MANAGING MEMBERS' CAPITAL RESPONSIBLY

Basin Electric's financial strength and stability carried the cooperative and its members through the second year of a global pandemic and a winter weather event that impacted the entire central corridor of the United States.

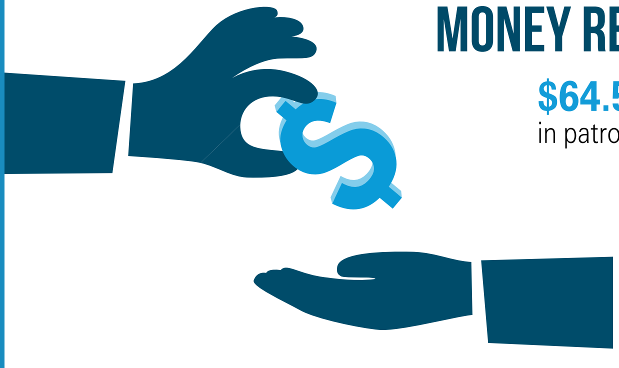
The cooperative managed Winter Storm Uri in February 2021 well as a result of a diversified generation portfolio along with other tools available to mitigate risk, such as an amortization of deferred revenue.

Commodity prices increased significantly in 2021, resulting in revenue at Dakota Gas being more than $200 million higher than in 2020. The largest increases in revenue came from synthetic natural gas, fertilizers, and diesel exhaust fluid. Average synthetic natural gas prices in 2021 were more than double the price in 2020. While sales volumes for fertilizers were lower than in 2020, prices were significantly higher, with urea being more than 80% higher and ammonia 55% higher. For diesel exhaust fluid, sales volumes in 2021 were more than 60% higher than in 2020, and pricing was higher as well.

As Basin Electric's rates were held steady in 2021, sizeable margins were used to accelerate the early amortization of $77.2 million of Basin Electric's loss on its investment in Dakota Gasification Company. The expense deferral was initially made in 2018 following a write down of the non-fertilizer assets at Dakota Gas. When the board approved the deferral, they authorized the amortization, or recording of the deferred loss over 20 years, with the option for early amortization. With their action to accelerate, the deferred loss is amortized in its entirety.

Basin Electric was ranked among the nation's top cooperatives by the National Cooperative Bank in its annual NCB Co-op 100 list, which names the nation's top 100 revenue-earning cooperative businesses. According to the report, these businesses posted revenue totaling approximately $226 billion. Basin Electric was ranked #1 in the energy industry and #20 overall.

Two of the three ratings agencies, Standard & Poor's and Moody's Investors Service, affirmed Basin Electric's long-term and short-term ratings in 2021. The agencies pointed to Basin Electric's performance as the cooperative transitions into regulation of the wholesale power rate by the Federal Energy Regulatory Commission, and also the cooperative's strong membership relationships which support the long-term wholesale power contracts. Basin Electric's revenue deferral program and strong liquidity were also noted. Fitch Ratings published its affirmation of Basin Electric's credit rating of A and a stable outlook in February 2022. Basin Electric has maintained close contact with the ratings agencies throughout the COVID-19 global pandemic through regular virtual updates.



MONEY RETURNED TO MEMBERSHIP

$64.5 million
in patronage capital credits and a bill credit in 2021

$817.2 million
returned to the membership since 2000

$154 million
in capital credits in the past five years

CYBERSECURITY FOCUS

Basin Electric's Information Systems and Telecommunications division and Security Operations Center understand the gravity of protecting the cooperative, including its people, members, and assets.

Cybersecurity threats continue to grow with increasing geopolitical tensions, cybercrime, extremist activism, and the reliance on information and operational technology. Basin Electric puts in place several controls to prevent, detect, respond, and recover from cyberattacks.

In November, Basin Electric tested controls in GridEx VI, a North America-wide exercise sponsored and administered by the North American Electric Reliability Corporation. The exercise simulated an attack on the electric grid, and more than 50 Basin Electric employees from across the cooperative participated.

2021 FINANCIAL SERVICES ACTIVITIES

ELECTRIC RATES – During 2021, Basin Electric's average Class A rate was 60.1 mills per kilowatt-hour.

SENIOR SECURED BOND RATINGS – Moody's Investors Service affirmed its A3 rating with a stable outlook, while Fitch Ratings and Standard & Poor's Rating Services affirmed their A ratings with a stable outlook.

SHORT-TERM RATINGS – Basin Electric's short-term ratings are F1+ from Fitch, A1 from S&P, and P-2 from Moody's. Basin Electric uses short-term commercial paper for short-term operating needs and as a source of bridge financing until long-term financing can be secured.

LIQUIDITY – On Dec. 31, 2021, cash and cash equivalents and short-term investments, including restricted and designated cash, totaled $682.9 million. Basin Electric had additional liquidity of $785.8 million in unused lines of credit, for total available liquidity in excess of $1.4 billion.

OPERATING RESULTS

CONSOLIDATED RESULTS – Basin Electric's financial statements are consolidated with those of its subsidiaries. For the year ending Dec. 31, 2021, the consolidated net margin and earnings was $76.5 million. This is $1.3 million more than the 2020 consolidated net margin and earnings of $75.2 million.

ELECTRIC – Basin Electric's total utility operating revenue for 2021 was $2.0 billion, an increase of $343.5 million from 2020. Revenue from member systems totaled $1.7 billion in 2021, an increase of $40.9 million from 2020. Revenue from non-member sales totaled $323.6 million in 2021. The 2021 non-member sales were $193.7 million more than the 2020 non-member sales before revenue deferral activity. Total 2021 sales were $234.6 million more than the 2020 sales before revenue deferral activity. Total utility operating expenses plus interest and other charges before income taxes for 2021 were $2.0 billion, which is $453.8 million more than in 2020. Basin Electric's margin before income taxes, combined with Basin Cooperative Services' net operating results, yielded a combined margin of $57.9 million to be allocated to members.

SUBSIDIARY RESULTS – Dakota Gas had a net loss of $1.5 million during 2021, and Dakota Coal had net income of $16.6 million.

FINANCIAL POSITION

ASSETS – The total assets of Basin Electric and its subsidiaries as of Dec. 31, 2021, were $7.9 billion, an increase of $269.0 million from a year earlier.

MEMBER INVESTMENT PROGRAM – Basin Electric's Member Investment Program ended the year with $302.9 million. The program offers members an additional investment source at a competitive rate of return while providing Basin Electric with an additional source of liquidity.

UTILITY DEBT – As of Dec. 31, 2021, Basin Electric had approximately $4.5 billion of debt outstanding including Member Investment Program obligations and outstanding advances on lines of credit, at a weighted average interest rate of 4.13%.

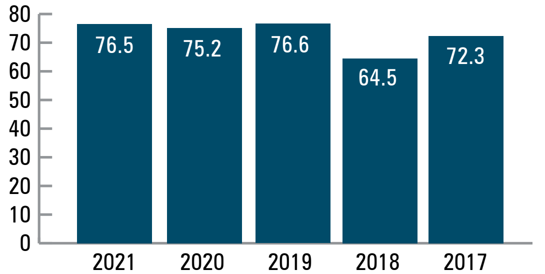
EQUITY POSITION – At year-end 2021, Basin Electric had total equity of $1.6 billion, an increase of $56.2 million from 2020. At the end of 2021, equity represented 27.5% of Basin Electric's total capitalization. As of Dec. 31, 2021, Basin Electric had an equity-to-asset ratio of 20.2%.

CAPITAL CREDIT ALLOCATIONS AND RETIREMENTS – In March 2022, Basin Electric allocated $57.9 million to its patrons. Since 1966, Basin Electric has allocated $1.5 billion in patronage capital credits to its members. During 2021, Basin Electric returned $34.5 million of previously allocated capital credits to its members. Basin Electric has retired $378.4 million of allocated patronage capital credits over the history of the cooperative.

RETURN OF CASH TO MEMBERS – Since 2000, Basin Electric has returned nearly $817.2 million to the membership through patronage capital retirements, bill credits, and power cost adjustments.

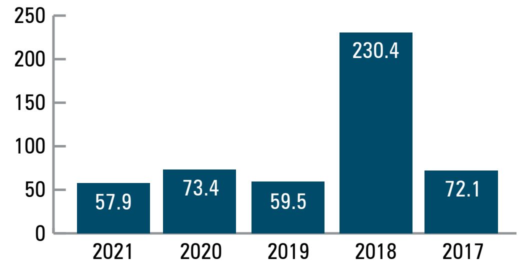
CONSOLIDATED NET MARGIN & EARNINGS

In millions of dollars – for the years ended



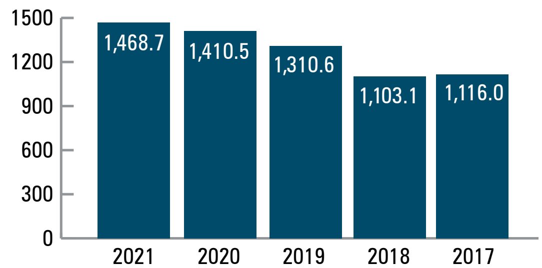
BASIN ELECTRIC STAND-ALONE MARGIN ALLOCATION

In millions of dollars – for the years ended



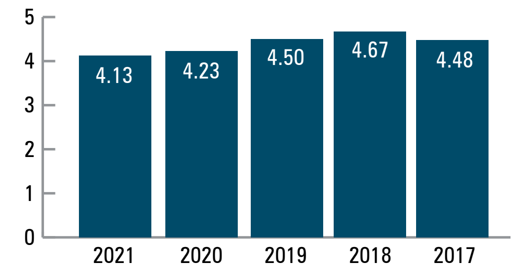
CONSOLIDATED LIQUIDITY

In millions of dollars – at year-end



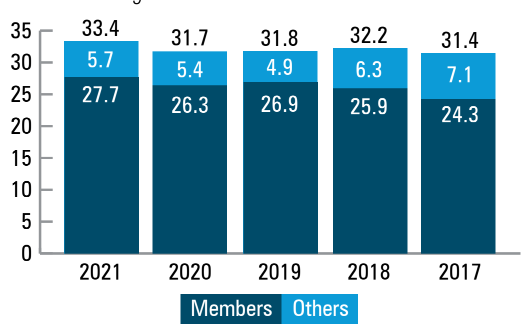
AVERAGE INTEREST RATE ON UTILITY DEBT

As of Dec. 31 – as a percentage



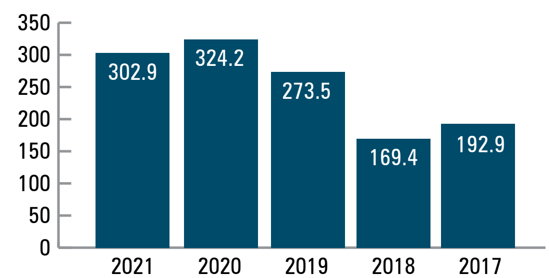
TOTAL ELECTRIC SALES TO MEMBER SYSTEMS & OTHERS

In millions of megawatt-hours



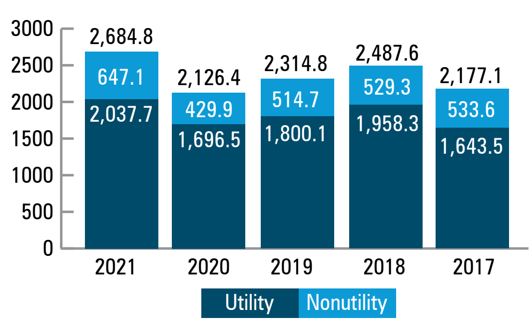
MEMBER INVESTMENT PROGRAM BALANCE

In millions of dollars – at year-end



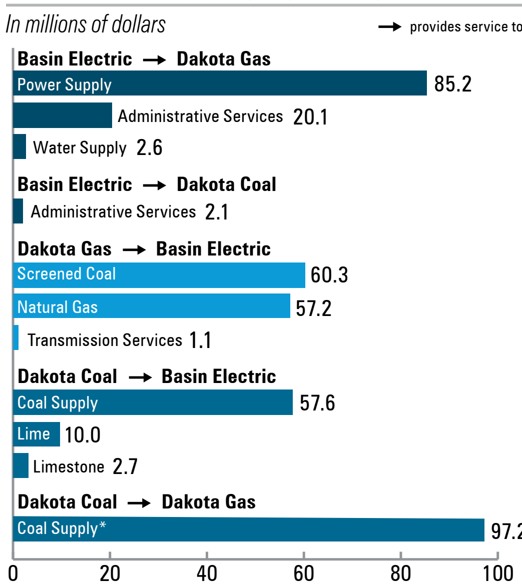
CONSOLIDATED REVENUE & OTHER INCOME

In millions of dollars



INTERCOMPANY GOODS & SERVICES

In millions of dollars



*Net of screened coal sold by Dakota Gas to Basin Electric

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

FIVE-YEAR CONSOLIDATED FINANCIAL SUMMARY

for the years ended December 31, (dollars in thousands)

	2021	2020	2019	2018	2017
Utility operations:					
Operating revenue:					
Sales of electricity for resale	$ 1,982,722	$ 1,635,705	$ 1,734,812	$ 1,891,237	$ 1,567,242
Other electric revenue	19,323	22,800	21,706	23,069	23,381
Total utility operating revenue	2,002,045	1,658,505	1,756,518	1,914,306	1,590,623
Operating expenses:					
Operation	1,360,248	1,043,836	1,124,145	1,097,857	1,060,167
Maintenance	164,051	97,916	149,350	145,692	165,556
Depreciation and amortization	171,328	159,182	154,510	147,449	135,438
Taxes other than income	3,022	2,766	2,901	2,936	2,798
Total utility operating expenses	1,698,649	1,303,700	1,430,906	1,393,934	1,363,959
Interest and other charges:					
Interest on long-term debt	187,568	193,608	198,982	198,354	190,648
Interest on short-term debt	2,061	5,101	12,361	10,366	7,657
Other, net of regulatory expense deferral	93,803	25,826	27,881	(103,010)	9,566
Total interest and other charges	283,432	224,535	239,224	105,710	207,871
Operating margin	19,964	130,270	86,388	414,662	18,793
Nonoperating margin:					
Interest and other income	30,884	33,051	38,513	38,163	47,579
Patronage allocations from other cooperatives	4,840	4,928	5,064	5,817	5,262
Total nonoperating margin	35,724	37,979	43,577	43,980	52,841
Utility margin before income taxes	55,688	168,249	129,965	458,642	71,634
Nonutility income (loss) before income taxes	16,809	(146,915)	(73,443)	(431,788)	(107,350)
Benefit from income taxes	(3,978)	(53,827)	(20,044)	(37,684)	(108,056)
Net margin and earnings	$ 76,475	$ 75,161	$ 76,566	$ 64,538	$ 72,340
Electric sales information:					
Electric energy sales (in thousands of MWh)					
Members	27,663	26,336	26,966	25,913	24,337
Others	5,731	5,390	4,870	6,239	7,113
Total	33,394	31,726	31,836	32,152	31,450

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Basin Electric Power Cooperative
Bismarck, North Dakota

OPINION

We have audited the consolidated financial statements of Basin Electric Power Cooperative and its subsidiaries (the "Cooperative") (a North Dakota cooperative corporation), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

March 15, 2022

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

as of December 31, (dollars in thousands)	2021	2020
Assets		
Utility plant (Notes 4 and 5):		
Electric plant in service	$ 7,400,648	$ 7,225,866
Construction work in progress, net of contribution in aid of construction	46,011	66,707
Total electric plant	7,446,659	7,292,573
Less: accumulated provision for depreciation and amortization	(2,947,332)	(2,808,434)
	4,499,327	4,484,139
Nonutility property (Notes 4 and 5):		
Property, plant and equipment	1,536,028	1,515,951
Construction work in progress	33,027	6,663
Total nonutility property	1,569,055	1,522,614
Less: accumulated provision for depreciation and depletion	(576,010)	(533,273)
	993,045	989,341
Other property, investments and deferred charges:		
Mine related assets (Note 8)	141,132	129,635
Investments in associated companies	33,842	35,810
Restricted and designated investments (Note 6)	46,715	40,402
Other investments (Notes 7 and 9)	275,385	253,338
Special funds	74,230	65,752
Regulatory assets (Note 10)	401,149	538,296
Other deferred charges (Note 4)	140,207	4,274
	1,112,660	1,067,507
Current assets:		
Cash and cash equivalents	174,444	228,222
Restricted and designated cash and equivalents (Note 6)	291,520	295,794
Short-term investments (Note 7)	216,963	767
Customer accounts receivable	144,097	156,407
Other receivables	113,925	84,323
Coal stock, materials and supplies (Note 2)	246,928	228,250
Prepayments and other current assets (Note 9)	79,601	68,803
	1,267,478	1,062,566
	$ 7,872,510	$ 7,603,553
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	$ 21	$ 21
Patronage capital	1,128,123	1,102,868
Retained earnings of subsidiaries	112,394	95,811
Other equity (Note 11)	344,581	344,449
Accumulated other comprehensive income (loss) (Note 11)	789	(11,022)
	1,585,908	1,532,127
Noncontrolling interest	4,690	2,294
	1,590,598	1,534,421
Long-term debt, net of current portion (Note 12)	4,184,219	4,278,306
Finance lease obligations, net of current portion (Note 4)	4,053	4,687
	5,778,870	5,817,414
Regulatory liabilities (Note 10)	338,757	282,849
Other deferred credits, taxes and other liabilities (Notes 4, 9 and 17)	563,555	469,275
	902,312	752,124
Commitments and contingencies (Notes 18)		
Current liabilities:		
Current portion of long-term debt (Note 12)	94,531	97,304
Current portion of finance lease obligations (Note 4)	651	1,762
Accounts payable	209,124	167,499
Notes payable – affiliates	301,359	323,420
Notes payable (Note 12)	444,230	344,263
Taxes and other current liabilities (Notes 4 and 9)	141,433	99,767
	1,191,328	1,034,015
	$ 7,872,510	$ 7,603,553

The accompanying notes are an integral part of these consolidated financial statements.

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

for the years ended December 31, (dollars in thousands)

	2021	2020
Utility operations:		
Operating revenue:		
Sales of electricity for resale:		
Members	$ 1,659,085	$ 1,618,174
Others	323,637	17,531
	1,982,722	1,635,705
Other electric revenue	19,323	22,800
	2,002,045	1,658,505
Operating expenses:		
Operation	1,360,248	1,043,836
Maintenance	164,051	97,916
Depreciation and amortization	171,328	159,182
Taxes other than income	3,022	2,766
	1,698,649	1,303,700
Interest and other charges:		
Interest on long-term debt	187,568	193,608
Interest on short-term debt	2,061	5,101
Other, net of regulatory expense deferral	93,803	25,826
	283,432	224,535
Operating margin	19,964	130,270
Nonoperating margin:		
Interest and other income	30,884	33,051
Patronage allocations from other cooperatives	4,840	4,928
	35,724	37,979
Utility margin before income taxes	55,688	168,249
Nonutility operations:		
Operating revenue:		
Synthetic natural gas	170,635	87,789
Byproducts, coproducts and other	335,649	213,961
Lignite coal	117,898	110,852
	624,182	412,602
Operating expenses:		
Impairment of assets, net	1,273	3,814
Other operating expenses (includes $21,692 and $17,991 of net income attributed to noncontrolling interest)	628,970	572,984
	630,243	576,798
Operating loss	(6,061)	(164,196)
Interest and other income	22,870	17,281
Nonutility income (loss) before income taxes	16,809	(146,915)
Margin before income taxes	72,497	21,334
Benefit from income taxes	(3,978)	(53,827)
Net margin and earnings	$ 76,475	$ 75,161

The accompanying notes are an integral part of these consolidated financial statements.

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended December 31, (dollars in thousands)

	2021	2020
Net margin and earnings	$ 76,475	$ 75,161
Other comprehensive income (loss):		
Adjustment to post employment liability (net of tax of $702 and $774, respectively)	12,529	2,573
Unrealized gain (loss) on securities (net of tax of $(332) and $192, respectively)	(1,303)	707
Reclassification of net realized gain on securities (net of tax of $(31) and $(33), respectively)	(118)	(127)
Unrealized gain (loss) on cash flow hedges (net of tax of $(2,420) and $145, respectively)	(9,105)	546
Reclassification of net realized (gain) loss on cash flow hedges (net of tax of $2,606 and $(1,197), respectively)	9,808	(4,504)
Total other comprehensive income (loss)	11,811	(805)
Comprehensive income	$ 88,286	$ 74,356

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the years ended December 31, 2021 and 2020 (dollars in thousands)

	Memberships	Patronage Capital	Retained Earnings of Subsidiaries	Other Equity	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total
Balance, December 31, 2019	$ 21	$ 1,063,045	$ 94,444	$ 343,080	$ (10,217)	$ 1,535	$ 1,491,908
Comprehensive income (loss)	-	73,794	1,367	-	(805)	-	74,356
Transfers to other equity (Note 11)	-	(1,369)	-	1,369	-	-	-
Retirement of patronage capital	-	(32,602)	-	-	-	-	(32,602)
Noncontrolling interest in net margin and earnings	-	-	-	-	-	17,991	17,991
Dividends paid to noncontrolling interest	-	-	-	-	-	(17,232)	(17,232)
Balance, December 31, 2020	21	1,102,868	95,811	344,449	(11,022)	2,294	1,534,421
Comprehensive income (loss)	-	59,892	16,583	-	11,811	-	88,286
Transfers to other equity (Note 11)	-	(132)	-	132	-	-	-
Retirement of patronage capital	-	(34,505)	-	-	-	-	(34,505)
Noncontrolling interest in net margin and earnings	-	-	-	-	-	21,692	21,692
Dividends paid to noncontrolling interest	-	-	-	-	-	(19,296)	(19,296)
Balance, December 31, 2021	$ 21	$ 1,128,123	$ 112,394	$ 344,581	$ 789	$ 4,690	$ 1,590,598

The accompanying notes are an integral part of these consolidated financial statements.

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, (dollars in thousands)

	2021	2020
Operating activities:		
Net margin and earnings	$ 76,475	$ 75,161
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	225,823	214,008
Deferred income taxes	(4,109)	(53,977)
Changes in regulatory assets and liabilities	88,609	133,302
Unrealized gain on investments	(7,606)	(5,366)
Patronage capital allocated	(7,772)	(8,039)
Other amortization and accretion	32,774	11,292
Impairment of assets, net	1,273	3,814
Income attributable to noncontrolling interest	21,692	17,991
Changes in other operating elements:		
Customer accounts receivable	12,310	18,372
Other receivables	(29,820)	2,923
Coal stock, materials and supplies	(19,273)	(4,664)
Prepayments and other current assets	(9,049)	(5,722)
Accounts payable	48,686	(10,062)
Taxes and other current liabilities	4,457	8,356
Changes in collateral	42,082	(27,222)
Other operating activities, net	(15,906)	(8,449)
Net cash provided by operating activities	460,646	361,718
Investing activities:		
Acquisition of electric plant	(167,935)	(113,704)
Acquisition of nonutility property	(62,003)	(11,224)
Proceeds from sales of property	1,991	6,312
Purchase of investments	(318,898)	(91,051)
Sale of investments	100,763	132,614
Sale of other assets and payments received on notes receivable	7,264	5,966
Purchase of other assets and issuance of notes receivable	(5,019)	(7,766)
Net cash used in investing activities	(443,837)	(78,853)
Financing activities:		
Proceeds of long-term debt	-	10,241
Principal payments of long-term debt	(96,500)	(114,387)
Payment of debt issue costs	(2,083)	-
Proceeds of notes payable - affiliates	2,418,285	2,338,810
Payments of notes payable - affiliates	(2,439,602)	(2,288,146)
Proceeds of notes payable	1,409,752	1,125,368
Payments of notes payable	(1,309,785)	(1,120,119)
Payments under finance lease obligations	(1,127)	(1,114)
Retirement of patronage capital	(34,505)	(32,602)
Dividends paid to noncontrolling interest	(19,296)	(17,232)
Net cash used in financing activities	(74,861)	(99,181)
Net (decrease) in cash and cash equivalents and designated cash and equivalents	(58,052)	183,684
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	524,016	340,332
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	$ 465,964	$ 524,016

The accompanying notes are an integral part of these consolidated financial statements.

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, (dollars in thousands)

1. ORGANIZATION

Basin Electric Power Cooperative (Basin Electric) is an electric generation and transmission cooperative corporation, organized and existing under the laws of the State of North Dakota. It serves member electric service needs in a nine-state region of North Dakota, South Dakota, Montana, Wyoming, New Mexico, Colorado, Nebraska, Minnesota and Iowa. Basin Electric's power supply resources are composed of its own generating facilities and contractual power purchase arrangements. Basin Electric owns and operates transmission assets, some of which are a part of the Southwest Power Pool and others which are jointly owned.

The rates charged to its members for electric service are established by Basin Electric's Board of Directors with changes in rates subject to review by Federal Energy Regulatory Commission (FERC).

Basin Electric has three wholly owned for-profit subsidiaries, Dakota Gasification Company (Dakota Gas), Dakota Coal Company (Dakota Coal), and Nemadji River Generation (NRG). Basin Electric also has one wholly owned not-for-profit subsidiary, Basin Cooperative Services (BCS). Dakota Gas has a wholly owned for-profit subsidiary, Souris Valley Pipeline Limited (SVPL). Dakota Coal has a wholly owned for-profit subsidiary, Montana Limestone Company (MLC). Dakota Gas owns and operates the Great Plains Synfuels Plant (Synfuels Plant) which converts lignite coal into pipeline-quality synthetic gas and produces a number of other products including anhydrous ammonia, urea, diesel exhaust fluid (DEF), carbon dioxide (CO2), tar oil and chemical products. The Synfuels Plant is located adjacent to Basin Electric's Antelope Valley Station (AVS) electric generating plant. These plants share certain facilities, and coal and water supplies. Basin Electric also supplies the Synfuels Plant with electric capacity and energy, and Dakota Gas supplies various Basin Electric gas generating stations and AVS with synthetic gas. SVPL owns and operates a CO_2 pipeline in Saskatchewan, Canada. Dakota Coal purchases lignite coal from the Freedom Mine, a coal mine in North Dakota that is owned and operated by The Coteau Properties Company (Coteau), a wholly owned subsidiary of The North American Coal Corporation (NACoal). NACoal is a wholly owned subsidiary of NACCO Industries, Inc. (NACCO). Coteau is a variable interest entity (VIE) of Dakota Coal. Pursuant to the coal purchase agreement, Dakota Coal is obligated to provide financing for and has certain rights with respect to the operation of the coal mine. The lignite coal is used in Basin Electric's Leland Olds Station (LOS), AVS, and Dakota Gas' Synfuels Plant. Dakota Coal coordinates procurement and rail delivery of Powder River Basin coal to the Laramie River Station (LRS) and the Dry Fork Station (DFS). Dakota Coal also owns a lime plant that sells lime to AVS, the Laramie River Station (LRS) and others. MLC operates a limestone quarry and owns and operates a fine grind plant, both in Montana, and sells limestone to Dakota Coal's lime plant, LOS and others. BCS provides certain nonutility property management services to Basin Electric. Basin Electric is a 42.27 percent owner of the Missouri Basin Power Project (MBPP) and acts as the operating agent for the 1,700 megawatt LRS generating plant in Wyoming, associated transmission facilities and the Grayrocks Dam and Reservoir. NRG is a 30% owner in the Nemadji Trail Energy Center (NTEC) project. The NTEC project is a proposed 600 megawatt combined cycle generating plant in Wisconsin which is planned for commercial operation in 2026. Basin Electric's ownership in MBPP and NTEC is accounted for using proportionate consolidation consistent with accounting for jointly owned utility property.

N-7 LLC (N-7) is a Delaware limited liability company formed by OCI Iowa, Inc. (OCI) and Dakota Gas on May 18, 2018. N-7 was formed to market OCI's, Dakota Gas' and other companies' fertilizer and DEF production.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION — The consolidated financial statements include the accounts of Basin Electric, its wholly owned subsidiaries and its VIE, Coteau. All intercompany investments, debt, and receivable and payable accounts have been eliminated in consolidation. Charges from BCS, Dakota Gas, Dakota Coal, MLC and Coteau to Basin Electric and charges from Basin Electric to BCS, Dakota Gas, Dakota Coal, MLC and Coteau are not eliminated as Basin Electric includes the results of these activities in the determination of rates charged to its members (Note 19).

N-7 is considered a VIE of Dakota Gas for which Dakota Gas is not the primary beneficiary and, therefore, Dakota Gas is not required to consolidate N-7. However, Dakota Gas has the ability to exercise significant influence over N-7. Therefore, Dakota Gas' share of N-7 net income is recorded in the consolidated financial statements using the equity method of accounting. The investment in N-7 is included in Other investments on the Consolidated Balance Sheets and Dakota Gas' share of N-7 net income is presented in Nonutility interest and other income of the Consolidated Statements of Operations.

USE OF ESTIMATES — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for items such as present value of lease assets and lease liabilities, plant depreciable lives, actuarially determined benefit costs, valuation of derivatives, asset retirement obligations, cash flows used in asset impairment evaluations and benefit from income taxes. Ultimate results could differ from those estimates.

CASH AND CASH EQUIVALENTS — Basin Electric considers all investments purchased with an original maturity of three months or less to be cash equivalents. The fair value of cash equivalents approximates their carrying values due to their short-term maturity.

RESTRICTED AND DESIGNATED CASH AND INVESTMENTS — Basin Electric has certain restricted cash and investments for MBPP operating funds. Other restricted investments are held in trust by a financial institution for SVPL asset retirement obligations. Basin Electric's Board of Directors designates additional cash and investments for deferred revenue purposes and for other asset retirement obligations. For more information, see Note 6.

INVESTMENTS — Investments include equity securities, corporate bonds, government obligations and bond market funds as well as the cash surrender value of life insurance policies. Investments in equity securities are measured at fair value with unrealized gains and losses recorded on the Consolidated Statements of Operations. Basin Electric classifies its debt securities as either available-for-sale or held-to-maturity. Available-for-sale debt securities are measured at fair value and unrealized gains and losses are recorded in Accumulated other comprehensive income (loss). Held-to-maturity debt securities are measured at amortized cost. If any of Basin Electric's other investments experience a decline in value that is believed to be other than temporary, a loss is recognized in Interest and other income in the Consolidated Statements of Operations. For more information, see Note 7.

COAL STOCK, MATERIALS AND SUPPLIES — Dakota Gas products available for sale and MLC limestone inventories are stated at the lower of average cost or net realizable value, and fuel stock, and materials and supplies inventories are stated at average cost, which approximates market. Inventories were as follows at December 31:

	2021	2020
Materials and supplies	$ 163,920	$ 168,753
Coal and fuel oil	47,207	36,044
Lime and limestone inventory	8,221	8,223
Ammonia	5,036	5,685
Urea	10,725	3,381
Natural gas held in storage	5,824	945
Ammonium sulfate	1,579	920
Other products	3,889	3,741
Process inventory	527	558
	$ 246,928	$ 228,250

PATRONAGE CAPITAL — At the discretion of Basin Electric's Board of Directors, utility margins are allocated to members on a patronage basis or may be offset in whole or in part against current or prior losses. Basin Electric may not retire patronage capital if, after the distribution, an event of default would exist or Basin Electric's equity would be less than 20 percent of total long-term debt and equity. Cumulative patronage capital retired at December 31, 2021 was $378,408.

REVENUE RECOGNITION — Revenue is recognized when a performance obligation is satisfied which occurs when the control of the promised goods or services is transferred to customers. Revenue is measured based on the transaction price identified in the contract with a customer. The transaction price in a contract reflects the amount of consideration to which an entity expects to be entitled to in exchange for goods or services transferred. Payment terms vary by contract. Generally, payment is due within 30 days.

Revenue is derived primarily from utility operations and nonutility operations.

Utility operations mainly consist of wholesale electricity sales to members pursuant to long-term wholesale electric service contracts and the sale of excess energy and ancillary services transacted through regional transmission organizations (RTOs) and short-term wholesale power agreements by Basin Electric.

- Member wholesale electricity sales - The delivery of energy under member wholesale power agreements is considered one single performance obligation as providing the electric power commodity and the transmission of the electricity is fulfilling a single promise to the customer. The terms of the wholesale power agreements specify the rate schedules applicable and other pricing provisions. The member rate schedules are approved by the Basin Electric Board of Directors. The satisfaction of the performance obligation is measured over time as the customer simultaneously receives and consumes the benefits provided. The output method is used where revenue is recognized based on the metered quantity and as energy is delivered.
- Non-member wholesale electricity sales - The sale of excess energy to non-members is considered a single performance obligation. The terms of either the bilateral power sales contract or the RTO market protocols determine the pricing terms. The satisfaction of the performance obligation is measured over time as the customer simultaneously receives and consumes the benefits provided. The output method is used where revenue is recognized as energy is delivered. Transactions are netted on an hourly basis and are recorded as either sales or purchases.
- Other electric utility revenue - Other electric utility revenue primarily consists of refined coal equipment hosting fees, miscellaneous services provided and miscellaneous sales of equipment. Generally, a single performance obligation exists in the generation of other revenue and the performance obligation is satisfied at a point in time. The contract specifies the price, and revenue is recognized as delivery occurs or services are rendered.

Nonutility operations mainly consists of the sale of synthetic natural gas, fertilizer and DEF products and other byproducts such as CO_2, tar oil and chemical products which are produced at Dakota Gas' Synfuels Plant and the sale of lignite coal that Dakota Coal purchases from Coteau from the Freedom Mine for use at AVS, LOS and Dakota Gas' Synfuels Plant.

- Synthetic natural gas, certain other byproducts and lignite coal - The sale and delivery of synthetic natural gas, certain other byproducts (exclusive of fertilizer and DEF products), and lignite coal is considered one single performance obligation as providing the commodity and the delivery of it is fulfilling a single promise to the customer as control transfers to the customer upon delivery. The performance obligation is satisfied at a point in time. The sales contracts and coal supply contracts specify the price, and revenue is recognized as delivery occurs.
- Fertilizer products - For the sale of fertilizer and DEF products, control transfers at the exit gate of the plant, therefore, the shipping of the product is not included in the performance obligation. The performance obligation is satisfied at a point in time. The marketing agreement with N-7 specifies the price, and revenue is recognized as products exit the plant.
- Other nonutility revenue - Other nonutility revenue largely consists of sales of lime from Dakota Coal's lime plant and sales of limestone from MLC's limestone quarry and fine grind plant. The sale and delivery of lime and limestone is considered one single performance obligation as providing the lime and limestone and the delivery of it is fulfilling a single promise to the customer as control transfers to the customer upon delivery. The performance obligation is satisfied at a point in time. The sales contracts specify the price, and revenue is recognized as delivery occurs.

LEASES — Leases are classified as either operating leases or finance leases based on guidance provided in ASC 842, *Leases*. Lease liabilities and their corresponding lease assets are recorded based on the present value of lease payments over the expected lease term. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term for operating leases. For finance leases, the amortization of lease assets is recognized on a straight-line basis. Basin Electric does not recognize a corresponding lease asset or lease liability for leases with an original lease term of 12 months or less. Basin Electric determines the lease term based on the non-cancelable period in each contract, as well as any cancelable periods for which we are reasonably certain to extend the lease.

The discount rate used to calculate the present value of the lease liabilities is based upon the implied rate within each contract. If the rate is unknown or cannot be determined, Basin Electric uses an incremental borrowing rate, which is determined by the length of the contract and Basin Electric's estimated borrowing rates as of the commencement date of the contract.

Variable lease payments that do not depend on an index or rate are recognized as incurred.

ELECTRIC PLANT AND NONUTILITY PROPERTY — Electric plant and nonutility property are stated at cost, including contract work, direct labor and materials, allocable overheads and allowance for funds used during construction. Repairs and maintenance are charged to operations as incurred. Generally, when electric plant is retired, sold, or otherwise disposed of, the original cost plus the cost of removal less salvage value is charged to accumulated depreciation and the corresponding gain or loss is amortized over the remaining life of the plant. However, when an entire electric plant unit or system or land is sold, the cost and the related accumulated depreciation are eliminated and a gain or loss is reflected in the Consolidated Statements of Operations. When nonutility property is retired or sold, the cost and the related accumulated depreciation are eliminated and any gain or loss is reflected in nonutility operations in the Consolidated Statement of Operations. For more information, see Note 5.

DEPRECIATION AND AMORTIZATION — Electric plant and nonutility property at Dakota Gas is depreciated using a straight-line method over a remaining estimated useful life. For nonutility property at Dakota Coal, depreciation and depletion are provided for using the straight-line method based on the estimated useful lives or the units-of-production method based on estimated recoverable tonnage. For more information, see Note 5.

RECOVERABILITY OF LONG-LIVED ASSETS — Basin Electric accounts for the impairment or disposal of long-lived assets in accordance with FASB Accounting Standards Codification (ASC) 360, *Property, Plant, and Equipment*, which requires long-lived assets, such as property and equipment, to be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment has occurred when estimated undiscounted cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. If an impairment has occurred, the carrying amount of the asset is reduced to its estimated fair value based on quoted market prices or other valuation techniques.

A net impairment loss of $1.3 million and $3.8 million in 2021 and 2020 consists of coal gasification additions that were impaired upon purchase. In 2018, management determined that certain coal gasification assets were impaired, consequently any subsequent coal gasification asset additions were impaired upon purchase.

REGULATORY ASSETS AND LIABILITIES — Basin Electric is subject to the provisions of ASC 980, *Regulated Operations*. Regulatory assets represent probable future revenue to Basin Electric associated with certain costs which will be recovered from customers through the ratemaking process. Regulatory liabilities represent probable future reductions in revenue associated with amounts that are to be credited to customers through the ratemaking process. For more information, see Note 10.

DERIVATIVE FINANCIAL INSTRUMENTS — All derivatives are measured at fair value and recognized as either assets or liabilities on the Consolidated Balance Sheets, except for derivative contracts that qualify for and are elected under the normal purchase and normal sales exception under the requirements of ASC 815, *Derivatives and Hedging*. Basin Electric, Dakota Gas and Dakota Coal evaluate all purchase and sale contracts when executed to determine if they are derivatives and, if so, if they meet the normal purchase normal sale exception requirements under ASC 815. The derivative instruments that do not meet the normal purchase and normal sales exception are evaluated for designation as cash flow hedges of forecasted sales and purchases of commodities. Basin Electric also utilizes interest rate swap agreements to reduce exposure to interest rate fluctuations associated with floating rate debt obligations and anticipated debt refinancing.

Under ASC 980, Basin Electric's Board of Directors defers changes in the fair value of certain derivative activity as a regulatory item to be recovered through rates in the future. Only current settlements of these derivative transactions are included in earnings. See Note 9 for more information.

COLLATERAL — Certain derivative instruments and certain agreements of Basin Electric and Dakota Gas contain contract provisions that require collateral to be posted if the credit ratings of Basin Electric fall below certain levels or if the counterparty exposure to Basin Electric or Dakota Gas exceeds a certain level.

Collateral posted (received) is related to derivative liabilities and agreements that contain credit-related contingent features and is included in the Consolidated Balance Sheets as follows:

	2021	2020
Other investments	$ 87,916	$ 104,446
Cash and cash equivalents	2,219	2,024
Prepayments and other current assets	50	30,212
Taxes and other current liabilities	(27,721)	-
	$ 62,464	$ 136,682

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE — ASC 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard applies to reported balances that are required or permitted to be measured at fair value.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). For more information, see Note 15.

SUBSEQUENT EVENTS — Basin Electric considered events for recognition or disclosure in the consolidated financial statements that occurred subsequent to December 31, 2021 through March 15, 2022, the date the consolidated financial statements were available for issuance. Basin Electric issued long-term debt in the amount of $300,000 in February 2022 with a weighted average interest rate of 2.97% and due dates ranging from 2042 to 2062. Proceeds are to be used to support general operations. Management is not aware of any other material subsequent events that would require recognition or disclosure in the 2021 consolidated financial statements.

3. NEW ACCOUNTING PRONOUNCEMENTS

ACCOUNTING STANDARD UPDATES ADOPTED

ASU 2016-02 Leases - In February 2016, the FASB issued new accounting guidance for leases. The new guidance increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Basin Electric adopted the new lease accounting guidance effective January 1, 2021 utilizing the modified retrospective approach. The adoption resulted in recording a lease right of use asset and a corresponding lease obligation on the Consolidated Balance Sheets of $149.8 million as of January 1, 2021. Adoption of the guidance as it relates to lease contracts where Basin Electric is the lessor did not have a significant impact on the financial statements.

ASU 2017-12 Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities - In August 2017, the FASB issued new accounting guidance with the objective of simplifying the application of the hedge accounting guidance and expanding the eligible hedging strategies for financial and nonfinancial risks to better portray the economic results of an entity's risk management activities in its financial statements. The amendments provide partial relief on the timing of certain aspects of hedge documentation for qualifying hedging relationships and eliminate the requirement to recognize hedge ineffectiveness separately in earnings. The amendments also align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. Basin Electric adopted the new accounting guidance effective January 1, 2021 and it did not have a material impact on the consolidated financial statements and disclosures.

ASU 2020-04 Reference Rate Reform - In March 2020, the FASB issued new accounting guidance to assist in the transition to other reference rates with the phase-out of the London Inter-bank Offered Rate (LIBOR) expected by June of 2023. The guidance provides optional short-term relief through December 31, 2022 for certain contract modifications, hedging relationships and other transactions that reference LIBOR or any other reference rate that is expected to be discontinued. In January 2021, further guidance was issued that allows additional relief when accounting for derivative contracts and certain hedging relationships affected by changes in interest rates that are used in certain calculations. The new guidance is optional for Basin Electric as of the date of issuance through December 31, 2022. Management has applied the optional relief for certain debt agreement modifications where the LIBOR rate was replaced by an alternate reference rate. This did not result in a material impact on the consolidated financial statements and disclosures. Management is currently evaluating other contracts that will be affected by the LIBOR phase out, however it does not believe there will be a material impact on the consolidated financial statements and disclosures.

RECENTLY ISSUED ACCOUNTING STANDARD UPDATES

ASU 2016-13 Measurement of Credit Losses on Financial Instruments - In June 2016, the FASB issued new accounting guidance on the measurement of credit losses on certain financial instruments. The new guidance introduces the use of a current expected credit loss (CECL) model for the measurement of credit losses on financial instruments within the scope of this guidance, which includes certain investments in debt securities, trade accounts receivable and other financial assets. The CECL model requires an entity to measure credit losses using historical information, current information and reasonable and supportable forecasts of future events, rather than the model required under current GAAP. The new guidance will be effective for Basin Electric in 2023. Management is currently evaluating the impact of adoption of this new guidance on the consolidated financial statements and disclosures.

4. LEASES

LESSEE ACCOUNTING — Most of the leases Basin Electric enters into are for certain substation, office and communication equipment, mining equipment, railcars, certain land leases and a generation facility, as part of its ongoing operations. Basin Electric determines if an arrangement contains a lease at inception of a contract.

Generally, the leases for certain substation, office and communication equipment, mining equipment and railcars have a term of ten years or less, certain land leases have a longer term of up to 100 years and the generation facility has a term of 10 years. To date, Basin Electric does not have any residual value guarantee amounts probable of being owed to a lessor. Basin Electric does have financing leases and material agreements with related parties.

The lease costs are included in Operation and Maintenance expenses, Depreciation and amortization and Interest and other charges on the Consolidated Statements of Operations. The following tables provide information on Basin Electric's leases at and for the year ended December 31, 2021.

The components of lease expense for the year ended December 31 were as follows:

	2021
Finance lease cost:	
Amortization of lease assets	$ 1,715
Interest on lease liabilities	429
Operating lease cost	25,159
Short-term lease cost	864
Variable lease cost	1,255
Sublease income	(1,470)
Total lease cost	$ 27,952

Supplemental balance sheet information related to leases as of December 31 was as follows:

	Balance Sheet Location	2021
Assets:		
Net operating lease assets	Other deferred charges	$ 141,398
Financing lease assets	Utility plant – electric plant in service	$ 10,269
Less: Accumulated amortization	Accumulated provision for depreciation and amortization	(1,896)
Financing lease assets	Nonutility property – property, plant and equipment	1,519
Less: Accumulated amortization	Accumulated provision for depreciation and amortization	(1,282)
Net finance lease assets		$ 8,610
Liabilities:		
Current:		
Operating leases	Taxes and other current liabilities	$ 21,816
Finance leases	Current portion of finance lease obligations	651
Total current lease liabilities		$ 22,467
Noncurrent:		
Operating leases	Other deferred credits, taxes and other liabilities	$ 119,542
Finance leases	Finance lease obligations, net of current portion	4,053
Total noncurrent lease liabilities		$ 123,595

Supplemental cash flow information related to leases as of December 31 was as follows:

	2021
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	$ 242
Operating cash flows from operating leases	$ 25,414
Financing cash flows from finance leases	$ 1,127

Weighted average remaining terms and discount rates related to leases as of December 31 was as follows:

	2021
Weighted-average remaining lease term-finance leases	21.0 years
Weighted-average remaining lease term-operating leases	12.7 years
Weighted-average discount rate-finance leases	4.6%
Weighted-average discount rate-operating leases	2.5%

The reconciliation of the future undiscounted cash flows to the lease liabilities presented on the Consolidated Balance Sheet at December 31, 2021, was as follows:

Year	Operating Leases	Finance Leases	Total
2022	$ 24,560	$ 846	$ 25,406
2023	21,774	583	22,357
2024	11,234	355	11,589
2025	11,127	259	11,386
2026	13,138	244	13,382
Thereafter	92,830	5,308	98,138
Total lease payments	174,663	7,595	182,258
Less discount	(33,305)	(2,891)	(36,196)
Total lease liabilities	$ 141,358	$ 4,704	$ 146,062

The undiscounted annual minimum lease payments due under Basin Electric's operating leases following the previous lease accounting standard as of December 31, 2020, were as follows:

Year	Amount
2021	$ 23,424
2022	21,100
2023	12,188
2024	11,184
2025	11,133
Thereafter	106,006
Total	$ 185,035

The undiscounted annual minimum lease payments due under Basin Electric's finance leases following the previous lease accounting standard as of December 31, 2020, were as follows:

Year	Amount
2021	$ 2,021
2022	691
2023	425
2024	315
2025	272
Thereafter	6,263
Total minimum lease payments	9,987
Less: Amount representing interest	3,538
Present value of net minimum lease payments	$ 6,449

5. PROPERTY, PLANT AND EQUIPMENT AND JOINTLY OWNED FACILITIES

Significant components of property, plant and equipment were as follows at December 31:

	Depreciable Lives	2021	2020
Utility property:			
Electric plant in service:			
Generation	20-60 years	$ 5,777,598	$ 5,633,602
Transmission	20-60 years	1,323,850	1,300,773
General plant	3-20 years	299,200	291,491
Construction work in progress		46,210	78,709
Contribution in aid of construction		(199)	(12,002)
Total utility property		7,446,659	7,292,573
Less: accumulated provision for depreciation and amortization		(2,947,332)	(2,808,434)
		$ 4,499,327	$ 4,484,139
Nonutility property:			
Dakota Gasification Company:			
Fertilizer plant	30 years	$ 912,270	$ 906,613
Pipelines	35 years	30,172	27,686
Other property	3-20 years	57,273	59,991
Dakota Coal Company:			
Mining	10-20 years	469,477	456,724
Lime and limestone	10-20 years	49,624	48,852
Other property	3-20 years	12,176	11,048
Other		5,036	5,037
Construction work in progress		33,027	6,663
Total utility property		1,569,055	1,522,614
Less: accumulated provision for depreciation and depletion		(576,010)	(533,273)
		$ 993,045	$ 989,341

Construction work in progress includes $3,765 and $2,110 as of December 31, 2021 and 2020, respectively, of interest charged and capitalized to construction. Annual electric plant depreciation and amortization expense totaled $172,474 and $160,049 for 2021 and 2020. Annual nonutility depreciation, depletion and amortization expense totaled $54,638 and $55,054 for 2021 and 2020.

Basin Electric's investment in the jointly owned MBPP electric plant included in Utility property above was as follows at December 31:

	2021	2020
Electric plant	$ 928,530	$ 920,957
Less accumulated provision for depreciation and amortization	(576,562)	(557,540)
	$ 351,968	$ 363,417

6. RESTRICTED AND DESIGNATED CASH AND INVESTMENTS

Cash, cash equivalents, and restricted and designated cash reported within the Consolidated Balance Sheets and included in the Consolidated Statement of Cash Flows are as follows at December 31:

	2021	2020
Cash and cash equivalents	$ 174,444	$ 228,222
Restricted and designated cash and equivalents:		
MBPP operating funds	31,520	32,094
Deferred revenue	260,000	263,700
	291,520	295,794
Total cash, cash equivalents and restricted and designated cash and equivalents included in the Consolidated Statements of Cash Flows	$ 465,964	$ 524,016

Restricted and designated investments reported within the Consolidated Balance Sheets are as follows at December 31:

	2021	2020
Funds held in trust for an asset retirement obligation by Bank of Montreal as trustee for SVPL	$ 3,362	$ 3,070
Asset retirement obligations	43,353	37,332
	$ 46,715	$ 40,402

Restricted cash and investments include funds held by a financial institution, as trustee, at December 31. Designated cash and investments includes amounts designated by the Basin Electric Board of Directors.

7. INVESTMENTS

Investments in equity securities and available-for-sale debt securities are included in Mine related assets, Restricted and designated investments and Other investments on the Consolidated Balance Sheets. The cost, unrealized holding gains and losses, and fair value of equity and debt securities were as follows at December 31, 2021:

		Gross Unrealized Holding		
	Cost	Gains	Losses	Fair Value
Available-for-sale debt securities:				
Corporate and government bonds	$ 94,797	$ -	$ (278)	$ 94,519
Equity securities:				
Equities and equity funds	38,146	63,499	-	101,645
Bond market funds	58,351	1,890	-	60,241
	96,497	65,389	-	161,886
Other	82	-	-	82
	$ 191,376	$ 65,389	$ (278)	$ 256,487

During 2021, sales proceeds on debt securities classified as available-for-sale were $41,227. The cost of securities sold is based on the specific identification method.

The cost, unrealized holding gains and losses, and fair value of equity and debt securities were as follows at December 31, 2020:

		Gross Unrealized Holding		
	Cost	Gains	Losses	Fair Value
Available-for-sale debt securities:				
Corporate and government bonds	$ 91,400	$ 1,525	$ -	$ 92,925
Equity securities:				
Equities and equity funds	36,307	48,446	-	84,753
Bond market funds	51,641	4,052	-	55,693
	87,948	52,498	-	140,446
Other	46	-	-	46
	$ 179,394	$ 54,023	$ -	$ 233,417

During 2020, sales proceeds on debt securities classified as available-for-sale were $39,834. The cost of securities sold is based on the specific identification method.

The fair value of available-for-sale debt securities by contracted maturity date at December 31, 2021 was as follows:

	2021
Due through one year	$ 9,487
Due after one year through five years	84,896
Due after five years	136
	$ 94,519

Held-to-maturity debt securities have contracted maturity dates of one year or less and are included in Cash and cash equivalents, Restricted and designated cash and equivalents and Short-term investments on the Consolidated Balance Sheets. The amortized costs were as follows:

	2021	2020
Corporate commercial paper	$ 424,993	$ 213,419
Money market	245,911	301,212
Money market	250	-
	$ 671,154	$ 514,631

Included in Other investments on the Consolidated Balance Sheets is the cash surrender value of life insurance policies of $2,842 and $3,092, as of December 31, 2021 and 2020.

The MBPP provides financing to Western Fuels Association (Western Fuels) and Western Fuels-Wyoming, Inc. (WFW), a wholly owned subsidiary of Western Fuels, for mine development costs associated with coal deliveries to LRS. Basin Electric provides financing to Western Fuels and WFW for mine development costs associated with coal deliveries to DFS.

Notes receivable from WFW of $21,930 and $24,765 as of December 31, 2021 and 2020 are included in Other investments, Investments in associated companies and Other receivables on the Consolidated Balance Sheets. Maturities range from February 2022 through May 2043, and the weighted average interest rate is 5.17 percent. The estimated fair value of these notes receivable at December 31, 2021 and 2020 was $27,830 and $32,833, respectively, based on the future cash flows discounted using the yield on a treasury note with a similar maturity.

8. MINE RELATED ASSETS

Assets associated with the properties that supply coal for AVS, LOS and Dakota Gas' Synfuels Plant are classified as Mine related assets and were as follows at December 31:

	2021	2020
Mine closing fund investments	$ 116,610	$ 101,356
Prepaid coal royalties	21,922	23,926
Notes receivable and mine financing costs	2,600	4,353
	$ 141,132	$ 129,635

9. DERIVATIVE FINANCIAL INSTRUMENTS

Normal operations expose Basin Electric to risks associated with changes in the market price of certain commodities. Basin Electric entered into derivative financial instruments for the purpose of mitigating the risks associated with market price volatility of natural gas, tar oil, electricity and diesel. Any changes in cash flows from the underlying purchases and sales that are indexed to certain prices are offset by corresponding changes in the cash flows from the derivatives. As directed by a Basin Electric Board of Director's policy to monitor risk and establish an internal control framework, Basin Electric maintains a Risk Management Steering Committee (RMSC) that is governed by a Commodity Risk Management Manual (Manual). The Manual has been adopted by the RMSC. In offsetting market risk, Basin Electric, is exposed to other forms of incremental risk such as credit or liquidity risk.

The following table presents the outstanding hedged forecasted transactions as of December 31, 2021:

Hedged Transaction	Term	Contracted Monthly Volumes of Forecasted Transactions	Price
Natural gas sales	Through October 2022	13% to 46%	$3.25 - $5.88 per dekatherm
Natural gas purchases	Through March 2024	2% to 100%	$2.05 - $7.64 per dekatherm
Tar oil sales	Through June 2022	12% to 15%	$70.50 per barrel
Electricity purchases	Through December 2022	17% to 44%	$17.30 - $74.25 per MWh
Diesel purchases	Through November 2023	12% to 79%	$1.44 - $2.96 per gallon

Basin Electric is also exposed to interest rate risk. To mitigate this risk, Basin Electric entered into various interest rate swap agreements to reduce the impact of changes in interest rates on certain variable rate long-term bonds. The following table presents the outstanding swap agreements on variable rate bonds as of December 31, 2021:

Notional Amount	Due	Effective Interest Rate
$ 100,000	2032	6.18%
$ 50,000	2032	4.95%
$ 50,000	2030	5.33%
$ 100,000	2022	2.04%
$ 50,000	2022	1.99%
$ 50,000	2022	2.01%
$ 50,000	2022	2.05%

The fair value and classification of the asset and liability portion of the derivative instruments in the Consolidated Balance Sheets is as follows at December 31:

	2021		2020	
Balance Sheet Location	Fair Value of Asset Derivatives	Fair Value of Liability Derivatives	Fair Value of Asset Derivatives	Fair Value of Liability Derivatives
Derivatives designated as cash flow hedges:				
Commodity derivatives:				
Prepayments and other current assets	$ 2,340	$ -	$ 905	$ -
Other investments	1,065	-	19	-
Taxes and other current liabilities	-	(2,897)	-	(1,525)
Other deferred credits, taxes and other liabilities	-	-	-	(213)
Total derivatives designated as cash flow hedges	$ 3,405	$ (2,897)	$ 924	$ (1,738)
Derivatives not designated as cash flow hedges:				
Commodity derivatives:				
Prepayments and other current assets	$ 37,555	$ -	$ 6,069	$ -
Other investments	23,236	-	894	-
Taxes and other current liabilities	-	(630)	-	(10,815)
Other deferred credits, taxes and other liabilities	-	-	-	(21,823)
Interest rate derivatives:				
Other deferred credits, taxes and other liabilities	-	(85,118)	-	(101,673)
Total derivatives not designated as cash flow hedges	$ 60,791	$ (85,748)	$ 6,963	$ (134,311)
	$ 64,196	$ (88,645)	$ 7,887	$ (136,049)

For derivative instruments that are designated and qualify as a cash flow hedge under ASC 815, the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into net earnings in the same period or periods during which the hedged transaction affects net margin and earnings and is presented in the same line item on the Consolidated Statements of Operations as the net earnings effect of the hedged item.

The following table summarizes Dakota Gas and Dakota Coal gains and losses and financial statement classification of the derivatives designated as cash flow hedges as of December 31, 2021. This does not reflect the expected gains or losses arising from the underlying physical transactions; therefore it is not indicative of the economic gross profit or loss realized when the underlying physical and financial transactions were settled.

	Location of Gain (Loss) Recognized in Net Loss on Cash Flow Hedging Relationships		
	2021		
	Synthetic Gas	Byproducts, Coproducts and Other	Other Operating Expenses
Total amounts of income and expense line items presented on the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 170,635	$ 335,649	$ 628,970
Gain (loss) on cash flow hedges:			
Commodity derivatives:			
Amount reclassified from accumulated other comprehensive income (loss) into net margins and earnings	$ (11,118)	$ (1,638)	$ 342

The following table summarizes Dakota Gas and Dakota Coal gains and losses and financial statement classification of the derivatives designated as cash flow hedges as of December 31, 2020.

	Location of Gain (Loss) Recognized in Net Loss on Cash Flow Hedging Relationships		
	2021		
	Synthetic Gas	Byproducts, Coproducts and Other	Other Operating Expenses
Total amounts of income and expense line items presented on the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 87,789	$ 213,961	$ 572,984
Gain (loss) on cash flow hedges:			
Commodity derivatives:			
Amount reclassified from accumulated other comprehensive income (loss) into net margins and earnings	$ 8,371	$ 911	$ (3,581)

Under ASC 980, Basin Electric's Board of Directors defers changes in the fair value of certain derivative instruments as regulatory assets or liabilities. Current settlements of derivatives, including interest rate swaps and commodity derivatives, resulted in charges (credits) to the Consolidated Statements of Operations for the years ended December 31, 2021 and 2020 of $(11,181) and $24,635, which are reclassified from regulatory assets and liabilities.

The following table summarizes the gains and losses arising from hedging transactions that were recognized as a component of other comprehensive income (loss) for the years ended December 31, 2021 and 2020.

	2021	2020
Increase (decrease) in fair value of commodity derivatives	$ (11,525)	$ 691
Recognition of gains (losses) on commodity derivatives in earnings due to settlements	12,414	(5,701)
Total other comprehensive income (loss) from hedging	$ 889	$ (5,010)

Based on December 31, 2021 prices, a $990 loss would be realized, reported in pre-tax earnings and reclassified from Accumulated other comprehensive income (loss) during the next 12 months. As market prices fluctuate, estimated and actual realized gains or losses will change during future periods.

For commodity derivatives that do not meet the criteria for hedge accounting under ASC 815, gains or losses are recorded in the Consolidated Statements of Operations. The following table summarizes the impact of commodity derivatives that do not meet the criteria. This does not reflect the expected gains or losses arising from the underlying physical transactions; therefore it is not indicative of the economic gross profit or loss realized when the underlying physical and financial transactions were settled.

	2021	2020
Location of Gain (Loss) on Derivatives Recognized in Net Margin and Earnings	Recognized Gain (Loss)	Recognized Gain (Loss)
Derivatives not designated as cash flow hedges:		
Commodity derivatives:		
Synthetic natural gas	$ 1,082	$ 535
Byproducts, coproduct and other	(1)	851
Other operating expenses	12,452	(1,190)
Total	$ 13,533	$ 196

The change in fair value of derivatives deferred as a regulatory item for the years ended December 31, 2021 and 2020 resulted in deferred gains (losses) of $94,674 and $(32,793).

10. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities were as follows at December 31:

	Remaining Recovery Period	2021	2020
Regulatory assets:			
Deferred income taxes	Over Plant lives	$ 179,019	$ 178,116
Refinancing fees	Up to 23 years	104,820	110,994
Deferral of loss on investment in Dakota Gas		-	82,871
Unrealized loss on interest rate swaps	Up to 11 years	84,152	99,742
Unrealized loss on purchase power contracts		-	26,362
Interest on coal royalties and other costs	Up to 24 years	15,009	16,368
Unrealized loss on commodity derivatives		-	2,699
Other	Up to 18 years	18,149	21,144
		$ 401,149	$ 538,296
Regulatory liabilities:			
Deferred revenue		(260,000)	(263,700)
Unrealized gain on purchase power contracts		(29,637)	-
Unrealized gain on equity investments		(13,557)	(9,873)
Unrealized gain on commodity derivatives		(20,386)	-
Post-retirement medical gain		(15,177)	(9,276)
		(338,757)	(282,849)
Net regulatory assets		$ 62,392	$ 255,447

In 2021, the Basin Electric Board of Directors authorized the early amortization of the previously deferred loss on investment in Dakota Gas. This amount is included in Other, net of regulatory expense deferral on the Consolidated Statements of Operations. If all or a separable portion of Basin Electric's operations no longer are subject to the provisions of ASC 980, a write-off of net related regulatory assets would be required, unless some form of transition recovery (refund) continues through rates established and collected for Basin Electric's remaining regulated operations. In addition, Basin Electric would be required to determine any impairment to the carrying costs of deregulated plant and inventory assets.

11. EQUITY

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) — The following table includes the changes in the balances of the components of Accumulated other comprehensive income (loss) on the Consolidated Balance Sheets:

	Post Employment Benefit Plans	Unrealized Gain (Loss) on Securities	Unrealized Gain (Loss) on Cash Flow Hedges	Total
Balance, December 31, 2019	$ (14,153)	$ 619	$ 3,317	$ (10,217)
Comprehensive income (loss)	2,573	580	(3,958)	(805)
Balance, December 31, 2020	(11,580)	1,199	(641)	(11,022)
Comprehensive income (loss)	12,529	(1,421)	703	11,811
Balance, December 31, 2021	$ 949	$ (222)	$ 62	$ 789

OTHER EQUITY — From November 1981 through August 1983, Basin Electric sold approximately $894,000 of electric plant under sale and leaseback agreements in exchange for $310,000 in cash and $584,000 in notes. Annual lease payments are equal to the payments the purchaser is required to make on its notes to Basin Electric. The sale and lease transactions have not been recognized for financial reporting purposes, as such transactions were entered into solely for tax purposes under the Economic Recovery Tax Act of 1981 and the Tax Equity and Fiscal Responsibility Act of 1982 and do not affect Basin Electric's rights with respect to the property. The $310,000, net of expenses of $28,000, was reserved in Other equity.

Beginning in March 2001, Basin Electric allocated its before tax margin to members and recorded any provision for or benefit from income taxes in Other equity. In 2021 and 2020, $132 and $1,369 of net income tax benefit was closed into Other equity. As of December 31, 2021, $71,291 of cumulative net income tax benefit was closed into Other equity.

12. LONG-TERM DEBT AND OTHER FINANCING

Outstanding long-term debt was as follows at December 31:

	Due Date	Weighted Average Interest Rate at December 31, 2021	December 31, 2021	December 31, 2020
Basin Electric Power Cooperative				
First Mortgage Bonds				
2006 Series	June 2041	6.13%	$ 200,000	$ 200,000
2017 Series	April 2047	4.75%	500,000	500,000
			700,000	700,000
First Mortgage Obligations				
2005 Series	Dec. 2028-May 2030	5.85%	90,000	90,000
2007 Series	Sept. 2042	5.70%	248,460	255,662
2008 Series	Dec. 2028-Dec. 2038	5.35%	477,167	493,111
2009 Series	Oct. 2027-April 2040	5.33%	176,667	187,778
2011 Series	Oct. 2031-Oct. 2049	4.41%	267,225	280,620
2012 Series	Nov. 2044	4.07%	83,523	85,685
2015 Series	June 2027-June 2044	4.43%	1,499,510	1,500,000
2016 CoBank Note	April 2046	4.48%	81,666	85,000
2016 CFC Note	April 2046	3.74%	61,134	63,655
Wells Fargo Notes	June 2027-Dec. 2028	5.13%	12,750	14,750
			2,998,102	3,056,261
2019 Solid Waste Facilities Revenue Bonds	July 2039	3.63%	150,000	150,000
Notes payable to affiliates	Dec. 2022	0.96%	1,504	760
			151,504	150,760
Dakota Coal				
Equipment notes	May 2021-April 2032	3.83%	60,989	71,679
Dakota Gasification Company				
Senior Secured Notes 2015 Series	May 2030-May 2045	4.11%	378,365	405,975
Other		Various	16,229	17,649
			455,583	495,303
			4,305,189	4,402,324
Less:				
Current Portion			(94,531)	(97,304)
Unamortized debt issue costs			(26,439)	(26,714)
			$ 4,184,219	$ 4,278,306

The estimated fair value of debt at December 31, 2021 and 2020 was $4,898,917 and $5,249,852, based on cash flows discounted at interest rates for similar issues or at the current rates offered to Basin Electric for debt of comparable maturities.

The scheduled maturities of long-term debt for the next five years at December 31, 2021 are as follows:

	2022	2023	2024	2025	2026
Long-term debt	$ 94,531	$ 73,953	$ 166,076	$ 171,500	$ 181,237

All of Basin Electric's long-term debt is secured under the Amended and Restated Indenture dated May 5, 2015 (the "Indenture"), between Basin Electric and U.S. Bank National Association, as trustee. Pursuant to the Indenture, Basin Electric created a first lien on substantially all of its tangible and certain of its intangible assets in favor of the Indenture trustee to secure certain long-term debt on a pro-rata basis.

Basin Electric's and its subsidiaries' debt agreements contain various restrictive financial and non-financial covenants which, among other matters, require Basin Electric to maintain a defined margins for interest ratio. Dakota Gas is also required to maintain a minimum equity balance. As of December 31, 2021 Basin Electric and its subsidiaries are in compliance with all financial covenants related to the debt agreements.

All of Dakota Gas' long-term debt is secured under an Indenture dated as of May 1, 2015 between Dakota Gas and U.S. Bank, N.A., as trustee. Dakota Gas' long-term debt is also supported by an unsecured Guarantee dated as of May 8, 2015 by Basin Electric, its parent, in favor of U.S. Bank National Association, as Trustee.

NOTES PAYABLE — Basin Electric and Dakota Gas have outstanding revolving credit facilities which are included in Notes payable on the Consolidated Balance Sheets as follows:

Facility	Expiration Date	Total Availability	Outstanding Amounts as of December 31, 2021
Commercial Paper/Revolving Credit Agreement (a)	March 2023	$ 130,000	$ 100,000
Commercial Paper/Revolving Credit Agreement (a) (b)	Aug. 2023	$ 500,000	244,930
Revolving Credit Agreement	Sept. 2026	$ 500,000	-
Revolving Credit Agreement	June 2024	$ 100,000	99,300
			$ 444,230

(a) The taxable and tax-exempt commercial paper programs are supported by revolving credit agreements with various banks. Balances reflect commercial paper amounts outstanding. There were no amounts outstanding under the revolving credit agreements.

(b) Certain provisions allow for increased borrowings, up to a maximum of $600 million.

As of December 31, 2021, the effective interest rate of the outstanding advances is 0.53%.

13. REVENUE

The following table disaggregates revenue by major source for the year ended December 31.

	2021		2020	
	Utility Operations	Nonutility Operations	Utility Operations	Nonutility Operations
Member wholesale electricity sales	$ 1,659,085	$ -	$ 1,618,174	$ -
Nonmember wholesale electricity sales	319,551	-	127,889	-
Synthetic natural gas	-	180,672	-	78,883
Fertilizer products	-	226,051	-	140,128
Other byproducts	-	87,617	-	48,136
Lignite coal	-	215,053	-	201,592
Other	19,323	23,620	22,800	23,935
Intercompany revenue	-	(97,155)	-	(90,740)
Revenue from contracts with customers	1,997,959	635,858	1,768,863	401,934
Regulatory deferred revenue, net	3,700	-	(108,700)	-
Other revenue (expense)	386	(11,676)	(1,658)	10,668
Total operating revenue	$ 2,002,045	$ 624,182	$ 1,658,505	$ 412,602

NET DEFERRED REVENUE AND OTHER REVENUE (EXPENSE) — Net revenue from nonmember wholesale electricity sales of $3,700 that was previously deferred was recognized as revenue in 2021, as compared to a net deferral of $108,700 of revenue in 2020 by Basin Electric's Board of Directors, in its capacity as regulator. This deferred revenue is accounted for under ASC 980. Other revenue (expense) includes derivative revenue (expense) from hedging activities for synthetic natural gas, tar oil, and electricity sales which is accounted for under ASC 815.

CONTRACT BALANCES — At times, Basin Electric and its subsidiaries will receive payment in advance of performing an obligation under a contract. Unearned revenue, a contract liability, is recognized when this occurs. At December 31, 2021 and 2020, the unearned revenue balance (included in Taxes and other current liabilities on the Consolidated Balance Sheets) was $3,912 and $4,002. There were no contract assets at December 31, 2021 and 2020. The balances in Customer accounts receivable and other receivables on the Consolidated Balance Sheets represent the unconditional right to consideration from customers.

14. INCOME TAXES

Basin Electric is a nonexempt cooperative subject to federal and state income taxation, but as a cooperative is allowed to exclude from income margins allocated as patronage capital. Basin Electric and its subsidiaries (the Consolidated Group) file a consolidated income tax return and have entered into tax-sharing agreements. Income taxes are allocated among members of the Consolidated Group based on a systematic, rational and consistent method under which such taxes approximate the amount that would have been computed on a separate company basis, subject to limitations on the Consolidated Group.

The components of Basin Electric's Benefit from income taxes were as follows for the years ended December 31:

	2021	2020
Current tax expense (benefit)	$ 131	$ 150
Deferred tax benefit	(4,109)	(53,977)
Benefit from income taxes	$ (3,978)	$ (53,827)

Basin Electric accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that were included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is deferred as a regulatory asset or liability for Basin Electric and is recognized in income in the period that includes the enactment date for Basin Electric's subsidiaries.

The tax effect of significant temporary differences representing deferred tax assets and liabilities were as follows at December 31:

	2021	2020
Deferred tax liabilities:		
Depreciation and property	$ 254,599	$ 232,748
Right-of-use lease asset	29,817	-
Deferred expenses	-	17,403
Debt refinancing expense	17,538	18,611
Direct financing leases	17,090	18,295
Other deferred tax liabilities	1,013	4,342
Unrealized gains	12,181	4,015
Total deferred tax liability	332,238	295,414
Deferred tax assets:		
Tax benefit transfer leases	(8,324)	(16,726)
Lease obligation	(29,792)	-
Deferred revenue	(54,600)	(55,377)
Deferred credits	(15,102)	(13,554)
Tax credits available	(20,288)	(20,739)
Interest expense carryover	(31,907)	(26,037)
Mine related	(11,031)	(10,166)
Net operating loss carryforward	(138,343)	(134,732)
Other deferred tax assets	(12,802)	(11,219)
Valuation allowance	51,363	57,246
Total deferred tax assets	(270,826)	(231,304)
Net deferred tax liability	$ 61,412	$ 64,110

Deferred taxes have been provided for temporary income tax differences associated with utility operations with an offsetting amount recorded as a regulatory asset as such amounts are expected to be recovered through rates charged to members at such time as the Board of Directors, in its capacity as regulator, deems appropriate.

Income taxes differ from the Benefit from income taxes computed using the statutory rate for the years ended December 31 as follows:

	2021	2020
Computed income tax at statutory rate	$ 15,224	$ 4,480
Permanent differences:		
Patronage capital allocated	(12,149)	(15,412)
Other, net	(532)	(509)
Change in regulatory asset associated with deferred taxes	(973)	(19,729)
Decrease in valuation allowance for subsidiaries	(5,928)	(23,089)
Other	490	667
State income taxes	(110)	(235)
Benefit from income taxes	$ (3,978)	$ (53,827)

Basin Electric had available federal and state research tax credit carryforwards of approximately $20,288 and charitable contribution carryforwards of approximately $5,414 at December 31, 2021. The research tax credits expire in varying amounts from 2022 through 2039 and the charitable contribution carryforwards expire in varying amounts from 2022 through 2026. Basin Electric has a consolidated net operating loss carryforward as of December 31, 2021 of $658,778. Pre 2018 net operating losses of $268,562 expire in varying amounts from 2035 through 2037. The post 2017 losses are carried forward indefinitely.

It is more likely than not that the benefit from certain federal and state net operating losses, federal and state tax credits and federal charitable contribution carryforwards will not be realized. In recognition of this risk, Basin Electric recorded a valuation allowance on the related deferred tax assets.

Basin Electric has a federal interest expense carryforward of $151,939 as of December 31, 2021. The interest expense is carried forward indefinitely. It is not likely the benefit from the interest expense carryforward will be fully realized. Basin Electric has recorded a valuation allowance on a portion of the interest expense deferred tax asset.

In accordance with the provisions of ASC 740, *Income Taxes*, Basin Electric records a liability for unrecognized tax benefits. A reconciliation of the beginning and ending amount of the liability for unrecognized tax benefits is as follows:

	2021	2020
Balance at January 1	$ 5,802	$ 5,476
Addition for tax positions of current period	473	451
Reduction for tax positions of prior periods	-	(125)
Balance at December 31	$ 6,275	$ 5,802

Basin Electric recognizes interest and penalties related to unrecognized tax benefits (if any) in the respective interest and penalties expense accounts and not in the Benefit from income taxes on the Consolidated Statements of Operations. There are no amounts of unrecognized tax benefits that are expected to significantly change within the next 12 months.

Basin Electric completed examinations by the Internal Revenue Service (IRS) through 2010. Management does not believe future settlements with the IRS will be material to Basin Electric's financial position.

15. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Level 1 inputs utilize observable market data in active markets for identical assets or liabilities. Level 2 inputs consist of observable market data, other than that included in Level 1, that is either directly or indirectly observable. Level 3 inputs consist of unobservable market data which are typically based on an entity's own assumptions of what a market participant would use in pricing an asset or liability as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Basin Electric's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

On December 31, 2021 and 2020, Basin Electric had government obligations, equity securities, bond market funds and corporate bonds included in Restricted and designated investments, Mine related assets and Other investments, recorded at a fair value, using quoted prices in active markets for identical assets as the fair value measurement (Level 1).

Basin Electric recorded derivative financial instruments including commodity contracts and interest rate swaps using significant other observable inputs as the fair value measurement (Level 2). The fair value for commodity contracts is determined by comparing the difference between the net present value of the cash flows for the commodity contracts at their initial price and the current market price. The initial price is quoted in the commodity contract and the current market price is corroborated by observable market data. The fair value for interest rate swap contracts is determined by comparing the difference between the net present value of the cash flows for the swaps at their initial fixed rate and the current market interest rate. The initial fixed rate is quoted in the swap agreement and the current market interest rate is corroborated by observable market data.

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of December 31, 2021, aggregated by the level in the fair value hierarchy within which those measurements fall:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Equities and equity funds	$ 101,645	$ 101,645	$ -	$ -
Government securities	32,604	32,604	-	-
Bond market funds	60,241	60,241	-	-
U.S. corporate bonds	50,379	50,379	-	-
Foreign corporate bonds	11,536	11,536	-	-
	256,405	256,405	-	-
Commodity derivatives	64,196	-	64,196	-
Less amounts classified as current	(39,895)	-	(39,895)	-
	$ 280,706	$ 256,405	$ 24,301	$ -
Liabilities:				
Interest rate swaps	$ 85,118	$ -	$ 85,118	$ -
Commodity derivatives	3,527	-	3,527	-
Less amounts classified as current	(3,527)	-	(3,527)	-
	$ 85,118	$ -	$ 85,118	$ -

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of December 31, 2020, aggregated by the level in the fair value hierarchy within which those measurements fall:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Equities and equity funds	$ 84,753	$ 84,753	$ -	$ -
Government securities	33,937	33,937	-	-
Bond market funds	55,693	55,693	-	-
U.S. corporate bonds	47,342	47,342	-	-
Foreign corporate bonds	11,646	11,646	-	-
	233,371	233,371	-	-
Commodity derivatives	7,887	-	7,887	-
Less amounts classified as current	(6,974)	-	(6,974)	-
	$ 234,284	$ 233,371	$ 913	$ -
Liabilities:				
Interest rate swaps	$ 101,673	$ -	$ 101,673	$ -
Commodity derivatives	34,376	-	34,376	-
Less amounts classified as current	(12,340)	-	(12,340)	-
	$ 123,709	$ -	$ 123,709	$ -

16. EMPLOYEE BENEFIT PLANS

POSTRETIREMENT BENEFITS — Employees of Basin Electric, Dakota Gas, and MLC retiring at or after attaining age 55 and completing five years of service may elect to continue medical and dental benefits by paying premiums to Basin Electric, Dakota Gas or MLC for participating in the current employee plan, subject to deductible, coinsurance and copayment provisions. Eligible dependents of retired employees continue to receive benefits after the death of the former employee, with certain limitations. Participation in Basin Electric's, Dakota Gas' or MLC's medical plan can continue until the retiree or spouse becomes eligible for Medicare. Once a retiree becomes eligible for Medicare, the spouse may continue under each of the plans until the spouse becomes eligible for Medicare. Basin Electric, Dakota Gas, and MLC reserve the right to change or terminate these benefits at any time. Employees age 60 and over who chose to participate in an enhanced voluntary separation plan in 2018 will receive the benefit of two years of a Medicare supplement plan when reaching age 65.

Basin Electric, Dakota Gas and MLC fund postretirement medical benefits from general funds, and in 2021 and 2020 funding was $1,617 and $1,448.

Coteau also maintains medical care and life insurance plans which provide benefits to eligible retired employees.

The following sets forth the changes in the postretirement benefit obligation and plan assets during the year and amounts recognized in the Consolidated Balance Sheets, as of December 31:

	Basin Electric and Subsidiaries		Coteau	
	2021	2020	2021	2020
Change in postretirement benefit obligation:				
Balance at January 1	$ 37,075	$ 47,407	$ 3,970	$ 5,071
Service cost	1,835	2,226	41	51
Interest cost	643	1,157	52	127
Actuarial loss	(8,967)	(11,060)	(622)	(782)
Assumption changes	(1,277)	(1,207)	-	-
Benefit payments	(6,722)	(6,848)	(344)	(497)
Plan participant contributions	5,105	5,400	-	-
Balance at December 31	$ 27,692	$ 37,075	$ 3,057	$ 3,970
Change in plan assets:				
Fair value of plan assets at beginning of year	$ -	$ -	$ -	$ -
Employer contributions	1,617	1,448	344	497
Plan participant contributions	5,105	5,400	-	-
Benefit payments	(6,722)	(6,848)	(344)	(497)
Fair value of plan assets at end of year	$ -	$ -	$ -	$ -
As of December 31, the funded status of the plan was:				
Postretirement benefit liability	$ 27,692	$ 37,075	$ 3,057	$ 3,970
Amounts recognized in the balance sheets are:				
Taxes and other current liabilities	$ 2,169	$ 2,738	$ 408	$ 531
Other deferred credits, taxes and other liabilities	25,523	34,337	2,649	3,439
Net amount recognized	$ 27,692	$ 37,075	$ 3,057	$ 3,970

	Basin Electric and Subsidiaries 2021	Basin Electric and Subsidiaries 2020	Coteau 2021	Coteau 2020
Amounts not yet reflected in periodic postretirement benefit expense and included in Accumulated other comprehensive income (loss) and Regulatory liabilities:				
Prior service credit (cost)	$ (1,236)	$ (1,257)	$ 366	$ 593
Actuarial gain	23,272	14,480	3,941	4,067
Accumulated other comprehensive income (loss) and Regulatory liabilities	$ 22,036	$ 13,223	$ 4,307	$ 4,660

Net periodic postretirement benefit expense (income) for the years ended December 31, 2021 and 2020 for Basin Electric and subsidiaries was $1,047 and $2,749, and for Coteau was $(922) and $(722).

	Basin Electric and Subsidiaries 2021	Basin Electric and Subsidiaries 2020	Coteau 2021	Coteau 2020
Other changes recognized in Other comprehensive income (loss) and Regulatory liabilities:				
Net gain arising during the period	$ (10,245)	$ (12,267)	$ (661)	$ (782)
Amortization of prior service (cost) credit	(21)	16	227	227
Amortization of actuarial gain	1,453	617	787	673
Total recognized in Other comprehensive income (loss) and Regulatory liabilities	$ (8,813)	$ (11,634)	$ 353	$ 118

Assumptions used in accounting for the postretirement benefit obligations were as follows for the years ended December 31:

	Basin Electric and Subsidiaries 2021	Basin Electric and Subsidiaries 2020	Coteau 2021	Coteau 2020
Weighted-average discount rates	2.77%	2.34%	2.12%	1.37%
Initial health care cost trend rate	6.78%	7.14%	6.25%	6.50%
Ultimate health care cost trend rate	4.50%	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2038	2038	2029	2029

Assumptions used in accounting for the postretirement benefit plans obligation were as follows for the years ended December 31:

	Basin Electric and Subsidiaries 2021	Basin Electric and Subsidiaries 2020	Coteau 2021	Coteau 2020
Weighted-average discount rates	2.34%	3.19%	1.37%	2.65%
Initial health care cost trend rate	7.14%	7.50%	6.50%	6.25%
Ultimate health care cost trend rate	4.50%	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2038	2038	2029	2027

Basin Electric and its subsidiaries and Coteau expect to make contributions of $2,169 and $408 in 2022 to their postretirement benefit plans.

The following are the expected future benefits to be paid:

	Basin Electric and Subsidiaries	Coteau
2022	$ 2,169	$ 408
2023	$ 2,218	$ 422
2024	$ 2,017	$ 427
2025	$ 1,890	$ 377
2026	$ 1,854	$ 325
2027-2031	$ 8,249	$ 1,033

DEFINED BENEFIT PLANS

NRECA RS PLAN – Pension benefits for substantially all Basin Electric and Dakota Gas employees are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) which is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue code. It is a multiemployer plan under GAAP.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Basin Electric and Dakota Gas contributions to the RS Plan in 2021 and in 2020 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. Pension costs charged to expense during 2021 and 2020 were $38,279 and $39,465.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80 percent funded at January 1, 2021 and 2020.

Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

BCS AND COTEAU PLANS – BCS's former United Mine Workers of America employees are covered under a defined benefit plan which is funded by BCS.

Substantially all of Coteau's salaried employees hired prior to January 1, 2000, participate in the Coteau Pension Plan (the Plan), a noncontributory defined benefit plan sponsored by NACoal. Benefits under the defined benefit pension plan are based on years of service and average compensation during certain periods. The Plan benefits were frozen effective December 31, 2013. Employees whose benefits were frozen subsequently receive retirement benefits under defined contribution plans.

The following sets forth the changes in the pension benefit obligation and plan assets during the year and amounts recognized in the Consolidated Balance Sheets as of December 31:

	BCS		Coteau	
	2021	2020	2021	2020
Change in pension benefit obligation:				
Balance at January 1	$ 4,202	$ 4,130	$ 103,103	$ 96,074
Interest cost	77	112	2,455	3,044
Actuarial loss (gain)	(191)	282	(3,276)	8,889
Benefits payments	(305)	(322)	(5,211)	(4,904)
Balance at December 31	$ 3,783	$ 4,202	$ 97,071	$ 103,103
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 3,621	$ 3,451	$ 101,651	$ 92,434
Actual return on plan assets	317	428	12,514	14,121
Employer contributions	-	64	-	-
Benefits payments	(305)	(322)	(5,211)	(4,904)
Fair value of plan assets at end of year	$ 3,633	$ 3,621	$ 108,954	$ 101,651
As of December 31, the funded status of the plan was:				
Fair value of plan assets	$ 3,633	$ 3,621	$ 108,954	$ 101,651
Accumulated postretirement benefit liability	3,783	4,202	97,071	103,103
Funded status – over (under)	$ (150)	$ (581)	$ 11,883	$ (1,452)
Amounts recognized in the balance sheets are:				
Other investments	$ -	$ -	$ 11,883	$ -
Other deferred credits, taxes and other liabilities	$ 150	$ 581	$ -	$ 1,452
Amounts not yet reflected in periodic postretirement benefit expense and included in Accumulated other comprehensive income (loss):				
Actuarial loss	$ (1,381)	$ (1,811)	$ (7,338)	$ (17,578)
Accumulated other comprehensive loss	$ (1,381)	$ (1,811)	$ (7,338)	$ (17,578)

Net periodic pension expense (income) for the years ended December 31, 2021 and 2020 for BCS was $(1) and $37 and for Coteau was $(3,095) and $(2,409).

	BCS		Coteau	
	2021	2020	2021	2020
Other changes recognized in Other comprehensive income (loss):				
Net loss (gain) arising during the period	$ (326)	$ 35	$ (9,429)	$ 789
Amortization of actuarial loss	(104)	(106)	(811)	(568)
Total recognized in Other comprehensive income (loss)	$ (430)	$ (71)	$ (10,240)	$ 221

Assumptions used to account for the pension benefit obligation were as follows for the years ended December 31:

	BCS		Coteau	
	2021	2020	2021	2020
Weighted average discount rate	2.38%	1.90%	2.82%	2.44%

The assumptions used to determine net periodic pension expense were as follows for the years ended December 31:

	BCS		Coteau	
	2021	2020	2021	2020
Weighted average discount rate	1.90%	2.82%	2.44%	3.25%
Expected long-term return on plan assets	5.25%	5.50%	7.00%	7.00%

BCS and Coteau do not expect to make any contributions in 2022 to their defined benefit plans. The following are the expected future benefit payments for the BCS Plan and the Coteau Pension Plan:

	BCS	Coteau
2022	$ 298	$ 5,237
2023	$ 290	$ 5,288
2024	$ 281	$ 5,364
2025	$ 272	$ 5,445
2026	$ 263	$ 5,511
2027-2031	$ 1,185	$ 27,406

The expected long-term rate of return on the Plan assets reflects the expectations of NACCO with respect to long-term rates of return on funds invested to provide for benefits included in the projected benefit obligations. NACCO has established the expected long-term rate of return assumption for the Plan assets by considering historical rates of return over a period of time that is consistent with the long-term nature of the underlying obligations of the Plan. The historical rates of return for each of the asset classes used to determine its estimated rate of return assumption were based upon the rates of return earned by investments in the equivalent benchmark market indices for each of the asset classes.

The Plan maintains an investment policy that, among other things, establishes a portfolio asset allocation methodology with percentage allocation bands for individual asset classes. The investment policy further divides investments in equity securities among U.S. and non-U.S. companies. The investment policy provides that investments are reallocated between asset classes as balances exceed or fall below the appropriate allocation bands.

The following is the actual and target allocation percentages for the Plan and BCS Plan assets at December 31, 2021:

	BCS		Coteau	
	Actual Allocation	Target Allocation	Actual Allocation	Target Allocation
Equity securities	44.4%	37.0%	68.5%	60.0% – 70.0%
Fixed income securities	51.8%	60.0%	31.1%	30.0% – 40.0%
Other	3.8%	3.0%	0.4%	0.0% – 10.0%
	100.0%		100.0%	

BCS Plan assets are invested with a trust that is responsible for maintaining an appropriate investment ratio in common stocks, long-term corporate bonds and money market funds.

DEFINED CONTRIBUTION PLANS — Basin Electric, Dakota Gas and MLC have qualified tax deferred savings plans for eligible employees. Eligible participants of the tax deferred savings plans may make pre-tax and post-tax contributions, as defined, with Basin Electric, Dakota Gas and MLC matching various percentages of the participants' annual compensation. Contributions to these plans by Basin Electric, Dakota Gas, and MLC were $12,268 and $12,170 for 2021 and 2020.

For employees hired after December 31, 1999, Coteau established a defined contribution plan which requires Coteau to make retirement contributions based on a formula using age and salary as components of the calculation. Employees are vested at a rate of 20 percent for each year of service and are 100 percent vested after five years of employment. Coteau recorded contribution expense of approximately $2,911 and $3,019 related to this plan in 2021 and 2020.

Substantially all of Coteau's salaried employees also participate in a defined contribution plan sponsored by NACoal. Employee contributions are matched by Coteau up to a limit of 5 percent of the employee's salary. Coteau's contributions to this plan were approximately $2,413 and $2,452 in 2021 and 2020.

Under the provisions of the lignite sales agreement between Dakota Coal and Coteau, retirement related costs are recovered as a cost of coal as tonnage is sold.

17. OTHER DEFERRED CREDITS, TAXES AND OTHER LIABILITIES

Other deferred credits, taxes and other liabilities were as follows at December 31:

	2021	2020
Asset retirement obligations	$ 166,511	$ 137,025
Non-current lease obligation	119,542	-
Long-term derivative liability	85,118	123,709
Non-current deferred income tax liability, net	61,412	64,110
Pension and benefit obligations	66,617	74,017
MBPP operating advances	40,207	40,207
Other	24,148	30,207
	$ 563,555	$ 469,275

ASSET RETIREMENT OBLIGATIONS — An asset retirement obligation is the result of legal or contractual obligations associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, or development and/or the normal operation of a long-lived asset. Basin Electric and Coteau determine these obligations based on an estimated asset retirement cost adjusted for inflation and projected to the estimated settlement dates, and discounted using a credit-adjusted risk-free interest rate.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation included in Other deferred credits, taxes and other liabilities on the Consolidated Balance Sheets is as follows:

	2021	2020
Balance, January 1	$ 137,025	$ 131,393
Liabilities settled during the period	(873)	(7,695)
Accretion expense	6,721	6,547
Additions for utility obligations	23,638	6,780
Balance, December 31	$ 166,511	$ 137,025

18. COMMITMENTS AND CONTINGENCIES

POWER PURCHASE COMMITMENTS — Basin Electric entered into various power purchase contracts with terms ranging from one to 54 years. The estimated commitments under these contracts as of December 31, 2021 were $271,237 in 2022, $286,309 in 2023, $289,426 in 2024, $289,820 in 2025, $292,145 in 2026, and $4,295,445 thereafter. Amounts purchased under the contracts totaled $299,873 in 2021 and $323,479 in 2020.

Basin Electric entered into various power purchase agreements with its Class A member, Corn Belt Power Cooperative (Corn Belt), under which Basin Electric buys substantially all of the output from Corn Belt's generation resources at cost through December 2075. Basin Electric also entered into a transmission lease agreement with Corn Belt which expires in December 2075. ASC 810, *Consolidation*, requires that certain of Corn Belt's generation assets and liabilities associated with the power purchase agreements be consolidated in Basin Electric's Consolidated Balance Sheets. At December 31, 2021 and 2020, the assets and liabilities of Corn Belt included in the Consolidated Balance Sheets totaled $13,869 and $15,469. Basin Electric accounts for the costs associated with these assets and liabilities as operation, maintenance, interest and depreciation expense, rather than purchased power expense.

CONTRACT COMMITMENTS — Basin Electric has outstanding contractual commitments for pipeline transportation totaling $21,942 as of December 31, 2021. Basin Electric also has various other outstanding contractual commitments totaling $42,514 as of December 31, 2021, for various equipment purchases, supplies, and for miscellaneous services to be provided.

Coteau has outstanding commitments of $1,923 to purchase equipment and $47 committed under various diesel fuel contracts through December 2021.

MINE CLOSING COSTS AND COAL PURCHASE COMMITMENTS — Under the terms of the Coteau Lignite Sales Agreement (Agreement) between Dakota Coal and Coteau, Dakota Coal is obligated to purchase all of its lignite requirements for AVS, the Synfuels Plant and LOS from Coteau, and Coteau is obligated to sell and deliver the required coal to Dakota Coal from contractually defined dedicated coal reserves. The coal purchase price includes all costs incurred by Coteau for development and operation of the dedicated coal reserves and may include costs to be incurred in connection with the Freedom Mine closing. During 2021 and 2020, Dakota Coal paid $202,307 and $201,924 to Coteau for coal purchased under the lignite sales agreement. As a result of applying ASC 810, Coteau is consolidated with Dakota Coal and coal purchases from Coteau are eliminated within the consolidated financial statements.

Under certain federal and state regulations, Coteau is required to reclaim land disturbed as a result of mining. Reclamation of disturbed land is a continuous process throughout the term of the Agreement. Costs of ongoing reclamation are charged to expense in the period incurred and are recovered as a cost of coal as tonnage is sold to Dakota Coal. Costs to complete reclamation after mining is completed in a specific mine area are reimbursed under the Agreement as costs of reclamation are actually incurred.

Coteau accounts for its asset retirement obligations under ASC 410, *Asset Retirement and Environmental Obligations*, which provides accounting requirements for retirement obligations associated with tangible long-lived assets and requires that an asset's retirement cost be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method.

Coteau's annual costs related to amortization of the asset and accretion of the liability totaled $5,760 and $5,541 in 2021 and 2020.

Dakota Coal has established designated funds for mine closing costs. The Agreement includes provisions whereby, upon expiration of the agreement, Dakota Coal has the option to purchase the outstanding common stock of Coteau for its book value from NACoal. Dakota Coal may exercise this option only if Coteau has not exercised its right to extend the Agreement. NACoal has the option to require Dakota Coal to purchase the outstanding stock of Coteau for its book value in the event all of the plants Dakota Coal presently sells lignite coal to are closed or if lignite coal may no longer be legally mined in North Dakota and Dakota Coal exercises its right to terminate the Agreement with Coteau. Under the current mine plan, mining is anticipated to cease in 2045.

COAL PURCHASE AND FINANCING COMMITMENTS — Basin Electric, on behalf of the MBPP, has executed an agreement with Western Fuels for all coal purchase requirements through the life of LRS, with an option to extend the contract with approval by both parties. The average price of coal under this agreement during 2021 and 2020 was approximately $19.87 and $19.53 per ton.

Basin Electric executed an agreement with Western Fuels for all coal purchase requirements through the life of DFS, with an option to extend the contract with approval by both parties. Coal purchased under this agreement is used at the DFS. The average price of coal purchased under this agreement during 2021 and 2020 was approximately $12.68 and $13.60 per ton.

RECLAMATION GUARANTEES — Basin Electric provides guarantees of certain reclamation obligations of Coteau. These guarantees cover the reclamation of mined areas as required by the State of North Dakota's Public Service Commission (PSC). The bonds are released by the PSC after a period of time (generally ten years after final reclamation is completed) when it has been determined that the mined area has been returned to its original condition. As of December 31, 2021, the aggregated value of these guarantees is $186,000.

Basin Electric guarantees certain reclamation obligations of WFW. Those guarantees cover the reclamation of mined areas as approved by the Wyoming Department of Environmental Quality (WDEQ) with the use of surety bonds. The bonds are released by the WDEQ after a period of time (generally ten years after final reclamation is completed) when it has been determined that the mined area has been returned to its approved post-mining use. As of December 31, 2021, the aggregated value of these guarantees is $34,100.

DISMANTLEMENT COSTS — The county zoning permit requires Dakota Gas to dismantle the Synfuels Plant at such time that operations or other alternative uses approved by the Board of County Commissioners are terminated. Although Dakota Gas has no current plans to cease operations at the plant site, in accordance with ASC 410, Dakota Gas accrues an obligation for the eventual dismantlement and discontinuation of use of the Synfuels Plant.

LEASE INDEMNIFICATIONS — In general, under the terms of Basin Electric's sale and leaseback agreements discussed in Note 11, the lessors are indemnified should certain disqualifying events occur resulting in the recapture of tax credits, accelerated cost recovery deductions and interest deductions. Management believes that if indemnification occurs, there will not be a material adverse effect on Basin Electric's financial position, results of operations or cash flows.

CO_2 SALES COMMITMENTS — Dakota Gas has two contracts involving commitments for the sale of CO_2. One of these contracts is to sell and deliver CO_2 from the Synfuels Plant to oil fields located near Weyburn, Saskatchewan. The Weyburn agreement was for a 15-year term ended April 2016, which may be extended by the buyer with at least 120 days prior written notice for up to ten one-year renewals. The buyer has elected to extend the agreement for an additional one-year renewal to April 2023. If the buyer, over the course of a contract year, fails to take an average stated volume, Dakota Gas has the right to terminate this agreement 30 days following such contract year unless the buyer provides written notice to extend the agreement and pays Dakota Gas a penalty fee for each month the average stated volume was not taken.

The second CO_2 agreement is to sell and deliver CO_2 from the Synfuels Plant to oil fields located near Midale, Saskatchewan for a 20-year period ending in 2025, and required that this buyer pay a certain portion of Dakota Gas' additional capital requirements up front, reducing Dakota Gas' capitalized equipment cost. This buyer can terminate this agreement without penalty by giving 120 days prior written notice. If the initial Weyburn agreement is terminated, Dakota Gas has the right to terminate this Midale agreement by giving the buyer 120 days prior written notice.

CARBON POLLUTION EMISSION GUIDELINES FOR EXISTING STATIONARY SOURCES — In October 2015, the Environmental Protection Agency (EPA) published the Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units; Final Rule (the Clean Power Plan). The Clean Power Plan established guidelines for states to develop plans to reduce CO_2 emissions from fossil fuel-fired electric generating units.

Twenty-seven states and a number of trade organizations and utilities, including Basin Electric, filed petitions for review with the United States Court of Appeals for the D.C. Circuit (D.C. Circuit) challenging the EPA's legal authority to issue the Clean Power Plan and applications to the United States Supreme Court to stay the Clean Power Plan. The Supreme Court issued a stay of the Clean Power Plan on February 9, 2016. Oral arguments were held on September 27, 2016.

On July 8, 2019, the EPA promulgated a final rule to repeal and replace the Clean Power Plan, substituting a plan called the Affordable Clean Energy Rule (ACE Rule). Because of the publication of the final ACE Rule, the D.C. Circuit dismissed the CPP litigation as moot on September 17, 2019. On January 19, 2021, a three judge panel of the D.C. Circuit vacated the ACE Rule along with its embedded repeal of the Clean Power Plan and remanded to EPA to consider the matter in light of the Court's ruling.

On April 29 and 30, 2021, a coalition of nineteen states and industry stakeholders, including Basin Electric, filed petitions for writ of certiorari before the U.S. Supreme Court requesting review and reversal of the D.C. Circuit's January 19, 2021 decision that invalidated the EPA decisions to repeal the CPP and adopt the ACE Rule. The petitioners argue that in reviewing the CPP repeal and ACE Rule, the D.C. Circuit improperly invalidated ACE Rule and effectively opened the door for the Biden Administration to adopt regulations even broader than the CPP by holding there are "no limits" on EPA's authority under CAA Section 111(d). On October 29, 2021 the Supreme Court granted certiorari on certain issues. Oral arguments were heard on February 28, 2022.

CCR RULE — The 2015 Coal Combustion Residuals Rule (CCR Rule) mandated closure of unlined surface impoundments upon a specified triggering event. If after multiple levels of monitoring and an alternate source demonstration, a statistically significant level of contamination could not be attributed to another source, a company was required to retrofit or close a surface impoundment.

In August 2018, the D.C. Circuit Court of Appeals vacated and remanded to EPA three provisions of the original 2015 CCR Rule including the provision allowing unlined surface impoundments to continue to operate unless they detected a leak. On December 2, 2019, EPA published proposed amendments to the CCR Rule that included new deadlines to cease waste receipt and initiate closure for unlined surface impoundments. The proposed amendments indicated all five Laramie River Station ponds would be required to cease accepting waste by August 31, 2020 (with a potential extension to November 30, 2020). On July 29, 2020, EPA released a final rule (Part A Rule), which established April 11, 2021 as the cease waste receipt deadline for unlined surface impoundments.

Basin Electric is in the process of implementing a long-term compliance plan for the surface impoundments to meet the CCR Rule. Two surface impoundments have been retrofitted and are in compliance with the CCR Rule. The remaining surface impoundments are in the process of retrofit or closure activities. The total cost to close and retrofit the five impoundments at LRS is estimated at $45.8 million with $19.7 million spent to date.

LITIGATION — On November 7, 2019, McKenzie Electric Cooperative, Inc., a Class C member of Basin Electric, filed a lawsuit against both Basin Electric and Upper Missouri G&T Electric Cooperative, Inc. (Upper Missouri), a Class A member of Basin Electric. The complaint seeks relief (including the ability to buy out of its wholesale power contract) based upon an alleged breach of Basin Electric's articles of incorporation, a provision of the statute pursuant to which Basin Electric was incorporated, the implied covenant of good faith and fair dealing, and a three tier contract that McKenzie Electric alleges exists between McKenzie, Basin Electric and Upper Missouri. Trial in this matter is rescheduled for January 7, 2023 to February 28, 2023.

FERC REGULATION — Effective November 1, 2019, Basin Electric met certain criteria making the cooperative subject to the jurisdiction of the FERC. On September 30, 2019, Basin Electric made all filings required for compliance with FERC regulations; however, on November 26, 2019, the FERC issued an order rejecting without prejudice the majority of our filings, including the cooperative's rate schedules. Basin Electric has since refiled with FERC, its wholesale power contract and rate schedule A filings have been set for hearing, and the balance of the filings have been approved by FERC. The hearing is scheduled to begin October 11, 2022 with an initial decision to be issued by March 23, 2023. Management believes the FERC's future orders related to our 2020 and 2021 rate filings will not have a material impact on the consolidated financial statements.

19. RELATED PARTY TRANSACTIONS

Other receivables include $1,765 and $683 at December 31, 2021 and 2020, for amounts Basin Electric, as operating agent, and its subsidiaries, have billed to MBPP. Included in Special funds on the Consolidated Balance Sheets is Basin Electric's advance to MBPP of approximately $16,995 at December 31, 2021 and 2020.

CONTRACTUAL COMMITMENTS — Basin Electric provides and receives power, various materials, supplies and services to and from affiliates which are under the following agreements through 2026, except as noted below:

- POWER SUPPLY — Basin Electric provides all electric capacity, energy and transmission service needed to meet Dakota Gas' Synfuels Plant requirements under an agreement that extends through 2050.
- SCREENED COAL — Dakota Gas' Synfuels Plant provides screened coal to Basin Electric under an agreement that extends through 2037.
- COAL SUPPLY — Dakota Coal provides all coal requirements of Dakota Gas' Synfuels Plant and Basin Electric's AVS and LOS. This agreement extends through 2037.
- ADMINISTRATIVE SERVICES — Basin Electric provides various administrative and financial services to Dakota Gas, Dakota Coal, MLC and BCS.
- LIME SALES — Dakota Coal provides lime to Basin Electric's AVS and LRS.
- LIMESTONE SALES — Dakota Coal provides limestone to Basin Electric's LOS.
- WATER SUPPLY — Basin Electric provides water supply facilities for use by Dakota Gas' Synfuels Plant.
- SALE OF NATURAL GAS — Dakota Gas sells natural gas to Basin Electric for operation of utility gas generating plants and AVS (includes pipeline related costs).
- USE OF TRANSMISSION ASSETS — Basin Electric uses certain Dakota Gas transmission assets for a fee under an agreement that extends through 2047.
- PROJECT SERVICES — Basin Electric provides the use of operational assets to Dakota Gas' Synfuels Plant.

Related party amounts that were not eliminated in consolidation in accordance with ASC 980 were billed as follows for the years ended December 31:

	2021	2020
Sales of goods and services to:		
Dakota Gas		
Power supply	$ 85,153	$ 34,340
Administrative services	$ 20,144	$ 19,889
Water supply	$ 2,423	$ 2,369
Project Services	$ 215	$ 212
Dakota Coal		
Administrative services	$ 2,082	$ 1,952
Goods and services provided by:		
Dakota Gas		
Screened coal	$ 60,250	$ 57,573
Natural gas	$ 57,224	$ 13,064
Transmission service	$ 1,077	$ 1,074
Dakota Coal		
Coal supply	$ 57,633	$ 53,264
Lime sales	$ 10,013	$ 11,683
Limestone	$ 2,656	$ 2,641

Various other intercompany management, administrative and financial services were performed, which were not significant.

20. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2021	2020
Cash paid (refunded) for interest and income taxes:		
Cash paid for interest	$ 210,127	$ 222,414
Cash paid (refunded) for income taxes	$ 143	$ (1,209)
Non-cash investing and financing activity:		
Accrued acquisition of utility plant and nonutility property	$ 7,943	$ 16,798
Non-cash operating lease additions due to ASC 842	$ 163,153	$ -