

2ND QUARTER REPORT



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 139 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 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 three-month periods ended June 30, 2025 and 2024. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2024 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 June 30, (dollars in thousands)

	2025	2024
Assets		
Utility plant:		
Electric plant in service	\$ 8,290,941	\$ 7,528,681
Construction work in progress	547,921	771,164
Total electric plant	8,838,862	8,299,845
Less: accumulated provision for depreciation and amortization	(3,537,347)	(3,389,368)
	5,301,515	4,910,477
Nonutility property:		
Property, plant and equipment	1,690,716	1,654,511
Construction work in progress	25,695	43,002
Total nonutility property	1,716,411	1,697,513
Less: accumulated provision for depreciation and depletion	(747,727)	(697,442)
	968,684	1,000,071
Other property, investments and deferred charges:		
Mine related assets	158,435	146,242
Investments in associated companies	36,589	34,957
Restricted and designated investments	56,981	51,308
Other investments	260,747	257,264
Special funds	70,012	71,549
Regulatory assets	289,796	301,315
Other deferred charges	161,144	128,060
	1,033,704	990,695
Current assets:		
Cash and cash equivalents	278,676	230,935
Restricted and designated cash and equivalents	321,045	370,482
Short-term investments	17,637	398,177
Customer accounts receivable	211,882	201,611
Other receivables	91,186	141,526
Fuel stock, materials and supplies	324,724	313,365
Prepayments and other current assets	165,257	94,815
	1,410,407	1,750,911
	<u>\$ 8,714,310</u>	<u>\$ 8,652,154</u>
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 22	\$ 22
Patronage capital	1,521,735	1,425,344
Retained earnings of subsidiaries	122,311	118,292
Other equity	294,252	285,113
Accumulated other comprehensive income (loss)	6,554	(2,521)
	1,944,874	1,826,250
Noncontrolling interest	2,185	2,451
	1,947,059	1,828,701
Long-term debt, net of current portion	4,560,867	4,538,677
Finance lease obligations, net of current portion	3,853	4,847
Total capitalization	6,511,779	6,372,225
Regulatory liabilities	342,877	400,490
Other deferred credits, taxes and other liabilities	704,191	725,866
	1,047,068	1,126,356
Current liabilities:		
Current portion of long-term debt	202,892	191,556
Current portion of finance lease obligations	1,108	1,136
Accounts payable	426,151	294,829
Notes payable – affiliates	174,190	278,350
Notes payable	175,000	165,000
Taxes and other current liabilities	176,122	222,702
	1,155,463	1,153,573
	<u>\$ 8,714,310</u>	<u>\$ 8,652,154</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

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

	2025	2024
Utility operations:		
Operating revenue:		
Sales of electricity for resale	\$ 1,147,645	\$ 1,095,279
Other electric revenue	4,608	3,539
Total utility operating revenue	1,152,253	1,098,818
Operating expenses:		
Production expense	84,290	81,518
Fuel expense	164,421	148,318
Other power supply	381,753	376,550
Transmission operations	20,185	19,840
Transmission wheeling	80,804	74,270
Rent expense	5,000	5,000
Administration	59,573	57,385
Maintenance	124,622	116,177
Depreciation & amortization	105,047	101,768
Taxes other than income	2,245	2,165
Total utility operating expenses	1,027,940	982,991
Interest and other charges:		
Interest on long-term debt	94,845	95,493
Interest on short-term debt	5,829	10,858
Other	8,228	6,862
Total interest and other charges	108,902	113,213
Operating margin	15,411	2,614
Nonoperating margin:		
Interest and other income	29,896	38,448
Patronage allocations from other cooperatives	3,137	3,229
Total nonoperating margin	33,033	41,677
Utility margin before income taxes	48,444	44,291
Nonutility operations:		
Operating revenue:		
Synthetic natural gas	65,796	39,642
Byproduct, coproduct and other	238,314	175,590
Lignite coal	68,286	64,405
Total nonutility operating revenue	372,396	279,637
Operating expenses:		
Other operating expenses (includes \$11,210 and \$11,591 of net income attributable to noncontrolling interest)	427,256	367,190
Operating loss	(54,860)	(87,553)
Interest, other income, and tax credits	63,577	58,133
Nonutility income (loss) before income taxes	8,717	(29,420)
Margin before income taxes	57,161	14,871
Income tax expense (benefit)	6,245	(7,520)
Net margin and earnings	\$ 50,916	\$ 22,391

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

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

	2025	2024
Operating activities:		
Net margin and earnings	\$ 50,916	\$ 22,391
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	138,784	132,841
Deferred income taxes	1,156	(8,091)
Changes in regulatory assets and liabilities	8,110	(16,913)
Unrealized gain on investments	(145)	(7,555)
Patronage capital allocated	(4,238)	(4,513)
Other amortization and accretion	21,662	18,864
Recognition of initial payment for tax credit monetization	(5,566)	(12,925)
Income attributable to noncontrolling interest	11,210	11,591
Changes in other operating elements:		
Customer accounts receivable	(14,818)	(13,034)
Other receivables	19,950	(410)
Fuel stock, materials and supplies	(4,143)	(18,102)
Prepayments and other current assets	3,615	(11,754)
Accounts payable	(5,493)	10,670
Taxes and other current liabilities	33,351	12,616
Changes in collateral	(7,450)	2,830
Other operating activities, net	(15,941)	(17,012)
Net cash provided by operating activities	230,960	101,494
Investing activities:		
Acquisition of electric plant	(278,067)	(270,774)
Acquisition of nonutility property	(23,639)	(38,300)
Proceeds from sales of property	2,139	604
Purchase of investments	(63,585)	(704,469)
Sale of investments	66,788	717,476
Sale of other assets and payments received on notes receivable	599	1,116
Purchase of other assets and issuance of notes receivable	(3,395)	(5,840)
Net cash used in investing activities	(299,160)	(300,187)
Financing activities:		
Proceeds from sale of membership interest	-	167,467
Proceeds of long-term debt	100,000	379,600
Principal payments of long-term debt	(112,557)	(131,507)
Payment of debt issue costs	(4,914)	(2,279)
Proceeds of notes payable — affiliates	1,164,923	1,203,729
Payments of notes payable — affiliates	(1,136,001)	(1,156,810)
Proceeds of notes payable	250	159,438
Payments of notes payable	(25,250)	(269,177)
Payments under finance lease obligations	(704)	(583)
Dividends paid to noncontrolling interest	(11,736)	(10,961)
Net cash provided by (used in) financing activities	(25,989)	338,917
Net increase (decrease) in cash and cash equivalents and restricted and designated cash and equivalents	(94,189)	140,224
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	693,910	461,193
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	<u>\$ 599,721</u>	<u>\$ 601,417</u>

For the six months ended June 30, 2025 compared to six months ended June 30, 2024

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)	2025	2024	% change
Sales of electricity to members	\$ 1,058.6	\$ 969.4	9.2%
Sales of electricity to non-members	89.0	105.9	(16.0%)
(Deferral) amortization of non-member revenue	-	20.0	
Non-member revenue, net	89.0	125.9	(29.3%)
Total electricity revenue	\$ 1,147.6	\$ 1,095.3	4.8%

ELECTRIC ENERGY SALES

(in thousand MWh)	2025	2024	% change
Members	16,928	16,531	2.4%
Others	2,268	2,535	(10.5%)
Total electric energy sales	19,196	19,066	0.7%
Peak billing demand (in MW)	5,150	5,134	0.3%

ELECTRICITY REVENUE

- Sales of electricity to members increased by \$89.2 million.
 - Energy sold to our members increased by 397,000 MWh, or 2.4%. Average peak demand also increased from last year and an increase in average member rates went into effect on January 1, 2025.
- Sales of electricity to non-members (before the impact of deferred revenue amortization) decreased by \$16.9 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 267,000 MWh, or 10.5%. The average sales price decreased from \$41.78 in 2024 to \$39.24 per MWh in 2025.

UTILITY OPERATING EXPENSES

(in millions)	2025	2024	% change
Production expense	\$ 84.3	\$ 81.5	3.4%
Fuel expense	164.4	148.3	10.9%
Other power supply	381.9	376.5	1.4%
Transmission operations	20.2	19.8	2.0%
Transmission wheeling	80.8	74.3	8.7%
Rent expense	5.0	5.0	-
Administration	59.6	57.4	3.8%
Maintenance	124.6	116.2	7.2%
Depreciation & amortization	105.0	101.8	3.1%
Taxes other than income	2.2	2.2	-
Total operating expenses	\$ 1,028.0	\$ 983.0	4.6%

UTILITY OPERATING EXPENSES

- Utility operating expenses increased by \$45.0 million.
 - Fuel expense was \$16.1 million higher due to higher natural gas prices and higher coal expense resulting from higher prices and volumes.
 - Maintenance expense increased \$8.4 million largely due to planned maintenance work at coal facilities.
 - Transmission wheeling expense was \$6.5 million higher.
 - Other power supply was \$5.4 million higher largely as a result of higher purchased power related expenses.

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)	2025	2024	% change
Synthetic natural gas	\$ 65.8	\$ 39.6	66.2%
Byproduct, coproduct and other	238.3	175.6	35.7%
Lignite coal	68.3	64.4	6.1%
Total nonutility operating revenue	\$ 372.4	\$ 279.6	33.2%
Synthetic gas sold (dekatherms in millions)	20.1	20.3	(1.0%)
Fertilizer products sold (tons in thousands)	268.3	227.6	(17.9%)
Coal sales (tons in millions) ⁽¹⁾	3.2	3.5	(8.6%)

(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 increased \$92.8 million.
 - Increased synthetic natural gas revenue by \$26.2 million, primarily as a result of higher prices. Prices were 67% higher in 2025 compared to 2024.
 - Increased fertilizer sales revenue by \$40.2 million as a result of higher volumes sold as well as higher prices.
 - Increased third party diesel exhaust fluid (DEF) revenue by \$22.2 million due to contracts entered into during 2025.
 - Increased lignite coal sales revenue by \$3.9 million as a result of higher prices in 2025.

NONUTILITY OPERATING EXPENSES

- Nonutility operating expenses increased by \$60.1 million or 16.4%.
 - Increased products purchased for resale by \$23.3 million primarily due to third party DEF purchase contracts entered into during 2025 and higher natural gas purchases.
 - Increased freight by \$15.3 million due to a change in reporting revenue gross vs. net due to changes in DEF and fertilizer contracts.
 - Increased coal costs by \$3.7 million due to higher prices per ton.
 - Increased labor costs by \$3.6 million.

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.



**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 