

Expanded Summary of Board of Directors Meeting

August 11-13, 2020

Via WebEx

1. There were no Basin Electric committees meeting this month.
2. Dakota Gasification Company
 - Dale Johnson, vice president and Synfuels Plant manager, said North Dakota DEQ hasn't commented on the period of mercury non-compliance at the Synfuels Plant. There were two recordable injuries in July. The plant is going through its Responsible Care re-certification audit.
 - Production (see slides below)
 - Dan Gallagher, Basin Electric manager of commodity sales and trading, said ammonia pricing has been stable, and the supply is ample. The use of anhydrous ammonia continues to dwindle each season. For urea, world pricing is starting to increase again; two outages of urea plants in North America have contributed to increased demand here. Demand has started to pick up for Dak Sul 45, and customers expect fall demand to be good. The Synfuels Plant is shipping its first Dak Sul unit train this month. Oil demand is picking up, though inventory levels remain high. Natural gas prices are volatile as predicted; production continued declining into early August. Work continues to get tar oil from the Synfuels Plant qualified for other terminals to turn to those opportunities if and when they come to fruition.
 - ACTION: Dakota Gas directors adopted the salary recommendations presented by Human Resources.
 - ACTION: Dakota Gas directors authorized retaining Deloitte & Touche for 2020 audit services.
3. Dakota Coal Company
 - Dean Bray, manager of Dakota Coal and Montana Limestone, said the coal pile at Leland Olds Station was at 49.7 days of burn at the end of July (target is 47.9 days of burn). At Laramie River Station, the coal pile is at 95.6 days of burn (target is 34.6 days of burn), which is a sizeable reduction from June due to deliveries from Dry Fork Mine being reduced.
 - ACTION: Dakota Coal directors authorized an easement granting PacifiCorp access across Montana Limestone Company property to PacifiCorp's Pryor Mountain Wind Project.
 - ACTION: Dakota Coal directors authorized retaining Deloitte & Touche for 2020 audit services.
 - ACTION: Montana Limestone directors adopted the salary recommendations presented by Human Resources.
4. Basin Electric
 - Mark Foss, senior vice president and general counsel

- FERC filings: The west side tariff filing was filed on July 10, and the Rate Schedule A and wholesale power contracts were filed July 16. The comment deadline for the Rate Schedule A and wholesale power contract filing was Aug. 6. There have been 29 filings that indicate support for the Basin Electric filings. Motions to intervene or protest were filed by Wheatbelt Public Power District, Tri-State G&T, the Sierra Club, Dakota Energy, Meeker Cooperative Light Association, and McKenzie Electric.
- FERC issued its Order 872 on July 16, 2020, adopting reforms. The final rule includes providing states and non-regulated utilities more flexibility in setting rates for energy from qualifying facilities, replaces the “one mile rule” for small power facilities with a three-level test to limit gaming by siting facilities just beyond one mile apart, and reduces the assumption of nondiscriminatory access to wholesale markets from 20 megawatts to 5 megawatts.
- Dale Niezwaag, vice president of government relations
 - There have been reports by distribution co-ops in several states including Colorado of callers identifying themselves as graduate students looking for information about director elections and other governance issues because they are working on a research project. NRECA is working with statewides to get more information, as it appears these calls are not legitimately related to graduate research.
 - All statewides are supporting NRECA’s Rural Utilities Service refinancing legislative efforts.
 - In North Dakota, the Mercer County Commission voted to uphold the two year wind moratorium on July 14. The county passed a one year solar moratorium in February 2020. McLean County Commission passed a two year solar moratorium in July. This is in addition to their one mile setback from the Missouri River and associated lakes for wind projects.
 - U.S. Sen. John Barrasso will hold a small Senate Environment and Public Works field hearing at the Wyoming Integrated Test Center on Aug. 19. U.S. Sens. Mike Enzi and Mike Rounds may attend as well.
 - There is concern over ongoing oversight of the Wyoming Integrated Test Center since the Wyoming Infrastructure Authority was merged into a newly formed Wyoming Energy Authority. Staff and stakeholders are monitoring.
 - The USEIT Act passed the Senate as part of the National Defense Authorization Act, and is pending considering by the House.
 - U.S. Sen. Kevin Cramer sent a letter, cosigned by U.S. Sens. John Hoeven, Mike Enzi, and John Barrasso, requesting that production tax credits for wind be allowed to expire without another extension.
 - U.S. Sen. Tammy Duckworth has introduced the Marshall Plan for Coal Country Act, which would assist displaced coal workers and communities.

- Basin Electric submitted comments on 45Q to the IRS on Aug. 3.
- Troy Tweeten, senior vice president of Operations
 - Actual Generation (see slide below)
 - At the Wyoming Integrated Test Center, CO₂Concrete from UCLA continues to run its batch process for curing concrete blocks. Dimensional Energy, an XPRIZE tenant, should be moving on site within the week. MTR continues work in the large test center.
- Dave Raatz, senior vice president of Asset Management, Resource Planning, and Rates
 - The FERC Market Based Rate Authority Filing was done July 31, and interventions are due Aug. 21.
 - Basin Electric's answers to the protests made to the Rate Schedule A and Wholesale Power Contract FERC filings are due Aug. 21.
 - Staff is meeting with the Minnesota Fixing Members regarding potential power supply needs due to potential changes with Great River Energy contracts.
 - Talks continue with TC Energy regarding the Keystone XL pipeline, and potential for Southwest Power Pool system improvements and cost recovery payments associated with buildout of infrastructure to serve the pipeline.
 - Becky Kern, director of long-term utility planning
 - ACTION: Basin Electric directors approved the proposed Amendment No. 4 to the Wholesale Power Contract by and between Basin Electric and Corn Belt Power Cooperative, effective Sept. 1, 2020.
 - ACTION: Basin Electric directors authorized the supplemental power requirements contract and related documents to facilitate Wyoming Municipal Power Agency as an all supplemental requirements member of Basin Electric through 2050, subject to the approval of FERC, and authorized the CEO and general manager to sign and execute all such documents.
 - PURPA: Basin Electric directors authorized a 20 megawatt PURPA purchase from the West River Solar Project outputs within the Southwest Power Pool.
 - Val Weigel, director of asset management and commodity strategy
 - Southwest Power Pool could add five gigawatts of wind generation capacity by the end of 2020, with some COVID construction delays but not cancellations.
 - Warmer than average temperatures are supporting natural gas burns, and storage injections are under one year and five year averages. Higher natural gas prices may incent

somewhat of a shift back to coal generation overall, but Southwest Power Pool additional wind will temper this.

- Tom Christensen, senior vice president of Transmission, Engineering, and Construction
 - The MBPP Tariff was filed with FERC July 10.
 - Gavin McCollam, vice president of engineering and construction
 - ACTION: Basin Electric directors authorized the Leland Olds Station coal yard steam heating piping project.
- Chris Baumgartner, senior vice president of Member Services and Administration
 - Staff is evaluating options for Annual Meeting, whether to hold a traditional or virtual meeting, or a combination of those two options.
 - Staff presented several theme options to the board for Annual Meeting.
 - The board discussed the Cornerstone and Cooperative Spirit Awards.
 - The board will receive a full report on the Cooperative Awareness Campaign in September.
- Diane Paul, senior vice president of Human Resources
 - ACTION: Basin Electric directors adopted the salary recommendations presented by Human Resources.
- Steve Johnson, chief financial officer and senior vice president
 - Moody's affirmed Basin Electric's senior secured long-term rating of A3, its short-term rating of P-2, both with a stable outlook.

Generation

Total energy available for sale in July 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 July was estimated at 2.3 million MWh compared to the forecast of 2.5 million MWh. Surplus sales were estimated at 475,400 MWh, compared to the forecast of 458,000 MWh.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 86.3 million standard cubic feet per day of natural gas produced from coal. The plant operated at 82.5 percent of capacity during the month.

Total tons of saleable fertilizer produced was 39,827 tons. That includes anhydrous ammonia, granular urea, urea content in diesel exhaust fluid, and ammonium sulfate.

Synfuels Plant production, shipment, and storage

Production, shipment, and storage data for July 2020 for selected products at the Great Plains Synfuels Plant were as follows:

Anhydrous ammonia – 24,112 tons produced; 2,942 tons were shipped.

Urea - 21,277 tons produced; 30,265 tons shipped.

DAK SUL 45 (ammonium sulfate) – 7,478 tons produced; 3,374 tons were shipped.

Carbon dioxide – About 2,650 million standard cubic feet were delivered during the month.

Financial data

Basin Electric Consolidated						
NET INCOME AFTER TAX						
UNAUDITED						
July 2020						
(in millions)	Monthly Actuals	Monthly Budget	Over/(Under) Budget	YTD Actuals	YTD Budget	Over/(Under) Budget
Basin Electric	\$ 22.6	\$ 15.7	\$ 6.9	\$ 83.3	\$ 51.7	\$ 31.6
Dakota Gasification Company	(13.9)	(12.2)	(1.7)	(61.9)	(17.2)	(44.7)
Dakota Coal Company	0.8	1.5	(0.7)	3.3	0.5	2.8
Interco. Eliminations & Other*	13.9	12.2	1.7	62.1	17.4	44.7
Consolidated Net Income/(Loss) After Tax	\$ 23.4	\$ 17.2	\$ 6.2	\$ 86.8	\$ 52.4	\$ 34.4

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

Basin Electric

For the month of July, Basin Electric reported an after-tax margin of \$22.6 million compared to a budgeted after-tax margin of \$15.7 million.

- Member sales were under budget mainly due to lower volumes; an unfavorable variance of \$7.1 million.
- Surplus sales were under budget due to lower prices and DGC sales; an unfavorable variance of \$0.8 million.
- Operating and maintenance expenses were lower than budget; a favorable variance of \$15.6 million.
 - Mainly due to lower maintenance expenses, lower fuel costs and transmission wheeling.

Dakota Gas

For the month of July, Dakota Gasification reported an after-tax net loss of \$13.9 million compared to a budgeted net loss of \$12.2 million.

- Synthetic natural gas revenue was lower than budget due to lower prices (\$0.69/dt); an unfavorable variance of \$2.4 million.
- By-product and co-product sales were lower than budget, an unfavorable variance of \$4.6 million.
 - Ammonia revenue was \$2.7 million lower and tar oil revenue was \$1.9 million lower, both as a result of lower volumes. Urea was \$2.4 million higher as a result of higher volumes partially offset by lower prices.
- Operating expenses were lower than budget; a favorable variance of \$1.9 million.
- The income tax benefit for the month was \$3.2 million more than budgeted due to a greater net loss than budgeted.

Dakota Coal

For the month of July, Dakota Coal Company reported after-tax net income of \$0.8 million,

compared to a budgeted net income of \$1.5 million.

- Unrealized gains of \$2.8 million were recorded on mine closing fund investments.
- Lignite coal sales were \$2.7 million lower than budget as a result of fewer tons sold.

Slides of interest:

Dakota Gas Production

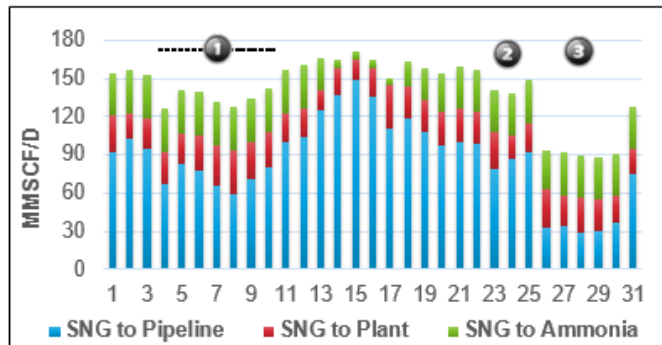
Synthetic Natural Gas (SNG)

Actual Capacity Factor	82.5%
Budgeted Capacity Factor	85.3%
YTD Actual Capacity Factor	86.5%
YTD Budget Capacity Factor	87.8%

Availability	90.1%
Utilization	91.3%

Actual Production (dts)	2,619,048
Budget (dts)	2,683,577
YTD Actual Production (dts)	18,289,547
YTD Budget (dts)	19,287,618

Delivery Average (MMSCF/D)	86.293
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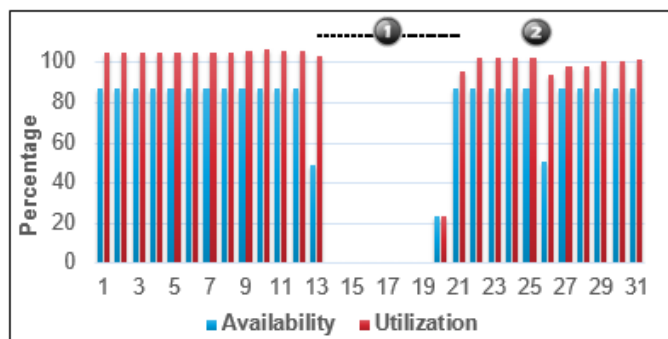
Production Impacts (MMSCF)

1	Coal quality, high outlet temperatures on gasifiers	71.64
2	High ambient temps causing high cooling water temps	9.86
3	Ground fault in Substation #8, 1400 A-train turnaround	286.61

Ammonia

Average Capacity Factor	70.7%
YTD Capacity Factor	76.9%

Ammonia Production (tons)	24,112
Ammonia Budget (tons)	30,690
YTD Actual Production (tons)	179,925
YTD Budget (tons)	210,870



Production Impacts (tons)

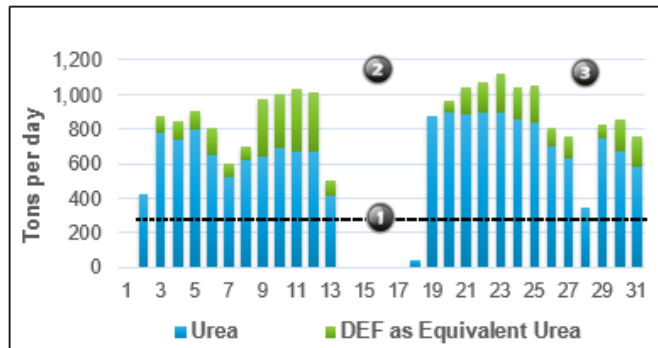
1	GB4403 repairs and molecular sieve repairs	7,106
2	Ammonia plant trip due Substation #8 ground fault	437

Average Capacity Factor	62.4%
YTD Capacity Factor	77.5%
Urea Independent Capacity Factor	62.0%

Actual Equivalent Production (tons)	21,277
DEF as Equivalent Urea (tons)	3,781
Budget (tons)	30,690
YTD Actual Equivalent Production (tons)	188,031
YTD Budget (tons)	217,540

Ammonia Consumed (tons)	12,990
YTD Ammonia Consumed (tons)	104,181

Urea



Production Impacts (tons)		
1	CO2 compressor limited due to vibrations on oil skid	4,172
2	CO2 compressor seal repairs	5,527
3	Operating on CO2 backup system due to Substation #8 ground fault	185

Diesel Exhaust Fluid (DEF)

Total Actual Production (gal)	1,590,249
Budget (gal)	1,691,174
YTD Actual Production (gal)	9,817,901
YTD Budget (gal)	11,620,002

Production Impacts (gal)	
High inventory	45,518
CO2 compressor seal repairs	371,701
CO2 compressor oil leaks and oil system vibrations	218,961
Ground fault in Substation #8	11,845



Ammonium Sulfate (Dak Sul 45®)

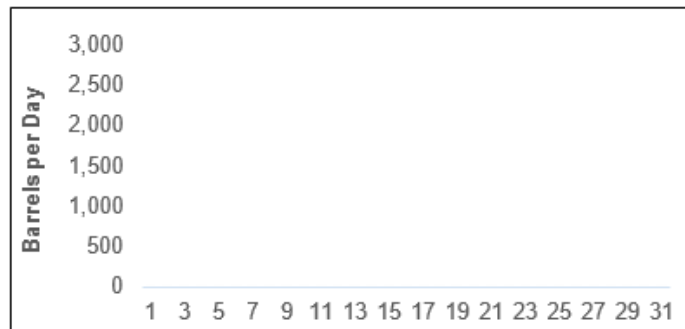
Actual Production (tons)	7,478
Budget (tons)	8,742
YTD Actual Production (tons)	54,392
YTD Budget (tons)	66,103

Production Impacts (tons)	
Various mechanical outages within the unit	1,368
B-compactor gearbox replacement	523



Fuel Grade Tar Oil

Actual Production (bbl)	0
Budget (bbl)	79,236
YTD Actual Production (bbl)	221,234
YTD Budget (bbl)	560,562



Production Impacts (bbl)	
Business decision- low oil prices	79,236

Co-Products

	CO ₂	Naphtha	Phenol	Cresylic Acid	Krypton Xenon	Liquid CO ₂	Nitrogen
	MMSCF	gallons	gallons	gallons	liters	tons	gallons
Actual Production	2,650	590,984	174,973	168,400	344,836	1,024	44,422
Budget	2,945	665,167	284,952	266,724	269,700	4,650	0
YTD Actual Production	17,795	4,451,812	1,529,946	1,211,010	1,787,104	5,373	359,430
YTD Budget	19,935	4,705,791	1,907,847	1,785,813	1,908,000	25,270	333,000

Production Impacts

- All tar oil and naphtha burned throughout the month

Actual Generation

Actual Generation*

Facilities	2020 July		%	2020 Year-to-Date		%
Solid Fuel Plants	Budgeted MW's	2,344,913	-15.3	Budgeted MW's	14,565,656	-20.3
	Actual MW's	1,986,571		Actual MW's	11,602,440	
	Difference	-358,342		Difference	-2,963,216	
Oil / Gas Plants	Budgeted MW's	359,646	-22.9	Budgeted MW's	1,462,393	-0.5
	Actual MW's	277,441		Actual MW's	1,454,818	
	Difference	-82,205		Difference	-7,575	
Wind	Budgeted MW's	69,859	-16.3	Budgeted MW's	603,344	-12.0
	Actual MW's	58,466		Actual MW's	531,039	
	Difference	-11,393		Difference	-72,305	
Fleet	Budgeted MW's	2,774,418	-16.3	Budgeted MW's	16,631,393	-1
	Actual MW's	2,322,478		Actual MW's	13,588,297	
	Difference	-451,940		Difference	-3,043,096	

*Solid Fuel Plants includes 100% of DFS and LRS / Wind, Oil and Gas include only Basin Electric Owned/Operated Facilities

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Large Capital Projects

Large Capital Projects

Project Name	Approved Budget (M)	Total Committed (M)	Forecast at Completion (M)	Completion Date
LRS SCR	\$337.1	\$201.0	\$201.5	December 2020
LOS Bottom Ash Dewatering/Pond Closure/Coal Pond Expansion	\$81.6	\$73.4	\$74.1	September 2020
Chapelle Creek Switchyard	\$22.5	\$16.8	\$18.0	October 2020
Dickinson Second Transformer	\$12.6	\$7.4	\$9.6	August 2021
Lonesome Creek 6	\$63.7	\$25.1	\$43.7	December 2021
Neset to Northshore 230kV	\$57.4	\$0.7	\$50.8	December 2022
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.1	\$12.0	June 2023
LRS CCR Holding Ponds Closure and Reconstruction	\$35.3	\$15.6	\$31.4	October 2025



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