

**BASIN ELECTRIC POWER COOPERATIVE
BISMARCK, NORTH DAKOTA
MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
March 15-16, 2022**

		<u>Page</u>
1.	Call to Order	1
2.	Roll Call	1
3.	Approval of the Agenda	1
4.	Approval of the Minutes	2
5.	Recess and Reconvention	2
6.	Board Committee Reports	2
7.	Amendment to DGC Revolving Credit Agreement	R01.03-15-2022 3
8.	General Manager's Report	3
9.	Recess and Reconvention	3
10.	Acceptance of the 2021 Audited Financial Statements	R02.03-15-2022 3
11.	Recess and Reconvention	3
12.	General Manager's Report (cont.)	3
	A. Western Fuels Update	3
13.	Office of General Counsel Report	4
	A. Legal Report	4
	B. Ratification of Business Practices Committee Members	R03.03-15-2022 5
	C. Government Relations Report	5
14.	Risk Management Report	6
15.	Resource Planning & Rates Report	7
	A. 2021 REC Allocation	7
	B. Western Rate Process	7
	C. Wild Springs Amendment	R04.03-15-2022 7

16.	Asset Management & Commodity Strategy Report		7
17.	Member Services & Administration		8
18.	Human Resources Report		9
19.	Recess and Reconvention		9
20.	Western States Power Corporation		9
21.	Operations Report		10
	A. Generation Report		10
22.	Distributed Generation Report		10
23.	Transmission, Engineering & Construction		11
	A. West Side Activities		11
	B. Transmission		11
	C. Transmission System Maintenance		12
	D. Engineering & Construction		12
24.	Financial Services		12
	A. Economic Update		12
	B. CoBank Patronage		12
	C. Patronage Allocation	R05.03-15-2022	13
	D. Accounting Report		13
25.	Directors' Reports		13
26.	Executive Session		14
27.	Date and Place of Next Meeting		14
28.	Adjournment		14

**Basin Electric Power Cooperative
Bismarck, North Dakota
Minutes of the Regular Meeting of the Board of Directors
March 15-16, 2022**

The regular meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at the headquarters building at 1717 East Interstate Avenue Bismarck, ND 58503 beginning at 7:59 a.m. CDT on Tuesday, March 15, 2022.

1. Call to Order.

The meeting was called to order by Chairman Wayne Peltier, who presided, and Secretary/Treasurer Paul Baker kept the minutes thereof.

2. Roll Call.

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

Paul Baker	Kermit Pearson
Jerry Beck	Wayne Peltier
Leo Brekel	Troy Presser
Daniel Gliko, Jr.	Allen Thiessen
Mike McQuiston	Thomas Wagner
David Meschke	

Said persons being all of the Directors of the Cooperative. Also present in person were CEO & General Manager Todd E. Telesz, former CEO & General Manager Paul M. Sukut, Assistant Secretary Mark D. Foss, Basin Electric staff members Tracie Bettenhausen, Tammy DeWitt, Joe Fiedler, Pius Fischer, Paige Fleck, Dan Gallagher, Tyler Hamman, Nathan Helbling, Deb Honeyman, Zach Jacobson, Darla Jensen, Derek Johnson, Scott Johnson, Steve Johnson, Kerry Kaseman, Becky Kern, Jon Klein, Marie Klein, Matthew Kolling, Gavin McCollam, Sally Meier, Faye Miller, Kimberly Miller, Mike Murray, Dave Raatz, Jean Schafer, Tyler Schilke, Kalli Senske, Susan Sorenson, Troy Tweeten, Katrina Wald, Sheila Wald, Shelly Wanek, Valerie Weigel, Melinda Wenninger, Roxanne Woeste, and Tiffany Zabloutney, Dakota Gasification Company (**DGC**) Vice President Dale Johnson, and DGC staff members Brian Dillman and Trinity Turnbow. Also present was Corn Belt Power Cooperative (**Corn Belt**) director Laverne Arndt, East River Electric Power Cooperative, Inc. (**East River**) director Doug Diekmann, and Deloitte & Touche LLP (**Deloitte**) partners Judy Dockendorf and Adam Krasnoff.

3. Approval of the Agenda.

The Directors considered the agenda for the conduct of the meeting. Chairman Peltier noted that following the Board committee meetings reports, the meeting would be recessed for the Audit Committee meeting. He said that Mike Ferguson of Western States Power Corporation (**Western States**) would speak to the Board starting at 8:00 a.m. on Wednesday, March 16, 2022, and that there would be an executive session at the end of the meeting.

4. **Approval of the Minutes.**

The minutes of the Regular Meeting of the Board of Directors held on February 15-16, 2022, were presented. After an opportunity for corrections, there was a motion that was seconded and carried to approve the minutes as presented.

5. **Recess and Reconvention.**

At 8:02 a.m. CDT, Chairman Peltier recessed the meeting for the Board committee meetings. The meeting was called back to order at 9:13 a.m. CDT with Chairman Peltier continuing to preside and Secretary/Treasurer Baker continuing to keep the minutes thereof.

6. **Board Committee Reports.**

Director Thiessen started with the Finance Committee report. He said that the Deloitte representatives, Judy Dockendorf and Adam Drasnoff, went over the audit report. He said that Scott Johnson reviewed the Deloitte tax consulting agreement and the committee voted to recommend approval of the tax consulting agreement by the full Board of Directors. The committee reviewed the liquidity limit calculation noting that the Cooperative survived the liquidity challenge of what is now referred to as 2021's Storm Uri. Whitney Fischer walked the committee through the methodology used to calculate the Cooperative's hurdle rate and Susan Sorensen spoke to the Committee on the work on the Cooperative's planned \$300 million bond offering scheduled to close on May 1, 2022. Given the war in the Ukraine, the markets have been very volatile. He said there would be a full report on the financing next month.

Director Meschke reported on the Marketing Committee meeting. Becky Kern updated the committee on the status of the various solar projects that Basin Electric has committed to and how the accreditation of solar changes as the amount of solar in the market increases. She then talked about the Wild Springs Solar Project (**Wild Springs**) near Rapid City, South Dakota. That project has experienced significant delays, in part due to the prolonged Generator Interconnect (**GI**) process at the Southwest Power Pool (**SPP**). Wild Springs has requested amending its purchase power agreement to both extend the commercial in-service date and to increase the pricing. Ms. Kern compared this proposed pricing to the existing pricing and compared it to the solar bids Basin Electric received in response to the recent request for proposals (**RFP**). He reported the committee voted to recommend the Wild Springs amendment to the full Board of Directors. He said that Val Weigel and Alycia Kramer reported on the annual congestion rights auction process pointing out the different processes used in SPP and the Midwest Independent System Operator (**MISO**).

Director Baker gave the operations report. He said Brian Dillman gave a presentation on DGC's three carbon dioxide (**CO₂**) compressors. Joe Fiedler provided an update on the intermediate pressure turbine (**IPT**) Basin Electric has ordered for Groton Generating Station (**GGs**) Unit No. 2. The IPT is expected to be delivered to GGS by the end of April and he said we expect GGS Unit No. 2 to be back in service by the week of May 9, 2022. He said that Troy Tweeten updated the committee on Dry Fork Station (**DFS**) contract negotiations with the International Brotherhood of Electrical Workers (**IBEW**) No. 415.

7. Amendment to DGC Revolving Credit Agreement.

Senior Staff Counsel Matt Kolling presented to the Board a proposed amendment to the revolving credit agreement that DGC has with the Cooperative. He pointed out that unlike the other revolving credit agreements that Basin Electric has with its other subsidiaries, the DGC revolving debt to Basin Electric is payable on demand. He said staff is recommending that this revolving credit facility be conformed to the others and the amendment would accomplish this by establishing a maturity date of June 1, 2024.

There was a motion that was seconded and carried to adopt the following resolution:

R01.03-15-2022 **RESOLVED**, that the CEO & General Manager, or his designee, is authorized, for and on behalf of the Cooperative, to execute and deliver the Twentieth Amendment to Credit Agreement, dated December 16, 1998, between the Cooperative (as Lender) and Dakota Gasification Company (as Borrower), providing for an amendment to the Revolving Credit Loan Maturity Date to June 1, 2024.

8. General Manager's Report.

General Manager Telesz said he had nothing to report above and beyond his weekly written report to the Directors.

9. Recess and Reconvention.

At 9:23 a.m. CDT Chairman Peltier recessed the meeting for the Board Audit Committee meeting. The meeting was called back to order at 10:24 a.m. with Chairman Peltier continuing to preside and Secretary/Treasurer Baker Continuing to keep the minutes thereof.

10. Acceptance of the 2021 Audited Financial Statements.

There was a motion that was seconded and carried to adopt the following resolution:

R02.03-15-2022 **RESOLVED**, that the Board of Directors of Basin Electric Power Cooperative accepts the Consolidated Financial Statements for the year ended December 31, 2021, together with the report of Deloitte Touche LLP.

11. Recess and Reconvention.

At 10:25 a.m. CDT, Chairman Peltier recessed the meeting. The meeting was called back to order at 1:34 p.m. CDT with Chairman Peltier continuing to preside and Secretary/Treasurer Baker continuing to keep the minutes thereof.

12. General Manager's Report (cont.).

A. Western Fuels Update.

Fuel and Transportation Superintendent Colleen Peterson started with a 2021 year in review for Western Fuels Association (**WFA**). For the year, WFA shipped 10.2 million metric tons (**MMT**) down from 10.3 MMT in 2020. Despite the overall reduction in tons, overall shipments from the Powder River Basin (**PRB**) increased 20.6%. She then reviewed the projected effect of actual, pending, announced, and planned coal plant

outages on PRB coal production out to the year 2050. She reported that WFA ended the year with a \$230,950 net margin. The 2021 budget called for a margin of zero. She reviewed the January 2022 balance sheet changes. She reviewed quarterly PRB market prices and noted the volatility in these prices. In terms of producers providing coal to WFA, Western Fuels Wyoming (**WFW**) provides WFA with 52% of its coal while Peabody Energy and Arch Coal provide 18% and 17%, respectively. She reviewed the high wind event at the Laramie River Station (**LRS**) where they experienced sustained winds exceeding 100 mph which blew seven empty coal cars off the tracks. Some of these cars have returned to service while the others are under repair.

Turning to WFW, the Dry Fork Mine (**DFM**) had gone 326 days without a lost time incident at the end of January and 686 days without a reportable injury. The mine is currently staffed with 56 full time employees compared to the 58 assumed in the budget. WFW is having trouble finding candidates for the maintenance technician and electrician positions it has open. In terms of the WFW year-end numbers, WFW's 2021 cost per ton of coal mined was \$11.823 compared to the \$12.608 that was budgeted. WFW had a margin for 2021 of \$471,098 compared to the \$473,955 budgeted. The 2021 WFW delivered cost to LRS and the DFS was \$10.778/ton and \$12.927/ton, respectively. She went over the January numbers and pointed out that WFW deliveries in January for both LRS and DFS were almost \$2.00/ton under budget. She showed the Board a picture of the rebuilt CAT 793C haul truck that was recently delivered to the DFM.

13. Office of General Counsel Report.

A. Legal Report.

General Counsel Mark Foss informed the Board that in the litigation with McKenzie Electric Cooperative, all of the parties have agreed to appoint former U.S. Magistrate Judge Karen Klein as a special master to handle discovery disputes. The date for the trial in this matter has now been pushed back to May 23 - June 30, 2023 and the discovery schedule has been adjusted accordingly.

Mr. Foss informed the Board that on February 28, 2022 the Sierra Club filed a letter with the Minnesota Public Utilities Commission (**MN PUC**) concerning the Optional-Integrated Resource Plan (**O-IRP**) filed by Basin Electric with the MN PUC in June of 2021 and asked the MN PUC to set an initial comment period claiming that it had just learned of the filing. In response, the MN PUC issued a Notice of Comment Period and defined the issue as: "What action should the Commission take on Basin Electric Power Cooperative's Optional Integrated Resource Plan?" Mr. Foss discussed the criteria that allows a power supplier to file an O-IRP as opposed to an Integrated Resource Plan under Minnesota law and the potential implications of the sale of the Coal Creek Station (**CCS**) by Great River Energy (**GRE**) on Basin Electric's continued ability to file an O-IRP.

Mr. Foss told the Board that in the Dakota Energy lawsuit Judge Piersol has ruled that he will hold the East River/Basin Electric motions to strike the Dakota Energy expert reports (referred to as a Daubert motion) in abeyance pending his ruling on the East River/Basin Electric summary judgment motions as he will be making his determination on the summary judgment motions solely on the basis of the terms of the wholesale power contracts (**WPC**). Judge Piersol subsequently requested that Dakota Energy file a supplemental brief to respond to the arguments raised by East River and Basin Electric

that even if the Uniform Commercial Code applies to the sale of electricity (and thus, the WPC) the extrinsic evidence submitted by Dakota Energy is inadmissible.

Mr. Foss then discussed the oral arguments before the United States Supreme Court on Section 111(d) of the Clean Air Act (CAA). As expected, the initial questions concerned whether the case is properly before the Court given that technically there is no current rule in place. However, it was the liberal justices that quickly pivoted away from this line of questioning to get into the substance of Section 111(d) and the scope of the Environmental Protection Agency's authority. The expectation is that the Court will issue a decision by the end of June. In addition, EPA clarified that it plans to issue proposed Section 111 regulations by the end of 2022 with the goal of having final regulations in place by the end of 2023.

B. Ratification of Business Practices Committee Members.

Mr. Foss informed the Board that the Business Practices Committee has five members with two of those, standing members, the Senior Vice President of Human Resources and the General Counsel. The other three members are appointed by the General Manager for two year terms. These terms are expiring. Mr. Telesz has nominated the current three at large members for another two year term, and his nomination requires ratification by the Board of Directors.

There was a motion that was seconded and carried to adopt the following resolution:

R03.03-15-2022 **RESOLVED**, that Pius Fischer, Jeremy Severson, and Trinity Turnbow, are each reappointed to a two-year term on the Business Practices Committee.

C. Government Relations Report.

Vice President Government Relations Tyler Hamman gave the government relations report. Looking forward, following President Biden's State of the Union address Senator Joe Manchin indicated that he could support "party-line" legislation that would cut prescription drug costs and repeal some of the 2017 tax cuts with any remaining revenue, split between deficit reduction and climate and social programs. In terms of any new Build Back Better legislation, a new bill would have to follow the current reconciliation instructions, it would need to go through parliamentary review and a Congressional Budget Office score, and would need to be first passed in the Senate and then 90 back to the House of Representatives. The earliest the Senate could take up such legislation would be the end of April/beginning of May. The headwinds would include the progressive caucus in the House, the continuing battle over fiscal year 2022 spending, and time (it is an election year).

Mr. Hamman mentioned the unexpected passing of Minnesota's U.S. Representative Jim Hagedorn on February 17, 2022. Governor Walz has issued a writ for a special election with the primary set for May 24, 2022 and the special election scheduled for August 9, 2022. The seat will then be open again in the November general election. Currently, 17 people have announced their interest in running for the seat.

He then discussed President Biden's nomination of the current D.C. Circuit Court of Appeals Judge Ketanji Brown Jackson to fill the seat currently held by Justice Breyer. It is anticipated the Senate will begin work on her nomination in April.

Mr. Hamman said that the Basin Electric Political Action Committee (**BEPAC**) will conduct its membership drive in April and will give away a choice of a pull over or a golf shirt for new or increasing contribution members. He described the benefits of a BEPAC membership as well as a list of BEPAC sponsored events.

Mr. Hamman provided an overview of President Biden's cryptocurrency executive order and gave a rundown of state activities. He said that both the South Dakota and Wyoming Legislatures have adjourned. Wyoming did adopt the bill pursuant to which the state would take title to sequestered CO₂, but modified the bill so that a state takeover could happen after twenty years (as opposed to North Dakota's 10 years). In Minnesota, MN PUC Commissioner Tuma's re-appointment is awaiting confirmation. In Iowa a bill was passed stating that it is the policy of the State of Iowa to support carbon capture and sequestration.

Mr. Hamman then reviewed the meet and greet trip he and General Manager Telesz took to Washington D.C. and the various Senators and Representatives from the Basin Electric service territory that they met with.

14. Risk Management Report.

Manager of Commodity Risk Kerry Kaseman gave the Commodity Risk Management Report. In terms of Basin Electric natural gas purchases, these are divided into Basin South (which includes natural gas purchases for the both the GGS and Deer Creek Station (**DCS**) and Basin North (which includes natural gas purchases for Lonesome Creek Station, the Pioneer Generating Station, and Culbertson Generating Station). He pointed out that the summer season consists of the months April through October, the winter season consists of the months November through March, and the profit and loss (**PnL**) report is broken out by season. For both Basin South and Basin North, the forward price risk includes the NYMEX price, the basis, plus the indexed physical.

Mr. Kaseman showed changes to the Basin Electric forward position for the both Basin South and Basin North. For Basin South, from January 31, 2022, burn expense saw a decrease of \$1.3 million to (\$11.6 million), the financial PnL decreased (\$0.9 million) to \$5 million. Combined, the Basin South (\$7.0) net expense as of January 31, 2022, decreased \$0.4 million leaving a net expense of (\$6.6 million) as of February 28, 2022, with (\$1.0 million) winter expense and (\$5.6 million) summer expense.

For Basin North, for January 31, 2022, the burn expense decreased \$2.1 million to (\$24.8 million), the physical purchase PnL increased \$1.5 million to \$3.6 million, and the financial PnL decreased (\$1.8 million) to \$11.7 million. Combined, the Basin North (\$11.3 million) net expense as of January 31, 2022, decreased \$1.8 million leaving a net expense as of February 28, 2022, of (\$9.5 million) with an (\$1.3 million) net expense for the winter season and a (\$8.2 million) for the summer season.

In terms of the Basin Electric/DGC consolidated forward PnL, in the decreasing price environment, the (\$4.3 million) decrease of DGC net revenue was partially offset by the \$2.2 million decrease to Basin Electric net expense resulting in a consolidated net revenue as of February 28, 2022, of \$67.2 million compared to a consolidated net revenue of \$69.3 million as of January 31, 2022.

15. Resource Planning & Rates Report.

A. 2021 REC Allocation.

Vice President Resource Planning & Rates Becky Kern told the Board that the 2021 Renewable Energy Credit (REC) allocation will be completed in accordance with Board Policy No. 1 following Board action approving the 2021 patronage allocation. She showed a graph illustrating the growth of the number of RECs produced annually over the past decade noting that the substantial percentage of the RECs are created by wind energy generation.

B. Western Rate Process.

Ms. Kern informed the Board that the Western Area Power Administration (**Western**) is in the process of resetting its rates for the next five year period. She said that Western's notice will appear in the Federal Register in April. It will, on average, be a four mill rate increase and approximately two-thirds to three fourths of the increase is a drought adder. She then reviewed the anticipated rate impact to each of the Class A members (except Tri-State Generation & Transmission Association, Inc. (**Tri-State**)).

C. Wild Springs Amendment.

Ms. Kern reviewed with the Board the agreements the Cooperative currently has to purchase energy from solar projects, the projects' locations, and their current status. She reported that Wild Springs has experienced serious delays in the GI process with SPP. Wild Springs has requested to amend the sales agreement to delay the commercial operation date from December 31, 2022 to May 1, 2024, extend the term five years, decrease the volume from 128MW to 114MW, and increase the price. She reviewed graphs showing projected loads along with capacity with the original commercial operation date, with the proposed delayed commercial operation date, and without the project. She reviewed the specific business terms of the proposed amendment, compared the amended price to the quotes received for solar projects in response to the RFP, and noted that none of the solar offers the Cooperative received in response to the RFP were located within the Basin Electric service territory. She also noted that no network upgrades would be required for the Wild Springs project and as a result, Basin Electric would not incur any network upgrade costs.

There was a motion that was seconded and carried to adopt the following resolution:

R04.03-15-2022 **RESOLVED**, that the CEO & General Manager, or his designee, is authorized to execute an amendment to or restatement of the Wild Springs Power Purchase Agreement on such final terms and condition he finds to be in the best interests of the Cooperative.

16. Asset Management & Commodity Strategy Report.

Vice President Asset Management & Commodity Strategy Valerie Weigel began by reporting on the SPP market. She said that the average monthly day ahead load zone price in SPP in February was \$29.69 compared to \$515.76 in February of 2021. The average Ventura Gas Daily Price in February 2022 was \$4.55 compared to \$32.73 in February 2022. By way of comparison, the average Ventura Gas Daily Price in February 2020 was \$1.73. The wind to load penetration in SPP in February 2022 was 43.2%

compared to 24.3 % January 2022. The Cooperative's open economic position in SPP in February was (12%) in the on-peak and (13.8%) in the off-peak.

Ms. Weigel then talked about the annual SPP congestion auction process. She said that the nomination caps have been set and the transmission entitlements have been set. During March there will be two rounds of allocations of long-term congestion rights. In April there will be three round of allocations of annual auction revenue rights with the annual transmission rights auction to follow in May. She said that with the significant renewable build out in SPP, Basin Electric congestion exposure is up significantly which makes this process all the more important.

Turning to natural gas, she showed that 2022 production is exceeding 2021 and said that we are seeing strong growth in production in the Permian Basin. Exxon Mobile is aiming for 25% growth in their Permian production. In the Bakken, Whiting Petroleum and Oasis Petroleum Inc. have announced their merger which will give the new company one of the largest acreage positions in the Bakken and provide better economies of scale. While shale drilling has recently been branded as an "aging asset", Bakken oil volumes are projected to inch up. Meanwhile, United States liquid natural gas (LNG) exporters report an uptick in commercial discussions concerning long-term LNG supply contracts. Europe first needs to build more regasification facilities to be able to import more LNG. She also noted that the war in the Ukraine and U.S. embargo of Russian oil have had a negligible impact on natural gas prices.

In MISO, the monthly average day ahead load zone price in February 2022 was \$38.09 compared to \$68.86 in February 2022. She reminded the Board that the Cooperative's 100 MW energy purchase in MISO expires at the end of May 2022, we expect to pick up additional load as a result of the sale of CCS, and we have contracts for a portion of the energy to replace the expiring 100 MW.

She reviewed Palo Verde market prices and noted that the market in the west lacks depth as there is no liquid day-ahead market in place. She noted that drought conditions continue.

She reviewed flows across the DC ties which were predominantly east to west, sometimes to backfill because one of our west side units is down and in some cases, because we can shut down one of the west units and send cheaper power from the east.

She then talked about SPP expansion to the west. She said we are moving closer to a vote to support or not support expanding SPP in the west. Ms. Weigel and the Board discussed the negotiations concerning bringing the DC ties into the SPP system. She then walked the Board through the three SPP West market options noting that a single participant could choose one or more of these options.

17. Member Services & Administration.

Senior Vice President Member Services & Administration Chris Baumgartner began his report providing a recap of the 2022 Winter Member Managers Conference. The survey results have been compiled and the feedback was very positive. On the communications front, DGC held an open house to discuss its carbon dioxide sequestration project that was well attended and the questions were very good. He reviewed both traditional news media and social media coverage of the Cooperative over the past five weeks as well as

the Cooperative's social media posts. He then played a news clip on the dismantling ("chop and drop") of the Willy and Wally wind towers.

18. Human Resources Report.

Interim Director of Human Resources reported that while Basin Electric's and DGC's employee counts remain 24% and 35%, respectively, below the January 2017 numbers, there are, however, 26 positions in various stages of being filled. There have been 33 employees who have retired or announced their retirement in 2022. She talked about the Cooperative's scholarship program and noted a shortage of applications. Since the year 2010, the Cooperative has given out \$5.2 million of scholarships. Likewise, she said the Cooperative was having difficulty finding employee dependents interested in the Cooperative's summer work program. She said that headquarters had raised \$18,875 with the Casual for a Cause program.

She then described the different generations in the workforce and the changing composition of the Basin Electric/DGC workforce over the years 2012, 2017, and 2022.

19. Recess and Reconvention.

At 4:13 p.m. CDT, Chairman Peltier recessed the meeting. The meeting was called back to order on Wednesday, March 16, 2022, at 7:56 a.m. CDT with Chairman Peltier continuing to preside and Secretary/Treasurer Baker continuing to keep the minutes thereof.

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

Paul Baker	Kermit Pearson
Jerry Beck	Wayne Peltier
Leo Brekel	Troy Presser
Daniel Gliko, Jr.	Allen Thiessen
Mike McQuiston	Thomas Wagner
David Meschke	

Said persons being all of the Directors of the Cooperative. Also present in person were CEO & General Manager Todd E. Telesz, former CEO & General Manager Paul M. Sukut, Assistant Secretary Mark D. Foss, Basin Electric staff members Tracie Bettenhausen, Kelly Bergquist, Tammy DeWitt, Pius Fischer, Paige Fleck, Dan Gallagher, Tyler Hamman, Nathan Helbling, Darla Jensen, Derek Johnson, Steve Johnson, Becky Kern, Jon Klein, Gavin McCollam, Sally Meier, Faye Miller, Jeremy Severson, Susan Sorenson, Troy Tweeten, Katrina Wald, Sheila Wald, Shelly Wanek, Valerie Weigel, and Melinda Weninger, DGC Vice President Dale Johnson, and DGC staff member Trinity Turnbow. Also present were Corn Belt director Laverne Arndt, East River director Doug Diekmann, Western States manager Mike Ferguson, and Bakken Energy representatives Mike Hopkins, Steve Le Bow, and Chris Tillotson.

20. Western States Power Corporation.

Senior Vice President Member Services & Administration introduced Mike Ferguson, General Manager of Western States. Mr. Ferguson provided some background information on himself noting that he came to Western States following a career in the United States Bureau of Reclamation (**Bureau**). Western States was formed as a result

of the flat lining of the budgets for the Bureau and the federal power marketing agencies as well as concerns about core investments and safety. It was formed to preserve the preference for public power, add funding to key projects, and stabilize the rates during a time when there was a push to sell the power marketing agencies. He noted that prior to Western States there was little communication or cooperation between and among the Bureau, Western and the U.S. Corps of Engineers. Western States has been funding replacements, major refurbishments, and projects to meet requirements set by the National Electric Reliability Corporation (NERC). Members fund Western States on a monthly basis and get repaid as the Western States debt is paid off. He said needs are increasing as most of these hydro facilities were constructed in the 1920-1950 time period and there have been no major rehabilitation projects nor any generator rewindings. He said the first major rehabilitation project will start this summer on the Fort Randall Dam. He said he could foresee the day that Western States provides all of the funding for all capital improvements at Western.

21. Operations Report.

A. Generation Report.

Senior Vice President Operations Troy Tweeten gave the operations report. Operations had no medical treatments and one Days Away, Restricted or Transferred (DART) incident in February. For 2022, Operations has had three medical treatments and four DART incidents.

For the month of February 2022, generation at the coal plants was (3.3%) below budget, at the oil and gas plants was 13.6% above budget, and wind generation was 46.8% above budget. For February 2022, fleet generation was (1.96%) below budget. Year-to-date (Y-T-D) generation at the coal plants is (7.30%) below budget, at the oil and gas plants is 14.34% above budget, and wind generation is 56.6 above budget. Y-T-D 2022, fleet generation is (3.0%) below budget.

In terms of expenses, February 2022, expenses at the coal-fired plants were (2.1%) below budget, the oil and gas plant expenses were 1.47% above budget, the wind generation expenses were (23.78%) below budget. For the month, fleet expenses were (1.96%) below budget.

Y-T-D expenses at the coal-fired plants are (6.30%) below budget, the oil and gas plant expenses are 14.34% above budget, and wind generation expenses are (25.69%) below budget. Y-T-D, fleet expenses are (3.49%) below budget.

Mr. Tweeten then reviewed the running plant capacity factors, availability percentages, and forced outage rates for coal units. He pointed out that most of the forced outages during the month were caused by tube leaks. He noted that the triennial outage at the DFS would be the only triennial outage on any of our coal-fired units in 2022.

22. Distributed Generation Report.

Manager of Distributed Generation Joe Fiedler started his review looking at 2021 safety. Distributed Generation had one employee who was out from work from March until December. From that last DART which occurred on March 26, 2021, Distributed Generation has worked 95,238 hours without a DART. Thus far in 2022, Distributed Generation has had one vehicle damage and two property damage incidents. He

reviewed 2021 Distributed Generation versus budget as well as Y-T-D generation versus budget.

Mr. Fiedler then discussed the spring Distributed Generation outage work. At DCS, the contractor will perform warranty work on the roof of the heat recovery steam generator. They have also experienced steam turbine/generator vibration issues since commissioning. Based on its analysis, General Electric determined that the generator case did not have sufficient mass and recommended placing weights at key locations on the case. As to GGS Unit No. 2, the generator rotor is now scheduled to get to GGS by the end of April which should result in the unit being back in service by May 9, 2022.

Both PWND Nordex wind turbines were removed from service on March 14, 2022.

23. Transmission, Engineering & Construction.

A. West Side Activities.

Vice President of Transmission, Pius Fischer reported that Senior Vice President of Transmission, Engineering & Construction Tom Christensen attended the SPP strategic planning meeting the week prior and reported that West expansion was one of the main initiatives. Tom also reported that a few of the original members of SPP are showing some opposition to the expansion to the West, some non-governmental organizations like the Sierra Club have requested a seat on the governing committees and many utilities in SPP are receiving requests for service for cryptocurrency/bitcoin mining loads.

B. Transmission.

Vice President of Transmission Pius Fischer started by reviewing the status of SPP's 2021, 2022, and 2023 integrated transmission planning processes (ITP). With respect to the 2021 ITP, Basin Electric staff provided comments to SPP on the draft notice to construct-conditional (NTC-C) and received the final NTC-C from SPP on March 11, 2022. Staff expects to bring these projects to the Board in May. In terms of the 2022 ITP, we are half way through the two year process with the needs assessment expected yet in March with the detailed project proposals opening sometime between mid-April and mid-May. As to the 2023 ITP, model development is under way and the pre-final models were released March 4, 2022. He reviewed the status of the current AQ requests and their status as well as the various requests to interconnect with the Basin Electric transmission system.

He talked about the new NERC transmission planning requirements which require the maintenance and update of system models, an annual analysis of transmission reliability, and corrective action plans.

He updated the Board on a few of the transmission matters before the FERC. He reported that the parties to the Westconnect docket had filed a settlement agreement with FERC, though it may be October before it receives a final FERC approval. In the Lincoln Electric System (LES) zonal placement dispute, Basin Electric filed a response to LES's compliance filing on March 7, 2022, requesting that FERC reject the LES filing or set the matter for hearing and pointed out that SPP failed to complete a zonal placement study as required by the tariff, LES did not turnover functional control of its entitlement share of the Missouri Basin Power Project to Basin Electric, and that the LES loads are in a different zone.

C. Transmission System Maintenance.

Manager of Transmission System Maintenance (TSM) Derek Johnson reported on the repair of an optical ground wire that broke on the Antelope Valley Station to Charlie Creek 345kV transmission line. This was a loss of communication only, the transmission line did not go down.

D. Engineering & Construction.

Mr. McCollam started his report reviewing large capital projects pointing out that work started on the foundations for the Neset to Northshore 230 kV line the previous week. He mentioned that if the East Loop transmission project is authorized, he suspected that Engineering will recommend building a new substation in lieu of the Board approved Leland Olds Station 345kV aging infrastructure project. He noted that the Nemadji Trail Energy Center was added to the large capital project list. Total estimated cost of the project is \$680 million with Basin Electric's share expected to total \$260 million. He provided a project overview, shared a site map of the area, reviewed the project committee structure, and went over the next steps that are the current focus of the project. The upcoming milestones include conforming the technical specifications and commercial terms for the major equipment, receiving the updated air permit and a Rural Utilities Service Finding of No Significant Impact in June, and then the award of the major equipment contracts. He walked the Board through both the anticipated permitting schedule as well as the preliminary construction schedule. The first work that needs to be performed would be the removal of two transmission lines that cross the plant site and it is hoped this work could be performed this fall.

24. Financial Services.

A. Economic Update.

Vice President & Controller Katrina Wald started with the economic update pointing out that the Consumer Price Index rose 7.9% year over year in February, the largest jump in inflation since 1982. Over 678,000 jobs were added to the economy in February leaving the unemployment rate at 3.8% compared to 3.5% prior to the pandemic. The Labor Participation Rate is now up to 62.3%. Many of the jobs being added at this late stage of the recovery are lower paying jobs. The Federal Open Market Committee (FOMC) is expected to begin increasing interest rates this month. She pointed out that Treasury yields have flattened which some think signals concerns the market has with the possibility of a recession as a result of the FOMC taking the necessary steps to fight inflation.

B. CoBank Patronage.

Ms. Wald reported that Basin Electric and DGC received \$4.5 million of patronage from CoBank ACB (CoBank) this month. Basin Electric's share was \$3.157 million receiving \$2.066 million in cash and the balance in stock. The DGC share was \$1.358 million and DGC received a little over \$ 1 million in cash.

C. Patronage Allocation.

Ms. Wald said that with the audited financials now completed, it was time to allocate the 2021 margin.

There was a motion that was seconded and carried to adopt the following resolution:

R05.03-15-2022 **WHEREAS**, for the fiscal year ended December 31, 2021, Basin Electric Power Cooperative realized a margin before income taxes of \$54,217,372.67 and Basin Cooperative Services realized a net margin of \$3,636,523.63 for a combined allocable margin of \$57,853,896.30;

NOW THEREFORE, BE IT RESOLVED, that the 2021 Basin Electric before income tax margin and the 2021 Basin Cooperative Services net margin in the combined total of \$57,853,896.30 be allocated to the patrons of Basin Electric on a patronage basis in accordance with the provisions of the Bylaws of Basin Electric Power Cooperative.

D. Accounting Report.

Accounting Administrator Melinda Weninger gave the accounting report. For February, the Cooperative had a net margin of \$30 million compared to a budgeted net margin of \$20.7 million. February sales to members were \$150.6 million compared to the \$149.0 million budgeted. Surplus sales revenue was \$14.5 million compared to a budget of \$12.1 million. On the expense side, operations expenses were \$103.6 million compared to the budget of \$104.2 million. February maintenance expenses were \$7.2 million compared to the \$8.8 million that was budgeted. She noted the significant items contributing to these variances. The consolidated net after tax income for February was \$30.6 million which was \$8.5 million more than the \$22.1 million budgeted. Y-T-D, the consolidated net after tax income is \$57.3 million compared to the \$36.8 million budgeted.

25. Directors' Reports.

Director Pearson reported that Tom Boyko had announced his retirement and that Ken Holum had been hired to help in the search for Mr. Boyko's replacement. East River anticipates this process will start next month and hopes to have the new manager on board in the July 1 - September 1 time frame. Director Pearson informed the Board that Central Power Electric Cooperative, Inc. will hold its annual meeting on March 23-24, 2022, in Minot. He noted that Dakota Valley Electric Cooperative recently had two directors pass away within a week. Director Wagner told the board that the Northwest Iowa Power Cooperative annual meeting will be held on April 5, 2022 and his local distribution cooperative, North West REC will hold its annual meeting on April 2, 2022. Director Brekel mentioned that the Tri-State annual meeting will be held on April 6, 2022, with the banquet the night before. Director Beck said that the Corn Belt annual meeting was scheduled for April 6, 2022. Director Thiessen informed the Board that Upper Missouri Electric Cooperative was pleased with their new manager and their annual meeting will be held on April 7, 2022. Chairman Peltier said that Minnesota Valley Cooperative Light & Power Association would have its annual meeting on March 21, 2022. Director Gliko mentioned that the Central Montana Electric Cooperative Association meeting is scheduled for March 30-31, 2022. The Directors then reported on

the National Rural Electric Cooperative Association annual meeting noting in particular the good meetings held with Goldman Sachs, CoBank, and S&P Global Ratings.

26. Executive Session.

At 10:26 a.m. CDT there was a motion that was seconded and carried to go into executive session to discuss a letter received by East River from Meeker Cooperative Light and Power Association, Agralite Electric Cooperative, Redwood Electric Cooperative and South Central Electric Association, the upcoming meeting East River has scheduled with the GRE fixing members, and a presentation by Bakken Energy with respect to their proposed conversion of the Great Plains Synfuels Plant into a hydrogen production facility as well as their plans to market the converted plant's output.

At 4:59 p.m. CDT, the Board arose from its executive session.

27. Date and Place of Next Meeting.

Chairman Wayne Peltier noted that the next meeting of the Board of Directors would be held beginning on Tuesday, April 12, 2022, at the Basin Electric headquarters building in Bismarck, North Dakota.

28. Adjournment.

There being no further business to come before the Board of Directors, Chairman Peltier adjourned the meeting at 5:00 p.m. CDT.

A handwritten signature in black ink, appearing to read "Paul Baker", written over a horizontal line.

Paul Baker
Secretary-Treasurer