

**BLACK HILLS POWER, INC.**  
SD PUBLIC UTILITIES COMMISSION  
DOCKET NO. EL15-049 – Line Extension Policy

REQUEST DATE : January 14, 2016  
RESPONSE DATE : January 27, 2016  
REQUESTING PARTY : South Dakota Public Utilities Commission

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**SDPUC Request 1-3:**

Provided that the cost of line extensions was updated as of the October 2012 through September 2013 test year in docket EL14-026 and the revenues have not been updated since docket EL06-019, will this change in line extension policy result in a material change in BHP's revenue requirement?

**Response to SDPUC Request 1-3:**

The cost of a customer line extension is recorded as a distribution plant addition when it is placed in-service. If the customer line extension costs more than the Line Extension Allowance, the customer is required to pay an Advanced Deposit that is recorded in FERC Account 252, Customer Advances for Construction. Plant in service that is used and useful is included in rate base, and Customer Advances for Construction is reflected as a reduction to rate base. Therefore, this proposed change has no effect on the test year revenues and expenses that were reflected in Docket EL14-026. The proposed changes to the residential customer line extension allowance will not have a material impact to Black Hills Power's rate base or revenue requirement.