

**BASIN ELECTRIC POWER COOPERATIVE** (Basin Electric), on a consolidated basis with its wholly owned subsidiaries, Basin Cooperative Services, Basin Telecommunications, Inc., Dakota Coal Company (DCC), Dakota Gasification Company (DGC), PrairieWinds ND I, Inc., PrairieWinds SD I, Inc. and with its variable interest entity, The Coteau Properties Company (Coteau), presents its financial statements for the nine-month periods ended September 30, 2011 and 2010. The consolidated net margin and earnings for the same periods was \$49.6 million and \$16.1 million, respectively.

Total electric sales for the nine months of 2011 were 17.0 million megawatt hours (MWh), generating revenue of \$754.6 million. Total MWh sales increased by 328.8 thousand MWhs while total revenue from sales increased by \$50.1 million from the same period last year. Electricity sales to Basin Electric's Class A & D members were 12.7 million MWhs generating \$572.2 million of revenue, which represents a 4.3 percent increase in MWh sales and a 16.6 percent increase in revenue from the same period last year. Member sales revenue increased due to a 2.9 mill rate increase in 2011 and a \$19.5 million member bill credit in February of 2010. Non-member sales decreased by 192.7 thousand MWhs while revenue decreased by \$31.3 million or 14.7 percent. Non-member sales are lower during the first nine months of 2011 compared to the same period in 2010 because of lower market prices and \$16.7 million of previously deferred revenue being amortized into non-member sales in February 2010.

The Great Plains Synfuels Plant (Synfuels Plant), owned and operated by DGC, sold 35.8 million dekatherms of synthetic gas during the first nine months of 2011, which is 2.6 million dekatherms lower than the volume sold during the same period in 2010. The average sales price for SNG was \$5.49 per dekatherm for the first nine months of 2011 which is slightly higher than the average sales price of \$5.46 during the same period in 2010. Byproducts, coproduct and other operating revenue increased by \$67.7 million or 53.8 percent for the first nine months of 2011 compared to the same period in 2010. Anhydrous ammonia, ammonium sulfate, cresylic acid, naphtha, tar oil, krypton/xenon and phenol sales revenue were all higher in the first nine months of 2011 compared to the same period in 2010. Net income for DGC for the first nine months of 2011 and 2010 was \$36.3 million and \$13.5 million, respectively.

DCC is the supplier of lignite to Basin Electric's Antelope Valley and Leland Olds Stations and the Synfuels Plant, and the supplier of lime to certain Basin Electric facilities and other regional power plants. Lignite coal sales were \$10.9 million lower during the first nine months of 2011 compared to the same period in 2010 due to DCC selling fewer tons of coal in 2011 compared to the same period in 2010. Net income (loss) for DCC for the first nine months of 2011 was \$(3.7) million compared to \$1.4 million for the first nine months of 2010.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operations of Basin Electric and its wholly owned subsidiaries and Coteau as of and for the nine-month periods ended September 30, 2011 and 2010. These financial statements should be read in conjunction with the financial statements and related notes included in Basin Electric Power Cooperative's 2010 Annual Report.



**Ronald R. Harper**  
Chief Executive Officer  
and General Manager



**Paul Sukut**  
Senior Vice President  
and Chief Financial Officer

#### Financial information requests

Financial Services at Basin Electric Power Cooperative,  
1717 East Interstate Avenue, Bismarck, ND 58503-0564.  
Telephone (701) 223-0441

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[www.basinelectric.com](http://www.basinelectric.com)



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POWER COOPERATIVE**

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# STRENGTH in UNITY



## Third QUARTER REPORT



**BASIN ELECTRIC  
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## Basin Electric Power Cooperative and Subsidiaries Consolidated Balance Sheets

As of September 30 (Dollars in thousands)

	2011	2010
<b>ASSETS</b>		
<b>Electric plant:</b>		
In service	\$ 3,034,360	\$ 2,879,451
Property held under capital leases	40,612	-
Construction work in progress	1,958,389	1,690,007
Total electric plant	5,033,361	4,569,458
Less: accumulated provision for depreciation and amortization	1,549,410	1,490,618
	3,483,951	3,078,840
<b>Nonutility property:</b>		
Property, plant and equipment	1,342,520	1,104,554
Construction work in progress	84,353	55,032
Total nonutility property	1,426,873	1,159,586
Less: accumulated provision for depreciation and depletion	484,544	440,020
	942,329	719,566
<b>Other property, investments and deferred charges:</b>		
Mine related assets	115,750	115,331
Investments in associated companies	33,811	37,348
Other investments	76,523	54,710
Special funds	70,211	65,318
Deferred charges	51,273	72,757
	347,568	345,464
<b>Current assets:</b>		
Cash and cash equivalents	72,244	127,482
Restricted cash and investments	15,250	18,400
Short-term investments	88,515	40,087
Customer accounts receivable	110,559	82,825
Other receivables	259,312	225,033
Coal stock, materials and supplies	167,673	148,480
Prepayments and other current assets	95,501	257,243
	809,054	899,550
	\$ 5,582,902	\$ 5,043,420
<b>EQUITY AND LIABILITIES</b>		
<b>Equity:</b>		
Memberships	\$ 21	\$ 21
Patronage capital	431,329	389,032
Retained earnings of subsidiaries	358,182	343,686
Other equity	251,026	265,500
Accumulated other comprehensive loss	(108,534)	(85,759)
	932,024	912,480
Noncontrolling interest	2,161	2,065
	934,185	914,545
Long-term debt, net of current portion	2,853,550	2,436,642
Capital lease obligations	50,208	3,634
	3,837,943	3,354,821
Deferred credits, taxes and other liabilities	523,739	460,627
<b>Current liabilities:</b>		
Current portion of long-term debt	20,615	90,377
Current portion of capital lease obligations	2,344	1,141
Accounts payable	191,193	226,945
Notes payable - affiliates	131,909	105,672
Notes payable	764,840	699,775
Taxes and other current liabilities	110,319	104,062
	1,221,220	1,227,972
	\$ 5,582,902	\$ 5,043,420

## Basin Electric Power Cooperative and Subsidiaries Consolidated Statements of Operations

For the nine months ended September 30 (Dollars in thousands)

	2011	2010
<b>UTILITY OPERATIONS:</b>		
<b>Operating revenue:</b>		
Sales of electricity for resale:		
Members	\$ 572,189	\$ 490,774
Others	182,403	213,714
	754,592	704,488
Other electric revenue	6,215	6,176
	760,807	710,664
<b>Operating expenses:</b>		
Operation	576,106	551,548
Maintenance	99,544	86,143
Depreciation and amortization	46,759	41,912
Taxes other than income	1,956	1,598
	724,365	681,201
<b>Interest and other charges:</b>		
Interest on long-term debt	38,628	43,890
Other	7,731	4,863
	46,359	48,753
Operating deficit	(9,917)	(19,290)
<b>Nonoperating margin:</b>		
Interest income and other	22,795	17,372
Patronage allocations from other cooperatives	1,582	2,212
	24,377	19,584
Utility margin before income taxes	14,460	294
<b>NONUTILITY OPERATIONS:</b>		
<b>Operating revenue:</b>		
Synthetic gas	196,710	210,652
Byproducts, coproduct and other	70,549	148,360
Lignite coal	229,677	80,028
	496,936	439,040
Operating expenses (includes \$11,567 and \$12,624 of net income attributed to noncontrolling interest)	457,134	416,950
Operating income	39,802	22,090
Interest and other income	3,686	1,667
<b>Nonutility earnings before income taxes</b>	43,488	23,757
<b>Margin and earnings before income taxes</b>	57,948	24,051
Provision for income taxes	8,337	7,983
<b>Net margin and earnings</b>	\$ 49,611	\$ 16,068

## Basin Electric Power Cooperative and Subsidiaries Consolidated Statements of Cash Flow

For the nine months ended September 30 (Dollars in thousands)

	2011	2010
<b>OPERATING ACTIVITIES:</b>		
Net margin and earnings	\$ 49,611	\$ 16,068
Adjustments to reconcile net margin and earnings to net cash from operating activities:		
Depreciation and amortization of property, plant and equipment	94,656	83,089
Increase (decrease) in reserves	7,683	(472)
Other amortization	23,024	6,353
Patronage capital and other	(3,032)	(4,825)
Deferred income taxes	4,199	43,451
Income attributable to noncontrolling interest	11,585	11,567
Regulatory revenue amortization	-	(16,675)
Changes in other operating elements:		
Customer accounts receivable	(23,232)	7,423
Other receivables	16,759	(18,762)
Coal stock, materials and supplies	(17,224)	2,057
Prepayments and other current assets	(231)	(96,613)
Accounts payable	(2,947)	(21,969)
Taxes and other current liabilities	8,362	8,635
Net cash provided by operating activities	169,213	19,327
<b>Investing activities:</b>		
Acquisition of electric plant	(280,469)	(384,774)
Acquisition of nonutility property	(75,811)	(57,029)
Purchase of investments	(312,202)	(50,727)
Sale of investments	223,289	23,246
Purchase of other assets	(35,096)	(57,544)
Net cash used in investing activities	(480,289)	(526,828)
<b>Financing activities:</b>		
Loan advances	346,910	207,431
Principal payments of long-term debt	(84,760)	(59,211)
Purchase of funds held by U.S. Treasury	(74,493)	(11,249)
Sale of funds held by U.S. Treasury	117,669	37,342
Payment of debt issue costs	-	(1,025)
Proceeds of notes payable - affiliates	664,800	589,333
Payments of notes payable - affiliates	(634,700)	(539,069)
Proceeds of notes payable	3,064,302	2,811,769
Payments of notes payable	(3,184,127)	(2,694,210)
Advances under capital lease obligations	8,975	-
Payments under capital lease obligations	(1,529)	(822)
Dividends paid to noncontrolling interest	(12,742)	(11,470)
Memberships redeemed	1	-
Net cash provided by financing activities	210,306	328,819
Net decrease in cash and cash equivalents	(100,770)	(178,682)
Cash and cash equivalents, beginning of period	173,014	306,164
Cash and cash equivalents, end of period	\$ 72,244	\$ 127,482