

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

## Section E

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

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

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

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

**BLACK HILLS POWER, INC.**  
**DEPRECIATION AND AMORTIZATION METHOD**  
**For the Test Year Ended June 30, 2012**

Line No.	Policy Description
1	The Company's depreciation expense rates are based on a depreciation study completed by Black & Veatch Consulting Engineers of Kansas City, Missouri, in September 2009. The study was performed in accordance with standard industry practice. The study was complete using Company data through December 31, 2008. Specific depreciation expense rates are calculated for each FERC property account and are applied to a twelve-month average of the property account investments to calculate annual depreciation expense. See Statement J for calculation of depreciation expense for the test year based on the rates developed by Black & Veatch. A more recent depreciation study was not completed as there was no new generation added.
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11	There have been no changes in depreciation and amortization procedures for the test year ended June 30, 2012.
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