

PKM NEWS

Electric Cooperative

NOVEMBER-DECEMBER 2019 / PKMCOOP.COM



Group 6525

PKM Electric COOPERATIVE, INC.
 P.O. Box 108
 406 North Minnesota Street
 Warren, MN 56762-0108

Office Hours: Monday-Friday 8:00-4:30
 Phone: 218.745.4711 or 800.552.7366
 Website: www.pkmcoop.com
 SmartHub: https://pkmcoop.smarthub.coop/Login.html

1914 1 AV 0.380 5 1914
 JOHN DOE C-3 P-5
 JANE DOE
 12345 14TH AVE NW
 WARREN MN 56762-9431

Statement Date: 12/02/2019
 Account Number: 1234567
 Payment Due 12/15/2019

Service Summary

Previous Balance	406.89
Payment Received 11/13/19	400.00 CR
Balance Forward	0.00
Current Charges	349.00
Account Balance	355.89
BUDGET PAYMENT DUE	300.00

Message from PKM

Urgent Notice! Your account is delinquent. Your account balance includes a past due amount of \$300.51. You must pay this amount or make suitable arrangements for payment by contacting our office at 800-552-7366 upon receipt of this bill or your account may be subject to disconnection for non-payment. Thank you for your immediate attention to this important matter.

Account Number: 6504103 Service Address: 21797 320TH AVE NW Description: RESIDENCE

Meter #	Services	From	To	Days	Present	Readings	Previous	Meter Multiplier	kWh Usage	Rate Code	Bill Type
000919		11/01/2019	12/01/2019	30	31254	29531	1	1520	1	OP2	Budget Bill
000920		11/01/2019	12/02/2019	31	42611	42408	1	203	1	OP2	Budget Bill

kWh Usage History

Current Service Detail

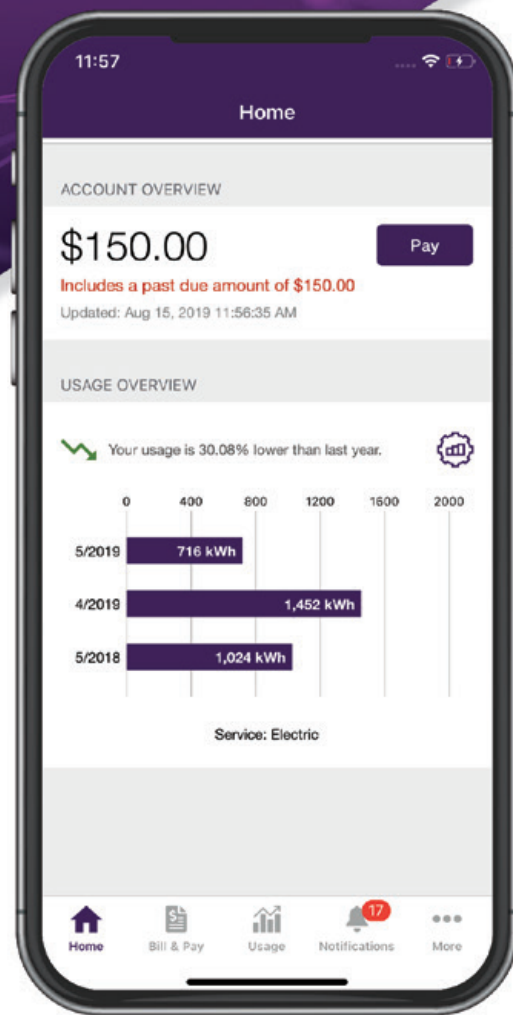
Wind Energy	1,733 x 0.00400/kWh	6.93
Surcharge		192.78
Main	1,530 x 0.12600/kWh	10.95
O.P.-1	203 x 0.05400/kWh	11.06
Current Charges		210.67
Off Peak Equipment Charge		4.00
Fixed Charge		34.00
Loan		83.33
State Tax		16.01
Roundup Amt		0.99
Total Current Charges		349.00

PERIOD ENDING 11/30/2018 12/01/2019
 Avg Daily Temp 20 25
 Avg Daily kWh 328 56

Account Number: 1234567
\$300.00
 BUDGET PAYMENT DUE 12/15/2019

PKM ELECTRIC COOPERATIVE, INC.
 PO BOX 108
 WARREN MN 56762-0108

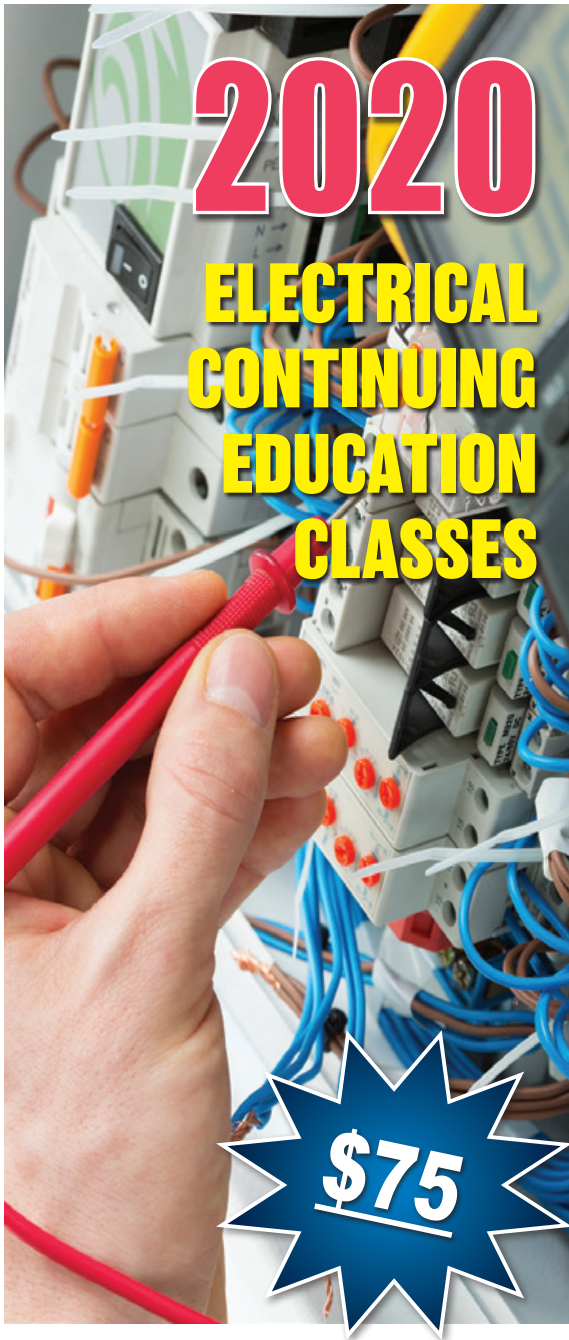
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**New look. New experience.
 Same Billing Statement.
 Same SmartHub.**

Now that PKM Electric Cooperative has a new office software provider, your next statement from us will look quite different. For a quick cheat sheet to help you navigate the new statement, **PLEASE SEE PAGE 6.**

Manage your account like never before with the new, improved SmartHub. The enhanced app design is here now! Usage details are right up front at the tap of a button, and for more information **PLEASE SEE PAGE 3.**



Electrical contractor continuing education sessions set

Minnkota Power Cooperative and PKM Electric Cooperative will again provide an opportunity for area electricians to obtain credits for license renewal by attending one of the six continuing education classes being offered throughout the region.

This marks the 32nd year of the successful program, which is aimed at providing area trade allies with the latest information on electrical code and practices.

The electrical workshops will be held Jan. 8 and Jan. 9 at the Holiday Inn in Fargo. The training then moves to the Bigwood Event Center in Fergus Falls on Jan. 14, and the Eagles Club in Bemidji on Jan. 23. The workshops conclude with classes Feb. 4 and Feb. 5 at Minnkota Power Cooperative's headquarters in Grand Forks.

The registration fee is \$75 for eight code credits. Taking the class on multiple days will not qualify for 16 code credits. Registration can be done online at www.minnkota.com. Registration must be completed at least seven days prior to the seminar.

For residential building contractor continuing education workshops, contact your local home builders association.

For more information about the program, call (701) 795-4292 or email questions to contractortraining@minnkota.com.

Dates and Locations

Fargo - Wednesday, Jan. 8

Holiday Inn, 701.282.2700
3803 13th Ave South
Fargo, ND 58103

Fargo - Thursday, Jan. 9

Holiday Inn, 701.282.2700
3803 13th Ave South
Fargo, ND 58103

Fergus Falls - Tuesday, Jan. 14

Bigwood Event Center, 218.739.2211
925 Western Ave
Fergus Falls, MN 56537

Bemidji - Thursday, Jan. 23

Eagles Club, 218.751.9985
1270 Neilson Ave SE
Bemidji, MN 56601

Grand Forks - Tuesday, Feb. 4

Minnkota Power Cooperative, 701.795.4292
5301 32nd Ave South
Grand Forks, ND 58201

Grand Forks - Wednesday, Feb. 5

Minnkota Power Cooperative, 701.795.4292
5301 32nd Ave South
Grand Forks, ND 58201

Electrical Inspectors

Marshall and Polk Counties

Wayne Bergstrom
701-520-9771

Ronald Ditsch
218-779-6758

George Stage
218-284-1083

Kittson County

Wayne Bergstrom
701-520-9771

November/December 2019 (Vol. 73, No. 6)

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Office hours

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, Jan. 22, 2020

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

This institution is an equal opportunity provider and employer.

New look. New experience. Same SmartHub.

Check out the refreshed and enhanced new mobile app!



PKM Electric Cooperative's SmartHub mobile app provides many features that help you manage your account, from billing and payment info to detailed usage analysis. It's a great tool to help you access your account information on the go.

This past month, PKM rolled out a new upgrade for the SmartHub mobile application that will help you get to the features you need quickly and efficiently.

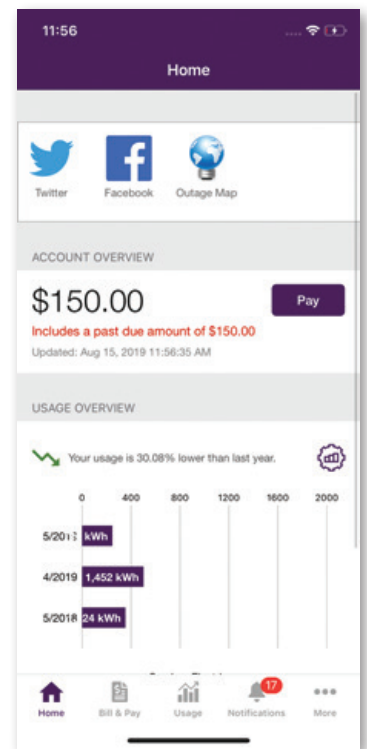
First, you'll notice the mobile app will have a fresh, new look. When you open the app, you'll be able to see your usage analysis right up front, or you can contact us with the click of a button right from the home screen.

Member alerts will also be displayed right on the home screen, making it easy for us to communicate important information to you. Billing, payment and other features are available with one click of a button in a new condensed menu.

Simply log on to your existing SmartHub app for the upgrade, or if you are interested in accessing SmartHub, download it from your favorite app store. We hope these app updates will help provide a more user-friendly and efficient experience. All of the features you love about SmartHub now will still be available, just with a refreshed look and an enhanced user experience.

We are excited about the new changes and hope you check out the app soon! New look. New experience. Same SmartHub.

SmartHub Mobile 3.0 will automatically occur on your mobile devices using at least Android 5.0 or iOS 9.0. Users with a lower version will stay on the current SmartHub mobile version 2.42.



Payment scheduling available in SmartHub.

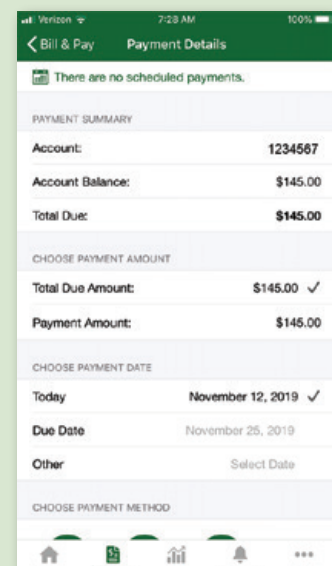
Paying your monthly electric bill is even more convenient on the mobile app! Cooperative members can now schedule their payment in SmartHub. This feature allows users to select one or more days to make a non-recurring payment.

Step by Step Guide:

1. Log in to SmartHub.
2. Click on the 'Pay' icon.
3. On the 'Payment Details' page as shown, in the 'Choose Payment Date' section, click in the field labeled 'Other.'
4. Choose your payment date on the calendar that appears. The amount you enter in 'Payment Amount' field will be applied on the selected date.

Users may also continue with option to choose same day or specified due date for payment.

If you have any questions concerning this new feature or the app, please give our member service representatives a call at **218-745-4711** or **1-800-552-7366**.



EV technology racing to the north

MINNESOTA FORD DEALER EXCITED TO OFFER NEW ELECTRIC MUSTANG MACH-E, WITH MORE OPTIONS TO COME



Photos courtesy of
Ford Motor Company

Paul Blomquist is about to let the horse out of the stable. The Roseau County Ford and C&M Ford (Hallock) dealership owner is charged up about the recent Nov. 17 unveiling of the Ford Mustang Mach-E, the electric vehicle (EV) northern Minnesota drivers have been waiting for – an SUV with all-wheel drive capabilities and a range that can get them to the lake and back without a plug-in.

The automobile marks the first time Ford has used the Mustang name for an SUV. And this time, there's no revving engine or gas tank to fill. The extended-range battery makes a

local electric cooperatives like PKM to show local drivers how easy and beneficial owning an EV can be.

Ford will offer an affordable at-home charger that will work well with PKM Electric's off-peak program, which will reduce the cost of charging an EV by approximately half. Members can also receive an additional rebate on their home charging station.

Blomquist recognizes that winter driving is a concern for potential EV adoptees, but he also knows the Mach-E will show skeptics that the cold-weather challenges are often exaggerated.

"To me, the all-wheel drive is most exciting aspect, no question, because of our winter situation," Blomquist said. "We're going to dispel a lot of the myths around EVs."

– PAUL BLOOMQUIST,
dealership owner
Roseau County Ford

"Zero to 60 in under 4 seconds. There are just so many things about what this product can do – it's really exciting."

300-mile trip without a charge. And, of course...

"Zero to 60 in under 4 seconds," Blomquist said. "There are just so many things about what this product can do – it's really exciting."

The new Mach-E is set to hit the road in November 2020. At that time, Roseau County Ford will welcome to its lot one of five styles – the First Edition, Select, Premium, California RT.1 Edition or GT. The dealership plans to work hand-in-hand with

Roseau County Ford is one of 2,100 EV-certified dealerships out of Ford's 3,800 dealerships nationwide, and one of the few in the region (C&M is not currently EV certified). The addition of the Mach-E to the Roseau sales lot is just one piece of Blomquist's investment and commitment to supporting electric vehicle adoption in the area. In the coming year, his shop will buy new equipment to service EVs, complete the necessary service training and install two

Level 2 EV chargers (240-volt) at the dealership.

His updates are just the beginning of the buzz. Blomquist said he has already heard local curiosity in how public charging opportunities may continue to grow. "With an announcement like this, there is going to be a lot more interest in communities and/or gas stations to install fast charging stations," he said.

By working together with area co-ops and Minnkota Power Cooperative (PKM's wholesale power provider), Roseau County Ford will find many ways to spread the word about the power of EVs – through special events, test drives, print and digital communication and more.

"This is the right time with the right product," Blomquist said. "It's not going to be for everyone, but there's no question that the message is out there and the interest is out there."

Nationwide reservations for the Mustang Mach-E are first come, first served and are pouring in fast. In fact, the First Edition model sold out in just nine days. Those interested in getting a Mach-E of their own can put down a fully refundable \$500 deposit to add their names to the reservation list. Prospective buyers can come see Blomquist at the Roseau County Ford dealership to ask questions and make a deposit, or they can simply visit the Ford website to complete a reservation (<https://www.ford.com/suvs/mach-e/2021/>).

To learn more about electric vehicles and cooperative charging rebates and incentives, visit **EnergizeYourDrive.com**.

Is electric the transportation trend of the future?



RESEARCH AND DEVELOPMENT GOING TOWARD ELECTRIC PICKUPS, SUVs, SEMI-TRUCKS AND BIKES

The headlines are everywhere – Sales of electric vehicles rose 81% in 2018; General Motors is teaming up with EV charging networks; Electric Ford F-150 is in the works....

Many in our region are taking a “wait and see” approach to electric vehicles as the technology matures. Yet, billions of dollars are being invested by many companies into research and development, so it may be only a matter of time before electric vehicles start making serious inroads.

Here is some basic information to help members interested in research coming trends in electric vehicles:

Can save money

At the standard electric rate, most electric vehicles can be fully recharged for about \$3. If your 240 level 2 charger is hooked up to an off-peak program, it costs about 65 cents to drive an electric vehicle the same distance that an average car can go on a gallon of gasoline. Plus, rebates of \$50/kw are available if put on off-peak.

Less maintenance

Electric vehicles don't require oil changes, because no oil is used to run the engines. They don't require air filters, spark plugs, timing belts or many other parts that need occasional replacement in a gasoline car.

A smooth ride

Electric vehicles are known for their silent motor and smooth acceleration. Gas engines vibrate and get louder as they rev up, and transmissions add noise as well. With electric, those elements aren't involved, leaving a quiet ride.

Back to those headlines

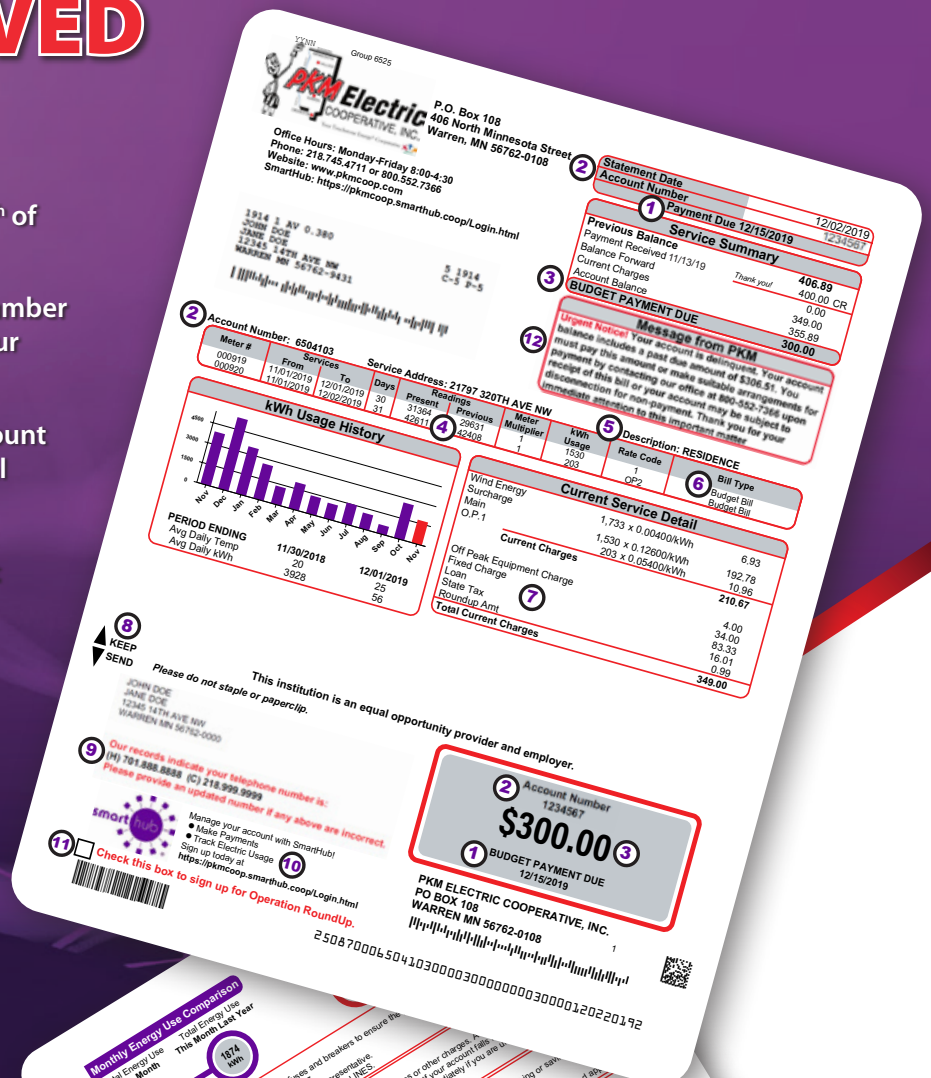
- U.S. electric vehicle sales in 2018 – 361,307
- Electric bikes are gaining in popularity; both Fargo and Grand Forks have authorized dealers for electric bikes which allow you to either use your body power or engage an electric motor to further your biking enjoyment. The batteries are plug-in rechargeable.
- Ford has announced an all-electric F-150 pickup coming and recently teased this truck by having it pull a train.
- \$90 billion – estimated investments in electric vehicles worldwide according to Reuters.



For more information on electric vehicles, go to www.energizeyourdrive or www.driveelectricmn.org.

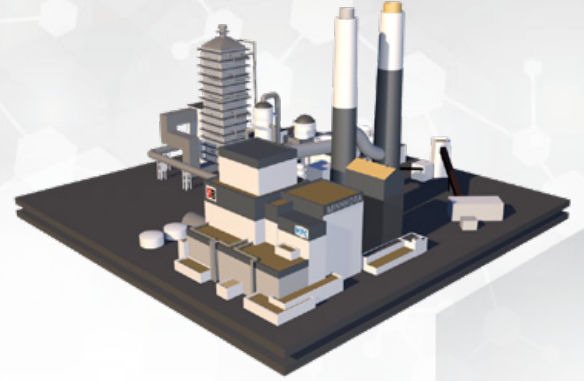
NEW & IMPROVED BILL DESIGN

- 1 **Payment Due:** Payments are due by the 15th of each month.
- 2 **Account Number:** You can reference this number to report an outage, for questions about your account or to register for SmartHub.
- 3 **Payment Amount Due:** Please pay this amount by due date. Other references include: "Total Amount Due," "BANK DRAFT – Do Not Pay," "CREDIT BALANCE – Do Not Pay" or "Budget Payment Due." A "CR" following the amount printed represents a credit balance. Also, if the amount is printed in RED, your account is delinquent. Please reference 12.
- 4 **Meter information and usage.** Our meters are electronic and no longer require manually entered readings unless it is an "Estimated" bill. Please reference 6.
- 5 **A member may designate a personalized description here.** For example: McCrea Township Section 16 or Bin Site.
- 6 **Bill Type:** May state "Regular Bill," "Budget Bill" or "Estimated." If the Bill Type states "Estimated," please be sure to contact the office with the meter reading(s) for an adjustment.
- 7 **Explanation of how bill was calculated.** For further description inquiries, please reference the backside of the bill.
- 8 Please retain the top portion of the bill and return the bottom portion with payment to the office.
- 9 Please provide an updated phone number if there are any inaccuracies printed.
- 10 Access SmartHub for billing, payment and usage information online or on your mobile device.
- 11 Please check this box if you would like to participate in the Operation RoundUp program. See backside for additional details.
- 12 **Message from PKM:** will state delinquent information or important information from the cooperative.





Minnkota receives DOE grant for Project Tundra



Minnkota Power Cooperative, PKM Electric's wholesale power provider, is ready to take the next step forward with Project Tundra thanks to grant funding provided by the U.S. Department of Energy (DOE).

The cooperative received \$9.8 million from the DOE, which then provided access to \$15 million from the state of North Dakota's Lignite Research Fund. The funding will be used to conduct a Front-End Engineering Design (FEED) study on Project Tundra's proposed carbon capture system at the Milton R. Young Station near Center, N.D.

"Project Tundra is a unique opportunity for North Dakota to lead the world in the advancement of carbon capture technologies," said Mac McLennan, Minnkota president & CEO. "This Department of Energy grant will assist us in completing advanced research and engineering design on the project – one of the final steps before deciding whether to move forward and begin construction."

The vision for Project Tundra is to equip Unit 2 at the coal-based Milton R. Young Station with technologies that will capture more than 90% of the CO₂ emissions. The CO₂ would then be permanently stored in a deep geologic formation more than a mile underground. The FEED study will support advanced design work, engineering and evaluation of project economics.

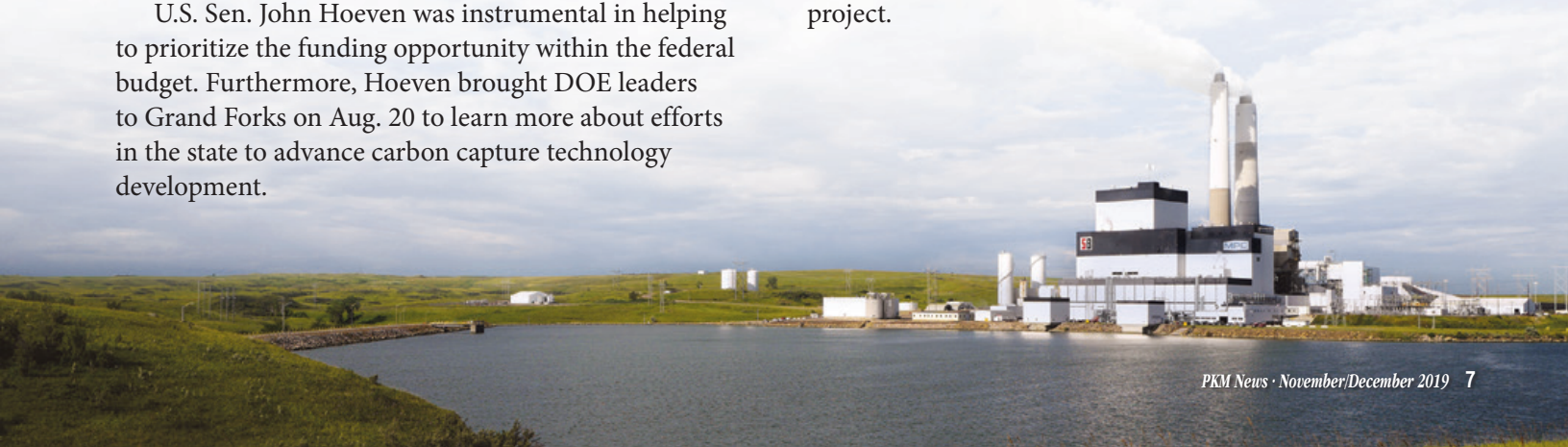
U.S. Sen. John Hoeven was instrumental in helping to prioritize the funding opportunity within the federal budget. Furthermore, Hoeven brought DOE leaders to Grand Forks on Aug. 20 to learn more about efforts in the state to advance carbon capture technology development.

"North Dakota is leading the way in developing carbon capture, utilization and storage (CCUS) technologies and these funds will help to advance these efforts, including enabling the completion Project Tundra's engineering and design study," Hoeven said. "Completion of this study will enable the implementation of the technology at the Milton R. Young Station, allowing more than 90% of CO₂ emissions to be captured from the station's Unit 2 generator. Developing and deploying this technology is a win both for consumers, who will continue to have access to affordable energy, and for environmental stewardship."

In addition to research on the CO₂ capture system, Minnkota is also conducting significant research on deep geologic storage of CO₂ near the Young Station. In September and October 2019, a geophysical survey will be completed near Center, N.D., to gather valuable information about rock layers in the deep subsurface. Minnkota engaged with landowners and local leaders and received state permits prior to beginning this research.

Project Tundra is estimated to cost \$1 billion. The project is currently seeking financial partners to help utilize existing 45Q federal tax credits, which are currently \$50 per ton of CO₂ that is captured and stored in a geologic formation deep underground.

Visit ProjectTundraND.com to learn more about the project.





Go on a Power Trip - June 20-25, 2020

Students may apply now to attend the 56th annual Washington, D.C. Youth Tour. Students on the Electric Cooperative Youth Tour will participate in leadership training, engage in one-on-one conversations with elected officials and tour Washington, D.C.

- To enter the essay-writing contest, you must be a junior or senior in high school. The essay topic is: “What are the biggest challenges facing electric cooperatives today? How can cooperatives effectively meet those challenges?”
- You and your parent(s) or guardian must be served by PKM Electric Cooperative.
- The essay is not to exceed two standard 8.5- by 11-inch, typewritten and double-spaced pages.
- A cover page must be included with the essay submission. The cover page should include: 1) your full name and date of birth, 2) name of your high school and what grade you’re currently enrolled in, 3) parents’ or guardians’ names, physical mailing address and phone number.
- **Deadline is March 10, 2020.** Emailed entries should be directed to cdavey@pkmcoop.com and hard-copy entries mailed to: Youth Tour Essay Contest, PKM



Electric Cooperative, P.O. Box 108, Warren, MN 56762.

- If you have a question, please contact Chelsy Davey, PKM Electric, at the email address listed to the left, or call 218-745-4711 during regular business hours.

ESSAY QUESTION: *What are the biggest challenges facing electric cooperatives today? How can cooperatives effectively meet those challenges?*

Use your space heater safely

If you use plug-in electric space heaters, please keep safety in mind since space heaters are responsible for 32% of house fires, according to the National Fire Protection Association. If you plan to use a space heater in your home this winter, review these tips to keep you, your family and your property safe.

Materials – What are the components of your space heater made of? Parts like metal grating can be hot to the touch and may burn anyone who gets too close. Make sure you purchase a heater that is cool to the touch and has guards over the coils just in case little fingers get too close.

Placement – While it can be tempting to place a small heater on a shelf so it is not in the way of pets and children, it is safest to leave the heater on a level floor on a nonflammable surface. Keeping the space heater on the floor can keep it from falling over, preventing fire hazards. Also, remember that space heaters and bathrooms are not a good combination, unless the heater is designed for bathroom use. Moisture can damage the heater.

The most important rule about space heater placement is the 3-foot rule. Whether you are using the heater in the bedroom, living room or kitchen, space heaters should always be kept 3 feet away from flammable materials and

out of the way of children and pets.

Special features –

Does your space heater have an auto shutoff function if tipped over? Auto shutoff can be a lifesaver. If you currently own a space heater without auto shutoff, consider purchasing a heater with this important safety feature.

Cords – You should never use an extension cord when plugging in a space heater as it can cause overheating. The space heater should be plugged directly into a wall outlet, and it should be the only thing plugged into the outlet. Also make sure cords aren't in a high-traffic area so they are not a tripping hazard.

Use – Never leave a heater unattended while in use. If you are leaving your home or going to bed, make sure to unplug the heater.



Nominating Committee appointed

At their December meeting, the board of directors of PKM appointed a nominating committee to nominate candidates for the board of directors, to be voted on by the members at the annual meeting on April 7, 2020.

The nominating committee will meet in February or March. Please watch for the date in the next issue of the PKM News and in your local newspapers. Members who may have an interest in being a candidate for the board of directors should inform the committee of your interest.

The bylaws of the cooperative provide for an additional method to become a candidate for the board of directors. If it is felt a potential candidate was not given due consideration by the committee, or did not contact the committee prior to its meeting, a member can become a candidate by having 15 or more members place his/her name in nomination by petition and delivering same to the cooperative 20 days prior to the annual meeting.

Members appointed to the committee are:

James Folz, *Angus*
Jason Steer, *Euclid*
Brian Kasprick, *Angus*
James Sollund, *Karlstad*

Charles Hayek, *Halma*
Kyle Folland, *Karlstad*
Ron Iverson, *Alvarado*
Pat Osowski, *Alvarado*

ENERGY EFFICIENCY TIP OF THE MONTH

Are you using your fireplace efficiently? Remember to turn down the thermostat when burning a fire, and close the damper when a fire is not burning.

Source: energy.gov

Our October Cooperative Month winners:

\$250 Energy Credit - Frank Brda
Euclid, Minn.

\$100 Energy Credit - John Schmidt
Argyle, Minn.

Nintendo Switch (child prize drawing)
- Justin Lindgren (parents: Bruce and
Lynette Lindgren) *Euclid, Minn.*

Board meeting highlights *September, October and November*

A regular meeting of the board was held Tuesday, Sept. 24, 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 Directors Folland and Hatton. Director Hatton is currently attending the MREA Legislative Visit in Washington, D.C.

The president provided highlights from MREA and requested the CEO provide elaborated details to the directors. Discussion continues within the statewide and Minnesota cooperatives regarding strengthening MREA's communication and grassroots roles as there is a need to communicate the energy sector cooperative message in response to opposing renewable energy groups. The MREA proposed dues rate increase was also discussed, noting it is a well-planned, laid out structure plan incorporating feedback from the CEOs and their respective cooperatives.

The CEO provided an update to the directors regarding recent Minnkota Power Cooperative business activities on behalf of Director Folland. He reviewed highlights from the recent manager's advisory committee meeting. The next scheduled board meeting is on Sept. 26, 2019.

Director Aakre shared recent Square Butte Cooperative news with the directors. Young 2 had 100% reliability in August but is currently down for a scheduled outage. Reported average power cost was 4.7 cents per kilowatt-hour. The next scheduled Square Butte board meeting is on Oct. 11, 2019.

Line Superintendent Joe Marcotte presented the monthly safety and operations report, indicating no accidents and no lost time. Highlights from his report included continued maintenance, pole replacements, cable faults and replacements, service improvements and installation of a few new services. There were 3,905 connected members reported for the end of August, representing a net gain of 26 from the same period last year.

The manager of member services shared recent activities within his department. With the cooler weather arriving, there has been numerous heating system upgrade inquiries and replacements. Contractors have been busy installing heat pumps and plenum heaters, resulting in multiple member loans and rebates. Work continues with RF Pilot project along Highway 220, with hopes of picking up meters that have previously not read back to the office due to interference. He reminded the directors of the upcoming open house for National Cooperative Month on Oct. 10, 2019, and also informed them that PKM is participating in the CHS Ag Safety Day with the electrical safety demonstrations to WAO and Stephen/Argyle second- and third-grade students.

The CFO provided an office and administrative update to the directors highlighting the recent capital credit run, estate processing, continued implementation of the NISC modules and the pending disconnections for non-payment process as the Cold Weather Rule is nearing effect on Oct. 15, 2019. Annual renewals for Federated, NRECA, Health Partners and the Fiduciary Services Agreement with Alerus Financial have been completed. There was also brief discussion on the significant savings on premiums as a result of the lower Workers Comp rating.

The CFO continued with the presentation of the Operating and Financial report for the cooperative. She highlighted details displayed on the 10-year historical graphs included for reference, noting the higher revenue sales over the last month and last year at this same reporting period. The cooperative saw the largest increases in residential and large commercial, and sales continue to be ahead of budgeted projections. 2019 expenses are higher but are comparable to 2015 and 2016 reported expenses.

The CEO referenced his written report outlining recent

meetings he has attended and detailed information for discussion at a few upcoming scheduled meetings. He also reminded directors of an upcoming legislative lunch fundraiser featuring Kiel, Fabian and Johnson on Sept. 25, 2019, in Thief River Falls.

Upon presentation of the reports from the management staff and CEO, questions and comments from the board concerning their reports were addressed.

The CEO shared with the directors a letter received from legal counsel Robb Leach announcing his departure from Rokke, Aandal & Associates. The directors will interview prospective replacement when announced.

The policy bulletin review committee presented their recommendations to the directors for discussion. A number of policies are outdated with their contents no longer applying standard operating practices to the cooperative business model. The policy bulletin committee requested feedback from management when evaluating and reviewing each bulletin.

The board rescinded Policy Bulletins 16-1.1: Meter Testing – Disposition of Consumer Request for Meter Check; 17-1.1: Headquarters – Public Use of Conference Room & Demo Kitchen; 19-1: Electric Furnace Loads – Installation Restrictions; and, 21-1.1: Energy Conservation MN Conservation Improvement Program (CIP).

The policy bulletin committee addressed numerous, minor verbiage changes to existing bulletins. The recommended changes included management title change from General Manager to CEO; replacing "He/Him" with gender neutral references "He/She or Him/Her"; replace all member references "patron, customer, consumer, member or owner" to "member/owner." Adding applicable phrases, current cost of living factors and updated standard operating practices and procedures, including outlining business operation hours and acceptance of payment to existing policies were also items addressed during review. There were no recommended changes to any rates outlined in the discussed bulletins.

The committee made the recommendation to the PKM

board to adopt these changes as presented in a blanket resolution. The policies for consideration include: 16-2: Meter &/or Equipment Tampering; 18-1.3: Safety Statement; 18-3.4: Safety – Visual Safety Program; 20-1.26: Electric Rates – Rate Code 1: General Farm & Rural Residential Single Phase Rate; 20-2.2: Electric Rates – Rate Code 2: MN Dept. of Natural Resources Single Phase Rate; 20-3.22: Electric Rates – Rate Code 3: Non-Demand Metered Three Phase Rate; 20-6.2: Electric Rates – Rate Code 6: Power for Resale; 20-7.7: Electric Rates – Rate Code 7: Three Phase Commercial & Industrial; 20-8.7: Electric Rates – Rate Code 8: Three Phase Commercial & Industrial (Beet Pilers); 20-9.3: Electric Rates – Rate Code 9: Irrigation; 20-52.7: Electric Rates – Load Management; 20-53.2: Electric Rates – Load Management Incremental Pricing Plan; 20-54: Electric Rates – Infinity Wind Energy Program; and, 22-1: Loans to Member/Owners.

The board approved and adopted the policy bulletin recommendations outlined by the policy bulletin review committee with the use of a blanket resolution effective Sept. 24, 2019, and a copy of these policy bulletins be appended to the official minutes of this meeting.

Subsidiary financials were shared with in-depth discussion regarding Karian/Peterson. There will be a Karian/Peterson board meeting via phone conference held on Sept. 27, 2019. The CEO will disburse details to the directors following the scheduled meeting.

The CEO concluded the meeting with miscellaneous information including adjusted staff salaries effective Oct. 1, 2019, Project Tundra and an update provided by Mac McLennan at Minnkota Power Cooperative regarding generation for the joint system.

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

Tom Woinarowicz, president who presided, asked for roll call. Upon calling the roll, the secretary reported that all directors



WHERE YOUR POWER COMES FROM:

- 34% wind
- 8% hydro
- 55% ND lignite coal
- 3% other



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, DC 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.collinpeterson.house.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
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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
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Representative Deb Kiel

255 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
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were present with the exception of Directors Goodwin and Beaudry.

The president provided highlights from MREA. He discussed the proposed MREA dues structure changes in depth with the directors as there will be a bylaw vote required at the upcoming MREA annual meeting.

The CEO provided an update to the directors regarding recent Minnkota Power Cooperative business activities on behalf of Director Folland. His highlights included continued Project Tundra discussion and the deferred revenue and expense plans requiring RUS approval. The next Minnkota board meeting is scheduled for Oct. 31, 2019.

Director Aakre shared recent Square Butte Cooperative news with the directors. Brady Martz was selected as the auditor. Mac elaborated on the current Project Tundra status and future goals of the project. The associated costs for long-term plant planning were also discussed. There will be five planned boiler scheduled outages in 2020. Director Aakre shared with the directors that Young 2 reported 100% compliance. The next scheduled Square Butte board meeting is on Dec. 13, 2019.

Director Hatton shared highlights from his recent attendance at the NRECA Regions 5 & 6 meeting in Milwaukee, Wisc., with the directors. He completed the Board Leadership Course 953.1 Improving Board Decision Making Quality as a pre-conference course. He highly encouraged other directors to complete this course if they have not done so already. The RURAL Act impact, electrical safety, rural broadband and economic development, cybersecurity and the importance of cooperative community involvement and authenticity to the membership were various topics discussed during the conference.

Line Superintendent Joe Marcotte presented the monthly safety and operations report, indicating no accidents and no lost time. MREA was present on Oct. 1 and again on Oct. 24 to administer chainsaw safety and crew observations. Wet conditions have delayed a URD tie line project between Lancaster and Hallock subs scheduled for this construction season. He also recapped the outage impact from the winter storm Oct. 11-12, 2019. There were 3,906 connected members reported for the end of September, representing a net gain of 15 from the same period last year.

The manager of member services shared recent activities within his department including his attendance at the Cannon AMI meeting in Minneapolis. He will be requesting a quote for server replacement costs and necessary software updates. Cannon/Cooper sent the requested propagation study for the RF pilot project and its future implementation at additional substations. The Load management meeting was held at Minnkota on Oct. 15. Signal testing for ripple controls will take place in December again. With the winter weather appearing earlier, there have been multiple generator inquiries and cord requests.

The CFO provided an office and administrative update to the directors highlighting the continued NISC module implementations, specifically NISC Document Vault. This will be a useful tool as it allows for easily accessible reference and compliance with required records retention policies. Disconnects for non-payment are completed for 2019. Form 990 was finalized by the auditors this month, Redlg report, quarterly filings and several other reports have been submitted.

The CFO continued with the presentation of the Operating and Financial report for the cooperative. Historical data for margins for a 10-year PTD and YTD comparison were provided. September had an overall revenue increase of 16% with the largest increase represented in residential sales. Additionally, September 2019 compared to 2018 provided 74% decrease in outage time and an 18% decrease in vehicle costs per mile. Accounts receivable electric balances over 60 days are down 20% from the same reporting period in 2018. Current equity ratio remains strong at 54.41%.

The CEO referenced his written report outlining recent meetings he has attended and provided an update to directors regarding OtterTail Power Company.

Upon presentation of the reports from the management staff and CEO, questions and comments from the board concerning their reports were addressed.

Third quarter financials were reviewed by the board and found to be an accurate representation of the cooperative's financial transactions.

An engagement letter confirming the auditing services provided to PKM for the year ended Dec. 31, 2019, by Brady Martz was presented. The board accepted the terms outlined in the Brady Martz engagement letter by signing the required document.

An active shooter policy bulletin was presented for consideration. This policy is intended to provide guidance in the event an individual is actively shooting persons at the workplace and to comply with applicable regulations of the Occupational Safety and Health Administration (OSHA). Under OSHA's General Duty Clause, an employer is required to protect its employees against "recognized hazards likely to cause serious injuries or death." PKM has a "zero tolerance" policy toward threats or acts of violence and will take appropriate disciplinary and/or legal action against an individual(s) who engage in such conduct. The board approved Policy Bulletin No. 24-1, entitled "Active Shooter Emergency Response" and a copy of this policy was appended to the official minutes of this meeting.

A review of the statewide and District 1 cooperative websites

and their accessible information was discussed.

The CEO and CFO presented the Electric Load Forecast Study on behalf of Joshua Hoyt of Clearspring Energy Advisors, LLC to the directors. The executive summary was distributed in the board packet and the full report is available upon request. The document is drawn for PKM along with the other ten Minnkota cooperatives and is used for power supply planning by Minnkota. It is used by the individual cooperatives for financial forecasts, loans and distribution system planning. The board adopted the 2019 Electric Load Forecast Study and the forecasts contained therein.

Each year, rural electric cooperatives across the nation sponsor approximately 1,900 students on the Rural Electric Youth Tour to Washington, D.C. The Youth Tour program continues to encourage the cooperative impact to high school students and demonstrate how our government works and what the electric cooperative business model is all about. MREA coordinates the trip on behalf of the Minnesota cooperatives and has inquired if PKM would like to participate in the 2020 Tour. PKM will sponsor attendance of one (1) delegate whose parents/guardians must be a member of the PKM Electric Cooperative service area.

Brady Martz & Associates, P.C. has completed the 990 for review. The drafted information was distributed to the directors for verification of completeness and accuracy. The board approved the contents included in the Form 990 prepared by Brady Martz & Associates.

The CEO referenced a letter from the operations manager, Rick Bye; wherein, he states his intent to retire from his position with the cooperative effective Thursday, April 30, 2020. Mr. Bye went on to say thanks for providing the tools needed to have been able to enjoy a rewarding career serving the PKM members and the opportunity to be part of the PKM company.

The directors in attendance thanked Rick Bye for his professionalism and commitment to the cooperative during his career.

A donation request letter was distributed for consideration. The letter was received from The Learning Tree Childcare Center that will be providing childcare services out of the Grace Lutheran Church in Hallock, Minn. The board approved a donation to The Learning Tree Childcare Center in the amount of \$500.

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

Tom Woinarowicz, president who presided, asked for roll call. Upon calling the roll, the secretary reported that all directors were present.

The president provided highlights from MREA mentioning preparation for the next legislative session is underway. There have been numerous meetings held with Darrick Moe, the MREA lobbyists, state representatives and committee chairs.

The CEO provided an update to the directors regarding recent Minnkota Power Cooperative business activities on behalf of Director Folland. His highlights included a recap of the planned outage of Young 2, long-term operation planning of the BNI coal field and coal plants and discussion of purchasing a replacement drag line.

Director Aakre shared recent Square Butte Cooperative news with the directors. He distributed a document with in-depth business highlights. He also commented on the recent Young 2 outage that was originally planned for 6 weeks but neared 8 weeks instead. Reported financials are projecting a good net margin to complete 2019. The next meeting is scheduled for Dec. 13, 2019.

Line Superintendent Joe Marcotte presented the monthly safety and operations report, indicating no accidents and no lost time. MREA was present on Nov. 20 facilitating training on transformer connections. RAM and Jim Shelquist have completed pole testing. 3,288 poles were tested with approximately 100 being rejected, resulting in a 3.3% reject rate. The main recommendation from RAM was to continue moving through the PKM system to complete a cycle every 10-12 years. The full project summary was included in the report. This year, guy markers were added to poles that had them missing. This reduces liability in these areas where snowmobilers and ATVs are actively used. Marcotte also shared recent promotions within the line department with the directors. Chris Derosier was promoted to line foreman and Ben Pahlen was promoted to sub-line foreman. There were 3,913 connected members reported for the end of October, representing a net gain of 17 from the same period last year.

The manager of member services shared recent activities within his department. Larry Zimmerman of Fault Finders was recently here to repair a few members' electric floor heat systems. He commented on the new Bosch heat pumps that are being installed more regularly on our system. These units are now pushing 20 SEER and higher, they have a variable speed compressor and a condenser fan that will speed up and slow down to match the ECM blower on the indoor furnace. It is a very nice unit with reasonable pricing in comparison to other brands with similar efficiency. Rustad was pleased to share that the RF pilot project meters are reading successfully. It has taken some time, but there are meters reporting data back to the office that have never successfully read prior due to interference issues.

The CFO provided an office and administrative update to the directors highlighting the final draft of the new bill redesign which will be sent to our members in December, distribution of the updated

Policy Bulletin Handbook to all employees and the next NISC module implementation Work Management Solutions (WMS). This module entails a variety of features and will require training for all employees, but will aid in business efficiency when fully implemented. 2020 budget preparations continue with the capital requirements budget included for discussion later in the meeting and the operating budget requiring closer year-end reported data for more accuracy. An update to the scheduled cost of service study and 10-year financial forecast was also discussed.

The CFO continued with the presentation of the Operating and Financial report for the cooperative. Historical data for margins for a 10-year PTD and YTD comparison were provided and discussed. October had a 6% increase for revenue sales, which was 16% above the budgeted margin. Other reported numbers for October 2019 compared to 2018 included: 80% decrease in outage time despite the early winter storms and outages this month, a 20% decrease in vehicle costs per mile and accounts receivable (other) balances are down 52% from \$70,000 last year to \$33,000 this year. Collections for nonpayment costs have been reduced significantly due to in-office calls and the SmartHub application for quick payment action. Current equity ratio remains strong with an increase of 4.47% from 52.16% last year to 54.44% this year.

The CEO referenced his written report outlining recent meetings he has attended. He also commended the line crews for working safely and efficiently as he witnessed firsthand their professional working habits on a service improvement.

Upon presentation of the reports from the management staff and CEO, questions and comments from the board concerning their reports were addressed.

The 2020 operating budget will be presented at the December meeting for discussion and approval as the November reported financials will be available and will aid in accuracy for budget projections.

The 2020 capital requirements budget was presented to the directors for consideration. Staff held several meetings to discuss capital needs going forward. Some items included had been tabled from previous years' proposed budgets but are needing completion in 2020. Proposed items for 2021 were also included for long-term planning consideration. The board approved the 2019 Capital Budget.

The CEO presented the directors with finalized Karian Peterson documents and closing costs. Stearns Electric is seeking shared cost reimbursement for the legal fees. The board agreed to pay Stearns Electric the shared cost for all legal documentation pending legal counsel review.

The president reminded the directors that 2020 ACRE and REPAC contributions are now being accepted. Please submit to the executive assistant for processing.

The CEO presented the directors documents for consideration and execution for the service agreement with OtterTail Power Company. This agreement is exclusive to the named account, PKM consents to OTP serving the named account and both parties will update the service territory maps with the PUC.

The board accepted the terms outlined in the OtterTail Power Company agreement with PKM and will execute the required signatures.

As part of its 2019 Business Plan, the Minnkota board approved an initiative to review Minnkota's bylaws and capital credit policy. This initiative was developed as a part of ongoing efforts to review governance practices and risk management. Minnkota Class A members received proposed changes to the bylaws that will be presented for action at the April 3, 2020, annual meeting. It was requested the cooperatives review and direct any comments, concerns or suggestions to Gerard Paul. The board approved the suggested amendments to the Minnkota Power Cooperative bylaws.

The CEO brought attention to conversation among Minnkota cooperatives regarding administering background checks on directors serving on the cooperative boards. Discussion was held regarding this topic in addition to conflict of interest. It was recommended the policy bulletin committee review supplied neighboring cooperative policies and draft proposed policies to be brought forward for consideration at the next board meeting.

The CFO presented information to the directors regarding a change to the cooperative credit card. For years PKM has used a credit card through a financial institution for routine purchases and for a brief period of time through American Express solely for purchasing material for the company. The American Express has not been used in ten years and it was closed earlier this year for inactivity. More than ever, organizations are focused on minimizing costs and maximizing performance. US Bank and National Rural Utilities Cooperative Finance Corporation (CFC) are pleased to offer a no-fee commercial card solution designed specifically to help CFC members manage their travel and purchasing transactions. The One Card enables cooperatives to merge separate card solutions, combining purchasing and travel into a single streamlined payment solution, which leads to reduced costs and increased efficiencies. The board approved transitioning to U.S. Bank One Card for the PKM Electric travel and purchasing transactions.

The CEO and CFO shared ACH/Direct Deposit information with directors concerning their fees and reimbursements. With this suggested change, the cooperative would save processing costs and contribute to efficient business practices. Directors agreed to transitioning to ACH/Direct Deposit January 1, 2020.



RIDE WITH CAUTION

BEWARE OF GUY WIRES

Watch for guy wires – the cables that anchor power poles. Electrical transformer boxes can also be hidden by snow. Driving at a safe speed will help you identify and avoid them before it's too late. If you see damaged electrical equipment, stay away and call us immediately.

We make your holidays merry and bright.



As the nights grow longer, our lives are brightened and our hearts warmed by the lights of Christmas.

The celebration of Christmas is surrounded by lights – colored lights twinkling on the tree, lights shining throughout the countryside and children's faces lit with a joy that is reflected in their parents' eyes.

Electricity helps make your holidays merry and bright by providing you with the gift of light – a powerful value, each and every day.