
**BASIN ELECTRIC
POWER COOPERATIVE**

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March 13, 2008

Mr. Jim Keselburg
Regional Manager – Rocky Mountain
Western Area Power Administration
P.O. Box 3700
Loveland, CO 80539-3003

Mr. Bob Harris
Regional Manager – Upper Great Plains
Western Area Power Administration
P.O. Box 35800
Billings, MT 59107-5800

Mr. Keselburg and Mr. Harris:

Basin Electric would like to offer our comments to the Western Area Power Administration's proposal of consolidating the Desert Southwest Region, Rocky Mountain Region and the Upper Great Plains – West Region into one Balancing Area region as presented at the Customer Meeting held in Loveland, Colorado on February 14, 2008.

While Basin Electric understands the increasing workload caused by the increasing pressure of regulatory reporting, Basin Electric has reservations as to negative consequences that may arise in consolidating the Balancing Area regions simply to address the regulatory reporting staffing. Basin Electric believes from other utility mergers that have occurred that Western could consolidate the regulatory reporting function without consolidating the Balancing Area functions. Western Area Power Administration has indicated in its proposal and at the Customer meeting that the regional offices and staff would continue to operate as today with limited changes except for a unified regulatory reporting purpose and unified ancillary services rates.

Basin Electric also understands from Western's proposal that there may be some additional regulation capability achieved by consolidating the Desert Southwest region with the Rocky Mountain region, Basin Electric does not believe Western has provided information indicating the Upper Great Plains region would gain the same benefit in the consolidation. From Western's presentation at the Customer Meeting, the Balancing Area ancillary costs associated with Upper Great Plains region will most likely increase from their current rates. As a result the operational agreements that Basin Electric has in place with Upper Great Plains will erode with the proposed balancing consolidation.

Western at this point has not provided any information as how the consolidation of Balancing Area functions would affect Upper Great Plains Regions current practices of tagging, reserve reporting, potential for pan-caking of losses and the impact of changed regulation and imbalance costs. Basin Electric currently manages these current practices through long-term agreements between Upper Great Plains Region and Basin Electric and would request Western address these specific issues with it's impacted Upper Great Plains Region customers before making a decision to include the Upper Great Plains Region in this consolidation plan.

Basin Electric also believes, because the Upper Great Plains region is such a small portion of the western system consolidation and as the customers of the Upper Great Plains regions will be negatively impacted, Basin Electric would recommend that if the consolidation proposal goes forward that the Upper Great Plains region be excluded from the proposed Balancing Area consolidation.

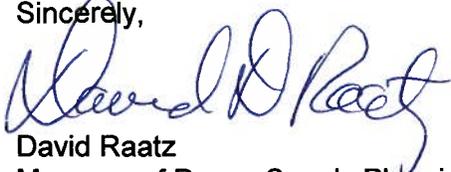
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Basin Electric's comments are based upon our review of the limited information presented at the Customer Meeting. Basin Electric would need to review more information than was presented at the customer meeting to be able to change our beliefs as currently stated.

Basin Electric looks forward in working with Western Area Power Administration in vetting the benefits and impacts as Western proceeds through their proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Raatz". The signature is fluid and cursive, with the first name "David" being more prominent than the last name "Raatz".

David Raatz
Manager of Power Supply Planning & Marketing

jd/kz

cc: Tom Huntley, CMGT
Tom Barnett, Upper MO
Wayne Backman