

CHEYENNE LIGHT, FUEL, AND POWER

OCA Exhibit AJZ - 1

Docket No. 30005-112-GR-7

Page 1 of 2

Income Statement

	CLFP Pro-Forma (Adj.) Totals	OCA Pro-Forma Adjustments	OCA Pro-Forma Inc. State.	Required Change in Revenues	OCA After Change
Operating Revenues (Base)					
Residential Sales	\$ 6,306,721	\$ 75,372	\$ 6,382,093	\$ -	\$ 6,382,093
Commercial Sales	2,200,642	(1,411)	2,199,231	-	2,199,231
Interruptible Sales	411,192	570	411,762	-	411,762
Other Revenues	690,590	(10,086)	680,504	-	680,504
Total Operating Revenues	\$ 9,609,145	\$ 64,445	\$ 9,673,590	\$ 4,443,646	\$ 14,117,236
Operating & Maintenance Expenses					
Distribution Operation Expense	\$ 1,389,422	\$ 75,209	\$ 1,464,631	\$ -	\$ 1,464,631
Distribution Maintenance Expense	298,111	-	298,111	-	298,111
Customer Accounting Expense	1,314,071	(149,921)	1,164,150	26,898	1,191,048
Customer Service Expense	260,016	-	260,016	-	260,016
Administrative & General Expense	4,009,803	(202,475)	3,807,328	-	3,807,328
Total Operating & Maint. Expenses	\$ 7,271,423	\$ (277,187)	\$ 6,994,236	\$ 26,898	\$ 7,021,134
Depreciation/Amortization	1,568,179	-	1,568,179	-	1,568,179
Taxes Other Than Income	631,560	363,407	994,967	44,436	1,039,403
Net Operating Income Before Taxes	\$ 137,983	\$ (21,775)	\$ 116,208	\$ 4,372,312	\$ 4,488,520
Federal Income Taxes	(316,129)	(29,501)	(345,630)	1,530,309	1,184,679
Operating Income (Return)	\$ 454,112	\$ 7,726	\$ 461,839	\$ 2,842,003	\$ 3,303,841
Rate Base	\$ 37,351,487		\$ 37,373,812	\$ 37,373,812	\$ 37,373,812
Rate of Return	1.22%		1.24%		8.84%
TAX CALCULATION:					
Total Operating Revenues	\$ 9,609,145	\$ 64,445	\$ 9,673,590	\$ 4,443,646	\$ 14,117,236
Less Total Operating & Maintenance Expenses	(7,271,423)	277,187	(6,994,236)	(26,898)	(7,021,134)
Less Depreciation	(1,568,179)	-	(1,568,179)	-	(1,568,179)
Less Taxes Other Than Income	(631,560)	(363,407)	(994,967)	(44,436)	(1,039,403)
Operating Income Before Interest and Taxes	\$ 137,983	\$ (21,775)	\$ 116,208	\$ 4,372,312	\$ 4,488,520
Less Interest on LT Debt	(1,041,210)	(62,513)	(1,103,723)	-	(1,103,723)
Income Before Taxes	\$ (903,227)	\$ (84,288)	\$ (987,515)	\$ 4,372,312	\$ 3,384,797
Federal Income Taxes at 35%	\$ (316,129)	\$ (29,501)	\$ (345,630)	\$ 1,530,309	\$ 1,184,679

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Income Statement Adjustments

	OCA Adjustments										OCA
	1	2	3	4	5	6	7	8	9	10	Total
	Annualized Sales (Sch. 1.0 - 1.1)	Remove Prior Period Sales (Sch. 2.0)	Include Nomination & RFP Costs (Sch. 3.0)	Bad Debt Expense (Sch. 4.0)	Reallocate A & G Expenses (Sch. 5.0 - 5.1)	Remove Cust-Pd Energy Sh. (Sch. 6.0)	Rate Case Expenses (Sch. 7.0)	Franchise Fees (Sch. 8.0)	Property Taxes (Sch. 9.0)	Synch. Interest Expense (Sch. 10.0)	Pro-Forma Adjustments
Operating Revenues (Base)											
Residential Sales	\$ 75,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,372
Commercial Sales	(1,411)	-	-	-	-	-	-	-	-	-	(1,411)
Interruptible Sales	570	-	-	-	-	-	-	-	-	-	570
Other Revenues	-	(10,086)	-	-	-	-	-	-	-	-	(10,086)
Total Operating Revenues	\$ 74,531	\$ (10,086)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,445
Operating & Maintenance Expenses											
Distribution Operation Expense	\$ -	\$ -	\$ 75,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,209
Distribution Maintenance Expense	-	-	-	-	-	-	-	-	-	-	-
Customer Accounting Expense	-	-	-	(149,921)	-	-	-	-	-	-	(149,921)
Customer Service Expense	-	-	-	-	-	-	-	-	-	-	-
Administrative & General Expense	-	-	-	-	(179,501)	(11,460)	(11,514)	-	-	-	(202,475)
Total Operating & Maint. Expenses	\$ -	\$ -	\$ 75,209	\$ (149,921)	\$ (179,501)	\$ (11,460)	\$ (11,514)	\$ -	\$ -	\$ -	\$ (277,187)
Depreciation/Amortization	-	-	-	-	-	-	-	-	-	-	-
Taxes Other Than Income	745	(101)	-	-	-	-	-	362,988	(226)	-	363,407
Net Operating Income Before Taxes	\$ 73,786	\$ (9,985)	\$ (75,209)	\$ 149,921	\$ 179,501	\$ 11,460	\$ 11,514	\$ (362,988)	\$ 226	\$ -	\$ (21,775)
Federal Income Taxes	25,825	(3,495)	(26,323)	52,472	62,825	4,011	4,030	(127,046)	79	(21,880)	(29,501)
Operating Income (Return)	\$ 47,961	\$ (6,490)	\$ (48,886)	\$ 97,449	\$ 116,676	\$ 7,449	\$ 7,484	\$ (235,942)	\$ 147	\$ 21,880	\$ 7,726
TAX CALCULATION:											
Total Operating Revenues	\$ 74,531	\$ (10,086)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,445
Less Total Operating & Maintenance Expenses	-	-	(75,209)	149,921	179,501	11,460	11,514	-	-	-	277,187
Less Depreciation	(745)	101	-	-	-	-	-	(362,988)	226	-	(363,407)
Less Taxes Other Than Income	73,786	(9,985)	(75,209)	149,921	179,501	11,460	11,514	(362,988)	226	-	(21,775)
Less Interest on LT Debt	-	-	-	-	-	-	-	-	-	(62,513)	(62,513)
Income Before Taxes	\$ 73,786	\$ (9,985)	\$ (75,209)	\$ 149,921	\$ 179,501	\$ 11,460	\$ 11,514	\$ (362,988)	\$ 226	\$ (62,513)	\$ (84,288)
Federal Income Taxes at 35%	\$ 25,825	\$ (3,495)	\$ (26,323)	\$ 52,472	\$ 62,825	\$ 4,011	\$ 4,030	\$ (127,046)	\$ 79	\$ (21,880)	\$ (29,501)

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjustment for Sales Revenues

OCA Exhibit AJZ - 1
Schedule 1.0

	OCA Billing Units - Customers	Current Rate	OCA Adjusted Revenue
<u>Residential</u>			
Service & Facility	367,296	11.00 / Month	\$ 4,040,256
Commodity	2,377,499	0.9850 / Dth	<u>2,341,837</u>
			\$ 6,382,093
<u>Commercial</u>			
Service & Facility	33,948	17.00 / Month	\$ 577,116
Commodity	1,365,417	1.1880 / Dth	<u>1,622,115</u>
			\$ 2,199,231
<u>Interruptible</u>			
Service & Facility	168	190.00 / Month	\$ 31,920
Commodity	667,561	0.5690 / Dth	<u>379,842</u>
			\$ 411,762
TOTAL			<u>\$ 8,993,086</u>
OCA Adjusted Revenues - Residential			\$ 6,382,093
CLFP Adjusted Revenues - Residential (Schedule I-1)			<u>6,306,721</u>
Adjustment - Increase in Revenues			<u>\$ 75,372</u>
OCA Adjusted Revenues - Commercial			\$ 2,199,231
CLFP Adjusted Revenues - Commercial (Schedule I-1)			<u>2,200,642</u>
Adjustment - Increase in Revenues			<u>\$ (1,411)</u>
OCA Adjusted Revenues - Interruptible			\$ 411,762
CLFP Adjusted Revenues - Interruptible (Schedule I-1)			<u>411,192</u>
Adjustment - Increase in Revenues			<u>\$ 570</u>
Adjustment to Revenues			\$ 74,531
Franchise Fee %			<u>1.00%</u>
Adjustment - Increase in Taxes Other Than Income			<u>\$ 745</u>

Customer Count should be used to more appropriately reflect what units are being charged a Service & Facility Charge each month; the customer count was also the number used as a basis for estimating the 2007 Dth sales. The unit that is charged the Facility & Service charge should also be annualized, which was not done by the Company. The associated Franchise Fees have also been adjusted.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjustment of Customer Count

OCA Exhibit AJZ - 1
Schedule 1.1

	Customer Count 12/31/2007*	Months	OCA Annualized Count
Residential	30,608	12	367,296
Commercial	2,829	12	33,948
Interruptible	14	12	168

* From CLFP, Gary Goble's Testimony, Exhibit GLG 1, pages 6-8

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjustment to Gas-Other Revenues

OCA Exhibit AJZ - 1
Schedule 2.0

OCA Gas - Other Revenues	\$ 5,426
CLFP Gas - Other Revenues (Statement I)	<u>15,512</u>
Adjustment - Increase in Adjusted Revenues	<u>\$ (10,086)</u>
Adjustment to Revenues	\$ (10,086)
Franchise Fee %	<u>1.00%</u>
Adjustment - Increase in Taxes Other Than Income	<u>\$ (101)</u>

The Company has included \$10,086 in revenues related to sales of CNG from a prior period (November 2003 - September 2005). These revenues would not be collected during a normal year and should be removed. The associated Franchise Fees were also adjusted.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Include Gas Supply, Nomination and RFP Costs

OCA Exhibit AJZ - 1
Schedule 3.0

OCA - Supply, Nomination and RFP Costs	\$ 75,209
CLFP Gas - Other Revenues (Schedule H-2)	-
Adjustment - Increase in Distribution Expenses	<u>\$ 75,209</u>

The OCA believes that these costs are distribution expenses and should not be recovered in future GCA filings. The amount that was eliminated by CLFP has been reinstated.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjust Pro-Forma Bad Debts Expense

OCA Exhibit AJZ - 1
Schedule 4.0

	Total Company	Electric Business	Gas Business	
12 Months Ended 7/31/2007				
Per Book Operating Revenues	\$ 115,611,231	\$ 76,000,860	\$ 39,610,371	34.26%
		65.74%	65.74%	
Per Book Bad Debt Expense	\$ 699,799	\$ 460,036	\$ 239,763	34.26%
		0.6053%	0.6053%	

Pro-Forma Base Revenues (Exhibit AJZ - 1)

Gas Revenues (CLFP Statement I)	\$ 9,696,983
	<u>40,852,381</u>
Pro-Forma Total Revenues	\$ 50,549,364
Bad Debt Expense Ratio	<u>0.6053%</u>
Pro-Forma Bad Debt Expense	<u>\$ 305,977</u>

OCA Pro-Forma Bad Debt Expense	\$ 305,977
CLFP Bad Debt Expense (Statement H)	<u>455,898</u>
Adjustment - Decrease in Customer Accounting Expense	\$ <u>(149,921)</u>

The Bad Debt Expense ratio was updated using July 31, 2007, data since the data used in the test year included bad debt expense associated with prior periods. After acquiring CLFP from Xcel Energy, Black Hills and CLFP started aggressively updating its delinquent accounts from prior years. Using the data from 2007 provides for a more normal year with regards to bad debts. The OCA adjustment does not include bad debts associated with an increase in revenues from new rates; that adjustment will be shown separately.

CHEYENNE LIGHT, FUEL, AND POWER

Docket No. 30005-112-GR-7

Change in Allocation to Administrative & General Expenses

OCA Exhibit AJZ - 1

Schedule 5.0

Expenses (Schedule B)	Common Balance	OCA Factor	OCA - Gas Allocation
Administrative & General Salaries/Overhead Offset	\$ 1,025,949	40.63%	\$ 416,846
Office Supplies Expense	926,364	40.63%	\$ 376,384
Administrative & General Employees Expense	35,761	40.63%	\$ 14,530
Outside Services Employed	746,397	40.63%	\$ 303,263
Miscellaneous General Expense	161,316	40.63%	\$ 65,543
Rents Expense/AP Discounts	54,469	40.63%	\$ 22,131
	<u>\$ 2,950,256</u>		<u>\$ 1,198,698</u>

OCA Expenses	\$ 1,198,698
CLFP Expenses (Schedule B)	<u>1,315,813</u>
Adjustment - Decrease A&G Expenses	<u>\$ (117,115)</u>

Intercompany Charges (Schedule H-5, Page 1)	Increase	OCA Factor	OCA - Gas Allocation
Administrative & General Salaries	\$ 910,535	40.63%	\$ 369,953
Office Supplies Expense	377,556	40.63%	\$ 153,402
Outside Services Employed	220,970	40.63%	\$ 89,781
Miscellaneous General Expense	41,161	40.63%	\$ 16,724
Rents	21,798	40.63%	\$ 8,857
	<u>\$ 1,572,020</u>		<u>\$ 638,716</u>

OCA Pro-Forma Intercompany Charges	\$ 638,716
CLFP Pro-Forma Intercompany Charges (Schedule H-5, Page 2)	<u>701,102</u>
Adjustment - Decrease A&G Expenses	<u>\$ (62,386)</u>

Total Adjustment - Decrease A&G Expenses **\$ (179,501)**

These expenses are more appropriately allocated on a blended formula that takes into account three of the largest accounts instead of the allocation factor used by CLFP (Supervisory O & M). The reallocation only redistributes the common business expenses and intercompany charges between the gas and electric divisions.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Calculation of 3-Factor Formula

OCA Exhibit AJZ - 1
Schedule 5.1

3-Factor Formula

Total Revenues

Electric	80,810,467	61.81%
Gas	<u>49,937,193</u>	<u>38.19%</u>
	130,747,660	100.00%

Total Employees

Electric	46.2	50.22%
Gas	<u>45.8</u>	<u>49.78%</u>
	92.0	100.00%

Total Gross Plant

Electric	95,995,837	66.09%
Gas	<u>49,264,683</u>	<u>33.91%</u>
	145,260,520	100.00%

	<u>Electric</u>	<u>Gas</u>
Total Revenues	61.81%	38.19%
Total Employees	50.22%	49.78%
Total Gross Plant	<u>66.09%</u>	<u>33.91%</u>
Average - Allocation	<u>59.37%</u>	<u>40.63%</u>

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Remove Customer-Paid Energy Share

OCA Exhibit AJZ - 1
Schedule 6.0

OCA Customer-Paid Energy Share	\$	-
CLFP Customer-Paid Energy Share (CLFP Sch. H-3)		11,460
Adjustment - Decrease in A&G Expenses	\$	<u>(11,460)</u>

The Company has included \$11,460 in expenses that are related to Energy Share donations it would like to charge customers. Energy Share of Wyoming is funded by some donations from customers, but should be done by their own decision, not through rates. The adjustment removes the expense.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjust Rate Case Expenses

OCA Exhibit AJZ - 1
Schedule 7.0

	OCA Costs	Allocated To Gas*	OCA Amort. Period	OCA Annual Gas Amort. Exp.
Depreciation Study	\$ 50,000	\$ 19,100	5	\$ 3,820
Depreciation Study Testimony & RC Support	20,000	7,640	3	2,547
Rate Design/Load Forecast	135,659	51,822	3	17,274
IRP/CPCN/Other Consulting Testimony	-	-	3	-
Capital Structure	18,837	7,196	3	2,399
Legal	125,680	48,010	3	16,003
Supplies	1,865	712	3	237
	<u>\$ 352,041</u>	<u>\$ 134,480</u>		<u>\$ 42,280</u>

*Allocation based on Revenues (Schedule B): Electric = 61.8%, Gas = 38.2%

OCA Annual Rate Case Expense	\$ 42,280
CLFP Annual Rate Case Expense (Schedule H-8)	53,794
Adjustment - Decrease in A&G Expenses	<u>\$ (11,514)</u>

CLFP included estimated consulting and supplies costs for the rate case. The OCA has adjusted those costs based on what has been actually paid so far and for some estimated costs that will be paid. The OCA also adjusted the costs for more prudent expenditures (i.e. IRP/CPCN/Other Consulting costs).

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Include Franchise Fees

OCA Exhibit AJZ - 1
Schedule 8.0

CLFP Pro-Forma Adjustment to Revenues (Statement I)	\$ 760,422
Franchise Fee Rate	1.00%
OCA Adjustment to Franchise Fees Before Additional Revenues	<u>\$ 7,604</u>
OCA Adjustment to Include Franchise Fees Before Additional Revenues	\$ 7,604
OCA Adj. to Remove Fees Related to CLFP Pro-Forma & Additional Revs (Statement L)	(53,140)
OCA Adjustment to Include Test Year Franchise Fees (Statement L)	<u>408,524</u>
Adjustment - Increase in Taxes Other Than Income	<u>\$ 362,988</u>

The Franchise Fees that were recovered through the GCA were taken out of the revenue requirement in this filing because the rate case was filed before the OCA and CLFP reached a Stipulation and Agreement in Docket No. 30005-111-GT-07, where the parties agreed to recover all the Franchise Fees through base rates. The OCA's adjustment to per books franchise fees only adds additional franchise fees that are associated with the pro-forma adjustments to revenues and leaves in the franchise fees associated with the GCA revenues. The Franchise Fees for any additional revenues from increase rates will be added in a separate adjustment.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjust Property Taxes for 2007 Plant

OCA Exhibit AJZ - 1
Schedule 9.0

CLFP Additional Plant in 2007 for Property Taxes (Statement D-1)	\$ 4,416,607
Less Unamortized Rate Case Costs (not a plant item)	<u>(107,597)</u>
OCA Additional Plant in 2007 for Property Taxes	\$ 4,309,010
Effective Tax Rate (Schedule L)	<u>0.21%</u>
OCA Property Tax Adjustment for Additional Plant in 2007	<u>\$ 9,049</u>
Per Book Property Taxes (Statement L)	\$ 209,050
OCA Pro-Forma Adjustment	<u>9,049</u>
OCA Adjusted Total Property Taxes	<u>\$ 218,099</u>
OCA Adjusted Total Property Taxes	\$ 218,099
CLFP Adjusted Total Property Taxes (Statement L)	<u>218,325</u>
Adjustment - Decrease in Taxes Other Than Income Tax	\$ <u>(226)</u>

Unamortized Rate Case Expense was incorrectly added to the 2007 Additions to Plant which was used to calculate pro-forma property taxes. The expense was removed and the property taxes were recalculated.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Synchronize Interest Expense

OCA Exhibit AJZ - 1
Schedule 10.0

OCA Adjusted Rate Base	\$ 37,373,812
OCA Adjusted Debt Portion Cost of Capital	46.00%
Adjusted OCA RB x OCA Debt Portion Cost of Capital	<u>\$ 17,191,953</u>
Cost of Debt	6.42%
OCA Adjusted Interest Expense	<u>\$ 1,103,723</u>

OCA Adjusted Interest Expense	\$ 1,103,723
CLFP Adjusted Interest Expense (Schedule K)	<u>1,041,210</u>
Adjustment - Increase in Interest Expense	<u>\$ 62,513</u>

An adjustment must be done to synchronize interest based on the OCA's adjusted rate base and using the OCA's capital structure and cost of debt. The debt percentage of 46% multiplied by the cost of debt of 6.42% yields a weighted average cost of debt of 2.95%.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Rate Base

OCA Exhibit AJZ - 2

	OCA Adjustments							OCA Pro-Forma Rate Base
	1	2	3	4	5	6	7	
CLFP Pro-Forma (Adj.) Totals (Statement M)	Remove Unamortized RC Costs (Sch. 1.0)	Remove Future Use Plant (Sch. 2.0)	Reallocate Acquisition Adjustment (Sch. 3.0)	Use 13- Month Averages (Sch. 4.0 - 4.1)	Adjust Cash Work. Capital (Sch. 5.0 - 5.1)	Remove Int. Accrued on Deposits (Sch. 6.0)	Adjust ADIT (Sch. 7.0)	
Utility Plant								
Gross Utility Plant in Service	\$ 59,100,519	\$ (801)	\$ (327,358)	\$ -	\$ -	\$ -	\$ -	\$ 58,664,773
Accumulated Depreciation	(20,244,604)	-	-	-	-	-	-	(20,244,604)
Net Utility Plant	\$ 38,855,915	\$ (801)	\$ (327,358)	\$ -	\$ -	\$ -	\$ -	\$ 38,420,169
Rate Base Additions								
Materials and Supplies	\$ 288,014	\$ -	\$ -	\$ (42,462)	\$ -	\$ -	\$ -	\$ 245,552
Gas Stored Underground	3,074,063	-	-	(566,559)	-	-	-	2,507,504
Prepayments	14,823	-	-	4,440	-	-	-	19,263
Cash Working Capital	393,951	-	-	-	642,410	-	-	1,036,361
Regulatory Assets - Other	49,944	-	-	-	-	-	-	49,944
Deferred Income Tax Assets	3,039,357	-	-	-	-	-	-	3,039,357
Total Rate Base Additions	\$ 6,860,152	\$ -	\$ -	\$ (604,581)	\$ 642,410	\$ -	\$ -	\$ 6,897,980
Rate Base Deductions								
Customer Advances	\$ (983,301)	\$ -	\$ -	\$ 397,688	\$ -	\$ -	\$ -	\$ (585,613)
Customer Deposits	(325,566)	-	-	22,446	-	-	-	(303,120)
Interest Accrued - Customer Depo	(5,934)	-	-	-	-	5,934	-	-
Accrued Pension Liability	(1,043,071)	-	-	-	-	-	-	(1,043,071)
Deferred Tax LT - Accel. Depr. - O	(5,247,809)	-	-	-	-	-	(5,826)	(5,253,635)
Deferred Income Tax Liability	(95,184)	-	-	-	-	-	-	(95,184)
Regulatory Liability - ITC	(339,422)	-	-	-	-	-	-	(339,422)
Accrued Deferred ITC	(324,293)	-	-	-	-	-	-	(324,293)
Total Rate Base Deductions	\$ (8,364,580)	\$ -	\$ -	\$ 420,134	\$ -	\$ 5,934	\$ (5,826)	\$ (7,944,337)
TOTAL RATE BASE	\$ 37,351,487	\$ (801)	\$ (327,358)	\$ (184,447)	\$ 642,410	\$ 5,934	\$ (5,826)	\$ 37,373,812

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Remove Unamortized Rate Case Costs

OCA Exhibit AJZ - 2
Schedule 1.0

OCA Unamortized Rate Case Costs	\$ -
CLFP Unamortized Rate Case Costs	<u>107,587</u>
Adjustment - Decrease in Plant/Rate Base	<u>\$ (107,587)</u>

A rate case is not only filed for a utility to be allowed to earn enough revenues to continue operating and providing service to its customers, but it also files a rate case to provide appropriate returns for its shareholders. The costs of a rate case should be shared between ratepayers and shareholders; the Company should be allowed to recover rate case costs through expenses, but not to recover carrying charges on the unamortized balance of the costs.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Remove Plant Held for Future Use

OCA Exhibit AJZ - 2
Schedule 2.0

OCA Unamortized Rate Case Costs	\$	-
CLFP Unamortized Rate Case Costs		<u>801</u>
Adjustment - Decrease in Plant/Rate Base	\$	<u>(801)</u>

A utility should be allowed to recover a return on plant that is being used in providing service to its customers. However, this plant is not currently used and useful, and there are no immediate plans to place it in service. Therefore, the plant should be removed from rate base.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Reallocate Acquisition Adjustment

OCA Exhibit AJZ - 2
Schedule 3.0

	<u>Acquisition Adjustment</u>	<u>Allocation Factor*</u>	<u>Allocated Amount</u>
OCA Allocated Acquisition Adjustment - Electric	\$ 4,630,443	59.37%	\$ 2,749,080
OCA Allocated Acquisition Adjustment - Gas	4,630,443	<u>40.63%</u>	<u>1,881,363</u>
		<u>100.00%</u>	<u>\$ 4,630,443</u>

*3-Factor Formula was used (OCA Exhibit AJZ - 1, Schedule 5.1)

OCA Allocated Acquisition Adjustment - Gas	\$ 1,881,363
CLFP Allocated Acquisition Adjustment - Gas (Schedule A)	2,208,721
Adjustment - Decrease in Plant/Rate Base	<u>\$ (327,358)</u>

The Acquisition Adjustment is more appropriately allocated on the 3-factor formula since the adjustment itself was based on several changes from accounts receivable (revenues), plant additions, and benefit obligations in the final stages of the transfer from Xcel Energy.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Adjustments to Rate Base Accounts

OCA Exhibit AJZ - 2
Schedule 4.0

Materials and Supplies:

OCA 13-Month Average	\$ 245,552
CLFP Year End Balance	288,014
Adjustment - Decrease in Rate Base	<u>\$ (42,462)</u>

Gas Inventories

OCA 13-Month Average	\$ 2,507,504
CLFP Year End Balance	3,074,063
Adjustment - Decrease in Rate Base	<u>\$ (566,559)</u>

Prepaid Assets

OCA 13-Month Average	\$ 19,263
CLFP Year End Balance	14,823
Adjustment - Increase in Rate Base	<u>\$ 4,440</u>

Customer Advances

OCA 13-Month Average	\$ (585,613)
CLFP Year End Balance	(983,301)
Adjustment - Increase in Rate Base	<u>\$ 397,688</u>

Customer Deposits

OCA 13-Month Average	\$ (303,120)
CLFP Year End Balance	(325,566)
Adjustment - Increase in Rate Base	<u>\$ 22,446</u>

These adjustments are to update these accounts with a 13-month average instead of a year-end balance; this is standard regulatory practice.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
13 - Month Averages

OCA Exhibit AJZ - 2
Schedule 4.1

	Materials & Supplies	Prepaid Assets	Customer Deposits	Customer Advances	Gas Inventories
Sep-05	\$ 200,268	\$ 12,458	\$ (270,593)	\$ (609,316)	\$ 3,268,986
Oct-05	201,796	25,170	(286,273)	(599,453)	4,098,736
Nov-05	198,632	24,384	(298,942)	(526,237)	3,870,298
Dec-05	201,508	23,348	(309,489)	(541,613)	3,551,608
Jan-06	241,370	21,590	(296,965)	(516,174)	2,461,210
Feb-06	275,714	20,374	(281,612)	(516,174)	1,705,843
Mar-06	241,030	19,158	(308,052)	(514,171)	1,711,575
Apr-06	264,757	17,942	(318,548)	(499,983)	821,032
May-06	247,320	19,530	(298,228)	(568,369)	1,330,902
Jun-06	238,438	18,429	(305,490)	(557,576)	1,819,329
Jul-06	263,322	17,208	(313,296)	(540,302)	2,168,804
Aug-06	330,005	16,008	(327,500)	(640,302)	2,715,162
Sep-06	288,014	14,823	(325,566)	(983,301)	3,074,063
TOTAL	\$ 3,192,174	\$ 250,422	\$ (3,940,554)	\$ (7,612,971)	\$ 32,597,548
13-Month Average	\$ 245,552	\$ 19,263	\$ (303,120)	\$ (585,613)	\$ 2,507,504

CHEYENNE LIGHT, FUEL, AND POWER

Docket No. 30005-112-GR-7

OCA Exhibit AJZ - 2

Cash Working Capital

Schedule 5.0

1	OPERATIONS & MAINTENANCE				
2	Gas Supply	\$ 34,498,869	\$ 94,517	37.7	\$ 3,563,308
3	Gas Transport	2,023,714	5,544	35.6	197,381
4	Labor	2,140,972	5,866	11.5	67,455
5	Employee Benefits	1,580,972	4,331	22.8	98,757
6	Wyoming Public Service Commission	132,481	363	358.4	130,085
7	Other O & M	3,139,811	8,602	20.8	178,926
8	Total O & M	\$ 43,516,819	\$ 119,224		\$ 4,235,913
9					
10	TAXES OTHER THAN INCOME				
11	Property Tax	\$ 218,099	\$ 598	199.6	\$ 119,267
12	Unemployment-State - (SUTA)	6,020	16	61.0	1,006
13	Unemployment-Federal - (FUTA)	3,704	10	72.9	740
14	FICA	260,619	714	16.6	11,853
15	Wyoming Gas Franchise Fees - Cheyenne	496,770	1,361	32.0	43,552
16	Wyoming Gas Franchise Fees - Burns	2,481	7	249.3	1,695
17	Wyoming Gas Franchise Fees - Pine Bluffs	7,187	20	243.8	4,801
18	Other	87	0	91.0	22
19	Wyoming Use Tax	64,223	176	45.0	7,918
20	South Dakota Use Tax	189	1	144.5	75
21	Total Taxes Other Than Income	\$ 1,059,379	\$ 2,902		\$ 190,928
22					
23	Federal Income Taxes	\$ (345,630)	\$ (947)	37.0	\$ (35,036)
24					
25	TOTAL		\$ 121,180		\$ 4,391,804
26					
27	Revenue Lag Days		45.9		
28	Expense Lead Days (Expense Dollar Days/Expense per Day)		36.2		
29	Net Days		9.7		
30					
31	Gross Cash Working Capital Requirement		\$ 1,175,442		
32	Less: Tax Collections Available		(139,082)		
33	Net Cash Working Capital Requirement		\$ 1,036,361		
34					
35	TAX COLLECTIONS AVAILABLE				
36	FICA Taxes (Employee Contribution)	\$ 277,620	\$ 761	5.2	\$ 3,955
37	Federal Withholding Tax	388,047	1,063	5.2	5,528
38	Wyoming Sales Tax - 6%	849,762	2,328	45.0	104,765
39	Cheyenne Franchise Fees - Customer Paid - 2%	283,254	776	32.0	24,833
40	Burns Franchise Fees - Customer Paid	-	-	249.3	-
41	Pine Bluffs Franchise Fees - Customer Paid	-	-	243.8	-
42	TOTAL	\$ 1,798,683	\$ 4,928		\$ 139,082
	OCA Cash Working Capital	\$ 1,036,361			
	CLFP Cash Working Capital	393,951			
	Adjustment - Increase in Rate Base	\$ 642,410			

The Cash Working Capital related to Gas Supply and Gas Transport has been included since CLFP was not allowed to collect interest on under-collected balances in the Commodity Balancing Account. Depreciation Expense has been removed from the calculation since it is not a cash item. Interest Expense on Long-Term Debt has also been removed since it is not an operating expense and is recovered through the return. In addition, CWC has been updated with any other Operating Expense changes and Franchise Fees associated with the GCA.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Changes to Expenses for CWC

OCA Exhibit AJZ - 2
Schedule 5.1

OPERATIONS & MAINTENANCE

CLFP Other O & M for CWC (Schedule F-3)	\$ 3,416,998
OCA Adjustment to Include Gas Supply, Nom, and RFP Costs	75,209
OCA Adjustment to Reduce Bad Debt Exp	(149,921)
OCA Adjustment to Reallocate A & G Exp	(179,501)
OCA Adjustment to Remove Energy Share	(11,460)
OCA Adjustment to Reduce Rate Case Exp	(11,514)
OCA Other O & M for CWC	<u>\$ 3,139,811</u>

TAXES OTHER THAN INCOME (Property Taxes)

CLFP Total Per Books Franchise Fees - Cheyenne (Schedule F-3)	\$ 218,325
OCA Adjustment for Property Tax	(226)
OCA Taxes Other Than Income (Property Taxes)	<u>\$ 218,099</u>

TAXES OTHER THAN INCOME (Franchise Fees)

CLFP Total Per Books Franchise Fees - Cheyenne (Schedule F-3)	\$ 133,137
OCA Adjustment to Annualize Sales	745
OCA Adjustment to Remove Prior Period Sales	(101)
OCA Adj Include Fees from GCA and Pro-Forma Revenues	362,988
OCA Taxes Other Than Income (Franchise Fees)	<u>\$ 496,770</u>

The CWC calculation has been updated with the OCA adjustments to O&M Expenses.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Remove Interest Accrued on Deposits

OCA Exhibit AJZ - 2
Schedule 6.0

OCA Interest Accrued on Deposits	\$	-
CLFP Interest Accrued on Deposits		<u>(5,934)</u>
Adjustment - Decrease in Rate Base	\$	<u>5,934</u>

Interest on deposits is recovered through expenses. The accrued interest is a balance sheet account that does not get applied to rate base.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Include Accum. Deferred Income Tax for
the October-December 2006 Plant

OCA Exhibit AJZ - 2
Schedule 7.0

	(A) (Sched. D-2)	(B) (Stmt J) Book Depreciation	(C) 1st Year Tax Depreciation Rate	(A X C = D)	(B - D = E)	(F)	(E X F = G)
Capital Additions	Amount	Depreciation	Rate	Depreciation	Difference	Tax Rate	Deferred Tax
Gas Distribution	\$ 508,231	\$ 12,147	3.75%	\$ 19,059	\$ (6,912)	35.00%	\$ (2,419)
General Plant - Common Allocation	155,222	12,449	14.29%	22,181	(9,732)	35.00%	(3,406)
Total	\$ 663,453	\$ 24,596		\$ 41,240	\$ (16,644)		\$ (5,826)

Adjustment - Increase Accum DIT for 2006 Plant Additions/Decrease Plant \$ (5,826)

Accumulated Deferred Income Taxes were not updated for the October-December 2006 Plant.

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Summary of Class Cost of Service

OCA Exhibit AJZ - 3

	<u>TOTAL</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>
RETURN UNDER CURRENT RATES				
Revenue from Firm Sales	\$ 8,993,086	\$ 6,382,093	\$ 2,199,231	\$ 411,762
Other Operating Revenue	680,504	485,821	169,520	25,163
Total Operating Revenue	<u>\$ 9,673,590</u>	<u>\$ 6,867,913</u>	<u>\$ 2,368,752</u>	<u>\$ 436,925</u>
Operation and Maintenance Expense	\$ 6,994,236	\$ 5,284,057	\$ 1,534,086	\$ 176,093
Depreciation and Amortization Expense	1,568,179	1,142,541	362,744	62,895
Taxes Other than Income Tax	994,967	743,616	215,581	35,769
Federal Income Tax - Existing Rates	(345,631)	(382,492)	(2,487)	39,348
Total Operating Expenses	<u>\$ 9,211,751</u>	<u>\$ 6,787,722</u>	<u>\$ 2,109,924</u>	<u>\$ 314,105</u>
Return	<u>\$ 461,839</u>	<u>\$ 80,191</u>	<u>\$ 258,827</u>	<u>\$ 122,820</u>
Rate Base	\$ 37,373,811	\$ 26,588,937	\$ 8,975,437	\$ 1,809,436
Rate of Return, Current Rates	1.24%	0.30%	2.88%	6.79%
COS AND REVENUE DEFICIENCY				
Rate Base	\$ 37,373,811	\$ 26,588,937	\$ 8,975,437	\$ 1,809,436
Rate of Return	8.84%	8.84%	8.84%	8.84%
Return	\$ 3,303,845	\$ 2,350,462	\$ 793,429	\$ 159,954
Operation and Maintenance Expenses	6,994,236	5,284,057	1,534,086	176,093
Depreciation and Amortization Expense	1,568,179	1,142,541	362,744	62,895
Taxes Other than Income Tax	994,967	743,616	215,581	35,769
Federal Income Tax - Existing Rates	(345,631)	(382,492)	(2,487)	39,348
Total Cost of Service	<u>\$ 12,515,596</u>	<u>\$ 9,138,184</u>	<u>\$ 2,903,353</u>	<u>\$ 474,059</u>
Less: Other Operating Revenue	680,504	485,821	169,520	25,163
Net Cost of Service	<u>\$ 11,835,092</u>	<u>\$ 8,652,363</u>	<u>\$ 2,733,833</u>	<u>\$ 448,896</u>
Revenue Deficiency				
Revenue Under Existing Rates	\$ 8,993,086	\$ 6,382,093	\$ 2,199,231	\$ 411,762
Net Cost of Service	11,835,092	8,652,363	2,733,833	448,896
Amount of Deficiency Before Income Taxes	\$ 2,842,005	\$ 2,270,271	\$ 534,601	\$ 37,134
Gross Up Factor	1.56356	1.56356	1.56356	1.56356
Tax Adjusted Amount Needed - Net of Bad Debt Expense and Franchise Fees				
	<u>\$ 4,443,646</u>	<u>\$ 3,549,704</u>	<u>\$ 835,881</u>	<u>\$ 58,061</u>
Revenue from Firm Sales	\$ 8,993,086	\$ 6,382,093	\$ 2,199,231	\$ 411,762
Percent Increase/(Decrease)	49.41%	55.62%	38.01%	14.10%
Tax Multiplier (1/(11 - ECTR) or (1/((.983947-.34433)))	1.56356	1.56356	1.56356	1.56356
Effective Combined Tax Rate				
% Revenues Received	100.00000%			
% Revenues Not Collected (Bad Debts)	0.60530%			
% Revenues Collected for Municipalities	1.00000%			
% Revenues For Taxable Income	98.39470%			
% for Taxable Income (TI)	98.39470%			
X Tax Rate of 35%	35.00000%			
Effective Combined Tax Rate (ECTR)	34.43815%			

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
OCA Rate Design

OCA Exhibit AJZ - 4

RATE CLASS	RATE CODE	BILLING UNITS	PROPOSED RATES	PROPOSED REVENUE
Residential	RG			
Service & Facility Charge		367,296 Meters	\$15.00	\$5,509,440
Commodity Charge		2,377,499 dTh	\$1.8279	4,345,830
Customer Service Charge (New)		2,591 Connections	\$7.50	19,433
Sub-Total				<u>\$9,874,703</u>
Commercial	CG			
Service & Facility Charge		33,948 Meters	\$20.00	\$678,960
Commodity Charge		1,365,417 dTh	\$1.7129	2,338,822
Customer Service Charge (New)		526 Connections	\$7.50	3,945
Sub-Total				<u>\$3,021,727</u>
Interruptible	IG			
Service & Facility Charge		168 Meters	\$190.00	\$31,920
Commodity Charge		667,561 dTh	\$0.6546	436,985
Customer Service Charge (New)		2 Connections	\$7.50	15
Sub-Total				<u>\$468,920</u>
Total Rate Revenue				<u>\$13,365,350</u>

CHEYENNE LIGHT, FUEL, AND POWER
Docket No. 30005-112-GR-7
Development of Customer Charge

OCA Exhibit AJZ - 4
Schedule 1.0

	TOTAL	RESIDENTIAL	COMMERCIAL	INTERRUPTIBLE INDUSTRIAL
Customer Related Plant				
Rate Base				
House Regulators	\$ 1,251,836	\$ 891,600	\$ 343,133	\$ 17,104
Services	14,061,931	12,700,743	1,312,501	48,687
Meters	4,170,001	3,179,162	931,964	58,875
Meters - ERT	2,651,936	2,371,254	280,682	-
Installations on Cust. Premises	-	-	-	-
Total Customer Related Plant	\$ 22,135,704	\$ 19,142,760	\$ 2,868,279	\$ 124,666
Less: Accumulated Depreciation	7,825,018	6,767,006	1,013,943	44,070
Net Customer Related Plant	\$ 14,310,686	\$ 12,375,754	\$ 1,854,336	\$ 80,596
Other Rate Base Items				
General Plant	\$ 1,699,307	\$ 1,546,041	\$ 148,720	\$ 4,546
Cash Working Capital Allowance	401,591	354,304	45,736	1,551
Materials and Supplies	91,369	78,947	11,903	519
Total Other Rate Base Items	\$ 2,192,267	\$ 1,979,292	\$ 206,359	\$ 6,617
Total Rate Base	\$ 16,502,953	\$ 14,355,045	\$ 2,060,695	\$ 87,213
Rate of Return on Rate Base	8.84%	8.84%	8.84%	8.84%
Return on Rate Base	\$1,458,861	\$1,268,986	\$182,165	\$7,710
Tax Factor	1.538	1.538	1.538	1.538
Return and Taxes	\$2,244,399	\$1,952,284	\$280,254	\$11,861
Expenses				
Meter Expenses	\$ (34,082)	\$ (27,730)	\$ (6,058)	\$ (294)
Cust. Install. Expenses	136,351	110,937	24,237	1,177
Meters & House Regulators	104,820	83,635	20,198	986
Services	69,532	62,801	6,490	241
Accounts 901 Through 905	1,164,150	1,063,375	98,297	2,478
Accounts 907 Through 910	260,016	237,508	21,955	554
Admin & General Expense	1,511,941	1,303,904	200,767	7,270
Total Customer Related O&M Expense	\$ 3,212,729	\$ 2,834,431	\$ 365,886	\$ 12,412
Total Customer Related Cost of Service	\$ 5,457,128	\$ 4,786,715	\$ 646,140	\$ 24,273
Number of Bills	401,412	367,296	33,948	168
Monthly Customer Related Cost	\$13.59	\$13.03	\$19.03	\$144.48