

HIGHLINES

March 2020

A publication for members of Pella Cooperative Electric

Official Notice of Annual Meeting

The Annual Meeting for members of Pella Cooperative Electric Association will be held at Pella Christian High School in Pella, Iowa. Dinner will be at 5:30 p.m. and the meeting at 7 p.m. on Tuesday, April 7, 2020, to take action upon the following matters:

1. The report of officers, directors and committees.
2. The election of three directors of the Cooperative for a term of three years for District 1, District 4 and At-Large positions.
3. All other business which may legally come before the meeting or any adjournment thereof.

In conjunction with the election of directors scheduled for this meeting, the following members have been appointed as director candidates by the Board of Pella Cooperative Electric, pursuant to the By-laws:

District 1:

Brad Flory
Brian Hauser
Dale Lensing
Mike Lubberden
Dwain Russell
Jon Van Woerkom

District 4:

Duane Ver Ploeg
Unopposed

At-Large:

Bryce Arkema
Unopposed

You are urged to attend this meeting, hear reports of the officers, vote for directors, and transact other business as may come before the meeting.

Dated at Pella, Iowa this 9th day of March 2020.



Bryce Arkema, Secretary

2020 Annual Meeting Agenda

April 7, 2020

Pella Christian High School
300 Eagle Lane, Pella

5:30 p.m.: Dinner (free)

Parmesan chicken, cheesy potatoes, green beans, fruit salad, roll and brownie sundae (no carry out meals)

7:00 p.m.: **Annual Meeting**

Welcome
Invocation
Secretary's Report
Introductions
Report of Nominating Committee
Election of Directors
Youth Tour Presentation
Panel Discussion
Result of Election
Unfinished Business
Adjournment

7:45 p.m.: **Door Prize Drawings**

- 1-\$1,000 gift certificate to Bruxvoort's Decorating Center for appliance
- 1- 55" TV
- 2 - 2 tickets to the Iowa State Fair
- 6 - \$25 gift certificates toward your Pella Cooperative Electric bill

Those who stay for the entire meeting will receive a free gift. Please limit one gift per membership. Members must be present during the drawing to win the door prizes.



SURVEY

Pella Cooperative Electric and our power supplier, Central Iowa Power Cooperative, will be conducting a survey of a random sample of our residential members this spring. This survey will ask about your home, your appliances, energy efficiency measures you may be using, and your opinions about energy use and related topics.

Only a small portion of our residential members will receive a copy of the survey in the mail. If you do receive a survey, we ask that you take a few minutes to complete and return it in the postage-paid envelope provided or complete it on-line at the web address found on the questionnaire.

The names of the participants who complete and return the survey will be entered into a drawing for the opportunity to win one of four \$25.00 bill credits.

Pella Cooperative Electric

Your Touchstone Energy® Cooperative
The power of human connections



President & CEO's Report to the Membership

Plans are well underway for the 2020 Annual Meeting of the Pella Cooperative Electric Association. The meeting is scheduled for Tuesday, April 7th at Pella Christian High School. The meeting continues to provide the foundation for members, both young and old, to gather to hear reports and participate in the election of directors. This year, members will vote for three directors located in Districts 1, 4 and At-Large. This past November, District 1 Director, Norman Van Zante, shared his intentions to retire from the board of directors at the 2020 Annual Meeting. Van Zante has faithfully served on the board of directors for nearly 40 years and his commitment and dedication to Pella Cooperative Electric will long be remembered.

We are pleased to report the Cooperative finished 2019 with adequate margins to satisfy our debt service obligations. As a result of solid financial performance, the Cooperative was able to return capital credits totaling \$339,470 for the years 2002 and 2018. Because of solid energy sales in 2019, the Board of Directors authorized management to apply a one-time energy credit to our member accounts during both November and December. We heard from a number of members expressing appreciation for receiving a lower electric bill. This is a good example why our member-owned business model works so well for members!

Last year the board of directors participated in a strategic planning session. The session focused on the cooperative's strengths, weaknesses, opportunities and threats. One key topic identified that came out of the session was the need to take a close look at equity management and rate design to ensure the fairness and equality of costs among the various consumer classes. Other session topics included:

- Enhancement and continued emphasis on the culture of safety.
- Development of a succession plan for board, CEO and staff.
- Creation of communication and member engagement plan to include appropriate personnel.
- Development of a broadband survey and feasibility study to determine members' potential needs within the service territory.

Over the next three years, the board, management and staff plan to study each of the topics and develop plans according to the level of board and member support.

The Cooperative continues to focus on improving system reliability, increasing member satisfaction and ensuring employee safety. This ongoing work has helped us surpass our goal of keeping the lights on by achieving a 99.983 % reliability rating during the year.

We continue to experience solid growth across the service territory while watching the development of housing areas in the Pella area. During the past year, 38 new services were built. Our maintenance program included retirement and replacement of 25 poles that were rejected. This year will be busy as the Cooperative plans to begin work on a new substation to meet member growth and improve reliability to rural residential and commercial accounts with completion expected in early 2021.

Pella Cooperative Electric was powered 84 years ago by people who recognized the benefit of working together to build a needed

service. It is because of that fact that we take our responsibility to serve seriously and to properly maintain the distribution system that continues to serve our membership throughout parts of five south central Iowa counties.



Jon Miles, CEO



**Duane Ver Ploeg
PCEA Board President**

Our power supplier, Central Iowa Power Cooperative, announced two major projects in 2019 that are slated for completion later this year. The first is Wapello Solar, a 100 MW facility located on 850 acres in Louisa County. Developed by Clēnera, LLC, this project will be Iowa's largest solar facility from which CIPCO will purchase 100 percent of its output. Additionally, work began on an \$85 million project to repower CIPCO's Summit Lake Generating Station in Creston. The old steam engines have been retired from the 70-year-old plant to make way for 55 MW of efficient natural gas-fired reciprocating engines. Both projects fall in line with CIPCO's strategy to implement new generation projects designed to partially replace output from one of its primary sources of energy, the Duane Arnold Energy Center, set to close in October 2020.

A major wind project – Heartland Divide Wind Energy Center – came online in 2019, adding 103.5 MW of new, carbon-free electricity for CIPCO members like PCEA. This addition bumped CIPCO's wind generation purchases to more than one-third of its total fuel mix and resulting in a diverse energy portfolio that is currently more than 67% carbon-free*.

We hope you will take time to attend your annual meeting on Tuesday, April 7th. We look forward to seeing you there.

**All or some of the renewable energy credits associated with this generation may have been sold or may be sold in the future to other parties.*

- 2019 Capital budget was reviewed.
- Board policies were reviewed and adopted.
- Discussion was held on the upcoming annual meeting.



March's board meeting is scheduled for March 26.



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District 1 Candidates

MIKE LUBBERDEN (continued)

owned community solar garden similar to other Touchstone Energy Cooperatives like Midland Power in Jefferson. <http://www.midlandpower.coop/community-solar>

What do you believe is the biggest challenge facing the cooperative today? Supporting efforts to reduce the utilities' impact on climate. I'm saddened how this issue has been politicized to the point of creating confusion and inaction. I believe it's possible to address the problem on a higher moral plane which transcends political discourse.

If elected, what strengths would you bring to the Pella Cooperative Electric board? I realize there will be a steep learning curve before becoming an effective board member, however I enjoy learning and now have the time to devote to that process. I believe I can bring a diverse perspective to the table, while doing my best to represent the wants and needs of the members in District 1.

DWAIN RUSSELL

Dwain and his wife of 35 years, Linda, have been PCEA members since 1993. They have two sons, Derek and Dustin, daughter-in-law, Jill Russell, and two grandchildren, Rylan and Haisley. Dwain is an electrical engineer at John Deere Ottumwa Works. He has been in engineering and management for 35 years.



Why are you interested in running for the director position? I've been a member of the PCEA for 26+ years. I would like to represent the members of our district. I recently completed a three-year term on the Executive Board of Directors for the Community 1st Credit Union and I would like to share these experiences with the PCEA Board.

What do you believe is the biggest challenge facing the cooperative today? I want to ensure we continue to provide safe, reliable and affordable energy that we as members use each and every day.

If elected, what strengths would you bring to the Pella Cooperative Electric board? Recent experiences and leadership provided as an executive board member for the last three years for the Community 1st Credit Union.

At-Large Candidate

BRYCE ARKEMA

Bryce and his wife, Donna, have been PCEA members since 1982 and live northeast of Pella where Bryce farms. They have four children. Bryce is currently serving on his church board and council. He is also serving as the Secretary on the PCEA Board, the Key Co-op Board of Directors, and on the Hawkeye Pension Board for Iowa Association of Electric Cooperatives.



Why are you interested in being re-elected as a director? I believe in the cooperative system of members owning the business and being able to have a voice in the business by serving on the board

JON VAN WOERKAM

Jon and his wife, Glenda, have been PCEA members since 1986. He owned and operated Pella Glass & Home Improvement Inc. for 24 years. On January 1, 2020, he sold the business and he now enjoys working for the new owners. Jon has been a volunteer fireman in Pella for 34 years.



Why are you interested in running for the director position? I enjoy being part of the community and can relate to people well. I enjoy serving others when opportunities arise while working or leisure.

What do you believe is the biggest challenge facing the cooperative today? Being competitive in a market that small cooperatives can still serve their population.

If elected, what strengths would you bring to the Pella Cooperative Electric board? I can bring an open mind and would love to be the voice for the people in my district.

District 4 Candidate

DUANE VER PLOEG

Duane and his wife, Kathy, have been PCEA members since 1973. They have a son, Jason, and a daughter, Jill, along with 4 grandchildren. Duane has been a grain and livestock farmer since 1973 at the family farm four miles south of Pella. Duane has served several terms as Deacon at church, Marion County Board of Adjustment and as the Marion Country Fair Swine Superintendent. Duane enjoys watching his grandsons' sporting events and watching them show livestock at the county and state fair.



Why are you interested in being re-elected as a director? I enjoy and feel the need to be involved in any organization I am a part of and consider it an honor to be nominated to serve the membership.

What are your short-term goals on the PCEA Board? My goals are to listen to the needs of our members and help them understand the importance of the cooperative and their ownership in our organization.

of directors, who is responsible to hire the CEO and set policy for the cooperative.

What are your short-term goals on the PCEA Board? As a board, we are always concerned for the safety of our employees. To offer dependable and affordable energy for our member owners in an ever-changing business of generating power along with consumer's needs having to be supplied each hour of each day. Also protecting our system from cyber-attacks with cyber security.

Financial Report

Balance Sheets at Dec. 31, 2019 and 2018

Assets	2019	2018
Net Utility Plant	\$ 17,819,410	17,219,139
Other Assets and Investments	3,866,617	3,881,214
Current Assets	1,913,169	2,517,609
Deferred Debts	80,166	86,652
Total Assets	\$ 23,679,362	23,704,614
Liabilities		
Long-Term Debt	\$ 8,045,882	8,604,292
Current Liabilities	1,405,889	1,377,674
Deferred Credits	-	-
Equity		
Margins and Equity	14,227,591	13,722,648
Total Liabilities and Equity	\$ 23,679,362	23,704,614

Income Statements for the Years Ended Dec. 31, 2019 and 2018

	2019	2018
Operating Revenues	\$ 7,089,657	7,249,518
<i>Operating Expenses</i>		
Cost of Power	3,685,145	3,791,811
Operations and Maintenance Expense	794,771	800,224
Member Relations Expense	579,671	575,519
Administrative and General Expense	747,449	609,555
Depreciation Expense	481,151	460,525
Interest Expense	371,573	387,768
Operating Margins Before Capital Credits	\$ 429,897	624,116
Capital Credits	323,034	287,065
Net Operating Margins	\$ 752,931	911,181
Non-Operating Income	98,554	188,996
Net Margins	\$ 851,485	1,100,177

Expenses as a Percentage of Revenues for the Years Ended Dec. 31, 2019 and 2018

	2019	2018
Cost of Power	52%	52%
Operations and Maintenance Expense	11%	11%
Member Relations Expense	8%	8%
Administrative and General Expense	11%	8%
Depreciation Expense	7%	6%
Interest Expense	5%	5%

Winter Moratorium Ends April 1

Please take note that the winter moratorium ends April 1, 2020. If your account(s) is past due and you have not made a payment or a payment arrangement by this date, you will be subject to disconnection of your electric service.

To avoid disconnection, you must pay your electric bill in full by April 1 or request and sign a reasonable payment agreement for your past due account(s). Call our office at (641) 628-1040 with any questions.

Bright Idea



Placing hot food in a refrigerator makes the appliance work harder and uses more energy. Allow food to cool down before you place it in the fridge. Although it won't damage the appliance in any way, or cause the other food inside to spoil, placing hot food in a cold fridge can cause a significant spike in the inside temperature. The result is that your refrigerator's air compressor will work harder to bring the temperature back down. To do this every once in a while won't be a major drag on your household energy efficiency, but if you've made it a habit, it could be impacting your bill. Divide food into multiple shallow containers or place warmed dish in a shallow bath of ice water in your sink. A few minutes of this will rapidly cool down piping hot food. DO NOT leave food sitting out to cool down more than two hours or bacteria can develop that may lead to salmonella or E. Coli.

Pella Cooperative Electric will be closed April 10th in observance of Good Friday

SPRING FORWARD

Don't forget to set your clocks ahead one hour before going to bed Saturday, March 7!

2020 Board Candidates

No Nominations by Petition Received: As published in the December 2019 issue of *Highlines*, Article III of the Cooperative's Bylaws outlines the process of nomination by petition, giving PCEA members the opportunity to nominate a candidate for the office of director by petition. Since no petition was received, the candidates have been established as published here in this issue. We have asked all candidates the same set of questions. Below are the responses we have received.

District 1

BRAD FLORY

Brad and his wife of 45 years, Julie, have been members of PCEA since 2010. Their son Luke is married to Jodi Steenhoek and daughter Jennifer is married to Travis Van Wyk. Their children each have 3 children and are self-employed in the Pella area. Brad retired in 2019 after almost 34 years at Pella Corporation, the last 25 years as department manager in Logistics. Prior to this he worked as a herdsman for Flying Dutchman Ranch and farmed.



Why are you interested in running for the director position? PCEA is currently a very strong organization. I would like to help continue this tradition. Our challenge is to continue to offer our customers/members outstanding service and keep expenses minimal.

What do you believe is the biggest challenge facing the cooperative today? We need to anticipate the changing needs of our community while delivering service at the lowest cost for residential and commercial.

If elected, what strengths would you bring to the Pella Cooperative Electric board? Safety is the top priority in manufacturing and I will encourage this priority for our team. I've had 30 years of experience in continuous improvement, leadership and management of teams. I've been chairman of deacons and trustees at church, was award winner for the first Spirit Award (philanthropy and volunteerism) at Pella Corporation. I understand the needs and challenges of rural residents, commercial business and homeowners in the subdivisions in our communities.

BRIAN HAUSER

Brian and wife, Charmin, have been PCEA members since 2004. They have two sons, Grant and Jacob. Brian is the Vice President of Ag and Commercial Lending at Marion County Bank.



Why are you interested in running for the director position? I think it's a great way to use my financial services experience to serve the public in an industry that is vital to our daily lives.

What do you believe is the biggest challenge facing the cooperative today? Continuing to provide electricity to its members in a safe, sustainable and cost-effective manner. Now more than ever, our lives are heavily reliant on electricity.

If elected, what strengths would you bring to the Pella Cooperative Electric board? My Iowa farm boy background and 22 years of rural Iowa banking experience have helped me develop common sense solutions to the daily issues faced by business. My goal would be to apply this experience to the situations encountered by the Cooperative in the years to come.

DALE LENSING

Dale and his wife of 33 years, Lisa, have been PCEA members since 2002. They have four children, Jonathan and wife Alexa, Jacob, Joseph Samuel, and daughter Jacqueline. Dale is an obstetrician-gynecologist and currently practicing gynecology at Pella Regional Health Center since 2003. He was previously a partner and co-owner of Ottumwa Obstetrics and Gynecology from 1997 to 2010, until they sold the practice to Ottumwa Regional Health Center.



Why are you interested in running for the director position? My wife and I recently served on Pella Christian Boosters for three years. I enjoyed serving as chairperson for one of those years and serving the people of the Pella Christian High School community. This would allow me to serve in a similar fashion, but without all the concession stand shifts!

What do you believe is the biggest challenge facing the cooperative today? I believe the biggest challenge is finding sources of affordable, reliable, safe power in an era of increasingly burdensome regulation. As we become increasingly dependent on electricity to power high-tech industries and our high-tech society, whether that is home computers or EV charging of autos, we need to be sure we can deliver reliable and consistent service. Our power grid needs to be up to this challenge as well.

If elected, what strengths would you bring to the Pella Cooperative Electric board? I am a very organized, reliable individual that people trust to make good decisions with regard to their welfare and safety. Having run my own business, I learned the importance of balancing the needs of my customers with keeping the business efficient and viable. I have also learned how to navigate my own profession, one that is highly regulated by the government. As a lifelong Iowan, growing up on an Iowa hog farm and remodeling houses in several Iowa counties as a pastime, I have learned firsthand the importance of a reliable electric co-op!

MIKE LUBBERDEN

Mike and his wife, Sheryl, have been members of PCEA since 1987. They have two grown kids and three grandkids. Mike retired from Central College as Director of Facilities Planning and Management. He currently operates a small service business, mainly performing work for Pella Regional Health.



Why are you interested in running for the director position? I'm passionate to learn about PCEA's challenges for supporting solar. I would like to seek ways in which members can embrace customer owned solar technologies while building financial strength and stability within the association. I will advocate for a member-

continued on next page

Proposed Bylaws Change

Section 3. Nominations. It shall be the duty of the Board of Directors to appoint not less than sixty (60) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who shall be selected so as to give equitable representation on the committee to the geographical area served or to be served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting a list of nominations for directors.

Such nominations shall be made by districts as herein prescribed or for the at-large seats, to succeed the directors whose terms will expire at the meeting of members for which such nominations are made, and the members so nominated shall meet the qualification requirements as set forth in the By-Laws and be bona fide residents of the district (for directors elected by district) from which they are nominated. At-Large directors must reside within the Cooperative's service area. Any fifty (50) or more members may make other nominations in writing over their signatures not less than thirty-five (35) days prior to the meeting at which the directors are to be elected, and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted; such nominations so made by such members to be subject to the same qualifications, district, and residence requirements as nominations by the Nominating Committee heretofore prescribed.

The Secretary shall mail with the notice of the meeting a statement identifying the names and number of directors to be elected from each district and/or "at-large" showing separately the nominations made by the committee on nominations and the nominations made by petition. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for the directors as provided in this section.

Each voting member is entitled to cast one (1) vote for each director position to be filled (whether that is a district director position or an "at-large" director position).

Any member who will be absent from any such meeting may request a ballot from the Cooperative in advance of the meeting. They may then vote by mail or hand delivery for directors by marking on the ballot opposite the names of the number of candidates from each district no more than the number of directors to be elected from such district and/or the number of directors to be elected to "at-large" seats and enclosing the ballot in a sealed envelope bearing his/her name addressed to the Secretary of the Cooperative. Such ballot so enclosed must either then be (1) postmarked and mailed to the Cooperative seven (7) days before any election in which s/he is entitled to vote; or (2) personally hand-delivered for receipt



Special Thanks to the Nominating Committee

Each year the board of directors appoints a nominating committee to select candidates for the Cooperative's board of directors. Each member on the committee spends time and effort finding candidates for the upcoming election. Pella Cooperative Electric would like to extend our thanks to this year's committee.

Members of the nominating committee are pictured from left to right: **Tim Smith, Kim Vande Voort, Steve Harthoorn, Jim O'Halloran, Wade Puyear and LeeAnn Huff.**

by the Cooperative no later than the same seven (7) days pre-election deadline. (For purposes of the 2020 annual meeting of the members, only, the aforesaid deadline for postmarked/mailed delivery or hand-delivery of an absentee member's ballot shall be no later than April 1, 2020). If received by the indicated deadline said ballot shall be accepted and counted as a vote for directors by ballot of such absent members at such meeting. The provisions of this Section shall not be mandatory in the case of recall of one or more directors.

The Board of Directors may be permitted to establish and utilize such other balloting methods as permitted by law, provided the procedures for such balloting are set forth in the by-laws.

If necessary, the Board may revise the director districts, which may include the creation of new director districts, to ensure that members are equitably represented by the director districts.

Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

HIGHLINES

Published monthly by:
Pella Cooperative Electric
2615 Washington Street
P.O. Box 106
Pella, Iowa 50219-0106
Edited by: Sue Warrick

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Open weekdays 7:30 am - 4:30 pm; excluding holidays

Pella Cooperative Electric is a not-for-profit, member-owned electric cooperative. The co-op exists to provide electric service at cost. It is the members (anyone who gets electricity from the cooperative), not outside investors, that own and control the co-op. Cooperatives are governed by a member-elected Board of Directors. This institution is an equal opportunity provider and employer. See pella-cea.org > Nondiscrimination Statement for more information.

Board of Directors: Bryce Arkema, Darrell Boot, Carroll Hoksbergen, Steve Inskeep, Bob Van Soelen, Norman Van Zante, Duane Ver Ploeg, and CEO Jon Miles.