

**BASIN ELECTRIC POWER COOPERATIVE  
BISMARCK, NORTH DAKOTA  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
March 10, 2021**

	<u>Page</u>
1. Call to Order	1
2. Roll Call	1
3. Approval of the Agenda	2
4. Approval of the Minutes	2
5. Additional 2020 Surplus Sales Revenue Deferral	R01.03-10-21 2
6. Recess and Reconvention	3
7. Acceptance of Audit of 2020 Consolidated Financial Statements	R02.03-10-21 3
8. Recess and Reconvention	3
9. Office of General Counsel Report	3
A. Legal Report	3
B. Government Relations Report	4
10. Operations Report	5
11. Risk Management Report	6
12. Asset Management, Resource Planning & Rates Report	6
A. General Report	6
B. Market Update	6
13. Transmission, Engineering & Construction Report	7
A. SPP/ERCOT Update	7
B. Engineering & Construction	8
14. Member Services & Administration Report	8
15. Financial Services Report	9

A.	Banking Resolution	R03.03-10-21	9
B.	CoBank Patronage		10
C.	Economic Update		10
D.	2020 Wrap-up		11
E.	Fitch Ratings Report		11
F.	Patronage Capital Allocation	R04.03-10-21	11
16.	Directors' Reports		12
17.	Executive Session		12
18.	Labor Agreement with IBEW Local 612	R05.03-10-21	12
19.	Date and Place of Next Meeting		12
20.	Adjournment		12

**Basin Electric Power Cooperative  
Bismarck, North Dakota  
Minutes of the Regular Meeting of the Board of Directors  
March 10, 2021**

The regular meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at the headquarters building at 1717 East Interstate Avenue Bismarck, ND 58503 as well as by means of a Webex video conference beginning at 7:57 a.m. CST on Wednesday, March 10, 2021.

**1. Call to Order.**

The meeting was called to order by Chairman Wayne Peltier, who presided, and Secretary/Treasurer Charles H. Gilbert, kept the minutes thereof.

**2. Roll Call.**

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

Paul Baker	Kermit Pearson
Leo Brekel	Wayne Peltier
Charles H. Gilbert	Troy Presser
Daniel Gliko, Jr.	Allen Thiessen
David Meschke	Thomas Wagner

and Mike McQuiston participating by Webex video conference. Said persons being all of the Directors of the Company. Also present in person were CEO & General Manager Paul M. Sukut, Assistant Secretary Mark D. Foss, Basin Electric staff members Chris Baumgartner, Tom Christensen, Kurt Capouch, Tammy DeWitt, Steve Johnson, Diane Paul, Dave Raatz, Troy Tweeten, and Greg Wheeler, and Dakota Gasification Company (**DGC**) Vice President Dale Johnson. Attending by Webex video conference were Basin Electric staff members Randy Banning, Kelly Bergquist, Tracie Bettenhausen, Dean Bray, Andrew Buntrock, Eric Carufel, James Decker, Shawn Deisz, Joan Dietz, Jacob Dow, Pius Fischer, Daniel Gallagher, Daniel Graham, Darla Jensen, Derik Johnson, Scott Johnson, Kerry Kaseman, Becky Kern, Jon Klein, Nicole Lautenschlager, Gavin McCollam, Sally Meier, Faye Miller, Mike Murray, Dale Niezwaag, Chad Reisenauer, Dave Rudolph, Tyler Schilke, Jeremy Severson, Marci Schorsch, Susan Sorensen, Lucas Teigen, Katrina Wald, Sheila Wald, and Valerie Weigel, and DGC staff members Brian Dillman and Trinity Turnbow. Also attending by Webex video conference were Central Montana Electric Cooperative, Inc. manager Doug Hardy, Central Power Electric Power Cooperative, Inc. (**Central Power**) manager Tom Meland, Corn Belt Power Cooperative manager Ken Kuyper, East River Electric Power Cooperative, Inc. (**East River**) manager Tom Boyko, L&O Power Cooperative manager Curt Dieren, Mor-Gran-Sou Electric Cooperative, Inc. manager Don Franklund, Northwest Iowa Power Cooperative (**NIPCO**) manager Matt Washburn, Rosebud Electric Cooperative, Inc. manager Kevin Mikkelson, Rushmore Electric Power Cooperative, Inc. manager Vic Simmons, and Upper Missouri Power Cooperative, Inc. (**Upper Missouri**) manager Claire Vigesaa.

3. **Approval of the Agenda.**

The Directors considered the agenda for the conduct of the meeting. Chairman Peltier pointed out that after considering the 2020 revenue deferral, the meeting would be recessed in order to go into the Board Audit Committee meeting and that there would be an executive session at the end of the Board meeting. There was a motion that was seconded and carried to approve the agenda as presented.

4. **Approval of Minutes.**

The minutes of the Regular Meeting of the Board of Directors held on February 9-10, 2021, were presented. After an opportunity for corrections, there was a motion that was seconded and carried to approve the minutes as corrected.

5. **Additional 2020 Surplus Sales Revenue Deferral.**

Vice President & Controller Shawn Deisz reported that due to a change in the manner of evaluating the use of DGC's current and future net operating losses by Basin Electric, there is a \$33.7 million decrease in the 2020 loss on Basin Electric's investment in DGC. This provides the opportunity to defer additional 2020 revenue and bring it into revenue in 2021 to help offset any losses that might be occasioned by the market disruptions caused by the February 2021 cold weather event. Staff is recommending that the Board approve such a deferral.

There was a motion that was seconded and carried to approve the following resolution:

**R01.03-10-21**

**WHEREAS**, the Cooperative has earned significantly higher revenue and margins than forecasted during 2020;

**WHEREAS**, the Cooperative anticipates the possible need for additional revenue in 2021 due to the uncertain impact of energy market volatility in early 2021; and

**WHEREAS**, the impact to the Cooperative's members of this market volatility could cause upward pressure on the retail rates charged by the members.

**NOW THEREFORE, BE IT RESOLVED**, that effective December 31, 2020, the CEO & General Manager is authorized to defer an additional \$33.7 million of Surplus Sales Revenue earned during 2020 that will be brought into revenue in 2021.

**BE IT FURTHER RESOLVED**, that such funds shall be designated until amortized into revenue;

**BE IT FURTHER RESOLVED**, that due to the fact that the Cooperative is not now, nor has it ever been tax-exempt, the Cooperative believes that said deferral will not impact its tax status; and

**BE IT FURTHER RESOVLED**, the Board of Directors further finds that bringing said revenue in the Cooperative's business in 2021 will have no greater impact on the Cooperative's status as a cooperative than would bringing the revenue into business in 2020 since: (a) such revenue and



its contract, Basin Electric would not be able to pass the costs of a judgment through to its members under state law, and the California utilities continued to provide electrical service to their customers despite the fact they had filed bankruptcy. Basin Electric has written the Court and asked the judge to either strike this filing or allow Basin Electric and M-W to respond.

McKenzie filed a motion with the Court to amend its complaint on February 24, 2021. If allowed by the Court, in the amended complaint McKenzie would drop its demand for a jury, drop the claims based upon alleged breach of the implied covenant of good faith and fair dealing, and add claims of anticipatory breach by Basin Electric and Upper Missouri of their respective bylaws.

Mr. Foss reported that Federal Energy Regulatory Commission (**FERC**) issued an order granting clarification in the Basin Electric Rate Schedule A/Wholesale Power Contract proceedings on February 18, 2021. This second order did not change any of the conclusions reached in the original order but clarified that the term of the agreement and the five year notice provision to terminate at the end of the term are issues subject to review.

## **B. Government Relations Report.**

Vice President Government Relations Dale Niezwaag gave the government relations report. He started with the work done by the Carbon Utilization Research Council during their Hill Week on March 1-11, 2021. He then talked about the Accelerating Carbon Capture and Extending Secure Storage through 45Q Act reintroduced by Rep. McKinley (R-WY) and Rep. Veasey (D-TX) that would allow for direct pay for Section 45Q credits and extend the deadline to commerce construction of carbon capture equipment by ten years (through 2036). Mr. Niezwaag noted there is a great deal of bipartisan interest in Section 45Q credits.

Meanwhile, House Democrats have introduced the Climate Leadership and Environmental Action for our Nation's (**CLEAN**) Future Act. This act would set an economy wide target of zero greenhouse gas emissions (**GHG**) by 2050 and an interim target of reducing GHG emissions 50% below 2005 levels by 2030. The CLEAN Future Act would set a clean electric standard that would require that all retail electricity suppliers obtain 100% clean energy by 2035 (President Biden's goal), require reductions starting in 2023, increasing to 80% by 2030, and provide for an "Alternative Compliance Payment" for failure to meet the standard in a given year. It would also provide various financial incentives to help develop and deploy emissions-free technologies. He said it will be interesting to see if this bill finds any support from Republicans.

He reported on the cooperative letter to President Biden in support of the Keystone XL pipeline, the cooperatives that signed the letter, and the resolution adopted by the National Rural Electric Cooperative Association (**NRECA**) in support of the pipeline. He also noted that both the House Energy and Commerce Committee and the Senate Energy and Natural Resources Committee will hold hearings on the Electric Reliability Council of Texas (**ERCOT**) grid crisis and grid reliability.

He talked about the Integrated Test Center (**ITC**) at the Dry Fork Station (**DFS**). NRECA chaired a call with the ITC participants and suggested reaching out and establishing relationships within the new administration. The use of Department of Energy, (**DOE**)

funding was discussed and it was decided given the myriad of additional requirements, that the ITC would continue to operate as it has been (without DOE financing).

Turning to FERC, he reported that FERC had finally voted to dismiss its grid resilience docket, but did announce a joint inquiry into the bulk-power systems operations during the extreme winter weather in February. The FERC Office of Enforcement is looking into whether any market manipulation occurred during this period and FERC will conduct a study to look at the threat that climate change and extreme weather events pose to electric reliability.

Mr. Niezwaag also talked about a draft bill the Sierra Club is promoting that would have the federal government pick-up stranded costs of closing cooperative owned coal-fired power plants early.

Turning to state matters, he reviewed the bills that were introduced in the 2021 North Dakota Legislature addressing the closure of coal-fired power plants, the amendments to those bills prior to initial passage, and the desire by some parties to amend the bills back to their original form. That said, the package of bills supported by the Lignite Energy Council to support the lignite industry have all passed in one chamber of the Legislature. North Dakota's Governor Burgum (R) has sent a letter to the Corps of Engineers (**Corps**) requesting that the Corps allow the continued operation of the Dakota Access Pipeline while it prepares an Environmental Impact Statement. Governors Burgum, Noem (R-SD), Gian Forte (R-MT), Ricketts (R-NB), and Gordon (R-WY) (as well as others) signed a letter to President Biden urging the withdrawal of the ban on new oil and gas leasing on federal lands. Mr. Niezwaag also pointed out that the Dakota Resource Council, much like the "We Own It" group in Minnesota, is offering to help to people interested in running for electric cooperative board of director seats.

It appears that the Montana Electric Cooperative Association has reached a confidential agreement with BNSF Railway Company in lieu of pursuing the railroad crossing legislation which has been adopted in Minnesota and the Dakotas. It is rumored that the rural water districts are planning to introduce a similar bill.

Mr. Niezwaag then talked about legislation introduced in Wyoming that (like North Dakota) would make it more difficult to close a coal-fired power plant including a bill that would require that all electricity sold in Wyoming be generated in Wyoming unless in-state generation is unavailable or the out-of-state electricity is cheaper.

He also reviewed the Minnesota and Iowa legislative sessions. There is a bill that has been introduced in Iowa that would preclude local governments from banning the use of propane or natural gas by a utility.

## **10. Operations.**

Senior Vice President Operations Troy Tweeten gave the Operations report. Starting with safety, Operations had one recordable medical treatment and one Days Away, Restricted or Transferred (**DART**) incident in January. Year-to-date (**Y-T-D**), Operations has had three recordable incidents and two DART incidents. He reviewed the running plant capacity factors for the coal units as well as the forced outage rates and compared them to budget. He reviewed both the forced and scheduled coal plant outages.

He then gave the Leland Olds Station (**LOS**) quarterly facility update. Starting with safety, it has been 250,194 man hours (or almost one year) since the last DART. The

2021 Y-T-D total case incident rate stands at 0.00 compared to 9.90 at this time last year. Y-T-D, LOS Unit No. 1 generation has been 88.12% of budget, Y-T-D LOS Unit No. 2 generation has been 99.13% of budget, and Y-T-D LOS station generation has been 95.45% of budget.

He reviewed the 2021 Y-T-D forced outages and talked about the breaker that caused the switchyard outage that caused the LOS Unit No. 2 black plant as well as the work that was performed in -20°F weather to get that unit back online in a little over 34 hours. The breakers in this switchyard are old and are scheduled to be replaced as part of the Aging Infrastructure Initiative. The LOS coal inventory as of March 3, 2021, was down to 202,391 tons.

He then reviewed the Laramie River Station (LRS) Unit No. 3 issues with pluggage in the boiler and reheat section that occurred during the extreme winter weather when the unit needed to continue to run at high loads. He also showed slides of the bottom ash pluggage at the DFS which resulted in a planned/maintenance outage on February 18, 2021.

Mr. Tweeten noted that the distributed generation report was in BoardPaq.

**11. Risk Management Report.**

Manager of Commodity Risk Kerry Kaseman also informed the Board that the monthly risk management report could be found in BoardPaq.

**12. Asset Management, Resource Planning & Rates.**

**A. General.**

Senior Vice President Asset Management, Resource Planning & Rates Dave Raatz began his report by talking about February member loads. Based upon estimates, the Cooperative set a new all-time high peak load of 4,223 MW during the February cold spell. He then discussed the potential Bakken Midstream project noting that we are now at the point where we must determine whether or not the Cooperative proceeds into the mature development phase of the project. It was the consensus of the Board that given the uncertainty of the availability of the long-term significantly discounted price for an ethane supply necessary to offset the Bakken Midstream rate of return coupled with the need to make a 20 year transportation commitment and the current inability to purchase insurance for an ethane fueled generator, the Cooperative would not proceed into the mature project development phase. The uncertain status of continued load growth in the Bakken was identified as another factor in the decision not to move forward.

**B. Marketing Report.**

Director Asset Management & Commodity Strategy Val Weigel gave the February marketing update. The monthly average day ahead load zone price in the Southwest Power Pool (SPP) in February was \$514.95 compared to \$17.50 in February 2020. The monthly average Ventura Gas Daily price for February 2021 was \$33.84 compared to \$1.73 in February 2020. She pointed out that since the beginning of February, forward North Hub prices for the months of July and August, 2021 had moved up \$3.00. February 2, 2021, saw a record wind peak and record renewable peak in SPP at 20,108



MW and 21,446 MW, respectively. That said, during the multi-day extreme cold weather event, wind generation fell off as a percentage of the mix, especially in the southern portion of SPP where there were icing issues. Wind generation performed well in the North during this period of time. In terms of the open economic position in SPP during February, on-peak it was (6.8%) and off-peak it was (13.9%).

In the west, the monthly average Palo Verde (**PV**) peak power price in February was \$81.06 compared to \$16.28 in February 2020. She noted that the PV forward prices for July and August 2021 had gone up \$33.00 moving from \$175.00 to over \$200.00.

Turning to the Western Energy Imbalance Service (**WEIS**), she pointed out that in WEIS the locational marginal prices are based upon the cost of production. Total WEIS generation capacity is 7,529 MW. LRS Unit Nos. 2 and 3 and DFS make up approximately 50% of the coal-fired generation capacity in WEIS, and Basin Electric's share is approximately 35%. Currently, there are less than 500 MW of renewables, and of the approximately 3,000 MW of hydro capacity, only about one third (1,000 MW) is operational. The current WEIS load obligation level is approximately 3,500 MW. She reviewed the scheduled versus metered generation in WEIS during February.

Relatively speaking, the Midwest Independent System Operator (**MISO**) did not experience as big of weather impacts in February and as a result, the average day ahead load zone price in MISO for the month was \$68.85 compared to \$17.60 in February 2020. In terms of the Cooperative's open economic position in MISO in February, on-peak it was (49%) and off-peak it was (98.4%). The Minnesota Hub did not see a significant impact on summer forward prices as a result of the weather event.

### 13. Transmission, Engineering, & Construction.

#### A. SPP/ERCOT Update.

Senior Vice President Transmission Engineering & Construction Tom Christensen reported on the impact of the wide-spread cold weather event on SPP and ERCOT. He started with a weather map for February 14-16, 2021, pointing out that the SPP region experienced the coldest temperatures in the United States with the entire service territory experiencing below zero temperatures. He then reviewed the various Balancing Authority (**BA**) alert levels mandated by the North American Electric Reliability Corporation (**NERC**) as well as the SPP corresponding alert levels. He also mentioned that there is a meeting scheduled for March 16, 2021, with the Western Area Power Administration (**Western**) and the Basin Electric members in the SPP footprint to review the steps taken by Western as the BA during the event and the discuss improvements to the process.

Mr. Christensen outlined the drivers of the temporary service interruptions. First of all, there was a great deal of generation that was unavailable whether as a result of a lack of fuel, icing or effects of the extreme cold weather. Available generation was reduced by 20GW below February historic averages. During the worst of the cold weather, gas generation contributed to 60% of the total unavailable resources. In addition, there was 35,000 MW of generating capacity that was in outage, two and a half times more than during the first week in February.

The second major driver was the rapid reduction of energy imports. Some of these were related to transmission congestion and the balance were caused by tightening supply conditions in neighboring areas.

Each of the controlled service interruptions were triggered by abrupt interruptions of imports. He reviewed the service interruptions by entity within SPP, noting that Western contributed 13.5% of the curtailed MW.

Mr. Christensen then explained the various roles ERCOT plays in Texas for approximately 26 million end-use customers with a system that has 109,000 MW of installed capacity. He pointed out that while the weather was very cold, it was not record setting cold and that Texas has had similar cold weather in the past. However, at its worst, 48.6% of the generation in ERCOT was forced off line as a result of the weather conditions. As a result, controlled outages were implemented to prevent a blackout although local utilities were limited in their ability to rotate the outages due to the magnitude of generation that was not available. He also pointed out that at its lowest, frequency almost dropped below the minimum of 59.302 Hz and had the frequency stayed at these very low levels, there could have been what is called a "black start event". He also pointed out that Brazos Electric Power Cooperative, Inc. (**Brazos**) was by itself required to shed almost 5% of the total load shed within ERCOT. There was a similar cold weather event in February 2011 which resulted in NERC making several recommendations to ERCOT. While some of the recommendations were acted on, there obviously needs to be a follow-up process to see that all of the NERC recommendations are implemented.

#### **B. Engineering & Construction.**

Vice President of Engineering & Construction Gavin McCollam gave the engineering and construction report. In terms of the large capital projects, they are all going well. Reporting on the Dickinson Second Transformer Project, he said the new 230/115 kV transformer was energized and the cutover to the 115kV Green River line is scheduled to be accomplished by March 12, 2021. As to the Lonesome Creek Station Unit No. 6 project, the turbine and generator enclosures were set, installation of the selective catalytic reduction unit and stack have begun, the turbine/generator package has arrived from Hungary, and the generator step-up transformer and power control module have been delivered and set.

On the Neset to Northshore 230 kV transmission line project, 85% of the easements have been acquired and the siting hearing before the North Dakota Public Service Commission is scheduled for May 6, 2021.

#### **14. Member Services & Administration.**

Senior Vice President Member Services & Administration Chris Baumgartner began his report updating the Board on the virtual member managers' conference held on February 17-18, 2021. He talked about the media inquiries the Cooperative has received as a result of the rolling power outages that were implemented. He showed a graph tracking the traditional news and social media exposure on various stories concerning Basin Electric utilizing the Meltwater Software Service. He reviewed the member systems who have participated in the member assistance program over the past month and a series of advertisements his group created in reaction to the explosive energy prices during the extreme cold weather, demonstrating that the cooperative family was largely insulated from these price spikes.

15. **Financial Services Report.**

A. **Banking Resolution.**

Senior Vice President & CFO Steve Johnson began the Financial Services report by asking the Board of Directors to update the Cooperative's banking resolution to include Choice Bank.

There was a motion that was seconded and carried to adopt the following resolution:

**R03.03-10-21**

**RESOLVED**, that Bank of America, Bank of North Dakota, Bank of the West Bank of Tokyo-Mitsubishi UFJ, BB&T Bank, BMO Harris Bank, Choice Bank, CoBank, JPMorgan Chase Bank, KeyBank, National Association, National Rural Utilities Cooperative Finance Corporation, PNC Bank N.A., Regions Bank, U.S. Bank National Association, Union State Bank and Wells Fargo Bank, N.A. (collectively, the **Banks**) are hereby designated as depositories for the funds of the Cooperative and the officers and other persons of the Cooperative to open or continue to open or continue an account or accounts with said Banks and to execute and deliver to said Banks signature cards or cards supplied by said Banks containing specimen signatures of the officers and other person hereinafter named, and that the officers and other persons hereinafter named are hereby authorized for and on behalf of the Cooperative to sign (either in original form or by facsimile), make, draw, accept, endorse or cause to be endorsed and to deposit or cause to be deposited in such account or accounts from time to time checks, notes, drafts, bills of exchange, acceptances, orders and other instruments for the payment of money to the Cooperative or withdrawal of funds held by the Cooperative;

**RESOLVED**, that the Banks are authorized to accept deposits to the account or accounts of the Cooperative and to pay, cash or otherwise honor or charge to the Cooperative any such instrument for the payment of money or withdrawal of funds held by the Cooperative when so signed (either in original form or by facsimile), made or drawn regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the Banks by the Secretary-Treasurer or other officer of the Cooperative;

**BE IT FURTHER RESOLVED**, that the checks, notes, drafts, bills of exchange, acceptances, orders and other withdrawal orders and any and all other directions and instructions of any character with respect to funds of the Cooperative now or hereafter with said Banks may be signed by any person holding the following offices or positions with the Cooperative: President, Vice President, Secretary-Treasurer, Chief Executive Officer & General Manager and Senior Vice President & Chief Financial Officer, and said

Banks are hereby fully authorized to pay, cash or otherwise honor or charge to such account or accounts any checks, notes, drafts, bills of exchange, acceptances, orders and other deposits or withdrawal orders so signed;

**BE IT FURTHER RESOLVED**, that any of the persons then holding one of the offices or positions herein named and their designees (in writing) be, and they hereby are, authorized to give written or verbal instructions by telephone, telegraph, or otherwise, as they deem proper; and said Banks are authorized to accept instructions from any such persons herein named or their designee (in writing) as to the delivery of checks, notes, drafts, bills of exchange, acceptances, orders and other instruments for the payment of money or temporary investment of money from the account or accounts of the Cooperative; and any such person shall have the fullest authority at all times with reference to any transaction deemed by him to be proper to make or enter into for or on behalf of the Cooperative with the bank or others. This paragraph shall be and remain in full force and effect until written notice of the revocation hereof shall be delivered to the Banks; and

**BE IT FURTHER RESOVLED**, that the following person presently occupy the respective offices and positions designated in this resolution and that the same are duly qualified as such officials:

Wayne Peltier, President  
Kermit Pearson, Vice President  
Charles Gilbert, Secretary-Treasurer  
Paul M. Sukut, Chief Executive Officer & General Manager  
Steven P. Johnson, Senior Vice President & Chief Financial Officer

**BE IT FURTHER RESOLVED**, that said Banks shall be entitled to rely upon a certified copy of these resolutions until written notice of modification or rescission has been furnished to and received by said Banks.

**B. CoBank Patronage.**

Mr. Johnson said that CoBank, ACB would be making a patronage distribution on March 15, 2021, paying the Cooperative and its subsidiaries over \$3 million in cash and \$1.66 million in stock.

**C. Economic Update.**

Manager of Financial Planning and Accounts Receivable Katrina Wald gave the economic update noting the increase in Gross Domestic Product in the fourth quarter of 2020, the gradual rise of the Consumer Price Index, the relatively flat unemployment rate, and the jump in personal income in January 2021. With respect to U.S. Treasury Yields, she pointed out the 36 basis point increase in the ten year Treasury yield and the 40 basis point jump in the thirty year Treasury yield since the first of February. She said

that you now see a steep U.S. Treasury Yield Curve that has not been seen since 2017. Despite that, she commented there are no expectations that the Federal Reserve will act any time soon to increase short-term rates. She then reviewed some of the financial fallout from February's weather event mentioning that Black Hills Corporation had natural gas purchases come in \$600 million over forecasted amounts, Brazos filed for bankruptcy, and several companies and cooperatives have been placed on ratings watch negative by the rating agencies.

**D. 2020 Wrap Up.**

Ms. Wald then reviewed the Cooperative's financial metrics as of the end of 2020 pointing out that the Cooperative achieved a Times Interest Earned Ratio of 1.1, a Debt Service Coverage ratio of 1.6 and an Equity to Capitalization Ratio (using the Moody's Investors Service methodology) of 23.1%. All of these metrics are in the single A or double A range. Reviewing these metrics since 2016 shows clearly the Cooperative's recovery from the financial pressures experienced in 2016.

**E. Fitch Ratings Report.**

Ms. Wald said that Fitch Ratings (**Fitch**) updated its report on Basin Electric on February 23, 2021, confirming Basin Electric's "A" Issuer Default Rating and "F-1+" Short-Term Rating and declaring Basin Electric's outlook as "stable". Fitch did note, however, that the Cooperative remains vulnerable to swings in commodity prices. There was one interesting paragraph in the report highlighting the integration of DGC into Basin Electric and how difficult it would be for Basin Electric to sell DGC. Fitch has placed all retail and wholesale electric utilities operating in the ERCOT footprint on Ratings Watch Negative.

**F. Patronage Capital Allocation.**

Ms. Wald stated that the Cooperative along with Basin Cooperative Services had a combined net margin before taxes of \$73,392,338.10 for the year ended December 31, 2020, and requested that the Board of Directors approve a capital allocation in that amount. With this allocation, she said that the Cooperative will have allocated a combined total of \$1.448 billion of which approximately \$344 million has been distributed.

There was a motion that was seconded and carried to adopt the following resolution:

**R04.03-10-21**

**WHEREAS**, for the fiscal year ended December 31, 2020, Basin Electric Power Cooperative (**Basin Electric**) realized a margin before income taxes of \$73,388,203.53 and Basin Cooperative Services (**BCS**) realized a net margin of \$4,134.57 for a combined allocable margin of \$73,392,338.10.

**NOW THEREFORE, BE IT RESOLVED**, that the 2020 Basin Electric before income tax margin and the 2020 BCS net margin in the combined total of \$73,392,338.10 be allocated to the patrons of Basin Electric on a patronage basis in accordance with the provisions of the Basin Electric Bylaws.

**16. Directors' Reports.**

Director Thiessen reported that the Upper Missouri annual meeting would be held on April 8, 2021. Director Wagner reported that the NIPCO annual meeting would be held virtually on April 6, 2021. Director Presser reported that the Central Power annual meeting would be held on March 24, 2021. Chairman Peltier mentioned that Minnesota Valley Light & Power Association would hold its annual meeting on March 20, 2021. Director Pearson reported that East River CFO Dustin Zubke would be leaving East River to become CFO at Georgia Transmission Corporation.

**17. Executive Session.**

At 4:05 p.m. CST, there was a motion that was seconded and carried to go into executive session to discuss the labor agreement with International Brotherhood of Electrical Workers (IBEW) Local 612 (LRS and TSM-WY-NE) and FERC settlement negotiations. The Board of Directors arose from its executive session at 5:06 p.m. CST.

**18. Labor Agreement with IBEW Local 612.**

There was a motion that was seconded and carried to adopt the following resolution:


**R05.03-10-21**                      **RESOLVED**, that the Labor Agreement with the International Brotherhood of Electrical Workers Local 612 is approved; and that the officers of the Cooperative are authorized to execute the same for and on behalf of the Cooperative.

**19. Date and Place of Next Meeting.**

Chairman Peltier announced that the next Board of Directors meeting, would be held starting Tuesday, April 13, 2021, at the headquarters building in Bismarck, North Dakota.

**20. Adjournment.**

There being no further business before the meeting, at 5:07 p.m. CST there was a motion that was seconded and carried to adjourn.

  
Charles H. Gilbert  
Secretary-Treasurer