

**Staff Weather Normalization**

<b>Adjustment:</b>	June	July	August	September	
NOAA Normal CDDs	84	250	223	61	
Test Year Actual CDDs	70	268	245	133	
Departure from normal:	-14	18	22	72	
Regression Coeff:	0.36314	0.63339	1.39984	0.39212	
Cooling kWh due to increase/decrease cooling days:	5.08	(11.40)	(30.80)	(28.23)	
Number of customers:	42770	42,810	42,844	42,947	Jun-Sept Total:
Total kWh increase/decrease due to change in cooling days:	217,441	(488,077)	(1,319,444)	(1,212,507)	(3,020,028)
	0.08755	0.08755	0.08755	0.08755	
Weather normalization adjustment:	\$19,037	(\$42,731)	(\$115,517)	(\$106,155)	(\$264,403)

**BHP Weather Normalization Adjustment**

**Per DR-7:**

Total kWh increase/decrease due to change in cooling days:		(1,465,187)	(1,469,260)	(4,429,405)	(7,363,852)
		0.08755	0.08755	0.08755	
Weather normalization adjustment:		(\$128,277)	(\$128,634)	(\$387,794)	(\$644,705)

**BLACK HILLS POWER, INC.**  
Incentive Compensation Expense Adjustment  
Test Year Ended September 30, 2013

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	(A)	(B)	(C)	(D)
1. Incentive comp. included in SD cost of service				\$3,789,287
<b><u>Commission Staff Adjustments</u></b>				
2. Exclude amounts related to financial goals				
3. BHP				(128,260)
4. BHSC				(513,284)
5. BHUH				(24,524)
6. Subtotal Staff Adjustments				<u>(\$666,068)</u>
7. Adjusted SD incentive compensation expense				<u><u>\$3,123,219</u></u>

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Source:

BHP response to SDPUC Request No. 2-11 (CONFIDENTIAL)

Line	Description (a)	Total Company Per Books (b)	Total Company Pro Forma (c)	Total Company Adjustment (d)	Allocation Factor (e)	South Dakota Percent (f)	South Dakota Amount (g)
<b>Production</b>							
1	System Control and Load Dispatch (Account 556)	\$ 65,558	\$ 57,649	\$ (7,909)	DPROD	89.83%	\$ (7,105)
2	Total Production	\$ 65,558	\$ 57,649	\$ (7,909)			\$ (7,105)
<b>Transmission</b>							
3	Transmission Supervision & Operations (Account 560)	\$ 519,947	\$ 601,557	81,610	SALWAGTO	90.97%	74,242
4	Load Dispatch (Accounts 561-571)	2,239,777	2,554,208	314,431	TRANPLT	90.97%	286,041
5	Total Transmission	\$ 2,759,724	\$ 3,155,765	\$ 396,041			\$ 360,283
<b>Distribution</b>							
6	Load Dispatch (Accounts 580-588)	784,063	1,001,937	217,874	DISTPLT	93.47%	203,657
7	Distribution Maintenance of Overhead Lines (Accounts 590-598)	52,976	132,695	79,719	OHDIST	94.85%	75,617
8	Total Distribution	\$ 837,039	\$ 1,134,632	\$ 297,593			\$ 279,274
<b>Customer Accounts</b>							
9	Customer Records and Collection Expenses (Accounts 901-913 excluding 904)	1,308,084	1,984,064	675,980	CUSTREC	96.12%	649,723
10	Total Customer Accounts	\$ 1,308,084	\$ 1,984,064	\$ 675,980			\$ 649,723
<b>Administrative and General</b>							
11	Administrative & General Salaries (Account 920)	\$ 5,208,683	\$ 5,627,485	\$ 418,802	SALWAGES	91.67%	\$ 383,930
12	Office Supplies and Expenses (Account 921)	932,149	1,005,061	72,912	SALWAGES	91.67%	66,841
13	Outside Services (Account 923)	270,757	426,566	155,809	SALWAGES	91.67%	142,835
14	Property Insurance (Account 924)	1,632	1,281	(351)	TOTPLT	91.20%	(320)
15	Injuries and Damages (Account 925)	151,833	337,078	185,245	SALWAGES	91.67%	169,820
16	Employee Pensions and Benefits (Account 926)	(122,603)	151,850	274,453	SALWAGES	91.67%	251,600
17	Miscellaneous General Expense (Account 930.2)	136,599	125,140	(11,459)	SALWAGES	91.67%	(10,505)
18	Rents (Account 931)	97,250	98,980	1,730	GENLPLT	91.81%	1,588
19	Maintenance of General Plant (Account 935)	509,647	602,217	92,570	GENLPLT	91.81%	84,986
20	Total Administrative & General	\$ 7,185,947	\$ 8,375,658	\$ 1,189,711			\$ 1,090,775
21	<b>Total</b>	<b>\$ 12,156,352</b>	<b>\$ 14,707,768</b>	<b>\$ 2,551,416</b>			<b>\$ 2,372,950</b>

**Sources:**

Line 2: Line 1  
Line 5: line 3 + line 4  
Line 8: line 6 + line 7  
Line 10: line 9  
Line 20: sum of lines 10 through 19  
Line 21: sum of lines 2, 5, 8, 10, and 20  
Column b: Email from Jon Thurber on 10/26/14  
Column c, lines 13-16, & 18: Email from Jon Thurber on 10/26/14  
Column c, lines 1, 3-4, 6-7, 9, 11-12, 17, & 19: Emails from Jon Thurber on 10/26/14 & 11/04/14  
Column d: column c less column b  
Columns e & f: Schedule N-1  
Column g, lines 1, 3, 4, 6, 7, 9, 10-19: column d \* column f

**Note:** Column c is actual costs for the 12 months ended 8/31/14, excluding amounts associated with vegetation management and reflecting annualization for Customer Records and Collection Expenses associated with a change in allocation factors. Also includes 2014 & 2015 wage annualization.

Line	Description	Total Company Per Books (b)	Total Company Pro Forma (c)	Total Company Adjustment (d)	Allocation Factor (e)	South Dakota Percent (f)	South Dakota Amount (g)
<b>Administrative and General</b>							
1	Administrative & General Salaries (Account 920)	\$ 11,860,034	\$ 12,753,912	\$ 893,878	SALWAGES	91.67%	\$ 819,448
2	Office Supplies and Expenses (Account 921)	2,199,768	2,456,221	256,453	SALWAGES	91.67%	235,099
3	Outside Services (Account 923)	2,083,251	2,101,309	18,058	SALWAGES	91.67%	16,554
4	Property Insurance (Account 924)	825,513	872,684	47,171	TOTPLT	91.20%	43,020
5	Injuries and Damages (Account 925)	1,539,387	1,519,576	(19,811)	SALWAGES	91.67%	(18,161)
6	Employee Pensions and Benefits (Account 926)	20,402	20,653	251	SALWAGES	91.67%	230
7	Miscellaneous General Expense (Account 930.2)	697,959	686,694	(11,265)	SALWAGES	91.67%	(10,327)
8	Rents (Account 931)	451,661	447,768	(3,893)	GENLPLT	91.81%	(3,574)
9	Maintenance of General Plant (Account 935)	739,298	793,315	54,017	GENLPLT	91.81%	49,592
10	<b>Total Administrative &amp; General</b>	<b>\$ 20,417,273</b>	<b>\$ 21,652,132</b>	<b>\$ 1,234,859</b>			<b>\$ 1,131,881</b>

**Sources:**

Line 10: sum of lines 1 through 9  
Column b: BHP Supplemental Response to Staff DR 3-96  
Column c, lines 3-8: BHP Supplemental Response to Staff DR 3-96  
Column c, lines 1-2 & 9: BHP Supplemental Response to Staff DR 3-96 & Email from Jon Thurber on 11/04/14  
Column d: column c less column b  
Columns e & f: Schedule N-1  
Column g, lines 1 through 9: column d \* column f

**Note:** Column c is actual costs for the 12 months ended 8/31/14, except for property insurance which is actual costs for October 2014 through September 2015. Also includes 2014 & 2015 wage annualization.

Line	Description (a)	Annual Salary (b)	Annual Benefits (c)	Total Compensation (d)	% O&M (e)	O&M (f)	Allocation Factor (g)	South Dakota Percent (h)	South Dakota Amount (i)
<b>Actual Employees Hired by 10/31/2014</b>									
***Begin Confidential***									
1	Journeyman Line Mechanic								
2	Apprentice Line Mechanic								
3	Apprentice Line Mechanic								
4	Apprentice Electrician								
5	Construction Representative								
6	Construction Representative								
***End Confidential***									
7	<b>Total</b>	\$ 395,750	\$ 257,238	\$ 652,988		\$ 348,306			
8	Distribution Supervision (Account 580)					\$ 47,855	SALWAGDO	93.40%	\$ 44,694.00
9	Distribution Overhead Line Maintenance (Account 593)					148,263	OHDIST	94.85%	140,635
10	Customer Assistance (Account 908)					152,188	CUSTASST	96.12%	146,276
11	<b>Total</b>					\$ 348,306			\$ 331,605

**Sources:**

Line 7: sum of lines 1-6  
 Columns b & c, lines 1-6: Email from Jon Thurber on 10/27/2014  
 Column d, lines 1-6: sum of lines b and c  
 Column e: Email from Jon Thurber on 10/27/2014  
 Column f, lines 1-6: column d \* column e  
 Column f, lines 8-10: Email from Jon Thurber on 10/30/2014  
 Column g, lines 8-10: Schedule N-1, pages 14 & 15  
 Column h, lines 8-10: Schedule N-1, pages 25, 28, & 29