

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

**Minutes of the Regular Meeting of the Board of Directors  
November 5, 2012**

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**Basin Electric Power Cooperative  
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**Minutes of the Regular Meeting of the Board of Directors  
November 5, 2012**

The Regular Meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at the headquarters building, 1717 East Interstate Avenue, Bismarck, North Dakota, on November 5, 2012 starting at 8:00 a.m. CST with the pledge of allegiance.

**1. Call to Order**

The meeting was called to order by President Roy Ireland, who presided, and Secretary-Treasurer Kermit Pearson kept the minutes thereof.

**2. Roll Call**

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

Donald E. Applegate	Wayne L. Child
Gary Drost	Arden Fuhrer
Charles Gilbert	Dean McCabe
Roy Ireland	Wayne Peltier
Kermit Pearson	Reuben Ritthaler
Roberta Rohrer	

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 Mike Eggl, Mike Fluharty, Daryl Hill, Jerry Horner, Curtis Jabs, Becky Kern, Rod Kuhn, Deborah Levchak, Sharon Lipetzky, Jim Lund, Jay Lundstrom, Gavin McCollam, Dale Niezwaag, Diane Paul, Mike Paul, Dave Raatz, Lyn Raymo, Mike Risan, Ken Rutter, Paul Sukut, Linda Thomas, Steve Tomac, Kevin Tschosik, Michelle Wiedrich and Lyle Witham.

Also present were Upper Missouri G&T Electric Cooperative (**Upper Missouri**) director Allen Thiessen and East River Electric Cooperative (**East River**) director Darren Strasser.

**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 Drost and carried that the revised agenda be approved as presented.

**4. Approval of the Minutes**

The minutes of the October 9-10, 2012 Board Audit Committee and October 9-10, 2012 Board meeting were presented and after an opportunity for corrections, it was moved by Director Rohrer, seconded by Director Pearson and carried that the minutes be approved as presented.

**5. CEO & General Manager's Report**

Mr. Serri reported on meetings with the Manager's Advisory Committee, MBPP Management Committee, Western Fuels Association and Touchstone Energy manager Jim Bausell. He also reported on his employee meetings held at headquarters and at the power plants.

He also reported on participating in the South Dakota Governor's annual pheasant hunt which brought together individuals from public and private sectors to promote economic development in the state. He concluded with comments about the Kadmas, Lee and Jackson study of the electrical load growth in the Williston Basin.

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

Director Ritthaler reported that topics of discussion at the WFA board meeting included the budget and 10-year forecast. Approximately one million more tons are forecasted in 2013 because the Sherco unit is scheduled to come back online during the first quarter of 2013.

The Laramie River Station (LRS) coal inventory is 1.67 million tons plus or 60-some days on the ground. The goal is 900,000 tons. He noted that coal prices in the Powder River Basin are stabilizing a bit.

BNSF has stated that if it weren't for the Western Coal Traffic League, dust mitigation would be done by now. BNSF claims that most shippers want dust mitigation and just a few don't.

Mr. Serri reported there had been a good discussion on the Western Fuels margins in the 10-year forecast. Western Fuels staff was asked to develop a plan for reducing costs to mitigate future increases in the price of coal. This plan will be presented at the next board meeting.

**7. Office of General Counsel Report**

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

**A. Environmental Report**

**AVS to Neset 345 kV Project.** Mr. Olson reported that initial edits are being done on the Antelope Valley Station (AVS) to Neset 345 kV transmission line Environmental Impact Statement (EIS), after which it will be published for public comment.

**PWND1.** Discussions are underway with WAPA about what steps, if any, are required to lift the 50 MW average yearly limit on the PWND1 (Minot) wind project.

**B. Property Management**

Mr. Olson reported on the status of the acquisition of easements on the AVS to Tande 345 kV transmission project, the segments of which are AVS to Charlie Creek, Charlie Creek to Judson and Judson to Tande. Landowners have retained local counsel.

**8. Plant Operations Reports**

**A. Ratification of IBEW Local #1593 PrairieWinds ND 1 Union Contract**

Mike Fluharty, Vice President of Plant Operations, reported that IBEW Local #1593, the PrairieWinds ND 1 Basin Electric employees working at the PrairieWinds ND 1 Project (Minot wind project), had voted to approve the labor contract and he recommended that it be approved by the Board of Directors.

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

**R01.11-05-12** RESOLVED, that the Labor Agreement with the International Brotherhood of Electrical Workers Local 1593 effective October 1, 2012 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.

**B. Fossil Fuel Generation Update**

Mr. Fluharty reported there were two Days Away Restricted or Transferred (DART) incidents in October, bringing the 2012 total to 12. Last year at this time there had been four DART incidents. The Safety Director from Caterpillar will be making a presentation to staff on its safety program.

There were four OSHA recordable cases in October, two of which were the previously mentioned DART incidents.

October generation was 8.8% under budget. Year-to-date (YTD) generation was 17.6 million MWh compared to the budget of 19.4 million MWh or 9.3% under budget.

The LRS coal inventory dropped to approximately 1.70 million tons or a 71-day supply for all three units at full load. Leland Olds Station (LOS) #2 was removed from service on September 7 for a seven-week outage. The new scrubber will be put in service at start-up.

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

Unit	Availability (%)	Capacity Factor (%)	Unit Rating	Comments
LRS #1	96.3	76.3	570 MW	
LRS #2	79.9	92.6	570 MW	Water wall tube leak
LRS #3	100		570 MW	
LOS #1	82.5	75.6	221 MW	Scheduled outage switchyard to change out bus bar
LOS #2	0.5	16.6	448 MW	Scheduled outage; new scrubber tied in and came up very cleanly; vibration a little high but not causing problems
AVS #1	94.7	85.1	450 MW	Condensate pipe

				leak
AVS #2	99.9	85.0	450 MW	Boiler feed pump drum level
DFS	98.1	95.5	386 MW	Scheduled outage in September taking care of welding issues; lost one train of auxiliary power at auxiliary transformer due to condensation

He then reviewed the 24-month moving-average forced-outage rate trends.

**C. Distributed Generation Update**

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

Unit	Monthly Generation (MWh)	Comments
Groton Unit No. 1	994	
Groton Unit No. 2	1130	
Culbertson Combustion Turbine	3621	For load and reliability
Wyoming Distributed Generation	50	Respond to west-side reserve events
Spirit Mound Unit No. 1	Did not run	
Spirit Mound Unit No. 2	Did not run	
Deer Creek Station	619	
Wisdom Unit No. 2	Did not run	

The Spirit Mound current fuel inventory is 839,775 gallons.

There were 15 west-side reserve events during the month. The South Dakota Public Utilities Commission conducted inspections at the Deer Creek Station and Groton.

**PrairieWinds SD 1.** All end-of-warranty inspections are completed and all will be submitted to General Electric. All blade inspections were completed. Annual maintenance is 65% complete.

**PrairieWinds ND 1.** All gearbox oil changes are completed.

The east-side peak occurred on October 25, 2012, at hour ending 8:00 p.m. At that time, wind generation was as follows:

Project	October Capacity Factor (%)	Load Factor During the Peak (MW)	Project Total (MW)
PrairieWinds ND 1	49%	117 MW	123

PrairieWinds SD 1	51%	123 MW	162
Wilton Project	45%	96 MW	99
Baldwin Project	50%	97 MW	99
Edgeley Project	35%	40 MW	40
Highmore Project	43%	24 MW	40
Day County Project	60%	94 MW	99
Iowa Wind Projects	44%	35 MW	45.1
Other Wind Projects (Chamberlain & Pipestone)	27%	1 MW	3.4
TOTAL OCTOBER WIND GENERATION	49%		712 Maximum
AVERAGE 2012 YEAR- TO-DATE CAPACITY FACTOR	49%		---

## 9. Marketing and Trading

### A. Purchased Power Report

Ken Rutter, Vice President of Marketing and Trading, reported that October purchased power and summary information were not yet available, so his report was updated with September actual meter information. Volumes were 31 MW higher than reported in October. Prices increased by 66 cents per MWh. This included approximately 105,000 MW of purchases from the Western Area Power Administration (WAPA) that results from WAPA backing down generation.

He noted that the marketing and trading group is in the process of being organized and he reviewed the department's goals, objectives and strategies.

He then reviewed forward pricing for electricity and natural gas and other ongoing activities underway with the Energy Trading and Risk Management group.

## 10. Cooperative Planning Report

### A. Planning Report

Dave Raatz, Vice President of Cooperative Planning, reported that staff continues to work on the Regional Transmission Organization (RTO) analysis. The consultant preparing the nodal analysis is somewhat behind schedule and the study is expected to be completed in February 2013.

Staff met with MISO and SPP on October 24-25 to begin to clarify some of the more detailed issues associated with RTO membership. Discussions included new transmission cost sharing, transmission wheeling assessments (transfers between RTOs, transfers across DC ties, MDU/XCEL); congestion hedging rights, member transmission inclusion in RTO, membership structure and exit fee considerations.

A meeting has been scheduled for November 15-16 in Bismarck with representatives from SPP and MISO. Several individuals from FERC will also participate to discuss regional transmission planning and address RTO membership questions. Topics of

discussion include transmission wheeling, rate components, recent RTO discussions, regional transmission planning and RTO details, vision and membership.

With delays in the nodal analysis, a decision is now expected in the March time period; however, WAPA will have to go through a public process which could extend a final decision into August or September.

**RFP Update.** To date, approximately 150 MW of capacity and energy has been purchased through the RFP process. Some of the energy purchase starts in January 2013 and runs through the spring of 2018. Because we were able to negotiate some very good prices, some of the capacity purchases run through 2019. Staff is concerned the MISO markets will increase fairly soon due to unit retirements.

He then reviewed discussions with Minnkota, which he hoped to conclude by mid-December.

**Southern Montana.** There is a meeting of the secured creditors on November 14. Due to that meeting, the decision date has been delayed to mid-December. Basin Electric's proposal remains unchanged.

Mr. Raatz then presented a map showing September and October member contacts.

**KLJ Engineering-Williston Basin Third Party Load Forecast.** Mr. Raatz reported that electric load levels in the Williston Basin during the last week of October surpassed last winter's peak load level.

He presented a graph showing the results of the KLJ forecast versus the Basin Electric 2012 load forecast. The KLJ study predicts slightly higher loads. The 2014-2016 timeframe is of concern prior to completion of the west-side of the 345 kV loop. Completion of the east-side loop is needed as soon as possible also. Ongoing analysis is required to understand the load forecast and the right course of action.

## **B. Large Commercial and Large Gas Compression Rates**

Mr. Raatz noted that over the past few months, there has been a lot of discussion with the Board and the membership regarding the future of the Large Commercial and Large Gas Compression Rates. He noted that staff has incorporated these into three options: (1) maintain the large commercial and large compression rates; (2) eliminate large commercial and large compression rates and implement a two-mill base-rate adder on growth; and (3) eliminate the large commercial and large compression rates and socialize the cost of load growth over the base rate.

Mr. Raatz reviewed the pros and cons of each option. After further discussion by the Board, Mr. Serri noted that these options would be reviewed with the Managers Advisory Committee and then presented to the Board at a subsequent meeting.

## **11. Engineering Report**

### **A. Funding Chart**



Mike Paul, Vice President of Engineering and Construction, reported that funding requests of \$19.0 million will be presented this month, which includes the LRS #2 Distributed Control System (DCS) electrical installation, LRS#3 DCS project approval and LRS Burner Mechanical installation contract award.

Funding requests of \$20.5 million will be presented in December.

**B. LRS #2 Distributed Control System Electrical Installation Contract Award**

Jerry Horner, Electrical Engineer, reported that this project was approved in November of 2011 and was composed of three major contracts: (1) Emerson DCS equipment; (2) Sega engineering services; (3); and today's installation service contract.

He noted that this project for LRS #2 is on schedule and currently is in factory acceptance testing. Delivery of equipment in January is also on schedule. This equipment will be installed during the March 30 to May 26 outage.

Mr. Horner reviewed the scope of the work and recommended the award of this contract on a sole source basis to Electrical Corporation of America (ECA), for \$4.03 million. ECA provided the lowest Unit #1 bid with no cost overrun. ECA successfully completed the #1 work. The #2 proposal is lower than the other #1 proposal. The #2 scope of work is larger as it includes the coal handling system, a common system that supports all three units. ECA will be returning the same project team. The project team, LRS staff, HQ engineering and procurement support the sole-source recommendation.

Mr. Horner stated that Emerson and Sega have identified and addressed the issues with the #1 DCS and made changes to the logic system in an attempt to stop some of these trips. Since that time, staff has been successful in identifying those issues. There have been no indicators there are similar problems with the #2 DCS.

Mr. Horner recommended approval of the contract award. After discussion, it was moved by Director Drost, seconded by Director Applegate and carried that the following Resolution be adopted:

**R02.11-05-12**

RESOLVED, that the contract for installation of the Laramie River Station Unit #2 Distributed Control System electrical equipment is hereby awarded to Electrical Corporation of America for a price of \$4.03 million;

BE IT FURTHER RESOLVED, that Electrical Corporation of America is approved as a sole-source bidder in the contract amount estimated at \$4.03 million; and

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

**C. LRS #3 Distributed Control System Project Approval**

Mr. Horner reported that the LRS #3 Distributed Control System project is scheduled to begin in November 2012 with installation during the eight-week outage in the spring of 2014.

The project will have the same three major contracts as the previous two units, all likely to be sole-sourced: (1) the \$3.3 million DCS equipment contract will be awarded in December 2012; (2) the \$2.3 million engineering services contract will be awarded in December 2012; and (3) the \$4.0 million installation contract will be awarded in the fall of 2013 for a total project cost of \$11.3 million.

The #3 project is \$1.6 million more than the #1 project due to the slightly larger scope of work primarily because it includes the water treatment system which is used by all three units.

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

**R03.11-05-12** BE IT RESOLVED, that the LRS #3 Distributed Control System Upgrade Project with a budget of \$11.3 million is hereby approved; and

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

**D. LRS #2 Low NO<sub>x</sub> Burner/Overfire Air Project Mechanical Installation Contract Award**

Jim Lund, Senior Mechanical Engineer, reported that the LRS #2 Low NO<sub>x</sub> Burner Overfire Air project is being driven by new NO<sub>x</sub> requirements in Wyoming. The project was approved in 2011 for \$18.3 million per unit. Unit 1 installation was done during the 2012 spring outage. The mechanical contract was awarded to Moorhead Machinery for \$4,426,765 and completion was on time. The unit achieved the required NO<sub>x</sub> reduction.

Unit #2 considerations include the required turnover schedule of burner rows to electrical DCS contractor; interface with other boiler work (superheat repairs and front slope installation); condition of existing equipment; and no outside crane for front wall burners.

When the old burners were pulled off the wall, we learned that the boiler wall connection points had deteriorated to a level that required a lot more attention, in both material and labor, to repair these areas before the new burners could be installed. There was also a crane available to utilize for the #1 installation that will not be available for the #2 installation, so a different logistical path must be established to remove the old burners and install the new burners.

Mr. Lund recommended awarding this sole-source work to Moorhead Machinery on a time and material basis, with a target cost of \$4,363,016 as this provides the most efficient, cost effective path to meet the overall outage schedule. This award is

supported by the Procurement Division and Operations and Engineering Departments.

Moorhead Machinery will be completing all other major boiler work during the 2013 outage.

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

**R04.11-05-12**

RESOLVED, that the contract for the mechanical installation of the LRS #2 Low NO<sub>x</sub> Burners and Over-Fire Air for \$4,363,016 be awarded to Moorhead Machinery; and

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

**12. Recess and Reconvention**

At 12:00 noon, the meeting recessed until 1:00 p.m., at which time the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes thereof.

**13. 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
Dean McCabe	Kermit Pearson
Wayne Peltier	Reuben Ritthaler
Roberta Rohrer	

said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Don Boehm, Shawn Deisz, Mike Eggl, John Frank, Daryl Hill, Steve Johnson, Becky Kern, Rod Kuhn, Jay Lundstrom, Gavin McCollam, Sally Meier, Cris Miller, Mike Paul, Dave Raatz, Mike Risan, Deb Salmonson, Heather Schlenker, Myron Steckler, Paul Sukut, Linda Thomas, Steve Tomac, Valerie Weigel, Michelle Wiedrich, Lyle Witham and Zane Zuther.

Also present were Upper Missouri director Allen Thiessen, East River director Darren Stresser and Kadrmass, Lee & Jackson staff members Niles Hushka and Mike Wamboldt.

**14. Engineering Report**

**A. Deer Creek Station Project Update**

Gavin McCollam, Manager of Mechanical and Performance Engineering, reported there had been only one lost-time accident during the construction (1,161,273 man-hours) of DCS.

Approximately \$361.6 million of the \$405 million project budget has been expended through September 30, 2012. Final expenditures are projected to be less than \$365 million at full capital project closeout.

He then presented a historical recap of the major contracts, the October 2007 budget, the December 2008 budget and whether each contract was over or under budget and by what amount.

He then presented photographs of the construction of the Deer Creek Station from start to finish and recognized staff members who worked on the project.

Director Drost expressed the Board's appreciation to Mr. McCollam and staff for their hard work on the project.

## **15. Transmission Report**

Mike Risan, Senior Vice President-Transmission, reviewed transmission studies currently underway to define facilities to serve the potential future load growth in northwestern North Dakota and eastern Montana.

He reported that Basin Electric has completed its self-certification through the Midwest Reliability Organization. The Cooperative also provided comments on the WAPA Operations Study Report.

He then reviewed the western North Dakota Winter Operating Guide for 2012-2013. These guides set forth the guidelines for the operation of the electrical system in the Williston Basin in the event of line outages under certain operating conditions.

Mr. Risan reported on meetings with SPP/MISO where staff gathered information pertaining to the studies underway to determine if the Integrated System should be brought into an ISO. MISO and SPP have been very helpful in sharing this information.

Mr. Risan also reported that the new Wheelock Substation was energized and showed photographs of the installation of the new transformer at the LOS.

He concluded his report noting that Lynn Bieswanger, TSM Safety Coordinator, received the National Safety Council's Distinguished Service to Safety award.

## **16. Financial Services Report**

Paul Sukut, Senior Vice President and CFO, reviewed current economic statistics.

Steve Johnson, Treasury Services Manager, reported that Basin Electric's revolving credit facility transaction closed on November 6, 2012. The Cooperative received commitments of \$617 million which was pared back to \$400 million. Hurricane Sandy delayed the closing of this transaction from October 31 to November 6.

### **A. Authorized Signatories**

Mr. Johnson reported that PNC Bank was one of the banks that committed to the revolving credit facility dated November 6, 2012. Since the Cooperative continues to look at various investment opportunities for the Cooperative's liquid assets, Mr.

Johnson recommended an account be opened with PNC Bank. This requires a resolution regarding authorized signatories. He presented the resolution and recommended it be adopted.

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

**R05.11-05-12**

**RESOLVED**, that PNC Bank, National Association (the **Bank**) is hereby designated as a depository for the funds of the Cooperative and the officers and other persons of the Cooperative to open or continue an account or accounts with the Bank and to execute and deliver to said Bank signature cards or cards supplied by the Bank containing specimen signatures of the officers and other persons 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 Bank is 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 Bank by the Secretary-Treasurer or other officer of the Cooperative;

**BE IT FURTHER RESOLVED**, that 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 the Bank may be signed by any two persons holding the following offices or positions with the Cooperative: President, Vice-President, Secretary-Treasurer, Chief Executive Officer & General Manager and Senior Vice President and Chief Financial Officer, and the Bank is 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 two 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 the Bank is 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. This paragraph shall be and remain in full force and effect until written notice of the revocation hereof shall be delivered to the Bank; and

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

Roy Ireland, President  
Wayne Peltier, Vice President  
Kermit Pearson, Secretary-Treasurer  
Andrew M. Serri, Chief Executive Officer & General Manager  
Paul M. Sukut, Senior Vice President & Chief Financial Officer

**BE IT FURTHER RESOLVED**, that the Bank 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 the Bank.

**B. Draft 2013 Operating and Capital Budgets**

David Bangen, Manager of Financial Planning & Forecasting, noted that final Operating and Capital Budgets would be presented for approval at the December Board meeting.

He distributed the draft 2013 Operating Budget and reviewed the assumption changes between forecast and budget. He reviewed the projected 2012 margin, cost of service and the annual revenue requirements.

Mr. Bangen then distributed and reviewed the 2012 capital budget.

**17. Cooperative Planning Report**

**A. Williston Basin Study by Kadrmas, Lee & Jackson**

Mr. Raatz introduced Niles Hushka, CEO and General Manager of Kadrmas, Lee & Jackson (KLJ), and Mike Wamboldt, KLJ-Williston Basin Study project manager.

KLJ was commissioned in May 2012 by the North Dakota Transmission Authority, MDU and Basin Electric to perform a study of growth in the Williston Basin that

would, among other things, provide an estimate of the electrical load growth in the Williston Basin.

KLJ staff then reviewed the assumptions used in the study and reported on the results. Mr. Raatz noted from 2012-2014, the KLJ forecast is about the same as the Basin Electric forecast and then is moderately higher through 2032. Staff is reviewing the KLJ report to understand the differences.

## **18. Financial Services Report, continued**

### **A. Property Insurance Renewal**

John Frank, Director of Risk & Insurance, noted that the Cooperative's property insurance is up for renewal on December 1 and reviewed the property insurance coverage and potential premium.

Globally, 2011 was the highest catastrophe loss year on record with losses of \$105 billion. Despite the growing losses, insurers remain strong. Organizations that achieve the best results are the ones most able to demonstrate their ongoing commitment to proactive risk management.

Basin Electric's property insurance consists of four main parts: (1) generation assets; (2) DGC (including business income); (3) DCC/MLC/WLP (including business income); and (4) Missouri Basin Power Project. He reviewed the scope of the Cooperative's property insurance program.

He noted the total insurable values are \$11.4 billion, an increase of \$874.3 million (8.3%) indexed for inflation. The renewal premium is now \$9.5 million compared to \$7.56 million for 2012.

He reported that negotiations have not yet been completed with all potential carriers, so he recommended that the CEO and General Manager be authorized to enter into the necessary agreements to complete the renewal of the property insurance program.

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

#### **R06.11-05-12**

BE IT HEREBY RESOLVED, that the CEO and General Manager, or his designee, is authorized to take all actions necessary, including but not limited to, execution and delivery of all policies, documents and instruments and payment of all policy premiums, commissions and other fees to complete the renewal of the Cooperative's property insurance program.

## **19. Communications and Administration Report**

Mike Eggl, Senior Vice President—Communications and Administration, presented a media clip of the KLJ press conference on the Bakken Report and a meeting of the Governor's Exchange Council. He then reviewed the schedule for the annual meeting.

**20. Minnesota Statewide 2013 Meetings**

President Ireland noted that the Cooperative needs to name a delegate and alternate for the 2013 meetings. After discussion, it was moved by Director Ritthaler and seconded by Director Child that Directors Peltier and Drost serve as delegate and alternate, respectively, to the 2013 meetings of the Minnesota Statewide. Motion carried.

**21. Iowa Statewide Annual Meeting**

President Ireland noted that the Cooperative needs to name a delegate and alternate for the 2012 Iowa Statewide annual meeting. After discussion, it was moved by Director Rohrer and seconded by Director Fuher that Directors Gilbert and Applegate serve as delegate and alternate, respectively, to the Iowa Statewide annual meeting. Motion carried.

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

The reorganizational meeting of the Board of Directors will take place immediately following the Basin Electric Annual Meeting of the Membership on November 8 and continue at 6:00 p.m. on December 9, 2012 at Peacock Alley, Bismarck, North Dakota.


The next regularly scheduled meeting of the Board of Directors will take place December 10-11, 2012, at the Basin Electric headquarters building in Bismarck, North Dakota.

**23. Executive Session**

At 4:30 p.m., it was moved by Director Drost, seconded by Director Applegate and carried that the Board retire into executive session to discuss personnel matters. At 5:03 p.m., it was moved by Director McCabe, seconded by Director Ritthaler and carried that the Board arise from executive session.

**24. Adjournment**

President Ireland adjourned the meeting at 5:05 p.m.

  
Kermit Pearson  
Secretary-Treasurer