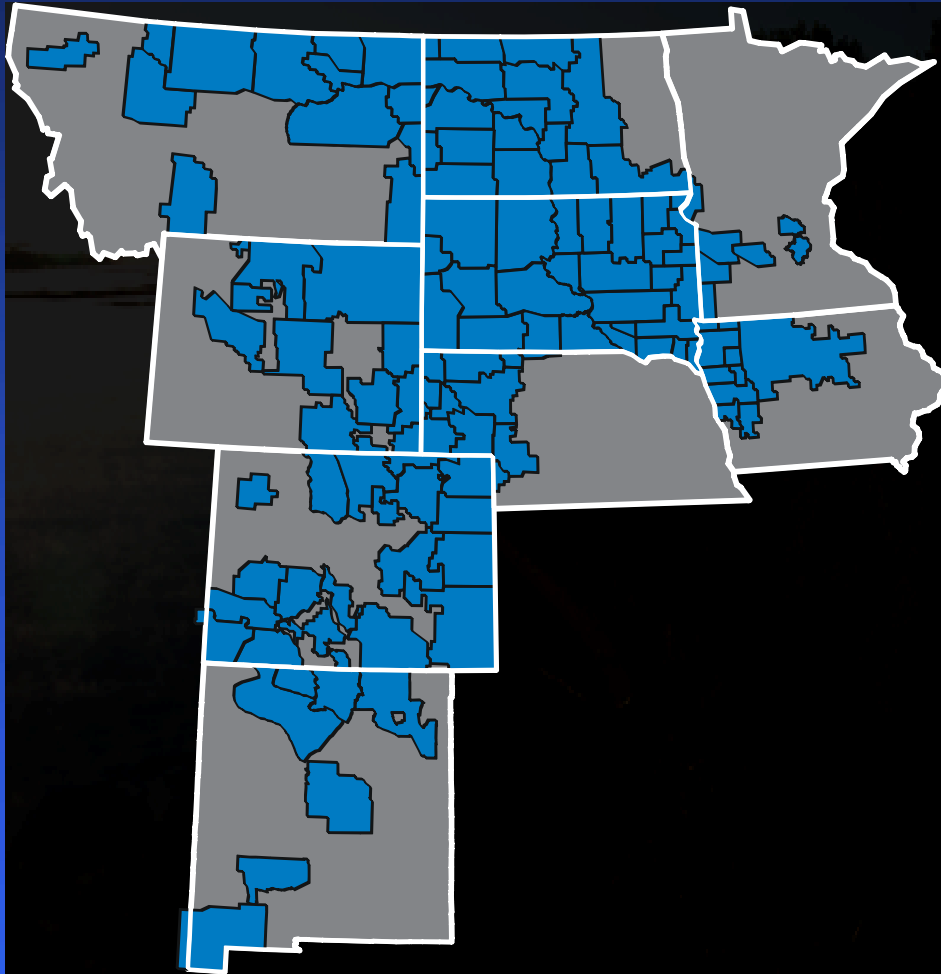


Basin Electric Power Cooperative



Member Investment Program

Adopted March 14, 1986
Updated November 5, 1986
Updated March 20, 1989
Updated November 1, 1989
Updated January 9, 2004
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Updated January 12, 2007
Updated February 28, 2008

Member Investment Program

Table of Contents

Highlights	1
How to Invest	2
Toll-free numbers	2
Wire Transfer	2
Automated Clearing House (ACH) transaction	3
Written request / check.....	3
Location of Member Participants	4
Participants listed by District	7
East River Electric Power Cooperative (District 1).....	7
L & O Power Cooperative (District 2)	7
Central Power Electric Cooperative (District 3).....	7
Northwest Iowa Power Cooperative (District 4)	7
Tri-State G & T Association, Inc. (District 5).....	8
Central Montana Electric Power Co-op. (District 6)	8
Rushmore Electric Power Cooperative (District 7).....	8
Upper Missouri G&T Electric Cooperative (District 8).....	8
District 9.....	9
District 10.....	9
Terms and Conditions	10
Policy and Procedure Statement	13
For Basin Electric to act as Paying Agent for Member System's Obligations.....	13
Policy and Procedure Statement	15
For payment of Basin Electric's Invoice Obligations through the use of the Member Investment Program	15

Member Investment Program

The Basin Electric Member Investment Program (MIP) is a way to improve your rural electric system's earnings while supporting your power supplier – Basin Electric – *and* helping your consumers in the spirit of cooperation.

From time to time, Basin Electric needs to borrow funds to meet seasonal requirements. Historically, most of this borrowing has been from commercial banks and government agencies.

The member systems of Basin Electric invest their seasonal excess liquidity with the same or similar entities.

Basin Electric is serious about competing directly with these entities in bidding for our member systems' excess liquidity. We will pay you rates frequently higher than your investment alternatives. At the same time, we'll still be borrowing for Basin Electric's needs at rates lower than those offered by our financing alternatives.

Help us at Basin Electric keep your cost of wholesale power down! Your use of the Basin Electric Member Investment Program helps all rural electric consumers in the Basin Electric family of member systems.

What this program means for your system:

- Greater flexibility in cash management
- Competitive rates – maximize your system's interest income
- Maturities ranging from 1 day to 365 days
- Two-year investment option
- Fixed interest rates
- Convenience of paying agent services
- The cooperative spirit

Highlights

Instrument	Basin Electric Power Cooperative Promissory Note.
Minimum Investment	Investments may be made in an amount of \$25,000 or more.
Maturities	Maturities can be selected from 1 through 365 days or two years.
Interest Rates	The interest rate on all notes is a fixed rate established by Basin Electric.

Reinvestment

A member may reinvest the proceeds, or a portion thereof, upon maturity at the then prevailing interest rates. Basin Electric should be notified at least one day prior to the maturity date of the member's desire to do so.

Prepayment: A member may request termination and payment prior to maturity; however, the following adjustment may be made:

For a **note with a maturity date of 1 to 180 days**, the principal and interest due to the effective date of termination shall be reduced by an amount equal to ten (10) days' interest on the principal balance at the rate payable under the note.

For a **note with a maturity date of 181 to 365 days, the principal and interest due to the effective date of termination shall be reduced by an amount equal to thirty (30) days' interest on the principal balance at the rate payable under the note.**

For a **two-year note**, the principal and interest due to the effective date of termination shall be reduced by an amount equal to sixty (60) days' interest on the principal balance at the rate payable under the note.

Payment of Principal and Interest: On a 1 to 180 day note, principal and interest (unless reinvested) is electronically transferred to a preauthorized bank account on the maturity date.

At the member's discretion, on a **181 to 365 day note** and a two-year note, interest is paid by check at the end of each quarter. However, in the quarter in which the note matures, principal (unless reinvested) and accrued interest is paid to a preauthorized account on the maturity date.

Paying/Receiving Agent Service: Basin Electric can act as its member's Paying Agent by making payments for the member's obligations from that member's Member Investment Program proceeds. Basin Electric can also provide to the member the option of investing Basin Electric invoice obligation payments, rather than receiving a check from Basin Electric for the obligation.

How to Invest

Toll-free numbers

Investment requests and questions concerning the investment program should be directed as provided below to Financial Services at Basin Electric's headquarters in Bismarck.

In North Dakota (800) 422-0662 Ext. 5354

Out of North Dakota (800) 242-2372, Ext. 5354

Wire Transfer

Members should call Basin Electric prior to 11 a.m. central time on the investment date and the member should instruct its bank to wire transfer the investment amount to:

BANK

JP Morgan Chase Bank, New York, NY

ABA #:	021000021
FOR CREDIT TO	Basin Electric Power Cooperative
ACCOUNT #:	910-2-617926

Automated Clearing House (ACH) transaction

Upon the member's prior consent, Basin Electric can withdraw the desired investment amount from the cooperative's bank account through a debit Automated Clearing House (ACH) transaction.

An ACH transaction requires a one-day settlement; therefore, Basin Electric needs to initiate an ACH one day prior to the desired investment date.

When making the telephone request, the following information should be given to Basin Electric:

1. Investment date
2. Amount to be invested
3. Maturity date
4. Member's bank name and address to which proceeds should be returned at maturity
5. Member's bank account name and number from which proceeds will be withdrawn

Written request / check

A member may make an investment by submitting a written request to Basin Electric accompanied by a check payable to Basin Electric Power Cooperative for the investment amount.

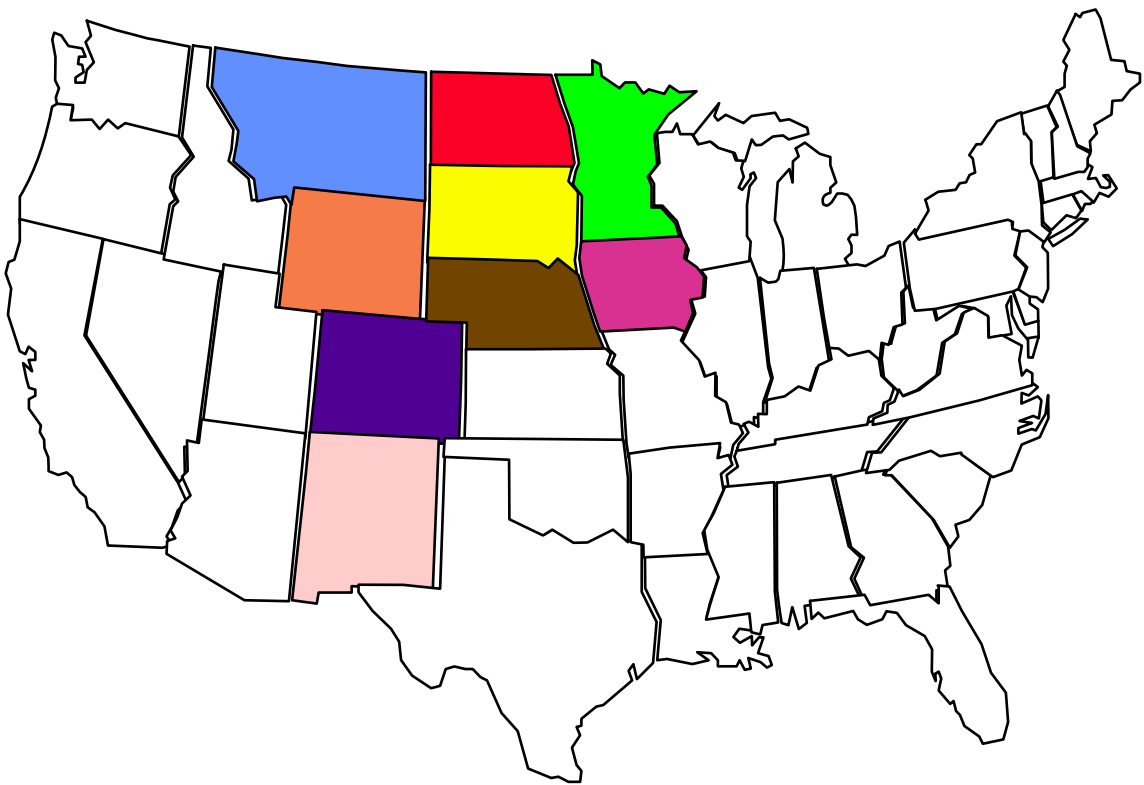
In this case, the investment date will be the date that the check becomes available funds to Basin Electric (which may be several days from the date of deposit in Basin Electric's bank account).

The following information should be submitted in the written request to Basin Electric:

1. Amount to be invested
2. Maturity date
3. Member's bank name and address to which proceeds should be returned at maturity

Location of Member Participants

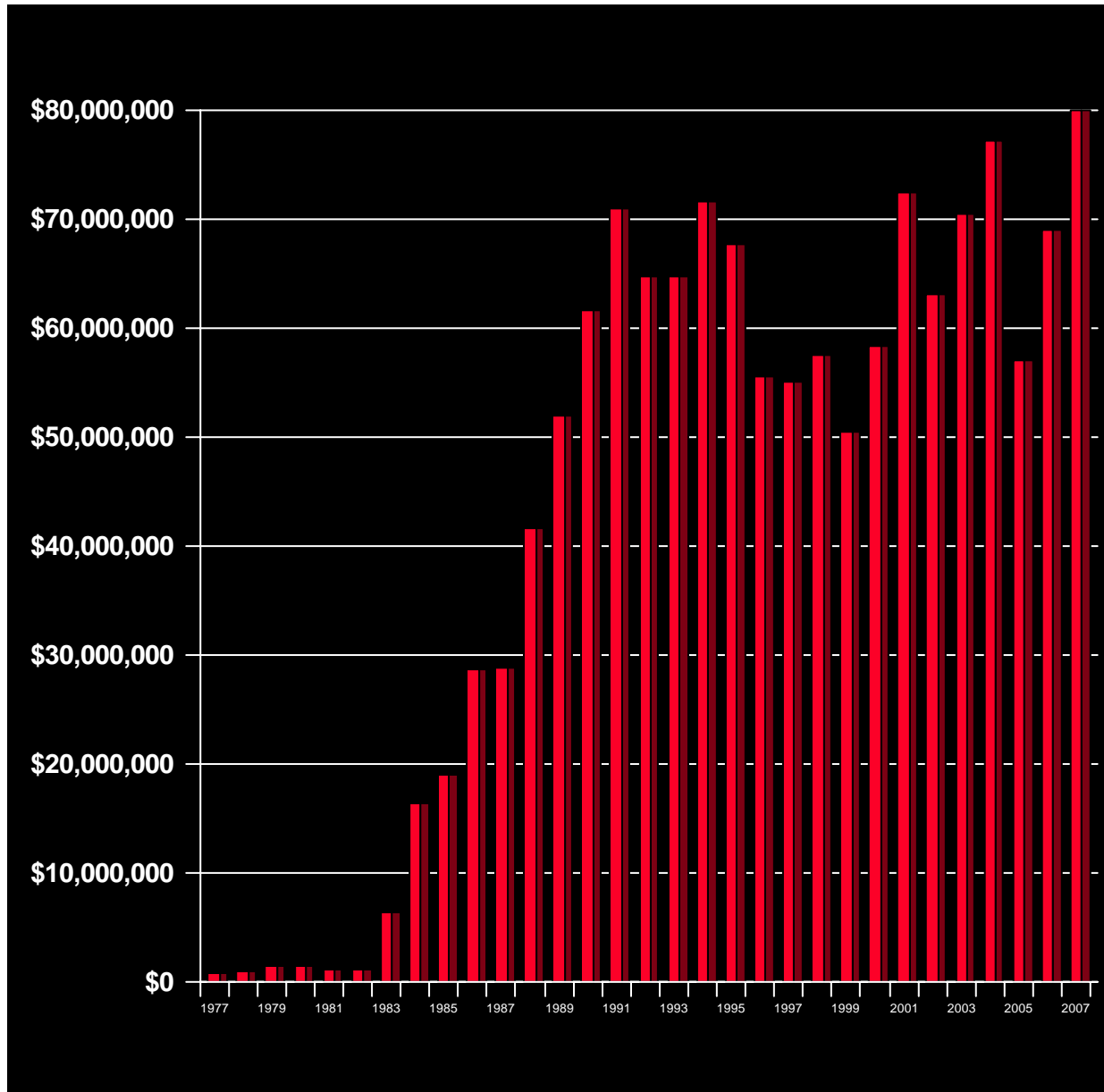
- Montana - 12 of 15
- Minnesota - 4 of 12
- Wyoming - 5 of 10
- Iowa - 10 of 12



- Colorado - 2 of 19
- South Dakota - 29 of 29
- New Mexico - 0 of 7
- Nebraska - 2 of 6
- North Dakota - 14 of 14

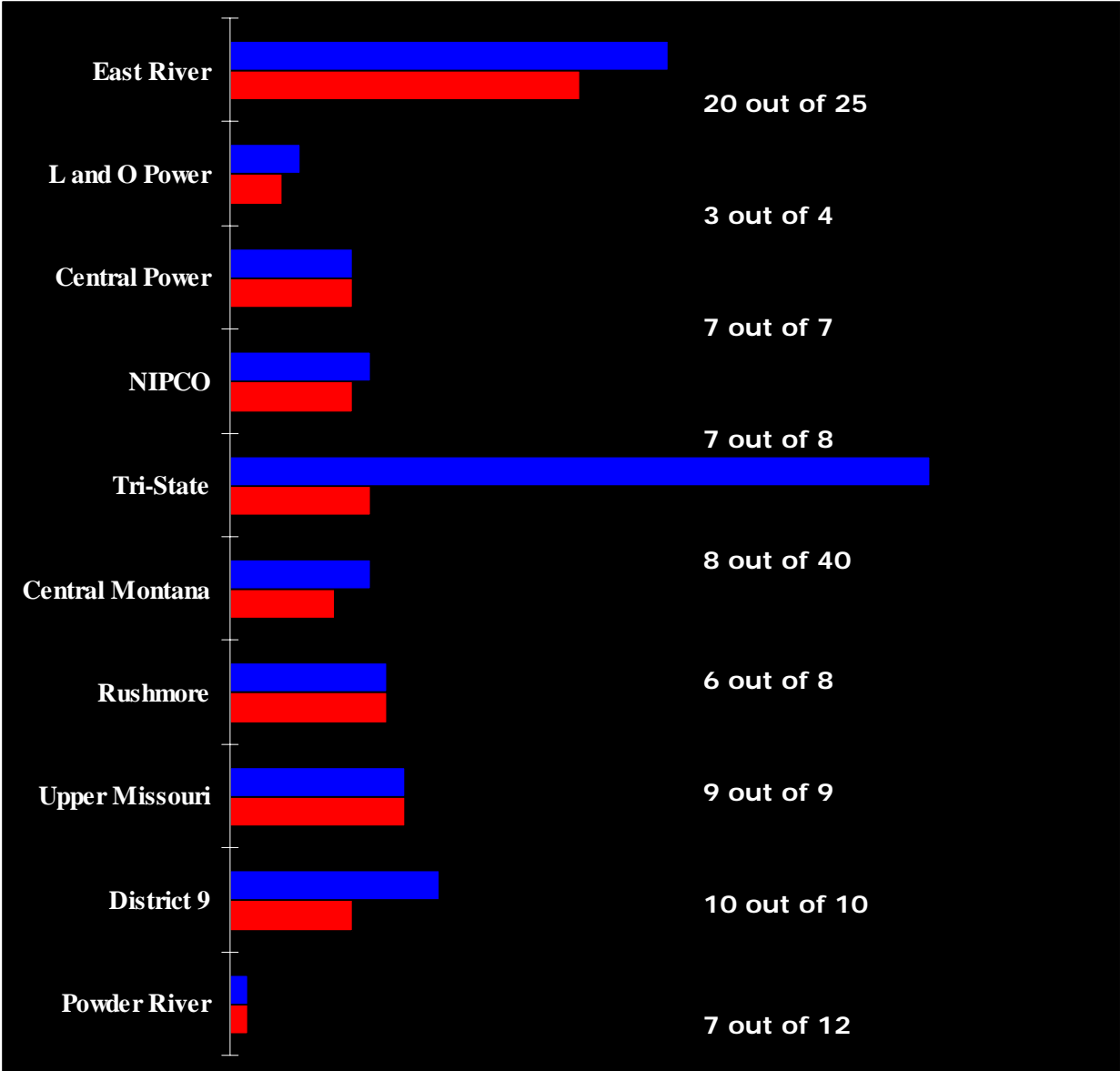
Member Investment Program

Total dollars invested at year end



Member Investment Program

Participation by District since inception
(78 participants out of 124 total members)



Participants listed by District

East River Electric Power Cooperative (District 1)

- Bon Homme-Yankton Electric Association, Inc. – Tabor, SD
- Central Electric Cooperative, Inc. – Mitchell, SD
- Charles Mix Electric Association, Inc. – Lake Andes, SD
- Clay-Union Electric Corporation – Vermillion, SD
- Codington-Clark Electric Cooperative, Inc. – Watertown, SD
- Dakota Energy Cooperative, Inc. – Huron, SD
- Douglas Electric Cooperative, Inc. – Armour, SD
- East River Electric Cooperative, Inc. – Madison, SD
- FEM Electric Association, Inc. – Ipswich, SD
- H-D Electric Cooperative, Inc. – Clear Lake, SD
- Kingsbury Electric Cooperative, Inc. – DeSmet, SD
- Lake Region Electric Association, Inc. – Webster, SD
- Lyon-Lincoln Electric Cooperative, Inc. – Tyler, MN
- Northern Electric Cooperative, Inc. – Bath, SD
- Oahe Electric Cooperative, Inc. – Blunt, SD
- Renville-Sibley Cooperative Power Association – Danube, MN
- Sioux Valley Energy – Colman, SD
- Southeastern Electric Cooperative, Inc. – Marion, SD
- Union County Electric Cooperative, Inc. – Elk Point, SD
- Whetstone Valley Electric Cooperative, Inc. – Milbank, SD

** 20 PARTICIPANTS OUT OF 25 TOTAL MEMBERS

L & O Power Cooperative (District 2)

- L & O Power Cooperative – Rock Rapids, IA
- Lyon Rural Electric Cooperative – Rock Rapids, IA
- Osceola Electric Cooperative, Inc. – Sibley, IA

** 3 PARTICIPANTS OUT OF 4 TOTAL MEMBERS

Central Power Electric Cooperative (District 3)

- Capital Electric Cooperative, Inc. – Bismarck, ND
- Central Power Electric Cooperative, Inc. – Minot, ND
- Dakota Valley Electric Cooperative, Inc. – Milnor, ND
- McLean Electric Cooperative, Inc. – Garrison, ND
- North Central Electric Cooperative, Inc. – Bottineau, ND
- Northern Plains Electric Cooperative, Inc. – Cando, ND
- Verendrye Electric Cooperative, Inc. – Velva, ND

** 7 PARTICIPANTS OUT OF 7 TOTAL MEMBERS

Northwest Iowa Power Cooperative (District 4)

- Harrison County Rural Electric Cooperative – Woodbine, IA

- Iowa Lakes Electric Cooperative (Cherokee County) – Estherville, IA
- Nishnabotna Valley Rural Electric Cooperative – Harlan, IA
- North West Rural Electric Cooperative – Orange City, IA
- Northwest Iowa Power Cooperative – LeMars, IA
- Western Iowa Power Cooperative – Denison, IA
- Woodbury County Rural Electric Cooperative Association – Merville, IA

** 7 PARTICIPANTS OUT OF 8 TOTAL MEMBERS

Tri-State G&T Association, Inc. (District 5)

- Carbon Power and Light, Inc. – Saratoga, WY
- High West Energy, Inc. – Pine Bluffs, WY
- Niobrara Electric Association, Inc. – Lusk, WY
- Northwest Rural Public Power District – Hay Springs, NE
- Roosevelt Public Power District – Mitchell, NE
- Tri-State G & T Association, Inc. – Denver, CO
- Wyrulec Company – Lingle, WY
- Y-W Electric Association, Inc. – Akron, CO

** 8 PARTICIPANTS OUT OF 40 TOTAL MEMBERS

Central Montana Electric Power Co-op. (District 6)

- Central Montana Electric Power Cooperative, Inc. – Billings, MT
- Hill County Electric Cooperative, Inc. – Havre, MT
- Marias River Electric Cooperative, Inc. – Shelby, MT
- Northern Electric Cooperative – Opheim, MT
- Sun River Electric Cooperative – Fairfield, MT
- Valley Electric Cooperative, Inc. – Glasgow, MT

** 6 PARTICIPANTS OUT OF 8 TOTAL MEMBERS

Rushmore Electric Power Cooperative (District 7)

- Black Hills Electric Cooperative, Inc. – Custer, SD
- Butte Electric Cooperative, Inc. – Newell, SD
- Cam-Wal Electric Cooperative, Inc. – Selby, SD
- Cherry-Todd Electric Cooperative, Inc. – Mission, SD
- LaCreek Electric Association, Inc. – Martin, SD
- Moreau-Grand Electric Cooperative, Inc. – Timber Lake, SD
- Rushmore Electric Power Cooperative, Inc. – Rapid City, SD
- West Central Electric Cooperative, Inc. – Murdo, SD
- West River Electric Association, Inc. – Wall, SD

** 9 PARTICIPANTS OUT OF 9 TOTAL MEMBERS

Upper Missouri G&T Electric Cooperative (District 8)

- Burke-Divide Electric Cooperative, Inc. – Columbus, ND
- Goldenwest Electric Cooperative, Inc. – Wibaux, MT
- Lower Yellowstone Rural Electric Association, Inc. – Sidney, MT

- McCone Electric Cooperative, Inc. – Circle, MT
- McKenzie Electric Cooperative, Inc. – Watford City, ND
- Mountrail-Williams Electric Cooperative, Inc. – Williston, ND
- Sheridan Electric Cooperative, Inc. – Medicine Lake, MT
- Slope Electric Cooperative, Inc. – New England, ND
- Southeast Electric Cooperative – Ekalaka, MT
- Upper Missouri G&T Electric Cooperative – Sidney, MT

** 10 PARTICIPANTS OUT OF 10 TOTAL MEMBERS

District 9

- Grand Electric Cooperative, Inc. – Bison, SD
- KEM Electric Cooperative, Inc. – Linton, ND
- Minnesota Valley Cooperative Light & Power Association – Montevideo, MN
- Mor-Gran-Sou Electric Cooperative, Inc. – Flasher, ND
- Rosebud Electric Cooperative, Inc. – Gregory, SD
- Roughrider Electric Cooperative, Inc. – Hazen, ND
- Wright-Hennepin Cooperative Electric Association – Rockford, MN

** 7 PARTICIPANTS OUT OF 12 TOTAL MEMBERS

District 10

- Powder River Energy Corporation – Sundance, WY

** 1 PARTICIPANT OUT OF 1 TOTAL MEMBER

Terms and Conditions

The objectives of the Basin Electric Power Cooperative (Basin Electric) Member Investment Program are to provide Basin Electric an additional source of capital and to give Basin Electric's members an additional investment source offering a high rate of return. This program is only available to Basin Electric Class A, Class C and Class D members and has been designed to assist members in meeting their cash management needs.

A. TERMS AND CONDITIONS

1. Note Instrument

Unsecured notes in the form attached hereto will be executed and safekept by Basin Electric, to be made available for inspection or delivery upon request. Such notes will be executed at a fixed rate to maturity, with maturities of one to 365 days or two years.

2. Early Redemption

The notes will have a provision for redemption prior to maturity by the member. The member must give one (1) business day prior notice to effect an early redemption. In the event of such an early redemption, the amount of principal and interest due and payable to the member shall be adjusted such that:

- a. For a note with a maturity date of one to 180 days, the principal and interest due to the effective date of termination shall be reduced by an amount equal to ten (10) days' interest on the principal balance at the rate payable under the note.
- b. For a note with a maturity date of 181 to 365 days, the principal and interest due to the effective date of termination shall be reduced by an amount equal to thirty (30) days' interest on the principal balance at the rate payable under the note.
- c. For a two-year note, the principal and interest due to the effective date of termination shall be reduced by an amount equal to sixty (60) days' interest on the principal balance at the rate payable under the note.

3. Prepayment

Basin Electric may prepay, in whole but not in part, principal and accrued interest under the note without penalty at any time prior to maturity by giving notice to the member of prepayment and specifying the date of the same. A revised note will be issued to the member that reflects the corresponding changes to the maturity date and interest calculation.

4. Investment by Members

Payment may be made to Basin Electric by electronic transfer, in which case the note date will be the date the electronic transfer is received by Basin Electric. Basin Electric should be notified of the member's transfer prior to 11 a.m. Central Time. A member may also make payment by check, in which case, the note date will be the date that the check becomes available funds to Basin Electric. This may take several days from the date of deposit in Basin Electric's bank account.

5. Renewal at Maturity

The notes shall be renewable at maturity for a term and at a rate as may be offered on the maturity date by Basin Electric. Request for renewal should be received by Basin Electric at least one (1) business day prior to the maturity date.

6. Payment of Principal and Interest

- d. On a note with a maturity of one (1) to 180 days, principal (unless renewed) and interest shall be paid by electronic transfer to a pre-authorized account on the maturity date. In the event of a renewal, the member may choose to reinvest the total principal and interest amount at maturity or reinvest a portion of the matured amount and have the balance paid by electronic transfer on the maturity date.
- e. On a note with a maturity of 181 to 365 days or a two-year note, interest may be paid at maturity or at the end of each quarter, except that for the quarter in which the note matures, principal (unless renewed) and accrued interest shall be paid by electronic transfer to a pre-authorized account on the maturity date. In the event of a renewal, the member may choose to reinvest the total principal and interest amount at maturity or reinvest a portion of the matured amount and have the balance paid by electronic transfer on the maturity date.

7. Payment on Non-Business Day

Whenever any principal or interest payment under the note shall be stated to be due on a Saturday, Sunday or a public or bank holiday, such payment shall be made on the next succeeding business day, and such extension of time shall be included in the computation of interest.

8. Interest Rates

The interest rate on each note shall be that rate per annum announced by Basin Electric as its Member Investment Program Rate (MIP Rate) as of the transaction date. The MIP Rate may differ for various maturities or maturity ranges and may change daily or intraday to reflect market conditions.

9. Investment Amount

A note must be in the minimum amount of \$25,000. Basin Electric may in its sole discretion establish the maximum principal amount of any note it may issue under the Basin Electric Member Investment Program.

10. Administration

- a. Basin Electric may at any time in its sole discretion place a limit on the maximum total dollar amount of its participation in the Member Investment Program. In the event that a maximum limit is imposed, investments will be placed on a first-come, first-serve basis.
- b. The CEO & General Manager and Vice President & CFO of Basin Electric shall have the authority to review and/or change interest rates. The Treasury Services Division of Financial Services will establish interest rates.

B. PROCEDURES

1. Request for Investment

- c. Telephone Request

Investment requests and questions concerning the investment program shall be directed as provided below to Financial Services at Basin Electric's headquarters in Bismarck.

In North Dakota	(701) 422-0662, Ext. 5354
Out of North Dakota	(800) 242-2372, Ext. 5354

By Wire Transfer

Members should notify Basin Electric by 11 a.m. Central Time on the investment date of the member's investment amount. The member should instruct its bank to wire transfer the investment amount to:

Bank: JP Morgan Chase Bank - New York, NY
ABA #: 021000021
For Credit to: Basin Electric Power Cooperative
Account No.: 910-2-617926

By Automated Clearing House Transaction (ACH)

Upon the member's prior consent, Basin Electric can withdraw the desired investment amount from the cooperative's bank account through a debit Automated Clearing House (ACH) transaction. An ACH transaction requires a one-day settlement; therefore, Basin Electric needs to initiate an ACH one day prior to the desired investment date. When making the request by telephone, the following information should be given to Basin Electric:

- 1) Investment date.
- 2) Amount to be invested.
- 3) Maturity date.
- 4) Member's bank name and address to which proceeds should be returned at maturity.
- 5) Member's bank account name and number from which proceeds will be withdrawn.

d. Written Request

A member may make an investment by submitting a written request to Basin Electric specifying items 2-4 listed above, accompanied by a check payable to Basin Electric Power Cooperative for the investment amount. In this case, the investment date will be the date that the check becomes available funds to Basin Electric. This may take several days from the date of deposit in Basin Electric's bank account.

11. Payment at Maturity

Basin Electric will electronically transfer the proceeds on the maturity date to any of the member's preauthorized bank account.

12. Reinvestment at Maturity

A member may reinvest the proceeds, or a portion thereof, at maturity at the then prevailing interest rate by notifying Basin Electric at least one (1) day prior to the maturity date of its desire to do the same.

Policy and Procedure Statement

For Basin Electric to act as Paying Agent for Member System's Obligations

A. Purpose

The terms and conditions of the Member Investment Program provide for the electronic transfer of investment proceeds at maturity to any bank account authorized by the member prior to the maturity date of the note. This statement establishes policies and procedures for Basin Electric to act as the Paying Agent for its members by making payments for member obligations from the Member Investment Program.

B. Policy

1. To provide an additional service to Class "A", "C" and "D" members participating in the Member Investment Program, Basin Electric will act as Paying Agent for the member. As Paying Agent, Basin Electric will make payments on behalf of the member to the member's power supplier for power purchases or to other payees where the service is agreed upon by all parties and where Basin Electric has received authorization from the member to perform the service.
2. With the establishment of these policies and procedures, member investors will be able to designate certain payees to which Basin Electric will make payments on behalf of the member on the due date of the member's obligation. Such payments will be made from the member's investment proceeds available at maturity from Basin Electric's Member Investment Program.
3. All payments provided for herein will be made by electronic transfer. For payments to Basin Electric, the member will authorize Basin Electric to internally transfer proceeds from the Member Investment Program and apply them against the member's obligation to Basin Electric.
4. It will be the member's responsibility to ensure that sufficient amounts are available from the Member Investment Program on the due date to meet the full obligation to the payee.
5. Member Investment Program proceeds in excess of amounts needed to meet payment requirements will be electronically transferred to the member's account if such remaining proceeds are less than \$25,000. Remaining proceeds of \$25,000 or more may be reinvested in the Member Investment Program. The member may choose to electronically transfer additional funds to Basin Electric so that the total amount available for reinvestment is \$25,000 or more.

C. Procedures

1. Members desiring to have Basin Electric act as Paying Agent for member obligations should:
 - a. Complete and submit to Basin Electric a Member Investment Program Authorization Statement. This statement will designate the person(s) authorized to direct Basin Electric to make payments on behalf of the member. The statement also designates the organization(s) to whom Basin Electric is authorized to make payments. An updated Authorization Statement should be submitted to Basin Electric whenever there is a change in authorized persons or organizations.

When authorizing payments to Basin Electric, it is not necessary to include the payee contact, payee phone number, payee's bank name, payee's bank address and payee's account number in the designation.

- b. Invest member funds in Basin Electric's Member Investment Program in accordance with the program terms and conditions, having the investment maturity to coincide with the due date of the obligation to be paid by Basin Electric.
 - c. Have a person designated in the Authorization Statement notify a Basin Electric Member Investment Program contact person, either by phone or in writing, at least one day prior to the investment maturity date. The designated person should provide the following information to Basin Electric:
 - 1) Amount of payment to be made by Basin Electric on behalf of the member;
 - 2) Date of requested payment;
 - 3) Name of payee and payee bank account, as authorized in the Authorization Statement, to whom payment is being made;
 - 4) Note number(s) and amount(s) of the Member Investment Program note(s) that will be used as the source of funds for the payment;
 - 5) If remaining proceeds of \$25,000 or more are to be reinvested, provide the reinvestment amount and maturity date.
2. Basin Electric, acting as Paying Agent for the member, will:
- a. Electronically transfer the payment to the designated payee on the due date of the obligations;
 - b. Notify the payee by phone of the amount transferred to its account and the member for whom Basin Electric is acting as Paying Agent;
 - c. Submit a Confirmation Statement to the member acknowledging the completion of the electronic transfer and the status of proceeds remaining invested in the Member Investment Program.

Policy and Procedure Statement

For payment of Basin Electric's Invoice Obligations through the use of the Member Investment Program

A. Purpose

This paying agent function will provide to Class A, C or D members an additional option when receiving payment for a Basin Electric obligation. In lieu of receiving a check from Basin Electric in payment of the invoice, the member has the option of investing this invoice amount in the Member Investment Program. This statement establishes procedures and policies for Basin Electric to pay invoice obligations through the use of the Member Investment Program.

B. Policy

1. To provide an additional service to Class A, C or D members, Basin Electric will, at the member's option, meet member invoice obligations through the Member Investment Program. Members who have submitted an invoice to Basin Electric may obtain a member investment for the invoice amount rather than receive direct invoice payment from Basin Electric.
2. Authorization must be received from the member to perform this service.
3. The investment date is the date that Basin Electric will pay the invoice obligation. This transaction must comply with the established terms and conditions of the Member Investment Program.
4. If the Basin Electric invoice obligation is below \$25,000, the member must invest additional funds so that the total investment amount meets the \$25,000 minimum requirement.

C. Procedures

1. Basin Electric will:
 - a. Contact the member prior to invoice payment date and offer payment service through the Member Investment Program.
 - b. Provide to the member the invoice detail, the total invoice payment amount and the payment date.
 - c. Submit a Confirmation Statement to the member acknowledging the completion of the transaction and the status of proceeds invested in the Member Investment Program.
2. Members desiring to use the Member Investment Program for receipt of Basin Electric payment obligations should:
 - a. Upon notification from Basin Electric, authorize the payment transaction.
Determine the maturity date of the investment.
Determine the investment amount if the Basin Electric obligation is below \$25,000. Additional funds must be submitted to Basin Electric to meet the \$25,000 minimum investment requirement as established in the Terms and Conditions.