

3RD QUARTER REPORT



INVESTING FOR THE FUTURE
BASIN ELECTRIC POWER COOPERATIVE

Basin Electric Power Cooperative (Basin Electric) was incorporated under the laws of the State of North Dakota in 1961 as a not-for-profit generation and transmission (G&T) cooperative corporation. We are headquartered in Bismarck, North Dakota, and are principally engaged in the business of providing wholesale electric services to our member cooperatives (members). These electric services generally represent the capacity and energy requirements of our members beyond what is available to our members from other sources, primarily the Western Area Power Administration, an agency of the United States Department of Energy, that provides hydroelectric power on a preferential basis to our members. We serve our members' power requirements pursuant to long-term wholesale power contracts. Through our members, we provide electric service to approximately 3 million member-owners in the states of Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming.

We employ an all-of-the-above energy strategy to supply our members' power requirements. Basin Electric's portfolio of power supply resources includes owned generation, long-term power purchase contracts, short-term, and spot market energy purchases. Our generating resources are fueled by a mix of natural gas, coal, wind, solar, hydro, and fuel oil.

We participate in the following energy markets: Midcontinent Independent System Operator (MISO) and the Southwest Power Pool (SPP) in the Eastern Interconnection. In the Western Interconnection, our load and assets participate in energy imbalance markets of SPP's Western Energy Imbalance Service market and California Independent System Operator's Western Energy Imbalance Market through various transmission providers.

We are owned entirely by our members, who are the primary purchasers of the power we sell. Basin Electric has 140 members comprised of four membership classifications.

In general, a cooperative is a business organization owned by its members, that are also either the cooperative's wholesale or retail customers. Cooperatives are organized to give their members the opportunity to satisfy their collective needs in a particular area of business more effectively than if the members acted independently. As not-for-profit organizations, cooperatives are intended to provide services to their members on a cost-effective basis, in part by eliminating the need to produce a return on equity in excess of required margins. Margins earned by a cooperative that are not distributed to its members constitute patronage capital, a cooperative's principal source of equity. Patronage capital is held on behalf of the members without interest and returned when the board of directors of the cooperative deems it appropriate to do so.

Basin Electric has three wholly owned, for-profit subsidiaries: Dakota Gasification Company, Dakota Coal Company, and Nemadji River Generation LLC. Dakota Gas converts lignite coal into pipeline-quality synthetic natural gas, carbon dioxide, anhydrous ammonia, urea, diesel exhaust fluid, and a variety of other products. Dakota Coal provides coal for our Antelope Valley Station, Leland Olds Station, and Great Plains Synfuels Plant. Nemadji River Generation is the owner of a 30% undivided interest in the Nemadji Trail Energy Center project. The Nemadji Trail project is a proposed 600-megawatt (MW), natural gas-fueled combined-cycle electric generation facility in Superior, Wisconsin.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries, and Coteau and Dakota Carbon Services LLC as of and for the nine-month periods ended September 30, 2024 and 2023. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2023 Annual Report.



TODD T. BRICKHOUSE
Chief Executive Officer and
General Manager



CHRISTOPHER A. JOHNSON
Senior Vice President and
Chief Financial Officer

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

as of September 30, (dollars in thousands)

	2024	2023
Assets		
Utility plant:		
Electric plant in service	\$ 7,531,353	\$ 7,486,614
Construction work in progress	884,493	416,923
Total electric plant	8,415,846	7,903,537
Less: accumulated provision for depreciation and amortization	(3,410,255)	(3,254,923)
	<u>5,005,591</u>	<u>4,648,614</u>
Nonutility property:		
Property, plant and equipment	1,666,863	1,560,813
Construction work in progress	47,183	80,339
Total nonutility property	1,714,046	1,641,152
Less: accumulated provision for depreciation and depletion	(709,959)	(655,115)
	<u>1,004,087</u>	<u>986,037</u>
Other property, investments and deferred charges:		
Mine related assets	153,441	122,076
Investments in associated companies	36,774	35,387
Restricted and designated investments	54,127	42,094
Other investments	265,867	271,973
Special funds	71,826	72,864
Regulatory assets	313,376	278,978
Other deferred charges	132,094	141,617
	<u>1,027,505</u>	<u>964,989</u>
Current assets:		
Cash and cash equivalents	247,142	65,695
Restricted and designated cash and equivalents	354,685	373,866
Short-term investments	352,019	559,324
Restricted and designated short term investments	-	68,809
Customer accounts receivable	241,109	208,238
Other receivables	156,628	91,550
Fuel stock, materials and supplies	315,917	287,180
Prepayments and other current assets	70,242	183,673
	<u>1,737,742</u>	<u>1,838,335</u>
	<u>\$ 8,774,925</u>	<u>\$ 8,437,975</u>
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 22	\$ 22
Patronage capital	1,515,001	1,414,851
Retained earnings of subsidiaries	115,761	115,437
Other equity	285,113	286,417
Accumulated other comprehensive income (loss)	3,758	(4,038)
	<u>1,919,655</u>	<u>1,812,689</u>
Noncontrolling interest	2,403	1,909
	<u>1,922,058</u>	<u>1,814,598</u>
Long-term debt, net of current portion	4,563,161	4,287,935
Finance lease obligations, net of current portion	4,713	4,968
	<u>6,489,932</u>	<u>6,107,501</u>
Regulatory liabilities	385,620	504,066
Other deferred credits, taxes and other liabilities	741,360	583,539
	<u>1,126,980</u>	<u>1,087,605</u>
Current liabilities:		
Current portion of long-term debt	192,510	154,272
Current portion of finance lease obligations	1,159	703
Accounts payable	269,719	442,969
Notes payable – affiliates	274,149	256,426
Notes payable	190,000	189,221
Taxes and other current liabilities	230,476	199,278
	<u>1,158,013</u>	<u>1,242,869</u>
	<u>\$ 8,774,925</u>	<u>\$ 8,437,975</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

for the nine months ended September 30, (dollars in thousands)

	2024	2023
Utility operations:		
Operating revenue:		
Sales of electricity for resale	\$ 1,699,361	\$ 1,657,866
Other electric revenue	5,060	5,771
Total utility operating revenue	<u>1,704,421</u>	<u>1,663,637</u>
Operating expenses:		
Production expense	125,309	118,286
Fuel expense	237,943	273,971
Other power supply	541,874	492,552
Transmission operations	29,090	27,662
Transmission wheeling	107,347	108,516
Rent expense	7,500	7,500
Administration	85,962	82,969
Maintenance	156,149	142,537
Depreciation & amortization	152,917	152,406
Taxes other than income	3,284	3,103
Total utility operating expenses	<u>1,447,375</u>	<u>1,409,502</u>
Interest and other charges:		
Interest on long-term debt	141,895	144,197
Interest on short-term debt	16,198	16,584
Other	10,293	9,255
Total interest and other charges	<u>168,386</u>	<u>170,036</u>
Operating margin	<u>88,660</u>	<u>84,099</u>
Nonoperating margin:		
Interest and other income	57,704	56,333
Patronage allocations from other coops	4,503	4,753
Total nonoperating margin	<u>62,207</u>	<u>61,086</u>
Utility margin before income taxes	<u>150,867</u>	<u>145,185</u>
Nonutility operations:		
Operating revenue:		
Synthetic natural gas	55,438	101,724
Byproducts, coproduct and other	260,348	275,269
Lignite coal	97,354	103,498
Total nonutility operating revenue	<u>413,140</u>	<u>480,491</u>
Operating expenses:		
Other operating expenses (includes \$17,360 and \$16,896 of net income attributable to noncontrolling interest)	<u>550,559</u>	<u>511,341</u>
Operating loss	(137,419)	(30,850)
Interest and other income	88,610	15,407
Nonutility loss before income taxes	<u>(48,809)</u>	<u>(15,443)</u>
Margin and earnings before income taxes	<u>102,058</u>	<u>129,742</u>
Income tax expense (benefit)	(7,460)	8,552
Net margin and earnings	<u>\$ 109,518</u>	<u>\$ 121,190</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

for the nine months ended September 30, (dollars in thousands)

	2024	2023
Operating activities:		
Net margin and earnings	\$ 109,518	\$ 121,190
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	200,017	193,302
Deferred income taxes	(17,266)	3,831
Changes in regulatory assets and liabilities	(15,369)	4,631
Unrealized gain on investments	(12,764)	(4,228)
Patronage capital allocated	(7,053)	(8,442)
Other amortization and accretion	29,503	26,618
Insurance proceeds	-	26,580
Income attributable to noncontrolling interest	17,360	16,896
Changes in other operating elements:		
Customer accounts receivable	(52,532)	9,926
Other receivables	(25,626)	(3,545)
Fuel stock, materials and supplies	(20,654)	(44,660)
Prepayments and other current assets	8,339	(2,229)
Accounts payable	(22,864)	41,532
Taxes and other current liabilities	15,563	(106,592)
Changes in collateral	(6,289)	(11,718)
Other operating activities, net	(15,368)	21,432
Net cash provided by operating activities	<u>184,515</u>	<u>284,524</u>
Investing activities:		
Acquisition of electric plant	(416,813)	(241,984)
Acquisition of nonutility property	(54,973)	(31,233)
Proceeds from sales of property	2,870	1,642
Purchase of investments	(1,087,009)	(1,170,903)
Sale of investments	1,138,869	1,238,447
Sale of other assets and payments received on notes receivable	1,374	10,936
Purchase of other assets and issuance of notes receivable	(6,770)	(11,063)
Net cash used in investing activities	<u>(422,452)</u>	<u>(204,158)</u>
Financing activities:		
Proceeds of long-term debt	417,374	-
Principal payments of long-term debt	(146,475)	(40,610)
Payment of debt issue costs	(2,279)	(195)
Proceeds of notes payable — affiliates	1,733,480	1,653,863
Payments of notes payable — affiliates	(1,688,562)	(1,650,855)
Proceeds of notes payable	351,905	553,764
Payments of notes payable	(269,177)	(638,597)
Payments under finance lease obligations	(917)	(651)
Dividends paid to noncontrolling interest	(16,778)	(19,993)
Net cash provided by (used in) financing activities	<u>378,571</u>	<u>(143,274)</u>
Net increase (decrease) in cash and cash equivalents and restricted and designated cash and equivalents	140,634	(62,908)
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	461,193	502,469
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	<u>\$ 601,827</u>	<u>\$ 439,561</u>

For the nine months ended September 30, 2024 compared to nine months ended September 30, 2023

RESULTS OF UTILITY OPERATIONS

Our operating revenue is derived from electricity sales to our members and to non-members (including Dakota Gas). Our electricity sales revenue from and energy sold by us, measured in megawatt-hours (MWh), to our members and to non-members are as follows:

ELECTRICITY REVENUE

(in millions)	2024	2023	% change
Sales of electricity to members	\$ 1,507.9	\$ 1,437.4	4.9%
Sales of electricity to non-members	171.5	220.5	(22.2%)
(Deferral) amortization of non-member revenue	20.0	-	
Non-member revenue, net	191.5	220.5	(13.2%)
Total electricity revenue	\$ 1,699.4	\$ 1,657.9	2.5%

ELECTRIC ENERGY SALES

(in thousand MWh)	2024	2023	% change
Members	25,198	23,753	6.1%
Others	3,884	4,338	(10.5%)
Total electric energy sales	29,082	28,091	3.5%
Peak billing demand (in MW)	5,134	4,689	9.5%

ELECTRICITY REVENUE

- Sales of electricity to members increased by \$70.5 million.
 - Energy sold to our members increased by 1,445,000 MWh, or 6.1%. Average peak demand also increased from last year.
- Sales of electricity to non-members (before the impact of deferred revenue amortization) decreased by \$49.0 million. Previously deferred non-member electricity sales revenue in the amount of \$20.0 million was recognized in 2024.
 - Energy sold to non-members decreased 454,000 MWh, or 10.5%. The average sales price decreased from \$50.83 in 2023 to \$44.16 per MWh in 2024.

UTILITY OPERATING EXPENSES

(in millions)	2024	2023	% change
Production expense	\$ 125.3	\$ 118.3	5.9%
Fuel expense	237.9	274.0	(13.2%)
Other power supply	541.9	492.5	10.0%
Transmission operations	29.1	27.7	5.1%
Transmission wheeling	107.4	108.5	(1.0%)
Rent expense	7.5	7.5	-
Administration	86.0	83.0	3.6%
Maintenance	156.1	142.5	9.5%
Depreciation & amortization	152.9	152.4	0.3%
Taxes other than income	3.3	3.1	6.5%
Total operating expenses	\$ 1,447.4	\$ 1,409.5	2.7%

UTILITY OPERATING EXPENSES

- Utility operating expenses increased by \$37.9 million.
 - Other power supply was \$49.4 million higher largely as a result of higher purchased power related expenses.
 - Maintenance expense increased \$13.6 million largely due to planned maintenance work.
 - Partially offset by:
 - Fuel expense was \$36.1 million lower due to lower natural gas prices and lower coal expense resulting from lower generation at coal facilities.

RESULTS OF NONUTILITY OPERATIONS

Nonutility operating revenue is mainly derived from: (i) the sale of synthetic natural gas, carbon dioxide (CO₂), anhydrous ammonia, urea, diesel exhaust fluid and various other products produced by Dakota Gas, and (ii) the sale by Dakota Coal of lignite coal for use at Basin's generating facilities and for coal gasification at Dakota Gas.

NONUTILITY OPERATING REVENUE

(in millions)	2024	2023	% change
Synthetic natural gas	\$ 55.4	\$ 101.7	(45.5%)
Byproduct, coproduct and other	260.3	275.3	(5.4%)
Lignite coal	97.4	103.5	(5.9%)
Total nonutility operating revenue	\$ 413.1	\$ 480.5	(14.0%)
Synthetic gas sold (dekatherms in millions)	30.6	29.9	2.3%
Fertilizer products sold (tons in thousands)	301.3	328.4	(8.3%)
Coal sales (tons in millions) ⁽¹⁾	5.3	5.5	(3.6%)

(1) Does not include tons sold to Dakota Gas as affiliate revenue is eliminated in the Consolidated Statement of Operations.

NONUTILITY OPERATING REVENUE

- Nonutility operating revenue decreased \$67.4 million.
 - Decreased synthetic natural gas revenue of \$46.3 million as a result of lower natural gas prices in 2024. Realized prices (including natural gas hedge settlements) in 2024 of \$1.81 per dekatherm were \$1.70 per dekatherm lower than in 2023.
 - Decreased fertilizer sales revenue by \$37.3 million; mainly due to lower prices.
 - Decreased tar oil sales revenue of \$6.6 million; mainly due to lower realized prices.
 - Lignite coal sales revenue decreased \$6.1 million due to lower volumes sold in 2024.
 - Partially offset by:
 - Increased diesel exhaust fluid sales revenue of \$16.9 million due to higher volumes.

NONUTILITY OPERATING EXPENSES

- Nonutility operating expenses increased by \$39.2 million or 7.7%.
 - Purchased coal expense at Dakota Coal increased \$7.0 million.
 - Absence of insurance proceeds of \$26.6 million for a business interruption claim recorded in 2023.
 - Partially offset by:
 - Lower natural gas purchases at Dakota Gas related to lower natural gas prices in 2024.

NONUTILITY INTEREST AND OTHER INCOME

- The increase in nonutility interest and other income is associated with the monetization of tax credits related to the capture and sequestration of CO₂ through Dakota Gas' investment in Dakota Carbon Services LLC.



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POWER COOPERATIVE**

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