

## **SUMMARY EXPLANATION OF STATEMENTS AND SCHEDULES**

The following summary explanations of Statements and Schedules are intended as a general guide.

### Section A

**20:10:13:51. Statement A -- Balance Sheet.** Statement A shall include balance sheets in the form prescribed in the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, 18 C.F.R. 101 (April 1, 1985), and in any other form if ordered by the commission. They shall be as of the beginning and end of the test period and the most recently available balance sheet containing any applicable footnotes.

**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.

**BLACK HILLS POWER, INC.**  
**ASSETS AND OTHER DEBITS**  
**For the Test Year Ended June 30, 2012**

**Statement A**  
**Page 1 of 28**

Line No.	Description	FERC Acct. #	(a) June 30, 2012 (Test Year)	(b) June 30, 2011	(c) As of September 30, 2012
1	Utility Plant				
2	Electric Plant in Service	101	\$ 949,952,247	\$ 874,329,907	\$ 961,000,020
3	Completed Construction Not Classified	106	23,016,949	93,132,832	14,722,625
4	Construction Work in Progress	107	9,677,539	9,560,061	8,488,508
5	Other-Utility Property	118	25,084,011	25,895,891	25,113,061
6					
7	Gross Utility Plant		1,007,730,746	1,002,918,691	1,009,324,214
8	Accum. Prov. for Depreciation	108	(328,278,585)	(330,059,307)	(332,092,226)
9	Elec. Plant Acquisition Adjustment	114	4,870,308	4,870,308	4,870,308
10	Accum. Prov. for Amort. of Acq. Adj.	115	(3,083,226)	(2,985,820)	(3,107,577)
11	Res. for Depr. Other Utility Property	119	(16,966,910)	(18,850,560)	(17,470,510)
12	Total Utility Plant		664,272,333	655,893,312	661,524,209
13					
14	Non-Utility Property	121	5,618	5,618	5,618
15	Res. for Depr Non-Utility Property	122	(3,956)	(3,956)	(3,956)
16	Net Non-Utility Property		1,662	1,662	1,662
17	L/T Notes Receivable	124	54,706	92,358	51,607
18	Other Investments	128	4,314,805	4,534,427	4,331,235
19	Total Other Property & Investments		4,371,173	4,628,447	4,384,504
20					
21	Current and Accrued Assets				
22	Cash	131	2,929,244	4,307,519	2,694,924
23	Working Funds	135	4,175	4,175	4,175
24	Notes and Accts. Receivables - Net	141-145; 173	24,776,062	72,049,727	41,765,245
25	Accts. Rec. Assoc. Company	146	7,014,971	3,266,552	5,196,864
26	Fuel Stocks	151	6,300,408	6,993,638	6,400,519
27	Materials and Supplies	154-163	14,285,982	14,352,932	14,729,394
28	Prepayments	165	3,347,115	2,922,217	2,812,158
29	Other Current Assets	176	-	(2)	-
30	Short Term Def. Tax	190	1,489,951	1,597,279	1,612,963
31	Total Current & Accrued Assets		60,147,908	105,494,037	75,216,242
32					
33	Deferred Debits				
34	Unamortized Debt Expense	181	3,000,103	3,169,051	2,969,056
35	Preliminary Survey	183	687,589	540,657	653,168
36	Miscellaneous Debits	184, 186	1,848,090	810,338	2,028,656
37	Other Regulatory Assets	182	50,235,380	38,500,990	51,540,185
38	Unamortized Loss on Required Debt	189	2,622,359	2,890,503	2,561,452
39	Deferred Income Tax	190	44,772,033	30,400,972	44,104,165
40	Total Deferred Debits		103,165,554	76,312,511	103,856,682
41					
42	Total Assets and Other Debits		\$ 831,956,968	\$ 842,328,307	\$ 844,981,637

Note: The September 2012 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the Federal Energy Regulatory Commission and is the most recently filed financial statement prescribed in the FERC's uniform system of accounts. Black Hills Power 10Q as of September 30, 2012, prepared on a Generally Accepted Accounting Principle basis, was filed with the Securities and Exchange Commission in November 2012. Both filings are publicly available.

**BLACK HILLS POWER, INC.**  
**LIABILITIES AND OTHER CREDITS**  
For the Test Year Ended June 30, 2012

**Statement A**  
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Line No.	Description	FERC Acct. #	(a)	(b)	(c)
			June 30, 2012 (Test Year)	June 30, 2011	As of September 30, 2012
1	Proprietary Capital				
2	Common Stock Issued	201	\$ 23,416,396	\$ 23,416,396	\$ 23,416,396
3	Premium on Capital stock	207	42,076,811	42,076,811	42,076,811
4	Capital Stock Expense	214	(2,501,882)	(2,501,882)	(2,501,882)
5	Unapprop. Retained Earnings	216	243,581,447	257,310,322	251,729,059
6	Other Comprehensive Income	219	<u>(1,269,213)</u>	<u>(1,240,838)</u>	<u>(1,258,759)</u>
7	Total Proprietary Capital		305,303,559	319,060,809	313,461,625
8					
9	Long Term Debt				
10	Bonds	221	255,000,000	255,000,000	255,000,000
11	Other Long Term Debt	224	15,055,000	21,583,246	15,055,000
12	Unamort. Discount on Long Term Debt	226	<u>(113,160)</u>	<u>(117,300)</u>	<u>12,075</u>
13	Total Long Term Debt		269,941,840	276,465,946	270,067,075
14					
15	Current & Accrued Liability				
16	Accounts Payable	228, 229, 232	12,157,702	14,389,008	9,359,189
17	Accts. Payable Associated Company	234	13,744,749	15,296,079	15,438,012
18	Customer Deposits	235	1,091,341	993,227	948,940
19	Taxes Accrued	236	4,291,858	4,576,587	3,954,713
20	Interest Accrued	237	4,110,908	4,146,145	5,671,665
21	Tax Collections Payable	241	594,617	550,228	707,266
22	Misc. Current & Accrued Liab.	242	<u>4,925,537</u>	<u>4,214,778</u>	<u>5,213,849</u>
23	Total Current & Accrued Liability		40,916,712	44,166,052	41,293,634
24					
25	Deferred Credits				
26	Customer Advance for Construction	252	1,519,066	3,145,883	1,482,978
27	Other Deferred Credits	253	26,348,232	24,881,576	27,191,137
28	Acc. Deferred Inv. Tax Credits	254-255	16,867,206	12,978,306	16,614,595
29	Acc. Deferred Income Taxes - Property	282	154,582,763	145,015,227	155,776,454
30	Acc. Deferred Income Taxes - Other	283	<u>16,477,590</u>	<u>16,614,508</u>	<u>19,094,139</u>
31	Total Deferred Credits		215,794,857	202,635,500	220,159,303
32					
33	Total Liabilities & Other Credits		<u>\$ 831,956,968</u>	<u>\$ 842,328,307</u>	<u>\$ 844,981,637</u>

Note: The September 2012 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the Federal Energy Regulatory Commission and is the most recently filed financial statement prescribed in the FERC's uniform system of accounts. Black Hills Power 10Q as of September 30, 2012, prepared on a Generally Accepted Accounting Principle basis, was filed with the Securities and Exchange Commission in November 2012. Both filings are publicly available.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report  2012/Q3
Black Hills Power, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

There have been no significant changes to the footnotes included in the Form-1 dated 12-31-2011, except for the following:

RELATED PARTY TRANSACTIONS

Non-Cash Dividend to Parent

We have recorded a non-cash dividend to BHC of \$44.0 million and decreased the utility money pool note receivable, net for the amount of \$44.0 million.

LONG TERM DEBT

Pollution Control Refund Revenue Bonds

On May 15, 2012, we repaid in full \$6.5 million principal and interest on the 4.8% Pollution Control Refund Revenue Bonds which were originally due to mature on October 1, 2014.

Power Plant Suspension/Retirements

On August 6, 2012, we announced that in order to comply with environmental regulations, including the new EPA Industrial & Commercial Boiler Regulations for Area Sources of Hazardous Air Pollutants regulations, operations at our 25 MW coal-fired Ben French power plant were suspended as of August 31, 2012. Operations at our 35 MW coal-fired Osage power plant were suspended as of October 1, 2010. These plants as well as our 22 MW coal-fired plant Neil Simpson I will be retired as of March 21, 2014. We intend to operate Neil Simpson 1 until the planned retirement date.

Name of Respondent Black Hills Power, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/18/2012	Year/Period of Report End of 2011/Q4
<b>NOTES TO FINANCIAL STATEMENTS</b>			
<p>1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.</p> <p>2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.</p> <p>3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.</p> <p>4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.</p> <p>7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.</p> <p>8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.</p> <p>9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.</p>			
<p>PAGE 122 INTENTIONALLY LEFT BLANK SEE PAGE 123 FOR REQUIRED INFORMATION.</p>			

Name of Respondent Black Hills Power, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/18/2012	Year/Period of Report 2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011, 2010 and 2009**

**(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Description**

Black Hills Power, Inc. (the Company, "we," "us" or "our") is an electric utility serving customers in South Dakota, Wyoming and Montana. We are a wholly-owned subsidiary of BHC or the Parent, a public registrant listed on the New York Stock Exchange.

**Basis of Presentation**

The financial statements include the accounts of Black Hills Power, Inc. and also our ownership interests in the assets, liabilities and expenses of our jointly owned facilities (Note 4).

The financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Additionally, these requirements differ from GAAP related to the presentation of certain items including deferred income taxes, and cost of removal liabilities. The Company's notes to the financial statements are prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of the Company's FERC basis financial statements contained herein.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents**

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Regulatory Accounting**

Our regulated electric operations are subject to regulation by various state and federal agencies. The accounting policies followed are generally subject to the Uniform System of Accounts of FERC.

Our regulated utility operations follow accounting standards for regulated operations and our financial statements reflect the effects of the different rate making principles followed by the various jurisdictions regulating our electric operations. If rate recovery becomes unlikely or uncertain due to competition or regulatory action, these accounting standards may no longer apply to our regulated operations. In the event we determine that we no longer meet the criteria for following accounting standards for regulated operations, the accounting impact to us could be an extraordinary non-cash charge to operations in an amount that could be material.

Regulatory assets are included in Regulatory assets, current and Regulatory assets, non-current on the accompanying Balance Sheets. Regulatory liabilities are included in Regulatory liabilities, current and Regulatory liabilities, non-current on the accompanying Balance Sheets.

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Black Hills Power, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Our regulatory assets and liabilities for which we recover the costs, but we do not earn a return were as follows as of December 31 (in thousands):

	Maximum Recovery		
	Period	2011	2010
<b>Regulatory assets:</b>			
Unamortized loss on reacquired debt	14 years	\$ 2,765	\$ 3,016
AFUDC	45 years	8,552	9,489
Employee benefit plans	13 years	27,602	18,049
Deferred energy costs	1 year	6,605	3,584
Flow through accounting	35 years	5,789	4,772
Other		452	2,414
Total regulatory assets		\$ 51,765	\$ 41,324
<b>Regulatory liabilities:</b>			
Cost of removal for utility plant	53 years	\$ 23,347	\$ 15,429
Employee benefit plans	13 years	15,282	10,204
Other		1,845	4,575
Total regulatory liabilities		\$ 40,474	\$ 30,208

Regulatory assets represent items we expect to recover from customers through probable future rates.

Unamortized Loss on Reacquired Debt - The early redemption premium on reacquired bonds is being amortized over the remaining term of the original bonds.

AFUDC - The equity component of AFUDC is considered a permanent difference for tax purposes with the tax benefit being flowed through to customers as prescribed or allowed by regulators. If, based on a regulator's action, it is probable the utility will recover the future increase in taxes payable represented by this flow-through treatment through a rate revenue increase, a regulatory asset is recognized. This regulatory asset itself is a temporary difference for which a deferred tax liability must be recognized. Accounting standards for income taxes specifically address AFUDC-equity, and require a gross-up of such amounts to reflect the revenue requirement associated with a rate-regulated environment.

Employee Benefit Plans - Employee benefit plans include the unrecognized prior service costs and net actuarial loss associated with our defined benefit pension plans and post-retirement benefit plans in regulatory assets rather than in accumulated other comprehensive income.

Deferred Energy Costs - Deferred energy and fuel cost adjustments represent the cost of electricity delivered to our electric utility customers in excess of current rates and which will be recovered in future rates. Deferred energy and fuel cost adjustments are recorded and recovered or amortized as approved by the appropriate state commission.

Flow-Through Accounting - Under flow-through accounting, the income tax effects of certain tax items are reflected in our cost of service for the customer in the year in which the tax benefits are realized and result in lower utility rates. This regulatory treatment was applied to the tax benefit generated by repair costs that were previously capitalized for tax purposes in a rate case settlement that was reached with respect to Black Hills Power in 2010. In this instance, the agreed upon rate increase was less than it would have been absent the flow-through treatment. A regulatory asset established to reflect the future increases in income taxes payable will be recovered from customers as the temporary differences reverse.



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NOTES TO FINANCIAL STATEMENTS (Continued)			

Regulatory liabilities represent items we expect to refund to customers through probable future decreases in rates.

**Cost of Removal** - Cost of removal for utility plant represents the estimated cumulative net provisions for future removal costs included in depreciation expense for which there is no legal obligation for removal. Liabilities will be settled and trued up following completion of the related activities.

**Employee Benefit Plans** - Employee benefit plans represent the cumulative excess of pension costs recovered in rates over pension expense recorded in accordance with accounting standards for compensation - retirements. In addition, this regulatory liability includes the income tax effect of the adjustment required under accounting for compensation - defined benefit plans, to record the full pension and post-retirement benefit obligations. Such income tax effect has been grossed-up to account for the revenue requirement aspect of a rate regulated environment.

**Allowance for Funds Used During Construction**

AFUDC represents the approximate composite cost of borrowed funds and a return on capital used to finance a project.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable consist of sales to residential, commercial, industrial, municipal and other customers all of which do not bear interest. These accounts receivables are stated at billed and unbilled amounts net of write-offs or payment received.

We maintain an allowance for doubtful accounts which reflects our best estimate of potentially uncollectible trade receivables. We regularly review our trade receivable allowances by considering such factors as historical experience, credit worthiness, the age of the receivable balances and current economic conditions that may affect the ability to pay.

The allowance for doubtful accounts represents our best estimate of existing accounts receivable that will ultimately be uncollected. The allowance is calculated by applying estimated write-off factors to various classes of outstanding receivables, including unbilled revenue. The write-off factors used to estimate uncollectible accounts are based upon consideration of both historical collections experience and management's best estimate of future collection success given the existing collections environment.

Following is a summary of accounts receivable at December 31 (in thousands):

	2011	2010
Accounts receivable trade	\$ 16,447	\$ 21,365
Unbilled revenues	8,364	7,581
Total accounts receivable - customers	24,811	28,946
Allowance for doubtful accounts	(143)	(230)
Net accounts receivable	\$ 24,668	\$ 28,716

**Revenue Recognition**

Revenue is recognized when there is persuasive evidence of an arrangement with a fixed or determinable price, delivery has occurred or services have been rendered, and collectibility is reasonably assured.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

**Materials, Supplies and Fuel**

Materials, supplies and fuel used for construction, operation and maintenance purposes are generally stated on a weighted-average cost basis.

**Deferred Financing Costs**

Deferred financing costs are amortized using the effective interest method over the term of the related debt.

**Property, Plant and Equipment**

Additions to property, plant and equipment are recorded at cost when placed in service. The cost of regulated electric property, plant and equipment retired, or otherwise disposed of in the ordinary course of business, less salvage, is charged to accumulated depreciation. Removal costs associated with non-legal obligations are reclassified from accumulated depreciation and reflected as regulatory liabilities. Ordinary repairs and maintenance of property are charged to operations as incurred.

Depreciation provisions for regulated electric property, plant and equipment are computed on a straight-line basis using an annual composite rate of 2.2% in 2011, 2.2% in 2010 and 2.8% in 2009.

**Derivatives and Hedging Activities**

From time to time we utilize risk management contracts including forward purchases and sales to hedge the price of fuel for our combustion turbines and fixed-for-float swaps to fix the interest on any variable rate debt. Contracts that qualify as derivatives under accounting standards for derivatives, and that are not exempted such as normal purchase/normal sale, are required to be recorded in the balance sheet as either an asset or liability, measured at its fair value. Accounting standards for derivatives require that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

Accounting standards for derivatives allow hedge accounting for qualifying fair value and cash flow hedges. Gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk should be recognized currently in earnings in the same accounting period. Conversely, the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument should be reported as a component of other comprehensive income and be reclassified into earnings or as a regulatory asset or regulatory liability, net of tax, in the same period or periods during which the hedged forecasted transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, is recognized currently in earnings.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

**Fair Value Measurements**

Accounting standards for fair value measurements provide a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and also requires disclosures and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

*Level 1* - Unadjusted quoted prices available in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

*Level 2* - Pricing inputs include quoted prices for identical or similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - Pricing inputs include significant inputs that are generally less observable from objective sources.

**Impairment of Long-Lived Assets**

We periodically evaluate whether events and circumstances have occurred which may affect the estimated useful life or the recoverability of the remaining balance of our long-lived assets. If such events or circumstances were to indicate that the carrying amount of these assets was not recoverable, we would estimate the future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) was less than the carrying amount of the long-lived assets, we would recognize an impairment loss.

**Income Taxes**

We use the liability method in accounting for income taxes. Under the liability method, deferred income taxes are recognized at currently enacted income tax rates, to reflect the tax effect of temporary differences between the financial and tax basis of assets and liabilities, as well as operating loss and tax credit carryforwards. Such temporary differences are the result of provisions in the income tax law that either require or permit certain items to be reported on the income tax return in a different period than they are reported in the financial statements. We classify deferred tax assets and liabilities into current and non-current amounts based on the classification of the related assets and liabilities.

We file a federal income tax return with other affiliates. For financial statement purposes, federal income taxes are allocated to the individual companies based on amounts calculated on a separate return basis.

It is our policy to apply the flow-through method of accounting for investment tax credits. Under the flow-through method, investment tax credits are reflected in net income as a reduction to income tax expense in the year they qualify. Another acceptable accounting method and an exception to this general policy currently in our regulated businesses is to apply the deferral method whereby the credit is amortized as a reduction of income tax expense over the useful lives of the related property which gave rise to the credits.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

**(2) RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING STANDARDS**

**Recently Adopted Accounting Standards**

Other Comprehensive Income, ASU 2011-05 and ASU 2011-12

FASB issued an accounting standards update amending ASC 220 to improve the comparability, consistency and transparency of reporting of comprehensive income. It amends existing guidance by allowing only two options for presenting the components of net income and other comprehensive income: (1) in a single continuous financial statement, statement of comprehensive income or (2) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. Also, items that are reclassified from other comprehensive income to net income must be presented on the face of the financial statements. ASU No. 2011-05 requires retrospective application, and it is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. In December 2011, FASB issued ASU 2011-12. ASU 2011-12 indefinitely deferred the provisions of ASU 2011-05 requiring the presentation of reclassification adjustments for items reclassified from other comprehensive income to net income be presented on the face of the financial statements.

We have elected to early adopt the provisions of ASU 2011-05 as amended by ASU 2011-12. The adoption changed the presentation of certain financial statements and provided additional details in notes to the financial statements, but did not have any other impact on our financial statements. See the accompanying Comprehensive Income Statement and additional disclosures in Note 8.

Fair Value Measurements and Disclosures, ASC 820

The ASC for Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosure requirements related to fair value measurements. This does not expand the application of fair value accounting to any new circumstances, but applies the framework to other applicable GAAP that requires or permits fair value measurement. We apply fair value measurements to certain assets and liabilities, primarily employee benefit plan assets and other miscellaneous financial instruments.

In January 2010, the FASB issued guidance related to improving disclosures about fair value measurements. The guidance requires separate disclosures of the amounts of transfers in and out of Level 1 and Level 2 fair value measurements, disclosure of inputs and techniques used in valuation and a description of the reason for such transfers. In the reconciliation for Level 3 fair value measurements using significant unobservable inputs, information about purchases, sales, issuances and settlements are required to be presented separately. These disclosures are required for interim and annual reporting periods and were effective for us January 1, 2010, except the disclosures related to purchases, sales, issuances and settlements in the roll forward activity of Level 3 fair value measurements, which were effective January 1, 2011. The guidance requires additional disclosures, but did not impact our financial position, results of operations or cash flows. The additional disclosures are included in Note 9.

**Recently Issued Accounting Standards and Legislation**

Fair Value Measurement, ASU 2011-04

FASB issued an accounting standards update amending ASC 820 to achieve common fair value measurement and disclosure requirements between GAAP and IFRS. This amendment changes the wording used to describe fair value and requires additional disclosures. We do not expect this amendment, which is effective for interim and annual periods beginning after December 31, 2011, to have an impact on our financial position, results of operations, or cash flows.

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Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/18/2012	2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

**(3) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following (in thousands):

	December 31, 2011		December 31, 2010		Lives (in years)	
	December 31, 2011	Weighted Average Useful Life (in years)	December 31, 2010	Weighted Average Useful Life (in years)	Minimum	Maximum
Electric plant:						
Production	\$ 504,088	51	\$ 475,762	50	45	65
Transmission	115,063	47	116,056	43	40	60
Distribution	289,833	39	271,470	37	16	45
Plant acquisition adjustment	4,870	32	4,870	32	32	32
General	72,045	21	58,777	22	8	45
Construction work in progress	9,873		35,705			
Total electric plant	995,772		962,640			
Less accumulated depreciation and amortization	(313,581)		(304,800)			
Electric plant net of accumulated depreciation and amortization	\$ 682,191		\$ 657,840			

**(4) JOINTLY OWNED FACILITIES**

We use the proportionate consolidation method to account for our percentage interest in the assets, liabilities and expenses of the following facilities:

- We own a 20% interest in the Wyodak Plant (the "Plant"), a coal-fired electric generating station located in Campbell County, Wyoming. PacifiCorp is the operator of the Plant. We receive our proportionate share of the Plant's capacity and are committed to pay our share of its additions, replacements and operating and maintenance expenses.
- We own a 35% interest in the Converter Station Site and South Rapid City Interconnection (the transmission tie), an AC-DC-AC transmission tie. Basin Electric owns the remaining ownership percentage. The transmission tie provides an interconnection between the Western and Eastern transmission grids, which provides us with access to both the WECC region and the MAPP region. The total transfer capacity of the transmission tie is 400 MW - 200 MW West to East and 200 MW from East to West. We are committed to pay our proportionate share of the additions, replacements and operating and maintenance expenses.
- We own a 52% interest in the Wygen III power plant. MDU and the City of Gillette each owns an undivided ownership interest in the Wygen III generation facility and are obligated to make payments for costs associated with administrative services and proportionate share of the costs of operating the plant for the life of the facility. We retain responsibility for plant operations.

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The investments in our jointly owned plants and accumulated depreciation are included in the corresponding captions in the accompanying Balance Sheets. Our share of direct expenses of the Plant is included in the corresponding categories of operating expenses in the accompanying Statements of Income.

As of December 31, 2011, our interests in jointly-owned generating facilities and transmission systems included on our Balance Sheets were as follows (dollars in thousands):

Interest in jointly-owned facilities	Plant in Service	Construction Work in Progress	Accumulated Depreciation
Wyodak Plant	\$ 109,007	\$ 718	\$ 46,104
Transmission Tie	\$ 19,648	\$ —	\$ 4,061
Wygen III	\$ 129,791	\$ 249	\$ 5,328

**(5) LONG-TERM DEBT**

Long-term debt outstanding was as follows (in thousands):

	Maturity Date	Fixed Interest Rate	December 31, 2011	December 31, 2010
First Mortgage Bonds due 2032	August 15, 2032	7.23 %	75,000	75,000
First Mortgage Bonds due 2039	November 1, 2039	6.125 %	180,000	180,000
Unamortized discount, First Mortgage Bonds due 2039			(115)	(119)
Pollution control revenue bonds due 2014	October 1, 2014	4.80 %	6,450	6,450
Pollution control revenue bonds due 2024	October 1, 2024	5.35 %	12,200	12,200
Series 94A Debt	June 1, 2024	3.00 %	2,855	2,855
Other	May 12, 2012	13.66 %	37	117
Total long-term debt			276,427	276,503
Less current maturities			(37)	(81)
Net long-term debt			\$ 276,390	\$ 276,422

Deferred finance costs of approximately \$3.1 million were capitalized and are being amortized over the term of the debt. Amortization of deferred financing costs is included in Interest expense.

Substantially all of our property is subject to the lien of the indenture securing our first mortgage bonds. First mortgage bonds may be issued in amounts limited by property, earnings and other provisions of the mortgage indentures. We were in compliance with our debt covenants at December 31, 2011.

Series AC Bonds

In February 2010, the Series 8.06% AC bonds matured. These were paid in full for \$30.0 million of principal plus accrued interest of \$1.2 million.

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**Series Y Bonds**

In March 2010, we completed redemption of our Series Y 9.49% bonds in full. The bonds were originally due in 2018. A total of \$2.7 million was paid on March 31, 2010, which includes the principal balance of \$2.5 million plus accrued interest and an early redemption premium of 2.618%. The early redemption premium was recorded in unamortized loss on reacquired debt which is included in Regulatory assets on the accompanying Balance Sheet and is being amortized over the remaining term of the original bonds.

**Series Z Bonds**

In June 2010, we completed redemption of our Series Z 9.35% bonds in full. The bonds were originally due in 2021. A total of \$21.8 million was paid on June 1, 2010, which included the principal balance of \$20.0 million plus accrued interest and an early redemption premium of 4.675%. The early redemption premium was recorded in unamortized loss on reacquired debt which is included in Regulatory assets on the accompanying Balance Sheet and is being amortized over the remaining term of the original bonds.

**Long-term Debt Maturities**

Scheduled maturities of our outstanding long-term debt (excluding unamortized discounts) are as follows (in thousands):

2012	\$	37
2013	\$	—
2014	\$	6,450
2015	\$	—
2016	\$	—
Thereafter	\$	270,055

**(6) FAIR VALUE OF FINANCIAL INSTRUMENTS**

The estimated fair values of our financial instruments were as follows (in thousands):

	December 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$ 2,812	\$ 2,812	\$ 2,045	\$ 2,045
Long-term debt, including current maturities	\$ 276,427	\$ 362,055	\$ 276,503	\$ 301,964

The following methods and assumptions were used to estimate the fair value of each class of our financial instruments.

**Cash and Cash Equivalents**

The carrying amount approximates fair value due to the short maturity of these instruments.

**Long-Term Debt**

The fair value of our long-term debt is estimated based on quoted market rates for debt instruments having similar maturities and similar debt ratings. Our outstanding first mortgage bonds are either currently not callable or are subject to make-whole provisions which would eliminate any economic benefits for us to call and refinance the first mortgage bonds.

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**(7) INCOME TAXES**

Income tax expense (benefit) from continuing operations for the years ended was (in thousands):

	December 31, 2011	December 31, 2010	December 31, 2009
Current	\$ 14,921	\$ (14,885)	\$ (3,296)
Deferred	(2,931)	25,626	11,600
<b>Total income tax expense</b>	<b>\$ 11,990</b>	<b>\$ 10,741</b>	<b>\$ 8,304</b>

The temporary differences which gave rise to the net deferred tax liability were as follows (in thousands):

	December 31, 2011	December 31, 2010
<b>Deferred tax assets, current:</b>		
Asset valuation reserve	\$ 491	\$ 217
Employee benefits	1,086	803
Rate refund	360	428
<b>Total deferred tax assets, current</b>	<b>1,937</b>	<b>1,448</b>
<b>Deferred tax liabilities, current:</b>		
Prepaid expenses	(256)	(251)
Deferred costs	(2,529)	(2,056)
<b>Total deferred tax liabilities, current</b>	<b>(2,785)</b>	<b>(2,307)</b>
<b>Net deferred tax assets (liabilities), current</b>	<b>\$ (848)</b>	<b>\$ (859)</b>
<b>Deferred tax assets, non-current:</b>		
Plant related differences	\$ —	\$ 909
Regulatory liabilities	14,644	10,074
Employee benefits	3,922	3,547
Net operating loss	28,072	9,147
Items of other comprehensive income	263	225
Research and development credit	780	1,613
Other	1,155	—
<b>Total deferred tax assets, non-current</b>	<b>48,836</b>	<b>25,515</b>
<b>Deferred tax liabilities, non-current:</b>		
Accelerated depreciation and other plant related differences	(148,254)	(132,338)
AFUDC	(5,559)	(6,168)
Regulatory assets	(5,019)	(5,557)
Employee benefits	(2,356)	(2,983)
Other	(968)	(788)
<b>Total deferred tax liabilities, non-current</b>	<b>(162,156)</b>	<b>(147,834)</b>
<b>Net deferred tax assets (liabilities), non-current</b>	<b>\$ (113,320)</b>	<b>\$ (122,319)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>\$ (114,168)</b>	<b>\$ (123,178)</b>



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The following table reconciles the change in the net deferred income tax assets (liabilities) from December 31, 2010 to December 31, 2011 and from December 31, 2009 to December 31, 2010 to deferred income tax expense (benefit) (in thousands):

	2011	2010
Change in deferred income tax assets (liabilities)	\$ (9,010)	\$ 25,118
Deferred taxes related to regulatory assets and liabilities	4,968	9,272
Deferred taxes associated with other comprehensive income	15	(2,141)
Deferred taxes related to property basis differences	156	(4,713)
Deferred taxes related to AFUDC	937	(1,910)
Other	3	—
Deferred income tax expense (benefit) for the period	<u>\$ (2,931)</u>	<u>\$ 25,626</u>

The effective tax rate differs from the federal statutory rate for the years ended, as follows:

	December 31, 2011	December 31, 2010	December 31, 2009
Federal statutory rate	35.0%	35.0%	35.0%
Amortization of excess deferred and investment tax credits	(0.4)	(0.6)	(0.9)
Equity AFUDC	(0.6)	(2.0)	(6.2)
Flow through adjustments *	(3.4)	(7.4)	—
Other	0.1	0.6	(1.5)
	<u>30.7%</u>	<u>25.6%</u>	<u>26.4%</u>

\* The flow-through adjustments relate primarily to an accounting method change for tax purposes that was filed with the 2008 tax return and for which consent was received from the IRS in September 2009. The effect of the change allows us to take a current tax deduction for repair costs that were previously capitalized for tax purposes. These costs will continue to be capitalized for book purposes. We recorded a deferred income tax liability in recognition of the temporary difference created between book and tax treatment and we flowed the tax benefit through to our customers in the form of lower rates as a result of a rate case settlement that occurred during 2010. A regulatory asset was established to reflect the recovery of future increases in taxes payable from customers as the temporary differences reverse. Due to this regulatory treatment, we recorded an income tax benefit that was attributable to the 2008 through 2010 tax years. For years prior to 2008, we did not record a regulatory asset for the repairs deduction as the tax benefit was not flowed through to customers.

The accounting standards for uncertain tax positions clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with accounting standards for income taxes. The accounting standards prescribe a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken. The impact of this implementation had no effect on our financial statements.

The following table reconciles the total amounts of unrecognized tax benefits at the beginning and end of the period (in thousands):

	2011	2010
Unrecognized tax benefits at January 1	\$ 3,094	\$ 3,877
Additions for prior year tax positions	795	130
Reductions for prior year tax positions	(294)	(913)
Unrecognized tax benefits at December 31	<u>\$ 3,595</u>	<u>\$ 3,094</u>

The reduction for prior year tax positions relate to the reversal through otherwise allowed tax depreciation. The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately \$0.4 million.

It is our continuing practice to recognize interest and/or penalties related to income tax matters in income tax expense. During the year ended December 31, 2011 and 2010, the interest expense recognized related to income tax matters was not material to our financial results.

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The Company files income tax returns in the United States federal jurisdiction as a member of the BHC consolidated group. The Company does not anticipate that total unrecognized tax benefits will significantly change due to the settlement of any audits or the expiration of statutes of limitations prior to December 31, 2012.

At December 31, 2011, we have federal NOL carry forward of \$80.2 million, of which \$54.6 million will expire in 2030 and \$25.6 million will expire in 2031. Ultimate usage of this NOL depends upon our future taxable income.

**(8) COMPREHENSIVE INCOME**

The following tables display each component of Other Comprehensive Income (Loss), after-tax, and the related tax effects for the years ended (in thousands):

	December 31, 2011		
	Pre-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount
Minimum pension liability adjustment - net gain (loss)	\$ (108)	\$ 38	\$ (70)
Reclassification adjustments of cash flow hedges settled and included in net income	65	(23)	42
Net change in fair value of derivatives designated as cash flow hedges	—	—	—
Other comprehensive income (loss)	<u>\$ (43)</u>	<u>\$ 15</u>	<u>\$ (28)</u>

	December 31, 2010		
	Pre-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount
Minimum pension liability adjustment - net gain (loss)	\$ (145)	\$ 51	\$ (94)
Reclassification adjustments of cash flow hedges settled and included in net income	64	(23)	41
Net change in fair value of derivatives designated as cash flow hedges	6	(2)	4
Other comprehensive income (loss)	<u>\$ (75)</u>	<u>\$ 26</u>	<u>\$ (49)</u>

	December 31, 2009		
	Pre-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount
Minimum pension liability adjustment - net gain (loss)	\$ 150	\$ (52)	\$ 98
Reclassification adjustments of cash flow hedges settled and included in net income	64	(24)	40
Net change in fair value of derivatives designated as cash flow hedges	(5)	3	(2)
Other comprehensive income (loss)	<u>\$ 209</u>	<u>\$ (73)</u>	<u>\$ 136</u>

During 2002, we entered into a treasury lock to hedge a portion of a first mortgage bond. The treasury lock cash settled on the bond pricing date, and resulted in a \$1.8 million loss. This treasury lock was treated as a cash flow hedge and accordingly the resulting loss is carried in Accumulated other comprehensive loss on the accompanying Balance Sheet and amortized over the life of the related bonds as additional interest expense.

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Balances by classification included within Accumulated other comprehensive loss on the accompanying Balance Sheets were as follows (in thousands):

	December 31, 2011	December 31, 2010
Derivatives designated as cash flow hedges	\$ (801)\$	(843)
Employee benefit plans	(489)	(419)
Total accumulated other comprehensive loss	\$ (1,290)\$	(1,262)

**(9) EMPLOYEE BENEFIT PLANS**

**Funded Status of Benefit Plans**

The funded status of postretirement benefit plan is required to be recognized in the statement of financial position. The funded status for pension plan is measured as the difference between the projected benefit obligation and the fair value of plan assets. The funded status for all other benefit plans is measured as the difference between the accumulated benefit obligation and the fair value of plan assets. A liability is recorded for an amount by which the benefit obligation exceeds the fair value of plan assets or an asset is recorded for any amount by which the fair value of plan assets exceeds the benefit obligation. The measurement date of the plans is December 31, our year-end balance sheet date.

We apply accounting standards for regulated operations, and accordingly, the unrecognized net periodic benefit cost that would have been reclassified to Accumulated other comprehensive income (loss) was alternatively recorded as a regulatory asset or regulatory liability, net of tax.

**Defined Benefit Pension Plan**

We have a noncontributory defined benefit pension plan ("Pension Plan") covering employees who meet certain eligibility requirements. The benefits are based on years of service and compensation levels during the highest five consecutive years of the last ten years of service. Our funding policy is in accordance with the federal government's funding requirements. The Pension Plan's assets are held in trust and consist primarily of equity and fixed income investments. We use a December 31 measurement date for the Pension Plan.

As of January 1, 2012, the Pension Plan has been frozen to new employees and certain employees who did not meet age and service based criteria at the time the Plans were frozen. The benefits for the plans are based on years of service and calculations of average earnings during a specific time period prior to retirement. In July 2009, the Board of Directors approved a partial freeze to the Pension Plan for all participants with the exception of bargaining unit participants. The freeze eliminated new non-bargaining unit employees from participation in the Pension Plan and froze the benefits of current non-bargaining unit participants except certain eligible employees who met age and service based criteria. In September of 2010, our bargaining unit employees voted to freeze participation in the Pension Plan and to freeze the benefits of current bargaining unit participants except for certain eligible employees who met age and service based criteria. An additional age and points-based employer contribution under the Company's 401(k) retirement savings plan was established.

The Pension Plan's expected long-term rate of return on assets assumption is based upon the weighted average expected long-term rate of returns for each individual asset class. The asset class weighting is determined using the target allocation for each asset class in the Pension Plan portfolio. The expected long-term rate of return for each asset class is determined primarily from adjusted long-term historical returns for the asset class. It is anticipated that long-term future returns will not achieve historical results. The expected long-term rate of return for equity investments was 8.75% and 9.25% for the 2011 and 2010 plan years, respectively.

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Pension Plan Assets

Percentage of fair value of Pension Plan assets at December 31:

	<u>2011</u>	<u>2010</u>
Equity	69%	68%
Fixed income	28%	29%
Cash	3%	3%
Total	<u>100%</u>	<u>100%</u>

The Investment Policy for the Pension Plans is to seek to achieve the following long-term objectives: 1) a rate of return in excess of the annualized inflation rate based on a five-year moving average; 2) a rate of return that meets or exceeds the assumed actuarial rate of return as stated in the Plan's actuarial report; 3) a rate of return on investments, net of expenses, that is equal to or exceeds various benchmark rates on a moving three-year average, and 4) maintenance of sufficient income and liquidity to pay monthly retirement benefits. The policy strategy seeks to prudently invest in a diversified portfolio of predominately equity and fixed income assets.

The policy contains certain prohibitions on transactions in separately managed portfolios in which the Pension Plan may invest, including prohibitions on short sales.

**Supplemental Non-qualified Defined Benefit Retirement Plans**

We have various supplemental retirement plans ("Supplemental Plans") for key executives. The Supplemental Plans are non-qualified defined benefit plans. We use a December 31 measurement date for the Supplemental Plans. Effective January 1, 2010, we eliminated a non-qualified pension plan in which some of our officers participated due to the partial freeze of our qualified pension plan. We also amended the NQDC, which was adopted in 1999. The NQDC is a non-qualified deferred compensation plan that provides executives with an opportunity to elect to defer compensation and receive benefits without reference to the limitations on contributions in the Plan or those imposed by the IRS. The amended NQDC provides for non-elective non-qualified restoration benefits to certain officers who are not eligible to continue accruing benefits under the Defined Benefit Pension Plans and associated non-qualified pension restoration plans. All contributions to the non-qualified plans are subject to a graded vesting schedule of 20% per year over five years with vesting credit beginning with service in the Plan on and after January 1, 2010.

Supplemental Plan Assets

The Supplemental Plans have no assets. We fund on a cash basis as benefits are paid.

**Non-pension Defined Benefit Postretirement Plan**

Employees who are participants in our Non-Pension Postretirement Healthcare Plan ("Healthcare Plan") and who retire on or after attaining age 55 after completing at least five years of service are entitled to postretirement healthcare benefits. These benefits are subject to premiums, deductibles, co-payment provisions and other limitations. We may amend or change the Healthcare Plan periodically. We are not pre-funding our retiree medical plan. We use a December 31 measurement date for the Healthcare Plan. The Board of Directors approved an amendment to the Healthcare Plan which changed the structure of the Healthcare Plan for non-union employees to a RMSA structure which was effective January 1, 2010. In September 2010, the bargaining unit employees voted to change the structure of their benefits to an RMSA. This change was effective January 1, 2011. It has been determined that the Healthcare Plan's post-65 retiree prescription drug plans are actuarially equivalent and qualify for the Medicare Part D subsidy.

Plan Assets

The Healthcare Plan has no assets. We fund on a cash basis as benefits are paid.

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**Plan Contributions and Estimated Cash Flows**

Contributions made to the Supplemental Non-qualified Defined Benefit Retirement Plans and the Non-pension Defined Benefit Postretirement Plan are expected to be made in the form of benefit payments. Contributions to each of the plans were as follows (in thousands):

	2011	2010
<u>Defined Benefit Plans</u>		
Defined Benefit Pension Plan	\$ —	\$ 8,798
Non-pension Defined Benefit Postretirement Healthcare Plan	\$ 428	\$ 657
Supplemental Non-qualified Defined Benefit Plan	\$ 130	\$ 108
<u>Defined Contribution Plans</u>		
Company Retirement Contribution	\$ 371	\$ 171
Matching Contributions	\$ 1,296	\$ 1,029

Contributions to our employee benefit plans to be made in 2012 are as follows (in thousands):

	2012
<u>Defined Benefit Plans</u>	
Defined Benefit Pension Plan	\$ —
Non-pension Defined Benefit Postretirement Healthcare Plan	\$ 658
Supplemental Non-qualified Defined Benefit Plan	\$ 154

**Fair Value Measurements**

As required by accounting standards for fair value measurements, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect their placement within the fair value hierarchy levels. The following tables set forth, by level within the fair value hierarchy, the assets that were accounted for at fair value on a recurring basis as of December 31 (in thousands):

	December 31, 2011			Total Fair Value
	Level 1	Level 2	Level 3	
Money market fund	\$ 40	\$ —	\$ —	\$ 40
Registered investment companies - equity	12,743	—	—	12,743
Registered investment companies - fixed income	12,603	—	—	12,603
Common collective trust	—	16,143	—	16,143
Insurance contracts	—	1,288	—	1,288
Structured products	—	2,200	—	2,200
Total investments measured at fair value	\$ 25,386	\$ 19,631	\$ —	\$ 45,017

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**Defined Benefit Pension Plan**

	December 31, 2010			
	Level 1	Level 2	Level 3	Total Fair Value
Registered investment companies - equity	\$ 15,090	\$ —	\$ —	\$ 15,090
Registered investment companies - fixed income	12,952	—	—	12,952
Common collective trust	—	19,104	—	19,104
Insurance contracts	—	1,082	—	1,082
Total investments measured at fair value	<u>\$ 28,042</u>	<u>\$ 20,186</u>	<u>\$ —</u>	<u>\$ 48,228</u>

*Registered Investment Companies:* Investments are valued at the closing price reported on the active market on which the individual securities are traded.

*Common Collective Trust:* The Pension Plan owns units of the Common Collective Trust funds that they are utilizing in their portfolio. The value of each unit of any fund as of any valuation date shall be determined by calculating the total value of such fund's assets as of the close of business on such valuation date, deducting its total liabilities as of such time and date, and then dividing the so-determined net asset value of such fund by the total number of units of such fund outstanding the date of valuation.

*Insurance Contract:* These investments are valued on a cash basis on any given valuation date.

*Structured Products:* Investments are linked by derivatives to observable financial indexes and valued through present value models.

**Plan Reconciliations**

The following tables provide a reconciliation of the Employee Benefit Plan's obligations and fair value of assets, components of the net periodic expense and elements of regulatory assets and liabilities and AOCI (in thousands):

Benefit Obligations

	Defined Benefit Pension		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2011	2010	2011	2010	2011	2010
Change in benefit obligation:						
Projected benefit obligation at beginning of year	\$ 57,753	\$ 55,615	\$ 2,152	\$ 1,690	\$ 7,517	\$ 9,432
Service cost	798	1,215	—	—	210	340
Interest cost	3,092	3,280	114	100	365	547
Actuarial loss (gain)	852	4,129	(30)	54	(308)	(88)
Amendments	—	260	—	—	—	(2,270)
Change in participant assumptions	—	—	—	—	171	—
Discount rate change	6,668	—	186	—	433	—
Benefits paid	(2,899)	(2,472)	(130)	(109)	(707)	(658)
Asset transfer (to) from affiliate	(707)	(3,300)	—	417	(40)	(328)
Plan curtailment reduction	—	(974)	—	—	—	—
Medicare Part D adjustment	—	—	—	—	67	88
Plan participants' contributions	—	—	—	—	499	454
Net increase (decrease)	<u>7,804</u>	<u>2,138</u>	<u>140</u>	<u>462</u>	<u>690</u>	<u>(1,915)</u>
Projected benefit obligation at end of year	<u>\$ 65,557</u>	<u>\$ 57,753</u>	<u>\$ 2,292</u>	<u>\$ 2,152</u>	<u>\$ 8,207</u>	<u>\$ 7,517</u>

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A reconciliation of the fair value of Plan assets (as of the December 31 measurement date) is as follows (in thousands):

	Defined Benefit Pension Plans		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2011	2010	2011	2010	2011	2010
	Beginning market value of plan assets	\$ 48,228	\$ 39,040	\$ —	\$ —	\$ —
Investment income	66	5,361	—	—	—	—
Benefits paid	(2,899)	(2,472)	—	—	—	—
Employer contributions	—	8,798	—	—	—	—
Asset transfer to affiliate	(378)	(2,499)	—	—	—	—
Ending market value of plan assets	\$ 45,017	\$ 48,228	\$ —	\$ —	\$ —	\$ —

Amounts recognized in the Balance Sheets consist of (in thousands):

	Defined Benefit Pension Plans		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2011	2010	2011	2010	2011	2010
	Regulatory asset (liability)	\$ 27,284	\$ 18,049	\$ —	\$ —	\$ (590)
Current (liability)	\$ —	\$ —	\$ (154)	\$ (141)	\$ (658)	\$ (428)
Non-current (liability)	\$ (20,540)	\$ (9,525)	\$ (3,060)	\$ (2,011)	\$ (7,497)	\$ (7,096)

Accumulated Benefit Obligation

	Defined Benefit Pension Plans		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2011	2010	2011	2010	2011	2010
	Accumulated benefit obligation	\$ 59,823	\$ 52,250	\$ 2,292	\$ 2,058	\$ 8,207

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/18/2012	2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Components of Net Periodic Expense

	Defined Benefit Pension			Supplemental Non-qualified Defined Benefit Retirement Plans			Non-pension Defined Benefit Postretirement Plans		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Service cost	\$ 798	\$ 1,214	\$ 1,155	\$ —	\$ —	\$ —	\$ 210	\$ 340	\$ 216
Interest cost	3,093	3,280	3,143	114	100	100	365	547	444
Expected return on assets	(3,619)	(3,008)	(2,780)	—	—	—	—	—	—
Amortization of prior service cost	62	62	87	—	—	—	(314)	(141)	—
Amortization of transition obligation	—	—	—	—	—	—	—	171	51
Amortization of loss (gain)	—	—	—	—	—	—	—	—	—
Recognized net actuarial loss (gain)	1,486	1,378	1,586	48	30	43	163	—	—
Curtailment expense	—	57	189	—	—	—	—	—	—
Net periodic expense	\$ 1,820	\$ 2,983	\$ 3,380	\$ 162	\$ 130	\$ 143	\$ 424	\$ 917	\$ 711

Accumulated Other Comprehensive Income (Loss)

Amounts included in AOCI, after-tax, that have not yet been recognized as components of net periodic benefit cost at December 31 were as follows (in thousands):

	Defined Benefit		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2011	2010	2011	2010	2011	2010
Net loss	\$ —	\$ —	\$ (489)	\$ (418)	\$ —	\$ —
Prior service cost	—	—	—	—	—	—
Transition obligation	—	—	—	—	—	—
	\$ —	\$ —	\$ (489)	\$ (418)	\$ —	\$ —

The amounts in AOCI, regulatory assets or regulatory liabilities, after-tax, expected to be recognized as a component of net periodic benefit cost during calendar year 2012 were as follows (in thousands):

	Defined Benefits		Supplemental Non-qualified Defined Benefit Retirement Plans		Non-pension Defined	
	2011	2010	2011	2010	2011	2010
Net loss	\$ 1,689	\$ —	\$ 36	\$ —	\$ —	\$ 90
Prior service cost	37	—	—	—	—	(181)
Transition obligation	—	—	—	—	—	—
Total net periodic benefit cost expected to be recognized during calendar year 2011	\$ 1,726	\$ —	\$ 36	\$ —	\$ —	\$ (90)



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NOTES TO FINANCIAL STATEMENTS (Continued)			

Assumptions

	Defined Benefit Pension			Supplemental Non-qualified Defined Benefit Retirement Plans			Non-pension Defined Benefit		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Weighted-average assumptions used to determine benefit obligations:									
Discount rate	4.65%	5.50%	6.05%	4.70%	5.50%	6.10%	4.35%	5.00%	5.90%
Rate of increase in compensation levels	3.67%	3.70%	4.25%	N/A	5.00%	5.00%	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for plan year:									
Discount rate	5.50%	6.05%	6.25%	5.00%	6.10%	6.20%	5.00%	5.90%	6.10%
Expected long-term rate of return on assets*	7.75%	8.00%	8.50%	N/A	N/A	N/A	N/A	N/A	N/A
Rate of increase in compensation levels	3.70%	4.25%	4.25%	N/A	5.00%	5.00%	N/A	N/A	N/A

\* The expected rate of return on plan assets changed to 7.25% for the calculation of the 2012 net periodic pension cost.

The healthcare benefit obligation was determined at December 31, 2011, using an initial healthcare trend rate of 9.01% grading down to an ultimate rate of 4.5% in 2028, and at December 31, 2010, using an initial healthcare trend rate of 9.51% trending down to an ultimate rate of 4.5% in 2027.

The healthcare cost trend rate assumption has a significant effect on the amounts reported. A 1% increase or 1% decrease in the healthcare cost trend assumptions would affect the service and interest costs and the accumulated periodic postretirement benefit obligation as follows (dollars in thousands):

<u>Change in Assumed Trend Rate</u>	<u>Service and Interest Costs</u>	<u>Accumulated Periodic Postretirement Benefit Obligation</u>
1% increase	\$ 22	\$ 422
1% decrease	\$ (19)	\$ (372)

Name of Respondent Black Hills Power, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/18/2012	Year/Period of Report 2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

The following benefit payments, which reflect future service, are expected to be paid (in thousands):

	Defined Benefit Pension	Supplemental Non-qualified Defined Benefit Retirement Plans	Non-pension Defined
2012	\$ 3,159	\$ 154	\$ 658
2013	\$ 3,223	\$ 113	\$ 702
2014	\$ 3,258	\$ 113	\$ 652
2015	\$ 3,323	\$ 113	\$ 635
2016	\$ 3,338	\$ 84	\$ 639
2017-2021	\$ 19,035	\$ 684	\$ 3,886

**Defined Contribution Plan**

The Parent sponsors a 401(k) retirement savings plan in which employees may participate. Participants may elect to invest up to 50% of their eligible compensation on a pre-tax or after-tax basis, up to a maximum amount established by the Internal Revenue Service. The plan provides for company matching contributions and company retirement contributions. Employer contributions vest at 20% per year and are fully vested when the participant has 5 years of service.

**(10) RELATED-PARTY TRANSACTIONS**

Receivables and Payables

We have accounts receivable and accounts payable balances related to transactions with other BHC subsidiaries. These balances as of December 31, were as follows (in thousands):

	2011	2010
Related party accounts receivable	\$ 6,998	\$ 6,891
Related party accounts payable	\$ 18,598	\$ 12,562

Money Pool Notes Receivable and Notes Payable

We have a Utility Money Pool Agreement with the Parent, Cheyenne Light and Black Hills Utility Holdings. Under the agreement, we may borrow from the Parent. The Agreement restricts us from loaning funds to the Parent or to any of the Parent's non-utility subsidiaries; the Agreement does not restrict us from making dividends to the Parent. Borrowings under the agreement bear interest at the daily cost of external funds as defined under the Agreement, or if there are no external funds outstanding on that date, then the rate will be the daily one month LIBOR rate plus 1%.

Advances under this note bear interest at 2.75% above the daily LIBOR rate (3.05% at December 31, 2011). We had the following balances with the Utility Money Pool as of and for the years ended December 31 (in thousands):

	2011	2010	2009
Notes receivable (payable) with Utility Money Pool, net	\$ 50,477	\$ 39,862	\$ 57,737
Net interest income (expense)	\$ 1,414	\$ 467	\$ (1,123)

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Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/18/2012	2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

**Other Balances and Transactions**

We had the following related party transactions for the years ended December 31, 2011 and 2010 included in the corresponding captions in the accompanying Statements of Income:

- We received revenues from Black Hills Wyoming, Inc. for electricity.
- We received revenues from Cheyenne Light for the sale of electricity and dispatch services.
- We recorded revenues relating to payments received pursuant to a natural gas swap entered into with Enserco.
- We purchase coal from WRDC. These amounts are included in Fuel and purchased power on the accompanying Statements of Income.
- We purchase excess power generated by Cheyenne Light.
- In order to fuel our combustion turbine, we purchase natural gas from Enserco. These amounts are included in Fuel and purchased power on the accompanying Statements of Income.
- In addition, we also pay the Parent and Black Hills Utility Holdings for allocated corporate support service costs incurred on our behalf.
- We have two contracts with Cheyenne Light under which Cheyenne Light sells up to 40 MW of wind-generated, renewable energy to us. These amounts are included in Fuel and purchased power on the accompanying Statements of Income.

	2011	2010	2009
	(in thousands)		
<b>Revenues:</b>			
Black Hills Wyoming for electricity	\$ 9	\$ 574	\$ 873
Cheyenne Light for electricity and dispatch services	\$ 957	\$ 1,200	\$ 1,823
<b>Purchases:</b>			
Coal purchases from WRDC	\$ 21,319	\$ 13,569	\$ 16,284
Excess power purchased from Cheyenne Light	\$ 9,363	\$ 8,664	\$ 8,580
Natural gas from Enserco*	\$ 647	\$ 1,652	\$ 2,250
Corporate support services from Parent and Black Hills Utility Holdings	\$ 18,567	\$ 17,145	\$ 15,014
Renewable wind energy from Cheyenne Light	\$ 5,236	\$ 4,538	\$ 2,791

\* BHC sold Enserco on February 29, 2012.

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Black Hills Power, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

We have funds on deposit from Black Hills Wyoming for transmission system reserve which are included in Other, non-current liabilities on the accompanying Balance Sheets. We have transmission system reserve balances as follows as of December 31 (in thousands):

	2011	2010
Transmission Deposit	\$ 2,110	\$ 2,044

Interest on the transmission system reserve deposit accrues quarterly at an average prime rate (3.25% at December 31, 2011). We paid interest for the years ended December 31 as follows (in thousands):

	2011	2010	2009
Interest expense on transmission deposit	\$ 67	\$ 65	\$ 70

**(11) SUPPLEMENTAL CASH FLOW INFORMATION**

Years ended December 31,	2011	2010	2009
	(in thousands)		
Non-cash investing activities -			
Property, plant and equipment financed with accrued liabilities	\$ 1,882	\$ 7,188	\$ 10,191
Money pool activity - net repayment of funds loaned	\$ —	\$ —	\$ 25,000
Non-cash financing activities -			
Money pool activity - net repayment of funds borrowed	\$ —	\$ —	\$ (25,000)
Supplemental disclosure of cash flow information:			
Cash (paid) refunded during the period for -			
Interest (net of amounts capitalized)	\$ (16,294)	\$ (19,554)	\$ (14,252)
Income taxes	\$ (15,347)	\$ 15,805	\$ 3,700

**(12) COMMITMENTS AND CONTINGENCIES**

**Partial Sale of Wygen III**

On April 9, 2009, we sold to MDU a 25% ownership interest in our Wygen III generation facility. At closing, MDU made a payment to us for its 25% share of the costs to date on the ongoing construction of the facility. Proceeds of \$32.8 million were received of which \$30.2 million was used to pay down a portion of Parent debt. MDU continued to reimburse us for its 25% of the total costs paid to complete the project. The Wygen III generation facility began commercial operations on April 1, 2010. In conjunction with the sales transaction, we also modified a 2004 PPA between us and MDU.

On July 14, 2010, we sold a 23% ownership interest in Wygen III to the City of Gillette for \$62.0 million. The purchase terminates the current PPA with the City of Gillette, and the Wygen III Participation Agreement has been amended to include the City of Gillette. The Participation Agreement provides that the City of Gillette will pay us for administrative services and share in the costs of operating the plant for the life of the facility. The estimated amount of net fixed assets sold totaled \$55.8 million. We recognized a gain on the sale of \$6.2 million.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/18/2012	Year/Period of Report 2011/Q4
Black Hills Power, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

**Power Purchase and Transmission Services Agreements**

We have the following power purchase and transmission agreements as of December 31, 2011:

- A PPA with PacifiCorp expiring on December 31, 2023, which provides for the purchase by us of 50 MW of electric capacity and energy. The price paid for the capacity and energy is based on the operating costs of one of PacifiCorp's coal fired electric generating plants;
- A firm point-to-point transmission access agreement to deliver up to 50 MW of power on PacifiCorp's transmission system to wholesale customers in the western region through December 31, 2023;
- Cheyenne Light entered into a PPA with Happy Jack. Under a separate inter-company agreement expiring on September 3, 2028, Cheyenne Light has agreed to sell up to 15 MW of the facility output from Happy Jack to us;
- Cheyenne Light entered into a PPA with Silver Sage. Under a separate inter-company agreement expiring on September 30, 2029, Cheyenne Light has agreed to sell 20 MW of energy from Silver Sage to us; and
- A Generation Dispatch Agreement with Cheyenne Light that requires us to purchase all of Cheyenne Light's excess energy.

Costs incurred under these agreements were as follows for the years ended December 31 (in thousands):

Contract	Contract Type	2011	2010	2009
PacifiCorp	Electric capacity and energy	\$ 12,515	\$ 12,936	\$ 11,862
PacifiCorp	Transmission access	\$ 1,215	\$ 1,215	\$ 1,215
Cheyenne Light	Happy Jack Wind Farm	\$ 1,955	\$ 2,815	\$ 2,078
Cheyenne Light	Silver Sage Wind Farm	\$ 3,281	\$ 1,723	\$ 713

The following is a schedule of future minimum payments required under the power purchase, transmission services, coal and gas supply agreements (in thousands):

2012	\$	11,895
2013	\$	11,895
2014	\$	11,895
2015	\$	11,895
2016	\$	11,895
Thereafter	\$	49,091

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Black Hills Power, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/18/2012	2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

**Long-Term Power Sales Agreements**

We have the following power sales agreements as of December 31, 2011:

- During periods of reduced production at Wygen III in which MDU owns a portion of the capacity, or during periods when Wygen III is off-line, MDU will be provided with 25 MW from our other generation facilities or from system purchases with reimbursement of costs by MDU;
- During periods of reduced production at Wygen III in which the City of Gillette owns a portion of the capacity, or during periods when Wygen III is off-line, we will provide the City of Gillette with its first 23 MW from our other generating facilities or from system purchases with reimbursement of costs by the City of Gillette. Under this agreement, Black Hills Power will also provide the City of Gillette their operating component of spinning reserves;
- An agreement under which we supply energy and capacity to MEAN expiring on May 31, 2023. This contract is unit-contingent based on up to 10 MW from our Neil Simpson II and up to 10 MW from our Wygen III plants. The capacity purchase requirements decrease over the term of the agreement.
- A PPA with MEAN, expiring on April 1, 2015. Under this contract, MEAN purchases 5 MW of unit-contingent capacity from Neil Simpson II and 5 MW of unit-contingent capacity from Wygen III.

**Legal Proceedings**

We are subject to various legal proceedings, claims and litigation which arise in the ordinary course of operations. In the opinion of management, the amount of liability, if any, with respect to these actions would not materially affect our financial position, results of operations or cash flows.

**(13) QUARTERLY HISTORICAL DATA (Unaudited)**

We operate on a calendar year basis. The following table sets forth selected unaudited historical operating results data for each quarter (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Operating revenues	\$ 59,194	\$ 56,098	\$ 64,940	\$ 65,399
Operating income	\$ 11,917	\$ 9,181	\$ 19,175	\$ 14,447
Net income	\$ 5,881	\$ 3,741	\$ 10,510	\$ 6,965
2010				
Operating revenues	\$ 54,489	\$ 56,438	\$ 59,051	\$ 59,785
Operating income	\$ 9,361	\$ 10,510	\$ 21,092	\$ 14,305
Net income	\$ 5,934	\$ 4,102	\$ 14,078	\$ 7,154

## Section B

**20:10:13:52. Statement B -- Income Statement.** Statement B shall include income statements in the form prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, 18 C.F.R. 101 (April 1, 1985), and in any other form if ordered by the commission for the test period, and the most recently available income statement, including any applicable footnotes.

**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.

**BLACK HILLS POWER, INC.**  
**STATEMENT OF INCOME**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	For the twelve months ended		
			June 30, 2012 (Test Year)	June 30, 2011	September 30, 2012
1	Electric Sales		\$ 211,182,973	\$ 202,516,704	\$ 211,635,864
2	Other Revenue		38,965,242	31,309,231	34,831,722
3	Sub-Total		<u>250,148,215</u>	<u>233,825,935</u>	<u>246,467,586</u>
4					
5	Fuel		26,623,542	23,330,493	26,982,168
6	Purchased Power		67,292,983	63,975,052	65,485,213
7	Production Expense (Excludes Fuel)		22,982,686	26,231,334	22,264,636
8	Transmission Expense		3,939,231	3,446,551	3,626,139
9	Distribution Expense		7,118,893	6,723,581	7,445,126
10	Customer Accounting Expense		2,945,723	3,811,486	2,926,318
11	Customer Service Expense		1,524,623	1,567,955	1,574,356
12	Sales Expense		2,224	1,244	1,805
13	Administrative and General Expense		<u>25,767,126</u>	<u>23,915,451</u>	<u>27,142,991</u>
14	Total O&M		158,197,031	153,003,147	157,448,752
15					
16	Depreciation & Amortization		27,667,343	24,934,036	27,645,020
17	Taxes Other than Income		<u>4,891,225</u>	<u>5,410,993</u>	<u>4,772,949</u>
18	Sub-Total		32,558,568	30,345,029	32,417,969
19					
20	Net Operating Income	Ln.3 - Ln.14 - Ln.18	59,392,616	50,477,759	56,600,865
21					
22	Non-Operating Income (& Expense)		11,694,961	16,371,942	9,245,769
23	Interest (Expense)		(28,236,443)	(27,452,427)	(26,044,684)
24	AFUDC - Debt & Equity		753,966	1,644,523	691,429
25	Non-Operating (Expense)		<u>(15,787,516)</u>	<u>(9,435,962)</u>	<u>(16,107,486)</u>
26					
27	Income Before Tax	Ln.20 + Ln.25	43,605,100	41,041,797	40,493,379
28					
29	Federal Income Taxes		<u>13,350,021</u>	<u>10,186,201</u>	<u>12,600,568</u>
30					
31	Net Utility Income	Ln.27 - Ln.29	<u>\$ 30,255,079</u>	<u>\$ 30,855,595</u>	<u>\$ 27,892,811</u>

32  
33 Note: The September 2012 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the Federal Energy  
34 Regulatory Commission and is the most recently filed financial statement prescribed in the FERC's uniform system of accounts. Black  
35 Hills Power 10Q as of September 30, 2012, prepared on a Generally Accepted Accounting Principle basis, was filed with the Securities  
36 and Exchange Commission in November 2012. Both filings are publicly available.



### Section C

**20:10:13:53. Statement C – Statement of Retained Earnings.** Statement C shall include earned surplus statements for the test period showing debits and credits according to descriptive captions, the balance as of the beginning and the end of the test period and the most recently available earned surplus statement, including any applicable footnotes.

**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.**  
**STATEMENT OF RETAINED EARNINGS**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	June 30, 2012 (Test Year)	June 30, 2011	As of September 30, 2012
1	Balance at Beginning of Period		\$ 257,310,322	\$ 226,454,727	\$ 267,820,204
2	Net Income	Stmt B Ln. 31	30,255,079	30,855,595	27,892,811
3	Non-Cash Dividend to Parent Company		(43,983,955)	-	(43,983,955)
4	Total Before Deductions		243,581,446	257,310,322	251,729,060
5					
6	Dividends Paid/Declared and Other				
7	Preferred Dividends		-	-	-
8	Acquired Related Company Equity		-	-	-
9	Common Stock Dividends		-	-	-
10			-	-	-
11					
12	Balance at End of Period	Ln.4 + Ln.10	\$ 243,581,446	\$ 257,310,322	\$ 251,729,060

15 Note: The September 2012 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the Federal Energy  
16 Regulatory Commission and is the most recently filed financial statement prescribed in the FERC's uniform system of accounts.  
17 Black Hills Power 10Q as of September 30, 2012, prepared on a Generally Accepted Accounting Principle basis, was filed with  
18 the Securities and Exchange Commission in November 2012. Both filings are publicly available.

## Section D

**20:10:13:54. Statement D -- Cost of Plant.** Statement D shall include a statement showing in summary form the accounts of electric or gas utility plant classified by accounts 101, 102, 103, 104, 105, 106, 107, 118 as of the beginning of the 12 months of the test period, and the book additions and reductions in separate columns during the 12 months together with the book balances at the end of the 12-month period. Claimed adjustments, if any, to the book balances and the total cost of plant shall be shown in adjoining columns. All adjustments shall be fairly and clearly explained in the supporting material submitted. The material listed in §§ 20:10:13:55 to 20:10:13:63, inclusive, for electric or gas plant shall be submitted as part of statement D.

**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-7, 49-34A-10, 49-34A-12, 49-34A-41.

**Statement D page 1:** This Statement shows a roll forward of property records from June 30, 2011, to June 30, 2012. The roll forward includes additions, retirements, transfers, and adjustments. Additional details of this roll forward by plant account can be found on Schedule D-1 which shows the same additions, retirements, transfers, and adjustments by electric FERC account.

**Statement D page 2:** This Schedule shows a summary of average plant in service for rate base calculations. The amounts in column (a) represent average plant in service, and reconciles to the 12 month average calculated in Schedule D-3, part 1. Column (b) amounts are additions and expected additions to rate base that will be placed in service from July 1, 2012 to April 1, 2013. These amounts come from Schedules D-10 and H-13. Column (c) is an adjustment for the annualized electric FERC 106 account, see WP-4. Column (d) amounts are the adjusted average plant in service and include Black Hills Power (BHP) Common Use System (CUS) assets. Column (e) amounts are the transfers from BHP state jurisdiction to BHP FERC jurisdiction (BHP CUS assets). Column (f) amounts are the total average adjusted plant in service, excluding BHP CUS assets, for rate base calculations that flow into Statement N-1.

## Section D

**20:10:13:55. Schedule D-1 -- Detailed Plant Accounts.** Schedule D-1 shall include the amounts by detail plant accounts in columnar form similar to statement D for each of the above accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, 18 C.F.R. 101 (April 1, 1985), with subtotals by functional classification. To the extent plant costs are not available by detailed plant accounts they may be shown by functional classifications.

**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.

## Section D

**20:10:13:56. Schedule D-2 -- Plant Addition and Retirement for Test Period.**

Schedule D-2 shall show major plant addition and retirement projects for the test period, brief descriptions thereof, approximate dates of commercial operation or retirement from service, and 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.

## Section D

**20:10:13:57. Schedule D-3 -- Working Papers Showing Plant Accounts on Average Basis for Test Period.** Schedule D-3 shall show the 12 average monthly book balances during the 12 months in the test period for each detailed plant account, each subtotal of the functional classifications and total plant. The sum of such 12 average balances shall be divided by 12. The effect of proposed adjustments, if any, on the average balances shall also be shown. To the extent plant costs are not readily available by detailed plant accounts, they may be shown by functional classifications.

**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.

**Schedule D-3, part 1:** This Schedule shows the 12 month average book balances during the test period, June 30, 2012, for each detailed plant account. The Schedule reconciles to the amounts reported on Statement D, page 2.

**Schedule D-3, part 2:** This schedule provides further detail of the 12 month average book balances for the test period, June 30, 2012, for Steam Production Plant. The detail is broken out by plant.

## Section D

### **20:10:13:58. Schedule D-4 -- Plant Account Working Papers for Previous Years.**

Schedule D-4 shall include a summary of the following by years with respect to the book changes in plant in service, account 101, for the last five calendar years of the operations of the company or its predecessors:

- (1) Starting balance;
- (2) Major additions and retirements, including the following:
  - (a) Month placed in service or retired from service;
  - (b) Period of construction;
- (3) Other major transactions recorded, such as corrections or transfers in sufficient detail to disclose the nature of the major changes;
- (4) Closing balance.

Any data required by this section which has been previously submitted to the commission by the utility may be incorporated by specific reference.

**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.

**Schedule D-4 2007, Schedule D-4 2008, Schedule D-4 2009, Schedule D-4 2010, and Schedule D-4 2011 are attached.**

## Section D

**20:10:13:59. Schedule D-5 -- Working Papers on Capitalizing Interest and Other Overheads During Construction.** Schedule D-5 shall include a complete statement of the methods and procedures followed in capitalizing interest during construction and other construction overheads, including any policy changes, the effective dates, and the reasons for the changes, for the last five calendar years, ending during the test year.

**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.



## Section D

**20:10:13:60. Schedule D-6 -- Changes in Intangible Plant Working Papers.** Schedule D-6 shall show any significant changes in intangible plant for the last five calendar years, ending during the test year. If any materials required in schedule D-6 have already been submitted to the commission, they may be incorporated by specific reference.

**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.

## Section D

**20:10:13:61. Schedule D-7 -- Working Papers on Plant in Service Not Used and Useful.** Schedule D-7 shall set forth the cost and description of any plant in service carried on the company's books as utility plant which was not being used in rendering service.

**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.

## Section D

**20:10:13:62. Schedule D-8 -- Property Records Working Papers.** Schedule D-8 shall set forth a description of the continuing property records maintained by the utility, including methods and procedures used to price retirements, and a list of retirement units used by the company in pricing retirements for the past five years. Any data required by this section which has been previously submitted to the commission by the utility may be incorporated by specific reference.

**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.

## Section D

**20:10:13:63. Schedule D-9 -- Working Papers for Plant Acquired for Which Regulatory Approval Has Not Been Obtained.** Schedule D-9 shall set forth any operating units or systems acquired for which regulatory approval of the final accounting has not been obtained. For such acquisitions, a summary analysis of the property acquired, proposed journal entries to record the acquisition and the proposed disposition of any difference between cost of acquisition and net original cost shall be submitted.

**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.

## **Section D**

**Schedule D-10 – Subsequent Property Additions.** This Schedule shows, by project description, the expected capital additions for the pro forma test year. These amounts are included as rate base on Statement D, page 2.

**BLACK HILLS POWER, INC.**  
**ELECTRIC PLANT IN SERVICE**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	Reference	Balance at June 30, 2011	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2012
1	101	Steam Production Plant	Sched. D-1 Ln. 10	\$ 398,868,576	\$ 43,734,677	\$ (12,253,515)	\$ 69	\$ 430,349,807
2	114	Plant Acquisition Adjustment	Sched. D-1 Ln. 12	4,870,308	-	-	-	4,870,308
3	101	Other Production Plant	Sched. D-1 Ln. 22	78,935,083	1,240,897	(395,600)	-	79,780,380
4		Total Production Plant		482,673,967	44,975,574	(12,649,115)	69	515,000,495
5								
6	101	Transmission Plant	Sched. D-1 Ln. 35	88,774,046	26,187,944	(1,888,667)	(613,775)	112,459,547
7	101	Distribution Plant	Sched. D-1 Ln. 51	265,134,618	26,890,612	(2,535,936)	(1,436,693)	288,052,602
8	101	General Plant	Sched. D-1 Ln. 65	42,617,584	5,334,130	(8,572,974)	(68,828)	39,309,911
9	106	Compl. Construction - Not Classified	Sched. D-1 Ln. 72	93,132,832	-	-	(70,115,883)	23,016,949
10	118	Other Utility Plant	Sched. D-1 Ln. 74	25,895,891	-	-	(811,880)	25,084,011
11								
12		Total Electric Plant in Service		998,228,937	103,388,260	(25,646,692)	(73,046,991)	1,002,923,514
13								
14	107	Construction Work in Progress	Stmt. A pg. 1 Ln. 4	9,560,061	117,478	-	-	9,677,539
15								
16		Total Electric Plant	Ln.12 + Ln.14	\$ 1,007,788,998	\$ 103,505,738	\$ (25,646,692)	\$ (73,046,991)	\$ 1,012,601,053

BLACK HILLS POWER, INC.  
ADJUSTED AVERAGE ELECTRIC PLANT IN SERVICE  
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	Reference	(a) Average Plant in Service	(b) Subsequent & Expected Additions & Retirements	(c) Annualized Account 101 & 106	(d) [(a)+(b)+(c)] Adjusted Plant in Service	(e) Transfer Transmission Plant in Service (Note 3)	(f) [(d)+(e)] Adjusted Plant in Service
1	101	Steam Production Plant	Sched. D-3 Ln. 10(n)	\$ 419,447,213	\$ -	\$ -	\$ 419,447,213	\$ -	\$ 419,447,213
2	114	Plant Acquisition Adjustment	Sched. D-3 Ln. 12(n)	4,870,308	-	-	4,870,308	-	4,870,308
3	101	Other Production Plant	Sched. D-3 Ln. 22(n)	79,355,703	-	-	79,355,703	-	79,355,703
4		Total Production Plant		503,673,224	-	-	503,673,224	-	503,673,224
5									
6	101	Transmission Plant	Sched. D-3 Ln. 35(n)	106,311,904	-	-	106,311,904	(102,030,480)	4,281,424
7									
8	101	Distribution Plant	Sched. D-3 Ln. 51(n)	274,454,360	-	-	274,454,360	(9,446,970)	265,007,390
9									
10	101	General Plant	Sched. D-3 Ln. 65(n)	42,374,033	446,667 (2)	-	42,820,700	(5,251,888)	37,568,812
11									
12	118,121	Other Utility Plant	Sched. D-3 Ln. 78(n)	25,941,976	-	-	25,941,976	(2,107,452)	23,834,524
13									
14		Total Electric Plant in Service		952,755,497	446,667	-	953,202,164	(118,836,790)	834,365,374
15									
16	106	Steam Production Plant	Sched. D-3 Ln. 69(n)	16,724,779	3,367,591 (1)	5,945,884 (4)	26,038,254	-	26,038,254
17	106	Other Production Plant	Sched. D-3 Ln. 70(n)	498,582	1,077,906 (1)	45,306 (4)	1,621,794	-	1,621,794
18	106	Transmission Plant	Sched. D-3 Ln. 71(n)	8,635,892	- (1)	2,708,988 (4)	11,344,880	(11,344,880)	-
19	106	Distribution Plant	Sched. D-3 Ln. 72(n)	13,651,463	4,810,927 (1)	7,921,829 (4)	26,384,219	-	26,384,219
20	106	General Plant	Sched. D-3 Ln. 73(n)	3,153,804	3,552,990 (1)	2,336,225 (4)	9,043,019	-	9,043,019
21		Total Electric Plant Not Classified		42,664,520	12,809,414	18,958,232	74,432,166	(11,344,880)	63,087,286
22									
23									
24		Total Average Plant in Service	Ln.14 + Ln.21	\$ 995,420,017	\$ 13,256,080	\$ 18,958,232	\$ 1,027,634,329	\$ (130,181,670)	\$ 897,452,659

25  
26 Note 1: See Schedule D-10 for additional details.  
27 Note 2: See Schedule H-13 for additional details.  
28 Note 3: Transfers from BHP state jurisdiction to BHP FERC jurisdiction.  
29 Note 4: See WP-4 for additional details.

**BLACK HILLS POWER, INC.**  
**ELECTRIC PLANT IN SERVICE**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	Reference	Balance June 30, 2011	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2012
1		STEAM PRODUCTION PLANT						
2								
3	310	Land and Land Rights	Sched. D-3 Ln. 3(a)	\$ 333,941	\$ -	\$ (302)	\$ -	\$ 333,639
4	311	Structures and Improvements	Sched. D-3 Ln. 4(a)	38,785,561	1,701,716	(183,360)	-	40,303,917
5	312	Boiler Plant Equipment	Sched. D-3 Ln. 5(a)	214,073,843	34,147,654	(9,875,349)	-	238,346,147
6	313	Engines and Engine Driven Generator	Sched. D-3 Ln. 6(a)	308,804	34,634	-	-	343,438
7	314	Turbogenerator Units	Sched. D-3 Ln. 7(a)	119,938,691	6,186,860	(1,730,607)	-	124,394,944
8	315	Accessory Electric Equipment	Sched. D-3 Ln. 8(a)	21,953,112	1,377,945	(392,168)	69	22,938,959
9	316	Miscellaneous Power Plant Equipment	Sched. D-3 Ln. 9(a)	3,474,625	285,868	(71,730)	-	3,688,763
10		Total Steam Plant Production Plant		<u>398,868,576</u>	<u>43,734,677</u>	<u>(12,253,515)</u>	<u>69</u>	<u>430,349,807</u>
11								
12	314	Plant Acquisition Adjustment	Sched. D-3 Ln. 12(a)	4,870,308	-	-	-	4,870,308
13								
14		OTHER PRODUCTION PLANT						
15								
16	340	Land and Land Rights	Sched. D-3 Ln. 16(a)	2,705	-	-	-	2,705
17	341	Structures and Improvements	Sched. D-3 Ln. 17(a)	515,535	-	-	-	515,535
18	342	Boiler Plant Equipment	Sched. D-3 Ln. 18(a)	5,093,126	184,223	(11,074)	-	5,266,275
19	344	Turbogenerator Units	Sched. D-3 Ln. 19(a)	68,402,239	1,028,024	(384,526)	-	69,045,737
20	345	Accessory Electric Equipment	Sched. D-3 Ln. 20(a)	4,838,610	28,650	-	-	4,867,260
21	346	Miscellaneous Power Plant Equipment	Sched. D-3 Ln. 21(a)	82,868	-	-	-	82,868
22		Total Other Production Plant		<u>78,935,083</u>	<u>1,240,897</u>	<u>(395,600)</u>	<u>-</u>	<u>79,780,380</u>
23								
24		Total Production Plant	Ln.10 + Ln.12 + Ln.22	<u>482,673,967</u>	<u>44,975,574</u>	<u>(12,649,115)</u>	<u>69</u>	<u>515,000,495</u>
25								
26		TRANSMISSION PLANT						
27								
28	350	Land and Land Rights	Sched. D-3 Ln. 28(a)	3,443,905	254,255	(156,440)	2,204,210	5,745,930
29	352	Structures and Improvements	Sched. D-3 Ln. 29(a)	1,568,466	-	-	-	1,568,466
30	353	Station Equipment	Sched. D-3 Ln. 30(a)	41,069,824	8,391,863	(1,720,812)	(629,163)	47,111,713
31	354	Tower and Fixtures	Sched. D-3 Ln. 31(a)	447,677	417,149	-	-	864,826
32	355	Poles and Fixtures	Sched. D-3 Ln. 32(a)	19,780,651	8,468,446	(11,415)	(459,991)	27,777,691
33	356	Overhead Conductors and Devices	Sched. D-3 Ln. 33(a)	22,456,601	8,656,230	-	(1,728,831)	29,384,000
34	359	Roads and Trails	Sched. D-3 Ln. 34(a)	6,920	-	-	-	6,920
35		Total Transmission Plant		<u>88,774,046</u>	<u>26,187,944</u>	<u>(1,888,667)</u>	<u>(613,775)</u>	<u>112,459,547</u>
36								
37		DISTRIBUTION PLANT						
38								
39	360	Land and Land Rights	Sched. D-3 Ln. 39(a)	1,631,095	38,137	-	-	1,669,232
40	361	Structure and Improvements	Sched. D-3 Ln. 40(a)	254,825	-	-	-	254,825
41	362	Station Equipment	Sched. D-3 Ln. 41(a)	61,779,647	2,558,547	(211,454)	-	64,126,739
42	364	Poles, Towers, and Fixtures	Sched. D-3 Ln. 42(a)	60,002,061	6,876,137	(792,957)	(139,369)	65,945,873





**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
For the Period January 2012 Through June 2012

Schedule D-2 2012  
Page 1 of 2

Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	\$ 136,486	VARIOUS	VARIOUS
3	10042616	NSCT1-HYD CONTROL UNIT REPL	103,042	8/8/2011	6
4	10040181	NSC COMMON-ARC FLASH-PHASE 2	107,734	6/3/2011	6
5	10043825	BEN F CT NAT GAS PIPELINE	155,467	12/16/2011	6
6		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 502,729</b>		
7					
8	VARIOUS	FERC ACCT 311	(16,864)	VARIOUS	VARIOUS
9	VARIOUS	FERC ACCT 312	(21,492)	VARIOUS	VARIOUS
10	VARIOUS	FERC ACCT 314	(4,470)	VARIOUS	VARIOUS
11	VARIOUS	FERC ACCT 316	(27,494)	VARIOUS	VARIOUS
12	VARIOUS	FERC ACCT 342	(1,074)	VARIOUS	VARIOUS
13	VARIOUS	FERC ACCT 344	(74,350)	VARIOUS	VARIOUS
14		<b>TOTAL MAJOR RETIREMENTS</b>	<b>\$ (145,744)</b>		
15					
16		<b>TRANSMISSION</b>			
17	VARIOUS	VARIOUS UNDER \$100,000	168,797	VARIOUS	VARIOUS
18	99156249	NEW NORTHERN HILLS 230KV SUBSTATION	254,255	4/30/2009	4
19		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 423,052</b>		
20					
21		<b>DISTRIBUTION</b>			
22	VARIOUS	VARIOUS UNDER \$100,000	494,376	VARIOUS	VARIOUS
23	10042629	Distribution Rebuilds	133,136	8/30/2010	7
24	99157701	REPLACE 69KV BREAKERS	141,076	2/19/2010	5
25	99157006	REPLACE AND STUB DISTRIBUTION POLES	166,589	3/18/1994	6
26	10040054	Repl Elec ext or Gas Mains Blanket	195,089	8/15/2010	VARIOUS
27	99157007	REPLACE UNDERGROUND	243,651	11/4/2008	7
28	10040064	Inv New Cust Undg svc/Meter Enclos	274,304	8/15/2010	VARIOUS
29	99157210	RECONDUCTOR 2S67	404,493	5/4/2007	1
30	99157242	RECONDUCTOR CUS1203, DIST 12.4KV	407,243	12/14/2009	2
31	99157009	BETTERMENT PROJECT < \$25000	493,641	7/22/2009	7
32	99157002	BLANKET PROJECT - TRANSFORMERS	600,544	2/1/2008	6
33	99157076	SPEARFISH VOLTAGE CONVERSION	810,452	2/9/2009	3
34	10040058	Inv New Cust Elec Serv OH Blanket	867,452	8/15/2010	VARIOUS
35	99157001	CUSTOMER PROJECTS OVER \$5000	882,225	10/6/2008	7
36	99157012	ROAD IMPROVEMENTS PROJECTS	884,872	9/8/2010	6
37	99157703	EDGEMONT RIVER TO HS 69KV REBUILD	2,257,870	10/11/2007	9
38	99157724	LANGE TO STURGIS 69KV	3,913,756	2/23/2010	3
39	99157255	AMI AUTOMATED METER READING PROJECT	5,235,303	3/30/2010	9
40		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 18,406,070</b>		

BLACK HILLS POWER, INC.  
SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION  
For the Period January 2012 Through June 2012

Line No.	Work Order	Description	Amount	Start Date	Period Closed
41	VARIOUS	FERC ACCT 362	\$ (111,129)	VARIOUS	VARIOUS
42	VARIOUS	FERC ACCT 364	(657,649)	VARIOUS	VARIOUS
43	VARIOUS	FERC ACCT 365	(611,374)	VARIOUS	VARIOUS
44	VARIOUS	FERC ACCT 366	(26,712)	VARIOUS	VARIOUS
45	VARIOUS	FERC ACCT 367	(96,515)	VARIOUS	VARIOUS
46	VARIOUS	FERC ACCT 368	(235,685)	VARIOUS	VARIOUS
47	VARIOUS	FERC ACCT 369	(7,793)	VARIOUS	VARIOUS
48	VARIOUS	FERC ACCT 370	(3,990)	VARIOUS	VARIOUS
49	VARIOUS	FERC ACCT 371	(5,835)	VARIOUS	VARIOUS
50	VARIOUS	FERC ACCT 373	(2,426)	VARIOUS	VARIOUS
51		<b>TOTAL MAJOR RETIREMENTS</b>	<b>\$ (1,759,108)</b>		
52					
53		<b>GENERAL</b>			
54	VARIOUS	VARIOUS UNDER \$100,000	435,462	VARIOUS	VARIOUS
55	99158022	CAPITAL FACILITIES BLANKET-2010	140,669	7/19/2010	2
56	10041482	UNIFIED PRINT PRJECT BHP	141,288	3/2/2011	3
57	10041350	CAPITAL PROJECTS-UNBUDGETED	173,095	3/16/2011	5
58	99158002	TRANSPORTATION BLANKET	215,372	1/29/2010	3
59	10040395	FLEET PURCHASED BHP	373,719	6/16/2011	8
60		<b>TOTAL MAJOR ADDITIONS</b>	<b>\$ 1,479,605</b>		
61					
62	VARIOUS	FERC ACCT 390	(16,716)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 391	(4,863,775)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 392	(234,274)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 395	(1,279)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 397	(5,537)	VARIOUS	VARIOUS
67		<b>TOTAL MAJOR RETIREMENTS</b>	<b>\$ (5,121,581)</b>		
68					
69					
70		<b>Grand Total</b>	<b>\$ 13,785,023</b>		

BLACK HILLS POWER, INC.  
PLANT ACCOUNT BALANCES  
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	(a) June 2011	(b) July 2011	(c) August 2011	(d) September 2011	(e) October 2011	(f) November 2011	(g) December 2011
1		<b>STEAM PRODUCTION PLANT</b>							
2									
3	310	Land and Land Rights	\$ 333,941	\$ 333,941	\$ 333,941	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639
4	311	Structures and Improvements	38,785,561	40,256,478	40,271,763	40,283,471	40,290,544	40,292,597	40,292,597
5	312	Boiler Plant Equipment	214,073,843	215,628,370	215,679,049	215,662,484	215,666,776	238,169,301	238,327,529
6	313	Engines and Engine Driven Generator	308,804	340,322	340,322	340,322	340,322	343,438	343,438
7	314	Turbogenerator Units	119,938,691	120,071,057	120,211,575	120,458,652	120,497,861	123,825,447	124,412,413
8	315	Accessory Electric Equipment	21,953,112	22,189,341	22,779,443	22,779,443	22,779,443	22,818,251	22,818,251
9	316	Miscellaneous Power Plant Equipment	3,474,625	3,595,180	3,672,905	3,698,331	3,698,331	3,699,156	3,699,156
10		<b>Total Steam Plant Production Plant</b>	<b>398,868,576</b>	<b>402,414,689</b>	<b>403,288,998</b>	<b>403,556,342</b>	<b>403,606,917</b>	<b>429,481,829</b>	<b>430,227,024</b>
11									
12	314	Plant Acquisition Adjustment	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308
13									
14		<b>OTHER PRODUCTION PLANT</b>							
15									
16	340	Land and Land Rights	2,705	2,705	2,705	2,705	2,705	2,705	2,705
17	341	Structures and Improvements	515,535	515,535	515,535	515,535	515,535	515,535	515,535
18	342	Boiler Plant Equipment	5,093,126	5,093,126	5,093,126	5,111,177	5,111,177	5,111,177	5,111,177
19	344	Turbogenerator Units	68,402,239	68,402,239	68,402,239	68,402,239	68,402,239	68,975,794	68,966,564
20	345	Accessory Electric Equipment	4,838,610	4,838,610	4,852,046	4,858,452	4,858,452	4,858,452	4,867,260
21	346	Miscellaneous Power Plant Equipment	82,868	82,868	82,868	82,868	82,868	82,868	82,868
22		<b>Total Other Production Plant</b>	<b>78,935,083</b>	<b>78,935,083</b>	<b>78,948,520</b>	<b>78,972,976</b>	<b>78,972,976</b>	<b>79,546,531</b>	<b>79,546,531</b>
23									
24		<b>Total Production Plant</b>	<b>482,673,967</b>	<b>486,220,080</b>	<b>487,107,826</b>	<b>487,399,627</b>	<b>487,450,201</b>	<b>513,898,668</b>	<b>514,643,441</b>
25									
26		<b>TRANSMISSION PLANT</b>							
27									
28	350	Land and Land Rights	3,443,905	3,287,465	3,287,465	3,287,465	3,287,465	3,287,465	3,287,465
29	352	Structures and Improvements	1,568,466	1,568,466	1,568,466	1,568,466	1,568,466	1,568,466	1,568,466
30	353	Station Equipment	41,069,824	41,139,283	41,139,330	42,899,068	47,685,068	47,082,746	47,105,727
31	354	Tower and Fixtures	447,677	447,677	447,677	447,677	865,852	865,852	865,852
32	355	Poles and Fixtures	19,780,651	19,780,651	19,780,651	28,059,157	28,429,712	28,429,712	28,466,484
33	356	Overhead Conductors and Devices	22,456,601	22,456,601	22,456,856	30,387,028	30,286,718	30,286,748	30,735,649
34	359	Roads and Trails	6,920	6,920	6,920	6,920	6,920	6,920	6,920
35		<b>Total Transmission Plant</b>	<b>88,774,046</b>	<b>88,687,063</b>	<b>88,687,365</b>	<b>106,655,781</b>	<b>112,130,202</b>	<b>111,527,910</b>	<b>112,036,564</b>
36									
37		<b>DISTRIBUTION PLANT</b>							
38									
39	360	Land and Land Rights	1,631,095	1,631,095	1,631,095	1,631,095	1,631,095	1,631,119	1,631,119
40	361	Structure and Improvements	254,825	254,825	254,825	254,825	254,825	254,825	254,825
41	362	Station Equipment	61,779,647	61,779,647	61,791,142	61,822,421	62,056,607	63,965,946	64,046,924
42	364	Poles, Towers, and Fixtures	60,002,061	60,314,496	60,544,057	60,671,034	60,872,999	61,106,201	61,816,209
43	365	Overhead Conductors and Devices	36,424,385	36,575,239	36,734,815	36,765,591	36,799,326	37,247,018	37,631,864
44	366	Underground Conduit	3,318,821	3,323,823	3,478,082	3,476,736	3,476,649	3,499,420	3,466,094
45	367	Underground Conductors and Devices	38,328,283	38,370,813	38,786,123	38,755,443	38,789,612	38,825,456	37,948,751
46	368	Line Transformers	31,747,686	31,790,469	31,798,953	31,896,142	31,966,830	32,233,019	32,354,658
47	369	Services	26,782,173	26,821,452	26,923,399	26,941,282	27,060,348	27,254,100	27,059,221
48	370	Meters	1,193,709	1,193,709	1,193,709	1,193,709	1,425,174	1,425,174	1,425,174

BLACK HILLS POWER, INC.  
PLANT ACCOUNT BALANCES  
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011
49	371	Installation on Customers' Premises	2,011,493	2,015,051	2,016,619	2,018,101	2,020,201	2,019,472	2,045,064
50	373	Street Lighting and Signal Systems	1,660,441	1,660,264	1,664,306	1,664,340	1,665,229	1,700,369	1,697,136
51		<b>Total Distribution Plant</b>	<u>265,134,618</u>	<u>265,730,882</u>	<u>266,817,127</u>	<u>267,090,719</u>	<u>268,018,895</u>	<u>271,162,120</u>	<u>271,377,040</u>
52									
53		<b>GENERAL PLANT</b>							
54									
55	389	Land and Land Rights	602,008	805,861	805,861	805,861	805,861	807,757	807,757
56	390	Structures and Improvements	10,604,295	10,604,295	10,670,517	10,670,517	10,691,766	10,700,123	10,878,717
57	391	Office Furniture and Equipment	10,557,887	10,617,077	11,263,653	12,221,472	12,221,472	10,923,263	11,079,156
58	392	Transportation Equipment	5,952,367	5,952,367	5,952,367	5,876,242	5,898,848	6,038,732	6,784,589
59	393	Stores Equipment	326,516	326,516	326,516	326,516	326,516	311,522	311,468
60	394	Tools, Shop and Garage Equipment	4,979,650	4,984,246	4,984,246	5,014,971	5,015,305	3,909,719	3,986,211
61	395	Laboratory Equipment	607,146	635,892	635,892	635,892	635,892	318,161	316,027
62	396	Power Operated Equipment	541,889	541,889	541,889	593,309	614,559	646,699	673,907
63	397	Communication Equipment	8,069,769	8,129,233	8,129,233	8,129,233	8,129,233	8,141,083	7,954,305
64	398	Miscellaneous Equipment	376,056	376,056	376,056	376,056	376,056	188,366	188,352
65		<b>Total General Plant</b>	<u>42,617,584</u>	<u>42,973,433</u>	<u>43,686,231</u>	<u>44,650,070</u>	<u>44,715,509</u>	<u>41,985,425</u>	<u>42,980,488</u>
66									
67		<b>Total Electric Plant in Service</b>	<u>879,200,215</u>	<u>883,611,459</u>	<u>886,298,548</u>	<u>905,796,197</u>	<u>912,314,807</u>	<u>938,574,124</u>	<u>941,037,533</u>
68									
69	106	Completed/Not Classified - Production	42,722,082	40,573,113	38,181,984	37,238,847	38,066,616	2,423,640	1,215,877
70	106	Completed/Not Classified - Other Production	638,544	561,275	1,056,829	1,125,537	1,125,537	151,396	244,881
71	106	Completed/Not Classified - Transmission	26,943,748	26,939,596	26,941,243	8,478,006	1,959,437	338,096	3,025,498
72	106	Completed/Not Classified - Distribution	15,908,235	15,848,948	14,878,821	15,184,765	14,535,735	13,572,676	18,455,786
73	106	Completed/Not Classified - General	6,920,223	4,503,248	4,308,711	3,533,976	3,317,595	3,282,490	2,184,861
74		<b>Total Completed/Not Classified</b>	<u>93,132,832</u>	<u>88,426,180</u>	<u>85,367,587</u>	<u>65,561,130</u>	<u>59,004,920</u>	<u>19,768,299</u>	<u>25,126,903</u>
75									
76	118	Other Utility Plant	25,895,891	25,833,083	25,964,455	26,161,962	25,553,649	25,821,913	26,874,991
77	121	Non Utility Plant	5,618	5,618	5,618	5,618	5,618	5,618	5,618
78		<b>Total Other Utility Plant</b>	<u>25,901,509</u>	<u>25,838,701</u>	<u>25,970,073</u>	<u>26,167,580</u>	<u>25,559,267</u>	<u>25,827,531</u>	<u>26,880,609</u>
79									
80		<b>TOTAL PLANT</b>	<u>\$ 998,234,555</u>	<u>\$ 997,876,340</u>	<u>\$ 997,636,209</u>	<u>\$ 997,524,907</u>	<u>\$ 996,878,995</u>	<u>\$ 984,169,954</u>	<u>\$ 993,045,045</u>

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BLACK HILLS POWER, INC.  
PLANT ACCOUNT BALANCES  
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	(h)	(i)	(j)	(k)	(l)	(m)	(n)
			January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	12 Month Average
1		<b>STEAM PRODUCTION PLANT</b>							
2									
3	310	Land and Land Rights	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,639	\$ 333,709
4	311	Structures and Improvements	40,293,282	40,293,282	40,293,282	40,293,282	40,293,282	40,303,917	40,172,565
5	312	Boiler Plant Equipment	238,327,387	238,327,387	238,306,581	238,306,581	238,306,581	238,346,147	229,471,386
6	313	Engines and Engine Driven Generator	343,438	343,438	343,438	343,438	343,438	343,438	339,815
7	314	Turbogenerator Units	124,412,413	124,412,413	124,393,907	124,393,907	124,393,907	124,394,944	122,755,168
8	315	Accessory Electric Equipment	22,818,251	22,818,251	22,818,320	22,831,225	22,831,225	22,938,959	22,705,660
9	316	Miscellaneous Power Plant Equipment	3,701,545	3,701,545	3,688,763	3,688,763	3,688,763	3,688,763	3,668,910
10		<b>Total Steam Plant Production Plant</b>	<b>430,229,956</b>	<b>430,230,024</b>	<b>430,177,931</b>	<b>430,190,836</b>	<b>430,190,836</b>	<b>430,349,806</b>	<b>419,447,213</b>
11									
12	314	Plant Acquisition Adjustment	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308	4,870,308
13									
14		<b>OTHER PRODUCTION PLANT</b>							
15									
16	340	Land and Land Rights	2,705	2,705	2,705	2,705	2,705	2,705	2,705
17	341	Structures and Improvements	515,535	515,535	515,535	515,535	515,535	515,535	515,535
18	342	Boiler Plant Equipment	5,111,882	5,111,882	5,111,882	5,111,882	5,111,882	5,266,275	5,119,213
19	344	Turbogenerator Units	69,017,045	69,017,045	69,017,045	69,017,045	69,017,045	69,045,737	68,775,732
20	345	Accessory Electric Equipment	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	4,867,260	4,859,650
21	346	Miscellaneous Power Plant Equipment	82,868	82,868	82,868	82,868	82,868	82,868	82,868
22		<b>Total Other Production Plant</b>	<b>79,597,295</b>	<b>79,597,295</b>	<b>79,597,295</b>	<b>79,597,295</b>	<b>79,597,295</b>	<b>79,780,380</b>	<b>79,355,703</b>
23									
24		<b>Total Production Plant</b>	<b>514,697,558</b>	<b>514,697,627</b>	<b>514,645,534</b>	<b>514,658,438</b>	<b>514,658,438</b>	<b>515,000,494</b>	<b>503,673,224</b>
25									
26		<b>TRANSMISSION PLANT</b>							
27									
28	350	Land and Land Rights	3,287,465	3,287,465	5,491,674	5,745,930	5,745,930	5,745,930	4,036,391
29	352	Structures and Improvements	1,568,466	1,568,466	1,568,466	1,568,466	1,568,466	1,568,466	1,568,466
30	353	Station Equipment	47,105,727	47,105,659	47,078,707	47,111,713	47,111,713	47,111,713	45,442,021
31	354	Tower and Fixtures	865,852	865,852	864,826	864,826	864,826	864,826	736,867
32	355	Poles and Fixtures	28,466,484	28,507,567	27,707,431	27,776,819	27,776,819	27,777,691	26,210,756
33	356	Overhead Conductors and Devices	30,735,649	30,735,649	29,346,786	29,384,000	29,384,000	29,384,000	28,310,483
34	359	Roads and Trails	6,920	6,920	6,920	6,920	6,920	6,920	6,920
35		<b>Total Transmission Plant</b>	<b>112,036,564</b>	<b>112,077,578</b>	<b>112,064,811</b>	<b>112,458,674</b>	<b>112,458,674</b>	<b>112,459,547</b>	<b>106,311,904</b>
36									
37		<b>DISTRIBUTION PLANT</b>							
38									
39	360	Land and Land Rights	1,631,119	1,631,119	1,631,119	1,631,119	1,664,110	1,669,232	1,636,579
40	361	Structure and Improvements	254,825	254,825	254,825	254,825	254,825	254,825	254,825
41	362	Station Equipment	64,046,924	64,066,942	64,066,940	64,079,315	64,126,739	64,126,739	63,211,995
42	364	Poles, Towers, and Fixtures	62,038,876	64,127,348	64,353,874	64,670,435	65,842,138	65,945,873	62,485,046
43	365	Overhead Conductors and Devices	37,805,152	39,665,116	39,723,136	39,831,802	40,655,499	40,646,730	38,192,744
44	366	Underground Conduit	3,499,006	3,757,214	3,748,704	3,786,671	3,883,290	3,923,804	3,587,563
45	367	Underground Conductors and Devices	37,951,589	38,647,560	38,613,086	38,648,144	39,039,476	39,131,638	38,602,767
46	368	Line Transformers	32,465,898	32,739,183	32,821,659	33,045,351	33,236,801	33,601,698	32,438,334
47	369	Services	27,331,765	27,494,764	27,592,787	27,670,375	28,108,761	28,210,697	27,327,010
48	370	Meters	1,425,174	1,425,174	6,683,262	6,704,361	6,704,361	6,729,270	2,978,612

BLACK HILLS POWER, INC.  
PLANT ACCOUNT BALANCES  
For the Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Description	(h)	(i)	(j)	(k)	(l)	(m)	(n)
			January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	12 Month Average
49	371	Installation on Customers' Premises	2,050,387	2,074,994	2,075,512	2,089,964	2,093,677	2,095,945	2,048,191
50	373	Street Lighting and Signal Systems	1,701,206	1,709,921	1,710,937	1,714,308	1,714,408	1,716,150	1,690,694
51		<b>Total Distribution Plant</b>	<u>272,201,924</u>	<u>277,594,160</u>	<u>283,275,840</u>	<u>284,126,672</u>	<u>287,324,084</u>	<u>288,052,602</u>	<u>274,454,360</u>
52									
53		<b>GENERAL PLANT</b>							
54									
55	389	Land and Land Rights	807,757	807,757	807,757	807,757	807,757	807,757	791,347
56	390	Structures and Improvements	10,977,537	11,067,600	11,073,755	11,153,803	11,157,115	11,157,115	10,877,474
57	391	Office Furniture and Equipment	11,122,581	11,136,462	11,308,823	6,418,744	6,431,579	6,571,827	10,144,154
58	392	Transportation Equipment	6,802,421	6,802,421	6,886,884	6,915,159	6,915,159	7,038,322	6,447,375
59	393	Stores Equipment	311,468	311,468	311,468	311,468	311,468	311,468	317,260
60	394	Tools, Shop and Garage Equipment	3,996,792	3,996,792	4,070,166	4,080,568	4,080,568	4,181,652	4,406,222
61	395	Laboratory Equipment	316,027	316,027	316,027	314,748	314,748	314,748	436,710
62	396	Power Operated Equipment	673,907	673,907	673,907	673,907	673,907	673,907	630,583
63	397	Communication Equipment	7,954,305	7,954,305	8,020,031	8,059,098	8,059,098	8,059,098	8,060,617
64	398	Miscellaneous Equipment	188,352	188,352	194,019	194,019	194,019	194,019	262,291
65		<b>Total General Plant</b>	<u>43,151,146</u>	<u>43,255,090</u>	<u>43,662,835</u>	<u>38,929,270</u>	<u>38,945,417</u>	<u>39,309,911</u>	<u>42,374,033</u>
66									
67		<b>Total Electric Plant in Service</b>	<u>942,087,192</u>	<u>947,624,455</u>	<u>953,649,020</u>	<u>950,173,054</u>	<u>953,386,614</u>	<u>954,822,554</u>	<u>926,813,521</u>
68									
69	106	Completed/Not Classified - Production	1,301,617	1,290,639	1,349,592	1,348,906	3,799,040	7,910,180	16,724,779
70	106	Completed/Not Classified - Other Production	244,890	315,314	315,853	315,853	315,853	69,805	498,582
71	106	Completed/Not Classified - Transmission	3,081,973	3,085,359	3,095,135	2,657,020	2,830,827	2,890,653	8,635,892
72	106	Completed/Not Classified - Distribution	18,446,050	13,839,023	9,330,191	9,498,508	8,839,397	9,130,888	13,651,463
73	106	Completed/Not Classified - General	2,154,288	2,121,703	2,324,113	1,525,943	1,806,878	3,015,422	3,153,804
74		<b>Total Completed/Not Classified</b>	<u>25,228,817</u>	<u>20,652,038</u>	<u>16,414,883</u>	<u>15,346,230</u>	<u>17,591,996</u>	<u>23,016,949</u>	<u>42,664,520</u>
75									
76	118	Other Utility Plant	25,984,568	26,431,151	26,478,742	26,314,514	24,773,618	25,084,011	25,936,358
77	121	Non Utility Plant	5,618	5,618	5,618	5,618	5,618	5,618	5,618
78		<b>Total Other Utility Plant</b>	<u>25,990,286</u>	<u>26,436,769</u>	<u>26,484,360</u>	<u>26,320,132</u>	<u>24,779,236</u>	<u>25,089,629</u>	<u>25,941,976</u>
79									
80		<b>TOTAL PLANT</b>	<u>\$ 993,306,296</u>	<u>\$ 994,713,261</u>	<u>\$ 996,548,263</u>	<u>\$ 991,839,416</u>	<u>\$ 995,757,846</u>	<u>\$ 1,002,929,132</u>	<u>\$ 995,420,017</u>





**BLACK HILLS POWER, INC.**  
**STEAM PRODUCTION BY PLANT**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	(a) June 2011	(b) July 2011	(c) August 2011	(d) September 2011	(e) October 2011	(f) November 2011	(g) December 2011
53		<b>Wyodak Plant</b>							
54	310	Land	109,191	109,191	109,191	109,191	109,191	109,191	109,191
55	311	Structures and Improvements	9,505,593	9,178,891	9,178,891	9,178,891	9,210,207	9,180,943	9,180,943
56	312	Boiler Plant Equipment	88,257,680	89,639,229	89,456,581	89,641,447	89,783,064	76,573,676	76,607,041
57	313	Engines and Engine Driven Generator	308,804	340,322	340,322	340,322	340,322	343,438	343,438
58	314	Turbogenerator Units	12,376,179	12,059,321	12,150,464	12,150,464	12,181,772	15,478,319	15,234,015
59	315	Accessory Electric Equipment	6,705,372	6,614,722	6,614,722	6,614,722	6,646,038	6,653,530	6,653,530
60	316	Miscellaneous Power Plant Equipment	1,151,550	809,894	809,894	809,894	841,210	810,247	810,247
61		<b>Total Wyodak Plant</b>	<u>118,414,370</u>	<u>118,751,569</u>	<u>118,660,065</u>	<u>118,844,930</u>	<u>119,111,804</u>	<u>109,149,343</u>	<u>108,938,404</u>
62									
63		<b>Totals</b>							
64	310	Land	333,941	333,941	333,941	333,640	333,640	333,640	333,640
65	311	Structures and Improvements	39,305,744	40,300,889	40,283,324	40,265,290	40,332,171	40,301,173	40,265,190
66	312	Boiler Plant Equipment	253,927,414	254,738,599	252,646,774	251,991,315	252,073,548	238,951,325	238,888,641
67	313	Engines and Engine Driven Generator	308,804	340,322	340,322	340,322	340,322	343,438	343,438
68	314	Turbogenerator Units	121,386,870	121,205,708	121,250,054	121,299,181	121,965,306	125,265,333	125,016,057
69	315	Accessory Electric Equipment	22,384,693	22,304,311	22,894,412	22,894,412	22,925,728	22,933,221	22,818,251
70	316	Miscellaneous Power Plant Equipment	3,943,192	3,764,031	3,722,155	3,671,029	3,702,817	3,777,339	3,777,685
71		<b>Total All Plants</b>	<u>\$ 441,590,658</u>	<u>\$ 442,987,802</u>	<u>\$ 441,470,983</u>	<u>\$ 440,795,189</u>	<u>\$ 441,673,533</u>	<u>\$ 431,905,469</u>	<u>\$ 431,442,901</u>



**BLACK HILLS POWER, INC.**  
**STEAM PRODUCTION BY PLANT**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	(h) January 2012	(i) February 2012	(j) March 2012	(k) April 2012	(l) May 2012	(m) June 2012	(n) [[Sum of (a)-(m)]]/12
53		<b>Wyodak Plant</b>							
54	310	Land	109,191	109,191	109,191	109,191	109,191	109,191	109,191
55	311	Structures and Improvements	9,180,943	9,180,943	9,180,943	9,180,943	9,180,943	9,180,943	9,207,694
56	312	Boiler Plant Equipment	76,607,041	76,607,041	76,584,458	76,584,458	76,584,458	76,584,458	81,500,818
57	313	Engines and Engine Driven Generator	343,438	343,438	343,438	343,438	343,438	343,438	339,815
58	314	Turbogenerator Units	15,234,015	15,234,015	15,215,508	15,215,508	15,215,508	15,215,508	14,073,892
59	315	Accessory Electric Equipment	6,653,530	6,653,599	6,653,599	6,653,599	6,653,599	6,653,599	6,648,012
60	316	Miscellaneous Power Plant Equipment	810,247	810,247	810,247	810,247	810,247	810,247	838,801
61		<b>Total Wyodak Plant</b>	<u>108,938,404</u>	<u>108,938,473</u>	<u>108,897,384</u>	<u>108,897,384</u>	<u>108,897,384</u>	<u>108,897,384</u>	<u>112,718,223</u>
62									
63		<b>Totals</b>							
64	310	Land	333,640	333,640	333,640	333,640	333,640	333,640	333,709
65	311	Structures and Improvements	40,267,192	40,267,192	40,267,192	40,267,192	40,267,192	40,451,223	40,218,535
66	312	Boiler Plant Equipment	238,961,119	238,966,441	239,014,211	239,013,508	239,374,855	240,343,666	244,530,109
67	313	Engines and Engine Driven Generator	343,438	343,438	343,438	343,438	343,438	343,438	339,815
68	314	Turbogenerator Units	125,022,165	125,005,865	124,987,479	124,987,479	127,076,266	128,150,315	124,047,544
69	315	Accessory Electric Equipment	22,818,251	22,818,320	22,818,320	22,831,225	22,831,225	24,961,273	22,941,049
70	316	Miscellaneous Power Plant Equipment	3,785,769	3,785,769	3,763,244	3,763,262	3,763,262	3,676,433	3,761,230
71		<b>Total All Plants</b>	<u>\$ 431,531,573</u>	<u>\$ 431,520,664</u>	<u>\$ 431,527,523</u>	<u>\$ 431,539,742</u>	<u>\$ 433,989,876</u>	<u>\$ 438,259,987</u>	<u>\$ 436,171,992</u>

**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	1,600,898	VARIOUS	VARIOUS
3	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	164,755	9/3/2003	11
4	16855	BEN FRENCH-ALTERNATIVE FRP PROJECT	120,648	12/1/2005	2
5	16877	BF CT'S-FRAME V EXCITER UPGRADE	348,702	2/9/2006	4
6	16879	NS1-DCIS UPGRADE	188,632	2/27/2006	12
7	16913	BEN FRENCH-ATTEMPERATOR REPL (INST WO 16957-2007)	113,312	6/2/2006	9
8	16931	NS2-LOW NOX BURNER UPGRADE	958,998	11/20/2006	10
9	86916	REBUILD SERVICE WATER COOLER SECTION	110,251	1/23/2003	5
10	88210	BOILER CONTROLS CAPITAL PROJECT	116,193	11/24/2003	4
11		<b>TOTAL MAJOR ADDITIONS</b>	<b>3,722,388</b>		
12					
13	VARIOUS	FERC ACCT 310	(59)	VARIOUS	VARIOUS
14	VARIOUS	FERC ACCT 311	(84,276)	VARIOUS	VARIOUS
15	VARIOUS	FERC ACCT 312	(4,095,927)	VARIOUS	VARIOUS
16	VARIOUS	FERC ACCT 314	(474,339)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 315	(39,235)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 316	(98,519)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 344	(270,618)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 346	(36,672)	VARIOUS	VARIOUS
21		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(5,099,644)</b>		
22					
23		<b>TRANSMISSION</b>			
24	VARIOUS	VARIOUS UNDER \$100,000	179,363	VARIOUS	VARIOUS
25	16834	SYSTEM CONTROL SCADA UPGRADE	218,412	6/22/2005	7
26	91701	WESTHILL CONTROL BUILDING ADDITION	102,907	1/26/2006	4
27	92160	REPLACE 230KV BREAKER AT LANGE SUB	116,348	6/12/2006	6
28		<b>TOTAL MAJOR ADDITIONS</b>	<b>617,031</b>		
29					
30	VARIOUS	FERC ACCT 350	(1,267)	VARIOUS	VARIOUS
31	VARIOUS	FERC ACCT 352	(1,413)	VARIOUS	VARIOUS
32	VARIOUS	FERC ACCT 353	(393,930)	VARIOUS	VARIOUS
33	VARIOUS	FERC ACCT 354	(3,510)	VARIOUS	VARIOUS
34		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(400,119)</b>		
35					
36		<b>DISTRIBUTION</b>			
37	VARIOUS	VARIOUS UNDER \$100,000	6,013,514	VARIOUS	VARIOUS
38	15272	LAWRENCE CO BLANKET	115,407	5/23/1994	4
39	15272	LAWRENCE CO BLANKET	129,099	5/23/1994	7
40	15272	LAWRENCE CO BLANKET	116,623	5/23/1994	10
41	15273	PENNINGTON COUNTY BLANKET	256,987	12/10/1994	4
42	15273	PENNINGTON COUNTY BLANKET	212,214	12/10/1994	7
43	15273	PENNINGTON COUNTY BLANKET	193,362	12/10/1994	10
44	15273	PENNINGTON COUNTY BLANKET	141,034	12/10/1994	12
45	16631	TRANSFORMER BWO 2003,04,05,06,07,08	182,599	1/2/2003	1
46	16631	TRANSFORMER BWO 2003,04,05,06,07,08	362,103	1/2/2003	2
47	16631	TRANSFORMER BWO 2003,04,05,06,07,08	566,670	1/2/2003	4
48	16631	TRANSFORMER BWO 2003,04,05,06,07,08	350,438	1/2/2003	6
49	16631	TRANSFORMER BWO 2003,04,05,06,07,08	101,847	1/2/2003	8
50	16631	TRANSFORMER BWO 2003,04,05,06,07,08	212,102	1/2/2003	9
51	16631	TRANSFORMER BWO 2003,04,05,06,07,08	169,731	1/2/2003	10
52	16631	TRANSFORMER BWO 2003,04,05,06,07,08	232,196	1/2/2003	12
53	16868	2006 BHP METER BLANKET	311,557	1/23/2006	1
54	90640	SOUTH POINTE DEVELOPMENT	123,875	5/10/2005	1
55	91314	STURGIS VOLTAGE CONVERSION	166,930	10/25/2005	5
56	91469	RECONDUCTOR 2S67 #1	137,412	12/1/2005	6
57	91503	STURGIS SUB CONVERSION 12.47	660,767	12/12/2005	5
58	91708	WHITEWOOD: SPRUCE GULCH LINE 69KV BAY PT# 40	103,761	1/27/2006	10
59	92582	SOUTH RAPID FEEDER	202,200	9/29/2006	5
60		<b>TOTAL MAJOR ADDITIONS</b>	<b>11,062,426</b>		

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
61		<b>DISTRIBUTION</b>			
62	VARIOUS	FERC ACCT 360	(9,816)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 362	(509,598)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 364	(650,135)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 365	(533,555)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 367	(27,123)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 368	(364,469)	VARIOUS	VARIOUS
68	VARIOUS	FERC ACCT 369	(8,923)	VARIOUS	VARIOUS
69	VARIOUS	FERC ACCT 371	(17,112)	VARIOUS	VARIOUS
70	VARIOUS	FERC ACCT 373	(12,079)	VARIOUS	VARIOUS
71		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(2,132,809)</b>		
72					
73		<b>GENERAL</b>			
74	VARIOUS	VARIOUS UNDER \$100,000	1,856,846	VARIOUS	VARIOUS
75	16828	VEH #128-2006 IHC 2-WH DR TRUCK-RC WHSE	121,339	5/27/2005	2
76	16906	PURCH & INSTALL 2 SERVERS & VIRTUAL RAID 50/ACES	156,732	5/2/2006	7
77	16928	RCSC-VOIP PHONE SYSTEM	151,354	10/3/2006	8
78	16939	GO 8TH FLOOR REMODEL	503,744	1/10/2007	11
79	90674	MAYER RADIO SITE AT BEAR MOUNTAIN	158,202	5/19/2005	5
80	90675	MAYER RADIO SITE AT MOUNT COOLIDGE	116,974	5/19/2005	9
81	90676	MAYER RADIO SITE AT TANK HILL NEWCASTLE	156,951	5/19/2005	5
82	90910	MAYER RADIO SITE AT BATTLE MOUNTAIN	189,987	7/21/2005	5
83	91011	MAYER RADIO SITE AT VETERANS PEAK	196,373	8/12/2005	9
84	91017	GENMAP TO SMALLWORLD DATA CONVERSION	119,464	8/15/2005	6
85		<b>TOTAL MAJOR ADDITIONS</b>	<b>3,727,963</b>		
86					
87	VARIOUS	FERC ACCT 390	(353,673)	VARIOUS	VARIOUS
88	VARIOUS	FERC ACCT 391	(69,251)	VARIOUS	VARIOUS
89	VARIOUS	FERC ACCT 392	(149,564)	VARIOUS	VARIOUS
90	VARIOUS	FERC ACCT 394	(50,522)	VARIOUS	VARIOUS
91	VARIOUS	FERC ACCT 395	0	VARIOUS	VARIOUS
92	VARIOUS	FERC ACCT 396	(18,118)	VARIOUS	VARIOUS
93	VARIOUS	FERC ACCT 397	(255,659)	VARIOUS	VARIOUS
94	VARIOUS	FERC ACCT 398	0	VARIOUS	VARIOUS
95		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(896,786)</b>		
96					
97					
98		<b>Grand Total</b>	<b>10,600,449</b>		

**BLACK HILLS POWER, INC.**  
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**For the Year Ended December 31, 2008**

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	492,001	VARIOUS	VARIOUS
3	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	182,740	9/3/2003	1
4	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	267,864	9/3/2003	4
5	16698	BHP'S SHARE OF WYODAK 1 (COMPLETED PROJECTS)	192,073	9/3/2003	8
6	16948	BEN FRENCH-OVERHEAD CRANE UPGRADE	134,077	1/24/2007	10
7	16980	BEN F STATIC EXCITER UPGRADE (also see 2008-50088)	110,420	8/3/2007	8
8	17013	NSCT#1-INLINE GAS HEATER	136,241	1/23/2008	10
9	17055	OSAGE-REWIND OF #2 GENERATOR FIELD	313,906	4/4/2008	9
10	17074	BEN FRENCH-REPL TUBES ON MAIN CONDENSER	452,857	4/25/2008	11
11	17112	NSCT#1-GEAR BOX/CLUTCH REPLACEMENT	154,410	7/1/2008	10
12		<b>TOTAL MAJOR ADDITIONS</b>	<b>2,436,589</b>		
13					
14	VARIOUS	FERC ACCT 311	(31,964)	VARIOUS	VARIOUS
15	VARIOUS	FERC ACCT 312	(213,821)	VARIOUS	VARIOUS
16	VARIOUS	FERC ACCT 314	(152,219)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 315	(27,661)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 316	(6,826)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 344	(130,003)	VARIOUS	VARIOUS
20		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(562,495)</b>		
21					
22		<b>TRANSMISSION</b>			
23	VARIOUS	VARIOUS UNDER \$100,000	232,845	VARIOUS	VARIOUS
24	87543	PREL.,CUSTER-HILL CITY 69KV REBUILD	1,078,205	6/13/2003	12
25		<b>TOTAL MAJOR ADDITIONS</b>	<b>1,311,050</b>		
26					
27	VARIOUS	FERC ACCT 353	(40,909)	VARIOUS	VARIOUS
28	VARIOUS	FERC ACCT 355	(32,869)	VARIOUS	VARIOUS
29	VARIOUS	FERC ACCT 356	(61,670)	VARIOUS	VARIOUS
30		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(135,448)</b>		
31					
32		<b>DISTRIBUTION</b>			
33	VARIOUS	VARIOUS UNDER \$100,000	4,471,534	VARIOUS	VARIOUS
34	15272	LAWRENCE CO BLANKET	101,429	5/23/1994	4
35	15272	LAWRENCE CO BLANKET	135,783	5/23/1994	10
36	15273	PENNINGTON COUNTY BLANKET	273,681	12/10/1994	4
37	15273	PENNINGTON COUNTY BLANKET	195,488	12/10/1994	7
38	15273	PENNINGTON COUNTY BLANKET	233,470	12/10/1994	10
39	15273	PENNINGTON COUNTY BLANKET	135,902	12/10/1994	12
40	16631	TRANSFORMER BWO 2003,04,05,06,07,08	443,463	1/2/2003	2
41	16631	TRANSFORMER BWO 2003,04,05,06,07,08	197,692	1/2/2003	3
42	16631	TRANSFORMER BWO 2003,04,05,06,07,08	185,956	1/2/2003	4
43	16631	TRANSFORMER BWO 2003,04,05,06,07,08	240,050	1/2/2003	5
44	16631	TRANSFORMER BWO 2003,04,05,06,07,08	167,332	1/2/2003	6
45	16631	TRANSFORMER BWO 2003,04,05,06,07,08	117,571	1/2/2003	7
46	16631	TRANSFORMER BWO 2003,04,05,06,07,08	162,319	1/2/2003	8
47	16631	TRANSFORMER BWO 2003,04,05,06,07,08	172,039	1/2/2003	9
48	16631	TRANSFORMER BWO 2003,04,05,06,07,08	227,244	1/2/2003	11
49	16938	BHP METER BLANKET 2009,2008,2007	347,779	1/9/2007	5
50	87856	SPRUCE GULCH TO WHITEWOOD 69KV	3,645,217	9/5/2003	12
51	89961	IRON CREEK-SPEARFISH ROAD 69/24.9KV,PREL	760,835	12/3/2004	9
52	90664	RAMKOTA CONVENTION CENTER	346,659	5/13/2005	9
53	91993	DESIGN FOR SPEARFISH HYDRO 12.47KV SUB	1,111,393	4/21/2006	3
54	92433	THE TIMBERS SUBDIVISION	158,770	8/22/2006	4
55	92993	SPEARFISH PARK GETAWAY CIRCUITS	453,445	1/11/2007	3
56	93013	HWY 79 ROAD MOVE PHS I (BLKHWK-PDMNT)	128,836	1/18/2007	9
57	94098	69KV BREAKER REPLACEMENT AT LOOKOUT SUB	277,854	12/11/2007	11
58		<b>TOTAL MAJOR ADDITIONS</b>	<b>14,691,744</b>		

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
59		<b>DISTRIBUTION</b>			
60	VARIOUS	FERC ACCT 360	(2,482)	VARIOUS	VARIOUS
61	VARIOUS	FERC ACCT 362	(264,709)	VARIOUS	VARIOUS
62	VARIOUS	FERC ACCT 364	(532,203)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 365	(326,440)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 367	(72,373)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 368	(209,124)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 369	(9,107)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 370	(2,699,117)	VARIOUS	VARIOUS
68	VARIOUS	FERC ACCT 371	(9,598)	VARIOUS	VARIOUS
69	VARIOUS	FERC ACCT 373	(9,536)	VARIOUS	VARIOUS
70		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(4,134,689)</b>		
71					
72		<b>GENERAL</b>			
73	VARIOUS	VARIOUS UNDER \$100,000	931,531	VARIOUS	VARIOUS
74	91002	MAYER RADIO MICROWAVE SYSTEM	711,793	8/11/2005	9
75	91003	MAYER RADIO TRUNK RADIO SYSTEM	2,657,267	8/11/2005	9
76	93140	SANDERS RANCH - DEVELOP TOWER SITE	283,472	2/26/2007	4
77		<b>TOTAL MAJOR ADDITIONS</b>	<b>4,584,064</b>		
78					
79	VARIOUS	FERC ACCT 390	(13,548)	VARIOUS	VARIOUS
80	VARIOUS	FERC ACCT 391	12,095	VARIOUS	VARIOUS
81	VARIOUS	FERC ACCT 392	(126,895)	VARIOUS	VARIOUS
82	VARIOUS	FERC ACCT 394	(52,821)	VARIOUS	VARIOUS
83	VARIOUS	FERC ACCT 395	(53,950)	VARIOUS	VARIOUS
84	VARIOUS	FERC ACCT 397	(576,526)	VARIOUS	VARIOUS
85		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(811,645)</b>		
86					
87					
88		<b>Grand Total</b>	<b>17,379,170</b>		

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	732,499	VARIOUS	VARIOUS
3	99153075	NS1-ASH BARGE RETAINING WALL	105,667	2/17/2009	12
4	99151231	NSCT1-S-5 BLOCK UPGRADE	114,130	2/17/2009	10
5	99150073	BEN FRENCH-ASH POND LINING	225,943	2/17/2009	9
6	99150087	BEN FRENCH-TURBINE UPGRADE	336,510	2/17/2009	10
7	99150008	ASHPOND, GENERATOR	386,172	2/17/2009	9
8	99151234	NSCT#1-PRE-MIXER/FUEL SYSTEM CLEANI	542,173	2/17/2009	12
9	99155012	BHPS SHARE OF WYODAK I CAPITAL	1,155,752	2/17/2009	2
10	99150008	HIGH PRESSURE TURBINE	3,220,506	2/17/2009	8
11	99154144	NS2-ACC EXPANSION-NSC	8,259,558	2/17/2009	5
12		<b>TOTAL MAJOR ADDITIONS</b>	<b>15,078,910</b>		
13					
14	VARIOUS	FERC ACCT 311	(277,476)	VARIOUS	VARIOUS
15	VARIOUS	FERC ACCT 312	(333,334)	VARIOUS	VARIOUS
16	VARIOUS	FERC ACCT 314	(64,646)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 316	(1,749)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 342	(131,849)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 344	(2,643,127)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 345	(3,000)	VARIOUS	VARIOUS
21		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(3,455,181)</b>		
22					
23		<b>TRANSMISSION</b>			
24	VARIOUS	VARIOUS UNDER \$100,000	90,836	VARIOUS	VARIOUS
25	99157710	LKO SUB 230KV TRANSFORMER ADDN	109,182	8/29/2007	5
26	99156250	230KV BREAKER REPLACEMENT	117,208	2/17/2009	4
27	99156226	HTM 230KV	120,720	2/17/2009	6
28	99156225	ROW FIRST CLEARING 230KV	130,705	2/17/2009	6
29	99156257	NERC CIP COMPLIANCE	183,317	2/17/2009	5
30	99156251	WYGEN III-230KV SUB ADDITION (DONKE	4,531,907	1/24/2007	10
31	99156252	DONKEY CREEK TO PUMPKIN BUTTES 230K	11,244,045	2/17/2009	11
32		<b>TOTAL MAJOR ADDITIONS</b>	<b>16,527,918</b>		
33					
34	VARIOUS	FERC ACCT 353	(153,722)	VARIOUS	VARIOUS
35		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(153,722)</b>		
36					
37		<b>DISTRIBUTION</b>			
38	VARIOUS	VARIOUS UNDER \$100,000	891,378	VARIOUS	VARIOUS
39	99157019	CUSTER COUNTY BLANKET	116,293	2/17/2009	12
40	99157231	CUSTER CONV., NEW CKT & BKR REPL	125,958	2/17/2009	6
41	99157006	REPLACE AND STUB DISTRIBUTION POLES	135,221	2/17/2009	7
42	99156259	REPLACE WEST HILL SUB REACTOR BANK	154,269	1/8/2009	4
43	99157017	BUTTE COUNTY BLANKET	160,938	3/3/2008	6
44	99157722	PACTOLA SUB CAPACITOR BANK	172,057	9/24/2008	11
45	99157701	REPLACE 69KV BREAKERS	191,651	1/19/2009	1
46	99157715	EDGEMONT 69KV CAPACITOR ADDITION	204,431	2/17/2009	6
47	99157222	BENCHMARK TO NEMO REBUILD	205,357	2/17/2009	7
48	99157210	RECONDUCTOR 2S67	220,481	2/17/2009	4
49	99157140	HAZARD TREE MITIGATION/DIST.	262,403	8/16/2008	1
50	99157016	MEADE COUNTY BLANKET	271,237	2/17/2009	9
51	99157000	LAWRENCE COUNTY BLANKET PROJECT	383,216	2/17/2009	7
52	99157012	ROAD IMPROVEMENTS PROJECTS	447,456	1/1/2009	9
53	99157076	SPEARFISH VOLTAGE CONVERSION	458,563	8/6/2006	6
54	99157007	REPLACE UNDERGROUND	468,877	12/11/1998	1
55	99157003	METER BLANKET	608,165	2/17/2009	3
56	99157015	PENNINGTON COUNTY BLANKET	801,924	10/30/2008	1
57	99157009	BETTERMENT PROJECT < \$25000	906,827	3/11/1994	6
58	99157230	NE RC SUB ADDITION	1,039,803	2/17/2009	6
59	99157002	BLANKET PROJECT - TRANSFORMERS	1,154,030	2/17/2009	5
60	99157001	CUSTOMER PROJECTS OVER \$5000	2,588,332	3/11/1994	7
61	99157710	LKO SUB 230KV TRANSFORMER ADDN	3,052,703	8/29/2007	5
62		<b>TOTAL MAJOR ADDITIONS</b>	<b>15,021,571</b>		



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Line No.	Work Order	Description	Amount	Start Date	Period Closed
63		<b>DISTRIBUTION</b>			
64	VARIOUS	FERC ACCT 362	(229,670)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 364	(91,560)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 365	(137,018)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 366	(29,330)	VARIOUS	VARIOUS
68	VARIOUS	FERC ACCT 367	(137,299)	VARIOUS	VARIOUS
69	VARIOUS	FERC ACCT 368	(189,988)	VARIOUS	VARIOUS
70	VARIOUS	FERC ACCT 369	(6,550)	VARIOUS	VARIOUS
71	VARIOUS	FERC ACCT 370	(141,888)	VARIOUS	VARIOUS
72	VARIOUS	FERC ACCT 371	(5,599)	VARIOUS	VARIOUS
73	VARIOUS	FERC ACCT 373	(13,672)	VARIOUS	VARIOUS
74		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(982,574)</b>		
75					
76		<b>GENERAL</b>			
77	VARIOUS	VARIOUS UNDER \$100,000	596,174	VARIOUS	VARIOUS
78	99159958	DEADWOOD-PURCHASE NEW SNOW MACHINE	122,355	10/30/2008	7
79	99159795	MOBILE RADIO ADDITIONS	165,286	10/24/2008	6
80	99159088	PC PURCHASES	168,779	2/17/2009	9
81	99155012	BHPS SHARE OF WYODAK I CAPITAL	232,709	2/17/2009	2
82	99158019	GENERAL FACILITIES CONSTRUCTION BLA	247,217	2/17/2009	12
83	99154129	NS2-CMMS SYSTEM	531,024	2/17/2009	6
84	99158002	TRANSPORTATION BLANKET	1,101,655	11/4/2008	7
85		<b>TOTAL MAJOR ADDITIONS</b>	<b>3,165,198</b>		
86					
87	VARIOUS	FERC ACCT 390	(289,344)	VARIOUS	VARIOUS
88	VARIOUS	FERC ACCT 391	(55,539)	VARIOUS	VARIOUS
89	VARIOUS	FERC ACCT 392	(456,297)	VARIOUS	VARIOUS
90	VARIOUS	FERC ACCT 397	(1,782)	VARIOUS	VARIOUS
91		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(802,962)</b>		
92					
93					
94		<b>Grand Total</b>	<b>44,399,158</b>		

**BLACK HILLS POWER, INC.**  
**SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION**  
**For the Year Ended December 31, 2010**

Schedule D-4 2010  
Page 1 of 2

Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	(40,960)	VARIOUS	VARIOUS
3	99152067	OSAGE OUTFALL UPGRADE	121,590	10/20/2008	9
4	99154155	NS2-CDS DOSING VALVE PROJECT	127,197	11/3/2008	9
5	99150008	PRODUCTION CONTINGENCY	185,243	1/29/2009	2
6	99154139	NS2-MERCURY CEMS	263,430	12/8/2008	2
7	99153080	NS1-REPLACE PRECIPITATOR ROOF	630,309	12/1/2008	9
8	99154153	NS2-BOILER WATERWALL REPLACEMENT	722,915	11/12/2008	9
9	99154145	BHSC-NSC-WELL #15	799,364	6/27/2008	6
10	99153083	NS1-TURBINE MAJOR OVERHAUL-CAPITAL	822,176	2/24/2009	9
11	99155012	BHPS SHARE OF WYODAK I CAPITAL	1,036,073	3/30/2004	2
12	99154148	NS2-STEAM TURBINE DIAPHRAGM UPGRADE	1,248,042	2/10/2009	6
13	99153081	NS1-BOILER MAJOR MTC-CAPITAL	1,857,786	9/19/2008	9
14		<b>TOTAL MAJOR ADDITIONS</b>	<b>7,773,165</b>		
15					
16	VARIOUS	FERC ACCT 311	(14,793)	VARIOUS	VARIOUS
17	VARIOUS	FERC ACCT 312	(1,926,356)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 314	(706,747)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 315	(7,797)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 316	(14,022)	VARIOUS	VARIOUS
21	VARIOUS	FERC ACCT 345	(22,322)	VARIOUS	VARIOUS
22		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(2,692,037)</b>		
23					
24		<b>TRANSMISSION</b>			
25	VARIOUS	VARIOUS UNDER \$100,000	137,722	VARIOUS	VARIOUS
26	99156258	SO RC 230KV CAPACITOR BANKS	2,294,908	1/19/2009	12
27		<b>TOTAL MAJOR ADDITIONS</b>	<b>2,432,630</b>		
28					
29	VARIOUS	FERC ACCT 355	(6,182)	VARIOUS	VARIOUS
30		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(6,182)</b>		
31					
32		<b>DISTRIBUTION</b>			
33	VARIOUS	VARIOUS UNDER \$100,000	556,773	VARIOUS	VARIOUS
34	99157197	ROW CLEARING 69KV	106,471	7/3/2008	4
35	99157140	HAZARD TREE MITIGATION/DIST.	107,295	4/28/2008	9
36	99157249	RECONDUCTOR LACROSSE STREET	119,738	12/10/1994	10
37	99157000	LAWRENCE COUNTY BLANKET PROJECT	158,706	5/23/1994	7
38	99157248	RECONDUCTOR SOUTH CANYON RD	178,377	12/10/1994	9
39	99157210	RECONDUCTOR 2567	198,667	12/8/2008	9
40	99157231	FALL RIVER HOSPITAL DIST RECONDUCTO	239,682	4/30/1994	7
41	99157002	BLANKET PROJECT - TRANSFORMERS	275,593	8/8/1995	5
42	99157012	ROAD IMPROVEMENTS PROJECTS	279,313	3/11/1994	9
43	99157007	REPLACE UNDERGROUND	290,809	12/10/1994	1
44	99157015	PENNINGTON COUNTY BLANKET	300,528	12/10/1994	1
45	99157223	NEWELL TO VALE REBUILD	342,997	8/27/2004	7
46	99157234	FALL RIVER HOSPITAL DIST RECONDUCTO	358,669	4/30/1994	5
47	99157006	REPLACE AND STUB DISTRIBUTION POLES	361,670	3/11/1994	6
48	99157003	METER BLANKET	563,563	2/1/2008	3
49	99157009	BETTERMENT PROJECT < \$25000	687,405	3/11/1994	12
50	99157714	WHITEWOOD SUB 69KV BREAKER ADDITION	687,620	8/30/2007	9
51	99157076	SPEARFISH VOLTAGE CONVERSION	841,695	5/23/1994	4
52	99157001	CUSTOMER PROJECTS OVER \$5000	1,123,457	3/11/1994	1
53	99156006	TRANSMISSION CONTINGENCY	1,562,695	3/18/2009	4
54	99157718	REPL 230KV/69KV XFMR #2 AT LANGE SU	2,836,740	8/19/2008	9
55	99157700	WINDY FLATS-PACTOLA 69KV LINE REBUI	3,407,685	1/8/2009	10
56		<b>TOTAL MAJOR ADDITIONS</b>	<b>15,586,148</b>		

BLACK HILLS POWER, INC.  
SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION  
For the Year Ended December 31, 2010

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
57		<b>DISTRIBUTION</b>			
58	VARIOUS	FERC ACCT 362	(88,991)	VARIOUS	VARIOUS
59	VARIOUS	FERC ACCT 364	(503,997)	VARIOUS	VARIOUS
60	VARIOUS	FERC ACCT 365	(171,422)	VARIOUS	VARIOUS
61	VARIOUS	FERC ACCT 366	(36,717)	VARIOUS	VARIOUS
62	VARIOUS	FERC ACCT 367	(83,193)	VARIOUS	VARIOUS
63	VARIOUS	FERC ACCT 368	(271,741)	VARIOUS	VARIOUS
64	VARIOUS	FERC ACCT 369	(5,457)	VARIOUS	VARIOUS
65	VARIOUS	FERC ACCT 370	(7,734,738)	VARIOUS	VARIOUS
66	VARIOUS	FERC ACCT 371	(2,221)	VARIOUS	VARIOUS
67	VARIOUS	FERC ACCT 373	(5,324)	VARIOUS	VARIOUS
68		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(8,903,801)</b>		
69					
70		<b>GENERAL</b>			
71	VARIOUS	VARIOUS UNDER \$100,000	412,193	VARIOUS	VARIOUS
72	99158002	TRANSPORTATION BLANKET	266,059	9/5/2008	6
73	99158010	FURNITURE BLANKET	297,157	1/6/2009	4
74		<b>TOTAL MAJOR ADDITIONS</b>	<b>975,409</b>		
75					
76	VARIOUS	FERC ACCT 391	(19,740)	VARIOUS	VARIOUS
77	VARIOUS	FERC ACCT 392	(245,105)	VARIOUS	VARIOUS
78	VARIOUS	FERC ACCT 394	(197,808)	VARIOUS	VARIOUS
79	VARIOUS	FERC ACCT 397	(3,792)	VARIOUS	VARIOUS
80		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(466,445)</b>		
81					
82					
83		<b>Grand Total</b>	<b>14,698,887</b>		

BLACK HILLS POWER, INC.  
SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION  
For the Year Ended December 31, 2011

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Line No.	Work Order	Description	Amount	Start Date	Period Closed
1		<b>PRODUCTION</b>			
2	VARIOUS	VARIOUS UNDER \$100,000	1,285,732	VARIOUS	VARIOUS
3	99154215	NS2-"B" PULVERIZER ROLL WHEEL REPLA	121,497	8/11/2009	10
4	99153084	NS1-CONDENSER FAN DRIVE UPGRADE	132,054	1/1/2011	7
5	99154182	NS2-REPL FAILING BATTERY STRING	137,180	9/1/2009	7
6	10040169	NS1-STACK UPGRADES	236,052	2/17/2009	2
7	99154204	NS2-PULV 1B WEAR COMPONENTS-MAJOR	324,385	2/17/2009	9
8	99153082	NS1-POWER CENTER UPGRADE	656,400	2/17/2009	8
9	10041974	NSCT1-REPL GEARBOX/REPAIR ENGINE	874,501	9/1/2009	2
10	99154146	BHSC-NSC-WATER TREAT SYSTEM EQUIP	1,130,140	2/17/2009	8
11	99154147	BHSC-NSC-NEW ADMIN BUILDING	1,620,885	2/17/2009	7
12	99155012	BHPS SHARE OF WYODAK I CAPITAL	10,397,483	2/17/2009	1
13	99155012	SO2 and PM Emission Control Upgrade	25,007,134	2/17/2009	1
14	99155012	NOX Clean Air Initiative	2,552,915	2/17/2009	1
15		<b>TOTAL MAJOR ADDITIONS</b>	<b>44,476,358</b>		
16					
17	VARIOUS	FERC ACCT 310	(302)	VARIOUS	VARIOUS
18	VARIOUS	FERC ACCT 311	(166,496)	VARIOUS	VARIOUS
19	VARIOUS	FERC ACCT 312	(9,853,857)	VARIOUS	VARIOUS
20	VARIOUS	FERC ACCT 314	(1,726,137)	VARIOUS	VARIOUS
21	VARIOUS	FERC ACCT 315	(392,168)	VARIOUS	VARIOUS
22	VARIOUS	FERC ACCT 316	(44,236)	VARIOUS	VARIOUS
23	VARIOUS	FERC ACCT 342	(10,000)	VARIOUS	VARIOUS
24	VARIOUS	FERC ACCT 344	(310,176)	VARIOUS	VARIOUS
25		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(12,503,372)</b>		
26					
27		<b>TRANSMISSION</b>			
28	VARIOUS	VARIOUS UNDER \$100,000	157,576	VARIOUS	VARIOUS
29	99156006	TRANSMISSION CONTINGENCY	105,033	2/17/2009	6
30	99156276	DEVELOP/IMPLEMENT OATI (FERC & NERC	108,277	6/23/2009	10
31	99156250	230KV BREAKER REPLACEMENT	115,483	2/22/2010	11
32	99155503	WYGEN 3-EQUIPMENT PROCUREMENT	298,888	2/17/2009	6
33	99159092	7 CORE SYSTEMS UNIFICATION PROJECT-	613,707	2/17/2009	7
34	99156272	WYGEN 1/WYODAK 230KV TO DONKEY CREE	988,382	9/16/2009	1
35	99156271	DONKEY CREEK SUB BAY ADDITION	1,512,718	1/19/2009	10
36	99156254	PUMPKIN BUTTE TO CASPER/DJ 230KV LI	22,255,857	10/26/2006	7
37		<b>TOTAL MAJOR ADDITIONS</b>	<b>26,155,921</b>		
38					
39	VARIOUS	FERC ACCT 350	(156,441)	VARIOUS	VARIOUS
40	VARIOUS	FERC ACCT 353	(1,720,812)	VARIOUS	VARIOUS
41	VARIOUS	FERC ACCT 355	(38,415)	VARIOUS	VARIOUS
42		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(1,915,668)</b>		

BLACK HILLS POWER, INC.  
SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION  
For the Year Ended December 31, 2011

Line No.	Work Order	Description	Amount	Start Date	Period Closed
43		<b>DISTRIBUTION</b>			
44	VARIOUS	VARIOUS UNDER \$100,000	484,622	VARIOUS	VARIOUS
45	99157724	LANGE TO STURGIS 69KV	104,031	2/5/2010	12
46	10040064	Inv New Cust Undg svc/Meter Enclos	109,446	2/17/2009	7
47	99157018	FALL RIVER COUNTY BLANKET	110,264	9/10/2009	6
48	99157133	OH DISTRIBUTION RELIABILITY	110,373	2/5/2010	11
49	10040059	Inv New Cust Elec Strt Lt Blanket	114,127	3/3/2008	6
50	99157017	BUTTE COUNTY BLANKET	120,155	2/17/2009	6
51	99157007	REPLACE UNDERGROUND	122,583	7/16/2010	4
52	99157174	HTM 69KV	133,426	7/16/2010	12
53	99157197	ROW CLEARING 69KV	139,727	7/11/2009	12
54	99157140	HAZARD TREE MITIGATION/DIST.	142,209	2/17/2009	6
55	99157012	ROAD IMPROVEMENTS PROJECTS	147,637	2/17/2009	10
56	99157019	CUSTER COUNTY BLANKET	155,051	2/17/2009	12
57	99157016	MEADE COUNTY BLANKET	190,733	9/11/2009	9
58	99157243	RECONDUCTOR NEW 404, DIST 4.16KV	200,955	2/17/2009	8
59	99157003	METER BLANKET	231,344	10/4/2010	8
60	10040420	OSAGE 69KV VOLTAGE SUPPORT	233,031	2/5/2010	11
61	10040054	Repl Elec ext or Gas Mains Blanket	246,714	1/27/2010	6
62	99157245	REPL RECT. WOUND DIST SUB XFMR	279,000	7/11/2009	12
63	99157240	WEST CHICAGO REBUILD	323,957	2/17/2009	6
64	99157000	LAWRENCE COUNTY BLANKET PROJECT	336,531	9/11/2009	2
65	99157006	REPLACE AND STUB DISTRIBUTION POLES	418,399	2/17/2009	5
66	99157225	MINNESOTA STREET FEEDER	606,597	12/1/2009	5
67	99157223	NEWELL TO VALE REBUILD	607,795	2/11/2009	6
68	99157002	BLANKET PROJECT - TRANSFORMERS	669,509	8/6/2006	5
69	99157015	PENNINGTON COUNTY BLANKET	846,707	2/17/2009	1
70	99157001	CUSTOMER PROJECTS OVER \$5000	849,891	9/8/2008	6
71	99157009	BETTERMENT PROJECT < \$25000	1,016,205	2/5/2010	6
72	99157716	WHITEWOOD TO PIEDMONT 69KV LINE REB	1,123,373	1/29/2010	12
73	10040058	Inv New Cust Elec Serv OH Blanket	1,220,097	2/5/2010	7
74	99156277	REPLACE 70MVA XFMR AT WYODAK SUB	1,562,774	2/17/2009	12
75		<b>TOTAL MAJOR ADDITIONS</b>	<b>12,957,263</b>		

BLACK HILLS POWER, INC.  
SUMMARY OF MAJOR ADDITIONS AND RETIREMENTS BY FUNCTION  
For the Year Ended December 31, 2011

Schedule D-4 2011  
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Line No.	Work Order	Description	Amount	Start Date	Period Closed
76		<b>DISTRIBUTION</b>			
77	VARIOUS	FERC ACCT 362	(107,979)	VARIOUS	VARIOUS
78	VARIOUS	FERC ACCT 364	(205,581)	VARIOUS	VARIOUS
79	VARIOUS	FERC ACCT 365	(223,457)	VARIOUS	VARIOUS
80	VARIOUS	FERC ACCT 366	(23,722)	VARIOUS	VARIOUS
81	VARIOUS	FERC ACCT 367	(159,532)	VARIOUS	VARIOUS
82	VARIOUS	FERC ACCT 368	(418,408)	VARIOUS	VARIOUS
83	VARIOUS	FERC ACCT 369	(18,998)	VARIOUS	VARIOUS
84	VARIOUS	FERC ACCT 371	(12,814)	VARIOUS	VARIOUS
85	VARIOUS	FERC ACCT 373	(14,099)	VARIOUS	VARIOUS
86		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(1,184,590)</b>		
87					
88		<b>GENERAL</b>			
89	VARIOUS	VARIOUS UNDER \$100,000	783,664	VARIOUS	VARIOUS
90	99154147	BHSC-NSC-NEW ADMIN BUILDING	104,099	4/8/2009	7
91	99155016	NSC - POWER DELIVERY CONTROL NETWORK	114,508	8/25/2009	12
92	99159865	BHP GIS MAPPING SYSTEM	189,434	5/10/2011	10
93	99158022	CAPITAL FACILITIES BLANKET-2010	395,639	5/6/2009	12
94	10040395	FLEET PURCHASED BHP	409,657	2/17/2009	1
95	99159093	POWERPLANT CAPITAL	512,882	2/17/2009	8
96	99159092	7 CORE SYSTEMS UNIFICATION PROJECT-	824,346	4/7/2010	10
97	99158002	TRANSPORTATION BLANKET	1,033,885	5/18/2011	6
98		<b>TOTAL MAJOR ADDITIONS</b>	<b>4,368,113</b>		
99					
100	VARIOUS	FERC ACCT 390	(14,461)	VARIOUS	VARIOUS
101	VARIOUS	FERC ACCT 391	(1,402,990)	VARIOUS	VARIOUS
102	VARIOUS	FERC ACCT 392	(257,722)	VARIOUS	VARIOUS
103	VARIOUS	FERC ACCT 393	(15,047)	VARIOUS	VARIOUS
104	VARIOUS	FERC ACCT 394	(1,133,272)	VARIOUS	VARIOUS
105	VARIOUS	FERC ACCT 395	(327,391)	VARIOUS	VARIOUS
106	VARIOUS	FERC ACCT 397	(267,831)	VARIOUS	VARIOUS
107	VARIOUS	FERC ACCT 398	(187,704)	VARIOUS	VARIOUS
108		<b>TOTAL MAJOR RETIREMENTS</b>	<b>(3,606,418)</b>		
109					
110					
111		<b>Grand Total</b>	<b>68,747,607</b>		

**BLACK HILLS POWER, INC.**  
**POLICY OF CAPITALIZING INTEREST AND OTHER OVERHEADS DURING CONSTRUCTION**  
**For the Test Year Ended June 30, 2012**

Line No.	Policy Description
1	
2	Interest is charged monthly on construction projects on all electric property classified as work in progress not
3	completed or in service, provided that construction has not been halted for an extended period of time.
4	
5	Overhead costs related to construction projects are capitalized in accordance with Electric Plant instructions of the
6	FERC Uniform System of Accounts.

**BLACK HILLS POWER, INC.**  
**CHANGES IN INTANGIBLE PLANT**  
**FOR THE PERIOD JANUARY 1, 2007 THROUGH JUNE 30, 2012**

Line No.	Year	Beginning of Period Balance	Additions	Retirements	Ending Period Balance
1	2007	4,870,308	-	-	\$ 4,870,308
2	2008	4,870,308	-	-	\$ 4,870,308
3	2009	4,870,308	-	-	\$ 4,870,308
4	2010	4,870,308	-	-	\$ 4,870,308
5	2011	4,870,308	-	-	\$ 4,870,308
6	June 2012	4,870,308	-	-	\$ 4,870,308



**BLACK HILLS POWER, INC.**  
**PLANT IN SERVICE - NOT USED AND USEFUL**  
**For the Test Year Ended June 30, 2012**

<b>Line No.</b>	<b>Beginning of Period Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Period Balance</b>
1	None	-	-	None

**BLACK HILLS POWER, INC.**  
**POLICY OF CONTINUING PROPERTY RECORDS**  
**For the Test Year Ended June 30, 2012**

Line No.	Policy Description
1	<b>Power Plants:</b>
2	Each power plant is unitized in accordance with FERC rules and regulations. A record of original cost,
3	age and description is maintained for each unit by plant location. When a unit is retired, the original
4	installed cost of that unit is removed from the records of the Company. If the unit is reusable, the
5	salvage value is booked at average unit prices for that item.
6	
7	<b>Transmission Plants:</b>
8	A record exactly like the power plant record is maintained for each transmission substation. This
9	record includes land, buildings and equipment.
10	
11	A record for each transmission line is maintained. The original installed cost of units are an average of
12	like units within the line (e.g. all 65 foot poles of the same age would have the same original installed
13	cost of this line). When a unit is retired, it is handled in the same manner as described above for
14	power plants.
15	
16	<b>Distribution Plants:</b>
17	The records for distribution land, buildings, substations, transformer, and meters are maintained
18	exactly like the power plant records outlined above.
19	
20	
21	The units in the mass distribution accounts are maintained by county by year installed. The original
22	installed cost of these units is the average installed cost in the county for that year. When a unit is
23	retired, the county is determined from property maps and the installed cost based on the oldest unit
24	in service is removed from the records of the Company. If the unit is reusable, a credit is posted to
25	the applicable work order based on the average unit prices for that item.
26	
27	<b>General Plants:</b>
28	Each unit of general plant is separately identified and the records are maintained exactly like the
29	power plant records explained earlier.
30	
31	<b>Retirement Units:</b>
32	The Company uses retirement units that conform to FERC guidelines.

**BLACK HILLS POWER, INC.**  
**PLANT AQUIRED FOR WHICH REGULATORY APPROVAL HAS NOT BEEN OBTAINED**  
**For the Test Year Ended June 30, 2012**

Line	Policy Description
No.	
1	Black Hills Power did not acquire any operating units or systems for which regulatory approval has not been
2	obtained in the 12 months ending June 30, 2012.

**BLACK HILLS POWER, INC.**  
**SUBSEQUENT PROPERTY ADDITIONS**  
**For the Pro Forma Test Year Ended June 30, 2012**

Line No.	Description	Total
1	<b>Steam Production</b>	
2	Neil Simpson - Various Under 100,000	\$ 131,385
3	Wyodak Plant - BHP Share	1,761,206
4	Wygen III - SO2 Compliance on Startup	1,475,000
5	<b>Total Steam Production Plant</b>	<u>3,367,591</u>
6		
7	<b>Other Production</b>	
8	Various Under 100,000	2,906
9	Ben French Diesels - RICE Compliance	1,075,000
10	<b>Total Other Production Plant</b>	<u>1,077,906</u>
11		
12	<b>Distribution</b>	
13	Various Under 100,000	137,194
14	Betterment Project <25,000	272,931
15	Rebuild Spearfish City Sub	1,240,000
16	Fifth Street Sub	1,520,000
17	Windy Flats Breaker Additions	170,000
18	Distribution Rebuilds	350,000
19	Jackson Blvd Distribution Relocate	281,000
20	Reclosers	129,802
21	Jackson Blvd 69KV Relocation	600,000
22	Aurora Mitigation	110,000
23	<b>Total Distribution Plant</b>	<u>4,810,927</u>
24		
25	<b>General Plant</b>	
26	Various Under 100,000	393,375
27	Reliability Center	215,201
28	Meter Lab	100,000
29	<b>Total General Plant</b>	<u>708,576</u>
30		
31	<b>Other Utility Plant</b>	
32	<i>Black Hills Service Company</i>	
33	Various Under 100,000	445,694
34	Budget Software	327,932
35	Web Redesign	119,073
36	Enterprise Storage	137,308
37	Microsoft Licensing	552,256
38	<i>Black Hills Utility Holdings</i>	
39	Various Under 100,000	199,601
40	Outage Management	891,148
41	Fiber Optic Communications	171,402
42	<b>Total Other Utility Plant</b>	<u>2,844,414</u>
43		
44	<b>Total Electric Plant Additions</b>	<u>\$ 12,809,414</u>

## Section E

**20:10:13:64. Statement E -- Accumulated Depreciation.** Statement E shall include a statement of the accumulated provision for depreciation by functional classification as of the beginning of each month of the test period and as of the end of the test period. Any claimed adjustments to the book amounts shall be shown in adjoining columns. All adjustments shall be clearly and fully explained in the supporting material submitted. The schedules required by §§ 20:10:13:65 to 20:10:13:67, inclusive, shall be submitted as part of statement E.

**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 E, Page 1:** This Statement shows a 12 month average book balance for accumulated depreciation for Production Plant, Transmission Plant, Distribution Plant, General Plant, and Other Utility Plant.

**Statement E, Page 2:** This statement shows a 12 month average book balance for accumulated amortization.

**Statement E, Pages 3 & 4:** This schedule provides further detail of the 12 month average accumulated depreciation book balances for the test period, June 30, 2012, for Steam Production Plant.

## Section E

**20:10:13:65. Schedule E-1 -- Working Papers on Recorded Changes to Accumulated Depreciation.** Schedule E-1 shall include a yearly summary of the book changes in each functional classification set forth in statement E since the date of the last prior review in a rate proceeding or by private audit. The summary shall include:

- (1) Starting balance;
- (2) Annual provision;
- (3) Retirements, with cross reference to plant schedule;
- (4) Salvage;
- (5) Removal costs;
- (6) Adjustments, including particulars of any significant items;
- (7) Ending balance.

**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.

## 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.

## Section E

**20:10:13:67. Schedule E-3 -- Working Papers on Allocation of Overall Accounts.**

For each allocation of an overall account to obtain the amounts applicable to various functional groups of plant, schedule E-3 shall provide a complete explanation of the method, procedures and significant data used in making the allocation.

**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.**  
**ACCUMULATED PROVISION FOR DEPRECIATION**  
**TOTAL COMPANY BY FUNCTION**  
**For the Test Year Ended June 30, 2012**

Statement E  
Page 1 of 4

Line No.	Month	Production Plant	Transmission Plant	Distribution Plant	General Plant	Other Utility Plant	Total
1	June 2011	\$ 186,406,013	\$ 29,600,365	\$ 89,690,258	\$ 24,362,672	\$ 18,850,560	\$ 348,909,868
2	July 2011	186,230,829	29,803,152	90,216,577	24,538,530	18,991,427	349,780,515
3	August 2011	185,978,990	29,997,737	90,728,385	24,764,341	19,139,719	350,609,172
4	September 2011	186,284,265	30,178,516	91,213,437	24,961,522	19,302,358	351,940,098
5	October 2011	187,297,947	28,658,836	91,777,717	25,197,727	18,281,241	351,213,468
6	November 2011	177,861,319	28,832,554	92,356,529	22,438,531	18,341,924	339,830,857
7	December 2011	178,639,465	28,996,838	92,635,586	22,249,113	18,514,321	341,035,323
8	January 2012	179,751,951	29,204,529	93,135,539	22,451,373	18,091,533	342,634,925
9	February 2012	180,984,047	29,430,563	92,879,492	22,678,429	18,503,956	344,476,487
10	March 2012	180,268,850	29,341,936	95,691,849	22,581,622	18,671,605	346,555,862
11	April 2012	181,181,252	29,510,848	96,269,136	17,896,039	18,125,364	342,982,639
12	May 2012	182,500,902	29,746,083	96,092,444	18,090,606	16,792,361	343,222,396
13	June 2012	183,443,126	29,942,336	96,676,149	18,216,974	16,966,910	345,245,495
14							
15	Twelve Month Average	182,832,997	29,480,330	93,027,931	22,340,575	18,351,791	346,033,623
16							
17	Transmission Amounts (Note 1)	-	27,996,929	2,888,160	2,155,115	1,491,171	34,531,375
18							
19	Net BHP Amount	<u>\$ 182,832,997</u>	<u>\$ 1,483,401</u>	<u>\$ 90,139,771</u>	<u>\$ 20,185,460</u>	<u>\$ 16,860,620</u>	<u>\$ 311,502,248</u>
20							

21. Note 1: The amount directly assigned to the Transmission jurisdictional assets related to the CUS system and AC-DC-AC Tie assets.

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR AMORTIZATION**  
**For the Test Year Ended June 30, 2012**

**Statement E**  
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<u>Line No.</u>	<u>Month</u>	<u>Amount</u>
1	June 2011	\$ 2,985,820
2	July 2011	2,993,937
3	August 2011	3,002,054
4	September 2011	3,010,171
5	October 2011	3,018,288
6	November 2011	3,026,406
7	December 2011	3,034,523
8	January 2012	3,042,640
9	February 2012	3,050,757
10	March 2012	3,058,874
11	April 2012	3,066,992
12	May 2012	3,075,109
13	June 2012	<u>3,083,226</u>
14		
15	Twelve Month Average	<u>\$ 3,034,523</u>

BLACK HILLS POWER, INC.  
ACCUMULATED PROVISION FOR DEPRECIATION- PRODUCTION PLANT  
For the Test Year Ended June 30, 2012

Statement E  
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	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011
1	Steam Production- by Plant						
2	\$ 13,573,611	\$ 13,616,848	\$ 13,587,992	\$ 13,616,405	\$ 13,657,850	\$ 13,700,764	\$ 13,733,906
3	15,648,399	15,532,976	15,519,742	15,499,412	15,565,347	15,632,853	15,689,204
5	45,390,152	45,476,516	44,534,299	44,091,302	44,246,434	44,534,690	44,791,162
6	17,472,770	17,485,540	17,522,582	17,586,964	17,626,665	17,668,140	17,728,033
7	3,840,491	4,097,950	4,354,323	4,610,153	4,867,154	5,124,693	5,378,376
8	56,133,773	55,522,437	55,818,854	56,109,381	56,415,123	46,533,957	46,536,739
9							
10	34,346,818	34,498,563	34,641,198	34,770,648	34,919,374	34,666,222	34,782,045
11	<u>\$ 186,406,013</u>	<u>\$ 186,230,829</u>	<u>\$ 185,978,991</u>	<u>\$ 186,284,265</u>	<u>\$ 187,297,947</u>	<u>\$ 177,861,319</u>	<u>\$ 178,639,465</u>

BLACK HILLS POWER, INC.  
ACCUMULATED PROVISION FOR DEPRECIATION- PRODUCTION PLANT  
For the Test Year Ended June 30, 2012

Statement E  
Page 4 of 4

	(h)	(i)	(j)	(k)	(l)	(m)	(n) [(Sum of (a)-(m))/13]	
Line No.	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	12 Month Average	
1	Steam Production- by Plant							
2	\$ 13,775,771	\$ 13,826,208	\$ 13,730,386	\$ 13,756,889	\$ 13,814,113	\$ 13,807,919	\$ 13,707,589	
3	15,754,861	15,830,992	15,737,691	15,786,205	15,869,975	15,932,813	15,692,344	
5	45,075,658	45,388,663	45,194,487	45,427,351	45,764,229	46,047,384	45,074,025	
6	17,768,161	17,819,337	17,682,138	17,702,620	17,762,634	17,799,182	17,663,444	
7	5,635,256	5,895,819	6,091,822	6,339,524	6,601,431	6,850,780	5,360,598	
8	46,817,570	47,127,648	46,937,851	47,164,675	47,496,845	47,766,456	50,490,870	
9								
10	Other Production	34,924,674	35,095,380	34,894,476	35,003,988	35,191,675	35,238,591	34,844,127
11	Total Production Plant	\$ 179,751,951	\$ 180,984,047	\$ 180,268,850	\$ 181,181,252	\$ 182,500,902	\$ 183,443,126	\$ 182,832,997

**BLACK HILLS POWER, INC.**  
**ACCUMULATED PROVISION FOR DEPRECIATION**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Production Plant	Transmission Plant	Distribution Plant	General Plant	Other Utility Plant	Total
1	Balance June 30, 2011	Stmt. E pg 1 Ln.1	\$ 186,406,013	\$ 29,600,365	\$ 89,690,258	\$ 24,362,672	\$ 18,850,560	\$ 348,909,868
2	Add: Depreciation Expense		13,325,407	2,408,774	7,872,598	2,632,491	1,957,372	28,196,642
3	Less: Retirements Closed		(12,649,115)	(1,732,227)	(2,535,936)	(8,572,974)	(3,691,183)	(29,181,435)
4	Less: Cost of Removal Closed		(1,917,640)	(19,304)	(855,334)	(21,779)	-	(2,814,057)
5								
6	Add: Salvage Closed		97,470	-	3,376,698	82,526	-	3,556,694
7								
8	RWIP		(1,818,423)	(288,537)	(872,671)	(239,218)	-	(3,218,849)
10	Miscellaneous Adjustments		(587)	(26,734)	536	(26,744)	(149,840)	(203,368)
11								
12	Balance June 30, 2012	Stmt. E pg 1 Ln.13	<u>\$ 183,443,125</u>	<u>\$ 29,942,337</u>	<u>\$ 96,676,149</u>	<u>\$ 18,216,974</u>	<u>\$ 16,966,909</u>	<u>\$ 345,245,495</u>

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

Line No.	Policy Description
1 2 3 4 5 6 7 8 9 10 11 12	<p>The Company's depreciation expense rates are based on a depreciation study completed by Black &amp; 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 &amp; Veatch. A more recent depreciation study was not completed as there was no new generation added.</p> <p>There have been no changes in depreciation and amortization procedures for the test year ended June 30, 2012.</p>

**BLACK HILLS POWER, INC.**  
**ALLOCATION OF OVERALL ACCOUNTS**  
**For the Test Year Ended June 30, 2012**

Line No.	Policy Description
1 2 3	Accumulated depreciation balances shown on Statement E for each functional classification are the result of journal entries recorded monthly to reflect depreciation expense, retirements, cost of removal, and salvage.

## Section F

**20:10:13:68. Statement F -- Working Capital.** Statement F shall show the computation of the working capital claimed as part of the public utility's rate base using averages where appropriate as of the beginning and the end of each month of the test period. The statement shall show the respective components of the claimed working capital and shall show in detail how the amount of each component was computed. The items required in §§ 20:10:13:69 to 20:10:13:71, inclusive, shall be submitted as part of statement F.

**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.



## Section F

**20:10:13:69. Schedule F-1 -- Monthly Balances for Materials, Supplies, Fuel Stocks, and Prepayments.** Schedule F-1 shall set forth monthly balances for materials, supplies, fuel stocks, and prepayments in such detail as to disclose, either by subaccounts regularly maintained on the books or by analysis of the principal items included in the main account, the nature of the charges included.

**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.

**Section F**

**20:10:13:70. Schedule F-2 -- Monthly Balances for Two Years Immediately Preceding Test Year.** Schedule F-2 shall set forth monthly balances of materials and supplies for two years immediately preceding the test period.

**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.

## Section F

**20:10:13:71. Schedule F-3 -- DataUsed in Computing Working Capital.** Schedule F-3 shall show the computations, cross references, and sources from which the data used in computing claimed working capital is derived.

**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.

**Schedule F-3 page 1:** This schedule shows the cash working capital for the test year ended June 30, 2012.

**Schedule F-3 page 2:** This schedule shows the adjusted cash working capital for the test year ended June 30, 2012. The calculation of the adjusted cash working capital is based on adjusted expenses and adjusted revenues.

**Schedule F-3 Lead/Lag Calculations:** The Expense per Day in column (b), is calculated by dividing the per book recorded amounts in column (a) by 365 days in a year. The Expense per Day is then multiplied by the Expense Lead Days in column (c) to determine the Expense Dollar Days for column (d).

The Expense Lead Days is a calculation of the time lag between services/goods received and the payment of such costs based on a selection of invoices specific to each expense category. For example, if the invoice for services provided for the month of April was paid on May 20<sup>th</sup>, the Expense Lead Days would be 35. The 35 days is calculated by taking April's mid-service point of 15 days, since the service was for the entire month and adding the 20 days in May before the invoice was paid.

The Revenue Lag Days is a calculation of the time lag between services rendered and the receipt of revenues for such services. The components of this calculation include average: 1) service month midpoint days, 2) meter reading to billing days, and 3) billing to collection days.

The Gross Cash Working Capital Requirement on line 47 is calculated by multiplying the total Expense per Day in column (b) – Line 41 by the Net Lead/Lag Days on line 45.

The Net Cash Working Capital Requirement on line 49 is determined based on the Gross Cash Working Capital on line 47 net of the calculated cash available from tax collections on behalf of other parties, Tax Collections Available (Line 48).

**BLACK HILLS POWER, INC.**  
**WORKING CAPITAL**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Total Per Books	CUS Adjustment	BHP Per Books	Pro Forma Adjustment	Adjusted Total
1	Cash Working Capital	Sched. F-3 pg1 Ln.49	\$ (3,631,348)	\$ (320,834)	(3) \$ (3,952,182)	\$ (1,675,550) (1)	\$ (5,627,732)
2							
3	Fuel Stocks	Sched. F-1 Ln.27	6,740,850		6,740,850	-	6,740,850
4							
5	Materials and Supplies	Sched. F-1 Ln.27	14,800,547	(1,544,789)	(3) 13,255,758	750,000 (2)	14,005,758
6							
7	Prepaid Expenses	Sched. F-1 Ln.27	1,060,904	(379,090)	(3) 681,814	-	681,814
8							
9	Total Working Capital		<u>\$ 18,970,953</u>	<u>\$ (2,244,713)</u>	<u>\$ 16,726,240</u>	<u>\$ (925,550)</u>	<u>\$ 15,800,690</u>
10							
11	Less: Prepaid Pension for Transmission Working						
12	Capital not included in Black Hills Power Rate Case						
13							
14	Total Working Capital Transmission			<u>\$ (2,244,713)</u>			<u>\$ 2,244,713</u>
15							
16	Total Working Capital - BHP and Transmission						<u>\$ 18,045,403</u>
17							
18							
19	Note 1: Adjustments to cash working capital - refer to Schedule F-3 page 2 for details.						
20	Note 2: Adjustment to materials and supplies - refer to Schedule F-1.						
21	Note 3: Transfers from BHP state jurisdiction to BHP FERC jurisdiction.						

**BLACK HILLS POWER, INC.**  
**COMPONENTS OF CLAIMED WORKING CAPITAL**  
**For the Test Year Ended June 30, 2012**

Line No.	Month Ending	Fuel Stocks (a/c 151)	Materials and Supplies (a/c 154, 156, 163)	Prepaid Expenses (a/c 165)
1	2011 June	\$ 6,993,638	\$ 14,352,932	\$ 1,007,555
2				
3	July	7,109,117	14,554,733	984,895
4				
5	August	7,133,992	14,539,846	743,656
6				
7	September	7,098,657	14,555,486	539,295
8				
9	October	7,027,496	14,941,052	1,383,981
10				
11	November	6,901,819	14,877,127	1,335,446
12				
13	December	6,864,962	15,209,269	1,267,782
14				
15	2012 January	6,566,048	15,225,529	1,245,931
16				
17	February	6,505,746	15,286,665	1,194,019
18				
19	March	6,426,740	15,549,359	1,064,529
20				
21	April	6,412,854	14,791,732	990,334
22				
23	May	6,289,576	14,237,401	1,111,638
24				
25	June	6,300,408	14,285,982	922,692
26				
27	12 Month Average	<u>6,740,850</u>	<u>14,800,547</u>	<u>1,060,904</u>
28				
29	2013 Spare Transformer (Note 1)	-	750,000	-
30				
31	Adjusted Balance	<u>\$ 6,740,850</u>	<u>\$ 15,550,547</u>	<u>\$ 1,060,904</u>
32				
33	Note 1: A critical spare transformer rebuild for Neil Simpson II will be received in 2013.			

**BLACK HILLS POWER, INC.**  
**MONTHLY BALANCES OF MATERIALS AND SUPPLIES**  
**For the Period July 2009 through June 2011**

Line No.		Month Ending	Materials and Supplies (a/c 154,156,163)
1	2009	July	\$ 11,911,962
2		August	11,931,120
3		September	11,699,048
4		October	11,647,309
5		November	11,765,513
6		December	11,697,159
7	2010	January	12,074,006
8		February	12,347,578
9		March	12,312,475
10		April	12,550,805
11		May	12,475,688
12		June	12,422,724
13		July	12,894,739
14		August	13,001,228
15		September	13,498,192
16		October	13,784,736
17		November	13,925,140
18		December	14,123,503
19	2011	January	14,075,224
20		February	14,178,779
21		March	14,536,123
22		April	14,797,010
23		May	14,449,755
24		June	\$ 14,352,932

BLACK HILLS POWER, INC.  
PER BOOKS CASH WORKING CAPITAL CALCULATION  
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	(a) Per Books	(b) [(a)/365] Expense Per Day	(c) Expense Lead Days	(d) [(b)*(c)] Expense Dollar Days
1	OPERATIONS AND MAINTENANCE					
2	Coal	Stmt. H Ln. 6(a)	\$ 21,163,029	\$ 57,981	35.2	\$ 2,040,931
3	Coal Transportation	Stmt. H Ln. 7(a)	1,324,658	3,629	30.4	110,322
4	Natural Gas - Other Production	Stmt. H Ln. 27(a)	2,074,106	5,682	38.2	217,052
5	Purchased Power and Capacity	Stmt. H Ln. 47(a)	48,700,401	133,426	33.6	4,483,114
6	Transmission	Stmt. H Ln. 56(a)	18,592,582	50,939	26.0	1,324,414
7	Net Payroll	Sched. H-1 Ln. 29(a)	11,342,872	31,076	14.0	435,064
8	Workers Comp		591,757	1,621	732.3	1,187,058
9	Service/Holding Company Charges	Sched. H-4 Ln.21(a) + Sched. H-5 Ln.49(a)	28,233,766	77,353	44.7	3,457,679
10	Other O&M		22,514,739	61,684	32.1	1,980,056
11						
12	Subtotal	Sum(Ln.2:Ln.10)	154,537,909	423,391		15,235,690
13						
14	Wyodak Power Plant O&M		3,659,122	10,025	69.4	695,735
15						
16	Total O&M	Stmt. H Ln. 136(a); Ln.12 + Ln.14	158,197,031	433,416		15,931,425
17						
18	TAXES OTHER THAN INCOME TAX					
19	Property Tax	Stmt. L Ln. 14(a)	4,660,470	12,768	309.6	3,952,973
20	Unemployment - FUTA and SUTA	Stmt. L {Ln. 3(a) + Ln. 7(a)}	114,517	314	76	23,864
21	Montana Electric Energy	Stmt. L Ln. 8(a)	17,789	49	63.5	3,112
22	Wyoming Franchise Tax	Stmt. L Ln. 9(a)	60,432	166	50.3	8,350
23	South Dakota PUC	Stmt. L Ln. 10(a)	216,138	592	345	204,240
24	Wyoming PSC	Stmt. L Ln. 11(a)	(2,479)	(7)	525.5	(3,679)
26	FICA	Stmt. L Ln. 2(a)	2,917,700	7,994	15	119,910
27	Total Taxes Other Than Income Tax	Sum(Ln.19:Ln.26)	7,984,567	21,876		4,308,770
28						
29	Depreciation	Stmt. J Ln. 21(f)	27,569,938	75,534		
30	Amortization	Stmt. J Ln. 23(f)	97,406	267		
31	Subtotal	Ln.29 + Ln.30	27,667,345	75,801		
32						
33	INCOME TAXES					
34	Federal	Stmt. K pg. 2 Ln. 59(a)	13,350,019	36,575	37.5	1,371,563
35	Subtotal		13,350,019	36,575		1,371,563
36						
37	INTEREST EXPENSE					
38	Long-Term Debt	Stmt. G pg. 2 Ln. 21(k)	18,067,707	49,501	88.1	4,361,038
39	Subtotal		18,067,707	49,501		4,361,038
40						
41	Grand Totals			\$ 617,169		\$ 25,972,796
42						
43	Revenue Lag Days		37.96			
44	Expense Lead Days	Ln. 41(d) / Ln.41(b)	42.08			
45	Net Days	Ln.43 - Ln.44	(4.12)			
46						
47	Gross Cash Working Capital Requirement	Ln. 41(b) * Ln. 45(a)		(2,542,736)		
48	Less: Tax Collections Available	Ln. 56(d)		(1,088,612)		
49	Net Cash Working Capital Requirement	Ln.47 + Ln.48		\$ (3,631,348)		
50						
51	TAX COLLECTIONS AVAILABLE					
52	FICA Taxes (Employee Contribution)		\$ 1,315,971	\$ 3,605	15	\$ 54,075
53	Federal Withholding Tax		3,177,430	8,705	15	130,575
54	South Dakota Sales and Use Tax		6,804,854	18,643	45.3	844,528
55	Wyoming Sales and Use Tax		478,700	1,312	45.3	59,434
56	Total	Sum(Ln.52:Ln.55)	\$ 11,776,955	\$ 32,265		\$ 1,088,612

BLACK HILLS POWER, INC.  
ADJUSTED CASH WORKING CAPITAL CALCULATION  
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	(a) Adjusted Total	(b) (a)/365 Expense Per Day	(c) Expense Lead Days	(d) (b)*(c) Expense Dollar Days
1	OPERATIONS AND MAINTENANCE					
2	Coal	Stmt. H Ln. 6(r)	\$ -	-	35.2	\$ -
3	Coal Transportation	Stmt. H Ln. 7(r)	-	-	30.4	-
4	Natural Gas - Other Production	Stmt. H Ln. 27(r)	-	-	38.2	-
5	Purchased Power and Capacity	Stmt. H Ln. 47(r)	7,432,664	20,363	33.6	684,197
6	Transmission	Stmt. H Ln. 56(r)	-	-	26	-
7	Net Payroll	Sched. H-1 (Ln. 29(a) + Ln. 29(d))	11,223,146	30,748	14	430,472
8	Workers Comp		591,757	1,621	732.3	1,187,058
9	Service/Holding Company Charges	Sched. H-4 Ln. 21(b) + Sched. H-5 Ln. 49(b)	31,862,209	87,294	44.7	3,902,042
10	Other O&M		16,718,308	45,804	32.1	1,470,308
11						
12	Subtotal	Sum (Ln.2:Ln.10)	67,828,084	185,830		7,674,077
13						
14	Wyodak Power Plant O&M		3,659,122	10,025	69.4	695,735
15						
16	Total O&M	Stmt. H Ln. 136(r); Ln.12 + Ln.14	71,487,206	195,855		8,369,812
17						
18	TAXES OTHER THAN INCOME TAX					
19	Property Tax	Stmt. L Ln. 14(c)	5,130,011	14,055	309.6	4,351,428
20	Unemployment - FUTA and SUTA	Stmt. L (Ln. 3(c) + Ln. 7(c))	114,098	313	76	23,788
21	Montana Electric Energy	Stmt. L Ln. 8(c)	17,789	49	63.5	3,112
22	Wyoming Franchise Tax	Stmt. L Ln. 9(c)	60,432	166	50.3	8,350
23	South Dakota PUC	Stmt. L Ln. 10(c)	236,757	649	345	223,905
24	Wyoming PSC	Stmt. L Ln. 11(c)	1,935	5	525.5	2,628
26	FICA	Stmt. L Ln. 2(c)	2,908,541	7,969	15	119,535
27	Total Taxes Other Than Income Tax	Sum(Ln.19:Ln.26)	8,469,563	23,206		4,732,746
28						
29	Depreciation	Stmt. J Ln. 21(e)	28,684,257	78,587		
30	Amortization	Stmt. J Ln. 23(e)	97,406	267		
31	Subtotal	Ln.29 + Ln. 30	28,781,663	78,854		
32						
33	INCOME TAXES					
34	Federal	Stmt. K pg. 2 Ln. 59(g)	14,599,505	39,999	37.5	1,499,963
35	Subtotal		14,599,505	39,999		1,499,963
36						
37	INTEREST EXPENSE					
38	Long-Term Debt	Stmt. G pg. 3 Ln. 15(k)	17,786,283	48,730	88.1	4,293,113
39	Subtotal		17,786,283	48,730		4,293,113
40						
41	Grand Totals			386,644		18,895,634
42						
43	Revenue Lag Days		37.96			
44	Expense Lead Days	Ln. 41(d) / Ln.41(b)	48.87			
45	Net Days	Ln.43 - Ln.44	(10.91)			
46						
47	Gross Cash Working Capital Requirement	Ln. 41(b) * Ln. 45(a)		(4,218,286)		
48	Less: Tax Collections Available	Ln. 56(d)		(1,088,612)		
49	Total	Ln.47 + Ln.48		\$ (5,306,898)		
50						
51	CUS Adjustment	Stmt F Ln. 1		\$ (320,834)		
52	Net Cash Working Capital Requirement			\$ (5,627,732)		
53						
54	TAX COLLECTIONS AVAILABLE					
55	FICA Taxes (Employee Contribution)		\$ 1,315,971	\$ 3,605	15	\$ 54,075
56	Federal Withholding Tax		3,177,430	8,705	15	130,575
57	South Dakota Sales and Use Tax		6,804,854	18,643	45.3	844,528
58	Wyoming Sales and Use Tax		478,700	1,312	45.3	59,434
59	Total	Sum(Ln.55:Ln.58)	\$ 11,776,955	\$ 32,265		\$ 1,088,612



## Section G

**20:10:13:72. Statement G -- Rate of Return.** Statement G shall show the percentage rate of return claimed, with a brief statement of its basis. The statement shall show the cost of debt capital, preferred stock capital, and the return on the stockholder's equity resulting from the overall rate of return claimed, based upon the utility's capitalization. In addition, items required in §§ 20:10:13:73 to 20:10:13:79, inclusive, shall be submitted as part of statement G. If 50 percent or more of the common stock of the public utility is not held by the public but is owned by another corporation, the information required by §§ 20:10:13:73 to 20:10:13:75, inclusive, shall also be submitted to the extent applicable for the debt, preferred stock, and common stock of the parent company.

**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.

## Section G

**20:10:13:73. Statement G -- Debt Capital.** Statement G shall also show the weighted average cost of debt capital based upon the following data for each class and series of long term debt outstanding according to the most recently available balance sheet:

- (1) Title;
- (2) Date of issuance and date of maturity;
- (3) Interest rate;
- (4) Principal amount of the issue;
- (5) Net proceeds;
- (6) Net proceeds per unit;
- (7) Amount currently outstanding;
- (8) Cost of money and yield to maturity based on the interest rate and net proceeds per unit outstanding determined by reference to any generally accepted table of bond yields;
- (9) If the issue is owned by an affiliate, the name and relationship of owner and a copy of the latest prospectus issued by the public utility, any superimposed holding company, or subsidiary companies;
- (10) A copy of the bond indenture provisions related to minimum interest coverage requirements for existing and new issues.

**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 G page 2-- Debt Capital as of June 30, 2012.** Weighted cost of debt based on test year.

**Statement G page 3-- Debt Capital Pro Forma.** Weighted cost of debt pro forma.

### Section G

**20:10:13:74. Statement G -- Preferred Stock Capital.** Statement G shall also show the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the most recently available balance sheet:

- (1) Title;
- (2) Date of issuance;
- (3) If callable, call price;
- (4) If convertible, terms of conversion;
- (5) Dividend rate;
- (6) Par value or stated amount of issue;
- (7) Price to public per share;
- (8) Underwriters' discount or commission:
  - (a) Amount;
  - (b) Percent of gross proceeds;
- (9) Issuance expenses:
  - (a) Amount;
  - (b) Percent of gross proceeds;
- (10) Net proceeds;
- (11) Net proceeds per unit;
- (12) Cost of money, that is, the dividend rate divided by net proceeds per unit or share;
- (13) Amount outstanding;
- (14) Whether issue was offered to stockholders through subscription rights or to the public;
- (15) If issue is owned by an affiliate, then provide the name and relationship of owner.

**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.

## Section G

**20:10:13:75. Statement G -- Common Stock Capital.** Statement G shall also show for each sale of common stock during the five-year period preceding the most recently available balance sheet:

- (1) Number of shares sold;
- (2) Gross proceeds at offering price;
- (3) Underwriters' discount or commission;
- (4) Proceeds to the filing utility;
- (5) Amount of issuance expenses;
- (6) Net proceeds;
- (7) Offering price per share;
- (8) Net proceeds per share;
- (9) Book value per share at date immediately prior to date of issuance;
- (10) Closing market price at latest trading date prior to date of issuance;
- (11) Latest published earnings per share available at date of issuance;
- (12) Dividend rate at date of issuance;
- (13) Whether the issue was offered to stockholders through subscription rights or to the public and whether common stock was issued for property or for capital stock of others.

**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.

## Section G

**20:10:13:76. Schedule G-1 -- Stock Dividends, Stock Splits or Changes in Par or Stated Value.** Schedule G-1 shall show any stock dividends, stock splits or changes in par or stated value during the five-year period preceding the date of the most recently available balance sheet and by months for the 12-month test period plus subsequent months as available.

**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.

## Section G

**20:10:13:77. Schedule G-2 -- Common Stock Information.** Schedule G-2 shall show the following information on outstanding common stock for the 5 calendar years preceding the end of the test period and by months for the 12-month test period:

- (1) Average number of shares outstanding;
- (2) Earnings per average share for only the 5 years preceding the test year;
- (3) Annual earnings per share for only the latest reported 12-month average;
- (4) Annual dividend rate per share;
- (5) Dividends listed as percent of earnings;
- (6) Average market price based on the monthly high and low;
- (7) Earnings price ratio, the relationship of annual earnings per share to average of the 12 monthly high and low market values of stock. In the case of monthly data, use the latest reported earnings in computing ratio of earnings to average high and low market value for the month;
- (8) Dividend price ratio, the relationship of dividend per share to average high and low market value of stock.

**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.

## Section G

**20:10:13:78. Schedule G-3 -- Reacquisition of Bonds or Preferred Stock.** If any bonds or preferred stock have been reacquired by the utility during the 18 months prior to filing, show full details in schedule G-3, including:

- (1) Title or series;
- (2) Principal amounts or par value reacquired;
- (3) Reacquisition cost;
- (4) Gain or loss on reacquisition;
- (5) Income taxes, if any, allocable to the gain or loss, and basis of allocation.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 151, 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.

## Section G

**20:10:13:79. Schedule G-4 -- Earnings Per Share for Claimed Rate of Return.**

Schedule G-4 shall show the earnings per share of common stock which the claimed rate of return would yield and the basis upon which it is determined.

**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.  
COST OF CAPITAL - PRO FORMA  
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	Reference	(a) Amount	(b) Percent of Total	(c) Cost	(d) (b)*(c) Weighted Cost
1	Pro Forma:					
2	Long-Term Debt	Stmt. G pg. 3 Ln. 15(j)	270,055,000	46.83%	6.59%	3.09%
3	Common Equity (1)	Ln. 13	306,572,772	53.17%	10.25%	5.45%
4			<u>\$ 576,627,772</u>	<u>100%</u>		<u>8.54%</u>
5						
6	(1) Common Equity:					
7	Common Stock Issued	Stmt. A pg. 2 Ln. 2(a)	\$ 23,416,396			
8	Premium on Capital Stock	Stmt. A pg. 2 Ln. 3(a)	42,076,811			
9	Other Paid-In Capital		-			
10	Capital Stock Expense	Stmt. A pg. 2 Ln. 4(a)	(2,501,882)			
11	Retained Earnings	Stmt. A pg. 2 Ln. 5(a)	243,581,447			
12						
13	Common Equity		<u>\$ 306,572,772</u>			

BLACK HILLS POWER, INC.  
DEBT CAPITAL  
For the Test Year Ended June 30, 2012

Line No.	(a) Description	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) (f) / (d) Per Unit	(h) (h) / (e) Yield to Maturity	(i) (h) / (g) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
1	<b>BLACK HILLS POWER</b>										
2	<b>FIRST MORTGAGE BONDS:</b>										
3	Series AE	8/13/2002	8/15/2032	75,000,000	7.36%	74,343,750	0.9913	7.36%	7.42%	75,000,000	5,565,000
4	Series AF	10/27/2009	11/1/2039	180,000,000	6.17%	178,300,800	0.9906	6.17%	6.23%	180,000,000	11,214,000
5	Series Y (Note 1)	6/15/1998	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	-	11,109
6	Series Z (Note 1)	5/29/1991	5/29/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	-	84,828
7	Series AB (Note 1)	9/1/1999	9/1/2024	45,000,000	8.30%	44,507,250	0.9891	8.30%	8.39%	-	116,828
8											
9											
10	<b>OTHER BONDS:</b>										
11	Series 94A Gillette	6/15/1994	6/1/2024	3,000,000	3.08%	2,930,057	0.9767	3.08%	3.16%	2,855,000	90,218
12	Series 84 Bonds, City of Gillette (Notes 1 and 2)	8/1/1984	8/1/2014	16,000,000	10.50%	15,592,000	0.9745	10.50%	10.77%	-	8,133
13	94 NSS Pollution Control, 1994A Gillette Refunding (Note 1)	6/8/1992	7/1/2024	12,200,000	7.50%	12,004,800	0.9840	7.50%	7.62%	-	22,727
14	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.46%	12,062,750	0.9888	5.46%	5.52%	12,200,000	673,440
15	Bear Paw Energy Note (Note 3)	6/15/2000	5/25/2012	539,000	13.66%	539,000	1.0000	13.66%	13.66%	-	5,816
16	Series 2004 Pennington County PCB due 2014 (Note 3)	10/1/2004	10/1/2014	2,050,000	4.80%	2,026,938	0.9888	4.80%	4.85%	-	87,724
17	Series 2004 Campbell County PCB due 2014 (Note 3)	10/1/2004	10/1/2014	1,550,000	4.80%	1,532,563	0.9888	4.80%	4.85%	-	66,746
18	Series 2004 Weston County PCB due 2014 (Note 3)	10/1/2004	10/1/2014	2,850,000	4.80%	2,817,938	0.9888	4.80%	4.85%	-	121,138
19											
20											
21	Total Outstanding									270,055,000	18,067,707
22											
23	Weighted Average Cost of Debt										6.69%
24											
25											
26	<b>BLACK HILLS CORPORATION DEBT</b>										
27	\$250MM Notes Due 2013 (Note 4)	5/21/2003	5/15/2013	250,000,000	6.79%	248,052,500	0.9922	6.79%	6.84%	225,000,000	15,271,044
28	\$250MM Notes Due 2014 (Note 5)	5/14/2009	5/15/2014	250,000,000	9.18%	248,500,000	0.9940	9.18%	9.24%	250,000,000	22,961,956
29	\$200MM Notes Dues 2020 (Note 6)	7/16/2010	7/15/2020	200,000,000	5.96%	198,700,000	0.9935	5.96%	6.00%	200,000,000	11,917,126
30	\$100MM Term Loan	9/30/2011	9/30/2013	100,000,000	(Note 7)	100,000,000	(Note 7)	(Note 7)	(Note 7)	100,000,000	1,681,139
31											
32	Note 1: The bonds have been retired early. FERC allows for deferred financing costs or loss on required debt costs to be amortized over the remaining life of the bonds. Costs										
33	reflected are annual costs incurred.										
34	Note 2: The bond was refinanced, rolling the balanced into a new bond. FERC allows for deferred financing costs or loss on required debt costs to be amortized over the term of										
35	the new bond which expires in 2024.										
36	Note 3: Notes or bonds were paid off in May 2012.										
37	Note 4: Note was issued by Black Hills Corporation, but was allocated through Black Hills Utility Holding Company to the Black Hills Energy entities.										
38	Note 5: Note was issued by Black Hills Corporation in May 2009, but is allocated through Black Hills Utility Holding Company to the Black Hills Energy entities.										
39	Note 6: Note was issued by Black Hills Corporation, but was allocated to Colorado Electric.										
40	Note 7: Cost of borrowing has a fixed and variable rate component, with the variable rate based on Libor.										



**BLACK HILLS POWER, INC.**  
**COST OF PREFERRED STOCK**  
**For the Test Year Ended June 30, 2012**

Line No.	Policy Description
1	No preferred stock as of June 30, 2012.



**BLACK HILLS POWER, INC.**  
**STOCK DIVIDENDS, STOCK SPLITS, OR CHANGES IN PAR VALUE OF COMMON STOCK**  
**For the Period January 1, 2007 Through June 30, 2012**

<u>Line No.</u>	<u>Year</u>	<u>Stock Dividends</u>	<u>Stock Splits</u>	<u>Changes in Par Value</u>
1	2007	N/A	N/A	N/A
2	2008	N/A	N/A	N/A
3	2009	N/A	N/A	N/A
4	2010	N/A	N/A	N/A
5	2011	N/A	N/A	N/A
6	6/30/2012	N/A	N/A	N/A

**BLACK HILLS POWER, INC.**  
**COMMON STOCK INFORMATION**  
For the Period January 1, 2007 Through June 30, 2012

Line No.	Period	Average Shares Outstanding	Earnings Per Average Share (Note 1)	Dividends Per Share (Note 2)	Dividends as a % of Earnings	BHP Market Price at End of Year	BHP Price/Earnings Ratio	BHP Dividend Yield
1	2007	23,416,396	\$ 1.06	\$ -	0%	N/A	N/A	N/A
2	2008	23,416,396	\$ 0.97	\$ -	0%	N/A	N/A	N/A
3	2009	23,416,396	\$ 0.99	\$ -	0%	N/A	N/A	N/A
4	2010	23,416,396	\$ 1.34	\$ -	0%	N/A	N/A	N/A
5	2011	23,416,396	\$ 1.16	\$ -	0%	N/A	N/A	N/A
6								
7	Jul-11	23,416,396	\$ 0.45	\$ -	0%	N/A	N/A	N/A
8	Aug-11	23,416,396	\$ 0.45	\$ -	0%	N/A	N/A	N/A
9	Sep-11	23,416,396	\$ 0.45	\$ -	0%	N/A	N/A	N/A
10	Oct-11	23,416,396	\$ 0.30	\$ -	0%	N/A	N/A	N/A
11	Nov-11	23,416,396	\$ 0.30	\$ -	0%	N/A	N/A	N/A
12	Dec-11	23,416,396	\$ 0.30	\$ -	0%	N/A	N/A	N/A
13	Jan-12	23,416,396	\$ 0.26	\$ -	0%	N/A	N/A	N/A
14	Feb-12	23,416,396	\$ 0.26	\$ -	0%	N/A	N/A	N/A
15	Mar-12	23,416,396	\$ 0.26	\$ -	0%	N/A	N/A	N/A
16	Apr-12	23,416,396	\$ 0.29	\$ -	0%	N/A	N/A	N/A
17	May-12	23,416,396	\$ 0.29	\$ -	0%	N/A	N/A	N/A
18	Jun-12	23,416,396	\$ 0.29	\$ -	0%	N/A	N/A	N/A

19  
20

21 Note 1: Earnings Per Average Share excludes net income of discontinued operations.

22 Note 2: Monthly Dividends Per Share are computed on the current quarter and preceding three quarters.

**BLACK HILLS POWER, INC.**  
**REAQUISITION OF BONDS OR PREFERRED STOCK**  
**For the 18 Month Period Prior to Filing**

<u>Line No.</u>	<u>Policy Description</u>
1	Black Hills Power did not reacquire any bonds or preferred stock in the 18 months prior to filing.
2	



**BLACK HILLS POWER, INC.**  
**EARNINGS PER SHARE FOR CLAIMED RATE OF RETURN**  
**For the Test Year Ended June 30, 2012**

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1	Common Equity	Stmt. G pg. 1 Ln. 13(a)	\$ 306,572,772
2	Return - Percentage	Stmt. G pg. 1 Ln. 3(c)	10.25%
3	Return - Amount	Ln. 1 * Ln. 2	<u>\$ 31,423,709</u>
4			
5	Common Shares Outstanding June 30, 2012	Sched. G-2 Ln.18	23,416,396
6			
7	Earnings Per Common Share - Black Hills Power	Ln. 3 / Ln. 5	<u>\$ 1.34</u>

## 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

- 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).

## Section H

**20:10:13:81. Schedule H-1 -- Adjustments to Operating and Maintenance Expenses.**

Schedule H-1 shall show the 12 months of actual test period experience and the claimed adjustments thereto, if any, by functional classifications. It shall also show the separate amounts for labor and other charges included in the operation and maintenance expenses for each functional classification per books and as adjusted. If operation and maintenance expenses as presented per the books reflect any special accrual or equalization accounting entries for internal purposes, the effect thereof shall be fully disclosed and explained. Any amounts not currently payable, except depreciation charged through clearing accounts included in operation and maintenance expenses, shall be fully explained.

**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.

This Schedule shows the amount of wages and salaries attributable to operation and maintenance on a functional level. Column (b) represents employee positions who are being transferred to Black Hills Utility Holdings, as well as additional employees needed for Company operations. Column (c) represents the overall wage increase for union and non-union employees. The wage and salary adjustment is in column (d), and is adjusted in Statement H, column (b).

## Section H

**20:10:13:82. Schedule H-2 -- Cost of Power and Gas.** Schedule H-2 shall show the total annual cost of power or gas purchased for the 12 months test period of actual experience, the claimed adjustments, if any, and the total adjusted cost for the test period detailed by contract or rate schedule designation. If any of the prices are effective subject to refund, there shall be shown by contract and by commission docket number for the test period, the rate and the amount paid subject to refund.

If the utility purchases and sells power under exchange or pooling agreements, the method of recording on books, total gross receipts and deliveries exchanged, total gross dollar amounts involved for such receipts and deliveries and details of such exchanges shall be submitted.

If the utility records any amount on its own books in a given month during the 12-month test period which applies to power or gas purchases or sales for a previous month or other period, a schedule indicating the months involved, the payment and volumes and the months to which such transactions are applicable, shall be submitted.

**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.

## Section H

**20:10:13:83. Schedule H-3 -- Working Papers for Listed Expense Accounts.** With respect to the following listed expense accounts, schedule H-3 shall be furnished as designated for the 12 months of the test period and for claimed adjustments. This schedule shall include analytical details which will clearly disclose for each account a classification of principal charges and credits with all minor items grouped; particulars of supporting computations and accounting bases; a description of the services and related dollar amounts for which liability is incurred or accrued; and the name of the firm or individual rendering such services for these accounts where applicable:

(1) Accounts 909, 913, and 930, advertising expenses. For each category of advertising expense required to be filed pursuant to § 20:10:23:02 the utility shall submit a list of all advertisements claimed and filed pursuant to § 20:10:23:03, indicating the categorization of each advertisement. Representative samples of each category shall also be included.

(2) Account 922, administration expenses transferred -- credit;

(3) Account 926, employee pensions and benefits;

(4) Account 928, regulatory commission expenses;

(5) Account 929, duplicate charges -- credit;

(6) Account 930, miscellaneous general expenses.

**Source:** 2 SDR 90, effective July 7, 1976; 5 SDR 1, effective July 25, 1978; 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.

## Section H

### **20:10:13:84. Schedule H-4 -- Working Papers for Interdepartmental Transactions.**

If the expense accounts contain charges or credits from associated companies or nonutility departments of the utility, schedule H-4 shall be submitted for each such associated company or nonutility department showing the following:

- (1) The amount of the charges or credits during the test period;
- (2) The FERC account classification or classifications charged or credited;
- (3) Descriptions of the specific services performed for or by the associated company or nonutility department;
- (4) Complete particulars as to the bases used in determining the amounts of the charges or credits.

**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.

This Schedule shows amounts charges by Black Hills Service Company to Black Hills Power for the twelve months ending June 30, 2012, along with the pro forma adjustment. The total increase is shown as an adjustment in column (c), and is adjusted in Statement H, column (c).

## **Section H**

**Schedule H-5 – Intercompany Transactions Adjustment.** This Schedule shows amounts charges by Black Hills Utility Holdings to Black Hills Power for the twelve months ending June 30, 2012, along with the pro forma adjustment. The total increase is shown as an adjustment in column (c), and is adjusted in Statement H, column (d).



## Section H

**Schedule H-6 – Employee Pension and Benefits Adjustment.** This Schedule adjusts the per books benefit costs in column (a) to a pro forma benefit cost in column (b). The total increase is shown as an adjustment in column (c), and is adjusted in Statement H, column (e).

## Section H

**Schedule H-7 – Bad Debt Analysis.** This Schedule represents the calculation to normalize bad debt expense using a three year historical period. Once calculated, the average rate is applied to the projected new revenue amount on Statement M, Line 2(e) to determine the expected bad debt expense. The increase to bad debt expense is adjusted in Statement H, column (f).

## Section H

**Schedule H-8 – Generation Dispatch and Scheduling Cost Detail.** This Schedule shows the calculation of generation dispatch and scheduling costs. Lines 2 – 12 show the total amount related to generation dispatch and scheduling for the pro forma test year. Total generation dispatch costs are then allocated based on a power plant capacity. The percent of capacity that is related to Black Hills Power is on line 56 and is multiplied by line 12 to determine the amount of expense for Black Hills Power. This amount is compared to the amount recorded during the test year, and the difference is shown on line 62, and is adjusted in Statement H, column (g).

## Section H

**Schedule H-9 – Purchase Power Expense Adjustment.** This Schedule provides for the adjustment of purchase power costs. Certain contractual rates are increasing in 2013, which is reflective in the schedule. Further, as Ben French power plant suspended operations, this Schedule reflects the adjustment of additional purchased power needed to meet customer needs. The total increase is shown as an adjustment on Line 11, and is adjusted in Statement H, column (h).

## Section H

**Schedule H-10 – Generation Plant Overhaul Expenses.** This Schedule provides for an adjustment for removal of generation plant overhaul expenses related to Ben French power plant and Neil Simpson I power plant. Both of these plants will be permanently retired to comply with environmental standards in March 2014. This adjustment also calculates the accrual reversal amortization calculation. The total decrease is shown as an adjustment on Line 7, and is adjusted in Statement H, column (i).

**Section H**

**Schedule H-11 – Expense Elimination Adjustment.** This Schedule summarizes the advertising costs and preliminary charges by FERC account that has been removed from the test year. The total decrease is shown as an adjustment on Line 18, and is adjusted in Statement H, column (j).

## Section H

**Schedule H-12 – Power Marketing Expense Adjustment.** This schedule adjusts expenses related to Power Marketing. The total decrease is shown as an adjustment on Line 12, and is adjusted in Statement H, column (k).

## Section H

**Schedule H-13 – Outside Consulting Related to Rate Case.** This Schedule is a listing of expected rate case expenditures. One-third of the total amount is going to expense, as an adjustment on Statement H, column (l) and the remaining amount is taken to line 10 on Statement D page 2, column (b) and included as rate base.



## **Section H**

**Schedule H-14 – Ben French Operation and Maintenance Adjustment.** This Schedule provides for the removal of operating and maintenance expenses related to Ben French power plant operations. The adjustment is on Statement H, column (m).

## Section H

**Schedule H-15 –Coal Price Adjustment.** This Schedule provides for the pro forma adjustment price of coal as well as the adjustment to normalize coal by plant. Further, this schedule removes the coal costs related to Ben French power plant due to the suspension of operations, as well as, the removal of transport related costs. The adjustment is on Statement H, column (n).

## Section H

**Schedule H-16 – Severance Expense Adjustment.** This Schedule provides for the removal of severance payments in the test year. The adjustment is on Statement H, column (o).

## **Section H**

**Schedule H-17 – Capacity Reserve Adjustment.** This Schedule provides for the adjustment of spinning reserve due to Ben French suspending operations on September 1, 2012. The adjustment is on Statement H, column (p).

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

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		<b>Steam Production Operation:</b>												
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		<b>Total Steam Production Operation</b>	<b>34,639,976</b>	<b>136,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
14														
15		<b>Steam Production Maintenance:</b>												
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		<b>Total Steam Production Maintenance</b>	<b>8,380,929</b>	<b>79,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(428,000)</b>	<b>(49,388)</b>		
22														
23		<b>Total Steam Production Expense</b>	<b>43,020,905</b>	<b>216,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(428,000)</b>	<b>(49,388)</b>		
24														
25		<b>Other Production Operation:</b>												
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		<b>Total Other Production Operation</b>	<b>2,946,761</b>	<b>10,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
32														
33		<b>Other Production Maintenance:</b>												
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		<b>Total Other Production Maintenance</b>	<b>3,638,562</b>	<b>34,646</b>	<b>-</b>	<b>(72,180)</b>	<b>-</b>	<b>-</b>	<b>(52,601)</b>	<b>-</b>	<b>-</b>	<b>-</b>		
41														
42		<b>Total Other Production Expense</b>	<b>6,585,323</b>	<b>45,069</b>	<b>-</b>	<b>(72,180)</b>	<b>-</b>	<b>-</b>	<b>(52,601)</b>	<b>-</b>	<b>-</b>	<b>-</b>		
43														
44		<b>Other Power Supply:</b>												
45	555	Purchased Power - Energy	41,442,094	-	-	-	-	-	-	2,034,740	-	-		
46	555	Purchased Power - Capacity	7,258,307	-	-	-	-	-	-	-	-	-		
47		<b>Total Other Power Supply</b>	<b>48,700,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,034,740</b>	<b>-</b>	<b>-</b>		
48														
49		<b>Total Production Expenses</b>	<b>98,306,629</b>	<b>261,606</b>	<b>-</b>	<b>(72,180)</b>	<b>-</b>	<b>-</b>	<b>(52,601)</b>	<b>2,034,740</b>	<b>(428,000)</b>	<b>(49,388)</b>		
50														
51		<b>Transmission Operations:</b>												
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

Line No.	FERC Acct. #	Description	Per Books	Adjustments								
				(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
				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
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		<b>Total Transmission Operations</b>	<b>22,227,652</b>	<b>9,883</b>	<b>23,474</b>	<b>603,008</b>	-	-	-	-	-	-
60												
61		<b>Transmission Maintenance:</b>										
62	568	Supervision & Engineering	-	-	-	-	-	-	-	-	-	-
63	569	Structures	-	-	-	-	-	-	-	-	-	-
64	570	Station Equipment	143,335	1,142	-	-	-	-	-	-	-	-
65	571	Overhead Lines	160,826	1,282	-	(6,283)	-	-	-	-	-	-
66	572	Underground Lines	-	-	-	-	-	-	-	-	-	-
67	573	Miscellaneous	-	-	-	-	-	-	-	-	-	-
68		<b>Total Transmission Maintenance</b>	<b>304,161</b>	<b>2,424</b>	-	<b>(6,283)</b>	-	-	-	-	-	-
69												
70		<b>Total Transmission Expenses</b>	<b>22,531,813</b>	<b>11,807</b>	<b>23,474</b>	<b>596,725</b>	-	-	-	-	-	-
71												
72		<b>Distribution Operations:</b>										
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		<b>Total Distribution Operations</b>	<b>3,756,437</b>	<b>(14,546)</b>	-	<b>(84,693)</b>	-	-	-	-	-	-
84												
85		<b>Distribution Maintenance:</b>										
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		<b>Total Distribution Maintenance</b>	<b>3,362,456</b>	<b>30,680</b>	-	<b>8,091</b>	-	-	-	-	-	<b>(267)</b>
96												
97		<b>Total Distribution Expenses</b>	<b>7,118,893</b>	<b>16,134</b>	-	<b>(76,602)</b>	-	-	-	-	-	<b>(267)</b>
98												
99		<b>Customer Accounting Expense:</b>										
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		<b>Total Customer Accounting Expense</b>	<b>2,945,723</b>	<b>(67,691)</b>	-	<b>(5,841)</b>	-	<b>114,741</b>	-	-	-	<b>(333)</b>
106												
107		<b>Customer Service Expense:</b>										
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	Per Books	Adjustments								
				(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
				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
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		<b>Total Customer Service Expense</b>	<b>1,524,623</b>	<b>(152,815)</b>	<b>-</b>	<b>18,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,384)</b>
113												
114		<b>Total Customer Expenses</b>	<b>4,470,346</b>	<b>(220,506)</b>	<b>-</b>	<b>13,089</b>	<b>-</b>	<b>114,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,717)</b>
115												
116		<b>Sales Expense:</b>										
117	912	Demonstrating and Selling Expenses	447	-	-	-	-	-	-	-	-	(447)
118	916	Miscellaneous Sales Expenses	1,777	-	-	-	-	-	-	-	-	(1,777)
119		<b>Total Sales Expense</b>	<b>2,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,224)</b>
120												
121		<b>Administrative &amp; General Expense:</b>										
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		<b>Total Administrative &amp; General Expense</b>	<b>25,767,126</b>	<b>(188,764)</b>	<b>1,096,351</b>	<b>2,047,586</b>	<b>510,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(671,816)</b>
135												
136		<b>Total Operating &amp; Maintenance Expense</b>	<b>\$ 158,197,031</b>	<b>\$ (119,723)</b>	<b>\$ 1,119,825</b>	<b>\$ 2,508,618</b>	<b>\$ 510,780</b>	<b>\$ 114,741</b>	<b>\$ (52,601)</b>	<b>\$ 2,034,740</b>	<b>\$ (428,000)</b>	<b>\$ (729,412)</b>
137												
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160												

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 EL09-018) 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							(r) 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		<b>Total Customer Service Expense</b>	-	-	-	-	-	-	-	1,385,354
113										
114		<b>Total Customer Expenses</b>	-	-	-	-	-	-	-	4,371,953
115										
116		<b>Sales Expense:</b>								
117	912	Demonstrating and Selling Expenses	-	-	-	-	-	-	-	-
118	916	Miscellaneous Sales Expenses	-	-	-	-	-	-	-	-
119		<b>Total Sales Expense</b>	-	-	-	-	-	-	-	-
120										
121		<b>Administrative &amp; General Expense:</b>								
122	920	Administrative Salaries	-	-	-	-	(197,598)	-	-	14,397,074
123	921	Office Supplies & Expense	-	-	-	-	-	-	-	4,338,074
124	922	A&G Expense Transferred	-	-	-	-	-	-	-	(39,951)
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		<b>Total Administrative &amp; General Expense</b>	-	65,773	-	-	(197,598)	-	-	28,429,438
135										
136		<b>Total Operating &amp; Maintenance Expense</b>	\$ (33,205,684)	\$ 65,773	\$ (1,330,993)	\$ (3,049,322)	\$ (287,953)	\$ 174,357	\$ (54,034,971)	\$ 71,487,206
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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.

- 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.  
DISTRIBUTION OF WAGES AND SALARIES  
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	(a) Per Books Direct Payroll Distribution	(b) Additional/ Transferred Personnel (Note 1)	(c) Wage Increase (Note 2)	(d) Total Adjustment (b) + (c)
1	OPERATION					
2	Production		\$ 3,704,819	\$ 42,350	\$ 104,808	\$ 147,158
3	Transmission		236,196	2,700	6,682	9,382
4	Distribution		1,803,754	(65,576)	51,028	(14,548)
5	Customer Accounts		1,009,419	(96,246)	28,556	(67,690)
6	Customer Service And Information		757,920	(174,257)	21,441	(152,816)
7	Administrative And General		102,750	(192,196)	2,907	(189,289)
8						
9	TOTAL OPERATION	Sum (Ln.2:Ln.7)	7,614,858	(483,225)	215,422	(267,803)
10						
11	MAINTENANCE					
12	Production		2,881,357	32,935	81,513	114,448
13	Transmission		61,019	698	1,726	2,424
14	Distribution		772,397	8,829	21,851	30,680
15	Administrative And General		13,241	150	375	525
16						
17	TOTAL MAINTENANCE	Sum (Ln.12:Ln.15)	3,728,014	42,612	105,465	148,077
18						
19	TOTAL	Ln.9 + Ln.17	\$ 11,342,872	\$ (440,613)	\$ 320,887	\$ (119,726)
20						
21	TOTAL OPERATION AND MAINTENANCE					
22	Production		6,586,176	75,285	186,321	261,606
23	Transmission		297,215	3,398	8,408	11,806
24	Distribution		2,576,151	(56,747)	72,879	16,132
25	Customer Accounts		1,009,419	(96,246)	28,556	(67,690)
26	Customer Service And Information		757,920	(174,257)	21,441	(152,816)
27	Administrative And General		115,991	(192,046)	3,282	(188,764)
28						
29	TOTAL	Sum (Ln.22:Ln.27)	\$ 11,342,872	\$ (440,613)	\$ 320,887	\$ (119,726)

31 Note 1: Includes positions that are being transferred from Black Hills Power to Black Hills Utility Holdings Company, as  
32 well as, additional employees needed for Company operations.  
33 Note 2: Wage increases are allocated to function on the basis of payroll per books. Functionalized wage increases are  
34 allocated to individual accounts on Statement H on the basis of applicable book expenses.

BLACK HILLS POWER, INC.  
PURCHASED POWER DETAIL LISTING  
For the Test Year Ended June 30, 2012

Line No.	Purchased From	MWh	(a) Demand Charges	(b) Energy Charges	(c) Other Charges (Note 1)	(d) (a) + (b) + (c) Total Costs
1	PacifiCorp - Colstrip Variable and Fixed Costs	317,351	\$ 7,374,303	\$ 4,770,250		\$ 12,144,553
2	PacifiCorp	249,084		5,735,274		5,735,274
3	Avista Water Power	6,094		62,660		62,660
4	Basin Electric	17,464		439,290		439,290
5	Bonneville Power Administration	165		6,110		6,110
6	BP Energy Company	584		17,400		17,400
7	Cargill	44,883		985,076		985,076
8	Cheyenne Light Fuel & Power	124,253		3,083,883		3,083,883
9	Cheyenne Light Fuel & Power Wind Energy	110,992		5,289,402		5,289,402
10	Citigroup	38,859		950,270		950,270
11	Colorado Springs Utilities	7,929		220,446		220,446
12	ConocoPhillips	-		1,455		1,455
13	Constellation Power	38,187		1,030,110		1,030,110
14	Coral Power	7,025		174,775		174,775
15	Deseret Power	10,000		270,000		270,000
16	Eagle Energy	16,200		439,750		439,750
17	El Paso Electric	96		3,445		3,445
18	Endure Energy	-		(2,334)		(2,334)
19	Idaho Power	3,982		70,519		70,519
20	Kansas City Power & Light	1,113		29,178		29,178
21	Midwest ISO	94		9,951		9,951
22	Missouri River Energy Service	9,643		190,001		190,001
23	Morgan Stanley Capital Group	19,950		574,372		574,372
24	Municipal Energy Agency of Nebraska	5,282		145,750		145,750
25	Nevada Power	170		7,260		7,260
26	Northwestern Energy	3,250		111,805		111,805
27	Platte River Power Authority	99,540		2,292,858		2,292,858
28	Portland General Elec Company	309		16,485		16,485
29	PowerEx	648		35,315		35,315
30	PPL EnergyPlus	131,269		2,719,600		2,719,600
31	PPM/Iberdrola Renewable	5,039		108,460		108,460
32	Public Service of New Mexico	2,295		57,386		57,386
33	Puget Sound Energy	18,479		183,977		183,977
34	Rainbow Energy Marketing	3,230		77,350		77,350
35	Rocky Mountain Generation Cooperative	385,023		6,923,138		6,923,138
36	Rocky Mountain Reserve Group	3,292		146,462		146,462
37	Salt River Project	991		27,589		27,589
38	Seattle City Light	-		4,770		4,770
39	Sierra Pacific Power	25		950		950
40	Southern California Edison	7,867		148,450		148,450
41	Split Rock	30		1,400		1,400
42	Spearfish, (City of)	30,320		454,798		454,798
43	Tacoma Power	2,080		55,480		55,480
44	The Energy Authority	40,796		994,297		994,297
45	Tenaska Power	652		21,000		21,000
46	TranAlta Energy	401		8,629		8,629
47	Tri State Generation and Transmission	5,968		192,081		192,081
48	Tucson Electric	2,170		54,338		54,338
49	Utah Area Municipal Power Agency	88		1,672		1,672
50	Utah Municipal Power Agency	746		-		-
51	WAPA - Colorado River Storage Project	665	(12,441)	243,017		230,576
52	WAPA - Loveland Area Project	10,352		178,808		178,808
53	WAPA - Upper Great Plains Region	69,032		1,570,002		1,570,002
54	WAPA - WACM Loveland WACMM1	15,212		232,525		232,525
55	Xcel Energy - Public Service Co. of Colorado	21,897		608,638		608,638
56	Customer Generation			1,544		1,544
57	Interchange			(535,023)		(535,023)
58	Capacity Reimbursement				(103,555)	(103,555)
59	Total Purchased Power Dollars	<u>1,891,066</u>	<u>\$ 7,361,862</u>	<u>\$ 41,442,094</u>	<u>\$ (103,555)</u>	<u>\$ 48,700,401</u>

Note 1: Black Hills Power provides spinning reserve to a third party under a Generation Dispatch and Energy Management Agreement. This capacity reimbursement offsets the demand charges for total capacity cost.

**BLACK HILLS POWER, INC.**  
**LISTED EXPENSE ACCOUNTS**  
**For the Test Year Ended June 30, 2012**

Line No.	Description of Accounts	Reference	Per Books Amount
1	<b>Federal Energy Regulatory Commission Account No. 909 (Note 1)</b>		
2			
3	Informational Advertising		\$ 11,087
4	Handouts/Brochures		485
5	Miscellaneous Advertisement		282
6	TOTAL	Sum (Ln.3:Ln.5)	<u>\$ 11,854</u>
7			
8	<b>Federal Energy Regulatory Commission Account No. 913</b>		
9			
10	None		
11			
12	<b>Federal Energy Regulatory Commission Account No. 922</b>		
13			
14	Administrative Costs- Allocated (Note 2)		\$ (41,436)
15	TOTAL		<u>\$ (41,436)</u>
16			
17	<b>Federal Energy Regulatory Commission Account No. 926</b>		
18			
19	401K		\$ 2,745,608
20	Pension		3,392,626
21	Health Care		2,623
22	Educational Reimbursement		44,590
23	Relocation		37,059
24	Retirement Benefits		454,548
25	Benefits- Allocated (Note 3)		(6,581,581)
26	Audit Services		3,755
27	TOTAL	Sum (Ln.19:Ln.26)	<u>\$ 99,228</u>
28			
29	Note 1: Disallowed advertising expenses are eliminated at Schedule H-11.		
30	Note 2: BHP portion of BHUH employees' administrative time related to capital work orders.		
31	Note 3: Includes benefits allocated from Black Hills Service Company as well as Black Hills Utility Holdings.		
32	Also includes benefits reclassified to capital work orders as well as operating and maintenance accounts.		

**BLACK HILLS POWER, INC.**  
**LISTED EXPENSE ACCOUNTS**  
**For the Test Year Ended June 30, 2012**

Line No.	Description of Accounts	Reference	Per Books Amount
1	<b>Federal Energy Regulatory Commission Account No. 928</b>		
2			
3	South Dakota		\$ 202,267
4	Wyoming		50,202
5	FERC Fees		461,331
7	TOTAL	Sum (Ln.3:Ln.5)	<u>\$ 713,800</u>
8			
9	<b>Federal Energy Regulatory Commission Account No. 929</b>		
10			
11	None		
12			
13	<b>Federal Energy Regulatory Commission Account No. 930 (Note 1)</b>		
14			
15	General Advertising		\$ 224,449
16	Benefits and Labor		5,313
17	Software Costs		772
18	Safety and Medical Supplies		663
19	Office Supplies and Expenses		5,285
20	Dues and Membership Fees		224,082
21	Travel		30,216
22	Training		2,014
23	Outside Services		390,847
24	Financing Charges		28,190
25	Preliminary Charges		474,045
26	TOTAL	Sum (Ln.15:Ln.25)	<u>\$ 1,385,876</u>
27			
28	Note 1: Disallowed advertising expenses and preliminary charges are eliminated at Schedule H-11.		

**BLACK HILLS POWER, INC.**  
**BLACK HILLS CORPORATION/BLACK HILLS SERVICE COMPANY - INTERCOMPANY CHARGES**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	(a) Per Books	(b) Pro Forma Adjusted (Note 1)	(c) (b) - (a) Increase/ (Decrease)
1	561	Load Dispatch	\$ 46,142	\$ 69,616	\$ 23,474
2					
3	920	Administrative and General Salaries	10,073,067	10,061,007	(12,060)
4					
5	921	Office Supplies and Expenses	2,530,359	2,402,037	(128,322)
6					
7	923	Outside Services	1,873,680	2,394,389	520,709
8					
9	924	Property Insurance	969,353	899,378	(69,975)
10					
11	925	Injuries and Damages	1,268,959	1,413,871	144,912
12					
13	926	Employee Pensions and Benefits	241,858	14,137	(227,721)
14					
15	930.2	Miscellaneous General Expense	542,116	925,610	383,494
16					
17	931	Rents	500,470	483,070	(17,400)
18					
19	935	Maintenance of General Plant	612,066	1,114,780	502,714
20					
21		Total	<u>\$ 18,658,070</u>	<u>\$ 19,777,895</u>	<u>\$ 1,119,825</u>

22  
23  
24 Note 1: These expenses are a combination of direct and indirect charges to Black Hills Power from Black Hills Service  
25 Company without any additional fees. All costs are charged to Black Hills Power as the costs are incurred by the Service  
26 Company. The allocation methods for indirect charges are described in the Cost Allocation Manual.

**BLACK HILLS POWER, INC.**  
**BLACK HILLS CORPORATION/BLACK HILLS UTILITY HOLDINGS - INTERCOMPANY CHARGES**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	(a) Per Books	(b) Pro Forma Adjusted (Note 1)	(c) (b) - (a) Increase/ (Decrease)
1	556	System Control and Load Dispatch	\$ 100,423	\$ 28,243	\$ (72,180)
2					
3	560	Transmission Supervision & Operations	230,213	296,806	66,593
4					
5	561	Load Dispatch	2,543,611	3,085,583	541,972
6					
7	562	Station Equipment	10,100	4,543	(5,557)
8					
9	571	Overhead Lines	6,415	132	(6,283)
10					
11	580	Distribution Supervision	145,437	127,104	(18,333)
12					
13	581	Load Dispatch	297,893	247,503	(50,390)
14					
15	588	Distribution Operations - Miscellaneous	33,993	18,023	(15,970)
16					
17	592	Station Equipment	10,056	18,147	8,091
18					
19	901	Customer Accounting Supervision	29,466	45,167	15,701
20					
21	903	Customer Records and Collection Expenses	915,474	875,372	(40,102)
22					
23	905	Customer Accounting Miscellaneous	85,438	103,998	18,560
24					
25	907	Customer Service Supervision	100,828	121,500	20,672
26					
27	908	Customer Assistance	35,961	34,219	(1,742)
28					
29	920	Administrative Salaries	3,284,053	4,277,356	993,303
30					
31	921	Office Supplies & Expense	858,652	1,670,002	811,350
32					
33	922	A&G Expense Transferred	(41,436)	(33,951)	7,485
34					
35	923	Outside Services	415,501	617,889	202,388
36					
37	924	Property Insurance	1,584	47,901	46,317
38					
39	925	Injuries and Damages	94,833	126,367	31,534
40					
41	926	Pensions & Benefits	(153,726)	26,365	180,091
42					
43	930.2	Miscellaneous General	108,200	126,847	18,647
44					
45	931	Rents	31,813	16,743	(15,070)
46					
47	935	Maintenance of General Plant	430,914	202,455	(228,459)
48					
49		Total	<u>\$ 9,575,696</u>	<u>\$ 12,084,314</u>	<u>\$ 2,508,618</u>

Note 1: These expenses are a combination of direct and indirect charges to Black Hills Power from Black Hills Utility Holding Company without any additional fees. All costs are charged to Black Hills Power as the costs are incurred by the Holding Company. The allocation methods for indirect charges are described in the Cost Allocation Manual.



**BLACK HILLS POWER, INC.**  
**EMPLOYEE PENSION AND BENEFITS ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	(a) Per Books for Test Period	(b) Pro Forma Adjusted	(c) (b) - (a) Total Company Adjustment
1		<b>Pension and Benefits Plan:</b>			
2	926	FAS 106 Retiree Healthcare	\$ 420,952	\$ 430,000	\$ 9,048
3					
4	926	FAS 87 Pension Plan	2,535,114	2,591,000	55,886
5					
6	926	Pooled Medical	2,968,403	3,381,748	413,345
7					
8		<b>401K Plan:</b>			
9	926	Employer Contribution	1,673,877	1,706,378	32,501
10					
11		Total	<u>\$ 7,598,346</u>	<u>\$ 8,109,126</u>	<u>\$ 510,780</u>

**BLACK HILLS POWER, INC.**  
**BAD DEBT ANALYSIS**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	2009 Net Write Offs		\$ 421,495
2	2010 Net Write Offs		369,200
3	2011 Net Write Offs		439,580
4	Total 2009-2011 Net Write Offs		<u>1,230,275</u>
5			
6	Average Net Write Offs	Ln. 4 / 3 years	410,092
7			
8	Average Billed Revenue (2009-2011)		141,302,165
9			
10	Average Effective Uncollectible Rate (3 year average)	Ln. 6 / Ln. 8	0.2902%
11			
12	Adjusted Revenue	Stmt. M Ln. 2(e)	139,659,308
13			
14	Net Write Off Calculated	Ln. 10 * Ln. 12	405,324
15			
16	BHP per books	Stmt. H Ln. 103(a)	<u>290,583</u>
17			
18	FERC Acct 904 Adjustment	Ln. 14 - Ln. 16	<u>\$ 114,741</u>

**BLACK HILLS POWER, INC.**  
**GENERATION DISPATCH AND SCHEDULING COST DETAIL**  
**For the Pro Forma Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	Costs Related to Generation Dispatch and Scheduling	Note 1	
2	Labor		\$ 1,342,931
3	Labor Overhead		1,183,160
4	Office Expense		5,955
5	Air Transport		43,150
6	Lodging		34,650
7	Software and Dues		399,020
8	Meals & Entertainment		22,270
9	Dues & Subscriptions		5,025
10	Miscellaneous Exp		5,000
11	Other Travel Expenses		11,350
12	Total Costs Related to Generation Dispatch and Scheduling	Sum (Ln.2:Ln.11)	\$ 3,052,511
13			
14	Power Plant Capacity - Black Hills Power (MW)	Note 2	
15	Ben French		25.00
16	Ben French Diesels		10.00
17	Ben French CT's		100.00
18	Lange CT		40.00
19	Neil Simpson I		21.80
20	Neil Simpson II		91.00
21	Neil Simpson CT		40.00
22	Osage		34.50
23	Colstrip Long-Term Purchase		50.00
24	Happy Jack Long-Term Purchase		15.00
25	Silver Sage Long-Term Purchase		20.00
26	Wygen III 52%		57.20
27	Wyodak 20%		72.40
28	Total Power Plant Capacity - Black Hills Power (MW)	Sum (Ln.15:Ln.27)	576.90
29			
30	Power Plant Capacity - Cheyenne Light (MW)	Note 2	
31	Wygen II		95.00
32	Wygen I (Purchase Power Agreement)		60.00
33	CT II (Purchase Power Agreement)		40.00
34	Happy Jack Long- Term Purchase		15.00
35	Silver Sage Long-Term Purchase		10.00
36	Total Power Plant Capacity - Cheyenne Light (MW)	Sum (Ln.31:Ln.35)	220.00

**BLACK HILLS POWER, INC.**  
**GENERATION DISPATCH AND SCHEDULING COST DETAIL**  
**For the Pro Forma Test Year Ended June 30, 2012**

**Schedule H-8**  
**Page 2 of 2**

Line No.	Description	Reference	Amount
37	Power Plant Capacity - Black Hills/Colorado Electric	Note 2	
38	WN Clark #1 & #2		41.10
39	Pueblo Diesels		10.00
40	Pueblo NG #5		9.30
41	Pueblo NG #6		18.80
42	Rocky Ford Diesels		10.00
43	Airport Diesels		10.00
44	Pueblo Airport Generation Station		380.00
45	Other Long- Term Purchase		5.00
46	Total Power Plant Capacity - Black Hills/Colorado Electric (MW)	Sum (Ln.38:Ln.45)	<u>484.20</u>
47			
48	Power Plant Capacity - MDU, City of Gillette & Other	Note 2	
49	Wygen III 48%		52.80
50	Wygen I		5.00
51	Long-Term Supply		28.70
52	Total Power Plant Capacity - MDU, City of Gillette & Other (MW)	Sum (Ln.49:Ln.51)	<u>86.50</u>
53			
54	Total Capacity to be Managed	Ln.28 + Ln.36 + Ln.46 + Ln.52	1,367.60
55			
56	Black Hills Power Percent of Capacity	Ln.28 / Ln.54	42.18%
57			
58	Amount to be Charged to Black Hills Power	Ln.12 * Ln.56	<u>\$ 1,287,653</u>
59			
60	Black Hills Power - Per Books		\$ 1,340,254
61			
62	Black Hills Power - Adjustment	Ln.58 - Ln.60	<u>\$ (52,601)</u>
63			
62	Note 1: Total generation dispatch and scheduling costs are the pro forma costs for the Black Hills Power Generation Dispatch and Scheduling department.		
63	Note 2: Costs from Black Hills Power Generation Dispatch and Scheduling are allocated based on the generation asset's load ratio.		

**BLACK HILLS POWER, INC.**  
**PURCHASE POWER EXPENSE ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	<b>Account 555- Purchase Power- Energy</b>		
2			
3	Per Books June 30, 2012	Stmnt. H pg.1 Ln. 45(a)	\$ 41,442,094
4			
5	Power Marketing Purchase Power Expense	Sched. H-12 Ln. 6	<u>(29,344,783)</u>
6			
7	Purchase Power Expense	Ln. 3 + Ln. 5	12,097,311
8			
9	Purchase Power Expense- Adjusted Total	Ln. 29	<u>14,132,051</u>
10			
11	Purchase Power- Adjustment	Ln. 9 - Ln. 7	<u>\$ 2,034,740</u>
12			
13			
14			
15		(a)	(b)
16			(c)
17	<b>Purchase Power Expense-Adjusted Total</b>	<b>MWh</b>	<b>Rate</b>
18			<b>(a) * (b)</b>
19	Happy Jack Wind PPA	46,143	\$ 44.57
20			2,056,594
21	Silver Sage Wind PPA	64,944	\$ 51.79
22			3,363,450
23	Colstrip Contract (Energy Only)	176,158	\$ 19.18
24			3,378,710
25	Cheyenne Light Purchase Power (Put)	26,546	\$ 19.79
26			525,345
27	Economy Purchase Power (Note 1)	207,150	\$ 23.21
28			<u>4,807,952</u>
29	Total Other Fuel and Purchase Power- Adjusted		<u>\$ 14,132,051</u>
30			
31			
32	Note 1: Replacement Power includes the power that will be needed to replace Ben French power plant. The removal of		
33	Ben French Coal is adjusted under Schedule H-15.		

**BLACK HILLS POWER, INC.**  
**GENERATION PLANT OVERHAUL EXPENSES**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	Ben French Overhaul Expense (Per Books)	Note 1	\$ 224,412
2			
3	Neil Simpson I Overhaul Expense (Per Books)	Note 2	99,480
4			
5	Prior Accrued Overhaul Amount Reversal	Ln. 15	104,108
6			
7	<b>Removal of Overhaul Expense</b>	Ln. 1 + Ln. 3	<b><u>\$ 428,000</u></b>
8			
9	Accrual Reversal Amortization Calculation:		
10			
11	Ben French Overhaul Accrual Amount (Per Books)		\$ 504,927
12	Neil Simpson I Overhaul Accrual Amount (Per Books)		<u>223,830</u>
13			728,757
14	Normalization Period - 7 Years		<u>7</u>
15	Annual Reversal Amount		<u>\$ 104,108</u>
16			

17

18 Note 1: Ben French power plant suspended operations on September 1, 2012. In March 2014, the plant will be permanently retired to comply with environmental standards.

19

20 Note 2: Neil Simpson I power plant will permanently be retired to comply with environmental standards in March 2014.

21

22 Note: Osage power plant suspended operations in 2010. There are no generation plant expenses to remove, thus the reason the plant is not included above.

23

**BLACK HILLS POWER, INC.**  
**EXPENSE ELIMINATION ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	Reference	Amount
1		<b>Elimination of Advertising Expense (Note 1)</b>		
2	593	Overhead Lines		267
3	901	Supervision		33
4	903	Customer Records and Collection Expenses		300
5	909	Advertisement		5,384
6	912	Demonstrating and Selling Expenses		447
7	916	Miscellaneous Sales Expense		1,777
8	921	Office Supplies & Expense		218
9	930.1	General Advertising		197,188
10	930.2	Miscellaneous General		365
11		<b>Total Advertising Expense to be Eliminated</b>	Sum (Ln.2:Ln.10)	<u>\$ 205,979</u>
12				
13		<b>Elimination of Preliminary Charges (Note 2)</b>		
14	512	Boilers		49,388
15	930.2	Miscellaneous General		474,045
16		<b>Total Preliminary Charges to be Eliminated</b>	Ln. 14 + Ln. 15	<u>\$ 523,433</u>
17				
18		<b>Total Expense Elimination Adjustment</b>	Ln. 11 + Ln. 16	<u>\$ 729,412</u>
19				
20				
21		Note 1: Elimination of disallowed advertising expense.		
22		Note 2: Elimination of disallowed preliminary charges for abandoned projects.		

**BLACK HILLS POWER, INC.**  
**POWER MARKETING EXPENSE ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	<b>Power Marketing Operating Expense</b>		
2	Coal Expense		\$ 1,343,520
3			
4	Other Fuel Expense		670,349
5			
6	Purchased Power Expense		29,344,783
7			
8	Transmission Expense		1,535,166
9			
10	Labor - Bonus		<u>311,866</u>
11			
12	<b>Total Power Marketing Operating Expenses</b>	Sum (Ln.2:Ln.10)	<u>\$ 33,205,684</u>



**BLACK HILLS POWER, INC.**  
**OUTSIDE CONSULTING RELATED TO RATE CASE**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	CCOS and Other Consulting		\$ 105,000
2	Capital Structure		50,000
3	Legal		250,000
4	Supplies and Other		15,000
5	SD Filing Fee		250,000
6	Total Rate Case Expense	Sum (Ln.1:Ln.5)	<u>670,000</u>
7			
8	<i>Costs Spread over 3 years:</i>		
9	Total Rate Case Expenses	Ln. 6 / 3 years	223,333
10			
11	Un-Expensed Asset Included in Rate Base	Ln.6 - Ln. 9	<u>\$ 446,667</u>
12			
13	<i>Pro Forma Adjustment - Rate Case Expense</i>		
14	Total Rate Case Expense	Ln. 9	223,333
15			
16	Rate Case Expense (Per Books)		<u>157,560</u>
17			
18	<b>Pro Forma Expense</b>	Ln.14 - Ln. 16	<u><b>\$ 65,773</b></u>

**BLACK HILLS POWER, INC.**  
**BEN FRENCH OPERATION & MAINTENANCE ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	FERC Acct. #	Description	Reference	Amount
1		<b>Steam Production Operation:</b>		
2	500	Supervision & Engineering		\$ 117,818
3	501.01	Fuel Handling / Other		56,002
4	502	Steam Expense		440,874
5	505	Electric Expense		376,355
6	506	Miscellaneous		42,315
7		<b>Total Steam Production Operation</b>	Sum (Ln.2:Ln.6)	<u>1,033,364</u>
8				
9		<b>Steam Production Maintenance:</b>		
10	510	Supervision & Engineering		103,160
11	511	Structures		16,799
12	512	Boilers		700,435
13	513	Electric Plant		101,202
14	514	Miscellaneous Plant		82,604
15		<b>Total Steam Production Maintenance</b>	Sum (Ln.10:Ln.14)	<u>1,004,200</u>
16				
17		<b>Total Ben French Operation &amp; Maintenance Adjustment</b>	Ln. 7 + Ln. 15	2,037,564
18				
19	551	Other Production Maintenance: Supervision and Engineering (Note 1)		<u>706,571</u>
20				
21		<b>Total Operation &amp; Maintenance to be Eliminated</b>	Ln.17 - Ln.19	<u>\$ 1,330,993</u>
22				
23		Note 1: There were employees that were relocated from Ben French Power Plant to Neil Simpson Power plant.		

**BLACK HILLS POWER, INC.**  
**COAL PRICE ADJUSTMENT**  
For the Pro Forma Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Plant	Reference	Per F/S Total Cost
1		Neil Simpson I		\$ 2,131,674
2		Neil Simpson II		6,850,568
3		Wygen III		4,778,403
4		Wyodak Plant-BHP Only		5,346,944
5		Ben French		2,055,440
6				
7	501.3	Total Steam Power Fuel - Coal (Per Books)	Sum (Ln.1:Ln.5)	<u>\$ 21,163,029</u>
8				
9	501.3	Remove Ben French - Coal (Note 1)	Ln. 5	2,055,440
10				
11		Adjusted Total Costs Per Books	Ln. 7 - Ln. 9	<u>\$ 19,107,589</u>
12				
13				
14		<b>Normalize Coal Tonnage:</b>		
15			(a)	(b)
16				(c)
17				(a) * (b)
18			<b>Normalize Coal Tonnage</b>	
19			Tons Consumed (Note 2)	Price Per Ton - 2012 (Per Books)
20				Total Cost
21				
22		Neil Simpson I	134,846	\$ 15.61
23		Neil Simpson II	528,275	\$ 15.61
24		Wygen III	310,586	\$ 15.61
25		Wyodak Plant-BHP Only	395,192	\$ 15.61
26				
27		Total Steam Power Fuel - Coal Adjusted	<u>1,368,899</u>	<u>\$ 21,371,251</u>
28				
29		Adjusted Total Costs per Books	Ln. 11	\$ 19,107,589
30				
31	501.3	Normalized Adjustment	Ln. 27 - Ln. 29	<u>\$ 2,263,662</u>
32				
33				
34		<b>2013 Statement R Change:</b>		
35			(a)	(b)
36				(c)
37				(a) * (b)
38			<b>Statement R Adjustment</b>	
39			Tons Consumed (Note 2)	Price Per Ton - 2013 (Note 3)
40				Total Cost
41				
42		Neil Simpson I	134,846	\$ 14.20
43		Neil Simpson II	528,275	\$ 14.20
44		Wygen III	310,586	\$ 14.20
45		Wyodak Plant-BHP Only	395,192	\$ 14.20
46				
47			<u>1,368,899</u>	<u>\$ 19,438,365</u>
48				
49		Statement R Adjusted Total Per Books	Ln. 27	\$ 21,371,251
50				
51	501.3	Statement R Adjustment	Ln. 47 - Ln. 49	<u>\$ (1,932,886)</u>
52				
53				
54				
55		<b>Removal of Ben French Transport Costs</b>		
56				
57	501.4	Steam Plant Fuel - Transport (Note 1)		<u>\$ (1,324,658)</u>
58				
59				
60		<b>Grand Total Adjustment</b>	-Ln.9 + Ln.31 + Ln.51 + Ln. 57	<u>\$ (3,049,322)</u>
61				
62				
63				

64 Note 1: Ben French power plant suspended operations on September 1, 2012.  
65 Note 2: The pro forma tons consumed is based on an average 6 month increment of coal tons consumed for the  
66 past 4 years, excluding those months with plant outages. Wygen III is based on an average 6 month increment  
67 of coal tons for the past 2 years, as operations began April 1, 2010.  
68 Note 3: The price per ton is developed from the projected capital and expenses from the Wyodak Resource Development Company  
69 calculated consistently with Statement R methodology. See Stmt. R pg. 6.

**BLACK HILLS POWER, INC.**  
**SEVERANCE EXPENSE ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

<u>Line No.</u>	<u>FERC Acct. #</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1		<b>Severance Expense</b>		
2	510	Steam Production Maintenance - Supervision & Engineering		\$ 90,355
3	920	Administrative & General - Administrative Salaries		<u>197,598</u>
4				
5		<b>Total Severance Expense to be Eliminated</b>	<b>Ln. 2 + Ln. 3</b>	<b><u>\$ 287,953</u></b>

**BLACK HILLS POWER, INC.**  
**CAPACITY RESERVE ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

<u>Line No.</u>	<u>FERC Acct. #</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1	555	Purchase Power - Capacity - Per Books		\$ 7,258,307
2		Removal of Spinning Reserve Sales		<u>174,357</u>
3				
4		<b>Adjusted Purchase Power - Capacity</b>	Ln. 1 + Ln. 2	<b><u>\$ 7,432,664</u></b>

## Section I

**20:10:13:85. Statement I -- Operating Revenues.** Statement I shall show the operating revenues from sales of electricity, gas and other sources classified in accordance with the commission's orders and with the operating revenue accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, and the related kilowatt hours or MCF or BTU. Sales and services shall be distinguished between classes of service and other business of the utility. Items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service, shall disclose the following, using supporting schedules as necessary:

(1) Actual and proposed revenues by months for the 12-month test period and as adjusted for changes which are known and measurable and which are expected to be realized within 12 months from the end of the test period from jurisdictional sales as computed under the present effective and proposed rates;

(2) Each class of consumer shall be shown separately. The related kilowatt hours or MCF or BTU shall be shown for each revenue item as appropriate;

(3) Adjustments to actual period sales volumes shall be fully and clearly explained;

(4) Credits to cost of service shall set forth the principal components comprising each of the various items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service. The amounts per books, claimed adjustments, and as adjusted figures shall be clearly set forth.

**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.

**Stmt I page 2 - Operating Revenue Adjustment.** This Statement provides additional detail of the adjustments made to the MEAN contract, pole attachment revenue and South Dakota reconnect revenues.

**Stmt I page 3 - South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the pro forma revenue for South Dakota and calculates the net adjustment.

**Stmt I page 4 - South Dakota Revenue by Customer Classification.** This schedule compares the revenue per books against the bill frequency revenue for South Dakota customers and calculates the variance.

**Stmt I page 5 – Removal of Energy Cost Revenue.** This schedule calculates the removal of energy cost revenue for retail customers and contract sales for MEAN and MDU.

**Schedule I-1 page 1 through page 12—**These schedules list the present and proposed revenues and rates by rate class.

**BLACK HILLS POWER, INC.**  
**OPERATING REVENUE**  
For the Test Year Ended June 30, 2012

Line No.	Operating Revenue	Reference	(a) Per Books	(b) Pro Forma Adjustments	(c) (a) + (b) Adjusted Total
1	Sales of Electricity				
2	Retail				
3	South Dakota		\$ 138,472,112	\$ (33,103,853) (6)	\$ 105,368,259
4	Wyoming		13,641,054	(5,329,633) (7)	8,311,421
5	Montana		2,452,150	(635,180) (7)	1,816,970
6	Total Retail		<u>154,565,316</u>	<u>(39,068,665)</u>	<u>115,496,651</u>
7					
8	Resale				
9	Other Non-Firm		38,227,087	(38,227,087) (1)	-
10	Contract Sales		17,968,381	(4,375,797) (2)	13,592,584
11	City of Gillette		422,189	(422,189) (3)	-
12	Total Sales for Resale		<u>56,617,657</u>	<u>(43,025,073)</u>	<u>13,592,584</u>
13					
14	Total Sales of Electricity	Ln. 6 + Ln.12	211,182,973	(82,093,738)	129,089,235
15					
16	Other Operating Income				
17	Unbilled and Cost Adjustment Revenue		7,457,312	(7,457,312) (4)	-
18	Demand Side Management Revenue		(784,521)	-	(784,521)
19	Forfeited Discounts		259,857	-	259,857
20	Miscellaneous Service Revenues		440,263	30,880 (2)	471,143
21	Rent from Electric Property & Other		8,546,371	(2,926,782) (5)	5,619,589
22	Transmission Revenue		<u>23,045,960</u>	<u>-</u>	<u>23,045,960</u>
23	Total Other Operating Income		<u>38,965,242</u>	<u>(10,353,214)</u>	<u>28,612,028</u>
24					
25	Total Operating Revenue	Ln.14 + Ln.23	<u>\$ 250,148,215</u>	<u>\$ (92,446,953)</u>	<u>\$ 157,701,262</u>

- 26
- 27
- 28 Note 1: Remove revenue received from Power Marketing.
- 29 Note 2: See Stmt. I pg.2 Ln. 11 for adjustment of \$1,571,695 and adjustment for removal of energy cost revenue on
- 30 Stmt. I pg. 5 Lines 7 and 9.
- 31 Note 3: Remove City of Gillette as the energy is related to replacement energy; associated costs are included in
- 32 Power Marketing adjustment at Schedule H-12.
- 33 Note 4: Removal of revenue associated with energy costs.
- 34 Note 5: Elimination of Reserve Capacity Agreement that expired in 2012 of \$2,728,900. Additional reduction of pole
- 35 attachment revenue - refer to Stmt. I pg. 2.
- 36 Note 6: See Stmt. I pg.3 for adjustment of (\$33,103,853) on Ln. 35 for removal of base energy revenues
- 37 (\$32,944,213 - Stmt I pg 5 ln 1) and for removal of leap year day revenues (\$310,758), and difference in
- 38 billing determinants (\$39,510 - Stmt I pg 4), off-set by the special contract rate increase annualization of
- 39 \$190,182.
- 40 Note 7: Adjusted revenue reduction due to Leap Year and removal of energy cost revenue on Stmt. I pg 5.



**BLACK HILLS POWER, INC.**  
**OPERATING REVENUE ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	<b>Operating Revenue - MEAN</b>		
2			
3	MWh sold to MEAN (Per Books)		242,088
4			
5	Fixed Price per MWh		\$ 15.00
6	Variable Sales Price per MWh		\$ 43.81
7	Total Price per MWh	Ln.5 + Ln.6	\$ 58.81
8			
9	Adjusted Contract Revenue	Ln.3 * Ln.7	\$ 14,237,195
10	MEAN Revenue (Per Books)		12,665,500
11	<b>Contract Sales Adjustment</b>	Ln. 9 - Ln. 10	\$ 1,571,695
12			
13	<b>Operating Revenue - Pole Attachment Revenues</b>		
14			
15	2013 Billable Attachments		43,658
16	2013 Average Pole Attachment Rate		\$ 11.50
17	Pole Attachments- Adjusted Amount	Ln. 15 * Ln. 16	\$ 502,067
18			
19	Pole Attachment Revenues (Per Books)		\$ 699,949
20	<b>Pole Attachment Adjustment</b>	Ln. 17 - Ln. 18	\$ (197,882)
21			
22	<b>Operating Revenue - Reconnect Revenues - SD Only</b>		
23			
24	Reconnects- During Business Hours (Per Books)		1,620
25	Proposed Rate Increase		\$ 15.00
26	Revenue Adjustment	Ln.24 * Ln.25	\$ 24,300
27			
28	Reconnects- Weekday Evenings (Per Books)		78
29	Proposed Rate Increase		\$ 70.00
30	Revenue Adjustment	Ln.28 * Ln.29	\$ 5,460
31			
32	Reconnects- Overnights, Weekends, Holidays (Per Books)		28
33	Proposed Rate Increase		\$ 40.00
34	Revenue Adjustment	Ln.32 * Ln.33	\$ 1,120
35			
36	<b>Reconnect Revenue Adjustment</b>	Ln.26 + Ln.30 + Ln.34	\$ 30,880

BLACK HILLS POWER, INC.  
SOUTH DAKOTA REVENUE BY CUSTOMER CLASSIFICATION  
For the Test Year Ended June 30, 2012

Line No.	Customer Classification	REVENUE PER BOOKS		PRO FORMA REVENUE		Difference Between Per Books and Pro Forma	
		Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$
1	Residential						
2	Regular	329,114,893	\$ 38,615,013	328,128,962	\$ 31,063,446	(985,931)	\$ (7,551,566)
3	Total Electric	81,894,353	\$ 7,838,265	81,522,672	\$ 5,955,950	(371,681)	\$ (1,882,315)
4	Demand	85,437,474	\$ 7,009,788	85,061,227	\$ 5,062,877	(376,247)	\$ (1,946,911)
5	Total Residential	496,446,720	53,463,066	494,712,860	42,082,273	(1,733,860)	(11,380,792)
6							
7	General Service						
8	Regular	337,975,652	\$ 38,063,784	337,035,730	\$ 30,333,842	(939,922)	\$ (7,729,943)
9	Total Electric	40,012,976	\$ 3,818,597	39,864,377	\$ 2,903,762	(148,599)	\$ (914,835)
10	Other	17,334,385	\$ 2,243,040	17,271,319	\$ 1,844,895	(63,066)	\$ (398,145)
11	Water Pumping/Irrigation	23,802,975	\$ 1,855,833	23,748,849	\$ 1,313,289	(54,126)	\$ (542,544)
12	Total Small General Service	419,125,988	45,981,255	417,920,275	36,395,788	(1,205,713)	(9,585,467)
13							
14	General Service - Large						
15	Secondary	251,972,059	\$ 20,384,869	251,269,540	\$ 14,660,828	(702,519)	\$ (5,724,041)
16	Primary	71,339,585	\$ 5,294,759	71,206,334	\$ 3,671,060	(133,251)	\$ (1,623,699)
17	69 kV	25,664,970	\$ 1,509,732	25,578,933	\$ 945,679	(86,037)	\$ (564,053)
18	Total General Service - Large Service	348,976,614	27,189,360	348,054,806	19,277,567	(921,808)	(7,911,793)
19							
20	Forest Products/Industrial						
21	Secondary	11,189,099	\$ 822,732	11,155,360	\$ 579,647	(33,739)	\$ (243,085)
22	Forest Products - Primary	65,589,589	\$ 4,154,222	65,388,671	\$ 2,720,863	(200,918)	\$ (1,433,359)
23	69 kV	100,227,948	\$ 4,965,428	100,071,523	\$ 2,762,751	(156,425)	\$ (2,202,678)
24	Total Forest Products/Industrial	177,006,636	9,942,383	176,615,554	6,063,261	(391,082)	(3,879,122)
25							
26	Lighting Service						
27	Private Area Lighting	3,984,433	\$ 572,230	3,971,890	\$ 480,413	(12,543)	\$ (91,817)
28	Street Lighting - Leased	3,586,830	\$ 757,866	3,575,369	\$ 674,512	(11,461)	\$ (83,354)
29	Street Lighting - Customer Owned	5,795,065	\$ 415,313	5,776,868	\$ 282,977	(18,197)	\$ (132,336)
30	Traffic Signals	661,314	\$ 69,524	659,303	\$ 54,390	(2,011)	\$ (15,133)
31	Total Lighting Service	14,027,642	1,814,933	13,983,431	1,492,292	(44,211)	(322,641)
32							
33	Rentals/Other	-	\$ 81,116	-	\$ 57,079	-	\$ (24,037)
34							
35	Total South Dakota Retail	1,455,583,600	\$ 138,472,112	1,451,286,926	\$ 105,368,260	(4,296,674)	\$ (33,103,853)

BLACK HILLS POWER, INC.  
SOUTH DAKOTA REVENUE BY CUSTOMER CLASSIFICATION  
For the Test Year Ended June 30, 2012

Line No.	Customer Classification	REVENUE PER BOOKS		BILL FREQUENCY REVENUE		Difference Between Per Books and Bill Frequency	
		Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$
1	Residential						
2	Regular	329,114,893	\$ 38,615,013	329,114,893	\$ 38,615,299	-	\$ 287
3	Total Electric	81,894,353	\$ 7,838,265	81,894,353	\$ 7,838,207	-	\$ (58)
4	Demand	85,437,474	\$ 7,009,788	85,437,474	\$ 7,009,795	-	\$ 7
5	Total Residential	496,446,720	53,463,066	496,446,720	53,463,301	-	235
6							
7	General Service						
8	Regular	337,975,652	\$ 38,063,784	337,975,652	\$ 38,052,799	-	\$ (10,986)
9	Total Electric	40,012,976	\$ 3,818,597	40,012,976	\$ 3,819,316	-	\$ 719
10	Other	17,334,385	\$ 2,243,040	17,326,025	\$ 2,241,779	(8,360)	\$ (1,261)
11	Water Pumping/Irrigation	23,802,975	\$ 1,855,833	23,802,975	\$ 1,855,834	-	\$ 0
12	Total Small General Service	419,125,988	45,981,255	419,117,628	45,969,728	(8,360)	(11,527)
13							
14	General Service - Large						
15	Secondary	251,972,059	\$ 20,384,869	251,972,052	\$ 20,381,184	(7)	\$ (3,685)
16	Primary	71,339,585	\$ 5,294,759	71,339,585	\$ 5,294,759	-	\$ -
17	69 kV	25,664,970	\$ 1,509,732	25,664,970	\$ 1,509,682	-	\$ (50)
18	Total General Service - Large Service	348,976,614	27,189,360	348,976,607	27,185,626	(7)	(3,735)
19							
20	Forest Products/Industrial						
21	Secondary	11,189,099	\$ 822,732	11,189,099	\$ 822,732	-	\$ 0
22	Forest Products - Primary	65,589,589	\$ 4,154,222	65,589,589	\$ 4,154,222	-	\$ (0)
23	69 kV	100,227,948	\$ 4,965,428	100,227,948	\$ 4,965,428	-	\$ (0)
24	Total Forest Products/Industrial	177,006,636	9,942,383	177,006,636	9,942,383	-	(0)
25							
26	Lighting Service						
27	Private Area Lighting	3,984,433	\$ 572,230	3,984,433	\$ 572,230	-	\$ 0
28	Street Lighting - Leased	3,586,830	\$ 757,866	3,586,830	\$ 757,866	-	\$ -
29	Street Lighting - Customer Owned	5,795,065	\$ 415,313	5,795,065	\$ 415,313	-	\$ (0)
30	Traffic Signals	661,314	\$ 69,524	661,314	\$ 69,524	-	\$ -
31	Total Lighting Service	14,027,642	1,814,933	14,027,642	1,814,933	-	(0)
32							
33	Rentals/Other	-	\$ 81,116	-	\$ 56,633	-	\$ (24,484)
34							
35	Total South Dakota Retail	1,455,583,600	\$ 138,472,112	1,455,575,233	\$ 138,432,602	(8,367)	\$ (39,510)

**BLACK HILLS POWER, INC.**  
**REMOVAL OF ENERGY COST REVENUE**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	(a) Rate	(b) kWh	(c) (a) * (b) Energy Cost Revenue Adjustment
1	South Dakota Retail	Wkp. 1 Ln. 36(a) * 1000	(1) 0.02270	1,451,286,926	\$ 32,944,213
2					
3	Wyoming Retail	Wkp. 1 Ln. 41(a) * 1000	0.02990	177,194,149	5,298,105
4					
5	Montana Retail	Wkp. 1 Ln. 45(a) * 1000	0.01240	50,770,787	629,558
6					
7	Contract Sales - MEAN	Wkp. 1 Ln. 50(a) * 1000	(2) 0.01848	242,088,000	4,473,786
8					
9	Contract Sales - MDU	Wkp. 1 Ln. 51(a) * 1000	(2) 0.01848	79,746,000	1,473,706
10					
11	Total Removal of Energy Cost Revenue			<u>2,001,085,862</u>	<u>\$ 44,819,368</u>
12					
13					

14 Note 1: The rate of \$0.0227 is the sum of the Fuel and Purchased Power Adjustment base rate of \$0.0146 and the Transmission Cost  
15 Adjustment base rate of \$0.0081 approved in South Dakota Docket EL09-018.

16  
17 Note 2: The rate is derived from Stmt. P pg 1 Ln. 15.

**BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
For the Test Year Ended June 30, 2012**

Line No.	Description	kWh	Present Revenue	Average Cost \$/kWh	Proposed Revenue	Average Cost \$/kWh	Increased/ (Decreased) Revenue	% Increase
1	RESIDENTIAL SERVICE	494,712,860	\$ 53,312,255	\$ 0.11	\$ 58,076,996	\$ 0.12	\$ 4,764,741	8.94%
2								
3	GENERAL SERVICE (GS)	417,920,275	\$ 45,882,578	\$ 0.11	\$ 51,285,078	\$ 0.12	\$ 5,402,500	11.77%
4								
5	GS LARGE/INDUSTRIAL	524,670,360	\$ 37,250,844	\$ 0.07	\$ 40,815,592	\$ 0.08	\$ 3,564,748	9.57%
6								
7	LIGHTING SERVICE	13,983,431	\$ 1,809,716	\$ 0.13	\$ 1,823,558.00	\$ 0.13	\$ 13,842	0.76%
8								
9	RENTAL/OTHER	-	\$ 57,079	-	\$ 57,079	-	\$ -	0.00%
10								
11	<b>TOTALS</b>	1,451,286,926	\$ 138,312,473	\$ 0.10	\$ 152,058,303	\$ 0.10	\$ 13,745,830	9.94%
12								
13	ENERGY REVENUE	-	\$ (32,944,213)	\$ (0.02)	\$ (32,944,213)	\$ (0.02)	-	
14								
15	<b>BASE REVENUES</b>	1,451,286,926	\$ 105,368,260	\$ 0.07	\$ 119,114,090	\$ 0.08	\$ 13,745,830	

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	RESIDENTIAL SERVICE	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	Residential Regular - R (SD710, SD875)						
2	Regular Residential Service						
3	Customer Charge	501,357 Bills	\$ 8.25	\$ 4,136,195	\$ 9.25	\$ 4,637,552	
4	Energy Charge	328,128,962 kWh	\$ 0.07930	\$ 26,020,627	\$ 0.09060	\$ 29,728,484	
5	Base Energy Charge		\$ 0.02270	\$ 7,448,527	\$ 0.02270	\$ 7,448,527	
6	Environmental Adj			\$ 687,430		\$ -	
7	Energy Efficiency Adj			\$ 219,195		\$ 219,195	
8	TOTAL:	328,128,962 kWh		38,511,974		42,033,758	9.1%
9							
10	Residential Total Electric - RTE (SD712, SD876)						
11	Customer Charge	79,175 Bills	\$ 10.75	\$ 851,130	\$ 12.50	\$ 989,686	
12	Energy Charge	81,395,908 kWh	\$ 0.05980	\$ 4,867,475	\$ 0.06842	\$ 5,569,108	
13	Base Energy Charge		\$ 0.02270	\$ 1,847,687	\$ 0.02270	\$ 1,847,687	
14	Environmental Adj			\$ 170,489		\$ -	
15	Energy Efficiency Adj			\$ 62,332		\$ 62,332	
16	TOTAL:	81,395,908 kWh		7,799,113		\$ 8,468,813	8.6%
17							
18	Residential Demand Metered - RD (SD714, SD716, SD887)						
19	Customer Charge	47,861 Bills	\$ 11.75	\$ 562,366	\$ 13.75	\$ 658,088	
20	Energy Charge	85,061,227 kWh	\$ 0.01710	\$ 1,454,547	\$ 0.01990	\$ 1,692,718	
21	Base Energy Charge		\$ 0.02270	\$ 1,930,890	\$ 0.02270	\$ 1,930,890	
22	Demand Charge	417,090 kW	\$ 6.72	\$ 2,802,848	\$ 7.72	\$ 3,219,938	
23	Environmental Adj			\$ 178,276		\$ -	
24	Energy Efficiency Adj			\$ 64,839		\$ 64,839	
25	TOTAL:	85,061,227 kWh		6,993,767		7,566,473	8.2%
26							
27	Utility Controlled Residential - UCR (CLOSED) (SD717)						
28	Customer Charge	36 Bills	\$ 6.00	\$ 216	\$ 7.00	\$ 252	
29	Energy Charge	126,764 kWh	\$ 0.03120	\$ 3,955	\$ 0.03735	\$ 4,735	
30	Base Energy Charge		\$ 0.02270	\$ 2,878	\$ 0.02270	\$ 2,878	
31	Environmental Adj			\$ 266		\$ -	
32	Energy Efficiency Adj			\$ 87		\$ 87	
33	TOTAL:	126,764 kWh		7,402		7,952	7.4%
34							
35	<b>Total Residential Service</b>	<b>494,712,860 kWh</b>		<b>53,312,255</b>		<b>58,076,996</b>	<b>8.9%</b>

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
For the Test Year Ended June 30, 2012

Line No.	GENERAL SERVICE	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	General Service Regular - GS (SD720, SD770, SD878)						
2	Customer Charge	86,128 Bills	\$ 11.00	\$ 947,413	\$ 13.00	\$ 1,119,670	
3	Minimum Bill			\$ 1,418		\$ 1,418	
4	Energy Charge						
5	1st 1,000	61,069,934 kWh	\$ 0.08790	\$ 5,368,047	\$ 0.10294	\$ 6,286,539	
6	Next 2,000	69,421,912 kWh	\$ 0.07310	\$ 5,074,742	\$ 0.08558	\$ 5,941,127	
7	Next 12,000	130,950,099 kWh	\$ 0.06220	\$ 8,145,096	\$ 0.07286	\$ 9,541,024	
8	Additional	75,333,706 kWh	\$ 0.04680	\$ 3,525,617	\$ 0.05479	\$ 4,127,534	
9	Sub-Total:	336,775,651 kWh		\$ 22,113,503		\$ 25,896,224	
10	Base Energy Charge		\$ 0.02270	\$ 7,644,807	\$ 0.02270	\$ 7,644,807	
11	Environmental Adj			\$ 872,418		\$ -	
12	Energy Efficiency Adj			\$ 199,460		\$ 199,460	
13	Demand Charge						
14	5 kW:	334,253 kW	\$ -	\$ -	\$ -	\$ -	
15	Next 45 kW:	751,037 kW	\$ 6.40	\$ 4,806,635	\$ 7.85	\$ 5,895,638	
16	Additional kW:	229,144 kW	\$ 6.03	\$ 1,381,740	\$ 7.47	\$ 1,711,707	
17	Sub-Total:	1,314,434 kW		\$ 6,188,374		\$ 7,607,345	
18	TOTAL:	336,775,651 kWh		\$ 37,967,393		\$ 42,468,924	11.9%
21	General Service Total Electric - GTE (SD723)						
22	Customer Charge	9,993 Bills	\$ 16.50	\$ 164,883	\$ 19.60	\$ 195,861	
23	Energy Charge						
24	1st 6,000	22,197,138 kWh	\$ 0.05160	\$ 1,145,372	\$ 0.06090	\$ 1,351,806	
25	Additional	14,762,721 kWh	\$ 0.04680	\$ 690,895	\$ 0.05529	\$ 816,231	
26	Sub-Total:	36,959,859 kWh		\$ 1,836,268		\$ 2,168,037	
27	Base Energy Charge		\$ 0.02270	\$ 838,989	\$ 0.02270	\$ 838,989	
28	Environmental Adj			\$ 95,833		\$ -	
29	Energy Efficiency Adj			\$ 22,892		\$ 22,892	
30	Energy Management Fee			\$ (864)		\$ (864)	
31	Demand Charge						
32	5 kW:	42,360 kW	\$ -	\$ -	\$ -	\$ -	
33	Next 45 kW:	97,999 kW	\$ 5.91	\$ 579,176	\$ 7.20	\$ 705,596	
34	Additional kW:	19,086 kW	\$ 5.50	\$ 104,973	\$ 6.70	\$ 127,876	
35	Sub-Total:	159,446 kW		\$ 684,149		\$ 833,472	
36	TOTAL:	36,959,859 kWh		\$ 3,642,151		\$ 4,058,387	11.4%

BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
For the Test Year Ended June 30, 2012

Line No.	GENERAL SERVICE (continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	Total Electric No Demand - GTE (SD703)						
2	Customer Charge	479 Bills	\$ 16.50	\$ 7,904	\$ 19.60	\$ 9,388	
3	Energy Charge						
4		1st 6,000 164,084 kWh	\$ 0.05160	\$ 8,467	\$ 0.06090	\$ 9,993	
5		Additional 0 kWh	\$ 0.04680	\$ -	\$ 0.05529	\$ -	
6		Sub-Total: 164,084 kWh		\$ 8,467		\$ 9,993	
7	Base Energy Charge		\$ 0.02270	\$ 3,725	\$ 0.02270	\$ 3,725	
8	Environmental Adj			\$ 426		\$ -	
9	Energy Efficiency Adj			\$ 108		\$ 108	
10							
11		Total: 164,084 kWh		\$ 20,629		\$ 23,214	12.5%
12							
13	Utility Controlled General Service - UCG (Closed) (SD727)						
14	Customer Charge	288 Bills	\$ 6.00	\$ 1,728	\$ 7.50	\$ 2,160	
15	Energy Charge	2,904,518 kWh	\$ 0.03080	\$ 89,459	\$ 0.03832	\$ 111,301	
16	Base Energy Charge		\$ 0.02270	\$ 65,933	\$ 0.02270	\$ 65,933	
17	Environmental Adj			\$ 7,531		\$ -	
18	Energy Efficiency Adj			\$ 1,882		\$ 1,882	
19		Total: 2,904,518 kWh		\$ 166,533		\$ 181,276	8.9%
20							
21	Small Interruptible General Service - SIGS (Closed) (SD750)						
22	Customer Charge	52 Bills	\$ 10.25	\$ 530	\$ 12.25	\$ 633	
23	Energy Charge	260,079 kWh	\$ 0.02860	\$ 7,438	\$ 0.03488	\$ 9,072	
24	Base Energy Charge		\$ 0.02270	\$ 5,904	\$ 0.02270	\$ 5,904	
25	Environmental Adj			\$ 674		\$ -	
26	Energy Efficiency Adj			\$ 104		\$ 104	
27	Demand Charge	3,923 kW	\$ 0.64	\$ 2,511	\$ 0.79	\$ 3,099	
28		Total: 260,079 kWh		\$ 17,160		\$ 18,812	9.6%
29							
30	Energy Storage - ES (SD755)						
31	Customer Charge	197	\$ 11.50	\$ 2,265	\$ 13.75	\$ 2,708	
32	Energy Charge						
33	Off-Peak	2,201,596 kWh	\$ 0.00930	\$ 20,475	\$ 0.01120	\$ 24,658	
34	On-Peak	1,602,951 kWh	\$ 0.02880	\$ 46,165	\$ 0.03470	\$ 55,622	
35		Sub-Total: 3,804,547 kWh		\$ 66,640		\$ 80,280	
36	Base Energy Charge		\$ 0.02270	\$ 86,363	\$ 0.02270	\$ 86,363	
37	Environmental Adj			\$ 9,905		\$ -	
38	Energy Efficiency Adj			\$ 2,305		\$ 2,305	
39	Demand Charge	11,435 kW	\$ 7.68	\$ 87,821	\$ 9.50	\$ 108,633	
40							
41		Total: 3,804,547 kWh		\$ 255,299		\$ 280,289	9.8%



**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	GENERAL SERVICE (continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	Athletic Fields/Demand Not Billed (Off-Peak) - GS (SD718, SD719)						
2		Customer Charge	42,964	\$ 11.00	\$ 472,609	\$ 13.00	\$ 558,538
3		Minimum Bill			\$ 84	\$ 84	
4		Energy Charge					
5		1st 1,000	11,847,418 kWh	\$ 0.0879	\$ 1,041,388	\$ 0.10294	\$ 1,219,573
6		Next 2,000	1,174,220 kWh	\$ 0.0731	\$ 85,836	\$ 0.08558	\$ 100,490
7		Next 12,000	202,848 kWh	\$ 0.0622	\$ 12,617	\$ 0.07286	\$ 14,780
8		Additional	78,201 kWh	\$ 0.0468	\$ 3,660	\$ 0.05479	\$ 4,285
9		Sub-Total:	13,302,687 kWh		\$ 1,143,501	\$ 1,339,128	
10		Base Energy Charge		\$ 0.02270	\$ 301,971	\$ 0.02270	\$ 301,971
11		Environmental Adj			\$ 34,561	\$ -	
12		Energy Efficiency Adj			\$ 8,302	\$ 8,302	
13							
14		Total:	13,302,687 kWh		\$ 1,961,027	\$ 2,208,023	12.6%
15							
16	Irrigation Pumping - IP (SD726)						
17		Energy Charge	934,116 kWh	\$ 0.05380	\$ 50,255	\$ 0.06370	\$ 59,503
18		Base Energy Charge		\$ 0.02270	\$ 21,204	\$ 0.02270	\$ 21,204
19		Environmental Adj			\$ 2,404	\$ -	
20		Energy Efficiency Adj			\$ 484	\$ 484	
21		Demand Charge					
22		Connected hp:	911 hp	\$ 22.32	\$ 20,334	\$ 26.75	\$ 24,369
23		Total:	934,116 kWh		\$ 94,682	\$ 105,560	11.5%
24							
25	Municipal Pumping Service - MP (SD743)						
26		Customer Charge	1,204 Bills	\$ 16.50	\$ 19,859	\$ 19.95	\$ 24,011
27		Energy Charge	22,814,733 kWh	\$ 0.03780	\$ 862,397	\$ 0.04528	\$ 1,033,051
28		Base Energy Charge		\$ 0.02270	\$ 517,894	\$ 0.02270	\$ 517,894
29		Environmental Adj			\$ 59,082	\$ -	
30		Energy Efficiency Adj			\$ 13,436	\$ 13,436	
31		Demand Charge					
32		Summer	31,178 kW	\$ 4.54	\$ 141,549	\$ 5.60	\$ 174,598
33		Winter	35,169 kW	\$ 4.08	\$ 143,489	\$ 5.05	\$ 177,603
34			66,347 kW		\$ 285,038	\$ 352,201	
35							
36		Total:	22,814,733 kWh		\$ 1,757,706	\$ 1,940,593	10.4%
37							
38							
39							
40	<b>Total General Service</b>	417,920,275 kWh		\$ 45,882,578	\$ 51,285,078		11.8%

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	LIGHTING SERVICE	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	Traffic Signals - TS (SD742)						
2		Customer Charge 1,774 Bills	\$ 8.20	\$ 14,549	\$ 8.75	\$ 15,524	
3		Energy Charge 659,303 kWh	\$ 0.05710	\$ 37,646	\$ 0.05910	\$ 38,965	
4		Base Energy Charge	\$ 0.02270	\$ 14,966	\$ 0.02270	\$ 14,966	
5		Environmental Adj		\$ 1,778		\$ -	
6		Energy Efficiency Adj		\$ 418		\$ 418	
7		Total: 659,303 kWh		\$ 69,357		\$ 69,873	0.7%
8							
9	Private Area Lights - Leased (SDA24, SDB24, SDC24)						
10		Energy Charge 3,971,890 kWh		\$ 467,106		\$ 482,187	
11		Base Energy Charge	\$ 0.02270	\$ 90,162	\$ 0.02270	\$ 90,162	
12		Environmental Adj		\$ 10,733		\$ -	
13		Energy Efficiency Adj		\$ 2,574		\$ 2,574	
14		Total: 3,971,890 kWh		\$ 570,575		\$ 574,923	0.8%
15				\$0.14			
16	Street Light - Leased (SD840)						
17		Energy Charge 3,575,369 kWh		\$ 662,597		\$ 678,605	
18		Base Energy Charge	\$ 0.02270	\$ 81,161	\$ 0.02270	\$ 81,161	
19		Environmental Adj		\$ 9,646		\$ -	
20		Energy Efficiency Adj		\$ 2,270		\$ 2,270	
21		Total: 3,575,369 kWh		\$ 755,673		\$ 762,036	0.8%
22							
23	Street Lighting - Customer Owned (SD841, SD741)						
24		Energy Service Charge 5,776,868 kWh		\$ 263,710		\$ 281,911	
25		Base Energy Charge	\$ 0.02270	\$ 131,135	\$ 0.02270	\$ 131,135	
26		Environmental Adj		\$ 15,587		\$ -	
27		Energy Efficiency Adj		\$ 3,680		\$ 3,680	
28		Total: 5,776,868 kWh		\$ 414,112		\$ 416,726	0.6%
29				\$0.07			
30							
31	Non-Metered Services/Rentals				\$57,079	\$57,079	
32							
33							
34	<b>Total Lighting Service</b>	<b>13,983,431 kWh</b>		<b>1,866,795</b>		<b>1,880,637</b>	<b>0.7%</b>

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	General Service Large - GL - Primary (SD721)						
2	Energy Charge						
3		1st 50,000 3,000,000 kWh	\$ 0.03480	\$ 104,400	\$ 0.04048	\$ 121,440	
4		Next 450,000 9,570,901 kWh	\$ 0.03350	\$ 320,625	\$ 0.03900	\$ 373,265	
5		Additional 15,913,899 kWh	\$ 0.02910	\$ 463,094	\$ 0.03380	\$ 537,890	
6		28,484,800 kWh		\$ 888,120		\$ 1,032,595	
7		Base Energy Charge	\$ 0.02270	\$ 646,605	\$ 0.02270	\$ 646,605	
8		Environmental Adj		\$ 46,024		\$ -	
9		Energy Efficiency Adj		\$ 19,004		\$ 19,004	
10		Substation Lease		\$ (6,784)		\$ (6,784)	
11	Demand Charge						
12		1st 125 60.0 kVA	\$ 1,184.00	\$ 71,040	\$ 1,388.00	\$ 83,280	
13		Additional 53,689.0 kVA	\$ 7.56	\$ 405,889	\$ 8.87	\$ 476,221	
14		53,749.0 kVA		\$ 476,929		\$ 559,501	
15							
16		Total: 28,484,800 kWh		\$ 2,069,897		\$ 2,250,921	8.7%
17							
18	General Service Large - GL - Secondary (SD721)						
19	Energy Charge						
20		1st 50,000 56,407,062 kWh	\$ 0.03480	\$ 1,962,966	\$ 0.04048	\$ 2,283,358	
21		Next 450,000 42,398,468 kWh	\$ 0.03350	\$ 1,420,349	\$ 0.03900	\$ 1,653,540	
22		Additional 0 kWh	\$ 0.02910	\$ -	\$ 0.03380	\$ 1	
23		98,805,530 kWh		\$ 3,383,314		\$ 3,936,899	
24		Base Energy Charge	\$ 0.02270	\$ 2,242,886	\$ 0.02270	\$ 2,242,886	
25		Environmental Adj		\$ 182,537		\$ -	
26		Energy Efficiency Adj		\$ 56,617		\$ 56,617	
27		Substation Lease		\$ -		\$ -	
28	Demand Charge						
29		1st 125 1,229.4 kVA	\$ 1,184.00	\$ 1,455,610	\$ 1,388.00	\$ 1,706,407	
30		Additional 139,509.0 kVA	\$ 7.56	\$ 1,054,688	\$ 8.87	\$ 1,237,445	
31		140,738.4 kVA		\$ 2,510,298		\$ 2,943,852	
32							
33		Total: 98,805,530 kWh		\$ 8,375,651		\$ 9,180,254	9.6%

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1							
2	Combined Account Billing - GLC - Primary (SD752)						
3	Service Charge	96 location	\$ 87.00	\$ 8,352	\$ 102.00	\$ 9,792	
4	Energy Charge						
5	1st 50,000	4,390,720 kWh	\$ 0.03480	\$ 152,797	\$ 0.04048	\$ 177,736	
6	Next 450,000	22,211,605 kWh	\$ 0.03350	\$ 744,089	\$ 0.03900	\$ 866,253	
7	Additional	16,119,209 kWh	\$ 0.02910	\$ 469,069	\$ 0.03380	\$ 544,829	
8		42,721,534 kWh		\$ 1,365,955		\$ 1,588,818	
9	Base Energy Charge		\$ 0.02270	\$ 969,779	\$ 0.02270	\$ 969,779	
10	Environmental Adj			\$ 68,952		\$ -	
11	Energy Efficiency Adj			\$ 26,666		\$ 26,666	
12	Demand Charge						
13	1st 125	90 kVA	\$ 1,184.00	\$ 106,560	\$ 1,388.00	\$ 124,920	
14	Additional	88,794 kVA	\$ 7.56	\$ 671,283	\$ 8.87	\$ 787,603	
15		88,884.0 kVA		\$ 777,843		\$ 912,523	
16							
17	Total:	42,721,534 kWh		\$ 3,217,546		\$ 3,507,578	9.0%
18							
19	Combined Account Billing - GLC - Secondary (SD752)						
20	Service Charge	1,664 location	\$ 87.00	\$ 144,797	\$ 102.00	\$ 169,762	
21	Energy Charge						
22	1st 50,000	20,054,920 kWh	\$ 0.03480	\$ 697,911	\$ 0.04048	\$ 811,823	
23	Next 450,000	69,280,161 kWh	\$ 0.03350	\$ 2,320,885	\$ 0.03900	\$ 2,701,926	
24	Additional	34,229,832 kWh	\$ 0.02910	\$ 996,088	\$ 0.03380	\$ 1,156,968	
25		123,564,913 kWh		\$ 4,014,885		\$ 4,670,717	
26	Base Energy Charge		\$ 0.0227	\$ 2,804,924	\$ 0.0227	\$ 2,804,924	
27	Environmental Adj			\$ 229,045		\$ -	
28	Energy Efficiency Adj			\$ 74,066		\$ 74,066	
29	Phone Charge/Equipment Rental			\$ -		\$ -	
30	Demand Charge						
31	1st 125	401 kVA	\$ 1,184.00	\$ 474,784	\$ 1,388.00	\$ 556,588	
32	Additional	310,265 kVA	\$ 7.56	\$ 2,345,603	\$ 8.87	\$ 2,752,051	
33		310,666 kVA		\$ 2,820,387		\$ 3,308,639	
34							
35	Total:	123,564,913 kWh		\$ 10,088,103		\$ 11,028,108	9.3%

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	General Service Large 69kV Service - Special Contract (SD771)						
2	Energy Charge						
3		1st 50,000 600,000 kWh	\$ 0.03220	\$ 19,320	\$ 0.03710	\$ 22,260	
4		Next 450,000 5,400,000 kWh	\$ 0.03100	\$ 167,400	\$ 0.03572	\$ 192,888	
5		Additional 19,578,933 kWh	\$ 0.02690	\$ 526,673	\$ 0.03100	\$ 606,947	
6		<u>25,578,933 kWh</u>		<u>\$ 713,393</u>		<u>\$ 822,095</u>	
7	Base Energy Charge		\$ 0.02270	\$ 580,642	\$ 0.0227	\$ 580,642	
8	Demand Charge						
9		1st 125 1,500 kVA	\$ 1,130.05	\$ 13,561	\$ 1,354.00	\$ 16,248	
10		Additional 30,294 kVA	\$ 7.22	\$ 218,725	\$ 8.65	\$ 262,046	
11		<u>31,794.3 kVA</u>		<u>\$ 232,285</u>		<u>\$ 278,294</u>	
12							
13		Total: 25,578,933 kWh		<u>\$ 1,526,321</u>		<u>\$ 1,681,031</u>	10.1%
14							
15	Large Demand Curtailable Service - LDC (SD722)						
16	100% Load with No Notice						
17		Energy Charge 926,041 kWh	\$ 0.02200	\$ 20,372.91	\$ 0.02519	\$ 23,327.00	
18		Base Energy Charge	\$ 0.02270	\$ 21,021	\$ 0.02270	\$ 21,021	
19		Environmental Adj		\$ 1,658		\$ -	
20		Energy Efficiency Adj		\$ 612		\$ 612	
21		Demand Charge 2,815 kVA	\$ 12.21	\$ 34,373.59	\$ 14.00	\$ 39,413.00	
22		Curtailable Load Credit 2,815 kVA	\$ (6.80)	\$ (19,143)	\$ (7.35)	\$ (20,692)	
23		<u>Total: 926,041 kWh</u>		<u>\$ 58,894.38</u>		<u>\$ 63,681.00</u>	8.1%
24							
25	Large General Service Combined - Special Contract (SD772)						
26		Service Charge 12	\$ 7,500.00	\$ 90,000	\$ 8,770	\$ 105,240	
27	Energy Charge						
28		First 3,000,000 27,973,055 kWh	\$ 0.02490	\$ 696,529	\$ 0.02848	\$ 796,673	
29		Additional - kWh	\$ 0.02230	\$ -	\$ 0.02550	\$ -	
30		<u>Sub-Total: 27,973,055 kWh</u>		<u>\$ 696,529</u>		<u>\$ 796,673</u>	
31	Base Energy Charge		\$ 0.02270	\$ 634,988	\$ 0.02270	\$ 634,988	
32	Demand Charge 72,000 kW		\$ 5.84	\$ 420,480	\$ 6.98	\$ 502,560	
33							
34		Total: 27,973,055 kWh		<u>\$ 1,841,997</u>		<u>\$ 2,039,461</u>	10.7%
35							
36							
37	<b>Total Large General Service</b>			<b>\$ 27,178,411</b>		<b>\$ 29,751,034</b>	<b>9.5%</b>

BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
For the Test Year Ended June 30, 2012

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	69kV Service Industrial Contract (SD761)						
2	Energy Charge	100,071,523 kWh	\$ 0.01550	\$ 1,551,108.61	\$ 0.01758	\$ 1,759,257.00	
3	Base Energy Charge		\$ 0.02270	\$ 2,271,624	\$ 0.02270	\$ 2,271,624	
4	Demand Charge	184,420 kVA	\$ 6.57	\$ 1,211,642.03	\$ 7.89	\$ 1,455,077.00	
5	Total:	100,071,523 kWh		\$ 5,034,374.21		\$ 5,485,958.00	9.0%
6							
7	Forest Products Service - Primary Service FPS Industrial Contract (SD764)						
8	Energy Charge						
9	800,000 kWh:	19,200,000 kWh	\$ 0.02890	\$ 554,880.00	\$ 0.03304	\$ 634,368.00	
10	1,200,000 kWh:	28,734,548 kWh	\$ 0.02550	\$ 732,730.97	\$ 0.02914	\$ 837,325.00	
11	Additional kWh:	17,454,123 kWh	\$ 0.02190	\$ 382,245.29	\$ 0.02503	\$ 436,877.00	
12		65,388,671 kWh		\$ 1,669,856.27		\$ 1,908,570.00	
13	Base Energy Charge		\$ 0.02270	\$ 1,484,323	\$ 0.02270	\$ 1,484,323	
14	Demand Charge						
15	2,000 kVA:	48,000.0 kVA	\$ 7.42	\$ 356,160.00	\$ 8.88	\$ 426,240.00	
16	3,000 kVA:	72,000.0 kVA	\$ 6.95	\$ 500,400.00	\$ 8.32	\$ 599,040.00	
17	Additional kVA:	31,261.5 kVA	\$ 6.22	\$ 194,446.53	\$ 7.44	\$ 232,586.00	
18		151,261.5 kVA		\$ 1,051,006.53		\$ 1,257,866.00	
19	Total:	65,388,671 kWh		4,205,186		4,650,759	10.6%
20							
21							
22	Forest Products Service - Secondary Service FPS Industrial Contract (SD765)						
23	Energy Charge						
24	800,000 kWh:	9,600,000 kWh	\$ 0.03040	\$ 291,840.00	\$ 0.03463	\$ 332,448.00	
25	1,200,000 kWh:	1,555,360 kWh	\$ 0.02710	\$ 42,150.25	\$ 0.03080	\$ 47,905.00	
26	Additional kWh:	0 kWh	\$ 0.02320	\$ -	\$ 0.02642	\$ -	
27		11,155,360 kWh		\$ 333,990.25		\$ 380,353.00	
28	Base Energy Charge		\$ 0.02270	\$ 253,227	\$ 0.02270	\$ 253,227	
29	Demand Charge						
30	2,000 kVA:	24,000.0 kVA	\$ 7.83	\$ 187,920.00	\$ 9.38	\$ 225,120.00	
31	3,000 kVA:	7,974.7 kVA	\$ 7.24	\$ 57,736.83	\$ 8.67	\$ 69,141.00	
32	Additional kVA:	0.0 kVA	\$ 6.51	\$ -	\$ 7.80	\$ -	
33		31,974.7 kVA		\$ 245,656.83		\$ 294,261.00	
34	Total:	11,155,360 kWh		832,874		927,841	11.4%
35							
36							
37	<b>Total Industrial Contract Service</b>	<b>176,615,554 kWh</b>		<b>\$ 10,072,434</b>		<b>\$ 11,064,558</b>	<b>9.8%</b>

BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
For the Test Year Ended June 30, 2012

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	<b>Tariff Purposes Only - Not used to Determine Revenue</b>						
2	69kV Service IC						
3	Energy Charge	100,071,523 kWh	\$ 0.01710	\$ 1,711,223	\$ 0.01939	\$ 1,940,387	
4	Base Energy Charge		\$ 0.02270	\$ 2,271,624	\$ 0.02270	\$ 2,271,624	
5	Demand Charge	184,420.4 kVA	\$ 6.87	\$ 1,266,968	\$ 8.25	\$ 1,521,468	
6	Environmental Adj			\$ 160,114		\$ -	
7	Energy Efficiency Adj			\$ 80,057		\$ 80,057	
8	Total:	100,071,523 kWh		\$ 5,489,986		\$ 5,813,536	5.9%
9							
10	Forest Products Service - Primary Service FPS						
11	Energy Charge						
12	800,000 kWh:	19,200,000 kWh	\$ 0.03130	\$ 600,960	\$ 0.03578	\$ 686,976	
13	1,200,000 kWh:	28,734,548 kWh	\$ 0.02780	\$ 798,820	\$ 0.03178	\$ 913,184	
14	Additional kWh:	17,454,123 kWh	\$ 0.02390	\$ 417,154	\$ 0.02732	\$ 476,847	
15		65,388,671 kWh		\$ 1,816,934		\$ 2,077,007	
16	Base Energy Charge		\$ 0.02270	\$ 1,484,323	\$ 0.02270	\$ 1,484,323	
17	Environmental Adj			\$ 104,622		\$ -	
18	Energy Efficiency Adj			\$ 52,311		\$ 52,311	
19	Demand Charge						
20	2,000 kVA:	48,000.0 kVA	\$ 7.75	\$ 372,000	\$ 9.28	\$ 445,284	
21	3,000 kVA:	72,000.0 kVA	\$ 7.26	\$ 522,720	\$ 8.69	\$ 625,696	
22	Additional kVA:	31,261.5 kVA	\$ 6.50	\$ 203,200	\$ 7.78	\$ 243,230	
23		151,261.5 kVA		\$ 1,097,920		\$ 1,314,210	
24							
25	Total:	65,388,671 kWh		\$ 4,556,109		\$ 4,927,851	8.2%

**BLACK HILLS POWER, INC.**  
**SOUTH DAKOTA BILL FREQUENCY**  
**REVENUE UNDER PRESENT & PROPOSED RATES**  
**For the Test Year Ended June 30, 2012**

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
1	<b>Tariff Purposes Only - Not used to Determine Revenue</b>						
2	Forest Products Service - Secondary Service FPS						
3	Energy Charge						
4		800,000 kWh: 9,600,000 kWh	\$ 0.03290	\$ 315,840	\$ 0.03747	\$ 359,712	
5		1,200,000 kWh: 1,555,360 kWh	\$ 0.02930	\$ 45,572	\$ 0.03337	\$ 51,902	
6		Additional kWh: 0 kWh	\$ 0.02530	\$ -	\$ 0.02882	\$ -	
7		<u>11,155,360 kWh</u>		<u>\$ 361,412</u>		<u>\$ 411,614</u>	
8		Base Energy Charge	\$ 0.02270	\$ 253,227	\$ 0.02270	\$ 253,227	
9		Environmental Adj		\$ 17,849			
10		Energy Efficiency Adj		\$ 8,924		\$ 8,924	
11		Demand Charge					
12		2,000 kVA: 24,000.0 kVA	\$ 8.20	\$ 196,800	\$ 9.82	\$ 235,680	
13		3,000 kVA: 7,974.7 kVA	\$ 7.58	\$ 60,448	\$ 9.08	\$ 72,410	
14		Additional kVA: 0.0 kVA	\$ 6.81	\$ -	\$ 8.16	\$ -	
15		<u>31,974.7 kVA</u>		<u>\$ 257,248</u>		<u>\$ 308,090</u>	
16							
17		Total: 11,155,360 kWh		<u>\$ 898,660</u>		<u>\$ 981,855</u>	9.3%
18							
19	Large Power Contract - LPC						
20		Service Charge 12	\$ 7,500.00	\$ 90,000	\$ 8,770	\$ 105,240	
21		Energy Charge					
22		First 3,000,000 27,973,055 kWh	\$ 0.02490	\$ 696,529	\$ 0.02848	\$ 796,673	
23		Additional - kWh	\$ 0.02230	\$ -	\$ 0.02550	\$ -	
24		Sub-Total: 27,973,055 kWh		<u>\$ 696,529</u>		<u>\$ 796,673</u>	
25		Base Energy Charge	\$ 0.02270	\$ 634,988	\$ 0.02270	\$ 634,988	
26		Demand Charge 72,000 kW	\$ 7.04	\$ 506,880	\$ 8.41	\$ 605,722	
27							
28		Total: 27,973,055 kWh		<u>\$ 1,928,397</u>		<u>\$ 2,142,623</u>	11.1%



## Section J

**20:10:13:86. Statement J -- Depreciation Expense.** Statement J shall show for the test period depreciation expense by functional classification. These expenses shall be shown in separate columns as follows:

- (1) Expenses for the test period per books;
- (2) Claimed adjustments, if any, to actual expense;
- (3) Total adjusted expense claimed.

The bases, methods, essential computations and derivation of unit rates for the calculation of depreciation expense for the test period and for the depreciation adjustments shall be fully and clearly explained. The amounts of depreciable plant shall be shown by the functions specified in paragraph C of account 108, accumulated provisions for depreciation of plant in service of the FERC's uniform systems of accounts for public utilities and licensees or for gas companies and, if available, for each detailed plant account in the 300 series, together with the rates used in computing such expenses. Any deviation from the rates used in disposing of the utility's last previous rate filing or determination by this commission shall be explained, showing the rate or rates previously used together with supporting data for the new rate or rates used for this filing. Material required by § 20:10:13:87 shall be submitted as a part of statement J.

**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.

## Section J

**20:10:13:87. Schedule J-1 -- Expense Charged Other Than Prescribed Depreciation.** Schedule J-1 shall be included in support of statement J as a reconciliation of the aggregate investment in electric or gas plant shown in statement D, and the expense thereon charged in the first instance to other than prescribed depreciation expense accounts.

**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.  
DEPRECIATION AND AMORTIZATION EXPENSE  
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	(a) Stmt. D pg.2 Adjusted Plant in Service	(b) Sched. D-3 Less: Non-Depreciable Items	(c) (a) - (b) Depreciation Plant	(d) Functional Class Depreciation Rate	(e) (c) * (d) Adjusted Depreciation Expense	(f) Sched. E-1 Depreciation/ Amortization Expense Per Books	(g) (e) - (f) Depreciation Adjustment
1	Steam Production- by Plant								
2	Ben French		\$ 14,395,293	\$ 59,695	\$ 14,335,598	3.62%	\$ 518,949	\$ 488,645	\$ 30,303
3	Kirk Station (Note 1)		-	-	-	0.00%	-	(79,851)	79,851
4	Neil Simpson I		22,341,461	1,000	22,340,461	3.49%	779,682	779,293	389
5	Neil Simpson II		144,403,801	950	144,402,851	2.49%	3,595,631	3,450,539	145,092
6	Osage		18,152,708	162,873	17,989,834	2.59%	465,937	465,887	50
7	Wygen III		131,712,777	-	131,712,777	2.35%	3,095,250	3,051,394	43,856
8	Wyodak		114,479,429	109,191	114,370,238	3.04%	3,476,855	3,420,939	55,916
9	Subtotal Steam Production	Sum (Ln.2:Ln.8)	445,485,467	333,709	445,151,758		11,932,304	11,576,846	355,457
10	Other Production		80,977,497	2,705	80,974,792	2.19%	1,773,348	1,748,561	24,787
11	Total Production Plant	Ln. 9 + Ln. 10	526,462,964	336,414	526,126,550		13,705,652	13,325,407	380,244
12									
13	Transmission		117,656,784	4,036,391	113,620,393	2.12%	2,408,752	2,408,774	(22)
14									
15	Distribution		300,838,579	1,636,579	299,202,000	2.72%	8,138,294	7,872,598	265,696
16									
17	General		51,863,718	791,347	51,072,371	4.61%	2,354,436	2,005,786	348,650
18									
19	Other Utility Plant		25,941,976	-	25,941,976	8.01%	2,077,122	1,957,373	119,749
20									
21	Subtotal Plant in Service	Sum (Ln.11:Ln.19)	1,022,764,022	6,800,731	1,015,963,291		28,684,257	27,569,938	1,114,318
22									
23	Plant Acquisition Adjustment		4,870,308	-	4,870,308	2.00%	97,406	97,406	-
24									
25	Total Plant in Service	Ln.21 + Ln.23	\$ 1,027,634,330	\$ 6,800,731	\$ 1,020,833,599		\$ 28,781,663	\$ 27,667,345	\$ 1,114,318

Note 1: The amortization of Kirk Station reserve was to be depreciated over a three year period by approximately \$75,000, based on the 2009 rate case Settlement Stipulation. For this reason, the per book amount of \$79,851 was adjusted to zero as this amount will not continue.

**BLACK HILLS POWER, INC.**  
**EXPENSE CHARGED OTHER THAN PRESCRIBED DEPRECIATION**  
**For the Test Year Ended June 30, 2012**

Line	No.	Policy Description
1		Black Hills Power did not have any expenses charged other than prescribed depreciation
2		for the test year.

## Section K

**20:10:13:88. Statement K -- Income Taxes.** Statement K shall show for the test period income taxes computed on the basis of the rate of return claimed applied to the overall utility rate base and separated between federal and state taxes. If the rate base claimed includes adjustments other than book figures for the test period 13-month average, the income taxes shall be computed separately for claimed rate base and for the 13-month average rate base per books for the test period. All tax adjustments shall be completely described and the amounts shown separately. Amounts of deferred taxes debited and credited shall be shown separately. The amounts and basis of assignment of income taxes attributed to other utility departments and nonutility operations shall be shown, together with all tax savings affecting the total tax liability. If the filing public utility joins in a consolidated tax return, the total estimated tax savings, expressed as a percentage, resulting from the filing of a consolidated return shall be given, as well as a full explanation of the method of computing the tax savings. Any abnormalities such as nonrecurring income, gains, losses, and deductions affecting the income tax for the test period shall be explained and the tax effect set forth. Items required by §§ 20:10:13:89 to 20:10:13:93, inclusive, shall be submitted as a part of statement K.

**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 K page 1 & 2:** This Statement is used to adjust federal income tax to a normalized amount based on the adjusted debt to equity structure and based on adjusted operating income projections.

**Statement K page 3:** This Schedule shows the calculation of implied debt expense using the adjusted rate base, multiplied by the adjusted cost of debt. Based on this calculation, there would be less interest expense and therefore more taxable income. The decrease of interest expense is reported on Statement K pg. 1 line 4.

## Section K

**20:10:13:89. Schedule K-1 -- Working Papers for Federal Income Taxes.** In support of federal income taxes, the utility shall submit a complete reconciliation of the book net income with taxable net income as reported to the federal Internal Revenue Service for the most recent year for which a tax return was filed and for the three previous years. A complete explanation of all items in the reconciliation shall be submitted. If the tax allowances claimed give effect to omission of items appearing or inclusion of items not appearing in the reconciliations for the most recent tax return, the reasons for such omissions or inclusions shall be submitted. All items in the reconciliation shall be referenced specifically to the elements of the cost of service to which they refer.

**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.

## Section K

**20:10:13:90. Schedule K-2 -- Differences in Book and Tax Depreciation.** If tax depreciation differs from book depreciation, the utility shall file schedule K-2 showing the computation of the tax depreciation which will indicate the differences between book and tax depreciation on a straightline basis, and differences arising from class life (ADR) depreciation, and the excess of liberalized depreciation and amortization of emergency facilities over straightline depreciation for tax purposes for the taxable year or years.

**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.

## Section K

**20:10:13:91. Schedule K-3 -- Working Papers for Consolidated Federal Income Tax.** If the utility joins in the filing of a consolidated federal income tax return, schedule K-3 shall be submitted showing the net taxable income or loss for each company in the consolidation, including an adjustment to effect the exclusion of excess of liberalized depreciation and amortization of emergency facilities over straightline depreciation for each company involved. There shall also be submitted with the statement of taxable net income or tax loss of each individual company participating in the consolidated returns, the details of consolidating adjustments and a computation of the system tax liability based on the consolidated net income for the last tax year ending within or immediately prior to the test period for which a tax return was filed. In addition, there shall be included a computation showing the percentage of tax savings arising from consolidation for the taxable year or years covered by the test period. Only one copy of schedule K-3 need be supplied by the utility.

**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.



## Section K

**20:10:13:92. Schedule K-4 -- Working Papers for an Allowance for Current Tax Greater Than Tax Calculated at Consolidated Rate.** If the utility claims an allowance for current tax in its cost of service which would be greater than the federal income tax calculated at the consolidated tax rate or taxes as a percentage of total taxable income of individual companies with positive taxable income, full disclosure thereof shall be made, including the allocation among utility and nonutility departments of the tax payable and the assignment of deductions or tax benefits relied upon, or both.

**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.

## Section K

**20:10:13:93. Schedule K-5 -- Working Papers for Claimed Allowances for State Income Taxes.** In support of the claimed allowances for income taxes paid state governments, the utility shall submit schedule K-5 showing the income tax paid each state in the current or previous year covered by the test period, including the effect of liberalized depreciation on the taxes paid.

**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.  
COMPUTATION OF FEDERAL INCOME TAX  
For the Test Year Ended June 30, 2012

Statement K  
Page 1 of 3

Line No.	Description	Reference	(a) Per Books	(b) Pro Forma Tax Rtn True Up	(c) Per Books as (a) + (b) Adjusted Total	(d) Pro Forma Adjustments	(e) Adjusted (c) + (e) Total	(f) Additional Revenue Required	(g) (e) + (f) Claimed Rate of Return
1	Operating Income Before								
2	Federal Income Taxes	Stmt. M Ln. 14(a)	\$ 59,392,614	\$ -	\$ 59,392,614	\$ (7,336,442)	\$ 52,056,172	\$ 10,570,073	\$ 62,626,245
3	AFUDC		(490,930)	-	(490,930)	-	(490,930)	-	(490,930)
4	Less Interest Expense		17,904,870	162,837	18,067,707	(690,412)	17,377,295	-	17,377,295
5	Subtotal	Ln.2 - Ln.3 - Ln.4	41,978,674	(162,837)	41,815,837	(6,646,030)	35,169,807	10,570,073	45,739,880
6									
7	Tax Adjustments - Permanent Differences								
8	Fines & Penalties		183,165	-	183,165	-	183,165	-	183,165
9	Meals & Entertainment		129,660	(4)	129,656	-	129,656	-	129,656
10	Lobbying		71,714	-	71,714	-	71,714	-	71,714
11	Club Dues		2,721	248	2,969	-	2,969	-	2,969
12	Equity AFUDC (net of depr)		(509,058)	109,567	(399,491)	-	(399,491)	-	(399,491)
13	PEP Life - Cash Surrender Value		80,869	(661,528)	(580,659)	-	(580,659)	-	(580,659)
14	Officer Life Insurance		-	606,603	606,603	-	606,603	-	606,603
15	Retiree HC Subsidy		-	(67,263)	(67,263)	-	(67,263)	-	(67,263)
16	Total Permanent Differences	Sum (Ln.8:Ln.15)	(40,929)	(12,377)	(53,306)	-	(53,306)	-	(53,306)
17									
18	Tax Adjustments - Temporary Differences								
19	Prepays		-	(85,100)	(85,100)	-	(85,100)	-	(85,100)
20	Employee Group Insurance		(3,665)	-	(3,665)	-	(3,665)	-	(3,665)
21	Pension		2,496,436	(6,835,000)	(4,338,564)	-	(4,338,564)	-	(4,338,564)
22	PEP Plan		33,986	(63,456)	(29,470)	-	(29,470)	-	(29,470)
23	Performance Plan Bonus		-	819	819	-	819	-	819
24	Retiree Healthcare		237,031	-	237,031	-	237,031	-	237,031
25	Pension Supplement (SERP)		(53,345)	-	(53,345)	-	(53,345)	-	(53,345)
26	Deferred Energy		(4,559,695)	-	(4,559,695)	-	(4,559,695)	-	(4,559,695)
27	Deferred Costs		85,860	151,519	237,379	-	237,379	-	237,379
28	Vacation		161,872	42,597	204,469	-	204,469	-	204,469
29	OCI Derivative - Interest Rate SW		64,332	-	64,332	-	64,332	-	64,332
30	Results Compensation		(575,392)	42,404	(532,988)	-	(532,988)	-	(532,988)
31	Insurance Reserve		6,374	(249)	6,125	-	6,125	-	6,125
32	Line Extension Deposits		(1,915,571)	(64,257)	(1,979,828)	-	(1,979,828)	-	(1,979,828)
33	Reacquired Bond Loss		393,636	(1)	393,635	-	393,635	-	393,635
34	Power Plant Maintenance		(154,490)	-	(154,490)	-	(154,490)	-	(154,490)

BLACK HILLS POWER, INC.  
COMPUTATION OF FEDERAL INCOME TAX  
For the Test Year Ended June 30, 2012

Statement K  
Page 2 of 3

Line No.	Description	Reference	(a) Per Books	(b) Pro Forma Tax Rtn True Up	(c) Per Books as Adjusted Total (a) + (b)	(d) Pro Forma Adjustments	(e) Adjusted Total (c) + (e)	(f) Additional Revenue Required	(g) Claimed Rate of Return (e) + (f)
35	Rate Refund		(331,560)		(331,560)	-	(331,560)	-	(331,560)
36	Workman's Compensation		(174,501)	1	(174,500)	-	(174,500)	-	(174,500)
37	Gain/Loss on Disposition of Assets		-	657,621	657,621	-	657,621	-	657,621
38	Contributions in Aid of Construction		1,880,627		1,880,627	-	1,880,627	-	1,880,627
39	Cost of Removal		(2,854,833)		(2,854,833)	-	(2,854,833)	-	(2,854,833)
40	Depreciation		(33,285,475)	874,509	(32,410,966)	-	(32,410,966)	-	(32,410,966)
41	Facts & Circumstances - Elect		(5,286,102)	2,455,453	(2,830,649)	-	(2,830,649)	-	(2,830,649)
42	Property Amortization		-	(6,462)	(6,462)	-	(6,462)	-	(6,462)
43	Simplified Service Cost		-	(17,162)	(17,162)	-	(17,162)	-	(17,162)
44	Unit of Property		(2,487,989)	(4,141,988)	(6,629,977)	-	(6,629,977)	-	(6,629,977)
45	Bad Debt Reserve		-	163,188	163,188	-	163,188	-	163,188
46	Total Temporary Differences	Sum (Ln.19:Ln.45)	(46,322,464)	(6,825,564)	(53,148,028)	-	(53,148,028)	-	(53,148,028)
47									
48	Taxable Income (NOL)	Ln.5 + Ln.16 + Ln.46	(4,384,719)	(7,000,778)	(11,385,497)	(6,646,030)	(18,031,527)	10,570,073	(7,461,454)
49									
50	Current Federal Income Tax @ 35%	Ln.48 * 35%	(1,534,652)	(2,450,272)	(3,984,924)	(2,326,111)	(6,311,035)	3,699,526	(2,611,509)
51	FIN 48		(238,659)	191,814	(46,845)	-	(46,845)	-	(46,845)
52	Deferred Income Tax	Ln.46 * 35%	16,212,862	2,388,947	18,601,810	-	18,601,810	-	18,601,810
53	Flow Thru Unit of Property Net of Depr		(591,159)	(591,778)	(1,182,937)	-	(1,182,937)	-	(1,182,937)
54	Tax Return True Up 2010		(997,050)	997,050	-	-	-	-	-
55	R & D credit		761,564	(767,257)	(5,693)	-	(5,693)	-	(5,693)
56	Miscellaneous Tax Adjustment		(107,566)	107,566	-	-	-	-	-
57	Investment Tax Credit Amortization		(7,133)	-	(7,133)	-	(7,133)	-	(7,133)
58	Excess Deferred Tax Amortization		(148,188)	-	(148,188)	-	(148,188)	-	(148,188)
59	Total Federal Income Tax - Operating	Sum (Ln.50:Ln.58)	\$ 13,350,019	\$ (123,929)	\$ 13,226,090	\$ (2,326,111)	\$ 10,899,979	\$ 3,699,526	\$ 14,599,505

**Tax Savings Due to Consolidation**

There will be no tax savings as a result of filing a consolidated tax return for the test year ended June 30, 2012.

**Adjustments**

Adjustments to per book reflect true-up adjustment to 2011 tax return, the removal of the true up adjustment to the 2010 tax return, and an adjustment related to prior years' R&D credit net of FIN 48 liability.

**Abnormalities for Test Period**

None.

Note 1: See Statement K, page 3 of 3.

**BLACK HILLS POWER, INC.**  
**INTEREST EXPENSE - ANNUALIZATION ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1	Total Rate Base - Adjusted Total Statement M	Stmt. M Ln. 29(e)	\$ 562,372,014
2			
3	Weighted Debt Cost - Stmt G pg1	Stmt. G pg. 1 Ln. 2(d)	<u>3.09%</u>
4			
5	Adjusted Interest Expense	Ln. 1 * Ln. 3	<u>\$ 17,377,295</u>
6			
7	Interest Expense - Stmt G pg2	Stmt. G pg. 2 Ln. 21(k)	18,067,707
8			
9	Variance	Ln. 5 - Ln. 7	<u>(690,412)</u>
10			
11	Federal Income Tax - 35% (Addition to FIT)	-Ln. 9 * 35%	<u>\$ 241,644</u>

**BLACK HILLS POWER, INC.**  
**RECONCILIATION OF BOOK NET INCOME WITH TAXABLE INCOME**  
**For the Years 2008 Through 2011**

Line No.	Description	2008	2009	2010	2011
1	Net Income Per Books	\$ 22,759,260	\$ 23,138,853	\$ 31,267,982	\$ 27,097,056
2					
3	Income Taxes	9,550,527	8,314,209	10,735,334	11,994,880
4	Fines & Penalties	1,428	-	32,831	328,434
5	Meals & Entertainment	80,383	81,677	98,233	93,796
6	Club Dues	-	-	7,270	2,615
7	Lobbying	25,303	21,791	497	43,200
8	Equity AFUDC	(3,331,715)	(5,483,957)	(2,575,065)	(421,749)
9	PEP Life - Cash Surrender Value	(246,285)	(198,311)	(215,334)	(858,301)
10	Officer Life Insurance	(1,180)	(196,798)	(434)	606,603
11	RAR 79-84	(2,835)	-	-	-
12	Retiree Healthcare Subsidy	(102,899)	(112,053)	(88,556)	(67,263)
13	Employee Group Insurance	30,776	(7,829)	(6,327)	(3,665)
14	Pension	135,366	3,387,334	(5,519,290)	(5,054,522)
15	PEP Plan	97,758	(191,048)	317,264	(31,728)
16	Insurance Reserve	-	-	(6,125)	(249)
17	Performance Plan Bonus	(20,205)	(10,975)	8,569	819
18	Interest on IRS Settlement	196,312	-	-	-
19	Retiree Healthcare	421,875	233,564	582,449	170,433
20	Pension Supplement (SERP)	(33,836)	17,816	3,192	(26,394)
21	Vacation	35,240	3,198	(306,932)	204,469
22	Deferred Energy	(3,655,202)	(3,136,024)	4,227,162	(3,364,464)
23	Power Plant Maintenance	-	-	568,755	(533,660)
24	Deferred Costs	35,554	(296,059)	(224,432)	235,580
25	Derivatives - Interest Swap	64,331	64,331	64,331	64,331
26	Air Allowances	-	(366,346)	-	-
27	Results Compensation/Bonus	284,895	(533,456)	1,558,829	187,301
28	Unit of Property	(3,482,329)	(2,689,718)	(4,884,413)	(6,831,706)
29	Capitalized Interest	1,778,130	3,854,313	1,372,307	-
30	Line Extension Deposits	(427,393)	(691,339)	(966,068)	(2,038,336)
31	Officer Restricted Stock	-	-	-	-
32	Reacquired Bond Loss	160,478	160,477	(809,641)	250,982
33	Rate Refund	-	1,221,513	(383,799)	191,089
34	Property Amortization	12,414	-	(32,392)	(6,462)
35	Workman's Compensation	1,441,495	(240,540)	(472,860)	(141,544)
36	Sec 481 (a) Facts and Circumstances	(13,876,649)	-	-	-
37	Contributions in Aid of Construction	797,601	380,928	499,286	2,523,025
38	Cost of Removal	(856,918)	(573,890)	(1,938,139)	(2,186,968)
39	Depreciation & Amortization	(9,096,332)	(19,473,849)	(84,804,932)	(52,374,871)
40	Sec 162, Sec 174 & Warranty Expense	(17,044,059)	(9,453,704)	(1,949,440)	-
41	Simplified Service Cost	209,826	(13,192)	494	(17,162)
42	Facts and Circumstances Method	(5,916,025)	(5,286,102)	(5,082,749)	(2,830,649)
43	Prepaid Expenses	(93,639)	(107,890)	(14,412)	(85,100)
44	Repair Allowance	(1,579,972)	(1,604,144)	(1,360,605)	-
45	Bad Debt Reserve	(18,368)	251,908	351,884	163,188
46	Book/Tax Gain Difference	173,130	4,386,992	5,299,616	657,621
47		<u>\$ (21,493,759)</u>	<u>\$ (5,148,320)</u>	<u>\$ (54,645,660)</u>	<u>\$ (32,059,371)</u>

**BLACK HILLS POWER, INC.**  
**DIFFERENCES IN BOOK AND TAX DEPRECIATION**  
**For the Year Ended December 31, 2011**

Line No.	Description	Reference	Amount
1	Bonus Depreciation		\$ 53,743,630
2	Current Year MACRS Declining Balance		568,996
3	Current Year MACRS Straight Line		-
4	ACRS and Other		43,811
5	Prior Years MACRS		<u>23,805,469</u>
6	Tax Depreciation	Sum (Ln.1:Ln.5)	78,161,906
7			
8	Book Depreciation		<u>25,787,035</u>
9	Excess Tax Over Book Depreciation	Ln. 6 - Ln. 8	<u>\$ 52,374,871</u>
10			
11	Note: Above amounts are per the last filed tax return covering the year ended December 31, 2011.		

**BLACK HILLS POWER, INC.**  
**TAX ALLOCATION**  
**For the Year Ended December 31, 2011**

Line No.	Companies Included in Consolidated Tax Return	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)
		Taxable Income	NOL	(a) + (b) Adjusted Taxable Income	Tax Rate	(c) * (d) Income Tax Before Credits	Credits Hire Credit R & D		Sum ((e):(g)) Income Tax
1	Black Hills Power, Inc.	\$ (32,059,371)	\$ -	\$ (32,059,371)	35%	\$ (11,220,780)	\$ (4,000)	\$ (15,180)	\$ (11,239,960)
2	Black Hills Corporation	(262,690,286)	-	(262,690,286)	35%	(91,941,600)	(2,000)	(275,598)	(92,219,198)
3	Black Hills Exploration and Production, Inc.	(9,023,099)	-	(9,023,099)	35%	(3,158,085)	-	(132,898)	(3,290,983)
4	Cheyenne Light, Power and Fuel	(7,226,899)	-	(7,226,899)	35%	(2,529,415)	-	(35,256)	(2,564,671)
5	Wyodak Resources Development Corp.	9,468,478	-	9,468,478	35%	3,313,967	-	(53,788)	3,260,179
6	Enserco Energy, Inc.	12,227,643	-	12,227,643	35%	4,279,675	-	-	4,279,675
7	Black Hills Gas Resources, Inc.	(803,329)	-	(803,329)	35%	(281,165)	-	-	(281,165)
8	Black Hills Utility Holdings, Inc.	(213,643,865)	-	(213,643,865)	35%	(74,775,353)	(1,000)	(178,898)	(74,955,251)
9	EIF Investors, Inc.	461,385	-	461,385	35%	161,485	-	-	161,485
10									
11	Total	<u>\$ (503,289,343)</u>	<u>\$ -</u>	<u>\$ (503,289,343)</u>		<u>\$ (176,151,270)</u>	<u>\$ (7,000)</u>	<u>\$ (691,618)</u>	<u>\$ (176,849,888)</u>

**Tax savings Due to Consolidation**

There will be no tax savings as a result of filing a consolidated tax return for the year ended December 31, 2011.

**Footnote**

Taxable income per above for Black Hills Power, Inc., includes non-operating taxable income.



**BLACK HILLS POWER, INC.**  
**CURRENT INCOME TAX**  
**For the Test Year Ended June 30, 2012**

Line No.	Description
1	As shown in Statement K, page 1, current federal income tax per books is calculated on a
2	separate return basis at the statutory rate of 35%.

**BLACK HILLS POWER, INC.**  
**STATE INCOME TAXES**  
**For the Test Year Ended June 30, 2012**

<u>Line No.</u>	<u>State</u>	<u>Amount</u>
1	Montana	\$ 10,261
2		
3	Wyoming	N/A
4		
5	South Dakota	N/A
6		
7	Nebraska	N/A

## **Section L**

**20:10:13:94. Statement L – Taxes Other Than Income.** For the test period, other taxes shall be classified under the headings of federal, state, and local, with subclassifications showing kind of taxes. The statement shall show separately, by columns, the following:

- (1) Tax expense per books for the test period;
- (2) Claimed adjustments, if any, to amounts booked;
- (3) Total adjusted taxes claimed.

Items required by § 20:10:13:96 shall be submitted as a part of statement L.

**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.

## **Section L**

**20:10:13:95. Schedule L-1 -- Working Papers for Adjusted Taxes.** Schedule L-1 shall show computations of adjusted taxes claimed in statement L.

**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.**  
**TAXES OTHER THAN FEDERAL INCOME TAX**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	(a) Per Books	(b) Pro Forma Adjustments	(c) (a) + (b) Adjusted Total
1	Federal Taxes			
2	FICA Tax	\$ 2,917,700	\$ (9,159)	\$ 2,908,541
3	Unemployment Tax	21,763	(210)	21,554
4				
5				
6	State Taxes			
7	Unemployment Tax	92,754	(210)	92,545
8	Montana Electric Energy Tax	17,789		17,789
9	Wyoming Franchise Taxes	60,432		60,432
10	South Dakota PUC Tax	216,138	20,619 (1)	236,757
11	Wyoming Sales Tax	(2,479)	4,414 (1)	1,935
12				
13	Local Taxes			
14	Property	4,660,470	469,541	5,130,011
15				
16	TOTIT- Payroll Loading	(3,103,603)		(3,103,603)
17				
18	Total Other Taxes	<u>\$ 4,880,964</u>	<u>\$ 484,996</u>	<u>\$ 5,365,960</u>

19  
20  
21

NOTE (1): Additional Revenue required multiplied by applicable Mill Levy Tax.

**BLACK HILLS POWER, INC.**  
**ADJUSTMENTS OTHER THAN FEDERAL INCOME TAX**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	<b>FICA Tax Adjustment</b>		
2	Net O&M Payroll Changes	Sched. H-1 Ln.29(d)	\$ (119,726)
3	FICA Tax Rate		<u>7.65%</u>
4	Additional FICA Tax on O&M Wage Increase	Ln.2 * Ln.3	(9,159)
5			
6	Adjustment to FICA Tax	Ln.4	<u>\$ (9,159)</u>
7			
8	<b>Unemployment Tax Adjustment</b>		
9	O&M Payroll Changes	Sched. H-1 Ln.29(d)	(119,726)
10	Estimated Blended Tax Rate		<u>0.35%</u>
11			
12	Adjustment to Unemployment Tax	Ln.9 * Ln.10	<u>\$ (419)</u>
13			
14	Federal Adjustment	Ln.12 / 2	\$ (210)
15	State Adjustment	Ln.12 / 2	\$ (210)
16			
17	<b>Property Tax Adjustment</b>		
18	12 month Average Acct. #106	Stmt. D pg.2 Ln.24(c)	18,958,232
19	Subsequent/Expected Additions/Retirements	Stmt. D pg.2 Ln.24(b)	<u>13,256,080</u>
20		Ln.18 + Ln.19	32,214,312
21	Property Tax Rate as a Percentage of Assets		<u>1.4576%</u>
22			
23	Total Property Tax Adjustment	Ln.20 * Ln.21	\$ 469,541

## 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.

## **Section M**

**Schedule M-1 – Other Rate Base Reductions.** This schedule shows reductions to rate base, based on a twelve month average balance, by FERC account. The other rate base reduction amounts related specifically to the BHP CUS are on line 60. The total of these rate base reductions are on Statement M, Line 27.



## **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.**  
**OVERALL COST OF SERVICE**  
**For the Test Year Ended June 30, 2012**

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	<b>Operating Revenue</b>						
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		250,148,215	(92,446,953)	157,701,262	10,570,073	168,271,335
5							
6	<b>Operating Expenses</b>						
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		190,755,601	(85,110,511)	105,645,090	-	105,645,090
13							
14	<b>Operating Income Before Tax</b>	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	<b>Return (Operating Income)</b>	Ln. 14 - Ln. 16	<u>46,166,524</u>		<u>41,156,193</u>		<u>48,026,740</u>
19							
20	<b>Rate of Return</b>	Ln. 18 / Ln.29	<u>8.55%</u>		<u>7.32%</u>		<u>8.54%</u>
21							
22	<b>Rate Base</b>						
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	<b>Total Rate Base</b>	Sum (Ln.23:Ln.27)	<u>\$ 539,822,371</u>	<u>\$ 22,549,643</u>	<u>\$ 562,372,014</u>	<u>\$ -</u>	<u>\$ 562,372,014</u>
30							
31	Note 1: Depreciation on Existing Assets - Stmt. J Ln. 21 ÷ 2						
32	Note 2: Schedule M-1 Ln.54 (o) + (q)						



BLACK HILLS POWER, INC.  
OTHER RATE BASE REDUCTION  
For the Test Year Ended June 30, 2012

Line No.	Account	Description	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
			March 2012	April 2012	May 2012	June 2012	12 Month Average	Adj. to Per Books Pro Forma Tax Rtn True Up	(n) + (o) Adjusted Total	Pro Forma Adjustments	Final Adjusted Total
1	182316	Regulatory Asset - Pension	\$ 27,283,818	\$ 27,283,818	\$ 27,283,818	\$ 27,283,818	\$ 23,021,749	\$ -	\$ 23,021,749	\$ -	\$ 23,021,749
2	182385	Regulatory Asset - Retiree H.C.	317,893	317,893	317,893	317,893	432,180	-	432,180	-	432,180
3	182390	Regulatory Asset - AFUDC	8,552,058	8,552,058	8,552,058	8,552,058	8,984,586	-	8,984,586	-	8,984,586
4	182395	Regulatory Asset - Unit of Property	5,928,712	5,928,712	5,928,712	6,153,139	5,437,715	-	5,437,715	-	5,437,715
5		<b>Total Regulatory Assets</b>	<b>42,082,480</b>	<b>42,082,480</b>	<b>42,082,480</b>	<b>42,306,907</b>	<b>37,876,230</b>	<b>-</b>	<b>37,876,230</b>	<b>-</b>	<b>37,876,230</b>
7	190175	DT1000 - Vacation	212,023	212,023	212,023	212,023	210,665	7,455	218,120	-	218,120
8	190175	DT1010 - Bad Debt Reserve	490,692	490,692	490,692	490,692	462,039	28,558	490,597	-	490,597
9	190175	DT1020 - EE Group Insurance	78,005	78,005	78,005	78,005	79,108	-	79,108	-	79,108
10	190175	DT1050 - Workers Comp	279,553	279,553	279,553	201,112	298,520	-	298,520	-	298,520
11	190175	DT1070 - Results Comp Plan	163,106	163,106	163,106	330,965	317,448	7,421	324,869	-	324,869
12	190520	DT2020 - Retiree Healthcare	3,078,924	3,078,924	3,078,924	3,084,157	2,992,237	-	2,992,237	-	2,992,237
13	190520	DT2025 - PEP Plan	539,440	539,440	539,440	539,835	509,374	(11,105)	498,269	-	498,269
14	190520	DT2065 - Pension (AOCI)	14,691,286	14,691,286	14,691,286	14,691,286	12,396,326	-	12,396,326	-	12,396,326
15	190520	DT2070 - PEP (AOCI)	263,123	263,123	263,123	263,123	245,679	-	245,679	-	245,679
16	190520	DT2085 - ITC	-	-	-	-	672	-	672	-	672
17	190520	DT2090 - FAS 109 ITC	-	-	-	-	362	-	362	-	362
18	190520	DT2092 - FAS 109	250,756	244,217	237,678	231,139	270,373	-	270,373	-	270,373
19	190520	DT3010 - Performance Plan	4,167	4,167	4,167	4,167	3,475	143	3,618	-	3,618
20	190520	DT3040 - Retiree Health (AOCI)	(317,892)	(317,892)	(317,892)	(317,892)	(432,180)	-	(432,180)	-	(432,180)
21	190520	DT3070 - Deferred Compensation	313,993	313,993	313,993	308,928	320,891	-	320,891	-	320,891
22	190520	DT3075 - Line Extension Deposit	(117,799)	(117,799)	(117,799)	(99,300)	279,172	(11,245)	267,927	-	267,927
23	190520	DT4135 - Insurance Reserve	(2,144)	(2,144)	(2,144)	87	(1,477)	(44)	(1,521)	-	(1,521)
24	190520	DT4165 - NOL Carryforward	30,098,756	30,098,756	30,098,756	23,781,097	24,009,034	1,196,640	25,205,674	(4,734,638)	20,471,036
25	190520	DT4170 - Power Plant Maintenance	78,638	78,638	78,638	144,993	78,073	-	78,073	-	78,073
26	190599	DT3020 - Deferred Tax State Income Tax	4,110	4,110	4,110	4,110	1,265	-	1,265	-	1,265
27		<b>Total 190 Accounts</b>	<b>50,108,736</b>	<b>50,102,197</b>	<b>50,095,658</b>	<b>43,948,525</b>	<b>42,041,056</b>	<b>1,217,823</b>	<b>43,258,879</b>	<b>(4,734,638)</b>	<b>38,524,241</b>
28											
29	252000	Customer Advances for Construction	(1,466,211)	(1,490,542)	(1,539,334)	(1,539,066)	(2,235,444)	-	(2,235,444)	-	(2,235,444)
30											
31	253011	Accrued Group Insurance Retiree LT	(7,633,310)	(7,670,503)	(7,716,200)	(7,761,656)	(7,534,716)	-	(7,534,716)	-	(7,534,716)
32	253100	Accrued PEP	(2,138,933)	(2,141,270)	(2,143,607)	(2,140,062)	(2,093,571)	-	(2,093,571)	-	(2,093,571)
33	253105	Accrued Pension	(14,518,222)	(14,789,144)	(15,060,067)	(15,330,990)	(14,385,917)	-	(14,385,917)	-	(14,385,917)
34	253110	Accrued Pension Supplement - SERP	(909,665)	(904,841)	(900,018)	(895,194)	(913,341)	-	(913,341)	-	(913,341)
35	254010	Regulatory Liability Power Plant Maint.	(224,680)	(287,875)	(351,070)	(414,265)	(80,480)	-	(80,480)	-	(80,480)
36	254015	Regulatory Liability ITC	-	-	-	-	(1,035)	-	(1,035)	-	(1,035)
37	254015	Regulatory Liability Flowback Excess Def. Tax	(705,984)	(687,096)	(668,208)	(649,320)	(762,648)	-	(762,648)	-	(762,648)
38	254200	Regulatory Liability LT Pension Inc. Tax	(14,691,286)	(14,691,286)	(14,691,286)	(14,691,286)	(12,396,326)	-	(12,396,326)	-	(12,396,326)
39	254385	Regulatory Liability LT Retiree HC	(590,371)	(590,371)	(590,371)	(590,371)	(802,619)	-	(802,619)	-	(802,619)
40		<b>Total Regulatory Liabilities</b>	<b>(41,432,451)</b>	<b>(41,762,386)</b>	<b>(42,120,827)</b>	<b>(42,473,144)</b>	<b>(38,970,653)</b>	<b>-</b>	<b>(38,970,653)</b>	<b>-</b>	<b>(38,970,653)</b>
41											
42	282100/282998	DT4062 - Accelerated Depreciation	(153,853,430)	(153,853,430)	(153,853,430)	(153,808,928)	(149,226,895)	(1,533,268)	(150,760,163)	(1,761,534)	(152,521,697)
43	283005	DT4004 - Prepaid Expenses	(256,125)	(256,125)	(256,125)	(256,125)	(254,961)	(14,893)	(269,854)	-	(269,854)
44	283440	DT2015 - Pension Plan	(4,463,571)	(4,463,571)	(4,463,571)	(1,786,852)	(2,903,399)	(1,196,125)	(4,099,524)	-	(4,099,524)
45	283440	DT2093 - FAS 109 AFUDC	(2,993,220)	(2,993,220)	(2,993,220)	(2,993,220)	(3,144,605)	-	(3,144,605)	-	(3,144,605)
46	283440	DT3018 - Tax Effect on State NOL	(1,439)	(1,439)	(1,439)	(1,439)	(443)	-	(443)	-	(443)
47	283440	DT4065 - FAS 109 Equity AFUDC	(5,558,838)	(5,558,838)	(5,558,838)	(5,558,838)	(5,839,981)	-	(5,839,981)	-	(5,839,981)
48	283440	DT4070 - Required Bond Loss	(945,794)	(945,794)	(945,794)	(917,827)	(938,158)	-	(938,158)	-	(938,158)
49	283440	DT4275 - Unit of Property	(2,075,049)	(2,075,049)	(2,075,049)	(2,153,598)	(1,903,200)	(159,325)	(2,062,525)	-	(2,062,525)
50	283440	<b>Total 282 and 283 Accounts</b>	<b>(170,147,466)</b>	<b>(170,147,466)</b>	<b>(170,147,466)</b>	<b>(167,476,826)</b>	<b>(164,211,642)</b>	<b>(2,903,611)</b>	<b>(167,115,253)</b>	<b>(1,761,534)</b>	<b>(168,876,787)</b>
51											
52											
53		<b>Total - Black Hills Power</b>	<b>\$ (120,834,911)</b>	<b>\$ (121,215,717)</b>	<b>\$ (121,629,488)</b>	<b>\$ (125,213,603)</b>	<b>\$ (125,500,453)</b>	<b>\$ (1,685,788)</b>	<b>\$ (127,186,241)</b>	<b>\$ (6,496,172)</b>	<b>\$ (133,682,413)</b>
54											
55		<b>Less: Transmission Other Rate Base Reductions</b>									
56	282100/282998	Accelerated Depreciation					(20,336,769)	(208,693.11)	(20,545,462)	-	(20,545,462)
57	283005/283440	Accumulated Deferred Income Taxes					(2,252,115)	(186,517.39)	(2,438,632)	-	(2,438,632)
58	190520/190175/190599	Accumulated Deferred Income Taxes					5,326,077	165,757.89	5,491,835	(644,432)	4,847,403
59	182390/254015/254012	FAS 109 Adjustment (Gross Up on Excess DIT)					393,312	-	393,312	-	393,312
60		Subtotal					(16,869,495)	(229,453)	(17,098,948)	(644,432)	(17,743,379)
61		<b>Total to be Included in the Black Hills Power Rate Base</b>					<b>\$ (108,630,958)</b>	<b>\$ (1,456,335)</b>	<b>\$ (110,087,293)</b>	<b>\$ (5,851,740)</b>	<b>\$ (115,939,034)</b>

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

Line No.	(a) (Stmt. D pg. 2) Capital Additions Amount	(b) (Stmt. J) Depreciation Rate	(c) (a) * (b) (Stmt. J) Book Depreciation	(d) 1st Year Tax Depreciation Rate (Note 1)	(e) (a) - (d) Tax Depreciation	(f) (c) - (e) Difference	(g) Tax Rate	(h) (f) * (g) 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>

10  
11  
12  
13

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.

## Section N

**20:10:13:97. Statement N -- Allocated Cost of Service by Jurisdiction.** 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.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
M	1	<b>SUMMARY AT PRESENT RATES</b>			
M	2				
M	3	<b>DEVELOPMENT OF RETURN</b>			
M	4				
M	5	<b>OPERATING REVENUE</b>	<u>Stmt N Reference</u>		
M	6	Sales of Electricity	SCH I, LN 4	154,565,316	138,472,112
M	7	Contract Revenues	SCH I, LN 5	56,617,657	50,619,748
M	8	Other Operating Revenue	SCH I, LN 15	38,965,243	14,492,540
M	9	<b>TOTAL OPERATING REVENUE</b>		250,148,216	203,584,400
M	10				
M	11	<b>OPERATING EXPENSES</b>			
M	12	Operation and Maintenance Expense	SCH H, LN 178	158,197,031	136,315,212
M	13	Depreciation Expense	SCH J, LN 27	27,569,938	22,696,010
M	14	Amortization Expense	SCH J, LN 29	97,406	88,365
M	15	Taxes Other Than Income Taxes	SCH L, LN 20	4,880,964	3,737,440
M	16	State Income Tax	SCH K, LN 10	10,261	0
M	17	Federal Income Tax	SCH K, LN 32	13,226,091	8,050,139
M	18	<b>TOTAL OPERATING EXPENSES</b>		203,981,691	170,887,166
M	19				
M	20	<b>OPERATING INCOME (RETURN)</b>		46,166,525	32,697,234
M	21				
M	22				
M	23	<b>DEVELOPMENT OF RATE BASE</b>			
M	24	Electric Plant in Service	SCH D-2, LN 116	995,420,017	788,110,937
M	25	Less: Accumulated Depreciation	SCH E, LN 27	346,033,623	282,351,408
M	26	Less: Amortization	SCH E, LN 29	3,034,523	2,711,805
M	27	Plus: Working Capital	SCH F, LN 9	18,970,953	14,905,732
M	28	Less: Other Rate Base Deductions	SCH F, LN 24	125,500,453	98,730,746
M	29				
M	30	<b>TOTAL RATE BASE</b>	SCH F, LN 27	539,822,371	419,222,711
M	31				
M	32				
M	33	<b>RATE OF RETURN (PRESENT)</b>		8.55%	7.80%
M	34				
M	35	<b>INDEX RATE OF RETURN (PRESENT)</b>		1.00	0.91
M	36				
M	37				
M	38				
M	39				
M	40				
M	41				
M	42				
M	43				
M	44				
M	45				
M	46				

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
M 47	EQUALIZED RETURN AT CLAIMED ROR			
M 48				
M 49	DEVELOPMENT OF RETURN (EQUALIZED RATE LEVELS)			
M 50				
M 51	RATE BASE		539,822,371	419,222,711
M 52				
M 53	RATE OF RETURN		8.54%	8.54%
M 54				
M 55	RETURN (RATE BASE * ROR)		46,100,831	35,801,619
M 56				
M 57	LESS:			
M 58	OPERATING EXPENSES	<u>Stmt N Reference</u>		
M 59	Operation and Maintenance Expense	SCH M, LN 12	158,197,031	136,315,212
M 60	Depreciation Expense	SCH M, LN 13	27,569,938	22,696,010
M 61	Amortization Expense	SCH J, LN 29	97,406	88,365
M 62	Taxes Other Than Income Taxes	SCH M, LN 15	4,880,964	3,737,440
M 63	State Income Tax	CALCULATED	10,261	0
M 64	Federal Income Tax	CALCULATED	13,190,714	9,721,850
M 65	TOTAL OPERATING EXPENSES		203,946,315	172,558,877
M 66				
M 67	EQUALS TOTAL COST OF SERVICE		250,047,146	208,360,497
M 68				
M 69	LESS:			
M 70	OTHER OPERATING REVENUES		95,582,900	65,112,288
M 71				
M 72	EQUALS:			
M 73	CLAIMED BASE RATE SALES @ EQUALIZED ROR		154,464,245	143,248,208
M 74				
M 75				
M 76	TOTAL COST OF SERVICE INCREASE/(DECREASE)		(101,071)	4,776,096
M 77				
M 78	REVENUE INCREASE TO RETAIL REVENUES (%)		-0.07%	3.45%
M 79				
M 80				
M 81				
M 82				
M 83				
M 84				
M 85				
M 86				
M 87				
M 88				
M 89				
M 90				
M 91				
M 92				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
		(a)	(b)	(c)	(d)
M	93				
M	94				
M	95				
M	96				
M	97				
M	98				
M	99				
M	100	THIS PAGE INTENTIONALLY LEFT BLANK			
M	101				
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M	111				
M	112				
M	113				
M	114				
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M	118				
M	119				
M	120				
M	121				
M	122				
M	123				
M	124				
M	125				
M	126				
M	127				
M	128				
M	129				
M	130				
M	131				
M	132				
M	133				
M	134				
M	135				
M	136				
M	137				
M	138				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
D-2 1	DEVELOPMENT OF RATE BASE			
D-2 2				
D-2 3	ELECTRIC PLANT IN SERVICE			
D-2 4				
D-2 5	PRODUCTION PLANT			
D-2 6	Steam Plant			
D-2 7	310-Land & Land Rights	DPROD	333,709	298,219
D-2 8	311-Structures & Improve	DPROD	40,172,565	35,900,261
D-2 9	312-Boiler Plant Equipment	DPROD	229,471,386	205,067,382
D-2 10	313-Engines and Engine Driver Generator	DPROD	339,815	303,676
D-2 11	314-Turbogenerator Units	DPROD	122,755,168	109,700,305
D-2 12	315-Accessory Electric Equipment	DPROD	22,705,660	20,290,941
D-2 13	316-Misc Power Plant Equipment	DPROD	3,668,910	3,278,726
D-2 14	106-Completed Not Classified Production Plant	DPROD	16,724,779	14,946,119
D-2 15	Steam Plant Additions/Annualization	DPROD	0	0
D-2 16	Total Steam Plant		436,171,992	389,785,629
D-2 17				
D-2 18				
D-2 19	Other Production Plant			
D-2 20	340-Land & Land Rights	DPROD	2,705	2,417
D-2 21	341-Structures and Improvements	DPROD	515,535	460,708
D-2 22	342-Fuel Holders, Producers, & Access	DPROD	5,119,213	4,574,791
D-2 23	344-Generators	DPROD	68,775,732	61,461,516
D-2 24	345-Accessory Electric Equipment	DPROD	4,859,650	4,342,832
D-2 25	346-Misc Power Plant Equipment	DPROD	82,868	74,055
D-2 26	106-Completed Not Classified Oth Prod Plt	DPROD	498,582	445,558
D-2 27	Other Prod Plant Additions/Annualization	DPROD	0	0
D-2 28	Total Other Production Plant		79,854,285	71,361,879
D-2 29				
D-2 30	TOTAL PRODUCTION PLANT		516,026,277	461,147,508
D-2 31				
D-2 32				
D-2 33	TRANSMISSION PLANT			
D-2 34	350-Land & Land Rights	DTRAN	4,036,391	558,204
D-2 35	352-Structures & Improvements	DTRAN	1,568,466	946,817
D-2 36	353-Station Equipment	DTRAN	45,442,021	821,071
D-2 37	354-Tower and Fixtures	DTRAN	736,867	363,066
D-2 38	355-Poles & Fixtures	DTRAN	26,210,756	217,875
D-2 39	356-Overhead Conductors & Devices	DTRAN	28,310,483	991,295
D-2 40	359-Roads and Trails	DTRAN	6,920	6,311
D-2 41	106-Completed Not Classified Transmission Plt	DTRAN	8,635,892	0
D-2 42	Transmission Plant Additions/Annualization	DTRAN	0	0
D-2 43	TOTAL TRANSMISSION PLANT		114,947,796	3,904,640
D-2 44				
D-2 45				
D-2 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
D-2 47	ELECTRIC PLANT IN SERVICE CONTINUED			
D-2 48				
D-2 49	DISTRIBUTION PLANT			
D-2 50	360-Land & Land Rights	Direct Assignment	1,636,579	1,552,057
D-2 51	361-Structures & Improvements	Direct Assignment	254,825	246,766
D-2 52	362-Station Equipment	Direct Assignment	63,211,995	45,100,101
D-2 53	364-Poles, Towers & Fixtures			
D-2 54	Primary - Demand		49,419,423	46,713,282
D-2 55	Secondary - Demand		13,065,623	12,350,167
D-2 56	Total Account 364	Direct Assignment	62,485,046	59,063,449
D-2 57	365-Overhead Conductors & Devices			
D-2 58	Primary - Demand		32,597,507	30,942,154
D-2 59	Secondary - Demand		5,595,237	5,311,102
D-2 60	Total Account 365	Direct Assignment	38,192,744	36,253,256
D-2 61	366-Underground Conduit			
D-2 62	Primary - Demand		2,129,936	2,088,264
D-2 63	Secondary - Demand		1,457,627	1,429,109
D-2 64	Total Account 366	Direct Assignment	3,587,563	3,517,373
D-2 65	367-Underground Conductors & Devices			
D-2 66	Primary - Demand		19,764,617	19,338,906
D-2 67	Secondary - Demand		18,838,150	18,432,395
D-2 68	Total Account 367	Direct Assignment	38,602,767	37,771,301
D-2 69	368-Line Transformers			
D-2 70	Demand		32,438,334	31,204,759
D-2 71	Total Account 368	Direct Assignment	32,438,334	31,204,759
D-2 72	369-Services	Direct Assignment	27,327,010	26,665,348
D-2 73	370-Meters	Direct Assignment	2,978,612	2,825,893
D-2 74	371-Installation on Customer Premises	Direct Assignment	2,048,191	1,964,488
D-2 75	373-Street Lighting & Signal Systems	Direct Assignment	1,690,694	1,617,886
D-2 76	106 - Completed Not Classified Distribution Plant	DISTPLTXNC	13,651,463	12,764,157
D-2 77	Distribution Plant Additions/Annualization	DISTPLTXNC	0	0
D-2 78	TOTAL DISTRIBUTION PLANT		288,105,823	260,546,835
D-2 79				
D-2 80				
D-2 81				
D-2 82	TOTAL PROD, TRANS, & DIST PLANT		919,079,896	725,598,983
D-2 83				
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D-2 92				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
D-2 93	<b>ELECTRIC PLANT IN SERVICE CONTINUED</b>			
D-2 94				
D-2 95	<b>GENERAL PLANT</b>			
D-2 96	389-Land and Land Rights	SALWAGES	791,347	653,835
D-2 97	390-Structures and Improvements	SALWAGES	10,877,474	8,987,303
D-2 98	391-Office Furniture & Equipment	SALWAGES	10,144,154	8,381,410
D-2 99	392-Transportation Equipment	SALWAGES	6,447,375	5,327,019
D-2 100	393-Store Equipment	SALWAGES	317,260	262,130
D-2 101	394-Tools, Shop & Garage Equip.	SALWAGES	4,406,222	3,640,555
D-2 102	395-Laboratory Equipment	SALWAGES	436,710	360,824
D-2 103	396-Power Operated Equipment	SALWAGES	630,583	521,007
D-2 104	397-Communication Equipment	SALWAGES	8,060,617	5,325,590
D-2 105	398-Miscellaneous Equipment	SALWAGES	262,291	216,713
D-2 106	Rate Case Expense	SREVSD	0	0
D-2 107	106-Completed Not Classified General Plant	SALWAGES	3,153,804	2,861,061
D-2 108	General Plant Additions/Annualization	SALWAGES	0	0
D-2 109	<b>TOTAL GENERAL PLANT</b>		<b>45,527,837</b>	<b>36,537,446</b>
D-2 110				
D-2 111	<b>TOTAL OTHER UTILITY PLANT IN SERVICE</b>	SALWAGES	<b>25,941,976</b>	<b>21,622,151</b>
D-2 112				
D-2 113	<b>TOTAL PLANT ACQUISITION ADJUSTMENT</b>	DPROD	<b>4,870,308</b>	<b>4,352,357</b>
D-2 114				
D-2 115				
D-2 116	<b>TOTAL ELECTRIC PLANT IN SERVICE</b>		<b>995,420,017</b>	<b>788,110,937</b>
D-2 117				
D-2 118				
D-2 119				
D-2 120				
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D-2 137				
D-2 138				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
E 1	<b>LESS: ACCUMULATED DEPRECIATION</b>			
E 2				
E 3	PRODUCTION PLANT ACCUM DEPRECIATION	PRODPLT	182,832,997	163,388,929
E 4				
E 5	TRANSMISSION PLANT ACCUM DEPREC	TRANPLT	29,480,330	1,352,855
E 6				
E 7	<b>DISTRIBUTION PLANT ACCUM DEPRECIATION</b>			
E 8	360-Land & Land Rights	PLT_360	(43,322)	(41,085)
E 9	361-Structures & Improvements	PLT_361	141,732	137,250
E 10	362-Station Equipment	PLT_362	23,800,485	17,542,035
E 11	364-Poles, Towers & Fixtures	PLT_364	23,213,676	21,942,526
E 12	365-Overhead Conductors & Devices	PLT_365	13,947,425	13,239,153
E 13	366-Underground Conduit	PLT_366	507,645	497,713
E 14	367-Underground Conductors & Devices	PLT_367	13,722,328	13,426,762
E 15	368-Line Transformers	PLT_368	12,033,874	11,576,246
E 16	369-Services	PLT_369	9,035,379	8,816,608
E 17	370-Meters	PLT_370	(4,087,213)	(3,877,654)
E 18	371-Installation on Customer Premises	PLT_371	790,650	758,339
E 19	373-Street Lighting & Signal Systems	PLT_373	766,845	733,822
E 20	Unspecified and Accum Dep Adjustment	DISTPLT	(801,573)	(749,473)
E 21	<b>TOTAL DISTRIBUTION PLANT ACCUM DEPREC</b>		<b>93,027,931</b>	<b>84,002,242</b>
E 22				
E 23	GENERAL PLANT ACCUM DEPRECIATION	GENLPLT	22,340,575	18,311,802
E 24				
E 25	OTHER UTILITY ACCUM DEPRECIATION	SALWAGES	18,351,791	15,295,580
E 26				
E 27	<b>TOTAL ACCUMULATED DEPRECIATION</b>		<b>346,033,623</b>	<b>282,351,408</b>
E 28				
E 29	AMORTIZATION OF PLANT ACQUISITION	PRODPLT	3,034,523	2,711,805
E 30				
E 31	<b>NET ELECTRIC PLANT IN SERVICE</b>		<b>646,351,871</b>	<b>503,047,724</b>
E 32				
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BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
F 1	ADDITIONS AND DEDUCTIONS TO RATE BASE			
F 2				
F 3	PLUS: ADDITIONS TO RATE BASE			
F 4	WORKING CAPITAL			
F 5	Cash Working Capital (Lead Lag)	SCH F-3, LN 40	(3,631,348)	(3,575,874)
F 6	Fuel Inventory	ENEFUEL	6,740,850	5,825,064
F 7	Materials and Supplies	TOTPLT	14,800,547	12,036,454
F 8	Prepayments	OMXFPP	1,060,904	620,089
F 9	TOTAL WORKING CAPITAL		18,970,953	14,905,732
F 10				
F 11	LESS: DEDUCTIONS TO RATE BASE			
F 12	Customer Advances for Construction	CUSTADV	2,235,444	2,190,735
F 13	Regulatory Assets - S&W Related	SALWAGES	(23,453,929)	(21,276,884)
F 14	Regulatory Assets - Plant Related	TOTPLT	(14,422,301)	(7,902,392)
F 15	Regulatory Liabilities - S&W Related	SALWAGES	38,126,490	34,587,506
F 16	Regulatory Liabilities - Plant Related	TOTPLT	844,163	766,514
F 17	Deferred Income Taxes and Credits			
F 18	Deferred Income Tax - Property (Debit)	TOTPLT	(24,358,302)	(22,117,752)
F 19	Deferred Income Tax - S&W (Debit)	SALWAGES	(16,941,543)	(15,368,992)
F 20	Deferred Income Tax - Customer (Debit)	SREVSD	(741,211)	(741,211)
F 21	Deferred Income Tax - Property (Credit)	TOTPLT	161,053,282	125,728,028
F 22	Deferred Income Tax - Other (Credit)	SALWAGES	3,158,360	2,865,194
F 23	Total Deferred Income Taxes and Credits		122,170,586	90,365,267
F 24	TOTAL DEDUCTIONS TO RATE BASE		125,500,453	98,730,746
F 25				
F 26				
F 27	TOTAL RATE BASE		539,822,371	419,222,711
F 28				
F 29				
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BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

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Cost of Service Study  
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SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
F-3 1	<b>CASH WORKING CAPITAL (LEAD LAG)</b>			
F-3 2				
F-3 3	O&M EXPENSE PER DAY RELATED CASH WORKING CAPITAL			
F-3 4	Purchased Fuel (Coal, Gas, & Oil)	ENEFUEL	57,981	50,104
F-3 5	Coal Transportation	ENEFUEL	3,629	3,136
F-3 6	Natural Gas - Other Production	ENEFUEL	5,682	4,910
F-3 7	Purchased Power	OX_555	133,426	115,886
F-3 8	Transmission	TRANPLT	50,939	46,456
F-3 9	Labor	SALWAGES	31,076	28,191
F-3 10	Employee Benefits	SALWAGES	1,621	1,471
F-3 11	Service Company Charges	SALWAGES	77,353	70,173
F-3 12	Other O&M	OMXFPP	61,684	56,100
F-3 13	Wyodak Power Plant O&M	PRODPLT	10,025	8,959
F-3 14	TOTAL O&M		433,416	385,386
F-3 15				
F-3 16	<b>TAXES OTHER THAN INCOME TAXES</b>			
F-3 17	Property Taxes	TOTPLT	12,768	16,825
F-3 18	Unemployment Taxes (FUTA & SUTA)	SALWAGES	314	285
F-3 19	Montana Electric Energy	SREVMT	49	0
F-3 20	Wyoming Franchise Tax	SREVWY	166	0
F-3 21	South Dakota PUC	SREVSD	592	592
F-3 22	Wyoming PSC	SREVWY	(7)	0
F-3 23	FICA Taxes - Employer's	SALWAGES	7,994	7,252
F-3 24	TOTAL TAXES OTHER THAN INCOME TAXES		21,876	24,954
F-3 25				
F-3 26	Depreciation Expense	TOTPLT	75,534	134,064
F-3 27	Amortization Expense	PRODPLT	267	238
F-3 28	TOTAL DEPRECIATION/AMORTIZATION		75,801	134,302
F-3 29				
F-3 30	FEDERAL INCOME TAXES	CLAIMREV	36,575	32,700
F-3 31				
F-3 32	INTEREST EXPENSE	TOTPLT	49,501	44,948
F-3 33				
F-3 34	GRAND TOTAL		617,169	622,290
F-3 35				
F-3 36	CWC REQUIREMENT (GRAND TOTAL x EXPENSE LAG)		(2,542,736)	(2,563,836)
F-3 37				
F-3 38	LESS: TAX COLLECTIONS AVAILABLE		(1,088,612)	(1,012,038)
F-3 39				
F-3 40	NET CASH WORKING CAPITAL REQUIREMENT		(3,631,348)	(3,575,874)
F-3 41				
F-3 42				
F-3 43				
F-3 44				
F-3 45				
F-3 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
F-3 1				
F-3 2	CASH WORKING CAPITAL (LEAD LAG) CONTINUED			
F-3 3				
F-3 4	<u>LAG/LEAD DAYS</u>			
F-3 5	REVENUE LAG DAYS		37.96	
F-3 6	EXPENSE LEAD DAYS		42.08	
F-3 7	NET DAYS		(4.12)	
F-3 8				
F-3 9	TAX COLLECTIONS AVAILABLE			
F-3 10	FICA Taxes (Employee Contribution)	SALWAGES	(54,075)	(49,056)
F-3 11	Federal Withholding Tax	SALWAGES	(130,575)	(118,455)
F-3 12	South Dakota Sales and Use Tax	SREVSD	(844,528)	(844,528)
F-3 13	Wyoming Sales and Use Tax	SREVWY	(59,434)	0
F-3 14	TOTAL TAX COLLECTIONS AVAILABLE		(1,088,612)	(1,012,038)
F-3 15				
F-3 16				
F-3 17				
F-3 18				
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F-3 20				
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F-3 45				
F-3 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
1	<b>OPERATING REVENUES</b>			
2				
3	<b>SALES REVENUES</b>			
4	Sales of Electricity Revenues		154,565,316	138,472,112
5	Contract Revenues	CLAIMREV	56,617,657	50,619,748
6	<b>TOTAL SALES OF ELECTRICITY</b>		<b>211,182,973</b>	<b>189,091,860</b>
7				
8	<b>OTHER OPERATING REVENUES</b>			
9	Cost Adjustment Revenue	Direct Assignment	7,457,312	6,604,628
10	Demand Side Management Revenue	Direct Assignment	(784,521)	(784,521)
11	450-Forfeited Discounts	Direct Assignment	259,858	251,449
12	451-Miscellaneous Service Revenues	Direct Assignment	440,263	433,078
13	454-Rent from Electric Property	TDPLT	8,546,371	7,987,906
14	456-Other Electric Revenues - Transmission	TRANPLT	23,045,960	0
15	<b>TOTAL OTHER OPERATING REV</b>		<b>38,965,243</b>	<b>14,492,540</b>
16				
17	<b>TOTAL OPERATING REVENUES</b>		<b>250,148,216</b>	<b>203,584,400</b>
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BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 1				
H 2	<b>OPERATION &amp; MAINTENANCE EXPENSE</b>			
H 3				
H 4				
H 5	<b>PRODUCTION EXPENSE</b>			
H 6				
H 7	Steam Production Operation			
H 8	500-Supervision & Engineering	SALWAGPO	1,846,170	1,609,006
H 9	501-Fuel	ENEFUEL	24,549,436	21,214,242
H 10	502-Steam Expense	DPROD	3,665,046	3,275,273
H 11	505-Electric Expense	DPROD	1,248,355	1,115,594
H 12	506-Miscellaneous Steam Power Expense	DPROD	789,883	705,880
H 13	507-Rent	DPROD	2,541,056	2,270,818
H 14	509-Allowances	DPROD	30	27
H 15	Total Steam Production Operation		34,639,976	30,190,839
H 16				
H 17	Steam Production Maintenance			
H 18	510-Supervision & Engineering	SALWAGPM	1,721,490	1,538,412
H 19	511-Maintenance of Structures	DPROD	820,969	733,660
H 20	512-Maintenance of Boilers	DPROD	4,757,649	4,251,679
H 21	513-Maintenance of Electric Plant	DPROD	875,047	781,987
H 22	514-Maintenance of Miscellaneous Steam Plant	DPROD	205,774	183,890
H 23	Total Steam Production Maintenance		8,380,929	7,489,627
H 24				
H 25	Total Steam Production Expense		43,020,905	37,680,467
H 26				
H 27	Other Production Operation			
H 28	546-Operation Supervision and Engineering	SALWAGPO	215,352	187,687
H 29	547-Fuel	ENEFUEL	2,074,106	1,792,326
H 30	548-Generation Expense	DPROD	442,112	395,094
H 31	549-Miscellaneous Other Power Generation	DPROD	97,138	86,807
H 32	550-Rents	DPROD	118,053	105,498
H 33	Total Other Production Operation		2,946,761	2,567,413
H 34				
H 35	Other Production Maintenance			
H 36	551-Supervision & Engineering	SALWAGPM	163,609	146,209
H 37	552-Structures	DPROD	98,340	87,882
H 38	553-Maintenance of Generating and Electric Plant	DPROD	1,967,157	1,757,952
H 39	554-Maintenance of Miscellaneous Other Power	DPROD	197,740	176,711
H 40	556-System Control and Load Dispatching	DPROD	1,211,692	1,082,830
H 41	556-System Control and Load Dispatching	DPROD	24	21
H 42	Total Other Production Maintenance		3,638,562	3,251,605
H 43				
H 44	Total Other Production Expense		6,585,323	5,819,018
H 45				
H 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 47	<b>OPERATION &amp; MAINTENANCE EXPENSE CONTINUED</b>			
H 48				
H 49				
H 50	<b>PRODUCTION EXPENSE (CONT.)</b>			
H 51				
H 52	Other Power Supply			
H 53	555 - Purchased Power - Energy	ENERGY1	41,442,094	35,811,927
H 54	555 - Purchased Power - Capacity	DPROD	7,258,307	6,486,395
H 55	Total Other Power Supply		48,700,401	42,298,322
H 56				
H 57	<b>TOTAL PRODUCTION EXPENSE</b>		<b>98,306,629</b>	<b>85,797,807</b>
H 58				
H 59				
H 60	<b>TRANSMISSION EXPENSES</b>			
H 61				
H 62	Operation			
H 63	560-Supervision & Engineering	SALWAGTO	517,220	246,323
H 64	561-Load Dispatch	TRANPLT	2,622,111	0
H 65	562-Station Equipment	TRANPLT	301,339	0
H 66	563-Overhead Lines	TRANPLT	94,210	44,867
H 67	565-Transmission of Electricity by Others	TRANPLT	18,592,582	16,956,354
H 68	566-Miscellaneous	TRANPLT	100,190	47,715
H 69	567-Rents	TRANPLT	0	0
H 70	Total Transmission Operation		22,227,652	17,295,258
H 71				
H 72	Maintenance			
H 73	568-Maintenance Supervision & Engineering	SALWAGTM	0	0
H 74	569-Maintenance of Structures	TRANPLT	0	0
H 75	570-Maintenance of Station Equipment	TRANPLT	143,335	68,262
H 76	571-Maintenance of Overhead Lines	TRANPLT	160,826	76,592
H 77	572-Maintenance of Underground Lines	TRANPLT	0	0
H 78	573-Maint. of Miscellaneous Transmission Plant	TRANPLT	0	0
H 79	Total Transmission Maintenance		304,161	144,855
H 80				
H 81	<b>TOTAL TRANSMISSION EXPENSE</b>		<b>22,531,813</b>	<b>17,440,113</b>
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BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 93	<b>OPERATION &amp; MAINTENANCE EXPENSE CONTINUED</b>			
H 94				
H 95				
H 96	<b>DISTRIBUTION EXPENSES</b>			
H 97	Operation			
H 98	580-Supervision	SALWAGDO	836,439	782,216
H 99	581-Load Dispatch	DISTPLT	292,624	273,604
H 100	582-Station Equipment	PLT_362	443,357	371,904
H 101	583-Overhead Lines	OHDIST	456,237	431,942
H 102	584-Underground Lines	UGDIST	311,105	304,456
H 103	585-Street Lighting	PLT_3713	89	85
H 104	586-Metering	CMETERS	866,163	833,288
H 105	587-Customer Installations	CMETERS	28,737	27,646
H 106	588-Miscellaneous	DISTPLT	502,229	469,586
H 107	589-Rents	DISTPLT	19,457	18,192
H 108	Total Distribution Operation		3,756,437	3,512,920
H 109				
H 110	Maintenance			
H 111	590-Supervision	SALWAGDM	1,565	1,469
H 112	591-Structures	DISTPLT	0	0
H 113	592-Station Equipment	PLT_362	346,575	290,720
H 114	593-Overhead Lines	OHDIST	2,550,816	2,414,985
H 115	594-Underground Lines	UGDIST	191,328	187,239
H 116	595-Transformers	PLT_368	38,005	36,560
H 117	596-Street Lighting	PLT_3713	138,724	132,917
H 118	597-Metering	CMETERS	73,889	71,085
H 119	598-Miscellaneous	DISTPLT	21,554	20,153
H 120	Total Distribution Maintenance		3,362,456	3,155,127
H 121				
H 122	TOTAL DISTRIBUTION EXPENSES		7,118,893	6,668,047
H 123				
H 124	TOTAL OPER & MAINT EXP (PROD, TRAN, & DIST)		127,957,335	109,905,967
H 125				
H 126				
H 127				
H 128				
H 129				
H 130				
H 131				
H 132				
H 133				
H 134				
H 135				
H 136				
H 137				
H 138				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

Statement N  
Cost of Service Study  
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SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 139	<b>OPERATION &amp; MAINTENANCE EXPENSE CONTINUED</b>			
H 140				
H 141				
H 142	<b>CUSTOMER ACCOUNTS EXPENSES</b>			
H 143	901-Supervision	SALWAGCA	33,274	31,985
H 144	902-Meter Reading	CMETRDG	62,213	59,755
H 145	903-Customer Records and Collection Expense	CUSTREC	1,733,439	1,664,965
H 146	904-Uncollectible Accounts	EXP_904	290,583	281,359
H 147	905-Miscellaneous CA	CUSTCAM	826,214	793,577
H 148	<b>TOTAL CUSTOMER ACCTS EXPENSE</b>		<b>2,945,723</b>	<b>2,831,643</b>
H 149				
H 150				
H 151	<b>CUSTOMER SERVICE EXPENSES</b>			
H 152	907-Supervision	SALWAGCS	281,490	270,371
H 153	908-Customer Assistance	CUSTASST	1,166,416	1,120,341
H 154	909-Advertisement	CUSTADVT	11,854	11,386
H 155	910-Miscellaneous CS	CUSTCSM	64,863	62,301
H 156	<b>TOTAL CUSTOMER SERVICE EXPENSE</b>		<b>1,524,623</b>	<b>1,464,398</b>
H 157				
H 158	<b>SALES EXPENSES TOTAL</b>	<b>SALESREV</b>	<b>2,224</b>	<b>1,992</b>
H 159				
H 160	<b>TOTAL OPER &amp; MAINT EXCL A&amp;G</b>		<b>132,429,905</b>	<b>114,204,000</b>
H 161				
H 162	<b>ADMINISTRATIVE &amp; GENERAL EXPENSE</b>			
H 163	920-Administrative Salaries	SALWAGES	13,802,193	11,264,237
H 164	921-Office Supplies & Expense	SALWAGES	3,655,264	3,315,974
H 165	923-A&G Expense Transferred	SALWAGES	(41,436)	(37,590)
H 166	924-Outside Services	SALWAGES	2,283,012	2,071,098
H 167	924-Rate Case Expenses	SREVSD	0	0
H 168	925-Property Insurance	TOTPLT	854,167	775,598
H 169	926-Injuries and Damages	SALWAGES	1,388,862	1,259,945
H 170	927-Pensions & Benefits	SALWAGES	99,228	90,017
H 171	928-Regulatory Commission	SALESREV	713,800	639,480
H 172	930.1-General Advertising	SALWAGES	224,449	203,615
H 173	930.2-Miscellaneous General	SALWAGES	1,161,427	1,053,621
H 174	931-Rents	GENLPLT	545,526	494,889
H 175	932-Maintenance of General Plant	GENLPLT	1,080,634	980,327
H 176	<b>TOTAL A&amp;G EXPENSE</b>		<b>25,767,126</b>	<b>22,111,212</b>
H 177				
H 178	<b>TOTAL OPERATION &amp; MAINTENANCE EXPENSES</b>		<b>158,197,031</b>	<b>136,315,212</b>
H 179				
H 180				
H 181				
H 182				
H 183				
H 184				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
J 1	DEPRECIATION/AMORTIZATION EXPENSE			
J 2				
J 3	PRODUCTION PLANT EXPENSE	PRODPLT	13,325,407	11,908,267
J 4				
J 5	TRANSMISSION PLANT EXPENSE	TRANPLT	2,408,774	82,778
J 6				
J 7	DISTRIBUTION PLANT EXPENSE			
J 8	360-Land & Land Rights	PLT_360	0	0
J 9	361-Structures & Improvements	PLT_361	7,003	6,781
J 10	362-Station Equipment	PLT_362	1,737,159	1,457,194
J 11	364-Poles, Towers & Fixtures	PLT_364	1,717,181	1,623,151
J 12	365-Overhead Conductors & Devices	PLT_365	1,049,593	996,293
J 13	366-Underground Conduit	PLT_366	98,592	96,663
J 14	367-Underground Conductors & Devices	PLT_367	1,060,861	1,038,011
J 15	368-Line Transformers	PLT_368	891,453	857,553
J 16	369-Services	PLT_369	750,987	732,803
J 17	370-Meters	PLT_370	81,857	77,660
J 18	371-Installation on Customer Premises	PLT_371	56,287	53,987
J 19	373-Street Lighting & Signal Systems	PLT_373	46,463	44,462
J 20	Distribution Plant Annualization	DISTPLT	375,162	350,778
J 21	TOTAL DISTRIBUTION PLANT EXPENSE		7,872,598	7,335,335
J 22				
J 23	GENERAL PLANT EXPENSE	GENLPLT	2,005,786	1,593,945
J 24				
J 25	OTHER UTILITY DEPRECIATION EXPENSE	SALWAGES	1,957,373	1,775,685
J 26				
J 27	TOTAL DEPRECIATION EXPENSE		27,569,938	22,696,010
J 28				
J 29	PLANT ACQUISITION ADJUSTMENT	SALWAGES	97,406	88,365
J 30				
J 31	TOTAL DEPRECIATION/AMORTIZATION EXPENSE		27,667,345	22,784,375
J 32				
J 33				
J 34				
J 35				
J 36				
J 37				
J 38				
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J 44				
J 45				
J 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
L 1	<b>OTHER OPERATING EXPENSES</b>			
L 2				
L 3	<b>TAXES OTHER THAN INCOME TAXES</b>			
L 4	Federal Taxes			
L 5	FICA Tax	SALWAGES	2,917,700	2,512,919
L 6	Unemployment Tax	SALWAGES	21,763	19,743
L 7				
L 8	State Taxes			
L 9	Unemployment Tax	SALWAGES	92,754	84,144
L 10	Montana Electric Energy Tax	SREVMT	17,789	0
L 11	Wyoming Franchise Taxes	SREVWY	60,432	0
L 12	South Dakota PUC Tax	SREVSD	216,138	216,138
L 13	Wyoming Sales Tax	SREVWY	(2,479)	0
L 14				
L 15	Local Taxes			
L 16	Property	TOTPLT	4,660,470	3,720,016
L 17				
L 18	TOIT - Payroll Loading & Other	SALWAGES	(3,103,603)	(2,815,520)
L 19				
L 20	<b>TOTAL TAXES OTHER THAN INCOME</b>		<b>4,880,964</b>	<b>3,737,440</b>
L 21				
L 22				
L 23				
L 24				
L 25				
L 26				
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L 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
K 1	DEVELOPMENT OF INCOME TAXES			
K 2				
K 3	TOTAL OPERATING REVENUES	SCH I, LN 17	250,148,216	203,584,400
K 4				
K 5	LESS:			
K 6	OPERATION & MAINTAINENCE EXPENSE	SCH H, LN 178	158,197,031	136,315,212
K 7	DEPRECIATION EXPENSE	SCH J, LN 27	27,569,938	22,696,010
K 8	AMORTIZATION EXPENSE	SCH J, LN 29	97,406	88,365
K 9	TAXES OTHER THAN INCOME TAXES	SCH L, LN 20	4,880,964	3,737,440
K 10	MT STATE INCOME TAXES	SREVMT	10,281	0
K 11				
K 12	NET OPERATING INCOME BEFORE TAXES		59,392,615	40,747,373
K 13	AFUDC	TOTPLT	(490,930)	(445,773)
K 14	Interest Expense (Rate Base * Wtd Cost of Debt)		18,067,707	14,031,269
K 15	Subtotal		41,815,838	27,161,877
K 16				
K 17	Tax Adjustments:			
K 18	Permanent - Salaries & Wages	SALWAGES	346,185	314,051
K 19	Permanent - Plant	TOTPLTCUS	(399,491)	(316,292)
K 20	Temporary - Salaries & Wages	SALWAGES	(4,690,213)	(4,254,857)
K 21	Temporary - Plant	TOTPLTCUS	(43,867,926)	(34,731,864)
K 22	Temporary - Customer	CUST	(30,194)	(29,001)
K 23	Temporary - Other	CLAIMREV	(4,559,695)	(4,076,654)
K 24	Total Adjustments		(53,201,334)	(43,094,617)
K 25				
K 26	TAXABLE INCOME (NOL)		(11,385,496)	(15,932,740)
K 27				
K 28	Federal Income Tax @ 35%		(3,984,923)	(5,576,459)
K 29				
K 30	Other Tax Adjustments	TOTPLTCUS	17,211,014	13,626,598
K 31				
K 32	TOTAL FEDERAL INCOME TAX		13,226,091	8,050,139
K 33				
K 34	TOTAL INCOME TAXES		13,236,352	8,050,139
K 35				
K 36				
K 37				
K 38				
K 39				
K 40				
K 41				
K 42				
K 43				
K 44				
K 45				
K 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
K 47				
K 48				
K 49				
K 50				
K 51				
K 52	<b>TAX RATES</b>			
K 53	STATE TAX RATE		0.00%	
K 54	FEDERAL TAX RATE - CURRENT		35.00%	
K 55				
K 56				
K 57				
K 58				
K 59	<b>WEIGHTED COST OF DEBT</b>	<b>CALCULATED</b>	<b>3.35%</b>	
K 60				
K 61				
K 62				
K 63				
K 64				
K 65				
K 66				
K 67				
K 68				
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K 70				
K 71				
K 72				
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K 86				
K 87				
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K 89				
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K 91				
K 92				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
H-1 1	<b>DEVELOPMENT OF SALARIES &amp; WAGES ALLOCATION FACTOR</b>			
H-1 2				
H-1 3	<b>PRODUCTION SALARIES &amp; WAGES EXPENSE</b>			
H-1 4	Operation	OX_PROD	3,704,819	3,228,889
H-1 5	Maintenance	MX_PROD	2,881,357	2,574,928
H-1 6	TOTAL PRODUCTION		6,586,176	5,803,817
H-1 7				
H-1 8	<b>TRANSMISSION SALARIES &amp; WAGES EXPENSE</b>			
H-1 9	Operation	OX_TRAN	236,196	215,410
H-1 10	Maintenance	MX_TRAN	61,019	55,649
H-1 11	TOTAL TRANSMISSION		297,215	271,059
H-1 12				
H-1 13	<b>DISTRIBUTION SALARIES &amp; WAGES EXPENSE</b>			
H-1 14	Operation	OX_DIST	1,803,754	1,686,823
H-1 15	Maintenance	MX_DIST	772,397	724,771
H-1 16	TOTAL DISTRIBUTION		2,576,151	2,411,594
H-1 17				
H-1 18	CUSTOMER ACCOUNTS SAL & WAGES EXP	OX_CA	1,009,419	970,327
H-1 19				
H-1 20	CUSTOMER SERVICE SAL & WAGES EXP	OX_CS	757,920	727,981
H-1 21				
H-1 22	<b>ADMINISTRATIVE &amp; GENERAL SALARIES &amp; WAGES EXP</b>			
H-1 23	Operation	SALWAGXAG	102,750	93,213
H-1 24	Maintenance	SALWAGXAG	13,241	12,012
H-1 25	TOTAL ADMINISTRATIVE & GENERAL		115,991	105,224
H-1 26				
H-1 27	TOT OPER & MAINTENANCE SALARIES & WAGES		11,342,872	10,290,002
H-1 28				
H-1 29				
H-1 30				
H-1 31				
H-1 32				
H-1 33				
H-1 34				
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H-1 43				
H-1 44				
H-1 45				
H-1 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AF	1	ALLOCATION FACTOR TABLE			
AF	2	<u>DEMAND</u>			
AF	3				
AF	4	<u>DEMAND - PRODUCTION RELATED</u>			
AF	5	Demand Production (12 CP)	DPROD	279.61	249.88
AF	6				
AF	7				
AF	8				
AF	9	<u>DEMAND - TRANSMISSION RELATED</u>			
AF	10	Demand Transmission (NCP)	DTRAN	366.18	333.95
AF	11				
AF	12				
AF	13				
AF	14				
AF	15				
AF	16				
AF	17				
AF	18				
AF	19				
AF	20	<u>DEMAND - DISTRIBUTION RELATED (NCP)</u>			
AF	21	Demand Distribution Primary Substation	DDISPSUB	366.175	333.95
AF	22	Demand Distribution Primary Overhead Lines	DDISTPOL	366.175	333.95
AF	23	Demand Distribution Primary Underground Lines	DDISTPUL	366.175	333.95
AF	24				
AF	25	Demand Distribution Secondary Overhead Lines	DDISTSOL	366.175	333.95
AF	26	Demand Distribution Secondary Underground Lines	DDISTSUL	366.175	333.95
AF	27	Demand Distribution Overhead Line Transformers	DDISTSOT	366.175	333.95
AF	28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	366.175	333.95
AF	29				
AF	30				
AF	31				
AF	32				
AF	33				
AF	34				
AF	35				
AF	36				
AF	37				
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AF	42				
AF	43				
AF	44				
AF	45				
AF	46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 47	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF 48				
AF 49	<b>ENERGY</b>			
AF 50	Energy @ Generation with losses (kWh)	ENEFUEL	1,822,806	1,575,167
AF 51	Energy @ Generation with losses( kWh)	ENERGY1	1,822,806	1,575,167
AF 52	Energy @ Meter (kWh Sales)	ENERGY2	1,684,273	1,455,584
AF 53				
AF 54				
AF 55				
AF 56				
AF 57				
AF 58				
AF 59				
AF 60				
AF 61	<b>CUSTOMER</b>			
AF 62				
AF 63	Customer Dist. Primary Substation	CDISPSUB	68,630	65,919
AF 64	Customer Dist. Primary Overhead Lines	CDISTPOL	68,630	65,919
AF 65	Customer Dist. Primary Underground Lines	CDISTPUL	68,630	65,919
AF 66				
AF 67				
AF 68				
AF 69				
AF 70				
AF 71				
AF 72	369-Services	CSERVICE	366,175	333,950
AF 73	370-Meters	CMETERS	14,704,239	14,146,138
AF 74				
AF 75	902-Meter Reading	CMETRDG	823,560	791,028
AF 76	903-Customer Records and Collections	CUSTREC	823,560	791,028
AF 77	905-Miscellaneous Customer Accounts	CUSTCAM	68,630	65,919
AF 78	908-Customer Assistance	CUSTASST	68,630	65,919
AF 79	909-Advertisement	CUSTADVT	68,630	65,919
AF 80	910-Miscellaneous Customer Service	CUSTCSM	68,630	65,919
AF 81				
AF 82				
AF 83				
AF 84	371-Installation on Customer Premises	CUSTPREM	2,807	2,624
AF 85	373-Street Lighting & Signal Systems	CLIGHT	204	199
AF 86				
AF 87	Number of Bills	CUSTBILLS	823,560	791,028
AF 88	Number of Customers	CUST	68,630	65,919
AF 89				
AF 90				
AF 91				
AF 92				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AF 93	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF 94	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AF 95				
AF 96	<b>Plant</b>			
AF 97	Prod, Trans, and Distr Plant in Service	PTDPLT	798,966,554	725,598,983
AF 98	Distribution Plant Excl Not Classified	DISTPLTXNC	265,007,390	247,782,678
AF 99	Rate Base	RATEBASE	461,505,845	419,222,711
AF 100	Total Electric Plant In Service	TOTPLT	867,947,334	788,110,937
AF 101	Production Plant In Service	PRODPLT	516,026,277	461,147,508
AF 102	Transmission Plant in Service	TRANPLT	4,281,424	3,904,640
AF 103	Distribution Plant in Service	DISTPLT	278,658,853	260,546,835
AF 104	Total Transmission and Distribution Plant	TDPLT	282,940,277	264,451,475
AF 105	General Plant in Service	GENLPLT	40,275,948	36,537,446
AF 106	Total Electric Plant in Service plus CUS	TOTPLTCUS	995,420,017	788,110,937
AF 107	Account 360	PLT_360	1,636,579	1,552,057
AF 108	Account 361	PLT_361	254,825	246,766
AF 109	Account 362	PLT_362	53,765,025	45,100,101
AF 110	Account 364	PLT_364	62,485,046	59,063,449
AF 111	Account 365	PLT_365	38,192,744	36,253,256
AF 112	Account 366	PLT_366	3,587,563	3,517,373
AF 113	Account 367	PLT_367	38,602,767	37,771,301
AF 114	Account 368	PLT_368	32,438,334	31,204,759
AF 115	Account 369	PLT_369	27,327,010	26,665,348
AF 116	Account 370	PLT_370	2,978,612	2,825,893
AF 117	Account 371	PLT_371	2,048,191	1,964,488
AF 118	Account 373	PLT_373	1,690,694	1,617,886
AF 119	Distribution Overhead Plant in Service	OHDIST	100,677,790	95,316,705
AF 120	Distribution Underground Plant in Service	UGDIST	42,190,330	41,288,674
AF 121	Account 371&373	PLT_3713	3,738,884	3,582,374
AF 122				
AF 123	South Dakota	DPLTSD	247,782,678	247,782,678
AF 124	Wyoming	DPLTWY	15,899,082	0
AF 125	Montana	DPLTMT	1,325,630	0
AF 126				
AF 127				
AF 128				
AF 129				
AF 130				
AF 131				
AF 132				
AF 133				
AF 134	Total O&M less Fuel and Purchased Power	OMXFPP	78,078,896	71,010,323
AF 135	Supervised O&M Expense excluding CUS	OMXFPPT	35,085,133	31,924,565
AF 136				
AF 137				
AF 138				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 139	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF 140	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>			
AF 141	<b>Production Expense</b>			
AF 142	Account 500	OX_500	1,846,170	1,609,006
AF 143	Account 501	OX_501	24,549,436	21,214,242
AF 144	Account 502	OX_502	3,665,046	3,275,273
AF 145	Account 505	OX_505	1,248,355	1,115,594
AF 146	Account 506	OX_506	789,883	705,880
AF 147	Account 510	MX_510	1,721,490	1,538,412
AF 148	Account 511	MX_511	820,969	733,660
AF 149	Account 512	MX_512	4,757,649	4,251,679
AF 150	Account 513	MX_513	875,047	781,987
AF 151	Account 514	MX_514	205,774	183,890
AF 152	Account 546	OX_546	215,352	187,687
AF 153	Account 547	OX_547	2,074,106	1,792,326
AF 154	Account 548	OX_548	442,112	395,094
AF 155	Account 549	OX_549	97,138	86,807
AF 156	Account 551	MX_551	163,609	146,209
AF 157	Account 552	MX_552	98,340	87,882
AF 158	Account 553	MX_553	1,967,157	1,757,952
AF 159	Account 554	MX_554	197,740	176,711
AF 160	Account 556	OX_556	1,211,716	1,082,851
AF 161	Account 555	OX_555	48,700,401	42,298,322
AF 162	Account 557	OX_557	0	0
AF 163	O&M Expense Production Operation	OX_PROD	35,525,215	30,961,558
AF 164	O&M Expense Production Maintenance	MX_PROD	10,134,392	9,056,612
AF 165	Salaries and Wages Production Operation	SALWAGPO	3,704,819	3,228,889
AF 166	Salaries and Wages Production Maintenance	SALWAGPM	2,881,357	2,574,928
AF 167	<b>Transmission Expense</b>			
AF 168	Account 560	OX_560	270,092	246,323
AF 169	Account 561	OX_561	0	0
AF 170	Account 562	OX_562	0	0
AF 171	Account 563	OX_563	49,196	44,867
AF 172	Account 565	OX_565	18,592,582	16,956,354
AF 173	Account 566	OX_566	52,319	47,715
AF 174	Account 567	OX_567	0	0
AF 175	Account 568	MX_568	0	0
AF 176	Account 569	MX_569	0	0
AF 177	Account 570	MX_570	74,850	68,262
AF 178	Account 571	MX_571	83,983	76,592
AF 179	Account 573	MX_573	0	0
AF 180	O&M Accounts 561-567	OX_TRAN	18,694,098	17,048,935
AF 181	O&M Accounts 569-573	MX_TRAN	158,833	144,855
AF 182	Salaries & Wages Accounts 561-567	SALWAGTO	236,196	215,410
AF 183	Salaries & Wages Accounts 569-573	SALWAGTM	61,019	55,649
AF 184				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 185	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF 186	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AF 187	<b>Distribution Expense</b>			
AF 188	Account 580	OX_580	836,439	782,216
AF 189	Account 581	OX_581	292,624	273,604
AF 190	Account 582	OX_582	443,357	371,904
AF 191	Account 583	OX_583	456,237	431,942
AF 192	Account 584	OX_584	311,105	304,456
AF 193	Account 585	OX_585	89	85
AF 194	Account 586	OX_586	866,163	833,288
AF 195	Account 587	OX_587	28,737	27,646
AF 196	Account 588	OX_588	502,229	469,586
AF 197	Account 589	OX_589	19,457	18,192
AF 198	Account 590	MX_590	1,565	1,469
AF 199	Account 592	MX_592	346,575	290,720
AF 200	Account 593	MX_593	2,550,816	2,414,985
AF 201	Account 594	MX_594	191,328	187,239
AF 202	Account 595	MX_595	38,005	36,560
AF 203	Account 596	MX_596	138,724	132,917
AF 204	Account 597	MX_597	73,889	71,085
AF 205	Account 598	MX_598	21,554	20,153
AF 206	O&M Accounts 581-589	OX_DIST	2,919,998	2,730,705
AF 207	O&M Accounts 591-598	MX_DIST	3,360,891	3,153,659
AF 208	Salaries & Wages Accounts 581-589	SALWAGDO	1,803,754	1,686,823
AF 209	Salaries & Wages Accounts 591-598	SALWAGDM	772,397	724,771
AF 210				
AF 211	Account 902	OX_902	62,213	59,755
AF 212	Account 903	OX_903	1,733,439	1,664,965
AF 213	Account 904	OX_904	290,583	281,359
AF 214	O&M Accounts 902-905	OX_CA	2,912,449	2,799,657
AF 215	Salaries & Wages Accounts 902-905	SALWAGCA	1,009,419	970,327
AF 216				
AF 217	Account 908	OX_908	1,166,416	1,120,341
AF 218	Account 909	OX_909	11,854	11,386
AF 219	Account 910	OX_910	64,863	62,301
AF 220	O&M Accounts 908-910	OX_CS	1,243,133	1,194,027
AF 221	Salaries & Wages Accounts 908-910	SALWAGCS	757,920	727,981
AF 222				
AF 223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	11,226,881	10,184,777
AF 224	Total Salaries and Wages Expense	SALWAGES	11,342,872	10,290,002
AF 225				
AF 226				
AF 227				
AF 228				
AF 229				
AF 230				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 231	<b>REVENUES AND BILLING DETERMINANTS</b>			
AF 232				
AF 233	Base Rate Sales Revenue	SALESREV	154,565,316	138,472,112
AF 234	South Dakota	SREVSD	138,472,112	138,472,112
AF 235	Wyoming	SREWWY	13,641,054	0
AF 236	Montana	SREVMT	2,452,150	0
AF 237				
AF 238				
AF 239				
AF 240	Claimed Rate Sales Revenue	CLAIMREV	160,221,618	143,248,208
AF 241				
AF 242				
AF 243				
AF 244				
AF 245				
AF 246	<b>PRESENT REVENUES FROM SALES INPUT</b>			
AF 247				
AF 248	Total Sales of Electricity Revenues		154,565,316	138,472,112
AF 249				
AF 250	Sales of Electricity Revenues		154,565,316	138,472,112
AF 251				
AF 252				
AF 253				
AF 254	<b>BILLING DETERMINATE INPUTS</b>			
AF 255	Number of Customer Bills	SCH AF, LN 87	823,560	791,028
AF 256	Annual kWh Sales @ Meter	SCH AF, LN 52	1,684,273	1,455,584
AF 257	Annual kW - Billed		0	-
AF 258				
AF 259				
AF 260				
AF 261	<b>RATE OF RETURN</b>			
AF 262	Rate of Return (Equalized)	SCH AF, LN 262	8.54%	8.54%
AF 263				
AF 264				
AF 265				
AF 266	<b>PROPOSED REVENUES FROM SALES INPUT</b>			
AF 267	Annual kWh Sales - Proposed	SCH AF, LN 256	1,684,273	1,455,584
AF 268	Sales of Electricity Revenues - Proposed Total		159,341,412	143,248,208
AF 269	Sales of Electricity Revenues - Proposed		159,341,412	143,248,208
AF 270	Credit		0	0
AF 271	Credit	DPROD	0	0
AF 272				
AF 273				
AF 274				
AF 275				
AF 276				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AP 1	<b>ALLOCATION PROPORTIONS TABLE</b>			
AP 2	<b>DEMAND</b>			
AP 3				
AP 4	<b>DEMAND - PRODUCTION RELATED</b>			
AP 5	Demand Production (12 CP)	DPROD	1.00000	0.89365
AP 6				
AP 7				
AP 8				
AP 9	<b>DEMAND - TRANSMISSION RELATED</b>			
AP 10	Demand Transmission (NCP)	DTRAN	1.00000	0.91200
AP 11				
AP 12				
AP 13				
AP 14				
AP 15				
AP 16				
AP 17				
AP 18				
AP 19				
AP 20	<b>DEMAND - DISTRIBUTION RELATED (NCP)</b>			
AP 21	Demand Distribution Primary Substation	DDISPSUB	1.00000	0.91200
AP 22	Demand Distribution Primary Overhead Lines	DDISTPOL	1.00000	0.91200
AP 23	Demand Distribution Primary Underground Lines	DDISTPUL	1.00000	0.91200
AP 24				
AP 25	Demand Distribution Secondary Overhead Lines	DDISTSOL	1.00000	0.91200
AP 26	Demand Distribution Secondary Underground Lines	DDISTSUL	1.00000	0.91200
AP 27	Demand Distribution Overhead Line Transformers	DDISTSOT	1.00000	0.91200
AP 28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	1.00000	0.91200
AP 29				
AP 30				
AP 31				
AP 32				
AP 33				
AP 34				
AP 35				
AP 36				
AP 37				
AP 38				
AP 39				
AP 40				
AP 41				
AP 42				
AP 43				
AP 44				
AP 45				
AP 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AP 47	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP 48				
AP 49	<b>ENERGY</b>			
AP 50	Energy @ Generation with losses (kWh)	ENEFUEL	1.00000	0.86414
AP 51	Energy @ Generation with losses( kWh)	ENERGY1	1.00000	0.86414
AP 52	Energy @ Meter (kWh Sales)	ENERGY2	1.00000	0.86422
AP 53				
AP 54				
AP 55				
AP 56				
AP 57				
AP 58				
AP 59				
AP 60				
AP 61	<b>CUSTOMER</b>			
AP 62				
AP 63	Customer Dist. Primary Substation	CDISPSUB	1.00000	0.96050
AP 64	Customer Dist. Primary Overhead Lines	CDISTPOL	1.00000	0.96050
AP 65	Customer Dist. Primary Underground Lines	CDISTPUL	1.00000	0.96050
AP 66				
AP 67				
AP 68				
AP 69				
AP 70				
AP 71				
AP 72	369-Services	CSERVICE	1.00000	0.91200
AP 73	370-Meters	CMETERS	1.00000	0.96204
AP 74				
AP 75	902-Meter Reading	CMETRDG	1.00000	0.96050
AP 76	903-Customer Records and Collections	CUSTREC	1.00000	0.96050
AP 77	905-Miscellaneous Customer Accounts	CUSTCAM	1.00000	0.96050
AP 78	908-Customer Assistance	CUSTASST	1.00000	0.96050
AP 79	909-Advertisement	CUSTADVT	1.00000	0.96050
AP 80	910-Miscellaneous Customer Service	CUSTCSM	1.00000	0.96050
AP 81				
AP 82			0.00000	0.00000
AP 83				
AP 84	371-Installation on Customer Premises	CUSTPREM	1.00000	0.93481
AP 85	373-Street Lighting & Signal Systems	CLIGHT	1.00000	0.97549
AP 86				
AP 87	Number of Bills	CUSTBILLS	1.00000	0.96050
AP 88	Number of Customers	CUST	1.00000	0.96050
AP 89				
AP 90				
AP 91				
AP 92				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

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Cost of Service Study  
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SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AP 93	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP 94	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AP 95				
AP 96	Plant			
AP 97	Prod, Trans, and Distr Plant in Service	PTDPLT	1.00000	0.90817
AP 98	Distribution Plant Excl Not Classified	DISTPLTXNC	1.00000	0.93500
AP 99	Rate Base	RATEBASE	1.00000	0.90838
AP 100	Total Electric Plant In Service	TOTPLT	1.00000	0.90802
AP 101	Production Plant In Service	PRODPLT	1.00000	0.89365
AP 102	Transmission Plant in Service	TRANPLT	1.00000	0.91200
AP 103	Distribution Plant in Service	DISTPLT	1.00000	0.93500
AP 104	Total Transmission and Distribution Plant	TDPLT	1.00000	0.93465
AP 105	General Plant in Service	GENLPLT	1.00000	0.90718
AP 106	Total Electric Plant in Service plus CUS	TOTPLTCUS	1.00000	0.79174
AP 107	Account 360	PLT_360	1.00000	0.94835
AP 108	Account 361	PLT_361	1.00000	0.96837
AP 109	Account 362	PLT_362	1.00000	0.83884
AP 110	Account 364	PLT_364	1.00000	0.94524
AP 111	Account 365	PLT_365	1.00000	0.94922
AP 112	Account 366	PLT_366	1.00000	0.98044
AP 113	Account 367	PLT_367	1.00000	0.97846
AP 114	Account 368	PLT_368	1.00000	0.96197
AP 115	Account 369	PLT_369	1.00000	0.97579
AP 116	Account 370	PLT_370	1.00000	0.94873
AP 117	Account 371	PLT_371	1.00000	0.95913
AP 118	Account 373	PLT_373	1.00000	0.95694
AP 119	Distribution Overhead Plant in Service	OHDIST	1.00000	0.94675
AP 120	Distribution Underground Plant in Service	UGDIST	1.00000	0.97863
AP 121	Account 371&373	PLT_3713	1.00000	0.95814
AP 122				
AP 123	South Dakota	DPLTSD	1.00000	1.00000
AP 124	Wyoming	DPLTWY	1.00000	0.00000
AP 125	Montana	DPLTMT	1.00000	0.00000
AP 126				
AP 127				
AP 128				
AP 129				
AP 130				
AP 131				
AP 132				
AP 133				
AP 134	Total O&M less Fuel and Purchased Power	OMXFPP	1.00000	0.90947
AP 135	Supervised O&M Expense excluding CUS	OMXFPPT	1.00000	0.90992
AP 136				
AP 137				
AP 138				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AP 139	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP 140	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AP 141	<b>Production Expense</b>			
AP 142	Account 500	OX_500	1.00000	0.87154
AP 143	Account 501	OX_501	1.00000	0.86414
AP 144	Account 502	OX_502	1.00000	0.89365
AP 145	Account 505	OX_505	1.00000	0.89365
AP 146	Account 506	OX_506	1.00000	0.89365
AP 147	Account 510	MX_510	1.00000	0.89365
AP 148	Account 511	MX_511	1.00000	0.89365
AP 149	Account 512	MX_512	1.00000	0.89365
AP 150	Account 513	MX_513	1.00000	0.89365
AP 151	Account 514	MX_514	1.00000	0.89365
AP 152	Account 546	OX_546	1.00000	0.87154
AP 153	Account 547	OX_547	1.00000	0.86414
AP 154	Account 548	OX_548	1.00000	0.89365
AP 155	Account 549	OX_549	1.00000	0.89365
AP 156	Account 551	MX_551	1.00000	0.89365
AP 157	Account 552	MX_552	1.00000	0.89365
AP 158	Account 553	MX_553	1.00000	0.89365
AP 159	Account 554	MX_554	1.00000	0.89365
AP 160	Account 556	OX_556	1.00000	0.89365
AP 161	Account 555	OX_555	1.00000	0.86854
AP 162	Account 557	OX_557	0.00000	0.00000
AP 163	O&M Expense Production Operation	OX_PROD	1.00000	0.87154
AP 164	O&M Expense Production Maintenance	MX_PROD	1.00000	0.89365
AP 165	Salaries and Wages Production Operation	SALWAGPO	1.00000	0.87154
AP 166	Salaries and Wages Production Maintenance	SALWAGPM	1.00000	0.89365
AP 167	<b>Transmission Expense</b>			
AP 168	Account 560	OX_560	1.00000	0.91200
AP 169	Account 561	OX_561	0.00000	0.00000
AP 170	Account 562	OX_562	0.00000	0.00000
AP 171	Account 563	OX_563	1.00000	0.91200
AP 172	Account 565	OX_565	1.00000	0.91200
AP 173	Account 566	OX_566	1.00000	0.91200
AP 174	Account 567	OX_567	0.00000	0.00000
AP 175	Account 568	MX_568	0.00000	0.00000
AP 176	Account 569	MX_569	0.00000	0.00000
AP 177	Account 570	MX_570	1.00000	0.91200
AP 178	Account 571	MX_571	1.00000	0.91200
AP 179	Account 573	MX_573	0.00000	0.00000
AP 180	O&M Accounts 561-567	OX_TRAN	1.00000	0.91200
AP 181	O&M Accounts 569-573	MX_TRAN	1.00000	0.91200
AP 182	Salaries & Wages Accounts 561-567	SALWAGTO	1.00000	0.91200
AP 183	Salaries & Wages Accounts 569-573	SALWAGTM	1.00000	0.91200
AP 184				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AP 185	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP 186	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>			
AP 187	<b>Distribution Expense</b>			
AP 188	Account 580	OX_580	1.00000	0.93517
AP 189	Account 581	OX_581	1.00000	0.93500
AP 190	Account 582	OX_582	1.00000	0.83884
AP 191	Account 583	OX_583	1.00000	0.94675
AP 192	Account 584	OX_584	1.00000	0.97863
AP 193	Account 585	OX_585	1.00000	0.95814
AP 194	Account 586	OX_586	1.00000	0.96204
AP 195	Account 587	OX_587	1.00000	0.96204
AP 196	Account 588	OX_588	1.00000	0.93500
AP 197	Account 589	OX_589	1.00000	0.93500
AP 198	Account 590	MX_590	1.00000	0.93834
AP 199	Account 592	MX_592	1.00000	0.83884
AP 200	Account 593	MX_593	1.00000	0.94675
AP 201	Account 594	MX_594	1.00000	0.97863
AP 202	Account 595	MX_595	1.00000	0.96197
AP 203	Account 596	MX_596	1.00000	0.95814
AP 204	Account 597	MX_597	1.00000	0.96204
AP 205	Account 598	MX_598	1.00000	0.93500
AP 206	O&M Accounts 581-589	OX_DIST	1.00000	0.93517
AP 207	O&M Accounts 591-598	MX_DIST	1.00000	0.93834
AP 208	Salaries & Wages Accounts 581-589	SALWAGDO	1.00000	0.93517
AP 209	Salaries & Wages Accounts 591-598	SALWAGDM	1.00000	0.93834
AP 210				
AP 211	Account 902	OX_902	1.00000	0.96050
AP 212	Account 903	OX_903	1.00000	0.96050
AP 213	Account 904	OX_904	1.00000	0.96826
AP 214	O&M Accounts 902-905	OX_CA	1.00000	0.96127
AP 215	Salaries & Wages Accounts 902-905	SALWAGCA	1.00000	0.96127
AP 216				
AP 217	Account 908	OX_908	1.00000	0.96050
AP 218	Account 909	OX_909	1.00000	0.96050
AP 219	Account 910	OX_910	1.00000	0.96050
AP 220	O&M Accounts 908-910	OX_CS	1.00000	0.96050
AP 221	Salaries & Wages Accounts 908-910	SALWAGCS	1.00000	0.96050
AP 222				
AP 223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	1.00000	0.90718
AP 224	Total Salaries and Wages Expense	SALWAGES	1.00000	0.90718
AP 225				
AP 226				
AP 227				
AP 228				
AP 229				
AP 230				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AP	231	REVENUES AND BILLING DETERMINANTS			
AP	232				
AP	233	Base Rate Sales Revenue	SALESREV	1.00000	0.89588
AP	234	South Dakota	SREVSD	1.00000	1.00000
AP	235	Wyoming	SREWWY	1.00000	0.00000
AP	236	Montana	SREVMT	1.00000	0.00000
AP	237				
AP	238				
AP	239				
AP	240	Claimed Rate Sales Revenue	CLAIMREV	1.00000	0.89406
AP	241				
AP	242				
AP	243				
AP	244				
AP	245				
AP	246	PRESENT REVENUES FROM SALES INPUT			
AP	247				
AP	248	Total Sales of Electricity Revenues		1.00000	0.89588
AP	249				
AP	250	Sales of Electricity Revenues		1.00000	0.89588
AP	251				
AP	252				
AP	253				
AP	254				
AP	255				
AP	256				
AP	257				
AP	258				
AP	259				
AP	260				
AP	261				
AP	262				
AP	263				
AP	264				
AP	265				
AP	266				
AP	267				
AP	268				
AP	269				
AP	270				
AP	271				
AP	272				
AP	273				
AP	274				
AP	275				
AP	276				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
ADA 1	<b>ALLOCATED DIRECT ASSIGNMENTS</b>			
ADA 2	<b>DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS</b>			
ADA 3				
ADA 4	<b>Write-Offs - Test Period</b>			
ADA 5	South Dakota	SREVSD	559,949	559,949
ADA 6	Wyoming	SREVWY	18,357	0
ADA 7	Montana	SREVMT	0	0
ADA 8				
ADA 9				
ADA 10				
ADA 11				
ADA 12				
ADA 13				
ADA 14				
ADA 15	Total Write-Offs	EXP_904	578,305	559,949
ADA 16				
ADA 17	Total Write-Offs	EXP_904	1.00000	0.96826
ADA 18				
ADA 19	<b>Construction Advances</b>			
ADA 20	South Dakota	DPLTSD	98%	98%
ADA 21	Wyoming	DPLTWY	2%	0%
ADA 22	Montana	DPLTMT	0%	0%
ADA 23				
ADA 24				
ADA 25				
ADA 26				
ADA 27	Customer Advances for Construction	CUSTADV	100%	98%
ADA 28				
ADA 29	Customer Advances for Construction	CUSTADV	1.00000	0.98000
ADA 30				
ADA 31				
ADA 32				
ADA 33				
ADA 34				
ADA 35				
ADA 36				
ADA 37				
ADA 38				
ADA 39				
ADA 40				
ADA 41				
ADA 42				
ADA 43				
ADA 44				
ADA 45				
ADA 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC PER BOOK JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
RRW 1	REVENUE REQUIREMENTS			
RRW 2				
RRW 3	PRESENT RATES			
RRW 4				
RRW 5	RATE BASE		539,822,371	419,222,711
RRW 6	NET OPER INC (PRESENT RATES)		46,166,525	32,697,234
RRW 7	RATE OF RETURN (PRES RATES)		8.55%	7.80%
RRW 8	RELATIVE RATE OF RETURN		1.00	0.91
RRW 9	SALES REVENUE (PRE RATES)		154,565,316	138,472,112
RRW 10	REVENUE PRES RATES \$/KWH		\$0.0000	\$0.0000
RRW 11	REVENUE REQUIRED - \$/MO/CUST		\$2,252.15	\$2,100.64
RRW 12	SALES REV REQUIRED \$/KW		\$0.00	\$0.00
RRW 13				
RRW 14	CLAIMED RATE OF RETURN			
RRW 15				
RRW 16	CLAIMED RATE OF RETURN		8.54%	8.54%
RRW 17	RETURN REQ FOR CLAIMED ROR		46,100,831	35,801,619
RRW 18	SALES REVENUE REQ CLAIMED ROR		154,464,245	143,248,208
RRW 19	REVENUE DEFICIENCY SALES REV		(101,071)	4,776,096
RRW 20	PERCENT INCREASE REQUIRED		-0.07%	3.45%
RRW 21	ANNUAL BOOKED KWH SALES		1,684,273	1,455,584
RRW 22	SALES REV REQUIRED \$/KWH		\$0.0000	\$0.0000
RRW 23	REVENUE DEFICIENCY \$/KWH		(\$0.0600)	\$3.2812
RRW 24				
RRW 25				
RRW 26				
RRW 27				
RRW 28				
RRW 29				
RRW 30				
RRW 31				
RRW 32				
RRW 33				
RRW 34				
RRW 35				
RRW 36				
RRW 37				
RRW 38				
RRW 39				
RRW 40				
RRW 41				
RRW 42				
RRW 43				
RRW 44				
RRW 45				
RRW 46				

BHP COS 06-30-12 JURISDICTIONAL - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
M 1	<b>SUMMARY AT PRESENT RATES</b>			
M 2				
M 3	<b>DEVELOPMENT OF RETURN</b>			
M 4				
M 5	<b>OPERATING REVENUE</b>	<u>Sched N-1 Reference</u>		
M 6	Sales of Electricity	SCH I, LN 4	115,496,651	105,368,259
M 7	Contract Sales	SCH I, LN 5	13,592,584	12,147,029
M 8	Other Operating Revenue	SCH I, LN 15	28,612,028	5,183,345
M 9	<b>TOTAL OPERATING REVENUE</b>		157,701,263	122,698,634
M 10				
M 11	<b>OPERATING EXPENSES</b>			
M 12	Operation and Maintenance Expense	SCH H, LN 178	71,487,206	60,204,304
M 13	Depreciation Expense	SCH J, LN 27	28,684,257	23,741,627
M 14	Amortization Expense	SCH J, LN 29	97,406	88,945
M 15	Taxes Other Than Income Taxes	SCH L, LN 20	5,365,960	4,177,650
M 16	State Income Tax	SCH K, LN 10	10,261	0
M 17	Federal Income Tax	SCH K, LN 32	10,899,980	5,990,787
M 18	<b>TOTAL OPERATING EXPENSES</b>		116,545,070	94,203,313
M 19				
M 20	<b>OPERATING INCOME (RETURN)</b>		41,156,193	28,495,321
M 21				
M 22				
M 23	<b>DEVELOPMENT OF RATE BASE</b>			
M 24	Electric Plant in Service	SCH D-2, LN 116	1,027,634,330	815,548,913
M 25	Less: Accumulated Depreciation	SCH E, LN 27	346,590,783	283,096,913
M 26	Less: Amortization	SCH E, LN 29	3,034,523	2,711,805
M 27	Plus: Working Capital	SCH F, LN 9	18,045,403	14,035,071
M 28	Less: Other Rate Base Deductions	SCH F, LN 24	133,682,413	105,486,221
M 29				
M 30	<b>TOTAL RATE BASE</b>	SCH F, LN 27	562,372,014	438,289,045
M 31				
M 32				
M 33	<b>RATE OF RETURN (PRESENT)</b>		7.32%	6.50%
M 34				
M 35	<b>INDEX RATE OF RETURN (PRESENT)</b>		1.00	0.89
M 36				
M 37				
M 38				
M 39				
M 40				
M 41				
M 42				
M 43				
M 44				
M 45				
M 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
M 47	EQUALIZED RETURN AT PROPOSED ROR			
M 48				
M 49	DEVELOPMENT OF RETURN (EQUALIZED RATE LEVELS)			
M 50				
M 51	RATE BASE		562,372,014	438,289,045
M 52				
M 53	RATE OF RETURN		8.54%	8.54%
M 54				
M 55	RETURN (RATE BASE * ROR)		48,026,570	37,429,884
M 56				
M 57	LESS:			
M 58	OPERATING EXPENSES	<u>Sched N-1 Reference</u>		
M 59	Operation and Maintenance Expense	SCH M, LN 12	71,487,206	60,204,304
M 60	Depreciation Expense	SCH M, LN 13	28,684,257	23,741,627
M 61	Amortization Expense	SCH J, LN 29	97,406	88,945
M 62	Taxes Other Than Income Taxes	SCH M, LN 15	5,365,960	4,177,650
M 63	State Income Tax	CALCULATED	10,261	0
M 64	Federal Income Tax	CALCULATED	14,599,678	10,802,049
M 65	TOTAL OPERATING EXPENSES		120,244,768	99,014,575
M 66				
M 67	EQUALS TOTAL COST OF SERVICE		168,271,338	136,444,460
M 68				
M 69	LESS:			
M 70	OTHER OPERATING REVENUES		42,204,612	17,330,374
M 71				
M 72	EQUALS:			
M 73	PROPOSED BASE RATE SALES @ EQUALIZED ROR		126,066,725	119,114,085
M 74				
M 75				
M 76	TOTAL COST OF SERVICE INCREASE/(DECREASE)		10,570,075	13,745,826
M 77				
M 78	SALES OF ELECTRICITY		115,496,651	105,368,259
M 79	SALES OF ELECTRICITY FOR BASE ENERGY C Direct Assignment		38,871,876	32,944,213
M 80	TOTAL CURRENT RETAIL REVENUES		154,368,527	138,312,473
M 81				
M 82	REVENUE INCREASE TO RETAIL REVENUES (%)		6.85%	9.94%
M 83				
M 84				
M 85				
M 86				
M 87				
M 88				
M 89				
M 90				
M 91				
M 92				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
M 93	RETURN AT PROPOSED RATES			
M 94				
M 95	DEVELOPMENT OF RETURN AT PROPOSED RATE LEVELS			
M 96				
M 97	OPERATING REVENUE			
M 98	Sales of Electricity	SCH AF, LN 269	129,242,477	119,114,085
M 99	Contract Revenues	SCH I, LN 5	13,592,584	12,147,029
M 100	Other Operating Revenue	SCH I, LN 15	28,612,028	5,183,345
M 101	TOTAL OPERATING REVENUE		171,447,089	136,444,460
M 102				
M 103	OPERATING EXPENSES			
M 104	Operation and Maintenance Expense	SCH H, LN 178	71,487,206	60,204,304
M 105	Depreciation Expense	SCH J, LN 27	28,684,257	23,741,627
M 106	Amortization Expense	SCH J, LN 29	97,406	88,945
M 107	Taxes Other Than Income Taxes	SCH L, LN 20	5,365,960	4,177,650
M 108	State Income Tax	CALCULATED	10,261	0
M 109	Federal Income Tax	CALCULATED	14,599,678	10,802,049
M 110	TOTAL OPERATING EXPENSES		120,244,768	99,014,575
M 111				
M 112	OPERATING INCOME (RETURN) AT PROPOSED RATES		51,202,321	37,429,884
M 113				
M 114				
M 115	RATE BASE	SCH M, LN 30	562,372,014	438,289,045
M 116				
M 117				
M 118	RATE OF RETURN		9.10%	8.54%
M 119				
M 120	INDEX RATE OF RETURN		1.00	0.94
M 121				
M 122				
M 123	PROPOSED TOTAL REVENUE INCREASE (\$)		13,745,826	13,745,826
M 124				
M 125	SALES OF ELECTRICITY		115,496,651	105,368,259
M 126	SALES OF ELECTRICITY FOR BASE ENERGY COSTS		38,871,876	32,944,213
M 127	TOTAL CURRENT RETAIL REVENUES		154,368,527	138,312,473
M 128				
M 129	REVENUE INCREASE TO RETAIL REVENUES (%)		8.90%	9.94%
M 130				
M 131				
M 132				
M 133				
M 134				
M 135				
M 136				
M 137				
M 138				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
D-2 1	DEVELOPMENT OF RATE BASE			
D-2 2				
D-2 3	ELECTRIC PLANT IN SERVICE			
D-2 4				
D-2 5	PRODUCTION PLANT			
D-2 6	Steam Plant			
D-2 7	310-Land & Land Rights	DPROD	333,709	298,219
D-2 8	311-Structures & Improve	DPROD	40,172,565	35,900,261
D-2 9	312-Boiler Plant Equipment	DPROD	229,471,386	205,067,382
D-2 10	313-Engines and Engine Driver Generator	DPROD	339,815	303,676
D-2 11	314-Turbogenerator Units	DPROD	122,755,168	109,700,305
D-2 12	315-Accessory Electric Equipment	DPROD	22,705,660	20,290,941
D-2 13	316-Misc Power Plant Equipment	DPROD	3,668,910	3,278,726
D-2 14	106-Completed Not Classified Production Plant	DPROD	16,724,779	14,946,119
D-2 15	Steam Plant Additions/Annualization	DPROD	9,313,475	8,322,998
D-2 16	Total Steam Plant		445,485,467	398,108,628
D-2 17				
D-2 18				
D-2 19	Other Production Plant			
D-2 20	340-Land & Land Rights	DPROD	2,705	2,417
D-2 21	341-Structures and Improvements	DPROD	515,535	460,708
D-2 22	342-Fuel Holders, Producers, & Access	DPROD	5,119,213	4,574,791
D-2 23	344-Generators	DPROD	68,775,732	61,461,516
D-2 24	345-Accessory Electric Equipment	DPROD	4,859,650	4,342,832
D-2 25	346-Misc Power Plant Equipment	DPROD	82,868	74,055
D-2 26	106-Completed Not Classified Oth Prod Plt	DPROD	498,582	445,558
D-2 27	Other Prod Plant Additions/Annualization	DPROD	1,123,212	1,003,760
D-2 28	Total Other Production Plant		80,977,497	72,365,636
D-2 29				
D-2 30	TOTAL PRODUCTION PLANT		526,462,964	470,474,266
D-2 31				
D-2 32				
D-2 33	TRANSMISSION PLANT			
D-2 34	350-Land & Land Rights	DTRAN	4,036,391	558,204
D-2 35	352-Structures & Improvements	DTRAN	1,568,466	946,817
D-2 36	353-Station Equipment	DTRAN	45,442,021	821,071
D-2 37	354-Tower and Fixtures	DTRAN	736,867	363,066
D-2 38	355-Poles & Fixtures	DTRAN	26,210,756	217,875
D-2 39	356-Overhead Conductors & Devices	DTRAN	28,310,483	991,295
D-2 40	359-Roads and Trails	DTRAN	6,920	6,311
D-2 41	106-Completed Not Classified Transmission Plt	DTRAN	8,635,892	0
D-2 42	Transmission Plant Additions/Annualization	DTRAN	2,708,988	0
D-2 43	TOTAL TRANSMISSION PLANT		117,656,784	3,904,640
D-2 44				
D-2 45				
D-2 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
D-2	47	<b>ELECTRIC PLANT IN SERVICE CONTINUED</b>			
D-2	48				
D-2	49	<b>DISTRIBUTION PLANT</b>			
D-2	50	360-Land & Land Rights	Direct Assignment	1,636,579	1,552,057
D-2	51	361-Structures & Improvements	Direct Assignment	254,825	246,766
D-2	52	362-Station Equipment	Direct Assignment	63,211,995	45,100,101
D-2	53	364-Poles, Towers & Fixtures			
D-2	54	Primary - Demand		49,419,423	46,713,282
D-2	55	Secondary - Demand		13,065,623	12,350,167
D-2	56	Total Account 364	Direct Assignment	62,485,046	59,063,449
D-2	57	365-Overhead Conductors & Devices			
D-2	58	Primary - Demand		32,597,507	30,942,154
D-2	59	Secondary - Demand		5,595,237	5,311,102
D-2	60	Total Account 365	Direct Assignment	38,192,744	36,253,256
D-2	61	366-Underground Conduit			
D-2	62	Primary - Demand		2,129,936	2,088,264
D-2	63	Secondary - Demand		1,457,627	1,429,109
D-2	64	Total Account 366	Direct Assignment	3,587,563	3,517,373
D-2	65	367-Underground Conductors & Devices			
D-2	66	Primary - Demand		19,764,617	19,338,906
D-2	67	Secondary - Demand		18,838,150	18,432,395
D-2	68	Total Account 367	Direct Assignment	38,602,767	37,771,301
D-2	69	368-Line Transformers			
D-2	70	Demand		32,438,334	31,204,759
D-2	71	Total Account 368	Direct Assignment	32,438,334	31,204,759
D-2	72	369-Services	Direct Assignment	27,327,010	26,665,348
D-2	73	370-Meters	Direct Assignment	2,978,612	2,825,893
D-2	74	371-Installation on Customer Premises	Direct Assignment	2,048,191	1,964,488
D-2	75	373-Street Lighting & Signal Systems	Direct Assignment	1,690,694	1,617,886
D-2	76	106 - Completed Not Classified Distribution Plant	DISTPLTXNC	13,651,463	12,764,157
D-2	77	Distribution Plant Additions/Annualization	DISTPLTXNC	12,732,756	11,905,164
D-2	78	TOTAL DISTRIBUTION PLANT		300,838,580	272,451,999
D-2	79				
D-2	80				
D-2	81				
D-2	82	TOTAL PROD, TRANS, & DIST PLANT		944,958,328	746,830,905
D-2	83				
D-2	84				
D-2	85				
D-2	86				
D-2	87				
D-2	88				
D-2	89				
D-2	90				
D-2	91				
D-2	92				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

**BLACK HILLS POWER, INC.**  
**RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS**  
**FOR THE TEST YEAR ENDED JUNE 30, 2012**

Schedule N-1  
Cost of Service Study  
Page 6 of 34

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
D-2 93	<b>ELECTRIC PLANT IN SERVICE CONTINUED</b>			
D-2 94				
D-2 95	<b>GENERAL PLANT</b>			
D-2 96	389-Land and Land Rights	SALWAGES	791,347	658,127
D-2 97	390-Structures and Improvements	SALWAGES	10,877,474	9,046,294
D-2 98	391-Office Furniture & Equipment	SALWAGES	10,144,154	8,436,425
D-2 99	392-Transportation Equipment	SALWAGES	6,447,375	5,361,985
D-2 100	393-Store Equipment	SALWAGES	317,260	263,851
D-2 101	394-Tools, Shop & Garage Equip.	SALWAGES	4,406,222	3,664,452
D-2 102	395-Laboratory Equipment	SALWAGES	436,710	363,192
D-2 103	396-Power Operated Equipment	SALWAGES	630,583	524,427
D-2 104	397-Communication Equipment	SALWAGES	8,060,617	5,360,547
D-2 105	398-Miscellaneous Equipment	SALWAGES	262,291	218,135
D-2 106	Rate Case Expense	SREVSD	446,667	446,667
D-2 107	106-Completed Not Classified General Plant	SALWAGES	3,153,804	2,879,841
D-2 108	General Plant Additions/Annualization	SALWAGES	5,889,215	5,377,633
D-2 109	<b>TOTAL GENERAL PLANT</b>		<b>51,863,718</b>	<b>42,601,574</b>
D-2 110				
D-2 111	<b>TOTAL OTHER UTILITY PLANT IN SERVICE</b>	SALWAGES	<b>25,941,976</b>	<b>21,764,077</b>
D-2 112				
D-2 113	<b>TOTAL PLANT ACQUISITION ADJUSTMENT</b>	DPROD	<b>4,870,308</b>	<b>4,352,357</b>
D-2 114				
D-2 115				
D-2 116	<b>TOTAL ELECTRIC PLANT IN SERVICE</b>		<b>1,027,634,330</b>	<b>815,548,913</b>
D-2 117				
D-2 118				
D-2 119				
D-2 120				
D-2 121				
D-2 122				
D-2 123				
D-2 124				
D-2 125				
D-2 126				
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D-2 134				
D-2 135				
D-2 136				
D-2 137				
D-2 138				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
E 1	<b>LESS: ACCUMULATED DEPRECIATION</b>			
E 2				
E 3	PRODUCTION PLANT ACCUM DEPRECIATION	PRODPLT	183,023,119	163,558,832
E 4				
E 5	TRANSMISSION PLANT ACCUM DEPREC	TRANPLT	29,480,319	1,352,846
E 6				
E 7	DISTRIBUTION PLANT ACCUM DEPRECIATION			
E 8	360-Land & Land Rights	PLT_360	(43,322)	(41,085)
E 9	361-Structures & Improvements	PLT_361	141,732	137,250
E 10	362-Station Equipment	PLT_362	23,800,485	17,542,035
E 11	364-Poles, Towers & Fixtures	PLT_364	23,213,676	21,942,526
E 12	365-Overhead Conductors & Devices	PLT_365	13,947,425	13,239,153
E 13	366-Underground Conduit	PLT_366	507,645	497,713
E 14	367-Underground Conductors & Devices	PLT_367	13,722,328	13,426,762
E 15	368-Line Transformers	PLT_368	12,033,874	11,576,246
E 16	369-Services	PLT_369	9,035,379	8,816,608
E 17	370-Meters	PLT_370	(4,087,213)	(3,877,654)
E 18	371-Installation on Customer Premises	PLT_371	790,650	758,339
E 19	373-Street Lighting & Signal Systems	PLT_373	766,845	733,822
E 20	Unspecified and Accum Dep Adjustment	DISTPLT	(668,725)	(625,260)
E 21	TOTAL DISTRIBUTION PLANT ACCUM DEPR		93,160,779	84,126,455
E 22				
E 23	GENERAL PLANT ACCUM DEPRECIATION	GENLPLT	22,514,900	18,608,128
E 24				
E 25	OTHER UTILITY ACCUM DEPRECIATION	SALWAGES	18,411,665	15,450,652
E 26				
E 27	<b>TOTAL ACCUMULATED DEPRECIATION</b>		346,590,783	283,096,913
E 28				
E 29	AMORTIZATION OF PLANT ACQUISITION	PRODPLT	3,034,523	2,711,805
E 30				
E 31	<b>NET ELECTRIC PLANT IN SERVICE</b>		678,009,024	529,740,194
E 32				
E 33				
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E 43				
E 44				
E 45				
E 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
F 1	<b>ADDITIONS AND DEDUCTIONS TO RATE BASE</b>			
F 2				
F 3	<b>PLUS: ADDITIONS TO RATE BASE</b>			
F 4	<b>WORKING CAPITAL</b>			
F 5	Cash Working Capital (Lead Lag)	SCH F-3, LN 40	(5,306,898)	(5,140,260)
F 6	Fuel Inventory	ENEFUEL	6,740,850	5,825,235
F 7	Materials and Supplies	TOTPLT	15,550,547	12,727,558
F 8	Prepayments	OMXFPP	1,060,904	622,538
F 9	TOTAL WORKING CAPITAL		18,045,403	14,035,071
F 10				
F 11	<b>LESS: DEDUCTIONS TO RATE BASE</b>			
F 12	Customer Advances for Construction	CUSTADV	2,235,444	2,190,735
F 13	Regulatory Assets - S&W Related	SALWAGES	(23,453,929)	(21,416,543)
F 14	Regulatory Assets - Plant Related	TOTPLT	(14,422,301)	(8,343,652)
F 15	Regulatory Liabilities - S&W Related	SALWAGES	38,126,490	34,814,535
F 16	Regulatory Liabilities - Plant Related	TOTPLT	844,163	767,123
F 17	Deferred Income Taxes and Credits			
F 18	Deferred Income Tax - Property (Debit)	TOTPLT	(20,820,260)	(18,920,152)
F 19	Deferred Income Tax - S&W (Debit)	SALWAGES	(16,945,457)	(15,473,446)
F 20	Deferred Income Tax - Customer (Debit)	CUST	(758,524)	(728,561)
F 21	Deferred Income Tax - Property (Credit)	TOTPLT	164,777,263	128,852,774
F 22	Deferred Income Tax - Other (Credit)	SALWAGES	4,099,524	3,743,408
F 23	Total Deferred Income Taxes and Credits		130,352,546	97,474,023
F 24	TOTAL DEDUCTIONS TO RATE BASE		133,682,413	105,486,221
F 25				
F 26				
F 27	<b>TOTAL RATE BASE</b>		562,372,014	438,289,045
F 28				
F 29				
F 30				
F 31				
F 32				
F 33				
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F 35				
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F 43				
F 44				
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F 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
		(a)	(b)	(c)	(d)
F-3	1	CASH WORKING CAPITAL (LEAD LAG)			
F-3	2				
F-3	3	O&M EXPENSE PER DAY RELATED CASH WORKING CAPITAL			
F-3	4	Purchased Fuel (Coal, Gas, & Oil)	ENEFUEL	0	0
F-3	5	Coal Transportation	ENEFUEL	0	0
F-3	6	Natural Gas - Other Production	ENEFUEL	0	0
F-3	7	Purchased Power	OX_555	20,363	18,197
F-3	8	Transmission	TRANPLT	0	0
F-3	9	Labor	SALWAGES	30,748	28,077
F-3	10	Employee Benefits	SALWAGES	1,621	1,480
F-3	11	Service Company Charges	SALWAGES	87,294	79,711
F-3	12	Other O&M	OMXFPF	45,804	41,822
F-3	13	Wyodak Power Plant O&M	PRODPLT	10,025	8,959
F-3	14	TOTAL O&M		195,855	178,246
F-3	15				
F-3	16	TAXES OTHER THAN INCOME TAXES			
F-3	17	Property Taxes	TOTPLT	14,055	14,750
F-3	18	Unemployment Taxes (FUTA & SUTA)	SALWAGES	313	286
F-3	19	Montana Electric Energy	SREVMF	49	0
F-3	20	Wyoming Franchise Tax	SREVWY	166	0
F-3	21	South Dakota PUC	SREVSD	649	649
F-3	22	Wyoming PSC	SREVWY	5	0
F-3	23	FICA Taxes - Employer's	SALWAGES	7,969	7,277
F-3	24	TOTAL TAXES OTHER THAN INCOME TAXES		23,206	22,961
F-3	25				
F-3	26	Depreciation Expense	TOTPLT	78,587	96,161
F-3	27	Amortization Expense	PRODPLT	267	238
F-3	28	TOTAL DEPRECIATION/AMORTIZATION		78,854	96,400
F-3	29				
F-3	30	FEDERAL INCOME TAXES	CLAIMREV	39,999	36,398
F-3	31				
F-3	32	INTEREST EXPENSE	TOTPLT	48,730	44,283
F-3	33				
F-3	34	GRAND TOTAL		386,644	378,288
F-3	35				
F-3	36	CWC REQUIREMENT (GRAND TOTAL x EXPENSE LAG)		(4,218,286)	(4,127,122)
F-3	37				
F-3	38	LESS: TAX COLLECTIONS AVAILABLE		(1,088,612)	(1,013,138)
F-3	39				
F-3	40	NET CASH WORKING CAPITAL REQUIREMENT		(5,306,898)	(5,140,260)
F-3	41				
F-3	42				
F-3	43				
F-3	44				
F-3	45				
F-3	46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
F-3 1				
F-3 2	CASH WORKING CAPITAL (LEAD LAG) CONTINUED			
F-3 3				
F-3 4	<u>LAG/LEAD DAYS</u>			
F-3 5	REVENUE LAG DAYS		37.96	
F-3 6	EXPENSE LEAD DAYS		48.87	
F-3 7	NET DAYS		(10.91)	
F-3 8				
F-3 9	TAX COLLECTIONS AVAILABLE			
F-3 10	FICA Taxes (Employee Contribution)	SALWAGES	(54,075)	(49,378)
F-3 11	Federal Withholding Tax	SALWAGES	(130,575)	(119,232)
F-3 12	South Dakota Sales and Use Tax	SREVSD	(844,528)	(844,528)
F-3 13	Wyoming Sales and Use Tax	SREVWY	(59,434)	0
F-3 14	TOTAL TAX COLLECTIONS AVAILABLE		(1,088,612)	(1,013,138)
F-3 15				
F-3 16				
F-3 17				
F-3 18				
F-3 19				
F-3 20				
F-3 21				
F-3 22				
F-3 23				
F-3 24				
F-3 25				
F-3 26				
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F-3 45				
F-3 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
1	OPERATING REVENUES			
2				
3	SALES REVENUES			
4	Sales of Electricity Revenues		115,496,651	105,368,259
5	Contract Revenues	DPROD	13,582,584	12,147,029
6	TOTAL SALES OF ELECTRICITY		129,089,235	117,515,288
7				
8	OTHER OPERATING REVENUES			
9	Unbilled and Cost Adjustment Revenue	Direct Assignment	0	
10	Demand Side Management Revenue	Direct Assignment	(784,521)	(784,521)
11	450-Forfeited Discounts	Direct Assignment	259,857	251,449
12	451-Miscellaneous Service Revenues	Direct Assignment	471,143	463,958
13	454-Rent from Electric Property	TDPLT	5,619,589	5,252,460
14	456-Other Electric Revenues - Transmission	TRANPLT	23,045,960	0
15	TOTAL OTHER OPERATING REV		28,612,028	5,183,345
16				
17	TOTAL OPERATING REVENUES		157,701,263	122,698,634
18				
19				
20				
21				
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BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 1				
H 2	OPERATION & MAINTENANCE EXPENSE			
H 3				
H 4				
H 5	PRODUCTION EXPENSE			
H 6				
H 7	Steam Production Operation			
H 8	500-Supervision & Engineering	SALWAGPO	1,693,755	1,513,626
H 9	501-Fuel	ENEFUEL	0	0
H 10	502-Steam Expense	DPROD	2,076,355	1,855,537
H 11	505-Electric Expense	DPROD	824,161	736,512
H 12	506-Miscellaneous Steam Power Expense	DPROD	757,003	676,496
H 13	507-Rent	DPROD	2,571,407	2,297,941
H 14	509-Allowances	DPROD	30	27
H 15	Total Steam Production Operation		7,922,711	7,080,140
H 16				
H 17	Steam Production Maintenance			
H 18	510-Supervision & Engineering	SALWAGPM	1,544,367	1,380,126
H 19	511-Maintenance of Structures	DPROD	810,257	724,087
H 20	512-Maintenance of Boilers	DPROD	4,053,128	3,622,082
H 21	513-Maintenance of Electric Plant	DPROD	354,177	316,511
H 22	514-Maintenance of Miscellaneous Steam Plant	DPROD	124,702	111,440
H 23	Total Steam Production Maintenance		6,886,631	6,154,246
H 24				
H 25	Total Steam Production Expense		14,809,342	13,234,386
H 26				
H 27	Other Production Operation			
H 28	546-Operation Supervision and Engineering	SALWAGPO	217,924	194,748
H 29	547-Fuel	ENEFUEL	0	0
H 30	548-Generation Expense	DPROD	447,393	399,813
H 31	549-Miscellaneous Other Power Generation	DPROD	87,721	78,392
H 32	550-Rents	DPROD	119,463	106,758
H 33	Total Other Production Operation		872,501	779,712
H 34				
H 35	Other Production Maintenance			
H 36	551-Supervision & Engineering	SALWAGPM	871,738	779,030
H 37	552-Structures	DPROD	99,276	88,718
H 38	553-Maintenance of Generating and Electric Plant	DPROD	1,985,888	1,774,691
H 39	554-Maintenance of Miscellaneous Other Power	DPROD	198,404	177,304
H 40	556-System Control and Load Dispatching	DPROD	786,583	702,930
H 41	556-System Control and Load Dispatching	DPROD	24	21
H 42	Total Other Production Maintenance		3,941,913	3,522,695
H 43				
H 44	Total Other Production Expense		4,814,414	4,302,406
H 45				
H 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
H 47	<b>OPERATION &amp; MAINTENANCE EXPENSE CONTINUED</b>			
H 48				
H 49				
H 50	<b>PRODUCTION EXPENSE (CONT.)</b>			
H 51				
H 52	Other Power Supply			
H 53	555 - Purchased Power - Energy	ENERGY1	0	0
H 54	555 - Purchased Power - Capacity	DPROD	7,432,664	6,642,209
H 55	Total Other Power Supply		7,432,664	6,642,209
H 56				
H 57	TOTAL PRODUCTION EXPENSE		27,056,420	24,179,002
H 58				
H 59				
H 60	<b>TRANSMISSION EXPENSES</b>			
H 61				
H 62	Operation			
H 63	560-Supervision & Engineering	SALWAGTO	585,148	278,673
H 64	561-Load Dispatch	TRANPLT	3,194,325	0
H 65	562-Station Equipment	TRANPLT	296,560	0
H 66	563-Overhead Lines	TRANPLT	94,453	44,983
H 67	565-Transmission of Electricity by Others	TRANPLT	0	0
H 68	566-Miscellaneous	TRANPLT	100,449	47,838
H 69	567-Rents	TRANPLT	0	0
H 70	Total Transmission Operation		4,270,935	371,494
H 71				
H 72	Maintenance			
H 73	568-Maintenance Supervision & Engineering	SALWAGTM	0	0
H 74	569-Maintenance of Structures	TRANPLT	0	0
H 75	570-Maintenance of Station Equipment	TRANPLT	144,477	68,806
H 76	571-Maintenance of Overhead Lines	TRANPLT	155,825	74,211
H 77	572-Maintenance of Underground Lines	TRANPLT	0	0
H 78	573-Maint. of Miscellaneous Transmission Plant	TRANPLT	0	0
H 79	Total Transmission Maintenance		300,302	143,017
H 80				
H 81	TOTAL TRANSMISSION EXPENSE		4,571,237	514,511
H 82				
H 83				
H 84				
H 85				
H 86				
H 87				
H 88				
H 89				
H 90				
H 91				
H 92				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 93	OPERATION & MAINTENANCE EXPENSE CONTINUED			
H 94				
H 95				
H 96	DISTRIBUTION EXPENSES			
H 97	Operation			
H 98	580-Supervision	SALWAGDO	814,867	762,045
H 99	581-Load Dispatch	DISTPLT	241,101	225,430
H 100	582-Station Equipment	PLT_362	441,640	370,464
H 101	583-Overhead Lines	OHDIST	454,470	430,270
H 102	584-Underground Lines	UGDIST	309,900	303,277
H 103	585-Street Lighting	PLT_3713	89	85
H 104	586-Metering	CMETERS	862,809	830,061
H 105	587-Customer Installations	CMETERS	28,626	27,539
H 106	588-Miscellaneous	DISTPLT	484,314	452,835
H 107	589-Rents	DISTPLT	19,382	18,122
H 108	Total Distribution Operation		3,657,198	3,420,129
H 109				
H 110	Maintenance			
H 111	590-Supervision	SALWAGDM	1,579	1,481
H 112	591-Structures	DISTPLT	0	0
H 113	592-Station Equipment	PLT_362	357,828	300,159
H 114	593-Overhead Lines	OHDIST	2,573,823	2,436,767
H 115	594-Underground Lines	UGDIST	193,074	188,948
H 116	595-Transformers	PLT_368	38,352	36,894
H 117	596-Street Lighting	PLT_3713	139,990	134,130
H 118	597-Metering	CMETERS	74,563	71,733
H 119	598-Miscellaneous	DISTPLT	21,751	20,337
H 120	Total Distribution Maintenance		3,400,960	3,190,449
H 121				
H 122	TOTAL DISTRIBUTION EXPENSES		7,058,158	6,610,578
H 123				
H 124	TOTAL OPER & MAINT EXP (PROD,TRAN,& DIST)		38,685,815	31,304,092
H 125				
H 126				
H 127				
H 128				
H 129				
H 130				
H 131				
H 132				
H 133				
H 134				
H 135				
H 136				
H 137				
H 138				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H 139	<b>OPERATION &amp; MAINTENANCE EXPENSE CONTINUED</b>			
H 140				
H 141				
H 142	<b>CUSTOMER ACCOUNTS EXPENSES</b>			
H 143	901-Supervision	SALWAGCA	48,177	46,325
H 144	902-Meter Reading	CMETRDG	60,783	58,382
H 145	903-Customer Records and Collection Expense	CUSTREC	1,653,204	1,587,900
H 146	904-Uncollectible Accounts	EXP_904	398,647	385,993
H 147	905-Miscellaneous CA	CUSTCAM	825,788	793,168
H 148	<b>TOTAL CUSTOMER ACCTS EXPENSE</b>		<b>2,986,599</b>	<b>2,871,767</b>
H 149				
H 150				
H 151	<b>CUSTOMER SERVICE EXPENSES</b>			
H 152	907-Supervision	SALWAGCS	273,948	263,127
H 153	908-Customer Assistance	CUSTASST	1,047,762	1,006,374
H 154	909-Advertisement	CUSTADVT	5,282	5,073
H 155	910-Miscellaneous CS	CUSTCSM	58,362	56,057
H 156	<b>TOTAL CUSTOMER SERVICE EXPENSE</b>		<b>1,385,354</b>	<b>1,330,630</b>
H 157				
H 158	<b>SALES EXPENSES TOTAL</b>	<b>SALESREV</b>	<b>0</b>	<b>0</b>
H 159				
H 160	<b>TOTAL OPER &amp; MAINT EXCL A&amp;G</b>		<b>43,057,768</b>	<b>35,506,489</b>
H 161				
H 162	<b>ADMINISTRATIVE &amp; GENERAL EXPENSE</b>			
H 163	920-Administrative Salaries	SALWAGES	14,397,074	11,881,380
H 164	921-Office Supplies & Expense	SALWAGES	4,338,074	3,961,236
H 165	923-A&G Expense Transferred	SALWAGES	(33,951)	(31,002)
H 166	924-Outside Services	SALWAGES	3,006,109	2,744,976
H 167	924-Rate Case Expenses	SREVSD	65,773	65,773
H 168	925-Property Insurance	TOTPLT	830,509	754,715
H 169	926-Injuries and Damages	SALWAGES	1,565,308	1,429,334
H 170	927-Pensions & Benefits	SALWAGES	562,378	513,526
H 171	928-Regulatory Commission	SALESREV	713,800	651,204
H 172	930.1-General Advertising	SALWAGES	27,261	24,893
H 173	930.2-Miscellaneous General	SALWAGES	1,089,158	994,545
H 174	931-Rents	GENLPLT	513,056	468,915
H 175	932-Maintenance of General Plant	GENLPLT	1,354,889	1,238,321
H 176	<b>TOTAL A&amp;G EXPENSE</b>		<b>28,429,438</b>	<b>24,697,815</b>
H 177				
H 178	<b>TOTAL OPERATION &amp; MAINTENANCE EXPENSES</b>		<b>71,487,206</b>	<b>60,204,304</b>
H 179				
H 180				
H 181				
H 182				
H 183				
H 184				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
J 1	DEPRECIATION/AMORTIZATION EXPENSE			
J 2				
J 3	PRODUCTION PLANT EXPENSE	PRODPLT	13,705,652	12,248,072
J 4				
J 5	TRANSMISSION PLANT EXPENSE	TRANPLT	2,408,752	152,076
J 6				
J 7	DISTRIBUTION PLANT EXPENSE			
J 8	360-Land & Land Rights	PLT_360	0	0
J 9	361-Structures & Improvements	PLT_361	6,931	6,712
J 10	362-Station Equipment	PLT_362	1,719,366	1,378,511
J 11	364-Poles, Towers & Fixtures	PLT_364	1,699,593	1,606,526
J 12	365-Overhead Conductors & Devices	PLT_365	1,038,843	986,089
J 13	366-Underground Conduit	PLT_366	97,582	95,673
J 14	367-Underground Conductors & Devices	PLT_367	1,049,995	1,027,379
J 15	368-Line Transformers	PLT_368	882,323	848,769
J 16	369-Services	PLT_369	743,295	725,297
J 17	370-Meters	PLT_370	81,018	76,864
J 18	371-Installation on Customer Premises	PLT_371	55,711	53,434
J 19	373-Street Lighting & Signal Systems	PLT_373	45,987	44,007
J 20	Distribution Plant Annualization	DISTPLT	717,651	671,006
J 21	TOTAL DISTRIBUTION PLANT EXPENSE		8,138,294	7,520,266
J 22				
J 23	GENERAL PLANT EXPENSE	GENLPLT	2,354,436	1,924,524
J 24				
J 25	OTHER UTILITY DEPRECIATION EXPENSE	SALWAGES	2,077,122	1,896,687
J 26				
J 27	TOTAL DEPRECIATION EXPENSE		28,684,257	23,741,627
J 28				
J 29	PLANT ACQUISITION ADJUSTMENT	SALWAGES	97,406	88,945
J 30				
J 31	TOTAL DEPRECIATION/AMORTIZATION EXPENSE		28,781,663	23,830,572
J 32				
J 33				
J 34				
J 35				
J 36				
J 37				
J 38				
J 39				
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J 41				
J 42				
J 43				
J 44				
J 45				
J 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
L 1	<b>OTHER OPERATING EXPENSES</b>			
L 2				
L 3	<b>TAXES OTHER THAN INCOME TAXES</b>			
L 4	Federal Taxes			
L 5	FICA Tax	SALWAGES	2,908,541	2,521,050
L 6	Unemployment Tax	SALWAGES	21,554	19,681
L 7				
L 8	State Taxes			
L 9	Unemployment Tax	SALWAGES	92,545	84,505
L 10	Montana Electric Energy Tax	SREVMT	17,789	0
L 11	Wyoming Franchise Taxes	SREVWY	60,432	0
L 12	South Dakota PUC Tax	SREVSD	236,757	236,757
L 13	Wyoming Sales Tax	SREVWY	1,935	0
L 14				
L 15	Local Taxes			
L 16	Property	TOTPLT	5,130,011	4,149,657
L 17				
L 18	TOIT - Payroll Loading & Other	SALWAGES	(3,103,603)	(2,834,001)
L 19				
L 20	<b>TOTAL TAXES OTHER THAN INCOME</b>		<b>5,365,960</b>	<b>4,177,650</b>
L 21				
L 22				
L 23				
L 24				
L 25				
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L 37				
L 38				
L 39				
L 40				
L 41				
L 42				
L 43				
L 44				
L 45				
L 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
K 1	DEVELOPMENT OF INCOME TAXES			
K 2				
K 3	TOTAL OPERATING REVENUES	SCH I, LN 17	157,701,263	122,698,634
K 4				
K 5	LESS:			
K 6	OPERATION & MAINTAINENCE EXPENSE	SCH H, LN 178	71,487,206	60,204,304
K 7	DEPRECIATION EXPENSE	SCH J, LN 27	28,684,257	23,741,627
K 8	AMORTIZATION EXPENSE	SCH J, LN 29	97,406	88,945
K 9	TAXES OTHER THAN INCOME TAXES	SCH L, LN 20	5,365,960	4,177,650
K 10	MT STATE INCOME TAXES	SREVMT	10,261	0
K 11				
K 12	NET OPERATING INCOME BEFORE TAXES		52,056,173	34,486,107
K 13	AFUDC	TOTPLT	(490,930)	(446,127)
K 14	Interest Expense (Rate Base * Wtd Cost of Debt)		17,377,295	13,543,131
K 15	Subtotal		35,169,808	21,389,102
K 16				
K 17	Tax Adjustments:			
K 18	Permanent - Salaries & Wages	SALWAGES	163,020	148,859
K 19	Permanent - Plant	TOTPLTCUS	(216,326)	(171,680)
K 20	Temporary - Salaries & Wages	SALWAGES	(4,690,213)	(4,282,786)
K 21	Temporary - Plant	TOTPLTCUS	(43,867,926)	(34,814,368)
K 22	Temporary - Customer	CUST	(30,194)	(29,001)
K 23	Temporary - Other	CLAIMREV	(4,559,695)	(4,149,215)
K 24	Total Adjustments		(53,201,334)	(43,298,191)
K 25				
K 26	TAXABLE INCOME (NOL)		(18,031,526)	(21,909,088)
K 27				
K 28	Federal Income Tax @ 35%		(6,311,034)	(7,668,181)
K 29				
K 30	Other Tax Adjustments	TOTPLTCUS	17,211,014	13,658,967
K 31				
K 32	TOTAL FEDERAL INCOME TAX		10,899,980	5,990,787
K 33				
K 34	TOTAL INCOME TAXES		10,910,241	5,990,787
K 35				
K 36				
K 37				
K 38				
K 39				
K 40				
K 41				
K 42				
K 43				
K 44				
K 45				
K 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
K 47				
K 48				
K 49				
K 50				
K 51				
K 52	<b>TAX RATES</b>			
K 53	STATE TAX RATE		0.00%	
K 54	FEDERAL TAX RATE - CURRENT		35.00%	
K 55				
K 56				
K 57				
K 58				
K 59	<b>WEIGHTED COST OF DEBT</b>		3.09%	
K 60				
K 61				
K 62				
K 63				
K 64				
K 65				
K 66				
K 67				
K 68				
K 69				
K 70				
K 71				
K 72				
K 73				
K 74				
K 75				
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BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
H-1 1	<b>DEVELOPMENT OF SALARIES &amp; WAGES ALLOCATION FACTOR</b>			
H-1 2				
H-1 3	<b>PRODUCTION SALARIES &amp; WAGES EXPENSE</b>			
H-1 4	Operation	OX_PROD	3,851,977	3,442,324
H-1 5	Maintenance	MX_PROD	2,995,805	2,677,205
H-1 6	TOTAL PRODUCTION		6,847,782	6,119,529
H-1 7				
H-1 8	<b>TRANSMISSION SALARIES &amp; WAGES EXPENSE</b>			
H-1 9	Operation	OX_TRAN	245,578	223,966
H-1 10	Maintenance	MX_TRAN	63,443	57,860
H-1 11	TOTAL TRANSMISSION		309,021	281,826
H-1 12				
H-1 13	<b>DISTRIBUTION SALARIES &amp; WAGES EXPENSE</b>			
H-1 14	Operation	OX_DIST	1,789,206	1,673,225
H-1 15	Maintenance	MX_DIST	803,077	753,369
H-1 16	TOTAL DISTRIBUTION		2,592,283	2,426,594
H-1 17				
H-1 18	CUSTOMER ACCOUNTS SAL & WAGES EXP	OX_CA	941,729	905,521
H-1 19				
H-1 20	CUSTOMER SERVICE SAL & WAGES EXP	OX_CS	605,104	581,201
H-1 21				
H-1 22	<b>ADMINISTRATIVE &amp; GENERAL SALARIES &amp; WAGES EXP</b>			
H-1 23	Operation	SALWAGXAG	(86,539)	(79,022)
H-1 24	Maintenance	SALWAGXAG	13,766	12,570
H-1 25	TOTAL ADMINISTRATIVE & GENERAL		(72,773)	(66,451)
H-1 26				
H-1 27	TOT OPER & MAINTENANCE SALARIES & WAGES		11,223,146	10,248,219
H-1 28				
H-1 29				
H-1 30				
H-1 31				
H-1 32				
H-1 33				
H-1 34				
H-1 35				
H-1 36				
H-1 37				
H-1 38				
H-1 39				
H-1 40				
H-1 41				
H-1 42				
H-1 43				
H-1 44				
H-1 45				
H-1 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 1	<b>ALLOCATION FACTOR TABLE</b>			
AF 2	<b>DEMAND</b>			
AF 3				
AF 4	<b>DEMAND - PRODUCTION RELATED</b>			
AF 5	Demand Production (12 CP)	DPROD	279.61	249.88
AF 6				
AF 7				
AF 8				
AF 9	<b>DEMAND - TRANSMISSION RELATED</b>			
AF 10	Demand Transmission (NCP)	DTRAN	366.18	333.95
AF 11				
AF 12				
AF 13				
AF 14				
AF 15				
AF 16				
AF 17				
AF 18				
AF 19				
AF 20	<b>DEMAND - DISTRIBUTION RELATED (NCP)</b>			
AF 21	Demand Distribution Primary Substation	DDISPSUB	366.175	333.95
AF 22	Demand Distribution Primary Overhead Lines	DDISTPOL	366.175	333.95
AF 23	Demand Distribution Primary Underground Lines	DDISTPUL	366.175	333.95
AF 24				
AF 25	Demand Distribution Secondary Overhead Lines	DDISTSOL	366.175	333.95
AF 26	Demand Distribution Secondary Underground Lines	DDISTSUL	366.175	333.95
AF 27	Demand Distribution Overhead Line Transformers	DDISTSOT	366.175	333.95
AF 28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	366.175	333.95
AF 29				
AF 30				
AF 31				
AF 32				
AF 33				
AF 34				
AF 35				
AF 36				
AF 37				
AF 38				
AF 39				
AF 40				
AF 41				
AF 42				
AF 43				
AF 44				
AF 45				
AF 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AF	47	ALLOCATION FACTOR TABLE CONTINUED			
AF	48				
AF	49	<b>ENERGY</b>			
AF	50	Energy @ Generation with losses (kWh)	ENEFUEL	1,817,363	1,570,509
AF	51	Energy @ Generation with losses( kWh)	ENERGY1	1,817,363	1,570,509
AF	52	Energy @ Meter (kWh Sales)	ENERGY2	1,679,252	1,451,287
AF	53				
AF	51				
AF	55				
AF	56				
AF	57				
AF	58				
AF	59				
AF	60				
AF	61	<b>CUSTOMER</b>			
AF	62				
AF	63	Customer Dist. Primary Substation	CDISPSUB	68,630	65,919
AF	64	Customer Dist. Primary Overhead Lines	CDISTPOL	68,630	65,919
AF	65	Customer Dist. Primary Underground Lines	CDISTPUL	68,630	65,919
AF	66				
AF	67				
AF	68				
AF	69				
AF	70				
AF	71				
AF	72	369-Services	CSERVICE	366,175	333,950
AF	73	370-Meters	CMETERS	14,704,239	14,146,138
AF	74				
AF	75	902-Meter Reading	CMETRDG	823,560	791,028
AF	76	903-Customer Records and Collections	CUSTREC	823,560	791,028
AF	77	905-Miscellaneous Customer Accounts	CUSTCAM	68,630	65,919
AF	78	908-Customer Assistance	CUSTASST	68,630	65,919
AF	79	909-Advertisement	CUSTADVT	68,630	65,919
AF	80	910-Miscellaneous Customer Service	CUSTCSM	68,630	65,919
AF	81				
AF	82				
AF	83				
AF	84	371-Installation on Customer Premises	CUSTPREM	2,807	2,624
AF	85	373-Street Lighting & Signal Systems	CLIGHT	204	199
AF	86				
AF	87	Number of Bills	CUSTBILLS	823,560	791,028
AF	88	Number of Customers	CUST	68,630	65,919
AF	89				
AF	90				
AF	91				
AF	92				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

Schedule N-1  
Cost of Service Study  
Page 23 of 34

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
		(a)	(b)	(c)	(d)
AF	93	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF	94	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AF	95				
AF	96	<b>Plant</b>			
AF	97	Prod, Trans, and Distr Plant in Service	PTDPLT	822,135,998	746,830,905
AF	98	Distribution Plant Excl Not Classified	DISTPLTXNC	265,007,390	247,782,678
AF	98	Rate Base	RATEBASE	482,220,388	438,289,045
AF	100	Total Electric Plant In Service	TOTPLT	897,452,659	815,548,913
AF	101	Production Plant In Service	PRODPLT	526,462,964	470,474,266
AF	102	Transmission Plant in Service	TRANPLT	4,281,424	3,904,640
AF	103	Distribution Plant in Service	DISTPLT	291,391,610	272,451,999
AF	104	Total Transmission and Distribution Plant	TDPLT	295,673,034	276,356,639
AF	105	General Plant in Service	GENLPLT	46,611,829	42,601,574
AF	106	Total Electric Plant in Service plus CUS	TOTPLTCUS	1,027,634,330	815,548,913
AF	107	Account 360	PLT_360	1,636,579	1,552,057
AF	108	Account 361	PLT_361	254,825	246,766
AF	109	Account 362	PLT_362	53,765,025	45,100,101
AF	110	Account 364	PLT_364	62,485,046	59,063,449
AF	111	Account 365	PLT_365	38,192,744	36,253,256
AF	112	Account 366	PLT_366	3,587,563	3,517,373
AF	113	Account 367	PLT_367	38,602,767	37,771,301
AF	114	Account 368	PLT_368	32,438,334	31,204,759
AF	115	Account 369	PLT_369	27,327,010	26,665,348
AF	116	Account 370	PLT_370	2,978,612	2,825,893
AF	117	Account 371	PLT_371	2,048,191	1,964,488
AF	118	Account 373	PLT_373	1,690,694	1,617,886
AF	119	Distribution Overhead Plant in Service	OHDIST	100,677,790	95,316,705
AF	120	Distribution Underground Plant in Service	UGDIST	42,190,330	41,288,674
AF	121	Account 371&373	PLT_3713	3,738,884	3,582,374
AF	122				
AF	123	South Dakota	DPLTSD	247,782,678	247,782,678
AF	124	Wyoming	DPLTWY	15,899,082	0
AF	125	Montana	DPLTMT	1,325,630	0
AF	126				
AF	127				
AF	128				
AF	129				
AF	130				
AF	131				
AF	132				
AF	133				
AF	134	Total O&M less Fuel and Purchased Power	OMXFPP	58,662,063	53,562,095
AF	135	Supervised O&M Expense excluding CUS	OMXFPPT	31,598,644	28,846,158
AF	136				
AF	137				
AF	138				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 139	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF 140	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AF 141	<b>Production Expense</b>			
AF 142	Account 500	OX_500	1,693,755	1,513,626
AF 143	Account 501	OX_501	0	0
AF 144	Account 502	OX_502	2,076,355	1,855,537
AF 145	Account 505	OX_505	824,161	736,512
AF 146	Account 506	OX_506	757,003	676,496
AF 147	Account 510	MX_510	1,544,367	1,380,126
AF 148	Account 511	MX_511	810,257	724,087
AF 149	Account 512	MX_512	4,053,128	3,622,082
AF 150	Account 513	MX_513	354,177	316,511
AF 151	Account 514	MX_514	124,702	111,440
AF 152	Account 546	OX_546	217,924	194,748
AF 153	Account 547	OX_547	0	0
AF 154	Account 548	OX_548	447,393	399,813
AF 155	Account 549	OX_549	87,721	78,392
AF 156	Account 551	MX_551	871,738	779,030
AF 157	Account 552	MX_552	99,276	88,718
AF 158	Account 553	MX_553	1,985,888	1,774,691
AF 159	Account 554	MX_554	198,404	177,304
AF 160	Account 556	OX_556	786,607	702,952
AF 161	Account 555	OX_555	7,432,664	6,642,209
AF 162	Account 557	OX_557	0	0
AF 163	O&M Expense Production Operation	OX_PROD	6,883,533	6,151,477
AF 164	O&M Expense Production Maintenance	MX_PROD	8,412,438	7,517,786
AF 165	Salaries and Wages Production Operation	SALWAGPO	3,851,977	3,442,324
AF 166	Salaries and Wages Production Maintenance	SALWAGPM	2,995,805	2,677,205
AF 167	<b>Transmission Expense</b>			
AF 168	Account 560	OX_560	305,564	278,673
AF 169	Account 561	OX_561	0	0
AF 170	Account 562	OX_562	0	0
AF 171	Account 563	OX_563	49,323	44,983
AF 172	Account 565	OX_565	0	0
AF 173	Account 566	OX_566	52,454	47,838
AF 174	Account 567	OX_567	0	0
AF 175	Account 568	MX_568	0	0
AF 176	Account 569	MX_569	0	0
AF 177	Account 570	MX_570	75,446	68,806
AF 178	Account 571	MX_571	81,372	74,211
AF 179	Account 573	MX_573	0	0
AF 180	O&M Accounts 561-567	OX_TRAN	101,778	92,821
AF 181	O&M Accounts 569-573	MX_TRAN	156,818	143,017
AF 182	Salaries & Wages Accounts 561-567	SALWAGTO	245,578	223,966
AF 183	Salaries & Wages Accounts 569-573	SALWAGTM	63,443	57,860
AF 184				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AF	185	<b>ALLOCATION FACTOR TABLE CONTINUED</b>			
AF	186	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AF	187	<b>Distribution Expense</b>			
AF	188	Account 580	OX_580	814,867	762,045
AF	189	Account 581	OX_581	241,101	225,430
AF	190	Account 582	OX_582	441,640	370,464
AF	191	Account 583	OX_583	454,470	430,270
AF	192	Account 584	OX_584	309,900	303,277
AF	193	Account 585	OX_585	89	85
AF	194	Account 586	OX_586	862,809	830,061
AF	195	Account 587	OX_587	28,626	27,539
AF	196	Account 588	OX_588	484,314	452,835
AF	197	Account 589	OX_589	19,382	18,122
AF	198	Account 590	MX_590	1,579	1,481
AF	199	Account 592	MX_592	357,828	300,159
AF	200	Account 593	MX_593	2,573,823	2,436,767
AF	201	Account 594	MX_594	193,074	188,948
AF	202	Account 595	MX_595	38,352	36,894
AF	203	Account 596	MX_596	139,990	134,130
AF	204	Account 597	MX_597	74,563	71,733
AF	205	Account 598	MX_598	21,751	20,337
AF	206	O&M Accounts 581-589	OX_DIST	2,842,331	2,658,084
AF	207	O&M Accounts 591-598	MX_DIST	3,399,381	3,188,968
AF	208	Salaries & Wages Accounts 581-589	SALWAGDO	1,789,206	1,673,225
AF	209	Salaries & Wages Accounts 591-598	SALWAGDM	803,077	753,369
AF	210				
AF	211	Account 902	OX_902	60,783	58,382
AF	212	Account 903	OX_903	1,653,204	1,587,900
AF	213	Account 904	OX_904	398,647	385,993
AF	214	O&M Accounts 902-905	OX_CA	2,938,422	2,825,443
AF	215	Salaries & Wages Accounts 902-905	SALWAGCA	941,729	905,521
AF	216				
AF	217	Account 908	OX_908	1,047,762	1,006,374
AF	218	Account 909	OX_909	5,282	5,073
AF	219	Account 910	OX_910	58,362	56,057
AF	220	O&M Accounts 908-910	OX_CS	1,111,406	1,067,504
AF	221	Salaries & Wages Accounts 908-910	SALWAGCS	605,104	581,201
AF	222				
AF	223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	11,295,919	10,314,670
AF	224	Total Salaries and Wages Expense	SALWAGES	11,223,146	10,248,219
AF	225				
AF	226				
AF	227				
AF	228				
AF	229				
AF	230				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AF 231	<b>REVENUES AND BILLING DETERMINANTS</b>			
AF 232				
AF 233	Base Rate Sales Revenue	SALESREV	115,496,651	105,368,259
AF 234	South Dakota	SREVS	105,368,259	105,368,259
AF 235	Wyoming	SREVWY	8,311,421	0
AF 236	Montana	SREVM	1,816,970	0
AF 237				
AF 238				
AF 239				
AF 240	Claimed Rate Sales Revenue	CLAIMREV	130,897,998	119,114,085
AF 241				
AF 242				
AF 243				
AF 244				
AF 245				
AF 246	<b>PRESENT REVENUES FROM SALES INPUT</b>			
AF 247				
AF 248	Total Sales of Electricity Revenues		115,496,651	105,368,259
AF 249				
AF 250	Sales of Electricity Revenues		115,496,651	105,368,259
AF 251				
AF 252				
AF 253				
AF 254	<b>BILLING DETERMINATE INPUTS</b>			
AF 255	Number of Customer Bills	SCH AF, LN 87	823,560	791,028
AF 256	Annual kWh Sales @ Meter	SCH AF, LN 52	1,679,252	1,451,287
AF 257	Annual kW - Billed		0	-
AF 258				
AF 259				
AF 260				
AF 261	<b>RATE OF RETURN</b>			
AF 262	Rate of Return (Equalized)	SCH AF, LN 262	8.54%	8.54%
AF 263				
AF 264				
AF 265				
AF 266	<b>PROPOSED REVENUES FROM SALES INPUT</b>			
AF 267	Annual kWh Sales - Proposed	SCH AF, LN 256	1,679,252	1,451,287
AF 268	Sales of Electricity Revenues - Proposed Total		129,242,477	119,114,085
AF 269	Sales of Electricity Revenues - Proposed		129,242,477	119,114,085
AF 270	Credit		0	0
AF 271	Credit	DPROD	0	0
AF 272				
AF 273				
AF 274				
AF 275				
AF 276				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
		(a)	(b)	(c)	(d)
AP	1	ALLOCATION PROPORTIONS TABLE			
AP	2	<u>DEMAND</u>			
AP	3				
AP	4	<u>DEMAND - PRODUCTION RELATED</u>			
AP	5	Demand Production (12 CP)	DPROD	1.00000	0.89365
AP	6				
AP	7				
AP	8				
AP	9	<u>DEMAND - TRANSMISSION RELATED</u>			
AP	10	Demand Transmission (NCP)	DTRAN	1.00000	0.91200
AP	11				
AP	12				
AP	13				
AP	14				
AP	15				
AP	16				
AP	17				
AP	18				
AP	19				
AP	20	<u>DEMAND - DISTRIBUTION RELATED (NCP)</u>			
AP	21	Demand Distribution Primary Substation	DDISPSUB	1.00000	0.91200
AP	22	Demand Distribution Primary Overhead Lines	DDISTPOL	1.00000	0.91200
AP	23	Demand Distribution Primary Underground Lines	DDISTPUL	1.00000	0.91200
AP	24				
AP	25	Demand Distribution Secondary Overhead Lines	DDISTSOL	1.00000	0.91200
AP	26	Demand Distribution Secondary Underground Lines	DDISTSUL	1.00000	0.91200
AP	27	Demand Distribution Overhead Line Transformers	DDISTSOT	1.00000	0.91200
AP	28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	1.00000	0.91200
AP	29				
AP	30				
AP	31				
AP	32				
AP	33				
AP	34				
AP	35				
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AP	45				
AP	46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AP 47	ALLOCATION PROPORTIONS TABLE CONTINUED			
AP 48				
AP 49	<b>ENERGY</b>			
AP 50	Energy @ Generation with losses (kWh)	ENEFUEL	1.00000	0.86417
AP 51	Energy @ Generation with losses( kWh)	ENERGY1	1.00000	0.86417
AP 52	Energy @ Meter (kWh Sales)	ENERGY2	1.00000	0.86425
AP 53				
AP 54				
AP 55				
AP 56				
AP 57				
AP 58				
AP 59				
AP 60				
AP 61	<b>CUSTOMER</b>			
AP 62				
AP 63	Customer Dist. Primary Substation	CDISPSUB	1.00000	0.96050
AP 64	Customer Dist. Primary Overhead Lines	CDISTPOL	1.00000	0.96050
AP 65	Customer Dist. Primary Underground Lines	CDISTPUL	1.00000	0.96050
AP 66				
AP 67			0.00000	0.00000
AP 68			0.00000	0.00000
AP 69			0.00000	0.00000
AP 70			0.00000	0.00000
AP 71				
AP 72	369-Services	CSERVICE	1.00000	0.91200
AP 73	370-Meters	CMETERS	1.00000	0.96204
AP 74				
AP 75	902-Meter Reading	CMETRDG	1.00000	0.96050
AP 76	903-Customer Records and Collections	CUSTREC	1.00000	0.96050
AP 77	905-Miscellaneous Customer Accounts	CUSTCAM	1.00000	0.96050
AP 78	908-Customer Assistance	CUSTASST	1.00000	0.96050
AP 79	909-Advertisement	CUSTADVT	1.00000	0.96050
AP 80	910-Miscellaneous Customer Service	CUSTCSM	1.00000	0.96050
AP 81				
AP 82			0.00000	0.00000
AP 83				
AP 84	371-Installation on Customer Premises	CUSTPREM	1.00000	0.93481
AP 85	373-Street Lighting & Signal Systems	CLIGHT	1.00000	0.97549
AP 86				
AP 87	Number of Bills	CUSTBILLS	1.00000	0.96050
AP 88	Number of Customers	CUST	1.00000	0.96050
AP 89				
AP 90				
AP 91				
AP 92				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AP 93	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP 94	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AP 95				
AP 96	<b>Plant</b>			
AP 97	Prod, Trans, and Distr Plant in Service	PTDPLT	1.00000	0.90840
AP 98	Distribution Plant Excl Not Classified	DISTPLTXNC	1.00000	0.93500
AP 98	Rate Base	RATEBASE	1.00000	0.90890
AP 100	Total Electric Plant In Service	TOTPLT	1.00000	0.90874
AP 101	Production Plant In Service	PRODPLT	1.00000	0.89365
AP 102	Transmission Plant in Service	TRANPLT	1.00000	0.91200
AP 103	Distribution Plant in Service	DISTPLT	1.00000	0.93500
AP 104	Total Transmission and Distribution Plant	TDPLT	1.00000	0.93467
AP 105	General Plant in Service	GENLPLT	1.00000	0.91396
AP 106	Total Electric Plant in Service plus CUS	TOTPLTCUS	1.00000	0.79362
AP 107	Account 360	PLT_360	1.00000	0.94835
AP 108	Account 361	PLT_361	1.00000	0.96837
AP 109	Account 362	PLT_362	1.00000	0.83884
AP 110	Account 364	PLT_364	1.00000	0.94524
AP 111	Account 365	PLT_365	1.00000	0.94922
AP 112	Account 366	PLT_366	1.00000	0.98044
AP 113	Account 367	PLT_367	1.00000	0.97846
AP 114	Account 368	PLT_368	1.00000	0.96197
AP 115	Account 369	PLT_369	1.00000	0.97579
AP 116	Account 370	PLT_370	1.00000	0.94873
AP 117	Account 371	PLT_371	1.00000	0.95913
AP 118	Account 373	PLT_373	1.00000	0.95694
AP 119	Distribution Overhead Plant in Service	OHDIST	1.00000	0.94675
AP 120	Distribution Underground Plant in Service	UGDIST	1.00000	0.97863
AP 121	Account 371&373	PLT_3713	1.00000	0.95814
AP 122				
AP 123	South Dakota	DPLTSD	1.00000	1.00000
AP 124	Wyoming	DPLTWY	1.00000	0.00000
AP 125	Montana	DPLTMT	1.00000	0.00000
AP 126				
AP 127				
AP 128				
AP 129				
AP 130				
AP 131				
AP 132				
AP 133				
AP 134	Total O&M less Fuel and Purchased Power	OMXFPP	1.00000	0.91306
AP 135	Supervised O&M Expense excluding CUS	OMXFPPT	1.00000	0.91289
AP 136				
AP 137				
AP 138				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
	(a)	(b)	(c)	(d)
AP 139	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP 140	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>			
AP 141	<b>Production Expense</b>			
AP 142	Account 500	OX_500	1.00000	0.89365
AP 143	Account 501	OX_501	0.00000	0.00000
AP 144	Account 502	OX_502	1.00000	0.89365
AP 145	Account 505	OX_505	1.00000	0.89365
AP 146	Account 506	OX_506	1.00000	0.89365
AP 147	Account 510	MX_510	1.00000	0.89365
AP 148	Account 511	MX_511	1.00000	0.89365
AP 149	Account 512	MX_512	1.00000	0.89365
AP 150	Account 513	MX_513	1.00000	0.89365
AP 151	Account 514	MX_514	1.00000	0.89365
AP 152	Account 546	OX_546	1.00000	0.89365
AP 153	Account 547	OX_547	0.00000	0.00000
AP 154	Account 548	OX_548	1.00000	0.89365
AP 155	Account 549	OX_549	1.00000	0.89365
AP 156	Account 551	MX_551	1.00000	0.89365
AP 157	Account 552	MX_552	1.00000	0.89365
AP 158	Account 553	MX_553	1.00000	0.89365
AP 159	Account 554	MX_554	1.00000	0.89365
AP 160	Account 556	OX_556	1.00000	0.89365
AP 161	Account 555	OX_555	1.00000	0.89365
AP 162	Account 557	OX_557	0.00000	0.00000
AP 163	O&M Expense Production Operation	OX_PROD	1.00000	0.89365
AP 164	O&M Expense Production Maintenance	MX_PROD	1.00000	0.89365
AP 165	Salaries and Wages Production Operation	SALWAGPO	1.00000	0.89365
AP 166	Salaries and Wages Production Maintenance	SALWAGPM	1.00000	0.89365
AP 167	<b>Transmission Expense</b>			
AP 168	Account 560	OX_560	1.00000	0.91200
AP 169	Account 561	OX_561	0.00000	0.00000
AP 170	Account 562	OX_562	0.00000	0.00000
AP 171	Account 563	OX_563	1.00000	0.91200
AP 172	Account 565	OX_565	0.00000	0.00000
AP 173	Account 566	OX_566	1.00000	0.91200
AP 174	Account 567	OX_567	0.00000	0.00000
AP 175	Account 568	MX_568	0.00000	0.00000
AP 176	Account 569	MX_569	0.00000	0.00000
AP 177	Account 570	MX_570	1.00000	0.91200
AP 178	Account 571	MX_571	1.00000	0.91200
AP 179	Account 573	MX_573	0.00000	0.00000
AP 180	O&M Accounts 561-567	OX_TRAN	1.00000	0.91200
AP 181	O&M Accounts 569-573	MX_TRAN	1.00000	0.91200
AP 182	Salaries & Wages Accounts 561-567	SALWAGTO	1.00000	0.91200
AP 183	Salaries & Wages Accounts 569-573	SALWAGTM	1.00000	0.91200
AP 184				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
		(a)	(b)	(c)	(d)
AP	185	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>			
AP	186	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>			
AP	187	<b>Distribution Expense</b>			
AP	188	Account 580	OX_580	1.00000	0.93518
AP	189	Account 581	OX_581	1.00000	0.93500
AP	190	Account 582	OX_582	1.00000	0.83884
AP	191	Account 583	OX_583	1.00000	0.94675
AP	192	Account 584	OX_584	1.00000	0.97863
AP	193	Account 585	OX_585	1.00000	0.95814
AP	194	Account 586	OX_586	1.00000	0.96204
AP	195	Account 587	OX_587	1.00000	0.96204
AP	196	Account 588	OX_588	1.00000	0.93500
AP	197	Account 589	OX_589	1.00000	0.93500
AP	198	Account 590	MX_590	1.00000	0.93810
AP	199	Account 592	MX_592	1.00000	0.83884
AP	200	Account 593	MX_593	1.00000	0.94675
AP	201	Account 594	MX_594	1.00000	0.97863
AP	202	Account 595	MX_595	1.00000	0.96197
AP	203	Account 596	MX_596	1.00000	0.95814
AP	204	Account 597	MX_597	1.00000	0.96204
AP	205	Account 598	MX_598	1.00000	0.93500
AP	206	O&M Accounts 581-589	OX_DIST	1.00000	0.93518
AP	207	O&M Accounts 591-598	MX_DIST	1.00000	0.93810
AP	208	Salaries & Wages Accounts 581-589	SALWAGDO	1.00000	0.93518
AP	209	Salaries & Wages Accounts 591-598	SALWAGDM	1.00000	0.93810
AP	210				
AP	211	Account 902	OX_902	1.00000	0.96050
AP	212	Account 903	OX_903	1.00000	0.96050
AP	213	Account 904	OX_904	1.00000	0.96826
AP	214	O&M Accounts 902-905	OX_CA	1.00000	0.96155
AP	215	Salaries & Wages Accounts 902-905	SALWAGCA	1.00000	0.96155
AP	216				
AP	217	Account908	OX_908	1.00000	0.96050
AP	218	Account909	OX_909	1.00000	0.96050
AP	219	Account910	OX_910	1.00000	0.96050
AP	220	O&M Accounts 908-910	OX_CS	1.00000	0.96050
AP	221	Salaries & Wages Accounts 908-910	SALWAGCS	1.00000	0.96050
AP	222				
AP	223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	1.00000	0.91313
AP	224	Total Salaries and Wages Expense	SALWAGES	1.00000	0.91313
AP	225				
AP	226				
AP	227				
AP	228				
AP	229				
AP	230				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
AP	231	<b>REVENUES AND BILLING DETERMINANTS</b>			
AP	232				
AP	233	Base Rate Sales Revenue	SALESREV	1.00000	0.91231
AP	234	South Dakota	SREVSD	1.00000	1.00000
AP	235	Wyoming	SREWY	1.00000	0.00000
AP	236	Montana	SREVM	1.00000	0.00000
AP	237				
AP	238				
AP	239				
AP	240	Claimed Rate Sales Revenue	CLAIMREV	1.00000	0.90998
AP	241				
AP	242				
AP	243				
AP	244				
AP	245				
AP	246	<b>PRESENT REVENUES FROM SALES INPUT</b>			
AP	247				
AP	248	Total Sales of Electricity Revenues		1.00000	0.91231
AP	249				
AP	250	Sales of Electricity Revenues		1.00000	0.91231
AP	251				
AP	252				
AP	253				
AP	254				
AP	255				
AP	256				
AP	257				
AP	258				
AP	259				
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AP	276				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL BHP	SOUTH DAKOTA
		(a)	(b)	(c)	(d)
ADA	1	<b>ALLOCATED DIRECT ASSIGNMENTS</b>			
ADA	2	<b>DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS</b>			
ADA	3				
ADA	4	<b>Write-Offs - Test Period</b>			
ADA	5	South Dakota	SREVSD	559,949	559,949
ADA	6	Wyoming	SREWWY	18,357	0
ADA	7	Montana	SREVMT	0	0
ADA	8				
ADA	9				
ADA	10				
ADA	11				
ADA	12				
ADA	13				
ADA	14				
ADA	15	Total Write-Offs	EXP_904	578,305	559,949
ADA	16				
ADA	17	Total Write-Offs	EXP_904	1,00000	0.96826
ADA	18				
ADA	19	<b>Construction Advances</b>			
ADA	20	South Dakota	DPLTSD	98%	98%
ADA	21	Wyoming	DPLTWY	2%	0%
ADA	22	Montana	DPLTMT	0%	0%
ADA	23				
ADA	24				
ADA	25				
ADA	26				
ADA	27	Customer Advances for Construction	CUSTADV	100%	98%
ADA	28				
ADA	29	Customer Advances for Construction	CUSTADV	1,00000	0.98000
ADA	30				
ADA	31				
ADA	32				
ADA	33				
ADA	34				
ADA	35				
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ADA	43				
ADA	44				
ADA	45				
ADA	46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
RETAIL ELECTRIC ADJUSTED JURISDICTIONAL COST OF SERVICE ANALYSIS  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL BHP (c)	SOUTH DAKOTA (d)
RRW 1	REVENUE REQUIREMENTS			
RRW 2				
RRW 3	PRESENT RATES			
RRW 4	-----			
RRW 5	RATE BASE		562,372,014	438,289,045
RRW 6	NET OPER INC (PRESENT RATES)		41,156,193	28,495,321
RRW 7	RATE OF RETURN (PRES RATES)		7.32%	6.50%
RRW 8	RELATIVE RATE OF RETURN		1.00	0.89
RRW 9	SALES REVENUE (PRE RATES)		115,496,651	105,368,259
RRW 10				
RRW 11				
RRW 12				
RRW 13				
RRW 14	CLAIMED RATE OF RETURN			
RRW 15	-----			
RRW 16	CLAIMED RATE OF RETURN		8.54%	8.54%
RRW 17	RETURN REQ FOR CLAIMED ROR		48,026,570	37,429,884
RRW 18	SALES REVENUE REQ CLAIMED ROR		126,066,725	119,114,085
RRW 19	REVENUE DEFICIENCY SALES REV		10,570,075	13,745,826
RRW 20	PERCENT INCREASE REQUIRED		9.15%	9.94%
RRW 21	ANNUAL BOOKED KWH SALES		1,679,252	1,451,287
RRW 22				
RRW 23				
RRW 24				
RRW 25	PROPOSED REVENUES			
RRW 26	-----			
RRW 27	PROPOSED SALES REVENUES		129,242,477	119,114,085
RRW 28	REVENUE DEFICIENCY SALES REV		13,745,826	13,745,826
RRW 29	PERCENT INCREASE PROPOSED		11.90%	9.94%
RRW 30	PROPOSED RATE OF RETURN		9.10%	8.54%
RRW 31	RETURN REQ FOR PROPOSED REV		51,202,321	37,429,884
RRW 32	ANNUAL BOOKED KWH SALES		1,679,252	1,451,287
RRW 33				
RRW 34				
RRW 35				
RRW 36				
RRW 37				
RRW 38				
RRW 39				
RRW 40				
RRW 41				
RRW 42				
RRW 43				
RRW 44				
RRW 45				
RRW 46				

BHP COS 06-30-12 JURISDICTIONAL - PRO FORMA COST OF SERVICE

## Section O

**20:10:13:98. Statement O – Allocated Cost of Service by South Dakota Customer Class.** Statement O shall be provided with the initial application under this chapter for a rate increase greater than \$85,000, when a material change in rate structure is proposed, or when the commission so orders. Statement O shall compare the allocated cost of service provided pursuant to § 20:10:13:43 with the revenues under the proposed rates. If the amount of revenue under the proposed new rates differs significantly from allocated 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 shall show return expressed as a percentage of rate base allocated to the service concerned. If the filing public utility considers certain facilities as being devoted entirely to the service involved, it shall show, in addition to the overall cost of service, the cost of service related to such special facilities. The schedule described in § 20:10:13:100 shall be submitted as a part of statement O.

**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.

## Section O

**20:10:13:99. Schedule O-1 -- Derivation of Increased Rates.** If, after the initial rate filing under this chapter the commission orders it to be provided, schedule O-1 shall show the derivation of each of the increased rates. If the increased rates are predicated on costs as classified and allocated, all calculations involved in derivation of the rates shall be shown. If in computing the increased rates weight is given in whole or in part to value of service, competition, historical revenue pattern, or the like, it shall be indicated.

**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.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(i)	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)	
M 1	<b>SUMMARY AT PRESENT RATES</b>									
M 2										
M 3	<b>DEVELOPMENT OF RETURN</b>									
M 4										
M 5	<b>OPERATING REVENUE</b>	<u>Stmnt O Reference</u>								
M 6	Sales of Electricity	SCH I, LN 4	138,472,112	53,463,066	45,981,255	37,131,743	1,896,049			
M 7	Contract Revenues	SCH I, LN 5	50,619,748	17,467,285	18,333,101	14,367,507	451,855			
M 8	Other Operating Revenue	SCH I, LN 15	14,492,540	5,639,701	5,182,882	3,397,651	272,305			
M 9	<b>TOTAL OPERATING REVENUE</b>		203,584,401	76,570,052	69,497,238	54,896,901	2,620,209			
M 10										
M 11	<b>OPERATING EXPENSES</b>									
M 12	Operation and Maintenance Expense	SCH H, LN 178	136,315,212	51,393,500	43,229,760	40,212,662	1,479,290			
M 13	Depreciation Expense	SCH J, LN 27	22,696,010	8,404,757	8,197,330	5,782,721	311,202			
M 14	Amortization Expense	SCH J, LN 29	88,365	38,827	27,378	21,064	1,095			
M 15	Taxes Other Than Income Taxes	SCH L, LN 20	3,737,440	1,348,301	1,367,029	971,164	50,946			
M 16	State Income Tax	SCH K, LN 10	0	0	0	0	0			
M 17	Federal Income Tax	SCH K, LN 32	8,050,139	2,985,604	3,710,635	1,160,142	193,759			
M 18	<b>TOTAL OPERATING EXPENSES</b>		170,887,166	64,170,990	56,532,131	48,147,752	2,036,293			
M 19										
M 20	<b>OPERATING INCOME (RETURN)</b>		32,697,235	12,399,062	12,965,107	6,749,150	583,917			
M 21										
M 22										
M 23	<b>DEVELOPMENT OF RATE BASE</b>									
M 24	Electric Plant in Service	SCH D-2, LN 116	788,110,937	286,723,245	287,914,394	202,709,169	10,764,130			
M 25	Less: Accumulated Depreciation	SCH E, LN 27	282,351,408	101,714,624	102,997,281	73,562,262	4,077,241			
M 26	Less: Amortization	SCH E, LN 29	2,711,805	935,759	982,142	769,697	24,207			
M 27	Plus: Working Capital	SCH F, LN 9	14,905,732	5,267,919	5,113,109	4,338,788	185,916			
M 28	Less: Other Rate Base Deductions	SCH F, LN 24	98,730,746	36,248,588	36,157,122	25,004,635	1,320,401			
M 29										
M 30	<b>TOTAL RATE BASE</b>	SCH F, LN 27	419,222,711	153,092,194	152,890,957	107,711,363	5,528,198			
M 31										
M 32										
M 33	<b>RATE OF RETURN (PRESENT)</b>		7.80%	8.10%	8.48%	6.27%	10.56%			
M 34										
M 35	<b>INDEX RATE OF RETURN (PRESENT)</b>		1.00	1.04	1.09	0.80	1.35			
M 36										
M 37										
M 38										
M 39										
M 40										
M 41										
M 42										
M 43										
M 44										
M 45										
M 46										

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
M 47	EQUALIZED RETURN AT PROPOSED ROR								
M 48									
M 49	DEVELOPMENT OF RETURN (EQUALIZED RATE LEVELS)								
M 50									
M 51	RATE BASE		419,222,711	153,092,194	152,890,957	107,711,363	5,528,198		
M 52									
M 53	RATE OF RETURN		8.54%	8.54%	8.54%	8.54%	8.54%		
M 54									
M 55	RETURN (RATE BASE * ROR)		35,801,619	13,074,073	13,056,888	9,198,550	472,108		
M 56									
M 57	LESS:								
M 58	OPERATING EXPENSES	<u>Stmnt O Reference</u>							
M 59	Operation and Maintenance Expense	SCH M, LN 12	136,315,212	51,393,500	43,229,760	40,212,662	1,479,290		
M 60	Depreciation Expense	SCH M, LN 13	22,696,010	8,404,757	8,197,330	5,782,721	311,202		
M 61	Amortization Expense	SCH J, LN 29	88,365	38,827	27,378	21,064	1,095		
M 62	Taxes Other Than Income Taxes	SCH M, LN 15	3,737,440	1,348,301	1,367,029	971,164	50,946		
M 63	State Income Tax	CALCULATED	0	0	0	0	0		
M 64	Federal Income Tax	CALCULATED	9,721,850	3,349,098	3,760,059	2,479,144	133,550		
M 65	TOTAL OPERATING EXPENSES		172,558,877	64,534,484	56,581,556	49,466,754	1,976,084		
M 66									
M 67	EQUALS TOTAL COST OF SERVICE		208,360,497	77,608,557	69,638,443	58,665,305	2,448,192		
M 68									
M 69	LESS:								
M 70	OTHER OPERATING REVENUES		65,112,288	23,106,986	23,515,983	17,765,159	724,161		
M 71									
M 72	EQUALS:								
M 73	PROPOSED BASE RATE SALES @ EQUALIZED ROR		143,248,208	54,501,571	46,122,460	40,900,146	1,724,031		
M 74									
M 75									
M 76	TOTAL COST OF SERVICE INCREASE/DECREASE		4,776,096	1,038,505	141,205	3,768,403	(172,018)		
M 77									
M 78									
M 79	REVENUE INCREASE TO RETAIL REVENUES (%)		3.45%	1.94%	0.31%	10.15%	-9.07%		
M 80									
M 81									
M 82									
M 83									
M 84									
M 85									
M 86									
M 87									
M 88									
M 89									
M 90									
M 91									
M 92									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE		
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
M 93									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
		(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
D-2	1	DEVELOPMENT OF RATE BASE								
D-2	2									
D-2	3	ELECTRIC PLANT IN SERVICE								
D-2	4									
D-2	5	PRODUCTION PLANT								
D-2	6	Steam Plant								
D-2	7	310-Land & Land Rights	DPROD	298,219	102,906	108,007	84,644	2,662		
D-2	8	311-Structures & Improve	DPROD	35,900,261	12,388,053	13,002,102	10,189,645	320,462		
D-2	9	312-Boiler Plant Equipment	DPROD	205,067,382	70,762,312	74,269,847	58,204,697	1,830,526		
D-2	10	313-Engines and Engine Driver Generator	DPROD	303,676	104,789	109,983	86,193	2,711		
D-2	11	314-Turbogenerator Units	DPROD	109,700,305	37,854,129	39,730,477	31,136,463	979,235		
D-2	12	315-Accessory Electric Equipment	DPROD	20,290,941	7,001,766	7,348,829	5,759,219	181,126		
D-2	13	316-Misc Power Plant Equipment	DPROD	3,278,726	1,131,385	1,187,466	930,608	29,267		
D-2	14	106-Completed Not Classified Production Plant	DPROD	14,946,119	5,157,436	5,413,079	4,242,188	133,416		
D-2	15	Steam Plant Additions/Annualization	DPROD	0	0	0	0	0		
D-2	16	Total Steam Plant		389,785,629	134,502,777	141,169,789	110,633,658	3,479,406		
D-2	17									
D-2	18									
D-2	19	Other Production Plant								
D-2	20	340-Land & Land Rights	DPROD	2,417	834	875	686	22		
D-2	21	341-Structures and Improvements	DPROD	460,708	158,976	166,856	130,764	4,112		
D-2	22	342-Fuel Holders, Producers, & Access	DPROD	4,574,791	1,578,617	1,656,865	1,298,472	40,837		
D-2	23	344-Generators	DPROD	61,461,516	21,208,439	22,259,695	17,444,749	548,634		
D-2	24	345-Accessory Electric Equipment	DPROD	4,342,832	1,498,575	1,572,856	1,232,635	38,766		
D-2	25	346-Misc Power Plant Equipment	DPROD	74,055	25,554	26,821	21,019	661		
D-2	26	106-Completed Not Classified Oth Prod Plt	DPROD	445,558	153,748	161,369	126,464	3,977		
D-2	27	Other Prod Plant Additions/Annualization	DPROD	0	0	0	0	0		
D-2	28	Total Other Production Plant		71,231,438	24,624,743	25,845,338	20,128,325	633,032		
D-2	29									
D-2	30	TOTAL PRODUCTION PLANT		461,147,508	159,127,519	167,015,127	130,888,447	4,116,414		
D-2	31									
D-2	32									
D-2	33	TRANSMISSION PLANT								
D-2	34	350-Land & Land Rights	DTRAN	558,204	192,846	209,458	150,995	4,905		
D-2	35	352-Structures & Improvements	DTRAN	946,817	327,102	355,279	256,116	8,320		
D-2	36	353-Station Equipment	DTRAN	821,071	283,660	308,095	222,102	7,215		
D-2	37	354-Tower and Fixtures	DTRAN	363,066	125,431	136,235	98,210	3,190		
D-2	38	355-Poles & Fixtures	DTRAN	217,875	75,270	81,754	58,936	1,915		
D-2	39	356-Overhead Conductors & Devices	DTRAN	991,295	342,468	371,968	268,147	8,711		
D-2	40	359-Roads and Trails	DTRAN	6,311	2,180	2,368	1,707	55		
D-2	41	106-Completed Not Classified Transmission Plt	DTRAN	0	0	0	0	0		
D-2	42	Transmission Plant Additions/Annualization	DTRAN	0	0	0	0	0		
D-2	43	TOTAL TRANSMISSION PLANT		3,904,640	1,348,958	1,465,157	1,056,213	34,312		
D-2	44									
D-2	45									
D-2	46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
D-2	47	ELECTRIC PLANT IN SERVICE CONTINUED								
D-2	48									
D-2	49	DISTRIBUTION PLANT								
D-2	50	360-Land & Land Rights	DDISPSUB	1,552,057	536,198	582,386	419,835	13,639		
D-2	51	361-Structures & Improvements	DDISPSUB	246,766	85,252	92,595	66,751	2,168		
D-2	52	362-Station Equipment	DDISPSUB	45,100,101	15,580,987	16,923,133	12,199,669	396,312		
D-2	53	364-Poles, Towers & Fixtures								
D-2	54	Primary - Demand	DDISTPOL	46,713,282	16,138,302	17,528,455	12,636,037	410,488		
D-2	55	Secondary - Demand	DDISTSOL	12,350,167	4,921,517	5,345,456	1,958,013	125,182		
D-2	56	Total Account 364		59,063,449	21,059,818	22,873,911	14,594,050	535,670		
D-2	57	365-Overhead Conductors & Devices								
D-2	58	Primary - Demand	DDISTPOL	30,942,154	10,689,761	11,610,577	8,369,915	271,901		
D-2	59	Secondary - Demand	DDISTSOL	5,311,102	2,116,463	2,298,776	842,029	53,834		
D-2	60	Total Account 365		36,253,256	12,806,224	13,909,352	9,211,945	325,735		
D-2	61	366-Underground Conduit								
D-2	62	Primary - Demand	DDISTPUL	2,088,264	721,445	783,590	564,880	18,350		
D-2	63	Secondary - Demand	DDISTSUL	1,429,109	569,497	618,553	226,573	14,486		
D-2	64	Total Account 366		3,517,373	1,290,941	1,402,143	791,453	32,836		
D-2	65	367-Underground Conductors & Devices								
D-2	66	Primary - Demand	DDISTPUL	19,338,906	6,681,121	7,256,633	5,231,213	169,939		
D-2	67	Secondary - Demand	DDISTSUL	18,432,395	7,345,272	7,977,994	2,922,297	186,832		
D-2	68	Total Account 367		37,771,301	14,026,393	15,234,627	8,153,511	356,770		
D-2	69	368-Line Transformers								
D-2	70	Demand	DDISTSUT	31,204,759	12,435,033	13,506,187	4,947,246	316,293		
D-2	71	Total Account 368		31,204,759	12,435,033	13,506,187	4,947,246	316,293		
D-2	72	369-Services	CSERVICE	26,665,348	14,483,764	9,790,576	2,391,008	0		
D-2	73	370-Meters	CMETERS	2,825,893	2,025,733	632,542	162,631	4,987		
D-2	74	371-Installation on Customer Premises	CUSTPREM	1,964,488	0	0	0	1,964,488		
D-2	75	373-Street Lighting & Signal Systems	CLIGHT	1,617,886	0	0	0	1,617,886		
D-2	76	106 - Completed Not Classified Distribution Plant	DISTPLTXNC	12,764,157	4,859,288	4,891,077	2,727,028	286,765		
D-2	77	Distribution Plant Additions/Annualization	DISTPLTXNC	0	0	0	0	0		
D-2	78	TOTAL DISTRIBUTION PLANT		260,546,835	99,189,632	99,838,529	55,665,125	5,853,549		
D-2	79									
D-2	80									
D-2	81									
D-2	82	TOTAL PROD, TRANS, & DIST PLANT		725,598,983	259,666,110	268,318,814	187,609,784	10,004,275		
D-2	83									
D-2	84									
D-2	85									
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D-2	92									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
D-2 93	ELECTRIC PLANT IN SERVICE CONTINUED								
D-2 94									
D-2 95	GENERAL PLANT								
D-2 96	389-Land and Land Rights	SALWAGES	653,835	287,294	202,574	155,861	8,106		
D-2 97	390-Structures and Improvements	SALWAGES	8,987,303	3,949,012	2,784,487	2,142,387	111,415		
D-2 98	391-Office Furniture & Equipment	SALWAGES	8,381,410	3,682,784	2,596,767	1,997,955	103,904		
D-2 99	392-Transportation Equipment	SALWAGES	5,327,019	2,340,687	1,650,441	1,269,851	66,039		
D-2 100	393-Store Equipment	SALWAGES	262,130	115,180	81,214	62,486	3,250		
D-2 101	394-Tools, Shop & Garage Equip.	SALWAGES	3,640,555	1,599,657	1,127,934	867,833	45,132		
D-2 102	395-Laboratory Equipment	SALWAGES	360,824	158,546	111,792	86,013	4,473		
D-2 103	396-Power Operated Equipment	SALWAGES	521,007	228,930	161,421	124,197	6,459		
D-2 104	397-Communication Equipment	SALWAGES	5,325,590	2,340,059	1,649,999	1,269,511	66,021		
D-2 105	398-Miscellaneous Equipment	SALWAGES	216,713	95,223	67,143	51,660	2,687		
D-2 106	Rate Case Expenses	CLAIMREV	0	0	0	0	0		
D-2 107	106-Completed Not Classified General Plant	SALWAGES	2,861,061	1,257,148	886,427	682,018	35,469		
D-2 108	General Plant Additions/Annualization	SALWAGES	0	0	0	0	0		
D-2 109	TOTAL GENERAL PLANT		36,537,446	16,054,520	11,320,200	8,709,772	452,954		
D-2 110									
D-2 111	TOTAL OTHER UTILITY PLANT IN SERVICE	SALWAGES	21,622,151	9,500,753	6,699,074	5,154,274	268,050		
D-2 112									
D-2 113	TOTAL PLANT ACQUISITION ADJUSTMENT	DPROD	4,352,357	1,501,862	1,576,306	1,235,338	38,851		
D-2 114									
D-2 115									
D-2 116	TOTAL ELECTRIC PLANT IN SERVICE		788,110,937	286,723,245	287,914,394	202,709,169	10,764,130		
D-2 117									
D-2 118									
D-2 119									
D-2 120									
D-2 121									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
E 1	LESS: ACCUMULATED DEPRECIATION								
E 2									
E 3	PRODUCTION PLANT ACCUMULATED DEPRECIAT	PRODPLT	163,388,929	56,380,387	59,175,041	46,375,016	1,458,485		
E 4									
E 5	TRANSMISSION PLANT ACCUMULATED DEPRECIAT	TRANPLT	1,352,855	467,379	507,639	365,950	11,888		
E 6									
E 7	DISTRIBUTION PLANT ACCUMULATED DEPRECIATION								
E 8	360-Land & Land Rights	PLT_360	(41,085)	(14,194)	(15,416)	(11,114)	(361)		
E 9	361-Structures & Improvements	PLT_361	137,250	47,416	51,501	37,126	1,206		
E 10	362-Station Equipment	PLT_362	17,542,035	6,060,346	6,582,384	4,745,156	154,149		
E 11	364-Poles, Towers & Fixtures	PLT_364	21,942,526	7,823,885	8,497,834	5,421,802	199,006		
E 12	365-Overhead Conductors & Devices	PLT_365	13,239,153	4,676,644	5,079,490	3,364,066	118,953		
E 13	366-Underground Conduit	PLT_366	497,713	182,670	198,405	111,992	4,646		
E 14	367-Underground Conductors & Devices	PLT_367	13,426,762	4,986,035	5,415,532	2,898,371	126,823		
E 15	368-Line Transformers	PLT_368	11,576,246	4,613,111	5,010,484	1,835,314	117,337		
E 16	369-Services	PLT_369	8,816,608	4,788,900	3,237,148	790,561	0		
E 17	370-Meters	PLT_370	(3,877,654)	(2,779,684)	(867,965)	(223,161)	(6,844)		
E 18	371-Installation on Customer Premises	PLT_371	758,339	0	0	0	758,339		
E 19	373-Street Lighting & Signal Systems	PLT_373	733,822	0	0	0	733,822		
E 20	Accum Dep Adjustment	DISTPLT	(749,473)	(285,323)	(287,189)	(160,123)	(16,838)		
E 21	TOTAL DISTRIBUTION PLANT ACCUMULATED DEPRECIATION		84,002,242	30,099,806	32,902,207	18,809,991	2,190,238		
E 22									
E 23	GENERAL PLANT ACCUMULATED DEPRECIATION	GENLPLT	18,311,802	8,046,189	5,673,447	4,365,155	227,011		
E 24									
E 25	OTHER UTILITY DEPRECIATION ACCUM DEPRECI/SALWAGES		15,295,580	6,720,864	4,738,947	3,646,150	189,619		
E 26									
E 27	TOTAL ACCUMULATED DEPRECIATION		282,351,408	101,714,624	102,997,281	73,562,262	4,077,241		
E 28									
E 29	AMORTIZATION OF PLANT ACQUISITION	PRODPLT	2,711,805	935,759	982,142	769,697	24,207		
E 30									
E 31	NET ELECTRIC PLANT IN SERVICE		503,047,724	184,072,862	183,934,971	128,377,209	6,662,682		
E 32									
E 33									
E 34									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
F 1	ADDITIONS AND DEDUCTIONS TO RATE BASE								
F 2									
F 3	PLUS: ADDITIONS TO RATE BASE								
F 4	WORKING CAPITAL								
F 5	Cash Working Capital (Lead Lag)	SCH F-3, LN 40	(3,575,874)	(1,350,192)	(1,173,998)	(1,009,775)	(41,908)		
F 6	Fuel Inventory	ENEFUEL	5,825,064	1,998,000	1,686,815	2,083,793	56,456		
F 7	Materials and Supplies	TOTPLT	12,036,454	4,378,991	4,397,183	3,095,883	164,396		
F 8	Prepayments	OMXFPF	620,089	241,120	203,109	168,887	6,973		
F 9	TOTAL WORKING CAPITAL		14,905,732	5,267,919	5,113,109	4,338,788	185,916		
F 10									
F 11	LESS: DEDUCTIONS TO RATE BASE								
F 12	Customer Advances for Construction	CUSTADV	2,190,735	1,392,705	798,030	0	0		
F 13	Regulatory Assets - S&W Related	SALWAGES	(21,276,884)	(9,349,043)	(6,592,102)	(5,071,969)	(263,769)		
F 14	Regulatory Assets - Plant Related	TOTPLT	(7,902,392)	(2,874,975)	(2,886,919)	(2,032,566)	(107,932)		
F 15	Regulatory Liabilities - S&W Related	SALWAGES	34,587,506	15,197,718	10,716,060	8,244,947	428,781		
F 16	Regulatory Liabilities - Plant Related	TOTPLT	766,514	278,866	280,025	197,154	10,469		
F 17	Deferred Income Taxes and Credits								
F 18	Deferred Income Tax - Property (Debit)	TOTPLT	(22,117,752)	(8,046,676)	(8,080,105)	(5,688,883)	(302,087)		
F 19	Deferred Income Tax - S&W (Debit)	SALWAGES	(15,368,992)	(6,753,121)	(4,761,692)	(3,663,650)	(190,529)		
F 20	Deferred Income Tax - Customer (Debit)	CUST	(741,211)	(597,060)	(135,117)	(1,771)	(7,262)		
F 21	Deferred Income Tax - Property (Credit)	TOTPLT	125,728,028	45,741,210	45,931,235	32,338,371	1,717,211		
F 22	Deferred Income Tax - Other (Credit)	SALWAGES	2,865,194	1,258,964	887,708	683,003	35,520		
F 23	Total Deferred Income Taxes and Credits		90,365,267	31,603,317	33,842,029	23,667,069	1,252,852		
F 24	TOTAL DEDUCTIONS TO RATE BASE		98,730,746	36,248,588	36,157,122	25,004,635	1,320,401		
F 25									
F 26									
F 27	TOTAL RATE BASE		419,222,711	153,092,194	152,890,957	107,711,363	5,528,198		
F 28									
F 29									
F 30									
F 31									
F 32									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
F-3 1	CASH WORKING CAPITAL (LEAD LAG)								
F-3 2									
F-3 3	O&M EXPENSE PER DAY RELATED CASH WORKING CAPITAL								
F-3 4	Purchased Fuel (Coal, Gas, & Oil)	ENEFUEL	50,104	17,186	14,509	17,924	486		
F-3 5	Coal Transportation	ENEFUEL	3,136	1,076	908	1,122	30		
F-3 6	Natural Gas - Other Production	ENEFUEL	4,910	1,684	1,422	1,756	48		
F-3 7	Purchased Power	OX_555	115,886	39,786	34,848	40,143	1,110		
F-3 8	Transmission	TRANPLT	46,456	16,049	17,432	12,566	408		
F-3 9	Labor	SALWAGES	28,191	12,387	8,734	6,720	349		
F-3 10	Employee Benefits	SALWAGES	1,471	646	456	351	18		
F-3 11	Service Company Charges	SALWAGES	70,173	30,834	21,741	16,728	870		
F-3 12	Other O&M	OMXFPP	56,100	21,814	18,375	15,279	631		
F-3 13	Wyodak Power Plant O&M	PRODPLT	8,959	3,091	3,245	2,543	80		
F-3 14	TOTAL O&M		385,386	144,554	121,670	115,132	4,030		
F-3 15									
F-3 16	TAXES OTHER THAN INCOME TAXES								
F-3 17	Property Taxes	TOTPLT	16,825	6,121	6,147	4,328	230		
F-3 18	Unemployment Taxes (FUTA & SUTA)	SALWAGES	285	125	88	68	4		
F-3 19	Montana Electric Energy	CLAIMREV	0	0	0	0	0		
F-3 20	Wyoming Franchise Tax	CLAIMREV	0	0	0	0	0		
F-3 21	South Dakota PUC	CLAIMREV	592	225	191	169	7		
F-3 22	Wyoming PSC	CLAIMREV	0	0	0	0	0		
F-3 23	FICA Taxes - Employer's	SALWAGES	7,252	3,187	2,247	1,729	90		
F-3 24	TOTAL TAXES OTHER THAN INCOME TAXES		24,954	9,658	8,672	6,293	330		
F-3 25									
F-3 26	Depreciation Expense	TOTPLT	134,064	48,774	48,977	34,482	1,831		
F-3 27	Amortization Expense	PRODPLT	238	82	86	68	2		
F-3 28	TOTAL DEPRECIATION/AMORTIZATION		134,302	48,856	49,063	34,550	1,833		
F-3 29									
F-3 30	FEDERAL INCOME TAXES	CLAIMREV	32,700	12,441	10,529	9,337	394		
F-3 31									
F-3 32	INTEREST EXPENSE	TOTPLT	44,948	16,352	16,420	11,561	614		
F-3 33									
F-3 34	GRAND TOTAL		622,290	231,862	206,355	176,873	7,201		
F-3 35									
F-3 36	CWC REQUIREMENT (GRAND TOTAL x EXPENSE LAG)		(2,563,836)	(955,271)	(850,182)	(728,715)	(29,668)		
F-3 37									
F-3 38	LESS: TAX COLLECTIONS AVAILABLE		(1,012,038)	(394,921)	(323,816)	(281,060)	(12,241)		
F-3 39									
F-3 40	NET CASH WORKING CAPITAL REQUIREMENT		(3,575,874)	(1,350,192)	(1,173,998)	(1,009,775)	(41,908)		
F-3 41									
F-3 42									
F-3 43									
F-3 44									
F-3 45									
F-3 46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
F-3 1									
F-3 2	CASH WORKING CAPITAL (LEAD LAG) CONTINUED								
F-3 3									
F-3 4	<u>LAG/LEAD DAYS</u>								
F-3 5	REVENUE LAG DAYS		37.96						
F-3 6	EXPENSE LEAD DAYS		<u>42.08</u>						
F-3 7	NET DAYS		(4.12)						
F-3 8									
F-3 9	TAX COLLECTIONS AVAILABLE								
F-3 10	FICA Taxes (Employee Contribution)	SALWAGES	(49,056)	(21,555)	(15,199)	(11,694)	(608)		
F-3 11	Federal Withholding Tax	SALWAGES	(118,455)	(52,049)	(36,700)	(28,237)	(1,468)		
F-3 12	South Dakota Sales and Use Tax	CLAIMREV	(844,528)	(321,317)	(271,918)	(241,129)	(10,164)		
F-3 13	Wyoming Sales and Use Tax	CLAIMREV	0	0	0	0	0		
F-3 14	TOTAL TAX COLLECTIONS AVAILABLE		(1,012,038)	(394,921)	(323,816)	(281,060)	(12,241)		
F-3 15									
F-3 16									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
1	OPERATING REVENUES								
2									
3	SALES REVENUES								
4	Sales of Electricity Revenues		138,472,112	53,463,066	45,981,255	37,131,743	1,896,049		
5	Contract Revenues	DPROD	50,619,748	17,467,285	18,333,101	14,367,507	451,855		
6	TOTAL SALES OF ELECTRICITY		189,091,860	70,930,351	64,314,355	51,499,250	2,347,904		
7									
8	OTHER OPERATING REVENUES								
9	Unbilled and Cost Adjustment Revenue	SALESREV	6,604,828	2,549,999	2,193,143	1,771,052	90,435		
10	Demand Side Management Revenue	SREVDSM	(784,521)	(340,470)	(255,505)	(179,995)	(8,551)		
11	450-Forfeited Discounts	OX_904	251,449	228,476	19,359	768	2,846		
12	451-Miscellaneous Service Revenues	DISTPLT	433,078	164,872	165,950	92,526	9,730		
13	454-Rent from Electric Property	TDPLT	7,987,906	3,036,825	3,059,935	1,713,300	177,846		
14	456-Other Electric Revenues - Transmission	TRANPLT	0	0	0	0	0		
15	TOTAL OTHER OPERATING REV		14,492,540	5,639,701	5,182,882	3,397,651	272,305		
16									
17	TOTAL OPERATING REVENUES		203,584,401	76,570,052	69,497,238	54,896,901	2,620,209		
18									
19									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
H 1									
H 2	OPERATION & MAINTENANCE EXPENSE								
H 3									
H 4									
H 5	PRODUCTION EXPENSE								
H 6									
H 7	Steam Production Operation								
H 8	500-Supervision & Engineering	SALWAGPO	1,609,006	552,539	488,730	552,384	15,354		
H 9	501-Fuel	ENEFUEL	21,214,242	7,276,496	6,143,194	7,588,946	205,605		
H 10	502-Steam Expense	DPROD	3,275,273	1,130,194	1,186,215	929,627	29,237		
H 11	505-Electric Expense	DPROD	1,115,594	384,956	404,038	316,641	9,958		
H 12	506-Miscellaneous Steam Power Expense	DPROD	705,880	243,577	255,651	200,351	6,301		
H 13	507-Rent	DPROD	2,270,818	783,588	822,429	644,531	20,270		
H 14	509-Allowances	DPROD	27	9	10	8	0		
H 15	Total Steam Production Operation		30,190,839	10,371,360	9,300,266	10,232,488	286,726		
H 16									
H 17	Steam Production Maintenance								
H 18	510-Supervision & Engineering	SALWAGPM	1,538,412	530,858	557,171	436,651	13,733		
H 19	511-Maintenance of Structures	DPROD	733,660	253,163	265,712	208,236	6,549		
H 20	512-Maintenance of Boilers	DPROD	4,251,679	1,467,121	1,539,843	1,206,763	37,952		
H 21	513-Maintenance of Electric Plant	DPROD	781,987	269,839	283,214	221,953	6,980		
H 22	514-Maintenance of Miscellaneous Steam Plant	DPROD	183,890	63,455	66,600	52,194	1,641		
H 23	Total Steam Production Maintenance		7,489,627	2,584,435	2,712,540	2,125,796	66,856		
H 24									
H 25	Total Steam Production Expense		37,680,467	12,955,795	12,012,806	12,358,284	353,582		
H 26									
H 27	Other Production Operation								
H 28	546-Operation Supervision and Engineering	SALWAGPO	187,687	64,453	57,009	64,434	1,781		
H 29	547-Fuel	ENEFUEL	1,792,326	614,769	519,020	641,167	17,371		
H 30	548-Generation Expense	DPROD	395,094	136,335	143,092	112,140	3,527		
H 31	549-Miscellaneous Other Power Generation	DPROD	86,807	29,955	31,439	24,639	775		
H 32	550-Rents	DPROD	105,498	36,404	38,209	29,944	942		
H 33	Total Other Production Operation		2,567,413	881,914	788,769	872,324	24,405		
H 34									
H 35	Other Production Maintenance								
H 36	551-Supervision & Engineering	SALWAGPM	146,209	50,452	52,953	41,499	1,305		
H 37	552-Structures	DPROD	87,882	30,325	31,828	24,944	784		
H 38	553-Maintenance of Generating and Electric Plant	DPROD	1,757,952	606,614	636,683	498,963	15,692		
H 39	554-Maintenance of Miscellaneous Other Power	DPROD	176,711	60,977	64,000	50,156	1,577		
H 40	556-System Control and Load Dispatching	DPROD	1,082,830	373,651	392,172	307,342	9,666		
H 41	556-System Control and Load Dispatching	DPROD	21	7	8	6	0		
H 42	Total Other Production Maintenance		3,251,605	1,122,027	1,177,643	922,910	29,025		
H 43									
H 44	Total Other Production Expense		5,819,018	2,003,941	1,966,412	1,795,234	53,431		
H 45									
H 46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H 47	OPERATION & MAINTENANCE EXPENSE CONTINUED								
H 48									
H 49									
H 50	PRODUCTION EXPENSE (CONT.)								
H 51									
H 52	Other Power Supply								
H 53	555 - Purchased Power - Energy	ENERGY1	35,811,927	12,283,510	10,370,374	12,810,958	347,084		
H 54	555 - Purchased Power - Capacity	DPROD	6,486,395	2,238,251	2,349,196	1,841,047	57,901		
H 55	Total Other Power Supply		42,298,322	14,521,761	12,719,571	14,652,005	404,984		
H 56									
H 57	TOTAL PRODUCTION EXPENSE		85,797,807	29,481,498	26,698,789	28,805,523	811,997		
H 58									
H 59									
H 60	TRANSMISSION EXPENSES								
H 61									
H 62	Operation								
H 63	560-Supervision & Engineering	SALWAGTO	246,323	85,099	92,429	66,631	2,165		
H 64	561-Load Dispatch	TRANPLT	0	0	0	0	0		
H 65	562-Station Equipment	TRANPLT	0	0	0	0	0		
H 66	563-Overhead Lines	TRANPLT	44,867	15,500	16,836	12,137	394		
H 67	565-Transmission of Electricity by Others	TRANPLT	16,956,354	5,858,007	6,362,616	4,586,728	149,002		
H 68	566-Miscellaneous	TRANPLT	47,715	16,484	17,904	12,907	419		
H 69	567-Rents	TRANPLT	0	0	0	0	0		
H 70	Total Transmission Operation		17,295,258	5,975,091	6,489,785	4,678,402	151,980		
H 71									
H 72	Maintenance								
H 73	568-Maintenance Supervision & Engineering	SALWAGTM	0	0	0	0	0		
H 74	569-Maintenance of Structures	TRANPLT	0	0	0	0	0		
H 75	570-Maintenance of Station Equipment	TRANPLT	68,262	23,583	25,614	18,465	600		
H 76	571-Maintenance of Overhead Lines	TRANPLT	76,592	26,461	28,740	20,718	673		
H 77	572-Maintenance of Underground Lines	TRANPLT	0	0	0	0	0		
H 78	573-Maint. of Miscellaneous Transmission Plant	TRANPLT	0	0	0	0	0		
H 79	Total Transmission Maintenance		144,855	50,044	54,355	39,184	1,273		
H 80									
H 81	TOTAL TRANSMISSION EXPENSE		17,440,113	6,025,135	6,544,140	4,717,586	153,253		
H 82									
H 83									
H 84									
H 85									
H 86									
H 87									
H 88									
H 89									
H 90									
H 91									
H 92									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H 93	OPERATION & MAINTENANCE EXPENSE CONTINUED								
H 94									
H 95									
H 96	DISTRIBUTION EXPENSES								
H 97	Operation								
H 98	580-Supervision	SALWAGDO	782,216	372,936	261,639	139,403	8,237		
H 99	581-Load Dispatch	DISTPLT	273,604	104,161	104,842	58,455	6,147		
H 100	582-Station Equipment	PLT_362	371,904	128,484	139,551	100,601	3,268		
H 101	583-Overhead Lines	OHDIST	431,942	153,469	166,689	107,881	3,904		
H 102	584-Underground Lines	UGDIST	304,456	112,948	122,677	65,959	2,873		
H 103	585-Street Lighting	PLT_3713	85	0	0	0	85		
H 104	586-Metering	CMETERS	833,288	597,340	186,521	47,956	1,471		
H 105	587-Customer Installations	CMETERS	27,646	19,818	6,188	1,591	49		
H 106	588-Miscellaneous	DISTPLT	469,586	178,770	179,940	100,326	10,550		
H 107	589-Rents	DISTPLT	18,192	6,926	6,971	3,887	409		
H 108	Total Distribution Operation		3,512,920	1,674,851	1,175,019	626,058	36,992		
H 109									
H 110	Maintenance								
H 111	590-Supervision	SALWAGDM	1,469	513	538	343	75		
H 112	591-Structures	DISTPLT	0	0	0	0	0		
H 113	592-Station Equipment	PLT_362	290,720	100,437	109,088	78,640	2,555		
H 114	593-Overhead Lines	OHDIST	2,414,985	858,045	931,957	603,159	21,825		
H 115	594-Underground Lines	UGDIST	187,239	68,462	75,446	40,564	1,767		
H 116	595-Transformers	PLT_368	36,560	14,569	15,824	5,796	371		
H 117	596-Street Lighting	PLT_3713	132,917	0	0	0	132,917		
H 118	597-Metering	CMETERS	71,085	50,957	15,911	4,091	125		
H 119	598-Miscellaneous	DISTPLT	20,153	7,672	7,722	4,306	453		
H 120	Total Distribution Maintenance		3,155,127	1,101,854	1,156,487	736,899	160,087		
H 121									
H 122	TOTAL DISTRIBUTION EXPENSES								
H 123			6,668,047	2,776,506	2,331,506	1,362,957	197,078		
H 124	TOTAL OPER & MAINT EXP (PROD,TRAN,& DIST)								
H 125			109,905,967	38,283,138	35,574,434	34,886,066	1,162,328		
H 126									
H 127									
H 128									
H 129									
H 130									
H 131									
H 132									
H 133									
H 134									
H 135									
H 136									
H 137									
H 138									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H 139	OPERATION & MAINTENANCE EXPENSE CONTINUED								
H 140									
H 141									
H 142	CUSTOMER ACCOUNTS EXPENSES								
H 143	901-Supervision	SALWAGCA	31,985	26,100	5,493	79	313		
H 144	902-Meter Reading	CMETRDG	59,755	48,498	10,975	143	140		
H 145	903-Customer Records and Collection Expense	CUSTREC	1,664,965	1,341,162	303,511	3,979	16,313		
H 146	904-Uncollectible Accounts	EXP_904	281,359	255,654	21,662	859	3,185		
H 147	905-Miscellaneous CA	CUSTCAM	793,577	639,242	144,663	1,896	7,776		
H 148	TOTAL CUSTOMER ACCTS EXPENSE		2,831,643	2,310,656	486,304	6,956	27,727		
H 149									
H 150									
H 151	CUSTOMER SERVICE EXPENSES								
H 152	907-Supervision	SALWAGCS	270,371	217,789	49,287	646	2,649		
H 153	908-Customer Assistance	CUSTASST	1,120,341	902,456	204,230	2,677	10,977		
H 154	909-Advertisement	CUSTADVT	11,386	9,171	2,076	27	112		
H 155	910-Miscellaneous CS	CUSTCSM	62,301	50,185	11,357	149	610		
H 156	TOTAL CUSTOMER SERVICE EXPENSE		1,464,398	1,179,601	266,949	3,500	14,348		
H 157									
H 158	SALES EXPENSES TOTAL	SALESREV	1,992	769	662	534	27		
H 159									
H 160	TOTAL OPER & MAINT EXCL A&G		114,204,000	41,774,164	36,328,349	34,897,056	1,204,431		
H 161									
H 162	ADMINISTRATIVE & GENERAL EXPENSE								
H 163	920-Administrative Salaries	SALWAGES	11,264,237	4,949,495	3,489,938	2,685,161	139,643		
H 164	921-Office Supplies & Expense	SALWAGES	3,315,974	1,457,036	1,027,370	790,460	41,108		
H 165	923-A&G Expense Transferred	SALWAGES	(37,590)	(16,517)	(11,646)	(8,961)	(466)		
H 166	924-Outside Services	SALWAGES	2,071,098	910,038	641,677	493,707	25,675		
H 167	924-Rate Case Expenses	CLAIMREV	0	0	0	0	0		
H 168	925-Property Insurance	TOTPLT	775,598	282,171	283,343	199,491	10,593		
H 169	926-Injuries and Damages	SALWAGES	1,259,945	553,619	390,362	300,345	15,620		
H 170	927-Pensions & Benefits	SALWAGES	90,017	39,554	27,890	21,458	1,116		
H 171	928-Regulatory Commission	CLAIMREV	639,480	243,303	205,897	182,584	7,696		
H 172	930.1-General Advertising	SALWAGES	203,615	89,468	63,085	48,538	2,524		
H 173	930.2-Miscellaneous General	SALWAGES	1,053,621	462,960	326,438	251,161	13,062		
H 174	931-Rents	GENLPLT	494,889	217,454	153,329	117,971	6,135		
H 175	932-Maintenance of General Plant	GENLPLT	980,327	430,755	303,729	233,690	12,153		
H 176	TOTAL A&G EXPENSE		22,111,212	9,619,336	6,901,412	5,315,605	274,859		
H 177									
H 178	TOTAL OPERATION & MAINTENANCE EXPENSES		136,315,212	51,393,500	43,229,760	40,212,662	1,479,290		
H 179									
H 180									
H 181									
H 182									
H 183									
H 184									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
J 1	DEPRECIATION/AMORTIZATION EXPENSE								
J 2									
J 3	PRODUCTION PLANT EXPENSE	PRODPLT	11,908,267	4,109,169	4,312,851	3,379,948	106,299		
J 4									
J 5	TRANSMISSION PLANT EXPENSE	TRANPLT	82,778	28,598	31,061	22,392	727		
J 6									
J 7	DISTRIBUTION PLANT EXPENSE								
J 8	360-Land & Land Rights	PLT_360	0	0	0	0	0		
J 9	361-Structures & Improvements	PLT_361	6,781	2,343	2,545	1,834	60		
J 10	362-Station Equipment	PLT_362	1,457,194	503,425	546,790	394,174	12,805		
J 11	364-Poles, Towers & Fixtures	PLT_364	1,623,151	578,755	628,609	401,066	14,721		
J 12	365-Overhead Conductors & Devices	PLT_365	996,293	351,934	382,250	253,158	8,952		
J 13	366-Underground Conduit	PLT_366	96,663	35,477	38,533	21,750	902		
J 14	367-Underground Conductors & Devices	PLT_367	1,038,011	385,466	418,670	224,071	9,805		
J 15	368-Line Transformers	PLT_368	857,553	341,733	371,170	135,958	8,692		
J 16	369-Services	PLT_369	732,803	398,035	269,060	65,708	0		
J 17	370-Meters	PLT_370	77,660	55,670	17,383	4,469	137		
J 18	371-Installation on Customer Premises	PLT_371	53,987	0	0	0	53,987		
J 19	373-Street Lighting & Signal Systems	PLT_373	44,462	0	0	0	44,462		
J 20	Distribution Plant Annualization	DISTPLT	350,778	133,540	134,414	74,943	7,881		
J 21	TOTAL DISTRIBUTION PLANT EXPENSE		7,335,335	2,786,378	2,809,423	1,577,131	162,403		
J 22									
J 23	GENERAL PLANT EXPENSE	GENLPLT	1,593,945	700,378	493,843	379,964	19,760		
J 24									
J 25	OTHER UTILITY DEPRECIATION EXPENSE	SALWAGES	1,775,685	780,234	550,151	423,287	22,013		
J 26									
J 27	TOTAL DEPRECIATION EXPENSE		22,696,010	8,404,757	8,197,330	5,782,721	311,202		
J 28									
J 29	PLANT ACQUISITION ADJUSTMENT	SALWAGES	88,365	38,827	27,378	21,064	1,095		
J 30									
J 31	TOTAL DEPRECIATION/AMORTIZATION EXPENSE		22,784,375	8,443,585	8,224,707	5,803,785	312,298		
J 32									
J 33									
J 34									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
L 1	OTHER OPERATING EXPENSES								
L 2									
L 3	TAXES OTHER THAN INCOME TAXES								
L 4	Federal Taxes								
L 5	FICA Tax	SALWAGES	2,512,919	1,104,174	778,564	599,028	31,153		
L 6	Unemployment Tax	SALWAGES	19,743	8,675	6,117	4,706	245		
L 7									
L 8	State Taxes								
L 9	Unemployment Tax	SALWAGES	84,144	36,973	26,070	20,058	1,043		
L 10	Montana Electric Energy Tax	CLAIMREV	0	0	0	0	0		
L 11	Wyoming Franchise Taxes	CLAIMREV	0	0	0	0	0		
L 12	South Dakota PUC Tax	CLAIMREV	216,138	82,234	69,591	61,712	2,601		
L 13	Wyoming Sales Tax	CLAIMREV	0	0	0	0	0		
L 14									
L 15	Local Taxes								
L 16	Property	TOTPLT	3,720,016	1,353,382	1,359,004	956,821	50,808		
L 17									
L 18	TOIT - Payroll Loading & Other	SALWAGES	(2,815,520)	(1,237,137)	(872,317)	(671,162)	(34,904)		
L 19									
L 20	TOTAL TAXES OTHER THAN INCOME		3,737,440	1,348,301	1,367,029	971,164	50,946		
L 21									
L 22									
L 23									
L 24									
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L 26									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
K 1	DEVELOPMENT OF INCOME TAXES								
K 2									
K 3	TOTAL OPERATING REVENUES	SCH I, LN 17	203,584,401	76,570,052	69,497,238	54,896,901	2,620,209		
K 4									
K 5	LESS:								
K 6	OPERATION & MAINTAINENCE EXPENSE	SCH H, LN 178	136,315,212	51,393,500	43,229,760	40,212,662	1,479,290		
K 7	DEPRECIATION EXPENSE	SCH J, LN 27	22,896,010	8,404,757	8,197,330	5,782,721	311,202		
K 8	AMORTIZATION EXPENSE	SCH J, LN 29	88,365	38,827	27,378	21,064	1,095		
K 9	TAXES OTHER THAN INCOME TAXES	SCH L, LN 20	3,737,440	1,348,301	1,367,029	971,164	50,946		
K 10	MT STATE INCOME TAXES	CLAIMREV	0	0	0	0	0		
K 11									
K 12	NET OPERATING INCOME BEFORE TAXES		40,747,374	15,384,666	16,675,741	7,909,291	777,675		
K 13	AFUDC	TOTPLT	(445,773)	(162,177)	(162,851)	(114,657)	(6,088)		
K 14	Interest Expense (Rate Base * Wtd Cost of Debt)		14,031,269	5,123,954	5,117,218	3,605,070	185,027		
K 15	Subtotal		27,161,877	10,422,889	11,721,374	4,418,878	598,736		
K 16									
K 17	Tax Adjustments:								
K 18	Permanent - Salaries & Wages	SALWAGES	314,051	137,994	97,301	74,863	3,893		
K 19	Permanent - Plant	TOTPLT	(316,292)	(115,070)	(115,548)	(81,353)	(4,320)		
K 20	Temporary - Salaries & Wages	SALWAGES	(4,254,857)	(1,869,580)	(1,318,259)	(1,014,270)	(52,747)		
K 21	Temporary - Plant	TOTPLT	(34,731,864)	(12,635,826)	(12,688,320)	(8,933,345)	(474,373)		
K 22	Temporary - Customer	CUST	(29,001)	(23,361)	(5,287)	(69)	(284)		
K 23	Temporary - Other	CLAIMREV	(4,076,654)	(1,551,043)	(1,312,584)	(1,163,964)	(49,064)		
K 24	Subtotal		(43,094,617)	(16,056,886)	(15,342,697)	(11,118,138)	(576,895)		
K 25									
K 26	TAXABLE INCOME (NOL)		(15,932,740)	(5,633,997)	(3,621,324)	(6,699,260)	21,842		
K 27									
K 28	Federal Income Tax @ 35%		(5,576,459)	(1,971,899)	(1,267,463)	(2,344,741)	7,645		
K 29									
K 30	Other Tax Adjustments	TOTPLT	13,626,598	4,957,503	4,978,098	3,504,883	186,114		
K 31									
K 32	TOTAL FEDERAL INCOME TAX		8,050,139	2,985,604	3,710,635	1,160,142	193,759		
K 33									
K 34	TOTAL INCOME TAXES		8,050,139	2,985,604	3,710,635	1,160,142	193,759		
K 35									
K 36									
K 37									
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K 41									
K 42									
K 43									
K 44									
K 45									
K 46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(k)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		(f)
K 47									
K 48									
K 49									
K 50									
K 51									
K 52									
K 53									
K 54									
K 55	<b>TAX RATES</b>								
K 56	STATE TAX RATE		0.00%						
K 57	FEDERAL TAX RATE - CURRENT		35.00%						
K 58									
K 59									
K 60									
K 61									
K 62	<b>WEIGHTED COST OF DEBT</b>		3.35%						
K 63									
K 64									
K 65									
K 66									
K 67									
K 68									
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K 70									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H-1 1	DEVELOPMENT OF SALARIES & WAGES ALLOCATION FACTOR								
H-1 2									
H-1 3	PRODUCTION SALARIES & WAGES EXPENSE								
H-1 4	Operation	OX_PROD	3,704,819	1,272,250	1,125,324	1,271,891	35,353		
H-1 5	Maintenance	MX_PROD	2,881,357	994,266	1,043,549	817,821	25,720		
H-1 6	TOTAL PRODUCTION								
H-1 7									
H-1 8	TRANSMISSION SALARIES & WAGES EXPENSE								
H-1 9	Operation	OX_TRAN	236,196	81,600	88,629	63,891	2,076		
H-1 10	Maintenance	MX_TRAN	61,019	21,081	22,896	16,506	536		
H-1 11	TOTAL TRANSMISSION								
H-1 12									
H-1 13	DISTRIBUTION SALARIES & WAGES EXPENSE								
H-1 14	Operation	OX_DIST	1,803,754	859,974	603,329	321,457	18,994		
H-1 15	Maintenance	MX_DIST	772,397	269,693	283,116	180,398	39,190		
H-1 16	TOTAL DISTRIBUTION								
H-1 17									
H-1 18	CUSTOMER ACCOUNTS SAL & WAGES EXP	OX_CA	1,009,419	823,699	173,357	2,480	9,884		
H-1 19									
H-1 20	CUSTOMER SERVICE SAL & WAGES EXP	OX_CS	757,920	610,519	138,163	1,811	7,426		
H-1 21									
H-1 22	ADMINISTRATIVE & GENERAL SALARIES & WAGES EXP								
H-1 23	Operation	SALWAGXAG	102,750	45,148	31,834	24,493	1,274		
H-1 24	Maintenance	SALWAGXAG	13,241	5,818	4,102	3,156	164		
H-1 25	TOTAL ADMINISTRATIVE & GENERAL								
H-1 26									
H-1 27	TOT OPER & MAINTENANCE LABOR								
H-1 28									
H-1 29									
H-1 30									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
AF	1	<b>ALLOCATION FACTOR TABLE</b>								
AF	2	<b>DEMAND</b>								
AF	3									
AF	4	<b>DEMAND - PRODUCTION RELATED</b>								
AF	5	Demand Production (A&E)	DPROD	1.0000	0.3451	0.36217	0.28383	0.0089		
AF	6									
AF	6									
AF	6									
AF	9	<b>DEMAND - TRANSMISSION RELATED</b>								
AF	10	Demand Transmission (Calculated Maximum Demand)	DTRAN	395,339	136,580	148,345	106,940	3,474		
AF	11									
AF	12									
AF	13									
AF	15									
AF	16									
AF	17									
AF	18									
AF	19									
AF	20	<b>DEMAND - DISTRIBUTION RELATED (Calculated Maximum Demand)</b>								
AF	21	Demand Distribution Primary Substation	DDISPSUB	395,339	136,580	148,345	106,940	3,474		
AF	22	Demand Distribution Primary Overhead Lines	DDISTPOL	395,339	136,580	148,345	106,940	3,474		
AF	23	Demand Distribution Primary Underground Lines	DDISTPUL	395,339	136,580	148,345	106,940	3,474		
AF	24									
AF	25	Demand Distribution Secondary Overhead Lines	DDISTSOL	342,737	136,580	148,345	54,338	3,474		
AF	26	Demand Distribution Secondary Underground Lines	DDISTSUL	342,737	136,580	148,345	54,338	3,474		
AF	27	Demand Distribution Overhead Line Transformers	DDISTSOT	342,737	136,580	148,345	54,338	3,474		
AF	28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	342,737	136,580	148,345	54,338	3,474		
AF	29									
AF	30									
AF	31									
AF	32									
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BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (f)	LIGHTING SERVICE (g)	(h)	(i)	(j)	(k)
AF 47	<b>ALLOCATION FACTOR TABLE CONTINUED</b>										
AF 48											
AF 49	<b>ENERGY</b>										
AF 50	Energy @ Generation with losses (kWh)	ENEFUEL	1,575,166,528	540,282,965	456,134,813	563,482,467	15,266,283				
AF 51	Energy @ Generation with losses( kWh)	ENERGY1	1,575,166,528	540,282,965	456,134,813	563,482,467	15,266,283				
AF 52	Energy @ Meter (kWh Sales)	ENERGY2	1,455,583,600	496,446,720	419,125,988	525,983,250	14,027,642				
AF 53											
AF 54											
AF 55											
AF 56											
AF 57											
AF 58											
AF 59											
AF 60											
AF 61	<b>CUSTOMER</b>										
AF 62											
AF 63	Customer Dist. Primary Substation	CDISPSUB	65,012	52,369	11,851	154	637				
AF 64	Customer Dist. Primary Overhead Lines	CDISTPOL	64,375	52,369	11,851	154	0				
AF 65	Customer Dist. Primary Underground Lines	CDISTPUL	64,375	52,369	11,851	154	0				
AF 66											
AF 67											
AF 68											
AF 69											
AF 70											
AF 71											
AF 72	369-Services	CSERVICE	605,996	329,158	222,500	54,338	0				
AF 73	370-Meters	CMETERS	14,146,138	10,140,616	3,166,440	814,117	24,966				
AF 74											
AF 75	902-Meter Reading	CMETRDG	774,309	628,429	142,216	1,852	1,812				
AF 76	903-Customer Records and Collections	CUSTREC	780,153	628,429	142,216	1,864	7,644				
AF 77	905-Miscellaneous Customer Accounts	CUSTCAM	65,013	52,369	11,851	155	637				
AF 78	908-Customer Assistance	CUSTASST	65,013	52,369	11,851	155	637				
AF 79	909-Advertisement	CUSTADVT	65,013	52,369	11,851	155	637				
AF 80	910-Miscellaneous Customer Service	CUSTCSM	65,013	52,369	11,851	155	637				
AF 81											
AF 82											
AF 83											
AF 84	371-Installation on Customer Premises	CUSTPREM	126	0	0	0	126				
AF 85	373-Street Lighting & Signal Systems	CLIGHT	4,248,144	0	0	0	4,248,144				
AF 86											
AF 87	Number of Bills	CUSTBILLS	780,153	628,429	142,216	1,864	7,644				
AF 88	Number of Customers	CUST	65,013	52,369	11,851	155	637				
AF 89											
AF 90											
AF 91											
AF 92											

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF 93	<b>ALLOCATION FACTOR TABLE CONTINUED</b>								
AF 94	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>								
AF 95									
AF 96	<b>Plant</b>								
AF 97	Prod, Trans, and Distr Plant in Service	PTDPLT	725,598,983	259,666,110	268,318,814	187,609,784	10,004,275		
AF 98	Distribution Plant Excl Not Classified	DISTPLTXNC	247,782,678	94,330,344	94,947,452	52,938,097	5,566,784		
AF 99	Rate Base	RATEBASE	419,222,711	153,092,194	152,890,957	107,711,363	5,528,198		
AF 100	Total Electric Plant In Service	TOTPLT	788,110,937	286,723,245	287,914,394	202,709,169	10,764,130		
AF 101	Production Plant In Service	PRODPLT	461,147,508	159,127,519	167,015,127	130,888,447	4,116,414		
AF 102	Transmission Plant in Service	TRANPLT	3,904,640	1,348,958	1,465,157	1,056,213	34,312		
AF 103	Distribution Plant in Service	DISTPLT	260,546,835	99,189,632	99,838,529	55,665,125	5,853,549		
AF 104	Total Transmission and Distribution Plant	TDPLT	264,451,475	100,538,590	101,303,687	56,721,338	5,887,861		
AF 105	General Plant in Service	GENLPLT	36,537,446	16,054,520	11,320,200	8,709,772	452,954		
AF 106									
AF 107	Account 360	PLT_360	1,552,057	536,198	582,386	419,835	13,639		
AF 108	Account 361	PLT_361	246,766	85,252	92,595	66,751	2,168		
AF 109	Account 362	PLT_362	45,100,101	15,580,987	16,923,133	12,199,669	396,312		
AF 110	Account 364	PLT_364	59,063,449	21,059,818	22,873,911	14,594,050	535,670		
AF 111	Account 365	PLT_365	36,253,256	12,806,224	13,909,352	9,211,945	325,735		
AF 112	Account 366	PLT_366	3,517,373	1,290,941	1,402,143	791,453	32,836		
AF 113	Account 367	PLT_367	37,771,301	14,026,393	15,234,627	8,153,511	356,770		
AF 114	Account 368	PLT_368	31,204,759	12,435,033	13,506,187	4,947,246	316,293		
AF 115	Account 369	PLT_369	26,665,348	14,483,764	9,790,576	2,391,008	0		
AF 116	Account 370	PLT_370	2,825,893	2,025,733	632,542	162,631	4,987		
AF 117	Account 371	PLT_371	1,964,488	0	0	0	1,964,488		
AF 118	Account 373	PLT_373	1,617,886	0	0	0	1,617,886		
AF 119	Distribution Overhead Plant in Service	OHDIST	95,316,705	33,866,042	36,783,263	23,805,995	861,405		
AF 120	Distribution Underground Plant in Service	UGDIST	41,288,674	15,317,335	16,636,770	8,944,963	389,606		
AF 121	Account 371&373	PLT_3713	3,582,374	0	0	0	3,582,374		
AF 122									
AF 123	Other Customer Class	DPLTOTH	3,035,340	0	3,035,340	0	0		
AF 124	Residential Regular Sales Revenue	DPLTRESR	32,621,709	32,621,709	0	0	0		
AF 125	Residential Electric Sales Revenue	DPLTRESSE	8,104,922	8,104,922	0	0	0		
AF 126	Residential Demand Sales Revenue	DPLTRESDD	8,456,746	8,456,746	0	0	0		
AF 127	GS Regular Sales Revenue	DPLTGSR	43,081,009	0	43,081,009	0	0		
AF 128	GS Total Electric Sales Revenue	DPLTGSE	5,095,870	0	5,095,870	0	0		
AF 129	GSL Secondary	DPLTGSLSS	18,735,633	0	0	18,735,633	0		
AF 130	GSL Primary	DPLTGSLSP	3,627,324	0	0	3,627,324	0		
AF 131									
AF 132									
AF 133									
AF 134	Total O&M less Fuel and Purchased Power	OMXFPP	101,199,170	39,351,065	33,147,580	27,562,498	1,138,028		
AF 135	Supervised O&M Expense excluding CUS	OMXFPPPT	48,880,918	19,354,212	16,939,593	12,011,052	576,061		
AF 136									
AF 137									
AF 138									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF 139	ALLOCATION FACTOR TABLE CONTINUED								
AF 140	<u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u>								
AF 141	Production Expense								
AF 142	Account 500	OX_500	1,609,006	552,539	488,730	552,384	15,354		
AF 143	Account 501	OX_501	21,214,242	7,276,496	6,143,194	7,588,946	205,605		
AF 144	Account 502	OX_502	3,275,273	1,130,194	1,186,215	929,627	29,237		
AF 145	Account 505	OX_505	1,115,594	384,956	404,038	316,641	9,958		
AF 146	Account 506	OX_506	705,880	243,577	255,651	200,351	6,301		
AF 147	Account 510	MX_510	1,538,412	530,858	557,171	436,651	13,733		
AF 148	Account 511	MX_511	733,660	253,163	265,712	208,236	6,549		
AF 149	Account 512	MX_512	4,251,679	1,467,121	1,539,843	1,206,763	37,952		
AF 150	Account 513	MX_513	781,987	269,839	283,214	221,953	6,980		
AF 151	Account 514	MX_514	183,890	63,455	66,600	52,194	1,641		
AF 152	Account 546	OX_546	187,687	64,453	57,009	64,434	1,791		
AF 153	Account 547	OX_547	1,792,326	614,769	519,020	641,167	17,371		
AF 154	Account 548	OX_547	395,094	136,335	143,092	112,140	3,527		
AF 155	Account 549	OX_549	86,807	29,955	31,439	24,639	775		
AF 156	Account 551	MX_551	146,209	50,452	52,953	41,499	1,305		
AF 157	Account 552	MX_552	87,882	30,325	31,828	24,944	784		
AF 158	Account 553	MX_553	1,757,952	606,614	636,683	498,963	15,692		
AF 159	Account 554	MX_554	176,711	60,977	64,000	50,156	1,577		
AF 160	Account 556	OX_556	1,082,851	373,658	392,179	307,348	9,666		
AF 161	Account 555	OX_555	42,298,322	14,521,761	12,719,571	14,652,005	404,984		
AF 162	Account 557	OX_557	0	0	0	0	0		
AF 163	O&M Expense Production Operation	OX_PROD	28,585,216	9,816,281	8,682,649	9,813,511	272,774		
AF 164	O&M Expense Production Maintenance	MX_PROD	16,546,218	5,709,580	5,992,592	4,696,347	147,699		
AF 165	Salaries and Wages Production Operation	SALWAGPO	3,704,819	1,272,250	1,125,324	1,271,891	35,353		
AF 166	Salaries and Wages Production Maintenance	SALWAGPM	2,881,357	994,266	1,043,549	817,821	25,720		
AF 167	Transmission Expense								
AF 168	Account 560	OX_560	246,323	85,099	92,429	66,631	2,165		
AF 169	Account 561	OX_561	0	0	0	0	0		
AF 170	Account 562	OX_562	0	0	0	0	0		
AF 171	Account 563	OX_563	44,867	15,500	16,836	12,137	394		
AF 172	Account 565	OX_565	16,956,354	5,858,007	6,362,616	4,588,728	149,002		
AF 173	Account 566	OX_566	47,715	16,484	17,904	12,907	419		
AF 174	Account 567	OX_567	0	0	0	0	0		
AF 175	Account 568	MX_568	0	0	0	0	0		
AF 176	Account 569	MX_569	0	0	0	0	0		
AF 177	Account 570	MX_570	68,262	23,583	25,614	18,465	600		
AF 178	Account 571	MX_571	76,592	26,461	28,740	20,718	673		
AF 179	Account 573	MX_573	0	0	0	0	0		
AF 180	O&M Accounts 561-567	OX_TRAN	17,048,935	5,889,992	6,397,356	4,611,772	149,816		
AF 181	O&M Accounts 569-573	MX_TRAN	144,855	50,044	54,355	39,184	1,273		
AF 182	Salaries & Wages Accounts 561-567	SALWAGTO	236,196	81,600	88,629	63,891	2,076		
AF 183	Salaries & Wages Accounts 569-573	SALWAGTM	61,019	21,081	22,896	16,506	536		
AF 184									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF 185	<b>ALLOCATION FACTOR TABLE CONTINUED</b>								
AF 186	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>								
AF 187	<b>Distribution Expense</b>								
AF 188	Account 580	OX_580	782,216	372,936	261,639	139,403	8,237		
AF 189	Account 581	OX_581	273,604	104,161	104,842	58,455	6,147		
AF 190	Account 582	OX_582	371,904	128,484	139,551	100,601	3,268		
AF 191	Account 583	OX_583	431,942	153,469	166,689	107,881	3,904		
AF 192	Account 584	OX_584	304,456	112,948	122,677	65,959	2,873		
AF 193	Account 585	OX_585	85	0	0	0	85		
AF 194	Account 586	OX_586	833,288	597,340	186,521	47,956	1,471		
AF 195	Account 587	OX_587	27,646	19,818	6,188	1,591	49		
AF 196	Account 588	OX_588	469,586	178,770	179,940	100,326	10,550		
AF 197	Account 589	OX_589	18,192	6,926	6,971	3,887	409		
AF 198	Account 590	MX_590	1,469	513	538	343	75		
AF 199	Account 592	MX_592	290,720	100,437	109,088	78,640	2,555		
AF 200	Account 593	MX_593	2,414,985	858,045	931,957	603,159	21,825		
AF 201	Account 594	MX_594	187,239	69,462	75,446	40,564	1,767		
AF 202	Account 595	MX_595	36,560	14,569	15,824	5,796	371		
AF 203	Account 596	MX_596	132,917	0	0	0	132,917		
AF 204	Account 597	MX_597	71,085	50,957	15,911	4,091	125		
AF 205	Account 598	MX_598	20,153	7,672	7,722	4,306	453		
AF 206	O&M Accounts 581-589	OX_DIST	2,730,705	1,301,915	913,380	486,655	28,755		
AF 207	O&M Accounts 591-598	MX_DIST	3,153,659	1,101,142	1,155,948	736,556	160,012		
AF 208	Salaries & Wages Accounts 581-589	SALWAGDO	1,803,754	859,974	603,329	321,457	18,994		
AF 209	Salaries & Wages Accounts 591-598	SALWAGDM	772,397	269,693	283,116	180,398	39,190		
AF 210									
AF 211	Account 902	OX_902	59,755	48,498	10,975	143	140		
AF 212	Account 903	OX_903	1,664,965	1,341,162	303,511	3,979	16,313		
AF 213	Account 904	OX_904	281,359	255,654	21,662	859	3,185		
AF 214	O&M Accounts 902-905	OX_CA	2,799,657	2,284,555	480,811	6,878	27,414		
AF 215	Salaries & Wages Accounts 902-905	SALWAGCA	1,009,419	823,699	173,357	2,480	9,884		
AF 216									
AF 217	Account 908	OX_908	1,120,341	902,456	204,230	2,677	10,977		
AF 218	Account 909	OX_909	11,386	9,171	2,076	27	112		
AF 219	Account 910	OX_910	62,301	50,185	11,357	149	610		
AF 220	O&M Accounts 908-910	OX_CS	1,194,027	961,812	217,662	2,853	11,699		
AF 221	Salaries & Wages Accounts 908-910	SALWAGCS	757,920	610,519	138,163	1,811	7,426		
AF 222									
AF 223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	11,226,881	4,933,081	3,478,364	2,676,256	139,180		
AF 224	Total Salaries and Wages Expense	SALWAGES	11,342,872	4,984,047	3,514,301	2,703,906	140,617		
AF 225									
AF 226									
AF 227									
AF 228									
AF 229									
AF 230									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

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Cost of Service Study  
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SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF 231	<b>REVENUES AND BILLING DETERMINANTS</b>								
AF 232									
AF 233	Base Rate Sales Revenue	SALESREV	138,472,112	53,463,066	45,981,255	37,131,743	1,896,049		
AF 234	Other Sales Revenue	SREVOTH	1,855,833	0	1,855,833	0	0		
AF 235	Residential Regular Sales Revenue	SREVRESR	38,615,013	38,615,013	0	0	0		
AF 236	Residential Total Electric Sales Revenue	SREVRESE	7,838,265	7,838,265	0	0	0		
AF 237	Residential Total Electric Demand Sales Rev	SREVRESD	7,009,788	7,009,788	0	0	0		
AF 238	GS Regular Sales Revenue	SREVGSR	38,063,784	0	38,063,784	0	0		
AF 239	GS Total Electric Sales Revenue	SREVGSE	3,818,597	0	3,818,597	0	0		
AF 240	GS Total Other Sales Revenue	SREVGSO	2,243,040	0	2,243,040	0	0		
AF 241	GSL Secondary	SREVGSL	20,384,869	0	0	20,384,869	0		
AF 242	GSL Primary	SREVGSLP	5,294,759	0	0	5,294,759	0		
AF 243	GSL Other	SREVGSLD	1,509,732	0	0	1,509,732	0		
AF 244	Traffic Signals & Flashers	SREVTFS	69,524	0	0	0	69,524		
AF 245	Private Area Lighting Leased	SREVPAL	572,230	0	0	0	572,230		
AF 246	Street Lighting Leased	SREVSL	757,866	0	0	0	757,866		
AF 247	Street Lighting Energy & Maint Cust Owned	SREVSLM	415,313	0	0	0	415,313		
AF 248	Street Lighting Non-Metered Services/Rentals	SREVSLR	81,116	0	0	0	81,116		
AF 249						0			
AF 250	Claimed Rate Sales Revenue	CLAIMREV	143,248,208	54,501,571	46,122,460	40,900,146	1,724,031		
AF 251									
AF 252	<b>PRESENT REVENUES FROM SALES INPUT</b>								
AF 253									
AF 254	Total Sales of Electricity Revenues		138,472,112	53,463,066	45,981,255	37,131,743	1,896,049		
AF 255									
AF 256	Sales of Electricity Revenues		138,472,112	53,463,066	45,981,255	37,131,743	1,896,049		
AF 257									
AF 258									
AF 259									
AF 260	<b>BILLING DETERMINE INPUTS</b>								
AF 261	Number of Customer Bills	SCH AF, LN 87	780,153	628,429	142,216	1,864	7,644		
AF 262	Annual kWh Sales @ Meter	SCH AF, LN 52	1,455,583,600	496,446,720	419,125,988	525,983,250	14,027,642		
AF 263	Annual kW - Billed		3,320,546	417,090	1,570,707	1,332,749	0		
AF 264									
AF 265									
AF 266	<b>RATE OF RETURN</b>								
AF 267	Rate of Return (Equalized)	SCH AF, LN 267	8.54%	8.54%	8.54%	8.54%	8.54%		
AF 268									
AF 269									
AF 270	<b>PROPOSED REVENUES FROM SALES INPUT</b>								
AF 271	Annual kWh Sales - Proposed	SCH AF, LN 262	1,455,583,600	496,446,720	419,125,988	525,983,250	14,027,642		
AF 272	Sales of Electricity Revenues - Proposed Total		143,248,208	54,501,571	46,122,460	40,900,146	1,724,031		
AF 273	Sales of Electricity Revenues - Proposed		143,248,208	54,501,571	46,122,460	40,900,146	1,724,031		
AF 274	Credit		0	0	0	0	0		
AF 275	Credit	DPROD	0	0	0	0	0		
AF 276									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
AP	1	<b>ALLOCATION PROPORTIONS TABLE</b>								
AP	2	<b>DEMAND</b>								
AP	3									
AP	4	<b>DEMAND - PRODUCTION RELATED</b>								
AP	5	Demand Production (A&E)	DPROD	1.00000	0.34507	0.36217	0.28383	0.00893		
AP	6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP	6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP	6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP	6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP	9	<b>DEMAND - TRANSMISSION RELATED</b>								
AP	10	Demand Transmission (Calculated Maximum Demand) DTRAN		1.00000	0.34548	0.37523	0.27050	0.00879		
AP	11									
AP	12									
AP	13									
AP	15									
AP	16									
AP	17									
AP	18									
AP	19									
AP	20	<b>DEMAND - DISTRIBUTION RELATED (Calculated Ma</b>								
AP	21	Demand Distribution Primary Substation	DDISPSUB	1.00000	0.34548	0.37523	0.27050	0.00879		
AP	22	Demand Distribution Primary Overhead Lines	DDISTPOL	1.00000	0.34548	0.37523	0.27050	0.00879		
AP	23	Demand Distribution Primary Underground Lines	DDISTPUL	1.00000	0.34548	0.37523	0.27050	0.00879		
AP	24									
AP	25	Demand Distribution Secondary Overhead Lines	DDISTSOL	1.00000	0.39850	0.43282	0.15854	0.01014		
AP	26	Demand Distribution Secondary Underground Lines	DDISTSUL	1.00000	0.39850	0.43282	0.15854	0.01014		
AP	27	Demand Distribution Overhead Line Transformers	DDISTSOT	1.00000	0.39850	0.43282	0.15854	0.01014		
AP	28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	1.00000	0.39850	0.43282	0.15854	0.01014		
AP	29									
AP	30									
AP	31									
AP	32									
AP	33									
AP	34									
AP	35									
AP	36									
AP	37									
AP	38									
AP	39									
AP	40									
AP	41									
AP	42									
AP	43									
AP	44									
AP	45									
AP	46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
		(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP	47	ALLOCATION PROPORTIONS TABLE CONTINUED								
AP	48									
AP	49	<b>ENERGY</b>								
AP	50	Energy @ Generation with losses (kWh)	ENEFUEL	1.00000	0.34300	0.28958	0.35773	0.00969		
AP	51	Energy @ Generation with losses( kWh)	ENERGY1	1.00000	0.34300	0.28958	0.35773	0.00969		
AP	52	Energy @ Meter (kWh Sales)	ENERGY2	1.00000	0.34106	0.28794	0.36136	0.00964		
AP	53									
AP	54									
AP	55									
AP	56									
AP	57									
AP	58									
AP	59									
AP	60									
AP	61	<b>CUSTOMER</b>								
AP	62									
AP	63	Customer Dist. Primary Substation	CDISPSUB	1.00000	0.80553	0.18230	0.00237	0.00980		
AP	64	Customer Dist. Primary Overhead Lines	CDISTPOL	1.00000	0.81350	0.18410	0.00240	0.00000		
AP	65	Customer Dist. Primary Underground Lines	CDISTPUL	1.00000	0.81350	0.18410	0.00240	0.00000		
AP	66									
AP	67									
AP	68									
AP	69									
AP	70									
AP	71									
AP	72	369-Services	CSERVICE	1.00000	0.54317	0.36716	0.08967	0.00000		
AP	73	370-Meters	CMETERS	1.00000	0.71685	0.22384	0.05755	0.00176		
AP	74									
AP	75	902-Meter Reading	CMETRDG	1.00000	0.81160	0.18367	0.00239	0.00234		
AP	76	903-Customer Records and Collections	CUSTREC	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	77	905-Miscellaneous Customer Accounts	CUSTCAM	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	78	908-Customer Assistance	CUSTASST	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	79	909-Advertisement	CUSTADVT	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	80	910-Miscellaneous Customer Service	CUSTCSM	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	81									
AP	82			0.00000	0.00000	0.00000	0.00000	0.00000		
AP	83									
AP	84	371-Installation on Customer Premises	CUSTPREM	1.00000	0.00000	0.00000	0.00000	1.00000		
AP	85	373-Street Lighting & Signal Systems	CLIGHT	1.00000	0.00000	0.00000	0.00000	1.00000		
AP	86									
AP	87	Number of Bills	CUSTBILLS	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	88	Number of Customers	CUST	1.00000	0.80552	0.18229	0.00239	0.00980		
AP	89									
AP	90									
AP	91									
AP	92									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE



BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 93	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>								
AP 94	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>								
AP 95									
AP 96	<b>Plant</b>								
AP 97	Prod, Trans, and Distr Plant in Service	PTDPLT	1.00000	0.35786	0.36979	0.25856	0.01379		
AP 98	Distribution Plant Excl Not Classified	DISTPLTXNC	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 99	Rate Base	RATEBASE	1.00000	0.36518	0.36470	0.25693	0.01319		
AP 100	Total Electric Plant In Service	TOTPLT	1.00000	0.36381	0.36532	0.25721	0.01366		
AP 101	Production Plant In Service	PRODPLT	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 102	Transmission Plant in Service	TRANPLT	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 103	Distribution Plant in Service	DISTPLT	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 104	Total Transmission and Distribution Plant	TDPLT	1.00000	0.38018	0.38307	0.21449	0.02226		
AP 105	General Plant in Service	GENLPLT	1.00000	0.43940	0.30982	0.23838	0.01240		
AP 106									
AP 107	Account 360	PLT_360	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 108	Account 361	PLT_361	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 109	Account 362	PLT_362	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 110	Account 364	PLT_364	1.00000	0.35656	0.38728	0.24709	0.00907		
AP 111	Account 365	PLT_365	1.00000	0.35324	0.38367	0.25410	0.00898		
AP 112	Account 366	PLT_366	1.00000	0.36702	0.39863	0.22501	0.00934		
AP 113	Account 367	PLT_367	1.00000	0.37135	0.40334	0.21587	0.00945		
AP 114	Account 368	PLT_368	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 115	Account 369	PLT_369	1.00000	0.54317	0.36716	0.08967	0.00000		
AP 116	Account 370	PLT_370	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 117	Account 371	PLT_371	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 118	Account 373	PLT_373	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 119	Distribution Overhead Plant in Service	OHDIST	1.00000	0.35530	0.38591	0.24976	0.00904		
AP 120	Distribution Underground Plant in Service	UGDIST	1.00000	0.37098	0.40294	0.21664	0.00944		
AP 121	Account 371&373	PLT_3713	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 122									
AP 123	Other Customer Class	DPLTOTH	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 124	Residential Regular Sales Revenue	DPLTRESR	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 125	Residential Electric Sales Revenue	DPLTRESSE	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 126	Residential Demand Sales Revenue	DPLTRESRD	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 127	GS Regular Sales Revenue	DPLTGSR	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 128	GS Total Electric Sales Revenue	DPLTGSE	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 129	GSL Secondary	DPLTGSLSL	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 130	GSL Primary	DPLTGSLP	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 131									
AP 132									
AP 133									
AP 134	Total O&M less Fuel and Purchased Power	OMXFPP	1.00000	0.38885	0.32755	0.27236	0.01125		
AP 135	Supervised O&M Expense excluding CUS	OMXFPPPT							
AP 136									
AP 137									
AP 138									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 139	ALLOCATION PROPORTIONS TABLE CONTINUED								
AP 140	<u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u>								
AP 141	<u>Production Expense</u>								
AP 142	Account 500	OX_500	1.00000	0.34340	0.30375	0.34331	0.00954		
AP 143	Account 501	OX_501	1.00000	0.34300	0.28958	0.35773	0.00969		
AP 144	Account 502	OX_502	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 145	Account 505	OX_505	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 146	Account 506	OX_506	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 147	Account 510	MX_510	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 148	Account 511	MX_511	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 149	Account 512	MX_512	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 150	Account 513	MX_513	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 151	Account 514	MX_514	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 152	Account 546	OX_546	1.00000	0.34340	0.30375	0.34331	0.00954		
AP 153	Account 547	OX_547	1.00000	0.34300	0.28958	0.35773	0.00969		
AP 154	Account 548	OX_547	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 155	Account 549	OX_549	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 156	Account 551	MX_551	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 157	Account 552	MX_552	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 158	Account 553	MX_553	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 159	Account 554	MX_554	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 160	Account 556	OX_556	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 161	Account 555	OX_555	1.00000	0.34332	0.30071	0.34640	0.00957		
AP 162	Account 557	OX_557	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 163	O&M Expense Production Operation	OX_PROD	1.00000	0.34340	0.30375	0.34331	0.00954		
AP 164	O&M Expense Production Maintenance	MX_PROD	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 165	Salaries and Wages Production Operation	SALWAGPO	1.00000	0.34340	0.30375	0.34331	0.00954		
AP 166	Salaries and Wages Production Maintenance	SALWAGPM	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 167	<u>Transmission Expense</u>								
AP 168	Account 560	OX_560	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 169	Account 561	OX_561	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 170	Account 562	OX_562	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 171	Account 563	OX_563	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 172	Account 565	OX_565	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 173	Account 566	OX_566	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 174	Account 567	OX_567	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 175	Account 568	MX_568	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 176	Account 569	MX_569	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 177	Account 570	MX_570	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 178	Account 571	MX_571	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 179	Account 573	MX_573	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 180	O&M Accounts 561-567	OX_TRAN	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 181	O&M Accounts 569-573	MX_TRAN	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 182	Salaries & Wages Accounts 561-567	SALWAGTO	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 183	Salaries & Wages Accounts 569-573	SALWAGTM	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 184									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 185	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>								
AP 186	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>								
AP 187	<b>Distribution Expense</b>								
AP 188	Account 580	OX_580	1.00000	0.47677	0.33449	0.17822	0.01053		
AP 189	Account 581	OX_581	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 190	Account 582	OX_582	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 191	Account 583	OX_583	1.00000	0.35530	0.38591	0.24976	0.00904		
AP 192	Account 584	OX_584	1.00000	0.37098	0.40294	0.21664	0.00944		
AP 193	Account 585	OX_585	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 194	Account 586	OX_586	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 195	Account 587	OX_587	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 196	Account 588	OX_588	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 197	Account 589	OX_589	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 198	Account 590	MX_590	1.00000	0.34916	0.36654	0.23356	0.05074		
AP 199	Account 592	MX_592	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 200	Account 593	MX_593	1.00000	0.35530	0.38591	0.24976	0.00904		
AP 201	Account 594	MX_594	1.00000	0.37098	0.40294	0.21664	0.00944		
AP 202	Account 595	MX_595	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 203	Account 596	MX_596	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 204	Account 597	MX_597	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 205	Account 598	MX_598	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 206	O&M Accounts 581-589	OX_DIST	1.00000	0.47677	0.33449	0.17822	0.01053		
AP 207	O&M Accounts 591-598	MX_DIST	1.00000	0.34916	0.36654	0.23356	0.05074		
AP 208	Salaries & Wages Accounts 581-589	SALWAGDO	1.00000	0.47677	0.33449	0.17822	0.01053		
AP 209	Salaries & Wages Accounts 591-598	SALWAGDM	1.00000	0.34916	0.36654	0.23356	0.05074		
AP 210									
AP 211	Account 902	OX_902	1.00000	0.81160	0.18367	0.00239	0.00234		
AP 212	Account 903	OX_903	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 213	Account 904	OX_904	1.00000	0.90864	0.07699	0.00305	0.01132		
AP 214	O&M Accounts 902-905	OX_CA	1.00000	0.81601	0.17174	0.00246	0.00979		
AP 215	Salaries & Wages Accounts 902-905	SALWAGCA	1.00000	0.81601	0.17174	0.00246	0.00979		
AP 216									
AP 217	Account 908	OX_908	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 218	Account 909	OX_909	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 219	Account 910	OX_910	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 220	O&M Accounts 908-910	OX_CS	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 221	Salaries & Wages Accounts 908-910	SALWAGCS	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 222									
AP 223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	1.00000	0.43940	0.30982	0.23838	0.01240		
AP 224	Total Salaries and Wages Expense	SALWAGES	1.00000	0.43940	0.30982	0.23838	0.01240		
AP 225									
AP 226									
AP 227									
AP 228									
AP 229									
AP 230									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 231	<b>REVENUES AND BILLING DETERMINANTS</b>								
AP 232									
AP 233	Base Rate Sales Revenue	SALESREV	1.00000	0.38609	0.33206	0.26815	0.01369		
AP 234	Other Sales Revenue	SREVOTH	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 235	Residential Regular Sales Revenue	SREVRESR	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 236	Residential Total Electric Sales Revenue	SREVRESE	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 237	Residential Total Electric Demand Sales Rev	SREVRESED	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 238	GS Regular Sales Revenue	SREVGSR	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 239	GS Total Electric Sales Revenue	SREVGSE	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 240	GS Total Other Sales Revenue	SREVGSO	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 241	GSL Secondary	SREVGSL	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 242	GSL Primary	SREVGSLP	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 243	GSL Other	SREVGSL	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 244	Traffic Signals & Flashers	SREVTSF	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 245	Private Area Lighting Leased	SREVPAL	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 246	Street Lighting Leased	SREVSL	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 247	Street Lighting Energy & Maint Cust Owned	SREVSLEM	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 248	Street Lighting Non-Metered Services/Rentals	SREVSLSR	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 249									
AP 250	Claimed Rate Sales Revenue	CLAIMREV	1.00000	0.38047	0.32198	0.28552	0.01204		
AP 251									
AP 252	<b>PRESENT REVENUES FROM SALES INPUT</b>								
AP 253									
AP 254	Total Sales of Electricity Revenues		1.00000	0.38609	0.33206	0.26815	0.01369		
AP 255									
AP 256	Sales of Electricity Revenues		1.00000	0.38609	0.33206	0.26815	0.01369		
AP 257									
AP 258									
AP 259									
AP 260									
AP 261									
AP 262									
AP 263									
AP 264									
AP 265									
AP 266									
AP 267									
AP 268									
AP 269									
AP 270									
AP 271									
AP 272									
AP 273									
AP 274									
AP 275									
AP 276									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(i)	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)	
ADA 1	<b>ALLOCATED DIRECT ASSIGNMENTS</b>									
ADA 2	<b>DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS</b>									
ADA 3										
ADA 4	<b>Write-Offs</b>									
ADA 5	Other Sales Revenue	SREVOTH	0	0	0	0	0			
ADA 6	Residential Regular Sales Revenue	SREVRESR	373,943	373,943	0	0	0			
ADA 7	Residential Total Electric Sales Revenue	SREVRESE	114,958	114,958	0	0	0			
ADA 8	Residential - Demand	SREVRESD	19,889	19,889	0	0	0			
ADA 9	GS Regular Sales Revenue	SREVSGSR	37,973	0	37,973	0	0			
ADA 10	GS Total Electric Sales Revenue	SREVSGSE	2,233	0	2,233	0	0			
ADA 11	GS Other	SREVSGSO	2,904	0	2,904	0	0			
ADA 12	GSL Secondary	SREVGSL S	1,710	0	0	1,710	0			
ADA 13	GSL Primary	SREVGSL P	0	0	0	0	0			
ADA 14	Private Area Lighting Leased	SREVPAL	5,891	0	0	0	0	5,891		
ADA 15	Street Lighting Leased	SREVS L	0	0	0	0	0	0		
ADA 16	Street Lighting Energy & Maint Cust Owned	SREVSLEM	0	0	0	0	0	0		
ADA 17	Street Lighting Non-Metered Services/Rentals	SREVSLSR	447	0	0	0	0	447		
ADA 18	Total Write-Offs	EXP_904	559,948	508,790	43,110	1,710	6,338			
ADA 19										
ADA 20	Total Write-Offs	EXP_904	1.00000	0.90864	0.076989	0.003054	0.01132			
ADA 21										
ADA 22	<b>Customer Advances for Construction</b>									
ADA 23	Other	DPLTOTH	19,597	0	19,597	0	0			
ADA 24	Residential Regular	DPLTRESR	706,872	706,872	0	0	0			
ADA 25	Residential Total Electric	DPLTRESE	100,158	100,158	0	0	0			
ADA 26	Residential Electric Demand	DPLTRES D	94,224	94,224	0	0	0			
ADA 27	GS Regular	DPLTGSR	496,828	0	496,828	0	0			
ADA 28	GS Total Electric	DPLTGSE	0	0	0	0	0			
ADA 29	GSL Secondary	DPLTGSL S	0	0	0	0	0			
ADA 30	GSL Primary	DPLTGSL P	0	0	0	0	0			
ADA 31										
ADA 32	Customer Advances for Construction	CUSTADV	1,417,679	901,254	516,425	0	0			
ADA 33										
ADA 34	Customer Advances for Construction	CUSTADV	1.00000	0.63573	0.364275	0.000000	0.00000			
ADA 35										
ADA 36										
ADA 37										
ADA 38										
ADA 39										
ADA 40										
ADA 41										
ADA 42										
ADA 43										
ADA 44										
ADA 45										
ADA 46										

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
ADA 1	<b>ALLOCATED DIRECT ASSIGNMENTS</b>								
ADA 2	<b>DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS</b>								
ADA 3									
ADA 4	<b>DSM</b>								
ADA 5	Other Sales Revenue	SREVOTH	19,042	0	19,042	0	0		
ADA 6	Residential Regular Sales Revenue	SREVRESR	296,203	296,203	0	0	0		
ADA 7	Residential Total Electric Sales Revenue	SREVRESE	73,705	73,705	0	0	0		
ADA 8	Residential - Demand	SREVRESED	76,894	76,894	0	0	0		
ADA 9	GS Regular Sales Revenue	SREVSISR	270,381	0	270,381	0	0		
ADA 10	GS Total Electric Sales Revenue	SREVSISSE	32,010	0	32,010	0	0		
ADA 11	GS Other	SREVSISOS	13,868	0	13,868	0	0		
ADA 12	GSL Secondary	SREVSISLS	179,137	0	0	179,137	0		
ADA 13	GSL Primary	SREVSISLP	57,072	0	0	57,072	0		
ADA 14	Traffic Signals & Flashers	SREVTSF	529	0	0	0	529		
ADA 15	Private Area Lighting Leased	SREVPAL	3,188	0	0	0	3,188		
ADA 16	Street Lighting Leased	SREVSL	2,869	0	0	0	2,869		
ADA 17	Street Lighting Energy & Maint Cust Owned	SREVSLEM	4,636	0	0	0	4,636		
ADA 18	Street Lighting Non-Metered Services/Rentals	SREVLSLR	0	0	0	0	0		
ADA 19	Total DSM	SREVDSM	1,029,534	446,802	335,301	236,209	11,222		
ADA 20									
ADA 21	Total DSM	SREVDSM	1.00000	0.43398	0.325682	0.229433	0.01090		
ADA 22									
ADA 23									
ADA 24									
ADA 25									
ADA 26									
ADA 27									
ADA 28									
ADA 29									
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ADA 46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
PER BOOK RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
RRW 1	REVENUE REQUIREMENTS								
RRW 2									
RRW 3	PRESENT RATES								
RRW 4									
RRW 5	RATE BASE		419,222,711	153,092,194	152,890,957	107,711,363	5,528,198		
RRW 6	NET OPER INC (PRESENT RATES)		32,697,235	12,399,062	12,965,107	6,749,150	583,917		
RRW 7	RATE OF RETURN (PRES RATES)		7.80%	8.10%	8.48%	6.27%	10.56%		
RRW 8	RELATIVE RATE OF RETURN		1.00	1.04	1.09	0.80	1.35		
RRW 9	SALES REVENUE (PRE RATES)		138,472,112	53,463,066	45,981,255	37,131,743	1,896,049		
RRW 10	REVENUE PRES RATES \$/KWH		\$0.0951	\$0.1077	\$0.1097	\$0.0706	\$0.1352		
RRW 11	REVENUE REQUIRED - \$/MO/CUST		\$2,127.04	\$1,020.89	\$3,851.21	\$0.00	\$2,976.53		
RRW 12	SALES REV REQUIRED \$/KW		\$41.70	\$128.18	\$29.27	\$27.86	\$0.00		
RRW 13									
RRW 14	CLAIMED RATE OF RETURN								
RRW 15									
RRW 16	CLAIMED RATE OF RETURN		8.54%	8.54%	8.54%	8.54%	8.54%		
RRW 17	RETURN REQ FOR CLAIMED ROR		35,801,619	13,074,073	13,056,888	9,198,550	472,108		
RRW 18	SALES REVENUE REQ CLAIMED ROR		143,248,208	54,501,571	46,122,460	40,900,146	1,724,031		
RRW 19	REVENUE DEFICIENCY SALES REV		4,776,096	1,038,505	141,205	3,768,403	(172,018)		
RRW 20	PERCENT INCREASE REQUIRED		3.45%	1.94%	0.31%	10.15%	-9.07%		
RRW 21	ANNUAL BOOKED KWH SALES		1,455,583,600	496,446,720	419,125,988	525,983,250	14,027,642		
RRW 22	SALES REV REQUIRED \$/KWH		\$0.0984	\$0.1098	\$0.1100	\$0.0778	\$0.1229		
RRW 23	REVENUE DEFICIENCY \$/KWH		\$0.0033	\$0.0021	\$0.0003	\$0.0072	(\$0.0123)		
RRW 24									
RRW 25									
RRW 26									
RRW 27									
RRW 28									
RRW 29									
RRW 30									
RRW 31									
RRW 32									
RRW 33									
RRW 34									
RRW 35									
RRW 36									
RRW 37									
RRW 38									
RRW 39									
RRW 40									
RRW 41									
RRW 42									
RRW 43									
RRW 44									
RRW 45									
RRW 46									

BHP COS 06-30-12 CUSTOMER CLASS - PER BOOKS COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
M 1	<b>SUMMARY AT PRESENT RATES</b>								
M 2									
M 3	<b>DEVELOPMENT OF RETURN</b>								
M 4									
M 5	<b>OPERATING REVENUE</b>								
		<u>Sched O-1 Reference</u>							
M 6	Sales of Electricity	SCH I, LN 4	105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
M 7	Contract Revenues	SCH I, LN 5	12,147,029	4,191,558	4,399,325	3,447,716	108,430		
M 8	Other Operating Revenue	SCH I, LN 15	5,183,345	2,061,741	1,953,662	1,046,234	121,707		
M 9	<b>TOTAL OPERATING REVENUE</b>		122,698,634	48,335,573	42,748,775	29,834,778	1,779,508		
M 10									
M 11	<b>OPERATING EXPENSES</b>								
M 12	Operation and Maintenance Expense	SCH H, LN 178	60,204,304	25,352,220	20,200,767	13,887,146	764,172		
M 13	Depreciation Expense	SCH J, LN 27	23,741,627	8,798,382	8,638,963	5,979,083	325,200		
M 14	Amortization Expense	SCH J, LN 29	88,945	38,666	29,439	19,744	1,095		
M 15	Taxes Other Than Income Taxes	SCH L, LN 20	4,177,650	1,512,947	1,536,098	1,071,148	57,457		
M 16	State Income Tax	SCH K, LN 10	0	0	0	0	0		
M 17	Federal Income Tax	SCH K, LN 32	5,990,787	2,052,687	2,173,228	1,622,355	142,517		
M 18	<b>TOTAL OPERATING EXPENSES</b>		94,203,313	37,754,902	32,578,494	22,579,475	1,290,442		
M 19									
M 20	<b>OPERATING INCOME (RETURN)</b>		28,495,321	10,580,671	10,170,281	7,255,303	489,066		
M 21									
M 22									
M 23	<b>DEVELOPMENT OF RATE BASE</b>								
M 24	Electric Plant in Service	SCH D-2, LN 116	815,548,913	296,881,260	299,147,992	208,332,750	11,186,911		
M 25	Less: Accumulated Depreciation	SCH E, LN 27	283,096,913	101,851,495	103,970,895	73,189,993	4,084,530		
M 26	Less: Amortization	SCH E, LN 29	2,711,805	935,759	982,142	769,697	24,207		
M 27	Plus: Working Capital	SCH F, LN 9	14,035,070	4,862,060	4,766,190	4,233,740	173,079		
M 28	Less: Other Rate Base Deductions	SCH F, LN 24	105,486,221	38,791,241	38,762,087	26,515,467	1,417,425		
M 29									
M 30	<b>TOTAL RATE BASE</b>	SCH F, LN 27	438,289,043	160,164,825	160,199,058	112,091,333	5,833,827		
M 31									
M 32									
M 33	<b>RATE OF RETURN (PRESENT)</b>		6.50%	6.61%	6.35%	6.47%	8.38%		
M 34									
M 35	<b>INDEX RATE OF RETURN (PRESENT)</b>		1.00	1.02	0.98	1.00	1.29		
M 36									
M 37									
M 38									
M 39									
M 40									
M 41									
M 42									
M 43									
M 44									
M 45									
M 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
M 47	EQUALIZED RETURN AT PROPOSED ROR								
M 48									
M 49	DEVELOPMENT OF RETURN (EQUALIZED RATE LEVELS)								
M 50									
M 51	RATE BASE		438,289,043	160,164,825	160,199,058	112,091,333	5,833,827		
M 52									
M 53	RATE OF RETURN		8.54%	8.54%	8.54%	8.54%	8.54%		
M 54									
M 55	RETURN (RATE BASE * ROR)		37,429,884	13,678,076	13,681,000	9,572,600	498,209		
M 56									
M 57	LESS:								
M 58	OPERATING EXPENSES	Sched O-1 Reference							
M 59	Operation and Maintenance Expense	SCH M, LN 12	60,204,304	25,352,220	20,200,767	13,887,146	764,172		
M 60	Depreciation Expense	SCH M, LN 13	23,741,627	8,798,382	8,638,963	5,979,083	325,200		
M 61	Amortization Expense	SCH J, LN 29	88,945	38,666	29,439	19,744	1,095		
M 62	Taxes Other Than Income Taxes	SCH M, LN 15	4,177,650	1,512,947	1,536,098	1,071,148	57,457		
M 63	State Income Tax	CALCULATED	0	0	0	0	0		
M 64	Federal Income Tax	CALCULATED	10,802,049	3,720,640	4,063,750	2,870,219	147,441		
M 65	TOTAL OPERATING EXPENSES		99,014,575	39,422,855	34,469,016	23,827,339	1,295,365		
M 66									
M 67	EQUALS TOTAL COST OF SERVICE		136,444,459	53,100,931	48,150,016	33,399,939	1,793,574		
M 68									
M 69	LESS:								
M 70	OTHER OPERATING REVENUES		17,330,374	6,253,300	6,352,987	4,493,951	230,137		
M 71									
M 72	EQUALS:								
M 73	PROPOSED BASE RATE SALES @ EQUALIZED ROR		119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
M 74									
M 75									
M 76	TOTAL COST OF SERVICE INCREASE/DECREASE		13,745,826	4,765,358	5,401,241	3,565,161	14,086		
M 77									
M 78	SALES OF ELECTRICITY		105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
M 79	SALES OF ELECTRICITY FOR BASE ENERGY COSTS ENERGY2		32,944,213	11,229,982	9,486,790	11,910,017	317,424		
M 80	TOTAL CURRENT RETAIL REVENUES		138,312,473	53,312,255	45,882,578	37,250,844	1,866,795		
M 81									
M 82	REVENUE INCREASE TO RETAIL REVENUES (%)		9.94%	8.94%	11.77%	9.57%	0.75%		
M 83									
M 84									
M 85									
M 86									
M 87									
M 88									
M 89									
M 90									
M 91									
M 92									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
M 93	RETURN AT PROPOSED RATES								
M 94									
M 95	DEVELOPMENT OF RETURN AT PROPOSED RATE LEVELS								
M 96									
M 97	OPERATING REVENUE								
M 98	Sales of Electricity	SCH AF, LN 273	119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
M 99	Contract Revenues	SCH I, LN 5	12,147,029	4,191,558	4,399,325	3,447,716	108,430		
M 100	Other Operating Revenue	SCH I, LN 15	5,183,345	2,061,741	1,953,662	1,046,234	121,707		
M 101	TOTAL OPERATING REVENUE		136,444,459	53,100,931	48,150,016	33,399,939	1,793,574		
M 102									
M 103	OPERATING EXPENSES								
M 104	Operation and Maintenance Expense	SCH H, LN 178	60,204,304	25,352,220	20,200,767	13,887,146	764,172		
M 105	Depreciation Expense	SCH J, LN 27	23,741,627	8,798,382	8,638,963	5,979,083	325,200		
M 106	Amortization Expense	SCH J, LN 29	88,945	38,666	29,439	19,744	1,095		
M 107	Taxes Other Than Income Taxes	SCH L, LN 20	4,177,650	1,512,947	1,536,098	1,071,148	57,457		
M 108	State Income Tax	CALCULATED	0	0	0	0	0		
M 109	Federal Income Tax	CALCULATED	10,802,049	3,720,640	4,063,750	2,870,219	147,441		
M 110	TOTAL OPERATING EXPENSES		99,014,575	39,422,855	34,469,016	23,827,339	1,295,365		
M 111									
M 112	OPERATING INCOME (RETURN) AT PROPOSED RATES		37,429,884	13,678,076	13,681,000	9,572,600	498,209		
M 113									
M 114									
M 115	RATE BASE	SCH M, LN 30	438,289,043	160,164,825	160,199,058	112,091,333	5,833,827		
M 116									
M 117									
M 118	RATE OF RETURN		8.54%	8.54%	8.54%	8.54%	8.54%		
M 119									
M 120	INDEX RATE OF RETURN		1.00	1.00	1.00	1.00	1.00		
M 121									
M 122									
M 123	PROPOSED TOTAL REVENUE INCREASE (\$)		13,745,826	4,765,358	5,401,241	3,565,161	14,066		
M 124									
M 125	SALES OF ELECTRICITY		105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
M 126	SALES OF ELECTRICITY FOR BASE ENERGY COSTS ENERGY2		32,944,213	11,229,982	9,486,790	11,910,017	317,424		
M 127	TOTAL CURRENT RETAIL REVENUES		138,312,473	53,312,255	45,882,578	37,250,844	1,866,795		
M 128									
M 129	PROPOSED TOTAL REVENUE INCREASE (%)		9.94%	8.94%	11.77%	9.57%	0.75%		
M 130									
M 131									
M 132									
M 133									
M 134									
M 135									
M 136									
M 137									
M 138									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
D-2 1	DEVELOPMENT OF RATE BASE								
D-2 2									
D-2 3	ELECTRIC PLANT IN SERVICE								
D-2 4									
D-2 5	PRODUCTION PLANT								
D-2 6	Steam Plant								
D-2 7	310-Land & Land Rights	DPROD	298,219	102,906	108,007	84,644	2,662		
D-2 8	311-Structures & Improve	DPROD	35,900,261	12,388,053	13,002,102	10,189,645	320,462		
D-2 9	312-Boiler Plant Equipment	DPROD	205,067,382	70,762,312	74,269,847	58,204,697	1,830,526		
D-2 10	313-Engines and Engine Driver Generator	DPROD	303,676	104,789	109,983	86,193	2,711		
D-2 11	314-Turbogenerator Units	DPROD	109,700,305	37,854,129	39,730,477	31,136,463	979,235		
D-2 12	315-Accessory Electric Equipment	DPROD	20,290,941	7,001,766	7,348,829	5,759,219	181,126		
D-2 13	316-Misc Power Plant Equipment	DPROD	3,278,726	1,131,385	1,187,466	930,608	29,267		
D-2 14	106-Completed Not Classified Production Plant	DPROD	14,946,119	5,157,436	5,413,079	4,242,188	133,416		
D-2 15	Steam Plant Additions/Annualization	DPROD	8,322,998	2,872,005	3,014,364	2,362,334	74,295		
D-2 16	Total Steam Plant		398,108,628	137,374,782	144,184,154	112,995,992	3,553,700		
D-2 17									
D-2 18									
D-2 19	Other Production Plant								
D-2 20	340-Land & Land Rights	DPROD	2,417	834	875	686	22		
D-2 21	341-Structures and Improvements	DPROD	460,708	158,976	166,856	130,764	4,112		
D-2 22	342-Fuel Holders, Producers, & Access	DPROD	4,574,791	1,578,617	1,656,865	1,298,472	40,837		
D-2 23	344-Generators	DPROD	61,461,516	21,208,439	22,259,695	17,444,749	548,634		
D-2 24	345-Accessory Electric Equipment	DPROD	4,342,832	1,498,575	1,572,856	1,232,635	38,766		
D-2 25	346-Misc Power Plant Equipment	DPROD	74,055	25,554	26,821	21,019	661		
D-2 26	106-Completed Not Classified Oth Prod Plt	DPROD	445,558	153,748	161,369	126,464	3,977		
D-2 27	Other Prod Plant Additions/Annualization	DPROD	1,003,760	346,366	363,535	284,899	8,960		
D-2 28	Total Other Production Plant		71,941,338	24,971,109	26,208,873	20,128,325	633,032		
D-2 29									
D-2 30	TOTAL PRODUCTION PLANT		470,474,266	162,345,891	170,393,026	133,535,680	4,199,669		
D-2 31									
D-2 32									
D-2 33	TRANSMISSION PLANT								
D-2 34	350-Land & Land Rights	DTRAN	558,204	192,846	209,458	150,995	4,905		
D-2 35	352-Structures & Improvements	DTRAN	946,817	327,102	355,279	256,116	8,320		
D-2 36	353-Station Equipment	DTRAN	821,071	283,660	308,095	222,102	7,215		
D-2 37	354-Tower and Fixtures	DTRAN	363,066	125,431	136,235	98,210	3,190		
D-2 38	355-Poles & Fixtures	DTRAN	217,875	75,270	81,754	58,936	1,915		
D-2 39	356-Overhead Conductors & Devices	DTRAN	991,295	342,468	371,968	268,147	8,711		
D-2 40	359-Roads and Trails	DTRAN	6,311	2,180	2,368	1,707	55		
D-2 41	106-Completed Not Classified Transmission Plt	DTRAN	0	0	0	0	0		
D-2 42	Transmission Plant Additions/Annualization	DTRAN	0	0	0	0	0		
D-2 43	TOTAL TRANSMISSION PLANT		3,904,640	1,348,958	1,465,157	1,056,213	34,312		
D-2 44									
D-2 45									
D-2 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
		(a)	(b)	(c)	(d)	(e)	(h)	(i)		
D-2	47	ELECTRIC PLANT IN SERVICE CONTINUED								
D-2	48									
D-2	49	DISTRIBUTION PLANT								
D-2	50	360-Land & Land Rights	DDISPSUB	1,552,057	536,198	582,386	419,835	13,639		
D-2	51	361-Structures & Improvements	DDISPSUB	246,766	85,252	92,595	66,751	2,168		
D-2	52	362-Station Equipment	DDISPSUB	45,100,101	15,580,987	16,923,133	12,199,669	396,312		
D-2	53	364-Poles, Towers & Fixtures								
D-2	54	Primary - Demand	DDISTPOL	46,713,282	16,138,302	17,528,455	12,636,037	410,488		
D-2	55	Secondary - Demand	DDISTSOL	12,350,167	4,921,517	5,345,456	1,958,013	125,182		
D-2	56	Total Account 364		59,063,449	21,059,818	22,873,911	14,594,050	535,670		
D-2	57	365-Overhead Conductors & Devices								
D-2	58	Primary - Demand	DDISTPOL	30,942,154	10,689,761	11,610,577	8,369,915	271,901		
D-2	59	Secondary - Demand	DDISTSOL	5,311,102	2,116,463	2,298,776	842,029	53,834		
D-2	60	Total Account 365		36,253,256	12,806,224	13,909,352	9,211,945	325,735		
D-2	61	366-Underground Conduit								
D-2	62	Primary - Demand	DDISTPUL	2,088,264	721,445	783,590	564,880	18,350		
D-2	63	Secondary - Demand	DDISTSUL	1,429,109	569,497	618,553	226,573	14,486		
D-2	64	Total Account 366		3,517,373	1,290,941	1,402,143	791,453	32,836		
D-2	65	367-Underground Conductors & Devices								
D-2	66	Primary - Demand	DDISTPUL	19,338,906	6,681,121	7,256,633	5,231,213	169,939		
D-2	67	Secondary - Demand	DDISTSUL	18,432,395	7,345,272	7,977,994	2,922,297	186,832		
D-2	68	Total Account 367		37,771,301	14,026,393	15,234,627	8,153,511	356,770		
D-2	69	368-Line Transformers								
D-2	70	Demand	DDISTSUT	31,204,759	12,435,033	13,506,187	4,947,246	316,293		
D-2	71	Total Account 368		31,204,759	12,435,033	13,506,187	4,947,246	316,293		
D-2	72	369-Services	CSERVICE	26,665,348	14,483,764	9,790,576	2,391,008	0		
D-2	73	370-Meters	CMETERS	2,825,893	2,025,733	632,542	162,631	4,987		
D-2	74	371-Installation on Customer Premises	CUSTPREM	1,964,488	0	0	0	1,964,488		
D-2	75	373-Street Lighting & Signal Systems	CLIGHT	1,617,886	0	0	0	1,617,886		
D-2	76	106 - Completed Not Classified Distribution Plant	DISTPLTXNC	12,764,157	4,859,288	4,891,077	2,727,028	286,765		
D-2	77	Distribution Plant Additions/Annualization	DISTPLTXNC	11,905,164	4,532,271	4,561,921	2,543,506	267,466		
D-2	78	TOTAL DISTRIBUTION PLANT		272,451,999	103,721,903	104,400,450	58,208,631	6,121,015		
D-2	79									
D-2	80									
D-2	81									
D-2	82	TOTAL PROD, TRANS, & DIST PLANT		746,830,905	267,416,752	276,258,634	192,800,523	10,354,996		
D-2	83									
D-2	84									
D-2	85									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
D-2 93	ELECTRIC PLANT IN SERVICE CONTINUED								
D-2 94									
D-2 95	GENERAL PLANT								
D-2 96	389-Land and Land Rights	SALWAGES	658,127	286,102	217,831	146,088	8,105		
D-2 97	390-Structures and Improvements	SALWAGES	9,046,294	3,932,621	2,994,201	2,008,062	111,411		
D-2 98	391-Office Furniture & Equipment	SALWAGES	8,436,425	3,667,497	2,792,342	1,872,686	103,900		
D-2 99	392-Transportation Equipment	SALWAGES	5,361,985	2,330,971	1,774,744	1,190,233	66,036		
D-2 100	393-Store Equipment	SALWAGES	263,851	114,702	87,331	58,569	3,249		
D-2 101	394-Tools, Shop & Garage Equip.	SALWAGES	3,664,452	1,593,017	1,212,884	813,421	45,130		
D-2 102	395-Laboratory Equipment	SALWAGES	363,192	157,887	120,212	80,620	4,473		
D-2 103	396-Power Operated Equipment	SALWAGES	524,427	227,980	173,578	116,410	6,459		
D-2 104	397-Communication Equipment	SALWAGES	5,360,547	2,330,346	1,774,268	1,189,914	66,018		
D-2 105	398-Miscellaneous Equipment	SALWAGES	218,135	94,828	72,200	48,421	2,686		
D-2 106	Rate Case Expenses	CLAIMREV	446,667	175,674	156,735	108,395	5,863		
D-2 107	106-Completed Not Classified General Plant	SALWAGES	2,879,841	1,251,929	953,188	639,256	35,467		
D-2 108	General Plant Additions/Annualization	SALWAGES	5,377,633	2,337,774	1,779,924	1,193,707	66,229		
D-2 109	TOTAL GENERAL PLANT		42,601,574	18,501,329	14,109,438	9,465,781	525,026		
D-2 110									
D-2 111	TOTAL OTHER UTILITY PLANT IN SERVICE	SALWAGES	21,764,077	9,461,317	7,203,615	4,831,107	268,038		
D-2 112									
D-2 113	TOTAL PLANT ACQUISITION ADJUSTMENT	DPROD	4,352,357	1,501,862	1,576,306	1,235,338	38,851		
D-2 114									
D-2 115									
D-2 116	TOTAL ELECTRIC PLANT IN SERVICE		815,548,913	296,881,260	299,147,992	208,332,750	11,186,911		
D-2 117									
D-2 118									
D-2 119									
D-2 120									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
E 1	<b>LESS: ACCUMULATED DEPRECIATION</b>								
E 2									
E 3	PRODUCTION PLANT ACCUMULATED DEPRECIATION	PRODPLT	163,558,832	56,439,015	59,236,575	46,423,240	1,460,001		
E 4									
E 5	TRANSMISSION PLANT ACCUMULATED DEPRECIATION	TRANPLT	1,352,846	467,375	507,635	365,947	11,888		
E 6									
E 7	<b>DISTRIBUTION PLANT ACCUMULATED DEPRECIATION</b>								
E 8	360-Land & Land Rights	PLT_360	(41,085)	(14,194)	(15,416)	(11,114)	(361)		
E 9	361-Structures & Improvements	PLT_361	137,250	47,416	51,501	37,126	1,206		
E 10	362-Station Equipment	PLT_362	17,542,035	6,060,346	6,582,384	4,745,156	154,149		
E 11	364-Poles, Towers & Fixtures	PLT_364	21,942,526	7,823,885	8,497,834	5,421,802	199,006		
E 12	365-Overhead Conductors & Devices	PLT_365	13,239,153	4,676,644	5,079,490	3,364,066	118,953		
E 13	366-Underground Conduit	PLT_366	497,713	182,670	198,405	111,992	4,646		
E 14	367-Underground Conductors & Devices	PLT_367	13,426,762	4,986,035	5,415,532	2,898,371	126,823		
E 15	368-Line Transformers	PLT_368	11,576,246	4,613,111	5,010,484	1,835,314	117,337		
E 16	369-Services	PLT_369	8,816,608	4,788,900	3,237,148	790,561	0		
E 17	370-Meters	PLT_370	(3,877,654)	(2,779,684)	(867,965)	(223,161)	(6,844)		
E 18	371-Installation on Customer Premises	PLT_371	758,339	0	0	0	758,339		
E 19	373-Street Lighting & Signal Systems	PLT_373	733,822	0	0	0	733,822		
E 20	Accum Dep Adjustment	DISTPLT	(625,260)	(238,035)	(239,592)	(133,585)	(14,047)		
E 21	<b>TOTAL DISTRIBUTION PLANT ACCUMULATED DEPRECIATION</b>		<b>84,126,455</b>	<b>30,147,094</b>	<b>32,949,804</b>	<b>18,836,529</b>	<b>2,193,029</b>		
E 22									
E 23	GENERAL PLANT ACCUMULATED DEPRECIATION	GENLPLT	18,608,128	8,081,277	6,162,923	4,134,600	229,328		
E 24									
E 25	OTHER UTILITY ACCUMULATED DEPRECIATION	SALWAGES	15,450,652	6,716,734	5,113,957	3,429,877	190,284		
E 26									
E 27	<b>TOTAL ACCUMULATED DEPRECIATION</b>		<b>283,096,913</b>	<b>101,851,495</b>	<b>103,970,895</b>	<b>73,189,993</b>	<b>4,084,530</b>		
E 28									
E 29	AMORTIZATION OF PLANT ACQUISITION	PRODPLT	2,711,805	935,759	982,142	769,697	24,207		
E 30									
E 31	<b>NET ELECTRIC PLANT IN SERVICE</b>		<b>529,740,194</b>	<b>194,094,006</b>	<b>194,194,955</b>	<b>134,373,060</b>	<b>7,078,174</b>		
E 32									
E 33									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
F 1	<b>ADDITIONS AND DEDUCTIONS TO RATE BASE</b>								
F 2									
F 3	<b>PLUS: ADDITIONS TO RATE BASE</b>								
F 4	<b>WORKING CAPITAL</b>								
F 5	Cash Working Capital (Lead Lag)	SCH F-3, LN 40	(5,140,261)	(2,029,902)	(1,798,355)	(1,246,168)	(65,836)		
F 6	Fuel Inventory	ENEFUEL	5,825,235	1,996,985	1,687,000	2,084,804	56,446		
F 7	Materials and Supplies	TOTPLT	12,727,558	4,633,166	4,668,541	3,251,267	174,584		
F 8	Prepayments	OMXFPP	622,538	261,811	209,004	143,838	7,885		
F 9	<b>TOTAL WORKING CAPITAL</b>		14,035,070	4,862,060	4,766,190	4,233,740	173,079		
F 10									
F 11	<b>LESS: DEDUCTIONS TO RATE BASE</b>								
F 12	Customer Advances for Construction	CUSTADV	2,190,735	1,392,705	798,030	0	0		
F 13	Regulatory Assets - S&W Related	SALWAGES	(21,416,543)	(9,310,237)	(7,088,586)	(4,753,963)	(263,758)		
F 14	Regulatory Assets - Plant Related	TOTPLT	(8,343,652)	(3,037,309)	(3,060,499)	(2,131,394)	(114,450)		
F 15	Regulatory Liabilities - S&W Related	SALWAGES	34,814,535	15,134,635	11,523,139	7,727,998	428,762		
F 16	Regulatory Liabilities - Plant Related	TOTPLT	767,123	279,253	281,385	195,962	10,523		
F 17	Deferred Income Taxes and Credits								
F 18	Deferred Income Tax - Property (Debit)	TOTPLT	(18,920,152)	(6,887,433)	(6,940,020)	(4,833,171)	(259,528)		
F 19	Deferred Income Tax - S&W (Debit)	SALWAGES	(15,473,446)	(6,726,644)	(5,121,501)	(3,434,737)	(190,565)		
F 20	Deferred Income Tax - Customer (Debit)	CUST	(728,561)	(586,870)	(132,811)	(1,741)	(7,138)		
F 21	Deferred Income Tax - Property (Credit)	TOTPLT	128,852,774	46,905,799	47,263,932	32,915,564	1,767,478		
F 22	Deferred Income Tax - Other (Credit)	SALWAGES	3,743,408	1,627,341	1,239,017	830,948	46,102		
F 23	<b>Total Deferred Income Taxes and Credits</b>		97,474,023	34,332,194	36,308,618	25,476,863	1,356,348		
F 24	<b>TOTAL DEDUCTIONS TO RATE BASE</b>		105,486,221	38,791,241	38,762,087	26,515,467	1,417,425		
F 25									
F 26									
F 27	<b>TOTAL RATE BASE</b>		438,289,043	160,164,825	160,199,058	112,091,333	5,833,827		
F 28									
F 29									
F 30									
F 31									
F 32									
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BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
F-3 1	CASH WORKING CAPITAL (LEAD LAG)								
F-3 2									
F-3 3	O&M EXPENSE PER DAY RELATED CASH WORKING CAPITAL								
F-3 4	Purchased Fuel (Coal, Gas, & Oil)	ENEFUEL	0	0	0	0	0	0	
F-3 5	Coal Transportation	ENEFUEL	0	0	0	0	0	0	
F-3 6	Natural Gas - Other Production	ENEFUEL	0	0	0	0	0	0	
F-3 7	Purchased Power	OX_555	18,197	6,279	6,591	5,165	162		
F-3 8	Transmission	TRANPLT	0	0	0	0	0	0	
F-3 9	Labor	SALWAGES	28,077	12,206	9,293	6,232	346		
F-3 10	Employee Benefits	SALWAGES	1,480	643	490	329	18		
F-3 11	Service Company Charges	SALWAGES	79,711	34,652	26,383	17,694	982		
F-3 12	Other O&M	OMXFPF	41,822	17,588	14,041	9,663	530		
F-3 13	Wyodak Power Plant O&M	PRODPLT	8,959	3,091	3,245	2,543	80		
F-3 14	TOTAL O&M		178,246	74,460	60,042	41,626	2,118		
F-3 15									
F-3 16	TAXES OTHER THAN INCOME TAXES								
F-3 17	Property Taxes	TOTPLT	14,750	5,369	5,410	3,768	202		
F-3 18	Unemployment Taxes (FUTA & SUTA)	SALWAGES	286	124	95	63	4		
F-3 19	Montana Electric Energy	CLAIMREV	0	0	0	0	0		
F-3 20	Wyoming Franchise Tax	CLAIMREV	0	0	0	0	0		
F-3 21	South Dakota PUC	CLAIMREV	649	255	228	157	9		
F-3 22	Wyoming PSC	CLAIMREV	0	0	0	0	0		
F-3 23	FICA Taxes - Employer's	SALWAGES	7,277	3,163	2,409	1,615	90		
F-3 24	TOTAL TAXES OTHER THAN INCOME TAXES		22,961	8,912	8,141	5,604	304		
F-3 25									
F-3 26	Depreciation Expense	TOTPLT	96,161	35,005	35,273	24,564	1,319		
F-3 27	Amortization Expense	PRODPLT	238	82	86	68	2		
F-3 28	TOTAL DEPRECIATION/AMORTIZATION		96,400	35,088	35,359	24,632	1,321		
F-3 29									
F-3 30	FEDERAL INCOME TAXES	CLAIMREV	36,398	14,315	12,772	8,833	478		
F-3 31									
F-3 32	INTEREST EXPENSE	TOTPLT	44,283	16,120	16,243	11,312	607		
F-3 33									
F-3 34	GRAND TOTAL		378,288	148,896	132,558	92,007	4,828		
F-3 35									
F-3 36	CWC REQUIREMENT (GRAND TOTAL x EXPENSE LAG)		(4,127,123)	(1,624,450)	(1,446,203)	(1,003,795)	(52,675)		
F-3 37									
F-3 38	LESS: TAX COLLECTIONS AVAILABLE		(1,013,138)	(405,452)	(352,152)	(242,373)	(13,161)		
F-3 39									
F-3 40	NET CASH WORKING CAPITAL REQUIREMENT		(5,140,261)	(2,029,902)	(1,798,355)	(1,246,168)	(65,836)		
F-3 41									
F-3 42									
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F-3 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
F-3 1									
F-3 2	CASH WORKING CAPITAL (LEAD LAG) CONTINUED								
F-3 3									
F-3 4	<u>LAG/LEAD DAYS</u>								
F-3 5	REVENUE LAG DAYS		37.96						
F-3 6	EXPENSE LEAD DAYS		48.87						
F-3 7	NET DAYS		(10.91)						
F-3 8									
F-3 9	TAX COLLECTIONS AVAILABLE								
F-3 10	FICA Taxes (Employee Contribution)	SALWAGES	(49,378)	(21,466)	(16,343)	(10,961)	(608)		
F-3 11	Federal Withholding Tax	SALWAGES	(119,232)	(51,833)	(39,464)	(26,467)	(1,468)		
F-3 12	South Dakota Sales and Use Tax	CLAIMREV	(844,528)	(332,153)	(296,344)	(204,946)	(11,085)		
F-3 13	Wyoming Sales and Use Tax	CLAIMREV	0	0	0	0	0		
F-3 14	TOTAL TAX COLLECTIONS AVAILABLE		(1,013,138)	(405,452)	(352,152)	(242,373)	(13,161)		
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
1	OPERATING REVENUES								
2									
3	SALES REVENUES								
4	Sales of Electricity Revenues		105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
5	Contract Revenues	DPROD	12,147,029	4,191,558	4,399,325	3,447,716	108,430		
6	TOTAL SALES OF ELECTRICITY		117,515,289	46,273,832	40,795,113	28,788,544	1,657,801		
7									
8	OTHER OPERATING REVENUES								
9	Unbilled and Cost Adjustment Revenue	Direct Assignment	0	0	0	0	0		
10	Demand Side Management Revenue	SREVDMSM	(784,521)	(340,349)	(255,571)	(180,050)	(8,551)		
11	450-Forfeited Discounts	OX_904	251,449	228,476	19,359	768	2,846		
12	451-Miscellaneous Service Revenues	DISTPLT	463,958	176,628	177,783	99,123	10,423		
13	454-Rent from Electric Property	TDPLT	5,252,460	1,996,986	2,012,091	1,126,393	116,989		
14	456-Other Electric Revenues - Transmission	TRANPLT	0	0	0	0	0		
15	TOTAL OTHER OPERATING REV		5,183,345	2,061,741	1,953,662	1,046,234	121,707		
16									
17	TOTAL OPERATING REVENUES		122,698,634	48,335,573	42,748,775	29,834,778	1,779,508		
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H 1									
H 2	<b>OPERATION &amp; MAINTENANCE EXPENSE</b>								
H 3									
H 4									
H 5	<b>PRODUCTION EXPENSE</b>								
H 6									
H 7	Steam Production Operation								
H 8	500-Supervision & Engineering	SALWAGPO	1,513,626	522,305	548,194	429,616	13,511		
H 9	501-Fuel	ENEFUEL	0	0	0	0	0		
H 10	502-Steam Expense	DPROD	1,855,537	640,288	672,025	526,661	16,563		
H 11	505-Electric Expense	DPROD	736,512	254,147	266,745	209,046	6,574		
H 12	506-Miscellaneous Steam Power Expense	DPROD	676,496	233,438	245,009	192,011	6,039		
H 13	507-Rent	DPROD	2,297,941	792,947	832,252	652,229	20,512		
H 14	509-Allowances	DPROD	27	9	10	8	0		
H 15	Total Steam Production Operation		7,080,140	2,443,134	2,564,235	2,009,571	63,201		
H 16									
H 17	Steam Production Maintenance								
H 18	510-Supervision & Engineering	SALWAGPM	1,380,126	476,238	499,844	391,724	12,320		
H 19	511-Maintenance of Structures	DPROD	724,087	249,860	262,245	205,519	6,464		
H 20	512-Maintenance of Boilers	DPROD	3,622,082	1,249,867	1,311,820	1,028,063	32,332		
H 21	513-Maintenance of Electric Plant	DPROD	316,511	109,218	114,632	89,836	2,825		
H 22	514-Maintenance of Miscellaneous Steam Plant	DPROD	111,440	38,455	40,361	31,630	995		
H 23	Total Steam Production Maintenance		6,154,246	2,123,637	2,228,901	1,746,772	54,936		
H 24									
H 25	Total Steam Production Expense		13,234,386	4,566,771	4,793,136	3,756,343	118,136		
H 26									
H 27	Other Production Operation								
H 28	546-Operation Supervision and Engineering	SALWAGPO	194,748	67,201	70,532	55,276	1,738		
H 29	547-Fuel	ENEFUEL	0	0	0	0	0		
H 30	548-Generation Expense	DPROD	399,813	137,963	144,802	113,480	3,569		
H 31	549-Miscellaneous Other Power Generation	DPROD	78,392	27,051	28,391	22,250	700		
H 32	550-Rents	DPROD	106,758	36,839	38,665	30,301	953		
H 33	Total Other Production Operation		779,712	269,054	282,390	221,307	6,960		
H 34									
H 35	Other Production Maintenance								
H 36	551-Supervision & Engineering	SALWAGPM	779,030	268,819	282,143	221,114	6,954		
H 37	552-Structures	DPROD	88,718	30,614	32,131	25,181	792		
H 38	553-Maintenance of Generating and Electric Plant	DPROD	1,774,691	612,390	642,745	503,714	15,842		
H 39	554-Maintenance of Miscellaneous Other Power	DPROD	177,304	61,182	64,215	50,325	1,583		
H 40	556-System Control and Load Dispatching	DPROD	702,930	242,559	254,582	199,514	6,275		
H 41	556-System Control and Load Dispatching	DPROD	21	7	8	6	0		
H 42	Total Other Production Maintenance		3,522,695	1,215,571	1,275,825	999,854	31,445		
H 43									
H 44	Total Other Production Expense		4,302,406	1,484,625	1,558,215	1,221,161	38,405		
H 45									
H 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
H 47	OPERATION & MAINTENANCE EXPENSE CONTINUED								
H 48									
H 49									
H 50	PRODUCTION EXPENSE (CONT.)								
H 51									
H 52	Other Power Supply								
H 53	555 - Purchased Power - Energy	ENERGY1	0	0	0	0	0		
H 54	555 - Purchased Power - Capacity	DPROD	6,642,209	2,292,018	2,405,628	1,885,272	59,291		
H 55	Total Other Power Supply		6,642,209	2,292,018	2,405,628	1,885,272	59,291		
H 56									
H 57	TOTAL PRODUCTION EXPENSE		24,179,002	8,343,414	8,756,979	6,862,776	215,833		
H 58									
H 59									
H 60	TRANSMISSION EXPENSES								
H 61									
H 62	Operation								
H 63	560-Supervision & Engineering	SALWAGTO	278,673	96,275	104,568	75,382	2,449		
H 64	561-Load Dispatch	TRANPLT	0	0	0	0	0		
H 65	562-Station Equipment	TRANPLT	0	0	0	0	0		
H 66	563-Overhead Lines	TRANPLT	44,983	15,540	16,879	12,168	395		
H 67	565-Transmission of Electricity by Others	TRANPLT	0	0	0	0	0		
H 68	566-Miscellaneous	TRANPLT	47,838	16,527	17,951	12,940	420		
H 69	567-Rents	TRANPLT	0	0	0	0	0		
H 70	Total Transmission Operation		371,494	128,342	139,398	100,490	3,264		
H 71									
H 72	Maintenance								
H 73	568-Maintenance Supervision & Engineering	SALWAGTM	0	0	0	0	0		
H 74	569-Maintenance of Structures	TRANPLT	0	0	0	0	0		
H 75	570-Maintenance of Station Equipment	TRANPLT	68,806	23,771	25,819	18,612	605		
H 76	571-Maintenance of Overhead Lines	TRANPLT	74,211	25,638	27,846	20,074	652		
H 77	572-Maintenance of Underground Lines	TRANPLT	0	0	0	0	0		
H 78	573-Maint. of Miscellaneous Transmission Plant	TRANPLT	0	0	0	0	0		
H 79	Total Transmission Maintenance		143,017	49,409	53,665	38,686	1,257		
H 80									
H 81	TOTAL TRANSMISSION EXPENSE		514,511	177,751	193,063	139,176	4,521		
H 82									
H 83									
H 84									
H 85									
H 86									
H 87									
H 88									
H 89									
H 90									
H 91									
H 92									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H 93	OPERATION & MAINTENANCE EXPENSE CONTINUED								
H 94									
H 95									
H 96	DISTRIBUTION EXPENSES								
H 97	Operation								
H 98	580-Supervision	SALWAGDO	762,045	365,028	254,026	135,178	7,812		
H 99	581-Load Dispatch	DISTPLT	225,430	85,821	86,382	48,163	5,065		
H 100	582-Station Equipment	PLT_362	370,464	127,986	139,011	100,211	3,255		
H 101	583-Overhead Lines	OHDIST	430,270	152,875	166,043	107,463	3,888		
H 102	584-Underground Lines	UGDIST	303,277	112,510	122,202	65,703	2,862		
H 103	585-Street Lighting	PLT_3713	85	0	0	0	85		
H 104	586-Metering	CMETERS	830,061	595,027	185,799	47,770	1,465		
H 105	587-Customer Installations	CMETERS	27,539	19,742	6,164	1,585	49		
H 106	588-Miscellaneous	DISTPLT	452,835	172,393	173,521	96,747	10,174		
H 107	589-Rents	DISTPLT	18,122	6,899	6,944	3,872	407		
H 108	Total Distribution Operation		3,420,129	1,638,281	1,140,094	606,692	35,062		
H 109									
H 110	Maintenance								
H 111	590-Supervision	SALWAGDM	1,481	517	543	346	75		
H 112	591-Structures	DISTPLT	0	0	0	0	0		
H 113	592-Station Equipment	PLT_362	300,159	103,698	112,630	81,194	2,638		
H 114	593-Overhead Lines	OHDIST	2,436,767	865,784	940,362	608,599	22,022		
H 115	594-Underground Lines	UGDIST	188,948	70,096	76,134	40,934	1,783		
H 116	595-Transformers	PLT_368	36,894	14,702	15,968	5,849	374		
H 117	596-Street Lighting	PLT_3713	134,130	0	0	0	134,130		
H 118	597-Metering	CMETERS	71,733	51,422	16,057	4,128	127		
H 119	598-Miscellaneous	DISTPLT	20,337	7,742	7,793	4,345	457		
H 120	Total Distribution Maintenance		3,190,449	1,113,961	1,169,488	745,396	161,605		
H 121									
H 122	TOTAL DISTRIBUTION EXPENSES								
H 123			6,610,578	2,752,242	2,309,581	1,352,088	196,667		
H 124	TOTAL OPER & MAINT EXP (PROD,TRAN,& DIST)								
H 125			31,304,092	11,273,407	11,259,623	8,354,040	417,021		
H 126									
H 127									
H 128									
H 129									
H 130									
H 131									
H 132									
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H 134									
H 135									
H 136									
H 137									
H 138									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H 139	OPERATION & MAINTENANCE EXPENSE CONTINUED								
H 140									
H 141									
H 142	CUSTOMER ACCOUNTS EXPENSES								
H 143	901-Supervision	SALWAGCA	46,325	37,974	7,780	115	456		
H 144	902-Meter Reading	CMETRDG	58,382	47,383	10,723	140	137		
H 145	903-Customer Records and Collection Expense	CUSTREC	1,587,900	1,279,084	289,462	3,795	15,558		
H 146	904-Uncollectible Accounts	EXP_904	385,993	350,728	29,717	1,179	4,369		
H 147	905-Miscellaneous CA	CUSTCAM	793,168	638,912	144,589	1,896	7,772		
H 148	TOTAL CUSTOMER ACCTS EXPENSE		2,871,767	2,354,081	482,271	7,124	28,292		
H 149									
H 150									
H 151	CUSTOMER SERVICE EXPENSES								
H 152	907-Supervision	SALWAGCS	263,127	211,954	47,966	629	2,578		
H 153	908-Customer Assistance	CUSTASST	1,006,374	810,654	183,454	2,405	9,861		
H 154	909-Advertisement	CUSTADVT	5,073	4,087	925	12	50		
H 155	910-Miscellaneous CS	CUSTCSM	56,057	45,155	10,219	134	549		
H 156	TOTAL CUSTOMER SERVICE EXPENSE		1,330,630	1,071,849	242,564	3,180	13,038		
H 157									
H 158	SALES EXPENSES TOTAL	SALESREV	0	0	0	0	0		
H 159									
H 160	TOTAL OPER & MAINT EXCL A&G		35,506,489	14,699,337	11,984,458	8,364,344	458,350		
H 161									
H 162	ADMINISTRATIVE & GENERAL EXPENSE								
H 163	920-Administrative Salaries	SALWAGES	11,881,380	5,165,094	3,932,576	2,637,384	146,326		
H 164	921-Office Supplies & Expense	SALWAGES	3,961,236	1,722,035	1,311,115	879,300	48,785		
H 165	923-A&G Expense Transferred	SALWAGES	(31,002)	(13,477)	(10,261)	(6,882)	(382)		
H 166	924-Outside Services	SALWAGES	2,744,976	1,193,301	908,550	609,319	33,806		
H 167	924-Rate Case Expenses	CLAIMREV	65,773	25,869	23,080	15,962	863		
H 168	925-Property Insurance	TOTPLT	754,715	274,736	276,834	192,793	10,352		
H 169	926-Injuries and Damages	SALWAGES	1,429,334	621,362	473,090	317,278	17,603		
H 170	927-Pensions & Benefits	SALWAGES	513,526	223,241	169,970	113,990	6,324		
H 171	928-Regulatory Commission	CLAIMREV	651,204	256,119	228,507	158,031	8,547		
H 172	930.1-General Advertising	SALWAGES	24,893	10,821	8,239	5,526	307		
H 173	930.2-Miscellaneous General	SALWAGES	994,545	432,351	329,181	220,765	12,248		
H 174	931-Rents	GENLPLT	468,915	203,644	155,302	104,190	5,779		
H 175	932-Maintenance of General Plant	GENLPLT	1,238,321	537,787	410,126	275,147	15,261		
H 176	TOTAL A&G EXPENSE		24,697,815	10,652,883	8,216,309	5,522,802	305,821		
H 177									
H 178	TOTAL OPERATION & MAINTENANCE EXPENSES		60,204,304	25,352,220	20,200,767	13,887,146	764,172		
H 179									
H 180									
H 181									
H 182									
H 183									
H 184									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
J 1	<b>DEPRECIATION/AMORTIZATION EXPENSE</b>								
J 2									
J 3	PRODUCTION PLANT EXPENSE	PRODPLT	12,248,072	4,226,425	4,435,920	3,476,396	109,332		
J 4									
J 5	TRANSMISSION PLANT EXPENSE	TRANPLT	152,076	52,539	57,064	41,137	1,336		
J 6									
J 7	<b>DISTRIBUTION PLANT EXPENSE</b>								
J 8	360-Land & Land Rights	PLT_360	0	0	0	0	0		
J 9	361-Structures & Improvements	PLT_361	6,712	2,319	2,519	1,816	59		
J 10	362-Station Equipment	PLT_362	1,378,511	476,242	517,265	372,890	12,114		
J 11	364-Poles, Towers & Fixtures	PLT_364	1,606,526	572,827	622,170	396,958	14,570		
J 12	365-Overhead Conductors & Devices	PLT_365	986,089	348,329	378,334	250,565	8,860		
J 13	366-Underground Conduit	PLT_366	95,673	35,114	38,138	21,528	893		
J 14	367-Underground Conductors & Devices	PLT_367	1,027,379	381,518	414,382	221,775	9,704		
J 15	368-Line Transformers	PLT_368	848,769	336,233	367,368	134,565	8,603		
J 16	369-Services	PLT_369	725,297	393,958	266,304	65,035	0		
J 17	370-Meters	PLT_370	76,864	55,100	17,205	4,424	136		
J 18	371-Installation on Customer Premises	PLT_371	53,434	0	0	0	53,434		
J 19	373-Street Lighting & Signal Systems	PLT_373	44,007	0	0	0	44,007		
J 20	Distribution Plant Annualization	DISTPLT	671,006	255,450	257,122	143,359	15,075		
J 21	<b>TOTAL DISTRIBUTION PLANT EXPENSE</b>		<b>7,520,266</b>	<b>2,859,090</b>	<b>2,880,808</b>	<b>1,612,914</b>	<b>167,454</b>		
J 22									
J 23	GENERAL PLANT EXPENSE	GENLPLT	1,924,524	835,797	637,393	427,616	23,718		
J 24									
J 25	OTHER UTILITY DEPRECIATION EXPENSE	SALWAGES	1,896,687	824,531	627,778	421,019	23,359		
J 26									
J 27	<b>TOTAL DEPRECIATION EXPENSE</b>		<b>23,741,627</b>	<b>8,798,382</b>	<b>8,638,963</b>	<b>5,979,083</b>	<b>325,200</b>		
J 28									
J 29	PLANT ACQUISITION ADJUSTMENT	SALWAGES	88,945	38,666	29,439	19,744	1,095		
J 30									
J 31	<b>TOTAL DEPRECIATION/AMORTIZATION EXPENSE</b>		<b>23,830,572</b>	<b>8,837,048</b>	<b>8,668,402</b>	<b>5,998,826</b>	<b>326,295</b>		
J 32									
J 33									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
L 1	OTHER OPERATING EXPENSES								
L 2									
L 3	TAXES OTHER THAN INCOME TAXES								
L 4	Federal Taxes								
L 5	FICA Tax	SALWAGES	2,521,050	1,095,955	834,433	559,613	31,048		
L 6	Unemployment Tax	SALWAGES	19,681	8,556	6,514	4,369	242		
L 7									
L 8	State Taxes								
L 9	Unemployment Tax	SALWAGES	84,505	36,736	27,970	18,758	1,041		
L 10	Montana Electric Energy Tax	CLAIMREV	0	0	0	0	0		
L 11	Wyoming Franchise Taxes	CLAIMREV	0	0	0	0	0		
L 12	South Dakota PUC Tax	CLAIMREV	236,757	93,117	83,078	57,455	3,108		
L 13	Wyoming Sales Tax	CLAIMREV	0	0	0	0	0		
L 14									
L 15	Local Taxes								
L 16	Property	TOTPLT	4,149,657	1,510,584	1,522,118	1,060,034	56,921		
L 17									
L 18	TOIT - Payroll Loading & Other	SALWAGES	(2,834,001)	(1,232,002)	(938,016)	(629,081)	(34,902)		
L 19									
L 20	TOTAL TAXES OTHER THAN INCOME		4,177,650	1,512,947	1,536,098	1,071,148	57,457		
L 21									
L 22									
L 23									
L 24									
L 25									
L 26									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
K 1	DEVELOPMENT OF INCOME TAXES								
K 2									
K 3	TOTAL OPERATING REVENUES	SCH I, LN 17	122,698,634	48,335,573	42,748,775	29,834,778	1,779,508		
K 4									
K 5	LESS:								
K 6	OPERATION & MAINTAINENCE EXPENSE	SCH H, LN 178	60,204,304	25,352,220	20,200,767	13,887,146	764,172		
K 7	DEPRECIATION EXPENSE	SCH J, LN 27	23,741,627	8,798,382	8,638,963	5,979,083	325,200		
K 8	AMORTIZATION EXPENSE	SCH J, LN 29	88,945	38,666	29,439	19,744	1,095		
K 9	TAXES OTHER THAN INCOME TAXES	SCH L, LN 20	4,177,650	1,512,947	1,536,098	1,071,148	57,457		
K 10	MT STATE INCOME TAXES	CLAIMREV	0	0	0	0	0		
K 11									
K 12	NET OPERATING INCOME BEFORE TAXES		34,486,108	12,633,358	12,343,509	8,877,658	631,584		
K 13	AFUDC	TOTPLT	(446,127)	(162,402)	(163,642)	(113,963)	(6,120)		
K 14	Interest Expense (Rate Base * Wtd Cost of Debt)		13,543,131	4,949,093	4,950,151	3,463,622	180,265		
K 15	Subtotal		21,389,103	7,846,667	7,556,999	5,527,999	457,438		
K 16									
K 17	Tax Adjustments:								
K 18	Permanent - Salaries & Wages	SALWAGES	148,859	64,712	49,270	33,043	1,833		
K 19	Permanent - Plant	TOTPLT	(171,680)	(62,496)	(62,973)	(43,856)	(2,355)		
K 20	Temporary - Salaries & Wages	SALWAGES	(4,282,786)	(1,861,820)	(1,417,544)	(950,676)	(52,745)		
K 21	Temporary - Plant	TOTPLT	(34,814,368)	(12,673,346)	(12,770,109)	(8,893,364)	(477,550)		
K 22	Temporary - Customer	CUST	(29,001)	(23,361)	(5,287)	(69)	(284)		
K 23	Temporary - Other	CLAIMREV	(4,149,215)	(1,631,888)	(1,455,956)	(1,006,910)	(54,461)		
K 24	Subtotal		(43,298,191)	(16,188,199)	(15,662,598)	(10,861,832)	(585,561)		
K 25									
K 26	TAXABLE INCOME (NOL)		(21,909,088)	(8,341,532)	(8,105,599)	(5,333,833)	(128,124)		
K 27									
K 28	Federal Income Tax @ 35%		(7,668,181)	(2,919,536)	(2,836,960)	(1,866,842)	(44,843)		
K 29									
K 30	Other Tax Adjustments	TOTPLT	13,658,967	4,972,223	5,010,187	3,489,196	187,360		
K 31									
K 32	TOTAL FEDERAL INCOME TAX		5,990,787	2,052,687	2,173,228	1,622,355	142,517		
K 33									
K 34	TOTAL INCOME TAXES		5,990,787	2,052,687	2,173,228	1,622,355	142,517		
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K 42									
K 43									
K 44									
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K 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
K 47									
K 48									
K 49									
K 50									
K 51									
K 52									
K 53									
K 54									
K 55	<b>TAX RATES</b>								
K 56	STATE TAX RATE		0.00%						
K 57	FEDERAL TAX RATE - CURRENT		35.00%						
K 58									
K 59									
K 60									
K 61									
K 62	<b>WEIGHTED COST OF DEBT</b>		3.09%						
K 63									
K 64									
K 65									
K 66									
K 67									
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K 70									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
H-1 1	DEVELOPMENT OF SALARIES & WAGES ALLOCATION FACTOR								
H-1 2									
H-1 3	PRODUCTION SALARIES & WAGES EXPENSE								
H-1 4	Operation	OX_PROD	3,442,324	1,187,838	1,246,716	977,042	30,728		
H-1 5	Maintenance	MX_PROD	2,677,205	923,819	969,611	759,877	23,898		
H-1 6	TOTAL PRODUCTION		6,119,529	2,111,657	2,216,327	1,736,918	54,626		
H-1 7									
H-1 8	TRANSMISSION SALARIES & WAGES EXPENSE								
H-1 9	Operation	OX_TRAN	223,966	77,375	84,040	60,583	1,968		
H-1 10	Maintenance	MX_TRAN	57,860	19,989	21,711	15,651	508		
H-1 11	TOTAL TRANSMISSION		281,826	97,364	105,751	76,234	2,477		
H-1 12									
H-1 13	DISTRIBUTION SALARIES & WAGES EXPENSE								
H-1 14	Operation	OX_DIST	1,673,225	801,494	557,766	296,811	17,153		
H-1 15	Maintenance	MX_DIST	753,369	263,042	276,154	176,012	38,160		
H-1 16	TOTAL DISTRIBUTION		2,426,594	1,064,536	833,920	472,823	55,313		
H-1 17									
H-1 18	CUSTOMER ACCOUNTS SAL & WAGES EXP	OX_CA	905,521	742,285	152,069	2,246	8,921		
H-1 19									
H-1 20	CUSTOMER SERVICE SAL & WAGES EXP	OX_CS	581,201	468,169	105,949	1,389	5,695		
H-1 21									
H-1 22	ADMINISTRATIVE & GENERAL SALARIES & WAGES EXP								
H-1 23	Operation	SALWAGXAG	(79,022)	(34,352)	(26,155)	(17,541)	(973)		
H-1 24	Maintenance	SALWAGXAG	12,570	5,465	4,161	2,790	155		
H-1 25	TOTAL ADMINISTRATIVE & GENERAL		(66,451)	(28,888)	(21,995)	(14,751)	(818)		
H-1 26									
H-1 27	TOT OPER & MAINTENANCE LABOR		10,248,219	4,455,123	3,392,022	2,274,861	126,213		
H-1 28									
H-1 29									
H-1 30									
H-1 31									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
AF	1	ALLOCATION FACTOR TABLE								
AF	2	<u>DEMAND</u>								
AF	3									
AF	4	<u>DEMAND - PRODUCTION RELATED</u>								
AF	5	Demand Production (A&E)	DPROD	1.0000	0.3451	0.36217	0.28383	0.0089		
AF	6									
AF	6									
AF	6									
AF	9	<u>DEMAND - TRANSMISSION RELATED</u>								
AF	10	Demand Transmission (Calculated Maximum Demand)	DTRAN	395,339	136,580	148,345	106,940	3,474		
AF	11									
AF	12									
AF	13									
AF	15									
AF	16									
AF	17									
AF	18									
AF	19									
AF	20	<u>DEMAND - DISTRIBUTION RELATED (Calculated Maximum Demand)</u>								
AF	21	Demand Distribution Primary Substation	DDISPSUB	395,339	136,580	148,345	106,940	3,474		
AF	22	Demand Distribution Primary Overhead Lines	DDISTPOL	395,339	136,580	148,345	106,940	3,474		
AF	23	Demand Distribution Primary Underground Lines	DDISTPUL	395,339	136,580	148,345	106,940	3,474		
AF	24									
AF	25	Demand Distribution Secondary Overhead Lines	DDISTSOL	342,737	136,580	148,345	54,338	3,474		
AF	26	Demand Distribution Secondary Underground Lines	DDISTSUL	342,737	136,580	148,345	54,338	3,474		
AF	27	Demand Distribution Overhead Line Transformers	DDISTSOT	342,737	136,580	148,345	54,338	3,474		
AF	28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	342,737	136,580	148,345	54,338	3,474		
AF	29									
AF	30									
AF	31									
AF	32									
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BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
AF 47	<b>ALLOCATION FACTOR TABLE CONTINUED</b>								
AF 48									
AF 49	<b>ENERGY</b>								
AF 50	Energy @ Generation with losses (kWh)	ENEFUEL	1,570,509,094	538,396,006	454,822,635	562,072,285	15,218,168		
AF 51	Energy @ Generation with losses( kWh)	ENERGY1	1,570,509,094	538,396,006	454,822,635	562,072,285	15,218,168		
AF 52	Energy @ Meter (kWh Sales)	ENERGY2	1,451,286,926	494,712,860	417,920,275	524,670,360	13,983,431		
AF 53									
AF 54									
AF 55									
AF 56									
AF 57									
AF 58									
AF 59									
AF 60									
AF 61	<b>CUSTOMER</b>								
AF 62									
AF 63	Customer Dist. Primary Substation	CDISPSUB	65,012	52,369	11,851	154	637		
AF 64	Customer Dist. Primary Overhead Lines	CDISTPOL	64,375	52,369	11,851	154	0		
AF 65	Customer Dist. Primary Underground Lines	CDISTPUL	64,375	52,369	11,851	154	0		
AF 66									
AF 67									
AF 68									
AF 69									
AF 70									
AF 71									
AF 72	369-Services	CSERVICE	605,996	329,158	222,500	54,338	-		
AF 73	370-Meters	CMETERS	14,146,138	10,140,616	3,166,440	814,117	24,966		
AF 74									
AF 75	902-Meter Reading	CMETRDG	774,309	628,429	142,216	1,852	1,812		
AF 76	903-Customer Records and Collections	CUSTREC	780,153	628,429	142,216	1,864	7,644		
AF 77	905-Miscellaneous Customer Accounts	CUSTCAM	65,013	52,369	11,851	155	637		
AF 78	908-Customer Assistance	CUSTASST	65,013	52,369	11,851	155	637		
AF 79	909-Advertisement	CUSTADVT	65,013	52,369	11,851	155	637		
AF 80	910-Miscellaneous Customer Service	CUSTCSM	65,013	52,369	11,851	155	637		
AF 81									
AF 82									
AF 83									
AF 84	371-Installation on Customer Premises	CUSTPREM	126	0	0	0	126		
AF 85	373-Street Lighting & Signal Systems	CLIGHT	4,234,673	0	0	0	4,234,673		
AF 86									
AF 87	Number of Bills	CUSTBILLS	780,153	628,429	142,216	1,864	7,644		
AF 88	Number of Customers	CUST	65,013	52,369	11,851	155	637		
AF 89									
AF 90									
AF 91									
AF 92									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
		(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF	93	ALLOCATION FACTOR TABLE CONTINUED								
AF	94	INTERNALLY DEVELOPED ALLOCATION FACTORS								
AF	95									
AF	96	Plant								
AF	97	Prod, Trans, and Distr Plant in Service	PTDPLT	746,830,805	267,416,752	276,258,634	192,800,523	10,354,996		
AF	98	Distribution Plant Excl Not Classified	DISTPLTXNC	247,782,678	94,330,344	94,947,452	52,938,097	5,566,784		
AF	99	Rate Base	RATEBASE	438,289,043	160,164,825	160,199,058	112,091,333	5,833,827		
AF	100	Total Electric Plant In Service	TOTPLT	815,548,913	296,881,260	299,147,992	208,332,750	11,186,911		
AF	101	Production Plant In Service	PRODPLT	470,474,266	162,345,891	170,393,026	133,535,680	4,199,669		
AF	102	Transmission Plant in Service	TRANPLT	3,904,640	1,348,958	1,465,157	1,056,213	34,312		
AF	103	Distribution Plant in Service	DISTPLT	272,451,999	103,721,903	104,400,450	58,208,631	6,121,015		
AF	104	Total Transmission and Distribution Plant	TDPLT	276,356,639	105,070,861	105,865,608	59,264,844	6,155,327		
AF	105	General Plant in Service	GENLPLT	42,601,574	18,501,329	14,109,438	9,465,781	525,026		
AF	106									
AF	107	Account 360	PLT_360	1,552,057	536,198	582,386	419,835	13,639		
AF	108	Account 361	PLT_361	246,766	85,252	92,595	66,751	2,168		
AF	109	Account 362	PLT_362	45,100,101	15,580,987	16,923,133	12,199,669	396,312		
AF	110	Account 364	PLT_364	59,063,449	21,059,818	22,873,911	14,584,050	535,670		
AF	111	Account 365	PLT_365	36,253,256	12,806,224	13,909,352	9,211,945	325,735		
AF	112	Account 366	PLT_366	3,517,373	1,290,941	1,402,143	791,453	32,836		
AF	113	Account 367	PLT_367	37,771,301	14,026,393	15,234,627	8,153,511	356,770		
AF	114	Account 368	PLT_368	31,204,759	12,435,033	13,506,187	4,947,246	316,293		
AF	115	Account 369	PLT_369	26,665,348	14,483,764	9,790,576	2,391,008	0		
AF	116	Account 370	PLT_370	2,825,893	2,025,733	632,542	162,631	4,987		
AF	117	Account 371	PLT_371	1,964,488	0	0	0	1,964,488		
AF	118	Account 373	PLT_373	1,617,886	0	0	0	1,617,886		
AF	119	Distribution Overhead Plant in Service	OHDIST	95,316,705	33,866,042	36,783,263	23,805,995	861,405		
AF	120	Distribution Underground Plant in Service	UGDIST	41,288,674	15,317,335	16,636,770	8,944,963	389,606		
AF	121	Account 371&373	PLT_3713	3,582,374	0	0	0	3,582,374		
AF	122									
AF	123	Other Customer Class	DPLTOTH	3,035,340	0	3,035,340	0	0		
AF	124	Residential Regular Sales Revenue	DPLTRESR	32,621,709	32,621,709	0	0	0		
AF	125	Residential Electric Sales Revenue	DPLTRESE	8,104,922	8,104,922	0	0	0		
AF	126	Residential Demand Sales Revenue	DPLTRESDD	8,456,746	8,456,746	0	0	0		
AF	127	GS Regular Sales Revenue	DPLTGSR	43,081,009	0	43,081,009	0	0		
AF	128	GS Total Electric Sales Revenue	DPLTGSE	5,095,870	0	5,095,870	0	0		
AF	129	GSL Secondary	DPLTGSLSD	18,735,633	0	0	18,735,633	0		
AF	130	GSL Primary	DPLTGSLSP	3,627,324	0	0	3,627,324	0		
AF	131									
AF	132									
AF	133									
AF	134	Total O&M less Fuel and Purchased Power	OMXFPP	60,642,235	25,503,336	20,359,373	14,011,445	768,081		
AF	135	Supervised O&M Expense excluding CUS	OMXFPP	28,846,158	12,400,421	9,571,885	6,475,200	398,652		
AF	136									
AF	137									
AF	138									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
AF 139	<b>ALLOCATION FACTOR TABLE CONTINUED</b>								
AF 140	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>								
AF 141	<b>Production Expense</b>								
AF 142	Account 500	OX_500	1,513,626	522,305	548,194	429,616	13,511		
AF 143	Account 501	OX_501	0	0	0	0	0		
AF 144	Account 502	OX_502	1,855,537	640,288	672,025	526,661	16,563		
AF 145	Account 505	OX_505	736,512	254,147	286,745	209,046	6,574		
AF 146	Account 506	OX_506	676,496	233,438	245,009	192,011	6,039		
AF 147	Account 510	MX_510	1,380,126	476,238	499,844	391,724	12,320		
AF 148	Account 511	MX_511	724,087	249,860	262,245	205,519	6,464		
AF 149	Account 512	MX_512	3,622,082	1,249,867	1,311,820	1,028,063	32,332		
AF 150	Account 513	MX_513	316,511	109,218	114,632	89,836	2,825		
AF 151	Account 514	MX_514	111,440	38,455	40,361	31,630	995		
AF 152	Account 546	OX_546	194,748	67,201	70,532	55,276	1,738		
AF 153	Account 547	OX_547	0	0	0	0	0		
AF 154	Account 548	OX_547	399,813	137,963	144,802	113,480	3,569		
AF 155	Account 549	OX_549	78,392	27,051	28,391	22,250	700		
AF 156	Account 551	MX_551	779,030	268,819	282,143	221,114	6,954		
AF 157	Account 552	MX_552	88,718	30,614	32,131	25,181	792		
AF 158	Account 553	MX_553	1,774,691	612,390	642,745	503,714	15,842		
AF 159	Account 554	MX_554	177,304	61,182	64,215	50,325	1,583		
AF 160	Account 556	OX_556	702,952	242,567	254,590	199,520	6,275		
AF 161	Account 555	OX_555	6,642,209	2,292,018	2,405,628	1,885,272	59,291		
AF 162	Account 557	OX_557	0	0	0	0	0		
AF 163	O&M Expense Production Operation	OX_PROD	3,746,751	1,292,886	1,356,972	1,063,448	33,445		
AF 164	O&M Expense Production Maintenance	MX_PROD	13,672,011	4,717,781	4,951,632	3,880,555	122,043		
AF 165	Salaries and Wages Production Operation	SALWAGPO	3,442,324	1,187,838	1,246,716	977,042	30,728		
AF 166	Salaries and Wages Production Maintenance	SALWAGPM	2,677,205	923,819	969,611	759,877	23,898		
AF 167	<b>Transmission Expense</b>								
AF 168	Account 560	OX_560	278,673	96,275	104,568	75,382	2,449		
AF 169	Account 561	OX_561	0	0	0	0	0		
AF 170	Account 562	OX_562	0	0	0	0	0		
AF 171	Account 563	OX_563	44,983	15,540	16,879	12,168	395		
AF 172	Account 565	OX_565	0	0	0	0	0		
AF 173	Account 566	OX_566	47,838	16,527	17,951	12,940	420		
AF 174	Account 567	OX_567	0	0	0	0	0		
AF 175	Account 568	MX_568	0	0	0	0	0		
AF 176	Account 569	MX_569	0	0	0	0	0		
AF 177	Account 570	MX_570	68,806	23,771	25,819	18,612	605		
AF 178	Account 571	MX_571	74,211	25,638	27,846	20,074	652		
AF 179	Account 573	MX_573	0	0	0	0	0		
AF 180	O&M Accounts 561-567	OX_TRAN	92,821	32,067	34,830	25,108	816		
AF 181	O&M Accounts 569-573	MX_TRAN	143,017	49,409	53,665	38,686	1,257		
AF 182	Salaries & Wages Accounts 561-567	SALWAGTO	223,966	77,375	84,040	60,583	1,968		
AF 183	Salaries & Wages Accounts 569-573	SALWAGTM	57,860	19,989	21,711	15,651	508		
AF 184									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF 185	ALLOCATION FACTOR TABLE CONTINUED								
AF 186	<u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u>								
AF 187	Distribution Expense								
AF 188	Account 580	OX_580	762,045	365,028	254,026	135,178	7,812		
AF 189	Account 581	OX_581	225,430	85,821	86,382	48,163	5,065		
AF 190	Account 582	OX_582	370,464	127,986	139,011	100,211	3,255		
AF 191	Account 583	OX_583	430,270	152,875	166,043	107,463	3,888		
AF 192	Account 584	OX_584	303,277	112,510	122,202	65,703	2,862		
AF 193	Account 585	OX_585	85	0	0	0	85		
AF 194	Account 586	OX_586	830,061	595,027	185,799	47,770	1,465		
AF 195	Account 587	OX_587	27,539	19,742	6,164	1,585	49		
AF 196	Account 588	OX_588	452,835	172,393	173,521	96,747	10,174		
AF 197	Account 589	OX_589	18,122	6,899	6,944	3,872	407		
AF 198	Account 590	MX_590	1,481	517	543	346	75		
AF 199	Account 592	MX_592	300,159	103,698	112,630	81,194	2,638		
AF 200	Account 593	MX_593	2,436,767	865,784	940,362	608,599	22,022		
AF 201	Account 594	MX_594	188,948	70,096	76,134	40,934	1,783		
AF 202	Account 595	MX_595	36,894	14,702	15,968	5,849	374		
AF 203	Account 596	MX_596	134,130	0	0	0	134,130		
AF 204	Account 597	MX_597	71,733	51,422	16,057	4,128	127		
AF 205	Account 598	MX_598	20,337	7,742	7,793	4,345	457		
AF 206	O&M Accounts 581-589	OX_DIST	2,658,084	1,273,253	886,067	471,514	27,250		
AF 207	O&M Accounts 591-598	MX_DIST	3,188,868	1,113,444	1,168,945	745,050	161,530		
AF 208	Salaries & Wages Accounts 581-589	SALWAGDO	1,673,225	801,494	557,766	296,811	17,153		
AF 209	Salaries & Wages Accounts 591-598	SALWAGDM	753,369	263,042	276,154	176,012	38,160		
AF 210									
AF 211	Account 902	OX_902	58,382	47,383	10,723	140	137		
AF 212	Account 903	OX_903	1,587,900	1,279,084	289,462	3,795	15,558		
AF 213	Account 904	OX_904	385,993	350,728	29,717	1,179	4,369		
AF 214	O&M Accounts 902-905	OX_CA	2,825,443	2,316,108	474,491	7,009	27,836		
AF 215	Salaries & Wages Accounts 902-905	SALWAGCA	905,521	742,285	152,069	2,246	8,921		
AF 216									
AF 217	Account 908	OX_908	1,006,374	810,654	183,454	2,405	9,861		
AF 218	Account 909	OX_909	5,073	4,087	925	12	50		
AF 219	Account 910	OX_910	56,057	45,155	10,219	134	549		
AF 220	O&M Accounts 908-910	OX_CS	1,067,504	859,895	194,598	2,551	10,459		
AF 221	Salaries & Wages Accounts 908-910	SALWAGCS	581,201	468,169	105,949	1,389	5,695		
AF 222									
AF 223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	10,314,670	4,484,011	3,414,016	2,289,611	127,031		
AF 224	Total Salaries and Wages Expense	SALWAGES	10,248,219	4,455,123	3,392,022	2,274,861	126,213		
AF 225									
AF 226									
AF 227									
AF 228									
AF 229									
AF 230									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AF 231	<b>REVENUES AND BILLING DETERMINANTS</b>								
AF 232									
AF 233	Base Rate Sales Revenue	SALESREV	105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
AF 234	Other Sales Revenue	SREVOTH	1,313,289	0	1,313,289	0	0		
AF 235	Residential Regular Sales Revenue	SREVRESR	31,063,446	31,063,446	0	0	0		
AF 236	Residential Total Electric Sales Revenue	SREVRESE	5,955,950	5,955,950	0	0	0		
AF 237	Residential Total Electric Demand Sales Rev	SREVRESD	5,062,877	5,062,877	0	0	0		
AF 238	GS Regular Sales Revenue	SREVSGSR	30,333,842	0	30,333,842	0	0		
AF 239	GS Total Electric Sales Revenue	SREVSGSE	2,903,762	0	2,903,762	0	0		
AF 240	GS Total Other Sales Revenue	SREVSGSO	1,844,895	0	1,844,895	0	0		
AF 241	GSL Secondary	SREVGSLS	14,660,828	0	0	14,660,828	0		
AF 242	GSL Primary	SREVGSPL	3,671,060	0	0	3,671,060	0		
AF 243	GSL Other	SREVGSLO	945,679	0	0	945,679	0		
AF 244	Traffic Signals & Flashers	SREVTSF	54,390	0	0	0	54,390		
AF 245	Private Area Lighting Leased	SREVPAL	480,413	0	0	0	480,413		
AF 246	Street Lighting Leased	SREVSL	674,512	0	0	0	674,512		
AF 247	Street Lighting Energy & Maint Cust Owned	SREVSLEM	282,977	0	0	0	282,977		
AF 248	Street Lighting Non-Metered Services/Rentals	SREVSLSR	57,079	0	0	0	57,079		
AF 249						0			
AF 250	Claimed Rate Sales Revenue	CLAIMREV	119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
AF 251									
AF 252	<b>PRESENT REVENUES FROM SALES INPUT</b>								
AF 253									
AF 254	Total Sales of Electricity Revenues		105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
AF 255									
AF 256	Sales of Electricity Revenues		105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
AF 257									
AF 258									
AF 259									
AF 260	<b>BILLING DETERMINATE INPUTS</b>								
AF 261	Number of Customer Bills	SCH AF, LN 87	780,153	628,429	142,216	1,864	7,644		
AF 262	Annual kWh Sales @ Meter	SCH AF, LN 52	1,451,286,926	494,712,860	417,920,275	524,670,360	13,983,431		
AF 263	Annual kW - Billed		3,320,546	417,090	1,570,707	1,332,749	0		
AF 264									
AF 265									
AF 266	<b>RATE OF RETURN</b>								
AF 267	Rate of Return (Equalized)	SCH AF, LN 267	8.54%	8.54%	8.54%	8.54%	8.54%		
AF 268									
AF 269									
AF 270	<b>PROPOSED REVENUES FROM SALES INPUT</b>								
AF 271	Annual kWh Sales - Proposed	SCH AF, LN 262	1,451,286,926	494,712,860	417,920,275	524,670,360	13,983,431		
AF 272	Sales of Electricity Revenues - Proposed Total		119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
AF 273	Sales of Electricity Revenues - Proposed		119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
AF 274	Credit		0	0	0	0	0		
AF 275	Credit	DPROD	0	0	0	0	0		
AF 276									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
AP 1	ALLOCATION PROPORTIONS TABLE								
AP 2	<u>DEMAND</u>								
AP 3									
AP 4	<u>DEMAND - PRODUCTION RELATED</u>								
AP 5	Demand Production (A&E)	DPROD	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP 6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP 6			0.00000	0.00000	0.00000	0.00000	0.00000		
AP 9	<u>DEMAND - TRANSMISSION RELATED</u>								
AP 10	Demand Transmission (Calculated Maximum Demand)	DTRAN	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 11									
AP 12									
AP 13									
AP 15									
AP 16									
AP 17									
AP 18									
AP 19									
AP 20	<u>DEMAND - DISTRIBUTION RELATED (Calculated Maximum)</u>								
AP 21	Demand Distribution Primary Substation	DDISPSUB	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 22	Demand Distribution Primary Overhead Lines	DDISTPOL	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 23	Demand Distribution Primary Underground Lines	DDISTPUL	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 24									
AP 25	Demand Distribution Secondary Overhead Lines	DDISTSOL	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 26	Demand Distribution Secondary Underground Lines	DDISTSUL	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 27	Demand Distribution Overhead Line Transformers	DDISTSOT	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 29									
AP 30									
AP 31									
AP 32									
AP 33									
AP 34									
AP 35									
AP 36									
AP 37									
AP 38									
AP 39									
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AP 43									
AP 44									
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AP 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 47	ALLOCATION PROPORTIONS TABLE CONTINUED								
AP 48									
AP 49	<b>ENERGY</b>								
AP 50	Energy @ Generation with losses (kWh)	ENEFUEL	1.00000	0.34282	0.28960	0.35789	0.00969		
AP 51	Energy @ Generation with losses( kWh)	ENERGY1	1.00000	0.34282	0.28960	0.35789	0.00969		
AP 52	Energy @ Meter (kWh Sales)	ENERGY2	1.00000	0.34088	0.28797	0.36152	0.00964		
AP 53									
AP 54									
AP 55									
AP 56									
AP 57									
AP 58									
AP 59									
AP 60									
AP 61	<b>CUSTOMER</b>								
AP 62									
AP 63	Customer Dist. Primary Substation	CDISPSUB	1.00000	0.80553	0.18230	0.00237	0.00980		
AP 64	Customer Dist. Primary Overhead Lines	CDISTPOL	1.00000	0.81350	0.18410	0.00240	0.00000		
AP 65	Customer Dist. Primary Underground Lines	CDISTPUL	1.00000	0.81350	0.18410	0.00240	0.00000		
AP 66									
AP 67									
AP 68									
AP 69									
AP 70									
AP 71									
AP 72	369-Services	CSERVICE	1.00000	0.54317	0.36716	0.08967	0.00000		
AP 73	370-Meters	CMETERS	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 74									
AP 75	902-Meter Reading	CMETRDG	1.00000	0.81160	0.18367	0.00239	0.00234		
AP 76	903-Customer Records and Collections	CUSTREC	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 77	905-Miscellaneous Customer Accounts	CUSTCAM	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 78	908-Customer Assistance	CUSTASST	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 79	909-Advertisement	CUSTADVT	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 80	910-Miscellaneous Customer Service	CUSTCSM	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 81									
AP 82			0.00000	0.00000	0.00000	0.00000	0.00000		
AP 83									
AP 84	371-Installation on Customer Premises	CUSTPREM	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 85	373-Street Lighting & Signal Systems	CLIGHT	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 86									
AP 87	Number of Bills	CUSTBILLS	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 88	Number of Customers	CUST	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 89									
AP 90									
AP 91									
AP 92									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

Schedule O-1  
Cost of Service Study  
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SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 93	ALLOCATION PROPORTIONS TABLE CONTINUED								
AP 94	<u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u>								
AP 95									
AP 96	Plant								
AP 97	Prod, Trans, and Distr Plant in Service	PTDPLT	1.00000	0.35807	0.36991	0.25816	0.01387		
AP 98	Distribution Plant Excl Not Classified	DISTPLTXNC	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 99	Rate Base	RATEBASE	1.00000	0.36543	0.36551	0.25575	0.01331		
AP 100	Total Electric Plant In Service	TOTPLT	1.00000	0.36403	0.36681	0.25545	0.01372		
AP 101	Production Plant In Service	PRODPLT	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 102	Transmission Plant in Service	TRANPLT	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 103	Distribution Plant in Service	DISTPLT	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 104	Total Transmission and Distribution Plant	TDPLT	1.00000	0.38020	0.38308	0.21445	0.02227		
AP 105	General Plant in Service	GENLPLT	1.00000	0.43429	0.33120	0.22219	0.01232		
AP 106									
AP 107	Account 360	PLT_360	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 108	Account 361	PLT_361	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 109	Account 362	PLT_362	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 110	Account 364	PLT_364	1.00000	0.35656	0.38728	0.24709	0.00907		
AP 111	Account 365	PLT_365	1.00000	0.35324	0.38367	0.25410	0.00898		
AP 112	Account 366	PLT_366	1.00000	0.36702	0.39863	0.22501	0.00934		
AP 113	Account 367	PLT_367	1.00000	0.37135	0.40334	0.21587	0.00945		
AP 114	Account 368	PLT_368	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 115	Account 369	PLT_369	1.00000	0.54317	0.36716	0.08967	0.00000		
AP 116	Account 370	PLT_370	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 117	Account 371	PLT_371	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 118	Account 373	PLT_373	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 119	Distribution Overhead Plant in Service	OHDIST	1.00000	0.35530	0.38591	0.24976	0.00904		
AP 120	Distribution Underground Plant in Service	UGDIST	1.00000	0.37098	0.40294	0.21664	0.00944		
AP 121	Account 371&373	PLT_3713	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 122									
AP 123	Other Customer Class	DPLTOTH	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 124	Residential Regular Sales Revenue	DPLTRESR	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 125	Residential Electric Sales Revenue	DPLTRES	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 126	Residential Demand Sales Revenue	DPLTRESD	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 127	GS Regular Sales Revenue	DPLTGSR	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 128	GS Total Electric Sales Revenue	DPLTGSE	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 129	GSL Secondary	DPLTGSL	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 130	GSL Primary	DPLTGSLP	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 131									
AP 132									
AP 133									
AP 134	Total O&M less Fuel and Purchased Power	OMXFPP	1.00000	0.42055	0.33573	0.23105	0.01267		
AP 135	Supervised O&M Expense excluding CUS	OMXFPP							
AP 136									
AP 137									
AP 138									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
AP 139	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>								
AP 140	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>								
AP 141	<b>Production Expense</b>								
AP 142	Account 500	OX_500	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 143	Account 501	OX_501	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 144	Account 502	OX_502	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 145	Account 505	OX_505	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 146	Account 506	OX_506	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 147	Account 510	MX_510	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 148	Account 511	MX_511	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 149	Account 512	MX_512	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 150	Account 513	MX_513	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 151	Account 514	MX_514	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 152	Account 546	OX_546	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 153	Account 547	OX_547	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 154	Account 548	OX_547	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 155	Account 549	OX_549	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 156	Account 551	MX_551	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 157	Account 552	MX_552	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 158	Account 553	MX_553	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 159	Account 554	MX_554	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 160	Account 556	OX_556	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 161	Account 555	OX_555	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 162	Account 557	OX_557	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 163	O&M Expense Production Operation	OX_PROD	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 164	O&M Expense Production Maintenance	MX_PROD	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 165	Salaries and Wages Production Operation	SALWAGPO	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 166	Salaries and Wages Production Maintenance	SALWAGPM	1.00000	0.34507	0.36217	0.28383	0.00893		
AP 167	<b>Transmission Expense</b>								
AP 168	Account 560	OX_560	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 169	Account 561	OX_561	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 170	Account 562	OX_562	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 171	Account 563	OX_563	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 172	Account 565	OX_565	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 173	Account 566	OX_566	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 174	Account 567	OX_567	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 175	Account 568	MX_568	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 176	Account 569	MX_569	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 177	Account 570	MX_570	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 178	Account 571	MX_571	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 179	Account 573	MX_573	0.00000	0.00000	0.00000	0.00000	0.00000		
AP 180	O&M Accounts 561-567	OX_TRAN	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 181	O&M Accounts 569-573	MX_TRAN	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 182	Salaries & Wages Accounts 561-567	SALWAGTO	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 183	Salaries & Wages Accounts 569-573	SALWAGTM	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 184									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL SOUTH DAKOTA (c)	RESIDENTIAL SERVICE (d)	GENERAL SERVICE (e)	GS LARGE/ INDUSTRIAL CONTRACT (h)	LIGHTING SERVICE (i)	(j)	(f)
AP 185	ALLOCATION PROPORTIONS TABLE CONTINUED								
AP 186	<u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u>								
AP 187	Distribution Expense								
AP 188	Account 580	OX_580	1.00000	0.47901	0.33335	0.17739	0.01025		
AP 189	Account 581	OX_581	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 190	Account 582	OX_582	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 191	Account 583	OX_583	1.00000	0.35530	0.38591	0.24976	0.00904		
AP 192	Account 584	OX_584	1.00000	0.37098	0.40294	0.21664	0.00944		
AP 193	Account 585	OX_585	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 194	Account 586	OX_586	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 195	Account 587	OX_587	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 196	Account 588	OX_588	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 197	Account 589	OX_589	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 198	Account 590	MX_590	1.00000	0.34915	0.36656	0.23363	0.05065		
AP 199	Account 592	MX_592	1.00000	0.34548	0.37523	0.27050	0.00879		
AP 200	Account 593	MX_593	1.00000	0.35530	0.38591	0.24976	0.00904		
AP 201	Account 594	MX_594	1.00000	0.37098	0.40294	0.21664	0.00944		
AP 202	Account 595	MX_595	1.00000	0.39850	0.43282	0.15854	0.01014		
AP 203	Account 596	MX_596	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 204	Account 597	MX_597	1.00000	0.71685	0.22384	0.05755	0.00176		
AP 205	Account 598	MX_598	1.00000	0.38070	0.38319	0.21365	0.02247		
AP 206	O&M Accounts 581-589	OX_DIST	1.00000	0.47901	0.33335	0.17739	0.01025		
AP 207	O&M Accounts 591-598	MX_DIST	1.00000	0.34915	0.36656	0.23363	0.05065		
AP 208	Salaries & Wages Accounts 581-589	SALWAGDO	1.00000	0.47901	0.33335	0.17739	0.01025		
AP 209	Salaries & Wages Accounts 591-598	SALWAGDM	1.00000	0.34915	0.36656	0.23363	0.05065		
AP 210									
AP 211	Account 902	OX_902	1.00000	0.81160	0.18367	0.00239	0.00234		
AP 212	Account 903	OX_903	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 213	Account 904	OX_904	1.00000	0.90864	0.07699	0.00305	0.01132		
AP 214	O&M Accounts 902-905	OX_CA	1.00000	0.81973	0.16794	0.00248	0.00985		
AP 215	Salaries & Wages Accounts 902-905	SALWAGCA	1.00000	0.81973	0.16794	0.00248	0.00985		
AP 216									
AP 217	Account 908	OX_908	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 218	Account 909	OX_909	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 219	Account 910	OX_910	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 220	O&M Accounts 908-910	OX_CS	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 221	Salaries & Wages Accounts 908-910	SALWAGCS	1.00000	0.80552	0.18229	0.00239	0.00980		
AP 222									
AP 223	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	1.00000	0.43472	0.33099	0.22198	0.01232		
AP 224	Total Salaries and Wages Expense	SALWAGES	1.00000	0.43472	0.33099	0.22198	0.01232		
AP 225									
AP 226									
AP 227									
AP 228									
AP 229									
AP 230									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
AP 231	<b>REVENUES AND BILLING DETERMINANTS</b>								
AP 232									
AP 233	Base Rate Sales Revenue	SALESREV	1.00000	0.39938	0.34542	0.24050	0.01470		
AP 234	Other Sales Revenue	SREVOTH	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 235	Residential Regular Sales Revenue	SREVRESR	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 236	Residential Total Electric Sales Revenue	SREVRESE	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 237	Residential Total Electric Demand Sales Rev	SREVRESD	1.00000	1.00000	0.00000	0.00000	0.00000		
AP 238	GS Regular Sales Revenue	SREVSISR	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 239	GS Total Electric Sales Revenue	SREVSISSE	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 240	GS Total Other Sales Revenue	SREVSISGO	1.00000	0.00000	1.00000	0.00000	0.00000		
AP 241	GSL Secondary	SREVSISLS	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 242	GSL Primary	SREVSISLP	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 243	GSL Other	SREVSISLO	1.00000	0.00000	0.00000	1.00000	0.00000		
AP 244	Traffic Signals & Flashers	SREVSISF	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 245	Private Area Lighting Leased	SREVSISAL	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 246	Street Lighting Leased	SREVSISL	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 247	Street Lighting Energy & Maint Cust Owned	SREVSISLEM	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 248	Street Lighting Non-Metered Services/Rentals	SREVSISLSR	1.00000	0.00000	0.00000	0.00000	1.00000		
AP 249									
AP 250	Claimed Rate Sales Revenue	CLAIMREV	1.00000	0.39330	0.35090	0.24267	0.01313		
AP 251									
AP 252	<b>PRESENT REVENUES FROM SALES INPUT</b>								
AP 253									
AP 254	Total Sales of Electricity Revenues		1.00000	0.39938	0.34542	0.24050	0.01470		
AP 255									
AP 256	Sales of Electricity Revenues		1.00000	0.39938	0.34542	0.24050	0.01470		
AP 257									
AP 258									
AP 259									
AP 260									
AP 261									
AP 262									
AP 263									
AP 264									
AP 265									
AP 266									
AP 267									
AP 268									
AP 269									
AP 270									
AP 271									
AP 272									
AP 273									
AP 274									
AP 275									
AP 276									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)	(j)	(f)
ADA 1	<b>ALLOCATED DIRECT ASSIGNMENTS</b>								
ADA 2	<b>DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS</b>								
ADA 3									
ADA 4	<b>Write-Offs</b>								
ADA 5	Other Sales Revenue	SREVOTH	0	0	0	0	0		
ADA 6	Residential Regular Sales Revenue	SREVRESR	373,943	373,943	0	0	0		
ADA 7	Residential Total Electric Sales Revenue	SREVRESE	114,958	114,958	0	0	0		
ADA 8	Residential - Demand	SREVRESED	19,889	19,889	0	0	0		
ADA 9	GS Regular Sales Revenue	SREVSISR	37,973	0	37,973	0	0		
ADA 10	GS Total Electric Sales Revenue	SREVSISSE	2,233	0	2,233	0	0		
ADA 11	GS Other	SREVSISOS	2,904	0	2,904	0	0		
ADA 12	GSL Secondary	SREVSISLS	1,710	0	0	1,710	0		
ADA 13	GSL Primary	SREVSISLP	0	0	0	0	0		
ADA 14	Private Area Lighting Leased	SREVPAL	5,891	0	0	0	5,891		
ADA 15	Street Lighting Leased	SREVSL	0	0	0	0	0		
ADA 16	Street Lighting Energy & Maint Cust Owned	SREVSLEM	0	0	0	0	0		
ADA 17	Street Lighting Non-Metered Services/Rentals	SREVSLSR	447	0	0	0	447		
ADA 18	Total Write-Offs	EXP_904	559,948	508,790	43,110	1,710	6,338		
ADA 19									
ADA 20	Total Write-Offs	EXP_904	1.00000	0.90864	0.076989	0.003054	0.01132		
ADA 21									
ADA 22	<b>Customer Advances for Construction</b>								
ADA 23	Other	DPLTOTH	19,597	0	19,597	0	0		
ADA 24	Residential Regular	DPLTRESR	706,872	706,872	0	0	0		
ADA 25	Residential Total Electric	DPLTRESE	100,158	100,158	0	0	0		
ADA 26	Residential Electric Demand	DPLTRESL	94,224	94,224	0	0	0		
ADA 27	GS Regular	DPLTGSR	496,828	0	496,828	0	0		
ADA 28	GS Total Electric	DPLTGSE	0	0	0	0	0		
ADA 29	GSL Secondary	DPLTGSL	0	0	0	0	0		
ADA 30	GSL Primary	DPLTGSLP	0	0	0	0	0		
ADA 31									
ADA 32	Customer Advances for Construction	CUSTADV	1,417,679	901,254	516,425	0	0		
ADA 33									
ADA 34	Customer Advances for Construction	CUSTADV	1.00000	0.63573	0.364275	0.000000	0.00000		
ADA 35									
ADA 36									
ADA 37									
ADA 38									
ADA 39									
ADA 40									
ADA 41									
ADA 42									
ADA 43									
ADA 44									
ADA 45									
ADA 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE



BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
ADA 1	ALLOCATED DIRECT ASSIGNMENTS								
ADA 2	DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS								
ADA 3									
ADA 4	DSM								
ADA 5	Other Sales Revenue	SREVOTH	18,999	0	18,999	0	0		
ADA 6	Residential Regular Sales Revenue	SREVRESR	295,316	295,316	0	0	0		
ADA 7	Residential Total Electric Sales Revenue	SREVRESE	73,370	73,370	0	0	0		
ADA 8	Residential - Demand	SREVRESD	76,555	76,555	0	0	0		
ADA 9	GS Regular Sales Revenue	SREVGSR	269,629	0	269,629	0	0		
ADA 10	GS Total Electric Sales Revenue	SREVGSE	31,892	0	31,892	0	0		
ADA 11	GS Other	SREVGSO	13,817	0	13,817	0	0		
ADA 12	GSL Secondary	SREVGSL	178,575	0	0	178,575	0		
ADA 13	GSL Primary	SREVGSLP	56,965	0	0	56,965	0		
ADA 14	Traffic Signals & Flashers	SREVTSF	527	0	0	0	527		
ADA 15	Private Area Lighting Leased	SREVPAL	3,178	0	0	0	3,178		
ADA 16	Street Lighting Leased	SREVSL	2,860	0	0	0	2,860		
ADA 17	Street Lighting Energy & Maint Cust Owned	SREVSLEM	4,621	0	0	0	4,621		
ADA 18	Street Lighting Non-Metered Services/Rentals	SREVSLSR	0	0	0	0	0		
ADA 19	Total DSM	SREVDSM	1,026,305	445,242	334,336	235,540	11,187		
ADA 20									
ADA 21	Total DSM	SREVDSM	1.00000	0.43383	0.325767	0.229503	0.01090		
ADA 22									
ADA 23									
ADA 24									
ADA 25									
ADA 26									
ADA 27									
ADA 28									
ADA 29									
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ADA 32									
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ADA 42									
ADA 43									
ADA 44									
ADA 45									
ADA 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

BLACK HILLS POWER, INC.  
ADJUSTED RETAIL ELECTRIC CLASS COST OF SERVICE STUDY  
FOR THE TEST YEAR ENDED JUNE 30, 2012

SCH LINE NO. NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	(j)	(f)
	(a)	(b)	(c)	(d)	(e)	(h)	(i)		
RRW 1	REVENUE REQUIREMENTS								
RRW 2									
RRW 3	PRESENT RATES								
RRW 4									
RRW 5	RATE BASE		438,289,043	160,164,825	160,199,058	112,091,333	5,833,827		
RRW 6	NET OPER INC (PRESENT RATES)		28,495,321	10,580,871	10,170,281	7,255,303	489,066		
RRW 7	RATE OF RETURN (PRES RATES)		6.50%	6.61%	6.35%	6.47%	8.38%		
RRW 8	RELATIVE RATE OF RETURN		1.00	1.02	0.98	1.00	1.29		
RRW 9	SALES REVENUE (PRE RATES)		105,368,260	42,082,273	36,395,788	25,340,827	1,549,371		
RRW 10	REVENUE PRES RATES \$/KWH		\$0.0726	\$0.0851	\$0.0871	\$0.0483	\$0.1108		
RRW 11	REVENUE REQUIRED - \$/MO/CUST		\$1,618.54	\$803.57	\$3,048.37	\$0.00	\$2,432.29		
RRW 12	SALES REV REQUIRED \$/KW		\$31.73	\$100.89	\$23.17	\$19.01	\$0.00		
RRW 13									
RRW 14	CLAIMED RATE OF RETURN								
RRW 15									
RRW 16	CLAIMED RATE OF RETURN		8.54%	8.54%	8.54%	8.54%	8.54%		
RRW 17	RETURN REQ FOR CLAIMED ROR		37,429,884	13,678,076	13,681,000	9,572,600	498,209		
RRW 18	SALES REVENUE REQ CLAIMED ROR		119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
RRW 19	REVENUE DEFICIENCY SALES REV		13,745,826	4,765,358	5,401,241	3,565,161	14,066		
RRW 20	PERCENT INCREASE REQUIRED		9.94%	8.94%	11.77%	9.57%	0.75%		
RRW 21	ANNUAL BOOKED KWH SALES		1,451,286,926	494,712,860	417,920,275	524,670,360	13,983,431		
RRW 22	SALES REV REQUIRED \$/KWH		\$0.0821	\$0.0947	\$0.1000	\$0.0551	\$0.1118		
RRW 23	REVENUE DEFICIENCY \$/KWH		\$0.0095	\$0.0096	\$0.0129	\$0.0068	\$0.0010		
RRW 24									
RRW 25	PROPOSED REVENUES								
RRW 26									
RRW 27	PROPOSED SALES REVENUES		119,114,085	46,847,631	41,797,029	28,905,989	1,563,437		
RRW 28	REVENUE DEFICIENCY SALES REV		13,745,826	4,765,358	5,401,241	3,565,161	14,066		
RRW 29	PERCENT INCREASE PROPOSED		9.94%	8.94%	11.77%	9.57%	0.75%		
RRW 30	PROPOSED RATE OF RETURN		8.54%	8.54%	8.54%	8.54%	8.54%		
RRW 31	RETURN REQ FOR PROPOSED REV		37,429,884	13,678,076	13,681,000	9,572,600	498,209		
RRW 32	ANNUAL BOOKED KWH SALES		1,451,286,926	494,712,860	417,920,275	524,670,360	13,983,431		
RRW 33	SALES REV REQUIRED \$/KWH		\$0.0821	\$0.0947	\$0.1000	\$0.0551	\$0.1118		
RRW 34	REVENUE DEFICIENCY \$/KWH		\$0.0095	\$0.0096	\$0.0129	\$0.0068	\$0.0010		
RRW 35									
RRW 36									
RRW 37									
RRW 38									
RRW 39									
RRW 40									
RRW 41									
RRW 42									
RRW 43									
RRW 44									
RRW 45									
RRW 46									

BHP COS 06-30-12 CUSTOMER CLASS - PRO FORMA COST OF SERVICE

## Section P

**20:10:13:100. Statement P – Energy Cost Adjustment Factors.** Statement P shall show the derivation of the cost adjustment factor as stated therein if the rate schedule or sales contract embodies a fuel clause or gas adjustment clause. If the fuel clause differs from the one prescribed by the commission, the statement shall show the derivation as proposed by the company and as prescribed by the commission.

**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 P page 1 is the Fuel and Purchase Power Adjustment.** This schedule is used to calculate the test year base unit cost by taking Steam Plant Fuel, Other Production Fuel, Purchase Power expenses, to include re-agent costs and dividing by the system energy sales.

**Statement P page 2 is the Transmission Adjustment.** This schedule is used to calculate the test year base unit cost for Transmission by taking the adjusted Transmission expenses and dividing by the total retail energy sales.

**BLACK HILLS POWER, INC.**  
**DERIVATION OF BASE UNIT COST - FUEL AND PURCHASE POWER ADJUSTMENT**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	Amount
1	Steam Plant Fuel Expense (Adjusted) - FERC Account 501	Stmt H Sum (Ln.3(a):Ln.7(p))	\$ 20,116,803
2			
3	Other Production Fuel Expense (Adjusted) - FERC Account 547	Stmt H Sum (Ln.27(a):(p))	1,403,757
4			
5	Purchase Power - Energy (Adjusted) - FERC Account 555	Stmt H Sum (Ln.45(a):(p))	14,132,051
6			
7	Plus: Reagent Costs- Lime, Lime Freight, Ammonia, Chemical		1,324,944
8			
9	<b>Base Cost for Fuel and Purchase Power Expense</b>	Sum (Ln.1:Ln.7)	<u><u>\$ 36,977,555</u></u>
10			
11	<u>kWh SALES</u>		
12			
13	System Energy Sales	WP-1 (Ln. 47(a) + Ln. 52(a)) * 1000	2,001,085,862
14			
15	<b>Base Unit Cost for Fuel and Purchase Power</b>	Ln.9 / Ln.13	<u><u>\$ 0.01848</u></u> /kWh
16			
17	<b>Base Unit Cost for Fuel and Purchase Power</b>	Approved Docket EL09-018	<u><u>\$ 0.01460</u></u> /kWh

18 Note: The Statement is for illustrated purposes only. The Company is not proposing a change to the base cost for the Fuel and Purchase  
19 Power Adjustment. The rate calculated on line 15 is used to calculate the removal of the Energy Cost Revenue on Statement I page 5,  
20 lines 7 and 9. The base unit cost approved in Docket EL09-018 is used to calculate the removal of the Energy Cost Revenue on Statement  
21 I page 5, line 1.  
22

**BLACK HILLS POWER, INC.**  
**DERIVATION OF BASE UNIT COST OF TRANSMISSION**  
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	Amount
1	Transmission Expense (Adjusted)- FERC Account 565	Stmt. H Sum (Ln.56(a):(p))	\$ 17,057,416
2			
3	<b>Base Cost for Transmission Expense</b>		<b>\$ 17,057,416</b>
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

kWh SALES

7	Retail Energy Sales	WP-1 Ln.47(a) * 1000	1,679,251,862
9	<b>Base Unit Cost for Transmission</b>	Ln.3 / Ln.7	<b>\$ 0.01016 /kWh</b>
11	<b>Base Unit Cost for Transmission</b>	Approved Docket EL09-018	<b>\$ 0.00810 /kWh</b>

Note: The Statement is for illustrated purposes only. The Company is not proposing a change to the base cost for the Transmission Cost Adjustment. The base unit cost approved in Docket EL09-018 is used to calculate the removal of the Energy Cost Revenue on Statement I page 5, line 1.

## Section Q

**20:10:13:101. Statement Q -- Description of Utility Operations.** Statement Q shall include a description of the utility's area and diversity of operations, including miles of lines and generating stations operated and a breakdown of sales between jurisdictional and nonjurisdictional. A concise statement of the last rate case of the filing public utility, whether or not it was concluded at the time of the filing of the current rate increase, shall also be included.

**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.**  
**DESCRIPTION OF UTILITY OPERATIONS**  
**For the Test Year Ended June 30, 2012**

Line No.	Policy Description
1	Black Hills Power, Inc. ("Black Hills Power") is an electric utility serving retail customers in
2	South Dakota, Wyoming, and Montana. Black Hills Power is incorporated in South Dakota
3	and began providing electric service in 1941. Black Hills Power is a wholly-owned subsidiary
4	of the publicly traded company, Black Hills Corporation.
5	
6	Black Hills Power is engaged in the generation, transmission, and distribution of electricity.
7	We serve approximately 68,000 retail electric customers in 34 communities in western South
8	Dakota, northeastern Wyoming and southeastern Montana.
9	
10	In addition to retail sales of electric energy, Black Hills Power sells wholesale power to
11	Montana Dakota Utilities for Sheridan, Wyoming and to the Municipal Energy Agency
12	of Nebraska. Black Hills Power also makes short-term wholesale power sales when
13	economically feasible.
14	
15	The electric system utilized by Black Hills Power consists of a common use transmission
16	system with approximately 570 miles of 230 kV transmission lines and a lower voltage
17	distribution system. Black Hills Power is interconnected with the Western Area Power
18	Administration Rocky Mountain Regions' west 230 kV bus at Stegall, Nebraska, and with
19	PacifiCorp at the Wyodak plant near Gillette, Wyoming. Black Hills Power is also
20	interconnected with Western Area Power Administration's Upper Great Plains Region, through
21	the Rapid City Converter Tie.
22	
23	Black Hills Power has generating facilities located at the Wyodak site near Gillette, Wyoming,
24	in Osage, Wyoming and in Rapid City, South Dakota. In addition to these generating plants,
25	Black Hills Power has a long-term purchase power agreement with PacifiCorp for 50 megawatts
26	of capacity and associated energy.
27	
28	The last South Dakota rate filing was submitted September 30, 2009 and an order issued by the
29	South Dakota Public Utilities Commission on August 11, 2010.

## **Section R**

**20:10:13:102. Statement R – Coal Supply Pricing.** If any of the preceding statements cover purchases or other transfers of equipment, fuels or gas, materials, or services from an affiliate that are not regulated for price, the applicant shall submit a detailed explanation, including a showing of the affiliate's rate of return on investment associated with the purchases and the prices of comparable equipment, materials, or services offered by unaffiliated suppliers.

**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 R - Part I**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company**  
**For the Pro Forma Test Year Ended June 30, 2012**

Line No.	Description	(1) Total Company	(2) Applicable Sales to BHP/CLFP
1	Gross Mining Plant (from Schedule B)	\$ 105,399,191	
2	Accumulated Provision for Depreciation, Depletion and Amortization -- Mining Plant (from Schedule B)	<u>59,251,590</u>	
3	Net Mining Plant (Line 1 less Line 2)	\$ 46,147,601	\$ 19,381,992 (a)
4	Blending Facility (from Schedule B)	7,430,785	
5	Accumulated Provision for Depreciation (from Schedule B)	<u>6,498,754</u>	
6	Net Blending Facility (Line 4 less Line 5)	932,031	446,163 (b)
7	Processing Plant (from Schedule B)	20,513,165	
8	Accumulated Provision for Depreciation (from Schedule B)	<u>11,775,300</u>	
9	Net Processing Plant (Line 7 less Line 8)	8,737,865	3,669,903 (c)
10	Mining Investment for BHP/CLFP Sales*	425,000	
11	Accumulated Provision for Depreciation*	<u>425,000</u>	
12	Net Investment for Sales to BHP/CLFP (Line 10 less Line 11)	<u>-</u>	<u>-</u>
13	Net Mining and Processing Plant (Sum Lines 3, 6, 9, 12)	55,817,497	23,498,058
14	Unamortized Stripping Costs*		- (a)
15	Materials, Supplies and Prepayments*	<u>5,549,859</u>	<u>2,330,941 (a)</u>
16	Total Utility Type Investment Base (Sum Lines 13, 14, 15)	<u>\$ 61,367,356</u>	<u>\$ 25,828,999</u>
17	(a) Percent Applicable to Mining (Part III, Line 6)		42.00%
18	(b) Percent Applicable to Blending Facility (Part III, Line 9)		47.87%
19	(c) Percent Applicable to Processing (Part III, Line 11)		42.00%
20	* from Input page		

**Statement R - Part II**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company**  
**For the Pro Forma Test Year Ended June 30, 2012**

Line No.	Description	(1) Total Company	(2) Applicable Sales to BHP Ownership & CLFP	(3) Adjusted
1	Receipts from Coal Sales*	\$ 61,405,632	\$ 27,730,564	\$ 27,730,596
2	<u>Operating Expenses:</u>			
3	Mining Expenses (from Schedule B)	24,413,711	10,253,759 (a)	10,253,759
4	Royalties*	7,675,704	3,466,320 (e)	3,466,320
4a	Royalty tax from prior year activity			
5	Production Tax*	2,919,409	1,318,395 (e)	1,318,395
5a	Production tax from prior year activity			
6	Severance Tax*	3,405,978	1,538,127 (e)	1,538,127
6a	Severance Tax from Prior Year activity			
7	Black Lung Tax*	1,940,983	876,541 (e)	876,541
7a	Black Lung tax from prior year activity			
8	Blending Facility Expenses (from Schedule B)	1,767,492	846,098 (b)	846,098
9	Processing Expenses (from Schedule B)	1,309,749	550,095 (c)	550,095
10	Depreciation and Depletion of Mining Plant (from Schedule B)	10,021,130	4,208,875 (a)	4,208,875
11	Depreciation -- Blending Facility (from Schedule B)	228,891	109,570 (b)	109,570
12	Depreciation -- Processing Plant (from Schedule B)	1,482,272	622,554 (c)	622,554
13	Depreciation -- Investment for BHP/CLFP Sale*	-	-	-
14	Federal Reclamation, FICA, and Unemployment*	1,903,662	799,538 (a)	799,538
14a	Fed Reclamation tax from prior year activity			
15	<u>Property Taxes:</u>			
	Mining	454,632	190,945 (a)	190,945
	Blending Facility	32,052	15,343 (b)	15,343
	Processing	88,482	37,162 (c)	37,162
	Investment for BHP/CLFP Sale	1,833	1,833	1,833
	Total Operating Expenses (before Taxes)	57,645,980	24,835,155	24,835,155
16	Federal Income Tax (from Part IV)	972,622	749,042 (d)	749,051
17	Total Operating Expenses	58,618,602	25,584,197	25,584,206
18	Net Mining Income	2,787,030	2,146,366	2,146,390
19	Other non-mining income (net)	1,656,318		
20	Less: Interest on Long-term Debt*	-		
21	Net Income	<u>\$ 4,443,348</u>		
22	Utility Type Investment Base Applicable to Sales to BHP/CLFP (from Part I)		25,828,999	25,828,999
23	Utility Type Rate of Return Related to Sales to BHP/CLFP		8.31%	8.31%
24	(a) Percent Applicable to Mining (Part III, Line 6)			42.00%
25	(b) Percent Applicable to Blending Facility (Part III, Line 9)			47.87%
26	(c) Percent Applicable to Processing (Part III, Line 11)			42.00%
27	(d) Amount Applicable to BHP/CLFP (Part IV, Line 11)		749,042	
28	(e) Coal taxes calculated based on applicable sales to those subsidiaries			
29	Note: An "*" designates the column 1 amount comes from the Input page			

**Statement R - Part III**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company**  
**For the Pro Forma Test Year Ended June 30, 2012**

Line No.	Description	Tons Sold
1	Total Coal Sold	4,648,854
2	Total Coal Sold - Wyodak Plant	<u>1,997,150</u>
3	Total Coal Sold - All Except Wyodak	2,651,704
4	Total Tons Sold - BHP Wyodak	399,430
5	Total Coal Sold - BHP Other/Wygen II/Wygen III	1,553,152
6	Percent Applicable to Mining ((Line 4+Line 5)/Line 1)	42.00%
7	Total Coal Sold by Blending Facility (BHP Other less NSII, Trucks, Wygen II & Wygen III)	1,008,672
8	Other Coal Sold by Blending Facility	1,098,552
9	Percent Applicable to Processing Blending Facility (Line 7/(Line 7+Line 8))	47.87%
10	Total Coal Sold - Train Load Out	0
11	Percent Applicable to Processing (Line 4+Line 5)/(Line 1-Line 10)	42.00%

Statement R - Part IV  
Wyodak Resources Development Corporation  
Computation of Utility Type Investment Base  
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company  
For the Pro Forma Test Year Ended June 30, 2012

Line No.	Description	Amount
1	Total Federal Income Tax Applicable to Mining Income (from Schedule A)	\$ 972,622
2	Income before Federal Income Tax:	
3	Net Income	2,787,029
4	Plus Federal Income Tax	<u>972,622</u>
5	Mining Income Before Federal Income Tax	3,759,651
6	Unadjusted Receipts from Coal Sales (from Part II)	27,730,564
7	Total Operating Expenses (from Part II)	<u>24,835,155</u>
9	Income before Federal Income Tax Applicable to BHP/CLFP	2,895,408
10	Federal Income Tax Rate (Line 4/Line 5)	<u>25.87%</u>
11	Federal Income Tax	<u>\$ 749,042</u>

**Statement R - Part V**  
**Wyodak Resources Development Corporation**  
**Computation of Utility Type Investment Base**  
**for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company**  
**For the Pro Forma Test Year Ended June 30, 2012**

Line No.	Return on Rate Base	Percentage
1	Utility A-rated Bonds	4.31%
2	Plus 400 Basis Points	<u>4.00%</u>
3	Return on Equity	<u>8.31%</u>

Statement R - Part VI  
Wyodak Resources Development Corporation  
Computation of Utility Type Investment Base  
for Total Sales to Black Hills Power and Cheyenne Light, Fuel and Power Company  
For the Pro Forma Test Year Ended June 30, 2012

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Price per Ton required to balance Affiliate Coal Adjustment to approximately	\$ 14.20
2	Coal Receipts from BHP/CLFP (from Input page)	\$ 27,730,564
3	Coal Receipts from BHP/CLFP as Adjusted (from Part II)	<u>\$ 27,730,596</u>
4	Difference in Coal Receipts BHP/CLFP/MDU (Line 1 - Line 2)	(32)
5	Annual Retail Energy Sales in South Dakota - MWH	1
6	Annual Total Energy Sales - MWH	1
7	Percent Applicable to South Dakota (Line 4/Line 5)	100.00%
8	Affiliate Coal Adjustment (Line 3 x Line 6)	<u>\$ (32)</u>