



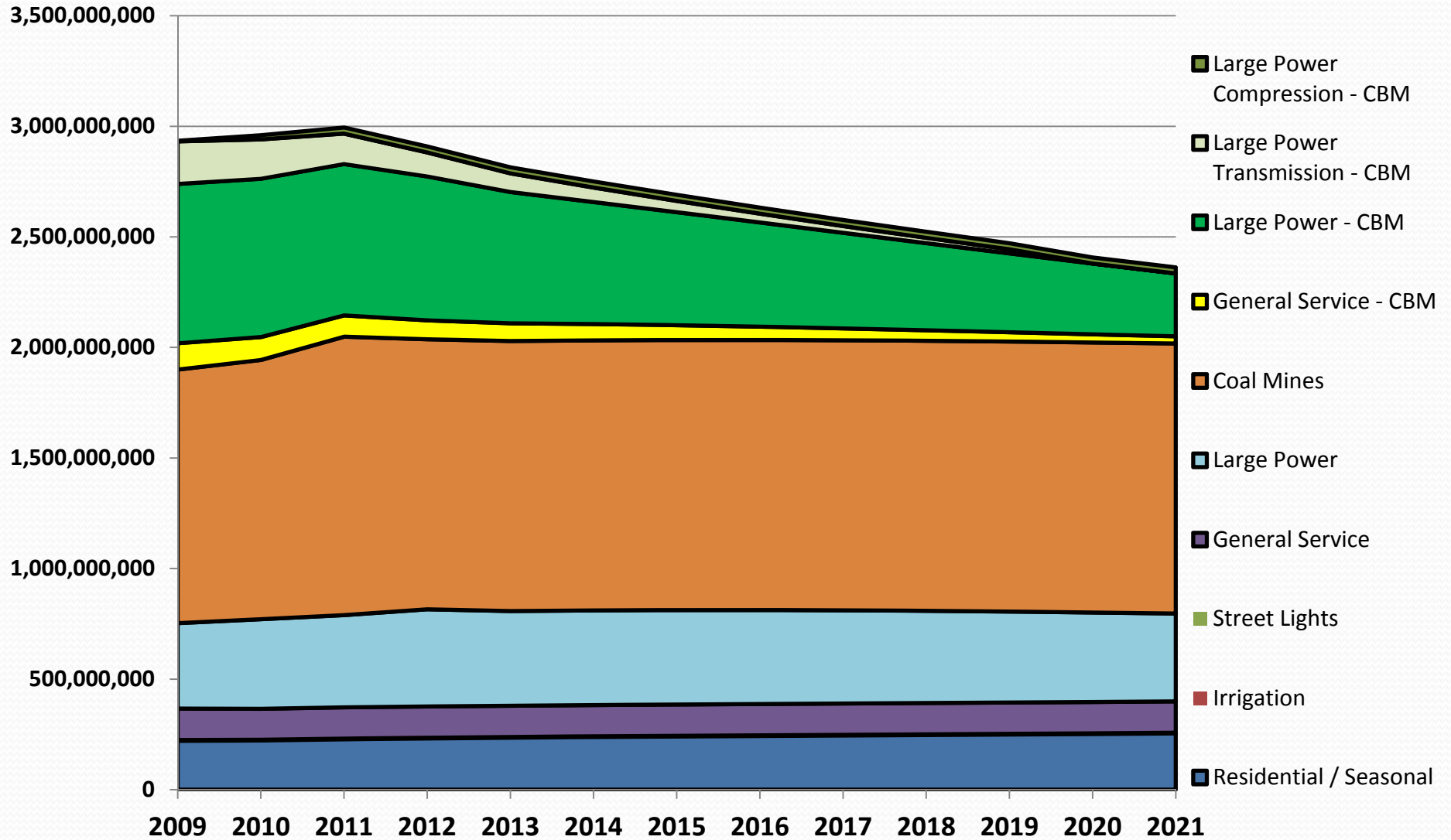
Financial Forecast

Powder River Energy Corporation

Sheridan, WY

June 19, 2012

Sales of Electricity (kWh)





Revenue

	2012	2013	2014	2015	2016
Revenue from Rates	\$ 160,058,525	\$ 154,687,620	\$ 151,040,883	\$ 147,527,501	\$ 144,116,790
COPA Revenue	\$ 27,975,461	\$ 34,749,025	\$ 36,182,726	\$ 33,859,339	\$ 32,140,598
Other Revenue	\$ 1,898,837	\$ 1,889,835	\$ 1,880,835	\$ 1,871,835	\$ 1,866,835
Deferred Revenue	\$ 750,000	\$ 4,200,000	\$ 1,870,000	\$ -	\$ -
CCR	\$ 4,866,485	\$ 4,514,844	\$ 3,794,126	\$ 2,449,259	\$ 912,428
Total Revenue	\$ 195,549,308	\$ 200,041,324	\$ 194,768,570	\$ 185,707,934	\$ 179,036,651

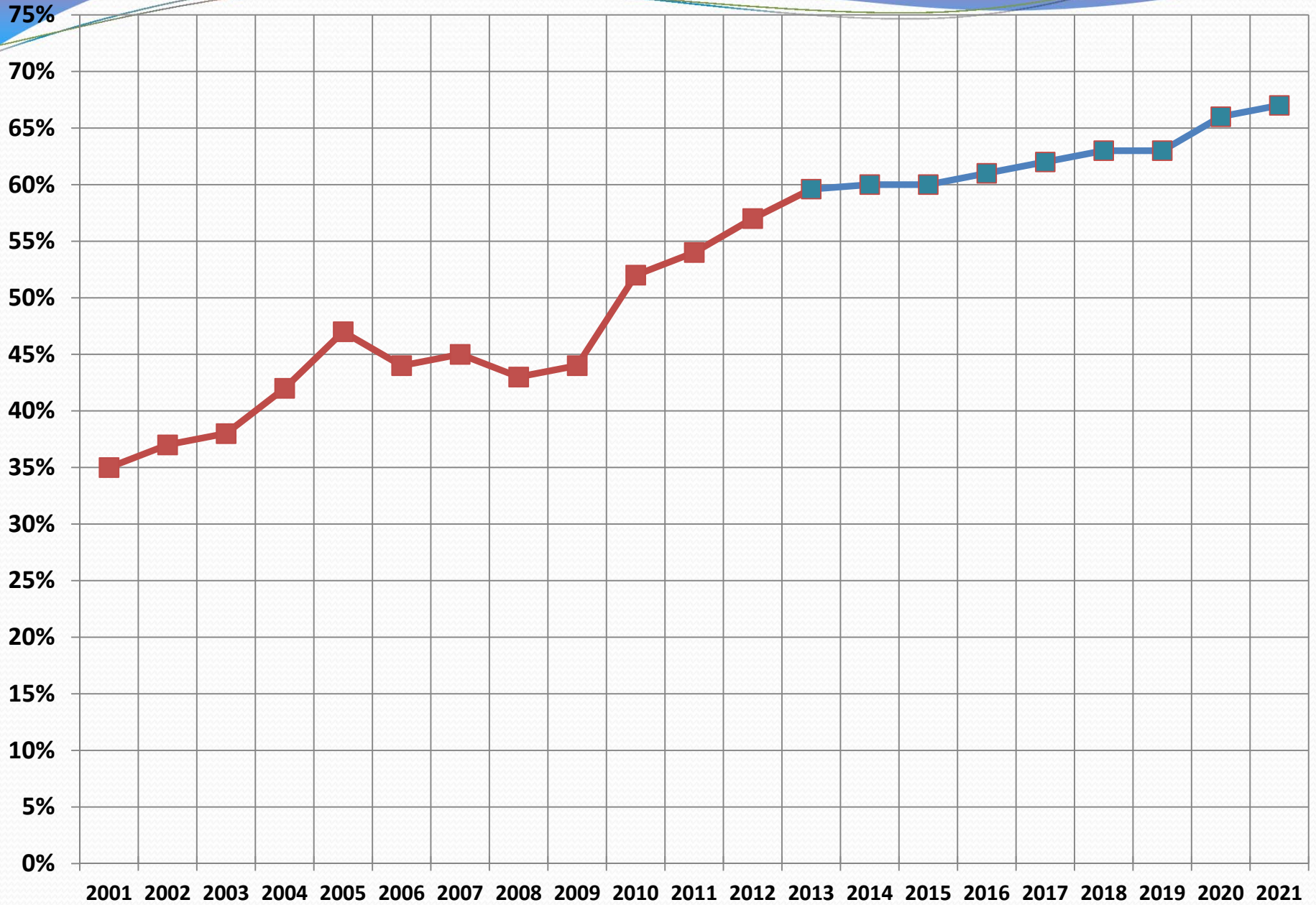


Labor & Benefits Forecast

Assumptions

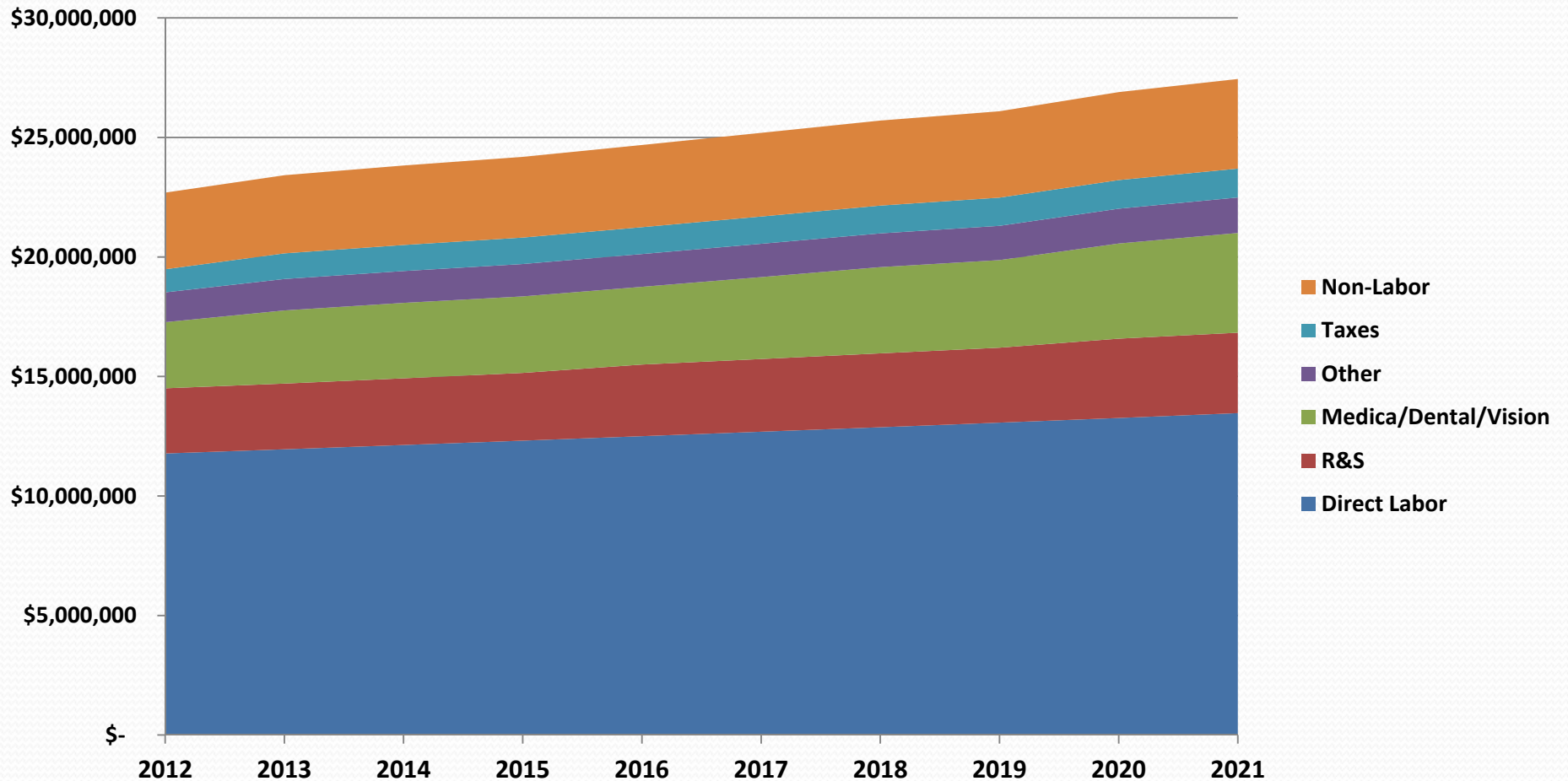
- Direct labor costs increase by 1.5% annually.
- Number of employees remain constant.
- Non-labor expenses escalate at 75% of the Consumer Price Index ($2.30\% \times 75\% = 1.73\%$).
- 15% increase in medical premiums in 2013.
- 6% increase in dental/vision premiums in 2013.

Total Benefits as a % of Direct Labor Cost



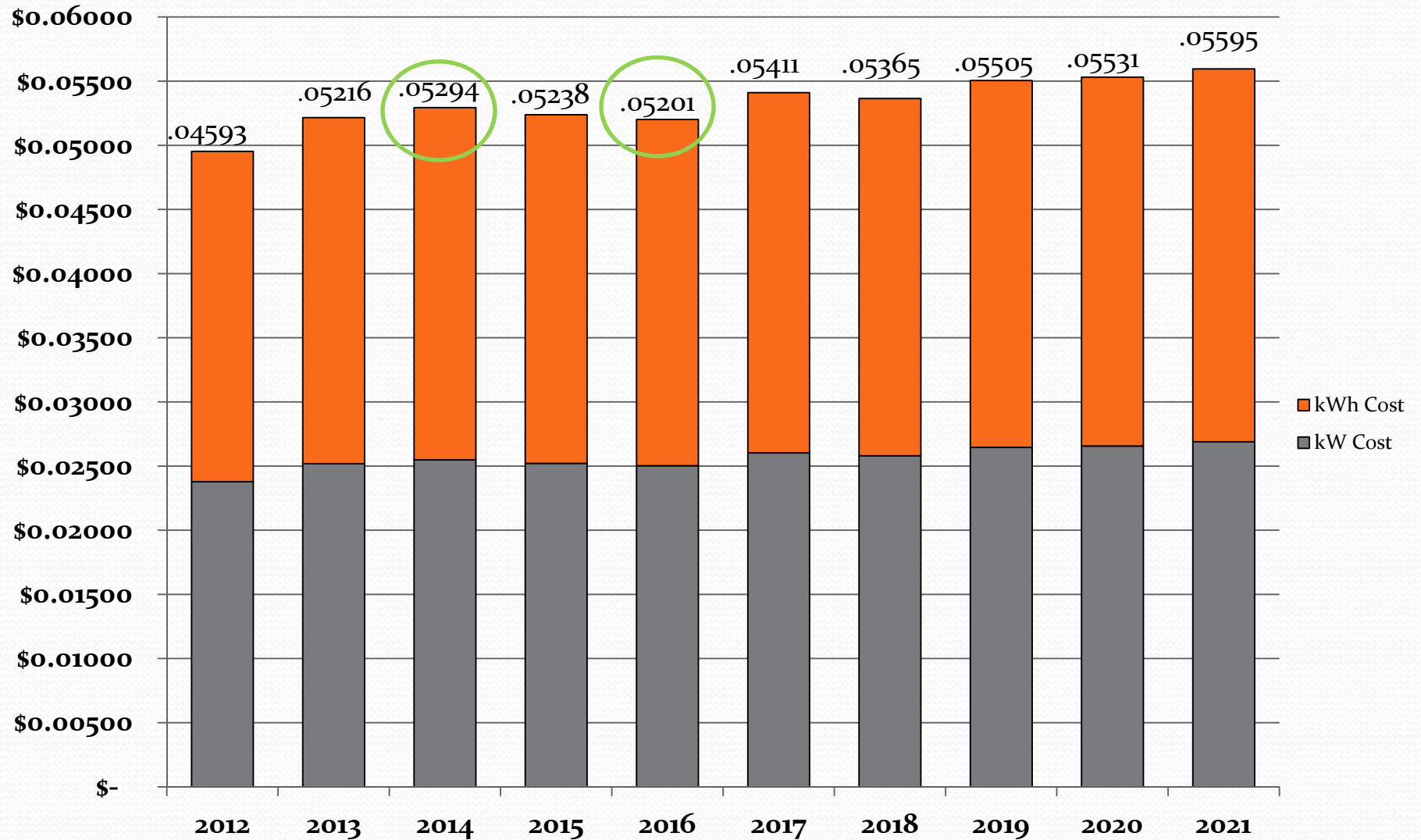
Total Expenses:

Operations & Maintenance
Consumer Accounts & Sales
A&G and Other Deductions



Wholesale power cost

in \$ / kWh



Statement of Operations

2014 Rate Case: \$9.209 Million

2016 Rate Case: \$3.175 Million

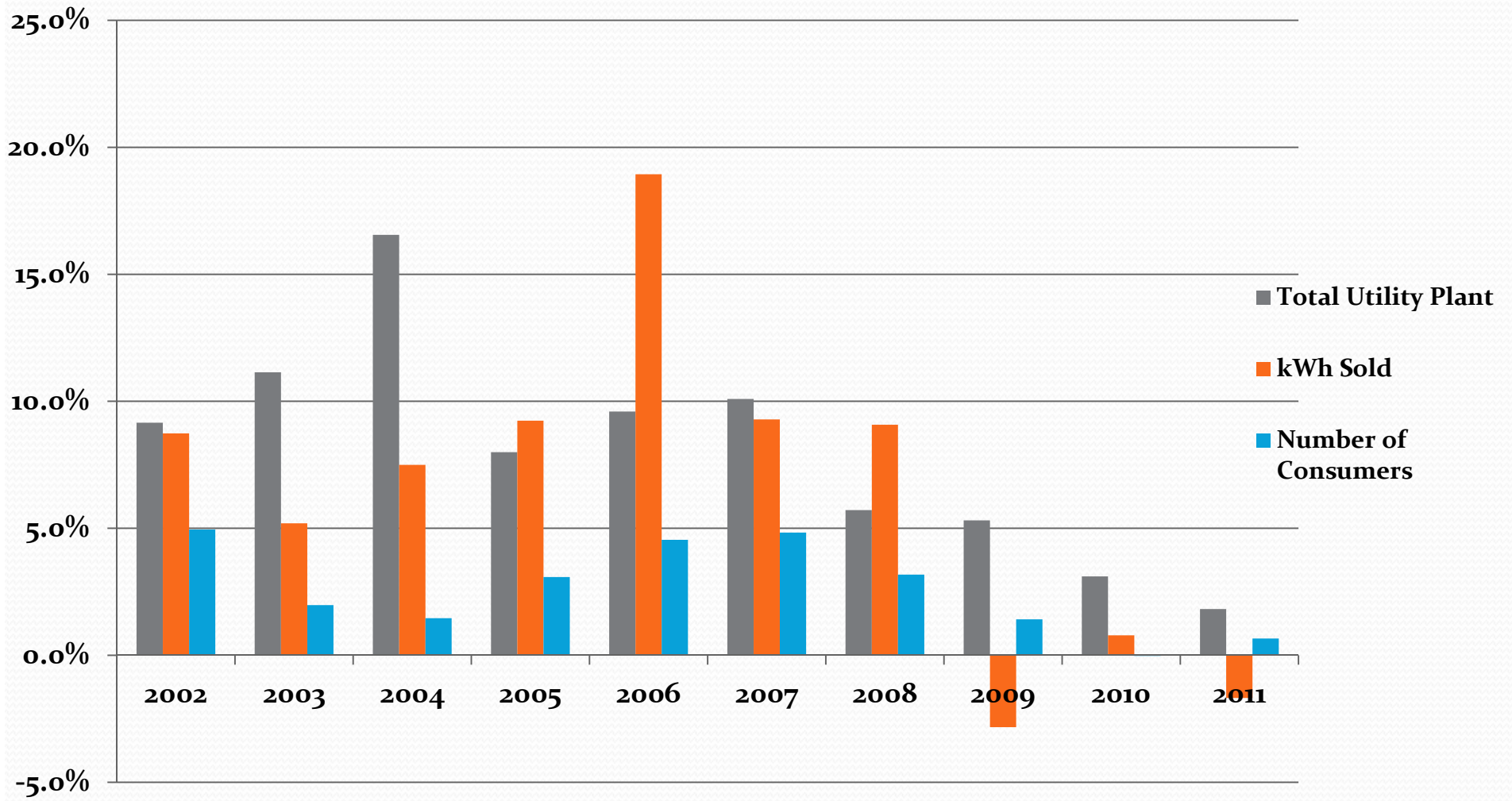
Year	2011	2012	2013	2014	2015	2016
Revenue from Present Rates	\$ 179,159,059	\$ 195,549,308	\$ 200,041,325	\$ 194,768,571	\$ 185,707,935	\$ 179,036,651
Add'l Revenue Required		\$ -	\$ -	\$ 4,483,720	\$ 9,208,967	\$ 12,384,194
Total Required Revenue	\$ 179,159,059	\$ 195,549,308	\$ 200,041,325	\$ 199,252,291	\$ 194,916,902	\$ 191,420,845
Cost of Power	\$ 137,942,103	\$ 150,779,340	\$ 153,618,576	\$ 152,368,787	\$ 147,465,027	\$ 143,286,460
Gross Margin	\$ 41,216,956	\$ 44,769,968	\$ 46,422,749	\$ 46,883,504	\$ 47,451,875	\$ 48,134,385
Operations and Maint Expense	\$ 12,820,868	\$ 13,452,080	\$ 13,889,007	\$ 14,130,387	\$ 14,348,150	\$ 14,639,685
Consumer Accounts and Sales	\$ 2,824,422	\$ 2,960,595	\$ 3,051,636	\$ 3,104,712	\$ 3,151,973	\$ 3,217,010
A & G and Other Deductions	\$ 5,975,136	\$ 6,280,322	\$ 6,476,594	\$ 6,589,271	\$ 6,689,086	\$ 6,827,939
Depreciation and Amort. Expense	\$ 12,322,028	\$ 14,654,936	\$ 15,633,711	\$ 16,053,711	\$ 16,473,711	\$ 16,893,711
Tax Expense	\$ 457,541	\$ 530,721	\$ 500,103	\$ 494,432	\$ 484,252	\$ 475,318
Amort Deferred Debits non-cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amort Deferred Credits non cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ 6,199,932	\$ 6,485,493	\$ 6,367,160	\$ 6,160,991	\$ 5,954,703	\$ 5,755,722
Total Operating Expenses	\$ 178,542,030	\$ 195,143,487	\$ 199,536,787	\$ 198,902,291	\$ 194,566,902	\$ 191,095,845
Operating Margin	\$ 617,029	\$ 405,821	\$ 504,538	\$ 350,000	\$ 350,000	\$ 325,000
Non Operating Margins	\$ 2,926,192	\$ 1,716,164	\$ 1,204,600	\$ 670,372	\$ 149,222	\$ -
G & T and Other Capital Credits	\$ 6,636,386	\$ 8,197,450	\$ 8,160,000	\$ 8,160,000	\$ 8,160,000	\$ 8,160,000
Net Margin	\$ 10,179,607	\$ 10,319,435	\$ 9,869,138	\$ 9,180,372	\$ 8,659,222	\$ 8,485,000
% Increase in Revenue		0.00%	2.76%	2.94%	1.16%	0.70%
Revenue / kWh		\$ 0.06721	\$ 0.07107	\$ 0.07244	\$ 0.07245	\$ 0.07272
% Increase in Revenue / kWh		12.34%	6.45%	2.28%	0.03%	0.44%
OTIER		1.10	1.12	1.10	1.10	1.10

Balance Sheet

- Includes \$10,000,000 annual Capital Budget (after CIAC)
- No loan funding needed

Year	2011	2012	2013	2014	2015	2016
Assets and Other Debits						
Total Utility Plant	\$ 333,807,211	\$ 362,231,228	\$ 372,231,228	\$ 382,231,228	\$ 392,231,228	\$ 402,231,228
Accumulated Depreciation	\$ 128,393,859	\$ 142,250,241	\$ 157,883,952	\$ 173,937,664	\$ 190,411,375	\$ 207,305,087
Net Utility Plant	\$ 205,413,352	\$ 219,980,987	\$ 214,347,276	\$ 208,293,564	\$ 201,819,853	\$ 194,926,141
Net General Funds	\$ 46,664,359	\$ 29,149,046	\$ 27,709,823	\$ 26,512,183	\$ 26,950,295	\$ 26,562,261
General Funds Excludable Items	\$ 3,263,561	\$ 3,263,561	\$ 3,263,561	\$ 3,263,561	\$ 3,263,561	\$ 3,263,561
Other Assets and Debits	\$ 106,698,810	\$ 115,346,008	\$ 121,200,574	\$ 127,368,400	\$ 134,288,308	\$ 142,095,956
Total Assets and Other Debits	\$ 362,040,082	\$ 367,739,602	\$ 366,521,234	\$ 365,437,708	\$ 366,322,017	\$ 366,847,919
Liabilities and Other Credits						
Total Margins & Equities	\$ 174,121,844	\$ 182,191,278	\$ 189,810,415	\$ 195,261,654	\$ 200,455,033	\$ 205,399,687
Long Term Debt						
Long Term Debt - RUS	\$ 67,847,340	\$ 64,435,090	\$ 60,966,659	\$ 57,526,439	\$ 54,342,050	\$ 51,035,671
Long Term Debt - CFC	\$ 2,192,222	\$ 1,959,601	\$ 1,712,463	\$ 1,449,901	\$ 1,170,952	\$ 874,594
Long Term Debt - Other	\$ 91,222,801	\$ 93,247,757	\$ 92,325,821	\$ 91,363,838	\$ 90,518,104	\$ 89,702,091
Long Term Debt - Bonds	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total Long Term Debt	\$ 162,262,363	\$ 160,642,448	\$ 156,004,943	\$ 151,340,178	\$ 147,031,106	\$ 142,612,356
Other Liabilities and Credits	\$ 25,655,875	\$ 24,905,876	\$ 20,705,876	\$ 18,835,876	\$ 18,835,878	\$ 18,835,876
Total Liabilities and Other Credits	\$ 362,040,082	\$ 367,739,602	\$ 366,521,234	\$ 365,437,708	\$ 366,322,017	\$ 366,847,919

Annual Growth %





Recap

- kWh sales are decreasing
- Operating expenses will rise, both labor and non-labor
- Power costs will rise
- Potential rate cases:
 - 2014: 9.209 Million
 - 2016: 3.175 Million

	2012	2013	2014	2015	2016
% Increase in Revenue	0.00%	2.76%	2.94%	1.16%	0.70%
Revenue / kWh	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
% Increase in Revenue / kWh	12.34%	6.45%	2.28%	0.03%	0.44%