

3RD QUARTER REPORT



BASIN ELECTRIC POWER COOPERATIVE

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

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

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

We are owned entirely by our members, who are the primary purchasers of the power we sell. Basin Electric has 139 members comprised of four membership classifications.

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

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

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries, and Coteau and Dakota Carbon Services LLC as of and for the nine-month periods ended September 30, 2025 and 2024. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Basin Electric Power Cooperative's 2024 Annual Report.



TODD T. BRICKHOUSE

Chief Executive Officer and
General Manager



CHRISTOPHER A. JOHNSON

Senior Vice President and
Chief Financial Officer

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

as of September 30, (dollars in thousands)

	2025	2024
Assets		
Utility plant:		
Electric plant in service	\$ 8,425,418	\$ 7,531,353
Construction work in progress	633,670	884,493
Total electric plant	9,059,088	8,415,846
Less: accumulated provision for depreciation and amortization	(3,581,928)	(3,410,255)
	5,477,160	5,005,591
Nonutility property:		
Property, plant and equipment	1,720,646	1,666,863
Construction work in progress	26,455	47,183
Total nonutility property	1,747,101	1,714,046
Less: accumulated provision for depreciation and depletion	(760,886)	(709,959)
	986,215	1,004,087
Other property, investments and deferred charges:		
Mine related assets	166,808	153,441
Investments in associated companies	38,231	36,774
Restricted and designated investments	60,085	54,127
Other investments	207,797	265,867
Special funds	71,798	71,826
Regulatory assets	295,990	313,376
Other deferred charges	165,472	132,094
	1,006,181	1,027,505
Current assets:		
Cash and cash equivalents	362,127	247,142
Restricted and designated cash and equivalents	320,321	354,685
Short-term investments	5,795	352,019
Customer accounts receivable	219,173	241,109
Other receivables	90,718	156,628
Fuel stock, materials and supplies	333,179	315,917
Prepayments and other current assets	133,006	70,242
	1,464,319	1,737,742
	<u>\$ 8,933,875</u>	<u>\$ 8,774,925</u>
Capitalization and Liabilities		
Capitalization:		
Equity:		
Memberships	\$ 22	\$ 22
Patronage capital	1,578,106	1,515,001
Retained earnings of subsidiaries	119,088	115,761
Other equity	294,252	285,113
Accumulated other comprehensive income (loss)	6,690	3,758
	1,998,158	1,919,655
Noncontrolling interest	2,810	2,403
	2,000,968	1,922,058
Long-term debt, net of current portion	4,546,678	4,563,161
Finance lease obligations, net of current portion	3,650	4,713
Total capitalization	6,551,296	6,489,932
Regulatory liabilities	341,261	385,620
Other deferred credits, taxes and other liabilities	717,484	741,360
	1,058,745	1,126,980
Current liabilities:		
Current portion of long-term debt	202,542	192,510
Current portion of finance lease obligations	1,090	1,159
Accounts payable	426,852	269,719
Notes payable – affiliates	215,683	274,149
Notes payable	274,815	190,000
Taxes and other current liabilities	202,852	230,476
	1,323,834	1,158,013
	<u>\$ 8,933,875</u>	<u>\$ 8,774,925</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

for the nine months ended September 30, (dollars in thousands)

	2025	2024
Utility operations:		
Operating revenue:		
Sales of electricity for resale	\$ 1,772,545	\$ 1,699,361
Other electric revenue	5,753	5,060
Total utility operating revenue	<u>1,778,298</u>	<u>1,704,421</u>
Operating expenses:		
Production expense	132,079	125,309
Fuel expense	269,747	237,943
Other power supply	537,786	541,874
Transmission operations	29,916	29,090
Transmission wheeling	125,352	107,347
Rent expense	7,500	7,500
Administration	88,955	85,962
Maintenance	179,586	156,149
Depreciation & amortization	159,892	152,917
Taxes other than income	3,375	3,284
Total utility operating expenses	<u>1,534,188</u>	<u>1,447,375</u>
Interest and other charges:		
Interest on long-term debt	146,548	141,895
Interest on short-term debt	9,477	16,198
Other	11,624	10,293
Total interest and other charges	<u>167,649</u>	<u>168,386</u>
Operating margin	<u>76,461</u>	<u>88,660</u>
Nonoperating margin:		
Interest and other income	47,817	57,704
Patronage allocations from other cooperatives	3,944	4,503
Total nonoperating margin	<u>51,761</u>	<u>62,207</u>
Utility margin before income taxes	<u>128,222</u>	<u>150,867</u>
Nonutility operations:		
Operating revenue:		
Synthetic natural gas	82,464	55,438
Byproduct, coproduct and other	325,363	260,348
Lignite coal	107,677	97,354
Total nonutility operating revenue	<u>515,504</u>	<u>413,140</u>
Operating expenses:		
Other operating expenses (includes \$17,243 and \$17,360 of net income attributable to noncontrolling interest)	<u>646,249</u>	<u>550,559</u>
Operating loss	(130,745)	(137,419)
Interest, other income, and tax credits	<u>107,804</u>	<u>88,610</u>
Nonutility loss before income taxes	<u>(22,941)</u>	<u>(48,809)</u>
Margin before income taxes	<u>105,281</u>	<u>102,058</u>
Income tax expense (benefit)	<u>1,217</u>	<u>(7,460)</u>
Net margin and earnings	<u>\$ 104,064</u>	<u>\$ 109,518</u>

BASIN ELECTRIC POWER COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

for the nine months ended September 30, (dollars in thousands)

	2025	2024
Operating activities:		
Net margin and earnings	\$ 104,064	\$ 109,518
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	184,294	200,017
Deferred income taxes	(5,445)	(17,266)
Changes in regulatory assets and liabilities	13,760	(15,369)
Unrealized gain on investments	(6,147)	(12,764)
Patronage capital allocated	(6,752)	(7,053)
Other amortization and accretion	65,650	29,503
Income attributable to noncontrolling interest	(10,692)	(12,089)
Recognition of initial payment for tax credit monetization	17,243	17,360
Changes in other operating elements:		
Customer accounts receivable	(22,109)	(52,532)
Other receivables	19,238	(25,626)
Fuel stock, materials and supplies	(12,599)	(20,654)
Prepayments and other current assets	8,676	8,339
Accounts payable	(12,462)	(22,864)
Taxes and other current liabilities	44,684	31,109
Changes in collateral	5,360	(6,289)
Other operating activities, net	(30,900)	(18,825)
Net cash provided by operating activities	355,863	184,515
Investing activities:		
Acquisition of electric plant	(473,311)	(416,813)
Acquisition of nonutility property	(36,932)	(54,973)
Proceeds from sales of property	3,891	2,870
Purchase of investments	(65,298)	(1,087,009)
Sale of investments	119,602	1,138,869
Sale of other assets and payments received on notes receivable	910	1,374
Purchase of other assets and issuance of notes receivable	(10,966)	(6,770)
Net cash used in investing activities	(462,104)	(422,452)
Financing activities:		
Proceeds from sale of membership interest	-	167,467
Proceeds of long-term debt	100,538	417,374
Principal payments of long-term debt	(125,758)	(146,475)
Payment of debt issue costs	(5,693)	(2,279)
Proceeds of notes payable — affiliates	1,792,769	1,733,480
Payments of notes payable — affiliates	(1,723,876)	(1,688,562)
Proceeds of notes payable	199,718	184,438
Payments of notes payable	(124,903)	(269,177)
Payments under finance lease obligations	(872)	(917)
Dividends paid to noncontrolling interest	(17,144)	(16,778)
Net cash provided by financing activities	94,779	378,571
Net increase (decrease) in cash and cash equivalents and restricted and designated cash and equivalents	(11,462)	140,634
Cash and cash equivalents and restricted and designated cash and equivalents, beginning of period	693,910	461,193
Cash and cash equivalents and restricted and designated cash and equivalents, end of period	\$ 682,448	\$ 601,827

For the nine months ended September 30, 2025 compared to nine months ended September 30, 2024

RESULTS OF UTILITY OPERATIONS

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

ELECTRICITY REVENUE

(in millions)	2025	2024	% change
Sales of electricity to members	\$ 1,619.4	\$ 1,507.9	7.4%
Sales of electricity to non-members	153.1	171.5	(10.7%)
(Deferral) amortization of non-member revenue	-	20.0	
Non-member revenue, net	153.1	191.5	(20.1%)
Total electricity revenue	\$ 1,772.5	\$ 1,699.4	4.3%

ELECTRIC ENERGY SALES

(in thousand MWh)	2025	2024	% change
Members	25,496	25,198	1.2%
Others	3,639	3,884	(6.3%)
Total electric energy sales	29,135	29,082	0.2%
Peak billing demand (in MW)	5,150	5,134	0.3%

ELECTRICITY REVENUE

- Sales of electricity to members increased by \$111.5 million.
 - Energy sold to our members increased by 298,000 MWh, or 1.2%. Average peak demand also increased from last year and an increase in average member rates went into effect on January 1, 2025.
- Sales of electricity to non-members (before the impact of deferred revenue amortization) decreased by \$18.4 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 245,000 MWh, or 6.3%. The average sales price decreased from \$44.16 in 2024 to \$42.07 per MWh in 2025.

UTILITY OPERATING EXPENSES

(in millions)	2025	2024	% change
Production expense	\$ 132.1	\$ 125.3	5.4%
Fuel expense	269.7	237.9	13.4%
Other power supply	537.8	541.9	(0.8%)
Transmission operations	29.9	29.1	2.7%
Transmission wheeling	125.3	107.4	16.7%
Rent expense	7.5	7.5	-
Administration	89.0	86.0	3.5%
Maintenance	179.6	156.1	15.1%
Depreciation & amortization	159.9	152.9	4.6%
Taxes other than income	3.4	3.3	3.0%
Total operating expenses	\$ 1,534.2	\$ 1,447.4	6.0%

UTILITY OPERATING EXPENSES

- Utility operating expenses increased by \$86.8 million.
 - Fuel expense was \$31.8 million higher primarily due to higher natural gas and coal prices.
 - Maintenance expense increased \$23.5 million largely due to maintenance work at coal generating facilities.
 - Transmission wheeling expense was \$17.9 million higher.

RESULTS OF NONUTILITY OPERATIONS

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

NONUTILITY OPERATING REVENUE

(in millions)	2025	2024	% change
Synthetic natural gas	\$ 82.5	\$ 55.4	48.9%
Byproduct, coproduct and other	325.3	260.3	25.0%
Lignite coal	107.7	97.4	10.6%
Total nonutility operating revenue	\$ 515.5	\$ 413.1	24.8%
Synthetic gas sold (dekatherms in millions)	26.8	30.6	(12.4%)
Fertilizer products sold (tons in thousands)	321.6	301.3	6.7%
Coal sales (tons in millions) ⁽¹⁾	5.1	5.3	(3.8%)

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

NONUTILITY OPERATING REVENUE

- Nonutility operating revenue increased \$102.4 million.
 - Increased synthetic natural gas revenue by \$27.1 million, primarily as a result of higher prices. Prices were 70% higher in 2025 compared to 2024.
 - Increased fertilizer sales revenue by \$42.7 million, primarily as a result of higher prices and volumes.
 - Increased third party diesel exhaust fluid (DEF) revenue by \$35.9 million due to contracts entered into during 2025.
 - Increased lignite coal sales revenue by \$10.3 million as a result of higher prices in 2025.

NONUTILITY OPERATING EXPENSES

- Nonutility operating expenses increased by \$95.7 million or 17.4%.
 - Increased products purchased for resale by \$37.6 million primarily due to third party DEF purchase contracts entered into during 2025 and higher natural gas purchases.
 - Increased freight by \$23.6 million due to a change in reporting revenue gross vs. net due to changes in DEF and fertilizer contracts.
 - Increased coal costs by \$5.8 million due to higher prices per ton.
 - Increased labor costs by \$5.6 million.

NONUTILITY INTEREST AND OTHER INCOME

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



**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 