

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

**Minutes of the Regular Meeting of the Board of Directors  
January 15-16, 2013**

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The Regular Meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at the headquarters building, 1717 East Interstate Avenue, Bismarck, North Dakota, on January 15-16, 2013 starting at 1:00 p.m. CST with the pledge of allegiance.

**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	Gary Drost
Arden Fuher	Charles Gilbert
Roy Ireland	Kermit Pearson
Wayne Peltier	Reuben Ritthaler
Roberta Rohrer	Allen Thiessen

said persons being all of the Directors of the Cooperative except Wayne L. Child, who was absent. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Ompie Adams, Jason Doerr, Mike Eggl, Mike Fluharty, John Frank, Curtis Jabs, Steve Johnson, Becky Kern, Rod Kuhn, Deborah Levchak, Sharon Lipetzky, Gavin McCollam, Mike Murray, Deb Olafson, Dave Raatz, Mike Risan, Doug Rothe, Ken Rutter, Paul Sukut, Linda Thomas, Mark Thompson, Boyd Trester, Kevin Tschosik, Michelle Wiedrich and Lyle Witham.

Also present were East River Electric Power Cooperative (**East River**) director Roger Mentzer, Mor-Gran-Sou Electric Cooperative (**Mor-Gran-Sou**) director Bob Leingang and Rushmore Electric Power Cooperative (**Rushmore**) director Mike McQuiston.

**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 Peltier, seconded by Director Gilbert and carried that the agenda be approved as presented.

**4. Approval of the Minutes**

The minutes of the December 10-11, 2012 Regular Board meeting and the November 8 & December 9, 2012 Reorganizational Board Meeting were presented and after an opportunity for corrections, it was moved by Director Rohrer, seconded by Director Pearson and carried that these minutes be approved as presented.

## **5. General Manager's Report**

Mr. Serri reported there were no major safety issues to report. Since the last Board meeting, he reported that he finished senior staff goal-setting, implemented a new procurement policy, held a follow-up meeting with Kadrmas, Lee & Jackson and reviewed and fine-tuned the designs for the Montana Limestone Company shop complex.

On December 17, Basin Electric was honored for its involvement with the St. Baldrick's Foundation. Heather Cash presented a plaque and local Bismarck media covered the event.

Mr. Serri attended the North Dakota Statewide meeting on December 18 and the South Dakota Statewide meeting last week.

On December 20, at the invitation of acting Rural Utilities Services (**RUS**) Administrator Anita Decker, Mr. Serri met with RUS, the Western Area Power Administration (**WAPA**), Tri-State and Xcel Energy to discuss power supply issues on the Western Interconnected System.

Director Fuher, who attended Senator Heidi Heitkamp's swearing-in ceremony, reported on the receptions and meetings in which he participated.

Mr. Serri reported that John Frank, Director of Risk & Insurance, has negotiated an increase in the directors' travel insurance age limit to 95 for the disability coverage at no additional cost.

Mr. Serri noted that he will meet with Burlington Northern Santa Fe senior staff in Dallas on January 28.

## **6. Western Fuels Association (WFA) Update**

Director Ritthaler noted that Western Fuels has not met in the last month.

## **7. Office of General Counsel Report**

Claire Olson, Senior Vice President and General Counsel, reviewed the status of legal matters affecting or of interest to the Cooperative.

### **A. Property Management**

Mr. Olson reported on the status of easement acquisition on the Antelope Valley Station (**AVS**) to Tande 345 kV transmission project.

## **8. Marketing and Trading Report**

### **A. Purchased Power Report**

Jason Doerr, Manager of Trading and Analytics, reviewed the December Purchased Power Report. East-side short-term purchases had been budgeted at 9% and came in at 3.7%. Volumes were anticipated to be approximately 237,000 MWh and came in at approximately 90,000 MWh. Other short-term purchases were close to anticipated.

Year-to-date, short-term east-side purchases had been anticipated at 4.4% and ended up 6.4% and from a volume perspective, had increased from approximately 1.4 GWh to 2 GWh.

Mr. Doerr reviewed the impact of January weather on member load and revenues, and market price trends. He noted that we had not used the 100 MW call option with SaskPower that was authorized last month.

Mr. Rutter then distributed, reviewed and requested feedback on the proposed Risk Policy Framework, the intent of which is to set up a governance structure that aligns with Basin Electric's strategic objectives. The drivers for this new policy are rate stability and to obtain some consistency across the commodities as we start to look at the entire portfolio positions.

**RTO Primer.** Mr. Rutter then presented information on the structure and operations of an RTO and reviewed the differences between RTOs and traditional energy markets.

## 9. Plant Operations Reports

### A. Fossil Fuel Generation Update

Mr. Fluharty reviewed the Cooperative's safety performance for the month. He noted there were no Days Away Restricted or Transferred incidents in December. There were two OSHA recordables in December. One was a back strain and one was the reclassification of a previous first-aid eye injury that required medication.

December generation was 1.9% under budget. Two thousand twelve (2012) generation was 24.1 million MWh compared to the budget of 26.2 million MWh or 7.9% under budget.

He then reviewed the 24-month moving-average forced-outage rate trends, bus bar costs and fuel mix. Laramie River Station (LRS) Coal Inventory is 1.67 million tons or a 70-day supply for all three units at full load.

December individual availability and capacity factors for the generation stations were as follows:

Unit	Avail-ability	Capacity Factor	Unit Rating	Comments
LRS #1	74.5%	86.7%	570 MW	OFA duct repair, drum level trips, ground fault between GCB and GSU, economizer tube leak
LRS #2	85.7%	92.5%	570 MW	Boiler feed pump warm-up line valve, boiler slope tube leak
LRS #3	100%	97.0%	570 MW	
LOS #1	95.4%	88.8%	221 MW	Secondary superheater inlet tube leak
LOS #2	100%	87.5%	448 MW	

Unit	Avail-ability	Capacity Factor	Unit Rating	Comments
AVS #1	94.5%	96.9%	450 MW	Slag fall resulting in loss of and low furnace pressure, low EH pressure, water wall tube leak and boiler tube leak repair
AVS #2	100%	94.2%	450 MW	
DFS	98.9%	92.2%	386 MW	Primary air fan damper

**B. Leland Olds Station Update**

Mark Thompson, Leland Olds Station (LOS) Plant Manager, reported that as of December 31, 2012, LOS employees had worked 2,135 days since the last recorded incident in October of 2006.

He reviewed plant availabilities and plant capacity factors for both units from 2007 through 2012. The 2012 YTD plant generation versus budget is negative (-) 8.82%. Plant capacity is lower because it is not loaded as heavily and it follows the wind load somewhat.

He then described and showed photographs of major work performed during the Unit #2 fall outage.

**Scrubber Update.** December limestone usage was 6,900 tons, which was an average of 220 tons per day. December gypsum production was 500 tons per day, averaging seven to eight trucks per day. Testing by an independent third party was completed last week and went very well. A final report is expected within a month. General SO<sub>2</sub> removal was very good.

**C. Distributed Generation Update**

Kevin Tschosik, Distributed Generation Manager, reviewed natural gas prices. He reported that December distributed generation at the facilities was as follows:

Unit	Monthly Generation	Unit Rating	Comments
Groton Unit #1	7,428 MWh	200 MW	For load demand
Groton Unit #2	5,160 MWh		
Culbertson CT	14,213 MWh	100 MW	For load demand
WY Dist. Gen.	82 MWh	54 MW	For reserve events
SMS Unit #1	85 MWh	120 MW	To cover load because of AVS trip
SMS Unit #2	126 MWh		
DCS	11,517 MWh	300 MW	Tripped due to frozen sensing line

The Spirit Mound Station current fuel inventory is 810,014 gallons.

**PrairieWinds SD 1.** Mr. Tschosik reported that the blade tip of wind turbine #98 was repaired, annual maintenance was completed and annual base bolt tension checking was completed during the month.

**PrairieWinds ND 1.** Mr. Tschosik reported that the blade repair on wind turbine #50 is scheduled for January 21 and semi-annual maintenance is 85% complete. Freezing rain hampered generation at PWND, as well as PWSD.

The east-side peak occurred on December 26, 2012 at hour ending 1900 hours. At that time, wind generation was as follows:

<b>Project</b>	<b>Load Factor During the Peak</b>	<b>December Capacity Factor</b>	<b>Project Total</b>
PrairieWinds ND 1	16 MW	28%	123 MW
PrairieWinds SD 1	162 MW	41%	162 MW
Wilton Project	54 MW	31%	99 MW
Baldwin Project	60 MW	32%	99 MW
Edgeley Project	3 MW	24%	40 MW
Highmore Project	34 MW	33%	40 MW
Day County Project	90 MW	40%	99 MW
Iowa Wind Projects	1 MW	38%	45.1 MW
Other Wind Projects (Chamberlain & Pipestone)	1 MW	15%	3.4 MW
<b>TOTAL DECEMBER WIND GENERATION</b>	<b>423 mw</b>	<b>34%</b>	<b>712 MW Maximum</b>
<b>AVERAGE 2012 YEAR-TO-DATE CAPACITY FACTOR</b>	<b>---</b>	<b>43%</b>	<b>---</b>

Mr. Tschosik then compared 2011 and 2012 distributed generation as follows:

<b>Facility</b>	<b>2011</b>	<b>2012</b>
Groton Generation Station #1	70,559 MWh	55,325 MWh
Groton Generation Station #2	62,944 MWh	64,496 MWh
Culbertson Generation Station	62,944 MWh	64,496
Spirit Mound Station	1,198 MWh	1,423 MWh
Wyoming Distributed Generation	3,139 MWh	964 MWh
PWND	427,201 MWh	457,264 MWh
Crow Lake (PWSD)	500,054 MWh	662,102 MWh

## **10. Cooperative Planning Report**

### **A. Manager's Advisory Committee (MAC) Agenda Topics**

Mr. Raatz noted that the next MAC meeting is on January 24, 2013 where agenda items will include: an update on the Price Waterhouse Coopers price audit; rate assessment for new loads; RTO membership; transmission wheeling policy; and April meeting topics.

### **B. 2012 Member Renewable Energy Credit (REC) Distribution and Sales Prices**

Becky Kern, Manager of Utility Planning, reported that in 2012, Basin Electric produced 3.1 million RECs. She then reviewed the methodology for allocating RECs

to the members and the marketing program for selling. She also reviewed the estimated revenue to be received by each member.

**11. Recess and Reconvention**

At 4:45 p.m., the meeting recessed and reconvened at 8:00 a.m., at which time the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes.

**12. Roll Call**

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

Donald E. Applegate	Gary Drost
Arden Fuher	Charles Gilbert
Roy Ireland	Kermit Pearson
Wayne Peltier	Reuben Ritthaler
Roberta Rohrer	Allen Thiessen

said persons being all of the Directors of the Cooperative except Wayne L. Child, who was absent. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Ompie Adams, Dave Bangen, Don Boehm, Shawn Deisz, Mike Eggl, Pius Fischer, Mike Fluharty, John Frank, Daryl Hill, Curtis Jabs, Steve Johnson, Becky Kern, Janet Kubisiak, Rod Kuhn, Sharon Lipetzky, Brian Matthews, Gavin McCollam, Deb Olafson, Shawna Piatz, Dave Raatz, Mike Risan, Doug Rothe, Ken Rutter, Paul Sukut, Linda Thomas, Boyd Trester, Chris VandeVenter, Michelle Wiedrich and Lyle Witham. Also present were East River director Roger Mentzer, Mor-Gran-Sou director Bob Leingang and Rushmore director Mike McQuiston.

**13. Cooperative Planning Report, continued**

**A. Price Waterhouse Coopers (PWC) Rate Audit**

Mr. Raatz reported that, as was requested at the December board meeting, PWC was retained to conduct an independent macro review and analysis of the Basin Electric rates.

PWC has been asked to review the following: (1) competitiveness of Basin Electric and the Class A and C members to adjacent utilities; (2) summary of Basin Electric and Class A and C members internal, purchased power and margin; (3) demand/energy rate structure matrix; (4) high-level cost analysis of customer self-supply options; (5) rate structure comparison for pipeline loads; (6) rate structure approaches for cooperatives, investor-owned utilities and municipals; and (7) high-level discussion of possible Basin Electric rate structure changes.

The directors asked that PWC make the final presentation so they can answer the directors' questions.

**B. New Member Adders**

Mr. Raatz noted that recently the Board had asked about the methodology used to calculate the rate adders for new members.



Mr. Raatz noted that the use of "rate adders" began in 2004 for Park Electric and McCone Electric. He reviewed the methodology, noting that it was applied consistently with slight accommodations for special circumstances. He reviewed the calculation of each new member rate adder since 2004.

**C. RTO Update.**

Mr. Raatz reported that staff continues to work on the economic analysis of joining an RTO. There is a meeting of the MAC RTO group scheduled for January 23. Staff will present some preliminary results of the economic analysis at this meeting. A follow-up meeting is currently scheduled for January 31 to February 1.

He then reviewed a timeline for making a decision on joining an RTO. Staff will present a recommendation to the Board at the March meeting. This will enable WAPA to begin their federally mandated public process in the March/April time frame. This would then be completed in the fall of 2013.

**D. Wind Projects.**

Mr. Raatz reported that at the December meeting, the Board had a number of questions regarding the costs of the various wind projects of the Cooperative, buy-out options in existing contracts and the overall economic benefits of wind generation in the resource portfolio.

He noted that the Cooperative began acquiring wind generation in 2002 and now has approximately 713 MW of wind generation.

Mr. Raatz then reviewed each project, discussing the costs of each facility or the price being paid per MWh per purchase contract and buy-out options in certain contracts. He also reviewed the costs of wind/gas generation versus a coal-based resource for baseload generation. He noted that the true value for wind is that of a fuel displacer.

**E. Minnesota Power 100 MW Purchase from Boswell Unit.**

Mr. Raatz reviewed the terms and conditions of the contract with Minnesota Power for the purchase of 100 MW of power from the Boswell facility. The purchase began in May of 2010 and runs through April 30, 2020.

**14. Engineering & Construction Report**

**A. Funding Chart**

Gavin McCollam, Manager of Mechanical and Performance Engineering, reported that funding requests totaling \$14.9 million would be presented this month.

February project requests will include PGS Wanzek Construction, LCS Wanzek Construction and build-out of the Dickinson Substation.

**B. Award of Contract for Missouri Basin Power Project (MBPP)/LRS Spare 600 MVA Transformer**

Boyd Trester, Electrical Engineering Supervisor, reported that this project was previously approved as Capital Project Request #250320 for the purchase and

installation of a 600 MVA spare transformer for the LRS. He showed the probable location of the transformer on the LRS plant site.

He reviewed the bids and recommended the contract for the MBPP/LRS Spare 600 MVA Transformer be awarded to the lowest evaluated bid, SMIT for their Alternative #2 bid in the amount of \$4,220,734.95. SMIT's alternatives 1 and 2 both involved additional core steel to reduce losses.

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

**R01.01-15-13** BE IT RESOLVED, that Contract No. 639604 for supply of one 600 MVA, 345/230 kV power transformer for the MBPP/LRS Spare 600 MVA transformer project be awarded to SMIT Transformers in the amount of \$4,220,735; and

BE IT FURTHER RESOLVED, that the CEO & General Manager, or his designee, be authorized to execute the necessary contract documents accordingly.

**C. Review of Refined Coal Projects at AVS, LOS and LRS**

Rod Kuhn, Manager of Tax & Insurance, reported that Basin Electric is investigating the installation of refined coal projects at AVS, LOS and LRS. Internal Revenue Code Section 45 provides for a general business tax credit for refined coal. Refined coal is a liquid, solid or gaseous fuel (including feedstock coal mixed with an additive or additives) produced from coal (including lignite).

It must be certified by the refiner as meeting certain reductions of at least 20% in NO<sub>x</sub> and either a 40% reduction in sulfur dioxide or mercury. The comparison is to run-of-the-mine coal that was available in the marketplace as of January 1, 2003.

The tax credit associated with refined coal is currently \$6.475 per ton for 2012 and is indexed going forward. The credit is for 10 years from the date the facility was originally placed in service.

He then reviewed the structure of a transaction to which there are four agreements: (1) Basin Electric will sell coal plus some inventory to the refining company/investor; (2) coal will be treated with chemicals to produce the required emissions reductions; (3) refined coal will be purchased by Basin Electric; (4) all refining equipment will be owned by the Refining Company/Investors

The refining company will pay all installation and operating costs of the refining equipment. Basin Electric will be paid a host fee to be negotiated with the refining company. Investors will take the refined coal tax credits and all tax risks.

He then reviewed projected AVS, LRS and LOS refined coal host fees for 2013 through 2021.

Doug Rothe, Mechanical Engineering Supervisor, reviewed the refined coal facilities that would be installed at the facilities and discussed the environmental benefits

which include the oxidation of mercury, some NO<sub>x</sub> reduction and some SO<sub>2</sub> reduction or reduced lime or limestone usage.

Mr. Rothe then reviewed the next steps so that the refined coal facilities would be in service at AVS, LRS and LOS by the end of the second quarter 2013.).

## **15. Transmission Report**

Mike Risan, Senior Vice President-Transmission, reported that the Cooperative continues to assess the Bakken in terms of long-term and near-term load growth. It is also monitoring the development of the Keystone XL Pipeline as the construction and operation of the facility could affect the timing. He reviewed the ongoing monitoring of the Williston load pocket which peaked at 475 MW last weekend. Mr. Risan also discussed issues associated with the RTO study.

### **A. Rapid City 230/115 kV Addition**

Mr. Risan reported that voltages issues in the Rapid City area have been identified in reports dating back to 2007. The Rapid City, Rushmore and Ellsworth substations contain a large amount of load (approximately 90 MW) that is normally fed from New Underwood via one 100 MVA 230/115 kV transformer and two 20-mile 115 kV lines. Under Voltage Load Shedding (**UVLS**) has been installed as a short-term solution to avoid low-voltage violations if an outage occurs.

UVLS is currently required for multiple single contingencies. Western committed to implement facility additions to eliminate the requirement for UVLS for a single contingency.

He presented a Rapid City area map and noted that large loads in this area can get separated from 230 kV sources for multiple contingencies.

Loss of the New Underwood transformer causes low voltages in the Rapid City area which leaves a Rapid City load pocket fed from the Maurine and Philip Substations.

Mr. Risan reported that part of the recommended solution is the construction of a new substation addition adjacent to the Rapid City DC tie by Basin Electric to allow Western to add a new 115 kV connection to the existing Rapid City substation. He introduced Boyd Trester, who reviewed the layout of the substation and described the facilities therein.

The cost of this new substation is estimated at \$10.7 million and is expected to be in service during the fourth quarter of 2014. The facilities will become part of the Integrated System.

Mr. Risan recommended the Board authorize staff to proceed with the Rapid City addition at an approximate cost of \$10.7 million. After discussion, it was moved by Director Drost, seconded by Director Gilbert and carried that the following Resolution be adopted:

#### **R02.01-15-13**

RESOLVED, that the construction of the new substation to be located adjacent to the Rapid City DC Tie, as presented, with an estimate of \$10.7 million be approved; and

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

**16. Financial Services Report**

Paul Sukut, Senior Vice President and CFO, reviewed current economic statistics, capital expenditures from January 2008 through January 2013 and liquidity.

During December, the Member Investment Program portfolio decreased by \$35,480,000, mainly due to quarterly RUS payments. Investments outstanding on December 31 were \$111,416,000. He then reviewed the Cooperative's total liquidity.

On December 13, 2012, Moody's Investors Service affirmed Basin Electric's A1 Senior Secured Bond Rating and changed the Cooperative's outlook from negative to stable.

Mr. Sukut noted that Standard & Poors had reaffirmed Basin Electric's rate in August of 2012.

**A. RUS Form 219—LOS Emissions Control Project**

Mr. Sukut recommended that staff be authorized to execute and submit Form 219, Inventory of Work Order No. 47, in the amount of \$22,882,100.19 to RUS for the LOS Emissions Control project. Form 219 certifies costs of construction and is required by RUS prior to loan funds being advanced.

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

**R03.01-15-13**

RESOLVED, that RUS Form 219 – Inventory of Work Order No. 47 in the form presented to this meeting is hereby approved and that the Chairman of the Board of Directors and the CEO and General Manager are hereby authorized to execute the same for and on behalf of the Cooperative;

BE IT FURTHER RESOLVED, that the Board of Directors certifies to the Rural Utilities Service that the cost of construction shown in said Form 219 is the actual cost reflected in the general accounting records of the Cooperative and that the funds represented by the advances requested by said Form 219 has been expended in accordance with the (a) purposes of the loan; and (b) provisions of the: (i) loan contract; (ii) Indenture dated as of January 1, 1998; (iii) RUS Bulletins; and (iv) Code of Federal Regulations relating to the advance of funds for work order purposes.

**B. RUS Certificate of Authority**

Mr. Sukut recommended that authorization be granted for the Certificate of Authority to authorize Thomas S. Tooley to submit or grant access to data required by RUS. Tom Tooley replaces Lee Thomas, who retired.

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

**R04.01-15-13**

RESOLVED that Andrew M. Serri, the CEO and General Manager of the Cooperative, be the Certifier on behalf of the Cooperative, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture delivering Rural Development Utilities Programs, any and all data required by RDUP Form 674;

RESOLVED that Thomas S. Tooley, the Senior Business System Analyst of the Cooperative, continues to serve as the Security Administrator on behalf of the Cooperative, who shall give access to the Cooperative's data, as appropriate, to other employees, officers, or contractors of the Cooperative, for the purpose of complying with RDUP Form 674; and

RESOLVED that both shall comply with the Instructions for RDUP Form 674 in regard to use of the government's data collection system.

**C. Sole Source Contracts**

Mr. Sukut noted that procedural changes have been made for dealing with single-source contracts. Any contract that exceeds \$500,000 goes through an extensive review to determine if the contract has to be single-sourced. If so, written justification and CEO approval is required. There have been approximately eight sole-sourced contracts since the initiation of this change, which have resulted in substantial savings.

This is being tracked in the Procurement Division. A presentation will be made when this procedure has been in effect for a greater period of time.

**17. Recess and Reconvention**

The meeting recessed at 11:45 a.m. and reconvened at 1:00 p.m., at which time the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes.

**18. Roll Call**

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

Donald E. Applegate	Gary Drost
Arden Fuher	Charles Gilbert
Roy Ireland	Kermit Pearson
Wayne Peltier	Reuben Ritthaler
Roberta Rohrer	Allen Thiessen

said persons being all of the Directors of the Cooperative except Wayne L. Child, who was absent. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Don Boehm, Shawn Deisz, Mike Eggl, Daryl Hill, Curtis Jabs, Becky Kern, Mark Kinzler, Mike Murray, Dale Niezwaag, Shawna

Piatz, Dave Raatz, Mike Risan, Ken Rutter, Mitch Stafford, Paul Sukut, Linda Thomas, Michelle Wiedrich and Lyle Witham. Also present were East River director Roger Mentzer, Mor-Gran-Sou director Bob Leingang and Rushmore director Mike McQuiston.

**19. Recess for Board Audit Committee**

At 1:00 p.m., the meeting recessed to hold the Board Audit Committee meeting. At 1:15 p.m., the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes thereof.

**20. Communications and Administration Report**

Mike Eggl, Senior Vice President-Communications and Administration, reviewed major legislation currently pending in Congress. He also reported on attending Senator Heitkamp's swearing-in ceremony.

He reported that St. Baldrick's had presented a plaque to Basin Electric for being one of its top 10 fundraisers worldwide.

Mr. Eggl reported that Kathi Risch has retired. Ms. Risch was a national award-winning writer, long-term annual report editor and editor of "Generation for Generations". He also reported that Curtis Jabs will be retiring in February. Mr. Jabs was introduced and addressed the Board.

**21. CFC Annual Meeting**

President Ireland reported that the 2013 CFC annual meeting is scheduled for February 18, 2013 in New Orleans and recommended that Basin Electric name a voting delegate and alternate to attend this meeting. After discussion, it was moved by Director Ritthaler and seconded by Director Drost that Director Applegate serve as delegate and Director Ritthaler serve as alternate to the 2013 CFC annual meeting. Motion carried.

**22. Executive Session**

At 1:50 p.m., it was moved by Director Pearson, seconded by Director Applegate and carried that the Board retire into executive session to discuss the Southern Montana bankruptcy and RTO issues. At 3:00, it was moved by Director Drost, seconded by Director Peltier and carried that the board arise from executive session.

**23. July Meeting at Central Montana**

Director Rohrer reported on details of the July meeting at Central Montana. The joint meeting of the Central Montana and Basin Electric boards is scheduled for July 11.

**24. Directors' Reports**

Director Gilbert reported that the merger of Humboldt County REC into Midland REC is going well.

Director Drost reported that Sioux Valley will soon be interviewing for a new manager.

Director Peltier reported on an upcoming meeting with Wright-Hennepin.

Director Ritthaler reported that the Wyoming Statewide legislative rally is on January 23.

Director Fuher reported that Capital Electric has requested full membership in Central Power. He noted that Dale Niezwaag gave a presentation to the North Dakota Statewide about possible legislation to amend the eminent domain statutes.

**25. Date and Place of Next Board Meeting**

The next regularly scheduled meeting of the Board of Directors will take place February 12-14, 2013, at the Basin Electric headquarters building in Bismarck, North Dakota.

**26. Adjournment**

At 3:25 p.m., it was moved by Director Rohrer and seconded by Director Fuher, that the meeting be adjourned. The motion carried.

A handwritten signature in cursive script, appearing to read "Kermit Pearson", written over a horizontal line.

Kermit Pearson  
Secretary-Treasurer