

Docket No. EL14-026  
 Black Hills Power, Inc.  
 South Dakota Retail Revenue Requirement  
 Summary of BHII Recommendations  
 Compared to Company's Filing and Proposed Settlement With Staff  
 (\$ Millions)

	BHII Recommend Compared to Company Filing	Proposed Settlement	BHII Recommend Compared to Proposed Settlement
Black Hill Power Company Requested Rate Increase	14.634	14.634	
<b>Adjustments</b>			
<b>Rate Base</b>			
Remove Company's Double Count of Spare Parts for CPGS	(0.132)	(0.132)	-
Remove NOL ADIT	(1.414)	(0.026)	(1.388)
Adjust Retired Steam Plants Regulatory Asset - NBV	0.043		0.043
Reduce or Remove Retired Steam Plants Regulatory Asset - Def Decom	(0.894)	0.388	(1.282)
Extend Storm Damage Amortization to Ten Years and Subtract ADIT	(0.102)	(0.179)	0.077
Remove Regulatory Asset - 69kV LIDAR Surveying Project	(0.057)	(0.046)	(0.011)
Adjust Accumulated Depr. and ADIT Related to Restatement of Net Negative Salvage	0.019		0.019
Adjust Accumulated Depr. and ADIT Related to CPGS Life Span Extension	0.006		0.006
Adjust Rate Case Regulatory Asset		(0.036)	0.036
<b>Operating Income</b>			
Remove FutureTrack Workforce	(0.676)	(0.344)	(0.332)
Remove Employee Additions/Eliminations Identified on Schedule H-1 Line 5	(1.266)	(0.096)	(1.169)
Remove Additional Pension Plan Expense Based on 5 Year Average	(1.247)	(0.289)	(0.958)
Remove Incentive Compensation Tied to BHC Fin'l Performance	(1.554)	(0.666)	(0.888)
Remove Proforma Increased Affiliate Allocations from BHUH	(1.846)	0.241	(2.087)
Remove Settlement Adjustment to Increase Affiliate Allocations from BHSC		1.132	(1.132)
Extend Retired Steam Plants Amortization Expense	(0.582)	(0.576)	(0.006)
Reduce Amortization Expense on Atlas Storm Damage Regulatory Asset	(0.414)	(0.512)	0.098
Retired Steam Plants Decommissioning Amortization Expense	(1.956)	(1.064)	(0.892)
Remove 69kV LIDAR Surveying Project Amortization Expense	(0.130)	(0.066)	(0.064)
Extend CPGS Life Span (Depr Expense)	(0.338)	(0.314)	(0.024)
Correct Steam and Other Production Net Salvage (Depr Expense)	(1.132)		(1.132)
Remove Company's Double Count of Spare Parts for CPGS (Depr Expense)	(0.033)	(0.033)	-
Adjust Rate Case Regulatory Asset Amortization		(0.083)	0.083
Adjustment to Weather Normalization Revenue	(0.380)	(0.380)	-
Adjustment to Allocated Neil Simpson Rent Revenue and Expense	(0.219)	(0.219)	-
Adjustment to Neil Simpson Common Steam Allocation	(0.244)	(0.244)	-
Remove Settlement Error in Transmission Allocation		0.286	(0.286)
All Other Proposed Settlement Changes Combined		1.101	(1.101)
<b>Rate of Return</b>			
Reduce Cost of Debt to Reflect Lower Interest Rate on New Debt Issue	(0.885)	(0.925)	0.040
Reflect Proposed Settlement Capital Structure	(0.216)	(0.226)	0.010
Reduce Return on Equity - Proposed Settlement	(4.245)	(4.435)	0.191
Total Adjustments to Company's Request	<u>(19.893)</u>	<u>(7.743)</u>	
Net Rate Increase/(Reduction) Recommendation	<u>(5.258)</u>	<u>6.891</u>	
Total Differences Between BHII Recommendation and Proposed Settlement			<u>(12.149)</u>

