

**RECEIVED**

JUN 27 2005

BOND NUMBER 190 011 154

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**INDEMNITY BOND**

KNOW ALL MEN BY THESE PRESENTS that Basin Electric Power Cooperative, Inc., 1717 East Interstate Avenue, Bismarck, North Dakota 58503, as Principal, and Liberty Mutual Insurance Company, with a branch office at 860 Blue Gentian Rd., Suite 255, Eagan, MN 55121, a corporation organized and existing under the laws of the State of Massachusetts and duly authorized to transact a corporate surety business in the State of South Dakota, as Surety, are held and firmly bound unto the South Dakota Public Utilities Commission and the other governmental entities referenced in Section 49-41B-38 of the South Dakota Codified Laws, as Obligees, in the penal sum of Ten Thousand and no/100 Dollars (\$10,000.00), to be paid unto said parties, their successors and assigns, for which payment we jointly and severally bind ourselves and each of our heirs, legal representatives and successors, firmly by these presents.

THIS OBLIGATION is issued to secure the Principal's obligation to compensate that any damage beyond normal wear to public roads, highways, bridges or other related facilities caused by or attributable to activities relating to the construction by the Principal of a Combustion Turbine Generator near Groton, South Dakota (Docket No. EL04-041), shall be adequately compensated.

NOW THEREFORE, if the Principal shall satisfy the above conditions, then this obligation shall be void but otherwise remain in full force and effect.

DATED this 17<sup>th</sup> day of June, 2005.

BASIN ELECTRIC POWER COOPERATIVE, INC. Principal

By: Claire M. Olson  
Its: Acting CEO & General Manager

LIBERTY MUTUAL INSURANCE COMPANY, Surety

By: Michele L. Grogan  
Michele L. Grogan, Attorney-in-Fact

Chris P. Schmid  
South Dakota Resident Agent

Schmid Insurance Agency  
107 St. Joseph  
Rapid City, SD 57709

Liberty Mutual Surety Bond Number 190 011157

**NOTICE FROM SURETY REQUIRED BY  
TERRORISM RISK INSURANCE ACT OF 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (referred to hereinafter as the "Act"), this disclosure notice is provided for surety bonds on which one or more of the following companies is the issuing surety: Liberty Mutual Insurance Company; Liberty Mutual Fire Insurance Company; LM Insurance Corporation; The First Liberty Insurance Corporation; Liberty Insurance Corporation; Employers Insurance Company of Wausau (formerly "EMPLOYERS INSURANCE OF WAUSAU A Mutual Company"); Peerless Insurance Company; and any other company that is a part of or added to the Liberty Mutual Group for which surety business is underwritten by Liberty Mutual Surety (referred to collectively hereinafter as the "Issuing Sureties").

**NOTICE FORMS PART OF BOND**

This notice forms part of surety bonds issued by any one or more of the Issuing Sureties.

**DISCLOSURE OF PREMIUM**

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

**DISCLOSURE OF FEDERAL PARTICIPATION  
IN PAYMENT OF TERRORISM LOSSES**

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY  
BOSTON, MASSACHUSETTS  
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **JAMES C. HAYS, WILLIAM L. MERSHON, MICHELE L. GROGAN, ANN HIGGINS, DEANNA BROWN, ALL OF THE CITY OF MINNEAPOLIS, STATE OF MINNESOTA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **THIRTY-FIVE MILLION AND 00/100\*\*\*\*\*** DOLLARS (\$ **35,000,000.00\*\*\*\*\***) each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.  
Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 19th day of April, 2004

LIBERTY MUTUAL INSURANCE COMPANY

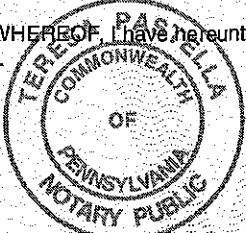
By Garnet W. Elliott  
Garnet W. Elliott, Assistant Secretary



COMMONWEALTH OF PENNSYLVANIA ss  
COUNTY OF MONTGOMERY

On this 19th day of April, 2004, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal  
Teresa Pastella, Notary Public  
Plymouth Twp., Montgomery County  
My Commission Expires Mar. 28, 2006  
Member, Pennsylvania Association of Notaries

By Teresa Pastella  
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 17th day of June 2005.



By David M. Carey  
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

ACKNOWLEDGMENT BY SURETY

STATE OF Minnesota

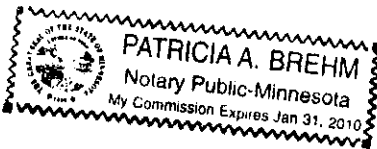
County of Hennepin

} ss.

On this 17th day of June, 2005, before me personally appeared Michele L. Grogan, known to, me to be the Attorney-in-Fact of Liberty Mutual Insurance Company

\_\_\_\_\_ , the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first above written.



(Seal)

Patricia A Brehm  
Notary Public in the State of Minnesota  
County of Hennepin