

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 six-month periods ended June 30, 2020 and 2019. The consolidated net margin and earnings for the periods were \$63.3 million and \$58.4 million, respectively.

Total electric sales for the first six months of 2020 were 15.5 million megawatt hours (MWh), generating revenue of \$828.7 million. Total MWh sales were unchanged and total revenue from sales decreased by \$44.2 million from the same period last year. Year-to-date electricity sales to Basin Electric's Class A and D members were 12.9 million MWhs generating \$777.6 million of revenue, which represents a 2.1 percent decrease in MWh sales and a 3.3 percent decrease in revenue from the same period last year. Member sales revenue decreased due to lower electricity volumes and a decrease in average rates. Non-member sales volumes increased during the first six months of 2020 compared to the same period in 2019 by 12.5 percent whereas revenue decreased by \$17.3 million or 25.3 percent. Non-member revenue was lower primarily due to decreased prices. Operations and maintenance expense decreased \$87.7 million during the first six months of 2020 compared to the same period in 2019 largely due to lower maintenance, purchased power expenses, fuel expenses and transmission wheeling.

The net loss for DGC for the first six months of 2020 and 2019 was \$47.9 million and \$15.8 million, respectively. The Great Plains Synfuels Plant (Synfuels Plant), owned and operated by DGC, sold 22.3 million dekatherms of synthetic natural gas (SNG) during the first six months of 2020, which is 2.6 million dekatherms less than the volume sold during the same period in 2019. SNG revenue during the first six months of 2020 was \$44.4 million compared to the revenue for the first six months of 2019 of \$77.7 million. The average sales price for SNG, excluding market price adjustments on hedges, was \$2.07 per dekatherm for the first six months of 2020 compared to an average sales price of \$3.00 during the same period in 2019.

Byproducts, coproducts and other operating revenue decreased by \$16.2 million or 11.8 percent for the first six months of 2020 compared to the same period in 2019. Revenue from fertilizer and DEF products was lower for the first six months of 2020 compared to the same period in 2019 by \$14.8 million primarily due to prices as volumes increased during the period compared to same period in 2019. Revenue from other byproducts was \$1.7 million lower for the first six months of 2020 compared to the same period in 2019. Operating expenses at DGC were \$11.9 million lower for the first six months of 2020 compared to the same

period in 2019 largely due to less purchases of natural gas in the first six 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 income for Dakota Coal for the first six months of 2020 was \$2.5 million compared to net income of \$9.5 million for the first six months of 2019. Dakota Coal sold 308 thousand fewer tons of coal during the first six 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 six-month periods ended June 30, 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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**Equal Employment Opportunity Employer M/F/D/V**



**Powering Together  
2020**

**2ND QUARTER REPORT**

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

as of June 30 (dollars in thousands, except per share data)

	2020	2019
<b>Assets</b>		
Utility plant:		
Electric plant in service	\$ 7,209,982	\$ 7,068,358
Construction work in progress, net of contribution in aid of construction	15,040	95,622
Total electric plant	7,225,022	7,163,980
Less: accumulated provision for depreciation and amortization	(2,746,101)	(2,603,958)
	4,478,921	4,560,022
Nonutility property:		
Property, plant and equipment	1,529,790	1,547,017
Construction work in progress	2,945	6,560
Total nonutility property	1,532,735	1,553,577
Less: accumulated provision for depreciation and depletion	(523,664)	(500,044)
	1,009,071	1,053,533
Other property, investments and deferred charges:		
Mine related assets	117,931	111,858
Investments in associated companies	36,565	39,574
Restricted and designated cash and investments	35,400	72,298
Other investments	256,830	141,996
Special funds	62,011	56,668
Regulatory assets	552,864	507,722
Other deferred charges	2,886	4,123
	1,064,487	934,239
Current assets:		
Cash and cash equivalents	354,297	317,014
Restricted and designated cash and equivalents	190,099	113,205
Customer accounts receivable	154,135	161,732
Other receivables	77,614	83,322
Coal stock, materials and supplies	232,557	212,104
Prepayments and other current assets	61,414	35,921
	1,070,116	923,298
	\$ 7,622,595	\$ 7,471,092
<b>Capitalization and Liabilities</b>		
Capitalization:		
Equity:		
Memberships	\$ 21	\$ 21
Patronage capital	1,103,894	1,082,529
Retained earnings of subsidiaries	96,982	74,710
Other equity	344,449	343,151
Accumulated other comprehensive income (loss)	(15,946)	16,300
	1,529,400	1,516,711
Noncontrolling interest	2,146	2,016
	1,531,546	1,518,727
Long-term debt, net of current portion	4,357,098	4,442,506
Capital lease obligations, net of current portion	3,360	3,853
	5,892,004	5,965,086
Regulatory liabilities	162,950	81,787
Other deferred credits, taxes and other liabilities	504,332	445,353
	667,282	527,140
Current liabilities:		
Current portion of long-term debt	99,278	100,902
Current portion of capital lease obligations	1,007	1,263
Accounts payable	149,994	186,670
Notes payable – affiliates	399,867	238,478
Notes payable	309,238	358,877
Taxes and other current liabilities	103,925	92,676
	1,063,309	978,866
	\$ 7,622,595	\$ 7,471,092

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

for the six months ended June 30 (dollars in thousands)

	2020	2019
Utility operations:		
Operating revenue:		
Sales of electricity for resale:		
Members	\$ 777,617	\$ 804,515
Others	51,072	68,409
	828,689	872,924
Other electric revenue	12,667	10,680
	841,356	883,604
Operating expenses:		
Operation	513,045	560,932
Maintenance	48,652	88,484
Depreciation and amortization	79,607	75,699
Taxes other than income	1,778	1,881
	643,082	726,996
Interest and other charges:		
Interest on long-term debt	97,837	99,681
Interest on short-term debt	3,941	5,906
Other, net of regulatory expense amortization	8,490	8,281
	110,268	113,868
Operating margin	88,006	42,740
Nonoperating margin:		
Interest and other income	17,056	18,528
Patronage allocations from other cooperatives	3,518	3,367
	20,574	21,895
Utility margin before income taxes	108,580	64,635
Nonutility operations:		
Operating revenue:		
Synthetic gas	44,437	77,680
Byproducts, coproduct and other	121,507	137,823
Lignite coal	55,722	62,886
	221,666	278,389
Operating expenses:		
Impairment of assets	1,257	-
Operating expenses (includes \$9,134 and \$9,259 of net income attributed to noncontrolling interest)	281,893	290,753
	283,150	290,753
Operating loss	(61,484)	(12,364)
Interest and other income	6,755	3,439
Nonutility loss before income taxes	(54,729)	(8,925)
Margin before income taxes	53,851	55,710
Benefit from income taxes	(9,470)	(2,668)
Net margin and earnings	\$ 63,321	\$ 58,378

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

for the six months ended June 30 (dollars in thousands)

	2020	2019
Operating activities:		
Net margin and earnings	\$ 63,321	\$ 58,378
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	106,546	104,615
Deferred income taxes	(9,548)	(2,764)
Changes in regulatory assets and liabilities	8,288	25
Unrealized loss on investments	476	-
Patronage capital	(5,366)	(5,120)
Change in collateral	(43,381)	(1,803)
Other amortization	2,583	2,241
Impairment of assets, net	1,257	-
Income attributable to noncontrolling interest	9,134	9,259
Changes in other operating elements:		
Customer accounts receivable	20,644	679
Other receivables	9,455	43,049
Coal stock, materials and supplies	(7,465)	(8,429)
Prepayments and other current assets	(555)	3,415
Accounts payable	(21,677)	7,396
Taxes and other current liabilities	4,498	(18,181)
Other operating activities, net	(250)	1,129
Net cash provided by operating activities	137,960	193,889
Investing activities:		
Acquisition of electric plant	(33,296)	(17,628)
Acquisition of nonutility property	(5,987)	(1,354)
Proceeds from sales of property	2,558	2,378
Purchase of investments	(99,702)	(8,663)
Sale of investments	153,243	6,502
Sale of other assets and payments received on notes receivable	3,026	3,306
Purchase of other assets and issuance of notes receivable	(1,059)	(7,044)
Net cash provided by (used in) investing activities	18,783	(22,503)
Financing activities:		
Proceeds of long-term debt	10,241	150,000
Proceeds of long-term debt held in escrow	-	(150,000)
Principal payments of long-term debt	(33,127)	(30,372)
Payment of debt issue costs	-	(1,454)
Proceeds of notes payable — affiliates	1,407,128	1,058,531
Payments of notes payable — affiliates	(1,279,412)	(989,451)
Proceeds of notes payable	505,464	658,025
Payments of notes payable	(535,241)	(702,537)
Payments under capital lease obligations	(643)	(743)
Retirement of patronage capital	(18,566)	-
Dividends paid to noncontrolling interest	(8,523)	(9,595)
Net cash provided by (used in) financing activities	47,321	(17,596)
Net increase in cash and cash equivalents and designated cash and equivalents	204,064	153,790
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	\$ 544,396	\$ 430,219