

Black Hills Power
Docket No. 20002-75-ER-09
Test Year ended June 30, 2009

OCA Schedule DKP-1

CALCULATION OF REQUIRED INCREASE

	<u>Black Hills Power</u> <u>Requested</u>	<u>OCA</u> <u>Recommended</u>
Rate Base	\$27,647,577	\$27,043,999
Recommended Return on Rate Base	9.27%	8.57%
Required Earnings on Recommended Rate Base	\$2,562,930	\$2,317,779
Adjusted Computed Earnings	\$80,822	\$287,271
Earnings Shortfall	\$2,482,108	\$2,030,507
Tax Factor Multiplier	1.5385	1.5385
Required Additional Revenues	\$3,818,723	\$3,123,936
Current Total Computed Revenues	\$11,796,841	\$11,763,281
Proposed Increase in Revenues	\$3,818,723	\$3,123,936
Total Proposed Revenues	\$15,615,565	\$14,887,216
Percentage Increase	32.37%	26.56%
Current Retail Computed Revenues	\$9,804,206	\$9,804,206
Proposed Increase in Retail Revenues	\$3,818,723	\$3,123,936
Existing Retail Revenues plus Proposed Revenue Increase	\$13,622,929	\$12,928,142
Percentage Increase	38.95%	31.86%

RATE BASE

	Total Company Black Hills Power <u>Unadjusted</u>	Total Company Black Hills Power <u>Adjustments</u>	Total Company Black Hills Power <u>Adjusted</u>	Wyoming Allocator	Wyoming Portion Black Hills Power <u>Adjusted</u>	OCA <u>Adjustments</u>	OCA <u>Adjusted</u>
<i>Plant in Service</i>							
Steam Production Plant	\$253,453,198	\$128,480,505	\$381,933,703	7.07%	\$26,988,448	(\$89,618)	\$26,898,830
Wyodak, Osage & Kirk Acquisition Adjustment	4,870,308	0	4,870,308	7.07%	344,149	0	344,149
Other Production Plant	78,041,480	0	78,041,480	7.07%	5,514,618	0	5,514,618
Unclassified Steam Production Plant	1,413,441	8,530,373	9,943,814	7.07%	702,656	0	702,656
Unclassified Other Production Plant	<u>599,838</u>	<u>0</u>	<u>599,838</u>	7.07%	<u>42,386</u>	<u>0</u>	<u>42,386</u>
Total Production Plant	\$338,378,265	\$137,010,878	\$475,389,143		\$33,592,257	(\$89,618)	\$33,502,639
Transmission	70,124,375	0	70,124,375	7.07% of non-CUS directly assigned	329,153	(53,287)	275,866
Unclassified Transmission Plant	11,582,381	9,777,682	21,360,063	0.00%	0	0	0
Distribution	246,975,405	0	246,975,405	Average 5.82%	14,371,656	(44,484)	14,327,172
Unclassified Distribution Plant	5,670,687	9,443,235	15,113,922	1.96%	295,579	0	295,579
General	40,407,970	0	40,407,970	8.58% of non-CUS directly assigned	3,170,986	(10,988)	3,159,999
Unclassified General Plant	1,440,971	3,129,419	4,570,390	8.58%	392,353	0	392,353
Other Utility Plant	3,669,454	2,782,024	6,451,478	8.58%	524,171	0	524,171
Wyoming Rate Case Expense	<u>0</u>	<u>200,000</u>	<u>200,000</u>	100.00%	<u>200,000</u>	<u>(200,000)</u>	<u>0</u>
TOTAL ELECTRIC PLANT IN SERVICE	\$718,249,508	\$162,343,238	\$880,592,746		\$52,876,155	(\$398,376)	\$52,477,779
<i>Accumulated Depreciation and Amortization</i>							
Production Plant Accumulated Depreciation	172,641,984	156,308	172,798,292	7.07%	12,210,385	89,586	12,299,971
Transmission Plant Accumulated Depreciation	26,115,214	(24,377,737)	1,737,477	7.07% of non-CUS directly assigned	122,775	0	122,775
Distribution Plant Accumulated Depreciation	85,470,993	(3,676,528)	81,794,465	5.73%	4,687,450	0	4,687,450
General Plant Accumulated Depreciation	20,287,227	(1,419,627)	18,867,600	8.79%	1,658,715	0	1,658,715
Other Utility Plant Accumulated Depreciation	2,375,295	146,159	2,521,454	8.79%	221,670	0	221,670
Accumulated Amortization of Acquisition Adjmt.	<u>2,750,509</u>	<u>0</u>	<u>2,750,509</u>	7.07%	<u>194,358</u>	<u>\$17,217</u>	<u>211,575</u>
TOTAL ACCUM DEPRECIATION AND AMORT.	\$309,641,222	(\$29,171,425)	\$280,469,797		\$19,095,353	\$106,802	\$19,202,155
<i>Working Capital</i>							
Cash Working Capital	2,330,105	(848,020)	1,482,085	7.84% of non-CUS directly assigned	(41,229)	(106,793)	(148,022)
Fuel Stocks	7,263,890		7,263,890	9.89%	718,681	(50,744)	667,937
Materials and Supplies	11,885,283	(558,275)	11,327,008	6.65%	764,135	(18,433)	745,702
Customer Deposits	0	0	0	100.00%	0	13,162	13,162
Prepaid Expenses	<u>1,259,302</u>	<u>(152,380)</u>	<u>1,106,922</u>	6.65%	<u>74,674</u>	<u>64,408</u>	<u>139,082</u>
TOTAL WORKING CAPITAL	\$22,738,580	(\$1,558,675)	\$21,179,905		\$1,516,261	(\$98,400)	\$1,417,861
<i>Other Deductions</i>							
Accumulated Deferred Income Taxes	73,062,128	30,415,818	103,477,946	7.07% of non-CUS directly assigned	6,573,264	(383,312)	6,189,952
Customer Advances for Construction	4,280,724	0	4,280,724	7.07%	302,647	0	302,647
Other Liabilities	<u>10,998,840</u>	<u>0</u>	<u>10,998,840</u>	7.07%	<u>777,618</u>	<u>0</u>	<u>777,618</u>
TOTAL OTHER RATE BASE DEDUCTIONS	\$88,341,692	\$30,415,818	\$118,757,510		\$7,649,486	(\$383,312)	\$7,649,486
TOTAL RATE BASE	\$343,005,174	\$159,540,170	\$502,545,344		\$27,647,577	(\$220,266)	\$27,043,999
Operating Income / Total Rate Base	7.70%		3.47%		0.29%		1.06%

BHP appears to have included the Accumulated Deferred Income Taxes on the Transmission Plant twice in its calculation. This reflects too much ADIT by an amount of \$10,503,910.

INCOME STATEMENT	Total Company Black Hills Power <u>Unadjusted</u>	Total Company Black Hills Power <u>Adjustments</u>	Total Company Black Hills Power Adjusted Including <u>Common Use System</u>	Wyoming Allocator	Wyoming Portion Black Hills Power <u>Adjusted</u>	OCA <u>Adjustments</u>	OCA <u>Adjusted</u>
<i>Revenues</i>							
Retail Sales -- South Dakota	\$113,498,481	\$0	\$113,498,481	0.00%	\$0		\$0
Retail Sales -- Montana	2,177,658	0	2,177,658	0.00%	0		0
Residential Sales -- Wyoming	1,677,498	0	1,677,498	100.00%	1,677,498		1,677,498
Small General Service Sales -- Wyoming	1,653,195	0	1,653,195	100.00%	1,653,195		1,653,195
Lighting Sales -- Wyoming	90,356	0	90,356	100.00%	90,356		90,356
Large General Service Sales -- Wyoming	<u>6,383,157</u>	<u>0</u>	<u>6,383,157</u>	100.00%	<u>6,383,157</u>		<u>6,383,157</u>
Total Retail Sales Revenues	\$125,480,345	\$0	\$125,480,345		\$9,804,206	\$0	\$9,804,206
Other Non Firm Resale Revenue	\$44,420,196	(\$44,420,196)	\$0	7.81%	\$0		\$0
Contract Sales Resale Revenue	18,777,595	(2,821,973)	15,955,622	9.89%	1,578,632		1,578,632
City of Gillette	<u>6,848,312</u>	<u>(6,848,312)</u>	<u>0</u>	0.00%	<u>0</u>		<u>0</u>
Total Sales for Resale	\$70,046,103	(\$54,090,481)	\$15,955,622		\$1,578,632	\$0	\$1,578,632
Unbilled Revenue	\$73,137	\$0	\$73,137	7.81%	\$5,714		\$5,714
Power Cost Adjustment Revenue	6,774,414	(6,774,414)	0	0.00%	0		0
Late Payment Charges	156,287	0	156,287	3.96%	6,185		6,185
Miscellaneous Service Revenues	425,556	1,776,128	2,201,684	1.84%	40,417	5,176	45,593
Sales of Water	(8,383)	0	(8,383)	1.84%	(154)		(154)
Rent from Electric Property and Other	5,120,682	0	5,120,682	7.07%	361,841	(38,737)	323,104
Transmission Revenue	<u>10,014,571</u>	<u>1,646,400</u>	<u>11,660,971</u>	0.00%	<u>0</u>		<u>0</u>
Total Other Operating Revenue	\$22,556,264	(\$3,351,886)	\$19,204,378		\$414,003	(\$33,561)	\$380,443
TOTAL OPERATING REVENUE	\$218,082,712	(\$57,442,367)	\$160,640,345		\$11,796,841	(\$33,561)	\$11,763,281
<i>Expenses</i>							
Steam Production Operation *	\$28,874,787	(\$8,179,552)	\$20,695,235	9.89%	\$2,047,564	(\$63,949)	\$1,983,615
Steam Production Maintenance *	8,305,169	10,719,554	19,024,723	9.89%	\$1,882,286	764	1,883,050
Other Production Operation *	3,239,835	(2,872,923)	366,912	9.89%	\$36,302		36,302
Other Production Maintenance *	1,818,944	431,771	2,250,715	7.07%	\$159,041		159,041
Other Power Supply -- Capacity	7,109,843		7,109,843	7.07%	502,400		502,400
Other Power Supply -- Energy	57,649,169	(49,356,956)	8,292,213	9.89%	820,423		820,423
Transmission Operations	14,780,557	(261,041)	14,519,516	Average 6.82%	990,110	(2,784)	987,326
Transmission Maintenance	135,604	701	136,305	3.69%	5,030	(17,933)	(12,903)
Distribution Operations	3,271,434	183,855	3,455,289	Average 6.49%	224,355	(8,636)	215,719
Distribution Maintenance	2,692,180	156,791	2,848,971	Average 4.83%	137,740	(10,858)	126,882
Customer Accounting Expense	2,470,047	57,834	2,527,881	7.81%	197,512	(867)	196,645
Customer Service Expense	<u>1,014,377</u>	<u>60,564</u>	<u>1,074,941</u>	7.81%	<u>83,989</u>	<u>(390)</u>	<u>83,599</u>
Total Operating and Maint. Expenses	\$131,361,946	(\$49,059,402)	\$82,302,544		\$7,086,752	(\$104,653)	\$6,982,099
Administrative and General Expenses	24,920,188	2,016,710	26,936,898	Average 8.87%	2,282,298	(212,993)	2,069,305
Depreciation and Amortization Expense	20,452,178	4,491,689	24,943,867	Average 6.44%	1,605,323	(27,511)	1,577,812
Taxes Other than Income	6,783,516	1,184,703	7,968,219	Average 8.59%	684,535		684,535
Income Taxes	<u>8,159,012</u>	<u>(7,114,234)</u>	<u>1,044,778</u>	Computed	<u>57,111</u>	<u>105,148</u>	<u>162,259</u>
TOTAL OPERATING EXPENSES	\$191,676,840	(\$48,480,534)	\$143,196,306		\$11,716,019	(\$240,010)	\$11,476,009
NET OPERATING INCOME	\$26,405,872	(\$8,961,833)	\$17,444,039		\$80,822	\$206,449	\$287,271

* Total Company Adjustments for these four categories of expenses move elements between operations and expense so that items appearing on Statement H, page 4 as operations may appear on Statement N, pages 2 and 3 as maintenance and vice versa.

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OCA Schedule DKP-4

UPDATED WYGEN III PLANT COSTS

	As Included in <u>Application</u> (a)	Spent to Date <u>April 2010 Update</u> (b)	Project Cost Estimate <u>April 2010 Update</u> (c)	<u>Difference</u> (d) = (a) - (c)	Black Hills Power <u>Share of Plant</u> (e)	<u>OCA Adjustment</u> (f) = (d) * (e)
Contract Engineering	\$9,885,029	\$9,846,210	\$9,846,210	(\$38,819)	52%	(\$20,186)
Project Management	7,445,605	6,805,826	6,805,826	(639,779)	52%	(332,685)
Equipment Procurement	119,680,893	118,070,097	118,070,097	(1,610,796)	52%	(837,614)
Construction Specifications	75,840,854	77,176,678	77,176,678	1,335,824	52%	694,628
Indirect Costs	<u>34,225,513</u>	<u>32,741,440</u>	<u>32,741,440</u>	<u>(1,484,073)</u>	52%	<u>(771,718)</u>
TOTAL COSTS	\$247,077,894	\$244,640,251	\$244,640,251	(\$2,437,643)		(\$1,267,574)
Wyoming Portion of Plant Costs						7.07%
OCA ADJUSTMENT TO PLANT						(\$89,618)

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OCA Schedule DKP-5

UPDATE OF BONUS DEPRECIATION AND ASSOCIATED DEFERRED INCOME TAX

	<u>Calculation Supporting Case as Filed</u>	<u>Updated Calculation</u>	<u>Difference</u>
Total Estimated Cost at December 31, 2009	\$235,763,000		
Total Actually Incurred Costs as of December 31, 2009		\$231,066,370	(\$4,696,630)
Black Hills Power Ownership	<u>52%</u>	<u>52%</u>	
Black Hills Power Costs	\$122,596,760	\$120,154,512	
Less: R&D Deduction	<u>\$13,225,264</u>	<u>\$12,828,602</u>	(\$396,662)
Depreciable Costs	\$109,371,496	\$107,325,910	
Tax Depreciation Rate	<u>51.875%</u>	<u>51.875%</u>	
Tax Depreciation	\$56,736,464	\$55,675,316	
Tax Rate	<u>35%</u>	<u>35%</u>	
Deferred Income Tax	\$19,857,762	\$19,486,361	
OCA ADJUSTMENT TO UPDATE DEFERRED INCOME TAX			(\$371,402)

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OCA Schedule DKP-6

ADJUST ACCUMULATED DEPRECIATION TO REFLECT ADDITION OF WYGEN III

Updated OCA Figures

Wygen III Plant Balance	\$128,440,000
Wygen III Annual Depreciation Expense (based on 50 years)	\$3,013,356
1/2 year Accumulated Depreciation	\$1,506,678
Wyoming Allocation Factor	<u>7.07%</u>
Wyoming Portion of Wygen III Accumulated Depreciation	\$106,522.15

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OCA Schedule DKP-7

ADJUSTMENT TO MATERIALS AND SUPPLIES FOR WYGEN III

	<u>As Filed in Application</u>	<u>OCA Recommendation</u>	<u>Difference</u>
Materials and Supplies for Wygen III (See BHP Schedule F-4)	\$963,668	\$963,668	
Black Hills Percentage of Wygen III	<u>100%</u>	<u>52%</u>	
Black Hills Portion of Wygen III Materials and Supplies	\$963,668	\$501,107	
Wyoming Portion	<u>6.75%</u>	<u>6.75%</u>	
Wyoming Share of Wygen III Materials and Supplies	\$65,048	\$33,825	(\$31,223)

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OCA Schedule DKP-8

REMOVE REMAINING ACCUMULATED DEPRECIATION FOR KIRK POWER PLANT

Remaining Kirk Accumulated Depreciation with No Remaining Plant Balance \$239,554
(See BHP Loos Exhibit LHL-1, page 5, line 4)

Wyoming Portion of Production Plant Accumulated Depreciation 7.07%

OCA ADJUSTMENT TO REMOVE ACCUMULATED DEPRECIATION

\$16,936

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OCA Schedule DKP-9

ADJUSTMENT TO REMOVE UNCOMPLETED CONSTRUCTION WORK IN PROGRESS

Per Response to Commission Advisory Staff No. 3-73:
Items included in the Application in CWIP not expected to be completed by June 2010

<u>Description from BHP Schedule D-2</u>	<u>Total Company Amount</u>	<u>Wyoming Allocation</u>	<u>Wyoming Portion</u>
<i>Transmission</i>			
SCADA UPGRADE	\$135,000	7.07%	\$9,545
SCADA REPLACEMENT UPGRADE	430,702	7.07%	\$30,451
REPLACEMENT 100 MVA 230/69kv TFT AT WYODAK	188,000	7.07%	\$13,292
<i>Distribution</i>			
POWER TECH 69 KV	185,342	5.73%	\$10,620
DISTRIBUTION REBUILDS	466,000	5.73%	\$26,702
WHITEWOOD TO BELLE FOURCHE 69KV REBUILD	125,000	5.73%	\$7,163
<i>General</i>			
NERC -- CIP	<u>125,000</u>	<u>8.79%</u>	<u>\$10,988</u>
TOTAL OCA ADJUSTMENT TO CWIP	\$1,655,044		\$108,759

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OCA Schedule DKP-10

ADJUSTMENT TO USE AVERAGE BALANCES OF WORKING CAPITAL ELEMENTS

	<u>Fuel Stocks</u>	<u>Materials and Supplies</u>	<u>Prepaid Expenses</u>
July 2008	\$4,866,246	\$12,135,898	\$2,653,035
August 2008	5,732,364	12,004,537	3,502,258
September 2008	6,093,004	12,001,198	3,416,486
October 2008	6,241,471	11,988,187	4,055,334
November 2008	6,738,823	11,884,272	4,025,003
December 2008	7,336,132	11,973,105	1,308,218
January 2009	7,299,425	12,081,999	1,243,675
February 2009	7,274,911	12,246,084	962,139
March 2009	7,269,678	12,301,323	981,364
April 2009	7,462,762	12,297,723	2,239,162
May 2009	7,430,946	12,097,571	916,042
June 2009	<u>7,263,890</u>	<u>11,885,283</u>	<u>1,259,302</u>
Average Balance	\$6,750,804	\$12,074,765	\$2,213,502
Test Year End Balance used in Application	<u>7,263,890</u>	<u>11,885,283</u>	<u>1,259,302</u>
Difference	(\$513,086)	\$189,482	\$954,200
Wyoming Percentage	<u>9.89%</u>	<u>6.75%</u>	<u>6.75%</u>
OCA Adjustment to Working Capital	<u>(\$50,744)</u>	<u>\$12,790</u>	<u>\$64,408</u>

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OCA Schedule DKP-11

OCA RATE BASE ADJUSTMENTS
ADJUSTMENT TO REFLECT CUSTOMER DEPOSITS AND ASSOCIATED INTEREST

	<u>Customer Deposit Balance</u>	<u>Associated Interest Rate **</u>	<u>Interest Expense</u>
July 2008	\$13,162	0.53%	\$69
August 200	\$13,162	0.53%	\$69
September 2008	\$13,162	0.53%	\$69
October 2008	\$13,162	0.53%	\$69
November 2008	\$13,162	0.53%	\$69
December 2008	\$13,162	0.53%	\$69
January 2009	\$13,162	0.31%	\$41
February 2009	\$13,162	0.31%	\$41
March 2009	\$13,162	0.31%	\$41
April 2009	\$13,162	0.31%	\$41
May 2009	\$13,162	0.31%	\$41
June 2009	<u>\$13,162</u>	0.31%	<u>\$41</u>

Total

OCA ADJUSTMENT TO REDUCE RATE BASE

\$13,162

OCA ADJUSTMENT TO INCLUDE INTEREST EXPENSE

\$661

** Interest rate for 2008 was established in Docket No. 90090-2-XO-07 and interest rate for 2009 was established in Docket No. 90090-3-XO-08.

OCA RATE BASE ADJUSTMENTS

REFLECT OCA RECOMMENDED EXPENSES IN CASH WORKING CAPITAL (Original for Black Hills Power Shown on BHP Schedule F-3)

	Black Hills Power <u>Adjusted Total</u>	OCA <u>Adjustments</u>	OCA Adjusted <u>Expense</u>	Expense <u>Per Day</u>	Expense <u>Lead Days</u>	Expense <u>Dollar Days</u>
<i>Operations and Maintenance</i>						
Coal/Fuel Oil/Natural Gas	\$16,561,453	(\$515,286)	\$16,046,167	\$43,962	22.80	\$1,002,336
Coal Transportation	\$2,799,983	\$0	\$2,799,983	\$7,671	15.60	\$119,671
Natural Gas -- Other Production	\$366,912	\$0	\$366,912	\$1,005	36.30	\$36,490
Purchased Power and Capacity	\$15,402,056	\$0	\$15,402,056	\$42,197	29.80	\$1,257,483
Transmission	\$13,523,102	\$0	\$13,523,102	\$37,050	35.30	\$1,307,851
Labor	\$18,551,074	(\$402,434)	\$18,148,640	\$49,722	15.50	\$770,696
Employee Benefits	\$6,253,985	(\$261,582)	\$5,992,403	\$16,418	116.60	\$1,914,285
Service Company Charges	\$20,918,966	\$0	\$20,918,966	\$57,312	32.10	\$1,839,723
Other O&M	\$11,458,710	(\$1,194,356)	\$10,264,354	\$28,122	25.00	\$703,038
Wyodak Power Plant O&M	<u>\$3,469,868</u>	<u>0</u>	<u>\$3,476,386</u>	<u>\$9,524</u>	(8.00)	<u>(\$76,195)</u>
TOTAL OPERATIONS AND MAINTENANCE	\$109,306,109	(\$2,373,658)	\$106,938,969	\$292,983		\$8,875,377
<i>Taxes Other than Income</i>						
Property Tax	\$5,519,657	\$0	\$5,519,657	\$15,122	326.40	\$4,935,934
Unemployment -- Federal/State	\$47,206	\$0	\$47,206	\$129	74.80	\$9,674
FICA	\$2,020,307	\$0	\$2,020,307	\$5,535	16.50	\$91,329
Wyoming Electric Franchise Fees	\$63,992	\$0	\$63,992	\$175	53.60	\$9,397
Wyoming PSC	\$62,324	\$0	\$62,324	\$171	542.00	\$92,547
South Dakota PUC	\$234,372	\$0	\$234,372	\$642	374.00	\$240,151
Montana Electric Energy Tax/PSC	<u>\$20,361</u>	<u>\$0</u>	<u>\$20,361</u>	<u>\$56</u>	<u>69.00</u>	<u>\$3,849</u>
TOTAL TAXES OTHER THAN INCOME	\$7,968,219	\$0	\$7,968,219	\$21,831		\$5,382,881
<i>Depreciation and Amortization</i>						
Depreciation Expense	\$24,792,464	(\$481,313)	\$24,311,151	\$66,606		
Amortization Expense	<u>\$151,404</u>	<u>\$6,518</u>	<u>\$157,922</u>	<u>\$433</u>		
TOTAL DEPRECIATION AND AMORTIZATION	\$24,943,868	(\$474,796)	\$24,469,072	\$67,039		
<i>Income Taxes</i>						
Federal Income Taxes	\$15,226,548	\$1,314,345	\$16,540,893	\$45,318	37.40	\$1,694,875
<i>Interest Income</i>						
Long Term Debt Interest	<u>\$18,938,100</u>	<u>\$0</u>	<u>\$18,938,100</u>	<u>\$51,885</u>	<u>89.70</u>	<u>\$4,654,103</u>
TOTAL	\$176,382,844	(\$1,534,108)	\$174,855,253	\$479,055		\$20,607,237
Average Expense Lead Days					43.02	
Revenue Lag Days (Shown on Workpaper in Response to Commission Staff Attachment 3-38.6,page 001144)					<u>43.64</u>	
NET LAG DAYS					0.62	
<i>TAX COLLECTIONS AVAILABLE</i>						
FICA Taxes (Employee Contributions)	\$1,926,704	\$0	\$1,926,704	\$5,279	16.50	\$87,098
Federal Withholding Tax	\$2,853,491	\$0	\$2,853,491	\$7,818	16.50	\$128,993
South Dakota Sales and User Tax	\$5,502,276	\$0	\$5,502,276	\$15,075	43.30	\$652,736
Wyoming Sales and Use Tax	<u>\$167,032</u>	<u>\$0</u>	<u>\$167,032</u>	<u>\$458</u>	<u>37.10</u>	<u>\$16,978</u>
Total	\$10,449,503	\$0	\$10,449,503	\$28,629		\$885,805
Average Expense per Day						\$479,055
Average Net Lag						<u>0.62</u>
Gross Cash Working Capital Requirement						\$298,745
Less Tax Collections Available						<u>\$885,805</u>
OCA CASH WORKING CAPITAL						(\$587,060)
Black Hills Cash Working Capital						<u>(\$480,267)</u>
DIFFERENCE = OCA ADJUSTMENT						<u>(\$106,793)</u>

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OCA Schedule DKP-13

AMORTIZATION OF WYODAK ACQUISITION ADJUSTMENT

Acquisition Adjustment for Wyodak, Osage, and Kirk	\$4,870,308
Remaining Life of Wyodak (anticipated retirement 2030)	<u>20</u>
Annual Amortization of Acquisition Adjustment	\$243,515
Wyoming Allocation	<u>7.07%</u>
Wyoming's Portion of Amortization (Based on 20 year remaining life)	\$17,217
Wyoming Amortization Expense in Application (Based on amortization rate of 3.11% annually)	<u>\$10,699</u>

OCA ADJUSTMENT TO AMORTIZATION EXPENSE

\$6,518

OCA ADJUSTMENT TO REDUCE RATE BASE

\$17,217

Black Hills Power
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OCA Schedule DKP-14

MISCLASSIFIED TRANSMISSION REVENUES

	<u>Transmission Revenue</u>	<u>Rent and Other Revenue</u>
Test Year Transmission Revenue, as Adjusted (See BHP Statement I, page 1, line 23 and/or BHP Statement N, page 5, line 270)	\$11,660,971	
Test Year Rent from Electric Property and Other, as Adjusted (See BHP Statement I, page 1, line 22 and/or BHP Statement N, page 5, line 268)		\$5,120,682
Correction of Misclassification	<u>\$545,196</u>	<u>(\$545,196)</u>
OCA CORRECTION	\$12,206,167	\$5,665,878
Wyoming Jurisdictional Allocator	0.00%	7.07%
Wyoming Portion of Revenues	\$0	\$400,578
Wyoming Amount included in Rate Application (See BHP Statement N, page 5, right hand column)	<u>\$0</u>	<u>\$361,841</u>
OCA ADJUSTMENT TO REVENUES	\$0	(\$38,737)

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OCA Schedule DKP-15

FLOW-THROUGH OF REVENUES FROM SALE OF SO₂ EMISSION ALLOWANCES

Accumulated Revenue from Sale of SO ₂ Emission Credits	\$366,346
Amortization over 7 years	<u>7</u>
Annual Amortization of SO ₂ Revenues	\$52,335
Wyoming Allocation Percentage	<u>9.89%</u>
OCA Adjustment to Revenues	\$5,176

DEPRECIATION EXPENSE BASED ON 50 YEAR LIFE FOR WYGEN III and NEW WYGEN III PLANT BALANCE

	<u>Adjusted Plant in Service</u>	<u>Non-Depreciable items</u>	<u>Depreciable Plant</u>	<u>Depreciation Rate</u>	<u>Adjusted Depreciation Expense</u>	<u>Per Books Depreciation Expense</u>	<u>Depreciation Adjustment</u>
Black Hills Power's Depreciation Expense for Wygen III (Taken from Statement J, page 1 of 1)	\$128,480,505	\$0	\$128,480,505	2.72%	\$3,494,670	\$0	\$3,494,670
OCA Depreciation Expense for Wygen III (Based on 50 year life rather than 45 year life)	\$128,440,000	\$0	\$128,440,000	2.35%	\$3,013,356	\$0	\$3,013,356

DIFFERENCE							(\$481,313)
Wyoming Allocation Factor							7.07%
OCA ADJUSTMENT TO REFLECT WYGEN III 50 YEAR LIFE							(\$34,029)

	<u>Based on Application Projected Investment</u>	<u>Updated Plant Balance *</u>	<u>BPH 52% Ownership</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>
<i>OCA Depreciation Rate Calculation</i>					
Land	\$0	\$0	\$0	0.00%	\$0
Structures and Improvements	\$11,225,632	11,118,387	\$5,837,329	2.54%	\$148,268
Boiler Plant Equipment	\$128,277,334	127,051,824	\$66,704,214	2.39%	\$1,594,231
Engines and Engine Driven Generators	\$0	0	\$0	0.00%	\$0
Turbo Generator Equipment	\$95,113,867	94,205,187	\$49,459,211	2.27%	\$1,122,724
Accessory Electric Equipment	\$12,268,457	12,151,249	\$6,379,598	2.27%	\$144,817
Misc. Power Equipment	<u>\$114,710</u>	113,614	<u>\$59,649</u>	5.56%	\$3,316
TOTAL	\$247,000,000	\$244,640,251	\$128,440,000		\$3,013,356
 WEIGHTED AVERAGE DEPRECIATION RATE					2.35%

* OCA was provided total updated plant balance but categorized differently than above. Thus, OCA evenly spread the difference between original and updated numbers to all categories except land.

Adjust Deferred Income Taxes to Reflect Depreciation Adjustment

OCA Adjustment To Wygen III Depreciation Expense	(\$34,029)
Income Tax Rate	<u>35%</u>
ADJUSTMENT TO ACCUM. DEFERRED INCOME TAX	(\$11,910)

OCA INCOME STATEMENT ADJUSTMENTS
CORRECTION AND UPDATE TO WYGEN III COAL COST AS ORIGINALLY PROVIDED ON BHP SCHEDULE H-7

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	
Corrected/Updated Total Production Per Hour (kWh) [Gross Output]	110,000	110,000	110,000	110,000	110,000	110,000	
Operating Days Per Month	31	28	31	30	31	30	
Hours Per Day	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	
Total Monthly Production	81,840,000	73,920,000	81,840,000	79,200,000	81,840,000	79,200,000	
Estimated Availability	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	
Net Monthly Production	77,748,000	70,224,000	77,748,000	75,240,000	77,748,000	75,240,000	
Average Designed Net Heat Rate (Btu/kWh)	11,000	11,000	11,000	11,000	11,000	11,000	
Coal Heat Content (Btu/lb)	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	
Number of Tons of Coal [kWh x Net Heat Rate ÷ Coal Heat Content ÷ 2,000]	53,452	48,279	53,452	51,728	53,452	51,728	
Updated Average Price /Ton	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	
Cost of Coal for Wygen III	\$620,040	\$560,036	\$620,040	\$600,039	\$620,040	\$600,039	
Black Hills Power Ownership Share	<u>52%</u>	<u>52%</u>	<u>52%</u>	<u>52%</u>	<u>52%</u>	<u>52%</u>	
Updated/Corrected Black Hills Power's Coal Cost for Wygen III	\$322,421	\$291,219	\$322,421	\$312,020	\$322,421	\$312,020	
Black Hills Originally Filed Coal Cost for Wygen III	<u>\$305,494</u>	<u>\$275,928</u>	<u>\$305,494</u>	<u>\$295,637</u>	<u>\$305,494</u>	<u>\$295,637</u>	
DIFFERENCE	\$16,927	\$15,291	\$16,927	\$16,383	\$16,927	\$16,383	
	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Corrected/Updated Total Production Per Hour (kWh) [Gross Output]	110,000	110,000	110,000	110,000	110,000	110,000	
Operating Days Per Month	31	31	30	31	30	31	
Hours Per Day	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	
Total Monthly Production	81,840,000	81,840,000	79,200,000	81,840,000	79,200,000	81,840,000	
Estimated Availability	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	
Net Monthly Production	77,748,000	77,748,000	75,240,000	77,748,000	75,240,000	77,748,000	
Average Designed Net Heat Rate (Btu/kWh)	11,000	11,000	11,000	11,000	11,000	11,000	
Coal Heat Content (Btu/lb)	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	
Number of Tons of Coal [kWh x Net Heat Rate ÷ Coal Heat Content ÷ 2,000]	53,452	48,279	53,452	51,728	53,452	51,728	
Updated Average Price /Ton	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	<u>\$11.60</u>	
Cost of Coal for Wygen III	\$620,040	\$560,036	\$620,040	\$600,039	\$620,040	\$600,039	
Black Hills Power Ownership Share	<u>52%</u>	<u>52%</u>	<u>52%</u>	<u>52%</u>	<u>52%</u>	<u>52%</u>	
Updated/Corrected Black Hills Power's Coal Cost for Wygen III	\$322,421	\$291,219	\$322,421	\$312,020	\$322,421	\$312,020	
Black Hills Originally Filed Coal Cost for Wygen III	<u>\$305,494</u>	<u>\$305,494</u>	<u>\$295,637</u>	<u>\$305,494</u>	<u>\$295,637</u>	<u>\$305,494</u>	
DIFFERENCE	\$16,927	(\$14,275)	\$26,784	\$6,526	\$26,784	\$6,526	
Wyoming Share of Wygen III Coal Costs							
Wyoming's Portion of Correction/Update to Wygen III Coal Costs							

\$3,765,045
\$3,596,934
\$168,111
7.07%
\$11,885

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OCA Schedule DKP-18

ADJUSTMENT TO UPDATE COAL PRICE FOR PLANTS OTHER THAN WYGEN III

	<u>4 Year Average Number of Tons Consumed Annually</u>	<u>Updated Price per Ton of Coal</u>	<u>Updated Total Coal Cost</u>	<u>Estimated Coal Cost from Application</u>	<u>Difference</u>	<u>Wyoming Allocator</u>	<u>Wyoming Portion of OCA Adjustment</u>
<i>Original Adjustment from BHP Schedule H-14</i>							
Ben French	123,874	\$12.08	\$1,496,398	\$1,557,542	(\$61,144)	9.89%	(\$6,047)
Neil Simpson I	125,993	\$11.60	\$1,461,519	1,523,255	(61,736)	9.89%	(6,106)
Neil simpson II	514,807	\$11.60	\$5,971,761	6,224,017	(252,256)	9.89%	<u>(24,948)</u>
Osage	243,005	\$11.60	\$2,818,858	2,937,930	(119,072)	9.89%	<u>(11,776)</u>
Wyodake Plant (BHP Portion Only)	<u>386,098</u>	<u>\$11.60</u>	<u>\$4,478,737</u>	<u>4,667,925</u>	<u>(189,188)</u>	9.89%	<u>(18,711)</u>
Total	1,393,777		\$16,227,273	\$16,910,669	(\$683,396)		<u>(\$67,588)</u>

UPDATE ADJUSTMENT FOR NEW EMPLOYEES

	As Shown in Application Additional <u>Personnel Needed</u>	Updated <u>Amount</u>	<u>Difference</u>	Average Non-Capitalized <u>Portion</u>	Non-Capitalized Portion of New <u>Employee Update</u>	Wyoming <u>Allocation</u>	OCA Wyoming <u>Adjustment</u>
<i>Operation</i>							
Production	\$228,400	\$207,360	(\$21,040)	78%	(\$16,411)	9.89%	(\$1,623)
Transmission	\$81,400	\$62,000	(\$19,400)	78%	(\$15,132)	7.07%	(\$1,070)
Distribution	\$74,700	\$0	(\$74,700)	78%	(\$58,266)	6.49%	(\$3,781)
Customer Service and Information	<u>\$35,600</u>	<u>\$31,720</u>	<u>(\$3,880)</u>	<u>78%</u>	<u>(\$3,026)</u>	<u>7.81%</u>	<u>(\$236)</u>
<i>Subtotal</i>	<i>\$420,100</i>	<i>\$301,080</i>	<i>(\$119,020)</i>		<i>(\$92,836)</i>		<i>(\$6,711)</i>
<i>Maintenance</i>							
Production	\$67,000	\$73,000	\$6,000	78%	\$4,680	9.89%	\$463
Distribution	<u>\$130,000</u>	<u>\$0</u>	<u>(\$130,000)</u>	<u>78%</u>	<u>(\$101,400)</u>	<u>6.49%</u>	<u>(\$6,581)</u>
<i>Subtotal</i>	<i>\$197,000</i>	<i>\$73,000</i>	<i>(\$124,000)</i>	<i>\$2</i>	<i>(\$96,720)</i>		<i>(\$6,118)</i>
Total Direct Labor Cost	\$617,100	\$374,080	(\$243,020)		(\$189,556)		(\$12,829)
Employee Benefits	65%	65%	65%		65%		65%
Total Loaded Cost including Benefits	\$1,018,215	\$617,232	(\$400,983)		(\$312,767)		(\$21,167)

ADJUSTMENT TO WAGE INCREASE

	As Filed in Application <u>Estimated Wage Increase *</u>	Wage Increase based <u>on Updated Information **</u>	OCA <u>Adjustment</u>	Non-Capitalized <u>Percentage</u>	Non-Capitalized <u>Portion of Adjustment</u>	Wyoming <u>Allocation</u>	Wyoming <u>Portion of Adjustment</u>
<i>Operation</i>							
Production	\$166,429	\$122,682	(\$43,747)	78%	(\$34,123)	9.89%	(\$3,375)
Transmission	42,600	31,403	(11,197)	78%	(8,734)	7.07%	(617)
Distribution	109,156	80,464	(28,692)	78%	(22,380)	6.49%	(1,452)
Customer Accounts	57,834	42,632	(15,202)	78%	(11,858)	7.81%	(926)
Customer Service and Information	24,964	18,402	(6,562)	78%	(5,119)	7.81%	(400)
Administrative and General	<u>65,756</u>	<u>48,472</u>	<u>(17,284)</u>	78%	<u>(13,482)</u>	<u>8.58%</u>	<u>(1,157)</u>
<i>Subtotal</i>	<i>\$466,739</i>	<i>\$344,053</i>	<i>(\$122,686)</i>		<i>(\$95,695)</i>		<i>(\$7,927)</i>
<i>Maintenance</i>							
Production	\$110,576	\$81,510	(\$29,066)	78%	(\$22,672)	9.89%	(\$2,242)
Transmission	701	516	(185)	78%	(144)	7.07%	(10)
Distribution	26,790	19,748	(7,042)	78%	(5,493)	6.49%	(356)
Administrative and General	<u>1,658</u>	<u>1,222</u>	<u>(436)</u>	78%	<u>(340)</u>	<u>8.58%</u>	<u>(29)</u>
<i>Subtotal</i>	<i>\$139,725</i>	<i>\$102,996</i>	<i>(\$36,729)</i>		<i>(\$28,648)</i>		<i>(\$2,638)</i>
TOTAL DIRECT WAGE INCREASE	\$606,464	\$447,050	(\$159,414)		(\$124,343)		(\$10,565)
Employee Benefits	65%	65%	65%		65%		65%
Wages including Employee Benefits	\$1,000,666	\$737,632	(\$263,033)		(\$205,166)		(\$17,433)

* Based on 3.5% increase as reflected on BHP Schedule H-1

** Based on 2.58% Increase which is the same level of increase given non-union employees beginning April 1, 2010.

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OCA Schedule DKP-21

AVERAGE COSTS FOR INJURIES AND DAMAGES DUE TO ANNUAL VARIABILITY

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Five-Year Average</u>	<u>Test Year Amount</u>	<u>OCA Adjustment</u>
<i>Total Company</i>								
Safety/Loss Control	\$155,952	\$30,475	\$44,323	\$49,486	\$84,457	\$72,939	\$70,911	\$2,028
Workers Compensation	116916	282775	106413	1729898	22854	451,771	1,753,421	(\$1,301,650)
Public Liability and Property Damage	68787	151038	95690	33846	135821	97,036	135,352	(\$38,316)
BHSC Allocations and Direct Charges	<u>783540</u>	<u>809592</u>	<u>840756</u>	<u>903155</u>	<u>937926</u>	<u>854,994</u>	<u>938,437</u>	<u>(\$83,443)</u>
Total	\$1,125,195	\$1,273,880	\$1,087,182	\$2,716,385	\$1,181,058	\$1,476,740	\$2,898,121	(\$1,421,381)
Wyoming Portion of Costs								8.58%
ADJUSTMENT TO INJURIES AND DAMAGES								(\$121,954)

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OCA Schedule DKP-22

REMOVE ADVERTISING COSTS INADVERTENTLY LEFT IN RATE CASE APPLICATION

Service Company Charges	\$289,823
Other Operations and Maintenance	<u>1,350</u>
TOTAL COMPANY ADVERTISING CHARGES TO BE REMOVED	\$291,173
Wyoming Portion of Advertising Costs	<u>8.58%</u>
OCA ADJUSTMENT TO REMOVE WYOMING PORTION OF ADVERTISING COSTS	\$24,983

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OCA Schedule DKP-23

RATE CASE EXPENSE

	<u>Actual Spent to Date April 2010</u>	<u>Estimated In Black Hills Application</u>	<u>Difference</u>	
<i>Expense</i>				
Sundahl Powers / Lynn Jackson, Schultz & Lebrun	Legal Costs	\$125,044	\$200,000	\$74,956
FINCAP Consulting	Capital Structure Consulting	\$10,750	\$20,000	\$9,250
Technically Speaking	Wygen III IRP Support	\$4,937	\$25,000	\$20,063
McFadden Consulting Group	Rate Design	\$10,115	\$25,000	\$14,885
Black & Veach	Depreciation Study	\$18,688	\$25,000	\$6,313
Miscellaneous Other	Supplies, Travel, Lodging, Etc.	<u>\$1,434</u>	<u>\$5,000</u>	<u>\$3,566</u>
TOTAL EXPENDITURES TO-DATE		\$170,969	\$300,000	\$129,031
	<u>Black Hills</u>	<u>OCA</u>	<u>Difference</u>	
Estimate of Additional Expenses	\$129,031	\$80,000	(\$49,031)	
TOTAL RATE CASE EXPENSE	\$300,000	\$250,969		
Amortization Period	<u>3</u>	<u>7</u>		
Annual Rate Case Expense Amortization	\$100,000	\$35,853	(\$64,147)	
Wyoming Allocation Factor	<u>100%</u>	<u>100%</u>	<u>100%</u>	
OCA ADJUSTMENT TO REDUCE RATE CASE EXPENSE	\$100,000	\$35,853	(\$64,147)	
<i>Rate Base</i>				
Portion of Unamortized Expense Permitted in Rate Base	\$200,000	\$0	(\$200,000)	

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OCA Schedule DKP-24

OCA INCOME STATEMENT ADJUSTMENTS
ADJUSTMENT TO INCOME TAX INTEREST DEDUCTION BASED ON OCA PLANT BALANCE

	OCA Recommended	Black Hills Power	Difference
Rate Base	\$27,043,999	\$27,647,578	(\$603,579)
Weighted Average Cost of Debt (Debt Portion of Capital Structure x Average Cost of Debt)	<u>3.11%</u>	<u>3.29%</u>	<u>-0.18%</u>
OCA ADJUSTMENT TO TAXABLE INCOME	\$841,177	\$909,605	\$1,084

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OCA Schedule DKP-25

ADJUSTMENT TO INCOME TAXES RELATIVE TO OTHER ADJUSTMENTS TO INCOME

Revenue Adjustments

Mis classified transmission revenues	(\$38,737)
SO ₂ Emission Sales	<u>\$5,176</u>
CHANGE TO OPERATING REVENUE	(\$33,561)

Expense Adjustments

Interest on Customer Deposits Expense	\$661
Wygen III Depreciation based on 50 year life	(\$34,029)
Change Acquisition Adjustment Amortization Period	\$6,518
Correction to Wygen III Coal Costs	\$11,885
Update to Coal Costs for Plants other than Wygen III	(\$67,588)
Update Adjustment for New Employees	(\$21,167)
Updated Adjustment for Wage Increase	(\$17,433)
Averaging of Injuries and Damages Cost	(\$121,954)
Remove Inadvertent Advertising Costs	(\$24,983)
Updated Rate Case Expense	(\$64,147)
CHANGE TO OPERATING EXPENSES	(\$332,898)

CHANGE TO OPERATING INCOME	\$299,338
Change to Interest Deductible for Net Taxable Income	\$1,084

CHANGE TO NET TAXABLE INCOME	\$300,422
Income Tax Rate	<u>35%</u>

OCA ADJUSTMENT TO INCOME TAXES	\$105,148
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ALLOCATION FACTORS – RATE BASE

	Allocation to Derive		Allocation to Derive		Allocation to Derive		Wyoming		Wyoming		
	Wyoming Portion of Total Company	Wyoming Portion of Total Company	Determine Proportion for Each Rate Class	Wyoming Residential	Wyoming Small General Service	Wyoming Large General Service and Industrial	Wyoming Lighting	Wyoming Residential	Wyoming Small General Service	Wyoming Large General Service and Industrial	Wyoming Lighting
Steam Production Plant	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Other Production Plant	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Unclassified Steam Production Plant	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Unclassified Other Production Plant	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Transmission Plant	Transmission Capacity	7.07%	Transmission Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Unclassified Transmission Plant	Transmission Capacity	7.07%	Transmission Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Distribution Land and Land Rights	Distribution Land and Land Rights	3.58%	Non-coincident peaks	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Structures and Equipment	Distribution Structures	0.82%	Non-coincident peaks	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Station Equipment	Distribution Station Equipment	16.31%	Non-coincident peaks	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Poles, Towers, and Fixtures	Distribution Poles, Towers, and Fixtures	4.32%	Distribution Primary	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distrib Overhd Conductors and Devices	Distribution Overhead Conductors and Devices	4.15%	Distribution Primary	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Underground Conduit	Distribution Underground Conduit	1.13%	Distribution Primary	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distrib Undergrd Conductors and Devices	Distribution Underground Conductor	2.00%	Distribution Primary	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Line Transformers	Distribution Line Transformers	3.33%	Distribution Secondary	18.64%	21.32%	59.54%	0.51%	18.64%	21.32%	59.54%	0.51%
Services	Distribution Services	2.42%	Customers – Weighted Services (multiplier)	49.19%	47.89%	3.02%	0.00%	34.50%	51.85%	13.58%	0.07%
Meters	Distribution Meters	5.29%	Customers – Weighted Meters (multiplier)	34.50%	51.85%	13.58%	0.07%	0.00%	0.00%	100.00%	100.00%
Installations on Customers Premises	Distribution Installations on Customer Premises	4.17%	Private Area Lighting (number of customers)	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Street Lighting and Signal Systems	Distribution Street Lighting	4.33%	Street Lighting (count)	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Unclassified Distribution Plant	Subtotal Underground Lines	1.96%	Subtotal Distribution Plant	18.61%	21.33%	58.67%	1.40%	18.61%	21.33%	58.67%	1.40%
General Plant	Supervised O&M Expense excl. Comm. Use Syst.	8.58%	Supervised O&M Expense excl. Comm. Use Syst.	19.94%	15.25%	64.21%	0.60%	19.94%	15.25%	64.21%	0.60%
Unclassified General Plant	Supervised O&M Expense excl. Comm. Use Syst.	8.58%	Supervised O&M Expense excl. Comm. Use Syst.	19.94%	15.25%	64.21%	0.60%	19.94%	15.25%	64.21%	0.60%
Other Utility Plant	Supervised O&M Expense excl. Comm. Use Syst.	8.58%	Supervised O&M Expense excl. Comm. Use Syst.	19.94%	15.25%	64.21%	0.60%	19.94%	15.25%	64.21%	0.60%
Wyodak, Dage & Kirk Acquisition Adjust	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Wyoming Rate Case Expense	Wyoming Direct	100.00%	Supervised O&M Expense excl. Comm. Use Syst.	19.94%	15.25%	64.21%	0.60%	19.94%	15.25%	64.21%	0.60%
Accum Depreciation – Production Plant	Total Production Plant	7.07%	Total Production Plant	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Accum Depreciation – Transmission Plant	Total Transmission Plant	7.07%	Total Transmission Plant	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Accum Depreciation – Distribution Plant	Total Distribution Plant	5.73%	Total Distribution Plant	18.61%	21.33%	58.67%	1.40%	18.61%	21.33%	58.67%	1.40%
Accum Depreciation – General Plant	Total General Plant	8.79%	Total General Plant	19.53%	15.18%	64.69%	0.59%	19.53%	15.18%	64.69%	0.59%
Accum Depreciation – Other Utility Plant	Total General Plant	8.79%	Total General Plant	19.53%	15.18%	64.69%	0.59%	19.53%	15.18%	64.69%	0.59%
Accum Amortization of Acquisition Adjust	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Cash Working Capital	Supervised O&M Expense excl. Comm. Use Syst.	8.58%	Supervised O&M Expense excl. Comm. Use Syst.	19.94%	15.25%	64.21%	0.60%	19.94%	15.25%	64.21%	0.60%
Fuel Stocks	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Materials and Supplies	Total Plant in Service excluding Comm Use Syst	6.75%	Total Plant in Service	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Prepaid Expenses	Total Plant in Service excluding Comm Use Syst	6.75%	Total Plant in Service	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Accumulated Deferred Income Taxes	Total Production Plant	7.07%	Total Production Plant	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Other Liabilities	Total Production Plant	7.07%	Total Production Plant	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%

ALLOCATION FACTORS – INCOME STATEMENT

	Allocation to Derive		Allocation to Derive		Allocation to Derive		Wyoming		Wyoming		
	Wyoming Portion of Total Company	Wyoming Portion of Total Company	Determine Proportion for Each Rate Class	Wyoming Residential	Wyoming Small General Service	Wyoming Large General Service and Industrial	Wyoming Lighting	Wyoming Residential	Wyoming Small General Service	Wyoming Large General Service and Industrial	Wyoming Lighting
Retail Sales – South Dakota	South Dakota Direct	0.00%	Not Applicable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retail Sales – Montana	Montana Direct	0.00%	Not Applicable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Residential Sales – Wyoming	Wyoming Direct	100.00%	Direct Assignment to Each Class	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Small General Service Sales – Wyoming	Wyoming Direct	100.00%	Direct Assignment to Each Class	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Lighting Sales – Wyoming	Wyoming Direct	100.00%	Direct Assignment to Each Class	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Large General Service Sales – Wyoming	Wyoming Direct	100.00%	Direct Assignment to Each Class	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Other Non-Firm Resale Revenue	Non Jurisdictional	0.00%	Not Applicable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contract Sales Resale Revenue	Energy Input	9.89%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
City of Gillette	Non Jurisdictional	0.00%	Not Applicable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unbilled Revenue	Firm Revenues, States Only	7.81%	Firm Revenues	17.11%	16.86%	65.11%	0.92%	17.11%	16.86%	65.11%	0.92%
Power Cost Adjustment Revenue	Not Applicable (Removed from Base Rates)	0.00%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Late Payment Charges	Late Payment Revenue	3.96%	Firm Revenues	17.11%	16.86%	65.11%	0.92%	17.11%	16.86%	65.11%	0.92%
Miscellaneous Service Revenues	Miscellaneous Service Revenues	1.84%	Firm Revenues	17.11%	16.86%	65.11%	0.92%	17.11%	16.86%	65.11%	0.92%
Sales of Water	Miscellaneous Service Revenues	1.84%	Firm Revenues	17.11%	16.86%	65.11%	0.92%	17.11%	16.86%	65.11%	0.92%
Rent from Electric Property and Other	Production Capacity	7.07%	Total Rate Base	16.48%	16.97%	65.75%	0.80%	16.48%	16.97%	65.75%	0.80%
Steam Production Operation Expense	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Steam Production Maintenance Expense	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Other Production Operation Expense	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Other Production Maintenance Expense	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Other Power Supply Capacity Expense	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Other Power Supply Expense	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Fuel Expense	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Purchased Power – Energy	Energy Input	9.89%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Purchased Power – Capacity	Production Capacity	7.07%	Production Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Transmission Overhead Lines Expense	Common Use System Transmission Expense	3.69%	Total Lines	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Transmission Operation Expense	Transmission Capacity	7.07%	Transmission Capacity	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Transan Supervision and Engineering Exp	Common Use System Transmission Expense	3.69%	Subtotal Transmission Operation	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Miscellaneous Transmission Expense	Common Use System Transmission Expense	3.69%	Subtotal Transmission Operation	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Trans Station Equipmt Maint Expense	Common Use System Transmission Expense	3.69%	Total Substations	14.47%	14.39%	70.72%	0.42%	14.47%	14.39%	70.72%	0.42%
Distribution Station Equipment Expenses	Distribution Station Equipment	16.31%	Non-coincident Peaks	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Overhead Line Expenses	Distribution Poles, Towers, Fixtures	4.32%	Subtotal Overhead Lines	16.85%	19.27%	63.42%	0.46%	16.85%	19.27%	63.42%	0.46%
Distribution Underground Line Expenses	Subtotal Underground Lines	1.96%	Distribution Primary	15.97%	18.27%	65.33%	0.43%	15.97%	18.27%	65.33%	0.43%
Distribution Line Transformers Expenses	Distribution Line Transformers	3.33%	Distribution Secondary	18.64%	21.32%	59.54%	0.51%	18.64%	21.32%	59.54%	0.51%
Distrib Street Lighting and Signaling Maint	Distribution Street Lighting	4.33%	Street Lighting (Count)	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Distrib Street Lighting and Signal. Expenses	Street Lighting (Count)	4.33%	Street Lighting (Count)	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Distribution Metering Expenses	Year End Number of Customers	4.03%	Customers – Weighted Meters (multiplier)	34.50%	51.85%	13.58%	0.07%	34.50%	51.85%	13.58%	0.07%
Distrib Customer Installation Expenses	Distribution Operation Subtotal	6.49%	Customers – Weighted Meters (multiplier)	34.50%	51.85%	13.58%	0.07%	34.50%	51.85%	13.58%	0.07%
Distrib Supervision and Operat. Expenses	Distribution Operation Subtotal	6.49%	Distribution Operation Subtotal	18.66%	23.00%	57.95%	0.40%	18.66%	23.00%	57.95%	0.40%
Misc Distrib Plant Maintenance Expenses	Total Distribution Plant	5.73%	Distribution Operation Subtotal	18.66%	23.00%	57.95%	0.40%	18.66%	23.00%	57.95%	0.40%
Miscellaneous Distribution Expenses	Distribution Operation Subtotal	6.49%	Distribution Operation Subtotal	18.66%	23.00%	57.95%	0.40%	18.66%	23.00%	57.95%	0.40%
Distribution Rents	Firm Revenues	7.81%	Bills	77.73%	21.31%	0.63%	0.33%	77.73%	21.31%	0.63%	0.33%
Customer Accounting Expense	Firm Revenues	7.81%	Customers – Weighted Services (multiplier)	49.19%	47.89%	3.02%	0.00%	34.50%	51.85%	13.58%	0.07%
Customer Service Expense	Firm Revenues	7.81%	Customers – Weighted Services (multiplier)	49.19%	47.89%	3.02%	0.00%	34.50%	51.85%	13.58%	0.07%

ALLOCATION FACTORS – INCOME STATEMENT (Continued)

	Allocation to Derive		Allocation to Derive		Allocation to Derive		Wyoming		Wyoming		
	Wyoming Portion of Total Company	Wyoming Portion of Total Company	Determine Proportion for Each Rate Class	Wyoming Residential	Wyoming Small General Service	Wyoming Large General Service and Industrial	Wyoming Lighting	Wyoming Residential	Wyoming Small General Service	Wyoming Large General Service and Industrial	Wyoming Lighting
Property Insurance	Total Plant in Service excluding Comm Use Syst	6.75%	Total Plant in Service	16.06%	16.86%	66.85%	0.70%	16.06%	16.86%	66.85%	0.70%
Regulatory Commission Expense	Firm Revenues	7.78%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Other Admin and General Expense	Supervised O&M Expense excl. Comm. Use Syst.	8.58%	Energy Input	13.56%	12.06%	73.96%	0.41%	13.56%	12.06%	73.96%	0.41%
Wyoming Rate Case Expense	Wyoming Direct	100.00%	Supervised O&M Expense excl. Comm. Use Syst.	19.94%	15.25%	64.21%	0.60%	19.94%	15.25%	64.21%	0.60%
Maintenance of General Plant											

Black Hills Power
Docket No. 20002-75-ER-09
Test Year ended June 30, 2009

OCA Schedule DKP-28

CUSTOMER SERVICE CHARGE

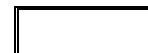
	<u>Residential</u>	<u>Small General Service</u>	<u>Large General Service</u>
Distribution Gross Plant	\$2,620,136	\$3,003,509	\$8,797,776
Less: Distribution Accumulated Depreciation	<u>872,334</u>	<u>999,833</u>	<u>2,749,658</u>
Net Distribution Plant	1,747,801	2,003,676	6,048,118
Proposed Rate of Return	<u>8.57%</u>	<u>8.57%</u>	<u>8.57%</u>
Required Return	149,794	171,723	518,348
Tax Gross-up Factor	<u>1.5385</u>	<u>1.5385</u>	<u>1.5385</u>
Required Return on Distribution Plant	\$230,457	\$264,196	\$797,478
Distribution Operating and Maintenance Expense	60,765	73,301	201,434
Distribution Depreciation Expense	75,557	86,600	238,161
Customer Accounting Expense	36,694	45,228	113,936
Customer Service and Information Expense	64,982	17,815	527
TOTAL EXPENSE PLUS GROSSED UP RETURN	\$468,456	\$487,141	\$1,351,536
Number of Bills (excluding contract customers)	25,116	7,132	193
EXPENSE PLUS RETURN / NUMBER OF BILLS	\$18.65	\$68.30	\$7,002.78
Current Customer Charge	\$8.00	\$9.50	\$900.00
Black Hills Power Requested Customer Charge	\$11.12	\$13.20	\$1,250.55

INDUSTRIAL REVENUES

<u>RATES AT THE TIME OF THE APPLICATION</u>							
	<u>July 2008</u>	<u>August 2008</u>	<u>September 2008</u>	<u>October 2008</u>	<u>November 2008</u>	<u>December 2008</u>	
kWh							
Rate of							
Subtotal							
Additional kWh							
Rate of \$0.0							
Subtotal							
Peak kVa							
Demand Charge at rate of \$/ kVA							
Subtotal							
TOTAL							
	<u>January 2009</u>	<u>February 2009</u>	<u>March 2009</u>	<u>April 2009</u>	<u>May 2009</u>	<u>June 2009</u>	<u>Total</u>
kWh							
Rate of \$0							
Subtotal							
Additional kWh							
Rate of \$0.							
Subtotal							
Peak kVa							
Demand Charge at rate of / kVA							
Subtotal							
TOTAL							
<u>NEWLY CONTRACTED RATES</u>							
	<u>July 2008</u>	<u>August 2008</u>	<u>September 2008</u>	<u>October 2008</u>	<u>November 2008</u>	<u>December 2008</u>	
First kWh per KVA of Billing Capacity							
Rate of \$							
Subtotal							
Additional kWh							
Rate of \$0							
Subtotal							
On-Peak Capacity							
Rate of per KVA of Monthly Billing Capacity							
Subtotal							
TOTAL							
	<u>January 2009</u>	<u>February 2009</u>	<u>March 2009</u>	<u>April 2009</u>	<u>May 2009</u>	<u>June 2009</u>	<u>Total</u>
kWh							
Rate of \$0.0							
Subtotal							
Additional kWh							
Rate of \$0.							
Subtotal							
On-Peak Capacity							
per KVA of Monthly Billing Capacity							
Subtotal							
TOTAL							

INCREASE IN INDUSTRIAL RATES

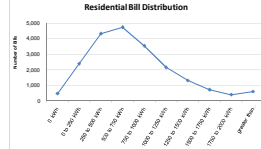
Percentage Increase



BILL DISTRIBUTIONS BY CLASS - RESIDENTIAL

Class	Number of bills	Sum of bills	Average kWh/Bill
0 kWh	469	0	0
1 to 200 kWh	264	2,040	7.73
200 to 500 kWh	4,152	1,649,136	397
500 to 750 kWh	6,793	2,546,544	375
750 to 1000 kWh	5,534	2,042,177	369
1000 to 1250 kWh	1,149	1,246,251	1,085
1250 to 1500 kWh	1,805	1,782,244	987
1500 to 1750 kWh	715	1,113,641	1,558
1750 to 2000 kWh	392	728,241	1,855
greater than 2000 kWh	386	1,582,266	4,099
TOTAL	20,588	11,581,496	717

Median (Approximately 50% of the bills are in a block above this) 500 to 750 kWh/Bill

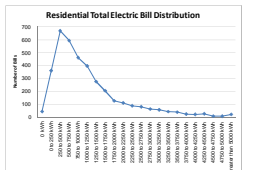


BILL DISTRIBUTIONS BY CLASS - RESIDENTIAL TOTAL ELECTRIC

Class	Number of bills	Sum of bills	Average kWh/Bill
0 kWh	42	0	0
1 to 250 kWh	264	45,420	171
250 to 500 kWh	104	409,376	393
500 to 750 kWh	824	686,299	833
750 to 1000 kWh	387	641,144	1,657
1000 to 1250 kWh	212	471,241	2,223
1250 to 1500 kWh	204	124,544	611
1500 to 2000 kWh	124	124,484	1,004
2000 to 2250 kWh	110	210,240	1,911
2250 to 2500 kWh	87	284,241	3,268
2500 to 2750 kWh	42	174,240	4,125
2750 to 3000 kWh	42	174,240	4,125
3000 to 3250 kWh	42	174,240	4,125
3250 to 3500 kWh	42	174,240	4,125
3500 to 3750 kWh	33	81,240	2,462
3750 to 4000 kWh	20	81,240	4,062
4000 to 4250 kWh	10	40,620	4,062
4250 to 4500 kWh	7	28,434	4,062
4500 to 4750 kWh	7	28,434	4,062
4750 to 5000 kWh	7	28,434	4,062
greater than 5000 kWh	16	111,111	6,945
TOTAL	3,768	4,418,284	1,141

Median (Approximately 50% of the bills are in a block above this) 750 to 1000 kWh/Bill

Nearly 72% of the usage is in blocks of bills that have usage greater than 1000 kWh per bill.

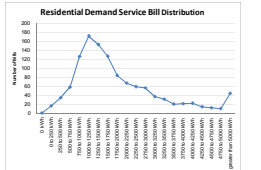


BILL DISTRIBUTIONS BY CLASS - RESIDENTIAL DEMAND SERVICE

Class	Number of bills	Sum of bills	Average kWh/Bill
0 kWh	0	0	0
1 to 250 kWh	164	2,040	12.44
250 to 500 kWh	14	13,020	930
500 to 750 kWh	14	17,740	1,267
750 to 1000 kWh	117	149,244	1,276
1000 to 1250 kWh	117	149,244	1,276
1250 to 1500 kWh	117	149,244	1,276
1500 to 1750 kWh	127	206,300	1,625
1750 to 2000 kWh	96	121,464	1,265
2000 to 2250 kWh	67	142,770	2,130
2250 to 2500 kWh	10	18,900	1,890
2500 to 2750 kWh	16	140,240	8,765
2750 to 3000 kWh	17	140,240	8,250
3000 to 3250 kWh	20	12,027	601
3250 to 3500 kWh	17	12,027	708
3500 to 3750 kWh	20	12,027	601
3750 to 4000 kWh	14	14,024	1,002
4000 to 4250 kWh	12	12,024	1,002
4250 to 4500 kWh	14	14,024	1,002
4500 to 4750 kWh	12	12,024	1,002
4750 to 5000 kWh	10	10,020	1,002
greater than 5000 kWh	16	100,240	6,265
TOTAL	642	2,276,146	3,546

Median (Approximately 50% of the bills are in a block above this) 1500 to 1750 kWh/Bill

More than 62% of the usage is in blocks of bills that have usage greater than 1750 kWh per bill.

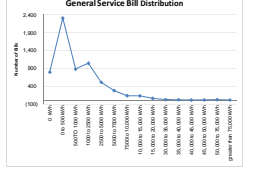


BILL DISTRIBUTIONS BY CLASS - GENERAL SERVICE

Class	Number of bills	Sum of bills	Average kWh/Bill
0 kWh	744	0	0
1 to 500 kWh	1,188	146,240	123
500 to 1000 kWh	881	646,381	734
1000 to 1500 kWh	1,474	1,141,240	774
1500 to 2000 kWh	1,188	1,141,240	961
2000 to 2500 kWh	279	1,441,151	5,165
2500 to 3000 kWh	110	610,240	5,548
3000 to 3500 kWh	110	1,171,240	10,648
3500 to 4000 kWh	60	610,240	10,171
4000 to 4500 kWh	33	78,231	2,371
4500 to 5000 kWh	21	103,240	4,916
5000 to 5500 kWh	16	160,240	10,015
5500 to 6000 kWh	14	160,240	11,446
6000 to 75,000 kWh	14	1,771,149	126,511
TOTAL	6,362	16,465,543	2,589

Median (Approximately 50% of the bills are in a block above this) 500 to 1000 kWh/Bill

More than 92% of the usage is in blocks of bills that have usage greater than 1000 kWh per bill.



BILL DISTRIBUTIONS BY CLASS - RESIDENTIAL DEMAND SERVICE

Class	Number of bills	Sum of bills	Average kWh/Bill
0 kWh	1	0	0
1 to 1.5 kWh	4	4	1
1.5 to 1.9 kWh	67	28.0	0.42
1.9 to 2.4 kWh	286	236.0	0.82
2.4 to 2.9 kWh	480	1,044.0	2.17
2.9 to 3.4 kWh	179	1,465.7	8.19
3.4 to 3.9 kWh	100	2,000.0	20.00
3.9 to 4.4 kWh	14	36.0	2.57
4.4 to 4.9 kWh	2	9.0	4.50
4.9 to 5.4 kWh	1	5.4	5.40
5.4 to 5.9 kWh	1	5.4	5.40
5.9 to 6.4 kWh	1	5.4	5.40
6.4 to 6.9 kWh	1	5.4	5.40
6.9 to 7.4 kWh	1	5.4	5.40
7.4 to 7.9 kWh	1	5.4	5.40
7.9 to 8.4 kWh	1	5.4	5.40
8.4 to 8.9 kWh	1	5.4	5.40
8.9 to 9.4 kWh	1	5.4	5.40
9.4 to 9.9 kWh	1	5.4	5.40
9.9 to 10.4 kWh	1	5.4	5.40
10.4 to 10.9 kWh	1	5.4	5.40
10.9 to 11.4 kWh	1	5.4	5.40
11.4 to 11.9 kWh	1	5.4	5.40
11.9 to 12.4 kWh	1	5.4	5.40
12.4 to 12.9 kWh	1	5.4	5.40
12.9 to 13.4 kWh	1	5.4	5.40
13.4 to 13.9 kWh	1	5.4	5.40
13.9 to 14.4 kWh	1	5.4	5.40
14.4 to 14.9 kWh	1	5.4	5.40
14.9 to 15.4 kWh	1	5.4	5.40
15.4 to 15.9 kWh	1	5.4	5.40
15.9 to 16.4 kWh	1	5.4	5.40
16.4 to 16.9 kWh	1	5.4	5.40
16.9 to 17.4 kWh	1	5.4	5.40
17.4 to 17.9 kWh	1	5.4	5.40
17.9 to 18.4 kWh	1	5.4	5.40
18.4 to 18.9 kWh	1	5.4	5.40
18.9 to 19.4 kWh	1	5.4	5.40
19.4 to 19.9 kWh	1	5.4	5.40
19.9 to 20.4 kWh	1	5.4	5.40
20.4 to 20.9 kWh	1	5.4	5.40
20.9 to 21.4 kWh	1	5.4	5.40
21.4 to 21.9 kWh	1	5.4	5.40
21.9 to 22.4 kWh	1	5.4	5.40
22.4 to 22.9 kWh	1	5.4	5.40
22.9 to 23.4 kWh	1	5.4	5.40
23.4 to 23.9 kWh	1	5.4	5.40
23.9 to 24.4 kWh	1	5.4	5.40
24.4 to 24.9 kWh	1	5.4	5.40
24.9 to 25.4 kWh	1	5.4	5.40
25.4 to 25.9 kWh	1	5.4	5.40
25.9 to 26.4 kWh	1	5.4	5.40
26.4 to 26.9 kWh	1	5.4	5.40
26.9 to 27.4 kWh	1	5.4	5.40
27.4 to 27.9 kWh	1	5.4	5.40
27.9 to 28.4 kWh	1	5.4	5.40
28.4 to 28.9 kWh	1	5.4	5.40
28.9 to 29.4 kWh	1	5.4	5.40
29.4 to 29.9 kWh	1	5.4	5.40
29.9 to 30.4 kWh	1	5.4	5.40
30.4 to 30.9 kWh	1	5.4	5.40
30.9 to 31.4 kWh	1	5.4	5.40
31.4 to 31.9 kWh	1	5.4	5.40
31.9 to 32.4 kWh	1	5.4	5.40
32.4 to 32.9 kWh	1	5.4	5.40
32.9 to 33.4 kWh	1	5.4	5.40
33.4 to 33.9 kWh	1	5.4	5.40
33.9 to 34.4 kWh	1	5.4	5.40
34.4 to 34.9 kWh	1	5.4	5.40
34.9 to 35.4 kWh	1	5.4	5.40
35.4 to 35.9 kWh	1	5.4	5.40
35.9 to 36.4 kWh	1	5.4	5.40
36.4 to 36.9 kWh	1	5.4	5.40
36.9 to 37.4 kWh	1	5.4	5.40
37.4 to 37.9 kWh	1	5.4	5.40
37.9 to 38.4 kWh	1	5.4	5.40
38.4 to 38.9 kWh	1	5.4	5.40
38.9 to 39.4 kWh	1	5.4	5.40
39.4 to 39.9 kWh	1	5.4	5.40
39.9 to 40.4 kWh	1	5.4	5.40
40.4 to 40.9 kWh	1	5.4	5.40
40.9 to 41.4 kWh	1	5.4	5.40
41.4 to 41.9 kWh	1	5.4	5.40
41.9 to 42.4 kWh	1	5.4	5.40
42.4 to 42.9 kWh	1	5.4	5.40
42.9 to 43.4 kWh	1	5.4	5.40
43.4 to 43.9 kWh	1	5.4	5.40
43.9 to 44.4 kWh	1	5.4	5.40
44.4 to 44.9 kWh	1	5.4	5.40
44.9 to 45.4 kWh	1	5.4	5.40
45.4 to 45.9 kWh	1	5.4	5.40
45.9 to 46.4 kWh	1	5.4	5.40
46.4 to 46.9 kWh	1	5.4	5.40
46.9 to 47.4 kWh	1	5.4	5.40
47.4 to 47.9 kWh	1	5.4	5.40
47.9 to 48.4 kWh	1	5.4	5.40
48.4 to 48.9 kWh	1	5.4	5.40
48.9 to 49.4 kWh	1	5.4	5.40
49.4 to 49.9 kWh	1	5.4	5.40
49.9 to 50.4 kWh	1	5.4	5.40
50.4 to 50.9 kWh	1	5.4	5.40
50.9 to 51.4 kWh	1	5.4	5.40
51.4 to 51.9 kWh	1	5.4	5.40
51.9 to 52.4 kWh	1	5.4	5.40
52.4 to 52.9 kWh	1	5.4	5.40
52.9 to 53.4 kWh	1	5.4	5.40
53.4 to 53.9 kWh	1	5.4	5.40
53.9 to 54.4 kWh	1	5.4	5.40
54.4 to 54.9 kWh	1	5.4	5.40
54.9 to 55.4 kWh	1	5.4	5.40
55.4 to 55.9 kWh	1	5.4	5.40
55.9 to 56.4 kWh	1	5.4	5.40
56.4 to 56.9 kWh	1	5.4	5.40
56.9 to 57.4 kWh	1	5.4	5.40
57.4 to 57.9 kWh	1	5.4	5.40
57.9 to 58.4 kWh	1	5.4	5.40
58.4 to 58.9 kWh	1	5.4	5.40
58.9 to 59.4 kWh	1	5.4	5.40
59.4 to 59.9 kWh	1	5.4	5.40
59.9 to 60.4 kWh	1	5.4	5.40
60.4 to 60.9 kWh	1	5.4	5.40
60.9 to 61.4 kWh	1	5.4	5.40
61.4 to 61.9 kWh	1	5.4	5.40
61.9 to 62.4 kWh	1	5.4	5.40
62.4 to 62.9 kWh	1	5.4	5.40
62.9 to 63.4 kWh	1	5.4	5.40
63.4 to 63.9 kWh	1	5.4	5.40
63.9 to 64.4 kWh	1	5.4	5.40
64.4 to 64.9 kWh	1	5.4	5.40
64.9 to 65.4 kWh	1	5.4	5.40
65.4 to 65.9 kWh	1	5.4	5.40
65.9 to 66.4 kWh	1	5.4	5.40
66.4 to 66.9 kWh	1	5.4	5.40
66.9 to 67.4 kWh	1	5.4	5.40
67.4 to 67.9 kWh	1	5.4	5.40
67.9 to 68.4 kWh	1	5.4	5.40
68.4 to 68.9 kWh	1	5.4	5.40
68.9 to 69.4 kWh	1	5.4	5.40
69.4 to 69.9 kWh	1	5.4	5.40
69.9 to 70.4 kWh	1	5.4	5.40
70.4 to 70.9 kWh	1	5.4	5.40
70.9 to 71.4 kWh	1	5.4	5.40
71.4 to 71.9 kWh	1	5.4	5.40
71.9 to 72.4 kWh	1	5.4	5.40
72.4 to 72.9 kWh	1	5.4	5.40
72.9 to 73.4 kWh	1	5.4	5.40
73.4 to 73.9 kWh	1	5.4	5.40
73.9 to 74.4 kWh	1	5.4	5.40
74.4 to 74.9 kWh	1	5.4	5.40
74.9 to 75.4 kWh	1	5.4	5.40
75.4 to 75.9 kWh	1	5.4	5.40
75.9 to 76.4 kWh	1	5.4	5.40
76.4 to 76.9 kWh	1	5.4	5.40
76.9 to 77.4 kWh	1	5.4	5.40
77.4 to 77.9 kWh	1	5.4	5.40
77.9 to 78.4 kWh	1	5.4	5.40
78.4 to 78.9 kWh	1	5.4	5.40
78.9 to 79.4 kWh	1	5.4	5.40
79.4 to 79.9 kWh	1	5.4	5.40
79.9			

ILLUSTRATIVE BILL IMPACTS

	<u>Current Rates</u>	<u>Black Hills Power Proposed Rates</u>	<u>Percentage Increase from Current Rates</u>	<u>OCA Proposed Rates</u>	<u>Percentage Increase from Current Rates</u>
<i>Residential</i>					
250 kWh / month	\$25.45	\$35.37	38.98%	\$33.20	30.45%
650 kWh / month	\$53.37	\$74.17	38.97%	\$62.32	16.77%
1250 kWh / month	\$95.25	\$132.37	38.97%	\$106.00	11.29%
<i>All Electric Residential</i>					
800 kWh / month	\$57.86	\$80.43	39.01%	\$73.24	26.58%
2000 kWh / month	\$97.75	\$179.19	83.31%	\$160.60	64.30%
4000 kWh / month	\$97.75	\$343.79	251.70%	\$306.20	213.25%
<i>Residential Demand Service</i>					
750 kWh / month & 5 kW / month	\$59.03	\$82.06	39.02%	\$114.10	93.31%
1500 kWh / month & 15 kW / month	\$132.05	\$183.58	39.02%	\$237.70	80.01%
4000 kWh / month & 20 kW / month	\$233.80	\$325.08	39.04%	\$454.20	94.27%
<i>General Service</i>					
800 kWh / month & 4 kW / month	\$63.90	\$67.60	5.79%	\$112.74	76.43%
12,000 kWh / month & 25 kW / month	\$851.50	\$1,182.60	38.88%	\$1,010.10	18.63%
40,000 kWh / month & 150 kW / month	\$2,999.45	\$4,348.25	44.97%	\$3,548.50	18.31%

Black Hills Power
Docket No. 2002-75 ER-09
Test Year ended June 30, 2009

OPERATING AND MAINTENANCE AND ADMINISTRATIVE AND GENERAL EXPENSE HISTORY – TOTAL COMPANY

	Total Black Hills Power 2004	Total Black Hills Power 2005	Total Black Hills Power 2006	Total Black Hills Power 2007	Total Black Hills Power 2008	Total Company Black Hills Power Test Year	Five-Year Average	Three-Year Average
Steam Production Operation	\$18,772,028	\$19,520,499	\$21,315,304	\$24,736,797	\$27,597,980	\$20,695,225	\$22,388,536	\$24,550,017
Steam Production Maintenance	6,082,850	5,687,633	6,485,839	6,209,614	6,072,588	19,024,213	6,151,605	6,275,954
Other Production Operation	2,420,409	3,653,596	4,548,885	6,623,965	5,308,358	36,612	4,511,003	5,493,669
Other Production Maintenance	957,163	366,634	357,005	474,360	1,555,326	2,250,715	742,054	795,490
Purchased Power Capacity	6,115,395	6,119,576	6,112,239	6,156,660	7,094,974	7,109,843	6,126,969	6,454,424
Purchased Power Energy	40,176,481	\$6,864,820	\$0,115,447	\$1,220,878	\$7,692,916	\$2,921,213	\$2,814,108	\$5,676,414
Transmission Operations	1,478,197	1,096,194	8,520,152	9,520,189	10,988,760	14,539,516	7,322,686	9,713,034
Transmission Maintenance	354,610	261,238	105,911	125,898	156,288	136,305	200,797	129,379
Distribution Operations	2,626,261	2,753,800	2,748,436	2,795,111	3,477,839	3,455,289	2,836,059	2,946,399
Distribution Maintenance	1,189,188	1,607,183	1,964,603	1,835,409	2,381,123	2,488,971	1,795,537	2,060,445
Customer Accounting Expense	2,053,646	1,768,059	2,011,494	2,218,632	2,700,894	2,527,881	2,150,545	2,310,340
Customer Service Expense	929,753	893,370	975,922	914,554	980,570	1,074,941	938,834	957,015
Administrative and General Expense								
Administrative Salaries	4,384,438	7,472,131	10,149,424	9,799,385	10,109,561		8,374,988	10,006,123
Office Supplies and Expense	2,581,089	737,225	3,165,932	3,673,451	4,951,338		3,021,807	3,930,240
A&G Expense Transferred	(57,051)	(38,002)	(49,980)	(52,075)	(26,348)		(43,575)	(54,274)
Outside Services	5,034,383	8,753,919	2,001,778	1,622,012	1,855,011		3,689,621	1,829,267
Property Insurance	850,133	602,294	644,904	673,134	678,709	842,002	689,835	665,582
Injuries and Damages	1,281,709	1,175,195	1,273,880	1,087,181	2,716,385		1,496,869	1,692,482
Pensions and Benefits	2,806,960	2,901,973	1,426,354	937,801	(240,177)		1,566,582	707,993
Regulatory Commission	195,565	297,625	310,141	355,550	349,027	335,937	301,578	338,233
General Advertising	121,741	164,721	158,222	491,204	401,255		295,529	397,960
Miscellaneous General	195,111	201,344	587,437	644,725	455,780		416,879	562,647
Rents	212,094	301,169	247,273	262,569	300,819		242,665	270,254
Maintenance of General Plant	190,033	213,453	226,302	286,360	247,843	195,183	211,598	251,502
Common Use System A&G Expense Estimates	(1,205,532)	(1,205,532)	(1,205,532)	(1,205,532)	(1,205,532)	(1,205,532)	(1,205,532)	(1,205,532)
Total Administrative and General Expense	\$16,950,667	\$21,368,516	\$19,145,135	\$18,955,667	\$20,573,911	\$26,936,888	\$18,318,783	\$19,411,577
TOTAL	\$101,961,428	\$124,841,168	\$124,406,162	\$123,487,604	\$162,411,117	\$109,239,442	\$127,421,496	\$136,768,294
TOTAL WITHOUT PURCHASED POWER	\$55,633,552	\$61,856,772	\$68,178,476	\$74,110,066	\$81,623,227	\$93,837,386	\$68,280,419	\$74,637,256

2004 through 2008 information taken from BHP response to Commission Staff data request 1-12.

Black Hills Power
Docket No. 2002-75 ER-09
Test Year ended June 30, 2009

OPERATING AND MAINTENANCE AND ADMINISTRATIVE AND GENERAL EXPENSE HISTORY – WYOMING

	Wyoming Black Hills Power 2004	Wyoming Black Hills Power 2005	Wyoming Black Hills Power 2006	Wyoming Black Hills Power 2007	Wyoming Black Hills Power 2008	Wyoming Black Hills Power Test Year	Five-Year Average	Three-Year Average
Steam Production Operation	\$1,659,447	\$1,725,612	\$1,884,273	\$2,186,730	\$2,439,641	\$2,047,564	\$1,979,145	\$2,170,221
Steam Production Maintenance	537,706	501,019	573,419	554,234	513,617	1,882,286	575,999	613,757
Other Production Operation	185,263	258,309	321,592	468,314	375,362	36,362	315,756	388,402
Other Production Maintenance	67,671	25,921	25,240	33,537	109,946	159,041	52,463	56,241
Purchased Power Capacity	434,904	432,664	432,135	435,276	501,615	501,400	447,319	456,342
Purchased Power Energy	3,551,778	\$5,140,086	4,430,305	\$3,320,376	\$5,144,654	4,608,650	4,821,799	
Transmission Operations	175,559	196,492	527,289	595,043	699,288	980,110	438,734	607,207
Transmission Maintenance	13,085	9,640	6,846	6,646	5,767	5,080	7,440	4,774
Distribution Operations	156,171	174,813	189,471	188,657	216,878	224,855	182,798	195,335
Distribution Maintenance	59,732	73,134	97,450	93,334	114,062	137,740	87,542	101,615
Customer Accounting Expense	160,390	138,085	157,096	170,940	157,525	210,940	157,525	180,438
Customer Service Expense	72,614	69,772	76,220	71,427	76,583	85,989	71,323	74,743
Administrative and General Expense								
Administrative Salaries	343,740	585,815	795,715	765,136	792,590		656,599	784,480
Office Supplies and Expense	202,307	57,798	248,209	287,899	388,185		236,912	308,133
A&G Expense Transferred	(4,473)	(4,547)	(4,448)	(2,562)	(2,052)		(4,146)	(2,687)
Outside Services	394,686	684,112	157,645	127,166	145,433		301,808	143,415
Property Insurance	56,534	40,053	42,886	44,263	45,134	56,803	45,874	44,263
Injuries and Damages	100,486	88,215	99,872	85,235	212,965		117,355	132,691
Pensions and Benefits	220,266	227,515	111,626	75,524	(18,800)		122,820	55,007
Regulatory Commission	15,332	21,334	24,115	27,875	27,862	26,248	21,644	24,517
General Advertising	9,544	12,914	28,085	33,846	31,458		21,169	31,130
Miscellaneous General	15,297	15,785	46,055	50,546	35,713		32,683	44,111
Rents	16,628	14,909	19,386	20,585	23,592		19,020	21,188
Maintenance of General Plant	14,899	16,735	17,272	22,451	19,431	16,756	18,158	19,738
Common Use System A&G Expense Estimates	(86,544)	(86,544)	(86,544)	(86,544)	(86,544)	(86,544)	(86,544)	(86,544)
Total Administrative and General Expense	\$1,290,592	\$1,668,124	\$1,493,304	\$1,442,050	\$1,606,487	\$2,282,298	\$2,282,298	\$2,282,298
TOTAL	\$8,364,912	\$10,396,671	\$10,202,606	\$9,767,449	\$13,584,399	\$9,369,050	\$11,225,394	\$11,953,169
TOTAL WITHOUT PURCHASED POWER	\$4,378,230	\$4,837,921	\$5,340,266	\$5,811,447	\$6,568,330	\$8,046,227	\$6,169,425	\$6,675,032

2004 through 2008 information taken from BHP response to Commission Staff data request 1-12.

Black Hills Power
Docket No. 2002-75 ER-09
Test Year ended June 30, 2009

RATE BASE HISTORY – WYOMING

	Wyoming Black Hills Power 2004	Wyoming Black Hills Power 2005	Wyoming Black Hills Power 2006	Wyoming Black Hills Power 2007	Wyoming Black Hills Power 2008	Wyoming Black Hills Power Test Year	Five-Year Average	Three-Year Average
Plant in Service	\$32,374,056	\$34,085,244	\$35,629,506	\$35,752,294	\$36,926,964	\$51,441,181	\$34,953,613	\$36,102,921
Payments	711,130	531,546	53,474	373,120	79,069	74,674	348,688	168,554
Materials and Supplies	562,230	630,142	679,809	670,809	701,264	764,185	654,420	698,976
Fuel Stock							0	0
Cost Working Capital	257,304	51,606	92,196	153,257	315	(41,229)	110,976	81,823
Deferred Debits	1,013,600	1,000,704	1,797,898	1,242,768	3,447,414		1,700,477	2,162,693
Completed Construction Not Classified & CWIP – Production	85,004	203,738	82,989	823,262	6,801,439	745,042	1,599,286	2,569,230
Completed Construction Not Classified & CWIP – Transmission	21,009	76,499	16,230	30,965	156,192	0	30,261	73,128
Completed Construction Not Classified & CWIP – Distribution	378,129	498,532	521,012	687,116	864,472	295,579	589,552	690,867
Completed Construction Not Classified & CWIP – General	<u>184,008</u>	<u>222,221</u>	<u>209,892</u>	<u>284,422</u>	<u>333,483</u>	<u>302,453</u>	<u>227,704</u>	<u>248,850</u>
Subtotal	\$35,737,738	\$37,244,482	\$39,162,996	\$40,024,211	\$40,024,211	\$49,202,286	\$34,904,746	\$36,362,490
Accumulated Provision for Depreciation	\$11,979,378	\$12,967,832	\$14,254,238	\$14,024,875	\$15,342,758	\$19,095,352	\$11,787,814	\$14,673,954
Accumulated Deferred Income Tax	4,504,715	4,416,059	4,494,072	4,622,285	1,649,308	7,649,486	3,937,288	3,588,555
Consumer Advances	134,264	198,102	257,865	289,962	280,843	0	232,247	276,223
Consumer Deposits	33,625	34,136	38,543	38,303	40,183	0	38,898	38,910
Deferred Credits	839,009	844,122	1,083,693	1,219,585	2,127,218	0	1,216,765	1,476,831
Subtotal	\$17,490,991	\$18,450,651	\$20,126,199	\$20,194,910	\$19,840,310	\$26,744,838	\$19,221,012	\$20,054,473
RATE BASE	\$18,246,737	\$18,793,831	\$19,036,797	\$19,853,311	\$29,362,692	\$27,647,578	\$21,058,274	\$22,750,267

2004 through 2008 data taken from BHP response to Commission Staff data request 1-14