

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

## 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](#).

**BLACK HILLS POWER, INC.**  
**DEPRECIATION AND AMORTIZATION METHOD**  
**For the Test Year Ended September 30, 2013**

Line No.	Policy Description
1	The Company's depreciation expense rates are based on a depreciation study
2	completed by Gannett Fleming of Harrisburg, Pennsylvania, in November 2013.
3	The study was performed in accordance with standard industry practice. The
4	study was completed using Company data through December 31, 2012. Specific
5	depreciation expense rates are calculated for each FERC property account and are
6	applied to a twelve month average of the property account investments to calculate
7	annual depreciation expense. See Statement J for calculation of depreciation expense
8	for the test year based on the new rates developed by Gannett Fleming.