

# **PKM** NEWS

Electric Cooperative

September/October 2018



## **Affordable Clean Energy rule**

*Learn more on page 3*

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# The cooperative impact

**MIKE SCHMIDT**  
CEO

*PKM Electric Cooperative*

October is National Cooperative Month. PKM celebrated with coffee, cider and cookies in the office, but the celebration is much more than that. Cooperative month recognizes the struggles undertaken to establish and maintain PKM and the other 30,000 cooperatives in the country, as well as celebrate the benefits member-owners have received by being part of these organizations.

PKM was formed by future member-owners to provide a secure and reliable source of electricity for themselves. The Rural Electrification Act of 1936 has been called the greatest economic development program of all time. The Act ended up creating 897 electric cooperatives in 47 states that provide electric service to 56 percent of the nation's landmass. Sixty-three generation and transmission cooperatives (like Minnkota Power) provide electricity to 834 distribution cooperatives (like PKM). Electric cooperatives (cooperative members) own assets worth \$175 billion and employ 71,000 people nationally. Electric cooperatives deliver only 11 percent of the kWh sold in the U.S. each year, but own and maintain 2.6 million miles, or 42 percent, of the nation's electric distribution lines.

Cooperatives are founded on seven cooperative principles:

- Voluntary and Open Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation among Cooperatives
- Concern for Community

Thank you for your support of PKM. My door is always open if you have a comment or concern.

An extremely early winter storm caused a series of rolling outages over a 30-hour period in early October. The Halma, Radium, Argyle and Alvarado substations experienced the bulk of outages, but the entire system had issues. A light ice loading on the lines,

in combination with an "ideal" wind for this scenario, caused lines to gallop and wrap together, kicking the lines out. The majority of the line outages had wrapped lines in multiple locations. The tree-clearing program has been working, as tree issues were minimal. All line workers were on duty with most working through the entire 30-hour ordeal.

Thank you for your patience during this event. Hopefully we can sneak into winter without any more issues from Mother Nature.



## 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.

### September/October 2018 (Vol. 72, No. 5)

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218-745-4711 or 800-552-7366

#### Electrical after-hours emergencies

800-552-7366  
e-mail: [info@pkmcoop.com](mailto:info@pkmcoop.com)  
website: [www.pkmcoop.com](http://www.pkmcoop.com)

#### Next Board Meeting:

Tuesday, Nov. 27, 2018

#### 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.*

## Electrical Inspectors

### Marshall and Polk Counties

Bryan Holmes  
218-686-1413

Wayne Bergstrom  
701-520-9771

### Kittson County

Wayne Bergstrom  
701-520-9771



## Minnkota reviewing Affordable Clean Energy rule

**M**innkota, PKM's wholesale power provider, is studying a proposed rule from the Environmental Protection Agency to regulate carbon dioxide emissions from existing coal-based facilities.

The Affordable Clean Energy (ACE) rule, published in the Federal Register on Aug. 31, appears to be a step in the right direction because it provides states with the latitude to implement plans focused on each individual power plant within their borders. Under the proposal, states would set a unit's performance standard by determining the Best System of Emission Reduction from a list of seven candidate technologies identified by EPA. The technologies focus on efficiency upgrades known as heat-rate improvements. Heat-rate improvements have long been analyzed for their engineering and economic feasibility.

The ACE rule also proposes to modify EPA's New Source Review program to streamline the process for plants to make efficiency improvements without a prolonged and costly permitting process.

EPA indicates that CO<sub>2</sub>

emissions will be approximately 34 percent below 2005 levels upon full implementation of the ACE rule, which is consistent with expected reductions under the Clean Power Plan. Although it was finalized in 2015, the Clean Power Plan was never implemented due to a Supreme Court stay pursued by Minnkota and other electric cooperatives. The rule's stringent targets and aggressive timelines would have likely forced North Dakota utilities into costly, irreversible and irrevocable decisions on the future operation of their coal-based facilities.

EPA accepted public comments on the proposed rule through Oct. 31.

### **Project Tundra would benefit from 48A tax credit changes**

Changes in the path toward CO<sub>2</sub> regulation have not affected Minnkota's efforts to evaluate Project Tundra. Modeled after the successful Petra Nova initiative in Texas, the vision for Project Tundra is to retrofit Unit 2 at the Milton R. Young Station with technology that could capture up to 95 percent of its CO<sub>2</sub> emissions. The CO<sub>2</sub> would

then be utilized for enhanced oil recovery (EOR) or geologic storage.

U.S. Sen. Heidi Heitkamp (D-ND) has introduced a bill that would potentially unlock additional federal funding for the project. By making important technical modifications to the Section 48A "Qualifying Advanced Coal Project Credit" program, Project Tundra could receive up to a 30 percent investment tax credit.

Sen. Tina Smith (D-MN) is a co-sponsor of the bill. U.S. Rep. Kevin Cramer (R-ND) introduced similar legislation on the House side earlier this year.

This effort is the latest in a series of initiatives the North Dakota federal delegation has supported this year. In February, the FUTURE Act to reform the Section 45Q tax credit for CO<sub>2</sub> capture and sequestration passed with strong leadership from the North Dakota delegation. The expansion of these tax credits provides a credit of \$35 per ton for CO<sub>2</sub> that is captured and used for EOR and \$50 per ton that is captured and stored in a geologic formation deep underground.

Visit [ProjectTundraND.com](http://ProjectTundraND.com) to learn more.

# Load management programs

Load management, commonly referred to as “ripple” or “off-peak,” is a program developed by Minnkota Power Cooperative, our wholesale power provider, which allows specific loads to be turned off during periods of peak electrical demand. This allows members to reduce the cost of their electric heating by reducing electrical demand expense. An off-peak electric heating system consists of an electric heat source as its main component and a supplemental heating source that will typically operate 100-300 hours per year during times of peak electrical demand in the region. A reliable backup heating system is essential and required to participate in the program.

## How does it work?

During times when electric demand is greater than the current power supply, Minnkota Power Cooperative sends a signal over the power line, which is received by the ripple control device in the member's home or business. The ripple control device automatically turns off the electric heating system and will activate an automated backup system at the start of the peak control period. The process is reversed when the peak time is over. Other optional equipment, such as water heaters or dryers, can be connected to the off-peak program and receive the reduced rate and may qualify for a rebate.

## Can off-peak reduce my heating costs?

Yes! The off-peak program offers a lower electric heating rate that is about 40-50 percent below the regular service rate, making electricity one of the most stable and cost-effective energy sources available. With the off-peak rate, electricity is very competitive with other heating fuels such as propane or fuel oil. The off-peak rate really looks good during times when fossil fuel prices rise dramatically.

## Storage Water Heating

**Load control:** Daily cycled from 7 a.m. - noon / 5 p.m. -11 p.m.

*Rebates only available for newly installed equipment connected to the daily-cycled storage load control program.*

- \$150 rebate for 55 gallon or less connected to load control program
- \$300 rebate for 56-99 gallon
- \$350 rebate for 100 gallon or greater
- Free 50- or 80-gallon water heater with new home construction (must be place of residence)
- \$250 bonus rebate if converting from natural gas or propane water heating

## Dual-Fuel Heating

**Load control:** Can be controlled for extended periods, so backup heating system must be able to fully meet heating needs during control times

*Rebates only available for newly installed equipment connected to the load control program.*

- Plenum heaters
  - \$40 per kW Powerful Value rebate
- Air-source heat pumps
  - \$300 for 16 SEER and under
  - \$500 for 16 SEER and over

## Storage Heating

**Load control:** Daily cycled from 7 a.m. - noon / 5 p.m. -11 p.m.

*Rebates only available for newly installed equipment connected to the daily-cycled storage load control program.*

- Electric thermal storage heaters/Storage slab heat
  - \$40 per kW rebate



# Save money with **off-peak heating**

With the options and savings provided by off-peak electric heating, you'll find that comfort and affordability go hand in hand. To learn more about the heating equipment eligible for PKM's off-peak program below, call **218-745-4711** and speak with our energy services department and find out how off-peak can fit your needs.

## 4 Heating Options TO CONSIDER WHEN PLANNING A NEW OR RETROFIT HEATING SYSTEM

### Plenum heater

An electric plenum heater is one of the most common off-peak electric heating systems available today and can easily adapt to turn an existing propane, natural gas or fuel oil furnace into a dual-fuel system. The plenum heater typically sits on top of your fossil fuel furnace and uses your existing furnace fan to move air across the plenum heater elements to heat your home. Both your furnace and the electric plenum heater utilize the same thermostat and ductwork. Electric plenum heaters can be installed in conjunction with an air-source heat pump.



### Thermal storage heat

An electric thermal storage heater is a stand-alone off-peak heating system that eliminates the need for a backup fossil fuel heating system when sized properly. The system contains electric heating elements that lie within specially designed, high-density ceramic bricks. These bricks are capable of storing vast amounts of heat for extended periods of time. The stored heat is automatically regulated in relation to outdoor temperature and the heating requirements of the user. When the room thermostat calls for heat, heat is extracted from the unit's storage core and is distributed into the home.



### Air-source heat pump

Standard air-source heat pumps serve as a heater by absorbing heat from outdoor air and pumping it indoors. The heat pump also serves as an air conditioner by absorbing heat from indoor air and pumping it outdoors. When properly installed, an air-source heat pump can deliver one-and-a-half to three times more heat energy to a home than the electrical energy it consumes, because a heat pump moves heat rather than converting it from a fuel. Heat pumps are a popular choice due to their comfort and low-cost operation. When selecting a new heat pump, it's important to determine the proper size needed for your home. Bigger is not always better. We encourage you to work with your heating contractor to select a properly sized heat pump, which will be more efficient and provide better comfort and humidity control than one that is sized inappropriately for your home.



### Mini-split heat pump

Mini-split heat pumps are an option for cooling and also for supplemental heat in a home or office that does not have central ductwork. They work similarly to air-source heat pumps, with the ability to heat or cool. In heating mode, a mini-split heat pump extracts heat from outdoor air and transfers heat into the home or office. In cooling mode, it does this in a reverse cycle, extracting heat from within the structure and transferring it outdoors. Mini-splits can provide high flexibility in interior design options. Among these options are ceiling-suspended, floor-standing and wall-hanging units. These devices, which are typically composed of an outdoor compressor unit and an indoor heat exchanger coil-air handling unit, are easy to install.





# Fuel prices could affect load control this winter season



Slightly higher fuel prices, in particular propane, entering the heating season could impact the number of load control hours for PKM Electric's off-peak members in winter 2018-19.

"As those prices go up, the market follows those trends and you see more control. It impacts our consumers," said Todd Sailer, Minnkota Power Cooperative senior manager of power supply and resource planning.

Sailer said Minnkota, your cooperative's wholesale energy supplier, estimates 200 to 250 hours of dual-heat load control this winter. This compares to the 10-year average of 170 hours.

Last year's total of 60 control hours shows that moderate temperatures and low market conditions can combine to result in a small amount of control hours.

Other than the natural gas and propane prices inching up, Minnkota's demand response outlook is similar to the 2017-18 forecast. The unknown is possible forced outages at Minnkota and elsewhere in the wholesale energy market.

"Market price volatility is driven by fuel prices, weather and generator outages. These events drive the majority of the control hours," Sailer said.

Minnkota has the ability to control up to 350 megawatts through its demand response system. This includes dual-fuel systems, temporarily controlling storage heating systems, large-capacity water heaters, home vehicle chargers and large industrial consumers with backup

generators. Millions of dollars have been saved due to the successful operation of Minnkota's load management system for about 40 years.

Two outages could have an impact on the number of load control hours. Unit 1 of the Milton R. Young Station is offline until early November after a major outage was extended for damage discovered during the outage. Also, Coyote Station, which is partially owned by the Northern Municipal Power Agency, has an outage scheduled to begin March 29 and last into May.

NMPA and its operating agent, Minnkota, receive 128 megawatts of power from Coyote.

"Any time you have a generator out, you're exposed more to the market," Sailer said. "Right now we have some scheduled outages for the first part of November and then again in the spring. We typically do not schedule maintenance in the January and February time frame when we're at peak conditions. That's where the unplanned or forced outages come into play."

During outages and periods of peak electric demand, Minnkota's first option is to purchase energy from the power market. If the timing is not right and affordable power is not available, off-peak loads are temporarily controlled. The savings are passed on to retail consumers through the lower off-peak heating rate.

"Controlling load during these periods protects consumers from the

volatility of the market and prevents the need to build new power plants just to serve peak loads," Sailer said.

An off-peak system consists of an electric heating source as its primary component. A supplemental heating source must operate several hundred hours or more during the winter season. Sailer said members with a well-maintained backup heating system should not notice a difference in comfort level when their off-peak heating system is controlled.

## Incentives for heating, charging equipment

As part of its Value of Electricity campaign, Minnkota works with its member cooperatives and participating municipals to offer incentives for the installation of electric heating, water heating and charging equipment.

A recent addition is incentives for the installation of electric vehicle charging equipment on the off-peak program. It calls for a \$50 per kilowatt rebate for Level 2 chargers that are 240 volts. The maximum rebate is \$500.

"One of the things that is new to our program that we're really promoting is the electric vehicles," Sailer said. "We see it as a benefit for the consumer and the co-ops. It's just another good load in our demand response program."

# ALERT TODAY, ALIVE TOMORROW:


## HEADS UP FOR FARM SAFETY

STAY SAFE AROUND DOWNED POWER LINES. CONSIDER ALL LINES, EQUIPMENT AND CONDUCTORS TO BE LIVE AND DANGEROUS.



### If the vehicle is on fire, or you must exit for other safety reasons, follow these steps:

- 1.** Jump clear of the vehicle. Do not let any part of your body or clothes touch the ground and the machinery at the same time.
- 2.** Land with feet together and hop away in small steps to minimize the path of electric current and avoid electric shock.
- 3.** Keep going until you are at least 40 ft. away.
- 4.** Call for help. Make sure no one gets within 40 ft. of the downed line.
- 5.** Do not re-enter the area or vehicle until emergency responders and your electric co-op crews determine it is safe.



### IS YOUR DUAL-FUEL HEATING SYSTEM READY FOR WINTER?

If you have a dual-fuel heating system, which is an electric heating system with a fossil fuel backup such as fuel oil or propane, now is the time to be sure your backup heating system is prepared and that you have adequate fuel supply. Remember to check your backup propane or fuel oil tank levels now and periodically throughout the heating season. It is important to always have adequate fuel reserves so your backup heating system runs during times when off-peak electric heating systems are being controlled. Members with off-peak heating equipment can see the current control status two ways:

- 1:** Go to [www.pkmcoop.com](http://www.pkmcoop.com), click on Member Services, Load Management and then Current Status at the bottom of the page.
- 2:** Call the cooperative at **745-4711** or **800-552-6083**.

Members who would like the Load Group and DO numbers for the equipment at their location to reference on the Load Management graph should contact the cooperative. We will be happy to help you!



### Energy Efficiency Tip of the Month



Heading out of town for the holidays? Remember to unplug electronics that draw a phantom energy load. Some gadgets, like TVs, gaming consoles, chargers and DVD players use energy when plugged into an outlet, even when they're not in use. – Source: [energy.gov](http://energy.gov).



## ACH

**(Automated Clearing House)**

is a monthly bank draft directly from your checking or savings account taken on the 10<sup>th</sup> of every month. Monthly statements are still issued but with no risk of missing your payment due date!

## SmartHub

is an online & mobile app that allows you to interact with us like never before. View & pay your bill, view billing & payment history, monitor your energy use 24/7 & more. Billing notifications will ensure you never miss a payment, which you can make through the app or online with just a few clicks!

**2 random-drawing prizes  
for new & existing  
ACH & SmartHub users  
through 12.31.2018**

**\$100  
Energy Credit  
Amazon  
Echo**



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



# AUTHORIZATION FOR ACH (AUTOMATED DIRECT PAYMENT)

STAPLE VOIDED CHECK HERE

I authorize \_\_\_\_\_ and the financial institution named \_\_\_\_\_ (COMPANY NAME) below to initiate electronic entries from my checking/savings account. This authority will remain in effect until I notify you in writing to cancel it in such time as to afford the financial institution a reasonable opportunity to act on it. I can stop payment of any entry by notifying my financial institution 3 days before my account is charged.

(NAME OF FINANCIAL INSTITUTION) \_\_\_\_\_ (BRANCH) \_\_\_\_\_  
 (CITY) \_\_\_\_\_ (STATE) \_\_\_\_\_ (ZIP CODE) \_\_\_\_\_  
 (SIGNATURE) \_\_\_\_\_ (DATE) \_\_\_\_\_  
 \_\_\_\_\_ (NAME- PLEASE PRINT)  
 \_\_\_\_\_ (ADDRESS- PLEASE PRINT)

Account Number \_\_\_\_\_ Checking  Savings   
 Financial Institution Routing Number \_\_\_\_\_

**BEWARE OF UTILITY SCAMS**



PKM Electric Cooperative reminds members to beware of any suspicious phone calls demanding credit card or personal financial information. PKM Electric does not ask for this type of information over the phone. If you receive a call like this, hang up immediately and call PKM Electric at **745-4711** to verify your account status.

**NEVER GIVE OUT SOCIAL SECURITY NUMBERS, CREDIT CARD OR BANKING INFORMATION TO ANYONE WHO CALLS, REGARDLESS OF WHO THEY CLAIM TO REPRESENT.**

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PKM NEWS July/August 2018  
 Newsletter

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# Board meeting highlights *July and August*

## A regular meeting of the board was held Tuesday, July 31, 2018.

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 Aakre.

The president discussed MREA activities, including the announcement of Alison Deelstra's departure from MREA effective Aug. 16, 2018. She will be joining CFC as our new regional vice president and relationship manager effective Sept. 3, 2018.

The CEO provided an update of Minnkota Power Cooperative business in Director Folland's absence. Discussion of the bitcoin load, continued efforts of protection against hacking and cybersecurity, recent layoff of employees at Basin and the upcoming final vote on the MPC COSS Straw Proposal was held.

Director Hatton provided a recap of his attendance at Director School in Idaho. He highlighted information received in a Strategic Planning and Financial Decision Making course he attended. The president proposed forming a strategic plan for PKM in the coming winter.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. He stated that RESAP preparations are under way with the onsite observation scheduled for Aug. 9, 2018.

The manager of operations continued his monthly report on activities in the line department. He reported on several small storms impacting the service area in early July and work completed on the Lancaster sub due to storm damage with the aid of Minnkota Power Cooperative. Construction projects continue, several being tile sumps. He anticipates several more tile sump installations in the fall after harvest is complete.

The manager of member services reviewed items noted in his report including future of solar, building update, RESAP projects to be completed and the MPC electric car. He also gave an update on a member issue regarding their solar array.

The administrative manager presented the Operating and Financial report for the cooperative; there was some discussion on various parts of the financials, including an increase in June sales, with a portion attributed to irrigation sales. She updated the directors on current office activities, stating she had been assuming new duties as administrative manager and training Alisha Anderson, the new plant accountant, who started July 2, 2018. Disconnect notices for nonpayment have been mailed to members with disconnections scheduled for July 25, 2018.

The CEO discussed meetings and monthly activities as outlined in his report. He brought

attention to the upcoming Christmas Eve holiday, as it falls on a Monday this calendar year. Historically, employees have been provided a half-day paid holiday on Christmas Eve. A request was made to provide a full paid holiday in observance of Christmas Eve in 2018. The board granted employees one paid holiday in observance of Christmas Eve on Dec. 24, 2018.

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

The board reviewed a proposal from Brady Martz for audit and tax services through 2020. The board selected the three-year proposal of Brady Martz to audit the cooperative's financials and provide tax services for 2018-2020.

Second quarter financials were reviewed by the board and were found to be an accurate representation of the first-half financial transactions.

The CEO discussed with the board hourly wages

for nonbargaining wages, presenting the directors with a handout with his recommendations. The board approved those wages effective July 1, 2018.

The CEO stated if there were to be changes in voting delegates for associations of which the cooperative has membership, now would be an excellent time to make those. The board caucused and determined the NRECA delegate would be Mark Hatton. For Cooperative Network, the voting delegate would be Chris Mortenson. For Resco, the voting delegate would be Chris Mortenson. The remaining delegates for 2018/19 would remain the same.

Policy Bulletin 3-8.2 was discussed. Currently, policy dictates contractors hired by PKM Electric Cooperative, Inc. need a \$1,000,000 liability policy. Federated Rural Electric Insurance is advising we require contractors to carry a \$5,000,000 liability policy. The staff recommends implementing Federated's advice by increasing the required

## Problems paying your electric bill?

### Energy assistance may be available!

If you are receiving a low income or suffering from a temporary financial shortfall, these agencies may be able to assist you with your electric bill. We urge you to contact them immediately to avoid disconnection if you feel you are eligible for aid.



**Northwest Community Action**  
PO Box 67  
Badger, MN 56714-0067  
(218) 528-3258 or 800-568-5329  
[northwestcap.org](http://northwestcap.org)

**Tri-Valley Opportunity Council, Inc.**  
1407 Erskine Street  
Crookston, MN 56716  
(218) 281-9080  
Toll Free (866) 264-3729

## PKM ELECTRIC COOPERATIVE POLITICAL LEADERS

### Federal Legislators

#### President Donald Trump

The White House  
1600 Pennsylvania Ave. NW  
Washington, D.C. 20500  
[www.whitehouse.gov](http://www.whitehouse.gov)  
[president@whitehouse.gov](mailto: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](http://www.klobuchar.senate.gov)  
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1-888-224-9043 (Minnesota office)  
Fax: 202-228-2186

#### Congressman Collin Peterson

2204 Rayburn House Office Building  
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Fax: 202-225-1593

### State of Minnesota Legislators

#### Governor Mark Dayton

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800-657-3717  
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#### Senator Mark Johnson

2105 Minnesota Senate Bldg.,  
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St. Paul, MN 55155

651-296-5782  
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#### Representative Dan Fabian

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888-727-0979  
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#### Representative Deb Kiel

537 State Office Building  
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St. Paul, MN 55155  
651-296-5091  
800-339-9041  
[rep.deb.kiel@house.mn](mailto:rep.deb.kiel@house.mn)

insurance coverage carried by independent contractors. The board approved Policy Bulletin No. 3-8.3, titled "Independent Contractors Minimal Insurance Coverage Requirement."

The CEO discussed the recent Federated Loss Review, claims and rates with the directors. He also provided an update regarding the ongoing dispute with OTP regarding a service near Lancaster they are serving that is located within our service territory. Also, the upcoming RESAP onsite observation preparations were summarized.

Subsidiary financial and informational updates were presented. The CEO responded to questions from the directors.

The CEO recommended the directors review the December 2018 calendar and select a special board of directors meeting date, as the regularly scheduled meeting would fall on the Christmas holiday.

The board set the December meeting as a special meeting to be held Dec. 21, 2018, at 8 a.m. at the headquarters of the cooperative in Warren, Minn.

### **A regular meeting of the board was held Tuesday, Aug. 28, 2018.**

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

The president discussed MREA activities, including recent staffing updates with the hiring of Krista Benjamin as Alison Deelstra's replacement and Joyce Peppin's official filing as a lobbyist. He also mentioned that MREA attorney Dan Carlisle has accepted a CEO position at Todd-Wadena. Minnesota governor candidates will be present at the upcoming NRECA Regions 5 & 6 meeting with meet and greets scheduled, serving as a fundraising opportunity. He also informed the directors that the annual REPAC contribution is increasing for 2019 to \$100.

Director Folland provided an update of Minnkota Power Cooperative business. There will be an executive meeting scheduled for Aug. 29, 2018, to discuss the COSS Straw Proposal in length prior to the official vote of the MPC owner cooperative on Aug. 30, 2018. Folland also mentioned that the MPC infrastructure in its entirety is in finalization of full sale and that MPC has selected auditors for tax services.

Director Aakre reported that the next meeting for the Square Butte Cooperative will be in October.

Director Hatton provided a recap of his attendance at the Energy Issues Summit in St. Cloud. Renewable energy issues were highlighted, noting the challenges presented with rapidly changing technologies. Membership engagement and broadband services were also topics of discussion.

Director Mortenson recently attended Directors School, acknowledging the positive director environment at PKM. Cybersecurity and its impact on all cooperative sizes remains a topic of concern and discussion at meetings.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. MREA held chainsaw safety training on Aug. 7, 2018. The RESAP observation on Aug. 9, 2018 went extremely well. The observers were very thorough and fair in their final evaluations. The team recorded their assessment of the cooperative in 16 categories. PKM received "strong performance" in two categories. R. Bye expressed thanks for all PKM employees and directors for keeping safety a top priority.

The manager of operations continued his monthly report on activities in the line department. Crews have been busy with URD and service upgrades. Outages had been quiet except for the Aug. 26 storm with damage reported in our northern service territories. Crews worked through the night and had all power restored by noon on Aug. 27. He also informed the directors of a possible wiring/metering issue that has been reported recently requiring a third party verification.

Randy Vetter, PKM engineer, was present to

# Statistical and financial report

## Year-to-date: August 2018

	Last Year	This Year	Budget
Total income	\$ 10,141,050	\$ 10,365,378	\$ 10,614,960
Total expense	\$ 9,989,723	\$ 9,363,209	\$ 10,210,926
Net operating margins	\$ 468,848	\$ 515,115	\$ 256,542
Total kWh sold	81,820,000	84,725,262	79,363,714
Avg. kWh sold per member	2,387	2,450	
Line loss	4.62%	4.25%	
Del. cost per kWh purchased	8.25¢	8.15¢	
Average sale price per kWh	12.39¢	12.23¢	
Percent kWh sales increase	(3.16%)	3.55%	
Members billed	3,808	3,847	
Miles of line in service	2,261	2,267	

respond to fiber/broadband installation questions from the directors. He said of the 17 cooperatives he serves, none are currently installing fiber. He was also available to assist management with presenting cost estimates for building service to a site near Lancaster. Discussion of costs, available funding options and time frames was held. The directors instructed management to seek legal counsel and continue to bring forth developments from the involved parties.

At this time, the manager of operations requested guidance from the directors regarding the purchase of a chassis. He is seeking prior authorization from the directors as the 2019 budget will not be approved until November. A request was made to accelerate the budget to place an order from Nelson International. The quote proposal was provided to the directors. The board instructed management to purchase a chassis from Nelson International.

The manager of member services reviewed items noted in his report including the RF pilot shipment update. Notification has been received that the single boards were shipped, and the gateway has arrived at PKM. Numerous calls from members have been received regarding rebates for electric heat and heat pumps this year. He also reported that the Omdahl solar array has been repaired.

The administrative manager presented the Operating and Financial report for the cooperative. She noted that the total reported idle services are now under the 10 percent recommendation from Federated. A comparison of miles traveled between 2017 and 2018 was made, commenting that the miles are lower than the previous year, however, the average cost is up considerably due to extensive truck maintenance issues. The administrative manager also reported on recent attendance to the REMA Financial Managers Meeting. Topics included: solar, electric cars, drones, CIP to CEEP and a RUS D.C. update. Disconnections for nonpayment have concluded for the month.

The CEO discussed meetings and monthly activities as outlined in his report. He recently attended the REMA CEO meeting. He mentioned that, at an upcoming session, there will be a survey on CEO performance feedback practices among Minnesota cooperatives. Neighboring co-ops are also currently surveying director compensation. He also reported that arrangements have tentatively been made for Bobbi Jeffries of CFC and Mark Doyle from CoBank to attend upcoming meetings in September and November.

Upon presentation of the reports from

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

The board received a partial release of easement for a property in Marshall County. A mortgagor of a recent real estate sale is requiring the easement description to include additional specific details. The board instructed the officers to sign the necessary documents for filing with Marshall County.

Federated Rural Electric Insurance Exchange performed its annual Safety and Loss Prevention Assessment on July 23, 2018 at PKM. A letter from Chad Knutson with his findings was discussed.

The meeting concluded with a video clip from a presentation by Sara McGrane at the Energy Issues Summit.

## DIGGING SOON?



**ALWAYS CALL BEFORE YOU DIG**

One free, easy call gets your utility lines marked AND helps protect you from injury and expense. Safe digging is no accident: always call 811 before you dig.

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**GUNS AND POWER LINES**  
**DO NOT MIX**

Hunting is a Minnesota favorite, ranking right up there with the fishing opener. Before you head out to the tree stand, review these hunting safety tips:

- ✓ Treat every firearm as if it were a loaded firearm.
- ✓ Be sure of your target before you pull the trigger. When you look through the sight, look beyond your target. Make sure there isn't another hunter in your sight or a building or structure, such as an electric facility.
- ✓ Never point a firearm at anything you don't intend to shoot.
- ✓ Never shoot at electric power lines or electric facilities such as substations or transformers. Not only is it extremely dangerous, but it is also against the law.
- ✓ Always carry a firearm so that the muzzle is under control.
- ✓ Firearms must always be unloaded when carried into camp or not in use.
- ✓ Make sure the barrel and action are clear of obstruction.
- ✓ Unattended firearms must be unloaded.
- ✓ Never climb a fence or ditch with a firearm. Never climb into a tree stand with a loaded firearm – remove the ammunition first.
- ✓ Never shoot at flat, hard surfaces or the surface of water. The bullet can hit the surface and travel parallel to it for a long distance.
- ✓ If you see a power line on the ground, don't touch it! Touching an energized power line could kill you. Notify the local utility of a downed line as soon as possible.
- ✓ Always avoid alcohol and drugs while hunting.

*PKM Electric will be closed*  
**Monday, Nov. 12,**  
*in honor of Veterans Day*  
– and –  
**Thursday, Nov. 22,**  
*as we celebrate Thanksgiving*  
– and –  
**Monday-Tuesday,**  
**Dec. 24-25**  
*as we celebrate Christmas.*

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