

Transmission System Improvements and Customer Impacts

Common Use System (CUS)

Black Hills Power

Basin Electric Power Cooperative

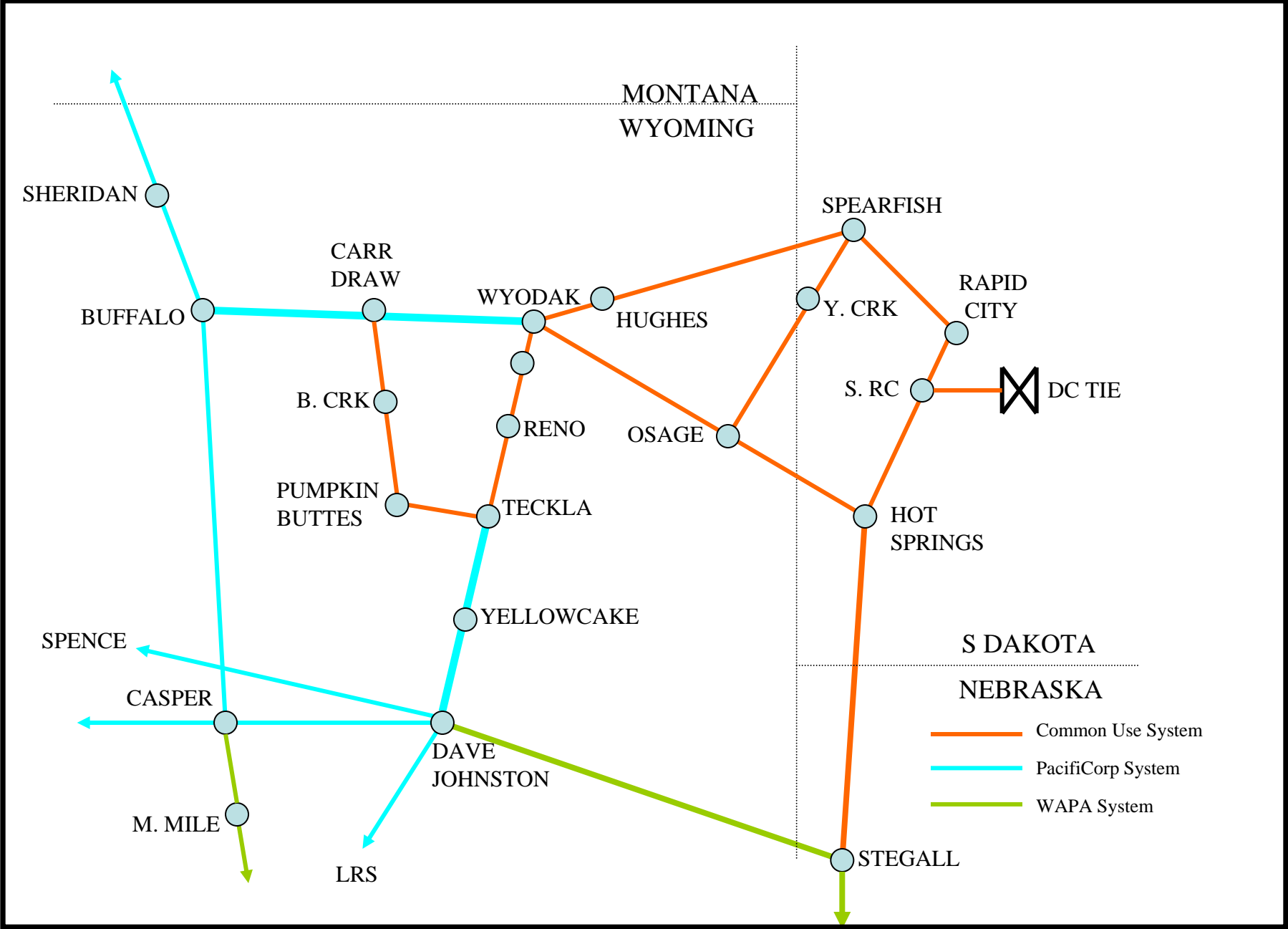
Powder River Energy Corporation

September 11,12, & 15, 2008

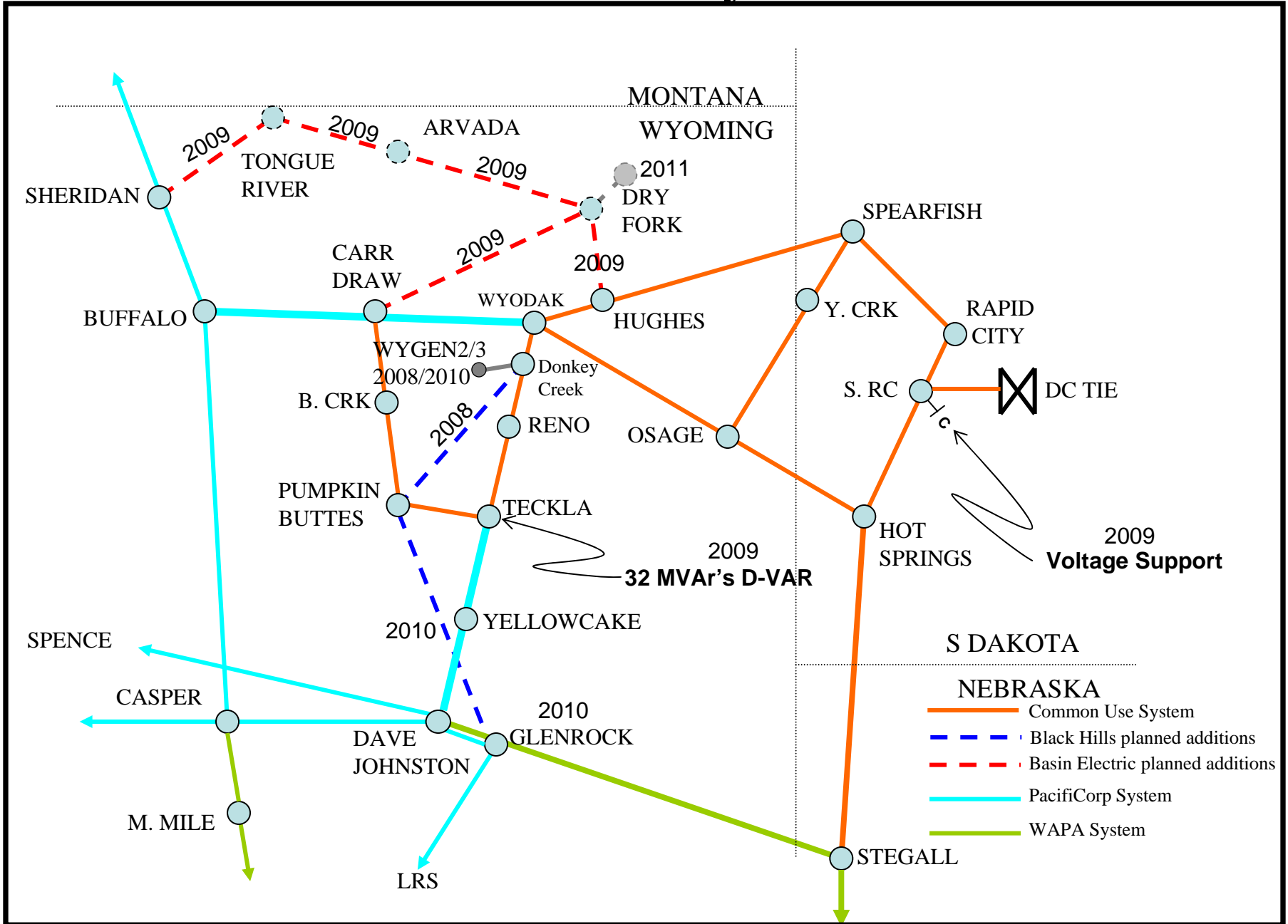
Agenda

- **Introductions**
- **Regional and CUS Transmission overview**
- **Transmission improvements and timing**
- **Need for transmission improvements**
- **Transmission rate case schedule**
- **Customer impacts**
- **Discussion**

Regional Transmission System - Existing



CUS Transmission System - Planned



Need for Transmission Improvements

- Accommodate Projected Load Growth
- Accommodate Customer Requests
- Additional Transfer Capability
- Increase Reliability Margins

Transmission Needs Cont'd

Needs	2007	2008	2009	2010	2011
CUS Load (12 Month Avg)	674 MW	806 MW	865 MW	1046 MW	1050 MW
New Transmission Requests – PTP			20 MW	20 MW	200 MW 30 MW
New Transmission Requests - Network				130 MW	205 MW
New Generator Interconnections		100 MW		100 MW	385 MW

Transmission Rate Case Schedule

- Separate filings – Black Hills Power and Basin
 - Black Hills Power to propose formula rate structure that will annually update Black Hills Power's component of the overall system revenue requirement based on projected investments in the year, with a true-up to reflect actual investment
 - Basin to propose a stated transmission revenue requirement to reflect its projected investments
- Proposed filing dates
- Effective date
- Future rate cases

Customer Impacts

- Current rate
- Projected 2009 rate
 - Driven by capital investment
 - Black Hills Power's component of the system revenue requirement will be trued up annually to reflect actual investments, with over-collections returned with interest



Discussion