



10. RATE DEVELOPMENT POLICY FOR WHOLESALE POWER CONTRACT TERMS

Basin Electric Board Policy

Adopted: August 2017
Last Revision: March 2018

Policy Intent

Basin Electric's Member Wholesale Power Contracts currently have terms ending on either December 31, 2050 (the 2050 Contracts) or December 31, 2075 (the 2075 Contracts). Effective January 2018, Basin Electric's Rate Schedule A shall be developed using different depreciation expense for calculating rate components for the 2050 Contracts and the 2075 Contracts.

The rate components for the 2050 Contracts will be developed to recover depreciation expense on those coal and gas generation resources committed to prior to December 31, 2015 (the Applicable Generation Assets), over the term of the 2050 Contracts. The depreciable lives of the Applicable Generation Assets for purposes of determining rate components for the 2050 Contracts will end on the earlier of December 31, 2050 or the end of the asset's established depreciable life for financial reporting purposes.

Basin Electric's Controller division will track the net book values of the Applicable Generation Assets based on the aforementioned depreciable lives. As a result, members with 2075 Contracts and members with 2050 Contracts will have different net book value bases for the Applicable Generation Assets. The applicable net book values shall be considered in the event an asset retirement or a reduction in the depreciable lives require calculating a member's revised rate component.

If a Member with a 2050 Contract agrees to extend its contract, the net book value differences shall be considered in determining the appropriate rate component calculation for the extending Member to ensure the Member is not charged twice for depreciation expense associated with the Applicable Generation Assets. This concept is visually represented in the attached Exhibit.

For the period 2045 through 2050, rate components for the 2050 Contracts will be developed assuming capital additions to the Applicable Generation Assets will be depreciated over the then-remaining depreciable life of the Applicable Generation Assets established for the 2075 Contract

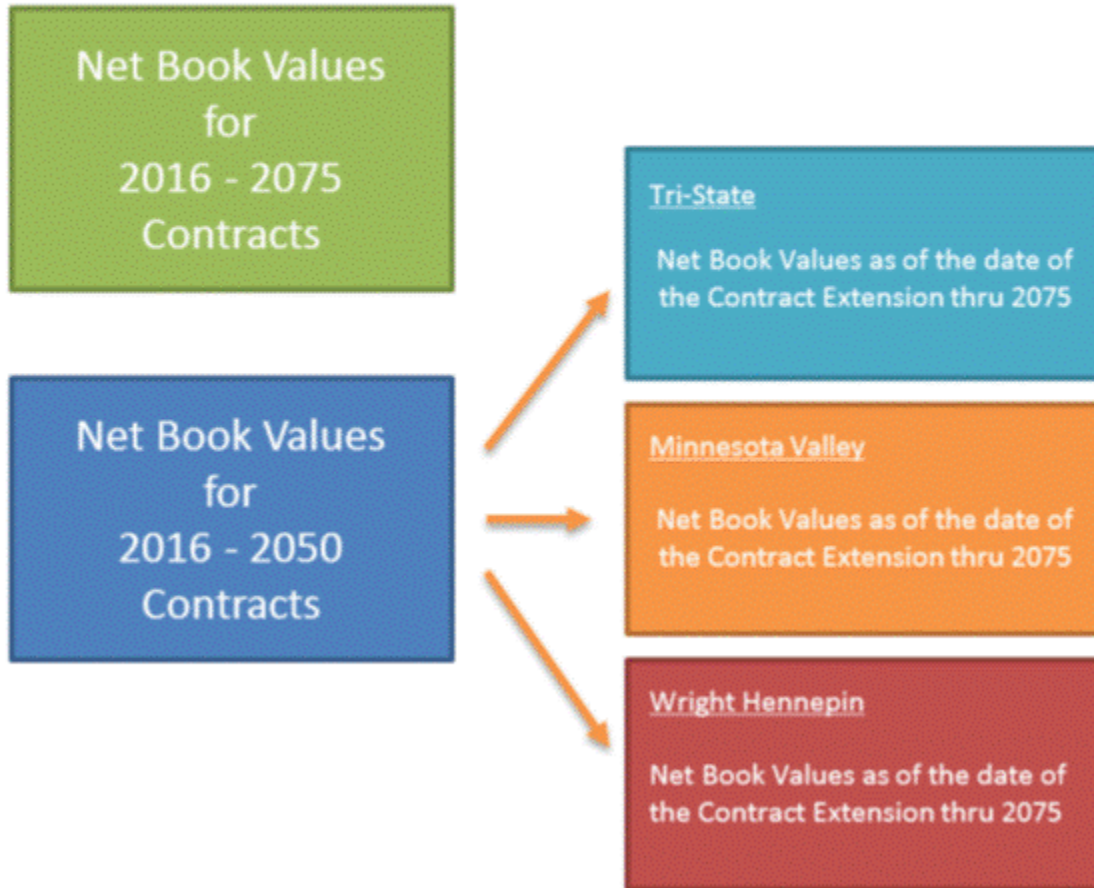


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Exhibit





03. DIVERSITY POLICY

Basin Electric Board Policy

Adopted: August 2017

Last Revision: March 2018

On a going-forward basis, when Basin Electric considers the consolidation of member systems, the formation of a new G&T member, or when Basin Electric considers the expansion of a member system either through an expansion of its service territory or through the addition of a new member; the member systems must be contiguous, or have shared borders, to qualify for Coincident Billing diversity benefits as outlined in the Basin Electric Rate Schedule A billing process.

If such member systems are not contiguous or do not have shared borders, a separate Coincident Billing peak as outlined in the Basin Electric Rate Schedule A billing process shall be determined for each contiguous load area and each area's coincident load peak shall be summed on a non-coincident basis to determine Basin Electric's monthly demand billing peak in the Basin Electric Rate Schedule A billing process.

The appropriate billing process shall be specifically addressed in Basin Electric's contractual arrangements with the member.



01. RENEWABLE RESOURCE OBLIGATIONS POLICY

Basin Electric Board Policy

Adopted: 2001
Last Revision: October 2016

Policy Intent

Several states in which Basin Electric members provide retail service require the inclusion of renewable resources in the power supply portfolio.

These requirements are normally applied at the retail level and typically require that the cooperatives provide a percent of their retail sales from renewable resources.

In consideration of the Wholesale Power contract between Basin Electric and its members, Basin Electric will provide the renewable resources required by the Class A members to meet the legislative/regulatory requirements of the states in which they serve.

For those members with power supply other than the Western Area Power Administration (Western) and Basin Electric, the renewable or green resources supplied will be proportional to the power supply provided by Basin Electric and Western compared to the Class A members total power supply needs.

Allocation of Renewable Energy Credits to Members

Renewable energy environmental attributes generated in a year less Basin Electric's committed to sale amounts (prior to 2012) will be allocated to the Class A members at year-end based upon revenues received during the year similar to the capital credit allocation process. To facilitate the allocation process, the market value of the renewable energy environmental attribute will be estimated based on type of environmental attribute. Such value of the environmental attributes will be used in the allocation process similar to the capital credit allocation process. Each Class A member's allocated environmental attribute value will then be re-converted back into renewable energy environmental attributes. It will be Basin Electric's sole discretion in determining the market value of the environmental attributes. If a Class A member so requests, Basin Electric will market allocated environmental attributes, subject to a fee to cover costs associated with the marketing.

If a situation arises such that Basin Electric needs to maintain the renewable energy or the environmental attributes to support its resource operations, this allocation process will be re-evaluated.

Renewable Resource Rates

In consideration of the Wholesale Power contract between Basin Electric and its Class A members, Basin Electric will provide and the Class A members shall purchase the required renewable or environmental attributes requirements associated with the power supply from Basin Electric and Western power deliveries from Basin Electric.

Basin Electric shall meet its renewable or environmental attributes obligation to the Class A member first through the allocation of Renewable Energy Credits (environmental attributes) to the Class A member and secondly through the sale of environmental attributes to the



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Class A member. Basin Electric will establish rates for the sale of environmental attributes that reflect the market value of environmental attributes.

Basin Electric will have sole discretion in determining the market value of the environmental attributes.

Applicability

This policy applies only to member deliveries and obligations within their defined service territories.