

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

**Minutes of the Regular Meeting of the Board of Directors
February 12-13, 2013**

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

**Minutes of the Regular Meeting of the Board of Directors
February 12-13, 2013**

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 February 12-13, 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	Wayne L. Child
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. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Kelly Cozby, Shawn Deisz, Tammy DeWitt, Jason Doerr, Mike Eggl, Jen Feigitsch, Mike Fluharty, Dan Hagel, Daryl Hill, Steve Johnson, Becky Kern, Rod Kuhn, Deborah Levchak, Sharon Lipetzky, Mike Paul, Dave Raatz, Mike Risan, Tucker Smith, Paul Sukut, Kevin Tschosik and Michelle Wiedrich.

Also present were Capital Electric Cooperative manager Lars Nygren, Rushmore Electric Power Cooperative (**Rushmore**) manager Vic Simmons, Upper Missouri G&T (**Upper Missouri**) manager Claire Vigesaa, Upper Missouri board president Roger Sorenson, West Central Electric/Rushmore director Mike McQuiston and Dakota Gasification Company (**DGC**) staff member Mark D. Foss.

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

4. Approval of the Minutes

The minutes of the January 15-16, 2013 Regular Board meeting and the January 16, 2013 Board Audit Committee meeting were presented and after an opportunity for corrections, it was moved by Director Thiessen, seconded by Director Rohrer and carried that these minutes be approved as presented.

5. **General Manager's Report**

Mr. Serri reported that during the past month, staff had meetings with MISO and SPP, as well as the Manager's Advisory Committee, on the evaluation of whether to join an RTO.

Mr. Serri and Director Ritthaler met with Wyoming legislators during the month. Wyoming Governor Matt Mead reiterated his support for the Wyoming Regional Haze Rule.

Topics of discussion at the Manager's Advisory Committee meeting included the Large Commercial Rate and an update on RTO membership.

He noted that Price Waterhouse Cooper (**PWC**) was engaged to conduct a high-level analysis and comparison of the Basin Electric rate. They will present their findings later in the meeting.

Mr. Serri reported that he and Joe Leingang met with Burlington Northern Santa Fe (**BNSF**) staff to discuss the Laramie River Station (**LRS**) demurrage rate. A proposal has since been received and the staff at Basin Electric and Western Fuels is analyzing the proposal.

He reported on several events he attended that were associated with the North Dakota Legislature.

He noted that Basin Electric was selected as the 2012 Employer of the Year by Chapter 72 of the International Right-of-Way Association. Chapter 72 includes companies in North Dakota, South Dakota and Western Minnesota. Mr. Serri and Claire Olson attended the award ceremony and accepted the award.

Mr. Serri reported on attending the Customers United for Rail Equity (**CURE**) rally, which was very well attended.

6. **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. **Environmental Services**

Mr. Olson reported on the greenhouse gas regulation on existing generating units under Section 111(d) of the Clean Air Act. We are developing some proposed regulations or concepts to present to EPA. Basin Electric is part of the Western Working Group consisting of the Environmental Defense Fund (EDF), Salt River Project, Tucson Electric, Black Hills, PacifiCorp, PG&E and Basin Electric.

The PSC hearing on Phase II of the Pioneer Station was held in Williston on February 7.

B. **Property Management**

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

C. Member Merger

Mr. Olson reported that effective January 1, 2013, Basin Electric Class C Members Midland Power Cooperative (**Midland**) and Humboldt County Rural Electric Cooperative (**Humboldt**) merged. Both entities are members of Corn Belt Power Cooperative (**Corn Belt**). Midland is the surviving entity.

He recommended that the Board of Directors authorize the cancellation of the membership certificate issued in the name of Humboldt and authorize reimbursement of the \$100 membership fee paid by Humboldt, such check to be made payable to the surviving entity, Midland.

The Board of Directors established a merger assistance program to help defer the sizeable expenses involved in completing mergers and consolidations of Basin Electric member cooperatives. The program provides for the payment of \$15,000 for each merging/consolidating member, payable when the officers or managers of the merging/consolidating member return the completed *Certificate of Eligibility* form to Basin Electric. He recommended that these actions be taken.

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

R01.02-12-13 RESOLVED, that pursuant to Basin Electric's merger/consolidation assistance program, payment be made to Midland Power Cooperative and Humboldt County Rural Electric Cooperative; and

 BE IT FURTHER RESOLVED, that the Class C Membership Certificate of Humboldt County Rural Electric Cooperative is hereby cancelled and the \$100 membership fee be returned to the surviving entity, Midland Power Cooperative.

D. Class C Membership Applications

Mr. Olson reported that Basin Electric has received the membership fees and complete Applications for Class C Membership and for Electric Service from the following cooperatives: Otero County Electric Cooperative, Inc., Southwestern Electric Cooperative, Inc. and The Socorro Electric Cooperative, Inc. All three are members of Tri-State G&T Association. As these three cooperatives meet the requirements to become Class C members as set forth in the Bylaws, Mr. Olson recommended that the Board authorize the issuance of Class C membership certificates in the names of each cooperative, recognizing that the Bylaws must be amended at the annual meeting to revise the description of District No. 5 to include the county of each cooperative's headquarters.

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

R02.02-12-13 RESOLVED, that the Applications for Class C membership and for Electric Service submitted by Otero County Electric Cooperative, Inc., Southwestern Electric

Cooperative, Inc. and The Socorro Electric Cooperative, Inc. are hereby accepted and approved.

E. First Amendment to Loan Agreement

Mark D. Foss, General Counsel of DGC, reported that at the time the Designated Qualifying Securities loan transaction between Basin Electric and PrairieWinds SD 1, Inc. was closed, our tax advisor, Deloitte & Touche, had not completed its analysis to determine an arms-length interest rate that would reflect that rate which would be payable in a similar transaction between two unrelated companies. The interest rate on the loans and the \$204 million dollar note was set at 5.25%, which was the best estimate at the time of the appropriate interest rate. Deloitte's study is now complete and they are recommending the interest rate on the loan and note be set at 5.6%.

Mr. Foss recommended the Board approve an amendment to the loan agreement to reflect this higher interest rate.

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

R03.02-12-13

RESOLVED, that the Board of Directors approves changing the interest rate on the loan between Basin Electric Power Cooperative and PrairieWinds SD 1, Inc. from 5.25% to 5.6%; and

BE IT FURTHER RESOLVED, that the President, or his designee, is authorized to execute the First Amendment to Loan Agreement between Basin Electric Power Cooperative and PrairieWinds SD 1, Inc. and to accept the restated note from PrairieWinds SD 1, Inc.

7. Marketing and Trading Report

Ken Rutter, Vice President of Marketing and Trading, reported that staff is still working through some adjustments to the Risk Policy, which will be presented to the Board in March.

He then reviewed the different types of natural gas storage, how that storage is utilized in the market and its effect on pricing.

He also discussed wind generation constraints and how the Cooperative's wind generation might be utilized in an organized market.

He then reviewed short-term deviations from the load forecast, focusing on the Williston load pocket.

A. Purchased Power Report

Jason Doerr, Manager of Trading and Analytics, then reviewed January Purchased Power Report.

He then reviewed springtime operation and the east-side forecast of generation and loads. Spring maintenance outages are planned for Leland Olds Station (LOS) #1,

AVS #2 and Neal #4. The Cooperative has sufficient resources to meet the load obligation, but continue to work with the Western Area Power Administration (WAPA)-Watertown to optimize Basin Electric's position and to meet load at the lowest cost.

He reviewed the loads and resources on the western interconnected system and noted that the Cooperative has sufficient resources to meet the west-side LRS Units #2 and #3 spring outages.

8. Cooperative Planning Report

Dave Raatz, Vice President of Cooperative Planning, briefly discussed the status of the 2013 Load Forecast and the Integrated Resource Plan. He also discussed the following items in more detail.

A. PriceWaterhouse Cooper (PWC) Rate Audit Report

Mr. Raatz noted that the Cooperative had engaged PWC to prepare a high-level assessment of the competitiveness of Basin Electric's and the membership's rates to adjacent power suppliers in their areas.

He introduced Tony Ligeralde and Mark Klein of PWC, the principals involved in the study. They reviewed the questions PWC was asked to address. After reviewing the methodology used for the study, they presented their conclusions and responded to the questions from the Board.

B. Large Commercial and Large Compression Rates

Mr. Raatz reviewed the history of member discussion on the Large Commercial Rate and the Large Compression Rate. He then presented staff's recommendation: (1) maintain heating rates; (2) reaffirm grandfathered status of PRECorp's 3 MW large compression rate assessment and eliminate the take-or-pay provision of the rate; and (3) to modify the Large Commercial Rate to: (a) eliminate the take-or-pay provision of the rate; (b) grandfather existing qualifying loads under the rate; and (c) close rate to new applications.

Both rate modifications would be effective June 1, 2013. This recommendation would also result in all new growth not qualifying for special rate treatment to be served under the Base Rate.

After discussion, Director Pearson moved adoption of the resolution presented by staff. Director Drost noted he would second the motion if the heating rate was removed. Director Pearson agreed to the amendment.

After discussion, it was moved by Director Peltier and seconded by Director Ritthaler that the matter be tabled until morning. Motion carried.

9. Transmission Report

Mike Risan, Senior Vice President-Transmission, reported that the 2010 MRO Compliance Audit resulted in findings that the Cooperative's documentation was incomplete with

respect to several minor issues. The documentation was updated and no penalty was assessed.

With respect to two protection system standards violations, the MRO proposed a \$12,000 penalty. The Cooperative proposed applying that amount toward improvements on the internal compliance program. MRO accepted that proposal and no additional penalties were assessed. This action closes the findings of the 2010 MRO Compliance Audit.

He reported that NRECA has provided notice that utilities may receive a survey on cyber security from several members of Congress. Mr. Serri reported that Mike Risan has lead the charge in getting Basin Electric in compliance mode, which has been disseminated through the membership as well. We have to remain alert about what's going on in the cyber world, too.

Mr. Risan reported that the transmission system has operated well this winter and the winter peak load has likely passed. This spring, WAPA will begin installation of a new 230 kV transformer at Williston. Staff and WAPA are planning the system configuration around the six-month construction outage required for installation of the second transformer.

He also reported that Basin Electric participated in an event sponsored by the FERC Chairman and state regulators in Washington, DC called "The Upside, Downside and Inside of RTO/ISO Membership".

10. Financial Services

A. Accounting Report

Shawn Deisz, Manager of Accounting, reported that the year-end financials will be brought to the Board in March. Deloitte & Touche will make a presentation at that time also.

Ms. Deisz reported that the January 2013 Statement of Operations reflected an estimated net margin of \$7.8 million compared to the budgeted net margin of \$9.7 million for an unfavorable variance of \$1.9 million. The net margin for the same period last year was \$10.8 million.

She also reviewed member sales, surplus sales, operations expenses, maintenance expenses, YTD consolidated net income/loss, changes to the balance sheet and month-end cash. Basin Electric's equity-to-asset ratio at the end of January was 19.2% and at the end of December was 19%. The equity-to-capitalization ratio at the end of January using Moody's Rating Service's methodology was 23.4% and at the end of December was 23.2%, both without The Coteau Properties Company consolidation entry. The equity-to-capitalization ratio based on indenture requirements for patronage distribution was 16.9% at the end of January, the same as at the end of December.

B. Financial Services Report

Paul Sukut, Senior Vice President and Chief Financial Officer, reviewed current economic statistics, capital expenditures and liquidity.

He reported that Fitch has reaffirmed Basin Electric's A+ credit rating. During January, the Member Investment Program portfolio increased to \$139.1 million. Mr. Sukut then briefly reviewed 2012 operations. He noted that the pre-tax margin is estimated to be \$42.6 million compared to the budget of \$41.0 million. The consolidated net margin is estimated at \$120.6 million.

C. Nuclear Decommissioning Fund Update

Steve Johnson, Treasury Services Manager, noted when Corn Belt became a member of Basin Electric, the Cooperative agreed to purchase the output of Corn Belt's share of the Duane Arnold nuclear unit. The owners of that facility are required to maintain a Nuclear Decommissioning Fund (**Fund**). The term of the Power Purchase Agreement required Corn Belt to contribute to this fund until it was fully funded, at which time Basin Electric assumed funding responsibility. On April 30, 2011, it was deemed fully funded. Corn Belt is responsible for managing the Fund.

Mr. Johnson reviewed the performance of the Fund for the year. He noted that the Fund is managed by Morgan Stanley. Mr. Johnson noted that he and Mr. Sukut will attend a meeting on May 2nd at Corn Belt to review the performance of the Fund.

11. Recess and Reconvention

At 5:30 p.m., the meeting recessed and reconvened at 8:10 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	Wayne L. Child
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. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Don Boehm, Kelly Cozby, Tammy DeWitt, Mike Eggl, Mike Fluharty, Deb Haga, Dan Hagel, Daryl Hill, Becky Kern, Jan Kubisiak, Sharon Lipetzky, Brian Matthews, Dale Niezwaag, Diane Paul, Mike Paul, Dave Raatz, Richard Rask, Mike Risan, Ken Rutter, Myron Steckler, Paul Sukut, Steve Tomac, Kevin Tschosik, Chris VandeVenter, Shelly Wanek, Michelle Wiedrich and Lyle Witham.

Also present were Dakota Gasification Company director James Geringer, Rushmore manager Vic Simmons, Upper Missouri manager Claire Vigasaa, Upper Missouri chairman Roger Sorenson and West Central/Rushmore director Mike McQuiston.

13. Large Commercial Rate and Large Compression Rate, continued

Mr. Raatz began with a review of the Large Commercial Rate and Large Compression Rate. He discussed the modifications to the rates and presented a resolution seeking approval. After discussion by the Board, it was moved by Director Pearson, seconded by Director Thiessen and carried that the following resolution be adopted:

R04.02-12-13

BE IT RESOLVED, that Rate Schedule A be amended as follows effective June 1, 2013: (1) modify the Large Compression Rate to eliminate the take-or-pay provision for existing loads; (2) modify the Large Commercial Rate to eliminate the take-or-pay provision of the rate, maintain existing qualifying loads and close the rate to new applications; and (3) all load growth of existing members not qualifying for existing special rates will be assessed the base rate.

The Board then discussed PWC's rate study.

14. Plant Operations Reports

A. Fossil Fuel Generation Update

Mr. Fluharty reviewed the Cooperative's safety performance for the month. He noted there were two Days Away Restricted or Transferred (DART) incidents and one OSHA-recordable injury in January. He then reported that the employee who received chemical burns from lime-contaminated soil while flushing out piping is doing well. His doctors anticipate he will make a full recovery. As a result of this accident, all procedures are being reviewed.

January generation was 1.7% above budget. Actual generation was 2.4 million MWh and budgeted generation was 2.3 million MWh.

He then reviewed the 24-month moving-average forced-outage rate trends, bus bar costs and fuel mix. The LRS coal inventory is 1.57 million tons or a 65-day supply for all three units at full load. He also reviewed a snow pack publication.

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

Unit	Avail-Ability	Capacity Factor	Unit Rating	Comments
LRS #1	99.5%	86.4%	570 MW	Line restrictions in Nebraska
LRS #2	100%	95.1%	570 MW	
LRS #3	100%	95.1%	570 MW	
LOS #1	100%	77.7%	221 MW	
LOS #2	100%	87%	448 MW	
AVS #1	100%	94.0%	450 MW	
AVS #2	100%	89.4%	450 MW	
DFS	83.6%	90.4%	386 MW	

B. LRS-Circulating Water Piping Lining Capital Project Amendment and Contract Award

Dan Hagel, Mechanical Engineer, reported that the circulating water piping is made up of 108-inch and 84-inch ID carbon steel piping sections, of which 99% are buried. LRS Unit #1 contains 123,000 ft², Unit #2 contains 93,000 ft²; and Unit #3 contains 124,000 ft², all of which is underground and in confined spaces.

After more than 30 years of operation, there is some thinning of the pipe due to corrosion and staff is proposing the installation of a coating on the inside of the pipe so that it will be serviceable for the balance of the life of the LRS.

The first time this project was released for bids, there was a huge spread in pricing, so the bid was clarified and released for bids again. Three bids were received, and the lowest evaluated cost proposal was submitted by Westcon/Hartman-Walsh (WHW). WHW had a very complete, thorough and detailed plan of work with an emphasis on safely performing the work. WHW's proposal provided for a three-year schedule for completion.

The original capital project estimate was approximately \$8 million. After a more detailed analysis of the scope, schedule and addressing the safety hazards of coating in an enclosed area, the budget is now \$23,922,699.

Mr. Hagel recommended that Capital Project #13048 be amended to increase the total cost to \$23,922,699 and that the contract be awarded to Westcon in the amount of \$21,347,831. The additional money in the budget is to accommodate some time and material work in the contract.

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

R05.02-12-13

WHEREAS, the Circulating Water Pipe Coating Project is required for maintenance of the Laramie River Station; and

BE IT RESOLVED, that Capital Project Amendment #200120A1, to Capital Project #13048, be approved for a total cost of \$23,922,699 (Basin Electric Cost \$10,964,553).

R06.02-12-13

WHEREAS, the Circulating Water Pipe Coating Project is required for maintenance of the Laramie River Station; and

BE IT RESOLVED, that Contract No. 637983 for Circulating Water Pipe Coating Project be awarded to Westcon, Inc. in the amount of \$21,347,831.00 and that the CEO and General Manager of the Cooperative, or his designee, be authorized to execute the Contract.

C. 2012 Year-End Safety and Health Report

Kelly Cozby, Safety & Occupational Health Administrator, reviewed the safety statistics for the year, noting that the 2012-2013 OSHA Recordable industry rate is 2.8 and Basin Electric's rate is 2.04 and that the industry DART rate is 1.5 and Basin Electric's is 1.02. She also reviewed the 2012 Safety Plan and action items.

She noted that the 2013 Strategic Safety Business Plan includes implementation of the Caterpillar Zero Incident Performance Process (ZIP™). She reviewed that program and how it would be implemented.

D. Distributed Generation Update

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

Unit	Monthly Generation	Unit Rating	Comments
Groton Unit #1	2566	200 MW	Generation was for load demand
Groton Unit #2	2009		
Culbertson CT	6182	100 MW	Generation was for both load demand and reliability
WY Dist. Gen.	59	54 MW	Units were run to support spinning reserve events
SMS Unit #1	Did not run	120 MW	
SMS Unit #2	Did not run		
DCS	25,757	300 MW	

The Deer Creek Station (DCS) was available all month. Staff completed temporary fixes in certain areas where freeze-ups were occurring. A group is meeting February 18 to determine a long-term fix.

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

PrairieWinds ND 1. Mr. Tschosik reported there were no load curtailments during the month. When wind turbine #50 was struck by lightning in November 2012, the bonding released on the blade. However, it can be repaired. Hailo completed on-site service lift inspections.

He reported that the gearbox on turbine #61 failed and is past the warranty. Metal filings were found in the oil sample. While the high-speed bearings were replaced a year ago, the failure could not be tied to the high-speed bearings. After many conversations, GE has agreed to provide a gearbox free of charge. Two cranes will be required for the gearbox replacement. After discussion, the Board asked for an analysis of the payback period for turbine #61.

PrairieWinds SD 1. Mr. Tschosik reported there were no load curtailments during the month. Hailo is on-site to conduct service lift inspections. Staff is preparing for annual maintenance. There has been icing on turbine blades. Base bolt tensions inspections were completed.

The east-side peak occurred on January 31, 2013 at hour ending 9:00 a.m. At that time, wind generation was as follows:

Project	Load Factor During the Peak	January Capacity Factor	Project Total
PrairieWinds ND 1	40 MW	51%	123 MW
PrairieWinds SD 1	135 MW	47%	162 MW
Wilton Project	80 MW	53%	99 MW
Baldwin Project	80 MW	55%	99 MW
Edgeley Project	29 MW	36%	40 MW
Highmore Project	35 MW	42%	40 MW
Day County Project	54 MW	47%	99 MW
Iowa Wind Projects	40 MW	50%	45.1 MW
Other Wind Projects (Chamberlain & Pipestone)	2 MW	19%	3.4 MW
TOTAL JANUARY WIND GENERATION	494 MW	49%	712 MW Maximum
AVERAGE 2013 YEAR-TO-DATE CAPACITY FACTOR	---	49%	---

15. Administration – Affirmative Action Plan

Shelly Wanek, Human Resources Assistant, reported that Basin Electric’s Affirmative Action Plan (**Plan**) is revised each year according to federal and state law changes and to update statistics. Basin Electric has a plan for females and minorities and another for veterans and individuals with disabilities. She then reviewed the changes and goals of the Plan and recommended that the 2013 Plan be approved.

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

R07.02-12-13 RESOLVED, that the 2013 Basin Electric Power Cooperative Affirmative Action Plan be approved.

16. North Dakota Association of Rural Electric Cooperatives (NDAREC)

President Ireland reported that the 2013 NDAREC annual meeting is scheduled for March 6-8, 2013 in Bismarck 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 Fuher serve as delegate and Director Thiessen serve as alternate to the 2013 NDAREC annual meeting. Motion carried.

17. Certification of NDAREC Director and Alternate for One-Year Term

President Ireland reported that a director and alternate director should be named to the NDAREC board of directors. After discussion, it was moved by Director Drost and

seconded by Director Ritthaler that Director Fuher serve as director and Director Thiessen serve as alternate director to the NDAREC board of directors. Motion carried.

18. Directors' Reports

Director Peltier reported on Wright-Hennepin's annual meeting and that Basin Electric staff will meet with Wright-Hennepin and other Minnesota District 9 members next month.

Director Gilbert reported that one of the main transformers at Neal IV Substation was damaged beyond repair when the oil drained out. Corn Belt is part of a group working on an Indenture. Corn Belt recently received a financial rating and is now a CoBank customer.

Director Drost reported that Sioux Valley's new manager is Tim McCarthy. Mr. McCarthy was previously with an Indiana cooperative.

Director Child reported that Cheyenne Fuel, Light & Power has been annexing High West Energy's load in the city of Cheyenne for the past four years. Recently the city of Cheyenne granted High West Energy a franchise to serve portions of the city of Cheyenne, which next must be approved by the Public Utilities Commission. Director Child thanked Basin Electric staff for their assistance on this matter.

Director Ritthaler reported that Kara Brighton is Wyoming's new PSC commissioner.

Director Applegate reported that in a recent case, an Iowa court upheld the territorial law.

19. Executive Session

At 11:00 a.m., it was moved by Director Drost, seconded by Director Child and carried that the Board retire into executive session to discuss Yellowstone Valley and receive an update on the regional transmission organization.

At 12:25 p.m. it was moved by Director Drost, seconded by Director Peltier and carried that the Board arose from executive session.

20. Recess and Reconvention

The meeting recessed at 12:25 p.m. and reconvened at 1:15 p.m., at which time the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes.

21. Roll Call

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

Donald E. Applegate	Wayne L. Child
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. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric

staff members Tammy DeWitt, Mike Eggl, Daryl Hill, Mark Kinzler, Rod Kuhn, Deborah Levchak, Sally Meier, Dale Niezwaag, Deb Olafson, Dave Raatz, Ken Rutter, Steve Tomac, Michelle Wiedrich and Lyle Witham. Also present were Brownstein, Hyatt, Farger and Schreck lobbyists Elizabeth Gore and John Hrovsky, South Dakota Rural Electric Association (SDREA) lobbyist Ed Anderson, DGC directors Alan Klein and James Geringer and DGC General Counsel Mark D. Foss.

22. Communications and Administration Report

Mike Eggl, Senior Vice President-Communications and Administration, reviewed major legislation currently pending in Congress.

A. Federal Policy Update

Elizabeth Gore and Jon Hrovsky, lobbyists from Brownstein, Hyatt, Farger and Schreck who represent Basin Electric in Washington, D.C. discussed pending federal legislation and reviewed possible legislative and regulatory changes relating to various environmental issues.

B. South Dakota Legislative Update

Ed Anderson, SDREA lobbyist, reported on legislation in South Dakota.

C. Legislative Update

Dale Niezwaag, Legislative Representative, reported on legislation in North Dakota and Iowa. A new bill tracking system has been installed. So far, 702 bills have been reviewed and 344 have been tracked.

Steve Tomac, Legislative Representative, reported on legislation in Montana, Minnesota, Wyoming and two bills in South Dakota. He noted that tracking so many bills would not be possible without assistance from staff and the Statewides.

Mike Eggl reported that after 40 years of service, Dan Job had retired from the National Guard. He showed a video clip of the National Guard ceremony.

He reported that *Ladies Home Journal* magazine had done an article on Nicole Perrault's Zumbathon fundraiser for St. Baldrick's Foundation.

D. IS&T Update

Mark Kinzler, Acting Chief Information Officer, reported that, as a result of Bridge Strategies' audit of Basin Electric's Information Systems & Technology (IST) division, the following plans have been made: (1) align IST with business and performance needs; (2) formalize IST service delivery process; (3) define IST performance management scorecard; (4) right size project management; (5) redefine the business alignment process; and (6) define the portfolio management process. He also reviewed plans to accomplish each.

23. Date and Place of Next Board Meeting

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

24. Adjournment

At 3:50 p.m., it was moved by Director Peltier and seconded by Director Child that the meeting be adjourned. The motion carried.



Kermit Pearson
Secretary-Treasurer