

**EXHIBIT \_\_ (LK-2)**

**Docket No. EL14-026**  
**Black Hills Power, Inc.**  
**BHII Adjustment to Remove Double Count of Spare Parts for CPGS**  
**(\$ Millions)**

	<u>Total Company</u>	<u>South Dakota Retail %</u>	<u>South Dakota Retail</u>
Source: Statements E and J - Response to Staff 6-42			
Double Count of PIS to Remove \$2.220 million x 58% BHP Ownership %	(1.288)	89.831% PRODPLT	<u>(1.157)</u>
As Adjusted CPGS Average Depreciation Rate	2.88%	Based on 40 Year Life Span	
Reduce Depreciation Expense to Remove Double Count	<u>(0.037)</u>	89.831% PRODPLT	<u>(0.033)</u>
Accumulated Depreciation One Half of Depreciation Expense Reduction (See Statement E Note 3)	(0.019)		
Decrease Accumulated Depreciation for Expense Reduction The Effect Increases Rate Base	<u>0.019</u>	89.831% PRODPLT	<u>0.017</u>
Accumulated Deferred Income Taxes (See Schedule M-2) Book Depreciation Expense Reduction (100% of Expense Reduction x Tax Rate)	(0.037)		
Federal Income Tax Rate	<u>0.35</u>		
Increase ADIT for Expense Reduction The Effect Decreases Rate Base	<u>(0.013)</u>	89.831% PRODPLT	<u>(0.012)</u>

**Computation of Adjusted Depreciation Rate**

See BHII 15 Attach b for Computed Rates

	<u>Original Cost</u>	<u>Future Book Accruals</u>	<u>Rem Life at 35 Year Span</u>	<u>Rem Life at 40 Year Span</u>	<u>Annual Accrual</u>	<u>Rate</u>
Acct 341	7,028,693	7,309,841	33.75	38.57	189,521	2.70%
Acct 342	10,543,040	10,964,761	31.5	36	304,577	2.89%
Acct 344	38,657,812	40,204,125	31.61	36.13	1,112,763	2.88%
Acct 345	10,543,040	10,964,761	31.78	36.32	301,893	2.86%
Acct 346	<u>3,514,347</u>	3,654,920	27.37	31.28	<u>116,845</u>	<u>3.32%</u>
	<u>70,286,931</u>				<u>2,025,600</u>	<u>2.88%</u>