

BLACK HILLS POWER
ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

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BLACK HILLS POWER
COST RECOVERY RATE - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Description	Reference	South Dakota Forecast
1			
2	Environmental Improvement Annual Revenue Requirement (April 1, 2011 through March 31, 2012)	Schedule 4-2 line 2	\$ 2,994,942
3			
4	Year 2 Adjustment - 2011 Assessed Filing Fee	Schedule 4-1.2 line 5a	(24,253)
5	Year 2 Adjustments - Updated Tax Depreciation Rate, Accumulated Depreciation, and Cost of Debt/Capital Structure	Calculation	(32,013)
6			
7	Year 2 Revenue Requirement	line 2 - line 4 - line 5	2,938,675
8			
9	Production Capacity Allocators by Customer Class		
10	Residential	Docket No. EL09-018	35.31%
11	Small General Service	Docket No. EL09-018	35.27%
12	Large General Service and Industrial	Docket No. EL09-018	28.53%
13	Lighting	Docket No. EL09-018	0.89%
14			
15	Revenue Requirement by Customer Class		
16	Residential	line 7 x line 10	\$ 1,037,646
17	Project Cost True Up Over Recovery	Schedule 4-1.3 line 19	(60,330)
18	Annual True Up Under Recovery	Schedule 4-1.2 line 14	26,979
19	Net Residential Revenue Requirement	line 16 + line 17 + line 18	\$ 1,004,295
20			
21	Small General Service	line 7 x line 11	\$ 1,036,471
22	Project Cost True Up Over Recovery	Schedule 4-1.3 line 20	(60,262)
23	Annual True Up Under Recovery	Schedule 4-1.2 line 30	14,742
24	Net Small General Service Revenue Requirement	line 21 + line 22 + line 23	\$ 990,952
25			
26	Large General Service and Industrial	line 7 x line 12	\$ 838,404
27	Project Cost True Up Over Recovery	Schedule 4-1.3 line 21	(48,746)
28	Annual True Up Under Recovery	Schedule 4-1.2 line 46	5,969
29	Net Large General Service and Industrial Revenue Requirement	line 26 + line 27 + line 28	\$ 795,627
30			
31	Lighting	line 7 x line 13	\$ 26,154
32	Project Cost True Up Over Recovery	Schedule 4-1.3 line 22	(1,521)
33	Annual True Up Under Recovery	Schedule 4-1.2 line 62	503
34	Net Large General Service and Industrial Revenue Requirement		\$ 25,137
35			
36	Forecasted South Dakota kWh sales (June 1, 2012 through May 31, 2013)		
37	Residential	BHP 2012 Budget	536,031,330
38	Small General Service	BHP 2012 Budget	441,204,590
39	Large General Service and Industrial	BHP 2012 Budget	520,878,636
40	Lighting	BHP 2012 Budget	10,049,094
41			
42	Environmental Improvement Adjustment Rate / kWh		
43	Residential	line 19 + line 37	\$ 0.0019
44	Small General Service	line 24 + line 38	\$ 0.0022
45	Large General Service and Industrial	line 29 + line 39	\$ 0.0015
46	Lighting	line 34 + line 40	\$ 0.0025
47			
48	Residential Monthly Bill Impact - (current rate - prior rate) x ave. monthly kWh usage	(line 43 - .0021) x 600 kWh	\$ (0.14)
49	Residential % Bill Impact	(line 48 + \$77.57)	-0.2%

BLACK HILLS POWER
COST RECOVERY - ANNUAL BALANCING ACCOUNT TRUE-UP
Placed in Service as of May 2, 2011

Line No.	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Actual Feb-12	Actual Mar-12	Forecasted Apr-12	Forecasted May-12	Forecasted Jun-12	Total
1 Residential														
2 Forecasted kWh	16,243,196	35,513,197	39,854,907	35,229,602	35,926,265	43,203,492	53,891,294	64,022,460	57,585,471	51,927,887	46,121,339	37,015,136	16,243,196	532,777,441
3 EIA Rate	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021	\$ 0.0021
4 Forecasted Recovery	\$ 33,357	\$ 72,929	\$ 81,845	\$ 72,347	\$ 73,778	\$ 88,722	\$ 110,670	\$ 131,476	\$ 118,257	\$ 106,638	\$ 94,714	\$ 76,014	\$ 34,111	\$ 1,060,748
5														
6 Actual Recovery	\$ 30,737	\$ 83,004	\$ 96,260	\$ 83,093	\$ 68,212	\$ 83,490	\$ 103,711	\$ 108,386	\$ 105,820	\$ 100,375	\$ 94,714	\$ 76,014	\$ 34,111	
7 Monthly Under(Over) Recovery	\$ 2,620	\$ (10,074)	\$ (14,415)	\$ (10,746)	\$ 5,566	\$ 5,233	\$ 6,959	\$ 23,090	\$ 12,437	\$ 6,264	\$ -	\$ -	\$ -	
8														
9 Interest:														
10 Days in Current Month	30	31	31	30	31	30	31	31	29	31	30	31	30	
11 Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
12 Monthly Interest	\$ 15	\$ (44)	\$ (130)	\$ (189)	\$ (163)	\$ (128)	\$ (92)	\$ 45	\$ 111	\$ 157	\$ 153	\$ 159	\$ 154	
13														
14 Balancing Account	\$ 2,635	\$ (7,484)	\$ (22,029)	\$ (32,963)	\$ (27,560)	\$ (22,456)	\$ (15,589)	\$ 7,546	\$ 20,093	\$ 26,514	\$ 26,666	\$ 26,825	\$ 26,979	
15														
16														
17 Commercial														
18 Forecasted kWh	16,137,743	35,872,568	40,695,846	35,919,954	33,274,049	32,566,632	34,440,244	38,511,328	36,544,110	35,031,792	33,359,315	30,769,773	16,137,743	403,123,354
19 EIA Rate	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026	\$ 0.0026
20 Forecasted Recovery	\$ 42,065	\$ 93,507	\$ 106,080	\$ 93,631	\$ 86,734	\$ 84,890	\$ 89,773	\$ 100,385	\$ 95,258	\$ 91,315	\$ 86,956	\$ 80,206	\$ 42,065	\$ 1,050,800
21														
22 Actual Recovery	\$ 31,711	\$ 97,087	\$ 110,887	\$ 101,510	\$ 85,889	\$ 82,825	\$ 90,052	\$ 89,126	\$ 90,100	\$ 90,187	\$ 86,956	\$ 80,206	\$ 42,065	
23 Monthly Under(Over) Recovery	\$ 10,355	\$ (3,580)	\$ (4,807)	\$ (7,879)	\$ 845	\$ 2,065	\$ (279)	\$ 11,259	\$ 5,157	\$ 1,129	\$ -	\$ -	\$ -	
24														
25 Interest:														
26 Days in Current Month	30	31	31	30	31	30	31	31	29	31	30	31	31	
27 Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
28 Monthly Interest	\$ 60	\$ 41	\$ 12	\$ (33)	\$ (30)	\$ (17)	\$ (19)	\$ 48	\$ 73	\$ 86	\$ 83	\$ 87	\$ 87	
29														
30 Balancing Account	\$ 10,414	\$ 6,875	\$ 2,081	\$ (5,832)	\$ (5,017)	\$ (2,969)	\$ (3,267)	\$ 8,040	\$ 13,271	\$ 14,485	\$ 14,569	\$ 14,655	\$ 14,742	
31														
32														
33 Industrial														
34 Forecasted kWh for Recovery	12,737,358	25,278,897	27,735,658	27,026,105	24,153,083	21,910,296	26,757,116	25,030,728	23,345,569	22,989,191	24,028,068	20,569,920	12,737,358	294,299,346
35 EIA Rate	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018	\$ 0.0018
36 Forecasted Recovery	\$ 23,354	\$ 46,348	\$ 50,852	\$ 49,551	\$ 44,284	\$ 40,172	\$ 49,058	\$ 45,893	\$ 42,803	\$ 42,150	\$ 44,055	\$ 37,714	\$ 23,354	\$ 539,588
37														
38 Actual Recovery	\$ 15,714	\$ 46,075	\$ 54,926	\$ 46,612	\$ 47,817	\$ 41,813	\$ 45,199	\$ 46,558	\$ 40,511	\$ 43,705	\$ 44,055	\$ 37,714	\$ 23,354	
39 Monthly Under(Over) Recovery	\$ 7,640	\$ 273	\$ (4,073)	\$ 2,940	\$ (3,533)	\$ (1,641)	\$ 3,859	\$ (665)	\$ 2,292	\$ (1,555)	\$ -	\$ -	\$ -	
40														
41 Interest:														
42 Days in Current Month	30	31	31	31	31	31	31	31	31	31	31	31	31	
43 Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
44 Monthly Interest	\$ 44	\$ 47	\$ 23	\$ 41	\$ 20	\$ 11	\$ 34	\$ 30	\$ 44	\$ 35	\$ 35	\$ 35	\$ 35	
45														
46 Balancing Account	\$ 7,683	\$ 8,004	\$ 3,954	\$ 6,934	\$ 3,421	\$ 1,790	\$ 5,683	\$ 5,048	\$ 7,384	\$ 5,864	\$ 5,898	\$ 5,933	\$ 5,969	
47														
48														
49 Lighting														
50 Forecasted kWh	304,362	661,696	754,621	819,500	820,092	1,040,590	1,037,221	1,041,927	897,813	941,873	812,690	687,561	304,362	9,819,946
51 EIA Rate	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027	\$ 0.0027
52 Forecasted Recovery	\$ 822	\$ 1,787	\$ 2,038	\$ 2,214	\$ 2,215	\$ 2,811	\$ 2,802	\$ 2,814	\$ 2,425	\$ 2,544	\$ 2,195	\$ 1,857	\$ 822	\$ 27,347
53														
54 Actual Recovery	\$ 470	\$ 1,786	\$ 2,008	\$ 2,158	\$ 2,426	\$ 2,574	\$ 2,928	\$ 2,837	\$ 2,483	\$ 2,331	\$ 2,195	\$ 1,857	\$ 822	
55 Monthly Under(Over) Recovery	\$ 353	\$ 2	\$ 30	\$ 56	\$ (211)	\$ 236	\$ (126)	\$ (22)	\$ (58)	\$ 213	\$ -	\$ -	\$ -	
56														
57 Interest:														
58 Days in Current Month	30	31	31	31	31	31	31	31	31	31	31	31	31	
59 Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
60 Monthly Interest	\$ 2	\$ 2	\$ 2	\$ 3	\$ 1	\$ 3	\$ 2	\$ 2	\$ 2	\$ 3	\$ 3	\$ 3	\$ 3	
61														
62 Balancing Account	\$ 355	\$ 358	\$ 391	\$ 449	\$ 240	\$ 479	\$ 355	\$ 335	\$ 278	\$ 494	\$ 497	\$ 500	\$ 503	

BLACK HILLS POWER
COST RECOVERY - PROJECT COST TRUE-UP
Placed in Service as of May 2, 2011

Line No.	Description	Reference	South Dakota Only
1			
2	Calculated Revenue Requirement - Actual Project Costs	Schedule 4-2, line 2	2,994,942
3			
4	First year in-service date depreciation expense adjustment - (April 1, 2011 to May 2, 2011)	Schedule 4-4 line 6 / 365 days * 32 days	(67,232)
5			
6	Year 1 Revenue Requirement Recovery	line 2 + line 4	2,927,710
7			
8	Authorized Revenue Requirement	Docket No. El 11-001	\$ 3,098,568
9			
10	Project cost - Revenue Requirement True-up Under / (Over) Recovery	line 6 - line 8	(170,858)
11			
12	Production Capacity Allocators by Customer Class		
13	Residential	Docket No. EL09-018	35.31%
14	Small General Service	Docket No. EL09-018	35.27%
15	Large General Service and Industrial	Docket No. EL09-018	28.53%
16	Lighting	Docket No. EL09-018	0.89%
17			
18	Project Cost Over Recovery True-up by Customer Class		
19	Residential	Line 10 x Line 13	(60,330)
20	Small General Service	Line 10 x Line 14	(60,262)
21	Large General Service and Industrial	Line 10 x Line 15	(48,746)
22	Lighting	Line 10 x Line 16	(1,521)
23			\$ (170,858)

BLACK HILLS POWER
COST OF SERVICE - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Description	Reference	South Dakota Only
1	Operating Revenue Required		
2	Environmental Improvement Revenue - Year 1		\$ 2,994,942
3			
4	Operating Expenses		
5	Depreciation	Schedule 4-4, line 6	766,863
5a	Assessed Filing Fee (EL11-001 Order 3-14-2011)	Company Records	24,253
6	Property Taxes	Schedule 4-4, line 23	189,042
7	Total Operating Expenses	line 5 + line 5a + line 6	<u>980,158</u>
8			
9	Operating Income Before Tax	(line 2 - line 7)	2,014,784
10			
11	Federal Income Tax	Schedule 4-4, line 17	505,083
12			
13	Return (Operating Income)	Schedule 4-4, line 14 or (line 9 - line 11)	<u>\$ 1,509,700</u>
14			
15	Rate of Return		<u>8.16%</u>
16			
17	Rate Base		
18	Plant in Service	Schedule 4-3, line 5	25,225,746
19	Less: Accumulated Depreciation	Schedule 4-3, line 8	383,431
20	Less: Accumulated Deferred Income Taxes	Schedule 4-3, line 22	(181,927)
21	Less: Accumulated Deferred Adjustment	Schedule 4-3, line 25	6,523,016
22			
23	Total Rate Base	(line 18 - line 19 - line 20 - line 21)	<u>\$ 18,501,226</u>

BLACK HILLS POWER
RATE BASE - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Description	Reference	Plant in Service for Rate Base	(Schedule 4-4) South Dakota Allocation	South Dakota Plant in Service for Rate Base
1	Property, Plant, and Equipment				
2	SO2 and PM Emission Control Upgrade	Schedule 4-6 line 36	\$ 25,007,134	91.53%	\$ 22,889,060
3	NOX Clean Air Initiative	Schedule 4-6 line 71	2,552,915	91.53%	2,336,686
4					
5	Total Plant in Service - Environmental Improvements		<u>\$ 27,560,049</u>		<u>25,225,746</u>
6					
7					
8	Book Depreciation Reserve	Schedule 4-4 line 6 x 50%			<u>383,431</u>
9					
10					
11	Accumulated Deferred Taxes				
12	Environmental Improvements - Plant in Service - South Dakota	line 5			25,225,746
13	Less: Bonus Depreciation	Schedule 4-5 line 29			<u>18,637,187</u>
14					6,588,558
15					
16	MACRS Table - Depreciation Rate (20 year life)				3.750%
17					
18	South Dakota Tax Depreciation	line 14 x line 16			247,071
19	South Dakota Book Depreciation	Schedule 4-4 line 6			<u>766,863</u>
20	Timing Difference	line 18 - line 19			(519,792)
21					
22	South Dakota Deferred Tax	line 20 x 35%			<u>(181,927)</u>
23					
24					
25	Accumulated Deferred Taxes Adjustment	Schedule 4-5 line 33			<u>6,523,016</u>
26					
27					
28	South Dakota Rate Base	(line 5 - line 8 - line 22 - line 25)			<u>\$ 18,501,226</u>

BLACK HILLS POWER
OPERATING EXPENSES AND TAXES - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Description	Reference	South Dakota	
1				
2			South Dakota	Depreciation
3	Depreciation Expense		Plant in Service	Rate
4	SO2 and PM Emission Control Upgrade	Schedule 4-3 line 2	22,889,060	3.04%
5	NOX Clean Air Initiative	Schedule 4-3 line 3	2,336,686	3.04%
6	Depreciation Expense - South Dakota	line 4 + line 5		<u>766,863</u>
7				
8				
9	Federal Tax			
10	Rate Base - South Dakota	Schedule 4-3 line 28		18,501,226
11				
12	Interest Expense	calculated		571,688
13	Return on Equity	calculated		938,012
14	Return	line 12 + line 13		<u>1,509,700</u>
15				
16	Authorized Return - 8.16%			<u>8.16%</u>
17	Federal Tax Expense - South Dakota	((line 13 x line 27) - line 13)		<u>505,083</u>
18				
19				
20	Property Taxes			
21	SD Plant in Service - Environmental Improvements	Schedule 4-3 line 5		\$ 25,225,746
22	Effective Blended Tax Rate	Docket No. EL09-018		0.7494%
23	Property Tax - South Dakota	line 21 x line 22		<u>\$ 189,042</u>
24				
25				
26	Assumptions			
27	Tax Multiplier - Federal Tax Rate at 35% - tax multiplier	(1/(1-.35))		1.5385
28				
29	Allocation Factor		<u>Total</u>	<u>South Dakota</u>
30	Production Capacity (kW 1CP)	Docket No. EL09-018	332,000	303,880
31	Production Capacity (kW 1CP)	Docket No. EL09-018	100%	91.53%

BLACK HILLS POWER
ADJUSTMENT TO DEFERRED TAXES - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Description	Reference	Total BHP	South Dakota
1				
2	Project Expenses:			
3	2009 Actual - SO2 and PM Emission Control Upgrade	Schedule 4-6 line 2 through line 11	4,153,867	91.53% 3,802,039
4	2009 Actual - NOX Clean Air Initiative	Schedule 4-6 line 38 through line 46	41,929	91.53% 38,378
5	2010 Jan-Sept Actual - SO2 and PM Emission Control Upgrade	Schedule 4-6 line 12 through line 20	9,868,497	91.53% 9,032,647
6	2010 Jan-Sept Actual - NOX Clean Air Initiative	Schedule 4-6 line 47 through line 58	332,188	91.53% 304,052
7	2010 Oct-Dec Actual - SO2 and PM Emission Control Upgrade	Schedule 4-6 line 21 through line 23	3,128,905	91.53% 2,863,890
8	2010 Oct-Dec Actual - NOX Clean Air Initiative	Schedule 4-6 line 59 through line 61	154,249	91.53% 141,184
9	2011 Jan-Dec Actual - SO2 and PM Emission Control Upgrade	Schedule 4-6 line 24 through line 35	7,855,866	91.53% 7,190,483
10	2011 Jan-Dec Actual - NOX Clean Air Initiative	Schedule 4-6 line 59 through 70	2,024,548	91.53% 1,853,072
11	Total Capital Project Expense		<u>27,560,049</u>	<u>25,225,746</u>
12				
13	Expenses Eligible for 50% Bonus Depreciation:			
14	2009 Actual Project Capital Expenses	line 3 + line 4		3,840,417
15	2010 Actual Project Capital Expenditures January - September	line 5 + line 6		<u>9,336,700</u>
16		line 14 + line 15		<u>13,177,117</u>
17	50% Bonus Depreciation			<u>50.00%</u>
18				
19	50 % Tax Depreciation	line 16 x line 17		6,588,558
20				
21	Expenses Eligible for 100% Bonus Depreciation:			
22	2010 Actual Project Capital Expenditures October - December	line 7 + line 8		3,005,074
23	2011 Projected Capital Expenditures	line 9 + line 10		<u>9,043,555</u>
24		line 22 + line 23		<u>12,048,629</u>
25	100% Bonus Depreciation			<u>100%</u>
26				
27	100% Tax Depreciation	line 24 x line 25		12,048,629
28				
29	Total Tax Depreciation	line 19 + line 27		18,637,187
30				
31	Tax Rate			<u>35%</u>
32				
33	Deferred Tax	line 29 x line 31		<u>6,523,016</u>

BLACK HILLS POWER
MONTHLY 2009-2010 ACTUAL PROJECT COST DETAIL - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Source	BHP
1	Monthly Actual Project Costs - SO2 and PM Emission Control Upgrade	
2	March-09	17,545
3	April-09	3,796
4	May-09	1,198,582
5	June-09	(1,169,566)
6	July-09	1,451,483
7	August-09	890,004
8	September-09	(836,744)
9	October-09	1,678,100
10	November-09	372,493
11	December-09	548,173
12	January-10	392,547
13	February-10	1,120,842
14	March-10	642,464
15	April-10	969,987
16	May-10	1,097,566
17	June-10	1,927,501
18	July-10	1,121,746
19	August-10	892,377
20	September-10	1,703,466
21	October-10	1,235,101
22	November-10	949,650
23	December-10	944,154
24	January-11	961,367
25	February-11	1,972,454
26	March-11	1,483,735
27	April-11	2,711,405
28	May-11	366,312
29	June-11	102,409
30	July-11	210,209
31	August-11	(218,144)
32	September-11	213,409
33	October-11	108,908
34	November-11	(85,399)
35	December-11	29,201
36	Project Total	25,007,134

BLACK HILLS POWER
MONTHLY 2009-2010 ACTUAL PROJECT COST DETAIL - ENVIRONMENTAL IMPROVEMENTS
Placed in Service as of May 2, 2011

Line No.	Source	BHP
37	Monthly Actual Project Costs - NOX Clean Air Initiative	
38	April-09	12,194
39	May-09	(5,670)
40	June-09	31
41	July-09	14,843
42	August-09	7,917
43	September-09	6,242
44	October-09	10,810
45	November-09	26,649
46	December-09	(31,087)
47	January-10	56,797
48	February-10	3,997
49	March-10	20,212
50	April-10	41,965
51	May-10	(4,545)
52	June-10	1,269
53	July-10	9,935
54	August-10	267,718
55	September-10	(65,160)
56	October-10	60,749
57	November-10	72,204
58	December-10	21,296
59	January-11	327,818
60	February-11	547,342
61	March-11	455,934
62	April-11	550,326
63	May-11	255,249
64	June-11	(52,263)
65	July-11	79,846
66	August-11	(1,615)
67	September-11	4,542
68	October-11	3,552
69	November-11	(146,613)
70	December-11	430
71	Project Total	<u><u>2,552,915</u></u>