

# Great River Energy Board Meeting Summary

## June 8-9, 2022

### Maple Grove, Minnesota

#### Topics of interest from the June board meeting

##### **CEO update**

President and CEO David Saggau provided the following report:

- ▶ Great River Energy adopted the 2022 budget in May and issued bill credits equal to excess utility margins through the effective date of the Coal Creek Station and HVDC sale transaction. Bill credits will amount to \$13.3M on May power bills.
- ▶ Energy and demand sales continue to be consistently strong. Year-to-date energy and demand sales are 6.8% and 2.8% higher than budget, respectively.
- ▶ The energy markets have been volatile and unpredictable. Although it is affecting all utilities, GRE is well positioned. GRE is closely monitoring components within its control and continues to work diligently to mitigate PCA charges for members.
- ▶ GRE closed out financings this week with a private placement and locked in on a bilateral loan. Both transactions are expected to close and fund on June 22.
- ▶ Fitch Ratings affirmed GRE's A- credit rating and stable outlook on June 1.
- ▶ GRE filed a request for minor alteration to site permit for the addition of dual fuel capability at Cambridge Station.
- ▶ FORM Energy and GRE recently reviewed engineer/procure/construct (EPC) proposals to design and build the energy storage pilot project in Cambridge.
- ▶ Meetings attended: Connect the Dots team kick-off meeting and roundtable feedback session; Midwest AgEnergy annual meeting and board meeting; ACES board meeting; member manager group; GRE leadership meeting; Dakota Electric Association board meeting; and US Bank private placement investor calls.
- ▶ Upcoming meetings: Gov. Burgum meeting in Bismarck; GRE and Rainbow Energy executive dinner; BENCO strategic planning session; and East Central Energy.

##### **Financial update**

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

- ▶ The April margin was \$(24.7)M compared to a budgeted \$(13.2)M, an unfavorable variance of \$(11.5)M. This includes the bill credit amount of \$13.3M.
- ▶ Member revenue is \$39.1M above budget, non-member revenue under budget \$(9.1)M, other revenue over budget \$0.4M, and non-operating revenue over budget \$0.6M.
- ▶ Ownership expenses are under budget \$(5.5)M, fuel expenses under budget \$(9.2)M, purchased power over budget \$44.7M, O&M expenses over budget 1.0M, and the margin is equal to budget due to issuing a bill credit equal to excess margins.
- ▶ The April PCA is a \$14.9M charge to members. The year-to-date PCA is a \$35.9M charge to members.

##### **Business improvement**

Spiritwood Station Engineer II Eathan Gumke presented a business improvement on a safety solution for a combustion fan at Spiritwood Station. Exterior hot ductwork surrounded by steel resulted in snow melting and refreezing, causing an unsafe environment. Insulating the duct resulted in the elimination of icicles, measurable performance improvement as well as a needed safety improvement. Additionally, the modified system has a fuel savings of 85.6 tons of coal per year and an annual financial savings of \$3,977.

##### **Motions**

A number of motions were approved on the consent agenda, including an amended and restated credit agreement with CoBank.

For more information about the June meeting of GRE's board of directors, contact Daniel Becchetti, communications leader, at 763-445-5706. The next meeting will be July 13-14 in Maple Grove, Minnesota.