



### Highwood Station – Project Summary

Southern Montana Electric Generation and Transmission Cooperative (Southern Montana Electric G&T) has made significant strides in its efforts to build a coal-fired base load electric generating facility utilizing a clean coal technology circulating fluidized bed (CFB) boiler. The use of CFB based clean coal technology will result in Highwood Generating Station being one of the cleanest coal fired base load electric generation facilities in the nation. Highwood Generating Station has an estimated in service date of Q3 2010 – contingent upon securing an air permit and favorable record of decision on its Environmental Impact Statement.

A summary of recent accomplishments/milestones:

- Completed Phase I - Project Development Highwood Generation Station. Phase I Project development consisted of the following activities.
  - Load Forecasts for Southern Montana Electric G&T member systems has been completed and approved by the United States Department of Agriculture Rural Utilities Service.
  - Alternative Evaluation Study, and Site Screening Study have been completed and approved by the United States Department of Agriculture Rural Utilities Service.
  - Project Development Funding (CoBank)
  - Application for Long Term Financing was submitted to the United States Department of Agriculture Rural Utilities Service 29 November 2004. Southern Montana is number 1 in the queue for loan approval.
  - Site Acquisition complete.
  - Generation Interconnection Study by NWE was completed on 31 October 2005
  - Network Transmission Capacity Secured (necessary deposits in place).
  - Preliminary Engineering and Design is complete.
  - Integrated Emissions Control Strategy submitted to the Montana Department of Environmental Quality (MDEQ) for review and comment.
  - Resource Management Plan for Water, Fuel, and Ash Disposal complete.
- Draft Air Quality Permit Application submitted to MDEQ in September 2005. The Final Application will be submitted in November 2005.
- The Rural Utilities Service held the “Kick Off” Meeting for the Environmental Impact Statement for Highwood Station on 8 September 2005.
- On 22 September 2005, the Rural Utilities Service gave Southern Montana Electric G&T permission to solicit Proposals for the Boiler Island. Southern Montana Electric G&T will include language in the RFP that requires the proposal to address and guarantee emissions levels with particular attention paid to mercury emissions.

Southern Montana Electric G&T has a deep commitment to the concept of developing a new clean coal technology generation facility near Great Falls, Montana. Once completed this new facility (Highwood Station) will be one of the most environmentally compliant base load generation facility operating in North America. The members of Southern Montana Electric G&T are proud of the fact that this will be the first generating project developed in Montana that will use Montana resources - in a Montana consumer owned facility - with the benefits from the project returning to the facility’s Montana consumer/owners.

Energy & Telecommunications Meeting  
November 22, 2005

Exhibit #13