

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

## **Section M**

**Schedule M-2 – Adjustment to Deferred Taxes.** This Schedule reflects an adjustment for deferred income taxes on the pro forma plant additions from Statement D, page 2. This calculation is based on assets that qualify for 50% bonus depreciation. This adjustment is summarized on Schedule M-1, line 42 (q).

**BLACK HILLS POWER, INC.**  
**ADJUSTMENT TO DEFERRED TAXES**  
**For the Pro Forma Test Year Ended June 30, 2012**

Schedule M-2  
Page 1 of 1

Line No.	Capital Additions	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		(Stmt. D pg. 2)	(Stmt. J)	(a) * (b)	(Stmt. J)	1st Year Tax	(a) - (d)	(c) - (e)	(f) * (g)
		Amount	Depreciation Rate	Book Depreciation	Rate (Note 1)	Tax Depreciation	Difference	Tax Rate	Deferred Tax
1	Production								
2	Neil Simpson 1	\$ 131,385	3.49%	\$ 4,585	42.50%	\$ 55,839	\$ (51,254)	35%	\$ (17,939)
3	Wyodak	1,761,206	3.04%	53,541	42.50%	748,513	(694,972)	35%	(243,240)
4	Wygen III	1,475,000	2.35%	34,663	42.50%	626,875	(592,212)	35%	(207,274)
5	Other Production	1,077,906	2.19%	23,606	42.50%	458,110	(434,504)	35%	(152,076)
6	Distribution	4,810,927	2.72%	130,857	42.50%	2,044,644	(1,913,787)	35%	(669,825)
7	General	3,552,990	4.61%	163,793	42.50%	1,510,021	(1,346,228)	35%	(471,180)
8									
9	Total	<u>\$ 12,809,414</u>		<u>\$ 411,045</u>		<u>\$ 5,444,002</u>	<u>\$ (5,032,957)</u>		<u>\$ (1,761,534)</u>

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Note 1: Reflective of a portion of assets anticipated to be placed in service during 2012 and qualifying for 50% bonus depreciation and portion of assets placed in service in 2013 for regular MACRS depreciation only.