

BASIN ELECTRIC'S POLICY FOR ADMINISTERING THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978 (PURPA)

The Public Utility Regulatory Policies Act (PURPA) requires that electric utilities must purchase power produced from Qualifying Facilities (QF's) at their avoided cost. Avoided cost is the incremental cost an electric utility that, but for the purchase from the qualifying facility, such utility would generate itself or purchase from another source.

Basin Electric will purchase 100% of the output of new Member-owned renewable projects that are less than or equal to the values listed in the table below. The maximum amount of Member Owned projects will be reviewed occasionally and reassessed as needed. The Basin Electric purchase price and billing mechanisms for the Member-owned renewable projects will be in accordance with the PURPA Billing/Meter subsection QF generation with a capacity rating of more than 50 kW but less than 150 kW .

Member	Member-Owned amount (kW)	Member	Member-Owned amount (kW)
Central MT	4,950	Minn Valley Electric	2,000
Central Power	15,750	Mor-Gran-Sou	1,450
Corn Belt	14,100	NIPCO	8,100
Crow Wing	1,950	Rosebud	350
East River	23,300	Rushmore	9,350
Flathead	Not Applicable	Tri-State West	Not Applicable
Grand	450	Tri-State East	2,950
KEM	650	Upper Missouri	59,700
LO	3,250	Wright Hennepin	1,400
Members 1st	13,950	WMPA	1,600
Minn Valley Light	1,200		

Basin Electric, its generation and transmission (G&T) members, and its distribution cooperative members, together represent one cooperative system owned and controlled by the consumers to provide them with electrical power at cost. The avoided costs that occur when this three tier cooperative system purchases QF generation is equal to Basin Electric's reduced power production costs and the reduced transmission and distribution line losses associated with delivering the generation to load. This concept reflects the criteria described in FERC Order 69.

The below rates are valued at the point of delivery:

Rates

QF generation with a capacity rating of more than 50 kW but less than 150 kW

Power Supply Planning Area	Energy (Mill/kWh)
MISO	16.6 OR the Real Time Hourly LMP price
SPP	13.4 OR the Real Time Hourly LMP price
NW Energy	13.9
CUS/PAC	16.4

QF generation with a capacity rating of 150 kW or greater

Power Supply Planning Area	Energy (Mill/kWh)
MISO	Real Time Hourly LMP price
SPP	Real Time Hourly LMP price
NW Energy	13.9
CUS/PAC	16.4

Basin Electric is also planning for resource expansion in some Power Supply Planning Areas. As a result, Basin Electric is willing to discuss the pricing of resource commitments for periods more than one year on a negotiated basis.

These rates represent the avoided costs of the wholesale power supply component of the cooperative system and are computed at Basin Electric's point of delivery to its Members. They consequently consider the savings in the high voltage transmission line losses, but do not consider that purchasing power from a QF located on a distribution cooperative system normally reduces the transmission losses of the distribution cooperative and the G&T. Since these also represent avoided costs, the Members need to adjust Basin Electric's avoided costs to reflect their own unique circumstances regarding losses.

Basin Electric and its Members have elected to separate QF's into three different categories for purposes of the program administration. These categories, which are defined by the capacity rating of the QF, reflect the complexity and associated administrative expense the purchase has on the three tier cooperative system. The avoided costs and payments to the QF are the same for all categories. The administration costs are different.

Pursuant to 18 CFR 292.302 of the Regulations of the Federal Energy Regulatory Commission, Basin Electric retains its electric utility system cost data for public inspection upon request.

Billing/Metering

QF generation with a capacity rating of 50kW or less

The Member may contract to purchase the QF generation.

QF generation with a capacity rating of more than 50 kW but less than 150 kW

The Member may contract to purchase the QF generation.

Basin Electric shall reimburse the Member for its QF generation purchase. Basin Electric payment to the Member shall be based on the committed accredited amount and the metered energy generation and Basin Electric avoided costs adjusted by the G&Ts and distribution Members to reflect their own transmission losses and other possible savings. Basin Electric shall not base its payment on state mandated rates. Basin Electric shall provide payment to the Member via a credit on its monthly power bill.

The Member shall install energy metering on the QF and provide Basin Electric with the QF generated energy at the end of each billing period. Based on this information, the monthly billing shall be computed as follows:

- a) The QF generation at the time of the Member's coincident peak shall be estimated by the Member and Basin Electric based on factors such as the QF monthly energy

generation and expected capacity and diversity factors. After a review of the available information, Basin Electric shall be the sole judge of establishing the QF generation at the time of the Member's coincident peak. The Member at its option and expense may install 30 minutes MV90 compatible time registration metering in lieu of this calculation. The Member shall in that event be responsible for providing Basin Electric with the QF 30 minute demand at the time of its coincident peak.

- b) If the Member chooses to be paid per the real time hourly LMP price for MISO or SPP, the Member must install 30 minute MV90 compatible time registration metering. The Member shall in that event be responsible for providing Basin Electric with the QF 30 minute demand at the time of its coincident peak. The appropriate pricing node will be determined by Basin Electric at the time of application.
- c) Basin Electric monthly wholesale power deliveries to the Members shall be increased to reflect that the QF generation represents a Basin Electric point of delivery to the Members. Basin Electric total supplemental energy delivery to the Member shall be determined by adding the QF generated energy to Basin Electric's energy deliveries to the Member. Basin Electric total supplemental demand deliveries to the Members shall be determined by adding the QF peak generation computed in step a) to Basin Electric's demand deliveries to the Member.

The resultant Basin Electric deliveries shall be billed in accordance with the rate schedules contained herein.

QF generation with a capacity rating of 150 kW or greater

For Members that have not assigned over their PURPA obligation of 150kW or greater to Basin Electric, the Member may contract to purchase the QF generation.

Basin Electric shall reimburse the Members for its QF generation purchase. Basin Electric payment to the Member shall be based on the committed accredited amount and the metered energy generation and Basin Electric avoided costs adjusted by the G&Ts and distribution Members to reflect their own transmission losses and other possible savings. Basin Electric shall not base its payment on state mandated rates. Basin Electric shall provide payment to the Member via a credit on its monthly power bill.

- a) The Member shall be responsible for installing 30 minute MV90 compatible time registration demand metering on the QF's. The Member shall be responsible for translating the monthly meter readings and to provide to Basin Electric the QF generation at the time of their coincident peak. Basin Electric shall reimburse the Member for this translation service.
- b) Basin Electric's monthly wholesale power deliveries to the Members shall be increased to reflect that the QF generation represents a Basin Electric point of delivery to the Members. Basin Electric total supplemental energy delivery to the Member shall be determined by adding the QF generated energy to Basin Electric energy deliveries to the Member. Basin Electric total supplemental demand deliveries to the Members shall be determined by adding the QF generation at the time of the Member's coincident peak to Basin Electric's demand deliveries to the Member.

The resultant Basin Electric deliveries shall be billed in accordance with the rate schedules contained herein.