

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## 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.

An adjustment is located in Statement H column (b).

## Section H

**20:10:13:80. Statement H -- Operating and maintenance expenses.** 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.

## 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.

## 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.

## 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.

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-5 – Intercompany Transactions Adjustment.** This page is intercompany transactions by FERC account for the test year ended June 30, 2009 and the pro forma adjustments. The total increase is shown as an adjustment in Statement H column (c).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-6 – Forecasted Wygen III Operations and Maintenance Cost Detail.** This Schedule shows, by FERC account and by project description, the operation and maintenance expenses projected for a normal operating year for the Wygen III power plant. The Black Hills Power ownership percentage of 52% is added to the cost of service in Statement H column (d).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-7 – Forecasted Coal Cost.** This Schedule shows the monthly calculation of coal costs for operating Wygen III under normal operating conditions. It shows the projected output from the facility based on kilowatt hours (kWh), with an assumed availability of 95 percent, consistent with the actual availability of Neil Simpson II, Wygen I and Wygen II, which are sister plants. The second part of the calculation shows the amount of coal needed, in tons, to produce the kWh calculated above. Finally, the monthly cost of coal used by the facility is calculated using the Statement R pricing of the Coal Supply Agreement. This cost is added to the cost of service on Statement H and shown as adjustment (e).



Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-8 – Generation Dispatch and Scheduling Cost Detail.** This Schedule shows the calculation of generation dispatch and scheduling costs. Lines 2 – 12 show the total amount related to generation dispatch and scheduling in Black Hills Power's 2009 approved budget. Total generation dispatch costs are then allocated based on a capacity allocation as shown on lines 56-60. MDU and Other's portion of this expense is adjusted in the cost of service in Statement H and shown as adjustment (f).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-9 – Purchase Power- Energy Expense Adjustment.** When Wygen III commences commercial operation, Black Hills Power will have additional generation available for its own use. This additional generation will reduce the need for purchase power and use of combustion turbines; therefore, reducing the need for Black Hills Power purchase power expenses and fuel expenses for the combustion turbines. These costs are adjusted out on Statement H column (g).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## **Section H**

**Schedule H-10 – Generation Plant Overhaul Expenses.** Each Black Hills Power generation facility and Wyodak have planned maintenance and overhaul schedules. This schedule normalizes those costs and adjusts the cost of service in Statement H, column (h).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-11 – Common Use System Expense.** This schedule details the CUS expenses and adjusted expenses in FERC accounts 561 and 565. Account 561 CUS expenses are billed to the users of the CUS through Schedule 1 of the Joint Open Access Transmission Tariff which results in a net zero value for this account. The BHP share of the account 561 CUS expense is recorded in the BHP per books 565 account. Account 565 is adjusted by the projected increase in CUS expenses, the AC/DC tie expense not reflected in the per book amounts, and the MDU revenue received by BHP. These adjustments are on Statement H, column (i).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

### **Schedule H-12 – Derivation of Power Marketing Revenue and Expense Adjustment.**

This schedule adjusts all expenses related to Power Marketing. This adjustment is on Statement H, column (j).

Black Hills Power, Inc.  
South Dakota  
Cost of Service 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 is going to expense, as an adjustment on Statement H, column (k) and the remaining amount is taken to line 10 on Statement D page 2, column (b) and included as rate base.

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-14 – Normalized Output for Coal Plants and Amounts to Power Marketing.** This schedule calculates the projected use for marketing the cost of coal generation using a 4 year average MWh production. The availability of this generation for marketing is due to Wygen III having lower variable costs as compared to the plants on Schedule H-14. This adjustment is on Statement H, column (I).

Black Hills Power, Inc.  
South Dakota  
Cost of Service Model Description

## Section H

**Schedule H-15 –Coal Price Adjustment.** This schedule compares the test year ending cost of coal by plant and then calculates the pro forma cost of coal by plant using a 4 year average coal consumption and the projected 2010 price per ton of coal. The increase in the cost is adjusted on Statement H, column (m).



OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	FERC Account	Description	Per Books	Adjustments						
				(a)	(b)	(c)	(d)	(e)	(f)	(g)
				Sched H-1	Sched H-5	Sched H-6	Sched H-7	Sched H-8	Sched H-9	Sched H-10
1		<b>Steam Production Operation:</b>								
2	500	Supervision & Engineering	1,667,095	69,716	-	232,722	-	-	-	-
3	501	Fuel (Handling and Ash Removal)	1,032,323	43,170	-	258,306	-	-	-	-
4	501.1	Steam Power Fuel - Gas	10,468	-	-	-	-	-	-	-
5	501.2	Steam Power Fuel - Oil	331,968	-	-	-	-	-	-	-
6	501.3	Steam Power Fuel - Coal	16,752,565	-	-	-	3,596,934	-	-	-
7	501.4	Steam Power Fuel - Transportation	2,799,985	-	-	-	-	-	-	-
8	502	Steam Expense	3,760,670	157,266	-	974,729	-	-	-	-
9	505	Electric Expense	1,181,562	49,411	-	146,196	-	-	-	-
10	506	Miscellaneous	1,338,153	55,960	-	50,330	-	-	-	-
11	507	Rent	-	-	-	832,000	-	-	-	-
12		<b>Total Steam Production Operation</b>	<b>28,874,789</b>	<b>375,523</b>	<b>-</b>	<b>2,494,283</b>	<b>3,596,934</b>	<b>-</b>	<b>-</b>	<b>-</b>
13										
14		<b>Steam Production Maintenance:</b>								
15	510	Supervision & Engineering	554,484	9,726	-	170,232	-	-	-	-
16	511	Structures	340,718	5,976	-	23,944	-	-	-	-
17	512	Boilers	4,789,116	84,001	-	275,373	-	-	-	(670,032)
18	513	Electric Plant	1,860,362	32,631	-	221,345	-	-	-	-
19	514	Miscellaneous Plant	760,489	13,339	-	37,209	-	-	-	-
20		<b>Total Steam Production Maintenance</b>	<b>8,305,169</b>	<b>145,673</b>	<b>-</b>	<b>728,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(670,032)</b>
21										
22		<b>Total Steam Production Expense</b>	<b>37,179,958</b>	<b>521,196</b>	<b>-</b>	<b>3,222,386</b>	<b>3,596,934</b>	<b>-</b>	<b>-</b>	<b>(670,032)</b>
23										
24		<b>Other Production Operation:</b>								
25	546	Supervision & Engineering	57,626	2,410	-	-	-	-	-	-
26	547	Fuel	2,778,194	-	-	-	-	-	(1,003,397)	-
27	548	Generation Expense	366,708	15,335	-	-	-	-	-	-
28	549	Miscellaneous	37,307	1,560	-	-	-	-	-	-
29	550	Rents	-	-	-	-	-	-	-	-
30		<b>Total Other Production Operation</b>	<b>3,239,835</b>	<b>19,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,003,397)</b>	<b>-</b>
31										
32		<b>Other Production Maintenance:</b>								
33	551	Supervision & Engineering	91,084	1,598	-	-	-	-	-	-
34	552	Structures	(91,322)	(1,602)	-	-	-	-	-	-
35	553	Electric Plant	1,363,573	23,917	-	-	-	-	-	-
36	554	Miscellaneous Plant	19,138	336	-	-	-	-	-	-
37	556	System Control and Load Dispatch	436,473	7,656	-	-	-	(81,080)	-	-
38		<b>Total Other Production Maintenance</b>	<b>1,818,946</b>	<b>31,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,080)</b>	<b>-</b>	<b>-</b>
39										
40		<b>Total Other Production Expense</b>	<b>5,058,781</b>	<b>51,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,080)</b>	<b>(1,003,397)</b>	<b>-</b>

OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	FERC Account	Description	Per Books	Adjustments						Sched H-10
				(a)	(b)	(c)	(d)	(e)	(f)	
				Sched H-1	Sched H-5	Sched H-6	Sched H-7	Sched H-8	Sched H-9	
41										
42		<b>Other Power Supply</b>								
43	555.11	Purchased Power - Capacity	7,109,843	-	-	-	-	-	-	-
44	555 (not 555.11)	Purchased Power - Energy	57,649,169	-	-	-	-	-	(11,949,938)	-
45		<b>Total Other Power Supply</b>	64,759,012	-	-	-	-	-	(11,949,938)	-
46										
47		<b>Total Production Expenses</b>	106,997,751	572,406	-	3,222,386	3,596,934	(81,080)	(12,953,335)	(670,032)
48										
49		<b>Transmission Operations:</b>								
50	560	Supervision & Engineering	695,267	49,236	-	-	-	-	-	-
51	561	Load Dispatch	820,482	58,104	-	-	-	-	-	-
52	562	Station Equipment	56,589	4,007	-	-	-	-	-	-
53	563	Overhead Lines	4,194	297	-	-	-	-	-	-
54	565	Transmission of Electricity by Others	13,029,554	-	-	-	-	-	-	-
55	566	Miscellaneous	174,469	12,355	-	-	-	-	-	-
56	567	Rents	-	-	-	-	-	-	-	-
57		<b>Total Transmission Operations</b>	14,780,555	123,999	-	-	-	-	-	-
58										
59		<b>Transmission Maintenance:</b>								
60	568	Supervision & Engineering	1,531	8	-	-	-	-	-	-
61	569	Structures	-	-	-	-	-	-	-	-
62	570	Station Equipment	43,275	224	-	-	-	-	-	-
63	571	Overhead Lines	90,798	469	-	-	-	-	-	-
64	572	Underground Lines	-	-	-	-	-	-	-	-
65	573	Miscellaneous	-	-	-	-	-	-	-	-
66		<b>Total Transmission Maintenance</b>	135,604	701	-	-	-	-	-	-
67										
68		<b>Total Transmission Expenses</b>	14,916,159	124,700	-	-	-	-	-	-
69										
70		<b>Distribution Operations:</b>								
71	580	Supervision	917,025	51,537	-	-	-	-	-	-
72	581	Load Dispatch	158,985	8,935	-	-	-	-	-	-
73	582	Station Equipment	446,214	25,077	-	-	-	-	-	-
74	583	Overhead Lines	636,705	35,783	-	-	-	-	-	-
75	584	Underground Lines	215,427	12,107	-	-	-	-	-	-
76	585	Street Lighting	211	12	-	-	-	-	-	-
77	586	Metering	379,045	21,302	-	-	-	-	-	-
78	587	Customer Installations	22,320	1,254	-	-	-	-	-	-
79	588	Miscellaneous	473,003	26,583	-	-	-	-	-	-
80	589	Rents	22,500	1,265	-	-	-	-	-	-
81		<b>Total Distribution Operations</b>	3,271,435	183,855	-	-	-	-	-	-



OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	FERC Account	Description	Per Books	Adjustments						
				(a)	(b)	(c)	(d)	(e)	(f)	(g)
				Sched H-1	Sched H-5	Sched H-6	Sched H-7	Sched H-8	Sched H-9	Sched H-10
113										
114		<b>Administrative &amp; General Expense:</b>								
115	920	Administrative Salaries	10,798,708	67,414	1,156,809	-	-	-	-	-
116	921	Office Supplies & Expense	4,745,195	-	(45,543)	-	-	-	-	-
117	922	A&G Expense Transferred	(23,392)	-	-	-	-	-	-	-
118	923	Outside Services	2,222,720	-	(97,043)	-	-	-	-	-
119	924	Property Insurance	713,163	-	(1,161)	130,000	-	-	-	-
120	925	Injuries and Damages	2,898,120	-	172,283	-	-	-	-	-
121	926	Pensions & Benefits	6,476,419	401,115	(116,795)	-	-	-	-	-
122	928	Regulatory Commission	335,937	-	-	-	-	-	-	-
123	930.1	General Advertising	296,272	-	-	-	-	-	-	-
124	930.2	Miscellaneous General	616,722	-	132,519	-	-	-	-	-
125	931	Rents	(4,354,860)	-	304,317	-	-	-	-	-
126	935	Maintenance of General Plant	195,183	-	-	-	-	-	-	-
127		<b>Total Administrative &amp; General Expense</b>	<b>24,920,187</b>	<b>468,529</b>	<b>1,505,386</b>	<b>130,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
128										
129		<b>Total Operating &amp; Maintenance Expense</b>	<b>156,282,134</b>	<b>1,624,679</b>	<b>1,505,386</b>	<b>3,352,386</b>	<b>3,596,934</b>	<b>(81,080)</b>	<b>(12,953,335)</b>	<b>(670,032)</b>

- Sched H-1 Distribution Wages and Salaries
- Sched H-2 Purchased Power Detail Listing
- Sched H-3 Listed Expense Accounts
- Sched H-4 Intercompany Transactions
- Sched H-5 Intercompany Transactions plus Adjustments
- Sched H-6 Forecasted Wygen III Operations and Maintenance Cost Detail
- Sched H-7 Forecasted Coal Cost - Wygen III
- Sched H-8 Generation Dispatch and Scheduling Cost Detail
- Sched H-9 Purchase Power- Energy Expense Adjustment
- Sched H-10 Generation Plant Overhaul Expense
- Sched H-11 Common Use System Expense
- Sched H-12 Derivation of Power Marketing Revenue and Expense Adjustment
- Sched H-13 Outside Consulting Related to Rate Case
- Sched H-14 Normalized Output for Coal Plants and Amounts to Power Marketing
- Sched H-15 Coal Price Adjustment

OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	FERC Account	Description	Adjustments					(n) [Sum of (a) - (m)] Adjusted Total
			(i) Sched H-11	(j) Sched H-12	(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	
1		<b>Steam Production Operation:</b>						
2	500	Supervision & Engineering	-	-	-	-	-	1,969,533
3	501	Fuel (Handling and Ash Removal)	-	-	-	-	-	1,333,799
4	501.1	Steam Power Fuel - Gas	-	-	-	-	-	10,468
5	501.2	Steam Power Fuel - Oil	-	-	-	-	-	331,968
6	501.3	Steam Power Fuel - Coal	-	(1,210,044)	-	(4,460,324)	1,539,886	16,219,017
7	501.4	Steam Power Fuel - Transportation	-	-	-	-	-	2,799,985
8	502	Steam Expense	-	-	-	-	-	4,892,665
9	505	Electric Expense	-	-	-	-	-	1,377,169
10	506	Miscellaneous	-	-	-	-	-	1,444,443
11	507	Rent	-	-	-	-	-	832,000
12		<b>Total Steam Production Operation</b>	-	(1,210,044)	-	(4,460,324)	1,539,886	31,211,047
13								
14		<b>Steam Production Maintenance:</b>						
15	510	Supervision & Engineering	-	-	-	-	-	734,442
16	511	Structures	-	-	-	-	-	370,638
17	512	Boilers	-	-	-	-	-	4,478,458
18	513	Electric Plant	-	-	-	-	-	2,114,338
19	514	Miscellaneous Plant	-	-	-	-	-	811,037
20		<b>Total Steam Production Maintenance</b>	-	-	-	-	-	8,508,913
21								
22		<b>Total Steam Production Expense</b>	-	(1,210,044)	-	(4,460,324)	1,539,886	39,719,960
23								
24		<b>Other Production Operation:</b>						
25	546	Supervision & Engineering	-	-	-	-	-	60,036
26	547	Fuel	-	(1,407,885)	-	-	-	366,912
27	548	Generation Expense	-	-	-	-	-	382,043
28	549	Miscellaneous	-	-	-	-	-	38,867
29	550	Rents	-	-	-	-	-	-
30		<b>Total Other Production Operation</b>	-	(1,407,885)	-	-	-	847,858
31								
32		<b>Other Production Maintenance:</b>						
33	551	Supervision & Engineering	-	-	-	-	-	92,682
34	552	Structures	-	-	-	-	-	(92,924)
35	553	Electric Plant	-	-	-	-	-	1,387,490
36	554	Miscellaneous Plant	-	-	-	-	-	19,474
37	556	System Control and Load Dispatch	-	-	-	-	-	363,049
38		<b>Total Other Production Maintenance</b>	-	-	-	-	-	1,769,771
39								
40		<b>Total Other Production Expense</b>	-	(1,407,885)	-	-	-	2,617,629

OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	FERC Account	Description	Adjustments					(n) [Sum of (a) - (m)] Adjusted Total
			(i) Sched H-11	(j) Sched H-12	(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	
41								
42		<b>Other Power Supply</b>						
43	555.11	Purchased Power - Capacity	-	-	-	-	-	7,109,843
44	555 (not 555.11)	Purchased Power - Energy	-	(37,407,018)	-	-	-	8,292,213
45		<b>Total Other Power Supply</b>	-	(37,407,018)	-	-	-	15,402,056
46								
47		<b>Total Production Expenses</b>	-	(40,024,947)	-	(4,460,324)	1,539,886	57,739,645
48								
49		<b>Transmission Operations:</b>						
50	560	Supervision & Engineering	-	-	-	-	-	744,503
51	561	Load Dispatch	(878,586)	-	-	-	-	-
52	562	Station Equipment	-	-	-	-	-	60,596
53	563	Overhead Lines	-	-	-	-	-	4,491
54	565	Transmission of Electricity by Others	1,710,973	(1,217,426)	-	-	-	13,523,101
55	566	Miscellaneous	-	-	-	-	-	186,824
56	567	Rents	-	-	-	-	-	-
57		<b>Total Transmission Operations</b>	832,387	(1,217,426)	-	-	-	14,519,515
58								
59		<b>Transmission Maintenance:</b>						
60	568	Supervision & Engineering	-	-	-	-	-	1,539
61	569	Structures	-	-	-	-	-	-
62	570	Station Equipment	-	-	-	-	-	43,499
63	571	Overhead Lines	-	-	-	-	-	91,267
64	572	Underground Lines	-	-	-	-	-	-
65	573	Miscellaneous	-	-	-	-	-	-
66		<b>Total Transmission Maintenance</b>	-	-	-	-	-	136,305
67								
68		<b>Total Transmission Expenses</b>	832,387	(1,217,426)	-	-	-	14,655,820
69								
70		<b>Distribution Operations:</b>						
71	580	Supervision	-	-	-	-	-	968,562
72	581	Load Dispatch	-	-	-	-	-	167,920
73	582	Station Equipment	-	-	-	-	-	471,291
74	583	Overhead Lines	-	-	-	-	-	672,488
75	584	Underground Lines	-	-	-	-	-	227,534
76	585	Street Lighting	-	-	-	-	-	223
77	586	Metering	-	-	-	-	-	400,347
78	587	Customer Installations	-	-	-	-	-	23,574
79	588	Miscellaneous	-	-	-	-	-	499,586
80	589	Rents	-	-	-	-	-	23,765
81		<b>Total Distribution Operations</b>	-	-	-	-	-	3,455,290

OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	FERC Account	Description	Adjustments					[Sum of (a) - (m)] Adjusted Total
			(i) Sched H-11	(j) Sched H-12	(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	
82								
83		<b>Distribution Maintenance:</b>						
84	590	Supervision	-	-	-	-	-	15,297
85	591	Structures	-	-	-	-	-	-
86	592	Station Equipment	-	-	-	-	-	154,089
87	593	Overhead Lines	-	-	-	-	-	2,228,260
88	594	Underground Lines	-	-	-	-	-	193,665
89	595	Transformers	-	-	-	-	-	10,281
90	596	Street Lighting	-	-	-	-	-	131,518
91	597	Metering	-	-	-	-	-	67,223
92	598	Miscellaneous	-	-	-	-	-	48,637
93		<b>Total Distribution Maintenance</b>	-	-	-	-	-	2,848,970
94								
95		<b>Total Distribution Expenses</b>	-	-	-	-	-	6,304,260
96								
97		<b>Customer Accounting Expense:</b>						
98	901	Supervision	-	-	-	-	-	13,924
99	902	Meter Reading	-	-	-	-	-	600,654
100	903	Customer Records and Collection Expense	-	-	-	-	-	916,362
101	904	Uncollectible Accounts	-	-	-	-	-	358,684
102	905	Miscellaneous	-	-	-	-	-	638,256
103		<b>Total Customer Accounting Expense</b>	-	-	-	-	-	2,527,880
104								
105		<b>Customer Service Expense:</b>						
106	907	Supervision	-	-	-	-	-	113,178
107	908	Customer Assistance	-	-	-	-	-	876,143
108	909	Advertisement	-	-	-	-	-	9,031
109	910	Miscellaneous	-	-	-	-	-	76,589
110		<b>Total Customer Service Expense</b>	-	-	-	-	-	1,074,941
111								
112		<b>Total Customer Expenses</b>	-	-	-	-	-	3,602,821

**OPERATING AND MAINTENANCE EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009**

Line No.	FERC Account	Description	Adjustments					Adjusted Total
			(i) Sched H-11	(j) Sched H-12	(k) Sched H-13	(l) Sched H-14	(m) Sched H-15	
113								
114		<b>Administrative &amp; General Expense:</b>						
115	920	Administrative Salaries	-	-	-	-	-	12,022,931
116	921	Office Supplies & Expense	-	-	-	-	-	4,699,652
117	922	A&G Expense Transferred	-	-	-	-	-	(23,392)
118	923	Outside Services	-	(187,205)	166,667	-	-	2,105,139
119	924	Property Insurance	-	-	-	-	-	842,002
120	925	Injuries and Damages	-	-	-	-	-	3,070,403
121	926	Pensions & Benefits	-	-	-	-	-	6,760,739
122	928	Regulatory Commission	-	-	-	-	-	335,937
123	930.1	General Advertising	-	-	-	-	-	296,272
124	930.2	Miscellaneous General	-	-	-	-	-	749,241
125	931	Rents	-	-	-	-	-	(4,050,543)
126	935	Maintenance of General Plant	-	-	-	-	-	195,183
127		<b>Total Administrative &amp; General Expense</b>	-	(187,205)	166,667	-	-	27,003,564
128								
129		<b>Total Operating &amp; Maintenance Expense</b>	832,387	(41,429,578)	166,667	(4,460,324)	1,539,886	109,306,110

Sched H-1	Distribution Wages and Salaries
Sched H-2	Purchased Power Detail Listing
Sched H-3	Listed Expense Accounts
Sched H-4	Intercompany Transactions
Sched H-5	Intercompany Transactions plus Adjustments
Sched H-6	Forecasted Wygen III Operations and Maintenance Cost Detail
Sched H-7	Forecasted Coal Cost - Wygen III
Sched H-8	Generation Dispatch and Scheduling Cost Detail
Sched H-9	Purchase Power- Energy Expense Adjustment
Sched H-10	Generation Plant Overhaul Expense
Sched H-11	Common Use System Expense
Sched H-12	Derivation of Power Marketing Revenue and Expense Adjustment
Sched H-13	Outside Consulting Related to Rate Case
Sched H-14	Normalized Output for Coal Plants and Amounts to Power Marketing
Sched H-15	Coal Price Adjustment



**BLACK HILLS POWER, INC.**  
**DISTRIBUTION OF WAGES AND SALARIES**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-1**  
**Page 1 of 1**

Line No.	Description	Reference	(a) Per Books Direct Payroll Distribution	(b) Additional Personnel Needed	(c) Wage Increase Note 1	(d) (b) + (c) Total Adjustments
1	OPERATION					
2	Production		\$ 4,755,106	\$ 228,400	\$ 166,429	\$ 394,829
3	Transmission		1,217,153	81,400	42,600	124,000
4	Distribution		3,118,742	74,700	109,156	183,856
5	Customer Accounts		1,652,402		57,834	57,834
6	Customer Service And Information		713,248	35,600	24,964	60,564
7	Administrative And General		1,878,752		65,756	65,756
8						
9	TOTAL OPERATION		13,335,403	420,100	466,739	886,839
10						
11	MAINTENANCE					
12	Production		3,159,301	67,000	110,576	177,576
13	Transmission		20,015		701	701
14	Distribution		765,416	130,000	26,790	156,790
15	Administrative And General		47,375		1,658	1,658
16						
17	TOTAL MAINTENANCE		3,992,107	197,000	139,725	336,725
18						
19	TOTAL	Ln.9 + Ln.17	<u>\$ 17,327,510</u>	<u>\$ 617,100</u>	<u>\$ 606,463</u>	<u>\$ 1,223,564</u>
20						
21	TOTAL OPERATION AND MAINTENANCE					
22	Production		7,914,407	295,400	277,005	572,405
23	Transmission		1,237,168	81,400	43,301	124,701
24	Distribution		3,884,158	204,700	135,946	340,646
25	Customer Accounts		1,652,402	-	57,834	57,834
26	Customer Service And Information		713,248	35,600	24,964	60,564
27	Administrative And General		1,926,127	-	67,414	67,414
28						
29	TOTAL	Ln.22 + Ln.27	<u>\$ 17,327,510</u>	<u>\$ 617,100</u>	<u>\$ 606,464</u>	<u>\$ 1,223,564</u>
30						
31	Employee Benefits as a percentage of labor dollars			65%		
32						
33	Employee Benefits amount	Ln.29 * Ln.31		<u>\$ 401,115</u>		<u>401,115</u>
34						
35	Adjusted Total Plus Overhead for New Personnel	Ln.29 + Ln.33				<u>\$ 1,624,679</u>
36						

Note: 1: Wage increases are allocated to function on the basis of payroll per books. Functionalized wage increases are allocated to individual accounts on Statement H on the basis of applicable book expenses.

**BLACK HILLS POWER, INC.**  
**PURCHASED POWER**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

Schedule H-2  
Page 1 of 1

Line No.	Purchased From	kWh	(a) Demand Charges	(b) Energy Charges	(c) (a) + (b) Total Costs
1	PacifiCorp - Colstrip Variable Costs WO#10162	343,489,000	6,184,449	5,537,119	11,721,568
2	PacifiCorp	60,159,000		2,471,150	2,471,150
3	Basin Electric	4,466,000		257,654	257,654
4	Black Hills/Basin Electric	224,000		4,294	4,294
5	Bonneville Power Administration	326,000		9,055	9,055
6	Cargill	70,971,000		5,770,775	5,770,775
7	Cheyenne Light Fuel & Power	224,782,000		5,292,653	5,292,653
8	Cheyenne Light Fuel & Power Wind Energy	44,899,000		1,902,633	1,902,633
9	Colorado Springs Utilities	34,732,000		1,415,801	1,415,801
10	ConocoPhillips	795,000		9,725	9,725
11	Constellation Power	42,061,000		1,780,412	1,780,412
12	Coral Power	2,941,000		99,481	99,481
13	Highland Energy	161,000		13,575	13,575
14	Idaho Power	54,345,000		1,522,781	1,522,781
15	Integrus	5,515,000		115,895	115,895
16	Kansas City Power & Light	400,000		8,750	8,750
17	Lighthouse Energy Trading Company	10,584,000		518,756	518,756
18	MidAmerican Energy	680,000		15,980	15,980
19	Midwest ISO	20,846,000		613,911	613,911
20	Missouri River Energy Service	5,180,000		203,600	203,600
21	Morgan Stanley Capital Group	52,127,000		1,366,416	1,366,416
22	Municipal Energy Agency of Nebraska	32,045,000		1,391,157	1,391,157
23	Northwestern Energy	4,923,000		180,216	180,216
24	Omaha Public Power District	104,559,000		2,975,073	2,975,073
25	Otter Tail Power	11,780,000		551,675	551,675
26	Platte River Power Authority	99,970,000		2,344,099	2,344,099
27	Portland General Elec Company	416,000		18,148	18,148
28	PowerEx	24,417,000		2,326,211	2,326,211
29	PPL EnergyPlus	88,355,000		3,321,529	3,321,529
30	PPM/Iberdrola Renewable	5,467,000		75,245	75,245
31	Public Service of New Mexico	3,501,000		135,310	135,310
32	Puget Sound Energy	487,000		8,610	8,610
33	Rainbow Energy Marketing	7,154,000		336,218	336,218
34	Rocky Mountain Generation Cooperative	68,610,000		1,272,956	1,272,956
35	Rocky Mountain Reserve Group	2,744,000		186,858	186,858
36	Sempra Energy Trading Corp	96,131,000		5,895,669	5,895,669
37	Sierra Pacific Power	1,456,000		70,859	70,859
38	Southern California Edison	16,530,000		467,706	467,706
39	Spearfish, (City of)	26,963,000		404,448	404,448
40	St. George, City of	4,036,000		103,633	103,633
41	The Energy Authority	47,200,000		1,798,134	1,798,134
42	Tri State Generation and Transmission	27,882,000		1,129,425	1,129,425
43	Tucson Electric	924,000		33,877	33,877
44	Utah Area Municipal Power Agency	19,779,000		822,943	822,943
45	Westar	2,645,000		69,155	69,155
46	WAPA - Colorado River Storage Project	1,383,000	925,394	11,925	937,319
47	WAPA - Loveland Area Project	4,562,000		63,016	63,016
48	WAPA - Upper Great Plains Region	9,047,000		286,293	286,293
49	WAPA - WACM Loveland WACMM1	26,407,000		551,183	551,183
50	Xcel Energy - Public Service Co. of Colorado	44,780,000		2,148,272	2,148,272
51	Customer Generation	0		144	144
52	Interchange	(39,476,000)		(261,233)	(261,233)
53	Total Purchased Power Dollars	<u>1,724,360,000</u>	<u>\$ 7,109,843</u>	<u>\$ 57,649,169</u>	<u>\$ 64,759,012</u>

**BLACK HILLS POWER, INC.**  
**LISTED EXPENSE ACCOUNTS**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-3**  
**Page 1 of 2**

Line No.	Description of Accounts for Listed Expenses	Reference	Per Books Amount
1	<b>Federal Energy Regulatory Commission Account No. 909</b>		
2			
3	Conservation Advertising		\$ 198
4	Informational Advertising		6,637
5	Safety Advertising		1,227
6	Load Factor Advertising		460
7	TOTAL	Ln.3 + Ln.6	<u>\$ 8,522</u>
8			
9	<b>Federal Energy Regulatory Commission Account No. 913</b>		
10			
11	None		
12			
13	<b>Federal Energy Regulatory Commission Account No. 922</b>		
14			
15	Contract Work		\$ (2,033)
16	AC/DC Tie		(21,359)
17	TOTAL	Ln.15 + Ln.16	<u>\$ (23,392)</u>
18			
19	<b>Federal Energy Regulatory Commission Account No. 926</b>		
20			
21	Group Insurance - Health Care		\$ 3,621,868
22	BHP 401K Plan		688,065
23	Pensions		1,914,666
24	Training		47,530
25	Meetings		244
26	Misc Employee Benefits		1,962
27	Employee Activities		3,627
28	BHSC Allocations and Direct Charges		198,457
29	TOTAL	Ln.21 + Ln.28	<u>\$ 6,476,419</u>

**BLACK HILLS POWER, INC.**  
**LISTED EXPENSE ACCOUNTS**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-3**  
**Page 2 of 2**

Line No.	Description of Accounts for Listed Expenses	Reference	Per Books Amount
1	<b>Federal Energy Regulatory Commission Account No. 928</b>		
2			
3	South Dakota		\$ 124,969
4	Wyoming		210
5	FERC Regulatory		1,159
6	FERC Assess		209,599
7	TOTAL	Ln.3 + Ln.6	<u>\$ 335,937</u>
8			
9	<b>Duplicate Charges Account No. 929</b>		
10			
11	None		
12			
13	<b>Federal Energy Regulatory Commission Account No. 930</b>		
14			
15	General Advertising		\$ 296,272
16	Office Equipment/Moves		735
17	Finance Activities		994
18	Administration		20,294
19	Training		21,774
20	Meetings		1,539
21	Dues and Donations		205
22	Community Relations		3,811
23	Industry Associations		24,502
24	Communications Voice / Data		(2,084)
25	Capital Structure - Management		103,662
26	BHSC Allocations and Direct Charges		388,881
27	Core Systems Unification		52,409
28	TOTAL	Ln.16 + Ln.28	<u>\$ 912,994</u>
29			

**BLACK HILLS POWER, INC.  
INTERCOMPANY TRANSACTIONS  
FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-4  
Page 1 of 1**

Line No.	FERC Acct. #	Description	Reference	Amounts Charged to Black Hills Power from Black Hills Service Company
1	920	Administrative and General Salaries		
2		Various Support Groups from BHSC	Sched H-5 Ln.2(a)	8,894,950
3				
4	921	Office Supplies and Expenses		
5		Computer Support Services provided by BHSC	Sched H-5 Ln.6(a)	4,059,766
6				
7				
8	923	Outside Services Employed		
9		Audit, Legal, Consultants, Etc	Sched H-5 Ln.8 (a)	1,986,962
10				
11	924	Property Insurance	Sched H-5 Ln.11(a)	1,161
12				
13	925	Injuries and Damages		
14		BHSC Insurance Expense	Sched H-5 Ln.14(a)	979,759
15				
16	926	Employee Pensions and Benefits		
17		Health, Life and Long-Term Benefits	Sched H-5 Ln.17(a)	3,058,741
18				
19	930.1	General Advertising Expenses		170,212
20				
21	930.2	Miscellaneous General Expense	Sched H-5 Ln.19(a)	158,725
22				
23	931	Rents	Sched H-5 Ln.21(a)	<u>273,516</u>
24				
25		Total	Sum of Ln.1 - Ln.23	19,583,792

28 The expenses are a combination of direct charges to Black Hills Power and an allocation  
29 of costs. All costs are pushed down to Black Hills Power at the cost incurred by Black  
30 Hills Service Company without any additional fees. The allocation method used is an average  
31 of three methods; 1) Net Fixed Assets as a percentage of Black Hills Corporation consolidated,  
32 2) Net Income as a percentage of Black Hills Corporation consolidated, and 3) Number of  
33 Employees as a percentage of Black Hills Corporation total employee count.

**BLACK HILLS POWER, INC.  
INTERCOMPANY TRANSACTIONS  
FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-5  
Page 1 of 1**

Line No.	FERC Acct. #	Description	(a) 12 months ended June 30, 2009 Amounts Charged to Black Hills Power from Black Hills Service Company	(b) pro forma Amounts Charged to Black Hills Power from Black Hills Service Company	(c) (b) - (a)  Increase/ (Decrease)
1	920	Administrative and General Salaries			
2		Various Support Groups from BHSC	8,894,950	10,051,759	1,156,809
3					
4	921	Office Supplies and Expenses			
5		Computer Support Services provided by BHSC	4,059,766	4,014,223	(45,543)
6					
7					
8	923	Outside Services Employed	1,986,962	1,889,919	(97,043)
9		Audit, Legal, Consultants, Etc			
10					
11	924	Property Insurance	1,161	-	(1,161)
12					
13	925	Injuries and Damages			
14		BHSC Insurance Expense	979,759	1,152,042	172,283
15					
16	926	Employee Pensions and Benefits			
17		Health, Life and Long-Term Benefits	3,058,741	2,941,946	(116,795)
18					
19	930.2	Miscellaneous General Expense	158,725	291,244	132,519
20					
21	931	Rents	273,516	577,833	304,317
22		Total	<u>19,413,580</u>	<u>20,918,966</u>	<u>1,505,386</u>

**BLACK HILLS POWER, INC.**  
**FORECASTED WYGEN III OPERATIONS & MAINTENANCE COST DETAIL**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

Schedule H-6  
Page 1 of 2

Line No.	Description	(a) FERC Account	(b) Total Expense	(c) (Note 1) BHP Ownership Percentage	(d) (b) * (c) BHP Ownership Cost
1	Administration - Operations	500	\$ 447,542	52%	\$ 232,722
2					
3	Fuel Handling - Operations	501	20,902	52%	10,869
4	Steam Power Fuel - Gas	501.1	75,155	52%	39,081
5	Ash - Operations	501	400,685	52%	208,356
6	Subtotal FERC Account 501		<u>496,742</u>		<u>258,306</u>
7					
8	Boiler - Operations	502	391,193	52%	203,420
9	Feedwater - Operations	502	21,826	52%	11,350
10	Fuel Feed and Preparation - Operations	502	20,902	52%	10,869
11	Air Pollution Abatement - Operations	502	1,396,634	52%	726,250
12	Service Air - Operations	502	13,814	52%	7,183
13	Service Water - Operations	502	9,208	52%	4,788
14	Instrument and Control - Operations	502	20,902	52%	10,869
15	Subtotal FERC Account 502		<u>1,874,479</u>		<u>974,729</u>
16					
17	Condensate - Operations	505	121,014	52%	62,927
18	Turbine / Generator - Operations	505	83,613	52%	43,479
19	Condensing Equipment - Operations	505	46,410	52%	24,133
20	Service Water - Operations	505	9,208	52%	4,788
21	Instrument and Control - Operations	505	20,902	52%	10,869
22	Subtotal FERC Account 505		<u>281,147</u>		<u>146,196</u>
23					
24	Structures - Operations	506	81,131	52%	42,188
25	Plant Lighting - Operations	506	1,843	52%	958
26	Miscellaneous - Operations	506	13,814	52%	7,183
27	Subtotal FERC Account 506		<u>96,788</u>		<u>50,330</u>
28					
29	Rents	507	1,600,000	52%	832,000
30					
31	Note 1: Ownership information detail is on Sched D-10				

**BLACK HILLS POWER, INC.**  
**FORECASTED WYGEN III OPERATIONS & MAINTENANCE COST DETAIL**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

Schedule H-6  
Page 2 of 2

Line No.	Description	(a) FERC Account	(b) Total Expense	(c) (Note 1) BHP Ownership Percentage	(d) (b) * (c) BHP Ownership Cost
32	Administration - Maintenance	510	327,369	52%	170,232
33					
34	Structures - Maintenance	511	28,551	52%	14,847
35	Plant Lighting - Maintenance	511	3,682	52%	1,915
36	Heating Ventilating & Air Conditioning - Maintenance	511	4,606	52%	2,395
37	Fire Prevention - Maintenance	511	9,208	52%	4,788
38	Subtotal FERC Account 511		<u>46,047</u>		<u>23,944</u>
39					
40	Boiler - Maintenance	512	92,099	52%	47,891
41	Feedwater - Maintenance	512	46,047	52%	23,944
42	Condensate - Maintenance	512	13,814	52%	7,183
43	Fuel Handling - Maintenance	512	19,339	52%	10,056
44	Fuel Feed and Preparation - Maintenance	512	78,285	52%	40,708
45	Air Pollution Abatement - Maintenance	512	114,201	52%	59,385
46	Waste Water Treatment - Maintenance	512	28,551	52%	14,847
47	Service Water - Maintenance	512	7,369	52%	3,832
48	Instrument and Control - Maintenance	512	40,522	52%	21,071
49	Ash - Maintenance	512	63,548	52%	33,045
50	Service Air - Maintenance	512	25,789	52%	13,410
51	Subtotal FERC Account 512		<u>529,564</u>		<u>275,373</u>
52					
53	Turbine / Generator - Maintenance	513	240,377	52%	124,996
54	Auxiliary Power - Maintenance	513	149,367	52%	77,671
55	Condensing Equipment - Maintenance	513	35,920	52%	18,678
56	Subtotal FERC Account 513		<u>425,664</u>		<u>221,345</u>
57					
58	Tools & Equipment - Maintenance	514	50,653	52%	26,340
59	Miscellaneous - Maintenance	514	20,902	52%	10,869
60	Subtotal FERC Account 514		<u>71,555</u>		<u>37,209</u>
61					
62	Property Insurance	924	250,000	52%	130,000
63					
64	Total Forecasted Operations & Maintenance Expense - Wygen III		<u>\$ 6,446,897</u>		<u>\$ 3,352,386</u>
65					
66	Note 1: Ownership information detail is on Sched D-10				



**BLACK HILLS POWER, INC.**  
**FORECASTED COAL COST DETAIL - WYGEN III**  
**NORMALIZED 12 MONTH PROJECTION**

Schedule H-7  
Page 1 of 2

		Normalized 12 Month Projection						
Line No.	Description	Reference	January	February	March	April	May	June
1	<b>Calculation of Monthly Production</b>							
2	Total Production Per Hour (kWh)		100,000	100,000	100,000	100,000	100,000	100,000
3	Operating Days/Month		31	28	31	30	31	30
4	Total Monthly Production (kWh)	Ln.2 * Ln.3	74,400,000	67,200,000	74,400,000	72,000,000	74,400,000	72,000,000
5	Estimated Availability		95%	95%	95%	95%	95%	95%
6	Net Monthly Production (kWh)	Ln.4 * Ln.5	70,680,000	63,840,000	70,680,000	68,400,000	70,680,000	68,400,000
7								
8	<b>Calculation of Cost of Coal</b>							
9	Heat Rate, Net	(Note 1)	11,000	11,000	11,000	11,000	11,000	11,000
10	Coal Heat Content, Btu/lb	(Note 2)	8,000	8,000	8,000	8,000	8,000	8,000
11	Coal - Quantities - Tons	[(Ln.6) * (Ln.9) ÷ (Ln.10)] ÷ 2,000	48,593	43,890	48,593	47,025	48,593	47,025
12	Price/Ton (Stmt. R pg. 6)	Stmt R pg.6 Ln.1	12.09	12.09	12.09	12.09	12.09	12.09
13	Cost of Coal	Ln.11 * Ln.12	\$ 587,489	\$ 530,630	\$ 587,489	\$ 568,532	\$ 587,489	\$ 568,532
14								
15	BHP Ownership %	(Note 3)	52%	52%	52%	52%	52%	52%
16	BHP Cost of Coal		\$ 305,494	\$ 275,928	\$ 305,494	\$ 295,637	\$ 305,494	\$ 295,637
17								
18								
19								
20								

Note 1 Design heat rate in Btu / kWh.

Note 2 Typical Wyodak Coal Mine coal heat content.

Note 3 Information on ownership can be found on Sched D-10

**BLACK HILLS POWER, INC.**  
**FORECASTED COAL COST DETAIL - WYGEN III**  
**NORMALIZED 12 MONTH PROJECTION**

**Schedule H-7**  
**Page 2 of 2**

Normalized 12 Month Projection

Line No.	Description	Reference	July	August	September	October	November	December	Total
1	<b>Calculation of Monthly Production</b>								
2	Total Production Per Hour (kWh)		100,000	100,000	100,000	100,000	100,000	100,000	
3	Operating Days/Month		31	31	30	31	30	31	
4	Total Monthly Production (kWh)	Ln.2 * Ln.3	74,400,000	74,400,000	72,000,000	74,400,000	72,000,000	74,400,000	
5	Estimated Availability		95%	95%	95%	95%	95%	95%	
6	Net Monthly Production (kWh)	Ln.4 * Ln.5	70,680,000	70,680,000	68,400,000	70,680,000	68,400,000	70,680,000	832,200,000
7									
8	<b>Calculation of Cost of Coal</b>								
9	Heat Rate, Net	(Note 1)	11,000	11,000	11,000	11,000	11,000	11,000	
10	Coal Heat Content, Btu/lb	(Note 2)	8,000	8,000	8,000	8,000	8,000	8,000	
11	Coal - Quantities - Tons	[(Ln.6) * (Ln.9) ÷ (Ln.10)] ÷ 2,000	48,593	48,593	47,025	48,593	47,025	48,593	572,141
12	Price/Ton (Stmt. R pg. 6)	Stmt R pg.6 Ln.1	12.09	12.09	12.09	12.09	12.09	12.09	
13	Cost of Coal	Ln.11 * Ln.12	\$ 587,489	\$ 587,489	\$ 568,532	\$ 587,489	\$ 568,532	\$ 587,489	\$ 6,917,181
14									
15	BHP Ownership %	(Note 3)	52%	52%	52%	52%	52%	52%	
16	BHP Cost of Coal		\$ 305,494	\$ 305,494	\$ 295,637	\$ 305,494	\$ 295,637	\$ 305,494	\$ 3,596,934
17									
18									
19									
20									

Note 1 Design heat rate in Btu / kWh.

Note 2 Typical Wyodak Coal Mine coal heat content.

Note 3 Information on ownership can be found on Sched D-10

**BLACK HILLS POWER**  
**GENERATION DISPATCH AND SCHEDULING COST DETAIL**  
**FOR THE PRO FORMA TEST YEAR ENDED JUNE 30, 2009**

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		\$ 1,033,855
3	Labor Overhead		620,313
4	Materials and Supplies		1,800
5	Overhead on Supplies		342
6	Other Non-Inventory Supplies		8,400
7	Consulting Services		230,400
8	Meals & Entertainment		3,600
9	Lodging		7,600
10	Dues & Subscriptions		15,000
11	Miscellaneous Exp		4,400
12	Other Travel Expenses		14,000
13	Total Costs Related to Generation Dispatch and Scheduling		<u>\$ 1,939,710</u>
14			
15	Power Plant Capacity - Black Hills Power (MW)	Note 2	
16	Ben French		25.00
17	Ben French Diesels		10.00
18	Ben French CT's		100.00
19	Lange CT		40.00
20	Neil Simpson I		21.80
21	Neil Simpson II		91.00
22	Neil Simpson CT		40.00
23	Osage		34.50
24	Colstrip Long-Term Purchase		50.00
25	Happy Jack Long- Term Purchase		15.00
26	Silver Sage Long- Term Purchase		20.00
27	Wygen III 52%		57.20
28	Wyodak 20%		72.40
29	Total Power Plant Capacity - Black Hills Power (MW)		<u>576.90</u>
30			
31	Power Plant Capacity - Cheyenne Light (MW)	Note 2	
32	Wygen II		95.00
33	Wygen I (Purchase Power Agreement)		60.00
34	CT II (Purchase Power Agreement)		40.00
35	Happy Jack Long- Term Purchase		15.00
36	Silver Sage Long- Term Purchase		10.00
37	Total Power Plant Capacity - Cheyenne Light (MW)		<u>220.00</u>

**BLACK HILLS POWER**  
**GENERATION DISPATCH AND SCHEDULING COST DETAIL**  
**FOR THE PRO FORMA TEST YEAR ENDED JUNE 30, 2009**

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

Line No.	Description	Reference	Total Cost
38	Power Plant Capacity - Black Hills/Colorado Electric	Note 2	
39	NW Clark #1		17.60
40	NW Clark #2		23.50
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	PSCO Purchase		290.00
47	Other Long- Term Purchase		23.00
48	Total Power Plant Capacity - Black Hills/Colorado Electric (MW)		<u>412.20</u>
49			
50	Power Plant Capacity - MDU and Other	Note 2	
51	Wygen III 48%		52.80
52	Total Power Plant Capacity - MDU and Other (MW)		<u>52.80</u>
53			
54	Total Capacity to be Managed	Ln.29 + Ln.37 + Ln.48 + Ln.52	1,262
55			
56	Cheyenne Light Percent of Capacity	Ln.37 ÷ Ln.54	17.43%
57			
58	Black Hills/Colorado Electric Utility Percent of Capacity	Ln.48 ÷ Ln.54	32.66%
59			
60	MDU and Other Percent of Capacity	Ln.52 ÷ Ln.54	4.18%
61			
62	Amount to be Charged to Cheyenne Light	Ln.13 * Ln.56	<u>\$ 338,091</u>
63			
64	Amount to be Charged to Black Hills/Colorado Electric Utility	Ln.13 * Ln.58	<u>\$ 633,509</u>
65			
66	Amount to be Charged to MDU and Other	Ln.13 * Ln.60	<u>\$ 81,080</u>
67			
68	Note 1 Total generation dispatch and scheduling costs obtained from 2009 approved budget for the Black Hills Power Generation Dispatch and Scheduling department.		
69	Note 2 Costs from Black Hills Power Generation Dispatch and Scheduling are allocated based on the generation asset's load ratio.		
70			
71			

**BLACK HILLS POWER**  
**PURCHASE POWER AND NATURAL GAS EXPENSE**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

Schedule H-9  
Page 1 of 1

Line No.	Description	Reference			
1	<b>Account 555- Purchase Power- Energy</b>				
2					
3	Per Books June 30, 2009	Stmt H pg.2 Ln.44(a)			57,649,169
4					
5	Power Marketing Purchase Power Expense	Sched H-12 Ln.9			(37,407,018)
6					
7	Purchase Power Expense- Adjusted Total	Ln.35			<u>8,292,213</u>
8					
9	Purchase Power- Adjustment				11,949,938
10					
11	<b>Account 547- Fuel</b>				
12					
13	Per Books June 30, 2009	Stmt H pg.2 Ln.26(a)			2,778,194
14					
15	Other Fuel Expense	Sched H-12 Ln.7			(1,407,885)
16					
17	Fuel Expense- Adjusted Total	Ln.39			<u>366,912</u>
18					
19	Fuel- Adjustment				\$ 1,003,397
20					
21					
22	<b>Purchase Power Expense- Adjusted Total</b>	Note 1	(a)	(b)	(c)
23			MWh	Rate	(a) * (b)
24					
25	Happy Jack Wind PPA		42,946	\$ 44.29	1,902,078
26					
27	Silver Sage Wind PPA		61,627	\$ 48.10	2,964,259
28					
29	Colstrip Contract (Energy Only)		129,867	\$ 17.86	2,319,425
30					
31	Cheyenne Light Purchase Power (Put)		12,040	\$ 23.66	284,866
32					
33	Economy Purchase Power		19,707	\$ 41.69	<u>821,585</u>
34					
35	Total Other Fuel and Purchase Power- Adjusted				8,292,213
36					
37	<b>Fuel Expense- Adjusted Total</b>	Note 1			
38					
39	Natural Gas CT Use		7,200	\$ 50.96	366,912
40					
41	Note 1: Projected Purchase Power and Fuel Expense based on normal 12 month operations with				
42	Wygen III as part of the generation portfolio.				

**BLACK HILLS POWER  
GENERATION PLANT OVERHAUL EXPENSES  
FOR THE TEST YEAR ENDED JUNE 30, 2009**

Schedule H-10  
Page 1 of 1

Line No.	Description	Reference	
1	Total Expense for Boiler Maintenance (FERC acct 512)	Stmt H pg.2 Ln.17(a)	\$ 4,789,116
2			
3	Less: NS I and NS II Overhaul Expense (actual in April - June 2009)	Ln.22 + Ln.26	(1,486,652)
4			
5	Plus: Normalized Overhaul Maintenance Expense	Ln.34	<u>816,620</u>
6			
7	Net Adjustment (Line 3 + 5)	Stmt H Ln.22(h)	(670,032)
8			
9	Adjusted Boiler Maintenance	Ln.1 + Ln.7	<u>\$ 4,119,084</u>
10			
11			
12	<b>Schedule of Projected and Actual Planned Overhaul Costs for Steam Plants</b>		
13			
14	Wyodak 5 year Overhaul Expense (Black Hills Power 20%) (Projected in 2011)		1,292,000
15	Normalization Period		<u>5</u>
16	Wyodak Annual Overhaul Expense	Ln.14 / Ln.15	258,400
17			
18	Ben French Steam Overhaul Expense incurred in April - June 2008		1,570,884
19	Normalization Period		<u>7</u>
20	Ben French Annual Overhaul Expense	Ln.18 / Ln.19	224,412
21			
22	Neil Simpson I Overhaul Expense Incurred in April - June 2009		696,331
23	Normalization Period		<u>7</u>
24	Neil Simpson I Annual Overhaul Expense	Ln.22 / Ln.23	99,476
25			
26	Neil Simpson II Overhaul Expense Incurred in April - June 2009		790,321
27	Normalization Period		<u>7</u>
28	Neil Simpson II Annual Overhaul Expense	Ln.26 / Ln.27	112,903
29			
30	Wygen III Overhaul Expense (projected in 2017)		850,000
31	Normalization Period		<u>7</u>
32	Wygen III Annual Overhaul Expense	Ln.30 / Ln.31	121,429
33			
34	Total Annual Overhaul Expense	Ln.16 + Ln.20 + Ln.24 + Ln.28 + Ln.32	<u>\$ 816,620</u>
35			
36	Note: Osage Steam Plant is not forecasted for an overhaul since it is projected to be out of		
37	service in 2013.		

**BLACK HILLS POWER  
TRANSMISSION EXPENSE  
FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-11  
Page 1 of 1**

Line No.	Description	Reference	
1	<u>Federal Energy Regulatory Commission Account No. 561</u>		
2	CUS Load Dispatch Expense	Stmt H Ln.51(a)	820,482
3			
4	CUS Network Customer Load Dispatch Expense	Stmt H Ln.51(b)	58,104
5			
6	Total Adjusted Load Dispatch Expenses	Ln.2 + Ln.4	878,586
7			
8	CUS Schedule 1 Charges		(878,586)
9			
10	FERC Account 561 Adjusted Total	Ln.6 + Ln.8	-
11			
12	<u>Federal Energy Regulatory Commission Account No. 565</u>		
13			
14	BHP Projected 2010 CUS Tariff Expense Adjustment		758,883
15			
16	BHP Monthly AC/DC Tie Expense (July 2008-Dec 2008) Note 1	Ln.28	1,646,400
17			
18	BHP Transmission Expense Reimbursement	WP-4 Ln.14	(694,310)
19			
20	Total BHP CUS Adjustment	Ln.14 + Ln.16 + Ln.18	1,710,973
21			
22			
23	<u>BHP Monthly AC/DC Tie Expense (July 2008-December 2008)</u>		
24	Net Amount Used Per Month		140,000
25	Monthly Delivery Charge per month/kW		1.96
26	Monthly Charge	Ln.24 * Ln.25	274,400
27	Months		6
28		Ln.16	1,646,400
29			
30			
31	Note 1 After December 31, 2008 the monthly AC/DC Tie Expense is reflected in the Per Books amount		

**BLACK HILLS POWER, INC.** **Schedule H-12**  
**DERIVATION OF POWER MARKETING REVENUE AND EXPENSE ADJUSTMENT** **Page 1 of 1**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

Line No.	Description	Reference	Amount
1	<b>Power Marketing Revenue</b>		
2	Revenue Received		\$ 44,422,084
3			
4	<b>Power Marketing Operating Expenses</b>		
5	Coal Expense		1,210,044
6			
7	Other Fuel Expense		1,407,885
8			
9	Purchased Power Expense		37,407,018
10			
11	Transmission Expense		1,217,426
12			
13	Personnel Costs		1,047,005
14			
15	Other Costs (Legal, Bad Debt, Travel, etc.)		<u>(859,800)</u>
16			
17	<b>Total Power Marketing Operating Expenses</b>	Sum of Ln.5 - Ln.15	<b>41,429,578</b>
18			
19	<b>Power Marketing Income before Federal Income Taxes</b>	Ln.2 - Ln.17	<b><u>2,992,506</u></b>
20			
21	Federal Income Tax @ 35%	Ln.19 * 0.35	<u>1,047,377</u>
22			
23	<b>Power Marketing Net Income</b>	Ln.19 - Ln.21	<b><u><u>\$ 1,945,129</u></u></b>



**BLACK HILLS POWER**  
**OUTSIDE CONSULTING RELATED TO RATE CASE**  
**FOR THE TEST YEAR ENDED JUNE 30, 2009**

**Schedule H-13**  
**Page 1 of 1**

Line No.	Description	Reference	Total Amount
1	Depreciation Study		\$ 75,000
2	Rate Design		50,000
3	Other Consulting		50,000
4	Capital Structure		40,000
5	Legal		150,000
6	Supplies and Other		10,000
7	SD Filing Fee		125,000
8	Total	Sum of Ln.1 - Ln.7	<u>\$ 500,000</u>
9			
10	<i>Costs Spread Over 3 Years:</i>		
11	Total Rate Case Expenses	Ln.8	\$ 500,000
12			
13	Pro Forma Expense	Ln.11 / 3	<u>\$ 166,667</u>
14			
15	Un-Expensed Asset Included in Rate Base	Ln.11 - Ln.13	<u>\$ 333,333</u>

**BLACK HILLS POWER**  
**NORMALIZED OUTPUT FOR COAL PLANTS AND AMOUNTS TO POWER MARKETING**  
**FOR THE PRO FORMA TEST YEAR ENDED JUNE 30, 2009**

Schedule H-14  
Page 1 of 1

Line No.	Plant	Reference	(a)	(b)	(c)	(d)	(e)	(f)
			2005	2006	2007	2008		(e) ÷ 4
			Per FERC Net MWh's Produced	Per FERC Net MWh's Produced	Per FERC Net MWh's Produced	Per FERC Net MWh's Produced	Totals	4 year Average
1	Ben French		152,534	143,650	137,894	120,569	554,647	138,662
2	Neil Simpson I		147,752	150,147	148,787	139,836	586,522	146,631
3	Osage		<u>245,089</u>	<u>253,092</u>	<u>233,664</u>	<u>222,053</u>	<u>953,898</u>	<u>238,475</u>
4								
5		Sum of Ln.1 - Ln.3	<u>545,375</u>	<u>546,889</u>	<u>520,345</u>	<u>482,458</u>	<u>2,095,067</u>	<u>523,768</u>
6								
7								
8	<b>Projected - Number of MWh's used to serve retail customers</b>							
9								
10			(g)	(h)	(i)	(j)	(k)	
11			MWh's	4 year	(h) - (g)		(i) * (j)	
12			to serve retail	Average	Projected	Coal Cost	Marketing	
13	<u>Plant</u>		<u>customers</u>	<u>from above (f)</u>	<u>Marketing</u>	<u>per MWh</u>	<u>Cost of Coal Generation</u>	
14								
15	Ben French		63,800	138,662	74,862	\$ 19.41	1,453,071	
16	Neil Simpson I		110,780	146,631	35,851	\$ 11.94	428,061	
17	Osage		<u>102,082</u>	<u>238,475</u>	<u>136,393</u>	<u>\$ 18.91</u>	<u>2,579,192</u>	
18								
19		Sum of Ln.15 - Ln.17	<u>276,662</u>	<u>523,768</u>	<u>247,106</u>		<u>\$ 4,460,324</u>	

**BLACK HILLS POWER  
COAL PRICE ADJUSTMENT  
FOR THE PRO FORMA TEST YEAR ENDED JUNE 30, 2009**

Schedule H-15  
Page 1 of 1

Price Per Ton for 2010: \$ 12.09 (see Stmt R page 6 line 1)

Line No	Plant	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		(a)	(b)	(a) * (b)	(d)	(e)	(d) * (e)	(f) - (c)
		12 Months ended 6/30/09			pro forma Amount			
		Per FERC Tons Consumed	Per F/S Price Per Ton	Per F/S Total Cost	Tons Consumed	Price Per Ton	Total Cost	Total Increase
1	Ben French	137,297	\$ 11.79 *	\$ 1,618,869	123,874	\$ 12.57	\$ 1,557,542	\$ (61,327)
2	Neil Simpson I	108,896	11.02	1,200,034	125,993	12.09	1,523,255	323,221
3	Neil Simpson II	493,579	11.02	5,439,241	514,807	12.09	6,224,017	784,776
4	Osage	247,434	11.02	2,726,723	243,005	12.09	2,937,930	211,207
5	Wyodak Plant-BHP Only	397,996	11.02	4,385,916	386,098	12.09	4,667,925	282,009
6								
7		<u>1,385,202</u>		<u>\$ 15,370,783</u>	<u>1,393,777</u>		<u>\$ 16,910,669</u>	<u>\$ 1,539,886</u>
8								

\* The higher price per ton for Ben French is due to paying use tax on the coal burned in South Dakota.

The pro forma tons consumed are the 4 calendar year averages for this calculation. The price per ton is developed from the projected capital and expenses from the Wyodak Resources Development Company calculated consistently with Statement R methodology.

Plant	(h)	(i)	(j)	(k)	(l)	(m)
	2005	2006	2007	2008	(l)	(l) ÷ 4
	Per FERC Tons Consumed	Per FERC Tons Consumed	Per FERC Tons Consumed	Per FERC Tons Consumed	Totals	4 year Average
Ben French	133,933	129,218	123,457	108,886	495,494	123,874
Neil Simpson I	128,347	123,390	132,950	119,286	503,973	125,993
Neil Simpson II	483,912	533,835	509,847	531,635	2,059,229	514,807
Osage	244,200	252,348	240,865	234,607	972,020	243,005
Wyodak Plant-BHP Only	386,329	337,528	410,015	410,521	1,544,393	386,098
	<u>1,376,721</u>	<u>1,376,319</u>	<u>1,417,134</u>	<u>1,404,935</u>	<u>5,575,109</u>	<u>1,393,777</u>