

Expanded Summary of Board of Directors Meeting

Jan. 12-13, 2021

Via Webex

1. There were no Basin Electric committees meeting this month.
2. Dakota Gasification Company
 - Dale Johnson, vice president and Synfuels Plant manager, explained how a pipeline integrity gauge was removed from the carbon dioxide pipeline about 40 miles from the Synfuels Plant. The gauge was one of five being used to check for issues like corrosion in the pipeline, and by regulation must be performed every five years. The process took about a week, and flow of carbon dioxide was impacted for a few days.
 - ACTION: Dakota Gas directors authorized the conversion of Dakota Gas debt to equity in order to meet the minimum equity loan covenant.
 - Daniel Gallagher, manager of commodity sales and trading, said China's demand for corn is increasing, and because there is declining supply prices are up. About 40% of corn production goes into ethanol, and the economic recovery may drive demand higher. Customers are not scrambling for ammonia, but pre-paid ammonia is sold out everywhere. Dakota Gas is in a good position, as there is some extra product that can be sold before the spring season. Urea demand has been steady, and the world market is increasing with the United States market expected to follow. Dak Sul 45 pricing and demand have been steady. December volumes of diesel exhaust fluid were up 10% from November, and January is expected to have strong sales because another plant is having issues. A warmer-than-expected winter means natural gas price expectations have been revised down.
 - Lucas Teigen, manager of field services, explained the anticipated timeline for the primary reformer addition to the Great Plains Synfuels Plant, should the project go forward. The project just finished the pre-FEED study (Front-End Engineering and Design). The team is going through findings, and preparing the work to go out for bid to conduct a FEED study. The FEED study will take about one year, and will help determine project cost and timeline.
 - Tyler Schilke, supervisor of mechanical engineering, gave an update on the project to build a carbon dioxide pipeline for 45Q. Next steps include awarding an engineering services contract, refining the project schedule, beginning detailed pipeline routing, and completing a budget estimate. The preliminary project schedule indicates that project authorization would likely be requested from the board in May 2021.
 - ACTION: Dakota Gas directors authorized the president and secretary to file articles of incorporation with the North Dakota Secretary of State's office to incorporate a subsidiary for the purpose of building, owning, and operating a carbon dioxide pipeline. (The subsidiary would be a limited purpose subsidiary to build and subsequently sell and operate the pipeline.)

- Production (see slides below)

3. Dakota Coal Company

- Joe Leingang, superintendent of fuel and transportation, explained ongoing coal delivery issues that continue to stymie efforts to build the coal stockpile at Leland Olds. He said the coal pile at Leland Olds Station has now fallen to 357,787 tons or 28.6 days of burn at the end of December (target is 47.9 days of burn). At Laramie River Station, the coal pile is at 87 days of burn (target is 34.6 days), and this is trending in the right direction though at a slower pace than desired.

4. Basin Electric

- Mark Foss, senior vice president and general counsel
 - An agreement has been reached with the final landowner on the Osage to Yellow Creek to Lookout 230-kilovolt access easement.
 - The Federal Regulatory Energy Commission (FERC) decided Jan. 11 that Upper Missouri's wholesale power contracts and rates will go to settlement and hearing, including the issue of whether the wholesale power contract's termination provisions are just and reasonable.
- Dale Niezwaag, vice president of government relations
 - Niezwaag gave an outlook for what to expect in Congress following the Jan. 5 runoff election results in Georgia. The Democratic Party has control of both houses of Congress and the Executive Branch. Because of the 50/50 split in the Senate, the party leaders will have to determine a power sharing agreement. The last time this happened in 2001 Democrats and Republicans split committees evenly.
 - Bi-partisan clean energy standard legislation has been introduced, which has benefits for both carbon capture and renewable generation.
 - The final rules for 45Q have been released, but are not effective until published in the Federal Register.
 - North Dakota: Session convened Jan. 5. Legislation will not be required to extend the time between fewer outages on coal-based power plants. A bill has been introduced to expand the Public Service Commission's authority over the retirement or sale of generation facilities by all utilities.
 - South Dakota: Session convened Jan. 12. There is no legislation to be proposed by electric cooperatives, and no major electric utility legislation is anticipated.
 - Wyoming: Facing a budget shortfall of \$500 million to \$1 billion. There is potential for a bill to be introduced on an electric generation tax.
 - Minnesota: Several initiatives by Minnesota electric cooperatives, including the Energy Conservation and Optimization Act to allow co-ops more flexibility to meet energy savings goals; bill to permit use of co-op easement for secondary purpose of high-speed fiber for broadband; and a bill to remove the requirement that co-ops pay for

additional permits and inspections on replacement load management equipment.

- Iowa: Several initiatives by Iowa electric cooperatives, including the Vegetation Management Bill, which would apply only to distribution lines; the Digital Products and Services Taxation Fix; and support for broadband and Iowa Energy Center efforts.
- Troy Tweeten, senior vice president of Operations
 - Actual Generation (see slide below)
 - There was a potential transformer failure at Laramie River Station.
 - ACTION: Basin Electric directors authorized the CEO and general manager to approve and execute all contracts for the Dry Fork Station selective catalytic reduction project to add a layer of catalyst.
- Dave Raatz, senior vice president of Asset Management, Resource Planning, and Rates
 - The Williston Basin Energy Center (aka Bakken Midstream) is in the early stages of engineering development. A decision will potentially be brought to the March board meeting on moving forward with Phase 2, after which Basin Electric would take over management of future activities. The final project decision would be brought to the board before or at the December 2021 board meeting. Overall project economics are subject to delivered ethane supply cost and need for the facility.
 - Implementation activities are ongoing for Feb. 1 startup concerning the Wyoming Municipal Power Agency membership. FERC approval will be requested by Jan. 25.
 - ACTION: Basin Electric directors approved the 2021 Member Load Forecast for the period of 2021-2050.
 - Becky Kern, director of long-term utility planning
 - Concerning power supply positions, Kern gave an update of requirements in Southwest Power Pool, Midcontinent ISO, Rocky Mountain Power Area, and Northwest Power Pool.
 - Staff is assessing an arrangement to get capacity within MISO through the purchase of an interest in the Nemadji Trail Energy Center. The potential for a decision could come this spring.
 - Val Weigel, director of asset management and commodity strategy
 - Southwest Power Pool set a new record for wind of 19,692 megawatts on Dec. 23. Wind accounted for nearly 27% of Southwest Power Pool's generation capacity in 2020 behind coal at 30% and natural gas at 36.5%. Wind averaged 31.36% of Southwest Power Pool's generation mix in 2020, and outpaced coal annually for the first time; coal was at 30.4% and natural gas was 27%.

- The Western Energy Imbalance Service will go live Feb. 1.
- Tom Christensen, senior vice president of Transmission, Engineering, and Construction
 - FERC approved SPP's Western Energy Imbalance Market Tariff on Dec. 23, 2020.
- Pius Fischer, vice president of transmission
 - Basin Electric received a Notice to Construct to replace the Watford City, North Dakota, substation. Western Area Power Administration will install, maintain, procure, and own, while Basin Electric will fund.
- Gavin McCollam, vice president of engineering and construction
 - Large Capital Projects (see slide below)
 - Jim Lund, senior mechanical engineer, did a project close-out for the Laramie River Station environmental controls project. The project began in 2014 with the Environmental Protection Agency issuing a Regional Haze Federal Implementation Plan, which required selective catalytic reduction for NOx emissions control. An agreement in 2016 meant selective non-catalytic reduction equipment could be installed instead on two of the three units.
- Chris Baumgartner, senior vice president of Member Services and Administration
 - The Member Managers Conference is scheduled for Feb. 17-18.
 - A strategic planning session is scheduled for March.
 - Work has begun on the 2020 Annual Report.
- Diane Paul, senior vice president of Human Resources
 - There are 24 fewer employees since last year at this time. Year-end turnover rate is 4.3 for Basin Electric and 4.7 for Dakota Gas.
 - Eighteen employees have announced retirements in 2021.
 - There have been 382 employees (including four contractors) who have tested positive for COVID-19.
 - There were 255 participants in 2020 in the SmartDollar program.
 - Cooperative safety report indicated two fewer safety incidents in 2020 than the previous year.
- Steve Johnson, chief financial officer and senior vice president
 - ACTION: Basin Electric directors authorized the CEO and general manager to provide for the conversion of \$75 million of outstanding principal balance of the amounts due and owing by Dakota Gas to equity of Dakota Gas.

- ACTION: Basin Electric directors approved a 2020 surplus sales revenue deferral of up to \$75 million.
- ACTION: Basin Electric directors approved the early amortization of up to \$8 million of the loss on investment in the Dakota Gas Expense Deferral.
- ACTION: Basin Electric directors approved the 2021 Accelerated Capital Recovery Plan, which accelerates the depreciation on Leland Olds Station Unit 1 but does not have an effect on the operable life of the asset.
- ACTION: Basin Electric directors approved the 2021 Networking Data Center refresh project.
- ACTION: Basin Electric directors approved the material requests for the 2021 Networking Data Center refresh project.

Generation

Total energy available for sale in December was estimated to be 2.8 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 December was estimated at 2.4 million MWh compared to the forecast of 2.7 million MWh. Surplus sales were estimated at 432,000 MWh, compared to the forecast of 387,000 MWh.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 83.6 million standard cubic feet per day of natural gas produced from coal. The plant operated at 90.4 percent of capacity during the month.

Total tons of saleable fertilizer produced was 57,782 tons. That includes anhydrous ammonia, granular urea, urea content in diesel exhaust fluid, and ammonium sulfate.

Synfuels Plant production

Production data for December 2020 for selected products at the Great Plains Synfuels Plant were as follows:

Anhydrous ammonia – 32,452 tons produced

Urea – 34,586 tons produced

DAK SUL 45 (ammonium sulfate) – 10,419 tons produced

Carbon dioxide – About 2,369 million standard cubic feet were delivered during the month.

Financial data

Basin Electric, Dakota Gasification Company, and Dakota Coal Company financial information was not available for the board meeting, and availability is subject to the completion of annual audits.

Slides of interest:

Dakota Gas Production

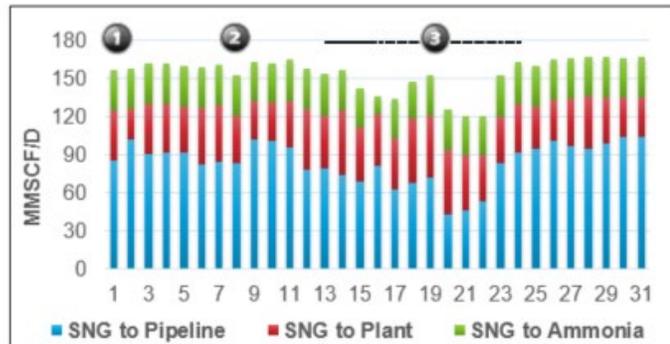
Synthetic Natural Gas (SNG)

Actual Capacity Factor	90.4%
Budgeted Capacity Factor	95.3%
YTD Actual Capacity Factor	84.2%
YTD Budget Capacity Factor	89.0%

Availability	93.5%
Utilization	96.7%

Actual Production (dts)	2,544,026
Budget (dts)	3,164,108
YTD Actual Production (dts)	29,310,584
YTD Budget (dts)	33,817,132

Delivery Average (MMSCF/D)	83.577
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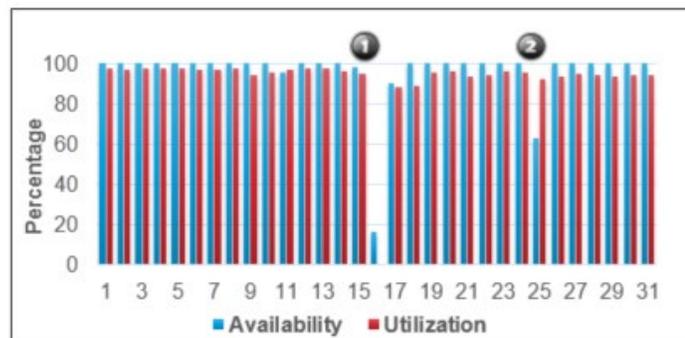


Production Impacts (MMSCF)	
1 Full tar oil tanks	11.02
2 Rectisol heat exchanger restriction	20.79
3 CO ₂ pipeline repairs	249.82

Ammonia

Average Capacity Factor	95.2%
YTD Capacity Factor	73.4%

Ammonia Production (tons)	32,452
Ammonia Budget (tons)	30,690
YTD Actual Production (tons)	295,625
YTD Budget (tons)	362,340



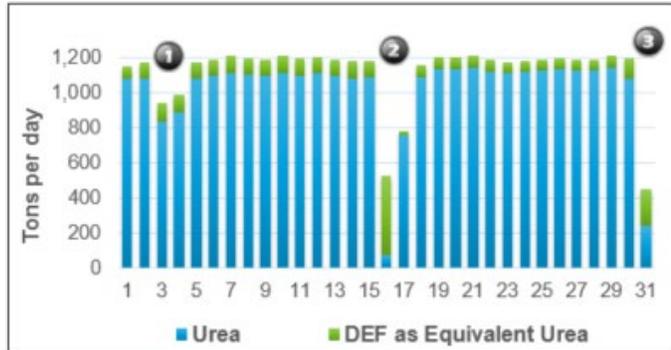
Production Impacts (tons)	
1 Loose wire on heater controls	910
2 Level indication failed, caused loss of synthesis loop	330

Average Capacity Factor	101.4%
YTD Capacity Factor	75.7%
Urea Independent Capacity Factor	101.4%

Actual Equivalent Production (tons)	34,586
DEF as Equivalent Urea (tons)	2,971
Budget (tons)	32,244
YTD Actual Equivalent Production (tons)	301,410
YTD Budget (tons)	374,210

Ammonia Consumed (tons)	19,675
YTD Ammonia Consumed (tons)	173,991

Urea



Production Impacts (tons)		
1	Granulation belt maintenance	150
2	Granulation flush, CO ₂ flow meter failed on restart	776
3	Plugged condensate pumps	594

Diesel Exhaust Fluid (DEF)

Total Actual Production (gal)	1,249,516
Budget (gal)	1,691,174
YTD Actual Production (gal)	17,346,128
YTD Budget (gal)	19,996,764

Production Impacts (gal)	
Revenue optimization	608,886



Ammonium Sulfate (Dak Sul 45®)

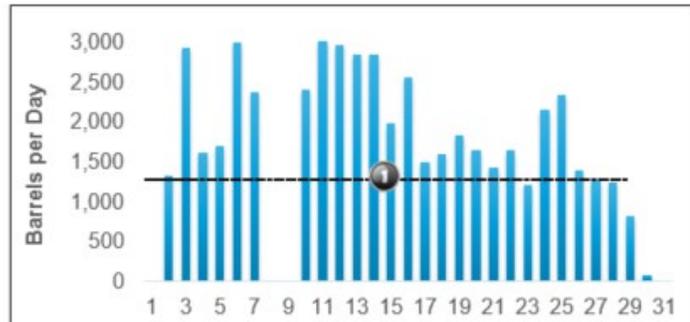
Actual Production (tons)	10,419
Budget (tons)	11,191
YTD Actual Production (tons)	93,555
YTD Budget (tons)	113,508

Production Impacts (tons)	
Various mechanical repairs	1,228



Fuel Grade Tar Oil

Actual Production (bbl)	51,603
Budget (bbl)	88,536
YTD Actual Production (bbl)	483,478
YTD Budget (bbl)	976,502



Production Impacts (bbl)	
1 High sediment resulting in off-spec product	37,389

Co-Products

	CO ₂	Naphtha	Phenol	Cresylic Acid	Krypton Xenon	Liquid CO ₂	Nitrogen
	MMSCF	gallons	gallons	gallons	liters	tons	gallons
Actual Production	2,369	667,629	213,734	204,561	306,991	715	153,856
Budget	2,945	743,163	318,370	298,003	301,320	0	93,000
YTD Actual Production	30,682	7,541,370	2,431,923	2,092,019	3,248,721	10,010	715,256
YTD Budget	34,470	8,197,244	3,403,572	3,185,846	3,323,640	41,470	669,000

Production Impacts

- All co-products were impacted by reduced gas path rate throughout the majority of the month

Actual Generation

Actual Generation*

Facilities	2020 December		%	2020 End of Year		%
	Budgeted MW's	Actual MW's		Budgeted MW's	Actual MW's	
Coal Plants	Budgeted MW's	2,290,316	-23.4	Budgeted MW's	25,347,726	-21.4
	Actual MW's	1,754,862		Actual MW's	19,914,488	
	Difference	-535,454		Difference	-5,433,238	
Oil / Gas Plants	Budgeted MW's	254,147	-44.5	Budgeted MW's	2,561,832	-13.7
	Actual MW's	140,974		Actual MW's	2,209,672	
	Difference	-113,173		Difference	-352,160	
Wind	Budgeted MW's	97,292	-18.1	Budgeted MW's	1,034,421	-15.8
	Actual MW's	79,706		Actual MW's	871,349	
	Difference	-17,586		Difference	-163,072	
Fleet	Budgeted MW's	2,641,755	-25.2	Budgeted MW's	28,943,979	-20.6
	Actual MW's	1,975,542		Actual MW's	22,995,509	
	Difference	-666,213		Difference	-5,948,470	

*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

Project Name	Approved Budget (M)	Total Committed (M)	Forecast at Completion (M)	Completion Date
LRS SCR	\$337.1	\$201.1	\$201.5	May 2021
Dickinson Second Transformer	\$12.6	\$8.8	\$9.6	August 2021
Lonesome Creek 6	\$63.7	\$35.7	\$43.7	December 2021
Neset to Northshore 230kV	\$57.4	\$1.5	\$50.8	December 2022
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.0	\$12.0	June 2023
LRS CCR Holding Ponds Closure and Reconstruction	\$42.0	\$19.1	\$36.3	October 2025