

Section J

20:10:13:86. Statement J -- Depreciation Expense. Statement J shall show for the test period depreciation expense by functional classification. These expenses shall be shown in separate columns as follows:

- (1) Expenses for the test period per books;
- (2) Claimed adjustments, if any, to actual expense;
- (3) Total adjusted expense claimed.

The bases, methods, essential computations and derivation of unit rates for the calculation of depreciation expense for the test period and for the depreciation adjustments shall be fully and clearly explained. The amounts of depreciable plant shall be shown by the functions specified in paragraph C of account 108, accumulated provisions for depreciation of plant in service of the FERC's uniform systems of accounts for public utilities and licensees or for gas companies and, if available, for each detailed plant account in the 300 series, together with the rates used in computing such expenses. Any deviation from the rates used in disposing of the utility's last previous rate filing or determination by this commission shall be explained, showing the rate or rates previously used together with supporting data for the new rate or rates used for this filing. Material required by § 20:10:13:87 shall be submitted as a part of statement J.

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.

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

Section J

20:10:13:87. Schedule J-1 -- Expense Charged Other Than Prescribed

Depreciation. Schedule J-1 shall be included in support of statement J as a reconciliation of the aggregate investment in electric or gas plant shown in statement D, and the expense thereon charged in the first instance to other than prescribed depreciation expense accounts.

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 J-2 – This Schedule reflects the amortization of the decommissioning regulatory asset. The unamortized regulatory asset amount is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

Schedule J-3 – This Schedule shows the amortization of the Storm Atlas regulatory asset and system inspection costs. The unamortized regulatory asset is included in the Other Rate Base Reductions on Statement M, column (b) and the annual amortization expense is included in the Amortization amount on Statement M, column (b).

BLACK HILLS POWER, INC.
DEPRECIATION AND AMORTIZATION EXPENSE
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	(a) Adjusted Plant in Service	(b) Sched. D-3 Less: Non-Depreciable Items	(c) (a) - (b) Depreciation Plant	(d) Functional Class Depreciation Rate	(e) (c) * (d) Adjusted Depreciation Expense	(f) Sched. E-1 Depreciation/ Amortization Expense Per Books	(g) (e) - (f) Depreciation Adjustment
1	Steam Production- by Plant								
2	Ben French		\$ -	\$ -	\$ -	16.23%	\$ -	\$ 489,104	\$ (489,104)
3	Neil Simpson I		-	-	-	21.97%	-	777,764	(777,764)
4	Neil Simpson II		153,375,539	7,965	153,367,574	2.90%	4,447,660	3,505,549	942,111
5	Osage		-	-	-	12.07%	-	465,658	(465,658)
6	Wygen III		134,929,287	-	134,929,287	2.64%	3,562,133	3,078,869	483,264
7	Wyodak		111,118,846	109,191	111,009,656	2.86%	3,174,876	3,313,428	(138,552)
8	CPGS		92,250,624	-	92,250,624	3.29%	3,035,046	-	3,035,046
9	Other Production		83,201,867	2,705	83,199,162	2.50%	2,079,979	1,756,016	323,963
10	Total Production Plant	Sum (Ln. 2:Ln. 9)	574,876,163	119,860	574,756,303		16,299,694	13,386,388	2,913,306
11									
12	Transmission		115,033,899	5,745,930	109,287,969	2.26%	2,469,908	2,396,230	73,678
13									
14	Distribution		334,073,284	2,106,585	331,966,699	2.70%	8,963,101	8,425,932	537,169
15									
16	General		52,043,800	1,603,243	50,440,557	4.62%	1,635,464	1,701,148	(65,685)
17									
18	Other Utility Plant		27,796,131	-	27,796,131	7.65%	2,126,452	2,000,163	126,289
19									
20	Subtotal Plant in Service	Sum (Ln.11:Ln.19)	1,103,823,277	9,575,618	1,094,247,659		31,494,618	27,909,862	3,584,757
21									
22	Plant Acquisition Adjustment		4,870,308	-	4,870,308	2.00%	97,406	97,406	-
23									
24	Total Plant in Service	Ln.21 + Ln.23	<u>\$ 1,108,693,585</u>	<u>\$ 9,575,618</u>	<u>\$ 1,099,117,967</u>		<u>\$ 31,592,024</u>	<u>\$ 28,007,268</u>	<u>\$ 3,584,757</u>

Note (1) Non-depreciable items from Schedule D-1 include: land, land rights, acquisition adjustment and rate case costs.

BLACK HILLS POWER, INC.
EXPENSE CHARGED OTHER THAN PRESCRIBED DEPRECIATION
For the Test Year Ended September 30, 2013

Line No.	Policy Description
1	Black Hills Power did not have any expenses charged other than prescribed depreciation
2	for the test year.

BLACK HILLS POWER, INC.
Amortization of Decommissioning Regulatory Asset - Total Company
For the Pro Forma Test Year Ended September 30, 2013

Schedule J-2
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Line No.	Production Plant	(a) Plant In Service as of 6/30/13	(b) Accumulated Depreciation as of 6/30/2013	(c) (a) - (b) Net Book Value as of 6/30/13	(d) Estimated Depreciation 7/1/13 - 9/30/14	(e) (b) + (d) Estimated Accumulated Depreciation as of 9/30/2014	(f) (a) - (e) Estimated Net Book Value as of 9/30/14	(g) Estimated Total Decommissioning Costs	(h) (f) + (g) Estimated Regulatory Asset
1	Ben French	\$ 14,366,735	\$ 14,283,783	\$ 82,952	\$ 618,060	\$ 14,901,843	\$ (535,108)	\$ 3,959,606	\$ 3,424,498
2	Osage Units 1-3	18,170,580	18,271,582	(101,002)	586,845	18,858,427	(687,847)	3,951,736	3,263,889
3	Neil Simpson	22,394,874	16,690,994	5,703,880	870,675	17,561,669	4,833,205	2,975,413	7,808,618
4	Subtotal								14,497,005
5	Estimated Ben French, Osage, and Neil Simpson I Obsolete Inventory (1)								2,866,565
6	Total								17,363,570
7	Amortization Period (years)								5
8	Annual Amortization Expense								\$ 3,472,714
9									
10	Unamortized Regulatory Asset								\$ 13,890,856
11									
12	Note (1) Obsolete inventory is broken down by unit and removed from rate base on Schedule F-1.								

BLACK HILLS POWER, INC.
Amortization of Storm Atlas Regulatory Asset and System Inspection Costs - South Dakota
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	Amount
1	Storm Atlas Regulatory Asset		
2	Regulatory Asset Balance as of 12/31/13		\$ 2,696,508
3	Estimated Remaining Storm Costs		300,000
4	Total Estimated Regulatory Asset		<u>2,996,508</u>
5			
6	2014 BHP SD System Inspection Costs		
7	Distribution Line Patrol - Contract Labor		\$ 542,000
8	Estimated O&M Repair Work		600,000
9	Total Estimated BHP Inspection Costs		<u>1,142,000</u>
10			
11	Storm Atlas and System Inspection Cost Amortization		
12	Estimated Regulatory Asset and System Inspection Costs		\$ 4,138,508
13	Amortization Period (years)		<u>5</u>
14	Annual Amortization Expense		<u>827,702</u>
15			
16	Unamortized Regulatory Asset		<u>\$ 3,310,806</u>