

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

Section H

Schedule H-15 –Coal Price Adjustment. This Schedule provides for the pro forma adjustment price of coal as well as the adjustment to normalize coal by plant. Further, this schedule removes the coal costs related to Ben French power plant due to the suspension of operations, as well as, the removal of transport related costs. The adjustment is on Statement H, column (n).

BLACK HILLS POWER, INC.
COAL PRICE ADJUSTMENT
For the Pro Forma Test Year Ended June 30, 2012

Line No.	FERC Acct. #	Plant	Reference	Per F/S Total Cost	
1		Neil Simpson I		\$ 2,131,674	
2		Neil Simpson II		6,850,568	
3		Wygen III		4,778,403	
4		Wyodak Plant-BHP Only		5,346,944	
5		Ben French		<u>2,055,440</u>	
6					
7	501.3	Total Steam Power Fuel - Coal (Per Books)	Sum (Ln.1:Ln.5)	<u>\$ 21,163,029</u>	
8					
9	501.3	Remove Ben French - Coal (Note 1)	Ln. 5	2,055,440	
10					
11		Adjusted Total Costs Per Books	Ln. 7 - Ln. 9	<u>\$ 19,107,589</u>	
12					
13		Normalize Coal Tonnage:			
14					
15			(a)	(b)	(c)
16					(a) * (b)
17			Normalize Coal Tonnage		
18			Tons Consumed (Note 2)	Price Per Ton - 2012 (Per Books)	Total Cost
19					
20					
21					
22		Neil Simpson I	134,846	\$ 15.61	\$ 2,105,216
23		Neil Simpson II	528,275	\$ 15.61	\$ 8,247,429
24		Wygen III	310,586	\$ 15.61	\$ 4,848,869
25		Wyodak Plant-BHP Only	<u>395,192</u>	\$ 15.61	<u>\$ 6,169,738</u>
26					
27		Total Steam Power Fuel - Coal Adjusted	<u>1,368,899</u>		<u>\$ 21,371,251</u>
28					
29		Adjusted Total Costs per Books		Ln. 11	\$ 19,107,589
30					
31	501.3	Normalized Adjustment		Ln. 27 - Ln. 29	<u>\$ 2,263,662</u>
32					
33					
34		2013 Statement R Change:			
35			(a)	(b)	(c)
36					(a) * (b)
37			Statement R Adjustment		
38			Tons Consumed (Note 2)	Price Per Ton - 2013 (Note 3)	Total Cost
39					
40					
41					
42		Neil Simpson I	134,846	\$ 14.20	\$ 1,914,813
43		Neil Simpson II	528,275	\$ 14.20	7,501,505
44		Wygen III	310,586	\$ 14.20	4,410,321
45		Wyodak Plant-BHP Only	<u>395,192</u>	\$ 14.20	<u>5,611,726</u>
46					
47			<u>1,368,899</u>		<u>\$ 19,438,365</u>
48					
49		Statement R Adjusted Total Per Books		Ln. 27	\$ 21,371,251
50					
51	501.3	Statement R Adjustment		Ln. 47 - Ln. 49	<u>\$ (1,932,886)</u>
52					
53					
54					
55		Removal of Ben French Transport Costs			
56					
57	501.4	Steam Plant Fuel - Transport (Note 1)			<u>\$ (1,324,658)</u>
58					
59					
60		Grand Total Adjustment		-Ln.9 + Ln.31 + Ln.51 + Ln. 57	<u>\$ (3,049,322)</u>
61					
62					
63					

64 Note 1: Ben French power plant suspended operations on September 1, 2012.

65 Note 2: The pro forma tons consumed is based on an average 6 month increment of coal tons consumed for the
66 past 4 years, excluding those months with plant outages. Wygen III is based on an average 6 month increment
67 of coal tons for the past 2 years, as operations began April 1, 2010.

68 Note 3: The price per ton is developed from the projected capital and expenses from the Wyodak Resource Development Company
69 calculated consistently with Statement R methodology. See Stmt. R pg. 6.