

Great River Energy Board Meeting Summary

May 3-4, 2023

Maple Grove, Minnesota

Topics of interest from the May board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ The GRE headquarters wind turbine was hit by lightning, destroying critical turbine parts. GRE has plans to fix the turbine.
- ▶ Year-to-date financial results are strong. The margin is a positive variance of \$8.0M and the PCA is a \$3.5M credit to members.
- ▶ Year-to-date energy and demand sales are 1.5% and 2.9% lower than budget, respectively.
- ▶ The 400-MW Discovery Wind project in North Dakota continues to progress. Upon completion of the signed land leases for the turbines and the transmission infrastructure route, developer Apex can apply for county permits and seek final approval from the North Dakota Public Service Commission.
- ▶ Moody's affirmed GRE's A3 stable credit rating with a report that highlighted GRE's efforts to de-risk the overall business.
- ▶ Meetings attended: Member manager group; Todd-Wadena Electric Cooperative annual meeting; East Central Energy annual meeting; employee communication meetings; Arrowhead Cooperative board meeting; and the Theodore Roosevelt Presidential Library board meeting.
- ▶ Upcoming meetings: ACES board meeting; Fitch Ratings, Moody's, and S&P rating agency meetings; member manager group; ACES governance committee; Mille Lacs Energy Cooperative annual meeting; and hosting a delegation from Gov. Walz's office and the ambassador and delegates from Finland.

Financial update

Financial Reporting, Rates, and Analysis Director Jesse Huber provided an overview of March financials.

- ▶ The March margin was \$0.2M compared to a budgeted margin of \$(7.1)M for a favorable variance of \$7.4M.
- ▶ Member revenue is \$(9.1)M below budget, non-member revenue below budget \$(25.7)M, other revenue under budget \$(0.2)M, and non-operating revenue above budget \$11.0M.
- ▶ Ownership expenses are over budget \$1.1M, fuel expenses below budget \$(8.4)M, purchased power under budget \$(21.8)M, O&M expenses under budget \$(2.9)M, and the year-to-date margin is a favorable variance of \$8.0M.
- ▶ March demand sales were 3.5% lower than budget. March energy sales were 3.7% above budget.
- ▶ The March PCA was a \$4.1M credit to members.

Business improvement

Senior Telecommunications Engineer Michael Tate presented a business improvement on enhancing workplace efficiency with ChatGPT. Tate used AI to prepare complex code needed to combine two data sets. This business improvement saved employee hours and demonstrated the power of harnessing AI to increase productivity.

Motions

A number of motions were passed by the board, including the selection of auditors.

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