

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

**Minutes of the Regular Meeting of the Board of Directors
September 9-10, 2013**

		<u>Page</u>
1.	Call to Order	1
2.	Roll Call	1
3.	Approval of the Agenda	1
4.	Approval of the Minutes	1
5.	General Manager's Report	2
	A. Western Fuels Update	3
		R01.09-09-13
6.	Office of General Counsel Report	3
7.	Marketing and Trading – Purchased Power Report	4
8.	Cooperative Planning Report	4
	A. Wind Purchase Power Agreements	5
	B. Mid-Term Power Supply for Fergus and Mid-Yellowstone	5
		R02.09-09-13
		R03.09-09-13
		R04.09-09-13
9.	Generation Report	6
	A. Fossil Fuel Generation Update	6
10.	Recess and Reconvention	7
11.	Roll Call	7
12.	Generation Report, continued	8
	A. Laramie River Station Update	8
	B. Distributed Generation Update	8
13.	Engineering and Construction	9
	A. Funding Chart	9
	B. LRS Rail Extensions and Realignment	10
		R05.09-09-13
14.	Transmission Report	10
15.	Financial Services Report	11
	A. Accounting Report	11

16.	Communications and Administration Report		11
17.	Iowa Association of Electric Cooperatives 2013 Annual Meeting		12
18.	Recess and Reconvention		12
19.	Roll Call		12
20.	Resolutions Committee		13
21.	Recess for Board Audit Committee Meeting; Reconvention		13
22.	Directors' Reports		13
23.	Executive Session	R06.09-09-13	13
24.	Date and Place of Next Board Meeting		14
25.	Adjournment		14

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

**Minutes of the Regular Meeting of the Board of Directors
September 9-10, 2013**

The Regular Meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at Basin Electric headquarters in Bismarck, North Dakota on September 9, 2013 starting at 1:00 p.m. CDT 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 Tracie Bettenhausen, Tammy DeWitt, Spencer Garland, Matt Greek, Dave Herriott, Casey Jacobson, Steve Johnson, Becky Kern, Joe Leingang, Gavin McCollam, Faye Miller, Mike Paul, Dave Raatz, Mike Risan, Ken Rutter, Myron Steckler, Paul Sukut, Brad Thompson, Steve Tomac, Kevin Tschosik and Michelle Wiedrich.

Also present were East River Electric Power Cooperative (**East River**) director Alden Flakoll, Mor-Gran-Sou Electric Cooperative (**Mor-Gran-Sou**) director Chad Harrison, Rushmore Electric Power Cooperative (**Rushmore**) director Mike McQuistion, Tri-State G&T Association (**Tri-State**) director Marshall Collins and Tri-State President Rick Gordon.

3. Approval of the Agenda

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

4. Approval of the Minutes

The minutes of the August 14-15, 2013 Regular Board meeting 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.

On August 19, Mr. Serri and Steve Tomac attended a meeting of the Western Governors Association.

On August 21-22, the Regional Transmission Organization (RTO) Manager's Advisory Committee (MAC) met with representatives of the Western Area Power Administration (WAPA), Heartland and Southwest Power Pool (SPP) at Basin Electric. The main topic was how Class A members will manage their transmission assets should they put them into an RTO. This is a decision to be made by each Class A member.

On August 26, Mr. Serri attended the North Dakota Congressional Summit in Fargo. Senators Hoeven and Heitkamp and Representative Cramer and FERC Commissioner Tony Clark also attended.

On August 27, he met with Cooperative Planning to review the responses to the wind RFP.

On August 28, he met with staff to discuss annual meeting preparations. The format will be similar to the meeting last year.

On August 28, Mr. Serri met with Scott Loveless regarding the upcoming audit. Deloitte & Touche representatives will meet with the Board tomorrow.

On August 28, he attended the Western Fuels Association (**Western Fuels**) annual meeting in Denver.

On August 29, Mr. Serri traveled with Senator Heitkamp to tour the Boundary Dam Project in Saskatchewan which will capture CO₂ from its operation and it will be used for tertiary oil recovery in the Weyburn field.

He will meet with NextEra regarding the RFP on September 10. They were not the low bidder.

He also reported on East River's annual meeting.

Mr. Serri reported that at the recent Public Service Commission hearing, concerns were expressed by several Tribes regarding the location of the Antelope Valley Station (AVS)-to-Neset transmission line in relation to the Killdeer Mountain Battlefield. This will be reported on during the legal report.

On September 7, Mr. Serri was informed about 12 Minnesota cooperatives purchasing service territory in Minnesota from an investor-owned utility. He noted that some of these cooperatives are members of Basin Electric. He noted that he would supply additional information about this when it became available.

Mr. Serri noted that he plans to ask NRECA CEO JoAnn Emerson to be the keynote speaker at the annual meeting this year.

A. Western Fuels Update.

Director Ritthaler reported that the Dry Fork Mine has begun spraying the coal on loaded rail cars to reduce fugitive dust emissions. The cost is 20 cents per ton.

The STB recently ruled that the BNSF may not recover in its tariff with Western Fuels for the Laramie River Station (LRS), the premium paid by Berkshire-Hathaway on the BNSF stock during the course of its acquisition. Staff and legal counsel are still reviewing the STB decision to determine the extent of the refund.

Mr. Ritthaler reported on attending the Western Fuels annual meeting and he reviewed the slate of officers elected for the upcoming year.

He also reported that Western Fuels member SIMPA continues to have trouble with its SHERCO Unit #2. After being down for 18 months for repairs, it had additional mechanical problems when it started up and will be down for an unknown period of time for repairs. This will reduce Western Fuels' coal deliveries.

He reported that the LRS has 1.27 million tons in the stockpile and a goal of maintaining the stockpile at 900,000 tons.

The new Dry Fork Mine manager is Dave Gartner. The Dry Fork Mine recently reached four years without a Lost Time Accident.

In light of this achievement, it was moved by Director Drost, seconded by Director Ritthaler and carried that the Board adopt the following resolution congratulating the employees of the Dry Fork Mine on their safety achievement:

R01.09-09-13

WHEREAS, the employees of the Dry Fork Mine achieved an outstanding safety record by reaching four years without a Lost Time Accident; and

WHEREAS, the Board of Directors of Basin Electric Power Cooperative recognize the importance of safety in the operation to protect the health and welfare of the employees and to maintain an efficient operation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors congratulates the Dry Fork Mine employees for their achievements in the outstanding safety record and express their appreciation for the maintenance of a safe work environment.

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.

Casey Jacobson, Staff Counsel, reported on the North Dakota Public Service Commission hearings on siting of the AVS-to-Tande transmission line on September 4 in Killdeer and September 5 in Tioga. Another hearing is scheduled for September 12 in Williston.

7. **Marketing and Trading – Purchased Power Report**

Ken Rutter, Vice President of Marketing and Trading, reported that actual volumes and prices for July purchased power were lower than estimated last month. July non-member sales revenues were lower than estimated by \$1.7 million primarily due to lower WAPA Joint Marketing Program pricing.

August estimates indicate member energy loads were lower than budgeted but peak demand was higher than expected due to warm weather. As a result, energy purchased power volumes were lower than budgeted.

WAPA and Basin Electric experienced significant difficulties with access to markets in late August during a period where Basin Electric was significantly short due to plant outages and derates.

The real-time desk is on schedule for operation in January of 2014.

He reviewed July true-ups and August preliminaries for purchased power and short-term non-member sales. He then reviewed August weather, loads and SCADA data, as well as natural gas market conditions, market options and hedge positions.

Basin Electric hit a new peak of approximately 3100 MW on August 28, during which time Spirit Mound Unit #1 and the Madison diesel units were run.

8. **Cooperative Planning Report**

Dave Raatz, Vice President of Cooperative Planning, reported that Basin Electric had member sales of nearly 3100 MW in August, which is 100 MW higher than last year. The member billings are just starting to come in. In addition, the members believe the September billing peaks were likely reached this past weekend.

RTO Update. Mr. Raatz reviewed the status of the WAPA public process and reported that once the notice is published in the *Federal Register*, there is a 45-day public comment period. WAPA's final decision is now expected toward the end of December. Basin Electric and WAPA have a major meeting with the IS partners and SPP on September 19-20 in Little Rock, Arkansas and Basin Electric will sign the memorandum of understanding indicating its good-faith effort/statement of intent to join SPP. This memorandum of understanding is not a commitment to join SPP.

Solar Generation. Mr. Raatz noted that the Cooperative has received numerous inquiries from the membership regarding involvement with solar generation on the distribution system. Reduced costs of solar panels and generous tax incentives are creating an increasing interest in solar generation. Mr. Raatz noted the concern about integrating solar generation into the Basin Electric membership and maintaining the integrity of the all-requirements contract.

Mr. Raatz noted that one model to follow is the manner in which small wind generation was integrated into the Cooperative's rate schedule. This issue will be discussed with the membership at the October MAC meeting.

Market Rate Concept. The members have received inquiries from their end-use consumers who wish to purchase power from the market. Some Member consumers,

believe they can go out and buy energy in the market at \$30 to \$35 per MWh. However, that \$30 to \$35 per MWh only represents the energy component and you also need to include capacity, transmission, ancillary services/reserves and administration services and costs to arrive at the full cost of firm reliable power.

Mr. Raatz then discussed the pros and cons of developing rates with energy price transparency which could be done in an RTO environment. However, in doing so, energy would only be one component of the rate. He noted that this issue would also be discussed with the MAC to see if it warrants further development.

Williston Basin Flare Gas Research. Mr. Raatz reported that while a number of oil producers in the Williston Basin have already committed their flare gas to processing facilities, several significant producers have not and are interested in working with Basin Electric to see if there is a way to utilize flare gas for the generation of electricity. Non-Disclosure agreements are being prepared in order to share data and within a few months, we will have an idea of the feasibility of a project.

A. Wind Power Purchase Agreements

Mr. Raatz reported that in its recent power supply request for proposals (RFP), the Cooperative received proposals for 10,605 MW of power supply. Of that, 5,007 MW were from wind projects.

Mr. Raatz then reviewed the costs associated with purchasing the output of wind projects offered under the RFP. At the prices quoted in the RFPs, our IRP models reflect that another increment of wind generation would be the least cost option to optimize our power supply system.

He then reviewed the proposed wind projects that are on the short list and the status of negotiations with each developer. He noted that in order to qualify for tax credits under the IRS Safe Harbor rules, these projects need to spend 5% of the total costs before year end. In order to accommodate this, the Cooperative needs to make commitments by mid- to late October.

After responding to queries from the Board, he recommended that the CEO and General Manager be authorized to execute up to 400 MW of wind generation power purchase agreements.

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

R02.09-09-13

BE IS RESOLVED, that the CEO and General Manager is hereby authorized to execute up to 400 MW of wind generation power purchase agreements under acceptable terms and conditions.

B. Mid-Term Power Supply for Fergus and Mid-Yellowstone

Mr. Raatz reported that Fergus Electric and Mid-Yellowstone Electric, two Southern Montana Electric Power Cooperative (**Central Montana**) members, have submitted a request for temporary power supply from Basin Electric if they are able to exit their current arrangement with Southern Montana. Fergus would like to become a member of Powder River Energy Corporation (**PRECorp**) and Mid-Yellowstone wants to

become a member of Upper Missouri G & T Electric Cooperative (**Upper Missouri**).

Mr. Raatz reviewed each distribution cooperative's service territory, number of meters and miles of transmission line, as well as electrical load from January 2011 through November of 2012. Basin Electric has sufficient reservation via the Miles City DC Tie to meet these additional loads on a temporary basis. He reviewed the proposed terms of the temporary power supply proposal, which would run through December of 2014. The rate could be the higher of the Class A rate or market purchase price plus five mills. Fergus and Mid-Yellowstone would not be entitled to margin allocations, DGC dividends or bill credits.

Mr. Raatz recommended that the CEO be authorized to offer to provide power to Fergus and Mid-Yellowstone through the end of 2014, in the event that they are successful in exiting Southern Montana.

After discussion, it was moved by Director Thiessen, seconded by Director Ritthaler and carried that the following Resolutions be adopted, with Directors Drost and Ireland voting "no":

R03.09-09-13 RESOLVED, that the CEO and General Manager, or his designee, is authorized to execute a temporary power sale agreement with Upper Missouri for Mid-Yellowstone Electric load, if needed, that does not extend beyond December 31, 2014, on the terms and conditions discussed in this presentation.

R04.09-09-13 RESOLVED, that the CEO and General Manager, or his designee, is authorized to execute a temporary power sale agreement with PRECorp for the Fergus Electric load, if needed, that does not extend beyond December 31, 2014, on the terms and conditions discussed in this presentation.

9. Generation 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 (**DART**) incidents in August.

August generation was 2.40 million MWh or 2.4% above budget. Actual 2013 year-to-date generation was 16,797,343 MWh and budgeted generation was 17,000,993 MWh or 1.2% under budget. Overall generation is up 2.4%.

He then reviewed the 24-month moving-average forced-outage rate trends and bus bar costs. The LRS coal inventory is 1.24 million tons or a 52-day supply for all three units at full load.

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

Unit	Avail-Ability	Capacity Factor	Unit Rating	Comments
LRS #1	77.7%	86.9%	570 MW	Tube leaks
LRS #2	100%	96.9%	570 MW	
LRS #3	100%	95.8%	570 MW	
LOS #1	93.49%	88.52%	221 MW	Wall tube leak
LOS #2	100%	87.72%	448 MW	
AVS #1	100%	98.4%	450 MW	Unit limited to clean ESDA chamber.
AVS #2	74.98%	95.1%	450 MW	Low turbine oil.
DFS	98.2%	95.69%	386 MW	Safety relief valve lifted causing low drum level

August environmental compliance averaged over 99%. Since the last DART incident on May 19, 2013, employees have worked approximately 170,620 hours without a DART.

Mr. Greek reported on his realignment of the LRS leadership into technical support (headed by Brian Larson) and daily operations and maintenance (headed by Brad Thompson) and his meeting with LRS leadership where they reached agreement on shared aspirations for safety, environmental, operating and financial performance. He also met with station reliability teams to communicate shared aspirations and lay the groundwork for the refocusing of efforts. He reviewed the case for collaboration versus consensus and discussed team alignment as part of team commitment.

10. Recess and Reconvention

At 5:00 p.m. CDT, the meeting recessed until 7:45 a.m. CDT on Tuesday, September 10, 2013, at which time the meeting reconvened, President Ireland continuing to preside and Director Pearson continuing to keep the minutes.

11. 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 Bob Bartosh, Tracie Bettenhausen, Shawn Deisz, Tammy DeWitt, Mike Eggl, Steve Ellefson, Spencer Garland, Matt Greek, Dave Herriott, Daryl Hill, Steve Johnson, Becky Kern, Mark Kinzler, Joe Leingang, Gavin McCollam, Sally Meier, Faye Miller, Deb Olafson, Mike Paul, Shawna Piatz, Dave Raatz, Mike Risan, Jaclyn Schweigert, Susan Sorensen, Myron Steckler, Paul Sukut, Brad Thompson, Kevin

Tschosik, Justin Weichel, Cheri Wenzel and Michelle Wiedrich.

Also present were East River director Alden Flakoll, Mor-Gran-Sou director Chad Harrison, PRECorp director Paul Baker, Rushmore director Mike McQuiston, Tri-State director Marshall Collins and Tri-State President Rick Gordon.

12. Generation Report, continued

A. Laramie River Station Update

Brad Thompson, Plant Superintendent, reported that the employees injured in May are doing well and have returned to work. The LRS team is committed to zero incidents amongst its employees and contractors every day.

He noted that LRS has an outstanding environmental compliance record and that the WY DEQ recently reduced some environmental reporting requirements.

Spencer Garland, Mechanical Engineer, reported that the root cause of the economizer tube leaks in August was sootblower erosion. Going forward, sootblowing frequencies and pressures will be regularly monitored. Additional investigation is needed to identify the probability of additional failures. Long-term solutions being investigated include life assessment, tube shields and tube replacement.

Dave Herriott, Operations Superintendent, reported that training items he's working on include updating and refining procedures, new rules, performance improvement and an apprenticeship program.

B. Distributed Generation Update

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

Unit	Monthly Availability	Monthly Generation Net MWh	Unit Rating	Comments
Groton Unit #1	100%	7,537 MWh	200 MW	
Groton Unit #2	100%	5,060 MWh		
Culbertson CT	62.20%	4,960 MWh	100 MW	outage due to gasket failure in intercooler
WY Distributed Generation	99%	47 MWh	54 MW	
SMS Unit #1	100%	600 MWh	120 MW	For load
SMS Unit #2	100%	328 MWh		For load
DCS	100%	80,464 MWh	300 MW	Ran very well

Deer Creek Gas Pipeline. An emergency exercise at the Deer Creek Station gas pipeline is scheduled for October 15. Staff is working with the area emergency manager and local EMS to coordinate the drill.

PrairieWinds ND 1. The Nordex control system upgrade has been completed and they have run very well since then. Annual maintenance is 85% complete.

In response to a question on the Edgeley wind project's availability, he reported the following availabilities: 2005 was 97.6%; 2006 was 92.8%; 2007 was 88.6%; 2008 was 82.9%; 2009 was 96.5%; 2010 was 96.1%; 2011 was 95.3% and 2012 was 96%. The Cooperative's wind projects availability is 97% and higher.

The east-side peak occurred on August 28, 2013 at hour ending 1800. At that time, wind generation was as follows:

Project	Load Factor During the Peak	Capacity Factor	Project Total
PWND	11 MW	26%	123 MW
PWSD	19 MW	29%	162 MW
Wilton	1 MW	25%	99 MW
Baldwin	4 MW	26%	99 MW
Edgeley	1 MW	13%	40 MW
Highmore	2 MW	24%	40 MW
Day County	5 MW	36%	99 MW
Iowa Wind	0 MW	18%	45.1 MW
Other Projects (Chamberlain & Pipestone)	0 MW	12%	3.4 MW
TOTAL AUGUST WIND GENERATION	---	27%	712 MW maximum
AVERAGE YTD CAPACITY FACTOR		39%	

13. **Engineering and Construction**

A. **Funding Chart**

Mike Paul, Vice President of Engineering, reported that the September funding request is \$3.6 million for the LRS Rail Extension. The North Killdeer Loop project will be delayed due to anticipated changes. Major project commitments are as follows:

Project Name	Approved Budget	Completion Date
AVS to Neset 345 kV line	\$347.0 million	November 2015
Blaisdell/Berthold 115 kV line	\$6.2 million	November 2013
ND/SD Microwave Upgrade	\$11.2 million	November 2013
Pioneer Phase I	\$64.0 million	September 2013
Pioneer Phase II	\$102.0 million	November 2013
Lonesome Creek Phase I	\$68.5 million	November 2013
Lonesome Creek Phase II	\$102.0 million	December 2014

The scope of the AVS-to-Neset transmission project will change, which will change the original completion date and budget. Pioneer Phase I is commercial and has been turned over to the Distributed Generation group. Completion dates for the Phase II projects have been moved up as there is a need for the power.

Mr. Paul presented photographs of Pioneer Phase I and noted that preliminary reports are meeting expectations on availability and emissions. He then presented photographs of construction of Pioneer Phase II and Lonesome Creek Phase II.

He presented photographs of the Blaisdell-to-Berthold transmission line construction; the Montana Lime Operations & Maintenance building, which will be done early 2014; and the ND/SD Microwave Upgrade which will be done in November 2013.

Staff is also reviewing and updating procedures, project management and budget elements.

B. LRS Rail Extensions and Realignment

Joe Leingang, Director of Fuel and Transportation, reported that, in accordance with a demurrage and detention settlement agreement with the BNSF Railway, rail infrastructure improvements and additions that are designed to provide enhanced rail traffic movement in and around the LRS "island" are required. Basin Electric, for the Missouri Basin Power Project (MBPP), will construct enough new track so that LRS is able to accept two loaded and contiguous 136-car unit trains on-site at once, such that (a) both loaded trains are able to arrive in a continuous forward movement without having to back up; (b) each of the loaded trains will be on a separate independent track so that either train can be advanced into the rotary car dumper from either track; and (c) both loaded trains will be able to arrive on tracks such that neither loaded train will prevent an empty unit train from departing the station. The request for this project will be \$3.6 million. Savings on demurrage is between \$1.0 million and \$1.5 million per year, every year.

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

R05.09-09-13

BE IT RESOLVED, that the Laramie River Station Rail Extensions and Realignment Project being constructed to comply with the July 1, 2013 Settlement Agreement by and among Basin Electric Power Cooperative (as operating agent for the Missouri Basin Power Project), Western Fuels Association and the BNSF Railway at an estimated cost of \$3.6 million be approved, subject to the approval of the MBPP Management Committee; and

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

14. 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.

Mr. Risan reported that preliminary discussions were held with Xcel regarding the Logan-McHenry/Minot area build-out. We have general consensus on the scope and build-out responsibilities at a staff level, subject to management approval.

He noted that negotiations with MDU are progressing on the Interconnection and Common Use Agreement updates and he reviewed the updates to those agreements.

Mr. Risan reported that the Midwest Reliability Organization conducted a recent random sample facility rating data request associated with its Reliability Assurance Initiative. The focus was on testing internal controls and not specifically on enforcement. Generally, the Basin Electric evidence produced for the random sample was sufficient, however, through the process several other facilities were identified that required additional documentation. Hence, after consultation with the MRO staff, Basin Electric self-certified as non-compliant.

15. Financial Services Report

Paul Sukut, Senior Vice President and Chief Financial Officer, reported on current economic statistics, the Member Investment Program, cushion of credit balances, liquidity, commercial paper program outstanding balances and capital expenditures. He noted that the end-of-year pretax margin estimate at the end of July was \$34.8 million and at the end of August is \$42.3 million.

A. Accounting Report

Shawn Deisz, Manager of Accounting, reported that the August 2013 Statement of Operations reflected an estimated net margin of \$23.8 million compared to the budgeted net margin of \$14.2 million for a favorable variance of \$9.6 million. The net margin for the same period last year was a net margin of \$18.0 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 August was 20.0% and at the end of July was 19.6%. At the end of August, the equity-to-capitalization ratio using Moody's Rating Service's methodology was 24% and at the end of July was 23.7%, both without The Coteau Properties Company consolidation entry. The equity-to-capitalization ratio based on indenture requirements for patronage distribution was 18.5% at the end of August and 18.0% at the end of July.

16. Communications and Administration Report

Mike Eggl, Senior Vice President, Communications and Administration, reported that the comment period on Wyoming regional haze proposed FIP ended on August 26. One thousand letters were submitted. A final decision is expected in November.

A greenhouse gas standard for new power plants (111b) is to be issued September 20. Shaun McGrath, EPA Region 8 Administrator, has scheduled a meeting for August 26 to discuss Greenhouse Gas standards for existing power plants.

He reviewed legislation proposed by Representative Trent Frank. Its purpose is to amend the Federal Power Act to protect the bulk-power system and electric infrastructure critical

to the defense and well-being of the United States against natural and manmade electromagnetic pulse (EMP) threats and vulnerabilities.”

IS&T Update. Mark Kinzler, Chief Information Officer, reported on the progress of the strategic plan. The reorganization, management change and business planning is complete. There is a plan in place for governance, scorecard and project prioritization. He then discussed the five areas to work on in 2014: governance scorecard, project prioritization, business planning and minding the store.

Mr. Kinzler introduced Chad Heck, Manager of Key Business Processes, who reported that his group is communicating with the Business/IS&T Steering Committee, Business Unit Coordinators and the administrative assistants on their needs.

Corporate Services. Mr. Eggl reported on efforts to control travel costs. The hangar sale was completed September 6. Completion of the new hangar is scheduled for December 31, 2013, with landscaping to be done in the spring of 2014.

Two jet fuel contracts have been renewed with Bismarck vendors. He reported that with Larry Buller's retirement, Kelby Hovey and Josh Ritter were promoted to full-time pilots. He noted that the contract with NISC to provide travel services will be terminated at the end of 2013 because staff is too busy with Basin Electric travel arrangements.

Mr. Eggl reviewed changes made during the headquarters complex remodel, space limitations and options to address the space limitations. He then reviewed the entertainment scheduled during the Norse Hostfest.

17. Iowa Association of Electric Cooperatives 2013 Annual Meeting

President Ireland noted that the Iowa Association of Electric Cooperatives annual meeting is scheduled for December 5-6, 2013, in Des Moines, Iowa and that a voting delegate and alternate should be named. After discussion, Directors Applegate and Gilbert serve as voting delegate and alternate, respectively. Motion carried.

18. Recess and Reconvention

At 11:30 a.m. CDT, the meeting recessed for a working lunch with the Resolutions Committee until 12:30 p.m. CDT, at which time the meeting reconvened, President Ireland continuing to preside and Director Pearson continuing to keep the minutes.

19. 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 Don Boehm, Shawn Deisz, Mike Eggl, Matt Greek, Daryl Hill, Deb Olafson, Dave Raatz, Mike Risan, Susan Sorensen, Cheri Wenzel and Michelle Wiedrich.

Also present were Rushmore director Mike McQuiston, Tri-State director Marshall Collins and Tri-State President Rick Gordon; Deloitte and Touche representatives Scott Loveless and Judy Dockendorf.

20. Resolutions Committee

Director Fuher reported on a resolution being considered by the Resolutions Committee which deals with the proposed urea plant at Dakota Gasification Company's Synfuels plant.

21. Recess for Board Audit Committee Meeting; Reconvention

At 12:35 p.m., it was moved by Director Peltier, seconded by Director Pearson and carried that the meeting recess to hold the Basin Electric Board Audit Committee meeting. At 2:00 p.m., it was moved by Director Applegate, seconded by Director Gilbert and carried that the board reconvene the Basin Electric board meeting.

22. Directors' Reports

DGC director Alan Klein reported that his tour of the wind farm, Freedom Mine, AVS and Synfuels plant had been very informative.

Tri-State president Rick Gordon reported that Tri-State will miss Wayne Child when he retires. He introduced Marshall Collins, who will replace Wayne on the board. Tri-State approved its 2014 budget, which is revenue neutral with no rate increase. Tri-State director Marshall Collins reported that he looks forward to serving on the Basin Electric board of directors.

Director Pearson reported on East River's annual meeting and thanked Dave Raatz and Mike Risan for attending and serving on the panel.

Director Ritthaler reported on PRECorp's annual meeting and thanked Andy Serri for attending.

PRECorp director Paul Baker reported that PRECorp's board had presented Reuben Ritthaler with the Earl Christianson (PRECorp's founder) Award during the annual meeting.

23. Executive Session

At 2:07 p.m., it was moved by Director Child, seconded by Director Thiessen and carried to retire into executive session to discuss cooperative planning and human resources issues. At 3:25 p.m., it was moved by Director Fuher, seconded by Director Peltier and carried that the Board arise from executive session.

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

R06.09-09-13

RESOLVED, that the Labor Agreement with the International Brotherhood of Electrical Workers Local 1593 effective October 1, 2013 through September 30, 2014 be approved; and that the officers of the Cooperative be authorized to execute the same for and on behalf of the Cooperative.

24. Date and Time of Next Board Meeting

The next regularly scheduled meeting of the Board of Directors will take place October 14-15, 2013, at Basin Electric's headquarters building in Bismarck, North Dakota.

25. Adjournment

There being no further business to come before the meeting, President Ireland adjourned the meeting at 3:30 p.m.



Kermit Pearson
Secretary-Treasurer