

Great River Energy Board Meeting Summary

December 6-7, 2023

Maple Grove, Minnesota

Topics of interest from the December board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ The year-to-date margin is a positive variance of \$42.3M. The year-to-date PCA is a \$30.6M credit to members.
- ▶ Energy sales year-to-date are on budget. Demand sales year-to-date are 4.1% higher than budget.
- ▶ A significant driver of GRE's 2023 financial success is the power supply portfolio, which continues to perform well in the market.
- ▶ In addition to the strong margin and PCA, GRE in 2023 returned \$25M in patronage capital to members, received a credit rating upgrade from Fitch, and maintained wholesale rates nearly 20% below the weighted regional average.
- ▶ Saggau recognized 2023 MMG Chair John Twiest and his dedication and commitment throughout an extremely busy year.
- ▶ Meetings attended: Todd-Wadena Electric Cooperative board meeting and Itasca-Mantrap Cooperative Electrical Association board meeting.
- ▶ Upcoming meetings include GRE leadership meeting and Theodore Roosevelt Presidential Library board meeting.

Financial update

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

- ▶ The October margin was \$1.5M compared to a budgeted margin of \$(5.8)M for a positive variance of \$7.3M. The PCA for October was a \$2.5M credit to members.
- ▶ Member revenue year-to-date is \$(20.2)M below budget, non-member revenue under budget \$(44.8)M, other revenue over budget \$0.6M, and non-operating revenue over budget \$18.1M.
- ▶ Ownership expenses are under budget \$(2.6)M, fuel expenses under budget \$(12.1)M, purchased power under budget \$(69.5)M, O&M expenses under budget \$(4.4)M, and the margin is a favorable variance of \$42.3M.
- ▶ Demand sales were 15.4% higher than budget in October and are 4.1% higher than budget year to date.
- ▶ Energy sales were 2.0% lower than budget in October and close to budget year to date.

Business improvement

HVDC Converter Stations Supervising Manager Tony Geldert presented a business improvement about a project to restore the usability of 219 critical probes at the Dickinson Converter Station. This business improvement reduced the risk of fire in the valve hall, improved reliability, and prevented significant outage. The project led to a separate project to replace the probes, under warranty, for a savings of \$5.6M.

Consent agenda

A number of items were approved on the consent agenda, including allocation of GRE's 2023 margin.

For more information about the December meeting of GRE's board of directors, contact Daniel Becchetti, communications and marketing manager, at 763-445-5706. The next meeting will be Jan. 10-11.