

**BASIN ELECTRIC
POWER COOPERATIVE**

1717 EAST INTERSTATE AVENUE
BISMARCK, NORTH DAKOTA 58503-0564
PHONE: 701-223-0441
FAX: 701-557-5336



February 10, 2012

Mr. Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard Avenue – Department 408
Bismarck, ND 58505-0480

Dear Mr. Nitschke:

The Coteau Properties Company *Self-Bond Rider to Increase Bond Amount (Third Party Guarantor)* includes (in item 4) the tangible net worth of Basin Electric Power Cooperative, the guarantor, of \$877,397,214.20 as of September 30, 2011.

The tangible net worth of Basin Electric Power Cooperative as of September 30, 2011, is calculated as follows:

Total Consolidated Equity*	\$ 934,185,354.93
Less: Regulatory deferred costs	(54,926,214.17)
Less: Goodwill	(1,525,964.51)
Less: Other intangible assets	<u>(335,962.05)</u>
Tangible Net Worth	<u>\$ 877,397,214.20</u>

*Total assets less total liabilities

If you have any questions regarding the calculation of tangible net worth, please contact me at Basin Electric at 701-557-5432 or sdeisz@bepc.com.

Sincerely,

Shawn L. Deisz, CPA, CGMA
Manager of Accounting

sld/ku

THE COTEAU PROPERTIES COMPANY

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION

LAND OFFICE

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NORTH DAKOTA
PUBLIC SERVICE COMMISSION

February 15, 2012

HAND DELIVERY

Mr. Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard Avenue – Department 408
Bismarck, North Dakota 58505-0480

Dear Mr. Nitschke:

Revision No. 18 to The Coteau Properties Company's Permit No. NACT-0401 is scheduled to be approved by the North Dakota Public Service Commission at its February 29, 2012, meeting. This Revision includes an update to the Consolidated Bonding Plan and takes into account the revised variable costs provided annually by the Commission in accordance with Policy Memorandum No. 16, Reclamation Cost Estimating Guidelines. The minimum bond amount approved by the Commission is \$117,646,351.

Coteau currently maintains Self-Bond No. SB-9501-1 guaranteed by Basin Electric Power Cooperative and Collateral Bond No. CB-9501-6, which cover the entire consolidated bond area for all of Coteau's permits. Coteau plans to increase the bonds as follows:

CURRENT BOND	CURRENT AMOUNT	INCREASE	NEW AMOUNT
SB-9501-1	\$ 98,100,000	\$9,000,000	\$107,100,000
CB-9501-6	10,900,000	1,000,000	11,900,000
TOTAL	\$109,000,000	\$10,000,000	\$119,000,000

Accordingly, enclosed are the following documents:

1. One original and three copies of Self-Bond Rider to Increase Bond Amount for Bond No. SB-9501-1, which has been executed by Coteau and Basin Electric as third-party guarantor,
2. One original and four copies of Collateral Bond No. CB-9501-7, in the amount of \$11.9 million, which has been executed by Coteau and requires execution by the Commission and the Bank of North Dakota as escrow agent. Furthermore, as stated in Exhibit 1 of this bond, the collateral will be provided via a roll-over of the current collateral bond liability and the provision of an additional \$1,000,000 in collateral by February 28, and

Mr. Darrell Nitschke
February 15, 2012
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3. One original and three copies of Collateral Bond Rider to Reduce Bond Area and Amount for Collateral Bond No. CB-9501-6, which has been executed by Coteau and will result in the release of this bond effective February 29, which requires Commission execution.

Commission acceptance of the foregoing is respectfully requested. Furthermore, upon Commission execution, please return a copy of the fully executed Escrow Agreement and the Collateral Bond Rider to Reduce Bond Area and Amount for Coteau's records. A self-addressed stamped envelope is included for this purpose. The second copy of Bond No. CB-9501-7 and the collateral bond rider may be provided to the Bank of North Dakota for its records.

Sincerely,

THE COTEAU PROPERTIES COMPANY



Nancy L. Jensen
Land Specialist

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