

**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)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)		
			Sched H-13	Sched H-14	Sched H-15	Sched H-16	Sched H-17	Sched H-18	Sched H-19	Sched H-20	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

- 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

### **20:10:13:84. 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.

## 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.

## 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-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