

Presque Isle Electric & Gas Co-op
BOARD OF DIRECTORS MEETING
October 1, 2013

A special meeting of the Board of Directors of Presque Isle Electric & Gas Co-op was held on October 1, 2013 at PIE&G headquarters in Onaway, Michigan. Chairman Brown called the meeting to order at 7:00 P.M.

Roll call was taken with Directors, Barr, Brown, Knopf, Krajniak, Peterson, Smith, Wegmeyer, and Wozniak present. Director Berg was absent. Also attending were Chief Executive Officer Burns, Attorney Werth, Chief Financial Officer Sobeck, and Information Systems Manager, Kieliszewski.

The Electric Cooperative Member Regulation Act: CEO Burns indicated this was the first board meeting to address rates issues as covered under PA 167 of 2008 – Member Regulation.

Member Comments: It was noted there were no guests and/or members in attendance.

ACTION ITEMS

CFO Sobeck referred to his report as mailed.

- 1. Establish the 2014 Power Supply Cost Recovery Factor:** CFO Sobeck indicated the recommendation of management is to increase the PSCR to a maximum of 1.06 mills/kWh or \$0.00106/kWh, which represents a 1.6% decrease for a member using 1000 kWh's per month. The 2013 over/under collection will be presented at a special board meeting in February 2014.

A motion by Krajniak, seconded by Knopf, to accept the analysis as provided by the Cooperative staff and established the 2014 PSCR Factor of 1.06 mills/kWh or \$0.00106/kWh effective with all bills rendered on or after February 1, 2014; and if the Cooperative staff desires to apply a lesser PSCR than approved in this resolution, they shall notify the Board of Directors of their intent to do so. Motion carried. Refer to Resolution #2013-MR5 (copy attached).

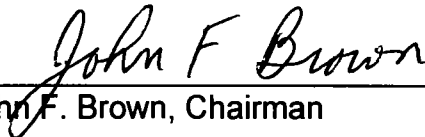
- 2. Amend the Member Regulation Rate Book:** CFO Sobeck proposed a change to the Cooperative's Billing Rules. The proposed change would set the interest rate paid to members on overcharges at the United States Saving Bond, Series EE, interest rate as of the first business day of the calendar year.

A motion by Barr, seconded by Peterson, to amend the Electric Rate Book to reflect the interest rate paid to members for billing errors be set at the rate paid


on United States Saving Bond, Series EE at beginning of each calendar year. A roll call vote was taken and all directors voted in the affirmative. Motion carried. Refer to Resolution #2013-MR6 (copy attached).

It was noted that revised tariff sheets will be prepared within thirty (30) days and placed in the Rate Book and posted on the cooperative's website.

There being no further business to come before the board, Chairman Brown adjourned the meeting at 7:17 P.M.



John F. Brown, Chairman



David W. Smith, Secretary

APPROVED

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
OCTOBER 1, 2013**

**RESOLUTION 2013-MR5
2014 PSCR FACTOR**

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

WHEREAS, PIE&G in conjunction with Wolverine Power Supply Cooperative (WPSC), it's wholesale electric energy supplier, has conducted an analysis of projected energy costs and sales volumes; and

WHEREAS, PIE&G's staff has reviewed the analysis with the Board of Directors; and

WHEREAS, results of that analysis indicate an overall energy cost of 88.91 mills/kWh or \$0.08891/kWh which, when combined with PIE&G's current PSCR basing point of 87.85 mills/kWh provides for a 2014 PSCR Factor of 1.06 mills/kWh.

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors accepts the analysis as provided by the cooperative staff as a reasonable basis for establishing the maximum 2014 PSCR Factor of 1.06 mills/kWh or \$0.00106/kWh effective with all bills rendered on or after February 1, 2014 and directs staff to file the appropriate tariffs in its Electric Rate Book.

BE IT FURTHER RESOLVED that the cooperative staff may apply a lesser PSCR Factor than approved in this resolution because of an over-collection of power supply costs from the membership, in which case they shall notify the Board of Directors of their intent to do so.

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 October 1, 2013.

By: *David W. Smith*
David Smith, Secretary

Dated: 1 Oct 2013

**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD RESOLUTION
OCTOBER 1, 2013**

**RESOLUTION 2013-MR6
ELECTRIC RATE BOOK AMENDMENTS**

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

WHEREAS, PIE&G's staff has recommended changes to the current rate book to amend the interest rate paid to members on balances due them as a result of billing errors; and

WHEREAS, PIE&G's staff has recommended that interest rate be changed from 7% to the rate paid on US Savings Bonds, Series EE at the beginning of each calendar year; and

WHEREAS, PIE&G staff has reviewed the requested change with the Board of Directors

NOW BE IT HEREBY RESOLVED that the PIE&G Board of Directors amends the Electric Rate Book to reflect the interest rate paid to members for billing errors be set at the rate paid on US Savings Bonds, Series EE at the beginning of each calendar year and directs staff to file the appropriate tariffs in its Electric Rate Book.

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 October 1, 2013.

By: *DW Smith*
David Smith, Secretary

Dated: *1 Oct*