

Great River Energy Board Meeting Summary

Nov. 4, 2021

Maple Grove, Minnesota

Topics of interest from the November board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ GRE's margin is \$79.9M through September compared to a budgeted \$34.1M, a positive variance of \$45.8M. The PCA through September is a \$26M charge. Energy and demand sales are 2.9% and 5.6% higher than budget, respectively.
- ▶ Xcel Energy and Minnesota Power are both seeking rate increases. The market forecasts in the last year have changed dramatically. GRE has engaged The Brattle Group to update its rate study. GRE is also conducting its own internal rate study.
- ▶ GRE and Connexus discussions associated with a new customer-based relationship are progressing well. We expect to have a term sheet by the end of 2021, and contract approvals in early 2022 with an effective date at the end of 2022.
- ▶ COVID-19 cases and transmission rates remain high in counties where GRE has facilities. GRE continues to track cases and mandate masking and social distancing.
- ▶ GRE will participate in the GridEx industry-wide crisis drill in November. The exercise simulates grid emergencies to test our response in a realistic setting.
- ▶ Meetings attended include: member manager group; Greater MSP board; and GRE employee communication meeting.
- ▶ Upcoming meetings include: Basin Electric annual meeting; member manager group meeting; and ACES board meeting.

Financial update

Vice President and Chief Financial Officer Michelle Strobel provided an overview of financials through September.

- ▶ The September margin was \$1.3M compared to a budgeted (\$4.6M), a favorable variance of \$5.9M. The September PCA is a \$1.2M credit to members.
- ▶ Year-to-date member revenue is \$54.7M above budget, non-member revenue under budget (\$10.5M), other revenue above budget \$1.0M, and non-operating revenue ahead of budget \$10.2M.
- ▶ Year to date ownership expenses are under budget (\$4.3M), fuel under budget (\$1.6M), purchased power over budget \$25.9M, O&M expenses under budget (\$10.4M), and margin is a positive variance of \$45.8M.
- ▶ Member demand sales through September are 767 MW ahead of budget, a positive budget variance of 5.6% and 6.3% ahead of 2020. Year-to-date member energy sales are 2.9% above budget and 2.5% over 2020.
- ▶ Construction work in progress includes 1,356 projects totaling \$55.4M. The five largest projects include: Frazee substation rebuild 115kV; FE-RH line - rebuild 69kV (23.8 mi); BE-WCT line – relocate structures 69kV; Wing River – 230kV ring bus; and Datacenter firewall refresh – Palo Alto.

Business improvement

Senior GIS Technician Robert Borchert shared a business improvement detailing the telecommunication department's replacement of 112 alarm systems at 111 sites.

Motions

A number of items were approved on the consent agenda. The board also approved the 2022 budget and rates as well as resolutions related to power purchase agreements with NextEra Energy Resources and Rainbow Energy Center.

For more information about the November meeting of GRE's board of directors, contact Daniel Becchetti, communications leader, at 763-445-5706. The next meeting will be Dec. 1-2 in Maple Grove, Minnesota.