

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

Section H

Schedule H-17 – Neil Simpson Complex – Common Steam Allocation. This Schedule shows the calculation of costs related to Neil Simpson Complex Common Steam Facilities. Lines 1 – 9 show the total amount for the pro forma test year. Total costs are then allocated based on power plant capacity. The percent of capacity that is related to Black Hills Power is on line 27 and is multiplied by line 9 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 33, and is adjusted in Statement H, column (o).

BLACK HILLS POWER, INC.
Neil Simpson Complex - Common Steam Allocation
For the Pro Forma Test Year Ended September 30, 2013

Schedule H-17
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Line No.	Description	Reference	Total Cost
1	Costs Related to Neil Simpson Complex Common Steam Facilities		
2	Labor and Benefits		\$ 2,586,086
3	Materials		648,144
4	Outside Services		1,041,642
5	Travel		146,269
6	Common Utilities		225,000
7	Office Expenses		77,509
8	Other		38,764
9	Total Costs Related to Neil Simpson Complex Common Steam Facilities		<u>\$ 4,763,414</u>
10			
11	Gillette Complex Steam Power Plant Capacity - Black Hills Power (MW)		
12	Neil Simpson II		91.00
13	Wygen III 52%		57.20
14	Total Steam Power Plant Capacity - Black Hills Power (MW)		<u>148.20</u>
15			
16	Gillette Complex Steam Power Plant Capacity - Cheyenne Light (MW)		
17	Wygen II		95.00
18	Total Power Plant Capacity - Cheyenne Light (MW)		<u>95.00</u>
19			
20	Gillette Complex Steam Power Plant Capacity - MDU, City of Gillette, and Other		
21	Wygen III 48%		52.80
22	Wygen I		85.00
23	Total Power Plant Capacity - MDU, City of Gillette, and Other (MW)		<u>137.80</u>
24			
25	Total Capacity to be Managed (Note 1)	Ln 14 + 18 + 23	381.00
26			
27	Black Hills Power Percent of Capacity	Ln 14 / Ln 25	38.90%
28	Cheyenne Light Percent of Capacity	Ln 18 / Ln 25	24.93%
29	MDU, City of Gillette, and Other Percent of Capacity	Ln 23 / Ln 25	36.17%
30			
31	Amount to be Charged to Black Hills Power	Ln 9 * Ln 27	\$ 1,852,968
32	Amount per Book - Black Hills Power		1,528,006
33	Adjustment - Black Hills Power	Ln 31 - Ln 32	<u>\$ 324,962</u>
34			
35	Note (1) Costs from the Neil Simpson Complex - Steam Common Facilities are allocated based on capacity.		
36			