

Basin Electric Power Cooperative (Basin Electric), on a consolidated basis with its wholly owned subsidiaries, Basin Cooperative Services, Dakota Coal Company (Dakota Coal), and Dakota Gasification Company (DGC), and with its variable interest entity, The Coteau Properties Company (Coteau), presents its financial statements for the three-month periods ended March 31, 2019 and 2018. The consolidated net margin and earnings for the periods were \$67.0 million and \$45.4 million, respectively.

Total electric sales for the first three months of 2019 were 8.5 million megawatt hours (MWh), generating revenue of \$481.0 million. Total MWh sales increased by 0.1 million MWhs and total revenue from sales increased by \$41.8 million from the same period last year. Electricity sales to Basin Electric's Class A and D members were 7.2 million MWhs generating \$436.6 million of revenue, which represents a 5.3 percent increase in MWh sales and a 7.8 percent increase in revenue from the same period last year. Member sales revenue increased primarily due to an increase in MWhs sold. Non-member sales decreased by 0.2 MWhs or 11.5 percent and revenue increased by \$10.3 million or 30.0 percent. Non-member revenue was higher during the first three months of 2019 compared to the same period in 2018 primarily due to pricing.

The Great Plains Synfuels Plant (Synfuels Plant), owned and operated by DGC, sold 13.8 million dekatherms of synthetic natural gas (SNG) during the first three months of 2019, which is 0.1 million dekatherms more than the volume sold during the same period in 2018. SNG revenue during the first three months of 2019 was \$52.7 million compared to the revenue for the first three months of 2018 of \$40.1 million. The average sales price for SNG was \$3.82 per dekatherm for the first three months of 2019 compared to an average sales price of \$2.93 during the same period in 2018.

Byproducts, coproducts and other operating revenue increased by \$10.8 million or 34.5 percent for the first three months of 2019 compared to the same period in 2018. Revenue from urea, sulfate, and cresylic were higher for the first three months of 2019 compared to the same period in 2018 by \$17.1 million, \$2.1 million, and \$1.1 million, respectively. Revenue from tar oil and ammonia was lower for the first three months of 2019 compared to the same period in 2018 by \$7.2 million and \$3.9 million, respectively. The net loss for DGC for the first three months of 2019 and 2018 was \$13.0 million and \$26.2 million, respectively.

Dakota Coal is the supplier of lignite to Basin Electric's Antelope Valley Station and Leland Olds Station and the Synfuels Plant, and the supplier of lime to certain Basin Electric facilities and other regional power plants. Dakota Coal sold 0.3 million fewer tons of coal during the first three months of 2019 than the same period in 2018. Net income for Dakota Coal for the first three months of 2019 was \$7.2 million compared to \$8.3 million for the first three months of 2018.

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 as of and for the three-month periods ended March 31, 2019 and 2018. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2018 Annual Report.



Paul Sukut
Chief Executive Officer
and General Manager



Steve Johnson
Senior Vice President
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**BASIN ELECTRIC
POWER COOPERATIVE**

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Financial information requests

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2019

1ST QUARTER REPORT

Basin Electric Power Cooperative and Subsidiaries UNAUDITED CONSOLIDATED BALANCE SHEETS

as of March 31 (dollars in thousands, except per share data)

	2019	2018
Assets		
Electric plant:		
In service	\$ 7,063,057	\$ 6,920,455
Property held under capital leases	1,800	2,372
Construction work in progress	97,989	118,167
Total electric plant	7,162,846	7,040,994
Less: accumulated provision for depreciation and amortization	(2,575,926)	(2,446,476)
	4,586,920	4,594,518
Nonutility property:		
Property, plant and equipment	1,555,923	2,064,217
Construction work in progress	6,268	61,401
Total nonutility property	1,562,191	2,125,618
Less: accumulated provision for depreciation and depletion	(496,798)	(724,835)
	1,065,393	1,400,783
Other property, investments and deferred charges:		
Mine related assets	128,447	153,505
Investments in associated companies	40,301	40,264
Other investments	202,851	125,871
Special funds	56,745	51,494
Deferred charges	481,785	323,037
	910,129	694,171
Current assets:		
Cash and cash equivalents	300,996	133,652
Restricted and designated cash and investments	111,988	223,262
Short-term investments	-	100
Customer accounts receivable	182,187	154,311
Other receivables	104,536	93,802
Coal stock, materials and supplies	206,425	216,961
Prepayments and other current assets	30,819	90,382
	936,951	912,470
	\$ 7,499,393	\$ 7,601,942
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 21	\$ 21
Patronage capital	1,093,385	896,215
Retained earnings of subsidiaries	72,446	213,395
Other equity	343,151	343,303
Accumulated other comprehensive income	11,182	3,015
	1,520,185	1,455,949
Noncontrolling interest	2,631	2,475
	1,522,816	1,458,424
Long-term debt, net of current portion	4,469,206	4,573,559
Capital lease obligations, net of current portion	3,769	3,981
	5,995,791	6,035,964
Deferred credits, taxes and other liabilities	522,530	599,592
Current liabilities:		
Current portion of long-term debt	102,615	65,638
Current portion of capital lease obligations	1,253	1,100
Accounts payable	186,058	175,908
Notes payable – affiliates	252,884	200,809
Notes payable	299,000	344,084
Taxes and other current liabilities	139,262	178,847
	981,072	966,386
	\$ 7,499,393	\$ 7,601,942

Basin Electric Power Cooperative and Subsidiaries UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

for the three months ended March 31 (dollars in thousands)

	2019	2018
Utility operations:		
Operating revenue:		
Sales of electricity for resale:		
Members	\$436,569	\$405,023
Others	44,439	34,183
	481,008	439,206
Other electric revenue	5,739	5,934
	486,747	445,140
Operating expenses:		
Operation	303,100	274,877
Maintenance	27,246	27,083
Depreciation and amortization	37,935	37,430
Taxes other than income	1,023	995
	369,304	340,385
Interest and other charges:		
Interest on long-term debt	49,373	49,842
Interest on short-term debt	3,221	1,976
Other, net of regulatory expense amortization	4,060	2,754
	56,654	54,572
Operating margin	60,789	50,183
Nonoperating margin:		
Interest and other income	9,043	9,372
Patronage allocations from other cooperatives	2,918	3,726
	11,961	13,098
Utility margin before income taxes	72,750	63,281
Nonutility operations:		
Operating revenue:		
Synthetic gas	52,748	40,073
Byproducts, coproduct and other	47,780	37,233
Lignite coal	32,886	32,568
	133,414	109,874
Operating expenses (includes \$4,791 and \$4,889 of net income attributed to noncontrolling interest)	145,056	135,314
Operating loss	(11,642)	(25,440)
Interest and other income	2,861	2,374
Nonutility loss before income taxes	(8,781)	(23,066)
Margin before income taxes	63,969	40,215
Benefit from income taxes	(3,000)	(5,222)
Net margin and earnings	\$ 66,969	\$ 45,437

Basin Electric Power Cooperative and Subsidiaries UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW

for the three months ended March 31 (dollars in thousands)

	2019	2018
Operating activities:		
Net margin and earnings	\$ 66,969	\$ 45,437
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	52,451	54,421
Change in reserves and other	1,289	1,571
Other amortization	5,042	3,814
Patronage capital and other	3,250	(5,476)
Deferred income taxes	(3,050)	(5,269)
Other, including regulatory revenue deferral	(134)	(220)
Income attributable to noncontrolling interest	4,791	4,889
Changes in other operating elements:		
Customer accounts receivable	(19,776)	13,095
Other receivables	21,758	13,319
Coal stock, materials and supplies	(2,750)	(11,852)
Prepayments and other current assets	7,812	(13,217)
Accounts payable	9,136	(9,016)
Taxes and other current liabilities	29,483	79,461
Net cash provided by operating activities	176,271	170,957
Investing activities:		
Acquisition of electric plant	(2,020)	(33,549)
Acquisition of nonutility property	(3,163)	(22,995)
Proceeds from sale of property	94	-
Purchase of investments	(9,731)	(1,366)
Sale of investments	4,057	17,261
Sale of other assets and payments received on notes receivable	707	-
Purchase of other assets and issuance of notes receivable	(5,326)	(1,020)
Net cash used in investing activities	(15,382)	(41,669)
Financing activities:		
Loan advances	-	1,546
Principal payments of long-term debt	(3,525)	(6,563)
Payment of debt issue costs	(110)	(325)
Proceeds of notes payable — affiliates	548,107	477,540
Payments of notes payable — affiliates	(464,014)	(469,406)
Proceeds of notes payable	303,860	539,369
Payments of notes payable	(408,249)	(673,931)
Payments under capital lease obligations	(392)	(1,489)
Dividends paid to noncontrolling interest	(4,511)	(4,739)
Net cash used in financing activities	(28,834)	(137,998)
Net increase (decrease) in cash and cash equivalents	132,055	(8,710)
Cash and cash equivalents, beginning of period	168,941	142,362
Cash and cash equivalents, end of period	\$ 300,996	\$ 133,652