

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

**Minutes of the Regular Meeting of the Board of Directors  
July 10-11, 2013**

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**Minutes of the Regular Meeting of the Board of Directors  
July 10-11, 2013**

The Regular Meeting of the Board of Directors of Basin Electric Power Cooperative (the Cooperative or Basin Electric) was held at the headquarters of Montana Electric Cooperative Association, Great Falls, Montana, on July 10-11, 2013 starting at 1:00 p.m. MDT 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 David Bangen, Robert J. Bartosh, Matt Greek, Daryl Hill, Dave Raatz, Mike Risan, Ken Rutter and Paul Sukut. Present via ILINC were Andy Buntrock, Carol Ellwein, Valerie Weigel and Michelle Wiedrich. Other staff members were present via ILINC during various portions of the meeting.

Also present was Central Montana Electric Power Cooperative (Central Montana) manager Doug Hardy and Dakota Gasification Company (DGC) staff member David J. Sauer.

**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 Ritthaler, seconded by Director Gilbert and carried that the revised agenda be approved.

**4. Approval of the Minutes**

The minutes of the June 10-11, 2013 Regular Board meeting and the June 10-11, 2013 Board Audit Committee were presented and after an opportunity for corrections, it was

moved by Director Rohrer, seconded by Director Drost and carried that the minutes be approved as presented.

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

Mr. Serri reviewed the schedule for board meetings and activities for the week, as well as meetings and events he attended during the month.

Mr. Serri, Claire Olson and approximately 3,500 members attended the Verendrye Electric annual meeting at the North Dakota State Fair Grounds in Minot on June 13. Mr. Serri and Lieutenant Governor Drew Wrigley both spoke on the impact of oil on the region.

Mr. Serri reported that he represents Basin Electric on the following civic groups: United Way, Chamber of Commerce, Ruth Meiers Hospitality House and the Bismarck-Mandan Food Pantry.

Mr. Serri spoke at the McKenzie Electric annual meeting on June 18. He noted that he was last in the area in February, and significant growth has taken place around Watford City since then. Mr. Serri and staff may again tour the area in the fall in order to provide the Board with an assessment of the growth.

On June 24, Mr. Serri participated in a panel along with Commissioner Brian Kalk of the North Dakota Public Service Commission in Dallas discussing serving the Bakken's growing power needs.

Over the last few months, staff has been meeting to work on the long-range financial forecast. The plan is to hold rates in 2014.

Director Ritthaler, Bob Bartosh and Mr. Serri attended the Western Fuels Association (WFA) meeting in Kansas City on June 26-27. Charles Ayers was elected to the board position vacated by Loren Ochs, who retired.

On June 28, Mr. Serri and Matt Stoltz met with the Upper Missouri board in Medora to provide an update on the Bakken and power supply.

On July 1, Mr. Serri participated in a conference call on regional haze with Michael Dunn from PacifiCorp. Basin Electric this week kicked-off a program on how it will reach out to the public regarding Regional Haze. In addition, emails were sent to the employees asking them to get involved.

On July 2, Mr. Serri and Chris VandeVenter attended an Energy Roundtable hosted by Senator John Hoeven in Bismarck. Senator Hoeven organized the roundtable to review President Obama's newly proposed national climate action plan with industry leaders and to update them on legislation he is working to pass in the U.S. Senate to empower states and develop a comprehensive energy strategy for the nation.

Basin Electric staff volunteered to design, build and decorate a float to participate in the Independence Day parade in Mandan, North Dakota. Approximately 130 Basin Electric, KEM Electric and Mor-Gran-Sou Electric employees and family members walked with the float.

The Managers Advisory Committee meets in Deadwood, South Dakota next week.

## 6. Western Fuels Report

Director Ritthaler reported on the Western Fuels Association (WFA) board meeting in Kansas City, Missouri. Staff continues working with Deloitte & Touche on the audit. The dispute with the Burlington Northern Santa Fe Railroad (BNSF) over detention charges was settled right after the previous WFA meeting.

Coal prices for 2013 deliveries in the Powder River Basin are down about \$2.50 per ton. The LRS stockpile is at 150% of the target. WFA executed a contract to sell coal from the Dry Fork Mine to Pacific Power & Light (PP&L) for the next three years. This will help lower the cost of coal to LRS.

WFA will celebrate its 40<sup>th</sup> anniversary in 2014. He reported that Dry Fork Mine is having problems with the durability of the tires manufactured in China. Dry Fork Mine employees have worked 1,300 days without a lost time accident. He reported that Western Fuels is in the process of hiring a new mine manager for the Dry Fork Mine.

## 7. Cooperative Planning Report

Dave Raatz, Vice President of Cooperative Planning, reported on the following topics.

**2014 Member Purchase Rates.** During the RTO Manager's Advisory Committee meeting in late June, the discussion centered on the 2014 Member Purchase Rates. Basin Electric is continuing to receive inquiries to purchase power from Wind projects of 20 MW or higher. Dave Raatz discussed with the RTO MAC the reduction to the Small Renewable rate from the projected 44.96 Mill/kWh in 2014 to 27 Mills/kWh to accommodate the purchase power requests.

It was recommended to staff to maintain the purchase rates from the 2013 Rate Schedule into 2014. The Distributed Generation Purchase Rate would remain at 30 Mill/kWh, the Consumer Wind Rate remains at 27 Mills/kWh, and the Small Renewable Purchase Rate would continue with 44.96 Mill/kWh in 2014.

The board of directors suggestion adding language to the Rate Schedule A stating these rates are available for Members Only.

It was recommended that the Small Renewable Energy Purchase Rate be open to loads of 150 kW or less, that the energy rate be increased from 27 mills/kWh to 44.97 mills/kWh, that the environmental attributes be increased from 1 mill/kWh to 5.3 mills, that escalation charge be 1.5% annually, that the cap be 4,000 MWh annually and a term of five years.

**Request for Proposal.** On June 21, 2013, Basin Electric issued a request for proposal (RFP) for Integrated System (IS)/MISO capacity starting in 2018 for long-term economic energy. To date, 48 notices of intent to bid have been received, most of which are for wind. He then reviewed the RFP timeline.

**Flare Gas Research and Analysis.** Mr. Raatz proposed hiring a consultant on the feasibility of building generation using flare gas and a flare gas generation development project. He reviewed the type of information we are seeking from the consultant.

**NPPD-SPP GFA Settlement Activities.** He reported that things went well on the FERC settlement conference on grandfathered agreements with Southwest Power Pool (SPP) and Nebraska Public Power District. The only issue is whether the Tri-State loads in Nebraska will be subject to the administrative fees.

Mr. Raatz then reviewed June member activities and contacts.

**A. Transmission Cost Sharing Policy**

Mr. Raatz noted that under the current Transmission Cost Sharing Policy, Basin Electric is responsible for the costs with the "first wheel" (IS and CUS) on its deliveries to the members. The membership is responsible for subsequent wheeling costs. For the past year or so, staff has analyzed and discussed with the membership the merits of changing this policy such that Basin Electric would be financially responsible for all FERC pro forma transmission service assessments on member deliveries. He reviewed a case study analyzing an IS standalone scenario and a case analyzing the effects of SPP membership. After responding to questions, he noted that this issue would be discussed at the managers conference in July and at the August meeting of the MAC-Regional Transmission Organization (RTO) group. He noted that the Board would be asked to address this issue concurrently with its decision on whether or not to join an RTO.

**B. RTO Membership Economics**

Mr. Raatz reviewed the current RTO decision timeline, which calls for a final decision in October following the Western Area Power Administration's (**Western** or **WAPA**) public process (August through mid-October). He reviewed the terms of the draft Basin Electric-SPP Memorandum of Understanding.

He reviewed topics to be discussed at the July 23-24 SPP meeting and presented the timeline for the decision.

He then presented the case studies comparing the economics of joining MISO to that of SPP.

**8. Draft 2014-2023 Long-Range Financial Forecast**

Paul Sukut, Senior Vice President and Chief Financial Officer, reviewed the key assumptions used to prepare the 2014-2023 financial forecast, as well as capital requirements for the years 2014-2023. Based on these assumptions, Basin Electric should be able to hold rates in 2014, with a small reduction in 2015 and a small increase in 2016 and 2017.

He then introduced David Bangen, Manager of Financial Planning and Forecasting, who presented the draft 2014-2023 Long-Range Financial Forecast. He reviewed cost of service, including purchased power and wheeling, fixed costs, fuel and shipping costs, labor-related costs, operations and maintenance.

Mr. Bangen then reviewed the forecast focusing on the changes from the 2012 forecast. After a review of the member revenue and average member mill rate, he reviewed the effect of the forecast on key financial metrics. He noted that the financial forecast will be presented to the Board for approval at the August meeting.

**9. Recess and Reconvention**

At 4:30 p.m. MDT, the meeting recessed until 9:45 a.m. MDT, at which time the meeting reconvened, President Ireland continuing to preside and Director Pearson continuing to keep the minutes.

**10. 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 and General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members David Bangen, Carol Ellwein, Matt Greek, Dave Raatz, Mike Risan, Ken Rutter, Paul Sukut and Michelle Wiedrich. Also present was Central Montana manager Doug Hardy and DGC staff member David J. Sauer.

Present via ILINC were Mike Eggl, Carol Ellwein, Susan Sorensen, Kevin Tschosik, Valerie Weigel and Michelle Wiedrich.

**11. 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 Report**

Mr. Olson reported that Environmental staff continues evaluating the options and permitting strategies to meet the changes predicted in the 2013 load forecast.

**B. Property Management**

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

Staff is working with construction and environmental staff to obtain a new material laydown yard permitted for use. The existing yard became unusable due to excessive rains.

## **12. Marketing and Trading**

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

Ken Rutter, Vice President, Marketing and Trading, reported that June purchased power and non-member sales volumetric data was unavailable at the time of preparation of this report. The Marketing and Trading Division expects purchased power volumes to be down, but pricing aligned with expectations. May results using MV90 meter data still show better performance than forecasted. There are no expectations for significant changes to WAPA hydro production despite higher-than-anticipated reservoir levels. 2014 and 2015 natural gas prices have fallen roughly \$0.50/MMBtu since mid-May. Marketing is working on a hedging strategy for DGC natural gas that considers other commodity positions and a targeted risk tolerance for DGC.

One hundred forty MW of July/August Deer Creek Station output was sold for non-member sales.

Staff pursued a hedge strategy for DGC black plant that secured natural gas purchases at roughly \$0.40/MMBtu below budget for a savings of approximately \$1 million.

Wisdom Unit #1 is being run to burn down coal in anticipation of fuel conversion.

Staff is also working on the following items: (1) to establish marketing relationships and master enabling agreements with counterparties such as JP Morgan, Bank of America, Xcel, AEP, Wells Fargo, The Energy Authority and many more; (2) with Tenaska on modification of the natural gas management agreement for Basin Electric and DGC; (3) with WAPA on summer and winter planning for the Williston pocket. A request for indicative pricing was issued to SAS Power during the month.

He reported that the reservoirs were above expected levels in the April Corps of Engineers forecast, but within the high-level scenarios and below base of annual flood control. He reviewed WAPA's east-side hydro status. Marketing and Trading is not planning for any significant increases in WAPA hydro generation despite current reservoir levels.

He reviewed natural gas market conditions, market opinions, hedge position and the ongoing review of DGC's hedge strategy.

## **13. Plant Operations Report**

### **A. Fossil Fuel Generation Update**

Matt Greek, Senior Vice President, Generation, reviewed the Cooperative's safety performance for the month, noting that there had been one recordable incident and no Days Away Restricted or Transferred incidents in June.

June generation was five percent below budget. Actual 2013 year-to-date



generation was 11.97 million MWh and budgeted generation was 12.30 million MWh or 2.6 percent under budget.

He then reviewed the 24-month moving-average forced-outage rate trends and bus bar costs. The LRS coal inventory is 1.28 million tons or a 53-day supply for all three units at full load.

June individual availability and capacity factors for the coal-based generation stations were as follows:

Unit	Avail-Ability	Capacity Factor	Unit Rating	Comments
LRS #1	98.2%	88.5%	570 MW	Exciter HVAC trips, furnace pressure trip
LRS #2	75.3%	80.9%	570 MW	Distributed Control System trips, main steam stop valve stuck shut during valve test
LRS #3	100%	93.8%	570 MW	
LOS #1	54.5%	78.1%	221 MW	Continued scrubber tie-in; lightning strike in 230 kV yard; high windbox pressure
LOS #2	92.9%	78.5%	448 MW	ID fan trip; scheduled outage to address boiler tube leaks
AVS #1	100%	92.2%	450 MW	
AVS #2	92%	88%	450 MW	Continued triennial maintenance outage; CCW leak in exciter
DFS	93.2%	94.0%	386 MW	Drum safety trip; plugged scrubber venturi

## B. Safety Update

LRS Combustible Dust Event. Kelly Cozby, Safety and Occupational Health Administrator, reported that the formal professional investigation is in progress on the combustible dust event at LRS that resulted in damage in and around a portion of the coal conveying system. She reviewed some emerging conclusions and some of the proposed system improvements and modified safety procedures under consideration.

The final investigation report, which is being prepared, will describe the causes of the event and formalize recommendations to prevent any future occurrence.

Caterpillar Safety Update. Ms. Cozby reported on the May 24 leadership roundtable and noted that surveys are underway to be completed at all facilities by July 30. The results will be rolled out by August 31. Training of supervisors at facilities will begin in July 2013.

## C. Distributed Generation Update

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

Unit	Monthly Availability	Monthly Generation Net MWh	Unit Rating	Comments
Groton Unit #1	85.8%	1,638 MWh	200 MW	
Groton Unit #2	81.8%	1,641 MWh		
Culbertson CT	0%	0 MWh	100 MW	Failure of low pressure compressor
WY Distributed Generation	100%	80 MWh	54 MW	23 west-side reserve calls
SMS Unit #1	100%	Did not run	120 MW	
SMS Unit #2	100%	Did not run		
DCS		Did not run	300 MW	Sold 140 MW of energy out of station for next couple months; station restricted from using duct burners.

Generation from DCS is limited to 230 MW since Alstom reported it has the same equipment in Europe where the last-stage turbine blades were found to have cracks at the root due to excessive steam flow causing the last-stage blades to vibrate. The current plan calls for a three-week outage in mid-September when repairs and modifications will be made to the turbine. Alstom will pay for all repairs.

A Root Cause Analysis is currently being performed on the stator vane failure at Culbertson. The stator vanes were replaced on-site. A new rotor was installed. First fire is expected July 16.

**PrairieWinds SD 1.** Semi-annual maintenance has been completed. There were no major issues during the month.

**PrairieWinds ND 1.** Annual maintenance is 65 percent completed. Three towers remain inaccessible due to water.

The east-side peak occurred on June 26, 2013 at hour ending 7:00 p.m. At that time, wind generation was as follows:

Project	Load Factor During the Peak	Capacity Factor	Project Total
PWND	97 MW	37%	123 MW
PWSD	7 MW	39%	162 MW
Wilton	51 MW	37%	99 MW
Baldwin	54 MW	38%	99 MW
Edgeley	0 MW	24%	40 MW
Highmore	4 MW	36%	40 MW
Day County	31 MW	47%	99 MW
Iowa Wind	11 MW	31%	45.1 MW
Other Projects (Chamberlain & Pipestone)	0 MW	22%	3.4 MW

TOTAL JUNE WIND GENERATION	255 MW	38%	712 MW maximum
AVERAGE YTD CAPACITY FACTOR	---	44%	---

**14. Engineering and Construction**

**A. Approval of AVS Natural Gas Start-Up Balance of Plant Facilities**

Tyler Schilke, Mechanical Engineer, reported that new regulations prevent the continued use of fuel oil during start-ups at AVS without significant changes to the air pollution control equipment. It has been determined that the best option for complying with the new regulations is to convert the start-up fuel for both AVS units to natural gas. The DGC Board of Directors approved the project to construct a natural gas pipeline from DGC to AVS in April 2013. Staff is now requesting approval for the remainder of the project necessary to complete the conversion to natural gas for Unit #1. This includes engineering, procurement and construction of the facilities necessary to connect the DGC pipeline to the igniter and warm-up gun equipment at the boiler. These facilities will be owned and operated by AVS. He reviewed the \$11,200,000 budget and recommended approval of the remainder of the project necessary to complete the conversion to natural gas for AVS Unit #1.

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

**R01.07-10-13**

RESOLVED, that the AVS Natural Gas Start-Up Common and Unit #1 Balance-of-Plant Facilities project presented to this meeting of the Board of Directors at a budgeted cost of \$11,200,000 is hereby approved; and

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

**15. Transmission Report**

Mike Risan, Senior Vice President, Transmission, reported on the transmission projects underway to increase transmission capability and reliability in the Williston Load Pocket.

He reported on the recent transformer overload at Watford City which occurred when cooling fans failed to operate properly during heavy load conditions. A crew was dispatched and resolved the problem.

Mr. Risan also reviewed possible transmission upgrades in the Minot area that are

being discussed by Xcel, Western, Basin Electric, Central Power and Verendrye.

**WECC.** Mr. Risan reviewed certain structural changes approved by WSECC at their recent annual meeting.

**MRO.** All issues associated with the MRO audit are complete. Basin Electric received a "Notice of Completion of Enforcement Actions" with no penalties assessed.

**Homeland Security.** Homeland Security's Office of Infrastructure Protection plans to visit the Cooperative and run through a disaster exercise. This is part of their Regional Resiliency Assessment Program.

## **16. Communications and Administration Report**

Mike Eggl, Senior Vice President, Communications and Administration, reviewed federal and state legislative issues of interest to the Cooperative.

He reported that President Obama announced his program on climate change, and he reviewed the provisions of the program.

He reviewed Basin Electric's participation in the Independence Day parade in Mandan, North Dakota and the Touchstone Energy hot-air balloon at the capitol building.

He also reported that Mr. Serri participated in an energy roundtable discussion in Bismarck sponsored by Senator Hoeven.

Mr. Eggl noted that the Communications and Governmental Relations Department was very involved in supporting the efforts of the Cooperative to revise the decision of EPA on the Wyoming State Implementation Plan for regional haze. This decision would require the installation of expensive SCRs at LRS.

He reviewed the efforts underway to support the State of Wyoming's position at the upcoming public hearings being held by EPA.

Staff continues to monitor the farm bill, which failed in the House. The effort in the House today is to run a "farm bill only" effort. Senator Thune is also taking a proactive interest in rail regulation legislation.

Mr. Eggl then presented slides and video of the community events that took place during the month.

## **17. Financial Services Report**

Mr. Sukut reported that the Risk Management Steering Committee (**RMSC**) met once in the past month and took no action. Dave Raatz will have the results of the RFP within the next two weeks, which will be presented to the Committee. A more comprehensive presentation on what the RMSC does will be given in August.

After rumors last year that it would be eliminated, the Rural Utilities Service Cushion of Credit account continues to do well. Basin Electric currently has \$220,412,162 in this

account.

The Member Investment Program continues to be a great source of liquidity. Forty-six of the 136 total eligible members are participating. The balance as of June 30, 2013 was \$142,576,978.04. Total liquidity, excluding the Cushion of Credit account, is \$719.9 million, mainly due to capital expenditures spending and hasn't yet taken place. Over the next year, this amount is expected to drop by approximately \$500 million.

Mr. Sukut then reviewed the Cooperative's commercial paper program.

**A. Accounting Report**

Shawn Deisz, Manager of Accounting, reported that the June 2013 Statement of Operations reflected an estimated net margin of \$7.7 million compared to the budgeted net margin of \$4.8 million for a favorable variance of \$2.9 million. The net margin for the same period last year was a net margin of \$8.2 million.

She also reviewed member sales, surplus sales, operations expenses, maintenance expenses, year-to-date consolidated net income/loss, changes to the balance sheet and month-end cash.

Basin Electric's equity-to-asset ratio at the end of June was 19.3% and at the end of May was 19.7%. At the end of June, the equity-to-capitalization ratio using Moody's Rating Service's methodology was 23.7% and at the end of May was 24.3%, both without The Coteau Properties Company consolidation entry. The equity-to-capitalization ratio based on indenture requirements for patronage distribution was 17.6% at the end of June and 17.3% at the end of May.

**B. Lonesome Creek Phase II – Budget Amendment**

Myron Steckler, General Resource Project Manager, reported that the budget for the Lonesome Creek Phase II project was approved in July of 2012. At that time, staff was unsure of the transmission requirements and communications for tripping schemes, although they were included in the budget at that time. After studies, it was determined that the addition of the second and third units did not require additional transmission and that tying into McKenzie Electric's Hay Butte Substation would be sufficient.

Mr. Steckler reviewed the scope changes, which reduced the interest during construction cost, resulting in a \$13 million reduction. He recommended that the amended budget be approved.

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

**R02.07-10-13**

RESOLVED, that due to reduced transmission and communication scope, the Lonesome Creek Station Phase II budget be amended from the \$115 million approved by the Board of Directors in July 2012 to \$102 million; and

BE IT FUTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required documents accordingly.

**C. Lonesome Creek Phase II – RUS Loan Application Submittal Approval**

Steve Johnson, Treasury Services Manager, recommended that staff be authorized to execute and submit Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, in the amount of \$102 million to RUS for the financing of the Lonesome Creek Phase II project.

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

**R03.07-10-13**

WHEREAS, it has been determined that financing is needed for electric facilities as shown on RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, in the amount of \$102.0 million for the Lonesome Creek Station Phase II Project (the Project);

NOW THEREFORE, BE IT RESOLVED, that the Cooperative make an application to the Rural Utilities Service (RUS) pursuant to 7 CFR Part 1710 for a guaranteed loan from the Federal Financing Bank (FFB) for the Project in the approximate amount of \$102.0 million to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above-mentioned facilities;

BE IT ALSO RESOLVED, that the RUS-guaranteed FFB loan shall have a term to cover a period of approximately 30 years;

BE IT ALSO RESOLVED, that the Board of Directors of the Cooperative authorizes the President and its CEO and General Manager to execute and attest all necessary papers, documents and applications related to the foregoing;

BE IT FURTHER RESOLVED, that the CEO and General Manager and the Senior Vice President and CFO of the Cooperative and any official(s) or designee(s) authorized to act in such corporate position(s) and to perform the functions of such position(s) are hereby authorized on behalf of the Cooperative: (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB; and (b) to specify information and select options as provided in such instruments;

BE IT FURTHER RESOLVED, that the Cooperative hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB as well as to any

existing supplemental lenders;

BE IT FURTHER RESOLVED, that any preliminary costs for the Project paid for by General Funds of the Cooperative be eligible for reimbursement under this loan subject to approval of the Administrator of the RUS.

## **18. Directors' Reports**

The Directors reported on activities at their G&Ts and local cooperatives and expressed their appreciation and gratitude to Director Rohrer, Mr. Hardy and the board and staff of Central Montana for their hospitality in hosting the activities and board meeting.

Director Peltier reported on the CoBank annual meeting.

Director Pearson reported on the CoBank annual meeting and that applications for the General Manager position at East River will be accepted through August. Interviews will take place in November or December.

Director Ritthaler reported that Powder River Energy Corporation held a joint meeting with Fergus Electric and Mid-Yellowstone Electric. They wanted the Basin Electric Board to know that the Bankruptcy Trustee rejected the Basin offer, not the cooperatives.

Director Thiessen reported on Upper Missouri's summer meeting in Medora last week and that Herb Chrudimsky is retiring from the Upper Missouri board of directors.

Director Gilbert reported that Corn Belt spends lot of time and money to attract businesses into rural Iowa by putting up speculative buildings. This program has been very effective and the construction of another building has been approved.

Director Child reported that oil activity in northern Colorado is growing, and that High West Energy will likely have up to 40 MW of oil development load. There have been quite a number of applications to drill wells in southeastern Wyoming as well.

Director Drost reported on the CoBank annual meeting.

Director Applegate reported on the CoBank annual meeting. He also reviewed new loads developing in the NIPCO service territory.

Director Rohrer reported on the CoBank annual meeting.

Doug Hardy presented background information on Central Montana and thanked the Basin Electric Board for coming out and meeting with them.

Director Ireland reported on attending the Western Governor's conference.

Mr. Serri thanked Central Montana for their hospitality.

**19. Date and Time of Next Board Meeting**

The next regularly scheduled meeting of the Board of Directors will take place August 13-15, 2013, at Basin Electric's headquarters building in Bismarck, North Dakota.

**20. Adjournment**

At 12:40 p.m. MDT, there being no further business to come before the meeting, it was moved by Director Peltier and seconded by Director Applegate and carried that the meeting be adjourned.



Claire M. Olson  
Assistant Secretary