



Great Northern Power Development L.P.

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August 18, 2005

Ms. Illona A. Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
600 East Boulevard, Dept.408
Bismarck, ND 58505-0480

Re: Letter of Intent – South Heart Power Project

Dear Ms. Jeffcoat-Sacco:

On behalf of South Heart Coal LLC (SHC), Great Northern Power Development LP (GNPD) is pleased to notify the North Dakota Public Service Commission (PSC) of its intent to construct and operate an energy conversion facility (facility) in southwest North Dakota near the community of South Heart in Stark County. That facility is part of the South Heart Power Project (SHPP) which includes a power plant (facility) and an adjacent lignite mine that would provide fuel to the proposed facility.

SHC is a wholly owned subsidiary of GNPD, a privately held natural resource development company affiliated with Great Northern Properties – the nation's largest private coal reserve holder. GNPD, headquartered in Houston, TX, maintains offices in Bismarck, ND and in Townsend and Miles City, MT.

This letter and its attachments are intended to fulfill our obligations under Chapter 69-06-03 of Title 69 of the North Dakota Administrative Code to file a Letter of Intent at least one year prior to filing an application for the required certificate.

1 PU-05-527 Filed 08/18/2005 Pages: 5
Letter to Intent
South Heart Coal LLC

Size and Type of Facility

The planned facility is a 500 MW (nominal) lignite-fired power plant. It will be configured as two 250 MW (nominal) subcritical, circulating fluidized bed (CFB) boilers, designed to fire lignite fuel from the adjacent mine and drive a single steam turbine generator. The facility has been designed for an average net generating capacity of 545 MW, a corresponding gross generating capacity of 612 MW, and an annual capacity factor of greater than 90%. Attachment 1 to this letter is a diagram of the major process system.

The facility is intended to serve the electric power needs of North Dakota, North Dakota industries, and the people and industries of the Upper Midwest.

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Map of Study Area

Attachment 2 to this letter is a map of the study area showing the proposed facility location in North Dakota (inset), the proposed site for the SHPP facility, and the location of the proposed facility's fuel source (lignite mine).

Anticipated Construction and Operation Schedule

Attachment 3 to this letter is a Gantt chart presenting the planned South Heart Power Project construction schedule from preliminary engineering and design to commencement of commercial operation. As shown in Attachment 3, SHC currently plans to begin construction of the facility in September 2008 and commence commercial operation in June 2013.

Estimated Cost of Construction

The estimated cost for the construction of the facility is \$800 million.

We look forward to working with the PSC and its staff to obtain the required certificate for the SHPP facility and the required approvals for the associated lignite mine. Please do not hesitate to contact Rich Voss, V.P. Power Development at 701-223-8783 (rvoss@gr-northern.com), Rich Southwick, Permitting Manager at 406-266-4360 (rsouthwick@gr-northern.com), or myself at 713-751-7590 with any questions pertaining to SHC, GNPD, or the SHPP facility.

Sincerely,



Charles H. Kerr
President

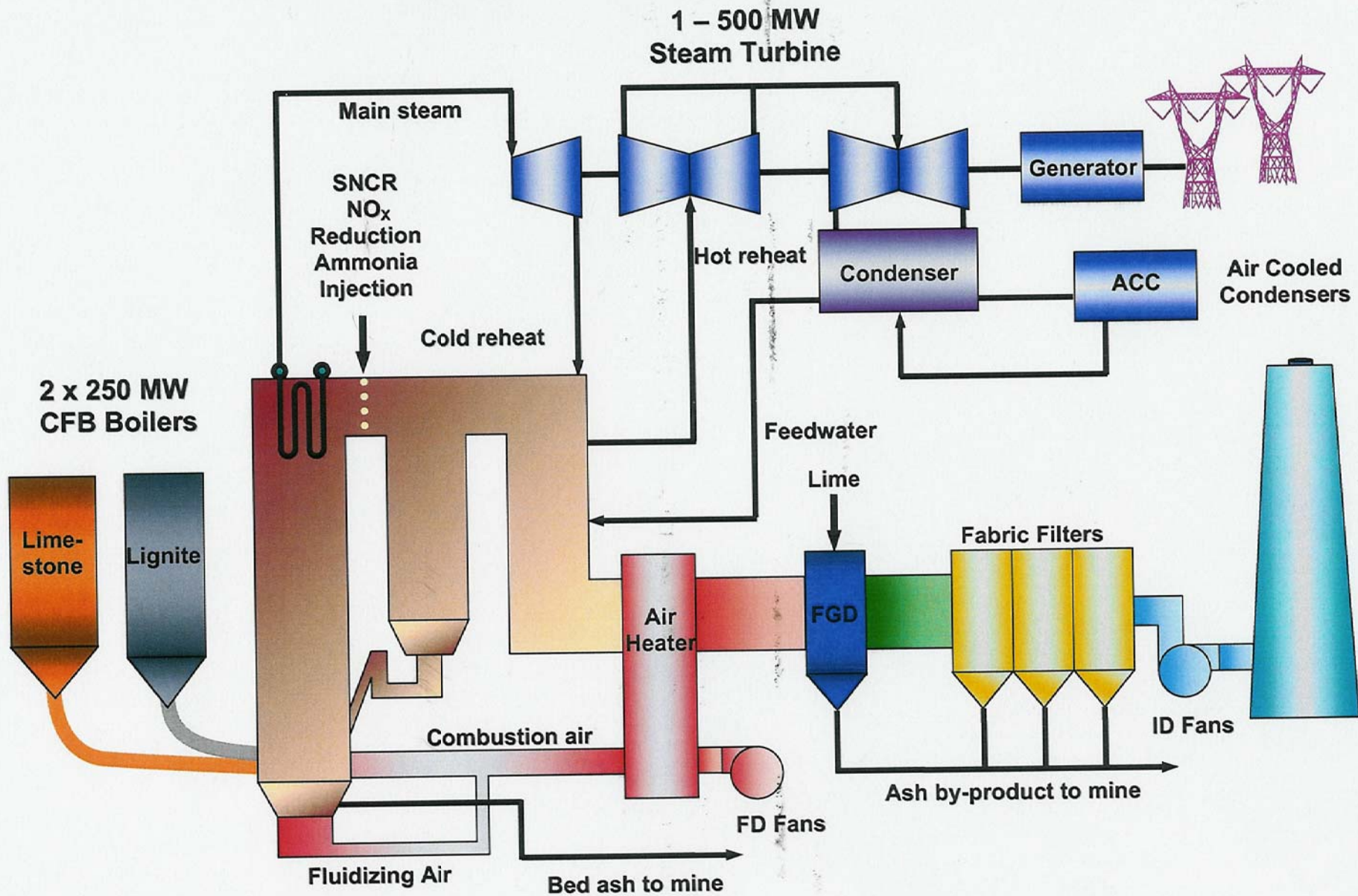
Attachments

cc: Rich Voss, GNPD
Rich Southwick, GNPD
Jeff Burgess, Lignite Energy Council

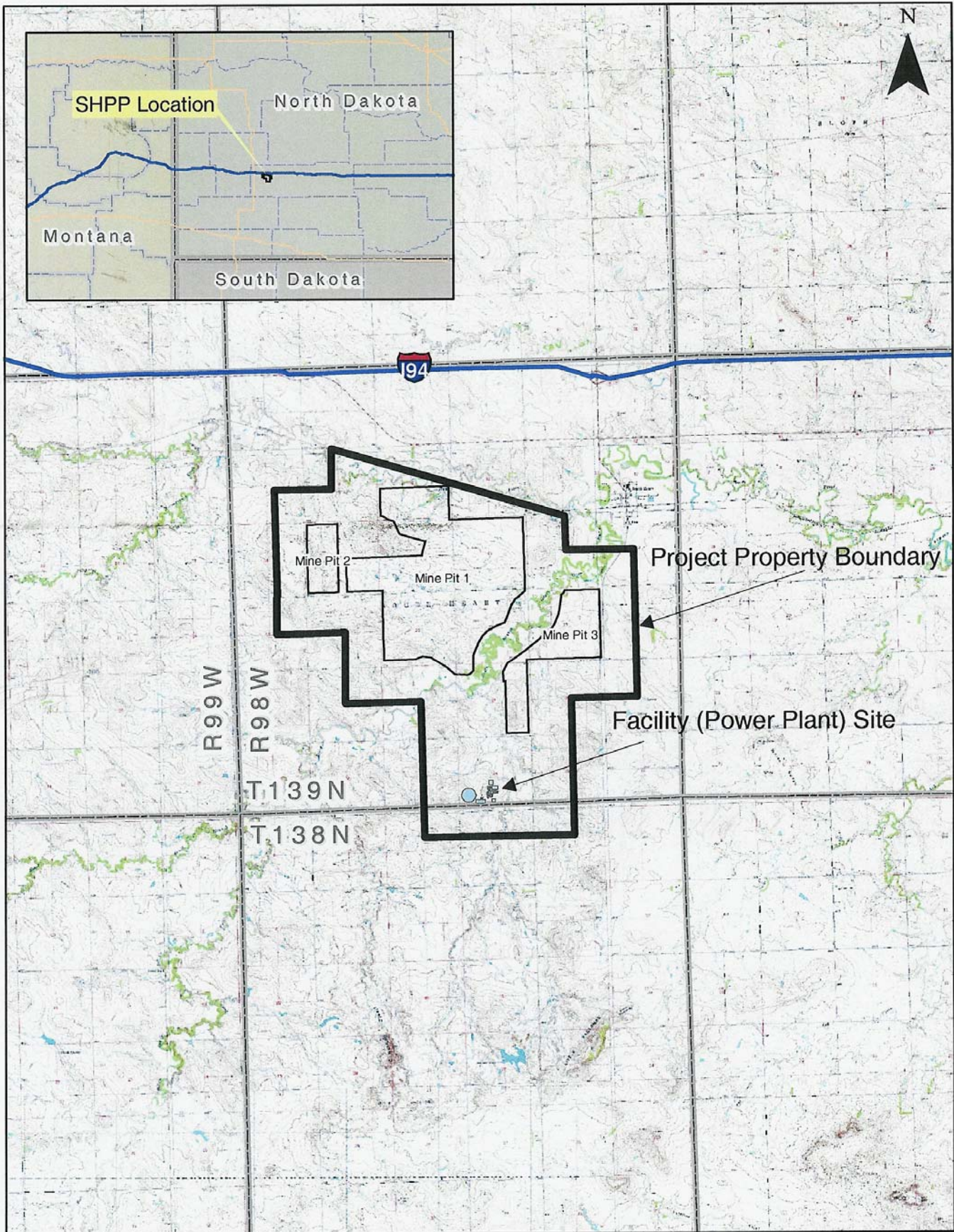
Attachment 1

South Heart Power Project

Diagram of Major Process System



Attachment 2
South Heart Power Project
Facility Location Map



1/2 Inch equals 1.00 Mile

ID	Task Name	Duration	Start	Finish	2005			2006			2007			2008			2009			2010			2011			2012			2013																																																												
					J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
1	ENGR / DESIGN / PROCURE	1285 days	Thu 9/2/04	Wed 8/5/09																																																																																					
2	Prelimin Engr & Design	49 wks	Thu 9/2/04	Wed 8/10/05																																																																																					
3	Detailed Engr & Design	150 wks	Thu 11/3/05	Wed 9/17/08																																																																																					
4	Equipment Specifications	52 wks	Thu 11/3/05	Wed 11/1/06																																																																																					
5	Maj Equip - Fab & Deliver	36 mons	Thu 11/2/06	Wed 8/5/09																																																																																					
6	CONSTRUCTION	948 days	Thu 9/18/08	Fri 5/4/12																																																																																					
7	Mobilize Site	23 days	Thu 9/18/08	Mon 10/20/08																																																																																					
8	Sitework / Facilities	239 days	Tue 10/21/08	Fri 9/18/09																																																																																					
9	Piling	136 days	Fri 12/5/08	Fri 6/12/09																																																																																					
10	Powerblock Substructure	195 days	Fri 5/29/09	Thu 2/25/10																																																																																					
11	Steel - Erect Boiler Room	130 days	Mon 11/30/09	Fri 5/28/10																																																																																					
12	Compl S.Drum/Boiler	0 days	Fri 3/26/10	Fri 3/26/10																																																																																					
13	Steam Generator Erection	330 days	Mon 3/29/10	Thu 6/30/11																																																																																					
14	Chimney Shell	174 days	Tue 9/29/09	Fri 5/28/10																																																																																					
15	Chimney Liner	175 days	Mon 5/31/10	Thu 1/27/11																																																																																					
16	Superstructure	348 days	Tue 3/30/10	Wed 7/27/11																																																																																					
17	AQCS	240 days	Thu 5/27/10	Tue 4/26/11																																																																																					
18	Mech Equip / Ducts	240 days	Fri 6/25/10	Wed 5/25/11																																																																																					
19	Turbine Generator	262 days	Tue 9/28/10	Tue 9/27/11																																																																																					
20	Piping	283 days	Thu 5/27/10	Fri 5/27/11																																																																																					
21	Air Cooled Condenser	328 days	Wed 2/2/11	Fri 5/4/12																																																																																					
22	Electrical Installation	412 days	Tue 3/2/10	Tue 9/27/11																																																																																					
23	I & C Installation	263 days	Fri 8/27/10	Mon 8/29/11																																																																																					
24	Material Handling Sytem	325 days	Mon 10/4/10	Thu 12/29/11																																																																																					
25	Ash Handling System	217 days	Wed 3/2/11	Thu 12/29/11																																																																																					
26	STARTUP	606 days	Mon 2/28/11	Tue 6/25/13																																																																																					
27	Hydro - Boiler	21 days	Fri 7/1/11	Fri 7/29/11																																																																																					
28	BF Pwr/Enrgz MV Sw.gear	0 days	Mon 2/28/11	Mon 2/28/11																																																																																					
29	Equipment Checkout	130 days	Mon 11/7/11	Fri 5/4/12																																																																																					
30	1st Coal Operation	30 wks	Fri 5/18/12	Thu 12/13/12																																																																																					
31	Chemical Cleaning - Boiler	0 days	Fri 5/18/12	Fri 5/18/12																																																																																					
32	Mechanical Completion	0 days	Mon 1/14/13	Mon 1/14/13																																																																																					
33	Steam Blows	0 days	Mon 1/14/13	Mon 1/14/13																																																																																					
34	1st Fire	4 wks	Tue 1/15/13	Mon 2/11/13																																																																																					
35	Initial Synchronization	4 wks	Tue 3/5/13	Mon 4/1/13																																																																																					
36	Performance Testing	10 wks	Tue 4/16/13	Mon 6/24/13																																																																																					
37	Commercial Operation	0 days	Tue 6/25/13	Tue 6/25/13																																																																																					

Project: South Heart ConstrMilstns080
 Date: Wed 8/10/05

Task Milestone Rolled Up Task Rolled Up Progress External Tasks Group By Summary

Progress Summary Rolled Up Milestone Split Project Summary Deadline