

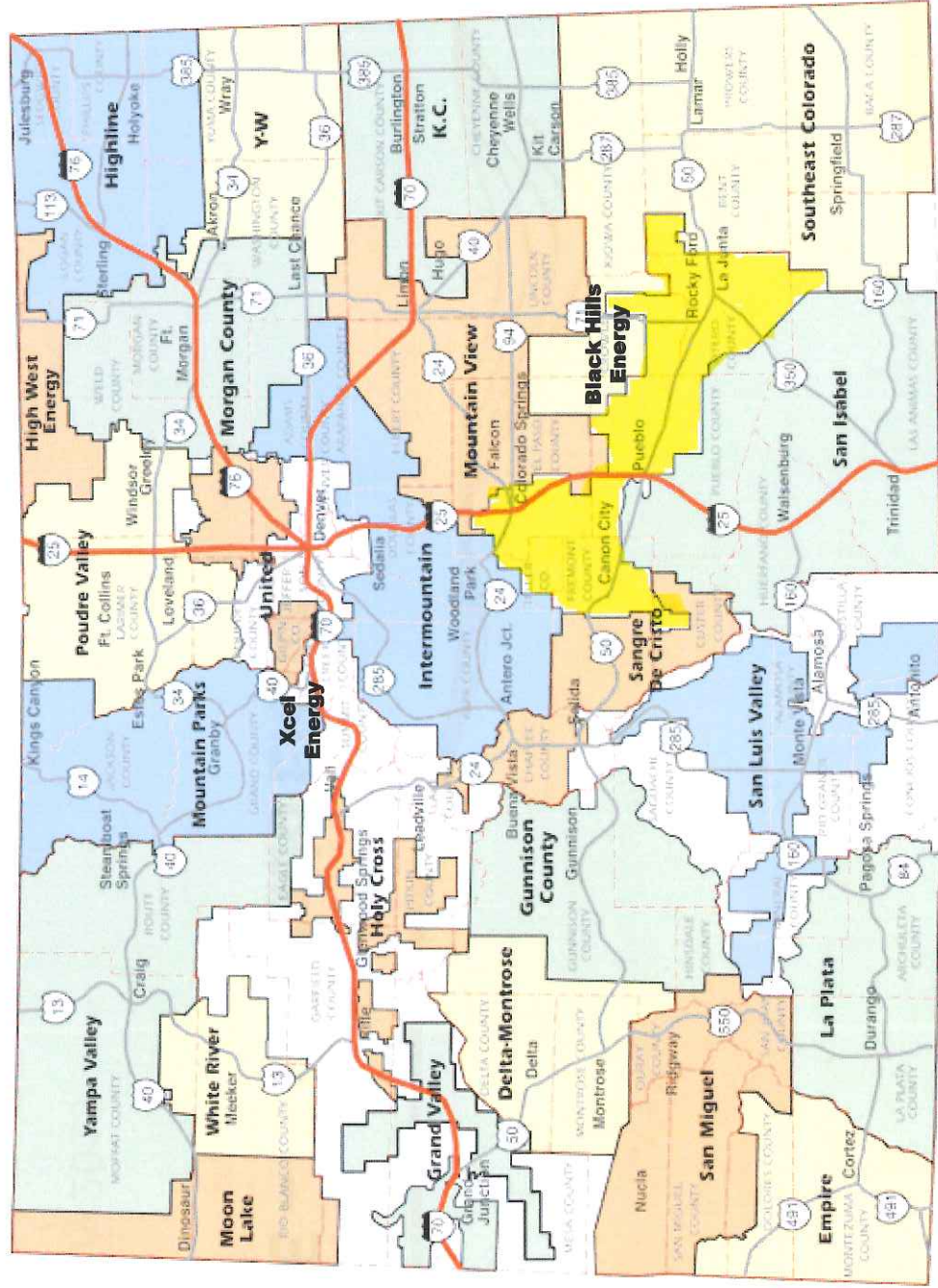
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# BHE – Colorado Electric

January 2015

**Our rates are often “compared” to Denver, Lakewood, Aurora and Fort Collins – Our electric service area is not urban or a “metro” area – it extends from Cripple Creek, Westcliffe, Silver Cliff down through Rocky Ford & South**



1/27/2015

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**“Authorized” rate of return and “actual” rate of return can be very different, as you’ll see below. Our authorized rate of return for 2009 was 9.53%. Actual was -0.68%. It is challenging for utilities to get to the authorized rate of return.**

2009  
APPENDIX A  
QUESTION # 1  
PAGE 2 OF 17

BLACK HILLS/COLORADO ELECTRIC UTILITY CO, LP  
SUMMARY OF RATE BASE, OPERATING INCOME AND RATE OF RETURN  
FOR THE YEAR ENDED DECEMBER 31, 2009

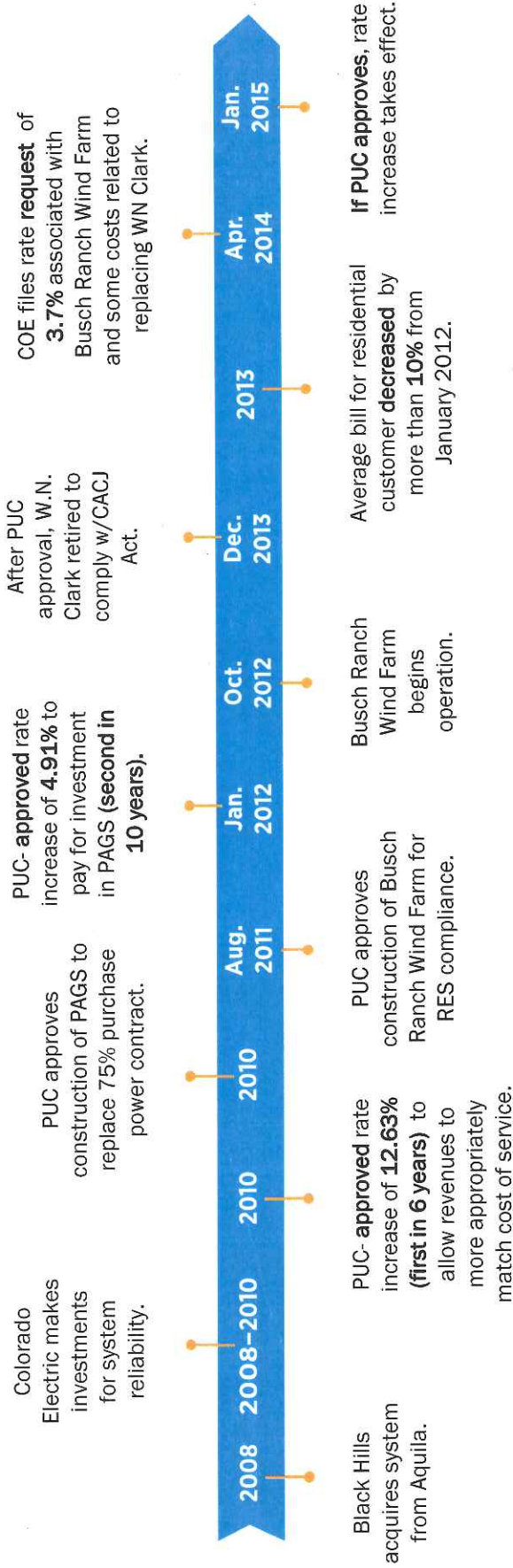
DESCRIPTION	AS RECORDED	ADJUSTMENTS	AS ADJUSTED
OPERATING REVENUE	\$ 173,587,850	\$ (826,885)	\$ 172,760,965
OPERATING EXPENSES:			
OPERATION & MAINTENANCE	154,690,604	3,593,122	158,283,726
DEPRECIATION & AMORTIZATION	13,676,991	-	13,676,991
TAXES OTHER THAN INCOME	3,296,219	28,599	3,324,818
INCOME TAXES	12,458,941	(13,375,350)	(916,419)
TOTAL OPERATING EXPENSES	184,122,755	(9,753,639)	174,369,116
NET OPERATING INCOME	(10,534,905)	8,926,754	(1,608,151)
AFUDC	-	-	-
AVAILABLE FOR RETURN	\$ (10,534,905)	\$ 8,926,754	\$ (1,608,151)
<b>RATE BASE</b>			
PLANT IN SERVICE	\$ 681,554,067	\$ (254,255,513)	\$ 407,298,554
LESS: ACCUM PROV FOR DEPR & AMORT	183,385,264	(5,736,054)	177,649,211
NET PLANT IN SERVICE	478,168,803	(248,519,460)	229,649,344
WORKING CAPITAL	4,524,741	7,887,685	12,412,427
ACCUM DEFERRED INCOME TAXES	(3,402,688)	2,560,585	(842,073)
CUSTOMER ADVANCES FOR CONSTRUCTION	(5,977,639)	(327,952)	(6,305,591)
TOTAL OTHER RATE BASE	(4,855,556)	10,120,317	5,264,762
RATE BASE	\$ 473,313,247	\$ (238,398,142)	\$ 234,914,105
<b>RATE OF RETURN</b>	<b>-2.23%</b>		<b>-0.68%</b>

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# How much have BHE electric rates gone up since 2008? 17.56%. Other cost increases related to our fuel costs and purchase power agreements, the RESA and DSM have occurred – those are pass through costs and are not tied to our rate base rate of return.



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