

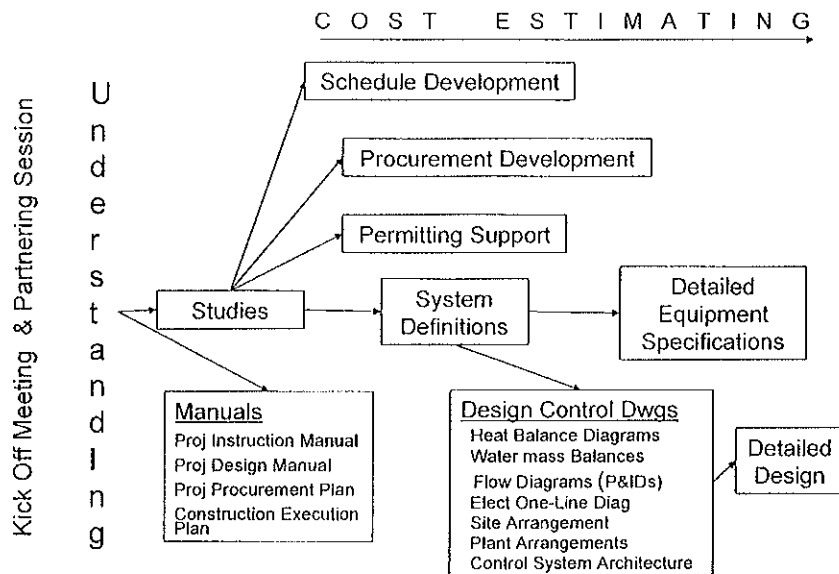
Exhibit No. _____ (KET-3)
10 pages

Big Stone Plant II -- Project Work Plan through June 2006

The BSP II work plan through the initial phase of the project includes project initiation, administrative and planning, and conceptual design activities. These activities culminate in mid year 2006 with the establishment of the target project cost estimate. This estimate will be detailed to ensure the financial viability of the project for the Ownership group to go forward with financial closure.

The following is the detailed work plan for these initial activities. This plan is consistent with the scope of services included in the Engineering Services Agreement.

The overall plan is summarized on the following diagram.



The project schedule is attached.

Project Initiation Activities

Kickoff Meetings

The collective project teams are conducting a series of kickoff meetings. The initial meetings have been completed. These included a turnover meeting internal to the B&V team, as well as a kickoff planning meeting at the site. Additional meetings are planned at the site during mid October by the lead B&V team, BSP II team member meetings in KC, as well as a partnering session (tentatively scheduled to coincide with PowerGen on December 8th and 9th) among all project participants.

B&V's project administration and control system will be used to execute the project. This system and its activities and procedures for control of schedule, design, and cost have evolved over time based on past experience on large power generation projects.

Project Administration and Planning

These activities include establishing this project execution plan, developing systems for information management, establishing budgets and the work schedule, and establishing the project control system. These activities can be categorized under the following topical headings:

Project Manuals, including Procurement and Construction Plans
Studies, System Definitions, Design Control Drawings, and other deliverables
Schedules
Cost Estimate and Cash Flow
Project Information Management System

Project Manuals

B&V will develop a set of manuals that will be used to control the work on the project during this initial phase as well as through detailed design, procurement and construction management.

These will include a Project Instruction Manual (PIM), Project Design Manual (PDM), Project Procurement Manual (PPM), and Design Tool Usage Plan (PM - *POWRTRAK*®).

The PIM is developed with Owner input, and will provide a documented plan for managing the project. The PDM will establish the design basis for the project. The PPM covers the procurement plan for the project and the scope of the individual procurements. The PM covers the computer hardware, software, and communication links needed for the project both onsite and home office.

Project Instructions Manual: This manual will include all BSP II specific procedures and additional procedures established by B&V to be used during the execution of the Project. The manual will establish guidelines, methods, procedures, and lines of communication to administer, control, and coordinate the work between the BSP II team, B&V, and other project participants.

B&V will develop the filing and indexing system, drawing numbering system and the equipment nomenclature and numbering system that will be used for the project. Topics to be included in this manual are as follows:

- Organization (project participants, and overview of roles and responsibilities)
- Communications (lines of communications and procedures relative to correspondence distribution, including e-mail etc.)
- Document control / information management (procedures for drawing control system, project filing system and procedures, drawing numbering system, equipment nomenclature and numbering system, etc.)
- Engineering management.
- Procurement management.
- Construction management.
- Cost and schedule control.
- Quality control program.
- Equipment nomenclature and numbering.
- B&V drawings and lists.
- Design interfaces.
- Permits and licenses.
- Information management.

Project Design Manual: B&V will develop a Project Design Manual, which will incorporate the controlling requirements for the engineering design of the project. The purpose of this manual

will be to describe the design requirements of the project and to provide the basis for detailed design. Information initially developed includes the following:

- Economic evaluation criteria.

- Site information from initial investigations or monitoring of ambient air, hydrology, meteorology, geology, topography, background noise, and soils investigations.

- Environmental Criteria.

- System Definitions.

- Engineering design criteria, standards and codes for the engineering disciplines: mechanical, civil-structural, electrical, control, and chemical engineering, including site specific criteria.

- Pertinent results of Technical Studies

Project Procurement Manual; B&V will develop a Project Procurement Manual which will define the Procurement Plan to consolidate and publish information related to project procurement. Included in this plan will be instructions, complete lists of equipment and construction procurement specifications, and other matters related to project procurement. The basic scope of procurement packages, especially construction packages, is defined in the Procurement Plan.

Procurement planning activities include:

- Descriptions of the significant contents of the procurement documents.

- Types of procurement anticipated for each package (full specifications, bill of material, etc.)

- Development of contract format including commercial terms jointly prepared with the Owner for the following types of procurement.

- Equipment and material

- Construction

- Furnishing of materials and construction

- Instructions for material expediting.

- Definition of the invoice verification process and interface with the owner.

- Purchase orders following competitive bids and negotiated proposal.

- A tentative list of qualified bidders for each package.

- The appropriate proposal pricing basis to be used for each package.

- Pricing basis is typically one of the following:

- Fixed price and escalation

- Lump sum price

- Unit price

- For each procurement package:

- Appropriate terms of payment.

- Acceptable escalation indices

- Current expectations of lead time

- General conditions

Alternative contracting methodologies will be addressed.

Design Tool Plan-- POWRTRAK[®]; This plan will establish and define the IT related tools to be used on the project including computer hardware, software, and communication links to be used for the project both at the home office and later on site.

Construction Execution Plan. The overall project construction execution plan will define the contracting approach and summarize the construction subcontracts

Studies

B&V will complete system analysis to evaluate key equipment arrangements within the plant. Each study will evaluate alternative design concepts to determine the most cost effective arrangement.

The studies will include the following items as appropriate.

- Capital costs
- Operating and maintenance costs
- Reliability, Availability, Maintainability
- Defined regulatory requirements, as applicable
- Project schedule impacts
- Other considerations

The economic criteria used for the studies are presented separately. The extent of the study investigations and analyses will be sufficient to support the study objectives and conclusions. Each study will include the results, diagrams, and other information required to support the conclusions.

Steam Cycle Assessment. The objective of this study will be to determine the most advantageous steam cycle arrangement based on consideration of alternative feedwater heater arrangements. The study will evaluate 7-heater and 8-heater cycle arrangements.

Heat Rejection System Assessment. This study will determine the heat rejection system design parameters listed below based on a comparison of differential capital costs and the capitalized value of differential plant performance impacts.

- Single vs. multi-pressure condensing
- Condensing pressure
- Condenser tube length
- Condenser tube diameter
- Cooling tower approach temperature
- Circulating water flow rate
- Circulating water pipe diameter
- Cooling tower configuration (cross flow vs. counter flow)
- Horizontal dry pit vs. vertical wet pit circulating water pumps\

ID Fan Assessment. The objective of this study is to determine the most advantageous arrangement (axial versus centrifugal) for the ID fans. System characteristics over the unit load range will be evaluated to ensure variable speed or constant speed control will permit stable flow control over the expected unit operating range from startup to MCR load.

Boiler Feed Pump Arrangement Assessment. The objective of this study will be to determine the number of boiler feed pumps and the type of boiler feed pump drives to be used. This study will be coordinated with the Steam Cycle Assessment so that the assumed pressure losses through the high pressure heaters reflect the preferred feedwater heater arrangement. The number, size and types of boiler feed pump drives will be evaluated.

Common Scrubber Assessment. The objective of this study will be to optimize the design and arrangement for using a common scrubber for both BSP II and BSP I. The design will be evaluated to establish an optimum arrangement. The analysis will investigate the advantages of installing the scrubber earlier than what might be necessary to support BSP II's commercial operations.

Drive Assessment. This analysis will evaluate the use of constant speed motor drives versus variable speed options for the fans. The selection of drive type will be based on consideration of capital costs, O&M costs, availability, effects on the auxiliary electric system (load flow, voltage drop, and power quality (harmonics)), and process control and stability. Black & Veatch will also coordinate with OTP to consider and incorporate factors that are relevant to their plant operations.

Cooling Tower Plume Abatement. The objective of this study will be to review the previous study and determine if there will be any impact from the mechanical draft cooling tower plume on nearby businesses/residences.

Main Steam and Reheat Steam Temperature Assessment. This study will determine the most advantageous main and reheat steam temperature.

Boiler Building Ventilation. The purpose of this study will be to characterize the most advantageous boiler building ventilation arrangement.

Operability Review. BSP II's operating modes and operational requirements regarding the possibility of a common BSP I and BSP II control room arrangement will be addressed so that conceptual design proceeds with those requirements in mind. This review will be completed to confirm that the conceptual design, control philosophy, and associated project cost estimate is consistent with the planned operations.

Constructability Review. The constructability review will be completed to insure that the design and procurement activities have been developed and scheduled to support construction and in turn the cost estimate. Topics to be addressed include:

Delivery Sequencing (Establish adequate lead times for long lead delivery items and coordinate/sequence delivery of equipment and materials with the erection contract dates). Review delivery dates of F&E and construction subcontracts to check for properly sequenced delivery of subcontractor-furnished equipment and material.

Installation Sequences – perform constructability reviews to verify the infrastructure of the existing facilities, construction access and other requirements, and review the compatibility with other ongoing work and BSP I planned outages.

Equipment Requirements – perform constructability reviews to confirm that functional, dimensional, and erection requirements for the equipment to be installed are met.

Access – review plans and documents to determine adequacy of access provisions for the sequenced delivery and installation of materials and equipment, and for personnel access within the site and facilities.

Material Flow patterns–review and evaluate the planned flow of material from delivery onsite through installation and final acceptance. Material flow patterns are to optimize construction procedures to avoid adverse impact upon operating units.

Constructability reviews will continue during the design/procurement phase of the project.

Steel Industry Assessment. The purpose of this review will be to quantify the current state of the market to assess ways to minimize structural steel costs as well as other commodities like copper and alloy piping.

Existing Infrastructure and Interface Assessment. As part of the conceptual design effort, B&V will assess BSP I plant systems to determine their adequacy to support BSP II. If it is determined that modifications to the existing systems are necessary, the modifications and associated impacts will be clearly identified and quantified in the target cost estimate.

All potential interfaces with existing structures, equipment, systems, etc. required to support the design or installation of the new unit will be clearly identified and discussed.

Labor Survey and Assessment. This study will be completed to determine the best labor basis and plan for securing the construction work force for the project. This assessment will develop the project approach to be used (union versus merit or open shop) to best assure that the number of craft and skill level necessary to complete the project will be available. The assessment will also determine the wage rates, competing projects, numbers of construction personnel by craft, craft availability and productivity estimates, as well as potential national and local contractors to do the work.

B&V will support the development of a Project Labor Relations Program (specifically the National Construction Agreement) if a union based construction approach is decided.

Auxiliary Steam Supply Study. This study will evaluate and define the auxiliary steam supply system for BSP II. The study will consider the existing unit's auxiliary steam requirements and the ethanol plant's demand as well as the BSP II requirements. The study will evaluate sizing the system to meet all of those requirements. The analysis will include the cost breakdown associated with providing steam to the ethanol plant as a back-up source to Unit I.

Other Studies. Other studies may be completed as the need arises to support additional conceptual design requirements or environmental permitting needs.

System Definitions

System Definitions will be developed that provide initial descriptions of the design concepts for each power plant system and the interfaces between each new system and the existing BSP I systems.

The System Definition typically includes the following elements:

- System function
- System process
- System performance expectations
- Listing of the number and capacity of the significant components, e.g., two full-capacity boiler feed pumps
- Controlling design parameters
- Description of system boundaries

The System Definitions provide guidance for subsequent levels of conceptual and detailed design but do not generally provide detailed design criteria (i.e., flows, pressures, temperatures, etc.) which are established in the detailed design and procurement documents.

Each System Definition is numerically identified in accordance with the standard filing and indexing system for the project.

The System Definitions, along with the PDM, design control drawings and the supporting studies, are interface documents for the transitional stage between conceptual design and detailed design engineering. System Definitions serve as the basis for design control and quality control compliance audits.

Design Control Drawings

Design control drawings are those drawings that summarize the plant arrangements and define basic equipment layouts and configurations. These will be developed early in the conceptual design phase

Site Arrangement Drawing. An overall site plan block drawing of the project major equipment, including steam generator, turbine-generator building, air quality control equipment, chimney, cooling tower, fuel handling systems, limestone handling system, ash handling system, chemical storage, etc. The location of administration/services building(s) and other buildings and structures, electrical transmission lines/corridors, and access roads will also be identified.

General Arrangement Drawings. Arrangement drawings depicting the major equipment, their required pull spaces and maintenance/access requirements, and major system piping (steam, feedwater, etc).

Heat and Mass Balances. B&V will provide heat and mass balances at MCR for various ambient temperatures. In addition heat balances will be developed at partial loads of 40%, 60%, and 80% of MCR all at a single ambient temperature. B&V will also develop a process flow diagram which will show process pressure (psig), drafts (inches water), combustion constituents (O₂, CO₂, SO₂, H₂O), temperatures (F), and flow rates (gpm, klb/hr, cfm) for all main and secondary flow paths.

The preliminary water balance will be based on typical unit performance, anticipated water supply sources, applicable wastewater discharge points, and proposed water and wastewater treatment equipment.

Flow Diagrams. Preliminary flow diagrams (precursors to the P&IDs to be developed during detailed design) for the major mechanical systems included in the project, such as fuel, limestone, bottom ash and fly ash, main and reheat steam, boiler feedwater, condensate, circulating water, makeup water, and wastewater.

Electrical Single Line Drawing. An overall plant single-line illustrating the tie to the substation and configuration of the power system for the plant and including all major components of the substation, including breakers, disconnect switches, transmission interconnections, generating unit interconnection(s), and transformers.

Control System Architecture Drawing. The Controls Architecture Drawing will be developed to depicting the layout of the Plant Control System.

Other Deliverables

Other services and deliverables will be completed as necessary to provide the engineering data needed to support the cost estimate as well as any other Owner activities like permit applications or regulatory support.

Surveys and Explorations. B&V will prepare drawings, specifications, and other documents required to support having third parties perform ground surveys, aerial photography, cartography, field measurements, geotechnical (subsurface explorations and soils investigations) as required.

B&V will prepare specifications, assist with contracting and monitor all surveys and explorations.

Black & Veatch engineers will evaluate all data collected, and compile a summary memo of conditions and preliminary recommendations.

Soil Resistivity Measurements. In situ soil resistivity measurements will be collected in conjunction with the geotechnical investigation described in the previous task.

Building Code Review. As part of the conceptual design effort, applicable Building and the Fire Prevention Codes will be reviewed to identify requirements which will impact the design of plant.

Support for Air Permitting. Additional data required to support the air permit application process, including gas exit temperature, gas exit flow rate and velocity; maximum and average fuel consumption rates; maximum and average limestone consumption rates; hourly emission profiles for startup and shutdown; height, width, and length of all significant structures; description of proposed air pollution control devices; and emission estimates.

Schedules and Schedule Control

The overall project schedule will be developed to support the detailed target cost estimate. The detailed Level 3 project schedule will be completed during conceptual design, and the project schedule will be defined in sufficient detail to establish the procurement and construction plans. Key milestones and durations for activities will be established to ensure the cost estimate is based on a well-defined overall project execution plan.

At the project kickoff meeting, the major project milestones for engineering, procurement and construction were discussed and decided, and the format and level of detail for the Level 1 schedule will be agreed upon. The schedule will be used at this point simply to highlight critical path issues related to putting Big Stone II on line by April 2011, and to provide a basis, in conjunction with the capital cost estimate, for developing a preliminary estimate of project cash flow.

The Project Schedule will integrate all project activities (including BSP II Ownership milestones).including the following.

Time duration for each key activity associated with permitting, RUS loan application, engineering, procurement, construction, and startup/commissioning.

Major milestones for permitting submittal and approval processes, award of major supply and installation contracts, ground breaking, start of boiler erection, availability of startup power, boil out, steam blow, first fire, unit synchronization, and commercial operation.

During this conceptual design phase planning and scheduling will also include:

Establish engineering budgets and durations to provide a tool for evaluating project progress.

Develop the overall project schedule to support the cost estimate.

Monthly reports will be produced with a written summary prepared that indicates float analyses, problem areas, trends, and risks for the Project Manager and project team to review. Recovery plans will be developed for Project Schedule activities that are on a float path of -20 days or more behind schedule.

Regular monitoring, updating and analysis of all schedules shall be performed at the following minimum intervals.

Engineering activities – twice monthly.

Procurement activities – every week during the initial months of the project execution and twice monthly thereafter.

Cost Estimate and Cost Control

As part of the conceptual design effort, B&V will prepare a “bottoms-up” detailed cost estimate. The cost estimate will have sufficient detail to support the RUS loan application filing. The final project cost estimate will be based upon the preliminary estimate and will be prepared after the definition of plant details and design criteria for all equipment and material is available.

B&V will provide a breakdown/list of all cost information needed from BSP II to support the estimate development. The cost breakdown will be in sufficient detail to meet RUS requirements and individual Owner’s group member’s corporate code of accounts process.

The cost estimate will be based on the mutually agreed contracting strategy and will include the following.

Pricing of all major equipment and systems

Estimates of cost and quantity of individual construction commodities

Estimates of cost and quantity of individual construction labor hours. The cost will be based on local labor rates.

Estimates of project indirect costs including engineering, construction management, unit startup, interest during construction, property tax, financing, insurance, contingencies and others as required

Inclusion of Owner costs and other indirect costs

The cost estimated during conceptual design will be updated during detailed design. The estimate serves throughout the project as a cost reference for performance measurement. As actual costs are determined, comparisons of the costs to the budget are reported showing deviations (plus or minus) from the estimate. The estimate will be based on the scope determined by the preliminary design. Preliminary, bills of quantity (BOQ’s) will be developed for all major commodities required for the plant to support this estimate. These BOQ’s will be used for cost estimating and control as well as planning, and procurements. The BOQ’s will be based on the preliminary design and will require updating as the detailed design is performed.

B&V analyzes the project costs and project progress on a monthly basis. A monthly progress report will be issued. The progress report tracks budget or planned values versus actual values for engineering, procurement and construction costs, and construction / startup progress.

The progress report is typically reviewed in a monthly progress meeting, which would entail the following:

Engineering status

Procurement status

- Construction and startup status, including commodity installation curves as application
- Safety status
- Participation from and status of the major equipment suppliers
- Change order status
- Action items
- Schedule review
- Submittal information
- Project progress photos

B&V analyzes the project costs and project progress on a monthly basis. A monthly progress report will be issued. The progress report tracks budget or planned values versus actual values for engineering, procurement and construction costs, and construction / startup progress.

Cash Flow

Cash flows will be developed based on the Schedule and Cost Estimate discussed above. These will depict the magnitude and timing of expected disbursements for all project costs, including equipment procurement, construction, engineering, construction management, and other project direct costs.

A cash flow profile showing the expected funding required on a monthly basis through the project duration. The initial project cash flow will be developed from the "bottoms up" capital cost estimate and the Level 1 schedule previously described. Construction costs and indirect costs such as engineering, construction management, etc. will reflect the best estimate of when these costs will be incurred on a progress basis. The total project disbursements for each month can be used to develop estimates of interest during construction and other Owner indirect costs not otherwise included in the capital cost estimate, in order to obtain an all-in total project cost estimate.

Project Information Management System

The project will utilize a centralized computer-based project information management system (*POWRTRAK*®) that will support the needs of engineering and procurement and will supply timely information, as needed for construction management.

The Black & Veatch standard drawing and filing system, including specification numbering system, as well as the standard design coding system, will be used; however, other BSP II numbering may be included as well for specifications and drawings. BSP II drawing numbers may be displayed on drawings in addition to the Black & Veatch number if desired.

Black & Veatch will utilize Documentum which is a text type document management tool. Documentum provides electronic filing of project correspondence, engineering text type documents and other quality records. Portals will be established for use by the BSP II project team and Owners to provide access to key project files maintained in the B&V Documentum files. The Documentum portal will also allow the Project Team and Owners to distribute documents among themselves for review and record purposes. In addition, portals will allow access to various *POWRTRAK*® modules for drawing reviews and design database access.

A project web-site (using I-Backup.com) will be developed to exchange large files, procurement and construction specifications and drawings, etc.