

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

### Section H

**20:10:13:81. Schedule H-1 -- Adjustments to Operating and Maintenance Expenses.** Schedule H-1 shall show the 12 months of actual test period experience and the claimed adjustments thereto, if any, by functional classifications. It shall also show the separate amounts for labor and other charges included in the operation and maintenance expenses for each functional classification per books and as adjusted. If operation and maintenance expenses as presented per the books reflect any special accrual or equalization accounting entries for internal purposes, the effect thereof shall be fully disclosed and explained. Any amounts not currently payable, except depreciation charged through clearing accounts included in operation and maintenance expenses, shall be fully explained.

**Source:** 2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:** SDCL 49-34A-4.

**Law Implemented:** SDCL 49-34A-7, 49-34A-10, 49-34A-12, 49-34A-41.

This Schedule shows the amount of wages and salaries attributable to operation and maintenance on a functional level. Column (b) represents employee positions who are being transferred to Black Hills Utility Holdings, as well as additional employees needed for Company operations. Column (c) represents the overall wage increase for union and non-union employees. The wage and salary adjustment is in column (d), and is adjusted in Statement H, column (b).

**BLACK HILLS POWER, INC.**  
**DISTRIBUTION OF WAGES AND SALARIES**  
**For the Test Year Ended June 30, 2012**

Line No.	Description	Reference	(a) Per Books Direct Payroll Distribution	(b) Additional/ Transferred Personnel (Note 1)	(c) Wage Increase (Note 2)	(d) (b) + (c) Total Adjustment
1	OPERATION					
2	Production		\$ 3,704,819	\$ 42,350	\$ 104,808	\$ 147,158
3	Transmission		236,196	2,700	6,682	9,382
4	Distribution		1,803,754	(65,576)	51,028	(14,548)
5	Customer Accounts		1,009,419	(96,246)	28,556	(67,690)
6	Customer Service And Information		757,920	(174,257)	21,441	(152,816)
7	Administrative And General		102,750	(192,196)	2,907	(189,289)
8						
9	TOTAL OPERATION	Sum (Ln.2:Ln.7)	7,614,858	(483,225)	215,422	(267,803)
10						
11	MAINTENANCE					
12	Production		2,881,357	32,935	81,513	114,448
13	Transmission		61,019	698	1,726	2,424
14	Distribution		772,397	8,829	21,851	30,680
15	Administrative And General		13,241	150	375	525
16						
17	TOTAL MAINTENANCE	Sum (Ln.12:Ln.15)	3,728,014	42,612	105,465	148,077
18						
19	TOTAL	Ln.9 + Ln.17	<u>\$ 11,342,872</u>	<u>\$ (440,613)</u>	<u>\$ 320,887</u>	<u>\$ (119,726)</u>
20						
21	TOTAL OPERATION AND MAINTENANCE					
22	Production		6,586,176	75,285	186,321	261,606
23	Transmission		297,215	3,398	8,408	11,806
24	Distribution		2,576,151	(56,747)	72,879	16,132
25	Customer Accounts		1,009,419	(96,246)	28,556	(67,690)
26	Customer Service And Information		757,920	(174,257)	21,441	(152,816)
27	Administrative And General		115,991	(192,046)	3,282	(188,764)
28						
29	TOTAL	Sum (Ln.22:Ln.27)	<u>\$ 11,342,872</u>	<u>\$ (440,613)</u>	<u>\$ 320,887</u>	<u>\$ (119,726)</u>

31 Note 1: Includes positions that are being transferred from Black Hills Power to Black Hills Utility Holdings Company, as  
32 well as, additional employees needed for Company operations.

33 Note 2: Wage increases are allocated to function on the basis of payroll per books. Functionalized wage increases are  
34 allocated to individual accounts on Statement H on the basis of applicable book expenses.