

Farmers:



REMEMBER TO KEEP SAFETY TOP OF MIND

Farming is a dangerous job. One of the hazards faced by farm workers is contact with electrical equipment. Safe Electricity encourages farmers to keep safety top of mind this planting season. By doing some planning and following safety procedures, the risk of having an accident involving electricity can be greatly reduced.

One critical part of safety around electricity is awareness. It's important to remember that farm machinery is vulnerable to hitting power lines because of its large size, height and extensions. Being aware of the location of overhead power lines and planning a safe equipment route can help reduce accidents.

In equipment with auto-guidance systems (GPS), less focus is needed on steering, which may lead some drivers to think that they do not need to be as aware of navigation issues. However, even while using a GPS with automatic steering, farm workers need to keep safety in mind

and stay focused on their surroundings.

Putting safety first requires alertness, focus, knowledge of potential hazards and appropriate safety steps. Varying pass-to-pass accuracy levels and potential issues, such as power poles not being correctly plotted in the system, reinforce the need for drivers to stay focused on the location of the tractor and its equipment while in the field and to be ready to take action themselves if necessary.

Regardless of what technology is used on the farm, keep the following electrical safety guidelines in mind:

- Use a spotter when operating large machinery near lines. A driver's vantage point from the cab may not be sufficient.
- Keep equipment at least 10 feet from lines – at all times, in all directions.
- Look up and use care when raising any equipment such as ladders, front-end loaders or augers.
- Inspect the height of the farm equipment to determine clearance.

- Always remember to lower extensions to the lowest setting when moving loads.
- Never attempt to move a power line out of the way or raise it for clearance.
- If a power line is sagging or low, contact the utility.

If equipment does make contact with a power line, do not leave the cab. Immediately call 911, warn others to stay away and wait for the utility crew to cut the power.

The only reason to exit equipment that has come into contact with overhead lines is if the equipment is on fire, which is very rare. However, if this is the case, jump off the equipment with feet together and without touching the ground and vehicle at the same time. Still keeping feet together, hop to safety as you leave the area. When equipment has made contact with a power line, it is critical to know what to do. Not knowing the proper procedures can result in serious injury or even death.

Visit SafeElectricity.org for more information on electrical safety.



CEO Report

MIKE SCHMIDT
CEO
PKM Electric Co-op

LEGISLATIVE UPDATES:

CIP reform bill stalls in final negotiations

The Conservation Improvement Program (CIP) reform bill (SF 1915/HF 1839), which electric cooperatives and municipalities partnered to develop, passed the Senate Energy Committee as both a stand-alone bill and as part of the Senate energy omnibus bill 2365. The House energy omnibus bill contained CIP language that included more spending and oversight requirements than under current law. While cooperatives spent many hours during session with numerous parties attempting to reach an agreement, the House and the Department of Commerce tied our CIP modernization reform provision to the House/governor's Clean Energy First and 100% carbon-free provisions. In the end, CIP language was not included in the final bill.

Clean Energy First fails

Both bodies passed bills through their respective energy committees requiring that all new generation come from clean energy first. While the Clean Energy First bill was included in the House omnibus jobs/energy bill, it was heavily amended in the Senate Energy Committee and then did not get included in the Senate omnibus jobs/energy bill. The Senate language allowed for carbon capture and sequestration, and added "hydro" to the definition of renewables. While the issue was alive through the end of session, no agreement could be reached between the House and Senate legislative leaders, which resulted in no Clean Energy First legislation in 2019. The Senate

Energy Committee chair has indicated this will be worked on by the Legislative Energy Commission prior to the 2020 legislative session.

Carbon free by 2050 fails

While Gov. Walz campaigned on supporting a 50% carbon-free standard by 2030, he quickly changed his position to advocating for 100% carbon free by 2050. He said that since Xcel Energy announced plans to be 100% carbon free by 2050, it should be the goal for all electric utilities in Minnesota. The House passed 100% carbon-free legislation, but the bill never received a hearing in the Senate. The new proposed standard was

thrown out in conference committee discussions, and the bill died for the 2019 session. This will continue to be an issue next session. While we fully support the idea of carbon-free generation sources, our primary power provider has made long-term investments in generation that are not carbon free.

While legislators could not agree on much in the area of energy this session, we believe it was a fairly successful session for electric cooperative priorities in a challenging legislative environment. We thank our legislators for their service this session and look forward to working with them on your behalf again in 2020.

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- 3 SMARTHUB**
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- 4 BY MAIL**
Send the payment in the envelope provided with your monthly statement to PKM Electric, Inc., P.O. Box 108, Warren, MN 56762.

May/June 2019 (Vol. 73, No. 3)

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

Electrical after-hours emergencies

800-552-7366
e-mail: info@pkmcoop.com
website: www.pkmcoop.com

Next Board Meeting:

Wednesday, July 24, 2019

Officers and Directors

President	Tom Woinarowicz
Vice President	Michael Beaudry
Secretary-Treasurer.....	Wayne Malm
Directors	Paul Aakre, Jeffrey Folland, Steve Goodwin, Mark Hatton, Chris Mortenson and Blake Owens
CEO.....	Mike Schmidt
Editors	Jeff Rustad, Chelsy Davey

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Contact our Energy Experts at **218-745-4711** for more information.

ENERGY EFFICIENCY TIP OF THE MONTH

When it's warm out, avoid using the oven. Try cooking on the stove, using the microwave or grilling outside instead.

Source: *energy.gov*

Electrical Inspectors

Marshall and Polk Counties

Bryan Holmes
218-686-1413

Wayne Bergstrom
701-520-9771

Kittson County

Wayne Bergstrom
701-520-9771

Summer

ENERGY TIPS

It might be hot outside, but keep your cool with these simple energy-saving tips!

- If you use air conditioning, set your thermostat to as high as comfortable. The less the difference between the indoor and outdoor temperatures, the lower your cooling bill will be.
- Make sure your air conditioner or heat pump is in good working order. A tune-up by a professional can often lead to energy savings and extend the life of the system.
- Switch out incandescents to LEDs.
- Close shades and drapes during the day to help keep heat out during the summer.
- Run ceiling paddle fans on medium, blowing down in summer when you are in the room. The fans will help spread the cooled air more evenly throughout the home, allowing you to raise the temperature on the thermostat. The feeling of air moving across skin also helps cool.
- Make sure to clean and change HVAC filters per manufacturer's instructions.
- Air dry dishes instead of using the dishwasher's drying cycle.
- Use a microwave rather than a conventional oven when possible.
- If you have an older central air conditioner, consider switching to a new, more efficient model or a versatile air-source heat pump when the unit breaks down. Going from a SEER 10 model to a SEER 16 model can save about \$65 per year in cooling costs. That's a savings of \$325 in five short years. Great rebates are available for heat pumps that work like an AC in the summer but provide very efficient heating in the fall, winter and spring as well.



Project Tundra forges ahead

CARBON CAPTURE RESEARCH MOVES FORWARD AT MILTON R. YOUNG STATION

Jason Laumb admits it was a bit of a pipe dream when he and his colleagues started talking more seriously about carbon capture and storage technology for North Dakota power plants.

That was about eight years ago at a conference table inside the Energy and Environmental Research Center on the University of North Dakota campus. Laumb is a principal engineer and advanced energy systems group lead at EERC.

“It was like, my goodness, what’s it going to take?” Laumb said. “We drew out on the board the different parts we would need to make it happen – capture, oil fields, storage availability. After that meeting we went our separate ways and started developing those parts we had identified during that meeting.”

A few years later in 2016, bingo – Minnkota set its sights high by beginning the evaluation of a post-combustion carbon capture project at the Milton R. Young Station near Center, N.D. Known as Project Tundra, the venture is still in the research and feasibility stages, but it shows promise as a real-world solution to operating in a carbon-constrained world.

Building partnerships with players such as EERC and working to prioritize funding for advanced energy technologies, Minnkota hopes to bring Project Tundra to the finish line.

“It is feasible to operate,” Laumb said of carbon capture and storage. “What it comes down to is dollars and cents. What’s it going to cost to operate? What’s it going to cost to build the capture facility?”

"If things look right and Project Tundra gets built, it will have an impact to the power industry, it will have an impact to all the power consumers Minnkota's cooperatives have and it will have an impact to Oliver County in North Dakota."

– JASON LAUMB

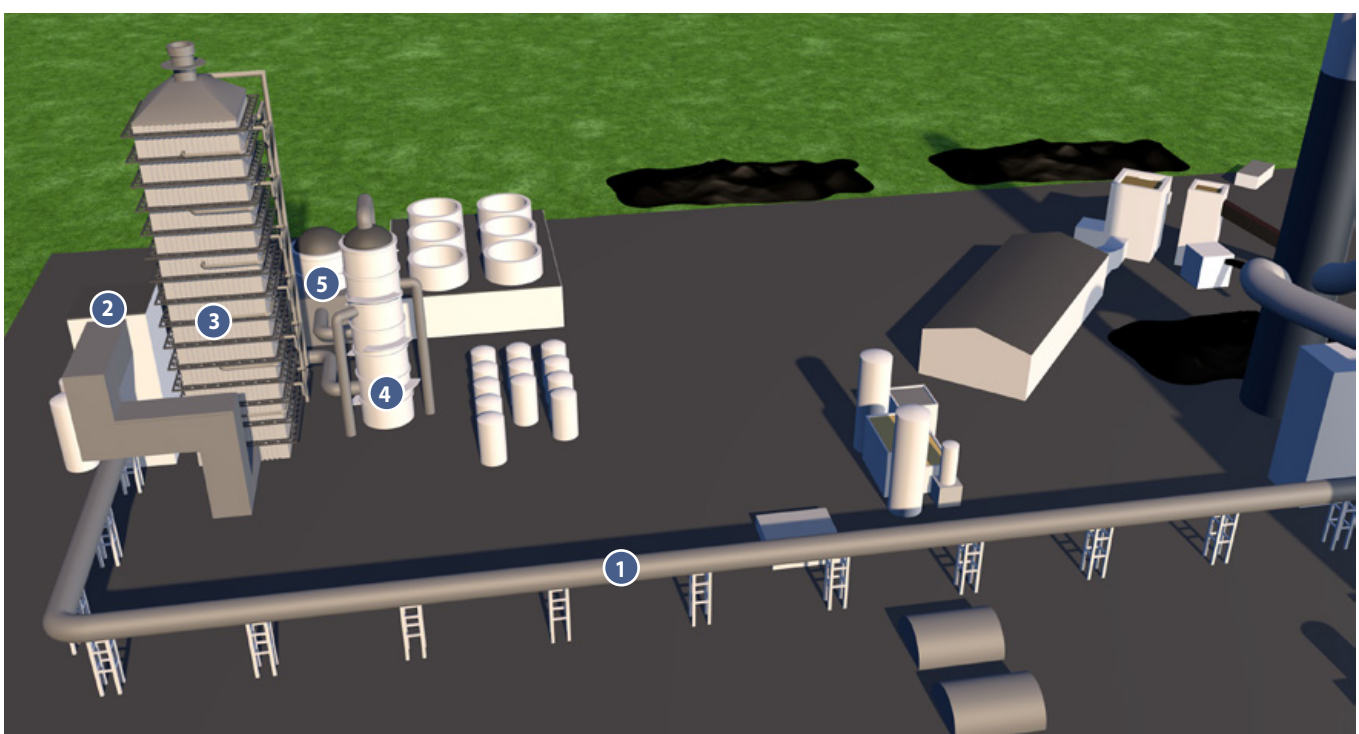
"Everything has to pencil out. Everyone has to win along that value chain. And it has to make economic sense. The preliminary indications are that, so far, it's still making sense."

Preliminary numbers put the Tundra price tag at more than \$1 billion. Various tax credits from the state and the federal governments would help offset the steep cost.

Laumb, who is leading the research in some of the Pre-FEED (front-ending engineering and design) work on the capture side of Project Tundra, says a better cost estimate will come later this year after the Pre-FEED work is done.

In addition to the EERC, other Minnkota partners on the project are the state of North Dakota Industrial Commission, the U.S.

Project Partners:



The carbon capture process

- 1) The flue gas is diverted from the power plant.
- 2) A scrubber cools the gas and removes impurities.
- 3) The gas flows into the bottom of a large absorber unit, which is filled with stainless steel structural packing. As the gas rises through the packing, an amine-based liquid solvent is released. The amine bonds with the CO₂ and removes it from the flue gas.
- 4) The solvent is sent to a regeneration unit. There, heat is used to separate the CO₂ from the liquid solvent, bringing the CO₂ back to a gaseous state.
- 5) The CO₂ is finally delivered to a compressor where it is compacted and prepared for transport via pipeline. The solvent, meanwhile, is routed back to the absorber unit where it is used again.



Jason Laumb, a principal engineer and advanced energy systems group lead at the Energy and Environmental Research Center at UND, says adding carbon capture to Unit 2 of Minnkota's Milton R. Young Station is technically feasible.

Department of Energy, engineers Burns and McDonnell, BNI Energy and Eagle Energy Partners.

Laumb is also the project manager for the \$12.7 million Project Carbon initiative. Those research efforts involve Tundra and other carbon projects in the state.

"We are focusing on barriers," he said. "What are the final barriers that we need to overcome to implement CO₂ capture in the state of North Dakota on a plant that uses North Dakota lignite?"

Building the pilot

In June, a pilot-scale test unit was installed on Unit 2 at the Young Station. Testing will run during the summer. The pilot will include a sulfur dioxide scrubber, a CO₂ absorber and a regenerator. The test system, made of stainless steel components, will capture the equivalent of a ton of CO₂ per day.

With the project gaining traction, Minnkota hired one of the world's foremost experts in CO₂ technology and development in 2018. David Greeson joined the project

team in October after previously serving as the vice president of development at Texas-based NRG Energy. In that role, he led the development of the Petra Nova initiative, which is currently the world's largest post-combustion CO₂ capture and enhanced oil recovery (EOR) project.

Petra Nova, located in Texas, is the only post-combustion carbon capture facility operating in the United States. Petra Nova became operational Dec. 29, 2016, on budget and on schedule.

Project Tundra is modeled after Petra Nova, which is capturing about 90% of the CO₂ emitted from a 240-megawatt (MW) flue gas slipstream. The captured CO₂ is then injected into mature reservoirs to release more oil.

Project Tundra aims to build on the success of Petra Nova by applying a similar, but much larger, set of technologies to Unit 2 of the Young Station. Unit 2 is a 455-MW generation facility, which has previously been retrofitted with emissions control equipment that meets or exceeds all current air quality standards.

Storage or oil recovery?

Minnkota and the EERC are researching the possibility of both carbon capture plus storage and carbon capture plus EOR. The Young Station has enough space and the right geology near the plant underground to handle straight CO₂ storage.

The North Dakota CarbonSAFE initiative (Carbon Storage Assurance Facility Enterprise) is a research project investigating the feasibility of taking captured CO₂ emissions from coal-fired plants, compressing it and injecting it a mile deep underground into the Broom Creek Formation in Oliver and Mercer counties, preventing the CO₂ from being emitted into the atmosphere.

"The only time they would use the Unit 2 chimney once carbon capture is installed



is during startup and maybe some during shutdown, where there's an upset condition in the carbon capture. Basically, there wouldn't be a lot of flue gas coming out of Unit 2," Laumb said.

While Greeson heads the business development side of Project Tundra, other key players include Minnkota's Stacey Dahl (legislative affairs), Gerry Pfau (technical manager) and Shannon Mikula (legal).

"I'm just excited to be part of this," Laumb said. "If things look right and Project Tundra gets built, it will have an impact to the power industry, it will have an impact to all the power consumers Minnkota's cooperatives have and it will have an impact to Oliver County in North Dakota. There will be a regional impact during construction and then when it's done. If an EOR entity starts to come in and take CO₂, that will impact another part of North Dakota within that region."

Laumb said Project Tundra would be a major industry development if it moves forward after the FEED portion of the project. The earliest Tundra construction could start would be late 2021. If it happens, Project Tundra could add more than 2,000 jobs to the area.

"There are a lot of folks in the state of North Dakota who are looking at the lead that Minnkota Power is taking on Project Tundra, and it could be a template for other folks out there with power stations to replicate," he said.

"You're not going to be able to do it everywhere. Not everyone has the geology. In North Dakota, we are very fortunate to have the geology for the storage side and also the oil fields for the enhanced oil recovery side. Those are two very important parts to have. You need to be able to do something with the CO₂ and it has to have some value to it."

By Kevin Fee / Photography Kevin Jeffrey

About EERC

The Energy & Environmental Research Center (EERC) was officially founded in 1951 as the Robertson Lignite Research Laboratory, a federal facility under the U.S. Bureau of Mines. However, the EERC's roots date back to the 1890s when Earl Babcock, a chemistry professor at the University of North Dakota (UND), began studying the state's vast lignite coal resources and investigating potential uses for them.

The work of Babcock and others at UND led to the establishment of a Bureau of Mines laboratory at the university and, in 1951, to the facility that is today the EERC. The Center became a federal energy technology center under the U.S. Department of Energy (DOE) in 1977 and was defederalized in 1983, at which time it became part of UND.

Since its defederalization, the EERC has evolved to conduct research on all fossil fuels, as well as renewable and alternative fuels, and has become a world leader in the field of environmental technologies.

Some key dates in EERC history

- 1977** – Became a federal energy technology center under DOE
- 1987** – All research entities within the UND School of Engineering and Mines combined into one entity called the Energy & Mineral Research Center
- 1989** – Renamed the UND Energy & Environmental Research Center
- 1992** – EERC moved under the UND president
- 1994** – \$7.6 million expansion of labs and pilot plant facilities completed
- 2003** – 47,000-square-foot expansion and renovation project opened
- 2006** – Contract awards exceeded \$45 million
Broke ground for new 15,000-square-foot hydrogen facility
- 2007** – Proposal number exceeded 300, valued at over \$138 million
- 2008** – Contract awards exceeded \$95 million
Hydrogen facility dedicated
- 2009** – EERC achieved sixth consecutive record year
Contract portfolio exceeded \$236 million
- 2011** – Broke ground on Fuels of the Future facility
- 2013** – EERC Bakken regional drilling activity map distributed to more than 10,000 worldwide

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2019 Annual Meeting Prize Winners

EARLY BIRD DRAWINGS – 5:35 P.M.

Winner	Prize	Sponsor
1. Richard Kuzel	Walmart Gift Card - \$25	Dakota Supply Group
2. Rick Schmiedeberg	Birdhouse	Utility Inspection Services
3. Jeff Bolduc	Two Twins Tickets	KROX
4. Lois DeMeyere	First Aid Kit	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
5. Mary Garry	Sweatshirt	Border States Electric
6. Dennis Garry	Extreme Steam	WESCO
7. Eugene Jorgenson	Two Sky-Vu Drive-In Tickets	PKM Electric Co-op, Inc.

FINAL PRIZE DRAWINGS

8. Wayne Stromgren	Energy Certificate - \$25	MEI Engineering, Inc.
9. Carol Batko	First Aid Kit	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
10. Larry Sele	PKM Lawn Chair	PKM Electric Co-op, Inc.
11. Austin Owens	Energy Certificate - \$25	Karian/Peterson Power Line
12. Tom Miesner	Energy Certificate - \$25	MEI Engineering, Inc.

13. Dawn Fagerstrom	Wood Duck House	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
14. Marilyn Huderle	Shop Vacuum	WESCO
15. Suzie Larson	Home Depot Gift Card - \$50	RESCO
16. Alvina Vonasek	Menard's Gift Card - \$25	Dakota Supply Group
17. Linda Johnson	Round Tabletop Grill	PKM Electric Co-op, Inc.
18. Marie Schmiedeberg	Energy Certificate - \$25	Karian/Peterson Power Line
19. Cora Zak	Clock	Utility Inspection Services
20. Barb Staie	Wood Duck House	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
21. June Ziegelmann	Two Sky-Vu Drive-In Tickets	PKM Electric Co-op, Inc.
22. David Loer	First Aid Kit	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
23. Rodney Larson	Kittson County Enterprise Subscription	Kittson County Enterprise
24. Verona Poolman	PKM Cutting Board	PKM Electric Co-op, Inc.
25. Irene Wallenberg	MECO Tabletop Grill	PKM Electric Co-op, Inc.
26. Louise Szklarski	Google Home Hub	Blake Owens from NRECA National Convention

Grand Prize: \$500 Energy Credit - Arlen Lyberg (PKM Electric Co-op, Inc.)

Congrats!

CLASS OF 2019 SCHOLARSHIP RECIPIENTS

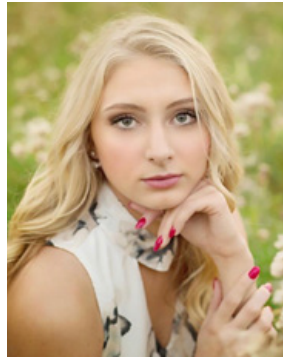
PKM scholarships are made possible by funding from Operation Round Up.



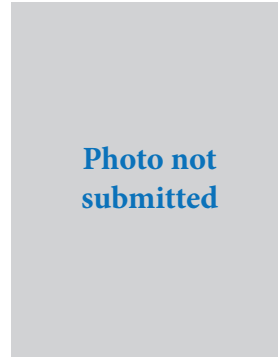
Finn Blomquist-Eggerling
Hallock
Brown University



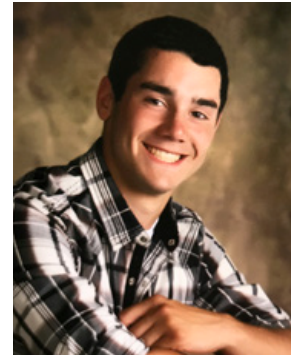
Mikayla Bolduc
Argyle
MSUM



Haley Boushee
East Grand Forks
University of North Dakota



Jenna Boushee
East Grand Forks
University of North Dakota



Thomas Gryskiewicz
Stephen
North Dakota State University



Abbey Johnson
Argyle
North Dakota State University



Peyton Klein
Hallock
North Dakota State University



Kjerstie Lieberg
Greenbush
NCTC - Thief River Falls



Jessica Olson
Warren
U of M - Crookston



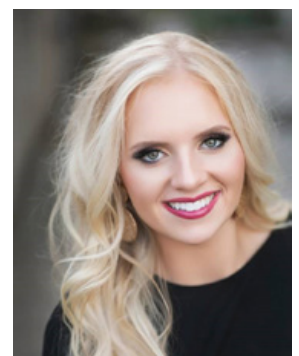
Aaron Peterson
Hallock
North Dakota State University



Savannah Riopelle
Argyle
NCTC - Thief River Falls



Emily Schmiedeberg
Lancaster
Northeastern Junior College



Matty Urbaniak
Argyle
University of North Dakota

Board meeting highlights *January through March*

A regular meeting of the board was held Tuesday, Jan. 29, 2019.

Tom Woinarowicz, president who presided, asked for roll call. Upon calling the roll, the president reported that all directors, with the exception of Directors Beaudry and Goodwin, were present. Director Owens participated via video conferencing.

The president reported on recent MREA activities. CIP to CEEP negotiations continue with constant changes presented. Director Woinarowicz has requested that more frequent updates on the progress be distributed to the statewide electric cooperatives. The president also provided a summary of the planned events at the MREA annual meeting scheduled for Feb. 18-20, 2019. He suggested director attendance if it allows. At this time, the president also stated he appreciates constructive feedback on the MREA trainings for all departments that he can bring back to the statewide organization.

The CEO provided a few brief updates to the directors on Folland's behalf. The COSS changes continue to evolve with the implementation time table being the focus of conversation. There is a meeting of the cooperative managers scheduled for February to further discuss the process. The CEO also briefed the directors on the bitcoin status, recent Worker's Comp rating and the anticipated generation mix.

Director Folland added to the Minnkota Power Cooperative (MPC) report, stating end-of-year financials and business plan have been reviewed. Annual meeting prep is also underway.

Director Aakre provided a recap to the most recent Square Butte board meeting. End-of-year statistics and financials were highlighted in addition to 2018 plant availability. The next scheduled meeting will be in March 2019.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. Line patrol, meter reading and pole replacements continue as weather permits. A few linemen recently attended the MREA Winter Lineworker Conference in Alexandria, Minn. Reported connected members for the end of December are 3,902, representing a net gain of 40 from the same period last year.

The manager of member services provided the directors with an update to current work in his department. He recently attended the REMA Winter Conference in Minneapolis, Minn. He shared some feedback about the location of the conference and information discussed. He attended the DG Interconnection Process Training while at the conference. More information will follow later in the meeting. He recapped end-of-year rebate information and asked the directors for their feedback regarding continuing this program for 2019; it was agreed to continue the program.

The administrative manager presented her monthly report highlighting the success of the SmartHub/ACH promotion. This also provided an opportunity to review the various payment options available to members with the directors and staff. An upcoming promotion for paperless billing launching at the annual meeting was also highlighted. She also briefed the directors on current cross-training employees within the office.

The administrative manager continued with the

presentation of the operating and financial report for the cooperative. The end-of-year financials and statistics were highlighted with further discussion to follow when the 2018 Form 7 is completed in February. She noted significant comparisons from the 2017-18 operating years. Also, PKM maintained the equity ratio goal set by the directors through 2018.

The CEO reported on his recent meeting attendance. Upon presentation of the reports from the management staff and CEO, questions and comments from the board of directors concerning their reports were addressed.

The CEO stated, according to the bylaws, the board of directors need a separate resolution for the quarterly review of the financials. Having had the December financial review, a motion was made that the board receive the fourth quarter financials. The board received the fourth quarter financials of the cooperative as being representative of the cooperative's financial performance for 2018.

The president stated it would be necessary for the board to determine the disposition of the non-operating margin. The board determined based on last year's financial performance to not allocate the non-operating margin.

At this time, the CEO asked the directors for feedback on the Workers Comp Agreement draft that was included in the board packet. The directors requested the draft be sent to the cooperative attorney for review.

The adoption of the revised Cogeneration and Small Power Production Cooperative Minnesota Distribution Energy Resource Interconnection Process was discussed, with the member services manager leading. He responded to questions from the directors, noting the proposed adoption will keep the cooperative in compliance with metering legislation.

The operations manager brought attention to the 2018 Field Report, URD Fault Report, 5-year Outage Report and the 2018 Gopher Bounty Report included in the board packet. He noted the impact the 2018 storms had on the 5-year Outage Report and stated he is satisfied with the stats shown in the URD Fault Report. He responded to an inquiry about the totals represented on the Gopher Bounty Report; specifically, why there were none submitted for Polk County.

Joe Marcotte recently completed the MREA Designated Employee Representative (DER) training. Currently, Rick Bye assumes this role at PKM, but with current cross-training, it was recommended Joe Marcotte adopts the DER role at PKM. The board selected Joseph Marcotte as the Designated Employee Representative responsible for administering and keeping PKM in compliance with the Drug and Alcohol Program.

The CEO stated it would be necessary for the board to select voting delegates to the annual meetings of Minnkota Power Cooperative and Square Butte Electric Cooperative. It was resolved that all board of directors will be delegates at the annual meetings of Minnkota Power Cooperative and Square Butte Electric Cooperative. These persons are: Tom Woinarowicz, Stephen; Michael Beaudry, Alvarado; Wayne Malm, Argyle; Jeff Folland, Halma; Steve Goodwin, Angus; Blake Owens, Warren; Mark Hatton, Drayton; Paul Aakre, Angus; and Chris Mortenson, Kennedy.

The CEO shared news of the recent MREA Safety Pays

winnings PKM received. He was also pleased to share with the directors that the strong safety culture led by the board and management resulted in an unchanged .80 Experience Modification for 2019.

At this time, voting delegates were selected for NRECA and CFC. The board certified Director Hatton as the NRECA delegate with Director Woinarowicz selected as alternate and Director Beaudry as the CFC delegate with Director Owens selected as the alternate. They are duly authorized to cast the votes of PKM.

The CEO briefed the directors on his recent attendance at the Carr's Tree Service board meeting. He said the business is progressive and well operated. He also shared an update on the Karian/Peterson financials with discussion of a proposed meeting of other shareholders.

A regular meeting of the board was held Tuesday, Feb. 26, 2019.

Tom Woinarowicz, president who presided, asked for roll call. Upon calling the roll, the president reported that all directors, with the exception of Director Hatton, were present. Directors Owens and Goodwin participated via video conferencing.

The president reported on recent MREA activities. CIP to CEEP is now formally designated CIP Reform Bill. The proposed legislative changes were highlighted and the impacts to the PKM cooperative were discussed. The president concluded his report with information regarding two recently approved expenditures in the MREA safety and loss department that will aid in safety training for statewide cooperatives.

Director Folland provided the directors with information about the continued work and funding progress of Project Tundra. He also shared information about a recent MPC land purchase for an upcoming construction of a substation in Grand Forks. The CEO also shared some additional MPC updates, including the extreme cold weather event on Jan. 29-30, 2019, its impact on the grid and the continued discussion of the COSS rate structure implementation with an upcoming two-day meeting scheduled at the end of the week.

Director Aakre reported on Square Butte business. Project Tundra developments and funding continue to have concentrated focus and discussion. The next meeting is scheduled for March.

Those in attendance at the MREA annual meeting highlighted their takeaways from the meeting. While in St. Paul, Directors Woinarowicz, Mortenson and Folland and the CEO had the opportunity to meet with legislators Dan Fabian and Mark Johnson.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. Despite the severe cold and winter weather, outages remain quiet. Line patrol is progressing on track and inventory is nearing completion. Reported connected members for the end of January are 3,902, representing a net gain of 38 from the same period last year.

The manager of member services highlighted items provided in his monthly report. He recapped his attendance at the Contractors Workshop and shared feedback. Permar recently replaced security cameras on the premise and tied

PKM ELECTRIC COOPERATIVE POLITICAL LEADERS

Federal Legislators

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Senator Amy Klobuchar

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Governor Tim Walz

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For Sale

265-gal. fuel oil tank w/gauge and sturdy legs. Asking \$150-180. Also, new (still in box) no gas needed push mower. Asking \$150. Please call 218-843-2986 if interested.

Rules

Ads for PKM members only. Limit your ads to two items. No commercial ads. Submit ads by the 18th of Jan., March, May, July, Sept. and Nov.

the feed into the network, allowing those in office to view the surveillance from their desktops. He concluded his report with annual meeting preparation progress.

The administrative manager began her monthly report with information regarding the upcoming website maintenance and an IT update for the upcoming replacement of the firewall. She provided the directors with an update to happenings in the office and upcoming work progressing on numerous annual reports that are due this time of year.

The administrative manager continued with the presentation of the operating and financial report for the cooperative. With the excessive cold in January, reported sales were higher than budgeted and expenses were lower than budgeted, starting the year off well. The strong equity ratio remains in line with cooperative goals.

The CEO referenced his written report emailed to the directors that included numerous upcoming meetings he will be attending. Upon presentation of the reports from the management staff and CEO, questions and comments from the board concerning their reports were addressed.

The directors were informed that the current PKM website would be undergoing construction and were asked if there are any suggestions on content they would like to see included.

At this time, options available for DSS funds including the original sale price and the current balance with interest were discussed. The board directed management to place a cap on the DSS sales funds at the amount of \$3,500,000 with any interest gained be deposited into the PKM General Fund checking account, and that management will report balances to directors to determine if said interest will be paid out in capital credits at the time of general retirement. The discussion turned to the desirability of making a general retirement.

The financial policy sets a goal of a twenty-year rotation. Due to the weather, maintaining a steady margin is challenging. The capital credit pay-out method was explained, and alternatives were discussed, including changing the rotation cycle. The directors requested that the staff research rotation impacts at 20-, 25- and 30-year cycles and bring forth data to the next meeting. The board directed management to retire an amount equal to \$350,000 or the remaining balance of 1994 capital and approximately 49% of 1995 capital.

Financials of both cooperative subsidiaries were discussed in detail. The CEO shared with directors recent Karian/Peterson developments and his planned attendance at the upcoming K/P board meeting on March 8, 2019.

The nomination of the PKM directors to serve on the Minnkota Power Cooperative, Inc. and Square Butte Electric Cooperative board of directors respectively were the next items of discussion. The board nominated Jeff Folland to serve as a director of Minnkota Power Cooperative, Inc., and Paul Aakre to serve as a director for Square Butte Electric Cooperative.

The CEO provided the directors with the Minnesota Workers Comp Trust draft and remarks from PKM attorney, Robb E. Leach, upon his review of the draft. Action will be required in March.

A regular meeting of the board was held Tuesday, March 26, 2019.

Tom Woinarowicz, president who presided, asked for roll call. Upon calling the roll, the secretary reported that all directors were present with the exception of Director Folland. Directors Goodwin and Owens participated via video conferencing.

Statistical and financial report

Year-to-date: April 2019

	Last Year	This Year	Budget
Total income	\$ 5,302,801	\$ 5,432,681	\$ 5,293,051
Total expense	\$ 4,332,735	\$ 4,867,948	\$ 4,491,689
Net operating margins	\$ 483,254	\$ 244,353	\$ 363,181
Total kWh sold	47,375,998	46,985,889	45,781,602
Avg. kWh sold per member	3,089	3,061	
Line loss	1.07%	5.3%	
Del. cost per kWh purchased	7.30¢	7.78¢	
Average sale price per kWh	11.2¢	11.6¢	
Percent kWh sales increase	7.4%	(.82%)	
Members billed	3,834	3,875	
Miles of line in service	2,268	2,274	

The president discussed recent MREA activities, including the recent hiring of a consultant to manage MREA media and an update to the current conflicting legislative CIP reform opposition.

In the absence of Director Folland, CEO Mike Schmidt provided an update of recent Minnkota Power Cooperative business. The proposed 100% renewable energy by 2050 legislation in Minnesota has been an item of conversation regarding the ND energy mixture. The January polar vortex previewed the impact of grid reliability.

Director Aakre reported on recent Square Butte business. Regional haze and Project Tundra remained priority topics for discussion in the joint meeting held on March 1.

Director Owens reported on his recent attendance of the NRECA annual meeting held in Orlando, Fla. Staff members also in attendance included Mike Schmidt, Rick Bye and Joe Marcotte. The consistent message communicated was the importance of cooperative investment into technology with the evolving electric industry.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. Chad Knudsen from Federated Insurance completed his annual review with the formal report to be included in the May board meeting. Line Foreman Slusar has been actively educating service area schools with the use of the safety demonstrator. Students and teachers have favorably received the information shared.

The manager of operations continued his monthly report on activities in the line department. Line patrol is nearing its end. Maintenance efforts are being focused near the river with the risk of forecasted flooding. There were 3,902 connected members reported for the end of February, representing a net gain of 42 from the same period last year.

The manager of member services reported recent activity in his department including attendance at the CIP meeting held at MPC, load management meeting with Todd Sailer, Fault Finders repair work and annual meeting preparations underway.

The administrative manager began her monthly report with an update to the website revamp. DQ notices have been sent to members with disconnections for non-payment scheduled in April. The Form 7 was included for discussion and it was reported that the recently completed 2018 audit conducted by Brady Martz was clean. Matt Laughlin of Brady Martz will present the financial report at the annual meeting to show integrity to our members by having the independent auditor verify PKM's financials.

The administrative manager continued with the presentation of the operating and financial report for the cooperative. Three-year historical graphs displaying month-to-month data comparisons were discussed. Items of note included reported expenses remained under budget, strong margin, increased revenue sales, cost per mile decreased considerably and outage time remains low.

The CEO referenced his written report emailed to the directors that included numerous meetings he attended during the month of March. He was pleased to report a 5.6% increase

in kWh sales for February 2019 versus the same reporting period in 2018.

The opportunity for savings by adopting the Minnesota Workers' Compensation Trust has been reviewed during multiple meetings of directors and potential group members. The final Minnesota Cooperative Group Retention Plan Agreement is included for review and plan commitment with required signatures. The board accepted the rules set forth for governing the operation of the Minnesota Cooperative Group Retention Plan covering the statutory workers' compensation and employers' liability insurance requirements of rural electric cooperatives who require workers' compensation insurance in the state of Minnesota.

The CEO and operations manager presented to the board of directors the inventory comparison for construction material, resale material and small tools. The result of the physical inventory detected a shortage of construction material of \$2,059.75 and a deficit of resale material of \$456.71 with small tools precisely accounted for. The president stated a resolution would be necessary to reconcile this inventory. The board directed management to reconcile the inventory to balance with the actual count for the categories discussed.

Previous discussion regarding the Equity Management Policy Bulletin prompted a request for proposed changes to the capital credit revolvment cycles as outlined in the Equity Management Policy Bulletin 2-5.2 be drafted. The board provided for the general retirement of equity capital and assigned non-operating margins in such a manner that an equity level deemed appropriate by the board is reached, and the goal of the cooperative is to establish the revolvment of member equity on a 25-year leveled cycle.

CEO Mike Schmidt presented the 2018 RUS Financials and Operating Report Form 7 to the directors.

Previous discussion regarding the Outdoor Lighting Rate Policy Bulletin prompted a recommendation for a proposed reduction to the monthly LED light rate charges. The board approved the outdoor LED lighting rate effective May 1, 2019, to be decreased from \$7.50 to \$5 "where connected on the member's meter" and the rate decreased from \$10.25 to \$8 "where connected ahead of the member's meter."

The CEO at this time reviewed the end effects of the Minnkota COSS and recommended PKM engage a new COSS at the end of 2019 because of the implemented changes.

Union wage data is being compiled for the Minnesota Minnkota 8. The Wage Committee is scheduled to meet and begin wage negotiations with the union in April. The president appointed Director Beaudry as an alternate to the committee.

The operations manager informed the directors that all permits are in place for the proposed service near Halma. There is continued conversation between the parties at a local level regarding the future of two accounts being serviced. As details emerge, the information will be passed along to directors.

The discussion transitioned to the subsidiaries and their end-of-year financials and completed audits. Based on findings, in place of quarterly Karian/Peterson meetings, monthly phone conferences will take place to monitor progress.

When the due date is near, Brian has the light for late nights. When the crib calls for blueprints, he can dig them up digitally. When the lumber is gathered, his tools are charged.

He has the passion.
He has the purpose.
He has the power.



ELECTRICITY
WE SHARE OUR POWER SO YOU CAN SHARE YOURS

