

2ND QUARTER REPORT



INVESTING FOR THE FUTURE
BASIN ELECTRIC POWER COOPERATIVE

Basin Electric Power Cooperative (Basin Electric) was incorporated under the laws of the State of North Dakota in 1961 as a not-for-profit generation and transmission (G&T) cooperative corporation. We are headquartered in Bismarck, North Dakota, and are principally engaged in the business of providing wholesale electric services to our member cooperatives (members). These electric services generally represent the capacity and energy requirements of our members beyond what is available to our members from other sources, primarily the Western Area Power Administration, an agency of the United States Department of Energy, that provides hydroelectric power on a preferential basis to our members. We serve our members' power requirements pursuant to long-term wholesale power contracts. Through our members, we provide electric service to approximately 3 million member-owners in the states of Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming.

We employ an all-of-the-above energy strategy to supply our members' power requirements. Basin Electric's portfolio of power supply resources includes owned generation, long-term power purchase contracts, short-term, and spot market energy purchases. Our generating resources are fueled by a mix of natural gas, coal, wind, solar, hydro, and fuel oil.

We participate in the following energy markets: Midcontinent Independent System Operator (MISO) and the Southwest Power Pool (SPP) in the Eastern Interconnection. In the Western Interconnection, our load and assets participate in energy imbalance markets of SPP's Western Energy Imbalance Service market and California Independent System Operator's Western Energy Imbalance Market through various transmission providers.

We are owned entirely by our members, who are the primary purchasers of the power we sell. Basin Electric has 140 members comprised of four membership classifications.

In general, a cooperative is a business organization owned by its members, that are also either the cooperative's wholesale or retail customers. Cooperatives are organized to give their members the opportunity to satisfy their collective needs in a particular area of business more effectively than if the members acted independently. As not-for-profit organizations, cooperatives are intended to provide services to their members on a cost-effective basis, in part by eliminating the need to produce a return on equity in excess of required margins. Margins earned by a cooperative that are not distributed to its members constitute patronage capital, a cooperative's principal source of equity. Patronage capital is held on behalf of the members without interest and returned when the board of directors of the cooperative deems it appropriate to do so.

Basin Electric has three wholly owned, for-profit subsidiaries: Dakota Gasification Company, Dakota Coal Company, and Nemadji River Generation LLC. Dakota Gas converts lignite coal into pipeline-quality synthetic natural gas, carbon dioxide, anhydrous ammonia, urea, diesel exhaust fluid, and a variety of other products. Dakota Coal provides coal for our Antelope Valley Station, Leland Olds Station, and Great Plains Synfuels Plant. Nemadji River Generation is the owner of a 30% undivided interest in the Nemadji Trail Energy Center project. The Nemadji Trail project is a proposed 600-megawatt (MW), natural gas-fueled combined-cycle electric generation facility in Superior, Wisconsin.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries, and Coteau and Dakota Carbon Services LLC as of and for the six-month periods ended June 30, 2024 and 2023. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2023 Annual Report.



TODD T. BRICKHOUSE
Chief Executive Officer and
General Manager



CHRISTOPHER A. JOHNSON
Senior Vice President and
Chief Financial Officer

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

as of June 30, (dollars in thousands)

	2024	2023
Assets		
Utility plant:		
Electric plant in service	\$ 7,528,681	\$ 7,488,919
Construction work in progress	771,164	233,722
Total electric plant	8,299,845	7,722,641
Less: accumulated provision for depreciation and amortization	(3,389,368)	(3,211,888)
	<u>4,910,477</u>	<u>4,510,753</u>
Nonutility property:		
Property, plant and equipment	1,654,511	1,557,886
Construction work in progress	43,002	66,560
Total nonutility property	1,697,513	1,624,446
Less: accumulated provision for depreciation and depletion	(697,442)	(641,897)
	<u>1,000,071</u>	<u>982,549</u>
Other property, investments and deferred charges:		
Mine related assets	146,242	128,306
Investments in associated companies	34,957	32,550
Restricted and designated investments	51,308	43,311
Other investments	257,264	292,297
Special funds	71,549	72,537
Regulatory assets	301,315	315,695
Other deferred charges	128,060	140,255
	<u>990,695</u>	<u>1,024,951</u>
Current assets:		
Cash and cash equivalents	230,935	157,077
Restricted and designated cash and equivalents	370,482	439,810
Short-term investments	398,177	581,854
Customer accounts receivable	201,611	195,647
Other receivables	141,526	98,596
Fuel stock, materials and supplies	313,365	275,935
Prepayments and other current assets	94,815	248,963
	<u>1,750,911</u>	<u>1,997,882</u>
	<u>\$ 8,652,154</u>	<u>\$ 8,516,135</u>
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 22	\$ 22
Patronage capital	1,425,344	1,349,089
Retained earnings of subsidiaries	118,292	125,223
Other equity	285,113	286,417
Accumulated other comprehensive loss	(2,521)	(1,511)
	<u>1,826,250</u>	<u>1,759,240</u>
Noncontrolling interest	2,451	2,457
	<u>1,828,701</u>	<u>1,761,697</u>
Long-term debt, net of current portion		
	4,538,677	4,296,651
Finance lease obligations, net of current portion		
	4,847	5,073
	<u>6,372,225</u>	<u>6,063,421</u>
Regulatory liabilities		
	400,490	529,808
Other deferred credits, taxes and other liabilities		
	725,866	599,661
	<u>1,126,356</u>	<u>1,129,469</u>
Current liabilities:		
Current portion of long-term debt	191,556	155,061
Current portion of finance lease obligations	1,136	728
Accounts payable	294,829	391,543
Notes payable – affiliates	278,350	306,359
Notes payable	165,000	234,179
Taxes and other current liabilities	222,702	235,375
	<u>1,153,573</u>	<u>1,323,245</u>
	<u>\$ 8,652,154</u>	<u>\$ 8,516,135</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

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

	2024	2023
Utility operations:		
Operating revenue:		
Sales of electricity for resale	\$ 1,095,279	\$ 1,052,082
Other electric revenue	3,539	4,035
Total utility operating revenue	<u>1,098,818</u>	<u>1,056,117</u>
Operating expenses:		
Production expense	81,518	77,312
Fuel expense	148,318	170,640
Other power supply	376,550	343,135
Transmission operations	19,840	18,413
Transmission wheeling	74,270	74,150
Rent expense	5,000	5,000
Administration	57,385	55,314
Maintenance	116,177	99,978
Depreciation & amortization	101,768	101,765
Taxes other than income	2,165	2,026
Total utility operating expenses	<u>982,991</u>	<u>947,733</u>
Interest and other charges:		
Interest on long-term debt	95,493	96,642
Interest on short-term debt	10,858	10,900
Other	6,862	6,103
Total interest and other charges	<u>113,213</u>	<u>113,645</u>
Operating margin (deficit)	<u>2,614</u>	<u>(5,261)</u>
Nonoperating margin:		
Interest and other income	38,448	36,226
Patronage allocations from other coops	3,229	3,088
Total nonoperating margin	<u>41,677</u>	<u>39,314</u>
Utility margin before income taxes	<u>44,291</u>	<u>34,053</u>
Nonutility operations:		
Operating revenue:		
Synthetic natural gas	39,642	78,511
Byproducts, coproduct and other	175,590	219,619
Lignite coal	64,405	69,320
Total nonutility operating revenue	<u>279,637</u>	<u>367,450</u>
Operating expenses:		
Other operating expenses (includes \$11,591 and \$11,701 of net income attributable to noncontrolling interest)	<u>367,190</u>	<u>342,800</u>
Operating income (loss)	(87,553)	24,650
Interest and other income	58,133	19,032
Nonutility income (loss) before income taxes	<u>(29,420)</u>	<u>43,682</u>
Margin and earnings before income taxes	<u>14,871</u>	<u>77,735</u>
Income tax expense (benefit)	(7,520)	12,520
Net margin and earnings	<u>\$ 22,391</u>	<u>\$ 65,215</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

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

	2024	2023
Operating activities:		
Net margin and earnings	\$ 22,391	\$ 65,215
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	132,841	124,769
Deferred income taxes	(8,091)	10,895
Changes in regulatory assets and liabilities	(16,913)	3,087
Unrealized gain on investments	(7,555)	(7,535)
Patronage capital allocated	(4,513)	(4,422)
Other amortization and accretion	18,864	19,864
Income attributable to noncontrolling interest	11,591	11,701
Changes in other operating elements:		
Customer accounts receivable	(13,034)	22,517
Other receivables	(410)	10,677
Fuel stock, materials and supplies	(18,102)	(33,413)
Prepayments and other current assets	(11,754)	(7,138)
Accounts payable	10,670	25,877
Taxes and other current liabilities	(1,765)	(87,808)
Changes in collateral	2,830	(22,478)
Other operating activities, net	(15,556)	17,348
Net cash provided by operating activities	<u>101,494</u>	<u>149,156</u>
Investing activities:		
Acquisition of electric plant	(270,774)	(120,410)
Acquisition of nonutility property	(38,300)	(15,516)
Proceeds from sales of property	604	1,089
Purchase of investments	(704,469)	(688,569)
Sale of investments	717,476	801,823
Sale of other assets and payments received on notes receivable	1,116	9,528
Purchase of other assets and issuance of notes receivable	(5,840)	(10,151)
Net cash used in investing activities	<u>(300,187)</u>	<u>(22,206)</u>
Financing activities:		
Proceeds of long-term debt	379,600	-
Principal payments of long-term debt	(131,507)	(31,324)
Payment of debt issue costs	(2,279)	(195)
Proceeds of notes payable — affiliates	1,203,729	1,140,221
Payments of notes payable — affiliates	(1,156,810)	(1,086,592)
Proceeds of notes payable	326,905	314,309
Payments of notes payable	(269,177)	(354,184)
Payments under finance lease obligations	(583)	(518)
Dividends paid to noncontrolling interest	(10,961)	(14,249)
Net cash provided by (used in) financing activities	<u>338,917</u>	<u>(32,532)</u>
Net increase in cash and cash equivalents and restricted and designated cash and equivalents	140,224	94,418
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	461,193	502,469
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	<u>\$ 601,417</u>	<u>\$ 596,887</u>

For the six months ended June 30, 2024 compared to six months ended June 30, 2023

RESULTS OF UTILITY OPERATIONS

Our operating revenue is derived from electricity sales to our members and to non-members (including Dakota Gas). Our electricity sales revenue from and energy sold by us, measured in megawatt-hours (MWh), to our members and to non-members are as follows:

ELECTRICITY REVENUE			
(in millions)	2024	2023	% change
Sales of electricity to members	\$ 969.4	\$ 916.9	5.7%
Sales of electricity to non-members	105.9	135.2	(21.7%)
(Deferral) amortization of non-member revenue	20.0	-	
Non-member revenue, net	125.9	135.2	(6.9%)
Total electricity revenue	\$ 1,095.3	\$ 1,052.1	4.1%

ELECTRIC ENERGY SALES			
(in thousand MWh)	2024	2023	% change
Members	16,531	15,544	6.3%
Others	2,535	2,866	(11.5%)
Total electric energy sales	19,066	18,410	3.6%
Peak billing demand (in MW)	5,134	4,512	13.7%

ELECTRICITY REVENUE

- Sales of electricity to members increased by \$52.5 million.
 - Energy sold to our members increased by 987,000 MWh, or 6.3%. Average peak demand also increased from last year.
- Sales of electricity to non-members (before the impact of deferred revenue amortization) decreased by \$29.3 million. Previously deferred non-member electricity sales revenue in the amount of \$20.0 million was recognized in 2024.
 - Energy sold to non-members decreased 331,000 MWh, or 11.5%. The average sales price decreased from \$47.17 in 2023 to \$41.78 per MWh in 2024.

UTILITY OPERATING EXPENSES			
(in millions)	2024	2023	% change
Production expense	\$ 81.5	\$ 77.3	5.4%
Fuel expense	148.3	170.6	(13.1%)
Other power supply	376.5	343.1	9.7%
Transmission operations	19.8	18.4	7.6%
Transmission wheeling	74.3	74.2	0.1%
Rent expense	5.0	5.0	-
Administration	57.4	55.3	3.8%
Maintenance	116.2	100.0	16.2%
Depreciation & amortization	101.8	101.8	-
Taxes other than income	2.2	2.0	10.0%
Total operating expenses	\$ 983.0	\$ 947.7	3.7%

UTILITY OPERATING EXPENSES

- Utility operating expenses increased by \$35.3 million.
 - Other power supply was \$33.4 million higher largely as a result of higher purchased power related expenses.
 - Maintenance expense increased \$16.2 million largely due to planned maintenance work.
 - Partially offset by:
 - Fuel expense was \$22.3 million lower due to lower natural gas prices and lower coal expense resulting from lower generation at coal facilities.

RESULTS OF NONUTILITY OPERATIONS

Nonutility operating revenue is mainly derived from: (i) the sale of synthetic natural gas, carbon dioxide (CO₂), anhydrous ammonia, urea, diesel exhaust fluid and various other products produced by Dakota Gas, and (ii) the sale by Dakota Coal of lignite coal for use at Basin's generating facilities and for coal gasification at Dakota Gas.

NONUTILITY OPERATING REVENUE

(in millions)	2024	2023	% change
Synthetic natural gas	\$ 39.6	\$ 78.5	(49.6%)
Byproduct, coproduct and other	175.6	219.6	(20.0%)
Lignite coal	64.4	69.4	(7.2%)
Total nonutility operating revenue	\$ 279.6	\$ 367.5	(23.9%)
Synthetic gas sold (dekatherms in millions)	20.3	19.7	3.0%
Fertilizer products sold (tons in thousands)	227.6	259.8	(12.4%)
Coal sales (tons in millions) ⁽¹⁾	3.5	3.7	(5.4%)

(1) Does not include tons sold to Dakota Gas as affiliate revenue is eliminated in the Consolidated Statement of Operations.

NONUTILITY OPERATING REVENUE

- Nonutility operating revenue decreased \$87.9 million.
 - Decreased synthetic natural gas revenue of \$38.9 million as a result of lower natural gas prices in 2024. Realized prices (including natural gas hedge settlements) in 2024 of \$1.96 per dekatherm were \$2.19 per dekatherm lower than in 2023.
 - Decreased fertilizer sales revenue by \$41.8 million; lower volumes and lower prices.
 - Decreased tar oil sales revenue of \$5.9 million mainly due to lower volumes sold.
 - Lignite coal sales revenue decreased \$5.0 million due to lower volumes sold in 2024.
 - Partially offset by:
 - Increased diesel exhaust fluid sales revenue of \$9.5 million due to higher volumes.

NONUTILITY OPERATING EXPENSES

- Nonutility operating expenses increased by \$24.4 million or 71%.
 - Increased utility expenses at Dakota Gas related to more electricity purchased at a higher price.
 - Higher contracted expenses at Dakota Gas related to CO₂ sequestration activities and planned maintenance work.
 - Purchased coal expense at Dakota Coal increased \$4.7 million.
 - Partially offset by:
 - Lower natural gas purchases at Dakota Gas related to lower natural gas prices in 2024.

NONUTILITY INTEREST AND OTHER INCOME

- The increase in nonutility interest and other income is associated with the monetization of tax credits related to the capture and sequestration of CO₂ through Dakota Gas' investment in Dakota Carbon Services LLC.



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POWER COOPERATIVE**

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