

BLACK HILLS POWER, INC.

SD PUC DOCKET: EL14-061

REQUEST DATE : August 21, 2014

RESPONSE DATE : September 17, 2014

REQUESTING PARTY: SDPUC Staff

SDPUC Request No. 19:

On page 31 of the application, the Applicant explains it will not be able to estimate tax revenues until the assessed value of the proposed ROW and improvements is determined. Please provide an estimate of when the assessed value will be available.

Response to SDPUC Request No. 19:

The Department of Revenue and Regulation assesses the property of all public utilities as of July 5 each year using a unit value methodology. This method assumes all operating assets are working together as an overall unit and results in one unit assessed value for Black Hills Power. Assuming an in-service date for the proposed ROW and improvements of December 31, 2015, the overall assessed unit value for Black Hills Power, as determined by the Property Tax Division of the South Dakota Department of Revenue, should be available by July 5, 2016. This assessed value will include all operating property owned by Black Hills Power as of January 1, 2016, including the proposed ROW and improvements.

If property tax revenues associated with the proposed project are estimated by calculating a 2 year average historical ratio of Black Hills Power's South Dakota property taxes to original cost of the property being assessed, a rough estimate of South Dakota property tax revenues is approximately \$140,000 per year beginning with tax year 2016.

Attachments: None