

BIG HORN RURAL ELECTRIC COMPANY

REVISED INCOME STATEMENT BEFORE RATE CHANGE
Adopted Test Year of December 31, 2003

	<u>Test Year 12/31/2001</u>	<u>Adjustments</u>	<u>Adjusted Test Year</u>	<u>Adjustments to 2003</u>	<u>2003 Results</u>
<u>Operating Revenues</u>					
Energy Sales	\$ 5,944,841	\$ 486,463	\$ 6,431,304	\$ 330,304	\$ 6,761,608
Other	77,539	(1)	77,538	(6,281)	71,257
Total	<u>\$ 6,022,380</u>	<u>\$ -</u>	<u>\$ 6,508,842</u>	<u>\$ 324,023</u>	<u>\$ 6,832,865</u>
<u>Operating Expenses</u>					
Purchased Power	\$ 3,834,387	\$ 486,165	\$ 4,320,552	\$ 289,993	\$ 4,610,545
Transmission	15,390	(5,477)	9,913	34,884	44,797
Distribution-Operations	305,116	(9,329)	295,787	65,986	361,773
Distribution-Maintenance	211,834	15,668	227,502	18,009	245,511
Consumer Accounting	168,432	37,937	206,369	40,075	246,444
Customer Service	91,247	4,381	95,628	(17,526)	78,102
Sales	39,437	2,314	41,751	(20,480)	21,271
Administrative & General	440,166	30,158	470,324	57,712	528,036
Depreciation	408,852	11,235	420,087	47,289	467,376
Tax	-	45,579	45,579	(45,579)	-
Total	<u>\$ 5,514,861</u>	<u>\$ 618,631</u>	<u>\$ 6,133,492</u>	<u>\$ 470,363</u>	<u>\$ 6,603,855</u>
Return	<u>\$ 507,519</u>	<u>\$ (618,631)</u>	<u>\$ 375,350</u>	<u>\$ (146,340)</u>	<u>\$ 229,010</u>
<u>Interest & Other Deductions</u>					
Interest on L-T Debt	\$ 159,562	\$ 98,127	\$ 257,689	\$ (26,763)	\$ 230,926
Interest-Other	1,820	-	1,820	5,903	7,723
Other Deductions	-	-	-	-	-
Total	<u>\$ 161,382</u>	<u>\$ 98,127</u>	<u>\$ 259,509</u>	<u>\$ (20,860)</u>	<u>\$ 238,649</u>
Operating Margin	<u>\$ 346,137</u>	<u>\$ (716,758)</u>	<u>\$ 115,841</u>	<u>\$ (125,480)</u>	<u>\$ (9,639)</u>
<u>Non-Operating Margins</u>					
Interest Income	\$ 108,891	\$ -	\$ 108,891	\$ (24,489)	\$ 84,402
Income from Equity Inv.	-	-	-	-	-
Other Margins	(55,197)	-	(55,197)	61,138	5,941
G&T Captial Credits	209,505	-	209,505	177,906	387,411
Capital Credits	10,747	-	10,747	(1,566)	9,181
Extraordinary Items	-	-	-	-	-
Total	<u>\$ 273,946</u>	<u>\$ -</u>	<u>\$ 273,946</u>	<u>\$ 212,989</u>	<u>\$ 486,935</u>
Net Margins	<u>\$ 620,083</u>	<u>\$ (716,758)</u>	<u>\$ 389,787</u>	<u>\$ 87,509</u>	<u>\$ 477,296</u>
Operating TIER	3.17		1.45		0.96
Net TIER	4.89		2.51		3.07
Net TIER Excl Capital Credits	3.51		1.66		1.35
DSC	3.96		2.68		2.96
DSC Excl Captial Credits	3.22		2.13		1.96
Rate of Return	6.633%		4.899%		2.820%
Rate Base	\$ 7,651,558	\$ 9,457	\$ 7,661,015		\$ 8,121,763
Principal Payments	\$ 140,822		\$ 140,822		\$ 165,658

BIG HORN RURAL ELECTRIC COMPANY

REVISED RATE BASE BEFORE RATE CHANGE
Adopted Test Year of December 31, 2003

	Test Year 12/31/2001	Adjustments	Adjusted Test Year	Adjustments to 2003	2003 Results
Plant In Service	\$ 13,585,465	\$ -	\$ 13,585,465	\$ 1,150,123	\$ 14,735,588
CWIP	235,835	-	235,835	(32,890)	202,945
Total Utility Plant	\$ 13,821,300	\$ -	\$ 13,821,300	\$ 1,117,233	\$ 14,938,533
Accumulated Depreciation	(6,223,767)	-	(6,223,767)	(672,149)	(6,895,916)
Net Utility Plant	\$ 7,597,533	\$ -	\$ 7,597,533	\$ 1,562,317	\$ 8,042,617
Materials & Supplies	\$ 155,975	\$ -	\$ 155,975	\$ -	\$ 155,975
Prepayments	12,149	-	12,149	(653)	11,496
Cash Working Capital	158,953	9,457	168,410	22,332	190,742
Consumer Deposits	(37,175)	-	(37,175)	(6,015)	(43,190)
Customer Advances	(53,594)	-	(53,594)	-	(53,594)
Energy Prepayments	(182,283)	-	(182,283)	-	(182,283)
Total	\$ 7,651,558	\$ 9,457	\$ 7,661,015	\$ 15,664	\$ 8,121,763
Operating Revenues	\$ 6,022,380	\$ 486,462	\$ 6,508,842	\$ 324,023	\$ 6,832,865
Operating Expenses	5,514,861	618,631	6,133,492	470,363	6,603,855
Return	\$ 507,519	\$ (132,169)	\$ 375,350	\$ (146,340)	\$ 229,010
Rate of Return	6.63%		4.90%		2.82%

BIG HORN RURAL ELECTRIC COMPANY

REVISED INCOME STATEMENT WITH RATE CHANGE
Adopted Test Year of December 31, 2003

	<u>2003 Results</u>	<u>Rate Change</u>	<u>Adjusted Test Year W/ Rate Change</u>
<u>Operating Revenues</u>			
Energy Sales	\$ 6,761,608	\$ 241,700	\$ 7,003,308
Other	71,257	-	71,257
Total Utility Plant	<u>\$ 6,832,865</u>	<u>\$ 241,700</u>	<u>\$ 7,074,565</u>
<u>Operating Expenses</u>			
Purchased Power	\$ 4,610,545	\$ -	\$ 4,610,545
Transmission	44,797	-	44,797
Distribution-Operations	361,773	-	361,773
Distribution-Maintenance	245,511	-	245,511
Consumer Accounting	246,444	-	246,444
Customer Service	78,102	-	78,102
Sales	21,271	-	21,271
Administrative & General	528,036	-	528,036
Depreciation	467,376	-	467,376
Tax	-	-	-
Total	<u>\$ 6,603,855</u>	<u>\$ -</u>	<u>\$ 6,603,855</u>
Return	<u>\$ 229,010</u>	<u>\$ 241,700</u>	<u>\$ 470,710</u>
<u>Interest & Other Deductions</u>			
Interest on L-T Debt	\$ 230,926	\$ -	\$ 230,926
Interest-Other	7,723	-	7,723
Other Deductions	-	-	-
Total	<u>\$ 238,649</u>	<u>\$ -</u>	<u>\$ 238,649</u>
Operating Margin	<u>\$ (9,639)</u>	<u>\$ 241,700</u>	<u>\$ 232,061</u>
<u>Non-Operating Margins</u>			
Interest Income	\$ 84,402	\$ -	\$ 84,402
Income from Equity Inv.	-	-	-
Other Margins	5,941	-	5,941
G&T Captial Credits	387,411	-	387,411
Capital Credits	9,181	-	9,181
Extraordinary Items	-	-	-
Total	<u>\$ 486,935</u>	<u>\$ -</u>	<u>\$ 486,935</u>
Net Margins	<u>\$ 477,296</u>	<u>\$ 241,700</u>	<u>\$ 718,996</u>
Operating TIER	0.96		2.00
Net TIER	3.07		4.11
Net TIER Excl Capital Credits	1.35		2.40
DSC	2.96		3.57
DSC Excl Captial Credits	1.96		2.57
Rate of Return	2.820%		5.796%
Rate Base	\$ 8,121,763	\$ -	\$ 8,121,763
Principal Payments	\$ 165,658	\$ -	\$ 165,658

BIG HORN RURAL ELECTRIC COMPANY

REVISED RATE BASE BEFORE RATE CHANGE
Adopted Test Year of December 31, 2003

	<u>2003 Results</u>	<u>Rate Change</u>	<u>Test Year W/ Rate Change</u>
Plant In Service	\$ 14,735,588	\$ -	\$ 14,735,588
CWIP	202,945	-	202,945
Total Utility Plant	<u>\$ 14,938,533</u>	<u>\$ -</u>	<u>\$ 14,938,533</u>
Accumulated Depreciation	(6,895,916)	-	(6,895,916)
Net Utility Plant	<u>\$ 8,042,617</u>	<u>\$ -</u>	<u>\$ 8,042,617</u>
Materials & Supplies	\$ 155,975	\$ -	\$ 155,975
Prepayments	11,496	-	11,496
Cash Working Capital	190,742	-	190,742
Consumer Deposits	(43,190)	-	(43,190)
Customer Advances	(53,594)	-	(53,594)
Energy Prepayments	(182,283)	-	(182,283)
Total	<u>\$ 8,121,763</u>	<u>\$ -</u>	<u>\$ 8,121,763</u>
Operating Revenues	\$ 6,832,865	\$ 241,700	\$ 7,074,565
Operating Expenses	<u>6,603,855</u>	<u>-</u>	<u>6,603,855</u>
Return	<u>\$ 229,010</u>	<u>\$ 241,700</u>	<u>\$ 470,710</u>
Rate of Return	3.16%		5.80%

BIG HORN RURAL ELECTRIC COMPANY

OCA PROPOSED REVENUES AND RATE OF RETURN

	<i>EXISTING</i>		<i>PHASE 1</i>		<i>PHASE 2</i>		<i>PHASE 3</i>		<i>PHASE 4</i>	
	REVENUES	ROR	REVENUES	ROR	REVENUES	ROR	REVENUES	ROR	REVENUES	ROR
<i>Total w/ Contracts</i>	6,832,865	2.820%	7,074,565	5.796%	7,074,565	5.796%	7,074,565	5.796%	7,074,565	5.796%
<i>Small GS</i>	2,398,609	-6.023%	2,711,309	0.016%	2,767,309	1.097%	2,799,059	1.710%	2,829,809	2.304%
<i>Med/Large GS</i>	544,033	15.685%	524,033	12.393%	509,033	9.925%	497,033	7.950%	485,033	5.975%
<i>Comm & Ind</i>	1,849,110	12.724%	1,811,110	10.039%	1,781,110	7.919%	1,766,110	6.859%	1,751,110	5.798%
<i>Irrigation</i>	346,631	9.827%	338,631	8.254%	333,631	7.271%	329,881	6.534%	326,131	5.797%
<i>Lighting</i>	49,197	19.267%	44,197	13.741%	38,197	7.110%	37,197	6.004%	37,197	6.004%

BIG HORN RURAL ELECTRIC COMPANY

CALCULATION OF OCA PROPOSED RATES AND REVENUES

	Adopted TY 12/30/2001 Billing Units	<u>PHASE 1</u>		<u>PHASE 2</u>		<u>PHASE 3</u>		<u>PHASE 4</u>	
		OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue
1. RESIDENTIAL									
<u>Residential and Public Buildings</u>									
Customer Charge	25,711	20.00	514,220	22.50	578,498	25.00	642,775	26.00	668,486
First 1,000 kWh/Month	15,201,568	0.079490	1,208,373	0.078080	1,186,938	0.075730	1,151,215	0.075490	1,147,566
Over 1,000 kWh/Month	5,569,663	0.065490	364,757	0.064080	356,904	0.061730	343,815	0.061490	342,479
Total	20,771,231		2,087,350		2,122,340		2,137,805		2,158,531
<u>Seasonal</u>									
Customer Charge	6,252	20.00	125,040	22.50	140,670	25.00	156,300	26.00	162,552
First 1,000 kWh/Month	863,713	0.079490	68,657	0.078080	67,439	0.075730	65,409	0.075490	65,202
Over 1,000 kWh/Month	118,755	0.065490	7,777	0.064080	7,610	0.061730	7,331	0.061490	7,302
Total	982,468		201,474		215,719		229,040		235,056
Total Residential	21,753,699		2,288,824		2,338,058		2,366,845		2,393,587
2. OPTIONAL T-O-U FOR ELECTRIC STORAGE HEATING									
Customer Charge	161	21.00	3,381	23.50	3,784	26.00	4,186	27.00	4,347
Energy Charge May-Setpember									
First 1,000 kWh/Month	47,253	0.079490	3,756	0.078080	3,690	0.075730	3,578	0.075490	3,567
Over 1,000 kWh/Month	43,423	0.065490	2,844	0.064080	2,783	0.061730	2,681	0.061490	2,670
Energy Charge Oct-April									
On-Peak kWh	67,851	0.111990	7,599	0.110580	7,503	0.108230	7,344	0.107990	7,327
Off-Peak kWh	282,832	0.032900	9,305	0.032900	9,305	0.032900	9,305	0.032900	9,305
Total	441,359		26,885		27,064		27,094		27,217
3. SMALL GENERAL SERVICE - SMALL COMMERCIAL									
<u>Single Phase</u>									
Customer Charge	3,214	20.00	64,280	22.50	72,315	25.00	80,350	26.00	83,564
First 1,000 kWh/Month	1,473,152	0.079490	117,101	0.078080	115,024	0.075730	111,562	0.075490	111,208
Over 1,000 kWh/Month	1,002,096	0.065490	65,627	0.064080	64,214	0.061730	61,859	0.061490	61,619
Total	2,475,248		247,008		251,553		253,771		256,391
% of Small GS									
<u>Seasonal</u>									
Customer Charge	960	20.00	19,200	22.50	21,600	25.00	24,000	26.00	24,960
First 1,000 kWh/Month	157,007	0.079490	12,480	0.078080	12,259	0.075730	11,890	0.075490	11,852
Over 1,000 kWh/Month	0	0.065490	0	0.064080	0	0.061730	0	0.061490	0
Total	157,007		31,680		33,859		35,890		36,812

BIG HORN RURAL ELECTRIC COMPANY

CALCULATION OF OCA PROPOSED RATES AND REVENUES

	Adopted TY 12/30/2001 Billing Units	<u>PHASE 1</u>		<u>PHASE 2</u>		<u>PHASE 3</u>		<u>PHASE 4</u>	
		OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue
Three Phase									
Customer Charge	740	30.00	22,200	32.50	24,050	35.00	25,900	36.00	26,640
First 1,000 kWh/Month	404,708	0.079490	32,170	0.078080	31,600	0.075730	30,649	0.075490	30,551
Over 1,000 kWh/Month	952,561	0.065490	62,383	0.064080	61,040	0.061730	58,802	0.061490	58,573
Total	1,357,269		116,753		116,690		115,350		115,764
Total Small Commercial	3,989,524		395,442		402,102		405,011		408,968
Total Small General Service	26,184,582		2,711,150		2,767,224		2,798,950		2,829,771
4. MEDIUM GENERAL SERVICE									
Customer Charge	612	35.00	21,420	40.00	24,480	42.50	26,010	45.00	27,540
First 200 kWh/kW/Month	1,473,415	0.086240	127,067	0.083320	122,765	0.081220	119,671	0.079280	116,812
Next 200 kWh/kW/Month	1,064,675	0.053440	56,896	0.050520	53,787	0.048420	51,552	0.046480	49,486
Over 400 kWh/kW/Month	791,352	0.030750	24,334	0.027830	22,023	0.025730	20,361	0.023790	18,826
Total	3,329,442		229,718		223,056		217,594		212,665
5. LARGE GENERAL SERVICE - COMMERCIAL LARGE									
Customer Charge	449	35.00	15,715	40.00	17,960	42.50	19,083	45.00	20,205
Billing kW	11,836.23	5.00	59,181	5.15	60,957	5.25	62,140	5.25	62,140
First 200 kWh/kW/Month	2,072,784	0.065250	135,249	0.062330	129,197	0.060230	124,844	0.058290	120,823
Next 200 kWh/kW/Month	1,234,184	0.045250	55,847	0.042330	52,243	0.040230	49,651	0.038290	47,257
Over 400 kWh/kW/Month	920,742	0.030750	28,313	0.027830	25,624	0.025730	23,691	0.023790	21,904
Total	4,227,710		294,305		285,980		279,408		272,329
Total Medium/Large General Service	7,557,152		524,023		509,036		497,002		484,994
6. COMMERCIAL & INDUSTRIAL/LARGE POWER									
Customer Charge	293	70.00	20,510	75.00	21,975	75.00	21,975	90.00	26,370
Billing kW	54,496.93	5.00	272,485	5.15	280,659	5.15	280,659	5.25	286,109
First 200 kWh/kW/Month	10,682,928	0.070540	753,574	0.069270	740,006	0.068790	734,879	0.067990	726,332
Next 200 kWh/kW/Month	9,424,906	0.050540	476,335	0.049270	464,365	0.048790	459,841	0.047990	452,301
Over 400 kWh/kW/Month	11,052,649	0.026060	288,032	0.024790	273,995	0.024310	268,690	0.023510	259,848
Total	31,160,483		1,810,935		1,781,001		1,766,044		1,750,960

BIG HORN RURAL ELECTRIC COMPANY
CALCULATION OF OCA PROPOSED RATES AND REVENUES

	Adopted TY 12/30/2001 Billing Units	<u>PHASE 1</u>		<u>PHASE 2</u>		<u>PHASE 3</u>		<u>PHASE 4</u>	
		OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue	OCA Proposed Increase	OCA Proposed Revenue
7. IRRIGATION									
<u>April-October</u>									
Installed HP	5,502	12.50	68,777	15.00	82,532	17.50	96,288	20.00	110,043
First 150 kWh/HP/Month	2,704,113	0.071530	193,425	0.067030	181,257	0.062830	169,899	0.058600	158,461
Next 150 kWh/HP/Month	1,158,440	0.054200	62,787	0.049700	57,574	0.045500	52,709	0.041270	47,809
Over 300 kWh/HP/Month	301,537	0.039200	11,820	0.034700	10,463	0.030500	9,197	0.026270	7,921
Add'l Annual Min (Greater of 10 HP X Charge or \$200)			1,782		1,782		1,782		1,782
Total	4,164,090		338,592		333,609		329,875		326,016
8. CONFIDENTIAL CONTRACTS									
Special Contracts	45,045,588		1,567,268		1,567,268		1,567,268		1,567,268
9. LIGHTING									
<u>Security Light Rental</u>									
175 Watt 80 kWh/Month	3,611	8.50	30,694	7.30	26,360	7.15	25,819	7.15	25,819
Security Light kWh	291,532								
<u>Street & Highway Lighting</u>									
75 Watt MV 38 kWh/Month	132	5.35	706	4.15	548	4.00	528	4.00	528
175 Watt MV 80 kWh/Month	1,056	7.00	7,392	5.80	6,125	5.65	5,966	5.65	5,966
250 Watt MV 125 kWh/Month	348	10.85	3,776	9.65	3,358	9.50	3,306	9.50	3,306
400 Watt MV 180 kWh/Month	0	14.70	0	13.50	0	13.35	0	13.35	0
150 Watt Incandescent 65 kWh/Month	0	5.35	0	4.15	0	4.00	0	4.00	0
200 Watt Incandescent 90 kWh/Month	0	6.35	0	5.15	0	5.00	0	5.00	0
WY Dept of Transportation 33.25 kWh/Month	147	10.70	1,573	10.70	1,573	10.70	1,573	10.70	1,573
Total	1,683		13,447		11,604		11,373		11,373
Street & Highway Lighting kWh	138,859								
Total Lights	430,391		44,140		37,964		37,192		37,192
10. TOTAL									
Total Base Revenue Excl. Contracts	114,542,286		5,428,840		5,428,834		5,429,063		5,428,934
Total Contracts	45,045,588		1,567,268		1,567,268		1,567,268		1,567,268
Total Other			71,257		71,257		71,257		71,257
Total Revenue	159,587,874		7,067,365		7,067,359		7,067,588		7,067,459