

**BASIN ELECTRIC POWER COOPERATIVE** (Basin Electric), on a consolidated basis with its wholly owned subsidiaries, Basin Cooperative Services, Basin Telecommunications, Inc., Dakota Coal Company (DCC), Dakota Gasification Company (DGC), PrairieWinds ND1, Inc., PrairieWinds SD1, Inc. and with its variable interest entity, The Coteau Properties Company (Coteau), presents its financial statements for the three-month periods ended March 31, 2010 and 2009. The consolidated net margin and earnings for the same periods was \$36.0 million and \$13.4 million, respectively.

In 2009, Basin Electric adopted Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Financial Statements*, and reclassified the equity of Coteau as a noncontrolling interest on Basin Electric's balance sheet.

Total electric sales for the first three months of 2010 were 5.9 million megawatt hours (MWh), generating revenue of \$248.9 million. Total MWh sales increased by 564 thousand MWh's while total revenue from sales increased by \$54.6 million from the same period last year. Electricity sales to Basin Electric's Class A & D members were 4.4 million MWh's generating \$160.1 million in revenue, which represents an 11.5 percent increase in MWh sales and a 38.6 percent increase in revenue from the same period last year. Member sales revenue increased partially because of a 3.7 percent mill rate increase in 2010 and because of a \$35.8 million member bill credit in March of 2009 compared to a \$19.5 million bill credit in 2010. Non-member sales increased by 112 thousand MWh's or 8.2 percent while revenue increased by \$10.0 million or 12.7 percent. The increased revenue is the result of slightly more previously deferred revenue amortized in the first quarter of 2010 compared to the same period in 2009.

The Great Plains Synfuels Plant (Synfuels Plant), owned and operated by DGC, sold 14.0 million dekatherms of synthetic gas during the first three months of 2010, which is a 7.7 percent increase in the volume of dekatherms sold during the same period in 2009. The average sales price for SNG was \$5.79 per dekatherm for the first three months of 2010 compared to \$6.22 for the same period in 2009. Byproducts, coproducts and other operating revenue decreased by \$12.8 million or 31.4 percent for the first three months of 2010 compared to the same period in

2009. Anhydrous ammonia sales revenue was \$16.5 million lower in the first three months of 2010 compared to the same period in 2009. The net income for DGC for the first three months of 2010 and 2009 was \$10.4 million and \$9.5 million, respectively.

DCC is the supplier of lignite to Basin Electric's Antelope Valley and Leland Olds Stations and the Synfuels Plant, and the supplier of lime to certain Basin Electric facilities and other regional power plants. DCC sold slightly more tons of coal during the first three months of 2010 than the same period in 2009. Net income for DCC for the three months of 2010 was \$6.1 million compared to a net income of \$4.7 million for the first three months of 2009.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries and Coteau as of and for the three-month periods ended March 31, 2010, and 2009. These financial statements should be read in conjunction with the financial statements and related notes included in Basin Electric Power Cooperative's 2009 Annual Report.



**Ronald R. Harper**  
Chief Executive Officer  
and General Manager

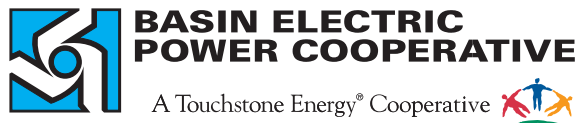


**Clifton T. Hudgins**  
Senior Vice President  
and Chief Financial Officer

#### **Financial information requests**

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*Equal Employment Opportunity Employer M/F/D/V*



## Basin Electric Power Cooperative and Subsidiaries

### Consolidated Balance Sheets

As of March 31 (Dollars in thousands)

ASSETS	2010	2009
<b>Electric plant:</b>		
In service	\$ 2,828,109	\$ 2,671,106
Construction work in progress	1,499,344	948,497
Total electric plant	4,327,453	3,619,603
Less: accumulated provision for depreciation and amortization	1,463,593	1,402,174
	2,863,860	2,217,429
<b>Nonutility property:</b>		
Property, plant and equipment	1,077,091	792,017
Construction work in progress	44,811	44,430
Total nonutility property	1,121,902	836,447
Less: accumulated provision for depreciation and depletion	420,290	382,901
	701,612	453,546
<b>Other property, investments and deferred charges:</b>		
Mine related assets	117,984	113,183
Investments in associated companies	36,756	34,571
Other investments	41,425	31,679
Restricted cash and investments	-	12,525
Special funds	33,237	30,894
Deferred charges	73,233	75,742
	302,635	298,594
<b>Current assets:</b>		
Cash and cash equivalents	163,593	182,804
Restricted cash and investments	14,690	44,886
Short-term investments	8,216	100
Customer accounts receivable	90,738	76,014
Other receivables	199,864	73,048
Coal stock, materials and supplies	155,717	146,120
Prepayments and other	184,050	165,453
	816,868	688,425
	\$ 4,684,975	\$ 3,657,994
<b>EQUITY AND LIABILITIES</b>		
<b>Equity:</b>		
Memberships	\$ 22	\$ 20
Patronage capital	405,120	354,553
Retained earnings of subsidiaries	347,530	314,571
Other equity	265,500	261,023
Accumulated other comprehensive loss	(57,995)	(109,733)
	960,177	820,434
Noncontrolling interest	2,298	2,365
	962,475	822,799
Long-term debt, net of current portion	2,365,810	1,517,062
Capital lease obligations	4,211	5,325
	3,332,496	2,345,186
Deferred credits, taxes and other liabilities	388,907	368,666
<b>Current liabilities:</b>		
Current portion of long-term debt	86,646	54,795
Current portion of capital lease obligations	1,115	1,191
Accounts payable	234,039	268,868
Notes payable - affiliates	80,935	107,825
Notes payable	459,837	430,166
Taxes and other	101,000	81,297
	963,572	944,142
	\$ 4,684,975	\$ 3,657,994

## Basin Electric Power Cooperative and Subsidiaries

### Consolidated Statements of Operations

For the three month periods ended March 31 (Dollars in thousands)

UTILITY OPERATIONS:	2010	2009
<b>Operating revenue:</b>		
Sales of electricity for resale:		
Members	\$ 160,075	\$ 115,480
Others	88,872	78,842
	248,947	194,322
Other electric revenue	1,629	1,677
	250,576	195,999
<b>Operating expenses:</b>		
Operation	184,969	155,242
Maintenance	20,608	17,285
Depreciation and amortization	13,587	12,080
Taxes other than income	395	376
	219,559	184,983
<b>Interest and other charges:</b>		
Interest on long-term debt	14,812	12,733
Other	1,824	2,788
	16,636	15,521
Operating margin (deficit)	14,381	(4,505)
<b>Nonoperating margin:</b>		
Interest income and other	5,284	3,913
Patronage allocations from other cooperatives	1,639	837
	6,923	4,750
<b>Utility margin before income taxes</b>	21,304	245
<b>NONUTILITY OPERATIONS:</b>		
<b>Operating revenue:</b>		
Synthetic gas	80,646	79,736
Byproducts, coproduct and other	31,372	31,964
Lignite coal	35,210	26,857
	147,228	138,557
Operating expenses (includes \$4,236 and \$4,617 of net income attributed to noncontrolling interest)	125,981	123,045
Operating income	21,247	15,512
Interest and other income	1,023	1,176
<b>Nonutility earnings before income taxes</b>	22,270	16,688
<b>Margin and earnings before income taxes</b>	43,574	16,933
Provision for income taxes	7,574	3,491
<b>Net margin and earnings</b>	\$ 36,000	\$ 13,442

## Basin Electric Power Cooperative and Subsidiaries

### Consolidated Statements of Cash Flow

For the three month periods ended March 31 (Dollars in thousands)

Operating activities:	2010	2009
Net margin and earnings	\$ 36,000	\$ 13,442
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	26,753	21,809
Increase in reserves	802	3,290
Other amortization	1,457	1,338
Patronage capital and other	(2,853)	(1,898)
Deferred income taxes	9,468	5,864
Income attributable to noncontrolling interest	4,236	4,617
Regulatory revenue amortization	(16,675)	(14,475)
Changes in other operating elements:		
Customer accounts receivable	(490)	(5,526)
Other receivable	6,298	2,155
Coal stock, materials and supplies	(4,073)	2,590
Prepayments and other current assets	(44,123)	(31,356)
Accounts payable	(23,095)	1,557
Taxes and other current liabilities	24,556	(39,759)
Net cash provided by (used in) operating activities	18,261	(36,352)
<b>Investing activities:</b>		
Acquisition of electric plant	(132,769)	(173,952)
Acquisition of nonutility property	(11,652)	(14,242)
Purchase of investments	(3,433)	(9,136)
Sale of investments	8,649	3,152
Purchase of other assets	(2,142)	(6,672)
Net cash used in investing activities	(141,347)	(200,850)
<b>Financing activities:</b>		
Loan advances	115,347	26,502
Principal payments of long-term debt	(18,326)	(16,705)
Purchase of funds held by U.S. Treasury	(3,727)	(522)
Sale of funds held by U.S. Treasury	6,000	22,756
Payment of debt issue costs	(250)	(64)
Proceeds of notes payable to affiliates	205,905	226,548
Payments of notes payable to affiliates	(180,378)	(171,170)
Proceeds of notes payable	519,863	680,062
Payments of notes payable	(659,742)	(480,822)
Payments under capital lease obligations	(270)	(299)
Dividends paid to noncontrolling interest	(3,907)	(5,446)
Retirement of patronage capital	-	(16,767)
Net cash provided by (used in) financing activities	(19,485)	264,073
Net increase (decrease) in cash and cash equivalents	(142,571)	26,871
Cash and cash equivalents, beginning of period	306,164	155,933
Cash and cash equivalents, end of period	\$ 163,593	\$ 182,804