

Section R

20:10:13:102. Statement R – Coal Supply Pricing. If any of the preceding statements cover purchases or other transfers of equipment, fuels or gas, materials, or services from an affiliate that are not regulated for price, the applicant shall submit a detailed explanation, including a showing of the affiliate's rate of return on investment associated with the purchases and the prices of comparable equipment, materials, or services offered by unaffiliated suppliers.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority:SDCL [49-34A-4](#).

Law Implemented:SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

Statement R - Part I
Wyodak Resources Development Corporation
Computation of Utility Type Investment Base
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	(1) Total Company	(2) Applicable Sales to BHP/CLFP
1	Gross Mining Plant (from Schedule B)	\$ 105,399,191	
2	Accumulated Provision for Depreciation, Depletion and Amortization -- Mining Plant (from Schedule B)	<u>59,251,590</u>	
3	Net Mining Plant (Line 1 less Line 2)	\$ 46,147,601	\$ 19,381,992 (a)
4	Blending Facility (from Schedule B)	7,430,785	
5	Accumulated Provision for Depreciation (from Schedule B)	<u>6,498,754</u>	
6	Net Blending Facility (Line 4 less Line 5)	932,031	446,163 (b)
7	Processing Plant (from Schedule B)	20,513,165	
8	Accumulated Provision for Depreciation (from Schedule B)	<u>11,775,300</u>	
9	Net Processing Plant (Line 7 less Line 8)	8,737,865	3,669,903 (c)
10	Mining Investment for BHP/CLFP Sales*	425,000	
11	Accumulated Provision for Depreciation*	<u>425,000</u>	
12	Net Investment for Sales to BHP/CLFP (Line 10 less Line 11)	<u>-</u>	<u>-</u>
13	Net Mining and Processing Plant (Sum Lines 3, 6, 9, 12)	55,817,497	23,498,058
14	Unamortized Stripping Costs*		- (a)
15	Materials, Supplies and Prepayments*	<u>5,549,859</u>	<u>2,330,941</u> (a)
16	Total Utility Type Investment Base (Sum Lines 13, 14, 15)	<u>\$ 61,367,356</u>	<u>\$ 25,828,999</u>
17	(a) Percent Applicable to Mining (Part III, Line 6)		42.00%
18	(b) Percent Applicable to Blending Facility (Part III, Line 9)		47.87%
19	(c) Percent Applicable to Processing (Part III, Line 11)		42.00%
20	* from Input page		

Statement R - Part II
Wyodak Resources Development Corporation
Computation of Utility Type Investment Base
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	(1) Total Company	(2) Applicable Sales to BHP Ownership & CLFP	(3) Adjusted
1	Receipts from Coal Sales*	\$ 61,405,632	\$ 27,730,564	\$ 27,730,596
2	<u>Operating Expenses:</u>			
3	Mining Expenses (from Schedule B)	24,413,711	10,253,759 (a)	10,253,759
4	Royalties*	7,675,704	3,466,320 (e)	3,466,320
4a	Royalty tax from prior year activity			
5	Production Tax*	2,919,409	1,318,395 (e)	1,318,395
5a	Production tax from prior year activity			
6	Severance Tax*	3,405,978	1,538,127 (e)	1,538,127
6a	Severance Tax from Prior Year activity			
7	Black Lung Tax*	1,940,983	876,541 (e)	876,541
7a	Black Lung tax from prior year activity			
8	Blending Facility Expenses (from Schedule B)	1,767,492	846,098 (b)	846,098
9	Processing Expenses (from Schedule B)	1,309,749	550,095 (c)	550,095
10	Depreciation and Depletion of Mining Plant (from Schedule B)	10,021,130	4,208,875 (a)	4,208,875
11	Depreciation -- Blending Facility (from Schedule B)	228,891	109,570 (b)	109,570
12	Depreciation -- Processing Plant (from Schedule B)	1,482,272	622,554 (c)	622,554
13	Depreciation -- Investment for BHP/CLFP Sale*	-	-	-
14	Federal Reclamation, FICA, and Unemployment*	1,903,662	799,538 (a)	799,538
14a	Fed Reclamation tax from prior year activity			
15	<u>Property Taxes:</u>			
	Mining	454,632	190,945 (a)	190,945
	Blending Facility	32,052	15,343 (b)	15,343
	Processing	88,482	37,162 (c)	37,162
	Investment for BHP/CLFP Sale	1,833	1,833	1,833
	Total Operating Expenses (before Taxes)	57,645,980	24,835,155	24,835,155
16	Federal Income Tax (from Part IV)	972,622	749,042 (d)	749,051
17	Total Operating Expenses	58,618,602	25,584,197	25,584,206
18	Net Mining Income	2,787,030	2,146,366	2,146,390
19	Other non-mining income (net)	1,656,318		
20	Less: Interest on Long-term Debt*	-		
21	Net Income	<u>\$ 4,443,348</u>		
22	Utility Type Investment Base Applicable to Sales to BHP/CLFP (from Part I)		25,828,999	25,828,999
23	Utility Type Rate of Return Related to Sales to BHP/CLFP		8.31%	8.31%
24	(a) Percent Applicable to Mining (Part III, Line 6)			42.00%
25	(b) Percent Applicable to Blending Facility (Part III, Line 9)			47.87%
26	(c) Percent Applicable to Processing (Part III, Line 11)			42.00%
27	(d) Amount Applicable to BHP/CLFP (Part IV, Line 11)		749,042	
28	(e) Coal taxes calculated based on applicable sales to those subsidiaries			
29	Note: An "*" designates the column 1 amount comes from the Input page			

Statement R - Part III
Wyodak Resources Development Corporation
Computation of Utility Type Investment Base
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	Tons Sold
1	Total Coal Sold	4,648,854
2	Total Coal Sold - Wyodak Plant	<u>1,997,150</u>
3	Total Coal Sold - All Except Wyodak	2,651,704
4	Total Tons Sold - BHP Wyodak	399,430
5	Total Coal Sold - BHP Other/Wygen II/Wygen III	1,553,152
6	Percent Applicable to Mining ((Line 4+Line 5)/Line 1)	42.00%
7	Total Coal Sold by Blending Facility (BHP Other less NSII, Trucks, Wygen II & Wygen III)	1,008,672
8	Other Coal Sold by Blending Facility	1,098,552
9	Percent Applicable to Processing Blending Facility (Line 7/(Line 7+Line 8))	47.87%
10	Total Coal Sold - Train Load Out	0
11	Percent Applicable to Processing (Line 4+Line 5)/(Line 1-Line 10)	42.00%

Statement R - Part IV
Wyodak Resources Development Corporation
Computation of Utility Type Investment Base
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	Amount
1	Total Federal Income Tax Applicable to Mining Income (from Schedule A)	\$ 972,622
2	Income before Federal Income Tax:	
3	Net Income	2,787,029
4	Plus Federal Income Tax	<u>972,622</u>
5	Mining Income Before Federal Income Tax	3,759,651
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6	Unadjusted Receipts from Coal Sales (from Part II)	27,730,564
7	Total Operating Expenses (from Part II)	<u>24,835,155</u>
9	Income before Federal Income Tax Applicable to BHP/CLFP	2,895,408
10	Federal Income Tax Rate (Line 4/Line 5)	<u>25.87%</u>
11	Federal Income Tax	<u><u>\$ 749,042</u></u>

Statement R - Part V
Wyodak Resources Development Corporation
Computation of Utility Type Investment Base
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Return on Rate Base	Percentage
1	Utility A-rated Bonds	4.31%
2	Plus 400 Basis Points	<u>4.00%</u>
3	Return on Equity	<u><u>8.31%</u></u>

Statement R - Part VI
Wyodak Resources Development Corporation
Computation of Utility Type Investment Base
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	Amount
1	Price per Ton required to balance Affiliate Coal Adjustment to approximately	\$ 14.20
2	Coal Receipts from BHP/CLFP (from Input page)	\$ 27,730,564
3	Coal Receipts from BHP/CLFP as Adjusted (from Part II)	<u>\$ 27,730,596</u>
4	Difference in Coal Receipts BHP/CLFP/MDU (Line 1 - Line 2)	(32)
5	Annual Retail Energy Sales in South Dakota - MWH	1
6	Annual Total Energy Sales - MWH	1
7	Percent Applicable to South Dakota (Line 4/Line 5)	100.00%
8	Affiliate Coal Adjustment (Line 3 x Line 6)	<u><u>\$ (32)</u></u>