

Section M

20:10:13:96. Statement M -- Overall Cost of Service. Statement M shall show for the test period the overall cost of service per books for the filing public utility's utility operations during the test period, including allowances for return and income taxes based upon the rate of return claimed, together with the operating revenues of the filing public utility for the test period. If the filing public utility claims any adjustments to book figures, the cost of service based upon the claimed adjustments shall be shown on a separate schedule. If the amount of the filing public utility's total utility operating revenue differs significantly from its overall cost of service, including allowances for claimed return and income taxes, the filing public utility shall show the amounts available for return and taxes on income and return expressed as a percentage of rate base.

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](#).

BLACK HILLS POWER, INC.
OVERALL COST OF SERVICE
For the Test Year Ended June 30, 2012

Statement M
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Line No.	Description	Reference	(a) Per Books	(b) Pro Forma Adjustments	(c) (a) + (b) Adjusted Total	(d) Additional Revenue Required	(e) (c) + (d) Adjusted Rate of Return
1	Operating Revenue						
2	Sales of Electricity	Stmt. I pg. 1 Ln. 14	\$ 211,182,973	\$ (82,093,738)	\$ 129,089,235	\$ 10,570,073	\$ 139,659,308
3	Other Operating Revenue	Stmt. I pg. 1 Ln. 24	38,965,242	(10,353,214)	28,612,028	-	28,612,028
4	Total Operating Revenue		<u>250,148,215</u>	<u>(92,446,953)</u>	<u>157,701,262</u>	<u>10,570,073</u>	<u>168,271,335</u>
5							
6	Operating Expenses						
7	Operation and Maintenance	Stmt. H Ln. 136	158,197,031	(86,709,825)	71,487,206	-	71,487,206
8	Depreciation	Stmt. J Ln. 21	27,569,938	1,114,318	28,684,257	-	28,684,257
9	Amortization	Stmt. J Ln. 23	97,406	-	97,406	-	97,406
10	Taxes Other Than Income Tax	Stmt. L Ln. 18	4,880,964	484,996	5,365,960	-	5,365,960
11	State Income Tax	Sched. K-5 Ln. 1	10,261	-	10,261	-	10,261
12	Total Operating Expenses		<u>190,755,601</u>	<u>(85,110,511)</u>	<u>105,645,090</u>	<u>-</u>	<u>105,645,090</u>
13							
14	Operating Income Before Tax	Ln. 4 - Ln. 12	59,392,614	(7,336,442)	52,056,172	10,570,073	62,626,245
15							
16	Federal Income Tax	Stmt. K. pg. 2 Ln. 59	13,226,090	(2,326,111)	10,899,979	3,699,526	14,599,505
17							
18	Return (Operating Income)	Ln. 14 - Ln. 16	<u><u>46,166,524</u></u>		<u><u>41,156,193</u></u>		<u><u>48,026,740</u></u>
19							
20	Rate of Return	Ln. 18 / Ln.29	<u><u>8.55%</u></u>		<u><u>7.32%</u></u>		<u><u>8.54%</u></u>
21							
22	Rate Base						
23	Plant in Service	Stmt. D pg. 2 Ln. 24	995,420,017	32,214,312	1,027,634,329	-	1,027,634,329
24	Accumulated Depreciation	Stmt. E pg. 1 Ln. 15	(346,033,623)	(557,159) (1)	(346,590,782)	-	(346,590,782)
25	Accumulated Amort. Acq. Adjustment	Stmt. E pg. 2 Ln. 15	(3,034,523)	-	(3,034,523)	-	(3,034,523)
26	Working Capital	Stmt. F Ln. 9	18,970,953	(925,550)	18,045,403	-	18,045,403
27	Other Rate Base Reductions	Sched M-1 Ln. 53	(125,500,453)	(8,181,960) (2)	(133,682,413)	-	(133,682,413)
28							
29	Total Rate Base	Sum (Ln.23:Ln.27)	<u><u>\$ 539,822,371</u></u>	<u><u>\$ 22,549,643</u></u>	<u><u>\$ 562,372,014</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 562,372,014</u></u>
30							
31	Note 1: Depreciation on Existing Assets - Stmt. J Ln. 21 ÷ 2						
32	Note 2: Schedule M-1 Ln.54 (o) + (q)						