

Basin Electric Power Cooperative

Memorandum

To: Class A Member Managers and Staff
From: Shawn Deisz, Vice President & Controller
Date: February 11, 2021
Subject: January 2021 Financial Information

The following financial information has been presented to the Board of Directors and is provided to you as a member of Basin Electric for your information and internal use only. It should not be further disseminated outside of your cooperative either electronically or as a hard copy:

- January 2021 unaudited Statement of Operations and Balance Sheet for Basin Electric Power Cooperative, presented on an unconsolidated basis. Also attached is Basin Electric's December 2020 RUS Form 12b, "Operating Report – Sales of Electricity." This financial information is prepared and disseminated by the Department of Financial Services. Any questions related to this information should be directed to Melinda Weninger (701-557-5526).
- January 2021 unaudited Statements of Operations and Balance Sheets for Dakota Gasification Company. Any questions related to the Dakota Gasification Company information should be directed to Nicole Lautenschlager (701-557-5449).
- January 2021 unaudited Statements of Operations and Balance Sheets for Dakota Coal Company. Any questions related to this information should be directed to Marci Schorsch (701-557-5445).

/s/
sld/ku
Enclosures

BASIN ELECTRIC POWER COOPERATIVE
STATEMENT OF OPERATIONS
(In Thousands)
(Unaudited)

	Month ended January 31,			Year-to-Date January 31,		
	2021 Actual	2021 Budget	2020 Actual	2021 Actual	2021 Budget	2020 Actual
UTILITY OPERATING REVENUE:						
Sales of electricity:						
Sales to members	\$ 140,143	\$ 161,850	\$ 152,300	\$ 140,143	\$ 161,850	\$ 152,300
Surplus sales	<u>10,058</u>	<u>9,211</u>	<u>8,302</u>	<u>10,058</u>	<u>9,211</u>	<u>8,302</u>
Total sales of electricity	<u>150,201</u>	<u>171,061</u>	<u>160,602</u>	<u>150,201</u>	<u>171,061</u>	<u>160,602</u>
Other electric revenue	<u>1,738</u>	<u>1,811</u>	<u>1,863</u>	<u>1,738</u>	<u>1,811</u>	<u>1,863</u>
Total utility operating revenue	<u>151,939</u>	<u>172,872</u>	<u>162,465</u>	<u>151,939</u>	<u>172,872</u>	<u>162,465</u>
UTILITY OPERATING EXPENSES:						
Operation	95,767	108,408	100,675	95,767	108,408	100,675
Maintenance	6,961	9,425	6,645	6,961	9,425	6,645
Depreciation & amortization	14,045	14,273	13,277	14,045	14,273	13,277
Taxes	<u>261</u>	<u>288</u>	<u>278</u>	<u>261</u>	<u>288</u>	<u>278</u>
Total utility operating expenses	<u>117,034</u>	<u>132,394</u>	<u>120,875</u>	<u>117,034</u>	<u>132,394</u>	<u>120,875</u>
UTILITY INTEREST AND OTHER CHARGES:						
Interest on long-term debt	15,728	15,685	16,444	15,728	15,685	16,444
Interest on short-term debt	155	126	841	155	126	841
Other	<u>8,445</u>	<u>7,365</u>	<u>10,699</u>	<u>8,445</u>	<u>7,365</u>	<u>10,699</u>
Total utility interest and other charges	<u>24,328</u>	<u>23,176</u>	<u>27,984</u>	<u>24,328</u>	<u>23,176</u>	<u>27,984</u>
UTILITY OPERATING MARGIN (DEFICIT)	<u>10,577</u>	<u>17,302</u>	<u>13,606</u>	<u>10,577</u>	<u>17,302</u>	<u>13,606</u>
UTILITY NONOPERATING MARGIN:						
Interest income and other	1,294	2,062	3,131	1,294	2,062	3,131
Patronage allocations from other cooperatives	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>0</u>
Total utility nonoperating margin	<u>1,294</u>	<u>2,066</u>	<u>3,131</u>	<u>1,294</u>	<u>2,066</u>	<u>3,131</u>
MARGIN (DEFICIT) BEFORE INCOME TAXES	<u>11,871</u>	<u>19,368</u>	<u>16,737</u>	<u>11,871</u>	<u>19,368</u>	<u>16,737</u>
Provision for (benefit from) income taxes	<u>(38)</u>	<u>(88)</u>	<u>2</u>	<u>(38)</u>	<u>(88)</u>	<u>2</u>
NET MARGIN (DEFICIT)	<u>\$ 11,909</u>	<u>\$ 19,456</u>	<u>\$ 16,735</u>	<u>\$ 11,909</u>	<u>\$ 19,456</u>	<u>\$ 16,735</u>

Basin Electric Power Cooperative

Balance Sheet

As of January 31, 2021

FOR INTERNAL USE ONLY

ASSETS:	January 31, 2021	December 31, 2020	Variance
Electric Plant:			
Electric Plant in Service	\$ 7,212,235	\$ 7,208,750	\$ 3,485
Property Held Under Capital Lease	10,190	10,124	66
Property Held for Future Use	6,992	6,992	-
Construction Work in Progress	66,315	66,707	(392)
	<u>7,295,732</u>	<u>7,292,573</u>	<u>3,159</u>
Accumulated Depreciation and Amortization	(2,822,577)	(2,808,434)	(14,143)
	<u>4,473,155</u>	<u>4,484,139</u>	<u>(10,984)</u>
Nonutility Property:			
Nonutility Property	3,130	3,130	-
	<u>3,130</u>	<u>3,130</u>	<u>-</u>
Nonutility Accumulated Depreciation	(2,737)	(2,737)	-
	<u>393</u>	<u>393</u>	<u>-</u>
Other Property and Investments:			
Mine Related Assets	29,461	29,678	(217)
Investments in Associated Companies	663,636	667,759	(4,123)
Restricted and Designated Cash and Investments	36,988	37,332	(344)
Other Investments	245,616	247,122	(1,506)
Special Funds	47,628	47,621	7
	<u>1,023,329</u>	<u>1,029,512</u>	<u>(6,183)</u>
Current Assets:			
Cash	145	2,978	(2,833)
Temporary Investments	268,918	237,714	31,204
Restricted and Designated Cash and Investments	265,828	262,094	3,734
Short-term Investments	767	767	-
Accounts Receivable Customer	173,838	156,407	17,431
Accounts Receivable Other	54,891	54,942	(51)
Coal, Materials and Supplies	114,337	115,613	(1,276)
Prepays & Other Current Assets	81,624	77,924	3,700
	<u>960,348</u>	<u>908,439</u>	<u>51,909</u>
Regulatory Assets	499,179	503,340	(4,161)
Other Deferred Charges	140,848	3,969	136,879
	<u>\$ 7,097,252</u>	<u>\$ 6,929,792</u>	<u>\$ 167,460</u>
EQUITY AND LIABILITIES:			
Equity:			
Memberships	\$ 21	\$ 21	\$ -
Capital Stock	-	-	-
Additional Paid-in Capital	-	-	-
Patronage Capital	1,128,627	1,116,718	11,909
Retained Earnings	-	-	-
Other Equity	429,417	427,494	1,923
Accum Other Comprehensive Income (Loss)	1,055	1,158	(103)
	<u>1,559,120</u>	<u>1,545,391</u>	<u>13,729</u>
Noncontrolling Interest	-	-	-
	<u>1,559,120</u>	<u>1,545,391</u>	<u>13,729</u>
Noncurrent Liabilities:			
Long-term Debt, Net of Current Portion	3,839,563	3,838,729	834
Capital Lease Obligation	8,751	8,737	14
	<u>3,848,314</u>	<u>3,847,466</u>	<u>848</u>
Current Liabilities:			
Long-term Debt-Current Portion	58,158	59,004	(846)
Capital Lease Obligation-Current Portion	626	610	16
Accounts Payable	149,680	144,340	5,340
Notes Payable-Affiliates	308,277	323,420	(15,143)
Notes Payable	254,954	244,963	9,991
Taxes and Other Current Liabilities	96,243	69,000	27,243
	<u>867,938</u>	<u>841,337</u>	<u>26,601</u>
Regulatory Liabilities	251,881	249,149	2,732
Other Deferred Credits	569,999	446,449	123,550
	<u>\$ 7,097,252</u>	<u>\$ 6,929,792</u>	<u>\$ 167,460</u>

BASIN ELECTRIC POWER COOPERATIVE

FOR INTERNAL USE ONLY

Financial Statement Highlights

Monthly Actuals compared to Budget - January 2021

(\$'s in thousands)

	<i>Favorable / (Unfavorable) Amount</i>	
Budgeted Net Margin/(Deficit) for January 2021		\$ 19,456
Revenue Variances:		
Member sales		
Demand Volumes (-701 MW)	(11,580)	
Energy Volumes (-369,298 MWh)	(11,614)	
Average Demand rates [+\$0.51 per kW-month]	1,867	
Average Energy rates [(\$0.10) per MWh]	(231)	
Other	<u>(149)</u>	(21,707)
Surplus sales		
Volumes (+130,458 MWh), higher volumes in SPP and West	3,358	
Average prices [(\$5.47) per MWh], lower prices in SPP and West	(1,822)	
DGC (lower prices)	(711)	
Actualization	110	
Other	<u>(88)</u>	847
Other revenue		(73)
Operating Expenses:		
Operations		
▪ Other Power Supply (+\$7.7 million related to lower purchased power [largely MISO and SPP] and +\$1.3 million related to higher auction revenue rights)	8,852	
▪ Administration (Lower salaries and benefits, training, travel, contracted services, consultants, and promotional costs partially offset by higher software and corporate dues)	2,003	
▪ Production Expense-Excl Fuel (Mainly due to lower lime and contracted services)	1,159	
▪ Other	<u>627</u>	12,641
Maintenance Lower maintenance at all facilities, timing related		2,464
Depreciation & amortization		228
Other taxes		27
Interest expense on long and short-term debt		(72)
Other charges and credits (DGC net loss was \$2.2 million more than anticipated. DGC no longer has retained earnings to offset losses, therefore, any gains or losses are booked at Basin as long as the cumulative amount is a loss. This is offset by \$0.5 million lower amortization on deferred DGC loss than budgeted.)		(1,080)
Interest and other income		(772)
Income Tax		(50)
Net Change		(7,547)
Actual Net Margin/(Deficit) for January 2021		\$ 11,909

OPERATING REPORT - SALES OF ELECTRICITY					BORROWER DESIGNATION				
					North Dakota 45 Basin				
					MONTH OF December 2020				
					THIS MONTH				
PURCHASER (1)	ANNUAL PEAK DEMAND (2)	mwh BILLED (3)	AMOUNT BILLED(\$) (4)	MILLS PER kwh (5)	MAX-MIN. DEMAND (kw) (6)	mwh BILLED (7)	AMOUNT BILLED(\$) (8)	MILLS PER kwh (9)	LOAD FACTOR % (10)
<u>Sales for Resale - Member Sales</u>									
Class A Members									
1. Colorado 47 - Tri-State G&T Association	603,170	2,345,454	152,493,269	65.02	273,606	169,755	10,599,196	62.44	86.17
2. Iowa 85 - Northwest Iowa Power Cooperative	195,037	1,065,656	65,817,548	61.76	181,511	99,382	6,685,766	67.27	76.05
3. Iowa 86 - L. and O Power Cooperative	66,235	420,970	26,122,487	62.05	54,710	36,000	2,244,084	62.34	91.39
4. Montana 40 - Upper Missouri & Distribution Member	1,481,226	10,026,880	602,775,094	60.12	1,376,372	939,395	56,508,324	60.15	94.79
5. Montana 41 - Central Montana G&T Electric Coop.	126,549	613,017	41,406,293	67.55	82,534	53,336	3,304,495	61.96	89.75
7. North Dakota 42 - Central Power Electric Coop.	402,573	2,178,562	130,792,325	60.04	358,469	203,796	13,335,195	65.43	78.96
8. South Dakota 43 - East River Electric Power Coop.	552,175	3,511,320	202,447,592	57.66	509,972	325,331	20,251,550	62.25	88.60
9. South Dakota 44 - Rushmore Electric Power Coop.	207,300	1,034,781	67,147,745	64.89	177,412	97,357	6,549,843	67.28	76.22
10. Wyoming - Members 1st	357,426	2,147,012	138,035,157	64.29	302,973	193,710	12,112,228	62.53	88.80
11. Iowa 84 - Corn Belt Power Coop.	294,238	1,837,097	120,581,289	65.64	255,230	164,388	10,709,950	65.15	89.46
12. Minnesota 39 - Minnesota Valley Coop. L&P Assn.	31,581	156,519	9,234,895	59.00	27,700	14,858	1,012,171	68.12	74.50
13. Minnesota 56 - Crow Wing Coop. P&L Co.	67,551	229,746	13,865,461	60.35	29,215	19,109	1,182,892	61.90	90.84
14. Minnesota 62 - Wright-Hennepin Coop.	36,671	196,114	11,548,211	58.89	22,133	18,711	1,146,616	61.28	117.42
15. Minnesota 63 - The Minnesota Valley Electric Coop.	53,548	260,767	16,027,731	61.46	35,222	23,977	1,580,583	65.92	94.55
16. North Dakota 25 - Mor-Gran-Sou Electric Coop., Inc.	28,716	143,408	9,288,939	64.77	23,761	12,896	871,811	67.60	75.38
17. North Dakota 27 - KEM Electric Coop., Inc.	13,581	63,845	3,838,146	60.12	9,067	5,016	333,944	66.57	76.84
18. South Dakota 26 - Rosebud Electric Coop., Inc.	11,269	33,845	2,053,194	60.66	6,672	3,380	239,225	70.78	70.37
19. South Dakota 40 - Grand Electric Cooperative	14,305	65,028	4,181,160	64.30	10,470	6,179	401,582	64.99	81.98
Subtotal District No. 9 (Class A Members)	257,222	1,149,272	70,037,737	60.94	164,240	104,126	6,768,823	65.01	88.05
Total Class A Member Power Sales	4,543,151	26,330,021	1,617,656,536	61.44	3,737,029	2,386,576	149,069,455	62.46	--
Class D Members									
21. FlatHead Electric	1,484	5,548	517,525	93.27	1,484	545	48,515	89.08	50.96
Total Class D Member Power Sales	1,484	5,548	517,525	93.28	1,484	545	48,515	88.92	--
Total Member Power Sales	4,544,635	26,335,569	1,618,174,061	61.44	3,738,513	2,387,121	149,117,970	62.47	--
<u>A. Sales to Others</u>									
1. Surplus Sales - West Side		2,859,191	77,857,864	27.23		256,720	5,909,577	23.02	--
2. Surplus Sales - Eastern System		1,372,018	15,953,453	11.63		84,016	930,373	11.07	--
3. Sales for Commercial & Industrial Use - DGC		1,103,767	34,168,662	30.96		96,760	3,126,315	32.31	--
4. Surplus Sales - Public Service Co. of Colorado		-	-	-		-	-	-	--
5. Deferred Revenue Amortization		-	(75,000,000)	-		-	(75,000,000)	-	--
6. Power Sales Hedge			(1,658,455)						
7. Dec. Prior year MISO & SPP true-up			12,261						
Total Sales to Other Than REA Borrowers	-	5,334,976	51,333,786	9.62	-	437,496	(65,033,735)	-148.65	--
TOTAL	4,544,635	31,670,545	1,669,507,847	52.71	3,738,513	2,824,617	84,084,235	29.77	--

a) Total DGC payments under Power Supply, Water Supply, Transformer & Project Services Agreements equal \$3,029,489 or 32.41 Mills. Economy of scale savings received by DGC and Basin Electric associated with administrative services and mine costs are not included in this value.

b) Moved Alliant Sept. to East Side instead of Westside

**Basin Electric Power Cooperative
Financial Services Division**

**Member Billing Summary Report
For the Month of November 2020**

	Base Amount	Revenue Addrs	Fixed Amount	Dual Heat Amount	Elec Heat Amount	Interruptible Amount	MISO Wind	Standby Amount	Amount Billed	Mills / KWH
Tri-State G&T	9,213,169	0	61,650	0	4,558	0	0	0	9,279,377	62.16
Northwest Iowa Power Cooperative	4,461,361	0	10,175	51,238	287,893	0	0	0	4,810,667	60.54
L&O Power Cooperative	1,682,474	35,599	5,825	14,469	70,511	0	-2,032	0	1,806,847	59.36
Minnesota Valley Cooperative Light	601,313	0	2,200	32,212	84,737	0	0	0	720,462	55.35
Central Montana Electric Power Co	3,078,577	0	10,900	0	34,253	0	0	0	3,123,729	63.90
Upper Missouri Power Cooperative	51,611,807	0	16,700	23,614	965,760	0	999	0	52,618,880	59.35
Mor-Gran-Sou Electric Cooperative,	582,056	0	2,200	20,516	55,079	0	0	0	659,852	57.38
KEM Electric Cooperative, Inc.	190,138	0	2,200	8,467	31,651	0	0	0	232,456	48.46
Central Power Electric Cooperative	8,998,929	0	9,450	447,087	846,403	0	0	0	10,301,868	55.32
Rosebud Electric Cooperative, Inc.	67,976	0	2,200	0	50,860	0	0	0	121,036	41.86
Grand Electric Cooperative, Inc.	275,636	0	2,200	1,728	28,957	0	0	0	308,521	55.74
East River Electric Power Cooperati	14,866,933	18,886	31,820	0	1,194,040	1,532	0	17,978	16,131,189	54.79
Rushmore Electric Power Cooperati	4,273,650	0	12,350	0	558,124	0	0	0	4,844,125	58.94
Corn Belt Power Cooperative	8,491,452	555,654	14,525	0	311,426	0	0	32,687	9,405,743	64.53
Flathead Electric Cooperative, Inc.	39,251	2,330	37	0	0	0	0	0	41,618	90.62
Wright-Hennepin Cooperative Elect	709,521	94,338	2,200	0	140,955	0	0	0	947,014	58.38
Minnesota Valley Electric Cooperati	1,167,975	101,069	2,200	0	101,768	0	0	0	1,373,013	64.58
Crow Wing Cooperative Power & Li	751,054	14,302	2,200	0	152,855	0	0	0	920,411	53.08
Members 1st Power Cooperative	11,214,425	72,280	5,100	0	25,442	0	0	0	11,317,247	64.16
	122,277,697	894,459	196,132	599,331	4,945,273	1,532	-1,033	50,665	128,964,055	59.36

BASIN ELECTRIC POWER COOPERATIVE**Financial Statement Highlights****Current Year Month Actuals compared to Last Year Month Actuals - January 2021**

(\$'s in thousands)

	<i>Favorable / (Unfavorable) Amount</i>	
Actual Net Margin/(Deficit) for January 2020		\$ 16,735
Revenue Variances:		
Member sales		
Demand Volumes (-368 MW)	(7,266)	
Energy Volumes (-186,789 MWh)	(5,056)	
Average Demand rates [(\$2.72) per kW-month]	(10,072)	
Average Energy rates [+\$4.29 per MWh]	10,373	
Other	<u>(136)</u>	(12,157)
Surplus sales		
Volumes (+62,664 MWh), higher volumes in West and SPP	1,170	
Average prices [+\$1.60 per MWh], higher prices in all markets	533	
DGC	(44)	
Actualization	97	
Other	<u>-</u>	1,756
Other revenue		(125)
Operating Expenses:		
Operations		
▪ Transmission Wheeling ((-\$1.9 M) related to higher transmission wheeling in 2021)	(1,546)	
▪ Other Power Supply (Related to lower purchased power in 2021, no longer have MN Power PPA and Duane Arnold costs partially offset by higher wind)	5,052	
▪ Fuel Expense (\$+0.7 million in lower coal costs due to lower generation (135k MWh), +\$0.9 million due to lower gas generation (72k MWh))	1,421	
▪ Other	<u>(19)</u>	4,908
Maintenance		(316)
Depreciation & amortization [Largely related to accelerated depreciation recovery plan at LOS 1]		(768)
Other taxes		17
Interest expense on long-term and short-term debt [Largely due to lower short-term interest rates]		1,402
Other charges and credits [2021 DGC net loss was +\$1.5 million less than last year. DGC no longer has retained earnings to offset losses, therefore, any gains or losses are booked at Basin as long as the cumulative amount is a loss.]		2,254
Interest and other income		(1,837)
Income taxes		40
Net Change		<u>(4,826)</u>
Actual Net Margin/(Deficit) for January 2021		<u>\$ 11,909</u>

DAKOTA GASIFICATION COMPANY AND SUBSIDIARY
Consolidated Statements of Operations (Unaudited)
For the Period Ending January 31, 2021

(Dollars in Thousands)
FOR INTERNAL USE ONLY

	One month ending		
	January 31, 2021		January 31, 2020
	Actual	Budget	Actual
Operating revenue:			
SNG revenue	\$ 8,609	\$ 15,085	\$ 10,140
By-product revenue	13,492	16,450	17,023
Miscellaneous revenue	54	118	264
	<u>22,155</u>	<u>31,653</u>	<u>27,427</u>
Operating expenses:			
Coal	8,347	9,426	7,699
Labor and benefits	8,414	9,029	8,610
Utilities	3,509	4,189	3,514
Natural gas and products purchased for resale	2,639	2,502	3,286
Freight on products	1,324	1,886	2,183
Depreciation and amortization	2,737	2,634	2,731
Contracted services	1,144	1,465	825
Maintenance	1,233	1,636	1,231
General and administrative	2,237	2,445	2,143
Coal conversion tax	380	549	433
Chemicals	939	884	1,194
Operating costs relieved from (included in)			
inventories	(5,082)	(1,873)	847
Impairment of assets	-	67	541
Other expense	885	959	760
Loss (gain) on sale of assets	(2)	-	(8)
	<u>28,704</u>	<u>35,798</u>	<u>35,989</u>
Operating income (loss)	(6,549)	(4,145)	(8,562)
Interest expense	(2,740)	(2,671)	(3,146)
Interest and other income	123	242	160
Income (loss) before taxes	<u>(9,166)</u>	<u>(6,574)</u>	<u>(11,548)</u>
Income tax expense (benefit)	(1,415)	(1,052)	(2,284)
Net income (loss)	<u>\$ (7,751)</u>	<u>\$ (5,522)</u>	<u>\$ (9,264)</u>

DAKOTA GASIFICATION COMPANY AND SUBSIDIARY

Consolidated Balance Sheets (Unaudited)

as of

January 31, 2021

(Dollars in Thousands, Except Per Share Data)

FOR INTERNAL USE ONLY

<u>Assets</u>	<u>January 31, 2021</u>	<u>December 31, 2020</u>	<u>Variance</u>
Current assets:			
Cash and cash equivalents	\$ 9,412	\$ 20,091	\$ (10,679)
Accounts receivable - trade	20,931	19,353	1,578
Accounts receivable - affiliates	6,825	6,178	647
Inventories	85,788	80,828	4,960
Prepayments and other current assets	16,463	15,919	544
	<u>139,419</u>	<u>142,369</u>	<u>(2,950)</u>
Property, plant and equipment:			
Property, plant and equipment	994,267	994,290	(23)
Construction work in progress	1,067	1,020	47
Property, plant and equipment,	995,334	995,310	24
Less accumulated depreciation	<u>(252,318)</u>	<u>(249,581)</u>	<u>(2,737)</u>
	743,016	745,729	(2,713)
Patronage from affiliates, deferred taxes and other	155,368	146,537	8,831
	<u>\$ 1,037,803</u>	<u>\$ 1,034,635</u>	<u>\$ 3,168</u>
 <u>Liabilities and Shareholder's Equity</u>			
Current liabilities:			
Current portion of long-term debt	\$ 27,610	\$ 27,610	\$ -
Current portion of capital lease obligations	246	245	1
Accounts payable - trade	8,412	11,646	(3,234)
Payable to affiliates	375,580	368,573	7,007
Note payable	99,300	99,300	-
Unearned revenue and accrued liabilities	23,962	20,385	3,577
	<u>535,110</u>	<u>527,759</u>	<u>7,351</u>
Long-term debt, net of current portion	378,590	378,588	2
Capital lease obligations, net of current portion	87	108	(21)
Accrued employee benefits and other	26,895	22,486	4,409
	<u>940,682</u>	<u>928,941</u>	<u>11,741</u>
Shareholder's equity:			
Common stock	16	16	-
Additional paid in capital	494,521	494,521	-
Accumulated other comprehensive income (loss)	2,669	3,491	(822)
Retained deficit	<u>(400,085)</u>	<u>(392,334)</u>	<u>(7,751)</u>
	97,121	105,694	(8,573)
	<u>\$ 1,037,803</u>	<u>\$ 1,034,635</u>	<u>\$ 3,168</u>

DAKOTA GASIFICATION COMPANY
Operating Statement by Product Line
For the Period/Year Ending January 31, 2021

(Dollars in Thousands)
FOR INTERNAL USE ONLY

	SNG	Anhydrous Ammonia	Urea	DEF	Sulfate	Tar Oil	CO2	Naphtha	Phenol/Cresylic	Krypton/Xenon	Liquid Nitrogen	Liquid CO2	G&A	Total Operations
Revenue:														
Synthetic natural gas	\$ 8,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 8,609
Byproducts, coproducts and other	56	411	4,859	967	1,854	1,639	1,922	525	1,048	122	23	15		13,441
	<u>8,665</u>	<u>411</u>	<u>4,859</u>	<u>967</u>	<u>1,854</u>	<u>1,639</u>	<u>1,922</u>	<u>525</u>	<u>1,048</u>	<u>122</u>	<u>23</u>	<u>15</u>	-	<u>22,050</u>
Sale Volume	3,535,522	1,553	16,686	1,690,316	9,789	50,054	2,911,615	637,490	3,203,499	222,500	76,652	169		
Avg. Sales Price	\$2.46	\$264.93	\$291.23	\$0.57	\$189.38	\$30.64	\$0.66	\$0.82	\$0.33	\$0.55	\$0.30	\$88.43		
Operating expenses:														
Coal	8,347	-	-	-	-	-	-	-	-	-	-	-	-	8,347
Labor	6,176	270	767	51	503	84	255	12	203	12	-	76	5	8,414
Utilities	2,499	37	229	-	34	5	693	-	10	2	-	-	-	3,509
Natural gas	2,638	-	-	-	-	-	1	-	-	-	-	-	-	2,639
Freight on products	426	-	-	-	-	576	-	179	143	-	-	-	-	1,324
Depreciation and impairment	337	278	1,998	-	5	20	-	-	-	-	-	67	-	2,705
Contracted services	695	150	40	-	97	25	102	-	6	-	-	4	1,729	2,848
Maintenance	905	73	79	-	142	(7)	16	-	23	-	-	2	-	1,233
Coal conversion tax	111	8	117	-	37	35	38	11	21	2	-	-	-	380
Chemicals	618	21	201	-	11	86	-	-	3	-	-	-	-	940
Change in Inv. Value	(144)	(1,580)	(3,017)	(175)	62	(325)	-	(86)	171	-	(1)	13	-	(5,082)
Other	367	21	-	59	10	156	114	93	37	1	-	2	500	1,360
Overheads allocated	(1,699)	491	258	5	477	129	111	63	164	1	-	-	-	-
Process feeds at cost	(14,024)	5,105	4,248	2,219	-	1,198	381	390	483	-	-	-	-	-
	<u>7,252</u>	<u>4,874</u>	<u>4,920</u>	<u>2,159</u>	<u>1,378</u>	<u>1,982</u>	<u>1,711</u>	<u>662</u>	<u>1,264</u>	<u>18</u>	<u>(1)</u>	<u>164</u>	<u>2,234</u>	<u>28,617</u>
Operating Income (loss)	<u>1,413</u>	<u>(4,463)</u>	<u>(61)</u>	<u>(1,192)</u>	<u>476</u>	<u>(343)</u>	<u>211</u>	<u>(137)</u>	<u>(216)</u>	<u>104</u>	<u>24</u>	<u>(149)</u>	<u>(2,234)</u>	<u>(6,567)</u>
Interest and other income														137
Interest expense														(2,740)
Income (loss) before income taxes														(9,170)
Income tax expense (benefit)														(1,419)
Net income (loss)														<u>\$ (7,751)</u>

DAKOTA GASIFICATION COMPANY

Consolidated Financial Statement Highlights (Unaudited)

Actuals compared to Budget - January 2021

(\$'s in thousands)

	<i>Favorable / (Unfavorable)</i> <i>Amount</i>	
Budgeted Net Income (Loss) for January 2021		\$ (5,522)
Revenue Volume Variances:		
SNG (-339,478 dts)	(1,322)	
Fertilizers and DEF		
Ammonia (-3,447 tons)	(614)	
Urea (-8,314 tons)	(2,343)	
DEF (-25,287 gals)	(16)	
Sulfate (+289 tons)	55	(2,918)
Chemicals and Other		
Tar Oil (+5,054 bbls)	136	
CO2 (+147,095 mscf)	97	
Naphtha (-72,183 gals)	(62)	
Phenol (-1,124,497 lbs)	(339)	
Cresylic Acid (-687,576 lbs)	(249)	
Other	(94)	(511)
Revenue Price Variances:		
SNG (Prices \$2.46 actual vs. \$3.89 budget)		(5,070)
Fertilizers and DEF		
Ammonia (Prices \$265 actual vs. \$178 budget)	135	
Urea (Prices \$291 actual vs. \$282 budget)	158	
DEF (Prices \$0.57 actual vs. \$0.62 budget)	(89)	
Sulfate (Prices \$189 actual vs. \$189 budget)	7	211
Chemicals and Other		
Tar Oil (Prices \$31 actual vs. \$27 budget)	182	
Other	(27)	155
Mark to market on non-qualified hedges		21
Other revenue		(64)
Operating Expenses:		
▪ Coal (actual plant capacity of 88.9% vs. budgeted capacity of 91.0%)	1,079	
▪ Labor (lower payroll and benefits)	615	
▪ Utilities (actual rate \$18.90/MWh vs. budget rate \$26.72/MWh)	680	
▪ Product purchased for resale (more dts purchased +304k however lower prices (-\$0.66/dts))	(137)	
▪ Freight (SNG transportation costs lower largely due to lower capacity release transport costs)	562	
▪ Contracted services (less projects than planned in engineering and pipeline operations)	321	
▪ Maintenance (less expense in field maintenance)	403	
▪ Inventory Clearing (budget reflects lower inventory with higher volumes of byproduct sold)	3,209	
▪ Other (depreciation, general and administrative, coal conversion, chemicals, impairment of assets)	362	7,094
Interest Expense and Other Income		(188)
Income Taxes		363
Net Change		(2,229)
Actual Net Income (Loss) for January 2021		\$ (7,751)

DAKOTA GASIFICATION COMPANY

Consolidated Financial Statement Highlights (Unaudited)

Current Year Month Actuals compared to Last Year Month Actuals - January 2021

(\$'s in thousands)

	<i>Favorable / (Unfavorable) Amount</i>	
Actual Net Income (Loss) for January 2020		\$ (9,264)
Revenue Volume Variances:		
SNG (-219,739 dts)		(610)
Fertilizers and DEF		
Ammonia (-5,651 tons)	(1,084)	
Urea (-11,947 tons)	(3,002)	
DEF (-34,448 gals)	(19)	
Sulfate (+693 tons)	<u>144</u>	(3,961)
Chemicals and Other		
Tar Oil (-12,927 bbls)	(439)	
CO2 (-337,466 mscf)	(229)	
Naphtha (+63,337 gals)	74	
Phenol (+1,126,550 lbs)	464	
Cresylic Acid (+765,350 lbs)	256	
Other	<u>(7)</u>	119
Revenue Price Variances:		
SNG (Prices \$2.46 current year vs. \$2.78 last year)		(1,124)
Fertilizers and DEF		
Ammonia (Prices \$265 current year vs. \$192 last year)	114	
Urea (Prices \$291 current year vs. \$251 last year)	666	
DEF (Prices \$0.57 current year vs. \$0.54 last year)	53	
Sulfate (Prices \$189 current year vs. \$208 last year)	<u>(184)</u>	649
Chemicals and Other		
Tar Oil (Prices \$31 current year vs. \$34 last year)	(168)	
Other	<u>(386)</u>	(554)
Mark to market on non-qualified hedges		419
Other revenue		(210)
Operating Expenses:		
▪ Coal (plant capacity of 88.92% vs. prior year capacity of 84.16%)	(648)	
▪ Product purchased for resale (less dts purchased (-528k))	647	
▪ Freight (largely due to market adjustment on diesel hedges +670k)	859	
▪ Contracted services	(319)	
▪ Inventory clearing (lower volumes sold in current year largely ammonia and urea)	5,929	
▪ Impairment of assets (Less capital spend on gasification assets in 2021)	541	
▪ Other (labor, utilities, depreciation, maintenance, general and administrative, coal conversion tax, chemicals)	<u>276</u>	7,285
Interest Expense and Other Income		369
Income Taxes (greater net loss in prior year)		(869)
Net Change		<u>1,513</u>
Actual Net Income (Loss) for January 2021		<u><u>\$ (7,751)</u></u>

DAKOTA COAL COMPANY
Unaudited Consolidated Statements of Operations
(In Thousands)

	Month ended January 31,			Year-to-date January 31,			Annual Budget
	2021 Actual	2021 Budget	2020 Actual	2021 Actual	2021 Budget	2020 Actual	
Operating Revenue:							
Coal sales	\$ 19,565	\$ 21,720	\$ 19,000	\$ 19,565	\$ 21,720	\$ 19,000	\$ 226,927
Lime sales	1,298	1,350	1,239	1,298	1,350	1,239	14,394
Limestone sales	354	287	338	354	287	338	5,404
Other	162	170	172	162	170	172	2,040
	21,379	23,527	20,749	21,379	23,527	20,749	248,765
Operating expenses:							
Coal Purchases	15,995	17,322	16,990	15,995	17,322	16,990	220,431
Provision for mine closing	480	480	462	480	480	462	5,760
Wyoming Lime Producers operations	1,006	972	992	1,006	972	992	10,817
Montana Limestone Company operations	287	367	263	287	367	263	5,132
Depreciation and amortization	186	197	179	186	197	179	2,356
General and administrative expense	310	358	324	310	358	324	4,081
Royalties	72	70	80	72	70	80	839
	18,336	19,766	19,290	18,336	19,766	19,290	249,416
Operating income (loss)	3,043	3,761	1,459	3,043	3,761	1,459	(651)
Interest and other income (loss)	48	1,314	1,442	48	1,314	1,442	16,125
Interest expense	(794)	(869)	(857)	(794)	(869)	(857)	(10,745)
Income (loss) before income taxes	2,297	4,206	2,044	2,297	4,206	2,044	4,729
Provision for (benefit from) income taxes	328	663	369	328	663	369	731
Net income (loss)	\$ 1,969	\$ 3,543	\$ 1,675	\$ 1,969	\$ 3,543	\$ 1,675	\$ 3,998

DAKOTA COAL COMPANY
Unaudited Consolidated Balance Sheets
(In Thousands)

<u>Assets</u>	January 31, 2021	December 31, 2020	Change
Current assets:			
Cash and cash equivalents	\$ 340	\$ 370	\$ (30)
Accounts receivable, affiliates	20,768	18,161	2,607
Accounts receivable, other	953	983	(30)
Inventory	2,985	2,933	52
Investment in direct financing leases	12,028	11,980	48
Other	10,593	10,625	(32)
	<u>47,667</u>	<u>45,052</u>	<u>2,615</u>
Property and equipment:			
Mine equipment	64,522	63,909	613
Construction work in progress	579	2,674	(2,095)
Property held under capital leases	6,088	4,612	1,476
	<u>71,189</u>	<u>71,195</u>	<u>(6)</u>
Less: accumulated provision for depreciation	<u>(38,517)</u>	<u>(38,265)</u>	<u>(252)</u>
	<u>32,672</u>	<u>32,930</u>	<u>(258)</u>
Other non-current assets:			
Notes receivable	120,337	119,531	806
Mine closing fund	81,271	82,026	(755)
Investment in direct financing leases	96,284	95,742	542
Prepaid coal royalties, deferred taxes and other	15,218	15,189	29
	<u>313,110</u>	<u>312,488</u>	<u>622</u>
	<u>\$ 393,449</u>	<u>\$ 390,470</u>	<u>\$ 2,979</u>
<u>Liabilities and Shareholder's Equity</u>			
Interest and other income (loss)			
Current portion of notes payable to others	\$ 10,632	\$ 10,690	\$ (58)
Current portion of capital lease obligations	1,352	1,255	97
Accounts payable, trade	1,048	1,452	(404)
Accounts payable, affiliates	8,674	6,066	2,608
Interest payable	528	400	128
Taxes and other	2,348	2,036	312
	<u>24,582</u>	<u>21,899</u>	<u>2,683</u>
Notes payable to affiliate	151,170	154,136	(2,966)
Notes payable to others	60,513	60,989	(476)
Capital lease obligations	-	138	(138)
Accrued mine closing costs	43,323	42,842	481
Accrued employee benefits and other	15,520	14,628	892
	<u>295,108</u>	<u>294,632</u>	<u>476</u>
Shareholder's equity:			
Common stock, par value \$1 per share, 1,000 shares authorized, issued and outstanding	1	1	-
Additional paid in capital	999	999	-
Retained earnings	97,780	95,811	1,969
Accumulated other comprehensive income (loss)	(439)	(973)	534
	<u>98,341</u>	<u>95,838</u>	<u>2,503</u>
	<u>\$ 393,449</u>	<u>\$ 390,470</u>	<u>\$ 2,979</u>

DAKOTA COAL COMPANY
Consolidated Financial Statement - Highlights
January-2021

Description	Favorable (Unfavorable) Variance (in thousands)	Explanation
<u>Consolidated Statement of Operations</u>		
Lignite coal sales	\$ (2,155)	127,663 fewer tons sold than projected. All facilities received fewer tons this month.
Lime sales	\$ (52)	128 more tons of lime sold than expected. More tons sold to AVS and Pete Lien partially offset by fewer tons at Otter Tail and LRS.
Limestone sales	\$ 67	Quarry sold 4,093 fewer tons to third party customers. Intercompany sales to WLP were 3,094 tons higher than budget. Fine grind sales were 2,649 tons higher than budget.
Lignite coal purchases	\$ 1,327	Costs at the mine were \$1.3M lower than budget as wages/benefits, supplies and major repairs were lower than expected partially offset by a \$400K unfavorable stockpile adjustment; Diesel hedge settlements were favorable \$53K.
Wyoming Lime Producers operations	\$ (34)	Primarily higher freight costs.
Montana Limestone Company operations	\$ 80	Lower materials, fuel expense and a favorable inventory clearing adjustment offset by higher freight and rent expense.
Interest & other income (loss)	\$ (1,266)	\$5.1 M unrealized gain on mine closing investments partially offset by lower lease, interest and dividend income (timing).
Provision for income tax	\$ 335	Higher income tax expense due to the higher than expected net income.
	<u>Change from Prior Month (in thousands)</u>	
<u>Consolidated Balance Sheet</u>		
Right of Use Asset - Lease	\$ 1,476	Adoption of accounting standard ASU 2016-02 Leases.
Notes payable to affiliates	\$ (2,966)	Advances in excess of payments on notes with Coteau.