

## 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 12 Months ended December 31, 2014**

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Line No.	2014 (1) Total Company	(2) Applicable Sales to BHP/CLFP
1	\$ 125,461,196	
2	<u>68,891,652</u>	
3	\$ 56,569,544	\$ 23,974,173 (a)
4	7,366,971	
5	<u>6,525,461</u>	
6	841,510	438,932 (b)
7	21,258,905	
8	<u>13,195,390</u>	
9	8,063,515	3,417,318 (c)
10	425,000	
11	<u>425,000</u>	
12	<u>-</u>	<u>-</u>
13	65,474,569	27,830,423
14	-	- (a)
15	<u>11,687,456</u>	<u>4,953,144 (a)</u>
16	<u>\$ 77,162,025</u>	<u>\$ 32,783,567</u>
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17	(a) Percent Applicable to Mining (Part III, Line 6)	42.38%
18	(b) Percent Applicable to Blending Facility (Part III, Line 9)	52.16%
19	(c) Percent Applicable to Processing (Part III, Line 11)	42.38%
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/Cheyenne Light Fuel & Power**  
**for the 12 Months ended December 31, 2014**

**Statement R**  
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<u>Line No.</u>	(1)	(2)	(3)	
	<u>Total Company</u>	<u>Applicable Sales to BHP Ownership &amp; CLFP</u>	<u>Adjusted</u>	
1	Receipts from Coal Sales*	\$ 64,813,452	\$ 28,502,034	\$ 28,502,191
2	Operating Expenses:			
3	Mining Expenses (from Schedule B)	24,089,022	10,208,928	(a) 10,208,928
4	Royalties*	8,101,681	3,562,754	(e) 3,562,754
4a	Royalty tax from prior year activity			
5	Production Tax*	3,051,939	1,342,105	(e) 1,342,105
5a	Production tax from prior year activity			
6	Severance Tax*	3,607,798	1,586,547	(e) 1,586,547
6a	Severance Tax from Prior Year activity			
7	Black Lung Tax*	1,857,489	816,840	(e) 816,840
7a	Black Lung tax from prior year activity			
8	Blending Facility Expenses (from Schedule B)	1,523,875	794,853	(b) 794,853
9	Processing Expenses (from Schedule B)	2,526,007	1,070,522	(c) 1,070,522
10	Depreciation and Depletion of Mining Plant (from Schedule B)	8,520,022	3,610,785	(a) 3,610,785
11	Depreciation -- Blending Facility (from Schedule B)	227,386	118,605	(b) 118,605
12	Depreciation -- Processing Plant (from Schedule B)	1,737,242	736,243	(c) 736,243
13	Depreciation -- Investment for BHP/CLFP Sale*	-	-	
14	Federal Reclamation, FICA, and Unemployment*	1,645,022	697,160	(a) 697,160
14a	Fed Reclamation tax from prior year activity			
15	Property Taxes:			
16	Mining	454,711	192,707	(a) 192,707
17	Blending Facility	26,700	13,927	(b) 13,927
18	Processing	77,049	32,653	(c) 32,653
19	Investment for BHP/CLFP Sale	1,540	1,540	1,540
20				
21	Total Operating Expenses (before Taxes)	57,447,483	24,786,169	24,786,169
22				
23	Federal Income Tax (from Part IV)	1,517,389	765,468	(d) 765,501
24	Total Operating Expenses	58,964,872	25,551,637	25,551,670
25	Net Mining Income	5,848,580	2,950,397	2,950,521
26	Other non-mining income (net)	1,484,156		
27	Less: Interest on Long-term Debt*	-		
28	Net Income	\$ 7,332,736		
29				
30	Utility Type Investment Base Applicable to Sales to BHP/CLFP (from Part I)		32,783,567	32,783,567
31				
32	Utility Type Rate of Return Related to Sales to BHP/CLFP		9.00%	9.00%
33				
34	Note: An "*" designates the column 1 amount comes from the Input page.			
35				
36	(a) Percent Applicable to Mining (Part III, Line 6)			42.38%
37	(b) Percent Applicable to Blending Facility (Part III, Line 9)			52.16%
38	(c) Percent Applicable to Processing (Part III, Line 11)			42.38%
39	(d) Amount Applicable to BHP/CLFP (Part IV, Line 11)		765,468	
40	(e) Coal taxes calculated based on applicable sales to those subsidiaries			

**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 & Power**  
**for the 12 Months ended December 31, 2014**

Line No.		TONS SOLD
1	Total Coal Sold	4,207,726
2	Total Coal Sold - Wyodak Plant	<u>1,943,896</u>
3	Total Coal Sold - All Except Wyodak	2,263,830
4	Total Tons Sold - BHP Wyodak	388,779
5	Total Coal Sold - BHP Other/Wygen II/Wygen III	1,394,604
6	Percent Applicable to Mining ((Line 4+Line 5)/Line 1)	42.38%
7	Total Coal Sold by Blending Facility (BHP Other less NSII, Trucks, Wygen II & Wygen III)	947,673
8	Other Coal Sold by Blending Facility	869,226
9	Percent Applicable to Processing Blending Facility (Line 7/(Line 7+Line 8))	52.16%
10	Total Coal Sold - Train Load Out	-
11	Percent Applicable to Processing (Line 4+Line 5)/(Line 1-Line 10)	42.38%

**Statement R - Part IV**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power / Cheyenne Light Fuel & Power**  
**for the 12 Months ended December 31, 2014**

Line No.	Description	Amount
1	Total Federal Income Tax Applicable to Mining Income	\$ 1,517,389
2	Income before Federal Income Tax:	
3	Net Income	5,848,576
4	Plus Federal Income Tax	<u>1,517,389</u>
5	Mining Income Before Federal Income Tax	7,365,965
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6	Unadjusted Receipts from Coal Sales (from Part II)	28,502,034
7	Total Operating Expenses (from Part II)	<u>24,786,169</u>
8	Income before Federal Income Tax Applicable to BHP/CLFP	3,715,865
9	Federal Income Tax Rate (Line 4/Line 5)	<u>20.60%</u>
10	Federal Income Tax	<u><u>\$ 765,468</u></u>

**Statement R - Part V**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power / Cheyenne Light Fuel & Power**  
**for the 12 Months ended December 31, 2014**

Line No.	Amount	Percent of Total	Cost	Weighted Cost
1	-	0%	0%	0%
2	136,157,590	100%	9.00%	9.00%
3	<u>\$ 136,157,590</u>	<u>100%</u>		<u>9.00%</u>
4				
5				
6		5.00%		
7		<u>4.00%</u>		
8		9.00%		
9				
10		9.00%		
11		<u>0.00%</u>		
12		9.00%		

**Statement R - Part VI**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power / Cheyenne Light Fuel & Power**  
**for the 12 Months ended December 31, 2014**

Line No.		Amount
1	Price per Ton required to balance Affiliate Coal Adjustment to approximately \$0	\$ 15.98
2	Coal Receipts from BHP/CLFP	\$ 28,502,034
3	Coal Receipts from BHP/CLFP as Adjusted (from Part II)	<u>\$ 28,502,191</u>
4	Difference in Coal Receipts BHP/CLFP/MDU (Line 2 - Line 3)	(157)
5	Annual Retail Energy Sales in South Dakota - MWH	1
6	Annual Total Energy Sales - MWH	1
7	Percent Applicable to South Dakota (Line 5/Line 6)	100%
8	Affiliate Coal Adjustment (Line 4 x Line 7)	<u><u>\$ (157)</u></u>