

2018 PKM Annual Report



Plan now to attend
PKM Electric Cooperative's
Annual Meeting
Tuesday, April 2, 2019

**PKM NEWS
PUBLICATION**
MARCH/APRIL 2019



Warren-Alvarado-Oslo High School
Doors open at 4:30 p.m.

Grand Door Prize: \$500 energy credit
Kid prize: Nintendo Switch

FOR THE KIDS: Face painting starts at
4:30 p.m., balloon twisting at 5 p.m.
and fun magic show at 5:30 p.m.

PKM
Electric Cooperative

Annual Meeting Notice

TUESDAY, APRIL 2, 2019

**Warren-Alvarado-Oslo High School
Auditorium**

The annual meeting of the members of PKM Electric Cooperative, Inc., will be held in the auditorium of Warren-Alvarado-Oslo High School in the city of Warren, Minn., at 5:40 p.m., Tuesday, April 2, 2019, to take action on the following matters:

1. Reports of officers, directors and committees;
2. The election of three (3) directors for terms of three years each (only one director may be elected from any one county);
3. Such other business as may properly come before the meeting or any adjournments thereof.

March 4, 2019

Wayne Malm, Secretary
*PKM Electric
Cooperative, Inc.
Board of Directors*



County	Nominations made by Committee on Nominations Three-year terms	Nominations made by petition
Polk	Paul Aakre Angus	NONE
Kittson	Mark Hatton Drayton	NONE
Marshall	Tom Woinarowicz Stephen	NONE

Note: Nominations may be made from the floor at the meeting. Candidates will be provided time to address the members prior to voting.

Electrical Inspectors

Marshall and Polk Counties

Bryan Holmes
218-686-1413

Wayne Bergstrom
701-520-9771

Kittson County

Wayne Bergstrom
701-520-9771

March/April 2019 (Vol. 73, No. 2)

The PKM News (USPS 417060) is published six times a year: February, April, June, August, October and December by PKM Electric Cooperative, Inc., 406 N. Minnesota, Warren, MN 56762. Periodicals postage paid at Warren, MN. Subscription 25¢/year for members, \$2.50/year for non-members. POSTMASTER: Send address changes to PKM Electric Cooperative, Inc., P.O. Box 108, Warren, MN 56762-0108.

Office hours: 8 a.m. to 4:30 p.m.
Monday through Friday
218-745-4711 or 800-552-7366

Next Board Meeting: March 26, 2019

Officers and Directors

President Tom Woinarowicz
Vice President..... Michael Beaudry
Secretary-Treasurer Wayne Malm
Directors Paul Aakre, Jeff Folland,
Steve Goodwin, Mark Hatton,
Chris Mortenson and Blake Owens

CEOMike Schmidt
EditorsChelsy Davey, Jeff Rustad

Electrical after-hours emergencies

800-552-7366

e-mail: info@pkmcoop.com

Visit our website at www.pkmcoop.com

*This institution is an equal opportunity provider
and employer.*

Annual Meeting Minutes

Annual meeting held April 3, 2018

The annual meeting of the stockholders (hereinafter referred to as members) of PKM Electric Cooperative, Inc., was held at the high school auditorium in the city of Warren, Minn., at 5:40 p.m. on April 3, 2018, pursuant to the provisions of the bylaws of the cooperative applying to notice of meeting.

The meeting was called to order by Tom Woinarowicz, president of the cooperative, who presided, and Gordon Bernstrom, secretary of the cooperative, kept the minutes of said meeting.

After calling the meeting to order, the president called on Secretary Bernstrom for the Pledge of Allegiance and invocation.

The president called on the CEO, Michael Schmidt, to introduce guests and visitors from other organizations in attendance.

The secretary then presented and read a copy of the notice of the meeting, together with the proof of mailing thereof to all members of the cooperative. Such statements, ballots and proof were ordered to be annexed to the minutes of the meeting.

The attendance of a sufficient number of members to constitute a quorum was established by a register showing the members present at said meeting and verified by the president and secretary of the cooperative. The secretary stated that at least 125 members were present in person and that there were 2,840 accepted members in the cooperative, which established a quorum under Article II, Section 5 of the bylaws of the cooperative. The secretary was directed to file a registration for the establishment of a quorum and the same was, upon motion duly made and seconded and passed, made a part of the minutes.

Since the minutes of the last meeting of the members held on April 4, 2017, were included as a part of the annual report mailed to members prior to the meeting and distributed to members registering

at the annual meeting, a motion was duly made, seconded and passed that the reading of said minutes be dispensed with and that they be approved as distributed.

The annual report of the president was presented. Special guest, Matt Laughlin, Brady Martz CPA, presented the annual report of the treasurer.

The annual report of the CEO was presented. Upon conclusion thereof, all reports heretofore presented were upon motion duly made, seconded, carried and received by the membership.

The president called on the CEO to read the nominating committee report. Said report disclosed the nominations of the following members for the board of directors:

POLK COUNTY

(For a three-year term)

Blake Owens

Warren, Minnesota

KITTSOON COUNTY

(For a three-year term)

Chris Mortenson

Kennedy, Minnesota

MARSHALL COUNTY

(For a three-year term)

Wayne Malm

Argyle, Minnesota

The nominating committee consisted of the eight following members:

Chairman Troy Osowski, *Argyle*

Secretary Pat Osowski, *Alvarado*

Robert Wimpfheimer, *Warren*

Lane Loeslie, *Warren*

Mark Bernstrom, *Lancaster*

Matt Przekwas, *Lancaster*

Mark Larsonm, *Lancaster*

Chris Urbaniak, *Argyle*

The committee finalized its decision during a meeting held at the cooperative headquarters on Wednesday, March 7, 2018. The report of the Committee on Nominations was ordered to be certified by the secretary and annexed to the minutes of the meeting.



The president called on the cooperative's legal counsel to conduct the election. The attorney stated that he would begin with Polk, Kittson and Marshall counties since the committee had made nominations. He then asked for nominations from the floor. There being none, upon motion duly made and seconded and approved, it was ordered that nominations be closed. Those directors nominated and having no opposition were, after motion duly made and seconded, declared elected, by virtue of the nominating ballot becoming the elective ballot.

The president stated that microphones had been placed in aisles of the auditorium so that members wishing to speak may be heard by all in attendance.

The president called for any unfinished business. Having determined that there was no unfinished business to be conducted at the annual meeting, he called for new business or discussion.

Three proposed changes to the PKM Electric Cooperative, Inc. Articles of Incorporation and Bylaws were highlighted as the current contents, and proposed changes were included as part of the annual report distributed to the members. The president asked the cooperative's legal counsel to administer the vote. He asked if there were any objections to the proposed changes and offered discussion. There being none, upon motion duly made and seconded and approved, all changes were accepted effective April 3, 2018.

There were no additional questions from members attending the meeting.

The president thanked the members for their support of the cooperative and for attending the annual meeting.

There being no further business to come before the meeting, upon motion duly made and seconded and unanimously carried, the meeting was adjourned.

President & CEO's Report



Tom Woinarowicz
President



Mike Schmidt
CEO

The impact of America's Electric Cooperatives is substantial when the numbers are analyzed. In 2017, America's Electric Cooperatives provided 165,800 direct jobs, generated \$22.5 billion in federal, state and local taxes and contributed \$88.4 billion to the U.S. gross domestic product.

One of the seven cooperative principles is community. PKM Electric Cooperative generated \$14.6 million in revenue and provided 18 direct jobs. The 11 Minnkota system cooperatives together generated \$310 million in revenue last year.

Our 18 employees and 9 board members live locally, are some of your friends and neighbors, attend local churches and shop locally. PKM as a business sources as much as we can from our business area. Our service area is our home.

Because we are local, our organization's sense of accountability to our member-owners is priority one. Our business planning involves extensive discussions on rates, system reliability, equity, loan covenants, capital credit retirements, plant additions, maintenance, government regulations and most of all, service while dealing with the constraints of limited resources. It is not an easy task and you could call it a balancing act.

The board regularly discusses governance issues and makes sure management operates the cooperative in a transparent manner. This means we use every avenue at our disposal to provide information on the operation of PKM to you, our members. A wealth of information is available on our website, which is being updated and should have a new look by the time of our annual meeting.

Our website details our contact information, rates, service area, board members, employees, safety information, articles of incorporation and bylaws, past issues of the PKM News, payment information, member services and the list goes on. Online payments are also accepted through the website with the use of SmartHub. We currently have 600 members actively utilizing SmartHub either online or with their mobile devices. We want to stay connected to you, our member-owners, by offering various means of service. The PKM News is mailed six times

annually and includes a summation of the board meeting minutes, financials, safety and energy-saving information and an article discussing current activities. When you call the office during business hours, a real person answers the phone. Additionally your attendance at the annual meeting provides the opportunity to hear results of our operations during the past year.

PKM had a very good year in 2018 financially. Revenues were up due to increased kWh sales; however, maintenance costs were higher due to a series of four mini-storms, which increased our outage time over 2017. PKM continues to maintain very strong financials, maintaining over 50 percent in equity. This allows us flexibility when working on our annual planning and resource allocation. There are no plans for any rate adjustments in 2019, and the board recently authorized a \$350,000 general retirement of capital credits coming in April.

A number of staffing changes occurred in 2018. Two of our three management level staff positions have new faces. Joe Marcotte, line foreman, will be replacing Rick Bye as operations manager next year on Rick's retirement. Karen Olson replaced Mike Schmidt in his role as administrative and financial manager. Those two promotions and a retirement triggered some new hires. We welcome Alisha Anderson, Cole Brix and Josh Tutt to the PKM family. And a final change, Chelsy Davey has been moved up to the executive assistant position.

On the retirement of long-term board member Gordon Bernstrom, Chris Mortenson was elected at the last annual meeting and has completed his first year on the board. Upon Gordon's retirement, Wayne Malm was elected by his fellow directors to the secretary/treasurer position.

Darrick Moe, Minnesota Rural Electric Association President and CEO, will be giving an update on challenges electric cooperatives are facing in St. Paul as our guest speaker at the annual meeting. St. Paul is discussing new mandates for Minnesota electric cooperatives. There is talk of a 50 percent renewable mandate by 2030. Governor Walz has just proposed a 100 percent renewable mandate by 2050. Mandates add cost. Dan Fabian, Deb Kiel and Mark Johnson know this and do a

great job of representing northwest Minnesota at the capitol. We believe letting the market work is the most efficient way to move forward into a renewable energy mix.

Please find the time to attend your annual meeting. At this meeting one of the “three votes” you make as a cooperative member takes place. What does this mean? The annual meeting is when the board of directors, who have overall authority in the operation of your cooperative, get elected. The second time

a cooperative member votes is during the political process, where you vote for our federal and state political officials who can and do impact the operations of your cooperative. The third time you vote is with your wallet. You have choices in the energy market. Our job is to provide enough value so you want us as your energy provider. At the annual meeting there are attendance gifts, door prizes and a nice meal. We hope to see you there!

Current Board of Directors



Tom Woinarowicz
President
Stephen, MN
Term expires April 2019



Mike Beaudry
Vice President
Alvarado, MN
Term expires April 2020



Wayne Malm
Secretary/Treasurer
Argyle, MN
Term expires April 2021



Paul Aakre
Director
Angus, MN
Term expires April 2019



Jeff Folland
Director
Halma, MN
Term expires April 2020



Steve Goodwin
Director
Angus, MN
Term expires April 2020



Mark Hatton
Director
Drayton, ND
Term expires April 2019



Chris Mortenson
Director
Kennedy, MN
Term expires April 2021



Blake Owens
Director
Warren, MN
Term expires April 2021



Mike Schmidt
CEO

PKM ELECTRIC COOPERATIVE POLITICAL LEADERS

Federal legislators

President Donald Trump

The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500
www.whitehouse.gov
president@whitehouse.gov
202-456-1111

Senator Tina Smith

309 Hart Senate Office Building
Washington, D.C. 20510
Phone: 202-224-5641

Senator Amy Klobuchar

425 Dirksen Senate Building
Washington, D.C. 20510
www.klobuchar.senate.gov
202-224-3244
1-888-224-9043 (Minnesota office)
Fax: 202-228-2186

Congressman Collin Peterson

2204 Rayburn House Office Building
Washington, D.C. 20515
www.collinpeterhouse.gov
202-225-2165
Fax: 202-225-1593

State of Minnesota legislators

Governor Tim Walz

Capitol Building, Room 130
75 Rev. Dr. Martin
Luther King Jr. Blvd.
St. Paul, MN 55155
800-657-3717
tim.walz@state.mn.us

Senator Mark Johnson

2105 Minnesota Senate Bldg.,
95 University Avenue W.

St. Paul, MN 55155

651-296-5782
sen.mark.johnson@senate.mn

Representative Dan Fabian

287 State Office Building
100 Rev. Dr. Martin
Luther King Jr. Blvd.
St. Paul, MN 55155
651-296-9635
888-727-0979
rep.dan.fabian@house.mn

Representative Deb Kiel

255 State Office Building
100 Rev. Dr. Martin
Luther King Jr. Blvd.
St. Paul, MN 55155
651-296-5091
800-339-9041
rep.deb.kiel@house.mn

Board of Director **Candidates**

Paul Aakre - Representing Polk County for a three-year term



Paul Aakre is seeking your vote for a second term as director representing Polk County on the PKM board.

Director Aakre and his wife Janet have resided on their farm east of Angus since 1975. In addition to six children, they raised small grains and row crops. Last year, after 41 years, he retired from teaching in the Agriculture/Natural Resource program at UMC.

Director Aakre has really enjoyed the opportunity to serve on the PKM co-op board the past three years, noting that PKM operates efficiently and has a responsible, conservative board. He also serves as a delegate from PKM on the Square Butte board. Square Butte operates the Unit 2 power plant at the Milton R. Young Station.

If elected, Director Aakre promises to support board decisions that will maintain reasonable electrical rates and equip the employees of PKM with the proper tools and support needed to ensure their safety and effectiveness. He will embrace renewable energy efforts where proven practical and fully support our current power-generating sources.

Tom Woinarowicz - Representing Marshall County for a three-year term



Tom Woinarowicz serves the Marshall County District of PKM. Director Woinarowicz and his wife Ann live in rural Stephen. They have four sons and have been blessed with eight grandchildren that bring them a lot of joy. It has been his privilege to represent you as member-owners on the PKM board. Director Woinarowicz

currently serves the seven northwest Minnesota cooperatives as a board member for the Minnesota Rural Electric Association. He has been fortunate to have had the opportunity to work with your dedicated PKM board of directors. One of the board's most important goals has been to provide reliable and affordable electricity to you, the member-owners. Director Woinarowicz would like the opportunity to continue this mission and would appreciate your vote.

Mark Hatton - Representing Kittson County for a three-year term



Mark Hatton serves the Kittson County District of PKM. Director Hatton is married to Debra and they live in Teien Township, which is located in the southwest corner of Kittson County. Mark and Deb together have six adult children and four grandchildren. Director Hatton is a self-employed CPA with his office located in Hallock. Mark began his career in October of 1981.

He has found his first term to be both challenging and rewarding. He says the energy business is quite complex and is forever changing, and he feels we need to both embrace our past and be open to future changes of the rural electric business. Director Hatton would like to continue his education by attaining his Board Leadership Certificate in his second three-year term, as well as serve the members of the cooperative to the best of his abilities. He would also like to thank the members of the cooperative for the privilege of serving on the board.

Apply now for a PKM Scholarship

Open to individuals in PKM's service area who are members of the cooperative, their spouses or children.

- Applicants planning to attend an accredited postsecondary educational institution in pursuit of their initial postsecondary degree. These institutions could include technical colleges, universities or colleges.

- Eligible applicants include high school seniors, active college students enrolled in an accredited institution in pursuit of their initial degree and nontraditional students who are initiating or resuming their initial postsecondary degree. Nontraditional students include "older than average students" or individuals who did not begin a program after high school. This could also include students whose first postsecondary degree was interrupted.

**Postmark Deadline:
April 15, 2019**

**Applications available at
local schools, PKM office
or online at www.pkmcoop.com**

Electric Grid Delivers During **Polar Vortex**

As temperatures plunged well below zero in late January, the demand for electricity across the region surged to all-time highs.

Faced with one of its most difficult tests in many years, the electric grid weathered the dangerously frigid conditions and delivered reliable energy to homes and businesses when they needed it most. The integrity of the Upper Midwest's electric grid was maintained thanks in large part to the dependable operation of baseload power plants, the strategic use of demand response and successful coordination between utilities.

During the coldest days of the polar vortex, a Maximum Generation Event was declared by MISO – the entity that coordinates with the region's utilities to ensure the stability of the Upper Midwest's grid. The emergency order was issued due to the potential lack of power generation and transmission resources available to meet the rising demand for energy. Very little production was received from the region's wind and solar farms during this period due to cold and freezing conditions. The majority of the region's energy needs were met by coal, nuclear and, in some areas, natural gas.

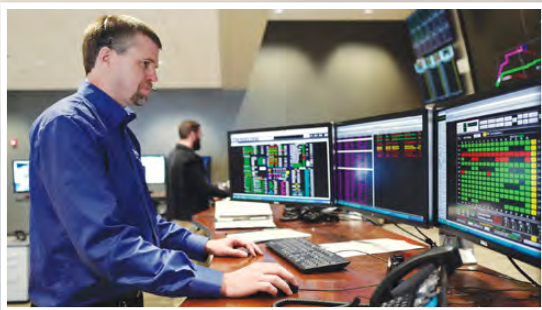
Minnkota Power Cooperative generates and transmits energy on the high-voltage electric grid for your cooperative. Minnkota worked closely with MISO to ensure the reliability of the grid was maintained during all hours. The coal-based Milton R. Young Station – Minnkota's primary generation resource – served as the backbone of the cooperative's system and performed well during the Maximum Generation Event. The Young Station, located 40 miles from Bismarck, N.D., has an

advantage over other generation resources because the power plant and coal mine are located adjacent to each other. This means that there are virtually no constraints in delivering fuel to the facility.

Minnkota was also required by MISO to fully utilize its demand response program to curtail electric consumption during certain periods. The demand response program is voluntary for your cooperative's member-consumers and others who allow Minnkota to temporarily control dual-fuel heating systems, water heaters, storage heaters and commercial loads with backup generators. During these control periods, most consumers are automatically switched from electricity to an alternate fuel source, such as propane, fuel oil or large diesel generators. In exchange for voluntarily participating in the demand response program, the consumer receives a discounted electric rate.

Having a well-developed demand response program helped shield electric cooperative members from the volatility of the MISO market. With a limited supply of electricity and rising demand, the cost of purchasing additional power would have been extremely high. In a cooperative structure, those costs would need to be directly passed on to consumers.

Many lessons were learned as a part of the polar vortex event. The importance of baseload resources, like coal and nuclear, cannot be understated. These facilities played a pivotal role in stabilizing the grid during the extreme weather conditions. As the grid continues to evolve with the addition of more intermittent energy resources, it is essential that the true value of baseload resources be recognized in the energy market.



"The integrity of the Upper Midwest's electric grid was maintained thanks in large part to the dependable operation of baseload power plants."

**Committed to the job.
Committed to safety.
Committed to you,
our members.**

A green banner with a background image of a lineworker. The text "Lineworker Appreciation Day" is in large white font, and "April 8, 2019" is in a smaller white font below it.

Lineworker Appreciation Day
April 8, 2019



The Commitment of a Lineworker

National studies consistently rank power line installers and repairers among the most dangerous jobs in the country, and for good reason. Laboring high in the air, wearing heavy equipment and working directly with high voltage creates the perfect storm of a dangerous and unforgiving profession. But electric lineworkers are up to the task. These brave men and women are committed to safety as well as the challenges of the job.

PKM Electric Cooperative's lineworkers are responsible for keeping power flowing day and night, regardless of national holidays, vacations, birthdays, weddings or other important family milestones. Beyond the years of specialized training and apprenticeships, it takes internal fortitude and a mission-oriented outlook to be a good lineworker. In fact, this service-oriented mentality is a hallmark characteristic of lineworkers. The job requires them to set aside their personal priorities to better serve their local community.

Family support system

To perform their jobs successfully, lineworkers depend on their years of training, experience and each other to get the job done safely.

Equally important is their reliance on a strong support system at home. A lineworker's family understands and supports their loved one's commitment to the greater

community during severe storms and power outages.

This means in times of prolonged outages, the family and their lineworker may have minimal communication and not see each other for several days. Without strong family support and understanding, this challenging job would be all the more difficult.

Community commitment

In PKM's service area and across the country, electric co-op lineworkers' mission-focused mentality of helping others often extends beyond their commitment to their work at the co-op. Lineworkers are often familiar figures in the community. They can be found coaching youth sports teams, volunteering for local charities and serving on local advisory boards.



Thank you

Monday, April 8, is Lineworker Appreciation Day. Given the dedication of PKM's lineworkers, both on and off the job, we encourage you to take a moment and acknowledge the many contributions they make to our local community. And if you see their family members in the grocery store or out and about in the town, please offer them a thank you as well.

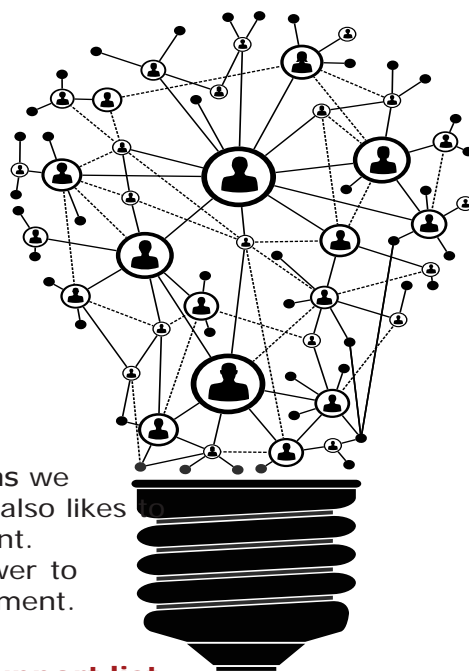
Stay *connected* to your cooperative

Name _____
Address _____
City _____
State | Zip _____
Primary Ph. # _____
Email _____

This information is maintained in case of a planned outage, as we try to inform members beforehand. Your electric cooperative also likes to know about any members who are on life-support equipment. During an unplanned outage, priority is given to restore power to these members as electricity is a lifeline for their medical equipment.

☐ **Yes, I'm on life-support equipment.**

☐ **Please remove me from the cooperative's life support list.**

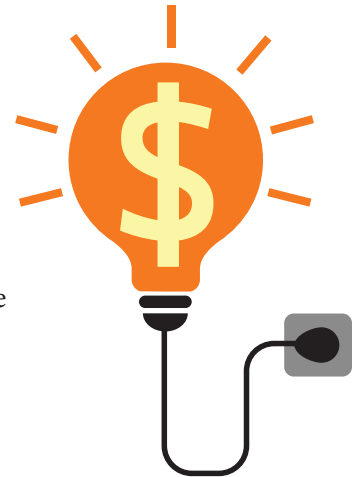


More Value for Your Energy Dollar

Add home comfort and energy efficiency to your home with help from PKM Electric Cooperative

Make your home more comfortable and energy efficient with help from the trusted energy advisors at PKM Electric Cooperative. Great incentives and rebate programs are available to assist you in the purchase and installation of qualifying heating and cooling systems and water heaters.

Not sure where to start? Check out the options below to see which rebates you qualify for and the appliances and equipment that best fit your lifestyle. Contact PKM Electric Cooperative today to learn more about how you can get the most value out of your energy dollar. *Some restrictions apply. Offers may require inspection and are subject to change at any time.*



Electric heating



Electric Heating Rebate Checklist

Must be on off-peak

☐ Electric plenum heaters

Easily converts your existing fossil fuel furnace into a dual-fuel heating system. You are able to use the most efficient, cost-effective heating source – fossil fuel or electricity – at any time.

Rebate of \$40 per kilowatt (kW)



☐ Electric thermal storage heaters

Draws electricity during off-peak hours when it is cheaper. Heat is stored in specially designed bricks to provide comfort 24 hours a day.

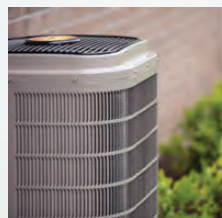
Rebate of \$40 per kW



☐ Air-source heat pumps (including mini-split ductless option)

Works just like a central air conditioner in the summer. In the fall and winter, they provide super-efficient supplemental heat.

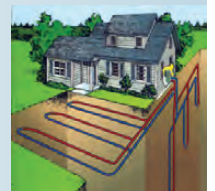
Up to 16 SEER: Rebate of \$300 per ton
17 SEER or greater: Rebate of \$500 per ton



☐ Geothermal heat pumps

Provides the highest efficiency for space heating and cooling available today. The system transfers heat to and from the earth using only small amounts of electricity.

Closed loop: Rebate of \$400 per ton
Open loop: Rebate of \$200 per ton



☐ Electric underfloor boiler

A popular off-peak option because the system transfers heat consistently across the floor to reach people and objects, providing both comfort and efficiency. Applications include electric boiler with hydronic tubing.

Rebate of \$40 per kW



☐ Other electric heating systems

Options include electric baseboards, cove heaters, electric floor cable, mats and more.

Rebate of \$40 per kW



Water heaters



Electric Water Heater Rebate Checklist

Must be on off-peak

- ☐ 100 gallon or greater

\$350 rebate

- ☐ 56-99 gallon

\$300 rebate

- ☐ 55 gallon or less

\$150 rebate

- ☐ **Bonus rebates:**

Add \$250 if converting from natural gas or propane.

Free 50 or 85 gallon for new home construction - must be a residence.

All equipment must be new and installed on PKM Electric Cooperative's system

Equipment must be installed on PKM's off-peak program

Contact Member Services for more details!

218-745-4711

Appliance energy usage

The average monthly kilowatt-hour consumption figures in this chart are based on normal use. Your electrical consumption may be higher or lower, depending on how you and other people in your home and on your farm use the various appliances and equipment.

	Approx. average wattage	Estimated hrs. used per month	Estimated monthly kWh	Cost per month at \$.12/kWh
KITCHEN				
Coffee maker	1,000	15	15	\$1.80
Dishwasher - ENERGY STAR® qualified	330	31	10	1.23
Freezer - ENERGY STAR® qualified	200	744	149	17.86
Microwave	1,500	15	23	2.70
Oven	2,400	31	74	8.93
Refrigerator - ENERGY STAR® qualified	225	744	167	20.09
Toaster	1,100	3	3	0.40
ENTERTAINMENT				
Cable box with DVR (not turned off)	140	744	104	12.50
Computer with desktop	100	186	19	2.23
Nintendo Wii	40	31	1	0.15
Sony PlayStation 4	150	31	5	0.56
Television (LED) < 40"	80	155	12	1.49
Television (LED) > 40"	100	155	16	1.86
Xbox One	120	31	4	0.45
LAUNDRY				
Clothes washer	255	15	4	0.46
Clothes dryer	2,790	15	42	5.02
Iron	1,100	8	9	1.06
LIGHTING				
9-watt LED lamp 9 (based on 6 hrs/day)	9	186	2	0.20
60-watt incandescent lamp	60	186	11	1.34
100-watt incandescent lamp	100	186	19	2.23
Incandescent mini holiday lights (100-count string)	40	155	6	0.74
LED mini holiday lights (100-count string)	5	155	1	0.09
MISCELLANEOUS				
Electric blanket (5 hrs/day x 2 months)	400	70	28	3.36
Hair dryer	1,500	5	8	0.90
Vacuum	1,400	5	7	0.84
Water heater	4,500	90	405	48.60
HEATING				
Air conditioner - room (4 hrs/day)	1,000	124	124	14.88
Air conditioner - 3-ton (4 hrs/day)	3,500	124	434	52.08
Furnace fan - variable speed motor (24 hrs/day)	75	744	56	6.70
Furnace fan - conventional blower (24 hrs/day)	400	744	298	35.71
Space heater (8 hrs/day)	1,500	248	372	44.64

Statement of Operations



Wayne Malm
Secretary/Treasurer

For the years
ended
December 31,
2018 and 2017.
Minnesota
87 Marshall
PKM Electric
Cooperative, Inc.
Warren, Minn.

OPERATING REVENUE:

Electric
Other
Total operating revenue

OPERATING EXPENSES:

Cost of power
Distribution – operation
Distribution – maintenance
Customer accounts
Customer service and informational
Energy conservation (Minn. mandate)
Administrative and general
Depreciation
Interest on long-term debt
Tax expense – other
Other income deductions
Total operating expenses

OPERATING MARGIN

NONOPERATING MARGIN:

Nonoperating margins – other
Interest income
Other Cooperative capital credits
Total nonoperating margin

NET MARGIN

2018

2017

\$ 14,484,960	\$ 14,138,205
126,834	127,944
<u>\$ 14,611,794</u>	<u>\$ 14,266,149</u>
\$ 9,683,006	\$ 9,522,593
542,480	442,405
647,680	599,268
287,349	280,997
167,046	176,369
34,814	97,943
888,614	883,390
915,636	890,274
565,803	571,277
-	(1,126)
6,426	6,157
<u>\$ 13,738,854</u>	<u>\$ 13,469,547</u>
<u>\$ 872,940</u>	<u>\$ 796,602</u>
\$ (52,237)	\$ 75,312
157,625	159,429
54,086	60,506
<u>\$ 159,474</u>	<u>\$ 295,247</u>
<u>\$ 1,032,414</u>	<u>\$ 1,091,849</u>



PKM Balance Sheet

Assets

ELECTRIC PLANT:

In service	\$ 35,218,087	\$ 34,629,198
Under construction	531,588	15,117
Total electric plant	35,749,675	34,644,315
Less accumulated depreciation	(13,318,707)	(12,688,972)
Electric plant – net	<u>\$ 22,430,968</u>	<u>\$ 21,955,343</u>

OTHER PROPERTY AND INVESTMENTS:

Investments in associated companies	\$ 988,986	\$ 982,954
Other investments	1,122,515	1,064,766
Total other property and investments	<u>\$ 2,111,501</u>	<u>\$ 2,047,720</u>

CURRENT ASSETS:

Cash – general	\$ 1,036,863	\$ 2,217,068
Temporary investments	1,350,000	1,300,000
Accounts receivable	1,776,919	1,575,159
Materials and supplies	611,305	674,137
Prepayments	65,186	67,181
Other current and accrued assets	9,129	4,186
Total current assets	<u>\$ 4,849,402</u>	<u>\$ 5,837,731</u>

DEFERRED DEBITS

	\$ 35,727	\$ 87,416
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TOTAL ASSETS	<u>\$ 29,427,598</u>	<u>\$ 29,928,210</u>
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Equities and Liabilities

EQUITIES:

Memberships	\$ 19,430	\$ 19,240
Patronage capital	8,316,283	7,986,783
Other margins and equities	6,353,081	6,036,456
Current year margins	1,032,414	1,091,849
Total equities	<u>\$ 15,721,208</u>	<u>\$ 15,134,328</u>

LONG-TERM DEBT

	<u>\$ 12,189,853</u>	<u>\$ 12,845,450</u>
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CURRENT LIABILITIES:

Accounts payable	\$ 1,142,707	\$ 1,530,651
Consumers deposits	15,250	14,350
Other current liabilities	358,580	403,431
Total current liabilities	<u>\$ 1,516,537</u>	<u>\$ 1,948,432</u>

DEFERRED CREDITS (Consumers energy prepayments)	\$ 0	\$ 0
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TOTAL EQUITIES AND LIABILITIES	<u>\$ 29,427,598</u>	<u>\$ 29,928,210</u>
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We invite
you to
study the
financial
statements
in this
report.

Employee & Staff **Directory**



Alisha Anderson
Plant Accountant



Cole Brix
Journeyman Lineman



Nolan Buchner
Journeyman Lineman



Rick Bye
Operations Manager



Chelsy Davey
Executive Assistant



Chris Derosier
Journeyman Lineman



Judy Hennessy
GL Accountant



Matt Kazmierczak
Apprentice Lineman



Bret Klopp
Apprentice Lineman



Nolan Knott
Journeyman Lineman



Joe Marcotte
Line Crew Foreman



Karen Olson
Administrative Manager



Ben Pahlen
Journeyman Lineman



Jeff Rustad
Member Service Manager



Scott Slusar
Line Crew Foreman



Jeremy Treitline
Customer Service Representative



Josh Tutt
Journeyman Lineman

PKM Electric's advisors

Randy Vetter
Engineer
MEI Engineering Inc.
Fargo, N.D.

Robb E. Leach
Attorney
Rokke, Aandal &
Associates, PLLC
Warren, Minn.



Project GreenTouch 2019

Help add your Green Touch to our state parks!

Who: PKM Electric Cooperative, Inc., members who want to lend a hand (all ages welcome).

What: Project GreenTouch is a cooperative program to help spruce up our state parks. Example projects include planting trees, cleaning up trails and helping build picnic shelters

Where: Lake Bronson and Old Mill state parks


When: Saturday, May 4 – 10 a.m. to 3 p.m. Help beautify Minnesota. This marks the 20th year of a partnership between the Touchstone Energy[®] cooperatives and Minnesota state parks. GreenTouch Day, and the sponsorship of Minnesota State Parks and Trails, fits well with the Touchstone Energy commitment. During the past 19 years, Minnesota's Touchstone Energy cooperatives have organized more than 9,700 volunteers to donate more than 35,800 hours and have provided funds to help publish the *Guide to Minnesota State Parks and Trails*. "We're very grateful to Minnesota's Touchstone Energy cooperatives for their longstanding commitment to Minnesota state parks," said Erika Rivers, director of Minnesota State Parks and Trails. "All those extra helping hands are much needed and appreciated."

Come join us! Lunch will be served! Each family who volunteers will receive a free park sticker for the year. Bring work gloves and rakes! If you would like to volunteer, call us at 218-745-4711 or 800-552-7366.



2019 Lignite Education Seminar

2019
TEACHERS SEMINAR
JUNE 10 - 13, 2019
BISMARCK STATE COLLEGE

 **Lignite**
Energy Council
Blueprint for the Future



Registration is now open for the **Lignite Energy Council's 34th Annual Teacher Education Seminar: Energy, Economics and Environment**. The free four-day seminar gives teachers a firsthand look at lignite mining and related energy production. The seminar will be held **June 10-13, 2019**, at Bismarck State College's National Energy Center of Excellence, Bismarck, N.D. Teachers from all grade and subject levels should apply **before April 12, 2019**.

Teachers who attend and complete a lesson plan can choose from one of three North Dakota institutions from which to receive their graduate credits: University of North Dakota, North Dakota State University and Minot State



University. Free lodging, meals and mileage reimbursement are provided.

The seminar provides instruction on history, geology, land reclamation, environmental protection and economics of the lignite industry, the need for more workers, energy conservation and transmission. A tour of a mine, power plant and the Great Plains Synfuels plant are included as part of the seminar. Teachers will take home handouts, videos, coal samples and activities that can be used in the classroom.

For more information and an online application go to:

www.lignite.com/teachers

Annual Meeting **Agenda** TUESDAY, APRIL 2, 2019

4:30 p.m.

- Doors open for member registration
- Kids entertainment.....Jeffrey Salveson -
Magician and Balloon Artist
Ashley Masloski - Color & Fun face painting

5 p.m.

- Meal served cafeteria style by PKM directors

5:35 p.m.

- Door prizes drawn

BUSINESS MEETING

5:40 p.m.

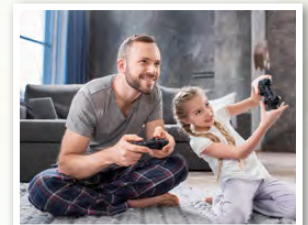
- Meeting Called to Order..... President Tom Woinarowicz
- Invocation Paul Aakre
- Introduction of Guests..... CEO Mike Schmidt

BUSINESS SESSION

- Notice of Annual Meeting
- Establishment of Quorum
- Reading of 2018 Meeting Minutes Wayne Malm
- President's Report Tom Woinarowicz
- Treasurer's Report Karen Olson
- Nominating Committee Report Mike Schmidt
- Approval of Nominated Director Candidates
- CEO's Report Mike Schmidt
- New Business
- Adjournment of Business Meeting
- Prize Drawings..... Must be present to win
- * Guest Speaker Darrick Moe, MREA
President & CEO

Grand Door Prize:
\$500 energy credit

Kids:
Nintendo Switch



**Minnkota Power
Cooperative's electric vehicle
(EV) will be at the meeting!**



Registration, meeting and dinner will be at the Warren-Alvarado-Oslo High School Auditorium and cafeteria located near the west entrance.