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May 1, 2019

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

RE: Docket No. 10014-CP-19 Record No.15129  
Cost of Power Adjustment Filing  
Supplemental Information Request 2

Dear Mr. Petrie:

Powder River Energy Corporation's (PRECorp's) Application in Docket No. 10014-CP-19, Record No. 15129, was approved by the Commission during its Open Meeting on December 20, 2018. During discussion on the Application, Commissioner Cooley noted that Members 1<sup>st</sup> Power Cooperative's (Members 1<sup>st</sup>) costs in PRECorp's 2018 Cost of Power Adjustment (COPA) Order had been excluded, as it was not clear at the time as to whether they might not already be captured in PRECorp's base rates – that including them would result in double recovery. Joanne Kolb, PRECorp's Chief Financial and Administration Officer, participated by telephone, and in response to Commissioner Cooley's comment, agreed to provide additional information regarding PRECorp's participation in Members 1<sup>st</sup>, as well as an explanation of how the Cooperative proposes to address the Commission's concerns regarding any possible double recovery.

On February 22, 2019, PRECorp filed the additional information Ms. Kolb offered and the Commission requested in this docket. Following that submission the Commission Staff requested additional information and greater detail regarding 1) what the cost or benefit to PRECorp's membership was in 2017 and 2018 as a result of the formation of Members 1<sup>st</sup>, and 2) an estimate of how the special capital credit retirement for the labor costs in 2017 was dispersed across each class of service compared to how the double recovery of labor costs was likely collected.

In response to the first request, PRECorp offers *Revised Table B – Overview of PRECorp's Members 1<sup>st</sup> Costs and Benefits*, originally provided in our February 22, 2019 submission. The revised table provides greater detail on the costs and benefits (beyond the value of the Basin Board seat) associated with the formation of Members 1<sup>st</sup> to PRECorp's membership (calendar years 2017 and 2018).

**Table B (REVISED) - Overview of PRECorp's Members 1st Costs and Benefits**

	2017 Actual	2017 Estimated W/O Members 1st Formation	2018 Actual	2018 Estimated W/O Members 1st Formation
PRECorp's "adder" Payment to Members 1st	\$314,025	\$0	\$235,528	\$0
PRECorp's Capital Credit Allocation from Members 1st	-\$207,461	\$0	-\$112,716	\$0
PRECorp's Net Costs (once capital credits are retired)	\$106,564		\$122,812	
NRECA Dues	\$0	\$86,796	\$0	\$86,796
Power Bill (with and without diversity benefits)	\$150,153,127	\$150,238,716	\$139,808,580	\$139,830,302
<b>Totals</b>	<b>\$150,259,691</b>	<b>\$150,325,512</b>	<b>\$139,931,392</b>	<b>\$139,917,098</b>

\*Savings or Costs as a result of the Formation of Members 1st                      **-\$65,821**    **\$14,294**

\*The savings/costs exclude additional savings to PRECorp of roughly \$11,000 a year as a result of PRECorp providing the administrative services/labor to the Member 1st cooperatives (Average of \$88,785/yr. in labor invoiced in 2017 and 2018 to Members 1st less PRECorp's average allocation of those costs at a two year average percent allocation of 87.17 percent).

In response to the second request, new *Table C – Comparison of Labor Collected versus Returned, by Class of Service*, provides the best information available at this time of how the special capital credit retirement dollars in 2017 were dispersed by each class of service compared to how the double recovery of labor costs may have been collected. Capital credits were allocated and retired based on 2017 gross margins by each class of service. To identify an approximation of how the double recovery of labor may have been collected, PRECorp used the percentage breakdowns by class of service of corporate-wide labor from the 2016 General Rate Case, Docket 10014-168-CR-16, Schedule I 1.0, payroll allocation factors.


**Table C (NEW) - Comparison of 2017 Labor Collected versus Returned, by Class of Service**

Class of Service	From Schedule I 1.0, Percent Breakdown of Labor by Class of Service	Allocation of Members 1st Payroll Expenses	Capital Credit Retirement by Class of Service	Delta of Over Collection by Class versus Retirement
Residential	24.181606%	\$22,332	\$57,350	-\$35,018
Seasonal	0.000000%	\$0	\$9,400	-\$9,400
General Service	12.235596%	\$11,300	\$32,600	-\$21,300
Large Power	19.656986%	\$18,153	\$64,650	-\$46,497
Irrigation	0.415434%	\$384	\$1,050	-\$666
Lights	0.526202%	\$486	\$325	\$161
GS CBM	7.049711%	\$6,510	\$9,675	-\$3,165
LP CBM	33.728084%	\$31,148	\$42,450	-\$11,302
LPT CBM	0.432828%	\$400	\$2,800	-\$2,400
LPT Coal	1.768028%	\$1,633	\$28,450	-\$26,817
LPT-General	0.005526%	\$5	\$0	\$5
Idle Services	0.000000%	\$0	\$1,200	-\$1,200
<b>Totals</b>	<b>100%</b>	<b>\$92,350</b>	<b>\$249,950</b>	<b>-\$157,600</b>

Seasonal and Idle Line payroll allocation factors were not broken out in Schedule I 1.0.

We hope this additional information is helpful in answering the Commission's follow-up questions to the information initially provided in this docket on February 22, 2019.

Sincerely,

A handwritten signature in blue ink that reads "Michael E. Easley". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michael E. Easley  
Chief Executive Officer

MEE/bf