

A Service of **Presque Isle Electric & Gas Co-op**

November/December 2011

Michigan COUNTRY LINES



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On Webs**

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PRESQUE ISLE ELECTRIC & GAS CO-OP

**19831 M-68 Hwy., P.O. Box 308
Onaway, 49765**

Business Office & Billing: **989-733-8515**

Toll-free: **800-423-6634**

pieg.com

BOARD OF DIRECTORS

Allen Barr, Chairman

231-625-2128

2591 Grant Siding Road
Cheboygan, MI 49721

John F. Brown, Vice-Chairman

231-625-2099

21 W. Devereaux Lake Rd.
Indian River, MI 49749

David W. Smith, Secretary

989-785-5345

P.O. Box 180
Atlanta, MI 49709

Daryl Peterson, Treasurer

989-742-3145

P.O. Box 54
Hillman, MI 49746

Allan Berg – 989-734-0044

1117 E. Heythaler Hwy.
Rogers City, MI 49779

Sally Knopf – 989-734-4196

1849 W. 638 Hwy.
Rogers City, MI 49779

Bernice Krajniak – 989-379-2727

13478 Carr Rd.
Posen, MI 49776

Robert Wegmeyer – 989-379-2311

16181 Beaver Lake Park Rd.
Lachine, MI 49753

Raymond Wozniak – 989-766-2498

6737 State St.
Posen, MI 49776

PRESIDENT & CEO

Brian J. Burns

PIE&G's natural gas operations are not regulated by the Michigan Public Service Commission.



You Get the Credit

Our members often express confusion when the term “capital credits” is mentioned. It relates to one aspect of the cooperative business model.

So, at the risk of repeating myself, I will repeat myself: the electric cooperative business model is unique. No better example of this occurred a few weeks ago when Presque Isle Electric & Gas Co-op retired nearly \$1 million in capital credits to members who took service in 1982 and 1983.

The cooperative’s bylaws require that the energy rates you pay produce a year-end margin (revenue less expenses), thereby inducing the membership to provide capital. This margin is member-contributed capital and is “credited” or “allocated” to each member in proportion to their patronage (amount of energy used) of the co-op.

Presque Isle Electric & Gas Co-op holds onto allocated capital credits to improve its system and cover emergencies that may require large-scale construction. This action decreases the need to raise rates or borrow money to pay for the infrastructure. After

a number of years, as financial conditions permit, the cooperative’s board of directors may decide to retire a set amount of capital credits—just as it did this year.

Margins are the only real source of equity (ownership) for not-for-profit cooperatives. Strong and consistent equity levels are one key aspect of financial strength. So, it’s essential for a co-op to keep the right balance between retiring capital credits to members and retaining sufficient equity to maintain credit in the financial markets.

Allocating margins and returning capital credits to members helps distinguish the

cooperative business model.

Nationally, in 2010, electric cooperatives retired \$626 million in capital credits to current and former members. Since 1988, co-ops have retired \$9.5 billion, based on data from the federal Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation, the premier private market lender to electric cooperatives.

Capital credits may be a bit confusing, but retiring capital credits is just one more way your co-op is looking out for you.



Brian J. Burns
President & CEO

The cooperative business model is unique.

Residential Rate Comparison for MPSC-Regulated Electric Utilities

As of October 2011

UTILITY	1,000 kWh Monthly Bill
Consumers Energy/CMS	\$118.72
PIE&G	\$119.72
Midwest Energy Cooperative	\$120.33
Great Lakes Energy (Cooperative)	\$123.92
Cloverland Electric Cooperative	\$125.77
Thumb Electric Cooperative	\$127.90
Alpena Power	\$133.83
Detroit Edison/DTE	\$137.36
Ontonagon County REA (Cooperative)	\$195.92

This chart includes all MPSC regulated cooperatives in the State of Michigan and other Northeast Michigan utilities. Source: Michigan Public Service Commission, dleg.state.mi.us/mpsc/electric/download/rates2.pdf

MPSC Affirms Rate Requests

The Michigan Public Service Commission (MPSC) has issued orders that affirm the rate increase requests of Presque Isle Electric & Gas Co-op. The co-op petitioned the MPSC to increase both electric and natural gas rates in spring 2011. The MPSC then conducted an audit of PIE&G's financial operations and concluded that the rate requests were reasonable and within the public interest to approve the amounts requested. The increase in rates will allow PIE&G to continue its tree-clearing, line replacement programs, and natural gas system reliability enhancements. These actions improve the overall reliability of electric and natural gas service to our members.

The MPSC approved an overall increase

in electric rates of 3.03 percent, which equals about \$2.86 per month for the average residential member.

The MPSC approved an overall increase in natural gas *distribution* rates of 5.99 percent, which represents an increase of approximately \$8 per month. Together with the decrease in gas supply costs of approximately \$12 per month that was authorized earlier this year, the net effect for a member using an average of 100 ccfs monthly is a *decrease* of about \$4 per month when compared to last year's heating season.

Your co-op is continuously challenged with striking the right balance between the need to raise rates, the impact on members, and the need to maintain reliable service.

Leave the Pole Alone

Safety issues caused by unapproved utility pole attachments place the lives of lineworkers and the public in peril.

It may seem innocent, but a small nail partially driven into a pole can have deadly results around high-voltage electricity.

Your local electric co-op line crews climb utility poles at all hours of the day and night, in the worst of conditions. Anything attached to utility poles can create serious hazards for our line personnel. Sharp objects like nails, tacks, staples or barbed wire can puncture rubber gloves and other safety equipment, making lineworkers vulnerable to electrocution.

Lineworkers with electric co-ops have reported poles used as community bulletin boards, satellite mounts, and even support legs for deer stands, lights and carports. Not

only do these attachments put line crews at risk, anyone illegally placing these items on poles comes dangerously close to energized power lines with thousands of volts of energy pulsing overhead. It's always wise to keep any structure at least 10 feet away from utility poles.

Unauthorized pole attachments also violate the *National Electrical Safety Code*, the accepted manual containing guidelines for safe electrical engineering standards.

Please help us keep our lineworkers—and our community—safe. Don't attach any of these unauthorized and dangerous items to utility poles. Fixtures not belonging to the co-op or another utility will be removed, and the co-op is not responsible for any losses if an item is damaged or destroyed during removal.



Photo — iStockphoto.com

Notice to All PIE&G Members

Your cooperative offers a program called the PIE&G Communities First Fund, which is supported by the voluntary rounding up of your monthly utility bill to the next whole dollar. An all-volunteer board of directors appointed by the member-elected board of Presque Isle Electric & Gas Co-op is charged with distributing the funds throughout the cooperative's service area to support nonprofit organizations in communities we serve.

Money from the Communities First Fund has been given to educational programs, fire departments, medical emergency groups, recreational organizations serving all ages, senior organizations, college scholarships, local economic development initiatives, and numerous local charities. A copy of the Fund's annual report, detailing contributions, is included in this issue of *Country Lines* on pages 28-29.

Your participation in the Communities First Fund is voluntary. If at any time you wish to discontinue participation, please let us know and we will be happy to remove your name. If you are participating, your monthly bill is rounded up to the next whole dollar amount. For example, if your bill is \$58.42, it would be rounded up to \$59. The 58 cents is then contributed by Presque Isle Electric & Gas on your behalf, to be used as explained above. A customer's average annual contribution is about \$6. Your annual contribution to the Fund is tax deductible and is reported on your monthly billing statement at the end of the year.

To join the Communities First Fund, call 800-423-6634.

Your Board In Action

At their August and September 2011 regular meetings, the PIE&G Board of Directors:

- Recognized Arnold Vermilya (38 years of service) and Fred McEwen (12 years of service) upon their retirement.
- Approved the 2012 general plant capital budget for \$485,650.
- Received a status report on the capital credit retirement of \$963,309.26.
- Approved new memberships for July and August, as presented.
- Accepted the team reports of CEO Burns and CFO Soback.
- Amended Policy 4 (Audit Committee) and Policy 12 (Director Duties and Responsibilities).

Holiday Office Hours

Presque Isle Electric & Gas Co-op offices will be closed:

- **Nov. 24 & 25 for Thanksgiving**
- **Dec. 23 & 26 for Christmas**
- **Jan. 2 for New Year's**

As always, our 24-hour answering service will be available to report outages or other emergencies; call **800-423-6634**.

Invite Safety Home for the Holidays

It's easy to get caught up in the hectic pace of holiday entertaining—cookies to bake, decorations to hang, presents to wrap. But don't overlook safety during the rush. The winter holiday period marks peak time for home fires and preventable injuries, but it's not difficult to make your home ready to safely host your favorite holiday activities.

- First, take time out from your party preparations to test your smoke and carbon monoxide alarms. They should be installed on every level of the home and outside each sleeping area. Smoke alarms should also be located inside each bedroom. Be sure to share your family fire escape plan with any overnight guests.

- Arrange your holiday decorations to avoid overloading electrical outlets. Inspect all decorations, cords and outlets for damage before use. Keep electrical cords out of doorways and high traffic areas where they pose a tripping hazard. Do not damage



Source - Whirlpool Corporation

In the midst of cookie-baking and holiday preparations, take time to ensure your home is safe for visitors and everyone.

cords by pinching them or attaching them with staples or nails. Turn off and unplug all decorations before leaving home or turning in for the night.

- Keep young visitors safe by preparing your home before they arrive. If your home is not already “child proof,” install tamper

resistant receptacles or use safety covers on all unused electrical outlets. Store breakables, candles, matches and other potentially dangerous items in inaccessible or locked areas, and put away small items, like buttons, coins, and jewelry, which are a choking hazard. Use safety gates at the top and bottom of stairways to keep babies and toddlers safe.

- Safety doesn't stop when the party starts. Keep decorations, gifts and other combustibles at least 3 feet from heat sources or an open flame. Never leave the kitchen when something is cooking. Make sure children are supervised at all times in the kitchen and anywhere space heaters, candles or fireplaces are being used.

Remember that a safe and happy holiday remains the best gift you can give friends and family.

Source: *Electrical Safety Foundation International*

Check Out What's New Online michigan-energy.org

Updated Website!

- New Look
- New Features
- Improved Navigation

Online Ordering

- Reduce phantom electricity use by ordering an energy efficient Smart Power Strip online.

Simplified Online Audit

- The Energy Optimization Program is pleased to offer Energy Depot®, a set of online tools that will allow you to complete your home energy audit in a quicker, easier format. Energy Depot is a one-stop-shop for energy efficiency education and information.

Join Us on Facebook!

- Like our page to get the latest news, updates, events and promotions.

www.facebook.com/EnergyOptimization

Must be cooperative member to be eligible for these programs. Other restrictions may apply. For a complete list of participating utilities, visit michigan-energy.org.

ENERGY OPTIMIZATION

michigan-energy.org

877.296.4319

3474 Alaiedon Parkway, Suite 600
Okemos, MI 48864



Learn about our programs at michigan-energy.org • Questions? 877.296.4319

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

NOTICE OF HEARING FOR THE ELECTRIC CUSTOMERS OF PRESQUE ISLE ELECTRIC & GAS CO-OP CASE NO. U-16893

- Presque Isle Electric & Gas Co-op proposes to use a power supply cost recovery factor of \$0.02951 per kilowatt-hour (kWh) to compute member-customers' bills for the 12-month period ending December 31, 2012, if the Michigan Public Service Commission approves its request.
- The information below describes how a person may participate in this case.
- You may call or write Presque Isle Electric & Gas Co-op, 19831 M-68 Highway, Onaway, Michigan 49765, (800) 423-6634 for a free copy of its application. Any person may review the application at the offices of Presque Isle Electric & Gas Co-op.
- The first public hearing in this matter will be held:

DATE/TIME: December 6, 2011, at 9:00 a.m. This hearing will be a prehearing conference to set future hearing dates and decide other procedural matters.

BEFORE: Administrative Law Judge Mark E. Cummins

LOCATION: Michigan Public Service Commission, 6545 Mercantile Way, Suite 7, Lansing, Michigan
The Mercantile Way building sustained flood damage and remains closed until further notice. Please consult the Michigan Public Service Commission website at: michigan.gov/mpsc for updates on hearing locations or call 517.241.6060.

PARTICIPATION: Any interested person may attend and participate. The hearing site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact the Commission's Executive Secretary at (517) 241-6160 in advance to request mobility, visual, hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the September 29, 2011 application of Presque Isle Electric & Gas Co-op (Presque Isle) to implement a power supply cost recovery (PSCR) plan and PSCR factor of \$0.02951 per kWh to compute its member-customers' bills for the 12-month period January 1, 2012 through December 31, 2012. Presque Isle's requested PSCR factor assumes a \$0.05834 per kWh allowance for cost of power supply included in base rates.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets website at: michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to: mpscedockets@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at (517) 241-6180 or by email at: mpscedockets@michigan.gov.

Any person wishing to intervene and become a party to the case shall electronically file a petition to intervene with this Commission by November 29, 2011. (Interested persons may elect to file using the traditional paper format.) The proof of service shall indicate service upon Presque Isle's attorney, Shaun M. Johnson, Dykema Gossett PLLC, Capitol View, 201 Townsend Street, Suite 900, Lansing, Michigan 48933.

Any person wishing to make a statement of position without becoming a party to the case may participate by filing an appearance. To file an appearance, the individual must attend the hearing and advise the presiding administrative law judge of his or her wish to make a statement of position. All information submitted to the Commission in this matter will become public information: available on the Michigan Public Service Commission's website, and subject to disclosure.

Requests for adjournment must be made pursuant to the Commission's Rules of Practice and Procedure R 460.17315 and R 460.17335. Requests for further information on adjournment should be directed to (517) 241-6060.

A copy of Presque Isle's request may be reviewed on the Commission's website at: michigan.gov/mpscedockets, and at the office of Presque Isle Electric & Gas Co-op, 19831 M-68 Highway, Onaway, MI 49765. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at (517) 241-6180.

Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.54 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

October 11, 2011



Loud Township Ladies Auxiliary

Over \$1 Million Returned To Our Communities

Since 1998, our members have donated over \$1 million to the PIE&G Communities First Fund. Community organizations and individuals receive 100 percent of your contributions for various projects and scholarships. Visit pieg.com for grant guidelines, restrictions and applications.

**2010 PIE&G
Communities First Fund Awards:
\$51,221**

Sampling of 2010 recipients...

APPLICANT, PURPOSE	AMOUNT GRANTED
Veihl, Lain (Onaway), <i>International sports tournament</i>	\$500
Cheboygan Elementary Schools, <i>Defibrillator</i>	\$1,585
St John Lutheran Ladies Auxillary, <i>Prom dress program</i>	\$1,000
Northeast MI Community Partnership, <i>Family night, Alcona</i>	\$810
Montmorency County 4-H, <i>Replace fencing at fairgrounds</i>	\$1,300
Lewiston Community Schools, <i>Middle school activity night</i>	\$500
Hillman Community Schools, <i>Broadcasting equipment</i>	\$2,400
Hillman Area Little League, <i>Field improvements</i>	\$2,340
Grand Lake Sportsmen Assoc., <i>Enclose pavilion</i>	\$1,750
Alpena High School: KAPUT, <i>After prom party</i>	\$1,300
Olree, Nicolette, <i>2010 scholarship</i>	\$2,400
Hopp, Megan, <i>2010 scholarship</i>	\$2,400
Ciarkowski, Janice, <i>2010 scholarship</i>	\$2,400
Armantrout, Tyler, <i>2010 Travis Memorial Scholarship</i>	\$500
Presque Isle District Library, <i>Drop box, computer table</i>	\$1,990
Project Connect Montmorency County, <i>Food and hygiene supplies</i>	\$1,500
Montmorency Conservation District, <i>Equip Summer Youth Corp</i>	\$1,000
Village of Millersburg, <i>Summer recreation program</i>	\$750
4-H Challenge Riders (Cheboygan), <i>Camp Rein or Shine</i>	\$2,000
The Baby Basket (Atlanta), <i>Food supplies and cribs</i>	\$2,500
Rogers City Area Fire Dept., <i>Thermal imaging camera</i>	\$1,250
Onaway Area Elementary Schools, <i>Ready! For Kindergarten kits</i>	\$2,448
Hillman Community Schools, <i>Automatic defibrillators</i>	\$1,248
Alpena County Plaza Pool, <i>Certificates and t-shirts</i>	\$750
Alpena County Parks Commission, <i>Teen Center at Beaver Lake</i>	\$2,000
Rogers City Area H.S. Industrial Arts, <i>Welding equipment</i>	\$5,000
Presque Isle County Sheriff's Dept., <i>CARETRAK System</i>	\$1,000
Loud Township Ladies Auxillary, <i>Playground equipment</i>	\$1,000
Kortman, Tiffany (Millersburg), <i>People to People Program</i>	\$2,500
G.E.A.R. (Alpena), <i>Ramps for bike park</i>	\$1,000
Friends Together (Alpena), <i>Laptop computer</i>	\$600
Alpena Childcare and Development Center, <i>Playground equipment</i>	\$1,500

**Presque Isle Electric & Gas Communities First Fund
Statement of Financial Position
Dec. 31, 2010 and 2009**

Assets	2010	2009
Current assets:		
Cash	\$ 73,823	\$ 49,604
Cash – restricted	3,000	3,000
Account receivable	4,691	10,278
TOTAL ASSETS	\$ 81,514	\$ 62,882
Net Assets		
Unrestricted	\$ 46,366	\$ 36,132
Unrestricted, designated	32,148	23,750
Permanently restricted	3,000	3,000
TOTAL NET ASSETS	81,514	62,882
TOTAL LIABILITIES AND NET ASSETS	\$ 81,514	\$ 62,882

Activities and Change in Net Assets

REVENUE:		
Contributions – members	\$ 59,619	\$ 63,522
Contributions – PIE&G	12,907	9,059
Contributions – other		5,227
Interest	265	218
TOTAL REVENUE	72,791	78,026
EXPENSES:		
Grants	33,932	50,807
Scholarships	7,100	7,800
Professional fees	2,400	
Program expense	9,871	9,108
Director's expense	856	
TOTAL EXPENSE	54,159	67,715
CHANGE IN NET ASSETS	18,632	10,311
NET ASSETS, beginning of year	62,882	52,571
NET ASSETS, end of year	\$ 81,514	\$ 62,882

Audit completed by Harris Group, Traverse City. Complete audit report available upon request.



Project Connect, Montmorency County



Friends Together, Alpena



Montmorency Conservation District



4-H Challenge Riders, Cheboygan

How Can I Help My Community?

The PIE&G Communities First Fund was created in 1998. The funds for this program are generated when PIE&G members volunteer to "round up" their utility bills to the next dollar. The average cost is 50 cents per month, or \$6 per year. All contributions are tax deductible.

You can participate by calling our Member Services Department at 800-423-6634, by mailing the coupon at right with your next payment, or enrolling online at pieg.com and clicking on "Contact Us."



I want to participate in the COMMUNITIES FIRST FUND. Please "round-up" my bill to the next highest dollar each month.

Name (please print) _____

Phone Number _____

Mailing Address _____

Signature _____

Include this coupon in your next bill payment, or mail to:
PIE&G COMMUNITIES FIRST FUND, P.O. Box 308, Oneway, MI 49765

School Friday Folders



▲ Atlanta Community Schools



▲ Onaway Elementary



▲ Johannesburg Elementary



▲ Posen Schools



▲ Hillman Elementary

It's that time of year again for PIE&G to announce another successful delivery of "Friday Folders" for member students enrolled in local public elementary schools for the 2011-2012 school year. Atlanta Elementary Schools call them "Thursday Folders" to reflect their four-day school week.

PIE&G has donated the student folders since 2003 to help teachers send important papers home for parents' review. The laminated folders are custom printed with school name, mascot and colors, and were distributed the first week of school.

The folders are purchased by PIE&G with financial support from Touchstone Energy®, our national marketing alliance.

Best wishes to all kids and teachers for a successful year of learning!!



▲ Lewiston Elementary