

# 2017 PKM ANNUAL REPORT



Plan now to attend  
PKM Electric Cooperative's

## Annual Meeting

**Tuesday, April 3, 2018**

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

*Grand Door Prize: \$500 energy credit*

*Kids prizes: Two bikes*

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

# PKM

Electric Cooperative

# ANNUAL MEETING REPORT

**TUESDAY, APRIL 3, 2018**

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

The annual meeting of the members of PKM Electric Cooperative, Inc., will be held in the auditorium of Warren-Alvarado-Oslo High School in the city of Warren, Minn., at 5:40 p.m., Tuesday, April 3, 2018, to take action on the following matters:

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

March 6, 2018

Gordon Bernstrom, Secretary  
*PKM Electric  
 Cooperative, Inc.  
 Board of Directors*



County	Nominations made by Committee on Nominations 3-year terms	Nominations made by petition
Polk	Blake Owens Warren	NONE
Kittson	Chris Mortenson Kennedy	NONE
Marshall	Wayne Malm Argyle	NONE

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

## Electrical Inspectors

### Marshall and Polk Counties

Bryan Holmes  
218-686-1413

Wayne Bergstrom  
701-520-9771

**Kittson County**  
Wayne Bergstrom  
701-520-9771

### March/April 2018

The PKM News (USPS 417060) Vol. 72, No. 2 is published six times a year, January/February, March/April, May/June, July/August, September/October and November/December by PKM Electric Cooperative, Inc., 406 N. Minnesota, Warren, MN 56762. Periodicals postage paid at Warren, MN. Subscription 25¢/year for members \$2.50/year for non-members. POSTMASTER: Send address changes to PKM Electric Cooperative, Inc., P.O. Box 108, Warren, MN 56762-0108.

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

**Next Board Meeting:** March 27, 2018

### Officers and Directors

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

CEO ..... Mike Schmidt  
 Editors ..... Chelsy Davey, Jeff Rustad

### Electrical after-hours emergencies

218-745-4711 or 800-552-7366  
 e-mail: info@pkmcoop.com

Visit our website at [www.pkmcoop.com](http://www.pkmcoop.com)

# ANNUAL MEETING MINUTES

## Annual meeting held April 4, 2017

The annual meeting of the stockholders (hereinafter referred to as members) of PKM Electric Cooperative, Inc., was held at the High School Auditorium in the city of Warren, Minn., at 5:40 p.m., on April 4, 2017, pursuant to the provisions of the bylaws of the cooperative applying to notice of meeting.

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

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

The president called on the manager, Charles Riesen, to introduce guests and visitors from other organizations in attendance.

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

The attendance of a sufficient number of members to constitute a quorum was established by a register showing the members present at said meeting and verified by the president and secretary of the cooperative. The secretary stated that at least 122 members were present in person and that there were 2,835 accepted members in the cooperative, which established a quorum under Article II, Section 5 of the bylaws of the cooperative. The secretary was directed to file a registration for the establishment of a quorum and the same was, upon motion duly made and seconded and passed, was made a part of the minutes.

Since the minutes of the last meeting of the members held on April 5, 2016, were included as a part of the annual

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

The annual report of the president was presented. Michael Schmidt, assistant manager, presented the annual report of the treasurer. The annual report of the manager was presented.

Upon conclusion thereof, all reports heretofore presented were upon motion duly made, seconded, carried and received by the membership.

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

### **POLK COUNTY**

*(For a 3-year term)*

**Steve Goodwin**

Angus, Minnesota

### **KITTSOON COUNTY**

*(For a 3-year term)*

**Jeff Folland**

Halma, Minnesota

### **MARSHALL COUNTY**

*(For a 3-year term)*

**Mike Beaudry**

Alvarado, Minnesota

The nominating committee consisted of the eight following members:

Chairman Tony Johnson, *Warren*

Brian Kasprick, *Angus*

Secretary Ron Iverson, *Alvarado*

Jim Sollund, *Karlstad*

Jim Folz, *Warren*

David Spilde, *Halma*

David Jadeke, *Warren*

Pat Osowski, *Alvarado*

The committee finalized their decision during a meeting held at the cooperative headquarters on Monday, March 6, 2017.



The report of the committee on nominations was ordered to be certified by the secretary and annexed to the minutes of the meeting.

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

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

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

There were no additional questions from members attending the meeting.

The manager thanked the members for their questions and the opportunity to respond.

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

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

# PRESIDENT & CEO'S REPORT



Tom Woinarowicz  
*President*



Mike Schmidt  
*CEO*

Service to members is the foundation of a cooperative. Services PKM provides include automated meter reading, a competitive off-peak electric heating rate and water heater program, equipment rebates and energy use analysis and advice. We assist on capacity planning in your yard or advise on various energy efficiency measures for your home. We stay current on the newest equipment available on the market to give you the best bang for your energy dollar. PKM offers a SmartHub app to monitor your electric account and provides options to make payments there or through ACH. We recently contracted with CRC (Cooperative Response Center) to provide better after-hours outage reporting.

Safety services include offering high-voltage demonstrations in our area schools, with students learning what to do if equipment comes in contact with high-voltage power lines. This demonstration is available to local fire departments and EMT services as well. And 2018 will mark the second year of taking a bus trip of area high schoolers to tour the Young Station, EERC and Minnkota Power Cooperative headquarters.

We think these services add value to PKM's mission of providing reliable electrical service to our members. So how did we do in 2017? The average outage time per member was slightly more than two hours. This translates into a 99.98 percent availability rate.

So, what goes into reducing outage times? PKM does annual plant replacements based on a four-year construction work plan, done in conjunction with our long-range engineering plan. Based on those plans we added \$1,706,964

in new electric plant and retired \$595,155 of old plant last year. PKM has more than 30,000 poles on the system, and in 2017, 3,000 of those were tested, in keeping with our 10-year test cycle. About 6 percent (175) of these poles were found deficient

and were replaced. These items are capitalized and end up reflected in increased interest and depreciation expense on our financial statement, and reduced cash and increased debt on our balance sheet.

Maintenance is required for reliable service as well. We do a line patrol every winter where the entire system is driven and maintenance issues documented and repaired during the course of the year. We pull, test and service OCRs, meters are tested, regulators maintained, all on varying schedules. No surprise that tree trimming seems to be continual. These items end up in the operations and maintenance section of our financial statements.

We operate as a not-for-profit cooperative, which by definition means we have limited resources. This reality requires us to operate in the most efficient manner possible, so we heavily rely on various construction and maintenance plans to maintain the balance between rates and reduced outage times. Could we build an outage free system? Possibly. Would the rates be affordable? Definitely not. Board meetings always contain some element of trying to balance resources in the most efficient manner possible under the constraint of sales being weather related.

By all industry benchmarks, PKM had a very successful 2017. Sales were above 2016 and allowed us to book a strong margin, meeting our lender loan covenants. There are no plans for a rate adjustment. This month the board approved a \$400,000 general retirement of capital credits, which is coming mid-April. PKM continues to maintain very strong financials, maintaining more than 50 percent in equity. This allows us flexibility when working on our annual planning and resource allocation.

All board decisions must take rates, system reliability, equity, loan covenants, capital credit retirements, plant additions, maintenance, government regulators, and most of all, service into account while dealing with the constraints of limited resources. Not an easy task and you could call it a balancing act. To sum up, 2017 was an exceptionally good year and likely one



# CURRENT BOARD OF DIRECTORS

that we will use as a “benchmark” in the future.

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

during the political process where you vote for our elected officials who can and do impact the operations of your cooperative. The third time you vote is with your wallet. You have choices in the energy market. Our job is to provide enough value so you choose us as your energy provider.

At the annual meeting there are attendance gifts, door prizes and a nice meal. We hope to see you there!



**Tom Woinarowicz**  
*President*  
Stephen, MN  
Term expires April 2019



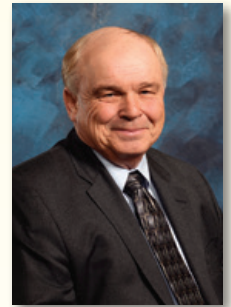
**Mike Beaudry**  
*Vice President*  
Alvarado, MN  
Term expires April 2020



**Gordon Bernstrom**  
*Secretary/Treasurer*  
Lancaster, MN  
Term expires April 2018



**Paul Aakre**  
*Director*  
Angus, MN  
Term expires April 2019



**Jeff Folland**  
*Director*  
Halma, MN  
Term expires April 2020



**Steve Goodwin**  
*Director*  
Angus, MN  
Term expires April 2020



**Mark Hatton**  
*Director*  
Drayton, ND  
Term expires April 2019



**Wayne Malm**  
*Director*  
Argyle, MN  
Term expires April 2018



**Blake Owens**  
*Director*  
Warren, MN  
Term expires April 2018



**Mike Schmidt**  
*CEO*

## PKM ELECTRIC COOPERATIVE POLITICAL LEADERS

### Federal legislators

#### President Donald Trump

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

#### Senator Tina Smith

309 Hart Senate Office Building  
Washington, DC 20510  
Phone: 202-224-5641

#### Senator Amy Klobuchar

302 Hart Senate Office 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 Mark Dayton

Capitol Building, Room 130  
75 Rev. Dr. Martin  
Luther King Jr. Blvd.  
St. Paul, MN 55155  
800-657-3717  
mark.dayton@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

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

#### Representative Deb Kiel

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

# PROPOSED AMENDMENTS TO BYLAWS

Amendments to be voted on by the membership of PKM Electric Cooperative, Inc. at the annual meeting. Remove ~~strikeout print~~ and either replace with **bold**, *italicized print*, or just remove ~~strikeout print~~.

## Bylaws of PKM Electric Cooperative, Inc. ARTICLE III Section 3: Nominations.

It shall be the duty of the Board of Directors to appoint, not less than seventy (70) days nor more than one hundred and twenty (120) days before the date of a meeting of the members at which directors are to be elected, a Committee on Nominations consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who shall be selected so as to give equitable representation on the Committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such Committee. The Committee shall prepare and post at the principal office of the Cooperative at least twenty-five (25) days before the meeting a list of nominations for directors, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than twenty (20) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the Committee is posted. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the Committee on Nominations and the nominations made by petition. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this Section contained, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors. **Nominations may also be made from the floor at the meeting.**

## Bylaws of PKM Electric Cooperative, Inc. ARTICLE V Section 9: **Manager**. *“Chief Executive Officer”*

The Board of Directors may appoint a **Manager** *“Chief Executive Officer”* who may be, but who shall not be required to be a member of the Cooperative. The **Manager** *“Chief Executive Officer”* shall perform such duties as the Board of Directors may, from time to time, require of him and shall have such authority as the Board of Directors may, from time to time, vest in him.

## Articles of Incorporation of PKM Electric Cooperative, Inc. ARTICLE III Section 5 Paragraph 2:

In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, and the par value of stockholders' shares returned, outstanding patron credits irrespective of the form in which they were allocated, shall be retired without priority on a pro rata basis. Any balance remaining in excess of outstanding patron credits shall be allocated and paid to each then record holder of patron credits in the ratio of patron credits held by each to the total of patron credits outstanding. If any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, the patron credits then allocated to patrons may be retired in full or in part. Any such retirements of credits shall be made **in order of priority according to the year in which the credit was accrued; the credit first accrued being that first retired.** Replace with: ***“by the Board of Directors as more fully provided in the Bylaws.”***

If you have any questions regarding the full content of the PKM Electric Cooperative, Inc. Articles of Incorporation & Bylaws, a copy is available at [www.pkmcoop.com](http://www.pkmcoop.com) or at our office.

## Apply now for a PKM scholarship

**DEADLINE: APRIL 13, 2018**

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

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

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

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



# RAISING AWARENESS ABOUT SCAMS



## Utilities are raising awareness about scams targeting consumers

By Tracy Warren, NRECA

When a scammer called Florida pet clinic operator Cindy Evers last year and demanded immediate payment on an overdue electric bill, it sounded real. “They knew my account number and gave me a figure that I owed that’s close to what I usually pay on my electric bill,” Evers said.

She paid, even though, in the back of her mind, she knew her payment wasn’t late. “I have pets under sedation, and I’m taking care of animals. I think I just panicked, thinking they were going to shut my electricity off. I did what they told me to do.” Evers lost \$900 because the call was a scam.

The scam that duped Evers has plagued utility consumers across North America for several years, robbing them of millions. Now, utilities are fighting back. Recently, more than 80 utilities and energy industry organizations from across the U.S. and Canada joined forces to recognize the first-ever North

American Utilities United Against Scams Day on Nov. 16, 2016. Electric cooperatives have increased their communication efforts, sending information directly to members and encouraging local TV stations and newspapers to warn citizens about the scam, how it works and what people should do and not do, if they are ever targeted.

Even the wariest consumers can be duped, however. The scammers are developing new tactics every day. The “past due” scam, similar to the one Florida customer Evers experienced, goes something like this: A customer gets a call from an 800 number that looks like a valid utility company phone number. Widely available spoofing software allows crooks to display what appears to be an official number on caller IDs. The caller threatens to cut off power if the customer doesn’t pay.

But here’s the giveaway: The crook will demand payment via a prepaid debit card or money order. And he’ll ask for it within a specified time frame, often an hour or less. The scammer may even quote an amount that sounds like your typical monthly bill. That way, the threat has even more credibility.

Scammers might direct the customer to a specific store nearby that sells the prepaid cards and instruct the customer to put money on the card and provide the card number to the scammer. Some scammers have even been bold enough to contact potential victims in person, coming to the member’s house.

Here are some tips on how to protect yourself:

- Do not assume the name and number on your caller ID are legitimate. Caller IDs can be spoofed.
- Never share your personal information, including date of birth, Social Security number or banking account information.
- Never wire money to someone you don’t know.
- Do not click links or call numbers in unexpected emails or texts – especially those asking for your account information. Most utilities will NOT require their customers to purchase prepaid debit cards or money orders to avoid an immediate disconnection.
- If you receive a call that sounds like it may be a scam, or if you believe the call is a scam, hang up, call the police and report the incident to your local utility. You can alert your family members and friends. Share the scammers’ tactics described in this article or those you have heard about. You can also help raise awareness and warn others by reposting scam awareness information on social media; use the hashtag #stopscams.

# 2018 LIGNITE EDUCATION SEMINAR

2018 LIGNITE EDUCATION SEMINAR  
JUNE 11-14  
BISMARCK STATE COLLEGE

Learn about the lignite coal industry and the important role it plays in providing electricity to the Midwest!

- ✓ 2 FREE PROFESSIONAL DEVELOPMENT CREDITS
- ✓ TOUR A LIGNITE COAL MINE AND POWER PLANT
- ✓ RECEIVE TEACHING MATERIALS FOR THE CLASSROOM

[www.lignite.com/teachers](http://www.lignite.com/teachers) 



Registration is now open for the **Lignite Energy Council's 33<sup>rd</sup> Annual Teacher Education Seminar: Energy, Economics and Environment**. The four-day seminar gives teachers a first-hand look at lignite mining and related energy production. The seminar will be held **June 11-14, 2018**, at Bismarck State College's National Energy Center of Excellence, Bismarck, N.D. Teachers from all grade and subject levels should apply **before April 13**.

Two professional development graduate credits are available in economics through the University of North Dakota, science through Minot State University or education through North Dakota State University. To receive the credits, teachers must attend all portions of the seminar and prepare a lesson plan demonstrating how they could use the seminar information and materials in their classroom. The

two graduate credits are paid for by the Lignite Energy Council. Free lodging and meals are provided. Mileage reimbursement is also available.

The seminar will provide teachers with the information and educational materials they need to teach their students about how lignite is mined and used to produce electricity for homes, farms and businesses in the Upper Midwest. In addition, the seminar covers lignite's economic impact on the region, as well as important environmental issues affecting the lignite industry. A tour of a mine, power plant and the Great Plains Synfuels plant are included as part of the seminar.

For more information and an online application go to <http://www.lignite.com/teachers>.

## PKM BOARD & STAFF SERVICE ANNIVERSARIES

45 years



Charles Riesen  
*Manager*

35 years



Gordon Bernstrom  
*PKM Board Secretary/Treasurer*

30 years



Judy Hennessy  
*GL Accountant*

20 years



Wayne Malm  
*PKM Director*

5 years



Ben Pahlen  
*Journeyman Lineman*



# SERVICE AWARDS & RETIREMENTS

## Understanding light labeling



Labels on light bulb packages provide detail on how much you can expect to pay annually for light bulbs and have information

on the brightness and color of the light bulbs.

Lumens, not watts, are key to picking a bulb that is the right brightness. Although watts are listed on incandescent bulbs, watts are not an effective measure of brightness. Watts represent the units of power that it takes to light a bulb, whereas lumens measure the amount of light produced. The more lumens a bulb has, the brighter the bulb will be. The following comparisons outline the lumen measurement to look for that will produce the brightness previously gauged by the wattage use of older style incandescent bulbs:

Brightness	Incandescent
450 lumens ☀	40W
800 lumens ☀	60W
1100 lumens ☀	75W
1600 lumens ☀	100W

Lighting labels also have information about the color of a light, ranging from cool to warm. Cool lights, which correspond with higher Kelvin temperatures, are better for visual tasks because they increase contrast. Warm lights, which correspond to lower Kelvin temperatures, are preferable for living spaces because they are more flattering. When you are shopping for light bulbs, find the spectrum on the package that shows how warm or cool the bulbs are.

Visit [EnergyEdCouncil.org](http://EnergyEdCouncil.org) for more information.

## Congratulations on your retirement, Charles! (Manager for PKM Electric Cooperative)



Thank you  
Charles  
Riesen!

45 years  
542 months  
2,361 weeks  
16,527 days  
396,656 hours  
23,799,390 minutes

*As you step into the next chapter of your life,  
enjoy the freedom your achievement has earned.*

## Congratulations on your retirement, Gordon! (Board secretary/treasurer for PKM Electric Cooperative)



Thank you  
Gordon  
Bernstrom!

35 years  
429 months  
1,868 weeks  
13,082 days  
313,968 hours  
18,838,080 minutes

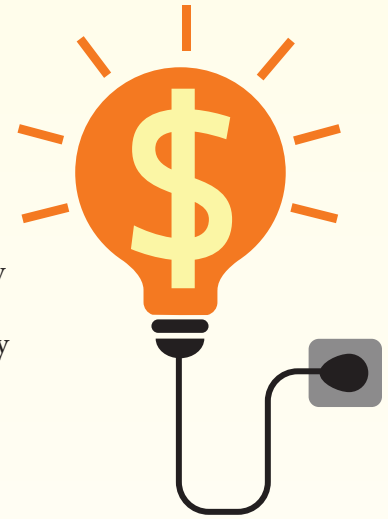
*As you step into the next chapter of your life,  
enjoy the freedom your achievement has earned.*

# MORE VALUE FOR YOUR ENERGY DOLLAR

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

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

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



## Electric heating



### Electric Heating Rebate Checklist

*Must be on off-peak.*

#### Electric plenum heaters

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

Rebate of \$40 per kilowatt (kW)



#### Electric thermal storage heaters

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

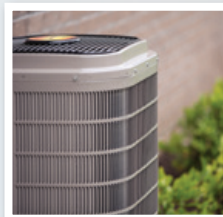
Rebate of \$40 per kW



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

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

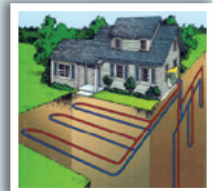
Up to 16 SEER: Rebate of \$300 per ton  
17 SEER or greater: Rebate of \$500 per ton



#### Geothermal heat pumps

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

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



#### Electric underfloor boiler

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

Rebate of \$40 per kW



#### Other electric heating systems

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

Rebate of \$40 per kW



# Appliance energy usage

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

## Water heaters



### Electric Water Heater Rebate Checklist

*Must be on off-peak*

- 100 gallon or greater

**\$350 rebate**

- 56-99 gallon

**\$300 rebate**

- 55 gallon or less

**\$150 rebate**

- Bonus rebates:**

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

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

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

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

*Contact Member Services for more details!*

**218-745-4711**

	Approx. average wattage	Estimated hrs. used per month	Estimated monthly kWh	Cost per month at \$.12/kWh
--	-------------------------	-------------------------------	-----------------------	-----------------------------

### KITCHEN

Coffee maker	1,000	15	15	\$1.80
Dishwasher - ENERGY STAR® qualified	330	31	10	1.23
Freezer - ENERGY STAR® qualified	200	744	149	17.86
Microwave	1,500	15	23	2.70
Oven	2,400	31	74	8.93
Refrigerator - ENERGY STAR® qualified	225	744	167	20.09
Toaster	1,100	3	3	0.40

### ENTERTAINMENT

Cable box with DVR (not turned off)	140	744	104	12.50
Computer with Desktop	100	186	19	2.23
Nintendo Wii	40	31	1	0.15
Sony Playstation 4	150	31	5	0.56
Television (LED) < 40"	80	155	12	1.49
Television (LED) > 40"	100	155	16	1.86
X-box One	120	31	4	0.45

### LAUNDRY

Clothes washer	255	15	4	0.46
Clothes dryer	2,790	15	42	5.02
Iron	1,100	8	9	1.06

### LIGHTING

9-Watt LED lamp 9 (based on 6 hrs/day)	9	186	2	0.20
60-Watt incandescent lamp	60	186	11	1.34
100-Watt incandescent lamp	100	186	19	2.23
Incandescent mini holiday lights (100-count string)	40	155	6	0.74
LED mini holiday lights (100-count string)	5	155	1	0.09

### MISCELLANEOUS

Electric blanket (5 hrs/day times 2 months)	400	70	28	3.36
Hair dryer	1,500	5	8	0.90
Vacuum	1,400	5	7	0.84
Water heater	4,500	90	405	48.60

### HEATING

Air conditioner - room (4 hrs/day)	1,000	124	124	14.88
Air conditioner - 3 ton (4 hrs/day)	3,500	124	434	52.08
Furnace fan - variable speed motor (24 hrs/day)	75	744	56	6.70
Furnace fan - conventional blower (24 hrs/day)	400	744	298	35.71
Space heater (8 hrs/day)	1,500	248	372	44.64

# STATEMENT OF OPERATIONS



Gordon Bernstrom  
*Secretary/Treasurer*

For the years  
ended  
December 31,  
2017, and 2016.  
Minnesota  
87 Marshall  
PKM Electric  
Cooperative, Inc.  
Warren, Minn.

## OPERATING REVENUE:

Electric	\$ 14,138,205	\$ 14,696,942
Other	127,944	117,278
Total operating revenue	<u>\$ 14,266,149</u>	<u>\$ 14,814,220</u>

## OPERATING EXPENSES:

Cost of power	\$ 9,522,593	\$ 9,838,436
Distribution – operation	442,405	495,385
Distribution – maintenance	599,268	724,344
Customer accounts	280,997	264,197
Customer service and informational	176,369	175,778
Energy conservation (Minn. mandate)	97,943	101,529
Administrative and general	883,390	1,029,222
Depreciation	890,274	868,212
Interest on long-term debt	571,277	579,286
Tax expense – other	(1,126)	(1,840)
Other income deductions	6,157	15,849
Total operating expenses	<u>\$ 13,469,547</u>	<u>\$ 14,090,398</u>
OPERATING MARGIN	<u>\$ 796,602</u>	<u>\$ 723,822</u>

## NONOPERATING MARGIN:

Nonoperating margins – other	\$ 75,312	\$ 170,114
Interest income	159,429	124,111
Other Cooperative capital credits	60,506	55,774
Total nonoperating margin	<u>\$ 295,247</u>	<u>\$ 349,999</u>
NET MARGIN	<u>\$ 1,091,849</u>	<u>\$ 1,073,821</u>

# PKM BALANCE SHEET

## Assets

### ELECTRIC PLANT:

In service	\$ 34,629,198	\$ 33,159,229
Under construction	15,117	373,277
Total electric plant	<u>34,644,315</u>	<u>33,532,506</u>
Less accumulated depreciation	(12,688,972)	(12,067,773)
Electric plant – net	<u>\$ 21,955,343</u>	<u>\$ 21,464,733</u>

### OTHER PROPERTY AND INVESTMENTS:

Investments in associated companies	\$ 982,954	\$ 976,239
Other investments	1,064,766	1,245,263
Total other property and investments	<u>\$ 2,047,720</u>	<u>\$ 2,221,502</u>

### CURRENT ASSETS:

Cash – general	\$ 2,217,068	\$ 1,420,880
Temporary investments	1,300,000	1,000,000
Accounts receivable	1,575,159	1,791,680
Materials and supplies	674,137	786,134
Prepayments	67,181	31,399
Other current and accrued assets	4,186	8,402
Total current assets	<u>\$ 5,837,731</u>	<u>\$ 5,038,495</u>

### DEFERRED DEBITS

TOTAL ASSETS	<u>\$ 29,928,210</u>	<u>\$ 28,824,333</u>
--------------	----------------------	----------------------

## Equities and Liabilities

### EQUITIES:

Memberships	\$ 19,240	\$ 19,055
Patronage capital	7,986,783	7,754,305
Other margins and equities	6,036,456	5,638,346
Current year margins	1,091,849	1,073,821
Total equities	<u>\$ 15,134,328</u>	<u>\$ 14,485,527</u>

### LONG-TERM DEBT

	<u>\$ 12,845,450</u>	<u>\$ 12,539,401</u>
--	----------------------	----------------------

### CURRENT LIABILITIES:

Accounts payable	\$ 1,530,651	\$ 1,273,625
Customers deposits	14,350	14,750
Other current liabilities	403,431	511,030
Total current liabilities	<u>\$ 1,948,432</u>	<u>\$ 1,799,405</u>

### DEFERRED CREDITS (Consumers Energy Prepayments)

	<u>\$ 0</u>	<u>\$ 0</u>
--	-------------	-------------

### TOTAL EQUITIES AND LIABILITIES

	<u>\$ 29,928,210</u>	<u>\$ 28,824,333</u>
--	----------------------	----------------------

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

# EMPLOYEE AND STAFF DIRECTORY



Nolan Buchner  
*Journeyman Lineman*



Rick Bye  
*Operations Manager*



Chelsy Davey  
*Executive Assistant/  
Receptionist*



Chris Derosier  
*Journeyman Lineman*



Judy Hennessy  
*GL Accountant*



Matt Kazmierczak  
*Apprentice Lineman*



Bret Klopp  
*Apprentice Lineman*



Nolan Knott  
*Journeyman Lineman*



Joe Marcotte  
*Line Crew Foreman*



Karen Olson  
*Plant Accountant*



Ben Pahlen  
*Journeyman Lineman*



Jeff Rustad  
*Member Service Manager*



Scott Slusar  
*Line Crew Foreman*



Jeremy Treitline  
*Customer Service  
Representative*

## PKM Electric's advisors

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

Brian Rokke  
*Attorney*  
*Rokke, Aandal &  
Associates, PLLC*  
Warren, Minn.



# PROJECT GREEN TOUCH

## Help add your Green Touch to our state parks!

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

**What:** Project GreenTouch is a cooperative program to help spruce up our state parks. (For example: planting trees, cleaning up trails and helping build picnic shelters)

**Where:** Lake Bronson and Old Mill state parks

**When:** Saturday, May 5 – 10 a.m. to 3 p.m.

Help beautify Minnesota. This marks the 18<sup>th</sup> year of a partnership between the Touchstone Energy<sup>®</sup> cooperatives and Minnesota state parks. GreenTouch Day, and the sponsorship of Minnesota State Parks and Trails, fits well with the Touchstone Energy commitment. During the past 17 years, Minnesota's Touchstone Energy cooperatives have organized 9,350 volunteers to donate more than 33,437 hours and provided funds to help publish the *Guide to Minnesota State Parks and Trails*. "We're very grateful to Minnesota's Touchstone Energy cooperatives for their longstanding commitment to Minnesota state parks," said Erika Rivers, director of Minnesota State Parks and Trails. "All those extra helping hands are much needed and appreciated."

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

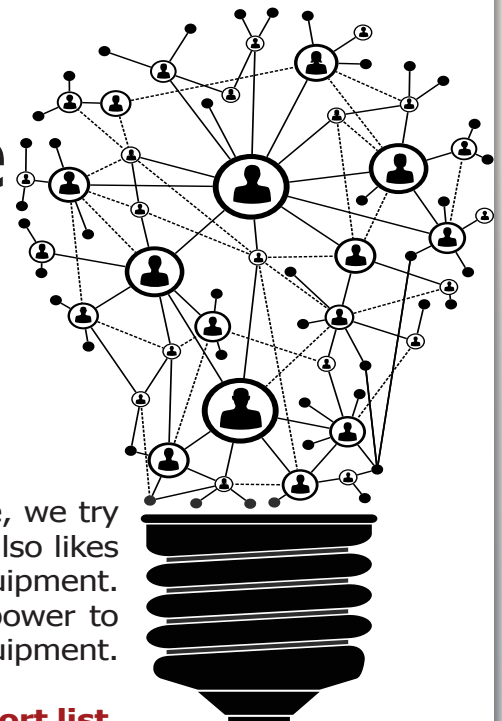


## Stay *connected* to your cooperative

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State | Zip \_\_\_\_\_  
Primary Ph. # \_\_\_\_\_  
Email \_\_\_\_\_

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

**Yes, I'm on life support equipment.**  
 **Please remove from the cooperative's life support list.**



# ANNUAL MEETING AGENDA

**TUESDAY, APRIL 3, 2018**

**4:30 p.m.**

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

**5 p.m.**

- Meal served cafeteria style by PKM directors

**5:35 p.m.**

- Door prizes drawn

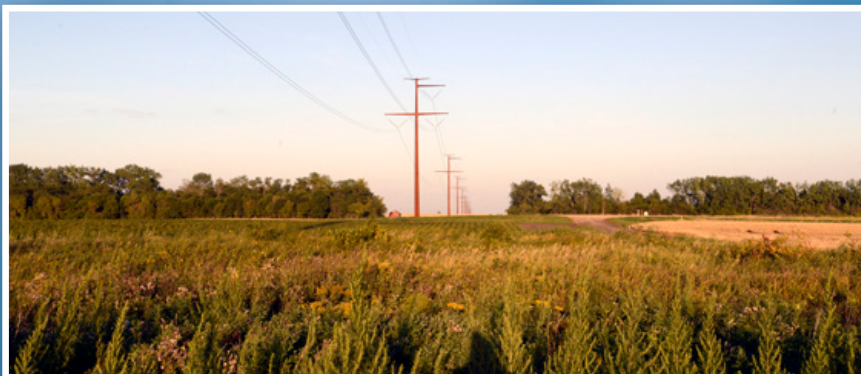
## BUSINESS MEETING

**5:40 p.m.**

- Meeting Called to Order..... President Tom Woinarowicz
- Invocation ..... Sec./Treas. Gordon Bernstrom
- Introduction of Guests.....CEO Mike Schmidt

## BUSINESS SESSION

- Notice of Annual Meeting
- Establishment of Quorum
- Reading of 2017 Meeting Minutes .... Gordon Bernstrom
- President's Report ..... Tom Woinarowicz
- Treasurer's Report ..... Mike Schmidt
- CEO's Report ..... Mike Schmidt
- Nominating Committee Report ..... Mike Schmidt
- Election of Directors
- Unfinished Business
- New Business
- Reading of Election Results
- Adjournment of Business Meeting
- Prize Drawings..... Must be present to win
- \* Guest Speaker ..... Mac McLennan, *Minnkota Power Cooperative President & CEO*



**Grand Door Prize:**  
**\$500 energy credit**



**Kids: Two bikes**

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