

Black Hills Power, Inc.
Cost of Service Model Description

Schedule E-3

20:10:13:67. Schedule E-3 -- Working papers on allocation of overall accounts. For each allocation of an overall account to obtain the amounts applicable to various functional groups of plant, schedule E-3 shall provide a complete explanation of the method, procedures and significant data used in making the allocation.

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

BLACK HILLS POWER, INC., d/b/a BLACK HILLS ENERGY **COST OF SERVICE STUDY**
ALLOCATION OF OVERALL ACCOUNTS **Schedule E-3**
FOR THE PRO FORMA PERIOD ENDING SEPTEMBER 30, 2026

(a)	(b)
Line No.	Policy Description

1 Depreciation is calculated based on the monthly average balances of FERC utility accounts. The resulting depreciation is
2 credited directly to the accumulated provision for depreciation, which is maintained by individual utility account within
3 Black Hills Power's accounting records. As these accounts are tracked separately, no allocation by functional group is
4 required.
5
6 However, for BHSC's common utility plant, allocations are necessary to distribute the total accumulated provision across
7 applicable business units. These allocations are performed using established CAM factors based on customer counts,
8 revenue contributions, and plant investment balances.