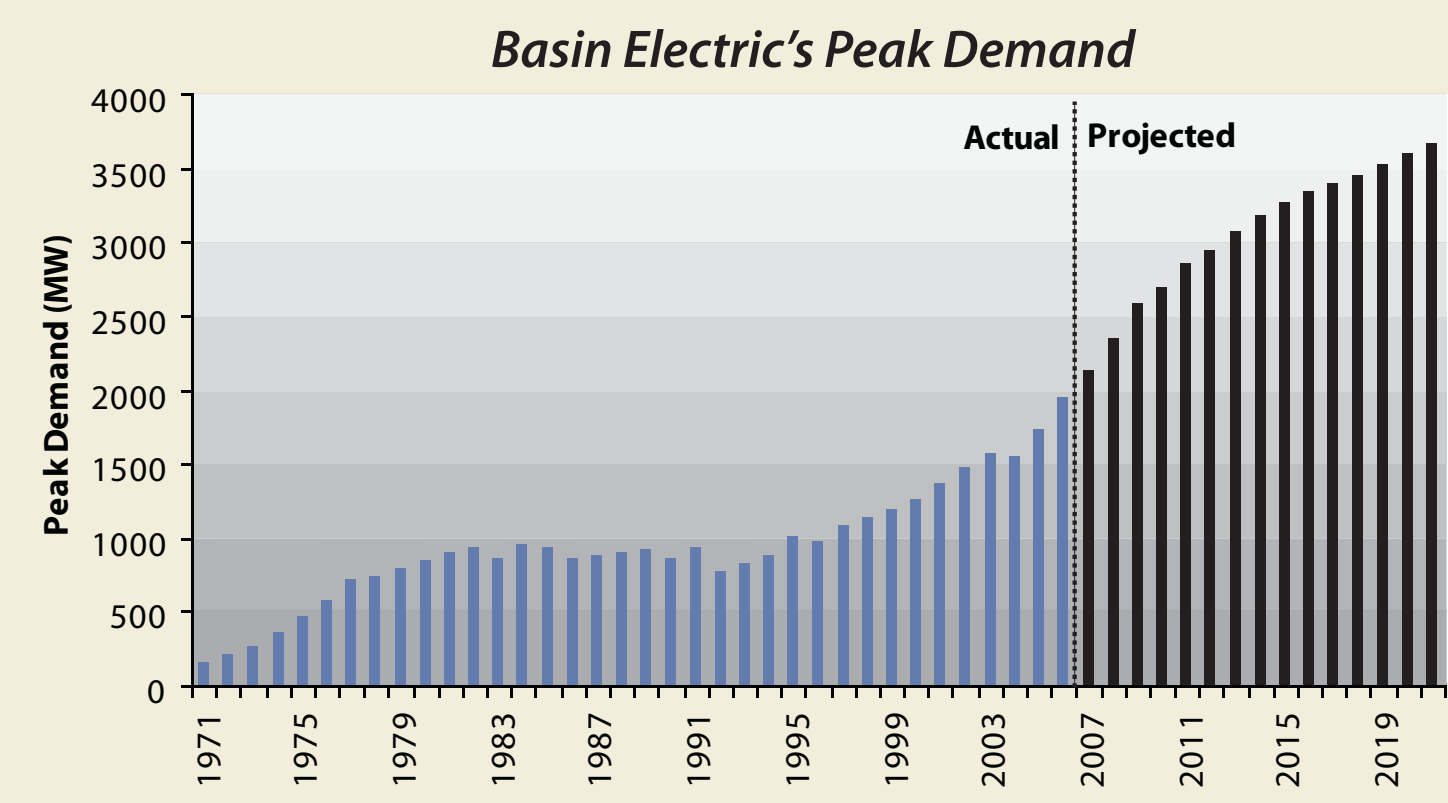


PROJECT OVERVIEW

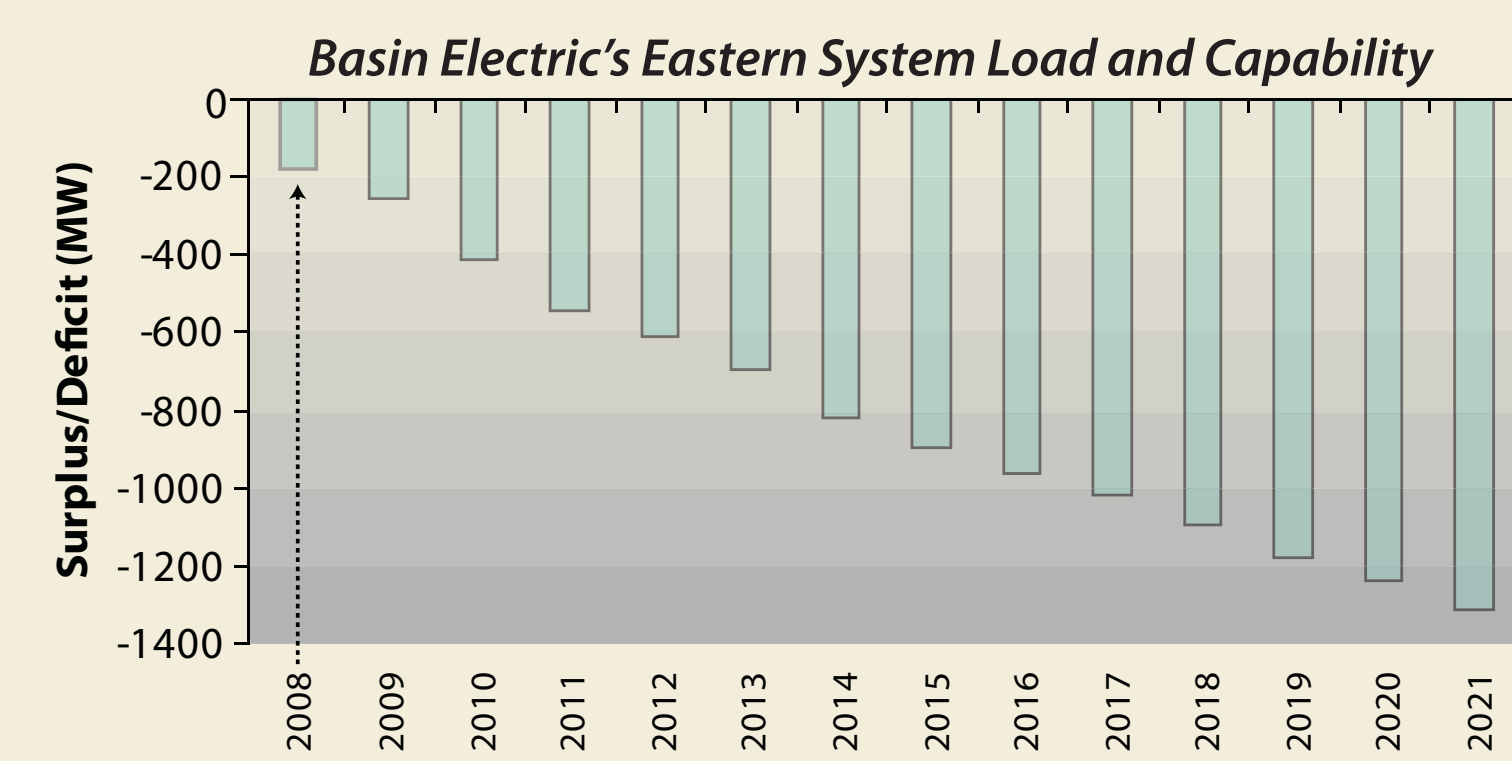
Basin Electric's Purpose and Need

Basin Electric's purpose of the NextGen Project is to help meet the increased baseload demand for electric power in the eastern portion of Basin Electric's nine-state service area.

Between 1999 and 2006, Basin Electric's total system peak demand increased 752 megawatts (MW) from 1,195 to 1,947 MW. This represents a peak demand increase of approximately 107 MW per year.



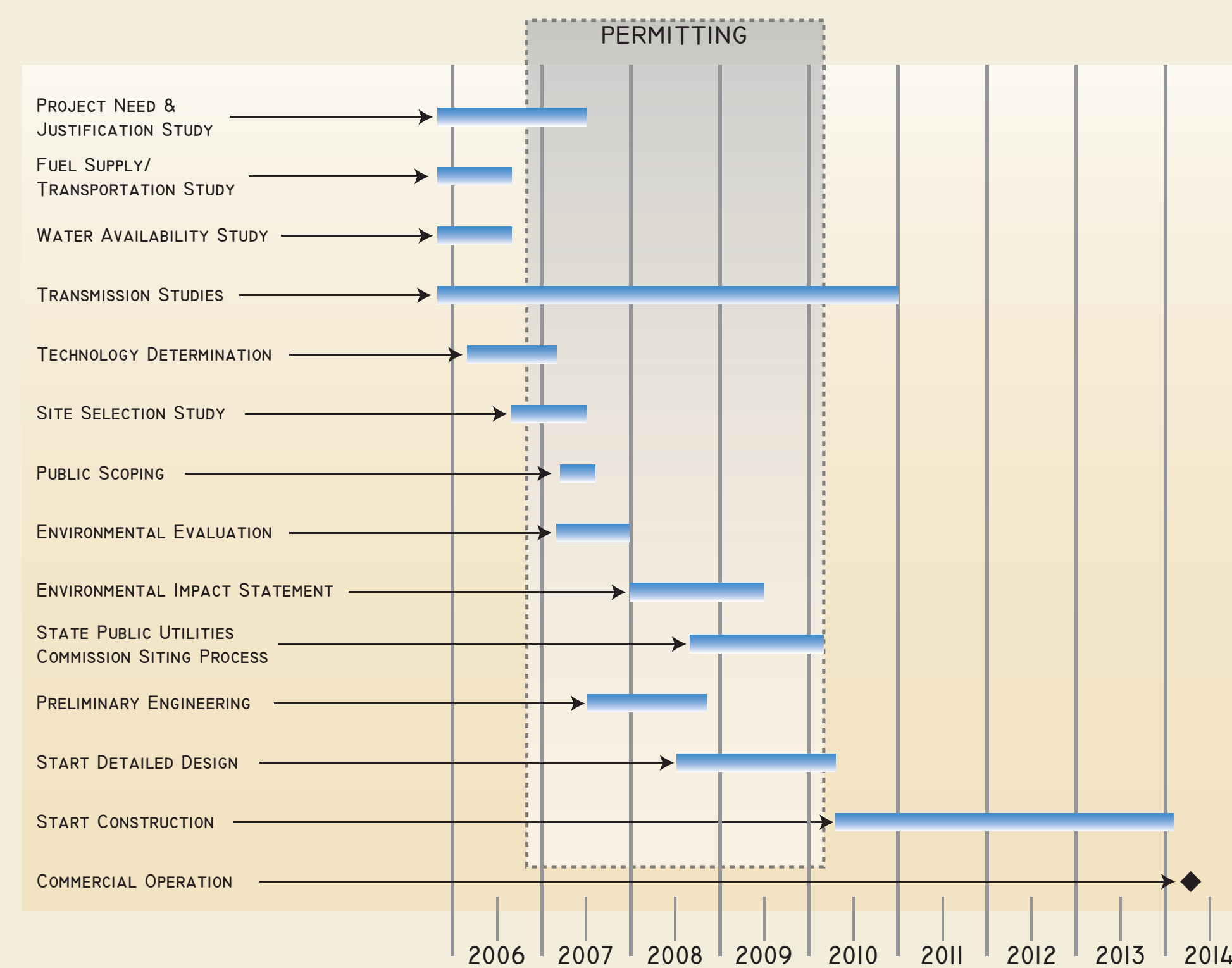
In 2007, Basin Electric prepared a forecast showing load and capability surpluses and deficits through the year 2021. The forecast predicts that by 2014, there will be a deficit of 800 to 900 MW for the eastern portion of its service area.



The proposed project's addition of 500 to 700 MW of baseload generation to the eastern portion of Basin Electric's service area by 2014 is one component toward meeting Basin Electric's future capacity and energy requirements.

Project Schedule

Currently, Basin Electric is completing various engineering and environmental studies that support completion of the NextGen Project. Construction is expected to begin in 2010, with completion scheduled for 2014.



Project Description

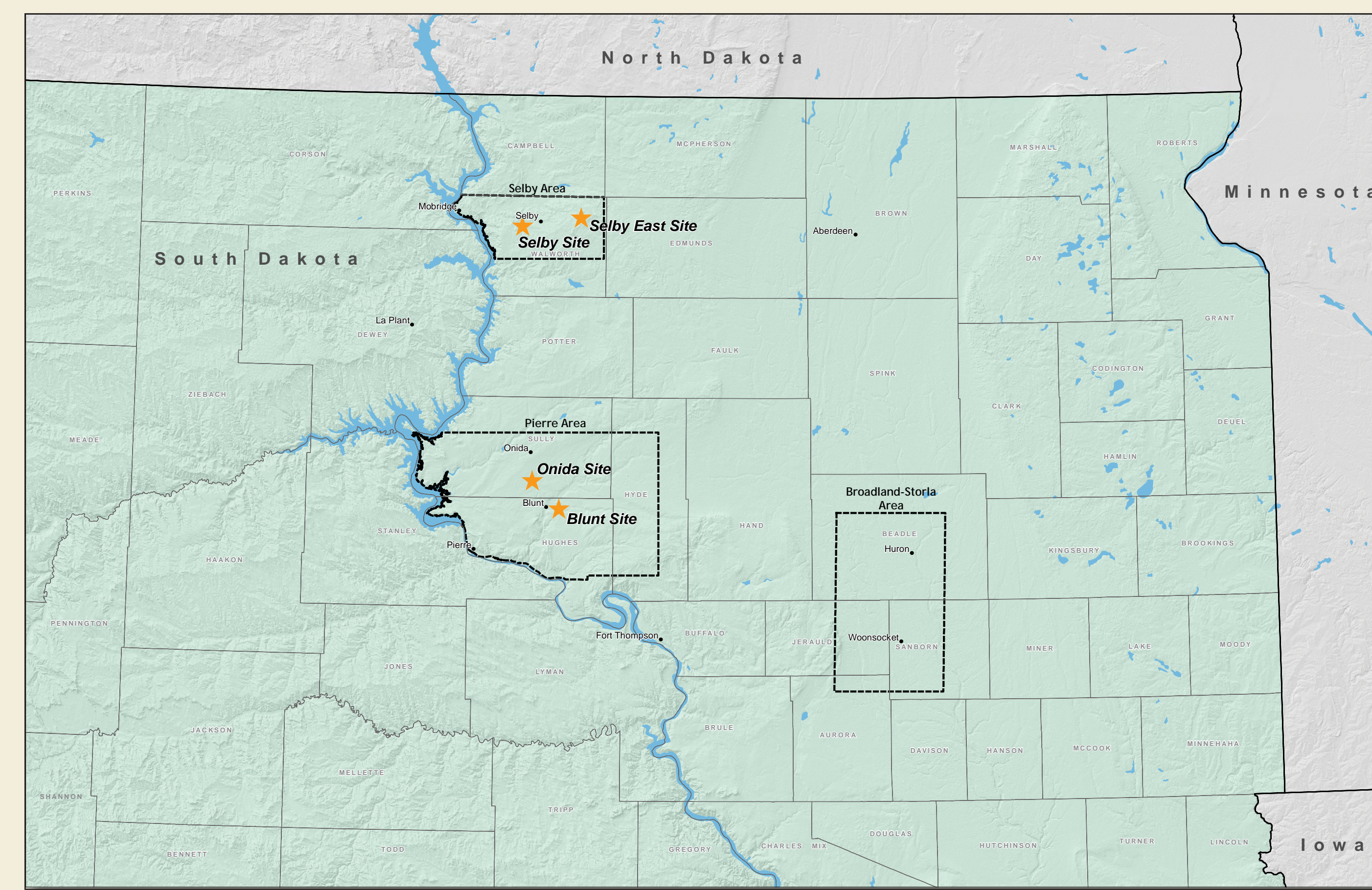
Basin Electric has applied to Western Area Power Administration (Western) for interconnection with Western's electric transmission system.

Basin Electric proposes to construct and operate a 500- to 700-MW baseload, coal-fueled energy facility, a water pipeline, some new transmission lines, and other associated facilities in central or north-central South Dakota.

Basin Electric has proposed using a single pulverized coal-fired boiler and a single reheat steam turbine for the generation facility. The generation facility would burn sub-bituminous coal, known for its excellent combustion and low sulfur emissions.

The generation facility would occupy approximately 2,400 acres. Four alternate sites for generation have been identified:

- Selby (about 2.75 miles southwest of Selby, South Dakota)
- Selby East (about 2.5 miles northeast of Java, South Dakota)
- Blunt (about 1.7 miles east of Blunt, South Dakota)
- Onida (about 2.5 miles south of Onida, South Dakota)



These four alternative locations are in close proximity to:

- Coal fuel delivery service
- Water sources for use at the generation facility
- Existing electric transmission system for the delivery of power to Basin Electric's cooperative members

The proposed generation facility would require the following associated infrastructure:

- A water intake structure along Lake Oahe on the Missouri River, a pumping system, and new 36- to 42-inch water pipeline
- New high-voltage transmission lines and substations

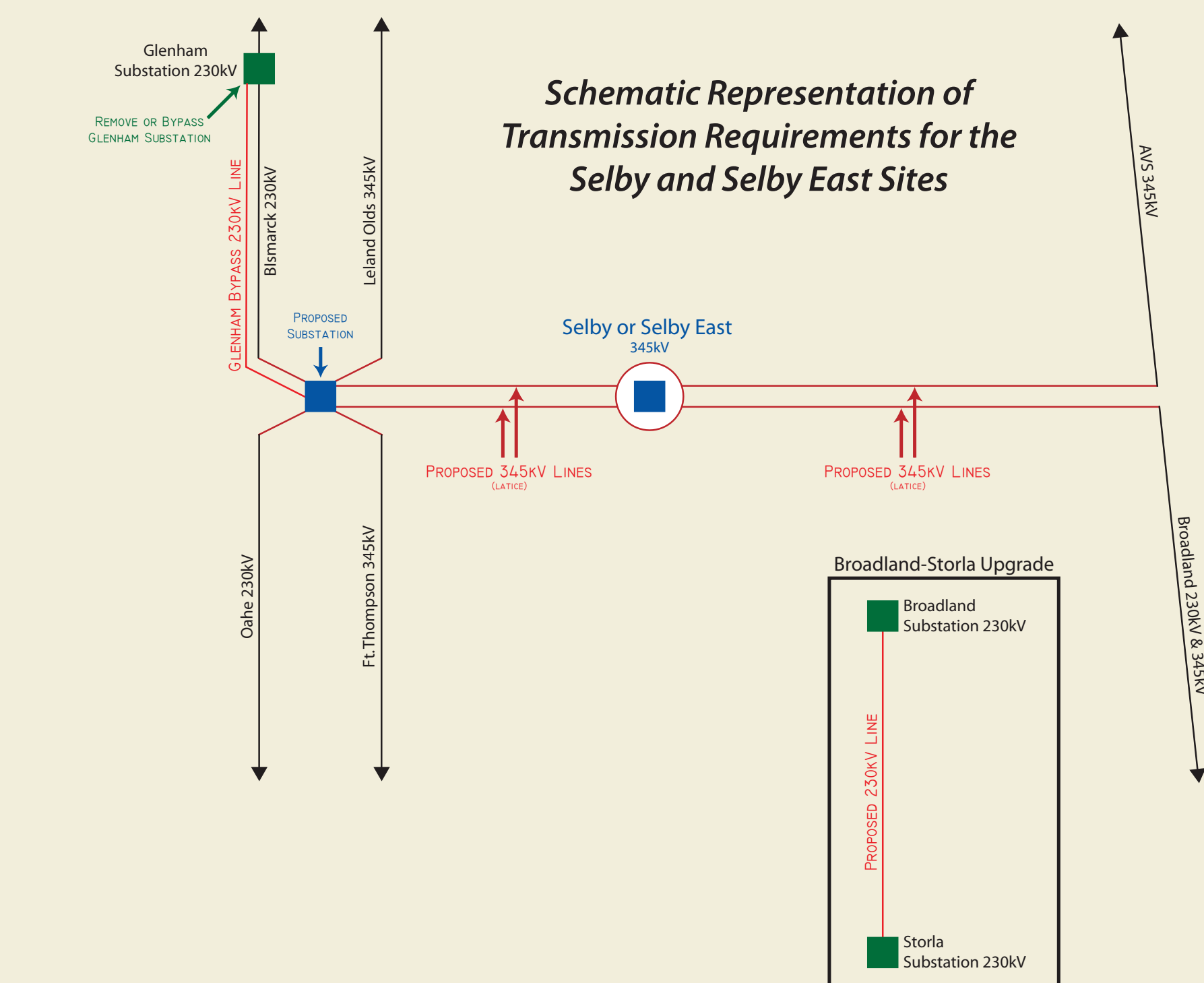
Included in the infrastructure is a transmission line, from the Broadland Substation, about 3 miles west of Huron, South Dakota, to the Storla Substation, about 10 miles southwest of Woonsocket, South Dakota. Power system studies indicate this transmission system addition would be needed for the Selby or Selby East generation site alternatives. This addition is not necessary for the Blunt or Onida generation site alternatives.

Interconnections

Selby or Selby East Generation Facility

At the point of interconnection with Western's transmission lines, a new 230/345-kV substation would be constructed south of the existing Glenham Substation and east of the proposed Selby generation facility.

In addition, a new 115-kV transmission line would be constructed from the existing Glenham substation to the proposed substation. Two 345-kV transmission lines would be required to connect to the AVS/Broadland 345/500-kV transmission line from either the Selby or Selby East generation facility.



Blunt or Onida Generation Facility

For the Blunt and Onida generation facility sites, the point of interconnection with Western's transmission lines would include construction of a new 230-kV substation to the south of the proposed sites. A new 230-kV double-circuit transmission line would connect to this substation. Two 230-kV transmission lines would be required to connect to the Leland Olds/Fort Thompson 345-kV transmission line from either the Blunt or Onida generation facility.

