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Wyoming Electric Rate Case Filing

Informational Meeting

January 14, 2010

Proposed Increase

- Application filed August 2009
- Increase of \$6,198,501
- 31% overall increase in rates
- Last electric rate increase - May 2009
- Prior to that - 1993

Reasons for Increase



Investment in Wygen III electric
generating facility

Wygen III as of 12/09



Plant Statistics:

- 110 MW sub-critical pulverized coal-fired unit
- State of the art emission control equipment
- Project is running ahead of schedule & on budget
- \$64 million investment for 25% ownership interest



Supplemental Filing 1/14/10

- Supplemented Filing - Tax Depreciation Incentive
- Increase required now \$5,053,756
- 25% overall increase in rates

Wygen III

- Investment Option part of 2006 Purchased Power Agreement
- Decision supported by Market Studies- least cost long term option
- Certificate of Public Convenience & Necessity filed on 3/11/08 - Commission approved 7/29/08

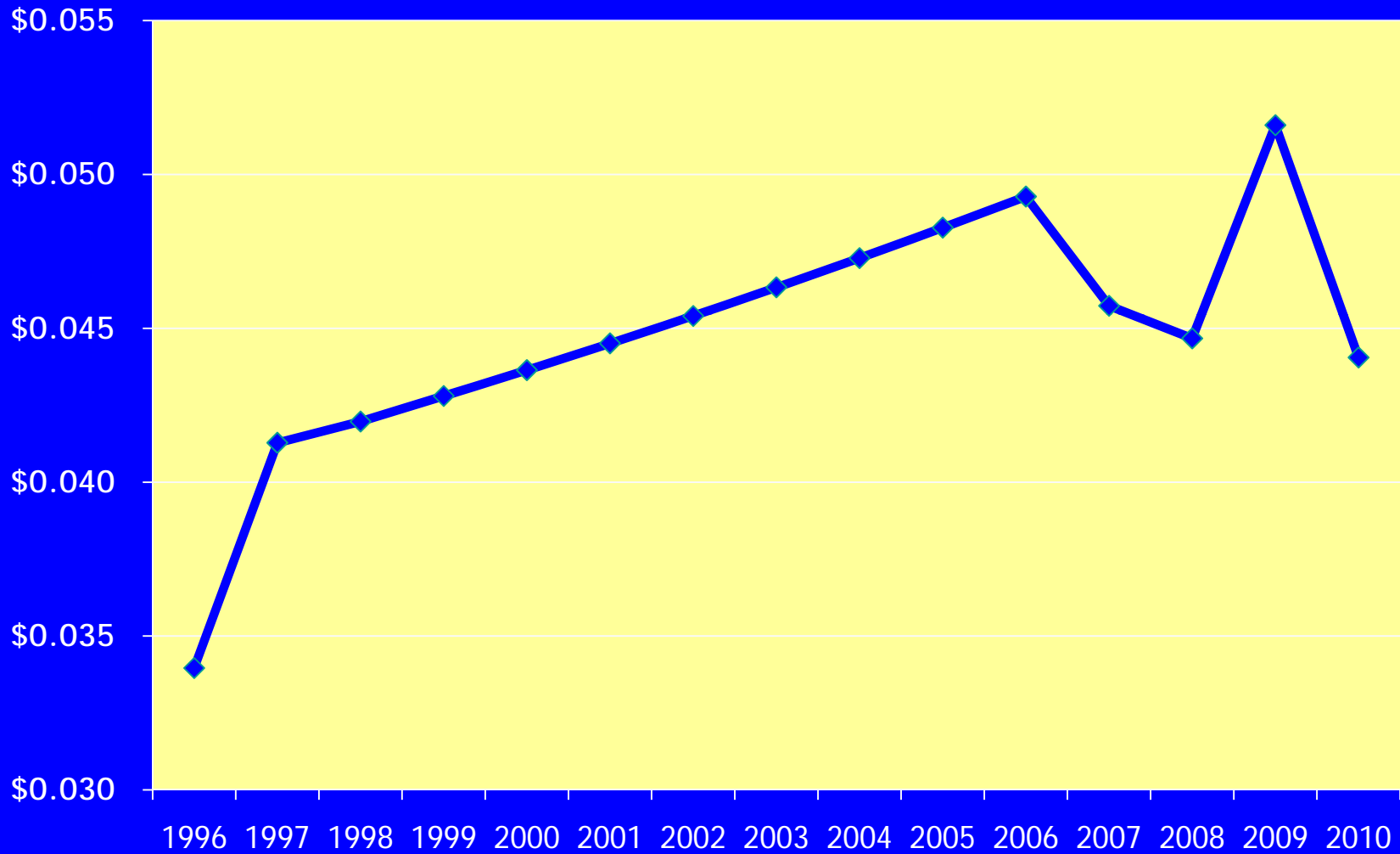
Wygen III

- Stable/cost effective resource
- Provides for 68% of requirements
- Reduces risk associated with market prices
- Net decrease in purchased power expenses

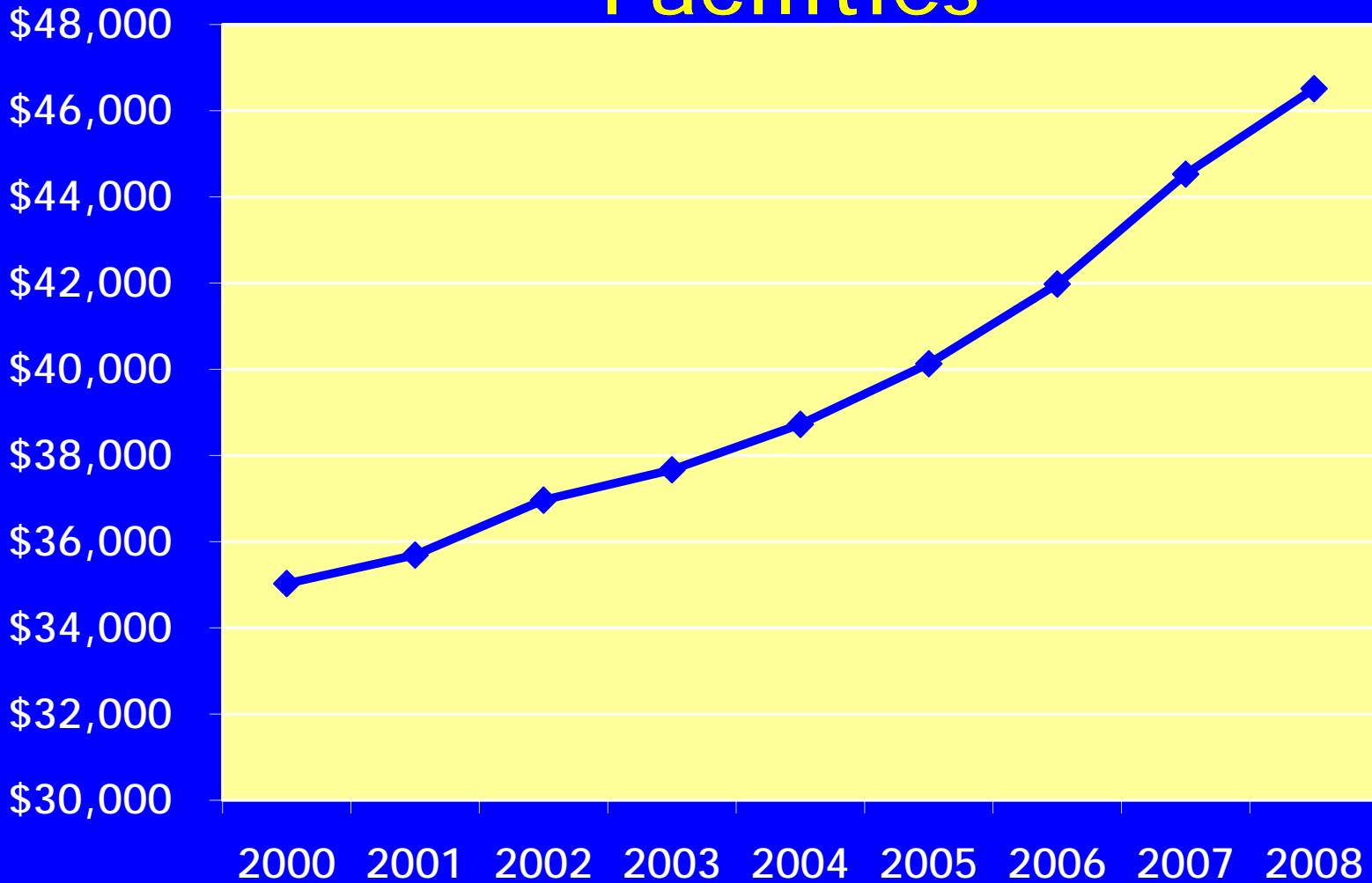
Plant Investment vs. Continue to Purchase

- Current contract expires in 2016
- High uncertainty of market prices in 2016
- Reduces risk of potentially volatile costs
- Provides diversity in resource mix
- Buy versus rent

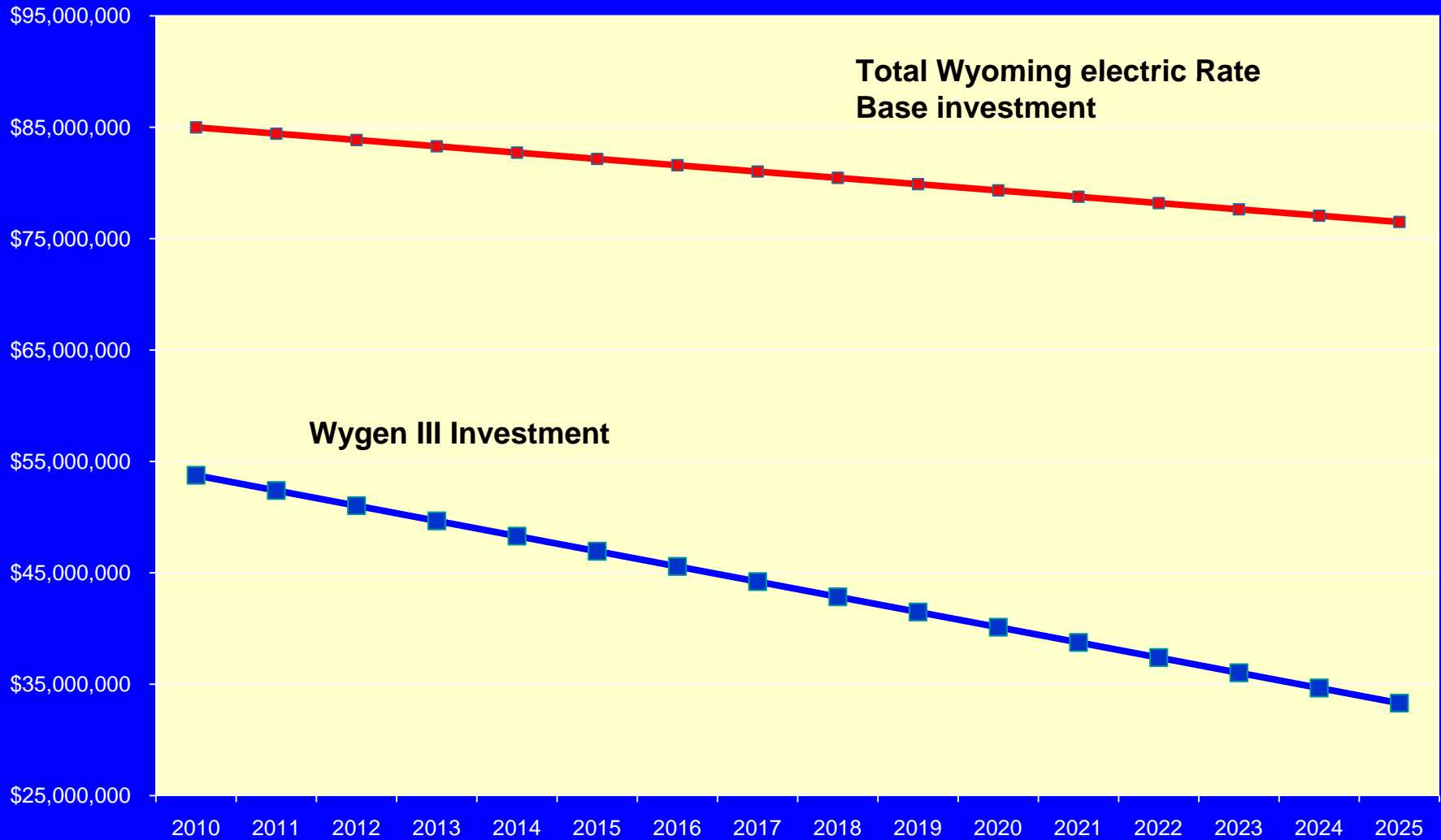
Cost of Purchased Power



Investment in Distribution Facilities



Investment in Wygen III and Rate Base



Montana-Dakota Generation

Montana

Miles City Combustion Turbine	23	MW
Glendive Portable Generator	2	MW
Glendive Combustion Turbine 1	36	MW
Glendive Combustion Turbine 2	42	MW
Lewis and Clark Station	52	MW
Diamond Willow Wind	<u>30</u>	MW
	185	MW

North Dakota

Coyote - Jointly owned		
440 MW plant	107	MW
Williston	11	MW
Heskett Unit #1	28	MW
Heskett Unit #2	75	MW
Glen Ullin Waste Heat	5	MW
Cedar Hills Wind	<u>20</u>	MW
	246	MW

South Dakota

Big Stone - jointly owned	480	MW Plant
	108	MW

Wyoming

Wygen III	25	MW
Purchased Power – BHPL	<u>35</u>	MW
	60	MW



Efficiencies

- Automated Meter Reading (AMR)
- Centralized call center
- Computers in service trucks
- Centralized credit
- Pay stations

Cost Allocation to Rate Classes

- A class cost of service study is used to allocate increase to the classes
- Allocations based on various factors primarily based on # of customers, energy use and demand requirements
- Cost causation
- Provides cost for customer, demand & energy components and class returns

% Increase By Customer Class

	% Increase	
	<u>Filed 8/09</u>	<u>Supplement Filed 1/10</u>
Residential	26.1%	21.1%
Small General Service	41.3%	34.5%
Large General Service	34.5%	27.6%
Irrigation Service	26.9%	21.2%
Lighting	16.7%	14.0%
Total Wyoming	30.7%	25.1%

Revenue Increase Required- Supplemental Filing 1/14/10

	ROR	% Increase Proposed	ROR
Residential	5.6%	21.1%	9.6%
Small General Service	3.7%	34.5%	9.6%
Large General Service	4.6%	27.6%	9.6%
Irrigation Service	5.9%	21.2%	9.6%
Lighting	9.1%	14.0%	10.5%
Total Wyoming	5.1%	25.1%	9.6%

Proposed Rate Design Changes

- Moving toward cost-based base rates
- Base Rates & Demand charges closer to cost
- Per Commission directive filed an inverted Residential rate

Residential Service Rate 10

	<u>Current Rate</u>
Base Rate	\$15.00 per month
Energy Charge	\$0.07155 per Kwh
	<u>Proposed Rate</u>
Base Rate	\$25.00 per month
Energy Charge	\$0.07863 per Kwh
	<u>Inverted Rate</u>
Base Rate	\$25.00 per month
Energy Charge	
1st 1,000 Kwh	\$0.07439 per Kwh
Over 1,000 Kwh	0.09439 per Kwh

Residential Bill Comparison

Month	Energy Use	Customer's Bill		\$ Change	% Change
		Current	Proposed		
January	900	\$79.40	\$95.77	\$16.37	
February	880	77.96	94.19	16.23	
March	710	65.80	80.83	15.03	
April	560	55.07	69.03	13.96	
May	640	60.79	75.32	14.53	
June	700	65.09	80.04	14.95	
July	1,120	95.14	113.07	17.93	
August	1,475	120.54	140.98	20.44	
September	1,320	109.45	128.79	19.34	
October	775	70.45	85.94	15.49	
November	700	65.09	80.04	14.95	
December	800	72.24	87.90	15.66	
12-Month Total	10,580	\$937.02	\$1,131.90	\$194.88	21%

Average Increase Per Month (Flat Rate)

\$16.24

Residential All Electric Bill Comparison

Month	Energy Use	Customer's Bill		\$ Change	% Change
		Current	Proposed		
January	2,782	\$214.05	\$243.75	\$29.70	
February	2,424	188.44	215.60	27.16	
March	2,199	172.34	197.91	25.57	
April	1,941	153.88	177.62	23.74	
May	1,376	113.45	133.19	19.74	
June	1,260	105.15	124.07	18.92	
July	1,378	113.60	133.35	19.75	
August	1,416	116.31	136.34	20.03	
September	1,295	107.66	126.83	19.17	
October	1,418	116.46	136.50	20.04	
November	1,567	127.12	148.21	21.09	
December	2,204	172.70	198.30	25.60	
12-Month Total	21,260	\$1,701.16	\$1,971.67	\$270.51	16%

Average Increase Per Month (Flat Rate)

\$22.54

Small General Service Bill Comparison

Month	Kwh	Kw	Customer's Bill		\$ Change	% Change
			Current	Proposed		
January	6,300	18.5	\$379.19	\$510.14	\$130.95	
February	3,900	17.8	262.66	349.95	87.29	
March	4,120	16.7	264.03	353.86	89.83	
April	4,800	18.0	305.86	409.44	103.58	
May	6,300	10.0	311.19	431.52	120.33	
June	5,350	20.8	353.68	470.57	116.89	
July	5,060	20.3	336.27	447.37	111.10	
August	4,420	19.3	298.69	397.13	98.44	
September	3,900	20.3	282.66	373.07	90.41	
October	3,600	15.6	231.19	310.38	79.19	
November	3,600	16.3	236.79	316.86	80.07	
December	4,800	18.2	307.46	411.29	103.83	
12-Month Total	56,150		\$3,569.67	\$4,781.58	\$1,211.91	34%
Average Increase Per Month					\$100.99	

**Small General Electric Service Rate 20
(Demand Metered Accounts)**

Overall Annual Effect in Dollars				Overall Annual Effect by Percent			
Range	Customers	Total Customers	Average Use (Kwh)	Range	Customers	Total Customers	Average Use (Kwh)
< than -\$0	0	0	0	< than -25%	0	0	0
\$1 to \$300	154	154	4,932	-25% to 0%	0	0	0
\$301 to \$600	113	267	19,608	1% to 20%	0	0	0
\$601 to \$900	100	367	34,808	21% to 25%	4	4	8,880
\$901 to \$1,200	88	455	48,136	26% to 30%	55	59	46,326
\$1,201 to \$1,500	71	526	61,458	31% to 35%	341	400	85,228
\$1,501 to \$1,800	40	566	78,539	36% to 40%	324	724	23,881
\$1,801 to \$2,100	36	602	92,091	41% to 50%	0	724	0
\$2,101 to \$2,400	30	632	102,975	> than 50%	0	724	0
\$2,401 to \$2,700	24	656	119,051				
\$2,701 to \$3,000	13	669	131,784				
\$3,001 to \$3,300	14	683	153,513				
\$3,301 to \$3,600	13	696	164,945				
\$3,601 to \$3,900	9	705	176,744				
> than \$3,901	19	724	228,366				

Current Rate 20

Base Rate	\$20.00	per month
Energy Charge	\$0.04643	per Kwh
Demand Charge 0-10 Kw	\$0.00	
Demand Charge >10 Kw	\$8.00	

Rate 20 Proposed

Base Rate	\$28.00	per month
Energy Charge	\$0.06405	per Kwh
Demand Charge 0-10 Kw	\$0.00	
Demand Charge >10 Kw	\$9.25	

Conservation & Load Management Resources

- Montana-Dakota offers a load control rate
- Rebates available for Energy Star[®] Rated:
 - ✓ Refrigerators
 - ✓ Freezers
 - ✓ Central Air Conditioners
- Commercial Lighting Incentive Program

Assistance Available

- Wyoming LIEAP - Energy Assistance & Weatherization
 - ✓ Contact the Department of Family Services @ 672-2404
- Energy Share of Wyoming
 - ✓ Contact the Salvation Army @ 672-2444

The Rate Case Process

- Office of Consumer Advocate Testimony - 1/19
- Company's Response (Rebuttal Testimony) - 2/8
- Public Input Hearing in Sheridan - 2/10
- Technical Hearing with Commission - 2/23-2/25
- Commission considers all testimony and filed exhibits and issues an Order - Due in June 2010



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