



**BLACK HILLS POWER**  
**OPERATING EXPENSES AND TAXES - TRANSMISSION FACILITIES**  
**For the Pro Forma Year Ended May 31, 2015**

Line No.	Description	Reference	(Note 1)		South Dakota
			South Dakota Plant in Service	Depreciation Rate	Depreciation Expense
1					
2					
3	Depreciation Expense				
4	Custer to Hot Springs 69 kV Rebuild	Schedule B-3, ln 2 + ln 3	2,180,185	2.70%	58,865
5	Lookout to Sundance Hill 69 kV Rebuild	Schedule B-3 ln 4	1,140,968	2.70%	30,806
6	Depreciation Expense - South Dakota	line 4 + line 5			<u>89,671</u>
7					
8					
9	Federal Tax				
10	Rate Base - South Dakota	Schedule B-3 line 21			3,264,112
11					
12	Interest Expense	calculated			107,716
13	Return on Equity	calculated			<u>151,128</u>
14	Return	line 12 + line 13			258,844
15					
16	Authorized Return - 7.93%	Docket EL12-061			7.93%
17	Federal Tax Expense - South Dakota	((line 13 x line 27) - line 13)			<u>81,377</u>
18					
19					
20	Property Taxes				
21	SD Plant in Service - Transmission Facilities	(Schedule B-3 line 5)			\$ 3,321,153
22	Effective Blended Tax Rate	Docket No. EL12-061			<u>1.4576%</u>
23	Property Tax - South Dakota	(line 21 x line 22)			<u>\$ 48,409</u>
24					
25					
26	Assumptions				
27	Tax Multiplier - Federal Tax Rate at 35% - tax multiplier	(1/(1-.35))			1.5385
28					
29					
30	Note (1) Depreciation rate is from the 2013 depreciation study that will be filed in the 2014 general rate case.				