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November 24, 2009

Mr. Chris Petrie  
Wyoming Public Service Commission  
Hansen Building, Suite 300  
2515 Warren Avenue  
Cheyenne, WY 82002

Re: Docket No. 10014-115-CR-09

Dear Mr. Petrie:

Enclosed please find one original and seven (7) copies of Powder River Energy Corporation's application to revise its Residential Heat Rate (RHR) tariff. The Cooperative is requesting to revise this rate.

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 Electric.

The tariff rate rider has not been included with this application as Powder River Energy Corporation is awaiting action on Docket No. 10014-113-CP-09. When the final order is received on the pending docket, the tariff rate rider sheets will be forwarded to be included with this application.

Powder River Energy requests that the Commission consider approval of this Application with an effective date of January 10, 2010.

Sincerely,

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

Enclosures



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. 10014-107-CT-08.
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 2010 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 \$.01570 per kWh of electric resistant heat usage during the months of October through April. Beginning in January 2010, the Cooperative's new heat credit should be \$.01959 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 2008 through April 2009, the Cooperative served only 11 customers under the RHR tariff. During this seven-month heating period, the total electric resistant heat usage under the RHR tariff was 111,299 kWh. The proposed change in the heat credit will

result in a revenue reduction of \$433 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 \$0.01570 per kWh to \$0.01959 per kWh. The proposed revision to the RHR tariff is shown in Exhibit D.

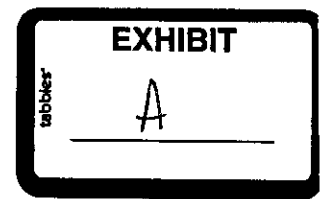
WHEREFORE Powder River Energy Corporation respectfully requests this Commission make its Order authorizing the Cooperative to revise its Residential Heat Rate tariff as set out in this filing. The Applicant further requests these changes become effective on January 10, 2010.

Dated at Sundance, Wyoming, this 24th day of November 2009.

POWDER RIVER ENERGY CORPORATION



Michael E. Easley  
Chief Executive Officer



# 2010 CLASS A RATE DESIGN

## Class A Revenue

The 2010 Member rate package was approved by the Basin Electric Board of Directors at their August 2009 meeting. The 2010-2019 Financial Forecast provides for the 2010 Member Revenue requirement of \$729.1 Million.

## Forecasted Loads

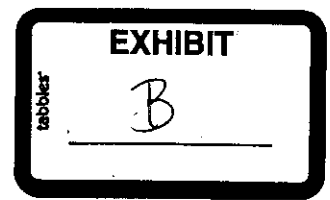
The Member purchases from Basin Electric are projected on the current Working Load Forecast. Special rate purchases are based on historical values and the member's estimated special rate participation.

Based on the 2010 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>
<b>Base Rates</b>	\$ 12.10	21.09
<b>Fixed CROD</b>	\$ 14.57	20.25
<hr/>		
<b>Electric Heat</b>	—	27.0
<b>Dual Heat</b>	—	27.0
<b><u>Interruptible</u></b>	—	21.09

The projected average 2010 rate for Basin Electric's Class A members is 42.5 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 2011-2019 have been added first, to reflect the forecast including carbon tax impacts, and without the carbon tax impact.



**POWDER RIVER ENERGY CORPORATION**  
**Calculation of Residential Heat Rate Credit for 2010**

1	Avoided Basin Demand Charge - \$/kW	<u>\$ (12.10)</u>
2	Load Factor used to determine Avoided Demand	65.00%
3	Average hours in a month	730
4	Calculated kWh per kW (L3 x L2)	474.5
5	Avoided Basin Demand Charge - \$/kWh (L1/L4)	\$ (0.02550)
6	Increase in Basin Energy Charge - \$/kWh (L10)	<u>0.00591</u>
7	<b>Proposed Heat Rate Credit - \$/kWh (L5 + L6)</b>	<u><b>\$ (0.01959)</b></u>

Calculation of Increase in Basin Energy Charge

8	Basin Electric Heat Rate - \$/kWh	\$ 0.02700
9	Basin Class A Energy Charge - \$/kWh	<u>0.02109</u>
10	Increase in Basin Energy Charge - \$/kWh (L8 - L9)	<u><u>\$ 0.00591</u></u>



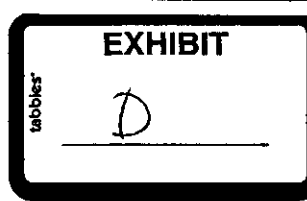
**POWDER RIVER ENERGY CORPORATION**  
**Calculation of Heat Credit under Proposed Residential Heat Rate Tariff**  
**Based on the Heating Period of October 2008 through April 2009**

Total customers served under the RHR tariff	11
Total electric resistant heat kWh usage during period of Oct. 2008 - April 2009	111,299

Calculation of heat credit under Current and Proposed RHR tariff:

	<u>Current</u>	<u>Proposed</u>
Electric Resistant Heat Billing Units (kWh)	111,299	111,299
Residential Heat Rate Credit per kWh	\$ (0.01570)	\$ (0.01959)
Calculated Residential Heat Rate Credit	<u>\$ (1,747)</u>	<u>\$ (2,180)</u>
Proposed Reduction in Revenue		\$ (433)

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



Wyoming PSC No. 5

2<sup>nd</sup> 3<sup>rd</sup> Revised Sheet No. 39  
Cancels: 1<sup>st</sup> 2<sup>nd</sup> Revised Sheet No. 39

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**Rate Schedule: Residential Heat Rate (RHR)**

APPLICABILITY

Applicable to Residential customers of the Corporation who have permanent electric resistance heat and/or electric heat pump space heating systems. This rate is not available to seasonal loads. This rate is not available to Residential Time-of-Day (TOD) customers.

Customers taking electric service under this rate schedule must have Corporation approved meter installations and any additional equipment required by the Corporation necessary to meter the electric heat installation loads identified above separately from other loads.

AVAILABILITY

Available within the certificated territory of Powder River Energy Corporation.

TYPE OF SERVICE

Single-phase, 60 cycles, at Corporation's standard secondary voltage.

RATE

Basic Charge:	\$19.85 per month
Energy Charge:	First 200 kWh per month at \$ 0.059 per kWh
	Next 800 kWh per month at \$ 0.049 per kWh
	Over 1,000 kWh per month at \$ 0.039 per kWh
Heat Credit:	<del>(\$0.01570)</del> (\$0.01959) per kWh of electric resistant heat usage during the months of October through April

MINIMUM BILLING

The minimum monthly billing under this schedule shall be the Basic Charge.

BILLING ADJUSTMENT

This rate is subject to all billing adjustment charges, and such adjustment charges shall be billed in addition to the minimum charges.

ADDITIONAL CHARGES

Any amount authorized under the Corporation's standard line extension policy shall be in addition to charges of this rate schedule.

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Issued by  
Michael E. Easley, Chief Executive Officer

Issued: ~~December 4, 2008~~ November 24, 2009

Effective: ~~January 10, 2009~~ January 10, 2010  
Dkt. No. ~~10014-107-CT-08~~ 10014-115-CR-09