

MICHIGAN PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF NATURAL GAS UTILITIES (MAJOR AND NONMAJOR)

This form is authorized by 1919 PA 419, as amended, authorizes this form being MCL 460.51 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you in violation of the Acts.

Report submitted for year ending:

12/31/2009

Present legal name of respondent:

Presque Isle Electric & Gas Co-op

Present DBA name in Michigan if different from legal name:

Address of principal place of business:

19831 M 68 Highway Onaway, MI 49765

Utility representative to whom inquires regarding this report may be directed:

Name: Thomas J. Sobeck Title: Chief Financial Officer

Address: 19831 M 68 Highway

City: Onaway State: MI Zip Code: 49765

Telephone: (989) 733-8515 E-mail: tsobeck@pieg.com

If the Utility name has been changed during the past year:

Prior Name

Date of Change

Two copies of the published annual report to stockholders:

☐ were forwarded to the Commission
☒ will be forwarded to the Commission

on or about May 22, 2010

Annual reports to stockholders:

☐ are published. ☐ are not published.

Should you have any questions regarding this report, please contact:

Brian Ballinger, Financial Analysis Section Supervisor
(517) 241-6103 OR blballi@michigan.gov

Michigan Public Service Commission
Regulated Energy Division
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

FINANCIAL AND STATISTICAL REPORT

Submit one electronic copy and one signed hard copy
to CFC. Round all numbers to the nearest dollar.

BORROWER DESIGNATION

MI 028

BORROWER NAME

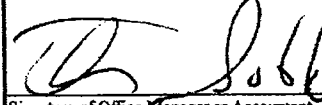
PRESQUE ISLE ELECTRIC & GAS CO-OP

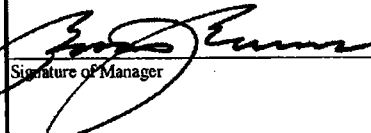
ENDING DATE

12/31/2009

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.

 3.12.2010
Signature of Office Manager or Accountant Date

 3/12/2010
Signature of Manager Date

NEW AUTHORIZATION CHOICES

A. NRECA uses rural electric system data for legislative,
regulatory and other purposes. May we provide this report from
your system to NRECA?

NRECA

☒ YES

☐ NO

B. Will you authorize CFC to share your data with other
cooperatives?

☒ YES

☐ NO

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	THIS MONTH (d)
1. Operating Revenue and Patronage Capital	37,692,739	38,743,083	38,179,505	4,214,376
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	23,805,832	23,896,355	23,993,801	2,594,068
4. Transmission Expense	0	0	0	0
5. Distribution Expense - Operation	1,650,258	1,380,066	1,758,263	87,500
6. Distribution Expense - Maintenance	2,240,483	2,755,524	2,474,576	236,210
7. Consumer Accounts Expense	1,562,239	1,541,891	1,538,167	133,439
8. Customer Service and Informational Expense	126,853	206,966	139,096	25,386
9. Sales Expense	0	0	0	0
10. Administrative and General Expense	1,558,050	1,633,542	1,402,173	151,289
11. Total Operation & Maintenance Expense (2 thru 10)	30,943,716	31,414,344	31,306,076	3,227,891
12. Depreciation & Amortization Expense	2,886,528	3,037,565	3,070,560	261,280
13. Tax Expense - Property & Gross Receipts	968,851	973,714	995,632	80,256
14. Tax Expense - Other	56,356	78,418	43,684	12,803
15. Interest on Long-Term Debt	2,890,245	2,907,093	2,999,457	242,086
16. Interest Charged to Construction (Credit)	0	0	0	0
17. Interest Expense - Other	159,216	178,183	132,617	14,270
18. Other Deductions	998	498	1,003	0
19. Total Cost of Electric Service (11 thru 18)	37,905,911	38,589,815	38,549,029	3,838,586
20. Patronage Capital & Operating Margins (1 minus 19)	(213,172)	153,268	(369,524)	375,790
21. Non Operating Margins - Interest	63,854	52,578	92,931	955
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	(126,169)	(309,712)	(6,974)	(21,170)
24. Non Operating Margins - Other	0	0	0	0
25. Generation & Transmission Capital Credits	1,870,486	1,435,433	1,153,561	301,659
26. Other Capital Credits & Patronage Dividends	389,219	380,557	379,832	7,497
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	1,984,217	1,712,124	1,249,826	664,731

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	227	187	5. Miles Transmission	0	0
2. Services Retired	69	45	6. Miles Distribution Overhead	3,867	3,862
3. Total Services In Place	35,997	35,740	7. Miles Distribution Underground	926	942
4. Idle Services (Exclude Seasonal)	2,590	2,040	8. Total Miles Energized (5+6+7)	4,793	4,804

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION	
		MI 028	
		YEAR ENDING	12/31/2009
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	114,136,463	28. Memberships	221,615
2. Construction Work in Progress	1,501,860	29. Patronage Capital	36,001,367
3. Total Utility Plant (1+2)	115,638,323	30. Operating Margins - Prior Years	(2,359,330)
4. Accum. Provision for Depreciation and Amort	40,989,784	31. Operating Margins - Current Year	1,969,258
5. Net Utility Plant (3-4)	74,648,539	32. Non-Operating Margins	(257,134)
6. Nonutility Property - Net	0	33. Other Margins & Equities	788,007
7. Investment in Subsidiary Companies	0	34. Total Margins & Equities (28 thru 33)	36,363,784
8. Invest. in Assoc. Org. - Patronage Capital	18,277,796	35. Long-Term Debt CFC (Net)	51,209,634
9. Invest. in Assoc. Org. - Other - General Funds	47,936	(Payments-Unapplied (\$))	
10. Invest in Assoc. Org. - Other - Nongeneral Funds	1,807,998	36. Long-Term Debt - Other (Net)	0
11. Investments in Economic Development Projects	0	(Payments-Unapplied (\$))	
12. Other Investments	0	37. Total Long-Term Debt (35+36)	51,209,634
13. Special Funds	0	38. Obligations Under Capital Leases	0
14. Total Other Property & Investments (6 thru 13)	20,133,730	39. Accumulated Operating Provisions - Asset Retirement Obligations	0
15. Cash-General Funds	1,525,349	40. Total Other Noncurrent Liabilities (38+39)	0
16. Cash-Construction Funds-Trustee	0	41. Notes Payable	5,010,248
17. Special Deposits	0	42. Accounts Payable	2,839,275
18. Temporary Investments	30,195	43. Consumers Deposits	271,072
19. Notes Receivable - Net	0	44. Current Maturities Long-Term Debt	2,023,073
20. Accounts Receivable - Net Sales of Energy	4,441,025	45. Current Maturities Long-Term Debt-Economic Dev.	0
21. Accounts Receivable - Net Other	276,241	46. Current Maturities Capital Leases	0
22. Materials & Supplies - Electric and Other	1,112,929	47. Other Current & Accrued Liabilities	3,983,717
23. Prepayments	119,228	48. Total Current & Accrued Liabilities (41 thru 47)	14,127,385
24. Other Current & Accrued Assets	0	49. Deferred Credits	794,115
25. Total Current & Accrued Assets (15 thru 24)	7,504,967	50. Total Liabilities & Other Credits (34+37+40+48+49)	102,494,918
26. Deferred Debits	207,682		
27. Total Assets & Other Debits (5+14+25+26)	102,494,918		
		ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
		Balance Beginning of Year	18,251,342
		Amounts Received This Year (Net)	532,583
		TOTAL Contributions-In-Aid-Of-Construction	18,783,925

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

CFC FINANCIAL AND STATISTICAL REPORT				BORROWER DESIGNATION		
				MI 028		
				YEAR ENDING	12/31/2009	
PART I. CHANGES IN UTILITY PLANT						
ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE OF YEAR (e)	DEPRECIATION RATE % (f)
1. Land and Land Rights (360)	675,781	0	0	0	675,781	
2. Structures and Improvements (361)	0	0	0	0	0	
3. Station Equipment (362)	26,330	0	0	0	26,330	
4. Storage Battery Equipment	0	0	0	0	0	
5. Poles, Towers, and Fixtures (364)	18,875,021	1,615,951	325,313	0	20,165,659	
6. Overhead Conductors and Devices (365)	15,970,270	759,295	222,427	0	16,507,138	
7. Underground Conduit (366)	495,318	21,700	0	0	517,018	
8. Underground Conductors and Devices (367)	11,218,849	945,341	165,060	0	11,999,131	
9. Line Transformers (368)	12,790,179	762,532	204,502	0	13,348,209	
10. Services (369)	12,509,877	428,879	49,950	0	12,888,806	
11. Meters (370)	1,859,854	73,885	12,297	0	1,921,441	
12. Installation on Consumer's Premises (371)	376,877	0	0	0	376,877	
13. Leased Property on Consumer's Premises (372)	0	0	0	0	0	
14. Street Lighting (373)	497,116	26,347	5,859	0	517,604	
15. SUBTOTAL: Distribution (1 thru 14)	75,295,471	4,633,931	985,409	0	78,943,994	
16. Land and Land Rights (See Line 26)						
17. Structures and Improvements (See Line 26)						
18. Office Furniture & Equipment (391)	205,708	149,016	0	0	354,724	
19. Transportation Equipment (392)	2,504,218	243,497	0	0	2,747,715	
20. Stores, Tools, Shop, Garage, and Laboratory Equipment (393, 394, 395)	217,758	33,721	0	0	251,479	
21. Power-Operated Equipment (396)	1,552,639	26,396	95,260	0	1,483,774	
22. Communication Equipment (397)	520,725	201,448	0	0	722,172	
23. Miscellaneous Equipment (398)	18,874	0	0	0	18,874	
24. Other Tangible Property (399)	0	0	0	0	0	
25. SUBTOTAL: General Plant (18 thru 24)	5,019,921	654,078	95,260	0	5,578,739	
26. Headquarters Plant (389 & 390)	906,402	38,584	0	0	944,985	
27. Intangibles (301, 302, 303)	25,648	45,000	0	0	70,648	
28. Land and Land Rights, Roads and Trails (350, 359)	0	0	0	0	0	
29. Structures and Improvements (352)	0	0	0	0	0	
30. Station Equipment (353)	0	0	0	0	0	
31. Towers and Fixtures and Poles and Fixtures (354, 355)	0	0	0	0	0	
32. Overhead, Conductors, and Devices (356)	0	0	0	0	0	
33. Underground Conduit (357)	0	0	0	0	0	
34. Underground Conductor & Devices (358)	0	0	0	0	0	
35. SUBTOTAL: Transmission Plant (28 thru 34)	0	0	0	0	0	
36. Production Plant - Steam (310-316)	0	0	0	0	0	
37. Production Plant - Nuclear (320-325)	0	0	0	0	0	
38. Production Plant - Hydro (330-336)	0	0	0	0	0	
39. Production Plant - Other (340-346)	0	0	0	0	0	
40. All Other Utility Plant (102, 104-106, 114, 118)	28,081,532	578,606	0	0	28,660,138	
41. SUBTOTAL: (15+25+26+27+35 thru 40)	109,328,974	5,950,199	1,080,669	0	114,198,504	
42. Construction Work in Progress (107)	3,057,359	(1,617,540)			1,439,819	
43. TOTAL UTILITY PLANT (41+42)	112,386,333	4,332,659	1,080,669	0	115,638,323	

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION				
		MI 028				
		YEAR ENDING		12/31/2009		
PART I. ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION - TOTAL ELECTRIC PLANT						
ITEM	DISTRIBUTION PLANT (a)	GENERAL PLANT (b)	TRANSMISSION PLANT (c)	OTHER PLANT (d)		
1. Balance Beginning of Year	30,229,245	4,457,035	0	4,068,978		
2. Additions - Depreciation Accruals Charged to:						
a. Depreciation Expense	2,275,194	470,015	0	579,311		
b. Clearing Accounts and Others		0	0	0		
c. Subtotal (a+b)	2,275,194	470,015	0	579,311		
3. Less - Plant Retirements:						
a. Plant Retired	956,245	95,260	0	0		
b. Removal Costs	0	0	0	0		
c. Subtotal (a+b)	956,245	95,260	0	0		
4. Plus Salvaged Materials	0	0	0	0		
5. TOTAL (2c - 3c + 4)	1,318,950	374,754	0	579,311		
6. Other Adjustments - Debit or Credit	13,328	0	0	0		
7. Balance End of Year (1+5+6)	31,561,522	4,831,789	0	4,648,289		
AS OF 12/31/98 CFC NO LONGER REQUIRES SECTIONS "G", "N" AND "P" DATA						
Those sections refer to data on, "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and Conservation Data" (P).						
PART II. SERVICE INTERRUPTIONS						
ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL	
	Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)		
1. Present Year	0.00	251.20	0.30	235.70	487.20	
2. Five-Year Average	22.20	419.40	2.00	136.50	580.10	
PART III. EMPLOYEE - HOUR AND PAYROLL STATISTICS						
1. Number of Full Time Employees	67	4. Payroll - Expensed		2,872,697		
2. Employee - Hours Worked - Regular Time	146,013	5. Payroll - Capitalized		1,382,403		
3. Employee - Hours Worked - Overtime	12,714	6. Payroll - Other		0		
PART IV. PATRONAGE CAPITAL						
ITEM	THIS YEAR (a)	CUMULATIVE (b)	PART V. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1. General Retirement	0	2,506,977	1. Amount Due Over 60 Days: 432,689			
2. Special Retirements	0	0	2. Amount Written Off During Year: 95,023			
3. Total Retirements (1+2)	0	2,506,977				
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	0					
5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	122,725					
6. Total Cash Received (4+5)	122,725					
PART VI. KWH PURCHASED AND TOTAL COST						
NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	KWH PURCHASED (c)	TOTAL COST (d)	AVERAGE COST PER KWH (cents) (e)	INCLUDED IN TOTAL COST	
					FUEL COST ADJUSTMENT (f)	WHEELING & OTHER CHARGES (or Credits) (g)
1. Wolverine Power Supply		250,794,800	17,756,144	7.08	0	0
2.		0	0	0.00	0	0
3.		0	0	0.00	0	0
4.		0	0	0.00	0	0
5. TOTALS		250,794,800	17,756,144	7.08	0	0

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION			
		MI 028			
		YEAR ENDING		12/31/2009	

PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")

	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.			\$0
2.			
3.			TOTAL \$0

** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000.

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (c)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1.	National Rural Utilities Cooperative Finance Corporation	\$1,209,634	3,043,158	1,574,625	4,617,783	
2.		0	0	0	0	
3.		0	0	0	0	
4.		0	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
10.	TOTAL (Sum of 1 thru 9)	\$51,209,634	\$3,043,158	\$1,574,625	\$4,617,783	

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION					
		MI 028					
		YEAR ENDING		12/31/2009			
PART I. POWER REQUIREMENTS DATA BASE							
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	JANUARY (a)	FEBRUARY (b)	MARCH (c)	APRIL (d)	MAY (e)	JUNE (f)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	17,387	17,372	17,361	17,365	17,368	17,378
	b. KWH Sold	13,912,834	13,107,157	11,758,039	11,477,454	9,946,277	9,574,129
	c. Revenue	1,522,315	1,443,671	1,318,805	1,295,177	1,144,571	1,126,996
2. Residential Sales - Seasonal	a. No. Consumers Served	13,737	13,746	13,755	13,765	13,777	13,776
	b. KWH Sold	2,685,236	2,657,249	2,656,227	2,636,365	3,745,723	2,356,579
	c. Revenue	421,084	405,481	498,503	418,825	634,899	592,598
3. Irrigation Sales	a. No. Consumers Served	27	27	27	27	27	27
	b. KWH Sold	226	4,350	18	10,413	5,965	44,898
	c. Revenue	757	1,142	738	1,709	1,293	4,931
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,836	1,836	1,843	1,849	1,849	1,843
	b. KWH Sold	4,214,185	4,178,256	3,849,688	3,936,450	4,034,264	3,874,818
	c. Revenue	422,131	420,343	391,754	412,163	410,942	401,751
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	5	5	5	5	5	5
	b. KWH Sold	1,280,400	1,177,800	1,489,500	1,248,900	1,355,400	1,553,400
	c. Revenue	102,258	95,531	114,707	99,071	107,853	128,761
6. Public Street & Highway Lighting	a. No. Consumers Served	38	38	38	38	38	38
	b. KWH Sold	33,435	33,175	33,203	33,203	33,203	33,203
	c. Revenue	5,080	5,042	5,048	5,048	5,048	5,048
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
8. Sales for Resales-REA Borrowers	a. No. Consumers Served	334	334	333	332	332	333
	b. KWH Sold	494,435	525,590	452,612	450,600	387,685	376,524
	c. Revenue	52,271	55,175	48,340	48,138	42,257	41,230
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	98,649	(44,781)	24,846	(202,922)	(197,455)	106,867
10. TOTAL No. of Consumers (lines 1a thru 9a)		33,364	33,358	33,362	33,381	33,396	33,400
11. TOTAL KWH Sold (lines 1b thru 9b)		22,620,751	21,683,577	20,239,287	19,793,385	19,508,517	17,813,551
12. TOTAL Revenue Received From Sales of Electric Energy (Line 1c thru 9c)		2,624,545	2,381,604	2,402,741	2,077,209	2,149,408	2,408,182
13. Other Electric Revenue		12,114	54,246	18,315	17,422	126,503	21,958
14. KWH - Own Use		18,386	20,332	25,000	23,762	24,869	24,869
15. TOTAL KWH Purchased		25,421,200	21,406,200	21,595,200	18,438,000	18,198,600	19,233,000
16. TOTAL KWH Generated		0	0	0	0	0	0
17. Cost of Purchases and Generation		1,744,203	1,532,290	1,497,176	1,237,002	1,221,753	1,402,778
18. Interchange - KWH - Net		0	0	0	0	0	0
19. Peak - Sum All KW Input (Metered)		43,365	41,772	40,136	31,749	29,700	41,339
Non-coincident Coincident X							

**CFC
FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

MI 028

YEAR ENDING

12/31/2009

PART R. POWER REQUIREMENTS DATA BASE (Continued)

(See preceding page 6 of CFC Form 7 for Headings of Line Item numbers below.)

LINE ITEM NUMBER		JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)	TOTAL (Column a thru l) (m)
1	a.	17,386	17,397	17,419	17,404	17,412	17,398	17,393
	b.	9,783,808	10,257,854	9,858,319	10,017,826	10,762,788	12,297,056	132,753,541
	c.	1,142,497	1,187,943	1,167,675	1,179,678	1,201,624	1,351,714	15,082,666
2	a.	13,740	13,721	13,660	13,704	13,721	13,739	13,738
	b.	2,825,902	2,147,152	2,156,339	2,140,626	2,159,997	2,180,991	30,348,386
	c.	672,396	363,954	379,806	367,914	371,685	651,845	5,778,990
3	a.	27	27	27	27	27	27	27
	b.	52,628	31,427	45,526	2,389	176	8,131	206,147
	c.	5,655	3,673	4,990	959	752	2,356	28,955
4	a.	1,848	1,854	1,852	1,853	1,858	1,859	1,848
	b.	4,715,548	4,401,414	4,254,854	3,958,696	3,955,382	3,688,768	49,062,323
	c.	459,837	447,474	428,846	401,259	387,227	378,584	4,962,311
5	a.	5	5	5	5	5	5	5
	b.	1,627,500	1,529,400	1,303,500	1,533,900	1,215,600	1,285,200	16,600,500
	c.	133,679	122,308	103,546	121,224	93,414	100,976	1,323,328
6	a.	38	38	38	38	38	38	38
	b.	33,376	33,100	33,118	33,175	33,110	33,146	398,447
	c.	5,071	5,031	5,139	5,152	4,989	5,043	60,739
7	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
8	a.	333	334	334	335	335	335	335
	b.	460,287	494,138	454,065	435,255	397,278	415,255	5,343,724
	c.	49,057	52,225	48,512	46,749	41,475	43,749	569,178
9	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	88,308	113,548	56,555	254,756	204,248	329,207	831,826
10		33,377	33,376	33,335	33,366	33,396	33,401	33,383
11		19,499,049	18,894,485	18,105,721	18,121,867	18,524,331	19,908,547	234,713,068
12		2,556,500	2,296,156	2,195,069	2,377,691	2,305,414	2,863,474	28,637,993
13		28,692	25,122	24,607	30,426	28,241	130,975	518,621
14		17,604	17,500	19,530	18,291	23,401	17,500	251,044
15		20,773,800	20,828,400	19,175,400	21,055,200	20,629,800	24,040,000	250,794,800
16		0	0	0	0	0	0	0
17		1,506,633	1,487,923	1,373,642	1,493,297	1,550,074	1,709,374	17,756,145
18		0	0	0	0	0	0	0
19		44,244	38,369	33,087	35,559	45,655	49,367	49,367

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION		BORROWER DESIGNATION	
(All investments refer to your most recent CFC Loan Agreement)		MI 023	
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		BORROWER NAME	
		PRESQUE ISLE ELECTRIC & GAS CO-OP	
		MONTH ENDING	
		12/31/09	
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
5 See Attached Sheet	362,485	19,771,245	0
6	0	0	0
7	0	0	0
8	0	0	0
Subtotal (Line 5 thru 8)	362,485	19,771,245	0
9	0	0	0
10	0	0	0
11	0	0	0
12	0	0	0
Subtotal (Line 9 thru 12)	0	0	0
13	0	0	0
14	0	0	0
15	0	0	0
16	0	0	0
Subtotal (Line 13 thru 16)	0	0	0
17	0	0	0
18	0	0	0
19	0	0	0
20	0	0	0
Subtotal (Line 17 thru 20)	0	0	0
21 See Attached Sheet	1,525,349	0	0
22	0	0	0
23	0	0	0
24	0	0	0
Subtotal (Line 21 thru 24)	1,525,349	0	0
25	0	0	0
26	0	0	0
27	0	0	0
28	0	0	0
Subtotal (Line 25 thru 28)	0	0	0
29 Citizen's National Bank - IMMA	30,195	0	0
30	0	0	0
31	0	0	0
32	0	0	0
Subtotal (Line 29 thru 32)	30,195	0	0
33	0	0	0
34	0	0	0
35	0	0	0
36	0	0	0
Subtotal (Line 33 thru 36)	0	0	0
37	0	0	0
38	0	0	0
39	0	0	0
40	0	0	0
Subtotal (Line 37 thru 40)	0	0	0
Total	1,887,834	19,771,245	0

CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION (All investments refer to your most recent CFC Loan Agreement) Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		BORROWER DESIGNATION MI 028 BORROWER NAME PRESQUE ISLE ELECTRIC & GAS CO-OP MONTH ENDING 12/31/2009			
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7b - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7c - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				\$1,918,024
2	LARGER OF (a) OR (b)				\$1,818,892
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)				\$287,774
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 34)				\$1,818,892

Part I - Investments

Line 2. Account #	Investments in Associated Organizations Description	Amount	Included	Excluded
123.14	Central Area Data Processing	\$82,222.68	\$82,222.68	
123.11	Wolverine Power Supply - Patronage	\$9,517,384.84		\$9,517,384.84
123.12	NRUCFC - Patronage	\$1,051,277.88		\$1,051,277.88
123.13	RESCO (Ohio) Patronage	\$261,994.54	\$261,994.54	
123.16	WPSC - Power Supply Development Fund	\$7,352,748.08		\$7,352,748.08
123.40	Wolverine Power Supply - Membership	\$200.00		\$200.00
123.42	NRUCFC - Membership	\$1,000.00		\$1,000.00
123.43	MECA - Membership	\$1,000.00		\$1,000.00
123.45	NRTC - Membership	\$1,000.00	\$1,000.00	
123.64	MECA - Building	\$38,636.00		\$38,636.00
123.21&22	NRUCFC - Capital Term Certificates	\$934,872.00		\$934,872.00
123.24	NRUCFC - Member Capital Securities	\$100,000.00		\$100,000.00
123.00	RESCO - Stock	\$5,000.00	\$5,000.00	
123.15	NRTC	\$401.73	\$401.73	
123.01	RESCO - Class B Stock	\$100.00	\$100.00	
123.23	NRUCFC ZTC's	\$773,126.01		\$773,126.01
123.09	Cooperative Response Center	\$11,765.78	\$11,765.78	
123.41	CoBank Membership	\$1,000.00		\$1,000.00
	Total	\$20,133,729.54	\$362,484.73	\$19,771,244.81

Cash Balances

131.00	Citizen's National Bank - Checking	\$79,030.80
131.01	Onaway Community Federal Credit Union - Checking	(\$92,100.07)
131.02	OCFCU - Savings	\$788,520.87
131.10	National City Bank	\$661,407.31
131.11	Independent Bank	\$85,719.99
131.13	Columbus Bank & Trust	\$1,876.72
135.00	OCFCU - Working Funds	\$893.26
	Total	\$1,525,348.88

MPSC FORM P-522**ANNUAL REPORT OF NATURAL GAS COMPANIES (MAJOR AND NONMAJOR)****IDENTIFICATION**

01 Exact Legal Name of Respondent Presque Isle Electric & Gas Co-op	02 Year of Report December 31, 2009
03 Previous Name and Date of Change (if name changed during year)	

04 Address of Principal Business Office at End of Year (Street, City, State, Zip)

19831 M 68 Highway Onaway, MI 49765

05 Name of Contact Person Thomas J. Sobeck	06 Title of Contact Person Chief Financial Officer
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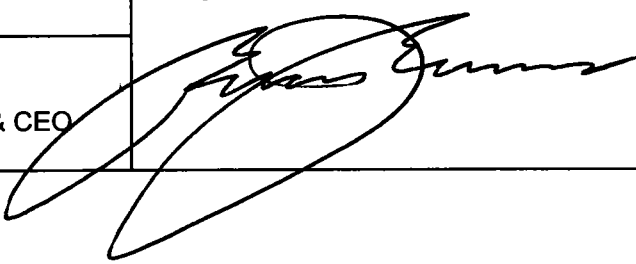
07 Address of Contact Person (Street, City, State, Zip)

19831 M 68 Highway Onaway, MI 49765

08 Telephone of Contact Person, Including Area Code: 989-733-8515	09 This Report is: (1) X An Original (2) A Resubmission	10 Date of Report (Mo, Da, Yr) 5/19/2010
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ATTESTATION

The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 and including December 31 of the year of the report.

01 Name Brian J. Burns	03 Signature 	04 Date Signed (Mo, Da, Yr) 5/19/2010
02 Title President & CEO		

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GENERAL INFORMATION			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p style="text-align: center;">Brian J. Burns, Chief Executive Officer 19831 M 68 Highway Onaway, MI 49765</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and date organized.</p> <p style="text-align: center;">Michigan March 26, 1937</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p style="text-align: center;">Not Applicable</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p style="text-align: center;">Electric Distribution Natural Gas Distribution Natural Gas Marketing</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) <input type="checkbox"/> Yes. . . . enter date when such independent accountant was initially engaged: _____</p> <p>(2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) <input checked="" type="checkbox"/> Original	05/19/2010	December 31, 2009
	(2) <input type="checkbox"/> Resubmission		

CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for

whom trust was maintained, and purpose of the trust.

2. List any entities which respondent did not control either directly or indirectly and which did not control respondent by which were associated companies at any time during the year.

3. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

NOT APPLICABLE

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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LIST OF SCHEDULES (Natural Gas Utility)

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K and this report are compatible.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition or an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent

of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
NOT APPLICABLE			

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
DIRECTORS			
<p>1. Report below the information called for concerning the respondent, each director of the respondent who held office at any time during the year. Include in column (a), an asterisk and the Chairman of the Executive abbreviated titles of the directors who are officers of Committee by a double asterisk.</p> <p>2. Designate members of the Executive Committee by</p>			
Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Allan Bruder, Chairman	19831 M 68 Highway Onaway, MI 49765	12	\$8,849.75
Allen Barr, Chairman		14	\$17,552.04
John Brown, Vice Chairman		14	\$11,942.57
David W. Smith, Secretary		14	\$10,965.00
Daryl Peterson, Treasurer		2	\$3,521.10
Sally Knopf, Director		2	\$1,983.60
Bernice Krajniak, Director		14	\$14,489.98
Robert Wegmeyer, Director		14	\$6,121.16
Raymond Wozniak, Director		14	\$19,687.93
Allan Berg, Director		13	\$19,525.84
Glen Alsobrooks, Director		11	\$8,157.60

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
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SECURITY HOLDERS AND VOTING POWERS	
<p>1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or completion of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not completed within one year prior to the end of the year, or if since the previous completion of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.</p> <p>(B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.</p>	<p>2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.</p> <p>3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.</p> <p>4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.</p>

<p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p style="text-align: center;">NOT APPLICABLE</p>
--

<p>2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:</p> <p>TOTAL: 2,674</p> <p>BY PROXY: 2</p>

<p>3. Give the date and place of such meeting:</p> <p style="text-align: center;">October 30, 2009 Onaway High School, Onaway, Michigan</p>

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
SECURITY HOLDERS AND VOTING POWERS (Continued)					
Line No.	Name (and Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Total Votes (b)	Number of votes as of (date):		
			Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	0			
5	TOTAL number of security holders	0			
6	TOTAL votes of security holders listed below	0			
7	Not Applicable				
8					
9					
10					
11					
12					
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
<p align="center">IMPORTANT CHANGES DURING THE YEAR</p>			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p> <p>1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.</p> <p>2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.</p> <p>3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.</p> <p>4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.</p> <p>5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of</p>			
<p>sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.</p> <p>6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.</p> <p>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</p> <p>8. State the estimated annual effect and nature of any important wage scale changes during the year.</p> <p>9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.</p> <p>10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.</p> <p>11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.</p> <p>12. If the important changes during the year relating to</p>			
<p align="center">NONE</p>			

PRESQUE ISLE ELECTRIC & GAS CO-OP
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD OF DIRECTORS
DECEMBER 31, 2009**

Allen L. Barr	Chairperson
John F. Brown	Vice Chairperson
David W. Smith	Secretary
Daryl Peterson	Treasurer
Robert W. Wegmeyer	Director
Allan Berg	Director
Bernice C. Krajniak	Director
David W. Smith	Director
Raymond Wozniak	Director
Sally Knopf	Director

President & Chief Executive Officer

Brian J. Burns



HARRIS GROUP

Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Presque Isle Electric & Gas Co-op
Onaway, Michigan

We have audited the accompanying balance sheets of Presque Isle Electric & Gas Co-op as of December 31, 2009 and 2008, and the related statements of revenue and patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Presque Isle Electric & Gas Co-op's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presque Isle Electric & Gas Co-op as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Cooperative changed its method of accounting for its pension plan as of December 31, 2009, in accordance with Statement of Financial Accounting Standards No. 158, *Employer's Accounting for Defined Benefit Pension and Other Post Retirement Plans*.

Certified Public Accountants
March 15, 2010

PRESQUE ISLE ELECTRIC & GAS CO-OP
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
UTILITY PLANT:		
In-Service – at cost	\$ 114,136,463	\$ 109,100,400
Construction work in progress	<u>1,501,860</u>	<u>3,310,809</u>
SUBTOTAL	115,638,323	112,411,209
Less accumulated depreciation and amortization	<u>40,989,784</u>	<u>38,530,134</u>
NET UTILITY PLANT	<u>74,648,539</u>	<u>73,881,075</u>
 OTHER ASSETS AND INVESTMENTS		
Investments on associated organizations	<u>20,133,730</u>	<u>18,341,057</u>
 CURRENT ASSETS:		
Cash and temporary cash investments	1,555,544	1,595,021
Accounts Receivable, less allowance for possible losses of \$118,000 in 2009 and 2008.	4,717,266	4,278,787
Materials and supplies (at average cost)	1,112,929	1,135,968
Other current assets	<u>119,228</u>	<u>101,297</u>
TOTAL CURRENT ASSETS	<u>7,504,967</u>	<u>7,111,073</u>
 DEFERRED DEBITS	<u>207,682</u>	<u>209,947</u>
TOTAL ASSETS	<u>\$ 102,494,918</u>	<u>\$ 99,543,152</u>

The accompanying notes are an integral part of these statements.

	2009	2008
EQUITIES AND LIABILITIES		
EQUITIES:		
Memberships	\$ 221,615	\$ 216,930
Patronage capital	37,713,491	36,001,367
Other equities	(1,571,322)	787,517
TOTAL EQUITIES	36,363,784	37,005,814
LONG-TERM DEBT, NET OF CURRENT MATURITIES:		
Mortgage notes to National Rural Utilities Cooperative Finance Corporation (CFC)	51,209,634	50,340,759
Accrued post – retirement benefits	2,707,397	200,000
TOTAL LONG-TERM DEBT	53,917,031	50,540,759
CURRENT LIABILITIES:		
Current maturities of long-term debt	1,676,500	1,570,000
CFC line of credit	5,010,248	3,785,117
Accounts payable, purchased energy	2,418,114	2,611,486
Accounts payable, other	421,160	811,993
Patronage capital payable		
Customer deposits	271,072	289,631
Accrued property taxes	489,324	486,655
Accrued interest	346,573	349,388
Accrued sick and vacation pay	564,578	558,000
Accrued other	222,419	349,159
TOTAL CURRENT LIABILITIES	11,419,988	10,811,429
DEFERRED CREDITS	794,116	1,185,150
TOTAL EQUITIES AND LIABILITIES	\$ 102,494,918	\$ 99,543,152

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES	\$ 38,743,083	\$ 37,692,739
OPERATING EXPENSES:		
Cost of energy	23,896,355	23,805,832
Distribution – operation	1,380,066	1,650,258
Distribution – maintenance	2,755,524	2,240,483
Consumers accounts	1,541,891	1,562,239
Customer service and information expense	206,966	126,854
Administrative and general	1,633,542	1,558,051
Depreciation and amortization	3,037,565	2,886,528
Taxes – property	973,714	968,851
Taxes – other	78,418	56,356
TOTAL OPERATING EXPENSES	<u>35,504,041</u>	<u>34,855,452</u>
OPERATING MARGIN BEFORE FIXED CHARGES	<u>3,239,042</u>	<u>2,837,287</u>
FIXED CHARGES:		
Interest	3,085,276	3,049,462
Other deductions	498	998
TOTAL FIXED CHARGES	<u>3,085,774</u>	<u>3,050,460</u>
OPERATING MARGINS AFTER FIXED CHARGES	<u>153,268</u>	<u>(213,173)</u>
CAPITAL CREDITS:		
Generation and transmission capital credits	1,435,433	1,870,486
Other capital credits	380,557	389,219
TOTAL CAPITAL CREDITS	<u>1,815,990</u>	<u>2,259,705</u>
NET OPERATING MARGINS	<u>1,969,258</u>	<u>2,046,532</u>

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)

	<u>2009</u>	<u>2008</u>
NET OPERATING MARGINS (from previous page)	\$ 1,969,258	\$ 2,046,532
NON-OPERATING MARGINS:		
Interest and dividend income	52,578	63,854
Other	<u>(309,712)</u>	<u>(126,169)</u>
TOTAL NON-OPERATING MARGINS	<u>(257,134)</u>	<u>(62,315)</u>
NET MARGINS	1,712,124	1,984,217
PATRONAGE CAPITAL, beginning of year	<u>36,001,367</u>	<u>34,017,150</u>
PATRONAGE CAPITAL, end of year	<u>\$ 37,713,491</u>	<u>\$ 36,001,367</u>

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from consumers	\$ 38,366,692	\$ 38,680,294
Cash paid to suppliers and employees	(31,470,755)	(30,135,333)
Interest received	52,578	63,854
Interest paid	(3,223,086)	(3,184,785)
Taxes paid	(1,319,975)	(1,419,253)
 Net Cash Provided by Operating Activities	 <u>2,405,454</u>	 <u>4,004,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction and acquisition of plant	(4,393,465)	(5,260,030)
Plant removal costs	(78,904)	(155,043)
Proceeds from sale of utility plant		9,816
(Increase) decrease in:		
Material inventory	23,039	(2,368)
Investments – associated organizations	73,317	251,671
 Net Cash Used In Investing Activities	 <u>(4,376,013)</u>	 <u>(5,155,954)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from CFC	29,403,154	23,408,525
Payment of debt	(27,202,648)	(23,108,695)
Memberships issued	4,685	4,990
Increased (decrease) in:		
Consumer deposits	(18,559)	101,476
Deferred credits	(256,040)	679,756
Other equities	490	102,301
Sales tax refund to be assigned		
 Net cash Provided by Financing Activities	 <u>1,931,082</u>	 <u>1,188,353</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 <u>(39,477)</u>	 <u>37,176</u>
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>1,595,021</u>	 <u>1,557,845</u>
 CASH AND CASH EQUIVALENTS, end of year	 <u>\$ 1,555,444</u>	 <u>\$ 1,595,021</u>

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Margins	\$ 1,712,124	\$ 1,984,217
Adjustments to reconcile net margins to net cash provided by		
Operating activities:		
Depreciation and amortization	3,337,593	2,946,138
(Gain) loss on disposition of assets	317,309	135,456
G&T and other capital credits	(1,815,990)	(2,259,705)
(Increase) decrease in:		
Customer and other accounts receivable	(438,479)	915,010
Other current assets	(17,931)	(20,176)
Deferred debits	2,265	1,860
Amortization of debt discount	(134,995)	(134,995)
Increase (decrease) in:		
Accounts payable	(584,205)	699,972
Accrued property taxes	2,669	12,106
Accrued interest payable	(2,815)	(328)
Current and accrued liabilities – other	27,909	(274,778)
Total Adjustments	<u>693,330</u>	<u>2,020,560</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,405,454</u>	<u>\$ 4,004,777</u>
NON-CASH ITEMS – INVESTING & FINANCING		
Capital credits from associated organizations	\$ 1,815,990	\$ 2,259,705

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the accounting policies adopted by Presque Isle Electric & Gas Co-op which have a significant effect on the financial statements.

Organization

Presque Isle Electric & Gas Co-op (Presque Isle) is a non-profit organization generally exempt from income tax under Section 501(c)(12) of the United States Internal Revenue Code. Presque Isle is subject to the Michigan Business Tax Act of the State of Michigan.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Recently Adopted Accounting Pronouncement

In September 2006, The Financial Accounting Standards Board issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (an amendment of SFAS Nos. 87, 88, 106 and 132R). SFAS No. 158 requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligation that determine its funded status as of the end of the employers fiscal year; and (c) recognize changes in the funded status of a defined benefit pension plan in the year in which the changes occur. These changes are to be reported in comprehensive income of a business entity. The provisions of SFAS No. 158 for entities without publicly traded equity securities are effective for fiscal years ending after June 15, 2007.

Utility Plant

Additions, with a life expectancy of more than one year, are recorded at cost, less contributions in aid of construction received from customers. As items are retired or otherwise disposed of, the asset account is credited for the cost and the accumulated depreciation account is charged. The cost of removal, less salvage, is charged to the loss on disposition of utility plant account, and shown on the Statement of Revenue.

Investments

The carrying values of investments in associated organizations are stated at cost, adjusted for capital credits earned or retired. Short-term investments are stated at cost, which approximates market value.

Cash

For purposes of the statement of cash flows, Presque Isle considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Consumer Energy Prepayments and Unbilled Revenues

Seasonal account billings are accounted for as deferred credits and recognized as income on a straight-line basis over a period of one year. There were no estimated net unbilled revenues for the year.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts receivable

Accounts receivable consist primarily of amounts due from members for electric and gas service. An allowance for doubtful accounts has been estimated based on collection history. When a member's account becomes past due and uncollectible, the member's service is terminated. The Board of Directors approve all accounts charged off.

Materials and Supplies

Electrical materials and supplies are valued at average cost. Merchandise held for resale is valued on the first-in, first-out basis.

Retirement Plan

Presque Isle has a retirement savings plan for substantially all employees. Under the terms of the plan, Presque Isle is required to contribute 10 to 16 percent of the employee's total base earnings to the retirement plan.

Flex Benefit Plan

Presque Isle has a Flexible Benefits Plan. The purpose of the plan is to provide eligible employees a choice between cash and the specified welfare benefits described in the plan. Pre-Tax Premium elections under the plan are intended to qualify for the exclusion from income provided in Section 125 of the Internal Revenue Code of 1986.

Contributions in Aid of Construction

Contributions in aid of construction are received from customers on electrical and gas installations and re-applied against the construction costs.

NOTE 2: ASSETS PLEDGED

Substantially all assets are pledged as collateral on long-term debt payable to the National Rural Utilities Cooperative Finance Corporation (CFC).

NOTE 3: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES

Major classes of electric and gas plant as of December 31, 2009 and 2008 consisted of:

	2009	2008
Intangible plant	\$ 1,025,480	\$ 1,025,332
Distribution plant	106,655,984	102,200,431
General plant	6,454,999	5,874,637
	114,136,463	109,100,400
Construction work in progress	1,501,860	3,310,809
TOTAL	\$ 115,638,323	\$ 112,411,209

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 4: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES - continued

Provision has been made for depreciation of the distribution plant at a straight-line rate of 10 to 50 years for all distribution plant additions.

General plant depreciation rates have been applied on a straight-line basis as follows for the year ended December 31, 2009:

	<u>Years</u>
Structures and improvements	10-50
Office furniture equipment	3-7
Transportation equipment	4-7
Power operated equipment	3-16
Other	4-5

Depreciation and amortization of electric and gas plant in service was charged as follows for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Charged to:		
Classified as depreciation and amortization	\$ 3,037,565	\$ 2,886,528
Classified in other operating expenses	28,362	59,610
	<u>3,065,927</u>	<u>2,946,138</u>
Charged to construction	269,143	243,270
	<u>269,143</u>	<u>243,270</u>
TOTAL DEPRECIATION AND AMORTIZATION	<u>\$ 3,335,070</u>	<u>\$ 3,189,408</u>

NOTE 5: INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Wolverine Power Supply Coop. Inc. - capital credits	\$ 9,517,385	\$ 9,361,124
Wolverine Power Supply Coop. Inc. - PSDF	7,352,748	6,073,576
National Rural Utilities Cooperative Finance Corp.:		
Capital term certificates maturing October 1, 2010 through		
October 1, 2080 at interest rates between 3% and 5%	1,808,400	1,679,323
Patronage capital certificates	1,051,278	928,553
Other	403,919	298,481
	<u>403,919</u>	<u>298,481</u>
TOTAL	<u>\$ 20,133,730</u>	<u>\$ 18,341,057</u>

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 6: SHORT-TERM INVESTMENTS - RESTRICTED

On March 20, 1984, the Michigan Public Service Commission issued its opinion and order in Case No. U-7901, directing Michigan's Rural Electric Cooperatives to maintain power supply cost recovery over-collections and refundable contributions in restricted accounts to be used only for the purpose for which they are intended.

In order to accomplish the objectives of the Commission, a non-complex mechanism acceptable to CFC and a workable approach acceptable to Presque Isle Electric & Gas Co-op, Inc., on December 17, 1985, entered into an agreement with CFC to escrow power supply cost recovery over-collections and refundable contributions. A monthly certification is to be included with the monthly form advising CFC as to amounts included in the special funds representing power supply cost recovery over-collections and refundable contributions.

Presque Isle is to provide CFC a copy of the monthly certification described above which will serve as notice to CFC as to the amount below which the fund should not fall. Under the provisions of the agreement with CFC when the amount of deposits held by CFC falls below the level set forth in the latest available certification furnished CFC, CFC will advise the Commission if Presque Isle has not remedied the deficiency within three business days of notification by CFC to Presque Isle.

There were no amounts required to be restricted as of December 31, 2009 and 2008.

NOTE 7: CASH AND INVESTMENTS

Statements of Financial Accounting Standards (SFAS) No. 105 require disclosure of significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

	<u>Per Institution</u>	<u>Per Book</u>
Insured	\$ 736,987	\$ 512,622
Uninsured	<u>1,018,452</u>	<u>1,041,422</u>
Cash in banks, credit union & CFC	<u>\$ 1,755,439</u>	1,554,044
Working funds		<u>1,500</u>
Total per books		<u>\$ 1,555,544</u>

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DEFERRED DEBITS

The Cooperative has recorded deferred debits in the following amounts:

	<u>2009</u>	<u>2008</u>
Prepaid tap fees	\$ 71,355	\$ 74,792
Prepaid years of service	107,362	121,067
Regulatory prepaid asset	<u>28,965</u>	<u>14,088</u>
 TOTAL	 <u>\$ 207,682</u>	 <u>\$ 209,947</u>

NOTE 9: MEMBERSHIPS

The following is a summary of changes in memberships for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Balance, beginning	\$ 216,930	\$ 211,940
Membership and subscriptions issued	5,230	5,705
Adjustment	<u>(545)</u>	<u>(715)</u>
 Balance, ending	 <u>\$ 221,615</u>	 <u>\$ 216,930</u>

Memberships have been adjusted to reflect the number of members currently receiving service. In accordance with the Co-op by-laws, memberships are not refunded when a member leaves the service area. The membership fee is transferred to donated capital when the member terminates service.

NOTE 10: PATRONAGE CAPITAL

Patronage capital balances as of December 31, 2009 and 2008 consisted of:

	<u>2009</u>	<u>2008</u>
Assignable	\$ 1,712,124	\$ 1,984,217
Assigned to date	<u>40,148,250</u>	<u>38,164,033</u>
	41,860,374	40,148,250
Less retirements to date	<u>4,146,883</u>	<u>4,146,883</u>
 Balance	 <u>\$ 37,713,491</u>	 <u>\$ 36,001,367</u>

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 10: PATRONAGE CAPITAL - continued

Under the provisions of the Mortgage Agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the next preceding year. The equities and margins of Presque Isle represent 35.4% and 37.1% of the total assets for the years 2009 and 2008, respectively. There were capital credits retired of \$0 during 2009 or 2008, respectively.

NOTE 11: MORTGAGE NOTES

Long-term debt is composed of 5.00 percent to 6.65 percent mortgage notes payable to the National Rural Utilities Cooperative Finance Corporation (CFC). All mortgage notes to CFC will be repriced and the interest rate adjusted accordingly during the next 10 years in accordance with the policy and procedure governing such repricing. The notes are for 35 year periods each, with principal and interest installments due either quarterly or monthly. The notes are scheduled to be fully repaid at various times from September 2010 through November 2043.

There were unadvanced loan funds available at December 31, 2009 in the amount of \$22,500,000.

Detail of the long-term debt is as follows:

	<u>2009</u>	<u>2008</u>
National Rural Utilities Cooperative Finance Corporation mortgage notes bearing interest at 5.00% to 6.65% per annum for 2009 and 2008	<u>\$ 52,886,134</u>	<u>\$ 51,910,759</u>
	52,886,134	51,910,759
Less current maturities	<u>1,676,500</u>	<u>1,570,000</u>
TOTAL LONG-TERM DEBT	<u><u>\$ 51,209,634</u></u>	<u><u>\$ 50,340,759</u></u>

Maturities of long-term debt for each of the next five years are as follows:

2010	\$ 1,676,500
2011	\$ 1,761,500
2012	\$ 1,860,100
2013	\$ 1,952,000
2014	\$ 2,050,000

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 12: LINE OF CREDIT

Presque Isle had available a short-term line of credit from CFC for 2009 and 2008 of \$8,000,000 and \$6,400,000, respectively, with a revolving credit and term of sixty months. The agreement requires that within 360 days of the first advance, the cooperative will reduce to zero for a period of at least five consecutive business days amounts outstanding. The Cooperative was in compliance with this provision during 2009 and 2008. Balance available at December 31, 2009 and 2008 was \$8,000,000 and \$2,614,883. The outstanding balance at December 31, 2009 and 2008 was \$-0- and \$3,785,117, respectively.

Additionally, Presque Isle has an \$8,000,000 unsecured revolving line-of-credit agreement with CoBank. Interest on outstanding borrowings is payable monthly and is computed at 3.74% at December 31, 2009. Presque Isle had an outstanding balance of \$5,010,248 for 2009 and \$-0- in 2008.

NOTE 13: DEFERRED CREDITS

Following is a summary of the amounts recorded as deferred credits as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Deferred gain from extinguishments of debt	\$ 809,974	\$ 944,969
Customer energy prepayments	<u>265,728</u>	<u>240,181</u>
 TOTAL	 <u>\$ 1,075,702</u>	 <u>\$ 1,185,150</u>

NOTE 14: RETIREMENT PLAN

Retirement plan benefits for substantially all employees are provided through participation in a defined contribution SelectRE pension plan with 401k option with cash and deferred arrangement of the National Rural Electric Cooperative Association (NRECA) and its member systems. The income earned by funds while held under the plan is tax-exempt under Code Sections 401 and 501 of the Internal Revenue Code. Contributions to the savings program, which are based on a percentage of the employees' compensation were \$623,073 in 2009 and \$675,951 in 2008.

NOTE 15: POWER SUPPLY COST RECOVERY CLAUSE

On October 12, 1982, the Governor of the State of Michigan signed PA 304 of 1982 into law creating the Power Supply Cost Recovery Clause (PSCR), a power cost recovery mechanism.

Wolverine Power Supply Cooperative, Inc. (Wolverine) and the member-distribution Cooperatives including Presque Isle, obtained authority to implement and apply PSCR clauses and monthly factors. Presque Isle's monthly factor may not exceed 24.18 mills per KWH for the current period.

Due to fluctuations in market conditions, over-collections or under-collections could result between the generation cooperative and distribution cooperative as well as between the distribution cooperatives and their member-consumers.

The PSCR clause includes provisions whereby power cost recovery over-collections must be remedied by refunds and power cost recovery under-collections must be remedied by additional collections.

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 15: POWER SUPPLY COST RECOVERY CLAUSE - continued

Presque Isle's balance sheets reflect an amount due from/(to) member-consumers for under/(over) collections in the amounts of \$95,674 and \$(748,547) at December 31, 2009 and 2008, respectively. These amounts are included in the accounts receivable balance.

On September 1, 2008, Presque Isle Electric & Gas Co-op implemented a new rate setting mechanism for its natural gas operations in 34 of its 36 franchised jurisdictions. This included a Gas Cost Recovery (GCR) mechanism. Due to fluctuations in market conditions, over-collections and under-collections of natural gas supply costs could result between the distribution cooperative and its member-consumers.

The GCR mechanism includes provisions whereby gas cost recovery over-collections must be remedied by refunds and gas cost recovery under-collections must be remedied by additional collections. Presque Isle's balance sheet reflects an amount due from member-consumers for over collections in the amounts of \$(43,468) and \$(53,181) for the years ended December 31, 2009 and 2008, respectively. This amount is recorded in accounts receivable.

NOTE 16: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

The cooperative has chosen to recognize the accounting method required by the Statement of Financial Accounting Standards No. 106 for Employer's Accounting for Post-retirement Benefits Other Than Pensions. The statement requires a transition from accounting, for these benefits, on a pay-as-you go (cash basis) to recognizing the benefit cost as they are earned (accrual basis). The change in accounting method requires the accounting for costs incurred to date but unpaid, which is called the Transition amount. This amount may be either expensed in the year of transition or it may be amortized over either the benefit period or twenty-years.

The plan sponsored by the company is a defined benefit post-retirement plan that covers all employees who retire from the cooperative before April 1, 1997 after (i) attainment of age 55 and completion of 30 years of service, or (ii) attainment of age 62. Spouses of pensioners are also insured until the pensioner's death.

At the end of 2009 there were no active participants and the accounting rules of the Financial Accounting Standards Board Statement No. 88 regarding curtailment must be recognized. The reconciliation of the funded status at December 31, 2009 is as follows:

	<u>2009</u>	<u>2008</u>
(Accrued) post-retirement benefit costs, beginning	\$ (200,000)	\$ (283,857)
Net periodic post-retirement benefit (costs)	(313,693)	(133,886)
Buyout cost	(24,147)	17,158
Contributions made	189,773	200,585
FAS 158 adjustment	<u>(2,359,330)</u>	
(Accrued) post-retirement benefit cost, end of year	<u>\$ (2,707,397)</u>	<u>\$ (200,000)</u>

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 16: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - continued

Net periodic post-retirement benefit cost includes the following components:

	2009	2008
Interest cost	\$ 148,665	\$ 113,720
Net amortization and deferral	165,028	20,166
Net periodic post-retirement benefit cost	<u>\$ 313,693</u>	<u>\$ 133,886</u>

For measurement purposes a 10.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2009; the rate was assumed to decrease gradually to an ultimate rate of 5.0% per annum. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated post-retirement benefit obligation \$122,019 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$8,299. Decreasing the assumed health care cost trend rates by 1 percentage point in each year would decrease the accumulated post-retirement benefit obligation \$106,201 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$7,519.

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 7.5 percent.

NOTE 17: FLEX BENEFIT PLAN - under Section 125 of the Internal Revenue Code

The Flexible Benefit Plan is for the benefit of substantially all employees who have been employed for at least 30 days. The Cooperative has elected to offer to eligible employees the following Benefit Plans and Policies subject to the terms and conditions of the plan: (1) Disability Income - Short-Term (A&S); (2) Cancer Insurance; (3) Intensive Care Insurance; (4) Accident Insurance; and (5) Medical Care Expense Reimbursement, not to exceed \$1,200 per plan year. The maximum Pre-Tax Premiums a participant can contribute via the Salary Redirection Agreement is the aggregate cost of the applicable Benefit Plans or Policies selected minus any Nonelective Contributions made by the employer. It is intended that such Pre-Tax Premium accounts shall, for tax purposes, constitute an employer contribution.

NOTE 18: LETTERS OF CREDIT

The Co-op has a letter of credit outstanding to the State of Michigan for \$100,000 at December 31, 2009. In order to maintain status as a licensed Alternative Gas Supplier in the State of Michigan the Michigan Public Service Commission requires this letter of credit.

The Co-op has a letter of credit outstanding to the WPS Energy for \$5,000,000 at December 31, 2009. This letter of credit is required in order to mitigate counter party risk in natural gas purchase transactions. This also is a risk management tool for the Co-op with respect to mark to market issues.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 19: RECLASSIFICATION OF AMOUNTS

Certain amounts previously reported have been reclassified to conform to the 2009 presentation.

NOTE 20: SUBSEQUENT EVENTS

Co-op management has evaluated the impact of subsequent events as they relate to the financial statements through March 15, 2010.



HARRIS GROUP

Certified Public Accountants

AUDITORS' CERTIFICATION REGARDING LOAN FUND EXPENDITURES

During the period of this audit, Presque Isle Electric & Gas Co-op received \$2,500,000 in long-term loan fund advances from CFC on loans controlled by the 100% CFC Mortgage and Loan Agreement. Based on our review of construction work orders and other plant accounting records created during the audit period, it is our opinion that these CFC loan funds were expended for purposes contemplated in the Loan Agreements on such loans.

Certified Public Accountants

March 15, 2010

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M88 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-8834 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

3.12.2010
Date

Signature of Chief Executive Officer

3/12/2010
Date

PART 1 - STATEMENT OF COMBINED OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2009

RUS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2008	2009	BUDGET	
1.	Operating Revenue - Electric	27,956,299	29,156,610	28,548,451	2,994,448
1.	Operating Revenue - Gas	9,736,440	9,588,473	9,631,053	1,219,928
	Total Revenue	37,692,739	38,743,083	38,179,505	4,214,376
3.	Cost of Purchased Energy - Electric	17,339,521	17,756,144	17,815,686	1,709,374
3.	Cost of Purchased Energy - Gas	6,466,311	6,140,211	6,178,114	884,694
	Total Cost of Energy Sold	23,805,832	23,896,355	23,993,801	2,594,068
	Gross Revenues	13,886,907	14,846,728	14,185,704	1,620,309
5.	Distribution Expense - Operation	1,650,258	1,380,066	1,758,263	87,500
6.	Distribution Expense - Maintenance	2,240,483	2,755,524	2,474,576	236,210
7.	Consumer Accounts Expense	1,562,239	1,541,891	1,538,167	133,439
8.	Customer Service and Informational Expense	126,853	206,966	139,096	25,386
10.	Administrative and General Expense	1,558,050	1,633,542	1,402,173	151,289
	Total Operation & Maintenance Expense	7,137,884	7,517,989	7,312,276	633,823
12.	Depreciation & Amortization Expense	2,886,528	3,037,565	3,070,560	261,280
13.	Tax Expense - Property & Gross Receipts	968,851	973,714	995,632	80,256
14.	Tax Expense - Other	56,356	78,418	43,684	12,803
15.	Interest on Long-Term Debt	2,890,245	2,907,093	2,999,457	242,086
17.	Interest Expense - Other	159,216	178,183	132,617	14,270
18.	Other Deductions	998	498	1,003	0
	Total Cost of Operations	14,100,079	14,693,460	14,555,229	1,244,518
20.	Patronage Capital & Operating Margins	(213,172)	153,268	(369,524)	375,790
21.	Non-Operating Margins - Interest	63,854	52,578	92,931	955
23.	Income (Loss) from Equity Investments	(126,169)	(309,712)	(6,974)	(21,170)
24.	Non-Operating Margins - Other	0	0	0	0
25. a	Generation and Transmission Capital Credits	430,182	156,261	500,000	156,261
25. b	G & T Capital Credits - PSDFC	1,440,303	1,279,172	653,561	145,398
26.	Other Capital Credits and Patronage Dividends	389,219	380,557	379,832	7,497
27.	Extraordinary Items	0	0	0	0
28.	Patronage Capital	1,984,217	1,712,124	1,249,826	664,731
	Net T.I.E.R.	1.65	1.55		
	Operating T.I.E.R.	0.93	1.05		

PART 2 - DATA ON COMBINED DISTRIBUTION PLANT

ITEM	ELECTRIC YEAR TO DATE		GAS YEAR TO DATE	
	2008	2009	2008	2009
1. New Services Connected	227	187	218	141
2. Services Retired	69	45	0	0
3. Total Services in Place	35997	35740	8911	8871
4. Idle Services (Excl Seasonal)	2590	2040	568	426
5. Miles Distribution - Overhead	3867	3,862		
6. Miles Distribution - Underground	926	942		
7. Total Miles Energized (5 + 6)	4793	4,804		

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 MBS Hwy. P.O. Box 308 Oneway, MI 49765 (889) 733-8515 1-800-423-8634 Fax (889) 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, 2009

RIS Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2008	2009	BUDGET	
1.	Operating Revenue - Electric	27,956,299	29,156,610	28,548,451	2,994,448
1.	Total Revenue	27,956,299	29,156,610	28,548,451	2,994,448
3.	Cost of Purchased Energy - Electric	17,339,521	17,756,144	17,815,686	1,709,374
3.	Total Cost of Energy Sold	17,339,521	17,756,144	17,815,686	1,709,374
	Gross Revenues	10,616,778	11,400,466	10,732,765	1,285,074
5.	Distribution Expense - Operation	1,162,691	926,027	1,258,691	49,831
6.	Distribution Expense - Maintenance	2,126,135	2,654,135	2,362,700	223,653
7.	Consumer Accounts Expense	1,298,591	1,240,643	1,288,508	104,658
8.	Customer Service and Informational Expense	102,575	180,302	113,417	22,080
10.	Administrative and General Expense	1,117,884	1,282,146	1,235,544	119,131
	Total Operation & Maintenance Expense	6,807,876	6,283,253	6,258,860	619,433
12.	Depreciation & Amortization Expense	2,289,711	2,418,773	2,440,284	209,300
13.	Tax Expense - Property & Gross Receipts	655,140	684,890	672,437	55,841
14.	Tax Expense - Other	46,338	62,814	35,798	10,586
15.	Interest on Long-Term Debt	1,754,857	1,781,205	1,745,676	184,023
17.	Interest Expense - Other	127,234	136,201	106,429	10,084
18.	Other Deductions	998	498	1,003	0
	Total Cost of Operations	10,682,153	11,367,634	11,260,487	989,267
20.	Patronage Capital & Operating Margins	(65,375)	32,832	(527,722)	295,808
21.	Non-Operating Margins - Interest	60,017	50,983	86,754	764
23.	Income (Loss) from Equity Investments	(130,461)	(311,259)	(10,486)	(21,274)
24.	Non-Operating Margins - Other	0	0	0	0
25.a	Generation and Transmission Capital Credits	430,182	156,261	500,000	156,261
25.b	G & T Capital Credits - PSDFC	1,440,303	1,279,172	653,561	145,368
26.	Other Capital Credits and Patronage Dividends	280,490	299,286	255,791	5,997
27.	Extraordinary Items - See attached sheet	0	0	0	0
28.	Patronage Capital	2,015,156	1,507,276	957,898	582,954
	Net T.I.E.R.	2.07	1.79		
	Operating T.I.E.R.	0.97	1.02		

PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2008	2009
1. New Services Connected	227	187
2. Services Retired	69	45
3. Total Services in Place	35,997	35,740
4. Idle Services (Excl Seasonal)	2,590	2,040
5. Miles Distribution - Overhead	3,867	3,862
6. Miles Distribution - Underground	926	942
7. Total Miles Energized (5 + 6)	4,793	4,805

PRESQUE ISLE ELECTRIC & GAS CO-OP

19631 M88 Hwy. P.O. Box 308 Orono, ME 04785 (888) 733-8515 1-800-423-8634 Fax (888) 733-2247

Signature of Chief Financial Officer

Date

Signature of Chief Executive Officer

Date

PART 1B - STATEMENT OF GAS OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2009

2009 Form 7 Line Number	ITEM	YEAR TO DATE			THIS MONTH
		2008	2009	BUDGET	
1.					
1.	Operating Revenue - Gas	9,738,440	9,586,473	9,631,053	1,219,928
	Total Revenue	9,738,440	9,586,473	9,631,053	1,219,928
3.					
3.	Cost of Purchased Energy - Gas	6,498,311	6,140,211	6,178,114	884,694
	Total Cost of Energy Sold	6,498,311	6,140,211	6,178,114	884,694
	Gross Revenues	3,270,129	3,446,262	3,452,939	335,235
5.	Distribution Expense - Operation	487,567	454,039	498,573	37,569
6.	Distribution Expense - Maintenance	114,348	101,388	111,876	12,557
7.	Consumer Accounts Expense	263,648	301,248	249,658	28,781
8.	Customer Service and Informational Expense	24,278	28,864	25,679	3,326
10.	Administrative and General Expense	440,167	351,386	166,629	32,158
	Total Operation & Maintenance Expense	1,330,008	1,234,736	1,053,415	114,390
12.	Depreciation & Amortization Expense	596,816	618,792	630,276	51,981
13.	Tax Expense - Property & Gross Receipts	313,711	288,824	323,195	24,416
14.	Tax Expense - Other	10,018	15,604	7,886	2,217
15.	Interest on Long-Term Debt	1,135,389	1,125,868	1,253,781	58,063
17.	Interest Expense - Other	31,992	41,983	26,188	4,185
18.	Other Deductions	0	0	0	0
	Total Cost of Operations	3,417,926	3,325,828	3,294,742	255,252
20.	Patronage Capital & Operating Margins	(147,797)	120,435	158,197	78,983
21.	Non-Operating Margins - Interest	3,837	1,564	6,177	191
23.	Income (Loss) from Equity Investments	4,293	1,548	3,512	104
24.	Non-Operating Margins - Other	0	0	0	0
25 a	Generation and Transmission Capital Credits	0	0	0	0
25 b	G & T Capital Credits - PSDFC	0	0	0	0
26.	Other Capital Credits and Patronage Dividends	108,729	81,271	124,040	1,499
27.	Extraordinary Items	0	0	0	0
28.	Patronage Capital	(30,838)	204,848	291,927	81,777
	Net T.I.E.R.	0.97	1.18		
	Operating T.I.E.R.	0.97	1.10		

PART 2B - DATA ON GAS DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	2008	2009
1. New Services Connected	218	141
2. Services Retired	0	0
3. Total Services in Place	8,911	8,871
4. Idle Services (Excl Seasonal)	568	426
5. Miles Distribution - Overhead	0	0
6. Miles Distribution - Underground	0	0
7. Total Miles Energized (5 + 6)	0	0

PRESQUE ISLE ELECTRIC & GAS CO-OP

19631 M88 Hwy. P.O. Box 308 Chazy, NY 12035 (800) 733-8515 1-800-423-8634 Fax (800) 733-2247

PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2009

RUS Form 7 Line Number	ASSETS AND OTHER DEBITS	RUS Form 7 Line Number	LIABILITIES AND OTHER CREDITS
1a.	Utility Plant in Service - Electric 85,476,326	30a.	Memberships - Electric 204,430
1b.	Utility Plant in Service - Gas 28,680,138	30b.	Memberships - Gas 17,185
1.	Utility Plant in Service - Combined 114,156,463	30.	Memberships - Combined 221,615
2a.	Construction Work in Progress - Electric 1,430,819	31a.	Patronage Capital - Electric 35,289,083
2b.	Construction Work in Progress - Gas 62,041	31b.	Patronage Capital - Gas 712,304
2.	Construction Work in Progress - Combined 1,501,860	31.	Patronage Capital - Combined 36,001,387
3a.	Total Utility Plant (1+2) - Electric 86,916,145	32a.	Operating Margins - Prior Years - Electric (2,359,330)
3b.	Total Utility Plant (1+2) - Gas 28,722,179	32b.	Operating Margins - Prior Years - Gas 0
3.	Total Utility Plant - Combined 116,638,323	32.	Operating Margins - Prior Years - Combined (2,359,330)
4a.	Accumulated Provision for Depreciation - Electric 36,321,119	33a.	Operating Margins - Current Year - Electric 32,833
4b.	Accumulated Provision for Depreciation - Gas 4,668,665	33b.	Operating Margins - Current Year - Gas 120,435
4.	Accum. Provision for Depreciation - Combined 40,989,784	33.	Operating Margins - Current Year - Combined 153,268
5a.	Net Utility Plant (3-4) - Electric 50,595,025	34a.	Non Operating Margins - Electric 1,474,444
5b.	Net Utility Plant (3-4) - Gas 24,053,514	34b.	Non Operating Margins - Gas 84,413
5.	Net Utility Plant - Combined 74,648,539	34.	Non Operating Margins - Combined 1,558,856
7.	Investments in Subsidiary Companies 0	35a.	Other Margins and Equities - Electric 790,306
8a.	Invest. in Assoc. Org. - Patronage Capital - WPC 9,517,385	35b.	Other Margins and Equities - Gas (2,296)
8b.	Invest. in Assoc. Org. - Patronage Capital - WPC - PSDFC 7,352,748	35.	Other Margins and Equities - Combined 788,007
8c.	Invest. in Assoc. Org. - Patronage Capital - Other 1,407,663	36a.	Total Margins and Equities (30 thru 35) - Electric 35,431,747
9.	Invest. in Assoc. Org. - Other - General Funds 47,936	36b.	Total Margins and Equities (30 thru 35) - Gas 932,036
10.	Invest. in Assoc. Org. - Other - Nongeneral Funds 1,807,998	36.	Total Margins and Equities (30 thru 35) - Combined 36,363,784
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 (8 thru 13) 20,133,730	39.	Long Term Debt - Other - RUS Guaranteed 0
15.	Cash - General Funds 1,525,349	40.	Long Term Debt - Other (Net) 51,209,634
16.	Cash - Construction Funds 0	41.	Total Long Term Debt (37 thru 40) 51,209,634
17.	Special Deposits 0	42.	Obligations Under Capital Leases 0
18.	Temporary Investments 30,195	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 4,441,025	45.	Line of Credit Balance Due 5,010,248
21.	Accounts Receivable - Net Other 276,241	46.	Accounts Payable 2,839,275
22.	Materials and Supplies - Electric and Other 1,112,929	47.	Consumers Deposits 271,072
23.	Prepayments 119,228	48.	Other Current and Accrued Liabilities 6,006,790
24.	Other Current and Accrued Assets 0	49.	Total Current and Accrued Liabilities (45 thru 48) 14,127,385
25.	Total Current and Accrued Assets (15 thru 24) 7,504,967	50.	Deferred Credits 794,115
26.	Regulatory Assets 0	51.	Accumulated Deferred Income Taxes 0
27.	Other Deferred Debits 207,682	52.	Total Liabilities and Other Credits
28.	Accumulated Deferred Income Taxes 0		(36+41+44+49 thru 51) 102,484,818
29.	Total Assets and Other Debits (5 + 14 + 25 thru 28) 102,484,818		ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
		53.	Balance Beginning of the Year - Electric 18,251,342
		54.	Balance Beginning of the Year - Gas 3,179,298
		55.	Balance Beginning of the Year - Gas AER 1,054,511
			Amount Received This Year (Net) - Electric 532,583
			Amount Received This Year (Net) - Gas 137,931
			Amount Received This Year (Net) - Gas AER 0
			Total Contributions in Aid of Construction - Electric 18,783,925
			Total Contributions in Aid of Construction - Gas 3,317,230
			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

10631 M88 Hwy. P.O. Box 306 Chassery, MI 49785 (989) 733-8515 1-800-423-8634 Fax (989) 733-2247

ELECTRIC OPERATIONS PLANT RATIOS, SALES & REVENUE REPORT FOR THE MONTH ENDING DECEMBER 31, 2009

BALANCE SHEET RATIOS

Current Assets to Current Liabilities	- Combined	53.12 %
Margins & Equities as % of Assets	- Combined	35.48 %
Long Term Debt as % of Net Utility Plant	- Combined	68.60 %
Long Term Debt as % of Plant	- Combined	44.28 %

CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service A.	kWh Sold B.	Amount C.	Number of Minimum Bills D.
Sales - Residential	17,398	12,297,150	1,361,714	1,336
Sales - Seasonal	13,730	2,180,381	661,848	12,737
Sales - General Service - Oil	489	479,525	83,982	
Sales - Irrigation	27	8,131	2,366	20
Sales - General Service	1,327	2,197,367	232,384	43
Sales - Large Power - Oil	9	74,082	7,616	
Sales - Large Power	35	2,223,604	166,865	197
Sales - Public Street & Highway Lighting	35	33,146	6,043	
Sales - Public Buildings	335	416,256	43,749	46
Consumer Sales - PSCR			329,207	
Total Sales of Electric Energy (1 thru 11)	33,401	19,306,641	2,863,474	14,279
Other Electric Revenue			130,976	
Total (12 + 13)			2,994,448	
Last Year kWh Sales	33,461	20,622,492		

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service B.	kWh Sold Cumulative C.	Amount Cumulative D.
Sales - Residential	17,367	132,756,592	16,062,688
Sales - Seasonal	13,737	30,348,480	6,778,588
Sales - General Service - Oil	489	6,497,346	702,917
Sales - Irrigation	27	206,147	28,964
Sales - General Service	1,318	28,100,191	3,010,785
Sales - Large Power - Oil	9	1,078,787	104,675
Sales - Large Power	36	25,078,499	2,467,252
Sales - Public Street & Highway Lighting	36	386,447	60,736
Sales - Public Buildings	334	8,343,724	869,177
Consumer Sales - PSCR			831,826
Total Sales of Electric Energy (1 thru 11)	33,377	234,716,195	28,637,890
Other Electric Revenue			618,820
Total (12 + 13)			29,156,610
Last Year kWh Sales		236,825,207	

KWH AND KWH STATISTICS

ITEM	THIS MONTH	YEAR-TO-DATE
1. kWh Purchased	24,040,000	256,734,800
2. Interchange kWh-Net	94	3,125
3. Total kWh (1 + 2)	24,040,094	256,737,925
4. Total kWh-Sold	19,808,647	234,713,068
5. Office Use - "For Information Purposes Only"	17,500	248,391
6. Total Unaccounted for (3 - 4)	4,131,547	16,064,857
7. Percent System Loss (6/3)x100	17.19	6.41
8. Maximum Demand (kw)	49,367	49,367
9. Month When Maximum Demand Occurred		12

PRESQUE ISLE ELECTRIC & GAS CO-OP

10831 M88 Hwy. P.O. Box 308 Crowley, MI 49705 (800) 733-8515 1-800-423-8534 Fax (800) 733-2247

GAS OPERATIONS SALES & REVENUE REPORT FOR THE MONTH DECEMBER 31, 2009

CONSUMER SALES AND REVENUE DATA - MONTHLY

CLASS OF SERVICE	Number Receiving Service A.	CCF Sold B.	Amount C.	Number of Minimum Bills D.
Gas Sales - Residential	4,912	821,808	711,712	381
Gas Sales - Residential - Line Retention	130			
Gas Sales - Seasonal	2,920	190,348	289,424	606
Gas Sales - Seasonal - Line Retention	131			
Gas Sales - General Service	242	71,828	93,036	25
Gas Sales - General Service - Line Retention	6			
Gas Sales - Large Power	3	7,438	9,482	
Gas Sales - Public Buildings	100	41,241	50,271	8
Gas Sales - Public Buildings - Line Retention	1			
Gas Cost Recovery (Over)/Undercollection			80,466	
Less: Area Expansion Rate				
Total Sales of Natural Gas Energy (1 thru 11)	8,445	832,861	1,213,361	920
Other Gas Revenue			8,567	
Total (12 + 13)			1,219,928	
Last Year CCF Sales	8,343	804,450		

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

CLASS OF SERVICE	Average Number Receiving Service B.	CCF Sold Cumulative C.	Amount Cumulative D.
Gas Sales - Residential	4,842	4,283,274	6,023,487
Gas Sales - Residential - Line Retention	136		
Gas Sales - Seasonal	2,879	1,483,642	2,242,381
Gas Sales - Seasonal - Line Retention	140		
Gas Sales - General Service	240	682,712	778,340
Gas Sales - General Service - Line Retention	6		
Gas Sales - Large Power	3	73,221	87,976
Gas Sales - Public Buildings	100	340,321	430,318
Gas Sales - Public Buildings - Line Retention	1		
Gas Cost Recovery (Over)/Undercollection			(89,080)
Less: Area Expansion Rate			
Total Sales of Natural Gas Energy (1 thru 11)	8,347	6,743,090	8,563,827
Other Gas Revenue			82,646
Total (12 + 13)			8,586,473
Last Year CCF Sales		6,616,361	

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M58 Hwy. P.O. Box 308 Orono, ME 04765 (889) 733-8515 1-800-423-8634 Fax (889) 733-2247

STATISTICAL INFORMATION
FOR THE MONTH ENDING DECEMBER 31, 2008

	THIS YEAR	LAST YEAR
1. KWHRS Sold Per Consumer:		
a. For the Month	596	614
b. Year to Date	586	580
2. Average Monthly Bill	85.73	85.16
Average Residential Bill	77.69	80.53
3. Average Bill:		
a. Year To Date	71.50	68.72
b. YTD Residential	72.29	73.71
4. Cost Per KWHR Purchased		
a. This Month Mills	71.11	67.96
b. Year to Date Mills	70.80	67.09
5. Revenue Per KWHR Sold:		
a. This Month Mills	143.83	106.07
b. Year to Date Mills	122.01	116.38
6. Power Cost Adjustment		
a. This Month	0.010000	0.014180
7. Number of New Members - Electric	156	151
Number of Transferred Members Added - Electric	777	878
7. Number of New Members - Gas	28	45
Number of Transferred Members Added - Gas	70	85
8. Security Lights Billed	2024	2082
9. Regular Payroll - Hours	12,301.25	12,534.00
Overtime Payroll - Hours	1,319.75	3,094.00
Total Payroll	13,621.00	15,628.00
10. Number of Employees		
Full Time	67	69
Temporary	4	3
11. Principal Paid To CFC-YTD	1,574,825.27	1,455,828.51
Interest Paid To CFC-YTD	3,043,157.85	3,025,146.53
12. Interest Paid on Line of Credit - YTD	161,894.01	143,349.03

PRESQUE ISLE ELECTRIC & GAS CO-OP

19631 MEH Hwy. P.O. Box 308 Orono, ME 04976 (889) 733-8515 1-800-423-6634 Fax (889) 733-2247

STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2008

	THIS YEAR	LAST YEAR
1. CCF'S Sold Per Consumer:		
a. For the Month	99	108
b. Year to Date	67	67
2. Average Monthly Bill	143.68	164.09
Average Residential Bill	144.89	170.53
3. Average Bill:		
a. Year To Date	94.88	97.89
b. YTD Residential	103.67	104.31
4. Cost Per CCF Purchased		
a. This Month	1.00	0.99
b. Year to Date	0.91	0.97
5. Revenue Per CCF Sold:		
a. This Month	1.46	1.51
b. Year to Date	1.41	1.46
6A. Total Active Accounts	8,445	8343
6B. Total Service Lines Installed	8,871	8911
7. Number of New Members - Gas	26	45
Number of Transferred Members Added - Gas	70	65

PRESQUE ISLE ELECTRIC & GAS CO-OP

18831 M08 Hwy. P.O. Box 308 Chewey, ME 49765 (908) 733-8515 1-800-423-6534 Fax (908) 733-2247

CASH REPORT AS OF DECEMBER 31, 2009

Cash Balance As Of	11/30/2009	\$1,611,229.08
Receipts		
Utility Billings	\$2,879,403.52	
Interest	46.55	
Other Accounts Receivable	50,843.17	
Other	10,380.76	
LOC Transfers		
Total Receipts		<u>2,749,669.00</u>
Total Receipts & Previous Balance		4,351,897.08
Less: Cash Disbursements		<u>(2,796,353.48)</u>
Cash Balance As Of	12/31/2009	\$1,555,543.60

CASH TRANSACTION RECONCILIATION FOR DECEMBER 31, 2009

Cash Disbursement Total		\$8,434,072.66
Additional Disbursements:		
Service Charges		
CMB (Bank #001)		
OCFCU Checking (Bank #003)		
CB & T		
National City (Bank # 004)		
		\$0.00
Returned Checks		
CMB	\$654.50	
OCFCU Checking (Bank #003)	<u>1,597.10</u>	
Payroll		\$2,251.60
OCFCU Checking (Bank #003)		\$0.00
Interest Payments		
OCFCU Savings (Bank #003)		
CMB (Bank #001)		
Sales Tax Paid OCFCU		
Total Additions to the Cash Disbursement:		<u>\$2,251.60</u>
Subtractions:		
Transfer to CB&T	1,040.08	
CFC-LDC (Bank # 007) WPC Preliminary Note	1,800,898.88	
Wolverine Bill	\$1,549,774.32	
Integrus Energy Bill	<u>488,268.50</u>	
		<u>\$3,639,979.77</u>
Total Subtractions to the Cash Disbursement:		<u>\$3,639,979.77</u>
Total Cash Disbursements Per Reconciliation:		<u>\$2,796,353.48</u>
Total Cash Disbursements Per December 31, 2009 Cash Report:		<u>\$2,796,353.48</u>

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Item (a)	Total (b)	Electric (c)	
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	114,136,463	85,476,326	
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified - ARO			
7	Experimental Plant Unclassified			
8	TOTAL (Enter Total of lines 3 thru 7)	114,136,463	85,476,326	
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	1,501,860	1,439,819	
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter Total of line 8 thru 12)	115,638,323	86,916,145	
14	Accum. Prov. for Depr., Amort., & Depl.	40,989,784	36,321,119	
15	Net Utility Plant (Enter Total of line 13 less 14)	74,648,539	50,595,026	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	40,989,784	36,321,119	
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights			
20	Amort. of Underground Storage Land and Land Rights			
21	Amort. of Other Utility Plant			
22	TOTAL In Service (Enter Total of lines 18 thru 21)	40,989,784	36,321,119	
23	Leased to Others			
24	Depreciation			
25	Amortization and Depletion			
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)			
27	Held for Future Use			
28	Depreciation - ARO			
29	Amortization			
30	TOTAL held for Future Use (Enter Total of lines 28 and 29)			
31	Abandonment of Leases (Natural Gas)			
32	Amort. of Plant Acquisition Adj.			
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	40,989,784	36,321,119	

Name of Respondent		This Report Is:		Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op		(1) X An Original (2) A Resubmission		05/19/2010	December 31, 2009

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
28,660,138					3
					4
					5
					6
					7
28,660,138					8
					9
					10
62,041					11
					12
28,722,179					13
4,668,665					14
24,053,514					15
					16
					17
4,668,665					18
					19
					20
					21
4,668,665					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
4,668,665					33

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106)

- Report below the original cost of gas plant in service according to the prescribed accounts.
- In addition to Account 101, Gas Plant in Service (Classified), this schedule includes Account 102, Gas Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Gas.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and

include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior year's tentative account distributions of these

Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1		1. Intangible Plant		
2	301	Organization		
3	302	Franchises and Consents	46,608	
4	303	Miscellaneous Intangible Plant		
5		TOTAL Intangible Plant	46,608	0
6		2. Production Plant		
7		Manufactured Gas Production Plant		
8	304.1	Land		
9	304.2	Land Rights		
10	305	Structures and Improvements		
11	306	Boiler Plant Equipment		
12	307	Other Power Equipment		
13	308	Coke Ovens		
14	309	Producer Gas Equipment		
15	310	Water Gas Generating Equipment		
16	311	Liquefied Petroleum Gas Equipment		
17	312	Oil Gas Generating Equipment		
18	313	Generating Equipment-Other Processes		
19	314	Coal, Coke and Ash Handling Equipment		
20	315	Catalytic Cracking Equipment		
21	316	Other Reforming Equipment		
22	317	Purification Equipment		
23	318	Residual Refining Equipment		
24	319	Gas Mixing Equipment		
25	320	Other Equipment		
26		TOTAL Manufactured Gas Production Plant	0	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original	(Mo, Da, Yr)	December 31, 2009
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements	Adjustments	Transfers	Balance at End of Year	Acct. No.	Line No.
(d)	(e)	(f)	(g)		
					1
				301	2
			46,608	302	3
			0	303	4
0	0	0	46,608		5
					6
					7
				304.1	8
			0	304.2	9
				305	10
			0	306	11
			0	307	12
			0	308	13
			0	309	14
			0	310	15
			0	311	16
			0	312	17
			0	313	18
			0	314	19
			0	315	20
			0	316	21
			0	317	22
			0	318	23
			0	319	24
			0	320	25
0	0	0	0		26

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op		(1) X An Original		December 31, 2009
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
27		Natural Gas Production & Gathering Plant		
28	325.1	Producing Lands		
29	325.2	Producing Leaseholds		
30	325.3	Gas Rights		
31	325.4	Rights-of-Way		
32	325.5	Other Land		
33	325.6	Other Land Rights		
34	326	Gas Well Structures		
35	327	Field Compressor Station Structures		
36	328	Field Measuring and Regulating Station Structures		
37	329	Other Structures		
38	330	Producing Gas Wells-Well Construction		
39	331	Producing Gas Wells-Well Equipment		
40	332	Field Lines		
41	333	Field Compressor Station Equipment		
42	334	Field Measuring and Regulating Station Equipment		
43	335	Drilling and Cleaning Equipment		
44	336	Purification Equipment		
45	337	Other Equipment		
46	338	Unsuccessful Exploration & Development Costs		
47		TOTAL Production and Gathering Plant		0
48		Products Extraction Plant		
49	340.1	Land		
50	340.2	Land Rights		
51	341	Structures and Improvements		
52	342	Extraction and Refining Equipment		
53	343	Pipe Lines		
54	344	Extracted Products Storage Equipment		
55	345	Compressor Equipment		
56	346	Gas Measuring and Regulating Equipment		
57	347	Other Equipment		
58		TOTAL Products Extraction Plant	0	0
59		TOTAL Natural Gas Production Plant	0	0
60		SNG Production Plant (Submit Supplemental Statement)		
61		TOTAL Production Plant		0
62		3. Natural Gas Storage and Processing Plant		
63		Underground Storage Plant		
64	350.1	Land		

Name of Respondent		This Report Is:		Date of Report		Year of Report	
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements	Adjustments	Transfers	Balance at	Acct.	Line
(d)	(e)	(f)	End of Year	No.	No.
			(g)		
					27
				325.1	28
				325.2	29
				325.3	30
				325.4	31
				325.5	32
				325.6	33
				326	34
				327	35
				328	36
				329	37
				330	38
				331	39
				332	40
				333	41
				334	42
				335	43
				336	44
				337	45
				338	46
0	0	0			47
					48
				340.1	49
				340.2	50
				341	51
				342	52
				343	53
				344	54
				345	55
				346	56
				347	57
					58
0	0	0			59
					60
0	0	0			61
					62
					63
				350.1	64

Name of Respondent		This Report Is:		Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op		(1) X An Original (2) A Resubmission		05/19/2010	December 31, 2009

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
65	350.2	Rights-of-Way		
66	351	Structures and Improvements		
67	352	Wells		
68	352.1	Storage Leaseholds and Rights		
69	352.2	Reservoirs		
70	352.3	Non-Recoverable Natural Gas		
71	353	Lines		
72	354	Compressor Station Equipment		
73	355	Measuring and Regulating Equipment		
74	356	Purification Equipment		
75	357	Other Equipment		
76	358	Gas in Underground Storage-Noncurrent		
77		TOTAL Underground Storage Plant		
78		Other Storage Plant		
79	360.1	Land		
80	360.2	Land Rights		
81	361	Structures and Improvements		
82	362	Gas Holders		
83	363	Purification Equipment		
84	363.1	Liquefaction Equipment		
85	363.2	Vaporizing Equipment		
86	363.3	Compressor Equipment		
87	363.4	Measuring and Regulating Equipment		
88	363.5	Other Equipment		
89		TOTAL Other Storage Plant		
90		Base Load Liquefied NG Terminating and Processing Plant		
91	364.1	Land		
92	364.1a	Land Rights		
93	364.2	Structures and Improvements		
94	364.3	LNG Processing Terminal Equipment		
95	364.4	LNG Transportation Equipment		
96	364.5	Measuring and Regulating Equipment		
97	364.6	Compressor Station Equipment		
98	364.7	Communication Equipment		
99	364.8	Other Equipment		
100		TOTAL Base Load LNG Terminating and Processing Plant		
101				
102		TOTAL Natural Gas Storage and Processing Plant		

Name of Respondent		This Report Is:		Date of Report	Year of Report
Presque Isle Electric & Gas Co-op		(1) X An Original		(Mo, Da, Yr)	December 31, 2009
		(2) A Resubmission		05/19/2010	
GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements	Adjustments	Transfers	Balance at	Acct.	Line
(d)	(e)	(f)	End of Year	No.	No.
			(g)		
				350.2	65
				351	66
				352	67
				352.1	68
				352.2	69
				352.3	70
				353	71
				354	72
				355	73
				356	74
				357	75
				358	76
					77
					78
				360.1	79
				360.2	80
				361	81
				362	82
				363	83
				363.1	84
				363.2	85
				363.3	86
				363.4	87
				363.5	88
					89
					90
				364.1	91
				364.1a	92
				364.2	93
				364.3	94
				364.4	95
				364.5	96
				364.6	97
				364.7	98
				364.8	99
					100
					101
					102

Name of Respondent		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op				
GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
103		4. Transmission Plant		
104	365.1	Land		
105	365.2	Land Rights		
106	365.3	Rights-of-Way		
107	366	Structures and Improvements		
108	367	Mains		
109	368	Compressor Station Equipment		
110	369	Measuring and Regulating Station Equipment		
111	370	Communication Equipment		
112	371	Other Equipment		
113		TOTAL Transmission Plant		
114		5. Distribution Plant		
115	374.1	Land	60,459	0
116	374.2	Land Rights	148,110	149
117	375	Structures and Improvements	732,806	0
118	376	Mains	13,686,027	507,892
119	377	Compressor Station Equipment		
120	378	Measuring and Regulating Station Equip.-Genral	95,892	0
121	379	Measuring and Regulating Station Equip.-City Gate		
122	380	Services	12,203,503	288,091
123	381	Meters	811,771	11,048
124	382	Meter Installations	50,741	0
125	383	House Regulators		
126	384	House Regulator Installations		
127	385	Industrial Measuring and Regulating Station Equip.		
128	386	Other Property on Customer's Premises		
129	387	Other Equipment		
130		TOTAL Distribution Plant	27,789,309	807,180
131		6. General Plant		
132	389.1	Land	17,041	0
133	389.2	Land Rights		
134	390	Structures and Improvements		
135	391	Office Furniture and Equipment		
136	391.1	Computers and Computer Related Equipment		
137	392	Transportation Equipment		
138	393	Stores Equipment		
139	394	Tools, Shop and Garage Equipment		
140	395	Laboratory Equipment		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original		December 31, 2009
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					103
				365.1	104
				365.2	105
				365.3	106
				366	107
				367	108
				368	109
				369	110
				370	111
				371	112
					113
					114
			60,459	374.1	115
			148,259	374.2	116
			732,806	375	117
			14,193,919	376	118
				377	119
			95,892	378	120
				379	121
			12,491,594	380	122
			822,819	381	123
			50,741	382	124
				383	125
				384	126
				385	127
				386	128
				387	129
			28,596,489		130
					131
			17,041	389.1	132
				389.2	133
				390	134
				391	135
				391.1	136
				392	137
				393	138
				394	139
				395	140

Name of Respondent		This Report Is:		Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op		(1) X An Original (2) A Resubmission		05/19/2010	December 31, 2009
GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
141	396	Power Operated Equipment			
142	397	Communication Equipment			
143	398	Miscellaneous Equipment			
144		SUBTOTAL (Lines 132 thru 143)	17,041	0	
145	399	Other Tangible Property			
146		TOTAL General Plant			
147		TOTAL (Accounts 101 and 106)			
148	101.1	Property Under Capital Leases			
149	102	Gas Plant Purchased (See Instruction 8)			
150	(LESS) 102	Gas Plant Sold (See Instruction 8)			
151	103	Experimental Gas Plant Unclassified			
152		TOTAL GAS PLANT IN SERVICE	27,852,958	807,180	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010		Year of Report December 31, 2009	
GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)							
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.		
				396	141		
				397	142		
				398	143		
			17,041		144		
				399	145		
					146		
					147		
				101.1	148		
				102	149		
				(102)	150		
				103	151		
			28,660.138		152		

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAS PLANT LEASED TO OTHERS (Account 104)					
1 Report below the information called for concerning gas plant leased to others. 2. In column (c) give the date of Commission authorization of the lease of gas plant to others.					
Line No.	Name of Lessee (Designate associated companies with an asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year
1	NOT APPLICABLE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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36					
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39					
40					
41					
42					
43					
44					
45					
46					
47	TOTAL				

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

GAS PLANT HELD FOR FUTURE USE (Account 105)

1 Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1				
2	NOT APPLICABLE			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46	TOTAL			

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo. Da. Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

PRODUCTION PROPERTIES HELD FOR FUTURE USE (Account 105.1)

1. Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.
2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future

use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.1.

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (per Pages 500-501)			
2	NONE			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
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35				
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38				
39				
40				
41				
42				
43				
44				
45				
46	TOTAL			

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$500,000) may be grouped.		
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1	DISTRIBUTION WORK IN PROGRESS AT YEAR END 2009			
2				
3	Minor Projects	62,041	0	
4				
5				
6				
7				
8				
9				
10				
11				
12				
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14				
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16				
17				
18				
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37				
38				
39				
40				
41				
42				
43	TOTAL	62,041	0	

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

CONSTRUCTION OVERHEADS - GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. On page 218 furnish information concerning construction overheads.
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should

explain on page 218 the accounting procedures employed on the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.

4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then pro-rated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)	Indirect
1				
2	Direct Labor	262,704	148,941	113,763
3				
4	Indirect Labor	35,188	0	35,188
5				
6	Material Inventory	98,981	98,452	529
7				
8	Transportation	91,324	54,957	36,367
9				
10	Stores	65,858	18,563	47,295
11				
12	Payroll Taxes	25,185	14,836	10,349
13				
14	Miscellaneous	18,700	-243	18,943
15				
16	Heavy Equipment	42,426	-153	42,579
17				
18	Right of Way and Permits	2,330	2,479	(149)
19				
20	Employee Costs	72,910	37,773	35,137
21				
22	Contractors/Professional Services	459	459	0
23				
24	Aid To Construction	(92,344)	(92,196)	(148)
25				
26				
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45				
46	TOTAL	623,721	283,868	339,853

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE			
<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>1. For each construction overhead: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of</p> </div> <div style="width: 48%;"> <p>construction, and (f) whether the overhead is directly or indirectly assigned.</p> <p>2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.</p> </div> </div>			
<div style="margin-left: 40px;"> <p>1</p> <ul style="list-style-type: none"> a. Administrative, employee benefits, general construction support. b. All items directly or indirectly linked to construction. c. All overhead items are spread based on work orders with direct labor for the month incurred. d. Not Applicable e. Not Applicable f. All indirect items are pooled in a general work order for the month, then spread at month end to all work orders having direct labor. Each work order receives it's percentage based on total for the month. <p>2 Not Applicable</p> </div>			

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
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ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108 & 110)

- | | |
|--|---|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-211, column (d), excluding retirements of nondepreciable property.</p> <p>3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p> | <p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|--|---|

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	4,087,778	4,087,778		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	580,887	580,887		
4	(403.1) Deprec. and Deplet. Expense				
5	(413) Exp. of Gas Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify): (404) (421)				
9					
10	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9)	580,887	580,887		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired				
13	Cost of Removal				
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)				
16	Other Debit or Credit Items (Describe):				
17					
18					
19	Balance End of Year (Enter Total of lines 1, 10, 15, & 16)	4,668,665	4,668,665		

Section B. Balances at End of Year According to Functional Classifications

20	Production - Manufactured Gas				
21	Production and Gathering - Natural Gas				
22	Products Extraction - Natural Gas				
23	Underground Gas Storage				
24	Franchise / Leaseholds				
25	Base Load LNG Terminating & Proc. Plt.				
26	Transmission				
27	Distribution	4,668,665	4,668,665		
28	General				
29	TOTAL (Enter total of lines 20 thru 28)	4,668,665	4,668,665		

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS (Continued)

3. If for any reason a take or pay situation is in controversy, list in the columns below the amount of those prepayment claims which have not been paid, together with footnote notation that the amount is in controversy (and any explanation the respondent chooses to make).

4. If any prepayment was determined other than by reference to amounts per Mcf or demand-commodity factors, furnish in a footnote a concise explanation of basis of computation.

BALANCE END OF YEAR		PREPAYMENTS IN CURRENT YEAR			Make-up Period expiration date (j)	Line No.
Mcf (14.73 psia at 60 F) (e)	Amount (f)	Cents per Mcf (g)	Mcf (14.73 psia at 60 F) (e)	Percent of Year's required take (f)		
	NONE					1
						2
						3
						4
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	0					42

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET

Show separately by footnote the total amount of notes and accounts receivable from directors, officers and employees included in Notes Receivable (Account 141) and Other Accounts Receivable (Account 143).

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)		
2	Customer Accounts Receivable (Account 142)	4,412,819	4,835,399
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	-16,028	-133
4	TOTAL	4,396,791	4,835,266
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	118,000	118,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	4,278,791	4,717,266
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14			

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)

- Report below the information called for concerning this accumulated provision.
- Explain any important adjustments to subaccounts.
- Entries with respect to officers and employees shall not include items for utility services.

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	118,000				118,000
2	Prov. for uncollectibles for current year	79,127				79,127
3	Accounts written off	(96,204)				(96,204)
4	Coll. of accounts written off	13,117				13,117
5	Adjustments (explain): _____					
6	Reverse Sales Tax on Write-offs	3,960				3,960
7	Balance end of year	118,000				118,000
8						
9						
10						
11						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning of amortization in column (a).
miscellaneous deferred debits. 3. Minor items (less than \$50,000) may be grouped by classes.
2. For any deferred debit being amortized, show period

Line No.	Description of Miscellaneous Deferred Debits	Balance at Beginning of Year	Debits	CREDITS		Balance at End of Year
				Account Charged	Amount	
(a)	(b)	(c)	(d)	(e)	(f)	
1	SEE AUDIT REPORT					
2						
3						
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7						
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46	Misc. Work in Progress					
47	DEFERRED REGULATORY COMM. EXPENSES (SEE PAGES 350-351)					
48	TOTAL	0				0

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.

2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3				
4				
5				
6				
7	Other			
8	TOTAL Electric (Enter Total of lines 2 thru 7)			
9	Gas			
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter Total of lines 10 thru 15)			
17	Other (Specify)			
18	TOTAL (Account 190) (Enter Total of lines 8, 16 & 17)			
19	Classification of Total:			
20	Federal Income Tax		0	0
21	State Income Tax			
22	Local Income Tax			

NOTES

In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
CAPITAL STOCK (Account 201 and 204)				
<p>1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the</p>		<p>report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p> <p>2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.</p>		
Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
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Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo. Da. Yr) 05/19/2010		Year of Report December 31, 2009	
CAPITAL STOCK (Accounts 201 and 204) (Continued)							
3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued. 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.				5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year. 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.			
OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.)		HELD BY RESPONDENT				Line No.	
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS			
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)		
						1	
						2	
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
<p align="center">CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (Accounts 202 and 205, 203 and 206, 207, 212)</p>			
<p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions</p> <p>under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.</p> <p>4. For payment on Account 207, Capital Stock, designate with an asterisk any amounts representing the excess of consideration received over stated value of stocks without par value.</p>			
Line No.	Name of Account and Description of Item (a)	Number of Shares (b)	Amount (c)
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46	TOTAL		

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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OTHER PAID-IN CAPITAL (Account 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received From Stockholders (Account 208) - State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209)
- State amount and give brief explanation of the

capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series to which related.

(d) Miscellaneous Paid-in Capital (Account 211) - Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
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40	TOTAL	

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
DISCOUNT ON CAPITAL (Account 213)			
1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. giving particulars (details) of the change. State the reason for any charge-off during the year and specify the amount charged. 2. If any changes occurred during the year in the balance with respect to any class or series of stock, attach a statement			
Line No.	Class and Series of Stock (a)	Balance at End of Year (b)	
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21	TOTAL		
CAPITAL STOCK EXPENSE (Account 214)			
Line No.	Class and Series of Stock (a)	Balance at End of Year (b)	
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20			
21	TOTAL		

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR			
<p>1. Furnish a supplemental statement giving a brief description of security financing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.</p> <p>3. Include in the identification of each class and series</p>		<p>of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance or redemption price and name of the principal underwriting firm through which the security transactions were consummated.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 15 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p> <p>5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.</p>	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
LONG TERM DEBT (Accounts 221, 222, 223 and 224)				
<p>1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p> <p>2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p>				
Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1	SEE ATTACHED			
2				
3				
4				
5				
6				
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36				
37				
38	TOTAL			

Loan Portfolio @12/31/2009
CFC Loan
Number

PIE&G
Account
Number

Debt Service
Pmt

Loan
Type

Beginning
Date

Current
Interest Rate

Repricing Year

Principal
Balance

Rate Term

Interest Paid
2009

9061-001	225.23	LDS	FR	2/04	5.000%	03/01/2010	923,967.89	6	\$43,276.51
9006	224.66	LDS	FR	7/98	5.850%	06/01/2010	7,930.11	6	\$782.25
9053-001	225.12	LDS	FR	09/01	5.850%	06/01/2010	906,530.60	6	\$50,214.86
9054-001	225.13	LDS	FR	09/01	5.850%	06/01/2010	906,530.60	6	\$50,214.86
9052-001	225.11	LDS	FR	09/01	5.850%	06/01/2010	906,530.60	6	\$50,214.86
9042-001	224.99	LDS	FR	3/99	5.900%	06/01/2010	894,244.05	6	\$50,037.41
9043-001	225.01	LDS	FR	3/99	5.900%	06/01/2010	894,244.05	6	\$50,037.41
10.29%							5,439,977.90		
9062-001	225.24	LDS	FR	2/04	5.300%	03/01/2011	928,006.08	7	\$46,254.28
9058-001	225.19	LDS	FR	02/03	6.100%	06/01/2011	908,319.24	7	\$52,568.31
9057-001	225.18	LDS	FR	02/03	6.100%	06/01/2011	908,319.24	7	\$52,568.31
9015	224.70	LDS	FR	9/95	6.100%	06/01/2011	702,487.02	7	\$41,876.74
9044-001	225.02	LDS	FR	3/99	6.100%	06/01/2011	896,628.28	7	\$51,966.05
9029-004	224.85	LDS	FR	9/97	6.100%	06/01/2011	832,993.93	7	\$48,463.23
9.79%							5,176,753.79		
9040-001	224.97	LDS	FR	1/99	5.400%	02/01/2012	872,281.49	3	\$45,293.35
9041-001	224.98	LDS	FR	1/99	5.400%	02/01/2012	872,281.49	3	\$45,293.35
9022-001	224.76	LDS	FR	9/95	6.200%	06/01/2012	435,092.26	8	\$27,533.46
9024-001	224.78	LDS	FR	9/95	6.200%	06/01/2012	432,645.82	8	\$27,378.63
9010	224.67	LDS	FR	9/95	6.200%	06/01/2012	80,318.39	8	\$5,421.34
9025-001	224.79	LDS	FR	9/95	6.200%	06/01/2012	432,645.82	8	\$27,378.63
9029-001	224.82	LDS	FR	9/97	6.250%	06/01/2012	834,831.95	8	\$49,826.70
9029-002	224.83	LDS	FR	9/97	6.250%	06/01/2012	834,833.15	8	\$49,826.78
9023-001	224.77	LDS	FR	9/95	6.250%	06/01/2012	436,449.56	8	\$27,852.15
9.90%							5,231,379.94		
9020-001	224.74	LDS	FR	9/95	6.300%	06/01/2013	431,515.14	9	\$27,767.43
9018-001	224.72	LDS	FR	9/95	6.300%	06/01/2013	431,515.14	9	\$27,767.43
9019-001	224.73	LDS	FR	9/95	6.300%	06/01/2013	431,515.14	9	\$27,767.43
9055-001	225.14	LDS	FR	09/01	6.300%	06/01/2013	688,404.77	9	\$41,231.14
9029-003	224.84	LDS	FR	9/97	6.350%	06/01/2013	836,043.50	9	\$50,737.60
9032-000	224.88	LP	FR	10/98	6.350%	06/01/2013	683,823.58	9	\$42,040.70
9033-000	224.89	LP	FR	10/98	6.350%	06/01/2013	683,823.58	9	\$42,040.70
7.92%							4,186,640.85		
9027-001	224.81	LDS	FR	9/97	6.000%	01/01/2014	393,682.69	7	\$24,072.43
9026-001	224.80	LDS	FR	9/97	6.000%	01/01/2014	434,464.99	7	\$26,566.18
9059-001	225.20	LDS	FR	02/03	6.350%	06/01/2014	560,973.36	10	\$33,868.12
9056-002	225.17	LDS	FR	02/03	6.350%	06/01/2014	687,947.63	10	\$41,534.01
9021-001	224.75	LDS	FR	9/95	6.350%	06/01/2014	436,544.08	10	\$28,323.76
9034-000	224.90	LP	FR	10/98	6.450%	06/01/2014	683,823.58	10	\$42,742.90
9035-000	224.91	LP	FR	10/98	6.450%	06/01/2014	683,823.58	10	\$42,742.90
9067-000	225.29	LDS	FR	2/07	6.028%	03/01/2014	969,819.05	7	\$59,034.07
9068-000	225.30	LDS	FR	2/07	6.028%	03/01/2014	969,819.05	7	\$59,034.07
9069-000	225.31	LDS	FR	2/07	6.028%	03/01/2014	969,819.05	7	\$59,034.07
9070-000	225.32	LDS	FR	2/07	6.028%	03/01/2014	969,819.05	7	\$59,034.07
9071-000	225.33	LDS	FR	2/07	6.028%	03/01/2014	969,819.05	7	\$59,034.07
9072-000	225.34	LDS	FR	2/07	6.028%	03/01/2014	969,819.05	7	\$59,034.07
9073-000	225.35	LDS	FR	2/07	6.028%	03/01/2014	368,087.19	7	\$22,405.91
19.05%							10,068,261.39		
9039-001	224.96	LDS	FR	1/99	5.750%	02/01/2015	872,931.89	6	\$47,874.26
9016	224.71.01	LDS	FR	9/95	5.750%	02/01/2015	1,021,528.76	6	\$56,030.44
9031	224.87	LDS	FR	10/97	5.750%	02/01/2015	3,365,621.82	6	\$177,082.22
9055-002	225.15	LDS	FR	02/03	6.400%	06/01/2015	223,247.26	11	\$13,589.91
9014	224.69	LDS	FR	7/98	6.400%	06/01/2015	290,385.57	11	\$18,692.53
9012	224.68	LDS	FR	9/95	6.400%	06/01/2015	233,619.48	11	\$15,282.14
9056-001	225.16	LDS	FR	03/02	6.400%	06/01/2015	223,532.80	11	\$13,611.67
9059-002	225.21	LDS	FR	02/03	6.400%	06/01/2015	350,296.30	11	\$21,323.86
9060-001	225.22	LDS	FR	2/04	5.950%	03/01/2015	920,934.54	7	\$51,891.89
14.19%							7,502,098.42		
9064-001	225.26	LDS	FR	10/05	5.900%	10/01/2016	952,957.53	11	\$53,211.62
9036-000	224.92	LDS	FR	10/98	6.450%	01/01/2016	867,084.83	9	\$53,380.49

Loan Portfolio @12/31/2009

CFC Loan Number	PIE&G Account Number	Debt Service Pmt	Loan Type	Beginning Date	Current Interest Rate	Repricing Year	Principal Balance	Rate Term	Interest Paid 2009
9093-001	225.36	LDS	FR	2/09	6.20%	10/01/2016	992,466.83	7	\$39,794.71
9093-002	225.37	LDS	FR	2/09	6.20%	10/01/2016	992,466.83	7	\$39,794.71
9093-003	225.38	LDS	FR	2/09	6.20%	10/01/2016	496,233.42	7	\$19,897.36
						8.14%	4,301,209.44		
9065-001	225.27	LDS	FR	10/05	5.950%	10/01/2017	953,392.74	12	\$53,712.57
9038-000	224.95	LDS	FR	11/98	6.550%	01/01/2017	867,473.11	9	\$54,272.98
						3.45%	1,820,865.85		
9066-001	225.28	LDS	FR	10/05	6.000%	10/01/2018	953,824.71	13	\$54,213.76
9037-002	224.94	LDS	FR	11/98	6.650%	01/01/2018	68,309.59	9	\$4,342.10
9037-001	224.93	LDS	FR	11/98	6.650%	01/01/2018	799,547.61	9	\$50,823.60
						3.45%	1,821,681.91		
9063	225.25	LDS	FR	05/05	6.050%	05/26/2020	938,665.26	15	\$53,922.12
						1.78%	938,665.26		
9048-001	225.06	LDS	FR	12/00	6.280%	N/A	910,868.22	FTM	\$54,401.64
9050-001	225.08	LDS	FR	12/00	6.280%	N/A	910,868.22	FTM	\$54,401.64
9046-001	225.04	LDS	FR	12/00	6.280%	N/A	910,868.22	FTM	\$54,401.64
9045-001	225.03	LDS	FR	3/99	6.280%	N/A	902,139.87	FTM	\$53,910.54
9049-001	225.07	LDS	FR	12/00	6.280%	N/A	910,868.22	FTM	\$54,401.64
9047-001	225.05	LDS	FR	12/00	6.280%	N/A	910,868.22	FTM	\$54,401.64
9051-001	225.09	LDS	FR	12/00	6.280%	N/A	234,994.60	FTM	\$14,035.09
9051-002	225.1	LDS	FR	12/00	6.280%	N/A	675,873.64	FTM	\$40,366.55
						12.05%	6,367,349.21		\$3,043,157.85
							52,854,883.95		

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo. Da. Yr)	Year of Report
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LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)

5. In a supplemental statement, give explanatory particulars (details) for Account 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which

have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligation retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year	Line No.
Rate (in %)	Amount	Reacquired Bonds (Acct. 222)	Sinking and Other Funds		
(d)	(e)	(f)	(g)	(h)	
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

- | | |
|--|--|
| <p>1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.</p> <p>2. Show premium amounts by enclosing the figures in parentheses.</p> | <p>3. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> |
|--|--|

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expenses, Premium or Discount (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009	
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT(Account 181, 225, 226) (Cont)				
5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.		6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years. 7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.		
Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)	Line No.
				1
				2
				3
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				6
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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain or loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized

- on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
 5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
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Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010		Year of Report December 31, 2009	
NOTES PAYABLE (Accounts 231)							
1. Report the particulars indicated concerning notes payable at end of year. 2. Give particulars of collateral pledged, if any. 3. Furnish particulars for any formal or informal compensating balance agreement covering open lines of credit.				4. Any demand notes should be designated as such in column (d). 5. Minor amounts may be grouped by classes, showing the number of such amounts.			
Line No.	Payee (a)	Purpose for which issued (b)	Date of Note (c)	Date of Maturity (d)	Int. Rate (e)	Balance End of Year (f)	
1					%	\$	
2							
3							
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TOTAL							

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

1. Report particulars of notes and accounts payable to associated companies at end of year.

2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.

3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.

4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.

5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.

* See definition on page 226B

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
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36						
	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each

reconciling amount.

2. If the utility is a member of a group that which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each

Line No.		TOTAL AMOUNT
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4		
5	Net income for the year (page 117 line 68)	
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return:	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	

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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (continued)			
group member, and basis of allocation, assignment, or sharing of the consolidation tax among the group members. 3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2		4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.	
UTILITY	OTHER	Line No.	
		1	
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Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
CALCULATION OF FEDERAL INCOME TAX				
Line No.		TOTAL AMOUNT		
1	Estimated Federal taxable income for the current year (page 261A)			
2				
3	Show computation of estimated gross Federal income tax applicable to line 1:			
4				
5				
6				
7				
8	TOTAL			
9				
10	Allocation of estimated gross Federal income tax from line 8			
11	Investment tax credits estimated to be utilized for the year (page 264 col (c))			
12				
13	Adjustment of last year's estimated Federal income tax to the filed tax return:			
14				
15	Last year's gross Federal income tax expense per the filed return			
16	Last year's estimated gross Federal income tax expense			
17	Increased (decreased) gross Federal income tax expense			
18				
19	Last year's investment tax credits utilized per the filed return			
20	Last year's investment tax credits estimated to be utilized			
21	Increased (decreased) investment tax credits utilized			
22				
23	Additional Adjustments (specify)			
24	Prior year adjustment			
25	Miscellaneous/rounding			
26				
27	Total Current Federal Income Tax			
28	Expense:			
29	409.1 (page 114, line 14)			
30	409.2 (page 117, line 47)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

CALCULATION OF FEDERAL INCOME TAX (continued)		
UTILITY	OTHER	Line No.
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Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo. Da. Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner that

Line No.	Kind of Tax (See Instruction 5)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236)	Prepaid Taxes (Incl. in Account 165)
	(a)	(b)	(c)
1	PROPERTY TAXES	486,655	
2	PAYROLL TAXES (FICA, FUTA, SUTA)	22,375	
3	MICHIGAN SINGLE BUSINESS TAX	(20,306)	
4			
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DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)				
Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Departments (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1	684,890	288,824		
2	313,547	64,220		
3	62,404	15,604		
4				
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17				
18	TOTAL	368,648		

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
976,131	973,462		489,324		1
377,767	395,620		4,522		2
78,008	61,500		-3,798		3
					4
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					18

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line No.
			2,417	1
			0	2
			0	3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
			2,417	18

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)					
<p>1. Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and non-utility operations. Explain by footnote any correction adjustments to the account balances shown in column (d). Include in column (e) the average period over which the tax credits are amortized.</p> <p>2. Fill in columns for all the items as appropriate.</p>					
Line No.	Account Subdivisions	Subaccount Number	Balance at Beginning of Year	Deferred for Year	
				Account Number	Amount
(a)	(b)	(c)	(d)	(e)	
1	Gas Utility				
2	3%				
3	4%				
4	7%				
5	8%				
6	10%				
7					
8					
9					
10					
11					
12					
13					
14					
15	JDITC				
16					
17					
18					
19					
20	TOTAL		0		
21	Other				
22	3%				
23	4%				
24	7%				
25	8%				
26	10%				
27					
28					
29					
30					
31					
32	JDITC				
33					
34					
35	TOTAL				
NOTES					

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)

Allocations to Current Year's Income		Adjustments (h)	Balance at End of Year (i)	Average Period of Allocation to Income (j)	Line No.
Account Number (f)	Amount (g)				
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
	0		0		20
					21
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					34
					35

NOTES (Continued)

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Give description and amount of other current and accrued liabilities as of the end of year.
2. Minor items may be grouped by classes, showing number of items in each class.

Line No.	Item (a)	Balance at End of Year (b)
1		
2	Accrued Payroll	51,805
3	Accrued Vacation & Sick Leave	564,578
4	Accrued Retirement Benefits	2,707,397
5	Accrued Retiree Years of Service Buyout	53,110
6	Accrued Workman's Comp Insurance	(15,755)
7	Current Portion of Long Term Debt	1,676,500
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	TOTAL	5,037,635

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List advances by department (a)	Balance at End of Year (b)
21		
22	NOT APPLICABLE	
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

OTHER DEFERRED CREDITS (Accounts 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$10,000) may be grouped by classes.

4. For any undelivered gas obligations to customers under take-or-pay clauses of sale agreements, show the total amount on this page and report particulars (details) called for by page 267. Show also on this page, but as a separate item, any advance billings or receipts for gas sales or service classified in Account 253 but not related to take-or-pay arrangements.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Consumer Prepayments	2,302,822				2,298,928
2	June Seasonal	(732,198)				(818,736)
3	July Seasonal	(720,374)				(828,631)
4	May Seasonal	(610,069)				(667,519)
5	Energifts	0				100
6	Gain on RUS Buyout	944,969				809,973
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	1,185,150				794,115

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the to property not subject to accelerated amortization.
respondent's accounting for deferred income taxes relating 2. For Other (Specify), include deferrals relating to other

Line No.	Account (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas			
4	Other (Define)			
5	TOTAL (Enter Total of lines 2 thru 4)			
6	Other (Specify)			
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)			
10	Classification of TOTAL			
11	Federal Income Tax			
12	State Income Tax			
13	Local Income Tax			

NOTES

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.

2. For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3				
4				
5				
6	Other			
7	TOTAL Electric (Enter Total of lines 2 thru 6)			
8	Gas			
9				
10				
11				
12				
13	Other			
14	TOTAL Gas (Enter Total of lines 9 thru 13)			
15	Other (Specify)			
16	TOTAL (Account 283) (Enter Total of lines 7, 14, 15)			
17	Classification of TOTAL			
18	Federal Income Tax			
19	State Income Tax			
20	Local Income Tax			

NOTES

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below, the order authorizing the use of the account for each item. Include amounts relating to insignificant items listed under Other.

4. Fill in all columns for all items as appropriate.
5. Use separate pages as required.

Changes During Year		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. Credited (g)	Amount (h)	Acct. Debited (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
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							16
							17
							18
							19
							20

NOTES (Continued)

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
ACCUMULATED DEFERRED INCOME TAXES - TEMPORARY (Account 284)					
1. Report the information called for below concerning each item included in this account at year end.					
Line No.	Description of Item (a)	Balance at End of Year (b)	Date of Filing for Commission Approval (c)	Case Number (d)	
1	Electric				
2					
3					
4					
5					
6					
7	TOTAL Electric (Enter Total of lines 2 thru 6)				
8	Gas				
9					
10					
11					
12					
13					
14	TOTAL Gas (Enter Total of lines 9 thru 13)				
15	Other (Specify)				
16	TOTAL (Account 284) (Enter Total of lines 7, 14, 15)				
17	Classification of TOTAL				
18	Federal Income Tax				
19	State Income Tax				
20	Local Income Tax				
NOTES					

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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OTHER REGULATORY LIABILITIES

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$50,000) may be grouped by classes.
4. Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1					
2	NOT APPLICABLE				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATING REVENUES (ACCOUNT 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.
2. Natural Gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
4. Report quantities of natural gas sold in M cf (0.473 psia at 60 degrees F). If billings are on therm basis, give the Btu contents of the gas sold and the sales converted to M cf.
5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously reported

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	480 Residential Sales	8,265,768	8,133,879
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	778,340	818,156
5	Large (or Ind.) (See Instr. 6)	97,970	92,239
6	482 Other Sales to Public Authorities	430,910	479,162
7	484 Interdepartmental Sales		
8	TOTAL Sales to Ultimate Customers	9,572,988	9,523,436
9	483 Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	9,572,988	9,523,436
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	9,572,988	9,523,436
13	OTHER OPERATING REVENUES		
14	485 Intracompany Transfers		
15	487 Forfeited Discounts	29,776	28,804
16	488 Misc. Service Revenues	49,295	46,934
17	489 Rev. from Trans. of Gas of Others		
18	490 Sales of Prod. Ext. from Nat. Gas		
19	491 Rev. from Nat. Gas Proc. by Others		
20	492 Incidental Gasoline and Oil Sales		
21	493 Rent from Gas Property		
22	494 Interdepartmental Rents		
23	495 Other Gas Revenues	3,474	11,751
24	TOTAL Other Operating Revenues	82,545	87,489
25	TOTAL Gas Operating Revenues	9,655,533	9,610,925
26	(Less) 485 Provision for Refunds	69,060	-125,515
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	9,586,473	
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	9,572,988	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)		
30	Sales for Resale		
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales		
33	TOTAL (Same as Line 10, Columns (b) and (d))	9,572,988	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAS OPERATING REVENUES (ACCOUNT 400) (Continued)					
<p>figures, explain any inconsistencies in a footnote. per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification classified according to the basis of classification (small or in a footnote.)</p> <p>Commercial and Large or Industrial regularly used by the 7. See pages 108-109, Important changes During Year, for respondent if such basis of classification is not generally greater in important new territory added and in important rate increases than 200,000 Mcf per year or approximately 800 Mcf or decreases.</p>					
MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.	
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)		
				1	
573,684	554,834	7,997	7,862	2	
				3	
59,271	61,890	246	243	4	
7,322	7,563	3	2	5	
34,032	37,350	101	107	6	
				7	
674,309	661,637	8,347	8,214	8	
				9	
674,309	661,637	8,347	8,214	10	
	NOTES			11	
				12	
				13	
				14	
				15	
				16	
				17	
				18	
				19	
				20	
				21	
				22	
				23	
				24	
				25	
				26	
				27	
				29	
				30	
				31	
				32	
674,309				33	

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
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RATE AND SALES SECTION

DEFINITIONS OF CLASSES OF SERVICE AND INSTRUCTIONS PERTAINING TO STATEMENTS ON SALES DATA

In the definitions below, the letters preceding the captions distinguish the main classes from the subclasses. Show the data broken into the subclasses if possible, but if not, report data under the main classes, drawing a dash through the subclasses.

When gas measured through a single meter is used for more than one class of service as here defined, as for example, for both commercial and residential purposes, assign the total to the class having the principal use.

Average Number of Customers. Number of customers should be reported on the basis of number of meters, plus number of flat-rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for code group of meters so added. The average number of customers means the average of the 12 figures at the close of each month.

Thousands of Cubic Feet or Therms Sold. (indicate which one by crossing out the one that does not apply). Give net figures, exclusive of respondent's own use and losses.

Revenues. This term covers revenues derived from (a) Sale of Gas (exclusive of forfeited discounts and penalties) and (b) Other Gas Revenues, such as rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, servicing of customers' installations and miscellaneous gas revenues.

- AB. Residential Service. This class includes all sales of gas for residential uses such as cooking, refrigeration, water heating, space heating and other domestic uses.
- A. Residential Service This class includes all sales of gas for residential use except space heating.
- B. Residential Space Heating. This class includes all sales of gas for space heating including gas for other residential uses only when measured through the same meter.
- CD. Commercial Service. This class includes service rendered primarily to commercial establishments such as restaurants, hotels, clubs, hospitals, recognized rooming and boarding houses, apartment houses (but not individual tenants therein), garages, churches, warehouses, etc.
- C. Commercial Service. This class includes all sales of gas for commercial use except space heating.
- D. Commercial Space Heating. This class includes all sales of gas for space heating including gas for other commercial uses only when measured through the same meter.
- E. Industrial Service. This class includes service rendered primarily to manufacturing and industrial establishments where gas is used principally for large power, heating and metallurgical purposes.
- F. Public Street and Highway Lighting. Covers service rendered to municipalities or other governmental units for the purpose of lighting streets, highways, parks and other public places.
- G. Other Sales to Public Authorities. Covers service rendered to municipalities or other governmental units for lighting, heating, cooking, water heating and other general uses.
- H. Interdepartmental Sales. This class includes gas supplied by the gas department to other departments of the utility when the charges therefor are at tariff or other specific rates.
- I. Other Sales. This class includes all service to ultimate consumers not included in the foregoing described classifications.
- * A - I. Total Sales to Ultimate Customers. This is the total of the foregoing described classifications.
- J. Sales to Other Gas Utilities for Resale. This class includes all sales of gas to other gas utilities or to public authorities for resale to ultimate consumers.
- K. Other Gas Revenue. Revenues derived from operations of the respondent other than sales of gas. They include rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, services of customers' installations and miscellaneous gas revenues, such as fees and charges for changing, connecting and disconnecting service, profit on sales of materials and supplies not ordinarily purchased for resale, commission on sales or distribution of others' gas (sold under rates filed by such others), management or supervision fees, sale of steam (except where the respondent furnishes steam-heating service) and rentals from leased property on customers' premises.
- * A - K. Total Gas Operating Revenues. The total of all the foregoing accounts.

Separate Schedules for Each State. Separate schedules in this section should be filed for each state in which the respondents operates.

Estimates. If actual figures are not available for the schedules in this section, give estimates. Explain the methods used and the factual basis of the estimates, using supplementary sheets, if necessary.

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625-A. SALES DATA FOR THE YEAR
(For the State of Michigan)

Line No.	Class of Service (a)	Average Number of Customers per Month (b)	Gas Sold Mcf* (c)	Revenue (Show to nearest dollar) (d)	AVERAGES		
					Mcf* per Customer (e)	Revenue per Customer (f)	Revenue per Mcf* (g)
1	AB. Residential Service	7,997	573,684	8,265,768	71.74	1,033.61	14.41
2	A. Residential Service						
3	B. Residential Space Heating Service						
4	CD. Commercial Service	246	59,271	778,340	240.94	3,163.98	13.13
5	C. Commercial Service, except space heating						
6	D. Commercial Space Heating						
7	E. Industrial Service	3	7,322	97,970	2,440.67	32,656.67	13.38
8	F. Public Street & Highway Lighting						
9	G. Other Sales to Public Authorities	101	34,032	430,910	336.95	4,266.44	12.66
10	H. Interdepartmental Sales						
11	I. Other Sales						
12	A - I. Total Sales to Ultimate Consumers	8,347	674,309	9,572,988	80.78	1,146.88	14.20
13	J. Sales to Other Gas Utilities for Resale						
14	A - J. TOTAL SALES OF GAS	8,347	674,309	9,572,988	80.78	1,146.88	14.20
15	K. Other Gas Revenues			82,545		0.00	0.00
16	A - K. TOTAL GAS OPERATING REVENUE	8,347	674,309	9,655,533	80.78	1,156.77	14.32

* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60 F. Give two decimals.

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625-B. SALES DATA BY RATE SCHEDULES FOR THE YEAR

1. Report below the distribution of customers, sales and revenues for the year by individual rate schedules. (See definition on first page of this section).

2. Column (a) - List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area in which the schedule is available.

3. Column (b) - Give the type of service to which the rate schedule is applicable, i.e. cooking, space heating, commercial heating, commercial cooking, etc.

4. Column (c) - Using the classification shown in Schedule 625-A, column (a), indicate the class or classes of customers served under each rate schedule, e.g. (A) for Residential Service, (B) Heating Service, etc.

5. Column (d) - Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 12, Schedule 625-A.

6. Columns (e) and (f) - For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625-A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12, Schedule 625-A.

7. When a rate schedule was not in effect during the entire year, indicate in a footnote the period in which it was effective.

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Average Number of Customers per Month (d)	Mcf Sold (e)	Revenue (Show to nearest dollar) (f)
1	Residential	Residential	AB	7,997	573,684	8,265,768
2	Commercial	Commercial	CD	246	59,271	778,340
3	Industrial	Industrial	E	3	7,322	97,970
4	Public	Public Buildings	G	101	34,032	430,910
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18	TOTALS			8,347	674,309	9,572,988

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
OFF-SYSTEM SALES - NATURAL GAS					
Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule Sales.					
Line No.	Name (a)	Point of Delivery (City or town AND State) (b)	Account (c)	Mcf of Gas Sold (Approx. B.T.U. per Cubic Ft.) (d)	
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009			
OFF-SYSTEM SALES - NATURAL GAS (Continued)						
Revenue for Year (See Instr. 5) (e)	Average Revenue per Mcf (in cents) (f)	Peak Day Delivery to Customers			Line No.	
		Date (g)	Mcf			
			Noncoin- cidental (h)	Coin- cidental (i)		
					1	
					2	
					3	
					4	
					5	
					6	
					7	
					8	
					9	
					10	
					11	
					12	
					13	
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					16	
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					18	
					19	
					20	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
REVENUE FROM TRANSPORTATION OF GAS OF OTHERS—NATURAL GAS (Account 489)				
<p>1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for interstate pipeline companies and others.</p> <p>2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas transported or compressed is other than natural gas.</p> <p>3. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Also specify the Commission order or regulation authorizing such transaction.</p>				
Line No.	Name of Company and Description of Service Performed (Designate associated companies with an asterisk)			Distance Transported (in miles)
(a)	(b)			
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29				
30				
TOTAL				

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009		
REVENUE FROM TRANSPORTATION OF GAS OF OTHERS--NATURAL (Acct. 489) (Cont'd)					
4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system. 5. Enter Mcf at 14.65 psia at 60 degrees F. 6. Minor items (less than 1,000,000 Mcf) may be grouped.		"Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."			
Mcf of Gas Received (c)	Mcf of Gas Delivered (d)	Revenue (e)	Average Revenue per Mcf of Gas Delivered (in cents) (f)	FERC Tariff Rate Schedule Designation (g)	Line No.
					1
					2
					3
					4
					5
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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SALES OF PRODUCT EXTRACTED FROM NATURAL GAS (Account 490)

1. Report particulars (details) concerning sales of gasoline, butane, propane, and other products extracted from natural gas, including sales of any such products which may have been purchased from others for resale.

2. If the purchasers are numerous, it is permissible to group the sales by kind of product. Show the number of purchasers grouped. Show separately, however, sales to associated companies or to companies which were associated at the time the applicable sales contracts were made.

Line No.	Name of Purchaser (Designate associated companies with an asterisk) (a)	Name of Product (b)	Quantity (in gallons) (c)	Amount of Sales (in dollars) (d)	Sales Amount per Gallon (in cents) (d / c) (e)
1					
2					
3					
4					
5					
6					
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17					

REVENUES FROM NATURAL GAS PROCESSED BY OTHERS (Account 491)

1. Report particulars (details) concerning royalties and other revenues derived from permission granted to others for the right to remove products from the respondent's natural gas.

2. If the respondent's natural gas is processed by others for removal of saleable products and no revenue therefrom is derived by the respondent, complete only columns (a) and (b) below, and include the date of contract in column (a).

Line No.	Name of Processor and Description of Transaction (Designate associated companies with an asterisk) (a)	Mcf of Respondent's Gas Processed (14.73 psia at 60 F) (b)	Revenue (in dollars) (c)
1			
2			
3			
4			
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11			
12			
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15			
16			

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAS OPERATION AND MAINTENANCE EXPENSES			
If the amount for previous year is not derived from previously reported figures, explain in footnotes.			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Wells Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Enter Total of lines 7 thru 17)		
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Enter Total of lines 18 thru 28)		
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)		
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Other		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	(Less) 782 Extracted Products Used by the Utility - Credit		
46	783 Rents		
47	TOTAL Operation (Enter Total of lines 33 thru 46)		

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	B2. Products Extraction (Continued)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering		
50	785 Maintenance of Structures and Improvements		
51	786 Maintenance of Extraction and Refining Equipment		
52	787 Maintenance of Pipe Lines		
53	788 Maintenance of Extracted Products Storage Equipment		
54	789 Maintenance of Compressor Equipment		
55	790 Maintenance of Gas Measuring and Reg. Equipment		
56	791 Maintenance of Other Equipment		
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	0	0
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	0	0
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals		
62	796 Nonproductive Well Drilling		
63	797 Abandoned Leases		
64	798 Other Exploration		
65	TOTAL Exploration and Development (Enter Total of lines 61 and 64)	0	0
	D. Other Gas Supply Expenses		
66	Operation		
67	800 Natural Gas Well Head Purchases		
68	801 Natural Gas Field Line Purchases		
69	802 Natural Gas Gasoline Plant Outlet Purchases		
70	803 Natural Gas Transmission Line Purchases		
71	803.1 Off-System Gas Purchases		
72	804 Natural Gas City Gate Purchases	6,010,062	6,337,007
73	804.1 Liquefied Natural Gas Purchases		
74	805 Other Gas Purchases		
75	(Less) 805.1 Purchases Gas Cost Adjustments		
76	(Less) 805.2 Incremental Gas Cost Adjustments		
77	TOTAL Purchased Gas (Enter Total of lines 67 and 76)	6,010,062	6,337,007
78	806 Exchange Gas		
79	Purchased Gas Expenses		
80	807.1 Well Expenses - Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations		
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expense		
84	807.5 Other Purchased Gas Expenses TRANSPORTATION	130,149	129,304
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 and 84)	130,149	129,304
86	808.1 Gas Withdrawn from Storage - Debit		
87	(Less) 808.2 Gas Delivered to Storage - Credit		
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit		
89	(Less) 809.2 Deliveries of Natural Gas for Processing - Credit		
90	(Less) Gas Used in Utility Operations - Credit		
91	810 Gas Used for Compressor Station Fuel - Credit		
92	811 Gas Used for Products Extraction - Credit		
93	812 Gas Used for Other Utility Operation - Credit		
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)	0	0
95	813 Other Gas Supply Expenses	66,178	18,569
95a	813.1 Synthetic Gas Supply Expenses		
95b	813.2 Gas Cost Recovery Expenses - Royalties		
96	TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95)	6,206,389	6,484,880
97	TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96)	6,206,389	6,484,880

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering			
102	815 Maps and Records			
103	816 Wells Expenses			
104	817 Lines Expenses			
105	818 Compressor Station Expenses			
106	819 Compressor Station Fuel and Power			
107	820 Measuring and Regulating Station Equipment			
108	821 Purification Expenses			
109	822 Exploration and Development			
110	823 Gas Losses			
111	824 Other Expenses			
112	825 Storage Well Royalties			
113	826 Rents			
114	TOTAL Operation (Enter Total of lines 101 thru 113)			
115	Maintenance			
116	830 Maintenance Supervision and Engineering			
117	831 Maintenance of Structures and Improvements			
118	832 Maintenance of Reservoirs and Wells			
119	833 Maintenance of Lines			
120	834 Maintenance of Compressor Station Equipment			
121	835 Maintenance of Measuring and Regulating Station Equipment			
122	836 Maintenance of Purification Equipment			
123	837 Maintenance of Other Equipment			
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)			
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)			
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Enter Total of lines 128 thru 133)			
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering			
137	843.2 Maintenance of Structures and Improvements			
138	843.3 Maintenance of Gas Holders			
139	843.4 Maintenance of Purification Equipment			
140	843.5 Maintenance of Liquefaction Equipment			
141	843.6 Maintenance of Vaporizing Equipment			
142	843.7 Maintenance of Compressor Equipment			
143	843.8 Maintenance of Measuring and Regulating Equipment			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)			
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)			

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering		
150	844.2 LNG Processing Terminal Labor and Expenses		
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Equipment		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	(Less) 845.5 Wharfage Receipts - Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Enter Total of lines 149 thru 164)		
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment		
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment		
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment		
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)		
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)		
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176)		
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering		
181	851 System Control and Load Dispatching		
182	852 Communication System Expenses		
183	853 Compressor Station Labor and Expenses		
184	854 Gas for Compressor Station Fuel		
185	855 Other Fuel and Power for Compressor Stations		
186	856 Mains Expenses		
187	857 Measuring and Regulating Station Expenses		
188	858 Transmission and Compression of Gas by Others		
189	859 Other Expenses		
190	860 Rents		
191	TOTAL Operation (Enter Total of lines 180 thru 190)		

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
3. TRANSMISSION EXPENSES (Continued)				
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains			
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Reg. Station Equipment			
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment			
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)			
201	TOTAL Transmission Expenses (Total of lines 191 and 200)			
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	20,146	14,233	
205	871 Distribution Load Dispatching			
206	872 Compressor Station Labor and Expenses			
207	873 Compressor Station Fuel and Power			
208	874 Mains and Services Expenses	170,921	140,074	
209	875 Measuring and Regulating Station Expenses - General	10,232	11,016	
210	876 Measuring and Regulating Station Expenses - Industrial	215	2,777	
211	877 Measuring and Regulating Station Expenses - City Gate Check Station	22,846	20,102	
212	878 Meter and House Regulator Expenses	5,505	5,981	
213	879 Customer Installations Expenses	6,031	1,528	
214	880 Other Expenses	35,993	27,816	
215	881 Rents			
216	TOTAL Operation (Enter Total of lines 204 thru 215)	271,889	223,527	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	3,820	2,765	
219	886 Maintenance of Structures and Improvements			
220	887 Maintenance of Mains	2,923	6,002	
221	888 Rents for Gas	206		
222	889 Maintenance of Meas. and Reg. Sta. Equip. - General	6,454	6,743	
223	890 Maintenance of Meas. and Reg. Sta. Equip. - Industrial			
224	891 Maintenance of Meas. and Reg. Sta. Equip. - City Gate Check Station	11,294	11,484	
225	892 Maintenance of Services	57,747	62,791	
226	893 Maintenance of Meters and House Regulators	11,146	15,892	
227	896 Maintenance of Other Equipment	7,988	8,271	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	101,578	114,348	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	373,467	337,875	
230	5. CUSTOMER ACCOUNTS EXPENSE			
231	Operation			
232	901 Supervision	10,484	15,286	
233	902 Meter Reading Expenses	50,427	51,844	
234	903 Customer Records and Collection Expenses	200,121	173,281	
235	904 Uncollectible Accounts	40,057	22,773	
236	905 Miscellaneous Customer Accounts Expenses			
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	301,089	263,184	

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision		
241	908 Customer Assistance Expenses	160	464
242	909 Informational and Instructional Expenses	26,664	24,278
243	910 Miscellaneous Customer Service and Informational Expenses		
244	TOTAL Customer Service and Informational Expenses (Lines 240 thru 243)	26,824	24,742
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision		
248	912 Demonstrating and Selling Expenses		
249	913 Advertising Expenses		
250	916 Miscellaneous Sales Expenses		
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	0	0
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Supervision	91,238	59,523
255	921 Office Supplies and Expenses	18,204	57,892
256	(Less) (922) Administrative Expenses Transferred - Cr.		
257	923 Outside Services Employed	171,160	276,676
258	924 Property Insurance	19,321	22,242
259	925 Injuries and Damages	11,958	19,374
260	926 Employee Pensions and Benefits	89,826	171,267
261	927 Franchise Requirements		
262	928 Regulatory Commission Expenses		
263	(Less) (929) Duplicate Charges - Cr.		
264	930.1 General Advertising Expenses		
265	930.2 Miscellaneous General Expenses	26,566	28,366
266	931 Rents		
267	TOTAL Operations (Enter Total of lines 254 thru 266)	428,273	635,340
268	Maintenance		
269	935 Maintenance of General Plant	38,905	50,299
270	TOTAL Administrative and General Exp. (Total of lines 267 and 269)	467,178	685,639
271	TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270)	7,374,947	7,796,320

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to December 31, or any payroll period ending 60 days before or after December 31.

2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction

employees in a footnote.

3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1	Payroll Period Ended (Date)	12/25/2009
2	Total Regular Full-Time Employees	10
3	Total Part-Time and Temporary Employees	2
3a	Employees with Joint Functions	29
4	Total Employees	41

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)			
<p>1. Report particulars of gas purchases during the year in the manner prescribed below.</p> <p>2. Provide subheadings and totales for prescribed accounts as follow:</p> <p>800 Natural Gas Well Head Purchases. 801 Natural Gas Field Line Purchases. 802 Natural Gas Gasoline Plant Outlet Purchases. 803 Natural Gas Transmission Line Purchases. 803.1 Off - System Gas Purchases. 804 Natural Gas City Gate Purchases. 804.1 Liquified Natural Gas Purchases. 805 Other Gas Purchases.</p> <p>Purchases are to be reportee in account number sequence, e.g. all ppurchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchaes should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (h) and (i) and should agree with the books of accounts, or any differences reconciled.</p> <p>In some cases, two or more lines will be required to report a purchase, as when it is charged to more than one account.</p> <p>3. Purchaes may be reported by gas purchase contract totals (at the option of the respondent) provided that the same price is being paid for all gas purchased under the contract. If flow or more prices are in effect under the same contract, separate details for each price shall be reported. The name of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect the sellers at each price are to be listed separately.</p> <p>4. Purchases of less that 100,000 Mcf per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (b). Only Columns (a), (b), (h), (i), and (j) are to be completed for grouped purchases; however, the Commission may request additional deatails when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.</p>		<p>5. Column instructions are as follows:</p> <p><u>Column (b)</u> - Report the names of all sellers. Abbreviations may be used where necessary.</p> <p><u>Column (c)</u> - Give the name of the producing field only for purchaes at the wellhead or from field lines. The plant name should be given for purchase from gasoline outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.</p> <p><u>Columns (d) and (e)</u> - Designate the state and country where the gas is received. Where gas is received in more than on county, use the name of the county having the largest volume and by footnote list the other counties involved.</p> <p><u>Column (f)</u> - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract, show the date of the original contract and the date of the renegotiated contract on the following line in brackets. If new acreage is dedicated by ratification of an existing contract show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir that the original dedicated acreage pursuant to Section 2.56(f)(2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.</p> <p>If the purchase was permanently discontinued during the reporting year, so indicate by an asterick (*) in Column (f).</p> <p><u>Column (g)</u> - Show for each purchase the approximate Btu per cubic foot.</p> <p><u>Column (h)</u> - State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid in prior years.</p> <p><u>Column (i)</u> - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).</p> <p><u>Column (j)</u> - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].</p>	

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 & 805) (Continued)

Line No.	Account No. (a)	Name of Seller Designate Associated Companies (b)	Name of Producing Field or Gasoline Plant (c)	State (d)
1		SEE ATTACHED		
2				
3				
4				
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Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

GAS PURCHASES (Account 800, 801, 802, 803, 803.1, 804, 804.1, & 805) (Continued)

County (e)	Date of Contract (f)	Approx. Btu Per Cu. ft. (g)	Gas Purchased-Mcf (14.73 psia 60 F) (h)	Cost of Gas (i)	Cost Per Mcf (cents) (j)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
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SYSTEM GAS PURCHASES

JANUARY 2009 TO DECEMBER 2009

PURCHASED FROM	DATE PURCHASED	AMOUNT PURCH	PURCHASE PRICE	TOTAL COST
----------------	----------------	--------------	----------------	------------

January, 2009

INTEGRYS ENERGY SERVICES	3/21/2006	4,991	\$10.3600	\$51,706.76
INTEGRYS ENERGY SERVICES	5/16/2006	4,991	\$11.0000	\$54,901.00
INTEGRYS ENERGY SERVICES	6/19/2006	4,991	\$10.0000	\$49,910.00
INTEGRYS ENERGY SERVICES	7/13/2006	4,991	\$10.4800	\$52,305.68
INTEGRYS ENERGY SERVICES	8/15/2006	4,991	\$10.8300	\$54,052.53
INTEGRYS ENERGY SERVICES	9/19/2006	4,991	\$9.5800	\$47,813.78
INTEGRYS ENERGY SERVICES	10/16/2006	4,991	\$9.5700	\$47,763.87
INTEGRYS ENERGY SERVICES	11/21/2006	4,991	\$9.3900	\$46,865.49
INTEGRYS ENERGY SERVICES	2/20/2007	4,991	\$9.2700	\$46,266.57
INTEGRYS ENERGY SERVICES	3/20/2007	3,999	\$9.4500	\$37,790.55
INTEGRYS ENERGY SERVICES	5/16/2007	3,999	\$10.0600	\$40,229.94
INTEGRYS ENERGY SERVICES	6/20/2007	3,999	\$10.3900	\$41,549.61
INTEGRYS ENERGY SERVICES	7/18/2007	3,999	\$9.5100	\$38,030.49
INTEGRYS ENERGY SERVICES	8/22/2007	3,999	\$9.4100	\$37,630.59
INTEGRYS ENERGY SERVICES	9/19/2007	3,007	\$9.2400	\$27,784.68
INTEGRYS ENERGY SERVICES	11/16/2007	3,999	\$9.4000	\$37,590.60
INTEGRYS ENERGY SERVICES	1/16/2008	3,999	\$9.4200	\$37,670.58
INTEGRYS ENERGY SERVICES	3/18/2008	4,991	\$10.5800	\$52,804.78
INTEGRYS ENERGY SERVICES	5/19/2008	4,991	\$12.7300	\$63,535.43
INTEGRYS ENERGY SERVICES	6/30/2008	4,991	\$14.4500	\$72,119.95
INTEGRYS ENERGY SERVICES	8/12/2008	6,014	\$9.5600	\$57,493.84
PROLIANCE ENERGY	10/22/2008	10,013	\$7.5458	\$75,555.84
INTEGRYS ENERGY SERVICES	11/25/2008	4,991	\$6.6200	\$33,040.42
INTEGRYS ENERGY SERVICES	12/17/2008	4,991	\$6.1200	\$30,544.92

116,901

\$9.7087

\$1,134,957.90

February, 2009

INTEGRYS ENERGY SERVICES	3/21/2006	4,004	\$10.4300	\$41,761.72
INTEGRYS ENERGY SERVICES	5/16/2006	4,004	\$11.1700	\$44,724.68
INTEGRYS ENERGY SERVICES	6/19/2006	4,004	\$10.6500	\$42,642.60
INTEGRYS ENERGY SERVICES	7/13/2006	4,004	\$10.4000	\$41,641.60
INTEGRYS ENERGY SERVICES	8/15/2006	4,004	\$10.8500	\$43,443.40
INTEGRYS ENERGY SERVICES	9/19/2006	4,004	\$9.6800	\$38,758.72
INTEGRYS ENERGY SERVICES	10/16/2006	4,004	\$9.5800	\$38,358.32
INTEGRYS ENERGY SERVICES	11/21/2006	4,004	\$9.3500	\$37,437.40
INTEGRYS ENERGY SERVICES	2/20/2007	2,996	\$9.2500	\$27,713.00
INTEGRYS ENERGY SERVICES	3/20/2007	2,996	\$9.3600	\$28,042.56
INTEGRYS ENERGY SERVICES	5/16/2007	2,996	\$10.0400	\$30,079.84
INTEGRYS ENERGY SERVICES	6/20/2007	2,996	\$10.4100	\$31,188.36
INTEGRYS ENERGY SERVICES	7/18/2007	2,996	\$9.5200	\$28,521.92
INTEGRYS ENERGY SERVICES	8/22/2007	2,996	\$9.4400	\$28,282.24
INTEGRYS ENERGY SERVICES	9/19/2007	2,996	\$9.2500	\$27,713.00
INTEGRYS ENERGY SERVICES	11/16/2007	4,004	\$9.4100	\$37,677.64
INTEGRYS ENERGY SERVICES	1/16/2008	4,004	\$9.4300	\$37,757.72
INTEGRYS ENERGY SERVICES	3/18/2008	4,004	\$10.5700	\$42,322.28
INTEGRYS ENERGY SERVICES	5/19/2008	5,012	\$12.7200	\$63,752.64
INTEGRYS ENERGY SERVICES	6/30/2008	4,004	\$14.3400	\$57,417.36
INTEGRYS ENERGY SERVICES	8/12/2008	5,992	\$9.5800	\$57,403.36
PROLIANCE ENERGY	10/22/2008	7,000	\$7.6185	\$53,329.79
INTEGRYS ENERGY SERVICES	11/25/2008	5,012	\$6.7000	\$33,580.40
INTEGRYS ENERGY SERVICES	12/17/2008	5,012	\$6.1500	\$30,823.80
INTEGRYS ENERGY SERVICES	1/20/2009	5,012	\$5.1000	\$25,561.20

102,060

\$9.5036

\$969,935.55

March, 2009

INTEGRYS ENERGY SERVICES	3/21/2006	3,007	\$10.2200	\$30,731.54
INTEGRYS ENERGY SERVICES	5/16/2006	3,999	\$10.7100	\$42,829.29
INTEGRYS ENERGY SERVICES	6/19/2006	3,999	\$10.3300	\$41,309.67
INTEGRYS ENERGY SERVICES	7/13/2006	3,999	\$10.4100	\$41,629.59
INTEGRYS ENERGY SERVICES	8/15/2006	3,999	\$10.5900	\$42,349.41
INTEGRYS ENERGY SERVICES	9/19/2006	3,999	\$9.4000	\$37,590.60

SYSTEM GAS PURCHASES JANUARY, 2009 TO DECEMBER, 2009

PURCHASED FROM	DATE PURCHASED	AMOUNT PURCH	PURCHASE PRICE	TOTAL COST
INTEGRYS ENERGY SERVICES	10/16/2006	3,007	\$9.1800	\$27,604.26
INTEGRYS ENERGY SERVICES	11/21/2006	3,999	\$9.1200	\$36,470.88
INTEGRYS ENERGY SERVICES	2/20/2007	3,007	\$9.0500	\$27,213.35
INTEGRYS ENERGY SERVICES	3/20/2007	3,007	\$9.4200	\$28,325.94
INTEGRYS ENERGY SERVICES	5/16/2007	3,007	\$9.7900	\$29,438.53
INTEGRYS ENERGY SERVICES	6/20/2007	3,007	\$10.1000	\$30,370.70
INTEGRYS ENERGY SERVICES	7/18/2007	3,007	\$9.2700	\$27,874.89
INTEGRYS ENERGY SERVICES	8/22/2007	3,007	\$9.1800	\$27,604.26
INTEGRYS ENERGY SERVICES	9/19/2007	2,015	\$8.9900	\$18,114.85
INTEGRYS ENERGY SERVICES	11/16/2007	3,007	\$9.3700	\$28,175.59
INTEGRYS ENERGY SERVICES	1/16/2008	3,007	\$9.2100	\$27,694.47
INTEGRYS ENERGY SERVICES	3/18/2008	3,007	\$10.4900	\$31,543.43
INTEGRYS ENERGY SERVICES	5/19/2008	4,991	\$12.4300	\$62,038.13
INTEGRYS ENERGY SERVICES	6/30/2008	3,007	\$14.2200	\$42,759.54
INTEGRYS ENERGY SERVICES	8/12/2008	3,999	\$9.5300	\$38,110.47
PROLIANCE ENERGY	10/22/2008	5,022	\$7.4800	\$37,564.39
INTEGRYS ENERGY SERVICES	11/25/2008	4,991	\$6.6900	\$33,389.79
INTEGRYS ENERGY SERVICES	12/17/2008	4,991	\$6.1700	\$30,794.47
INTEGRYS ENERGY SERVICES	1/20/2009	4,991	\$5.1100	\$25,504.01
		91,078	\$9.3001	\$847,032.05

April, 2009

INTEGRYS ENERGY SERVICES	6/19/2006	2,010	\$7.8800	\$15,838.80
INTEGRYS ENERGY SERVICES	7/13/2006	2,010	\$7.7000	\$15,477.00
INTEGRYS ENERGY SERVICES	8/15/2006	2,010	\$7.8700	\$15,818.70
INTEGRYS ENERGY SERVICES	9/19/2006	2,010	\$7.7200	\$15,517.20
INTEGRYS ENERGY SERVICES	10/16/2006	2,010	\$7.9000	\$15,879.00
INTEGRYS ENERGY SERVICES	11/21/2006	3,000	\$7.9300	\$23,790.00
INTEGRYS ENERGY SERVICES	2/20/2007	2,010	\$7.7200	\$15,517.20
INTEGRYS ENERGY SERVICES	3/20/2007	2,010	\$7.9000	\$15,879.00
INTEGRYS ENERGY SERVICES	5/16/2007	2,010	\$8.4400	\$16,964.40
INTEGRYS ENERGY SERVICES	6/20/2007	2,010	\$8.6400	\$17,366.40
INTEGRYS ENERGY SERVICES	7/18/2007	2,010	\$8.2200	\$16,522.20
INTEGRYS ENERGY SERVICES	8/22/2007	2,010	\$8.1800	\$16,441.80
INTEGRYS ENERGY SERVICES	9/19/2007	2,010	\$8.1200	\$16,321.20
INTEGRYS ENERGY SERVICES	11/16/2007	2,010	\$8.3800	\$16,843.80
INTEGRYS ENERGY SERVICES	1/16/2008	3,000	\$8.4500	\$25,350.00
INTEGRYS ENERGY SERVICES	3/18/2008	3,000	\$9.0200	\$27,060.00
INTEGRYS ENERGY SERVICES	5/19/2008	3,000	\$10.8800	\$32,640.00
INTEGRYS ENERGY SERVICES	6/30/2008	3,000	\$12.1200	\$36,360.00
INTEGRYS ENERGY SERVICES	8/12/2008	3,000	\$9.1600	\$27,480.00
INTEGRYS ENERGY SERVICES	10/22/2008	3,990	\$7.3900	\$29,486.10
INTEGRYS ENERGY SERVICES	10/30/2008	9,990	\$7.2500	\$72,427.50
INTEGRYS ENERGY SERVICES	11/25/2008	2,010	\$6.6800	\$13,426.80
INTEGRYS ENERGY SERVICES	12/17/2008	990	\$6.1500	\$6,088.50
		61,110	\$8.2555	\$504,495.60

May, 2009

INTEGRYS ENERGY SERVICES	6/19/2006	992	\$7.5800	\$7,519.36
INTEGRYS ENERGY SERVICES	7/13/2006	992	\$7.5000	\$7,440.00
INTEGRYS ENERGY SERVICES	8/15/2006	992	\$7.6300	\$7,568.96
INTEGRYS ENERGY SERVICES	9/19/2006	992	\$7.5800	\$7,519.36
INTEGRYS ENERGY SERVICES	10/16/2006	992	\$7.6700	\$7,608.64
INTEGRYS ENERGY SERVICES	11/21/2006	992	\$7.8100	\$7,747.52
INTEGRYS ENERGY SERVICES	2/20/2007	992	\$7.6200	\$7,559.04
INTEGRYS ENERGY SERVICES	3/20/2007	992	\$7.7600	\$7,697.92
INTEGRYS ENERGY SERVICES	5/16/2007	992	\$8.3000	\$8,233.60
INTEGRYS ENERGY SERVICES	6/20/2007	992	\$8.5200	\$8,451.84
INTEGRYS ENERGY SERVICES	7/18/2007	992	\$8.1000	\$8,035.20
INTEGRYS ENERGY SERVICES	8/22/2007	992	\$8.0600	\$7,995.52
INTEGRYS ENERGY SERVICES	9/19/2007	992	\$8.0400	\$7,975.68
INTEGRYS ENERGY SERVICES	11/16/2007	992	\$8.3100	\$8,243.52
INTEGRYS ENERGY SERVICES	1/16/2008	992	\$8.4400	\$8,372.48

PURCHASED FROM	DATE PURCHASED	AMOUNT PURCH	PURCHASE PRICE	TOTAL COST
INTEGRYS ENERGY SERVICES	3/18/2008	2,015	\$8.9100	\$17,953.65
INTEGRYS ENERGY SERVICES	5/19/2008	2,015	\$10.7200	\$21,600.80
INTEGRYS ENERGY SERVICES	6/30/2008	2,015	\$11.9400	\$24,059.10
INTEGRYS ENERGY SERVICES	8/12/2008	2,015	\$9.1200	\$18,376.80
INTEGRYS ENERGY SERVICES	10/22/2008	2,015	\$7.4300	\$14,971.45
INTEGRYS ENERGY SERVICES	10/30/2008	6,014	\$7.3500	\$44,202.90
INTEGRYS ENERGY SERVICES	11/25/2008	992	\$6.7500	\$6,696.00
INTEGRYS ENERGY SERVICES	12/17/2008	992	\$6.3000	\$6,249.60
		32,953	\$8.2566	\$272,078.94

June, 2009

INTEGRYS ENERGY SERVICES	6/19/2006	990	\$7.6800	\$7,603.20
INTEGRYS ENERGY SERVICES	7/13/2006	990	\$7.8200	\$7,741.80
INTEGRYS ENERGY SERVICES	8/15/2006	990	\$7.7200	\$7,642.80
INTEGRYS ENERGY SERVICES	9/19/2006	990	\$7.8500	\$7,771.50
INTEGRYS ENERGY SERVICES	11/21/2006	990	\$7.8700	\$7,791.30
INTEGRYS ENERGY SERVICES	6/20/2007	990	\$8.6300	\$8,543.70
INTEGRYS ENERGY SERVICES	7/18/2007	990	\$8.1800	\$8,098.20
INTEGRYS ENERGY SERVICES	11/16/2007	990	\$8.3700	\$8,286.30
INTEGRYS ENERGY SERVICES	1/16/2008	990	\$8.5000	\$8,415.00
INTEGRYS ENERGY SERVICES	3/18/2008	990	\$8.9500	\$8,860.50
INTEGRYS ENERGY SERVICES	5/19/2008	990	\$10.7400	\$10,632.60
INTEGRYS ENERGY SERVICES	8/12/2008	990	\$9.2200	\$9,127.80
INTEGRYS ENERGY SERVICES	10/22/2008	990	\$7.5500	\$7,474.50
INTEGRYS ENERGY SERVICES	10/30/2008	3,000	\$7.4600	\$22,380.00
		15,870	\$8.2148	\$130,369.20

July, 2009

INTEGRYS ENERGY SERVICES	11/21/2006	992	\$7.8900	\$7,826.88
INTEGRYS ENERGY SERVICES	7/18/2007	992	\$8.2600	\$8,193.92
INTEGRYS ENERGY SERVICES	11/16/2007	992	\$8.4300	\$8,362.56
INTEGRYS ENERGY SERVICES	1/16/2008	992	\$8.5600	\$8,491.52
INTEGRYS ENERGY SERVICES	3/18/2008	992	\$9.0300	\$8,957.76
INTEGRYS ENERGY SERVICES	5/19/2008	992	\$10.7500	\$10,664.00
INTEGRYS ENERGY SERVICES	8/12/2008	992	\$9.3400	\$9,265.28
INTEGRYS ENERGY SERVICES	10/22/2008	992	\$7.6500	\$7,588.80
INTEGRYS ENERGY SERVICES	10/30/2008	3,007	\$7.5800	\$22,793.06
		10,943	\$8.4203	\$92,143.78

August, 2009

INTEGRYS ENERGY SERVICES	11/21/2006	992	\$7.9900	\$7,926.08
INTEGRYS ENERGY SERVICES	2/20/2007	992	\$7.7900	\$7,727.68
INTEGRYS ENERGY SERVICES	7/18/2007	992	\$8.3300	\$8,263.36
INTEGRYS ENERGY SERVICES	1/16/2008	992	\$8.6200	\$8,551.04
INTEGRYS ENERGY SERVICES	3/18/2008	992	\$9.0800	\$9,007.36
INTEGRYS ENERGY SERVICES	5/19/2008	992	\$10.7700	\$10,683.84
INTEGRYS ENERGY SERVICES	8/12/2008	992	\$9.3300	\$9,255.36
INTEGRYS ENERGY SERVICES	10/22/2008	992	\$7.7300	\$7,668.16
INTEGRYS ENERGY SERVICES	10/30/2008	3,007	\$7.7100	\$23,183.97
		10,943	\$8.4316	\$92,266.85

September, 2009

INTEGRYS ENERGY SERVICES	10/16/2006	990	\$7.8900	\$7,811.10
INTEGRYS ENERGY SERVICES	11/21/2006	990	\$8.0500	\$7,969.50
INTEGRYS ENERGY SERVICES	2/20/2007	990	\$7.7900	\$7,712.10
INTEGRYS ENERGY SERVICES	3/20/2007	990	\$8.0600	\$7,979.40
INTEGRYS ENERGY SERVICES	5/16/2007	990	\$8.5800	\$8,494.20
INTEGRYS ENERGY SERVICES	6/20/2007	990	\$8.8000	\$8,712.00
INTEGRYS ENERGY SERVICES	7/18/2007	990	\$8.3600	\$8,276.40
INTEGRYS ENERGY SERVICES	8/22/2007	990	\$8.2800	\$8,197.20
INTEGRYS ENERGY SERVICES	9/19/2007	990	\$8.2500	\$8,167.50

PURCHASED FROM	DATE PURCHASED	AMOUNT PURCH	PURCHASE PRICE	TOTAL COST
INTEGRYS ENERGY SERVICES	11/16/2007	990	\$8.5200	\$8,434.80
INTEGRYS ENERGY SERVICES	1/16/2008	990	\$8.5900	\$8,504.10
INTEGRYS ENERGY SERVICES	3/18/2008	990	\$9.0900	\$8,999.10
INTEGRYS ENERGY SERVICES	5/19/2008	990	\$10.8000	\$10,692.00
INTEGRYS ENERGY SERVICES	6/30/2008	990	\$12.1700	\$12,048.30
INTEGRYS ENERGY SERVICES	8/12/2008	990	\$9.4100	\$9,315.90
INTEGRYS ENERGY SERVICES	10/22/2008	990	\$7.7700	\$7,692.30
INTEGRYS ENERGY SERVICES	10/30/2008	5,010	\$7.8400	\$39,278.40
INTEGRYS ENERGY SERVICES	11/25/2008	990	\$7.1300	\$7,058.70
INTEGRYS ENERGY SERVICES	12/17/2008	990	\$6.5600	\$6,494.40
INTEGRYS ENERGY SERVICES	1/20/2009	990	\$5.4600	\$5,405.40
INTEGRYS ENERGY SERVICES	8/20/2009	9,000	\$3.0700	\$27,630.00
		32,820	\$6.8517	\$224,872.80

October, 2009

INTEGRYS ENERGY SERVICES	11/21/2006	2,015	\$8.1600	\$16,442.40
INTEGRYS ENERGY SERVICES	2/20/2007	2,015	\$7.8900	\$15,898.35
INTEGRYS ENERGY SERVICES	3/20/2007	2,015	\$8.0600	\$16,240.90
INTEGRYS ENERGY SERVICES	5/16/2007	2,015	\$8.6700	\$17,470.05
INTEGRYS ENERGY SERVICES	6/20/2007	2,015	\$8.9100	\$17,953.65
INTEGRYS ENERGY SERVICES	7/18/2007	2,015	\$8.4600	\$17,046.90
INTEGRYS ENERGY SERVICES	8/22/2007	2,015	\$8.4000	\$16,926.00
INTEGRYS ENERGY SERVICES	9/19/2007	992	\$8.3300	\$8,263.36
INTEGRYS ENERGY SERVICES	11/16/2007	2,015	\$8.5400	\$17,208.10
INTEGRYS ENERGY SERVICES	1/16/2008	2,015	\$8.6500	\$17,429.75
INTEGRYS ENERGY SERVICES	3/18/2008	2,015	\$9.1800	\$18,497.70
INTEGRYS ENERGY SERVICES	5/19/2008	2,015	\$11.0000	\$22,165.00
INTEGRYS ENERGY SERVICES	6/30/2008	2,015	\$12.2400	\$24,663.60
INTEGRYS ENERGY SERVICES	8/12/2008	2,015	\$9.4800	\$19,102.20
INTEGRYS ENERGY SERVICES	10/22/2008	2,015	\$7.8500	\$15,817.75
INTEGRYS ENERGY SERVICES	10/30/2008	11,997	\$7.8700	\$94,416.39
INTEGRYS ENERGY SERVICES	11/25/2008	992	\$7.2100	\$7,152.32
INTEGRYS ENERGY SERVICES	12/17/2008	992	\$6.6900	\$6,636.48
INTEGRYS ENERGY SERVICES	1/20/2009	992	\$5.5800	\$5,535.36
INTEGRYS ENERGY SERVICES	2/17/2009	992	\$5.0100	\$4,969.92
		45,167	\$8.4096	\$379,836.18

November, 2009

INTEGRYS ENERGY SERVICES	11/21/2006	3,000	\$8.3900	\$25,170.00
INTEGRYS ENERGY SERVICES	2/20/2007	2,010	\$8.2500	\$16,582.50
INTEGRYS ENERGY SERVICES	3/20/2007	2,010	\$8.4700	\$17,024.70
INTEGRYS ENERGY SERVICES	5/16/2007	2,010	\$9.0800	\$18,250.80
INTEGRYS ENERGY SERVICES	6/20/2007	2,010	\$9.4200	\$18,934.20
INTEGRYS ENERGY SERVICES	7/18/2007	2,010	\$8.7600	\$17,607.60
INTEGRYS ENERGY SERVICES	8/22/2007	2,010	\$8.7300	\$17,547.30
INTEGRYS ENERGY SERVICES	9/19/2007	2,010	\$8.6700	\$17,426.70
INTEGRYS ENERGY SERVICES	11/16/2007	3,000	\$8.8900	\$26,670.00
INTEGRYS ENERGY SERVICES	1/16/2008	3,000	\$8.8700	\$26,610.00
INTEGRYS ENERGY SERVICES	3/18/2008	3,000	\$9.4200	\$28,260.00
INTEGRYS ENERGY SERVICES	5/19/2008	3,000	\$11.1800	\$33,540.00
INTEGRYS ENERGY SERVICES	6/30/2008	3,000	\$12.4400	\$37,320.00
INTEGRYS ENERGY SERVICES	8/12/2008	3,000	\$9.4300	\$28,290.00
INTEGRYS ENERGY SERVICES	10/22/2008	3,000	\$8.1300	\$24,390.00
INTEGRYS ENERGY SERVICES	10/30/2008	9,990	\$8.1600	\$81,518.40
PROLIANCE ENERGY	10/30/2008	10,020	\$8.0345	\$80,505.41
INTEGRYS ENERGY SERVICES	11/25/2008	2,010	\$7.6200	\$15,316.20
INTEGRYS ENERGY SERVICES	12/17/2008	2,010	\$7.0900	\$14,250.90
INTEGRYS ENERGY SERVICES	1/20/2009	2,010	\$6.1400	\$12,341.40
INTEGRYS ENERGY SERVICES	2/17/2009	2,010	\$5.5800	\$11,215.80
		66,120	\$8.6021	\$568,771.91

SYSTEM GAS PURCHASES

JANUARY, 2009 TO DECEMBER, 2009

PURCHASED FROM	DATE PURCHASED	AMOUNT PURCH	PURCHASE PRICE	TOTAL COST
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December, 2009

INTEGRYS ENERGY SERVICES	2/20/2007	3,999	\$8.6300	\$34,511.37
INTEGRYS ENERGY SERVICES	3/20/2007	3,007	\$8.8000	\$26,461.60
INTEGRYS ENERGY SERVICES	5/16/2007	3,007	\$9.5100	\$28,596.57
INTEGRYS ENERGY SERVICES	6/20/2007	3,007	\$9.8400	\$29,588.88
INTEGRYS ENERGY SERVICES	7/18/2007	3,007	\$9.1500	\$27,514.05
INTEGRYS ENERGY SERVICES	8/22/2007	3,007	\$9.0600	\$27,243.42
INTEGRYS ENERGY SERVICES	9/19/2007	3,007	\$8.9600	\$26,942.72
INTEGRYS ENERGY SERVICES	11/16/2007	3,007	\$9.2000	\$27,664.40
INTEGRYS ENERGY SERVICES	1/16/2008	3,999	\$9.1500	\$36,590.85
INTEGRYS ENERGY SERVICES	3/18/2008	3,999	\$9.7200	\$38,870.28
INTEGRYS ENERGY SERVICES	5/19/2008	3,999	\$11.5500	\$46,188.45
INTEGRYS ENERGY SERVICES	6/30/2008	3,999	\$12.8000	\$51,187.20
INTEGRYS ENERGY SERVICES	8/12/2008	3,999	\$10.1400	\$40,549.86
INTEGRYS ENERGY SERVICES	10/22/2008	4,991	\$8.4300	\$42,074.13
INTEGRYS ENERGY SERVICES	10/30/2008	10,013	\$8.4500	\$84,609.85
PROLIANCE ENERGY	10/30/2008	10,013	\$8.4251	\$84,360.05
LAKESHORE ENERGY	10/30/2008	10,000	\$8.2900	\$82,900.00
INTEGRYS ENERGY SERVICES	11/25/2008	2,015	\$8.0100	\$16,140.15
INTEGRYS ENERGY SERVICES	12/17/2008	2,015	\$7.5500	\$15,213.25
INTEGRYS ENERGY SERVICES	1/20/2009	2,015	\$6.7200	\$13,540.80
INTEGRYS ENERGY SERVICES	2/17/2009	2,015	\$6.2300	\$12,553.45

88,120

\$9.0025

\$793,301.33

COST OF GAS PURCHASED

674,085 MCF

\$6,010,062.09

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas)				
1. Report below the particulars (details) called for concerning the gas volumes and related dollar amounts of natural gas exchange transactions transactions (less than 100,000 Mcf) may be grouped. 2. Also give the particulars (details) called for concerning each natural gas exchange where consideration was received or				
Line No.	Name of Company (Designate associated companies with an asterisk) (a)	Exchange Gas Received		
		Point of Receipt (City, state, etc.) (b)	Mcf (c)	Debit (Credit) Account 242 (d)
1	Not Applicable			
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45	TOTAL			

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
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EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)

paid in performance of gas exchange services.

3. List individually net transactions occurring during the year for each rate schedule.

4. Indicate points of receipt and delivery of gas so that they may be readily identified on a map of the respondent's pipeline system.

Exchange Gas Delivered			Excess Mcf Received or Delivered (h)	Debit (Credit) Account 806) (i)	Line No.
Point of Delivery (City, State, etc.) (e)	Mcf (f)	Debit (Credit) Account 174 (g)			
Not	Applicable				1
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Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo. Da. Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)

5. Furnish any additional explanations needed to further explain the accounting for exchange gas transaction.

6. Report the pressure base of measurement of gas volumes at 14.73 psia at 60 F.

Line No.	Name of Company (Designate associated companies with an asterisk) (a)	Charges Paid or Payable by Respondent		Revenues Received or Receivable by Respondent		FERC Tariff Rate Schedule Identification (n)
		Amount (j)	Account (k)	Amount (l)	Account (m)	
1	Not Applicable					
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45	TOTAL					

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811, and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural Gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Mcf of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas			Manufactured Gas	
			Mcf of Gas Used (c)	Amount of Credit (d)	Amount per Mcf (in cents) (e)	Mcf of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel - Cr.						
2	811 Gas used for Products Extraction - Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respd't's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs. - Cr. (Rpt sep. for each prin. use. Group minor uses)						
6	812.1 Gas used in Util. Oprs. - Cr. (Nonmajor only)						
7							
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25	TOTAL						

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (Account 858)

1. Report below particulars (details) concerning gas transported or compressed for respondent by others equaling more than 1,000,000 Mcf (Bcf) and amounts of payments for such services during the year. Minor items (less than 1,000,000 Mcf) must be grouped.

2. In column (a) give name of companies to which payment were made, points of delivery and receipt of gas, names of companies to which gas was delivered and

Line No.	Name of Company and Description of Service Performed (Designate associated companies with an asterisk) (a)	Distance Transported (in miles) (b)
1	Not Applicable	
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46	TOTAL	

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
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TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (Account 858) (Continued)

from which received. Points of delivery and receipt should be so designated that they can be identified readily on map of respondent's pipeline system.

3. If the Mcf of gas received differs from the Mcf delivered, explain in a footnote the reason for difference, i.e., uncompleted deliveries, allowance for transmission loss, etc

Mcf of Gas Delivered (14.73 psia at 60 F) (c)	Mcf of Gas Received (14.73 psia at 60 F) (d)	Amount of Payments (in dollars) (e)	Amount per Mcf of Gas Received (in cents) (f)	Line No.
NONE				1
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Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
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LEASE RENTALS CHARGED

1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.

2. Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000, the data called for in columns a, b (description only), f, g and j.

3. For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.

4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements** and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.

5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that short-lived and replaced under terms of the lease or for pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option purchase the property.

6. In column (a) report the name of the lessor. List lessors which are associated companies* (describing association) followed by non-associated lessors.

7. In column (b) for each leasing arrangement, report in order classified by distribution plant, storage plant, transmission line distribution system, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications:

A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES

Name of Lessor (a)	Basic Details of Lease (b)	Termination Date of Lease. Primary (P) or Renewal (R) (c)

** See Gas Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts.

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Presque Isle Electric & Gas Co-op			

LEASE RENTALS CHARGED (Continued)

Description of the property, whether lease is a sale and leaseback, whether lessee has option to purchase and conditions of purchase, whether lease is cancelable by either party and the cancellation conditions, the tax treatment of the lease payments (levelized charges to expense or other treatment), the basis of any charges apportioned between the lessor and lessee, and the responsibility of the respondent for operation and maintenance expenses and replacement property. The above information is to be reported with initiation of the lease and thereafter when changed or every five years, whichever occurs first.

8. Report in column (d), as of the date of the current lease term, the original cost of the property leased, estimated if not known, or the fair market value of the property if greater than original cost and indicate as shown. If leased property is part of a large unit, such as part of a building, indicate without associating any cost or value with it.

9. Report in column (k) below the estimated remaining annual charges under the current term of the lease. Do not apply a present value to the estimate. Assume that cancelable leases will not be cancelled when estimating the remaining charges.

* See definition on page 226 (B)

A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES

Original Cost (O) or Fair Market Value (F) of Property (d)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)
		Current Year		Accumulated to Date			
		Lessor (f)	Other (g)	Lessor (h)	Other (i)		

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES (Continued)			
Name of Lessor (a)	Basic Details of Lease (b)	Termination Date of Lease, Primary (P) or Renewal (R) (c)	
Not Applicable			
B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)			

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
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A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES (Continued)

Original Cost (O) or Fair Market Value (F) of Property (d)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)
		Current Year		Accumulated to Date			
		Lessor (f)	Other (g)	Lessor (h)	Other (i)		
Not Applicable							

B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)

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Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo. Da. Yr)	Year of Report
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OTHER GAS SUPPLY EXPENSES (Account 813)

Report other gas supply expenses by descriptive titles which clearly expenses separately. Indicate the functional classification and purpose indicate the nature of such expenses. Show maintenance of property to which any expenses relate.

Line No.	Description (a)	Amount (in dollars) (b)
1		
2	Letter of Credit -- Supplier	50,000
3		
4	Letter of Credit -- CFC	6,125
5		
6	Amortization of Tap Fees	1,996
7		
8	Other	8,057
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50	TOTAL	66,178

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)				
1	Industry association dues			
2	Experimental and general research expenses			
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent.			
4	Other expenses (List items of \$5,000 or more in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Group amounts of less than \$5,000 by classes if the number of items so grouped is shown.)			
5	NOT APPLICABLE			
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49	TOTAL			

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009	
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)				
1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown. 2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals between the report years (1971, 1974 and every fifth year thereafter). Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the manner in which				
Section A. Summary of Depreciation, Depletion, and Amortization Charges				
Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant	1,577		
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant			
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant			
9	Distribution plant	561,499		
10	General plant	55,716		
11	Common plant - gas			
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25	TOTAL	618,792		

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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accts 403, 404.1, 404.2, 404.3, 405)

(Except Amortization of Acquisition Adjustments) (Continued)

column (b) balances are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method

is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
		1,577	Intangible plant	1
			Production plant, manufactures gas	2
			Production and gathering plant, natural gas	3
			Production extraction plant	4
			Underground gas storage plant	5
			Other storage plant	6
			Base load LNG terminating and processing plant	7
			Transmission plant	8
		561,499	Distribution plant	9
		55,716	General plant	10
			Common plant - gas	11
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		618,792	TOTAL	25

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)				
Section B. Factors Used in Estimating Depreciation Charges				
Line No.	Functional Classification (a)	Depreciation Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)	
1	Production and Gathering Plant			
2	Offshore			
3	Onshore			
4	Underground Gas Storage Plant			
5	Transmission Plant			
6	Offshore			
7	Onshore			
8	General Plant			
9	Distribution Plant			
10	Amortized Plant			
Notes to Depreciation, Depletion, and Amortization of Gas Plant				

Name of Respondent	This Report Is:	Date of Report (Mo. Da. Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	05/19/2010	December 31, 2009

INCOME FROM UTILITY PLANT LEASED TO OTHERS (Account 412 and 413)

- | | |
|---|---|
| <p>1. Report below the following information with respect to utility property leased to others constituting an operating unit or system.</p> <p>2. For each lease show: (1) name of lessee and description and location of the leased property; (2) revenues; (3) operating expenses classified as to operation, maintenance, depreciation, rents, amortization; and (4) net income from lease for year. Arrange amounts so that deductions appear as a subtraction</p> | <p>from revenues, and income as the remainder.</p> <p>3. Provide a subheading and total for each utility department in addition to a total for all utility departments.</p> <p>4. Furnish particulars (details) of the method of determining the annual rental for the property.</p> <p>5. Designate with an asterisk associated companies.</p> |
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PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of

the Uniform System of Accounts. Amounts of less than \$10,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	(a) Miscellaneous Amortization	
2		
3	Amortization of Franchise Costs	1,577
4		
5		
6	(d) Other Interest Expense	
7		
8	CFC Line of Credit Interest	38,269
9	Interest on Security Deposits	3,714
10		
11	Total	41,983
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original	(Mo, Da, Yr)	December 31, 2009
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PARTICULARS CONCERNING CERTAIN INCOME ACCOUNTS

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from operation.

Give the bases of any allocation between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration

date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any leases which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418 1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense the amount for the year. Minor items may be grouped by classes.

Line No.	Item (a)	Amount (b)
1		
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6	Interest Income -- Various Accounts	1,594
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Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)					
1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility. 2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be			grouped with the number of such transactions disclosed in column (a). 3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)		
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2	<u>Non-Utility</u>				
3					
4	NONE				
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16					
17	Total Gain			0	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Cont'd)					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20	<u>NONE</u>				
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22					
23					
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33					
34	Total Loss				

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
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EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES (Account 426.4)		
<p>1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.</p> <p>2. Advertising expenditures in the Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customer's bills; (d) inserts in reports to stockholders; (e) newspaper and</p>		<p>magazine editorial services; and (f) other advertising.</p> <p>3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions clearly indicating the nature and purpose of the activity.</p> <p>4. If the respondent has not incurred any expenditures contemplated by the instructions of Account 426.4, so state.</p> <p>5. For reporting years which begin during the calendar year 1963 only, minor amounts may be grouped by classes if the number of items so grouped is shown.</p> <p>NOTE: The classification of expenses as nonoperating and their inclusion in this amount is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.</p>

Line No.	Item (a)	Amount (b)
1		
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4	NONE	
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expense: was a party.
incurred during the current year (or incurred in previous years, if
being amortized) relating to formal cases before a regulatory body assessed by a regulatory body or were otherwise incurred by the
or cases in which such a body utility.

Line No.	Description Furnish name of regulatory commission or body the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1					
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45					
46	TOTAL				

Name of Respondent Presque Isle Electric & Gas Co-op			This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009	
REGULATORY COMMISSION EXPENSES (Continued)							
3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.				5. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.			
4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 233 for Account 186.				6. Minor items (less than \$25,000) may be grouped.			
EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in Account 186, End of Year	Line No.	
CHARGED CURRENTLY TO			Deferred to Account 186	Contra Account			Amount
Department	Account No.	Amount					
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
							1
							2
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Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) projects initiated, continued, or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried on by the respondent in which there is a sharing of costs with others, show separately the respondent's cost for the year and cost chargeable to others. (See definition of research, development, and demonstration in Uniform System of Accounts.)

2. Indicate in column (a) the applicable classification, as shown below. Classifications:

A. Gas R, D & D Performed Internally

(1) Pipeline

a. Design

b. Efficiency

(2) Compressor Station

a. Design

b. Efficiency

(3) System Planning, Engineering, and Operation

(4) Transmission Control and Dispatching

(5) LNG Storage and Transportation

(6) Underground Storage

(7) Other Storage

(8) New Appliances and New Uses

(9) Gas Exploration, Drilling, Production, and Recovery

(10) Coal Gasification

(11) Synthetic Gas

(12) Environmental Research

(13) Other (Classify and Include Items in Excess of \$5,000.)

(14) Total Cost Incurred

Line No.	Classification (a)	Description (b)
1	NONE	
2		
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009		
RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)					
<p>B. Gas, R, D & D Performed Externally</p> <p>(1) Research Support to American Gas Association</p> <p>(2) Research Support to Others (Classify)</p> <p>(3) Total Cost Incurred</p> <p>3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$5,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$5,000 by classifications and indicate the number of items grouped. Under Other, (A.(1: and B.(2)) classify items by type of R, D & D activity.</p>		<p>4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107 (Construction Work in Progress) first. Show in column (f) the amounts related to the account charged in column (e).</p> <p>5. Show in column (g) the total unamortized accumulation of costs of projects. This total must equal the balance in Account 188 Research, Development, and Demonstration Expenditures outstanding at the end of the year.</p> <p>6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."</p> <p>7. Report separately research and related testing facilities operated by the respondent.</p>			
Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	MOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
NONE					1
					2
					3
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the

appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Distribution	222,283		
6	Customer Accounts	532,812		
7	Customer Service and Informational	12,678		
8	Sales	0		
9	Administrative and General	537,235		
10	TOTAL Operation (Total of lines 3 thru 9)	1,305,008		
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution	809,596		
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	809,596		
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	0		
19	Transmission (Total of lines 4 and 13)	0		
20	Distribution (Total of lines 5 and 14)	1,031,879		
21	Customer Accounts (Line 6)	532,812		
22	Customer Service and Informational (Line 7)	12,678		
23	Sales (Line 8)	0		
24	Administrative and General (Total of lines 9 and 15)	537,235		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	2,114,604		
26	Gas			
27	Operation			
28	Production - Manufactured Gas			
29	Production - Nat. Gas (Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminating and Processing			
32	Transmission			
33	Distribution	124,217		
34	Customer Accounts	129,040		
35	Customer Service and Informational	3,170		
36	Sales	0		
37	Administrative and General	99,701		
38	TOTAL Operation (Total of lines 28 thru 37)	356,128		
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminating and Processing			
44	Transmission			
45	Distribution	54,316		
46	Administrative and General			
47	TOTAL Maint. (Total of lines 40 thru 46)	54,316		

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
DISTRIBUTION OF SALARIES AND WAGES (Continued)					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)	
	Gas (Continued)				
48	Total Operation and Maintenance				
49	Production - Manufactured Gas (Lines 28 and 40)				
50	Production - Natural Gas (Including Expl. and Dev.) (Lines 29 and 41)				
51	Other Gas Supply (Lines 30 and 42)				
52	Storage, LNG Terminating and Processing (Lines 31 and 43)				
53	Transmission (Lines 32 and 44)				
54	Distribution (Lines 33 and 45)	178,533			
55	Customer Accounts (Line 34)	129,040			
56	Customer Service and Informational (Line 35)	3,170			
57	Sales (Line 36)	0			
58	Administrative and General (Lines 37 and 46)	99,701			
59	TOTAL Oper. and Maint. (Total of lines 49 thru 58)	410,444		410,444	
60	Other Utility Departments				
61	Operation and Maintenance				
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	2,525,048		2,525,048	
63	Utility Plant				
64	Construction (By Utility Departments)				
65	Electric Plant	1,066,913		1,066,913	
66	Gas Plant	309,084		309,084	
67	Other				
68	TOTAL Construction (Total of lines 65 thru 67)	1,375,997		1,375,997	
69	Plant Removal (By Utility Departments)				
70	Electric Plant	49,083		49,083	
71	Gas Plant				
72	Other				
73	TOTAL Plant Removal (Total of lines 70 thru 72)	49,083		49,083	
74	Other Accounts (Specify):				
75					
76					
77	Miscellaneous	307,974		307,974	
78					
79					
80					
81					
82					
83					
84					
85					
86					
87					
88					
89					
90					
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93					
94					
95	TOTAL Other Accounts	307,974	0	307,974	
96	TOTAL SALARIES AND WAGES	4,258,102		4,258,102	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
COMMON UTILITY PLANT AND EXPENSES				
<p>1. Furnish a schedule describing the property carried in the utility's accounts as common utility plant and showing the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 14, Common Utility Plant, of the Uniform System of Accounts. Such schedule also shall show the allocation of such plant costs to the respective departments using the common utility plant, explain the basis of allocation used, and give the allocation factors.</p> <p>2. Furnish a schedule of the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate</p>		<p>including explanation of basis of allocation and factors used.</p> <p>3. Furnish a schedule showing for the year the expenses of operation, maintenance, rents, depreciation and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Such schedule also shall show the allocation of such expenses to the departments using the common utility plant to which such expenses related, explain the basis of allocation used, and give the factors of allocation.</p> <p>4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.</p>		
Line No.				
1	NOT APPLICABLE			
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009		
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES					
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$50,000, including payments for legislative services, except those which should be reported in Account</p>			<p>426.4, Expenditures for Certain civic, Political and Related Activities.) (a) Name and address of person or organization rendering services, (b) description of services received during year and project or case to which services relate, (c) basis of charges, (d) total charges for the year, detailing utility department and account charged. 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval. 3. Designate with an asterisk associated companies.</p>		
Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1					
2	Dykema Gossett PLLC	Legal (Electric)		923.00	\$81,737
3	400 Renaissance CE	Legal (Gas)		923.00.50	\$138,975
4	Detroit, MI 48243				
5					
6	Power System Engineering	Rates (Electric)		923.00	\$33,329
7	1532 W. Broadway	Rates (Gas)		923.00.50	\$18,955
8	Madison, WI 53713				
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Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1					
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TOTAL					

Name of Respondent		This Report Is:		Date of Report (Mo, Da, Yr)	Year of Report	
Presque Isle Electric & Gas Co-op		(1) X An Original		(Mo, Da, Yr)	December 31, 2009	
		(2) A Resubmission		05/19/2010		

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES						
5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported. 6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which				reported. 7. In column (j) report the total. 8. In column (k) indicate the pricing method (cost, per contract terms, etc.).		
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
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Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.). 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p> <p>3. In column (c) describe the nature of the goods and</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
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TOTAL					

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES						
5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported. 6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which				reported. 7. In column (j) report the total. 8. In column (k) indicate the pricing method (cost, per contract terms, etc.).		
Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
						1
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Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
Presque Isle Electric & Gas Co-op			

NATURAL GAS RESERVES AND LAND ACREAGE

1. Report below particulars (details) concerning the remaining recoverable saleable gas reserves and natural gas land acreage at end of year. Designate gas reserves on acreage acquired before October 8, 1969, and reserves on acreage acquired after October 7, 1969.

2. Classify the gas reserves and related land and land rights and costs under the sub-headings: (A) Producing Gas Lands, and (B) Non-producing Gas Lands. Provide a total for each classification.

3. For producing gas lands, report the required information alphabetically by State, County, or offshore area, and field.

If the field name is not assigned, report as "unnamed." Identify offshore fields according to their location in State or Federal domains by using the letter "S" for State domain, and "F" for Federal domain in column (a). For column (b), enter the zone number if applicable. The land, leasehold, and gas rights costs so reported should agree with the amounts carried under Account 101, Gas Plant in Service, and as reported for Accounts 325.1, 325.2, and 325.3 on pages 204-205. In column (e) show for each field the year and remaining recoverable saleable gas reserves available to respondent from owned lands, leaseholds, and gas rights.

Line No.	OFFSHORE AREA		Name of Field or Block (c)	Name of State / County / Offshore Area (d)	Recoverable Gas Reserves (Thousands Mcf) (e)	OWNED LANDS
	Domain (a)	Zone (b)				Acres (f)
1			A. PRODUCING GAS LANDS			
2			B. NON-PRODUCING GAS LANDS			
3						
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39						
40	TOTAL					

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo. Da. Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

NATURAL GAS RESERVES AND LAND ACREAGE (Continued)

4. For non-producing gas lands, report the required information alphabetically by State, County, or offshore area by blocks. Report offshore lands in the same manner as producing gas lands. The land leaseholds, and gas rights costs reported should agree with the amounts carried under Account 105, Gas Plant Held for Future Use, and 105.1, Production Properties Held for Future Use, and reported in total on pages 214 and 215. Do not report estimates of gas reserves (column (e)) for unproven fields; however, if the company made estimates for such lands and normally includes such estimates in stating its reserve position in connection with proposed financing or for managerial and other purposes, include such estimates on this page.

5. Report the cost of lands, leaseholds, and gas rights in accordance with provisions of the Uniform System of Accounts for Natural Gas Companies.

6. For columns (j) and (k), do not duplicate acreage reported for owned lands and leaseholds. Designate with an asterisk royalty interests separately owned.

7. Indicate by footnote whether acres reported are gross acres or net acres based on proportion of ownership in jointly owned tracts.

8. Do not include oil mineral interests in the cost of acreage reported.

9. Report volumes on a pressure base of 14.73 psia at 60 F.

OWNED LANDS (Cont.)	LEASEHOLDS		OWNED GAS RIGHTS		TOTAL		Line No.
Cost (g)	Acres (h)	Cost (i)	Acres (j)	Cost (k)	Acres (l)	Cost (m)	
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
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Next Page is 504

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 05/19/2010	Year of Report December 31, 2009
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CHANGES IN ESTIMATED HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE

1. Report changes during the year in recoverable saleable reserves of the respondent located on acreage acquired after October 7, 1969. Have the reported reserves attested to every three years by an independent appraiser. File the attestation with the Commission along with this report. If the reserves, at the time the reserve determination is made, significantly differ from those reported on this page, file a reconciliation and explanation of such differences along with the attestation.

2. For any important changes in the estimated reserves due to purchases, sales, or exchanges of lands, leaseholds, or rights, furnish on page 505 a brief explanation of the transactions and reserves

involved. Also, explain the criteria used to estimate the net realizable value of reserves.

3. For column (d), report the reserves and changes associated with lands, leaseholds, and rights included in Account 105.1, Production Properties Held for Future Use. (See Gas Plant Accounts Instruction 7G of the U.S. of A.).

4. Report pressure base of gas volumes at 14.73 psia at 60 F.

5. For line 16 base the net realizable value of hydrocarbon reserves on the current selling price of the hydrocarbon reserves less estimated costs of extraction, completion, and disposal.

Line No.	Items (a)	Total Reserves Gas (Thousands Mcf) (b)	Lands, Leaseholds, and Rights		Total Reserves Oil and Liquids (Barrels) (e)	Investment (Net Book Value) (f)
			In Service Gas (Thousands Mcf) (c)	Held for Future Use Gas (Thousands Mcf) (d)		
1	Estimated Recoverable Reserves at Beginning of Year					
2	ADDITIONS					
3	Purchases and Exchanges of Lands, Leaseholds, and Rights					
4	Transfers from Reserves Held for Future Use					
5	Upward Revision of Basic Reserve Estimates (Explain in a footnote)					
6	Other Increases (Explain in a footnote)					
7	TOTAL Additions (Line 3 thru 6)					
8	DEDUCTIONS					
9	Production During Year					
10	Sales and Exchanges of Lands, Leaseholds, and Rights					
11	Transfers of Reserves Held for Future Use to Reserves in Service					
12	Downward Revision of Estimates of Recoverable Reserves (Explain in a footnote)					
13	Other Decreases (Explain in a footnote)					
14	TOTAL Deductions (Lines 9 thru 13)					
15	Estimate Recoverable Reserves at End of Year (Enter total of lines 1, 7, and 14)					

16 Net Realizable Value at End of Reporting Year (Explain on page 505): \$

NOTES

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co- op	(2) A Resubmission	05/19/2010	December 31, 2009

HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE (Continued)

Explain below items for which explanations are required on page 504, Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value. For line 16 on page 504, explain the criteria used to estimate such value and provide an explanation of

<p></p>

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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COMPRESSOR STATIONS

1. Report below particulars (details) concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Relatively small field compressor stations may be grouped by production areas. Show the number of stations grouped. Designate any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership, if

Line No.	Name of Station and Location (a)	Number of Employees (b)	Plant Cost (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
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Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

COMPRESSOR STATIONS (Continued)

jointly owned. Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote the size of

each such unit, and the date each such unit was placed in operation.

3. For column (d), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Expenses (Except depreciation and taxes)		Gas for Compressor Fuel Mcf (14.73 psia at 60 F)	Operation Data			Line No.
Fuel or Power	Other		Total Compressor Hours of Operation During Year	No. of Compressors Operated at Time of Station Peak	Date of Station Peak	
(d)	(e)	(f)	(g)	(h)	(i)	
						1
						2
						3
						4
						5
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Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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GAS AND OIL WELLS

1. Report below the particulars (details) concerning gas and oil wells. Designate any wells not operated during the past year, wells of the respondent which are either producing or capable (and in a footnote state whether the book cost of such wells, or any portion thereof, has been retired in the books of account, production.

2. Report the required information alphabetically by states. For what disposition of the wells and their book cost is wells located offshore separately.

3. For column (a), under separate headings, list gas wells first, oil wells second, and combination wells third. Combination wells as wells, gas wells, or combination wells. Show additions in black wells producing or capable of production from one or more (and deductions enclosed in parentheses. The total additions reservoirs and also from one or more gas reserves. Enter totals for equal the total deductions.

4. In column (f), report wells reclassified during the year as oil wells second, and combination wells third. Combination wells as wells, gas wells, or combination wells. Show additions in black wells producing or capable of production from one or more (and deductions enclosed in parentheses. The total additions reservoirs and also from one or more gas reserves. Enter totals for equal the total deductions.

each of the headings (gas wells, oil wells, combination)

Line No.	Location of Wells (a)	Number of Wells Beginning of Year (b)	ADDITIONS DURING YEAR			Wells Reclassified (f)	DEDUCTIONS DURING YEAR			Number of Wells at End of Year (j)
			Successful Wells Drilled (c)	Wells Purchased (d)	Total (c + d) (e)		Wells Abandoned (g)	Wells Sold (h)	Total (g + h) (i)	
1										
2										
3										
4										
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

GAS STORAGE PROJECTS		
1. Report particulars (details) for total gas storage projects. 2. Total storage plant (column b) should agree with amounts reported by the respondent in Accounts 350.1 to 364.8 inclusive (pages 204 - 205).		3. Give particulars (details) of any gas stored for the benefit of another company under a gas exchange arrangement or on basis of purchase and resale to other company. Designate with an asterisk if other company is an associated company.

Line No.	Item (a)	Total Amount (b)
1	Natural Gas Storage Plant	
2	Land and Land Rights	
3	Structures and Improvements	
4	Storage Wells and Holders	
5	Storage Lines	
6	Other Storage Equipment	
7	TOTAL (Enter Total of Lines 2 thru 6)	
8	Storage Expenses	
9	Operation	
10	Maintenance	
11	Rents	
12	TOTAL (Enter Total of Lines 9 thru 11)	
13	Storage Operations (In Mcf)	
14	Gas Delivered to Storage	
15	January	
16	February	
17	March	
18	April	
19	May	
20	June	
21	July	
22	August	
23	September	
24	October	
25	November	
26	December	
27	TOTAL (Enter Total of Lines 15 thru 26)	
28	Gas Withdrawn from Storage	
29	January	
30	February	
31	March	
32	April	
33	May	
34	June	
35	July	
36	August	
37	September	
38	October	
39	November	
40	December	
41	TOTAL (Enter Total of Lines 29 thru 40)	

Name of Respondent Presque Isle Electric & Gas Co-op		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
GAS STORAGE PROJECTS (Continued)				
Line No.	Item (a)	Total Amount (b)		
	Storage Operations (In Mcf)			
42	Top or Working Gas End of Year			
43	Cushion Gas (Including Native Gas)			
44	Total Gas in Reservoir (Enter Total of Line 42 and 43)			
45	Certified Storage Capacity			
46	Number of Injection - Withdrawal Wells			
47	Number of Observation Wells			
48	Maximum Day's Withdrawal from Storage			
49	Date of Maximum Day's Withdrawal			
50	LNG Terminal Companies			
51	Number of Tanks			
52	Capacity of Tanks			
53	LNG Volumes			
54	a) Received at "Ship Rail"			
55	b) Transferred to Tanks			
56	c) Withdrawn from Tanks			
57	d) "Boil Off" Vaporization Loss			
58	e) Converted to Mcf at Tailgate of Terminal			

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

DISTRIBUTION AND TRANSMISSION LINES

1. Report below by States the total miles of pipe lines operated by respondent at end of year.
2. Report separately any lines held under title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.

3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)
1	DISTRIBUTION MAINS	620.2
2		
3		
4		
5		
6		
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19		
20	TOTAL	620.2

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

LIQUEFIED PETROLEUM GAS OPERATION

1. Report the information called for below concerning plants which produce gas from liquefied petroleum gas (LPG).

2. For column (a), give city and State or such other designation necessary to locate plant on a map of the respondent's system.

3. For columns (b) and (c), the plant cost and operation and maintenance expenses of any liquefied petroleum gas

installation which is only an adjunct of a manufactured gas plant, may include or exclude (as appropriate) the plant cost and expenses of any plant used jointly with the manufactured gas facilities on the basis of predominant use. Indicate in a footnote how the plant cost and expenses for the liquefied petroleum plant described above are reported.

Line No.	Location of Plant and Year Installed (City, state, etc.) (a)	Cost of Plant (Land struct. equip.) (b)	Expenses	
			Oper. Maintenance, Rents, etc. (c)	Cost of LPG Used (d)
1	Not Applicable			
2				
3				
4				
5				
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39				
40	TOTAL			

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) A Resubmission	05/19/2010	December 31, 2009

LIQUEFIED PETROLEUM GAS OPERATIONS (Continued)

Designate any plant held under a title other than full ownership and in a footnote state name of owner or co-owner, nature of respondent's title, and percent ownership if jointly owned.

4. For column (g) report the Mcf that is mixed with natural gas or which is substituted for deliveries normally made from natural gas. Natural gas means either gas unmixed or any mixture of natural and manufactured gas

or mixture of natural gas and gasified LPG.

5. If any plant was not operated during the past year, give particulars (details) in a footnote, and state whether the book cost of such plant, or any portion thereof, has been retired in the books of account, or what disposition of the plant and its book cost is contemplated.

6. Report pressure base of gas at 14.73 psia at 60 F. Indicate the Btu content in a footnote.

Gallons of LPG Used (e)	Gas Produced		LPG Storage Cap. Gallons (h)	Function of Plant (Base load, peaking, etc.) (i)	Line No.
	Amount of Mcf (f)	Amount of Mcf Mixed with Natural Gas (g)			
Not Applicable					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(1) X An Original (2) A Resubmission	05/19/2010	December 31, 2009

DISTRIBUTION SYSTEM PEAK DELIVERIES

1. Report below the total distribution system deliveries of gas, excluding deliveries to storage the periods of system peak deliveries indicated below during the calendar year.

2. Report Mcf on a pressure base of 14.73 psia at 60 F

Line No.	Item (a)	Day / Month (b)	Amount of Mcf (c)	Curtailments on Day/Month Indicated (d)
Section A. Three Highest Days of System Peak Deliveries				
1	Date of Highest Day's Deliveries	1/14/2009		
2	Deliveries to Customers Subject to MPSC Rate Schedules			
3	Deliveries to Others		5,434	
4	TOTAL		5,434	
5	Date of Second Highest Day's Deliveries	2/4/2009		
6	Deliveries to Customers Subject to MPSC Rate Schedules			
7	Deliveries to Others		5,412	
8	TOTAL		5,412	
9	Date of Third Highest Day's Deliveries	1/15/2009		
10	Deliveries to Customers Subject to MPSC Rate Schedules			
11	Deliveries to Others		5,306	
12	TOTAL		5,306	
Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies)				
13	Dates of Three Consecutive Days Highest System Peak Deliveries	1/14/2009		
		1/15/2009		
		1/16/2009		
14	Deliveries to Customers Subject to MPSC Rate Schedules			
15	Deliveries to Others		15,780	
16	TOTAL		15,780	
17	Supplies from Line Pack			
18	Supplies from Underground Storage			
19	Supplies from Other Peaking Facilities			
Section C. Highest Month's System Deliveries				
20	Month of Highest Month's System Deliveries	January, 2009		
21	Deliveries to Customers Subject to MPSC Rate Schedules			
22	Deliveries to Others		126,942	
23	TOTAL		126,942	

Name of Respondent Presque Isle Electric & Gas Co-op	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 05/19/2010	Year of Report December 31, 2009
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AUXILIARY PEAKING FACILITIES

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.

2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted

For other facilities, report the rated maximum daily delivery capacities.

3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominate use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60 F (c)	Cost of Facility (In dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes (e)	No (f)
1						
2						
3						
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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year of Report
Presque Isle Electric & Gas Co-op	(2) <input type="checkbox"/> A Resubmission	05/19/2010	December 31, 2009

SYSTEM MAPS

1. Furnish 2 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

2. Indicate the following information on the maps:

- (a) Transmission lines - colored in red, if they are not otherwise clearly indicated.
- (b) Principal pipeline arteries of gathering systems.
- (c) Sizes of pipe in principal pipelines shown on map.
- (d) Normal directions of gas flow - indicated by arrows.
- (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.

(f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.

(g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.

(h) Principal communities in which respondent renders local distribution service.

3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

There have been no significant changes since the last maps were submitted.
System Maps were last submitted for the 2007 operating year.

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

This form is authorized by Case No. U-12134, the Code of Conduct.
Filing of this form is mandatory.

Report submitted for year ending: December 31, 2009																	
Present name of respondent: Presque Isle Electric & Gas Co-op																	
Address of principal place of business: 19831 M-68 Highway Onaway, MI 49765																	
Utility representative to whom inquires regarding this report may be directed: <table><tr><td>Name:</td><td>Thomas J. Sobeck</td><td>Title:</td><td>Chief Financial Officer</td></tr><tr><td>Address:</td><td colspan="3">19831 M-68 Highway</td></tr><tr><td>City:</td><td>Onaway</td><td>State:</td><td>MI Zip: 49765</td></tr><tr><td>Direct Telephone, Include Area Code:</td><td colspan="3">989-733-8515</td></tr></table>		Name:	Thomas J. Sobeck	Title:	Chief Financial Officer	Address:	19831 M-68 Highway			City:	Onaway	State:	MI Zip: 49765	Direct Telephone, Include Area Code:	989-733-8515		
Name:	Thomas J. Sobeck	Title:	Chief Financial Officer														
Address:	19831 M-68 Highway																
City:	Onaway	State:	MI Zip: 49765														
Direct Telephone, Include Area Code:	989-733-8515																
If the utility name has been changed during the past year: Prior Name: Date of Change:																	
Two copies of the published annual report to stockholders: <table><tr><td>[]</td><td>were forwarded to the Commission</td></tr><tr><td>[]</td><td>will be forwarded to the Commission</td></tr><tr><td></td><td><u>on or about</u></td></tr></table>		[]	were forwarded to the Commission	[]	will be forwarded to the Commission		<u>on or about</u>										
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	<u>on or about</u>																
Annual reports to stockholders: <table><tr><td>[]</td><td>are published</td></tr><tr><td>[]</td><td>are not published</td></tr></table>		[]	are published	[]	are not published												
[]	are published																
[]	are not published																

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Bill Stosik) at
(517) 241-5853 or stosikb@michigan.gov OR forward correspondence to:

Regulated Energy Division (Bill Stosik)
Financial Analysis and Customer Choice Section
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

PRESQUE ISLE ELECTRIC & GAS CO-OP
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD OF DIRECTORS
DECEMBER 31, 2009**

Allen L. Barr	Chairperson
John F. Brown	Vice Chairperson
David W. Smith	Secretary
Daryl Peterson	Treasurer
Robert W. Wegmeyer	Director
Allan Berg	Director
Bernice C. Krajniak	Director
David W. Smith	Director
Raymond Wozniak	Director
Sally Knopf	Director

President & Chief Executive Officer

Brian J. Burns



HARRIS GROUP

Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Presque Isle Electric & Gas Co-op
Onaway, Michigan

We have audited the accompanying balance sheets of Presque Isle Electric & Gas Co-op as of December 31, 2009 and 2008, and the related statements of revenue and patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Presque Isle Electric & Gas Co-op's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presque Isle Electric & Gas Co-op as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Cooperative changed its method of accounting for its pension plan as of December 31, 2009, in accordance with Statement of Financial Accounting Standards No. 158, *Employer's Accounting for Defined Benefit Pension and Other Post Retirement Plans*.

Certified Public Accountants
March 15, 2010

PRESQUE ISLE ELECTRIC & GAS CO-OP
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
UTILITY PLANT:		
In-Service – at cost	\$ 114,136,463	\$ 109,100,400
Construction work in progress	<u>1,501,860</u>	<u>3,310,809</u>
SUBTOTAL	115,638,323	112,411,209
Less accumulated depreciation and amortization	<u>40,989,784</u>	<u>38,530,134</u>
NET UTILITY PLANT	<u>74,648,539</u>	<u>73,881,075</u>
OTHER ASSETS AND INVESTMENTS		
Investments on associated organizations	<u>20,133,730</u>	<u>18,341,057</u>
CURRENT ASSETS:		
Cash and temporary cash investments	1,555,544	1,595,021
Accounts Receivable, less allowance for possible losses of \$118,000 in 2009 and 2008.	4,717,266	4,278,787
Materials and supplies (at average cost)	1,112,929	1,135,968
Other current assets	<u>119,228</u>	<u>101,297</u>
TOTAL CURRENT ASSETS	<u>7,504,967</u>	<u>7,111,073</u>
DEFERRED DEBITS	<u>207,682</u>	<u>209,947</u>
TOTAL ASSETS	<u><u>\$ 102,494,918</u></u>	<u><u>\$ 99,543,152</u></u>

The accompanying notes are an integral part of these statements.

	2009	2008
EQUITIES AND LIABILITIES		
EQUITIES:		
Memberships	\$ 221,615	\$ 216,930
Patronage capital	37,713,491	36,001,367
Other equities	(1,571,322)	787,517
TOTAL EQUITIES	36,363,784	37,005,814
LONG-TERM DEBT, NET OF CURRENT MATURITIES:		
Mortgage notes to National Rural Utilities Cooperative Finance Corporation (CFC)	51,209,634	50,340,759
Accrued post – retirement benefits	2,707,397	200,000
TOTAL LONG-TERM DEBT	53,917,031	50,540,759
CURRENT LIABILITIES:		
Current maturities of long-term debt	1,676,500	1,570,000
CFC line of credit	5,010,248	3,785,117
Accounts payable, purchased energy	2,418,114	2,611,486
Accounts payable, other	421,160	811,993
Patronage capital payable		
Customer deposits	271,072	289,631
Accrued property taxes	489,324	486,655
Accrued interest	346,573	349,388
Accrued sick and vacation pay	564,578	558,000
Accrued other	222,419	349,159
TOTAL CURRENT LIABILITIES	11,419,988	10,811,429
DEFERRED CREDITS	794,116	1,185,150
TOTAL EQUITIES AND LIABILITIES	\$ 102,494,918	\$ 99,543,152

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES	\$ 38,743,083	\$ 37,692,739
OPERATING EXPENSES:		
Cost of energy	23,896,355	23,805,832
Distribution – operation	1,380,066	1,650,258
Distribution – maintenance	2,755,524	2,240,483
Consumers accounts	1,541,891	1,562,239
Customer service and information expense	206,966	126,854
Administrative and general	1,633,542	1,558,051
Depreciation and amortization	3,037,565	2,886,528
Taxes – property	973,714	968,851
Taxes – other	78,418	56,356
TOTAL OPERATING EXPENSES	<u>35,504,041</u>	<u>34,855,452</u>
OPERATING MARGIN BEFORE FIXED CHARGES	<u>3,239,042</u>	<u>2,837,287</u>
FIXED CHARGES:		
Interest	3,085,276	3,049,462
Other deductions	498	998
TOTAL FIXED CHARGES	<u>3,085,774</u>	<u>3,050,460</u>
OPERATING MARGINS AFTER FIXED CHARGES	<u>153,268</u>	<u>(213,173)</u>
CAPITAL CREDITS:		
Generation and transmission capital credits	1,435,433	1,870,486
Other capital credits	380,557	389,219
TOTAL CAPITAL CREDITS	<u>1,815,990</u>	<u>2,259,705</u>
NET OPERATING MARGINS	<u>1,969,258</u>	<u>2,046,532</u>

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)

	<u>2009</u>	<u>2008</u>
NET OPERATING MARGINS (from previous page)	\$ 1,969,258	\$ 2,046,532
NON-OPERATING MARGINS:		
Interest and dividend income	52,578	63,854
Other	<u>(309,712)</u>	<u>(126,169)</u>
TOTAL NON-OPERATING MARGINS	<u>(257,134)</u>	<u>(62,315)</u>
NET MARGINS	1,712,124	1,984,217
PATRONAGE CAPITAL, beginning of year	<u>36,001,367</u>	<u>34,017,150</u>
PATRONAGE CAPITAL, end of year	<u>\$ 37,713,491</u>	<u>\$ 36,001,367</u>

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from consumers	\$ 38,366,692	\$ 38,680,294
Cash paid to suppliers and employees	(31,470,755)	(30,135,333)
Interest received	52,578	63,854
Interest paid	(3,223,086)	(3,184,785)
Taxes paid	(1,319,975)	(1,419,253)
Net Cash Provided by Operating Activities	<u>2,405,454</u>	<u>4,004,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction and acquisition of plant	(4,393,465)	(5,260,030)
Plant removal costs	(78,904)	(155,043)
Proceeds from sale of utility plant		9,816
(Increase) decrease in:		
Material inventory	23,039	(2,368)
Investments – associated organizations	73,317	251,671
Net Cash Used In Investing Activities	<u>(4,376,013)</u>	<u>(5,155,954)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from CFC	29,403,154	23,408,525
Payment of debt	(27,202,648)	(23,108,695)
Memberships issued	4,685	4,990
Increased (decrease) in:		
Consumer deposits	(18,559)	101,476
Deferred credits	(256,040)	679,756
Other equities	490	102,301
Sales tax refund to be assigned		
Net cash Provided by Financing Activities	<u>1,931,082</u>	<u>1,188,353</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(39,477)</u>	<u>37,176</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,595,021</u>	<u>1,557,845</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,555,444</u></u>	<u><u>\$ 1,595,021</u></u>

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Margins	\$ 1,712,124	\$ 1,984,217
Adjustments to reconcile net margins to net cash provided by		
Operating activities:		
Depreciation and amortization	3,337,593	2,946,138
(Gain) loss on disposition of assets	317,309	135,456
G&T and other capital credits	(1,815,990)	(2,259,705)
(Increase) decrease in:		
Customer and other accounts receivable	(438,479)	915,010
Other currents assets	(17,931)	(20,176)
Deferred debits	2,265	1,860
Amortization of debt discount	(134,995)	(134,995)
Increase (decrease) in:		
Accounts payable	(584,205)	699,972
Accrued property taxes	2,669	12,106
Accrued interest payable	(2,815)	(328)
Current and accrued liabilities – other	27,909	(274,778)
Total Adjustments	<u>693,330</u>	<u>2,020,560</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,405,454</u>	<u>\$ 4,004,777</u>
NON-CASH ITEMS – INVESTING & FINANCING		
Capital credits from associated organizations	\$ 1,815,990	\$ 2,259,705

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the accounting policies adopted by Presque Isle Electric & Gas Co-op which have a significant effect on the financial statements.

Organization

Presque Isle Electric & Gas Co-op (Presque Isle) is a non-profit organization generally exempt from income tax under Section 501(c)(12) of the United States Internal Revenue Code. Presque Isle is subject to the Michigan Business Tax Act of the State of Michigan.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Recently Adopted Accounting Pronouncement

In September 2006, The Financial Accounting Standards Board issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (an amendment of SFAS Nos. 87, 88, 106 and 132R). SFAS No. 158 requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligation that determine its funded status as of the end of the employers fiscal year; and (c) recognize changes in the funded status of a defined benefit pension plan in the year in which the changes occur. These changes are to be reported in comprehensive income of a business entity. The provisions of SFAS No. 158 for entities without publicly traded equity securities are effective for fiscal years ending after June 15, 2007.

Utility Plant

Additions, with a life expectancy of more than one year, are recorded at cost, less contributions in aid of construction received from customers. As items are retired or otherwise disposed of, the asset account is credited for the cost and the accumulated depreciation account is charged. The cost of removal, less salvage, is charged to the loss on disposition of utility plant account, and shown on the Statement of Revenue.

Investments

The carrying values of investments in associated organizations are stated at cost, adjusted for capital credits earned or retired. Short-term investments are stated at cost, which approximates market value.

Cash

For purposes of the statement of cash flows, Presque Isle considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Consumer Energy Prepayments and Unbilled Revenues

Seasonal account billings are accounted for as deferred credits and recognized as income on a straight-line basis over a period of one year. There were no estimated net unbilled revenues for the year.

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts receivable

Accounts receivable consist primarily of amounts due from members for electric and gas service. An allowance for doubtful accounts has been estimated based on collection history. When a member's account becomes past due and uncollectible, the member's service is terminated. The Board of Directors approve all accounts charged off.

Materials and Supplies

Electrical materials and supplies are valued at average cost. Merchandise held for resale is valued on the first-in, first-out basis.

Retirement Plan

Presque Isle has a retirement savings plan for substantially all employees. Under the terms of the plan, Presque Isle is required to contribute 10 to 16 percent of the employee's total base earnings to the retirement plan.

Flex Benefit Plan

Presque Isle has a Flexible Benefits Plan. The purpose of the plan is to provide eligible employees a choice between cash and the specified welfare benefits described in the plan. Pre-Tax Premium elections under the plan are intended to qualify for the exclusion from income provided in Section 125 of the Internal Revenue Code of 1986.

Contributions in Aid of Construction

Contributions in aid of construction are received from customers on electrical and gas installations and re-applied against the construction costs.

NOTE 2: ASSETS PLEDGED

Substantially all assets are pledged as collateral on long-term debt payable to the National Rural Utilities Cooperative Finance Corporation (CFC).

NOTE 3: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES

Major classes of electric and gas plant as of December 31, 2009 and 2008 consisted of:

	2009	2008
Intangible plant	\$ 1,025,480	\$ 1,025,332
Distribution plant	106,655,984	102,200,431
General plant	6,454,999	5,874,637
	114,136,463	109,100,400
Construction work in progress	1,501,860	3,310,809
TOTAL	<u>\$ 115,638,323</u>	<u>\$ 112,411,209</u>

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 4: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES - continued

Provision has been made for depreciation of the distribution plant at a straight-line rate of 10 to 50 years for all distribution plant additions.

General plant depreciation rates have been applied on a straight-line basis as follows for the year ended December 31, 2009:

	<u>Years</u>
Structures and improvements	10-50
Office furniture equipment	3-7
Transportation equipment	4-7
Power operated equipment	3-16
Other	4-5

Depreciation and amortization of electric and gas plant in service was charged as follows for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Charged to:		
Classified as depreciation and amortization	\$ 3,037,565	\$ 2,886,528
Classified in other operating expenses	28,362	59,610
	<u>3,065,927</u>	<u>2,946,138</u>
Charged to construction	269,143	243,270
	<u>269,143</u>	<u>243,270</u>
TOTAL DEPRECIATION AND AMORTIZATION	<u><u>\$ 3,335,070</u></u>	<u><u>\$ 3,189,408</u></u>

NOTE 5: INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Wolverine Power Supply Coop. Inc. - capital credits	\$ 9,517,385	\$ 9,361,124
Wolverine Power Supply Coop. Inc. - PSDF	7,352,748	6,073,576
National Rural Utilities Cooperative Finance Corp.:		
Capital term certificates maturing October 1, 2010 through		
October 1, 2080 at interest rates between 3% and 5%	1,808,400	1,679,323
Patronage capital certificates	1,051,278	928,553
Other	403,919	298,481
	<u>403,919</u>	<u>298,481</u>
TOTAL	<u><u>\$ 20,133,730</u></u>	<u><u>\$ 18,341,057</u></u>

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: SHORT-TERM INVESTMENTS - RESTRICTED

On March 20, 1984, the Michigan Public Service Commission issued its opinion and order in Case No. U-7901, directing Michigan's Rural Electric Cooperatives to maintain power supply cost recovery over-collections and refundable contributions in restricted accounts to be used only for the purpose for which they are intended.

In order to accomplish the objectives of the Commission, a non-complex mechanism acceptable to CFC and a workable approach acceptable to Presque Isle Electric & Gas Co-op, Inc., on December 17, 1985, entered into an agreement with CFC to escrow power supply cost recovery over-collections and refundable contributions. A monthly certification is to be included with the monthly form advising CFC as to amounts included in the special funds representing power supply cost recovery over-collections and refundable contributions.

Presque Isle is to provide CFC a copy of the monthly certification described above which will serve as notice to CFC as to the amount below which the fund should not fall. Under the provisions of the agreement with CFC when the amount of deposits held by CFC falls below the level set forth in the latest available certification furnished CFC, CFC will advise the Commission if Presque Isle has not remedied the deficiency within three business days of notification by CFC to Presque Isle.

There were no amounts required to be restricted as of December 31, 2009 and 2008.

NOTE 7: CASH AND INVESTMENTS

Statements of Financial Accounting Standards (SFAS) No. 105 require disclosure of significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

	<u>Per Institution</u>	<u>Per Book</u>
Insured	\$ 736,987	\$ 512,622
Uninsured	<u>1,018,452</u>	<u>1,041,422</u>
Cash in banks, credit union & CFC	<u>\$ 1,755,439</u>	1,554,044
Working funds		<u>1,500</u>
Total per books		<u>\$ 1,555,544</u>

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 8: DEFERRED DEBITS

The Cooperative has recorded deferred debits in the following amounts:

	<u>2009</u>	<u>2008</u>
Prepaid tap fees	\$ 71,355	\$ 74,792
Prepaid years of service	107,362	121,067
Regulatory prepaid asset	<u>28,965</u>	<u>14,088</u>
 TOTAL	 <u>\$ 207,682</u>	 <u>\$ 209,947</u>

NOTE 9: MEMBERSHIPS

The following is a summary of changes in memberships for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Balance, beginning	\$ 216,930	\$ 211,940
Membership and subscriptions issued	5,230	5,705
Adjustment	<u>(545)</u>	<u>(715)</u>
 Balance, ending	 <u>\$ 221,615</u>	 <u>\$ 216,930</u>

Memberships have been adjusted to reflect the number of members currently receiving service. In accordance with the Co-op by-laws, memberships are not refunded when a member leaves the service area. The membership fee is transferred to donated capital when the member terminates service.

NOTE 10: PATRONAGE CAPITAL

Patronage capital balances as of December 31, 2009 and 2008 consisted of:

	<u>2009</u>	<u>2008</u>
Assignable	\$ 1,712,124	\$ 1,984,217
Assigned to date	<u>40,148,250</u>	<u>38,164,033</u>
	41,860,374	40,148,250
Less retirements to date	<u>4,146,883</u>	<u>4,146,883</u>
 Balance	 <u>\$ 37,713,491</u>	 <u>\$ 36,001,367</u>

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 10: PATRONAGE CAPITAL - continued

Under the provisions of the Mortgage Agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the next preceding year. The equities and margins of Presque Isle represent 35.4% and 37.1% of the total assets for the years 2009 and 2008, respectively. There were capital credits retired of \$0 during 2009 or 2008, respectively.

NOTE 11: MORTGAGE NOTES

Long-term debt is composed of 5.00 percent to 6.65 percent mortgage notes payable to the National Rural Utilities Cooperative Finance Corporation (CFC). All mortgage notes to CFC will be repriced and the interest rate adjusted accordingly during the next 10 years in accordance with the policy and procedure governing such repricing. The notes are for 35 year periods each, with principal and interest installments due either quarterly or monthly. The notes are scheduled to be fully repaid at various times from September 2010 through November 2043.

There were unadvanced loan funds available at December 31, 2009 in the amount of \$22,500,000.

Detail of the long-term debt is as follows:

	<u>2009</u>	<u>2008</u>
National Rural Utilities Cooperative Finance Corporation mortgage notes bearing interest at 5.00% to 6.65% per annum for 2009 and 2008	\$ 52,886,134	\$ 51,910,759
	52,886,134	51,910,759
Less current maturities	<u>1,676,500</u>	<u>1,570,000</u>
TOTAL LONG-TERM DEBT	<u><u>\$ 51,209,634</u></u>	<u><u>\$ 50,340,759</u></u>

Maturities of long-term debt for each of the next five years are as follows:

2010	\$ 1,676,500
2011	\$ 1,761,500
2012	\$ 1,860,100
2013	\$ 1,952,000
2014	\$ 2,050,000

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 12: LINE OF CREDIT

Presque Isle had available a short-term line of credit from CFC for 2009 and 2008 of \$8,000,000 and \$6,400,000, respectively, with a revolving credit and term of sixty months. The agreement requires that within 360 days of the first advance, the cooperative will reduce to zero for a period of at least five consecutive business days amounts outstanding. The Cooperative was in compliance with this provision during 2009 and 2008. Balance available at December 31, 2009 and 2008 was \$8,000,000 and \$2,614,883. The outstanding balance at December 31, 2009 and 2008 was \$-0- and \$3,785,117, respectively.

Additionally, Presque Isle has an \$8,000,000 unsecured revolving line-of-credit agreement with CoBank. Interest on outstanding borrowings is payable monthly and is computed at 3.74% at December 31, 2009. Presque Isle had an outstanding balance of \$5,010,248 for 2009 and \$-0- in 2008.

NOTE 13: DEFERRED CREDITS

Following is a summary of the amounts recorded as deferred credits as of December 31, 2009 and 2008:

	2009	2008
Deferred gain from extinguishments of debt	\$ 809,974	\$ 944,969
Customer energy prepayments	265,728	240,181
TOTAL	\$ 1,075,702	\$ 1,185,150

NOTE 14: RETIREMENT PLAN

Retirement plan benefits for substantially all employees are provided through participation in a defined contribution SelectRE pension plan with 401k option with cash and deferred arrangement of the National Rural Electric Cooperative Association (NRECA) and its member systems. The income earned by funds while held under the plan is tax-exempt under Code Sections 401 and 501 of the Internal Revenue Code. Contributions to the savings program, which are based on a percentage of the employees' compensation were \$623,073 in 2009 and \$675,951 in 2008.

NOTE 15: POWER SUPPLY COST RECOVERY CLAUSE

On October 12, 1982, the Governor of the State of Michigan signed PA 304 of 1982 into law creating the Power Supply Cost Recovery Clause (PSCR), a power cost recovery mechanism.

Wolverine Power Supply Cooperative, Inc. (Wolverine) and the member-distribution Cooperatives including Presque Isle, obtained authority to implement and apply PSCR clauses and monthly factors. Presque Isle's monthly factor may not exceed 24.18 mills per KWH for the current period.

Due to fluctuations in market conditions, over-collections or under-collections could result between the generation cooperative and distribution cooperative as well as between the distribution cooperatives and their member-consumers.

The PSCR clause includes provisions whereby power cost recovery over-collections must be remedied by refunds and power cost recovery under-collections must be remedied by additional collections.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 15: POWER SUPPLY COST RECOVERY CLAUSE - continued

Presque Isle's balance sheets reflect an amount due from/(to) member-consumers for under/(over) collections in the amounts of \$95,674 and \$(748,547) at December 31, 2009 and 2008, respectively. These amounts are included in the accounts receivable balance.

On September 1, 2008, Presque Isle Electric & Gas Co-op implemented a new rate setting mechanism for its natural gas operations in 34 of its 36 franchised jurisdictions. This included a Gas Cost Recovery (GCR) mechanism. Due to fluctuations in market conditions, over-collections and under-collections of natural gas supply costs could result between the distribution cooperative and its member-consumers.

The GCR mechanism includes provisions whereby gas cost recovery over-collections must be remedied by refunds and gas cost recovery under-collections must be remedied by additional collections. Presque Isle's balance sheet reflects an amount due from member-consumers for over collections in the amounts of \$(43,468) and \$(53,181) for the years ended December 31, 2009 and 2008, respectively. This amount is recorded in accounts receivable.

NOTE 16: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

The cooperative has chosen to recognize the accounting method required by the Statement of Financial Accounting Standards No. 106 for Employer's Accounting for Post-retirement Benefits Other Than Pensions. The statement requires a transition from accounting, for these benefits, on a pay-as-you go (cash basis) to recognizing the benefit cost as they are earned (accrual basis). The change in accounting method requires the accounting for costs incurred to date but unpaid, which is called the Transition amount. This amount may be either expensed in the year of transition or it may be amortized over either the benefit period or twenty-years.

The plan sponsored by the company is a defined benefit post-retirement plan that covers all employees who retire from the cooperative before April 1, 1997 after (i) attainment of age 55 and completion of 30 years of service, or (ii) attainment of age 62. Spouses of pensioners are also insured until the pensioner's death.

At the end of 2009 there were no active participants and the accounting rules of the Financial Accounting Standards Board Statement No. 88 regarding curtailment must be recognized. The reconciliation of the funded status at December 31, 2009 is as follows:

	<u>2009</u>	<u>2008</u>
(Accrued) post-retirement benefit costs, beginning	\$ (200,000)	\$ (283,857)
Net periodic post-retirement benefit (costs)	(313,693)	(133,886)
Buyout cost	(24,147)	17,158
Contributions made	189,773	200,585
FAS 158 adjustment	<u>(2,359,330)</u>	
(Accrued) post-retirement benefit cost, end of year	<u>\$ (2,707,397)</u>	<u>\$ (200,000)</u>

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 16: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - continued

Net periodic post-retirement benefit cost includes the following components:

	2009	2008
Interest cost	\$ 148,665	\$ 113,720
Net amortization and deferral	165,028	20,166
Net periodic post-retirement benefit cost	<u>\$ 313,693</u>	<u>\$ 133,886</u>

For measurement purposes a 10.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2009; the rate was assumed to decrease gradually to an ultimate rate of 5.0% per annum. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated post-retirement benefit obligation \$122,019 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$8,299. Decreasing the assumed health care cost trend rates by 1 percentage point in each year would decrease the accumulated post-retirement benefit obligation \$106,201 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$7,519.

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 7.5 percent.

NOTE 17: FLEX BENEFIT PLAN - under Section 125 of the Internal Revenue Code

The Flexible Benefit Plan is for the benefit of substantially all employees who have been employed for at least 30 days. The Cooperative has elected to offer to eligible employees the following Benefit Plans and Policies subject to the terms and conditions of the plan: (1) Disability Income - Short-Term (A&S); (2) Cancer Insurance; (3) Intensive Care Insurance; (4) Accident Insurance; and (5) Medical Care Expense Reimbursement, not to exceed \$1,200 per plan year. The maximum Pre-Tax Premiums a participant can contribute via the Salary Redirection Agreement is the aggregate cost of the applicable Benefit Plans or Policies selected minus any Nonelective Contributions made by the employer. It is intended that such Pre-Tax Premium accounts shall, for tax purposes, constitute an employer contribution.

NOTE 18: LETTERS OF CREDIT

The Co-op has a letter of credit outstanding to the State of Michigan for \$100,000 at December 31, 2009. In order to maintain status as a licensed Alternative Gas Supplier in the State of Michigan the Michigan Public Service Commission requires this letter of credit.

The Co-op has a letter of credit outstanding to the WPS Energy for \$5,000,000 at December 31, 2009. This letter of credit is required in order to mitigate counter party risk in natural gas purchase transactions. This also is a risk management tool for the Co-op with respect to mark to market issues.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 19: RECLASSIFICATION OF AMOUNTS

Certain amounts previously reported have been reclassified to conform to the 2009 presentation.

NOTE 20: SUBSEQUENT EVENTS

Co-op management has evaluated the impact of subsequent events as they relate to the financial statements through March 15, 2010.



HARRIS GROUP

Certified Public Accountants

AUDITORS' CERTIFICATION REGARDING LOAN FUND EXPENDITURES

During the period of this audit, Presque Isle Electric & Gas Co-op received \$2,500,000 in long-term loan fund advances from CFC on loans controlled by the 100% CFC Mortgage and Loan Agreement. Based on our review of construction work orders and other plant accounting records created during the audit period, it is our opinion that these CFC loan funds were expended for purposes contemplated in the Loan Agreements on such loans.

Certified Public Accountants

March 15, 2010