

*Manager's Advisory Committee Meeting
(October 19, 2017)*

SUMMARY

MAC Present

Ryan Hentges - Minnesota Valley Electric
Tim Sullivan - Wright-Hennepin
Tim Stephens - Park Electric
Doug Hardy - Central Montana Electric
Matt Washburn - NIPCO
Joe Farley - Harrison County Electric
Paul Erickson - San de Cristo Electric Assn.
Brad Nebergall - Tri-State
Martin Dahl - McLean Electric
Tom Meland - Central Power Electric
Vic Simmons - Rushmore Electric Power
John Lee - Butte Electric
Dave Eide - Codington-Clark Electric
Tom Boyko - East River Electric Power
Rick Olesen - Iowa Lakes Electric
Ken Kuyper - Corn Belt Power Cooperative
Scott Sweeney - Fergus Electric
Mike Easley - Members 1st Power
Curt Dieren - L & O Power Cooperative
Tim McCarthy - Sioux Valley Energy
Claire Vigesa - Upper Missouri Power
Jack Hamblin - Southeast Electric

Others Present

Brad Schardin - Southeastern Electric
Jeff Ten Napel - Osceola Electric
Roxanne Carisch - Calhoun County Electric
Vicki Daily - Grundy Co REC
Carmen Hosack - Nishnabotna Valley REC
Jerry King - Burke Divide Electric
John Skurupey - McKenzie Electric
Matt Hotzler - H-D Electric
Tim O'Leary - Lyon-Lincoln
Scott Reimer - Federated REA
Jason Bentz - Roughrider Electric
Jackie Miller - Mor-Gran-Sou
Pat Engebretson - East River Electric
Vince Phillips - WIMECA
Greg Hollister - East River Electric
Dick Johnson - West River Electric
Walker Witt - Black Hills Electric
Mike Moncur - Dakota Energy
Stephanie Horst - Bon Homme-Yankton Elec
Craig Codner - Butler Co REC
Eddie Webster - Minnesota Valley
Bob Sandberg - Wright Hennepin Electric
DeeAnne Newville - Renville-Sibley
Jim Edwards - East River
Colle Nash - Grand Electric
Michael Hoy - McCone Electric
Ross Loomans - Lyon REC
Lyle Karver - North West REC
Matt Klein - Union County Electric
Ken Schlimgen - Central Electric Coop
Steve Reed - West Central
Wayne Martian - North Central Electric
Randy Hauck - Verendrye Electric
Bruce Garber - Dakota Valley Electric
Paul Fitterer - Capital Electric Coop
Darick Eisenbraun - Butte Electric
Bill McKim - Midland Power Coop
Jim Gossett - Raccoon Valley Electric

Questions on these minutes should be referred to your G&T.

Ted Smith - Sioux Valley Energy
Chris Studer - East River
Chris Larson - Clay-Union
Ron Horman - Redwood Electric
Kory Johnson - Agralite Electric
Scott Moore - FEM Electric
Dave Page - Whetstone Valley Electric
Pat Carruth - MVCLP
Kevin Mikkelsen - Rosebud Electric

Basin Electric

Paul Sukut	Steve Johnson
Dave Raatz	Dale Niezwaag
Sue Sorensen	Chris Baumgartner
Dave Sauer	Mark Foss
Ken Rutter	John Jacobs
Lisa Carney	Chad Reisenauer
Andy Buntrock	Tyler Hamman

General Manager's Report

Senior Vice President and CFO, Steve Johnson, touched on the End-Of-Year Estimates, a possible Margin Stabilization Plan, and a Summary of Allocated Margins. Basin Electric staff asked the members if they had a preference on a potential patronage retirement; prior to the end of 2017 or early in 2018. Paul Sukut advised the committee an exact model is still being worked on and that a decision from the members is not needed today.

Doug Hardy, Central Montana Electric Power, stated his distribution members preferred to roll it into next year.

Mike Easley, Members 1st, concurred with Central Montana Electric Power.

Paul Sukut, CEO and General Manager, ran through a quick update on the UREA plant. With about 40% turned over to Operations and 97% complete with construction, and plans for Urea available in the fall of 2018.

Senior Vice President of Member's Services and Administration, Chris Baumgartner advised the group of two purposes of informing the group and to involve the member managers and ask them for questions and dialogue.

He then touched on the format of this year's annual meeting.

Member Manager Report

Members 1st - Mike Easley - Pass

L&O Power - Curt Dieren - Conducting formal 2018 Rates.

Upper Missouri Power Cooperative - Claire Vigessaa - Sales are still pretty strong as a family. Hearing concerns about self-generation.

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Corn Belt Power - Ken Kuyper - They too have similar concerns with a number of consumers talking to distribution members about self-generation.

Iowa Lakes Electric Cooperative - Rick Olesen - Currently they are engaged in a Cost of Service, sales down slightly because of loss of municipals loads, mild weather left us with lower residential sales.

Rushmore Electric - Vic Simmons - Pass

East River - Tom Boyko - Biggest challenge they are seeing is self-generation.

Central Electric - Tom Meland - Currently in negotiations with Ottertail Power for a delay in receiving credits from MISO.

Tri-State - Brad Nebergall - Haven't heard anything from FERC on PURPA, or on the request for a re-hearing, or a partial waiver.

NIPCO - Matt Washburn - Frustrated with the pace of FERC approvals.

Central Montana Power - Doug Hardy - Finally have oral arguments scheduled with the DC Courts on an issue with Northwestern Energy.

Park Electric - Tim Stephens - They have an 80 MW wind farm in their area, they are working to get online November 2018.

Wright-Hennepin Cooperative Electric - Tim Sullivan - Currently are in the development of 2018 budget and work plan development.

Minnesota Valley - Ryan Hentges - In an active negotiation with municipals in their area.

Strategic Planning Update

Basin Electric staff shared details of Basin Electric's Strategic Direction activities.

Questions from Committee Members answered by Basin Electric staff.

Mr. Sukut summarized discussions and questions and indicated staff will edit presentations accordingly as discussed with the Committee Members.

Class A & C Member Discussion

The floor was opened for dialogue from Class A and Class C attending members on how Basin Electric staff can handle things better.

Scott Moore, FEM Electric Association - Members are looking for information to take back to their Board and members as to where Basin Electric is going. They are looking for collaboration, consensus, communication, and conversation with Basin Electric staff. Additionally, Basin Electric needs to be successful, creative, and have active management for all to succeed.

Craig Codner, Butler Electric, asked for more communication from

- a. Basin Electric staff to include MAC in strategic planning discussions. Also, a written plan with timelines as to when each mark will be met and to outline the expected goals.
- b. Communication - requested more Board communication, for example by staff providing Board PowerPoint presentations with narratives to the members. Access

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- to Board agendas prior to the meeting. Feels this is imperative for Basin Electric to remain successful.
- c. Basin Electric to create a policy to guide Class A members on what information can and should be distributed to Class C members.

Mr. Sukut noted he communicates with the Class A managers.

John Lee, Butte Electric, suggested there would be value for there to be a standard forum for Class C members to address and receive information from the Class A's.

Mr. Sukut indicated he has implemented several processes after meeting with the Class A managers. One is to go with an extended Board summary. He also holds a monthly conference call with all Class A managers to update them on details of the Board meeting.

Ken Kuyper, Corn Belt would like to see a policy on information dissemination, i.e., Board package distribution and access to presentations. This would aid uniform communication for both Class A and Class C members.

Tim McCarthy, Sioux Valley Electric asked for greater flexibility to help members see the value.

Tom Boyko, East River stated Class A members need to see that our expectations are clearly communicated and we need to understand that numbers are going to change over time.

Mike Easley, Members 1st indicated if everyone knew what information was available, then you would know what to do with the information when you have questions?

Claire Vigesaa, Upper Missouri commented on having more information on the Member's website. Ken Kuyper asked how does a manager provide information if no reference is made as to the sensitivity of the presentation.

Vic Simmons, Rushmore Electric asked if the group needs to meet more than quarterly.

Michael Hoy, McCone Electric asked if we could have Webinars to expand the group in attendance.

Craig Codner, Butler Electric, suggested we should have MAC meetings in a HUB area, or a meeting in conjunction with other meetings.

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(October 20, 2017)*

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Chad Reisenauer

Lisa Carney
Tyler Hamman

Standby Rate/Demand Period Waiver/PURPA/Strategic Rate Review

Senior Vice President of Resource Planning, Dave Raatz covered four different topics. It is staff's intention to request November Board approval of these items.

Standby Rate - Dave covered Rate Subcommittee discussions and recommendations concerning modifications to the Standby Rate.

Question from committee member answered by Basin Electric staff

1. Staff to clarify on how to implement generators on a common site if they are collectively greater than 5MW. (If there are two 4 ½ generators at a site they should be treated as 2 generators less than 5MW each).
2. Standby service is based on individual generator at a site. Energy is based on the sum of the generator at a site.
3. The rate should be structured to provide for a credit if the consumer generation is operating at the time of the member peak.

Demand Period Waiver - Basin Electric staff proposed to maintain the Demand Period Waiver through 2019 or 2020 and that it would be the Board's intent to maintain the Demand Period Waiver through 2022.

Comments from committee members supported a Demand Period Waiver guarantee through 2020.

PURPA Rate - Staff would like to move away from the current PURPA rate level for projects greater than 150kW and for it to be based on LMP prices in an RTO environment.

Question from committee members answered by Basin Electric staff

Strategy Rate Review - Dave indicated the Rate Subcommittee felt it is not the appropriate time to discuss a major rate structure change and as a result further discussions on this topic are put on hold.

Tom Boyko moved for Paul Sukut to bring to the Board of Directors modification to the rates as presented, Tom Meland seconded; Motion passes.

Prairie Winds Consolidation

Senior Vice President & CFO, Steve Johnson explained the benefits of a merger of the PrairieWinds subsidiaries into Basin Electric. The resulting increase in the consolidated margin would be used as a part of the margin stabilization/revenue deferral plan.

Question from committee member answered by Basin Electric staff.

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Mountain West Transmission Update

Tri-State Senior VP of Energy Management, Brad Nebergall, visited on Mountain West Transmission Group (MWTG) & SPP West discussed.

Mr. Nebergall summarized the Market Benefits Study, commented on having one joint tariff for everyone and discussed the overall benefits of a full market.

Question from committee member answered by staff.

Annual Meeting Agenda

Senior Vice President of Members Services & Administration, Chris Baumgartner outlined the new format for the 2017 Annual Meeting activities.

Paul Sukut asked for a consensus from the MAC, to take to the Board of Directors, to create a revenue deferral for this year. Doug Hardy moved to support revenue deferrals for this year and the general discussions that were held; Paul Erickson seconded; Motion passed.

Next Meeting

January 24-25

May 3-4

July 17-19

October 24-25

Adjourned: 9:43 am