

Black Hills Power
Natural Gas Ownership Option

Line No		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
1	Capital Cost	127,500,000	122,900,893	116,293,661	110,110,366	104,306,384	98,846,014	93,698,020	88,697,288	83,696,555
2										
3	Other Rate Base Reduction (Fed Tax)	956,250	2,964,375	2,540,438	2,161,125	1,817,513	1,505,138	1,357,875	1,357,875	1,362,338
4	Rate Base Amount (line 1-3)	126,543,750	119,936,518	113,753,223	107,949,241	102,488,871	97,340,877	92,340,145	87,339,413	82,334,218
5										
6	Interest Expense	3,936,017	3,730,505	3,538,180	3,357,653	3,187,814	3,027,691	2,872,148	2,716,605	2,560,924
7	Return on Equity	6,909,289	6,548,534	6,210,926	5,894,029	5,595,892	5,314,812	5,041,772	4,768,732	4,495,448
8										
9	Annual O&M Amount	2,736,314	2,804,722	2,874,840	2,946,711	3,020,379	3,095,888	3,173,286	3,252,618	3,333,933
10										
11	Fuel Costs (Assume 1% annual increase)	18,133,200	18,314,532	18,497,677	18,682,654	18,869,481	19,058,175	19,248,757	19,441,245	19,635,657
12										
13	Depreciation Expense	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857
14										
15	Property Tax Expense	632,719	599,683	568,766	539,746	512,444	486,704	461,701	436,697	411,671
16										
17	Fed/State Income Tax Expense	3,720,652	3,526,385	3,344,584	3,173,934	3,013,388	2,862,026	2,714,994	2,567,962	2,420,799
18										
19	Total Revenue Req (lines 5 - 18)	39,711,048	39,167,219	38,677,831	38,237,585	37,842,255	37,488,154	37,155,514	36,826,716	36,501,289
20	Average Revenue Req	36,028,276								
21	Projected Output (MWh's)	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600
22										
23	Cost per MWh (Busbar)	\$ 75.55	\$ 74.52	\$ 73.59	\$ 72.75	\$ 72.00	\$ 71.32	\$ 70.69	\$ 70.07	\$ 69.45

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Line No		Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
1	Capital Cost	78,691,361	73,690,629	68,685,434	63,684,702	58,679,507	53,678,775	48,673,580	44,989,286	42,621,429	40,253,571
2											
3	Other Rate Base Reduction (Fed Tax)	1,357,875	1,362,338	1,357,875	1,362,338	1,357,875	1,362,338	41,438	(1,275,000)	(1,275,000)	(1,275,000)
4	Rate Base Amount (line 1-3)	77,333,486	72,328,291	67,327,559	62,322,364	57,321,632	52,316,437	48,632,143	46,264,286	43,896,429	41,528,571
5											
6	Interest Expense	2,405,381	2,249,699	2,094,156	1,938,475	1,782,932	1,627,250	1,512,654	1,439,004	1,365,355	1,291,705
7	Return on Equity	4,222,408	3,949,125	3,676,085	3,402,801	3,129,761	2,856,477	2,655,315	2,526,030	2,396,745	2,267,460
8											
9	Annual O&M Amount	3,417,281	3,502,713	3,590,281	3,680,038	3,772,039	3,866,340	3,962,999	4,062,074	4,163,626	4,267,716
10											
11	Fuel Costs (Assume 1% annual increase)	19,832,014	20,030,334	20,230,637	20,432,944	20,637,273	20,843,646	21,052,082	21,262,603	21,475,229	21,689,981
12											
13	Depreciation Expense	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857
14											
15	Property Tax Expense	386,667	361,641	336,638	311,612	286,608	261,582	243,161	231,321	219,482	207,643
16											
17	Fed/State Income Tax Expense	2,273,767	2,126,604	1,979,572	1,832,408	1,685,376	1,538,213	1,429,887	1,360,267	1,290,647	1,221,027
18											
19	Total Revenue Req (lines 5 - 18)	36,180,376	35,862,973	35,550,226	35,241,135	34,936,847	34,636,366	34,498,955	34,524,157	34,553,941	34,588,390
20	Average Revenue Req										
21	Projected Output (MWh's)	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600
22											
23	Cost per MWh (Busbar)	\$ 68.84	\$ 68.23	\$ 67.64	\$ 67.05	\$ 66.47	\$ 65.90	\$ 65.64	\$ 65.69	\$ 65.74	\$ 65.81

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Line No		Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29
1	Capital Cost	37,885,714	35,517,857	33,150,000	30,782,143	28,414,286	26,046,429	23,678,571	21,310,714	18,942,857	16,575,000
2											
3	Other Rate Base Reduction (Fed Tax)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)
4	Rate Base Amount (line 1-3)	39,160,714	36,792,857	34,425,000	32,057,143	29,689,286	27,321,429	24,953,571	22,585,714	20,217,857	17,850,000
5											
6	Interest Expense	1,218,055	1,144,405	1,070,755	997,105	923,456	849,806	776,156	702,506	628,856	555,206
7	Return on Equity	2,138,175	2,008,890	1,879,605	1,750,320	1,621,035	1,491,750	1,362,465	1,233,180	1,103,895	974,610
8											
9	Annual O&M Amount	4,374,409	4,483,769	4,595,864	4,710,760	4,828,529	4,949,242	5,072,973	5,199,798	5,329,793	5,463,038
10											
11	Fuel Costs (Assume 1% annual increase)	21,906,881	22,125,950	22,347,210	22,570,682	22,796,388	23,024,352	23,254,596	23,487,142	23,722,013	23,959,233
12											
13	Depreciation Expense	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857
14											
15	Property Tax Expense	195,804	183,964	172,125	160,286	148,446	136,607	124,768	112,929	101,089	89,250
16											
17	Fed/State Income Tax Expense	1,151,407	1,081,787	1,012,167	942,547	872,927	803,307	733,687	664,067	594,447	524,827
18											
19	Total Revenue Req (lines 5 - 18)	34,627,588	34,671,623	34,720,583	34,774,557	34,833,639	34,897,922	34,967,503	35,042,479	35,122,951	35,209,022
20	Average Revenue Req										
21	Projected Output (MWh's)	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600	525,600
22											
23	Cost per MWh (Busbar)	\$ 65.88	\$ 65.97	\$ 66.06	\$ 66.16	\$ 66.27	\$ 66.40	\$ 66.53	\$ 66.67	\$ 66.82	\$ 66.99

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Line No		Year 30	Year 31	Year 32	Year 33	Year 34	Year 35
1	Capital Cost	14,207,143	11,839,286	9,471,429	7,103,571	4,735,714	2,367,857
2							
3	Other Rate Base Reduction (Fed Tax)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)	(1,275,000)
4	Rate Base Amount (line 1-3)	15,482,143	13,114,286	10,746,429	8,378,571	6,010,714	3,642,857
5							
6	Interest Expense	481,557	407,907	334,257	260,607	186,957	113,307
7	Return on Equity	845,325	716,040	586,755	457,470	328,185	198,900
8							
9	Annual O&M Amount	5,599,613	5,739,604	5,883,094	6,030,171	6,180,926	6,335,449
10							
11	Fuel Costs (Assume 1% annual increase)	24,198,826	24,440,814	24,685,222	24,932,074	25,181,395	25,433,209
12							
13	Depreciation Expense	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857	3,642,857
14							
15	Property Tax Expense	77,411	65,571	53,732	41,893	30,054	18,214
16							
17	Fed/State Income Tax Expense	455,208	385,588	315,968	246,348	176,728	107,108
18							
19	Total Revenue Req (lines 5 - 18)	35,300,796	35,398,381	35,501,885	35,611,420	35,727,101	35,849,044
20	Average Revenue Req						
21	Projected Output (MWh's)	525,600	525,600	525,600	525,600	525,600	525,600
22							
23	Cost per MWh (Busbar)	\$ 67.16	\$ 67.35	\$ 67.55	\$ 67.75	\$ 67.97	\$ 68.21