

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

Section I

20:10:13:85. Statement I -- Operating Revenues. Statement I shall show the operating revenues from sales of electricity, gas and other sources classified in accordance with the commission's orders and with the operating revenue accounts prescribed by the FERC's uniform systems of accounts for public utilities and licensees or for gas companies, and the related kilowatt hours or MCF or BTU. Sales and services shall be distinguished between classes of service and other business of the utility. Items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service, shall disclose the following, using supporting schedules as necessary:

(1) Actual and proposed revenues by months for the 12-month test period and as adjusted for changes which are known and measurable and which are expected to be realized within 12 months from the end of the test period from jurisdictional sales as computed under the present effective and proposed rates;

(2) Each class of consumer shall be shown separately. The related kilowatt hours or MCF or BTU shall be shown for each revenue item as appropriate;

(3) Adjustments to actual period sales volumes shall be fully and clearly explained;

(4) Credits to cost of service shall set forth the principal components comprising each of the various items which are reflected as credits to cost of service in preparing statement M -- Overall cost of service. The amounts per books, claimed adjustments, and as adjusted figures shall be clearly set forth.

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.

Stmt I page 2 – South Dakota Revenue by Customer Classification. This schedule compares the revenue per books against the pro forma revenue for South Dakota and calculates the net adjustment.

Stmt I page 3 - South Dakota Revenue by Customer Classification. This schedule compares the revenue per books against the bill frequency revenue for South Dakota customers and calculates the variance.

Stmt I page 4 – Removal of Energy Cost Revenue. This schedule calculates the removal of energy cost revenue for retail customers.

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

Schedule I-1 – This schedule lists the present and proposed revenues and rates by rate class.

Schedule I-2 – This schedule adjusts for the PIPR Rider Revenue.

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

Statement I
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Line No.	Operating Revenue	Reference	(a) Per Books	(b) Pro Forma Adjustments	(c) (a) + (b) Adjusted Total
1	Sales of Electricity				
2	Retail				
3	South Dakota		\$ 146,724,130	\$ (22,554,777) (6)	\$ 124,169,353
4	Wyoming		13,264,644	(4,975,809) (7)	8,288,835
5	Montana		2,987,664	(573,837) (7)	2,413,827
6	Total Retail		<u>162,976,438</u>	<u>(28,104,423)</u>	<u>134,872,015</u>
7					
8	Resale				
9	Other Non-Firm		30,795,661	(30,795,661) (1)	-
10	Contract Sales		21,472,488	-	21,472,488
11	City of Gillette		455,312	(455,312) (2)	-
12	Total Sales for Resale		<u>52,723,461</u>	<u>(31,250,973)</u>	<u>21,472,488</u>
13					
14	Total Sales of Electricity	Ln.6 + Ln.12	215,699,899	(59,355,396)	156,344,503
15					
16	Other Operating Revenue				
17	Unbilled Revenue		1,882,932	(1,882,932) (3)	-
18	Energy Cost Adjustment Revenue		5,471,871	(5,471,871) (4)	-
19	Demand Side Management Revenue		(968,002)		(968,002)
20	Forfeited Discounts		267,907		267,907
21	Miscellaneous Service Revenues		462,921		462,921
22	Provision for Rate Refunds		(1,740,730)	1,740,730 (3)	-
23	Rent from Electric Property & Other		5,503,881	975,544 (5)	6,479,425
24	Transmission Revenue		<u>22,357,056</u>		<u>22,357,056</u>
25	Total Other Operating Revenue		<u>33,237,836</u>	<u>(4,638,529)</u>	<u>28,599,307</u>
26					
27	Total Operating Revenue	Ln.14 + Ln.25	<u>\$ 248,937,735</u>	<u>\$ (63,993,925)</u>	<u>\$ 184,943,810</u>

Note 1: Remove revenue received from Power Marketing.

Note 2: Remove City of Gillette as the energy is related to replacement energy; associated costs are included in Power Marketing adjustment at Schedule H-12.

Note 3: Unbilled revenue and the provision for rate refunds reflect accounting accruals that need to be removed from pro forma revenues.

Note 4: ECA revenue accrual is removed because ECA costs are removed from base rates.

Note 5: Neil Simpson Complex shared facilities agreement revenue adjustment is reflected on Schedule H-10.

Note 6: Adjustment reflects the cumulative effect of 5 revenue adjustments to South Dakota retail revenues: (1) Schedule I-2 for PIPR rate annualization + (2) Statement I Pg 4 for removal of base FPPA/TCA revenues + (3) Revenue Adj. for weather normalization + (4) Revenue Adj. for ICS Accrual + (5) Revenue Adj. for Docket EL12-061 rate increase annualization

Note 7: Adjustment to remove the base FPPA/TCA revenues as supported on Statement I Pg 4.

BLACK HILLS POWER, INC.
SOUTH DAKOTA REVENUE BY CUSTOMER CLASSIFICATION
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Customer Classification	REVENUE PER BOOKS		PRO FORMA REVENUE			
		Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$	Difference Between Per Books and Pro Forma	
				Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$
1	Residential						
2	Regular	336,199,804	\$ 40,888,347	328,835,952	\$ 35,492,218	(7,363,852)	\$ (5,396,129)
3	Total Electric	88,923,685	\$ 8,668,727	88,923,685	\$ 7,432,190	-	\$ (1,236,537)
4	Utility Controlled	131,002	\$ 7,866	131,002	\$ 5,761	-	\$ (2,105)
5	Demand	90,666,049	\$ 7,515,049	90,666,049	\$ 6,079,820	-	\$ (1,435,229)
6	Total Residential	515,920,540	\$ 57,079,989	508,556,688	\$ 49,009,989	(7,363,852)	\$ (8,070,000)
7							
8	General Service						
9	Regular	356,168,400	\$ 42,460,856	356,168,400	\$ 38,157,039	-	\$ (4,303,817)
10	Total Electric	38,153,493	\$ 3,906,118	38,153,493	\$ 3,448,305	-	\$ (457,813)
11	Other	7,387,614	\$ 491,568	7,387,614	\$ 392,040	-	\$ (99,528)
12	Water Pumping/Irrigation	24,260,481	\$ 1,992,379	24,260,481	\$ 1,630,870	-	\$ (361,509)
13	Total Small General Service	425,969,988	\$ 48,850,921	425,969,988	\$ 43,628,253	-	\$ (5,222,668)
14							
15	General Service - Large						
16	Secondary	298,948,853	\$ 25,095,926	298,948,853	\$ 20,209,575	-	\$ (4,886,351)
17	Primary	27,602,042	\$ 1,852,720	27,602,042	\$ 1,545,607	-	\$ (307,113)
18	69 kV	20,550,893	\$ 1,364,475	20,550,893	\$ 1,013,376	-	\$ (351,099)
19	Total General Service - Large Service	347,101,788	\$ 28,313,121	347,101,788	\$ 22,768,558	-	\$ (5,544,563)
20							
21	Forest Products/Industrial						
22	Secondary	11,027,103	\$ 853,220	11,054,048	\$ 647,939	26,945	\$ (205,281)
23	Forest Products - Primary	74,110,875	\$ 4,700,905	74,131,937	\$ 3,259,090	21,062	\$ (1,441,815)
24	69 kV	95,458,904	\$ 5,039,459	96,403,799	\$ 3,147,800	944,895	\$ (1,891,659)
25	Total Forest Products/Industrial	180,596,882	\$ 10,593,584	181,589,784	\$ 7,054,829	992,902	\$ (3,538,755)
26							
27	Lighting Service						
28	Private Area Lighting	3,937,907	\$ 568,738	3,937,907	\$ 522,250	-	\$ (46,488)
29	Street Lighting - Leased	3,577,040	\$ 754,539	3,577,040	\$ 713,215	-	\$ (41,324)
30	Street Lighting - Customer Owned	5,987,037	\$ 430,149	5,987,037	\$ 346,208	-	\$ (83,941)
31	Traffic Signals	706,762	\$ 74,146	706,762	\$ 62,048	-	\$ (12,098)
32	Total Lighting Service	14,208,746	\$ 1,827,572	14,208,746	\$ 1,643,721	-	\$ (183,851)
33							
34	Rentals/Other	-	\$ 58,943	-	\$ 58,943	-	\$ -
35							
36	Total South Dakota Retail	1,483,797,944	\$ 146,724,130	1,477,426,994	\$ 124,164,293	(6,370,950)	\$ (22,559,837)

BLACK HILLS POWER, INC.
SOUTH DAKOTA REVENUE BY CUSTOMER CLASSIFICATION
For the Test Year Ended September 30, 2013

Statement I
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Line No.	Customer Classification	REVENUE PER BOOKS		BILL FREQUENCY REVENUE		Difference Between Per Books and Bill Frequency	
		Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$	Energy Sales - kWh	Billing Revenue - \$
1	Residential						
2	Regular	336,199,804	\$ 40,888,347	336,199,804	\$ 40,888,296	-	\$ (51)
3	Total Electric	88,923,685	\$ 8,668,727	88,923,685	\$ 8,668,727	-	\$ -
	Utility Controlled	131,002	\$ 7,866	131,002	\$ 7,866	-	\$ -
4	Demand	90,666,049	\$ 7,515,049	90,666,049	\$ 7,515,049	-	\$ -
5	Total Residential	515,920,540	57,079,989	515,920,540	57,079,938	-	(51)
6							
7	General Service						
8	Regular	356,168,400	\$ 42,460,856	356,168,400	\$ 42,460,856	-	\$ -
9	Total Electric	38,153,493	\$ 3,906,118	38,153,493	\$ 3,906,118	-	\$ -
10	Other	7,387,614	\$ 491,568	7,387,614	\$ 491,568	-	\$ -
11	Water Pumping/Irrigation	24,260,481	\$ 1,992,379	24,260,481	\$ 1,992,379	-	\$ -
12	Total Small General Service	425,969,988	48,850,921	425,969,988	48,850,921	-	-
13							
14	General Service - Large						
15	Secondary	298,948,853	\$ 25,095,926	298,948,853	\$ 25,093,059	-	\$ (2,867)
16	Primary	27,602,042	\$ 1,852,720	27,602,042	\$ 1,852,720	-	\$ -
17	69 kV	20,550,893	\$ 1,364,475	20,550,893	\$ 1,364,475	-	\$ -
18	Total General Service - Large Service	347,101,788	28,313,121	347,101,788	28,310,254	-	(2,867)
19							
20	Forest Products/Industrial						
21	Secondary	11,027,103	\$ 853,220	11,027,103	\$ 853,220	-	\$ -
22	Forest Products - Primary	74,110,875	\$ 4,700,905	74,110,875	\$ 4,700,905	-	\$ -
23	69 kV	95,458,904	\$ 5,039,459	95,458,904	\$ 5,039,459	-	\$ -
24	Total Forest Products/Industrial	180,596,882	10,593,584	180,596,882	10,593,584	-	-
25							
26	Lighting Service						
27	Private Area Lighting	3,937,907	\$ 568,738	3,937,907	\$ 568,738	-	\$ -
28	Street Lighting - Leased	3,577,040	\$ 754,539	3,577,040	\$ 754,539	-	\$ -
29	Street Lighting - Customer Owned	5,987,037	\$ 430,149	5,987,037	\$ 430,149	-	\$ -
30	Traffic Signals	706,762	\$ 74,146	706,762	\$ 74,146	-	\$ -
31	Total Lighting Service	14,208,746	1,827,572	14,208,746	1,827,572	-	-
32							
33	Rentals/Other	-	\$ 58,943	-	\$ 58,943	-	\$ -
34							
35	Total South Dakota Retail	1,483,797,944	\$ 146,724,130	1,483,797,944	\$ 146,721,212	-	\$ (2,918)

BLACK HILLS POWER, INC.
REMOVAL OF ENERGY COST REVENUE
For the Pro Forma Test Year Ended September 30, 2013

Statement I
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Line No.	Description	Reference	(a) Rate	(b) kWh	(c) (a) * (b) Energy Cost Revenue Adjustment
1	South Dakota Retail	Wkp. 1 Ln. 37(a) * 1000	(1) 0.02270	1,483,797,944	\$ 33,682,213
2					
3	Wyoming Retail	Wkp. 1 Ln. 42(a) * 1000	0.02990	166,415,003	4,975,809
4					
5	Montana Retail	Wkp. 1 Ln. 46(a) * 1000	0.01240	46,277,189	573,837
6					
7	Total Removal of Energy Cost Revenue			<u>1,696,490,136</u>	<u>\$ 39,231,859</u>

8
9

10 Note 1: The rate of \$0.0227 is the sum of the Fuel and Purchased Power Adjustment base rate of \$0.0146 and the Transmission Cost
11 Adjustment base rate of \$0.0081 approved in South Dakota Docket EL09-018.

BLACK HILLS POWER, INC.
SOUTH DAKOTA BILL FREQUENCY
REVENUE UNDER PRO FORMA & PROPOSED RATES
For the Pro Forma Test Year Ended September 30, 2013

Schedule I-1
Page 1 of 1

Line No.	Description	kWh	Pro Forma Revenue	Average Cost \$/kWh	Proposed Revenue	Average Cost \$/kWh	Increased/ (Decreased) Revenue	% Increase
1	RESIDENTIAL SERVICE	515,920,540	\$ 49,009,989	\$ 0.0950	\$ 55,546,755	\$ 0.1077	\$ 6,536,767	13.34%
2								
3	GENERAL SERVICE (GS)	425,969,988	\$ 43,628,253	\$ 0.1024	\$ 47,535,128	\$ 0.1116	\$ 3,906,875	8.95%
4								
5	GS LARGE/INDUSTRIAL	527,698,670	\$ 29,823,387	\$ 0.0565	\$ 33,871,495	\$ 0.0642	\$ 4,048,108	13.57%
6								
7	LIGHTING SERVICE	14,208,746	\$ 1,643,721	\$ 0.1157	\$ 1,792,130	\$ 0.1261	\$ 148,409	9.03%
8								
9	RENTAL/OTHER	-	\$ 58,943	-	\$ 58,943	-	\$ -	0.00%
10								
11	TOTALS	1,483,797,944	\$ 124,164,293	\$ 0.0837	\$ 138,804,452	\$ 0.0935	\$ 14,640,159	11.79%
12								
13	ENERGY REVENUE	-	\$ 33,682,213	\$ 0.0227	\$ 33,682,213	\$ 0.0227	-	-
14								
15	BASE REVENUES	1,483,797,944	\$ 157,846,506	\$ 0.1064	\$ 172,486,665	\$ 0.1162	\$ 14,640,159	9.27%

