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

Section M

20:10:13:96. Statement M -- Overall Cost of Service. Statement M shall show for the test period the overall cost of service per books for the filing public utility's utility operations during the test period, including allowances for return and income taxes based upon the rate of return claimed, together with the operating revenues of the filing public utility for the test period. If the filing public utility claims any adjustments to book figures, the cost of service based upon the claimed adjustments shall be shown on a separate schedule. If the amount of the filing public utility's total utility operating revenue differs significantly from its overall cost of service, including allowances for claimed return and income taxes, the filing public utility shall show the amounts available for return and taxes on income and return expressed as a percentage of rate base.

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 <u>49-34A-10</u>, <u>49-34A-12</u>, <u>49-34A-41</u>.

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

Section M

Schedule M-1 – Other Rate Base Reductions. This schedule shows reductions to rate base, based on a twelve month average balance, by FERC account. The other rate base reduction amounts related specifically to the BHP CUS are on line 66. The total of these rate base reductions are on Statement M, Line 27.

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

Section M

Schedule M-2 – Adjustment to Deferred Taxes. This Schedule reflects an adjustment for deferred income taxes on the pro forma plant additions from Statement D, page 2, as well as the retirements of Ben French, Osage and Neil Simpson I. This calculation is based on assets that quality for a bonus depreciation. This adjustment is summarized on Statement M, line 27.

BLACK HILLS POWER, INC. OVERALL COST OF SERVICE For the Pro Forma Test Year Ended September 30, 2013

			(a)	(b)	(c) (a) + (b)	(d)	(e) (c) + (d)
Line		- 6		Pro Forma	* P	Additional	Adjusted Rate of
No.	Description	<u>Reference</u>	Per Books	Adjustments	Adjusted Total	Revenue Required	Return
1	Operating Revenue						
2	Sales of Electricity	Stmt. I pg. 1 Ln. 14	\$ 215,699,899	\$ (59,355,396)	\$ 156,344,503	\$ 12,208,401	\$ 168,552,904
3	Other Operating Revenue	Stmt. I pg. 1 Ln. 25	33,237,836	(4,638,529)	28,599,307		28,599,307
4	Total Operating Revenue		248,937,735	(63,993,925)	184,943,810	12,208,401	197,152,212
6	Operating Expenses						
7	Operation and Maintenance	Stmt. H Ln. 136	154,728,047	(74,747,077)	79,980,969	_	79,980,969
, 8	Depreciation	Stmt. J Ln. 20	27,909,862	3,584,757	31,494,618	-	31,494,618
9	Amortization	Stmt. J Ln. 22	97,406	4,300,416	4,397,822	_	4,397,822
10	Taxes Other Than Income Tax	Stmt. L Ln. 18	5,359,279	66,743	5,426,022	_	5,426,022
11	State Income Tax	Sched, K-5 Ln. 1	3,403	, -	3,403	_	3,403
12	Total Operating Expenses		188,097,996	(66,795,162)	121,302,834		121,302,834
13	5 F 1 1 1 1						
14	Operating Income Before Tax	Ln. 4 - Ln. 12	60,839,739	2,801,238	63,640,976	12,208,401	75,849,377
15	•						
16	Federal Income Tax	Stmt. K. pg. 2 Ln. 68	14,025,480	1,128,515	15,153,995	4,272,940	19,426,935
17							
18	Return (Operating Income)	Ln. 14 - Ln. 16	46,814,259		48,486,981		56,422,442
19							
20	Rate of Return	Ln. 18 / Ln.29	8.83%		7.29%		8.48 <u>%</u>
21							
22	Rate Base						
23	Plant in Service	Stmt. D pg. 2 Ln. 24	1,016,264,830	92,428,757	1,108,693,587	-	1,108,693,587
24	Accumulated Depreciation	Stmt. E pg. 1	(357,675,969)	46,889,614	(310,786,355)	-	(310,786,355)
25	Accumulated Amort. Acq. Adjustment	Stmt. E pg. 2 Ln. 15	(3,156,280)	-	(3,156,280)	-	(3,156,280)
26	Working Capital	Stmt. F Ln 9	16,814,753	1,009,516	17,824,269	-	17,824,269
27 28	Other Rate Base Reductions	Sched M-1 Ln. 59	(141,965,577)	(5,250,660)	1) (147,216,237)	<u>-</u>	(147,216,237)
29	Total Rate Base	Sum (Ln.23:Ln.27)	\$ 530,281,756	\$ 135,077,228	\$ 665,358,984	\$	\$ 665,358,984
30							

Note 1: Schedule M-1 Ln.54 (o) + (q) + Schedule M-2 Ln 38 + Schedule J-2 Ln. 10 + Schedule J-3 Ln. 16 + Schedule H-20 Ln. 11

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BLACK HILLS POWER, INC. OTHER RATE BASE REDUCTION For the Pro Forma Test Year Ended September 30, 2013

Line No.	Account	Description	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013
1	182316	Regulatory Asset - Pension	\$ 27,283,818		\$ 27,283,818 \$		26,683,304	\$ 26,683,304 \$		26,683,304 \$	26,683,304 \$	26,683,304
~	182385	Regulatory Asset - Retiree H.C.	317,892	317,892	317,892	317,892	317,892	317,892	1,170,431	1,170,431	1,170,431	1,170,431
m	182390	Regulatory Asset - AFUDC	8,552,058	8,552,058	8,552,058	8,459,622	8,459,622	8,459,622	8,446,884	8,446,884	8,445,884	8,456,800
դ ու	E6570T	Regulatory Asset - Drit of Ropesty Total Regulatory Assets	43.572.110	43.577.110	43 572.110	43.479.613	43.479.613	43.479.613	44.669.545	44.669 595	265 695 00	45 029 691
ω.												
7	190175	DT1000 - Vacation	256,932	226,932	226,932	200,410	200,410	200,410	314,334	314,334	314,334	282,163
e0	190175	DT1010 - Bad Debt Reserve	547,808	547,808	547,808	S47,808	547,808	547,808	547,808	547,808	547,808	547,808
en ;	190175	DT1020 - EE Group Insurance	78,005	78,005	78,005	63,142	63,142	63,142	63,142	63,142	63,142	63,142
2 :	1901/5	DT1050 - Workers Comp	11,411	535 810	21/411	704 083	126,353	704.083	240,896	144,896 240,704	144,896 240,704	164,125
1 0	140175	DILLOVO : Nesults Comp Plant	0.000	orogen.	OTG/DEC	, (m)	17.266 000	17.266.000	2.200.000	2,200,000	7.706.624	4 400 000
1 2	190520	DT2020 - Retires Healthcare	3,097,900	3.097,900	3.097.900	3,126,435	3.126,435	3,126,435	3,087,520	3,087,620	3.087,620	3.054,869
7	190520	DT2025 - PEP Plan	518,020	518,020	518,020	474,783	474,783	474,783	479,155	479,155	479,155	483,527
12	190520	DT2065 - Pension (AOCI)	14,691,286	14,691,286	14,691,286	£	E	£	E	3	3	ਜ਼
16	, -	972070 - PEP (AOCI)	263,123	263,123	263,123	355,645	355,645	355,645	349,835	349,835	349,835	344,024
11	190520	D72085 - (fC				•				,		
9 9		012090 - FAS 109 II.C	. 211533	704 982	108 444	101 005	101 ans	191 075	AEC 731	167 224	Acc 731	728 744
50 20		DT-1010 - Performance Plan	4.454	4.454	4.454	4.454	4,454	4.454	4.454	4.454	4.454	4.454
17	•	DT3040 - Retiree Health (AOCI)	(317,892)	(317,892)	(317,892)							,
77		DT3070 - Deferred Compensation	303,863	303,863	303,863	394,211	394,211	394,211	388,315	388,315	388,315	382,419
z) :		DT3075 - Line Extension Deposit	(134,421)	(134,421)	(134,421)	(302,106)	(302,105)	(302,106)	(291,274)	(291,274)	(291,274)	(236,046)
* *	190520	DT4120 - Reg Pension	•			14,367,933	14,367,933	14,357,933	14,367,933	14,367,933	14,367,933	14,367,933
3 %		D14123 - Neg Keuree HealthCare DT4135 - Insurance Reserve			. ,	ξτεμ(Ω/Τ*τ)	(Teb(0/7/T)	(1,1/0,431)	[1,170,431]	1777/431	(1,170,431)	1,170,431)
7.7		DT4165 - NOL Carryforward	23,340,292	23,340,292	23,340,292	(6,825,329)	(6,825,329)	(6,825,329)	7,206,623	7,206,623	7,206,623	3.031,821
8		DT4170 - Power Plant Maintenance	9,184	9,184	9,184	47,198	47,198	47,198	85,212	85,212	85,212	123,227
52	-	DT4285 - IRS Adjustment	1,263,944	1,263,944	1,263,944		,	•	٠	,	•	,
90	_	DT4415 - Alternative Fuel Vehicle Credit										
# 8	190520	DT4430 - R&D Credit Carryover				752,356	752,356	752,356	902,499	902,499	902,499	965,352
7 6		Total 190 Accounts	44.862.349	44.855.810	172.678 77	13.062 958	30 428 95R	40 428 958	29 093 500	29 093 500	34 100 123	27 284 616
¥			or of the second			and and a	2000	and and and and	2000	and and and	C. T. (1977) T. C.	070127177
8	252000	Customer Advances for Construction	(1,482,978)	(1,478,144)	(1,466,695)	(1,003,875)	(1,036,944)	(3,036,944)	(1,034,825)	(1,040,059)	(1,177,158)	(1,192,620)
# !	7		1000 1	1000	1000 000 00	100000	1	1000				1
÷ #		Accrued broup insurance wearee Li	(7,897,/83)	(7,943,913)	(8,043,149)	(5,321,011)	(6,348,524)	(5,375,036)	(6,403,548)	[5,430,946]	(5,458,532)	(6,478,510)
68		Accrued Pension	(16,143,758)	(15,414,680)	(16,685,603)	(16.356.012)	(16.581,789)	(16.807.565)	(17.033,342)	(17,259,119)	(17,484,896)	(EZ 210 673)
용		Accrued Pension Supplement - SERP	(880,723)	(875,900)	(871,076)	(990,917)	(986,223)	(981,529)	(974,071)	(968,456)	(962,841)	(957,226)
4			(26,240)	(62,444)	(98,648)	(134,852)	(171,056)	(207,250)	(243,464)	(279,668)	(315,872)	(352,076)
45		Regulatory Liability Flowback Excess Def. Tax	(592,656)	(573,768)	(554,880)	(535,992)	(535,992)	(535,992)	(479,328)	(479,328)	(479,328)	(423,989)
5 43	254200	Regulatory Liability LI Pension Inc. Jax Bannistony Liability IT Basines MC	(14,691,286)	(14,691,286)	(14,691,286) (fen 371)	(14,35/,932)	(24,367,932)	(14,367,932)	(14,367,932)	(14,36,432)	(356,435,41)	(14,357,932)
4		Total Regulatory Liabilities	(42.964.007)	(43, 293, 929)	(43.676.956)	(43,100,476)	(43.388.518)	(43.676.560)	(43,891,337)	(44.173.730)	(44.456.312)	(44 675,948)
46			•	•				•				
44	787	0T4062 - Accelerated Depreciation	(153,533,303)	(153,533,303)	(153,533,303)	(154,686,866)	(154,686,866)	(154,686,866)	(158,172,412)	(158,172,412)	(158,172,412)	(159,304,233)
9 5	283005	DITOUTS - Prepaid Expenses	(015/082)	(285,910)	(OT6'587)	(026,585)	(016,682)	(016,282) (02,012,5)	(DEE,282)	(016,282)	(016,582)	(285,910)
3		DT2093 - FAS 109 AFUDC	(2,993,220)	(2,993,220)	(2,993,220)	(2,960,867)	(2,960,867)	(2,960,867)	(2,956,409)	(2,956,409)	(2,956,409)	(2.959,880)
57		DT3018 - Tax Effect on State NOL	(1,439)	(1,439)	(1,439)	(1,439)	(1.439)	(1,439)	(1,905)	(1,905)	(1,905)	(1,905)
23		DT4065 - FAS 109 Equity AFUDC	[858,835]	(5,558,838)	(5,558,838)	(5,498,754)	(5,498,754)	(5,498,754)	(5,490,475)	(5,490,475)	(5,490,475)	(5,496,921)
8 2	283440	D14070 - Required Bond Loss	(896,510)	(896,510)	(896,510)	(875,192)	(875,192)	(875,192)	(853,875)	(853,875)	(853,875)	(832,558)
¥ 53		U142/3 - Unit of Property Total 282 and 283 Accounts	(269.760.272)	(169 750 272)	(169.760.272)	(177, 277, 071)	(170,725,721)	(4,80b,5/8)	(174 053 226)	(174 063 326)	(127,053,141)	(175.059.100)
95				in the street	1	1	in a citate citate)	fra class classes	(market)	(nastronic sel	(agricuals or)	**************************************
23	Note [1] Existing Other Utility Plant - ADIT	Utility Plant - ADIT										
3 5		Total Black Hills Power	\$ (125.772.798)	\$ (126,104,425)	\$ 175.772.7981 \$ 125.104.4251 \$ 126.402.5423 \$ 158.287.5531 \$ 1441.442.5627 \$ 1441.540.7043 \$ 145.514.04.4251 \$	(158.287.551)	\$ (141.342,662)	\$ (141.630.704) <	1145,226,2931 \$	\$ (145,513,921)	1100 925 9791 \$	(148 523 405)
8							1	· Italianalatus	A ferminant of the	A Transferre	e lessique duns	franchista (aux
61		Less: Transmission Other Rate Base Reductions										
6 6		Accelerated Depreciation										
2 2	190520/1901/5/190599	Accumulated Deferred Income Taxes 9 Accumulated Deferred Income Taxes										
8	182390/254015/254012											
99		Subtotal										
69		Total to be included in the Black Hills Power Rate Base										

BLACK HILLS POWER, INC. OTHER RATI: BASE REDUCTION For the Pro Forma Test Year Ended September 30, 2013

1500.00 Control of							Adi to Bor Rooks			
States S		Description	July 2013		eptember 2013	13 Month Average	Auj. to ret ouven. Pro Forma Tax Rtn True Up	Adjusted Total	Pro Forma Adjustments	Final Adjusted Total
Authors Control Cont			16.603.30	A06 583 2C						36 821 880
Active Composition Active		ulatory Asset - Retiree H.C.	1,170,431	1,170,431	1,170,431					776,952
Acted Composition Acted Composition Compo	_	ulatory Asset - AFUDC	8,456,800	8,455,800	8,414,275	8,473,874	,	8,473,874		
American Statistics of Statistics		ulatory Asset - Unit of Property	8,719,155	8,719,155	8,628,819	8,169,586	,	8,169,386	(8,169,586)	1
Release 570.516 570.516 570.516 570.516 570.516 570.516 570.516 570.516 570.516 570.516 570.516 570.517 <t< td=""><td>1</td><td>al Regulatory Assets</td><td>45,029,691</td><td>45,029,693</td><td>44,896,830</td><td>44,242,236</td><td>•</td><td>44,242,236</td><td>(qac'6qT'8)</td><td></td></t<>	1	al Regulatory Assets	45,029,691	45,029,693	44,896,830	44,242,236	•	44,242,236	(qac'6qT'8)	
State Stat		000 - Vacation	282.163	282,163	241.886	254.877		254.877		254,877
1,12,2,12,2,12,2,2,2,2,2,2,2,2,2,2,2,2,		010 - Bad Debt Reserve	547.808	547,808	(78,596)	499,623	(626,404)	(126,781)	,	(126,781)
1,000,000 1,00		1020 - EF Group Insurance	63.142	63,142	63.142	66,572		66,572	,	66.572
Compliance A100,000 A10,000		1050 - Workers Comp	164,125	164,125	182,615	164,690		164,690	•	164,690
1,000 1,00		1070 - Results Comp Plan	322,922	322,922	491,964	454,271	•	454,271	•	454,271
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,		1165 - NOL Carryforward	4,400,000	4,400,000	2,500,000	4,764,509		4,764,509		4,764,509
1,000 1,10		3020 - Retiree Healthcare	3,054,869	3,054,869	2,739,145	3,064,586	(298,389)	2,766,197		2,766,197
10,000 1		3025 - PEP Plan	483,527	483,527	487,899	488,796	•	488,796	ı	488,796
The control of the		7055 - Pension (AOCI)	8	3	3	3,390,296	•	3,390,296	•	3,390,296
1,17,550.00 1,17,550.00		2070 - PEP (AOC!)	344,024	344,024	338,214	328,930		328,930		328,930
17.0 17.0		3085 - ITC			•		•	•		•
147,865 147,		3090 - FAS 109 ITC	•		,	•	•	•		•
A		3092 - FAS 109	147,865	147,865	128,497	174,189		174,189		174,189
1,20,046 32,149 31,249 31,549 31,549 31,549 31,549 31,749		3010 - Performance Plan	4,454	4,454	5,542	4,537		5,625		5,625
1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,		3040 - Retiree Health (AOCI)	•		•	(73,360)	•	(73,360)	•	(73,360)
1,170,431 1,170,431 1,170,431 1,170,431 1,100,332 1,105,235 1,10	_	3070 - Deferred Compensation	382,419	382,419	376,523	367,919		367,919		367,919
1,170,431 1,170,431 1,170,431 1,170,431 1,100,3256 1,100,2		3075 - Line Extension Deposit	(236,046)	(236,046)	(225,646)	(239,784)		(229,783)		(229,783)
1,170,431 1,17		4120 - Reg Pension	14,367,933	14,367,933	14,367,933	11,052,256		11,052,256		11,052,256
Marketon		4125 - Reg Retiree Healthcare	(1,170,431)	(1,170,431)	(1,170,431)	(900,332)		(900,332)		(900,332)
March Relation Marc		4135 - Insurance Reserve	,	,		•		,		
Past Maintenance 133,227 163,241 73,516 73,516 73,516 73,516 1,231 1,2		4165 - NOL Carryforward	3,031,821	3,031,821	3,888,782	6,473,000	2,714,614	9,187,514		9,187,614
1,291		4170 - Power Plant Maintenance	723,221	123,227	161,241	73,516		73,516		73,516
tative Fair Mothic Credit 15.372 15.72 15						291,679		291,679		291,679
The color of the			•	•	16,782	1,291		1,291		1,291
The first income Tax		4430 - R&D Credit Carryover	965,352	965,352	1,012,894	682,578		682,578		
Construction Cons			5,443	5,443	5,443	4,828	,	4,828	(4,828)	1
1,135,520 (1,137,523) (1,137,523) (1,139,731) (1,13	Ē	tal 390 Accounts	27,284,616	27,284,616	25,633,827	31,389,467	1,800,910	33,190,377	(4,828)	
Cartifornian Cart			14 426 6901	102 103	/1 400 759	100 000 10	1467 644	(367 756 7)		1900 000 00
Care	-		(U20,CCT,L)	2,467,553	(1,193,/36)	(1,185,101)	(mm/,/cT)	1,341,423		(1,347,225)
1,2,210,515 1,2,209,146 1,2,007,775 1,1,08,302 1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,			(6.507.035)	(6,535,560)	(6.560.133)	(6.792,668)	•	(6.792.668)	٠	(6.792.668)
15,637,450 (15,683,226) (16,699,003) (16,605,47) (16,502,47)			(2,210,515)	(2,209,145)	(2,207,775)	(2.198,302)		(2.198,302)		(2.198,302)
186,595 186,595 186,515 186,		crued Pension	(15,637,450)	(15,863,226)	(15,089,003)	(16,620,547)	•	(16,620,547)	•	(16,620,547)
1,000 1,00		crued Pension Straplement - SERP	(019:156)	(945,995)	(940.380)	(945,150)	•	(945,150)	,	(945.150)
In the Park		gulatory Liability Power Plant Maint.	(388,280)	(424,484)	(460,688)	(243,464)		(243,464)		(243,464)
			(423,989)	(423,989)	(368,651)	(492,914)	•	(492,914)	,	(492,914)
12.173.558 12.173.58 12.17			(14,367,932)	(14,367,932)	(14,367,932)	[14,442,552]		(14,442,552)	•	(14,442,552)
1,25,304,233 (12,920,233 (12,930,133 (12,930,133 (13,930,13) (13,930,133 (13,930,13)		gulatory Liability ET Retiree HC	(2,173,658)	(2,173,658)	[2,173,658]	(1.808,284)		(1.808,284)	•	[1.808.284]
Comparison Com		tal Regulatory Liabilities	(42,660,469)	(42,943,99D)	(43,168,221)	(43,543,881)		(43,543,881)		(43,543,881)
Charle C										
CLASAS C		4062 - Accelerated Depreciation	(159,304,233)	(159,304,233)	(161,337,805)	(156,802,1/3)	(678,162)			(157,480,335)
## A PANCH (1,195) (1,		toto riepaid caperises	(015,005)	(202,210)	(4 50 9 35)	(277, 003, 6)	075'0		•	(278,436)
Fig. 10 State MOI. (1,505) Fi		2012 - FEISION FINI 2003 - EAC 100 A ELID	(3,055,055)	(1089 980 C)	(1909,500,50)	(2,100,12)	(Acatena)	_	•	(4,262,425) (3,06E ecc.)
Femily Accounts (5,465,21) (5,465,27) (5,465,27) (5,506,19)		2018 - Tay Effect on State MOI	(1000)	(1 post	(4,044,000)	(1,500)		(4,303,030)		
122,558 (811,240) (850,64) (150,64)		4065 - FAX THELI DII JURIE NO.	(CDE,1)	(5,496,921)	(COC, 1)	(5.508.014)		(S She 019)		
Property (2,878,348) (2,888,348) (2,	_	4070 - Required Bond Inse	(855 CER)	(832.558)	(811 240)	(860.434)		(86n 434)		(860.024)
83 Accounts (175,069,144) (175,059,144) (175,059,144) (175,059,144) (175,059,144) (175,059,144) (175,059,144) (175,059,144) (175,059,144) (175,059,145) (174,358,563) (17		4275 - Unit of Property	(3.051,704)	(3.051,704)	(3.020.086)	(2.859,355)		_		t-c+'noo!
(2,621,409) (2,621,409)		tal 282 and 283 Accounts	(175,069,144)	(175,069,144)	(178,372,571)	(172.863,678)	E			(171.478.525)
C,633,409 C,6										-
Total Black Hills Power \$ 146,550,926 \$ 134,886,360 \$ 132,203,833 \$ 141,865,577 \$ 148,581. \$ (141,816,996 \$ (7,925,785 \$ 6 6 6 6 6 6 6 6 6	te (1) Existing Other Utility	y Plant - ADIT							(2,631,409)	
Less: Transmission Other Rate Base Reductions (20,781,266) (89,878) (20,871,144) Accombinated Deferred income Taxes Accombinated Deferred income Taxes (2,551,288) (123,722) (2,581,020) Accombinated Deferred income Taxes (2,551,288) (123,722) (2,581,020) (4,755,257 (2,72,824 5,028,081 5,931,044) (4,755,257 (2,72,824 5,931,044) (4,755,	Ē	Tall Rent Hills Power	4 (146 550 926)	LINE SEG 360)	¢ (152 203 803)		u		u	
Least Transmission Other Rate Base Reductions (20,781,266) (89,878) (20,871,144) Accelerate Dependention (2,551,288) (129,732) (2,582,020) Accelerate Dependent Bases (2,551,288) (129,732) (2,582,020) Accelerate Defenred Income Taxes Accelerate D	2		date/dec/ort	140,000,300)	CC9'507'7CT		•		۸	
Accumulated Deferration 12,02,128 12,02,129 12		ss: Transmission Other Rate Base Reductions				land and only				100
Accomulated before frome Takes 4,75,227 (72,824 5,026,931) Accomulated before the Takes 5,026,931 (18,705,931 18,705,931) Accomulated before the Takes 5,026,931 (18,705,931) Accomplisation of Takes 5,031 (18,7		cessario depredation sumulated Deferred (noons Taxes				(2,751,788)				(20,8/1,144)
867 995 - 367 99		cumulated Deferred Income Taxes				4.755,257				5.028.081
(18.209.302) 53.214		\$ 109 Adjustment (Gross Up on Excess DIT)				367.995			,	367 995
		ytotal			•					(18 156 088)

-:-:-

BLACK HILLS POWER, INC. Adjustment to Deferred Taxes - Total Company For the Pro Forma Test Year Ended September 30, 2013

Line No.	Capital Additions	(a) (Stmt D Pg 2) Amount	(b) (Stmt. J) Book Depreciation	(c) 1st Year Tax Depreciation Rate	(d) (a x c) Tax Depreciation	(e) (b - d) Difference	(f) Tax Rate	(g) (e x f) Deferred Tax
1	CPGS R&D	\$ 7,413,363	\$ 243,900	100.00%	\$ 7,413,363	\$ (7.169.463)	35.00%	\$ (2,509,312)
2	CPGS - 2013 Expenditures	57,433,266	1,889,554	51.88%	29,796,378	(27,906,824)	35.00%	(9,767,388)
3	CPGS - 2014 Expenditures	23,628,242	777,369	3.75%	886,059	(108,690)	35.00%	(38.042)
4	CPGS - 12" Gas Pipeline	3,775,753	124,222	51.88%	1,958,861	(1,834,639)	35.00%	(642,124)
5	Wyodak- 2012/2013 Annualizations	821,000	23,481	51.88%	425,935	(402,454)	35.00%	(140,859)
6	Neil Simpson II - 2012/2013 Annualizations	485,505	14,080	51.88%	251,880	(237,800)	35.00%	(83,230)
7	Wygen III - 2012/2013 Annualizations	1,042,238	27,515	51.88%	540,713	(513,198)	35.00%	(179,619)
8	Other Production - 2012/2013 Annualizations	1,035,919	25,898	51.88%	537,435	(511,537)	35.00%	(179,038)
9	Distribution - 2012/2013 Annualizations	5,203,942	140,506	51.88%	2,699,805	(2,559,299)	35.00%	(895,755)
10	General - 2012/2013 Annualizations	2,523,540	116,588	51.88%	1,309,213	(1,192,625)	35.00%	(417,419)
11	Wyodak- 2014 Additions	1,161,207	33,211	3.75%	43,545	(10,334)	35.00%	(3,617)
12	Neil Simpson II - 2014 Additions	4,656,216	135,030	3.75%	174,608	(39,578)	35.00%	(13,852)
13	Neil Simpson Common - Additions	5,289,145	153,385	3.75%	198,343	(44,958)	35.00%	(15,735)
14	Wygen III - 2014 Additions	2,867,704	75,707	3.75%	107,539	(31,832)	35.00%	(11,141)
15	Other Production - 2014 Additions	1,679,621	41,991	3.75%	62,986	(20,995)	35.00%	(7,348)
16	Distribution - 2014 Additions	21,674,332	585,207	3.75%	812,787	(227,580)	35.00%	(79,653)
17	General - 2014 Additions	4,462,479	206,167	3.75%	167,343	38,824	35.00%	13,588
18	Other Utility - 2014 Additions	1,456,749	111,444	3.75%	54,628	56,816	35.00%	19,886
19	Total	\$ 146,61 <u>0,221</u>	\$ 4,725,255		\$ 47,441, <u>421</u>	\$ (42,716,166)		(14,950,658)
20								
21	NOL Adjustment							(455,493)
22 23	Net Adjustment							\$ (15,406,151)
24	140t 2 tajustment							Ψ (15,100,151)
	Note 1: Line 1 above relates to costs estimated to qua	alify for current deductio	n as research and de	velopment under	IRC Section 174.			
26								
27		Sched J-2	Sched J-2					:
28			Book	Depreciation	Tax			
29	Retirements	Amount	Depreciation	Rate	Depreciation	Difference	Tax Rate	Deferred Tax
30	Ben French, Neil Simpson and Osage	\$ (54,932,189)	\$ (51,321,939)	91.271%	\$(50,137,375)	\$ (1,184,564)	35.00%	\$ (414,597)
31								
32	Decommissioning Reg Asset Amort							
33	Ben French, Neil Simpson and Osage							
34	Plant Related		722,050		1,190,973	(468,923)	35.00%	(164,123)
35	Decommissioning Costs		2,177,351		-	2,177,351	35.00%	762,073
36	Total							597,950
37								
38	Net Other Rate Base Reduction Adjustment	I	.n. 23 + Ln. 30 + Ln	. 36				\$ (15,222,798)