012 TIER analysis which indicates and revenue increase of \$865,430 is necessary to return to an Adjusted TIER of 1.80. 	<ul style="list-style-type: none"> o Management recommends acceptance of the 2012 TIER analysis and approval of the request to increase revenue by \$865,430

3. Review and approve management's request to implement the revenue increase on the Monthly, Seasonal and Outdoor Lighting Rate Classes

Existing Situation	Proposed Change	Management Recommends																
<ul style="list-style-type: none"> o The board has approved an increase in revenue of \$865,265 based upon the 2012 TIER analysis. o Management has presented updated Cost of Service Study exhibits which indicate that there continue to be subsidies between rate classes. o PIE&G Board Policy No. 307 provides that the cooperative will design energy rates in a manner that allocates costs across rate classes in an equitable manner and minimizes subsidies between rate classes. o The Cost of Service Study indicates there continues to be a need to increase the revenue requirement and rates of the Monthly, Seasonal and Outdoor Lighting rate classes. 	<ul style="list-style-type: none"> o The proposed revenue/rate increase should be allocated to the Monthly, Seasonal and Outdoor Lighting rate classes in the following manner. <table border="0"> <tr> <td>Residential Monthly</td> <td align="right">\$ 460,904</td> </tr> <tr> <td>Residential Seasonal</td> <td align="right">\$397,140</td> </tr> <tr> <td>Outdoor Lighting</td> <td align="right">\$ 7,386</td> </tr> <tr> <td>Total</td> <td align="right">\$ 865,430</td> </tr> </table>	Residential Monthly	\$ 460,904	Residential Seasonal	\$397,140	Outdoor Lighting	\$ 7,386	Total	\$ 865,430	<ul style="list-style-type: none"> o Implementation of the revenue/rate increase to the following rate classes <table border="0"> <tr> <td>Residential Monthly</td> <td align="right">\$ 460,904</td> </tr> <tr> <td>Residential Seasonal</td> <td align="right">\$397,140</td> </tr> <tr> <td>Outdoor Lighting</td> <td align="right">\$ 7,386</td> </tr> <tr> <td>Total</td> <td align="right">\$ 865,430</td> </tr> </table> <ul style="list-style-type: none"> o Implementation of the revenue/rate increase be effective with bills rendered on or after June 1, 2013 	Residential Monthly	\$ 460,904	Residential Seasonal	\$397,140	Outdoor Lighting	\$ 7,386	Total	\$ 865,430
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4. Approved increases to the Distribution Availability and kWh charges for Residential Monthly, Seasonal and Outdoor Lighting Rate Classes

Existing Situation	Proposed Change	Management Recommends																																																
<ul style="list-style-type: none"> o The cooperative has approved increases to the Residential Monthly, Seasonal and Outdoor Lighting rate classes. 	<ul style="list-style-type: none"> o The cooperative has approved increases in the following manner. <table border="0"> <thead> <tr> <th>Rate Class</th> <th>Monthly Chg</th> <th>kWh Charge</th> </tr> </thead> <tbody> <tr> <td>Monthly</td> <td align="right">\$1.00</td> <td align="right">\$0.00176</td> </tr> <tr> <td>Seasonal</td> <td align="right">\$1.75</td> <td align="right">\$0.00610</td> </tr> <tr> <td>Outdoor Lighting</td> <td></td> <td></td> </tr> <tr> <td>175W MV</td> <td align="right">\$ 0.35</td> <td></td> </tr> <tr> <td>400W MV</td> <td align="right">\$ 0.64</td> <td></td> </tr> <tr> <td>100W HPS</td> <td align="right">\$ 0.25</td> <td></td> </tr> <tr> <td>250W HPS</td> <td align="right">\$ 0.43</td> <td></td> </tr> </tbody> </table>	Rate Class	Monthly Chg	kWh Charge	Monthly	\$1.00	\$0.00176	Seasonal	\$1.75	\$0.00610	Outdoor Lighting			175W MV	\$ 0.35		400W MV	\$ 0.64		100W HPS	\$ 0.25		250W HPS	\$ 0.43		<ul style="list-style-type: none"> o The cooperative establish electric distribution rates as follows: <table border="0"> <thead> <tr> <th>Rate Class</th> <th>Monthly Chg</th> <th>kWh Charge</th> </tr> </thead> <tbody> <tr> <td>Monthly</td> <td align="right">\$ 17.00</td> <td align="right">\$ 0.02928</td> </tr> <tr> <td>Seasonal</td> <td align="right">\$ 18.75</td> <td align="right">\$ 0.07511</td> </tr> <tr> <td>Outdoor Lighting</td> <td></td> <td></td> </tr> <tr> <td>175W MV</td> <td align="right">\$ 12.00</td> <td></td> </tr> <tr> <td>400W MV</td> <td align="right">\$ 21.74</td> <td></td> </tr> <tr> <td>100W HPS</td> <td align="right">\$ 8.55</td> <td></td> </tr> <tr> <td>250W HPS</td> <td align="right">\$ 14.68</td> <td></td> </tr> </tbody> </table>	Rate Class	Monthly Chg	kWh Charge	Monthly	\$ 17.00	\$ 0.02928	Seasonal	\$ 18.75	\$ 0.07511	Outdoor Lighting			175W MV	\$ 12.00		400W MV	\$ 21.74		100W HPS	\$ 8.55		250W HPS	\$ 14.68	
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5. Consider Revisions to the Cooperative's Billing Rules

Existing Situation		
<ul style="list-style-type: none"> o The cooperative has no recommended changes to its Billing Rules at this time. 		

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
March 26, 2013**

**RESOLUTION 2013-MR1
2012 POWER SUPPLY COST RECOVERY (PSCR) FACTOR
RECONCILIATION**

WHEREAS, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

WHEREAS, PIE&G staff has reviewed the 2012 PSCR Factor reconciliation exhibits with the Board of Directors; and

WHEREAS, the 2012 PSCR Factor reconciliation indicates that PIE&G has experienced an under-collection of power supply costs of \$95,903.74 for the 12 month period ending December 31, 2012; and

WHEREAS, PIE&G has incorporated the under-collection of \$95,903.74 into its 2013 PSCR Factor collection.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management's 2012 ELECTRIC PSCR Factor collection analysis, which indicates an under-collection of \$95,903.74, and directs management to continue collecting this amount from the membership through the use of the 2013 PSCR Factor.

CERTIFICATION

I, David Smith, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on March 26, 2013.

By: _____
David Smith, Secretary

Dated: _____

MICHIGAN DEPARTMENT OF COMMERCE
 PUBLIC SERVICE COMMISSION
 MONTHLY REPORT OF POWER SUPPLY COST

 This form is authorized by Act 3, P.A. 1939,
 as amended. Filing of this form is voluntary.
 However, failure to file this form or an alter-
 native submission approved by the Commission
 will place you in violation of the Act.

INSTRUCTIONS

 When completed, a copy of all bills for power and fuel, and any
 worksheets or other documents required to support the data reported
 herein are to be mailed to: MICHIGAN DEPARTMENT OF COMMERCE, PUBLIC
 SERVICE COMMISSION, Electric Division - Audit, 6545 Mercantile, P.O.
 Box 30221, Lansing, Michigan 48909. Alternatively, any of the above
 documentation may be submitted in a microcomputer readable format
 approved by MPSC Staff.

For assistance or clarification, please contact the Public Service
 Commission Staff at: (Area Code 517) 334-6416

 STATUTORY REFERENCE

Section 6j(11) of Act 3, P.A. 1939, as amended, sets forth: "(1)
 Not more than 45 days following the last day of each billing month in
 which a power supply cost recovery factor has been applied to
 customer's bills, the utility shall file with the commission a detailed
 statement for that month of the revenues recorded pursuant to the power
 supply cost recovery factor and the allowances for cost of power supply
 included in the base rates established in the latest commission order
 for the utility, and the cost of power supply. The detailed statement
 shall be in the manner and form prescribed by the commission. The
 commission shall establish procedures for insuring that the detailed
 statement is promptly verified and corrected if necessary."

1. NAME OF REPORTING UTILITY:	PRESQUE ISLE ELECTRIC COOPERATIVE
2. THIS REPORT FILED FOR THE COST MONTH OF:	December 2012
3. IS THIS REPORT SUBMITTED AS AN ORIGINAL OR REVISION? IF THIS IS A REVISION, ATTACH AN EXPLANATION.	Original
4. DATE OF REPORT SUBMISSION:	None-Member Regulated
5. UTILITY REPRESENTATIVE TO WHOM QUESTIONS REGARDING THIS REPORT MAY BE DIRECTED - NAME:	Dawn Cryderman
PHONE No. (include area code):	(989) 733-8515
6. POWER SUPPLY COST RECOVERY FACTOR AUTHORIZED (or requested):	mills per kWh = 29.510

NAME OF REPORTING UTILITY: || PRESQUE ISLE ELECTRIC COOPERATIVE

7. REVENUES RECORDED PURSUANT TO THE POWER SUPPLY COST RECOVERY FACTOR AND THE ALLOWANCE FOR POWER SUPPLY INCLUDED IN BASE RATES FOR THIS MONTH:			
a. kWh sales subject to the PSCR clause are:	kWh		19,668,976
b. Applied PSCR factor:	mills per kWh		30.31242473
c. PSCR factor revenues: (a * b)		\$	596,214.35
d. Allowance for power supply included in case rates:	mills per kWh		58.34
e. Revenues collected pursuant to allowance for power supply included in base rates: (a * d)		\$	1,147,488.06
f. TOTAL POWER SUPPLY COST REVENUE: (c + e)		\$	1,743,702.41
8. THE TOTAL COST OF POWER (from attached worksheets) APPLICABLE TO SALES REPORTED ABOVE:			\$ 1,762,907.91
9. MONTHLY OVER(UNDER) COLLECTION : (7f-8)			\$ (19,205.50)
TOTAL OVER/(UNDER) COLLECTION THIS PSCR YEAR PRIOR TO JOINT ZONE CREDIT			\$ (200,806.69)
ADDITIONAL MI JOINT ZONE CREDIT			\$ 99,480.42
10. TOTAL OVER/(UNDER) COLLECTION THIS PSCR YEAR			\$ (101,326.27)
11. Is there a major difference between actual and projected costs this month: Please circle Yes or No (if yes, please explain)			
NO			

12. Do you anticipate any significant changes which would have an effect on next month's projected costs? Please circle Yes or No (if yes, briefly explain the change)

NO

13. Authorized refund/surcharge this month due to reconciliation of prior year(s) PSCR:

CASE NO.	PSCR YEAR	2011 Roll In	Seasonal	Year to Date	Remaining
U-16430					
Auth.PSCR adj.(m/kWh)					
Auth.PSCR adj.(dollars)		\$ (21,573.10)	\$ (2,078.46)	\$ (22,329.13)	\$ (756.03)
CASE NO.	PSCR YEAR	2011 Roll In	Monthly	Year to Date	Remaining
U-16430					
Auth.PSCR adj.(m/kWh)					
Auth.PSCR adj.(dollars)		\$ (170,443.29)	\$ (13,704.42)	\$ (164,264.73)	\$ 6,178.56

PRESQUE ISLE ELECTRIC COOPERATIVE			NAME OF REPORTING UTILITY :	PRESQUE ISLE ELECTRIC COOPERATIVE					
December			2012	YEAR TO DATE					
(ag)	(ah)	(ai)		(aj)	(ak)	(al)			
*UNITS	\$	\$/Unit	PURCHASED POWER	*UNITS	\$	\$/Unit			
21,271,800	\$ 1,155,356.55	0.054314	1 FROM WOLVERINE	234,645,000	\$ 12,744,508.53	0.054314			
1,343,400	\$ 60,453.00	0.045000	2 Energy-A	19,824,600	\$ 892,107.00	0.045000			
22,615,200	\$ (6,784.56)	(0.000300)	3 Budget PSCR	254,469,600	\$ 654,000.48	0.002570			
21,637,200	\$ (15,795.16)	(0.000730)	4 PSCR Adjustment	255,201,000	305013.65	0.001195			
22,615,200	\$ 1,193,229.83	0.052762	5 Total Energy	254,469,600	\$ 14,595,629.66	0.057357			
39,647	\$ 373,078.27	9.410000	6 Demand-Rate A	443,970	\$ 4,177,757.70	9.410000			
1,850	\$ 22,412.73	12.114989	7 Demand-Rate C & I	27,665	\$ 320,929.89	11.600574			
6,923	\$ 1,730.75	0.250000	8 kVAR Schedule A	46,094	\$ 11,523.50	0.250000			
2,212	\$ 553.00	0.250000	9 kVAR Schedule C & I	30,750	\$ 7,687.50	0.250000			
41,497	\$ (149,117.66)	(3.593456)	11 Michigan Joint Zone Credit	471,635	(\$1,771,771.02)	(3.756657)			
	\$ (13,188.48)		12 Load Management Credits		(\$145,557.15)				
18	\$ 37,544.04	\$ 2,085.78	13 Substation Fixed Charge	252	\$ 450,528.48	\$ 1,787.81			
	\$ 62,714.77	Varies	14 Substation Carrying Charge		\$ 750,883.92	Varies			
	\$ 3,079.55	Varies	15 Shared Dist. Equip. Carrying Charge		\$ 36,868.13	Varies			
	\$ 26,260.51	Varies	16 Radial Line Carrying Charge		\$ 315,126.12	Varies			
	\$204,543.61		17 Transmission Charges		\$2,065,361.30				
22,615,200	\$ 1,762,840.92	0.077949	18 TOTAL WPSC	254,469,600	\$ 20,814,968.03	0.081797			
590	\$ 66.99	0.11354	18B Total NEG Purchases	7,508	\$ 852.33	-			
22,615,790	\$ 1,762,907.91	0.077950	19 Total kWh Purchase & Cost	254,477,108	\$ 20,815,820.36	0.081798			
2,946,814		0.130298964	20 Less: Line Loss	21,939,603		0.086214446			
19,668,976	\$ 1,762,907.91	0.08962886	21 kWh Available for Use	232,537,505	\$ 20,815,820.36	0.08951597			
19,668,976	\$ 1,762,907.91	0.089629	22 PSCR SALES & POWER COSTS	232,537,505	\$ 20,815,820.35	0.089516			
			PSCR OVER/(UNDER) RECOVERY						
BASE	FACTOR	TOTAL	BASE	FACTOR	TOTAL				
58.3400	30.312425	88.6524	A. PSCR REVENUE						
19,668,976	19,668,976	19,668,976	23 1. Mills/kWh	58.340000	30.312425	88.652425			
\$ 1,147,488.06	\$ 596,214.35	\$ 1,743,702.41	24 2. PSCR Sales	232,537,505	232,537,505	232,537,505			
		\$ 1,762,907.91	25 3. PSCR Revenue [(1*2)/1000]	\$ 13,566,238.04	\$ 7,048,775.62	\$ 20,615,013.66			
		\$ (19,205.50)	26 C. PSCR COST			\$ 20,815,820.34			
			27 D. OVER/(UNDER) RECOVERY			\$ (200,806.68)			
		\$ (200,806.68)				\$ (200,806.68)			
			Current Year to Date						
kWh	Recovery	FACTOR	Surcharge Distribution:			Surcharge Remaining:	Target Surcharge	Est pscr kWh:	Adj. Rate
17,078,756	\$ (13,704.42)	(0.802425)	Prior Year Monthly - 2011 U-16430	204,710,444	\$ (164,264.72)	\$ (6,178.56)	\$ (170,443.29)	207,278,463	
2,590,220	\$ (2,078.46)	(0.802425)	Prior Year Seasonal - 2011 U-16430	27,827,061	\$ (22,329.12)	\$ 756.03	\$ (21,573.10)	32,016,743	
	\$ (15,782.87)	(0.802425)		232,537,505	\$ (186,593.84)	\$ (5,422.55)	\$ (192,016.39)	239,295,206	(0.802425)
19,668,976	\$ 580,431.48	29.51	Combined PSCR	232,537,505	\$ 6,862,181.77	29.51			

239,295,206

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
March 26, 2013**

**RESOLUTION 2013-MR2
2012 ELECTRIC OPERATIONS TIMES INTEREST EARNED RATIO
(TIER) ANALYSIS**

WHEREAS, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the Michigan Public Service Commission; and

WHEREAS, PIE&G has established Board Policy No. 307 – Energy Rate Design, which requires energy rates be developed and implemented to generate margins adequate to meet annual lender requirements and the Cooperative’s long-term financial objectives; and

WHEREAS, PIE&G was authorized by the MPSC to employ the Times Interest Earned Ratio (TIER) Analysis rate setting mechanism when regulated by the Commission and continues to do so in order to satisfy the requirements of Board Policy No. 307; and

WHEREAS, the TIER rate setting mechanism provides for a TIER range of 1.6 to 2.2 with a Target TIER of 1.8 and PIE&G has established that the TIER calculation for the 2012 operating year indicates an adjusted TIER of 0.82; and

WEHREAS, PIE&G has experienced weather related events resulting in additional expense of \$700,770, which it considers extraordinary and wishes to remove from the 2012 TIER calculation and PIE&G has determined that the removal of the extraordinary expense results in an adjusted TIER of 1.32; and

WHEREAS, an adjusted TIER of 1.32 falls outside the “Quiet Zone”; and

WHEREAS, a revenue increase of **\$865,430** is required to achieve a 1.8 Target TIER;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts management’s 2012 ELECTRIC TIER analysis, which indicates a revenue increase of **\$865,430** is required to achieve a Target TIER of 1.8.

CERTIFICATION

I, David Smith, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on March 26, 2013.

By: _____
David Smith, Secretary

Dated: _____

TEST YEAR MARGINS AND INTEREST
12 MONTHS ENDED DECEMBER 31, 2012

	<u>Operating Margins</u>	<u>Total Margins</u>	<u>Interest</u>
December 31, 2012	(\$345,213) ¹	\$ 1,403,415 ²	\$1,792,956 ³

¹ From December 2012 Form 7, Part 1A, line 20, *Patronage Capital and Operating Margins*.

² From December 2012 Form 7, Part 1A, line 28, *Patronage Capital*.

³ From December 2012 Form 7, Part 1A, line 15, *Interest on Long Term Debt* -- 2012 Electric Rate Documents.

ADJUSTED TOTAL MARGINS

<u>Step One:</u>	Unadjusted Total Margins	\$ 1,403,415 ⁴
<u>Step Two:</u>	Add Back Net Loss From Equity Investments	\$ 134,815 ⁵
	Add Back Extraordinary Weather Expenses	\$ 700,770 ⁶
	Less G&T Capital Credits Allocated/Not Paid	\$(1,568,655) ⁷
	Less Other Capital Credits Allocated/Not Paid	\$ (101,412) ⁸

(continued on next page)

⁴ From Exhibit A-2.

⁵ From December 2012 Form 7, page 1, column (b), line 23, "Income (Loss) from Equity Investments" includes a \$134,815 loss on disposition of utility plant. Accounts 421.10 and 421.20 (Gain/(Loss) on Disposition of Utility Plant are to be removed from Total Margins. When that is done, Total Margins increase by \$134,815.

⁶ Extraordinary weather expenses in 2012 include those costs associated with Winter Storm Draco, which occurred in December, 2012.

⁷ From December 2012 Form 7, page 1, column (b), line 25a, "Generation and Transmission Capital Credits" + Line 25b, "G&T Capital Credits – PSDFC".

⁸ From December 2012 Form 7, page 1, column (b), line 26, "Other Capital Credits and Patronage Dividends", i.e. \$252,695 less \$151,283. The \$151,283 is comprised of the following declared and paid other capital credits or patronage dividends.

NRUCFC	\$ 74,874
COBANK	\$ 28,562
NISC	\$ 3,134
RESCO	\$ <u>44,713</u>
Total	\$ <u>151,283</u>

ADJUSTED TOTAL MARGINS
(continued from prior page)

<u>Step Three:</u> Issued Capital Credits/Past Years' Allocations	\$ 532,822
Less General Capital Credit Retired to Members	\$(532,822)
<u>Step Four:</u> Less Member Remaining Capital Credits Retired	\$ 0
Adjusted Total Margins	\$ 568,933

CALCULATION OF REQUIRED TIER REVISION

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \text{Interest}}{\text{Interest}}$$

Interest = \$1,792,956⁹

$$1.8 \text{ TIER} = \frac{\text{Necessary Margin} + \$1,792,956 \text{ Interest}}{\$1,792,956 \text{ Interest}}$$

Necessary Margins = \$ **1,434,363**

Target TIER:

$$1.8 \text{ TIER} = \frac{\$1,434,363 \text{ Necessary Margin} + \$1,792,863 \text{ Interest}}{\$1,792,863 \text{ Interest}}$$

Actual Adjusted Total TIER:

$$\text{TIER} = \frac{\$568,933^{10} + \$1,792,863 \text{ Interest}}{\$1,792,863 \text{ Interest}} = 1.\underline{32} \text{ TIER}$$

Based on Adjusted Total TIER of 1.32, an increase of **\$865,430** is required to return to a 1.8 TIER.

⁹ From Exhibit A-2.

¹⁰ From Exhibit A-3.

RECONCILIATION OF OPERATING AND TOTAL MARGINSLine No.

1	Operating Margins		\$ (345,213) ¹¹
2	Other Income		
3	a. Non Operating Margins – Interest	\$ 52,093 ¹²	
	b. Income from Equity Investments	\$ (124,815) ¹³	
	c. Non Operating Margins – Other	\$ 0 ¹⁴	
	d. G&T Capital Credits	\$ 1,568,655 ¹⁵	
	Other Capital Credits and Patronage Dividends	\$ <u>252,695</u> ¹⁶	
3.	Total Additions to Operating Margins		\$ 1,748,628
4	Total Margins		\$ <u>1,403,415</u>

¹¹ From Exhibit A-2.

¹² From December 2012 Form 7, Part 1A, line 21, “*Non Operating Margins – Interest*”.

¹³ From December 2012 Form 7, Part 1A, line 23, “*Income(Loss) from Equity Investments*”.

¹⁴ From December 2012 Form 7, Part 1A, line 24, “*Non Operating Margins – Other*”.

¹⁵ From 2012 December Form 7, Part 1A, line 25b, “*G&T Capital Credits - PSDFC*”.

¹⁶ From December 2012 Form 7, Part 1A, line 26, “*Other Capital Credits and Patronage Dividends*”.

CALCULATION OF REQUIRED AND REQUESTED INCREASELine No.

1	Required \$ Increase Per Exhibit A-4	\$ 865,430
2	2012 Revenue from Electric Sales	\$ 33,607,629 ¹⁷
3	Required % Increase	2.58%
4	2012 kWh Sales	232,545,013 ¹⁸
5	Average Mills Per kWh Increase	3.72 mills per kWh

¹⁷ From December 2012 Form 7, Page 3, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total Sales of Electric Energy, dollars.

¹⁸ From December 2012 Form 7, Page 3, Electric Operations Plant Ratios, Sales & Revenue Report, Year to Date Total kWh sold.

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Signature of Chief Financial Officer

Date

Signature of Chief Executive Officer

Date

PART 1A - STATEMENT OF ELECTRICAL OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2012

RUS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2011	2012	BUDGET	
1.	Operating Revenue - Electric	32,104,834	34,291,312	35,927,055	2,848,581
1.	Total Revenue	32,104,834	34,291,312	35,927,055	2,848,581
3.	Cost of Purchased Energy - Electric	19,150,713	20,815,666	22,903,569	1,762,796
3.	Total Cost of Energy Sold	19,150,713	20,815,666	22,903,569	1,762,796
	Gross Revenues	12,954,121	13,475,646	13,023,486	1,085,785
5.	Distribution Expense - Operation	757,074	947,273	933,050	72,344
6.	Distribution Expense - Maintenance	3,315,468	4,258,258	3,062,629	905,322
7.	Consumer Accounts Expense	1,287,996	1,396,375	1,394,361	73,260
8.	Customer Service and Informational Expens	444,154	437,364	310,144	49,603
10.	Administrative and General Expense	1,320,739	1,374,747	1,282,692	82,195
	Total Operation & Maintenance Expe	7,125,431	8,414,017	6,982,875	1,182,724
12.	Depreciation & Amortization Expense	2,630,692	2,695,590	2,862,000	226,960
13.	Tax Expense - Property & Gross Receipts	745,138	758,282	752,390	64,343
14.	Tax Expense - Other	60,674	1,732	26,010	2,062
15.	Interest on Long-Term Debt	1,833,206	1,792,956	1,852,194	196,353
17.	Interest Expense - Other	167,235	158,282	110,313	13,507
18.	Other Deductions	0	0	503	0
	Total Cost of Operations	12,562,377	13,820,859	12,586,284	1,685,949
20.	Patronage Capital & Operating Margins	391,744	(345,213)	437,202	(600,164)
21.	Non-Operating Margins - Interest	56,810	52,093	53,693	176
23.	Income (Loss) from Equity Investments	(147,644)	(124,815)	(831)	(21,951)
24.	Non-Operating Margins - Other	0	0	0	0
25.a	Generation and Transmission Capital Credit	478,950	1,568,655	650,000	1,568,655
25.b	G & T Capital Credits - PSDFC	627,591	0	0	0
26.	Other Capital Credits and Patronage Divider	280,647	252,695	294,421	15,294
27.	Extraordinary Items See attached sheet	0	0	0	0
28.	Patronage Capital	1,688,099	1,403,415	1,434,485	962,010

Net T.I.E.R. 1.84 1.72

Operating T.I.E.R. 1.20 0.82

PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2011	2012
1. New Services Connected	152	146
2. Services Retired	72	38
3. Total Services in Place	35,528	35,692
4. Idle Services (Excl Seasonal)	2,407	2,502
5. Miles Distribution - Overhead	3,858	3,860
6. Miles Distribution - Underground	968	977
7. Total Miles Energized (5 + 6)	4,826	4,837

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2012

RUS Form 7 Line Number	ASSETS AND OTHER DEBITS	RUS Form 7 Line Number	LIABILITIES AND OTHER CREDITS
1a.	Utility Plant in Service - Electric 93,122,346	30a.	Memberships - Electric 221,240
1b.	Utility Plant in Service - Gas 30,848,413	30b.	Memberships - Gas 19,025
1.	Utility Plant in Service - Combined 123,970,759	30.	Memberships - Combined 240,265
2a.	Construction Work in Progress - Electric 954,278	31a.	Patronage Capital - Electric 36,843,000
2b.	Construction Work in Progress - Gas (7,564)	31b.	Patronage Capital - Gas 1,289,359
2.	Construction Work in Progress - Combined 946,713	31.	Patronage Capital - Combined 38,132,359
3a.	Total Utility Plant (1+ 2) - Electric 94,076,623	32a.	Operating Margins - Prior Years - Electric (2,890,639)
3b.	Total Utility Plant (1 + 2) - Gas 30,840,849	32b.	Operating Margins - Prior Years - Gas 0
3.	Total Utility Plant - Combined 124,917,472	32.	Operating Margins - Prior Years - Combined (2,890,639)
4a.	Accumulated Provision for Depreciation - Electric 42,162,186	33a.	Operating Margins - Current Year - Electric (345,213)
4b.	Accumulated Provision for Depreciation - Gas 6,423,159	33b.	Operating Margins - Current Year - Gas 355,654
4.	Accum. Provision for Depreciation - Combined 48,585,345	33.	Operating Margins - Current Year - Combined 10,441
5a.	Net Utility Plant (3 - 4) - Electric 51,914,437	34a.	Non Operating Margins - Electric 1,748,627
5b.	Net Utility Plant (3 - 4) - Gas 24,417,691	34b.	Non Operating Margins - Gas 95,949
5.	Net Utility Plant - Combined 76,332,128	34.	Non Operating Margins - Combined 1,844,577
7.	Investments in Subsidiary Companies 0	35a.	Other Margins and Equities - Electric 1,296,425
8.a	Invest. in Assoc. Org- Patronage Capital - WPC 10,489,176	35b.	Other Margins and Equities - Gas 5,274
8.b	Invest. in Assoc. Org. - Patronage Capital - WPC - PSDFC 7,980,339	35.	Other Margins and Equities - Combined 1,301,699
8.c	Invest. in Assoc. Org. - Patronage Capital - Other 1,959,634	36a.	Total Margins and Equities (30 thru 35) - Electric 36,873,439
9.	Invest. in Assoc. Org. - Other - General Funds 47,936	36b.	Total Margins and Equities (30 thru 35) - Gas 1,765,262
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds 1,745,574	36.	Total Margins and Equities (30 thru 35) - Combined 38,638,701
11.	Invest. in Economic Development Projects 0	37.	Long Term Debt - RUS (Net)
12.	Other Investments 0		(Payments-Unapplied \$ -0-) 0
13.	Restricted Funds 0	38.	Long Term Debt - RUS - Econ. Dev. (Net) 0
14.	Total Other Property and Investments (6 thru 13) 22,222,658	39.	Long Term Debt - Other - RUS Guaranteed 0
15.	Cash - General Funds 2,695,319	40.	Long Term Debt - Other (Net) 50,555,379
16.	Cash - Construction Funds 0	41.	Total Long Term Debt (37 thru 40) 50,555,379
17.	Special Deposits 0	42.	Obligations Under Capital Leases 0
18.	Temporary Investments 13,345	43.	Deferred Compensation 0
19.	Notes Receivable - Net 0	44.	Total Other Non Current Liabilities (42+43) 0
20.	Accounts Receivable - Net Sales of Energy 4,670,549	45.	Line of Credit Balance Due 7,278,699
21.	Accounts Receivable - Net Other 448,871	46.	Accounts Payable 3,246,715
22.	Materials and Supplies - Electric and Other 1,286,667	47.	Consumers Deposits 360,229
23.	Prepayments 328,170	48.	Other Current and Accrued Liabilities 7,526,885
24.	Other Current and Accrued Assets 0	49.	Total Current and Accrued Liabilities (45 thru 48) 18,412,527
25.	Total Current and Accrued Assets (15 thru 24) 9,442,921	50.	Deferred Credits 588,515
26.	Regulatory Assets 0	51.	Accumulated Deferred Income Taxes 0
27.	Other Deferred Debits 197,416	52.	Total Liabilities and Other Credits
28.	Accumulated Deferred Income Taxes 0		(36+41+44+49 thru 51) 108,195,122
29.	Total Assets and Other Debits (5 + 14 + 25 thru 28) 108,195,122		<i>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</i>
		53.	Balance Beginning of the Year - Electric 19,279,250
		54.	Balance Beginning of the Year - Gas 3,557,435
		55.	Balance Beginning of the Year - Gas AER 1,054,511
			Amount Received This Year (Net) - Electric 305,395
			Amount Received This Year (Net) - Gas 110,410
			Amount Received This Year (Net) - Gas AER 0
			Total Contributions in Aid of Construction - Electric 19,584,645
			Total Contributions in Aid of Construction - Gas 3,667,845
			Total Contributions in Aid of Construction - Gas AER 1,054,511

PART 4 - NOTES TO COMBINED FINANCIAL STATEMENTS

THIS SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

ELECTRIC OPERATIONS PLANT RATIOS, SALES & REVENUE REPORT FOR THE MONTH ENDING DECEMBER 31 2012

BALANCE SHEET RATIOS

Current Assets to Current Liabilities	- Combined	51.29 %
Margins & Equities as % of Assets	- Combined	35.71 %
Long Term Debt as % of Net Utility Plant	- Combined	66.23 %
Long Term Debt as % of Plant	- Combined	40.47 %
Modified Debt Service Coverage Ratio	- Combined	1.40

CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service	kWh Sold	Amount	Number of Minimum Bills
	A.	B.	C.	D.
Sales - Residential	17,449	11,758,465	1,606,135	1,181
Sales - Seasonal	13,429	2,590,220	532,550	12,643
Sales - General Service - Oil	479	454,848	59,923	30
Sales - Irrigation	26	1,465	860	16
Sales - General Service	1,390	2,313,078	285,740	182
Sales - Large Power - Oil	9	129,676	14,128	
Sales - Large Power	39	2,018,882	205,507	1
Sales - Public Street & Highway Lighting	39	32,346	5,770	
Sales - Public Buildings	330	370,586	46,280	39
Consumer Sales - PSCR			34,988	
Total Sales of Electric Energy (1 thru 11)	33,190	19,669,566	2,791,881	14,092
Other Electric Revenue			56,700	
Total (12 + 13)			2,848,581	
Last Year kWh Sales	33,121	20,457,751		

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service	kWh Sold Cumulative	Amount Cumulative
	B.	C.	D.
Sales - Residential	17,446	134,022,936	18,515,970
Sales - Seasonal	13,407	27,827,330	6,740,890
Sales - General Service - Oil	482	5,215,414	672,372
Sales - Irrigation	26	224,741	32,810
Sales - General Service	1,376	30,107,226	3,591,843
Sales - Large Power - Oil	9	1,509,725	162,840
Sales - Large Power	39	28,504,761	2,845,990
Sales - Public Street & Highway Lighting	39	394,073	70,262
Sales - Public Buildings	331	4,738,807	587,250
Consumer Sales - PSCR			387,401
Total Sales of Electric Energy (1 thru 11)	33,155	232,545,013	33,607,629
Other Electric Revenue			683,683
Total (12 + 13)			34,291,312
Last Year kWh Sales		239,299,727	

KWH AND KWH STATISTICS

ITEM	THIS MONTH	YEAR-TO-DATE
1. kWh Purchased	22,615,200	254,469,600
2. Interchange kWh-Net	590	7,508
3. Total kWh (1 + 2)	22,615,790	254,477,108
4. Total kWh-Sold	19,669,566	232,545,013
5. Office Use - **For Information Purposes Only**	22,827	228,809
6. Total Unaccounted for (3 - 4)	2,946,224	21,932,095
7. Percent System Loss (6/3)x100	13.03	8.62
8. Maximum Demand (kw)	41,497	49,294
9. Month When Maximum Demand Occured		7

PRESQUE ISLE ELECTRIC & GAS CO-OP

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STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2012

	THIS YEAR	LAST YEAR
1. KWHRs Sold Per Consumer:		
a. For the Month	593	618
b. Year to Date	<u>584</u>	<u>601</u>
2. Average Monthly Bill	84.12	87.53
Average Residential Bill	<u>92.05</u>	<u>89.37</u>
3. Average Bill:		
a. Year To Date	84.47	79.80
b. YTD Residential	<u>88.44</u>	<u>82.68</u>
4. Cost Per KWHR Purchased		
a. This Month Mills	77.95	78.62
b. Year to Date Mills	<u>81.80</u>	<u>74.42</u>
5. Revenue Per KWHR Sold:		
a. This Month Mills	141.94	141.72
b. Year to Date Mills	<u>144.52</u>	<u>131.27</u>
6. Power Cost Adjustment		
a. This Month	<u>0.029510</u>	<u>0.021980</u>
7. Number of New Members - Electric	116	162
Number of Transferred Members Added - Electric	1047	942
7. Number of New Members - Gas	45	39
Number of Transferred Members Added - Gas	<u>96</u>	<u>89</u>
8. Security Lights Billed	<u>2062</u>	<u>2052</u>
9. Regular Payroll - Hours	11,563.50	11,839.25
Overtime Payroll - Hours	4,806.75	943.00
Total Payroll	<u>16,370.25</u>	<u>12,782.25</u>
10. Number of Employees		
Full Time	65	65
Temporary	<u>4</u>	<u>6</u>
11. Principal Paid To CFC-YTD	1,886,739.82	1,762,135.05
Interest Paid To CFC-YTD	<u>3,001,919.43</u>	<u>3,080,753.83</u>
12. Interest Paid on Line of Credit - YTD	<u>174,655.18</u>	<u>195,556.48</u>

TIER CALCULATION				
CO-OP: Presque Isle Electric & Gas Co-op				
Case:				
Year: 2013				
FORM				
7 LINE	ITEM	2012 All Costs	2012 Less DRACO	Source/ Notes
		\$		
	<u>Operating Revenue</u>			
	Sales of Gas	34,291,275	34,291,275	GL
	Other	-	-	GL
1	Operating Revenue	34,291,275	34,291,275	
	<u>Operating Expenses</u>			
3	Cost of Purchased Energy	20,815,666	20,815,666	Pwr bills
4	Transmission Expense			
5	Distribution Expense - Operation	947,273	947,273	Director's Report
6	Distribution Expense - Maintenance	4,258,258	4,258,258	Director's Report
7	Consumer Accounts Expense	1,396,375	1,396,375	Director's Report
8	Customer Service & Info. Expense	437,327	437,327	Director's Report
9	Sales Expense	-	-	
10	Administrative & General Expense	1,374,747	1,374,747	Director's Report
11	Total O & M Expense	29,229,646	29,229,646	= line 3 thru line 10
12	Depreciation & Amortization Exp.	2,695,590	2,695,590	Director's Report
13	Tax Exp. - Property & Gross Recpts.	758,282	758,282	Director's Report
14	Tax Expense - Other	1,732	1,732	Director's Report
15	Interest on Long-Term Debt (mpsc)	1,792,956	1,792,956	from L/T Interest worksh
16	Interest Charged to Const. - Cr.			
17	Interest Expense - Other	158,282	158,282	Director's Report
18	Other Deductions	-	-	Director's Report
19	Total Cost of Operations	34,636,488	34,636,488	= line 11 thru line 18
20	Ptrng Cap. & OPERATING Margins	(345,213)	(345,213)	Director's Report
21	Non-Operating Margins - Interest	52,093	52,093	Director's Report
22	AFUDC			
nt Isted	Loss from Property Retirements	(134,815)	(134,815)	
23	Inc. (Loss) from Equity Investments	10,000	10,000	Co. Response TMS-3
24	Non-Operating Margins - Other	-	-	
25.a	Gen. & Trans. Capital Crs.	1,568,655	1,568,655	Director's Report
25.b	G & T Capital Crs - PSDFC	-	-	Director's Report
26	Other Capital Crs. & Patronage Div's.	252,695	252,695	Director's Report
27	Extraordinary Items	-	-	
28	Ptrng Capital or Margins (20-27)	1,403,415	1,403,415	=line 20 thru line 27
Part II: Adjusted Margins & TIER AS FILED				
	Actual Total Margin (Ln 28)	1,403,415	1,403,415	= line 28
Step II	Back Out:			
	Gain/Loss from Equity Investments	134,815	134,815	Staff Wrksh - Step II Exr
	G&T Credits, Allocated/Not Paid	(1,568,655)	(1,568,655)	- Ln 25
	Other Cap Crs. Allocated/Nt Pd	(101,412)	(101,412)	(\$106,775 - 53,783=\$52,
	Weather Normalization Adjustment			Weather Normalization A
	Adjustment for Non-Operating Loss			Write-Off of Prior Period
	Total Mrgns Less Cap. Crs. Allocation	(131,837)	(131,837)	Order dated 8-11-09 Exh
Step III	Add Back:			
	DRACO Costs		700,770	
	Cap Crs Pd for Prior Years	381,539	381,539	Capital Credits Allocated
	Less offset of Cap Crs Retired/Members	(381,539)	(381,539)	Amount cannot result in i
	Preliminary Adjusted Total Margins	(131,837)	568,933	
Step IV	Back Out:			
	Member Remaining Cap Crs. Retired			Can't Back Out remainin
	Adjust for difference in LT Debt Interest			Filed amt - Corrected am
	Adjust for Add Back of C.C. Retired/Members			
	Adjusted Total Margin	(131,837)	568,933	
	Resulting TIER:			
	Adjusted Total Margin	(131,837)	568,933	
	+ Interest, L/T Debt +	1,792,956	1,792,956	
	÷ Interest, L/T Debt	1,792,956	1,792,956	
	= TIER	0.93	1.32	
	[Quiet zone = 1.6 - 2.2]			
Part III N/A - Increase in Rates resulting from the 2012 PSCR/TIER Reconciliation				
Part III: Increase Calculation		Full Cost	Less Draco	
	Target TIER as per Co-op Application	1.80	1.80	
	x Interest, LT Debt	1,792,956	1,792,956	
	Subtotal	3,227,321	3,227,321	
	LESS Interest, LT Debt	1,792,956	1,792,956	
	= Target Total Margin	1,434,363	1,434,363	
	LESS Adjusted Total Margin	(131,837)	568,933	
	Rate Increase for Co-op's Target TIER	1,566,200	865,430	
	<u>Percent Increase</u>			
	Annualized (Year) Gas Sales Revenue	33,607,629	33,607,629	
		1,566,200	865,430	
	Percent Increase Needed for Target TIER	4.66%	2.58%	
	2012 kWh Sales	232,545,013	232,545,013	
	Increase per kWh	0.00674	0.00372	
	Average Residential Bill - kWh	640	640	
	Monthly Residential Increase	\$ 4.31	\$ 2.38	

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
March 26, 2013**

**RESOLUTION 2013-MR3
2013 ELECTRIC RATE REVENUE REQUIREMENTS**

WHEREAS, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

WHEREAS, PIE&G has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented to in a manner that allocates cost across rate classes in an equitable manner and minimizes subsidies between rate classes; and;

WHEREAS, PIE&G has established that the 2012 TIER Analysis provides for an increase of **\$865,430** to achieve a Target TIER of 1.8; and

WHEREAS, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist between rate classes; and

WHEREAS, PIE&G desires to develop and implement distribution rates across rate classes in an equitable manner and minimize subsidies between rate classes;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors directs management to implement electric rate increases to the residential monthly, seasonal and outdoor lighting rate classes in the following manner effective with bills rendered on or after June 1, 2013:

Residential Monthly Total Increase	\$ 460,904
Residential Seasonal Total Increase	\$ 397,140
Outdoor Lighting Total Increase	\$ 7,386

CERTIFICATION

I, David Smith, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on March 26, 2013.

By: _____
David Smith, Secretary

Dated: _____

Exhibit 1

Line 9 represents the required adjustments to each rate class necessary to achieve cost of service BEFORE any rate increase. Thus the decreases in the commercial rate classes are exactly (within \$1) equal to the increases in the monthly, seasonal and outdoor lighting rate classes. I have highlighted the the adjustments necessary to achieve cost of service in yellow.

Exhibit 2

Page 1 of 4

Lines 1 through 10 indicate the rate adjustments necessary among the rate classes to achieve equitable cost of service among all rate classes.

As you can see on lines 9 and 10 (highlighted in blue), that requires decreased rates to the commercial rate classes and increased rates to monthly, seasonal and outdoor lighting.

Per the board's direction at the February meeting, no decrease will be implemented on the Commercial rate classes and the required revenue increase of \$865,265 will be assessed on the monthly, seasonal and outdoor lighting rate classes.

Lines 12 through 21 indicate the impact of adjusting rates in the manner described above. Thus by rate class the dollar amount and percentage increases from lines 17 and 18 (highlighted in red) are as follows:

Monthly	\$460,904	2.33%
Seasonal	\$397,140	6.54%
Outdoor Lighting	\$ 7,386	3.00%
Total	\$865,430	

The significant lines to observe on this page are Lines 9 and 10 (highlighted in blue) and lines 20 and 21 (highlighted in green) which indicate how far from true cost of service rate recovery we are if we implement the rate increase with decreases to the commercial rate classes as indicated by cost of service (lines 9 and 10) and if we implement only an increase to the monthly, seasonal and outdoor lighting rate classes (lines 20 and 21).

Presque Isle Electric & Gas Co-op
Cost of Service Summary
Revenue Requirements Summary -- BUNDLED

Line No.	Description	Total	Residential (A)	Seasonal Residential (S)	General Service (GS)	Large General (LG)	Lg. Power TOD (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
1	<u>Revenue Requirements</u>								
2	Revenue Requirements	34,807,940	20,244,052	6,415,047	4,799,084	533,023	1,444,821	1,120,233	251,680
3									
4	<u>Present Rates</u>								
5	Revenue-Present Rates	34,124,295	19,759,834	6,069,896	4,909,574	545,795	1,472,210	1,120,782	246,204
6	Revenue Credits	683,646	395,868	121,604	98,358	10,934	29,494	22,454	4,932
7	Total Revenue	34,807,941	20,155,702	6,191,500	5,007,932	556,729	1,501,704	1,143,236	251,136
8									
9	Required Incr./(Decr)	(1)	88,349	223,546	(208,848)	(23,707)	(56,883)	(23,002)	544
10	Percent	(0.00%)	0.45%	3.68%	(4.25%)	(4.34%)	(3.86%)	(2.05%)	0.22%

Presque Isle Electric & Gas Co-op
Cost of Service Summary
Revenue Requirements Summary -- BUNDLED

Line No.	Description	Total	Residential (A)	Seasonal Residential (S)	General Service (GS)	Large General (LG)	Lg. Power TOD (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
1	Revenue Requirements								
2	Revenue Requirements	35,673,371	20,716,561	6,700,159	4,878,536	537,407	1,453,703	1,126,617	260,388
3									
4	Present Rates								
5	Revenue-Present Rates	34,124,295	19,759,834	6,069,896	4,909,574	545,795	1,472,210	1,120,782	246,204
6	Revenue Credits	683,646	395,868	121,604	98,358	10,934	29,494	22,454	4,932
7	Total Revenue	34,807,941	20,155,702	6,191,500	5,007,932	556,729	1,501,704	1,143,236	251,136
8									
9	Required Incr./(Decr)	865,430	560,858	508,659	(129,397)	(19,322)	(48,001)	(16,619)	9,252
10	Percent	2.54%	2.84%	8.38%	(2.64%)	(3.54%)	(3.26%)	(1.48%)	3.76%
11									
12	Proposed Rates								
13	Revenue-Proposed Rates	34,989,725	20,220,738	6,467,036	4,909,574	545,795	1,472,210	1,120,782	253,590
14	Revenue Credits	683,646	395,868	121,604	98,358	10,934	29,494	22,454	4,932
15	Total Revenue	35,673,371	20,616,606	6,588,640	5,007,932	556,729	1,501,704	1,143,236	258,522
16									
17	Proposed Incr./(Decr)	865,430	460,904	397,140					7,386
18	Percent	2.54%	2.33%	6.54%					3.00%
19									
20	Remaining Incr./(Decr) to Cost of Service	0	99,954	111,519	(129,397)	(19,322)	(48,001)	(16,619)	1,866
21	Percent	0.00%	0.49%	1.72%	(2.64%)	(3.54%)	(3.26%)	(1.48%)	0.74%

The spreadsheet accompanying this resolution indicates that currently the availability charge represents 47.60 percent of the revenue received from the monthly rate class. In order to maintain that percentage, an increase to the availability charge of \$1.01 per month must be made. This results in an increase to the kWh charge of \$0.001739.

The availability charge represents 63.42% of the distribution revenue received from the seasonal rate class. In order to maintain that percentage, an increase to the availability charge of \$1.66 per month must be made. This results in an increase the kWh charge of \$0.006735.

I have included a sample resolution with suggested changes only as an example. If implemented as suggested, the availability charge would represent 47.56% of total revenue for the monthly rate class and the availability charge would represent 63.73% of the total revenue for the seasonal rate class.

The Cost of Service Study update indicates that the availability charge for both monthly and seasonal rate classes should be \$28.56 which can be found on line 24 of Exhibit 2, page 4 of 4.

Exhibit 3, page 1 of 2 indicates that those monthly accounts (7,747 of the total 17,866 accounts) who consume more than the annual average of 7,380 kWh pay an additional \$68.27 per year to make up for the lack of consumption for those accounts that use less than the average monthly consumption.

Exhibit 3, page 2 of 2 indicates that those seasonal accounts (3,553 of the total 13,183 accounts) who consume more than the annual average of 2,169 kWh pay an additional \$150.69 per year to make up for the lack of consumption for those accounts that use less than the average seasonal consumption.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
March 26, 2013**

**RESOLUTION 2013-MR4
2013 ELECTRIC RATE DESIGN**

WHEREAS, PIE&G transitioned to member regulation with an effective date of September 23, 2012 thus providing that its electric rates and charges are no longer regulated by the MPSC; and

WHEREAS, PIE&G has established Board Policy No. 307 – Energy Rate Design which requires energy rates be developed and implemented in a manner that phases out intentional subsidies within rate classes and minimizes subsidies between classes; and

WHEREAS, PIE&G has established that the 2012 TIER Analysis provides for an increase of **\$865,430** to achieve a Target TIER of 1.8; and

WHEREAS, PIE&G has established that the increase of **\$865,430** is to be implemented on the Residential Monthly, Seasonal and Outdoor Lighting rate classes; and

WHEREAS, PIE&G has reviewed an updated Cost of Service Study Analysis which indicates subsidies continue to exist within rate classes;

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors directs management to implement electric distribution rate increases to the residential monthly, seasonal and outdoor lighting rate classes in the following manner effective with bills rendered on or after June 1, 2013:

Residential Monthly	monthly charge	\$ 17.00 per month
	distribution charge	\$0.02928 per kWh
Residential Seasonal	monthly charge	\$ 18.75 per month
	distribution charge	\$0.07511 per kWh
Outdoor Lighting	175W MV	\$ 12.00 per month
	400W MV	\$ 21.74 per month
	100W HPS	\$ 8.55 per month
	250W HPS	\$ 14.68 per month

CERTIFICATION

I, David Smith, Secretary of the Board of Directors of Presque Isle Electric & Gas Co-op, do hereby certify that the above is a true and correct copy of a resolution adopted at a special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op held on March 26, 2013.

By: _____
David Smith, Secretary

Dated: _____

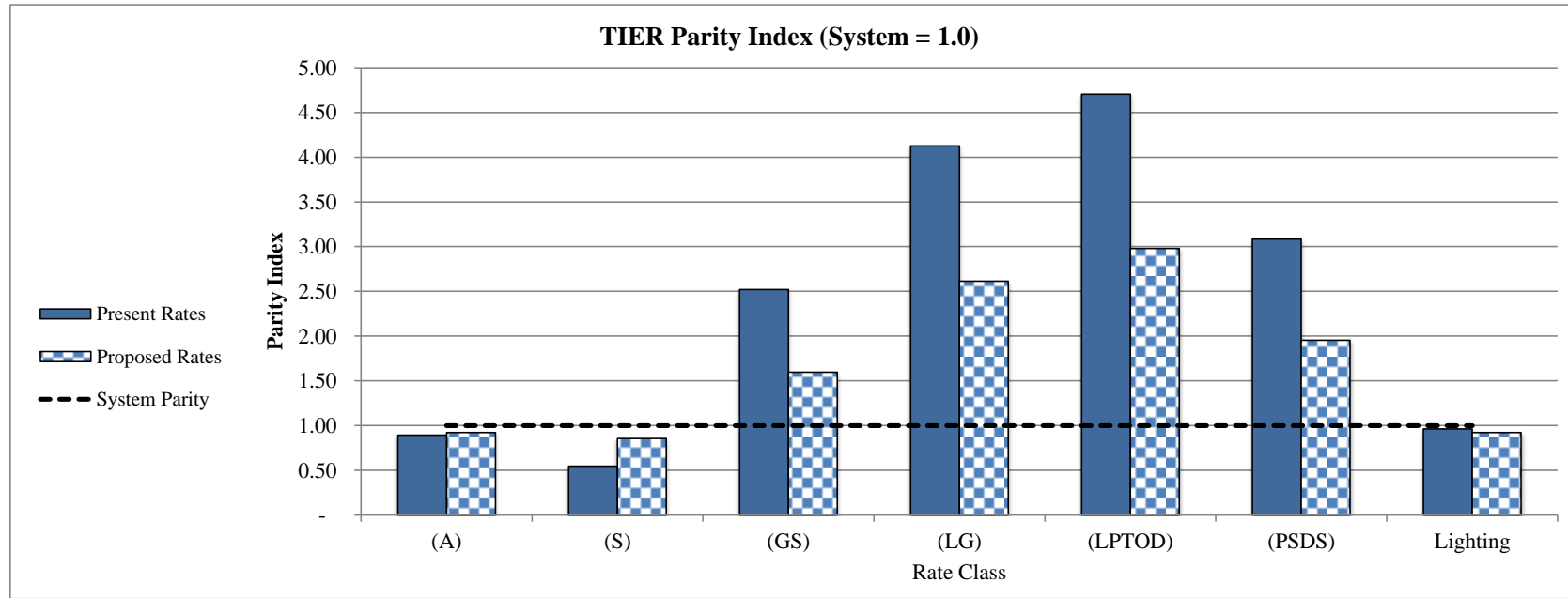
PRESQUE ISLE ELECTRIC & GAS CO-OP

2013 REVENUE CALCULATION

	UNITS	CURRENT PROFORMA		PERCENTAGE OF TOTAL REVENUE AT CURRENT RATES	2013 PROPOSED RATE	INCREASE NEEDED		REVENUE
		RATE	REVENUE			TO MAINTAIN CURRENT %	UPDATED CHARGE	
RESIDENTIAL SERVICE (A)								
SERVICE CHARGE	216,876	\$16.00	\$3,470,016	47.60%	\$16.00	\$1.01	\$17.01	\$3,689,310
ENERGY CHARGE	138,827,468	\$0.02752	<u>\$3,820,532</u>	52.40%	\$0.027520	\$0.001739	\$0.02926	\$4,061,977
Total Revenue			<u>\$7,290,548</u>	100.00%				<u>\$7,751,287</u>
Required Increase						\$460,739		<u>\$460,739</u>
SEASONAL RESIDENTIAL SERVICE (S)								
SERVICE CHARGE	151,797	\$17.00	\$2,580,549	63.42%	\$17.00	\$1.66	\$18.66	\$2,832,411
ENERGY CHARGE	21,569,414	\$0.06901	\$1,488,505	36.58%	\$0.06901	\$0.006735	\$0.07575	\$1,633,783
Total Revenue			<u>\$4,069,054</u>					<u>\$4,466,194</u>
Required Increase						\$397,140		<u>\$397,140</u>
OUTDOOR PROTECTIVE LIGHTING SERVICE (OD)								
175 W MV	821	\$11.65	\$114,776	47.15%	\$11.65	\$0.35	\$12.00	\$118,258
400 W MV	11	\$21.10	\$2,785	1.14%	\$21.10	\$0.64	\$21.74	\$2,870
100 W HPS	893	\$8.30	\$88,943	36.54%	\$8.30	\$0.25	\$8.55	\$91,641
250 W HPS	216	\$14.25	\$36,936	15.17%	\$14.25	\$0.43	\$14.68	\$38,057
Total Revenue			<u>\$243,440</u>					<u>\$250,826</u>
Required Increase						\$7,386		<u>\$ 7,386</u>
Total Revenue Increase							\$865,265	

Cost of Service Summary
Margin by Rate Class

Line No.	Description	Total Including DRACO Costs	Total	Residential (A)	Seasonal Residential (S)	General Service (GS)	Large General (LG)	Lg. Power TOD (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
1	<u>TIER Under Present Rates</u>									
2	Revenue-Present Rates	34,807,941	34,807,941	20,155,702	6,191,500	5,007,932	556,729	1,501,704	1,143,236	251,136
3	Operating Expenses Allocated Less Margin	35,116,756	35,116,755	20,412,659	6,516,784	4,827,435	534,587	1,447,991	1,122,511	254,788
4	Margin Under Present Rates	(308,815)	(308,814)	(256,956)	(325,284)	180,497	22,142	53,714	20,725	(3,651)
5	Allocated LT Interest Expense	1,804,789	1,804,789	985,380	594,580	165,690	9,144	18,523	13,312	18,160
6	TIER - Present Rates	0.83	0.83	0.74	0.45	2.09	3.42	3.90	2.56	0.80
7										
8	TIER Parity Index - Present Rates		1.00	0.89	0.55	2.52	4.13	4.70	3.08	0.96
9										
10	<u>TIER Under Proposed Rates</u>									
11	Revenue-Proposed Rates	36,374,143	35,673,371	20,616,606	6,588,640	5,007,932	556,729	1,501,704	1,143,236	258,522
12	Operating Expenses Allocated Less Margin	35,116,756	35,116,755	20,412,659	6,516,784	4,827,435	534,587	1,447,991	1,122,511	254,788
13	Margin - Proposed Rates	1,257,387	556,616	203,948	71,856	180,497	22,142	53,714	20,725	3,735
14	Allocated LT Interest Expense	1,804,789	1,804,789	985,380	594,580	165,690	9,144	18,523	13,312	18,160
15	TIER - Proposed Rates	1.70	1.31	1.21	1.12	2.09	3.42	3.90	2.56	1.21
16										
17	TIER Parity Index - Proposed Rates		1.00	0.92	0.86	1.60	2.61	2.98	1.95	0.92



Cost of Service Summary
Class Allocation Summary -- BUNDLED

Line No.	Category	Total	Residential (A)	Seasonal Residential (S)	General Service (GS)	Large General (LG)	Lg. Power TOD (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
1	<u>Power Supply</u>								
2	Direct and Revenue Related								
3	Wholesale Cost								
4	Allocated Cost								
5	Subtotal								
6	Capacity Related								
7	Wholesale Cost	3,852,909	2,351,854	366,904	588,018	99,939	250,865	159,920	35,409
8	Allocated Cost								
9	Subtotal	3,852,909	2,351,854	366,904	588,018	99,939	250,865	159,920	35,409
10	Energy Related								
11	Wholesale Cost	15,414,792	9,279,526	1,447,663	2,614,753	312,140	914,508	761,632	84,571
12	Allocated Cost								
13	Subtotal	15,414,792	9,279,526	1,447,663	2,614,753	312,140	914,508	761,632	84,571
14	Subt. Power Supply	19,267,701	11,631,380	1,814,566	3,202,771	412,079	1,165,373	921,552	119,980
15	<u>Transmission</u>								
16	Direct								
17	Capacity	727,870	444,299	69,313	111,085	18,880	47,392	30,211	6,689
18	Energy								
19	Allocated Cost								
20	Subt. Transm.	727,870	444,299	69,313	111,085	18,880	47,392	30,211	6,689
21	<u>Distribution</u>								
22	Direct	76,203							76,203
23	Consumer	11,578,096	6,194,507	4,375,258	919,501	27,551	21,879	6,313	33,086
24	Capacity	4,023,502	2,446,374	441,021	645,179	78,897	219,059	168,541	24,431
25	Energy								
26	Subt. Distrib.	15,677,800	8,640,881	4,816,279	1,564,680	106,449	240,938	174,854	133,719
27									
28	Total	35,673,371	20,716,561	6,700,159	4,878,536	537,407	1,453,703	1,126,617	260,388

**Cost of Service Summary
Rate Design Factors -- BUNDLED**

Line No.	Units	Residential (A)	Seasonal Residential (S)	General Service (GS)	Large General (LG)	Lg. Power TOD (LPTOD)	Primary Service (PSDS)	Outdoor Lighting
1 <u>Costs Broken Down by Function</u>								
2 <u>Power Supply</u>								
3	Direct and Revenue Related							
4	Wholesale Cost	¢/kWh						
5	Allocated Cost	\$/Mo./cons						
6	Subtotal							
7	Capacity Related							
8	Wholesale Cost	¢/kWh	1.67	1.67	1.49	2.12	1.81	2.77
9	Allocated Cost	¢/kWh						
10	Subtotal	¢/kWh	1.67	1.67	1.49	2.12	1.81	2.77
11	Energy Related							
12	Wholesale Cost	¢/kWh	6.61	6.61	6.61	6.61	6.61	6.61
13	Allocated Cost	¢/kWh						
14	Subtotal	¢/kWh	6.61	6.61	6.61	6.61	6.61	6.61
15	Subt. Power Supply	¢/kWh	8.28	8.28	8.09	8.72	8.42	9.38
16 <u>Transmission</u>								
17	Direct	¢/kWh						
18	Capacity	¢/kWh	0.32	0.32	0.28	0.40	0.34	0.52
19	Energy	¢/kWh						
20	Allocated Cost	¢/kWh						
21	Subt. Transm.	¢/kWh	0.32	0.32	0.28	0.40	0.34	0.52
22 <u>Distribution</u>								
23	Direct	\$/Mo./cons						3.29
24	Consumer	\$/Mo./cons	28.56	28.56	35.12	76.32	139.36	143
25	Capacity	¢/kWh	1.74	2.01	1.63	1.67	1.58	1.91
26	Energy	¢/kWh						
27	Subt. Distrib.	¢/kWh	6.15	21.99	3.95	2.25	1.74	10.45
28	Total	¢/kWh	14.75	30.58	12.33	11.38	10.50	20.35
29 <u>Costs Broken Down by Classification</u>								
30	Direct	¢/kWh						3.29
31	Consumer	\$/Mo./cons	28.56	28.56	35.12	76.32	139.36	143
32	Capacity	¢/kWh	3.73	4.00	3.40	4.19	3.74	5.20
33	Energy	¢/kWh	6.61	6.61	6.61	6.61	6.61	6.61
34	Total		14.75	30.58	12.33	11.38	10.50	20.35

Comparison of Monthly Bills Under Present Rates and Cost of Service Based Rates Residential

Description	Average Monthly Usage Level										
	-	33	100	167	233	300	367	433	500	567	993
Annual Usage	-	400	1,200	2,000	2,800	3,600	4,400	5,200	6,000	6,800	11,912
Total Charges											
Present	\$16.00	\$19.89	\$27.67	\$35.45	\$43.23	\$51.01	\$58.79	\$66.57	\$74.35	\$82.12	\$131.83
Cost Data - Revenue Neutral	\$26.68	\$30.02	\$36.70	\$43.38	\$50.06	\$56.74	\$63.42	\$70.10	\$76.78	\$83.46	\$126.15
Cost Data - \$865k Increase	\$28.39	\$31.75	\$38.48	\$45.21	\$51.93	\$58.66	\$65.39	\$72.11	\$78.84	\$85.57	\$128.55
Mills Per kWh											
Present		596.69	276.69	212.69	185.26	170.02	160.33	153.61	148.69	144.93	132.81
Cost Data - Revenue Neutral		900.60	367.00	260.28	214.54	189.13	172.96	161.77	153.56	147.28	127.08
Cost Data - \$865k Increase		952.60	384.80	271.24	222.57	195.53	178.33	166.42	157.68	151.00	129.50
Change in Monthly Bill											
Cost Data - Revenue Neutral	\$10.68	\$10.13	\$9.03	\$7.93	\$6.83	\$5.73	\$4.63	\$3.53	\$2.44	\$1.34	(\$5.69)
Cost Data - \$865k Increase	\$12.39	\$11.86	\$10.81	\$9.76	\$8.71	\$7.65	\$6.60	\$5.55	\$4.50	\$3.44	(\$3.28)
Percent Difference from Present											
Cost Data - Revenue Neutral	66.8%	50.9%	32.6%	22.4%	15.8%	11.2%	7.9%	5.3%	3.3%	1.6%	-4.3%
Cost Data - \$865k Increase	77.4%	59.6%	39.1%	27.5%	20.1%	15.0%	11.2%	8.3%	6.0%	4.2%	-2.5%
Estimated Annual Cross Subsidy Due to Rate Design (Present v. Cost Data Revenue Neutral)											
	Below Average Consumption										Above Avg.
Customers	205	1,038	654	760	943	1,119	1,328	1,339	1,404	1,329	7,747
Percent of Grand Total	1.15%	5.81%	3.66%	4.25%	5.28%	6.26%	7.43%	7.49%	7.86%	7.44%	43.36%
Subsidy - Benefit/(Cost)	\$26,273	\$126,183	\$70,875	\$72,337	\$77,315	\$76,983	\$73,842	\$56,790	\$41,025	\$21,301	-\$528,879
Total Customers					10,119						7,747
Percent of Grand Total					56.64%						43.36%
Subsidy - Benefit/(Cost)					\$642,924						\$(528,879)
Average Subsidy per Customer					\$63.54						(68.27)

**Comparison of Monthly Bills Under Present and Proposed Rates
Seasonal Residential**

Description	ANNUAL Usage Level										
	0	400	1200	2000	2800	3600	4400	5200	6000	6800	7400
Total Charges											
Present	\$204.00	\$267.28	\$393.83	\$520.38	\$646.93	\$773.48	\$900.04	\$1,026.59	\$1,153.14	\$1,279.69	\$1,374.61
Cost Data - Revenue Neutral	\$320.16	\$360.08	\$439.92	\$519.76	\$599.60	\$679.44	\$759.28	\$839.12	\$918.96	\$998.80	\$1,058.68
Cost Data - \$865k Increase	\$340.68	\$381.04	\$461.76	\$542.48	\$623.20	\$703.92	\$784.64	\$865.36	\$946.08	\$1,026.80	\$1,087.34
Mills Per kWh											
Present		668.19	328.19	260.19	231.05	214.86	204.55	197.42	192.19	188.19	185.76
Cost Data - Revenue Neutral		900.20	366.60	259.88	214.14	188.73	172.56	161.37	153.16	146.88	143.06
Cost Data - \$865k Increase		952.60	384.80	271.24	222.57	195.53	178.33	166.42	157.68	151.00	146.94
Change In Annual Bill											
Cost Data - Revenue Neutral	116.16	92.80	46.09	(0.62)	(47.33)	(94.04)	(140.76)	(187.47)	(234.18)	(280.89)	(315.93)
Cost Data - \$865k Increase	136.68	113.76	67.93	22.10	(23.73)	(69.56)	(115.40)	(161.23)	(207.06)	(252.89)	(287.27)
Percent Difference from Present											
Cost Data - Revenue Neutral	56.9%	34.7%	11.7%	-0.1%	-7.3%	-12.2%	-15.6%	-18.3%	-20.3%	-21.9%	-23.0%
Cost Data - \$865k Increase	67.0%	42.6%	17.2%	4.2%	-3.7%	-9.0%	-12.8%	-15.7%	-18.0%	-19.8%	-20.9%

Estimated Annual Cross Subsidy Due to Rate Design (Present v. Cost Data Revenue Neutral)

	Below Average Consumption				Above Average Consumption						
	530	4,222	2,985	1,893	1,099	689	459	284	210	142	670
Customers	530	4,222	2,985	1,893	1,099	689	459	284	210	142	670
Percent of Grand Total	4.02%	32.03%	22.64%	14.36%	8.34%	5.23%	3.48%	2.15%	1.59%	1.08%	5.08%
Subsidy - Benefit/(Cost)	\$ 61,565	\$ 391,818	\$ 137,585	\$ (1,174)	\$ (52,018)	\$ (64,796)	\$ (64,607)	\$ (53,241)	\$ (49,178)	\$ (39,887)	\$ (211,670)
Total Customers		9,630						3,553			
Percent of Grand Total		73.05%						26.95%			
Subsidy - Benefit/(Cost)		\$589,794						(\$535,397)			
Average Subsidy per Customer		\$61.25						(\$150.69)			