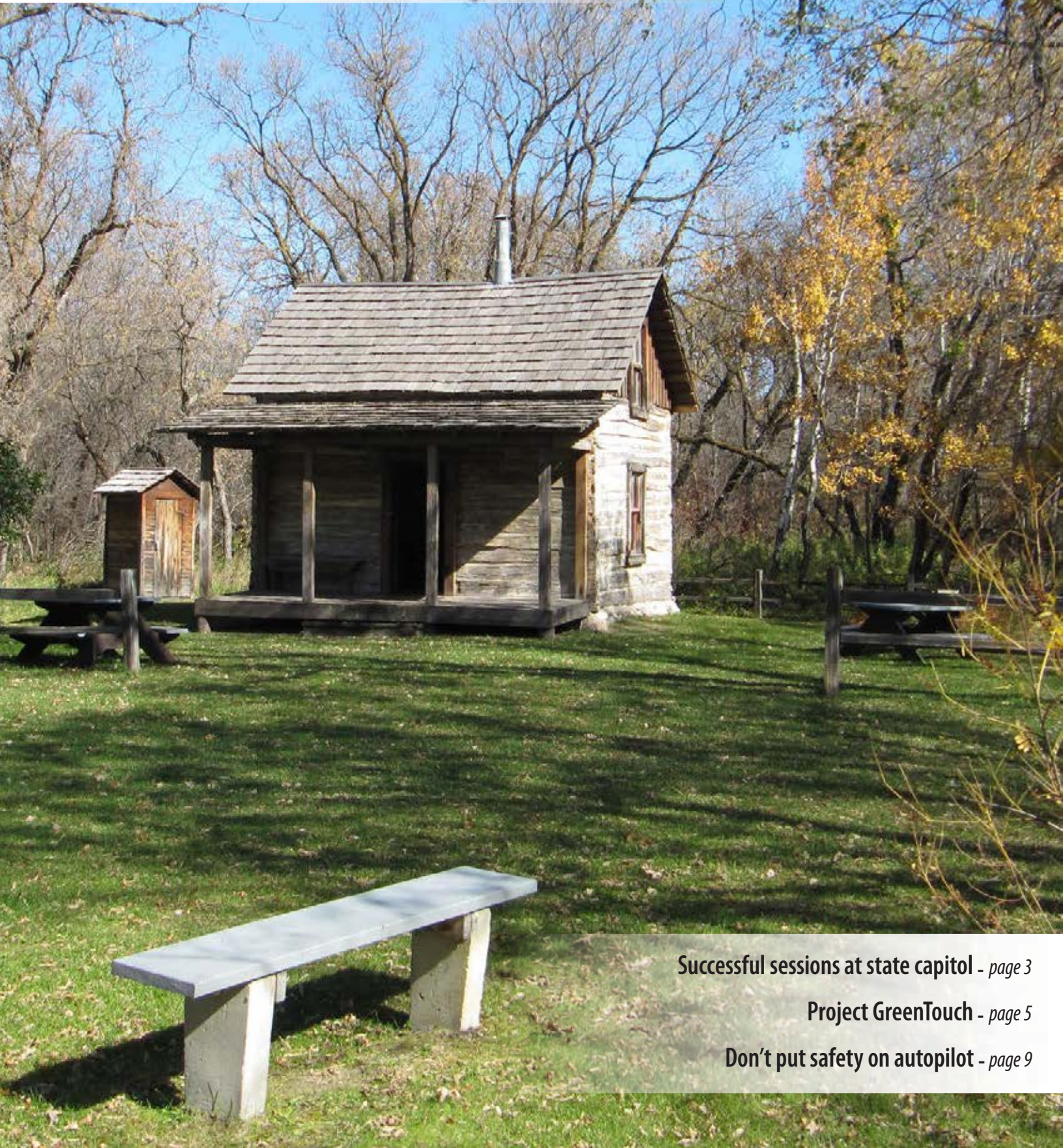


# **PKM** NEWS

Electric Cooperative

May/June 2017



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**Don't put safety on autopilot - *page 9***



# Busy legislative session for Minnesota's electric cooperatives

## CHARLES RIESEN

Manager

PKM Electric Cooperative

During 2016, several of PKM's counterparts spent time and money before the Minnesota Public Utilities Commission (PUC) defending their charge to member-owners who installed renewable energy devices (small scale wind or solar generation). All electric cooperatives in Minnesota save for one are not "rate regulated." For some reason, the "grid access" charge was an area that the PUC felt was its area of responsibility.

Minnesota cooperatives, and especially the electric cooperatives, not only adhere to, but live and breathe the 7 principles of cooperatives: 1) Open and voluntary membership; 2) Democratic control – one member one vote; 3) Owner economic participation; 4) Autonomy and independence; 5) Education, training and education; 6) Cooperation among cooperatives; 7) Concern for community.

With this in mind, it was natural for our Statewide association to introduce "Local Democracy" legislation during 2017, or in legislative parlance, 216B.164. The Minnesota Legislature has passed and the Governor signed this legislation into law.

The Local Democracy legislation reduces duplicative regulation on your electric cooperative and returns some balance to the regulatory process, ensuring decisions that impact member-owners of cooperatives are made locally by your elected board of directors. While electric cooperatives are already locally regulated

in most areas, this legislation made an important clarification, one that will allow for innovation in response to members' needs and wants for years to come.

The legislation impacts the distributed generation section of statute and brings it in line with the rest of Minnesota Statute as it applies to rates, fees and charges of electric cooperatives. Electric cooperatives still must follow the law as laid out by the legislature in this section. The provision that the legislature recently passed and the Governor signed allows for cooperatives to adopt the authority of implementing this section of statute (Minnesota Statute 216B.164). To do so a cooperative has to pass a resolution adopting this authority and adopt rules implementing this section of statute.

The municipal utilities in Minnesota have had similar authority in Minnesota for more than 30 years. With the passage of the

provision, the legislature affirmed the value of local decision making for rural electric cooperatives across Minnesota. As your locally owned cooperative we know that local decision-making can result in rates and services that reflect our community's needs while assisting in keeping administrative costs down.

At a future meeting of your electric cooperative board of directors, the adoption of this authority will be addressed. Directors and staff will review the applicable law (MN 216B.164) and discuss a resolution and rules implementing the section of statute. The purpose of this change is to secure local decision-making, not to substantively change the way your cooperative interacts with distributed generation. If you are interested in this change, please contact us with your concerns or plan to attend the meeting in person.

**4 WAYS TO PAY**

- 1 IN PERSON**  
Located in Warren, Minn., at 406 North Minnesota St. or utilize our drop box outside the building during nonbusiness hours.
- 2 ACH (Automated Clearing House)**  
A monthly bank draft directly from your checking account taken on the 10<sup>th</sup> of every month.
- 3 SMARTHUB**  
Convenient account access where you can manage payments, check your usage and receive emails from PKM when your bill has been calculated.
- 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.

## Electrical Inspectors

### Marshall County

Scott Stenvik  
16409 State Hwy 1 N.W.  
Thief River Falls, MN 56701  
218-689-5406

### Kittson County

Wayne Bergstrom  
701-520-9771

### Polk County

Bryan Holmes  
218-686-1413

## May/June 2017

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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

218-745-4711 or 800-552-7366  
e-mail: [infopkm@minnkota.com](mailto:infopkm@minnkota.com)  
website: [www.pkmcoop.com](http://www.pkmcoop.com)

### Next Board Meeting:

Tuesday, July 25, 2017

### Officers and Directors

President ..... Tom Woinarowicz  
Vice President ..... Michael Beaudry  
Secretary-Treasurer ..... Gordon Bernstrom  
Directors ..... Paul Aakre, Jeffrey Folland, Steve Goodwin,  
Mark Hatton, Wayne Malm and Blake Owens  
Manager ..... Charles Riesen  
Editors ..... Jeff Rustad, Chelsy Davey



MINNESOTA:

Local  
Democracy

# Successful sessions

## ELECTRIC COOPERATIVES SEE POSITIVES AT STATE CAPITOL

Thanks to grassroots advocacy and strong support from local lawmakers, PKM Electric Cooperative saw positive energy policy change during the Minnesota legislative session.

Following a special session, Gov. Mark Dayton on May 30 signed most of a \$46 billion budget, including several important bills for electric cooperatives. However, Gov. Dayton line-item vetoed funding specifically for the state legislature, which includes salaries and budgets for legislators and staff. This is meant to compel the legislature back into another special session to renegotiate some provisions in the budget bills that he views unfavorably. Republicans say the Governor exceeded his constitutional authority have taken the matter to court.

PKM will continue to keep a watchful eye on behalf of its members to ensure that any actions taken do not impact the bipartisan progress achieved during this session.

### **Local Democracy**

The main priority for electric

cooperatives during the session was Local Democracy legislation, which was signed into law as part of the Jobs and Energy Omnibus bill. The purpose of this legislation is to strengthen distribution cooperatives' ability to meet their members' best interests regarding distributed generation facilities, like small solar and wind systems. Presently, the state's Public Utilities Commission (PUC) has re-regulated decisions made by cooperative boards regarding distributed generation systems. While the PUC has an important role in the state for investor-owned utilities, the legislature recognized that member-elected cooperative boards are better suited to respond to the unique needs of their local communities.

The bill received strong bipartisan support from the House and Senate throughout the session, but required several revisions before Gov. Mark Dayton signed it into law.

### **Disaster Relief Fund**

Electric cooperatives benefited from a provision in the Public Safety bill that will allow co-ops to access

state disaster funds. This legislation will assist cooperative members significantly by providing much-needed financial help when dealing with devastating natural disasters. Damage to electric cooperative lines is included in the calculation that triggers FEMA Disaster Declarations and co-ops are now eligible for federal assistance.

### **Conservation Improvement Program**

A major change was made to the Conservation Improvement Program (CIP), which requires utilities to meet an annual 1.5 percent energy savings goal. Electric cooperatives under 5,000 members and municipal utilities under 1,000 consumers are now exempted from the program.

The energy landscape has changed significantly since CIP was established as part of the Next Generation Energy Act of 2007. Electric cooperatives will continue to support broad reform of CIP that reflects the realities of today's industry, eliminates unnecessary costs and reduces other administrative burdens.

# PKM

## Scholarship Recipients

PKM Electric scholarships are made possible by funding from Operation Round Up. Since the beginning of this program in 1998, we have awarded 365 scholarships valued at \$1,000 each.



**Callie Boucher**  
Crookston  
Crookston High School



**Andrew Christenson**  
Kennedy  
Kittson Central High School



**Michelle Cuno**  
Euclid  
Crookston High School



**Peter Durand**  
Warren  
Minnesota State  
University Moorhead



**Jules Efta**  
Argyle  
Stephen-Argyle High School



**Jenna Grandstrand**  
Stephen  
Heritage Christian School



**Deborah Haugen**  
Argyle  
Stephen-Argyle High School



**Conner Jensen**  
Stephen  
Stephen-Argyle High School



**Brandon Kasprick**  
Angus  
Thief River Falls High School



**Ariel LaPlante**  
Fisher  
University of Minnesota  
Crookston



**Daltyn Lofstrom**  
Strandquist  
Marshall County Central  
High School



**Sydney Olson**  
Warren  
Warren-Alvarado-Oslo  
High School



**Morgan Sjostrand**  
Lancaster  
Lancaster High School



**CLASS OF 2017  
SCHOLARSHIP RECIPIENTS**

# Project GreenTouch



## Project GreenTouch helps spruce up Old Mill, Lake Bronson State Parks

On May 6, PKM Electric Cooperative members grabbed their rakes, brooms, shovels and paintbrushes to help prepare Lake Bronson State Park and Old Mill State Park for the upcoming summer season.

Approximately 90 volunteers participated in the 18<sup>th</sup> annual Project GreenTouch. For all their hard work, volunteers received from PKM a park pass good for entry into all Minnesota state parks for the next year.

PKM is one of the Touchstone Energy<sup>®</sup> Cooperatives across the state that is involved with the GreenTouch program occurring the first Saturday of May each year. Touchstone Energy is a co-brand used by cooperatives all over the nation to market what local electric cooperatives stand for – Integrity, Accountability, Community Involvement and Innovation.

PKM would like to thank the volunteers who made Project GreenTouch a successful event again this year.

## 2017 Annual Meeting Prize Winners

### EARLY BIRD DRAWINGS – 5:35 P.M.

Winner	Prize	Sponsor
1. Leroy Vonasek	Walmart Gift Card - \$25	Dakota Supply Group
2. Rovella Weiland	Birdhouse	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
3. Cliff Schulz	2 Twins Tickets	KROX
4. Dorothy Michaelson	Cutting Board	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
5. Annette Wawrzyniak	Cabela's Gift Card - \$20	Border States Electric
6. Marvin Zak	First Aid Kit	PKM Electric Co-op, Inc.
7. Bill Dykhuis	Rice Cooker/Multicooker	WESCO

### FINAL PRIZE DRAWINGS

8. Neil Widner	Energy Certificate - \$25	MEI Engineering, Inc.
9. John Schmidt	Energy Certificate - \$25	MEI Engineering, Inc.

Winner	Prize	Sponsor
10. Karen Mager	Birdhouse	PKM Electric Co-op, Inc. (North Star Handicapped Helpers)
11. Lyle Braff	Wet/Dry Vacuum	WESCO
12. Bob Engen	Pressure Cooker	RESCO
13. Mike Theis	Menards Gift Card - \$25	Dakota Supply Group
14. Sharon Abrahamson	Cabela's Gift Card - \$25	Border States Electric
15. Barbara Braff	4 Twins Tickets	KROX
16. Scott Sele	PKM Camo Cooler	PKM Electric Co-op, Inc.
17. Robert Broten	Energy Certificate - \$25	Karian/Peterson Power Line
18. Janice Borowicz	Dimplex Fireplace	PKM Electric Co-op, Inc.
19. Janice Gryskiewicz	Cooler	Border States Electric
20. Nancy Bratvold	1-year subscription	Kittson County Enterprise

**Grand Prize: 55" Samsung Smart TV - Dennis Garry**  
(PKM Electric Co-op, Inc.)

# Minnkota CEO meets with EPA Administrator



Mac McLennan (fourth from bottom right), Minnkota president & CEO, meets with Scott Pruitt (third from bottom left), EPA administrator, to discuss industry issues important to North Dakota's electric cooperatives.

**M**ac McLennan, Minnkota president & CEO, and other electric cooperative leaders in North Dakota met with Environmental Protection Agency (EPA) Administrator Scott Pruitt on April 25 to discuss issues vitally important to the industry.

"I'm grateful to Administrator Pruitt for his time and the productive discussion we had on rules and regulations that are of paramount importance to our membership," McLennan said. "Mr. Pruitt is well-versed on the issues impacting our industry and understands the important role electric cooperatives play in powering our nation's economy."

The meeting, held in Washington, D.C., was organized through U.S. Rep. Kevin Cramer and included representatives from the North Dakota Farm Bureau. Electric cooperative leaders emphasized the importance of certainty with respect to the long-term use of electric generation assets, the uniqueness of North Dakota lignite coal and the more than \$2 billion that has

already been invested by the state's utilities in emission control technologies. Other topics discussed included the Clean Power Plan, coal ash rules, Waters of the United States, Regional Haze and New Source Review.

"Our ability to provide affordable and reliable electricity to consumers in the Upper Midwest is highly dependent on sensible, well-constructed regulations," McLennan said.

The meeting also included an invitation for Administrator Pruitt to visit North Dakota and tour the state's energy industry.

"I hope Administrator Pruitt will take us up on our offer to visit North Dakota and see firsthand how our state is not only a leader in energy production, but also in the development of next generation energy technologies," McLennan said.

The meeting was Pruitt's second with the nation's electric cooperative representatives since being confirmed to lead the EPA by the U.S. Senate on Feb. 17. He visited a Missouri-based cooperative's coal-based power plant on April 20 to discuss the agency's "Back to the Basics" regulatory approach.

# What's on that pole?

You probably don't pay much attention to the utility poles found throughout PKM's service territory, but did you know these tall structures are the backbone of our distribution network? Strong, sturdy utility poles ensure a reliable electric system, which is why we routinely inspect the thousands of poles found on our lines.

Throughout the year, our crews check poles for decay caused by exposure to the elements. They know which poles are oldest and conduct inspections through a

rotational process. Typically, a standard wooden distribution pole is expected to last more than 50 years. Occasionally, poles need to be replaced for other reasons besides decay and old age. Weather disasters, power line relocation, car crashes and machinery damage are potential causes for immediate replacement.

When a pole needs to be replaced, crews will start the process by digging a hole, typically next to the pole being replaced. The depth of the new hole must be at least 6 feet of the new pole's height. Next,

the new pole must be fitted with bolts, crossarms, insulators, ground wires and arm braces – all of the necessary parts for delivering safe and reliable electricity. Then, crews safely detach the power lines from the old pole. The new pole is then raised and guided carefully into position, and the lines are attached, leaving the new pole to do its job.

So, the next time you come across a PKM crew replacing a pole, use caution and know that this process ensures a more reliable electric system for you, our members.

**Spiral vibrator damper** – reduces vibration in lines generated by wind.

**Insulators** – prevent energized wires from coming in contact with each other or the utility pole.

**Cutouts** – hold a fuse and open when there is a problem with the line or a section of it.

**Lightning arresters** – protect the pole and equipment from lightning strikes.

**Transformers** – convert higher voltage electricity carried by primary wires to a lower voltage for use by members.

**URD riser** – primary underground cable feeding the member.

**Primary wires** – on top of the pole and carry 7,200 volts of electricity.

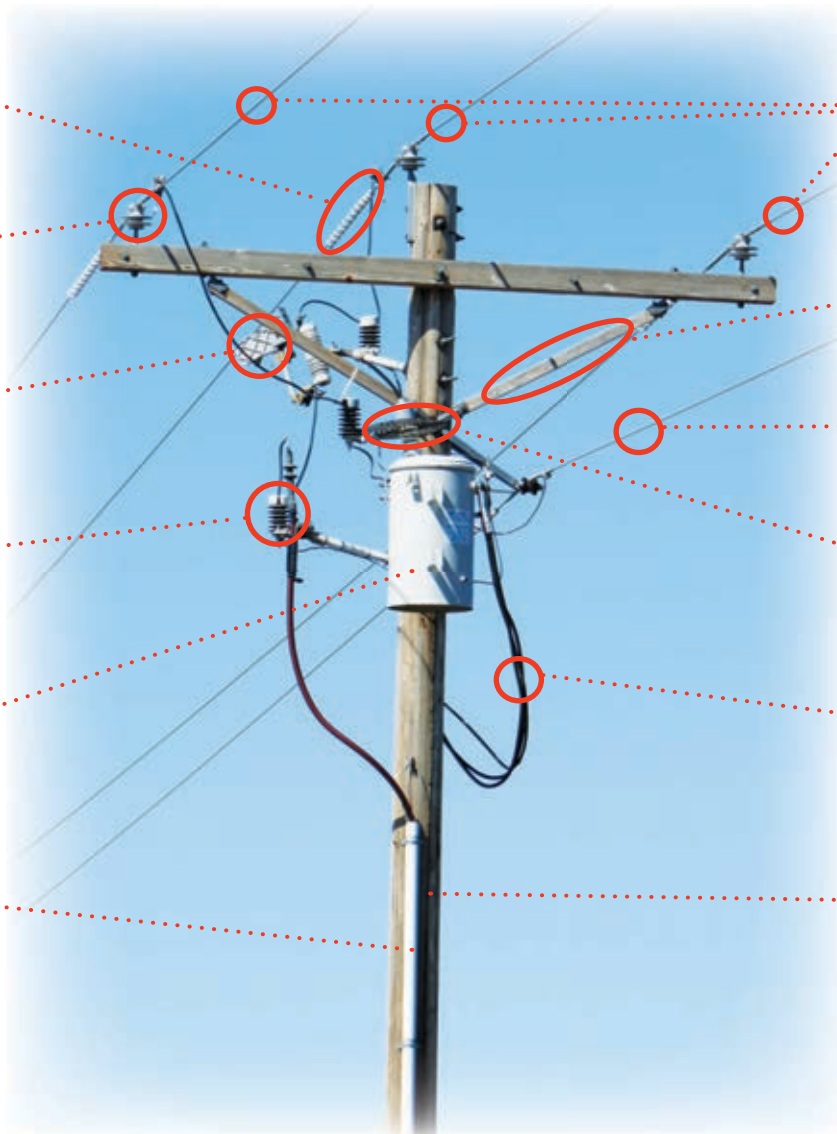
**Crossarm brace** – holds up the crossarm which holds the wires on multiphase poles.

**Neutral wire** – below the primary and acts as a ground wire.

**Squirrel guards** – protects animals and prevents outages.

**Secondary wire** – carries the lower voltage electricity to the member's meter after it passes through the transformer.

**Ground wire** – runs the entire length of the pole. It directs any electricity on the pole safely into the earth.





# Right Light Guide

## for General Use Bulbs

**Today there are many lighting options available.**  
The right bulb for you depends on how much light you need, what color light you want, and its costs and features.

### STEP 1 Decide How Much Light You Need

**Focus on Brightness.** Different amounts of light are needed for different uses. Instead of thinking about light bulbs based solely on the amount of energy they use, focus on their brightness level.

**Lumen** is the measurement of brightness. Higher lumen bulbs produce brighter light.

**Watt (W)** is the measure of power consumption. Lower wattage bulbs can lower your electric bills.

Brightness	Incandescent	CFL	LED
450 lumens *	40W	9-13W	4-8W
800 lumens *	60W	13-16W	8-13W
1100 lumens *	75W	17-23W	11-15W
1600 lumens *	100W	23-28W	16-20W

← Least Efficient                      Most Efficient →

If you like your bulb's current brightness, choose a CFL or LED with similar lumens to reduce your energy use. You may also consider a bulb that is less bright to save more.

*Note:* Lumen output listed on packages may vary. Light bulbs listing anywhere from 800 to 860 lumens are similarly bright, for instance.

### STEP 2 Decide What Color Light You Want

**Choose Light Appearance.** You'll be pleased with your new bulb by choosing a light appearance that you like. All of these colors are available for LEDs and CFLs and at most brightness levels.

*Note:* Choose warm or soft white (2700-3000 K) to match the color of incandescent bulbs.

**Different Colors, Same Brightness**

Color	Recommended Rooms
Soft White, Warm White	Living Room, Bedroom
Bright White, Cool White	Kitchen, Bathroom, Dining Room
Natural, Daylight	Office, Laundry, Workshop, Garage

← Warm Color                      Light Appearance                      Cool Color →

2700K    3000K    3500K    4100K    5000K    6500K

### STEP 3 Think About Costs and Benefits

**Compare Types of Light Bulbs.** You can think about product, replacement, and energy costs over 20 years for different bulb types. Why 20 years? Because LEDs can last that long. Some incandescent bulbs are being phased out and will soon be unavailable. The pros and cons of LEDs and CFLs will help you pick a bulb that is right for you.

Cost Over 20 Years    Bulb(s)    Energy    Pros (+) and Cons (-)

**LED**

1 bulb in 20 years  
\$35 total cost

- + Saves 85% of energy use over incandescent
- + Lasts 25 times longer than incandescent
- + Great for dimmed, recessed, or enclosed fixtures
- + Performs well in cold temperatures
- Higher bulb cost

**CFL**

3 bulbs in 20 years  
\$54 total cost

- + Saves 75% of energy use over incandescent
- + Lasts 10 times longer than incandescent
- Recessed & enclosed fixtures reduce bulb life
- Performs poorly in cold temperatures
- Contains mercury (recycling required)

**Incandescent**

22 bulbs in 20 years  
\$284 total cost

*Note:* Cost comparison is based on a 20-year life and takes into account power consumption, hours of use per day, residential electric cost, bulb cost, and replacement cost. For detailed cost calculations and a full pro/con list, visit <http://Lighting.MnCERTs.org>.

**Buy Your New Bulbs.** The *Lighting Facts* label on all bulb packaging clearly shows light appearance and brightness. The label also includes the ENERGY STAR® logo when a bulb meets the required certification levels for high efficiency, performance, and reliability.

**Lighting Facts** Per Bulb

Brightness: 800 lumens  
Estimated Yearly Energy Cost \$1.14  
Based on: 3 hrs/day, 110V/60  
Cost depends on rates and use

Life: 22.8 years  
Based on: 3 hrs/day

Light Appearance: Warm to Cool  
2700 K

Energy Used: 9.5 watts

### STEP 4 Find Rebates and Resources

**Learn More.** We encourage you to contact your electric utility to learn about lighting rebates and other incentives. Also, visit the CERTs lighting website at <http://Lighting.MnCERTs.org> to learn more about lighting options, ask us questions, and find bulb recycling locations.

**CERTs Partners**



GREAT PLAINS INSTITUTE







## DON'T PUT SAFETY ON A U T O P I L O T

**G**PS systems with auto-guidance allow drivers to have their hands off the steering wheel as the tractor maneuvers itself through the field. Thanks to this technology, farmers can more easily and efficiently maintain accuracy even during low light conditions, which enhances productivity. While a GPS system can help with driver error, it does not mean that safety can be put on autopilot.

Making safety a priority requires alertness, focus and knowledge of potential hazards and appropriate safety steps. Varying pass-to-pass accuracy levels (sub-meter, decimeter or centimeter) 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.

Keep the following electrical safety guidelines in mind:

- Farming equipment is vulnerable to hitting power lines because of their large size, height and extensions. 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 your utility.

If your 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 your feet together and without touching the ground and vehicle at the same time. Then, still keeping your feet together, hop to safety as you leave the area. For more information on electrical safety, visit [SafeElectricity.org](http://SafeElectricity.org).



## PLAN AHEAD TO CALL BEFORE YOU DIG










Digging without locating underground utilities, even the smallest digging projects, could leave neighborhoods in the dark, cause thousands of dollars in damages

or cause severe electrical shock. To help stay safe, make use of the national underground utility locating service for free by calling 811.

The 811 "Call Before You Dig" number will route you to your local utility locating service. Make sure to tell the operator where and when you plan to dig and what type of work you will be doing. From there, it takes a few business days for a professional to come mark your public utilities with flags or spray paint. So make sure to plan ahead and call in advance.

There are different colors of paint and flags that mark the underground utilities, and each color is universal to what utility is buried.

-  **Red** – Electric
-  **Orange** – Communications, Telephone/CATV
-  **Blue** – Potable Water
-  **Green** – Sewer/Drainage
-  **Yellow** – Gas/Petroleum Pipeline
-  **Purple** – Reclaimed Water
-  **White** – Premark site of intended excavation

Even if you previously had utilities located by calling 811, it is best to call before every digging project. Underground utilities can shift, and it is important to be certain of where they are before ever putting a shovel in the ground.

It is important to understand that 811 locators do not locate privately installed facilities. If you have any private utilities, you will need to hire a private utility locator. Some examples of private utilities include: underground sprinkler system, invisible fences, data communication systems, private water systems or gas piping to a garage.

Once all of your underground utilities have been located, it is time to start digging, but be sure to wear all of the proper protective gear before putting the shovel into the earth.

For more information about 811 and digging safety, visit [Call811.com](http://Call811.com) and [SafeElectricity.org](http://SafeElectricity.org).



**Know what's below.  
Call before you dig.**

# Board meeting highlights

## January through March

### A regular meeting of the board was held

**Tuesday, Jan. 31, 2017.**

Tom Woinarowicz, president who presided, asked for roll call. Upon calling the roll, the secretary reported that all directors were present with Director Goodwin participating by video.

The president mentioned that since District 1 had their meeting, he would report during that portion of the agenda. Director Folland reported on recent Minnkota activities.

The secretary/treasurer reported on recent activities of the Square Butte board of directors.

Directors who attended and the manager reported on the recent MREA District 1 meeting. It was reported on the possible need for an additional dispute resolution process for cooperative members who feel they may have been harmed with "Local Democracy" (MREAs plan to bring net metering out from under the PUC). The plan is to offer "open meeting lite" which most cooperatives offer presently. The president told of what has become a semiannual event where some members of District 1 are interested in changing the district meeting to July from the January format. With motion properly made and seconded, and discussion held, the motion failed, like it has in recent years.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. From January 18-20, half of our operating people were at the Linemen's Winter Workshop in St. Cloud. They said it was good and it is always good to discuss operating activities with other people in the profession.

The manager of operations continued his monthly report detailing difficulties with an OCR at the canola plant, which caused one phase to open for no apparent reason. They have had some difficulty with this OCR in the past and because of the critical nature of the load, it is possible we may need to look at replacing these breakers. Connected members for December 2016 is 3,821 representing a net gain of 20 from the same period last year.

Other members of the management staff and the manager presented their monthly reports to the board of directors and responded to questions concerning their reports.

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

The discussion turned to the desirability of making a general retirement. The financial policy sets a goal of a 20-year rotation and obviously with the large balance remaining in 1993 to drive near a 20-year revolvment of capital would require more than \$500,000. Another way to approach this would be 5 percent of the existing capital for revolvment, which would be a 20-year rotation, that amount is \$375,000.

Following discussion, upon motion duly made and seconded, a resolution was offered to retire the balance of 1993 member capital of \$533,859.03. There was a motion to amend, which was made and seconded to retire 5 percent of the total capital of \$375,000. Following discussion, that motion passed on a divided vote of 5:4. Motion carried.

The president 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. A resolution was unanimously adopted that all directors will be delegates at the annual meetings of Minnkota Power Cooperative and Square Butte Electric Cooperative, including, Tom Woinarowicz, Stephen; Michael Beaudry, Alvarado; Gordon Bernstrom, Lancaster; Jeff Folland, Halma; Wayne Malm, Argyle; Steve Goodwin, Angus; Blake Owens, Warren; Mark Hatton, Drayton and Paul Aakre, Angus.

The manager stated, according to the bylaws, the board of directors needs a separate resolution for the quarterly review of the financials. Having had the December financial review, a motion was made that the board of directors receive the fourth quarter financials. The fourth quarter financials were received.

The manager reviewed with the directors the fourth quarter subsidiary financials finding a small operating loss for Karian-Peterson and a healthy year-end profit for Carr's Tree Service.

The assistant manager reviewed with the board an agreement signed with East Grand Forks for the golf course addition that was signed in 2004. Since this was bare ground, the cooperative accepted a lower mill rate but for 10 year certain on each new account that moved into the area. The assistant manager was wondering if the board of directors wanted to adjust the mill rate upward. The board decided to give management the authority to handle this negotiation.

The manager informed the directors that FEDAC will be selling an additional share into Carr's Tree Service for the sum of \$1.6 million. The share to be equal, held between Steele-Waseca and People's Energy Cooperative.

The manager and president reviewed with the board the management agreement between PKM and Cavalier Rural Electric Cooperative.

The assistant manager stated the cost of service study will be put off until next month because of unavoidable adjustments.

The assistant manager reviewed with the board briefly the No Barriers program, providing assistance to Afghanistan and Iraq War veterans, sponsored by CoBank.

The manager stated it would be necessary to approve Work Order Inventories #240 & #241 representing completed and approved construction. The board directed management to submit those Work Order Inventories to RUS for reimbursement by loan funds.

With the operating margin being more than was budgeted, there was question on whether if deferral of some of the operating margin could take place. The assistant manager said the books have already been closed and it would be a rather cumbersome process, if possible, to accomplish that task.

An executive session was called at 12:53 p.m. The president returned the meeting to regular order concluding the executive session at 1:15 p.m.

### A special meeting of the board was held

**Tuesday, March 7, 2017.**

Tom Woinarowicz, president who presided, asked for

roll call. Upon calling the roll, the secretary reported that all directors were present with Director Owens participating by video.

The president reported on recent MREA activities, citing the annual meeting and visits with legislators. He mentioned that "Local Democracy" has passed the House and will proceed to the Senate Finance Committee.

Director Folland reported on recent Minnkota activities, indicating that discussions between Minnkota and Basin are continuing, but that he sensed the cancellation of the delegate meeting meant that the matter was up in the air at this time.

Directors and the manager who attended the MREA annual meeting reported on their attendance thereat.

Directors who attended the NRECA annual meeting reported on their attendance and several of the breakout sessions attended.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. On Feb. 9, 2017, MREA held a safety meeting on grounding and barricading. On Feb. 21, 2017, Minnesota Safety held training on Mayday procedures, Emergency Action Plan, distracted driving and hazard recognition. On Feb. 27, 2017, the MREA Manager of Loss Control was at PKM updating our training records; where she also informed us that one of the Loss Control instructors has returned to line work. MREA is looking for a replacement at this time. Scott Slusar has completed the safety demonstration with the Kittson Central High School students. As of Feb. 3, 2017, Ben Pahlen has passed his Journeyman's test, leaving Matt Kazmierczak, who is in his fourth year, as an apprentice.

The manager of operations continued his monthly report on activities in the line department. Members of the management staff and the manager presented their monthly reports and responded to questions from the board of directors concerning their reports.

The assistant manager presented the listing of Accounts Receivable - Electric to be written off. He stated that this is the smallest write-off in recent memory at \$6,282.12. The assistant manager reminded the board that this does not end the collection process and that these accounts are turned over to a collection agency. The recovery process has been somewhat successful over the years. The board instructed management to write off bad debts - electrical in the amount of \$6,282.12 and apply this against the reserve for uncollected revenue.

The manager reviewed with the board of directors the Work Order Inspection by the cooperative's independent engineer. Revealing that upon inspection, the only remedies required was to level a pad-mounted transformer that shifted during the season.

The assistant manager discussed with the directors conversation shared during last month's meeting with the Federated Rural Electric Insurance representative whereby a DOM Liability could be increased to \$4 million for \$2,161 and Umbrella Liability to \$10 million for \$2,824. The assistant manager reminded the board that anticipated capital revolvment would supply nearly all the cash required to accomplish this. The board authorized management to

## 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 Al Franken

309 Hart Senate Office Building  
Washington, D.C. 20510  
www.franken.senate.gov

202-224-5641  
Fax: 202-224-0044

#### 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  
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### 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.  
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#### Representative Dan Fabian

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#### Representative Deb Kiel

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# Statistical and financial report

Year-to-date: April 2017

	Last Year	This Year	Budget
Total income	\$ 5,018,393	\$ 5,093,355	\$ 4,960,500
Total expense	\$ 4,699,051	\$ 4,630,901	\$ 4,753,400
Net margins	\$ 319,342	\$ 462,454	\$ 207,100
Total kWh sold	44,938,396	44,128,391	44,500,000
Avg. kWh sold per member	2,974	2,901	
Line loss	4.28%	3.61%	
Del. cost per kWh purchased	7.44¢	7.62¢	
Average sale price per kWh	11.2¢	11.5¢	
Percent kWh sales increase	(4.2%)	(1.8%)	
Members billed	3,776	3,803	
Miles of line in service	2,261	2,261	

increase the liability coverages outlined in this presentation.

The member service manager reviewed with the board of directors proposals he received from various contractors to implement the privacy additions to the boardroom and the office cubicles as he was directed. The board instructed management to proceed with the privacy remodeling improvements not to exceed \$20,000.

At this time during the meeting, the consultant for the Cost of Service Study, Eric Blake, held a telephone conference with the board of directors describing the results of the study. The Cost of Service Study revealed that the Fixed Charge for the cooperative is deficient by nearly \$2.50. While load management shows a deficit in rate of return, those capital additions are already sunk, and that the loss of energy sales would be more detrimental at this time. Directors quizzed the consultant saying that with the proposed budget, the cooperative's rate of return on forecasted energy sales and the increase in wholesale power, the cooperative should be able to absorb most of the increase in power cost with existing rates provided that energy sales remain as forecasted.

The manager stated it would be necessary to seek board approval for the executive assistant to gain eAuthentication access to electronically submit financial data to RUS. The board authorized the executive assistant to submit data electronically to RUS.

The manager stated it would be necessary to approve Work Order Inventories #242 & #243 representing completed and approved construction. The board instructed management to submit those inventories totaling \$398,903.53 to be reimbursed with loan funds.

The manager discussed with the board the possibility of having a bus tour for high school students who have attended electrical safety demonstrations; indicating that Hallock Line Foreman, Scott Slusar, had excellent turnout during the demonstrations. It was the feeling of Member Service that the cooperative would benefit from having these people attend a power plant bus tour. There remain a number of logistics to straighten out. No action at this time.

## A regular meeting of the board was held Tuesday, March 28, 2017.

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 Wayne Malm and Blake Owens participating by videoconference.

The president reported on recent MREA activities, indicating that the Governor has vetoed the Local Democracy legislation promoted by MREA. However, this bill will be added to the omnibus, which will provide another opportunity for it to become legislation.

Director Folland reported on recent Minnkota activities, indicating that the discussions with Basin have been put on hold. However, the time invested thus far has been mutually beneficial with both G&Ts becoming more familiar with one another.

The manager of operations presented the monthly

safety report, indicating no accidents and no lost time.

During March, a representative from Federated made an annual visit to the cooperative discussing claims history and found all conditions of the cooperative are favorable. In March, MREA held a safety meeting on pole inspection, handling and setting. Linemen Nolan Buchner and Joe Marcotte also attended a PCB seminar put on by Minnesota Safety in Roseau.

The manager of operations continued his monthly report detailing field activities and reporting that connected member-owners for February 2017 stood at 3,824, representing a net gain of 29 from the same period last year.

Members of the management staff and the manager presented their monthly reports and responded to questions from the board of directors concerning their reports.

The 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 \$7,322.46 and a deficit of resale material of \$425.24 with small tools precisely accounted for. The manager 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.

The manager stated that Labor Negotiations were recently held at the cooperative for the bargaining group represented by Local 1426 of the IBW. With minor wording changes to certain articles of the agreement being agreed upon, the board authorized the secretary and president to sign the documents necessary to place in effect the new labor agreement.

The assistant manager reviewed with the directors nonoperating margins and other equities, detailing the amounts in each category.

The manager stated that legal counsel is intending to retire and the current partner is not interested in being the cooperative's counsel, but they have hired a new attorney who has expressed interest. He will be brought to the reorganization meeting and the board can make a determination if they need to activate a search or would be comfortable with the new counsel.

The manager referred directors to the letter from Federated on their recent safety inspection, basically reviewing the items that the operation manager discussed in his report.

It will be necessary for us to issue three releases to Otter Tail Power Company for tile sumps. As has been discussed on other occasions, we are reluctant to issue releases but, a tile sump is of minimal usage. Also, requiring member-owners to contribute thousands of dollars to construction, when existing Otter Tail line is nearby, does not follow our philosophy to gain a new service. The board instructed management to provide releases to Otter Tail Power Company for the three locations described.

It was discussed with the board of directors that only three applications were received for the Youth Tour in Washington, D.C., and a selection was made.

## BE PREPARED BEFORE A STORM STRIKES

In the event of a power outage, be prepared by keeping the following items in an easy-to-find emergency supply kit.

### ■ WATER

Three-day supply, one gallon per person per day.

### ■ TOOLS

Flashlight, extra batteries, manual can opener, battery-powered or hand-crank radio, NOAA Weather Radio with tone alert.

### ■ FIRST AID KIT AND PRESCRIPTIONS

First aid supplies, hand sanitizer and at least one week's supply of prescriptions and medications for the family.



Learn more at [www.ready.gov](http://www.ready.gov)



AMERICA'S ELECTRIC COOPERATIVES

Source: American Red Cross, Federal Emergency Management Agency.

# Infinity Renewable Energy *Your energy. Your choice.*



With a focus on member-owners like you, PKM Electric Cooperative works to help families, farms and businesses enjoy a more rewarding relationship with their energy use. A wide array of programs and services are available that empower you to choose how your energy is produced and the best ways to use it wisely.

Through the Infinity Renewable Energy program, you can decide how much of the electricity you purchase is generated by renewable resources. With about 650 individual consumers participating, the program ensures your energy dollar is advancing renewable energy efforts in the local communities where you live, work and play.

The Infinity program was originally started in 2002 to support the development of the first two commercial-scale wind turbines in North Dakota history. The sustained success of those turbines, located near the towns of Petersburg and Valley City, jump-started efforts to harness the area's abundant wind energy potential.

With the Infinity Renewable Energy program, you can increase the amount of renewable electricity you use, without sacrificing your lifestyle or the comfort of your home. Contact PKM Electric Cooperative today to learn more about how you can participate in the program.



## How does the Infinity Renewable Energy program work?

By enrolling in the program through PKM Electric Cooperative, you choose a designated number of kilowatt-hours (kWh) or percentage of the electricity used that you would like to come from renewable resources. PKM Electric will allocate the appropriate amount of renewable energy through the program and indicate your purchases on your monthly bill.

## Will the renewable energy be delivered directly to my home?

While it is not possible to direct where electrons are specifically delivered on the electric grid, it is possible to ensure that the renewable energy you have purchased is from a resource connected to PKM's electric system. The record of that purchase and the proof that it was reserved for you is done through a renewable energy credit (REC).



ensures that RECs are only used once. When you determine the amount of renewable energy you would like to purchase, an equivalent number of RECs will be retired on your behalf.

## What is a REC?

A REC is verification that electricity was generated from an eligible renewable energy resource and was integrated into the electric grid. All wind RECs purchased through the Infinity program are certified by the Midwest Renewable Energy Tracking System (M-RETS). This certification

## Do I need to install any equipment to participate?

No additional equipment is required. Energy will still be transmitted on PKM's distribution system and delivered to your meter.

## What types of energy can I choose from?



Currently, the program focuses on wind energy, but options may be available to purchase from other renewable resources, including solar. Contact PKM Electric at **218-745-4711** or email [infopkm@minnkota.com](mailto:infopkm@minnkota.com) for more information.

## Can I receive the equivalent of 100% of my electricity through the Infinity Renewable Energy program?

Yes. You can decide how much renewable energy you want to buy up to your monthly consumption.

## Are there additional costs for participation in the Infinity program?

Yes. Additional costs are incurred to purchase renewable energy and to specifically designate how this energy is credited and used.

## Do I need to sign a contract? How will I be billed?

You do not need to commit to a contract. The only requirement is that you must be a member of PKM Electric. The Infinity program has a designated electric rate that will be included on your monthly bill. You will be able to pay your bill as usual. Your energy. Your choice.

