

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

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 September 30, 2013

Statement C
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| Line No. | Description | Reference | September 30, 2013 (Test Year) | As of September 30, 2012 |
|----------|-------------------------------------|---------------|-----------------------------------|-----------------------------|
| 1 | Balance at Beginning of Period | | \$ 251,729,060 | \$ 267,820,204 |
| 2 | Net Income | Stmt B Ln. 32 | 27,690,317 | 27,892,811 |
| 3 | Non-Cash Dividend to Parent Company | | (8,000,000) | (43,983,955) |
| 4 | Total Before Deductions | | <u>271,419,377</u> | <u>251,729,060</u> |
| 5 | | | | |
| 6 | Dividends Paid/Declared and Other | | | |
| 7 | Preferred Dividends | | - | - |
| 8 | Acquired Related Company Equity | | - | - |
| 9 | Common Stock Dividends | | - | - |
| 10 | | | <u>-</u> | <u>-</u> |
| 11 | | | | |
| 12 | Balance at End of Period | Ln.4 + Ln.10 | <u>\$ 271,419,377</u> | <u>\$ 251,729,060</u> |

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14 Note: The September 2013 FERC Form 3Q, Quarterly Financial Report including footnotes, was filed with the
15 Federal Energy Regulatory Commission and is the most recently filed financial statement prescribed in the
16 FERC's uniform system of accounts. Black Hills Power 10Q as of September 30, 2013, prepared on a
17 Generally Accepted Accounting Principle basis, was filed with the Securities and Exchange Commission in
18 November 2013. Both filings are publicly available.