

Black Hills Power, Inc.  
Cost of Service Model Description

## Schedule E-2

**20:10:13:66. Schedule E-2 -- Working papers on depreciation and amortization method.** Schedule E-2 shall include a description of the methods and procedures followed in depreciating or amortizing plant and recording abandonments by the utility if any policy change has been made effective since the period covered by the last annual report on FERC form no. 1 or FERC form no. 2 as filed with the FERC.

**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-10](#), [49-34A-12](#), [49-34A-41](#).

<b>BLACK HILLS POWER, INC., d/b/a BLACK HILLS ENERGY</b> <b>DEPRECIATION AND AMORTIZATION METHOD</b> <b>FOR THE PRO FORMA PERIOD ENDING SEPTEMBER 30, 2026</b>	<b>COST OF SERVICE STUDY</b> <b>Schedule E-2</b>
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(a)

(b)

**Line  
No.**

**Method Description**

1	The Company's depreciation expense rates are based on a depreciation study completed by Gannett
2	Fleming Valuation and Rate Consultants, LLC of Mechanicsburg, Pennsylvania. The study was
3	performed in accordance with standard industry practice. The study was completed using Company data
4	through June 30, 2025. Specific depreciation expense rates are calculated for each FERC property account
5	and are applied to the adjusted test period ending balance for plant in service to calculate annual
6	depreciation expense. See Statement J for calculation of depreciation expense for the test year based on
7	the new rates developed by Gannett Fleming.