



All in the family

Corn Belt Power takes seat at the table

Delegates approve bylaw changes at a special meeting of the membership in Bismarck

By Andrea Blowers

Basin Electric's membership is growing. As of Sept. 1, the cooperative now has 11 districts and 136 member cooperatives.

During a special meeting on Aug. 13, Basin Electric's membership voted to change its bylaws to create District 11 and add another seat to the board of directors. The approval of the amendments allowed Corn Belt Power Cooperative, Humboldt, IA, to become a Basin Electric Class A member, which became effective Sept. 1. Immediately following the special membership meeting, Corn Belt's Board President Don Feldman and Basin Electric's President Wayne Child signed the contracts for power supply, power purchases, scheduling and transmission lease arrangements.

In their own words, Feldman and Corn Belt Power Executive Vice President and General Manager Ken Kuyper, and Child along with Basin Electric CEO and General Manager Ron Harper, explain the new relationship and how it will affect the cooperatives individually and as a cooperative family.

Briefly describe Corn Belt Power Cooperative, the membership family and its resource portfolio.

Kuyper: Corn Belt is made up 12 members, 11 distribution co-ops and NIMECA (Northern Iowa Municipal Electric Cooperative Association). Our member systems are located in northern Iowa. One of Corn Belt Power's strengths is in the fuel diversity in our generation supply. About two-thirds of our power supply comes from coal. We also own some nuclear generation, which is a new fuel type for Basin Electric. Corn Belt Power has a small Western Area Power Administration allotment of hydropower, some wind generation purchased on contract, and some gas-fired generation, including Wisdom Unit 2 jointly owned with Basin.

Briefly describe the relationship between Basin Electric and Corn Belt Power from 1998 to the present.

Harper: Basically, we've sold power to Corn Belt for a number of years as a Class D member of Basin Electric. We've also had joint



Wayne Child (seated at left) and Don Feldman sign the contracts for power supply, power purchases, scheduling and transmission lease arrangements following the vote of the membership Aug. 13. Present to witness the signing were (back row from left) Ron Harper, Ken Kuyper, Charlie Gilbert, Kirby Range, Roberta Rohrer, Wayne Peltier, Dean McCabe, Gary Drost, Don Applegate, Ruben Ritthaler, Roy Ireland, Scott Stecher, Cliff Gjellstad and Kermit Pearson.

participation in Wisdom Unit 2, an 80-megawatt peaking resource in Iowa in which Basin Electric has a 40-megawatt share.

The relationship between Basin Electric and Corn Belt has really developed over the last 10 years.

What initially drew Corn Belt Power to Basin Electric in 1998?

Feldman: About 11 years ago, Corn Belt needed some additional power supply, and we looked around at all our alternatives. At that time, if I remember correctly, Basin had extra resources, so we made that deal with Basin for somewhere around 20 megawatts.

Kuyper: In just the last few years, we concluded we could make full use of a

transmission path we had and locked that into a 50-megawatt transaction with Basin.

In October 2008, Corn Belt Power asked Basin Electric to consider the concept of Class A membership for the cooperative. What prompted that request?

Kuyper: We were looking at changes in RTOs (regional transmission organizations) and Corn Belt potentially would have had to move with Mid American Energy into MISO (Midwest Independent System Operator). Looking at that proposition, we wanted to explore other alternatives rather than simply participate in the

MISO market. We researched whether we could move over to the Western control area, since they were likely not going into MISO. By becoming a Class A member,

Basin would not only provide an additional power supply for Corn Belt, but would also facilitate Corn Belt's participation in the Western control area. Our board asked us to study Basin-Western compared to the MISO option. The board concluded the Basin-Western choice is best for our member cooperatives and, therefore, Corn Belt Power.

For Basin Electric, what was the process of proceeding with Corn Belt Power's request from then to now?

Harper: Well, Basin Electric's staff and Corn Belt's staff reviewed a number of different options, and the result of that review, which Basin Electric's and Corn Belt's staffs recommended to the board of directors, was for Corn Belt to become an all-requirements member of Basin Electric.

Child: The board approved moving forward with due diligence, negotiations, contracts and, of course, membership approval.

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“The relationship between Basin Electric and Corn Belt has really developed over about the last ten years.”

Ron Harper, Basin Electric



Wayne Child

Now that the membership is official, what are the next steps?

Harper: We need to execute the agreements, ensuring all the operational aspects are in place – communications, telecommunications, data transfer issues, resource scheduling issues, the load forecasting issues. We needed to get all these things accomplished to begin our new contractual relationship on September 1.

Child: Also, Corn Belt will be electing a director representing the new District 11 to sit on Basin Electric’s board.

In transitioning to Class A membership, what will be Corn Belt Power’s biggest changes at the co-op?

Kuyper: One of the bigger changes will be our cost structure. We won’t be looking at the daily hourly markets the way we did in the past. Now we’re more concerned with what’s going on in the Basin system.

What will be the biggest change within the Basin Electric cooperative family with the addition of Corn Belt Power as a Class A member?

Child: A new board seat, of course, and additional generation, additional transmission – a larger footprint.

Can you expand on the historical significance of adding Corn Belt Power as a Class A member?

Harper: The historical significance of this is we’ve expanded the Basin Electric membership without requiring a significant increase in power supply obligation. We are buying the output of Corn Belt’s existing resources. That’s important because we’re not actually taking over ownership of the resources, which is close to 300 megawatts. We’re also

expanding the Basin Electric board, and the last time we had an expansion of board representation is when PRECorp was formed. (PRECorp is Powder River Energy Corporation, Sundance, WY, and joined Basin Electric as a Class A member in 1997.)

Do you foresee any challenges in making the transition to joining Basin Electric as a Class A member? If so, what are they?

Feldman: We’re pretty well past it, but I think one of the biggest challenges has been reviewing all the contracts we had with others in the generation and transmission field. We also have contracts with munis (municipals), so we’ve had to review all those contracts before we could move forward. This was complicated by the fact that we had to have it all done and off to RUS (Rural Utilities Service) by June 17.

Our (Corn Belt) staff and our legal team have put in a magnificent effort to complete this task by the deadlines. Basin’s folks have been busy, too, so I want to compliment both staffs on the excellent job in getting all those documents reviewed.

Kuyper: Basin’s staff has done a great job to push things along to meet pressing deadlines. We have to have all the meters correct and all the data going to the right places. A significant effort was required to make sure all those things got done on time.

What are some of the greatest challenges for Basin Electric in growing the membership?

Harper: I think the greatest challenge is working to expand the Basin Electric family without having an adverse impact on the existing Basin Electric members.

With Corn Belt, the benefits of having them as a Class A member greatly outweigh any negative impacts on the balance of the membership.

Gilbert named to Basin Electric board



Charlie Gilbert

Charlie Gilbert has been elected by the membership of Corn Belt Power Cooperative to be its representative on Basin

Electric’s board of directors. He was elected Aug. 24 at Corn Belt’s regular meeting of directors.

He is a director for Midland Power Cooperative of Jefferson, IA. Gilbert farms 1,000 acres of corn and soybeans south of Iowa Falls, IA. He graduated from Iowa State University in 1970 with a bachelor of science degree in ag business.

For the past 11 years, Gilbert has served on Midland Power Cooperative’s board and currently holds the office of secretary. He has been a member of the co-op since 1971. Gilbert became a director on the Corn Belt Power board in 2000 and has served as treasurer since 2003.



Ken Kuyper

Child: Challenges will always exist. I view the new relationship between Basin Electric and Corn Belt as a great opportunity for the Basin Electric membership to grow. I certainly hope Corn Belt feels that since joining Basin Electric, any issues that may arise in the future, we will be able to deal with them as a cooperative family.

What are the greatest benefits of adding Corn Belt Power as a Class A member?

Harper: From Basin Electric's perspective, there's an economic value for us because it diversifies the types of load the cooperative has, and it increases the size of the organization. Adding Corn Belt makes Basin Electric roughly 10 to 15 percent bigger. As we face the challenges of the future, we believe size is important. Corn Belt also provides resource diversity to Basin Electric, with the Duane Arnold nuclear plant, which helps to minimize our CO₂ footprint on a per-megawatt basis.

Child: In addition to making Basin Electric's service territory larger, Corn Belt brings additional power and opens up additional transmission lines and areas to import and export that power. And, as Ron said, Corn Belt's nuclear plant will help diversify Basin Electric's resource portfolio. It also gives Basin Electric's

management and staff an excellent opportunity for nuclear power education.

For Corn Belt Power, what will be the greatest benefits of Class A membership with Basin Electric?

Kuyper: Basin and Corn Belt will both look bigger to the outside world. By sharing resources we will be able to buffer the winds of change that are coming at us right now. There are a lot of things going on in our industry, including carbon concerns and general power supply concerns. There is greater potential for the two of us together to keep the rates smoothed out.

Feldman: Being a member of a larger cooperative is something our board has been thinking about for a while. We realize that Corn Belt is a smaller G&T (generation and transmission cooperative), and I believe this membership will help us in our risk management and our power supply needs while allowing us the benefit of being a member of a cooperative. We appreciate that.

What do you think are the membership's biggest challenges into the future?

Feldman: The environmental challenge, with cap-and-trade legislation, is a big one. We know Basin is the leader in the field of carbon capture, so we look forward to working with them on this legislation.

Kuyper: I would have to agree with that; I think carbon is one of the bigger challenges for the short term. I think long-term power supply is a challenge. There will likely be just as many transmission challenges in the future as more renewable resources put additional stresses on the transmission system.

Harper: As Don and Ken have already addressed, the greatest challenge we face is with climate legislation.

There's still great uncertainty in that arena, which has significant impacts on resource development. In addition to that are renewable portfolio standards. The unknowns make it very difficult to facilitate economical, long-term power supply planning.

How do you think the cooperative model will position the Basin Electric family as we face those challenges?

Kuyper: We keep our focus on what the members' needs are. We respond to the members at the end of the line. We're looking at their best interests and we get their input, and I think that helps in directing us to the best solutions.

Harper: Having open communication in our process has been one of the greatest strengths of the cooperative model. That's the key for everything we do. It's not Basin Electric going out and saying this is what we think we should do; we're really looking at what the membership believes is the right course of action. We're getting the grassroots input. Our focus is the member at the end of the line.



Ron Harper