

Basin Electric Power Cooperative

Expanded Summary of Board of Directors Meeting

Nov. 7, 2022

At Basin Electric Headquarters in Bismarck, North Dakota

1. There were no Basin Electric committees this month due to Annual Meeting.
2. Dakota Gasification Company
 - ACTION: Dakota Gas directors authorized the cooperative to open and maintain one or more accounts with Mizuho Securities USA, LLC, for the purposes of trading in commodities and swap agreements.
 - Dale Johnson, vice president and Synfuels Plant manager
 - There was lost-time accident on Oct. 12 when a coupling failed in an ash handling sump and an employee was exposed to ash water.
 - A leak in the amine system resulted in a production rate impact to ammonia. A portion of the piping has been replaced.
 - ACTION: Dakota Gas directors authorized the replacement of the liquid oxygen vaporizer in 2022 rather than 2023 as was budgeted, to reduce operational risks.
 - Kimberly Miller, senior business analyst
 - The 2023 Draft Operating and Capital Budgets were presented with the following assumptions: 45Q project start date post 2023; market pricing as of Sept. 30 forward curves, fertilizer pricing from DGC Sales and Marketing, N-7, and external outlook providers; and the plant outage schedule.
 - Major risks to budget results include commodity price volatility, market depth, production/outage schedule, economic impacts, weather, and railroad/transportation.
 - Daniel Schaaf Gallagher, director of commodity sales and trading
 - Several factors continue to impact commodity prices, including Russia's invasion of Ukraine and the energy price impact from Russian export restraints, China's strict COVID-19 enforcement, and supply chain issues.
 - Ammonia pricing is strong in North Dakota, and demand is expected to continue strong through the fall season. Urea pricing is volatile; truck demand is starting to pick up. Ammonium sulfate demand is out there, but lower than previous years due to high supply overall.
 - Diesel exhaust fluid demand is expected to increase 15-25% before the holidays. Dakota Gas completed a rail spur extension in October, which allows for more cars to be loaded more quickly.

3. Dakota Coal Company

- Colleen Peterson, superintendent of fuel and transportation
 - The coal pile at Laramie River Station is at 40.1 days of full-load burn (target is 34.6 days).
 - The coal pile at Leland Olds Station is at 33.8 days of burn (target is 39.9 days of burn). Trucking coal to the plant was completed in October.
- Randy Banning, manager of Dakota Coal and Montana Limestone
 - A bucket struck the boom on Dragline 903 about 170 feet up. After investigation, it was repaired.
 - Wyoming Lime had an above budget month in both production and lime tons shipped.
- ACTION: Dakota Coal directors are designated to participate in the 2022 annual shareholder meeting of Montana Limestone Company and to execute on behalf of the company its vote at said annual meeting.

4. Basin Electric

- Mark Foss, senior vice president and general counsel
 - Regarding the Tri-State case, the court defers primary jurisdiction of Basin Electric's claim to FERC.
 - Regarding the Dakota Energy case, oral arguments are set for Nov. 11 in Omaha.
 - Regarding the McKenzie Electric case, the next available court date would be in 2024. McKenzie Electric stated they would object to a Motion to Extend the trial date.
 - Regarding the FERC Rate Schedule A case, there was a pretrial hearing on Nov. 4. Rebuttal testimony is scheduled for Nov. 21, but there are discussions about revising the schedule.
 - Regarding the Crow Creek easements, the Tribe wants to renegotiate due to the election of a new tribal council. Basin Electric responded on Oct. 20.
 - ACTION: Basin Electric directors authorized the cooperative to open and maintain one or more accounts with Mizuho Securities USA, LLC, for the purposes of trading in commodities and swap agreements.
 - ACTION: Basin Electric directors are designated to participate in the 2022 annual member meetings of Dakota Gasification Company, Dakota Coal Company, and Basin Cooperative Services.
- Troy Tweeten, senior vice president of Operations
 - Actual Generation (see slide below)

- Valerie Weigel, vice president of Asset Management and Commodity Strategy
 - Only 1,000 megawatts of new wind was added in Southwest Power Pool (SPP) from October 2021 through October 2022.
 - Since joining SPP, Basin Electric's day ahead congestion margin is \$103.1 million. Recommendations being considered at SPP regarding congestion would negatively impact Basin Electric: long term congestion rights would add uncertainty around securing congestion hedges on baseload units; an annual auction revenue would likely result in reduced share of excess auction revenues; and a nomination cap would likely result in lower annual auction revenue allocation volumes on Basin Electric's generation-to-load path.
 - Staff continues to evaluate the pros and cons of joining an SPP west regional transmission organization.
 - Regarding FERC's Winter Energy Market and Reliability Assessment, the notable concerns are: coal supply issues, natural gas dependence and winter electric reliability in New England, natural gas pipeline outages in Southern California, and of the 28 recommendations in the Winter Preparedness Program following Winter Storm Uri, not all are complete.
- Tom Christensen, senior vice president of Transmission, Engineering, and Construction
 - SPP suspended the Notice to Construct for the Kummer Ridge-to-Roundup 345-kilovolt line. SPP will reissue the notice with the condition that Basin Electric must transfer functional control of the existing Patent Gate-to-Kummer Ridge line upon completion.
- Gavin McCollam, vice president of Engineering and Construction
 - Large Capital Projects (see slide below)
- Chris Baumgartner, senior vice president of Member Services and Administration
 - For the 2022 annual meeting, 770 people were registered.
 - For the Members-only Meeting, 445 people were registered. (Meeting was cancelled due to weather.)
 - ACTION: Basin Electric directors adopted Board Policy 04 - Member Manager's Advisory Policy.
- Miles McGrew, senior vice president and chief Human Relations officer
 - Basin Electric is working with Gallup to conduct a survey regarding employee satisfaction.
 - In 2022, 65 employees have retired or given intent to retire.

- Todd Brickhouse, senior vice president and chief financial officer
 - ACTION: Basin Electric directors retired patronage capital credits in the amount of \$37,133,056.56 in accordance with the provisions of Basin Electric's Bylaws.
 - ACTION: Basin Electric directors approved a \$100 million bill credit to be implemented on the November 2022 wholesale power bill.
- Darla Jensen, manager of Financial Reporting and Planning
 - The 2023 Draft Operating and Capital Budgets were presented with the following assumptions: reflecting the 1 mill rate reduction on Jan. 1, load representing 11.5% energy growth as compared to 2022 end-of-year; forward pricing curve for commodities as of Sept. 30, \$580 million capital expenditures and financial ratios that support 'A' credit ratings.
- Becky Kern, vice president of Resource Planning and Rates
 - There will be a District Manager Meeting Dec. 8.
 - Staff will respond to a Request for Information from SaskPower regarding options for supply of firm capacity and energy beginning Oct. 1, 2027, or later.

Generation

Total energy available for sale in October was estimated to be 3.0 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 October was estimated at 2.4 million megawatt-hours, compared to the forecast of 2.4 million. Surplus sales were estimated at 585,000 megawatt-hours, compared to the forecast of 463,000.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 70.1 million standard cubic feet per day of natural gas. The plant operated at 84.4% of capacity during the month.

Total tons of saleable fertilizer produced was 49,983 tons. That includes anhydrous ammonia, granular urea, urea content in diesel exhaust fluid, and ammonium sulfate.

Synfuels Plant production

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

Anhydrous ammonia – 27,542 tons produced

Urea – 33,003 tons produced

Dak Sul 45 (ammonium sulfate) – 8,521 tons produced

Carbon dioxide – About 2,775 million standard cubic feet were delivered during the month.

Financial data

Basin Electric Consolidated NET INCOME AFTER TAX UNAUDITED

(in millions)	October 2022					
	Monthly			YTD		
	Actuals	Budget	+ /(-) Budget	Actuals	Budget	+ /(-) Budget
Basin Electric*	\$ 28.7	\$ 16.5	\$ 12.2	\$ 252.0	\$ 174.0	\$ 78.0
Dakota Gasification Company	20.0	(3.0)	23.0	172.4	27.1	145.3
Dakota Coal Company	3.5	-	3.5	8.5	2.1	6.4
Interco. Eliminations & Other	0.1	-	0.1	0.2	0.2	0.0
Consolidated Net Income/(Loss) After Tax	\$ 52.3	\$ 13.5	\$ 38.8	\$ 433.1	\$ 203.4	\$ 229.7

*Includes elimination of income/loss on investment in DGC

Basin Electric

For the month of October, Basin Electric reported an after-tax margin** of \$28.7 million compared to a budgeted after-tax margin** of \$16.5 million.

- Member sales were below budget; an unfavorable variance of \$3.6 due to lower demand volumes.
- Surplus sales were above budget; a favorable variance of \$13.4 million due to higher volumes and prices.
- Operating expenses were higher than budget; an unfavorable variance of \$7.2 million related to higher purchased power, fuel and administration.
- Maintenance expenses were lower than budget; a favorable variance of \$7.4 million due to some maintenance projects being shifted to 2023.

Dakota Gas

For the month of October, Dakota Gasification reported an after-tax net income of \$20.0 million compared to a budgeted net loss of (\$3.0 million).

- Synthetic natural gas revenue was higher than budget due to higher pricing +\$2.61/dt; a favorable variance of \$10.2 million.
- By-product, co-product, and other revenue was higher than budget; a favorable variance of \$16.1 million primarily related to higher pricing and additional fertilizer volumes sold.

- Ammonia revenue was \$9.9 million higher, urea revenue was \$4.9 million higher, and DEF revenue was \$4.2 million higher as a result of higher prices and higher volumes sold.
- CO2 revenue was (-\$2.3 million) under budget related to the 45Q project.
- Operating expenses were over budget; an unfavorable variance of (-\$0.2 million).
 - Higher natural gas purchases (-\$3.3 million), utilities (-\$1.6 million), offset by inventory clearing +\$2.6 million, labor +\$1.2 million, and coal expense +\$0.8 million.
- Income tax expense was (-\$3.3 million) higher.

Dakota Coal

For the month of October, Dakota Coal Company reported after-tax net income of \$3.5 million compared to a budgeted net income of \$17,000.

- An unrealized gain of \$3.0 million was recorded on mine closing fund investments.
- Lignite coal revenue was \$2.5 million higher than budget.
- Lignite coal purchases were \$1.3 million higher than budget.

** Includes the elimination of income/loss on investment in Dakota Gas.

Slides of interest:

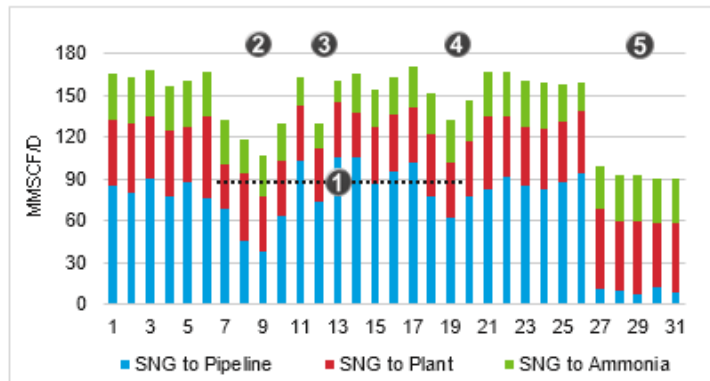
Dakota Gas Production

Synthetic Natural Gas (SNG)

Actual Capacity Factor	84.4%
Budgeted Capacity Factor	90.0%
YTD Actual Capacity Factor	86.1%
YTD Budget Capacity Factor	87.0%

Availability	98.2%
Utilization	86.0%

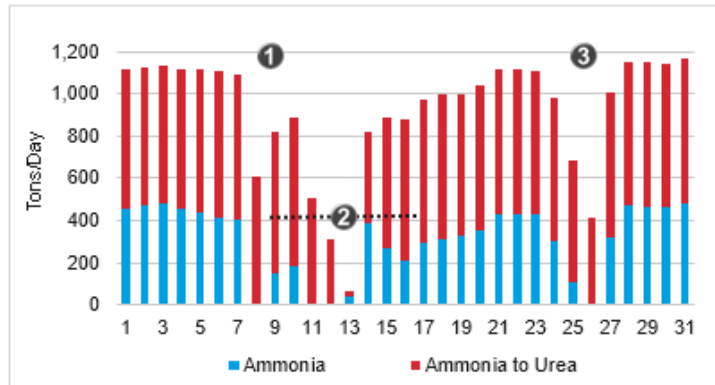
Actual Production (dts)	2,129,701
Budget (dts)	2,914,217
YTD Actual Production (dts)	21,284,521
YTD Budget (dts)	27,536,104
Delivery Average (MMSCF/D)	70.1



Production Impacts (MMSCF)	
① Main air compressor trips - servo and high bearing temperatures	99
② Syngas compressor PSV lifted and would not reseal	47
③ Makeup water line break going to ash handling sump	23
④ B-train oxygen compressor exchanger leak and B-train gasifiers PLC card change	6
⑤ Main air compressor down for stop valve & bearing work	299

Ammonia

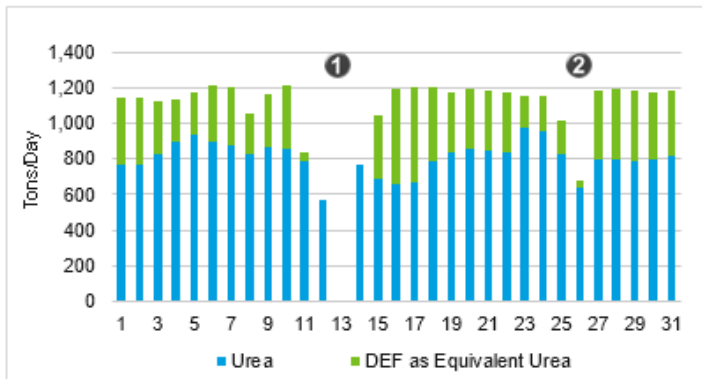
Actual Capacity Factor	80.8%
YTD Capacity Factor	86.6%
Ammonia Production (tons)	27,542
Ammonia Budget (tons)	27,962
YTD Actual Production (tons)	289,748
YTD Budget (tons)	274,208



Production Impacts (tons)	
1 Ammonia trip and refrigeration compressor PSV leak	410
2 Amine piping leak and low amine solution strength	2608
3 Amine piping replacement	1091

Urea

Actual Capacity Factor	96.8%
YTD Capacity Factor	92.5%
Urea Independent Capacity Factor	102.8%
Actual Equivalent Production (tons)	33,003
DEF as Equivalent Urea (tons)	8,814
Budget (tons)	30,442
YTD Actual Equivalent Production (tons)	309,236
YTD Budget (tons)	292,496
Ammonia Consumed (tons)	19,083
YTD Ammonia Consumed (tons)	177,580



Production Impacts (tons)	
1 Reduced urea rates with ammonia plant down due to amine leak	1,757
2 Ammonia plant down to replace amine piping	301

Diesel Exhaust Fluid (DEF)

Total Actual Production (gal)	3,707,052
Budget (gal)	2,420,387
YTD Actual Production (gal)	32,225,432
YTD Budget (gal)	23,735,408



Production Impacts (gal)	
Reduced urea rate with ammonia plant down due to amine leak	291,043
Inventory management	4,845
Ammonia plant down to replace amine piping	61,793

Ammonium Sulfate (Dak Sul 45®)

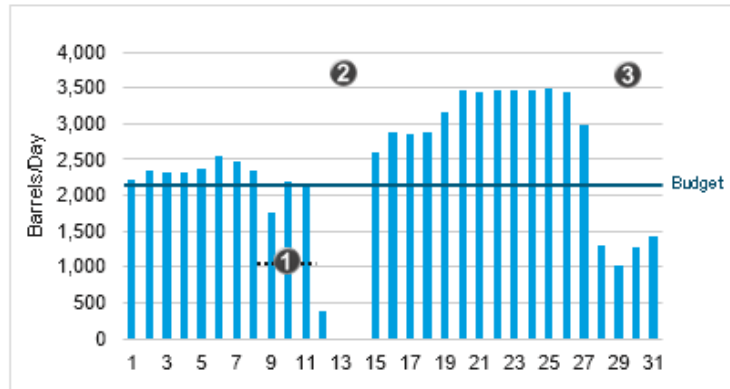
Actual Production (tons)	8,521
Budget (tons)	7,099
YTD Actual Production (tons)	72,896
YTD Budget (tons)	82,385



Production Impacts (tons)	
Bucket elevator tail shaft failure	412
One-day outage for miscellaneous repairs	254
Pugmill bearing failure and breaker replacement	185
Speed switch replacement	100
Trunnion failure on the raw product dryer	144

Fuel Grade Tar Oil

Actual Production (bbl)	72,014
Budget (bbl)	67,792
YTD Actual Production (bbl)	775,598
YTD Budget (bbl)	643,602



Production Impacts (bbl)	
1 Fouled reboiler	464
2 Shutdown to swap and clean reboilers and exchangers	6,186
3 Inventory management with reduced gas path rate	3,738

Co-Products

	CO ₂	Naphtha	Phenol	Cresylic Acid	Krypton Xenon	Liquid CO ₂	Nitrogen
	MMSCF	gallons	gallons	gallons	liters	tons	gallons
Actual Production	2,775	606,715	259,601	229,643	139,855	1,723	0
Budget	4,619	682,992	221,820	214,642	258,633	434	62,000
YTD Actual Production	27,778	5,915,774	2,641,840	2,361,877	2,159,665	11,997	196,210
YTD Budget	34,338	6,484,235	2,043,680	1,977,537	2,455,384	4,256	484,000

Production Impacts	
Co-products were primarily impacted by reduced gas path rate	
CO ₂ was impacted by customer reduced nominations	

Actual Generation

GENERATION (MWh)

		October				YTD			
FUEL SOURCE		BUDGETED	ACTUALS	OVER / (UNDER)		BUDGETED	ACTUALS	OVER / (UNDER)	
COAL	AVS	520,304	463,933	(56,371)	(10.83)%	5,557,568	4,852,219	(705,349)	(12.69) %
	DFS	283,241	262,266	(20,975)	(7.41)%	2,468,748	2,289,169	(179,579)	(7.27) %
	LOS	222,036	298,351	76,315	34.37%	2,748,823	3,156,482	407,659	14.83 %
	LRS	663,737	991,434	327,697	49.40%	7,181,932	8,299,474	1,117,542	15.56 %
		1,689,318	2,015,984	326,666	19.34 %	17,957,071	18,597,344	640,273	3.57 %
		* Reported generation for coal is based on sales calculations.							
WIND		67,929	59,980	(7,949)	(11.7) %	528,692	651,445	122,753	23.2 %
		* PWND, Minot Wind / PWSD, Chamberlain							
GAS / OIL		105,818	199,278	93,460	88.3 %	1,483,564	2,071,196	587,632	39.6 %
		* CGS, DCS, GGS, LCS, PGS, SMS, WDG							
FLEET TOTALS:		1,863,065	2,275,242	412,177	22.12 %	19,969,327	21,319,985	1,350,658	6.76 %

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	\$46.8	December 2022
AVS Solid Waste Landfill Cell 5	\$11.6	\$9.9	\$10.5	December 2022
AVS 345kV Equipment Upgrades	\$13.5	\$2.1	\$13.5	June 2025
East Fork 345/115kV Substation	\$28.5	\$5.1	\$28.5	December 2025
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.3	\$12.0	December 2025
LRS 345kV Equipment Upgrades	\$19.3	\$10.3	\$19.3	December 2025
Pioneer Generation Station Phase IV	\$375.6*	\$294.3	\$788.5	Spring 2026
Roundup to Kummer Ridge 345kV	\$95.0	\$2.3	\$79.0	October 2026
East Loop 345kV Transmission	\$417.2	\$21.3	\$361.3	December 2026
Nemadji Trail Energy Center	\$260.0	\$24.3	\$260.0	Fall 2027

* Open Book Phase