

Expanded Summary of Board of Directors Meeting

Aug. 8-10, 2022

At Basin Electric Headquarters in Bismarck, North Dakota

1. There were no committee meetings this month. The board toured Antelope Valley Station, Dakota Gasification Company, and the Freedom Mine on Tuesday.
2. Dakota Gasification Company
 - ACTION: Dakota Gas directors approved the 2023-2032 financial forecast.
 - ACTION: Dakota Gas directors approved the annual Souris Valley Pipeline resolutions.
 - ACTION: Dakota Gas directors updated the Investment Committee members.
 - Andy Whitesitt of ACES spoke with the board regarding natural gas and oil markets and how natural gas exports are impacting domestic prices and production. He talked about how coal, natural gas, and renewable generation interact in power markets to create volatility.
 - Dale Johnson, vice president and Synfuels Plant manager
 - There was a relatively brief interruption in synthetic natural gas production due to lightning, which caused half the cooling tower cells to come down.
 - Production (see slides below)
 - Tyler Schilke, supervisor of mechanical engineering
 - The board received an update on construction of Dakota Carbon Pipeline. Work continues on electrical, instrumentation, and controls installation.
 - The North Dakota Industrial Commission hearing for the storage facility permit was July 20.
 - Responses have been submitted to address comments received from the EPA on the Monitoring, Reporting, and Verification Plan.
 - Daniel Gallagher, director of commodity sales and trading
 - More than 10 European fertilizer plants have gone offline in July due to high natural gas prices.
 - U.S. manufacturers are exporting urea, ammonium nitrate, and ammonia, due to the European Union's stance on Russian gas.
 - Global nitrogen demand through 2022 is expected to be bullish, even though manufacturers in the United States are producing at higher rates than in 2021.
 - Demand for natural gas domestically is high, despite high prices.

- Workforce challenges are limiting faster growth of drilling and permitting in the Bakken.
- A new customer for liquid carbon dioxide began taking deliveries in August.

3. Dakota Coal Company

- ACTION: Dakota Coal directors approved the 2023-2032 financial forecast.
- Colleen Peterson, superintendent of fuel and transportation
 - The coal pile at Laramie River Station is at 58.7 days of full-load burn (target is 34.6 days).
 - The coal pile at Leland Olds Station is at 17 days of burn (target is 39.9 days of burn). Trucking has begun to bring coal fines from Antelope Valley Station to supplement until rail deliveries can bring the pile back to target.
- Randy Banning, manager of Dakota Coal and Montana Limestone
 - The robotic arm at the fine grind plant is in operation.

4. Basin Electric

- Mark Foss, senior vice president and general counsel
 - Dakota Energy has appealed to the 8th Circuit Court. A brief was filed on June 17. Basin Electric and East River Electric's briefs are due Aug. 11.
 - McKenzie Electric filed two motions seeking information from Basin Electric and Dakota Gas for which the cooperative has claimed attorney-client privilege and/or work product. On June 13, the judge agreed that the documents are protected.
 - Rural Utilities Service published the Notices of Availability for the Nemadji Trail Energy Center Supplemental Environmental Assessment on June 24 and July 1. The 30-day comment period started June 24. The tribes were granted an extension to Aug. 23. The Environmental Protection Agency files comments July 26.
- Troy Tweeten, senior vice president of Operations
 - A scheduled outage at Dry Fork Station was done to fix a primary superheater tube leak.
 - Tubes have been ordered for Laramie River Station Unit 1 to be installed during the 2023 quadrennial outage. The tubes have a 52-week lead time for delivery.
 - Actual Generation (see slide below)
 - Joe Fiedler, manager of distributed generation, gave an update on 2022 safety milestones. Deer Creek Station is nearing 10 years without a lost-time injury. He said another 500,000 gallons of fuel was received at Spirit Mound Station on Aug. 3. He gave an updated on spring outages at Deer Creek Station, Groton Generation Station, and

Lonesome Creek Station, and upcoming projects at Pioneer Generation Station, Groton, and Crow Lake Wind and PrairieWinds 1.

- Valerie Weigel, vice president of Asset Management and Commodity Strategy
 - Prices in Southwest Power Pool in July were about double year-over-year.
 - Southwest Power Pool hit a new peak load five times in July. The final peak was on July 19 at 53,243, which was 2,000 megawatts higher than the peak in July 2021.
- Pius Fischer, vice president of Transmission
 - The current generation interconnection queue at Southwest Power Pool consists of 508 projects totaling 99.7 gigawatts. Basin Electric has 43 projects in the queue totaling 8.4 gigawatts.
 - MISO's board approved their Long-Range Transmission Plan which includes \$10 billion portfolio in North Dakota. The plan is the largest ever completed in the nation.
- Derik Johnson, manager of Transmission System Maintenance
 - The Tioga-to-Boundary Dam 230-kV line was damaged in a storm on July 18. It was back in-service July 24.
- Gavin McCollam, vice president of Engineering and Construction
 - Large Capital Projects (see slide below)
 - ACTION: Basin Electric directors authorized the Laramie River Station 345-kV reactors contract be awarded to HICO.
 - ACTION: Basin Electric directors approved the Long-Range Engineering Plan.
- Chris Baumgartner, senior vice president of Member Services and Administration
 - Ninety-seven members attended Member Managers Conference in Deadwood, South Dakota, with 71 member co-ops represented.
 - Member Managers Tours: Central Montana (Aug. 15-16); Corn Belt Power (Aug. 22-23); and L&O (Oct. 18-19).
- Tyler Hamman, vice president of Government Relations
 - The Inflation Reduction Act was negotiated by U.S. Sen. Joe Manchin with Senate Democrats, was released July 17 and passed the Senate under budget reconciliation rules that only require a simple majority vote. All 50 Senate Democrats voted in favor, with Vice President Kamala Harris as the tie-breaking vote.
 - NRECA Resolutions Committee passed a resolution to urge NRECA to educate federal policymakers on the reliability and financial impacts of premature retirements of generation assets.
 - Basin Electric Resolutions Committee will meet in September.

- The U.S. Department of Energy released a Notice of Intent to fund the “Carbon Capture Demonstration Projects” Program, which includes \$2 billion to assist with commercialization of carbon capture, storage, and utilization on electric power generation.
- Todd Brickhouse, senior vice president and chief financial officer
 - Royal Bank of Canada was chosen to perform a valuation of Dakota Gasification Company.
 - ACTION: Basin Electric directors approved the 2023-2032 financial forecast.
 - ACTION: Basin Electric directors approved the 2023 Rate Schedule A.
- Becky Kern, vice president of Resource Planning and Rates
 - There was likely a new summer peak achieved on Aug. 5, which will be confirmed when member billing is complete.
 - The Southwest Power Pool board voted on July 26 to increase the Planning Reserve Margin from 12% to 15% effective for the 2023 summer season. They also approved performance-based accreditation methodology for conventional resources.
- ACTION: Basin Electric directors approved Jacob Dow and Colleen Peterson as delegates and Mike McQuiston and Troy Presser as alternates for the Western Fuels 2022 annual meeting.

Generation

Total energy available for sale in July was estimated to be 3.1 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 2.6 million megawatt-hours, compared to the forecast of 2.6 million. Surplus sales were estimated at 455,000 megawatt-hours, compared to the forecast of 410,000.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 79.1 million standard cubic feet per day of natural gas produced from coal. The plant operated at 88.9% of capacity during the month.

Total tons of saleable fertilizer produced was 54,817 tons. That includes anhydrous ammonia, granular urea, urea content in diesel exhaust fluid, and ammonium sulfate.

Synfuels Plant production

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

Anhydrous ammonia – 31,542 tons produced

Urea – 34,336 tons produced

Dak Sul 45 (ammonium sulfate) – 8,336 tons produced

Carbon dioxide – About 2,469 million standard cubic feet were delivered during the month.

Financial data

Basin Electric Consolidated NET INCOME AFTER TAX UNAUDITED

(in millions)	July 2022					
	Monthly			YTD		
	Actuals	Budget	+ /(-) Budget	Actuals	Budget	+ /(-) Budget
Basin Electric	\$ 39.2	\$ 30.8	\$ 8.4	\$ 240.7	\$ 140.4	\$ 100.3
Dakota Gasification Company	16.7	(3.4)	20.1	115.4	40.9	74.5
Dakota Coal Company	8.4	3.0	5.4	8.1	2.2	5.9
Interco. Eliminations & Other*	(16.7)	3.4	(20.1)	(115.2)	(40.8)	(74.4)
Consolidated Net Income/(Loss) After Tax	\$ 47.6	\$ 33.8	\$ 13.8	\$ 249.0	\$ 142.7	\$ 106.3

* Includes elimination of income/loss on investment in DGC

Basin Electric

For the month of July, Basin Electric reported an after-tax margin of \$39.2 million compared to a budgeted after-tax margin of \$30.8 million.

- Member sales were below budget; an unfavorable variance of \$13.1 million due to a \$15.0 million bill credit partially offset by slightly higher demand and energy.
- Surplus sales were above budget; a favorable variance of \$11.6 million due to higher volumes and prices.
- Operating expenses were higher than budget; an unfavorable variance of \$13.8 million related to higher purchased power and fuel.
- Maintenance expenses were lower than budget; a favorable variance of \$1.9 million.
- DGC's results were better than expected; a favorable variance of \$20.1 million.

Dakota Gas

For the month of July, Dakota Gas reported an after-tax net income of \$16.7 million compared to a budgeted net loss of (\$3.4 million).

- Synthetic natural gas revenue was higher than budget due to higher pricing +\$2.80/dt; a favorable variance of \$9.6 million.
- By-product and co-product sales were higher than budget; a favorable variance of \$22.4 million primarily related to higher pricing and additional fertilizer volumes sold.

- Ammonia revenue was \$9.0 million higher, urea revenue was \$7.0 million higher, DEF revenue was \$5.1 million higher, and tar oil revenue was \$2.9 million higher as a result of higher prices and higher volumes sold.
- CO2 revenue was (-\$2.4 million) under budget with the delay of the 45Q project startup.
- Operating expenses were over budget; an unfavorable variance of (-\$7.2 million).
 - Inventory clearing (-\$7.3 million), higher natural gas purchases (-\$3.7 million), higher utilities expense (-\$3.2 million); offset by power hedge proceeds +\$1.7 million, contracted services +\$1.7 million, labor +\$1.5 million, coal +\$1.0 million, and materials +\$0.8 million.
- Income tax expense was (-\$4.5 million) higher.

Dakota Coal

For the month of July, Dakota Coal Company reported after-tax net income of \$8.4 million compared to a budgeted net income of \$3.0 million.

- An unrealized gain of \$3.9 million was recorded on mine closing fund investments.
- Lignite coal purchases were \$1.6 million lower than budget.

Slides of interest:

Dakota Gas Production

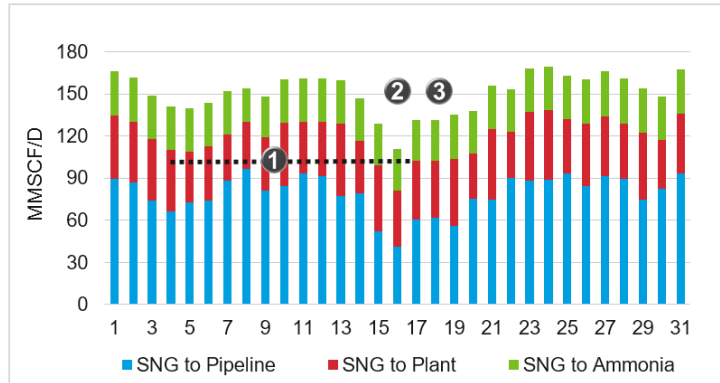
Synthetic Natural Gas (SNG)

Actual Capacity Factor	88.9%
Budgeted Capacity Factor	87.1%
YTD Actual Capacity Factor	88.0%
YTD Budget Capacity Factor	86.2%

Availability	95.3%
Utilization	93.3%

Actual Production (dts)	2,402,405
Budget (dts)	2,740,214
YTD Actual Production (dts)	15,160,739
YTD Budget (dts)	19,036,321

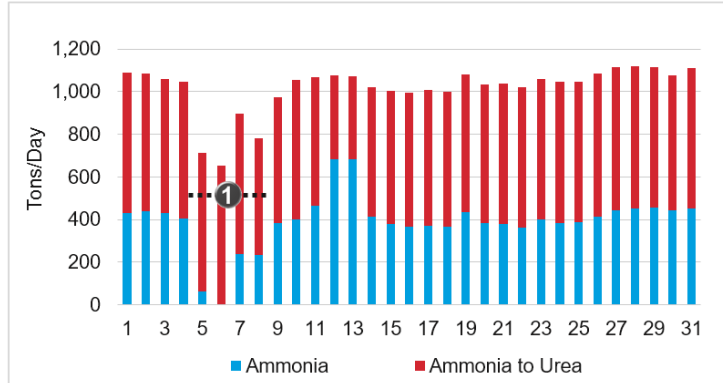
Delivery Average (MMSCF/D)	79.1
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Production Impacts (MMSCF)	
① High cooling water temperatures	37
② Electrical interruption due to lightning (half cooling towers down)	57
③ A-superheater tube repair	39

Ammonia

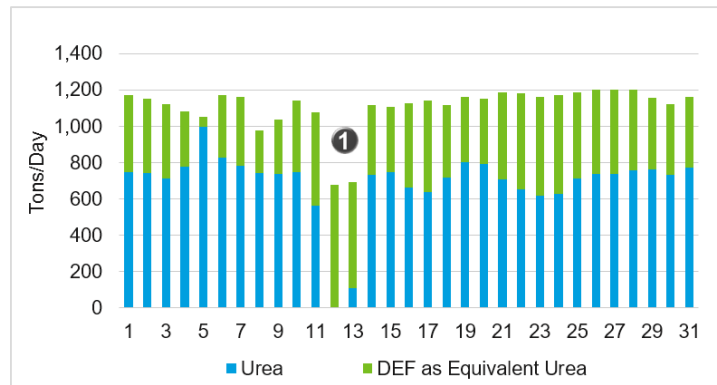
Actual Capacity Factor	92.5%
YTD Capacity Factor	90.1%
Ammonia Production (tons)	31,542
Ammonia Budget (tons)	27,962
YTD Actual Production (tons)	210,012
YTD Budget (tons)	191,224



Production Impacts (tons)	
1 Hot water circulation pump failure	562

Urea

Actual Capacity Factor	100.7%
YTD Capacity Factor	94.4%
Urea Independent Capacity Factor	100.7%
Actual Equivalent Production (tons)	34,336
DEF as Equivalent Urea (tons)	12,965
Budget (tons)	28,985
YTD Actual Equivalent Production (tons)	220,140
YTD Budget (tons)	204,449
Ammonia Consumed (tons)	19,397
YTD Ammonia Consumed (tons)	126,389



Production Impacts (tons)	
1 One-day outage to make miscellaneous repairs	501

Diesel Exhaust Fluid (DEF)

Total Actual Production (gal)	5,453,393
Budget (gal)	2,420,387
YTD Actual Production (gal)	21,786,867
YTD Budget (gal)	16,552,324



Production Impacts (gal)	
No production impacts for the month	N/A

Ammonium Sulfate (Dak Sul 45®)

Actual Production (tons)	8,336
Budget (tons)	7,967
YTD Actual Production (tons)	48,592
YTD Budget (tons)	61,467

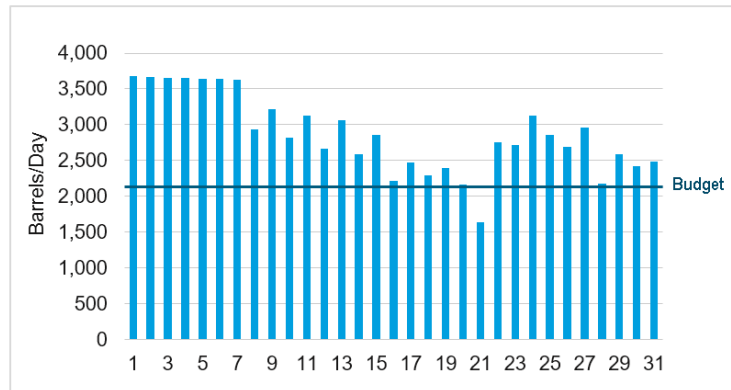


Production Impacts (tons)

No production impacts for the month	N/A
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Fuel Grade Tar Oil

Actual Production (bbl)	88,822
Budget (bbl)	65,576
YTD Actual Production (bbl)	577,831
YTD Budget (bbl)	444,186



Production Impacts (bbl)

1 No production impacts for the month	N/A
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GENERATION (MWh)

		July				YTD			
FUEL SOURCE		BUDGETED	ACTUALS	OVER / (UNDER)		BUDGETED	ACTUALS	OVER / (UNDER)	
COAL	AVS	615,527	597,562	(17,965)	(2.91)%	3,936,839	3,306,071	(630,768)	(16.02) %
	DFS	274,828	237,827	(37,001)	(13.46)%	1,636,820	1,473,447	(163,373)	(9.98) %
	LOS	359,975	387,275	27,300	7.58%	1,949,590	2,154,334	204,744	11.16 %
	LRS	936,370	939,510	3,140	0.67%	4,878,519	5,157,665	279,146	10.50 %
		2,186,700	2,162,174	(24,526)	(1.12) %	12,401,768	12,091,517	(310,251)	(2.50) %
		* Reported generation for coal is based on sales calculations.							
WIND		49,012	79,183	30,171	61.56 %	354,966	484,800	129,834	36.60 %
		* PWND, Minot Wind / PWSD, Chamberlain							
GAS / OIL		249,081	358,156	109,075	43.79 %	1,101,724	1,313,110	211,386	19.19 %
		* CGS, DCS, GGS, LCS, PGS, SMS, WDG							
FLEET TOTALS:		2,484,793	2,599,513	114,720	4.61 %	13,858,458	13,889,427	30,969	0.22 %

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	\$44.8	\$51.0	December 2022
AVS Solid Waste Landfill Cell 5	\$11.6	\$10.5	\$10.5	December 2022
AVS 345kV Equipment Upgrades	\$13.5	\$0.7	\$13.5	June 2025
East Fork 345/115kV Substation	\$28.5	\$4.7	\$28.5	December 2025
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.3	\$12.0	December 2025
LRS 345kV Equipment Upgrades	\$19.3	\$7.6	\$19.3	December 2025
Roundup to Kummer Ridge 345kV	\$95.0	\$2.2	\$79.0	October 2026
East Loop 345kV Transmission	\$417.2	\$13.8	\$347.6	December 2026
Nemadji Trail Energy Center	\$260.0	\$30.6	\$260.0	Spring 2027