

Great River Energy Board Meeting Summary

Nov. 2-3, 2022

Maple Grove, Minnesota

Topics of interest from the November board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ GRE's strong year continues. The September year-to-date margin is \$79.3M compared to a budgeted margin of \$39.2M for a positive variance of \$40.1M. This strong margin comes after GRE zeroed out its utility margin by issuing a \$13.3M bill credit earlier this year.
- ▶ The power cost adjustment (PCA) for September is a \$5.2M credit to members, and the year-to-date PCA is a \$28.2M charge to members. GRE assets continue to perform very well in this volatile market.
- ▶ The GRE 2023 budget has been prepared amid continued volatility in the electricity and natural gas markets. GRE will raise wholesale rates in 2023, the first increase in five years. The increase is due to elevated prices for natural gas and market electricity.
- ▶ GRE has once again been named a healthiest employer, which is a designation GRE has had for over a decade. GRE is self-insured so well-being programs assist in keeping employees healthy while saving members money.
- ▶ Meetings attended include: member manager group meeting; employee communication meetings; Mille Lacs Energy Cooperative board meeting; and Midwest AgEnergy board meeting.
- ▶ Upcoming meetings include: Basin Electric Power Cooperative annual meeting; GRE leadership meeting; ACES board meeting; December board meetings which will be held with member CEOs.

Financial update

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

- ▶ The September margin is \$0.2M compared to a budgeted margin of \$(2.3)M for a positive variance of \$2.5M.
- ▶ Member revenue year-to-date is \$73.4M above budget, non-member revenue over budget \$35.1M, other revenue over budget \$0.7M, and non-operating revenue over budget \$14.1M.
- ▶ Ownership expenses are under budget \$(11.2)M, fuel expenses under budget \$(0.2)M, purchased power over budget \$92.9M, O&M expenses over budget \$1.7M, and year-to-date margin is a positive variance of \$40.1M.
- ▶ Energy sales were 1.4% higher than budget in September and are 3.0% higher than budget year to date. Demand sales were 15.1% higher than budget in September and are 7.1% higher than budget year to date.

Business improvement

Senior Engineer Tyler Myers presented a business improvement on solving the constructability issues while maintaining or improving the resiliency for new transmission line storm structures. GRE engineers and field technicians teamed up to replace the traditional three-pole structures with two-pole structures. The solution eliminates work directly under phases, reduces impacts to landowners, and provides operational advantages for field technicians. This new structure also results in an annual cost savings due to reduced amount of steel used, reduced foundation cost, and reduced crew hours. The approximate savings for an average five structures per year is \$385,000.

Motions

A number of motions were approved, including the 2023 budget and rates as well as the 2023-2024 strategic plan.

For more information about the November meeting of GRE's board of directors, contact Daniel Becchetti, communications and marketing manager, at 763-445-5706. The next meeting will be Dec. 7-8 in Maple Grove, Minnesota.