



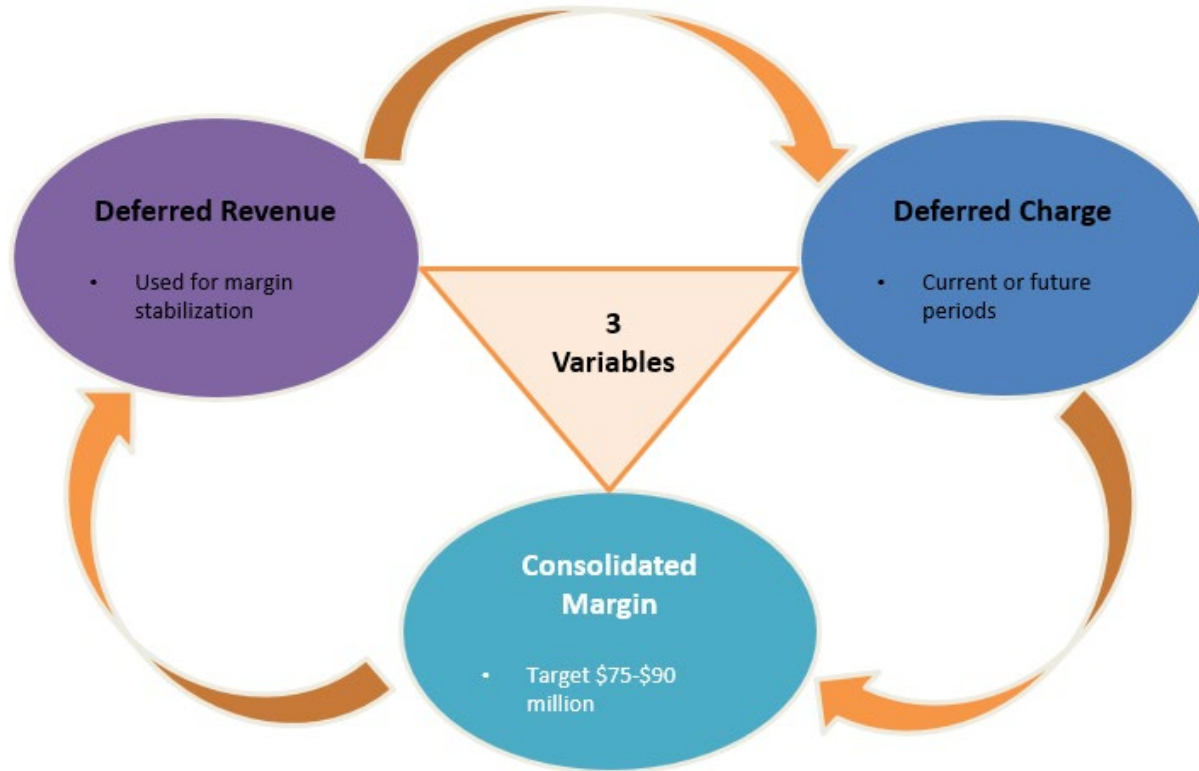
**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 

Member Managers' Conference

February 13, 2020

Consolidated Margin Considerations



2019 Consolidated EOY Estimate

(Basin Electric Only)

Basin Electric (Before Tax)		
Revenue Deficit		(\$75,000,000)
Electricity		<u>(\$10,000,000)</u>
Member to be Allocated		\$59,470,186

Preliminary and Unaudited

2019 Consolidated After Tax Margin/Earnings

Basin Electric		
Dakota Gasification Company		(170,682,654)
Dakota Co		\$15,455,214
E		<u>\$76,682,654</u>
M	Earnings	\$76,565,554

Preliminary and Unaudited

DGC Revenue Variances

Product	Actual Volumes	Actual Avg Price	Actual Sales	Budgeted Volumes	Budgeted Avg Price	Budgeted Sales	Variance Volumes	Variance Avg Price	Variance Sales
SNG	47.5	\$2.48*	\$129.1**	48.4	\$2.55*	\$123.3**	(.9)	(\$-.07)	\$5.8**
Tar Oil	583k	\$39.09*	\$17.8**	987.3k	\$53.42*	\$45.8**	(404.3k)	(\$14.33)	(\$28.0)
Anhydrous	107.5k	\$426.05	\$45.8	155.7k	\$467.46	\$72.8	(48.2k)	(\$41.41)	(\$27.0)
Urea	258.7k	\$294.56	\$76.2	368.8k	\$275.05	\$101.4	(110.1k)	\$19.51	(\$25.2)
DEF	13.4	\$.61	\$8.2	21.8	\$.61	\$13.2	(8.4)	\$0.00	(\$5.0)
Sulfate	97.4k	\$234.44	\$22.8	119.0k	\$224.88	\$26.8	(21.6k)	\$9.56	(\$4.0)
CO2	34.1	\$.67	\$22.8	34.4	\$.65	\$22.3	(324.1k)	\$.02	\$.5
Naphtha	3.7	\$1.15	\$4.3	8.8	\$1.30	\$11.4	(5.1)	(\$.15)	(\$7.1)
Cresylic	15.3	\$.35	\$5.4	21.1	\$.39	\$8.1	(5.8)	(\$.04)	(\$2.7)

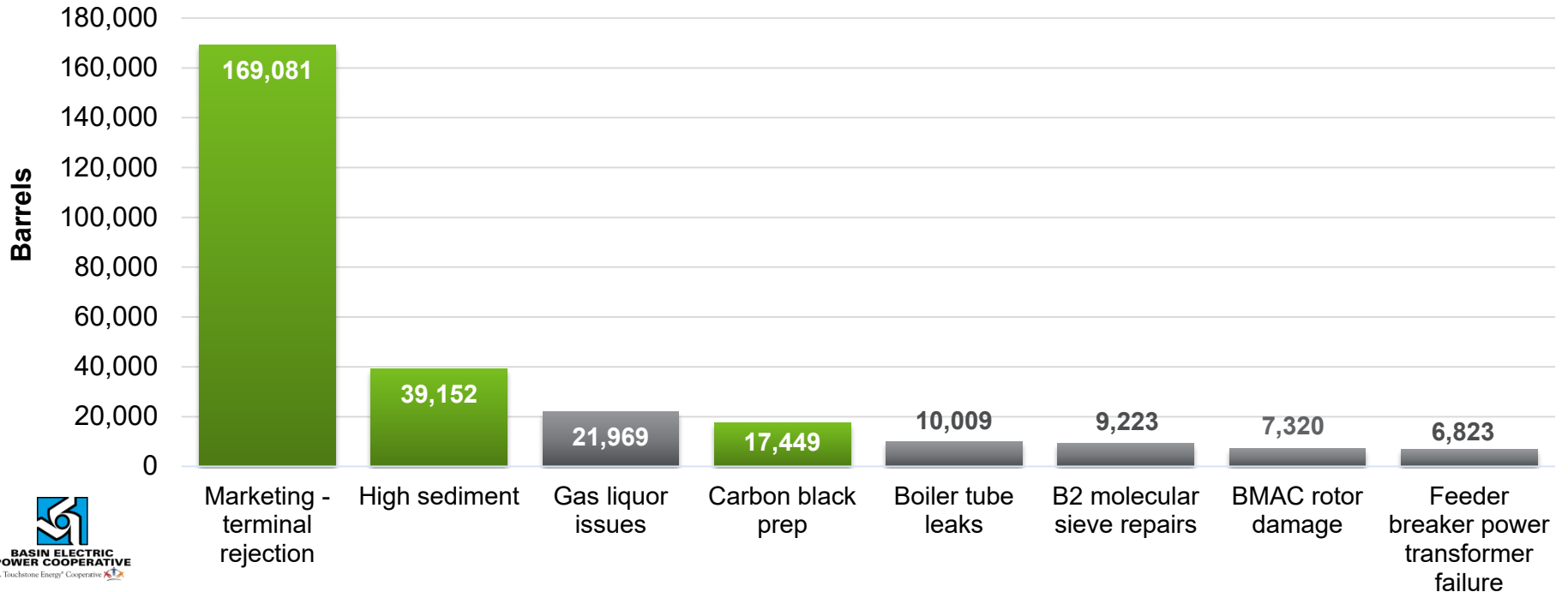
*Does not include hedges.

**Includes hedges.

Tar Oil

2019 Production Losses

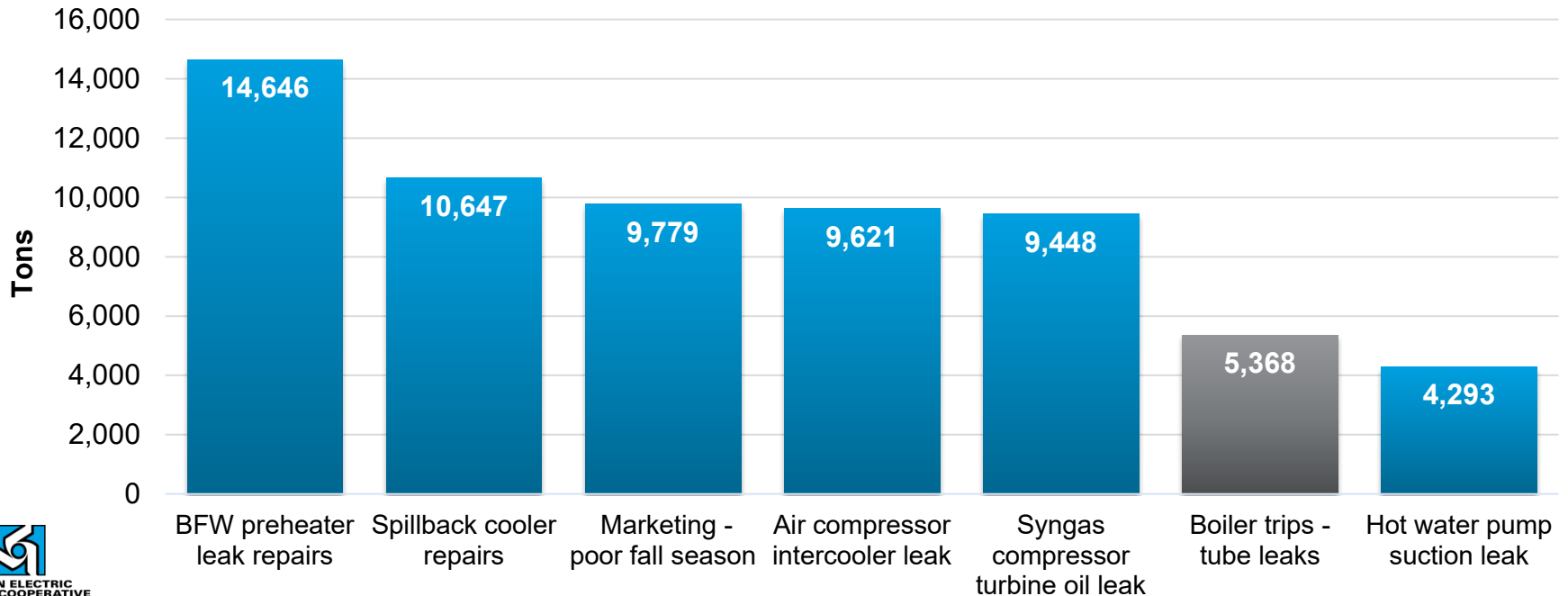
Annual Actual Production
634,421 barrels



Anhydrous Ammonia

2019 Production Losses

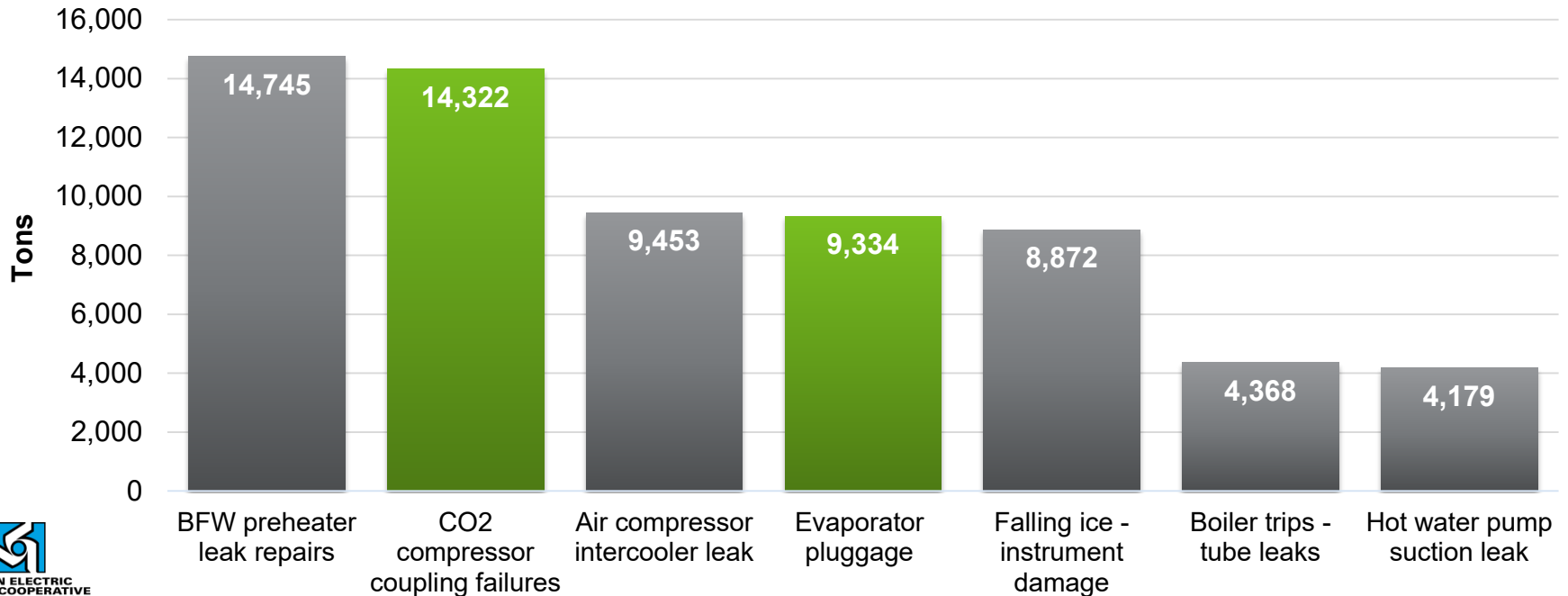
Annual Actual Production
273,673 tons



Urea

2019 Production Losses

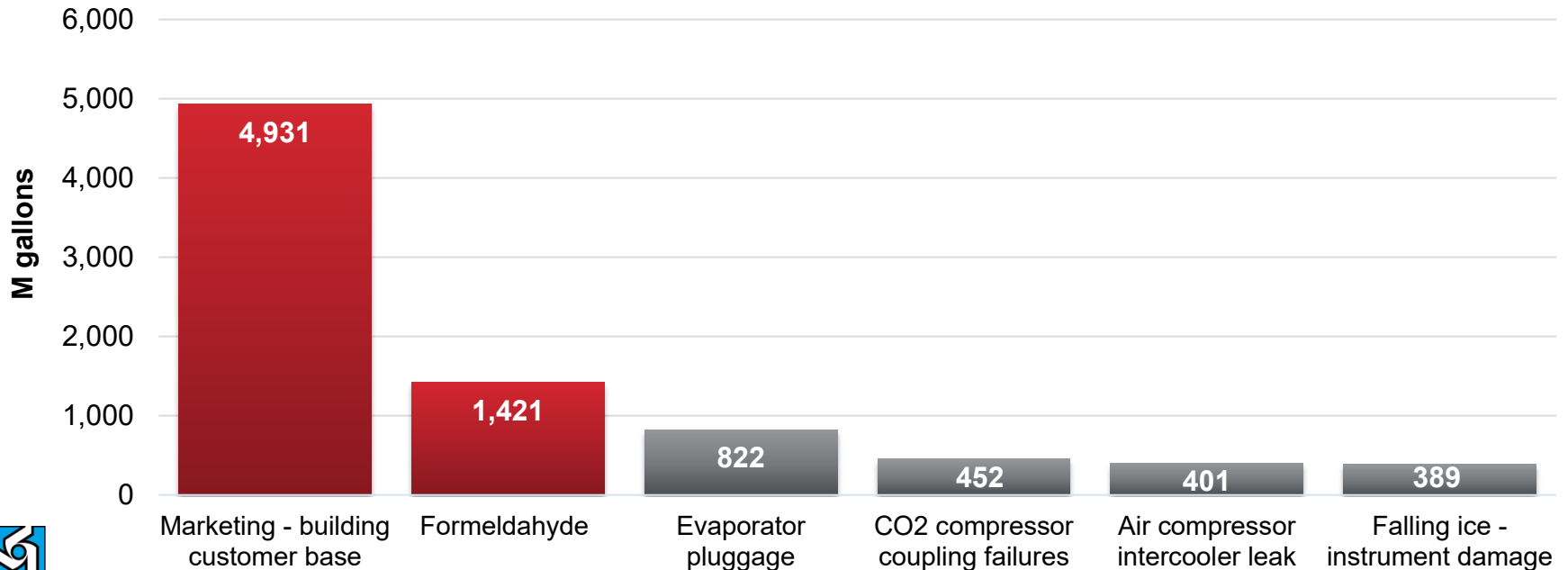
Annual Actual Production
293,784 tons



Diesel Exhaust Fluid

2019 Production Losses

Annual Actual Production
11,578 M gallons



Questions/Discussion



Accounting Background

- ASU 2016-01, *Recognition and Measurement of Financial Assets and Liabilities*
 - Fair Value of equity investments as of 1/1/2019
 - Currently **unrealized gains/losses on equity investments** are recognized in Accumulated Other Comprehensive Income (OCI) on the Balance Sheet
 - ASU 2016-01 requires these **unrealized gains/losses as of 1/1/2019** be reclassified from OCI
 - Requires *changes in fair value recognized in net income*

Dakota Gasification - Reclass to beginning retained earnings

Dakota Coal Company - Reclass to beginning retained earnings

Basin Cooperative Services - Reclass to Mine Closing Reserve

Basin Electric - Reclass to other equity (OR if proposed policy is approved to *regulatory asset or liability*)