

Great River Energy Board Meeting Summary

July 11, 2024

Ottertail, Minnesota

Topics of interest from the July board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ The year-to-date margin is \$(29.6)M compared to a budgeted margin of \$(23.8)M for a negative variance of \$(5.8)M. The year-to-date PCA is a \$3.8M charge to members.
- ▶ Energy and demand sales are 4.9% and 5.4% below budget, year to date. Although energy and demand sales are behind budget, GRE's portfolio continues to perform very well in this market.
- ▶ GRE's recent private placement priced at a favorable rate. GRE's financial performance, membership, and strategy are viewed favorably by rating agencies, including S&P Global Ratings, which recently removed GRE from negative watch.
- ▶ Meetings attended: Lake Region Electric Cooperative board meeting; private placement pricing; and member-owner briefing.
- ▶ Upcoming meetings: employee communication meeting; special membership meeting; ACES board meeting; Theodore Roosevelt Presidential Library beam signing ceremony; GRE board and senior staff dinner; and GRE board meetings.

Financial update

Vice President and Chief Financial Officer Michelle Strobel provided an overview of May financial results.

- ▶ The May margin was \$(6.4)M compared to a budgeted \$(3.8)M for an unfavorable \$(2.6)M variance.
- ▶ Year-to-date member revenue is \$(11.5)M below budget, non-member revenue under budget \$(22.4)M, other revenue over budget \$0.4M, and non-operating revenue over budget \$1.8M.
- ▶ Year-to-date ownership expenses are \$1.1M over budget, fuel expenses under budget \$(8.0)M, purchased power under budget \$(20.2)M, O&M expenses over budget \$1.2M, and the margin is an unfavorable variance of \$(5.8)M.
- ▶ May demand and energy sales were 11.8% and 2.9% lower than budget, respectively.
- ▶ The May PCA is a \$1.9M charge to members.
- ▶ S&P Global Ratings removed GRE's negative watch; GRE is back to A- stable.
- ▶ The 2025 budget process has started; GRE will provide information in September and the budget presentation in October to the board and MMG.

For more information about the July meeting of GRE's board of directors, contact Daniel Becchetti, communications and marketing manager, at 763-445-5706. The next meeting will be September 4-5.