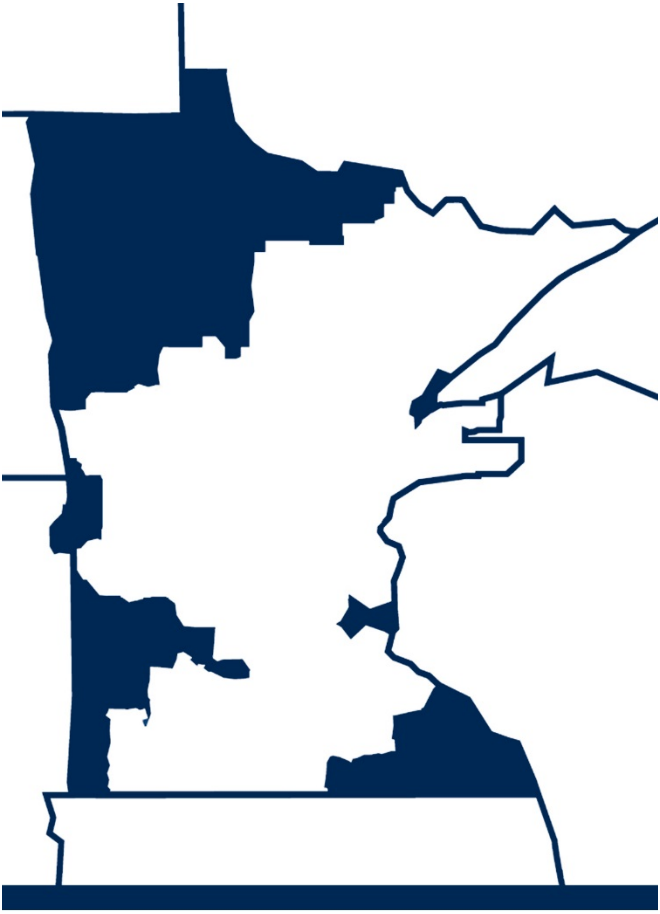

2017 First Quarter Report

GREAT RIVER ENERGY™

GREAT RIVER ENERGY

Consolidated Balance Sheets (unaudited)

(In Thousands)

	March 31, 2017	March 31, 2016
ASSETS		
UTILITY PLANT:		
Electric plant	$ 4,454,224	$ 4,577,579
Coal mine plant	338,411	345,542
Plant to be retired - net of accumulated depreciation	52,158	-
Construction work in progress	113,652	77,735
Less accumulated depreciation and amortization	(2,132,659)	(2,187,558)
Utility plant-net	2,825,786	2,813,298
NONUTILITY PLANT AND EQUIPMENT--NET	178,967	185,378
OTHER ASSETS AND INVESTMENTS:		
Restricted investments-deferred compensation	13,199	12,231
Other investments	30,603	29,797
Deferred Charges:		
Financing related	117,860	140,894
Contract settlement	83,543	83,543
Other	163,373	148,515
Other long-term assets	28,444	29,246
Total other assets and investments	437,022	444,226
CURRENT ASSETS:		
Cash and cash equivalents	252,803	273,360
Accounts receivable:		
Members	138,314	130,226
Others	23,327	21,532
Inventories:		
Materials and supplies	66,624	73,417
Fuel	19,585	28,210
Other	20,935	18,420
Prepaids and other current assets	30,494	21,067
Derivative Instruments	6,814	2,311
Total current assets	558,896	568,543
TOTAL ASSETS	$ 4,000,671	$ 4,011,445
LIABILITIES AND CAPITAL		
CAPITAL:		
Members:		
Patronage capital	$ 601,921	$ 541,321
Memberships	3	3
Additional paid-in capital - subsidiary	1,195	1,195
Total members' capital	603,119	542,519
Noncontrolling interest:		
Noncontrolling interest - subsidiary	21,783	19,096
Noncontrolling interest - variable interest entity	117,586	103,019
Total capital	742,488	664,634
OTHER NONCURRENT LIABILITIES	101,794	107,693
REGULATORY LIABILITIES	41,239	25,572
LONG-TERM OBLIGATIONS-Less current portion	2,682,723	2,764,117
DEFERRED COMPENSATION	13,199	12,231
DEFERRED INCOME TAXES	5,726	4,915
CURRENT LIABILITIES:		
Current portion of long-term obligations	149,533	150,531
Notes payable to members	31,229	35,297
Accounts payable	70,648	74,277
Property and other taxes	32,590	32,934
Other accrued liabilities and notes payable	53,955	43,188
Accrued interest payable	37,712	39,277
Derivative instruments	37,835	56,779
Total current liabilities	413,502	432,283
TOTAL LIABILITIES AND CAPITAL	$ 4,000,671	$ 4,011,445

GREAT RIVER ENERGY

Interim Consolidated Statements of Operations, Comprehensive Income and Changes in Capital (unaudited)

(In Thousands)

	Three months ended March 31, 2017	2016
UTILITY OPERATIONS		
UTILITY OPERATING REVENUE:		
Electric revenue	$ 232,735	$ 218,152
Other operating revenue	22,201	20,906
Total utility operating revenue	254,936	239,058
UTILITY OPERATING EXPENSES:		
Purchased power	47,536	36,171
Fuel	54,418	55,211
Operation and maintenance	70,562	81,390
Depreciation and amortization	37,530	36,070
Property and other taxes	7,782	8,453
Total utility operating expenses	217,828	217,295
UTILITY OPERATING MARGIN	37,108	21,763
OTHER INCOME (EXPENSE):		
Other income-net	1,635	1,642
Interest income	455	410
Interest expense-net of amounts capitalized	(33,378)	(35,476)
Other expense - net	(31,288)	(33,424)
Net utility margin (loss)	5,820	(11,661)
NONUTILITY OPERATIONS:		
Operating revenue	63,330	57,699
Operating expense	59,536	60,051
Operating income (loss)	3,794	(2,352)
Loss from equity method investments	(99)	(16)
Loss from variable interest entity - NDRC	(3,277)	(3,252)
Net nonutility operations	418	(5,620)
NET MARGIN (LOSS) AND COMPREHENSIVE INCOME (LOSS), INCLUDING NONCONTROLLING INTEREST	6,238	(17,281)
NONCONTROLLING INTEREST NET (INCOME) LOSS:		
Subsidiary - MAG	(824)	502
Variable interest entity - NDRC	3,277	3,252
NET MARGIN (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO GREAT RIVER ENERGY	**$ 8,691**	**$ (13,527)**
CAPITAL-BEGINNING OF PERIOD	$ 729,033	$ 672,599
Net margin (loss) and comprehensive income (loss)	6,238	(17,281)
Variable interest entity - NDRC:		
Capital contributed by noncontrolling interest	12,727	12,592
Capital distributed to noncontrolling interest	(5,310)	(3,078)
Dividends distributed by noncontrolling interest	(200)	(198)
CAPITAL-END OF PERIOD	$ 742,488	$ 664,634

GREAT RIVER ENERGY

Interim Consolidated Statements of Cash Flows (unaudited)

(In Thousands)

	Three months ended March 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin (loss), including noncontrolling interest	$ 6,238	$ (17,281)
Adjustments to reconcile net margin (loss) to net cash used in operating activities:		
Depreciation and amortization:		
Included in depreciation and amortization	37,530	36,070
Included in fuel and interest	6,779	7,805
Included in operation and maintenance	1,805	2,478
Included in nonutility operating expenses	1,364	2,540
Loss from equity method investments	99	16
Patronage credits earned from investments	(1,286)	(1,215)
Deferred charges	(5,717)	(9,775)
Changes in working capital (excluding cash, investments and borrowings):		
Accounts and long-term receivables	14,234	1,408
Inventory and other assets	(12,459)	(3,785)
Accounts payable, taxes and other accrued expenses	(24,127)	7,849
Accrued interest	(22,979)	(24,001)
Noncurrent liabilities	318	(4,678)
Net cash provided by (used in) operating activities	1,799	(2,569)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(31,696)	(25,767)
Nonutility property additions	(529)	(1,344)
Proceeds from sale of plant	32	62
Redemption of patronage capital investments	932	875
Net cash used in investing activities	(31,261)	(26,174)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term obligations	90,000	50,000
Repayments of long-term obligations	(93,974)	(30,296)
Costs of new debt issuance, leases, and interest rate hedging instruments	-	(18)
Notes received from members-net	4,042	4,754
Variable interest entity - NDRC:		
Capital contributed by noncontrolling interest	12,727	12,592
Capital distributed to noncontrolling interest	(5,310)	(3,078)
Dividends paid by noncontrolling interest	(200)	(198)
Net cash provided by financing activities	7,285	33,756
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(22,177)**	**5,013**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	**274,980**	**268,347**
CASH AND CASH EQUIVALENTS - END OF PERIOD	**$ 252,803**	**$ 273,360**

Note to consolidated financial statements - As required by Accounting Standards Codification 810-10, GRE is consolidating the financial statements of the Falkirk Mining Company (Falkirk), a variable interest entity; North Dakota Refined Coal, LLC (NDRC), a variable interest entity; and Midwest AgEnergy Group, LLC (MAG), a subsidiary of GRE. MAG includes its subsidiaries Dakota Spirit AgEnergy Finance, LLC (DSAF), Dakota Spirit AgEnergy, LLC (DSA), and Blue Flint Ethanol LLC (Blue Flint). GRE is a 78.43 percent owner in MAG. All transactions between the companies have been eliminated in consolidation, except for the steam sales between GRE and MAG on the consolidated statements of operations.

GRE adopted ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* , as of December 31, 2016. The standard requires GRE to present deferred tax assets and deferred tax liabilities on a net basis and as noncurrent on a classified balance sheet. To conform with the current presentation, current deferred income tax benefit of $25.2 million was retrospectively reclassified to long-term deferred income taxes liability on the consolidated balance sheet as of March 31, 2016.

Financial Highlights - Financial Condition

Assets

Utility plant – net increased $12.5 million to $2.8 billion as of March 31, 2017, due to additions for transmission and generation projects, general plant, and Falkirk additions. Additions were offset by depreciation and accretion for the period.

Nonutility plant and equipment – net decreased $6.4 million to $179.0 million as of March 31, 2017 due to depreciation on MAG plant assets.

Other assets and investments decreased $7.2 million to $437.0 million as of March 31, 2017. Deferred charges-financing related decreased $23.0 million due to a decrease in the fair value of certain derivative instruments in a liability position and due to amortization. Deferred charges-other increased $14.9 million due to the deferral of refined coal fuel purchase costs during 2016 and the deferral of Stanton Station (Stanton) plant retirement costs; offset by amortization.

Current assets decreased $11.0 million to $557.6 million as of March 31, 2017. Cash and cash equivalents decreased $20.6 million. Materials and supplies inventory decreased $6.8 million due primarily to inventory held as of March 31, 2016 for a large telecommunications project that was completed during 2016. Fuel inventory decreased $8.6 million due to the reduction in inventory at Stanton. These decreases were offset by an increase in accounts receivable-members of $8.1 million due to the 2017 rate increase and the impact of a power cost adjustment (PCA) charge in February and March of 2017 compared to a PCA credit for the same period in 2016. Prepaids and other current assets increased $9.3 million due to timing, as a capacity contract payment was made earlier in 2017 as compared to 2016.

Liabilities and Capital

Total capital increased $77.9 million to $742.5 million as of March 31, 2017. Members' capital increased due to results from operations. The MAG noncontrolling interest increased due to MAG earnings. The NDRC noncontrolling interest increased due to capital contributions by third party investors.

Regulatory liabilities increased $16.7 million to $41.2 million as of March 31, 2017 due to the deferral of member electric revenue of $12.0 million in December 2016 and an increase in the regulatory liability associated with the fair value of interest rate swaps in an asset position.

Long-term obligations – less current portion decreased $81.4 million to $2.7 billion as of March 31, 2017 due to scheduled principal payments and the amortization of debt issue costs; offset by an increase in the amount outstanding on the syndicated credit facility of $65.0 million.

Current liabilities decreased $20.1 million to $412.2 million as of March 31, 2017. Notes payable decreased $4.1 million due to decreased use of a program that allows members to deposit funds with GRE in exchange for a return. Accounts payable decreased $4.4 million due to timing and a decrease in MAG payables. Derivative instruments in a liability position decreased $18.9 million due to the impact of higher interest rates on the fair value of interest rate swaps. These decreases were offset by an increase in other current liabilities and notes payable of $10.3 million due to the reclassification of a Stanton ash pond asset retirement obligation to current and the recording of additional plant retirement obligations.

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Financial Highlights - Results of Operations

Utility operating revenue increased $15.9 million or 6.6 percent for the three month period ended March 31, 2017 compared to the same period in 2016. Electric revenue increased due to an average rate increase of 1.8 percent for 2017, the impact of a PCA charge of $5.4 million in 2017 compared to a PCA credit of $2.1 million in 2016, and increased MISO market sales of $6.0 million due to increased MWhs sold at higher average market prices. Other operating revenue increased due to increased tipping fees at the Elk River Resource Processing Plant.

Purchased power increased $11.4 million or 31.4 percent for the three month period ended March 31, 2017. Power purchases from the market increased due to higher average MISO market prices and increased MWh purchases due to Stanton's reduced generation because of its planned retirement and the economic dispatch of Coal Creek Station (CCS) when market prices are low.

Fuel decreased $0.8 million or 1.4 percent for the three month period ended March 31, 2017 due to reduced generation at Stanton and CCS. These decreases were offset by increased fuel costs at CCS as refined coal fuel purchase costs are no longer being deferred. For the year 2016, refined coal fuel purchase costs of $12.0 million were deferred as a regulatory asset.

Operation and maintenance decreased $10.8 million or 13.3 percent for the three month period ended March 31, 2017. Generation operation and maintenance decreased $3.8 million due to Stanton's planned retirement and due to the timing of maintenance at Elk River Energy Recovery Station. Transmission operation and maintenance decreased $7.1 million due to the receipt of retroactive settlements from other transmission owners for the lowering of the FERC Rate of Return and due to lower transmission costs for 2017 for GRE's share of local and regional transmission owned by others within MISO. General and administrative expenses were flat in 2017 compared to 2016.

Interest expense – net of capitalized amounts decreased $2.1 million or 5.9 percent due to the repayment of higher rate debt, partially offset by additional borrowings on the syndicated credit facility, which carries a lower rate. Capitalized interest increased $0.5 million during the period in 2017 compared to 2016.

Nonutility operating revenue and expense represents the operations of MAG and its subsidiaries.

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The interim financial statements as of March 31, 2017 are unaudited. In the opinion of Management, all adjustments (which are normal recurring adjustments) have been made for a fair and accurate presentation of the financial reports. The interim financial statements should be read in conjunction with the Notes to Consolidated Financial Statements included in the 2016 Annual Report.

Great River Energy of Maple Grove, Minnesota, is the second largest electric utility in the state, based on generating capacity, and the fourth largest generation and transmission (G&T) cooperative in the U.S. in terms of assets. We provide wholesale power to 28 distribution cooperatives in Minnesota. Those member cooperatives distribute electricity to approximately 685,000 homes, businesses, and farms.