

MONTANA-DAKOTA UTILITIES CO.
ADVOCACY STAFF – MARC, LLC
DATA REQUEST DATED AUGUST 23, 2010
CASE NO. PU-10-124



NDPSC-DR-052 For each wind farm, provide a yearly cost per kWh from beginning to end of plant life.

Response:

Please see Attachment A for the analysis for the initial 19.5 MW of Diamond Willow, Attachment B for the Diamond Willow expansion (10.5 MW) and Attachment C for Cedar Hills. For the purposes of the analysis, Montana-Dakota used a 50 percent debt 50 percent equity ratio with a 6.845 percent debt cost and a 10.75 percent equity cost. This analysis does not reflect the fuel savings associated with the wind generation.

DIAMOND WILLOW WIND GENERATION PROJECT
PROJECTED INCOME STATEMENTS

(\$)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | |
| Labor | 160,894 | 165,870 | 171,000 | 176,130 | 181,414 | 186,856 | 192,462 | 198,236 | 204,183 | 210,308 |
| Benefits | 31,991 | 32,980 | 34,000 | 35,020 | 36,071 | 37,153 | 38,267 | 39,415 | 40,598 | 41,816 |
| Subcontract Labor | 1,882 | 1,940 | 2,000 | 2,060 | 2,122 | 2,185 | 2,251 | 2,319 | 2,388 | 2,460 |
| Materials | 61,159 | 63,050 | 65,000 | 66,950 | 68,959 | 71,027 | 73,158 | 75,353 | 77,613 | 79,942 |
| Office Supplies | 7,527 | 7,760 | 8,000 | 8,240 | 8,487 | 8,742 | 9,004 | 9,274 | 9,552 | 9,839 |
| Permits and Filing Fees | 4,705 | 4,850 | 5,000 | 5,150 | 5,305 | 5,464 | 5,628 | 5,796 | 5,970 | 6,149 |
| Annual Easements | 48,927 | 50,440 | 52,000 | 53,560 | 55,167 | 56,822 | 58,526 | 60,282 | 62,091 | 63,953 |
| Other | 32,932 | 33,950 | 35,000 | 36,050 | 37,132 | 38,245 | 39,393 | 40,575 | 41,792 | 43,046 |
| Total Operations and Maintenance | (350,015) | (360,840) | (372,000) | (383,160) | (394,655) | (406,494) | (418,689) | (431,250) | (444,187) | (457,513) |
| Interest Expense | 1,277,614 | 1,102,533 | 929,470 | 808,448 | 706,945 | 619,990 | 562,082 | 519,441 | 477,501 | 435,431 |
| Depreciation | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 2,000,067 | 2,002,567 | 2,005,067 | 2,007,567 | 2,010,067 |
| PRE-TAX INCOME | (3,625,196) | (3,460,940) | (3,299,037) | (3,189,175) | (3,099,167) | (3,026,552) | (2,983,338) | (2,955,758) | (2,929,255) | (2,903,011) |
| Avg Equity Balance | 18,664,922 | 16,107,129 | 13,578,819 | 11,810,785 | 10,327,911 | 9,057,562 | 8,211,563 | 7,588,615 | 6,975,902 | 6,361,301 |
| Return on Equity - Pre-tax | (3,297,960) | (2,846,016) | (2,399,282) | (2,086,883) | (1,824,869) | (1,600,408) | (1,450,925) | (1,340,855) | (1,232,593) | (1,123,997) |
| Less: Production Tax Credit - Pre-tax | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 |
| Total Revenue Requirement | S(4,623,656) | S(4,007,456) | S(3,398,819) | S(2,976,558) | S(2,624,537) | S(2,327,459) | S(2,134,763) | S(1,997,113) | S(1,862,348) | S(1,727,508) |
| Per kWh cost | \$ 0.069 | \$ 0.060 | \$ 0.051 | \$ 0.045 | \$ 0.039 | \$ 0.035 | \$ 0.032 | \$ 0.030 | \$ 0.028 | \$ 0.026 |
| NPV of Revenue Requirement | (4,253,633) | (3,391,702) | (2,646,375) | (2,132,122) | (1,729,517) | (1,411,006) | (1,190,614) | (1,024,703) | (879,085) | (750,179) |
| NPV over life | (28,873,079) | | | | | | | | | |

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|----------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | |
| Labor | 216,618 | 223,116 | 229,810 | 236,704 | 243,805 | 251,119 | 258,653 | 266,412 | 274,405 | 282,637 |
| Benefits | 43,070 | 44,362 | 45,693 | 47,064 | 48,476 | 49,930 | 51,428 | 52,971 | 54,560 | 56,197 |
| Subcontract Labor | 2,534 | 2,610 | 2,688 | 2,768 | 2,852 | 2,937 | 3,025 | 3,116 | 3,209 | 3,306 |
| Materials | 82,340 | 84,810 | 87,355 | 89,975 | 92,674 | 95,455 | 98,318 | 101,268 | 104,306 | 107,435 |
| Office Supplies | 10,134 | 10,438 | 10,751 | 11,074 | 11,406 | 11,748 | 12,101 | 12,464 | 12,838 | 13,223 |
| Permits and Filing Fees | 6,334 | 6,524 | 6,720 | 6,921 | 7,129 | 7,343 | 7,563 | 7,790 | 8,024 | 8,264 |
| Annual Easements | 65,872 | 67,848 | 69,884 | 71,980 | 74,140 | 76,364 | 78,655 | 81,014 | 83,445 | 85,948 |
| Other | 44,337 | 45,667 | 47,037 | 48,448 | 49,902 | 51,399 | 52,941 | 54,529 | 56,165 | 57,850 |
| Total Operations and Maintenance | (471,238) | (485,376) | (499,937) | (514,935) | (530,383) | (546,295) | (562,683) | (579,564) | (596,951) | (614,859) |
| Interest Expense | 393,252 | 351,001 | 308,698 | 266,343 | 223,936 | 183,206 | 144,163 | 105,080 | 65,946 | 26,852 |
| Depreciation | 2,012,567 | 2,015,067 | 2,017,567 | 2,020,067 | 2,022,567 | 1,923,190 | 1,925,690 | 1,928,190 | 1,930,690 | 1,930,690 |
| PRE-TAX INCOME | (2,877,057) | (2,851,444) | (2,826,202) | (2,801,345) | (2,776,886) | (2,652,691) | (2,632,537) | (2,612,835) | (2,593,587) | (2,572,402) |
| Avg Equity Balance | 5,745,094 | 5,127,844 | 4,509,834 | 3,891,063 | 3,271,531 | 2,676,487 | 2,106,107 | 1,535,142 | 963,416 | 392,289 |
| Return on Equity - Pre-tax | (1,015,118) | (906,054) | (796,856) | (687,523) | (578,057) | (472,917) | (372,134) | (271,249) | (170,229) | (69,315) |
| Less: Production Tax Credit - Pre-tax | | | | | | | | | | |
| Total Revenue Requirement | S (3,892,175) | S (3,757,498) | S (3,623,058) | S (3,488,869) | S (3,354,943) | S (3,125,607) | S (3,004,671) | S (2,884,083) | S (2,763,816) | S (2,641,717) |
| Per kWh cost | S 0.058 | S 0.056 | S 0.054 | S 0.052 | S 0.050 | S 0.047 | S 0.045 | S 0.043 | S 0.041 | S 0.040 |
| NPV of Revenue Requirement | (1,554,932) | (1,380,995) | (1,225,020) | (1,085,243) | (960,068) | (822,859) | (727,717) | (642,611) | (566,531) | (498,167) |
| NPV over life | | | | | | | | | | |

DIAMOND WILLOW WIND GENERATION PROJECT

Depreciation Schedule
(000)

| 20 Year Life - Turbines | Depreciation Schedule | | | | | | | | | |
|-------------------------------------------------------|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| 15 Year Life - Pre-Construction Construction Property | | | | | | | | | | |
| BOOK DEPRECIATION | Cust | | | | | | | | | |
| Existing Assets (net of Accum. Depr.) | 37,913,808 | | | | | | | | | |
| Pre-Construction Costs | 1,467,300 | | | | | | | | | |
| Construction Property | 60,850 | | | | | | | | | |
| Depr. on Adjusted Fixed Assets | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 |

Total Book Depreciation 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Turbines | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 |
| Pre-Construction Costs | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 |
| Construction Property | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 |
| 1 | - | - | - | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - | - | - | - |
| 3 | - | - | - | - | - | - | - | - | - | - |
| 4 | - | - | - | - | - | - | - | - | - | - |
| 5 | - | - | - | - | - | - | - | - | - | - |
| 6 | 50,000 | - | - | - | - | - | - | - | - | - |
| 7 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 8 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 9 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 10 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 11 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 12 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 13 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 14 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 15 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 16 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 17 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 18 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 19 | 50,000 | - | - | - | - | 2,500 | - | - | - | - |
| 20 | - | - | - | - | - | - | - | - | - | - |
| 21 | - | - | - | - | - | - | - | - | - | - |
| 22 | - | - | - | - | - | - | - | - | - | - |
| 23 | - | - | - | - | - | - | - | - | - | - |
| 24 | - | - | - | - | - | - | - | - | - | - |
| 25 | - | - | - | - | - | - | - | - | - | - |
| 26 | - | - | - | - | - | - | - | - | - | - |
| 27 | - | - | - | - | - | - | - | - | - | - |
| 28 | - | - | - | - | - | - | - | - | - | - |
| 29 | - | - | - | - | - | - | - | - | - | - |
| 30 | - | - | - | - | - | - | - | - | - | - |

Total Book Depreciation 1,997,567 1,997,567 1,997,567 1,997,567 1,997,567 2,000,067 2,002,567 2,005,067 2,007,567 2,010,067

Book Value \$39,441,958 37,444,391 35,446,824 33,449,257 31,451,690 29,454,123 27,454,056 25,451,489 23,496,421 21,538,854 19,578,787

| 20 Year Life - Turbines | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|-------------------------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 15 Year Life - Pre-Construction Construction Property | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 |
| BOOK DEPRECIATION | | | | | | | | | | |
| Existing Assets (net of Accum. Depr.) | 37,913,808 | | | | | | | | | |
| Pre-Construction Costs | 1,467,300 | | | | | | | | | |
| Construction Property | 60,850 | | | | | | | | | |
| Depr. on Adjusted Fixed Assets | 39,441,958 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 |

| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|--------------------------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Book Depreciation | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,997,567 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 |
| Year | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Turbines | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 | 1,895,690 |
| Pre-Construction Costs | 97,820 | 97,820 | 97,820 | 97,820 | 97,820 | - | - | - | - | - |
| Construction Property | 4,057 | 4,057 | 4,057 | 4,057 | 4,057 | - | - | - | - | - |
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 7 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 8 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 9 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 10 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 11 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 12 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 13 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 14 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 15 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 16 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 17 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 18 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 19 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 20 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 21 | | | | | | | | | | |
| 22 | | | | | | | | | | |
| 23 | | | | | | | | | | |
| 24 | | | | | | | | | | |
| 25 | | | | | | | | | | |
| 26 | | | | | | | | | | |
| 27 | | | | | | | | | | |
| 28 | | | | | | | | | | |
| 29 | | | | | | | | | | |
| 30 | | | | | | | | | | |
| Total Book Depreciation | 2,012,567 | 2,015,067 | 2,017,567 | 2,020,067 | 2,022,567 | 1,923,190 | 1,925,690 | 1,928,190 | 1,930,690 | 1,930,690 |
| Book Value | 17,616,220 | 15,651,153 | 13,683,586 | 11,713,519 | 9,740,952 | 7,867,762 | 5,992,071 | 4,113,881 | 2,233,190 | 352,500 |

| | | | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Book Depreciation | 2,012,567 | 2,015,067 | 2,017,567 | 2,020,067 | 2,022,567 | 1,923,190 | 1,925,690 | 1,928,190 | 1,930,690 | 1,930,690 |
| Book Value | 17,616,220 | 15,651,153 | 13,683,586 | 11,713,519 | 9,740,952 | 7,867,762 | 5,992,071 | 4,113,881 | 2,233,190 | 352,500 |

| | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|--------------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| MACRS | 5.9050% | 5.9050% | 5.9050% | 2.9510% | | | | |
| MACRS | 5 Year | 5 Year | 5 Year | 15 Year | | | | |
| Estimated | | | | | | | | |
| Construction Property/Turbines | 53,593 | 53,593 | 53,593 | 51,796 | 50,000 | 50,000 | 50,000 | 40,000 |
| Pre-Construction Costs | 97,820 | 97,820 | 97,820 | 0 | 0 | 0 | 0 | 0 |
| Total Tax Depreciation/Amortization | 151,413 | 151,413 | 151,413 | 51,796 | 50,000 | 50,000 | 50,000 | 40,000 |
| Balance Sheet DITs - Current Year | 730,786 | 731,765 | 732,744 | 732,838 | 734,520 | 735,499 | 736,478 | 740,394 |
| Balance Sheet DITs - Accumulated | (5,282,310) | (4,550,545) | (3,817,801) | (3,084,963) | (2,350,442) | (1,614,943) | (878,465) | (138,070) |

| Year | Amount | YEAR # | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|-------------------------------|------------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Existing | 37,913,808 | 5 Year | | | | | | | | |
| 1 | - | 5 Year | | | | | | | | |
| 2 | - | 5 Year | | | | | | | | |
| 3 | - | 5 Year | | | | | | | | |
| 4 | - | 5 Year | | | | | | | | |
| 5 | - | 5 Year | | | | | | | | |
| 6 | 50,000 | 5 Year | | | | | | | | |
| 7 | 50,000 | 5 Year | | | | | | | | |
| 8 | 50,000 | 5 Year | 2,880 | - | - | - | - | - | - | - |
| 9 | 50,000 | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - |
| 10 | 50,000 | 5 Year | 5,760 | 5,760 | 2,880 | - | - | - | - | - |
| 11 | 50,000 | 5 Year | 9,600 | 5,760 | 5,760 | 2,880 | - | - | - | - |
| 12 | 50,000 | 5 Year | 16,000 | 9,600 | 5,760 | 5,760 | 2,880 | - | - | - |
| 13 | 50,000 | 5 Year | 10,000 | 16,000 | 9,600 | 5,760 | 5,760 | 2,880 | - | - |
| 14 | 50,000 | 5 Year | | 10,000 | 16,000 | 9,600 | 5,760 | 5,760 | 2,880 | - |
| 15 | 50,000 | 5 Year | | | 10,000 | 16,000 | 9,600 | 5,760 | 5,760 | 2,880 |
| 16 | 50,000 | 5 Year | | | | 10,000 | 16,000 | 9,600 | 5,760 | 5,760 |
| 17 | 50,000 | 5 Year | | | | | 10,000 | 16,000 | 9,600 | 5,760 |
| 18 | 50,000 | 5 Year | | | | | | 10,000 | 16,000 | 9,600 |
| 19 | 50,000 | 5 Year | | | | | | | 10,000 | 16,000 |
| 20 | | 5 Year | | | | | | | | 10,000 |
| 21 | | 5 Year | | | | | | | | |
| 22 | | 5 Year | | | | | | | | |
| 23 | | 5 Year | | | | | | | | |
| 24 | | 5 Year | | | | | | | | |
| 25 | | 5 Year | | | | | | | | |
| 26 | | 5 Year | | | | | | | | |
| 27 | | 5 Year | | | | | | | | |
| 28 | | 5 Year | | | | | | | | |
| 29 | | 5 Year | | | | | | | | |
| 30 | | 5 Year | | | | | | | | |
| Total Tax Depreciation | | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 40,000 |

| Estimated Percentage of Assets | YEAR # | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|--------------------------------|---------|--------------|--------------|--------------|--------------|----------|----------|----------|----------|
| Year Existing | 15 Year | 3,593 | 3,593 | 3,593 | 1,796 | - | - | - | - |
| Total Tax Depreciation | | 3,593 | 3,593 | 3,593 | 1,796 | 0 | 0 | 0 | 0 |

DIAMOND WILLOW WIND GENERATION PROJECT

CAPITALIZATION DEBT AND EQUITY (000)

| INITIAL INVESTMENT | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Year 8</u> | <u>Year 9</u> | <u>Year 10</u> | |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|------------|
| TOTAL (Incl. DITs) | 39,441,958 | 35,217,731 | 29,210,786 | 25,104,489 | 22,138,650 | 19,172,994 | 17,057,255 | 15,788,998 | 14,565,461 | 13,338,148 | 12,107,057 |
| DEBT | 19,720,979 | 17,608,865 | 14,605,393 | 12,552,245 | 11,069,325 | 9,586,497 | 8,528,628 | 7,894,499 | 7,282,731 | 6,669,074 | 6,053,529 |
| EQUITY | 19,720,979 | 17,608,865 | 14,605,393 | 12,552,245 | 11,069,325 | 9,586,497 | 8,528,628 | 7,894,499 | 7,282,731 | 6,669,074 | 6,053,529 |

Long-Term Debt Cost **6.845%**

| | <u>Year 11</u> | <u>Year 12</u> | <u>Year 13</u> | <u>Year 14</u> | <u>Year 15</u> | <u>Year 16</u> | <u>Year 17</u> | <u>Year 18</u> | <u>Year 19</u> | <u>Year 20</u> |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL (Incl. DITs) | 10,873,318 | 9,638,058 | 8,401,276 | 7,162,974 | 5,923,151 | 4,782,799 | 3,641,629 | 2,498,938 | 1,354,726 | 214,430 |
| DEBT | 5,436,659 | 4,819,029 | 4,200,638 | 3,581,487 | 2,961,576 | 2,391,399 | 1,820,814 | 1,249,469 | 677,363 | 107,215 |
| EQUITY | 5,436,659 | 4,819,029 | 4,200,638 | 3,581,487 | 2,961,576 | 2,391,399 | 1,820,814 | 1,249,469 | 677,363 | 107,215 |

Long.

DIAMOND WILLOW EXPANSION GENERATION PROJECT
PROJECTED INCOME STATEMENTS
(\$)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | |
| Annual Escalator | | | | | | | | | | |
| Labor | 30,000 | 30,900 | 31,827 | 32,782 | 33,765 | 34,778 | 35,822 | 36,896 | 38,003 | 39,143 |
| Materials | 35,000 | 36,050 | 37,132 | 38,245 | 39,393 | 40,575 | 41,792 | 43,046 | 44,337 | 45,667 |
| Permits and Filing Fees | 2,000 | 2,060 | 2,122 | 2,185 | 2,251 | 2,319 | 2,388 | 2,460 | 2,534 | 2,610 |
| Annual Easements | 28,000 | 28,840 | 29,705 | 30,596 | 31,514 | 32,460 | 33,433 | 34,436 | 35,470 | 36,534 |
| Other | 1,000 | 1,030 | 1,061 | 1,093 | 1,126 | 1,159 | 1,194 | 1,230 | 1,267 | 1,305 |
| Total Operations and Maintenance | (96,000) | (98,880) | (101,846) | (104,902) | (108,049) | (111,290) | (114,629) | (118,068) | (121,610) | (125,258) |
| Interest Expense | 822,050 | 707,096 | 593,503 | 514,769 | 449,108 | 393,157 | 356,589 | 330,457 | 305,026 | 279,466 |
| Depreciation | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,272,500 | 1,275,000 | 1,277,500 | 1,280,000 | 1,282,500 |
| PRE-TAX INCOME | (2,188,050) | (2,075,976) | (1,965,349) | (1,889,671) | (1,827,156) | (1,776,948) | (1,746,218) | (1,726,025) | (1,706,636) | (1,687,224) |
| Avg Equity Balance | 12,009,501 | 10,330,104 | 8,670,600 | 7,520,364 | 6,561,103 | 5,743,715 | 5,209,485 | 4,827,719 | 4,456,189 | 4,082,770 |
| Return on Equity - Pre-tax | (2,121,994) | (1,825,257) | (1,532,034) | (1,328,795) | (1,159,301) | (1,014,874) | (920,479) | (853,024) | (787,377) | (721,397) |
| Less: Production Tax Credit - Pre-tax | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 | 1,238,192 |
| Total Revenue Requirement | \$ (3,071,853) | \$ (2,663,040) | \$ (2,259,191) | \$ (1,980,274) | \$ (1,748,265) | \$ (1,553,630) | \$ (1,428,506) | \$ (1,340,857) | \$ (1,255,821) | \$ (1,170,429) |
| Per kWh cost | \$ 0.086 | \$ 0.074 | \$ 0.063 | \$ 0.055 | \$ 0.049 | \$ 0.043 | \$ 0.040 | \$ 0.037 | \$ 0.035 | \$ 0.033 |
| NPV of Revenue Requirement | (2,826,017) | (2,253,858) | (1,759,042) | (1,418,480) | (1,152,072) | (941,877) | (796,715) | (687,984) | (592,786) | (508,264) |
| NPV over life | (18,569,644) | | | | | | | | | |

DL

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|----------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | |
| Annual Escalator | | | | | | | | | | |
| Labor | 40,317 | 41,527 | 42,773 | 44,056 | 45,378 | 46,739 | 48,141 | 49,585 | 51,073 | 52,605 |
| Materials | 47,037 | 48,448 | 49,902 | 51,399 | 52,941 | 54,529 | 56,165 | 57,850 | 59,585 | 61,373 |
| Permits and Filing Fees | 2,688 | 2,768 | 2,852 | 2,937 | 3,025 | 3,116 | 3,209 | 3,306 | 3,405 | 3,507 |
| Annual Easements | 37,630 | 38,759 | 39,921 | 41,119 | 42,353 | 43,623 | 44,932 | 46,280 | 47,668 | 49,098 |
| Other | 1,344 | 1,384 | 1,426 | 1,469 | 1,513 | 1,558 | 1,605 | 1,653 | 1,702 | 1,754 |
| | (129,016) | (132,886) | (136,873) | (140,979) | (145,209) | (149,565) | (154,052) | (158,673) | (163,434) | (168,337) |
| Total Operations and Maintenance | | | | | | | | | | |
| Interest Expense | 253,795 | 228,053 | 202,260 | 176,414 | 150,516 | 124,566 | 98,564 | 72,509 | 46,403 | 20,338 |
| Depreciation | 1,285,000 | 1,287,500 | 1,290,000 | 1,292,500 | 1,295,000 | 1,297,500 | 1,300,000 | 1,302,500 | 1,305,000 | 1,305,000 |
| PRE-TAX INCOME | (1,667,811) | (1,648,440) | (1,629,133) | (1,609,893) | (1,590,724) | (1,571,630) | (1,552,615) | (1,533,683) | (1,514,837) | (1,493,675) |
| Avg Equity Balance | 3,707,745 | 3,331,678 | 2,954,850 | 2,577,262 | 2,198,913 | 1,819,804 | 1,439,934 | 1,059,304 | 677,913 | 297,121 |
| Return on Equity - Pre-tax | (653,133) | (588,684) | (522,101) | (455,384) | (388,533) | (321,547) | (254,426) | (187,172) | (119,783) | (52,499) |
| Less: Production Tax Credit - Pre-tax | | | | | | | | | | |
| Total Revenue Requirement | \$ (2,322,944) | \$ (2,237,124) | \$ (2,151,234) | \$ (2,065,277) | \$ (1,979,257) | \$ (1,893,177) | \$ (1,807,042) | \$ (1,720,854) | \$ (1,634,619) | \$ (1,546,174) |
| Per kWh cost | \$ 0.065 | \$ 0.062 | \$ 0.060 | \$ 0.058 | \$ 0.055 | \$ 0.053 | \$ 0.050 | \$ 0.048 | \$ 0.046 | \$ 0.043 |
| NPV of Revenue Requirement | (928,021) | (822,211) | (727,370) | (642,422) | (566,394) | (498,405) | (437,657) | (383,428) | (335,067) | (291,573) |
| NPV over life | | | | | | | | | | |

| | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Year 8</u> | <u>Year 9</u> | <u>Year 10</u> |
|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| MACRS | 20.0% | 32.0% | 19.2% | 11.5% | 11.5% | 5.8% | | | | |
| MACRS | 5.0000% | 9.5000% | 8.5500% | 7.6950% | 6.9260% | 6.2330% | 5.9050% | 5.9050% | 5.9050% | 5.9050% |

TAX DEPRECIATION

| | <u>Estimated</u> | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Year 8</u> | <u>Year 9</u> | <u>Year 10</u> |
|--------------------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Construction Property/Turbines | 25,400,000 | 5,080,000 | 8,128,000 | 4,876,800 | 2,926,080 | 2,926,080 | 1,473,040 | 26,000 | 35,600 | 41,360 | 47,120 |
| Pre-Construction Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Tax Depreciation/Amortization | | 5,080,000 | 8,128,000 | 4,876,800 | 2,926,080 | 2,926,080 | 1,473,040 | 26,000 | 35,600 | 41,360 | 47,120 |
| Balance Sheet DITs - Current Year | | (1,491,996) | (2,685,593) | (1,412,423) | (648,521) | (648,521) | (78,531) | 489,108 | 486,328 | 485,051 | 483,775 |
| Balance Sheet DITs - Accumulated | | (1,491,996) | (4,177,589) | (5,590,012) | (6,238,533) | (6,887,054) | (6,965,585) | (6,476,477) | (5,990,149) | (5,505,097) | (5,021,322) |

| <u>Year</u> | <u>Amount</u> | <u>Year #</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> | <u>8</u> | <u>9</u> | <u>10</u> |
|-------------------------------|---------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|-----------|
| Existing | 25,400,000 | 5 Year | 5,080,000 | 8,128,000 | 4,876,800 | 2,926,080 | 2,926,080 | 1,463,040 | - | - | - | - |
| 1 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 2 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 3 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 4 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 5 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 6 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 7 | 50,000 | 5 Year | - | - | - | - | 10,000 | - | 16,000 | 9,600 | 5,760 | 5,760 |
| 8 | 50,000 | 5 Year | - | - | - | - | - | - | 10,000 | 16,000 | 9,600 | 5,760 |
| 9 | 50,000 | 5 Year | - | - | - | - | - | - | - | 10,000 | 16,000 | 9,600 |
| 10 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | 10,000 | 16,000 |
| 11 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | 10,000 |
| 12 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 13 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 14 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 15 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 16 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 17 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 18 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 19 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 20 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 21 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 22 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 23 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 24 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 25 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 26 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 27 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 28 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 29 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 30 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| Total Tax Depreciation | | | 5,080,000 | 8,128,000 | 4,876,800 | 2,926,080 | 2,926,080 | 1,473,040 | 26,000 | 35,600 | 41,360 | 47,120 |

Estimated Percentage of Assets 100%

| Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 5.9050% | 5.9050% | 5.9050% | 5.9050% | 5.9050% | 2.9510% | | | | |

MACRS
MACRS

TAX DEPRECIATION

| | Estimated | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|--------------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|
| Construction Property/Turbines | 25,400,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 40,000 |
| Pre-Construction Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Tax Depreciation/Amortization | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 40,000 |
| Balance Sheet DJTs - Current Year | | 483,626 | 484,605 | 485,584 | 486,563 | 487,542 | 488,521 | 489,500 | 490,479 | 491,458 | 495,374 |
| Balance Sheet DJTs - Accumulated | | (4,537,696) | (4,053,091) | (3,567,507) | (3,080,944) | (2,593,402) | (2,104,881) | (1,615,381) | (1,124,902) | (633,444) | (138,070) |

| Year | Amount | YEAR# | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|----------|------------|--------|--------|--------|--------|-------|-------|----|----|----|----|----|
| Existing | 25,400,000 | | | | | | | | | | | |
| 1 | - | 5 Year | 2,880 | - | - | - | - | - | - | - | - | - |
| 2 | - | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - | - | - |
| 3 | - | 5 Year | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - | - |
| 4 | - | 5 Year | 16,000 | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - |
| 5 | - | 5 Year | 10,000 | 16,000 | 10,000 | 5,760 | 2,880 | - | - | - | - | - |
| 6 | 50,000 | 5 Year | 2,880 | - | - | - | - | - | - | - | - | - |
| 7 | 50,000 | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - | - | - |
| 8 | 50,000 | 5 Year | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - | - |
| 9 | 50,000 | 5 Year | 16,000 | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - |
| 10 | 50,000 | 5 Year | 10,000 | 16,000 | 10,000 | 5,760 | 2,880 | - | - | - | - | - |
| 11 | 50,000 | 5 Year | 2,880 | - | - | - | - | - | - | - | - | - |
| 12 | 50,000 | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - | - | - |
| 13 | 50,000 | 5 Year | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - | - |
| 14 | 50,000 | 5 Year | 16,000 | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - |
| 15 | 50,000 | 5 Year | 10,000 | 16,000 | 10,000 | 5,760 | 2,880 | - | - | - | - | - |
| 16 | 50,000 | 5 Year | 2,880 | - | - | - | - | - | - | - | - | - |
| 17 | 50,000 | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - | - | - |
| 18 | 50,000 | 5 Year | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - | - |
| 19 | 50,000 | 5 Year | 16,000 | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - |
| 20 | 50,000 | 5 Year | 10,000 | 16,000 | 10,000 | 5,760 | 2,880 | - | - | - | - | - |
| 21 | - | 5 Year | 2,880 | - | - | - | - | - | - | - | - | - |
| 22 | - | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - | - | - |
| 23 | - | 5 Year | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - | - |
| 24 | - | 5 Year | 16,000 | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - |
| 25 | - | 5 Year | 10,000 | 16,000 | 10,000 | 5,760 | 2,880 | - | - | - | - | - |
| 26 | - | 5 Year | 2,880 | - | - | - | - | - | - | - | - | - |
| 27 | - | 5 Year | 5,760 | 2,880 | - | - | - | - | - | - | - | - |
| 28 | - | 5 Year | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - | - |
| 29 | - | 5 Year | 16,000 | 9,600 | 5,760 | 2,880 | - | - | - | - | - | - |
| 30 | - | 5 Year | 10,000 | 16,000 | 10,000 | 5,760 | 2,880 | - | - | - | - | - |

| | | | | | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Tax Depreciation | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 40,000 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Estimated Percentage of Assets 100%

D

| 20 Year Life - Turbines | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|-------------------------------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 15 Year Life - Pre-Construction Construction Property | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 |
| BOOK DEPRECIATION | | | | | | | | | | |
| Existing Assets (net of Accum. Depr.) | 25,400,000 | | | | | | | | | |
| Pre-Construction Costs | | | | | | | | | | |
| Construction Property | 25,400,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 |
| Depr. on Adjusted Fixed Assets | | | | | | | | | | |
| Total Book Depreciation | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 |
| Year | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Turbines | | | | | | | | | | |
| Pre-Construction Costs | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 |
| Construction Property | | | | | | | | | | |
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 7 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 8 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 9 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 10 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 11 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 12 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 13 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 14 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 15 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 16 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 17 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 18 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 19 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 20 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 21 | | | | | | | | | | |
| 22 | | | | | | | | | | |
| 23 | | | | | | | | | | |
| 24 | | | | | | | | | | |
| 25 | | | | | | | | | | |
| 26 | | | | | | | | | | |
| 27 | | | | | | | | | | |
| 28 | | | | | | | | | | |
| 29 | | | | | | | | | | |
| 30 | | | | | | | | | | |
| Total Book Depreciation | 1,285,000 | 1,287,500 | 1,290,000 | 1,292,500 | 1,295,000 | 1,297,500 | 1,300,000 | 1,302,500 | 1,305,000 | 1,305,000 |
| Book Value | 11,577,500 | 10,340,000 | 9,100,000 | 7,857,500 | 6,612,500 | 5,365,000 | 4,115,000 | 2,862,500 | 1,607,500 | 352,500 |

DIAMOND WILLOW EXPANSION GENERATION PROJECT

CAPITALIZATION DEBT AND EQUITY (000)

| INITIAL INVESTMENT | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
| TOTAL (Incl. DITs) | 25,400,000 | 22,638,004 | 18,582,411 | 15,999,988 | 14,081,467 | 12,162,946 | 10,811,915 | 10,026,023 | 9,284,851 | 8,539,903 | 7,791,178 |
| DEBT | 12,700,000 | 11,319,002 | 9,341,206 | 7,999,994 | 7,040,734 | 6,081,473 | 5,405,958 | 5,013,012 | 4,642,426 | 4,269,951 | 3,895,589 |
| EQUITY | 12,700,000 | 11,319,002 | 9,341,206 | 7,999,994 | 7,040,734 | 6,081,473 | 5,405,958 | 5,013,012 | 4,642,426 | 4,269,951 | 3,895,589 |

Long-Term Debt Cost **6.845%**

| | <u>Year 11</u> | <u>Year 12</u> | <u>Year 13</u> | <u>Year 14</u> | <u>Year 15</u> | <u>Year 16</u> | <u>Year 17</u> | <u>Year 18</u> | <u>Year 19</u> | <u>Year 20</u> |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL (Incl. DITs) | 7,039,804 | 6,286,909 | 5,532,493 | 4,776,556 | 4,019,098 | 3,260,119 | 2,499,619 | 1,737,598 | 974,056 | 214,430 |
| DEBT | 3,519,902 | 3,143,454 | 2,766,246 | 2,388,278 | 2,009,549 | 1,630,059 | 1,249,809 | 868,799 | 487,028 | 107,215 |
| EQUITY | 3,519,902 | 3,143,454 | 2,766,246 | 2,388,278 | 2,009,549 | 1,630,059 | 1,249,809 | 868,799 | 487,028 | 107,215 |

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CEDAR HILLS WIND GENERATION PROJECT
PROJECTED INCOME STATEMENTS
(\$)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| 171,000 | 176,130 | 181,414 | 186,856 | 192,462 | 198,236 | 204,183 | 210,308 | 216,618 | 223,116 | |
| 34,000 | 35,020 | 36,071 | 37,153 | 38,267 | 39,415 | 40,598 | 41,816 | 43,070 | 44,362 | |
| 2,000 | 2,060 | 2,122 | 2,185 | 2,251 | 2,319 | 2,388 | 2,460 | 2,534 | 2,610 | |
| 65,000 | 66,950 | 68,959 | 71,027 | 73,158 | 75,353 | 77,613 | 79,942 | 82,340 | 84,810 | |
| 8,000 | 8,240 | 8,487 | 8,742 | 9,004 | 9,274 | 9,552 | 9,839 | 10,134 | 10,438 | |
| 5,000 | 5,150 | 5,305 | 5,464 | 5,628 | 5,796 | 5,970 | 6,149 | 6,334 | 6,524 | |
| 52,000 | 53,560 | 55,167 | 56,822 | 58,526 | 60,282 | 62,091 | 63,953 | 65,872 | 67,848 | |
| 35,000 | 36,050 | 37,132 | 38,245 | 39,393 | 40,575 | 41,792 | 43,046 | 44,337 | 45,667 | |
| | <u>(383,160)</u> | <u>(394,655)</u> | <u>(406,494)</u> | <u>(418,689)</u> | <u>(431,250)</u> | <u>(444,187)</u> | <u>(457,513)</u> | <u>(471,238)</u> | <u>(485,376)</u> | |
| 1,534,062 | 1,319,541 | 1,107,560 | 960,632 | 838,098 | 733,768 | 665,803 | 616,767 | 568,431 | 519,965 | |
| 70,953 | 143,065 | 219,183 | 299,779 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | |
| <u>2,370,000</u> | <u>2,370,000</u> | <u>2,370,000</u> | <u>2,370,000</u> | <u>2,370,000</u> | <u>2,372,500</u> | <u>2,375,000</u> | <u>2,377,500</u> | <u>2,380,000</u> | <u>2,382,500</u> | |
| (4,347,015) | (4,072,701) | (3,872,215) | (3,737,126) | (3,626,788) | (3,537,518) | (3,484,991) | (3,451,780) | (3,419,669) | (3,387,841) | |
| <u>22,411,431</u> | <u>19,277,438</u> | <u>16,180,568</u> | <u>14,034,065</u> | <u>12,243,949</u> | <u>10,719,764</u> | <u>9,726,855</u> | <u>9,010,469</u> | <u>8,304,319</u> | <u>7,596,280</u> | |
| (3,959,942) | (3,406,188) | (2,858,993) | (2,479,721) | (2,163,420) | (1,894,107) | (1,718,667) | (1,592,086) | (1,467,315) | (1,342,209) | |
| 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | 2,299,500 | |
| <u>S (6,007,458)</u> | <u>S (5,179,388)</u> | <u>S (4,431,707)</u> | <u>S (3,917,347)</u> | <u>S (3,490,707)</u> | <u>S (3,132,125)</u> | <u>S (2,904,157)</u> | <u>S (2,744,366)</u> | <u>S (2,587,484)</u> | <u>S (2,430,550)</u> | |

OPERATIONS AND MAINTENANCE

Annual Escalator
3%
3%
3%
3%
3%
3%
3%

Total Operations and Maintenance
Interest Expense
Amortization (ND State Income Tax Credit)
Depreciation

PRE-TAX INCOME
Avg Equity Balance
Return on Equity - Pre-tax
Less: Production Tax Credit - Pre-tax

Total Revenue Requirement

Per kWh cost

NPV of Revenue Requirement
NPV over life

| | 2020 Year 11 | 2021 Year 12 | 2022 Year 13 | 2023 Year 14 | 2024 Year 15 | 2025 Year 16 | 2026 Year 17 | 2027 Year 18 | 2028 Year 19 | 2029 Year 20 |
|----------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATIONS AND MAINTENANCE | | | | | | | | | | |
| Annual Escalator | | | | | | | | | | |
| Labor | 229,810 | 236,704 | 243,805 | 251,119 | 258,653 | 266,412 | 274,405 | 282,637 | 291,116 | 299,850 |
| Benefits | 45,693 | 47,064 | 48,476 | 49,930 | 51,428 | 52,971 | 54,560 | 56,197 | 57,883 | 59,619 |
| Subcontract Labor | 2,688 | 2,768 | 2,852 | 2,937 | 3,025 | 3,116 | 3,209 | 3,306 | 3,405 | 3,507 |
| Materials | 87,355 | 89,975 | 92,674 | 95,455 | 98,318 | 101,268 | 104,306 | 107,435 | 110,658 | 113,978 |
| Office Supplies | 10,751 | 11,074 | 11,406 | 11,748 | 12,101 | 12,464 | 12,838 | 13,223 | 13,619 | 14,028 |
| Permits and Filing Fees | 6,720 | 6,921 | 7,129 | 7,343 | 7,563 | 7,790 | 8,024 | 8,264 | 8,512 | 8,768 |
| Annual Easements | 69,884 | 71,980 | 74,140 | 76,364 | 78,655 | 81,014 | 83,445 | 85,948 | 88,527 | 91,182 |
| Other | 47,037 | 48,448 | 49,902 | 51,399 | 52,941 | 54,529 | 56,165 | 57,850 | 59,585 | 61,373 |
| Total Operations and Maintenance | (499,937) | (514,935) | (530,383) | (546,295) | (562,683) | (579,364) | (596,951) | (614,859) | (633,305) | (652,304) |
| Interest Expense | 471,390 | 422,744 | 374,045 | 325,294 | 276,492 | 227,637 | 178,730 | 129,771 | 80,853 | 32,110 |
| Amortization (ND State Income Tax Credit) | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 |
| Depreciation | 2,385,000 | 2,387,500 | 2,390,000 | 2,392,500 | 2,395,000 | 2,397,500 | 2,400,000 | 2,402,500 | 2,405,000 | 2,407,500 |
| PRE-TAX INCOME | (3,356,327) | (3,325,179) | (3,294,428) | (3,264,089) | (3,234,175) | (3,204,701) | (3,175,681) | (3,147,131) | (3,116,658) | (3,086,914) |
| Avg Equity Balance | 6,886,635 | 6,175,948 | 5,464,500 | 4,752,292 | 4,039,323 | 3,325,594 | 2,611,104 | 1,895,854 | 1,181,203 | 469,096 |
| Return on Equity - Pre-tax | (1,216,820) | (1,091,247) | (965,539) | (839,697) | (713,720) | (587,609) | (461,364) | (334,984) | (208,710) | (82,886) |
| Less: Production Tax Credit - Pre-tax | | | | | | | | | | |
| Total Revenue Requirement | S (4,573,147) | S (4,416,425) | S (4,259,967) | S (4,103,786) | S (3,947,895) | S (3,792,310) | S (3,637,045) | S (3,482,115) | S (3,325,369) | S (3,169,800) |
| Per kWh cost | S 0.069 | S 0.066 | S 0.064 | S 0.062 | S 0.059 | S 0.057 | S 0.055 | S 0.052 | S 0.050 | S 0.048 |
| NPV of Revenue Requirement NPV over life | (1,826,981) | (1,623,171) | (1,440,370) | (1,276,518) | (1,129,750) | (998,378) | (880,875) | (775,860) | (681,639) | (597,752) |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| MACRS 5 Year | 20.0% | 32.0% | 19.2% | 11.5% | 11.5% | 5.8% | | | | |
| MACRS 15 Year | 5.0000% | 9.5000% | 8.5500% | 7.6950% | 6.9260% | 6.2330% | 5.9050% | 5.9050% | 5.9050% | 5.9050% |

TAX DEPRECIATION

| | Estimated | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|--------------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Construction Property/Turbines | 47,400,000 | 9,480,000 | 15,168,000 | 9,100,800 | 5,460,480 | 5,460,480 | 2,740,240 | 26,000 | 35,600 | 41,360 | 47,120 |
| Pre-Construction Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Tax Depreciation/Amortization | | 9,480,000 | 15,168,000 | 9,100,800 | 5,460,480 | 5,460,480 | 2,740,240 | 26,000 | 35,600 | 41,360 | 47,120 |
| Balance Sheet DITs - Current Year | (2,784,276) | (5,011,697) | (2,635,781) | (1,210,232) | (1,210,232) | (144,007) | (1,210,232) | 919,868 | 917,088 | 915,811 | 914,535 |
| Balance Sheet DITs - Accumulated | (2,784,276) | (7,795,973) | (10,431,754) | (11,641,986) | (12,852,218) | (12,996,225) | (12,076,357) | (11,159,269) | (10,243,457) | (9,328,922) | (9,328,922) |

| Year | Amount | YEAR # | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------------------------|------------|--------|-----------|------------|-----------|-----------|-----------|-----------|--------|--------|--------|--------|
| Existing | 47,400,000 | 5 Year | 9,480,000 | 15,168,000 | 9,100,800 | 5,460,480 | 5,460,480 | 2,730,240 | - | - | - | - |
| 1 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 2 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 3 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 4 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 5 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 6 | 50,000 | 5 Year | - | - | - | - | 10,000 | - | 16,000 | 9,600 | 5,760 | 5,760 |
| 7 | 50,000 | 5 Year | - | - | - | - | - | - | 10,000 | 16,000 | 9,600 | 5,760 |
| 8 | 50,000 | 5 Year | - | - | - | - | - | - | - | 10,000 | 16,000 | 9,600 |
| 9 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | 10,000 | 16,000 |
| 10 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | 10,000 |
| 11 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 12 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 13 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 14 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 15 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 16 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 17 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 18 | 50,000 | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 19 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 20 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 21 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 22 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 23 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 24 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 25 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 26 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 27 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 28 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 29 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| 30 | - | 5 Year | - | - | - | - | - | - | - | - | - | - |
| Total Tax Depreciation | | | 9,480,000 | 15,168,000 | 9,100,800 | 5,460,480 | 5,460,480 | 2,740,240 | 26,000 | 35,600 | 41,360 | 47,120 |

Estimated Percentage of Assets 100%

Year 11 Year 12 Year 13 Year 14 Year 15 Year 16 Year 17 Year 18 Year 19 Year 20

5 Year
15 Year

MACRS
MACRS

5.9050% 5.9050% 5.9050% 5.9050% 5.9050% 2.9510%

TAX DEPRECIATION

| | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Estimated | | | | | | | | | | | | | | | | | | | | | | |
| Construction Property/Turbines | 47,400,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 24,000 | |
| Pre-Construction Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Tax Depreciation/Amortization | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 24,000 |
| Balance Sheet DITs - Current Year | | 914,386 | 915,365 | 916,344 | 917,323 | 918,302 | 919,281 | 920,260 | 921,239 | 922,218 | 923,197 | 924,176 | 925,155 | 926,134 | 927,113 | 928,092 | 929,071 | 930,050 | 931,029 | 932,008 | 933,987 | 931,421 |
| Balance Sheet DITs - Accumulated | | (8,414,536) | (7,499,171) | (6,582,827) | (5,665,504) | (4,747,202) | (3,827,921) | (2,907,661) | (1,986,422) | (1,061,267) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (14,000) | (129,847) |

| Year | Amount | YEAR # | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|----------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Existing | 47,400,000 | 5 Year | | | | | | | | | | |
| 1 | - | 5 Year | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 |
| 2 | - | 5 Year | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 |
| 3 | - | 5 Year | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 |
| 4 | - | 5 Year | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| 5 | - | 5 Year | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 6 | 50,000 | 5 Year | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 |
| 7 | 50,000 | 5 Year | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 |
| 8 | 50,000 | 5 Year | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 |
| 9 | 50,000 | 5 Year | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| 10 | 50,000 | 5 Year | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 11 | 50,000 | 5 Year | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 |
| 12 | 50,000 | 5 Year | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 |
| 13 | 50,000 | 5 Year | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 |
| 14 | 50,000 | 5 Year | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| 15 | 50,000 | 5 Year | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 16 | 50,000 | 5 Year | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 |
| 17 | 50,000 | 5 Year | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 |
| 18 | 50,000 | 5 Year | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 |
| 19 | 50,000 | 5 Year | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| 20 | - | 5 Year | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 21 | - | 5 Year | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 |
| 22 | - | 5 Year | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 |
| 23 | - | 5 Year | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 |
| 24 | - | 5 Year | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| 25 | - | 5 Year | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 26 | - | 5 Year | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 | 2,880 |
| 27 | - | 5 Year | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 | 5,760 |
| 28 | - | 5 Year | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 | 9,600 |
| 29 | - | 5 Year | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| 30 | - | 5 Year | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |

| | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Tax Depreciation | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 24,000 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Estimated Percentage of Assets 100%

CEDAR HILLS WIND GENERATION PROJECT

Depreciation Schedule
(000)

| | Depreciation Schedule (000) | | | | | | | | | |
|-------------------------------------------------------|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| 20 Year Life - Turbines | | | | | | | | | | |
| 15 Year Life - Pre-Construction Construction Property | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
| Cost | | | | | | | | | | |
| Existing Assets (net of Accum. Depr.) | 47,400,000 | | | | | | | | | |
| less ND State Income Tax Credit | | | | | | | | | | |
| Construction Property | 47,400,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
| Depr. on Adjusted Fixed Assets | | | | | | | | | | |

| | | | | | | | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Book Depreciation | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Year | | | | | | | | | | |
| Turbines | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
| Pre-Construction Costs | - | - | - | - | - | - | - | - | - | - |
| Construction Property | - | - | - | - | - | - | - | - | - | - |
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|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Book Depreciation | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

| | | | | | | | | | | |
|-------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Book Value | \$47,400,000 | 45,030,000 | 42,660,000 | 40,290,000 | 37,920,000 | 35,550,000 | 33,177,500 | 30,802,500 | 28,475,000 | 26,145,000 |
|-------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|

| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|-------------------------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 20 Year Life - Turbines | | | | | | | | | | |
| 15 Year Life - Pre-Construction Construction Property | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
| Cost | | | | | | | | | | |
| Existing Assets (net of Accum. Depr.) | 47,400,000 | | | | | | | | | |
| less ND State Income Tax Credit | | | | | | | | | | |
| Construction Property | 47,400,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
| Depr. on Adjusted Fixed Assets | | | | | | | | | | |

Total Book Depreciation 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000 2,370,000

| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Year | | | | | | | | | | |
| Turbines | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 | 2,370,000 |
| Pre-Construction Costs | | | | | | | | | | |
| Construction Property | | | | | | | | | | |
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 7 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 8 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 9 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 10 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 11 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 12 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 13 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 14 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 15 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 16 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 17 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 18 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| 19 | | | | | | | | | | |
| 20 | | | | | | | | | | |
| 21 | | | | | | | | | | |
| 22 | | | | | | | | | | |
| 23 | | | | | | | | | | |
| 24 | | | | | | | | | | |
| 25 | | | | | | | | | | |
| 26 | | | | | | | | | | |
| 27 | | | | | | | | | | |
| 28 | | | | | | | | | | |
| 29 | | | | | | | | | | |
| 30 | | | | | | | | | | |

Total Book Depreciation 2,385,000 2,387,500 2,390,000 2,392,500 2,395,000 2,397,500 2,400,000 2,402,500 2,402,500 2,402,500 2,402,500

Book Value \$47,400,000 21,477,500 19,140,000 16,800,000 14,457,500 12,112,500 9,765,000 7,415,000 5,062,500 2,710,000 357,500

CEDAR HILLS WIND GENERATION PROJECT

CAPITALIZATION DEBT AND EQUITY (000)

| INITIAL INVESTMENT | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| TOTAL (Incl. DITs) | 47,400,000 | 42,245,724 | 34,864,027 | 29,858,246 | 26,278,014 | 22,697,782 | 20,181,275 | 17,315,731 | 15,901,543 | 14,483,578 |
| DEBT | 23,700,000 | 21,122,862 | 17,432,014 | 14,929,123 | 13,139,007 | 11,348,891 | 10,090,638 | 8,657,866 | 7,950,771 | 7,241,789 |
| EQUITY | 23,700,000 | 21,122,862 | 17,432,014 | 14,929,123 | 13,139,007 | 11,348,891 | 10,090,638 | 8,657,866 | 7,950,771 | 7,241,789 |

Long-Term Debt Cost **6.845%**

| | <u>Year 11</u> | <u>Year 12</u> | <u>Year 13</u> | <u>Year 14</u> | <u>Year 15</u> | <u>Year 16</u> | <u>Year 17</u> | <u>Year 18</u> | <u>Year 19</u> | <u>Year 20</u> |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| I | | | | | | | | | | |
| TOTAL (Incl. DITs) | 13,062,964 | 11,640,829 | 10,217,173 | 8,791,996 | 7,365,298 | 5,937,079 | 4,507,339 | 3,076,078 | 1,647,212 | 224,611 |
| DEBT | 6,531,482 | 5,820,414 | 5,108,586 | 4,395,998 | 3,682,649 | 2,968,539 | 2,253,669 | 1,538,039 | 823,606 | 112,306 |
| EQUITY | 6,531,482 | 5,820,414 | 5,108,586 | 4,395,998 | 3,682,649 | 2,968,539 | 2,253,669 | 1,538,039 | 823,606 | 112,306 |

Long-T

19.5 MW NORTH DAKOTA WIND GENERATION PROJECT - OWNED BY MDU
 PROJECTED INCOME STATEMENTS
 (000)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|----------------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Investment | \$47,302,000 | | | | | | | | | |
| ITC - total | \$7,095,300 | | | | | | | | | |
| ITC @ 3% for 5 years | | | | | | | | | | |
| Accrue | 1,419,060 | 2,789,189 | 4,159,318 | 5,529,447 | 6,899,576 | 6,899,576 | 6,899,576 | 6,899,576 | 6,899,576 | 6,899,576 |
| Amortize | 70,953 | 214,018 | 433,201 | 732,980 | 1,118,392 | 1,503,804 | 1,889,216 | 2,274,628 | 2,660,040 | 3,045,452 |
| Total | 1,348,107 | 2,575,171 | 3,726,117 | 4,796,467 | 5,781,184 | 5,395,772 | 5,010,360 | 4,624,948 | 4,239,536 | 3,854,124 |
| Amortization | 70,953 | 70,953 | 70,953 | 70,953 | 70,953 | 70,953 | 70,953 | 70,953 | 70,953 | 70,953 |
| | | 72,112 | 72,112 | 72,112 | 72,112 | 72,112 | 72,112 | 72,112 | 72,112 | 72,112 |
| | | | 76,118 | 76,118 | 76,118 | 76,118 | 76,118 | 76,118 | 76,118 | 76,118 |
| | | | | 80,596 | 80,596 | 80,596 | 80,596 | 80,596 | 80,596 | 80,596 |
| | | | | | 85,633 | 85,633 | 85,633 | 85,633 | 85,633 | 85,633 |
| | 70,953 | 143,065 | 219,183 | 299,779 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 | 385,412 |

