

Great River Energy Board Meeting Summary

Oct. 6-7, 2021

Maple Grove, Minnesota

Topics of interest from the October board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ The year-to-date margin is \$78.7M compared to a budgeted \$38.9M for a positive variance of \$39.8M.
- ▶ The PCA year-to-date is a \$27.2M charge to members. In accordance with the PCA relief board resolution GRE has issued \$11.3M in PCA relief refunds in 2021.
- ▶ Year-to-date energy and demand sales are 3.4% and 6.2% higher than budget, respectively.
- ▶ GRE's share of Midwest AgEnergy's net income is \$5.2M year-to-date.
- ▶ GRE is awaiting Minnesota Public Utilities Commission approval for the transfer of the HVDC system permit to Nexus Line, LLC. Nexus must provide more financial information as well as a decommissioning plan for the HVDC system.
- ▶ GRE is currently tracking 16 employee cases of COVID-19 and continues to mandate masking and social distancing at all GRE locations.
- ▶ Meetings attended include: member manager group leadership; Lignite Energy Council CEO Jason Bohrer; Lignite Energy Council management committee; GRE leadership; Lignite Energy Council board; and Arrowhead Cooperative board.
- ▶ Upcoming meetings include: member manager group; employee communication meeting; MAG compensation committee; and MAG board.

Financial update

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

- ▶ The August margin was \$32.5M compared to a budgeted \$22.0M for a favorable variance of \$10.5M.
- ▶ Member revenue is \$55.7M above budget, non-member revenue under budget (\$9.7M), and non-operating revenue over budget \$6.9M.
- ▶ Ownership expenses are under budget (\$3.1M), fuel expenses over budget \$0.2M, purchased power over budget \$26.1M, and O&M expenses under budget (\$9.3M).
- ▶ The August PCA is a \$1.9M charge to members. GRE issued member-owners a \$2.1M refund deducted from the August margin.
- ▶ Construction work in progress includes 1,357 projects totaling \$53.6M. The five largest projects include: SHN line – rebuild 230kV (16.29 mi); Frazee substation rebuild 115kV; FE-RH line - rebuild 69kV (23.8 mi); BE-WCT line – relocate structures 69kV; and Wing River – 230kV ring bus.

Business improvement

Minnesota Generation Manager Tye Stuart detailed damper modifications and control system process changes at Pleasant Valley Station that will prevent future operation issues related to extreme cold weather events.

Motions

A number of items were approved on the consent agenda.

For more information about the October meeting of GRE's board of directors, please contact Daniel Becchetti, communications leader, at 763-445-5706. The next meeting will be held Nov. 3-4 in Maple Grove, Minnesota.