



**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 

Class A District Manager Meeting Update

January 23, 2019

Appendix

Battery Rate Options

Battery is a BEPC POD (looks like generator)

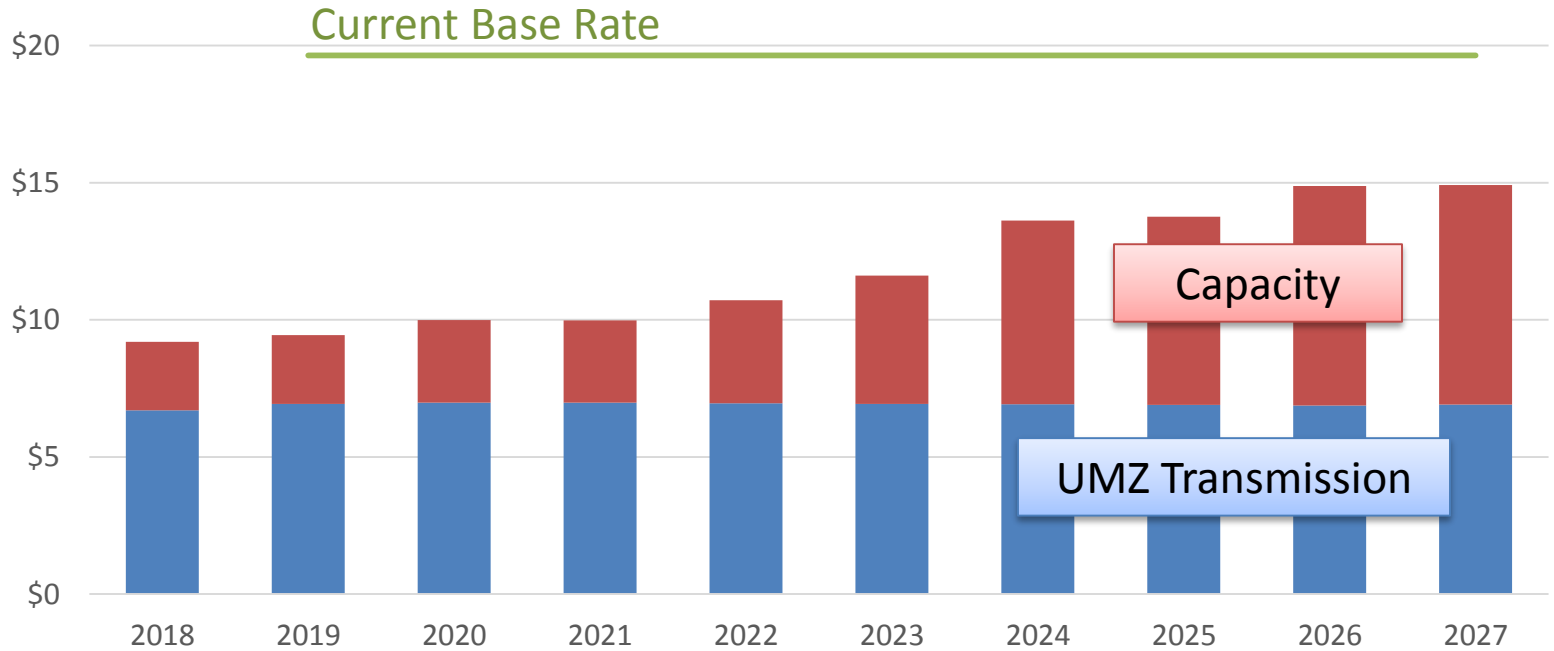
- Battery does not reduce BEPC delivery
- BEPC pays for Battery capability

Battery Part of Member LM Operations

- Discharge reduces BEPC delivery
- Assess special adder for difference of Battery Value vs. BEPC Demand Rate

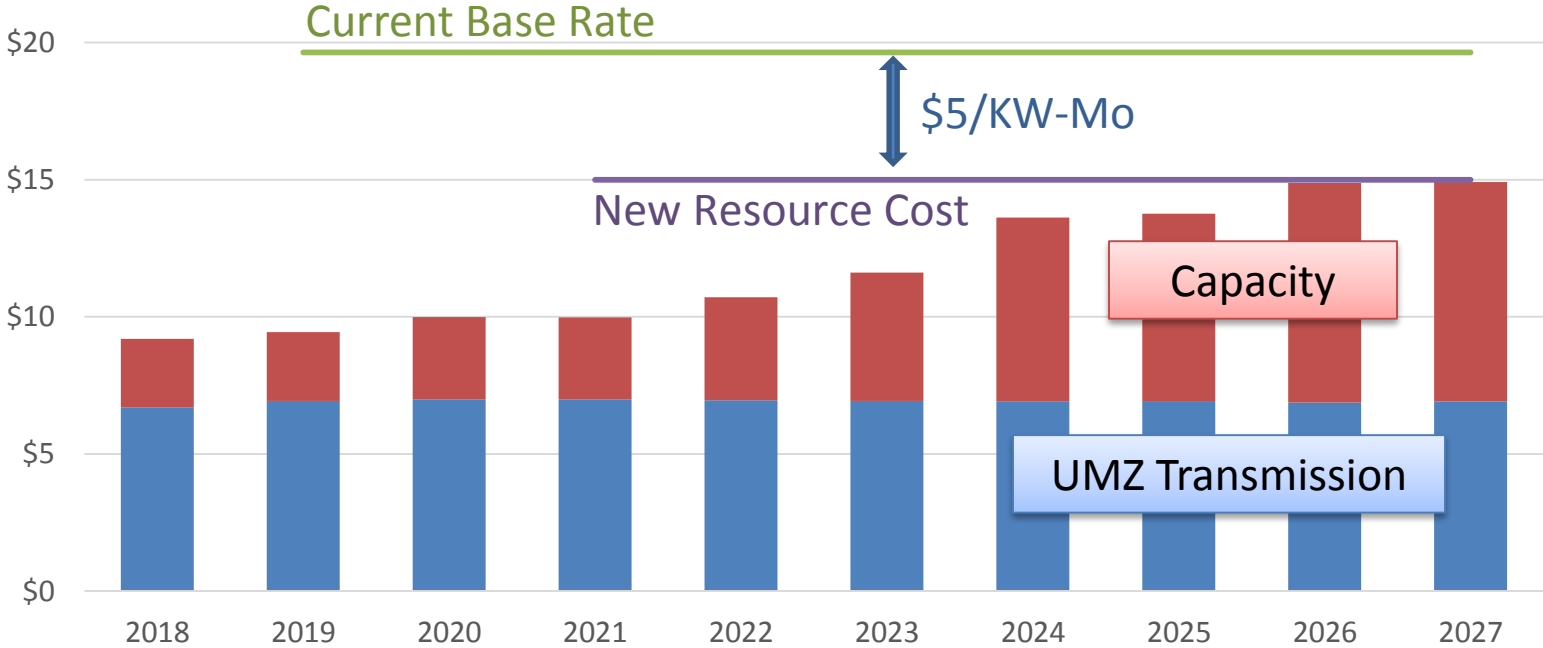
BEPC Demand Rate vs Mrkt

\$/kW-mo



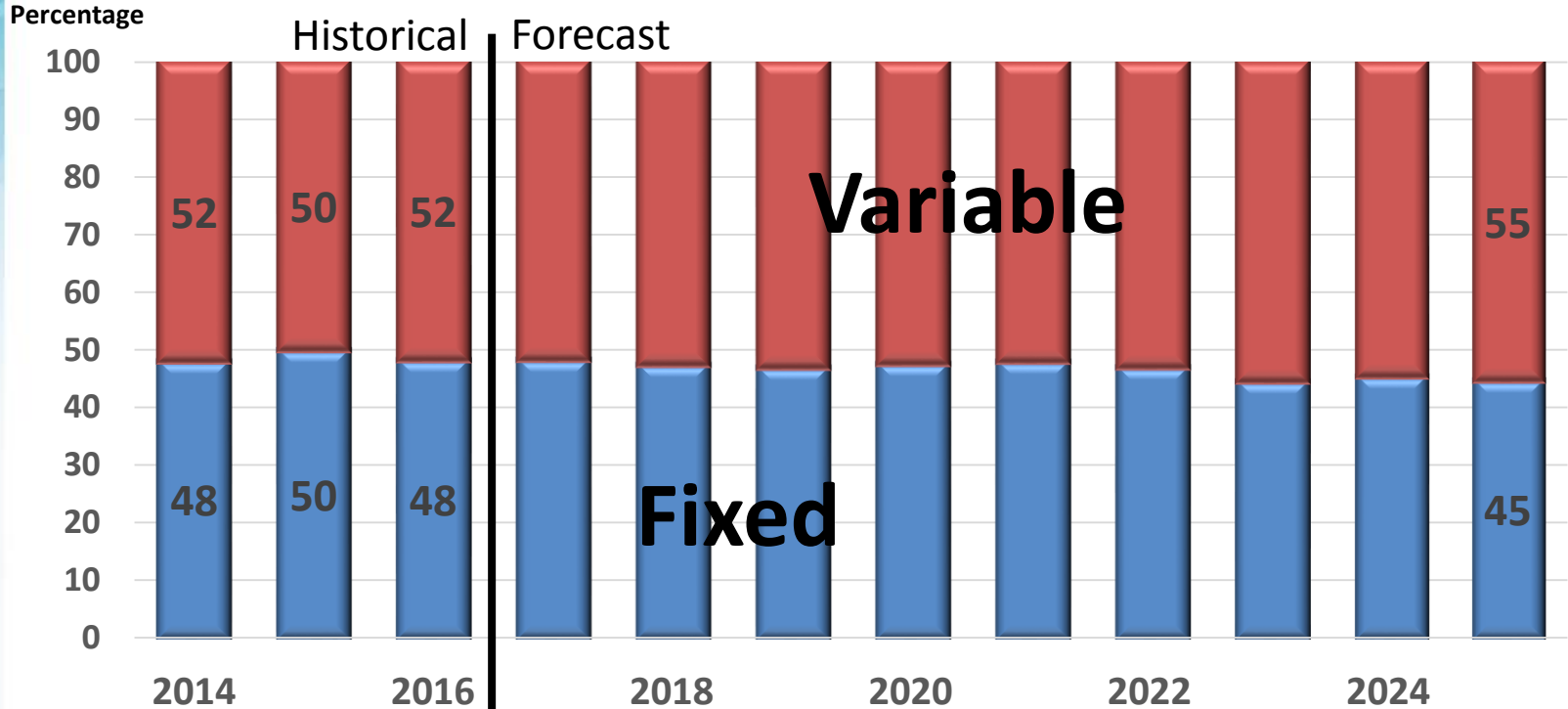
BEPC Demand Rate vs Mrkt

\$/kW-mo



2015-2016

“Rate Base” Cost of Service (Expense - Non-Member Revenue)



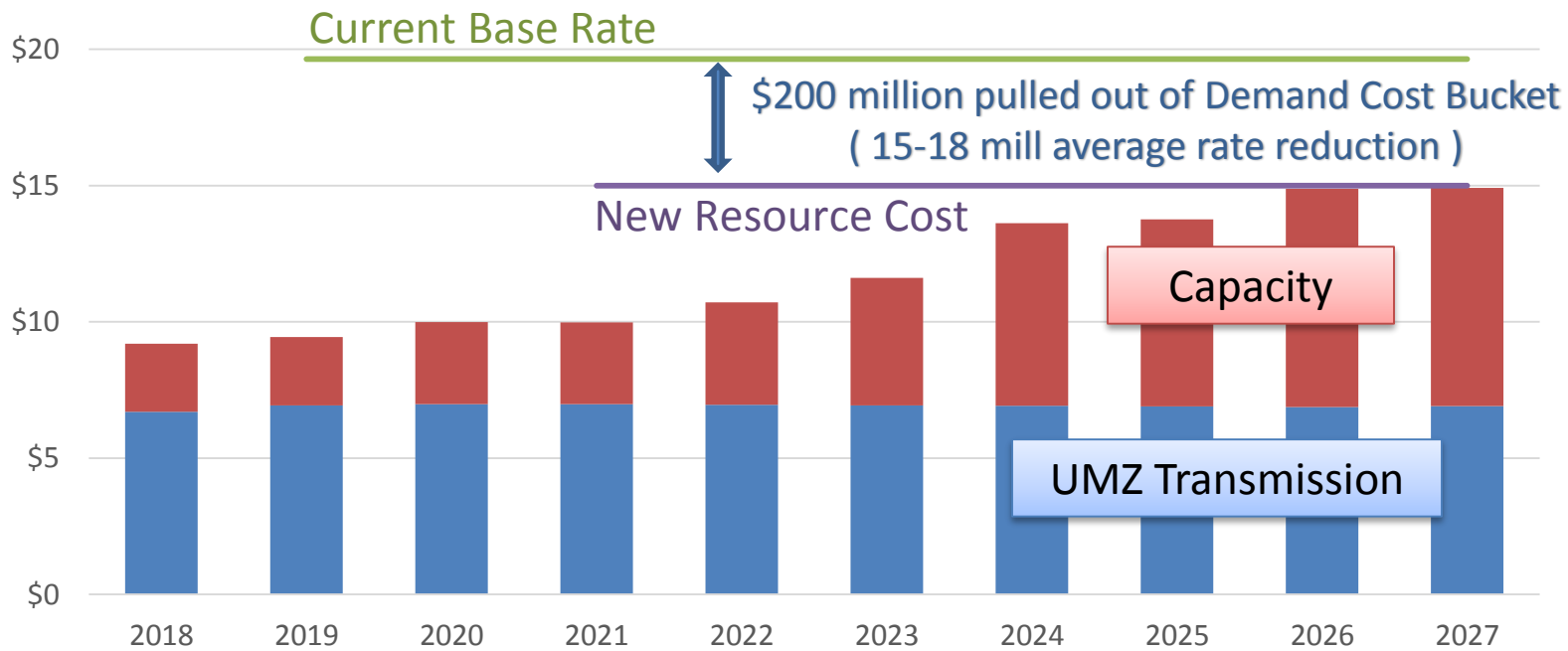
Updated Cost of Service Expectation



No Significant Change at this time
(Revenue Deferral Recognition/Accelerated Depreciation)

BEPC Demand Rate vs Mrkt

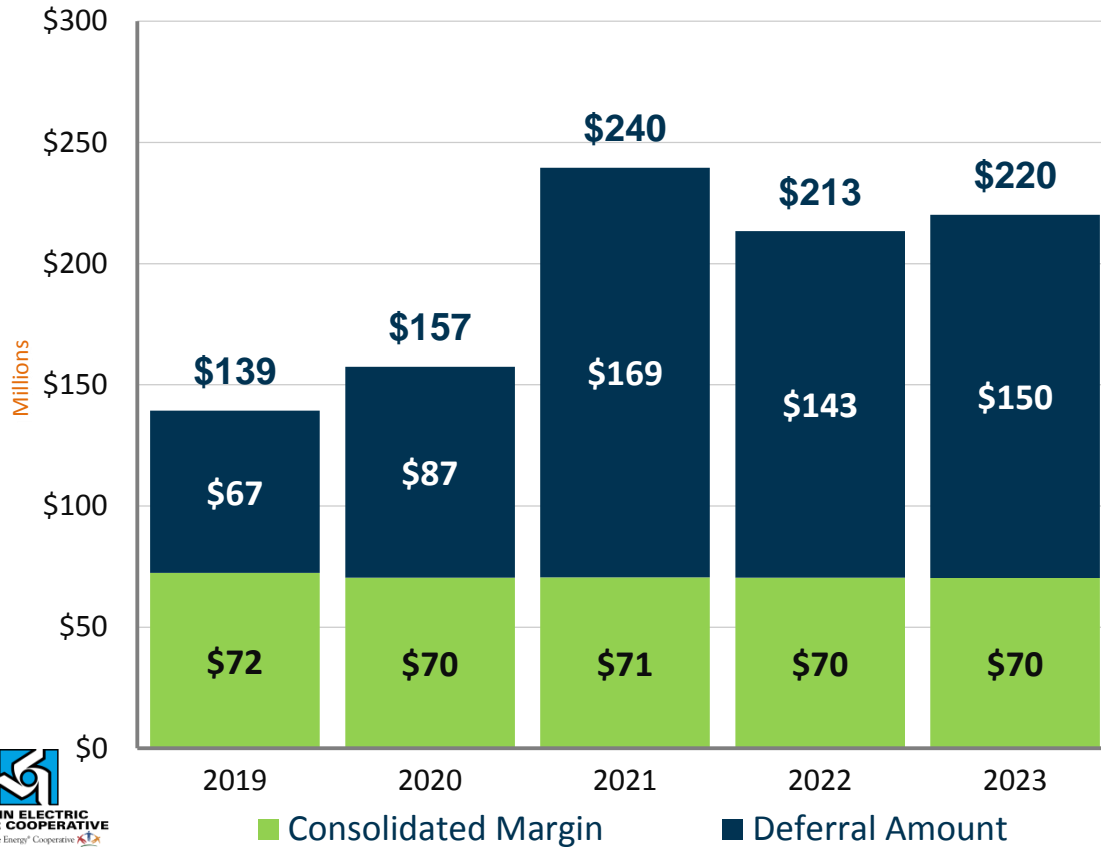
\$/kW-mo



Strategic Rate Design Questions

- At what point do we need to send appropriate demand rate signal to Members?
- What is magnitude of anticipated average rate reduction?
 - Walk Down ?
 - Big Step Down ?
- Likely need some level of Fixed Charge
 - With \$8/MWh average Rate Reduction
 - Need approximately \$100 Million Fixed Charge

Consolidated net income is maintained to continue to build strong financial metrics



When an ~\$70 million consolidated margin is achieved, excess revenue is deferred

Asset Write
Downs

Accelerate
Depreciation /
Amortization

Rate Relief