

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **SUMMARY EXPLANATION OF STATEMENTS AND SCHEDULES**

The following summary explanations of Statements and Schedules are intended as a general guide.

### **Section A**

**20:10:13:51. Statement A -- Balance Sheet.** Statement A shall include balance sheets in the form prescribed in the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, 18 C.F.R. 101 (April 1, 1985), and in any other form if ordered by the commission. They shall be as of the beginning and end of the test period and the most recently available balance sheet containing any applicable footnotes.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:** SDCL [49-34A-4](#).

**Law Implemented:** SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**ASSETS AND OTHER DEBITS**  
**For the Test Year Ended September 30, 2013**

Statement A  
Page 1 of 29

Line No.	Description	FERC Acct. #	(a) September 30, 2013 (Test Year)	(b) As of September 30, 2012
1	Utility Plant			
2	Electric Plant in Service	101	\$ 986,835,716	\$ 961,000,020
3	Completed Construction Not Classified	106	6,475,284	14,722,625
4	Construction Work in Progress	107	57,271,302	8,488,508
5	Other-Utility Property	118	<u>25,337,135</u>	<u>25,113,061</u>
6				
7	Gross Utility Plant		1,075,919,437	1,009,324,214
8	Accum. Prov. for Depreciation	108	(349,622,677)	(332,092,226)
9	Elec. Plant Acquisition Adjustment	114	4,870,308	4,870,308
10	Accum. Prov. for Amort. of Acq. Adj.	115	(3,204,984)	(3,107,577)
11	Res. for Depr. Other Utility Property	119	<u>(16,648,968)</u>	<u>(17,470,510)</u>
12	Total Utility Plant		711,313,116	661,524,209
13				
14	Non-Utility Property	121	-	5,618
15	Res. for Depr Non-Utility Property	122	<u>-</u>	<u>(3,956)</u>
16	Net Non-Utility Property		-	1,662
17	L/T Notes Receivable	124	38,897	51,607
18	Other Investments	128	<u>4,402,979</u>	<u>4,331,235</u>
19	Total Other Property & Investments		4,441,876	4,384,504
20				
21	Current and Accrued Assets			
22	Cash	131	3,747,159	2,694,924
23	Working Funds	135	4,175	4,175
24	Notes and Accts. Receivables - Net	141-145; 173	242,310,400	41,765,245
25	Accts. Rec. Assoc. Company	146	4,989,118	5,196,864
26	Fuel Stocks	151	5,838,257	6,400,519
27	Materials and Supplies	154-163	15,268,105	14,729,394
28	Prepayments	165	3,826,507	2,812,158
29	Other Current Assets	176	-	-
30	Short Term Def. Tax	190	<u>4,421,996</u>	<u>1,612,963</u>
31	Total Current & Accrued Assets		280,405,717	75,216,242
32				
33	Deferred Debits			
34	Unamortized Debt Expense	181	2,844,868	2,969,056
35	Preliminary Survey	183	2,889,284	653,168
36	Miscellaneous Debits	184, 186	1,014,731	2,028,656
37	Other Regulatory Assets	182	52,025,724	51,540,185
38	Unamortized Loss on Required Debt	189	2,317,825	2,561,452
39	Deferred Income Tax	190	<u>22,247,226</u>	<u>44,104,165</u>
40	Total Deferred Debits		83,339,658	103,856,682
41				
42	Total Assets and Other Debits		<u>\$ 1,079,500,367</u>	<u>\$ 844,981,637</u>

Note: The September 2013 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the Federal Energy Regulatory Commission and is the most recently filed financial statement prescribed in the FERC's uniform system of accounts. Black Hills Power 10Q as of September 30, 2013, prepared on a Generally Accepted Accounting Principle basis, was filed with the Securities and Exchange Commission in November 2013. Both filings are publicly available.

**BLACK HILLS POWER, INC.**  
**LIABILITIES AND OTHER CREDITS**  
**For the Test Year Ended September 30, 2013**

**Statement A**  
**Page 2 of 29**

Line No.	Description	FERC Acct. #	(a) September 30, 2013 (Test Year)	(b) As of September 30, 2012
1	Proprietary Capital			
2	Common Stock Issued	201	\$ 23,416,396	\$ 23,416,396
3	Premium on Capital stock	207	42,076,811	42,076,811
4	Capital Stock Expense	214	(2,501,882)	(2,501,882)
5	Unapprop. Retained Earnings	216	271,419,376	251,729,059
6	Other Comprehensive Income	219	<u>(1,356,399)</u>	<u>(1,258,759)</u>
7	Total Proprietary Capital		333,054,302	313,461,625
8				
9	Long Term Debt			
10	Bonds	221	255,000,000	255,000,000
11	Other Long Term Debt	224	15,055,000	15,055,000
12	Unamort. Discount on Long Term Debt	226	<u>(107,985)</u>	<u>12,075</u>
13	Total Long Term Debt		269,947,015	270,067,075
14				
15	Current & Accrued Liability			
16	Accounts Payable	228, 229, 232	22,406,136	9,359,189
16a	Notes Payable Associated Company	233	192,564,778	
17	Accts. Payable Associated Company	234	16,998,582	15,438,012
18	Customer Deposits	235	948,645	948,940
19	Taxes Accrued	236	4,303,933	3,954,713
20	Interest Accrued	237	5,642,152	5,671,665
21	Tax Collections Payable	241	784,600	707,266
22	Misc. Current & Accrued Liab.	242	<u>4,581,177</u>	<u>5,213,849</u>
23	Total Current & Accrued Liability		248,230,003	41,293,634
24				
25	Deferred Credits			
26	Customer Advance for Construction	252	1,193,758	1,482,978
27	Other Deferred Credits	253	27,334,204	27,191,137
28	Acc. Deferred Inv. Tax Credits	254-255	18,660,731	16,614,595
29	Acc. Deferred Income Taxes - Property	282	161,337,807	155,776,454
30	Acc. Deferred Income Taxes - Other	283	<u>19,742,547</u>	<u>19,094,139</u>
31	Total Deferred Credits		228,269,047	220,159,303
32				
33	Total Liabilities & Other Credits		<u>\$ 1,079,500,367</u>	<u>\$ 844,981,637</u>

35 Note: The September 2013 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with  
36 the Federal Energy Regulatory Commission and is the most recently filed financial statement prescribed in  
37 the FERC's uniform system of accounts. Black Hills Power 10Q as of September 30, 2013, prepared on a  
38 Generally Accepted Accounting Principle basis, was filed with the Securities and Exchange Commission in  
39 November 2013. Both filings are publicly available.

Name of Respondent Black Hills Power, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2013/Q3</u>
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Resubmission

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Recquired Debt, and 257, Unamortized Gain on Recquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK  
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013/Q3
NOTES TO FINANCIAL STATEMENTS (Continued)			

There have been no significant changes to the footnotes included in the Form-1 dated December 31, 2012

Name of Respondent Black Hills Power, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of 2012/Q4
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
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8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
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NOTES TO FINANCIAL STATEMENTS (Continued)			

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012, 2011 and 2010**

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

**Business Description**

Black Hills Power, Inc. (the Company, "we," "us" or "our") is an electric utility serving customers in South Dakota, Wyoming and Montana. We are a wholly-owned subsidiary of BHC or the Parent, a public registrant listed on the New York Stock Exchange.

**Basis of Presentation**

The financial statements include the accounts of Black Hills Power, Inc. and also our ownership interests in the assets, liabilities and expenses of our jointly owned facilities (Note 4).

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, and cost of removal liabilities. 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.

**Use of Estimates and Basis of Presentation**

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.

**Cash Equivalents**

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

**Regulatory Accounting**

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

Our regulated utility operations follow accounting standards for regulated operations and our financial statements reflect the effects of the different rate making principles followed by the various jurisdictions regulating our electric operations. If rate recovery becomes unlikely or uncertain due to competition or regulatory action, these accounting standards may no longer apply to our regulated operations. In the event we determine that we no longer meet the criteria for following accounting standards for regulated operations, the accounting impact to us could be an extraordinary non-cash charge to operations in an amount that could be material.



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Black Hills Power, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Regulatory assets are included in Regulatory assets, current and Regulatory assets, non-current on the accompanying Balance Sheets. Regulatory liabilities are included in Regulatory liabilities, current and Regulatory liabilities, non-current on the accompanying Balance Sheets.

We had the following regulatory assets and liabilities as follows as of December 31 (in thousands):

	Maximum Recovery Period (in years)	2012	2011
<b>Regulatory assets:</b>			
Unamortized loss on reacquired debt <sup>(a)</sup>	14	\$ 2,501	\$ 2,765
AFUDC <sup>(b)</sup>	45	8,460	8,552
Employee benefit plans <sup>(c)</sup>	13	27,001	27,602
Deferred energy costs <sup>(a)</sup>	1	6,892	6,605
Flow through accounting <sup>(a)</sup>	35	8,019	5,789
Other <sup>(a)</sup>	2	369	452
Total regulatory assets		<u>\$ 53,242</u>	<u>\$ 51,765</u>
<b>Regulatory liabilities:</b>			
Cost of removal for utility plant <sup>(a)</sup>	53	\$ 26,630	\$ 23,347
Employee benefit plans <sup>(d)</sup>	13	15,689	15,282
Other <sup>(e)</sup>	13	1,567	1,845
Total regulatory liabilities		<u>\$ 43,886</u>	<u>\$ 40,474</u>

- (a) Recovery of costs but not allowed a rate of return.
- (b) In addition to recovery of costs, we are allowed a rate of return.
- (c) In addition to recovery of costs, we are allowed a return on approximately \$23.5 million.
- (d) Approximately \$13.2 million is included in our rate base calculation as a reduction to rate base.
- (e) Approximately \$0.8 million is included in our rate base calculation as a reduction to rate base.

Regulatory assets represent items we expect to recover from customers through probable future rates.

Unamortized Loss on Reacquired Debt - The early redemption premium on reacquired bonds is being amortized over the remaining term of the original bonds.

AFUDC - 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.

Employee Benefit Plans - Employee benefit plans include the unrecognized prior service costs and net actuarial loss associated with our defined benefit pension plans and post-retirement benefit plans in regulatory assets rather than in accumulated other comprehensive income.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Deferred Energy Costs - Deferred energy and fuel cost adjustments represent the cost of electricity delivered to our utility customers that are either higher or lower than the current rates and will be recovered or refunded in future rates. Deferred energy and fuel cost adjustments are recorded and recovered or amortized as approved by the appropriate state commission.

Flow-Through Accounting - Under flow-through accounting, the income tax effects of certain tax items are reflected in our cost of service for the customer in the year in which the tax benefits are realized and result in lower utility rates. This regulatory treatment was applied to the tax benefit generated by repair costs that were previously capitalized for tax purposes in a rate case settlement that was reached in 2010. In this instance, the agreed upon rate increase was less than it would have been absent the flow-through treatment. A regulatory asset established to reflect the future increases in income taxes payable will be recovered from customers as the temporary differences reverse.

Regulatory liabilities represent items we expect to refund to customers through probable future decreases in rates.

Cost of Removal for Utility Plant - 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 obligation for removal.

Employee Benefit Plans - Employee benefit plans represent the cumulative excess of pension and retiree healthcare costs recovered in rates over pension expense recorded in accordance with accounting standards for compensation - retirement benefits. In addition, this regulatory liability includes the income tax effect of the adjustment required under accounting for compensation - defined benefit plans, to record the full pension and post-retirement benefit obligations. Such income tax effect has been grossed-up to account for the revenue requirement aspect of a rate regulated environment.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable consist of sales to residential, commercial, industrial, municipal and other customers all of which do not bear interest. These accounts receivable are stated at billed and unbilled amounts net of write-offs or payment received.

We maintain an allowance for doubtful accounts which reflects our best estimate of 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 collectibility. 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.

Following is a summary of accounts receivable at December 31 (in thousands):

	2012	2011
Accounts receivable trade	\$ 14,965	\$ 16,447
Unbilled revenues	9,004	8,364
Total accounts receivable - customers	23,969	24,811
Allowance for doubtful accounts	(102)	(143)
Net accounts receivable	<u>\$ 23,867</u>	<u>\$ 24,668</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)			

**Revenue Recognition**

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 collectibility is reasonably assured. Taxes collected from our customers are recorded on a net basis (excluded from Revenue).

Utility revenues are based on authorized rates approved by the state regulatory agencies and the FERC. Revenues related to the sale, transmission and distribution of energy, and delivery of service are generally recorded when service is rendered or energy is delivered to customers. To the extent that deliveries have occurred but a bill has not been issued, we accrue an estimate of the revenue since the latest billing. This estimate is calculated based upon several factors including billings through the last billing cycle in a month, and prices in effect in our jurisdictions. Each month the estimated unbilled revenue amounts are trued-up and recorded in Receivables-customers, net on the accompanying Balance Sheets.

**Materials, Supplies and Fuel**

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

**Deferred Financing Costs**

Deferred financing costs are amortized using the effective interest method over the term of the related debt.

**Property, Plant and Equipment**

Additions to property, plant and equipment are recorded at cost when placed in service. Included in the cost of regulated construction projects is AFUDC, which represents the approximate composite cost of borrowed funds and a return on equity used to finance a regulated utility project. The cost of regulated electric property, plant and equipment retired, or otherwise disposed of in the ordinary course of business, less salvage, is charged to accumulated depreciation. Removal costs associated with non-legal obligations are reclassified from accumulated depreciation and reflected as regulatory liabilities. Ordinary repairs and maintenance of property, except as allowed under rate regulations, are charged to operations as incurred.

Depreciation provisions for regulated electric property, plant and equipment are computed on a straight-line basis using an annual composite rate of 2.2% in 2012, 2.2% in 2011 and 2.2% in 2010.

**Derivatives and Hedging Activities**

From time to time we utilize risk management contracts including forward purchases and sales to hedge the price of fuel for our combustion turbines and fixed-for-float swaps to fix the interest on any variable rate debt. Contracts that qualify as derivatives under accounting standards for derivatives, and that are not exempted such as normal purchase/normal sale, are required to be recorded in the balance sheet as either an asset or liability, measured at its fair value. Accounting standards for derivatives require that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

Accounting standards for derivatives allow hedge accounting for qualifying fair value and cash flow hedges. Gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk should be recognized currently in earnings in the same accounting period. Conversely, the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument should be reported as a component of other comprehensive income and be reclassified into earnings or as a regulatory asset or regulatory liability, net of tax, in the same period or periods during which the hedged forecasted transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, is recognized currently in earnings.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

### Fair Value Measurements

Accounting standards for fair value measurements 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 requires 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).

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.

### 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.

### Income Taxes

We file a federal income tax return with other members of the Parent's consolidated group. For financial statement purposes, federal income taxes are allocated to the individual companies based on amounts calculated on a separate return basis.

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, as well as operating loss and tax credit carryforwards. 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.

It is the Parent's policy to apply the flow-through method of accounting for investment tax credits. Under the flow-through method, investment tax credits are reflected in net income as a reduction to income tax expense in the year they qualify. Another acceptable accounting method and an exception to this general policy is to apply the deferral method whereby the credit is amortized as a reduction of income tax expense over the useful lives of the related property which gave rise to the credits.

We recognize interest income or interest expense and penalties related to income tax matters in Income tax (expense) benefit on the Statements of Income. We account for uncertainty in income taxes recognized in the financial statements in accordance with accounting standards for income taxes. The unrecognized tax benefit is classified in Other - non-current liabilities on the accompanying Balance Sheets. See Note 7 for additional information.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

**(2) RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING STANDARDS**

**Recently Adopted Accounting Standards**

Other Comprehensive Income: Presentation of Comprehensive Income, ASU 2011-05 and Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update 2011-05 and ASU 2011-12

FASB issued an accounting standards update amending ASC 220 to improve the comparability, consistency and transparency of reporting of comprehensive income. It amends existing guidance by allowing only two options for presenting the components of net income and other comprehensive income: (1) in a single continuous financial statement, statement of comprehensive income or (2) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. Also, items that are reclassified from other comprehensive income to net income must be presented on the face of the financial statements. ASU No. 2011-05 requires retrospective application, and it is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. In December 2011, FASB issued ASU 2011-12. ASU 2011-12 indefinitely deferred the provisions of ASU 2011-05 requiring the presentation of reclassification adjustments for items reclassified from other comprehensive income to net income be presented on the face of the financial statements. Ultimately FASB chose not to reinstate the reclassification adjustment requirements in ASU 2011-05 but instead issued ASU 2013-02 in February 2013.

We have elected to early adopt the provisions of ASU 2011-05 as amended by ASU 2011-12. The adoption changed the presentation of certain financial statements and provided additional details in notes to the financial statements, but did not have any other impact on our financial statements. See the accompanying Comprehensive Income Statement and additional disclosures in Note 8.

Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements, ASU 2011-04

In May 2011, FASB issued an accounting standards update amending ASC 820, Fair Value Measurements and Disclosures, to achieve common fair value measurement and disclosure requirements between GAAP and IFRS. Additional disclosure requirements in the update include: (1) for Level 3 fair value measurements - quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs; (2) for an entity's use of a non-financial asset that is different from the asset's highest and best use - the reason for the difference; (3) for financial instruments not measured at fair value but for which disclosure of fair value is required - the fair value hierarchy level in which the fair value measurements were determined; and (4) the disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy. ASU 2011-04 is effective for fiscal years, and interim periods within those years, beginning after December 31, 2011. The amendment required additional details in notes to financial statements, but did not have any other impact on our financial statements. The additional disclosures are included in Note 9.

**Recently Issued Accounting Pronouncements and Legislation**

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, ASU 2013-02

In February 2013, the FASB issued new disclosure requirements for items reclassified out of AOCI to expand the disclosure requirements in ASC 220, Comprehensive Income, for presentation of changes in AOCI. ASU 2013-02 requires disclosure of (1) changes in components of other comprehensive income, (2) for items reclassified out of AOCI and into net income in their entirety, the effect of the reclassification on each affected net income line item and (3) cross references to other disclosures that provide additional detail for components of other comprehensive income that are not reclassified in their entirety to net income. Disclosures are required either on the face of the statements of income or as a separate disclosure in the notes to the financial statements. The new disclosure requirements are effective for interim and annual periods beginning after December 15, 2012. The adoption of this standard will not have an impact on our financial position, results of operations or cash flows.

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**(3) PROPERTY, PLANT AND EQUIPMENT**

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

	2012		2011		Lives (in years)	
	2012	Weighted Average Useful Life (in years)	2011	Weighted Average Useful Life (in years)	Minimum	Maximum
Electric plant:						
Production	\$ 510,674	51	\$ 504,088	51	45	65
Transmission	115,092	46	115,063	47	40	60
Distribution	304,113	38	289,833	39	16	45
Plant acquisition adjustment (a)	4,870	32	4,870	32	32	32
General	71,802	22	72,045	21	8	45
Construction work in progress	18,217		9,873			
Total electric plant	1,024,768		995,772			
Less accumulated depreciation and amortization	(322,830)		(313,581)			
Electric plant net of accumulated depreciation and amortization	\$ 701,938		\$ 682,191			

(a) The plant acquisition adjustment is included in rate base and is being recovered with 18 years remaining.

**(4) JOINTLY OWNED FACILITIES**

We use the proportionate consolidation method to account for our percentage interest in the assets, liabilities and expenses of the following facilities:

- We own a 20% interest in the Wyodak Plant (the "Plant"), a coal-fired electric generating station located in Campbell County, Wyoming. PacifiCorp owns the remaining ownership percentage and is the operator of the Plant. We receive our proportionate share of the Plant's capacity and are committed to pay our share of its additions, replacements and operating and maintenance expenses.
- We own a 35% interest in, and are the operator of, the Converter Station Site and South Rapid City Interconnection (the transmission tie), an AC-DC-AC transmission tie. Basin Electric owns the remaining ownership percentage. The transmission tie provides an interconnection between the Western and Eastern transmission grids, which provides us with access to both the WECC region and the MAPP region. The total transfer capacity of the transmission tie is 400 MW - 200 MW West to East and 200 MW from East to West. We are committed to pay our proportionate share of the additions, replacements and operating and maintenance expenses.
- We own a 52% interest in the Wygen III power plant. MDU and the City of Gillette each owns an undivided ownership interest in Wygen III and are obligated to make payments for costs associated with administrative services and a proportionate share of the costs of operating the plant for the life of the facility. We retain responsibility for plant operations.

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The investments in our jointly owned plants and accumulated depreciation are included in the corresponding captions in the accompanying Balance Sheets. Our share of direct expenses of the Plant is included in the corresponding categories of operating expenses in the accompanying Statements of Income. Each of the respective owners is responsible for providing its own financing.

As of December 31, 2012, our interests in jointly-owned generating facilities and transmission systems included on our Balance Sheets were as follows (in thousands):

Interest in jointly-owned facilities	Plant in Service	Construction Work in Progress	Accumulated Depreciation
Wyodak Plant	\$ 109,465	\$ 451	\$ 47,776
Transmission Tie	\$ 19,648	\$ —	\$ 4,414
Wygen III	\$ 130,267	\$ 565	\$ 8,376

**(5) LONG-TERM DEBT**

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

	Maturity Date	Interest Rate	2012	2011
First Mortgage Bonds due 2032	August 15, 2032	7.23%	\$ 75,000	\$ 75,000
First Mortgage Bonds due 2039	November 1, 2039	6.125%	180,000	180,000
Unamortized discount, First Mortgage Bonds due 2039			(111)	(115)
Pollution control revenue bonds due 2014 <sup>(a)</sup>	October 1, 2014	4.80%	—	6,450
Pollution control revenue bonds due 2024	October 1, 2024	5.35%	12,200	12,200
Series 94A Debt <sup>(b)</sup>	June 1, 2024	1.35%	2,855	2,855
Other	May 25, 2012	13.66%	—	37
Total long-term debt			269,944	276,427
Less current maturities			—	(37)
Net long-term debt			\$ 269,944	\$ 276,390

(a) On May 15, 2012 we repaid in full \$6.5 million principal and interest on the Pollution Control Revenue Bonds originally due to mature on October 1, 2014.

(b) Variable interest rate of 1.35% at December 31, 2012.

Net deferred financing costs of approximately \$2.9 million and \$3.1 million were recorded on the accompanying Balance Sheets in Other, non-current assets at December 31, 2012 and 2011, respectively, and are being amortized over the term of the debt. Amortization of deferred financing costs of approximately \$0.2 million, \$0.5 million and \$0.4 million for the years ended December 31, 2012, 2011 and 2010, respectively, are included in Interest expense on the accompanying Statements of Income.

Substantially all of our property is subject to the lien of the indenture securing our first mortgage bonds. First mortgage bonds may be issued in amounts limited by property, earnings and other provisions of the mortgage indentures. We were in compliance with our debt covenants at December 31, 2012.

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Long-term Debt Maturities

Scheduled maturities of our outstanding long-term debt (excluding unamortized discounts) are as follows (in thousands):

2013	\$	—
2014	\$	—
2015	\$	—
2016	\$	—
2017	\$	—
Thereafter	\$	270,055

**(6) FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents (a)	\$ 3,805	\$ 3,805	\$ 2,812	\$ 2,812
Long-term debt, including current maturities (b)	\$ 269,944	\$ 359,567	\$ 276,427	\$ 362,055

- (a) Fair value approximates carrying value due to either short-term length of maturity or variable interest rates that approximate prevailing market rates and therefore is classified in Level 1 in the fair value hierarchy.
- (b) Long-term debt is valued using the market approach based on observable inputs of quoted market prices and yields available for debt instruments either directly or indirectly for similar maturities and debt ratings in active markets and therefore is classified in Level 2 in the fair value hierarchy. The carrying amount of our variable rate debt approximates fair value due to the variable interest rates with short reset periods. For additional information on our long-term debt, see Note 5 to the Financial Statements.

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

**Cash and Cash Equivalents**

Included in cash and cash equivalents is cash and overnight repurchase agreement accounts. As part of our cash management process, excess operating cash is invested in overnight repurchase agreements with our bank. Repurchase agreements are not deposits and are not insured by the U.S. Government, the FDIC or any other government agency and involve investment risk including possible loss of principal. We believe however, that the market risk arising from holding these financial instruments is minimal.



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**(7) INCOME TAXES**

Income tax expense (benefit) from continuing operations for the years ended December 31 was (in thousands):

	2012	2011	2010
Current	\$ (10,319)	\$ 14,921	\$ (14,885)
Deferred	24,628	(2,931)	25,626
Total income tax expense	<u>\$ 14,309</u>	<u>\$ 11,990</u>	<u>\$ 10,741</u>

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

	2012	2011
Deferred tax assets:		
Employee benefits	\$ 5,094	\$ 5,008
Net operating loss	10,441	28,072
Regulatory liabilities	13,433	14,644
Other	2,381	3,049
Valuation allowance	—	—
Total deferred tax assets	<u>31,349</u>	<u>50,773</u>
Deferred tax liabilities:		
Accelerated depreciation and other plant related differences	(154,989)	(148,254)
AFUDC	(5,499)	(5,559)
Regulatory assets	(5,767)	(5,019)
Employee benefits	(3,610)	(2,356)
Other	(3,771)	(3,753)
Total deferred tax liabilities	<u>(173,636)</u>	<u>(164,941)</u>
Net deferred tax assets (liabilities)	<u>\$ (142,287)</u>	<u>\$ (114,168)</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Federal statutory rate	35.0%	35.0%	35.0%
Amortization of excess deferred and investment tax credits	(0.3)	(0.4)	(0.6)
Equity AFUDC	(0.1)	(0.6)	(2.0)
Flow through adjustments *	(3.5)	(3.4)	(7.4)
Prior year deferred adjustment	3.6	—	—
Other	(0.1)	0.1	0.6
	34.6%	30.7%	25.6%

\* The flow-through adjustments relate primarily to an accounting method change for tax purposes that was filed with the 2008 tax return and for which consent was received from the IRS in September 2009. The effect of the change allows us to take a current tax deduction for repair costs that were previously capitalized for tax purposes. These costs will continue to be capitalized for book purposes. We recorded a deferred income tax liability in recognition of the temporary difference created between book and tax treatment and we flowed the tax benefit through to our customers in the form of lower rates as a result of a rate case settlement that occurred during 2010. A regulatory asset was established to reflect the recovery of future increases in taxes payable from customers as the temporary differences reverse. Due to this regulatory treatment, we recorded an income tax benefit in 2010 that was attributable to the 2008 through 2010 tax years. We continue to record a tax benefit consistent with the flow through method in accordance with such regulatory treatment.

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

	<u>2012</u>	<u>2011</u>
Unrecognized tax benefits at January 1	\$ 3,595	\$ 3,094
Additions for prior year tax positions	—	795
Reductions for prior year tax positions	(1,586)	(294)
Additions for current year tax positions	69	—
Unrecognized tax benefits at December 31	\$ 2,078	\$ 3,595

The reductions for prior year tax positions relate to the reversal attributable to otherwise allowed tax depreciation. The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately \$0.7 million. The unrecognized tax benefit is classified in Other, non-current liabilities on the accompanying Balance Sheets.

During the year ended December 31, 2012 and 2011, the interest expense recognized related to income tax matters was not material to our financial results.

We do not anticipate that total unrecognized tax benefits will significantly change due to the settlement of any audits or the expiration of statutes of limitations prior to December 31, 2013.

At December 31, 2012, we have federal NOL carry forward of \$30.5 million, expiring in 2031. Ultimate usage of this NOL depends upon our ability to generate future taxable income, which is expected to occur within the prescribed carryforward period.

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**(8) ACCUMULATED OTHER COMPREHENSIVE INCOME**

Balances by classification included within Accumulated other comprehensive loss on the accompanying Balance Sheets were as follows (in thousands):

	Derivatives Designated as Cash Flow Hedges	Employee Benefit Plans	Total
As of December 31, 2011	\$ (801)	\$ (489)	\$ (1,290)
Other comprehensive income (loss)	41	(171)	(130)
As of December 31, 2012	<u>\$ (760)</u>	<u>\$ (660)</u>	<u>\$ (1,420)</u>
As of December 31, 2010	\$ (843)	\$ (419)	\$ (1,262)
Other comprehensive income (loss)	42	(70)	(28)
As of December 31, 2011	<u>\$ (801)</u>	<u>\$ (489)</u>	<u>\$ (1,290)</u>

Derivatives designated as cash flow hedges relate to a treasury lock entered into in August 2002 to hedge a portion of the \$75.0 million First Mortgage Bonds due on August 15, 2032. The treasury lock cash settled on August 8, 2002, the bond pricing date, and resulted in a \$1.8 million loss. The treasury lock is treated as a cash flow hedge and the resulting loss is carried in Accumulated Other Comprehensive Loss and is being amortized over the life of the related bonds.

**(9) EMPLOYEE BENEFIT PLANS**

**Funded Status of Benefit Plans**

The funded status of the postretirement benefit plan is required to be recognized in the statement of financial position. The funded status for the pension plan 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. The measurement date of the plans is December 31, our year-end balance sheet date. As of December 31, 2012, the funded status of our Defined Benefit Pension Plan was \$(16.4) million, the funded status of our Supplemental Non-qualified Defined Benefit Plans was \$(3.4) million and the funded status of our Non-pension Defined Benefit Postretirement Healthcare Plans was \$(6.8) million.

We apply accounting standards for regulated operations, and accordingly, the unrecognized net periodic benefit cost that would have been reclassified to Accumulated other comprehensive income (loss) was alternatively recorded as a regulatory asset or regulatory liability, net of tax.

**Defined Benefit Pension Plan**

We have a noncontributory defined benefit pension plan ("Pension Plan") covering employees who meet certain eligibility requirements. The benefits are based on years of service and compensation levels during the highest five consecutive years of the last ten years of service. 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.

The Pension Plan has been frozen to new employees and certain employees who did not meet age and service based criteria at the time the Plan was frozen. Plan benefits are based on years of service and calculations of average earnings during a specific time period prior to retirement.

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On October 29, 2012, the Board of Directors approved a new Investment Policy. The objective of the Investment Policy is to manage assets in such a way that will allow the eventual settlement of our obligations to the Plans' beneficiaries. To meet this objective, our pension plan assets are managed by an outside adviser using a structured portfolio strategy that will provide liquidity to meet the Plans' benefit payment obligations and an asset allocation that will comprise a mix of return-seeking and liability-hedging assets. Our Pension Plan 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. The expected long-term rate of return for investments was 7.25% and 8.75% for the 2012 and 2011 plan years, respectively.

Pension Plan Assets

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

	<u>2012</u>	<u>2011</u>
Equity securities	51%	69%
Fixed income funds	48%	28%
Cash and cash equivalents	1%	3%
Total	<u>100%</u>	<u>100%</u>

**Supplemental Non-qualified Defined Benefit Retirement Plans**

We have various supplemental retirement plans ("Supplemental Plans") for key executives. The Supplemental Plans are non-qualified defined benefit plans. The Supplemental Plans are subject to various vesting schedules.

Supplemental Plan Assets

We do not fund our Supplemental Plans. We fund on a cash basis as benefits are paid.

**Non-pension Defined Benefit Postretirement Healthcare Plan**

Employees who are participants in our Non-Pension Postretirement Healthcare Plan ("Healthcare Plan") and who retire on or after attaining minimum age and years of service requirements 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 Healthcare Plan periodically. We are not pre-funding our retiree medical plan. We have determined that the Healthcare Plan's post-65 retiree prescription drug plans are actuarially equivalent and qualify for the Medicare Part D subsidy.

Plan Assets

We do not fund our Healthcare Plans. We fund on a cash basis as benefits are paid.

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### Plan Contributions and Estimated Cash Flows

Contributions made to the Pension Plans are cash contributions made directly to the Pension Plan Trust accounts. Healthcare and Supplemental Plan contributions are made in the form of benefit payments. Contributions for the years ended December 31 were as follows (in thousands):

	2012	2011
<u>Defined Benefit Plans</u>		
Defined Benefit Pension Plan	\$ 6,835	\$ —
Non-pension Defined Benefit Postretirement Healthcare Plan	\$ 835	\$ 428
Supplemental Non-qualified Defined Benefit Plan	\$ 256	\$ 130
<u>Defined Contribution Plans</u>		
Company Retirement Contribution	\$ 404	\$ 371
Matching Contributions	\$ 1,328	\$ 1,296

We expect to make a contribution of \$1.6 million to our employee defined benefit pension plan in 2013.

### Fair Value Measurements

As required by accounting standards for fair value measurements, 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 their 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 (in thousands):

	2012			Total Fair Value
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 535	\$ —	\$ —	\$ 535
Common collective trust - equity	—	27,267	—	27,267
Common collective trust - fixed income	—	21,127	—	21,127
Insurance contracts	—	—	—	—
Structured products	—	4,536	—	4,536
Total investments measured at fair value	<u>\$ 535</u>	<u>\$ 52,930</u>	<u>\$ —</u>	<u>\$ 53,465</u>

	2011			Total Fair Value
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 40	\$ —	\$ —	\$ 40
Registered investment companies - equity	12,743	—	—	12,743
Registered investment companies - fixed income	12,603	—	—	12,603
Common collective trust - equity	—	16,143	—	16,143
Insurance contracts	—	1,288	—	1,288
Structured products	—	2,200	—	2,200
Total investments measured at fair value	<u>\$ 25,386</u>	<u>\$ 19,631</u>	<u>\$ —</u>	<u>\$ 45,017</u>

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*Registered Investment Companies:* Investments are valued at the closing price reported on the active market on which the individual securities are traded.

*Common Collective Trust:* The Pension Plan owns units of the Common Collective Trust funds that they are utilizing in their portfolio. The value of each unit of any fund as of any valuation date shall be determined by calculating the total value of such fund's assets as of the close of business on such valuation date, deducting its total liabilities as of such time and date, and then dividing the so-determined net asset value of such fund by the total number of units of such fund outstanding on the date of valuation.

*Insurance Contract:* These investments are valued on a cash basis on any given valuation date which approximates fair value.

*Structured Products:* Investments are created through the process of financial engineering (that is, by combining underlying securities like equity, bonds, or indices with derivatives). The value of derivative securities, such as options, forwards and swaps is determined by (respectively, derives from) the prices of the underlying securities.

### Plan Reconciliations

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

#### Benefit Obligations

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
	2012	2011	2012	2011	2012	2011
Change in benefit obligation:						
Projected benefit obligation at beginning of year	\$ 65,557	\$ 57,753	\$ 2,292	\$ 2,152	\$ 8,207	\$ 7,517
Service cost	765	798	—	—	214	210
Interest cost	2,969	3,092	104	114	343	365
Actuarial loss (gain)	4,510	852	1,287	(30)	(1,748)	(308)
Amendments	—	—	—	—	—	—
Change in participant assumptions	—	—	—	—	—	171
Discount rate change	—	6,668	—	186	—	433
Benefits paid	(2,850)	(2,899)	(256)	(130)	(835)	(707)
Asset transfer (to) from affiliate	(1,131)	(707)	—	—	26	(40)
Plan curtailment reduction	—	—	—	—	—	—
Medicare Part D adjustment	—	—	—	—	71	67
Plan participants' contributions	—	—	—	—	488	499
Projected benefit obligation at end of year	\$ 69,820	\$ 65,557	\$ 3,427	\$ 2,292	\$ 6,766	\$ 8,207

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A reconciliation of the fair value of Plan assets (as of the December 31 measurement date) is as follows (in thousands):

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
	2012	2011	2012	2011	2012	2011
Beginning market value of plan assets	\$ 45,017	\$ 48,228	\$ —	\$ —	\$ —	\$ —
Investment income	5,240	66	—	—	—	—
Benefits paid	(2,850)	(2,899)	—	—	—	—
Employer contributions	6,835	—	—	—	—	—
Asset transfer to affiliate	(777)	(378)	—	—	—	—
Ending market value of plan assets	\$ 53,465	\$ 45,017	\$ —	\$ —	\$ —	\$ —

Amounts recognized in the Balance Sheets at December 31 consist of (in thousands):

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plan	
	2012	2011	2012	2011	2012	2011
Regulatory asset (liability)	\$ 26,683	\$ 27,284	\$ —	\$ —	\$ (2,174)	\$ (590)
Current (liability)	\$ —	\$ —	\$ (216)	\$ (154)	\$ (438)	\$ (658)
Non-current (liability)	\$ (16,356)	\$ (20,540)	\$ (3,211)	\$ (3,060)	\$ (6,321)	\$ (7,497)

Accumulated Benefit Obligation (dollars in thousands)

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
	2012	2011	2012	2011	2012	2011
Accumulated benefit obligation	\$ 63,417	\$ 59,823	\$ 3,427	\$ 2,292	\$ 6,766	\$ 8,207

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Components of Net Periodic Expense (dollars in thousands)

	Defined Benefit Pension Plan			Supplemental Non-qualified Defined Benefit Retirement Plans			Non-pension Defined Benefit Postretirement Healthcare Plan		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Service cost	\$ 765	\$ 798	\$ 1,214	\$ —	\$ —	\$ —	\$ 214	\$ 210	\$ 340
Interest cost	2,969	3,092	3,280	104	114	100	343	365	547
Expected return on assets	(3,139)	(3,619)	(3,008)	—	—	—	—	—	—
Amortization of prior service cost (credits)	57	62	62	—	—	—	(278)	(314)	(141)
Amortization of transition obligation	—	—	—	—	—	—	—	—	171
Recognized net actuarial loss (gain)	2,599	1,486	1,378	55	48	30	139	163	—
Curtailement expense	—	—	57	—	—	—	—	—	—
Net periodic expense	\$ 3,251	\$ 1,819	\$ 2,983	\$ 159	\$ 162	\$ 130	\$ 418	\$ 424	\$ 917

Accumulated Other Comprehensive Income (Loss)

Amounts included in AOCI, after-tax, that have not yet been recognized as components of net periodic benefit cost at December 31 were as follows (in thousands):

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
	2012	2011	2012	2011	2012	2011
Net loss	\$ —	\$ —	\$ (660)	\$ (489)	\$ —	\$ —
Prior service cost	—	—	—	—	—	—
Total accumulated other comprehensive income (loss)	\$ —	\$ —	\$ (660)	\$ (489)	\$ —	\$ —

The amounts in AOCI, regulatory assets or regulatory liabilities, after-tax, expected to be recognized as a component of net periodic benefit cost during calendar year 2013 were as follows (in thousands):

	Defined Benefits Pension Plan		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
	2013	2012	2013	2012	2013	2012
Net loss	\$ 1,696	\$ 6	\$ 43	\$ —	\$ —	\$ (181)
Prior service cost	27	—	—	—	—	—
Total net periodic benefit cost expected to be recognized during calendar year 2013	\$ 1,723	\$ 43	\$ 43	\$ —	\$ —	\$ (175)



Name of Respondent Black Hills Power, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Assumptions

	Defined Benefit Pension Plan			Supplemental Non-qualified Defined Benefit Retirement Plans			Non-pension Defined Benefit Postretirement Healthcare Plan		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Weighted-average assumptions used to determine benefit obligations:									
Discount rate	4.35%	4.65%	5.50%	4.25%	4.70%	5.50%	3.65%	4.35%	5.00%
Rate of increase in compensation levels	3.91%	3.67%	3.70%	N/A	N/A	5.00%	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for plan year:									
Discount rate	4.65%	5.50%	6.05%	4.70%	5.00%	6.10%	4.35%	5.00%	5.90%
Expected long-term rate of return on assets*	7.25%	7.75%	8.00%	N/A	N/A	N/A	N/A	N/A	N/A
Rate of increase in compensation levels	3.67%	3.70%	4.25%	N/A	N/A	5.00%	N/A	N/A	N/A

\* The expected rate of return on plan assets is 7.25% for the calculation of the 2013 net periodic pension cost.

The healthcare benefit obligation was determined at December 31 as follows:

	2012	2011
Healthcare trend rate pre-65		
Trend for next year	7.75%	9.01%
Ultimate trend rate	4.50%	4.50%
Year Ultimate Trend Reached	2027	2027
Healthcare trend rate post-65		
Trend for next year	6.50%	9.01%
Ultimate trend rate	4.50%	4.50%
Year Ultimate Trend Reached	2026	2027

We do not pre-fund our post-retirement benefit plan. The table below shows the estimated impacts of an increase or decrease to our healthcare trend rate for our Retiree Health Care Plan (dollars in thousands):

<u>Change in Assumed Trend Rate</u>	<u>Service and Interest Costs</u>	<u>Accumulated Periodic Postretirement Benefit Obligation</u>
1% increase	\$ 11	\$ 278
1% decrease	\$ (10)	\$ (250)

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Black Hills Power, Inc.		/ /	2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

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

	Defined Benefit Pension Plan	Supplemental Non-qualified Defined Benefit Retirement Plans	Non-pension Defined Benefit Postretirement Healthcare Plan
2013	\$ 3,150	\$ 216	\$ 438
2014	\$ 3,227	\$ 215	\$ 489
2015	\$ 3,325	\$ 212	\$ 455
2016	\$ 3,417	\$ 181	\$ 469
2017	\$ 3,516	\$ 212	\$ 498
2018-2021	\$ 20,144	\$ 1,187	\$ 2,728

#### Defined Contribution Plan

The Parent sponsors a 401(k) retirement savings plan in which our employees may participate. Participants may elect to invest up to 50% of their eligible compensation on a pre-tax or after-tax basis, up to a maximum amount established by the Internal Revenue Service. The plan provides for company matching contributions and company retirement contributions. Employer contributions vest at 20% per year and are fully vested when the participant has 5 years of service.

#### (10) RELATED-PARTY TRANSACTIONS

##### Non-Cash Dividend to Parent

We have recorded a non-cash dividend to our Parent for \$44.0 million in 2012 and decreased the utility money pool note receivable, net for the amount of \$44.0 million.

##### Receivables and Payables

We have accounts receivable and accounts payable balances related to transactions with other BHC subsidiaries. These balances as of December 31 were as follows (in thousands):

	2012	2011
Receivable - affiliates	\$ 5,027	\$ 6,998
Accounts payable - affiliates	\$ 21,896	\$ 18,598

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Money Pool Notes Receivable and Notes Payable

We have a Utility Money Pool Agreement (the Agreement) with the Parent. Under the agreement, we may borrow from the Parent. The Agreement restricts us from loaning funds to the Parent or to any of the Parent's non-utility subsidiaries; the Agreement does not restrict us from making 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 1%.

Advances under this notes receivable bear interest at 1.50% above the daily LIBOR rate (1.71% at December 31, 2012). We had the following balances with the Utility Money Pool as of and for the years ended December 31 (in thousands):

Utility Money Pool	2012	2011	2010
Notes receivable (payable), net	\$ 31,645	\$ 50,477	\$ 39,862
Net interest income (expense)	\$ 617	\$ 1,414	\$ 467

Other Balances and Transactions

We have the following Power Purchase and Transmission Services Agreements with affiliated entities:

- Cheyenne Light entered into a PPA with Happy Jack. Under a separate inter-company agreement expiring on September 3, 2028, Cheyenne Light has agreed to sell up to 15 MW of the facility output from Happy Jack to us.
- Cheyenne Light entered into a PPA with Silver Sage. Under a separate inter-company agreement expiring on September 30, 2029, Cheyenne Light has agreed to sell 20 MW of energy from Silver Sage to us.
- A Generation Dispatch Agreement with Cheyenne Light that requires us to purchase all of Cheyenne Light's excess energy.

We had the following related party transactions for the years ended December 31 included in the corresponding captions in the accompanying Statements of Income:

	2012	2011	2010
	(in thousands)		
<u>Revenues:</u>			
Energy sold to Cheyenne Light	\$ 2,372	\$ 957	\$ 1,200
Rent from electric properties	\$ 2,661	\$ 7,523	\$ 7,884
<u>Purchases:</u>			
Purchase of coal from WRDC	\$ 20,690	\$ 21,319	\$ 13,569
Purchase of excess energy from Cheyenne Light	\$ 3,139	\$ 4,127	\$ 4,126
Purchase of renewable wind energy from Cheyenne Light - Happy Jack	\$ 1,988	\$ 1,955	\$ 2,815
Purchase of renewable wind energy from Cheyenne Light - Silver Sage	\$ 3,269	\$ 3,281	\$ 1,723
Purchase of natural gas - other	\$ 7	\$ 647	\$ 1,652
Corporate support services from Parent, Black Hills Service Company and Black Hills Utility Holdings	\$ 24,163	\$ 18,567	\$ 17,145

Name of Respondent Black Hills Power, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

**(11) SUPPLEMENTAL CASH FLOW INFORMATION**

Years ended December 31,	2012	2011	2010
	(in thousands)		
Non-cash investing and financing activities -			
Property, plant and equipment financed with accrued liabilities	\$ 3,969	\$ 1,882	\$ 7,188
Non-cash decrease to money pool note receivable, net	\$ (43,984)	\$ —	\$ —
Non-cash dividend to Parent company	\$ 43,984	\$ —	\$ —
Supplemental disclosure of cash flow information:			
Cash (paid) refunded during the period for -			
Interest (net of amounts capitalized)	\$ (17,099)	\$ (16,294)	\$ (19,554)
Income taxes	\$ 7,176	\$ (15,347)	\$ 15,805

**(12) COMMITMENTS AND CONTINGENCIES**

**Partial Sale of Wygen III**

On July 14, 2010, we sold a 23% ownership interest in Wygen III to the City of Gillette for \$62.0 million. The purchase terminated the then current PPA with the City of Gillette, and the Wygen III Participation Agreement has been amended to include the City of Gillette. The Participation Agreement provides that the City of Gillette will pay us for administrative services and share in the costs of operating the plant for the life of the facility. The amount of net fixed assets sold totaled \$55.8 million. We recognized a gain on the sale of \$6.2 million.

**Power Purchase and Transmission Services Agreements**

We have the following power purchase and transmission agreements, not including related party agreements, as of December 31, 2012 (see Note 10 for information on related party agreements):

- A PPA with PacifiCorp expiring on December 31, 2023, which provides for the purchase by us of 50 MW of electric capacity and energy. The price paid for the capacity and energy is based on the operating costs of one of PacifiCorp's coal-fired electric generating plants;
- A firm point-to-point transmission access agreement to deliver up to 50 MW of power on PacifiCorp's transmission system to wholesale customers in the western region through December 31, 2023; and
- An agreement with Thunder Creek for gas transport capacity, expiring in October 31, 2019.

Costs incurred under these agreements were as follows for the years ended December 31 (in thousands):

Contract	Contract Type	2012	2011	2010
PacifiCorp	Electric capacity and energy	\$ 13,224	\$ 12,515	\$ 12,936
PacifiCorp	Transmission access	\$ 1,215	\$ 1,215	\$ 1,215
Thunder Creek	Gas transport capacity	\$ 633	\$ 633	\$ 633

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

### Future Contractual Obligations

The following is a schedule of future minimum payments required under the power purchase, transmission services, facility and vehicle leases, and gas supply agreements (in thousands):

2013	\$	11,909
2014	\$	11,904
2015	\$	11,903
2016	\$	11,899
2017	\$	11,895
Thereafter	\$	30,884

### Long-Term Power Sales Agreements

We have the following power sales agreements as of December 31, 2012:

- During periods of reduced production at Wygen III in which MDU owns a portion of the capacity, or during periods when Wygen III is off-line, MDU will be provided with 25 MW from our other generation facilities or from system purchases with reimbursement of costs by MDU;
- During periods of reduced production at Wygen III in which the City of Gillette owns a portion of the capacity, or during periods when Wygen III is off-line, we will provide the City of Gillette with its first 23 MW from our other generating facilities or from system purchases with reimbursement of costs by the City of Gillette. Under this agreement, Black Hills Power will also provide the City of Gillette their operating component of spinning reserves;
- An agreement under which we supply energy and capacity to MEAN expiring on May 31, 2023. This contract is unit-contingent based on up to 10 MW from our Neil Simpson II and up to 10 MW from our Wygen III plants. The energy and capacity purchase requirements decrease over the term of the agreement; and
- A PPA with MEAN, expiring on April 1, 2015. Under this contract, MEAN purchases 5 MW of unit-contingent energy and capacity from Neil Simpson II and 5 MW of unit-contingent capacity from Wygen III.

### Oil Creek Fire

On June 29, 2012, a forest and grassland fire occurred in the western Black Hills. It is alleged the fire occurred when a high voltage electrical transmission line maintained by us fell to the ground, and that electrical arcing from the downed line ignited dry grass or brush. The fire burned approximately 60,000 acres of land owned by private landowners as well as the United States Bureau of Land Management and the State of Wyoming. We have received written claims from the State of Wyoming and a landowner seeking recovery of damages for alleged injury to timber, grass, fencing, fire suppression and rehabilitation costs. The total amount of damages currently claimed by the State of Wyoming and the landowners is approximately \$8 million. We have been notified that additional private landowner claims are forthcoming. Our investigation into the cause and origin of the fire is still pending. Based upon information developed in our investigation to date, we expect to deny and will vigorously defend all claims arising out of the fire. Given the uncertainty of litigation, however, a loss relating to the fire and the litigation is reasonably possible. We cannot reasonably estimate the amount of a potential loss because our investigation is ongoing, and because we expect further claims to be presented by other parties. Although we cannot predict the outcome of our investigation or the viability of potential claims, based on information currently available, management believes that any such claims, if determined adversely to us, will not have a material effect on our financial statements.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

**Legal 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, results of operations or cash flows.

In the normal course of business, we enter into agreements that include indemnification in favor of third parties, such as information technology agreements, purchase and sale agreements and lease contracts. We have also agreed to indemnify our directors, officers and employees in accordance with our articles of incorporation, as amended. Certain agreements do not contain any limits on our liability and therefore, it is not possible to estimate our potential liability under these indemnifications. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we maintain insurance policies that may provide coverage against certain claims under these indemnities.

**Environmental Matters**

We are subject to costs resulting from a number of federal, state and local laws and regulations which affect future planning and existing operations. They can result in increased capital expenditures, operating and other costs as a result of compliance, remediation and monitoring obligations. Due to the environmental issues discussed below, we may be required to modify, curtail, replace or cease operating certain facilities or operations to comply with statutes, regulations and other requirements of regulatory bodies.

Air

Our generation facilities are subject to federal, state and local laws and regulations relating to the protection of air quality. These laws and regulations cover, among other pollutants, carbon monoxide, SO<sub>2</sub>, NO<sub>x</sub>, mercury particulate matter and GHG. Power generating facilities burning fossil fuels emit each of the foregoing pollutants and, therefore, are subject to substantial regulation and enforcement oversight by various governmental agencies.

Title IV of the Clean Air Act applies to several of our generation facilities, including the Neil Simpson II, Neil Simpson CT II, Lange CT, Wygen III and Wyodak plants. Title IV of the Clean Air Act created an SO<sub>2</sub> allowance trading program as part of the federal acid rain program. Without purchasing additional allowances, we currently hold sufficient allowances to satisfy Title IV at all such plants through 2042.

The EPA issued the Industrial and Commercial Boiler Regulations for Area Sources of Hazardous Air Pollutants, with updates which impose emission limits, fuel requirements and monitoring requirements. The rule has a compliance deadline of March 21, 2014. In anticipation of this rule we suspended operations at the Osage plant on October 1, 2010 and as a result of this rule, we suspended operations at the Ben French facility on August 31, 2012 with plans to retire Osage, Ben French and Neil Simpson I on or before March 21, 2014. While the net book value of these plants is estimated to be insignificant at the time of retirement, we would reasonably expect any remaining value to be recovered through future rates.

Solid Waste Disposal

Various materials used at our facilities are subject to disposal regulations. Our Osage plant, at which operations have been suspended, has an on-site ash impoundment that is near capacity. An application to close the impoundment was approved by the State of Wyoming on April 13, 2012. Site closure work is underway with post closure monitoring to continue for 30 years.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
Black Hills Power, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

**(13) QUARTERLY HISTORICAL DATA (Unaudited)**

We operate on a calendar year basis. The following table sets forth selected unaudited historical operating results data for each quarter (in thousands):

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2012				
Operating revenues	\$ 62,270	\$ 58,372	\$ 61,134	\$ 61,533
Operating income	\$ 12,742	\$ 13,859	\$ 15,361	\$ 15,619
Net income	\$ 6,053	\$ 6,727	\$ 8,147	\$ 6,159
2011				
Operating revenues	\$ 59,194	\$ 56,098	\$ 64,940	\$ 65,399
Operating income	\$ 11,917	\$ 9,181	\$ 19,175	\$ 14,447
Net income	\$ 5,881	\$ 3,741	\$ 10,510	\$ 6,965

## Section B

**20:10:13:52. Statement B -- Income Statement.** Statement B shall include income statements in the form prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, 18 C.F.R. 101 (April 1, 1985), and in any other form if ordered by the commission for the test period, and the most recently available income statement, including any applicable footnotes.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).



**BLACK HILLS POWER, INC.**  
**STATEMENT OF INCOME**  
For the Test Year Ended September 30, 2013

Statement B  
Page 1 of 1

Line No.	Description	Reference	September 30, 2013 (Test Year)	For the twelve months ended September 30, 2012
1	Electric Sales	440-447	\$ 222,086,699	\$ 211,635,864
2	Other Revenue	449-456	<u>26,851,035</u>	<u>34,831,722</u>
3	Sub-Total		248,937,734	246,467,586
4				
5	Fuel	501, 547	22,984,660	26,982,168
6	Purchased Power	555	45,690,059	65,485,213
7	Production Expense (Excludes Fuel and Purchased Power)	500-557	19,964,730	22,264,636
8	Transmission Expense	560-567	22,182,983	3,626,139
9	Distribution Expense	568-598	8,615,767	7,445,126
10	Customer Accounting Expense	901-905	2,708,305	2,926,318
11	Customer Service Expense	907-910	1,456,300	1,574,356
12	Sales Expense	912-913	30,308	1,805
13	Administrative and General Expense	920-935	<u>31,094,935</u>	<u>27,142,991</u>
14	Total O&M		154,728,047	157,448,752
15				
16	Depreciation Expense	403	27,909,862	27,645,020
17	Amortization	406	97,406	
18	Taxes Other than Income	408	<u>5,359,279</u>	<u>4,772,949</u>
19	Sub-Total		33,366,547	32,417,969
20				
21	Net Operating Income	Ln.3 - Ln.14 - Ln.19	60,843,140	56,600,865
22				
23	Non-Operating Income (& Expense)	415-417, 421-426	163,922	9,245,769
24	Interest (Expense)	427-431	(22,233,936)	(26,044,684)
25	AFUDC - Debt & Equity	419, 432	<u>3,931,226</u>	<u>691,429</u>
26	Non-Operating (Expense)		(18,138,788)	(16,107,486)
27				
28	Income Before Tax	Ln.21 + Ln.26	42,704,352	40,493,379
29				
30	Federal Income Taxes	409-411	<u>15,014,035</u>	<u>12,600,568</u>
31				
32	Net Utility Income	Ln.28 - Ln.30	<u>\$ 27,690,317</u>	<u>\$ 27,892,811</u>

33  
34 Note: The September 2013 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the Federal Energy  
35 Regulatory Commission and is the most recently filed financial statement prescribed in the FERC's uniform system of accounts.  
36 Black Hills Power 10Q as of September 30, 2013, prepared on a Generally Accepted Accounting Principle basis, was filed with the  
37 Securities and Exchange Commission in November 2013. Both filings are publicly available.

### Section C

**20:10:13:53. Statement C – Statement of Retained Earnings.** Statement C shall include earned surplus statements for the test period showing debits and credits according to descriptive captions, the balance as of the beginning and the end of the test period and the most recently available earned surplus statement, including any applicable footnotes.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**STATEMENT OF RETAINED EARNINGS**  
**For the Test Year Ended September 30, 2013**

**Statement C**  
**Page 1 of 1**

Line No.	Description	Reference	September 30, 2013 (Test Year)	As of September 30, 2012
1	Balance at Beginning of Period		\$ 251,729,060	\$ 267,820,204
2	Net Income	Stmt B Ln. 32	27,690,317	27,892,811
3	Non-Cash Dividend to Parent Company		(8,000,000)	(43,983,955)
4	Total Before Deductions		<u>271,419,377</u>	<u>251,729,060</u>
5				
6	Dividends Paid/Declared and Other			
7	Preferred Dividends		-	-
8	Acquired Related Company Equity		-	-
9	Common Stock Dividends		-	-
10			<u>-</u>	<u>-</u>
11				
12	Balance at End of Period	Ln.4 + Ln.10	<u>\$ 271,419,377</u>	<u>\$ 251,729,060</u>

13  
14 Note: The September 2013 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the  
15 Federal Energy Regulatory Commission and is the most recently filed financial statement prescribed in the  
16 FERC's uniform system of accounts. Black Hills Power 10Q as of September 30, 2013, prepared on a  
17 Generally Accepted Accounting Principle basis, was filed with the Securities and Exchange Commission in  
18 November 2013. Both filings are publicly available.

## Section D

**20:10:13:54. Statement D -- Cost of Plant.** Statement D shall include a statement showing in summary form the accounts of electric or gas utility plant classified by accounts 101, 102, 103, 104, 105, 106, 107, 118 as of the beginning of the 12 months of the test period, and the book additions and reductions in separate columns during the 12 months together with the book balances at the end of the 12-month period. Claimed adjustments, if any, to the book balances and the total cost of plant shall be shown in adjoining columns. All adjustments shall be fairly and clearly explained in the supporting material submitted. The material listed in §§ 20:10:13:55 to 20:10:13:63, inclusive, for electric or gas plant shall be submitted as part of statement D.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Statement D Page 1:** This Statement shows a roll forward of property records from September 30, 2012, to September 30, 2013. The roll forward includes additions, retirements, transfers and adjustments. Additional details of this roll forward by plant account can be found on Schedule D-1 which shows the same additions, retirements, transfers and adjustments by electric FERC account.

**Statement D Page 2:** This Statement shows a summary of average plant in service for rate base calculations. The amounts in column (a) represent average plant in service, and reconciles to the 12 month average calculated in Schedule D-3, part 1. Column (b) amounts are additions and expected additions to rate base that will be placed in service from October 1, 2013 to October 1, 2014. These amounts come from Schedules D-10, D-11 and H-13. Column (c) is an adjustment for the annualized electric FERC 106 account, see WP-4. Column (d) adjusts for the Ben French, Neil Simpson I and Osage Retirements. See Schedule D-3, part 2 and WP-5 for the detail. Column (e) amounts are the adjusted average plant in service and include Black Hills Power (BHP) Common Use System (CUS) assets. Column (f) amounts are the transfers from BHP state jurisdiction to BHP FERC jurisdiction (BHP CUS assets). Column (g) amounts are the total average adjusted plant in service, excluding BHP CUS assets, for rate base calculations that flow into Statement N-1.

**BLACK HILLS POWER, INC.**  
**ELECTRIC PLANT IN SERVICE**  
**For the Test Year Ended September 30, 2013**

**Statement D**  
**Page 1 of 2**

Line No.	FERC Acct. #	Description	Reference	Balance at September 30, 2012	Additions	Retirements	Transfers & Adjustments	Balance at September 30, 2013
1	101	Steam Production Plant	Sched. D-1 Ln. 10	\$ 431,023,817	\$ 8,675,327	\$ (4,077,302)	\$ -	\$ 435,621,842
2	114	Plant Acquisition Adjustment	Sched. D-1 Ln. 12	4,870,308	-	-	-	4,870,308
3	101	Other Production Plant	Sched. D-1 Ln. 22	79,780,574	1,357,047	(152,331)	-	80,985,289
4		Total Production Plant		<u>515,674,699</u>	<u>10,032,374</u>	<u>(4,229,633)</u>	<u>-</u>	<u>521,477,439</u>
5								
6	101	Transmission Plant	Sched. D-1 Ln. 35	114,430,083	1,011,479	(490,147)	(22,656)	114,928,759
7	101	Distribution Plant	Sched. D-1 Ln. 51	295,493,376	18,508,572	(2,358,791)	(318,045)	311,325,112
8	101	General Plant	Sched. D-1 Ln. 65	40,272,168	4,407,506	(784,026)	79,064	43,974,713
9	106	Compl. Construction - Not Classified	Sched. D-1 Ln. 72	14,722,625	-	-	(8,247,340)	6,475,284
10	118	Other Utility Plant	Sched. D-1 Ln. 74	<u>25,113,061</u>	<u>-</u>	<u>-</u>	<u>224,074</u>	<u>25,337,135</u>
11								
12		Total Electric Plant in Service		1,005,706,012	33,959,930	(7,862,597)	(8,284,903)	1,023,518,443
13								
14	107	Construction Work in Progress	Stmt. A pg. 1 Ln. 4	<u>8,488,508</u>	<u>48,782,794</u>	<u>-</u>	<u>-</u>	<u>57,271,302</u>
15								
16		Total Electric Plant	Ln.12 + Ln.14	<u>\$ 1,014,194,520</u>	<u>\$ 82,742,724</u>	<u>\$ (7,862,597)</u>	<u>\$ (8,284,903)</u>	<u>\$ 1,080,789,745</u>

**BLACK HILLS POWER, INC.**  
**ADJUSTED AVERAGE ELECTRIC PLANT IN SERVICE**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	Reference	(a) Average Plant in Service	(b) Subsequent & Expected Additions & Retirements	(c) Annualized Account 101 & 106	(d) Ben French, Neil Simpson I, and Osage Retirements	(e) [(a)+(b)+(c)+(d)] Adjusted Plant in Service	(f) Transfer Transmission Plant in Service (Note 3)	(g) [(e)+(f)] Adjusted Plant in Service
1	101	Steam Production Plant	Sched. D-3 Ln. 10(n)	\$ 434,221,546	\$ -	\$ -	\$ (54,755,892) (6)	\$ 379,465,654	\$ -	\$ 379,465,654
2	114	Plant Acquisition Adjustment	Sched. D-3 Ln. 12(n)	4,870,308	-	-	-	4,870,308	-	4,870,308
3	101	Other Production Plant	Sched. D-3 Ln. 22(n)	79,937,432	92,250,624 (5)	-	-	172,188,056	-	172,188,056
4		Total Production Plant		519,029,286	92,250,624	-	(54,755,892)	556,524,018	-	556,524,018
5										
6	101	Transmission Plant	Sched. D-3 Ln. 35(n)	114,770,646	-	-	-	114,770,646	(110,602,320)	4,168,326
7										
8	101	Distribution Plant	Sched. D-3 Ln. 51(n)	302,960,853	-	-	-	302,960,853	(1,994,184)	300,966,669
9										
10	101	General Plant	Sched. D-3 Ln. 65(n)	42,637,321	750,046 (2)	-	(182,472) (6)	43,204,895	(5,410,694)	37,794,201
11										
12	118	Other Utility Plant	Sched. D-3 Ln. 76(n)	26,339,382	1,456,749 (1)	-	-	27,796,131	(2,384,654)	25,411,477
13										
14		Total Electric Plant in Service		1,005,737,488	94,457,419	-	(54,938,364)	1,045,256,543	(120,391,852)	924,864,691
15										
16	106	Steam Production Plant	Sched. D-3 Ln. 69(n)	3,628,149	13,974,272 (1)	2,355,597 (4)	-	19,958,018	-	19,958,018
17	106	Other Production Plant	Sched. D-3 Ln. 70(n)	548,895	1,679,621 (1)	1,035,919 (4)	-	3,264,435	-	3,264,435
18	106	Transmission Plant	Sched. D-3 Ln. 71(n)	263,253	- (1)	- (4)	-	263,253	(263,253)	-
19	106	Distribution Plant	Sched. D-3 Ln. 72(n)	4,234,157	21,674,332 (1)	5,203,942 (4)	-	31,112,431	-	31,112,431
20	106	General Plant	Sched. D-3 Ln. 73(n)	1,852,886	4,462,479 (1)	2,523,540 (4)	-	8,838,905	-	8,838,905
21		Total Electric Plant Not Classified		10,527,340	41,790,704	11,118,998	-	63,437,042	(263,253)	63,173,789
22										
23										
24		Total Average Plant in Service	Ln.14 + Ln.21	<u>\$ 1,016,264,828</u>	<u>\$ 136,248,123</u>	<u>\$ 11,118,998</u>	<u>\$ (54,938,364)</u>	<u>\$ 1,108,693,585</u>	<u>\$ (120,655,105)</u>	<u>\$ 988,038,480</u>

- 25  
26 Note 1: See Schedule D-10 for additional details.  
27 Note 2: See Schedule H-13 for additional details.  
28 Note 3: Transfers from BHP state jurisdiction to BHP FERC jurisdiction.  
29 Note 4: See WP-4 for additional details.  
30 Note 5: See Schedule D-11 for details regarding the CPGS capital addition.  
31 Note 6: See Schedule D-3 Part 2 for the Neil Simpson I, Ben French, and Osage steam production plant balances. The general plant balances associated with the three power plants are provided on WP-5.

## Section D

**20:10:13:55. Schedule D-1 -- Detailed Plant Accounts.** Schedule D-1 shall include the amounts by detail plant accounts in columnar form similar to statement D for each of the above accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, 18 C.F.R. 101 (April 1, 1985), with subtotals by functional classification. To the extent plant costs are not available by detailed plant accounts they may be shown by functional classifications.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**ELECTRIC PLANT IN SERVICE**  
**For the Test Year Ended September 30, 2013**

Schedule D-1  
Page 1 of 2

Line No.	FERC Acct. #	Description	Reference	Balance at September 30, 2012	Additions	Retirements	Transfers & Adjustments	Balance at September 30, 2013
1		STEAM PRODUCTION PLANT						
2								
3	310	Land and Land Rights	Sched. D-3 Ln. 3(a)	\$ 333,639	\$ -	\$ -	\$ -	\$ 333,639
4	311	Structures and Improvements	Sched. D-3 Ln. 4(a)	40,339,580	247,587	(81,269)	-	40,505,898
5	312	Boiler Plant Equipment	Sched. D-3 Ln. 5(a)	238,904,846	2,522,105	(1,744,809)	-	239,682,141
6	313	Engines and Engine Driven Generator	Sched. D-3 Ln. 6(a)	343,438	(1,690)	-	-	341,748
7	314	Turbogenerator Units	Sched. D-3 Ln. 7(a)	124,474,321	3,676,389	(2,216,283)	-	125,934,427
8	315	Accessory Electric Equipment	Sched. D-3 Ln. 8(a)	22,923,503	2,008,194	(14,218)	-	24,917,479
9	316	Miscellaneous Power Plant Equipment	Sched. D-3 Ln. 9(a)	3,704,490	222,742	(20,722)	-	3,906,509
10		Total Steam Plant Production Plant		<u>431,023,817</u>	<u>8,675,327</u>	<u>(4,077,302)</u>	-	<u>435,621,842</u>
11								
12	314	Plant Acquisition Adjustment	Sched. D-3 Ln. 12(a)	4,870,308	-	-	-	4,870,308
13								
14		OTHER PRODUCTION PLANT						
15								
16	340	Land and Land Rights	Sched. D-3 Ln. 16(a)	2,705	-	-	-	2,705
17	341	Structures and Improvements	Sched. D-3 Ln. 17(a)	515,535	6,758	(4,893)	-	517,400
18	342	Boiler Plant Equipment	Sched. D-3 Ln. 18(a)	5,266,275	103,836	(2,148)	-	5,367,964
19	344	Turbogenerator Units	Sched. D-3 Ln. 19(a)	69,045,931	1,246,452	(145,291)	-	70,147,092
20	345	Accessory Electric Equipment	Sched. D-3 Ln. 20(a)	4,867,260	-	-	-	4,867,260
21	346	Miscellaneous Power Plant Equipment	Sched. D-3 Ln. 21(a)	82,868	-	-	-	82,868
22		Total Other Production Plant		<u>79,780,574</u>	<u>1,357,047</u>	<u>(152,331)</u>	-	<u>80,985,289</u>
23								
24		Total Production Plant	Ln.10 + Ln.12 + Ln.22	<u>515,674,699</u>	<u>10,032,374</u>	<u>(4,229,633)</u>	-	<u>521,477,439</u>
25								
26		TRANSMISSION PLANT						
27								
28	350	Land and Land Rights	Sched. D-3 Ln. 28(a)	5,745,930	223,952	(223,952)	-	5,745,930
29	352	Structures and Improvements	Sched. D-3 Ln. 29(a)	1,782,604	-	-	-	1,782,604
30	353	Station Equipment	Sched. D-3 Ln. 30(a)	48,859,372	364,885	(197,425)	(22,656)	49,004,176
31	354	Tower and Fixtures	Sched. D-3 Ln. 31(a)	864,826	-	-	-	864,826
32	355	Poles and Fixtures	Sched. D-3 Ln. 32(a)	27,786,430	358,327	(62,675)	-	28,082,082
33	356	Overhead Conductors and Devices	Sched. D-3 Ln. 33(a)	29,384,000	64,315	(6,095)	-	29,442,220
34	359	Roads and Trails	Sched. D-3 Ln. 34(a)	6,920	-	-	-	6,920
35		Total Transmission Plant		<u>114,430,083</u>	<u>1,011,479</u>	<u>(490,147)</u>	<u>(22,656)</u>	<u>114,928,759</u>
36								



**BLACK HILLS POWER, INC.**  
**ELECTRIC PLANT IN SERVICE**  
**For the Test Year Ended September 30, 2013**

Schedule D-1  
Page 2 of 2

Line No.	FERC Acct. #	Description	Reference	Balance at September 30, 2012	Additions	Retirements	Transfers & Adjustments	Balance at September 30, 2013
37		DISTRIBUTION PLANT						
38								
39	360	Land and Land Rights	Sched. D-3 Ln. 39(a)	2,094,728	147,593	-	-	2,242,321
40	361	Structure and Improvements	Sched. D-3 Ln. 40(a)	707,388	17,441	-	-	724,829
41	362	Station Equipment	Sched. D-3 Ln. 41(a)	69,014,226	6,177,245	(772,439)	22,346	74,441,379
42	364	Poles, Towers, and Fixtures	Sched. D-3 Ln. 42(a)	66,437,989	3,372,080	(372,700)	318	69,437,686
43	365	Overhead Conductors and Devices	Sched. D-3 Ln. 43(a)	40,726,987	2,676,066	(411,345)	(56,653)	42,935,055
44	366	Underground Conduit	Sched. D-3 Ln. 44(a)	3,940,799	379,429	(78,781)	213	4,241,659
45	367	Underground Conductors and Devices	Sched. D-3 Ln. 45(a)	39,397,195	966,991	(46,990)	(169,717)	40,147,480
46	368	Line Transformers	Sched. D-3 Ln. 46(a)	34,109,905	2,457,803	(625,430)	6,425	35,948,703
47	369	Services	Sched. D-3 Ln. 47(a)	28,474,252	1,910,989	(12,280)	(171,207)	30,201,754
48	370	Meters	Sched. D-3 Ln. 48(a)	6,754,004	273,592	(10,765)	50,230	7,067,061
49	371	Installation on Customers' Premises	Sched. D-3 Ln. 49(a)	2,121,091	102,058	(17,250)	-	2,205,899
50	373	Street Lighting and Signal Systems	Sched. D-3 Ln. 50(a)	1,714,812	27,286	(10,811)	-	1,731,287
51		Total Distribution Plant		<u>295,493,376</u>	<u>18,508,572</u>	<u>(2,358,791)</u>	<u>(318,045)</u>	<u>311,325,112</u>
52								
53		GENERAL PLANT						
54								
55	389	Land and Land Rights	Sched. D-3 Ln. 55(a)	807,757	49,277	-	-	857,033
56	390	Structures and Improvements	Sched. D-3 Ln. 56(a)	11,198,907	1,038,902	(251,833)	-	11,985,976
57	391	Office Furniture and Equipment	Sched. D-3 Ln. 57(a)	7,513,044	1,175,863	(27,165)	-	8,661,742
58	392	Transportation Equipment	Sched. D-3 Ln. 58(a)	7,025,658	1,500,432	(278,181)	55,756	8,303,665
59	393	Stores Equipment	Sched. D-3 Ln. 59(a)	311,468	25,839	-	-	337,307
60	394	Tools, Shop and Garage Equipment	Sched. D-3 Ln. 60(a)	4,184,293	145,210	(220,472)	16,800	4,125,831
61	395	Laboratory Equipment	Sched. D-3 Ln. 61(a)	314,748	110,484	(328)	-	424,904
62	396	Power Operated Equipment	Sched. D-3 Ln. 62(a)	673,907	196,231	-	6,508	876,646
63	397	Communication Equipment	Sched. D-3 Ln. 63(a)	8,048,368	161,989	(6,047)	-	8,204,310
64	398	Miscellaneous Equipment	Sched. D-3 Ln. 64(a)	194,019	3,279	-	-	197,298
65		Total General Plant		<u>40,272,168</u>	<u>4,407,506</u>	<u>(784,026)</u>	<u>79,064</u>	<u>43,974,713</u>
66								
67	106	Completed/Not Classified - Production	Sched. D-3 Ln. 69(a)	7,796,776	-	-	(5,321,818)	2,474,958
68	106	Completed/Not Classified - Other Production	Sched. D-3 Ln. 70(a)	37,908	-	-	84,142	122,050
69	106	Completed/Not Classified - Transmission	Sched. D-3 Ln. 71(a)	459,215	-	-	(444,428)	14,788
70	106	Completed/Not Classified - Distribution	Sched. D-3 Ln. 72(a)	4,013,834	-	-	(2,209,673)	1,804,160
71	106	Completed/Not Classified - General	Sched. D-3 Ln. 73(a)	2,414,891	-	-	(355,563)	2,059,328
72		Total Completed/Not Classified		<u>14,722,625</u>	<u>-</u>	<u>-</u>	<u>(8,247,340)</u>	<u>6,475,284</u>
73								
74	118	Other Utility Plant	Sched. D-3 Ln. 76(a)	25,113,061	-	-	224,074	25,337,135
75								
76		TOTAL ELECTRIC PLANT IN SERVICE	Ln.24 + Ln.35 + Ln.51 + Ln.65 + Ln.72 + Ln.74	<u>\$ 1,005,706,012</u>	<u>\$ 33,959,930</u>	<u>\$ (7,862,597)</u>	<u>\$ (8,284,903)</u>	<u>\$ 1,023,518,442</u>
77								

000430

## Section D

### **20:10:13:56. Schedule D-2 -- Plant Addition and Retirement for Test Period.**

Schedule D-2 shall show major plant addition and retirement projects for the test period, brief descriptions thereof, approximate dates of commercial operation or retirement from service, and cost.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
**For the Period January 2013 Through September 2013**

Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	\$ 715,746	VARIOUS	VARIOUS
3	10047690	NSC-PURCH DEMIN TANK FROM PACIFICOR	100,000	1/30/2013	9
4	10046959	CORROSION CONTROL REPAIRS TO CT GAS	103,836	10/17/2012	3
5	10044486	WYG3-ASH LINE SEPARATION MODIFICATI	114,507	2/28/2012	9
6	99154152	NS2/WYG1-CONV DUST CONTRL/BELT REPL	140,752	9/2/2010	8
7	10043935	NS2/WYG3-TWIPS PROTECTION PROJ	190,625	1/12/2012	2
8	10047141	BEN F-#2 DIESEL OVERHAUL 2012	231,545	12/5/2012	9
9	10042537	WYG3-SCR CATALYST REMOVAL/INSTALLAT	291,390	4/12/2012	4
10	99155012	BHPS SHARE OF WYODAK I CAPITAL	297,241	VARIOUS	VARIOUS
11	10042581	B FRNCH DIESELS-RICE COMPLIANCE	934,210	10/5/2011	9
12	99154149	NS2-UPGRADE STOP VALVE & CONTROL FO	2,077,307	9/20/2011	2
13		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>\$ 5,197,158</u></b>		
14					
15	VARIOUS	FERC ACCT 311	(13,009)	VARIOUS	VARIOUS
16	VARIOUS	FERC ACCT 312	(694,461)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 314	(1,365,624)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 315	(11,424)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 316	(5,466)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 341	(4,893)	VARIOUS	VARIOUS
21	VARIOUS	FERC ACCT 342	(2,148)	VARIOUS	VARIOUS
22	VARIOUS	FERC ACCT 344	(145,291)	VARIOUS	VARIOUS
23		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>\$ (2,242,316)</u></b>		
24					
25		<b>TRANSMISSION</b>			
26	VARIOUS	VARIOUS UNDER \$100,000	141,452	VARIOUS	VARIOUS
27	99156250	230KV BREAKER REPLACEMENT	143,522	3/10/2011	8
28	99156269	TRANSMISSION STATION RELAY UPGRADE	153,922	2/4/2010	4
29		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>\$ 438,896</u></b>		
30					
31	VARIOUS	FERC ACCT 353	(197,425)	VARIOUS	VARIOUS
32	VARIOUS	FERC ACCT 355	(4,027)	VARIOUS	VARIOUS
33		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>\$ (201,452)</u></b>		
34					
35		<b>DISTRIBUTION</b>			
36	VARIOUS	VARIOUS UNDER \$100,000	1,105,922	VARIOUS	VARIOUS
37	10040163	STRAWBERRY HILL REBUILD	111,344	5/25/2012	3
38	99157133	DISTRIBUTION RELIABILITY	136,973	8/13/2012	9
39	99157012	ROAD IMPROVEMENTS PROJECTS	180,823	3/25/2010	VARIOUS
40	99156006	TRANSMISSION CONTINGENCY	249,473	3/19/2013	8
41	99157006	REPLACE AND STUB DISTRIBUTION POLES	251,887	9/7/2011	VARIOUS
42	99157007	REPLACE UNDERGROUND	376,227	2/7/2012	VARIOUS
43	99157009	BETTERMENT PROJECT < \$25000	419,995	4/22/2009	VARIOUS
44	10040054	Repl Electric Primary Extension Bal	427,472	8/30/2010	VARIOUS
45	99157252	RECONDUCTOR FROM CUSTER TO CUSTER S	432,880	2/24/2010	3
46	99157728	CATRON BLVD 69KV RELOCATION	433,827	9/18/2009	9
47	99157002	BLANKET PROJECT - TRANSFORMERS	596,462	8/8/1995	VARIOUS
48	10040064	Inv New Cust Undg svc/Meter Enclos	624,365	8/30/2010	VARIOUS
49	99157729	JACKSON BLVD 69KV RELOCATION	710,361	5/3/2012	9
50	99157001	CUSTOMER PROJECTS OVER \$5000	887,710	6/27/2011	VARIOUS
51	10040058	Inv New Cust Elec Serv OH Blanket	903,843	8/15/2010	VARIOUS
52	99157241	REBUILD SPEARFISH CITY SUB	1,304,796	5/4/2010	8
53	10042629	Distribution Rebuilds	1,366,393	3/20/2012	VARIOUS
54	99157232	FIFTH STREET SUB EXP. (ENG ONLY)	1,535,933	12/9/2008	9
55		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>\$ 12,056,689</u></b>		

BLACK HILLS POWER, INC.  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
For the Period January 2013 Through September 2013

Line No.	Work Order	Description	Amount	Start Date	Period Closed
56	VARIOUS	FERC ACCT 362	\$ (657,962)	VARIOUS	VARIOUS
57	VARIOUS	FERC ACCT 364	(264,878)	VARIOUS	VARIOUS
58	VARIOUS	FERC ACCT 365	(283,400)	VARIOUS	VARIOUS
59	VARIOUS	FERC ACCT 366	(51,403)	VARIOUS	VARIOUS
60	VARIOUS	FERC ACCT 367	(33,010)	VARIOUS	VARIOUS
61	VARIOUS	FERC ACCT 368	(372,816)	VARIOUS	VARIOUS
62	VARIOUS	FERC ACCT 369	(8,797)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 370	(9,704)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 371	(14,871)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 373	(9,861)	VARIOUS	VARIOUS
66		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>\$ (1,706,702)</u></b>		
67					
68		<b>GENERAL</b>			
69	VARIOUS	VARIOUS UNDER \$100,000	286,544	VARIOUS	VARIOUS
70	99158012	METER LAB TOOL BLANKET	107,207	5/21/2012	4
71	10043553	BHP 2012 FACILITY CAPEX	335,510	1/1/2013	VARIOUS
72	99157255	AMI AUTOMATED METER READING PROJECT	935,061	3/30/2010	3
73	10040395	FLEET PURCHASED BHP	1,091,193	9/1/2012	VARIOUS
74		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>\$ 2,755,515</u></b>		
75					
76	VARIOUS	FERC ACCT 390	(86,395)	VARIOUS	VARIOUS
77	VARIOUS	FERC ACCT 391	(2,010)	VARIOUS	VARIOUS
78	VARIOUS	FERC ACCT 392	(254,902)	VARIOUS	VARIOUS
79	VARIOUS	FERC ACCT 394	(220,472)	VARIOUS	VARIOUS
80	VARIOUS	FERC ACCT 395	(328)	VARIOUS	VARIOUS
81		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>\$ (564,107)</u></b>		
82					
83					
84		<b>Grand Total</b>	<b><u><u>\$ 15,733,680</u></u></b>		

## Section D

**20:10:13:57. Schedule D-3 -- Working Papers Showing Plant Accounts on Average Basis for Test Period.** Schedule D-3 shall show the 12 average monthly book balances during the 12 months in the test period for each detailed plant account, each subtotal of the functional classifications and total plant. The sum of such 12 average balances shall be divided by 12. The effect of proposed adjustments, if any, on the average balances shall also be shown. To the extent plant costs are not readily available by detailed plant accounts, they may be shown by functional classifications.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule D-3, Part 1:** This Schedule shows the 12 month average book balances during the test period, year ended September 30, 2013, for each detailed plant account. This Schedule reconciles to the amounts reported on Statement D, page 2.

**Schedule D-3, Part 2:** This Schedule provides further detail of the 12 month average book balances for the test period, year ended September 30, 2013, for Steam Production Plant. The detail is broken out by plant.

**BLACK HILLS POWER, INC.**  
**PLANT ACCOUNT BALANCES**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
1		<b>STEAM PRODUCTION PLANT</b>							
2									
3	310	Land and Land Rights	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639
4	311	Structures and Improvements	40,339,580	40,508,545	40,508,545	40,493,564	40,487,933	40,487,933	40,487,933
5	312	Boiler Plant Equipment	238,904,846	239,070,990	239,071,499	239,118,002	239,150,200	239,405,564	239,407,882
6	313	Engines and Engine Driven Generator	343,438	341,748	341,748	341,748	341,748	341,748	341,748
7	314	Turbogenerator Units	124,474,321	124,682,087	124,682,087	124,807,676	124,787,739	125,918,157	125,968,076
8	315	Accessory Electric Equipment	22,923,503	22,890,191	22,890,191	24,928,903	24,928,903	24,928,903	24,928,903
9	316	Miscellaneous Power Plant Equipment	3,704,490	3,848,184	3,848,184	3,848,184	3,867,444	3,863,788	3,863,788
10		<b>Total Steam Plant Production Plant</b>	<u>431,023,817</u>	<u>431,675,384</u>	<u>431,675,894</u>	<u>433,871,716</u>	<u>433,897,608</u>	<u>435,279,732</u>	<u>435,331,969</u>
11									
12	314	Plant Acquisition Adjustment	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308
13									
14		<b>OTHER PRODUCTION PLANT</b>							
15									
16	340	Land and Land Rights	2,705	2,705	2,705	2,705	2,705	2,705	2,705
17	341	Structures and Improvements	515,535	515,535	515,535	515,535	517,400	517,400	517,400
18	342	Boiler Plant Equipment	5,266,275	5,266,275	5,266,275	5,266,275	5,266,275	5,367,964	5,367,964
19	344	Turbogenerator Units	69,045,931	69,045,931	69,045,931	69,045,931	69,060,681	69,060,681	69,060,681
20	345	Accessory Electric Equipment	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260
21	346	Miscellaneous Power Plant Equipment	82,868	82,868	82,868	82,868	82,868	82,868	82,868
22		<b>Total Other Production Plant</b>	<u>79,780,574</u>	<u>79,780,574</u>	<u>79,780,574</u>	<u>79,780,574</u>	<u>79,797,189</u>	<u>79,898,877</u>	<u>79,898,877</u>
23									
24		<b>Total Production Plant</b>	<u>515,674,699</u>	<u>516,326,266</u>	<u>516,326,775</u>	<u>518,522,598</u>	<u>518,565,105</u>	<u>520,048,918</u>	<u>520,101,154</u>
25									
26		<b>TRANSMISSION PLANT</b>							
27									
28	350	Land and Land Rights	5,745,930	5,745,930	5,745,930	5,745,930	5,745,930	5,745,930	5,745,930
29	352	Structures and Improvements	1,782,604	1,782,604	1,782,604	1,782,604	1,782,604	1,782,604	1,782,604
30	353	Station Equipment	48,859,372	48,865,579	48,875,836	48,875,836	48,887,045	48,887,045	48,887,045
31	354	Tower and Fixtures	864,826	864,826	864,826	864,826	864,826	864,826	864,826
32	355	Poles and Fixtures	27,786,430	27,780,141	28,030,467	28,030,467	28,039,245	28,039,245	28,074,963
33	356	Overhead Conductors and Devices	29,384,000	29,377,906	29,407,388	29,407,388	29,407,388	29,407,388	29,442,220
34	359	Roads and Trails	6,920	6,920	6,920	6,920	6,920	6,920	6,920
35		<b>Total Transmission Plant</b>	<u>114,430,083</u>	<u>114,423,906</u>	<u>114,713,971</u>	<u>114,713,971</u>	<u>114,733,958</u>	<u>114,733,958</u>	<u>114,804,508</u>
36									
37		<b>DISTRIBUTION PLANT</b>							
38									
39	360	Land and Land Rights	2,094,728	2,094,735	2,094,738	2,095,242	2,095,244	2,095,255	2,095,255
40	361	Structure and Improvements	707,388	707,490	707,490	707,490	707,490	707,490	707,490
41	362	Station Equipment	69,014,226	69,020,869	68,998,588	72,004,505	72,004,505	72,007,482	72,007,482
42	364	Poles, Towers, and Fixtures	66,437,989	66,635,156	66,857,691	67,251,894	67,363,745	67,678,081	67,964,889
43	365	Overhead Conductors and Devices	40,726,987	40,949,254	41,055,855	41,104,528	41,098,560	41,442,761	41,880,816
44	366	Underground Conduit	3,940,799	3,965,288	3,985,486	4,033,669	4,059,046	4,081,691	4,075,565
45	367	Underground Conductors and Devices	39,397,195	39,451,953	39,500,887	39,447,307	39,498,351	39,543,498	39,565,068
46	368	Line Transformers	34,109,905	34,273,008	34,557,376	34,656,715	34,729,785	34,894,464	35,015,303
47	369	Services	28,474,252	28,628,532	28,746,729	28,725,125	28,826,310	28,930,513	28,990,099
48	370	Meters	6,754,004	6,737,459	6,735,340	6,949,346	7,044,745	7,060,350	7,051,648

**BLACK HILLS POWER, INC.**  
**PLANT ACCOUNT BALANCES**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
49	371	Installation on Customers' Premises	2,121,091	2,148,709	2,158,473	2,168,297	2,171,709	2,173,945	2,181,055
50	373	Street Lighting and Signal Systems	1,714,812	1,717,779	1,718,498	1,720,901	1,722,440	1,723,436	1,730,906
51		<b>Total Distribution Plant</b>	<u>295,493,376</u>	<u>296,330,232</u>	<u>297,117,151</u>	<u>300,865,020</u>	<u>301,321,930</u>	<u>302,338,965</u>	<u>303,265,575</u>
52									
53		<b>GENERAL PLANT</b>							
54									
55	389	Land and Land Rights	807,757	856,913	856,913	856,913	856,913	856,913	857,033
56	390	Structures and Improvements	11,198,907	11,600,408	11,649,389	11,649,390	11,746,889	11,786,185	11,889,559
57	391	Office Furniture and Equipment	7,513,044	7,626,048	7,628,044	7,628,044	7,635,999	7,656,671	8,653,088
58	392	Transportation Equipment	7,025,658	7,211,001	7,251,517	7,488,028	7,488,028	7,523,174	7,523,174
59	393	Stores Equipment	311,468	322,435	322,435	322,435	337,301	337,301	337,301
60	394	Tools, Shop and Garage Equipment	4,184,293	4,218,905	4,221,675	4,276,426	4,277,282	4,321,303	4,323,625
61	395	Laboratory Equipment	314,748	318,024	318,024	318,024	318,024	318,024	318,024
62	396	Power Operated Equipment	673,907	838,864	845,372	845,372	845,372	845,372	845,372
63	397	Communication Equipment	8,048,368	8,161,811	8,170,929	8,170,929	8,175,387	8,175,387	8,175,387
64	398	Miscellaneous Equipment	194,019	197,298	197,298	197,298	197,298	197,298	197,298
65		<b>Total General Plant</b>	<u>40,272,168</u>	<u>41,351,707</u>	<u>41,461,596</u>	<u>41,752,859</u>	<u>41,878,494</u>	<u>42,017,628</u>	<u>43,119,862</u>
66									
67		<b>Total Electric Plant in Service</b>	<u>965,870,327</u>	<u>968,432,111</u>	<u>969,619,493</u>	<u>975,854,447</u>	<u>976,499,486</u>	<u>979,139,469</u>	<u>981,291,100</u>
68									
69	106	Completed/Not Classified - Production	7,796,776	5,624,264	5,649,742	3,999,637	4,010,437	1,384,932	2,481,160
70	106	Completed/Not Classified - Other Production	37,908	37,908	37,908	168,413	130,134	10,920	10,920
71	106	Completed/Not Classified - Transmission	459,215	409,311	205,243	378,141	419,555	446,561	411,601
72	106	Completed/Not Classified - Distribution	4,013,834	6,704,733	6,581,881	3,248,475	3,073,930	3,798,279	3,903,489
73	106	Completed/Not Classified - General	2,414,891	491,404	450,541	2,254,343	2,141,290	2,063,399	1,750,503
74		<b>Total Completed/Not Classified</b>	<u>14,722,625</u>	<u>13,267,621</u>	<u>12,925,316</u>	<u>10,049,010</u>	<u>9,775,346</u>	<u>7,704,092</u>	<u>8,557,673</u>
75									
76	118	Other Utility Plant	25,113,061	26,054,099	26,572,742	27,793,125	27,127,999	27,245,640	27,182,850
77									
78		<b>TOTAL PLANT</b>	<u>\$ 1,005,706,012</u>	<u>\$ 1,007,753,831</u>	<u>\$ 1,009,117,551</u>	<u>\$ 1,013,696,583</u>	<u>\$ 1,013,402,832</u>	<u>\$ 1,014,089,201</u>	<u>\$ 1,017,031,623</u>

**BLACK HILLS POWER, INC.**  
**PLANT ACCOUNT BALANCES**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
			April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	13 Month Average	
<b>STEAM PRODUCTION PLANT</b>										
1										
2										
3	310	Land and Land Rights	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	
4	311	Structures and Improvements	40,487,933	40,506,295	40,506,295	40,505,898	40,505,898	40,505,898	40,487,096	
5	312	Boiler Plant Equipment	239,407,882	239,350,328	239,350,328	239,293,140	239,442,453	239,682,141	239,281,173	
6	313	Engines and Engine Driven Generator	341,748	341,748	341,748	341,748	341,748	341,748	341,878	
7	314	Turbogenerator Units	125,968,076	125,987,773	125,987,773	125,911,128	125,912,352	125,934,427	125,463,205	
8	315	Accessory Electric Equipment	24,928,903	24,928,903	24,928,903	24,917,479	24,917,479	24,917,479	24,458,357	
9	316	Miscellaneous Power Plant Equipment	3,863,788	3,869,875	3,869,875	3,869,958	3,906,509	3,906,509	3,856,198	
10		<b>Total Steam Plant Production Plant</b>	<u>435,331,969</u>	<u>435,318,561</u>	<u>435,318,561</u>	<u>435,172,990</u>	<u>435,360,078</u>	<u>435,621,842</u>	<u>434,221,546</u>	
11										
12	314	Plant Acquisition Adjustment	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	
13										
14	<b>OTHER PRODUCTION PLANT</b>									
15										
16	340	Land and Land Rights	2,705	2,705	2,705	2,705	2,705	2,705	2,705	
17	341	Structures and Improvements	517,400	517,400	517,400	517,400	517,400	517,400	516,826	
18	342	Boiler Plant Equipment	5,367,964	5,367,964	5,367,964	5,367,964	5,367,964	5,367,964	5,328,853	
19	344	Turbogenerator Units	69,060,681	69,058,106	69,058,106	69,058,106	69,058,106	70,147,092	69,138,920	
20	345	Accessory Electric Equipment	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	
21	346	Miscellaneous Power Plant Equipment	82,868	82,868	82,868	82,868	82,868	82,868	82,868	
22		<b>Total Other Production Plant</b>	<u>79,898,877</u>	<u>79,896,303</u>	<u>79,896,303</u>	<u>79,896,303</u>	<u>79,896,303</u>	<u>80,985,289</u>	<u>79,937,432</u>	
23										
24		<b>Total Production Plant</b>	<u>520,101,154</u>	<u>520,085,172</u>	<u>520,085,172</u>	<u>519,939,601</u>	<u>520,126,689</u>	<u>521,477,439</u>	<u>519,029,286</u>	
25										
26	<b>TRANSMISSION PLANT</b>									
27										
28	350	Land and Land Rights	5,745,930	5,745,930	5,745,930	5,745,930	5,745,930	5,745,930	5,745,930	
29	352	Structures and Improvements	1,782,604	1,782,604	1,782,604	1,782,604	1,782,604	1,782,604	1,782,604	
30	353	Station Equipment	48,983,109	48,960,453	48,960,453	49,004,176	49,004,176	49,004,176	48,927,254	
31	354	Tower and Fixtures	864,826	864,826	864,826	864,826	864,826	864,826	864,826	
32	355	Poles and Fixtures	28,082,082	28,082,082	28,082,082	28,082,082	28,082,082	28,082,082	28,021,035	
33	356	Overhead Conductors and Devices	29,442,220	29,442,220	29,442,220	29,442,220	29,442,220	29,442,220	29,422,077	
34	359	Roads and Trails	6,920	6,920	6,920	6,920	6,920	6,920	6,920	
35		<b>Total Transmission Plant</b>	<u>114,907,692</u>	<u>114,885,036</u>	<u>114,885,036</u>	<u>114,928,759</u>	<u>114,928,759</u>	<u>114,928,759</u>	<u>114,770,646</u>	
36										
37	<b>DISTRIBUTION PLANT</b>									
38										
39	360	Land and Land Rights	2,095,255	2,095,255	2,095,255	2,095,255	2,097,063	2,242,321	2,106,585	
40	361	Structure and Improvements	707,490	707,490	707,490	707,490	708,071	724,829	708,861	
41	362	Station Equipment	72,024,403	72,047,059	72,050,307	72,306,537	73,535,584	74,441,379	71,650,994	
42	364	Poles, Towers, and Fixtures	68,056,381	68,167,326	68,386,670	68,461,293	68,724,402	69,437,686	67,801,785	
43	365	Overhead Conductors and Devices	42,113,333	42,202,850	42,427,092	42,584,580	42,652,308	42,935,055	41,782,614	
44	366	Underground Conduit	4,082,123	4,081,389	4,143,608	4,150,705	4,224,745	4,241,659	4,081,983	
45	367	Underground Conductors and Devices	39,626,906	39,632,613	39,774,378	39,908,814	40,108,761	40,147,480	39,661,786	
46	368	Line Transformers	35,174,395	35,227,664	35,369,405	35,488,044	35,729,881	35,948,703	35,013,434	
47	369	Services	29,492,320	29,565,401	29,770,851	29,953,168	30,071,514	30,201,754	29,259,736	
48	370	Meters	7,177,360	7,079,113	7,070,031	7,067,061	7,067,061	7,067,061	6,989,275	



**BLACK HILLS POWER, INC.**  
**PLANT ACCOUNT BALANCES**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(h)	(i)	(j)	(k)	(l)	(m)	(n)
			April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	13 Month Average
49	371	Installation on Customers' Premises	2,181,190	2,182,064	2,198,165	2,206,896	2,208,670	2,205,899	2,177,397
50	373	Street Lighting and Signal Systems	1,730,444	1,732,115	1,731,927	1,734,436	1,734,258	1,731,287	1,726,403
51		<b>Total Distribution Plant</b>	<u>304,461,601</u>	<u>304,720,340</u>	<u>305,725,179</u>	<u>306,664,280</u>	<u>308,862,319</u>	<u>311,325,112</u>	<u>302,960,853</u>
52									
53		<b>GENERAL PLANT</b>							
54									
55	389	Land and Land Rights	857,033	857,033	857,033	857,033	857,033	857,033	853,197
56	390	Structures and Improvements	11,889,559	11,889,560	11,889,560	11,961,340	11,985,974	11,985,975	11,778,669
57	391	Office Furniture and Equipment	8,653,188	8,653,188	8,653,188	8,661,742	8,661,742	8,661,742	8,175,825
58	392	Transportation Equipment	7,649,242	7,953,049	7,919,578	8,299,683	8,291,966	8,303,665	7,686,751
59	393	Stores Equipment	337,301	337,301	337,301	337,307	337,307	337,307	331,885
60	394	Tools, Shop and Garage Equipment	4,323,625	4,326,478	4,170,312	4,173,338	4,181,055	4,125,831	4,240,319
61	395	Laboratory Equipment	420,675	420,675	420,675	424,904	424,904	424,904	366,125
62	396	Power Operated Equipment	845,372	845,372	845,372	845,372	845,372	876,646	834,087
63	397	Communication Equipment	8,175,387	8,193,951	8,193,951	8,204,310	8,204,310	8,204,310	8,173,417
64	398	Miscellaneous Equipment	197,298	197,298	197,298	197,298	197,298	197,298	197,046
65		<b>Total General Plant</b>	<u>43,348,680</u>	<u>43,673,905</u>	<u>43,484,269</u>	<u>43,962,328</u>	<u>43,986,962</u>	<u>43,974,712</u>	<u>42,637,321</u>
66									
67		<b>Total Electric Plant in Service</b>	<u>982,819,127</u>	<u>983,364,453</u>	<u>984,179,656</u>	<u>985,494,967</u>	<u>987,904,729</u>	<u>991,706,023</u>	<u>979,398,107</u>
68									
69	106	Completed/Not Classified - Production	2,591,772	2,757,330	2,658,798	3,051,154	2,684,979	2,474,958	3,628,149
70	106	Completed/Not Classified - Other Production	1,210,858	1,436,724	1,300,436	1,317,346	1,314,112	122,050	548,895
71	106	Completed/Not Classified - Transmission	212,185	212,207	224,846	13,893	14,745	14,788	263,253
72	106	Completed/Not Classified - Distribution	3,314,473	3,636,001	5,648,497	5,246,208	4,070,079	1,804,160	4,234,157
73	106	Completed/Not Classified - General	2,321,618	2,135,008	2,273,067	1,877,719	1,854,410	2,059,328	1,852,886
74		<b>Total Completed/Not Classified</b>	<u>9,650,905</u>	<u>10,177,269</u>	<u>12,105,644</u>	<u>11,506,321</u>	<u>9,938,324</u>	<u>6,475,284</u>	<u>10,527,340</u>
75									
76	118	Other Utility Plant	27,033,744	26,096,318	26,126,987	25,553,206	25,175,066	25,337,135	26,339,382
77									
78		<b>TOTAL PLANT</b>	<u>\$ 1,019,503,776</u>	<u>\$ 1,019,638,040</u>	<u>\$ 1,022,412,286</u>	<u>\$ 1,022,554,494</u>	<u>\$ 1,023,018,119</u>	<u>\$ 1,023,518,442</u>	<u>\$ 1,016,264,828</u>

**BLACK HILLS POWER, INC.**  
**STEAM PRODUCTION BY PLANT**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
1		<b>STEAM PRODUCTION PLANT</b>							
2									
3		<b>Ben French</b>							
4	310	Land	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680
5	311	Structures and Improvements	2,251,067	2,251,067	2,251,067	2,251,067	2,251,067	2,251,067	2,251,067
6	312	Boiler Plant Equipment	6,842,536	6,842,536	6,842,536	6,842,536	6,842,536	6,842,536	6,842,536
7	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
8	314	Turbogenerator Units	3,956,116	3,956,116	3,956,116	3,956,116	3,956,116	3,956,116	3,956,116
9	315	Accessory Electric Equipment	756,487	756,487	756,487	756,487	756,487	756,487	756,487
10	316	Miscellaneous Power Plant Equipment	461,438	461,438	461,438	461,438	461,438	461,438	461,438
11		<b>Total Ben French</b>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>
12									
13		<b>Neil Simpson I</b>							
14	310	Land	1,000	1,000	1,000	1,000	1,000	1,000	1,000
15	311	Structures and Improvements	2,292,160	2,278,771	2,278,771	2,263,790	2,263,790	2,263,790	2,263,790
16	312	Boiler Plant Equipment	14,327,825	14,327,825	14,327,825	14,327,825	14,349,391	14,349,004	14,349,004
17	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
18	314	Turbogenerator Units	3,916,967	3,916,967	3,916,967	3,916,967	3,916,967	3,916,967	3,916,967
19	315	Accessory Electric Equipment	1,334,432	1,334,432	1,334,432	1,334,432	1,334,432	1,334,432	1,334,432
20	316	Miscellaneous Power Plant Equipment	424,995	424,995	424,995	424,995	424,995	424,995	424,995
21		<b>Total Neil Simpson I</b>	<u>22,297,379</u>	<u>22,283,991</u>	<u>22,283,991</u>	<u>22,269,009</u>	<u>22,290,575</u>	<u>22,290,188</u>	<u>22,290,188</u>
22									
23		<b>Neil Simpson II</b>							
24	310	Land	7,965	7,965	7,965	7,965	7,965	7,965	7,965
25	311	Structures and Improvements	15,852,353	15,824,538	15,824,538	15,863,029	15,862,420	15,894,997	15,894,997
26	312	Boiler Plant Equipment	77,026,748	76,706,069	76,704,582	76,897,107	77,031,438	77,196,589	77,173,217
27	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
28	314	Turbogenerator Units	41,447,365	41,491,502	41,488,880	41,534,098	41,723,252	40,328,584	40,328,584
29	315	Accessory Electric Equipment	8,508,225	8,508,225	8,537,802	8,429,093	8,429,093	8,429,093	8,429,093
30	316	Miscellaneous Power Plant Equipment	875,727	875,989	875,989	875,989	812,396	808,569	808,569
31		<b>Total Neil Simpson II</b>	<u>143,718,384</u>	<u>143,414,289</u>	<u>143,439,755</u>	<u>143,607,282</u>	<u>143,866,564</u>	<u>142,665,798</u>	<u>142,642,425</u>
32									
33		<b>Osage Plant</b>							
34	310	Land	162,804	162,804	162,804	162,804	162,804	162,804	162,804
35	311	Structures and Improvements	4,233,378	4,233,378	4,233,378	4,233,378	4,233,378	4,233,378	4,233,378
36	312	Boiler Plant Equipment	7,454,702	7,454,702	7,454,702	7,454,702	7,454,702	7,454,702	7,454,702
37	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
38	314	Turbogenerator Units	4,780,168	4,780,168	4,780,168	4,780,168	4,780,168	4,780,168	4,780,168
39	315	Accessory Electric Equipment	1,054,888	1,054,888	1,054,888	1,054,888	1,054,888	1,054,888	1,054,888
40	316	Miscellaneous Power Plant Equipment	455,951	455,951	455,951	455,951	455,951	455,951	455,951
41		<b>Total Osage Plant</b>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>
42									
43		<b>Wygen 3</b>							
44	310	Land	-	-	-	-	-	-	-
45	311	Structures and Improvements	6,799,494	6,799,494	6,799,494	6,799,494	6,799,494	6,799,494	6,799,494
46	312	Boiler Plant Equipment	57,576,410	57,553,513	57,553,513	57,567,754	57,567,607	57,572,521	57,723,521
47	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
48	314	Turbogenerator Units	58,398,560	58,398,596	58,398,596	58,398,596	58,398,596	58,356,332	59,368,892
49	315	Accessory Electric Equipment	6,737,220	6,737,220	6,737,220	6,737,220	6,737,220	6,740,678	6,740,678
50	316	Miscellaneous Power Plant Equipment	706,567	707,591	708,111	709,080	708,643	708,681	708,585
51		<b>Total Wygen 3</b>	<u>130,218,251</u>	<u>130,196,414</u>	<u>130,196,934</u>	<u>130,212,144</u>	<u>130,211,560</u>	<u>130,169,333</u>	<u>131,341,170</u>
52									

**BLACK HILLS POWER, INC.**  
**STEAM PRODUCTION BY PLANT**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
53		<b>Wyodak Plant</b>							
54	310	Land	109,191	109,191	109,191	109,191	109,191	109,191	109,191
55	311	Structures and Improvements	9,180,943	9,164,990	9,164,990	9,164,990	9,159,359	9,159,359	9,159,359
56	312	Boiler Plant Equipment	77,742,946	76,635,515	76,635,515	76,887,888	76,714,216	76,714,216	76,714,216
57	313	Engines and Engine Driven Generator	343,438	341,748	341,748	341,748	341,748	341,748	341,748
58	314	Turbogenerator Units	15,234,133	15,067,201	15,067,201	15,192,791	15,109,260	15,109,260	15,109,260
59	315	Accessory Electric Equipment	6,650,094	6,616,783	6,616,783	6,616,783	6,616,783	6,616,783	6,616,783
60	316	Miscellaneous Power Plant Equipment	863,621	1,007,315	1,007,315	1,007,315	1,026,575	1,026,575	1,026,575
61		<b>Total Wyodak Plant</b>	<u>110,124,366</u>	<u>108,942,743</u>	<u>108,942,743</u>	<u>109,320,705</u>	<u>109,077,132</u>	<u>109,077,132</u>	<u>109,077,132</u>
62									
63		<b>Totals</b>							
64	310	Land	333,639	333,639	333,639	333,639	333,639	333,639	333,639
65	311	Structures and Improvements	40,609,395	40,552,237	40,552,237	40,575,748	40,569,508	40,602,084	40,602,084
66	312	Boiler Plant Equipment	240,971,167	239,520,160	239,518,672	239,977,812	239,959,890	240,124,654	240,257,196
67	313	Engines and Engine Driven Generator	343,438	341,748	341,748	341,748	341,748	341,748	341,748
68	314	Turbogenerator Units	127,733,309	127,610,550	127,607,928	127,778,736	127,884,359	126,447,427	127,459,987
69	315	Accessory Electric Equipment	25,041,347	25,008,035	25,037,612	24,928,903	24,928,903	24,928,903	24,932,361
70	316	Miscellaneous Power Plant Equipment	3,788,298	3,933,279	3,933,798	3,934,767	3,889,998	3,886,209	3,886,114
71		<b>Total All Plants</b>	<u>\$ 438,820,593</u>	<u>\$ 437,299,649</u>	<u>\$ 437,325,635</u>	<u>\$ 437,871,353</u>	<u>\$ 437,908,045</u>	<u>\$ 436,664,664</u>	<u>\$ 437,813,129</u>

**BLACK HILLS POWER, INC.**  
**STEAM PRODUCTION BY PLANT**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(h) April 2013	(i) May 2013	(j) June 2013	(k) July 2013	(l) August 2013	(m) September 2013	(n) [(Sum of (a)-(m))/13] 13 Month Average
1		<b>STEAM PRODUCTION PLANT</b>							
2									
3		<b>Ben French</b>							
4	310	Land	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680	\$ 52,680
5	311	Structures and Improvements	2,251,067	2,251,067	2,251,067	2,251,067	2,251,067	2,251,067	2,251,067
6	312	Boiler Plant Equipment	6,842,536	6,842,536	6,842,536	6,842,536	6,842,536	6,842,536	6,842,536
7	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
8	314	Turbogenerator Units	3,956,116	3,956,116	3,956,116	3,956,116	3,956,116	3,956,116	3,956,116
9	315	Accessory Electric Equipment	756,487	756,487	756,487	756,487	756,487	756,487	756,487
10	316	Miscellaneous Power Plant Equipment	461,438	461,438	461,438	461,438	461,438	461,438	461,438
11		<b>Total Ben French</b>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>	<u>14,320,323</u>
12									
13		<b>Neil Simpson I</b>							
14	310	Land	1,000	1,000	1,000	1,000	1,000	1,000	1,000
15	311	Structures and Improvements	2,263,790	2,263,790	2,263,790	2,263,790	2,263,790	2,263,790	2,268,277
16	312	Boiler Plant Equipment	14,349,004	14,349,004	14,346,318	14,346,318	14,339,945	14,339,945	14,340,710
17	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
18	314	Turbogenerator Units	3,916,967	3,916,967	3,916,967	3,916,967	3,916,967	3,916,967	3,916,967
19	315	Accessory Electric Equipment	1,334,432	1,334,432	1,334,432	1,334,432	1,334,432	1,334,432	1,334,432
20	316	Miscellaneous Power Plant Equipment	424,995	424,995	424,995	424,995	427,889	427,889	425,440
21		<b>Total Neil Simpson I</b>	<u>22,290,188</u>	<u>22,290,188</u>	<u>22,287,503</u>	<u>22,287,503</u>	<u>22,284,024</u>	<u>22,284,024</u>	<u>22,286,827</u>
22									
23		<b>Neil Simpson II</b>							
24	310	Land	7,965	7,965	7,965	7,965	7,965	7,965	7,965
25	311	Structures and Improvements	15,894,997	15,869,667	15,869,667	16,179,389	16,261,378	16,261,378	15,950,257
26	312	Boiler Plant Equipment	77,173,217	77,122,852	77,152,402	77,157,757	76,979,027	76,957,255	77,021,405
27	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
28	314	Turbogenerator Units	40,328,584	40,328,584	40,328,584	40,328,584	40,197,463	40,257,171	40,777,787
29	315	Accessory Electric Equipment	8,429,093	8,429,093	7,942,442	8,135,656	8,135,656	8,124,812	8,343,644
30	316	Miscellaneous Power Plant Equipment	808,569	808,569	830,241	834,744	860,973	890,656	843,614
31		<b>Total Neil Simpson II</b>	<u>142,642,425</u>	<u>142,566,730</u>	<u>142,131,301</u>	<u>142,644,096</u>	<u>142,442,461</u>	<u>142,499,236</u>	<u>142,944,673</u>
32									
33		<b>Osage Plant</b>							
34	310	Land	162,804	162,804	162,804	162,804	162,804	162,804	162,804
35	311	Structures and Improvements	4,233,378	4,233,378	4,233,378	4,233,378	4,233,378	4,233,378	4,233,378
36	312	Boiler Plant Equipment	7,454,702	7,454,702	7,454,702	7,454,702	7,454,702	7,454,702	7,454,702
37	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
38	314	Turbogenerator Units	4,780,168	4,780,168	4,780,168	4,780,168	4,780,168	4,780,168	4,780,168
39	315	Accessory Electric Equipment	1,054,888	1,054,888	1,054,888	1,054,888	1,054,888	1,054,888	1,054,888
40	316	Miscellaneous Power Plant Equipment	455,951	455,951	455,951	455,951	455,951	455,951	455,951
41		<b>Total Osage Plant</b>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>	<u>18,141,890</u>
42									
43		<b>Wygen 3</b>							
44	310	Land	-	-	-	-	-	-	-
45	311	Structures and Improvements	6,799,494	6,799,494	6,799,494	6,799,494	6,799,494	6,799,494	6,799,494
46	312	Boiler Plant Equipment	57,821,459	57,842,339	57,891,174	57,891,137	57,946,067	57,944,229	57,726,641
47	313	Engines and Engine Driven Generator	-	-	-	-	-	-	-
48	314	Turbogenerator Units	59,381,558	59,576,311	59,739,840	59,746,657	59,709,445	59,706,251	59,044,479
49	315	Accessory Electric Equipment	6,740,687	6,740,687	6,740,687	6,740,687	6,740,687	6,740,687	6,739,086
50	316	Miscellaneous Power Plant Equipment	708,585	708,585	708,585	708,585	716,894	716,894	709,645
51		<b>Total Wygen 3</b>	<u>131,451,782</u>	<u>131,667,415</u>	<u>131,879,780</u>	<u>131,886,559</u>	<u>131,912,586</u>	<u>131,907,554</u>	<u>131,019,345</u>
52									

**BLACK HILLS POWER, INC.**  
**STEAM PRODUCTION BY PLANT**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(h) April 2013	(i) May 2013	(j) June 2013	(k) July 2013	(l) August 2013	(m) September 2013	(n) [(Sum of (a)-(m))/13] 13 Month Average
53		<b>Wyodak Plant</b>							
54	310	Land	109,191	109,191	109,191	109,191	109,191	109,191	109,191
55	311	Structures and Improvements	9,159,359	9,159,359	9,159,359	9,158,962	9,158,962	9,158,962	9,162,227
56	312	Boiler Plant Equipment	76,714,216	76,707,028	76,834,246	76,649,839	76,649,839	76,649,839	76,788,425
57	313	Engines and Engine Driven Generator	341,748	341,748	341,748	341,748	341,748	341,748	341,878
58	314	Turbogenerator Units	15,109,260	15,128,661	15,128,661	15,052,016	15,052,016	15,052,016	15,108,595
59	315	Accessory Electric Equipment	6,616,783	6,616,783	6,616,783	6,605,359	6,605,359	6,605,359	6,616,709
60	316	Miscellaneous Power Plant Equipment	1,026,575	1,026,575	1,026,575	1,026,658	1,026,658	1,026,658	1,009,615
61		<b>Total Wyodak Plant</b>	<u>109,077,132</u>	<u>109,089,344</u>	<u>109,216,563</u>	<u>108,943,773</u>	<u>108,943,773</u>	<u>108,943,773</u>	<u>109,136,639</u>
62									
63		<b>Totals</b>							
64	310	Land	333,639	333,639	333,639	333,639	333,639	333,639	333,639
65	311	Structures and Improvements	40,602,084	40,576,754	40,576,754	40,886,079	40,968,068	40,968,068	40,664,700
66	312	Boiler Plant Equipment	240,355,133	240,318,460	240,521,378	240,342,289	240,212,116	240,188,506	240,174,418
67	313	Engines and Engine Driven Generator	341,748	341,748	341,748	341,748	341,748	341,748	341,878
68	314	Turbogenerator Units	127,472,653	127,686,807	127,850,336	127,780,508	127,612,175	127,668,688	127,584,112
69	315	Accessory Electric Equipment	24,932,370	24,932,370	24,445,719	24,627,509	24,627,509	24,616,665	24,845,247
70	316	Miscellaneous Power Plant Equipment	3,886,114	3,886,114	3,907,785	3,912,371	3,949,803	3,979,486	3,905,703
71		<b>Total All Plants</b>	<u>\$ 437,923,741</u>	<u>\$ 438,075,891</u>	<u>\$ 437,977,359</u>	<u>\$ 438,224,143</u>	<u>\$ 438,045,057</u>	<u>\$ 438,096,800</u>	<u>\$ 437,849,697</u>

## Section D

### **20:10:13:58. Schedule D-4 -- Plant Account Working Papers for Previous Years.**

Schedule D-4 shall include a summary of the following by years with respect to the book changes in plant in service, account 101, for the last five calendar years of the operations of the company or its predecessors:

- (1) Starting balance;
- (2) Major additions and retirements, including the following:
  - (a) Month placed in service or retired from service;
  - (b) Period of construction;
- (3) Other major transactions recorded, such as corrections or transfers in sufficient detail to disclose the nature of the major changes;
- (4) Closing balance.

Any data required by this section which has been previously submitted to the commission by the utility may be incorporated by specific reference.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule D-4 2008, Schedule D-4 2009, Schedule D-4 2010, Schedule D-4 2011, and Schedule D-4 2012 are attached.**

**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
**For the Year Ended December 31, 2008**

Schedule D-4 2008  
Page 1 of 2

Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	492,001	VARIOUS	VARIOUS
3	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	182,740	9/3/2003	1
4	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	267,864	9/3/2003	4
5	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	192,073	9/3/2003	8
6	16948	BEN FRENCH-OVERHEAD CRANE UPGRADE	134,077	1/24/2007	10
7	16980	BEN F STATIC EXCITER UPGRADE (also see 2008-50088)	110,420	8/3/2007	8
8	17013	NSCT#1-INLINE GAS HEATER	136,241	1/23/2008	10
9	17055	OSAGE-REWIND OF #2 GENERATOR FIELD	313,906	4/4/2008	9
10	17074	BEN FRENCH-REPL TUBES ON MAIN CONDENSER	452,857	4/25/2008	11
11	17112	NSCT#1-GEAR BOX/CLUTCH REPLACEMENT	154,410	7/1/2008	10
12		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>2,436,589</u></b>		
13					
14	VARIOUS	FERC ACCT 311	(31,964)	VARIOUS	VARIOUS
15	VARIOUS	FERC ACCT 312	(213,821)	VARIOUS	VARIOUS
16	VARIOUS	FERC ACCT 314	(152,219)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 315	(27,661)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 316	(6,826)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 344	(130,003)	VARIOUS	VARIOUS
20		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(562,495)</u></b>		
21					
22		<b>TRANSMISSION</b>			
23	VARIOUS	VARIOUS UNDER \$100,000	232,845	VARIOUS	VARIOUS
24	87543	PREL.,CUSTER-HILL CITY 69KV REBUILD	1,078,205	6/13/2003	12
25		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>1,311,050</u></b>		
26					
27	VARIOUS	FERC ACCT 353	(40,909)	VARIOUS	VARIOUS
28	VARIOUS	FERC ACCT 355	(32,869)	VARIOUS	VARIOUS
29	VARIOUS	FERC ACCT 356	(61,670)	VARIOUS	VARIOUS
30		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(135,448)</u></b>		
31					
32		<b>DISTRIBUTION</b>			
33	VARIOUS	VARIOUS UNDER \$100,000	4,471,534	VARIOUS	VARIOUS
34	15272	LAWRENCE CO BLANKET	101,429	5/23/1994	4
35	15272	LAWRENCE CO BLANKET	135,783	5/23/1994	10
36	15273	PENNINGTON COUNTY BLANKET	273,681	12/10/1994	4
37	15273	PENNINGTON COUNTY BLANKET	195,488	12/10/1994	7
38	15273	PENNINGTON COUNTY BLANKET	233,470	12/10/1994	10
39	15273	PENNINGTON COUNTY BLANKET	135,902	12/10/1994	12
40	16631	TRANSFORMER BWO 2003,04,05,06,07,08	443,463	1/2/2003	2
41	16631	TRANSFORMER BWO 2003,04,05,06,07,08	197,692	1/2/2003	3
42	16631	TRANSFORMER BWO 2003,04,05,06,07,08	185,956	1/2/2003	4
43	16631	TRANSFORMER BWO 2003,04,05,06,07,08	240,050	1/2/2003	5
44	16631	TRANSFORMER BWO 2003,04,05,06,07,08	167,332	1/2/2003	6
45	16631	TRANSFORMER BWO 2003,04,05,06,07,08	117,571	1/2/2003	7
46	16631	TRANSFORMER BWO 2003,04,05,06,07,08	162,319	1/2/2003	8
47	16631	TRANSFORMER BWO 2003,04,05,06,07,08	172,039	1/2/2003	9
48	16631	TRANSFORMER BWO 2003,04,05,06,07,08	227,244	1/2/2003	11
49	16938	BHP METER BLANKET 2009,2008,2007	347,779	1/9/2007	5
50	87856	SPRUCE GULCH TO WHITEWOOD 69KV	3,645,217	9/5/2003	12
51	89961	IRON CREEK-SPEARFISH ROAD 69/24.9KV,PREL	760,835	12/3/2004	9
52	90664	RAMKOTA CONVENTION CENTER	346,659	5/13/2005	9
53	91993	DESIGN FOR SPEARFISH HYDRO 12.47KV SUB	1,111,393	4/21/2006	3
54	92433	THE TIMBERS SUBDIVISION	158,770	8/22/2006	4
55	92993	SPEARFISH PARK GETAWAY CIRCUITS	453,445	1/11/2007	3
56	93013	HWY 79 ROAD MOVE PHS I (BLKHWK-PDMNT)	128,836	1/18/2007	9
57	94098	69KV BREAKER REPLACEMENT AT LOOKOUT SUB	277,854	12/11/2007	11
58		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>14,691,744</u></b>		

**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
**For the Year Ended December 31, 2008**

Schedule D-4 2008  
Page 2 of 2

Line No.	Work Order	Description	Amount	Start Date	Period Closed
59		<b>DISTRIBUTION</b>			
60	VARIOUS	FERC ACCT 360	(2,482)	VARIOUS	VARIOUS
61	VARIOUS	FERC ACCT 362	(264,709)	VARIOUS	VARIOUS
62	VARIOUS	FERC ACCT 364	(532,203)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 365	(326,440)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 367	(72,373)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 368	(209,124)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 369	(9,107)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 370	(2,699,117)	VARIOUS	VARIOUS
68	VARIOUS	FERC ACCT 371	(9,598)	VARIOUS	VARIOUS
69	VARIOUS	FERC ACCT 373	(9,536)	VARIOUS	VARIOUS
70		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(4,134,689)</u></b>		
71					
72		<b>GENERAL</b>			
73	VARIOUS	VARIOUS UNDER \$100,000	931,531	VARIOUS	VARIOUS
74	91002	MAYER RADIO MICROWAVE SYSTEM	711,793	8/11/2005	9
75	91003	MAYER RADIO TRUNK RADIO SYSTEM	2,657,267	8/11/2005	9
76	93140	SANDERS RANCH - DEVELOP TOWER SITE	283,472	2/26/2007	4
77		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>4,584,064</u></b>		
78					
79	VARIOUS	FERC ACCT 390	(13,548)	VARIOUS	VARIOUS
80	VARIOUS	FERC ACCT 391	12,095	VARIOUS	VARIOUS
81	VARIOUS	FERC ACCT 392	(126,895)	VARIOUS	VARIOUS
82	VARIOUS	FERC ACCT 394	(52,821)	VARIOUS	VARIOUS
83	VARIOUS	FERC ACCT 395	(53,950)	VARIOUS	VARIOUS
84	VARIOUS	FERC ACCT 397	(576,526)	VARIOUS	VARIOUS
85		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(811,645)</u></b>		
86					
87					
88		<b>Grand Total</b>	<b><u><u>17,379,170</u></u></b>		



**BLACK HILLS POWER, INC.**  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	732,499	VARIOUS	VARIOUS
3	99153075	NS1-ASH BARGE RETAINING WALL	105,667	2/17/2009	12
4	99151231	NSCT1-S-5 BLOCK UPGRADE	114,130	2/17/2009	10
5	99150073	BEN FRENCH-ASH POND LINING	225,943	2/17/2009	9
6	99150087	BEN FRENCH-TURBINE UPGRADE	336,510	2/17/2009	10
7	99150008	ASHPOND, GENERATOR	386,172	2/17/2009	9
8	99151234	NSCT#1-PRE-MIXER/FUEL SYSTEM CLEANI	542,173	2/17/2009	12
9	99155012	BHPS SHARE OF WYODAK I CAPITAL	1,155,752	2/17/2009	2
10	99150008	HIGH PRESSURE TURBINE	3,220,506	2/17/2009	8
11	99154144	NS2-ACC EXPANSION-NSC	8,259,558	2/17/2009	5
12		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>15,078,910</u></b>		
13					
14	VARIOUS	FERC ACCT 311	(277,476)	VARIOUS	VARIOUS
15	VARIOUS	FERC ACCT 312	(333,334)	VARIOUS	VARIOUS
16	VARIOUS	FERC ACCT 314	(64,646)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 316	(1,749)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 342	(131,849)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 344	(2,643,127)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 345	(3,000)	VARIOUS	VARIOUS
21		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(3,455,181)</u></b>		
22					
23		<b>TRANSMISSION</b>			
24	VARIOUS	VARIOUS UNDER \$100,000	90,836	VARIOUS	VARIOUS
25	99157710	LKO SUB 230KV TRANSFORMER ADDN	109,182	8/29/2007	5
26	99156250	230KV BREAKER REPLACEMENT	117,208	2/17/2009	4
27	99156226	HTM 230KV	120,720	2/17/2009	6
28	99156225	ROW FIRST CLEARING 230KV	130,705	2/17/2009	6
29	99156257	NERC CIP COMPLIANCE	183,317	2/17/2009	5
30	99156251	WYGEN III-230KV SUB ADDITION (DONKE	4,531,907	1/24/2007	10
31	99156252	DONKEY CREEK TO PUMPKIN BUTTES 230K	11,244,045	2/17/2009	11
32		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>16,527,918</u></b>		
33					
34	VARIOUS	FERC ACCT 353	(153,722)	VARIOUS	VARIOUS
35		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(153,722)</u></b>		
36					
37		<b>DISTRIBUTION</b>			
38	VARIOUS	VARIOUS UNDER \$100,000	891,378	VARIOUS	VARIOUS
39	99157019	CUSTER COUNTY BLANKET	116,293	2/17/2009	12
40	99157231	CUSTER CONV., NEW CKT & BKR REPL	125,958	2/17/2009	6
41	99157006	REPLACE AND STUB DISTRIBUTION POLES	135,221	2/17/2009	7
42	99156259	REPLACE WEST HILL SUB REACTOR BANK	154,269	1/8/2009	4
43	99157017	BUTTE COUNTY BLANKET	160,938	3/3/2008	6
44	99157722	PACTOLA SUB CAPACITOR BANK	172,057	9/24/2008	11
45	99157701	REPLACE 69KV BREAKERS	191,651	1/19/2009	1
46	99157715	EDGEMONT 69KV CAPACITOR ADDITION	204,431	2/17/2009	6
47	99157222	BENCHMARK TO NEMO REBUILD	205,357	2/17/2009	7
48	99157210	RECONDUCTOR 2S67	220,481	2/17/2009	4
49	99157140	HAZARD TREE MITIGATION/DIST.	262,403	8/16/2008	1
50	99157016	MEADE COUNTY BLANKET	271,237	2/17/2009	9
51	99157000	LAWRENCE COUNTY BLANKET PROJECT	383,216	2/17/2009	7
52	99157012	ROAD IMPROVEMENTS PROJECTS	447,456	1/1/2009	9
53	99157076	SPEARFISH VOLTAGE CONVERSION	458,563	8/6/2006	6
54	99157007	REPLACE UNDERGROUND	468,877	12/11/1998	1
55	99157003	METER BLANKET	608,165	2/17/2009	3
56	99157015	PENNINGTON COUNTY BLANKET	801,924	10/30/2008	1
57	99157009	BETTERMENT PROJECT < \$25000	906,827	3/11/1994	6
58	99157230	NE RC SUB ADDITION	1,039,803	2/17/2009	6
59	99157002	BLANKET PROJECT - TRANSFORMERS	1,154,030	2/17/2009	5
60	99157001	CUSTOMER PROJECTS OVER \$5000	2,588,332	3/11/1994	7
61	99157710	LKO SUB 230KV TRANSFORMER ADDN	3,052,703	8/29/2007	5
62		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>15,021,571</u></b>		

**BLACK HILLS POWER, INC.**  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
63		<b>DISTRIBUTION</b>			
64	VARIOUS	FERC ACCT 362	(229,670)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 364	(91,560)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 365	(137,018)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 366	(29,330)	VARIOUS	VARIOUS
68	VARIOUS	FERC ACCT 367	(137,299)	VARIOUS	VARIOUS
69	VARIOUS	FERC ACCT 368	(189,988)	VARIOUS	VARIOUS
70	VARIOUS	FERC ACCT 369	(6,550)	VARIOUS	VARIOUS
71	VARIOUS	FERC ACCT 370	(141,888)	VARIOUS	VARIOUS
72	VARIOUS	FERC ACCT 371	(5,599)	VARIOUS	VARIOUS
73	VARIOUS	FERC ACCT 373	(13,672)	VARIOUS	VARIOUS
74		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(982,574)</u></b>		
75					
76		<b>GENERAL</b>			
77	VARIOUS	VARIOUS UNDER \$100,000	596,174	VARIOUS	VARIOUS
78	99159958	DEADWOOD-PURCHASE NEW SNOW MACHINE	122,355	10/30/2008	7
79	99159795	MOBILE RADIO ADDITIONS	165,286	10/24/2008	6
80	99159088	PC PURCHASES	168,779	2/17/2009	9
81	99155012	BHPS SHARE OF WYODAK I CAPITAL	232,709	2/17/2009	2
82	99158019	GENERAL FACILITIES CONSTRUCTION BLA	247,217	2/17/2009	12
83	99154129	NS2-CMMS SYSTEM	531,024	2/17/2009	6
84	99158002	TRANSPORTATION BLANKET	<u>1,101,655</u>	11/4/2008	7
85		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>3,165,198</u></b>		
86					
87	VARIOUS	FERC ACCT 390	(289,344)	VARIOUS	VARIOUS
88	VARIOUS	FERC ACCT 391	(55,539)	VARIOUS	VARIOUS
89	VARIOUS	FERC ACCT 392	(456,297)	VARIOUS	VARIOUS
90	VARIOUS	FERC ACCT 397	(1,782)	VARIOUS	VARIOUS
91		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(802,962)</u></b>		
92					
93					
94		<b>Grand Total</b>	<b><u><u>44,399,158</u></u></b>		

**BLACK HILLS POWER, INC.**  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	(40,960)	VARIOUS	VARIOUS
3	99152067	OSAGE OUTFALL UPGRADE	121,590	10/20/2008	9
4	99154155	NS2-CDS DOSING VALVE PROJECT	127,197	11/3/2008	9
5	99150008	PRODUCTION CONTINGENCY	185,243	1/29/2009	2
6	99154139	NS2-MERCURY CEMS	263,430	12/8/2008	2
7	99153080	NS1-REPLACE PRECIPITATOR ROOF	630,309	12/1/2008	9
8	99154153	NS2-BOILER WATERWALL REPLACEMENT	722,915	11/12/2008	9
9	99154145	BHSC-NSC-WELL #15	799,364	6/27/2008	6
10	99153083	NS1-TURBINE MAJOR OVERHAUL-CAPITAL	822,176	2/24/2009	9
11	99155012	BHPS SHARE OF WYODAK I CAPITAL	1,036,073	3/30/2004	2
12	99154148	NS2-STEAM TURBINE DIAPHRAGM UPGRADE	1,248,042	2/10/2009	6
13	99153081	NS1-BOILER MAJOR MTC-CAPITAL	1,857,786	9/19/2008	9
14		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>7,773,165</u></b>		
15					
16	VARIOUS	FERC ACCT 311	(14,793)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 312	(1,926,356)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 314	(706,747)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 315	(7,797)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 316	(14,022)	VARIOUS	VARIOUS
21	VARIOUS	FERC ACCT 345	(22,322)	VARIOUS	VARIOUS
22		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(2,692,037)</u></b>		
23					
24		<b>TRANSMISSION</b>			
25	VARIOUS	VARIOUS UNDER \$100,000	137,722	VARIOUS	VARIOUS
26	99156258	SO RC 230KV CAPACITOR BANKS	2,294,908	1/19/2009	12
27		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>2,432,630</u></b>		
28					
29	VARIOUS	FERC ACCT 355	(6,182)	VARIOUS	VARIOUS
30		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(6,182)</u></b>		
31					
32		<b>DISTRIBUTION</b>			
33	VARIOUS	VARIOUS UNDER \$100,000	556,773	VARIOUS	VARIOUS
34	99157197	ROW CLEARING 69KV	106,471	7/3/2008	4
35	99157140	HAZARD TREE MITIGATION/DIST.	107,295	4/28/2008	9
36	99157249	RECONDUCTOR LACROSSE STREET	119,738	12/10/1994	10
37	99157000	LAWRENCE COUNTY BLANKET PROJECT	158,706	5/23/1994	7
38	99157248	RECONDUCTOR SOUTH CANYON RD	178,377	12/10/1994	9
39	99157210	RECONDUCTOR 2S67	198,667	12/8/2008	9
40	99157231	FALL RIVER HOSPITAL DIST RECONDUCTO	239,682	4/30/1994	7
41	99157002	BLANKET PROJECT - TRANSFORMERS	275,593	8/8/1995	5
42	99157012	ROAD IMPROVEMENTS PROJECTS	279,313	3/11/1994	9
43	99157007	REPLACE UNDERGROUND	290,809	12/10/1994	1
44	99157015	PENNINGTON COUNTY BLANKET	300,528	12/10/1994	1
45	99157223	NEWELL TO VALE REBUILD	342,997	8/27/2004	7
46	99157234	FALL RIVER HOSPITAL DIST RECONDUCTO	358,669	4/30/1994	5
47	99157006	REPLACE AND STUB DISTRIBUTION POLES	361,670	3/11/1994	6
48	99157003	METER BLANKET	563,563	2/1/2008	3
49	99157009	BETTERMENT PROJECT < \$25000	687,405	3/11/1994	12
50	99157714	WHITEWOOD SUB 69KV BREAKER ADDITION	687,620	8/30/2007	9
51	99157076	SPEARFISH VOLTAGE CONVERSION	841,695	5/23/1994	4
52	99157001	CUSTOMER PROJECTS OVER \$5000	1,123,457	3/11/1994	1
53	99156006	TRANSMISSION CONTINGENCY	1,562,695	3/18/2009	4
54	99157718	REPL 230KV/69KV XFMR #2 AT LANGE SU	2,836,740	8/19/2008	9
55	99157700	WINDY FLATS-PACTOLA 69KV LINE REBUI	3,407,685	1/8/2009	10
56		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>15,586,148</u></b>		

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
57		<b>DISTRIBUTION</b>			
58	VARIOUS	FERC ACCT 362	(88,991)	VARIOUS	VARIOUS
59	VARIOUS	FERC ACCT 364	(503,997)	VARIOUS	VARIOUS
60	VARIOUS	FERC ACCT 365	(171,422)	VARIOUS	VARIOUS
61	VARIOUS	FERC ACCT 366	(36,717)	VARIOUS	VARIOUS
62	VARIOUS	FERC ACCT 367	(83,193)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 368	(271,741)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 369	(5,457)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 370	(7,734,738)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 371	(2,221)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 373	(5,324)	VARIOUS	VARIOUS
68		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(8,903,801)</u></b>		
69					
70		<b>GENERAL</b>			
71	VARIOUS	VARIOUS UNDER \$100,000	412,193	VARIOUS	VARIOUS
72	99158002	TRANSPORTATION BLANKET	266,059	9/5/2008	6
73	99158010	FURNITURE BLANKET	297,157	1/6/2009	4
74		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>975,409</u></b>		
75					
76	VARIOUS	FERC ACCT 391	(19,740)	VARIOUS	VARIOUS
77	VARIOUS	FERC ACCT 392	(245,105)	VARIOUS	VARIOUS
78	VARIOUS	FERC ACCT 394	(197,808)	VARIOUS	VARIOUS
79	VARIOUS	FERC ACCT 397	(3,792)	VARIOUS	VARIOUS
80		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(466,445)</u></b>		
81					
82					
83		<b>Grand Total</b>	<b><u><u>14,698,887</u></u></b>		

**BLACK HILLS POWER, INC.**  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	1,285,732	VARIOUS	VARIOUS
3	99154215	NS2-"B" PULVERIZER ROLL WHEEL REPLA	121,497	8/11/2009	10
4	99153084	NS1-CONDENSER FAN DRIVE UPGRADE	132,054	1/1/2011	7
5	99154182	NS2-REPL FAILING BATTERY STRING	137,180	9/1/2009	7
6	10040169	NS1-STACK UPGRADES	236,052	2/17/2009	2
7	99154204	NS2-PULV 1B WEAR COMPONENTS-MAJOR	324,385	2/17/2009	9
8	99153082	NS1-POWER CENTER UPGRADE	656,400	2/17/2009	8
9	10041974	NSCT1-REPL GEARBOX/REPAIR ENGINE	874,501	9/1/2009	2
10	99154146	BHSC-NSC-WATER TREAT SYSTEM EQUIP	1,130,140	2/17/2009	8
11	99154147	BHSC-NSC-NEW ADMIN BUILDING	1,620,885	2/17/2009	7
12	99155012	BHPS SHARE OF WYODAK I CAPITAL	10,397,483	2/17/2009	1
13	99155012	SO2 and PM Emission Control Upgrade	25,007,134	2/17/2009	1
14	99155012	NOX Clean Air Initiative	2,552,915	2/17/2009	1
15		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>44,476,358</u></b>		
16					
17	VARIOUS	FERC ACCT 310	(302)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 311	(166,496)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 312	(9,853,857)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 314	(1,726,137)	VARIOUS	VARIOUS
21	VARIOUS	FERC ACCT 315	(392,168)	VARIOUS	VARIOUS
22	VARIOUS	FERC ACCT 316	(44,236)	VARIOUS	VARIOUS
23	VARIOUS	FERC ACCT 342	(10,000)	VARIOUS	VARIOUS
24	VARIOUS	FERC ACCT 344	(310,176)	VARIOUS	VARIOUS
25		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(12,503,372)</u></b>		
26					
27		<b>TRANSMISSION</b>			
28	VARIOUS	VARIOUS UNDER \$100,000	157,576	VARIOUS	VARIOUS
29	99156006	TRANSMISSION CONTINGENCY	105,033	2/17/2009	6
30	99156276	DEVELOP/IMPLEMENT OATI (FERC & NERC	108,277	6/23/2009	10
31	99156250	230KV BREAKER REPLACEMENT	115,483	2/22/2010	11
32	99155503	WYGEN 3-EQUIPMENT PROCUREMENT	298,888	2/17/2009	6
33	99159092	7 CORE SYSTEMS UNIFICATION PROJECT-	613,707	2/17/2009	7
34	99156272	WYGEN 1/WYODAK 230KV TO DONKEY CREE	988,382	9/16/2009	1
35	99156271	DONKEY CREEK SUB BAY ADDITION	1,512,718	1/19/2009	10
36	99156254	PUMPKIN BUTTE TO CASPER/DJ 230KV LI	22,255,857	10/26/2006	7
37		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>26,155,921</u></b>		
38					
39	VARIOUS	FERC ACCT 350	(156,441)	VARIOUS	VARIOUS
40	VARIOUS	FERC ACCT 353	(1,720,812)	VARIOUS	VARIOUS
41	VARIOUS	FERC ACCT 355	(38,415)	VARIOUS	VARIOUS
42		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(1,915,668)</u></b>		

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43		<b>DISTRIBUTION</b>			
44	VARIOUS	VARIOUS UNDER \$100,000	484,622	VARIOUS	VARIOUS
45	99157724	LANGE TO STURGIS 69KV	104,031	2/5/2010	12
46	10040064	Inv New Cust Undg svc/Meter Enclos	109,446	2/17/2009	7
47	99157018	FALL RIVER COUNTY BLANKET	110,264	9/10/2009	6
48	99157133	OH DISTRIBUTION RELIABILITY	110,373	2/5/2010	11
49	10040059	Inv New Cust Elec Strt Lt Blanket	114,127	3/3/2008	6
50	99157017	BUTTE COUNTY BLANKET	120,155	2/17/2009	6
51	99157007	REPLACE UNDERGROUND	122,583	7/16/2010	4
52	99157174	HTM 69KV	133,426	7/16/2010	12
53	99157197	ROW CLEARING 69KV	139,727	7/11/2009	12
54	99157140	HAZARD TREE MITIGATION/DIST.	142,209	2/17/2009	6
55	99157012	ROAD IMPROVEMENTS PROJECTS	147,637	2/17/2009	10
56	99157019	CUSTER COUNTY BLANKET	155,051	2/17/2009	12
57	99157016	MEADE COUNTY BLANKET	190,733	9/11/2009	9
58	99157243	RECONDUCTOR NEW 404, DIST 4.16KV	200,955	2/17/2009	8
59	99157003	METER BLANKET	231,344	10/4/2010	8
60	10040420	OSAGE 69KV VOLTAGE SUPPORT	233,031	2/5/2010	11
61	10040054	Repl Elec ext or Gas Mains Blanket	246,714	1/27/2010	6
62	99157245	REPL RECT. WOUND DIST SUB XFMR	279,000	7/11/2009	12
63	99157240	WEST CHICAGO REBUILD	323,957	2/17/2009	6
64	99157000	LAWRENCE COUNTY BLANKET PROJECT	336,531	9/11/2009	2
65	99157006	REPLACE AND STUB DISTRIBUTION POLES	418,399	2/17/2009	5
66	99157225	MINNESOTA STREET FEEDER	606,597	12/1/2009	5
67	99157223	NEWELL TO VALE REBUILD	607,795	2/11/2009	6
68	99157002	BLANKET PROJECT - TRANSFORMERS	669,509	8/6/2006	5
69	99157015	PENNINGTON COUNTY BLANKET	846,707	2/17/2009	1
70	99157001	CUSTOMER PROJECTS OVER \$5000	849,891	9/8/2008	6
71	99157009	BETTERMENT PROJECT < \$25000	1,016,205	2/5/2010	6
72	99157716	WHITEWOOD TO PIEDMONT 69KV LINE REB	1,123,373	1/29/2010	12
73	10040058	Inv New Cust Elec Serv OH Blanket	1,220,097	2/5/2010	7
74	99156277	REPLACE 70MVA XFMR AT WYODAK SUB	1,562,774	2/17/2009	12
75		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>12,957,263</u></b>		

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
76		<b>DISTRIBUTION</b>			
77	VARIOUS	FERC ACCT 362	(107,979)	VARIOUS	VARIOUS
78	VARIOUS	FERC ACCT 364	(205,581)	VARIOUS	VARIOUS
79	VARIOUS	FERC ACCT 365	(223,457)	VARIOUS	VARIOUS
80	VARIOUS	FERC ACCT 366	(23,722)	VARIOUS	VARIOUS
81	VARIOUS	FERC ACCT 367	(159,532)	VARIOUS	VARIOUS
82	VARIOUS	FERC ACCT 368	(418,408)	VARIOUS	VARIOUS
83	VARIOUS	FERC ACCT 369	(18,998)	VARIOUS	VARIOUS
84	VARIOUS	FERC ACCT 371	(12,814)	VARIOUS	VARIOUS
85	VARIOUS	FERC ACCT 373	(14,099)	VARIOUS	VARIOUS
86		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(1,184,590)</u></b>		
87					
88		<b>GENERAL</b>			
89	VARIOUS	VARIOUS UNDER \$100,000	783,664	VARIOUS	VARIOUS
90	99154147	BHSC-NSC-NEW ADMIN BUILDING	104,099	4/8/2009	7
91	99155016	NSC - POWER DELIVERY CONTROL NETWORK	114,508	8/25/2009	12
92	99159865	BHP GIS MAPPING SYSTEM	189,434	5/10/2011	10
93	99158022	CAPITAL FACILITIES BLANKET-2010	395,639	5/6/2009	12
94	10040395	FLEET PURCHASED BHP	409,657	2/17/2009	1
95	99159093	POWERPLANT CAPITAL	512,882	2/17/2009	8
96	99159092	7 CORE SYSTEMS UNIFICATION PROJECT-	824,346	4/7/2010	10
97	99158002	TRANSPORTATION BLANKET	1,033,885	5/18/2011	6
98		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>4,368,113</u></b>		
99					
100	VARIOUS	FERC ACCT 390	(14,461)	VARIOUS	VARIOUS
101	VARIOUS	FERC ACCT 391	(1,402,990)	VARIOUS	VARIOUS
102	VARIOUS	FERC ACCT 392	(257,722)	VARIOUS	VARIOUS
103	VARIOUS	FERC ACCT 393	(15,047)	VARIOUS	VARIOUS
104	VARIOUS	FERC ACCT 394	(1,133,272)	VARIOUS	VARIOUS
105	VARIOUS	FERC ACCT 395	(327,391)	VARIOUS	VARIOUS
106	VARIOUS	FERC ACCT 397	(267,831)	VARIOUS	VARIOUS
107	VARIOUS	FERC ACCT 398	(187,704)	VARIOUS	VARIOUS
108		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>(3,606,418)</u></b>		
109					
110					
111		<b>Grand Total</b>	<b><u><u>68,747,607</u></u></b>		

**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
**For the Year Ended December 31, 2012**

Schedule D-4 2012  
Page 1 of 2

Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	\$ 754,119	VARIOUS	VARIOUS
3	10042616	NSCT1-HYD CONTROL UNIT REPL	103,042	8/8/2011	6
4	10040181	NSC COMMON-ARC FLASH-PHASE 2	107,734	6/3/2011	6
5	10040206	NSC COMMON-SERVER INFRASTRUCTURE UP	122,911	4/28/2011	12
6	10043825	BEN F CT NAT GAS PIPELINE	155,467	12/16/2011	6
7	10043153	NSC - POTABLE WATER TANK	198,307	10/25/2011	10
8	10044404	NS2-PULV ROLL WHEEL REPL	226,680	2/27/2012	9
9	10044925	NS2-TURBINE PACKING REPLACEMENT	277,053	5/7/2012	11
10	99154118	NS2-AIR HEATER BASKET REPLACEMENT	494,933	12/14/2011	9
11	99154177	NS2/WYGEN 1-PAC EQUIPMENT PROJECT	580,834	1/5/2009	8
12	10042502	NS2-TURB CNTRLS UPGRADE	763,825	12/16/2011	11
13	99155012	BHPS SHARE OF WYODAK I CAPITAL	1,185,678	VARIOUS	VARIOUS
14	10045075	NS2-GSU TRANSFORMER REPLACE	2,038,712	6/22/2012	12
15		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 7,009,294</b>		
16					
17	VARIOUS	FERC ACCT 311	(85,125)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 312	(2,012,433)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 314	(880,484)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 315	(2,794)	VARIOUS	VARIOUS
21	VARIOUS	FERC ACCT 316	(42,750)	VARIOUS	VARIOUS
22	VARIOUS	FERC ACCT 342	(1,074)	VARIOUS	VARIOUS
23	VARIOUS	FERC ACCT 344	(105,546)	VARIOUS	VARIOUS
24		<b>TOTAL MAJOR RETIREMENTS</b>	<b>\$ (3,130,206)</b>		
25					
26		<b>TRANSMISSION</b>			
27	VARIOUS	VARIOUS UNDER \$100,000	383,781	VARIOUS	VARIOUS
28	99159949	NEW SERVICE CENTER	223,952	7/22/2008	10
29	99156249	NEW NORTHERN HILLS 230KV SUBSTATION	254,255	4/30/2009	4
30	99156006	TRANSMISSION CONTINGENCY	373,793	VARIOUS	VARIOUS
31	99156270	MINNEKAHTA SUBSTATION	1,886,440	1/27/2010	9
32		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 3,122,221</b>		
33					
34	VARIOUS	FERC ACCT 350	(380,392)	VARIOUS	VARIOUS
35	VARIOUS	FERC ACCT 355	(63,057)	VARIOUS	VARIOUS
36	VARIOUS	FERC ACCT 356	(6,095)	VARIOUS	VARIOUS
37		<b>TOTAL MAJOR RETIREMENTS</b>	<b>\$ (449,544)</b>		
38					
39		<b>DISTRIBUTION</b>			
40	VARIOUS	VARIOUS UNDER \$100,000	898,662	VARIOUS	VARIOUS
41	10040061	INV REPL ELEC SERVICE OH	106,504	8/15/2010	VARIOUS
42	10040062	ELEC PRI EXTENSION	108,817	8/15/2010	VARIOUS
43	10040059	INV NEW CUST ELEC STRT LT	113,919	8/15/2010	VARIOUS
44	99157701	REPLACE 69KV BREAKERS	141,076	2/19/2010	5
45	99157246	BELLE FOURCHE CONVERSION	162,586	6/12/2012	12
46	10042633	Lookout Reactor Replacement	170,821	1/31/2012	9
47	99157252	RECONDUCTOR FROM CUSTER TO CUSTER	254,175	8/5/2011	10
48	10042629	Distribution Rebuilds	257,062	8/30/2010	9
49	99157702	69KV CONTINGENCY	272,240	10/7/2011	9
50	99157003	METER BLANKET	294,896	12/14/2009	VARIOUS
51	99157006	REPLACE AND STUB DISTRIBUTION POLES	311,585	3/18/1994	VARIOUS
52	10040054	Repl Elec ext or Gas Mains Blanket	318,563	8/15/2010	VARIOUS
53	99157210	RECONDUCTOR 2S67	404,493	5/4/2007	1
54	99157242	RECONDUCTOR CUS1203, DIST 12.4KV	407,243	12/14/2009	2
55	99157007	REPLACE UNDERGROUND	505,847	11/4/2008	VARIOUS
56	10040064	Inv New Cust Undg svc/Meter Enclos	521,499	8/15/2010	VARIOUS
57	99157076	SPEARFISH VOLTAGE CONVERSION	810,452	2/9/2009	3
58	99157012	ROAD IMPROVEMENTS PROJECTS	1,108,768	9/8/2010	VARIOUS
59	99157009	BETTERMENT PROJECT < \$25000	1,109,915	7/22/2009	VARIOUS
60	99157002	BLANKET PROJECT - TRANSFORMERS	1,200,341	2/1/2008	VARIOUS
61	10040058	Inv New Cust Elec Serv OH Blanket	1,542,038	8/15/2010	VARIOUS
62	99157001	CUSTOMER PROJECTS OVER \$5000	1,780,365	10/6/2008	VARIOUS
63	99157703	EDGEMONT RIVER TO HS 69KV REBUILD	2,149,797	10/11/2007	5
64	99157232	FIFTH STREET SUB EXP. (ENG ONLY)	2,306,906	11/24/2010	9
65	99156006	TRANSMISSION CONTINGENCY	2,877,514	3/26/2012	12
66	99157721	MINNEKAHTA SUBSTATION - 69KV	3,440,961	1/29/2010	9
67	99157724	LANGE TO STURGIS 69KV	3,913,756	2/23/2010	3
68	99157255	AMI AUTOMATED METER READING PROJECT	5,230,798	3/30/2010	9
69		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 32,721,597</b>		



**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
**For the Year Ended December 31, 2012**

Schedule D-4 2012  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
70	VARIOUS	FERC ACCT 362	\$ (393,659)	VARIOUS	VARIOUS
71	VARIOUS	FERC ACCT 364	(807,139)	VARIOUS	VARIOUS
72	VARIOUS	FERC ACCT 365	(759,735)	VARIOUS	VARIOUS
73	VARIOUS	FERC ACCT 366	(80,293)	VARIOUS	VARIOUS
74	VARIOUS	FERC ACCT 367	(190,522)	VARIOUS	VARIOUS
75	VARIOUS	FERC ACCT 368	(572,180)	VARIOUS	VARIOUS
76	VARIOUS	FERC ACCT 369	(12,023)	VARIOUS	VARIOUS
77	VARIOUS	FERC ACCT 370	(10,007)	VARIOUS	VARIOUS
78	VARIOUS	FERC ACCT 371	(9,001)	VARIOUS	VARIOUS
79	VARIOUS	FERC ACCT 373	(8,055)	VARIOUS	VARIOUS
80		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>\$ (2,842,614)</u></b>		
81					
82		<b>GENERAL</b>			
83	VARIOUS	VARIOUS UNDER \$100,000	548,694	VARIOUS	VARIOUS
83a	99158000	CUSTOMER SERVICE TOOL PROJECT	100,017	12/23/2009	VARIOUS
83b	99155012	BHPS SHARE OF WYODAK I CAPITAL	129,634	3/26/2009	VARIOUS
84	10041482	UNIFIED PRINT PRJCT BHP	141,287	3/2/2011	3
84a	10043557	FIELD LAPTOP DEPLOYMENT	153,166	12/2/2011	8
84b	10042678	NS2-DCS RACK POWER SUPPLY UPGRADE	195,823	12/13/2011	9
85	99158002	TRANSPORTATION BLANKET	214,225	1/29/2010	VARIOUS
86	10041350	CAPITAL PROJECTS-UNBUDGETED	280,863	3/16/2011	VARIOUS
86a	10042693	NS2-DCS CONTROL UPGRADE (ABB)	551,411	12/13/2011	12
87	99158022	CAPITAL FACILITIES BLANKET-2010	800,152	7/19/2010	10
88	10040395	FLEET PURCHASED BHP	991,923	6/16/2011	VARIOUS
89		<b>TOTAL MAJOR ADDITIONS</b>	<b><u>\$ 4,107,195</u></b>		
90					
91	VARIOUS	FERC ACCT 390	(182,154)	VARIOUS	VARIOUS
92	VARIOUS	FERC ACCT 391	(4,888,930)	VARIOUS	VARIOUS
93	VARIOUS	FERC ACCT 392	(257,553)	VARIOUS	VARIOUS
94	VARIOUS	FERC ACCT 395	(1,279)	VARIOUS	VARIOUS
95	VARIOUS	FERC ACCT 397	(11,584)	VARIOUS	VARIOUS
96		<b>TOTAL MAJOR RETIREMENTS</b>	<b><u>\$ (5,341,500)</u></b>		
97					
98					
99		<b>Grand Total</b>	<b><u>\$ 35,196,444</u></b>		

## Section D

**20:10:13:59. Schedule D-5 -- Working Papers on Capitalizing Interest and Other Overheads During Construction.** Schedule D-5 shall include a complete statement of the methods and procedures followed in capitalizing interest during construction and other construction overheads, including any policy changes, the effective dates, and the reasons for the changes, for the last five calendar years, ending during the test year.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**POLICY OF CAPITALIZING INTEREST AND OTHER OVERHEADS DURING CONSTRUCTION**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	
2	Interest is charged monthly on construction projects on all electric property classified as work in progress not
3	completed or in service, provided that construction has not been halted for an extended period of time.
4	
5	Overhead costs related to construction projects are capitalized in accordance with Electric Plant instructions of the
6	FERC Uniform System of Accounts.

## Section D

**20:10:13:60. Schedule D-6 -- Changes in Intangible Plant Working Papers.** Schedule D-6 shall show any significant changes in intangible plant for the last five calendar years, ending during the test year. If any materials required in schedule D-6 have already been submitted to the commission, they may be incorporated by specific reference.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**CHANGES IN INTANGIBLE PLANT**  
**FOR THE PERIOD JANUARY 1, 2008 THROUGH SEPTEMBER 30, 2013**

Line No.	Year	Beginning of Period Balance	Additions	Retirements	Ending Period Balance
1	2008	4,870,308	-	-	\$ 4,870,308
2	2009	4,870,308	-	-	\$ 4,870,308
3	2010	4,870,308	-	-	\$ 4,870,308
4	2011	4,870,308	-	-	\$ 4,870,308
5	2012	4,870,308	-	-	\$ 4,870,308
6	Sep-13	4,870,308	-	-	\$ 4,870,308

## Section D

**20:10:13:61. Schedule D-7 -- Working Papers on Plant in Service Not Used and Useful.** Schedule D-7 shall set forth the cost and description of any plant in service carried on the company's books as utility plant which was not being used in rendering service.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**PLANT IN SERVICE - NOT USED AND USEFUL**  
**For the Test Year Ended September 30, 2013**

Line No.	Beginning of Period Balance	Additions	Retirements	Ending Period Balance
1	None	-	-	None

## Section D

**20:10:13:62. Schedule D-8 -- Property Records Working Papers.** Schedule D-8 shall set forth a description of the continuing property records maintained by the utility, including methods and procedures used to price retirements, and a list of retirement units used by the company in pricing retirements for the past five years. Any data required by this section which has been previously submitted to the commission by the utility may be incorporated by specific reference.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).



**BLACK HILLS POWER, INC.**  
**POLICY OF CONTINUING PROPERTY RECORDS**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	<b>Power Plants:</b>
2	Each power plant is unitized in accordance with FERC rules and regulations. A record of original cost,
3	age and description is maintained for each unit by plant location. When a unit is retired, the original
4	installed cost of that unit is removed from the records of the Company. If the unit is reusable, the
5	salvage value is booked at average unit prices for that item.
6	
7	<b>Transmission Plants:</b>
8	A record exactly like the power plant record is maintained for each transmission substation. This
9	record includes land, buildings and equipment.
10	
11	A record for each transmission line is maintained. The original installed cost of units are an average of
12	like units within the line (e.g. all 65 foot poles of the same age would have the same original installed
13	cost of this line). When a unit is retired, it is handled in the same manner as described above for
14	power plants.
15	
16	<b>Distribution Plants:</b>
17	The records for distribution land, buildings, substations, transformer, and meters are maintained
18	exactly like the power plant records outlined above.
19	
20	
21	The units in the mass distribution accounts are maintained by county by year installed. The original
22	installed cost of these units is the average installed cost in the county for that year. When a unit is
23	retired, the county is determined from property maps and the installed cost based on the oldest unit
24	in service is removed from the records of the Company. If the unit is reusable, a credit is posted to
25	the applicable work order based on the average unit prices for that item.
26	
27	<b>General Plants:</b>
28	Each unit of general plant is separately identified and the records are maintained exactly like the
29	power plant records explained earlier.
30	
31	<b>Retirement Units:</b>
32	The Company uses retirement units that conform to FERC guidelines.

## Section D

**20:10:13:63. Schedule D-9 -- Working Papers for Plant Acquired for Which Regulatory Approval Has Not Been Obtained.** Schedule D-9 shall set forth any operating units or systems acquired for which regulatory approval of the final accounting has not been obtained. For such acquisitions, a summary analysis of the property acquired, proposed journal entries to record the acquisition and the proposed disposition of any difference between cost of acquisition and net original cost shall be submitted.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**PLANT AQUIRED FOR WHICH REGULATORY APPROVAL HAS NOT BEEN OBTAINED**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	Black Hills Power did not acquire any operating units or systems for which regulatory approval has not been obtained in the 12 months ending September 30, 2013.
2	

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section D**

**Schedule D-10 – Subsequent Property Additions.** This Schedule shows, by project description, the expected capital additions for the pro forma test year. These amounts are included as rate base on Statement D, page 2.

**BLACK HILLS POWER, INC.**  
**Subsequent and Expected Plant Additions - Total Company**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule D -10  
Page 1 of 2

Line No.	Project Number	Description	Total Additions
1		<b>PRODUCTION</b>	
2	10045476	Wygen III Reagent Prep Enclosure	\$ 749,087
3	10045507	Wygen III SCR Catalyst Removal and Inst	624,000
4	10046763	Wygen III ABB Symphony + HMI interface	275,772
5	10048207	Wygen III DSI System	268,904
6	10045366	Wygen III Baghouse Bag Replacement	267,800
7	10048775	Wygen III Furnace Water Wall Panel Replacement	245,356
8	10048213	Wygen III CO2 & O2 Grid Install	127,400
9	10048785	Wygen III SDA Wall Coating	104,000
10	10004048	Wyodak - Mercury Control System	841,012
11	10003892	Wyodak - Overhaul of Pulverizer and Gearbox	114,810
12	10045495	Lange CT CEMS PLC Replacement	132,070
13	10046735	Neil Simpson II Convert Startup from Fuel Oil to Natural Gas	1,118,651
14	10048780	Neil Simpson II Precipitator Assessment Repair	779,519
15	10046731	Neil Simpson II ABB Symphony + HMI interface	491,301
16	10045426	Neil Simpson II Furnace Waterwall Weld Overlay	436,817
17	10048206	Neil Simpson II CO2 & O2 Grid Install	266,362
18	10045374	Neil Simpson II Boiler Chemical Cleaning	260,884
19	10045387	Neil Simpson II CDS Vessel Repairs	209,360
20	10045480	Neil Simpson II Refractory for BA and Burner Front	203,939
21	10042500	Neil Simpson II Charger Replacement	200,000
22	10048789	Neil Simpson II TLO Replace	128,455
23	10045501	Neil Simpson II Rotating Throat Conversion	122,178
24	10045382	Neil Simpson II Burner Cone Replacement	105,818
25	10042721	Ben French CT-MARK VI UPGRADE	1,016,690
26	10045395	NSC Common - Coal Supply Emergency Backup South Side Conveyor	882,819
27	10048210	NSC Common - Concrete area between units	519,542
28	10048578	NSC Common - Coal Supply Emergency Backup North Side Conveyor	465,509
29	10045547	NSC Common - WYG2 and WYG3 Storm Water Pond	422,559
30	10045431	NSC Common - HVAC Upgrades	318,809
31	10045462	NSC Common - Plant Water Pretreatment System	260,884
32	10048208	NSC Common - NS2\Wygen I Modify PAC Silo	221,218
33	10048209	NSC Common - Wygen II\Wygen III Modify PAC Silo	221,218
34	10046744	NSC Common - Manlift (JLG)\Crane Purchase	189,450
35	10042560	NSC Common - Backup Water Supply	151,971
36	10045417	NSC Common - NS2\Wygen I Dust Control Containment System	150,000
37	10042563	NSC Common - Large Forklift	142,490
38	10048225	NSC Common - Replace NS2 Belt	136,230
39	10045424	NSC Common - Fluorescent Fixture Replacement	121,038
40	10045420	NSC Common - Entry from Hwy 51	109,627
41	Various	Wyodak - Various Under \$100,000	205,385
42	Various	Wygen III - Various Under \$100,000	205,385
43	Various	Lange, Ben French, & Neil Simpson CT -Various Under \$100,000	530,861
44	Various	NSC Common - Various Under \$100,000	975,781
45	Various	Neil Simpson II - Various Under \$100,000	332,932
46		<b>TOTAL PRODUCTION</b>	<b>\$ 15,653,893</b>
47			
48		<b>DISTRIBUTION</b>	
49		<b>Allocated Distribution Projects</b>	
50	10042640	Voltage Improvement Projects	\$ 983,553
51	10042629	Distribution Rebuilds	781,462
52	10046812	Neil Simpson I Decommissioning - New Control Enclosure	720,412
53	99157002	Transformers	579,897
54	99157007	Replace Underground	426,192
55	99157009	Betterment Projects < \$25,000	339,412
56	99157133	Distribution Reliability	290,094
57	99157006	Replace and Stub Distribution Poles	212,846
58	10040054	Replace Primary Distribution Lines	168,969
59	10046534	69 KV Reliability	167,379

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**BLACK HILLS POWER, INC.**  
**Subsequent and Expected Plant Additions - Total Company**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule D -10  
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Line No.	Project Number	Description	Total Additions
60	10042643	Distribution Line Controls	114,185
61	99157012	Road Improvement Projects	110,973
62		Various Under \$100,000	401,571
63		<b>TOTAL ALLOCATED DISTRIBUTION</b>	<u>\$ 5,296,945</u>
64		<b>Direct Assigned Distribution Projects - South Dakota</b>	
65	10044999	East Meade Substation	\$ 3,069,452
66	60021007	Winter Storm Atlas - Rapid City Capital Projects	861,402
67	99157729	Jackson Blvd 69 kV Relocation	849,163
68	60021005	Winter Storm Atlas - Northern Hills Capital Projects	825,921
69	10042628	Rapid City Cemetery Transformer Replacement	750,000
70	99157245	Replace Rectangular Wound Distribution Sub Transformers	707,970
71	60021006	Winter Storm Atlas - Southern Hills Capital Projects	426,677
72	99157701	Replace 69 kV Breakers	304,933
73	10042853	Mount Rushmore Road Move	247,090
74	99157252	Reconductor from Custer to Custer State Park	240,484
75		Various Under \$100,000	38,336
76		<b>TOTAL DIRECT ASSIGNED DISTRIBUTION</b>	<u>\$ 8,321,428</u>
77			
78		<b>SUB-TRANSMISSION</b>	
79		<b>Direct Assigned - South Dakota</b>	
80	10041085	Custer to Hot Springs 69 kV Line Rebuild - Phase 1	\$ 2,634,389
81	10041085	Custer to Hot Springs 69 kV Line Rebuild - Phase 2	3,131,502
82	99157711	Lookout to Sundance Hill 69 kV Line Rebuild	2,290,068
83		<b>TOTAL DIRECT ASSIGNED SUB-TRANSMISSION LINES</b>	<u>\$ 8,055,959</u>
84			
85		<b>GENERAL</b>	
86	10040395	Straight Trucks	\$ 900,000
87	10040395	Pickup Trucks	384,000
88	10040395	Vehicles	440,273
89	10043553	Facility Consolidation Project - Northern Hills	1,250,000
90	10043553	Perimeter Fencing System	142,000
91	10043553	Construct Storage Shed	150,000
92	10043553	Facility Capex - Various Under \$100,000	342,992
93	10048647	BHP Network Upgrade	202,288
94	10048756	2014 Security - IT Compliance Project	180,000
95	10046714	Shop Equipment	145,000
96	99159795	Mobile Radio Additions	111,148
97	Various	Various Under \$100,000	214,778
98		<b>TOTAL GENERAL</b>	<u>\$ 4,462,479</u>
99			
100		<b>OTHER UTILITY</b>	
101	10046312	Enterprise Storage	\$ 206,442
102	10046311	Enterprise Servers	162,486
103	10046313	Citrix Infrastructure and VDI	159,738
104	10046304	Enterprise Video Solution	156,709
105	10048726	Microsoft Enterprise Desktop	134,496
106	10040393	Fleet	123,379
107	10044009	Financial Planning System	101,668
108	Various	Various Under \$100,000	411,831
109		<b>TOTAL OTHER UTILITY</b>	<u>\$ 1,456,749</u>
110			
111		<b>TOTAL ELECTRIC PLANT ADDITIONS</b>	<u>\$ 43,247,453</u>

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Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section D**

**Schedule D-11 – Cheyenne Prairie Generating Station.** This Schedule shows in detail, Black Hills Power's forecasted total costs related to the Cheyenne Prairie Generating Station. These amounts are included as rate base on Statement D, page 2.

**BLACK HILLS POWER, INC.**  
**Cheyenne Prairie Generating Station**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule D-11  
Page 1 of 1

Line No.	Description	(a) (Note 1) Amount Spent to Date	(b) (Note 2) Remaining Expenditures	(c) [(a) + (b)] (Note 3) Forecasted Total Costs	(d) BHP % Ownership	(e) [(c) * (d)] BHP Forecasted Total Costs
1	<b>Combined Cycle</b>					
2	Engineering	\$ 2,391,762	\$ 407,830	\$ 2,799,592	58%	\$ 1,623,763
3	Project Administration	2,165,838	3,799,796	5,965,634	58%	3,460,068
4	Equipment Procurement	66,369,588	3,295,415	69,665,003	58%	40,405,702
5	Construction & Commissioning	7,133,145	16,203,589	23,336,734	58%	13,535,306
6	Indirects	5,773,754	3,129,641	8,903,395	58%	5,163,969
7	Contingency	-	2,926,867	2,926,867	58%	1,697,583
8	<b>Total Combined Cycle Costs</b>	<u>83,834,087</u>	<u>29,763,138</u>	<u>113,597,225</u>		<u>65,886,391</u>
9						
10	<b>Common</b>					
11	Engineering	\$ 1,817,068	\$ 26,202	\$ 1,843,270	42%	\$ 774,173
12	Project Administration	131,395	318,605	450,000	42%	189,000
13	Equipment Procurement	5,836,476	4,575,723	10,412,199	42%	4,373,124
14	Construction & Commissioning	15,078,498	10,883,132	25,961,630	42%	10,903,885
15	12" Natural Gas Pipeline	6,558,629	2,431,260	8,989,889	42%	3,775,753
16	Indirects	9,438,600	5,676,400	15,115,000	42%	6,348,300
17	<b>Total Shared Asset Costs</b>	<u>38,860,666</u>	<u>23,911,322</u>	<u>62,771,988</u>		<u>26,364,234</u>
18						
19	<b>TOTAL PROJECTED COSTS</b>	<u>\$ 122,694,753</u>	<u>\$ 53,674,460</u>	<u>\$ 176,369,213</u>		<u>\$ 92,250,624</u>

21 Note (1) Costs included are actual costs incurred as of 12.31.13.  
22 Note (2) Costs estimated to complete include contracts and change orders in progress or  
23 outstanding.  
24 Note (3) Total forecasted cost includes all costs to complete CPGS project. Estimated cost of  
25 CPGS based on the Certificate of Public Convenience and Necessity Application filed  
26 11.1.11 with the Wyoming Public Service Commission was \$222,000,000.



## Section E

**20:10:13:64. Statement E -- Accumulated Depreciation.** Statement E shall include a statement of the accumulated provision for depreciation by functional classification as of the beginning of each month of the test period and as of the end of the test period. Any claimed adjustments to the book amounts shall be shown in adjoining columns. All adjustments shall be clearly and fully explained in the supporting material submitted. The schedules required by §§ 20:10:13:65 to 20:10:13:67, inclusive, shall be submitted as part of statement E.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Statement E, Page 1:** This Statement shows a 12 month average book balance for accumulated depreciation for Production Plant, Transmission Plant, Distribution Plant, General Plant, and Other Utility Plant, adjusted for plant annualizations, additions, depreciation rate changes, retirements and transmission assets related to the CUS system.

**Statement E, Page 2:** This statement shows a 12 month average book balance for accumulated amortization.

**Statement E, Page 3:** This schedule provides further detail of the 12 month average accumulated depreciation book balances for the test period, year ended September 30, 2013, for Production Plant.

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR DEPRECIATION**  
**TOTAL COMPANY BY FUNCTION**  
**For the Pro Forma Test Year Ended September 30, 2013**

**Statement E**  
**Page 1 of 4**

Line No.	Month	Production Plant	Transmission Plant	Distribution Plant	General Plant	Other Utility Plant	Total
1	September 2012	\$ 185,009,828	\$ 30,430,817	\$ 97,928,472	\$ 18,723,108	\$ 17,470,510	\$ 349,562,735
2	October 2012	183,625,929	30,671,665	98,645,502	18,722,834	17,706,318	349,372,248
3	November 2012	184,681,800	30,787,538	99,094,155	18,929,053	18,003,938	351,496,484
4	December 2012	185,757,907	30,983,565	99,441,559	19,118,201	18,172,180	353,473,412
5	January 2013	186,617,311	31,178,012	100,029,982	19,314,610	17,962,309	355,102,224
6	February 2013	186,361,734	31,359,391	100,553,964	19,453,007	18,214,406	355,942,502
7	March 2013	187,151,918	31,532,793	101,126,511	19,604,685	18,279,444	357,695,351
8	April 2013	188,264,736	31,635,942	101,794,647	19,786,010	17,844,029	359,325,364
9	May 2013	189,248,613	31,828,815	102,327,951	19,909,838	17,038,207	360,353,424
10	June 2013	190,308,981	32,018,321	102,900,512	19,909,932	17,211,057	362,348,803
11	July 2013	191,161,217	32,093,030	103,546,672	20,110,156	16,822,903	363,733,978
12	August 2013	192,047,034	32,294,998	103,962,526	20,313,922	16,490,943	365,109,423
13	September 2013	<u>192,896,849</u>	<u>32,479,778</u>	<u>103,797,225</u>	<u>20,448,825</u>	<u>16,648,968</u>	<u>366,271,645</u>
14							
15	Thirteen Month Average	187,933,374	31,484,205	101,165,360	19,564,937	17,528,093	357,675,969
16							
17	Depreciation Expense for						
18	Plant Annualizations, Additions,	(3) 1,456,653	36,839	268,584	(32,842)	63,145	1,792,379
19	& Depreciation Rate Changes						
20							
21	Ben French, Neil Simpson I, and						
22	Osage Retirements (Note 2)	(48,617,471)			(64,522)		(48,681,993)
23							
24	Transmission Amounts (Note 1)	<u>-</u>	<u>(30,697,750)</u>	<u>(442,577)</u>	<u>(2,118,537)</u>	<u>(1,586,917)</u>	<u>(34,845,781)</u>
25							
26	Net BHP Amount	<u>\$ 140,772,556</u>	<u>\$ 823,294</u>	<u>\$ 100,991,367</u>	<u>\$ 17,349,036</u>	<u>\$ 16,004,321</u>	<u>\$ 275,940,574</u>
27							

28 Note 1: The amount directly assigned to the Transmission jurisdictional assets related to the CUS system and AC-DC-AC Tie assets.  
29 Note 2: See Statement E pg 3 for the accumulated depreciation associated with the Neil Simpson I, Ben French, and Osage power plants. The accumulated  
30 depreciation associated with the general plant from these three power plants is provided on WP-5.  
31 Note 3: Includes depreciation expense for subsequent plant additions and annualizations for the pro forma test year, as well as an adjustment for the change  
32 in depreciation rates provided in Statement J, divided by two to average the changes that occur throughout the test year.

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR AMORTIZATION**  
**For the Test Year Ended September 30, 2013**

<u>Line No.</u>	<u>Month</u>	<u>Amount</u>
1	September 2012	\$ 3,107,577
2	October 2012	3,115,695
3	November 2012	3,123,812
4	December 2012	3,131,929
5	January 2013	3,140,046
6	February 2013	3,148,163
7	March 2013	3,156,280
8	April 2013	3,164,398
9	May 2013	3,172,515
10	June 2013	3,180,632
11	July 2013	3,188,749
12	August 2013	3,196,866
13	September 2013	3,204,984
14		
15	Twelve Month Average	<u>\$ 3,156,280</u>

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR DEPRECIATION- PRODUCTION PLANT**  
**For the Test Year Ended September 30, 2013**

**Statement E**  
**Page 3 of 4**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
1	Steam Production- by Plant						
2	\$ 13,855,130	\$ 13,920,467	\$ 13,957,085	\$ 13,996,322	\$ 14,036,089	\$ 14,068,645	\$ 14,105,903
3	16,069,800	16,119,783	16,179,763	16,227,798	16,291,407	16,346,666	16,407,374
5	45,665,210	44,942,669	45,219,951	45,505,858	45,793,900	44,818,112	45,071,993
6	17,851,641	17,922,134	17,955,633	17,992,507	18,030,064	18,058,367	18,092,717
7	7,580,632	7,848,713	8,100,924	8,354,581	8,608,528	8,857,863	8,861,607
8	48,471,165	47,147,429	47,408,866	47,679,625	47,734,307	47,982,110	48,245,840
9							
10	35,516,250	35,724,734	35,859,578	36,001,216	36,123,016	36,229,971	36,366,484
11	<u>\$ 185,009,828</u>	<u>\$ 183,625,929</u>	<u>\$ 184,681,800</u>	<u>\$ 185,757,907</u>	<u>\$ 186,617,311</u>	<u>\$ 186,361,734</u>	<u>\$ 187,151,918</u>

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR DEPRECIATION- PRODUCTION PLANT**  
**For the Test Year Ended September 30, 2013**

**Statement E**  
**Page 4 of 4**

Line No.	Description	(h) April 2013	(i) May 2013	(j) June 2013	(k) July 2013	(l) August 2013	(m) September 2013	(n) 13 Month Average [(Sum of (a)-(m))/13]
1	Steam Production- by Plant							
2	Ben French	\$ 14,146,739	\$ 14,184,799	\$ 14,221,135	\$ 14,263,020	\$ 14,305,002	\$ 14,339,387	\$ 14,107,671
3	Neil Simpson I	16,472,239	16,533,871	16,593,479	16,659,555	16,716,648	16,773,946	16,414,795
5	Neil Simpson II	45,361,106	45,565,747	45,846,358	46,144,904	46,221,389	46,474,301	45,587,038
6	Osage	18,131,657	18,167,044	18,200,228	18,240,517	18,280,928	18,311,634	18,095,005
7	Wygen III	9,118,326	9,369,474	9,623,852	9,882,150	10,122,221	10,372,509	8,977,029
8	Wyodak	48,521,772	48,788,181	49,048,766	49,045,919	49,325,421	49,578,681	48,382,929
9								
10	Other Production	36,512,897	36,639,497	36,775,163	36,925,152	37,075,425	37,046,391	36,368,906
11	Total Production Plant	<u>\$ 188,264,736</u>	<u>\$ 189,248,613</u>	<u>\$ 190,308,981</u>	<u>\$ 191,161,217</u>	<u>\$ 192,047,034</u>	<u>\$ 192,896,849</u>	<u>\$ 187,933,374</u>

## Section E

**20:10:13:65. Schedule E-1 -- Working Papers on Recorded Changes to Accumulated Depreciation.** Schedule E-1 shall include a yearly summary of the book changes in each functional classification set forth in statement E since the date of the last prior review in a rate proceeding or by private audit. The summary shall include:

- (1) Starting balance;
- (2) Annual provision;
- (3) Retirements, with cross reference to plant schedule;
- (4) Salvage;
- (5) Removal costs;
- (6) Adjustments, including particulars of any significant items;
- (7) Ending balance.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR DEPRECIATION**  
**For the Test Year Ended September 30, 2013**

Schedule E-1  
Page 1 of 1

Line No.	Description	Reference	Production Plant	Transmission Plant	Distribution Plant	General Plant	Other Utility Plant	Total
1	Balance September 30, 2012	Stmt. E pg 1 Ln.1	\$ 185,009,828	\$ 30,430,817	\$ 97,928,472	\$ 18,723,108	\$ 17,470,510	\$ 349,562,735
2	Add: Depreciation Expense		13,386,388	2,396,230	8,425,932	2,396,038	2,000,163	28,604,752
3	Less: Retirements Closed		(4,229,633)	(646,587)	(2,358,791)	(784,026)	(2,862,741)	(10,881,778)
4	Less: Cost of Removal Closed		(1,199,980)	(69,863)	(267,946)	(37,812)	-	(1,575,600)
5								
6	Add: Salvage Closed		-	1,138,488	99,482	111,148	13,486	1,362,604
7								
8	RWIP		(69,755)	(14,134)	(42,918)	(10,342)	-	(137,149)
10	Miscellaneous Adjustments		-	(755,173)	12,993	50,710	27,550	(663,919)
11								
12	Balance September 30, 2013	Stmt. E pg 1 Ln.13	<u>\$ 192,896,849</u>	<u>\$ 32,479,778</u>	<u>\$ 103,797,225</u>	<u>\$ 20,448,825</u>	<u>\$ 16,648,968</u>	<u>\$ 366,271,645</u>

## Section E

**20:10:13:66. Schedule E-2 -- Working Papers on Depreciation and Amortization Method.** Schedule E-2 shall include a description of the methods and procedures followed in depreciating or amortizing plant and recording abandonments by the utility if any policy change has been made effective since the period covered by the last annual report on FERC form no. 1 or FERC form no. 2 as filed with the FERC.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).



**BLACK HILLS POWER, INC.**  
**DEPRECIATION AND AMORTIZATION METHOD**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	The Company's depreciation expense rates are based on a depreciation study
2	completed by Gannett Fleming of Harrisburg, Pennsylvania, in November 2013.
3	The study was performed in accordance with standard industry practice. The
4	study was completed using Company data through December 31, 2012. Specific
5	depreciation expense rates are calculated for each FERC property account and are
6	applied to a twelve month average of the property account investments to calculate
7	annual depreciation expense. See Statement J for calculation of depreciation expense
8	for the test year based on the new rates developed by Gannett Fleming.

## Section E

### **20:10:13:67. Schedule E-3 -- Working Papers on Allocation of Overall Accounts.**

For each allocation of an overall account to obtain the amounts applicable to various functional groups of plant, schedule E-3 shall provide a complete explanation of the method, procedures and significant data used in making the allocation.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**ALLOCATION OF OVERALL ACCOUNTS**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	Accumulated depreciation balances shown on Statement E for each functional classification are the result of journal entries recorded monthly to reflect depreciation expense, retirements, cost of removal, and salvage.
2	
3	

## Section F

**20:10:13:68. Statement F -- Working Capital.** Statement F shall show the computation of the working capital claimed as part of the public utility's rate base using averages where appropriate as of the beginning and the end of each month of the test period. The statement shall show the respective components of the claimed working capital and shall show in detail how the amount of each component was computed. The items required in §§ 20:10:13:69 to 20:10:13:71, inclusive, shall be submitted as part of statement F.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**WORKING CAPITAL**  
**For the Pro Forma Test Year Ended September 30, 2013**

**Statement F**  
**Page 1 of 1**

Line No.	Description	Reference	Total Per Books	CUS Adjustment	BHP Per Books	Pro Forma Adjustment	Adjusted Total
1	Cash Working Capital	Sched. F-3 pg1 Ln.49	\$ (5,213,845)	\$ (445,408) (3)	\$ (5,659,253)	\$ (179,998) (1)	\$ (5,839,251)
2							
3	Fuel Stocks	Sched. F-1	5,987,526		5,987,526	1,303,786 (4)	7,291,312
4							
5	Materials and Supplies	Sched. F-1	15,098,699	(1,461,831) (3)	13,636,868	(114,272) (2)	13,522,596
6							
7	Prepaid Expenses	Sched. F-1	942,373	(395,815) (3)	546,558	-	546,558
8							
9	Total Working Capital		<u>\$ 16,814,753</u>	<u>\$ (2,303,054)</u>	<u>\$ 14,511,699</u>	<u>\$ 1,009,516</u>	<u>\$ 15,521,215</u>
10							
11	Less: Prepaid Pension for Transmission Working						
12	Capital not included in Black Hills Power Rate Case			-			
13							
14	Total Working Capital Transmission			<u>\$ (2,303,054)</u>			<u>\$ 2,303,054</u>
15							
16	Total Working Capital - BHP and Transmission						<u>\$ 17,824,269</u>
17							
18	Note 1: Adjustments to cash working capital - refer to Schedule F-3 page 2 for details.						
19	Note 2: Adjustment to materials and supplies - refer to Schedule F-1 and Schedule F-4.						
20	Note 3: Transfers from BHP state jurisdiction to BHP FERC jurisdiction.						
21	Note 4: Adjustment to fuel stocks - refer to Schedule F-1.						

## Section F

**20:10:13:69. Schedule F-1 -- Monthly Balances for Materials, Supplies, Fuel Stocks, and Prepayments.** Schedule F-1 shall set forth monthly balances for materials, supplies, fuel stocks, and prepayments in such detail as to disclose, either by subaccounts regularly maintained on the books or by analysis of the principal items included in the main account, the nature of the charges included.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**COMPONENTS OF CLAIMED WORKING CAPITAL**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule F-1  
Page 1 of 1

Line No.	Month Ending	Fuel Stocks (a/c 151)	Materials and Supplies (a/c 154, 156)	Prepaid Expenses (a/c 165)
1	2012 September	\$ 6,400,519	\$ 14,729,394	\$ 566,278
2				
3	October	6,142,876	14,678,513	1,402,809
4				
5	November	6,039,994	14,714,453	1,618,534
6				
7	December	6,034,685	14,598,248	1,162,716
8				
9	2013 January	5,948,741	14,650,601	1,128,770
10				
11	February	5,912,290	14,742,130	966,824
12				
13	March	5,898,284	15,385,419	868,878
14				
15	April	6,018,780	15,684,807	760,932
16				
17	May	5,954,951	15,460,784	738,405
18				
19	June	5,937,777	15,455,288	853,873
20				
21	July	5,862,598	15,474,739	750,326
22				
23	August	5,848,085	15,440,609	853,779
24				
25	September	5,838,257	15,268,105	578,719
26				
27	13 Month Average	<u>5,987,526</u>	<u>15,098,699</u>	<u>942,373</u>
28				
29	NS II GSU Spare Transformer	-	953,952	-
30	Critical Spare Generation Fan Motors	-	801,515	-
31	NSC Coal Stockpile	1,303,786	-	-
32	Ben French Inventory	-	(802,724)	-
33	Neil Simpson I Inventory	-	(1,247,435)	-
34	Osage Inventory	-	(848,580)	-
35				
36	Adjusted Balance	<u>\$ 7,291,312</u>	<u>\$ 13,955,427</u>	<u>\$ 942,373</u>

**Section F**

**20:10:13:70. Schedule F-2 -- Monthly Balances for Two Years Immediately Preceding Test Year.** Schedule F-2 shall set forth monthly balances of materials and supplies for two years immediately preceding the test period.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).



**BLACK HILLS POWER, INC.**  
**MONTHLY BALANCES OF MATERIALS AND SUPPLIES**  
**For the Period October 2010 through September 2012**

Line No.	Month Ending		Materials and Supplies (a/c 154,156,163)
1	2010	October	\$ 13,784,736
2		November	13,925,140
3		December	14,123,503
4	2011	January	14,075,224
5		February	14,178,779
6		March	14,536,123
7		April	14,797,010
8		May	14,449,755
9		June	14,352,932
10		July	14,554,733
11		August	14,539,846
12		September	14,555,486
13		October	14,941,052
14		November	14,877,127
15		December	15,209,269
16	2012	January	15,225,529
17		February	15,286,665
18		March	15,549,359
19		April	14,791,732
20		May	14,237,401
21		June	14,285,982
22		July	14,425,683
23		August	14,513,603
24		September	\$ 14,729,394

## Section F

**20:10:13:71. Schedule F-3 – Data Used in Computing Working Capital.** Schedule F-3 shall show the computations, cross references, and sources from which the data used in computing claimed working capital is derived.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule F-3 Page 1:** This schedule shows the cash working capital for the test year ended September 30, 2013.

**Schedule F-3 Page 2:** This schedule shows the adjusted cash working capital for the test year ended September 30, 2013. The calculation of the adjusted cash working capital is based on adjusted expenses and adjusted revenues.

**Schedule F-3 Lead/Lag Calculations:** The Expense per Day in column (b), is calculated by dividing the per book recorded amounts in column (a) by 365 days in a year. The Expense per Day is then multiplied by the Expense Lead Days in column (c) to determine the Expense Dollar Days for column (d).

The Expense Lead Days is a calculation of the time lag between services/goods received and the payment of such costs based on a selection of invoices specific to each expense category. For example, if the invoice for services provided for the month of April was paid on May 20<sup>th</sup>, the Expense Lead Days would be 35. The 35 days is calculated by taking April's mid-service point of 15 days, since the service was for the entire month and adding the 20 days in May before the invoice was paid.

The Revenue Lag Days is a calculation of the time lag between services rendered and the receipt of revenues for such services. The components of this calculation include average: 1) service month midpoint days, 2) meter reading to billing days, and 3) billing to collection days.

The Gross Cash Working Capital Requirement on line 47 is calculated by multiplying the total Expense per Day in column (b) – Line 41 by the Net Lead/Lag Days on line 45.

The Net Cash Working Capital Requirement on line 49 is determined based on the Gross Cash Working Capital on line 47 net of the calculated cash available from tax collections on behalf of other parties, Tax Collections Available (Line 48).

**BLACK HILLS POWER, INC.**  
**PER BOOKS CASH WORKING CAPITAL CALCULATION**  
**For the Test Year Ended September 30, 2013**

Line No.	Description	Reference	(a) Per Books	(b) [(a)/365] Expense Per Day	(c) Expense Lead Days	(d) [(b)*(c)] Expense Dollar Days
1	OPERATIONS AND MAINTENANCE					
2	Coal	Stmt. H Ln. 6(a)	\$ 18,937,520	\$ 51,884	35.2	\$ 1,826,317
3	Coal Transportation	Stmt. H Ln. 7(a)	-	-	33.6	-
4	Natural Gas - Other Production	Stmt. H Ln. 27(a)	2,623,531	7,188	41.5	298,302
5	Purchased Power and Capacity	Stmt. H Ln. 47(a)	45,690,059	125,178	33.8	4,231,016
6	Transmission	Stmt. H Ln. 56(a)	18,741,890	51,348	24.3	1,247,756
7	Net Payroll	Sched. H-1 Ln. 7	12,051,965	33,019	14.0	462,266
8	Workers Comp		17,764	49	986.6	48,343
9	Service/Holding Company Charges	Sched. H-4 Ln.19 + Sched. H-5 Ln.31(a)	32,573,625	89,243	44.6	3,980,238
10	Other O&M		20,432,687	55,980	27.0	1,511,460
11						
12	Subtotal	Sum(Ln.2:Ln.10)	151,069,042	413,889		13,605,698
13						
14	Wyodak Power Plant O&M		3,659,005	10,025	69.3	694,733
15						
16	Total O&M	Stmt. H Ln. 136(a); Ln.12 + Ln.14	154,728,047	423,914		14,300,431
17						
18	TAXES OTHER THAN INCOME TAX					
19	Property Tax	Stmt. L Ln. 14(a)	5,042,451	13,815	305.8	4,224,627
20	Unemployment - FUTA and SUTA	Stmt. L (Ln. 3(a) + Ln. 7(a))	101,101	277	75.9	21,024
21	Montana Electric Energy	Stmt. L Ln. 8(a)	15,777	43	64.6	2,778
22	Wyoming Franchise Tax	Stmt. L Ln. 9(a)	64,059	176	50.1	8,818
23	South Dakota PUC	Stmt. L Ln. 10(a)	211,595	580	394.5	228,810
24	Wyoming PSC	Stmt. L Ln. 11(a)	(5,843)	(16)	534.5	(8,552)
26	FICA	Stmt. L Ln. 2(a)	3,007,210	8,239	15	123,585
27	Total Taxes Other Than Income Tax	Sum(Ln.19:Ln.26)	8,436,350	23,114		4,601,090
28						
29	Depreciation	Stmt. J Ln. 20(f)	27,909,862	76,465		
30	Amortization	Stmt. J Ln. 22(f)	97,406	267		
31	Subtotal	Ln.29 + Ln.30	28,007,268	76,732		
32						
33	INCOME TAXES					
34	Federal	Stmt. K pg. 2 Ln. 68(a)	15,014,035	41,134	37.4	1,538,412
35	Subtotal		15,014,035	41,134		1,538,412
36						
37	INTEREST EXPENSE					
38	Long-Term Debt	Stmt. G pg. 2 Ln. 13(k)	17,735,909	48,592	91.4	4,441,309
39	Subtotal		17,735,909	48,592		4,441,309
40						
41	Grand Totals			\$ 613,486		\$ 24,881,242
42						
43	Revenue Lag Days		33.98			
44	Expense Lead Days	Ln. 41(d) / Ln.41(b)	40.56			
45	Net Days	Ln.43 - Ln.44	(6.58)			
46						
47	Gross Cash Working Capital Requirement	Ln. 41(b) * Ln. 45(a)		(4,036,738)		
48	Less: Tax Collections Available	Ln. 56(d)		(1,177,107)		
49	Net Cash Working Capital Requirement	Ln.47 + Ln.48		<u>\$ (5,213,845)</u>		
50						
51	TAX COLLECTIONS AVAILABLE					
52	FICA Taxes (Employee Contribution)		\$ 1,738,374	\$ 4,763	15	\$ 71,445
53	Federal Withholding Tax		3,395,060	9,302	15	139,530
54	South Dakota Sales and Use Tax		7,380,916	20,222	45.1	912,012
55	Wyoming Sales and Use Tax		438,163	1,200	45.1	54,120
56	Total	Sum(Ln.52:Ln.55)	<u>\$ 12,952,513</u>	<u>\$ 35,487</u>		<u>\$ 1,177,107</u>

**BLACK HILLS POWER, INC.**  
**ADJUSTED CASH WORKING CAPITAL CALCULATION**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	(a) Adjusted Total	(b) (a)/365 Expense Per Day	(c) Expense Lead Days	(d) (b)*(c) Expense Dollar Days
1	<b>OPERATIONS AND MAINTENANCE</b>					
2	Coal	Stmt. H Ln. 6(t)	\$ -	-	35.2	\$ -
3	Coal Transportation	Stmt. H Ln. 7(t)	-	-	33.6	-
4	Natural Gas - Other Production	Stmt. H Ln. 27(t)	-	-	41.5	-
5	Purchased Power and Capacity	Stmt. H Ln. 47(t)	7,192,960	19,707	33.8	666,097
6	Transmission	Stmt. H Ln. 56(t)	-	-	24.3	-
7	Net Payroll	Sched. H-1 Ln 6	13,740,709	37,646	14	527,044
8	Workers Comp		17,764	49	986.6	48,343
9	Service/Holding Company Charges	Sched. H-4 Ln. 19 + Sched. H-5 Ln. 31(b)	34,876,644	95,552	44.6	4,261,619
10	Other O&M		<u>20,493,887</u>	<u>56,148</u>	27	<u>1,515,996</u>
11						
12	Subtotal	Sum (Ln.2:Ln.10)	76,321,964	209,102		7,019,099
13						
14	Wyodak Power Plant O&M		<u>3,659,005</u>	<u>10,025</u>	69.3	<u>694,733</u>
15						
16	Total O&M	Stmt. H Ln. 136(t); Ln.12 + Ln.14	79,980,969	219,127		7,713,832
17						
18	<b>TAXES OTHER THAN INCOME TAX</b>					
19	Property Tax	Stmt. L Ln. 14(c)	5,042,451	13,815	305.8	4,224,627
20	Unemployment - FUTA and SUTA	Stmt. L (Ln. 3(c) + Ln. 7(c))	102,075	280	75.9	21,252
21	Montana Electric Energy	Stmt. L Ln. 8(c)	15,777	43	64.6	2,778
22	Wyoming Franchise Tax	Stmt. L Ln. 9(c)	64,059	176	50.1	8,818
23	South Dakota PUC	Stmt. L Ln. 10(c)	250,238	686	394.5	270,627
24	Wyoming PSC	Stmt. L Ln. 11(c)	-	-	534.5	-
26	FICA	Stmt. L Ln. 2(c)	3,028,493	8,297	15	124,455
27	Total Taxes Other Than Income Tax	Sum(Ln.19:Ln.26)	<u>8,503,093</u>	<u>23,297</u>		<u>4,652,557</u>
28						
29	Depreciation	Stmt. J Ln. 20(e)	31,494,618	86,287		
30	Amortization	Stmt. M Ln. 9(c)	<u>4,397,822</u>	<u>12,049</u>		
31	Subtotal	Ln.29 + Ln. 30	35,892,440	98,335		
32						
33	<b>INCOME TAXES</b>					
34	Federal	Stmt. K pg. 2 Ln. 68(g)	<u>19,426,935</u>	<u>53,224</u>	37.4	<u>1,990,578</u>
35	Subtotal		19,426,935	53,224		1,990,578
36						
37	<b>INTEREST EXPENSE</b>					
38	Long-Term Debt	Stmt. G pg. 3 Ln. 15(k)	<u>20,630,909</u>	<u>56,523</u>	91.4	<u>5,166,202</u>
39	Subtotal		20,630,909	56,523		5,166,202
40						
41	Grand Totals			450,506		19,523,169
42						
43	Revenue Lag Days		33.98			
44	Expense Lead Days	Ln. 41(d) / Ln.41(b)	<u>43.34</u>			
45	Net Days	Ln.43 - Ln.44	(9.36)			
46						
47	Gross Cash Working Capital Requirement	Ln. 41(b) * Ln. 45(a)		(4,216,736)		
48	Less: Tax Collections Available	Ln. 56(d)		<u>(1,177,107)</u>		
49	Total	Ln.47 + Ln.48		<u>\$ (5,393,843)</u>		
50						
51	CUS Adjustment	Stmt F Ln. 1		\$ (445,408)		
52	Net Cash Working Capital Requirement			<u>\$ (5,839,251)</u>		
53						
54	<b>TAX COLLECTIONS AVAILABLE</b>					
55	FICA Taxes (Employee Contribution)		\$ 1,738,374	\$ 4,763	15	\$ 71,445
56	Federal Withholding Tax		3,395,060	9,302	15	139,530
57	South Dakota Sales and Use Tax		7,380,916	20,222	45.1	912,012
58	Wyoming Sales and Use Tax		438,163	1,200	45.1	54,120
59	Total	Sum(Ln.55:Ln.58)	<u>\$ 12,952,513</u>	<u>\$ 35,487</u>		<u>\$ 1,177,107</u>

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section F**

**Schedule F-4 – Materials and Supplies - CPGS.** This Schedule shows in detail, Black Hills Power’s share of materials and supplies related to the Cheyenne Prairie Generating Station, for the pro forma test year. These amounts are included in the adjusted working capital on Statement F.

**BLACK HILLS POWER, INC.**  
**Materials and Supplies - CPGS**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Equipment Name	Total CPGS Amount	(Note 1) Allocator	BHP's Share
1	Oil/Water Separator	10,000	C	4,200
2	Compressed Air Equipment	10,000	C	4,200
3	Fuel Gas Conditioning, Htg, Pressure Regulating Skids	10,000	C	4,200
4	Cooling Tower	10,000	C	4,200
5	Closed Cooling Water Heat Exchanger	2,000	C	840
6	Auxiliary Cooling Water Pumps	2,000	C	840
7	Fire Pumps Package	10,000	C	4,200
8	General Service Pumps	25,000	C	10,500
9	Butterfly Valves	2,000	C	840
10	Motor Control Centers	5,000	C	2,100
11	Distributed Control System	70,000	C	29,400
12	Cooling Tower Chemical Feed System	2,500	C	1,050
13	Ammonia Storage Tank	10,000	C	4,200
14	Water Treatment Plant	5,000	C	2,100
15	Steam and Water Analysis System	50,000	CC	29,000
16	Continuous Emissions Monitoring	17,000	CC	9,860
17	Steam Turbine/Generator 1C	25,000	CC	14,500
18	Combustion Turbine/Generators CTG 1A&1B	100,000	CC	58,000
19	CT Inlet Air Heater	7,500	CC	4,350
20	Condenser	15,000	CC	8,700
21	Boiler Feed Pumps	73,000	CC	42,340
22	Circulating Water Pumps	5,000	CC	2,900
23	Condensate Pumps	5,000	CC	2,900
24	Heat Recovery Steam Generator	100,000	CC	58,000
25	Steam Turbine Bypass Valves	50,000	CC	29,000
26	Control Valves	30,000	CC	17,400
27	GSU Transformer Parts	5,000	CC	2,900
28	Unit Auxiliary Transformer	5,000	CC	2,900
29	Current Limiting Reactor	1,000	CC	580
30	Station Service Transformer	5,000	CC	2,900
31	Cycle Chemical Feed System	5,000	CC	2,900
32	Spare GSU Transformer	1,000,000	CC	580,000
33	Spare Boiler Feed Pump	150,000	CC	87,000
34	Total	1,822,000		1,029,000
35				
36	<u>Note 1 - Allocators:</u>			
37	C - Common - share CLFP 58%, BHP 42%			
38	CC - Combined cycle - share CLFP 42%, BHP 58%			

## Section G

**20:10:13:72. Statement G -- Rate of Return.** Statement G shall show the percentage rate of return claimed, with a brief statement of its basis. The statement shall show the cost of debt capital, preferred stock capital, and the return on the stockholder's equity resulting from the overall rate of return claimed, based upon the utility's capitalization. In addition, items required in §§ 20:10:13:73 to 20:10:13:79, inclusive, shall be submitted as part of statement G. If 50 percent or more of the common stock of the public utility is not held by the public but is owned by another corporation, the information required by §§ 20:10:13:73 to 20:10:13:75, inclusive, shall also be submitted to the extent applicable for the debt, preferred stock, and common stock of the parent company.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

## Section G

**20:10:13:73. Statement G -- Debt Capital.** Statement G shall also show the weighted average cost of debt capital based upon the following data for each class and series of long term debt outstanding according to the most recently available balance sheet:

- (1) Title;
- (2) Date of issuance and date of maturity;
- (3) Interest rate;
- (4) Principal amount of the issue;
- (5) Net proceeds;
- (6) Net proceeds per unit;
- (7) Amount currently outstanding;
- (8) Cost of money and yield to maturity based on the interest rate and net proceeds per unit outstanding determined by reference to any generally accepted table of bond yields;
- (9) If the issue is owned by an affiliate, the name and relationship of owner and a copy of the latest prospectus issued by the public utility, any superimposed holding company, or subsidiary companies;
- (10) A copy of the bond indenture provisions related to minimum interest coverage requirements for existing and new issues.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Statement G Page 2: Debt Capital as of September 30, 2013.** Weighted cost of debt based on test year.

**Statement G Page 3: Pro Forma Debt Capital.** Weighted cost of debt pro forma.



## Section G

**20:10:13:74. Statement G -- Preferred Stock Capital.** Statement G shall also show the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the most recently available balance sheet:

- (1) Title;
- (2) Date of issuance;
- (3) If callable, call price;
- (4) If convertible, terms of conversion;
- (5) Dividend rate;
- (6) Par value or stated amount of issue;
- (7) Price to public per share;
- (8) Underwriters' discount or commission:
  - (a) Amount;
  - (b) Percent of gross proceeds;
- (9) Issuance expenses:
  - (a) Amount;
  - (b) Percent of gross proceeds;
- (10) Net proceeds;
- (11) Net proceeds per unit;
- (12) Cost of money, that is, the dividend rate divided by net proceeds per unit or share;
- (13) Amount outstanding;
- (14) Whether issue was offered to stockholders through subscription rights or to the public;
- (15) If issue is owned by an affiliate, then provide the name and relationship of owner.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

## Section G

**20:10:13:75. Statement G -- Common Stock Capital.** Statement G shall also show for each sale of common stock during the five-year period preceding the most recently available balance sheet:

- (1) Number of shares sold;
- (2) Gross proceeds at offering price;
- (3) Underwriters' discount or commission;
- (4) Proceeds to the filing utility;
- (5) Amount of issuance expenses;
- (6) Net proceeds;
- (7) Offering price per share;
- (8) Net proceeds per share;
- (9) Book value per share at date immediately prior to date of issuance;
- (10) Closing market price at latest trading date prior to date of issuance;
- (11) Latest published earnings per share available at date of issuance;
- (12) Dividend rate at date of issuance;
- (13) Whether the issue was offered to stockholders through subscription rights or to the public and whether common stock was issued for property or for capital stock of others.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**COST OF CAPITAL - PRO FORMA**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	(a) Amount	(b) Percent of Total	(c) Cost	(d) (b)*(c) Weighted Cost
1	Pro Forma:					
2	Long-Term Debt	Stmt. G pg. 3 Ln. 15(j)	320,055,000	46.68%	6.45%	3.01%
3	Common Equity (1)	Ln. 16	<u>365,592,883</u>	<u>53.32%</u>	10.25%	<u>5.47%</u>
4			<u>\$ 685,647,883</u>	<u>100%</u>		<u>8.48%</u>
5						
6	(1) Common Equity:					
7	Common Stock Issued	Stmt. A pg. 2 Ln. 2(a)	\$ 23,416,396			
8	Premium on Capital Stock	Stmt. A pg. 2 Ln. 3(a)	42,076,811			
9	Other Paid-In Capital		-			
10	Capital Stock Expense	Stmt. A pg. 2 Ln. 4(a)	(2,501,882)			
11	Accumulated Other Comprehensive Income/(Loss)	Stmt. A pg. 2 Ln. 6(a)	(1,356,399)			
12	Retained Earnings	Stmt. A pg. 2 Ln. 5(a)	<u>271,419,376</u>			
13	Common Equity		\$ 333,054,302			
14						
15	Pro Forma Adjustments to Equity (Note 1)		<u>32,538,581</u>			
16	Adjusted Equity		<u>\$ 365,592,883</u>			
17						
18						
19	Note (1) Adjustment to reflect future debt/equity structure to be maintained by Black Hills Power. The pro forma capital structure is reflective of the					
20	historical capital structure.					

**BLACK HILLS POWER, INC.**  
**DEBT CAPITAL**  
For the Test Year Ended September 30, 2013

Line No.	(a) Description	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) (f) / (d) Per Unit	(h) (e) Yield to Maturity	(i) (h) / (g) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
1	<b>BLACK HILLS POWER</b>										
2	<b>FIRST MORTGAGE BONDS:</b>										
3	Series AE	8/13/2002	8/15/2032	75,000,000	7.36%	74,343,750	0.9913	7.36%	7.42%	75,000,000	5,565,000
4	Series AF	10/27/2009	11/1/2039	180,000,000	6.17%	178,300,800	0.9906	6.17%	6.23%	180,000,000	11,214,000
5	Series Y (Note 1)	6/15/1998	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	-	11,109
6	Series Z (Note 1)	5/29/1991	5/29/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	-	84,828
7	Series AB (Note 1)	9/1/1999	9/1/2024	45,000,000	8.30%	44,507,250	0.9891	8.30%	8.39%	-	116,828
8											
9											
10	<b>OTHER BONDS:</b>										
11	Series 94A Gillette (Note 2)	6/15/1994	6/1/2024	3,000,000	1.25%	2,930,057	0.9767	1.25%	1.28%	2,855,000	36,544
12	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.74%	12,062,750	0.9888	5.74%	5.80%	12,200,000	707,600
13	Total Outstanding									270,055,000	17,735,909
14											
15	Weighted Average Cost of Debt										6.57%
16											
17	<b>BLACK HILLS CORP. DEBT</b>										
18	\$250MM Notes Due 2013 (3)	5/21/2003	5/15/2013	250,000,000	6.79%	248,052,500	0.9922	6.79%	6.84%	-	8,759,571
19	\$250MM Notes Due 2014 (4)	5/14/2009	5/15/2014	250,000,000	9.18%	248,500,000	0.9940	9.18%	9.24%	250,000,000	23,100,000
20	\$200MM Notes Dues 2020 (5)	7/16/2010	7/15/2020	200,000,000	5.96%	198,700,000	0.9935	5.96%	6.00%	200,000,000	12,000,000
21	\$100MM Term Loan (6)	9/30/2011	9/30/2013	100,000,000	(7)	100,000,000	(7)	(7)	(7)	-	1,186,979
22	\$275M Term Loan (7)	6/21/2013	6/19/2015	275,000,000	(7)	275,000,000	(7)	(7)	(7)	275,000,000	1,096,935
23											

- 24 (1) Identified bonds have been paid off. However, FERC allows for DFC or LRD costs to be amortized over the original life of the bond. Annual costs reflect actual costs incurred.
- 25 (2) The Series 1994A bonds have a variable component that resets weekly. The rate reflected is the average interest rate for the test year period.
- 26 (3) Note was issued by BHC, but was allocated through BH Utility Holding Company to the BHE entities. \$25M was paid off in May 2004 and the remaining \$225M was paid off on Oct. 31, 2012. Costs reflected were for the period of Oct 2012 and include \$7,069,500 make-whole provision.
- 27 (4) Note was issued by BHC in May 2009, but was allocated through BH Utility Holding Company to the BHE entities.
- 28 (5) Note was issued by BHC in July 2010, but is allocated to Colorado Electric.
- 29 (6) Cost of borrowing has fixed and variable rate components, with the variable rate based on Libor. The \$100M term loan was paid off by \$275M tranche on June 21, 2013. Costs reflected are for the period of Oct. 1, 2012 - June 21, 2013.
- 30 (7) Cost of borrowing has fixed (1.125%) and variable rate components (Libor). Rate as of Sept. 30, 2013 was 1.3125%. Costs reflected are for the period of June 21 - Sept. 30, 2013.

**BLACK HILLS POWER, INC.**  
**PRO FORMA DEBT CAPITAL**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	(a) Description	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) (f) / (d) Per Unit	(h) (e) Yield to Maturity	(i) (h) / (g) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
1	<b>BLACK HILLS POWER</b>										
2	<b>FIRST MORTGAGE BONDS:</b>										
3	Series AE	8/13/2002	8/15/2032	75,000,000	7.36%	74,343,750	0.9913	7.36%	7.42%	75,000,000	5,565,000
4	Series AF	10/27/2009	11/1/2039	180,000,000	6.17%	178,300,800	0.9906	6.17%	6.23%	180,000,000	11,214,000
5	Series Y (Note 1)	6/15/1998	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	-	11,109
6	Series Z (Note 1)	5/29/1991	5/29/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	-	84,828
7	Series AB (Note 1)	9/1/1999	9/1/2024	45,000,000	8.30%	44,507,250	0.9891	8.30%	8.39%	-	116,828
8	New Financing (Note 3)	10/1/2014	10/1/2044	50,000,000	5.67%	49,000,000	0.9800	5.67%	5.79%	50,000,000	2,895,000
9											
10	<b>OTHER BONDS:</b>										
11	Series 94A Gillette (Note 2)	6/15/1994	6/1/2024	3,000,000	1.25%	2,930,057	0.9767	1.25%	1.28%	2,855,000	36,544
12	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.74%	12,062,750	0.9888	5.74%	5.80%	12,200,000	707,600
13											
14	Total Outstanding									320,055,000	20,630,909
15											
16	Weighted Average Cost of Debt										6.45%
17											
18	<b>BLACK HILLS CORP. DEBT</b>										
19	\$525MM Notes Due 2023 (4)	11/19/2013	11/30/2023	525,000,000	4.40%	519,120,000	0.9888	4.40%	4.45%	525,000,000	23,362,500
20	\$200MM Notes Dues 2020 (5)	7/16/2010	7/15/2020	200,000,000	5.96%	198,700,000	0.9935	5.96%	6.00%	200,000,000	12,000,000
21	\$275M Term Loan (6)	6/21/2013	6/19/2015	275,000,000	(6)	275,000,000	(6)	(6)	(6)	275,000,000	-
22											
23	(1) Identified bonds have been paid off. However, FERC allows for DFC or LRD costs to be amortized over the original life of the bond. Annual costs reflect actual costs incurred.										
24	(2) The Series 1994A bonds have a variable component that resets weekly. The rate reflected is the average interest rate for the test year period.										
25	(3) New tranche expected October 2014 to finance BHP's portion of Cheyenne Prairie Generating Station. 30-year maturity expected. DFC's estimated at 2% of amount issued.										
26	(4) Note was issued by BHC in November 2013. Proceeds used to finance BHE Utilities and BHC non-regulated business segment.										
27	(5) Note was issued by BHC in July 2010, but is allocated to Colorado Electric.										
28	(6) Term loan is used to finance BHW and BH-IPP. Cost of borrowing has a fixed (1.125%) and variable rate component (Libor). Rate as of Sept. 30, 2013 was 1.3125%.										

**BLACK HILLS POWER, INC.**  
**COST OF PREFERRED STOCK**  
**For the Test Year Ended September 30, 2013**

Line	No.	Policy Description
1		No preferred stock as of September 30, 2013.

**BLACK HILLS CORPORATION**  
**SALE OF COMMON STOCK**  
For the Period January 1, 2008 Through September 30, 2013

Line No.	Description	Number of Shares Issued	Gross Proceeds at Offering Price	Underwriter's Discount	Proceeds to Black Hills Corporation	Issuance Expense	Net Proceeds	Offering Price Per Share	Net Proceeds Per Share	Book value Per Share	Closing Mkt Price Per Latest Trading Date Prior to Date of Issuance	Earnings/Share at Date of Issuance	Dividend Rate at Date of Issuance	Public or Subscribed Issue	
1	<b>BLACK HILLS CORPORATION</b>														
2															
3	<b>Year 2008</b>														
4	Stock Options	90,214	2,266,176	-	2,266,176	-	2,266,176	25.12	25.12	27.19	26.96	2.75	1.40	Private	
5															
6	<b>Year 2009</b>														
7	Stock Options	78,917	1,740,013	-	1,740,013	-	1,740,013	22.05	22.05	27.84	26.63	2.11	1.42	Private	
8	DRIP (Note 1)	143,332	3,100,929	-	3,100,929	-	3,100,929	21.63	21.63	27.84	26.63	2.11	1.42	Subscribed by Shareholders	
9															
10	<b>Year 2010</b>														
11	Stock Options	43,000	1,034,330	-	1,034,330	-	1,034,330	24.05	24.05	28.02	30.00	1.76	1.44	Private	
12	DRIP (Note 1)	106,289	3,142,531	-	3,142,531	-	3,142,531	29.57	29.57	28.02	30.00	1.76	1.44	Subscribed by Shareholders	
13															
14	<b>Year 2011</b>														
15	Stock Options	33,285	1,009,313	-	1,009,313	-	1,009,313	30.32	30.32	27.55	33.58	1.24	1.46	Private	
16	DRIP (Note 1)	102,512	3,201,268	-	3,201,268	-	3,201,268	31.23	31.23	27.55	33.58	1.24	1.46	Subscribed by Shareholders	
17	Equity Issuance	4,413,519	131,302,190	-	119,600,000	-	119,600,000	29.75	27.10	27.51	33.71	1.24	1.46	Private	
18															
19	<b>Year 2012</b>														
20	Stock Options	100,654	2,838,978	-	2,838,978	-	2,838,978	28.21	28.21	27.84	36.34	1.85	1.48	Private	
21	DRIP (Note 1)	100,741	3,382,857	-	3,382,857	-	3,382,857	33.58	33.58	27.84	36.34	1.85	1.48	Subscribed by Shareholders	
22															
23	<b>As of September 2013</b>														
24	Stock Options	63,605	1,965,135	-	1,965,135	-	1,965,135	30.90	30.90	28.99	49.86	2.18	1.14	Private	
25	DRIP (Note 1)	51,551	2,352,463	-	2,352,463	-	2,352,463	45.63	45.63	28.99	49.86	2.18	1.14	Subscribed by Shareholders	
26															
27															
28	Note 1: DRIP is the Company's Dividend Reinvestment Plan.														

## Section G

**20:10:13:72. Statement G -- Rate of Return.** Statement G shall show the percentage rate of return claimed, with a brief statement of its basis. The statement shall show the cost of debt capital, preferred stock capital, and the return on the stockholder's equity resulting from the overall rate of return claimed, based upon the utility's capitalization. In addition, items required in §§ 20:10:13:73 to 20:10:13:79, inclusive, shall be submitted as part of statement G. If 50 percent or more of the common stock of the public utility is not held by the public but is owned by another corporation, the information required by §§ 20:10:13:73 to 20:10:13:75, inclusive, shall also be submitted to the extent applicable for the debt, preferred stock, and common stock of the parent company.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).



## Section G

**20:10:13:73. Statement G -- Debt Capital.** Statement G shall also show the weighted average cost of debt capital based upon the following data for each class and series of long term debt outstanding according to the most recently available balance sheet:

- (1) Title;
- (2) Date of issuance and date of maturity;
- (3) Interest rate;
- (4) Principal amount of the issue;
- (5) Net proceeds;
- (6) Net proceeds per unit;
- (7) Amount currently outstanding;
- (8) Cost of money and yield to maturity based on the interest rate and net proceeds per unit outstanding determined by reference to any generally accepted table of bond yields;
- (9) If the issue is owned by an affiliate, the name and relationship of owner and a copy of the latest prospectus issued by the public utility, any superimposed holding company, or subsidiary companies;
- (10) A copy of the bond indenture provisions related to minimum interest coverage requirements for existing and new issues.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Statement G Page 2: Debt Capital as of September 30, 2013.** Weighted cost of debt based on test year.

**Statement G Page 3: Pro Forma Debt Capital.** Weighted cost of debt pro forma.

## Section G

**20:10:13:74. Statement G -- Preferred Stock Capital.** Statement G shall also show the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the most recently available balance sheet:

- (1) Title;
- (2) Date of issuance;
- (3) If callable, call price;
- (4) If convertible, terms of conversion;
- (5) Dividend rate;
- (6) Par value or stated amount of issue;
- (7) Price to public per share;
- (8) Underwriters' discount or commission:
  - (a) Amount;
  - (b) Percent of gross proceeds;
- (9) Issuance expenses:
  - (a) Amount;
  - (b) Percent of gross proceeds;
- (10) Net proceeds;
- (11) Net proceeds per unit;
- (12) Cost of money, that is, the dividend rate divided by net proceeds per unit or share;
- (13) Amount outstanding;
- (14) Whether issue was offered to stockholders through subscription rights or to the public;
- (15) If issue is owned by an affiliate, then provide the name and relationship of owner.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

## Section G

**20:10:13:75. Statement G -- Common Stock Capital.** Statement G shall also show for each sale of common stock during the five-year period preceding the most recently available balance sheet:

- (1) Number of shares sold;
- (2) Gross proceeds at offering price;
- (3) Underwriters' discount or commission;
- (4) Proceeds to the filing utility;
- (5) Amount of issuance expenses;
- (6) Net proceeds;
- (7) Offering price per share;
- (8) Net proceeds per share;
- (9) Book value per share at date immediately prior to date of issuance;
- (10) Closing market price at latest trading date prior to date of issuance;
- (11) Latest published earnings per share available at date of issuance;
- (12) Dividend rate at date of issuance;
- (13) Whether the issue was offered to stockholders through subscription rights or to the public and whether common stock was issued for property or for capital stock of others.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**COST OF CAPITAL - PRO FORMA**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	(a) Amount	(b) Percent of Total	(c) Cost	(d) (b)*(c) Weighted Cost
1	Pro Forma:					
2	Long-Term Debt	Stmt. G pg. 3 Ln. 15(j)	320,055,000	46.68%	6.45%	3.01%
3	Common Equity (1)	Ln. 16	<u>365,592,883</u>	<u>53.32%</u>	10.25%	<u>5.47%</u>
4			<u>\$ 685,647,883</u>	<u>100%</u>		<u>8.48%</u>
5						
6	(1) Common Equity:					
7	Common Stock Issued	Stmt. A pg. 2 Ln. 2(a)	\$ 23,416,396			
8	Premium on Capital Stock	Stmt. A pg. 2 Ln. 3(a)	42,076,811			
9	Other Paid-In Capital		-			
10	Capital Stock Expense	Stmt. A pg. 2 Ln. 4(a)	(2,501,882)			
11	Accumulated Other Comprehensive Income/(Loss)	Stmt. A pg. 2 Ln. 6(a)	(1,356,399)			
12	Retained Earnings	Stmt. A pg. 2 Ln. 5(a)	<u>271,419,376</u>			
13	Common Equity		\$ 333,054,302			
14						
15	Pro Forma Adjustments to Equity (Note 1)		<u>32,538,581</u>			
16	Adjusted Equity		<u>\$ 365,592,883</u>			
17						
18						
19	Note (1) Adjustment to reflect future debt/equity structure to be maintained by Black Hills Power. The pro forma capital structure is reflective of the					
20	historical capital structure.					

**BLACK HILLS POWER, INC.**  
**DEBT CAPITAL**  
For the Test Year Ended September 30, 2013

Line No.	(a) Description	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) (f) / (d) Per Unit	(h) (e) Yield to Maturity	(i) (h) / (g) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
1	<b>BLACK HILLS POWER</b>										
2	<b>FIRST MORTGAGE BONDS:</b>										
3	Series AE	8/13/2002	8/15/2032	75,000,000	7.36%	74,343,750	0.9913	7.36%	7.42%	75,000,000	5,565,000
4	Series AF	10/27/2009	11/1/2039	180,000,000	6.17%	178,300,800	0.9906	6.17%	6.23%	180,000,000	11,214,000
5	Series Y (Note 1)	6/15/1998	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	-	11,109
6	Series Z (Note 1)	5/29/1991	5/29/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	-	84,828
7	Series AB (Note 1)	9/1/1999	9/1/2024	45,000,000	8.30%	44,507,250	0.9891	8.30%	8.39%	-	116,828
8											
9											
10	<b>OTHER BONDS:</b>										
11	Series 94A Gillette (Note 2)	6/15/1994	6/1/2024	3,000,000	1.25%	2,930,057	0.9767	1.25%	1.28%	2,855,000	36,544
12	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.74%	12,062,750	0.9888	5.74%	5.80%	12,200,000	707,600
13	Total Outstanding									270,055,000	17,735,909
14											
15	Weighted Average Cost of Debt										6.57%
16											
17	<b>BLACK HILLS CORP. DEBT</b>										
18	\$250MM Notes Due 2013 (3)	5/21/2003	5/15/2013	250,000,000	6.79%	248,052,500	0.9922	6.79%	6.84%	-	8,759,571
19	\$250MM Notes Due 2014 (4)	5/14/2009	5/15/2014	250,000,000	9.18%	248,500,000	0.9940	9.18%	9.24%	250,000,000	23,100,000
20	\$200MM Notes Dues 2020 (5)	7/16/2010	7/15/2020	200,000,000	5.96%	198,700,000	0.9935	5.96%	6.00%	200,000,000	12,000,000
21	\$100MM Term Loan (6)	9/30/2011	9/30/2013	100,000,000	(7)	100,000,000	(7)	(7)	(7)	-	1,186,979
22	\$275M Term Loan (7)	6/21/2013	6/19/2015	275,000,000	(7)	275,000,000	(7)	(7)	(7)	275,000,000	1,096,935
23											

- 24 (1) Identified bonds have been paid off. However, FERC allows for DFC or LRD costs to be amortized over the original life of the bond. Annual costs reflect actual costs incurred.
- 25 (2) The Series 1994A bonds have a variable component that resets weekly. The rate reflected is the average interest rate for the test year period.
- 26 (3) Note was issued by BHC, but was allocated through BH Utility Holding Company to the BHE entities. \$25M was paid off in May 2004 and the remaining \$225M was paid off on Oct. 31, 2012. Costs reflected were for the period of Oct 2012 and include \$7,069,500 make-whole provision.
- 27 (4) Note was issued by BHC in May 2009, but was allocated through BH Utility Holding Company to the BHE entities.
- 28 (5) Note was issued by BHC in July 2010, but is allocated to Colorado Electric.
- 29 (6) Cost of borrowing has fixed and variable rate components, with the variable rate based on Libor. The \$100M term loan was paid off by \$275M tranche on June 21, 2013. Costs reflected are for the period of Oct. 1, 2012 - June 21, 2013.
- 30 (7) Cost of borrowing has fixed (1.125%) and variable rate components (Libor). Rate as of Sept. 30, 2013 was 1.3125%. Costs reflected are for the period of June 21 - Sept. 30, 2013.

**BLACK HILLS POWER, INC.**  
**PRO FORMA DEBT CAPITAL**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	(a) Description	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) (f) / (d) Per Unit	(h) (e) Yield to Maturity	(i) (h) / (g) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
1	<b>BLACK HILLS POWER</b>										
2	<b>FIRST MORTGAGE BONDS:</b>										
3	Series AE	8/13/2002	8/15/2032	75,000,000	7.36%	74,343,750	0.9913	7.36%	7.42%	75,000,000	5,565,000
4	Series AF	10/27/2009	11/1/2039	180,000,000	6.17%	178,300,800	0.9906	6.17%	6.23%	180,000,000	11,214,000
5	Series Y (Note 1)	6/15/1998	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	-	11,109
6	Series Z (Note 1)	5/29/1991	5/29/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	-	84,828
7	Series AB (Note 1)	9/1/1999	9/1/2024	45,000,000	8.30%	44,507,250	0.9891	8.30%	8.39%	-	116,828
8	New Financing (Note 3)	10/1/2014	10/1/2044	50,000,000	5.67%	49,000,000	0.9800	5.67%	5.79%	50,000,000	2,895,000
9											
10	<b>OTHER BONDS:</b>										
11	Series 94A Gillette (Note 2)	6/15/1994	6/1/2024	3,000,000	1.25%	2,930,057	0.9767	1.25%	1.28%	2,855,000	36,544
12	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.74%	12,062,750	0.9888	5.74%	5.80%	12,200,000	707,600
13											
14	Total Outstanding									320,055,000	20,630,909
15											
16	Weighted Average Cost of Debt										6.45%
17											
18	<b>BLACK HILLS CORP. DEBT</b>										
19	\$525MM Notes Due 2023 (4)	11/19/2013	11/30/2023	525,000,000	4.40%	519,120,000	0.9888	4.40%	4.45%	525,000,000	23,362,500
20	\$200MM Notes Dues 2020 (5)	7/16/2010	7/15/2020	200,000,000	5.96%	198,700,000	0.9935	5.96%	6.00%	200,000,000	12,000,000
21	\$275M Term Loan (6)	6/21/2013	6/19/2015	275,000,000	(6)	275,000,000	(6)	(6)	(6)	275,000,000	-
22											
23	(1) Identified bonds have been paid off. However, FERC allows for DFC or LRD costs to be amortized over the original life of the bond. Annual costs reflect actual costs incurred.										
24	(2) The Series 1994A bonds have a variable component that resets weekly. The rate reflected is the average interest rate for the test year period.										
25	(3) New tranche expected October 2014 to finance BHP's portion of Cheyenne Prairie Generating Station. 30-year maturity expected. DFC's estimated at 2% of amount issued.										
26	(4) Note was issued by BHC in November 2013. Proceeds used to finance BHE Utilities and BHC non-regulated business segment.										
27	(5) Note was issued by BHC in July 2010, but is allocated to Colorado Electric.										
28	(6) Term loan is used to finance BHW and BH-IPP. Cost of borrowing has a fixed (1.125%) and variable rate component (Libor). Rate as of Sept. 30, 2013 was 1.3125%.										

**BLACK HILLS POWER, INC.**  
**COST OF PREFERRED STOCK**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	No preferred stock as of September 30, 2013.

**BLACK HILLS CORPORATION**  
**SALE OF COMMON STOCK**  
For the Period January 1, 2008 Through September 30, 2013

Line No.	Description	Number of Shares Issued	Gross Proceeds at Offering Price	Underwriter's Discount	Proceeds to Black Hills Corporation	Issuance Expense	Net Proceeds	Offering Price Per Share	Net Proceeds Per Share	Book value Per Share	Closing Mkt Price Per Latest Trading Date Prior to Date of Issuance	Earnings/Share at Date of Issuance	Dividend Rate at Date of Issuance	Public or Subscribed Issue
1	<b>BLACK HILLS CORPORATION</b>													
2														
3	<b>Year 2008</b>													
4	Stock Options	90,214	2,266,176	-	2,266,176	-	2,266,176	25.12	25.12	27.19	26.96	2.75	1.40	Private
5														
6	<b>Year 2009</b>													
7	Stock Options	78,917	1,740,013	-	1,740,013	-	1,740,013	22.05	22.05	27.84	26.63	2.11	1.42	Private
8	DRIP (Note 1)	143,332	3,100,929	-	3,100,929	-	3,100,929	21.63	21.63	27.84	26.63	2.11	1.42	Subscribed by Shareholders
9														
10	<b>Year 2010</b>													
11	Stock Options	43,000	1,034,330	-	1,034,330	-	1,034,330	24.05	24.05	28.02	30.00	1.76	1.44	Private
12	DRIP (Note 1)	106,289	3,142,531	-	3,142,531	-	3,142,531	29.57	29.57	28.02	30.00	1.76	1.44	Subscribed by Shareholders
13														
14	<b>Year 2011</b>													
15	Stock Options	33,285	1,009,313	-	1,009,313	-	1,009,313	30.32	30.32	27.55	33.58	1.24	1.46	Private
16	DRIP (Note 1)	102,512	3,201,268	-	3,201,268	-	3,201,268	31.23	31.23	27.55	33.58	1.24	1.46	Subscribed by Shareholders
17	Equity Issuance	4,413,519	131,302,190	-	119,600,000	-	119,600,000	29.75	27.10	27.51	33.71	1.24	1.46	Private
18														
19	<b>Year 2012</b>													
20	Stock Options	100,654	2,838,978	-	2,838,978	-	2,838,978	28.21	28.21	27.84	36.34	1.85	1.48	Private
21	DRIP (Note 1)	100,741	3,382,857	-	3,382,857	-	3,382,857	33.58	33.58	27.84	36.34	1.85	1.48	Subscribed by Shareholders
22														
23	<b>As of September 2013</b>													
24	Stock Options	63,605	1,965,135	-	1,965,135	-	1,965,135	30.90	30.90	28.99	49.86	2.18	1.14	Private
25	DRIP (Note 1)	51,551	2,352,463	-	2,352,463	-	2,352,463	45.63	45.63	28.99	49.86	2.18	1.14	Subscribed by Shareholders
26														
27														
28	Note 1: DRIP is the Company's Dividend Reinvestment Plan.													



## Section G

**20:10:13:76. Schedule G-1 -- Stock Dividends, Stock Splits or Changes in Par or Stated Value.** Schedule G-1 shall show any stock dividends, stock splits or changes in par or stated value during the five-year period preceding the date of the most recently available balance sheet and by months for the 12-month test period plus subsequent months as available.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**STOCK DIVIDENDS, STOCK SPLITS, OR CHANGES IN PAR VALUE OF COMMON STOCK**  
**For the Period January 1, 2008 Through September 30, 2013**

**Schedule G-1**  
**Page 1 of 1**

Line No.	Year	Stock Dividends	Stock Splits	Changes in Par Value
1	2008	N/A	N/A	N/A
2	2009	N/A	N/A	N/A
3	2010	N/A	N/A	N/A
4	2011	N/A	N/A	N/A
5	2012	N/A	N/A	N/A
6	9/30/2013	N/A	N/A	N/A

## Section G

**20:10:13:77. Schedule G-2 -- Common Stock Information.** Schedule G-2 shall show the following information on outstanding common stock for the 5 calendar years preceding the end of the test period and by months for the 12-month test period:

- (1) Average number of shares outstanding;
- (2) Earnings per average share for only the 5 years preceding the test year;
- (3) Annual earnings per share for only the latest reported 12-month average;
- (4) Annual dividend rate per share;
- (5) Dividends listed as percent of earnings;
- (6) Average market price based on the monthly high and low;
- (7) Earnings price ratio, the relationship of annual earnings per share to average of the 12 monthly high and low market values of stock. In the case of monthly data, use the latest reported earnings in computing ratio of earnings to average high and low market value for the month;
- (8) Dividend price ratio, the relationship of dividend per share to average high and low market value of stock.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**COMMON STOCK INFORMATION**  
**For the Period January 1, 2008 Through September 30, 2013**

Schedule G-2  
Page 1 of 1

Line No.	Period	Average Shares Outstanding	Earnings Per Average Share (Note 1)	Dividends Per Share (Note 2)	Dividends as a % of Earnings	BHP Market Price at End of Year	BHP Price/Earnings Ratio	BHP Dividend Yield
1	2008	23,416,396	\$ 0.97	\$ -	0%	N/A	N/A	N/A
2	2009	23,416,396	\$ 0.99	\$ -	0%	N/A	N/A	N/A
3	2010	23,416,396	\$ 1.34	\$ -	0%	N/A	N/A	N/A
4	2011	23,416,396	\$ 1.16	\$ -	0%	N/A	N/A	N/A
5	2012	23,416,396	\$ 1.16	\$ -	0%	N/A	N/A	N/A
6								
7	Oct-12	23,416,396	\$ 0.26	\$ -	0%	N/A	N/A	N/A
8	Nov-12	23,416,396	\$ 0.26	\$ -	0%	N/A	N/A	N/A
9	Dec-12	23,416,396	\$ 0.26	\$ -	0%	N/A	N/A	N/A
10	Jan-13	23,416,396	\$ 0.24	\$ -	0%	N/A	N/A	N/A
11	Feb-13	23,416,396	\$ 0.24	\$ -	0%	N/A	N/A	N/A
12	Mar-13	23,416,396	\$ 0.24	\$ -	0%	N/A	N/A	N/A
13	Apr-13	23,416,396	\$ 0.28	\$ -	0%	N/A	N/A	N/A
14	May-13	23,416,396	\$ 0.28	\$ -	0%	N/A	N/A	N/A
15	Jun-13	23,416,396	\$ 0.28	\$ -	0%	N/A	N/A	N/A
16	Jul-13	23,416,396	\$ 0.40	\$ -	0%	N/A	N/A	N/A
17	Aug-13	23,416,396	\$ 0.40	\$ -	0%	N/A	N/A	N/A
18	Sep-13	23,416,396	\$ 0.40	\$ -	0%	N/A	N/A	N/A
19								
20								

21 Note 1: Earnings Per Average Share excludes net income of discontinued operations.

22 Note 2: Monthly Dividends Per Share are computed on the current quarter and preceding three quarters.

## Section G

**20:10:13:78. Schedule G-3 -- Reacquisition of Bonds or Preferred Stock.** If any bonds or preferred stock have been reacquired by the utility during the 18 months prior to filing, show full details in schedule G-3, including:

- (1) Title or series;
- (2) Principal amounts or par value reacquired;
- (3) Reacquisition cost;
- (4) Gain or loss on reacquisition;
- (5) Income taxes, if any, allocable to the gain or loss, and basis of allocation.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**REAQUISITION OF BONDS OR PREFERRED STOCK**  
**For the 18 Month Period Prior to Filing**

<u>Line No.</u>	<u>Policy Description</u>
1	Black Hills Power did not reacquire any bonds or preferred stock in the 18 months prior
2	to filing.

## Section G

### **20:10:13:79. Schedule G-4 -- Earnings Per Share for Claimed Rate of Return.**

Schedule G-4 shall show the earnings per share of common stock which the claimed rate of return would yield and the basis upon which it is determined.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**EARNINGS PER SHARE FOR CLAIMED RATE OF RETURN**  
**For the Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	Common Equity	Stmt. G pg. 1 Ln. 16(a)	\$ 365,592,883
2	Return - Percentage	Stmt. G pg. 1 Ln. 3(c)	<u>10.25%</u>
3	Return - Amount	Ln. 1 * Ln. 2	<u>\$ 37,473,271</u>
4			
5	Common Shares Outstanding September 30, 2013	Sched. G-2 Ln.18	23,416,396
6			
7	Earnings Per Common Share - Black Hills Power	Ln. 3 / Ln. 5	<u><u>\$ 1.60</u></u>



## Section H

**20:10:13:80. Statement H -- Operation and Maintenance Expense.** Statement H shall show the electric or gas operation and maintenance expenses according to each account of the FERC's uniform systems of accounts for public utilities and licensees or for gas companies. The expenses shall be shown under appropriate columnar headings as follows, with subtotals for each functional classification:

(1) Operation and maintenance expense as booked, for the test period and the total for the test period;

(2) Claimed adjustments, if any, to expenses as booked;

(3) Total adjusted operation and maintenance expenses claimed.

Detailed explanations of the adjustments, if any, and the manner of their determination shall be supplied, specifying the month or months during which the adjustments would be applicable. Information required in §§ 20:10:13:81 to 20:10:13:84, inclusive, shall be submitted as part of statement H.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

A summary of the Schedule H schedules/adjustments descriptions are listed below:

1. Wages and Salaries Adjustment
2. Purchased Power Detail Listing
3. Listed Expense Accounts
4. Intercompany Black Hills Service Company Charges
5. Intercompany Black Hills Utility Holdings Charges
6. Employee Pension and Benefits Adjustment
7. Bad Debt Adjustment
8. Generation Dispatch and Scheduling Cost Detail
9. Energy Cost Adjustment Expense Elimination
10. Neil Simpson Complex Shared Facilities Adjustment
11. Removal of Unallowed Advertising Expense
12. Power Marketing Expense Adjustment
13. Outside Consulting Related to Rate Case
14. Vegetation Management Adjustment
15. CPGS Operations and Maintenance Adjustment

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

16. Ben French - Severance Expense Adjustment
17. Neil Simpson Complex – Common Steam Allocation
18. Ben French, Osage, and Neil Simpson I O&M Elimination Adjustment
19. FutureTrack Workforce Development Program
20. 69 kV LIDAR Surveying Project
21. Customer Service Model Adjustment

**BLACK HILLS POWER, INC.**  
**OPERATING AND MAINTENANCE EXPENSES**  
For the Pro Forma Test Year Ended September 30, 2013

			Adjustments									
Line No.	FERC Acct. #	Description	(a) Per Books	(b) Sched H-1	(c) Sched H-5	(d) Sched H-6	(e) Sched H-7	(f) Sched H-8	(g) Sched H-9	(h) Sched H-10	(i) Sched H-11	(j) Sched H-12
1		<b>Steam Production Operation:</b>										
2	500	Supervision & Engineering	\$ 1,842,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	501	Fuel	861,472	-	-	-	-	-	(828,225)	-	-	-
4	501.1	Steam Power Fuel - Gas	201,197	-	-	-	-	-	(200,869)	-	-	-
5	501.2	Steam Power Fuel - Oil	360,940	-	-	-	-	-	(102,022)	-	-	-
6	501.3	Steam Power Fuel - Coal	18,937,520	-	-	-	-	-	(16,351,171)	-	-	(717,714)
7	501.4	Steam Power Fuel - Transportation	-	-	-	-	-	-	-	-	-	-
8	502	Steam Expense	2,806,144	444,615	-	-	-	-	(1,011,946)	-	-	-
9	505	Electric Expense	1,308,594	-	-	-	-	-	-	-	-	-
10	506	Miscellaneous	894,759	-	-	-	-	-	-	-	-	-
11	507	Rent	2,405,734	-	-	-	-	-	-	655,113	-	-
12	509	Allowances	-	-	-	-	-	-	-	-	-	-
13		<b>Total Steam Production Operation</b>	<b>29,618,514</b>	<b>444,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,494,233)</b>	<b>655,113</b>	<b>-</b>	<b>(717,714)</b>
14												
15		<b>Steam Production Maintenance:</b>										
16	510	Supervision & Engineering	1,454,714	295,658	-	-	-	-	-	-	-	-
17	511	Structures	820,283	-	-	-	-	-	-	-	-	-
18	512	Boilers	3,555,970	-	-	-	-	-	-	-	-	-
19	513	Electric Plant	787,972	-	-	-	-	-	-	-	-	-
20	514	Miscellaneous Plant	154,760	-	-	-	-	-	-	-	-	-
21		<b>Total Steam Production Maintenance</b>	<b>6,773,700</b>	<b>295,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
22												
23		<b>Total Steam Production Expense</b>	<b>36,392,214</b>	<b>740,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,494,233)</b>	<b>655,113</b>	<b>-</b>	<b>(717,714)</b>
24												
25		<b>Other Production Operation:</b>										
26	546	Supervision & Engineering	251,045	-	-	-	-	-	-	-	-	-
27	547	Fuel	2,623,531	-	-	-	-	-	(1,759,552)	-	-	(863,979)
28	548	Generation Expense	541,835	52,540	-	-	-	-	-	-	-	-
29	549	Miscellaneous	138,273	-	-	-	-	-	-	-	-	-
30	550	Rents	227,411	-	-	-	-	-	-	-	-	-
31		<b>Total Other Production Operation</b>	<b>3,782,095</b>	<b>52,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,759,552)</b>	<b>-</b>	<b>-</b>	<b>(863,979)</b>
32												
33		<b>Other Production Maintenance:</b>										
34	551	Supervision & Engineering	198,959	-	-	-	-	-	-	-	-	-
35	552	Structures	7,229	-	-	-	-	-	-	-	-	-
36	553	Electric Plant	1,068,053	41,726	-	-	-	-	-	-	-	-
37	554	Miscellaneous Plant	89,367	-	-	-	-	-	-	-	-	-
38	556	System Control and Load Dispatch	1,409,474	-	(42,735)	-	-	107,964	-	-	-	(213,765)
39	557	Other Expenses	2,000	-	-	-	-	-	-	-	-	-
40		<b>Total Other Production Maintenance</b>	<b>2,775,081</b>	<b>41,726</b>	<b>(42,735)</b>	<b>-</b>	<b>-</b>	<b>107,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213,765)</b>
41												
42		<b>Total Other Production Expense</b>	<b>6,557,176</b>	<b>94,266</b>	<b>(42,735)</b>	<b>-</b>	<b>-</b>	<b>107,964</b>	<b>(1,759,552)</b>	<b>-</b>	<b>-</b>	<b>(1,077,744)</b>
43												
44		<b>Other Power Supply:</b>										
45	555	Purchased Power - Energy	38,497,099	-	-	-	-	-	(13,266,017)	-	-	(25,231,082)
46	555	Purchased Power - Capacity	7,192,960	-	-	-	-	-	-	-	-	-
47		<b>Total Other Power Supply</b>	<b>45,690,059</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,266,017)</b>	<b>-</b>	<b>-</b>	<b>(25,231,082)</b>
48												
49		<b>Total Production Expenses</b>	<b>88,639,450</b>	<b>834,539</b>	<b>(42,735)</b>	<b>-</b>	<b>-</b>	<b>107,964</b>	<b>(33,519,802)</b>	<b>655,113</b>	<b>-</b>	<b>(27,026,540)</b>
50												
51		<b>Transmission Operations:</b>										
52	560	Supervision & Engineering	746,053	-	128,916	-	-	-	-	-	-	-
53	561	Load Dispatch	2,203,505	-	284,163	-	-	-	-	-	-	-

**BLACK HILLS POWER, INC.**  
**OPERATING AND MAINTENANCE EXPENSES**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	FERC Acct. #	Description	(a) Per Books	Adjustments										
				(b) Sched H-1	(c) Sched H-5	(d) Sched H-6	(e) Sched H-7	(f) Sched H-8	(g) Sched H-9	(h) Sched H-10	(i) Sched H-11	(j) Sched H-12		
54	562	Station Equipment	280,360	35,110	-	-	-	-	-	-	-	-	-	-
55	563	Overhead Lines	80,121	-	-	-	-	-	-	-	-	-	-	-
56	565	Transmission of Electricity by Others	18,741,890	-	-	-	-	-	-	(17,732,568)	-	-	-	(1,009,322)
57	566	Miscellaneous	131,053	-	-	-	-	-	-	-	-	-	-	-
58	567	Rents	-	-	-	-	-	-	-	-	-	-	-	-
59		<b>Total Transmission Operations</b>	<b>22,182,983</b>	<b>35,110</b>	<b>413,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,732,568)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,009,322)</b>
60														
61		<b>Transmission Maintenance:</b>												
62	568	Supervision & Engineering	55	-	-	-	-	-	-	-	-	-	-	-
63	569	Structures	-	-	-	-	-	-	-	-	-	-	-	-
64	570	Station Equipment	143,595	7,469	-	-	-	-	-	-	-	-	-	-
65	571	Overhead Lines	76,749	-	-	-	-	-	-	-	-	-	-	-
66	572	Underground Lines	-	-	-	-	-	-	-	-	-	-	-	-
67	573	Miscellaneous	1,108	-	-	-	-	-	-	-	-	-	-	-
68		<b>Total Transmission Maintenance</b>	<b>221,506</b>	<b>7,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
69														
70		<b>Total Transmission Expenses</b>	<b>22,404,489</b>	<b>42,579</b>	<b>413,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,732,568)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,009,322)</b>
71														
72		<b>Distribution Operations:</b>												
73	580	Supervision	1,411,833	245,746	-	-	-	-	-	-	-	-	-	-
74	581	Load Dispatch	296,825	-	344,724	-	-	-	-	-	-	-	-	-
75	582	Station Equipment	449,127	-	-	-	-	-	-	-	-	-	-	-
76	583	Overhead Lines	486,016	-	-	-	-	-	-	-	-	-	-	-
77	584	Underground Lines	305,099	-	-	-	-	-	-	-	-	-	-	-
78	585	Street Lighting	1	-	-	-	-	-	-	-	-	-	-	-
79	586	Metering	786,540	-	-	-	-	-	-	-	-	-	-	-
80	587	Customer Installations	22,761	-	-	-	-	-	-	-	-	-	-	-
81	588	Miscellaneous	366,951	-	-	-	-	-	-	-	-	-	-	-
82	589	Rents	17,727	-	-	-	-	-	-	-	-	-	-	-
83		<b>Total Distribution Operations</b>	<b>4,142,880</b>	<b>245,746</b>	<b>344,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
84														
85		<b>Distribution Maintenance:</b>												
86	590	Supervision	1,250	-	-	-	-	-	-	-	-	-	-	-
87	591	Structures	-	-	-	-	-	-	-	-	-	-	-	-
88	592	Station Equipment	287,790	-	-	-	-	-	-	-	-	-	-	-
89	593	Overhead Lines	3,459,372	146,514	21,799	-	-	-	-	-	-	-	-	-
90	594	Underground Lines	234,388	-	-	-	-	-	-	-	-	-	-	-
91	595	Transformers	47,646	-	-	-	-	-	-	-	-	-	-	-
92	596	Street Lighting	56,846	-	-	-	-	-	-	-	-	-	-	-
93	597	Metering	69,156	-	-	-	-	-	-	-	-	-	-	-
94	598	Miscellaneous	94,932	-	-	-	-	-	-	-	-	-	-	-
95		<b>Total Distribution Maintenance</b>	<b>4,251,379</b>	<b>146,514</b>	<b>21,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
96														
97		<b>Total Distribution Expenses</b>	<b>8,394,259</b>	<b>392,260</b>	<b>366,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
98														
99		<b>Customer Accounting Expense:</b>												
100	901	Supervision	54,121	-	-	-	-	-	-	-	-	(963)	-	-
101	902	Meter Reading	19,927	-	-	-	-	-	-	-	-	-	-	-
102	903	Customer Records and Collection Expenses	1,589,608	85,749	(250,952)	-	-	-	-	-	-	(274)	-	-
103	904	Uncollectible Accounts	440,879	-	-	-	(20,937)	-	-	-	-	-	-	-
104	905	Miscellaneous	603,770	-	-	-	-	-	-	-	-	-	-	-
105		<b>Total Customer Accounting Expense</b>	<b>2,708,305</b>	<b>85,749</b>	<b>(250,952)</b>	<b>-</b>	<b>(20,937)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,237)</b>	<b>-</b>	<b>-</b>
106														

**BLACK HILLS POWER, INC.**  
**OPERATING AND MAINTENANCE EXPENSES**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	FERC Acct. #	Description	(a) Per Books	Adjustments								
				(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Sched H-1	Sched H-5	Sched H-6	Sched H-7	Sched H-8	Sched H-9	Sched H-10	Sched H-11	Sched H-12
107		<b>Customer Service Expense:</b>										
108	907	Supervision	204,020	-	-	-	-	-	-	-	-	-
109	908	Customer Assistance	1,169,153	52,709	-	-	-	-	-	-	(10,097)	-
110	909	Advertisement	12,439	-	-	-	-	-	-	-	-	-
111	910	Miscellaneous	70,687	-	-	-	-	-	-	-	(9,514)	-
112		<b>Total Customer Service Expense</b>	<u>1,456,300</u>	<u>52,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,611)</u>	<u>-</u>
113												
114		<b>Total Customer Expenses</b>	4,164,605	138,458	(250,952)	-	(20,937)	-	-	-	(20,848)	-
115												
116		<b>Sales Expense:</b>										
117	912	Demonstrating and Selling Expenses	30,262	-	-	-	-	-	-	-	(314)	-
118	913	Advertising Expenses	46	-	-	-	-	-	-	-	(46)	-
119		<b>Total Sales Expense</b>	<u>30,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(360)</u>	<u>-</u>
120												
121		<b>Administrative &amp; General Expense:</b>										
122	920	Administrative Salaries	17,764,852	280,908	1,073,315	-	-	-	-	-	-	-
123	921	Office Supplies & Expense	3,390,683	-	144,943	-	-	-	-	-	(20,593)	-
124	922	A&G Expense Transferred	(43,983)	-	-	-	-	-	-	-	-	-
125	923	Outside Services	2,478,226	-	424,111	-	-	-	-	-	(591)	-
126	924	Property Insurance	797,583	-	58,774	-	-	-	-	-	-	-
127	925	Injuries and Damages	2,599,153	-	(29,886)	-	-	-	-	-	-	-
128	926	Pensions & Benefits	214,670	-	162,170	334,319	-	-	-	-	-	-
129	928	Regulatory Commission	550,134	-	-	-	-	-	-	-	-	-
130	930.1	General Advertising	253,269	-	-	-	-	-	-	-	(215,449)	-
131	930.2	Miscellaneous General	1,244,344	-	26,927	-	-	-	-	-	(1,099)	-
132	931	Rents	562,807	-	(17,768)	-	-	-	-	-	-	-
133	935	Maintenance of General Plant	<u>1,283,197</u>	<u>-</u>	<u>(25,482)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
134		<b>Total Administrative &amp; General Expense</b>	<u>31,094,936</u>	<u>280,908</u>	<u>1,817,104</u>	<u>334,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,732)</u>	<u>-</u>
135												
136		<b>Total Operating &amp; Maintenance Expense</b>	\$ 154,728,047	\$ 1,688,744	\$ 2,303,019	\$ 334,319	\$ (20,937)	\$ 107,964	\$ (51,252,370)	\$ 655,113	\$ (258,940)	\$ (28,035,862)
137												
138												
139												
140				Sched H-1	Wages and Salaries Adjustment							
141				Sched H-5	Intercompany Black Hills Utility Holdings Charges							
142				Sched H-6	Employee Pension and Benefits Adjustment							
143				Sched H-7	Bad Debt Adjustment							
144				Sched H-8	Generation Dispatch and Scheduling Cost Detail							
145				Sched H-9	Energy Cost Adjustment Expense Elimination							
146				Sched H-10	Neil Simpson Complex Shared Facilities Adjustment							
147				Sched H-11	Removal of Unallowed Advertising Expense							
148				Sched H-12	Power Marketing Expense Adjustment							
149				Sched H-13	Outside Consulting Related to Rate Case							
150				Sched H-14	Vegetation Management Adjustment							
151				Sched H-15	CPGS O&M Adjustment							
152				Sched H-16	Ben French - Severance Expense Adjustment							
153				Sched H-17	Neil Simpson Complex Common Steam Allocation							
154				Sched H-18	Ben French, Osage, and Neil Simpson I Elimination Adjustment							
155				Sched H-19	FutureTrack Workforce Development Program							
156				Sched H-20	69 kV LIDAR Surveying Project							
157				Sched H-21	Customer Service Model Adjustment							

**BLACK HILLS POWER, INC.**  
**OPERATING AND MAINTENANCE EXPENSES**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	FERC Acct. #	Description	Adjustments								Sum((a)-(s)) Adjusted Total	
			(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	(n) Sched H-16	(o) Sched H-17	(p) Sched H-18	(q) Sched H-19	(r) Sched H-20		(s) Sched H-21
1		<b>Steam Production Operation:</b>										
2	500	Supervision & Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (87,978)	\$ -	\$ -	\$ -	\$ 1,754,177
3	501	Fuel	-	-	-	-	-	(33,247)	-	-	-	-
4	501.1	Steam Power Fuel - Gas	-	-	-	-	-	(328)	-	-	-	-
5	501.2	Steam Power Fuel - Oil	-	-	-	-	-	(258,918)	-	-	-	-
6	501.3	Steam Power Fuel - Coal	-	-	-	-	-	(1,868,635)	-	-	-	-
7	501.4	Steam Power Fuel - Transportation	-	-	-	-	-	-	-	-	-	-
8	502	Steam Expense	-	-	-	-	-	(186,767)	61,140	-	-	2,113,186
9	505	Electric Expense	-	-	-	-	-	(141,979)	-	-	-	1,166,615
10	506	Miscellaneous	-	-	-	-	-	(110,179)	-	-	-	784,580
11	507	Rent	-	-	-	-	-	(1,942)	-	-	-	3,058,905
12	509	Allowances	-	-	-	-	-	-	-	-	-	-
13		<b>Total Steam Production Operation</b>	-	-	-	-	-	(2,689,973)	61,140	-	-	8,877,463
14												
15		<b>Steam Production Maintenance:</b>										
16	510	Supervision & Engineering	-	-	-	-	-	(263,288)	-	-	-	1,487,084
17	511	Structures	-	-	-	-	-	(61,627)	-	-	-	758,656
18	512	Boilers	-	-	-	-	324,962	(532,948)	82,471	-	-	3,430,455
19	513	Electric Plant	-	-	-	-	-	(182,087)	-	-	-	605,885
20	514	Miscellaneous Plant	-	-	-	-	-	(23,263)	-	-	-	131,497
21		<b>Total Steam Production Maintenance</b>	-	-	-	-	324,962	(1,063,213)	82,471	-	-	6,413,578
22												
23		<b>Total Steam Production Expense</b>	-	-	-	-	324,962	(3,753,186)	143,611	-	-	15,291,040
24												
25		<b>Other Production Operation:</b>										
26	546	Supervision & Engineering	-	-	94,391	-	-	-	-	-	-	345,436
27	547	Fuel	-	-	-	-	-	-	-	-	-	-
28	548	Generation Expense	-	-	84,368	-	-	-	-	-	-	678,743
29	549	Miscellaneous	-	-	1,010,918	-	-	-	-	-	-	1,149,191
30	550	Rents	-	-	-	-	-	-	-	-	-	227,411
31		<b>Total Other Production Operation</b>	-	-	1,189,677	-	-	-	-	-	-	2,400,781
32												
33		<b>Other Production Maintenance:</b>										
34	551	Supervision & Engineering	-	-	6,490	-	-	-	-	-	-	205,449
35	552	Structures	-	-	89,492	-	-	-	-	-	-	96,721
36	553	Electric Plant	-	-	1,010,662	-	-	-	-	-	-	2,120,441
37	554	Miscellaneous Plant	-	-	485,148	-	-	-	-	-	-	574,515
38	556	System Control and Load Dispatch	-	-	-	-	-	-	-	-	-	1,260,938
39	557	Other Expenses	-	-	-	-	-	-	-	-	-	2,000
40		<b>Total Other Production Maintenance</b>	-	-	1,591,792	-	-	-	-	-	-	4,260,063
41												
42		<b>Total Other Production Expense</b>	-	-	2,781,469	-	-	-	-	-	-	6,660,844
43												
44		<b>Other Power Supply:</b>										
45	555	Purchased Power - Energy	-	-	-	-	-	-	-	-	-	-
46	555	Purchased Power - Capacity	-	-	-	-	-	-	-	-	-	7,192,960
47		<b>Total Other Power Supply</b>	-	-	-	-	-	-	-	-	-	7,192,960
48												
49		<b>Total Production Expenses</b>	-	-	2,781,469	-	324,962	(3,753,186)	143,611	-	-	29,144,845
50												
51		<b>Transmission Operations:</b>										
52	560	Supervision & Engineering	-	-	-	-	-	-	-	-	-	874,969
53	561	Load Dispatch	-	-	-	-	-	-	-	-	-	2,487,668

**BLACK HILLS POWER, INC.**  
**OPERATING AND MAINTENANCE EXPENSES**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	FERC Acct. #	Description	Adjustments									Sum((a)-(s)) Adjusted Total	
			(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	(n) Sched H-16	(o) Sched H-17	(p) Sched H-18	(q) Sched H-19	(r) Sched H-20	(s) Sched H-21		
54	562	Station Equipment	-	-	-	-	-	-	-	-	-	-	315,470
55	563	Overhead Lines	-	-	-	-	-	-	-	-	-	-	80,121
56	565	Transmission of Electricity by Others	-	-	-	-	-	-	-	-	-	-	-
57	566	Miscellaneous	-	-	-	-	-	-	-	-	-	-	131,053
58	567	Rents	-	-	-	-	-	-	-	-	-	-	-
59		<b>Total Transmission Operations</b>	-	-	-	-	-	-	-	-	-	-	3,889,282
60													
61		<b>Transmission Maintenance:</b>											
62	568	Supervision & Engineering	-	-	-	-	-	-	-	-	-	-	55
63	569	Structures	-	-	-	-	-	-	-	-	-	-	-
64	570	Station Equipment	-	-	-	-	-	-	-	-	-	-	151,064
65	571	Overhead Lines	-	-	-	-	-	-	-	-	-	-	76,749
66	572	Underground Lines	-	-	-	-	-	-	-	-	-	-	-
67	573	Miscellaneous	-	-	-	-	-	-	-	-	-	-	1,108
68		<b>Total Transmission Maintenance</b>	-	-	-	-	-	-	-	-	-	-	228,975
69													
70		<b>Total Transmission Expenses</b>	-	-	-	-	-	-	-	-	-	-	4,118,257
71													
72		<b>Distribution Operations:</b>											
73	580	Supervision	-	-	-	-	-	-	77,834	-	-	-	1,735,413
74	581	Load Dispatch	-	-	-	-	-	-	-	-	-	-	641,549
75	582	Station Equipment	-	-	-	-	-	-	-	-	-	-	449,127
76	583	Overhead Lines	-	-	-	-	-	-	-	-	-	-	486,016
77	584	Underground Lines	-	-	-	-	-	-	-	-	-	-	305,099
78	585	Street Lighting	-	-	-	-	-	-	-	-	-	-	1
79	586	Metering	-	-	-	-	-	-	-	-	-	-	786,540
80	587	Customer Installations	-	-	-	-	-	-	-	-	-	-	22,761
81	588	Miscellaneous	-	-	-	-	-	-	-	-	-	-	366,951
82	589	Rents	-	-	-	-	-	-	-	-	-	-	17,727
83		<b>Total Distribution Operations</b>	-	-	-	-	-	-	77,834	-	-	-	4,811,184
84													
85		<b>Distribution Maintenance:</b>											
86	590	Supervision	-	-	-	-	-	-	-	-	-	-	1,250
87	591	Structures	-	-	-	-	-	-	-	-	-	-	-
88	592	Station Equipment	-	-	-	-	-	-	-	-	-	-	287,790
89	593	Overhead Lines	-	(401,420)	-	-	-	-	345,337	136,920	-	-	3,708,522
90	594	Underground Lines	-	-	-	-	-	-	-	-	-	-	234,388
91	595	Transformers	-	-	-	-	-	-	-	-	-	-	47,646
92	596	Street Lighting	-	-	-	-	-	-	-	-	-	-	56,846
93	597	Metering	-	-	-	-	-	-	-	-	-	-	69,156
94	598	Miscellaneous	-	-	-	-	-	-	-	-	-	-	94,932
95		<b>Total Distribution Maintenance</b>	-	(401,420)	-	-	-	-	345,337	136,920	-	-	4,500,529
96													
97		<b>Total Distribution Expenses</b>	-	(401,420)	-	-	-	-	423,171	136,920	-	-	9,311,713
98													
99		<b>Customer Accounting Expense:</b>											
100	901	Supervision	-	-	-	-	-	-	-	-	-	-	53,158
101	902	Meter Reading	-	-	-	-	-	-	-	-	-	-	19,927
102	903	Customer Records and Collection Expenses	-	-	-	-	-	-	-	-	(215,934)	-	1,208,197
103	904	Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-	419,942
104	905	Miscellaneous	-	-	-	-	-	-	-	-	-	-	603,770
105		<b>Total Customer Accounting Expense</b>	-	-	-	-	-	-	-	-	(215,934)	-	2,304,995
106													

**BLACK HILLS POWER, INC.**  
**OPERATING AND MAINTENANCE EXPENSES**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	FERC Acct. #	Description	Adjustments								Sum((a)-(s)) Adjusted Total	
			(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	(n) Sched H-16	(o) Sched H-17	(p) Sched H-18	(q) Sched H-19	(r) Sched H-20		(s) Sched H-21
107		<b>Customer Service Expense:</b>										
108	907	Supervision	-	-	-	-	-	-	-	-	204,020	
109	908	Customer Assistance	-	-	-	-	-	99,223	-	-	1,310,988	
110	909	Advertisement	-	-	-	-	-	-	-	-	12,439	
111	910	Miscellaneous	-	-	-	-	-	-	-	-	61,173	
112		<b>Total Customer Service Expense</b>	-	-	-	-	-	99,223	-	-	1,588,621	
114		<b>Total Customer Expenses</b>	-	-	-	-	-	99,223	-	(215,934)	3,893,616	
116		<b>Sales Expense:</b>										
117	912	Demonstrating and Selling Expenses	-	-	-	-	-	-	-	-	29,948	
118	913	Advertising Expenses	-	-	-	-	-	-	-	-	(0)	
119		<b>Total Sales Expense</b>	-	-	-	-	-	-	-	-	29,948	
121		<b>Administrative &amp; General Expense:</b>										
122	920	Administrative Salaries	-	-	-	(180,861)	-	55,856	-	-	18,994,070	
123	921	Office Supplies & Expense	-	-	-	-	-	-	-	-	3,515,033	
124	922	A&G Expense Transferred	-	-	-	-	-	-	-	-	(43,983)	
125	923	Outside Services	318,061	-	-	-	-	-	-	-	3,219,807	
126	924	Property Insurance	-	-	-	-	-	-	-	-	856,357	
127	925	Injuries and Damages	-	-	-	-	-	-	-	-	2,569,267	
128	926	Pensions & Benefits	-	-	-	-	-	-	-	-	711,159	
129	928	Regulatory Commission	-	-	-	-	-	-	-	-	550,134	
130	930.1	General Advertising	-	-	-	-	-	-	-	-	37,820	
131	930.2	Miscellaneous General	-	-	-	-	-	-	-	-	1,270,172	
132	931	Rents	-	-	-	-	-	-	-	-	545,039	
133	935	Maintenance of General Plant	-	-	-	-	-	-	-	-	1,257,715	
134		<b>Total Administrative &amp; General Expense</b>	318,061	-	-	(180,861)	-	55,856	-	-	33,482,591	
136		<b>Total Operating &amp; Maintenance Expense</b>	\$ 318,061	\$ (401,420)	\$ 2,781,469	\$ (180,861)	\$ 324,962	\$ (3,753,186)	\$ 721,861	\$ 136,920	\$ (215,934)	\$ 79,980,969

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- Sched H-1 Wages and Salaries Adjustment  
Sched H-5 Intercompany Black Hills Utility Holdings Charges  
Sched H-6 Employee Pension and Benefits Adjustment  
Sched H-7 Bad Debt Adjustment  
Sched H-8 Generation Dispatch and Scheduling Cost Detail  
Sched H-9 Energy Cost Adjustment Expense Elimination  
Sched H-10 Neil Simpson Complex Shared Facilities Adjustment  
Sched H-11 Removal of Unallowed Advertising Expense  
Sched H-12 Power Marketing Expense Adjustment  
Sched H-13 Outside Consulting Related to Rate Case  
Sched H-14 Vegetation Management Adjustment  
Sched H-15 CPGS O&M Adjustment  
Sched H-16 Ben French - Severance Expense Adjustment  
Sched H-17 Neil Simpson Complex Common Steam Allocation  
Sched H-18 Ben French, Osage, and Neil Simpson I Elimination Adjustment  
Sched H-19 FutureTrack Workforce Development Program  
Sched H-20 69 KV LIDAR Surveying Project  
Sched H-21 Customer Service Model Adjustment



## Section H

### **20:10:13:81. Schedule H-1 -- Adjustments to Operating and Maintenance Expenses.**

Schedule H-1 shall show the 12 months of actual test period experience and the claimed adjustments thereto, if any, by functional classifications. It shall also show the separate amounts for labor and other charges included in the operation and maintenance expenses for each functional classification per books and as adjusted. If operation and maintenance expenses as presented per the books reflect any special accrual or equalization accounting entries for internal purposes, the effect thereof shall be fully disclosed and explained. Any amounts not currently payable, except depreciation charged through clearing accounts included in operation and maintenance expenses, shall be fully explained.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

This Schedule shows the wages and salaries adjustment, including union and non-union wage increases, removal of Neil Simpson I labor costs and employee additions.

**BLACK HILLS POWER, INC.**  
**WAGES AND SALARIES ADJUSTMENT**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	Amount
1	<b>Wages and Salaries Adjustment</b>		
2	January 28, 2014 Annualized Payroll		\$ 12,456,552
3	Adjust for Neil Simpson I Labor Costs		(746,475)
4	Wage Increases		620,092
5	Employee Additions\Eliminations		1,410,540
6	Total Pro Forma Payroll Expense	Sum(Ln. 2: Ln. 5)	13,740,709
7	Test Year Payroll Expense		12,051,965
8	Adjustment	Ln. 6 - Ln. 7	1,688,744

## Section H

**20:10:13:82. Schedule H-2 -- Cost of Power and Gas.** Schedule H-2 shall show the total annual cost of power or gas purchased for the 12 months test period of actual experience, the claimed adjustments, if any, and the total adjusted cost for the test period detailed by contract or rate schedule designation. If any of the prices are effective subject to refund, there shall be shown by contract and by commission docket number for the test period, the rate and the amount paid subject to refund.

If the utility purchases and sells power under exchange or pooling agreements, the method of recording on books, total gross receipts and deliveries exchanged, total gross dollar amounts involved for such receipts and deliveries and details of such exchanges shall be submitted.

If the utility records any amount on its own books in a given month during the 12-month test period which applies to power or gas purchases or sales for a previous month or other period, a schedule indicating the months involved, the payment and volumes and the months to which such transactions are applicable, shall be submitted.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**PURCHASED POWER DETAIL LISTING**  
**For the Test Year Ended September 30, 2013**

Schedule H-2  
Page 1 of 1

Line No.	Purchased From	MWh	(a) Demand Charges	(b) Energy Charges	(c) (a) + (b) Total Costs
1	PacifiCorp - Colstrip Variable and Fixed Costs	323,855	7,329,844	6,245,600	13,575,444
2	PacifiCorp	239,876	-	5,323,422	5,323,422
3	Avista Water Power	2,400	-	44,680	44,680
4	Basin Electric	285,211	-	6,632,314	6,632,314
5	Black Hills/Basin Electric	434	-	21,506	21,506
6	Bonneville Power Administration	987	-	32,195	32,195
7	BP Energy Company	400	-	12,000	12,000
8	Burbank, City of	1,400	-	15,650	15,650
9	Cargill	64,059	-	2,006,564	2,006,564
10	Cheyenne Light Fuel & Power	139,768	-	3,791,292	3,791,292
11	Cheyenne Light Fuel & Power Wind Energy	101,459	-	5,085,247	5,085,247
12	Colorado Springs Utilities	11,584	-	433,791	433,791
13	Coral Power	6,891	-	170,937	170,937
14	Eagle Energy	12,600	-	285,130	285,130
15	El Paso Electric	101	-	3,841	3,841
16	Holy Cross	-	-	1,800	1,800
17	Idaho Power	10	-	250	250
18	Macquarie Energy LLC	200	-	3,400	3,400
19	Midwest ISO	-	-	3,618	3,618
20	Missouri River Energy Service	3,361	-	80,949	80,949
21	Morgan Stanley Capital Group	19,075	-	395,220	395,220
22	Municipal Energy Agency of Nebraska	6,173	-	203,512	203,512
23	Nevada Power	48	-	1,680	1,680
24	Northwestern Energy	1,865	-	39,585	39,585
25	Platte River Power Authority	70,751	-	1,623,097	1,623,097
26	Portland General Elec Company	1,115	-	41,650	41,650
27	PowerEx	90	-	4,295	4,295
28	PPL EnergyPlus	64,916	-	1,813,880	1,813,880
29	PPM/Iberdrola Renewable	14,200	-	275,600	275,600
30	Public Service of New Mexico	1,483	-	52,150	52,150
31	Puget Sound Energy	1,725	-	39,855	39,855
32	Rainbow Energy Marketing	803	-	15,729	15,729
33	Rocky Mountain Reserve Group	2,290	-	106,798	106,798
34	Salt River Project	1,078	-	40,841	40,841
35	Seattle City Light	400	-	3,200	3,200
36	Spearfish, (City of)	22,828	-	343,007	343,007
37	The Energy Authority	10,662	-	426,760	426,760
38	Tenaska Power	11,340	-	407,044	407,044
39	TranAlta Energy	1,600	-	30,550	30,550
40	Tri State Generation and Transmission	16,939	-	527,260	527,260
41	Tucson Electric	1,242	-	44,800	44,800
42	WAPA - Colorado River Storage Project	43,825	(136,884)	274,107	137,223
43	WAPA - Loveland Area Project	1,090	-	580,563	580,563
44	WAPA - Upper Great Plains Region	21,802	-	603,698	603,698
45	WAPA - WACM Loveland WACMM1	24,622	-	156,594	156,594
46	Xcel Energy - Public Service Co. of Colorado	12,233	-	412,577	412,577
47	Customer Generation	-	-	1,388	1,388
48	Interchange	-	-	(162,526)	(162,526)
49	Total	<u>1,548,791</u>	<u>\$ 7,192,960</u>	<u>\$ 38,497,100</u>	<u>\$ 45,690,060</u>

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## Section H

**20:10:13:83. Schedule H-3 -- Working Papers for Listed Expense Accounts.** With respect to the following listed expense accounts, schedule H-3 shall be furnished as designated for the 12 months of the test period and for claimed adjustments. This schedule shall include analytical details which will clearly disclose for each account a classification of principal charges and credits with all minor items grouped; particulars of supporting computations and accounting bases; a description of the services and related dollar amounts for which liability is incurred or accrued; and the name of the firm or individual rendering such services for these accounts where applicable:

(1) Accounts 909, 913, and 930, advertising expenses. For each category of advertising expense required to be filed pursuant to § 20:10:23:02 the utility shall submit a list of all advertisements claimed and filed pursuant to § 20:10:23:03, indicating the categorization of each advertisement. Representative samples of each category shall also be included.

(2) Account 922, administration expenses transferred -- credit;

(3) Account 926, employee pensions and benefits;

(4) Account 928, regulatory commission expenses;

(5) Account 929, duplicate charges -- credit;

(6) Account 930, miscellaneous general expenses.

**Source:** 2 SDR 90, effective July 7, 1976; 5 SDR 1, effective July 25, 1978; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**LISTED EXPENSE ACCOUNTS**  
**For the Test Year Ended September 30, 2013**

Line No.	Description of Accounts	Reference	Per Books Amount
1	<b>Federal Energy Regulatory Commission Account No. 909 (Note 1)</b>		
2			
3	Informational Advertising		\$ 12,047
4	Miscellaneous Advertisement		392
5	TOTAL	Ln.3 + Ln.4	<u>\$ 12,439</u>
6			
7			
8	<b>Federal Energy Regulatory Commission Account No. 913 (Note 1)</b>		
9			
10	Sales Advertising Expenses		\$ 46
11	TOTAL		<u>\$ 46</u>
12			
13			
14	<b>Federal Energy Regulatory Commission Account No. 922</b>		
15			
16	Administrative Costs- Allocated (Note 2)		\$ (43,983)
17	TOTAL		<u>\$ (43,983)</u>
18			
19			
20	<b>Federal Energy Regulatory Commission Account No. 926</b>		
21			
22	401K		\$ 2,830,607
23	Pension		4,409,452
25	Educational Reimbursement		45,202
26	Relocation		47,541
27	Retirement Benefits		607,030
28	Benefits- Allocated (Note 3)		(7,754,702)
29	Consulting Fees		29,540
30	TOTAL	Sum (Ln.22:Ln.29)	<u>\$ 214,670</u>

- 31
- 32
- 33 Note 1: Disallowed advertising expenses are eliminated at Schedule H-11.
- 34 Note 2: BHP portion of BHUH employees' administrative time related to capital work orders.
- 35 Note 3: Includes benefits allocated from Black Hills Service Company as well as Black Hills Utility Holdings.
- 36 Also includes benefits reclassified to capital work orders as well as operating and maintenance accounts.

**BLACK HILLS POWER, INC.**  
**LISTED EXPENSE ACCOUNTS**  
**For the Test Year Ended September 30, 2013**

Line No.	Description of Accounts	Reference	Per Books Amount
1	<b>Federal Energy Regulatory Commission Account No. 928</b>		
2			
3	South Dakota		\$ 78,799
4	Wyoming		50,194
5	FERC Fees		421,141
7	TOTAL	Sum (Ln.3:Ln.5)	<u>\$ 550,134</u>
8			
9	<b>Federal Energy Regulatory Commission Account No. 929</b>		
10			
11	None		
12			
13	<b>Federal Energy Regulatory Commission Account No. 930 (Note 1)</b>		
14			
15	General Advertising		\$ 253,269
16	Benefits and Labor		1,169
18	Safety and Medical Supplies		1,377
19	Office Supplies and Expenses		4,270
20	Dues and Membership Fees		155,335
21	Travel		14,709
22	Training		3,996
23	Outside Services		680,397
24	Financing Charges		381,859
25	Permits and Miscellaneous		1,232
26	TOTAL	Sum (Ln.15:Ln.25)	<u>\$ 1,497,613</u>
27			
28	Note 1: Disallowed advertising expenses are eliminated at Schedule H-11.		

## Section H

### **20:10:13:84. Schedule H-4 -- Working Papers for Interdepartmental Transactions.**

If the expense accounts contain charges or credits from associated companies or nonutility departments of the utility, schedule H-4 shall be submitted for each such associated company or nonutility department showing the following:

- (1) The amount of the charges or credits during the test period;
- (2) The FERC account classification or classifications charged or credited;
- (3) Descriptions of the specific services performed for or by the associated company or nonutility department;
- (4) Complete particulars as to the bases used in determining the amounts of the charges or credits.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

This Schedule shows amounts charges by Black Hills Service Company to Black Hills Power for the twelve months ending September 30, 2013.



**BLACK HILLS POWER, INC.**  
**BLACK HILLS CORPORATION/BLACK HILLS SERVICE COMPANY - INTERCOMPANY CHARGES**  
**For the Test Year Ended September 30, 2013**

Line No.	FERC Acct.	Description	Per Books
1	920	Administrative and General Salaries	11,860,034
2			
3	921	Office Supplies and Expenses	2,199,768
4			
5	923	Outside Services	2,083,251
6			
7	924	Property Insurance	825,513
8			
9	925	Injuries and Damages	1,539,387
10			
11	926	Employee Pensions and Benefits	20,402
12			
13	930.2	Miscellaneous General Expense	697,959
14			
15	931	Rents	451,661
16			
17	935	Maintenance of General Plant	<u>739,298</u>
18			
19		Total	<u><u>20,417,273</u></u>
20			
21			
22			
23			
24			
25			
26			

Note 1: These expenses are a combination of direct and indirect charges to Black Hills Power from Black Hills Service Company without any additional fees. All costs are charged to Black Hills Power as the costs are incurred by the Service Company. The allocation methods for indirect charges are described in the Cost Allocation Manual.

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## Section H

**Schedule H-5 – Intercompany Transactions Adjustment.** This Schedule shows amounts charges by Black Hills Utility Holdings to Black Hills Power for the twelve months ending September 30, 2013, along with the pro forma adjustment. The total increase is shown as an adjustment in column (c), and is adjusted in Statement H, column (c).

**BLACK HILLS POWER, INC.** **Schedule H-5**  
**BLACK HILLS CORPORATION/BLACK HILLS UTILITY HOLDINGS - INTERCOMPANY CHARGES** **Page 1 of 1**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(a) Per Books	(b) Pro Forma Adjusted (Note 1)	(c) (b) - (a) Increase/ (Decrease)
1	556	System Control and Load Dispatch	65,558	22,823	(42,735)
2					
3	560	Transmission Supervision & Operations	519,947	648,863	128,916
4					
5	561	Load Dispatch	2,239,777	2,523,940	284,163
6					
7	581	Distribution Load Dispatch	784,063	1,128,787	344,724
8					
9	593	Dist Maintenance of Overhead Lines	52,976	74,775	21,799
10					
11	903	Customer Records and Collection Expenses	1,308,084	1,057,132	(250,952)
12					
13	920	Administrative Salaries	5,208,683	6,281,998	1,073,315
14					
15	921	Office Supplies and Expense	932,149	1,077,092	144,943
16					
17	923	Outside Services	270,757	694,868	424,111
18					
19	924	Property Insurance	1,632	60,406	58,774
20					
21	925	Injuries and Damages	151,833	121,947	(29,886)
22					
23	926	Pension and Benefits	(122,603)	39,567	162,170
24					
25	930.2	Miscellaneous General	136,599	163,526	26,927
26					
27	931	Rents	97,250	79,482	(17,768)
28					
29	935	Maintenance of General Plant	509,647	484,165	(25,482)
30					
31		Total	<u>12,156,352</u>	<u>14,459,371</u>	<u>2,303,019</u>
32					
33					

34 Note 1: These expenses are a combination of direct and indirect charges to Black Hills Power from Black Hills Utility Holding  
35 Company without any additional fees. All costs are charged to Black Hills Power as the costs are incurred by the Holding Company.  
36 The allocation methods for indirect charges are described in the Cost Allocation Manual.

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## Section H

**Schedule H-6 – Employee Pension and Benefits Adjustment.** This Schedule adjusts the per books benefit costs in column (a) to a pro forma benefit cost in column (b). The total increase is shown as an adjustment in column (c), and is adjusted in Statement H, column (d).

**BLACK HILLS POWER, INC.**  
**EMPLOYEE PENSION AND BENEFITS ADJUSTMENT**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	(a) Per Books for Test Period	(b) Pro Forma Adjusted	(c) (b) - (a) Total Company Adjustment
1		<b>Pension and Benefits Plan:</b>			
2	926	FAS 106 Retiree Healthcare	\$ 296,896	\$ 128,000	\$ (168,896)
3					
4	926	FAS 87 Pension Plan (Note 1)	2,844,759	2,336,305	(508,454)
5					
6	926	FAS 87 Pension Plan - PBGC Premium	24,499	133,000	108,501
7					
8	926	Pooled Medical	2,995,874	3,457,902	462,028
9					
10		<b>401K Plan:</b>			
11	926	Employer Contribution	1,652,991	2,094,131	441,140
12					
13		Total	<u>\$ 7,815,019</u>	<u>\$ 8,149,338</u>	<u>\$ 334,319</u>
14					
15	Note 1	Pro forma FAS 87 pension expense reflects the most recent 5 year average of actual costs.			

## Section H

**Schedule H-7 – Bad Debt Adjustment.** This Schedule represents the calculation to normalize bad debt expense using a three year historical period. Once calculated, the average rate is applied to the adjusted revenue amount to determine the expected bad debt expense. The decrease to bad debt expense is adjusted in Statement H, column (e).

**BLACK HILLS POWER, INC.**  
**BAD DEBT ADJUSTMENT**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	Amount
1	2011 Net Write Offs		\$ 439,580
2	2012 Net Write Offs		310,597
3	2013 Net Write Offs		333,183
4	Total 2011-2013 Net Write Offs		<u>1,083,360</u>
5			
6	Average Net Write Offs	Ln. 4 / 3 years	361,120
7			
8	Average Billed Revenue (2011-2013)		160,215,281
9			
10	Average Effective Uncollectible Rate (3 year average)	Ln. 6 / Ln. 8	0.2254%
11			
12	Adjusted Revenue	Note 1	186,312,275
13			
14	Net Write Off Calculated	Ln. 10 * Ln. 12	419,942
15			
16	BHP per books	Stmt. H Ln. 103(a)	<u>440,879</u>
17			
18	FERC Acct 904 Adjustment	Ln. 14 - Ln. 16	<u><u>\$ (20,937)</u></u>
19			
20	Note 1: Stmt I Pg 1 Ln 6(a) + Stmt I Pg 1 Ln 6(b) + Stmt I Pg 4 Ln 7(c) + Stmt M Ln 2(d)		

## Section H

**Schedule H-8 – Generation Dispatch and Scheduling Cost Detail.** This Schedule shows the calculation of generation dispatch and scheduling costs. Lines 2 – 10 show the total amount related to generation dispatch and scheduling for the pro forma test year. Total generation dispatch costs are then allocated based on a power plant capacity. The percent of capacity that is related to Black Hills Power is on line 61 and is multiplied by line 10 to determine the amount of expense for Black Hills Power. This amount is compared to the amount recorded during the test year, and the difference is shown on line 73, and is adjusted in Statement H, column (f).



**BLACK HILLS POWER, INC.**  
**Generation Dispatch and Scheduling Cost Detail**  
**For the Pro Forma Test Year Ended September 30, 2013**

**Schedule H-8**  
**Page 1 of 2**

Line No.	Description	Reference	Total Cost
1	Costs Related to Generation Dispatch and Scheduling	Note (1)	
2	Labor		\$ 1,708,529
3	Labor Overhead		1,415,039
4	Office and Facility Expenses		8,489
5	IT Costs		22,778
6	Outside Services		415,611
7	Promo and Advertising		3,000
8	Travel and Training		121,305
9	Subscriptions		5,963
10	Total Costs Related to Generation Dispatch and Scheduling		<u>3,700,714</u>
11			
12	Power Plant Capacity - Black Hills Power (MW)		
13	Ben French	Note (3)	-
14	Ben French Diesels		10.00
15	Ben French CT's		100.00
16	Lange CT		40.00
17	Neil Simpson I	Note (3)	-
18	Neil Simpson II		91.00
19	Neil Simpson CT		40.00
20	Osage	Note (3)	-
21	Colstrip Long-Term Purchase		50.00
22	Happy Jack Long - Term Purchase		15.00
23	Silver Sage Long-Term Purchase		20.00
24	Wygen III 52%		57.20
25	Wyodak 20%		72.40
26	CPGS Combined Cycle		55.00
27	Total Power Plant Capacity - Black Hills Power (MW)		<u>550.60</u>
28			
29	Power Plant Capacity - Cheyenne Light (MW)		
30	Wygen II		95.00
31	Wygen I (Purchase Power Agreement)		60.00
32	CT II (Purchase Power Agreement)	Note (4)	-
33	Happy Jack Long-Term Purchase		15.00
34	Silver Sage Long-Term Purchase		10.00
35	CPGS Combined Cycle		40.00
36	CPGS Simple Cycle		37.00
37	Total Power Plant Capacity - Cheyenne Light (MW)		<u>257.00</u>
38			
39	Power Plant Capacity - Black Hills/Colorado Electric Utility		
40	WN Clark #1 & #2	Note (3)	-
41	Pueblo Diesels		10.00
42	Pueblo NG #5		9.30
43	Pueblo NG #6		18.80
44	Rocky Ford Diesels		10.00
45	Airport Diesels		10.00
46	Pueblo Airport Generation Station		380.00
47	Other Long- Term Purchase		5.00
48	BRW Phase I		14.50
49	BRW Phase I - AltaGas		14.50

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**BLACK HILLS POWER, INC.**  
**Generation Dispatch and Scheduling Cost Detail**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	Total Cost
50			-
51	Total Power Plant Capacity - Black Hills/Colorado Electric Utility (MW)		472.10
52			
53	Power Plant Capacity - MDU, City of Gillette, and Other		
54	Wygen III 48%		52.80
55	Wygen I		5.00
56	CTII - COG	Note (4)	40.00
57	Total Power Plant Capacity - MDU, City of Gillette, and Other (MW)		97.80
58			
59	Total Capacity to be Managed	Note (2)	1,377.50
60			
61	Black Hills Power Percent of Capacity		39.97%
62			
63	Cheyenne Light Percent of Capacity		18.66%
64			
65	Black Hills/Colorado Electric Utility		34.27%
66			
67	MDU, City of Gillette, and Other Percent of Capacity		7.10%
68			
69	Amount to be Charged to Black Hills Power		\$ 1,479,211
70			
71	Amount per Book - Black Hills Power		1,371,247
72			
73	Adjustment - Black Hills Power		<b>\$ 107,964</b>
74			
75	Note (1) Total generation dispatch and scheduling costs are the pro forma costs for the Black Hills Power		
76	Generation Dispatch and Scheduling department.		
77	Note (2) Costs from Black Hills Power Generation Dispatch and Scheduling are allocated based on the		
78	generation asset's load ratio.		
79	Note (3) Ben French, Neil Simpson I, Osage, and WN Clark 1 & 2 will be retired before CPGS goes into		
80	service. Therefore, the plant capacity is not included in the allocation.		
81	Note (4) The CTII PPA will expire August 2014, and the City of Gillette has entered into an agreement to		
82	purchase CT II from Black Hills Corporation.		

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section H**

**Schedule H-9 – Energy Cost Adjustment Expense Elimination.** This Schedule removes all the costs that are collected through the Energy Cost Adjustment from the test year. This decrease is adjusted in Statement H, column (g).

**BLACK HILLS POWER, INC.**  
**ENERGY COST ADJUSTMENT EXPENSE ELIMINATION**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule H-9  
Page 1 of 1

Line No.	Description	Reference	Amount
1	<b>Account 555- Purchase Power- Energy</b>		
2			
3	Per Books September 30, 2013	Stmt. H pg.1 Ln. 45(a)	\$ 38,497,099
4			
5	Power Marketing Purchase Power Expense	Sched. H-12 Ln. 6	(25,231,082)
6			
7	Purchase Power - Adjustment	Ln. 3 + Ln. 5	<u>13,266,017</u>
8			
9			
10	<hr/>		
11	<b>Account 547- Other Fuel</b>		
12			
13	Per Books September 30, 2013	Stmt. H pg.1 Ln. 27(a)	\$ 2,623,531
14			
15	Power Marketing Other Fuel Expense	Sched. H-12 Ln. 4	(863,979)
16			
17	Other Fuel - Adjustment	Ln. 13 + Ln. 15	<u>1,759,552</u>
18			
19			
20	<hr/>		
21	<b>Account 501- Steam Power Fuel</b>		
22			
23	Per Books September 30, 2013	Stmt. H pg.1 Lns. 3-7(a)	\$ 20,361,129
24			
25	Neil Simpson I, Osage, Ben French Coal Expense	Sched. H-18 Lns. 3-7	(2,161,128)
26	Power Marketing Coal Expense	Sched. H-12 Ln. 2	(717,714)
27			
28	Steam Power Fuel - Adjustment	Ln. 23 + Ln. 25 + Ln. 26	<u>17,482,287</u>
29			
30			
31	<hr/>		
32	<b>Account 565- Transmission</b>		
33			
34	Per Books September 30, 2013	Stmt. H pg.1 Lns. 3-7(a)	\$ 18,741,890
35			
36	Power Marketing Transmission Expense	Sched. H-12 Ln. 2	(1,009,322)
37			
38	Steam Power Fuel - Adjustment	Ln. 34 + Ln. 36	<u>17,732,568</u>
39			
40			
41	<hr/>		
42	<b>Reagent Costs</b>		
43			
44	Per Books:		
45	Lime Purchases/Freight		\$ 782,068
46	Chemical Purchases/Ammonia		209,878
47	Mercury Sorbent		20,000
48			
49	Reagent Costs - Adjustment	Ln. 45 + Ln. 46 + Ln. 47	<u>1,011,946</u>

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Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## Section H

**Schedule H-10 – Neil Simpson Complex Shared Facilities Adjustment.** This Schedule compares Black Hills Power’s per books expenses for the Neil Simpson Complex Shared Facilities to the pro forma expenses based on pooled expensed net capacity allocators. The difference is shown on line 23 and adjusted in Statement H, column (h).

**BLACK HILLS POWER, INC.**  
**Neil Simpson Complex Shared Facilities Adjustment**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule H-10  
Page 1 of 1

Line No.	Description	Reference	Amounts
1	<b>Black Hills Power's Share of Allocated Costs:</b>		
2			
3	Per Books - Shared Facilities Costs (FERC Account 507 - Production Rent)		\$ 1,463,778
4			
5	2013 Budget:		
6	Pool 1 - Shared by all plants	Line 29 x Line 42	718,969
7	Pool 2 - Neil Simpson II and Wygen I	Line 30 x Line 43	310,945
8	Pool 3 - Wygen II and III	Line 31 x Line 44	792,194
9	Pool 4 - Wygen I, II and III and Neil Simpson II	Line 32 x Line 45	240,249
10	Pool 5 - Combustion Turbine I and II, and Wygen I, II and III	Line 33 x Line 46	17,517
11	Pool 6 - Combustion Turbine I and II	Line 34 x Line 47	16,896
12	Pool 7 - Wygen I, II, and III	Line 35 x Line 48	22,121
13	Total		<u>\$ 2,118,891</u>
14			
15	Shared Facilities O&M Expense Adjustment (Statement H Line 8 (k))	Line 13 - Line 3	<u>\$ 655,113</u>
16			
17	<b>Black Hills Power's Share of Allocated Revenues:</b>		
18			
19	Per Books - Shared Facilities Revenue (FERC Account 454 - Rent from Electric Property)		\$ 1,920,304
20			
21	Budget	Line 60	2,895,848
22			
23	Shared Facilities Revenue Adjustment (Statement I Page 1 Line 14 (b))	Line 21 - Line 19	<u>\$ 975,544</u>

**Gillette Energy Complex Shared Facilities - Budget Detail**

Gillette Energy Complex Facility Pool Descriptions:	Costs
Pool 1 - All plants shared facilities and water systems	\$ 1,393,003
Pool 2 - Neil Simpson II and Wygen I	621,890
Pool 3 - Wygen II and III	1,476,362
Pool 4 - Wygen I, II and III and Neil Simpson II	462,479
Pool 5 - Combustion Turbine I and II, and Wygen I, II and III	43,792
Pool 6 - Combustion Turbine I and II	33,792
Pool 7 - Wygen I, II, & III	59,325
Total Costs	<u>\$ 4,090,643</u>

	(a)	(b)	(c)
			(a) x (b) = (c)
	Pool	BHP	BHP's
Gillette Energy Complex Facility - Cost Allocators (Note 1):	Net Capacity	Net Capacity	Allocator
Pool 1 - Shared by all plants (Note 1)	465	240	51.61%
Pool 2 - Neil Simpson II and Wygen I	180	90	50.00%
Pool 3 - Shared by Wygen II and III Plants	205	110	53.66%
Pool 4 - Shared by Wygen and Neil Simpson Plants (Note 1)	385	200	51.95%
Pool 5 - Combustion Turbine and Wygen Plants	375	150	40.00%
Pool 6 - Combustion Turbine I and II	80	40	50.00%
Pool 7 - Wygen I, II, & III	295	110	37.29%

Gillette Energy Complex Shared Facilities - Annual Revenue Requirement:	Reference	BHP
Facilities		12,161,636
Fuel Handling		4,857,388
Water Systems		4,048,296
Chemical Systems		1,492,296
Air Systems		<u>819,069</u>
		<u>23,378,685</u>
Rate of Return	Note 2	1,982,512
Depreciation		913,336
Calculated Revenue Requirement on Shared Assets	Line 58 + Line 59	<u>2,895,848</u>

Note 1: Neil Simpson 1 will be retired March 21, 2014. Therefore, the plant capacity is not included in the allocation.

Note 2: Line 56 \* ROR established in Shared Facilities Agreement.

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Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## Section H

**Schedule H-11 – Removal of Unallowed Advertising Expense.** This Schedule summarizes the advertising costs by FERC account that have been removed from the test year. The total decrease is shown as an adjustment on Line 14, and is adjusted in Statement H, column (i).

**BLACK HILLS POWER, INC.**  
**REMOVAL OF UNALLOWED ADVERTISING EXPENSE**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	Reference	Amount
1		<b>Elimination of Advertising Expense</b>		
2				
3	901	Supervision		963
4	903	Customer Records and Collection Expenses		274
5	908	Customer Assistance		10,097
6	909	Advertisement		3,577
7	910	Miscellaneous		9,514
8	912	Demonstrating and Selling Expenses		314
9	913	Advertising Expenses		46
10	921	Office Supplies & Expense		20,593
11	923	Outside Services		591
12	930.1	General Advertising		215,449
13	930.2	Miscellaneous General		1,099
14		Total Advertising Expense to be Eliminated	Sum (Ln.3:Ln.13)	<u>\$ 262,517</u>



Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## Section H

**Schedule H-12 – Power Marketing Expense Adjustment.** This schedule adjusts expenses related to Power Marketing. The total decrease is shown as an adjustment on Line 12, and is adjusted in Statement H, column (j).

**BLACK HILLS POWER, INC.**  
**POWER MARKETING EXPENSE ADJUSTMENT**  
**For the Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	<b>Power Marketing Operating Expense</b>		
2	Coal Expense		\$ 717,714
3			
4	Other Fuel Expense		863,979
5			
6	Purchased Power Expense		25,231,082
7			
8	Transmission Expense		1,009,322
9			
10	Labor - Bonus		<u>213,765</u>
11			
12	<b>Total Power Marketing Operating Expenses</b>	Sum (Ln.2:Ln.10)	<u><u>\$ 28,035,862</u></u>

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## Section H

**Schedule H-13 – Outside Consulting Related to Rate Case.** This Schedule is a listing of expected rate case expenditures. One-third of the total amount, plus the annual amortization established in Docket EL12-061, is going to an expense, as an adjustment on Statement H, column (k) and the remaining unamortized amount is taken to line 10 on Statement D page 2, column (b) and included as rate base.

**BLACK HILLS POWER, INC.**  
**OUTSIDE CONSULTING RELATED TO RATE CASE**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	<b>Estimated Current Rate Case Expense</b>		
2	Depreciation Consultant		\$ 50,000
3	Capital Structure\Rate of Return Consultant		50,000
4	Class Cost of Service Consultant		20,000
5	Other Consulting		30,000
6	Legal		250,000
7	Supplies and Other		15,000
8	SD Filing Fee		250,000
9	Total Rate Case Expense	Sum (Ln.1:Ln.8)	<u>665,000</u>
10			
11	<b>Docket EL12-061 Total Rate Case Expense</b>		
12	Consulting		\$ 30,482
13	Legal		188,122
14	Supplies and Other		333
15	South Dakota PUC Filing Fee		122,821
16	Total Rate Case Costs	Sum (Ln.12:Ln.15)	<u>341,758</u>
17	Rate Case Costs Currently Recovered in Rates	PJS-1, Sch 2, Ln. 5	<u>188,643</u>
18	Residual EL12-061 Rate Case Costs	Ln. 16 - Ln. 17	<u>153,115</u>
19			
20	<b>Docket EL12-062 Total Phase-In Case Expense</b>		
21	Consulting		\$ 27,385
22	Legal		87,616
23	Supplies and Other		333
24	South Dakota PUC Filing Fee		68,430
25	Total Phase-In Case Costs	Sum (Ln.21:Ln.24)	<u>183,764</u>
26	Phase-In Case Costs Currently Recovered in Rates	PJS-1, Sch 2, Ln. 10	<u>73,170</u>
27	Residual EL12-062 Rate Case Costs	Ln. 25 - Ln. 26	<u>110,594</u>
28			
29	Total Current and Residual Rate Case Costs	Ln. 9 + Ln. 18 + Ln. 27	928,709
30	Amortization Period (years)		<u>3</u>
31	Annual Rate Case Expense Amortization	Ln. 29 / Ln. 30	<u>309,570</u>
32			
33	Regulatory Asset Associated with Current Case	Ln. 29 - Ln. 31	<u>619,139</u>
34			
35	<b>Rate Case Expense Adjustment</b>		
36	Annual Amortization Established in EL12-061	PJS-1, Sch 2, Ln. 13	87,271
37	Proposed Annual Amortization in Current Case	Ln. 31	<u>309,570</u>
38	Total Annual Rate Case Expense	Ln. 36 + Ln. 37	396,841
39	Test Year Rate Case Expense		<u>78,780</u>
40	Adjustment to Test Year	Ln. 38 - Ln. 39	<u>318,061</u>
41			
42	<b>Rate Base Adjustment for Unamortized Rate Case Expense</b>		
43	EL12-061 Rate Base Adjustment	PJS-1, Sch 2, Ln. 16	130,907
44	Regulatory Asset Associated with Current Case	Ln. 33	<u>619,139</u>
45	Adjustment to Test Year	Ln. 43 + Ln. 44	<u>750,046</u>

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section H**

**Schedule H-14 – Vegetation Management Adjustment.** This Schedule adjusts the test year costs related to vegetation management to the amount approved in the Stipulation in Docket EL12-061. The decrease is adjusted in Statement H, column (1).

**BLACK HILLS POWER, INC.**  
**VEGETATION MANAGEMENT ADJUSTMENT**  
**For the Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	<b>Distribution Maintenance: Overhead Lines</b>		
2	Stipulated South Dakota Vegetation Management Expense	Note 1	\$ 1,741,509
3	SD Jurisdictional Allocation	Stmt N	<u>94.898%</u>
4	Stipulated Total Company Vegetation Management Expense	Ln. 2 / Ln. 3	<u>1,835,138</u>
5	Test Year Total Company Vegetation Management Expense		<u>2,236,558</u>
6	Adjustment		<u><u>(401,420)</u></u>
7			
8	Note (1) See settlement stipulation in Docket EL12-061, page 6, item 4.(2).		

**Section H**

**Schedule H-15 – CPGS Operations and Maintenance Adjustment.** This Schedule provides a listing by FERC account of projected expenses to operate and maintain CPGS during a normal year. The total expense is shown on line 14 and is adjusted in Statement H, column (m).

**BLACK HILLS POWER, INC.**  
**CPGS Operations and Maintenance Adjustment**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Account No.	Description	Combined Cycle Unit
1		<b>Other Production Operation</b>	
2	546	Supervision & Engineering	\$ 94,391
3	548	Generation Expense	84,368
4	549	Miscellaneous	1,010,918
5		<b>Total Other Production Operation</b>	<u>\$ 1,189,677</u>
6			
7		<b>Other Production Maintenance</b>	
8	551	Supervision & Engineering	\$ 6,490
9	552	Structures	89,492
10	553	Electric Plant	1,010,662
11	554	Miscellaneous Plant	485,148
12		<b>Total Other Production Maintenance</b>	<u>\$ 1,591,792</u>
13			
14		<b>Total Production Expense</b>	<u>\$ 2,781,469</u>



Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section H**

**Schedule H-16 – Ben French - Severance Expense Adjustment.** This Schedule provides for the removal of severance payments for Ben French plant employees in the test year. The adjustment is on Statement H, column (n).

**BLACK HILLS POWER, INC.**  
**BEN FRENCH - SEVERANCE EXPENSE ADJUSTMENT**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	Reference	Amount
1		<b>Severance Expense</b>		
2	920	Administrative & General - Administrative Salaries		\$ 180,861
3				
4		<b>Total Severance Expense to be Eliminated</b>	Ln. 2 + Ln. 3	<b><u>\$ 180,861</u></b>

## Section H

**Schedule H-17 – Neil Simpson Complex – Common Steam Allocation.** This Schedule shows the calculation of costs related to Neil Simpson Complex Common Steam Facilities. Lines 1 – 9 show the total amount for the pro forma test year. Total costs are then allocated based on power plant capacity. The percent of capacity that is related to Black Hills Power is on line 27 and is multiplied by line 9 to determine the amount of expense for Black Hills Power. This amount is compared to the amount recorded during the test year, and the difference is shown on line 33, and is adjusted in Statement H, column (o).

**BLACK HILLS POWER, INC.**  
**Neil Simpson Complex - Common Steam Allocation**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule H-17  
Page 1 of 1

Line No.	Description	Reference	Total Cost
1	Costs Related to Neil Simpson Complex Common Steam Facilities		
2	Labor and Benefits		\$ 2,586,086
3	Materials		648,144
4	Outside Services		1,041,642
5	Travel		146,269
6	Common Utilities		225,000
7	Office Expenses		77,509
8	Other		38,764
9	Total Costs Related to Neil Simpson Complex Common Steam Facilities		<u>\$ 4,763,414</u>
10			
11	Gillette Complex Steam Power Plant Capacity - Black Hills Power (MW)		
12	Neil Simpson II		91.00
13	Wygen III 52%		57.20
14	Total Steam Power Plant Capacity - Black Hills Power (MW)		<u>148.20</u>
15			
16	Gillette Complex Steam Power Plant Capacity - Cheyenne Light (MW)		
17	Wygen II		95.00
18	Total Power Plant Capacity - Cheyenne Light (MW)		<u>95.00</u>
19			
20	Gillette Complex Steam Power Plant Capacity - MDU, City of Gillette, and Other		
21	Wygen III 48%		52.80
22	Wygen I		85.00
23	Total Power Plant Capacity - MDU, City of Gillette, and Other (MW)		<u>137.80</u>
24			
25	Total Capacity to be Managed (Note 1)	Ln 14 + 18 + 23	381.00
26			
27	Black Hills Power Percent of Capacity	Ln 14 / Ln 25	38.90%
28	Cheyenne Light Percent of Capacity	Ln 18 / Ln 25	24.93%
29	MDU, City of Gillette, and Other Percent of Capacity	Ln 23 / Ln 25	36.17%
30			
31	Amount to be Charged to Black Hills Power	Ln 9 * Ln 27	\$ 1,852,968
32	Amount per Book - Black Hills Power		1,528,006
33	Adjustment - Black Hills Power	Ln 31 - Ln 32	<u>\$ 324,962</u>
34			
35	Note (1) Costs from the Neil Simpson Complex - Steam Common Facilities are allocated based on capacity.		
36			

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section H**

### **Schedule H-18 – Ben French, Osage, and Neil Simpson I O&M Elimination**

**Adjustment.** This Schedule provides for the removal of operating and maintenance expenses related to discontinuance of operations at the Ben French, Osage, and Neil Simpson I power plants. The adjustment is on Statement H, column (p).

**BLACK HILLS POWER, INC.**  
**Ben French, Osage, and Neil Simpson I O&M Elimination Adjustment**  
**For the Pro Forma Test Year Ended September 30, 2013**

Schedule H-18  
Page 1 of 1

Line No.	FERC Account	Description	Ben French	Osage	Note (2) Neil Simpson I	Total
1		<b>Steam Production Operation</b>				
2	500	Supervision & Engineering	\$ 1,949	\$ 180	\$ 85,849	\$ 87,978
3	501	Fuel Handling / Other	2,970	-	30,277	33,247
4	501.1	Steam Power Fuel - Oil	121	-	258,797	258,918
5	501.2	Steam Power Fuel - Gas	328	-	-	328
6	501.3	Steam Power Fuel - Coal	(15,119)	21,806	1,861,948	1,868,635
7	501.4	Steam Power Fuel - Transportation	-	-	-	-
8	502	Steam Expense	6,298	150	180,319	186,767
9	505	Electric Expense	10,900	150	130,929	141,979
10	506	Miscellaneous	6,793	2,285	101,101	110,179
11	507	Rent (Note 1)	-	-	1,942	1,942
12		<b>Total Steam Production Operation</b>	<u>\$ 14,240</u>	<u>\$ 24,571</u>	<u>\$ 2,651,162</u>	<u>\$ 2,689,973</u>
13						
14		<b>Steam Production Maintenance</b>				
15	510	Supervision & Engineering	\$ 32,847	\$ 27,729	\$ 202,712	\$ 263,288
16	511	Structures	9,795	201	51,631	61,627
17	512	Boilers	1,256	635	531,057	532,948
18	513	Electric Plant	27,330	1,858	152,899	182,087
19	514	Miscellaneous Plant	13,247	596	9,420	23,263
20		<b>Total Steam Production Maintenance</b>	<u>\$ 84,475</u>	<u>\$ 31,019</u>	<u>\$ 947,719</u>	<u>\$ 1,063,213</u>
21						
22		<b>Total Steam Production Expense</b>	<u>\$ 98,715</u>	<u>\$ 55,590</u>	<u>\$ 3,598,881</u>	<u>\$ 3,753,186</u>

24 Note (1) BHP shared facility cost allocation adjustment on Schedule H-10 removes Neil Simpson from capacity.

25 Note (2) Neil Simpson I labor costs are removed in Schedule H-1.

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section H**

**Schedule H-19 – FutureTrack Workforce Development Program.** This Schedule reflects the annual expenses by FERC account associated with the FutureTrack Workforce Development Program. The adjustment is on Statement H, column (q).

**BLACK HILLS POWER, INC.**  
**FUTURETRACK WORKFORCE DEVELOPMENT PROGRAM**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	FERC Acct. #	Description	Reference	Amount
1		<b>Salaries and Benefit Expenses</b>		
2	502	Steam Plant Operation		\$ 61,140
3				
4	512	Steam Plant Boilers Maintenance		82,471
5				
6	580	Distribution Supervision		77,834
7				
8	593	Distribution Overhead Line Maintenance		345,337
9				
10	908	Customer Assistance		99,223
11				
12	920	Administration		55,856
13				
14		<b>Annual Strategic Workforce Planning Expense</b>	Sum(Ln. 2:Ln. 12)	<b><u>\$ 721,861</u></b>
15				

Note: The annual FutureTrack Workforce Development Program expense equals one-eighth of the total cost needed over the next eight years to cover the significant loss of employees related to the baby boomer generation retiring from the company.



## **Section H**

**Schedule H-20 – 69 kV LIDAR Surveying Project.** This Schedule adjusts for Black Hills Power’s LIDAR surveying project on its 69 kV transmission system. The amortized amount on line 6 is adjusted on Statement H, column (r) and the unamortized amount on line 11 is included in Other Rate Base Reductions in Statement M, column (b).

**BLACK HILLS POWER, INC.**  
**69 kV LIDAR Surveying Project**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	<b>69 KV LIDAR Surveying Expense</b>		
2	Total Project Cost		\$ 798,000
3	69 kV Joint Ownership Contribution		113,400
4	Total BHP Cost	Ln. 2 - Ln. 3	684,600
5	LIDAR Annualization Period		5
6	Annual LIDAR Expense	Ln. 4 / Ln. 5	136,920
7			
8	<b>Unamortized LIDAR Expense</b>		
9	Total BHP Project Cost	Ln 4	\$ 684,600
10	Annual LIDAR Expense	Ln 6	136,920
11	Unamortized LIDAR Expense	Ln 9 - Ln 10	547,680

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

## **Section H**

**Schedule H-21 – Customer Service Model Adjustment.** This Schedule reflects the cost reductions as a result of Black Hills Power’s customer service model changes. The total decrease is adjusted in Statement H, column (s).

**BLACK HILLS POWER, INC.**  
**CUSTOMER SERVICE MODEL ADJUSTMENT**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	<b>Facility Expense Elimination</b>		
2	Belle Fourche Office:		
3	Office Rent		\$ 9,000
4	Janitorial Service		2,955
5	Postage		1,460
6	Rug Cleaning Service		1,334
7	Utilities		891
8	Snow Removal		514
9	Total Belle Fourche Facility Expense	Sum(Ln. 3: Ln. 8)	<u>16,154</u>
10			
11	Newell Office:		
12	Rug Cleaning Service		\$ 1,866
13	Utilities		793
14	Lawn Care/Snow Removal		261
15	PO Box Lease		80
16	Total Newell Facility Expense	Sum(Ln. 12:Ln. 15)	<u>3,000</u>
17			
18	Total Facility Cost	Ln. 9 + Ln. 16	<u><u>19,154</u></u>
19			
20	<b>Employee Expense Elimination</b>		
21	Customer Service Representative - Newell		\$ 39,122
22	Customer Service Representative - Custer		38,658
23	Customer Service Representative - Spearfish		38,658
24	Total Salary Costs	Sum(Ln. 21:Ln. 23)	<u>116,438</u>
25	Benefit Loading Percentage		69%
26	Total Benefit Costs	Ln. 24 * Ln. 25	<u>80,342</u>
27			
28	Total Employee Expense Cost	Ln. 24 + Ln. 26	<u><u>196,780</u></u>
29			
30	Total Customer Service Model Adjustment		<u><u>215,934</u></u>

## Section I

**20:10:13:85. Statement I -- Operating Revenues.** Statement I shall show the operating revenues from sales of electricity, gas and other sources classified in accordance with the commission's orders and with the operating revenue accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, and the related kilowatt hours or MCF or BTU. Sales and services shall be distinguished between classes of service and other business of the utility. Items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service, shall disclose the following, using supporting schedules as necessary:

(1) Actual and proposed revenues by months for the 12-month test period and as adjusted for changes which are known and measurable and which are expected to be realized within 12 months from the end of the test period from jurisdictional sales as computed under the present effective and proposed rates;

(2) Each class of consumer shall be shown separately. The related kilowatt hours or MCF or BTU shall be shown for each revenue item as appropriate;

(3) Adjustments to actual period sales volumes shall be fully and clearly explained;

(4) Credits to cost of service shall set forth the principal components comprising each of the various items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service. The amounts per books, claimed adjustments, and as adjusted figures shall be clearly set forth.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Stmt I page 2 – South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the pro forma revenue for South Dakota and calculates the net adjustment.

**Stmt I page 3 - South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the bill frequency revenue for South Dakota customers and calculates the variance.

**Stmt I page 4 – Removal of Energy Cost Revenue.** This schedule calculates the removal of energy cost revenue for retail customers.

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

**Schedule I-1** – This schedule lists the present and proposed revenues and rates by rate class.

**Schedule I-2** – This schedule adjusts for the PIPR Rider Revenue.

**BLACK HILLS POWER, INC.**  
**OPERATING REVENUE**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Operating Revenue	Reference	(a) Per Books	(b) Pro Forma Adjustments	(c) (a) + (b) Adjusted Total
1	Sales of Electricity				
2	Retail				
3	South Dakota		\$ 146,724,130	\$ (22,554,777) (6)	\$ 124,169,353
4	Wyoming		13,264,644	(4,975,809) (7)	8,288,835
5	Montana		2,987,664	(573,837) (7)	2,413,827
6	Total Retail		<u>162,976,438</u>	<u>(28,104,423)</u>	<u>134,872,015</u>
7					
8	Resale				
9	Other Non-Firm		30,795,661	(30,795,661) (1)	-
10	Contract Sales		21,472,488	-	21,472,488
11	City of Gillette		455,312	(455,312) (2)	-
12	Total Sales for Resale		<u>52,723,461</u>	<u>(31,250,973)</u>	<u>21,472,488</u>
13					
14	Total Sales of Electricity	Ln.6 + Ln.12	215,699,899	(59,355,396)	156,344,503
15					
16	Other Operating Revenue				
17	Unbilled Revenue		1,882,932	(1,882,932) (3)	-
18	Energy Cost Adjustment Revenue		5,471,871	(5,471,871) (4)	-
19	Demand Side Management Revenue		(968,002)		(968,002)
20	Forfeited Discounts		267,907		267,907
21	Miscellaneous Service Revenues		462,921		462,921
22	Provision for Rate Refunds		(1,740,730)	1,740,730 (3)	-
23	Rent from Electric Property & Other		5,503,881	975,544 (5)	6,479,425
24	Transmission Revenue		22,357,056		22,357,056
25	Total Other Operating Revenue		<u>33,237,836</u>	<u>(4,638,529)</u>	<u>28,599,307</u>
26					
27	Total Operating Revenue	Ln.14 + Ln.25	<u>\$ 248,937,735</u>	<u>\$ (63,993,925)</u>	<u>\$ 184,943,810</u>

Note 1: Remove revenue received from Power Marketing.

Note 2: Remove City of Gillette as the energy is related to replacement energy; associated costs are included in Power Marketing adjustment at Schedule H-12.

Note 3: Unbilled revenue and the provision for rate refunds reflect accounting accruals that need to be removed from pro forma revenues.

Note 4: ECA revenue accrual is removed because ECA costs are removed from base rates.

Note 5: Neil Simpson Complex shared facilities agreement revenue adjustment is reflected on Schedule H-10.

Note 6: Adjustment reflects the cumulative effect of 5 revenue adjustments to South Dakota retail revenues: (1) Schedule I-2 for PIPR rate annualization + (2) Statement I Pg 4 for removal of base FPPA/TCA revenues + (3) Revenue Adj. for weather normalization + (4) Revenue Adj. for ICS Accrual + (5) Revenue Adj. for Docket EL12-061 rate increase annualization

Note 7: Adjustment to remove the base FPPA/TCA revenues as supported on Statement I Pg 4.

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA REVENUE BY CUSTOMER CLASSIFICATION**  
**For the Pro Forma Test Year Ended September 30, 2013**

Statement I  
Page 2 of 4

Line No.	Customer Classification	REVENUE PER BOOKS		PRO FORMA REVENUE			
		Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$	Difference Between Per Books and Pro Forma	
				Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$
1	Residential						
2	Regular	336,199,804	\$ 40,888,347	328,835,952	\$ 35,492,218	(7,363,852)	\$ (5,396,129)
3	Total Electric	88,923,685	\$ 8,668,727	88,923,685	\$ 7,432,190	-	\$ (1,236,537)
4	Utility Controlled	131,002	\$ 7,866	131,002	\$ 5,761	-	\$ (2,105)
5	Demand	90,666,049	\$ 7,515,049	90,666,049	\$ 6,079,820	-	\$ (1,435,229)
6	Total Residential	515,920,540	57,079,989	508,556,688	49,009,989	(7,363,852)	(8,070,000)
7							
8	General Service						
9	Regular	356,168,400	\$ 42,460,856	356,168,400	\$ 38,157,039	-	\$ (4,303,817)
10	Total Electric	38,153,493	\$ 3,906,118	38,153,493	\$ 3,448,305	-	\$ (457,813)
11	Other	7,387,614	\$ 491,568	7,387,614	\$ 392,040	-	\$ (99,528)
12	Water Pumping/Irrigation	24,260,481	\$ 1,992,379	24,260,481	\$ 1,630,870	-	\$ (361,509)
13	Total Small General Service	425,969,988	48,850,921	425,969,988	43,628,253	-	(5,222,668)
14							
15	General Service - Large						
16	Secondary	298,948,853	\$ 25,095,926	298,948,853	\$ 20,209,575	-	\$ (4,886,351)
17	Primary	27,602,042	\$ 1,852,720	27,602,042	\$ 1,545,607	-	\$ (307,113)
18	69 kV	20,550,893	\$ 1,364,475	20,550,893	\$ 1,013,376	-	\$ (351,099)
19	Total General Service - Large Service	347,101,788	28,313,121	347,101,788	22,768,558	-	(5,544,563)
20							
21	Forest Products/Industrial						
22	Secondary	11,027,103	\$ 853,220	11,054,048	\$ 647,939	26,945	\$ (205,281)
23	Forest Products - Primary	74,110,875	\$ 4,700,905	74,131,937	\$ 3,259,090	21,062	\$ (1,441,815)
24	69 kV	95,458,904	\$ 5,039,459	96,403,799	\$ 3,147,800	944,895	\$ (1,891,659)
25	Total Forest Products/Industrial	180,596,882	10,593,584	181,589,784	7,054,829	992,902	(3,538,755)
26							
27	Lighting Service						
28	Private Area Lighting	3,937,907	\$ 568,738	3,937,907	\$ 522,250	-	\$ (46,488)
29	Street Lighting - Leased	3,577,040	\$ 754,539	3,577,040	\$ 713,215	-	\$ (41,324)
30	Street Lighting - Customer Owned	5,987,037	\$ 430,149	5,987,037	\$ 346,208	-	\$ (83,941)
31	Traffic Signals	706,762	\$ 74,146	706,762	\$ 62,048	-	\$ (12,098)
32	Total Lighting Service	14,208,746	1,827,572	14,208,746	1,643,721	-	(183,851)
33							
34	Rentals/Other	-	\$ 58,943	-	\$ 58,943	-	\$ -
35							
36	Total South Dakota Retail	1,483,797,944	\$ 146,724,130	1,477,426,994	\$ 124,164,293	(6,370,950)	\$ (22,559,837)



**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA REVENUE BY CUSTOMER CLASSIFICATION**  
**For the Test Year Ended September 30, 2013**

Line No.	Customer Classification	REVENUE PER BOOKS		BILL FREQUENCY REVENUE			
		Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$	Difference Between Per Books and Bill Frequency	
						Energy Sales - kWh	Billing Revenue - \$
1	Residential						
2	Regular	336,199,804	\$ 40,888,347	336,199,804	\$ 40,888,296	-	\$ (51)
3	Total Electric	88,923,685	\$ 8,668,727	88,923,685	\$ 8,668,727	-	\$ -
	Utility Controlled	131,002	\$ 7,866	131,002	\$ 7,866	-	\$ -
4	Demand	90,666,049	\$ 7,515,049	90,666,049	\$ 7,515,049	-	\$ -
5	Total Residential	515,920,540	57,079,989	515,920,540	57,079,938	-	(51)
6							
7	General Service						
8	Regular	356,168,400	\$ 42,460,856	356,168,400	\$ 42,460,856	-	\$ -
9	Total Electric	38,153,493	\$ 3,906,118	38,153,493	\$ 3,906,118	-	\$ -
10	Other	7,387,614	\$ 491,568	7,387,614	\$ 491,568	-	\$ -
11	Water Pumping/Irrigation	24,260,481	\$ 1,992,379	24,260,481	\$ 1,992,379	-	\$ -
12	Total Small General Service	425,969,988	48,850,921	425,969,988	48,850,921	-	-
13							
14	General Service - Large						
15	Secondary	298,948,853	\$ 25,095,926	298,948,853	\$ 25,093,059	-	\$ (2,867)
16	Primary	27,602,042	\$ 1,852,720	27,602,042	\$ 1,852,720	-	\$ -
17	69 kV	20,550,893	\$ 1,364,475	20,550,893	\$ 1,364,475	-	\$ -
18	Total General Service - Large Service	347,101,788	28,313,121	347,101,788	28,310,254	-	(2,867)
19							
20	Forest Products/Industrial						
21	Secondary	11,027,103	\$ 853,220	11,027,103	\$ 853,220	-	\$ -
22	Forest Products - Primary	74,110,875	\$ 4,700,905	74,110,875	\$ 4,700,905	-	\$ -
23	69 kV	95,458,904	\$ 5,039,459	95,458,904	\$ 5,039,459	-	\$ -
24	Total Forest Products/Industrial	180,596,882	10,593,584	180,596,882	10,593,584	-	-
25							
26	Lighting Service						
27	Private Area Lighting	3,937,907	\$ 568,738	3,937,907	\$ 568,738	-	\$ -
28	Street Lighting - Leased	3,577,040	\$ 754,539	3,577,040	\$ 754,539	-	\$ -
29	Street Lighting - Customer Owned	5,987,037	\$ 430,149	5,987,037	\$ 430,149	-	\$ -
30	Traffic Signals	706,762	\$ 74,146	706,762	\$ 74,146	-	\$ -
31	Total Lighting Service	14,208,746	1,827,572	14,208,746	1,827,572	-	-
32							
33	Rentals/Other	-	\$ 58,943	-	\$ 58,943	-	\$ -
34							
35	Total South Dakota Retail	1,483,797,944	\$ 146,724,130	1,483,797,944	\$ 146,721,212	-	\$ (2,918)

**BLACK HILLS POWER, INC.**  
**REMOVAL OF ENERGY COST REVENUE**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	(a) Rate	(b) kWh	(c) (a) * (b) Energy Cost Revenue Adjustment
1	South Dakota Retail	Wkp. 1 Ln. 37(a) * 1000	(1) 0.02270	1,483,797,944	\$ 33,682,213
2					
3	Wyoming Retail	Wkp. 1 Ln. 42(a) * 1000	0.02990	166,415,003	4,975,809
4					
5	Montana Retail	Wkp. 1 Ln. 46(a) * 1000	0.01240	46,277,189	573,837
6					
7	Total Removal of Energy Cost Revenue			1,696,490,136	\$ 39,231,859
8					
9					
10	Note 1: The rate of \$0.0227 is the sum of the Fuel and Purchased Power Adjustment base rate of \$0.0146 and the Transmission Cost				
11	Adjustment base rate of \$0.0081 approved in South Dakota Docket EL09-018.				

## Section I

**20:10:13:85. Statement I -- Operating Revenues.** Statement I shall show the operating revenues from sales of electricity, gas and other sources classified in accordance with the commission's orders and with the operating revenue accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, and the related kilowatt hours or MCF or BTU. Sales and services shall be distinguished between classes of service and other business of the utility. Items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service, shall disclose the following, using supporting schedules as necessary:

(1) Actual and proposed revenues by months for the 12-month test period and as adjusted for changes which are known and measurable and which are expected to be realized within 12 months from the end of the test period from jurisdictional sales as computed under the present effective and proposed rates;

(2) Each class of consumer shall be shown separately. The related kilowatt hours or MCF or BTU shall be shown for each revenue item as appropriate;

(3) Adjustments to actual period sales volumes shall be fully and clearly explained;

(4) Credits to cost of service shall set forth the principal components comprising each of the various items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service. The amounts per books, claimed adjustments, and as adjusted figures shall be clearly set forth.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Stmt I page 2 – South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the pro forma revenue for South Dakota and calculates the net adjustment.

**Stmt I page 3 - South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the bill frequency revenue for South Dakota customers and calculates the variance.

**Stmt I page 4 – Removal of Energy Cost Revenue.** This schedule calculates the removal of energy cost revenue for retail customers.

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

**Schedule I-1** – This schedule lists the present and proposed revenues and rates by rate class.

**Schedule I-2** – This schedule adjusts for the PIPR Rider Revenue.

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRO FORMA & PROPOSED RATES**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	kWh	Pro Forma Revenue	Average Cost \$/kWh	Proposed Revenue	Average Cost \$/kWh	Increased/ (Decreased) Revenue	% Increase
1	RESIDENTIAL SERVICE	515,920,540	\$ 49,009,989	\$ 0.0950	\$ 55,546,755	\$ 0.1077	\$ 6,536,767	13.34%
2								
3	GENERAL SERVICE (GS)	425,969,988	\$ 43,628,253	\$ 0.1024	\$ 47,535,128	\$ 0.1116	\$ 3,906,875	8.95%
4								
5	GS LARGE/INDUSTRIAL	527,698,670	\$ 29,823,387	\$ 0.0565	\$ 33,871,495	\$ 0.0642	\$ 4,048,108	13.57%
6								
7	LIGHTING SERVICE	14,208,746	\$ 1,643,721	\$ 0.1157	\$ 1,792,130	\$ 0.1261	\$ 148,409	9.03%
8								
9	RENTAL/OTHER	-	\$ 58,943	-	\$ 58,943	-	\$ -	0.00%
10								
11	<b>TOTALS</b>	1,483,797,944	\$ 124,164,293	\$ 0.0837	\$ 138,804,452	\$ 0.0935	\$ 14,640,159	11.79%
12								
13	ENERGY REVENUE	-	\$ 33,682,213	\$ 0.0227	\$ 33,682,213	\$ 0.0227	-	-
14								
15	BASE REVENUES	1,483,797,944	\$ 157,846,506	\$ 0.1064	\$ 172,486,665	\$ 0.1162	\$ 14,640,159	9.27%

## Section I

**20:10:13:85. Statement I -- Operating Revenues.** Statement I shall show the operating revenues from sales of electricity, gas and other sources classified in accordance with the commission's orders and with the operating revenue accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, and the related kilowatt hours or MCF or BTU. Sales and services shall be distinguished between classes of service and other business of the utility. Items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service, shall disclose the following, using supporting schedules as necessary:

(1) Actual and proposed revenues by months for the 12-month test period and as adjusted for changes which are known and measurable and which are expected to be realized within 12 months from the end of the test period from jurisdictional sales as computed under the present effective and proposed rates;

(2) Each class of consumer shall be shown separately. The related kilowatt hours or MCF or BTU shall be shown for each revenue item as appropriate;

(3) Adjustments to actual period sales volumes shall be fully and clearly explained;

(4) Credits to cost of service shall set forth the principal components comprising each of the various items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service. The amounts per books, claimed adjustments, and as adjusted figures shall be clearly set forth.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Stmt I page 2 – South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the pro forma revenue for South Dakota and calculates the net adjustment.

**Stmt I page 3 - South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the bill frequency revenue for South Dakota customers and calculates the variance.

**Stmt I page 4 – Removal of Energy Cost Revenue.** This schedule calculates the removal of energy cost revenue for retail customers.

Black Hills Power, Inc.  
South Dakota  
Revenue Requirement Model Description

**Schedule I-1** – This schedule lists the present and proposed revenues and rates by rate class.

**Schedule I-2** – This schedule adjusts for the PIPR Rider Revenue.

**BLACK HILLS POWER, INC.**  
**South Dakota PIPR Rider Revenue**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	(a) October-13	(b) November-13	(c) December-13	(d) January-14	(e) February-14	(f) March-14	(g) April-14	(h) May-14	(i) June-14	(j) July-14	(k) August-14	(l) September-14	
1	<b>CPGS Rider Revenue Requirement Calculation - October 2013 through September 2014</b>														
2															
3	Forecasted Monthly Construction Costs		\$ 6,198,714	\$ 4,892,269	6,056,450	4,288,920	3,146,758	3,278,425	3,262,999	3,331,653	2,703,298	2,076,666	1,725,180	2,685,132	
4	Forecasted Monthly Cumulative Construction Costs		58,526,580	63,418,849	69,475,299	73,764,219	76,910,977	80,189,402	83,452,401	86,784,054	89,487,352	91,564,018	93,289,198	95,974,330	
5	Jurisdictional Allocation		91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	91.53%	
6	WY Forecasted Monthly Cumulative Construction Costs	(Ln. 4 x Ln. 5)	53,569,379	58,047,272	63,590,741	67,516,390	70,396,617	73,397,360	76,383,983	79,433,445	81,907,773	83,808,546	85,387,603	87,845,304	
7	CPGS Rider Rate of Return - Forecasted	Ln. 27	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
8	CPGS Monthly Return on Costs	(Ln. 6 * Ln. 7 / 12)	245,526	266,050	291,458	309,450	322,651	336,405	350,093	364,070	375,411	384,123	391,360	402,624	
9	CPGS Rider Equity Return	Ln. 26	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	
10	CPGS Monthly Rider Return on Equity	(Ln. 6 * Ln. 9 / 12)	206,689	223,966	245,354	260,501	271,614	283,191	294,715	306,481	316,027	323,361	329,454	338,936	
11	Federal Tax Gross-up Factor	1 / (1 - .35)	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	1.53846	
12	Equity Return Tax Gross-up	Ln. 10 * Ln. 11	317,983	344,563	377,467	400,770	417,867	435,678	453,407	471,509	486,195	497,478	506,852	521,439	
13	Monthly Revenue Requirement	Ln. 8 + Ln. 12 - Ln.	356,820	386,647	423,571	449,719	468,904	488,892	508,785	529,098	545,579	558,240	568,758	585,127	
14															
15	Forecasted Annual CPGR Rider Revenue	Note 1	6,688,325												
16	Test Year CPGR Rider Revenue		1,936,387												
17	Revenue Adjustment	Ln. 15 - Ln. 16	4,751,938												
18															
19	Note (1) Sum of line 13, columns (h) through column (l) * 12/5. Annualized the last five months of PIPR revenue.														



## Section J

**20:10:13:86. Statement J -- Depreciation Expense.** Statement J shall show for the test period depreciation expense by functional classification. These expenses shall be shown in separate columns as follows:

- (1) Expenses for the test period per books;
- (2) Claimed adjustments, if any, to actual expense;
- (3) Total adjusted expense claimed.

The bases, methods, essential computations and derivation of unit rates for the calculation of depreciation expense for the test period and for the depreciation adjustments shall be fully and clearly explained. The amounts of depreciable plant shall be shown by the functions specified in paragraph C of account 108, accumulated provisions for depreciation of plant in service of the FERC's uniform systems of accounts for public utilities and licensees or for gas companies and, if available, for each detailed plant account in the 300 series, together with the rates used in computing such expenses. Any deviation from the rates used in disposing of the utility's last previous rate filing or determination by this commission shall be explained, showing the rate or rates previously used together with supporting data for the new rate or rates used for this filing. Material required by § 20:10:13:87 shall be submitted as a part of statement J.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-7](#), [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

## Section J

### **20:10:13:87. Schedule J-1 -- Expense Charged Other Than Prescribed**

**Depreciation.** Schedule J-1 shall be included in support of statement J as a reconciliation of the aggregate investment in electric or gas plant shown in statement D, and the expense thereon charged in the first instance to other than prescribed depreciation expense accounts.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule J-2** – This Schedule reflects the amortization of the decommissioning regulatory asset. The unamortized regulatory asset amount is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**Schedule J-3** – This Schedule shows the amortization of the Storm Atlas regulatory asset and system inspection costs. The unamortized regulatory asset is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**BLACK HILLS POWER, INC.**  
**DEPRECIATION AND AMORTIZATION EXPENSE**  
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	(a) Adjusted Plant in Service	(b) Sched. D-3 Less: Non-Depreciable Items	(c) (a) - (b) Depreciation Plant	(d) Functional Class Depreciation Rate	(e) (c) * (d) Adjusted Depreciation Expense	(f) Sched. E-1 Depreciation/ Amortization Expense Per Books	(g) (e) - (f) Depreciation Adjustment	
1	Steam Production- by Plant									
2	Ben French		\$ -	\$ -	\$ -	16.23%	\$ -	\$ 489,104	\$ (489,104)	
3	Neil Simpson I		-	-	-	21.97%	-	777,764	(777,764)	
4	Neil Simpson II		153,375,539	7,965	153,367,574	2.90%	4,447,660	3,505,549	942,111	
5	Osage		-	-	-	12.07%	-	465,658	(465,658)	
6	Wygen III		134,929,287	-	134,929,287	2.64%	3,562,133	3,078,869	483,264	
7	Wyodak		111,118,846	109,191	111,009,656	2.86%	3,174,876	3,313,428	(138,552)	
8	CPGS		92,250,624	-	92,250,624	3.29%	3,035,046	-	3,035,046	
9	Other Production		83,201,867	2,705	83,199,162	2.50%	2,079,979	1,756,016	323,963	
10	Total Production Plant	Sum (Ln. 2:Ln. 9)	574,876,163	119,860	574,756,303		16,299,694	13,386,388	2,913,306	
11										
12	Transmission		115,033,899	5,745,930	109,287,969	2.26%	2,469,908	2,396,230	73,678	
13										
14	Distribution		334,073,284	2,106,585	331,966,699	2.70%	8,963,101	8,425,932	537,169	
15										
16	General		52,043,800	1,603,243	50,440,557	4.62%	1,635,464	1,701,148	(65,685)	
17										
18	Other Utility Plant		27,796,131	-	27,796,131	7.65%	2,126,452	2,000,163	126,289	
19										
20	Subtotal Plant in Service	Sum (Ln.11:Ln.19)	1,103,823,277	9,575,618	1,094,247,659		31,494,618	27,909,862	3,584,757	
21										
22	Plant Acquisition Adjustment		4,870,308	-	4,870,308	2.00%	97,406	97,406	-	
23										
24	Total Plant in Service	Ln.21 + Ln.23	<u>\$ 1,108,693,585</u>	<u>\$ 9,575,618</u>	<u>\$ 1,099,117,967</u>		<u>\$ 31,592,024</u>	<u>\$ 28,007,268</u>	<u>\$ 3,584,757</u>	
25										
26	Note (1) Non-depreciable items from Schedule D-1 include: land, land rights, acquisition adjustment and rate case costs.									

## Section J

### **20:10:13:87. Schedule J-1 -- Expense Charged Other Than Prescribed**

**Depreciation.** Schedule J-1 shall be included in support of statement J as a reconciliation of the aggregate investment in electric or gas plant shown in statement D, and the expense thereon charged in the first instance to other than prescribed depreciation expense accounts.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule J-2** – This Schedule reflects the amortization of the decommissioning regulatory asset. The unamortized regulatory asset amount is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**Schedule J-3** – This Schedule shows the amortization of the Storm Atlas regulatory asset and system inspection costs. The unamortized regulatory asset is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**BLACK HILLS POWER, INC.**  
**EXPENSE CHARGED OTHER THAN PRESCRIBED DEPRECIATION**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	Black Hills Power did not have any expenses charged other than prescribed depreciation
2	for the test year.

## Section J

### **20:10:13:87. Schedule J-1 -- Expense Charged Other Than Prescribed**

**Depreciation.** Schedule J-1 shall be included in support of statement J as a reconciliation of the aggregate investment in electric or gas plant shown in statement D, and the expense thereon charged in the first instance to other than prescribed depreciation expense accounts.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule J-2** – This Schedule reflects the amortization of the decommissioning regulatory asset. The unamortized regulatory asset amount is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**Schedule J-3** – This Schedule shows the amortization of the Storm Atlas regulatory asset and system inspection costs. The unamortized regulatory asset is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**BLACK HILLS POWER, INC.**  
**Amortization of Decommissioning Regulatory Asset - Total Company**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Production Plant	(a) Plant In Service as of 6/30/13	(b) Accumulated Depreciation as of 6/30/2013	(c) (a) - (b) Net Book Value as of 6/30/13	(d) Estimated Depreciation 7/1/13 - 9/30/14	(e) (b) + (d) Estimated Accumulated Depreciation as of 9/30/2014	(f) (a) - (e) Estimated Net Book Value as of 9/30/14	(g) Estimated Total Decommissioning Costs	(h) (f) + (g) Estimated Regulatory Asset
1	Ben French	\$ 14,366,735	\$ 14,283,783	\$ 82,952	\$ 618,060	\$ 14,901,843	\$ (535,108)	\$ 3,959,606	\$ 3,424,498
2	Osage Units 1-3	18,170,580	18,271,582	(101,002)	586,845	18,858,427	(687,847)	3,951,736	3,263,889
3	Neil Simpson	22,394,874	16,690,994	5,703,880	870,675	17,561,669	4,833,205	2,975,413	7,808,618
4	Subtotal								<u>14,497,005</u>
5	Estimated Ben French, Osage, and Neil Simpson I Obsolete Inventory (1)								<u>2,866,565</u>
6	Total								<u>17,363,570</u>
7	Amortization Period (years)								<u>5</u>
8	Annual Amortization Expense								<u>\$ 3,472,714</u>
9									
10	Unamortized Regulatory Asset								<u>\$ 13,890,856</u>
11									
12	Note (1) Obsolete inventory is broken down by unit and removed from rate base on Schedule F-1.								

## Section J

### **20:10:13:87. Schedule J-1 -- Expense Charged Other Than Prescribed**

**Depreciation.** Schedule J-1 shall be included in support of statement J as a reconciliation of the aggregate investment in electric or gas plant shown in statement D, and the expense thereon charged in the first instance to other than prescribed depreciation expense accounts.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Schedule J-2** – This Schedule reflects the amortization of the decommissioning regulatory asset. The unamortized regulatory asset amount is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

**Schedule J-3** – This Schedule shows the amortization of the Storm Atlas regulatory asset and system inspection costs. The unamortized regulatory asset is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).



**BLACK HILLS POWER, INC.**  
**Amortization of Storm Atlas Regulatory Asset and System Inspection Costs - South Dakota**  
**For the Pro Forma Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	<b>Storm Atlas Regulatory Asset</b>		
2	Regulatory Asset Balance as of 12/31/13		\$ 2,696,508
3	Estimated Remaining Storm Costs		300,000
4	Total Estimated Regulatory Asset		<u>2,996,508</u>
5			
6	<b>2014 BHP SD System Inspection Costs</b>		
7	Distribution Line Patrol - Contract Labor		\$ 542,000
8	Estimated O&M Repair Work		600,000
9	Total Estimated BHP Inspection Costs		<u>1,142,000</u>
10			
11	<b>Storm Atlas and System Inspection Cost Amortization</b>		
12	Estimated Regulatory Asset and System Inspection Costs		\$ 4,138,508
13	Amortization Period (years)		5
14	Annual Amortization Expense		<u>827,702</u>
15			
16	Unamortized Regulatory Asset		<u>\$ 3,310,806</u>

## Section K

**20:10:13:88. Statement K -- Income Taxes.** Statement K shall show for the test period income taxes computed on the basis of the rate of return claimed applied to the overall utility rate base and separated between federal and state taxes. If the rate base claimed includes adjustments other than book figures for the test period 13-month average, the income taxes shall be computed separately for claimed rate base and for the 13-month average rate base per books for the test period. All tax adjustments shall be completely described and the amounts shown separately. Amounts of deferred taxes debited and credited shall be shown separately. The amounts and basis of assignment of income taxes attributed to other utility departments and nonutility operations shall be shown, together with all tax savings affecting the total tax liability. If the filing public utility joins in a consolidated tax return, the total estimated tax savings, expressed as a percentage, resulting from the filing of a consolidated return shall be given, as well as a full explanation of the method of computing the tax savings. Any abnormalities such as nonrecurring income, gains, losses, and deductions affecting the income tax for the test period shall be explained and the tax effect set forth. Items required by §§ 20:10:13:89 to 20:10:13:93, inclusive, shall be submitted as a part of statement K.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**Statement K Page 1 & 2:** This Statement is used to adjust federal income tax to a normalized amount based on the adjusted debt to equity structure and based on adjusted operating income projections.

**Statement K Page 3:** This Statement shows the calculation of implied debt expense using the adjusted rate base, multiplied by the adjusted cost of debt. Based on this calculation, there would be less interest expense and therefore more taxable income. The decrease of interest expense is reported on Statement K pg. 1 line 4.

**BLACK HILLS POWER, INC.**  
**COMPUTATION OF FEDERAL INCOME TAX**  
**For the Pro Forma Test Year Ended September 30, 2013**

**Statement K**  
**Page 1 of 3**

Line No.	Description	Reference	(a) Per Books	(b) Pro Forma Tax Rtn True Up	(c) Per Books as Adjusted Total (a) + (b)	(d) Pro Forma Adjustments	(e) Adjusted Total (c) + (e)	(f) Additional Revenue Required	(g) Claimed Rate of Return (e) + (f)
1	Operating Income Before								
2	Federal Income Taxes	Stmt. M Ln. 14(a)	\$ 60,839,739	\$ -	\$ 60,839,739	\$ 2,801,238	\$ 63,640,976	\$ 12,208,401	\$ 75,849,377
3	AFUDC		(3,931,226)	-	(3,931,226)	-	(3,931,226)	-	(3,931,226)
4	Less Interest Expense		22,233,936	-	22,233,936	(2,206,631)	20,027,305	-	20,027,305
5	Subtotal	Ln.2 - Ln.3 - Ln.4	42,537,028	-	42,537,028	5,007,868	47,544,896	12,208,401	59,753,298
6									
7	Tax Adjustments - Permanent Differences								
8	Fines & Penalties		(33,117)	106,000	72,883	-	72,883	-	72,883
9	Meals & Entertainment		80,540	13,996	94,536	-	94,536	-	94,536
10	Lobbying		37,459	-	37,459	-	37,459	-	37,459
11	Club Dues		3,411	3,005	6,416	-	6,416	-	6,416
12	Equity AFUDC (net of depr)		167,939	-	167,939	(404,311)	(236,372)	-	(236,372)
13	PEP Life - Cash Surrender Value		(177,964)	(706,681)	(884,645)	-	(884,645)	-	(884,645)
14	Officer Life Insurance		(108,692)	-	(108,692)	-	(108,692)	-	(108,692)
15	Retiree HC Subsidy		-	(71,914)	(71,914)	-	(71,914)	-	(71,914)
16	Total Permanent Differences	Sum (Ln.8:Ln.15)	(30,424)	(655,594)	(686,018)	(404,311)	(1,090,329)	-	(1,090,329)
17									
18	Tax Adjustments - Temporary Differences								
19	Prepays		-	19,771	19,771	-	19,771	-	19,771
20	State Tax Deduction		-	(5,063)	(5,063)	-	(5,063)	-	(5,063)
21	Employee Group Insurance		(42,465)	-	(42,465)	-	(42,465)	-	(42,465)
22	Pension		545,759	(2,299,000)	(1,753,241)	-	(1,753,241)	-	(1,753,241)
23	PEP Plan		(86,060)	-	(86,060)	-	(86,060)	-	(86,060)
24	Performance Plan Bonus		-	3,108	3,108	-	3,108	-	3,108
25	Retiree Healthcare		(172,474)	(852,539)	(1,025,013)	-	(1,025,013)	-	(1,025,013)
26	Pension Supplement (SERP)		59,656	-	59,656	-	59,656	-	59,656
27	Deferred Energy		1,089,537	(2,822)	1,086,715	-	1,086,715	-	1,086,715
28	Deferred Costs		(704,284)	238,963	(465,321)	-	(465,321)	-	(465,321)
29	Vacation		42,725	-	42,725	-	42,725	-	42,725
30	OCI Derivative - Interest Rate SW		(101,664)	(1)	(101,665)	-	(101,665)	-	(101,665)
31	Results Compensation		(128,130)	-	(128,130)	-	(128,130)	-	(128,130)
32	Insurance Reserve		-	-	-	-	-	-	-
33	Line Extension Deposits		(289,220)	28,575	(260,645)	-	(260,645)	-	(260,645)
34	Accrued Litigation		888,139	-	888,139	-	888,139	-	888,139
35	Reacquired Bond Loss		243,627	-	243,627	-	243,627	-	243,627
36	Power Plant Maintenance		434,448	-	434,448	-	434,448	-	434,448

**BLACK HILLS POWER, INC.**  
**COMPUTATION OF FEDERAL INCOME TAX**  
**For the Pro Forma Test Year Ended September 30, 2013**

**Statement K**  
**Page 2 of 3**

Line No.	Description	Reference	(a) Per Books	(b) Pro Forma Tax Rtn True Up	(c) Per Books as Adjusted Total (a) + (b)	(d) Pro Forma Adjustments	(e) Adjusted Total (c) + (e)	(f) Additional Revenue Required	(g) Claimed Rate of Return (e) + (f)
37	Rate Refund		1,726,112		1,726,112	-	1,726,112	-	1,726,112
38	Workman's Compensation		(99,416)	-	(99,416)	-	(99,416)	-	(99,416)
39	Section 174 Develop & Engineer Cos		(3,150,948)	(1,010,728)	(4,161,676)	-	(4,161,676)	-	(4,161,676)
40	Section 162 Costs		-	(428,537)	(428,537)	-	(428,537)	-	(428,537)
41	Gain/Loss on Disposition of Assets		-	(88,254)	(88,254)	-	(88,254)	-	(88,254)
42	Contributions in Aid of Construction		752,961	(449,841)	303,120	-	303,120	-	303,120
43	Cost of Removal		(1,575,558)	-	(1,575,558)	-	(1,575,558)	-	(1,575,558)
44	Depreciation		(3,560,290)	554,100	(3,006,190)	-	(3,006,190)	-	(3,006,190)
45	Facts & Circumstances - Elect		(25,010)	(153,830)	(178,840)	-	(178,840)	-	(178,840)
46	Property Amortization		-	-	-	-	-	-	-
47	Simplified Service Cost		-	(52,618)	(52,618)	-	(52,618)	-	(52,618)
48	Gain Deferral		(2,740,999)	(54,266)	(2,795,265)	-	(2,795,265)	-	(2,795,265)
49	Unit of Property		-	(757,737)	(757,737)	-	(757,737)	-	(757,737)
50	Bad Debt Reserve		-	(1,789,726)	(1,789,726)	-	(1,789,726)	-	(1,789,726)
51	Total Temporary Differences	Sum (Ln.19:Ln.50)	(6,893,554)	(7,100,445)	(13,993,999)	-	(13,993,999)	-	(13,993,999)
52									
53	Taxable Income (NOL)	Ln.5 + Ln.16 + Ln.51	35,613,050	(7,756,039)	27,857,011	4,603,557	32,460,568	12,208,401	44,668,970
54	Net Operating Loss		(35,613,050)	7,756,039	(27,857,011)	(4,603,557)	(32,460,568)	(12,208,401)	(44,668,970)
55	Taxable Income		-	-	-	-	-	-	-
56									
57	Current Federal Income Tax @ 35%	Ln.48 * 35%	-	-	-	-	-	-	-
58	FIN 48		98,535	-	98,535	-	98,535	-	98,535
59	Deferred Income Tax	-(Ln.46 + 54) * 35%	14,877,311	(229,458)	14,647,854	1,611,245	16,259,098	4,272,940	20,532,039
60	Flow Thru Unit of Property Net of Depr		(710,837)	(75,973)	(786,810)	-	(786,810)	-	(786,810)
61	Tax Return True Up 2012 and DIT True Up		1,116,039	-	1,116,039	(1,116,039)	-	-	-
62	R & D credit		(275,849)	-	(275,849)	-	(275,849)	-	(275,849)
63	Tax effect of I/C Interest Expense		-	(683,125)	(683,125)	683,125	-	-	-
64	Remove: Non-Operating Income Tax Expense (Benefit)		57,373	-	57,373	(57,373)	-	-	-
65	Miscellaneous Tax Adjustment		(7,557)	-	(7,557)	7,557	-	-	-
66	Investment Tax Credit Amortization		-	-	-	-	-	-	-
67	Excess Deferred Tax Amortization		(140,980)	-	(140,980)	-	(140,980)	-	(140,980)
68	Total Federal Income Tax - Operating	Sum (Ln.57:Ln.65)	<u>\$ 15,014,035</u>	<u>\$ (988,556)</u>	<u>\$ 14,025,480</u>	<u>\$ 1,128,515</u>	<u>\$ 15,153,994</u>	<u>\$ 4,272,940</u>	<u>\$ 19,426,935</u>

**Tax Savings Due to Consolidation**

There will be no tax savings as a result of filing a consolidated tax return for the test year ended June 30, 2013.

**Abnormalities for Test Period**

None.

Note 1: See Statement K, page 3 of 3.

000593

**BLACK HILLS POWER, INC.**  
**INTEREST EXPENSE - ANNUALIZATION ADJUSTMENT**  
**For the Test Year Ended September 30, 2013**

Line No.	Description	Reference	Amount
1	Total Rate Base - Adjusted Total Statement M	Stmt. M Ln. 29(e)	\$ 665,358,984
2			
3	Weighted Debt Cost - Stmt G pg1	Stmt. G pg. 1 Ln. 2(d)	<u>3.01%</u>
4			
5	Adjusted Interest Expense	Ln. 1 * Ln. 3	20,027,305
6			
7	Interest Expense - Stmt G pg2	Stmt. G pg. 2 Ln. 13(k)	<u>17,735,909</u>
8			
9	Variance	Ln. 5 - Ln. 7	<u>2,291,396</u>
10			
11	Federal Income Tax - 35% (Addition to FIT)	-Ln. 9 * 35%	<u><u>\$ (801,989)</u></u>
12			
13	Note: Interest expense variance on line 11 is included in the pro forma adjustments column (d)		
14	on Stmt K pg 1.		

## Section K

**20:10:13:89. Schedule K-1 -- Working Papers for Federal Income Taxes.** In support of federal income taxes, the utility shall submit a complete reconciliation of the book net income with taxable net income as reported to the federal Internal Revenue Service for the most recent year for which a tax return was filed and for the three previous years. A complete explanation of all items in the reconciliation shall be submitted. If the tax allowances claimed give effect to omission of items appearing or inclusion of items not appearing in the reconciliations for the most recent tax return, the reasons for such omissions or inclusions shall be submitted. All items in the reconciliation shall be referenced specifically to the elements of the cost of service to which they refer.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:**SDCL [49-34A-4](#).

**Law Implemented:**SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

**BLACK HILLS POWER, INC.**  
**RECONCILIATION OF BOOK NET INCOME WITH TAXABLE INCOME**  
**For the Years 2008 Through 2012**  
**CONFIDENTIAL (NOT AVAILABLE TO THE PUBLIC)**

**Schedule K-1**  
**Page 1 of 1**