

BASIN TODAY

BASIN ELECTRIC POWER COOPERATIVE

| WINTER 2021

FROST, FOG, AND FLURRIES

SEEING THE BEAUTY OF WINTER
AT LELAND OLDS STATION



Basin Electric's Annual Meeting looked a lot different in 2020. Just a handful of people were physically present while hundreds joined virtually for the first time in history. Read more about the Annual Meeting on page 15.

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VOLUME 23 | NUMBER 4

ON THE COVER

Frost, fog, and snow do their part to adorn Basin Electric's Leland Olds Station in Stanton, North Dakota, with winter beauty.

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PAUL SUKUT

CONFIDENCE THROUGH CO-OP COMMITMENT

I am writing this just as we come out of our annual ratings agency visits. Normally, we prepare our presentations, pack our bags, and travel as a team to New York City to give the agencies an update on our cooperative. This year, due to the COVID-19 global pandemic, we stayed in Bismarck and presented to S&P Global, Fitch Ratings, and Moody's through web conferencing.

We work to build relationships with the analysts assigned to our cooperative at these agencies because we know they need to understand our business model before they can rate us in a way that truly represents our strengths or weaknesses. There is a story in this issue of Basin Today with Steve Johnson and Susan Sorensen on how our staff prepares for the ratings agencies visits, what is top-of-mind today, and why having our directors involved in the visits is so important. We all agreed we were thankful that technology gave us the opportunity to meet as scheduled, but meeting through a computer screen will never replace our in-person visits.

Analysts at the ratings agencies often remark how valuable and unique it is to have members of our board involved in these visits. The analysts can directly ask questions of the directors and get a straight answer from an end-of-the-line cooperative member. That kind of access just isn't there when they have an investor-owned utility in for a visit.

Basin Electric directors relay what is happening in their communities in South Dakota, Iowa, and all across our nine-state service area. It's a remarkable demonstration of transparency that a director can openly share news from their network of cooperative members.

The commitments our members have made to one another and to Basin Electric through the wholesale member contract are a powerful testament to the strength of our cooperative, and ratings agencies take note of that.

Let's take one aspect of our business — generation facilities like power plants and wind projects — and look at how the strength of our commitments to one another gives our co-op a sturdy foundation on which to operate.

A few years back, our members signed wholesale power contracts out to 2075 as a way to continue to provide reliable electricity to their members. Those contracts allow us to take a long-term approach when planning for future needs. At least once a year, we update our member load forecast to determine how much power our members will need several decades into the future. This forecast helps us determine whether we will need to build more generation facilities, purchase some power from the market, or collaborate with a third party. We can't answer any of those questions until we work with our long-term members to forecast electrical load for decades out.

Because our members own us, they have a say in the decisions that are made. Will Basin Electric build a new power plant? That's a board decision. That kind of democratic process doesn't exist in the investor-owned utility world, or in the rest of the business world in general.

While having confidence in member commitments through the wholesale power contracts takes one variable out of the equation; the decisions made by our board of directors aren't easy. Hundreds, and sometimes thousands of hours of staff time go into putting together data and analysis that leads to the big decisions over which our directors spend time learning, deliberating, and ultimately voting on the next course of action.

After directors make a decision to build or buy, for example, we talk financing, a step which is made easier or harder

depending on how the agencies I mentioned earlier rate us. Our board has asked us to maintain a "solid A rating." Why? That rating allows us to borrow money at a lower interest rate, which then means we can potentially keep rates low for our membership. An important piece of the puzzle, for sure.

We then amortize the debt of our facilities over the life of the asset. When we do that, members continue to benefit from the asset while they are paying for it, and therefore they are not paying for something they are not using.

Having certainty in member commitments is good for every member of Basin Electric. It shows up in loads being forecasted more accurately, and in lower rates, ultimately.

Every time I sit through a board discussion on a "big decision" action item, I come away with a sense of awe at the process. Our 11 directors come from and represent a membership that spans nine states right down the middle of the United States. It's a diverse membership with a wide range of views, but one overarching goal: to deliver power to the end of the line that is reliable, safe, and affordable.

We are able to meet our member needs having made decisions based on the confidence of our commitments, both through our contracts and through our relationships.

What's good for our members is good for Basin Electric. And that is where the cooperative model really shines.



Paul Sukut, CEO and general manager

Basin Electric directors vote to return money to members

Basin Electric directors authorized the retirement of more than \$14 million in patronage capital credits during their November 2020 board meeting. This is in addition to the nearly \$18.6 million retired in May as a measure to help mitigate the financial effects some cooperative members may have faced during the COVID-19 global pandemic.

“The November board action brings our total retirement for 2020 to \$32.6 million,” said Steve Johnson, Basin Electric chief financial officer and senior vice president. “One of the benefits of being a member of a cooperative is that members own their cooperative, and therefore are entitled to the retirement of previously allocated margins that are undistributed.”

Since the year 2000, Basin Electric has returned \$752.7 million to the membership via patronage capital retirements, bill credits, and power cost adjustments.

 <http://bit.ly/2020BECapitalCredits>

2021 Basin Electric Scholarship applications due March 1

Basin Electric is proud to announce the 2021 Scholarship Program. Basin Electric offers 176 college scholarships in the amount of \$1,000 for dependent children of:



- Member cooperative employees (20 scholarships)
- Basin Electric and subsidiary employees (20 scholarships)
- Member cooperative consumers (136 scholarships)

To be eligible, the student must be currently in college or entering college in fall 2021.

Applications for Basin Electric’s Scholarship Program are due March 1. Information and materials have been distributed to member cooperatives by email and are

also available on the Basin Members website (login required).

The scholarship application for dependent children of Basin Electric and subsidiary employees is available at

 <http://bit.ly/2021BEPCScholarships>

Dakota Coal purchases loader for Freedom Mine

A well-maintained, minimally used loader is finally at its new home in Beulah, North Dakota.



The pre-owned loader has low hours and cost 25% less than a new machine.

According to Guy Guidinger, The Coteau Properties Company’s maintenance manager, this 2013 model has about 4,500 hours on it. Similar machines at the mine are used approximately 4,500 hours per year.

The loader was purchased at a virtual auction in late September. “This was a relatively low-cost purchase,” Guidinger said. “The cost was about 25% of a new machine.”

Following the auction, the machine was disassembled and shipped from Mississippi in five different truckloads in order to meet legal weight limits across all state lines utilizing a special heavy haul trailer. It arrived at the Freedom Mine’s shop in early November and mechanics began reassembling, cleaning, and inspecting the unit, replacing minor parts such as seals and hoses, and installing a fire suppression system to match the other machines in the fleet.

The machine will be used as a coal loader with the Kress truck fleet, which will extend the life of the rest of the loaders and thus lower future capital costs.

 <http://bit.ly/DCCLoader>

Basin Electric employees raise \$68,191 in Commitment to Community Campaign

Basin Electric employees let their cooperative spirit shine during the 2020 Commitment to Community Campaign.

The cooperative-wide employee fundraising campaign supporting United Way and other local charities raised the money through employee pledges. With Basin Electric's match, employees raised more than \$68,000.

Employees at facilities located in a community without a United Way chapter designated a local charity or nonprofit organization to receive their pledges. Funds pledged by employees located in a community served by United Way will be directed to the local United Way and agencies supported by it.



<http://bit.ly/2020CommitmentToCommunity>



USE IT Act and Energy Act passed at year-end benefit electric cooperatives

The year-end government spending and COVID-19 relief bill included long-awaited energy legislation that will be beneficial to electric cooperatives.

The Energy Act of 2020 includes a grant program, supported by the National Rural Electric Cooperatives Association, for cooperatives and municipalities to deploy energy storage and microgrids. It also includes significant research and development funding for solar, wind, fossil energy, nuclear, hydroelectric power, storage, and grid modernization. The omnibus bill also extended deadlines for several energy tax incentives.

Separately, the Utilizing Significant Emissions with Innovative Technologies (USE IT) Act, introduced by U.S. Sen. John Barrasso (R-Wyoming) to incentivize carbon capture technology development and deployment, was included with the omnibus bill.

The USE IT Act will improve existing grant programs and regulatory processes for the deployment of carbon capture projects and related infrastructure. Basin Electric CEO and General Manager Paul Sukut testified before the Senate Environment and Public Works Committee in support of the USE IT Act in early 2019.



<http://bit.ly/2020YearEndLegislation>

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“This has been a great revenue stream for Dakota Gas, and it has provided our Canadian customers with the ability to drastically improve the life and productivity of their oil fields, all while providing an environmental benefit by permanently and safely sequestering carbon dioxide underground,” says Dale Johnson, Dakota Gas vice president and Synfuels Plant manager.

Dakota Gas’ project was the first commercial-scale project to capture CO₂ from a coal plant and transport it for beneficial use. CO₂ from power plants is typically very wet and diluted with nitrogen and oxygen and requires further processing, but the Synfuels Plant’s process results in a CO₂ stream that is dry and 96% pure, so no additional processing is needed. The Synfuels Plant’s unique gasification operations and CO₂ capture and transport continue to draw worldwide attention and serve as a model for the next generation of carbon capture.

Dakota Gas is also exploring the possibility of a Section 45Q sequestration project at the Synfuels Plant. The 45Q legislation is a tax credit designed to stimulate investment in technology that allows for the addition of equipment to capture CO₂ from new and existing facilities. The project promotes capturing even more CO₂ for underground sequestration, enhancing coal’s quest to be a more environmentally friendly energy source.

Three years ago, the Synfuels Plant Gas also started processing a higher-purity liquefied beverage-grade CO₂ stream from the plant’s fertilizer production facility. This process provides many options for the CO₂ product. Some of the beneficial uses of liquid beverage-grade CO₂ include treating water at municipal water treatment facilities, beverage carbonation, and industrial purposes, including oil and gas fracking, which is a technique of pumping pressurized carbon dioxide into wells to shatter the rock and push out more oil and gas.

Most recently, Dakota Gas sold liquefied CO₂ to the North Dakota Department of Health to be used for its dry ice machine to preserve the quality of COVID-19 vaccines.

Additionally, the Synfuels Plant’s beverage-grade CO₂ has played a key role in North Dakota’s well-being for 2020, helping statewide water treatment plants during a shortage.

“We continuously look for new opportunities to create valuable products from North Dakota lignite, and it is exciting when we can do this while reducing our carbon footprint,” Johnson says.



Chris Ehli, Dakota Gas process operations field technician, works in the CO₂ compression area at the Great Plains Synfuels Plant.

BLESSINGS MULTIPLY

WHETSTONE VALLEY ELECTRIC FAMILY RECOGNIZED IN NATIONAL #WHOPOWERSYOU CONTEST

By Erin Laverdure

A family is founded in love, not blood. A community is built by connections, not boundaries. Rachel and Blake Schmiege have opened their hearts to foster children and grown their family through adoption. They power through ups and downs and strengthen their community with care they feel called to share.

What comes naturally to the Schmiegs has earned them recognition nationally. The family, members of Whetstone Valley Electric Cooperative of Milbank, South Dakota, placed third in Touchstone Energy's annual #WhoPowersYou contest. Whetstone Valley Electric is a Class C member of Basin Electric through East River Electric Power Cooperative, Madison, South Dakota.

Now in its fifth year, the national contest elevates co-op members who embody the cooperative principle of commitment to community. Nominations are taken in September, and winners are selected by a panel of judges and announced in November. In celebration of their impact, winners are awarded cash prizes.

The family, who lives north of Milbank, was nominated by Blake's mother, Marcia. Rachel Schmiege says when her mother-in-law asked if she could nominate the family, she told her to "go for it," but didn't think the nomination would go anywhere. "This is just what we do," she says.

Her mother-in-law recognized that what they do, in fact, changes lives, and so did the contest judges. The Schmiegs have fostered 12 children since 2016. They have three biological sons and four adopted daughters, some of who came to them as foster children. They range in age from 3 to 21.

Their oldest daughter, who is now in her third year of nursing school, joined their family as a legal adult. Knowing the family's work as fosters, the local police department connected them with a young woman, 18 but still in high school, who needed support and stability. The Schmiegs soon knew she was meant to be a member of their family forever.



The Schmiege family: (back row, from left) Caden, Tanen, Rachel, Sadie; (middle) Jensen, Eva, Blake; (front, seated) Kaliyah, Suryianna.



The Schmieg family joins South Dakota Gov. Kristi Noem as she signs a bill that corrected the state's adoption law, allowing their oldest daughter Sadie to officially join the family.

As they made their adoption journey with her, they discovered a segment of the state's laws would prevent the adoption from happening. Rather than take "no" for an answer, they worked with the state legislature to draft a bill that changed the law, paving the way for them and others to build lifelong bonds with the young adults who need them.

"We have had a lot of support. We've been very blessed. We quickly realized that when we start giving back to those who are having a hard time, God's blessings multiply," Rachel says. "This is what we felt God was calling us to do. We are more fortunate than others, and if we have the ability to share that with others, that's what God wants us to do with our life."

Their care extends into their community connections. They own Precision Machining and Fabrication in Big Stone City, South Dakota, which engineers, designs, and produces specialty parts for local manufacturing businesses. Blake is also a partner in a gun business and a property management company. He volunteers on Big Stone City's fire department and serves as secretary on its board. Before fostering, Rachel provided child care to more than 50 families over 12 years. She leads a women's group at their local church, where she and

Blake both have been active as teachers, mentors, and committee members. And in between it all, they found time to pick up and deliver school meals to families when the schools shut down due to the COVID-19 pandemic in March.

As Marcia wrote in the nomination: "Blake and Rachel never have a dull moment in their busy home, church, school, work, and community lives, and we are immensely proud of them. We highly think they deserve to be recognized because of their community love and care."

The community love comes back to them, as well. "Not everyone can foster children. It's great to see how they support other people who can [foster]. Their way to help might be dropping off a meal or watching the kids," Rachel says. "The ups and downs of being a parent are multiplied by complications of foster care. Having that interaction and consistency helps, having the ones who still show up, even after the bad days. Support from others helps us hold it together."

Read the Schmieg's nomination at <https://www.touchstoneenergy.com/who-powers-you> and search "Whetstone Valley Electric Cooperative."

SHARING THE STORY

Dakota News Now highlighted the Schmieg family in its "Someone You Should Know" segment, which aired on Dec. 16, 2020:

<http://bit.ly/DakotaNewsNowSchmieg>

South Dakota Gov. Kristi Noem's office shared a video in November 2019 about the Schmieg family, highlighting how a family's story can change policy:

<http://bit.ly/GovNoemSchmieg>

A DAY IN THE LIFE OF... NORTH DAKOTA LEAD LINEMAN

WAYNE BENTZ

By Angela Magstadt

As a child in Elgin, North Dakota, Wayne Bentz remembers going out with his lineman dad on service and trouble calls, watching him restore power for members of Mor-Gran-Sou Electric Cooperative.

“Becoming a lineman was just a natural thing,” Bentz, Basin Electric’s lead lineman for North Dakota, says. “Being from a family of linemen, I never really wanted to be anything else.”

Bentz went to line school in 1986, then moved to California, and then the East Coast after completing his training. In 1991, he moved back to North Dakota where he worked for Basin Electric Class C member Mor-Gran-Sou Electric — the same co-op his dad worked for when Bentz was a child. In 1997, he got a job as a lineman with Basin Electric and has been with the co-op ever since. He is based out of the Menoken, North Dakota, Transmission System Maintenance facility.

Basin Electric employs 22 lineworkers to cover more than 2,500 miles of line. The crews are based out of seven outposts in four states across the co-op’s nine-state service area. Lineworkers are divided into three-person crews and assigned to 320 miles of line in a specific area. That crew is in charge of maintaining and repairing the lines and conductors, assisting with construction projects, taking care of right-of-way gates and crossings, conducting air patrol three times per year, inspecting towers, and conducting vegetation management on that area of line.

In addition to each crew’s normal section of line, they are also called upon to help crews in other areas of the co-op



Bentz says his favorite part of his job is being able to work outside. He loves being able to see wildlife, work in different terrains, and even climb towers and poles.



when storms occur. Bentz says there have even been a couple of times when Basin Electric crews have been called to help other co-ops after particularly bad storms. "During severe storms, we usually have a briefing about what happened and then if a plane is accessible, we'll fly over the area to see what needs to be repaired," he says.

Bentz says he has helped with storm work after tornadoes, ice storms, and everything in between. "One time I was helping do repair work after a tornado in Nebraska. We saw wildlife that had been killed by the storm all over the place and even a deer that was missing its ears. It was really sad."

He also remembers an especially bad ice storm in South Dakota. "We worked really long hours and it still took two or three weeks before everyone had power back," he says.

When it comes to storm work, Bentz says he'd rather work a tornado than a bad ice storm, mainly because of the weather. "It's cold, everything is iced up, the ground is frozen, and it's hard to get around with the equipment.

We have to make roads and push snow before we can even get to the places we need to be to do the work."

No matter if it's routine maintenance, construction, or storm work, safety is Basin Electric's top priority, and training is held regularly to make sure lineworkers are knowledgeable and comfortable with the tools and techniques of their jobs. For example, each spring and fall, lineworkers attend hot line training to practice how to use tools that allow them to work on energized lines so members don't have to go without electricity when lines are being worked on.

"Basin Electric is top shelf when it comes to safety. Whether it's training us in first aid, requiring us to be tied off 100% of the time we're climbing towers, supplying us with really good gear, or not allowing us to stay out of town for work because of the COVID pandemic, we're lucky to work for a company that is dedicated to keeping us safe," Bentz says. "I work with a great group of guys who have good attitudes, and we work for a cooperative that is good to us. It's a joy to work for Basin Electric."

COMMITMENT TO THE “SOLID ‘A’” BASIN ELECTRIC’S STRATEGIC FOCUS ON RATINGS

By Tracie Bettenhausen

At the end of 2020, Basin Electric’s finance team geared up for three days of meetings with ratings agencies in New York City. This did not include a trip to the Big Apple, however. Because of the COVID-19 global pandemic, these important meetings were done via video conferencing.

The meetings with ratings agencies Fitch Ratings, Moody’s Investors Service, and S&P Global Ratings are conducted twice a year to keep the agencies up to date on the cooperative’s finances. Steve Johnson, Basin Electric chief financial officer and senior vice president, and Susan Sorensen, Basin Electric vice president and treasurer, talk about the process and its value.

Basin Electric is a cooperative. Why do we need to be rated by outside agencies?



Steve Johnson: Basin Electric has been evaluated by ratings agencies for four decades. I found that we have been rated by Moody’s since at least 1979, and Fitch Ratings began releasing the ratings they assessed for us in 2007. When I checked with our analyst at S&P Global, he said he is aware of Basin Electric ratings in the mid-1990s. So, it’s not a new thing.

Banks and lenders use the work done by ratings agencies in assessing the creditworthiness of the entities they’re considering lending money to. So, as long as we have needed cash outside of Rural Utilities Service (Basin Electric bought out of Rural Utilities Service in 2015 but had been additionally borrowing outside the service for years), it has been in our best interest to be evaluated by ratings agencies. The lenders do their own credit review but also rely on ratings agencies’ independent assessments.

How do you prepare for the meetings?



Susan Sorensen: We do a lot of note-taking during the presentations every year, and through that, we get a good feel for what the agencies are going to be asking and some of their key areas of concern. We’ve also worked closely with the agencies over the past few years to understand the calculation and drivers of the financial metrics they use to rate us.

We tailor the presentation to accentuate our positive points up front. Moody’s publishes their rating methodology on their website as a very transparent look into how they conduct their ratings. While less transparent, we know the key points of interest from the other agencies, as well. Our presentation then becomes universal so it focuses on all the key points we know the agencies are interested in.

The Basin Electric board wants the cooperative to maintain a solid ‘A’ rating. What does that mean?

Johnson: The highest rating possible is ‘AAA+.’ It would take margins and metrics far greater than what we have to get there, and there are only two or three ‘AAA’ rated entities left in the entire United States. There is no need for Basin Electric to be ‘AAA’ because the metrics we would need to achieve that level of rating would put undue pressure on the membership. Better coverage ratios, a larger margin, higher equity-to-capitalization; all those would come into play to get an even higher rating than we have, and it’s not necessary.

We have what is considered a ‘split rate,’ in that both Fitch and S&P have given us an ‘A,’ and Moody’s has given us ‘A3,’ which works out to be the equivalent of

an 'A-.' All three agencies currently have our outlook as 'Stable.' This means we have a solid 'A' rating today.

A high rating garners a lower interest rate. A one-notch change in our rating, from 'A' to 'A-' is somewhere between 12.5 and 25 basis points (or .125 - .25% interest), based on the market and what is happening financially. If you are borrowing \$100 million over 30 years, an adder of .125 - .25% becomes fairly significant.

Sorensen: It's important to remember that the agencies are looking at us on a consolidated basis. So they're not looking at Basin Electric stand-alone, they are looking at consolidated numbers, which include Dakota Gas and Dakota Coal.

Is there an aspect of the cooperative's business that is challenging to explain?

Johnson: Dakota Gas. It is one piece that has negative credit implications given the losses for the last number of years and the projected losses going forward.

We end up doing a lot of education with new analysts. Analysts in the investor community get very familiar with investor-owned utilities and the metrics associated with that business model. A good example is the equity-to-capitalization ratio. They are used to investor-owned utilities having equity of 40-50%. Here comes this co-op with somewhere between 20-25% equity on a good day. So they're saying, "What's the difference? Why would I invest in a co-op?" It's our job to explain the difference.

In a perfect world, we and other generation and transmission co-ops would each be in the markets once a year. That way investors would get familiar with the co-op business model. (The last time Basin Electric went into the market and borrowed on a long-term basis was 2017.)

What are the ESG factors we hear about?

Sorensen: ESG is the new buzzword in the investor world. It stands for Environmental, Social, and Governance. We've dedicated a section in our presentation to focus more on ESG. It's important for us to highlight how the culture at Basin Electric has always been, and continues to be, focused on ESG factors. We do a lot as it relates to these factors and want to make sure the agencies and investors are aware of it.

How do we stack up as they look at those factors?

Johnson: One area of focus we are really seeing is a dependence on coal. If you look at the ESG factors, that is the one that is at the forefront. If you read Moody's review on Basin Electric, they make reference to our large carbon footprint. We tell them that we are fortunate that our dependence on coal in our generation fleet has decreased significantly over the past few years. (Basin Electric's coal generation capability in the winter months has dropped from 84.5% in 2000 to 44.1% by end of year 2019.)

BASIN ELECTRIC'S RATINGS			
Basin Electric Credit Ratings	Senior Secured	Commercial Paper	Outlook
S&P Global Ratings	A	A1 <i>Strongest possible rating</i>	Stable
Moody's Investors Service	A3 <i>This is equivalent to A-</i>	P-2 <i>Strong ability to repay short-term debt</i>	Stable
Fitch Ratings	A	F1+ <i>Strongest possible rating</i>	Stable

The ratings agencies we meet with

These show that we have minimal risk of default

This indicates they believe we will remain at this rating

Because we are growing, we have been able to add gas, wind, and solar to decrease our dependence, where most other utilities have had to do that by retiring coal units. That's been great for us and the membership. Others won't think that's so great, but the thing is that other utilities have had to deal with stranded costs where we have not had to.

Sorensen: Cooperatives are a meaningful business model as far as social impact. Our rates are projected to be constant into the future, and our employees volunteer thousands of hours in their communities, for example. I think what analysts are looking at is whether you are good corporate citizens. It's one thing to take good care of the environment because Basin Electric has always done that, but we also want to highlight that we are taking care of people too. We show what we do for our members and the communities we serve.

Johnson: Of the three factors, the environmental factor is undoubtedly the most prevalent. Socially, we have a good story to tell. Governance through the democratic cooperative business model is great, but currently everybody is going to gravitate to the environment.

You mentioned that Basin Electric has done a lot for the environment. What are you referring to?

Sorensen: Basin Electric has a strong history of commitment to the environment. When they say, "What are you doing today?," not only can we show compliance but also investment in future technology. We can talk about research at the Wyoming Integrated Test Center and the CarbonSAFE project at our Dry Fork Station, and that does make a difference.

The Integrated Test Center is looking into carbon capture technology using the flue gas from a working coal-based power plant, something that hasn't been done before. The CarbonSAFE project is analyzing the geology near Dry Fork Station to see if carbon dioxide could be feasibly stored there. (Learn more about the Wyoming Integrated Test Center and CarbonSAFE projects at:



<http://bit.ly/DryForkCarbonMitigation>)

We are leaders in wind generation, having built the two largest wind projects owned solely by a cooperative, and having added more than 1,700 megawatts of wind to our portfolio. And we started diving into large-scale solar generation last year, which further diversifies us.

Johnson: We can clearly show what we have done for years, the billions spent on environmental controls on existing facilities, and also what we have done at Dakota Gas. We just sequestered our 40 millionth metric ton of carbon dioxide this year, something that has been going on since 2000.

Why is it important that members of the board of directors attend the meetings with the ratings agencies?

Johnson: We have analysts who have gotten to know us, and they acknowledge the fact that our board is so engaged and knowledgeable about not only the cooperative but the utility sector in general. A lot of times, the analysts will just ask them about what they are hearing from the membership, what they are seeing from a relationship standpoint. What are the members saying about rates? So, they can hear it from us, but if they hear it from the guys who are really in the trenches at the end of the line, they are interested in getting that perspective.

Sorensen: After these analysts visit our board, we consistently see in their write-ups how engaged our board is, how in-tune they are, how interactive they are. Visits give the analysts an opportunity to see just how involved our board members are. They are in the board room for two or more days every month, they ask challenging and thought-provoking questions, and consistently demonstrate their contemplation and engagement outside of the boardroom.

Johnson: It's good for our board members, especially when they are fairly new to the board. I think taking them with and exposing them to the process helps not only as they sit around the board table, but as they go back home to their co-ops so they can defend why we need a rating and why it matters to our members.



The 2020 Annual Meeting was held in a conference room at Basin Electric Headquarters. Just a handful of staff were on site to allow for appropriate social distancing.

MEMBERS ASSEMBLE VIRTUALLY FOR THE FIRST TIME EVER AT 2020 ANNUAL MEETING



For the first time in its history, Basin Electric members met virtually for their Annual Meeting in 2020, a consequence of the COVID-19 pandemic. While hundreds “attended” the Annual Meeting and subsequent members-only meeting, the room looked a lot different than in years past with only a handful of staff on site to ensure the safety of members, directors, employees, and others who participated.

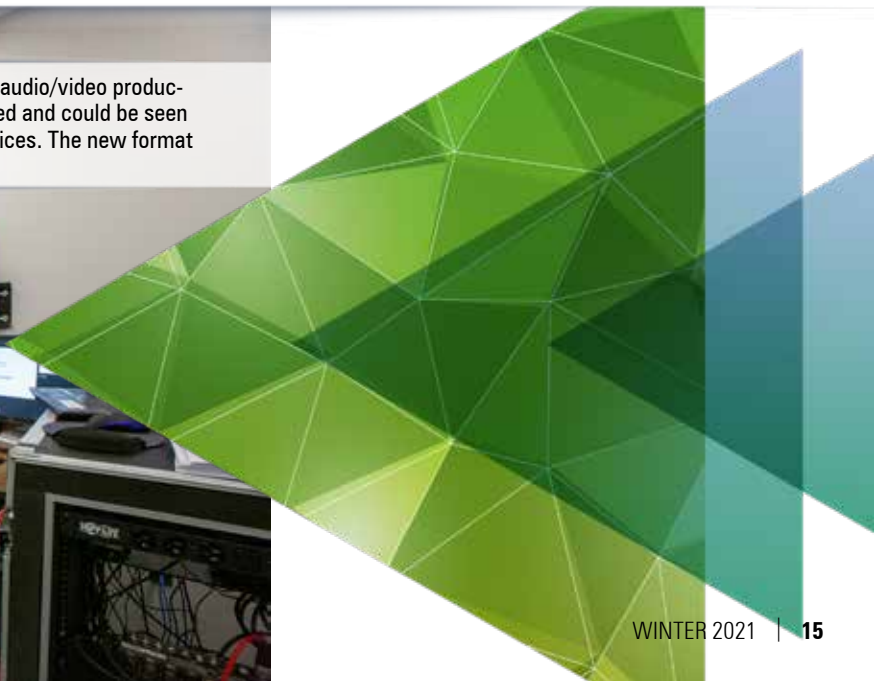
The meeting’s theme, “Listen and Lead,” was chosen to represent the cooperative’s focus on listening to member concerns as Basin Electric leads the cooperative into the future. Basin Electric’s goal is providing low-cost energy for its members. The presentations shared how Basin Electric is evolving to meet members’ energy needs reliably while maintaining affordable rates in the ever-changing energy industry as load growth continues.

For more information, including reports, video, and social media feeds, visit

 <https://www.basinelectric.com/about-us/annual-meeting>



Greg Wheeler and Kurt Capouch, Basin Electric multimedia specialists and audio/video producers, in the meeting’s “control room,” ensuring the meeting was live streamed and could be seen and heard by the hundreds of people participating from their homes and offices. The new format required a great deal of learning, preparation, and practice for all involved.



GOING LIVE

NEW WESTERN ENERGY IMBALANCE SERVICE MARKET WILL LAUNCH FEB. 1

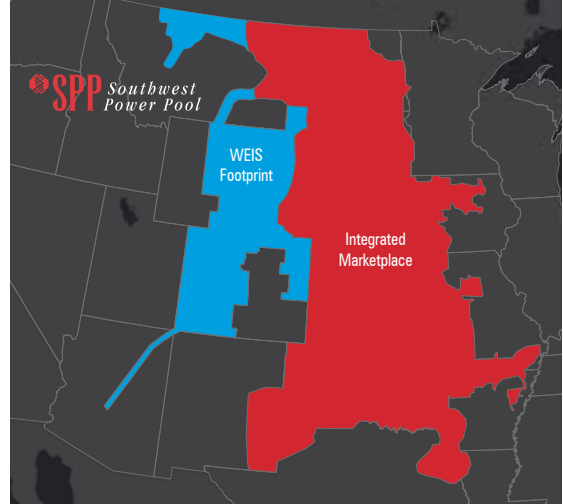
By Angela Magstadt

Basin Electric is no stranger to the market. After becoming a participant in the Midcontinent Independent System Operator (MISO) regional transmission organization (RTO) in 2007 and then fully joining the Southwest Power Pool (SPP) in 2015, the cooperative is once again ready to take a step forward to ensure its members get the power they need at the lowest-possible cost.

On Feb. 1, Basin Electric, along with Class A member Tri-State Generation and Transmission Association, the Western Area Power Administration (WAPA), and two other participating utilities, will go live with SPP's Western Energy Imbalance Service (WEIS) market. WEIS is a real-time market that takes advantage of a diverse mix of generating resources to optimize the use of the Western Interconnection transmission system while minimizing overall costs for the participants' end-use customers.

"Because SPP will be operating both the existing SPP market in the Eastern Interconnection and the new WEIS market in the Western Interconnection, there is the potential that in the future there could be a more efficient use of the DC ties," says Valerie Weigel, Basin Electric director of asset management and commodity strategy. "Between Basin Electric, Tri-State, and WAPA, we own 640 megawatts of DC tie transfer capacity that directly connects the SPP east market with the SPP west market. Additionally, with a longer-term view, there is the possibility for the WEIS market to develop into a full SPP West RTO, which could be another tremendous benefit." See page 17 for more information.

Once WEIS goes live, it will provide its participants several benefits, including:



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- Intra-hour, centralized dispatch of energy. By utilizing security-constrained economic dispatch software, participants will be able to take advantage of lower-cost resources for balancing load in five-minute intervals rather than on an hourly basis.
- Enhanced reliability in the Western Interconnection by combining the transmission facilities and generating resources of all WEIS market participants.
- Non-quantifiable benefits such as providing means to optimize the balance of load and resources across the WEIS market footprint on a continuous five-minute basis. This will be useful in selecting which generating units to dispatch in order to deliver a reliable supply of electricity at the lowest-possible cost.
- Increased competition in the Western Interconnection, which will likely mean lower overall production costs.

While the go-live date is right around the corner, Basin Electric staff members in finance, information services and telecom, legal, marketing, operations, transmission, and pretty much everything in between have been working for over a year to ensure the co-op's readiness to operate in this new market.

"Making sure every step is accounted for and completed prior to February is extremely important because we want to see Basin Electric be successful in the WEIS right from the start," says Jason Mazigian, Basin Electric RTO market specialist II and head of the co-op's internal WEIS implementation team. "Thanks to all the hard work the implementation team has been doing for the past year, I have no doubt Basin Electric will experience success in this market."

COULD WEIS LEAD TO A FULL RTO?

By Angela Magstadt

The launch of the Western Energy Imbalance Service begs the question, “Could this lead to a full regional transmission organization (RTO)?” The answer is yes.

In fact, Southwest Power Pool (SPP) has already received letters from five western utilities, including Basin Electric, Class A member Tri-State Generation and Transmission Association, and the Western Area Power Administration, committing to evaluate membership in such a market.

A recent SPP study found that a full RTO could produce \$49 million a year in savings to its members, compared to present operations. Additionally, SPP anticipates its wholesale electricity market, resource adequacy program, and other regionalized services could help western members reinforce system reliability; leverage new opportunities to buy, sell, and trade power; and achieve renewable energy goals.

If the interested utilities pursue membership, they would become the first members of the RTO to place facilities in the Western Interconnection under the terms and conditions of SPP’s full RTO market. This would extend the reach and value of SPP’s services — including day-ahead wholesale electricity market administration, transmission planning, reliability coordination, resource adequacy and more — and the synergies they provide when bundled under the RTO structure.

Basin Electric, Tri-State, and WAPA are already members of SPP, having joined the RTO in 2015 when they placed their respective facilities in the Eastern Interconnection under SPP’s tariff.

“We are extremely excited to pursue this opportunity to bring increased value to our membership,” says Paul Sukut, Basin Electric’s CEO and general manager. “Our experience with SPP with our east-side operations has been overwhelmingly positive and proven to Basin Electric the value of a full RTO membership and specifically the value of SPP’s stakeholder process. In addition, the involvement of state regulatory commissions, specifically with their authority in cost allocation and resource adequacy, has proven invaluable in SPP’s ability to reliably integrate diverse resources and keep wholesale prices the lowest of any RTO in the country.”

The \$49 million in annual savings consists of \$25 million a year in adjusted production cost savings and revenue from off-system sales in the Western Interconnection, and \$24 million in savings to the existing SPP’s market on the Eastern Interconnection. SPP’s prior calculations of the value of RTO membership suggest that these benefits are only a portion of those current and new members will derive.

“We’ve enhanced electric reliability while integrating more renewable generation than many in our industry ever thought possible, modernized the grid, built and operated a dependable and economic market, and equitably allocated the costs and revenues associated with these and other services,” says Barbara Sugg, SPP’s president and CEO. “What’s more, we’ve done it all while staying true to our collaborative and member-driven business model, and now we’re excited for the opportunity to bring the value of RTO membership to new customers in the west.”

IMBALANCE MARKET vs FULL RTO

Imbalance Market

- Real-time market only
- Market economically dispatches committed generation above minimum loads
- Provide market a daily and hourly resource plan, which meets sales and loads

Full RTO

- Both day-ahead and real-time market
- Market commits and dispatches generation
- Provide market with all available generation
- Market absorbs and manages unit trips and outages

EMPLOYEE SAYS 'YES' TO PROVIDING COMMUNITY SUPPORT

By Kalli Senske

Ashley Fraser, senior safety coordinator at Dry Fork Station, wasn't planning to get involved in the Youth Emergency Services (Y.E.S.) House until she was asked to be a member of the foundation's board of directors. After hearing about all the organization does for youth in the Gillette, Wyoming, community, it was an opportunity she says she couldn't turn down. Four years later, Fraser is the vice president of the Y.E.S. House Foundation board and has been able to make a big impact.

The Y.E.S. House offers various programs (see sidebar) to young people (ages five to 24) and their families, all with the intention of helping the youth in the community be successful. In 2019, 1,038 children and families benefited from the Y.E.S. House's services. Children who had no other safe haven, families in crisis and in need of guidance, and young people who have gained the skills for a better life are just a few of those that were served.

"We help serve the youth in our community to be successful," Fraser says. "The programs we have strengthen families, help kids with challenges, and get them on the path to success.

Not all of the programs are for youth and families going through challenges. There are also programs available to help children advance and learn.

"A lot of people think Y.E.S. House is just a place for troubled kids, but that's not all we do. We're working hard to show people that," Fraser says. "My kids are actually involved in the Learn and Grow program. It's a free, STEM-based after-school program where they learn, read, and build. They even had a parent night to show off the roller coasters they built. It's been great to have something like this to keep my kids learning and growing."

Fraser says that Basin Electric has been really supportive of her involvement in Y.E.S. House. "They've been great. They've never had a problem with me taking time to go to meetings, or with me taking on additional responsibilities as a board member," Fraser says. "Taking on a leadership role with Y.E.S. House has helped me grow as a person, so I'm grateful that Basin has allowed me time to get involved."

One of Fraser's primary responsibilities on the Y.E.S. House Foundation board of directors is to help with fundraising. The foundation's biggest fundraiser each year is called Dancing with the Gillette Stars, and includes a silent and live auction, dinner, and of course dancing. The 2020 event's theme was Back to the '80s and included a Michael Jackson impersonator from Las Vegas.

Fraser says that despite the COVID-19 pandemic, the event was very successful. "We had a great turnout



Ashley Fraser, senior safety coordinator at Dry Fork Station in Gillette, Wyoming, has been on the Y.E.S. House's board of directors for four years.



Dancing with the Gillette Stars is the Y.E.S. House Foundation's biggest fundraiser. The theme for the 2020 event was Back to the '80s and included a Michael Jackson impersonator. The two backup dancers pictured are Cole Wandler and Ashley Brintle from Gillette.


— about 600 attendees — I think partially because people were sick of being cooped up," Fraser says. "We followed the governor's COVID guidelines, received a variance from local and state health officials, and had plans A, B, and C months ahead of time, so we were prepared. When the event came, we did contact tracing for everyone who walked through the door, provided masks and hand sanitizer for all attendees, followed all guidelines outlined in our variance, and rented an extra building so we could keep tables 10 feet apart."

This year, Fraser was in charge of coordinating tables, ticketing, and the silent auction. She says this was the best silent auction she's ever done. "We had 108 auction items donated from the community and raised \$22,575," she says.

The event raised more than \$200,000 total for the Y.E.S. House, which has helped the organization continue to serve those in the Gillette community.

Community support is important for many aspects of Y.E.S. House, including providing gifts for residents. Due to COVID-19 restrictions, some children who are full-time residents weren't able to see their family for Christmas.

"Oftentimes, Y.E.S. House's clients haven't had great Christmases or holidays in the past, which makes them dislike the holidays. This is a trauma-coping mechanism," Fraser says. "A new client recently came to the Y.E.S. House and upon arrival, he received a Christmas card. He was moved with emotion over a simple card. We don't always know a resident's background, but we try our best to not only provide a safe haven for each one of them but also make their holidays, birthdays, and other celebratory events special."

To learn more about the Y.E.S. House or to get involved, visit  youthemergencyservices.org.

PROGRAMS

The Y.E.S. House's programs are for young people ages five to 24 and their families. There are live-in programs, after-school programs, and everything in between, many of which are free of charge.

Crisis Shelter & Project Choice

Provides a safe, structured, and supervised environment for a short-term time-out for youth and their families.

Day Treatment

Provides youth with educational and treatment services while keeping them in their homes.

Education Program

A structured, individualized, and supportive educational setting for seventh to 12th grade students for court-ordered placement and public school clients.

Foster Care

An alternative living arrangement for youth who are not able to live at home.

Group Home

For youth who are unable to live at home, awaiting court decision or placement in a more secure setting, transitioning from other programs, respite care, or have no other place to live.

HOPE Nurturing Parenting

H.O.P.E. (Helping Our Parents Excel) Nurturing Program provides families the opportunity to build healthier relationships.

Impact Mentoring

Matches at-risk youth with positive adult and peer mentors.

Independent and Transitional Living

Provides life skills training, safe living accommodations, educational services, and support.

Learn & Grow

An exciting, fast-paced enrichment program serving elementary-age children.

Residential Treatment

For boys and girls ages 10 to 17 who need treatment for substance abuse and/or mental health issues.

Therapy

Therapy plays a large role in most Y.E.S. House programs.

EMPLOYEE HIGHLIGHTS

Service awards



Michael Goddard
35 years
Supervisor, coal/yard
Laramie River Station



Bernard Weigel
35 years
Facilities technician
Headquarters



Tracy Vaughn
30 years
Supervisor, operations
Laramie River Station



Brandt Bentley
25 years
Stationary equipment
maintenance/welder
Montana Limestone Company



Kevin Beauchamp
20 years
Maintenance field technician
Dakota Gasification Company



Darrin Davis
20 years
Maintenance field technician
Dakota Gasification Company



Mike Doe
20 years
Maintenance field technician
Dakota Gasification Company



Billy Fossen
20 years
Operator
Montana Limestone Company



Shawn Hammes
20 years
Administrative assistant/
receptionist
Headquarters



Donny Hanson
20 years
Shift supervisor, operations
Leland Olds Station



Marcus Keller
20 years
Maintenance field technician
Dakota Gasification Company



Larry Kittilson
20 years
Maintenance field technician
Dakota Gasification Company



Shane Kost
20 years
Maintenance field technician
Dakota Gasification Company



Matt Kuhn
20 years
Maintenance field technician
Dakota Gasification Company



Scott Norton
20 years
Yard operator
Leland Olds Station



Craig Phelps
20 years
Maintenance field technician
Dakota Gasification Company



Bill Stafford
20 years
Director of government
relations
Missouri Basin Power Project



Tracy Weil
20 years
Maintenance field technician
Dakota Gasification Company

New employees



On Oct. 12, **Justin Riveland** started work as a process operations field technician at Dakota Gasification Company. He previously worked as an auxiliary operator at Coal Creek Station in Underwood, North Dakota. Riveland also worked for Blue Flint Ethanol and Black Hills Power. He earned associate's degrees in process plant technology and instrumentation and controls.



Keshia Flemmer, security guard, started work at Dakota Gas on Oct. 26. She previously worked as a seasonal worker at Dakota Agronomy Partners in Hazen, North Dakota. Flemmer is originally from Zap, North Dakota.



Payton Leintz began work as a security guard at Dakota Gas on Oct. 26. The Hazen, North Dakota, native previously did maintenance for Hazen Parks and Recreation. He earned an associate's degree in instrumentation and control technology and a certificate in electronics technology from Bismarck (North Dakota) State College.



Kevin Weisz began work as a security guard at Dakota Gas on Oct. 26. Before joining the cooperative, he did maintenance for the City of Riverdale, North Dakota. Weisz also worked as a warehouse technician at Dakota Westmoreland for more than 13 years. He earned a bachelor's degree in industrial technology from the University of North Dakota in Grand Forks. He is originally from Hazen.



Andrew Solberg, operations field technician at Dakota Gas, joined the cooperative on Nov. 16. He previously worked for Great River Energy.



On Nov. 16, **Evan Stark** started work as a process operations field technician at Dakota Gas. Before joining Basin Electric, he worked as a process operations trainer for Energy Management Solutions in Onida, South Dakota. Stark also worked for New Tek Manufacturing in his hometown of North Platte, Nebraska, and for Midwest Renewable Energy in Sutherland, Nebraska.

Retirees



Todd Bitterman, operations field technician, retired from Dakota Gasification Company on Oct. 5. He first started at the Synfuels Plant in 1989.

Allen Suelzle, shift supervisor of gas production, described Bitterman as a hard worker that wouldn't back down from any project and was always ready to lend a hand.

"On one of our last day shifts, we ended up having a snowstorm that shut down the majority of the roads. Todd told his crew that anyone from Bismarck that didn't want to drive could stay at his house that night until the roads got cleared off the next day. I think about half the crew stayed at his house that night," Suelzle says.

Suelze added that Bitterman was very good at troubleshooting problems and figuring out solutions. "Todd's knowledge of the area will be greatly missed," he says.



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Safe & reliable
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Lineworkers play a critical role in our mission to provide reliable, affordable electricity. Tough training and a focus on safety is behind everything they do. Simulated field operations and emergency-response training are ways Basin Electric invests in their safety and in providing reliable power to you.



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