

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

**Minutes of the Regular Meeting of the Board of Directors
November 3-4, 2014**

	<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
6. Western Fuels Report	2
7. Office of General Counsel Report, continued	2
A. Adoption of Anti-Corruption & Economic Sanctions Policies & Procedures	2
	R01.11-03-14
8. Operations Report	2
A. Distributed Generation Update	3
B. Cold-Weather Modifications on Distributed Generation	3
9. Recess and Reconvention	3
10. Roll Call	3
11. Marketing and Asset Management Report--Purchased Power & Non-Member Sales Report	4
12. Cooperative Planning Report	4
	R02.11-03-14
13. Engineering & Construction Report	5
A. Funding Chart	5
B. 345 kV Projects Update	5
C. Contract Award for Judson Substation Construction	5
	R03.11-03-14
D. Contract Award for LOS SNCR Design & Equipment Supply	6
	R04.11-03-14
E. Award of Contract to Install LRS Mercury Control Equipment	7
	R05.11-03-14
F. LRS Boiler Carbon Monoxide Measurement System Capital Project Request	7
	R06.11-03-14

	G. LRS Circulating Water Pumphouse Electrical Upgrade	R07.11-03-14	7
	H. Infinity/Antelope Hills Wind Interconnection at AVS Substation	R08.11-03-14	8
14.	Transmission Report		8
	A. Interconnection and Common Use Agreements	R09.11-03-14	9
	B. Dickinson Junction 115 kV Lease	R10.11-03-14	9
15.	Communications & Administration Report		10
16.	Executive Session		10
17.	Recess and Reconvention		10
18.	Roll Call		10
19.	Financial Services Report		11
	A. Goldman Sachs Comments		11
	B. Draft 2015 Operating & Capital Budget		11
20.	Mid-West Electric Consumers Association Delegate & Alternate to 2014 Annual Meeting		11
21.	2015 North Dakota Statewide Director & Alternate Director		12
22.	Date and Place of Next Board Meeting		12
23.	Adjournment		12

**Basin Electric Power Cooperative
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**Minutes of the Regular Meeting of the Board of Directors
November 3-4, 2014**

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, beginning on Monday, November 3, 2014 at 10:55 a.m. CST.

1. Call to Order

The meeting was called to order by President Wayne Peltier, who presided, and Secretary-Treasurer Gary C. Drost kept the minutes thereof.

2. Roll Call

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

Donald E. Applegate	Paul Baker
Leo Brekel	Gary C. Drost
Arden Fuher	Charles H. Gilbert
Mike McQuiston	Kermit Pearson
Wayne Peltier	Roberta Rohrer
Allen Thiessen	

Said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Paul M. Sukut, Assistant Secretary Claire M. Olson and Basin Electric staff members Robert J. Bartosh, Tracie Bettenhausen, Tammy DeWitt, Matt Greek, Ellen Holt, John Jacobs, Steve Johnson, Rod Kuhn, Anine Lambert, Deborah Levchak, Sharon Lipetzky, Gavin McCollam, Deb Olafson, Dave Raatz, Mike Risan, Ken Rutter, Bill Stafford, Kevin Tschosik, Valerie Weigel and Michelle Wiedrich.

Also present were Dakota Gasification Company (DGC) director Tom Owens, DGC staff members Mark D. Foss and David J. Sauer, former Basin Electric director Wayne L. Child and East River Electric Power Cooperative (East River) director Verdon Lamb.

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 Baker, seconded by Director Fuher and carried that the agenda be approved as presented.

4. Approval of the Minutes

The minutes of the October 12-14, 2014 Regular Meeting of the Board of Directors were presented and after an opportunity for corrections, it was moved by Director Rohrer, seconded by Director Brekel and carried that the minutes be approved as presented.

5. General Manager's Report

General Manager Sukut reported on the meeting of the Manager's Advisory Committee (MAC) held this past month.

6. Western Fuels Association Update

Director Baker reported that Western Fuels Association CEO Duane Richards announced his retirement will be in June of 2015.

7. Office of General Counsel Report

Claire Olson, Senior Vice President and General Counsel, reviewed the status of litigation affecting the Cooperative.

He then reviewed the status of the Wyoming Regional Haze (also known as Laramie River Station (LRS) BART), EPA Section 111(d) and EPA Section 114(a) matters.

A. Adoption of Anti-Corruption and Economic Sanctions Policies and Procedures

Mark D. Foss, Legal Counsel, reported that the board took action last month to approve a \$600 million revolving letter of credit with U.S. Bank as the lead bank. During the last mark-up of the documents, a section appeared where Basin Electric represents that it has anti-corruption and economic sanctions policies and procedures that apply to the board of directors and staff. While the Cooperative has some of these policies and procedures in place, there was no policy regarding economic sanctions. Mr. Foss then presented and reviewed a proposed policy and recommended that it be approved.

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

R01.11-03-14 BE IT RESOLVED, that the Anti-Corruption and Economic Sanctions Policies and Procedures document presented to this meeting of the Board of Directors is hereby approved.

8. Operations Report

John Jacobs, Vice President of Operations, reviewed the Cooperative's safety performance,

He reported that generation came in at 13.9% below the October forecast and 82.2%% of the annual forecasted generation.

Antelope Valley Station (AVS) Unit #1 was 101.82% of the October forecast and 97.98% of the annual forecasted generation.

AVS Unit #2 generation was 102.8% of the October forecast and 98.71% of the annual forecasted generation. The unit was available all month.

Dry Fork Station (DFS) generation was 108.95% of the October forecast and 109.2% of the annual forecasted generation. The unit was available the whole month.

Laramie River Station (LRS) Unit #1 generation was 109.2% of the October forecast and 90.2% of the annual forecasted generation.

LRS Unit #2 continues its major outage. The rotors are expected to arrive on site between November 5 and 7.

LRS #3 generation was 90.2% of the October forecast and 54.2% of the annual forecasted generation.

Leland Olds Station (LOS) #1 continues its major outage and is scheduled to be online on November 14. The rotor for this unit is in Chicago for repair and is scheduled to return to the site on November 7.

LOS #2 generation was 7.66% under budget for October. There were outages for water wall leaks in two different boiler areas.

Mr. Jacobs then presented photographs of the damaged dovetail ring from the LRS LP rotor, cracks and corrosion found using dye penetrant inspection and the tube leak at LOS.

The LRS coal stockpile is sufficient for 32 days of operation at full load. The LOS stockpile is sufficient for 53 days of operation at full load. Grayrocks Reservoir is 102.8% full.

A. Distributed Generation Update

Kevin Tschosik, Distributed Generation Manager, reported that Groton Generating Station (GGS) Unit #1 did not run for generation during the month and took an outage to replace the turbine buster and booster. Unit #2 also did not run and started an outage yesterday to replace the turbine buster and booster.

Culbertson Generating Station (CGS) ran for load demand. The Spirit Mound Units did not run during the month. Deer Creek Station (DCS) generated 15,715 MWh. Lonesome Creek Station (LCS) Unit #1 took a five-day outage to make tie-ins to Units #2 and #3. The Hartzog turbine has been in Texas for repair and will be shipped back next week.

During October, the Pioneer Generating Station (PGS) ran in synchronous condensing mode 135 hours and CS for 130.35 hours. Wyoming Distributed Generation had 15 west-side reserve calls. WDG generated 36 MW. Spirit Mound Station did not run in October.

Activities at PWND and PWSD included blade inspections and repairs.

B. Cold-Weather Modifications on Distributed Generation

Mr. Tschosik then discussed and presented photographs of the modifications made at DCS, PGS, LCS, GGS and CGS to improve operation in cold weather.

9. Recess and Reconvention

The meeting recessed at 12:15 p.m. CST and reconvened at 1:00 p.m. CST with President Peltier continuing to preside and Secretary Gary C. Drost continuing to keep the minutes.

10. Roll Call

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

Don Applegate
Leo Brekel
Arden Fuher
Mike McQuiston
Wayne Peltier
Allen Thiessen

Paul Baker
Gary C. Drost
Charles H. Gilbert
Kermit Pearson
Roberta Rohrer

Said persons being all of the directors of the Cooperative. Also present were CEO and General Manager Paul M. Sukut and Assistant Secretary Claire M. Olson and staff members Tracie Bettenhausen, Tanner Broderick, Tammy DeWitt, Mike Eggl, Pius Fischer, Matt Greek, Ellen Holt, John Jacobs, Steve Johnson, Becky Kern, Janet Kubisiak, Chad Kuntz, Sharon Lipetzky, Jim Lund, Gavin McCollam, Steve Mundahl, Deb Olafson, Dave Raatz, Mike Risan, Ken Rutter, Alyssa Binstock, Susan Sorenson, Steve Tomac, Boyd Trester, Amanda Wangler, Valerie Weigel, Michelle Wiedrich and Lyle Witham.

Also present were DGC directors James Geringer and Thomas Owens, DGC Vice President David J. Sauer, former Basin Electric director Wayne L. Child and East River director Verdon Lamb.

11. Marketing & Asset Management Report--Purchased Power & Non-Member Sales Report

Ken Rutter, Vice President-Marketing and Asset Management, reviewed the January 2015 and April 2015 power price history at the MISO Indiana Hub and the 2015 futures price history at the NYMEX Henry Hub. He discussed the warm October weather, loads, SPP LRS pricing challenges, Western Area Power Administration (WAPA or **Western**) hydro and the emphasis on the DC Tie utilization. He also discussed preliminary October natural gas generation, the year-to-date (YTD) number of hours the DCS ran, forward activity, Basin Electric and DGC price targets, the proposed DGC stop-loss strategy and the RTO impacts for marketing.

12. Cooperative Planning Report

MAC Rate Discussion Update. Dave Raatz, Vice President of Cooperative Planning, reported that the MAC approved the following rate concepts at its October meeting: (1) to maintain the existing heating rate structure; (2) that the existing demand/energy split is still appropriate; (3) that member rate disparity is important; (4) to support elimination of resource adders for all-requirement members; (5) to support development of a renewable energy delivery rate; (6) to consider development of a Basin Electric large load, load management rate, after integration into SPP; and (7) that a time-of-use rate not be required with the existing rate structure, but this will be re-evaluated after integration into SPP. These rate concepts will be considered in the development of the 2016 rates.

Great River Energy (GRE)-Fixing Member Option Selection. He reported that Crow Wing, Agralite, Meeker, Redwood and South Central have selected Basin Electric's Expanded Option 3. Wright-Hennepin, Minnesota Valley Electric Cooperative and Federated have entered into one-year arrangements with GRE.

The recommended provisions of Option 3 are that: (1) all future GRE resource retirement amounts will come to Basin Electric; (2) Class A rate (no adder) on GRE resource retirement increased obligations through 2050; (3) exception to the increased power supply obligation include early GRE contract termination and

expiration of the GRE wholesale power contract in 2045; and (4) maintain the pricing provisions of the existing agreements. Based upon discussion with the MAC concerning elimination of Resource Adders for All-Requirement Members, staff recommends that item 4 be changed to "to eliminate resource adders on existing agreements". Contract amendments will be drafted with the GRE fixing members and presented to the Board at the December meeting.

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

R02.11-03-14 BE IT RESOLVED, that: (1) all future GRE resource retirement amounts will come to Basin Electric; (2) at the Class A rate (no adder) on GRE resource retirement increased obligations through 2050; (3) with the exception of early GRE contract termination and expiration of the GRE wholesale power contract in 2014; and (4) to eliminate resource adders on existing agreements effective January 1, 2016.

13. Engineering & Construction Report

A. Funding Chart

Matt Greek, Senior Vice President-Engineering and Construction, reported that contracts totaling \$24.8 million would be presented for approval this month. He then presented the listing of major projects including the approved budget amount, total committed and completion dates.

B. 345 kV Projects Update

Amanda Wangler, Project Manager, provided updates on permitting, construction and the budget for the AVS-to-Neset 345 kV transmission line. The U.S. Forest Service Special Use Permit was issued October 24, 2014. With respect to the Killdeer Mountain Battlefield Study Area, Basin Electric issued a notice to proceed to the contractor on October 27, 2014. She then presented photographs of construction of the transmission line.

Two permits are still pending: Western's Record of Decision for the interconnection at Western's Substation at Judson; and the U.S. Army Corps of Engineers OutGrant Permit, which we expect to receive shortly. Eleven structures are completed at this time.

Ms. Wangler also provided updates on the AVS, Charlie Creek and Judson Substations. The overall transmission line budget is \$347,202,987.97. She noted that the budget amount for the estimated cost of scope changes is \$9 million. The AVS-to-Judson segment is scheduled for completion in 2015 and the Judson-to-Neset segment in 2017. The substations at AVS, Judson and Charlie Creek Additions are scheduled for completion in 2015 and the Neset and Tande Substations in 2017.

C. Contract Award for Judson Substation Construction

Chad Kuntz, Senior Electrical Engineer, reviewed the evaluated bids for construction of the Judson Substation, including foundations, steel erection, control cable installation and termination, equipment installation and final surfacing in the amount of \$6,529,662 and recommended the contract be awarded to Great Southwestern Construction.

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

R03.11-03-14 BE IT RESOLVED, that Contract #677391 to construct the Judson Substation, including foundations, steel erection, control cable installation and termination, equipment installation and final surfacing in the amount of \$6,529,662 be awarded to Great Southwestern Construction; and

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

D. Contract Award for LOS SNCR Design and Equipment Supply

Jim Lund, Senior Project Manager, reviewed the background of this project, noting that LOS must be in compliance with the North Dakota Regional Haze State Implementation Plan by April of 2017. Due to combustion modeling, industry experience and the cost/benefit ratio, Selective Non-Catalytic Reduction (SNCR) technology was selected. This board approved this project in July of 2016. The SNCR equipment includes a wet urea storage tank, a dry urea silo, urea solutionizing and mixing, process pumps and piping, an injection nozzle design and start-up and training. The scope of this contract includes design and supply of the SNCR process equipment in the amount of \$5.81 million.

He reviewed the bids received and recommended the contract be awarded to FERCO/Power Industrial for \$3.68 million. After discussion, it was moved by Director Gilbert, seconded by Director Brekel and carried that the following Resolution be adopted:

R04.11-03-14 RESOLVED, that Contract #677472 to design and supply the LOS SNCR Equipment in the amount of up to \$4.0 million be awarded based on final clarifications; and

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

E. Award of Contract to Install LRS Mercury Control Equipment

Tanner Broderick, Mechanical Engineer, reported that the Board approved a \$9.9 million budget for the LRS Mercury Control Equipment in February of 2014. Equipment design is 90% complete and delivery is scheduled for January of 2015. In order to ensure installation and commissioning to meet MATS compliance by April of 2015, the installation contract must be awarded this month. He reviewed the bid evaluations and recommended the contract be awarded to AZCO for \$3.2 million.

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

R05.11-03-14 WHEREAS, the Project Team has received, reviewed, clarified and evaluated responses to the Mercury Control Equipment Installation proposals to complete the project for all three units at LRS;

WHEREAS, the successful bidder was selected by the team based on technical acceptability, low evaluated price, ability to meet schedule milestones and acceptable commercial terms and conditions of sale;

BE IT RESOLVED, that Contract #677529 to install the LRS Mercury Control Equipment at the Laramie River Station be awarded to AZCO in the amount of \$3.2 million; and

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

F. LRS Boiler Carbon Monoxide Measurement System Capital Project Request

Steve Mundahl, Instrument & Controls Engineering Supervisor, noted that boiler measurement optimization software is currently installed on all three LRS units. The two existing combustion optimization measurement devices per boiler are unreliable, maintenance intensive and do not provide sufficient data for the optimization software. An improved measurement system is necessary to achieve optimization. He reviewed the ZoloBoss Measurement System which is laser-based, measures CO, O₂, H₂O and temperature and provides a cross-sectional view of boiler performance identifying hotspots, areas of incomplete combustion and excess air.

The MBPP Management Committee approved this as a 2015 project for \$4.9 million. This is a Class 3 estimate. Approval for this unbudgeted 2014 project is being sought at this time due to long material lead times and the LRS outage schedule. He recommended authorization for the 2014 unbudgeted Capital Project Request at a cost of \$4,945,575.

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

R06.11-03-14 RESOLVED, that the Unbudgeted Capital Project (LRS Boiler CO Measurement) be approved in the amount of \$4,945,575; and

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

G. LRS Circulating Water Pumphouse Electrical Upgrade (All Units)

Boyd Trester, Electrical Engineering Supervisor, reported that the electrical equipment at all three of the LRS cooling towers has reached the end of its useful life and requires replacement to ensure safe, reliable and maintainable operations. In March of 2014, the board approved a project to replace all of the existing motor control centers, 480-volt switchgear, transformers, cable and wiring devices associated with the cooling towers. The Unit #1 construction contract includes demolition of the old equipment, installation of new 6900-volt cables between the circulating water pumps and the Unit #1 6900-volt switchgear; refurbishing existing electrical systems in the cooling towers such as lighting, receptacles and junction boxes; installation of new heat trace and associated control panels in the existing cooling towers.

He reported that only two of the six vendors invited submitted bids. He reviewed the evaluated bids and recommended the contract be awarded to Berwick Electric for \$3,396,652.

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

R07.11-03-14 BE IT RESOLVED, that Contract #678076 for the construction of the LRS Unit #1 Circulating Water Pump-house Electrical Upgrade be awarded to Berwick Electric in an amount not to exceed \$3.4 million; and

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

H. Infinity/Antelope Hills Wind Interconnection at AVS Substation

Mr. Trester reported that the power purchase contract with Infinity Wind for its Antelope Hills Wind Project requires an interconnection of the 172.5 MW wind farm at the AVS 345 kV switchyard. WAPA assigned this project Generation Interconnection Request GI-1007 and Basin Electric completed the Interconnection Facilities Study Report for a 345 kV Line Terminal Addition at the AVS 345 kV Switchyard. This terminal addition requires a 345 kV breaker, bus modifications, takeoff/dead-end structures, metering transformers, disconnect switches and a relay panel. He showed a diagram of where the interconnection would be located in the switchyard and noted that the project cost estimate is \$3.0 million. Basin Electric will construct and own the line terminal addition. Costs for the project will be invoiced to Antelope Hills Wind Project. He recommended the project be approved.

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

R08.11-03-14 RESOLVED, that the construction of the AVS 345 kV Line Terminal Addition for Infinity Wind's Antelope Hills Wind Interconnection, as presented, with an estimated cost of \$3.0 million be approved; and

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

14. Transmission Report

Mike Risan, Senior Vice President-Transmission, reported on the following activities:

SPP. He reviewed the activities underway regarding the integration into SPP. He noted that the FERC is reviewing the changes filled by SPP to their Governing Documents to allow the IS parties' membership in SPP and a decision is expected soon. He noted that a number of parties had intervened in this proceeding.

A number of the members attending the MAC meeting in Sioux Falls, expressed interest in including some of their facilities in SPP. A meeting of SPP and our members is being scheduled.

The Integrated System parties and MDU will meet on November 6 to follow up on

their concerns and facility credits. Basin Electric agrees with the concept of facility credits.

SPP and MISO have scheduled a meeting to discuss the seams dispute.

The North West Public Power Association has invited Basin Electric to explain the process it followed leading to its decision to join SPP. Mr. Risan will attend for Mr. Sukut.

Williston Load Pocket. Mr. Risan presented a chart showing the anticipated load in this area. Since preparing this report, the Williston Load Pocket peaked at 660 MW—about 60 MW higher than last year at this time. He noted that Basin Electric has a considerable margin to serve the Williston Load Pocket, assuming that generation runs and the transmission system is intact. He presented a photograph and reviewed construction activities at the Logan Substation near Minot, ND.

Transmission System Maintenance is taking advantage of this outage to install a storm structure (a stronger structure to arrest a potential domino effect in the event of an ice storm) to beef up the transmission line.

NERC Compliance. He reported on the discussion at the Sioux Falls MAC meeting regarding the new NERC compliance program. Basin Electric believes it will be less risky for our members to also register as part of the NERC compliance program.

A. Interconnection and Common Use Agreements

Tom Christensen, Manager of Transmission Rates, reported that the Interconnection and Common Use Agreements provide for sharing based on investments and loads. The original agreement was executed in 1972 and covers investments made in western North Dakota, eastern Montana and northwestern South Dakota. There are 25 active supplements. Loads and investments are revised periodically. The last updates were effective January 1, 2014. He presented the revised supplements and exhibits, including the termination of existing Supplement 23 and recommended they be approved.

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

R09.11-03-14 BE IT RESOLVED, that the revised Interconnection and Common Use Agreement supplements and exhibits, including termination of Supplement #23, are hereby approved; and

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

B. Dickinson Junction 115 kV Lease

Mr. Christensen noted that Basin Electric has a lease with Upper Missouri G&T for the 115 kV Dickinson Junction. He recommended that this lease be terminated effective January 1, 2015. Upper Missouri will recover its costs through the Interconnection and Common Use Agreement.

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

R10.11-03-14 BE IT RESOLVED, that the CEO and General

Manager, or his designee, be authorized to execute the documents required to terminate the Dickinson Junction 115 kV lease between Upper Missouri and Basin Electric.

15. Communications & Administration Report

Mike Eggl, Senior Vice President-Communications & Administration, reported that the focus in government relations last month was primarily advancing the issues surrounding the Section 111(d) rule and the energy states coalition. This included calls with FERC and NERC encouraging a stronger focus on reliability issues.

He then reviewed annual meeting activities, noting that the Tuesday evening social has been moved to the North Dakota Heritage Center's newly opened Governor's Gallery. The Basin Electric board donated \$250,000 in cash and \$250,000 of in-kind services to the expansion of the Heritage Center. Minnkota, Great River Energy, NISC and Basin Electric collaborated on a traveling display on the history, present and future of cooperatives. Eight hundred fifty people have registered for the social and it is hoped that this display kicks off discussions on cooperative philosophy. He would like some dialogue from the board of directors on how to engrain the cooperative philosophy.

Information Services & Technology (IS&T). IS&T has moved the audio bridge software to WebEx. Info-Tech Security is conducting a security audit of both internal and external perspectives. A summary of their findings will be presented next month.

Proposed Section 111(d) Legislation. The working group's product has been condensed into a one-page document with nine talking points that we will continue to promote, but will also ask the members to engage.

16. Executive Session

At 3:55 p.m., the directors retired into executive session to discuss the BNSF case.

At 5:00 p.m., the directors arose from executive session.

17. Recess and Reconvention

The meeting recessed at 5:00 p.m. CST and was reconvened on November 4, 2014 at 8:00 a.m. CST with President Peltier continuing to preside and Secretary Drost continuing to keep the minutes thereof.

18. Roll Call

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

Don Applegate	Paul Baker
Leo Brekel	Gary C. Drost
Arden Fuher	Charles H. Gilbert
Mike McQuiston	Kermit Pearson
Wayne Peltier	Roberta Rohrer
Allen Thiessen	

Said persons being all of the directors of the Cooperative. Also present were CEO and General Manager Paul M. Sukut and Assistant Secretary Claire M. Olson and staff members Robert J. Bartosh, Andrew Buntrock, Shawn Deisz, Mike Eggl, Matt Greek, Ellen Holt, John Jacobs, Steve Johnson, Becky Kern, Sharon Lipetzky, Deb Olafson, Dave Raatz, Mike Risan, Ken Rutter, Susan Sorensen, Steve Tomac,

Valerie Weigel and Michelle Wiedrich.

Also present were former Basin Electric director Wayne L. Child, DGC Vice President David J. Sauer, DGC staff member Mark D. Foss, Goldman Sachs representatives Mark Glotfelty and Dan Burn, East River director Verdon Lamb, Rushmore manager Vic Simmons, Central Power Electric Cooperative manager Tom Meland and members of the 2014 Resolutions Committee.

19. Financial Services Report

Senior Vice President and CFO Steve Johnson reported that Basin Electric's revolving credit facility received \$625 million in commitments from 10 different banks. This revolving credit facility backstops Basin Electric's commercial paper program. The commitments will be ratcheted back to \$500 million. This will be a three-year extension that should be done in the next few weeks.

Consideration of RUS Buy-out. Mr. Johnson noted this was first addressed in July and came from rules proposed by The Rural Utilities Service (RUS) themselves. The local RUS field representative said he's known about these proposed NEPA rules since either the end of 2008 or early in 2009. Last month, it was suggested that Goldman Sachs make a presentation to the full board of directors to review the discussions held with Goldman prior to the meetings with rating agencies last month. Basin Electric currently has \$1.4 billion of RUS debt outstanding, which is 34.5% of our total debt portfolio.

A Goldman Sachs Comments

Mr. Johnson introduced Goldman Sachs representatives Mark Glotfelty and Dan Burn. Mr. Glotfelty then discussed Basin Electric's strategic overview and RUS buy-out considerations. He then provided an overview of Tri-State's RUS buy-out financing. He noted that Basin Electric is well positioned to implement an RUS buyout strategy similar to Tri-State's.

B. Draft 2015 Operating and Capital Budgets

Andrew Buntrock, Manager of Financial Planning & Forecasting, reviewed the 2015 Operating Budget, noting the changes between the financial forecast and the budget. He reviewed the projected 2015 margin, cost of service, annual revenue requirements and financial metrics. Mr. Buntrock then reviewed the 2015 capital budget.

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

20. Mid-West Electric Consumers Association Delegate and Alternate for 2014 Annual Meeting

Mr. Peltier noted that the Mid-West Electric Consumers Association (MECA) annual meeting is scheduled for December 8-11, 2014, in Denver, Colorado, and that a delegate and alternate should be named. Last year, Director Thiessen was the delegate and Director Drost was the alternate. After discussion, it was moved by Director Baker, seconded by Director Gilbert and carried that Director Thiessen serve as delegate and Director Drost will serve as alternate to the MECA 2014 annual meeting.

21. 2015 North Dakota Statewide Director and Alternate Director

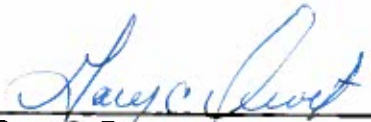
Mr. Peltier noted that a director and alternate director are needed to attend the 2015 North Dakota Statewide meetings. Currently Director Fuher is the delegate and Director Thiessen is the alternate. After discussion, it was moved by Director Drost, seconded by Director Pearson and carried that Director Fuher will serve as director and Director Thiessen will serve as alternate to the North Dakota Statewide Board of Directors for 2015.

22. Date and Time of Next Board Meeting

The next regularly scheduled meeting of the Board of Directors will take place December 7-9, 2014, at the headquarters building in Bismarck, North Dakota.

23. Adjournment

At 10:55 a.m., it was moved by Director Applegate and seconded by Director Rohrer that the meeting be adjourned. The motion carried.



Gary C. Drost
Secretary-Treasurer