

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF WYOMING

IN THE MATTER OF THE APPLICATION OF §
POWDER RIVER ENERGY CORPORATION, §
SUNDANCE, WYOMING, FOR AUTHORITY TO §
ADJUST ITS RESIDENTIAL HEAT RATE TARIFF §

DOCKET NO. 10014-142-CT-12

APPLICATION

Powder River Energy Corporation, the Applicant named herein and sometimes herein called the "COOPERATIVE", hereby respectfully requests an order from the Public Service Commission of the State of Wyoming, sometimes herein called the "COMMISSION," granting the Applicant authority to revise its Residential Heat Rate (RHR) tariff, as set forth in the exhibits attached hereto and made a part hereof by this reference.

In support of this application, the Applicant sets forth the following:

1. The Applicant is a non-profit cooperative electric utility organized, existing under, and by virtue of the laws of the State of Wyoming. The Cooperative, pursuant to the laws of the State of Wyoming, is qualified to do business as a corporation within the State of Wyoming.
2. The Cooperative is duly authorized to generate, manufacture, purchase, acquire, and transmit electric energy, sell supplies and dispose of electric energy in its certificated territory.
3. Communications in regard to this Application are to be addressed to Mr. Michael E. Easley, Chief Executive Officer for the Applicant, Post Office Box 930, Sundance, Wyoming 82729; Mr. Mark L. Hughes, Attorney for the Applicant, Post Office Box 456, Sundance, Wyoming 82729; and Mr. David Hedrick, C. H. Guernsey & Company, 5555 North Grand Boulevard, Oklahoma City, Oklahoma 73112-5507.

4. The rates charged by the Cooperative for its electric service have been established and placed in effect under appropriate Orders of the Commission.
5. The Cooperative represents it is a Class A member of Basin Electric Power Cooperative ("BASIN"), Bismarck, North Dakota, and therefore purchases all of its power requirements through agreements and contracts with Basin.
6. The Cooperative is requesting authority to adjust its existing Residential Heat Rate ("RHR") tariff. The RHR tariff was originally approved by the Commission in Docket No. 10014-91-CT-06. The current RHR tariff was approved in Docket No. 10014-136-CT-11.
7. The Residential Heat Rate is an optional rate for residential customers with permanent electric resistance heat and/or electric heat pump space heating systems. The tariff provides a discounted rate for qualifying loads and is offered in conjunction with the electric heat rate program offered by Basin.
8. The heat credit provided under the Cooperative's RHR tariff is designed to equal the Cooperative's total avoided wholesale cost per kWh, based on Basin's published Electric Heat Rate. Basin has changed its Class A rates for 2012 and, as a result, the Cooperative should revise its heat credit to reflect its new avoided cost (see attached Exhibit A).
9. The Cooperative's current RHR tariff provides a heat credit of \$.02754 per kWh of electric resistant heat usage during the months of October through April. Beginning in January 2013, the Cooperative's new heat credit should be \$.02979 per kWh of electric resistant heat usage. Exhibit B shows the calculation of the revised heat credit, which is equal to the difference between the avoided demand cost on a per kWh basis and the net increase in the energy charge.
10. The impact of the proposed change in the heat credit offered under the RHR tariff is fairly limited in scope. From October 2011 through April 2012, the Cooperative served 92 services under the RHR tariff. During this seven-month heating period, the total electric resistant heat usage under the RHR tariff was

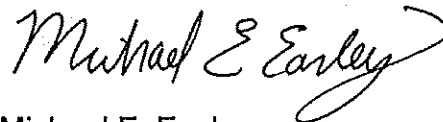
849,974 kWh. The proposed change in the heat credit will result in a revenue reduction of \$1,913 based on historical usage (see attached Exhibit C).

11. The Cooperative therefore requests the authority to change the heat credit available under its RHR tariff from \$0.02754 per kWh to \$.02979 per kWh. The proposed revision to the RHR tariff is shown in Exhibit D.

WHEREFORE Powder River Energy Corporation respectfully requests this Commission make its Order authorizing the Cooperative to revise its Residential Heat Rate tariff as set out in this filing. The Applicant further requests these changes become effective for the Cooperative's first billing date on or after on January 10, 2013.

Dated at Sundance, Wyoming, this 21st day of November, 2012.

POWDER RIVER ENERGY CORPORATION

A handwritten signature in black ink that reads "Michael E. Easley". The signature is written in a cursive, flowing style.

Michael E. Easley
Chief Executive Officer

2013 CLASS A RATE DESIGN

Class A Revenue

At their August meeting, the Basin Electric Board of Directors approved the 2013 Member rate package. The 2013-2022 Financial Forecast provides for the 2013 Member Revenue requirement of \$1.1 Billion.

Forecasted Loads

The Member purchases from Basin Electric are projected on the 2012 Update of the 2011 Load Forecast. Special rate purchases are based on historical values and the member's estimated special rate participation.

Based on the 2013 revenue requirement and sales information, the rate components follow:

	<i><u>Demand</u></i> <i><u>\$/kW</u></i>	<i><u>Energy</u></i> <i><u>Mills/kWh</u></i>
Base Rates	\$ 16.74	27.51
Fixed CROD	\$ 18.25	23.67
<hr/>		
Electric Heat	-	33.0
Dual Heat	-	33.0
Interruptible	-	27.51

The projected average 2013 rate for Basin Electric's Class A members is 54 Mills/kWh.

Detailed monthly information follows for your system. Summary information outlining the sales to each member and resultant member power costs is also included. Rate projections for 2014-2022 have been provided.

Exhibit B

POWDER RIVER ENERGY CORPORATION
Calculation of Residential Heat Rate Credit for 2013

<u>Calculation of Heat Rate Credit</u>	2013
Avoided Basin Demand Charge - \$/kW	\$ (16.74)
Load Factor used to determine Avoided Demand	65.00%
Average hours in a month	730
kWh per kW	474.5
Avoided Basin Demand Charge - \$/kWh	\$ (0.03528)
Increase in Basin Energy Charge - \$/kWh *	\$ 0.00549
Heat Rate Benefit over Class A Rates - \$/kWh	\$ (0.02979)
Heat Rate Benefit over Class A Rates - Mills/kWh	(29.79)

* Calculation of Increase in Basin Energy Charge:

Basin Electric Heat Rate - \$/kWh	\$ 0.03300
Basin Class A Energy Rate - \$/kWh	\$ 0.02751
Increase in Electric Heat Rate over Class A - \$/kWh	\$ 0.00549

POWDER RIVER ENERGY CORPORATION
Calculation of Heat Credit under Proposed Residential Heat Rate Tariff
Based on the Heating Period of October 2011 through April 2012

Total customers served under the RHR tariff	92
Total electric resistant heat kWh usage during period of Oct. 2011 - April 2012	849,974

Calculation of heat credit under Current and Proposed RHR tariff:

	<u>Current</u>	<u>Proposed</u>
Electric Resistant Heat Billing Units (kWh)	849,974	849,974
Residential Heat Rate Credit per kWh	\$ (0.02754)	\$ (0.02979)
Calculated Residential Heat Rate Credit	<u>\$ (23,408)</u>	<u>\$ (25,321)</u>
Proposed Reduction in Revenue		\$ (1,913)

THE PUBLIC SERVICE COMMISSION OF WYOMING

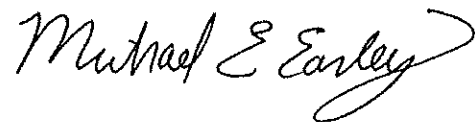
NAME: Powder River Energy Corporation
 ADDRESS: P.O. Box 930, Sundance, WY 82729

WY PSC Tariff No. 6
 5th Revised Sheet No. 1
 Cancels 4th Revised Sheet No. 1

TARIFF RATE RIDER				
Class	Billing Unit	2011 Base Rate	2012 COPA	2012 Adj. Rate Tariff
Residential (A)	<u>Basic Charge</u> 200 Amps and Under	\$22.50		\$22.50
	Over 200 Amps	\$27.50		\$27.50
	\$/kWh - All kWh	\$0.05352	\$0.009635	\$0.063155
Residential Seasonal (A)	<u>Basic Charge</u> 200 Amps and Under	\$270.00		\$270.00
	Over 200 Amps	\$330.00		\$330.00
	\$/kWh - All kWh	\$0.05352	\$0.009635	\$0.063155
Residential Time of Day (TOD)	<u>Basic Charge</u> 200 Amps and Under	\$22.50		\$22.50
	Over 200 Amps	\$27.50		\$27.50
	<u>\$/kWh</u>			
	<u>September-May</u> All kWh - On Peak	\$0.05680	\$0.009635	\$0.066435
	All kWh - Off Peak	\$0.03480	\$0.009635	\$0.044435
	<u>June-August</u> \$/kWh - All kWh	\$0.05352	\$0.009635	\$0.063155
Residential Heat Rate (RHR)	<u>Basic Charge</u> 200 Amps and Under	\$25.00		\$25.00
	Over 200 Amps	\$30.00		\$30.00
	\$/kWh - All kWh	\$0.05352	\$0.009635	\$0.063155
	<u>October - April</u> Heat Credit per kWh of Electric Resistant Heat	(\$0.02754)		(\$0.02754)
		(\$0.02979)		(\$0.02979)

Date Issued: January 5, 2012
 November 21, 2012

Date Effective: January 10, 2012
 January 10, 2013

By: 

Title: Chief Executive Officer