

Expanded Summary of Board of Directors Meeting

May 12-13, 2020

Via WebEx

1. There were no Basin Electric committee meetings this month.
2. Dakota Gasification Company
 - Dale Johnson, vice president and Synfuels Plant manager, said the plant went through a Responsible Care external recertification audit May 6-8. The June turnaround outage was reduced in scope and duration, from 12 days to three days. Among other things, this increases production on the gas path, reduces amortized expense related to the catalyst, and minimizes COVID-19 exposure.
 - Production (see slides below)
 - Darla Jensen, manager of financial planning and forecasting, walked through the financial forecast key assumptions for 2021-2030. Commodity prices, provided by external forecasters and blended, are down across the board; coal-based units in the Southwest Power Pool market are set to economic dispatch; major outages are delayed from 2020-2021; Lonesome Creek Station Unit 6 to be commercial in fall 2021; and Antelope Valley Station's Unit 2 lease was renewed for 10 years.
 - Dan Gallagher, Basin Electric manager of commodity sales and trading, and Val Weigel, Basin Electric director of asset management and commodity strategy, gave an overview of the oil and natural gas markets. Oil output is set to slow, as OPEC+ started lowering production levels May 1 by 9.7 million barrels. COVID-19 may have slashed demand for oil by 29 million barrels per day in April. About 20% of global crude oil capacity may need to be offline within the next month, and oil price recovery will be slow because there is a lot of oil in storage. In North Dakota, about 7,000 of the state's 16,000 wells are now shut in. North Dakota's rig count has dropped to 22 rigs, which is less than half the average number in March. The North Dakota Petroleum Council estimates that oil needs to be \$35/bbl before shutdown wells come back online, and \$40/bbl before drilling activity resumes. Natural gas in storage is up more than 50% over last year, and more than 20% from the five-year average. Demand for liquefied natural gas is down, and the supply continues to rise long-term. Demand for liquefied natural gas is down which provides downward movement to natural gas prices, and the associated natural gas supply continues to come offline which lends support to longer term natural gas prices.
 - Dan Gallagher, Basin Electric manager of commodity sales and trading, also presented on product markets. The U.S. Department of Agriculture forecasts corn and soybean acres to be up in 2020. Spring anhydrous ammonia sales are good in the northern plains and the corn belt. Staggered seasons for planting across the region have made logistics for load out and delivery run smoothly. Urea demand has been strong, and ammonium sulfate has been on the increase. Worldwide, COVID-19 may impact the fertilizer market for years, according to the International Fertilizer Association. The location of the Great Plains Synfuels Plant should help insulate from global effects. For diesel

exhaust fluid, demand is down due to inventory constraints, lower gasoline usage, and COVID-19. There were no rail shipments of diesel exhaust fluid in the first part of May.

3. Dakota Coal Company

- Joe Leingang, superintendent of fuel and transportation, said the coal inventory at Laramie River Station is up to more than 100 days of full load burn. The target for inventory is 34.6 days of burn. The reason inventory is growing is economic shutdowns at the plant.

4. Basin Electric

- Board Audit Committee
 - ACTION: Basin Electric directors authorized Deloitte & Touche be retained to conduct the audit of the 2019 FERC Form 1.
- Paul Sukut, chief executive officer and general manager
 - Joe Leingang, superintendent of fuel and transportation, reported that the agreements by and among Western Fuels Association, Western Fuels Wyoming, and Basin Electric have been modified for the 2020, 2021, and 2022 Dry Fork Mine production nominations resulting in reductions from 2.8 million tons/year to 1.8 million tons.
- Mark Foss, senior vice president and general counsel
 - On April 10, Tri-State G&T and Delta-Montrose Electric Association filed for FERC approval of Delta-Montrose Electric's withdrawal agreement. Delta-Montrose Electric agreed to pay Tri-State \$62.5 million exit fee, purchase \$26 million of transmission and related facilities, and forfeit \$48 million in capital credits.
 - United Power Cooperative has requested a rehearing of all recently issued FERC orders concerning Tri-State. On May 4, United Power filed suit against Tri-State claiming United Power was misled to adopt bylaw amendments to admit non-utility entities.
- Dale Niezwaag, vice president of government relations
 - East River Electric Power Cooperative initiated an effort with Basin Electric Class A and C members to support the ethanol industry. The co-ops are sending letters to ND, SD, IA, MN, and NE delegations. Further outreach and coordination is being done with governors of those states, renewable fuels, and agriculture associations.
 - Carbon Utilization Research Council initiating effort for carbon capture stimulus support. The Lignite Energy Council is developing a similar letter for the ND delegation.
 - The Department of Treasury is working to finalize proposed Section 45Q regulations and we are hoping they define carbon capture equipment in a manner that would be favorable to Dakota Gas.

- Efforts to extend the Wind Project Safe Harbor in stimulus package is in the works. Basin Electric is not engaging, as we have no project affected. The extension would help Tri-State G&T.
- The Federal Communications Commission's final 6 GHz ruling was issued April 23. It authorizes Ethernet service providers to use a portion of the band. Basin Electric plans to record noise and performance values for microwave links as a baseline, and then monitor for interference.
- The Sierra Club has come out with a legislative proposal to mitigate stranded costs of existing coal plants. Basin Electric has several concerns with the proposal.
- The U.S. Department of Energy awarded \$15.2 million for Phase III of the Wyoming CarbonSAFE project, located near Dry Fork Station.
- On May 1, an executive order declared a national emergency with respect to a threat to the U.S. bulk power system. The order prohibits acquisition and installing of bulk power system electrical equipment from a foreign adversary.
- John Jacobs, senior vice president of Operations
 - Actual Generation (see slide below)
 - Economic shutdowns have been affecting all coal-based power plants but Dry Fork Station.
- Dave Raatz, senior vice president of Asset Management, Resource Planning, and Rates
 - FERC Rate Schedule A and Conformed Contracts to be filed early June.
 - Proposals are under development for the 2021 rates concerning Fixed Charge #1 and the trial battery rate. This will be on the agenda for the Apr. 23 Class A District meeting.
 - Staff continues work on updating the load forecast to include effects of COVID-19.
 - ACTION: Basin Electric directors approved an extension of credit to TC Energy Corporation up to the value of the termination payment schedule in the TransCanada Keystone Pipeline System Improvement Cost Recovery Agreement, and authorized the CEO and general manager to execute all necessary agreements.
- Becky Kern, director of long-term utility planning
 - Three solar PPAs are under consideration, and the board may consider an action item in June.
 - ACTION: Basin Electric directors authorized agreements for the Stegall DC Tie Refurbishment Project funding to Tri-State G&T.

- Val Weigel, director of asset management and commodity strategy
 - Wind and hydro generation have surpassed coal generation for 40 consecutive days in 2020 in the United States. In 2019, wind and hydro surpassed coal for only 9 consecutive days.
 - Coal plants have typically supplied the grid with power when demand increases, but COVID-19 has cut demand. Wind, solar, and natural gas are all less expensive than coal in the market.
 - Southwest Power Pool had a record wind penetration of 73.2% on April 27.
 - On Jan. 1, 2021, all wind projects in the Southwest Power Pool must be converted to dispatchable units. Currently, Basin Electric's real-time staff has been manually managing the non-dispatchable wind units on a manual basis.

- Tom Christensen, senior vice president of Transmission, Engineering, and Construction
 - Large Capital Projects (see slide below)
 - Southwest Power Pool is evaluating the Neset-to-Northshore transmission notice to construct. On Apr. 29, Basin Electric sent cost-estimate clarifications.
 - Pius Fischer, vice president of transmission
 - ACTION: Basin Electric directors authorized the SPP Generator Interconnection Agreement with Red Butte Wind LLC, connecting to a Basin Electric 230-kilovolt substation.
 - Gavin McCollam, vice president of engineering and construction
 - Lonesome Creek Station Unit 6 work continues, with a slight delayed start of construction. A Permit to Construct was received from the State of North Dakota on April 14.
 - The Bakken Generation project has been indefinitely suspended.

- Chris Baumgartner, senior vice president of Member Services and Administration
 - Annual Report and Basin Today have been printed and mailed.
 - Two press releases went out - one on Wyoming CarbonSAFE funding, and one on a Gateway to Science donation.
 - Procurement had ordered COVID-19 test kits for employees.
 - The Cooperative Awareness campaign has completed interviews with Basin Electric board and staff, and Class A managers. A report is forthcoming.

- Diane Paul, senior vice president of Human Resources

- 208 of 217 employees directed to self-isolate due to travel and close contact concerns over COVID-19 have returned to work. Two employees have tested positive: one at Dry Fork Station, and one at Headquarters.
- No date has been set for employees to return to work at Headquarters. Employees will be brought back in phases. All employees who have been working-from-home will be tested for COVID-19 before returning to the Headquarters building.
- Steve Johnson, chief financial officer and senior vice president
 - COVID-19 continues to have a negative effect on the economy.

Generation

Total energy available for sale in April was estimated to be 2.4 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 April was estimated at 2.0 million MWh compared to the forecast of 2.0 million MWh. Surplus sales were estimated at 479,500 MWh, compared to the forecast of 483,700 MWh.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 99.3 million standard cubic feet per day of natural gas produced from coal. The plant operated at 90.5 percent of capacity during the month.

Total tons of saleable fertilizer produced was 45,994 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 April 2020 for selected products at the Great Plains Synfuels Plant were as follows:

Anhydrous ammonia – 23,194 tons produced.

Urea - 31,715 tons produced.

Dak Sul 45 (ammonium sulfate) – 8,446 tons produced.

Carbon dioxide – About 2,400 million standard cubic feet were delivered during the month.

Financial data

Basin Electric Consolidated						
NET INCOME AFTER TAX						
UNAUDITED						
April 2020						
(in millions)	Monthly Actuals	Monthly Budget	Over/(Under) Budget	YTD Actuals	YTD Budget	Over/(Under) Budget
Basin Electric	\$ 5.9	\$ (2.7)	\$ 8.6	\$ 49.3	\$ 36.1	\$ 13.2
Dakota Gasification Company	(5.4)	3.7	(9.1)	(29.7)	(4.3)	(25.4)
Dakota Coal Company	6.2	(0.7)	6.9	4.6	4.2	0.4
Interco. Eliminations & Other*	5.5	(3.6)	9.1	29.8	4.4	25.4
Consolidated Net Income/(Loss) After Tax	\$ 12.2	\$ (3.3)	\$ 15.5	\$ 54.0	\$ 40.4	\$ 13.6

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

Basin Electric

For the month of April, Basin Electric reported an after-tax margin of \$5.9 million compared to a budgeted after-tax deficit of \$2.7 million.

- Surplus sales were under budget mainly due to lower prices; an unfavorable variance of \$4.6 million.
- Operating and maintenance expenses were lower than budget; a favorable variance of \$20.4 million.
 - Mainly due to lower maintenance expenses related to deferral of outages, lower purchased power, lower fuel costs and lower production expenses.

Dakota Gas

For the month of April, Dakota Gasification reported an after-tax net loss of \$5.4 million compared to a budgeted income of \$3.7 million.

- Synthetic natural gas revenue was lower than budget largely due to lower prices; an unfavorable variance of \$2.9 million.
- By-product and co-product sales were lower than budget, an unfavorable variance of \$8.7 million.
 - Urea revenue was down \$4.9 million as a result of lower prices and volumes. Tar oil revenue was down \$1.1 million, largely due to lower volumes. Ammonia revenue was down \$0.8 million as a result of lower prices.
- Operating expenses were lower than budget; a favorable variance of \$3.9 million.
- The income tax expense for the month was \$1.2 million more than budgeted due to a tax valuation allowance adjustment.

Dakota Coal

For the month of April, Dakota Coal Company reported after-tax net income of \$6.2 million, compared to a budgeted net loss of \$0.7 million.

- Unrealized gains of \$4.9 million were recorded on mine closing fund investments.
- Operating expenses were lower than budget, a favorable variance of \$3.8 million.
 - This is largely due to lower coal purchase expense.

Slides of interest:

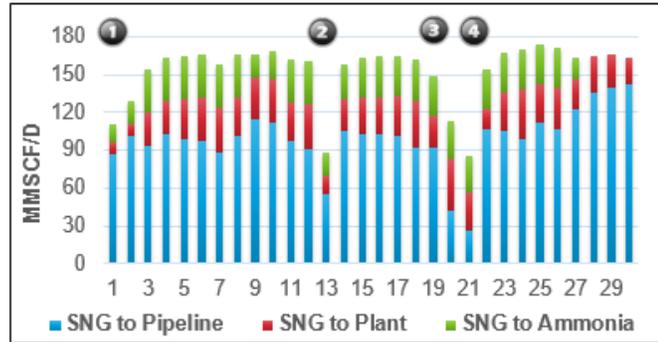
Dakota Gas Production

Synthetic Natural Gas (SNG)

Actual Capacity Factor	90.5%
Budgeted Capacity Factor	91.2%
YTD Actual Capacity Factor	89.3%
YTD Budget Capacity Factor	93.2%

Availability	97.1%
Utilization	93.2%

Actual Production (dts)	2,893,730
Budget (dts)	2,870,550
YTD Actual Production (dts)	10,187,471
YTD Budget (dts)	11,960,865

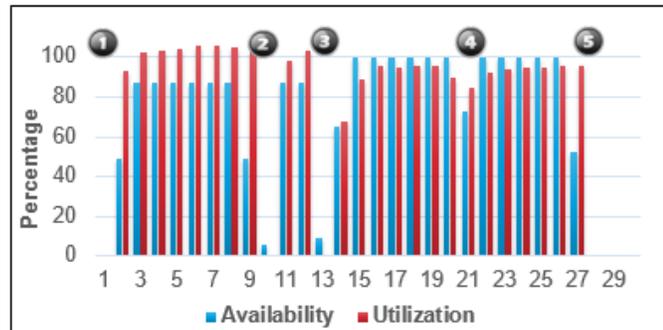


Production Impacts (MMSCF)		
1	Power interruption on NB5302 due to lightning	71.01
2	Plant trip while working on tar oil atomizing steam valve	67.34
3	Coal belt pulley repairs	6.00
4	B-Riley boiler tube leak repairs	111.84

Ammonia

Average Capacity Factor	70.3%
YTD Capacity Factor	79.9%

Ammonia Production (tons)	23,194
Ammonia Budget (tons)	29,700
YTD Actual Production (tons)	106,401
YTD Budget (tons)	119,790



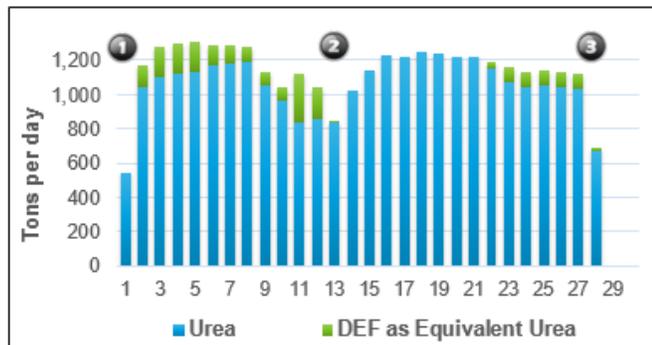
Production Impacts (tons)		
1	Electrical interruption resulting in ammonia plant trip	1,430
2	Instrument failure, resulting in heater trip	1,380
3	Plant trip while working on tar oil atomizing steam valve	3,194
4	Rate reduction for B-Riley boiler tube leak repairs	282
5	Tube leak on the feed gas heater	3,397

Average Capacity Factor	96.1%
YTD Capacity Factor	91.8%
Urea Independent Capacity Factor	108.5%

Actual Equivalent Production (tons)	31,715
DEF as Equivalent Urea (tons)	2,094
Budget (tons)	31,200
YTD Actual Equivalent Production (tons)	122,354
YTD Budget (tons)	125,840

Ammonia Consumed (tons)	17,361
YTD Ammonia Consumed (tons)	66,675

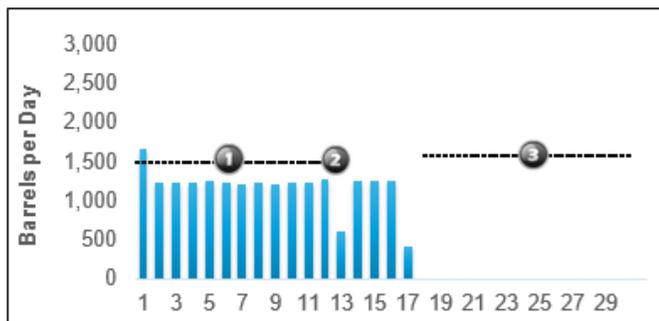
Urea



Production Impacts (tons)		
①	Power interruption resulting in partial plant trip	497
②	Plant trip while working on tar oil atomizing steam valve	221
③	Tube leak on the ammonia feed gas heater	2,435

Fuel Grade Tar Oil

Actual Production (bbl)	20,184
Budget (bbl)	81,960
YTD Actual Production (bbl)	221,234
YTD Budget (bbl)	338,012



Production Impacts (bbl)		
①	Inventory management	21,847
②	Plant trip while working on tar oil atomizing steam valve	2,106
③	Business decision - low oil prices	37,832

Co-Products

	CO ₂	Naphtha	Phenol	Cresylic Acid	Krypton Xenon	Liquid CO ₂	Nitrogen
	MMSCF	gallons	gallons	gallons	liters	tons	gallons
Actual Production	2,400	642,571	236,118	164,677	180,158	1,408	96,127
Budget	2,850	688,110	186,690	174,750	279,000	4,500	60,000
YTD Actual Production	11,176	2,621,358	905,090	682,868	825,703	2,042	188,329
YTD Budget	11,495	2,837,537	1,107,496	1,036,668	1,150,500	11,470	333,000

Production Impacts

- Repairs were made to the leaking krypton/xenon valves
 - Low pricing impacted multiple co-product sales

Actual Generation

Actual Generation*

Facilities	2020 April		%	2020 Year-to-Date		%
Solid Fuel Plants	Budgeted MW's	1,759,351	-23.3	Budgeted MW's	8,384,135	-18.6
	Actual MW's	1,349,610		Actual MW's	6,821,534	
	Difference	-409,741		Difference	-1,562,601	
Oil / Gas Plants	Budgeted MW's	150,781	22.1	Budgeted MW's	498,347	82.8
	Actual MW's	184,048		Actual MW's	911,056	
	Difference	33,267		Difference	412,709	
Wind	Budgeted MW's	89,372	-23.5	Budgeted MW's	379,895	-10.9
	Actual MW's	68,328		Actual MW's	338,676	
	Difference	-21,044		Difference	-41,219	
Fleet	Budgeted MW's	1,999,503	-19.9	Budgeted MW's	9,262,376	-12.9
	Actual MW's	1,601,986		Actual MW's	8,071,266	
	Difference	-397,517		Difference	-1,191,110	

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

5



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	July 2020
LOS Bottom Ash Dewatering/Pond Closure/Coal Pond Expansion	\$81.6	\$72.9	\$74.2	July 2020
Chapelle Creek Switchyard	\$22.5	\$9.0	\$20.0	October 2020
Dickinson Second Transformer	\$12.6	\$5.0	\$9.6	April 2021
Lonesome Creek 6	\$63.7	\$20.7	\$55.6	December 2021
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.4	\$12.0	June 2023
LRS CCR Holding Ponds Closure and Reconstruction	\$34.0	\$8.0	\$28.5	October 2025

