

**Basin Electric Power Cooperative
Bismarck, North Dakota**

**Minutes of the Regular Meeting of the Board of Directors
January 11-12, 2012**

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January 11-12, 2012**

The Regular Meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at the Headquarters Building, Bismarck, North Dakota, on January 11-12, 2012 starting at 8:00 a.m. CST.

1. Call to Order

The meeting was called to order by President Roy Ireland, who presided, and Secretary-Treasurer Kermit Pearson kept the minutes thereof.

2. Roll Call

After calling the roll, the Secretary reported the following Directors present:

Donald E. Applegate	Wayne L. Child
Gary Drost	Charles Gilbert
Clifford Gjellstad	Roy Ireland
Dean McCabe	Kermit Pearson
Wayne Peltier	Reuben Ritthaler
Roberta Rohrer	

said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Andrew M. Serri and Assistant Secretary Claire M. Olson and Basin Electric staff members Kelly Cosby, Mike Eggl, Mike Fluharty, Daryl Hill, Curtis Jabs, Becky Kern, Rod Kuhn, Sharon Lipetzky, Gavin McCollam, Cris Miller, Dale Niezwaag, Mark Nygard, Mike Paul, Curt Pearson, Dave Raatz, Mike Risan, Kathi Risch, Dave Sauer, Myron Steckler, Paul M. Sukut, Linda Thomas, Steve Tomac, Kevin Tschosik, Michelle Wiedrich and Lyle Witham. Also present were Capital Electric Cooperative manager Lars Nygren and East River Electric Power Cooperative (**East River**) director Ervin Fink.

3. Approval of the Agenda

The Directors considered the agenda for the conduct of the business of the meeting. After an opportunity for addition and deletion of items, it was moved by Director Pearson, seconded by Director Drost and carried that the agenda be approved as presented.

4. Approval of the Minutes

The minutes of the November 9 & December 13 Reorganizational Board Meeting, December 14-15, 2011 Board meeting and December 15, 2011 Board Audit Committee meeting were presented. After an opportunity for corrections, it was moved by Director Gjellstad, seconded by Director Rohrer and carried that the minutes be approved as revised.

5. General Manager's Report

Mr. Serri reported that on December 20 he had spent the day at the gasification plant and visited the Freedom Mine. An overall study on the profitability and impact of the Synfuels Plant has been initiated. During the month, he met with the Safety Committee and approved the Safety/Business Plan. There have been several meetings to discuss the Central Montana request to provide electric service for Yellowstone Valley, if Yellowstone Valley ends its affiliation with Southern Montana in the pending bankruptcy. He reported on a conference call regarding the proposed Gregory Pumped Storage Project. This would be a 1200 MW pumped storage site in South Dakota.

Mr. Serri then discussed power supply issues in western North Dakota for the growing oil development load in the Bakken and the accuracy of the load statistics. The Western Area Power Administration (**WAPA** or **Western**) is meeting with staff on January 18 to discuss this and other issues. The Participants in the call were trying to determine interest in the project and possible funding for a study. The Manager's Advisory Committee (**MAC**) will meet at Headquarters on January 19.

6. National Guard Presentation

Basin Electric employees and North Dakota National Guard guardsmen Dan Job, Kimberly Miller and Andrew Buntrock presented Basin Electric with a certificate of appreciation for its service to soldiers and airmen during the summer 2011 flood fight.

7. General Manager's Report, continued

A. Western Fuels Update

Director Ritthaler reported that Western Fuels is now completely moved into its new facility. John Barnes is the new Dry Fork Mine manager. Former mine manager Brad Hanson was relocated to Denver and promoted to oversee three mines. Dust mitigation continues. The Burlington Northern (**BN**) is now amenable to arbitrating the demurrage issue.

8. Office of General Counsel Report

Mr. Olson reviewed the status of litigation affecting or of interest to the Cooperative.

Review/Update on Platte River Trust. Mr. Olson then reviewed the history of the Platte River Whooping Crane Habitat Maintenance Trust, which was formed in 1978 with a \$7.5 million contribution from the Missouri Basin Power Project (**MBPP**). The Trust is managed by three trustees, one from the state of Nebraska (Van Korell), one from the National Wildlife Federation (Tom Dougherty) and one from the Missouri Basin Power Project (**MBPP**) (Doug Curry). Charles Cooper is the President & CEO of the Trust. The Trust has eight full-time employees.

The Trust's mission is to protect and maintain the physical, hydrological and biological integrity of the Big Bend area of the Platte River so it continues to function as a life support system for whooping cranes and other migratory birds and species. The Trust has \$15,759,830 in total assets and controls 9,294 total acres (1,063 acres of cropland, 5,687 acres of grassland, river channel and accretion and 2,544 acres of conservation easements).

9. Marketing Report

A. Rates 101 – Special Rates

Sharon Lipetzky, Revenue Analyst, noted that the Board had previously asked that staff present a detailed presentation on the rate-making process and the development of Basin Electric's rates. This month the presentation was on special rates. She then presented the methodology for calculating the special rates, which include the Interruptible Rate, Large Compression Rate and Large Commercial Rate.

Dave Raatz, Manager of Marketing and Power Supply Planning, then reported that the inception of the large commercial rate was in 1988 as a result of the potential location of the supercollider (atom smasher) project in East River's territory. This potential load led to the marginal pricing concept. The establishment intent of this marginal price adder has been done on a case by case basis.

He then reviewed historical rate adders and the reasons for the increases and decreases in these adders.

He noted that for Rate Schedule A, staff believes it is appropriate to establish margin pricing adders on a periodic basis for the Large Commercial and the Large Compression Rates and to maintain historical rate adders for prior commitments.

B. Bakken Load Forecast Update

Mr. Raatz reviewed discussions with the members on expected load growth in the Williston Basin. Based upon this information and the expected drilling activities in the Williston Basin, we are currently forecasting load levels in the Williston Basin to be approximately 200 MW higher than previously anticipated.

Staff is also working with the North Dakota Transmission Authority and Montana-Dakota Utilities Company about hiring a third-party consultant to develop an independent electric load forecast of the Williston Basin electric growth. This independent load forecast is planned to be completed by late summer. Funding for this study is coming from a variety of sources.

Becky Kern, Power Supply Engineer, then reviewed the loads and resources available to serve Basin Electric's power supply obligations and discussed a long-term strategy for building resources or long-term power purchase agreements to meet these obligations. She noted that one of the pieces in developing the most cost-effective long-term resource plan is for the Cooperative to decide which strategy to follow with respect to RTO market participation. The options are to (1) maintain the IS system with small amounts of load in MISO and SPP; (2) join MISO and maintain a small amount of load in SPP; or (3) join the SPP system and maintain a small amount of load in MISO.

C. Power Supply Proposal to Central Montana for Yellowstone Valley

Mr. Raatz noted that the Cooperative had received a request from Central Montana to provide power so that Central Montana could serve Yellowstone Valley. This arrangement would be contingent on Yellowstone Valley emerging from the Southern Montana bankruptcy proceeding with the ability to enter into this power supply arrangement.

Yellowstone Valley is still receiving power from Southern Montana but there is some concern that PP&L Montana, who currently sells power to Southern Montana, may terminate its contract during the pending bankruptcy. If that happens, Yellowstone Valley may need a power supply within the next month or two. In the long term, Yellowstone Valley hopes to be in a position so that it can enter into a long-term contract with Central Montana once the bankruptcy proceedings have ended. Yellowstone Valley asked the bankruptcy trustee that it be given the ability to purchase its power needs both on a short-term and long-term basis from someone other than Southern Montana.

After Mr. Raatz discussed pricing methodologies for both a short-term and long-term arrangement, it was moved, seconded and carried to table further discussion on this matter pending an executive session later in the meeting.

10. Plant Operations Report

A. Fossil Fuel Generation

Mike Fluharty, Vice President of Plant Operations, reported there were no safety issues at any of the facilities in December. Coal-based generation for the month was 3.5% above budget and for the year, actual generation was 21.5 million MWh, compared to a budget estimate of 23.4 million MWh or 7.9% under budget. The Laramie River Station (LRS) coal inventory is at 1.33 million tons (a 55-day supply). He then reviewed year-to-date bus bar costs and forced outage rate trends for 2011.

Individual availability/capacity factors for the generation stations were as follows:

Unit	Availability	Capacity Factor	Unit Rating
LRS #1	100%	86.7%	570 MW
LRS #2	100%	98.8%	570 MW
LRS #3	100%	99%	570 MW
LOS #1	87.3%	80.8%	221 MW
LOS #2	100%	80%	448 MW
AVS #1	96.5%	94.9%	450 MW
AVS #2	99.9%	84.7%	450 MW
DFS	100%	99.5%	386 MW

B. Distributed Generation Report

Kevin Tschosik, Distributed Generation Manager, reviewed natural gas prices and reported that distributed generation in November was as follows:

Unit	Monthly Generation
Groton Unit No. 1	2650 MWh
Groton Unit No. 2	3188 MWh
Culbertson Combustion Turbine	6563 MWh
Wyoming Distributed Generation	Did not run
Spirit Mound Unit No. 1	257 MWh for voltage support
Spirit Mound Unit No. 2	258 MWh for voltage support
Wisdom Unit No. 2	Did not run

The Spirit Mound current fuel inventory is 959,408 gallons.

There were no curtailments at PrairieWinds ND 1 (PWND) and PrairieWinds SD 1 during the month. At PWND, 12 of the bearings and one gearbox were replaced during the month.

The east-side peak occurred on December 6, 2011 at hour ending at 8:00 a.m. At that time, PWND was at 109 MW and had 55% capacity factor for the month.

Wind generation for the month was as follows:

Project	Capacity Factor	Load Factor	Project Total
PrairieWinds ND1	55%	109 MW	123 MW
PrairieWinds SD 1	46%	86 MW	162 MW
Wilton Project	53%	97 MW	99 MW
Baldwin Project	52%	95 MW	99 MW
Edgeley Project	47%	31 MW	40 MW
Highmore Project	44%	20 MW	40 MW
Day County Project	50%	94 MW	99 MW
Iowa Wind Projects	45%	1 MW	45.1 MW
Other Wind Projects: Chamberlain Rosebud Pipestone	17%	1 MW	4.1 MW
TOTAL DECEMBER WIND GENERATION	50%	534 MW	712 MW
AVERAGE 2011 CAPACITY FACTOR	41%		

This was the first time PWND produced more than the Day County wind farm.

Mr. Tschosik then compared 2010 and 2011 generation as follows:

Facility	2010	2011
Groton Generation Station	44,675 MWh	70,559 MWh
Culbertson Generation Station	24,519 MWh	62,944 MWh
Spirit Mound Station	189 MWh	1,198 MWh
Wyoming Distributed Generation	6,836 MWh	3,139 MWh
PWND	376,528 MWh	427,201 MWh
Crow Lake	n/a	500,054 MWh

11. Recess and Reconvention

At 12:05 p.m., the meeting recessed until 1:00 p.m., at which time the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes thereof.

12. Roll Call

After calling the roll, the Secretary reported the following Directors present:

Donald E. Applegate
Gary Drost
Clifford Gjellstad
Dean McCabe
Wayne Peltier
Roberta Rohrer

Wayne L. Child
Charles Gilbert
Roy Ireland
Kermit Pearson
Reuben Ritthaler

said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Andrew M. Serri and Assistant Secretary Claire M. Olson, Basin Electric staff members Don Boehm, Kelly Cozby, Shawn Deisz, Mike Eggl, Mike Fluharty, John Frank, Daryl Hill, Steve Johnson, Bryan Keller, Becky Kern, Mary Klecker-Green, Rod Kuhn, Sally Maier, Gavin McCollam, Mark Nygard, Mike Paul, Curt Pearson, Dave Raatz, Tom Radenz, Mike Risan, Kathi Risch, Dave Sauer, Darren Stastny, Myron Steckler, Paul M. Sukut, Linda Thomas, Steve Tomac, Kevin Tschosik, Michelle Wiedrich, Bob Williams and Lyle Witham and Dakota Gasification Company staff member Mark D. Foss. Also present was East River director Ervin Fink.

13. Plant Operations Repot, continued

A. 2011 Year-End Safety and Health Report

Kelly Cozby, Safety and Occupational Health Administrator, presented the 2011 year-end Safety and Health Report and reviewed the 2012 Strategic Safety Business Plan.

She noted that Basin Electric's OSHA recordable rate for 2010/2011 was 1.34 compared to the industry average of 3.2. Basin Electric's injury trend is down from 56 in 2010 to 48 in 2011. Basin Electric's DART rate is .37 and the industry average is 1.7.

She reviewed the 2012 Strategic Safety Business Plan and noted that action items continue to progress on the Cooperative Clearance Program and Confined Space Entry Program, improve incident investigation, update and implement the DuPont STOP Program at generation facilities and TSM, continue developing an effective contract safety qualification process and audit system and enhancement of the Corporate Safety Committee orientation program and training.

14. Project Updates

A. Project Funding Chart

Mike Paul, Vice President of Generation, reported there will be no funding requests this month and then reviewed the preliminary February project requests.

B. Deer Creek Station (DCS) Report

Gavin McCollam, Manager of Mechanical and Performance Engineering, reported there were three first-aid incidents, one OSHA recordable incident and zero lost-time incidents at DCS in December. There are currently 341 (general work contractor and subcontractors) personnel on-site.

He presented a photograph and reviewed the status of site construction, as well as construction, commissioning and upcoming activities. Recent systems turned over (commissioning activities) include site grounding, 48V DC system, lightning protection, high-voltage system, backfeed package and diesel generator.

Through December 31, 2011, approximately \$322.6 of the \$405 million project budget has been expended.

C. Pioneer Generation Station

Myron Steckler, Generation Resource Project Manager, reviewed the terms of the land option for the Pioneer Generation Station site. He reported that the GE contract was issued on December 7. The contract for the 13.8-115 kV generator step-up transformer has been issued to Waukesha in the amount of \$1,019,146. Bids for the engineering & construction contract were received on January 6 and Board approval will be requested in February. Staff is currently negotiating an Interconnect Agreement and Interruptible Transportation Agreement for the gas pipeline to the Pioneer Generation Station. Tentative approval for the water line has been received from the Williams Rural Water District.

The Application for Air Permit to Construct a Minor Source was submitted on December 2, 2011, and the Permit to Construct will be submitted in four to six months. A Zoning Change and Conditional Use Permit will be required from Williams County.

Mr. Steckler noted that the amount of the budget approved by the board is \$60 million. Funds committed to date total \$22.6 million and funds spent to date total \$4.1 million. He then reviewed the project schedule. The commercial operation date is still anticipated for March of 2013.

15. Transmission Report

Mike Risan, Senior Vice President-Transmission, reported that the WestConnect Memorandum of Understanding had been executed and the Cooperative is now participating at an enhanced level with the WestConnect membership.

Mr. Risan then reviewed the various transmission build-out options and generation additions for serving the loads in the Williston Basin. With each improvement, he reviewed the systems intact load-serving capability and the time frame for each improvement. He noted that the schedules are very tight for getting these projects on line to meet these loads.

He then introduced Bryan Keller, Manager of Transmission System Maintenance, who reported that as of December 30, 2011, the TSM employees worked 320 days since the last DART case. There was no vehicle or property damage or personal injuries in December. He then reviewed the status of several TSM projects.

A. Project Approval for Tri-State G&T to Replace 69 kV Circuit Breakers at MBPP LRS 69 kV Substation

Mr. Keller reported that Tri-State G&T maintains five 30+ year-old 69 kV oil circuit breakers in the MBPP LRS 69 kV substation. Due to the age of the circuit breakers and the high number of operations while the breakers have been in

service, the circuit breakers have become unreliable and have failed to operate twice in the past few years for line faults on the 69 kV lines. While the back-up over current relaying protecting the LRS 230/69 kV transformer has operated to clear the line faults, the delayed clearing of the line faults mechanically stresses the transformer. The existing circuit breakers are obsolete and the availability of remanufactured replacement parts is very limited. A project to replace the existing oil circuit breakers with new SF6 gas-insulated circuit breakers was included in the 2012 MBPP Capital Project Budget, which was approved by the MBPP Management Committee in August 2011. The cost of the project is \$640,000 with Basin Electric being responsible for \$277,000 of that cost. He recommended that the project be approved.

After discussion, it was moved by Director Ritthaler, seconded by Director Drost and carried that the following Resolution be adopted:

R01.01-11-12

BE IT RESOLVED, that a project for Tri-State to replace five 69 kV circuit breakers at the MBPP LRS 69 kV substation for an estimated cost of \$640,000 be approved; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required document.

16. Financial Report

Paul M. Sukut, Senior Vice President and Chief Financial Officer reviewed current economic statistics, the Cooperative's capital expenditures and total liquidity through December.

Estimated 2011 Year-End Margin. Mr. Sukut noted that there would be no accounting report this month as the accounting books were not yet closed for 2011.

Steve Johnson, Treasury Services Manager, reported that the Member Investment Program ended 2011 with a balance of \$75,746,914.82 with 45 members participating out of the 134 total eligible members.

He noted that the Deer Creek Station RUS funds were received on December 21, 2011 at a rate of 2.61% for 30 years.

Liquidity. Mr. Johnson reported that total liquidity at the end of December, excluding the RUS Cushion of Credit account, was \$645.5 million. This number includes the \$43 million of BNSF settlement less the PSCO share, the \$72.4 million grant for PWND as well as the \$253.7 million of RUS funds received in late December.

Additional funds were deposited into the RUS Cushion of Credit account on December 22, 2011. On January 3, a \$32 million FFB debt service payment was made from this account. After the January 3 payment, the balance in the account is approximately \$275.5 million.

Mr. Johnson reported that Moody's Investors Service's credit rating for Basin Electric's senior secured debt remained A1; the commercial paper rating is P-1 and the outlook stayed negative. He then reviewed Moody's rating drivers.

A. Amend Terms of Screened Coal Sales Agreement by and between DGC and Basin Electric; and of Amended and Restated Coal Sales Agreement by and between DCC and Basin Electric

Mark D. Foss, Dakota Gasification Company General Counsel, reviewed the coal contracts and parties and recommended that the terms of the Screened Coal Sales Agreement between Dakota Gasification Company and Basin Electric and the Amended and Restated Coal Sales Agreement between Dakota Coal Company and Basin Electric be extended to April 30, 2037 in order to assist in the financing of mining equipment and rolling stock.

After discussion, it was moved by Director Gjellstad, seconded by Director Peltier and carried that the following Resolution be adopted:

R02.01-11-12 RESOLVED, that the officers of the Cooperative be authorized to execute, on behalf of the Cooperative, the First Amendment to the Amended and Restated Coal Sales Agreement and the Second Amendment to Screened Coal Sales Agreement to extend the term of both the Amended and Restated Coal Sales Agreement dated as of April 15, 1993 and the Screened Coal Sales Agreement dated as of November 1, 1988 to April 30, 2037, in both instances, subject to the consent of: (a) Wells Fargo Bank, N.A. as trustee under the third Amended and Restated Indenture of Trust and Security Agreement dated as of January 1, 1994, as supplemented, between the Trustee and Dakota Coal Company (the **Trust Agreement**); and (b) the Noteholders (as that term is defined in the Trust Agreement).

17. External Relations and Communications Report

Mike Eggl, Senior Vice President—External Relations and Communications, noted that the EPA Federal Implementation Plan (FIP) for North Dakota is expected by or on January 26, 2012. The North Dakota Congressional delegation has held meetings with EPA regarding this issue in hopes of encouraging EPA to settle the issue.

The Wyoming Department of Environmental Quality submitted its State Implementation Plan (SIP) to EPA on January 7, 2011. EPA is supposed to take action on the SIP by April 15, 2012.

In Minnesota, the 2007 Next Generation Act caps CO₂ emissions and provides for no new coal generation or new generation imports. Governor Dayton vetoed repeal of this moratorium. On November 2, 2011, the state of North Dakota filed a legal challenge to Minnesota's Next Generation Act because it violates the Interstate Commerce Clause. Costs are anticipated to be \$1.2 million, of which industry will pay up to \$500,000. A hearing is scheduled for April 12 in St. Paul.

North Dakota has formed the "Information Exchange Council" (IEC) to gather and discuss information relating to energy infrastructure, transmission development and related regulatory issues in western North Dakota. Basin Electric anticipates heavy involvement and interest in load forecasting.

He then reviewed 2011 statistics for the Basin Electric and DGC websites, as well as the YouTube and blog traffic.

Security & Response Services Report. Darren Stastny, Safety, Security and Response Services Supervisor, reported on its activities for the year. New members in 2011 include Butler County REC, Garland Light & Power, Park Electric, Midland Power, K.C. Electric, Pioneer Electric (nonmember) and Southern Pioneer (nonmember) adding a combined total of 62,097 meters. New members in 2012 are Lake Region Electric, Sheridan Electric and Raccoon Valley, adding 9,803 meters.

SRS provides dispatch service for 58 cooperatives (518,453 meters) and alarm monitoring for 13 cooperatives (1,683 alarms). He then presented a map showing the location of SRS' members (both Basin Electric and non-Basin Electric). He then reviewed SRS' financial history from 2001 to present.

Outage statistics were as follows:

	2008	2009	2010	2011
Calls	236,121	235,267	298,963	290,537
Outages	75,562	75,227	109,013	101,263
Crews	22,782	21,047	27,063	27,547
Tracking Crews (TSM that we monitor for safety)	8,440	11,455	14,793	13,471

18. Executive Session

At 3:30 p.m., it was moved by Director Pearson, seconded by Director Rohrer and carried, that the Board retire into executive session to discuss labor matters and membership issues.

At 5:15 p.m., it was moved by Director McCabe, seconded by Drost and carried to arise from executive session.

19. Approval of IBEW Local 1593/PrairieWinds Labor Agreement

It was then moved by Director Ritthaler, seconded by Director Pearson and carried that the following Resolution be adopted:

R03.01-11-12

RESOLVED, that the Labor Agreement with the International Brotherhood of Electrical Workers Local 1593, effective October 1, 2011, through February 28, 2014, be approved; and

BE IT FURTHER RESOLVED, that the officers of the Cooperative be authorized to execute the same for and on behalf of the Cooperative.

20. Recess and Reconvention

At 5:15 p.m., the meeting recessed until 8:00 a.m., at which time the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes thereof.

21. Roll Call

After calling the roll, the Secretary reported the following Directors present:

Donald E. Applegate	Wayne L. Child
Gary Drost	Charles Gilbert
Clifford Gjellstad	Roy Ireland
Dean McCabe	Kermit Pearson
Wayne Peltier	Reuben Ritthaler
Roberta Rohrer	

said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Andrew M. Serri and Assistant Secretary Claire M. Olson and Basin Electric staff members Mike Eggl, Daryl Hill, Mark Kinzler, Deborah Levchak, Rob Morse, Dave Raatz, Mike Risan, Dave Sauer, Pat Spilman, Mitch Stafford, Paul Sukut, Linda Thomas and Michelle Wiedrich.

22. Executive Session

At 8:00 a.m., it was moved by Director Peltier, seconded by Director Gilbert and carried that the board retire into executive session to discuss membership issues.

At 8:05 a.m., it was moved by Director McCabe, seconded by Director Drost and carried to arise from executive session.

23. Power Supply Proposal to Central Montana for Yellowstone Valley, continued

Mr. Olson noted that Central Montana had inquired about a power supply for Yellowstone Valley during the pending of the bankruptcy, if needed (Phase 1) and for the long-term if Yellowstone Valley was legally able to enter into those contracts after the resolution of the Southern Montana bankruptcy (Phase 2).

He noted that the Board had directed staff to examine in greater detail the Phase 2 requirements and prepare a resolution offering Central Montana a short-term power sales agreement if Yellowstone Valley needed power during the pendency of the bankruptcy. Mr. Olson and Mr. Raatz reviewed a draft resolution, after which it was moved by Director Peltier, seconded by Director Rohrer and carried that the following Resolution be adopted:

R04.01-11-12

RESOLVED, that the CEO and General Manager, or his designee, is authorized to execute a short-term power sale agreement with Central Montana for the Yellowstone Valley load for Phase 1, if needed, that does not extend beyond December 31, 2013, on the terms and conditions discussed in the January Board presentation; and

BE IT FURTHER RESOLVED, that the power would be provided only if it is available to Basin Electric, and with no bill credits, no DGC dividend, and no margin allocation.

24. Designate NRTC Voting Delegate and Alternate

President Ireland noted that the National Rural Telephone Cooperative (NRTC) annual meeting is set for March 4, 2012 in San Diego, California, and Basin Electric should name a delegate and alternate. After discussion, Directors Ritthaler and Peltier were named as delegate and alternate, respectively, to the 2012 NRTC annual meeting. Motion carried.

25. Directors' Reports

Director Gilbert reported Midland Electric has been in litigation with one member for 10 to 12 years on various issues regarding a qualifying facility that is a small wind generator. FERC recently issued a decision stating that a qualifying wind facility may not be disconnected just because it didn't pay its bill. Midland will appeal this decision.

Director McCabe reported that Don Link was the successful candidate for another term on the NRECA board of directors.

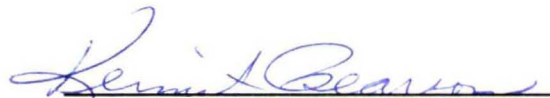
After discussion, it was agreed that Mr. Serri would arrange for a strategic planning session. Mr. Serri will arrange for a facilitator.

26. Date and Place of Next Board Meeting

The next meeting of the Board of Directors will take place February 14-16, 2012, at Basin Electric's headquarters building in Bismarck, North Dakota.

27. Adjournment

At 9:30 a.m., it was moved by Director Drost and seconded by Director Ritthaler that the meeting be adjourned. Motion carried.



Kermit Pearson
Secretary-Treasurer