

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

Section M

Schedule M-1 – Other Rate Base Reductions. This schedule shows reductions to rate base, based on a twelve month average balance, by FERC account. The other rate base reduction amounts related specifically to the BHP CUS are on line 66. The total of these rate base reductions are on Statement M, Line 27.

BLACK HILLS POWER, INC.
OTHER RATE BASE REDUCTION
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Account	Description	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
			July 2013	August 2013	September 2013	[[Sum (a)-(m)]]/13 Average	Adj. to Per Books Pro Forma Tax Rtn True Up	(n) + (o) Adjusted Total	Pro Forma Adjustments	Final Adjusted Total
1	182316	Regulatory Asset - Pension	\$ 26,683,304	\$ 26,683,304	\$ 26,683,304	\$ 26,821,884	\$ -	\$ 26,821,884	\$ -	\$ 26,821,884
2	182385	Regulatory Asset - Retiree H.C.	1,170,431	1,170,431	1,170,431	776,952	-	776,952	-	776,952
3	182390	Regulatory Asset - AFUDC	8,456,800	8,456,800	8,414,275	8,473,874	-	8,473,874	-	8,473,874
4	182395	Regulatory Asset - Unit of Property	8,719,155	8,719,155	8,628,819	8,169,586	-	8,169,586	(8,169,586)	-
5		Total Regulatory Assets	45,029,691	45,029,691	44,896,830	44,242,296	-	44,242,296	(8,169,586)	36,072,710
6										
7	190175	DT1000 - Vacation	282,163	282,163	241,886	254,877	-	254,877	-	254,877
8	190175	DT1010 - Bad Debt Reserve	547,808	547,808	(78,596)	499,623	(626,404)	(126,781)	-	(126,781)
9	190175	DT1020 - EE Group Insurance	63,142	63,142	63,142	66,572	-	66,572	-	66,572
10	190175	DT1050 - Workers Comp	164,125	164,125	182,615	164,690	-	164,690	-	164,690
11	190175	DT1070 - Results Comp Plan	322,922	322,922	491,964	454,271	-	454,271	-	454,271
12	190175	DT4165 - NOL Carryforward	4,400,000	4,400,000	2,600,000	4,764,509	-	4,764,509	-	4,764,509
13	190520	DT2020 - Retiree Healthcare	3,054,869	3,054,869	2,739,145	3,064,586	(298,389)	2,766,197	-	2,766,197
14	190520	DT2025 - PEP Plan	483,527	483,527	487,899	488,796	-	488,796	-	488,796
15	190520	DT2065 - Pension (AOCI)	(1)	(1)	(1)	3,390,296	-	3,390,296	-	3,390,296
16	190520	DT2070 - PEP (AOCI)	344,024	344,024	338,214	328,930	-	328,930	-	328,930
17	190520	DT2085 - ITC	-	-	-	-	-	-	-	-
18	190520	DT2090 - FAS 109 ITC	-	-	-	-	-	-	-	-
19	190520	DT2092 - FAS 109	147,865	147,865	128,497	174,189	-	174,189	-	174,189
20	190520	DT3010 - Performance Plan	4,454	4,454	5,542	4,537	1,088	5,625	-	5,625
21	190520	DT3040 - Retiree Health (AOCI)	-	-	-	(73,360)	-	(73,360)	-	(73,360)
22	190520	DT3070 - Deferred Compensation	382,419	382,419	376,523	367,919	-	367,919	-	367,919
23	190520	DT3075 - Line Extension Deposit	(236,046)	(236,046)	(236,046)	(239,784)	10,001	(229,783)	-	(229,783)
24	190520	DT4120 - Reg Pension	14,367,933	14,367,933	14,367,933	11,052,256	-	11,052,256	-	11,052,256
25	190520	DT4125 - Reg Retiree Healthcare	(1,170,431)	(1,170,431)	(1,170,431)	(900,332)	-	(900,332)	-	(900,332)
26	190520	DT4135 - Insurance Reserve	-	-	-	-	-	-	-	-
27	190520	DT4165 - NOL Carryforward	3,031,821	3,031,821	3,888,782	6,473,000	2,714,614	9,187,614	-	9,187,614
28	190520	DT4170 - Power Plant Maintenance	123,227	123,227	161,241	73,516	-	73,516	-	73,516
29	190520	DT4285 - IRS Adjustment	-	-	-	291,679	-	291,679	-	291,679
30	190520	DT4415 - Alternative Fuel Vehicle Credit	-	-	16,782	1,291	-	1,291	-	1,291
31	190520	DT4430 - R&D Credit Carryover	965,352	965,352	1,012,894	682,578	-	682,578	-	682,578
32	190599	DT3020 - Deferred Tax State Income Tax	5,443	5,443	5,443	4,828	-	4,828	(4,828)	-
33		Total 190 Accounts	27,284,616	27,284,616	25,633,827	31,389,467	1,800,910	33,190,377	(4,828)	33,185,549
34										
35	252000	Customer Advances for Construction	(1,135,620)	(1,187,533)	(1,193,758)	(1,189,781)	(157,444)	(1,347,225)	-	(1,347,225)
36										
37	253011	Accrued Group Insurance Retiree LT	(6,507,035)	(6,535,560)	(6,560,133)	(6,792,668)	-	(6,792,668)	-	(6,792,668)
38	253100	Accrued PEP	(2,210,515)	(2,209,145)	(2,207,775)	(2,198,302)	-	(2,198,302)	-	(2,198,302)
39	253105	Accrued Pension	(15,637,450)	(15,863,226)	(16,089,003)	(16,620,547)	-	(16,620,547)	-	(16,620,547)
40	253110	Accrued Pension Supplement - SERP	(951,610)	(945,995)	(940,380)	(945,150)	-	(945,150)	-	(945,150)
41	254010	Regulatory Liability Power Plant Maint.	(388,280)	(424,484)	(460,688)	(243,464)	-	(243,464)	-	(243,464)
42	254015	Regulatory Liability Flowback Excess Def. Tax	(423,989)	(423,989)	(368,651)	(492,914)	-	(492,914)	-	(492,914)
43	254200	Regulatory Liability LT Pension Inc. Tax	(14,367,932)	(14,367,932)	(14,367,932)	(14,442,552)	-	(14,442,552)	-	(14,442,552)
44	254385	Regulatory Liability LT Retiree HC	(2,173,658)	(2,173,658)	(2,173,658)	(1,808,284)	-	(1,808,284)	-	(1,808,284)
45		Total Regulatory Liabilities	(42,660,469)	(42,943,990)	(43,168,221)	(43,543,881)	-	(43,543,881)	-	(43,543,881)
46										
47	282100/282998	DT4062 - Accelerated Depreciation	(159,304,233)	(159,304,233)	(161,337,806)	(156,802,173)	(678,162)	(157,480,335)	-	(157,480,335)
48	283005	DT4040 - Prepaid Expenses	(285,910)	(285,910)	(278,990)	(285,378)	6,920	(278,458)	-	(278,458)
49	283440	DT2015 - Pension Plan	(3,136,033)	(3,136,033)	(4,508,267)	(3,580,773)	(804,650)	(4,385,423)	-	(4,385,423)
50	283440	DT2093 - FAS 109 AFUDC	(2,959,880)	(2,959,880)	(2,944,996)	(2,965,856)	-	(2,965,856)	-	(2,965,856)
51	283440	DT3018 - Tax Effect on State NOL	(1,905)	(1,905)	(1,905)	(1,690)	-	(1,690)	1,690	-
52	283440	DT4065 - FAS 109 Equity AFUDC	(5,496,921)	(5,496,921)	(5,469,279)	(5,508,019)	-	(5,508,019)	-	(5,508,019)
53	283440	DT4070 - Required Bond Loss	(832,558)	(832,558)	(811,240)	(860,434)	-	(860,434)	-	(860,434)
54	283440	DT4275 - Unit of Property	(3,051,704)	(3,051,704)	(3,020,086)	(2,859,355)	(18,993)	(2,878,348)	2,878,348	-
55	283440	Total 282 and 283 Accounts	(175,069,144)	(175,069,144)	(178,372,571)	(172,863,678)	(1,494,885)	(174,358,563)	2,880,038	(171,478,525)
56										
57		Note (1) Existing Other Utility Plant - ADIT							(2,631,409)	(2,631,409)
58										
59		Total- Black Hills Power	\$ (146,550,926)	\$ (146,886,360)	\$ (152,203,893)	\$ (141,965,577)	\$ 148,581	\$ (141,816,996)	\$ (7,925,785)	\$ (149,742,781)
60										
61		Less: Transmission Other Rate Base Reductions								
62	282100/282998	Accelerated Depreciation				(20,781,266)	(89,878)	(20,871,144)	-	(20,871,144)
63	283005/283440	Accumulated Deferred Income Taxes				(2,551,288)	(129,732)	(2,681,020)	-	(2,681,020)
64	190520/190175/190599	Accumulated Deferred Income Taxes				4,755,257	272,824	5,028,081	-	5,028,081
65	182390/254015/254012	FAS 109 Adjustment (Gross Up on Excess DIT)				367,995	-	367,995	-	367,995
66		Subtotal				(18,209,302)	53,214	(18,156,088)	-	(18,156,088)
67		Total to be included in the Black Hills Power Rate Base				\$ (123,756,275)	\$ 95,367	\$ (123,660,908)	\$ (7,925,785)	\$ (131,586,693)