

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

**Minutes of the Regular Meeting of the Board of Directors
November 4-5, 2013**

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**Minutes of the Regular Meeting of the Board of Directors
November 4-5, 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 November 4, 2013 starting at 2:00 p.m. CST with the Pledge of Allegiance.

1. Call to Order

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

2. Roll Call

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

Donald E. Applegate	Wayne L. Child
Gary Drost	Arden Fuher
Charles Gilbert	Roy Ireland
Kermit Pearson	Wayne Peltier
Reuben Ritthaler	Roberta Rohrer
Allen Thiessen	

Said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Andy Buntrock, Daryl Delzer, Tammy DeWitt, Mike Eggl, John Frank, Matthew Geek, Daryl Hill, Steve Johnson, Becky Kern, Rod Kuhn, Deborah Levchak, Gavin McCollam, Deb Olafson, Dave Raatz, Mike Risan, Ken Rutter, Paul Sukut, Steve Tomac, Michelle Wiedrich and Lyle Witham.

Also present were Powder River Energy Corporation (**PRECorp**) director Paul Baker, Rushmore Electric Power Cooperative (**Rushmore**) director Mike McQuiston, Tri-State G&T Association (**Tri-State**) director Marshall Collins, Dakota Gasification Company (**DGC**) director Tom Owens and DGC Chief Operating Officer 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 Child, seconded by Director Gilbert and carried that the agenda be approved as presented.

4. Approval of the Minutes

The minutes of the October 14-15, 2013 Regular Board meeting were presented and after an opportunity for corrections, it was moved by Director Rohrer, seconded by Director Fuher and carried that the minutes be approved as revised.

5. **NRECA Candidate Visit**

Lynn Jacobson introduced himself and stated that he is a candidate for the seat being vacated by Don Link, representing North Dakota on the National Rural Electric Cooperative Association (NRECA) board of directors. He noted that he has been a Burke-Divide member for 13 years and was encouraged to run for this position by fellow North Dakota Association of Rural Electric Cooperatives members, cooperative members, family and friends. He asked for Basin Electric's consideration at the election in January.

6. **General Manager's Report**

Mr. Serri reported that he and other senior staff attended the Region 7 and 9 meetings, where Director Child was presented with the 2013 Regional Service Award. Mr. Serri also met with Tom Graves.

He reported on the October 22, Manager's Advisory Committee (MAC) meeting in Sioux Falls, where there was a positive response to the accounting change and good discussion on renewable energy credits (REC). There was also a long discussion on solar generation.

He reported that the 2014 mine plan was approved at the Western Fuels-Wyoming meeting at the Dry Fork Mine in Gillette. While in Gillette, Mr. Serri visited the Dry Fork Station (DFS) to meet with staff.

On October 25, Basin Electric hosted a major employers roundtable meeting where the main topic of discussion was bringing American Airlines to Bismarck. American Airlines is currently looking at running one flight per day from Bismarck starting in the first or second quarter of 2014.

Last Monday, Mr. Serri and several staff members toured the EERC at the University of North Dakota in Grand Forks. He noted that it is a very impressive facility and that Basin Electric is involved with a CO₂ project there. Gerald H. Groenewold, Director of the EERC, was very complimentary to Basin Electric.

He reported on the October 29 call with the members that would serve the proposed TransCanada XL pipeline pumping station load. He scheduled a meeting the morning of November 6 in conjunction with the annual meeting for further discussion.

He discussed the renewal of property insurance and noted that Paul Sukut, Steve Johnson and he had given the rating agency presentation to CoBank in Denver.

On October 31, the Missouri Basin Power Project (MBPP) Management Committee met and approved the capital and operating budgets for 2014. It was also reported that the large wind farm to be built and tied into the Laramie River Station (LRS) substation has left town.

Mr. Serri reported on the possibility of leasing office space in Great River Energy's building directly north of the Jones-Lindberg Building.

Western Fuels Update. Director Ritthaler reported that Western Fuels continues discussion on audit charges with Deloitte & Touche.

The Western Coal Traffic League continues to work on dust mitigation.

Western Fuels continues to work with BNSF to quantify BNSF overcharges associated with the Berkshire/Hathaway premium payment.

Mr. Ritthaler noted that oral arguments were held at the Court of Appeals for the D.C. Circuit on the STB rate case. A decision is likely in three to six months.

All of the mines in the Powder River Basin had to shut down during the October 4-6 snow storm. This was the only time all of the mines were shut down for a storm.

The Western Fuels-Wyoming board approved the 2014 budget, as well as the funds to purchase a new haul truck. The old haul truck will be converted into a water truck.

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.

Oral arguments were held in the *North Dakota v. Minnesota* case. It will likely be three to four months before a decision is released.

There has been no activity on the Killdeer Battlefield matter. The federal government has involved the Tribes to perform a cultural assessment. He noted that the federal government shutdown will delay the environmental impact statement completion until April or May.

A. **Environmental Report**

Lyle Witham, Environmental Services Manager, reported on EPA's New Source Performance Standards Notice of Proposed Rulemaking for existing sources.

B. **Property Management**

Mr. Olson reported that staff is waiting for a number of appraisals because several landowners have requested an update on property values. When this is complete, staff can determine when to proceed with initiating condemnation proceedings.

C. **Termination of Wholesale Power Contract with Capital Electric; Approval of Capital Electric's Class C Membership Application**

Deborah Levchak, staff counsel, reported that Capital Electric Cooperative (**Capital Electric**) has executed a Wholesale Power Contract with Central Power Electric Cooperative (**Central Power**) effective January 1, 2014. Capital Electric has requested that its Wholesale Power Contract and Class A membership with Basin Electric be terminated and has requested Class C membership.

Ms. Levchak recommended that the Wholesale Power Contract between Basin Electric and Capital Electric be terminated effective January 1, 2014; that Capital Electric's Class A membership in Basin Electric be cancelled and its membership fee be returned and that Capital Electric's Class C Membership Application be approved once the appropriate documents have been received.

Ms. Levchak's review of the Basin Electric/Central Power wholesale power contract indicates that no revisions will be necessary to accommodate Capital Electric becoming a member of Central Power.

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

R01.11-04-13 RESOLVED, that effective December 31, 2013, the Class A Membership and Wholesale Power Contract with Capital Electric Cooperative, Inc. be terminated; and

BE IT FURTHER RESOLVED, that effective January 1, 2014, a Class C membership be approved and issued to Capital Electric Cooperative; and

BE IT FURTHER RESOLVED, that the CEO and General Manager be authorized to execute all ancillary documents necessary to complete the transaction.

8. Generation Report

Matt Greek, Senior Vice President of Generation, reviewed the Cooperative's safety performance for the month, noting that there had been three recordable incidents and two Days Away Restricted or Transferred (DART) incidents in October.

He presented the safety commitment statement and requested Board consideration of the safety commitment resolution.

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

R02.11-04-13 RESOLVED, to accept the proposed Safety Commitment Statement as the Cooperative Safety Commitment Statement; and

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

There will be no new funding requests this month. He reviewed the approved budgets, totals committed and completion dates of the major projects. He then reviewed the 24-month moving-average forced-outage rate trends and bus bar costs. The LRS coal inventory is 1.07 million tons, which is a 44-day supply for all three units at full load.

Year-to-date (YTD) actual generation for the solid fuel plants is 3.2% below budget; oil/gas plants are 347.9% above budget; wind is 8.9% above budget and the fleet is 1.5% below budget.

Mr. Greek met with the LRS station leadership team last week. The following station teams have been formed: Reliability Engineering, Operator Care, Work Management, Material Management and Coal. Substantial progress has been made in Opportunity Identification, Working Together Effectively and Empowerment.

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

Unit	Avail-Ability (%)	Capacity Factor (%)	Unit Rating	Comments
LRS #1	93.2%	73.6%	570 MW	Transmission constraints off and on during month and a tube leak
LRS #2	95.6%	87.6%	570 MW	Tube leak at end of the month
LRS #3	100%	83.0%	570 MW	
LOS #1	100%	83.4%	221 MW	Leak in #5 feedwater heater
LOS #2	100%	91.6%	448 MW	
AVS #1	81.2%	92.1%	450 MW	Scheduled outage to repair circulating water line leak
AVS #2	100%	86.9%	450 MW	
DFS	74.7%	92.8%	386 MW	Continuation of a planned outage; "B" ID fan damper, MFT scrubber plugged

A. Distributed Generation Update

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

Unit	Monthly Availability	Monthly Generation (Net MWh)	Unit Rating	Comments
Groton Unit #1	84.15%	4,574 MWh	100 MW	For load demand
Groton Unit #2	75.96%	6,391 MWh	100 MW	
Culbertson CT	67.45	13,641 MWh	100 MW	For load demand mainly & voltage support
WY Dist. Gen.:				There were 35 west-side reserve calls
Arvada	99.7%	39 MWh	100 MW	
Hartzog	33.3%	16 MWh	100 MW	
Barber Creek	100%	0 MWh	100 MW	
SMS Unit #1	100%	0 MWh	54 MW	Did not run
SMS Unit #2	100%	0 MWh	120 MW	Did not run
DCS	67.74%	24,260 MWh	300 MW	
Pioneer	69.1%	1,024 MWh	45 MW	For generation; ran well; running in synchronous load since 11/1/13

Mr. Tschosik reported that the Deer Creek Station (DCS) outage was completed on October 14. The HRSG insulation and heat trace installation have been completed. The freeze protection project has been completed.

A full-scale exercise on damage to the DCS gas pipeline took place on October 14

with 33 participants. Staff worked with Bob Hill, Director of Emergency Services for Brookings County, South Dakota, on the drill. The scenario was that a farmer hit the pipeline while plowing and calls 911, which goes to the Brookings County Ambulance Service, Basin Electric headquarters and the Hendricks County Ambulance Service. A meeting to discuss lessons learned was held after the event. Radios were a challenge so staff will check into that. For the most part, the drill went very well. He then presented photographs from the drill.

PrairieWinds SD 1. Annual maintenance is 59% complete.

PrairieWinds ND 1. PWND semi-annual maintenance is 29% complete. An alternate route to tower B26 is being permitted due to high water on the original access road.

The east-side peak occurred on October 28 2013 at 8:00 p.m. At that time, wind generation was as follows:

Wind Project	Load Factor during the Peak	Capacity Factor	Project Total
PrairieWinds ND	2 MW	41%	123 MW
PrairieWinds SD	150 MW	47%	162 MW
Wilton	19 MW	42%	99 MW
Baldwin	23 MW	43%	99 MW
Edgeley	10 MW	34%	40 MW
Highmore	22 MW	41%	40 MW
Day County	76 MW	52%	99 MW
Iowa Wind	24 MW	43%	45.1 MW
Other Projects (Chamberlain & Pipestone)	1 MW	19%	3.4 MW
TOTAL OCTOBER WIND GENERATION	328 MW	44%	712 MW maximum
AVERAGE YTD CAPACITY FACTOR	---	44%	---

9. Marketing and Trading – Purchased Power Report

Ken Rutter, Vice President of Marketing and Trading, reported the financial results for the marketing and trading group were incomplete at this time, so the September true-up is not yet available.

He reported on preliminary October natural gas generation and energy usage, initial estimates of member energy usage, SPP congestion hedging and natural gas position management. He noted that he was organizing a short seminar for the staff on the fundamentals of hedging transactions and proposed offering the same for the Board of Directors.

He reviewed the Basin Electric-Western Area Power Administration (**WAPA or Western**) timeline with respect to Basin Electric assuming the west-side obligations for scheduling and trading and reviewed the discussions for assuming those obligations on the east.

10. Cooperative Planning Report

RTO. Dave Raatz, Vice President of Cooperative Planning, reported that the notice of WAPA's proposal to join SPP was published in the *Federal Register* on November 1, 2013. It calls for a 45-day comment period, as well as public meetings in Lincoln, Nebraska; Sioux Falls, South Dakota; and Fargo, North Dakota. The Communications group is working on a question/answer document for the members' use in support of Western's process. Basin Electric will be negotiating with SPP on proposed bylaw changes and other matters pertaining to membership. Final requested changes are now planned to be submitted to SPP by February 1, 2014. He noted that staff is currently planning to come back to the Board in May or June with a final "join" or "not join" recommendation. If the decision is to join SPP, full integration will occur by October 1, 2015. He reviewed the timing of meetings scheduled with IS parties and SPP over the next month.

New Wind. He reported that negotiations are finalized to purchase 278 MW of wind from Sunflower (to be located near Hebron, ND) and Antelope Hills, North Dakota (to be located near the Antelope Valley Station). He reported that an ultimate agreement for the Campbell County Wind project cannot be ready.

Manager's Advisory Committee Discussion of Renewable Energy Credits (REC). Mr. Raatz reported on the discussions with the MAC on RECs. He reviewed the current board resolution that provides for returning the RECs to the members and also discussed the possibility of terminating the current distribution policy and incorporating the REC value into the general rate base. He noted that a number of the members, especially those who had an REC obligation to their state, favored keeping the existing program. Discussions on this topic will continue with the membership.

WAPA Integrated Resource Plan (IRP) Submittal. Staff is working on the annual IRP for submittal to Western. One of the key parts of the IRP is submitting information of the membership on demand-side management expenditures.

BEPC RFP/IRP. The wind power purchase agreements are completed. The focus is now shifting to other resource options such as solar, peaking and combined cycle. There will be a detailed resource planning update at the January board meeting.

End-Use Survey. The End Use Survey (of residential consumers only) is an RUS requirement and is done every four years. It will be mailed to the members in early November.

Load Forecast. Progress is being made on the 2014 load forecast. Ninety percent of the economic models are completed and work is underway on the reports. The Load Forecast will be presented for board approval in March.

A. Southern Minnesota Electric Cooperative (SMEC) Member Rate Pricing

Mr. Raatz reported that five distribution cooperatives in Minnesota are part of a group in the process of purchasing some of Alliant's distribution assets. These assets are being purchased through an affiliation with the Southern Minnesota Energy Cooperative. Overall, it would involve these members obtaining 10,000 new customers with a load of approximately 46 MW.

Alliant will provide the power supply for the first 10 years and Basin Electric could supply the power starting in mid-2024 and later. Since this would be a relatively small amount of growth involving no new members, it basically looks like forecasted load growth.

Staff believes it is appropriate to offer these cooperatives the standard Basin Electric rate without an adder if the member commits to purchase the associated power supply from Basin Electric no later than August 1, 2014 or upon final FERC and Minnesota PUC regulatory approval.

Staff will continue working with the members on rate design for those loads and will discuss the results with the Board at the December meeting.

11. Recess and Reconvension

At 5:00 p.m. CST, the meeting recessed until 7:30 a.m. CST on Tuesday, November 5, 2013, at which time the meeting reconvened, President Ireland continuing to preside and Director Pearson continuing to keep the minutes.

12. Roll Call

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

Donald E. Applegate	Wayne L. Child
Gary Drost	Arden Fuher
Charles Gilbert	Roy Ireland
Kermit Pearson	Wayne Peltier
Reuben Ritthaler	Roberta Rohrer
Allen Thiessen	

Said persons being all of the Directors of the Cooperative. Also present were CEO and General Manager Andrew M. Serri, Assistant Secretary Claire M. Olson and Basin Electric staff members Bob Bartosh, Andy Buntrock, Tom Christensen, Kelly Cozby, Shawn Deisz, Tammy DeWitt, Mike Eggl, Pius Fischer, John Frank, Matt Greek, Deb Haga, Daryl Hill, Ellen Holt, Steve Johnson, Becky Kern, Mark Kinzler, Rod Kuhn, Joe Leingang, Deborah Levchak, Sharon Lipetzky, Jeanne Mattern, Gavin McCollam, Faye Miller, Dale Niezwaag, Deb Olafson, Curt Pearson, Dave Raatz, Mike Risan, Ken Rutter, Bill Stafford, Myron Steckler, Matt Stoltz, Katie Sussen, Shanda Traiser, Kevin Tschosik, Val Weigel, Michelle Wiedrich, Andrea Williams, Lyle Witham and Roxanne Woeste.

Also present were KEM and Mor-Gran-Sou co-manager Chris Baumgartner, PRECorp director Paul Baker, Rushmore director Mike McQuiston, Rushmore manager Vic Simmons, Tri-State director Marshall Collins and DGC director Tom Owens.

13. Cooperative Planning Report, continued

A. Solar Generation

Mr. Raatz reported that there was an extensive discussion with the MAC on solar generation and a number of members are expecting increased interest among their members on solar-generated power.

There was a lot of discussion about what would be an appropriate business model for

incorporating solar generation into the member power supply. Mr. Raatz noted that Basin Electric's concern was to ensure compliance with the Wholesale Power Contracts and not shift costs among the membership. After discussing several proposals for ownership with the MAC, Mr. Raatz noted that NRCO would speak to the Basin Electric Board in December and the MAC in January. Staff would present a summary of proposed business models to the MAC in January as well.

14. Transmission Report

Mike Risan, Senior Vice President of Transmission, reported that the Blaisdell to Berthold transmission line project is on track and should be in service within a matter of weeks. The Western/Central Power/Mountrail-Williams Snake Creek project will be in service this winter. Pioneer I is operating and Lonesome Creek I should be in commercial operation in time for the winter peak. Thus, there should be sufficient capacity to serve the loads in the Williston Basin this winter.

He then reviewed system upgrade options in the Williston Basin pocket.

An action item regarding the Interconnection and Common Use system will be presented in December.

He also reported that he will participate in a panel on RTOs at the Midwest annual meeting.

15. Cooperative Planning Report, continued

A. Strategic Planning Process/Mission & Vision Statement/Strategic Objectives

Shanda Traiser, Business Strategies Planner, reported that a formal strategic planning session will be held in March or April. Preparatory work on the Point of View, Mission and Vision Statements is being done by a selected group of employees with the Board and senior staff.

She presented a video on the strategic planning process sponsored by NRECA.

She reviewed the initial strategic planning timeline. The Directors, senior staff and employees then broke into working groups to work on the development of a mission statement and define current strategic goals.

16. Financial Services Report

Paul Sukut, Senior Vice President and Chief Financial Officer, reported on the rating agency presentation made to CoBank this month. The one-year extension of the \$400 million line of credit transaction will be closed tomorrow. Staff will next look at the options for extending the \$500 million commercial paper revolver.

AVS Unit #2 Sale and Leaseback. Next month Mark Foss will discuss the extension of the AVS Unit #2 lease, which expires in 2020. The lease contains a provision that Basin Electric needs to give notice of intent in 2013. Once notice is given, Basin Electric has until the fourth quarter of 2020 to decide how far to extend the lease.

A. Property Insurance Renewal

John Frank, Manager of Risk & Insurance, noted that the Cooperative's property insurance is up for renewal on December 1. He reviewed the property market, noting that 2012 was the third highest year on record in U.S. history for insured losses with a 103.2% loss ratio. He reviewed the property insurance coverage and estimated premium.

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) MBPP.

He noted the total insurable values are \$12.4 billion, an increase of \$923 million or 8.02% indexed for inflation and new facilities. The renewal premium is expected to be \$10.5 million compared to \$9.5 million for 2013. We've reached agreement for pre-agreed rates to add Phase II of the Pioneer and Lonesome Creek Stations.

He noted that the loss limit is being increased from \$850 million to \$1 billion due to increasing business income values.

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 Pearson seconded by Director Applegate and carried that the following Resolution be adopted:

R03.11-04-13 WHEREAS, the property insurance renewal for Basin Electric is still being negotiated; terms and conditions as well as pricing are not yet set although we have a preliminary indication, which will require additional negotiation; and

WHEREAS, the renewal date is December 1, 2013, which is prior to the next board meeting;

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.

B. Draft 2014 Operating and Capital Budgets

Steve Johnson, Vice President & Treasurer, reviewed the 2014 Operating Budget noting the changes between the financial forecast and the budget. He reviewed the projected 2014 margin, cost of service, annual revenue requirements and financial metrics. Mr. Johnson then reviewed the 2014 capital budget.

He noted that final Operating and Capital Budgets would be presented for approval at the December Board meeting.

C. Accounting Change Update

Shawn Deisz, Vice President and Controller, noted that at the October Board meeting, the Board of Directors approved a resolution that adopted a policy to defer all unrealized fair value gains and losses associated with Basin Electric hedging activities.

She noted that this had no effect on the Statement of Operations or net margins and will affect only the Balance Sheet. This accounting change is important because it: (1) prevents volatility in Basin Electric's equity due to fluctuating market values of hedging transactions; (2) hedge ineffectiveness will not impact the income statement and net margin; and (3) it provides stability in equity components that go into the Indenture Equity-to-Capitalization ratio.

She reviewed how these changes affected the entries on the Balance Sheet.

17. Communications and Administration Report

Mike Eggl, Senior Vice President, Communications and Administration, began with a report on the EPA Region 8 public hearing/listening session in Denver on October 30. EPA was seeking input before it begins drafting new regulations on greenhouse gas emissions from existing sources.

He reviewed the Government Relations outreach events in which staff participated during the past month.

He then reported that more than 20,000 cattle were lost in the areas of West River Electric, Grand Electric, PRECorp, Mor-Gran-Sou and Black Hills Electric due to an October snow storm. A Rancher Relief Fund has been created. Basin Electric worked with local cooperatives to retain the services of Dr. Michael R. Rosmann, a psychologist and farmer, to speak on a radio talk show October 24-25 and gave advice on how to deal with the losses and how to build resilience for future traumas. Mr. Eggl then presented photographs of storm damage and copies of Facebook comments expressing their gratitude to the lineworkers working hard to restore power and to the cooperatives for sending help.

Basin Electric's Security and Response Service handled 26,000 calls from Friday to Monday and averaged 1300 to 1400 calls per hour during the storm. Director Applegate reported there was a tornado in Iowa at that time that destroyed one of NIPCO's substations.

Mr. Eggl then presented a video of Don Franklund, co-manager of KEM Electric Cooperative and Mor-Gran-Sou Electric Cooperative discussing and showing the damage from the storm.

He then reviewed the annual meeting agenda and noted that Curtis Nolan, NRECA president, would give the annual meeting keynote address.

Bill Stafford, Director of Wyoming Government Relations, then discussed the Wyoming Senate primary election where Liz Cheney is running against three-term incumbent Mike Entze.

18. Recess and Reconvention

At 11:45 a.m., the board recessed for a joint meeting with the Resolutions Committee. At 1:30 p.m., the meeting reconvened, President Ireland continuing to preside and Secretary Pearson continuing to keep the minutes thereof.

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 Deb Haga, Daryl Hill, Ellen Holt, Paul Sukut, Shelly Wanek and Michelle Wiedrich. Also present were PRECorp director Paul Baker, Rushmore director Mike McQuiston and Tri-State director Marshall Collins.

20. Selection of Director to the Western Fuels Association Board of Directors

President Ireland noted that Director Ritthaler's retirement leaves a position open on the Western Fuels Association board of directors. After discussion, a secret ballot nomination vote was taken and Don Applegate and Paul Baker were nominated. An election ballot was then cast and Paul Baker was elected to the Western Fuels Association board of directors.

21. Voting Delegate and Alternate to South Dakota Rural Electric Association Annual Meeting; Election of Director to the SDREA Board of Directors

President Ireland reported that a voting delegate and alternate to the SDREA annual meeting should be selected. After discussion, the board named Kermit Pearson and Mike McQuiston, respectively, to serve as voting delegate and alternate for the South Dakota Rural Electric Cooperative annual meeting.

President Ireland noted that Basin Electric needed to select a director to serve on the SDREA board. After discussion, it was moved by Director Drost, seconded by Director Applegate and carried that Director Pearson serve as Basin Electric's director and Director McQuiston serve as the alternate on the SDREA board of directors. Motion carried.

22. Voting Delegate and Alternate to the North Dakota Association of Rural Electric Cooperatives Annual Meeting; Election of Director to NDAREC Board

President Ireland reported that the North Dakota Association of Rural Electric Cooperatives (NDAREC) annual meeting is scheduled for January 7-9, 2014 at the

Ramkota Hotel in Bismarck, North Dakota, and that a voting delegate and alternate should be named. After discussion, it was moved by Director Drost, seconded by Director Peltier and carried that Directors Fuher and Thiessen serve as voting delegate and alternate, respectively.

Mr. Ireland noted that a director and alternate to serve on the NDAREC board from Basin Electric should also be selected. It was moved by Director Drost and seconded by Director Peltier that Directors Fuher and Thiessen serve as Basin Electric's director and alternate, respectively, on the NDAREC board of directors. Motion carried.

23. Voting Delegate and Alternate for Iowa Association of Electric Cooperatives Annual Meeting

President Ireland reported that the Iowa Association of Electric Cooperatives (IAEC) 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, it was moved by Director Pearson, seconded by Director Peltier and carried that Directors Gilbert and Applegate, respectively, serve as voting delegate and alternate to the IAEC annual meeting.

24. Directors' Reports.

Director Ritthaler reported that 6,000 of PRECorp's meters were out during the October storm and a three-phase distribution line had to be completely rebuilt. The cost of repairs was approximately \$1 million. He noted that Basin Electric SRS did a really good job dispatching during the storm.

Director Fuher reported that the paperwork has been finalized to make Capital Electric a full member of Central Power effective January 1, 2014.

Director Thiessen reported that the Upper Missouri board is holding its meeting at Basin Electric today. He expressed his appreciation for the hospitality and the tour of the trading floor later today.

Director Gilbert reported that a \$270 million scrubber project at the Neal 4 Station will be complete in a week or two. Corn Belt owns 11.62% of that unit.

Director Child thanked the board for the card, gift, comments and support for the last 28 years.

Director Drost expressed his appreciation to the three retiring directors.

Director Peltier also expressed his gratitude to the three retiring directors.

Director Ireland thanked the board for the cards and well wishes. He noted that it's been quite an experience.

On behalf of the board of directors, President Ireland presented a card to Daryl Hill, who is retiring after the annual meeting following 35 years of service.

25. Executive Session

At 2:10 p.m., it was moved by Director Drost, seconded by Director Gilbert and carried that the board retire into executive session to hear the results of the Mercer Study.

26. Date and Time of Next Board Meeting

Mr. Serri reported that the reorganizational meeting of the Board of Directors will take place immediately following the Basin Electric Annual Meeting of the Membership on November 7 and continue at 6:00 p.m. on Sunday, December 8, 2013 at Peacock Alley, Bismarck, North Dakota.

The next regularly scheduled meeting of the Board of Directors will take place December 9-10, 2012, at the Basin Electric headquarters building in Bismarck, North Dakota.

27. Adjournment

There being no further business to come before the meeting, President Ireland adjourned the meeting at 3:10 p.m.



Claire M. Olson
Assistant Secretary