

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

Section H

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

- (1) Operation and maintenance expense as booked, for the test period and the total for the test period;
- (2) Claimed adjustments, if any, to expenses as booked;
- (3) Total adjusted operation and maintenance expenses claimed.

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

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

General Authority: SDCL 49-34A-4.

Law Implemented: SDCL 49-34A-7, 49-34A-10, 49-34A-12, 49-34A-41.

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

1. Distribution of Wages and Salaries
2. Purchase Power Detail Listing
3. Listed Expense Accounts
4. Intercompany Black Hills Service Company Charges
5. Intercompany Black Hills Utility Holdings Charges
6. Employee Pension and Benefits Adjustment
7. Bad Debt Analysis
8. Generation Dispatch and Scheduling Cost Detail
9. Purchase Power Expense Adjustment
10. Generation Plant Overhaul Expense
11. Expense Elimination Adjustment
12. Power Marketing Expense Adjustment
13. Outside Consulting Related to Rate Case
14. Ben French Operation & Maintenance Adjustment
15. Coal Price Adjustment

Black Hills Power, Inc.
South Dakota
Revenue Requirement Model Description
 16. Severance Expense Adjustment
 17. Capacity Reserve Adjustment

An adjustment was also made on Statement H column (q) to remove energy delivered costs as the Company is not proposing a change to the previously approved base rates (Docket EL09-018).

BLACK HILLS POWER, INC.
OPERATING AND MAINTENANCE EXPENSES
For the Test Year Ended June 30, 2012

Statement H
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Line No.	FERC Acct. #	Description	Per Books	Adjustments									
				(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Sched H-1	Sched H-4	Sched H-5	Sched H-6	Sched H-7	Sched H-8	Sched H-9	Sched H-10	Sched H-11	
1		Steam Production Operation:											
2	500	Supervision & Engineering	\$ 1,846,170	\$ 22,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	501	Fuel	1,357,246	16,211	-	-	-	-	-	-	-	-	
4	501.1	Steam Power Fuel - Gas	91,298	-	-	-	-	-	-	-	-	-	
5	501.2	Steam Power Fuel - Oil	613,206	-	-	-	-	-	-	-	-	-	
6	501.3	Steam Power Fuel - Coal	21,163,029	-	-	-	-	-	-	-	-	-	
7	501.4	Steam Power Fuel - Transportation	1,324,658	-	-	-	-	-	-	-	-	-	
8	502	Steam Expense	3,665,046	43,776	-	-	-	-	-	-	-	-	
9	505	Electric Expense	1,248,355	14,911	-	-	-	-	-	-	-	-	
10	506	Miscellaneous	789,883	9,435	-	-	-	-	-	-	-	-	
11	507	Rent	2,541,056	30,351	-	-	-	-	-	-	-	-	
12	509	Allowances	30	-	-	-	-	-	-	-	-	-	
13		Total Steam Production Operation	34,639,976	136,735	-	-	-	-	-	-	-	-	
14													
15		Steam Production Maintenance:											
16	510	Supervision & Engineering	1,721,490	16,392	-	-	-	-	-	-	-	-	
17	511	Structures	820,969	7,817	-	-	-	-	-	-	-	-	
18	512	Boilers	4,757,649	45,302	-	-	-	-	-	-	-	(49,388)	
19	513	Electric Plant	875,047	8,332	-	-	-	-	-	-	(428,000)	-	
20	514	Miscellaneous Plant	205,774	1,959	-	-	-	-	-	-	-	-	
21		Total Steam Production Maintenance	8,380,929	79,802	-	-	-	-	-	-	(428,000)	(49,388)	
22													
23		Total Steam Production Expense	43,020,905	216,537	-	-	-	-	-	-	(428,000)	(49,388)	
24													
25		Other Production Operation:											
26	546	Supervision & Engineering	215,352	2,572	-	-	-	-	-	-	-	-	
27	547	Fuel	2,074,106	-	-	-	-	-	-	-	-	-	
28	548	Generation Expense	442,112	5,281	-	-	-	-	-	-	-	-	
29	549	Miscellaneous	97,138	1,160	-	-	-	-	-	-	-	-	
30	550	Rents	118,053	1,410	-	-	-	-	-	-	-	-	
31		Total Other Production Operation	2,946,761	10,423	-	-	-	-	-	-	-	-	
32													
33		Other Production Maintenance:											
34	551	Supervision & Engineering	163,609	1,558	-	-	-	-	-	-	-	-	
35	552	Structures	98,340	936	-	-	-	-	-	-	-	-	
36	553	Electric Plant	1,967,157	18,731	-	-	-	-	-	-	-	-	
37	554	Miscellaneous Plant	197,740	1,883	-	-	-	-	-	-	-	-	
38	556	System Control and Load Dispatch	1,211,692	11,538	-	(72,180)	-	-	(52,601)	-	-	-	
39	557	Other Expenses	24	-	-	-	-	-	-	-	-	-	
40		Total Other Production Maintenance	3,638,562	34,646	-	(72,180)	-	-	(52,601)	-	-	-	
41													
42		Total Other Production Expense	6,585,323	45,069	-	(72,180)	-	-	(52,601)	-	-	-	
43													
44		Other Power Supply:											
45	555	Purchased Power - Energy	41,442,094	-	-	-	-	-	-	2,034,740	-	-	
46	555	Purchased Power - Capacity	7,258,307	-	-	-	-	-	-	-	-	-	
47		Total Other Power Supply	48,700,401	-	-	-	-	-	-	2,034,740	-	-	
48													
49		Total Production Expenses	98,306,629	261,606	-	(72,180)	-	-	(52,601)	2,034,740	(428,000)	(49,388)	
50													
51		Transmission Operations:											
52	560	Supervision & Engineering	517,220	1,335	-	66,593	-	-	-	-	-	-	
53	561	Load Dispatch	2,622,111	6,768	23,474	541,972	-	-	-	-	-	-	
54	562	Station Equipment	301,339	778	-	(5,557)	-	-	-	-	-	-	

BLACK HILLS POWER, INC.
OPERATING AND MAINTENANCE EXPENSES
For the Test Year Ended June 30, 2012

Statement H
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Line No.	FERC Acct. #	Description	(a) Per Books	Adjustments									
				(b) Sched H-1	(c) Sched H-4	(d) Sched H-5	(e) Sched H-6	(f) Sched H-7	(g) Sched H-8	(h) Sched H-9	(i) Sched H-10	(j) Sched H-11	
55	563	Overhead Lines	94,210	243	-	-	-	-	-	-	-	-	-
56	565	Transmission of Electricity by Others	18,592,582	-	-	-	-	-	-	-	-	-	-
57	566	Miscellaneous	100,190	259	-	-	-	-	-	-	-	-	-
58	567	Rents	-	-	-	-	-	-	-	-	-	-	-
59		Total Transmission Operations	22,227,652	9,983	23,474	603,008	-	-	-	-	-	-	-
60													
61		Transmission Maintenance:											
62	568	Supervision & Engineering	-	-	-	-	-	-	-	-	-	-	-
63	569	Structures	-	-	-	-	-	-	-	-	-	-	-
64	570	Station Equipment	143,335	1,142	-	-	-	-	-	-	-	-	-
65	571	Overhead Lines	160,826	1,282	-	(5,283)	-	-	-	-	-	-	-
66	572	Underground Lines	-	-	-	-	-	-	-	-	-	-	-
67	573	Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
68		Total Transmission Maintenance	304,161	2,424	-	(6,283)	-	-	-	-	-	-	-
69													
70		Total Transmission Expenses	22,531,813	11,807	23,474	596,725	-	-	-	-	-	-	-
71													
72		Distribution Operations:											
73	580	Supervision	836,439	(3,239)	-	(18,333)	-	-	-	-	-	-	-
74	581	Load Dispatch	292,624	(1,133)	-	(50,390)	-	-	-	-	-	-	-
75	582	Station Equipment	443,357	(1,717)	-	-	-	-	-	-	-	-	-
76	583	Overhead Lines	456,237	(1,767)	-	-	-	-	-	-	-	-	-
77	584	Underground Lines	311,105	(1,205)	-	-	-	-	-	-	-	-	-
78	585	Street Lighting	89	-	-	-	-	-	-	-	-	-	-
79	586	Metering	866,163	(3,354)	-	-	-	-	-	-	-	-	-
80	587	Customer Installations	28,737	(111)	-	-	-	-	-	-	-	-	-
81	588	Miscellaneous	502,229	(1,945)	-	(15,970)	-	-	-	-	-	-	-
82	589	Rents	19,457	(75)	-	-	-	-	-	-	-	-	-
83		Total Distribution Operations	3,756,437	(14,546)	-	(84,693)	-	-	-	-	-	-	-
84													
85		Distribution Maintenance:											
86	590	Supervision	1,565	14	-	-	-	-	-	-	-	-	-
87	591	Structures	-	-	-	-	-	-	-	-	-	-	-
88	592	Station Equipment	346,575	3,162	-	8,091	-	-	-	-	-	-	-
89	593	Overhead Lines	2,550,816	23,274	-	-	-	-	-	-	-	-	(267)
90	594	Underground Lines	191,328	1,746	-	-	-	-	-	-	-	-	-
91	595	Transformers	38,005	347	-	-	-	-	-	-	-	-	-
92	596	Street Lighting	138,724	1,266	-	-	-	-	-	-	-	-	-
93	597	Metering	73,889	674	-	-	-	-	-	-	-	-	-
94	598	Miscellaneous	21,554	197	-	-	-	-	-	-	-	-	-
95		Total Distribution Maintenance	3,362,456	30,680	-	8,091	-	-	-	-	-	-	(267)
96													
97		Total Distribution Expenses	7,118,893	16,134	-	(76,602)	-	-	-	-	-	-	(267)
98													
99		Customer Accounting Expense:											
100	901	Supervision	33,274	(765)	-	15,701	-	-	-	-	-	-	(33)
101	902	Meter Reading	62,213	(1,430)	-	-	-	-	-	-	-	-	-
102	903	Customer Records and Collection Expenses	1,733,439	(39,833)	-	(40,102)	-	-	-	-	-	-	(300)
103	904	Uncollectible Accounts	290,583	(6,677)	-	-	-	114,741	-	-	-	-	-
104	905	Miscellaneous	826,214	(18,986)	-	18,560	-	-	-	-	-	-	-
105		Total Customer Accounting Expense	2,945,723	(67,691)	-	(5,841)	-	114,741	-	-	-	-	(333)
106													
107		Customer Service Expense:											
108	907	Supervision	281,490	(28,214)	-	20,672	-	-	-	-	-	-	-

BLACK HILLS POWER, INC.
OPERATING AND MAINTENANCE EXPENSES
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	(a) Per Books	Adjustments										
				(b) Sched H-1	(c) Sched H-4	(d) Sched H-5	(e) Sched H-6	(f) Sched H-7	(g) Sched H-8	(h) Sched H-9	(i) Sched H-10	(j) Sched H-11		
109	908	Customer Assistance	1,166,416	(116,912)	-	(1,742)	-	-	-	-	-	-	-	-
110	909	Advertisement	11,854	(1,188)	-	-	-	-	-	-	-	-	-	(5,384)
111	910	Miscellaneous	64,863	(6,501)	-	-	-	-	-	-	-	-	-	-
112		Total Customer Service Expense	1,524,623	(152,815)	-	18,930	-	-	-	-	-	-	-	(5,384)
113														
114		Total Customer Expenses	4,470,346	(220,506)	-	13,089	-	114,741	-	-	-	-	-	(5,717)
115														
116		Sales Expense:												
117	912	Demonstrating and Selling Expenses	447	-	-	-	-	-	-	-	-	-	-	(447)
118	916	Miscellaneous Sales Expenses	1,777	-	-	-	-	-	-	-	-	-	-	(1,777)
119		Total Sales Expense	2,224	-	-	-	-	-	-	-	-	-	-	(2,224)
120														
121		Administrative & General Expense:												
122	920	Administrative Salaries	13,802,193	(188,764)	(12,060)	993,303	-	-	-	-	-	-	-	-
123	921	Office Supplies & Expense	3,655,264	-	(128,322)	811,350	-	-	-	-	-	-	-	(218)
124	922	A&G Expense Transferred	(41,436)	-	-	7,485	-	-	-	-	-	-	-	-
125	923	Outside Services	2,283,012	-	520,709	202,388	-	-	-	-	-	-	-	-
126	924	Property Insurance	854,167	-	(69,975)	46,317	-	-	-	-	-	-	-	-
127	925	Injuries and Damages	1,388,862	-	144,912	31,534	-	-	-	-	-	-	-	-
128	926	Pensions & Benefits	99,228	-	(227,721)	180,091	510,780	-	-	-	-	-	-	-
129	928	Regulatory Commission	713,800	-	-	-	-	-	-	-	-	-	-	-
130	930.1	General Advertising	224,449	-	-	-	-	-	-	-	-	-	-	(197,188)
131	930.2	Miscellaneous General	1,161,427	-	383,494	18,647	-	-	-	-	-	-	-	(474,410)
132	931	Rents	545,526	-	(17,400)	(15,070)	-	-	-	-	-	-	-	-
133	935	Maintenance of General Plant	1,080,634	-	502,714	(228,459)	-	-	-	-	-	-	-	-
134		Total Administrative & General Expense	25,767,126	(188,764)	1,096,351	2,047,586	510,780	-	-	-	-	-	-	(671,816)
135														
136		Total Operating & Maintenance Expense	\$ 158,197,031	\$ (119,723)	\$ 1,119,825	\$ 2,508,618	\$ 510,780	\$ 114,741	\$ (52,601)	\$ 2,034,740	\$ (428,000)	\$ (729,412)		
137														
138														
139														

Note 1: The adjustment is to remove energy delivered costs as the Company is not proposing a change to the previously approved base rates (Docket ELD09-018) for the Fuel Purchase Power Adjustment and the Transmission Cost Adjustment. FERC Accounts 501, 547, 555 and 565 were eliminated so the ending adjusted balance in column (s) is zero. Further, the re-agent costs, proposed to be included in the Fuel Purchase Power adjustment going forward, were also eliminated.

- Sched H-1 Distribution Wages and Salaries
- Sched H-2 Purchased Power Detail Listing
- Sched H-3 Listed Expense Accounts
- Sched H-4 Black Hills Corporation/Black Hills Service Company - Intercompany Charges
- Sched H-5 Black Hills Utility Holdings - Intercompany Charges
- Sched H-6 Employee Pension and Benefits Adjustment
- Sched H-7 Bad Debt Analysis
- Sched H-8 Generation Dispatch and Scheduling Cost Detail
- Sched H-9 Purchase Power Expense Adjustment
- Sched H-10 Generation Plant Overhaul Expense
- Sched H-11 Expense Elimination Adjustment
- Sched H-12 Power Marketing Expense Adjustment
- Sched H-13 Outside Consulting Related to Rate Case
- Sched H-14 Ben French Operation & Maintenance Adjustment
- Sched H-15 Coal Price Adjustment
- Sched H-16 Severance Expense Adjustment
- Sched H-17 Capacity Reserve Adjustment

BLACK HILLS POWER, INC.
OPERATING AND MAINTENANCE EXPENSES
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	Adjustments							Sum((a):(q)) Adjusted Total
			(k) Sched H-12	(l) Sched H-13	(m) Sched H-14	(n) Sched H-15	(o) Sched H-16	(p) Sched H-17	(q) Note 1	
109	908	Customer Assistance	-	-	-	-	-	-	-	1,047,762
110	909	Advertisement	-	-	-	-	-	-	-	5,282
111	910	Miscellaneous	-	-	-	-	-	-	-	58,362
112		Total Customer Service Expense	-	-	-	-	-	-	-	1,385,354
113										
114		Total Customer Expenses	-	-	-	-	-	-	-	4,371,953
115										
116		Sales Expense:								
117	912	Demonstrating and Selling Expenses	-	-	-	-	-	-	-	-
118	916	Miscellaneous Sales Expenses	-	-	-	-	-	-	-	-
119		Total Sales Expense	-	-	-	-	-	-	-	-
120										
121		Administrative & General Expense:								
122	920	Administrative Salaries	-	-	-	-	(197,598)	-	-	14,397,074
123	921	Office Supplies & Expense	-	-	-	-	-	-	-	4,338,074
124	922	A&G Expense Transferred	-	-	-	-	-	-	-	(33,951)
125	923	Outside Services	-	65,773	-	-	-	-	-	3,071,882
126	924	Property Insurance	-	-	-	-	-	-	-	830,509
127	925	Injuries and Damages	-	-	-	-	-	-	-	1,565,308
128	926	Pensions & Benefits	-	-	-	-	-	-	-	562,378
129	928	Regulatory Commission	-	-	-	-	-	-	-	713,800
130	930.1	General Advertising	-	-	-	-	-	-	-	27,261
131	930.2	Miscellaneous General	-	-	-	-	-	-	-	1,089,158
132	931	Rents	-	-	-	-	-	-	-	513,056
133	935	Maintenance of General Plant	-	-	-	-	-	-	-	1,354,889
134		Total Administrative & General Expense	-	65,773	-	-	(197,598)	-	-	28,429,438
135										
136		Total Operating & Maintenance Expense	\$ (33,205,684)	\$ 65,773	\$ (1,330,998)	\$ (3,049,322)	\$ (287,953)	\$ 174,357	\$ (54,034,971)	\$ 71,487,206

Note 1: The adjustment is to remove energy delivered costs as the Company is not proposing a change to the previously approved base rates (Docket ELD9-018) for the Fuel Purchase Power Adjustment and the Transmission Cost Adjustment. FERC Accounts 501, 547, 555 and 565 were eliminated so the ending adjusted balance in column (s) is zero. Further, the reagent costs, proposed to be included in the Fuel Purchase Power adjustment going forward, were also eliminated.

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