

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

Section H

Schedule H-10 – Neil Simpson Complex Shared Facilities Adjustment. This Schedule compares Black Hills Power's per books expenses for the Neil Simpson Complex Shared Facilities to the pro forma expenses based on pooled expensed net capacity allocators. The difference is shown on line 23 and adjusted in Statement H, column (h).

BLACK HILLS POWER, INC.
Neil Simpson Complex Shared Facilities Adjustment
For the Pro Forma Test Year Ended September 30, 2013

Schedule H-10
Page 1 of 1

Line No.	Description	Reference	Amounts
1	Black Hills Power's Share of Allocated Costs:		
2			
3	Per Books - Shared Facilities Costs (FERC Account 507 - Production Rent)		\$ 1,463,778
4			
5	2013 Budget:		
6	Pool 1 - Shared by all plants	Line 29 x Line 42	718,969
7	Pool 2 - Neil Simpson II and Wygen I	Line 30 x Line 43	310,945
8	Pool 3 - Wygen II and III	Line 31 x Line 44	792,194
9	Pool 4 - Wygen I, II and III and Neil Simpson II	Line 32 x Line 45	240,249
10	Pool 5 - Combustion Turbine I and II, and Wygen I, II and III	Line 33 x Line 46	17,517
11	Pool 6 - Combustion Turbine I and II	Line 34 x Line 47	16,896
12	Pool 7 - Wygen I, II, and III	Line 35 x Line 48	22,121
13	Total		<u>\$ 2,118,891</u>
14			
15	Shared Facilities O&M Expense Adjustment (Statement H Line 8 (k))	Line 13 - Line 3	<u>\$ 655,113</u>
16			
17	Black Hills Power's Share of Allocated Revenues:		
18			
19	Per Books - Shared Facilities Revenue (FERC Account 454 - Rent from Electric Property)		\$ 1,920,304
20			
21	Budget	Line 60	2,895,848
22			
23	Shared Facilities Revenue Adjustment (Statement I Page 1 Line 14 (b))	Line 21 - Line 19	<u>\$ 975,544</u>

Gillette Energy Complex Shared Facilities - Budget Detail

Gillette Energy Complex Facility Pool Descriptions:	Costs
Pool 1 - All plants shared facilities and water systems	\$ 1,393,003
Pool 2 - Neil Simpson II and Wygen I	621,890
Pool 3 - Wygen II and III	1,476,362
Pool 4 - Wygen I, II and III and Neil Simpson II	462,479
Pool 5 - Combustion Turbine I and II, and Wygen I, II and III	43,792
Pool 6 - Combustion Turbine I and II	33,792
Pool 7 - Wygen I, II, & III	59,325
Total Costs	<u>\$ 4,090,643</u>

	(a)	(b)	(c)
			(a) x (b) = (c)
	Pool	BHP	BHP's
Gillette Energy Complex Facility - Cost Allocators (Note 1):	Net Capacity	Net Capacity	Allocator
Pool 1 - Shared by all plants (Note 1)	465	240	51.61%
Pool 2 - Neil Simpson II and Wygen I	180	90	50.00%
Pool 3 - Shared by Wygen II and III Plants	205	110	53.66%
Pool 4 - Shared by Wygen and Neil Simpson Plants (Note 1)	385	200	51.95%
Pool 5 - Combustion Turbine and Wygen Plants	375	150	40.00%
Pool 6 - Combustion Turbine I and II	80	40	50.00%
Pool 7 - Wygen I, II, & III	295	110	37.29%

Gillette Energy Complex Shared Facilities - Annual Revenue Requirement:	Reference	BHP
Facilities		12,161,636
Fuel Handling		4,857,388
Water Systems		4,048,296
Chemical Systems		1,492,296
Air Systems		<u>819,069</u>
		<u>23,378,685</u>
Rate of Return	Note 2	1,982,512
Depreciation		913,336
Calculated Revenue Requirement on Shared Assets	Line 58 + Line 59	<u>2,895,848</u>

Note 1: Neil Simpson 1 will be retired March 21, 2014. Therefore, the plant capacity is not included in the allocation.

Note 2: Line 56 * ROR established in Shared Facilities Agreement.