

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, 2020 and 2019. The consolidated net margin and earnings for the periods were \$41.8 million and \$67.0 million, respectively.

Total electric sales for the first three months of 2020 were 8.5 million megawatt hours (MWh), generating revenue of \$453.9 million. Total MWh sales were flat and total revenue from sales decreased by \$27.1 million from the same period last year. Electricity sales to Basin Electric's Class A and D members were 7.3 million MWhs generating \$426.0 million of revenue, which represents a slight increase in MWh sales and a 2.4 percent decrease in revenue from the same period last year. Member sales revenue decreased primarily due to a decrease in average rates. Non-member sales volumes increased by 1.7 percent whereas revenue decreased by \$16.6 million or 37.3 percent. Non-member revenue was lower during the first three months of 2020 compared to the same period in 2019 primarily due to decreased prices. Operations and maintenance expense decreased \$20.8 million during the first three months of 2020 compared to the same period in 2019 largely due to lower transmission wheeling and purchased power expenses.

The net loss for DGC for the first three months of 2020 and 2019 was \$24.3 million and \$13.0 million, respectively. The Great Plains Synfuels Plant (Synfuels Plant), owned and operated by DGC, sold 11.1 million dekatherms of synthetic natural gas (SNG) during the first three months of 2020, which is 2.7 million dekatherms less than the volume sold during the same period in 2019. SNG revenue during the first three months of 2020 was \$26.7 million compared to the revenue for the first three months of 2019 of \$52.7 million. The average sales price for SNG, excluding market price adjustments on hedges, was \$2.54 per dekatherm for the first three months of 2020 compared to an average sales price of \$3.64 during the same period in 2019.

Byproducts, coproducts and other operating revenue increased by \$4.2 million or 9.9 percent for the first three months of 2020 compared to the same period in 2019. Revenue from fertilizer and DEF products was lower for the first three months of 2020 compared to the same period in 2019 by \$0.3 million primarily due to prices as volumes increased during the period compared to same period in 2019. Revenue from chemicals and other was \$4.5 million higher for the first three months of 2020 compared to the same period in 2019. Tar oil revenue is \$4.2 million higher for the first three months compared to the same period in 2019 primarily due to market price gains on hedges, an increase of \$3.0 million, and higher

volumes sold. Operating expenses at DGC were \$9.6 million lower for the first three months of 2020 compared to the same period in 2019 largely due to less purchases of natural gas in the first three months of 2020 compared to the same period in 2019.

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. Net loss for Dakota Coal for the first three months of 2020 was \$1.6 million compared to net income of \$7.2 million for the first three months of 2019. The results for the first three months of 2020 include a \$6.4 million unrealized loss on investments (after-tax). Dakota Coal sold 34 thousand fewer tons of coal during the first three months of 2020 than the same period in 2019.

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, 2020 and 2019. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2019 Annual Report.



Paul Sukut
Chief Executive Officer
and General Manager



Steve Johnson
Senior Vice President
and Chief Financial Officer



**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 

Financial information requests

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**Powering Together
2020**

**BASIN ELECTRIC
POWER COOPERATIVE**

1ST QUARTER REPORT

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

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

	2020	2019
Assets		
Utility plant:		
Electric plant in service	\$ 7,204,351	\$ 7,064,857
Construction work in progress, net of contribution in aid of construction	(8,741)	97,989
Total electric plant	7,195,610	7,162,846
Less: accumulated provision for depreciation and amortization	(2,706,533)	(2,575,926)
	4,489,077	4,586,920
Nonutility property:		
Property, plant and equipment	1,531,980	1,555,923
Construction work in progress	2,790	6,268
Total nonutility property	1,534,770	1,562,191
Less: accumulated provision for depreciation and depletion	(512,556)	(496,798)
	1,022,214	1,065,393
Other property, investments and deferred charges:		
Mine related assets	108,566	109,292
Investments in associated companies	37,372	40,301
Restricted and designated investments	31,742	31,838
Other investments	262,515	171,013
Special funds	62,148	56,745
Regulatory assets	558,160	496,877
Other deferred charges	5,921	4,063
	1,066,424	910,129
Current assets:		
Cash and cash equivalents	290,467	300,996
Restricted and designated cash and equivalents	188,214	111,988
Short-term investments	29,571	-
Customer accounts receivable	166,192	182,187
Other receivables	88,495	104,536
Coal stock, materials and supplies	228,657	206,425
Prepayments and other current assets	69,185	30,819
	1,060,781	936,951
	\$ 7,638,496	\$ 7,499,393
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 21	\$ 21
Patronage capital	1,105,134	1,093,385
Retained earnings of subsidiaries	92,835	72,446
Other equity	344,449	343,151
Accumulated other comprehensive income (loss)	(13,999)	11,182
	1,528,440	1,520,185
Noncontrolling interest	2,459	2,631
	1,530,899	1,522,816
Long-term debt, net of current portion	4,380,856	4,469,206
Capital lease obligations, net of current portion	3,585	3,769
	5,915,340	5,995,791
Regulatory liabilities	159,335	81,787
Other deferred credits, taxes and other liabilities	509,892	440,743
	669,227	522,530
Current liabilities:		
Current portion of long-term debt	99,310	102,615
Current portion of capital lease obligations	1,087	1,253
Accounts payable	158,487	186,058
Notes payable – affiliates	329,456	252,884
Notes payable	280,140	299,000
Taxes and other current liabilities	185,449	139,262
	1,053,929	981,072
	\$ 7,638,496	\$ 7,499,393

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

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

	2020	2019
Utility operations:		
Operating revenue:		
Sales of electricity for resale:		
Members	\$ 426,021	\$ 436,569
Others	27,870	44,439
	453,891	481,008
Other electric revenue	7,669	5,739
	461,560	486,747
Operating expenses:		
Operation	284,999	303,100
Maintenance	24,566	27,246
Depreciation and amortization	39,854	37,935
Taxes other than income	976	1,023
	350,395	369,304
Interest and other charges:		
Interest on long-term debt	49,135	49,373
Interest on short-term debt	2,357	3,221
Other, net of regulatory expense amortization	4,283	4,060
	55,775	56,654
Operating margin	55,390	60,789
Nonoperating margin:		
Interest and other income	9,134	9,043
Patronage allocations from other cooperatives	3,138	2,918
	12,272	11,961
Utility margin before income taxes	67,662	72,750
Nonutility operations:		
Operating revenue:		
Synthetic gas	26,701	52,748
Byproducts, coproduct and other	51,893	47,780
Lignite coal	30,835	32,886
	109,429	133,414
Operating expenses:		
Impairment of assets	1,201	-
Operating expenses (includes \$4,757 and \$4,791 of net income attributed to noncontrolling interest)	145,181	145,056
	146,382	145,056
Operating loss	(36,953)	(11,642)
Interest and other income	4,699	2,861
Nonutility loss before income taxes	(32,254)	(8,781)
Margin before income taxes	35,408	63,969
Benefit from income taxes	(6,441)	(3,000)
Net margin and earnings	\$ 41,849	\$ 66,969

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

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

	2020	2019
Operating activities:		
Net margin and earnings	\$ 41,849	\$ 66,969
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	53,466	52,451
Deferred income taxes	(6,477)	(3,050)
Changes in regulatory assets and liabilities	4,163	4,112
Unrealized loss on investments	8,107	-
Patronage capital	(4,646)	(4,326)
Change in collateral	(43,851)	7,576
Other amortization	1,545	5,042
Impairment of assets, net	1,201	-
Income attributable to noncontrolling interest	4,757	4,791
Changes in other operating elements:		
Customer accounts receivable	8,587	(19,776)
Other receivables	(1,388)	21,758
Coal stock, materials and supplies	(3,564)	(2,750)
Prepayments and other current assets	(5,373)	7,812
Accounts payable	(671)	9,136
Taxes and other current liabilities	79,253	29,483
Other operating activities, net	2,862	(2,957)
Net cash provided by operating activities	139,820	176,271
Investing activities:		
Acquisition of electric plant	(12,868)	(2,020)
Acquisition of nonutility property	(4,806)	(3,163)
Proceeds from sales of property	1,860	94
Purchase of investments	(86,295)	(5,231)
Sale of investments	105,052	4,057
Sale of other assets and payments received on notes receivable	787	707
Purchase of other assets and issuance of notes receivable	(2,544)	(5,326)
Net cash provided by (used in) investing activities	1,186	(10,882)
Financing activities:		
Principal payments of long-term debt	(7,704)	(3,525)
Payment of debt issue costs	-	(110)
Proceeds of notes payable — affiliates	715,593	548,107
Payments of notes payable — affiliates	(657,780)	(464,014)
Proceeds of notes payable	240,857	303,860
Payments of notes payable	(289,491)	(408,249)
Payments under capital lease obligations	(299)	(392)
Dividends paid to noncontrolling interest	(3,833)	(4,511)
Net cash used in financing activities	(2,657)	(28,834)
Net increase in cash and cash equivalents and designated cash and equivalents	138,349	136,555
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	340,332	276,429
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	\$ 478,681	\$ 412,984