

Section N

20:10:13:97. Statement N -- Allocated cost of service. Statement N shall show for the test period the cost of service allocated to the jurisdictional sales or services for which the increased rates or charges are proposed, including the principal determinants used for allocation purposes. Allocated cost of service per books and per claimed adjustments shall be shown separately. This statement shall show the following for the overall cost of service:

- (1) Grouping and allocation of various items of cost and credits to cost of service into functional totals;
- (2) Classification of items of cost and credits into demand, energy, customer, or other appropriate categories;
- (3) If the filing public utility considers for rate purposes certain special facilities to be devoted entirely to the jurisdictional service involved, it shall show, in addition to the overall cost of service, the cost of service related to the special facilities;
- (4) Computations showing the energy responsibilities of the jurisdictional service, based upon consideration of energy sales under the proposed rate schedules and the KWH, MCF or BTU delivered from the filing public utility's supply system;
- (5) Estimated peak electric hour or peak gas period and annual energy or system losses applicable to jurisdictional sales expressed as a percentage of system output;
- (6) Details of allocation of general or common or joint costs to various functions;
- (7) Sufficient detailed breakdown of operation and maintenance expense accounts and taxes to disclose how component items have been classified among energy, class of customer, or other category of 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.

Statement N -- Allocated cost of service per books.
Schedule N-1 -- Allocated cost of service as adjusted.

BLACK HILLS POWER, INC.
PER BOOKS COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

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Ref. #	Description	Allocation Factor	Total	South Dakota
	Energy Input (MWh) - (WP-1)	1	1,915,514	1,497,928
	Production Capacity (kW ICP)	2	332,000	303,880
	Transmission Capacity (kW ICP)	3	332,000	303,880
	Non-coincident Peaks	4	1	1
	Distribution - Secondary	5	1	1
	Customers-(Yearend #)	6	66,830	64,100
	Customers - Weighted Services (multiplier)	7	66,830	64,100
	Customers - Weighted Meters (multiplier) \$	8	66,831	64,100
	Weighted Bills	9	66,830	64,100
	Street Lighting (count)	10	13,286	12,516
	Private Area Lighting (# of cust)	11	2,684	2,509
	Total Production Plant (line 2006)	12	333,263,807	305,036,763
	Total Transmission Plant (line 2022)	13	4,393,237	4,021,136
	Total Distribution Plant (line 2040)	14	242,347,053	226,811,930
	Total General Plant (line 2045)	15	46,658,821	39,415,553
	Total Plant in Service (line 2046)	16	708,166,704	575,285,382
	Total Rate Base (line 2062)	17	339,065,303	271,168,145
	Subtotal Other Production Plant (line 2004)	18	77,992,050	71,386,217
	Total Lines (line 2011)	19	35,753,274	485,825
	Total Substations (line 2015)	20	34,106,244	3,535,311
	Subtotal Transmission Plant (line 2020)	21	69,859,518	4,021,136
	Open	22	-	-
	Subtotal Overhead Lines (line 2029)	23	138,861,590	120,094,362
	Subtotal Underground Lines (line 2032)	24	36,723,057	35,993,410
	Subtotal Distribution Plant (line 2038)	25	240,377,505	218,852,864
	Total Production O&M (line 3020)	26	106,997,751	84,923,796
	Total Operation & Maintenance (line 3092)	27	156,282,138	125,806,808
	Supervised O & M Expense-No CUS (line 3082)	28	28,485,955	23,829,635
	Subtotal Trans. Operation (line 3027)	29	13,910,820	11,927,971
	Subtotal Trans. Maintenance (line 3037)	30	134,073	64,083
	Distribution Operation Subtotal (line 3052)	31	1,858,908	1,727,264
	Distribution Maintenance Subtotal (line 3067)	32	2,677,725	2,529,266
	Transmission Poles & Fixtures & Conductors	33	31,827,014	18,790,835
	Transmission Substations - Direct	34	34,114,530	29,811,617
	FERC Direct	35	1	-
	Montana Direct	36	1	-
	South Dakota Direct	37	1	1
	Wyoming Direct	38	1	-
	Firm Revenues	39	132,328,657	113,498,481
	Late Payment Revenue	40	156,288	148,757
	Miscellaneous Service Revenues	41	425,556	417,736
	Firm Revenues-States Only	42	125,480,345	113,498,481
	Regulatory Commission Taxes	43	293,454	175,000
	Dist. Land and Land Rights	44	1,549,371	1,464,956
	Dist. Structures	45	254,825	246,766
	Dist. Station Equipment	46	51,672,038	42,598,391
	Dist. Poles, Towers, and Fixtures	47	53,726,866	50,975,955
	Dist. Overhead Conductors and Devices	48	31,658,491	29,879,060
	Dist. Underground Conduit	49	1,354,165	1,340,938
	Dist. Underground Conductor	50	35,368,892	34,652,472
	Dist. Line Transformers	51	29,653,335	28,617,179
	Dist. Services	52	22,726,127	22,184,165
	Dist. Meters	53	9,226,130	8,911,656
	Dist. Installations on Customer Premises	54	1,661,933	1,594,956
	Dist. Street Lighting	55	1,519,546	1,451,548
	Total Plant in Service Excluding CUS (Line 2046.1)	56	626,662,918	575,285,382
	CUS Transmission Expense	65	100	47.80
	Transmission expenses from CUS	66	1,711,086	1,497,928
	CUS Direct Expenses	67	1	-

BLACK HILLS POWER, INC.
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Ref. #	Description	Allocation Factor	Total	South Dakota
	Energy Input (MWh) - (WP-1)	1	100.00%	78.20%
	Production Capacity (kW ICP)	2	100.00%	91.53%
	Transmission Capacity (kW ICP)	3	100.00%	91.53%
	Non-coincident Peaks	4	100.00%	100.00%
	Distribution - Secondary	5	100.00%	100.00%
	Customers-(Yearend #)	6	100.00%	95.92%
	Customers - Weighted Services (multiplier)	7	100.00%	95.92%
	Customers - Weighted Meters (multiplier) \$	8	100.00%	95.91%
	Weighted Bills	9	100.00%	95.92%
	Street Lighting (count)	10	100.00%	94.20%
	Private Area Lighting (# of cust)	11	100.00%	93.48%
	Total Production Plant (line 2006)	12	100.00%	91.53%
	Total Transmission Plant (line 2022)	13	100.00%	91.53%
	Total Distribution Plant (line 2040)	14	100.00%	93.59%
	Total General Plant (line 2045)	15	100.00%	84.48%
	Total Plant in Service (line 2046)	16	100.00%	81.24%
	Total Rate Base (line 2062)	17	100.00%	79.98%
	Subtotal Other Production Plant (line 2004)	18	100.00%	91.53%
	Total Lines (line 2011)	19	100.00%	1.36%
	Total Substations (line 2015)	20	100.00%	10.37%
	Subtotal Transmission Plant (line 2020)	21	100.00%	5.76%
	Subtotal Overhead Lines (line 2029)	23	100.00%	86.48%
	Subtotal Underground Lines (line 2032)	24	100.00%	98.01%
	Subtotal Distribution Plant (line 2038)	25	100.00%	91.05%
	Total Production O&M (line 3020)	26	100.00%	79.37%
	Total Operation & Maintenance (line 3092)	27	100.00%	80.50%
	Supervised O & M Expense-No CUS (line 3082)	28	100.00%	83.65%
	Subtotal Trans. Operation (line 3027)	29	100.00%	85.75%
	Subtotal Trans. Maintenance (line 3037)	30	100.00%	47.80%
	Distribution Operation Subtotal (line 3052)	31	100.00%	92.92%
	Distribution Maintenance Subtotal (line 3067)	32	100.00%	94.46%
	Transmission Poles & Fixtures & Conductors	33	100.00%	59.04%
	Transmission Substations - Direct	34	100.00%	87.39%
	FERC Direct	35	100.00%	0.00%
	Montana Direct	36	100.00%	0.00%
	South Dakota Direct	37	100.00%	100.00%
	Wyoming Direct	38	100.00%	0.00%
	Firm Revenues	39	100.00%	85.77%
	Late Payment Revenue	40	100.00%	95.18%
	Miscellaneous Service Revenues	41	100.00%	98.16%
	Firm Revenues-States Only	42	100.00%	90.45%
	Regulatory Commission Taxes	43	100.00%	59.63%
	Dist. Land and Land Rights	44	100.00%	94.55%
	Dist. Structures	45	100.00%	96.84%
	Dist. Station Equipment	46	100.00%	82.44%
	Dist. Poles, Towers, and Fixtures	47	100.00%	94.88%
	Dist. Overhead Conductors and Devices	48	100.00%	94.38%
	Dist. Underground Conduit	49	100.00%	99.02%
	Dist. Underground Conductor	50	100.00%	97.97%
	Dist. Line Transformers	51	100.00%	96.51%
	Dist. Services	52	100.00%	97.62%
	Dist. Meters	53	100.00%	96.59%
	Dist. Installations on Customer Premises	54	100.00%	95.97%
	Dist. Street Lighting	55	100.00%	95.53%
	Total Plant in Service Excluding CUS (Line 2046.1)	56	100.00%	91.80%
	CUS Transmission Expense	65	100.00%	47.80%
	Transmission expenses from CUS	66	100.00%	87.54%
	CUS Direct Expenses	67	100.00%	0.00%

BLACK HILLS POWER, INC.
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Ref. #	Description	Allocation Factor	Total	South Dakota
2001 Plant in Service				
2002	Production Plant			
2003	Steam Production Plant	2	252,991,244	231,563,190
2004	Other Production Plant	2	77,992,050	71,386,217
2005	Unclassified Steam Production Plant	2	1,795,477	1,643,402
2005.1	CWIP Production & CT Plant	2	485,036	443,954
2006	Total Production Plant	CAT01	333,263,807	305,036,763
2007 Transmission Plant				
2008	Lines			
2009	Power Pool Service	3	530,782	485,825
2009.1	CUS Plant	67	35,222,493	-
2010	Direct To Jurisdiction	33	-	-
2011	Total Lines	CAT02	35,753,275	485,825
2012	Substations			
2013	Power Pool Service	3	3,862,456	3,535,311
2014	CUS Plant	67	30,243,788	-
2015	Total Substations	CAT03	34,106,244	3,535,311
2016	Total Lines And Substations	TOTAL01	69,859,519	4,021,136
2017	Other Transmission Plant			
2018	Power Pool Service	3	-	-
2019	Total Other Trans. Plant	CAT04	-	-
2020	Subtotal - Trans. Plant	TOTAL02	69,859,519	4,021,136
2021	Unclassified Trans. Plant plus Additions	3	-	-
2021.1	Unclassified Trans. Plant plus Additions	67	6,070,827	-
2021.2	Total Unclassified Trans. Plant	CAT05	6,070,827	-
2022	Total Transmission Plant	TOTAL03	75,930,346	4,021,136
2023 Distribution Plant				
2024	Land And Land Rights	44	1,549,371	1,464,956
2025	Structures And Improvements	45	254,825	246,766
2026	Station Equipment	46	45,521,177	37,527,626
2026.1	Distribution - Station Equipment	67	6,150,861	-
2027.1	Poles, Towers & Fixtures - Primary	47	53,726,865	50,975,954
2027.2	Poles, Towers & Fixtures - Secondary	47	-	-
2028.1	Overhead Conductors & Devices - Primary	48	31,658,491	29,879,060
2028.2	Overhead Conductors & Devices - Secondary	48	-	-
2029	Subtotal - O.H. Lines	CAT06	138,861,590	120,094,362
2030	Underground Conduit	49	1,354,165	1,340,938
2031	E.G. Conductors & Devices	50	35,368,892	34,652,472
2032	Subtotal - E.G. Lines	CAT07	36,723,057	35,993,410
2033	Line Transformers	51	29,654,527	28,618,329
2034	Services	52	22,726,127	22,184,165
2035	Meters	53	9,230,726	8,916,095
2036	Installations on Cust. Premises	54	1,661,933	1,594,956
2037	Street Lighting and Signal Systems	55	1,519,545	1,451,547
	Subtotal - Equipment	CAT08	64,792,858	62,765,092
2038	Subtotal - Dist. Plant	TOTAL04	240,377,505	218,852,864
2039	Unclassified Dist. Plant Plus Additions	24	8,120,410	7,959,066
2039	Total Unclassified Dist. Plant	CAT09	8,120,410	7,959,066
2040	Total Distribution Plant	TOTAL05	248,497,915	226,811,930
2041	Total Trans. and Dist. Plant	TOTAL06	324,428,261	230,833,066

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Ref. #	Description	Allocation Factor	Total	South Dakota
2042	General Plant			
2043	Classified Plant	28	35,187,143	29,435,445
2043.1	Unclassified General Plant	28	2,036,550	1,703,655
2043.2	Transmission - General Plant	67	3,470,224	-
2044	Plant Acquisition Adj	2	4,870,308	4,457,799
2044.1	Other Utility Plant	28	4,564,821	3,818,654
2044.2	Transmission- Other Utility Plant	67	345,593	-
2045	Total General Plant	CAT10	50,474,639	39,415,553
2046	Total Plant in Service	TOTAL07	708,166,707	575,285,382
2046.1	Total Plant in Service-Excluding CUS	TOTAL07.1	626,662,918	575,285,382
2047 Accumulated Depreciation				
2048	Production	12	168,401,708	154,138,286
2049	Transmission	3	868,841	795,251
2049.1	Transmission - CUS/AC-DC Tie	67	29,669,935	-
2050	Distribution	14	80,074,241	74,941,258
2051	General	15	17,614,552	14,880,087
2051.1	Other Utility Plant	15	2,200,043	1,858,511
2052	Total Accumulated Depreciation	CAT11	298,829,320	246,613,393
2053	Net Plant	TOTAL08	409,337,387	328,671,989
2054	Accum amortized Wyodak & Rushmore Acquisition Adj.	2	2,674,807	2,448,254
2054	Accum amortized Wyodak & Rushmore Acquisition Adj.	CAT12	2,674,807	2,448,254
2055 Working Capital				
2056	Cash Working Capital Allowance	28	2,036,506	1,703,618
2057	Materials and Supplies	56	10,567,234	9,700,870
2058	Prepayments	56	2,115,493	1,942,052
2058.1	Transmission - Working Capital	67	1,962,352	-
2059	Fuel Stocks	1	6,570,223	5,137,901
2060	Total Working Capital	CAT13	23,251,808	18,484,441
2061	Other Rate Base Deductions	12	80,345,170	73,540,031
2061.1	Transmission Rate Base Deductions	67	10,503,910	-
2061.2	Transmission Rate Base Deductions	67	-	-
2061	Total Other Rate Base Deductions	CAT14	90,849,080	73,540,031
2062	Total Rate Base	TOTAL09	339,065,308	271,168,145
3001 Operation and Maintenance Expense				
3002 Production Expense				
3003 Operation				
3004 Steam Power Generation				
3005	Fuel	1	20,927,309	16,365,113
3006	Rents	2	-	-
3007	Other	2	-	-
3008 Other Power Generation				
3009	Fuel	1	2,778,194	2,172,542
3010	Other	2	-	-
3011 Other Power Supply				
3012	Purchased Power - Capacity	2	7,109,843	6,507,648
3013	Purchased Power - Energy	1	57,649,169	45,081,531
3014	System Cont. & Load Dispatch	2	-	-
3015	Total Production Operation	CAT15	88,464,515	70,126,834
3016 Maintenance				
3017	Steam Power Generation	1	16,252,649	12,709,538
3018	Other Power Generation	2	2,280,587	2,087,424
3019	Total Production Maintenance	CAT16	18,533,236	14,796,962
3020	Total Production O&M	TOTAL10	106,997,751	84,923,796

BLACK HILLS POWER, INC.
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Ref. #	Description	Allocation Factor	Total	South Dakota
3021 Transmission Expense				
3022	Operation			
3023	Load Dispatching	67	820,482	-
3024	Station Expenses	67	56,589	-
3025	Overhead Line Expenses	65	4,194	2,005
3026	Transmission Expense	3	13,029,554	11,925,966
3027	Subtotal Trans. Operation	CAT17	13,910,819	11,927,971
3028	Supervision and Engineering	65	695,267	332,317
3029	Misc. Trans. Expenses	65	174,469	83,391
3030	Rents	3	-	-
3031	Total Transmission Operation	CAT18	14,780,555	12,343,679
3032 Maintenance				
3033	Structures	20	-	-
3034	Station Equipment	65	43,275	20,684
3035	Overhead Lines	65	90,798	43,399
3036	Underground Lines	19	-	-
3037	Subtotal Trans. Maintenance	CAT19	134,073	64,083
3038	Supervision and Engineering	65	1,531	732
3039	Misc. Trans. Plant	30	-	-
3040	Total Transmission Maint.	CAT20	135,604	64,815
3041	Total Transmission O&M	TOTAL11	14,916,159	12,408,494
3042 Distribution Expense				
3043	Operation			
3044	Load Dispatching	4	158,985	158,985
3045	Station Expenses	46	446,214	367,859
3046	Overhead Line Expenses	47	636,705	604,105
3047	Transformer Setting	51	-	-
3048	Underground Line Expenses	24	215,427	211,147
3049	Street Lighting and Sig. Exp.	10	211	199
3050	Meter Expenses	6	379,045	363,561
3051	Cust. Install. Expenses	6	22,320	21,408
3052	Subtotal Dist. Operation	CAT21	1,858,907	1,727,264
3053	Supervision and Operation	31	917,025	852,083
3054	Misc. Dist. Expenses	31	473,003	439,506
3055	Rents	31	22,500	20,907
3056	Upton, Wyoming Rents	38	-	-
3057	Total Distribution Operation	CAT22	3,271,435	3,039,760
3058 Maintenance				
3059	Structures	45	-	-
3060	Station Equipment	46	145,609	120,040
3061	Overhead Lines	47	2,105,630	1,997,818
3062	Underground Lines	24	183,007	179,371
3063	Line Transformers	51	9,715	9,376
3064	Street Light. & Signal System	55	124,280	118,719
3065	Meters	6	63,523	60,928
3066	Misc. Dist. Plant	14	45,960	43,014
3067	Subtotal Dist. Maintenance	CAT23	2,677,724	2,529,266
3068	Supervision and Engineering	31	14,455	13,431
3069	Total Distribution Maintenance	CAT24	2,692,179	2,542,697
3070	Total Distribution O&M	TOTAL12	5,963,614	5,582,457
3071	Total Trans. & Dist. O&M	TOTAL13	20,879,773	17,990,951

BLACK HILLS POWER, INC.
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Ref. #	Description	Allocation Factor	Total	South Dakota
3072 Computer Services				
3073	Computer Services	9	-	-
3074	Customer Accounts	9	-	-
3075	Accounts 901 Through 905	39	2,470,046	2,118,562
3076	Total Comp. Exp. & Cust. Acct.	CAT25	2,470,046	2,118,562
3077 Customer Service & Information				
3078	Accounts 907 Through 910	39	1,014,377	870,033
3079	So. Dakota Economic Development	37	-	-
3080	Total Customer Service and Info.	CAT26	1,014,377	870,033
3081	Subtotal O&M Expense	TOTAL14	131,361,947	105,903,342
3082	Supervised O&M Expense	TOTAL15	29,845,378	23,829,635
3083 Administrative and General Exp.				
3084	Operation			
3085	Property Insurance	56	713,163	654,694
3086	Regulatory Comm. Exp.	39	335,937	288,134
3087	Other A&G Expense	28	22,470,372	18,797,360
3087.1	Other A&G Expense-CUS	67	1,205,532	-
3088	Total A&G Operation	CAT27	24,725,004	19,740,188
3089	Maintenance			
3090	General Plant	28	195,183	163,278
3091	Total A&G Expenses	CAT28	24,920,187	19,903,466
3092	Total O&M Expenses	TOTAL16	156,282,134	125,806,808
3093	Total O&M Exp. Less Purch. Pwr.	TOTAL17	91,523,122	74,217,629
3094	Total O&M Exp. Less P. P. & Fuel	TOTAL18	67,817,619	55,679,974
3095	Amortization of Acquisition Adj.	2	151,404	138,580
3095	Amortization of Acquisition Adj.	CAT29	151,404	138,580
3096 Depreciation Expense				
3097	Production	12	8,775,337	8,032,077
3098	Transmission	13	408,031	373,471
3098.1	Transmission-CUS/AC-DC Tie	67	1,509,750	-
3099	Distribution	14	7,309,670	6,841,100
3100	General	15	1,569,138	1,325,547
3100.1	General-Transmission	67	133,371	-
3100.2	Other Utility Plant	15	595,478	503,037
3101	Total Depreciation Expense	CAT30	20,300,775	17,075,232
3102 Taxes Other Than Income				
3103	Property Taxes	56	4,135,664	3,796,598
3103.1	Property Taxes-Transmission	67	384,770	-
3104	Nebraska Tax on Trans. Plant	13	-	-
3105	Payroll Taxes	28	1,860,883	1,556,703
3105.1	Payroll Taxes-Transmission	67	108,745	-
3106	Unemployment - Federal	28	-	-
3107	Unemployment - State	28	-	-
3108	Gross Receipts Tax	38	-	-
3109	Regulatory Comm. Taxes/Expenses	43	293,454	175,000
3110	Total Taxes Other Than Income	CAT31	6,783,516	5,528,301
3111	Total Oper. Exp. Before Inc. Tax	TOTAL19	183,517,829	148,548,921

BLACK HILLS POWER, INC.
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Ref. #	Description	Allocation Factor	Total	South Dakota
4001 Other Operating Revenue				
4002	Acct. 450 - Forfeited Discounts	40	156,287	148,756
4003	Acct. 451 - Misc. Service Revenues	41	425,556	417,736
4004	Acct. 453 - Sales of Water	41	(8,383)	(8,229)
4005	Acct. 454 & 456 - Rent from Elec. Prop. & Other	2	5,120,682	4,686,966
4005.1	Acct. 407 - ECA Revenue	37	6,774,414	6,774,414
4006	Revenue - CUS System	67	10,014,571	-
4007	Total Other Operating Revenue	CAT32	22,483,127	12,019,643
5001 Return Under Existing Rates				
5002	Revenue from Firm Sales	39	132,328,657	113,498,481
5002.1	Revenue from Firm Sales-Unbilled	42	73,137	66,153
5002.2	Revenue from Other Non-Firm	1	44,420,196	34,736,502
5003	Revenue from Contracts	1	18,777,595	14,684,041
5004	Other Operating Revenue		22,483,127	12,019,643
5005	Total Operating Revenue	CAT33	218,082,712	175,004,820
5006	Oper. Expense Before Income Tax	TOTAL19	183,517,829	148,548,921
5007	Oper. Income Before Income Tax	TOTAL20	34,564,883	26,455,899
5008 Federal Income Tax Calculation				
5009	Tax Adjustments			
5010	Interest Expense	17	4,879,493	3,902,384
5011	State Income Tax	36	29,004	-
5012	Other Tax Adjustments	16	50,935,012	41,377,500
5013	Total Tax Adjustments	CAT34	55,843,509	45,279,884
5014	Taxable Income	TOTAL21	(21,278,626)	(18,823,985)
5015	Federal Income Tax		(7,447,519)	(6,588,395)
5016	Deferred Federal Income Tax	16	15,444,231	12,546,255
5017	Less Inv. Tax Credit Amort.	16	(133,296)	(108,284)
5018	Total Federal Income Tax	CAT35	8,130,008	6,066,144
5019	State Income Tax	36	29,004	-
5019	State Income Tax	CAT36	29,004	-
5020	Total Operating Expense	TOTAL22	191,676,841	154,615,065
5021	Return to equity pretax	TOTAL23	26,405,871	20,389,755
5022	Rate Base	TOTAL09	339,065,308	271,168,145
5023	Rate of Return, Existing Rates		7.79%	7.52%
6001 Proposed Revenue Increase				
6002	Revenue Increase			
6003	Revenue Under Existing Rates		132,401,794	113,564,634
6004	Revenue Under Proposed Rates		140,133,500	120,868,712
6005	Proposed Revenue Increase		5,025,483	4,747,532
6006	Additional Revenue with Federal Income Tax		7,731,706	7,304,078
6007 Return Under Proposed Rates				
6008	Revenue from Firm Sales		140,133,500	120,868,712
6009	Revenue from Non-Firm Sales		44,420,196	34,736,502
6010	Revenue from Contract Sales		18,777,595	14,684,041
6011	Other Operating Revenue		22,483,127	12,019,643
6012	Total Operating Revenue		225,814,418	182,308,898

BLACK HILLS POWER, INC.
PER BOOKS COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

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Ref. #	Description	Allocation Factor	Total	South Dakota
6013	Operation and Maintenance Expense		156,282,134	125,806,808
6014	Depreciation and Amortization Expense		20,452,179	17,213,812
6015	Taxes Other than Income Tax		6,783,516	5,528,301
6016	Federal Income Tax - Existing Rates		8,130,008	6,066,144
6017	Federal Income Tax - Additional		2,706,223	2,556,546
6018	State Income Tax		29,004	-
6019	Total Operating Expenses		194,383,064	157,171,611
6020	Return		31,431,354	25,137,287
6021	Rate Base		339,065,308	271,168,145
6022	Rate of Return, Proposed Rates		9.27%	9.27%
7001 Return Under Current Rates				
7002	Revenue from Firm Sales		132,401,794	113,564,634
7003	Revenue from Non-Firm Sales		44,420,196	34,736,502
7004	Revenue from Contract Sales		18,777,595	14,684,041
7005	Other Operating Revenue		22,483,127	12,019,643
7006	Total Operating Revenue		218,082,712	175,004,820
7007	Operation and Maintenance Expense		156,282,134	125,806,808
7008	Depreciation and Amortization Expense		20,452,179	17,213,812
7009	Taxes Other than Income Tax		6,783,516	5,528,301
7010	Federal Income Tax - Existing Rates		8,130,008	6,066,144
7011	State Income Tax		29,004	-
7012	Total Operating Expenses		191,676,841	154,615,065
7013	Return		26,405,871	20,389,755
7014	Rate Base		339,065,308	271,168,145
7015	Rate of Return, Current Rates		7.79%	7.52%
8001 Cost of Service and Revenue Deficiency				
8002	Rate Base		339,065,308	271,168,145
8003	Rate of Return		9.27%	9.27%
8004	Return		31,431,354	25,137,287
8005	Operation and Maintenance Expenses		156,282,134	125,806,808
8006	Depreciation and Amortization Expense		20,452,179	17,213,812
8007	Taxes Other than Income Tax		6,783,516	5,528,301
8008	Federal Income Tax - Existing Rates		8,130,008	6,066,144
8009	State Income Tax		29,004	-
8010	Total Cost of Service		223,108,195	179,752,352
8011	Less: Other Operating Revenue		22,483,127	12,019,643
8012	Less: Revenue from Non-Firm Sales		44,420,196	34,736,502
8013	Less: Revenue from Contract Sales		18,777,595	14,684,041
8014	Net Cost of Service		137,427,277	118,312,166
8015	Revenue Under Existing Rates		132,401,794	113,564,634
8016 Revenue Deficiency				
8017	Amount before tax adjustment		(5,025,483)	(4,747,532)
8018	Tax Adjusted Amount Needed		(7,731,706)	(7,304,078)
8019	Percent Increase/(Decrease)		5.84%	6.43%
tax multiplier (1/(1-.35)) Federal Tax Rate at 35%			1.54	1.54

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation		South Dakota
		Factor	Total	
	Energy Input (MWh) - See WP-1	1	1,711,086	1,497,928
	Production Capacity (kW) See WP-2	2	332,000	303,880
	Transmission Capacity (kW ICP)	3	332,000	303,880
	Non-coincident Peaks	4	1	1
	Distribution - Secondary	5	1	1
	Customers-(Yearend #)	6	66,830	64,100
	Customers - Weighted Services (multiplier)	7	66,830	64,100
	Customers - Weighted Meters (multiplier)	8	66,830	64,100
	Weighted Bills	9	66,830	64,100
	Street Lighting (count)	10	13,286	12,516
	Private Area Lighting (# of cust)	11	2,684	2,509
	Total Production Plant (line 2006)	12	470,274,685	430,442,985
	Total Transmission Plant (line 2022)	13	4,393,237	4,021,136
	Total Distribution Plant (line 2040)	14	251,790,290	236,061,949
	Total General Plant (line 2045)	15	52,903,600	47,413,149
	Total Plant in Service (line 2046)	16	870,643,280	717,939,219
	Total Rate Base (line 2062)	17	479,598,642	393,433,409
	Subtotal Other Production Plant (line 2004)	18	77,992,050	71,386,217
	Total Lines (line 2011)	19	35,753,274	485,825
	Total Substations (line 2015)	20	34,106,244	3,535,311
	Subtotal Transmission Plant (line 2020)	21	69,859,518	4,021,136
	Open	22	-	-
	Subtotal Overhead Lines (line 2029)	23	138,861,590	120,094,362
	Subtotal Underground Lines (line 2032)	24	36,723,057	35,993,410
	Subtotal Distribution Plant (line 2038)	25	240,377,505	218,847,274
	Total Production O&M (line 3020)	26	57,739,644	50,920,007
	Total Operation & Maintenance (line 3092)	27	109,306,109	96,067,239
	Supervised O & M Expense-No CUS (line 3082)	28	31,718,618	28,365,417
	Subtotal Trans. Operation (line 3027)	29	13,588,189	12,379,858
	Subtotal Trans. Maintenance (line 3037)	30	134,766	64,414
	Distribution Operation Subtotal (line 3052)	31	1,963,377	1,824,334
	Distribution Maintenance Subtotal (line 3067)	32	2,833,672	2,676,647
	Transmission Poles & Fixtures & Conductors	33	31,827,014	18,790,835
	Transmission Substations - Direct	34	34,114,530	29,811,617
	FERC Direct	35	1	-
	Montana Direct	36	1	-
	South Dakota Direct	37	1	1
	Wyoming Direct	38	1	-
	Firm Revenues	39	125,480,345	113,498,481
	Late Payment Revenue	40	156,288	148,757
	Miscellaneous Service Revenues	41	425,556	417,736
	Firm Revenues-States Only	42	125,480,345	113,498,481
	Regulatory Commission Taxes	43	293,454	175,000
	Dist. Land and Land Rights	44	1,549,371	1,464,956
	Dist. Structures	45	254,825	246,766
	Dist. Station Equipment	46	51,672,038	42,598,391
	Dist. Poles, Towers, and Fixtures	47	53,726,866	50,975,955
	Dist. Overhead Conductors and Devices	48	31,658,491	29,879,060
	Dist. Underground Conduit	49	1,354,165	1,340,938
	Dist. Underground Conductor	50	35,368,892	34,652,472
	Dist. Line Transformers	51	29,654,528	28,617,179
	Dist. Services	52	22,726,127	22,184,165
	Dist. Meters	53	9,230,726	8,911,656
	Dist. Installations on Customer Premises	54	1,661,933	1,594,956
	Dist. Street Lighting	55	1,519,546	1,451,548
	Total Plant in Service Excluding CUS (Line 2046.1)	56	779,361,812	717,939,219
	CUS Transmission Expense	65	100	47.80
	Transmission expenses from CUS	66	1,711,086	1,497,928
	CUS Direct Expenses	67	1	1

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
	Energy Input (MWh) - See WP-1	1	100.00%	87.54%
	Production Capacity (kW) See WP-2	2	100.00%	91.53%
	Transmission Capacity (kW ICP)	3	100.00%	91.53%
	Non-coincident Peaks	4	100.00%	100.00%
	Distribution - Secondary	5	100.00%	100.00%
	Customers-(Yearend #)	6	100.00%	95.92%
	Customers - Weighted Services (multiplier)	7	100.00%	95.92%
	Customers - Weighted Meters (multiplier)	8	100.00%	95.92%
	Weighted Bills	9	100.00%	95.92%
	Street Lighting (count)	10	100.00%	94.20%
	Private Area Lighting (# of cust)	11	100.00%	93.48%
	Total Production Plant (line 2006)	12	100.00%	91.53%
	Total Transmission Plant (line 2022)	13	100.00%	91.53%
	Total Distribution Plant (line 2040)	14	100.00%	93.75%
	Total General Plant (line 2045)	15	100.00%	89.62%
	Total Plant in Service (line 2046)	16	100.00%	82.46%
	Total Rate Base (line 2062)	17	100.00%	82.03%
	Subtotal Other Production Plant (line 2004)	18	100.00%	91.53%
	Total Lines (line 2011)	19	100.00%	1.36%
	Total Substations (line 2015)	20	100.00%	10.37%
	Subtotal Transmission Plant (line 2020)	21	100.00%	5.76%
	Subtotal Overhead Lines (line 2029)	23	100.00%	86.48%
	Subtotal Underground Lines (line 2032)	24	100.00%	98.01%
	Subtotal Distribution Plant (line 2038)	25	100.00%	91.04%
	Total Production O&M (line 3020)	26	100.00%	88.19%
	Total Operation & Maintenance (line 3092)	27	100.00%	87.89%
	Supervised O & M Expense-No CUS (line 3082)	28	100.00%	89.43%
	Subtotal Trans. Operation (line 3027)	29	100.00%	91.11%
	Subtotal Trans. Maintenance (line 3037)	30	100.00%	47.80%
	Distribution Operation Subtotal (line 3052)	31	100.00%	92.92%
	Distribution Maintenance Subtotal (line 3067)	32	100.00%	94.46%
	Transmission Poles & Fixtures & Conductors	33	100.00%	59.04%
	Transmission Substations - Direct	34	100.00%	87.39%
	FERC Direct	35	100.00%	0.00%
	Montana Direct	36	100.00%	0.00%
	South Dakota Direct	37	100.00%	100.00%
	Wyoming Direct	38	100.00%	0.00%
	Firm Revenues	39	100.00%	90.45%
	Late Payment Revenue	40	100.00%	95.18%
	Miscellaneous Service Revenues	41	100.00%	98.16%
	Firm Revenues-States Only	42	100.00%	90.45%
	Regulatory Commission Taxes	43	100.00%	59.63%
	Dist. Land and Land Rights	44	100.00%	94.55%
	Dist. Structures	45	100.00%	96.84%
	Dist. Station Equipment	46	100.00%	82.44%
	Dist. Poles, Towers, and Fixtures	47	100.00%	94.88%
	Dist. Overhead Conductors and Devices	48	100.00%	94.38%
	Dist. Underground Conduit	49	100.00%	99.02%
	Dist. Underground Conductor	50	100.00%	97.97%
	Dist. Line Transformers	51	100.00%	96.50%
	Dist. Services	52	100.00%	97.62%
	Dist. Meters	53	100.00%	96.54%
	Dist. Installations on Customer Premises	54	100.00%	95.97%
	Dist. Street Lighting	55	100.00%	95.53%
	Total Plant in Service Excluding CUS (Line 2046.1)	56	100.00%	92.12%
	CUS Transmission Expense	65	100.00%	47.80%
	Transmission expenses from CUS	66	100.00%	87.54%
	CUS Direct Expenses	67	100.00%	0.00%

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
2001 Plant in Service				
2002	Production Plant			
2003	Steam Production Plant	2	381,471,749	349,161,551
2004	Other Production Plant	2	77,992,050	71,386,217
2005	Unclassified Steam Production Plant	2	10,325,850	9,451,263
2005.1	CWIP Production & CT Plant	2	485,036	443,954
2006	Total Production Plant	CAT01	470,274,685	430,442,985
2007 Transmission Plant				
2008	Lines			
2009	Power Pool Service	3	530,782	485,825
2009.1	CUS Plant	67	35,222,493	-
2010	Direct To Jurisdiction	33	-	-
2011	Total Lines	CAT02	35,753,275	485,825
2012	Substations			
2013	Power Pool Service	3	3,862,456	3,535,311
2014	CUS Plant	67	30,243,788	-
2015	Total Substations	CAT03	34,106,244	3,535,311
2016	Total Lines And Substations	TOTAL01	69,859,519	4,021,136
2017	Other Transmission Plant			
2018	Power Pool Service	3	-	-
2019	Total Other Trans. Plant	CAT04	-	-
2020	Subtotal - Trans. Plant	TOTAL02	69,859,519	4,021,136
2021	Unclassified Trans. Plant plus Additions	3	-	-
2021.1	Unclassified Trans. Plant plus Additions	67	15,848,509	-
2021.2	Total Unclassified Trans. Plant	CAT05	15,848,509	-
2022	Total Transmission Plant	TOTAL03	85,708,028	4,021,136
2023 Distribution Plant				
2024	Land And Land Rights	44	1,549,371	1,464,956
2025	Structures And Improvements	45	254,825	246,766
2026	Station Equipment	46	45,521,177	37,527,626
2026.1	Transmission - Station Equipment	67	6,150,861	-
2027.1	Poles, Towers & Fixtures - Primary	47	53,726,865	50,975,954
2027.2	Poles, Towers & Fixtures - Secondary	47	-	-
2028.1	Overhead Conductors & Devices - Primary	48	31,658,491	29,879,060
2028.2	Overhead Conductors & Devices - Secondary	48	-	-
2029	Subtotal - O.H. Lines	CAT06	138,861,590	120,094,362
2030	Underground Conduit	49	1,354,165	1,340,938
2031	U.G. Conductors & Devices	50	35,368,892	34,652,472
2032	Subtotal - U.G. Lines	CAT07	36,723,057	35,993,410
2033	Line Transformers	51	29,654,527	28,617,178
2034	Services	52	22,726,127	22,184,165
2035	Meters	53	9,230,726	8,911,656
2036	Installations on Cust. Premises	54	1,661,933	1,594,956
2037	Street Lighting and Signal Systems	55	1,519,545	1,451,547
	Subtotal - Equipment	CAT08	64,792,858	62,759,502
2038	Subtotal - Dist. Plant	TOTAL04	240,377,505	218,847,274
2039	Unclassified Dist. Plant Plus Additions	24	17,563,645	17,214,675
2039	Total Unclassified Dist. Plant	CAT09	17,563,645	17,214,675
2040	Total Distribution Plant	TOTAL05	257,941,150	236,061,949
2041	Total Trans. and Dist. Plant	TOTAL06	343,649,178	240,083,085

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
2042	General Plant			
2043	Classified Plant	28	35,520,476	31,765,354
2043.1	Unclassified General Plant	28	5,165,969	4,619,838
2043.2	Transmission - Classified Plant	67	3,470,224	-
2044	Plant Acquisition Adj	2	4,870,308	4,457,799
2044.1	Other Utility Plant	28	7,346,845	6,570,158
2044.2	Transmission- Other Utility Plant	67	345,593	-
2045	Total General Plant	CAT10	56,719,415	47,413,149
2046	Total Plant in Service	TOTAL07	870,643,278	717,939,219
2046.1	Total Plant in Service-Excluding Transmission	TOTAL07.1	779,361,812	717,939,219
2047	Accumulated Depreciation			
2048	Production	12	168,555,098	154,278,684
2049	Transmission	3	883,212	808,405
2049.1	Transmission - CUS/AC-DC Tie	67	29,669,935	-
2050	Distribution	14	79,818,684	74,832,727
2051	General	15	17,767,232	15,923,310
2051.1	Other Utility Plant	15	2,609,239	2,338,446
2052	Total Accumulated Depreciation	CAT11	299,303,400	248,181,572
2053	Net Plant	TOTAL08	571,339,878	469,757,647
2054	Accum amortized Wyodak & Rushmore Acquisition Adj.	2	2,674,807	2,448,254
2054	Accum amortized Wyodak & Rushmore Acquisition Adj.	CAT12	2,674,807	2,448,254
2055	Working Capital			
2056	Cash Working Capital Allowance	28	(484,414)	(433,203)
2057	Materials and Supplies	56	11,530,902	10,622,136
2058	Prepayments	56	2,115,493	1,948,768
2058.1	Transmission - Working Capital	67	1,962,352	-
2059	Fuel Stocks	1	6,570,223	5,751,740
2060	Total Working Capital	CAT13	21,694,556	17,889,441
2061	Other Rate Base Deductions	12	80,345,170	73,540,031
2061.1	Transmission Rate Base Deductions	67	10,503,910	-
2061.2	Deferred Tax- Bonus Depreciation	12	19,911,909	18,225,394
2061	Total Other Rate Base Deductions	CAT14	110,760,989	91,765,425
2062	Total Rate Base	TOTAL09	479,598,638	393,433,409
3001	Operation and Maintenance Expense			
3002	Production Expense			
3003	Operation			
3004	Steam Power Generation			
3005	Fuel	1	20,695,237	18,117,134
3006	Rents	2	-	-
3007	Other	2	-	-
3008	Other Power Generation			
3009	Fuel	1	366,912	321,204
3010	Other	2	-	-
3011	Other Power Supply			
3012	Purchased Power - Capacity	2	7,109,843	6,507,648
3013	Purchased Power - Energy	1	8,292,213	7,259,213
3014	System Cont. & Load Dispatch	2	-	-
3015	Total Production Operation	CAT15	36,464,205	32,205,199
3016	Maintenance			
3017	Steam Power Generation	1	19,024,723	16,654,724
3018	Other Power Generation	2	2,250,717	2,060,084
3019	Total Production Maintenance	CAT16	21,275,440	18,714,808
3020	Total Production O&M	TOTAL10	57,739,645	50,920,007

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
3021	Transmission Expense			
3022	Operation			
3023	Load Dispatching	67	-	-
3024	Station Expenses	67	60,596	-
3025	Overhead Line Expenses	65	4,491	2,147
3026	Transmission Expense	3	13,523,101	12,377,711
3027	Subtotal Trans. Operation	CAT17	13,588,188	12,379,858
3028	Supervision and Engineering	65	744,503	355,850
3029	Misc. Trans. Expenses	65	186,824	89,296
3030	Rents	3	-	-
3031	Total Transmission Operation	CAT18	14,519,515	12,825,004
3032	Maintenance			
3033	Structures	20	-	-
3034	Station Equipment	65	43,499	20,791
3035	Overhead Lines	65	91,267	43,623
3036	Underground Lines	19	-	-
3037	Subtotal Trans. Maintenance	CAT19	134,766	64,414
3038	Supervision and Engineering	65	1,539	736
3039	Misc. Trans. Plant	30	-	-
3040	Total Transmission Maint.	CAT20	136,305	65,150
3041	Total Transmission O&M	TOTAL11	14,655,820	12,890,154
3042	Distribution Expense			
3043	Operation			
3044	Load Dispatching	4	167,920	167,920
3045	Station Expenses	46	471,291	388,532
3046	Overhead Line Expenses	47	672,488	638,055
3047	Transformer Setting	51	-	-
3048	Underground Line Expenses	24	227,534	223,013
3049	Street Lighting and Sig. Exp.	10	223	210
3050	Meter Expenses	6	400,347	383,993
3051	Cust. Install. Expenses	6	23,574	22,611
3052	Subtotal Dist. Operation	CAT21	1,963,377	1,824,334
3053	Supervision and Operation	31	968,562	899,970
3054	Misc. Dist. Expenses	31	499,586	464,206
3055	Rents	31	23,765	22,082
3056	Upton, Wyoming Rents	38	-	-
3057	Total Distribution Operation	CAT22	3,455,290	3,210,592
3058	Maintenance			
3059	Structures	45	-	-
3060	Station Equipment	46	154,089	127,031
3061	Overhead Lines	47	2,228,260	2,114,169
3062	Underground Lines	24	193,665	189,817
3063	Line Transformers	51	10,281	9,921
3064	Street Light. & Signal System	55	131,518	125,633
3065	Meters	6	67,223	64,477
3066	Misc. Dist. Plant	14	48,637	45,599
3067	Subtotal Dist. Maintenance	CAT23	2,833,673	2,676,647
3068	Supervision and Engineering	31	15,297	14,214
3069	Total Distribution Maintenance	CAT24	2,848,970	2,690,861
3070	Total Distribution O&M	TOTAL12	6,304,260	5,901,453
3071	Total Trans. & Dist. O&M	TOTAL13	20,960,080	18,791,607

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
3072 Computer Services				
3073	Computer Services	9	-	-
3074	Customer Accounts	9	-	-
3075	Accounts 901 Through 905	39	2,527,880	2,286,498
3076	Total Comp. Exp. & Cust. Acct.	CAT25	2,527,880	2,286,498
3077 Customer Service & Information				
3078	Accounts 907 Through 910	39	1,074,941	972,297
3079	So. Dakota Economic Development	37	-	-
3080	Total Customer Service and Info.	CAT26	1,074,941	972,297
3081	Subtotal O&M Expense	TOTAL14	82,302,546	72,970,409
3082	Supervised O&M Expense	TOTAL15	32,291,475	28,365,417
3083 Administrative and General Exp.				
3084	Operation			
3085	Property Insurance	56	842,002	775,643
3086	Regulatory Comm. Exp.	39	335,937	303,859
3087	Other A&G Expense	28	24,424,910	21,842,779
3087.1	Other A&G Expense-Transmission	67	1,205,532	-
3088	Total A&G Operation	CAT27	26,808,381	22,922,281
3089 Maintenance				
3090	General Plant	28	195,183	174,549
3091	Total A&G Expenses	CAT28	27,003,564	23,096,830
3092	Total O&M Expenses	TOTAL16	109,306,110	96,067,239
3093	Total O&M Exp. Less Purch. Pwr.	TOTAL17	93,904,054	82,300,378
3094	Total O&M Exp. Less P. P. & Fuel	TOTAL18	72,841,905	63,862,040
3095 Amortization of Acquisition Adj.				
3095	Amortization of Acquisition Adj.	2	151,404	138,580
3095	Amortization of Acquisition Adj.	CAT29	151,404	138,580
3096 Depreciation Expense				
3097	Production	12	12,576,787	11,511,548
3098	Transmission	13	261,473	239,327
3098.1	Transmission-CUS	67	1,509,750	-
3099	Distribution	14	6,973,856	6,538,227
3100	General	15	1,874,499	1,679,959
3100.1	General-CUS	67	133,371	-
3100.2	Other Utility Plant	15	1,413,870	1,267,135
3101	Total Depreciation Expense	CAT30	24,743,606	21,236,196
3102 Taxes Other Than Income				
3103	Property Taxes	56	5,135,707	4,730,955
3103.1	Property Taxes-Transmission	67	384,770	-
3104	Nebraska Tax on Trans. Plant	13	-	-
3105	Payroll Taxes	28	1,958,768	1,751,693
3105.1	Payroll Taxes-Transmission	67	108,745	-
3106	Unemployment - Federal	28	-	-
3107	Unemployment - State	28	-	-
3108	Gross Receipts Tax	38	-	-
3109	Regulatory Comm. Taxes/Expenses	43	360,414	214,931
3110	Total Taxes Other Than Income	CAT31	7,948,404	6,697,579
3111	Total Oper. Exp. Before Inc. Tax	TOTAL19	142,149,524	124,139,594

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
4001 Other Operating Revenue				
4002	Acct. 450 - Forfeited Discounts	40	156,287	148,756
4003	Acct. 451 - Misc. Service Revenues	41	2,201,684	2,161,226
4004	Acct. 453 - Sales of Water	41	(8,383)	(8,229)
4005	Acct. 454 & 456 - Rent from Elec. Prop. & Other	2	5,120,682	4,686,966
4005.1	Acct. 407 - ECA Revenue	37	-	-
4006	Revenue - Transmission System	67	11,660,971	-
4007	Total Other Operating Revenue	CAT32	19,131,241	6,988,719
5001 Return Under Existing Rates				
5002	Revenue from Firm Sales	39	125,480,345	113,498,481
5002.1	Revenue from Firm Sales-Unbilled	42	73,137	66,153
5002.2	Revenue from Other Non-Firm	1	-	-
5003	Revenue from Wholesale Contracts	1	15,955,622	13,967,955
5004	Other Operating Revenue		19,131,241	6,988,719
5005	Total Operating Revenue	CAT33	160,640,345	134,521,308
5006	Oper. Expense Before Income Tax	TOTAL19	142,149,524	124,139,594
5007	Oper. Income Before Income Tax	TOTAL20	18,490,821	10,381,714
5008 Federal Income Tax Calculation				
5009	Tax Adjustments			
5010	Interest Expense	17	15,778,795	12,943,959
5011	State Income Tax	36	29,004	-
5012	Other Tax Adjustments	16	44,507,220	36,701,000
5013	Total Tax Adjustments	CAT34	60,315,019	49,644,959
5014	Taxable Income	TOTAL21	(41,824,198)	(39,263,245)
5015	Federal Income Tax		(14,638,469)	(13,742,135)
5016	Deferred Federal Income Tax	16	15,444,231	12,735,433
5017	Less Inv. Tax Credit Amort.	16	(133,296)	(109,917)
5018	Total Federal Income Tax	CAT35	939,058	(896,785)
5019	State Income Tax	36	29,004	-
5019	State Income Tax	CAT36	29,004	-
5020	Total Operating Expense	TOTAL22	143,117,586	123,242,809
5021	Return to equity pretax	TOTAL23	17,522,759	11,278,499
5022	Rate Base	TOTAL09	479,598,638	393,433,409
5023	Rate of Return, Existing Rates		3.65%	2.87%
6001 Proposed Revenue Increase				
6002	Revenue Increase			
6003	Revenue Under Existing Rates		125,553,482	113,564,634
6004	Revenue Under Proposed Rates		166,994,572	152,323,723
6005	Proposed Revenue Increase		26,936,035	25,192,778
6006	Additional Revenue with Federal Income Tax		41,441,090	38,759,089
6007 Return Under Proposed Rates				
6008	Revenue from Firm Sales		166,994,572	152,323,723
6009	Revenue from Non-Firm Sales		-	-
6010	Revenue from Contract Sales		15,955,622	13,967,955
6011	Other Operating Revenue		19,131,241	6,988,719
6012	Total Operating Revenue		202,081,435	173,280,397

BLACK HILLS POWER, INC.
ADJUSTED COST OF SERVICE ANALYSIS
FOR THE TEST YEAR ENDED JUNE 30, 2009

Ref. #	Description	Allocation Factor	Total	South Dakota
6013	Operation and Maintenance Expense		109,306,110	96,067,239
6014	Depreciation and Amortization Expense		24,895,010	21,374,776
6015	Taxes Other than Income Tax		7,948,404	6,697,579
6016	Federal Income Tax - Existing Rates		939,058	(896,785)
6017	Federal Income Tax - Additional		14,505,055	13,566,311
6018	State Income Tax		29,004	-
6019	Total Operating Expenses		157,622,641	136,809,120
6020	Return		44,458,794	36,471,277
6021	Rate Base		479,598,638	393,433,409
6022	Rate of Return, Proposed Rates		9.27%	9.27%
7001 Return Under Current Rates				
7002	Revenue from Firm Sales		125,553,482	113,564,634
7003	Revenue from Non-Firm Sales		-	-
7004	Revenue from Contract Sales		15,955,622	13,967,955
7005	Other Operating Revenue		19,131,241	6,988,719
7006	Total Operating Revenue		160,640,345	134,521,308
7007	Operation and Maintenance Expense		109,306,110	96,067,239
7008	Depreciation and Amortization Expense		24,895,010	21,374,776
7009	Taxes Other than Income Tax		7,948,404	6,697,579
7010	Federal Income Tax - Existing Rates		939,058	(896,785)
7011	State Income Tax		29,004	-
7012	Total Operating Expenses		143,117,586	123,242,809
7013	Return		17,522,759	11,278,499
7014	Rate Base		479,598,638	393,433,409
7015	Rate of Return, Current Rates		3.65%	2.87%
8001 Cost of Service and Revenue Deficiency				
8002	Rate Base		479,598,638	393,433,409
8003	Rate of Return		9.27%	9.27%
8004	Return		44,458,794	36,471,277
8005	Operation and Maintenance Expenses		109,306,110	96,067,239
8006	Depreciation and Amortization Expense		24,895,010	21,374,776
8007	Taxes Other than Income Tax		7,948,404	6,697,579
8008	Federal Income Tax - Existing Rates		939,058	(896,785)
8009	State Income Tax		29,004	-
8010	Total Cost of Service		187,576,380	159,714,086
8011	Less: Other Operating Revenue		19,131,241	6,988,719
8012	Less: Revenue from Non-Firm Sales		-	-
8013	Less: Revenue from Contract Sales		15,955,622	13,967,955
8014	Net Cost of Service		152,489,517	138,757,412
8015	Revenue Under Existing Rates		125,553,482	113,564,634
8016 Revenue Deficiency				
8017	Amount before tax adjustment		(26,936,035)	(25,192,778)
8018	Tax Adjusted Amount Needed		(41,441,090)	(38,759,089)
8019	Percent Increase/(Decrease)		33.01%	34.13%
	tax multiplier (1/(1-.35)) Federal Tax Rate at 35%		1.5385	1.5385
	Tax Amount Needed		14,505,055	13,566,311