

PKM NEWS

Electric Cooperative

November/December 2018



Project Tundra Ready for Research

Learn more on pages 6-7

2019 electrical continuing education classes - *page 3*
Apply for help with this winter's heating bills - *page 8*



MIKE SCHMIDT
CEO
PKM Electric Cooperative

Looking back on 2018

Holiday greetings from PKM! The busy holiday season is upon us, full of activities and hopefully allowing time with family and friends. It's also the time of year when we finalize our planning in the form of operating and capital budgets for 2019. No rate adjustments are planned, which is always good news.

Looking back on 2018, energy sales were up a little, revenues held solid and outage times were higher due to several mini storms. We are expecting a respectable year-end operating margin that will be finalized when December books are closed. The cooperative maintains a 52 percent equity level and remains on solid financial footing.

Some personnel changes occurred in 2018 at PKM along with the promotion of a couple of individuals to management level staff positions. Being a small rural electric cooperative means our employees wear more hats than in a larger organization, and proper training takes time and is critical to keeping things moving forward.

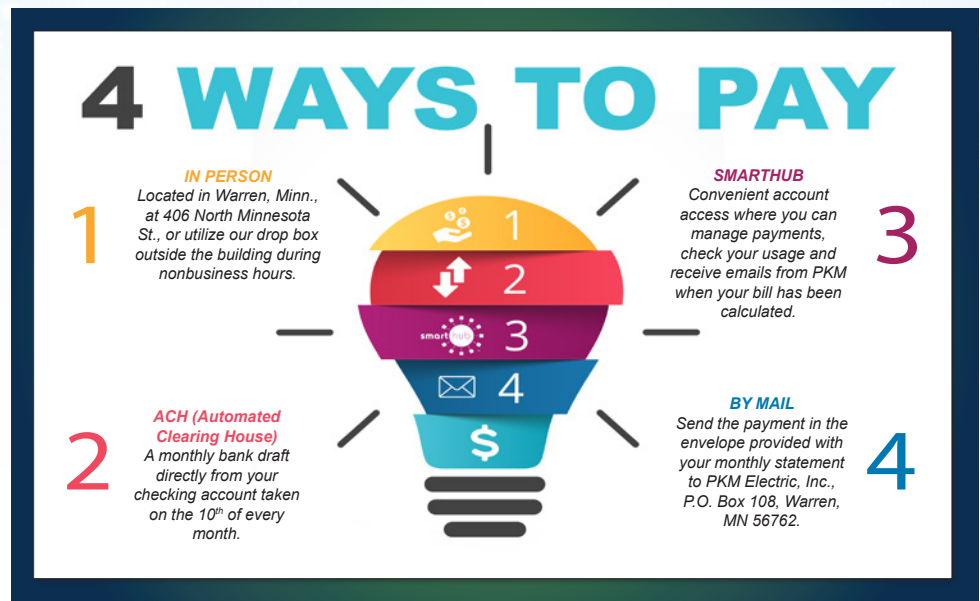
The weather this fall has

kept our attention, with milder temperatures and threats of icing on the lines. Our maintenance programs operate continuously with pole testing and changeouts, tree clearing, OCR maintenance and testing, security lighting and ripple maintenance, along with line routine maintenance. We have also budgeted \$1.7 million for new construction, line extensions, system improvements, meters, transformers and for replacement of a bucket truck.

The board and staff will be

spending some time in January planning. Discussion will center around our Automated Metering Infrastructure (AMI) pilot project and converting our metering from power line carrier to radio frequency, our LED lighting programs, 10-year financial forecast and equity management. Proper planning is priority one as we recognize every dollar we spend comes from you, our member.

Please keep PKM in mind as your energy partner, as we know there are choices in the marketplace. Best wishes for a safe and successful 2019!



Electrical Inspectors

Marshall and Polk Counties

Bryan Holmes
218-686-1413

Wayne Bergstrom
701-520-9771

Kittson County

Wayne Bergstrom
701-520-9771

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Electrical after-hours emergencies

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

Next Board Meeting:

Tuesday, Jan. 29, 2019

Officers and Directors

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

This institution is an equal opportunity provider and employer.

Electrical Safety Checklist

Nearly half of all home fires occur during winter months. Take a few minutes to identify and correct any potential electrical hazards to ensure the safety of your home.

SWITCHES AND OUTLETS

- Are any switches or outlets warm to the touch?

YES NO

Warm switches or outlets indicate an unsafe wiring condition.

- Are any outlets or switches discolored?

YES NO

Discoloration indicates dangerous heat buildup at these connections.

- Do plugs fit snugly into outlets?

YES NO

Loose-fitting plugs can cause overheating and fires.

CORDS

- Are any cords cracked, frayed or damaged?

YES NO

Damaged cords can expose wires, causing shock or fire hazards.

- Are any cords pinched by furniture or windows, or attached to anything with staples or nails?

YES NO

Pinching and/or stapling cords can damage the insulation, causing shock or fire hazards.

- Do you use extension cords on a permanent basis?

YES NO

Extension cords should only be used temporarily.

ELECTRIC PANEL

- Do you have recurring tripped circuit breakers or blown fuses?

YES NO

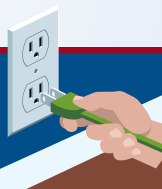
If yes, this could indicate you're exceeding a safe level of electrical current.

- Do you have arc fault circuit interrupters (AFCIs)?

YES NO

AFCIs provide greater fire protection. Check your circuit breakers for the AFCI label.

Please note this is not a comprehensive safety checklist. Visit ESFI.org for more information.
Source: ESFI



Electrical contractor continuing education sessions set for January, February

Minnkota Power Cooperative and the associated systems will again provide an opportunity for area electricians to obtain credits for license renewal by attending one of the six continuing education classes being offered throughout Minnkota's service area.

This marks the 31st year of the successful program, which is aimed at providing area trade allies with the latest information on electrical code and practices.

The electrical workshops will be held Jan. 22 and Jan. 23 at the DoubleTree Inn in West Fargo. The training then moves to the Bigwood Event Center in Fergus Falls on Jan. 31, and the Eagles Club in Bemidji on Feb. 1. The workshops conclude with classes Feb. 5 and Feb. 6 at Minnkota Power Cooperative's headquarters in Grand Forks.

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

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

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

2019 ELECTRICAL WORKSHOPS

JAN. 22, 23

DoubleTree Inn

825 E Beaton Dr
West Fargo, N.D.

JAN. 31

*Bigwood
Event Center*

925 Western Avenue
Fergus Falls, Minn.

FEB. 1

Eagles Club

1270 Neilson Ave SE
Bemidji, Minn.

FEB. 5, 6

*Minnkota Power
Cooperative Headquarters*

5301 32nd Ave. South
Grand Forks, N.D.

New year. Great rebates.

Add comfort and energy efficiency to your New Year's resolutions 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.

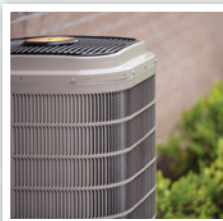
Rebate of \$40 per kW



☐ 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.

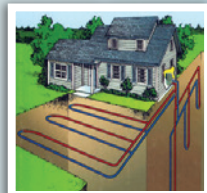
Up to 16 SEER: Rebate of \$300 per ton
17 SEER or greater: Rebate of \$500 per ton



☐ 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



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

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.

	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
Xbox 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 x 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

A photograph of the Milton R. Young Station, a large industrial facility with two tall smokestacks emitting white plumes of smoke. The plant is situated near a body of water, with a field of tall grass and wildflowers in the foreground. The sky is blue with scattered white clouds.

The Milton R. Young Station, a lignite-based facility located near Center, N.D., is the focus of Project Tundra.

Ready for research

State of North Dakota approves up to \$15 million for Project Tundra

Research on what would be the world's largest carbon capture facility received invaluable support from the state of North Dakota in November.

The North Dakota Industrial Commission unanimously approved up to \$15 million in state funding for Project Tundra, which aims to connect the state's coal and oil industries to produce more energy, reduce emissions and generate long-term economic benefits.

Funding for the project, led by Minnkota Power Cooperative, PKM Electric Cooperative's wholesale power provider, would help pay for the engineering and design study for a CO₂ capture system at the Milton R. Young Station located near Center, N.D. The funding is contingent on the project receiving an additional \$15 million

from the U.S. Department of Energy.

"The state of North Dakota has long been a leader in energy innovation thanks to strong support from its elected officials and the pioneering spirit of its companies," said Mac McLennan, Minnkota president & CEO. "This research funding is essential to understanding how this breakthrough technology can be applied to North Dakota facilities."

The project would capture CO₂ inside a large vessel using a solvent called amine. Once enough CO₂ has bonded with the amine, it would be pumped to a separate vessel where heat is applied to break the bond and create a pure CO₂ stream. The CO₂ is then delivered through a pipeline to area oil fields where it can be used for enhanced oil recovery. This process

includes injecting CO₂ into conventional wells to substantially increase oil production.

The project, estimated to cost \$1.3 billion, is not something Minnkota will take on alone. Other entities involved in Project Tundra include BNI Energy, Bismarck, N.D.; Eagle Energy Partners, Minot, N.D.; and the Energy and Environmental Research Center at the University of North Dakota, Grand Forks, N.D.

Despite the initial capital cost, demand for carbon capture technology has been made even greater by the passage of 45Q tax credit reform. As part of legislation passed in February, the federal tax credits have been increased to \$35 per ton for CO₂ that is captured and used for enhanced oil recovery and \$50 per ton that is captured and stored in a geologic formation deep underground. These tax credits are projected to represent up to \$1 billion in value to Project Tundra.

Proven technology

As Project Tundra transitions into the next phase of research, it has hired one of the world's foremost experts in CO₂ technology and development. David Greeson joined the project team in October after previously serving as the vice president of development at Texas-based NRG Energy. In that role, he led the development of the Petra Nova initiative, which is the world's largest post-combustion CO₂ capture and

enhanced oil recovery project. Petra Nova was completed on schedule and on budget in December 2016.

Project Tundra is modeled after the Petra Nova initiative, which is capturing about 90 percent of the CO₂ emitted from a 240-megawatt (MW) flue gas slipstream. The captured CO₂ is then injected into mature reservoirs to release more oil. This process revitalized a diminishing oil field, increasing production by 1,300 percent.

Project Tundra aims to build on the success of Petra Nova by applying a similar, but much larger, set of technologies to Unit 2 of the Young Station. Unit 2 is a 455-MW generation facility that began commercial operation in 1977. The facility has previously been retrofitted with emissions control equipment that meets or exceeds all current air quality standards.

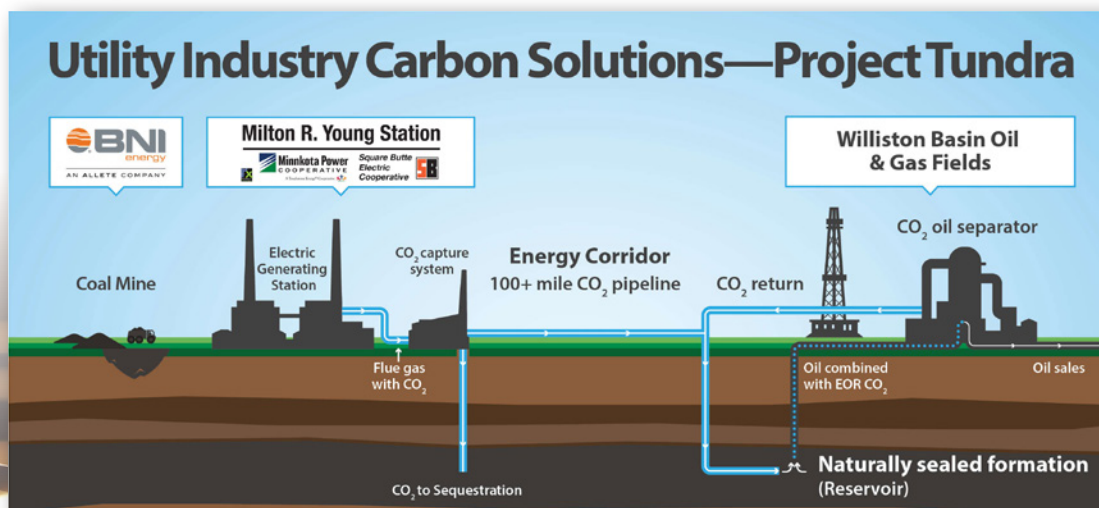
"David's knowledge and expertise in the area of carbon capture development provide immeasurable value to the Project Tundra team," McLennan said. "The project team has done an excellent job advancing the initial research projects. As we move forward, it becomes essential to have a dedicated project manager. David's credentials indicate that he has the ability to guide this project to the finish line."

For more information on Project Tundra, visit ProjectTundraND.com.



David Greeson

Project Partners:





Minnesotans can apply now for help with this winter's heating bills

For Minnesotans who struggle to pay their winter heating bills, now is the time to apply for financial assistance to help pay those bills.

Eligible Minnesotans are encouraged to apply for the state's Energy Assistance Program, which helps low-income households earning less than 50 percent of the state's median income (\$49,698 for a family of four).

More than 126,000 Minnesota households received energy assistance during last year's heating season. The average grant was about \$545, paid directly to the household's utility or heating fuel provider.

Funded through the U.S. Department of Health and Human Services, the Energy Assistance Program is administered by the Minnesota Department of Commerce, with 29 service providers throughout the state.

Households with seniors, disabled individuals and children are especially encouraged to apply for energy assistance because they are more vulnerable in low-heat situations and may live on fixed, low incomes.

Nearly 40 percent of Minnesota households that received energy assistance last year included seniors, but many seniors who are eligible still do not apply.

The Commerce Department encourages families to talk with older family members about applying for energy assistance if they qualify.

The Commerce Department recently sent applications to households that received energy assistance last year, but anyone who may qualify is encouraged to apply now.

To apply, contact the local service provider in your county and request an application. To find your service provider, visit the Energy Assistance Program on the Commerce Department website (mn.gov/commerce) or call **1-800-657-3710**.

Minnesotans who qualify for energy assistance may also be eligible for the Weatherization Assistance Program, a companion program that uses the same application as energy assistance. The weatherization program helps permanently reduce energy bills for low-income Minnesotans by providing free energy-saving upgrades to ensure that their homes are warm, healthy and safe.

Other forms of assistance may also be available through county social service programs, community-based organizations and nonprofit agencies.

AUTHORIZATION FOR ACH (AUTOMATED DIRECT PAYMENT)

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 _____

STAPLE VOIDED CHECK HERE

Lighting Labels and Lingo

These days, consumers have endless options when it comes to purchasing light bulbs, but the labels can be confusing! Use the information below as a helpful guide for browsing bulbs.

Lighting Facts

Per Bulb

Brightness 655 lumens

Estimated Yearly Energy Cost \$1.08

Based on 3 hrs/day
11c/kWh Cost depends on rates and use



Life 22.8 years

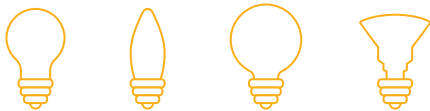
Based on 3 hrs/day

Light Appearance



Energy Used 9 watts

Source: U.S. Department of Energy



Read the Label

Under the Energy Labeling Rule, all light bulb manufacturers are required to give consumers key, easy-to-understand information on bulb efficiency. Take advantage of the Lighting Facts label, which gives you the information you need to buy the most energy-efficient bulb to meet your lighting needs. The label includes information on the bulb's **brightness**, **energy cost**, **life**, **light appearance** and **energy used** (wattage).

Save Energy

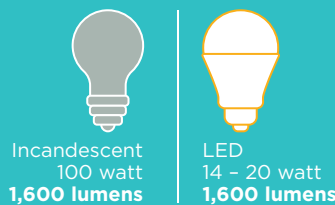
Bulbs are available in **many shapes and sizes** to fit your home's needs. Choosing more efficient bulbs can help reduce energy consumption and save you money!

- LEDs use 25%-30% of the energy and last eight to 25 times longer than halogen incandescent bulbs.
- Purchase ENERGY STAR-rated bulbs to maximize energy efficiency.

Buy Lumens, not Watts

Lumens measure the amount of light produced by the bulb. Watts measure energy consumption.

Tip: To replace a 100-watt incandescent bulb, look for a bulb that produces about 1,600 lumens.



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



Smoke & CO Alarm Safety at Home



- ▶ Install smoke and carbon monoxide alarms on every level of the home, including the basement, and within 10 feet of all bedrooms.
- ▶ Test your alarms monthly and change batteries at least once a year. If an alarm "chirps," warning the battery is low, replace the battery right away.
- ▶ Replace all smoke alarms when they are 10 years old or sooner if they do not respond properly when tested.
- ▶ Fire warning equipment is available to awaken people who are deaf or hard of hearing. This equipment uses strobe lights and vibration equipment (pillow or bed shakers) for people who are deaf and mixed-low-frequency signals for people who are hard of hearing.
- ▶ Two-thirds of deaths in homes that have a fire can be attributed to no smoke alarms or dead batteries, according to the National Fire Protection Association.
- ▶ Carbon monoxide is known as the "silent killer" because it cannot be seen nor smelled. Having your furnace and combustion appliances checked yearly by a qualified technician is an important step in preventing CO issues.

Generator safety

Generators can be dangerous or deadly to the user and to PKM Electric Cooperative personnel working to restore your electric service. Here are some very important safety precautions to consider when using a generator.

- Never use a portable generator in an enclosed area. Generators produce a dangerously high amount of carbon monoxide very quickly. Carbon monoxide is odorless and cannot be seen. It can cause serious brain damage and even death. Even if you cannot smell exhaust from the generator, you can still be exposed to carbon monoxide. If you start to feel dizzy or weak, get to fresh air immediately!
- Never try to power a house by plugging the generator into a wall outlet. This is known as backfeeding and is EXTREMELY dangerous to yourself, your neighbors and cooperative personnel working to restore your power.
- Always keep the generator dry; do not operate in wet conditions.
- If you are connecting a generator to your home's wiring system, a double-throw disconnect switch MUST be installed and working properly. Contact PKM Electric for more information.



Board meeting highlights

September and October

A regular meeting of the board was held Tuesday, Sept. 25, 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 Director Hatton.

The president discussed MREA activities. He mentioned that the newly hired staff are performing well, and operations are running smoothly.

Director Folland provided a summary of Minnkota Power Cooperative business. He recapped the recent Straw Proposal Cost of Service Study discussion and final passing vote of 9-2.

Director Aakre reported that the next meeting for the Square Butte Cooperative will be on Oct. 7, 2018, with Project Tundra leading the discussion. He noted that margins are improved in comparison to 2017.

At this time, the CEO presented the directors with a few miscellaneous informational items. In response to a request made at the August board meeting, he provided findings from a salary survey from neighboring cooperatives. He also shared some information from Boutique Air out of Thief River Falls, Minn. There is an option to purchase airfare vouchers for travels to and from scheduled meetings if there is interest.

Continued developments of the Workers' Comp Group were discussed. The CEO mentioned this is worth conversation and continued investigation into the cost savings. Action to participate may come in January or April of 2019. The MPC Straw Proposal Cost of Service Study passing vote was recapped also.

A letter from OTP dated Sept. 24, 2018, was distributed to the directors in response to PKM legal counsel S. McGrane's correspondence earlier in the month regarding the service territory dispute. Discussion ensued with the request made to report any future developments to the directors.

A sample policy bulletin from a neighboring cooperative was presented for consideration regarding incentives offered to employees for providing adequate written notice of voluntary separation of employment. Directors requested a PKM policy be drafted and included for discussion at the next board meeting.

Proposed changes to our IT-managed services provider and available subsidiary financials were discussed, concluding the informational agenda items.

The manager of operations presented the monthly safety report, indicating no accidents and no lost time. MREA held a H.O.T. lab training, simulating hands-on training in early September. The training is performed on a set of constructed power poles on site. Also, the linemen are presently undergoing switching training with Minnkota Power Cooperative. He reported that the temporary line employee in Warren has taken a full-time lineman position at CREC. Joe Marcotte

recently attended MREA training, with the push from Federated to incorporate electronic tailgate in the line department being a topic of discussion.

The manager of operations continued his monthly report on activities in the line department. RAM will begin pole testing in the north end of the PKM system. This will keep PKM on an 8/10-year cycle. Crews remain busy with tile sump installations and are up to date with scheduled service upgrades related to bins/dryers. Reported connected members for the end of August are 3,879, representing a net gain of 40 from the same period last year.

The manager of member services reviewed items noted in his report, including the RF pilot update. Equipment to read the meters has been installed, meter boards are currently at Irby and the meters should arrive in a few weeks. Recent discussion with MPC regarding available rebates offered to Alvarado residents was reported on. Calls and inquiries regarding solar options continue to come in.

The administrative manager presented the

Operating and Financial report for the cooperative. She reported on recent and upcoming happenings within the office including the completion of annual renewals and a promotion for SmartHub, ACH and paperless billing. This promo, available to new and existing SmartHub and ACH users, will launch during the open house for National Cooperative Month Oct. 8-12 and run through the end of 2018.

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

At this time, the CEO introduced and welcomed CFC Regional Vice Presidents Bobbi Jeffries and Alison Deelstra. 2017 KRTA data review, capital credit retirement options and strategic planning services were presented and discussed. A winter strategic planning retreat was proposed with available dates provided. Management will continue conversing, process feedback and bring information and topic suggestions to a future board meeting for discussion.

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

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
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

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St. Paul, MN 55155
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888-727-0979
rep.dan.fabian@house.mn

Representative Deb Kiel

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St. Paul, MN 55155
651-296-5091
800-339-9041
rep.deb.kiel@house.mn

A regular meeting of the board was held Tuesday, Oct. 30, 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. He recommended the directors and staff review the MREA Legislative Updates emailed to MREA members as made available. He said the information published is well written and provides a clear summary of current legislative business.

Director Folland provided a summary of Minnkota Power Cooperative business. The recent meeting discussed the 2019 budget, recent rating review and the continuation of Project Tundra. The CEO also provided some additional points of interest to the directors and elaborated on items Director Folland mentioned. Capital credit retirements and the 5-year transmission upgrade plan were discussed.

Director Aakre reported on the recent Square Butte meeting. He highlighted Project Tundra and distributed information from David Greeson, who has been hired to assist with the project's progression, and Director Aakre noted that Square Butte is operating under budget to date.

Director Hatton recapped his recent Washington D.C. legislative visit, noting the continued discussion of the proposed changes to the Farm Bill and cushion of credit impact.

The manager of operations presented the monthly safety report, indicating one first report of injury and no lost time. He recapped the Oct. 10th ice/snow storm impact on the PKM system. Power lines snapping together from the ice, snow and wind were the primary causes of approximately 30 line outages. The line crews worked through the night and had all power restored the following afternoon. The valued assistance from CRC, the after-hours outage system, fielded the large volume of calls, allowing R. Bye to dispatch the line crews. The manager of operations commended the efficiency of the crews.

The manager of operations continued his monthly report on activities in the line department. RAM has completed pole testing in the north end of the PKM system; this keeps PKM on an 8/10-year cycle. The Department of Labor Apprenticeship Review has also been completed, showing PKM's ratio to be in good standing. Reported connected members for the end of September are 3,891, representing a net gain of 48 from the same period last year.

The manager of member services reviewed items noted in his report including a recap of the recent Minnkota load management meeting and his recent attendance at the Canon Conference in Minneapolis. The RF pilot project is well underway with the installation of meters, and the manager is satisfied with initial reporting. If the transition and operation of this metering project presents favorable results, he recommends migrating the system by substations.

The administrative manager presented her monthly report. A recent MREA conference call regarding MN DOR property tax on infrastructure and its impact to the cooperative was discussed with continued updates to be presented as available. She recently visited North Star Electric Cooperative to review additional NISC software programs that they are currently utilizing and that PKM will be implementing.

The administrative manager continued with the presentation of the Operating and Financial report for the cooperative. She distributed historical graphs displaying a comparison and/or trend of key financials over a 4-year period.

The CEO referenced his emailed monthly report recapping his attendance at various meetings through the month of October. Additional items in his report will be addressed in detail during the meeting.

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

Statistical and financial report

Year-to-date: October 2018

	Last Year	This Year	Budget
Total income	\$ 11,431,446	\$ 11,552,785	\$ 11,472,295
Total expense	\$ 11,254,151	\$ 10,673,318	\$ 11,022,411
Net operating margins	\$ 574,181	\$ 468,960	\$ 294,142
Total kWh sold	92,374,761	94,329,733	85,326,772
Avg. kWh sold per member	2,424	2,453	
Line loss	5.00%	5.07%	
Del. cost per kWh purchased	8.22¢	8.22¢	
Average sale price per kWh	12.38¢	12.25¢	
Percent kWh sales increase	(3.11%)	2.11%	
Members billed	3,810	3,849	
Miles of line in service	2,261	2,267	

An engagement letter confirming the auditing services Brady Martz will be providing PKM for the year ending Dec. 31, 2018 was signed.

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

The details of a meter-connection issue that was recently discovered were presented by the manager of operations. An outside third party has concluded their investigation and will continue servicing PKM Electric's meter equipment testing. The billing amounts were disclosed, and the guidelines recommended were outlined. The board requested to have management contact the member and request payment for the previous 12 months' electric service with open terms of repayment.

There has been continued conversation with the parties involved in the service area dispute near Lancaster. Estimated costs associated with building service and permitting have been disclosed and evaluated. Discussion of forthcoming action continues.

The CEO provided a Workers' Comp Retention Group update. Twelve Minnesota electric cooperatives, currently not in the existing Minnesota workers' compensation pool, have decided to pursue forming their own pool. It is predicted this change will create a substantial cost savings to the cooperative. Potential

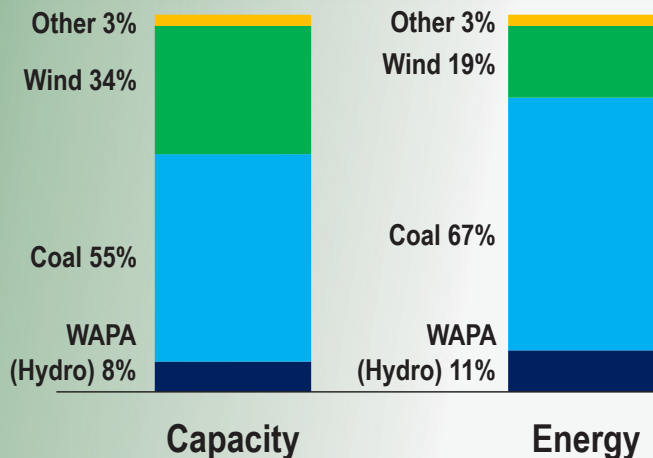
action will come in the first quarter of 2019.

A separation of employment policy bulletin was presented for consideration regarding incentives offered to nonunion employees for providing adequate written notice of voluntary separation of employment. The board approved Policy Bulletin No. 1-10, titled "Separation of Employment," and a copy of this policy was appended to the official minutes of this meeting.

The CEO has requested feedback from the board regarding his performance as CEO of the cooperative. The president acknowledged his request and requested the directors review the expectations outlined in the acceptance of employment letter issued to the CEO in January 2018. In addition to CEO performance discussion and feedback, directors will also review possible planning meeting topics proposed by the CEO at the next meeting.

The IT-managed services transition to InvisiMax will begin on Nov. 6, 2018. Also, the final summer demand numbers from Minnkota have been received, and PKM will receive an increase. Discussion was held regarding the current layout and contents of the PKM News with no changes decided. The meeting concluded with a review of subsidiary financials and an acknowledgement of Director Mark Hatton's completion of Credentialed Cooperative Director courses.

Where your power comes from



2018 uncashed dividend checks

Listed below are capital credit checks of former members of PKM Electric Cooperative, Inc. that have not been cashed or that the U.S. Post Office returned with no forwarding address. If you know the current address of these former members, please contact our office, or please cash the check if you received it. All members are reminded that they should keep the cooperative informed of their current address for sending capital credit payments after they leave our system.

Agri Fam Corp.	Raul Delacruz Jr.	Arthur Hulteng	Nan Netterlund
Stephen D. Allen	Donovan D. Donarski	Gregorio Ibarra	Daryl A. Nikle
American Legion Post 539	Jeff Driscoll	Adeloyde V. Johnson	Pedro Oliva
Craig Amiot	Jason Dybedahl	Corey L. Johnson	Darryl Olson
Florence H. Anderson	Emanuelson Bros.	Lorne K. Johnson	Lyle Quade
Grace Anderson	C.M. Evans MD	Norman E. Johnson Estate	Radio Station KKXL 14
Mark Anderson	Bruce Fanfulik	Reidus Johnson	Ron Ranstrom
Spencer Anderson	Wayne Feuillerat	Vern Johnson	Leonard Riopelle
Augsburg Town Hall	Foerster Gravel	Ronald A. Jones	Ruby Rodda
Paul M. Baier	Wayne Gabbert	Kevin Jopp	Yolanda Rodriguez
Shelly Bakke	Douglas Gallaway	Carol Kostrzewski	Tom Ryan Farms
David Bartholomew	Emilia Garza	Leon Krueger	Carl Sandahl
Joel Bedard	GF Cong Jehovah Witnesses	Adam Kuznia	Marion Setterholm
Byron Bengtson	Martin Glynn	Gregory Kuznia	Melvin Simonson
Keith D. Bisson	Darin Grandstrand	Valeria Leclair	Larry Smith
Greg L. Bogestad	Mrs. Gordon Grandstrand	Arthur J. Lesmann	Soo Line RR Co
Wallace Bolduc	Susan Grant	James Lindgren	Heidi Spilde
Mary Broten	Pam Grochowski	Darrell Loeck	Melvin Steward
Darlene Bushaw	Robert Hanson	Daryl Lofstrom	David Strandquist
Inez Carlson	Hapka Bros.	Wayne Mager	Arvin Sundby
Michael D. Carlson	Gladys M. Haugen	Michael Mcgrath	Myron Swanson
Shawn Carlson Farms Inc.	Eric Heath	Gerald Medenwald	James Swenson
Lowell Cedergren	Roylene Hebert	Rodger Miller	Mark Symington
Sandra E. Clark	Scott Hebert	Lisa Mills	Michael L. Szklarski
Neil Coulter	Randy Helgeson	Randy Murray	Matt Thompson
Anna Dagen	Richard Hernandez	Elaine S. Myrfield	Ordean H. Thompson
Corrinda K. Davis	Richard Hockstedler	Brad Nelson	Melinda Volker
Andrew S. Deitz	Ron Huderle	Holly Nelson	Teresa J. Vonasek-Riske
			Jeff Wanek

PKM'S CO-OP MONTH PRIZE WINNERS

Tom Docken, Hallock, Minn.
\$250 energy credit

Douglas Thompson, Karlstad, Minn.
\$100 energy credit

Wesley Staie, Karlstad, Minn.
\$50 energy credit

Kelsey Spilde – Kids coloring contest, Kindle Fire HD