

## SECTION 2, RULE 004.05 - RATE OF RETURN & COST OF CAPITAL SCHEDULES

Application Section & Exhibit	Rule Ref	Testimony Exhibit Cross Reference	Topic	Witness
<b>General Information</b>				
Section 1, Exhibit A	004.02A		Base Year Test Year	Amdor
Section 1, Exhibit B	004.02B		Case Drivers	Amdor
Section 1, Exhibit B2	004.02B		Customer Impacts	Sullivan
Section 1, Exhibit C	004.02C	MCC-2 Stmt M	Financial Summary	Clevinger
Section 1, Exhibit D	004.02D		Corporate Structure	Amdor
Section 1, Exhibit E	004.02E	MCC-2 Stmt A, Stmt B	Financial Statements	Clevinger
Section 1, Exhibit F	004.02F		Annual Report	Amdor
Section 1, Exhibit G	004.02G		Witness List	Amdor
<b>Rate Base Schedules</b>				
Section 2, Exhibit A	004.03A	MCC-2 Stmt D, Stmt E, & Sch M-1	Rate Base Schedules	Clevinger
Section 2, Exhibit A1	004.03A1	MCC-2 Stmt E	Utility Plant - Depr.	Clevinger
Section 2, Exhibit A2	004.03A2	MCC-2 Stmt F & Lead Lag Study	Working Capital	Clevinger
Section 2, Exhibit A3	004.03A3	MCC-2 Sch M-1	Other Rate Base Items	Clevinger
Section 2, Exhibit B	004.03B	MCC-2 Stmt D, Stmt E, & Sch M-1	Allocated Rate Base	Clevinger
Section 2, Exhibit C	004.03C	KMJ-4	2020 Capital Additions	Jarosz
<b>Operating Expense Schedules</b>				
Section 2, Exhibit A	004.04A	MCC-2 Stmt H	Operating Expenses	Clevinger
Section 2, Exhibit B	004.04B		Legislative Advocacy	Clevinger
Section 2, Exhibit C	004.04C		Political Candidates	Clevinger
Section 2, Exhibit D	004.04D		Political Religious Causes	Clevinger
Section 2, Exhibit E	004.04E		Memberships and Dues	Clevinger
Section 2, Exhibit F	004.04F		Affiliate Transactions	Clevinger
Section 2, Exhibit G	004.04G		Cost Allocation Manuel	Clevinger
<b>Rate of Return and Cost of Capital Schedules</b>				
Section 2, Exhibit 5A	004.05A	MCC-2 Stmt G & Sch G-1	Cost of Capital / ROR	Clevinger
Section 2, Exhibit 5B	004.05B	MCC-2 Stmt G & Sch G-1	Cost of Capital / ROR	Clevinger

**Application**

<b>Section &amp; Exhibit</b>	<b>Rule Ref</b>	<b>Testimony Exhibit Cross Reference</b>	<b>Topic</b>	<b>Witness</b>
<b>Revenue Schedules</b>				
Section 3, Exhibit A	004.06A		Rate Rev. unadjusted	Hyatt
Section 3, Exhibit B	004.06B		Rate Rev. normalized	Hyatt
Section 3, Exhibit C	004.06B1		Using Current Rate	Hyatt
Section 3 - DNH-7	004.06B2	DNH-7	Using Proposed Rates	Hyatt
<b>Class Cost of Service Study</b>				
Section 4, Exhibit A	004.07		Class Cost of Service Study	Sullivan
Section 4, Exhibit B	004.07		Class Cost of Service Study	Sullivan
<b>Prefiled Direct Testimony and Exhibits</b>				
Section 5 - Direct Testimony	004.08		Testimony and Exhibits	Various
<b>Tariffs</b>				
Section 6 - Tariffs (Clean & Red-Lined)	No rule reference		Clean and Redlined Tariffs	Frost
<b>Workpapers</b>				
Section 7 - Workpapers	004.01C		Workpapers	Various

**Revenue Requirement Study – Rate of Return and Cost of Capital Schedules**

The Revenue Requirement Study is also identified as Exhibit No. MCC-2 within testimony provided in this Rate Review Application.

**Long Term debt, preferred stock, and common equity amounts, ratios, and percentage cost rates for the Base Year and Test Year.**

and

**Long Term debt, preferred stock, and common equity amounts, ratios, and percentage cost rates for the Base Year and Test Year.**

The rate of return and cost of capital schedules are included in the Revenue Requirement Study as Statement G and Schedule G-1. Statement G and Schedule G-1 are replicated in the pages that follow.

*241 Neb. Admin. Code. Ch. 9, Rules 004.05A and 005.05B. (Commission Rules Section IV)*

BLACK HILLS NEBRASKA GAS, LLC  
 COST OF DEBT - TOTAL COMPANY

Sect IV: 004.05A, B  
 Exhibit No. MCC-2  
 Schedule G-1

Line No.	<u>AS OF DECEMBER 31, 2018 (BEGINNING OF BASE YEAR)</u>													
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
					= (f) ÷ (d)					= (h)+(i)+(j)				= (k) x (l)
	Title	Issue	Maturity	Amount Issued	Price Per Unit	Net Proceeds Amount	Coupon/Interest Rate	Yield to Maturity	Financing Costs	(Gain)/Loss on Recquired Debt	Cost of Money	Principal Outstanding	Annual Cost	
6	BHC \$525M Notes Due 2023	11/19/2013	11/30/2023	\$ 112,500,000	0.9953	111,971,250	4.25%	4.31%	0.09%	0.00%	4.40%	112,500,000	4,950,000	
7	BHC \$300M Notes Due 2026	1/13/2016	1/15/2026	20,517,857	0.9970	20,455,688	3.95%	3.99%	0.10%	0.00%	4.08%	20,517,857	837,129	
8	BHC \$300M Notes Due 2046	8/19/2016	9/15/2046	20,517,857	0.9946	20,406,035	4.20%	4.23%	0.04%	0.10%	4.37%	20,517,857	896,630	
9	BHC \$400M Notes Due 2027	8/19/2016	1/15/2027	27,357,143	0.9995	27,343,191	3.15%	3.16%	0.79%	0.20%	4.15%	27,357,143	1,135,321	
10	BHC \$400M Notes Dues 2033	8/17/2018	5/1/2033	27,357,143	0.9954	27,232,121	4.35%	4.39%	0.08%	0.04%	4.51%	27,357,143	1,233,807	
11														
12	Total Long-Term Debt											208,250,000	9,052,888	
13														
14	Average Cost of Debt												4.35%	
15														
16														
17														
18	<u>FOR THE BASE YEAR ENDED DECEMBER 31, 2019</u>													
19														
20	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
21					= (f) ÷ (d)					= (h)+(i)+(j)				= (k) x (l)
22	Title	Issue	Maturity	Amount Issued	Price Per Unit	Net Proceeds Amount	Coupon/Interest Rate	Yield to Maturity	Financing Costs	(Gain)/Loss on Recquired Debt	Cost of Money	Principal Outstanding	Annual Cost	
23														
24	BHC \$525M Notes Due 2023	11/19/2013	11/30/2023	\$ 112,500,000	0.9953	111,971,250	4.25%	4.31%	0.09%	0.00%	4.40%	112,500,000	4,950,000	
25	BHC \$300M Notes Due 2026	1/13/2016	1/15/2026	23,817,857	0.9970	23,745,689	3.95%	3.99%	0.10%	0.00%	4.08%	23,817,857	971,769	
26	BHC \$300M Notes Due 2046	8/19/2016	9/15/2046	23,817,857	0.9946	23,688,050	4.20%	4.23%	0.04%	0.10%	4.37%	23,817,857	1,040,840	
27	BHC \$400M Notes Due 2027	8/19/2016	1/15/2027	31,757,143	0.9995	31,740,947	3.15%	3.16%	0.79%	0.20%	4.15%	31,757,143	1,317,921	
28	BHC \$400M Notes Dues 2033	8/17/2018	5/1/2033	27,357,143	0.9954	27,232,121	4.35%	4.39%	0.08%	0.04%	4.51%	27,357,143	1,233,807	
29	BHC \$400M Notes Due 2029	10/3/2019	10/15/2029	32,500,000	0.9966	32,388,200	3.05%	3.09%	0.09%	0.00%	3.18%	32,500,000	1,033,500	
30	BHC \$300M Notes Due 2049	10/3/2019	10/15/2049	32,500,000	0.9981	32,436,625	3.88%	3.89%	0.04%	0.06%	3.99%	32,500,000	1,296,750	
31														
32														
33	Total Long-Term Debt											284,250,000	11,844,587	
34														
35	Average Cost of Debt												4.17%	
36														
37														
38														
39	<u>FOR THE TEST YEAR ENDING DECEMBER 31, 2020</u>													
40														
41	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
42					= (f) ÷ (d)					= (h)+(i)+(j)				= (k) x (l)
43	Title	Issue	Maturity	Amount Issued	Price Per Unit	Net Proceeds Amount	Coupon/Interest Rate	Yield to Maturity	Financing Costs	(Gain)/Loss on Recquired Debt	Cost of Money	Principal Outstanding	Annual Cost	
44														
45	BHC \$525M Notes Due 2023	11/19/2013	11/30/2023	525,000,000	0.9953	522,532,500	4.25%	4.31%	0.09%	0.00%	4.40%	525,000,000	23,100,000	
46	BHC \$300M Notes Due 2026	1/13/2016	1/15/2026	300,000,000	0.9970	299,091,000	3.95%	3.99%	0.10%	0.00%	4.08%	300,000,000	12,240,000	
47	BHC \$300M Notes Due 2046	8/19/2016	9/15/2046	300,000,000	0.9946	298,365,000	4.20%	4.23%	0.04%	0.10%	4.37%	300,000,000	13,110,000	
48	BHC \$400M Notes Due 2027	8/19/2016	1/15/2027	400,000,000	0.9995	399,796,000	3.15%	3.16%	0.79%	0.20%	4.15%	400,000,000	16,600,000	
49	BHC \$400M Notes Dues 2033	8/17/2018	5/1/2033	400,000,000	0.9954	398,172,000	4.35%	4.39%	0.08%	0.04%	4.51%	400,000,000	18,040,000	
50	BHC \$400M Notes Due 2029	10/3/2019	10/15/2029	400,000,000	0.9966	398,624,000	3.05%	3.09%	0.09%	0.00%	3.18%	400,000,000	12,720,000	
51	BHC \$300M Notes Due 2049	10/3/2019	10/15/2049	300,000,000	0.9981	299,415,000	3.88%	3.89%	0.04%	0.06%	3.99%	300,000,000	11,970,000	
52														
53														
54	Long-Term Debt											\$ 2,625,000,000	\$ 107,780,000	
55														
56	Weighted Average Cost of BHC Debt												4.11%	
57														
58	<u>Debt Allocated to Black Hills Nebraska Gas</u>											325,000,000	13,357,500	

**BLACK HILLS NEBRASKA GAS, LLC  
 COST OF CAPITAL - PRO FORMA  
 FOR THE TEST YEAR ENDING DECEMBER 31, 2020**

**Sect IV: 004.05A, B  
 Exhibit No. MCC-2  
 Statement G**

Line No.	Description	(a) Amount	(b) Percent of Total	(c) Cost	(d) (b) x (c) Weighted Cost
1	<b>Per Book Base Year as of December 31, 2018:</b>				
2	Long-Term Debt	\$ 208,250,000	48.42%	4.35%	2.11%
3	Preferred Stock	-	0.00%	0.00%	0.00%
4	Common Equity (Note 1)	221,825,595	51.58%	10.00%	5.16%
5	Rate of Return	\$ 430,075,595	100.00%		7.27%
6					
7					
8	<b>Per Book Base Year as of December 31, 2019:</b>				
9	Long-Term Debt	\$ 284,250,000	50.41%	4.17%	2.10%
10	Preferred Stock	-	0.00%	0.00%	0.00%
11	Common Equity (Note 1)	279,593,470	49.59%	10.00%	4.96%
12	Rate of Return	\$ 563,843,470	100.00%		7.06%
13					
14					
15	<b>For the Test Year Ending December 31, 2020</b>				
16	Long-Term Debt	Sched. G-1 Ln 58 \$ 325,000,000	50.00%	4.11%	2.06%
17	Preferred Stock	-	0.00%	0.00%	0.00%
18	Common Equity	325,000,000	50.00%	10.00%	5.00%
19	Rate of Return	\$ 650,000,000	100.00%		7.06%

20  
 21 (Note 1) Prior year return on equity percentage is adjusted to reflect the rate proposed in this proceeding.