20110421-8039 FERC PDF (Unofficial) 04/18/2011

| Name of Respondent | This Report Is | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) [X] An Original<br>(2) [ ] A Resubmission | 04/15/2011 | End of 2010/Q4 |

## COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|---|---|---|---|---|
| 1 | **UTILITY PLANT** | | | |
| 2 | Utility Plant (101-106, 114) | 200-201 | 400,321,659 | 391,217,794 |
| 3 | Construction Work in Progress (107) | 200-201 | 6,817,791 | 4,533,884 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 407,139,450 | 395,751,678 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115) | 200-201 | 87,823,256 | 82,909,512 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 319,316,194 | 312,842,166 |
| 7 | Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1) | 202-203 | 0 | 0 |
| 8 | Nuclear Fuel Materials and Assemblies-Stock Account (120.2) | | 0 | 0 |
| 9 | Nuclear Fuel Assemblies in Reactor (120.3) | | 0 | 0 |
| 10 | Spent Nuclear Fuel (120.4) | | 0 | 0 |
| 11 | Nuclear Fuel Under Capital Leases (120.6) | | 0 | 0 |
| 12 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | 202-203 | 0 | 0 |
| 13 | Net Nuclear Fuel (Enter Total of lines 7-11 less 12) | | 0 | 0 |
| 14 | Net Utility Plant (Enter Total of lines 6 and 13) | | 319,316,194 | 312,842,166 |
| 15 | Utility Plant Adjustments (116) | | 0 | 0 |
| 16 | Gas Stored Underground - Noncurrent (117) | | 0 | 0 |
| 17 | **OTHER PROPERTY AND INVESTMENTS** | | | |
| 18 | Nonutility Property (121) | | 0 | 0 |
| 19 | (Less) Accum. Prov. for Depr. and Amort. (122) | | 0 | 0 |
| 20 | Investments In Associated Companies (123) | | 0 | 0 |
| 21 | Investment In Subsidiary Companies (123.1) | 224-225 | 0 | 0 |
| 22 | (For Cost of Account 123.1, See Footnote Page 224, line 42) | | | |
| 23 | Noncurrent Portion of Allowances | 228-229 | 0 | 0 |
| 24 | Other Investments (124) | | 0 | 0 |
| 25 | Sinking Funds (125) | | 0 | 0 |
| 26 | Depreciation Fund (126) | | 0 | 0 |
| 27 | Amortization Fund - Federal (127) | | 0 | 0 |
| 28 | Other Special Funds (128) | | 0 | 0 |
| 29 | Special Funds (Non Major Only) (129) | | 0 | 0 |
| 30 | Long-Term Portion of Derivative Assets (175) | | 0 | 0 |
| 31 | Long-Term Portion of Derivative Assets – Hedges (176) | | 0 | 0 |
| 32 | TOTAL Other Property and Investments (Lines 18-21 and 23-31) | | 0 | 0 |
| 33 | **CURRENT AND ACCRUED ASSETS** | | | |
| 34 | Cash and Working Funds (Non-major Only) (130) | | 0 | 0 |
| 35 | Cash (131) | | 54,182 | 92,710 |
| 36 | Special Deposits (132-134) | | 5,855 | 5,667 |
| 37 | Working Fund (135) | | 2,300 | 2,300 |
| 38 | Temporary Cash Investments (136) | | 0 | 0 |
| 39 | Notes Receivable (141) | | 0 | 0 |
| 40 | Customer Accounts Receivable (142) | | 11,216,768 | 11,557,975 |
| 41 | Other Accounts Receivable (143) | | 1,010,236 | 993,929 |
| 42 | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144) | | 127,070 | 106,735 |
| 43 | Notes Receivable from Associated Companies (145) | | 14,561,030 | 1,181,842 |
| 44 | Accounts Receivable from Assoc. Companies (146) | | 1,297,210 | 539,682 |
| 45 | Fuel Stock (151) | 227 | 0 | 0 |
| 46 | Fuel Stock Expenses Undistributed (152) | 227 | 0 | 0 |
| 47 | Residuals (Elec) and Extracted Products (153) | 227 | 0 | 0 |
| 48 | Plant Materials and Operating Supplies (154) | 227 | 4,069,288 | 3,445,281 |
| 49 | Merchandise (155) | 227 | 0 | 0 |
| 50 | Other Materials and Supplies (156) | 227 | 0 | 0 |
| 51 | Nuclear Materials Held for Sale (157) | 202-203/227 | 0 | 0 |
| 52 | Allowances (158.1 and 158.2) | 228-229 | 0 | 0 |



EXHIBIT 34

20110421-4009 FERC PDF (Unofficial) 04/18/2011

| Name of Respondent | This Report Is | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) ☒ An Original<br>(2) ☐ A Resubmission | 04/15/2011 | End of 2010/Q4 |

## COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|---|---|---|---|---|
| 53 | (Less) Noncurrent Portion of Allowances | | 0 | 0 |
| 54 | Stores Expense Undistributed (163) | 227 | 109,799 | 38,661 |
| 55 | Gas Stored Underground - Current (164.1) | | 1,323,392 | 1,049,796 |
| 56 | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3) | | 0 | 0 |
| 57 | Prepayments (165) | | 218,641 | 573,509 |
| 58 | Advances for Gas (166-167) | | 0 | 0 |
| 59 | Interest and Dividends Receivable (171) | | 0 | 0 |
| 60 | Rents Receivable (172) | | 0 | 0 |
| 61 | Accrued Utility Revenues (173) | | 5,001,917 | 3,990,920 |
| 62 | Miscellaneous Current and Accrued Assets (174) | | 0 | 0 |
| 63 | Derivative Instrument Assets (175) | | 0 | 0 |
| 64 | (Less) Long-Term Portion of Derivative Instrument Assets (175) | | 0 | 0 |
| 65 | Derivative Instrument Assets - Hedges (176) | | 0 | 0 |
| 66 | (Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176 | | 0 | 0 |
| 67 | Total Current and Accrued Assets (Lines 34 through 66) | | 38,743,548 | 23,365,537 |
| 68 | **DEFERRED DEBITS** | | | |
| 69 | Unamortized Debt Expenses (181) | | 1,381,583 | 1,453,698 |
| 70 | Extraordinary Property Losses (182.1) | 230a | 0 | 0 |
| 71 | Unrecovered Plant and Regulatory Study Costs (182.2) | 230b | 0 | 0 |
| 72 | Other Regulatory Assets (182.3) | 232 | 18,262,100 | 15,430,191 |
| 73 | Prelim. Survey and Investigation Charges (Electric) (183) | | 0 | 0 |
| 74 | Preliminary Natural Gas Survey and Investigation Charges 183.1) | | 0 | 6,207 |
| 75 | Other Preliminary Survey and Investigation Charges (183.2) | | 46,366 | 93,380 |
| 76 | Clearing Accounts (184) | | 5,689 | 86,763 |
| 77 | Temporary Facilities (185) | | 0 | 0 |
| 78 | Miscellaneous Deferred Debits (186) | 233 | 0 | 582 |
| 79 | Def. Losses from Disposition of Utility Plt. (187) | | 0 | 0 |
| 80 | Research, Devel. and Demonstration Expend. (188) | 352-353 | 0 | 0 |
| 81 | Unamortized Loss on Reaquired Debt (189) | | 518,008 | 560,526 |
| 82 | Accumulated Deferred Income Taxes (190) | 234 | 7,713,565 | 6,277,279 |
| 83 | Unrecovered Purchased Gas Costs (191) | | -121,695 | 0 |
| 84 | Total Deferred Debits (lines 69 through 83) | | 27,805,616 | 23,908,626 |
| 85 | TOTAL ASSETS (lines 14-16, 32, 67, and 84) | | 385,865,358 | 360,116,329 |

20110421-4005 FERC PDF (Unofficial) 04/18/2011

| Name of Respondent | This Report is | Date of Report (mo, da, yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) [X] An Original<br>(2) [ ] A Resubmission | 04/15/2011 | end of 2010/Q4 |

## COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|---|---|---|---|---|
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250-251 | 0 | 1 |
| 3 | Preferred Stock Issued (204) | 250-251 | 0 | 0 |
| 4 | Capital Stock Subscribed (202, 205) | | 0 | 0 |
| 5 | Stock Liability for Conversion (203, 206) | | 0 | 0 |
| 6 | Premium on Capital Stock (207) | | 66,143,590 | 66,143,590 |
| 7 | Other Paid-in Capital (208-211) | 253 | 70,475,000 | 70,475,000 |
| 8 | Installments Received on Capital Stock (212) | 252 | 0 | 0 |
| 9 | (Less) Discount on Capital Stock (213) | 254 | 0 | 0 |
| 10 | (Less) Capital Stock Expense (214) | 254b | 0 | 0 |
| 11 | Retained Earnings (215, 215.1, 216) | 118-119 | 39,184,033 | 22,807,427 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 0 | 0 |
| 13 | (Less) Reaquired Capital Stock (217) | 250-251 | 0 | 0 |
| 14 | Noncorporate Proprietorship (Non-major only) (218) | | 0 | 0 |
| 15 | Accumulated Other Comprehensive Income (219) | 122(a)(b) | 0 | 0 |
| 16 | Total Proprietary Capital (lines 2 through 15) | | 175,802,623 | 159,426,018 |
| 17 | LONG-TERM DEBT | | | |
| 18 | Bonds (221) | 256-257 | 127,000,000 | 127,000,000 |
| 19 | (Less) Reaquired Bonds (222) | 256-257 | 0 | 0 |
| 20 | Advances from Associated Companies (223) | 256-257 | 0 | 0 |
| 21 | Other Long-Term Debt (224) | 256-257 | 0 | 0 |
| 22 | Unamortized Premium on Long-Term Debt (225) | | 0 | 0 |
| 23 | (Less) Unamortized Discount on Long-Term Debt-Debit (226) | | 0 | 0 |
| 24 | Total Long-Term Debt (lines 18 through 23) | | 127,000,000 | 127,000,000 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases - Noncurrent (227) | | 0 | 0 |
| 27 | Accumulated Provision for Property Insurance (228.1) | | 0 | 0 |
| 28 | Accumulated Provision for Injuries and Damages (228.2) | | 65,366 | 0 |
| 29 | Accumulated Provision for Pensions and Benefits (228.3) | | 0 | 0 |
| 30 | Accumulated Miscellaneous Operating Provisions (228.4) | | 0 | 0 |
| 31 | Accumulated Provision for Rate Refunds (229) | | 0 | 0 |
| 32 | Long-Term Portion of Derivative Instrument Liabilities | | 0 | 0 |
| 33 | Long-Term Portion of Derivative Instrument Liabilities - Hedges | | 0 | 0 |
| 34 | Asset Retirement Obligations (230) | | 208,233 | 198,937 |
| 35 | Total Other Noncurrent Liabilities (lines 26 through 34) | | 273,599 | 198,937 |
| 36 | CURRENT AND ACCRUED LIABILITIES | | | |
| 37 | Notes Payable (231) | | 0 | 0 |
| 38 | Accounts Payable (232) | | 5,086,828 | 5,735,071 |
| 39 | Notes Payable to Associated Companies (233) | | 6,647 | 5,475 |
| 40 | Accounts Payable to Associated Companies (234) | | 6,304,163 | 6,065,049 |
| 41 | Customer Deposits (235) | | 1,340,032 | 1,255,936 |
| 42 | Taxes Accrued (236) | 262-263 | 1,356,136 | 1,351,519 |
| 43 | Interest Accrued (237) | | 913,980 | 841,295 |
| 44 | Dividends Declared (238) | | 0 | 0 |
| 45 | Matured Long-Term Debt (239) | | 0 | 0 |

20110421-0097 FERC PDF (Unofficial) 04/18/2011

| Name of Respondent | This Report is: | Date of Report (mo, da, yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) [X] An Original<br>(2) [ ] A Resubmission | 04/15/2011 | end of 2010/Q4 |

## COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|---|---|---|---|---|
| 46 | Matured Interest (240) | | 0 | 0 |
| 47 | Tax Collections Payable (241) | | 891,181 | 598,050 |
| 48 | Miscellaneous Current and Accrued Liabilities (242) | | 2,391,455 | 2,923,451 |
| 49 | Obligations Under Capital Leases-Current (243) | | 0 | 0 |
| 50 | Derivative Instrument Liabilities (244) | | 0 | 0 |
| 51 | (Less) Long-Term Portion of Derivative Instrument Liabilities | | 0 | 0 |
| 52 | Derivative Instrument Liabilities - Hedges (245) | | 0 | 0 |
| 53 | (Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges | | 0 | 0 |
| 54 | Total Current and Accrued Liabilities (lines 37 through 53) | | 18,290,422 | 18,775,846 |
| 55 | DEFERRED CREDITS | | | |
| 56 | Customer Advances for Construction (252) | | 2,974,650 | 2,995,547 |
| 57 | Accumulated Deferred Investment Tax Credits (255) | 266-267 | 520,010 | 575,986 |
| 58 | Deferred Gains from Disposition of Utility Plant (256) | | 0 | 0 |
| 59 | Other Deferred Credits (253) | 269 | 11,055,949 | 10,097,173 |
| 60 | Other Regulatory Liabilities (254) | 278 | 2,263,764 | 14,996 |
| 61 | Unamortized Gain on Reaquired Debt (257) | | 1,023,620 | 1,102,360 |
| 62 | Accum. Deferred Income Taxes-Accel. Amort.(281) | 272-277 | 0 | 0 |
| 63 | Accum. Deferred Income Taxes-Other Property (282) | | 38,570,557 | 31,613,461 |
| 64 | Accum. Deferred Income Taxes-Other (283) | | 8,090,164 | 8,316,005 |
| 65 | Total Deferred Credits (lines 56 through 64) | | 64,498,714 | 54,715,528 |
| 66 | TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65) | | 385,865,358 | 360,116,329 |

20110421-8037 FERC PDF (Unofficial) 04/18/2011

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) [X] An Original<br>(2) [ ] A Resubmission | 04/15/2011 | End of 2010/Q4 |

## STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

| Line No. | Description (See Instruction No. 1 for Explanation of Codes) (a) | Current Year to Date Quarter/Year (b) | Previous Year to Date Quarter/Year (c) |
|---|---|---|---|
| 1 | Net Cash Flow from Operating Activities: | | |
| 2 | Net Income (Line 78(c) on page 117) | 16,376,606 | 16,950,229 |
| 3 | Noncash Charges (Credits) to Income: | | |
| 4 | Depreciation and Depletion | 11,241,187 | 10,486,979 |
| 5 | Amort of:Loss on Reacq Debt/Debt Disc Exp/Debt Premium & Accretion | | -26,927 |
| 6 | Other | 1,287,706 | |
| 7 | Interest Income - Deferred | | -202,335 |
| 8 | Deferred Income Taxes (Net) | 4,881,496 | 11,053,322 |
| 9 | Investment Tax Credit Adjustment (Net) | | -56,598 |
| 10 | Net (Increase) Decrease in Receivables | -2,007,746 | 965,972 |
| 11 | Net (Increase) Decrease in Inventory | | 1,020,398 |
| 12 | Net (Increase) Decrease in Allowances Inventory | | |
| 13 | Net Increase (Decrease) in Payables and Accrued Expenses | -1,513,823 | -4,967,954 |
| 14 | Net (Increase) Decrease in Other Regulatory Assets | 462,479 | -439,923 |
| 15 | Net Increase (Decrease) in Other Regulatory Liabilities | 819,432 | -4,523,924 |
| 16 | (Less) Allowance for Other Funds Used During Construction | 247,841 | 60,356 |
| 17 | (Less) Undistributed Earnings from Subsidiary Companies | | |
| 18 | Other (provide details in footnote): | | |
| 19 | | | |
| 20 | Other: Changes in Other Assets/Liabilities | -1,237,163 | 2,078,561 |
| 21 | | | |
| 22 | Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21) | 30,062,333 | 32,277,444 |
| 23 | | | |
| 24 | Cash Flows from Investment Activities: | | |
| 25 | Construction and Acquisition of Plant (including land): | | |
| 26 | Gross Additions to Utility Plant (less nuclear fuel) | -16,443,086 | -12,119,855 |
| 27 | Gross Additions to Nuclear Fuel | | |
| 28 | Gross Additions to Common Utility Plant | | -1,975,828 |
| 29 | Gross Additions to Nonutility Plant | | -246,898 |
| 30 | (Less) Allowance for Other Funds Used During Construction | | -60,356 |
| 31 | Other (provide details in footnote): | | |
| 32 | | | |
| 33 | | | |
| 34 | Cash Outflows for Plant (Total of lines 26 thru 33) | -16,443,086 | -14,282,225 |
| 35 | | | |
| 36 | Acquisition of Other Noncurrent Assets (d) | | |
| 37 | Proceeds from Disposal of Noncurrent Assets (d) | | |
| 38 | | | |
| 39 | Investments in and Advances to Assoc. and Subsidiary Companies | -13,345,494 | |
| 40 | Contributions and Advances from Assoc. and Subsidiary Companies | | |
| 41 | Disposition of Investments in (and Advances to) | | |
| 42 | Associated and Subsidiary Companies | | |
| 43 | | | |
| 44 | Purchase of Investment Securities (a) | | |
| 45 | Proceeds from Sales of Investment Securities (a) | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| 20110421-8037 FERC PDF (Unofficial) 04/21/2011<br>Cheyenne Light, Fuel and Power Company | (1) [X] An Original<br>(2) [ ] A Resubmission | 04/15/2011 | End of 2010/Q4 |

## STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

| Line No. | Description (See Instruction No. 1 for Explanation of Codes)<br>(a) | Current Year to Date Quarter/Year<br>(b) | Previous Year to Date Quarter/Year<br>(c) |
|---|---|---|---|
| 46 | Loans Made or Purchased | | |
| 47 | Collections on Loans | | |
| 48 | | | |
| 49 | Net (Increase) Decrease in Receivables | | |
| 50 | Net (Increase ) Decrease in Inventory | | |
| 51 | Net (Increase) Decrease in Allowances Held for Speculation | | |
| 52 | Net Increase (Decrease) in Payables and Accrued Expenses | | |
| 53 | Other (provide details in footnote): | -317,949 | |
| 54 | | | |
| 55 | | | |
| 56 | Net Cash Provided by (Used in) Investing Activities | | |
| 57 | Total of lines 34 thru 55) | -30,106,529 | -14,282,225 |
| 58 | | | |
| 59 | Cash Flows from Financing Activities: | | |
| 60 | Proceeds from Issuance of: | | |
| 61 | Long-Term Debt (b) | | |
| 62 | Preferred Stock | | |
| 63 | Common Stock | | |
| 64 | Other (provide details in footnote): | | |
| 65 | | | |
| 66 | Net Increase in Short-Term Debt (c) | | |
| 67 | Other (provide details in footnote): | | |
| 68 | | | |
| 69 | | | |
| 70 | Cash Provided by Outside Sources (Total 61 thru 69) | | |
| 71 | | | |
| 72 | Payments for Retirement of: | | |
| 73 | Long-term Debt (b) | | |
| 74 | Preferred Stock | | |
| 75 | Common Stock | | |
| 76 | Other (provide details in footnote): | | |
| 77 | Unamortized Debt of Bond (provide footnote) | | -564,323 |
| 78 | Net Decrease in Short-Term Debt (c) | | |
| 79 | | | |
| 80 | Dividends on Preferred Stock | | |
| 81 | Dividends on Common Stock | | -25,000,000 |
| 82 | Net Cash Provided by (Used in) Financing Activities | | |
| 83 | (Total of lines 70 thru 81) | | -25,564,323 |
| 84 | | | |
| 85 | Net Increase (Decrease) in Cash and Cash Equivalents | | |
| 86 | (Total of lines 22,57 and 83) | -44,196 | -7,569,104 |
| 87 | | | |
| 88 | Cash and Cash Equivalents at Beginning of Period | 100,678 | 7,669,782 |
| 89 | | | |
| 90 | Cash and Cash Equivalents at End of period | 56,482 | 100,678 |

20110421-8037 FERC PDF (Unofficial) 04/18/2011

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) [X] An Original<br>(2) [ ] A Resubmission | 04/15/2011 | End of 2010/Q3 |



## ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

| Line No. | Title of Account (a) | Operating Revenues Year to Date Quarterly/Annual (b) | Operating Revenues Previous year (no Quarterly) (c) |
|---|---|---|---|
| 1 | Sales of Electricity | | |
| 2 | (440) Residential Sales | 28,882,527 | 27,958,484 |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 4) | 50,496,430 | 48,859,935 |
| 5 | Large (or Ind.) (See Instr. 4) | 9,975,509 | 10,394,858 |
| 6 | (444) Public Street and Highway Lighting | 926,302 | 931,652 |
| 7 | (445) Other Sales to Public Authorities | 359,685 | |
| 8 | (446) Sales to Railroads and Railways | | |
| 9 | (448) Interdepartmental Sales | | |
| 10 | TOTAL Sales to Ultimate Consumers | 90,640,453 | 88,144,929 |
| 11 | (447) Sales for Resale | 48,211,636 | 46,918,771 |
| 12 | TOTAL Sales of Electricity | 138,852,089 | 135,063,700 |
| 13 | (Less) (449.1) Provision for Rate Refunds | | |
| 14 | TOTAL Revenues Net of Prov. for Refunds | 138,852,089 | 135,063,700 |
| 15 | Other Operating Revenues | | |
| 16 | (450) Forfeited Discounts | 206,748 | 152,856 |
| 17 | (451) Miscellaneous Service Revenues | 158,581 | 135,829 |
| 18 | (453) Sales of Water and Water Power | | |
| 19 | (454) Rent from Electric Property | 2,185,994 | 100,263 |
| 20 | (455) Interdepartmental Rents | | |
| 21 | (456) Other Electric Revenues | 35,949 | 329,941 |
| 22 | (456.1) Revenues from Transmission of Electricity of Others | 660,913 | |
| 23 | (457.1) Regional Control Service Revenues | | |
| 24 | (457.2) Miscellaneous Revenues | 430 | |
| 25 | | | |
| 26 | TOTAL Other Operating Revenues | 3,248,615 | 718,889 |
| 27 | TOTAL Electric Operating Revenues | 142,100,704 | 135,782,589 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| Cheyenne Light, Fuel and Power Company | (1) X An Original<br>(2) A Resubmission | 04/15/2011 | End of 2010/Q4 |

20110421-8037 FERC PDF (Unofficial) 04/18/2011

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 1 | 1. POWER PRODUCTION EXPENSES | | |
| 2 | A. Steam Power Generation | | |
| 3 | Operation | | |
| 4 | (500) Operation Supervision and Engineering | 893,282 | 435,214 |
| 5 | (501) Fuel | 6,188,057 | 7,011,618 |
| 6 | (502) Steam Expenses | 1,420,448 | 1,318,695 |
| 7 | (503) Steam from Other Sources | | |
| 8 | (Less) (504) Steam Transferred-Cr. | | |
| 9 | (505) Electric Expenses | 290,427 | 208,440 |
| 10 | (506) Miscellaneous Steam Power Expenses | 63,086 | 81,817 |
| 11 | (507) Rents | 1,521,624 | 240,000 |
| 12 | (509) Allowances | 11,228 | 16,040 |
| 13 | TOTAL Operation (Enter Total of Lines 4 thru 12) | 10,388,152 | 9,311,824 |
| 14 | Maintenance | | |
| 15 | (510) Maintenance Supervision and Engineering | 206,727 | 54,150 |
| 16 | (511) Maintenance of Structures | 136,556 | 58,099 |
| 17 | (512) Maintenance of Boiler Plant | 1,223,633 | 963,815 |
| 18 | (513) Maintenance of Electric Plant | 147,566 | 136,000 |
| 19 | (514) Maintenance of Miscellaneous Steam Plant | 6,649 | 1,930 |
| 20 | TOTAL Maintenance (Enter Total of Lines 15 thru 19) | 1,721,131 | 1,213,994 |
| 21 | TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20) | 12,109,283 | 10,525,818 |
| 22 | B. Nuclear Power Generation | | |
| 23 | Operation | | |
| 24 | (517) Operation Supervision and Engineering | | |
| 25 | (518) Fuel | | |
| 26 | (519) Coolants and Water | | |
| 27 | (520) Steam Expenses | | |
| 28 | (521) Steam from Other Sources | | |
| 29 | (Less) (522) Steam Transferred-Cr. | | |
| 30 | (523) Electric Expenses | | |
| 31 | (524) Miscellaneous Nuclear Power Expenses | | |
| 32 | (525) Rents | | |
| 33 | TOTAL Operation (Enter Total of lines 24 thru 32) | | |
| 34 | Maintenance | | |
| 35 | (528) Maintenance Supervision and Engineering | | |
| 36 | (529) Maintenance of Structures | | |
| 37 | (530) Maintenance of Reactor Plant Equipment | | |
| 38 | (531) Maintenance of Electric Plant | | |
| 39 | (532) Maintenance of Miscellaneous Nuclear Plant | | |
| 40 | TOTAL Maintenance (Enter Total of lines 35 thru 39) | | |
| 41 | TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40) | | |
| 42 | C. Hydraulic Power Generation | | |
| 43 | Operation | | |
| 44 | (535) Operation Supervision and Engineering | | |
| 45 | (536) Water for Power | | |
| 46 | (537) Hydraulic Expenses | | |
| 47 | (538) Electric Expenses | | |
| 48 | (539) Miscellaneous Hydraulic Power Generation Expenses | | |
| 49 | (540) Rents | | |
| 50 | TOTAL Operation (Enter Total of Lines 44 thru 49) | | |
| 51 | C. Hydraulic Power Generation (Continued) | | |
| 52 | Maintenance | | |
| 53 | (541) Mainentance Supervision and Engineering | | |
| 54 | (542) Maintenance of Structures | | |
| 55 | (543) Maintenance of Reservoirs, Dams, and Waterways | | |
| 56 | (544) Maintenance of Electric Plant | | |
| 57 | (545) Maintenance of Miscellaneous Hydraulic Plant | | |
| 58 | TOTAL Maintenance (Enter Total of lines 53 thru 57) | | |
| 59 | TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58) | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 60 | D. Other Power Generation | | |
| 61 | Operation | | |
| 62 | (546) Operation Supervision and Engineering | | |
| 63 | (547) Fuel | | |
| 64 | (548) Generation Expenses | | |
| 65 | (549) Miscellaneous Other Power Generation Expenses | | |
| 66 | (550) Rents | | |
| 67 | TOTAL Operation (Enter Total of lines 62 thru 66) | | |
| 68 | Maintenance | | |
| 69 | (551) Maintenance Supervision and Engineering | | |
| 70 | (552) Maintenance of Structures | | |
| 71 | (553) Maintenance of Generating and Electric Plant | | |
| 72 | (554) Maintenance of Miscellaneous Other Power Generation Plant | | |
| 73 | TOTAL Maintenance (Enter Total of lines 69 thru 72) | | |
| 74 | TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73) | | |
| 75 | E. Other Power Supply Expenses | | |
| 76 | (555) Purchased Power | 75,794,992 | 73,216,630 |
| 77 | (556) System Control and Load Dispatching | 424,860 | 420,575 |
| 78 | (557) Other Expenses | 1,288 | |
| 79 | TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78) | 76,221,140 | 73,637,205 |
| 80 | TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79) | 88,330,423 | 84,163,023 |
| 81 | 2. TRANSMISSION EXPENSES | | |
| 82 | Operation | | |
| 83 | (560) Operation Supervision and Engineering | 17,226 | 7,234 |
| 84 | (561) Load Dispatching | 5,501 | |
| 85 | (561.1) Load Dispatch-Reliability | | 148 |
| 86 | (561.2) Load Dispatch-Monitor and Operate Transmission System | | |
| 87 | (561.3) Load Dispatch-Transmission Service and Scheduling | | |
| 88 | (561.4) Scheduling, System Control and Dispatch Services | | |
| 89 | (561.5) Reliability, Planning and Standards Development | 17,125 | |
| 90 | (561.6) Transmission Service Studies | | |
| 91 | (561.7) Generation Interconnection Studies | | |
| 92 | (561.8) Reliability, Planning and Standards Development Services | | |
| 93 | (562) Station Expenses | | |
| 94 | (563) Overhead Lines Expenses | | |
| 95 | (564) Underground Lines Expenses | | |
| 96 | (565) Transmission of Electricity by Others | 6,980,815 | 5,765,982 |
| 97 | (566) Miscellaneous Transmission Expenses | 170 | |
| 98 | (567) Rents | | |
| 99 | TOTAL Operation (Enter Total of lines 83 thru 98) | 7,020,837 | 5,773,364 |
| 100 | Maintenance | | |
| 101 | (568) Maintenance Supervision and Engineering | | |
| 102 | (569) Maintenance of Structures | | |
| 103 | (569.1) Maintenance of Computer Hardware | | |
| 104 | (569.2) Maintenance of Computer Software | | |
| 105 | (569.3) Maintenance of Communication Equipment | | |
| 106 | (569.4) Maintenance of Miscellaneous Regional Transmission Plant | | |
| 107 | (570) Maintenance of Station Equipment | | |
| 108 | (571) Maintenance of Overhead Lines | | |
| 109 | (572) Maintenance of Underground Lines | | |
| 110 | (573) Maintenance of Miscellaneous Transmission Plant | | |
| 111 | TOTAL Maintenance (Total of lines 101 thru 110) | | |
| 112 | TOTAL Transmission Expenses (Total of lines 99 and 111) | 7,020,837 | 5,773,364 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 113 | 3. REGIONAL MARKET EXPENSES | | |
| 114 | Operation | | |
| 115 | (575.1) Operation Supervision | | |
| 116 | (575.2) Day-Ahead and Real-Time Market Facilitation | | |
| 117 | (575.3) Transmission Rights Market Facilitation | | |
| 118 | (575.4) Capacity Market Facilitation | | |
| 119 | (575.5) Ancillary Services Market Facilitation | | |
| 120 | (575.6) Market Monitoring and Compliance | | |
| 121 | (575.7) Market Facilitation, Monitoring and Compliance Services | | |
| 122 | (575.8) Rents | | |
| 123 | Total Operation (Lines 115 thru 122) | | |
| 124 | Maintenance | | |
| 125 | (576.1) Maintenance of Structures and Improvements | | |
| 126 | (576.2) Maintenance of Computer Hardware | | |
| 127 | (576.3) Maintenance of Computer Software | | |
| 128 | (576.4) Maintenance of Communication Equipment | | |
| 129 | (576.5) Maintenance of Miscellaneous Market Operation Plant | | |
| 130 | Total Maintenance (Lines 125 thru 129) | | |
| 131 | TOTAL Regional Transmission and Market Op Expns (Total 123 and 130) | | |
| 132 | 4. DISTRIBUTION EXPENSES | | |
| 133 | Operation | | |
| 134 | (580) Operation Supervision and Engineering | 328,001 | 307,221 |
| 135 | (581) Load Dispatching | 76,938 | 48,347 |
| 136 | (582) Station Expenses | 15,214 | 23,386 |
| 137 | (583) Overhead Line Expenses | 429,295 | 427,540 |
| 138 | (584) Underground Line Expenses | 185,964 | 195,538 |
| 139 | (585) Street Lighting and Signal System Expenses | 34,711 | 21,844 |
| 140 | (586) Meter Expenses | 95,682 | -1,119 |
| 141 | (587) Customer Installations Expenses | 22,869 | 39,790 |
| 142 | (588) Miscellaneous Expenses | 258,581 | 177,655 |
| 143 | (589) Rents | 66,779 | 28,805 |
| 144 | TOTAL Operation (Enter Total of lines 134 thru 143) | 1,514,034 | 1,269,007 |
| 145 | Maintenance | | |
| 146 | (590) Maintenance Supervision and Engineering | 160,201 | 121,977 |
| 147 | (591) Maintenance of Structures | | |
| 148 | (592) Maintenance of Station Equipment | 18,073 | 19,723 |
| 149 | (593) Maintenance of Overhead Lines | 493,183 | 453,168 |
| 150 | (594) Maintenance of Underground Lines | 196,250 | 121,423 |
| 151 | (595) Maintenance of Line Transformers | 100,711 | 36,408 |
| 152 | (596) Maintenance of Street Lighting and Signal Systems | 71,044 | 43,773 |
| 153 | (597) Maintenance of Meters | | 684 |
| 154 | (598) Maintenance of Miscellaneous Distribution Plant | 484 | 8,580 |
| 155 | TOTAL Maintenance (Total of lines 146 thru 154) | 1,039,946 | 805,736 |
| 156 | TOTAL Distribution Expenses (Total of lines 144 and 155) | 2,553,980 | 2,074,743 |
| 157 | 5. CUSTOMER ACCOUNTS EXPENSES | | |
| 158 | Operation | | |
| 159 | (901) Supervision | 114,908 | 61,587 |
| 160 | (902) Meter Reading Expenses | 183,076 | 238,986 |
| 161 | (903) Customer Records and Collection Expenses | 729,413 | 479,234 |
| 162 | (904) Uncollectible Accounts | 271,500 | 113,051 |
| 163 | (905) Miscellaneous Customer Accounts Expenses | 87,038 | 59,577 |
| 164 | TOTAL Customer Accounts Expenses (Total of lines 159 thru 163) | 1,385,935 | 952,435 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 165 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | |
| 166 | Operation | | |
| 167 | (907) Supervision | 391,880 | 287,320 |
| 168 | (908) Customer Assistance Expenses | 283,712 | 257,710 |
| 169 | (909) Informational and Instructional Expenses | 12,220 | 21,362 |
| 170 | (910) Miscellaneous Customer Service and Informational Expenses | 145 | |
| 171 | TOTAL Customer Service and Information Expenses (Total 167 thru 170) | 687,957 | 566,392 |
| 172 | 7. SALES EXPENSES | | |
| 173 | Operation | | |
| 174 | (911) Supervision | | |
| 175 | (912) Demonstrating and Selling Expenses | 248 | |
| 176 | (913) Advertising Expenses | | |
| 177 | (916) Miscellaneous Sales Expenses | | |
| 178 | TOTAL Sales Expenses (Enter Total of lines 174 thru 177) | 248 | |
| 179 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 180 | Operation | | |
| 181 | (920) Administrative and General Salaries | 2,418,364 | 2,057,115 |
| 182 | (921) Office Supplies and Expenses | 746,092 | 853,354 |
| 183 | (Less) (922) Administrative Expenses Transferred-Credit | 1,660 | |
| 184 | (923) Outside Services Employed | 583,192 | 683,190 |
| 185 | (924) Property Insurance | 184,648 | 132,079 |
| 186 | (925) Injuries and Damages | 379,925 | 326,800 |
| 187 | (926) Employee Pensions and Benefits | 470,465 | 1,455,807 |
| 188 | (927) Franchise Requirements | | |
| 189 | (928) Regulatory Commission Expenses | 303,189 | 354,132 |
| 190 | (929) (Less) Duplicate Charges-Cr. | | |
| 191 | (930.1) General Advertising Expenses | 85,084 | 44,221 |
| 192 | (930.2) Miscellaneous General Expenses | 217,150 | 153,262 |
| 193 | (931) Rents | 90,222 | 80,958 |
| 194 | TOTAL Operation (Enter Total of lines 181 thru 193) | 5,476,671 | 6,140,918 |
| 195 | Maintenance | | |
| 196 | (935) Maintenance of General Plant | 135,634 | 34,387 |
| 197 | TOTAL Administrative & General Expenses (Total of lines 194 and 196) | 5,612,305 | 6,175,305 |
| 198 | TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197) | 105,591,685 | 99,705,262 |

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STATEMENT OF INCOME

Quarterly
1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | Total Current Year to Date Balance for Quarter/Year (c) | Total Prior Year to Date Balance for Quarter/Year (d) | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|---|---|---|---|---|---|---|
| 1 | UTILITY OPERATING INCOME | | | | | |
| 2 | Operating Revenues (400) | 300-301 | 179,691,678 | 171,395,615 | | |
| 3 | Operating Expenses | | | | | |
| 4 | Operation Expenses (401) | 320-323 | 133,122,633 | 126,010,206 | | |
| 5 | Maintenance Expenses (402) | 320-323 | 3,356,197 | 2,323,775 | | |
| 6 | Depreciation Expense (403) | 336-337 | 11,217,422 | 10,486,980 | | |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | 336-337 | | | | |
| 8 | Amort. & Depl. of Utility Plant (404-405) | 336-337 | 14,470 | | | |
| 9 | Amort. of Utility Plant Acq. Adj. (406) | 336-337 | | | | |
| 10 | Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407) | | | | | |
| 11 | Amort. of Conversion Expenses (407) | | | | | |
| 12 | Regulatory Debits (407.3) | | | | | |
| 13 | (Less) Regulatory Credits (407.4) | | 3,442,331 | 4,385,582 | | |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 2,950,144 | 3,388,983 | | |
| 15 | Income Taxes - Federal (409.1) | 262-263 | 3,728,340 | -2,143,489 | | |
| 16 | - Other (409.1) | 262-263 | 9,011 | | | |
| 17 | Provision for Deferred Income Taxes (410.1) | 234, 272-277 | 10,343,167 | 11,141,983 | | |
| 18 | (Less) Provision for Deferred Income Taxes-Cr. (411.1) | 234, 272-277 | 5,406,696 | 88,661 | | |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | -55,976 | -56,599 | | |
| 20 | (Less) Gains from Disp. of Utility Plant (411.6) | | | | | |
| 21 | Losses from Disp. of Utility Plant (411.7) | | | | | |
| 22 | (Less) Gains from Disposition of Allowances (411.8) | | | | | |
| 23 | Losses from Disposition of Allowances (411.9) | | | | | |
| 24 | Accretion Expense (411.10) | | 9,296 | 9,296 | | |
| 25 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24) | | 155,846,677 | 146,686,892 | | |
| 26 | Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27 | | 23,845,001 | 24,708,723 | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

| ELECTRIC UTILITY | | GAS UTILITY | | OTHER UTILITY | | Line No. |
|---|---|---|---|---|---|---|
| Current Year to Date (in dollars) (g) | Previous Year to Date (in dollars) (h) | Current Year to Date (in dollars) (i) | Previous Year to Date (in dollars) (j) | Current Year to Date (in dollars) (k) | Previous Year to Date (in dollars) (l) | |
| | | | | | | 1 |
| 142,100,704 | 135,782,589 | 37,590,974 | 35,613,026 | | | 2 |
| | | | | | | 3 |
| 102,694,974 | 97,651,144 | 30,427,659 | 28,359,062 | | | 4 |
| 2,896,711 | 2,054,118 | 459,486 | 269,657 | | | 5 |
| 9,076,078 | 8,838,288 | 2,141,344 | 1,648,692 | | | 6 |
| | | | | | | 7 |
| 8,595 | | 5,875 | | | | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| 3,442,331 | 4,385,582 | | | | | 13 |
| 1,628,218 | 2,013,355 | 1,321,926 | 1,375,628 | | | 14 |
| 3,541,923 | -2,038,322 | 186,417 | -105,167 | | | 15 |
| 8,560 | | 451 | | | | 16 |
| 9,826,009 | 10,595,317 | 517,158 | 546,666 | | | 17 |
| 5,135,411 | 84,311 | 270,285 | 4,350 | | | 18 |
| -47,890 | -40,388 | -8,086 | -16,211 | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| 9,296 | 9,296 | | | | | 24 |
| 121,064,732 | 114,612,915 | 34,781,945 | 32,073,977 | | | 25 |
| 21,035,972 | 21,169,674 | 2,809,029 | 3,539,049 | | | 26 |

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STATEMENT OF INCOME FOR THE YEAR (continued)

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | TOTAL Current Year (c) | TOTAL Previous Year (d) | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|---|---|---|---|---|---|---|
| 27 | Net Utility Operating Income (Carried forward from page 114) | | 23,845,001 | 24,708,723 | | |
| 28 | Other Income and Deductions | | | | | |
| 29 | Other Income | | | | | |
| 30 | Nonutility Operating Income | | | | | |
| 31 | Revenues From Merchandising, Jobbing and Contract Work (415) | | 471 | 1,172 | | |
| 32 | (Less) Costs and Exp. of Merchandising, Job. & Contract Work (416) | | 1,483 | 3,384 | | |
| 33 | Revenues From Nonutility Operations (417) | | 4,429 | | | |
| 34 | (Less) Expenses of Nonutility Operations (417.1) | | 1,398 | | | |
| 35 | Nonoperating Rental Income (418) | | | | | |
| 36 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | | | | |
| 37 | Interest and Dividend Income (419) | | 473,734 | 278,864 | | |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | 247,841 | 60,356 | | |
| 39 | Miscellaneous Nonoperating Income (421) | | 7,975 | 110,557 | | |
| 40 | Gain on Disposition of Property (421.1) | | | | | |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 731,569 | 447,565 | | |
| 42 | Other Income Deductions | | | | | |
| 43 | Loss on Disposition of Property (421.2) | | | | | |
| 44 | Miscellaneous Amortization (425) | | | | | |
| 45 | Donations (426.1) | | 71,311 | 48,245 | | |
| 46 | Life Insurance (426.2) | | | | | |
| 47 | Penalties (426.3) | | | 1,168 | | |
| 48 | Exp. for Certain Civic, Political & Related Activities (426.4) | | 815 | | | |
| 49 | Other Deductions (426.5) | | 758 | | | |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 72,884 | 49,413 | | |
| 51 | Taxes Applic. to Other Income and Deductions | | | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | | | | |
| 53 | Income Taxes-Federal (409.2) | 262-263 | 867 | 20,627 | | |
| 54 | Income Taxes-Other (409.2) | 262-263 | | | | |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234, 272-277 | | | | |
| 56 | (Less) Provision for Deferred Income Taxes-Cr. (411.2) | 234, 272-277 | | | | |
| 57 | Investment Tax Credit Adj.-Net (411.5) | | | | | |
| 58 | (Less) Investment Tax Credits (420) | | | | | |
| 59 | TOTAL Taxes on Other Income and Deductions (Total of lines 52-58) | | 867 | 20,627 | | |
| 60 | Net Other Income and Deductions (Total of lines 41, 50, 59) | | 657,818 | 377,525 | | |
| 61 | Interest Charges | | | | | |
| 62 | Interest on Long-Term Debt (427) | | 7,980,197 | 7,985,606 | | |
| 63 | Amort. of Debt Disc. and Expense (428) | | 72,115 | 59,136 | | |
| 64 | Amortization of Loss on Reaquired Debt (428.1) | | 42,518 | 27,924 | | |
| 65 | (Less) Amort. of Premium on Debt-Credit (429) | | 78,740 | 78,740 | | |
| 66 | (Less) Amortization of Gain on Reaquired Debt-Credit (429.1) | | | | | |
| 67 | Interest on Debt to Assoc. Companies (430) | | 131,823 | 44,667 | | |
| 68 | Other Interest Expense (431) | | 54,150 | 138,567 | | |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr. (432) | | 75,850 | 41,141 | | |
| 70 | Net Interest Charges (Total of lines 62 thru 69) | | 8,126,213 | 8,136,019 | | |
| 71 | Income Before Extraordinary Items (Total of lines 27, 60 and 70) | | 16,376,606 | 16,950,229 | | |
| 72 | Extraordinary Items | | | | | |
| 73 | Extraordinary Income (434) | | | | | |
| 74 | (Less) Extraordinary Deductions (435) | | | | | |
| 75 | Net Extraordinary Items (Total of line 73 less line 74) | | | | | |
| 76 | Income Taxes-Federal and Other (409.3) | 262-263 | | | | |
| 77 | Extraordinary Items After Taxes (line 75 less line 76) | | | | | |
| 78 | Net Income (Total of line 71 and 77) | | 16,376,606 | 16,950,229 | | |

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NOTES TO FINANCIAL STATEMENTS (Continued)

**CHEYENNE LIGHT, FUEL AND POWER COMPANY**

Notes to Financial Statements
As of and for the Years Ended December 31, 2010 and 2009

## (1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Additionally, these requirements differ from GAAP related to the presentation of certain items including deferred income taxes, cost of removal liabilities and current unrecovered/over-recovered purchased electric/gas costs. The Company's notes to the financial statements are prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of the Company's FERC basis financial statements contained herein.

### Business Description

Cheyenne Light, Fuel and Power Company (the "Company," "we," "us," or "our") is a combination electric and gas public utility serving customers in Cheyenne, Wyoming and vicinity. We are a wholly-owned subsidiary of BHC, a public registrant listed on the New York Stock Exchange. These financial statements include consideration of events through March 21, 2011.

In addition to Wygen II, our 95 MW baseload coal-fired power plant near Gillette, Wyoming, we have contracted under several power purchase agreements discussed in Note 9.

Our natural gas distribution system serves approximately 34,500 natural gas customers in Cheyenne, Wyoming and vicinity. Our annual 2010 retail natural gas sales were approximately 4.9 million Dth. We purchase natural gas from independent suppliers. The natural gas supplies are delivered to the respective delivery systems through a combination of transportation agreements with interstate pipelines and deliveries by suppliers directly to certain transportation customers. The balance of the quantities required to meet firm peak day sales obligations are primarily purchased at our city gate meter station and a small amount is received directly from wellhead sources.

### Significant Accounting Policies

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain prior years' data presented in the financial statements have been reclassified to conform to the current year presentation. The statement of income for the prior period has been modified to reflect the retrospective application of a change in the statement of income to enhance our presentation. The Statement of Cash Flows was modified to reflect Employee benefit expense as an adjustment to reconcile net income to net cash provided by operating activities. It was previously included in Other operating activities.

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**Regulatory Accounting**

Our operations are subject to regulation by state and federal agencies. The accounting policies followed are generally subject to the Uniform System of Accounts of FERC.

Our operations follow accounting standards for regulated operations and reflect the effects of the different ratemaking principles followed by FERC and the WPSC regulating our operations. If rate recovery of utility-related costs becomes unlikely or uncertain, due to competition or regulatory action, this accounting standard may no longer apply.

**Cash Equivalents**

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Materials, Supplies and Fuel**

Materials, supplies and fuel used for construction, operation and maintenance purposes are generally stated at cost on a weighted-average basis.

**Property, Plant and Equipment**

Additions to property, plant and equipment are recorded at cost when placed in service and include AFUDC. The cost of regulated utility property, plant and equipment retired, or otherwise disposed of in the ordinary course of business, less salvage, is charged to accumulated depreciation. Repairs and maintenance of property are charged to operations as incurred.

Depreciation provisions for regulated utility property, plant and equipment are computed on a straight-line basis using an annual composite rate of 2.4% and 2.9% in 2010 and 2009, respectively.

**AFUDC**

AFUDC is included in the cost of regulated construction projects, which represents the approximate composite cost of borrowed funds and a return on capital used to finance a project.

The components of AFUDC are as follows (in thousands)

| Years Ended | December 31, 2010 | December 31, 2009 |
|---|---|---|
| AFUDC - borrowed | $ 76 | $ 41 |
| AFUDC - equity | 248 | 60 |
| Total AFUDC | $ 324 | $ 101 |

The borrowed funds component offsets Interest expense in the accompanying Statements of Income. The AFUDC was computed at an annual composite rate of 8.79% and 6.37% during 2010 and 2009 respectively. The deferred tax liability created by the equity component of AFUDC is recognized as a regulatory asset.

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**Goodwill**

Goodwill relates to our acquisition by BHC and represents the final purchase allocation of the cost of the investment over the estimated fair value of the underlying net assets acquired. Under accounting standards for goodwill, we perform an annual review of goodwill during the fourth quarter of each year. No impairment loss was recorded during 2010 or 2009. Goodwill increased approximately $0.3 million in 2010 for tax adjustments related to prior periods.

**Impairment of Long-Lived Assets**

We periodically evaluate whether events and circumstances have occurred, which may affect the estimated useful life or the recoverability of the remaining balance of our long-lived assets. If such events or circumstances were to indicate that the carrying amount of these assets was not recoverable, we would estimate the future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) was less than the carrying amount of the long-lived assets, we would recognize an impairment loss. No impairment loss was recorded during 2010 or 2009.

**Income Taxes**

We use the liability method in accounting for income taxes. Under the liability method, deferred income taxes are recognized, at currently enacted income tax rates, to reflect the tax effect of temporary differences between the financial and tax basis of assets and liabilities. Such temporary differences are the result of provisions in the income tax law that either require or permit certain items to be reported on the income tax return in a different period than they are reported in the financial statements. We classify deferred tax assets and liabilities into current and non-current amounts based on the classification of the related assets and liabilities.

We file a federal income tax return with other affiliates. For financial statement purposes, federal income taxes are allocated to the individual companies based on amounts calculated on a separate return basis.

**Revenue Recognition and Accounts Receivables**

Revenue is recognized when there is persuasive evidence of an arrangement with a fixed or determinable price, delivery has occurred or services have been rendered, and collection is reasonably assured.

We maintain an allowance for doubtful accounts which reflects our best estimate of potentially uncollectible trade receivables. We regularly review our trade receivable allowances by considering such factors as historical experience, credit worthiness, the age of the receivable balances and current economic conditions that may affect the ability to pay.

Accounts receivable consist of sales to residential, commercial, industrial, municipal and other customers all of which do not bear interest. These accounts receivables are stated at billed amounts net of write-offs or payment received. Approximately 29% of the accounts receivable balance consists of unbilled revenue. The allowance for doubtful accounts represents our best estimate of existing accounts receivable that will ultimately be uncollected. The allowance is calculated by applying estimated write-off factors to various classes of outstanding receivables, including unbilled revenue. The write-off factors used to estimate uncollectible accounts are based upon consideration of both historical collections experience and management's best estimate of future collection success given the existing collections environment.

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Following is a summary of trade receivables at December 31 (in thousands):

| | 2010 | 2009 |
|---|---|---|
| Trade receivables | $ 12,229 | $ 12,598 |
| Unbilled revenues | 5,002 | 3,991 |
| | 17,231 | 16,589 |
| Allowance for doubtful accounts | (127) | (107) |
| Trade receivables, net | $ 17,104 | $ 16,482 |

**Recently Adopted Accounting Standards**

Consolidation of Variable Interest Entities, ASC 810-10-15

In June 2009, the FASB issued a revision regarding consolidations. The amendment requires a company to consider whether an entity that is insufficiently capitalized or is not controlled through voting should be consolidated. It requires additional disclosures about the involvement with variable interest entities and any significant changes in risk exposure due to that involvement. This standard is effective for annual periods that begin after November 15, 2009. The adoption of this standard did not have an impact on our financial condition, results of operations, and cash flows.

Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses ASC 310-10-50

In July 2010, the FASB issued an amendment to ASC 310-10-50, Receivables - Disclosures. The guidance requires additional disclosures that will facilitate financial statement user's evaluation of the nature of credit risk inherent in financing receivables, how that risk is analyzed in arriving at the allowance for credit losses, and the reason for any changes in the allowance for credit losses. These disclosures should be provided on a disaggregated basis but exempts trade receivables that have a contractual maturity of one year or less, receivables measured at lower of cost or fair value, and receivables measured at fair value with the changes in fair value reported in earnings. It is effective for interim and annual reporting periods ending on or after December 15, 2010. The guidance requires additional disclosures, but did not impact our financial position, results of operations or cash flows.

**Recently Issued Accounting Standards and Legislation**

Patient Protection and Affordable Care Act

In March 2010, the President of the United States signed into law comprehensive healthcare reform legislation under the PPACA as amended by the Healthcare and Education Reconciliation Act. The potential impact on the Company, if any, cannot be determined until regulations are promulgated under the PPACA. Included among the provisions of the PPACA is a change in the tax treatment of the Medicare Part D subsidy (the "subsidy") which affects our Non-Pension Postretirement Benefit Plan. Internal Revenue Code Section 139A has been amended to eliminate the deduction of the subsidy in reducing income for years beginning after December 31, 2012. The impact of this change in the tax treatment of the subsidy had an immaterial effect on our financial position, results of operations and cash flows. The Company will continue to assess the accounting implications of the PPACA as related regulations and interpretations become available.

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NOTES TO FINANCIAL STATEMENTS (Continued)

## (2) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31 consisted of the following (dollars in thousands):

| | 2010 | Weighted Average Useful Life | 2009 | Weighted Average Useful Life | Lives (in years) |
|---|---|---|---|---|---|
| Electric plant: | | | | | |
| Production | $ 185,599 | 45 | $ 182,845 | 45 | 45 |
| Transmission | 4,316 | 45 | 3,697 | 44 | 40-45 |
| Electric distribution | 97,370 | 48 | 96,270 | 44 | 15-45 |
| General | 2,791 | 18 | 2,602 | 26 | 3-25 |
| Gas plant: | | | | | |
| Gas distribution | 49,765 | 55 | 46,358 | 55 | 15-65 |
| General | 1,115 | 15 | 639 | 16 | 10-25 |
| General | 14,353 | 24 | 14,106 | 24 | 3-45 |
| Total | 355,309 | | 346,517 | | |
| Less accumulated depreciation | 29,395 | | 25,978 | | |
| Total net of accumulated depreciation | 325,914 | | 320,539 | | |
| Construction work in progress | 6,818 | | 4,534 | | |
| Net electric and gas plant | $ 332,732 | | $ 325,073 | | |

## (3) REGULATORY ASSETS AND LIABILITIES

We are subject to regulations by state and federal agencies. The accounting policies followed are generally subject to the Uniform System of Accounts of FERC. Our financial statements follow accounting standards for regulated operations and reflect the effects of the different ratemaking principles followed by the jurisdictions we are regulated by. If rate recovery becomes unlikely or uncertain due to competition or regulatory action, these accounting standards may no longer apply. As of December 31, 2010 and 2009, we had $18.7 million and $16.6 million, respectively, in regulatory assets for which we will recover costs, but are not allowed a return, and $21.6 million and $18.6 million in regulatory liabilities, respectively.

We file monthly with the WPSC a GCA to be included in tariff rates for the following periods. The GCA is based on forecasts of the upcoming month's gas costs. To the extent that energy costs are under-recovered or over-recovered, they are recorded as a regulatory asset or liability, respectively.

We file annually with the WPSC a PCA to be included in tariff rates for the period April to March. The PCA is based on calendar year actual costs for purchased power, transmission, fuel and emission allowances. The PCA is subject to a $1 million threshold: we collect or refund 95% of the increase or decrease that exceeds the $1 million threshold, and we absorb the increase or retain the savings for changes below the threshold.

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NOTES TO FINANCIAL STATEMENTS (Continued)

The following table summarizes the regulatory assets and regulatory liabilities at December 31 (in thousands):

| | Recovery/Settlement Period | 2010 | 2009 |
|---|---|---|---|
| Regulatory assets: | | | |
| Deferred energy costs[a] | less than two years | $ 7,126 | $ 6,706 |
| AFUDC[b] | Up to 43 years | 3,902 | 3,664 |
| Bond issue cost[c] | Amortized over 27 years | 3,847 | 3,990 |
| Employee benefit plans[e] | Amortized over 13 years | 3,245 | 1,521 |
| Other | | 538 | 693 |
| | | $ 18,658 | $ 16,574 |
| Regulatory liabilities: | | | |
| Cost of removal for utility plant[d] | Up to 43 years | $ 18,359 | $ 16,861 |
| Unamortized gain on reacquired debt | Over 13 years | 1,024 | 1,102 |
| Employee benefit plans[f] | Amortized over 13 years | 1,747 | — |
| Other | | 516 | 599 |
| | | $ 21,646 | $ 18,562 |

(a) Deferred energy costs represent the cost of electricity delivered to our electric utility customers in excess of current rates and which will be recovered in future rates.

(b) The equity component of AFUDC is considered a permanent difference for tax purposes with the tax benefit being flowed through to customers as prescribed or allowed by regulators. If, based on a regulator's action, it is probable the utility will recover the future increase in taxes payable represented by this flow-through treatment through a rate revenue increase, a regulatory asset is recognized. This regulatory asset itself is a temporary difference for which a deferred tax liability must be recognized. Accounting standards for income taxes specifically address AFUDC-equity, and require a gross-up of such amounts to reflect the revenue requirement associated with a rate-regulated environment.

(c) In 2007, we entered into a treasury lock to hedge a First Mortgage Bond. This treasury lock cash settled on October 15, 2007, and resulted in a $4.3 million payment to the counterparty. The payment was recorded as a regulatory asset and is amortized over the life of the related bonds as additional interest expense.

(d) Cost of removal for utility plant represents the estimated cumulative net provisions for future removal costs included in depreciation expense for which there is no legal removal obligation.

(e) Employee benefit plans include unrecognized prior service costs and actuarial gain/loss with our postretirement benefit plans. The balance fluctuates annually with changes in retirees and claims.

(f) Employee benefit plans represent a probable future reduction in revenue that will result when certain deferred tax assets related to postretirement obligations are realized.

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## (4) ASSET RETIREMENT OBLIGATIONS

Accounting standards for asset retirement obligations requires disclosure of retirement obligations associated with long-lived assets and that the present value of retirement costs for which a company has a legal obligation be recorded as liabilities with an equivalent amount added to the asset cost and depreciated over an appropriate period. The liability is then accreted over time by applying an interest method of allocation to the liability. We have identified legal retirement obligations related to the removal of fuel tanks and transformers containing polychlorinated biphenyls or PCB's.

The following table presents our asset retirement obligations, which were included on the accompanying Balance Sheets in Deferred credits and other liabilities - Other (in thousands):

| | 2010 | 2009 |
|---|---|---|
| Beginning Balance | $ 199 | $ 190 |
| Liabilities incurred | — | — |
| Liabilities settled | — | — |
| Accretion | $ 9 | $ 9 |
| Ending balance December 31, | $ 208 | $ 199 |

## (5) LONG-TERM DEBT

Long-term debt outstanding at December 31 was as follows (in thousands):

| | 2010 | 2009 |
|---|---|---|
| First mortgage bonds: | | |
| 6.67% bonds due 2037 | $ 110,000 | $ 110,000 |
| Industrial development revenue bonds, variable rate, due 2021[a] | 7,000 | 7,000 |
| Industrial development revenue bonds, variable rate, due 2027[a] | 10,000 | 10,000 |
| Total long-term debt | 127,000 | 127,000 |
| Less current maturities | — | — |
| Net long-term debt | $ 127,000 | $ 127,000 |

(a) Interest rates in effect were 0.4% as of December 31, 2010.

Substantially all of our tangible utility property is subject to the lien of the indenture securing our first mortgage bonds. Our first mortgage bonds may be issued in amounts limited by property, earnings and other provisions of the mortgage indenture.

There are no scheduled maturities of the debt prior to 2021. Interest paid on the debt will be approximately $7.4 million for each of the years 2011-2015, calculated using variable interest rates as of December 31, 2010.

We completed a $17 million weekly variable rate refunding bond issuance on September 3, 2009. The new issue replaced existing debt and the bond credit support structure from an AMBAC Financial Group insurance policy to a direct-pay letter of credit issued by Wells Fargo Bank, Laramie County, Wyoming was the tax-exempt conduit issuer for this transaction. The bonds were issued in two series: a $10 million series maturing March 1, 2027 and a $7 million series maturing September 1, 2021. The principal amounts and maturity dates did not change from the original financing. Including the letter of credit fees and other issuance costs, the current all-in rate as of December 31, 2010 was approximately 2.77%

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## (6) FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of our financial instruments at December 31 were as follows (in thousands):

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and cash equivalents | $ 56 | $ 56 | $ 95 | $ 95 |
| Restricted Cash | $ 6 | $ 6 | $ 6 | $ 6 |
| Long-term debt | $ 127,000 | $ 132,012 | $ 127,000 | $ 133,886 |

The following methods and assumptions were used to estimate the fair value of each class of our financial instruments.

**Cash and Cash Equivalents**

The carrying amount approximates fair value due to the short maturity of these instruments.

**Long-Term Debt**

The fair value of our long-term debt is estimated based on quoted market rates for debt instruments having similar maturities and similar debt ratings.

## (7) INCOME TAX

Income tax expense for the years ended December 31 was (in thousands):

| | 2010 | 2009 |
|---|---|---|
| Current | $ 3,738 | $ (2,123) |
| Deferred | 4,882 | 10,997 |
| | $ 8,620 | $ 8,874 |

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The temporary differences which gave rise to the net deferred tax liability at December 31 were as follows (in thousands):

| | 2010 | 2009 |
|---|---|---|
| Deferred tax assets, current: | | |
| Asset valuation reserve | $ 117 | $ 37 |
| Employee benefits | 146 | 146 |
| Unbilled revenue | — | 515 |
| | 263 | 698 |
| Deferred tax liabilities, current: | | |
| Prepaid expenses | (72) | (56) |
| Deferred energy costs | (2,224) | (2,455) |
| | (2,296) | (2,511) |
| Net deferred tax assets (liabilities), current | $ (2,033) | $ (1,813) |
| Deferred tax assets, non-current: | | |
| Plant-related differences | $ 878 | $ 1,091 |
| Regulatory liabilities | 1,928 | 761 |
| Investment tax credit | 182 | 202 |
| Employee benefits | 2,803 | 2,613 |
| Other | 1,306 | 912 |
| | 7,097 | 5,579 |
| Deferred tax liabilities, non-current: | | |
| Accelerated depreciation and other plant-related differences | $ (37,498) | $ (31,613) |
| AFUDC - equity | (2,551) | (2,398) |
| Regulatory assets | (1,351) | (1,818) |
| Other | (1,539) | (1,589) |
| | (42,939) | (37,418) |
| Net deferred tax assets (liabilities), non-current | $ (35,842) | $ (31,839) |
| Net deferred tax asset (liability) | $ (37,875) | $ (33,652) |

The following table reconciles the change in the net deferred income tax asset (liabilities) from December 31, 2009 to December 31, 2010 and from December 31, 2008 to December 31, 2009 to deferred income tax expense (in thousands):

| | 2010 | 2009 |
|---|---|---|
| Net change in deferred income tax assets (liabilities) | $ 4,223 | $ 11,318 |
| Deferred taxes related to regulatory assets and liabilities | 686 | (146) |
| Other | (27) | (175) |
| Deferred income tax expense for the period | $ 4,882 | $ 10,997 |

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The effective tax rate differs from the federal statutory rate for the years ended December 31 as follows:

| | 2010 | 2009 |
|---|---|---|
| Federal statutory rate | 35.0% | 35.0% |
| Amortization of excess deferred and investment tax credits | (0.3) | (0.4) |
| Equity AFUDC | (0.1) | — |
| Tax return true-up | (0.2) | 0.4 |
| Other | 0.1 | (0.6) |
| | 34.5% | 34.4% |

Accounting standards for income taxes including uncertain tax positions prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken.

The following table reconciles the total amounts of unrecognized tax benefits at the beginning and end of the period (in thousands):

| | 2010 | 2009 |
|---|---|---|
| Unrecognized tax benefits January 1 | $ 1,521 | $ 1,967 |
| Additions for prior year tax positions | — | 850 |
| Reductions for prior year tax positions | (374) | (1,296) |
| Additions for current year tax positions | — | — |
| Unrecognized tax benefits December 31 | $ 1,147 | $ 1,521 |

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately $0.1 million.

It is our continuing practice to recognize interest and penalties related to income tax matters in income tax expense. During the years ended December 31, 2010 and 2009, there were no penalties and interest expense recognized was not material to our financial results.

We file income tax returns in the United States federal jurisdiction as a member of the Parent Company consolidated group based on amounts calculated on a separate return basis. We do not anticipate that total unrecognized tax benefits will significantly change due to the settlement of any audits or the expiration of statute of limitations prior to December 31, 2011.

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## (8) EMPLOYEE BENEFIT PLANS

### Funded Status of Benefit Plans

The funded status of postretirement benefit plans is required to be recognized in the statement of financial position. The funded status for pension plans is measured as the difference between the projected benefit obligation and the fair value of plan assets. The funded status for all other benefit plans is measured as the difference between the accumulated benefit obligation and the fair value of plan assets. A liability is recorded for an amount by which the benefit obligation exceeds the fair value of plan assets or an asset is recorded for any amount by which the fair value of plan assets exceeds the benefit obligation.

Unrecognized net periodic benefit cost is classified and recorded as a regulatory asset or regulatory liability, net of tax in accordance with accounting standards for regulated utility operations. As of December 31, 2010 and 2009, the underfunded status of our Defined Benefit Pension Plan (the "Pension Plan") was $2.1 million and $1.6 million, respectively, and the underfunded status of our Non-Pension Defined Postretirement Plan (the "Postretirement Plan") was $9.1 million and $7.0 million, respectively.

### Defined Benefit Pension Plan

We have a noncontributory Pension Plan covering our employees who meet certain eligibility requirements. The benefits paid by us for the bargaining unit employees are based on years of service and compensation levels during the highest three consecutive 12-month periods of service, reduced by the vested benefits under the predecessor plan, if any. The benefits for non-bargaining unit employees are based on annual credits for each year of service plus investment credits.

In July 2009, the Board of Directors approved a freeze to the Pension Plan (with the exception of bargaining unit participants). The freeze was effective January 1, 2010 and eliminated all non-bargaining unit employees from participation in the Pension Plan. Pension Plan assets and obligations were revalued as of December 31, 2009 in conjunction with the curtailment of the Pension Plan and we recognized a pre-tax curtailment expense of less than $0.1 million in the fourth quarter of 2009.

Our funding policy is in accordance with the federal government's funding requirements. The Pension Plan's assets are held in trust and consist primarily of equity and fixed income investments. We use a December 31 measurement date for the Pension Plan.

The Investment Policy for the Pension Plan is to seek to achieve the following long-term objectives: 1) a rate of return in excess of the annualized inflation rate based on a five year moving average; 2) a rate of return that meets or exceeds the assumed actuarial rate of return as stated in the Pension Plan's actuarial report; 3) a rate of return on investments, net of expenses, that is equal to or exceeds various benchmark rates on a moving three year average, and 4) maintenance of sufficient income and liquidity to pay monthly retirement benefits. The policy strategy seeks to prudently invest in a diversified portfolio of predominately equity and fixed income assets. The policy contains certain prohibitions on transactions in separately managed portfolios in which the Pension Plan may invest, including prohibitions on short sales.

The Pension Plan's expected long-term rate of return on assets assumptions is based upon the weighted-average expected long-term rate of return for each individual asset class. The asset class weighting is determined using the target allocation for each class in the Pension Plan portfolio. The expected long-term rate of return for each asset class is determined primarily from adjusted long-term historical returns for the asset class. It is anticipated that long-term future returns will not achieve historical results.

Cash Flows

We made a $15,000 contribution to the Pension Plan in 2010 and anticipate a contribution to the Pension Plan in 2011 of approximately $0.8 million.

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Plan Assets

Our funding policy is in accordance with the federal government's funding requirements. The pension assets are held in trust and consist primarily of equity and fixed income investments.

The percentages of total plan asset fair values by investment category for our Pension Plan at December 31 were as follows:

| Asset Class | 2010 | 2009 |
|---|---|---|
| Equity | 67% | 69% |
| Fixed income | 31% | 29% |
| Cash | 2% | 2% |
| Total | 100% | 100% |

**Non-pension Defined Benefit Postretirement Plan**

Certain bargaining unit and non-bargaining unit employees are participants in our postretirement healthcare plan and are entitled to postretirement healthcare benefits. These benefits are subject to premiums, deductibles, co-payment provisions and other limitations. We may amend or change the Plan periodically. We are not pre-funding the retiree medical plan. We use a December 31 measurement date for the Plan. In July 2009, the Board of Directors approved an amendment to the Plan which changed the structure of the Plan for non-union employees to a Retiree Medical Savings Account and expanded eligibility of Plan participants effective January 1, 2010. It has been determined that the Plan's post-65 retiree prescription drug plans are actuarially equivalent and qualify for the Medicare Part D subsidy.

Plan Assets

The Plan has no assets. We fund on a cash basis as benefits are paid.

Estimated Cash Flows

The estimated employer contribution is expected to be $0.3 million in 2011.

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NOTES TO FINANCIAL STATEMENTS (Continued)

**Fair Value Measurements**

Accounting standards for compensation-retirement benefits provide a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and also require disclosures and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The pension plan is able to classify fair value balances based on the observability of inputs.

Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

*Level 1* - Unadjusted quoted prices available in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

*Level 2* - Pricing inputs include quoted prices for identical or similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - Pricing inputs include significant inputs that are generally less observable from objective sources.

As required by accounting standards for fair value disclosure, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect its placement within the fair value hierarchy levels. The following tables set forth, by level within the fair value hierarchy, the assets that were accounted for at fair value on a recurring basis as of December 31, 2010 and 2009 (in thousands):

| Defined Benefit Pension Plan<br>Recurring Fair Value Measures | December 31, 2010<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered Investment Companies | $ 2,017 | $ — | $ — | $ 2,017 |
| Common Collective Trust | — | 1,717 | — | 1,717 |
| Insurance Contract | — | 232 | — | 232 |
| Total investments measured at fair value | $ 2,017 | $ 1,949 | $ — | $ 3,966 |

| Defined Benefit Pension Plan<br>Recurring Fair Value Measures | December 31, 2009<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered Investment Companies | $ 2,043 | $ — | $ — | $ 2,043 |
| Common Collective Trust | — | 1,666 | — | 1,666 |
| Total investments measured at fair value | $ 2,043 | $ 1,666 | $ — | $ 3,709 |

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The following tables provide a reconciliation of the Employee Benefit Plan's obligations and fair value of assets, components of regulatory assets and regulatory liabilities, and the net periodic expense (in thousands):

Benefit Obligations

Change in benefit obligation:

| | Defined Benefit Pension Plan | | Non-pension Defined Benefit Postretirement Plan | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Projected benefit obligation at beginning of year | $ 5,297 | $ 4,897 | $ 6,959 | $ 3,914 |
| Service cost | 568 | 456 | 190 | 113 |
| Interest cost | 312 | 298 | 413 | 271 |
| Actuarial (gain) loss | 77 | (235) | 1,869 | 2,218 |
| Amendments | — | — | — | 569 |
| Benefits paid | (204) | (71) | (403) | (179) |
| Plan curtailment reduction | — | (48) | — | — |
| Participant contributions | — | — | 94 | 53 |
| Net increase | 753 | 400 | 2,163 | 3,045 |
| Projected benefit obligation at end of year | $ 6,050 | $ 5,297 | $ 9,122 | $ 6,959 |

A reconciliation of the fair value of Plan assets is as follows (in thousands):

| | Defined Benefit Pension Plan | |
|---|---|---|
| | 2010 | 2009 |
| Beginning market value of plan assets | $ 3,709 | $ 1,528 |
| Investment income (loss) | 447 | 849 |
| Contributions | 15 | 1,530 |
| Benefits paid | (204) | (71) |
| Plan administrative expenses | — | (127) |
| Ending market value of plan assets | $ 3,967 | $ 3,709 |

Amounts recognized in the statement of financial position as of December 31 were as follows (in thousands):

| | Defined Benefit Pension Plan | | Non-pension Defined Benefit Postretirement Plan | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Regulatory asset | $ 122 | $ 185 | $ 3,123 | $ 1,336 |
| Current liability | $ — | $ — | $ 296 | $ 179 |
| Non-current liability | $ 2,085 | $ 1,588 | $ 8,750 | $ 6,730 |
| Regulatory liability | $ 1,682 | $ — | $ 65 | $ — |

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NOTES TO FINANCIAL STATEMENTS (Continued)

Accumulated Benefit Obligation

| | Defined Benefit Pension Plan | | Non-pension Defined Benefit Postretirement Plan | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Accumulated benefit obligation | $ 4,462 | $ 3,849 | $ 9,122 | $ 6,959 |

Components of Net Periodic Expense

| | Defined Benefit Pension Plan | | Non-pension Defined Benefit Postretirement Plan | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Service cost | $ 568 | $ 456 | $ 190 | $ 113 |
| Interest cost | 312 | 298 | 413 | 271 |
| Expected return on assets | (308) | (186) | — | — |
| Amortization of prior service cost | 2 | 2 | (26) | (23) |
| Recognized net actuarial loss | — | 55 | 80 | (28) |
| Curtailment expense | — | 2 | — | — |
| Net periodic expense | $ 574 | $ 627 | $ 657 | $ 333 |

Assumptions

| | Defined Benefit Pension Plan | | Non-pension Defined Benefit Postretirement Plan | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Weighted-average assumptions used to determine benefit obligations: | | | | |
| Discount rate | 5.55% | 6.05% | 5.50% | 6.00% |
| Rate of increase in compensation levels | 4.00% | 4.00% | —% | —% |
| Weighted-average assumptions used to determine net periodic benefit cost for plan year: | | | | |
| Discount rate | 6.05% | 6.20% | 6.00% | 6.10% |
| Expected long-term rate of return on assets | 8.00% | 8.50% | —% | —% |
| Rate of increase in compensation levels | 4.00% | 4.00% | —% | —% |

The healthcare benefit obligation was determined at December 31, 2010, using an initial healthcare trend rate of 9.51% grading down to an ultimate rate of 4.5% in 2027, and at December 31, 2009, using an initial healthcare trend rate of 10.0% trending down to an ultimate rate of 4.5% in 2027.

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We do not pre-fund our non-qualified pension plans or two of the three postretirement benefit plans. The table below shows the expected impacts of a 1% increase or decrease to our healthcare trend rate for our Retiree Healthcare Plans (in thousands):

| Change in Assumed Trend Rate | Impact on December 31, 2010 Accumulated Benefit Obligation | Impact on December 31, 2010 Service and Interest Cost |
|---|---|---|
| Increase 1% | $ 1,637 | $ 131 |
| Decrease 1% | $ (1,319) | $ (104) |

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, are expected to be paid (in thousands):

| | | Non-pension Defined Benefit Postretirement Plan | | |
|---|---|---|---|---|
| Fiscal Year Ending | Defined Benefit Pension Plan | Expected Gross Benefit Payment | Expected Medicare Part D Drug Benefit Subsidy | Expected Net Benefit Payments |
| 2011 | $ 344 | $ 297 | $ (1) | $ 296 |
| 2012 | $ 291 | $ 340 | $ (1) | $ 339 |
| 2013 | $ 316 | $ 388 | $ (2) | $ 386 |
| 2014 | $ 272 | $ 439 | $ (3) | $ 436 |
| 2015 | $ 267 | $ 500 | $ (5) | $ 495 |
| 2016-2020 | $ 1,574 | $ 2,610 | $ (74) | $ 2,536 |

**Defined Contribution Plan**

The Parent sponsors a 401(k) retirement savings plan. Participants in the Plan may elect to invest a portion of their eligible compensation to the Plan up to the maximum amounts established by the IRS. The Plan provides employees the opportunity to invest up to 50% of their eligible compensation on a pre-tax or after-tax basis. The Plan provides for Company matching contributions and Company Retirement Contributions for certain eligible participants. Vesting of Company contributions ranges from immediate vesting to graduated vesting at 20% per year with full vesting when the participant has five years of service with the Company.

In 2010 and 2009, we made our matching contributions totaling $0.3 million and $0.3 million, respectively. The profit sharing contributions we made totaled less than $0.1 million for 2010 and $0.1 million for 2009, respectively.

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## (9) COMMITMENTS AND CONTINGENCIES

### Power Purchase Agreements

We have a 10-year PPA with BHW, a subsidiary of BHC, for the sale of 40 MW of the energy and capacity from its Gillette CT until August 2011.

We have a PPA for 60 MW of unit-contingent capacity and energy from BHW's Wygen I facility. In September 2009, FERC approved an extension of this PPA through December 31, 2022. The PPA grants us an option to purchase BHW's ownership interest in the Wygen I facility during years one through seven during the term of the agreement. The purchase price related to the option is fixed at $2.55 million per MW, which is equivalent to the estimated initial per MW price of new construction of the Wygen III facility constructed by Black Hills Power, an affiliate of our Parent. This purchase price is reduced annually by an amount of annual depreciation assuming a facility life of 35 years.

In October 2006, we entered into a five-year contract, commencing January 1, 2008, with Basin for Firm Power Exchange Service. We exchange 80 MW of energy and capacity with Basin at pre-determined delivery points. In January 2011, we entered into new agreements which became effective on March 14, 2011 which terminates these prior agreements. Under the new agreement with Basin Electric we supply 40 MW of capacity and energy through March 31, 2013 and under a separate agreement we receive 40 MW of capacity and energy from Basin Electric through March 31, 2013.

We have a 20-year agreement with Duke Energy, expiring in September 2028, to purchase power provided from the Happy Jack wind farm located near Cheyenne, Wyoming. During 2010 and 2009, we purchased 80,421 MWh and 79,800 MWh, respectively, from Happy Jack. During 2010 and 2009, 50% and 62%, respectively, was sold to Black Hills Power at our cost for $2.8 million and $2.1 million, respectively.

In March 2009, we entered into a 20-year agreement with Duke Energy expiring in 2029 to purchase up to 30 MW of power provided from the Silver Sage wind farm. We have agreed to sell 20 MW of energy from Silver Sage to Black Hills Power at our cost. During 2010 and 2009, we purchased 87,102 MWh and 26,000 MWh respectively, from Silver Sage and sold 67% and 57% to Black Hills Power for $1.7 million and $0.7 million, respectively.

We have a Generation Dispatch Agreement with Black Hills Power which requires that Black Hills Power purchase all of our excess energy.

### Coal Supply Agreement

We entered into an all requirements agreement with WRDC, a related party, for the purchase of coal for the Wygen II plant for the life of the facility. Purchases from WRDC for the years ended December 31, 2010 and 2009 were $5.7 million and $6.5 million, respectively.

### Ongoing Proceedings

We are subject to various legal proceedings, claims, and litigation, which arise in the ordinary course of operations. In the opinion of management, the amount of liability, if any, with respect to these actions would not materially affect our financial position or results of operations

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## (10) RELATED PARTY TRANSACTIONS

### Accounts Receivable/Payable

We have accounts receivable balances related to transactions with other BHC subsidiaries. The accounts receivable balances were $1.3 million and $0.5 million at December 31, 2010 and 2009, respectively. We also have accounts payable balances related to transactions with other BHC subsidiaries which totaled $6.3 million and $6.1 million at December 31, 2010 and 2009, respectively.

### Purchases/Sales

We recorded purchases of $0.4 million and $1.8 million from Black Hills Power for electricity and dispatch services and $25.6 million and $26.1 million of purchased power from BHW for the years ended December 31, 2010 and 2009; and $5.7 million and $6.5 million of coal purchases from WRDC for the years ended December 31, 2010 and 2009, respectively.

We also recorded sales to Black Hills Power during 2010 and 2009 of $5.2 million and $8.6 million for excess power, respectively.

### Money Pool Agreement

We have entered into a Utility Money Pool Agreement (the "Money Pool") with BHC and Black Hills Power. Under the agreement, we may borrow from the Parent. The agreement restricts us from lending funds to the Parent or to any of the Parent's non-utility subsidiaries; the agreement does not restrict us from paying dividends to the Parent. Borrowings under the agreement bear interest at the daily cost of external funds as defined under the agreement, or if there are no external funds outstanding on that date, then the rate will be the daily one-month LIBOR rate plus 100 basis points. Borrowings under the agreement are due upon demand. At December 31, 2010 and 2009, advances to the Money Pool were $14.5 million and $1.2 million, respectively. Advances under this note bear interest at 2.75% above the daily LIBOR rate (3.01% at December 31, 2010).

Net interest income on the Money Pool advances was approximately $0.3 million and $0.1 million for the years ended December 31, 2010 and 2009, respectively.

During 2009, we paid the Parent a non-cash dividend of $25 million through a reduction of $8.4 million in notes payable in the Money Pool and a reduction of $16.6 million in notes receivable in the Money Pool.

### Other

For the years ended December 31, 2010 and 2009, we paid expenses of approximately $5.9 million and $4.9 million, respectively, to BHC for certain legal, accounting and management services.

## (11) SUPPLEMENTAL CASH FLOW INFORMATION

| | | 2010 | | 2009 |
|---|---|---|---|---|
| | | (in thousands) | | |
| Non-cash investing and financing activities - | | | | |
| Property, plant and equipment acquired with accrued liabilities | $ | 224 | $ | 563 |
| Dividend to Parent | $ | — | $ | 25,000 |
| Refunding bond issuance - industrial revenue bonds (see Note 5) | $ | — | $ | 17,000 |
| | | | | |
| Cash (paid) refunded during the period for - | | | | |
| Interest | $ | (8,092) | $ | (8,166) |
| Income taxes | $ | (3,350) | $ | 778 |