

# 2023

# PKM ANNUAL REPORT

## PKM ANNUAL MEETING

Tuesday, April 2, 2024

### WARREN-ALVARADO-OSLO HIGH SCHOOL

Doors open at 5:00 p.m. | Warren, Minn.

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MARCH-APRIL 2024 PKM NEWS / PKMCOOP.COM



# NOTICE OF ANNUAL MEETING



The annual meeting of the members of PKM Electric Cooperative will be held in the auditorium of Warren-Alvarado-Oslo High School in the city of Warren, Minn., at 5:45 p.m., on **Tuesday, April 2, 2024**, for the following purposes:

1. **To pass upon reports of officers, directors and committees.**
2. **To elect three directors of the cooperative.** Elections will be held for a three-year term for one director in each of the following counties:

**POLK**  
**Blake Owens**  
Angus

**KITTSON**  
**Chris Mortenson**  
Lancaster

**MARSHALL**  
**Wayne Malm**  
Warren

Per the cooperative bylaws, nominees for open director seats must submit a petition at least 20 days before the Annual Meeting. Please note that the bylaws mandate that no nominations for director can be made from the floor at the Annual Meeting nor are write-in nominations accepted. Given that there is only one nominee who properly petitioned for each open director position, the board has determined not to incur the costs associated with issuing mail ballots for the three uncontested elections. In accordance with the bylaws, the election of the three candidates to their respective open director seats will be moved upon at the Annual Meeting.

3. **All other matters, which may properly come before the annual meeting, or any adjournment or adjournments thereof.**

Wayne Malm, Secretary  
March 7, 2024

## MARCH/APRIL 2024 (VOL. 78, NO. 2)

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## OFFICERS AND DIRECTORS

President..... Mark Hatton  
Vice President..... C.J. Peterson  
Secretary-Treasurer ..... Wayne Malm  
Directors.....Paul Aakre, Jerred Copp, Steve Goodwin,  
Chris Mortenson, Blake Owens and Tom Woinarowicz  
CEO .....Jeff Rustad  
Editors .....Danny Schmidt, Megan Dagoberg

**OFFICE HOURS:**  
8 a.m. to 4:30 p.m.,  
Monday through Friday  
Phone: 218-745-4711  
or 800-552-7366

**ELECTRICAL AFTER-  
HOURS EMERGENCIES:**  
800-552-7366  
E-mail: info@pkmcoop.com  
Website: pkmcoop.com

**NEXT BOARD MEETING:**  
Last Tuesday of the month

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

## PKM ELECTRICAL INSPECTORS

Marshall and  
Kittson Counties  
Ronald Ditsch  
218-779-6758

Polk  
County  
George Stage  
218-284-1083

# ANNUAL MEETING MINUTES

The annual meeting of the stockholders (hereinafter referred to as members) of PKM Electric Cooperative was held at the Warren American Legion in the city of Warren, Minn., at 5:45 p.m. on Tuesday, April 18, 2023, pursuant to the provisions of the bylaws of the cooperative applying to notice of meeting.

The 83<sup>rd</sup> annual meeting was called to order by Mark Hatton, president of the cooperative, who presided, and Wayne Malm, secretary of the cooperative, kept the minutes of said meeting.

CEO Jeff Rustad introduced guests and visitors from other organizations in attendance.

The president read the annual meeting rules. 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 president stated that at least 130 members were present in person and that there were 2,867 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 as a part of the minutes.

The president called for a motion to waive the reading of the Notice of Meeting and Affidavit of Mailing. A motion was duly made, seconded and passed unanimously.

Since the minutes of the last meeting of the members held on July 12, 2022, 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. The treasurer's report was presented in the annual report. 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 attorney Samuel Schmitz, acting secretary to the Nominating Committee, to read the Nominating Committee report.

The CEO called for a motion to waive the reading of the Nominating Committee report. A motion was duly made, seconded and passed unanimously.

Said report disclosed the nominations of the following members for the board of directors:

**POLK COUNTY** (For a three-year term)  
**Steve Goodwin** – Angus, Minn.

**KITTSOON COUNTY** (For a three-year term)  
**C.J. Peterson** – Lancaster, Minn.

**MARSHALL COUNTY** (For a three-year term)  
**Jerred Copp** – Warren, Minn.

The nominating committee consisted of the nine following members:

Chairman Stuart Nordling – Warren, Minn.

Secretary Pat Osowski – Alvarado, Minn.

Glenn Barrett – Warren, Minn.

Brian Kasprick – Angus, Minn.

Jim Folz – Warren, Minn.

Tom Miesner – Lancaster, Minn.

Steven Sjorstrand – Lancaster, Minn.

Joey Wilebski – Lancaster, Minn.

Ron Iverson – Alvarado, Minn.

The committee finalized their decision during a meeting held at the cooperative headquarters on Tuesday, March 7, 2023, at 8 a.m. The report of the Committee on Nominations was ordered to be certified by the secretary and annexed to the minutes of the meeting.

The CEO called on the cooperative's legal counsel to conduct the election. The attorney stated there are three vacancies on the board, one from each county, for a three-year term. He introduced all candidates starting with Polk, Kittson and Marshall counties. The attorney called for a motion to accept nominations. A motion was duly made, seconded and passed unanimously.

There were no additional questions from members attending the meeting.

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

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



# PRESIDENT AND CEO'S REPORT



**Mark Hatton**  
President



**Jeff Rustad**  
CEO

We hope to see you at our annual meeting coming up on April 2 at the Warren-Alvarado-Oslo High School auditorium. Doors will open at 5 p.m. and a meal will be served at that time. PKM member Ed Lehrke will be preparing roast beef and potatoes.

This is the first year in a few years we have ended the year with a margin under \$1 million. Even with that, your board at the January meeting decided to retire \$350,000 in capital credits. It will be for the years 2001, 2002 and 35% of 2003. These dividends will be applied to your March billing, or a check will be mailed if you are not a current member. Even with the reduced sales and revenues, we still ended the year with 56.9% equity compared to 57.9% in 2022,

which is very good. As I have mentioned in other news articles, PKM was approved and did receive in mid-2023 an RUS loan for the 2021-2024 work plan. PKM has been lucky enough to carry the expenses on this work plan up until this year. We have only drawn down part of these funds – interest expense compared to years past will be higher. 2023 was still a good year, as we ended with expenses under budget and the employees did a great job getting everything closed out by year end. We just finished inventory for the auditors. We should be done with changing out our yard lights to LED for the LED grant. On the legislative front, the MN Department of Revenue is trying to charge more tax to cooperatives by changing to tax based on net revenue. Currently we pay \$10 per 100 members. If they change this, it will create another financial burden on the cooperatives. Our district cooperatives are working with MREA and local legislators to stop this.

PKM had a fixed charge rate increase this year. With current inflation we continue to see increased costs for transformers and the material we purchase. Lead times are extended to as much as 70-90 weeks depending on what it is. We are signing purchase orders for cable a year or more ahead of time. We should have our new digger

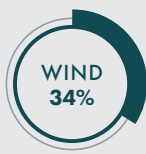
truck by the annual meeting and are hoping to have it on display for you to see. This has been on order for almost three years now. The one we are replacing is a 1996 model, which will go up for bids. This year we signed a contract for poles. We have always purchased cedar poles in the past, but we are purchasing red pine poles this round, as cedar poles have just become too expensive. Our neighboring cooperatives have already been using red pine. That is one of the best things about cooperation among cooperatives – sharing information on best practices, equipment and materials we use.

PKM has nine distributed generation (DG) systems interconnected now, and one was just commissioned in January of 2024. We do have monthly fixed charges that apply to interconnecting with PKM. A member who installs a system to be interconnected will pay an application fee of \$100 and a \$1,500 flat fee to interconnect. This fee has to do with added costs for billing, reporting and making sure this system is operating properly and feeding into our distribution system. If service upgrades or changes need to be made, the member is also responsible for that expense. Total produced for all DG installed and interconnected with PKM's distribution system to date is 395,000 kWh. The total member cost to install these nine systems without any tax credits or grants was \$1.2 million.

PKM is also part owner of Carr's Tree Service based out of Ottertail, Minn. The milder weather has really helped their crews complete projects for customers. They currently have just over 300 employees and have outposts as far down as southern Minnesota and just opened one east of Harwood, N.D. It has been a very busy year for them – they purchased a Sennebogen this year. If you have not seen one, look it up on the Google machine – it is very expensive but makes tree removal very easy. Just thought I would mention this, as I know most members might not know we own part of Carr's. This has been a good investment for PKM.

One more thing. We are using Cooperative Development out of Bemidji for our locating services going forward starting April 1. If you call 811 for a locate, Cooperative Development will be the contractor locating our underground distribution line.

## JOINT SYSTEM POWER GENERATION PORTFOLIO



PKM Electric Cooperative distributes a diverse supply of electricity generated from coal, wind and water. The figures represent Minnkota Power Cooperative's generation in terms of capacity.

**17**

employees

**2,871**

members

**2,318**

miles of distribution line

**\$14.7M**

2023 revenues

**\$38.1M**

total assets

**8.21¢**

average kWh rate

# PKM BOARD OF DIRECTORS



**Mark Hatton**  
President  
Drayton, ND  
Term expires 2025



**C.J. Peterson**  
Vice President  
Lancaster, MN  
Term expires 2026



**Wayne Malm**  
Secretary/Treasurer  
Argyle, MN  
Term expires 2024



**Paul Aakre**  
Director  
Angus, MN  
Term expires 2025



**Jerred Copp**  
Director  
Warren, MN  
Term expires 2026



**Steve Goodwin**  
Director  
Angus, MN  
Term expires 2026



**Chris Mortenson**  
Director  
Kennedy, MN  
Term expires 2024



**Blake Owens**  
Director  
Warren, MN  
Term expires 2024



**Tom Woinarowicz**  
Director  
Stephen, MN  
Term expires 2025



**Jeff Rustad**  
CEO

## PKM POLITICAL LEADERS

### Federal Legislators

#### President Joe Biden

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

#### Senator Tina Smith

720 Hart Senate Office Building  
Washington, D.C. 20510  
www.smith.senate.gov  
Phone: 202-224-5641

#### Senator Amy Klobuchar

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



#### Congresswoman

#### Michelle Fischbach, U.S. House (7th District)

1004 Longworth House Office Building  
Washington, D.C. 20515  
www.fischbach.house.gov  
Phone: 202-225-2165  
Fax: 202-225-1593

#### MN State Legislators

#### Governor Tim Walz

Capitol Building, Room 130  
75 Rev. Dr. Martin Luther King Jr. Boulevard  
St. Paul, MN 55155  
Phone: 651-201-3400 or 800-657-3717  
www.mn.gov/governor

#### Minority Leader

#### Senator Mark Johnson (01, R)

95 University Ave W., Minnesota Senate Building, Room 2401  
St. Paul, MN 55155  
Phone: 651-296-5782  
sen.mark.johnson@senate.mn  
www.senate.mn/members

#### Representative John Burkel (01A, R)

309 State Office Building  
St. Paul, MN 55155  
Phone: 651-296-9635  
rep.john.burkel@house.mn.gov

#### Representative Deb Kiel (01B, R)

203 State Office Building  
St. Paul, MN 55155  
Phone: 651-296-5091 or 800-339-9041  
rep.deb.kiel@house.mn.gov

# BOARD DIRECTOR CANDIDATES

## POLK COUNTY



**Blake Owens**  
*Three-year term*

Blake Owens represents Polk County on the PKM board of directors. He lives near Angus, Minn., and has served on the PKM board for 21 years. He has two grown children and three grandchildren. Director Owens farms with his dad, George, and son, Austin, who took over in 2014 as a sixth-generation farmer. They grow wheat, corn, soybeans and several varieties of edible beans. Director Owens has served a total of 129 years on 11 different boards and enjoys the opportunity to serve the patrons. He feels the need for sustainability of secure, reliable, reasonably priced electricity and wants to see improvements to living in rural America. Director Owens says what he enjoys most about the PKM board and staff is the fact that everyone has the same goals – to make our rural communities better, stronger and nicer places to live, all while keeping up with the technology that is ever-changing. Director Owens asks for your support and vote to allow him to continue to serve on the board of your co-op.

## KITTSON COUNTY



**Chris Mortenson**  
*Three-year term*

Chris Mortenson and his wife, Crisa, live west of Kennedy where they raise their three children. Director Mortenson represents Kittson County in the PKM service territory. He graduated from Kittson Central in 1994 and graduated from UMC in 1998 with a B.S. degree in Ag Economics. Director Mortenson has been farming full-time with his brother since 1997, raising canola, wheat, soybeans and corn. He has since retired from the Kennedy Fire Department after 20 years, and served on the Kittson-Marshall Rural Water Board for six years. He has been a lifelong member of Red River Lutheran Church where he has served on the church board in the past. Director Mortenson has enjoyed serving the members of the co-op and is looking forward to serving another term for the PKM members if elected.

## MARSHALL COUNTY



**Wayne Malm**  
*Three-year term*

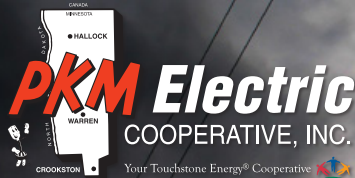
Wayne Malm has served the Marshall County District of PKM for nine terms – a total of 27 years. Director Malm lives in Argyle with his wife, Amie. They have three children, one grandson and one grandchild on the way. He has farmed in rural Argyle for the past 34 years, while also driving over-the-road truck for a few of those years. Director Malm has enjoyed serving the member-owners and getting to work with an excellent board of directors and PKM employees. With the renewables mandates the last number of years, it has been challenging to keep the power rates affordable for the member-owners. Director Malm looks forward to tackling the challenges of the changing times and helping provide a reliable source of electricity for the member-owners.



# THANK A LINEWORKER

## NATIONAL LINEWORKER APPRECIATION DAY

APRIL 8, 2024



Their work is dangerous.  
Their stakes are high.  
Their hours are long.  
Their mission is service.  
Their commitment is enduring.  
Our gratitude is eternal.

Thank a PKM  
Electric Cooperative  
lineworker.

## It's National Safe Digging Month

Before you start planning any outdoor projects this spring, don't forget to **CALL BEFORE YOU DIG.**



**CAN YOU  
DIG IT?**

Call 8-1-1 before you...

Put in a  
**MAILBOX**



Plant a  
**GARDEN**



Build a  
**DECK**



Add a  
**FENCE**



Ready to begin your next backyard addition?  
Visit **call811.com** to get started on your safe digging online request form today!

# ACH/SMARTHUB USAGE

Members currently enrolled in ACH, SmartHub and Paperless Billing through February 2024:

| **ACH:** 1,182 | **SmartHub:** 1,895 | **Paperless:** 251 |



**ACH**  
**Automated Clearing House**  
Automatic bank draft drawn from your checking or savings account on the 10<sup>th</sup> of every month.

**SmartHub**  
An online & mobile app that allows you to interact with us like never before. View & pay your bill, view billing & payment history, monitor your energy use 24/7 & more.

App is available on Apple & Android devices. Visit [www.pkmcoop.com](http://www.pkmcoop.com) for additional information.

Skip the paper & enroll in paperless billing to receive a one-time

**\$5**  
**energy credit**



Over the past five years, your electricity prices have remained stable while the average U.S. chicken prices have increased by **30%.**

**ELECTRICITY – DELIVERING A POWERFUL VALUE EACH AND EVERY DAY.**

**VALUE OF ELECTRICITY**

## STAYING SAFE DURING AN OUTAGE

We work hard to provide the most reliable service possible. Rest assured, if the power is out, we are on it!

The length of time it takes to restore your power depends on several factors, including the:



Extent of the storm's destruction



Severity of utility equipment damage



Number and extent of outages



Accessibility to damaged equipment

### STAY SAFE UNTIL POWER IS RESTORED

- Stay far away and keep others away from downed power lines, which could be live and deadly.
- If you come across a downed line, immediately call the utility or 9-1-1 to report it.
- Never enter a flooded room; the water could be energized.
- If you are standing in water, do not turn on/off power or flip a switch.



Prepare for a storm by gathering these items:



Bottles of water



Nonperishable food



Portable phone charger



Flashlights



Extra batteries



Pet supplies



Blankets



Warm clothing



First-aid kit



Hand sanitizer

THANK YOU for your patience during outages. When the lights go off, we are working safely and efficiently to restore power. The safety of our employees, as well as those we serve, is our TOP priority.

**Safe**  
**Electricity.org®**



# SCHOLARSHIPS AVAILABLE

## APPLY NOW FOR A PKM SCHOLARSHIP!

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, 2024**

**Applications  
available at local  
schools, PKM office  
or online at [www.pkmcoop.com](http://www.pkmcoop.com)**



## ENERGY EFFICIENCY TIP OF THE MONTH

A well-designed landscape can add beauty to your home and reduce home heating and cooling costs. Plant deciduous trees with high, spreading crowns to the south of your home to block sunlight in the summer and reduce the need for air conditioning. Deciduous trees lose their leaves in the winter, allowing sunlight to warm your home.

Plant evergreen trees and shrubs with low crowns to block winter winds. Dense evergreen trees and shrubs planted to the north and northwest are the most common type of windbreak and can help lower energy used for home heating.

Source: [energy.gov](http://energy.gov)



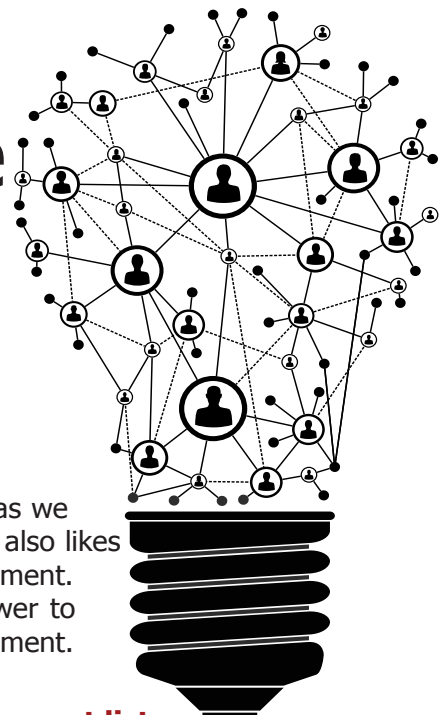
## Stay *connected* to your cooperative

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.**



# PROJECT TUNDRA SELECTED FOR U.S. DEPARTMENT OF ENERGY FUNDING

## Second CO<sub>2</sub> storage permit received

**P**roject Tundra reached major milestones in the fourth quarter of 2023 that help position the project for a final decision in the upcoming year.

The U.S. Department of Energy announced on Dec. 14 that it has selected Project Tundra as a recipient of funding through the Carbon Capture Demonstration Projects Program. The funding award is under negotiation for up to \$350 million.

"We're grateful that the Department of Energy recognizes the importance of developing carbon capture systems and is positioning the United States to be a leader in the advancement of this critical clean energy technology," said Mac McLennan, Minnkota president and CEO. "Innovation is our path forward through the energy transition. Project Tundra has the potential to help pave the way toward a future where electric grid reliability and environmental stewardship go hand in hand."

The project also received approval

of a permit on Oct. 4 that will provide additional space to safely and permanently store carbon dioxide (CO<sub>2</sub>) near Center, N.D. The Dakota Carbon Center West storage facility has the capacity to store 122 million metric tons of CO<sub>2</sub> over a 20-year period. Combined with the already permitted Dakota Carbon Center East facility, Project Tundra has the capability to store 222 million metric tons of CO<sub>2</sub> over two decades in Oliver County.

The vision for Project Tundra is to advance next generation carbon capture and storage technologies at the Milton R. Young Station, a power generation facility located near Center, N.D. The project is being developed by Minnkota Power Cooperative, TC Energy, Mitsubishi Heavy Industries and Kiewit and its affiliates.

Through Project Tundra, up to 4 million metric tons of CO<sub>2</sub> are planned to be captured annually from the Young Station and stored in geologic formations approximately one mile

underground near the plant site. If Project Tundra moves forward into construction, it will be the largest post-combustion CO<sub>2</sub> capture project in the world.

"We remain grateful for the strong support we've received from area landowners, the city of Center and Oliver County," said Mac McLennan, Minnkota president and CEO. "The science has shown that we have ideal geology to store CO<sub>2</sub> in the region, but none of that matters if we don't build and maintain relationships with the people in the area. We look forward to continued engagement with these stakeholders as Project Tundra moves ahead."

Project Tundra is currently in its final development phase. The advanced engineering and design work on the carbon capture facility is scheduled for completion in 2024. A decision on whether to move forward with the project is expected before the end of the year.

Learn more about Project Tundra at [projecttundrand.com](https://projecttundrand.com).



# GRID REGULATORS ISSUE WARNINGS ABOUT POWER RELIABILITY

PKM Electric Cooperative is connected to a regional grid that is facing a high to extreme risk of reliability issues in the next five years, according to assessments from leading grid regulators.

The North American Electric Reliability Corporation (NERC) – the entity responsible for developing and enforcing mandatory reliability standards for utilities in the United States and Canada – released its Long-Term Reliability Assessment in December 2023. The report found that rising peak demand for electricity and the planned retirement of 83,000 megawatts (MW) of fossil fuel and nuclear generation over the next 10 years creates blackout risks for most of the United States.

The highest risk level is in the Midcontinent Independent System Operator (MISO) region, which covers 15 states including Minnesota and the eastern Dakotas through the central U.S. to Louisiana. Challenges throughout other parts of the U.S. can and do impact operations at PKM Electric Cooperative due to the interconnected nature of the grid. Although this region plans to add 12,000 MW of new resources in the next five years, the retirement of power plants is expected to leave the region with a shortfall of 4,700 MW by 2028.

The top recommendation from NERC in the report is for the addition of new

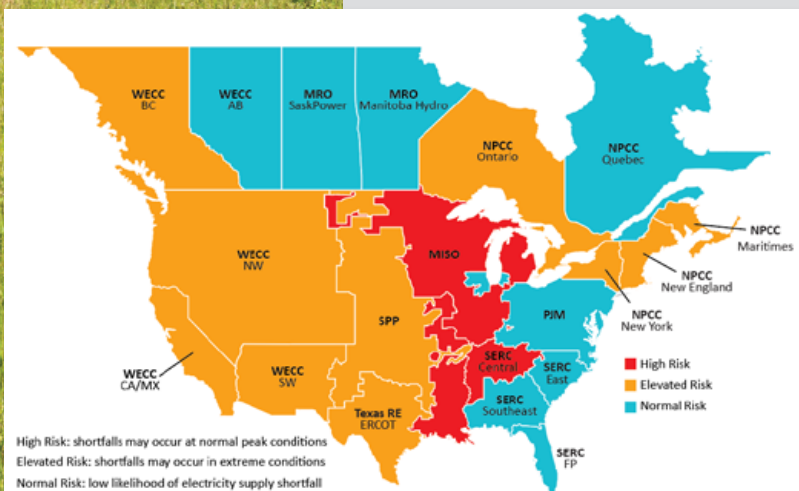
resources with needed reliability attributes and to make existing resources more dependable. Additionally, NERC said, “New wind and solar resources use inverters to convert their output power onto the grid, and the vast majority of resource inverters are susceptible to tripping or power disruption during normal grid fault conditions; this makes the future grid less reliable when more resources are inverter-based.”

Other important recommendations include the expansion of power transmission infrastructure, updates to wholesale energy market designs and strengthened relationships among reliability stakeholders and policymakers. The Midwest Reliability Organization (MRO) came to a similar conclusion about the dire state of grid reliability when it released its 2024 Regional Risk Assessment in February. For the first time in its history, MRO identified an extreme risk – uncertain energy availability.

The report identified that “conventional, baseload generation that is available on demand is being retired and replaced with resources with limited energy availability due to uncertain fuel supplies that are increasingly weather dependent.” Additionally, the report found that “new generation resources are largely inverter-based and perform much differently than conventional resources, reducing essential reliability services to the grid and requiring new modeling assumptions.”

MRO is one of six regional entities operating underneath NERC to ensure the reliability of the bulk electric system through the enforcement of reliability standards.

“Reliability needs to stay at the forefront of people’s minds as the policy framework is being defined,” said Mac McLennan, Minnkota president and CEO. “It’s unacceptable for the people of our region to wake up in the morning and not know if they’re going to have dependable electric service. Our country is accelerating down a path where this could become our reality. We need to approach this transformation of America’s electric grid with caution and common sense. There’s simply too much at stake.”







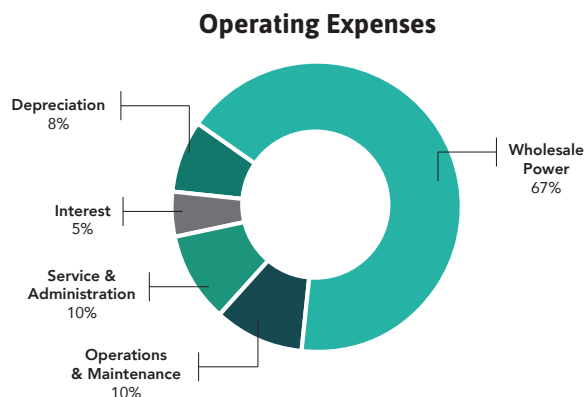


# STATEMENT OF OPERATIONS

	2023	2022
<b>OPERATING REVENUE:</b>		
Electric	\$ 14,522,695	\$ 14,579,089
Other	189,904	187,675
<b>Total operating revenue</b>	<b>\$ 14,712,599</b>	<b>\$ 14,766,764</b>
<b>OPERATING EXPENSES:</b>		
Cost of power	\$ 9,560,584	\$ 9,507,193
Distribution – operation	396,839	523,558
Distribution – maintenance	1,019,948	840,893
Customer accounts	327,962	285,444
Customer service and informational	196,207	171,368
Administrative and general	876,320	856,315
Depreciation	1,148,209	1,085,337
Interest on long-term debt	655,596	584,004
Tax expense – other	-	-
Other income deductions	6,810	6,548
<b>Total operating expenses</b>	<b>\$ 14,188,475</b>	<b>\$ 13,860,660</b>
<b>OPERATING MARGIN</b>	<b>\$ 524,125</b>	<b>\$ 906,104</b>
<b>NONOPERATING MARGIN:</b>		
Nonoperating margins – other	\$ 670,170	\$ (84,703)
Interest income	236,240	67,060
Generation & transmission capital credits	194,459	209,700
Other cooperative capital credits	52,322	47,282
<b>Total nonoperating margin</b>	<b>\$ 1,153,191</b>	<b>\$ 239,339</b>
<b>NET MARGIN</b>	<b>\$ 1,677,316</b>	<b>\$ 1,145,443</b>

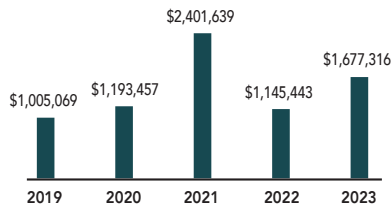
For the years ended Dec. 31, 2023 and 2022.  
Minnesota 87 Marshall  
PKM Electric Cooperative, Inc. Warren, Minn.

	LED LIGHTS INSTALLED	
	<b>2023</b> 91	<b>2022</b> 173
	SCHOLARSHIPS AWARDED	
	<b>2023</b> 14	<b>TO DATE</b> 442
	POLE REPLACEMENTS	
	<b>2023</b> 82	<b>2022</b> 44
	WIND ENERGY SURCHARGE	
	<b>2023</b> 322,771	<b>2022</b> 357,223

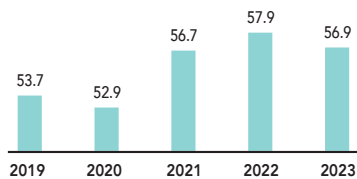


# PKM BALANCE SHEET

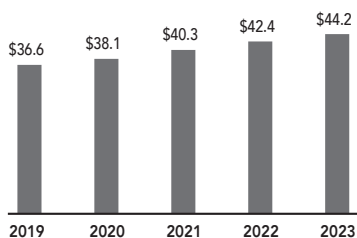
## Margins



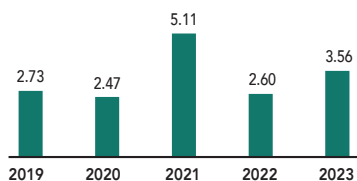
## Equity (Percent)



## Electric Plant Investments (Millions of Dollars)



## TIER (Times Interest Earned Ratio)



We invite you to study the financial statements in this report.

## Assets

2023

2022

### ELECTRIC PLANT:

In service	\$ 43,791,839	\$ 42,279,786
Under construction	402,366	96,088
<b>Total electric plant</b>	<b>44,194,205</b>	<b>42,375,874</b>
Less accumulated depreciation	15,557,093	14,940,484
<b>Electric plant – net</b>	<b>\$ 28,637,112</b>	<b>\$ 27,435,390</b>

### OTHER PROPERTY AND INVESTMENTS:

Investments in associated companies	\$ 2,079,068	\$ 1,880,707
Other investments	2,464,021	1,881,646
<b>Total other property and investments</b>	<b>\$ 4,543,089</b>	<b>\$ 3,762,353</b>

### CURRENT ASSETS:

Cash – general	\$ 1,133,989	\$ 429,219
Temporary investments	1,044,456	1,000,000
Accounts receivable	1,298,690	1,532,641
Materials and supplies	1,381,974	893,417
Prepayments, other current & accrued assets	81,507	86,239
<b>Total current assets</b>	<b>\$ 4,940,616</b>	<b>\$ 3,941,516</b>

### DEFERRED DEBITS

	\$ 27,340	\$ 31,519
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## Equities and Liabilities

### EQUITIES:

Memberships	\$ 20,320	\$ 20,175
Patronage capital	10,108,847	9,669,285
Other margins and equities	9,880,323	9,613,522
Current year margins	1,677,316	1,145,443
<b>Total equities</b>	<b>\$ 21,686,806</b>	<b>\$ 20,448,425</b>

### LONG-TERM DEBT

### CURRENT LIABILITIES:

Accounts payable	\$ 942,573	\$ 1,122,287
Consumers deposits	18,050	17,750
Other current liabilities	376,817	396,409
<b>Total current liabilities</b>	<b>\$ 1,337,440</b>	<b>\$ 1,536,446</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$ 38,148,157</b>	<b>\$ 35,170,778</b>

# EMPLOYEE/STAFF DIRECTORY



**Nolan Buchner**  
Journeyman Lineman



**Megan Dagoberg**  
Administrative Assistant



**Chelsy Davey**  
Billing Coordinator



**Chris Derosier**  
Line Foreman



**Matt Kazmierczak**  
Operations Assistant



**Bret Klopp**  
Journeyman Lineman



**Nolan Knott**  
Journeyman Lineman



**Joe Marcotte**  
Operations Manager



**Caleb Novak**  
Journeyman Lineman



**Karen Olson**  
CFO



**Ben Pahlen**  
Sub-Line Foreman



**Riley Pahlen**  
Apprentice Lineman



**Danny Schmidt**  
Member Service Manager



**Scott Slusar**  
Line Crew Foreman



**Josh Tutt**  
Journeyman Lineman



**Sara Wurtzel**  
Billing Clerk

## **PKM Electric's advisors**

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




**Minnkota Power  
Cooperative**  
Legal Counsel  
Grand Forks, N.D.

“ We are here to  
serve you, our  
member-owners. ”



# SAVE MONEY AND ENERGY

**PKM Electric Cooperative members** who volunteer to participate in our load management, also known as off-peak, programs are able to take advantage of reduced rates for their electric heat in exchange for allowing our power supplier, Minnkota Power Cooperative, to control their energy use during peak demand times. Working together, Minnkota and PKM are able to strategically use the program to shield members from price volatility from the energy market during peak demand periods. Participating members are eligible for cash rebates when installing or converting existing equipment. PKM works together with our members to identify programs that best fit you and your family's needs. Please contact our Member Services Department for more information and program details at **218-745-4711** or visit our website at [www.pkmcoop.com](http://www.pkmcoop.com).

REBATES	Equipment	PKM Rebate Only
  	<b>ELECTRIC HEATING EQUIPMENT</b> <i>(must be part of PKM's off-peak load management program)</i>	
	Baseboard/cove heater, plenum heater, hanging unit heater, radiant underfloor heat	\$50/kW
	<b>ELECTRIC THERMAL STORAGE HEATING</b> <i>(must be part of PKM's off-peak load management program)</i>	
	Electric boiler, brick storage room unit, brick storage electric furnace/boiler, slab storage electric cable	\$80/kW
	<b>HEAT PUMPS</b>	
	Air-source heat pump (ASHP) <17 SEER	\$300/ton
	Air-source heat pump (ASHP) >17 SEER	\$500/ton
	Supplemental heating source ASHP	\$500/unit
	Ground-source heat pump	\$500/ton
	<b>WATER HEATERS</b>	
	55 gallon or less	\$300/unit
	56-99 gallon	\$500/unit
	100 gallon or greater	\$600/unit
	New construction (50 gallon)	FREE unit
	Conversion from gas/propane	\$250/unit

## INSTALLING AN AIR-SOURCE HEAT PUMP?

*Lucky You!*

Contact your energy experts to learn more about how much you can save with an air-source heat pump.



### EFFICIENCY

Your system can deliver around three times more energy than the electricity consumed by the system.



### COLD-WEATHER CAPABILITY

Cold-climate heat pumps have been designed to operate in below-zero temperatures, making them perfect for our region.



### COMFORT

Air-source heat pumps provide a steady and comfortable temperature year-round, avoiding hot and cold spikes.



### BIG-TIME SAVINGS

You are eligible for your co-op's off-peak electricity rate, as well as rebates up to \$1,500 when you install your new air-source heat pump.



VALUE OF  
ELECTRICITY

# ANNUAL MEETING SCHEDULE

## AGENDA – TUESDAY, APRIL 2, 2024 WARREN-ALVARADO-OSLO HIGH SCHOOL

### 5:00 p.m.

- Doors open for member registration
- Meal served by PKM directors
- Kids entertainment.....Ashley Masloski  
*Color & Fun Facepainting*

### BUSINESS MEETING

#### 5:45 p.m.

- Meeting Called to Order.....President Mark Hatton
- Invocation ..... Paul Aakre
- Introduction of Guests.....CEO Jeff Rustad

### BUSINESS SESSION

- Notice of Annual Meeting
- Establishment of Quorum
- 2023 Meeting Minutes..... Mark Hatton
- President's Report ..... Mark Hatton
- Treasurer's Report..... Included in Report
- CEO's Report ..... Jeff Rustad
- Nominating Committee Report..... Jeff Rustad

- Approval of Nominated .....Sam Schmitz, *Minnkota Director Candidates* *Power Cooperative Counsel*
- New Business
- Adjournment of Business Meeting
- Guest Speaker ..... Matt Marshall, *Member Services, Rates & Economic Development Manager, Minnkota Power Cooperative*
- Prize Drawings (*must be present to win*)

**GRAND DOOR PRIZE:** \$500 energy credit

**KIDS' PRIZES:** (1) \$200 Visa gift card and (1) \$100 Visa gift card

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



Color & Fun  
Facepainting with  
Ashley Masloski!