

TRANSMISSION FACILITY ADJUSTMENT For the Pro Forma Year Ended May 31, 2017

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BLACK HILLS ENERGY COST RECOVERY RATE - TRANSMISSION FACILITIES Rate Calculation Effective June 1, 2016

No. Description Reference South Diskota	Line				
Transmission Facilities Year 3 Revenue Requirement (June 1, 2016 through May 31, 2017) Schedule 4-3, line 2 \$ 272,246 34 Production Capacity Allocators by Customer Class Section No. 3C, Sheet No. 16 34,00% Section No. 3C, Sheet No. 16 34,33% Large General Service and Industrial Section No. 3C, Sheet No. 16 30,70% Section No. 2C, Sheet No. 16 Section No. 2C, Sheet		Description	Reference	S	outh Dakota
Production Capacity Allocators by Customer Class Residential Section No. 3C, Sheet No. 16 34,00%	-	Transmission Facilities Veer 3 Pavanua Paguirament (Juna 1, 2016 through May 31, 2017)	Schadula 4 3 lina 2	¢	272 246
Production Capacity Allocators by Customer Class Section No. 3C, Sheet No. 16 34,00% Section No. 3C, Sheet No. 16 34,33% Section No. 3C, Sheet No. 16 34,33% Section No. 3C, Sheet No. 16 30,070% Section No. 3C, Sheet No. 16 34,33% Section No. 3C, Sheet No. 16 34,30% Section No. 3C, Sheet No. 16 Section No. 2C, Sheet No. 16 Section No. 2C, Sheet No. 16 Section No. 2C, Sheet No. 16		Transmission Facilities Teal 3 Revenue Requirement (June 1, 2010 through May 31, 2017)	Schedule 4-3, line 2	φ	272,240
5 Residential Section No. 3C, Sheet No. 16 34,00% 6 Small General Service \$cction No. 3C, Sheet No. 16 34,33% 7 Large General Service and Industrial \$cction No. 3C, Sheet No. 16 30,70% 8 Lighting \$cction No. 3C, Sheet No. 16 30,70% 8 Revenue Requirement by Customer Class *** *** 12 Forecasted 3rd Year TFA Revenue Requirement Iine 2 x line 5 \$ 92,564 13 Balancing Account Under/Over Recovery \$chedule 4-2, line 10 (14,316) 14 Net Residential Revenue Requirement line 12 + line 13 \$ 78,248 15 Small General Service *** *** 78,248 16 Small General Service *** *** 73,976 *** 17 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 6 \$ 93,462 *** 73,976 *** *** 73,976 *** *** 73,976 *** *** 73,976 *** *** 73,976 *** *** 73,976 ***		Production Capacity Allocators by Customer Class			
Revenue Requirement by Customer Class	5		Section No. 3C, Sheet No. 16		34.00%
Revenue Requirement by Customer Class	6	Small General Service	Section No. 3C, Sheet No. 16		34.33%
Revenue Requirement by Customer Class Residential Residential Revenue Requirement Residential Revenue Requirem	7	Large General Service and Industrial	Section No. 3C, Sheet No. 16		30.70%
Revenue Requirement by Customer Class		Lighting	Section No. 3C, Sheet No. 16		0.97%
Residential Forecasted 3rd Year TFA Revenue Requirement Iline 2 x line 5 \$ 92,564 Forecasted 3rd Year TFA Revenue Requirement Iline 12 x line 13 \$ 78,248 Residential Revenue Requirement Iline 12 x line 6 \$ 78,248 Forecasted 3rd Year TFA Revenue Requirement Iline 2 x line 6 \$ 93,462 Small General Service Iline 2 x line 6 \$ 93,462 Balancing Account Under/(Over) Recovery Schedule 4-2, line 23 (19,486) Net Small General Service Revenue Requirement Iline 17 x line 18 \$ 73,976 Net Small General Service and Industrial Iline 2 x line 7 \$ 83,579 Large General Service and Industrial Iline 2 x line 8 \$ 83,579 Balancing Account Under/(Over) Recovery Schedule 4-2, line 23 \$ 83,579 Small General Service and Industrial Revenue Requirement Iline 2 x line 7 \$ 83,579 Forecasted 3rd Year TFA Revenue Requirement Iline 2 x line 8 \$ 2,641 Lighting Small General Service and Industrial Revenue Requirement Iline 2 x line 8 \$ 2,641 Small General Service and Industrial Revenue Requirement Iline 2 x line 8 \$ 2,641 Small General Service Requirement Iline 2 x line 8 \$ 2,641 Small General Service Requirement Iline 2 x line 8 \$ 2,641 Small General Service Requirement Iline 2 x line 8 \$ 2,641 Small General Service Requirement Iline 2 x line 8 \$ 2,641 Small General Service Requirement Iline 2 x line 8 \$ 34,996,818 Small General Service Requirement Iline 2 x line 8 \$ 34,996,818 Small General Service and Industrial G/1/16 - 5/31/17 BHP Sales Budget 423,81,795 Lighting Small General Service and Industrial Iline 14 + Iline 32 \$ 3,00015 Small General Service and Industrial Iline 14 + Iline 32 \$ 0,00015 Small General Service and Industrial Iline 14 + Iline 32 \$ 0,00015 Small General Service and Industrial Iline 14 + Iline 32 \$ 0,00015 Small General Service and Industrial Iline 14 + Iline 34 \$ 0,00015 Small General Service and Industrial	-				
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Ralancing Account Under/(Over) Recovery			11 2 11 5	ď	02.564
Net Residential Revenue Requirement line 12 + line 13 \$ 78,248 15		•		2	- /
16			•	<u>¢</u>	
Small General Service line 2 x line 6 \$ 93,462 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 6 \$ 93,462 Net Small General Service Revenue Requirement line 17 + line 18 \$ 73,976 Net Small General Service and Industrial line 2 x line 7 \$ 83,579 Large General Service and Industrial line 2 x line 7 \$ 83,579 Schedule 4-2, line 36 £ 83,579 Lighting Lighting £ 83,579 Lighting Lighting £ 83,579 Schedule 4-2, line 8 £ 83,5		Net Residential Revenue Requirement	line 12 + line 13	Ф.	76,246
Forecasted 3rd Year TFA Revenue Requirement line 2 x line 6 9.3,462 (19.486)		Small General Service			
18 Balancing Account Under/(Over) Recovery Schedule 4-2, line 23 (19.486) 19 Net Small General Service Revenue Requirement line 17 + line 18 \$ 73,976 20 Itarge General Service and Industrial \$ 83,579 21 Large General Service and Industrial \$ 83,579 23 Balancing Account Under/(Over) Recovery Schedule 4-2, line 36 (24,397) 24 Net Large General Service and Industrial Revenue Requirement line 22 + line 23 \$ 93,182 25 Lighting \$ 2,641 26 Lighting \$ 2,641 27 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 8 \$ 2,641 28 Balancing Account Under/(Over) Recovery Schedule 4-2, line 49 (589) 29 Net Lighting Revenue Requirement line 2 x line 8 \$ 2,641 30 Forecasted South Dakota kWh sales \$ 3,496,818 31 Forecasted South Dakota kWh sales \$ 534,996,818 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service and Industrial 6/1/16 - 5/31/17			line 2 x line 6	\$	93 462
Net Small General Service Revenue Requirement line 17 + line 18 73,976		•		Ψ	
		· · · · · · · · · · · · · · · · · · ·	•	\$	<u> </u>
22 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 7 \$ 83,579 23 Balancing Account Under/(Over) Recovery Schedule 4-2, line 36 (24,397) 24 Net Large General Service and Industrial Revenue Requirement line 22 + line 23 \$ 59,182 25 Lighting To Forecasted 3rd Year TFA Revenue Requirement line 2 x line 8 \$ 2,641 28 Balancing Account Under/(Over) Recovery Schedule 4-2, line 49 (589) 29 Net Lighting Revenue Requirement line 27 + line 28 \$ 2,052 30 Forecasted South Dakota kWh sales \$ 2,052 31 Forecasted South Dakota kWh sales \$ 534,996,818 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 5 534,996,818 33 Small General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 5 51,372,025 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 5 51,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 5 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) 1 line 14 + line 32		1			
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24 Net Large General Service and Industrial Revenue Requirement line 22 + line 23 \$ 59,182 25 1	22	Forecasted 3rd Year TFA Revenue Requirement	line 2 x line 7	\$	83,579
25 Lighting Ine 2 x line 8 \$ 2,641 27 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 8 \$ 2,641 28 Balancing Account Under/(Over) Recovery Schedule 4-2, line 49 (589) 29 Net Lighting Revenue Requirement line 27 + line 28 \$ 2,052 30 Forecasted South Dakota kWh sales \$ 2,052 31 Forecasted South Dakota kWh sales \$ 534,996,818 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) \$ 0,00015 38 Residential line 14 ÷ line 32 \$ 0,00015 39 Small General Service line 19 ÷ line 33 \$ 0,00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0,00017	23	Balancing Account Under/(Over) Recovery	Schedule 4-2, line 36		(24,397)
26 Lighting Iine 2 x line 8 \$ 2,641 27 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 8 \$ 2,641 28 Balancing Account Under/(Over) Recovery Schedule 4-2, line 49 (589) 29 Net Lighting Revenue Requirement line 27 + line 28 \$ 2,052 30 Forecasted South Dakota kWh sales \$ 2,052 31 Forecasted South Dakota kWh sales \$ 534,996,818 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) Inine 14 ÷ line 32 \$ 0.00015 38 Residential line 14 ÷ line 32 \$ 0.00017 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 19 ÷ line 34	24	Net Large General Service and Industrial Revenue Requirement	line 22 + line 23	\$	59,182
27 Forecasted 3rd Year TFA Revenue Requirement line 2 x line 8 2,641 28 Balancing Account Under/(Over) Recovery Schedule 4-2, line 49 (589) 29 Net Lighting Revenue Requirement line 27 + line 28 2,052 30 Forecasted South Dakota kWh sales 534,996,818 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 51,372,025 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) 11ne 14 ÷ line 32 0.00015 39 Small General Service line 14 ÷ line 32 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 0.00017	25				
28 Balancing Account Under/(Over) Recovery Schedule 4-2, line 49 (589) 29 Net Lighting Revenue Requirement line 27 + line 28 \$ 2,052 30 Forecasted South Dakota kWh sales * * * * * * * * * * * * * * * * * * *					
29 Net Lighting Revenue Requirement line 27 + line 28 \$ 2,052 30 30 31 Forecasted South Dakota kWh sales 534,996,818 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011				\$,
30 31 Forecasted South Dakota kWh sales 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 37 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011					
31 Forecasted South Dakota kWh sales 32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 17 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) 1 line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011		Net Lighting Revenue Requirement	line 27 + line 28	\$	2,052
32 Residential 6/1/16 - 5/31/17 BHP Sales Budget 534,996,818 33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011		D 10 . 4 D 1 . 1WI . 1			
33 Small General Service 6/1/16 - 5/31/17 BHP Sales Budget 423,681,795 34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011			C/1/1C F/21/17 DIID C-1 D14		524 006 010
34 Large General Service and Industrial 6/1/16 - 5/31/17 BHP Sales Budget 551,372,025 35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011			9		
35 Lighting 6/1/16 - 5/31/17 BHP Sales Budget 14,184,532 36 37 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) Ine 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011			ě		
36 36 37 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) 38 Residential 39 Small General Service 40 Large General Service and Industrial line 19 ÷ line 33 \$ 0.00017 line 24 ÷ line 34 \$ 0.00011			ě		* *
37 Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017) line 14 ÷ line 32 \$ 0.00015 38 Residential line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011		Lighting	0/1/10 - 3/31/1/ BHF Sales Budget		14,164,332
38 Residential line 14 ÷ line 32 \$ 0.00015 39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011		Transmission Facilities Adjustment Rate / kWh (June 1, 2016 through May 31, 2017)			
39 Small General Service line 19 ÷ line 33 \$ 0.00017 40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011			line $14 \div line 32$	\$	0.00015
40 Large General Service and Industrial line 24 ÷ line 34 \$ 0.00011					
			line $24 \div line 34$		
	41	ě	line 29 ÷ line 35	\$	0.00014



BLACK HILLS ENERGY TFA ANNUAL BALANCING ACCOUNT TRUE-UP

Line No.			Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Actual May-15	Actual Jun-15	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15	Actual Nov-15	Actual Dec-15	Actual Jan-16	Forecast Feb-16	Forecast Mar-16	Forecast Apr-16	Forecast May-16	Forecast Jun-16
1	Residential																			
2	Expected Recovery	\$	4,670 \$	4,670 \$	4,670 \$	4,670 \$.,		8,176 \$	8,176 \$	8,176	, ,	8,176	\$ 8,176 \$	8,176	\$ 8,176	\$ 8,176		\$ 8,176	
3	Actual Revenues		13,151	11,282	11,038	8,244	7,685	5,991	4,083	4,413	4,010	3,252	3,403	4,982	5,550	4,691	4,629	3,819	3,660	1,989
4	Monthly Under/(Over) Recovery		(8,482)	(6,612)	(6,368)	(3,574)	(3,015)	432	4,093	3,763	4,166	4,924	4,773	3,194	2,627	3,485	3,547	4,357	4,516	2,099
5 6	Days in Current Month		31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	30	31	30
7	Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
8	Monthly Interest		(218)	(234)	(298)	(311)	(341)	(329)	(318)	(297)	(265)	(247)	(213)	(202)	(187)	(157)	(148)	(119)	(97)	(82)
9			(===)	(== 1)	(=, -,	(211)	(2.17)	()	(0.00)	(=> .)	(===)	(=)	(===)	(===)	()	()	(-10)	(/	()	(=)
10	Balancing Account	\$	(36,884) \$	(43,729) \$	(50,395) \$	(54,280) \$	(57,635)	(57,532) \$	(53,757) \$	(50,291) \$	(46,390)	\$ (41,712) \$	(37,151)	\$ (34,159) \$	(31,720)	\$ (28,391)	\$ (24,992)	(20,753)	\$ (16,334)	\$ (14,316)
11																				
12																				
13	Small General Service		5 000 A	5 000 A	5.000 A	5 000 B	5,000		0.255 6	0.255 6	0.255		0.255	n 0255 m	0.255		n 0255 1	0.055	n 0.255	A 1120
14	Expected Recovery	\$	5,099 \$	5,099 \$	5,099 \$	5,099 \$.,		.,		.,	8,256 \$.,	\$ 8,256 \$	-,		\$ 8,256			
15 16	Actual Revenues Monthly Under/(Over) Recovery		10,598 (5,499)	9,808	9,731 (4,632)	(3,603)	8,385 (3,286)	7,563 (885)	5,459 2,796	6,051 2,204	5,439 2,817	4,763 3,493	4,249 4,007	5,054 3,202	5,117 3,138	4,289 3,967	4,594 3,662	4,249 4,007	4,347 3,909	2,514 1,614
17	Monthly Under/(Over) Recovery		(3,499)	(4,709)	(4,032)	(3,003)	(3,280)	(883)	2,790	2,204	2,817	3,493	4,007	3,202	3,136	3,907	3,002	4,007	3,909	1,614
18	Interest:																			
19	Days in Current Month		31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	30	31	30
20	Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
21	Monthly Interest		(220)	(225)	(278)	(291)	(322)	(319)	(315)	(303)	(279)	(269)	(239)	(230)	(212)	(178)	(169)	(142)	(124)	(111)
22 23	Balancing Account	s	(37,177) \$	(42,111) \$	(47,021) \$	(50,916) \$	(54,524)	(55,728) \$	(53,246) \$	(51,346) \$	(48,808) 5	\$ (45,585) \$	(41,817)	\$ (38,845) \$	(35,919)	\$ (32,130)	\$ (28,638) 5	(24,773)	\$ (20,988)	\$ (19,486)
24	Butaneing Account	Ψ	(37,177) \$	(42,111) \$	(47,021) ψ	(50,710) \$	(34,324)	(33,720) 4	(55,240) 4	(31,340) 4	(40,000)	p (45,505) q	(41,017)	ψ (50,045) ψ	(33,717)	ψ (52,150)	ψ (20,030)	(24,773)	ψ (20,700)	ψ (12,400)
25																				
26	Large General Service and Industrial																			
27	Expected Recovery	\$	8,229 \$	8,229 \$	8,229 \$	8,229 \$., .	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,	.,	.,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, ,,,,,,,,,	\$ 7,383 \$.,		\$ 7,383	. ,		\$ 3,691
28	Actual Revenues		12,903	12,369	11,017	11,234	12,671	10,660	5,823	5,519	5,507	5,482	5,387	4,709	3,965	3,904	3,478	3,688	4,103	2,104
29 30	Monthly Under/(Over) Recovery		(4,674)	(4,140)	(2,788)	(3,005)	(4,442)	(2,855)	1,560	1,864	1,876	1,901	1,996	2,674	3,417	3,479	3,905	3,695	3,280	1,587
31	Interest:																			
32	Days in Current Month		31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	30	31	30
33	Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
34	Monthly Interest		(203)	(207)	(247)	(257)	(294)	(303)	(305)	(296)	(277)	(277)	(258)	(252)	(233)	(200)	(192)	(166)	(153)	(140)
35 36	Balancing Account	•	(34,343) \$	(38.689) \$	(41,724) \$	(44,986) \$	(49,723)	5 (52,880) \$	(51,625) \$	(50,057) \$	(48,459) 5	\$ (46,835) \$	(45,097)	\$ (42,676) \$	(39,492)	\$ (36,213)	\$ (32,501)	(28,972)	\$ (25,845)	\$ (24,397)
37	Balancing Account	Ψ	(54,545) \$	(30,007) \$	(41,724) \$	(44,780) \$	(47,723)	(32,000) 4	(31,023) ‡	(30,037) 4	(40,437)	p (40,0 <i>33)</i> q	(43,097)	\$ (42,070) \$	(37,472)	\$ (30,213)	\$ (32,301)	(20,772)	\$ (23,643)	\$ (24,371)
38																				
39	Lighting																			
40	Expected Recovery	\$	473 \$	473 \$	473 \$	473 \$	473	353 \$	233 \$	233 \$	233 5	\$ 233 \$	233	\$ 233 \$	233	\$ 233	\$ 233 5	233	\$ 233	\$ 117
41	Actual Revenues		672	569	562	460	281	472	178	201	216	244	264	282	282	241	230	216	186	83
42	Monthly Under/(Over) Recovery		(199)	(96)	(89)	13	192	(119)	55	33	18	(11)	(31)	(49)	(49)	(8)	3	17	47	34
43																				
44	Interest:																			
45	Days in Current Month		31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	30	31	30
46	Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
47 48	Monthly Interest		(3)	(3)	(4)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(3)
49	Balancing Account	\$	(491) \$	(590) \$	(683) \$	(674) \$	(485)	(608) \$	(556) \$	(526) \$	(511) 5	\$ (525) \$	(559)	\$ (612) \$	(664)	\$ (676)	\$ (677)	(663)	\$ (620)	\$ (589)



BLACK HILLS ENERGY COST OF SERVICE - TRANSMISSION FACILITIES Year Three Revenue Requirement Calculation

Line South Dakota Description Reference No. Jurisdiction Operating Revenue Required 2 Transmission Facilities Revenue \$ 272,246 3 4 **Operating Expenses** Depreciation 5 Schedule 4-5, line 3 52,608 Assessed Filing Fee 6 Docket EL 15-007 3,689 **Total Operating Expenses** 56,296 7 8 9 Other Operating Revenues Schedule 4-10, (line 4+ line 5) * 12 (60,852)10 Operating Income Before Tax 11 (line 2 - line 7 + line 9)155,098 12 13 Federal Income Tax Schedule 4-5, line 14 39,354 14 15 Return (Operating Income) Schedule 4-5, line 11 (line 11 - line 13) 115,744 \$ 16 Rate of Return 17 7.76% 18 Rate Base 19 1,948,427 20 Plant in Service Schedule 4-4, line 2 Less: Accumulated Depreciation 118,206 21 Schedule 4-4, line 5 22 Less: Accumulated Deferred Income Taxes Schedule 4-4, line 15 338,679 23 1,491,542 **Total Rate Base** (line 20 - line 21 - line 22) \$



BLACK HILLS ENERGY RATE BASE - TRANSMISSION FACILITIES Year Three Revenue Requirement Calculation

Line No. 1 2 3	Description Property, Plant, and Equipment Lookout to Sundance Hill 69 kV Rebuild	_	(a) Plant in Service for Rate Base 1,948,427	(b) South Dakota Jurisdicational Allocation 100.00%	S	(c) (a) * (b) buth Dakota Plant in dervice for Rate Base 1,948,427
4						
5	Book Depreciation Reserve		ket EL15-007 Ye 6 + Schedule 4-5		118,206	
6						
7 8	Accumulated Deferred Taxes		Voor 1	Voor 2		Voor 2
9	Transmission Facilities - Plant in Service - South Dakota		<u>Year 1</u> 1,948,427	<u>Year 2</u> 1,948,427		<u>Year 3</u> 649,476
10	MACRS Table - Depreciation Rate (20 year life)		51.875%	3.6095%		3.3385%
11	South Dakota Tax Depreciation		1,010,747	70,328		21,683
12	South Dakota Book Depreciation		64,960	52,608		17,536
13	Timing Difference		945,786	17,720		4,147
14	Federal Income Tax Rate		35.00%	35.00%		35.00%
15	South Dakota Deferred Tax		331,025	6,202		1,451
16						
17						
18 19	South Dakota Rate Base		(lin	e 2 - line 5 - line 15)	\$	1,491,542



BLACK HILLS ENERGY OPERATING EXPENSES AND TAXES - TRANSMISSION FACILITIES Year Three Revenue Requirement Calculation

Line

No.	Description	Reference				South Dakota		
1	•		So	outh Dakota	Depreciation	Depreciation		
2	Depreciation Expense		Pla	nt in Service	Rate	Expense		
3	Lookout to Sundance Hill 69 kV Rebuild	Schedule 4-4 line 2	\$	1,948,427	2.70%	\$ 52,608		
4								
5								
6	Federal Tax							
7	Rate Base - South Dakota	Schedule 4-4 line 18				1,491,542		
8								
9	Interest Expense	calculated				42,658		
10	Return on Equity	calculated				73,086		
11	Return	line $9 + line 10$				115,744		
12								
13	Authorized Return - 7.76%	Docket EL14-026				7.76%		
14	Federal Tax Expense - South Dakota	((line 10 x line 18) - line 10)				39,354		
15								
16								
17	Assumptions							
18	Tax Multiplier - Federal Tax Rate at 35% - tax multiplier	(1/(135))				1.5385		
19								



BLACK HILLS ENERGY REVENUE REQUIREMENT BY CUSTOMER CLASS - TRANSMISSION FACILITIES Year Two Revenue Requirement Calculation

Line			Sou	ıth Dakota
No.	Description	Reference	F	Forecast
1		-	-	_
2	Transmission Facilities Annual Revenue Requirement	Schedule 4-7 line 2	\$	288,575
3	(June 1, 2015 through May 31, 2016)			
4	Production Capacity Allocators by Customer Class			
5	Residential	Section No. 3C, Sheet No. 16		34.00%
6	Small General Service	Section No. 3C, Sheet No. 16		34.33%
7	Large General Service and Industrial	Section No. 3C, Sheet No. 16		30.70%
8	Lighting	Section No. 3C, Sheet No. 16		0.97%
9				
10	Revenue Requirement by Customer Class			
11	Residential	line 2 x line 5	\$	98,115
12	Small General Service	line 2 x line 6	\$	99,068
13	Large General Service and Industrial	line 2 x line 7	\$	88,592
14	Lighting	line 2 x line 8	\$	2,799



BLACK HILLS ENERGY COST OF SERVICE - TRANSMISSION FACILITIES Year Two Revenue Requirement Calculation

Line			Sou	th Dakota
No.	Description	Reference	Ju	risdiction
1	Operating Revenue Required			_
2	Transmission Facilities Revenue		\$	288,575
3				
4	Operating Expenses			
5	Depreciation	Schedule 4-9, line 4		64,960
6	Assessed Filing Fee	Docket EL15-007		3,689
7	Total Operating Expenses			68,649
8				
9	Other Operating Revenues	Schedule 4-10, line 6		(10,412)
10				
11	Operating Income Before Tax	(line 2 - line 7 + line 9)		209,514
12				
13	Federal Income Tax	Schedule 4-9, line 15		53,161
14				
15	Return (Operating Income)	Schedule 4-9, line 12 (line 11 - line 13)	\$	156,353
16			<u> </u>	
17	Rate of Return			7.76%
18				
19	Rate Base			
20	Plant in Service	Schedule 4-8, line 5		2,405,927
21	Less: Accumulated Depreciation	Schedule 4-8, line 8		59,422
22	Less: Accumulated Deferred Income Taxes	Schedule 4-8, line 18		331,652
23				
24	Total Rate Base	(line 20 - line 21 - line 22)	\$	2,014,853



BLACK HILLS ENERGY RATE BASE - TRANSMISSION FACILITIES Year Two Revenue Requirement Calculation

Line No.	Description Property, Plant, and Equipment	S	(a) puth Dakota Plant in Bervice for Rate Base	Allocation Based on Contribution Date	(c) (a) * (b) South Dakota Plant in Service Based on Contribution Date		
2 3	Lookout to Sundance Hill 69 kV Rebuild Lookout to Sundance Hill 69 kV Rebuild, net of contribution	\$	2,948,427 1,948,427	45.75% 54.25%	Ф	1,057,022	
4			-,, .,,,			-,,	
5	Total Plant in Service				\$	2,405,927	
6							
7 8	Book Depreciation Reserve	Doolrat I	71 15 007 Voor 1 + C	chedule 4-9 line 4 * 50%		59,422	
9	Book Depreciation Reserve	Docket I	EL13-00/ Tear 1 + S	chedule 4-9 fille 4 * 50%		39,422	
10							
11	Accumulated Deferred Taxes			Year 1		Year 2	
12	Transmission Facilities - Plant in Service - South Dakota			1,948,427		649,476	
13	MACRS Table - Depreciation Rate (20 year life)			51.875%		3.6095%	
14	South Dakota Tax Depreciation			1,010,747		23,443	
15	South Dakota Book Depreciation			64,960		21,653	
16	Timing Difference			945,787		1,790	
17	Federal Income Tax Rate			35.00%		35.00%	
18	South Dakota Deferred Tax			331,025		627	
19							
20							
21	South Dakota Rate Base			(line 5 - line 8 - line 18)	\$	2,014,853	
22							

23 24

25

Note (1) - Allocation % is for the time period from June 1, 2015 through November 15, 2015. The Company received a \$1 million investment to the addition from Butte Electric on November 16, 2015.

Note (2) - Allocation % is for the time period of November 16, 2015 through May 31, 2016.



BLACK HILLS ENERGY OPERATING EXPENSES AND TAXES - TRANSMISSION FACILITIES Year Two Revenue Requirement Calculation

Line

Line					
No.	Description	Reference			South Dakota
1					_
2			South Dakota	Depreciation	Depreciation
3	Depreciation Expense		Plant in Service	Rate	Expense
4	Lookout to Sundance Hill 69 kV Rebuild	Schedule 4-8 line 5	2,405,927	2.70%	64,960
5					
6					
7	Federal Tax				
8	Rate Base - South Dakota	Schedule 4-8 line 21			2,014,853
9					
10	Interest Expense	calculated			57,625
11	Return on Equity	calculated		_	98,728
12	Return	line 10 + line 11			156,353
13					
14	Authorized Return - 7.76%	Docket EL14-026		_	7.76%
15	Federal Tax Expense - South Dakota	((line 11 x line 19) - line 11)		_	53,161
16				_	
17					
18	Assumptions				
19	Tax Multiplier - Federal Tax Rate at 35% - tax multiplier	(1/(135))			1.5385
20	_				



BLACK HILLS ENERGY OTHER OPERATING REVENUE - TRANSMISSION FACILITIES Year Two Revenue Requirement Calculation

Line No.	Description	O	nthly Joint wnership nent Revenue	Number of Months	F	Total Revenue
1	Rent from Electric Property					
2	Lookout to Sundance Hill 69 kV Rebuild					
3	System Additions (June - October)	\$	5,017	5	\$	25,085
4	System Additions (November - May)	\$	3,315	7	\$	23,205
5	Investment - (Note 1)	\$	(8,386)	7	\$	(58,702)
6	Other Operating Revenues Year 2	\$	(54)		\$	(10,412)

⁸ Note (1) - Investment in new addition, made by Coop on November 16, 2015.

⁹ Credit will be applied beginning November 2015



BLACK HILLS ENERGY RESIDENTIAL CUSTOMER IMPACT TFA Rate Change

LINE <u>NO.</u>				CURRENT RATES			OPOSED FA RATE	INCREASE OR (DECREASE)		
1										
2	Residential Service									
3	TRANSMISSION FACILITY ADJUSTMENT RATE									
4	TFA Rate	\$ / kWh	\$	0.00010		\$	0.00015		\$	0.00005
5										
6										
7										
8	Monthly Customer Charge		\$	9.25					\$	9.25
9	Energy Charge - Base Rate at average monthly kWh		\$	0.09989	Χ		650	kWh		64.93
10	Base Costs		\$	0.02270	Χ		650	kWh		14.76
11	Energy Cost Adjustment at average monthly kWh		\$	0.00960	Х		650	kWh		6.24
12	Transmission Facility at average monthly kWh		\$	0.00010	Х		650	kWh		0.07
13	Environmental Improvement Adjustment at average monthly kWh		\$	0.00012	Х		650	kWh		0.08
14	Energy Efficiency at average monthly kWh		\$	0.00040	Х		650	kWh		0.26
15	Current Total Bill at monthly average								\$	95.59
16	TFA Rate Change at monthly average kWh		\$	0.00005	Χ		650	kWh		0.03
17	Proposed Total Residential Bill								\$	95.62
18	Percent Change									0.03%
	-									