

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

Section F

20:10:13:68. Statement F -- Working Capital. Statement F shall show the computation of the working capital claimed as part of the public utility's rate base using averages where appropriate as of the beginning and the end of each month of the test period. The statement shall show the respective components of the claimed working capital and shall show in detail how the amount of each component was computed. The items required in §§ 20:10:13:69 to 20:10:13:71, inclusive, shall be submitted as part of statement F.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

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

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

Section F

20:10:13:69. Schedule F-1 -- Monthly Balances for Materials, Supplies, Fuel Stocks, and Prepayments. Schedule F-1 shall set forth monthly balances for materials, supplies, fuel stocks, and prepayments in such detail as to disclose, either by subaccounts regularly maintained on the books or by analysis of the principal items included in the main account, the nature of the charges included.

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-10, 49-34A-12, 49-34A-41.

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

Section F

20:10:13:70. Schedule F-2 -- Monthly Balances for Two Years Immediately Preceding Test Year. Schedule F-2 shall set forth monthly balances of materials and supplies for two years immediately preceding the test period.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

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

Section F

20:10:13:71. Schedule F-3 – Data Used in Computing Working Capital. Schedule F-3 shall show the computations, cross references, and sources from which the data used in computing claimed working capital is derived.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

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

Schedule F-3 Page 1: This schedule shows the cash working capital for the test year ended September 30, 2013.

Schedule F-3 Page 2: This schedule shows the adjusted cash working capital for the test year ended September 30, 2013. The calculation of the adjusted cash working capital is based on adjusted expenses and adjusted revenues.

Schedule F-3 Lead/Lag Calculations: The Expense per Day in column (b), is calculated by dividing the per book recorded amounts in column (a) by 365 days in a year. The Expense per Day is then multiplied by the Expense Lead Days in column (c) to determine the Expense Dollar Days for column (d).

The Expense Lead Days is a calculation of the time lag between services/goods received and the payment of such costs based on a selection of invoices specific to each expense category. For example, if the invoice for services provided for the month of April was paid on May 20th, the Expense Lead Days would be 35. The 35 days is calculated by taking April's mid-service point of 15 days, since the service was for the entire month and adding the 20 days in May before the invoice was paid.

The Revenue Lag Days is a calculation of the time lag between services rendered and the receipt of revenues for such services. The components of this calculation include average: 1) service month midpoint days, 2) meter reading to billing days, and 3) billing to collection days.

The Gross Cash Working Capital Requirement on line 47 is calculated by multiplying the total Expense per Day in column (b) – Line 41 by the Net Lead/Lag Days on line 45.

The Net Cash Working Capital Requirement on line 49 is determined based on the Gross Cash Working Capital on line 47 net of the calculated cash available from tax collections on behalf of other parties, Tax Collections Available (Line 48).

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

Section F

Schedule F-4 – Materials and Supplies - CPGS. This Schedule shows in detail, Black Hills Power's share of materials and supplies related to the Cheyenne Prairie Generating Station, for the pro forma test year. These amounts are included in the adjusted working capital on Statement F.



BLACK HILLS POWER, INC.
WORKING CAPITAL
For the Pro Forma Test Year Ended September 30, 2013

Statement F
Page 1 of 1

Line No.	Description	Reference	Total Per Books	CUS Adjustment	BHP Per Books	Pro Forma Adjustment	Adjusted Total
1	Cash Working Capital	Sched. F-3 pg1 Ln.49	\$ (5,213,845)	\$ (445,408) (3)	\$ (5,659,253)	\$ (179,998) (1)	\$ (5,839,251)
2							
3	Fuel Stocks	Sched. F-1	5,987,526		5,987,526	1,303,786 (4)	7,291,312
4							
5	Materials and Supplies	Sched. F-1	15,098,699	(1,461,831) (3)	13,636,868	(114,272) (2)	13,522,596
6							
7	Prepaid Expenses	Sched. F-1	942,373	(395,815) (3)	546,558	-	546,558
8							
9	Total Working Capital		<u>\$ 16,814,753</u>	<u>\$ (2,303,054)</u>	<u>\$ 14,511,699</u>	<u>\$ 1,009,516</u>	<u>\$ 15,521,215</u>
10							
11	Less: Prepaid Pension for Transmission Working						
12	Capital not included in Black Hills Power Rate Case			-			
13							
14	Total Working Capital Transmission			<u>\$ (2,303,054)</u>			<u>\$ 2,303,054</u>
15							
16	Total Working Capital - BHP and Transmission						<u>\$ 17,824,269</u>
17							
18	Note 1: Adjustments to cash working capital - refer to Schedule F-3 page 2 for details.						
19	Note 2: Adjustment to materials and supplies - refer to Schedule F-1 and Schedule F-4.						
20	Note 3: Transfers from BHP state jurisdiction to BHP FERC jurisdiction.						
21	Note 4: Adjustment to fuel stocks - refer to Schedule F-1.						

BLACK HILLS POWER, INC.
COMPONENTS OF CLAIMED WORKING CAPITAL
For the Pro Forma Test Year Ended September 30, 2013

Schedule F-1
Page 1 of 1

Line No.	Month Ending	Fuel Stocks (a/c 151)	Materials and Supplies (a/c 154, 156)	Prepaid Expenses (a/c 165)
1	2012 September	\$ 6,400,519	\$ 14,729,394	\$ 566,278
2				
3	October	6,142,876	14,678,513	1,402,809
4				
5	November	6,039,994	14,714,453	1,618,534
6				
7	December	6,034,685	14,598,248	1,162,716
8				
9	2013 January	5,948,741	14,650,601	1,128,770
10				
11	February	5,912,290	14,742,130	966,824
12				
13	March	5,898,284	15,385,419	868,878
14				
15	April	6,018,780	15,684,807	760,932
16				
17	May	5,954,951	15,460,784	738,405
18				
19	June	5,937,777	15,455,288	853,873
20				
21	July	5,862,598	15,474,739	750,326
22				
23	August	5,848,085	15,440,609	853,779
24				
25	September	5,838,257	15,268,105	578,719
26				
27	13 Month Average	<u>5,987,526</u>	<u>15,098,699</u>	<u>942,373</u>
28				
29	NS II GSU Spare Transformer	-	953,952	-
30	Critical Spare Generation Fan Motors	-	801,515	-
31	NSC Coal Stockpile	1,303,786	-	-
32	Ben French Inventory	-	(802,724)	-
33	Neil Simpson I Inventory	-	(1,247,435)	-
34	Osage Inventory	-	(848,580)	-
35				
36	Adjusted Balance	<u>\$ 7,291,312</u>	<u>\$ 13,955,427</u>	<u>\$ 942,373</u>

BLACK HILLS POWER, INC.
MONTHLY BALANCES OF MATERIALS AND SUPPLIES
For the Period October 2010 through September 2012

Schedule F-2
Page 1 of 1

Line No.	Month Ending		Materials and Supplies (a/c 154,156,163)
1	2010	October	\$ 13,784,736
2		November	13,925,140
3		December	14,123,503
4	2011	January	14,075,224
5		February	14,178,779
6		March	14,536,123
7		April	14,797,010
8		May	14,449,755
9		June	14,352,932
10		July	14,554,733
11		August	14,539,846
12		September	14,555,486
13		October	14,941,052
14		November	14,877,127
15		December	15,209,269
16	2012	January	15,225,529
17		February	15,286,665
18		March	15,549,359
19		April	14,791,732
20		May	14,237,401
21		June	14,285,982
22		July	14,425,683
23		August	14,513,603
24		September	\$ 14,729,394

BLACK HILLS POWER, INC.
PER BOOKS CASH WORKING CAPITAL CALCULATION
For the Test Year Ended September 30, 2013

Schedule F-3
Page 1 of 2

Line No.	Description	Reference	(a) Per Books	(b) [(a)/365] Expense Per Day	(c) Expense Lead Days	(d) [(b)*(c)] Expense Dollar Days
1	OPERATIONS AND MAINTENANCE					
2	Coal	Stmt. H Ln. 6(a)	\$ 18,937,520	\$ 51,884	35.2	\$ 1,826,317
3	Coal Transportation	Stmt. H Ln. 7(a)	-	-	33.6	-
4	Natural Gas - Other Production	Stmt. H Ln. 27(a)	2,623,531	7,188	41.5	298,302
5	Purchased Power and Capacity	Stmt. H Ln. 47(a)	45,690,059	125,178	33.8	4,231,016
6	Transmission	Stmt. H Ln. 56(a)	18,741,890	51,348	24.3	1,247,756
7	Net Payroll	Sched. H-1 Ln. 7	12,051,965	33,019	14.0	462,266
8	Workers Comp		17,764	49	986.6	48,343
9	Service/Holding Company Charges	Sched. H-4 Ln.19 + Sched. H-5 Ln.31(a)	32,573,625	89,243	44.6	3,980,238
10	Other O&M		<u>20,432,687</u>	<u>55,980</u>	<u>27.0</u>	<u>1,511,460</u>
11						
12	Subtotal	Sum(Ln.2:Ln.10)	151,069,042	413,889		13,605,698
13						
14	Wyodak Power Plant O&M		<u>3,659,005</u>	<u>10,025</u>	69.3	<u>694,733</u>
15						
16	Total O&M	Stmt. H Ln. 136(a); Ln.12 + Ln.14	154,728,047	423,914		14,300,431
17						
18	TAXES OTHER THAN INCOME TAX					
19	Property Tax	Stmt. L Ln. 14(a)	5,042,451	13,815	305.8	4,224,627
20	Unemployment - FUTA and SUTA	Stmt. L (Ln. 3(a) + Ln. 7(a))	101,101	277	75.9	21,024
21	Montana Electric Energy	Stmt. L Ln. 8(a)	15,777	43	64.6	2,778
22	Wyoming Franchise Tax	Stmt. L Ln. 9(a)	64,059	176	50.1	8,818
23	South Dakota PUC	Stmt. L Ln. 10(a)	211,595	580	394.5	228,810
24	Wyoming PSC	Stmt. L Ln. 11(a)	(5,843)	(16)	534.5	(8,552)
26	FICA	Stmt. L Ln. 2(a)	<u>3,007,210</u>	<u>8,239</u>	15	<u>123,585</u>
27	Total Taxes Other Than Income Tax	Sum(Ln.19:Ln.26)	8,436,350	23,114		4,601,090
28						
29	Depreciation	Stmt. J Ln. 20(f)	27,909,862	76,465		
30	Amortization	Stmt. J Ln. 22(f)	<u>97,406</u>	<u>267</u>		
31	Subtotal	Ln.29 + Ln.30	28,007,268	76,732		
32						
33	INCOME TAXES					
34	Federal	Stmt. K pg. 2 Ln. 68(a)	<u>15,014,035</u>	<u>41,134</u>	37.4	<u>1,538,412</u>
35	Subtotal		15,014,035	41,134		1,538,412
36						
37	INTEREST EXPENSE					
38	Long-Term Debt	Stmt. G pg. 2 Ln. 13(k)	<u>17,735,909</u>	<u>48,592</u>	91.4	<u>4,441,309</u>
39	Subtotal		17,735,909	48,592		4,441,309
40						
41	Grand Totals			\$ 613,486		\$ 24,881,242
42						
43	Revenue Lag Days		33.98			
44	Expense Lead Days	Ln. 41(d) / Ln.41(b)	<u>40.56</u>			
45	Net Days	Ln.43 - Ln.44	(6.58)			
46						
47	Gross Cash Working Capital Requirement	Ln. 41(b) * Ln. 45(a)		(4,036,738)		
48	Less: Tax Collections Available	Ln. 56(d)		<u>(1,177,107)</u>		
49	Net Cash Working Capital Requirement	Ln.47 + Ln.48		<u>\$ (5,213,845)</u>		
50						
51	TAX COLLECTIONS AVAILABLE					
52	FICA Taxes (Employee Contribution)		\$ 1,738,374	\$ 4,763	15	\$ 71,445
53	Federal Withholding Tax		3,395,060	9,302	15	139,530
54	South Dakota Sales and Use Tax		7,380,916	20,222	45.1	912,012
55	Wyoming Sales and Use Tax		<u>438,163</u>	<u>1,200</u>	45.1	<u>54,120</u>
56	Total	Sum(Ln.52:Ln.55)	<u>\$ 12,952,513</u>	<u>\$ 35,487</u>		<u>\$ 1,177,107</u>

BLACK HILLS POWER, INC.
ADJUSTED CASH WORKING CAPITAL CALCULATION
For the Pro Forma Test Year Ended September 30, 2013

Schedule F-3
Page 2 of 2

Line No.	Description	Reference	(a) Adjusted Total	(b) (a)/365 Expense Per Day	(c) Expense Lead Days	(d) (b)*(c) Expense Dollar Days
1	OPERATIONS AND MAINTENANCE					
2	Coal	Stmt. H Ln. 6(t)	\$ -	-	35.2	\$ -
3	Coal Transportation	Stmt. H Ln. 7(t)	-	-	33.6	-
4	Natural Gas - Other Production	Stmt. H Ln. 27(t)	-	-	41.5	-
5	Purchased Power and Capacity	Stmt. H Ln. 47(t)	7,192,960	19,707	33.8	666,097
6	Transmission	Stmt. H Ln. 56(t)	-	-	24.3	-
7	Net Payroll	Sched. H-1 Ln 6	13,740,709	37,646	14	527,044
8	Workers Comp		17,764	49	986.6	48,343
9	Service/Holding Company Charges	Sched. H-4 Ln. 19 + Sched. H-5 Ln. 31(b)	34,876,644	95,552	44.6	4,261,619
10	Other O&M		20,493,887	56,148	27	1,515,996
11						
12	Subtotal	Sum (Ln.2:Ln.10)	76,321,964	209,102		7,019,099
13						
14	Wyodak Power Plant O&M		3,659,005	10,025	69.3	694,733
15						
16	Total O&M	Stmt. H Ln. 136(t); Ln.12 + Ln.14	79,980,969	219,127		7,713,832
17						
18	TAXES OTHER THAN INCOME TAX					
19	Property Tax	Stmt. L Ln. 14(c)	5,042,451	13,815	305.8	4,224,627
20	Unemployment - FUTA and SUTA	Stmt. L (Ln. 3(c) + Ln. 7(c))	102,075	280	75.9	21,252
21	Montana Electric Energy	Stmt. L Ln. 8(c)	15,777	43	64.6	2,778
22	Wyoming Franchise Tax	Stmt. L Ln. 9(c)	64,059	176	50.1	8,818
23	South Dakota PUC	Stmt. L Ln. 10(c)	250,238	686	394.5	270,627
24	Wyoming PSC	Stmt. L Ln. 11(c)	-	-	534.5	-
26	FICA	Stmt. L Ln. 2(c)	3,028,493	8,297	15	124,455
27	Total Taxes Other Than Income Tax	Sum(Ln.19:Ln.26)	8,503,093	23,297		4,652,557
28						
29	Depreciation	Stmt. J Ln. 20(e)	31,494,618	86,287		
30	Amortization	Stmt. M Ln. 9(c)	4,397,822	12,049		
31	Subtotal	Ln.29 + Ln. 30	35,892,440	98,335		
32						
33	INCOME TAXES					
34	Federal	Stmt. K pg. 2 Ln. 68(g)	19,426,935	53,224	37.4	1,990,578
35	Subtotal		19,426,935	53,224		1,990,578
36						
37	INTEREST EXPENSE					
38	Long-Term Debt	Stmt. G pg. 3 Ln. 15(k)	20,630,909	56,523	91.4	5,166,202
39	Subtotal		20,630,909	56,523		5,166,202
40						
41	Grand Totals			450,506		19,523,169
42						
43	Revenue Lag Days		33.98			
44	Expense Lead Days	Ln. 41(d) / Ln.41(b)	43.34			
45	Net Days	Ln.43 - Ln.44	(9.36)			
46						
47	Gross Cash Working Capital Requirement	Ln. 41(b) * Ln. 45(a)		(4,216,736)		
48	Less: Tax Collections Available	Ln. 56(d)		(1,177,107)		
49	Total	Ln.47 + Ln.48		\$ (5,393,843)		
50						
51	CUS Adjustment	Stmt F Ln. 1		\$ (445,408)		
52	Net Cash Working Capital Requirement			\$ (5,839,251)		
53						
54	TAX COLLECTIONS AVAILABLE					
55	FICA Taxes (Employee Contribution)		\$ 1,738,374	\$ 4,763	15	\$ 71,445
56	Federal Withholding Tax		3,395,060	9,302	15	139,530
57	South Dakota Sales and Use Tax		7,380,916	20,222	45.1	912,012
58	Wyoming Sales and Use Tax		438,163	1,200	45.1	54,120
59	Total	Sum(Ln.55:Ln.58)	\$ 12,952,513	\$ 35,487		\$ 1,177,107

BLACK HILLS POWER, INC.
Materials and Supplies - CPGS
For the Pro Forma Test Year Ended September 30, 2013

Schedule F-4
Page 1 of 1

Line No.	Equipment Name	Total CPGS Amount	(Note 1) Allocator	BHP's Share
1	Oil/Water Separator	10,000	C	4,200
2	Compressed Air Equipment	10,000	C	4,200
3	Fuel Gas Conditioning, Htg, Pressure Regulating Skids	10,000	C	4,200
4	Cooling Tower	10,000	C	4,200
5	Closed Cooling Water Heat Exchanger	2,000	C	840
6	Auxiliary Cooling Water Pumps	2,000	C	840
7	Fire Pumps Package	10,000	C	4,200
8	General Service Pumps	25,000	C	10,500
9	Butterfly Valves	2,000	C	840
10	Motor Control Centers	5,000	C	2,100
11	Distributed Control System	70,000	C	29,400
12	Cooling Tower Chemical Feed System	2,500	C	1,050
13	Ammonia Storage Tank	10,000	C	4,200
14	Water Treatment Plant	5,000	C	2,100
15	Steam and Water Analysis System	50,000	CC	29,000
16	Continuous Emissions Monitoring	17,000	CC	9,860
17	Steam Turbine/Generator 1C	25,000	CC	14,500
18	Combustion Turbine/Generators CTG 1A&1B	100,000	CC	58,000
19	CT Inlet Air Heater	7,500	CC	4,350
20	Condenser	15,000	CC	8,700
21	Boiler Feed Pumps	73,000	CC	42,340
22	Circulating Water Pumps	5,000	CC	2,900
23	Condensate Pumps	5,000	CC	2,900
24	Heat Recovery Steam Generator	100,000	CC	58,000
25	Steam Turbine Bypass Valves	50,000	CC	29,000
26	Control Valves	30,000	CC	17,400
27	GSU Transformer Parts	5,000	CC	2,900
28	Unit Auxiliary Transformer	5,000	CC	2,900
29	Current Limiting Reactor	1,000	CC	580
30	Station Service Transformer	5,000	CC	2,900
31	Cycle Chemical Feed System	5,000	CC	2,900
32	Spare GSU Transformer	1,000,000	CC	580,000
33	Spare Boiler Feed Pump	150,000	CC	87,000
34	Total	<u>1,822,000</u>		<u>1,029,000</u>
35				
36	<u>Note 1 - Allocators:</u>			
37	C - Common - share CLFP 58%, BHP 42%			
38	CC - Combined cycle - share CLFP 42%, BHP 58%			