

Expanded Summary of Board of Directors Meeting

Apr. 12, 2022

Via WebEx

1. There were no Basin Electric committee meetings in April.
2. Dakota Gasification Company
 - Dale Johnson, vice president and Synfuels Plant manager, said a fire ignited in the cooling tower on Mar. 30 when some employees were performing maintenance using a torch. Three of 14 cooling tower cells were damaged. One cell has significant damage while the other two have relatively minor damage. A plan is being developed for repairs. While the plant continued to run, the fire did impact production for a day. Cool weather is allowing the plant to operate at budgeted capacity currently. Work continues on due diligence regarding a sale of the plant to Bakken Energy. An employee meeting at the plant with Bakken Energy was held on Mar. 17.
 - Lucas Teigen, manager of field services, gave an update on the primary reformer. A process design package is underway, and there have been site visits from civil, survey, and piping designers related to work on the outside battery limits (engineering outside of the primary reformer to integrate it into the plant site). The project remains on schedule to have the front-end engineering and design study completed in August.
 - Daniel Gallagher, director of commodity sales and trading, said the corn to soybean ratio heavily favors corn across the Midwest. Ammonia sales are starting to pick up, but farmers and retailers are being strategic with their purchasing so as not to have any carryover product. Urea pricing continues to be strong, and imports will be hard to come by and more expensive because of European Union gas prices and Russian sanctions. Dakota Gas and N-7 are targeting two unit trains per month during spring season to mitigate any truck shortage risks. DAK SUL 45 demand continues to be strong and pricing looks bullish based on competitor and other nitrogen products. Demand for diesel exhaust fluid continues to grow. BNSF Railway is turning around railcars 25-30% slower than normal, which is contributing to a railcar shortage and impacting all products. Regarding natural gas pricing, Europe is gas-to-oil switching in power generation and industrial use, which is supporting high sulfur fuel oil prices.
 - Production (see slides below)
3. Dakota Coal Company
 - Colleen Peterson, superintendent of fuel and transportation, said the coal pile at Leland Olds Station is at 352,988 tons or 28.2 days of burn at the end of March (target is 39.9 days of burn). At Laramie River Station, the coal pile is at 66.8 days of burn (target is 34.6 days).
 - Randy Banning, manager of Dakota Coal and Montana Limestone, said production and tons shipped from the Frannie Lime Plant was higher in March

than any previous March on record due to good demand from the power plants, additional Pete Lien & Sons sales, and filling inventories in preparation for Wyoming Lime's spring shutdown. Limestone sales for Montana Limestone Company were also good in March, due to sugar beet factories taking more tons than in 2021.

4. Basin Electric

- ACTION: Basin Electric directors selected Kermit Pearson as delegate and Jerry Beck as alternate for the CFC annual membership meeting.
- Mark Foss, senior vice president and general counsel
 - Several permits are being sought for the Nemadji Trail Energy Center, a combined-cycle power plant project of which Basin Electric owns 30%. The two other owners are Dairyland Power Cooperative and Minnesota Power. Because Dairyland Power is seeking Rural Utilities Service financing, which requires a Finding of No Significant Impact (FONSI); a U.S. Army Corps of Engineers Section 404 Permit cannot be issued until after the FONSI is issued. A construction permit is expected to be issued from Wisconsin Department of Natural Resources in June. Nemadji Trail has purchased necessary wetlands credits and submitted required paperwork for wetlands and water crossing permits. Work has begun on a storm water permit.
 - Basin Electric is negotiating with Crow Creek in South Dakota over expired transmission line easements.
 - The district court granted Basin Electric's motion for summary judgment in the Dakota Energy case. The court held that Dakota Energy cannot terminate its wholesale power contract early and granted Basin Electric declaratory judgment that the wholesale power contract does not allow for Dakota Energy's early termination and Basin Electric has no obligation to provide a buyout number.
 - ACTION: Basin Electric directors named Andrew Buntrock and Chris Baumgartner as the cooperative's delegate and alternate to the Dakota Energy Cooperative 2022 annual meeting.
- Tyler Hamman, vice president of Government Relations
 - The NRECA DC Fly-In is scheduled for May 1-4. Topics of focus include Rural Utilities Service repricing, direct pay for energy tax credits, and infrastructure legislation.
 - There are three major carbon capture, utilization, and storage projects under development in Basin Electric's service area. The two larger projects are the Midwest Carbon Express by Summit Carbon Solutions and the Heartland Greenway Project by Navigator CO₂ Ventures, and a smaller project is being considered by Archer Daniels Midland/Wolf Carbon Solutions. Together, these projects expect to sequester 30-50 million metric tons of carbon dioxide per year which would be collected from ethanol plants, biofuel producers, and industrial customers. The projects have generated much engagement from impacted landowners and policymakers, both in favor and in opposition to pipeline development.

- In February, the Federal Energy Regulatory Commission issued guidance to assess climate impacts of natural gas pipelines. In March, they voted to consider the guidance of a draft policy statement and will seek public comment. They released their 2022-2026 strategic plan as well. It is expected the commission will continue to focus on environmental justice. U.S. Sens. Kevin Cramer (R-North Dakota), Cynthia Lummis (R-Wyoming), Steve Daines (R-Montana), Joni Ernst (R-Iowa), and Mike Rounds (R-South Dakota) wrote a letter opposing the rule.
- U.S. Sens. Shelley Capito (R-West Virginia), John Hoeven (R-North Dakota), Kevin Cramer, Cynthia Lummis, and John Barrasso (R-Wyoming) introduced legislation to clarify that the president cannot declare a national emergency on the premise of climate change.
- On Mar. 21, the Securities and Exchange Commission released a proposed rule to require registrants to disclose climate-related information on periodic reports.
- Iowa: A digital sales parity bill passed the House. It would allow electric co-ops and municipalities to access the sales and use tax exemption for digital goods and services. It is currently awaiting consideration as part of an omnibus tax bill.
- Minnesota: Working on an omnibus energy bill. There remains no agreement between the U.S. House and Senate on the legislation.
- South Dakota: The South Dakota House voted to impeach the state's attorney general.
- Troy Tweeten, senior vice president of Operations
 - Montana snowpack is low as of early April which will impact hydroelectric dam generation this year.
 - Actual Generation (see slide below)
 - Tom Stalcup, Dry Fork Station plant manager, said several injuries at the plant in March mean they are putting additional emphasis on safety. The plant held a triennial outage Mar. 11 - Apr. 14.
- Becky Kern, vice president of Resource Planning and Rates
 - The district manager meeting will be held Apr. 21. Agenda items include the potential sale of Dakota Gas to Bakken Energy, a power supply update, financial forecast assumptions, rates, and more.
 - There is potential for significant future load growth, and Resource Planning is requesting additional discussion and awareness regarding potential load growth opportunities within the membership as staff is trying to understand the drivers, magnitude, timing, and other aspects associated with the potential loads. Discussions have begun concerning an appropriate contingency to consider regarding this growth. Basin Electric has an obligation to provide the power and energy members require.

- Staff is continuing to shortlist options received during a request for proposal, with plans to bring capacity purchases to the board for consideration in May.
- A cross-departmental team is considering new generation build. Discussion points include the member load forecast, transmission build-out timing, Bakken area dispatchable resource need, resource technology, and environmental considerations.
- Val Weigel, vice president of Asset Management and Commodity Strategy
 - Natural gas Ventura daily pricing in March 2022 was almost double natural gas Ventura daily pricing from March 2021. High wind generation is putting downward pressure on power prices.
 - Southwest Power Pool's new ramp product holds ramping assets for more than the five minutes that is currently done. Ramping assets are assets that can ramp up or down their generation output. This allows for more grid stability.
 - Given strong economics, natural gas is expected to see production growth in 2022 and beyond, and exports of liquefied natural gas are expected to grow.
 - MISO is expecting 20,000 megawatts of coal and gas generation to be retired through 2027. Natural gas and renewables will fill the gap. Because of a growing fleet of renewables, rapidly changing weather, and inability to manage operations, MISO's system volatility will continue.
 - Low water levels on Lake Powell have the potential to result in a loss of 1,300 megawatts of generating capacity.
 - A Southwest Power Pool goal to expand a regional transmission organization into the West requires a solution for DC ties. Discussions have centered on three preliminary options.
 - Many utilities met in March in a face-to-face meeting to consider Markets+, an additional new Southwest Power Pool market in the West. The group discussed governance, transmission availability, market design and price formation, and a greenhouse gas adder.
- Tom Christensen, senior vice president of Transmission, Engineering and Construction
 - Transmission system maintenance has driven more than 288,000 miles to date, with the expectation they will drive more than 1 million miles this year.
- Pius Fischer, vice president of Transmission
 - Staff is preparing estimates in response to the Southwest Power Pool's final Notice to Construct with Conditions (NTC-C). This will come to the board for consideration in May.

- The MISO Long-Range Transmission Plan will come before MISO's board for approval in July. Total spend for the first tranche is expected to be \$10.3 billion.
- Southwest Power Pool received three transmission service requests from SaskPower.
- Staff is assessing current inventory of bulk electric system transformers and the potential to purchase more.
- Western Area Power Administration conducted a load shed drill on Apr. 6.
- Gavin McCollam, vice president of Engineering and Construction
 - Large Capital Projects (see slide below)
 - ACTION: Basin Electric directors authorized an expansion of the Antelope Valley Station solid waste landfill.
 - ACTION: Basin Electric directors authorized a construction contract for the Antelope Valley Station solid waste landfill.
- Chris Baumgartner, senior vice president of Member Services and Administration
 - Initial planning has begun for the 2022 annual meeting.
 - The 2021 annual report has been sent to the printer.
 - Communications fielded media calls on the fire at Dakota Gas.
 - Basin Electric Power Cooperative Family Driving Energy Independence communications strategy was introduced.
 - The Basin Electric board will hold a strategic planning session in June.
- Shelly Wanek, interim director of Human Resources
 - Thirty-six employees have announced retirements in 2022.
 - There are 11 open job positions, and 51 job positions that are closed but not yet fully hired at Basin Electric.
 - Learning and Development plans to launch a supervisor toolkit, Crucial Conversations, and Lunch and Learn sessions for employees.
- Darla Jensen, manager of Financial Reporting and Planning
 - Key assumptions for the 2023-2032 financial forecast include volatile commodity prices, coal units in Southwest Power Pool to be on economic dispatch, four-year outage cycles on coal units, generation to be added, toolbox to address additional margin, and the installation of a primary reformer at Dakota Gas, or the sale of the asset.
 - ACTION: Basin Electric directors authorized a public bond offering.

Generation

Total energy available for sale in March was estimated to be 3.0 million megawatt hours (MWh). (Note: This line used to signify total generation from Basin Electric's resource portfolio. This number now includes purchases in the Southwest Power Pool.)

Electricity sold to member systems during March was estimated at 2.5 million MWh compared to the forecast of 2.5 million MWh. Surplus sales were estimated at 432,000 MWh, compared to the forecast of 287,000 MWh.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 94.66 million standard cubic feet per day of natural gas produced from coal. The plant operated at 99.8% of capacity during the month.

Total tons of saleable fertilizer produced was 47,906 tons. That includes anhydrous ammonia, granular urea, urea content in diesel exhaust fluid, and ammonium sulfate.

Synfuels Plant production

Production data for March 2022 for selected products at the Great Plains Synfuels Plant were as follows:

Anhydrous ammonia – 26,546 tons produced

Urea – 30,125 tons produced

Dak Sul 45 (ammonium sulfate) – 8,555 tons produced

Carbon dioxide – About 2,954 million standard cubic feet were delivered during the month.

Financial data

Basin Electric Consolidated NET INCOME AFTER TAX UNAUDITED

(in millions)	March 2022					
	Monthly			YTD		
	Actuals	Budget	+ / (-) Budget	Actuals	Budget	+ / (-) Budget
Basin Electric	\$ 33.9	\$ 16.8	\$ 17.1	\$ 90.6	\$ 48.9	\$ 41.7
Dakota Gasification Company	12.2	2.7	9.5	33.1	9.9	23.2
Dakota Coal Company	3.9	-	3.9	4.4	4.6	(0.2)
Interco. Eliminations & Other*	(12.2)	(2.7)	(9.5)	(33.0)	(9.9)	(23.1)
Consolidated Net Income/(Loss) After Tax	\$ 37.8	\$ 16.8	\$ 21.0	\$ 95.1	\$ 53.5	\$ 41.6

* Includes elimination of income/loss on investment in DGC.

Basin Electric

For the month of March, Basin Electric reported an after-tax margin of \$33.9 million compared to a budgeted after-tax margin of \$16.8 million.

- Member sales were below budget; an unfavorable variance of \$1.2 million mainly due to February actualization.
- Surplus sales were above budget; a favorable variance of \$3.0 million mainly due to higher volumes.
- Operating expenses were lower than budget; a favorable variance of \$6.8 million related to lower purchased power, production expenses, and fuel.
- Maintenance expenses were \$1.7 million higher than budget related to timing of projects at Pioneer and LOS.
- DGC's results were better than expected; a favorable variance of \$9.5 million.

Dakota Gas

For the month of March, Dakota Gasification Company reported an after-tax net income of \$12.2 million compared to a budgeted net income of \$2.7 million.

- Synthetic natural gas revenue was higher than budget due to pricing (+\$.47/dt) and higher volumes (8,000 dt) sold; a favorable variance of \$1.4 million.
- By-product and co-product sales were higher than budget; a favorable variance of \$13.9 million.
 - Urea revenue was \$5.8 million higher, DEF revenue was \$2.6 million higher, ammonia revenue was \$2.5 million higher, tar oil revenue was \$1.9 million higher, and ammonium sulfate revenue was \$1.2 million higher all as a result of higher prices and higher volumes.
- Operating expenses were higher than budget; an unfavorable variance of \$4.0 million.
 - Inventory (-\$1.7 million), coal (-\$1.4 million) and chemicals (-\$.6 million).
- Income tax expense was \$2.1 million higher than budget due to higher income before taxes vs. budget.

Dakota Coal

For the month of March, Dakota Coal Company reported after-tax net income of \$3.9 million compared to a budgeted net income of \$1,000.

- Lignite coal sales were \$1.4 million higher than budget as a result of more tons sold.
 - Lignite coal purchases were \$3.0 million lower than budget.
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Slides of interest:

Dakota Gas Production

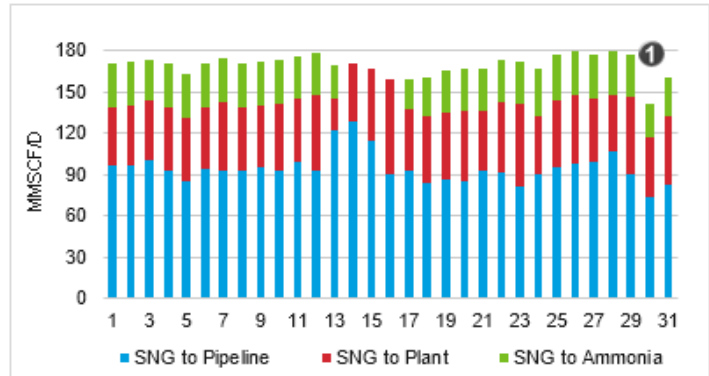
Synthetic Natural Gas (SNG)

Actual Capacity Factor	99.8%
Budgeted Capacity Factor	88.2%
YTD Actual Capacity Factor	92.2%
YTD Budget Capacity Factor	88.5%

Availability	97.9%
Utilization	101.9%

Actual Production (dts)	2,783,767
Budget (dts)	2,880,396
YTD Actual Production (dts)	7,005,931
YTD Budget (dts)	8,430,145

Delivery Average (MMSCF/D)	94.66
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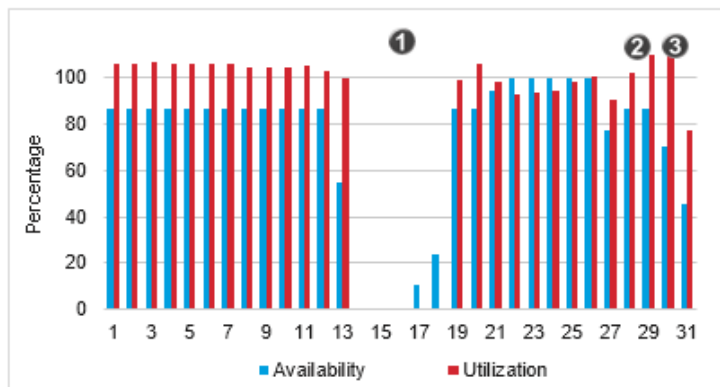


Production Impacts (MMSCF)	
1 Fire in dirty cooling tower cell #10	8

Ammonia

Actual Capacity Factor	77.9%
YTD Capacity Factor	85.4%

Ammonia Production (tons)	26,546
Ammonia Budget (tons)	27,962
YTD Actual Production (tons)	84,557
YTD Budget (tons)	81,180



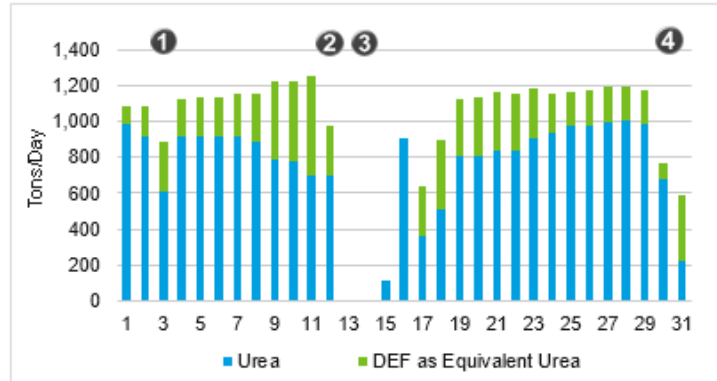
Production Impacts (tons)	
1 Ammonia plant cooling tower repairs	4,481
2 Tripped back end due to amine system upset	155
3 Operational error adjusting steam to gas ratio	514

Urea

Actual Capacity Factor	88.3%
YTD Capacity Factor	89.6%
Urea Independent Capacity Factor	88.3%

Actual Equivalent Production (tons)	30,125
DEF as Equivalent Urea (tons)	7,259
Budget (tons)	30,442
YTD Actual Equivalent Production (tons)	88,730
YTD Budget (tons)	88,380

Ammonia Consumed (tons)	17,320
YTD Ammonia Consumed (tons)	50,950



Production Impacts (tons)	
1 Shutdown to replace a bad card to sprayer air fan	100
2 Lost communication to CO ₂ compressor	994
3 Ammonia plant cooling tower repairs	2,362
4 Unit trip during CO ₂ supply transition and product crusher bearing failure	603

Diesel Exhaust Fluid (DEF)

Total Actual Production (gal)	3,053,225
Budget (gal)	2,420,387
YTD Actual Production (gal)	6,666,568
YTD Budget (gal)	7,026,930



Production Impacts (gal)	
Ammonia cooling tower repairs	312,308

Ammonium Sulfate (Dak Sul 45®)

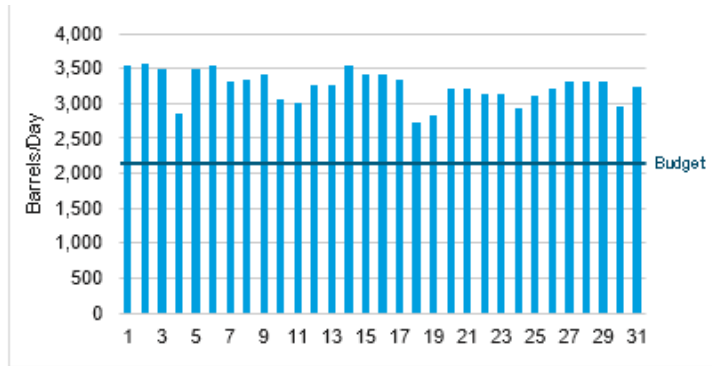
Actual Production (tons)	8,555
Budget (tons)	9,734
YTD Actual Production (tons)	20,022
YTD Budget (tons)	30,415



Production Impacts (tons)	
Operating at half-rate to replace B-compactor rolls	662
Miscellaneous mechanical repairs	642

Fuel Grade Tar Oil

Actual Production (bbl)	100,492
Budget (bbl)	66,463
YTD Actual Production (bbl)	267,106
YTD Budget (bbl)	193,531



Production Impacts (bbl)	
There were no impacts for tar oil	--

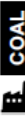


Co-Products

	CO ₂	Naphtha	Phenol	Cresylic Acid	Krypton Xenon	Liquid CO ₂	Nitrogen
	MMSCF	gallons	gallons	gallons	liters	tons	gallons
Actual Production	2,954	683,087	326,866	297,949	268,720	838	24,619
Budget	2,790	669,600	217,473	210,434	253,549	434	62,000
YTD Actual Production	9,904	1,892,646	879,880	810,318	752,890	2,673	71,918
YTD Budget	8,100	1,949,797	633,259	612,760	738,311	1,260	180,000

Production Impacts
Low customer demand for liquid CO ₂ and nitrogen

Actual Generation

GENERATION (MWh)

		March				YTD			
FUEL SOURCE		BUDGETED	ACTUALS	OVER / (UNDER)		BUDGETED	ACTUALS	OVER / (UNDER)	
 COAL	AVS	548,768	473,746	(75,022)	(13.6)%	1,634,902	1,424,714	(210,188)	(12.8) %
	DFS	100,505	90,462	(10,043)	(9.9)%	639,576	546,957	(92,619)	(14.4) %
	LOS	292,080	306,412	(33,058)	(11.5)%	891,346	897,553	6,207	0.6 %
	LRS	773,758	824,098	(50,940)	(106.58)%	2,402,959	2,346,845	(55,751)	97.68 %
		1,801,761	1,742,255	(59,506)	(3.3) %	3,847,994	3,568,657	(279,337)	(7.3) %
		<i>* Reported generation for coal is based on sales calculations.</i>							
 WIND		50,539	58,962	8,423	16.7 %	148,782	212,797	64,015	43.0 %
		<i>* PWND, Minot Wind / PWSD, Chamberlain</i>							
GAS / OIL		116,498	120,731	4,233	3.6 %	416,762	518,452	101,690	24.4 %
		<i>* CGS, DCS, GGS, LCS, PGS, SMS, WDG</i>							
FLEET TOTALS:		1,879,522	1,827,980	(51,542)	(2.7) %	6,126,023	5,948,193	(177,830)	(2.9) %

Large Capital Projects

Large Capital Projects

Project Name	Approved Budget (M)	Total Committed (M)	Forecast at Completion (M)	Completion Date
Neset to Northshore 230kV	\$57.4	\$39.3	\$52.8	December 2022
LOS 345kV Equipment Upgrades	\$21.8	\$1.0	\$21.8	January 2024
AVS 345kV Equipment Upgrades	\$13.5	\$0.1	\$13.5	June 2025
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.2	\$12.0	December 2025
Nemadji Trail Energy Center	\$260.0	\$21.2	\$260.0	Spring 2027