

# Presque Isle Electric & Gas Co-op

## Annual Report 2009



# Representing Your District

**Alpena District:**

*Bernice Krajniak  
Robert Wegmeyer*

**Cheboygan District:**

*Allen Barr  
John Brown*

**Montmorency District:**

*Daryl Peterson  
David Smith*

**Presque Isle District:**

*Allan Berg  
Raymond Wozniak*

**Director At-Large:**

*Sally Knopf*

## Your Co-op Board of Directors

(From left) Raymond "Burke" Wozniak, Allan Barr, Daryl Peterson, Bernice Krajniak, Robert Wegmeyer, Sally Knopf, Allan Berg, John Brown and David Smith.



## To Our Member-Owners



Allan Barr



Brian Burns

Affordable and reliable delivery of energy is the primary focus of your cooperative. To that end, we continue to make investments to rebuild and refurbish our distribution systems—both natural gas and electric, and we implement maintenance programs to ensure reliability and efficiency. In 2009, these investments increased by more than \$3 million. Maintenance programs are expensive but essential for reliable service; for example, tree-clearing expenses exceeded \$1 million in 2009.

In these challenging economic times, it would be easy to conclude expenses and investments be cut to the bone. Your board of directors has concluded otherwise, for without these continued expenses and investments, electric service would soon become unreliable and intermittent. Not a pleasant prospect in the depths of a northern Michigan winter.

Another focus of your cooperative is cost control. We hope you take the time to review all of this year's annual report and see the results of our efforts, as evidenced in our competitive electric rates and efficient employees (see 'meters per employee' graph, page 5). And while we control costs where we can, by necessity we have to spend dollars to maintain a satisfactory level of service.

Respectfully,  
Presque Isle Electric & Gas Co-op

**Allan Barr**

*Chairman*

**Brian J. Burns**

*President & Chief  
Executive Officer*

*“Electric service would soon become unreliable and intermittent without these continued expenses and investments.”*

# Treasurer's Report



Presque Isle Electric & Gas Co-op's Statement of Operations and Balance Sheet for the years ending December 31, 2009 and 2008, are included in this annual report. As indicated by these financial reports, the cooperative has completed another successful year with margins being \$1,712,124. 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.

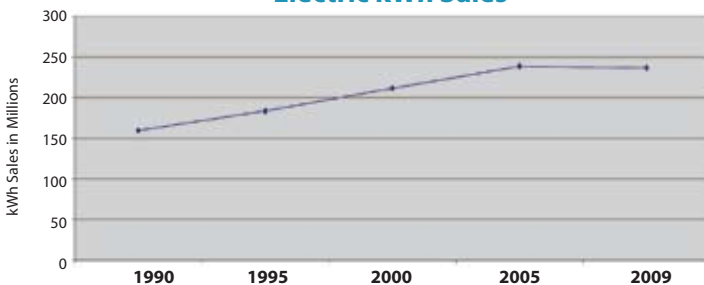
It has been my distinguished pleasure to serve as treasurer for the past year.

– Daryl Peterson, Treasurer

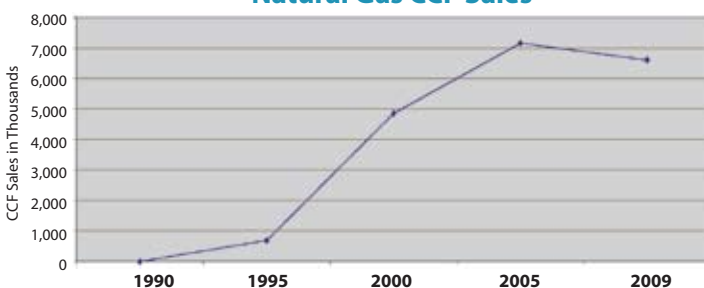
## Statement of Operations

	2009	2008
<b>OPERATING REVENUES</b>	\$ 38,743,083	\$ 37,692,739
<b>OPERATING EXPENSES</b>		
Cost of Purchased Power	23,896,355	23,805,832
Operations & Maintenance Expense	7,517,989	7,137,885
Depreciation	3,037,565	2,886,528
Interest	3,085,774	3,050,460
Taxes	1,052,132	1,025,207
<b>Total Operating Expenses</b>	38,589,815	37,905,912
<b>Net Operating Income</b>	153,268	(213,173)
<b>NON-OPERATING MARGINS</b>		
Capital Credits – G&T and Other	1,815,990	2,259,705
Non-Operating Margins – Other	(257,134)	(62,315)
<b>NET MARGINS</b>	\$ 1,712,124	\$ 1,984,217

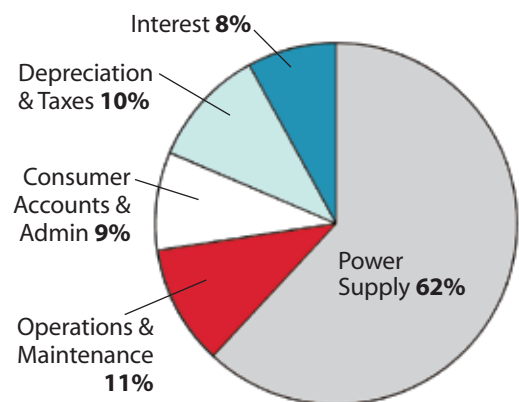
**Electric kWh Sales**



**Natural Gas CCF Sales**



**2009 Expenses**



# Balance Sheet

2009

2008

## ASSETS

Total Utility Plant	\$ 115,638,323	\$ 112,411,209
Accumulated Depreciation	(40,989,784)	(38,530,134)
Net Utility Plant	74,648,539	73,881,075
Investments in Associated Organizations	20,133,730	18,341,057
Cash & Cash Equivalents	1,555,544	1,595,021
Accounts Receivable	4,717,266	4,278,787
Materials & Supplies	1,112,929	1,135,968
Other Assets	119,228	101,297
Deferred Debits	207,682	209,947
<b>Total Assets</b>	<b>\$ 102,494,918</b>	<b>\$ 99,543,152</b>

## EQUITIES & LIABILITIES

### Margins & Equities:

Patronage Capital	\$ 37,935,106	\$ 36,218,297
Other Equities	(1,571,322)	787,517
<b>Total Margins &amp; Equities</b>	<b>36,363,784</b>	<b>37,005,814</b>

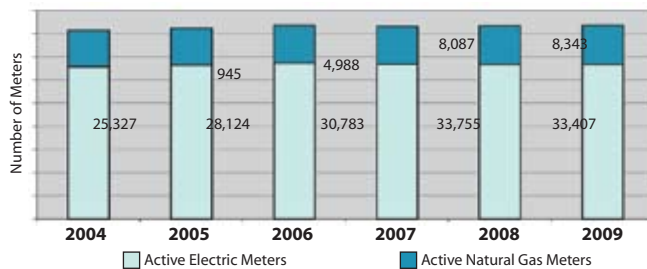
### LIABILITIES:

Long-Term Debt	53,917,031	50,540,759
Notes Payable	5,010,248	3,785,117
Accounts Payable	6,187,321	6,677,153
Other Current & Accrued Liabilities	1,016,534	1,534,309
<b>Total Liabilities</b>	<b>66,131,134</b>	<b>62,537,338</b>

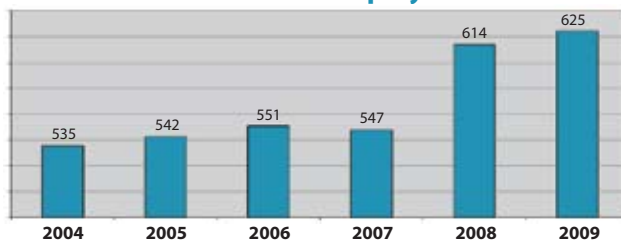
### Total Equities & Liabilities

\$ 102,494,918      \$ 99,543,152

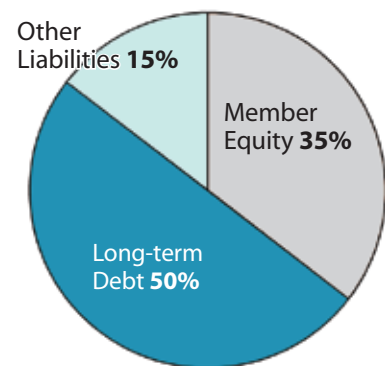
Active Meters



Meters Per Employee



2009 % of Assets  
"Who Owns PIE&G?"



Complete, audited financial statements are available at the Onaway office of Presque Isle Electric & Gas Co-op, or on our website at [pieg.com](http://pieg.com). The independent audit of 2009 financial statements was unqualified, and completed by the certified public accounting (CPA) firm of Harris Group of Traverse City.

# Residential Rate Comparison for MPSC-Regulated Michigan Electric Cooperatives

As of August 1, 2010

COOPERATIVE	500 kWh	1,000 kWh
	MONTHLY BILL	MONTHLY BILL
PIE&G	\$63.49	\$114.98
Cloverland	\$63.59	\$117.06
Midwest Energy	\$64.89	\$117.78
Great Lakes	\$66.37	\$120.74
Thumb	\$67.93	\$127.85
Ontonagon	\$99.19	\$186.37

Source: Michigan Public Service Commission  
[dleg.state.mi.us/mpsc/electric/download/rates2.pdf](http://dleg.state.mi.us/mpsc/electric/download/rates2.pdf)

# Residential Rate Comparison for MPSC-Regulated Electric Utilities

As of August 1, 2010

500 kWh		1,000 kWh	
UTILITY	MONTHLY BILL	UTILITY	MONTHLY BILL
Consumers Energy	\$63.01	PIE&G	\$114.98
PIE&G	63.49	Detroit Edison	124.98
Detroit Edison	63.54	Alpena Power	127.65
Alpena Power	67.83	Consumers Energy	141.55

Amounts include monthly customer charge  
 Source: Michigan Public Service Commission , [dleg.state.mi.us/mpsc/electric/download/rates2.pdf](http://dleg.state.mi.us/mpsc/electric/download/rates2.pdf)



# Renewable Portfolio Standard



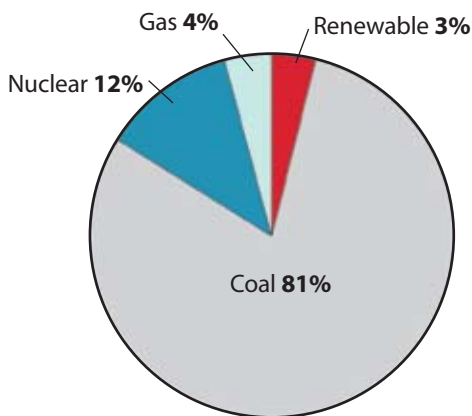
Public Act 295 of 2008 requires the state's electric utilities to generate 10 percent of their retail electricity sales from renewable energy resources by 2015. Renewables include biomass, solar and solar thermal, wind, and existing traditional hydroelectric resources. Biomass is organic matter, not derived from fossil fuels, which replenishes over a human lifetime.

Wolverine Power Cooperative, a power supply cooperative owned by Presque Isle Electric & Gas Co-op and five other member-owners, partnered with John Deere in 2007 to purchase all power generated by the Harvest Wind Farm in Michigan's Thumb area. This will meet our renewable requirements for several years and allow Wolverine's staff to pursue additional renewable options.

To learn more, visit [wpsci.com](http://wpsci.com).

## PIE&G

Fuel Sources Used to Generate Electricity  
For the 12-month period ended 6/30/2010



Fuel Sources	Percentage of fuel types used to produce PIE & G electricity.
Coal	80.1
Nuclear	12.2
Gas	4.2
Oil	0.1
Hydroelectric	0.2
Total Renewable Fuels	3.2
Biomass	0
Biofuel	0
Solid Waste Incineration	0.1
Wind	2.9
Wood	0.2
Solar	0

Note: Biomass above excludes wood; solid waste incineration includes landfill gas.

PIE&G purchases 100% of its electricity from Wolverine Power Cooperative, which provided this fuel mix and environmental data.

## Public Act 295: The Clean, Renewable and Energy Efficient Act

Annual Energy Optimization Report  
Presque Isle Electric & Gas Co-op –  
MPSC Case Number U15820

Presque Isle Electric & Gas Co-op contracted with the Michigan Electric Cooperative Association (MECA) to administer an Energy Optimization (EO) plan in order to comply with P.A. 295. MECA filed a 2½-year Energy Optimization plan with the MPSC on Feb. 18, 2009, as required by P.A. 295. This EO plan was approved by the MPSC on May 12, 2009, and we began launching energy optimization programs in June 2009.

Presque Isle Electric & Gas Co-op offers an array of programs that help members lower costs, and take advantage of energy efficiency rebates.

The programs are:

- **Energy Star®** – Rebates include \$1 off per CFL and free CFLs; \$50 for a qualified Energy Star clothes washer; \$10 for Smart Power Strips.
- **Appliance Recycling** – \$30 to pick-up and recycle old refrigerators and freezers.
- **Energy Efficiency Assistance** – Income-qualified weatherization.
- **Commercial and Industrial Program** – Up to \$5,000 for qualified energy-saving equipment.

The full report and more program information can be obtained in the Presque Isle Electric & Gas Co-op section of [michigan-energy.org](http://michigan-energy.org).

## 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.

## VALUES

In support of our mission, we commit to the following values:

- To conduct our business with honesty and integrity.
- To treat our members and each other with fairness, dignity and respect.
- To support the professional goals of our employees.
- To create a work environment that fosters innovation, participation, pride, ownership, safety and enjoyment.
- To be a good corporate citizen with attention to the environment and to the communities we serve.
- To constantly improve our performance, reliability and value.



Your Touchstone Energy<sup>®</sup>  
Cooperative



Presque Isle Electric & Gas Co-op

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[pieg.com](http://pieg.com)



WOLVERINE  
POWER COOPERATIVE



**Our Energy, Our Future**  
A Dialogue With America

[ourenergy.coop](http://ourenergy.coop)