

Great River Energy Board Meeting Summary
February 4, 2025
Mankato, Minnesota

Topics of interest from the February board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ The 2024 year-end margin was \$22M, achieving the DSC (debt service coverage) ratio of 1.10. This includes the use of \$14.8M deferred revenue.
- ▶ The 2024 year-end power cost adjustment is a credit to members of \$3.7M.
- ▶ 2025 is off to a good start with strong energy and demand sales in January.
- ▶ GRE received confirmation of its New ERA award. GRE will continue to work with the RUS on the grant commitments to secure the dollars.

Financial update

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

- ▶ 2024 member revenue was \$(12.2)M below budget, non-member revenue under budget \$(56.0)M, other revenue over budget \$0.9M, and non-operating revenue over budget \$4.6M.
- ▶ 2024 ownership expenses were over budget \$4.2M, fuel expenses under budget \$(13.7)M, purchased power under budget \$(62.6)M, O&M expenses over budget \$10.4M, and the margin is an unfavorable variance of \$(1.0)M.
- ▶ Demand and energy sales were 2.6% and 3.7% lower than budget, respectively, in 2024.
- ▶ The PCA for December was a \$(3.0)M credit to members,

For more information about the February meeting of GRE's board of directors, contact Daniel Becchetti, communications and marketing manager, at 763-445-5706.



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Minutes

Board of directors February 4, 2025

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| CONVENE | A meeting of the board of directors of Great River Energy was convened at 3:00 p.m. at the Marriott Courtyard in Mankato, Minnesota, on Wednesday, February 4, 2025. |
| CALL TO ORDER | Chair Bruckbauer called the meeting to order. Secretary Littfin declared a quorum with all directors present |
| MINUTES | The minutes of the January 8-9, 2025, GRE board of directors meeting were accepted as presented. |
| BOARD CHAIR REPORT | <p>Chair Bruckbauer provided an update on meetings and conference calls attended, including a town hall call with National Rural Electric Cooperative Association (NRECA) CEO Jim Matheson and a meeting with Member manager group officers and GRE executive leadership for planning discussions.</p> <p>Director Schreiner summarized the Minnesota Rural Electric Association (MREA) DC legislative visit on January 27-29, 2025. This summary is available in the miscellaneous section of the February board book in Diligent.</p> |
| CEO REPORT | <p>President and CEO David Saggau provided the following report:</p> <ul style="list-style-type: none">• The 2024 year-end margin is \$22M, achieving the DSC (debt service coverage) ratio of 1.10. This includes the use of \$14.8M deferred revenue.• The 2024 year-end PCA is a credit of \$3.7M to members.• The 2024 year-end energy sales are 3.7% lower than budget and demand sales are 2.6% lower than budget.• 2025 is off to a good start with robust sales in January, with the demand peak and energy sales favorable. January is an important demand and revenue month for GRE. February is also off to a solid start with normally cold weather expected during Minnesota winter months.• Preparations were in place for the mid-January cold weather event. There is ample surplus generation for this winter with greater than 135 GW of capacity committed. The MISO actual peak for the mid-January cold weather was 107 GW. Historically, the all-time MISO winter peak is 109 GW set in 2014. All GRE natural gas peakers were available (1400+ MW available), but zero peakers ran during the mid-January cold weather.• GRE received confirmation of its New ERA award and signed the letter of commitment January 13, 2025. GRE will continue to work with the RUS on the grant commitments to secure the dollars. The first draw on these grant dollars is not until 2028, and will continue for 20 years. |
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- Meetings attended: MMG Chair Bakk and Vice Chair Hentges joined senior staff for strategy discussions on the top GRE and MMG 2025 priorities of power supply adequacy and growth, transmission build outs and costs, and the transmission service contract; and employee communication meeting.
- Upcoming meetings: MMG meeting; GRE leadership meeting; and the GRE HERC Services board meeting.

FINANCIALS

Vice President and Chief Financial Officer Michelle Strobel provided the following financial report:

- The 2024 year-end margin is \$22.0M compared to a budgeted 2024 year-end margin of \$23.0M for an unfavorable variance of \$(1.0)M. We achieved our targeted DSC ratio of 1.10. We recorded 14.8M of deferred revenue for the month of December.
- Member revenue for 2024 year-end is \$(12.2)M below budget, non-member revenue is under budget \$(56.0)M, other revenue is over budget \$0.9M, and non-operating revenue is over budget \$4.6M.
- Ownership expenses are over budget \$4.2M, fuel expenses are under budget \$(13.7)M, purchased power is under budget \$(62.6)M, O&M expenses are over budget \$10.4M, and the margin is an unfavorable variance of \$(1.0)M.
- Demand sales for 2024 year-end are 2.6% lower than budget.
- Energy sales for 2024 year-end are 3.7% lower than budget.
- The PCA for December is a \$(3.0)M credit to members and 2024 year-end is a \$(3.7)M credit to members. Michelle summarized information for the PCA by resource for December and 2024 year-end, including impacts from the MISO market activity, member sales, peaker operations, LMPs, gas prices, and the Rainbow Energy contract.

MEMBER MANAGER GROUP

Member Manager Group Chair Mark Bakk summarized the MMG's meeting on January 21, 2025. The next MMG meeting is February 17, 2025, at GRE, Maple Grove, Minnesota.

DELEGATE

Chair Bruckbauer provided information on appointing Director Gary Stenzel as the GRE voting delegate to the Minnesota Rural Electric Association (MREA) 2025 annual meeting.



Delegate MREA annual meeting

A motion was made, seconded, and carried to appoint Director Stenzel as voting delegate to the MREA annual meeting.

FEBRUARY ACTIONS

Chief of Staff Louy Theeuwien reviewed Exhibit No. GRE E25-2-1—2026 GRE board and MMG meeting dates.

Vice President and General Counsel Eric Olsen reviewed Exhibit No. GRE E25-2-2—Board policies.

Vice President and Chief Transmission Officer Priti Patel reviewed Resolution No. GRE R25-2-1—Northland Reliability Project delegation authority.

Eric Olsen presented Resolution No. GRER25-2-2—Authorization and approval actions regarding grant agreements under the Rural Utility Service New ERA program.

MARCH ACTIONS Michelle Strobel presented Resolution No. GRE25-3-1—2024 audit report.

Michelle Strobel presented Resolution No. GRE25-3-2—2024 disposition of margins.

Michelle Strobel presented Resolution No. GRE25-3-3—2025 retirement of patronage.

Michelle Strobel presented Resolution No. GRE25-3-4—Customer capital credit redemption—Connexus Energy.

Michelle Strobel presented Resolution No. GRE25-3-5—Customer capital credit redemption—Crow Wing Power.



Consent agenda

A motion was made, seconded, and carried to approve the following consent agenda items:

➔ **2026 GRE board and MMG meeting dates—Exhibit No. GRE R25-2-1**

➔ **Board policies—Exhibit No. GRE R25-2-2**

➔ **Northland Reliability Project delegation authority—Resolution No. GRE R25-2-1**

➔ **Authorization and approval actions regarding grant agreements under the Rural Utility Service New ERA program—Resolution No. GRE R25-2-2**

NEXT MEETING The next meeting of the GRE board of directors will be held on March 5-6, 2025, at Great River Energy, Maple Grove, Minnesota.

ADJOURN There being no further business to come before the board, the meeting was adjourned.

Donna Howe, recorder

Bob Bruckbauer, chair

Mike Littfin, secretary

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