

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of Black Hills Energy Filing)
Compliance Reports and Information as Prescribed)
by Commission Order Dated December 3, 2010, in) Docket No. 11-BHCG-800-CPL
Docket No. 06-GIMX-181-GIV)

**COMPLIANCE FILING OF
BLACK HILLS ENERGY**

COMES NOW Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills") and pursuant to the requirements of the Commission's Order issued in Docket No. 06-GIMX-181-GIV ("181 Docket") on December 3, 2010, provides the following information in compliance with the Commission's Order:

1. Cost Allocation Manual ("CAM") and Service Agreements. An amended Black Hills Utility Holdings, Inc. ("BHUH") CAM and Black Hills Service Company ("BHSC") CAM, and redlined versions showing the amendments to the CAMs, are included in this year-ended 2015 filing and are attached hereto and incorporated herein (requirement and Tab A1). There have been no changes to the following items as filed in the Black Hills' Kansas Compliance filing dated May 31, 2011:

(a) Service Agreement with BHUH and Service Agreement with BHSC; and

2. BHSC's FERC Form 60 and BHUH's FERC Form 60, attached hereto and incorporated herein (requirement and Tab A2);

3. Organizational Chart of Black Hills Corporation ("BHC"), attached hereto and incorporated herein (requirement and Tab B1);

4. Description of activities and business at each non-utility company attached hereto and incorporated herein (requirement and Tab B2);

5. Organizational chart of personnel that includes list of directors, corporate officers, and other key personnel shared by any jurisdictional public utility and any non-utility associate company

or holding company, along with a description of each person's duties and responsibilities to each entity, including:

- (a) Board list and description;
- (b) Kansas Officer list and responsibilities; and
- (c) Other key personnel - None (officer list sufficiently identifies key personnel), attached hereto and incorporated herein (requirement and Tab B3);

6. Summaries of each mortgage, loan document and debt agreement attached hereto and incorporated herein (requirement and Tab B4);

7. Income statements, balance sheets, and cash flow statements for (1) consolidated utility operations; (2) consolidated non-regulated operations; (3) consolidated corporate financials:

(1) Black Hills' income statement and balance sheet; no cash flow statement for Black Hills;

(2) Financial Statements for consolidated non-regulated operations are not maintained. BHC's Form 10K Annual Report does include operating results for each of the financial segments in the utilities and non-regulated energy business groups, but not full income statements and balance sheets; and

(3) BHC's income statement, balance sheet, and cash flow statement, attached hereto and incorporated herein (requirement and Tab B5); and

8. If maintained, summary of financial ratios (attachment) for (1) consolidated utility operations; (2) consolidated non-regulated operations; (3) consolidated corporate financials:

(1) This information is not maintained;

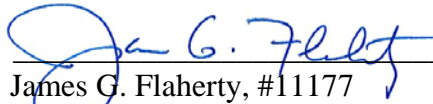
(2) This information is not maintained; and

(3) BHC's financial ratios using calculation set forth in the attachment, attached hereto and incorporated herein (requirement and Tab B6).

9. List of analysts that have recently provided either research updates on BHC or made

comments regarding latest earnings is attached hereto and incorporated herein (requirement and Tab C3).

WHEREFORE, Black Hills requests the information provided be accepted by the Commission in compliance with the reporting requirements in the 181 Docket.

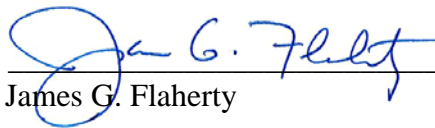


James G. Flaherty, #11177
ANDERSON & BYRD, LLP
216 S. Hickory, P. O. Box 17
Ottawa, Kansas 66067
(785) 242-1234, telephone
(785) 242-1279, facsimile
jflaherty@andersonbyrd.com
Attorneys for Black Hills Energy

VERIFICATION

STATE OF KANSAS, COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being duly sworn upon oath, deposes and says that he is attorney for the within named applicant, that he has read the above and foregoing Compliance Filing, and the statements contained therein are true.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 31st day of May, 2016.



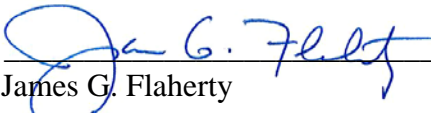
Notary Public

Appointment/Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail this 31st day of May, 2016, addressed to:

Amber Smith
a.smith@kcc.ks.gov
Litigation Counsel
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027


James G. Flaherty

Tab A1

Black Hills Utility Holdings, Inc.

Cost Allocation Manual

Effective Date: July 14, 2008

Amended: August 1, 2009

Amended: January 1, 2011

Amended: January 1, 2012

Amended: January 1, 2013

Amended: December 1, 2013

Amended: December 1, 2014

Amended: December 1, 2015

Black Hills Utility Holdings, Inc. Cost Allocation Manual

Table of Contents

Introduction	3
BHUH Organization.....	3
Direct Costs versus Indirect Costs.....	3
Transaction Coding	5
General Ledger Business Unit.....	5
Operating Unit.....	6
Department (“Dept.”).....	6
Account (“Acct.”).....	7
Resource	7
Product.....	8
Work Order.....	8
Timekeeping	8
Loadings	9
Allocation Ratios.....	9
Changing Allocation Ratios	10
Subsidiary Payment for Direct and Indirect Charges	11
Allocating Fixed Assets.....	11
Allocating Capitalized Inventory	12
Appendix 1- BHUH Departments	13
Appendix 2- Allocation Ratios	2019

Introduction

The purpose of this cost allocation manual is to document the allocation processes of Black Hills Utility Holdings, Inc. (“BHUH”), from recording the original transaction through the allocation of costs to entities receiving services from BHUH. Various topics to be addressed include the organization of BHUH, the recording of transactions, calculating and assigning allocation ratios, and recording allocation transactions.

BHUH began formal operations in July 2008. The company was formed in anticipation of the purchase of certain gas and electric utility operating companies from Aquila, Inc. BHUH is a wholly owned subsidiary of Black Hills Corporation (“BHC”). BHUH is the parent company of each of the five acquired Aquila operating companies. In addition, BHUH also supports the operations of the five acquired Aquila operating companies and other utility and utility like operating companies, together the “operating companies”. These costs are allocated to the operating companies requesting service using formal cost allocation methodologies. Departments that provide support services to the five acquired Aquila operating companies as well as other Black Hills Corporation subsidiaries are held at Black Hills Service Company, LLC (“BHSC”). BHSC cost allocation methodologies are discussed in a separate cost allocation manual.

BHUH Organization

BHUH is organized into operating departments based upon the services that those departments provide to the operating companies. A list of each department, as well as a brief description of the services they provide, is attached hereto as Appendix 1.

Direct Costs versus Indirect Costs

A key issue in distributing BHUH costs is distinguishing between direct costs and indirect costs. The account coding will change depending on whether the cost is a direct or indirect cost. Below is a summary of each of these types of costs and examples of these costs.

Direct costs are those costs that are specifically associated with an identified operating company. This means that it is known exactly to which operating company these costs relate. Here are some examples:

- Advertising is prepared for a new customer information and instructional advertising campaign in the state of Nebraska. The advertising costs incurred are specifically associated with an identified operating company. Therefore, this would be a direct cost.
- The Vice President of Utilities attends a meeting on the proposed budget for the state of Iowa. The labor costs incurred in attending this meeting are specifically associated with an identified operating company. Therefore, this would be a direct cost.
- A trainer from Gas Engineering travels to various Black Hills Kansas Gas field offices to conduct training. These travel costs are specifically associated with an identified operating company. Therefore, this would be a direct cost.

Indirect costs are those costs that are not associated with an identified operating company. This means that the costs indirectly support all companies or directly support the operation of BHUH. In other words, costs that would be directly charged to BHUH using the definition and examples above would be classified as indirect costs. Here are some examples:

- Advertising is prepared for all customers to inform them of changes to electronic payment processes. These advertising costs incurred apply to all operating companies. Therefore, this would be an indirect cost.
- The Vice President of Utilities attends a meeting to present the consolidated budget for all gas utilities to the Board of Directors. The labor costs incurred in attending this meeting are not specifically associated with an identified operating company. Therefore, this would be an indirect cost.
- A trainer from Gas Engineering travels to Rapid City to present a training program to operating company executives. These travel costs are specifically associated with BHUH. Therefore, this would be an indirect cost.

It is important to consider two things when determining if a cost is a direct cost or an indirect cost: (1) Can the costs coded to a specific operating company or group of operating companies be substantiated, and (2) Can it be substantiated that a utility-based subsidiary is not subsidizing the operations of a non-utility based subsidiary with the time and expenses that have been charged to them. A certain level of judgment will be involved when deciding whether a particular cost should be directly charged or indirectly allocated.

There are certain costs that will always be considered either direct or indirect costs. Below is a list of significant BHUH expenses that follow these rules:

Always considered direct costs:

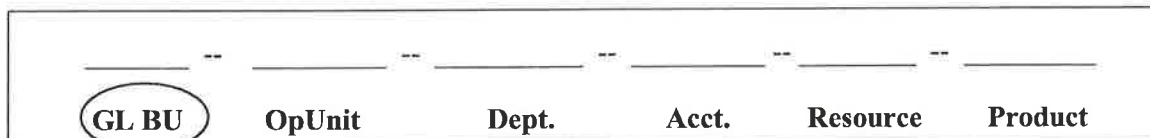
- Capitalized costs for non-BHUH projects (including capitalized labor)
- Retiree healthcare costs

Always considered indirect costs:

- Depreciation of BHUH and BHSC assets
- Intercompany interest expense and income related to the BHUH balance payable or receivable from the Utility Money Pool

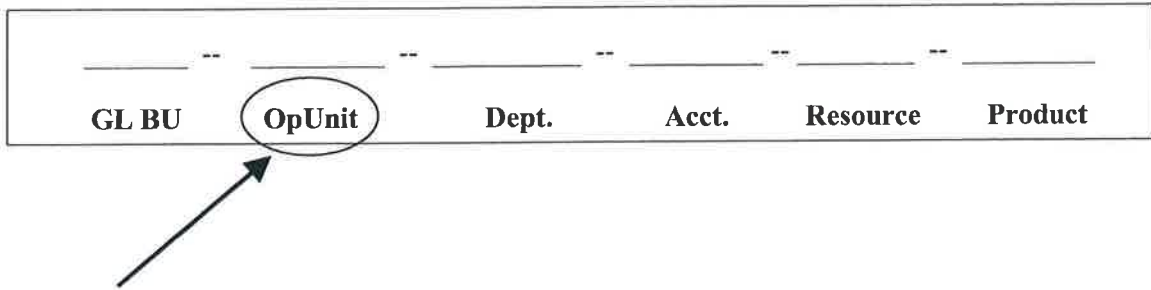
Transaction Coding

The Holding Company uses an accounting software system to accumulate and distribute both direct costs and indirect costs. It is important to have costs properly classified as direct or indirect. Direct costs will be directly charged to the subsidiaries, while indirect costs will be allocated to the subsidiaries using pre-defined allocation factors. Below is a description of the coding.



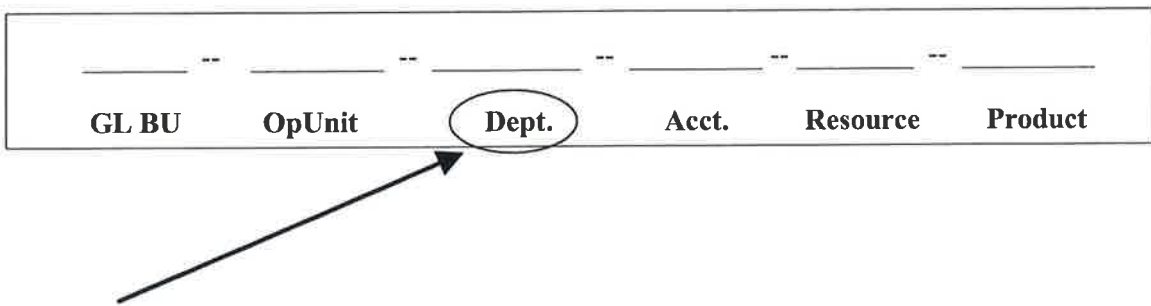
General Ledger Business Unit (GLBU):

- Five (5) character numeric field.
- The GLBU field is used to identify the company that will be receiving the charges, either as a direct cost or an indirect cost.
- The GLBU field is required on all accounting transactions
- The GLBU field will default based on the operating unit (Op Unit), as described below.



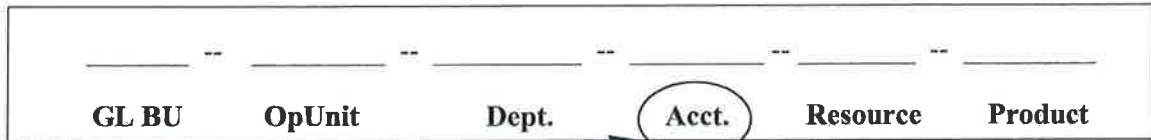
Operating Unit (OpUnit):

- Six (6) character numeric field.
- The Op Unit field is used to identify the code block as either a direct cost or an indirect cost.
- If the cost is a direct cost, the Op Unit field will be populated using an Op Unit at the specific company being charged.
- The Op Unit field will be populated using one of the BHUH Op Units for indirect costs. Indirect costs also include costs from other areas of the company that are directly related to the Utility Holding Company.



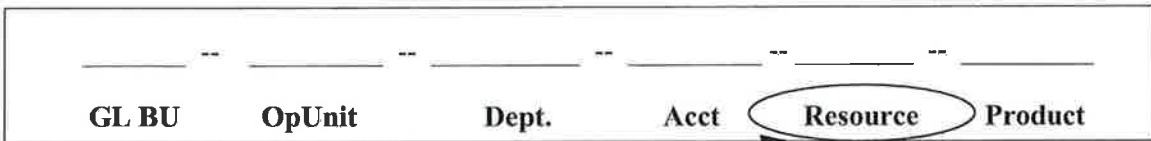
Department (Dept.):

- Four (4) character numeric field
- The Department field is used to identify where the cost(s) originated
- The Department field is required on all income statement and capital transactions
- Every Department is assigned to a GLBU



Account (Acct.):

- Six (6) character numeric field
- The account field is required on all accounting transactions
- All companies will generally use the same Chart of Accounts although some values will be specific to certain companies.



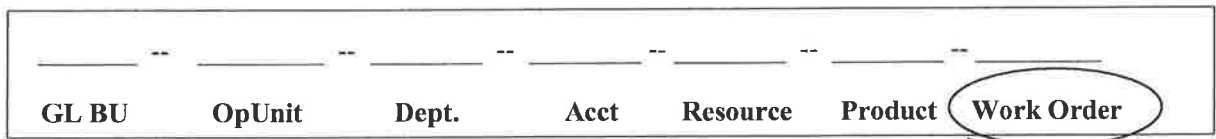
Resource:

- Four (4) character numeric field
- A Resource is used to identify types of costs
- The Resource field is required for all income statement and capital accounting transactions



Product:

- Three (3) character numeric field
- A Product is used to identify business lines
- Examples of the product line include electric, gas, and non-regulated



Work Order:

- ~~Eight (8) character~~ Alpha or numeric field
- Represents the collection of costs to allow the monitoring of a job or group of costs
- The work order field is required on all construction work in progress transactions

Timekeeping

All BHUH employees are required to complete a timesheet for each two week pay period. Timesheets of appropriate employees must be approved by a supervisor.

Employees must complete the coding string, as previously discussed, for each time record. The timesheet will default the department and resource. However, the employee is responsible for providing the remainder

of the code block. Employees are encouraged to enter their time in one half hour increments, although they may use smaller increments if they so choose.

Loadings

Certain benefits that are provided to employees become an inherent cost of labor. To account for these benefits and allow for them to be charged to the appropriate subsidiary, they become part of a loading rate that is added on to each payroll dollar.

The loading rates are calculated at the beginning of the year based on budgeted benefit expenses and budgeted labor. Benefit costs and loading rates are reviewed, and updated as needed. Below is a list of components of the loading rates:

General labor loadings:

- **Compensated Absences:** including but not limited to paid time off (PTO), Holiday, Jury duty, Funeral pay, United Way day, Short-term Disability and Annual Physical appointment.
- **Payroll Taxes:** including but not limited to FICA, FUTA SUTA and city taxes.
- **Employee Benefits:** including but not limited to health and medical, 401K match and fees, Pension, Retiree healthcare and associated fees and Pension audit fees.
- **Incentives:** including but not limited to Non-officer incentive plans, Restricted Stock and Stock Option expense.

Loadings calculated on payroll are based on estimated benefit costs, therefore, differences between actual benefits will be inherent to this process. After the difference is calculated and reviewed for reasonableness, it is recorded to a separate department, and indirectly allocated to Black Hills Corporation subsidiaries.

Allocation Ratios

As previously stated, BHUH costs are either directly charged to an operating company, or indirectly allocated when the cost is not associated with a specific operating company. Indirect costs are allocated

using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio was selected based on the specific cost driver of that department. For instance, the expenses incurred by the Customer Service - Rapid City department are primarily related to the support of all utility customers. In this example, the cost driver for the Customer Service - Rapid City department indirect costs is the number of customers. Therefore, the indirect costs will be allocated based upon the Customer Count Ratio.

When determining how the assigned ratio should be applied, consideration is given to the operating companies or segments that are supported by the department. For instance, the Appliance Technical Training department was determined to have a cost driver of number of Service Guard customers. Therefore, the indirect costs will be allocated based on the Customer Count Ratio using Service Guard customers whereas the Customer Service – Rapid City department used in the previous example would be allocated based on the Customer Count Ratio using Regulated Utility customers.

For certain departments, a specific cost driver may not be clearly identifiable or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-pronged general allocation ratio is used. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. These factors were chosen to be included in the Blended Allocator Ratio because they best allocate costs based on the diverse nature of BHUH operations.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is attached hereto as Appendix 2.

Changing Allocation Ratios

Allocation ratios are set at the first of the year, based upon financial information from the prior year ending December 31st. The ratios for Asset Cost and Customer Count are based on values as of the previous period ending December 31st. The ratios for Gross Margin, Payroll Dollars, are based on values for the 12 months ended December 31st.

Certain events may occur during the year that are deemed to be significant to BHUH that will require corresponding adjustments be made to the allocation ratios. Examples of these types of events include acquisitions, divestitures, new generation, significant change in asset base, significant staffing changes or new, significant revenue streams.

When these events occur, indirect allocation ratios will be adjusted. When adjusting allocation ratios, it is the policy of BHUH to not recalculate all allocation ratios. Rather, allocation ratios will be adjusted with pro forma adjustments for the subsidiary with a significant change in a specific allocation ratio base. For example, if an acquisition occurs during the middle of the year, pro forma values will be loaded. Asset values at the time of the acquisition would be used, as well as pro forma gross margin and payroll dollars for a 12 month period. It should be noted that estimations may be required, especially when significant additions or changes are expected as a result of the acquisition.

It should also be noted that asset values, gross margin, and payroll dollars for the other companies will not be changed. However, the ratios will change because the base against which the ratios are calculated will change. Operating companies would normally see decreased ratio values with acquisitions, and increased ratio values with divestitures. Changes will be effective as of the beginning of the month following the significant event, and will apply to all transactions for the month.

Subsidiary Payment for Direct and Indirect Charges

It is the policy of BHUH to insure payments are made by the subsidiary companies for direct and indirect charges. All payments for direct and indirect charges must be remitted to BHUH by the end of the following month. BHUH will monitor payments received during the month to insure that all subsidiary companies make payment in a timely manner.

Allocating Fixed Assets

BHUH maintains certain fixed assets that are used by and benefit all operating companies. These fixed assets primarily consist of computer hardware and software and shared office facilities. Because these fixed assets support all operating companies, they are allocated monthly as part of the month-end close process, along with the allocation of these assets' accumulated depreciation. Construction Work in Process balances are not allocated.

Allocated assets and accumulated depreciation are maintained in separate general ledger accounts at the subsidiary level so they are not intermingled with regular subsidiary fixed assets, and for ease of reconciliation.

The allocation ratio used to allocate assets and accumulated depreciation will vary depending on the type of asset being allocated, and will be based on the function the asset is serving. For instance, customer service software is allocated based on the Customer Count Ratio, while general office space is allocated using the Blended Allocator Ratio.

Allocating Capitalized Inventory

The gas and electric meter shops are BHUH departments serving the utility operating companies. As meters are purchased, they are recorded as capitalized inventory (charged to plant-in-service) by BHUH, as the meters are issued out of inventory to the specific operating company those assets are transferred from BHUH to the specific utility operating companies. All unassigned gas and electric meter investment and accumulated depreciation reserve is held at BHUH, and is allocated to the applicable utilities monthly. The Customer Count Ratio is used for this allocation.

Appendix 1- BHUH Departments

The following departments are included in BHUH as of 01/01/~~2015~~2016 and are subject to changes as required to support evolving business requirements.

UHC-GSS ADMINISTRATION (2301)

Description: Provides for the development and execution of the gas supply portfolio plans for all gas distribution operating companies and regulated power plants fueled by natural gas. This plan includes purchasing strategies for the commodity and optimization and procurement of pipeline capacity and services. (Customer Count Ratio)

UHC-ASSETS-LINCOLN CCTR/CAD (4247)

Description: The assets invested for the Computer Aided Dispatch system for Black Hills Energy. This includes capitalized and centrally located hardware and software costs to service multiple utilities. Depreciation expense and maintenance expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-ASSETS-FAME (4251)

Description: The assets invested for the Facilitated Asset Mapping Enterprise system for Black Hills Energy. This includes capitalized and centrally located hardware and software costs to serve multiple utilities. Depreciation expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-ASSETS-WORK MGMT (4257)

Description: The assets invested for the Work Management system for Black Hills Energy. This includes capitalized and centrally located hardware and software costs to serve multiple utilities. Depreciation expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-ASSETS-REG GENERATION (4258)

Description: The assets for electric utilities specifically. This includes capitalized and centrally located hardware and software costs to serve multiple electric utilities. Depreciation expense on this group of assets is also charged from here. (Customer-Regulated)

UHC-BENEFITS LOADINGS (4470)

Description: Utilized for charging out benefits, including medical costs, to the operating departments. Provided that all labor is loaded with overhead loadings, only the residual charges are to the operating companies. (Blended)

UHC-ACCOUNTING ACCRUAL ENTRIES (4474)

Description: Created to facilitate the accrual of certain charges not related to specific departments. (Blended)

UHC-ASSETS-BLENDED-ALL (4478)

Description: The assets invested and centrally located for gas and electric operating companies where the Blended Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Blended)

UHC-ASSETS-BLENDED-ELECTRIC (4479)

Description: The assets invested and centrally located for electric operating companies where the Blended Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Blended)

UHC-ASSETS-BLENDED-GAS (4480)

Description: The assets invested and centrally located for gas operating companies where the Blended Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Blended)

UHC-ASSETS-BLENDED-CUSTOMERS (4481)

Description: The assets invested and centrally located for gas and electric companies where the Customer Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-DESIGN ENGINEERING GAS (5105)

Description: Provides engineering support of gas transmission and distribution facilities including planning, monitoring, and analyses. (Customer-Regulated)

UHC-STANDARDS AND COMPLIANCE GAS (5106)

Description: Responsible for implementing and reporting DOT regulatory requirements, maintaining standards, and supporting GIS Smallworld mapping. (Customer-Regulated)

UHC-TRANSMISSION PLANNING (5107)

Description: Performs near and long-term (1-20 year) transmission planning to determine cost-effective transmission additions needed to reliably serve projected customer load. Performs studies in support of large customer requests and the FERC Tariff; and supports operational studies for planned outages. Provides support in meeting compliance with NERC Standards; and represents the corporation in regional and sub-regional planning groups. (Transmission)

UHC-NERC COMPLIANCE (5108)

Description: Develops, coordinates and oversees the Electric Utilities Group's compliance with mandatory North American Electric Reliability Corporation (NERC) Reliability Standards, which

standards are enforceable through financial sanctions and are intended to ensure a reliable Bulk Electric System. (Transmission)

UHC-FERC TARRIFF AND COMPLIANCE (5109)

Description: Develops, coordinates, and oversees the Electric Utilities Group's compliance with the Federal Energy Regulatory Commission (FERC) requirements pertaining to electric transmission; and administers the Company's Open Access Transmission Tariff (OATT) and Open Access Same-time Information System (OASIS). Administration of the Tariff, which outlines the "rules of the road" for transmission providers, the rates we charge, and the procedures and timelines in addressing customer requests (new load, new generators, or other requests to wheel power across the system). (Transmission)

UHC-T AND D RELIABILITY CTR (5110)

Description: Operates the Company's transmission and distribution systems on a 24/7 basis; and plans and directs switching and outage restoration efforts for both emergency and planned outages. (Transmission)

UHC-NERC TRANSMISSION AND TECH SUPPORT (5111)

Description: Develops, coordinates and oversees the technical support piece of the Electric Utilities Group's compliance with mandatory North American Electric Reliability Corporation (NERC) Reliability Standards, which standards are enforceable through financial sanctions and are intended to ensure a reliable Bulk Electric System. (Transmission)

UHC-TRANSMISSION SERVICES MGMT (5112)

Description: For all three electric utilities (BHP, CLFP and Colorado Electric), Transmission Services directs the 24/7 Reliability Centers in Rapid City and Pueblo, Transmission Planning, NERC Compliance, FERC Compliance, Vegetation Management, and Transmission Tariff Administration. (Transmission)

UHC-Elec-Ops-Communications T&D ENGINEERING (5113)

Description: For all three electric utilities (BHP, CLFP and Colorado Electric), T&D Engineering provides engineering support of electric transmission and distribution facilities including planning, monitoring, and analyses. (Transmission)

UHC-ELEC OPS COMMUNICATIONS (5117)

Description: Manages and supports the Electric Utilities radio, fiber and microwave based communication needs for the electric operating companies. Provides telecommunication expense management for the electric operating companies. (Blended)

UHC-ELEC ENGINEERING SERV (5120)

Description: Engineering Services supports transmission and distribution activities within the Electric Utilities group including engineering, distribution planning, T and D asset management, metering,

substation maintenance, ~~Vegetation Management~~, GIS/drafting and outage management systems. ~~Provides Director-level support to GIS support functions as defined in Dept. 5305 for both the electric and gas network operations. (Blended)~~

UHC-PWR SUPPLY AND RENEWABLES (5121)

Description: Provides for the planning, development, and management of power supply and renewable strategies for electric operating companies. (Blended)

UHC-REGULATORY SERV (5122)

Description: ~~Supports and manages~~provides regulatory financial support for all electric and gas utility regulatory filings including: rates cases, class cost of service, rate eases, and design, reporting, adjustment clauses, riders, trackers and other regulatory issues. (Blended)

UHC-HR ~~Rotation Program~~ ROTATION PROGRAM (5125)

Description: Provides a rotation program to develop staff for critical need areas within the utility operating companies of Black Hills Corporation. (Blended)

UHC-~~Technical Training~~ REGULATORY ADMIN (5126)

Description: Provides oversight and guidance of regulatory matters. (Blended)

UHC-TECHNICAL TRAINING (5254)

Description: Provides technical training support for gas and electric utilities. (Customer-Regulated)

UHC-GIS SUPPORT (5305)

Description: Researches, builds and implements utility software solutions for the benefit of electric and gas network operations. This department supports Smallworld GIS, Click, STORMS work management, PowerOn outage management, Korterra line locates, and GTViewer mobile maps. (Customer Count Ratio)

UHC-GAS METERING SERV (5490)

Description: Manages and provides gas measurement support to field operations located in gas service states. (Customer-Regulated)

UHC-GAS UTILITY FINANCIAL MGMT (5668)

Description: Assists in the compliance with regulatory and operating unit business strategy from a financial perspective. Responsible for preparation of all phases of the financial planning process including budgets, forecasts and strategic plans. Prepares various operating and financial reports for management. (Blended)

UHC-UTILITYMARGIN ACCOUNTING (5670)

Description: Responsible for ~~closing the general ledger for the utilities on a monthly basis~~ preparing gas and electric margin accounting functions and assists in the compliance of all accounting rules and regulations.- Prepares various operating and financial reports for utility financial management.- Assists the utility financial management team with monthly analysis. (Blended)

UHC-EXEC MGMT-CUST SERV (5674)

Description: Provides general direction and supervision of customer service activities. Encourages the safe, efficient and economical use of the utilities services. (Customer Count Ratio)

UHC-EXEC MGMT-UTILITIES (5682)

Description: Provides guidance, direction and management to overall utility operations and support services. (Blended)

UHC-MARKETING (5688)

Description: Provides business and planning services, including marketing. Searches for competitive business opportunities and energy solutions (Blended)

UHC-EXTERNAL AFFAIRS (5690)

Description: Aligns business objectives with the integrated communications provided to our stakeholders. Including: media relations, coordination of community involvement programs, developing and managing a consistent communications program, and leading economic development for community growth (Customer Count Ratio)

UHC-Electric Meter ServicesELECTRIC METER SERVICES (5691)

Description: Manages and provides electric measurement support to field operations located in electric service states. Also manages AMI system for all electric entities. (Customer-Regulated)

UHC-CUSTOMER SERV-LINCOLN (5701)

Description: Answers and resolves customer inquiries, requests for services, for both regulated and non-regulated customers. (Customer Count Ratio)

UHC-CUSTOMER ACCT SERV-OMAHA (5702)

Description: Assists customers with billing, payment and collection issues. (Customer Count Ratio)

UHC-CUSTOMER SERV SUPP (5703)

Description: Provides support to customer services areas through customer information system project management and process control for customer information system changes, revenue assurance analysis, quality analysis, training, and customer and community communication. (Customer Count Ratio)

UHC-CUSTOMER ACCT SERV-RC (5704)

Description: Assists customers with billing, payment and collection issues. (Customer Count Ratio)

UHC-LARGE VOLUME BILLING (5706)

Description: Manages and maintains regulated and non-regulated sales and billing of gas to large volume customers. (Customer Count Ratio)

UHC CS CTR SUPPORT (5707)

Description: Provides direct support to the operations of the two customer service centers in Lincoln and Rapid City. Provides analysis on employee staffing, monitoring service metrics, projects, and planning. (Customer Count Ratio)

UHC-BILL PRINT AND LOCKBOX (5711)

Description: Prepares prints, inserts and mails regulated and non-regulated letters and bills for BHC utility customers. Processes payments for regulated and non-regulated services mailed back to BHC by utility customers. (Customer Count Ratio)

UHC-BILL PROCESSING (5712)

Description: Outside services, supplies and postage expenses required for billing, correspondence, remittance, credit and collection services related to BHC utility customers. (Customer Count Ratio)

UHC-FIELD RESOURCE CTR-LINCOLN (5715)

Description: Plans work, and schedules and dispatches premise service activities to both regulated and non-regulated customers. (Customer Count Ratio)

UHC-FIELD RESOURCE CTR-RC (5717)

Description: Plans work, and schedules and dispatches premise service activities to both regulated and non-regulated customers. (Customer Count Ratio)

UHC-SERV GUARD MARKETING (6005)

Description: Provides and manages product development for consumer marketing with the primary focus on Service Guard (appliance options) a non-regulated business for utility/regulated customers. (Customers-Service Guard)

UHC ~~Gas Engineering Management~~ GAS ENGINEERING MANAGEMENT (6183)

Description: Provides management support to gas engineering and metering activities with emphasis on reliability, customer service, compliance and safety. (Blended)

UHC-TECHNICAL TRN-APPLIANCE (6331)

Description: Designs and implements safety programs and incentives, incident investigation, hazard identification and problem solving, and appliance repair technical skill training, program development

and administration of technical-related training for our front-line utility employees supporting Service Guard. (Customers-Service Guard)

UHC- REGULATORY AFFAIRS (6372)

Description: Provides policy analysis, advocacy and case management for existing and emerging regulatory issues in support of all gas and electric utilities. (Customer Count Ratio)

UHC-ENERGY SERVICEEFFICIENCY/DSM (6373)

Description: Supports the energy efficiency programs across the utilities supported by BHUCBHUH (Customer Count Ratio)

CATCH-ALL

Description: Departments at Black Hills Corporation that are not specifically listed in the CAM or included in the master allocation design that charge BHUH will be allocated using the Blended Allocator Ratio or Customer Count Ratio.

Appendix 2- Allocation Ratios

Any asset ratios and employee and customer count ratios are calculated as of period-end dates, while revenue and expense ratios are calculated for twelve months ended as of period-end dates.

Asset Cost Ratio – Based on the net cost of assets as of December 31 for the prior year, the numerator of which is for an applicable operating company and the denominator of which is all applicable operating companies. Assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP).

No departments utilize this ratio, but it is a component in the Blended Ratio.

Gross Margin Ratio – Based on the total gross margin for the prior year ending December 31, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies. Gross margin is defined as revenue less cost of sales. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Blended Ratio.

Payroll Dollar Ratio –Based on the total payroll dollars for the prior year ending December 31, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the for an applicable operating company and the denominator of which is for all applicable operating companies. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums of \$50,000.

No departments utilize this ratio, but it is a component in the Blended Ratio.

c

Blended Ratio – A composite ratio comprised of an average of the Asset Cost Ratio, Payroll Dollar Ratio and the Gross Margin Ratio. These factors are equally weighted. This factor is sometimes referred to as the general allocation factor.

There are currently several variations of the Blended ratio that are specific to the segment that are appropriate for which charges are being allocated. For example, charges for electric engineering department labor would utilize an electric blended ratio whereby no allocations would be charged to a gas utility.

As of December 31, 2014 BHUH is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department

Electric Blended

Gas Blended

BHE Blended

All Regulated Utility Blended

Departments that utilize this ratio include BHUH benefits loading, ~~retiree~~, BHUH accounting accruals, all blended assets, electric blended assets, gas blended assets, electric engineering services, ~~electric~~-regulatory services, regulatory admin, utility margin accounting, gas utility financial management, utility ~~accounting~~, ~~utility~~-operations management, utility market services, power supply and renewables, and ~~gas-regulatory services~~. electric ops communications.

Any department at Black Hills Corp that appropriately charges a BHUH operating unit but is not part of the predefined allocation design will also utilize the Blended Allocator Ratio. For example if a BHSC IT department provides maintenance on the SCADA system supporting the regulated electric companies they would charge BHUH operating unit 201900 and these costs would be allocated using the Blended Ratio across the regulated electric companies.

Customer Count Ratio – Based on the number of customers at the end of the prior year ending December 31, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

There are currently several variations of the Customer Count ratio that are specific to the type of customers that are appropriate to the department for which charges are being allocated. For example a department that supports gas engineering would be allocated based on gas customers only whereas a general customer service department would be allocated based on total customers.

As of December 31, 2014 BHUH is utilizing the following customer counts to calculate customer count ratios additional variations may be added if additional product lines are added or in the event that additional segmentation of customers are deemed appropriate to most effectively allocate costs from a specific department

Regulated Electric Customers

Regulated Gas Customers

Non-Regulated Customers

Total Customers

Departments that utilize this ratio include gas supply services administration, computer aided dispatch, FAME assets, general assets, work management assets, regulated generation assets, customer blended assets, electric AMI blended assets, gas engineering services, GIS support, general meter shop, customer service management, Lincoln customer service center, Omaha customer account services, Rapid City customer service support, Rapid City customer account services, Rapid City customer service center, large volume billing, customer service center support, bill processing, Lincoln field resource center, Rapid City field resource center, service guard marketing, lockbox & bill-print, regulatory affairs, Energy Efficiency/DSM, and appliance technical training.

Transmission Ratio – Based on a simple average of a multiple of cross-sectional drivers for the transmission function that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units. The numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

The departments that utilize this ratio include transmission planning, [T&D Engineering](#), NERC compliance, FERC tariff and compliance, transmission and distribution reliability, NERC transmission and tech support, and transmission service management.

Black Hills Utility Holdings, Inc.

Cost Allocation Manual

Effective Date: July 14, 2008

Amended: August 1, 2009

Amended: January 1, 2011

Amended: January 1, 2012

Amended: January 1, 2013

Amended: December 1, 2013

Amended: December 1, 2014

Amended: December 1, 2015

Black Hills Utility Holdings, Inc. Cost Allocation Manual

Table of Contents

- Introduction..... 3
- BHUH Organization 3
- Direct Costs versus Indirect Costs 3
- Transaction Coding..... 5
 - General Ledger Business Unit 5
 - Operating Unit 6
 - Department (“Dept.”)..... 6
 - Account (“Acct.”) 7
 - Resource..... 7
 - Product 8
 - Work Order 8
- Timekeeping 8
- Loadings..... 9
- Allocation Ratios 9
- Changing Allocation Ratios..... 10
- Subsidiary Payment for Direct and Indirect Charges..... 11
- Allocating Fixed Assets 11
- Allocating Capitalized Inventory 12
- Appendix 1- BHUH Departments..... 13
- Appendix 2- Allocation Ratios 20

Introduction

The purpose of this cost allocation manual is to document the allocation processes of Black Hills Utility Holdings, Inc. (“BHUH”), from recording the original transaction through the allocation of costs to entities receiving services from BHUH. Various topics to be addressed include the organization of BHUH, the recording of transactions, calculating and assigning allocation ratios, and recording allocation transactions.

BHUH began formal operations in July 2008. The company was formed in anticipation of the purchase of certain gas and electric utility operating companies from Aquila, Inc. BHUH is a wholly owned subsidiary of Black Hills Corporation (“BHC”). BHUH is the parent company of each of the five acquired Aquila operating companies. In addition, BHUH also supports the operations of the five acquired Aquila operating companies and other utility and utility like operating companies, together the “operating companies”. These costs are allocated to the operating companies requesting service using formal cost allocation methodologies. Departments that provide support services to the five acquired Aquila operating companies as well as other Black Hills Corporation subsidiaries are held at Black Hills Service Company, LLC (“BHSC”). BHSC cost allocation methodologies are discussed in a separate cost allocation manual.

BHUH Organization

BHUH is organized into operating departments based upon the services that those departments provide to the operating companies. A list of each department, as well as a brief description of the services they provide, is attached hereto as Appendix 1.

Direct Costs versus Indirect Costs

A key issue in distributing BHUH costs is distinguishing between direct costs and indirect costs. The account coding will change depending on whether the cost is a direct or indirect cost. Below is a summary of each of these types of costs and examples of these costs.

Direct costs are those costs that are specifically associated with an identified operating company. This means that it is known exactly to which operating company these costs relate. Here are some examples:

- Advertising is prepared for a new customer information and instructional advertising campaign in the state of Nebraska. The advertising costs incurred are specifically associated with an identified operating company. Therefore, this would be a direct cost.
- The Vice President of Utilities attends a meeting on the proposed budget for the state of Iowa. The labor costs incurred in attending this meeting are specifically associated with an identified operating company. Therefore, this would be a direct cost.
- A trainer from Gas Engineering travels to various Black Hills Kansas Gas field offices to conduct training. These travel costs are specifically associated with an identified operating company. Therefore, this would be a direct cost.

Indirect costs are those costs that are not associated with an identified operating company. This means that the costs indirectly support all companies or directly support the operation of BHUH. In other words, costs that would be directly charged to BHUH using the definition and examples above would be classified as indirect costs. Here are some examples:

- Advertising is prepared for all customers to inform them of changes to electronic payment processes. These advertising costs incurred apply to all operating companies. Therefore, this would be an indirect cost.
- The Vice President of Utilities attends a meeting to present the consolidated budget for all gas utilities to the Board of Directors. The labor costs incurred in attending this meeting are not specifically associated with an identified operating company. Therefore, this would be an indirect cost.
- A trainer from Gas Engineering travels to Rapid City to present a training program to operating company executives. These travel costs are specifically associated with BHUH. Therefore, this would be an indirect cost.

It is important to consider two things when determining if a cost is a direct cost or an indirect cost: (1) Can the costs coded to a specific operating company or group of operating companies be substantiated, and (2) Can it be substantiated that a utility-based subsidiary is not subsidizing the operations of a non-utility based subsidiary with the time and expenses that have been charged to them. A certain level of judgment will be involved when deciding whether a particular cost should be directly charged or indirectly allocated.

There are certain costs that will always be considered either direct or indirect costs. Below is a list of significant BHUH expenses that follow these rules:

Always considered direct costs:

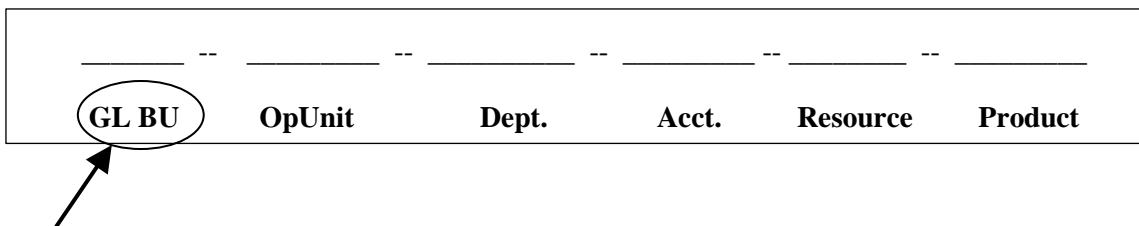
- Capitalized costs for non-BHUH projects (including capitalized labor)
- Retiree healthcare costs

Always considered indirect costs:

- Depreciation of BHUH and BHSC assets
- Intercompany interest expense and income related to the BHUH balance payable or receivable from the Utility Money Pool

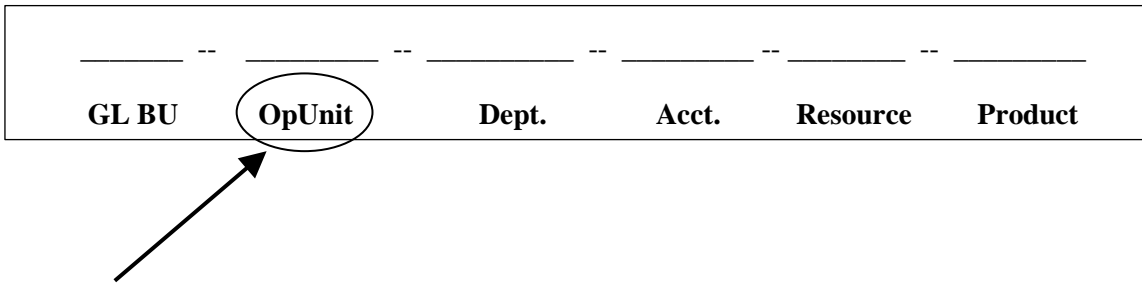
Transaction Coding

The Holding Company uses an accounting software system to accumulate and distribute both direct costs and indirect costs. It is important to have costs properly classified as direct or indirect. Direct costs will be directly charged to the subsidiaries, while indirect costs will be allocated to the subsidiaries using pre-defined allocation factors. Below is a description of the coding.



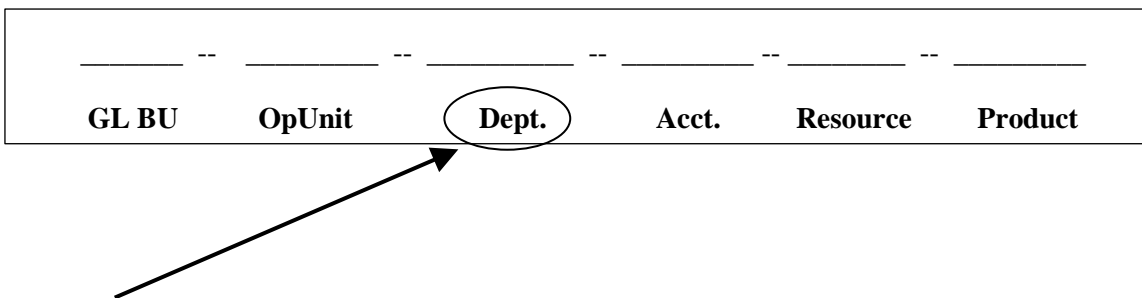
General Ledger Business Unit (**GLBU**):

- Five (5) character numeric field.
- The GLBU field is used to identify the company that will be receiving the charges, either as a direct cost or an indirect cost.
- The GLBU field is required on all accounting transactions
- The GLBU field will default based on the operating unit (Op Unit), as described below.



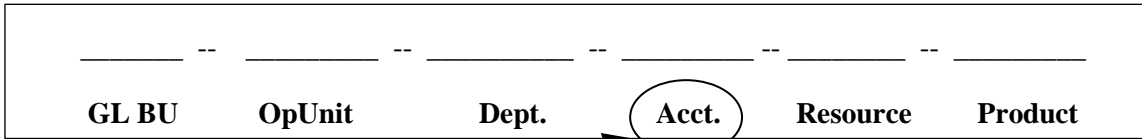
Operating Unit (OpUnit):

- Six (6) character numeric field.
- The Op Unit field is used to identify the code block as either a direct cost or an indirect cost.
- If the cost is a direct cost, the Op Unit field will be populated using an Op Unit at the specific company being charged.
- The Op Unit field will be populated using one of the BHUH Op Units for indirect costs. Indirect costs also include costs from other areas of the company that are directly related to the Utility Holding Company.



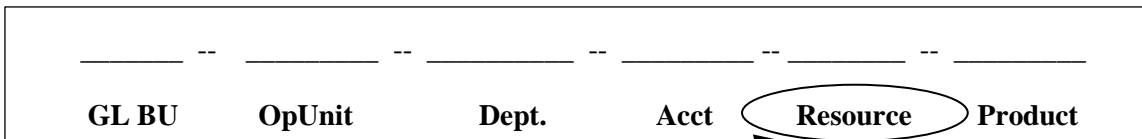
Department (Dept.):

- Four (4) character numeric field
- The Department field is used to identify where the cost(s) originated
- The Department field is required on all income statement and capital transactions
- Every Department is assigned to a GLBU



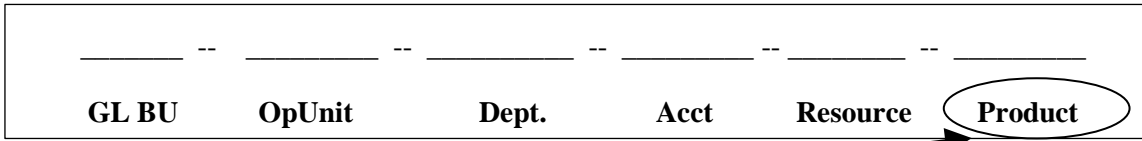
Account (Acct.):

- Six (6) character numeric field
- The account field is required on all accounting transactions
- All companies will generally use the same Chart of Accounts although some values will be specific to certain companies.



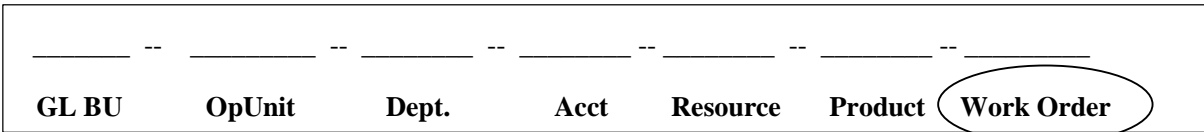
Resource:

- Four (4) character numeric field
- A Resource is used to identify types of costs
- The Resource field is required for all income statement and capital accounting transactions



Product:

- Three (3) character numeric field
- A Product is used to identify business lines
- Examples of the product line include electric, gas, and non-regulated



Work Order:

- Alpha or numeric field
- Represents the collection of costs to allow the monitoring of a job or group of costs
- The work order field is required on all construction work in progress transactions

Timekeeping

All BHUH employees are required to complete a timesheet for each two week pay period. Timesheets of appropriate employees must be approved by a supervisor.

Employees must complete the coding string, as previously discussed, for each time record. The timesheet will default the department and resource. However, the employee is responsible for providing the remainder

of the code block. Employees are encouraged to enter their time in one half hour increments, although they may use smaller increments if they so choose.

Loadings

Certain benefits that are provided to employees become an inherent cost of labor. To account for these benefits and allow for them to be charged to the appropriate subsidiary, they become part of a loading rate that is added on to each payroll dollar.

The loading rates are calculated at the beginning of the year based on budgeted benefit expenses and budgeted labor. Benefit costs and loading rates are reviewed, and updated as needed. Below is a list of components of the loading rates:

General labor loadings:

- **Compensated Absences:** including but not limited to paid time off (PTO), Holiday, Jury duty, Funeral pay, United Way day, Short-term Disability and Annual Physical appointment.
- **Payroll Taxes:** including but not limited to FICA, FUTA SUTA and city taxes.
- **Employee Benefits:** including but not limited to health and medical, 401K match and fees, Pension, Retiree healthcare and associated fees and Pension audit fees.
- **Incentives:** including but not limited to Non-officer incentive plans, Restricted Stock and Stock Option expense.

Loadings calculated on payroll are based on estimated benefit costs, therefore, differences between actual benefits will be inherent to this process. After the difference is calculated and reviewed for reasonableness, it is recorded to a separate department, and indirectly allocated to Black Hills Corporation subsidiaries.

Allocation Ratios

As previously stated, BHUH costs are either directly charged to an operating company, or indirectly allocated when the cost is not associated with a specific operating company. Indirect costs are allocated

using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio was selected based on the specific cost driver of that department. For instance, the expenses incurred by the Customer Service - Rapid City department are primarily related to the support of all utility customers. In this example, the cost driver for the Customer Service - Rapid City department indirect costs is the number of customers. Therefore, the indirect costs will be allocated based upon the Customer Count Ratio.

When determining how the assigned ratio should be applied, consideration is given to the operating companies or segments that are supported by the department. For instance, the Appliance Technical Training department was determined to have a cost driver of number of Service Guard customers. Therefore, the indirect costs will be allocated based on the Customer Count Ratio using Service Guard customers whereas the Customer Service – Rapid City department used in the previous example would be allocated based on the Customer Count Ratio using Regulated Utility customers.

For certain departments, a specific cost driver may not be clearly identifiable or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-pronged general allocation ratio is used. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. These factors were chosen to be included in the Blended Allocator Ratio because they best allocate costs based on the diverse nature of BHUH operations.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is attached hereto as Appendix 2.

Changing Allocation Ratios

Allocation ratios are set at the first of the year, based upon financial information from the prior year ending December 31st. The ratios for Asset Cost and Customer Count are based on values as of the previous period ending December 31st. The ratios for Gross Margin, Payroll Dollars, are based on values for the 12 months ended December 31st.

Certain events may occur during the year that are deemed to be significant to BHUH that will require corresponding adjustments be made to the allocation ratios. Examples of these types of events include acquisitions, divestitures, new generation, significant change in asset base, significant staffing changes or new, significant revenue streams.

When these events occur, indirect allocation ratios will be adjusted. When adjusting allocation ratios, it is the policy of BHUH to not recalculate all allocation ratios. Rather, allocation ratios will be adjusted with pro forma adjustments for the subsidiary with a significant change in a specific allocation ratio base. For example, if an acquisition occurs during the middle of the year, pro forma values will be loaded. Asset values at the time of the acquisition would be used, as well as pro forma gross margin and payroll dollars for a 12 month period. It should be noted that estimations may be required, especially when significant additions or changes are expected as a result of the acquisition.

It should also be noted that asset values, gross margin, and payroll dollars for the other companies will not be changed. However, the ratios will change because the base against which the ratios are calculated will change. Operating companies would normally see decreased ratio values with acquisitions, and increased ratio values with divestitures. Changes will be effective as of the beginning of the month following the significant event, and will apply to all transactions for the month.

Subsidiary Payment for Direct and Indirect Charges

It is the policy of BHUH to insure payments are made by the subsidiary companies for direct and indirect charges. All payments for direct and indirect charges must be remitted to BHUH by the end of the following month. BHUH will monitor payments received during the month to insure that all subsidiary companies make payment in a timely manner.

Allocating Fixed Assets

BHUH maintains certain fixed assets that are used by and benefit all operating companies. These fixed assets primarily consist of computer hardware and software and shared office facilities. Because these fixed assets support all operating companies, they are allocated monthly as part of the month-end close process, along with the allocation of these assets' accumulated depreciation. Construction Work in Process balances are not allocated.

Allocated assets and accumulated depreciation are maintained in separate general ledger accounts at the subsidiary level so they are not intermingled with regular subsidiary fixed assets, and for ease of reconciliation.

The allocation ratio used to allocate assets and accumulated depreciation will vary depending on the type of asset being allocated, and will be based on the function the asset is serving. For instance, customer service software is allocated based on the Customer Count Ratio, while general office space is allocated using the Blended Allocator Ratio.

Allocating Capitalized Inventory

The gas and electric meter shops are BHUH departments serving the utility operating companies. As meters are purchased, they are recorded as capitalized inventory (charged to plant-in-service) by BHUH, as the meters are issued out of inventory to the specific operating company those assets are transferred from BHUH to the specific utility operating companies. All unassigned gas and electric meter investment and accumulated depreciation reserve is held at BHUH, and is allocated to the applicable utilities monthly. The Customer Count Ratio is used for this allocation.

Appendix 1- BHUH Departments

The following departments are included in BHUH as of 01/01/2016 and are subject to changes as required to support evolving business requirements.

UHC-GSS ADMINISTRATION (2301)

Description: Provides for the development and execution of the gas supply portfolio plans for all gas distribution operating companies and regulated power plants fueled by natural gas. This plan includes purchasing strategies for the commodity and optimization and procurement of pipeline capacity and services. (Customer Count Ratio)

UHC-ASSETS-LINCOLN CCTR/CAD (4247)

Description: The assets invested for the Computer Aided Dispatch system for Black Hills Energy. This includes capitalized and centrally located hardware and software costs to service multiple utilities. Depreciation expense and maintenance expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-ASSETS-FAME (4251)

Description: The assets invested for the Facilitated Asset Mapping Enterprise system for Black Hills Energy. This includes capitalized and centrally located hardware and software costs to serve multiple utilities. Depreciation expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-ASSETS-WORK MGMT (4257)

Description: The assets invested for the Work Management system for Black Hills Energy. This includes capitalized and centrally located hardware and software costs to serve multiple utilities. Depreciation expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-ASSETS-REG GENERATION (4258)

Description: The assets for electric utilities specifically. This includes capitalized and centrally located hardware and software costs to serve multiple electric utilities. Depreciation expense on this group of assets is also charged from here. (Customer-Regulated)

UHC-BENEFITS LOADINGS (4470)

Description: Utilized for charging out benefits, including medical costs, to the operating departments. Provided that all labor is loaded with overhead loadings, only the residual charges are to the operating companies. (Blended)

UHC-ACCOUNTING ACCRUAL ENTRIES (4474)

Description: Created to facilitate the accrual of certain charges not related to specific departments. (Blended)

UHC-ASSETS-BLENDED-ALL (4478)

Description: The assets invested and centrally located for gas and electric operating companies where the Blended Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Blended)

UHC-ASSETS-BLENDED-ELECTRIC (4479)

Description: The assets invested and centrally located for electric operating companies where the Blended Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Blended)

UHC-ASSETS-BLENDED-GAS (4480)

Description: The assets invested and centrally located for gas operating companies where the Blended Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Blended)

UHC-ASSETS-BLENDED-CUSTOMERS (4481)

Description: The assets invested and centrally located for gas and electric companies where the Customer Ratio is determined to be the best form of allocation. Depreciation expense on this group of assets is also charged from here. (Customer Count Ratio)

UHC-DESIGN ENGINEERING GAS (5105)

Description: Provides engineering support of gas transmission and distribution facilities including planning, monitoring, and analyses. (Customer-Regulated)

UHC-STANDARDS AND COMPLIANCE GAS (5106)

Description: Responsible for implementing and reporting DOT regulatory requirements, maintaining standards, and supporting GIS Smallworld mapping. (Customer-Regulated)

UHC-TRANSMISSION PLANNING (5107)

Description: Performs near and long-term (1-20 year) transmission planning to determine cost-effective transmission additions needed to reliably serve projected customer load. Performs studies in support of large customer requests and the FERC Tariff; and supports operational studies for planned outages. Provides support in meeting compliance with NERC Standards; and represents the corporation in regional and sub-regional planning groups. (Transmission)

UHC-NERC COMPLIANCE (5108)

Description: Develops, coordinates and oversees the Electric Utilities Group's compliance with mandatory North American Electric Reliability Corporation (NERC) Reliability Standards, which

standards are enforceable through financial sanctions and are intended to ensure a reliable Bulk Electric System. (Transmission)

UHC-FERC TARIFF AND COMPLIANCE (5109)

Description: Develops, coordinates, and oversees the Electric Utilities Group's compliance with the Federal Energy Regulatory Commission (FERC) requirements pertaining to electric transmission; and administers the Company's Open Access Transmission Tariff (OATT) and Open Access Same-time Information System (OASIS). Administration of the Tariff, which outlines the "rules of the road" for transmission providers, the rates we charge, and the procedures and timelines in addressing customer requests (new load, new generators, or other requests to wheel power across the system). (Transmission)

UHC-T AND D RELIABILITY CTR (5110)

Description: Operates the Company's transmission and distribution systems on a 24/7 basis; and plans and directs switching and outage restoration efforts for both emergency and planned outages. (Transmission)

UHC-NERC TRANSMISSION AND TECH SUPPORT (5111)

Description: Develops, coordinates and oversees the technical support piece of the Electric Utilities Group's compliance with mandatory North American Electric Reliability Corporation (NERC) Reliability Standards, which standards are enforceable through financial sanctions and are intended to ensure a reliable Bulk Electric System. (Transmission)

UHC-TRANSMISSION SERVICES MGMT (5112)

Description: For all three electric utilities (BHP, CLFP and Colorado Electric), Transmission Services directs the 24/7 Reliability Centers in Rapid City and Pueblo, Transmission Planning, NERC Compliance, FERC Compliance, Vegetation Management, and Transmission Tariff Administration. (Transmission)

UHC-T&D ENGINEERING (5113)

Description: For all three electric utilities (BHP, CLFP and Colorado Electric), T&D Engineering provides engineering support of electric transmission and distribution facilities including planning, monitoring, and analyses. (Transmission)

UHC-ELEC OPS COMMUNICATIONS (5117)

Description: Manages and supports the Electric Utilities radio, fiber and microwave based communication needs for the electric operating companies. Provides telecommunication expense management for the electric operating companies. (Blended)

UHC-ELEC ENGINEERING SERV (5120)

Description: Engineering Services supports transmission and distribution activities within the Electric Utilities group including engineering, distribution planning, T and D asset management, metering, substation maintenance, , GIS/drafting and outage management systems.

UHC-PWR SUPPLY AND RENEWABLES (5121)

Description: Provides for the planning, development, and management of power supply and renewable strategies for electric operating companies. (Blended)

UHC-REGULATORY SERV (5122)

Description: provides regulatory financial support for all electric and gas utility regulatory filings including: rates cases, class cost of service, rate design, reporting, adjustment clauses, riders, trackers and other regulatory issues. (Blended)

UHC-HR ROTATION PROGRAM (5125)

Description: Provides a rotation program to develop staff for critical need areas within the utility operating companies of Black Hills Corporation. (Blended)

UHC-REGULATORY ADMIN (5126)

Description: Provides oversight and guidance of regulatory matters. (Blended)

UHC-TECHNICAL TRAINING (5254)

Description: Provides technical training support for gas and electric utilities. (Customer-Regulated)

UHC-GIS SUPPORT (5305)

Description: Researches, builds and implements utility software solutions for the benefit of electric and gas network operations. This department supports Smallworld GIS, Click, STORMS work management, PowerOn outage management, Korterra line locates, and GTViewer mobile maps. (Customer Count Ratio)

UHC-GAS METERING SERV (5490)

Description: Manages and provides gas measurement support to field operations located in gas service states. (Customer-Regulated)

UHC-GAS UTILITY FINANCIAL MGMT (5668)

Description: Assists in the compliance with regulatory and operating unit business strategy from a financial perspective. Responsible for preparation of all phases of the financial planning process including budgets, forecasts and strategic plans. Prepares various operating and financial reports for management. (Blended)

UHC-MARGIN ACCOUNTING (5670)

Description: Responsible for preparing gas and electric margin accounting functions and assists in the compliance of all accounting rules and regulations. Prepares various operating and financial reports for utility financial management. Assists the utility financial management team with monthly analysis. . (Blended)

UHC-EXEC MGMT-CUST SERV (5674)

Description: Provides general direction and supervision of customer service activities. Encourages the safe, efficient and economical use of the utilities services. (Customer Count Ratio)

UHC-EXEC MGMT-UTILITIES (5682)

Description: Provides guidance, direction and management to overall utility operations and support services. (Blended)

UHC-MARKETING (5688)

Description: Provides business and planning services, including marketing. Searches for competitive business opportunities and energy solutions (Blended)

UHC-EXTERNAL AFFAIRS (5690)

Description: Aligns business objectives with the integrated communications provided to our stakeholders. Including: media relations, coordination of community involvement programs, developing and managing a consistent communications program, and leading economic development for community growth (Customer Count Ratio)

UHC-ELECTRIC METER SERVICES (5691)

Description: Manages and provides electric measurement support to field operations located in electric service states. Also manages AMI system for all electric entities. (Customer-Regulated)

UHC-CUSTOMER SERV-LINCOLN (5701)

Description: Answers and resolves customer inquiries, requests for services, for both regulated and non-regulated customers. (Customer Count Ratio)

UHC-CUSTOMER ACCT SERV-OMAHA (5702)

Description: Assists customers with billing, payment and collection issues. (Customer Count Ratio)

UHC-CUSTOMER SERV SUPP (5703)

Description: Provides support to customer services areas through customer information system project management and process control for customer information system changes, revenue assurance analysis, quality analysis, training, and customer and community communication. (Customer Count Ratio)

UHC-CUSTOMER ACCT SERV-RC (5704)

Description: Assists customers with billing, payment and collection issues. (Customer Count Ratio)

UHC-LARGE VOLUME BILLING (5706)

Description: Manages and maintains regulated and non-regulated sales and billing of gas to large volume customers. (Customer Count Ratio)

UHC CS CTR SUPPORT (5707)

Description: Provides direct support to the operations of the two customer service centers in Lincoln and Rapid City. Provides analysis on employee staffing, monitoring service metrics, projects, and planning. (Customer Count Ratio)

UHC-BILL PRINT AND LOCKBOX (5711)

Description: Prepares prints, inserts and mails regulated and non-regulated letters and bills for BHC utility customers. Processes payments for regulated and non-regulated services mailed back to BHC by utility customers. (Customer Count Ratio)

UHC-BILL PROCESSING (5712)

Description: Outside services, supplies and postage expenses required for billing, correspondence, remittance, credit and collection services related to BHC utility customers. (Customer Count Ratio)

UHC-FIELD RESOURCE CTR-LINCOLN (5715)

Description: Plans work, and schedules and dispatches premise service activities to both regulated and non-regulated customers. (Customer Count Ratio)

UHC-FIELD RESOURCE CTR-RC (5717)

Description: Plans work, and schedules and dispatches premise service activities to both regulated and non-regulated customers. (Customer Count Ratio)

UHC-SERV GUARD MARKETING (6005)

Description: Provides and manages product development for consumer marketing with the primary focus on Service Guard (appliance options) a non-regulated business for utility/regulating customers. (Customers-Service Guard)

UHC GAS ENGINEERING MANAGEMENT (6183)

Description: Provides management support to gas engineering and metering activities with emphasis on reliability, customer service, compliance and safety. (Blended)

UHC-TECHNICAL TRN-APPLIANCE (6331)

Description: Designs and implements safety programs and incentives, incident investigation, hazard identification and problem solving, and appliance repair technical skill training, program development

and administration of technical-related training for our front-line utility employees supporting Service Guard. (Customers-Service Guard)

UHC- REGULATORY AFFAIRS (6372)

Description: Provides policy analysis, advocacy and case management for existing and emerging regulatory issues in support of all gas and electric utilities. (Customer Count Ratio)

UHC-ENERGY EFFICIENCY/DSM (6373)

Description: Supports the energy efficiency programs across the utilities supported by BHUH (Customer Count Ratio)

CATCH-ALL

Description: Departments at Black Hills Corporation that are not specifically listed in the CAM or included in the master allocation design that charge BHUH will be allocated using the Blended Allocator Ratio or Customer Count Ratio.

Appendix 2- Allocation Ratios

Any asset ratios and employee and customer count ratios are calculated as of period-end dates, while revenue and expense ratios are calculated for twelve months ended as of period-end dates.

Asset Cost Ratio – Based on the net cost of assets as of December 31 for the prior year, the numerator of which is for an applicable operating company and the denominator of which is all applicable operating companies. Assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP).

No departments utilize this ratio, but it is a component in the Blended Ratio.

Gross Margin Ratio – Based on the total gross margin for the prior year ending December 31, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies. Gross margin is defined as revenue less cost of sales. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Blended Ratio.

Payroll Dollar Ratio –Based on the total payroll dollars for the prior year ending December 31, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the for an applicable operating company and the denominator of which is for all applicable operating companies. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums of \$50,000.

No departments utilize this ratio, but it is a component in the Blended Ratio.

Blended Ratio – A composite ratio comprised of an average of the Asset Cost Ratio, Payroll Dollar Ratio and the Gross Margin Ratio. These factors are equally weighted. This factor is sometimes referred to as the general allocation factor.

There are currently several variations of the Blended ratio that are specific to the segment that are appropriate for which charges are being allocated. For example, charges for electric engineering department labor would utilize an electric blended ratio whereby no allocations would be charged to a gas utility.

As of December 31, 2014 BHUH is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department

Electric Blended

Gas Blended

BHE Blended

All Regulated Utility Blended

Departments that utilize this ratio include BHUH benefits loading, BHUH accounting accruals, all blended assets, electric blended assets, gas blended assets, electric engineering services, regulatory services, regulatory admin, utility margin accounting, gas utility financial management, utility operations management, utility market services, power supply and renewables, and electric ops communications.

Any department at Black Hills Corp that appropriately charges a BHUH operating unit but is not part of the predefined allocation design will also utilize the Blended Allocator Ratio. For example if a BHSC IT department provides maintenance on the SCADA system supporting the regulated electric companies they would charge BHUH operating unit 201900 and these costs would be allocated using the Blended Ratio across the regulated electric companies.

Customer Count Ratio – Based on the number of customers at the end of the prior year ending December 31, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

There are currently several variations of the Customer Count ratio that are specific to the type of customers that are appropriate to the department for which charges are being allocated. For example a department that supports gas engineering would be allocated based on gas customers only whereas a general customer service department would be allocated based on total customers.

As of December 31, 2014 BHUH is utilizing the following customer counts to calculate customer count ratios additional variations may be added if additional product lines are added or in the event that additional segmentation of customers are deemed appropriate to most effectively allocate costs from a specific department

Regulated Electric Customers

Regulated Gas Customers

Non-Regulated Customers

Total Customers

Departments that utilize this ratio include gas supply services administration, computer aided dispatch, FAME assets, general assets, work management assets, regulated generation assets, customer blended assets, electric AMI blended assets, gas engineering services, GIS support, general meter shop, customer service management, Lincoln customer service center, Omaha customer account services, Rapid City customer service support, Rapid City customer account services, Rapid City customer service center, large volume billing, customer service center support, bill processing, Lincoln field resource center, Rapid City field resource center, service guard marketing, lockbox & bill-print, regulatory affairs, Energy Efficiency/DSM, and appliance technical training.

Transmission Ratio – Based on a simple average of a multiple of cross-sectional drivers for the transmission function that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units. The numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

The departments that utilize this ratio include transmission planning, T&D Engineering, NERC compliance, FERC tariff and compliance, transmission and distribution reliability, NERC transmission and tech support, and transmission service management.

Black Hills Service Company

Cost Allocation Manual

Effective Date: July 14, 2008

Amended: January 1, 2010

Amended: August 1, 2010

Amended: December 1, 2013

Amended: December 1, 2014

Amended: December 1, 2015

Black Hills Service Company Cost Allocation Manual

Table of Contents

Introduction.....	34
Service Company Organization	34
Direct Costs versus Indirect Costs	45
Transaction Coding.....	56
General Ledger Business Unit (GLBU):.....	56
Operating Unit (OpUnit):.....	67
Department (Dept):	67
Account (Acct).....	78
Resource:.....	78
Product:	78
Work Order:	89
Timekeeping	89
Loadings.....	89
Allocation Factors.....	940
Changing Allocation Factors	1044
Subsidiary Payment for Direct and Indirect Charges	1044
Allocating Fixed Assets	1142
Appendix 1 – BHSC Departments.....	1243
Appendix 2 – Allocation Factors	1924

Introduction

The purpose of this cost allocation manual is to document the allocation processes of Black Hills Service Company, from recording the original transaction through the allocation of costs to Black Hills Corporation subsidiaries. Various topics to be addressed include the organization of the Service Company, the recording of transactions, calculating and assigning allocation factors, and recording allocation transactions.

Black Hills Service Company (the Service Company) was formed on December 30, 2004, and was fully implemented and operational as of January 1, 2006. The Service Company was formed as required by the Public Utility Holding Company Act of 1935, which was administered by the Securities and Exchange Commission (SEC). Service companies were required of all registered holding companies under this law. Service companies coordinate corporate support functions and distribute costs to registered holding company subsidiaries using pre-defined allocation methodologies that had to be approved by the SEC.

Black Hills Corporation became a registered holding company at the end of 2004, and through a transition period and various amendments to the registered holding company filings, established the date of January 1, 2006 to fully implement the Service Company. In August of 2005, this law was repealed and replaced by the Public Utility Holding Company Act of 2005, which is administered by the Federal Energy Regulatory Commission (FERC). This new law was effective in February of 2006. Although certain administrative and reporting requirements changed as a result of the repeal, Black Hills Corporation did not change its implementation plan.

The Service Company is a wholly owned subsidiary of Black Hills Corporation (the Holding Company), and is a separate legal entity. The majority of operations and all employees were transferred out of the Holding Company on the effective date of implementation. The only transactions that remain at the Holding Company are transactions pertaining to long-term debt and related deferred finance costs, corporate credit facility and related deferred finance costs, and the administration of money pool transactions for both the utility money pool and the non-utility money pool. In addition, as will be discussed in greater detail later, certain corporate costs are charged directly to the Holding Company. The most notable of these types of costs are corporate development project costs.

Service Company Organization

The Service Company is organized into operating departments based upon the services that those departments provide to Black Hills Corporation subsidiaries. A list of each department, as well as a brief description of the services they provide, is attached as Appendix 1.

Direct Costs versus Indirect Costs

A key issue in distributing Service Company costs is distinguishing between direct costs and indirect costs. The account coding will change depending on whether the cost is a direct or indirect cost. Below is a summary of each of these types of costs and examples of these costs.

Direct costs are those costs that are specifically associated with an identified subsidiary. This means that it is known exactly to which subsidiary these costs relate. Here are some examples:

- A Payroll Processor is processing the payroll for Black Hills Power. The labor costs incurred in processing payroll are specifically associated with an identified subsidiary. Therefore, this would be a direct cost.
- An Internal Auditor travels to Denver to complete audits for Colorado Independent Power Production and Black Hills Exploration and Production. The time associated with completing the audits would be charged to each company based on the time worked for each specific company project. The travel expenses should be split equally or on a pro rata share based on days worked.
- The Human Resources department incurs costs to bring an employment candidate on-site to Gillette for an interview with Wyodak Resources. These travel costs incurred in bringing the employee in for the interview are specifically associated with an identified subsidiary. Therefore, this would be a direct cost.
- A Help Desk technician orders a replacement computer monitor for an employee at Black Hills Power. This hardware cost incurred is specifically associated with an identified subsidiary. Therefore, this would be a direct cost.

Indirect costs are those costs that are not associated with an identified subsidiary. This means that the costs indirectly support all companies or directly support the operation of the Service Company. In other words, costs that would be directly charged to the Service Company using the definition and examples above would be classified as indirect costs. Here are some examples:

- The Internal Audit department is completing a BHC consolidated financial statement audit. Since all entities indirectly affect the financial statements of BHC consolidated, this charge would be considered an indirect cost.
- An Environmental representative attends an industry training event. This charge cannot be directly attributable to any specifically identified company; therefore, this charge would be considered an indirect cost.
- A Help Desk technician orders a replacement computer monitor for an employee of the Service Company. This hardware cost incurred is specifically associated with the Service Company. Therefore, this would be an indirect cost.

It is important to consider two things when determining if a cost is a direct cost or an indirect cost: (1) Can the costs that are coded to a specific company or group of companies be substantiated; and (2) Can it be substantiated that a utility-based entity is not subsidizing the operations of non-utility based company with the time and expenses that have been charged to them. A certain level of judgment will be involved when deciding whether a particular cost should be directly charged or indirectly allocated.

There are certain costs that will always be considered either direct or indirect costs. Below is a list of significant Service Company expenses that follow these rules:

Always considered direct costs:

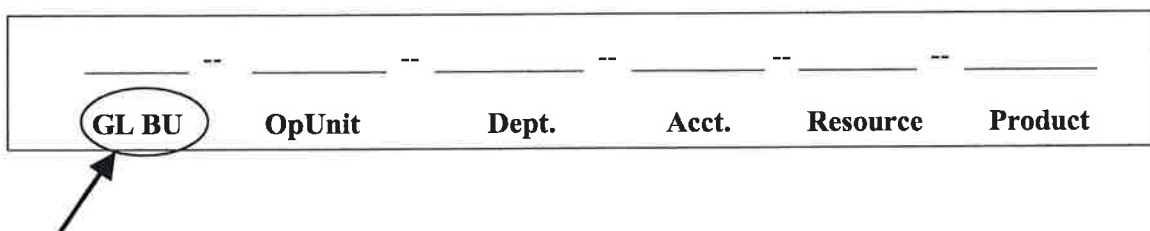
- Capitalized costs for non-BHSC projects (including capitalized labor)
- Corporate development project costs
- Retiree healthcare costs

Always considered indirect costs:

- Board of Directors' fees and expenses
- General Office rent
- Depreciation of BHSC assets
- Directors' and officers' insurance
- Investor relations expenses
- Shareholder expenses
- Intercompany interest expense and income

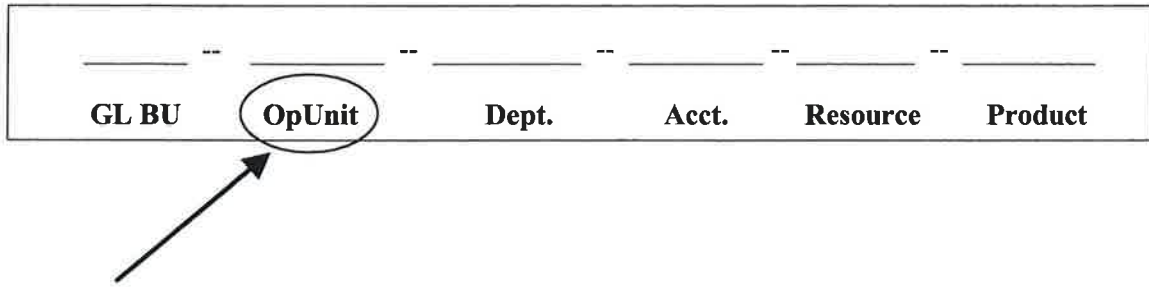
Transaction Coding

The Service Company uses an accounting software system to accumulate and distribute both direct costs and indirect costs. It is important to have costs properly classified as direct or indirect. Direct costs will be directly charged to the subsidiaries, while indirect costs will be allocated to the subsidiaries using pre-defined allocation factors. Below is a description of the coding.



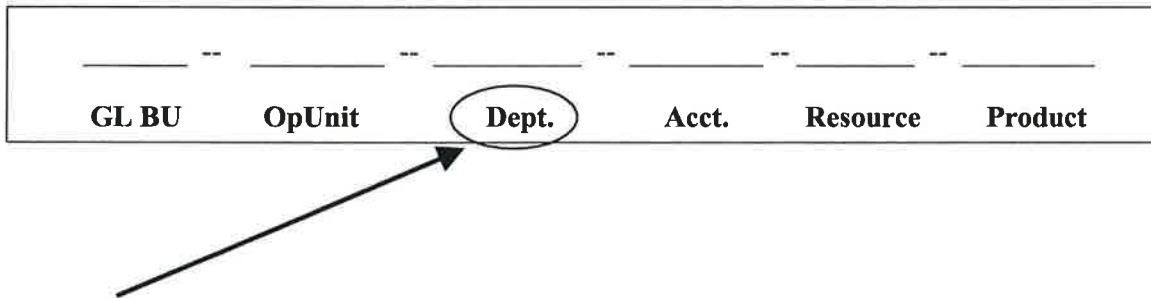
General Ledger Business Unit (GLBU):

- Five (5) character numeric field.
- The GLBU field is used to identify the company that will be receiving the charges, either as a direct cost or an indirect cost.
- The GLBU field is required on all accounting transactions.
- The GLBU field will default based on the operating unit (Op Unit), as described below.



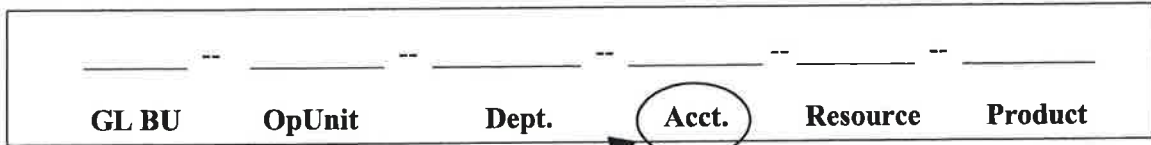
Operating Unit (OpUnit):

- Six (6) character numeric field.
- The OpUnit field is used to identify the code block as either a direct cost or an indirect cost.
- If the cost is a direct cost, the OpUnit field will be populated using the OpUnit code for the company being directly charged.
- The Op Unit field will be populated using one of the BHUH Op Units for indirect costs. Indirect costs also include costs from other areas of the company that are directly related to the Utility Holding Company.



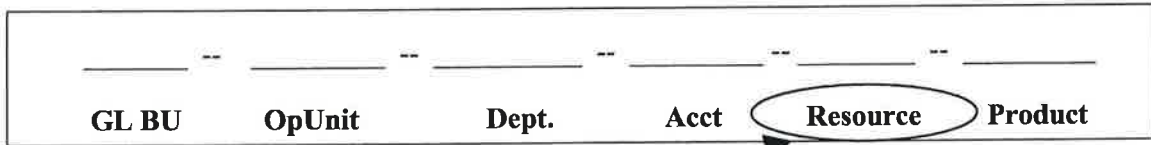
Department (Dept):

- Four (4) character numeric field.
- The Department field is used to identify where the cost(s) originated.
- The Department field is required on all income statement and capital transactions.
- Every Department is assigned to a GLBU.



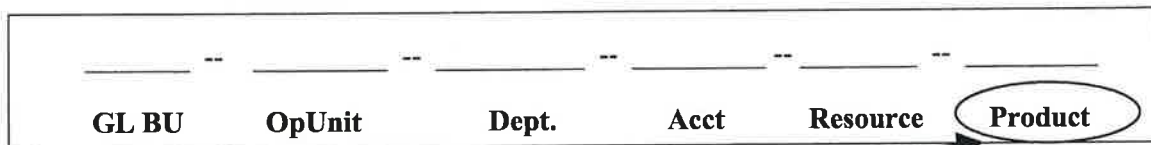
Account (Acct)

- Six (6) character numeric field.
- The Account field is required on all accounting transactions.
- All companies will generally use the same Chart of Accounts although some values will be specific to certain companies.



Resource:

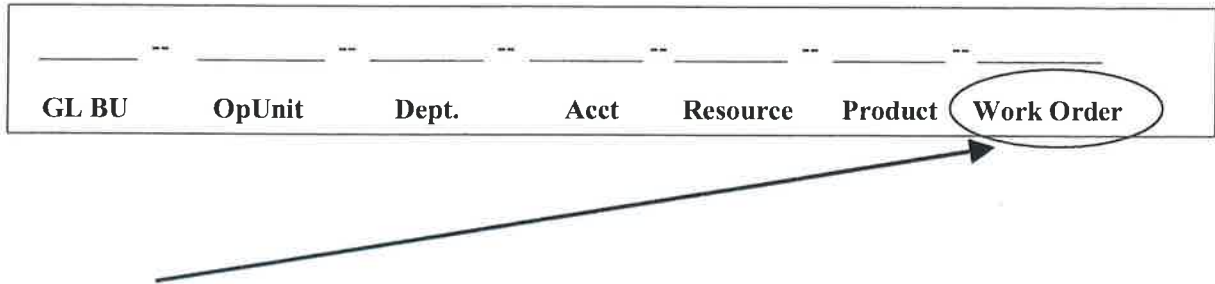
- Four (4) character numeric field.
- A Resource is used to identify types of costs.
- The Resource field is required for all income statement and capital accounting transactions.



Product:

- Three (3) character numeric field.

- A Product code is used to identify business lines.
- Examples of the product line include electric, gas, coal and non-regulated



Work Order:

- Eight (8) character Alpha or numeric field.
- Represents the collection of costs to allow the monitoring of a job or group of costs.
- The Work Order field is required on all construction work in progress transactions

Timekeeping

All Service Company employees are required to complete a timesheet for each two week pay period. Timesheets of appropriate employees must be approved by a supervisor.

Employees must complete the code block, as previously discussed, for each time record. The timesheet will default the department and resource. However, the employee is responsible for providing the remainder of the code block. Employees are encouraged to enter their time in one half hour increments, although they may use smaller increments if they so choose.

Loadings

Certain benefits that are provided to employees become an inherent cost of labor. To account for these benefits and allow for them to be charged to the appropriate subsidiary, they become part of a loading rate that is added on to each payroll dollar.

The loading rates are calculated at the beginning of the year based on budgeted benefit expenses and budgeted labor. Benefit costs and loading rates are reviewed, and updated as needed. Below is a list of components of the loading rates:

General labor loadings:

- Compensated Absences: including but not limited to paid time off (PTO), Holiday, Jury duty, Funeral pay, United Way day, Short-term Disability and Annual Physical appointment.
- Payroll Taxes: including but not limited to FICA, FUTA SUTA and city taxes

- Employee Benefits: including but not limited to health and medical, 401K match and fees, Pension, Retiree healthcare and associated fees and Pension audit fees
- Incentives: including but not limited to Non-officer incentive plans, Restricted Stock and Stock Option expense

Supplemental loadings:

- Officer short term incentive plans
- Officer supplemental retirement
- Officer performance plan

Loadings calculated on payroll are based on estimated benefit costs, therefore, differences between actual benefits will be inherent to this process. After the difference is calculated and reviewed for reasonableness, it is recorded to a separate department, and indirectly allocated to Black Hills Corporation subsidiaries.

Allocation Ratios

As previously stated, Service Company costs are either directly charged to a subsidiary, or indirectly allocated when the cost is not associated with a specific subsidiary. Indirect costs are allocated using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by a Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

For certain departments, a specific cost driver may not be clearly identifiable or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-pronged general allocation ratio is used, which is referred to as the Blended Ratio. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. These factors were chosen to be included in the Blended Ratio because they best allocate costs based on the diverse nature of BHC operations.

In addition, some departments utilize a Holding Company Blended Ratio. The difference between the Blended Ratio and the Holding Company Blended Ratio is that the Holding Company Blended Ratio allocates a percentage of costs to BHC Holding Company. For example, the Corporate Governance department will allocate indirect costs using the Holding Company Blended Ratio because certain costs incurred, such as New York Stock Exchange fees and Board of Directors costs, relate to both the Holding Company and the subsidiary companies.

One additional item to note is that pooled benefits, primarily health care costs, are allocated differently due to the pooling method for benefits such as self-insured health care. Black Hills Corporation has chosen to pool certain benefit costs and spread the risk amongst all subsidiaries

equally. All pooled benefit costs of BHC are paid by the Service Company and allocated to subsidiaries based on employee counts.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is attached hereto as Appendix 2.

Changing Allocation Ratios

Allocation ratios are set at the first of the year, based upon financial information from the prior year ending December 31st. Assets, utility assets, employee counts, and power generation capacity are based on values as of the previous period ending December 31st. Gross margin, utility gross margin, payroll dollars, and utility payroll dollars are based on values for the 12 months ended December 31st.

Certain events may occur during the year that are deemed to be significant to Black Hills Corporation that will require corresponding adjustments be made to the allocation ratios. Examples of these types of events include acquisitions, divestitures, new generation, significant change in asset base, significant staffing changes or new, significant revenue streams.

When these events occur, indirect allocation ratios will be adjusted. When adjusting allocation ratios, it is the policy of the Service Company to not recalculate all allocation ratios. Rather, allocation ratios will be adjusted with pro forma adjustments for the subsidiary with a significant change in a specific allocation ratio base. For example, if an acquisition occurs during the middle of the year, pro forma values will be loaded. Asset values at the time of the acquisition would be used, as well as pro forma gross margin and payroll dollars for a 12 month period. It should be noted that estimations may be required, especially when significant additions or changes are expected as a result of the acquisition.

It should also be noted that asset values, gross margin, and payroll dollars for the other companies will not be changed. However, the ratios will change because the base against which the ratios are calculated will change. Subsidiary companies would see decreased ratio values with acquisitions, and increased ratio values with divestitures. Changes will be effective as of the beginning of the month following the significant event, and will apply to all transactions for the month.

Subsidiary Payment for Direct and Indirect Charges

It is the policy of the Service Company to insure payments are made by the subsidiary companies for direct and indirect charges. All payments for direct and indirect charges must be remitted to the Service Company by the end of the following month. The Service Company will monitor

payments received during the month to insure that all subsidiary companies make payment in a timely manner.

Allocating Fixed Assets

The Service Company maintains certain fixed assets that are used by and benefit multiple Black Hills Corporation subsidiaries. These fixed assets primarily consist of computer hardware and software that form the corporate-wide information technology network. Because these fixed assets support multiple Black Hills Corporation subsidiaries, they are allocated to the appropriate subsidiaries monthly as part of the month-end close process, along with the allocation of these assets' accumulated depreciation. Construction Work in Process balances are not allocated.

Allocated assets and accumulated depreciation are maintained in separate general ledger accounts at the subsidiary level so that they are not intermingled with regular subsidiary fixed assets, and for ease of reconciliation.

The allocation ratio used for fixed assets and accumulated depreciation is the Blended Ratio, except as otherwise noted. Depreciation expense is also allocated using the Blended Ratio.

Appendix 1 – BHSC Departments

The following departments are included in BHSC as of 01/01/~~2015~~2016 and are subject to changes as required to support evolving business requirements.

SC-ACCOUNTING SYSTEMS (4700)

Description: Maintains the corporate- wide accounting systems of Black Hills Corporation, most notably the general ledger and financial statement preparation systems. (Blended)

SC-DISBURSEMENTS (4701)

Description: Processes payments to vendors and prepares 1099s and applicable documentation for the majority of Black Hills Corporation subsidiaries. Also, processes payroll including but not limited to time reporting, calculation of salaries and wages, payroll tax reporting and compliance reports for Black Hills Corporation and its subsidiaries. (Blended)

SC-CORP DEVELOPMENT (4702)

Description: Facilitates the development of the corporate strategy, prepares strategic plans, and evaluates potential business opportunities. Department also assists various subsidiaries with financial analysis and special projects. (HoldCo Blended)

SC-CORP GOV AND SHAREHOLDER SERV (4703)

Description: Develops and enforces corporate governance policies and procedures in accordance with applicable laws and regulations. Provides oversight of compliance with Securities and Exchange Commission rules and regulations. Oversees the administrative duties to the Board of Directors. Provides various recordkeeping and administrative services related to shareholder services. Assists in the administration of equity-based compensation plans. (HoldCo Blended)

SC-TAX (4704)

Description: Prepares quarterly and annual tax provisions of all Black Hills Corporation subsidiaries. Maintains and reconciles all current and deferred income tax general ledger accounts. Prepares tax filings and ensures compliance with applicable laws and regulations. Oversees various tax planning projects. (Blended)

SC-CREDIT AND RISK (4705)

Description: Provides risk management, risk evaluation, and risk analysis services. Provides support to the Executive Risk Committee. Evaluates contract risks. (Blended)

SC-LEGAL - CORPORATE (4706)

Description: Provides legal counsel and services related to general business operations, including labor and employment law, finance, litigation, contracts, utility rates and regulation, financial reporting, Securities and Exchange Commission, Federal Energy Regulatory Commission and other state and federal compliance, environmental matters, real estate and other legal matters. Oversees the hiring and administration of external counsel. Provides legal support to various corporate development projects. (Blended)

SC-CORPORATE AFFAIRS (4708)

Description: Provides oversight to Public Relations, Marketing, Governmental Affairs, Regulatory Affairs and Regulatory Services/Resource Planning for all Black Hills Corporation and its subsidiaries. (Blended)

SC-ENVIRONMENTAL SERVICES (4709)

Description: Establishes policies and procedures for compliance with environmental laws and regulations. Researches emerging environmental issues and monitors compliance with environmental requirements. Oversees environmental clean-up projects. Obtains permits to support the business operations of Black Hills Corporation and its subsidiaries. (Asset Cost)

SC-EXECUTIVE MGMT (4710)

Description: Provides overall oversight of Black Hills Corporation and its subsidiaries. Provides the Board of Directors information for decision making purposes. (HoldCo Blended)

SC-SAFETY (4711)

Description: Develops and implements safety planning activities and provides employee safety education. Administers the corporate safety program. Assists with compliance with DOT, OSHA, and MSHA regulations. (Employee)

SC-FINANCE AND TREASURY (4712)

Description: Coordinates activities related to securities issuance, including maintaining relationships with financial institutions, debt holders, rating agencies, equity analysts and equity investors. Performs accounting, cash management, debt compliance, and investing activities. Monitors capital markets to support financial planning for all subsidiaries. Oversees the administration of corporate pension and 401(k) plans. (HoldCo Blended)

SC-FINANCIAL REPORTING (4713)

Description: Oversees the corporate consolidation of subsidiary financial statements. Prepares monthly internal financial reports for management. Prepares quarterly and annual financial reports to the Securities and Exchange Commission, financial statements to banks and quarterly and annual financial statements filed with FERC. Researches emerging accounting issues and assists with the compliance of new accounting rules and regulations. (HoldCo Blended)

SC-BUDGET AND FORECAST (4714)

Description: Oversees the accumulation of subsidiary financial budgets and forecasts. Provides the consolidation of the corporate wide- budget and forecast. Guides the preparation of strategic plans. (Blended)

SC-GENERAL ACCOUNTING (4715)

Description: Provides management and administrative support for accounting and finance functions of the Company's regulated and non-regulated businesses including external audit coordination. (Blended)

SC-ACCOUNTING-CENTRAL SERVICES (4716)

~~Description:~~Description: Responsible for closing the general ledger for the utilities on a monthly basis and assists in the compliance of all accounting rules and regulations. Prepares various operating and financial reports for utility financial management. Assists the utility financial management team with monthly analysis. Maintains the accounting records for Black Hills Service Company and Black Hills Corporation. Provides oversight of the Disbursements and Property Accounting departments. (Blended)

SC-ELECTRIC FINANCIAL MANAGEMENT ELECTRIC UTILITIES MGMT AND GENERATION SERVICES (4717)

Description: Provides financial management to the electric utilities and non-regulated generation facilities, and accounting support to all generation facilities. (Blended)

SC-HUMAN RESOURCES REGULATED (4720)

Description: Provides general Human Resources support services to the subsidiaries through the administration of policies and labor contracts for all facets of Human Resources, including employee relations, labor relations, talent management, recruiting and employment staffing, compensation and benefits administration. (Employee)

SC-COMPENSATION AND BENEFITS (4721)

Description: Administers policies related to compensation and benefits. Oversees the self-insured medical benefits plans and other pooled benefits and provides support to the third party administrators of the plans. (Employee)

SC-ORGANIZATIONAL DEVELOPMENT AND TRAINING (4722)

Description: Provides for employee and leadership development, succession planning, performance management, goal alignment, employee engagement, strategic workforce planning, talent assessment and general HR support for Black Hills Corporation and its subsidiaries. (Employee)

SC-INSURANCE (4724)

Description: Facilitates physical risk management strategies through the purchase and evaluation of various types of insurance coverage. Provides claims management services. (Blended)

SC-INTERNAL AUDIT (4725)

Description: Reviews internal controls and procedures to ensure assets are safeguarded and transactions are properly authorized and recorded. Oversees the Sarbanes Oxley compliance efforts. (Blended)

SC-IN-HOUSE CREATIVE SOLUTIONS (4726)

Description: Provides program for effective, measured, and coordinated advertising. Manages, develops and implements communication channels to maintain effective communications with stakeholders. Designs and develops communication materials. (Blended)

SC-POWER DELIVERY MGMT (4728)

Description: Performs resource planning, power delivery management, strategic planning, and construction management for the corporation's power generation assets. (Generation Capacity)

SC-PROPERTY ACCOUNTING (4729)

Description: Maintains the accounting records for property, plant and equipment for the majority of subsidiaries of the corporation. Assists in compliance with regulatory accounting requirements as it relates to property. Prepares various operating and financial reports for management. (Asset Cost)

SC-RECORDS MGMT (4730)

Description: Administers and maintains the records retention policies and procedures of the corporation. Manages and maintains the content management software. (Blended)

SC-SUPPLY CHAIN MGMT (4731)

Description: Develops strategies and provides general oversight to Facilities, Contract Management, Strategic Sourcing, Procurement, Fleet Services, Materials Management and Supplier Diversity departments. (Blended)

SC-CONTRACTS MGMT (4732)

Description: Manages contracts, including drafting, negotiating, reviewing and interpreting contracts. (Blended)

SC-STRATEGIC SOURCING (4733)

Description: Executes the procurement process including, purchasing activities, managing vendor relationships, and issue resolution and tracking and expediting orders. (Blended)

SC-FLEET SERV (4734)

Description: Manages fleet expense cards, fleet contracts, vehicle purchasing, replacement, disposal, licensing/registration and titling. Advises on vehicle maintenance and repairs, alternative fuel selections and implementations. (Blended)

SC-FACILITIES (4736)

Description: Provides facility, construction, and real estate management services for corporate-wide facilities. Supports disaster recovery and business continuation planning. (Blended)

SC-GOVERNMENTAL AFFAIRS (4741)

Description: Advances corporate objectives by initiating, influencing, monitoring, and researching government legislation and policies. Acts as a liaison with legislators and other governmental officials. Maintains relationships with federal, state and other governmental bodies. (Blended)

SC-IT ADMINISTRATION (4742)

Description: Provides guidance, governance, and strategic planning to the overall information technology operations. (Blended)

SC-IT BUSINESS APPLICATIONS-FIN AND HR SYSTMS (4743)

Description: Manages, maintains, and enhances the financial and human resource related business applications of the company. (Blended)

SC-IT BUSINESS APPLICATIONS-REGULATED (4744)

Description: Manages, maintains, and enhances business applications within the utility companies. (Utility Blended)

SC-IT BUSINESS APPLICATIONS-WEB SERV SUPP (4745)

Description: Manages, maintains, and enhances the web-based service business applications of the company. (Blended)

SC-IT BUSINESS APPLICATIONS-WHOLESALE AND ENTERPRISE (4746)

Description: Manages, maintains, and enhances the wholesale and enterprise-wide business applications of the company. (Blended)

SC-IT INFRASTRUCTURE SERV (4747)

Description: Manages, maintains, and enhances data center operations, infrastructure servers, storage, system software, enterprise architecture, and corporate databases. (Blended)

SC-IT COMMUNICATIONS (4748)

Description: Manages and supports the data and voice communication needs for the company. Provides telecommunication expense management services. (Blended)

SC-IT USER SERVICES (4749)

Description: Provides technology support services for the company, including field services. (Blended)

SC-IT COMPLIANCE (4751)

Description: Responsible for internal and external audit compliance, disaster recovery, change management and legal compliance related to technology. (Blended)

SC-MATERIALS MGMT (4752)

Description: Manages inventory, obsolescence and scrap. Ensure availability of proper materials. Pull, restock and stage materials. (Blended)

SC-CONTINUOUS IMPROVEMENT (4753)

Description: Helps identify solutions to improve work processes, maximize business performance and add value for customers and stakeholders. (Blended)

SC-GENERATION PLANT OPERATIONS (4754)

Description: Operates and manages the generation for BHCOE and BHCIPP. (NamePlate Generation Capacity)

SC-IT HELPDESK / TECHNOLOGY INTEGRATION (4755)

Description: Provides IT telephone support, technology training and technology integration services. (Blended)

SC-CPGS PLANT OPERATIONS (4756)

Description: Operates and manages the new generation for the Cheyenne Prairie Generation Station. (NamePlate Generation Capacity)

SC-STRATEGIC SOURCING-PROCUREMENT (4760)

Description: Executes the procurement process including, purchasing activities, managing vendor relationships, and issue resolution and tracking and expediting orders. (Blended)

SC – ASSET BLENDED (4793)

Description: Records depreciation for the Service Company assets. (Blended)

SC-BENEFIT POOLED (4794)

Description: Records pooled benefit costs, primarily related to health and welfare for Black Hills Corporation and its subsidiaries. (Employee)

SC-ACCOUNTING ACCRUAL ENTRIES (4795)

Description: Records accrual of certain charges not related to specific departments or not significant enough to allocate to each department. (Blended)

SC-BENEFITS LOADING (4796)

Description: Records overhead benefit costs loaded to labor costs (Blended)

CATCH-ALL

Description: Departments at Black Hills Corporation that are not specifically listed in the CAM or included in the master allocation design that charge BHSC will be allocated using the Blended Allocation Ratio.

Appendix 2 – Allocation Ratios

Asset Cost Ratio – Based on the net cost of assets as of December 31 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP).

The Environmental Services and Property Accounting departments utilize this ratio, and it is a component in the Blended Ratio and the Holding Company Blended Ratio.

Gross Margin Ratio – Based on the total gross margin for the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Gross margin is defined as revenue less cost of sales. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Blended Ratio and the Holding Company Blended Ratio.

Payroll Dollars Ratio – Based on the total payroll dollars for the prior year ending December 31, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000.

No departments utilize this ratio, but it is a component in the Blended Ratio and the Holding Company Blended Ratio.

Blended Ratio – A composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted. This ratio is sometimes referred to as the general allocation ratio.

Departments that utilize this ratio include Accounting Systems, Accounts Payable, Tax, Credit and Risk, General Accounting, Insurance, Internal Audit, Legal, Corporate Affairs, Budget and Forecast, General Accounting, Accounting-Central Services, Engineering Rotation Program, Insurance, Internal Audit, In-House Creative Solutions, Records Management, Supply Chain Management, Contract Management, Strategic Sourcing, Fleet Services, Facilities, Governmental Affairs, Information Technology Administration, Information Technology Business Applications Wholesale and Enterprise, Information Technology Business Applications Web Service Support, Information Technology Business Applications Financial and HR Systems, Information Technology Infrastructure Services, Information Technology Communications, Information Technology User Services, Corporate Security, Information Technology Compliance, Materials Management, Continuous Improvement, Information Technology Helpdesk / Technology Integration, Procurement, Assets Blended, Accounting Accruals, Benefits and BHSC portion of the Rapid City Plant Street Facility, Midlands Data Facility and Bellevue Data Center Facility.

Holding Company Blended Ratio – 5% of costs allocated to the Holding Company, with the remaining 95% of costs allocated using a composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted.

Departments that utilize this ratio include Corporate Development, Corporate Governance and Shareholder Services, Executive Management, Finance and Treasury and Financial Reporting.

Employee Ratio – Based on the number of employees at the end of the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Departments that utilize this ratio include Safety, Human Resources Regulated, Compensation and Benefits and Organizational Development and Training. Health and welfare costs for BHC will be in a pool and allocated to subsidiaries based on the Employee Ratio.

Power Generation Capacity Ratio – Based on the total power generation capacity at the end of the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Power generation includes capacity in service and capacity under construction.

Departments that use this ratio include Power Delivery Management and Accounting-Generation Services.

Utility Asset Cost Ratio – Based on the total cost of utility assets as of December 31 for the prior year, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries. Utility assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP)..

No departments utilize this ratio, but it is a component in the Utility Blended Ratio

Utility Employee Ratio – Based on the number of utility employees at the end of the prior year ending December 31, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries.

No departments currently utilize this ratio.

Utility Gross Margin Ratio – Based on the total utility gross margin for the prior year ending December 31, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries. Utility gross margin is defined as revenue less cost of sales. Certain intercompany transaction may be excluded from utility gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Utility Blended Ratio.

Utility Payroll Dollars Ratio – Based on the total utility payroll dollars for the prior year ending December 31, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries. Utility payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000.

No departments utilize this ratio, but it is a component in the Utility Blended Ratio.

Utility Blended Ratio – A composite ratio comprised of an average of the Utility Asset Cost Ratio, the Utility Payroll Dollars Ratio, and the Utility Gross Margin Ratio. These ratios are equally weighted.

The IT Business Applications Regulated department utilizes this ratio.

Nameplate Generation Capacity Ratio – Based on the total facility's power generation capacity at the end of the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Nameplate generation includes capacity in service and capacity under construction at the facility.

The Generation Plant Operations and CPGS Plant Operations departments utilize this ratio.

Square Footage Ratio – The total square footage of a given facility, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

The Rapid City Plant Street Facility, Baken Park Facility, and the Denver Office Facility utilize this ratio.

Black Hills Service Company

Cost Allocation Manual

Effective Date: July 14, 2008

Amended: January 1, 2010

Amended: August 1, 2010

Amended: December 1, 2013

Amended: December 1, 2014

Amended: December 1, 2015

Black Hills Service Company Cost Allocation Manual

Table of Contents

- Introduction..... 3
- Service Company Organization 3
- Direct Costs versus Indirect Costs 4
- Transaction Coding..... 5
 - General Ledger Business Unit (GLBU):..... 5
 - Operating Unit (OpUnit):..... 6
 - Department (Dept): 6
 - Account (Acct)..... 7
 - Resource:..... 7
 - Product: 7
 - Work Order: 8
- Timekeeping 8
- Loadings..... 8
- Allocation Factors 9
- Changing Allocation Factors 10
- Subsidiary Payment for Direct and Indirect Charges 10
- Allocating Fixed Assets 11
- Appendix 1 – BHSC Departments 12
- Appendix 2 – Allocation Factors 19

Introduction

The purpose of this cost allocation manual is to document the allocation processes of Black Hills Service Company, from recording the original transaction through the allocation of costs to Black Hills Corporation subsidiaries. Various topics to be addressed include the organization of the Service Company, the recording of transactions, calculating and assigning allocation factors, and recording allocation transactions.

Black Hills Service Company (the Service Company) was formed on December 30, 2004, and was fully implemented and operational as of January 1, 2006. The Service Company was formed as required by the Public Utility Holding Company Act of 1935, which was administered by the Securities and Exchange Commission (SEC). Service companies were required of all registered holding companies under this law. Service companies coordinate corporate support functions and distribute costs to registered holding company subsidiaries using pre-defined allocation methodologies that had to be approved by the SEC.

Black Hills Corporation became a registered holding company at the end of 2004, and through a transition period and various amendments to the registered holding company filings, established the date of January 1, 2006 to fully implement the Service Company. In August of 2005, this law was repealed and replaced by the Public Utility Holding Company Act of 2005, which is administered by the Federal Energy Regulatory Commission (FERC). This new law was effective in February of 2006. Although certain administrative and reporting requirements changed as a result of the repeal, Black Hills Corporation did not change its implementation plan.

The Service Company is a wholly owned subsidiary of Black Hills Corporation (the Holding Company), and is a separate legal entity. The majority of operations and all employees were transferred out of the Holding Company on the effective date of implementation. The only transactions that remain at the Holding Company are transactions pertaining to long-term debt and related deferred finance costs, corporate credit facility and related deferred finance costs, and the administration of money pool transactions for both the utility money pool and the non-utility money pool. In addition, as will be discussed in greater detail later, certain corporate costs are charged directly to the Holding Company. The most notable of these types of costs are corporate development project costs.

Service Company Organization

The Service Company is organized into operating departments based upon the services that those departments provide to Black Hills Corporation subsidiaries. A list of each department, as well as a brief description of the services they provide, is attached as Appendix 1.

Direct Costs versus Indirect Costs

A key issue in distributing Service Company costs is distinguishing between direct costs and indirect costs. The account coding will change depending on whether the cost is a direct or indirect cost. Below is a summary of each of these types of costs and examples of these costs.

Direct costs are those costs that are specifically associated with an identified subsidiary. This means that it is known exactly to which subsidiary these costs relate. Here are some examples:

- A Payroll Processor is processing the payroll for Black Hills Power. The labor costs incurred in processing payroll are specifically associated with an identified subsidiary. Therefore, this would be a direct cost.
- An Internal Auditor travels to Denver to complete audits for Colorado Independent Power Production and Black Hills Exploration and Production. The time associated with completing the audits would be charged to each company based on the time worked for each specific company project. The travel expenses should be split equally or on a pro rata share based on days worked.
- The Human Resources department incurs costs to bring an employment candidate on-site to Gillette for an interview with Wyodak Resources. These travel costs incurred in bringing the employee in for the interview are specifically associated with an identified subsidiary. Therefore, this would be a direct cost.
- A Help Desk technician orders a replacement computer monitor for an employee at Black Hills Power. This hardware cost incurred is specifically associated with an identified subsidiary. Therefore, this would be a direct cost.

Indirect costs are those costs that are not associated with an identified subsidiary. This means that the costs indirectly support all companies or directly support the operation of the Service Company. In other words, costs that would be directly charged to the Service Company using the definition and examples above would be classified as indirect costs. Here are some examples:

- The Internal Audit department is completing a BHC consolidated financial statement audit. Since all entities indirectly affect the financial statements of BHC consolidated, this charge would be considered an indirect cost.
- An Environmental representative attends an industry training event. This charge cannot be directly attributable to any specifically identified company; therefore, this charge would be considered an indirect cost.
- A Help Desk technician orders a replacement computer monitor for an employee of the Service Company. This hardware cost incurred is specifically associated with the Service Company. Therefore, this would be an indirect cost.

It is important to consider two things when determining if a cost is a direct cost or an indirect cost: (1) Can the costs that are coded to a specific company or group of companies be substantiated; and (2) Can it be substantiated that a utility-based entity is not subsidizing the operations of non-utility based company with the time and expenses that have been charged to them. A certain level of judgment will be involved when deciding whether a particular cost should be directly charged or indirectly allocated.

There are certain costs that will always be considered either direct or indirect costs. Below is a list of significant Service Company expenses that follow these rules:

Always considered direct costs:

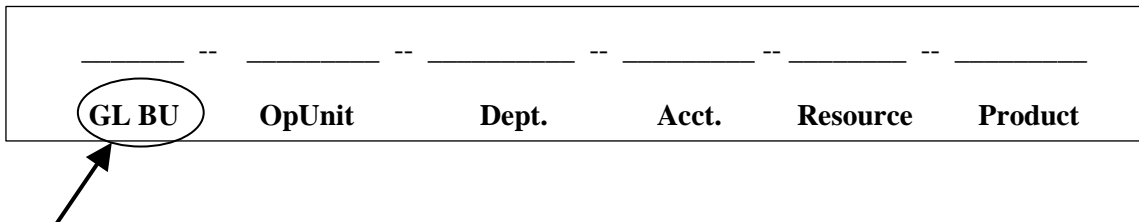
- Capitalized costs for non-BHSC projects (including capitalized labor)
- Corporate development project costs
- Retiree healthcare costs

Always considered indirect costs:

- Board of Directors' fees and expenses
- General Office rent
- Depreciation of BHSC assets
- Directors' and officers' insurance
- Investor relations expenses
- Shareholder expenses
- Intercompany interest expense and income

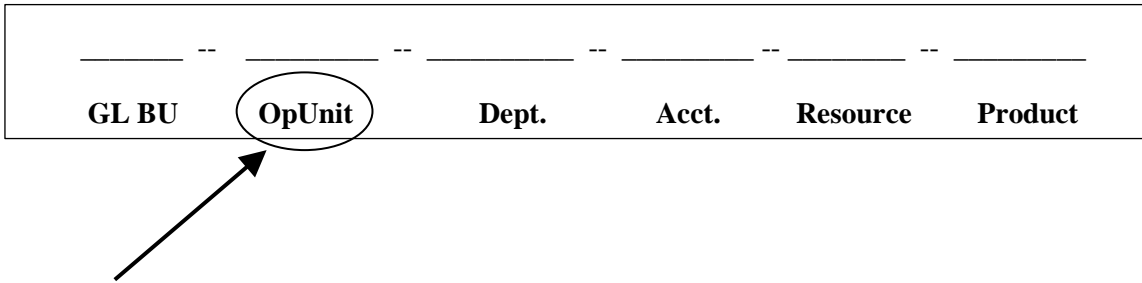
Transaction Coding

The Service Company uses an accounting software system to accumulate and distribute both direct costs and indirect costs. It is important to have costs properly classified as direct or indirect. Direct costs will be directly charged to the subsidiaries, while indirect costs will be allocated to the subsidiaries using pre-defined allocation factors. Below is a description of the coding.



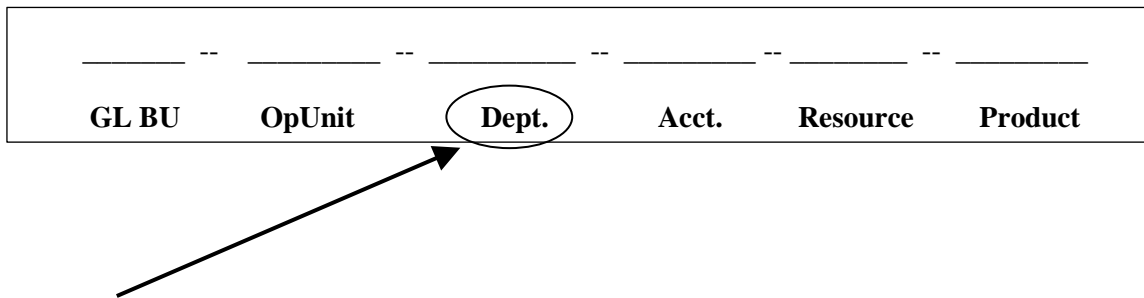
General Ledger Business Unit (GLBU):

- Five (5) character numeric field.
- The GLBU field is used to identify the company that will be receiving the charges, either as a direct cost or an indirect cost.
- The GLBU field is required on all accounting transactions.
- The GLBU field will default based on the operating unit (Op Unit), as described below.



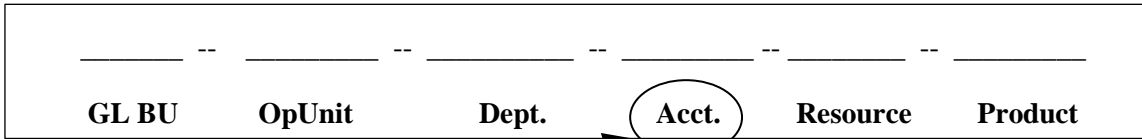
Operating Unit (OpUnit):

- Six (6) character numeric field.
- The OpUnit field is used to identify the code block as either a direct cost or an indirect cost.
- If the cost is a direct cost, the OpUnit field will be populated using the OpUnit code for the company being directly charged.
- The Op Unit field will be populated using one of the BHUH Op Units for indirect costs. Indirect costs also include costs from other areas of the company that are directly related to the Utility Holding Company.



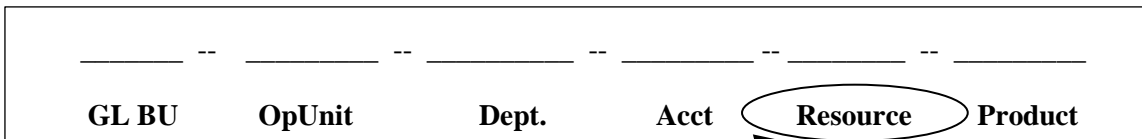
Department (Dept):

- Four (4) character numeric field.
- The Department field is used to identify where the cost(s) originated.
- The Department field is required on all income statement and capital transactions.
- Every Department is assigned to a GLBU.



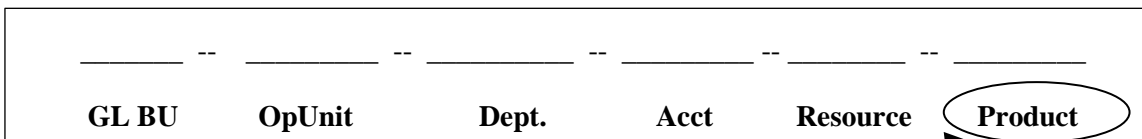
Account (Acct)

- Six (6) character numeric field.
- The Account field is required on all accounting transactions.
- All companies will generally use the same Chart of Accounts although some values will be specific to certain companies.



Resource:

- Four (4) character numeric field.
- A Resource is used to identify types of costs.
- The Resource field is required for all income statement and capital accounting transactions.

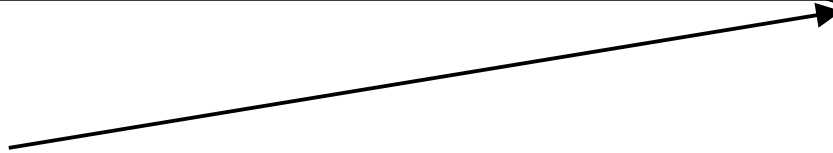


Product:

- Three (3) character numeric field.

- A Product code is used to identify business lines.
- Examples of the product line include electric, gas, coal and non-regulated

_____	--	_____	--	_____	--	_____	--	_____	--	_____
GL BU		OpUnit		Dept.		Acct		Resource		Product
										Work Order



Work Order:

- Alpha or numeric field.
- Represents the collection of costs to allow the monitoring of a job or group of costs.
- The Work Order field is required on all construction work in progress transactions

Timekeeping

All Service Company employees are required to complete a timesheet for each two week pay period. Timesheets of appropriate employees must be approved by a supervisor.

Employees must complete the code block, as previously discussed, for each time record. The timesheet will default the department and resource. However, the employee is responsible for providing the remainder of the code block. Employees are encouraged to enter their time in one half hour increments, although they may use smaller increments if they so choose.

Loadings

Certain benefits that are provided to employees become an inherent cost of labor. To account for these benefits and allow for them to be charged to the appropriate subsidiary, they become part of a loading rate that is added on to each payroll dollar.

The loading rates are calculated at the beginning of the year based on budgeted benefit expenses and budgeted labor. Benefit costs and loading rates are reviewed, and updated as needed. Below is a list of components of the loading rates:

General labor loadings:

- **Compensated Absences:** including but not limited to paid time off (PTO), Holiday, Jury duty, Funeral pay, United Way day, Short-term Disability and Annual Physical appointment.
- **Payroll Taxes:** including but not limited to FICA, FUTA SUTA and city taxes

- Employee Benefits: including but not limited to health and medical, 401K match and fees, Pension, Retiree healthcare and associated fees and Pension audit fees
- Incentives: including but not limited to Non-officer incentive plans, Restricted Stock and Stock Option expense

Supplemental loadings:

- Officer short term incentive plans
- Officer supplemental retirement
- Officer performance plan

Loadings calculated on payroll are based on estimated benefit costs, therefore, differences between actual benefits will be inherent to this process. After the difference is calculated and reviewed for reasonableness, it is recorded to a separate department, and indirectly allocated to Black Hills Corporation subsidiaries.

Allocation Ratios

As previously stated, Service Company costs are either directly charged to a subsidiary, or indirectly allocated when the cost is not associated with a specific subsidiary. Indirect costs are allocated using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by a Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

For certain departments, a specific cost driver may not be clearly identifiable or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-pronged general allocation ratio is used, which is referred to as the Blended Ratio. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. These factors were chosen to be included in the Blended Ratio because they best allocate costs based on the diverse nature of BHC operations.

In addition, some departments utilize a Holding Company Blended Ratio. The difference between the Blended Ratio and the Holding Company Blended Ratio is that the Holding Company Blended Ratio allocates a percentage of costs to BHC Holding Company. For example, the Corporate Governance department will allocate indirect costs using the Holding Company Blended Ratio because certain costs incurred, such as New York Stock Exchange fees and Board of Directors costs, relate to both the Holding Company and the subsidiary companies.

One additional item to note is that pooled benefits, primarily health care costs, are allocated differently due to the pooling method for benefits such as self-insured health care. Black Hills Corporation has chosen to pool certain benefit costs and spread the risk amongst all subsidiaries

equally. All pooled benefit costs of BHC are paid by the Service Company and allocated to subsidiaries based on employee counts.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is attached hereto as Appendix 2.

Changing Allocation Ratios

Allocation ratios are set at the first of the year, based upon financial information from the prior year ending December 31st. Assets, utility assets, employee counts, and power generation capacity are based on values as of the previous period ending December 31st. Gross margin, utility gross margin, payroll dollars, and utility payroll dollars are based on values for the 12 months ended December 31st.

Certain events may occur during the year that are deemed to be significant to Black Hills Corporation that will require corresponding adjustments be made to the allocation ratios. Examples of these types of events include acquisitions, divestitures, new generation, significant change in asset base, significant staffing changes or new, significant revenue streams.

When these events occur, indirect allocation ratios will be adjusted. When adjusting allocation ratios, it is the policy of the Service Company to not recalculate all allocation ratios. Rather, allocation ratios will be adjusted with pro forma adjustments for the subsidiary with a significant change in a specific allocation ratio base. For example, if an acquisition occurs during the middle of the year, pro forma values will be loaded. Asset values at the time of the acquisition would be used, as well as pro forma gross margin and payroll dollars for a 12 month period. It should be noted that estimations may be required, especially when significant additions or changes are expected as a result of the acquisition.

It should also be noted that asset values, gross margin, and payroll dollars for the other companies will not be changed. However, the ratios will change because the base against which the ratios are calculated will change. Subsidiary companies would see decreased ratio values with acquisitions, and increased ratio values with divestitures. Changes will be effective as of the beginning of the month following the significant event, and will apply to all transactions for the month.

Subsidiary Payment for Direct and Indirect Charges

It is the policy of the Service Company to insure payments are made by the subsidiary companies for direct and indirect charges. All payments for direct and indirect charges must be remitted to the Service Company by the end of the following month. The Service Company will monitor

payments received during the month to insure that all subsidiary companies make payment in a timely manner.

Allocating Fixed Assets

The Service Company maintains certain fixed assets that are used by and benefit multiple Black Hills Corporation subsidiaries. These fixed assets primarily consist of computer hardware and software that form the corporate-wide information technology network. Because these fixed assets support multiple Black Hills Corporation subsidiaries, they are allocated to the appropriate subsidiaries monthly as part of the month-end close process, along with the allocation of these assets' accumulated depreciation. Construction Work in Process balances are not allocated.

Allocated assets and accumulated depreciation are maintained in separate general ledger accounts at the subsidiary level so that they are not intermingled with regular subsidiary fixed assets, and for ease of reconciliation.

The allocation ratio used for fixed assets and accumulated depreciation is the Blended Ratio, except as otherwise noted. Depreciation expense is also allocated using the Blended Ratio.

Appendix 1 – BHSC Departments

The following departments are included in BHSC as of 01/01/2016 and are subject to changes as required to support evolving business requirements.

SC-ACCOUNTING SYSTEMS (4700)

Description: Maintains the corporate- wide accounting systems of Black Hills Corporation, most notably the general ledger and financial statement preparation systems. (Blended)

SC-DISBURSEMENTS (4701)

Description: Processes payments to vendors and prepares 1099s and applicable documentation for the majority of Black Hills Corporation subsidiaries. Also, processes payroll including but not limited to time reporting, calculation of salaries and wages, payroll tax reporting and compliance reports for Black Hills Corporation and its subsidiaries. (Blended)

SC-CORP DEVELOPMENT (4702)

Description: Facilitates the development of the corporate strategy, prepares strategic plans, and evaluates potential business opportunities. Department also assists various subsidiaries with financial analysis and special projects. (HoldCo Blended)

SC-CORP GOV AND SHAREHOLDER SERV (4703)

Description: Develops and enforces corporate governance policies and procedures in accordance with applicable laws and regulations. Provides oversight of compliance with Securities and Exchange Commission rules and regulations. Oversees the administrative duties to the Board of Directors. Provides various recordkeeping and administrative services related to shareholder services. Assists in the administration of equity-based compensation plans. (HoldCo Blended)

SC-TAX (4704)

Description: Prepares quarterly and annual tax provisions of all Black Hills Corporation subsidiaries. Maintains and reconciles all current and deferred income tax general ledger accounts. Prepares tax filings and ensures compliance with applicable laws and regulations. Oversees various tax planning projects. (Blended)

SC-CREDIT AND RISK (4705)

Description: Provides risk management, risk evaluation, and risk analysis services. Provides support to the Executive Risk Committee. Evaluates contract risks. (Blended)

SC-LEGAL - CORPORATE (4706)

Description: Provides legal counsel and services related to general business operations, including labor and employment law, finance, litigation, contracts, utility rates and regulation, financial reporting, Securities and Exchange Commission, Federal Energy Regulatory Commission and other state and federal compliance, environmental matters, real estate and other legal matters. Oversees the hiring and administration of external counsel. Provides legal support to various corporate development projects. (Blended)

SC-CORPORATE AFFAIRS (4708)

Description: Provides oversight to Public Relations, Marketing, Governmental Affairs, Regulatory Affairs and Regulatory Services/Resource Planning for all Black Hills Corporation and its subsidiaries. (Blended)

SC-ENVIRONMENTAL SERVICES (4709)

Description: Establishes policies and procedures for compliance with environmental laws and regulations. Researches emerging environmental issues and monitors compliance with environmental requirements. Oversees environmental clean-up projects. Obtains permits to support the business operations of Black Hills Corporation and its subsidiaries. (Asset Cost)

SC-EXECUTIVE MGMT (4710)

Description: Provides overall oversight of Black Hills Corporation and its subsidiaries. Provides the Board of Directors information for decision making purposes. (HoldCo Blended)

SC-SAFETY (4711)

Description: Develops and implements safety planning activities and provides employee safety education. Administers the corporate safety program. Assists with compliance with DOT, OSHA, and MSHA regulations. (Employee)

SC-FINANCE AND TREASURY (4712)

Description: Coordinates activities related to securities issuance, including maintaining relationships with financial institutions, debt holders, rating agencies, equity analysts and equity investors. Performs accounting, cash management, debt compliance, and investing activities. Monitors capital markets to support financial planning for all subsidiaries. Oversees the administration of corporate pension and 401(k) plans. (HoldCo Blended)

SC-FINANCIAL REPORTING (4713)

Description: Oversees the corporate consolidation of subsidiary financial statements. Prepares monthly internal financial reports for management. Prepares quarterly and annual financial reports to the Securities and Exchange Commission, financial statements to banks and quarterly and annual financial statements filed with FERC. Researches emerging accounting issues and assists with the compliance of new accounting rules and regulations. (HoldCo Blended)

SC-BUDGET AND FORECAST (4714)

Description: Oversees the accumulation of subsidiary financial budgets and forecasts. Provides the consolidation of the corporate wide- budget and forecast. Guides the preparation of strategic plans. (Blended)

SC-GENERAL ACCOUNTING (4715)

Description: Provides management and administrative support for accounting and finance functions of the Company's regulated and non-regulated businesses including external audit coordination. (Blended)

SC-ACCOUNTING-CENTRAL SERVICES (4716)

Description: Responsible for closing the general ledger for the utilities on a monthly basis and assists in the compliance of all accounting rules and regulations. Prepares various operating and financial reports for utility financial management. Assists the utility financial management team with monthly analysis. Maintains the accounting records for Black Hills Service Company and Black Hills Corporation. Provides oversight of the Disbursements and Property Accounting departments. (Blended)

SC-ELECTRIC FINANCIAL MGMT AND GENERATION SERVICES (4717)

Description: Provides financial management to the electric utilities and non-regulated generation facilities, and accounting support to all generation facilities. (Blended)

SC-HUMAN RESOURCES REGULATED (4720)

Description: Provides general Human Resources support services to the subsidiaries through the administration of policies and labor contracts for all facets of Human Resources, including employee relations, labor relations, talent management, recruiting and employment staffing, compensation and benefits administration. (Employee)

SC-COMPENSATION AND BENEFITS (4721)

Description: Administers policies related to compensation and benefits. Oversees the self-insured medical benefits plans and other pooled benefits and provides support to the third party administrators of the plans. (Employee)

SC-ORGANIZATIONAL DEVELOPMENT AND TRAINING (4722)

Description: Provides for employee and leadership development, succession planning, performance management, goal alignment, employee engagement, strategic workforce planning, talent assessment and general HR support for Black Hills Corporation and its subsidiaries. (Employee)

SC-INSURANCE (4724)

Description: Facilitates physical risk management strategies through the purchase and evaluation of various types of insurance coverage. Provides claims management services. (Blended)

SC-INTERNAL AUDIT (4725)

Description: Reviews internal controls and procedures to ensure assets are safeguarded and transactions are properly authorized and recorded. Oversees the Sarbanes Oxley compliance efforts. (Blended)

SC-IN-HOUSE CREATIVE SOLUTIONS (4726)

Description: Provides program for effective, measured, and coordinated advertising. Manages, develops and implements communication channels to maintain effective communications with stakeholders. Designs and develops communication materials. (Blended)

SC-POWER DELIVERY MGMT (4728)

Description: Performs resource planning, power delivery management, strategic planning, and construction management for the corporation's power generation assets. (Generation Capacity)

SC-PROPERTY ACCOUNTING (4729)

Description: Maintains the accounting records for property, plant and equipment for the majority of subsidiaries of the corporation. Assists in compliance with regulatory accounting requirements as it relates to property. Prepares various operating and financial reports for management. (Asset Cost)

SC-RECORDS MGMT (4730)

Description: Administers and maintains the records retention policies and procedures of the corporation. Manages and maintains the content management software. (Blended)

SC-SUPPLY CHAIN MGMT (4731)

Description: Develops strategies and provides general oversight to Facilities, Contract Management, Strategic Sourcing, Procurement, Fleet Services, Materials Management and Supplier Diversity departments. (Blended)

SC-CONTRACTS MGMT (4732)

Description: Manages contracts, including drafting, negotiating, reviewing and interpreting contracts. (Blended)

SC-STRATEGIC SOURCING (4733)

Description: Executes the procurement process including, purchasing activities, managing vendor relationships, and issue resolution and tracking and expediting orders. (Blended)

SC-FLEET SERV (4734)

Description: Manages fleet expense cards, fleet contracts, vehicle purchasing, replacement, disposal, licensing/registration and titling. Advises on vehicle maintenance and repairs, alternative fuel selections and implementations. (Blended)

SC-FACILITIES (4736)

Description: Provides facility, construction, and real estate management services for corporate-wide facilities. Supports disaster recovery and business continuation planning. (Blended)

SC-GOVERNMENTAL AFFAIRS (4741)

Description: Advances corporate objectives by initiating, influencing, monitoring, and researching government legislation and policies. Acts as a liaison with legislators and other governmental officials. Maintains relationships with federal, state and other governmental bodies. (Blended)

SC-IT ADMINISTRATION (4742)

Description: Provides guidance, governance, and strategic planning to the overall information technology operations. (Blended)

SC-IT BUSINESS APPLICATIONS-FIN AND HR SYSTM (4743)

Description: Manages, maintains, and enhances the financial and human resource related business applications of the company. (Blended)

SC-IT BUSINESS APPLICATIONS-REGULATED (4744)

Description: Manages, maintains, and enhances business applications within the utility companies. (Utility Blended)

SC-IT BUSINESS APPLICATIONS-WEB SERV SUPP (4745)

Description: Manages, maintains, and enhances the web-based service business applications of the company. (Blended)

SC-IT BUSINESS APPLICATIONS-WHOLESALE AND ENTERPRISE (4746)

Description: Manages, maintains, and enhances the wholesale and enterprise-wide business applications of the company. (Blended)

SC-IT INFRASTRUCTURE SERV (4747)

Description: Manages, maintains, and enhances data center operations, infrastructure servers, storage, system software, enterprise architecture, and corporate databases. (Blended)

SC-IT COMMUNICATIONS (4748)

Description: Manages and supports the data and voice communication needs for the company. Provides telecommunication expense management services. (Blended)

SC-IT USER SERVICES (4749)

Description: Provides technology support services for the company, including field services. (Blended)

SC-IT COMPLIANCE (4751)

Description: Responsible for internal and external audit compliance, disaster recovery, change management and legal compliance related to technology. (Blended)

SC-MATERIALS MGMT (4752)

Description: Manages inventory, obsolescence and scrap. Ensure availability of proper materials. Pull, restock and stage materials. (Blended)

SC-CONTINUOUS IMPROVEMENT (4753)

Description: Helps identify solutions to improve work processes, maximize business performance and add value for customers and stakeholders. (Blended)

SC-GENERATION PLANT OPERATIONS (4754)

Description: Operates and manages the generation for BHCOE and BHCIPP. (NamePlate Generation Capacity)

SC-IT HELPDESK / TECHNOLOGY INTEGRATION (4755)

Description: Provides IT telephone support, technology training and technology integration services. (Blended)

SC-CPGS PLANT OPERATIONS (4756)

Description: Operates and manages the new generation for the Cheyenne Prairie Generation Station. (NamePlate Generation Capacity)

SC-STRATEGIC SOURCING-PROCUREMENT (4760)

Description: Executes the procurement process including, purchasing activities, managing vendor relationships, and issue resolution and tracking and expediting orders. (Blended)

SC - ASSET BLENDED (4793)

Description: Records depreciation for the Service Company assets. (Blended)

SC-BENEFIT POOLED (4794)

Description: Records pooled benefit costs, primarily related to health and welfare for Black Hills Corporation and its subsidiaries. (Employee)

SC-ACCOUNTING ACCRUAL ENTRIES (4795)

Description: Records accrual of certain charges not related to specific departments or not significant enough to allocate to each department. (Blended)

SC-BENEFITS LOADING (4796)

Description: Records overhead benefit costs loaded to labor costs (Blended)

CATCH-ALL

Description: Departments at Black Hills Corporation that are not specifically listed in the CAM or included in the master allocation design that charge BHSC will be allocated using the Blended Allocation Ratio.

Appendix 2 – Allocation Ratios

Asset Cost Ratio – Based on the net cost of assets as of December 31 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP).

The Environmental Services and Property Accounting departments utilize this ratio, and it is a component in the Blended Ratio and the Holding Company Blended Ratio.

Gross Margin Ratio – Based on the total gross margin for the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Gross margin is defined as revenue less cost of sales. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Blended Ratio and the Holding Company Blended Ratio.

Payroll Dollars Ratio – Based on the total payroll dollars for the prior year ending December 31, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000.

No departments utilize this ratio, but it is a component in the Blended Ratio and the Holding Company Blended Ratio.

Blended Ratio – A composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted. This ratio is sometimes referred to as the general allocation ratio.

Departments that utilize this ratio include Accounting Systems, Accounts Payable, Tax, Credit and Risk, General Accounting, Insurance, Internal Audit, Legal, Corporate Affairs, Budget and Forecast, General Accounting, Accounting-Central Services, Engineering Rotation Program, Insurance, Internal Audit, In-House Creative Solutions, Records Management, Supply Chain Management, Contract Management, Strategic Sourcing, Fleet Services, Facilities, Governmental Affairs, Information Technology Administration, Information Technology Business Applications Wholesale and Enterprise, Information Technology Business Applications Web Service Support, Information Technology Business Applications Financial and HR Systems, Information Technology Infrastructure Services, Information Technology Communications, Information Technology User Services, Corporate Security, Information Technology Compliance, Materials Management, Continuous Improvement, Information Technology Helpdesk / Technology Integration, Procurement, Assets Blended, Accounting Accruals, Benefits and BHSC portion of the Rapid City Plant Street Facility, Midlands Data Facility and Bellevue Data Center Facility.

Holding Company Blended Ratio – 5% of costs allocated to the Holding Company, with the remaining 95% of costs allocated using a composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted.

Departments that utilize this ratio include Corporate Development, Corporate Governance and Shareholder Services, Executive Management, Finance and Treasury and Financial Reporting.

Employee Ratio – Based on the number of employees at the end of the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Departments that utilize this ratio include Safety, Human Resources Regulated, Compensation and Benefits and Organizational Development and Training. Health and welfare costs for BHC will be in a pool and allocated to subsidiaries based on the Employee Ratio.

Power Generation Capacity Ratio – Based on the total power generation capacity at the end of the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Power generation includes capacity in service and capacity under construction.

Departments that use this ratio include Power Delivery Management and Accounting-Generation Services.

Utility Asset Cost Ratio – Based on the total cost of utility assets as of December 31 for the prior year, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries. Utility assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP)..

No departments utilize this ratio, but it is a component in the Utility Blended Ratio

Utility Employee Ratio – Based on the number of utility employees at the end of the prior year ending December 31, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries.

No departments currently utilize this ratio.

Utility Gross Margin Ratio – Based on the total utility gross margin for the prior year ending December 31, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries. Utility gross margin is defined as revenue less cost of sales. Certain intercompany transaction may be excluded from utility gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Utility Blended Ratio.

Utility Payroll Dollars Ratio – Based on the total utility payroll dollars for the prior year ending December 31, the numerator of which is for an applicable BHC utility subsidiary and the denominator of which is for all applicable BHC utility subsidiaries. Utility payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000.

No departments utilize this ratio, but it is a component in the Utility Blended Ratio.

Utility Blended Ratio – A composite ratio comprised of an average of the Utility Asset Cost Ratio, the Utility Payroll Dollars Ratio, and the Utility Gross Margin Ratio. These ratios are equally weighted.

The IT Business Applications Regulated department utilizes this ratio.

Nameplate Generation Capacity Ratio – Based on the total facility's power generation capacity at the end of the prior year ending December 31, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Nameplate generation includes capacity in service and capacity under construction at the facility.

The Generation Plant Operations and CPGS Plant Operations departments utilize this ratio.

Square Footage Ratio – The total square footage of a given facility, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

The Rapid City Plant Street Facility, Baken Park Facility, and the Denver Office Facility utilize this ratio.

Tab A2

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 60: Approved
OMB No. 1902-0215
Expires 04/30/2016



FERC FINANCIAL REPORT

FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Black Hills Utility Holdings, Inc.

Year of Report

Dec 31, 2015

**FERC FORM NO. 60
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent Black Hills Utility Holdings, Inc.		02 Year of Report Dec 31, <u>2015</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 625 Ninth Street, Rapid City, SD 57701		06 Name of Contact Person Esther J. Newbrough
07 Title of Contact Person Vice President - Corporate Controller		08 Address of Contact Person 625 Ninth Street, Rapid City, SD 57701
09 Telephone Number of Contact Person (605) 721-2398		10 E-mail Address of Contact Person esther.newbrough@blackhillscorp.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 06/09/2008	14 If Not Incorporated, Date of Organization / /	
15 State or Sovereign Power Under Which Incorporated or Organized SOUTH DAKOTA		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: Black Hills Corporation		
CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that: I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
17 Name of Signing Officer Esther Newbrough	19 Signature of Signing Officer Esther Newbrough	20 Date Signed (Month, Day, Year)
18 Title of Signing Officer Vice President - Corporate Controller		

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

List of Schedules and Accounts

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.

Line No.	Description (a)	Page Reference (b)	Remarks (c)
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	
5	Schedule V - Accounts Receivable from Associate Companies	106	
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None
7	Schedule VII - Stores Expense Undistributed	108	None
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None
9	Schedule IX - Miscellaneous Deferred Debits	110	
10	Schedule X - Research, Development, or Demonstration Expenditures	111	None
11	Schedule XI - Proprietary Capital	201	
12	Schedule XII - Long-Term Debt	202	
13	Schedule XIII - Current and Accrued Liabilities	203	
14	Schedule XIV - Notes to Financial Statements	204	
15	Schedule XV - Comparative Income Statement	301-302	
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306	
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307	
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308	
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307	
23	Schedule XX - Organization Chart	401	
24	Schedule XXI - Methods of Allocation	402	

Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		Service Company Property			
2	101	Service Company Property	103	24,656,278	24,686,278
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	10,701,489	13,698,065
6		Total Property (Total Of Lines 2-5)		35,357,767	38,384,343
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	2,681	(30,330)
8	111	Less: Accumulated Provision for Amortization of Service Company Property			
9		Net Service Company Property (Total of Lines 6-8)		35,355,086	38,414,673
10		Investments			
11	123	Investment In Associate Companies	105	628,668,355	625,254,072
12	124	Other Investments	105		
13	128	Other Special Funds	105	10,000	10,000
14		Total Investments (Total of Lines 11-13)		628,678,355	625,264,072
15		Current And Accrued Assets			
16	131	Cash		5,814,891	4,325,247
17	134	Other Special Deposits			
18	135	Working Funds			
19	136	Temporary Cash Investments			
20	141	Notes Receivable		234,000,000	419,000,000
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		297,953	2,031,701
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	85,757,744	100,604,407
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies		15,883	15,279
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		7,835,298	5,895,275
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets – Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		333,721,769	531,871,909
36		Deferred Debits			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		34,638,684	30,889,964
39	183	Preliminary Survey And Investigation Charges		1,487,672	
40	184	Clearing Accounts			259
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits		191,990,414	2,715,333
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		37,122,310	32,705,193
46		Total Deferred Debits (Total of Lines 37-45)		265,239,080	66,310,749
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		1,262,994,290	1,261,861,403

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule I - Comparative Balance Sheet (continued)

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		Proprietary Capital			
49	201	Common Stock Issued	201	1,000	1,000
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	18,500,000	(2,500,000)
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	535,697,788	561,099,149
54	219	Accumulated Other Comprehensive Income	201	(53,762)	(57,812)
55		Total Proprietary Capital (Total of Lines 49-54)		554,145,026	558,542,337
56		Long-Term Debt			
57	223	Advances From Associate Companies	202	419,000,000	419,000,000
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)		419,000,000	419,000,000
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages		442,848	292,639
65	228.3	Accumulated Provision For Pensions and Benefits			
66	230	Asset Retirement Obligations			
67		Total Other Non-current Liabilities (Total of Lines 63-66)		442,848	292,639
68		Current and Accrued Liabilities			
69	231	Notes Payable			
70	232	Accounts Payable		7,902,058	7,274,573
71	233	Notes Payable to Associate Companies	203	74,382,328	64,847,159
72	234	Accounts Payable to Associate Companies	203	9,734,876	19,400,787
73	236	Taxes Accrued		5,145,585	5,150,624
74	237	Interest Accrued			
75	241	Tax Collections Payable		226,024	177,371
76	242	Miscellaneous Current and Accrued Liabilities	203	5,648,028	5,752,532
77	243	Obligations Under Capital Leases -- Current			
78	244	Derivative Instrument Liabilities		12,706,126	8,882,566
79	245	Derivative Instrument Liabilities -- Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		115,745,025	111,485,612
81		Deferred Credits			
82	253	Other Deferred Credits		41,111,100	47,785,365
83	254	Other Regulatory Liabilities		7,876,078	9,098,567
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		15,022,237	10,957,466
87	283	Accumulated deferred income taxes-Other		109,651,976	104,699,417
88		Total Deferred Credits (Total of Lines 82-87)		173,661,391	172,540,815
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		1,262,994,290	1,261,861,403

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
--	---	--	------------------------

FOOTNOTE DATA

Schedule Page: 101 Line No.: 24 Column: d

BHUH Property and Accumulated Provision (lines 2, 4, 7 and 8) are allocated to subsidiaries. The associated receivable from the allocation is included in account 146 along with other intercompany receivables, including interest related to notes receivable from associated companies.

Schedule Page: 101 Line No.: 42 Column: d

Colorado portion of Black Hills Corp debt of \$525M was moved from short term to long term debt. Approval was received from Colorado PUC to move this debt from short term to long term. This totaled \$185,000,000. This footnote also applies to line 20 account 141.

Schedule Page: 101 Line No.: 72 Column: d

Interest payable from subsidiaries is included in Accounts Payables to Associated Companies account 234 (line 72) on the balance sheet.

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization	24,656,278				24,656,278
2	303	Miscellaneous Intangible Plant	30,000		30,000		
3	306	Leasehold Improvements					
4	389	Land and Land Rights	646,324			(646,324)	
5	390	Structures and Improvements	8,261,068	90	3,289	(8,257,869)	
6	391	Office Furniture and Equipment	82,983,514	17,142,121	1,219,581	(98,906,054)	
7	392	Transportation Equipment	698,363	130,919	36,229	(793,053)	
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment	629,344		7,668	(621,676)	
10	395	Laboratory Equipment	159,419	27,774	21,612	(165,581)	
11	396	Power Operated Equipment					
12	397	Communications Equipment	167,929	192,007		(359,936)	
13	398	Miscellaneous Equipment	32,625	(301)		(32,324)	
14	399	Other Tangible Property	10,285,750	4,256,215	49,551	(14,492,414)	
15	399.1	Asset Retirement Costs					
16		Total Service Company Property (Total of Lines 1-15)	128,550,614	21,748,825	1,367,930	(124,275,231)	24,656,278
17	107	Construction Work in Progress:					
18		Accounting Accruals	124,896	615,646		(288,383)	452,159
19		AMI Hardware	32,936	328,156		(50,811)	310,281
20		Software Conversions	6,138,937	10,580,607		(7,042,876)	9,676,668
21		SCADA Systems	110,469	325,426		(415,978)	19,917
22		Vehicles	71,662	123,703		(130,919)	64,446
23		Field Collection System	6,781,966	6,604,011		(13,387,113)	(1,136)
24		Facilities	437,199	4,380,984		(4,639,029)	179,154
25							
26							
27							
28							
29							
30							
31		Total Account 107 (Total of Lines 18-30)	13,698,065	22,958,533		(25,955,109)	10,701,489
32		Total (Lines 16 and Line 31)	38,384,343	44,707,358			35,357,767

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 103 Line No.: 1 Column: g

Plant Acquisition Adjustment is not allocated to the subsidiaries.

Schedule Page: 103 Line No.: 16 Column: c

The true beginning property balance is \$24,656,278 for property that is not allocated. The other beginning balances in column c are the reversal of the entry which allocated all property at 12/31/2014. Information is presented in this format to show the flow of activity and the amount of property that is allocated by BHUH.

Schedule Page: 103 Line No.: 31 Column: g

Construction Work In Progress is not allocated to the subsidiaries.

Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant			30,000	30,000	
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements	2,184,495	149,775	3,289	(2,330,981)	
6	391	Office Furniture and Equipment	66,665,687	3,463,615	1,219,581	(68,912,402)	(2,681)
7	392	Transportation Equipment	125,193	75,593	32,587	(168,199)	
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment	(661,768)	43,815	7,668	625,621	
10	395	Laboratory Equipment	(84,670)	10,452	21,612	95,830	
11	396	Power Operated Equipment					
12	397	Communications Equipment	(113,110)	11,953		101,157	
13	398	Miscellaneous Equipment	11,604	1,320		(12,924)	
14	399	Other Tangible Property	(1,791,940)	298,200	16,296	1,510,036	
15	399.1	Asset Retirement Costs					
16		Total	66,335,491	4,054,723	1,331,033	(69,061,862)	(2,681)

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date: (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 104 Line No.: 6 Column: d

Includes allocations from Black Hills Service Company (a related company) of \$380,099.

Schedule Page: 104 Line No.: 16 Column: c

The true beginning Accumulated Provision balance is \$12,833 for Retirement Work in Progress which is not allocated. The other beginning balance activity in column c is the reversal of the entry which allocated all property at 12/31/2014. Information is presented in this format to show the flow of activity and the amount of Accumulated Provision allocated by BHUH.

Schedule Page: 104 Line No.: 16 Column: f

Includes the allocation of Accumulated Provision for Depreciation which is allocated monthly to subsidiaries and other miscellaneous adjustments.

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date: (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 105 Line No.: 3 Column: d

Holds the loss deposit and prefunding fee for Specialty Services, a Third Party Administrator.

Schedule V – Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	Accounts Receivable From Associate Companies		
2		Associate Company:		
3		Black Hills Power, Inc	9,023,803	12,045,257
4		Cheyenne Light Fuel & Power Company	4,282,413	6,878,819
5		Black Hills Utility Holdings Company	8,030,712	
6		Black Hills Kansas Gas Utility Company, LLC	12,088,797	9,751,140
7		Black Hills Iowa Gas Utility Company, LLC	19,758,842	14,661,960
8		Black Hills Nebraska Utility, LLC	20,514,240	16,909,123
9		Black Hills Colorado Electric Utility Company, LP	15,960,409	16,536,149
10		Black Hills Colorado Gas Utility Company, LP	9,196,809	7,889,466
11		Black Hills Northwest Wyoming Gas Utility Company, LLC		14,129
12		Black Hills Shoshone Pipeline, LLC		1,352
13				
14				
15				
16		Non Associate Company:		
17		Black Hills Wyoming, LLC	582	2,041
18		Black Hills Non-Regulated Holdings, LLC		2,878
19		Black Hills Colorado IPP, LLC	5,569	1,110
20		Black Hills Exploration & Production, Inc	4,920	31,660
21		Black Hills Corporation	1,482,938	297,440
22		Black Hills Service Company	254,373	735,220
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total		100,604,407	85,757,744

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 106 Line No.: 5 Column: c

BHUH 2014 receivable is the result of an asset transfer within BHUH which also created an offsetting payable in account 234.

Schedule VI – Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total				

Schedule VII – Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total				

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total			

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Items List:		
3		Deferred Gas Cost	420,044	312,800
4		Meter Shop Cap Exp State Alloc	(4,289,792)	
5		I/C Notes Receivable		185,000,000
6		Deferred Assets - Other		100,979
7		Unrecovered Purchase Gas Cost	6,585,081	6,576,635
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total		2,715,333	191,990,414

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 110 Line No.: 4 Column: c

The Meter Shop allocation account is no longer utilized due to a process change. Beginning in January 2015 meters are no longer allocated, but transferred to the books of the subsidiary companies.

Schedule Page: 110 Line No.: 5 Column: d

Colorado portion of Black Hills Corp debt of \$525M was moved from short term to long term debt. Approval was received from Colorado PUC to move this debt from short term to long term. This totaled \$185,000,000.

Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Amount (c)
1	188	Research, Development, or Demonstration Expenditures	
2		Project List:	
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40	Total		

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XI - Proprietary Capital

1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	1,000,000
2			Par or Stated Value per Share	1.00
3			Outstanding Number of Shares	1,000
4			Close of Period Amount	1,000
5		Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		18,500,000
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		(53,762)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	561,099,149
13			Net Income or (Loss)	49,651,431
14			Dividend Paid	(75,052,792)
15			Balance at Close of Year	535,697,788

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 201 Line No.: 14 Column: d
Includes a non-cash dividend to BHC (parent company of BHUH) of 75,052,792.

Schedule XII – Long Term Debt

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).
2. For the deductions in Column (h), please give an explanation in a footnote.
3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number	Title of Account	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		Black Hills Corporation	116 Months	08/30/2023	4.40000		419,000,000		419,000,000
4									
5									
6									
7									
8									
9									
10									
11									
12									
13		TOTAL					419,000,000		419,000,000
14	224	Other Long-Term Debt							
15		List Creditor:							
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		TOTAL							

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XIII – Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies		
2		Black Hills Power	64,847,159	74,382,328
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24	234	Accounts Payable to Associate Companies		
25		Black Hills Power, Inc	282,842	311,870
26		Cheyenne Light Fuel & Power Company	533,404	197,236
27		Black Hills Utility Holding Company	8,030,712	
28		Black Hills Kansas Gas Utility Company, LLC	308,128	85,549
29		Black Hills Iowa Gas Utility Company, LLC	292,522	101,183
30		Black Hills Nebraska Gas Utility Company, LLC	437,293	131,135
31		Black Hills Colorado Electric Utility Company, LP	5,185,368	2,340,604
32		Black Hills Colorado Gas Utility Company, LP	247,403	16,729
33		Black Hills Northwest Wyoming Gas Utility Company, LLC		552
34				
35		Accounts Payable to Non Associate Companies		
36		Wyodak Resources Development Corporation	1,097	632
37		Black Hills Wyoming, LLC	1,802	
38		Black Hills Exploration & Production, Inc	65	36,704
39		Black Hills Corporation	56,913	1,619,876
40		Black Hills Service Company, LLC	4,023,238	4,892,806
41	242	Miscellaneous Current and Accrued Liabilities	57,701	57,269
42		Accrued Benefits Compensated Absences	589,910	746,426
43		Accrued Incentive and Bonus	3,547,262	3,503,267
44		Accrued Payroll	801,465	599,986
45		SFAS 106 Current Portions	443,000	468,000
46		Accrued LT Performance Plan	176,317	12,322
47		Accrued Benefits 401K	136,877	260,758
48				
49				

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date: (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 203 Line No.: 27 Column: c

BHUH 2014 payable is the result of an asset transfer within BHUH which also created an offsetting receivable in account 146.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

BHUH Notes to Financial Statements - FERC FORM 60

Note 1 - BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description

Black Hills Utility Holdings, Inc. (the "Company," "us," "we," or "our") is a direct whollyowned subsidiary of Black Hills Corporation ("BHC" or the "Parent"). We are a combination electric and gas public utility serving electric utility customers in Colorado and gas utility customers in Colorado, Iowa, Kansas and Nebraska.

Significant Accounting Policies

Basis of Presentation and Principles of Consolidation — The consolidated financial statements include the accounts of Black Hills Utility Holdings, Inc. and its wholly-owned and majority-owned and controlled subsidiaries. Our Consolidated Statements of Income and Comprehensive Income include operating activity of acquired companies beginning with their acquisition date. We use the proportionate consolidation method to account for our ownership interest in any jointly-owned electric utility wind project. All inter-company balances and transactions have been eliminated in consolidation. The financial statements include consideration of events through March 28, 2016.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Regulatory Accounting — Our operations are subject to regulation by state and federal agencies. The accounting policies followed are generally subject to the Uniform System of Accounts of FERC.

Our financial statements follow accounting standards for regulated operations and reflect the effects of the different rate making principles followed by FERC, CPUC, IUB, KCC and NPSC regulating our operations. If rate recovery of utility-related costs becomes unlikely or uncertain, due to competition or regulatory action, this accounting standard may no longer apply to our regulated utility operations. In the event we determine that our gas or electric companies no longer meet the criteria for following accounting standards for regulated operations, the accounting impact could be an extraordinary non-cash charge to operations, which could be material.

We periodically file ECAs and GCAs to be included in tariff rates which are based on forecasts of the upcoming year's energy costs and the balance of the prior year's over- or under-recovered costs. To the extent that energy costs are under-recovered or over-recovered, they are recorded as a regulatory asset or liability, respectively.

Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash represents cash we do not have ready access to.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

Materials, Supplies and Fuel

Materials, supplies and fuel used for construction, operation and maintenance purposes are generally stated at cost on a weighted-average basis.

Property, Plant and Equipment

Additions to property, plant and equipment are recorded at cost when placed in service and include AFUDC. The cost of regulated utility property, plant and equipment retired, or otherwise disposed of in the ordinary course of business, less salvage, is charged to accumulated depreciation. Repairs and maintenance of property are charged to operations as incurred.

AFUDC — AFUDC included in the cost of regulated construction projects represents the approximate composite cost of borrowed funds and a return on capital used to finance the project. The borrowed funds component of AFUDC for the years ended December 31, 2015 and 2014 was \$0.6 million and \$0.5 million, respectively, and is included as a reduction to Interest expense in the accompanying Consolidated Statements of Income and Comprehensive Income. The AFUDC was computed at an annual composite rate of 4.3% and 4.3% in 2015 and 2014, respectively.

Goodwill and Intangible Assets

Under accounting standards for goodwill and intangible assets, goodwill and intangible assets with indefinite lives are not amortized, but the carrying values are reviewed annually for impairment (or more frequently if impairment indicators arise). Intangible assets with a finite life continue to be amortized over their estimated useful lives and are reviewed for impairment as impairment indicators arise.

Impairment of Long-Lived Assets — We periodically evaluate whether events and circumstances have occurred which may affect the estimated useful life or the recoverability of the remaining balance of our long-lived assets. If such events or circumstances were to indicate that the carrying amount of these assets was not recoverable, we would estimate the future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) was less than the carrying amount of the long-lived assets, we would recognize an impairment loss. No impairment loss was recorded during 2015 or 2014.

Asset Retirement Obligations — We initially record liabilities for the present value of retirement costs for which a legal obligation exists, with an equivalent amount added to the asset cost. The asset is then depreciated or depleted over the appropriate useful life and the liability is accreted over time by applying an interest method of allocation. Any difference in the actual cost of the settlement of the liability and the recorded amount is recognized as a gain or loss in the results of operations.

Derivatives and Hedging Activities

Accounting standards for derivative and hedging activities require that derivative instruments that do not meet the requirements of normal purchase/normal sale, be recorded on the balance sheet as either an asset or liability measured at its fair value. The accounting standards also require that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The financial instruments we utilize have been entered into to reduce our utility customers' underlying exposure to fluctuations in gas prices. Although these qualify as derivatives and are marked-to-market, the change in market value is recorded in regulatory assets or regulatory liabilities in accordance with accounting standards for regulated utility operations.

Fair Value Measures — Accounting standards for fair value measurements require, among other things, disclosures about assets and liabilities carried at fair value and also provide a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Utility Holdings, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XIV- Notes to Financial Statements			

measurement date. As permitted under accounting standards for fair value measurements, we utilize a mid-market pricing convention (the mid-point price between bid and ask prices) as a practical expedient for valuing a significant portion of the assets and liabilities measured and reported at fair value.

Income Taxes

We use the asset and liability method in accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized, at currently enacted income tax rates, to reflect the tax effect of temporary differences between the financial and tax basis of assets and liabilities as well as operating loss and tax credit carry forwards. Such temporary differences are the result of provisions in the income tax law that either require or permit certain items to be reported on the income tax return in a different period than they are reported in the consolidated financial statements.

We file a consolidated federal income tax return with other BHC affiliates. Each tax paying entity records income taxes as if it were a separate taxpayer and consolidating adjustments are allocated to the subsidiaries based on separate company computations of taxable income or loss.

We recognize interest income or interest expense and penalties related to income tax matters in Income tax (expense) benefit on the Consolidated Statements of Income. We account for uncertainty in income taxes recognized in the financial statements in accordance with accounting standards for income taxes. The unrecognized tax benefit is classified in Other - non-current liabilities on the Company's Consolidated Balance Sheets.

Revenue Recognition

Revenue is recognized when there is persuasive evidence of an arrangement with a fixed or determinable price, delivery has occurred or services have been rendered, and collectibility is reasonably assured. Utility revenues are based on authorized rates approved by the state regulatory agencies and FERC. Revenues related to the sale, transmission and distribution of electricity and gas service are generally recorded when service is rendered or energy is delivered to customers, however, the determination of the energy sales to individual customers is based on systematic meter readings throughout a month. Meters that are not read during a given month are estimated and revised to actual use in a future period. At the end of each month, amounts of energy delivered to customers since the date of their last meter reading are estimated and the corresponding unbilled revenue is recorded.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of sales to residential, commercial, industrial, municipal and other customers all of which do not bear interest. These accounts receivable are stated at billed and unbilled amounts due net of write-offs or payment received.

Note 2. - ACQUISITION

On February 12, 2016, we acquired SourceGas from investment funds managed by Alinda Capital Partners and GE Energy Financial Services, a unit of General Electric Co., pursuant to the purchase and sale agreement executed on July 12, 2015 for approximately \$1.89 billion, which included an estimated \$200 million in capital expenditures through closing and the assumption of \$760 million in debt at closing. This transaction is subject to final post-close adjustments for capital expenditures, indebtedness and working capital. The purchase price adjustment will be determined and agreed to, subject to a review period. Accordingly, no purchase price adjustment has been reflected in these financial statements. SourceGas is a wholly-owned subsidiary of Black Hills Utility Holdings, Inc. To fund the SourceGas Transaction, BHC put in place the following permanent financing:

- On January 13, 2016, BHC completed a public debt offering of \$550 million in senior unsecured notes. The debt offering consists of \$300 million of 3.95%, 10-year senior notes due 2026, and \$250 million of 2.5%, 3-year senior notes due 2019. Net proceeds from the offering were \$546 million; and

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Utility Holdings, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XIV- Notes to Financial Statements			

• On November 23, 2015, BHC completed the offerings of common stock and equity units. BHC issued 6.325 million shares of common stock for net proceeds of \$246 million and 5.98 million equity units for net proceeds of \$290 million.

BHC funded the cash consideration and out-of-pocket expenses payable in connection with the SourceGas Acquisition using the proceeds from the above offerings, other cash on hand and draws under their revolving credit agreement. BHC's \$1.17 billion bridge commitment signed on July 12, 2015 was reduced to \$88 million on January 13, 2016, with respect to reductions from the equity and debt offerings. The remaining commitment terminated on February 12, 2016 upon closing of the SourceGas Acquisition.

The permanent financing will be assigned to the SourceGas subsidiaries in 2016 through intercompany Notes payable due to BHC.

SourceGas primarily operates four regulated natural gas utilities serving approximately 429,000 customers in Arkansas, Colorado, Nebraska and Wyoming, and a 512 mile regulated intrastate natural gas transmission pipeline in Colorado.

As the initial accounting for the business combination was not complete at the time these financial statements were issued, the purchase price allocation has not been disclosed.

Note 3. - RISK MANAGEMENT ACTIVITIES

On behalf of our Utilities, BHUH purchases and distributes natural gas in four states and our electric utility purchases natural gas fuel. During the winter heating season, our gas customers are exposed to the effect of volatile natural gas prices; therefore, as allowed or required by state utility commissions, we have entered into certain exchange traded natural gas futures, options and basis swaps to reduce our customers' underlying exposure to these fluctuations. These transactions are considered derivatives in accordance with accounting standards for derivatives and mark-to-market adjustments are recorded on the Balance Sheets as indicated below. Gains and losses, as well as option premiums, on these transactions are recorded as Regulatory assets or Regulatory liabilities in accordance with accounting standards for regulated operations. Accordingly, the earnings impact is recognized in the Consolidated Statements of Income and Comprehensive Income as a component of GCA and ECA costs when the related costs are recovered through our rates as part of GCA and ECA costs in Revenue.

Note 4. - FAIR VALUE MEASUREMENTS

Our gas hedge portfolio generally consists of futures, basis swaps and option contracts. The fair value of these financial instruments is estimated based on market trading information, where available.

Fair Value Measurements

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the placement within the fair value hierarchy levels. See Note 1 for valuation methodology.

Qualitative Disclosures

The fair values are presented on a gross basis and do not reflect the netting of asset and liability positions under terms of our master netting agreements.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

Note 5. - FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

Included in cash and cash equivalents is overnight repurchase agreement accounts, money market funds and term deposits. As part of our cash management process, excess operating cash is invested in overnight repurchase agreements with our bank. Repurchase agreements are not deposits and are not insured by the U.S. Government, the FDIC or any other government agency and involve investment risk including loss of principal. We believe however, that the market risk arising from holding these financial instruments is minimal.

Restricted Cash and Equivalents

Restricted cash represents security margin deposits on physical gas contracts primarily held in cash accounts which accrue interest.

Note 6. - RELATED PARTY TRANSACTIONS

Note Payable

As of December 31, 2015 we have \$419 million of debt in Notes payable Parent, non-current.

Non-cash Contribution to/from Parent

In 2015, we recorded a non-cash dividend to our Parent for \$75.1 million and increased the utility money pool note receivable, net by the amount of \$75.1 million. We also had a non-cash contribution from our Parent of \$21.0 million and decreased the utility money pool note receivable, net by \$21.0 million.

Money Pool Agreement

We have entered into a Utility Money Pool Agreement (the "Agreement") with BHC and Black Hills Power, an electric utility subsidiary of the Parent. Under the Agreement, we may borrow from the Utility Money Pool. The Agreement restricts us from lending funds to the Parent or to any of the Parent's non-utility subsidiaries; the Agreement does not restrict us from paying dividends to the Parent. Borrowings under the Agreement bear interest at the weighted average daily cost of our Parent company's credit facility borrowings as defined under the Agreement, or if there are no external funds outstanding on that date, the rate will be the daily one-month LIBOR plus 1%. Borrowings under the agreement are due upon demand. Outstanding advances, net were \$74,382,328 and \$64,847,159 at December 31, 2015 and 2014, respectively. At December 31, 2015, the cost of borrowing under the Utility Money Pool was 1.45%.

We had net interest payable to the Money Pool of \$0.1 million and \$0.1 million at December 31, 2015 and 2014, respectively. Net interest expense on the money pool borrowings was approximately \$0.7 million and \$0.9 million for the years ended December 31, 2015 and 2014, respectively.

Note 7. - EMPLOYEE BENEFIT PLANS

Funded Status of Benefit Plans

The funded status of postretirement benefit plans is required to be recognized in the statement of financial position. The funded status for pension plans is measured as the difference between the projected benefit obligation and the fair value of plan assets. The funded status for all other benefit plans is measured as the difference between the accumulated benefit obligation and the fair value of plan assets. A liability is recorded for an amount by which the benefit obligation exceeds the fair value of plan assets or an asset is recorded for any amount by which the fair value of plan assets exceeds the benefit obligation.

The unrecognized net periodic benefit cost, previously recorded as an offset to the liability for benefit obligations, was reclassified and recorded as a regulatory asset or regulatory liability, net of tax, in accordance with accounting standards for regulated utility operations.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Utility Holdings, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XIV- Notes to Financial Statements			

Defined Benefit Pension Plan

We have a non-contributory defined benefit pension plan (the "Pension Plan") covering the employees who meet certain eligibility requirements. Benefits are based on years of service and compensation levels during the highest four consecutive years of the last ten years of service. We use a December 31 measurement date for the Pension Plan. The Pension Plan has been closed to new employees and certain employees who did not meet age and service based criteria.

Pension Plan assets are held in a Master Trust. Our Board of Directors has approved the Plans' investment policy. The objective of the investment policy is to manage assets in such a way that will allow the eventual settlement of our obligations to the Pension Plans' beneficiaries. To meet this objective, our pension assets are managed by an outside adviser using a portfolio strategy that will provide liquidity to meet the Plans' benefit payment obligations. The Pension Plans' assets consist primarily of equity, fixed income and hedged investments. The expected long-term rate of return for investments was 6.75% and 6.75% for the 2015 and 2014 plan years, respectively. Our Pension Plan funding policy is in accordance with the federal government's funding requirements.

Supplemental Non-qualified Defined Benefit Plans

We have two supplemental retirement plans for key executives of the Company. The plans are non-qualified defined benefit plans (Supplemental Plans). The Supplemental Plans are subject to various vesting schedules. We fund on a cash basis as benefits are paid.

Non-pension Defined Benefit Postretirement Plan

Employees who retire on or after attaining age 55 and after completion of at least five years of service are entitled to postretirement healthcare benefits (the "Postretirement Plan"). These benefits are subject to premiums, deductibles, co-payment provisions, and other limitations. We may amend or change the Postretirement Plan periodically. A portion of our healthcare plan is pre-funded via VEBA and the assets are held in trust. We use a December 31 measurement date for the Postretirement Plan.

It has been determined that the Postretirement Plan's post-65 retiree prescription drug plans are actuarially equivalent and qualify for the Medicare Part D subsidy.

Benefit Obligations as of December 31, 2015

	Defined Benefit Pension Plan	Supplemental Nonqualified Defined Benefit Retirement Plan	Non-Pension Defined Benefit Postretirement Plan
Accrued liabilities	\$ --	\$ 44,000	\$ 468,000
Deferred credits and other liabilities - other	\$ 11,763,093	\$ 627,340	\$ 5,256,783
Accumulated other comprehensive income	\$ --	\$ (53,762)	\$ --

Benefit Obligations as of December 31, 2014

Defined	Supplemental Nonqualified	Non-Pension Defined Benefit
---------	------------------------------	--------------------------------

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

	<u>Benefit Pension Plan</u>	<u>Defined Benefit Retirement Plan</u>	<u>Postretirement Plan</u>
Accrued liabilities	\$ --	\$ 45,000	\$ 443,000
Deferred credits and other liabilities - other	\$ 13,535,756	\$ 570,383	\$ 5,414,918
Accumulated other comprehensive income	\$ --	\$ (57,812)	\$ --

Defined Contribution Plan

We sponsor a 401(k) retirement savings plan. Participants in the 401(k) plan may elect to invest a portion of their eligible compensation to the 401(k) Plan up to the maximum amounts established by the IRS. The 401(k) Plan provides employees the opportunity to invest up to 50% of their eligible compensation on a pretax or after-tax basis. The 401(k) Plan provides a Company Matching Contribution for all eligible participants and for certain eligible participants a Company Retirement Contribution based on the participant's age and years of service. Matching contributions vest at 20% per year with 100% vesting when the participant has five years of service with the Company.

Note 8. - SUBSEQUENT EVENT

Completion of SourceGas Acquisition

On February 12, 2016, we acquired SourceGas from investment funds managed by Alinda Capital Partners and GE Energy Financial Services, a unit of General Electric Co., pursuant to the purchase and sale agreement executed on July 12, 2015 for approximately \$1.89 billion. See Note 2 for additional details.

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XV- Comparative Income Statement

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	90,826,582	88,241,619
3		SERVICE COMPANY OPERATING EXPENSES		
4	401	Operation Expenses	71,225,797	71,110,787
5	402	Maintenance Expenses	10,757,913	8,271,947
6	403	Depreciation Expenses	4,020,284	3,458,923
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	187,677	165,620
13	409.1	Income Taxes, Operating Income	(1,069,386)	(2,598,622)
14	410.1	Provision for Deferred Income Taxes, Operating Income	23,803,501	27,720,622
15	411.1	Provision for Deferred Income Taxes – Credit, Operating Income	(20,477,377)	(25,189,992)
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
18	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense		
20	412	Costs and Expenses of Construction or Other Services		
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	2,273,871	2,927,290
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	90,722,280	85,866,575
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	104,302	2,375,044
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies	51,908,168	49,600,106
26	419	Interest and Dividend Income	974	3,665
27	419.1	Allowance for Other Funds Used During Construction		
28	421	Miscellaneous Income or Loss	49,240	54,771
29	421.1	Gain on Disposition of Property		
30		TOTAL OTHER INCOME (Total of Lines 25-29)	51,958,382	49,658,542
31		OTHER INCOME DEDUCTIONS		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	303,923	77,660
35	426.2	Life Insurance		
36	426.3	Penalties	1,123	
37	426.4	Expenditures for Certain Civic, Political and Related Activities	45,894	76,878
38	426.5	Other Deductions	522,781	49,308
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	873,721	203,846

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XV- Comparative Income Statement (continued)

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)		
47		INTEREST CHARGES		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense		
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	1,813,514	2,160,676
52	431	Other Interest Expense	(275,981)	966
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit		
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	1,537,533	2,161,642
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)	49,651,430	49,668,098
56		EXTRAORDINARY ITEMS		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		Net Extraordinary Items (Line 57 less Line 58)		
60	409.4	(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)		
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)	49,651,430	49,668,098

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Black Hills Utility Holdings, Inc.			
FOOTNOTE DATA			

Schedule Page: 301 Line No.: 62 Column: c

BHUH does not have any true income as all of BHUH's cost is allocated to the subsidiaries. As a parent company, BHUH holds the earnings from its subsidiaries, which is Equity in Earnings of Subsidiary Companies and the related income taxes.

418.1 Equity in Earnings of Subsidiary Companies \$51,908,168

(LESS)

409.1 Income Taxes, Operating Income (1,069,386)

410.1 Provision for Deferred Income Taxes, Operating Income 23,803,501

411.1 Prov for Defer Inc Taxes - Credit, Operating Income (18,220,639)

Total **\$49,651,430**

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies

1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense	16,500	4,054,723	4,071,223	(16,500)		(16,500)
2	404-405	Amortization Expense						
3	407.3-407.4	Regulatory Debits/Credits – Net						
4	408.1-408.2	Taxes Other Than Income Taxes		187,677	187,677			
5	409.1-409.3	Income Taxes						
6	410.1-411.2	Provision for Deferred Taxes						
7	411.1-411.2	Provision for Deferred Taxes – Credit						
8	411.6	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.5	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense						
12	412	Costs and Expenses of Construction or Other Services						
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies	948,997	1,290,436	2,239,433			
14	418	Non-operating Rental Income						
15	418.1	Equity in Earnings of Subsidiary Companies						
16	419	Interest and Dividend Income		974	974			
17	419.1	Allowance for Other Funds Used During Construction						
18	421	Miscellaneous Income or Loss		49,240	49,240			
19	421.1	Gain on Disposition of Property						
20	421.2	Loss on Disposition Of Property						
21	425	Miscellaneous Amortization						
22	426.1	Donations	259,897	44,026	303,923			
23	426.2	Life Insurance						
24	426.3	Penalties		1,123	1,123			
25	426.4	Expenditures for Certain Civic, Political and Related Activities	3,962	41,932	45,894			
26	426.5	Other Deductions	487,167	35,614	522,781			
27	427	Interest On Long-Term Debt						
28	428	Amortization of Debt Discount and Expense						
29	429	Amortization of Premium on Debt – Credit						
30	430	Interest on Debt to Associate Companies		1,813,514	1,813,514			
31	431	Other Interest Expense		(275,982)	(275,982)			
32	432	Allowance for Borrowed Funds Used During Construction						
33	500-509	Total Steam Power Generation Operation Expenses	2,150		2,150			
34	510-515	Total Steam Power Generation Maintenance Expenses	37,469		37,469			

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses						
36	528-532	Total Nuclear Power Generation Maintenance Expenses						
37	535-540.1	Total Hydraulic Power Generation Operation Expenses						
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses						
39	546-550.1	Total Other Power Generation Operation Expenses	23,146	33,021	56,167			
40	551-554.1	Total Other Power Generation Maintenance Expenses	38,861		38,861	24,286		24,286
41	555-557	Total Other Power Supply Operation Expenses	59,526		59,526			
42	560	Operation Supervision and Engineering	210,143	985,252	1,195,395			
43	561.1	Load Dispatch-Reliability		2,374	2,374			
44	561.2	Load Dispatch-Monitor and Operate Transmission System	212,940	1,427,717	1,640,657			
45	561.3	Load Dispatch-Transmission Service and Scheduling	377,771	259,068	636,839			
46	561.4	Scheduling, System Control and Dispatch Services	266,146		266,146			
47	561.5	Reliability Planning and Standards Development	557,686	1,204,354	1,762,040			
48	561.6	Transmission Service Studies	1,184	4,009	5,193			
49	561.7	Generation Interconnection Studies	(36,229)	3,014	(33,215)			
50	561.8	Reliability Planning and Standards Development Services	460,128		460,128			
51	562	Station Expenses (Major Only)	3,942		3,942			
52	563	Overhead Line Expenses (Major Only)	12,868	24	12,892			
53	564	Underground Line Expenses (Major Only)						
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)	17,600	47,760	65,360			
56	567	Rents						
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	2,084,179	3,933,572	6,017,751			
59	568	Maintenance Supervision and Engineering (Major Only)						
60	569	Maintenance of Structures (Major Only)						
61	569.1	Maintenance of Computer Hardware						
62	569.2	Maintenance of Computer Software						
63	569.3	Maintenance of Communication Equipment						
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
65	570	Maintenance of Station Equipment (Major Only)	19,582		19,582			
66	571	Maintenance of Overhead Lines (Major Only)	98,086		98,086			
67	572	Maintenance of Underground Lines (Major Only)						
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	255		255			

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	117,923		117,923			
71	575.1-575.8	Total Regional Market Operation Expenses						
72	576.1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	1,340,432	1,285,523	2,625,955			
74	590-598	Total Distribution Maintenance Expenses	7,105,500	252,717	7,358,217			
75		Total Electric Operation and Maintenance Expenses	12,525,709	12,647,682	25,173,391	7,786		7,786
76	700-798	Production Expenses (Provide selected accounts in a footnote)						
77	800-813	Total Other Gas Supply Operation Expenses		(2,378)	(2,378)			
78	814-826	Total Underground Storage Operation Expenses						
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses						
81	843.1-843.9	Total Other Storage Maintenance Expenses						
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses						
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses						
84	850	Operation Supervision and Engineering						
85	851	System Control and Load Dispatching.						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses						
91	857	Measuring and Regulating Station Expenses						
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses	398,029		398,029			
94	860	Rents						
95		Total Gas Transmission Operation Expenses	398,029		398,029			
96	861	Maintenance Supervision and Engineering						
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains						
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment						
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses						
104	870-881	Total Distribution Operation Expenses	263,818	1,989,770	2,253,588			

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	885-894	Total Distribution Maintenance Expenses	7,897	602,876	610,773			
106		Total Natural Gas Operation and Maintenance Expenses	669,744	2,590,268	3,260,012			
107	901	Supervision		527,234	527,234			
108	902	Meter reading expenses	1,256	38,017	39,273			
109	903	Customer records and collection expenses	3,202,001	15,067,607	18,269,608			
110	904	Uncollectible accounts	3,670,268		3,670,268			
111	905	Miscellaneous customer accounts expenses	98,516	701,640	800,156			
112	906	Total Customer Accounts Operation Expenses	6,972,041	16,334,498	23,306,539			
113	907	Supervision	1,595	266,276	267,871			
114	908	Customer assistance expenses	109,081	62,809	171,890			
115	909	Informational And Instructional Advertising Expenses	78,288	1,990	80,278			
116	910	Miscellaneous Customer Service And Informational Expenses	2,336	39,793	42,129			
117		Total Service and Informational Operation Accounts	191,300	370,868	562,168			
118	911	Supervision	3,745	192,688	196,433			
119	912	Demonstrating and Selling Expenses	115,011	177,278	292,289			
120	913	Advertising Expenses	37,773	107,523	145,296			
121	916	Miscellaneous Sales Expenses		34,707	34,707			
122		Total Sales Operation Expenses	156,529	512,196	668,725			
123	920	Administrative and General Salaries	4,656,108	20,052,662	24,708,770	560,801		560,801
124	921	Office Supplies and Expenses	305,479	3,772,046	4,077,525	96,570		96,570
125	923	Outside Services Employed	(57,152)	2,614,172	2,557,020	223,330		223,330
126	924	Property Insurance		3,540	3,540			
127	925	Injuries and Damages	684	1,136,312	1,136,996			
128	926	Employee Pensions and Benefits		492,768	492,768			
129	928	Regulatory Commission Expenses	7,303		7,303			
130	930.1	General Advertising Expenses	4,425	56,052	60,477			
131	930.2	Miscellaneous General Expenses	13,665	552,670	566,335	163		163
132	931	Rents	1,526	784,426	785,952			
133		Total Administrative and General Operation Expenses	4,932,038	29,464,648	34,396,686	880,864		880,864
134	935	Maintenance of Structures and Equipment	12,838	2,549,874	2,562,712	7,699		7,699
135		Total Administrative and General Maintenance Expenses	12,264,746	49,232,084	61,496,830	888,563		888,563
136		Total Cost of Service	25,460,199	64,470,034	89,930,233	896,349		896,349

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense		4,054,723	4,054,723
2	404-405	Amortization Expense			
3	407.3-407.4	Regulatory Debits/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes		187,677	187,677
5	409.1-409.3	Income Taxes			
6	410.1-411.2	Provision for Deferred Taxes			
7	411.1-411.2	Provision for Deferred Taxes – Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense			
12	412	Costs and Expenses of Construction or Other Services			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies	948,997	1,290,436	2,239,433
14	418	Non-operating Rental Income			
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income		974	974
17	419.1	Allowance for Other Funds Used During Construction			
18	421	Miscellaneous Income or Loss		49,240	49,240
19	421.1	Gain on Disposition of Property			
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	259,897	44,026	303,923
23	426.2	Life Insurance			
24	426.3	Penalties		1,123	1,123
25	426.4	Expenditures for Certain Civic, Political and Related Activities	3,962	41,932	45,894
26	426.5	Other Deductions	487,167	35,614	522,781
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense			
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies		1,813,514	1,813,514
31	431	Other Interest Expense		(275,982)	(275,982)
32	432	Allowance for Borrowed Funds Used During Construction			
33	500-509	Total Steam Power Generation Operation Expenses	2,150		2,150
34	510-515	Total Steam Power Generation Maintenance Expenses	37,469		37,469

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses			
36	528-532	Total Nuclear Power Generation Maintenance Expenses			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses			
39	546-550.1	Total Other Power Generation Operation Expenses	23,146	33,021	56,167
40	551-554.1	Total Other Power Generation Maintenance Expenses	63,147		63,147
41	555-557	Total Other Power Supply Operation Expenses	59,526		59,526
42	560	Operation Supervision and Engineering	210,143	985,252	1,195,395
43	561.1	Load Dispatch-Reliability		2,374	2,374
44	561.2	Load Dispatch-Monitor and Operate Transmission System	212,940	1,427,717	1,640,657
45	561.3	Load Dispatch-Transmission Service and Scheduling	377,771	259,068	636,839
46	561.4	Scheduling, System Control and Dispatch Services	266,146		266,146
47	561.5	Reliability Planning and Standards Development	557,686	1,204,354	1,762,040
48	561.6	Transmission Service Studies	1,184	4,009	5,193
49	561.7	Generation Interconnection Studies	(36,229)	3,014	(33,215)
50	561.8	Reliability Planning and Standards Development Services	460,128		460,128
51	562	Station Expenses (Major Only)	3,942		3,942
52	563	Overhead Line Expenses (Major Only)	12,868	24	12,892
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)	17,600	47,760	65,360
56	567	Rents			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	2,084,179	3,933,572	6,017,751
59	568	Maintenance Supervision and Engineering (Major Only)			
60	569	Maintenance of Structures (Major Only)			
61	569.1	Maintenance of Computer Hardware			
62	569.2	Maintenance of Computer Software			
63	569.3	Maintenance of Communication Equipment			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant			
65	570	Maintenance of Station Equipment (Major Only)	19,582		19,582
66	571	Maintenance of Overhead Lines (Major Only)	98,086		98,086
67	572	Maintenance of Underground Lines (Major Only)			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	255		255

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	117,923		117,923
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	1,340,432	1,285,523	2,625,955
74	590-598	Total Distribution Maintenance Expenses	7,105,500	252,717	7,358,217
75		Total Electric Operation and Maintenance Expenses	12,533,495	12,647,682	25,181,177
76	700-798	Production Expenses (Provide selected accounts in a footnote)			
77	800-813	Total Other Gas Supply Operation Expenses		(2,378)	(2,378)
78	814-826	Total Underground Storage Operation Expenses			
79	830-837	Total Underground Storage Maintenance Expenses			
80	840-842.3	Total Other Storage Operation Expenses			
81	843.1-843.9	Total Other Storage Maintenance Expenses			
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses			
83	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses			
84	850	Operation Supervision and Engineering			
85	851	System Control and Load Dispatching.			
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses			
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses			
91	857	Measuring and Regulating Station Expenses			
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses	398,029		398,029
94	860	Rents			
95		Total Gas Transmission Operation Expenses	398,029		398,029
96	861	Maintenance Supervision and Engineering			
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains			
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment			
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses			
104	870-881	Total Distribution Operation Expenses	263,818	1,989,770	2,253,588

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	885-894	Total Distribution Maintenance Expenses	7,897	602,876	610,773
106		Total Natural Gas Operation and Maintenance Expenses	669,744	2,590,268	3,260,012
107	901	Supervision		527,234	527,234
108	902	Meter reading expenses	1,256	38,017	39,273
109	903	Customer records and collection expenses	3,202,001	15,067,607	18,269,608
110	904	Uncollectible accounts	3,670,268		3,670,268
111	905	Miscellaneous customer accounts expenses	98,516	701,640	800,156
112	906	Total Customer Accounts Operation Expenses	6,972,041	16,334,498	23,306,539
113	907	Supervision	1,595	266,276	267,871
114	908	Customer assistance expenses	109,081	62,609	171,890
115	909	Informational And Instructional Advertising Expenses	78,288	1,990	80,278
116	910	Miscellaneous Customer Service And Informational Expenses	2,336	39,793	42,129
117		Total Service and Informational Operation Accounts	191,300	370,868	562,168
118	911	Supervision	3,745	192,688	196,433
119	912	Demonstrating and Selling Expenses	115,011	177,278	292,289
120	913	Advertising Expenses	37,773	107,523	145,296
121	916	Miscellaneous Sales Expenses		34,707	34,707
122		Total Sales Operation Expenses	156,529	512,196	668,725
123	920	Administrative and General Salaries	5,216,909	20,052,662	25,269,571
124	921	Office Supplies and Expenses	402,049	3,772,046	4,174,095
125	923	Outside Services Employed	166,178	2,614,172	2,780,350
126	924	Property Insurance		3,540	3,540
127	925	Injuries and Damages	684	1,136,312	1,136,996
128	926	Employee Pensions and Benefits		492,768	492,768
129	928	Regulatory Commission Expenses	7,303		7,303
130	930.1	General Advertising Expenses	4,425	56,052	60,477
131	930.2	Miscellaneous General Expenses	13,828	552,670	566,498
132	931	Rents	1,526	784,426	785,952
133		Total Administrative and General Operation Expenses	5,812,902	29,464,648	35,277,550
134	935	Maintenance of Structures and Equipment	20,537	2,549,874	2,570,411
135		Total Administrative and General Maintenance Expenses	13,153,309	49,232,084	62,385,393
136		Total Cost of Service	26,356,548	64,470,034	90,826,582

Name of Respondent: Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 304 Line No.: 13 Column: e

The following activity was included in 416:

413000 EXP OF PROPERTY LEASED TO OTHER	-898
416000 EXP MERCH JOBBING & CONTRACT	13,324
417000 NONUTILITY REVENUES	- 433
417100 NONUTILITY EXPENSES - COS	111,132
417101 NONUTILITY EXP - OTHER O&M	129,692
417158 NONUTILITY OPS EXPENSE OTHER	34,873
417160 NONUTILITY SELLING EXPENSE	1,260,021
417161 NONUTILITY ADMIN & GENERAL	311,952
417162 ADMIN AND GEN-EMPL BENEFITS	249,070
417165 EXP FOR UNCOLLECT ACCT NONREG	130,700
TOTAL	2,239,433

Schedule Page: 304 Line No.: 40 Column: h

Includes account 604230 NON_REG POWER GENERATION O&M - \$24,286

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XVII - Analysis of Billing - Associate Companies (Account 457)

1. For services rendered to associate companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Black Hills Power, Inc	7,794,168	11,796,157		19,590,325
2	Cheyenne Light Fuel & Power Company	2,665,933	6,563,152		9,229,085
3	Black Hills Kansas Gas Utility Company, LLC	2,662,109	7,863,506		10,525,615
4	Black Hills Iowa Gas Utility Company, LLC	2,734,199	9,979,039		12,713,238
5	Black Hills Nebraska Gas Utility Company, LLC	2,562,147	13,114,216		15,676,363
6	Black Hills Colorado Electric Utility Company, LLC	5,955,493	10,521,123		16,476,616
7	Black Hills Colorado Gas Utility Company, LP	996,414	4,632,841		5,629,255
8	Black Hills Northwest Wyoming Gas Utility, LLC	87,198			87,198
9	Black Hills Shoshone Pipeline, LLC	2,538			2,538
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total	25,460,199	64,470,034		89,930,233

Name of Respondent Black Hills Utility Holdings, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	Wyodak Resources Development Corporation	29				29
2	Black Hills Wyoming, LLC	11,975				11,975
3	Black Hills Electric Generation, LLC	7,699				7,699
4	Black Hills Non-Regulated Holdings, LLC					
5	Black Hills Colorado IPP, LLC	12,311				12,311
6	Black Hills Exploration & Production, Inc	13,692				13,692
7	Black Hills Corporation	726,856				726,856
8	Black Hills Service Company, LLC	123,787				123,787
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	Total	896,349				896,349

Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.

2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	Industry Association Dues for Company Membership	386,418
2	Market Research Data Subscription	36,801
3	Director Retainers & Fees	38,930
4	Handouts & Brochures	46,922
5	Other	57,426
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	Total	566,497

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XX - Organization Chart			

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

OFFICER	TITLE
David R. Emery	Chairman and Chief Executive Officer
Linden R. Evans	President and Chief Operating Officer
Anthony S. Cleberg	Executive Vice President (a)
Richard W. Kinzley	Senior Vice President and Chief Financial Officer (b)
Steven J. Helmers	Senior Vice President, General Counsel and Chief Compliance Officer (also Assistant Secretary)
Robert A. Myers	Senior Vice President – Chief Human Resources Officer
Scott A. Buchholz	Senior Vice President – Chief Information Officer
Brian G. Iverson	Senior Vice President – Regulatory and Government Affairs and Assistant General Counsel
Roxann R. Basham	Vice President – Governance and Corporate Secretary
Stephen L. Pella	Vice President – Corporate Affairs (c)
Perry S. Krush	Vice President – Supply Chain
Esther J. Newbrough	Vice President – Corporate Controller (d)
Kimberly F. Nooney	Vice President – Treasurer (e)
Kyle D. White	Vice President – Regulatory Affairs
Jeffrey B. Berzina	Vice President – Strategic Planning and Development
Stuart A. Wevik	Vice President – Utility Operations
Ivan Vancas	Vice President – Operations Services
Mark L. Lux	Vice President and General Manager – Power Delivery
Richard C. Loomis	Vice President – Energy Asset Optimization
Randy D. Winkelman	Vice President – Customer Service (f)
Steven M. Jurek	Vice President – Regulatory Services (g)
Vacant	Vice President – Regulatory Services and Resource Planning (h)

(a) Anthony S. Cleberg's title changed from Executive Vice President and Chief Financial Officer to Executive Vice President on January 1, 2015; he retired effective April 1, 2015

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XX - Organization Chart			

(b) Richard W. Kinzley's title changed from Vice President – Corporate Controller to Senior Vice President and Chief Financial Officer on January 1, 2015

(c) Stephen L. Pella retired in June 2015

(d) Esther J. Newbrough was appointed Vice President – Corporate Controller effective January 5, 2015

(e) Kimberly F. Nooney was appointed Vice President – Treasurer effective January 5, 2015

(f) Randy D. Winkelman retired in June 2015

(g) Steven M. Jurek's title changed from vice President – Regulatory Services to Director – Regulatory; thereby eliminating this officer position

(h) The vacant position of Vice President – Regulatory Services and Resource Planning was eliminated

BOARD OF DIRECTORS

David R. Emery	Chairman
Linden R. Evans	Director
Steven J. Helmers	Director
Richard W. Kinzley	Director

Name of Respondent Black Hills Utility Holdings, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XXI - Methods of Allocation			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Any asset ratios and employee and customer count ratios are calculated as of period-end dates, while revenue and expense ratios are calculated for twelve months ended as of period-end dates.

Asset Cost Ratio – Based on the net cost of assets as of December 31 for the prior year, the numerator of which is for an applicable operating company and the denominator of which is all applicable operating companies. Assets are limited to property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP).

No departments utilize this ratio, but it is a component in the Blended Ratio.

Gross Margin Ratio – Based on the total gross margin for the prior year ending December 31, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies. Gross margin is defined as revenue less cost of sales. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party.

No departments utilize this ratio, but it is a component in the Blended Ratio.

Payroll Dollar Ratio –Based on the total payroll dollars for the prior year ending December 31, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the for an applicable operating company and the denominator of which is for all applicable operating companies. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an

Name of Respondent	This Report is:	Resubmission Date.	Year of Report
Black Hills Utility Holdings, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XXI - Methods of Allocation			

employee's W-2 for gross-up and income tax purposes, such as life insurance premiums of \$50,000.

No departments utilize this ratio, but it is a component in the Blended Ratio.

Blended Ratio – A composite ratio comprised of an average of the Asset Cost Ratio, Payroll Dollar Ratio and the Gross Margin Ratio. These factors are equally weighted. This factor is sometimes referred to as the general allocation factor.

There are currently several variations of the Blended ratio that are specific to the segment that are appropriate for which charges are being allocated. For example, charges for electric engineering department labor would utilize an electric blended ratio whereby no allocations would be charged to a gas utility.

As of December 31, 2014 BHUH is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department

Electric Blended

Gas Blended

BHE Blended

All Regulated Utility Blended

Departments that utilize this ratio include BHUH benefits loading, retiree, BHUH

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Black Hills Utility Holdings, Inc.			
Schedule XXI - Methods of Allocation			

accounting accruals, all blended assets, electric blended assets, gas blended assets, electric engineering services, electric regulatory services, utility margin accounting, utility financial management, utility accounting, utility operations management, utility market services, power supply and renewables, and gas regulatory services.

Any department at Black Hills Corp that appropriately charges a BHUH operating unit but is not part of the predefined allocation design will also utilize the Blended Allocator Ratio. For example if a BHSC IT department provides maintenance on the SCADA system supporting the regulated electric companies they would charge BHUH operating unit 201900 and these costs would be allocated using the Blended Ratio across the regulated electric companies.

Customer Count Ratio – Based on the number of customers at the end of the prior year ending December 31, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

There are currently several variations of the Customer Count ratio that are specific to the type of customers that are appropriate to the department for which charges are being allocated. For example a department that supports gas engineering would be allocated based on gas customers only whereas a general customer service department would be allocated based on total customers.

As of December 31, 2014 BHUH is utilizing the following customer counts to calculate customer count ratios additional variations may be added if additional product lines are added or in the event that additional segmentation of customers are deemed appropriate to most effectively allocate costs from a specific department

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Utility Holdings, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XXI - Methods of Allocation			

Regulated Electric Customers

Regulated Gas Customers

Non-Regulated Customers

Total Customers

Departments that utilize this ratio include gas supply services administration, computer aided dispatch, FAME assets, general assets, work management assets, regulated generation assets, customer blended assets, electric AMI blended assets, gas engineering services, GIS support, general meter shop, customer service management, Lincoln customer service center, Omaha customer account services, Rapid City customer service support, Rapid City customer account services, Rapid City customer service center, large volume billing, customer service center support, bill processing, Lincoln field resource center, Rapid City field resource center, service guard marketing, lockbox & bill-print, and appliance technical training.

Transmission Ratio – Based on a simple average of a multiple of cross-sectional drivers for the transmission function that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units. The numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

The departments that utilize this ratio include transmission planning, NERC compliance, FERC tariff and compliance, transmission and distribution reliability, NERC transmission and tech support, and transmission service management.

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 60 Approved
OMB No. 1902-0215
Expires 04/30/2016



FERC FINANCIAL REPORT

FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Black Hills Service Company, LLC

Year of Report

Dec 31, 2015

**FERC FORM NO. 60
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION

01 Exact Legal Name of Respondent Black Hills Service Company, LLC		02 Year of Report Dec 31, <u>2015</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 625 9th Street, Rapid City, SD 57701	06 Name of Contact Person Esther Newbrough	
07 Title of Contact Person Vice President and Corporate Controller	08 Address of Contact Person 625 9th Street, Rapid City, SD 57701	
09 Telephone Number of Contact Person (605) 721-2398	10 E-mail Address of Contact Person esther.newbrough@blackhillscorp.com	
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	12 Resubmission Date (Month, Day, Year) / /	
13 Date of Incorporation / /	14 If Not Incorporated, Date of Organization / /	
15 State or Sovereign Power Under Which Incorporated or Organized SOUTH DAKOTA		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: Black Hills Corporation		

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

17 Name of Signing Officer Esther Newbrough	19 Signature of Signing Officer Esther Newbrough	20 Date Signed (Month, Day, Year) 05/02/2016
18 Title of Signing Officer Vice President - Corporate Controller		

Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		Service Company Property			
2	101	Service Company Property	103	0	0
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified		0	0
5	107	Construction Work In Progress	103	4,675,595	3,561,479
6		Total Property (Total Of Lines 2-5)		4,675,595	3,561,479
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	(956)	10,008
8	111	Less: Accumulated Provision for Amortization of Service Company Property			
9		Net Service Company Property (Total of Lines 6-8)		4,676,551	3,551,471
10		Investments			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105		
13	128	Other Special Funds	105	6,186,422	5,754,034
14		Total Investments (Total of Lines 11-13)		6,186,422	5,754,034
15		Current And Accrued Assets			
16	131	Cash			
17	134	Other Special Deposits			
18	135	Working Funds			
19	136	Temporary Cash Investments			
20	141	Notes Receivable		0	11,712,003
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		726,177	520,782
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	47,648,003	36,290,314
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies		22,076	73,803
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		5,522,701	5,339,478
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets - Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		53,918,957	53,936,380
36		Deferred Debits			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets			
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits		355,371	
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes			
46		Total Deferred Debits (Total of Lines 37-45)		355,371	
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		65,137,301	63,241,885

Schedule I - Comparative Balance Sheet (continued)

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		Proprietary Capital			
49	201	Common Stock Issued	201		
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	100,000	100,000
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	(778,368)	(778,368)
54	219	Accumulated Other Comprehensive Income	201	(18,571,459)	(24,372,759)
55		Total Proprietary Capital (Total of Lines 49-54)		(19,249,827)	(25,051,127)
56		Long-Term Debt			
57	223	Advances From Associate Companies	202		
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)			
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages		494,460	333,390
65	228.3	Accumulated Provision For Pensions and Benefits			
66	230	Asset Retirement Obligations			
67		Total Other Non-current Liabilities (Total of Lines 63-66)		494,460	333,390
68		Current and Accrued Liabilities			
69	231	Notes Payable			
70	232	Accounts Payable		7,674,747	6,435,846
71	233	Notes Payable to Associate Companies	203	470,675	
72	234	Accounts Payable to Associate Companies	203	4,139,107	1,540,067
73	236	Taxes Accrued		915,872	886,327
74	237	Interest Accrued			
75	241	Tax Collections Payable		341,251	291,447
76	242	Miscellaneous Current and Accrued Liabilities	203	13,741,117	18,834,367
77	243	Obligations Under Capital Leases – Current			
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities – Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		27,282,769	27,988,054
81		Deferred Credits			
82	253	Other Deferred Credits		56,609,899	59,971,568
83	254	Other Regulatory Liabilities			
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property			
87	283	Accumulated deferred income taxes-Other			
88		Total Deferred Credits (Total of Lines 82-87)		56,609,899	59,971,568
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		65,137,301	63,241,885

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 101 Line No.: 2 Column: d

Includes Allocation of Service Company Property, which is allocated monthly to subsidiaries.

Schedule Page: 101 Line No.: 2 Column: e

Includes allocation of Service Company property, which is allocated monthly to subsidiaries.

Schedule Page: 101 Line No.: 4 Column: d

Includes allocation of Service Company property, which is allocated monthly to subsidiaries.

Schedule Page: 101 Line No.: 4 Column: e

Includes allocation of Service Company property, which is allocated monthly to subsidiaries.

Schedule Page: 101 Line No.: 5 Column: d

Construction Work in Progress is not allocated.

Schedule Page: 101 Line No.: 5 Column: e

Construction Work In Progress is not allocated.

Schedule Page: 101 Line No.: 7 Column: d

Includes allocation of Service Company Accumulated Provision, which is allocated monthly to subsidiaries. Retirement Work In Progress is not allocated.

Schedule Page: 101 Line No.: 7 Column: e

Includes allocation of Service Company Accumulated Provision, which is allocated monthly to subsidiaries. Retirement Work in Progress is not allocated.

Schedule Page: 101 Line No.: 20 Column: d

The balance in this account is reflective of cash activity for BHSC. At year end 2014, BHSC was a "net contributor" to the money pool. At year end 2015, BHSC was a "net user" of money pool funds. This change is reflected in account 233050 which is the liability associated with the money pool. 233050 had a 0 balance year ended 2014 and has a balance for year end 2015.

Schedule Page: 101 Line No.: 24 Column: d

Service Company Property (lines 2 and 4) and accumulated Provision for Depreciation (line 7) are allocated to the subsidiaries. The associated receivable from the allocation is included in account 146

Schedule Page: 101 Line No.: 53 Column: d

Includes a cumulative effect of an accounting adjustment made in prior years.

Schedule Page: 101 Line No.: 53 Column: e

Includes a cumulative effect of an accounting adjustment made in prior years.

Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights	291,371			(291,371)	
5	390	Structures and Improvements	3,314,603	916,293	1,500	(4,229,396)	
6	391	Office Furniture and Equipment	48,357,165	9,561,118	2,626,172	(55,292,111)	
7	392	Transportation Equipment	1,866,649	464,424	193,654	(2,137,419)	
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment		213,767		(213,767)	
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16		Total Service Company Property (Total of Lines 1-15)	53,829,788	11,155,602	2,821,326	(62,164,064)	
17	107	Construction Work in Progress:					
18		Software/Hardware	3,297,506	11,128,389		(9,719,710)	4,706,185
19		Vehicles	194,574	270,659		(464,424)	809
20		Facility	69,398	870,670		(971,468)	(31,400)
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		Total Account 107 (Total of Lines 18-30)	3,561,479	12,269,718		(11,155,602)	4,675,594
32		Total (Lines 16 and Line 31)	57,391,267	23,425,320		73,319,666	4,675,594

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 103 Line No.: 16 Column: c

The true Service Company Property beginning balance is zero. The beginning balance activity in column c includes the reversal of the entry which allocated all property at 12/31/2014. Presented in this format to show the flow of activity and amount of property that is allocated by Service Company, including miscellaneous adjustments.

Schedule Page: 103 Line No.: 16 Column: f

Includes the allocation of Service Company Property, which is allocated monthly to subsidiaries, and miscellaneous adjustments.

Schedule Page: 103 Line No.: 20 Column: g

Net CWIP is negative for the year due to more CWIP movement to Plant in Service than in CWIP additions.

Schedule Page: 103 Line No.: 31 Column: g

Construction Work in Progress is not allocated.

Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements	481,083	74,765	2,500	(553,348)	
6	391	Office Furniture and Equipment	30,392,081	5,053,903	2,663,743	(32,782,241)	
7	392	Transportation Equipment	963,061	84,364	178,252	(869,173)	
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment		5,347		(5,347)	
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16		Total	31,836,225	5,218,379	2,844,495	(34,210,109)	

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 104 Line No.: 16 Column: c

The true provision beginning balance is zero, with the exception of Retirement Work in Progress. The beginning balance activity in column C is the reversal of the entry which allocated all Accumulated Provision at 12/31/2014. Presented in this format to show the flow of activity and the amount of Accumulated Provision that is allocated by Service Company.

Schedule Page: 104 Line No.: 16 Column: f

Includes the allocation of Service Company's Accumulated Provision which is allocated to subsidiaries on a monthly basis.

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 105 Line No.: 3 Column: c
PEP Insurance Cash Surrender Values.

Schedule Page: 105 Line No.: 3 Column: d
PEP Insurance Cash Surrender Values.

Name of Respondent Black Hills Service Company, LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule V – Accounts Receivable from Associate Companies

- List the accounts receivable from each associate company.
- If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	Accounts Receivable From Associate Companies		
2		Associate Company:		
3		Wyodak Resources Development Corp	1,590,381	1,648,163
4		Black Hills Wyoming LLC	584,778	881,113
5		Black Hills Electric Generation LLC	7,607	186,276
6		Black Hills Non-Regulated Holdings LLC	36	693
7		Black Hills Colorado IPP LLC	1,238,860	1,750,157
8		Generation Development Co LLC		
9		Black Hills Midstream LLC	2,644	2,644
10		Black Hills Exploration And Production	3,637,916	4,120,510
11		Black Hills Gas Resources Inc	24,989	24,989
12		Black Hills Plateau Production LLC	12,793	12,793
13		Black Hills Power Inc	8,061,741	10,238,161
14		Cheyenne Light Guel And Power Company	3,475,045	4,580,326
15		Black Hills Utility Holdings Inc	4,023,291	4,892,858
16		Black Hills Kansas Gas Utility Company LLC	2,176,317	2,653,083
17		Black Hills Iowa Gas Utility Company LLC	2,586,552	2,925,510
18		Black Hills Nebraska Gas Utility Company LLC	3,177,600	3,620,258
19		Black Hills Colorado Electric Utility Company LP	4,423,179	5,542,471
20		Black Hills Colorado Gas Utility Company LP	1,079,594	1,210,754
21		Black Hills Northwest Wyoming Gas Utility Company		16,258
22		Black Hills Shoshone Pipeline LLC		1,633
23		Black Hills Corporation	186,991	3,339,353
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total		36,290,314	47,648,003

Schedule VI – Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total				

Schedule VII – Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total				

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total			

Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Items List:		
3		Worker's Comp Deposit-Liberty Mutual		100,000
4		Long Term Portion of Prepaid Maintenance		255,371
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total			355,371

Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Amount (c)
1	188	Research, Development, or Demonstration Expenditures	
2		Project List:	
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40	Total		

Name of Respondent Black Hills Service Company, LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XIII – Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24	234	Accounts Payable to Associate Companies		
25		Wyodak Resources Development Corp	1,427	71,768
26		Black Hills Wyoming LLC	1,173	46,460
27		Black Hills Electric Generation LLC		4,324
28		Black Hills Colorado IPP LLC		61,770
29		Generation Development Co LLC	333,631	943,259
30		Black Hills Power Inc	94,071	525,082
31		Cheyenne Light Fuel and Power Company	298,334	215,836
32		Black Hills Utility Holdings Inc	254,373	735,220
33		Black Hills Kansas Gas Utility Company LLC	73	118,659
34		Black Hills Iowa Gas Utility Company LLC	109	191,752
35		Black Hills Nebraska Gas Utility Company LLC	24,582	161,872
36		Black Hills Colorado Electric Utility Company LLC	11,132	218,706
37		Black Hills Colorado Gas Utility Company LLC	1,058	57,233
38		Black Hills Northwest Wyoming Gas Utility Co		1,952
39		Black Hills Corporation	514,586	784,814
40		Black Hills Non-Regulated Holdings LLC	5,518	400
41	242	Miscellaneous Current and Accrued Liabilities	18,834,367	13,741,117
42				
43				
44				
45				
46				
47				
48				
49				

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Service Company, LLC	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
FOOTNOTE DATA			

Schedule Page: 203 Line No.: 41 Column: c

Account and Description	2014
242001 ACCRUED AUDIT FEES	814,206.00
242003 ACCRUED BENEFITS COMP ABSENCES	1,041,391.00
242008 ACCRUED SERP OBLIG CURRENT	69,000.00
242009 SFAS 106 CURRENT PORTIONS	316,000.00
242010 ACCRUED PEP ST	1,019,000.00
242011 ACCRUED DIRECTORS FEES	(417.00)
242012 ACCRUED BOD CSE'S - CURRENT	341,865.00
242013 ACCRUED BENEFITS 401K	359,130.00
242014 ACCRUED BONUS OTHER	3,011,079.00
242028 ACCRD UNCL CHECKS/ESCHEATS	-
242041 ACCRUED INCENTIVE	9,391,428.00
242045 ACCRUED PAYROLL	768,160.00
242046 ACCRUED EE REIMBURSED EXP	31,810.00
242052 ACCRUED LT PERFORMANCE PLAN	1,604,215.00
242053 ACCRUED WORKER'S COMPENSATION	67,500.00
242999 ACCRUED OTHER	-
MISC CURRENT & ACCRUED LIAB	18,834,367.00

Schedule Page: 203 Line No.: 41 Column: d

Account and Description	2015
242001 ACCRUED AUDIT FEES	929,401
242003 ACCRUED BENEFITS COMP ABSENCES	1,409,730
242008 ACCRUED SERP OBLIG CURRENT	69,000
242009 SFAS 106 CURRENT PORTIONS	381,000
242010 ACCRUED PEP ST	1,121,000
242011 ACCRUED DIRECTORS FEES	-
242012 ACCRUED BOD CSE'S - CURRENT	494,748
242013 ACCRUED BENEFITS 401K	556,854
242014 ACCRUED BONUS OTHER	-
242028 ACCRD UNCL CHECKS/ESCHEATS	159
242041 ACCRUED INCENTIVE	7,362,304
242045 ACCRUED PAYROLL	892,564
242046 ACCRUED EE REIMBURSED EXP	54,204
242052 ACCRUED LT PERFORMANCE PLAN	109,373
242053 ACCRUED WORKER'S COMPENSATION	60,780
242999 ACCRUED OTHER	300,000
MISC CURRENT & ACCRUED LIAB	13,741,117

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

Organization

Black Hills Service Company, LLC (BHSC) is a wholly-owned subsidiary of Black Hills Corporation (BHC), a public utility holding company subject to the regulation of the Public Utility Holding Company Act of 2005 (PUHCA 2005). BHSC began operations effective January 1, 2006 as a service company under the Public Utility Holding Company Act of 1935, as amended (35 Act) to provide support and administrative services to BHC and its subsidiaries. The 35 Act was repealed with the enactment of PUHCA 2005.

Nature of Operations

BHSC provides services at cost. The cost of services are determined on a direct charge basis to the extent practicable and where not practicable, on a reasonable basis of allocation for indirect costs. The charges for services include no compensation for the use of capital.

Use of Estimates and Basis of Presentation

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Changes in facts and circumstances or additional information may result in revised estimates and actual results could differ materially from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property, Plant and Equipment

Additions to property, plant and equipment are recorded at cost. Included in the cost of regulated construction projects is AFUDC, when applicable, which represents the approximate composite cost of borrowed funds and a return on equity used to finance a regulated utility project. We also capitalize interest, when applicable, on undeveloped leasehold costs and certain non-regulated construction projects. In addition, asset retirement costs associated with tangible long-lived regulated utility assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived regulated utility assets in the period incurred. The amounts capitalized are included in Property, plant and equipment on the company's Consolidated Balance Sheets.

The cost of regulated utility property, plant and equipment retired, or otherwise disposed of in the ordinary course of business, less salvage plus cost of removal, is charged to accumulated depreciation. Estimated removal costs associated with non-legal obligations related to our regulated properties are reclassified from accumulated depreciation and reflected as regulatory liabilities. Retirement or disposal of all other assets, except for crude oil and natural gas properties as described below, result in gains or losses recognized as a component of operating income. Ordinary repairs and maintenance of property, except as allowed under rate regulations, are charged

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Service Company, LLC	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XIV- Notes to Financial Statements			

to operations as incurred.

Depreciation provisions for property, plant and equipment are generally computed on a straight-line basis based on the applicable estimated service life of the various class of property. Capitalized coal mining costs and coal leases are amortized on a unit-of-production method based on volumes produced and estimated reserves. For certain non-utility power plant components, a unit-of-production methodology based on plant hours run is used.

Regulatory Accounting

Our Utilities Group follows accounting standards for regulated operations and reflects the effects of the numerous rate-making principles followed by the various state and federal agencies regulating the utilities. The accounting policies followed are generally subject to the Uniform System of Accounts of the FERC. These accounting policies differ in some respects from those used by our non-regulated businesses. If rate recovery becomes unlikely or uncertain due to competition or regulatory action, these accounting standards may no longer apply which would require these net assets to be charged to current income or OCI. Our regulatory assets represent amounts for which we will recover the cost, but generally are not allowed a return, except as described below. In the event we determine that our regulated net assets no longer meet the criteria for following accounting standards for regulated operations, the accounting impact to us could be an extraordinary non-cash charge to operations, which could be material.

Income Taxes

The Company and its subsidiaries file consolidated federal income tax returns. Each tax-paying entity records income taxes as if it were a separate taxpayer and consolidating adjustments are allocated to the subsidiaries based on separate company computations of taxable income or loss.

We use the asset and liability method in accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized at currently enacted income tax rates, to reflect the tax effect of temporary differences between the financial and tax basis of assets and liabilities as well as operating loss and tax credit carry forwards. Such temporary differences are the result of provisions in the income tax law that either require or permit certain items to be reported on the income tax return in a different period than they are reported in the financial statements. As of December 31, 2015, we classify all deferred tax assets and liabilities as non-current. The prior period is presented under the previous guidance for classifying deferred tax assets and deferred tax liabilities as current and non-current.

It is our policy to apply the flow-through method of accounting for investment tax credits as allowed by our rate-regulated jurisdictions. Under the flow-through method, investment tax credits are reflected in net income as a reduction to income tax expense in the year they qualify. Another acceptable accounting method and an exception to this general policy currently in our regulated businesses is to apply the deferral method whereby the credit is amortized as a reduction of income tax expense over the useful lives of the related property.

We recognize interest income or interest expense and penalties related to income tax matters in Income tax (expense) benefit on the Consolidated Statements of Income (Loss).

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting standards for income taxes. The unrecognized tax benefit is classified in Other deferred credits and other liabilities on the company's Consolidated Balance Sheets.

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

Acquisition

On February 12, 2016, Black Hills Utility Holdings acquired SourceGas from investment funds managed by Alinda Capital Partners and GE Energy Financial Services, a unit of General Electric Co., pursuant to the purchase and sale agreement executed on July 12, 2015 for approximately \$1.89 billion, which included an estimated \$200 million in capital expenditures through closing and the assumption of \$760 million in debt at closing. This transaction is subject to final post-close working capital adjustments.

Funded Status of Benefit Plans

The funded status of postretirement benefit plans is required to be recognized in the statement of financial position. The funded status for pension plans is measured as the difference between the projected benefit obligation and the fair value of plan assets. The funded status for all other benefit plans is measured as the difference between the accumulated benefit obligation and the fair value of plan assets. A liability is recorded for an amount by which the benefit obligation exceeds the fair value of plan assets or an asset is recorded for any amount by which the fair value of plan assets exceeds the benefit obligation.

The unrecognized net periodic benefit cost, previously recorded as an offset to the liability for benefit obligations, was reclassified and recorded as a regulatory asset or regulatory liability, net of tax, in accordance with accounting standards for regulated utility operations.

Defined Benefit Pension Plans (Pension Plans)

We have a non-contributory defined benefit pension plan ("the Pension Plan") covering the employees who meet certain eligibility requirements. Benefits are based on years of service and compensation levels during the highest four consecutive years of the last ten years of service. We use a December 31 measurement date for the Pension Plan. The Pension Plan has been closed to new employees and certain employees who did not meet age and service criteria.

Pension Plan assets are held in a Master Trust. Each Plan holds an undivided interest in the Master Trust. Our Board of Directors has approved the Plans' investment policy. The objective of the investment policy is to manage assets in such a way that will allow the eventual settlement of our obligations to the Pension Plans' beneficiaries. To meet this objective, our pension assets are managed by an outside adviser using a portfolio strategy that will provide liquidity to meet the Plans' benefit payment obligations. The Pension Plans' assets consist primarily of equity, fixed income and hedged investments. The expected long-term rate of return for investments was 6.75% for the 2015 and 2014 plan years, respectively. Our Pension Plan funding policy is in compliance with the federal government's funding requirements.

Supplemental Non-qualified Defined Benefit Plans

We have various supplemental retirement plans for key executives of the Company. The plans are non-qualified defined benefit and defined contribution plans (Supplemental Plans). The Supplemental Plans are subject to various vesting schedules and are not funded by the Company.

Non-pension Defined Benefit Postretirement Healthcare Plans

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Service Company, LLC	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XIV- Notes to Financial Statements			

We sponsor three retiree healthcare plans (Healthcare Plans) for employees who meet certain age and service requirements at retirement. Healthcare Plan benefits are subject to premiums, deductibles, co-payment provisions and other limitations. A portion of the Healthcare Plans is pre-funded via VEBAs. Effective January 1, 2014, health care coverage for Medicare-eligible retirees is provided through an individual market health care exchange for BHC and Black Hills Utility Holdings retirees.

Defined Contribution Plans

We sponsor a 401(k) retirement savings plan (the 401(k) Plan). Participants in the 401(k) Plan may elect to invest a portion of their eligible compensation to the 401(k) Plan up to the maximum amounts established by the IRS. The 401(k) Plan provides employees the opportunity to invest up to 50% of their eligible compensation on a pre-tax or after-tax basis. The 401(k) Plan provides a Company Matching Contribution for all eligible participants and for certain eligible participants a Company Retirement Contribution based on the participant's age and years of service. Vesting of all Company contributions ranges from immediate vesting to graduated vesting at 20% per year with 100% vesting when the participant has 5 years of service with the Company.

Legal Proceedings

In the normal course of business, we are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations. We believe the amounts provided in the consolidated financial statements to satisfy alleged liabilities are adequate in light of the probable and estimable contingencies. However, there can be no assurance that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims and other matters discussed, and to comply with applicable laws and regulations will not exceed the amounts reflected in the consolidated financial statements.

In the normal course of business, we enter into agreements that include indemnification in favor of third parties, such as information technology agreements, purchase and sale agreements and lease contracts. We have also agreed to indemnify our directors, officers and employees in accordance with our articles of incorporation, as amended. Certain agreements do not contain any limits on our liability and therefore, it is not possible to estimate our potential liability under these indemnifications. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we maintain insurance policies that may provide coverage against certain claims under these indemnities.

Oil Creek Fire

On June 29, 2012, a forest and grassland fire occurred in the western Black Hills of Wyoming. On April 16, 2013, private landowners filed suit in the United States District Court for the District of Wyoming asserting that the fire was caused by Black Hills Power's negligent maintenance of a transmission line. The Company denied these claims. These landowners sought recovery for reclamation and rehabilitation costs, damage to fencing and other personal property, alleged injury to timber, grass or hay, livestock and related operations, and diminished value of real estate. The State of Wyoming intervened in the lawsuit, asserting claims for fire suppression costs, and similar damage claims related to state-owned lands. As of December 31, 2015, we believed that a loss associated with settlement of pending claims was probable. Accordingly, we had recorded a loss contingency liability related to these claims and a receivable for costs we believed were reimbursable and probable of recovery under our insurance coverage. In consideration of the risk and uncertainty of litigation, the Company subsequently concluded a settlement of all claims, with all parties to the litigation. On January 4, 2016, the court entered its order dismissing the litigation with prejudice. The resolution of the State and private claims did not have a material effect upon our consolidated financial condition, results of operations or cash flows.

Related Party Transactions

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XIV- Notes to Financial Statements			

BHSC has entered into service agreement with BHC and its subsidiaries to provide services at cost. At December 31, 2015, BHSC's associates include:

Wyodak Resources Development Corp
 Black Hills Wyoming LLC
 Black Hills Electric Generation LLC
 Black Hills Non-Regulated Holdings LLC
 Black Hills Colorado IPP LLC
 Generation Development Co LLC
 Black Hills Midstream LLC
 Black Hills Exploration And Production Inc
 Black Hills Gas Resources Inc
 Black Hills Plateau Production LLC
 Black Hills Power Inc
 Cheyenne Light Fuel And Power Company
 Black Hills Utility Holdings Inc
 Black Hills Kansas Gas Utility Company LLC
 Black Hills Iowa Gas Utility Company LLC
 Black Hills Nebraska Gas Utility Company LLC
 Black Hills Colorado Electric Utility Company LP
 Black Hills Colorado Gas Utility Company LP
 Black Hills Northwest Wyoming Gas Utility Company
 Black Hills Shoshone Pipeline LLC
 Black Hills Corporation

Name of Respondent Black Hills Service Company, LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2015</u>
--	---	--	--

Schedule XV- Comparative Income Statement

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	136,874,956	134,218,032
3		SERVICE COMPANY OPERATING EXPENSES		
4	401	Operation Expenses	123,356,323	121,640,276
5	402	Maintenance Expenses	8,078,912	7,123,221
6	403	Depreciation Expenses	5,218,378	4,230,819
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	124,006	139,761
13	409.1	Income Taxes, Operating Income		
14	410.1	Provision for Deferred Income Taxes, Operating Income		
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income		
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
18	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense		
20	412	Costs and Expenses of Construction or Other Services		
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	12,959	37,548
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	136,790,578	133,171,625
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	84,378	1,046,407
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	13,467	48,355
27	419.1	Allowance for Other Funds Used During Construction		
28	421	Miscellaneous Income or Loss	552,440	518,201
29	421.1	Gain on Disposition of Property		
30		TOTAL OTHER INCOME (Total of Lines 25-29)	565,907	566,556
31		OTHER INCOME DEDUCTIONS		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	431,799	975,348
35	426.2	Life Insurance		
36	426.3	Penalties	5,216	1,908
37	426.4	Expenditures for Certain Civic, Political and Related Activities	140,058	178,899
38	426.5	Other Deductions	(30,161)	413,644
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	546,912	1,569,799

Schedule XV- Comparative Income Statement (continued)

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)		
47		INTEREST CHARGES		
48	427	Interest on Long-Term Debt		508
49	428	Amortization of Debt Discount and Expense	82,496	8,338
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	39,492	2,005
52	431	Other Interest Expense	(18,615)	32,313
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit		
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	103,373	43,164
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)		
56		EXTRAORDINARY ITEMS		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		Net Extraordinary Items (Line 57 less Line 58)		
60	409.4	(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)		
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)		

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
FOOTNOTE DATA			

Schedule Page: 301 Line No.: 36 Column: c

105.44 is Payroll tax penalties. 5110.87 is tax return penalties.

Schedule Page: 301 Line No.: 36 Column: d

Tax return penalty.

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies

1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense		5,218,378	5,218,378			
2	404-405	Amortization Expense						
3	407.3-407.4	Regulatory Debits/Credits – Net						
4	408.1-408.2	Taxes Other Than Income Taxes	188	123,818	124,006			
5	409.1-409.3	Income Taxes						
6	410.1-411.2	Provision for Deferred Taxes						
7	411.1-411.2	Provision for Deferred Taxes – Credit						
8	411.6	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.5	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense						
12	412	Costs and Expenses of Construction or Other Services						
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies	18,959	(6,000)	12,959			
14	418	Non-operating Rental Income						
15	418.1	Equity in Earnings of Subsidiary Companies						
16	419	Interest and Dividend Income		13,467	13,467			
17	419.1	Allowance for Other Funds Used During Construction						
18	421	Miscellaneous Income or Loss		552,440	552,440			
19	421.1	Gain on Disposition of Property						
20	421.2	Loss on Disposition Of Property						
21	425	Miscellaneous Amortization						
22	426.1	Donations	50,419	381,380	431,799			
23	426.2	Life Insurance						
24	426.3	Penalties	671	4,545	5,216			
25	426.4	Expenditures for Certain Civic, Political and Related Activities	18,342	121,716	140,058			
26	426.5	Other Deductions	5,519	(35,680)	(30,161)			
27	427	Interest On Long-Term Debt						
28	428	Amortization of Debt Discount and Expense	82,496		82,496			
29	429	Amortization of Premium on Debt – Credit						
30	430	Interest on Debt to Associate Companies		39,492	39,492			
31	431	Other Interest Expense	5,788	(24,403)	(18,615)			
32	432	Allowance for Borrowed Funds Used During Construction						
33	500-509	Total Steam Power Generation Operation Expenses	215,361	64,922	280,283			
34	510-515	Total Steam Power Generation Maintenance Expenses	88,529		88,529			

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses						
36	528-532	Total Nuclear Power Generation Maintenance Expenses						
37	535-540.1	Total Hydraulic Power Generation Operation Expenses						
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses						
39	546-550.1	Total Other Power Generation Operation Expenses	3,248,280	20,819	3,269,099			
40	551-554.1	Total Other Power Generation Maintenance Expenses	2,813,333		2,813,333			
41	555-557	Total Other Power Supply Operation Expenses	2,590		2,590			
42	560	Operation Supervision and Engineering	8,868		8,868			
43	561.1	Load Dispatch-Reliability						
44	561.2	Load Dispatch-Monitor and Operate Transmission System	14,553		14,553			
45	561.3	Load Dispatch-Transmission Service and Scheduling						
46	561.4	Scheduling, System Control and Dispatch Services						
47	561.5	Reliability Planning and Standards Development	598,480		598,480			
48	561.6	Transmission Service Studies						
49	561.7	Generation Interconnection Studies						
50	561.8	Reliability Planning and Standards Development Services						
51	562	Station Expenses (Major Only)						
52	563	Overhead Line Expenses (Major Only)						
53	564	Underground Line Expenses (Major Only)						
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)						
56	567	Rents						
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	621,901		621,901			
59	568	Maintenance Supervision and Engineering (Major Only)						
60	569	Maintenance of Structures (Major Only)						
61	569.1	Maintenance of Computer Hardware						
62	569.2	Maintenance of Computer Software						
63	569.3	Maintenance of Communication Equipment						
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
65	570	Maintenance of Station Equipment (Major Only)	1,329		1,329			
66	571	Maintenance of Overhead Lines (Major Only)						
67	572	Maintenance of Underground Lines (Major Only)						
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)						

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Service Company, LLC	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
FOOTNOTE DATA			

Schedule Page: 304 Line No.: 13 Column: k

417000 NONUTILITY REVENUES	(6,000.00)
417100 NONUTILITY EXPENSES - COS	14.97
417160 NONUTILITY SELLING EXPENSE	2,978.87
417161 NONUTILITY ADMIN & GENERAL	15,615.36
417162 ADMIN AND GEN-EMPL BENEFITS	350.09
416	
	12,959.29

Schedule Page: 304 Line No.: 40 Column: k

Includes accounts 604230 Non-Reg Power Generation O&M, and 604210- Other O&M Expense.

Name of Respondent Black Hills Service Company, LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	1,329		1,329			
71	575.1-575.8	Total Regional Market Operation Expenses						
72	576.1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	32,963		32,963			
74	590-598	Total Distribution Maintenance Expenses	332		332			
75		Total Electric Operation and Maintenance Expenses	7,207,000	5,343,080	12,550,080			
76	700-798	Production Expenses (Provide selected accounts in a footnote)						
77	800-813	Total Other Gas Supply Operation Expenses						
78	814-826	Total Underground Storage Operation Expenses						
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses						
81	843.1-843.9	Total Other Storage Maintenance Expenses						
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses						
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses						
84	850	Operation Supervision and Engineering						
85	851	System Control and Load Dispatching.						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses						
91	857	Measuring and Regulating Station Expenses						
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses						
94	860	Rents						
95		Total Gas Transmission Operation Expenses						
96	861	Maintenance Supervision and Engineering						
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains						
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment						
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses						
104	870-881	Total Distribution Operation Expenses	4,777		4,777			

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	885-894	Total Distribution Maintenance Expenses	165		165			
106		Total Natural Gas Operation and Maintenance Expenses	4,942		4,942			
107	901	Supervision	5,112		5,112			
108	902	Meter reading expenses	158		158			
109	903	Customer records and collection expenses	1,820		1,820			
110	904	Uncollectible accounts						
111	905	Miscellaneous customer accounts expenses	638		638			
112	906	Total Customer Accounts Operation Expenses	7,728		7,728			
113	907	Supervision						
114	908	Customer assistance expenses	126		126			
115	909	Informational And Instructional Advertising Expenses	2,363		2,363			
116	910	Miscellaneous Customer Service And Informational Expenses	150		150			
117		Total Service and Informational Operation Accounts	2,639		2,639			
118	911	Supervision						
119	912	Demonstrating and Selling Expenses	3,000		3,000			
120	913	Advertising Expenses	354		354			
121	916	Miscellaneous Sales Expenses						
122		Total Sales Operation Expenses	3,354		3,354			
123	920	Administrative and General Salaries	22,022,258	30,537,673	52,559,931			
124	921	Office Supplies and Expenses	6,819,674	5,796,268	12,615,942			
125	923	Outside Services Employed	8,294,907	5,586,587	13,881,494			
126	924	Property Insurance	2,649,435	11,681	2,661,116			
127	925	Injuries and Damages	1,115,127	5,676,627	6,791,754			
128	926	Employee Pensions and Benefits	321,426	25,255,060	25,576,486			
129	928	Regulatory Commission Expenses						
130	930.1	General Advertising Expenses	47,461	178,500	225,961			
131	930.2	Miscellaneous General Expenses	123,653	1,101,295	1,224,948			
132	931	Rents	393,476	3,199,881	3,593,357			
133		Total Administrative and General Operation Expenses	41,787,417	77,343,572	119,130,989			
134	935	Maintenance of Structures and Equipment	2,059,114	3,116,110	5,175,224			
135		Total Administrative and General Maintenance Expenses	43,860,252	80,459,682	124,319,934			
136		Total Cost of Service	51,072,194	85,802,762	136,874,956			

Name of Respondent Black Hills Service Company, LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense		5,218,378	5,218,378
2	404-405	Amortization Expense			
3	407.3-407.4	Regulatory Debits/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes	188	123,818	124,006
5	409.1-409.3	Income Taxes			
6	410.1-411.2	Provision for Deferred Taxes			
7	411.1-411.2	Provision for Deferred Taxes – Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense			
12	412	Costs and Expenses of Construction or Other Services			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies	18,959	(6,000)	12,959
14	418	Non-operating Rental Income			
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income		13,467	13,467
17	419.1	Allowance for Other Funds Used During Construction			
18	421	Miscellaneous Income or Loss		552,440	552,440
19	421.1	Gain on Disposition of Property			
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	50,419	381,380	431,799
23	426.2	Life Insurance			
24	426.3	Penalties	671	4,545	5,216
25	426.4	Expenditures for Certain Civic, Political and Related Activities	18,342	121,716	140,058
26	426.5	Other Deductions	5,519	(35,680)	(30,161)
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense	82,496		82,496
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies		39,492	39,492
31	431	Other Interest Expense	5,788	(24,403)	(18,615)
32	432	Allowance for Borrowed Funds Used During Construction			
33	500-509	Total Steam Power Generation Operation Expenses	215,361	64,922	280,283
34	510-515	Total Steam Power Generation Maintenance Expenses	88,529		88,529

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses			
36	528-532	Total Nuclear Power Generation Maintenance Expenses			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses			
39	546-550.1	Total Other Power Generation Operation Expenses	3,248,280	20,819	3,269,099
40	551-554.1	Total Other Power Generation Maintenance Expenses	2,813,333		2,813,333
41	555-557	Total Other Power Supply Operation Expenses	2,590		2,590
42	560	Operation Supervision and Engineering	8,868		8,868
43	561.1	Load Dispatch-Reliability			
44	561.2	Load Dispatch-Monitor and Operate Transmission System	14,553		14,553
45	561.3	Load Dispatch-Transmission Service and Scheduling			
46	561.4	Scheduling, System Control and Dispatch Services			
47	561.5	Reliability Planning and Standards Development	598,480		598,480
48	561.6	Transmission Service Studies			
49	561.7	Generation Interconnection Studies			
50	561.8	Reliability Planning and Standards Development Services			
51	562	Station Expenses (Major Only)			
52	563	Overhead Line Expenses (Major Only)			
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)			
56	567	Rents			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	621,901		621,901
59	568	Maintenance Supervision and Engineering (Major Only)			
60	569	Maintenance of Structures (Major Only)			
61	569.1	Maintenance of Computer Hardware			
62	569.2	Maintenance of Computer Software			
63	569.3	Maintenance of Communication Equipment			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant			
65	570	Maintenance of Station Equipment (Major Only)	1,329		1,329
66	571	Maintenance of Overhead Lines (Major Only)			
67	572	Maintenance of Underground Lines (Major Only)			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)			

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	1,329		1,329
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	32,963		32,963
74	590-598	Total Distribution Maintenance Expenses	332		332
75		Total Electric Operation and Maintenance Expenses	7,207,000	5,343,080	12,550,080
76	700-798	Production Expenses (Provide selected accounts in a footnote)			
77	800-813	Total Other Gas Supply Operation Expenses			
78	814-826	Total Underground Storage Operation Expenses			
79	830-837	Total Underground Storage Maintenance Expenses			
80	840-842.3	Total Other Storage Operation Expenses			
81	843.1-843.9	Total Other Storage Maintenance Expenses			
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses			
83	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses			
84	850	Operation Supervision and Engineering			
85	851	System Control and Load Dispatching.			
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses			
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses			
91	857	Measuring and Regulating Station Expenses			
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses			
94	860	Rents			
95		Total Gas Transmission Operation Expenses			
96	861	Maintenance Supervision and Engineering			
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains			
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment			
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses			
104	870-881	Total Distribution Operation Expenses	4,777		4,777

Name of Respondent Black Hills Service Company, LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
--	---	--	---------------------------------------

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	985-894	Total Distribution Maintenance Expenses	165		165
106		Total Natural Gas Operation and Maintenance Expenses	4,942		4,942
107	901	Supervision	5,112		5,112
108	902	Meter reading expenses	158		158
109	903	Customer records and collection expenses	1,820		1,820
110	904	Uncollectible accounts			
111	905	Miscellaneous customer accounts expenses	638		638
112	906	Total Customer Accounts Operation Expenses	7,728		7,728
113	907	Supervision			
114	908	Customer assistance expenses	126		126
115	909	Informational And Instructional Advertising Expenses	2,363		2,363
116	910	Miscellaneous Customer Service And Informational Expenses	150		150
117		Total Service and Informational Operation Accounts	2,639		2,639
118	911	Supervision			
119	912	Demonstrating and Selling Expenses	3,000		3,000
120	913	Advertising Expenses	354		354
121	916	Miscellaneous Sales Expenses			
122		Total Sales Operation Expenses	3,354		3,354
123	920	Administrative and General Salaries	22,022,258	30,537,673	52,559,931
124	921	Office Supplies and Expenses	6,819,674	5,796,268	12,615,942
125	923	Outside Services Employed	8,294,907	5,586,587	13,881,494
126	924	Property Insurance	2,649,435	11,681	2,661,116
127	925	Injuries and Damages	1,115,127	5,676,627	6,791,754
128	926	Employee Pensions and Benefits	321,426	25,255,060	25,576,486
129	928	Regulatory Commission Expenses			
130	930.1	General Advertising Expenses	47,461	178,500	225,961
131	930.2	Miscellaneous General Expenses	123,653	1,101,295	1,224,948
132	931	Rents	393,476	3,199,881	3,593,357
133		Total Administrative and General Operation Expenses	41,787,417	77,343,572	119,130,989
134	935	Maintenance of Structures and Equipment	2,059,114	3,116,110	5,175,224
135		Total Administrative and General Maintenance Expenses	43,860,252	80,459,682	124,319,934
136		Total Cost of Service	51,072,194	85,802,762	136,874,956

Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	Total					

Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.
 2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	Consulting and Other Outside Services	341,074
2	Director Fees	563,169
3	Dues	221,207
4	Office Expense and Supplies	37,316
5	Travel	56,435
6	Miscellaneous	5,747
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	Total	1,224,948

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XX - Organization Chart			

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

Officer	Title
David R. Emery	Chairman and Chief Executive Officer
Linden R. Evans	President and Chief Operating Officer
Richard W. Kinzley	Senior Vice President and Chief Financial Officer
Anthony S. Cleberg	Executive Vice President (a)
Steven J. Helmers	Senior Vice President, General Counsel and Chief Compliance Officer (also Assistant Secretary)
Robert A. Myers	Senior Vice President - Chief Human Resources Officer
Scott A. Buchholz	Senior Vice President - Chief Information Officer
Brian G. Iverson	Senior Vice President - Regulatory and Government Affairs and Assistant General Counsel
Roxann R. Basham	Vice President - Governance and Corporate Secretary
Esther J. Newbrough	Vice President - Corporate Controller
Kimberly F. Nooney	Vice President - Treasurer
Jeffrey B. Berzina	Vice President - Strategic Planning and Development
Kyle D. White	Vice President - Regulatory Affairs
Perry S. Krush	Vice President - Supply Chain
Mark L. Lux	Vice President - Power Generation, Safety and Environmental

(a) Anthony S. Cleberg's title changed from Executive Vice President and Chief Financial Officer to Executive Vice President on January 1, 2015; he retired effective April 1, 2015.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Black Hills Service Company, LLC			
Schedule XXI - Methods of Allocation			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Service Company costs are either directly charged to a subsidiary, or indirectly allocated when the cost is not associated with a specific subsidiary. Indirect costs are allocated using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by a Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

For certain departments, a specific cost driver may not be clearly identifiable or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-pronged general allocation ratio is used, which is referred to as the Blended Ratio. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. These factors were chosen to be included in the Blended Ratio because they best allocate costs based on the diverse nature of BHC operations.

In addition, some departments utilize a Holding Company Blended Ratio. The difference between the Blended Ratio and the Holding Company Blended Ratio is that the Holding Company Blended Ratio allocates a percentage of costs to BHC Holding Company. For example, the Corporate Governance department will allocate indirect costs using the Holding Company Blended Ratio because certain costs incurred, such as New York Stock Exchange fees and Board of Directors costs, relate to both the Holding Company and the subsidiary companies.

One additional item to note is that pooled benefits, primarily health care costs, are allocated differently due to the pooling method for benefits such as self-insured health care. Black Hills Corporation has chosen to pool certain benefit costs and spread the risk amongst all subsidiaries equally. All pooled benefit costs of BHC are paid by the Service Company and allocated to subsidiaries based on employee counts. (Black Hills Service Company Cost Allocation Manual 2015).

Service Department or Function	Basis of Allocation
Corporate Pooled Health and Welfare Cost Allocation: Benefits Pooled Dept.	Employee Headcount
Facilities Allocation: Denver Office Facility Operating Unit Rapid City Plant St. Facility Operating Unit Baken Park Facility Operating Unit Midland Data Center Operating Unit Bellevue Data Center Operating Unit Cheyenne Data Center Operating Unit	Square Footage
BHSC Indirect Allocations: Departments or Operating Units:	

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Black Hills Service Company, LLC	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
Schedule XXI - Methods of Allocation			

Accounting Systems
Accounts Payable
Tax
Credit and Risk
Legal-Corporate
C/orporate Affairs
Budget & Forecast
General Accountng
Accounting- Central Services
Accounting- Generation Services
Insurance
Internal Audit
Company Communications
Records Mgmt
Supply Chain Mgmt
Contracts Mgmt
Strategic Sourcing
Fleet Services
Facilities-General
State Governmental Affairs
IT Administration
IT HR and Financial Systems Support
IT Web and Business Rptg Support
IT Bus Application-Wholesale & Enterprise
IT Infrastructure Serv
IT Communications
IT User Services
IT Compliance
Materials Mgmt
Process Improvement
IT Helpdesk/IT
Procurement
Asset-Blended
Accounting Accrual Entries
Benefits

Blended Ratio (Asset Cost/Payroll/Margin)

Corp Development
Corp Gov & Shareholder Services
Executive Mgmt
Finance & Treasury
Financial Reporting

Blended Ratio (Asset Cost/Payroll/Margin)

Safety
Human Resources Reg
Compensation And Benefits
Org Development & Training
Payroll

Employee Headcount

Power Delivery Mgmt

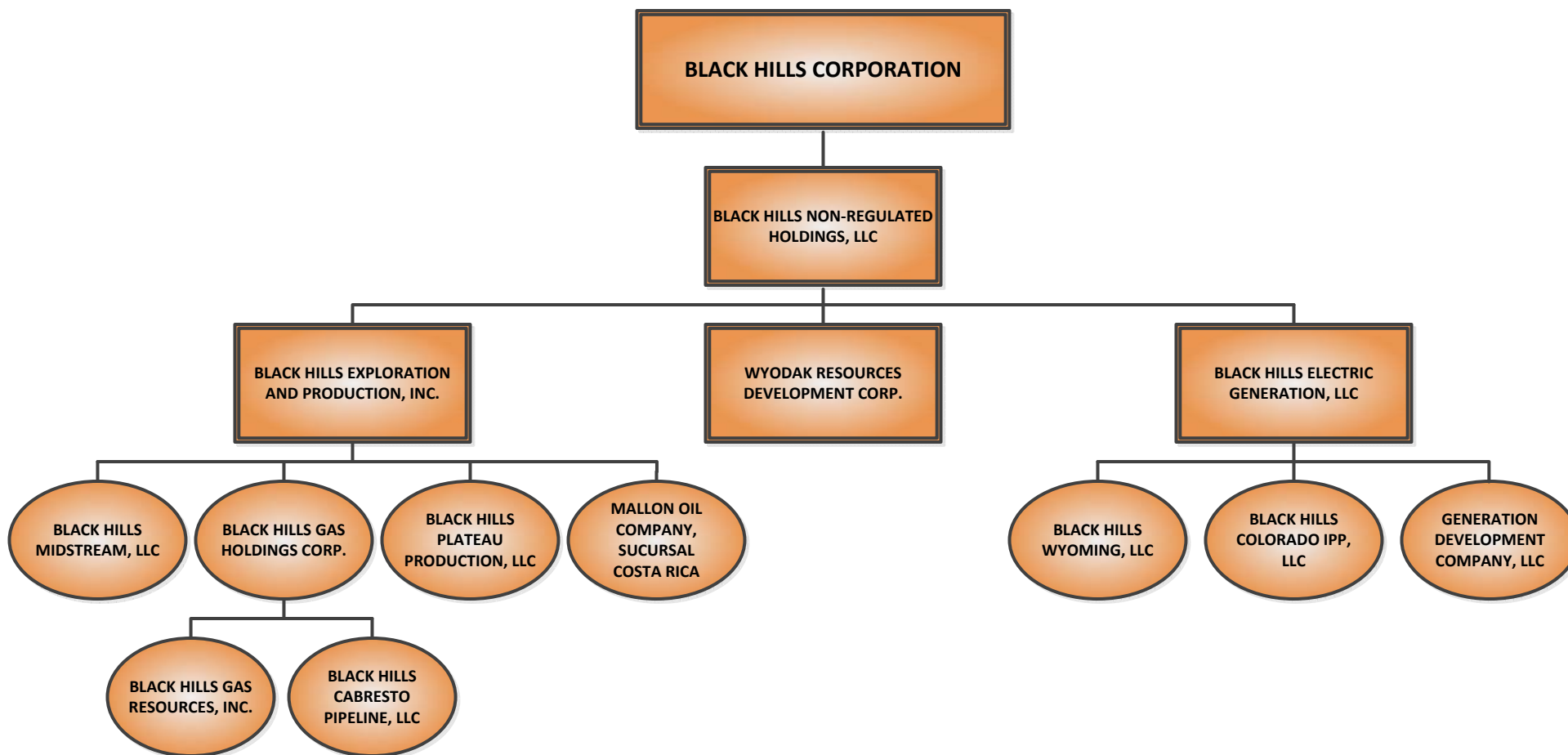
Nameplate Generation

Name of Respondent Black Hills Service Company, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
Schedule XXI - Methods of Allocation			

Environmental Services Property Accounting	Asset Cost
SC-IT Bus Applications-Reg	Utility Blended Ratio (Asset Cost/Payroll/ Margin)
Generation Plant Operations	Nameplate Generation
CPGS Operations	Nameplate Generation
Generation Operating Unit (Not Dept.)	Nameplate Generation
Catch All	Blended Ratio (Asset Cost/Payroll/Margin)

Tab B 1

BLACK HILLS CORPORATION ORGANIZATIONAL CHART



Tab B2

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota

625 Ninth Street

IRS Identification Number

Rapid City, South Dakota 57701

46-0458824

Registrant's telephone number, including area code
(605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock of \$1.00 par value	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the aggregate market value of the voting stock held by non-affiliates of the Registrant.

At June 30, 2015 \$1,925,452,517

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2016
Common stock, \$1.00 par value	51,194,387 shares

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2016 Annual Meeting of Stockholders to be held on April 26, 2016, are incorporated by reference in Part III of this Form 10-K.

Forward-Looking Information

This Form 10-K contains forward-looking statements as defined by the SEC. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words “anticipates,” “estimates,” “expects,” “intends,” “plans,” “predicts” and similar expressions, and include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature, including statements contained within Item 7 - Management’s Discussion & Analysis of Financial Condition and Results of Operations.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. The Company’s expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Nonetheless, the Company’s expectations, beliefs or projections may not be achieved or accomplished.

Any forward-looking statement contained in this document speaks only as of the date on which the statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of the factors, nor can it assess the effect of each factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by the risk factors and cautionary statements in this Form 10-K, including statements contained within Item 1A - Risk Factors.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

History and Organization

Black Hills Corporation, a South Dakota corporation (together with its subsidiaries, referred to herein as the “Company,” “we,” “us” or “our”), is a growth-oriented, vertically-integrated energy company headquartered in Rapid City, South Dakota. Our predecessor company, Black Hills Power and Light Company, was incorporated and began providing electric utility service in 1941. It was formed through the purchase and combination of several existing electric utilities and related assets, some of which had served customers in the Black Hills region since 1883. In 1956, we began producing, selling and marketing various forms of energy through non-regulated businesses.

We operate in the United States with two major business groups: Utilities and Non-regulated Energy. Our Utilities Group is comprised of regulated Electric Utilities and regulated Gas Utilities segments, and our Non-regulated Energy Group is comprised of Power Generation, Coal Mining and Oil and Gas segments.

Business Group	Financial Segment
<i>Utilities</i>	Electric Utilities
	Gas Utilities
<i>Non-regulated Energy</i>	Power Generation
	Coal Mining
	Oil and Gas

Our Electric Utilities segment generates, transmits and distributes electricity to approximately 207,200 electric customers in South Dakota, Wyoming, Colorado and Montana and also distributes natural gas to approximately 44,200 gas utility customers of Cheyenne Light in and around Cheyenne, Wyoming. Our Gas Utilities segment serves approximately 547,300 natural gas utility customers in Colorado, Nebraska, Iowa and Kansas. Our Electric Utilities own 841 MW of generation and 8,703 miles of electric transmission and distribution lines, and our Gas Utilities own 645 miles of intrastate gas transmission pipelines and 19,494 miles of gas distribution mains and service lines. Our Utilities Group generated net income of \$117 million for the year ended December 31, 2015, and had total assets of \$3.7 billion at December 31, 2015.

Our Power Generation segment produces electric power from its generating plants and sells the electric capacity and energy primarily to our utilities under long-term contracts. Our Coal Mining segment produces coal at our coal mine near Gillette, Wyoming, and sells the coal primarily under long-term contracts to mine-mouth electric generation facilities including our own regulated and non-regulated generating plants. Our Oil and Gas segment engages in the exploration, development and production of crude oil and natural gas, primarily in the Rocky Mountain region. In 2015, we began transitioning the Oil and Gas business to support utilities through a Cost of Service Gas Program. See the Key Elements of our Business Strategy in Item 7. Our Non-regulated Energy Group generated net income (loss) of \$(135) million for the year ended December 31, 2015, and had total assets of \$0.3 billion at December 31, 2015.

SourceGas Acquisition: On February 12, 2016, Black Hills Utility Holdings acquired SourceGas Holdings, LLC from investment funds managed by Alinda Capital Partners and GE Energy Financial Services, a unit of General Electric Co., pursuant to the purchase and sale agreement executed on July 12, 2015. SourceGas primarily operates four regulated natural gas utilities serving approximately 429,000 customers in Arkansas, Colorado, Nebraska and Wyoming and a 512 mile regulated intrastate natural gas transmission pipeline in Colorado. The combined company will serve approximately 1.2 million customers in eight states. Financial results for the SourceGas utilities will be reported under our Gas Utilities segment. For additional information on this acquisition, see the Key Elements of our Business Strategy in Item 7 and Note 2 - SourceGas Acquisition in the Notes to Consolidated Financial Statements in Item 8.

Segment reporting transition of Cheyenne Light's Natural Gas distribution

Through December 31, 2015, Cheyenne Light's natural gas operations have been included in our Electric Utilities Segment as these natural gas operations were consolidated within Cheyenne Light since its acquisition. Effective January 1, 2016, the natural gas operations of Cheyenne Light will be reported under our Gas Utilities Segment. This change is a result of our business segment reorganization to, among other things, integrate all regulated natural gas operations, including the SourceGas Acquisition, into our Gas Utilities Segment which will be led by the Group Vice President, Natural Gas Utilities. Likewise, all regulated electric utility operations will be reported in our Electric Utilities Segment, which will be led by the Group Vice President, Electric Utilities.

Segment Financial Information

We discuss our business strategy and other prospective information in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations. Financial information regarding our business segments is incorporated herein by reference to Item 8 - Financial Statements and Supplementary Data, and particularly Note 5 to the Consolidated Financial Statements, in this Annual Report on Form 10-K.

Discontinued Operations in the accompanying financial information includes the results of our Energy Marketing segment sold in February 2012. The buyer asserted certain purchase price adjustments, some that we accepted, and several that we disputed. The disputed claims were substantially resolved through a binding arbitration decision dated January 17, 2014. We expensed an additional \$1.1 million in 2013 related to the claims assigned to arbitration from purchase price adjustments we accepted through a partial settlement agreement with the buyer. Results for 2013 include the resolution of all previously unresolved purchase price adjustments.

In March 2011, Nebraska Gas executed an Allocation, Indemnification and Access Agreement with the successor to the former operator of the Nebraska MGPs. Under this agreement, Nebraska Gas received \$1.9 million from the successor to the operator of Nebraska Gas to remediate two sites in Nebraska (Blair and Plattsmouth). The successor is responsible for remediation activity at the two remaining sites in Nebraska (Columbus and Norfolk). While the successor has performed remediation work at Columbus and Norfolk, due to disagreements over management of remaining groundwater contamination, the EPA has indicated they will be proposing to include the Norfolk site on the National Priority List. While we do not expect a financial impact from this action, we cannot be assured of that until the process has run its course. Nebraska Gas enrolled Blair and Plattsmouth in Nebraska's Voluntary Cleanup Program. Site remediation was completed in September 2012. Both of these Nebraska sites were required to monitor groundwater quality for a minimum two-year period ending in 2015. We have not yet received state approval for "no further action". In late 2015, groundwater concentrations were proposed and approved by the Nebraska Department of Environmental Quality as meeting steady or declining pollution levels. We assembled our final removal action completion reports to formally close the site, and submitted reports to the Nebraska Department of Environmental Quality in December 2015.

As of December 31, 2015, we estimate a range of approximately \$2.9 million to \$6.1 million to remediate the MGP site in Council Bluffs, Iowa, of which we could be responsible for up to 25% of the costs. In 2014, we began the process of evaluating legal and corporate successorship avenues for cost recovery from other potential responsible parties. At this time, no parties have been formally named nor have we determined the degree to which they are responsible. There are currently no regulatory requirements or deadlines for cleanup. However, late in 2015 we were notified that the EPA would like to perform site assessments to determine current contamination levels. Depending on the results of the investigation, the priority for cleanup as well as communications with potential responsible parties may be elevated.

Prior to Black Hills Corporation's ownership, Aquila received rate orders that approved recovery of environmental cleanup costs in certain jurisdictions. We anticipate recovery of current and future remediation costs would be allowed. Additionally, we may pursue recovery or agreements with other potentially responsible parties when and where permitted.

Non-regulated Energy Group

Our Non-regulated Energy Group, which operates through various subsidiaries, produces and sells electric capacity and energy through a portfolio of generating plants, produces and sells coal from our mine located in the Powder River Basin in Wyoming and acquires, explores for, develops and produces natural gas and crude oil primarily in the Rocky Mountain region. The Non-regulated Energy Group consists of three business segments for reporting purposes:

- Power Generation
- Coal Mining
- Oil and Gas

Power Generation Segment

Our Power Generation segment, which operates through Black Hills Electric Generation and its subsidiaries, acquires, develops and operates our non-regulated power plants. As of December 31, 2015, we held varying interests in independent power plants operating in Wyoming and Colorado with a total net ownership of approximately 269 MW.

Portfolio Management

We produce electric power from our generating plants and sell the electric capacity and energy, primarily to affiliates under a combination of mid- to long-term contracts, which mitigates the impact of a potential downturn in future power prices. We currently sell a substantial majority of our non-regulated generating capacity under contracts having terms greater than one year.

As of December 31, 2015, the power plant ownership interests held by our Power Generation segment included:

Power Plants	Fuel Type	Location	Ownership Interest	Owned Capacity (MW)	In Service Date
Wygen I	Coal	Gillette, Wyoming	76.5%	68.9	2003
Pueblo Airport Generation ^{(a)(b)}	Gas	Pueblo, Colorado	100.0%	200.0	2012
				<u>268.9</u>	

- (a) Black Hills Colorado IPP owns and operates this facility. This facility provides capacity and energy to Colorado Electric under a 20-year PPA with Colorado Electric. This PPA is accounted for as a capital lease on the accompanying Consolidated Financial Statements.
- (b) On February 12, 2016, Black Hills Electric Generation entered into a definitive agreement to sell a 49.9%, non-controlling interest in Black Hills Colorado IPP for \$215 million to AIA Energy North America LLC, an infrastructure investment platform managed by Argo Infrastructure Partners. The sale is expected to close in April of 2016, pending receipt of regulatory approval from FERC. Black Hills Colorado IPP will continue to own and operate the facility.

Black Hills Wyoming - Wygen I. The Wygen I generation facility is a mine-mouth, coal-fired power plant with a total capacity of 90 MW located at our Gillette, Wyoming energy complex. We own 76.5% of the plant and MEAN owns the remaining 23.5%. We sell 60 MW of unit-contingent capacity and energy from this plant to Cheyenne Light under a PPA that expires on December 31, 2022. The PPA includes an option for Cheyenne Light to purchase Black Hills Wyoming's ownership interest in the Wygen I facility through 2019. The purchase price in the contract related to the option is \$2.6 million per MW adjusted for capital additions and reduced by depreciation over 35 years starting January 1, 2009 (approximately \$5 million per year). The net book value of Wygen I at December 31, 2015 was \$74 million and if Cheyenne Light had exercised the purchase option at year-end 2015, the estimated purchase price would have been approximately \$155 million and would be subject to WPSC and FERC approval in order to obtain regulatory treatment. Cheyenne Light has delayed consideration of exercising the purchase option pending the state of Wyoming finalizing their State Implementation Plans to comply with the EPA's Clean Power Plan. Wyoming has until June 30, 2016 to submit their final plans to the EPA. We sell excess power from our generating capacity into the wholesale power markets when it is available and economical.

Black Hills Colorado IPP - Pueblo Airport Generation. The Pueblo Airport Generation Station consists of two 100 MW combined-cycle gas-fired power generation plants located at a site shared with Colorado Electric. The plants commenced operation on January 1, 2012 and the assets are accounted for as a capital lease under a 20-year PPA with Colorado Electric, which expires on December 31, 2031. Under the PPA with Colorado Electric, any excess capacity and energy shall be for the benefit of Colorado Electric.

The following table summarizes MWh for our Power Generation segment:

Quantities Sold, Generated and Purchased (MWh) ^(a)	2015	2014	2013
Sold			
Black Hills Colorado IPP	1,133,190	1,178,464	1,008,482
Black Hills Wyoming ^(b)	663,052	581,696	556,307
Total Sold	1,796,242	1,760,160	1,564,789
Generated			
Black Hills Colorado IPP	1,133,190	1,178,464	1,008,482
Black Hills Wyoming	561,930	543,796	556,106
Total Generated	1,695,120	1,722,260	1,564,588
Purchased			
Black Hills Wyoming ^(b)	68,744	38,237	5,481
Total Purchased	68,744	38,237	5,481

(a) Company use and losses are not included in the quantities sold, generated and purchased.

(b) Under the 20-year economy energy PPA with the City of Gillette, effective September 2014, Black Hills Wyoming purchases energy on behalf of the City of Gillette and sells that energy to the City of Gillette.

Operating Agreements. Our Power Generation segment has the following material operating agreements:

- Economy Energy PPA and other ancillary agreements
 - Black Hills Wyoming sold its CTII 40 MW natural gas-fired generating unit to the City of Gillette, Wyoming on September 3, 2014. Under the terms of the sale, Black Hills Wyoming entered into ancillary agreements to operate CTII, and provide use of shared facilities including a ground lease and dispatch generation services. In addition, the agreement includes a 20-year economy energy PPA that contains a sharing arrangement in which the parties share the savings of wholesale power purchases made when market power prices are less than the cost of operating the generating unit.
- Shared Services Agreements
 - Black Hills Power, Cheyenne Light and Black Hills Wyoming are parties to a shared facilities agreement, whereby each entity charges for the use of assets by the affiliate entity.
 - Black Hills Colorado IPP and Colorado Electric are parties to a facility fee agreement, whereby Colorado Electric charges Black Hills Colorado IPP for the use of Colorado Electric assets.
 - Black Hills Colorado IPP, Cheyenne Light and Black Hills Power are parties to a Spare Turbine Use Agreement, whereby Black Hills Colorado IPP charges Black Hills Power and Cheyenne Light a monthly fee for the availability of a spare turbine to support the operation of Cheyenne Prairie Generating Station.
 - Black Hills Colorado IPP and Black Hills Wyoming receive certain staffing and management services from BHSC.
- Jointly Owned Facilities
 - Black Hills Wyoming and MEAN are parties to a shared joint ownership agreement, whereby Black Hills Wyoming charges MEAN for administrative services, plant operations and maintenance on their share of the Wygen I generating facility over the life of the plant.

Competition. The independent power industry consists of many strong and capable competitors, some of which may have more extensive operating experience or greater financial resources than we possess.

With respect to the merchant power sector, FERC has taken steps to increase access to the national transmission grid by utility and non-utility purchasers and sellers of electricity and foster competition within the wholesale electricity markets. Our Power Generation business could face greater competition if utilities are permitted to robustly invest in power generation assets. Conversely, state regulatory rules requiring utilities to competitively bid generation resources may provide opportunity for independent power producers in some regions.

The Energy Policy Act of 1992. The passage of the Energy Policy Act of 1992 encouraged independent power production by providing certain exemptions from regulation for EWGs. EWGs are exclusively in the business of owning or operating, or both owning and operating, eligible power facilities and selling electric energy at wholesale. EWGs are subject to FERC regulation, including rate regulation. We own two EWGs: Wygen I and 200 MW (two 100 MW combined-cycle gas-fired units) at the Pueblo Airport Generating Station. Our EWGs were granted market-based rate authority, which allows FERC to waive certain accounting, record-keeping and reporting requirements imposed on public utilities with cost-based rates.

Environmental Regulation. Many of the environmental laws and regulations applicable to our regulated Electric Utilities also apply to our Power Generation operations. See the discussion above under the “Environmental” and “Regulation” captions for the Utilities Group for additional information on certain laws and regulations.

Clean Air Act. The Clean Air Act impacts our Power Generation business in a manner similar to the impact disclosed for our Electric Utilities. Our Wygen I and Pueblo Airport Generating facilities are subject to Titles IV and V of the Clean Air Act and have the required permits in place or have applications submitted in accordance with regulatory time lines. As a result of SO₂ allowances credited to us from the installation of sulfur removal equipment at our jointly owned Wyodak plant, we hold sufficient allowances for our Wygen I plant through 2045, without purchasing additional allowances. The EPA’s MACT rule described in the Utilities Group section will apply to Wygen I.

Clean Water Act. The Clean Water Act impacts our Power Generation business in a manner similar to the impact described above for our Electric Utilities. Each of our facilities that is required to have NPDES permits have those permits and are in compliance with discharge limitations. The EPA also regulates surface water oil pollution prevention through its oil pollution prevention regulations. Each of our facilities regulated under this program have the requisite pollution prevention plans in place.

Solid Waste Disposal. We dispose of all Wygen I coal ash and scrubber wastes in mined areas at our WRDC coal mine under the terms and conditions of a state permit. The factors discussed under this caption for the Utilities Group also impact our Power Generation segment in a similar manner.

Greenhouse Gas Regulations. The EPA's GHG Tailoring Rule described in the Utilities Group section will apply to the Wygen I and the Pueblo Airport Generating units upon a major modification, upon operating permit renewal or in the case of Pueblo Airport Generating Station, upon initial issuance of the Title V operating permit.

Coal Mining Segment

Our Coal Mining segment operates through our WRDC subsidiary. We surface mine, process and sell primarily low-sulfur sub-bituminous coal at our coal mine near Gillette, Wyoming. The WRDC coal mine, which we acquired in 1956 from Homestake Gold Mining Company, is located in the Powder River Basin. The Powder River Basin contains one of the largest coal reserves in the United States. We produced approximately 4.1 million tons of coal in 2015.

During our surface mining operations, we strip and store the topsoil. We then remove the overburden (earth and rock covering the coal) with heavy equipment. Removal of the overburden typically requires drilling and blasting. Once the coal is exposed, we drill, fracture and systematically remove it, using front-end loaders and conveyors to transport the coal to the mine-mouth generating facilities. We reclaim disturbed areas as part of our normal mining activities by back-filling the pit with overburden removed during the mining process. Once we have replaced the overburden and topsoil, we re-establish vegetation and plant life in accordance with our approved Post Mining Topography plan.

In a basin characterized by thick coal seams, our overburden ratio, a comparison of the cubic yards of dirt removed to a ton of coal uncovered, had in recent years trended upwards. The overburden ratio at December 31, 2015 was 1.5, which increased from the prior year as we continued mining in areas with higher overburden. We expect our stripping ratio to increase to approximately 1.9 by the end of 2016 as we mine back into areas with higher overburden.

Mining rights to the coal are based on four federal leases and one state lease. The federal leases expire between March 31, 2021 to October 31, 2025 and the state lease expires on August 1, 2023. The duration of the leases varies; however, the lease terms generally are extended to the exhaustion of economically recoverable reserves, as long as active mining continues. We pay federal and state royalties of 12.5% of the selling price of all coal. As of December 31, 2015, we estimated our recoverable coal reserves to be approximately 204 million tons, based on a life-of-mine engineering study utilizing currently available drilling data and geological information prepared by internal engineering studies. The recoverable coal reserve life is equal to approximately 49 years at the current expected production levels. Our recoverable coal reserve estimates are periodically updated to reflect past coal production and other geological and mining data. Changes in mining methods or the utilization of new technologies may increase or decrease the recovery basis for a coal seam. Our recoverable coal reserves include reserves that can be economically and legally extracted at the time of their determination. We use various assumptions in preparing our estimate of recoverable coal reserves. See Risk Factors under Coal Mining for further details.

Substantially all of our coal production is currently sold under contracts to:

- Black Hills Power for use at its Neil Simpson II plant. This contract is for the life of the plant;
- Cheyenne Light for use at its Wygen II plant. This contract is for the life of the plant;
- the 362 MW Wyodak power plant owned 80% by PacifiCorp and 20% by Black Hills Power. PacifiCorp is obligated to purchase a minimum of 1.5 million tons of coal each year of the contract term, subject to adjustments for planned outages. Black Hills Power is also obligated to purchase a minimum of 0.375 million tons of coal per year for its 20% share of the power plant. This contract expires at the end of December 2022;
- the 110 MW Wygen III power plant owned 52% by Black Hills Power, 25% by MDU and 23% by the City of Gillette to which we sell approximately 600,000 tons of coal each year. This contract expires June 1, 2060;

- the 90 MW Wygen I power plant owned 76.5% by Black Hills Wyoming and 23.5% by MEAN to which we sell approximately 500,000 tons of coal each year. This contract expires June 30, 2038; and
- certain regional industrial customers served by truck to which we sell a total of approximately 150,000 tons of coal each year. These contracts have terms of one to five years.

Our Coal Mining segment sells coal to Black Hills Power and Cheyenne Light for all of their requirements under cost-based agreements that regulate earnings from these affiliate coal sales to a specified return on our coal mine's cost-depreciated investment base. The return calculated annually is 400 basis points above A-rated utility bonds applied to our coal mining investment base. Black Hills Power made a commitment to the SDPUC, the WPSC and the City of Gillette that coal for Black Hills Power's operating plants would be furnished and priced as provided by that agreement for the life of the Neil Simpson II plant and through June 1, 2060, for Wygen III. The agreement with Cheyenne Light provides coal for the life of the Wygen II plant.

The price of unprocessed coal sold to PacifiCorp for the Wyodak plant is determined by the coal supply agreement described above. The agreement included a price adjustment in 2014, and an additional price adjustment in 2019. The price adjustments essentially allow us to retain the full economic advantage of the mine's location adjacent to the plant. The price adjustments are based on the market price of coal plus considerations for the avoided costs of rail transportation and a coal unloading facility which PacifiCorp would have to incur if it purchased coal from another mine. In addition, the agreement also provides for the monthly escalation of coal price based on an escalation factor.

WRDC supplies coal to Black Hills Wyoming for the Wygen I generating facility for requirements under an agreement using a base price that includes price escalators and quality adjustments through June 30, 2038 and includes actual cost per ton plus a margin equal to the yield for Moody's A-Rated 10-Year Corporate Bond Index plus 400 basis points with the base price being adjusted on a 5-year interval. The agreement stipulates that WRDC will supply coal to the 90 MW Wygen I plant through June 30, 2038.

Competition. Our primary strategy is to sell the majority of our coal production to on-site, mine-mouth generation facilities under long-term supply contracts. Historically, off-site sales have been to consumers within a close proximity to the mine. Rail transport market opportunities for WRDC coal are limited due to the lower heating value (Btu) of the coal, combined with the fact that the WRDC coal mine is served by only one railroad, resulting in less competitive transportation rates. Management continues to explore the limited market opportunities for our product through truck transport.

Additionally, coal competes with other energy sources, such as natural gas, wind, solar and hydropower. Costs and other factors relating to these alternative fuels, such as safety, environmental considerations and availability affect the overall demand for coal as a fuel.

Environmental Regulation. The construction and operation of coal mines are subject to environmental protection and land use regulation in the United States. These laws and regulations often require a lengthy and complex process of obtaining licenses, permits and approvals from federal, state and local agencies. Many of the environmental issues and regulations discussed under the Utilities Group also apply to our Coal Mining segment. Specifically, the EPA is examining plans to reduce methane emissions from coal mines as part of President Obama's Climate Action Plan.

Operations at WRDC must regularly address issues arising due to the proximity of the mine disturbance boundary to the City of Gillette and to residential and industrial development. Homeowner complaints and challenges to the permits may occur as mining operations move closer to residential development areas. Specific concerns could include damage to wells, fugitive dust emissions and vibration and nitrous oxide fumes from blasting.

Ash is the inorganic residue remaining after the combustion of coal. Ash from our Wyoming power plants, as well as PacifiCorp's Wyodak power plant, is disposed of in the mine and is utilized for backfill to meet permitted post-mining contour requirements. On December 19, 2014, the EPA signed national disposal regulations regulating coal ash as a solid waste. While these regulations do not address mine backfill, it is expected the U.S. Office of Surface Mining will collaborate with the EPA and propose mine backfill regulations in early 2016. These regulations may increase the cost of ash disposal for the power plants and/or increase backfill costs for the coal mine.

Mine Reclamation. Reclamation is required during production and after mining has been completed. Under applicable law, we must submit applications to, and receive approval from, the WDEQ for any mining and reclamation plan that provides for orderly mining, reclamation and restoration of the WRDC mine. We have approved mining permits and are in compliance with other permitting programs administered by various regulatory agencies. The WRDC coal mine is permitted to operate under a five year mining permit issued by the State of Wyoming. The current permit expires in 2016 and the application for renewal was filed in 2015 per state requirements. Based on extensive reclamation studies, we have accrued approximately \$19 million for reclamation costs as of December 31, 2015. Mining regulatory requirements continue to increase, which impose additional cost on the mining process.

Oil and Gas Segment

Our Oil and Gas segment, which conducts business through BHEP and its subsidiaries, acquires, explores for, develops and produces natural gas and crude oil in the United States primarily in the Rocky Mountain region. In 2015, we began transitioning our Oil and Gas business toward supporting our planned Cost of Service Gas Program and similar programs in partnership with other utilities, while maintaining the upside value optionality of our Piceance Basin and other assets. In the current low energy commodity price environment, we can best utilize our oil and gas expertise to develop and operate the Cost of Service Gas Program on behalf of our utility businesses and similar programs in partnership with third-party utilities. Our oil and gas strategy for the last several years has been to prove up the potential of the Mancos formation for our southern Piceance Basin asset, while improving our drilling and completion practices for the Mancos. Drilling and completion costs have trended down as we focus on efficiencies and cost reductions. Sustained low oil and natural gas prices have also resulted in reduced costs for drilling and completion services, equipment and materials. We are currently assessing the Piceance wells to determine their potential fit for a Cost of Service Gas Program.

As of December 31, 2015, the principal assets of our Oil and Gas segment included: (i) operating interests in crude oil and natural gas properties, including properties in the San Juan Basin (with holdings primarily on the tribal lands of the Jicarilla Apache Nation in New Mexico and Southern Ute Nation in Colorado), the Powder River Basin (Wyoming) and the Piceance Basin (Colorado); (ii) non-operated interests in crude oil and natural gas properties, including wells located in various producing basins in several states; and (iii) a 44.7% ownership interest in the Newcastle gas processing plant and associated gathering system located in Weston County, Wyoming. The plant, operated by Western Gas Partners, LP, is adjacent to our producing properties in that area and BHEP's production accounts for more than 55% of the facility's throughput. We also own natural gas gathering, compression and treating facilities, and water collection and delivery systems serving the operated San Juan and Piceance Basin properties and working interests in similar facilities serving our Wyoming properties.

At December 31, 2015, we had total reserves of approximately 105 Bcfe, of which natural gas comprised 70%, crude oil comprised 20% and NGLs comprised 10%. The majority of our reserves are located in select crude oil and natural gas producing basins in the Rocky Mountain region. Approximately 18% of our reserves are located in the San Juan Basin of northwestern New Mexico, primarily in the East Blanco Field of Rio Arriba County; 25% are located in the Powder River Basin of Wyoming, primarily in the Finn-Shurley Field of Weston and Niobrara counties; and 50% are located in the Piceance Basin of western Colorado, primarily in Mesa county.

Summary Oil and Gas Reserve Data

The summary information presented for our estimated proved developed and undeveloped crude oil, natural gas, and NGL reserves and the 10% discounted present value of estimated future net revenues is based on reports prepared by Cawley Gillespie & Associates, an independent consulting and engineering firm located in Fort Worth, Texas. Reserves were determined consistent with SEC requirements using a 12-month average product price calculated using the first-day-of-the-month price for each of the 12 months in the reporting period held constant for the life of the properties. Estimates of economically recoverable reserves and future net revenues are based on a number of variables, which may differ from actual results. Reserves for crude oil, natural gas, and NGLs are reported separately and then combined for a total MMcfe (where oil and NGLs in Mbbbl are converted to an MMcfe basis by multiplying Mbbbl by six).

The SEC definition of "reliable technology" allows the use of any reliable technology to establish reserve volumes in addition to those established by production and flow test data. This definition allows, but does not require us, to book PUD locations that are more than one location away from a producing well. We elected to only include PUDs which are one location away from a producing well in our volume reserve estimate. Companies are allowed, but not required, to disclose probable and possible reserves. We have elected not to report these additional reserve categories. Additional information on our oil and gas reserves, related financial data and the SEC requirements can be found in Note 21 to the Consolidated Financial Statements in this Annual Report on Form 10-K.

We maintain adequate and effective internal controls over the reserve estimation process as well as the underlying data upon which reserve estimates are based. The primary inputs to the reserve estimation process are comprised of technical information, financial data, ownership interest and production data. All field and reservoir technical information, which is updated annually, is assessed for validity when the reservoir engineers hold technical meetings with geoscientists, operations and land personnel to discuss field performance and to validate future development plans. Our internal engineers and our independent reserve engineering firm, CG&A, work independently and concurrently to develop reserve volume estimates. Current revenue and expense information is obtained from our accounting records, which are subject to external quarterly reviews, annual audits and internal controls over financial reporting. All current financial data such as commodity prices, lease operating expenses, production taxes and field commodity price differentials are updated in the reserve database and then analyzed to ensure that they have been entered accurately and that all updates are complete. Our current ownership in mineral interests and well production data are also subject to the aforementioned internal controls over financial reporting and they are incorporated in the reserve database and verified to ensure their accuracy and completeness. Once the reserve database has been entirely updated with current information and all relevant technical support materials have been assembled, CG&A meets with our technical personnel to review field performance and future development plans to further verify their validity. Following these reviews, the reserve database, including updated cost, price and ownership data, is furnished to CG&A so they can prepare their independent reserve estimates and final report. Access to our reserve database is restricted to specific members of the engineering department.

CG&A is a Texas Registered Engineering Firm. Our primary contact at CG&A is Mr. Zane Meekins. Mr. Meekins has been practicing consulting petroleum engineering since 1989. Mr. Meekins is a Registered Professional Engineer in the State of Texas and has over 28 years of practical experience in petroleum engineering and over 26 years of experience in the estimation and evaluation of reserves. He graduated from Texas A&M University in 1987 with a Bachelor of Science in Petroleum Engineering. Mr. Meekins meets or exceeds the education, training and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers and he is proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines.

BHEP's Engineering Manager is the technical person primarily responsible for overseeing our third party reserve estimates. He has 29 years of experience as a petroleum engineer. He has over 22 years of experience working closely with internal and third party qualified reserve estimators in major and mid-sized oil and gas companies. He graduated from the University of Wyoming in 1986 with a Bachelor of Science degree in Petroleum Engineering.

In 2014, we began to separate the NGL production and reserves from the prior years reported wet natural gas reserves and production. NGL production and reserves are processed volumes received by taking the wellhead gas to a gas plant where the various components are extracted into a dry natural gas stream and a natural gas liquids stream. NGL volumes reported are in barrels and are the weighted volumes of the various liquids components; ethane (if recovered), propane, isobutane, normal butane, and natural gasoline. Presently, ethane is not being recovered at any of the facilities that process our natural gas production.

Tab B3

LIST OF OFFICERS
BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC

OFFICER	TITLE	AREA OF RESPONSIBILITY
David R. Emery	Chairman and Chief Executive Officer	Oversees all company operations
Linden R. Evans	President and Chief Operating Officer – Utilities	Oversees all utility operations
Richard W. Kinzley	Senior Vice President and Chief Financial Officer	Oversees finance, accounting
Steven J. Helmers	Senior Vice President, General Counsel and Chief Compliance Officer (also Assistant Secretary)	Legal, compliance, contracts
Robert A. Myers	Senior Vice President – Chief Human Resources Officer	Compensation, benefits
Scott A. Buchholz	Senior Vice President – Chief Information Officer	Information technology, billing systems, customer information, supply chain
Brian G. Iverson	Senior Vice President – Regulatory and Government Affairs and Assistant General Counsel	Oversees regulatory affairs, resource planning, public relations, governmental affairs, legal
Roxann R. Basham	Vice President – Governance and Corporate Secretary	Company records, internal audit
Perry S. Krush	Vice President – Supply Chain	Supply chain
Esther J. Newbrough	Vice President – Corporate Controller	Accounting
Kimberly F. Nooney	Vice President – Treasurer	Financing, cash management
Kyle D. White	Vice President – Regulatory Affairs	Regulatory affairs
Jeffrey B. Berzina	Vice President – Strategic Planning and Development	Planning, strategy
Stuart A. Wevik	Vice President – Utility Operations	Oversees utility operations
Ivan Vancas	Vice President – Operations Services	Safety, environmental, marketing services
Richard C. Loomis	Vice President – Energy Asset Optimization	Generation dispatch and power marketing, gas supply services, generation resource planning



Stronger together.

Black Hills Corporation Board of Directors

2015 Annual Report



David R. Emery, age 53, was elected Chairman in 2005 and has been our Chief Executive Officer and member of our Board of Directors since 2004. He also served as President from 2004 through 2015. Previously, he was our President and Chief Operating Officer – Retail Business Segment from 2003 to 2004 and Vice President – Fuel Resources from 1997 to 2003.



Jack W. Eugster, age 70, was elected to the Board of Directors in 2004. Mr. Eugster was Chairman, Chief Executive Officer and President of Musicland Stores, Inc. from 1980 until his retirement in 2001. He was Non-Executive Chairman of Shopko Stores, Inc., a general merchandise discount store chain, from 2001 to 2005. He also serves on the board of directors of Graco, Inc.



Michael H. Madison, age 67, was elected to the Board of Directors in 2012 and currently chairs the Compensation Committee. Mr. Madison was President and Chief Executive Officer and a Director of Cleco Corporation, a public utility holding company, from 2005 to 2011. He was President and Chief Operating Officer of Cleco Power, LLC from 2003 to 2005 and State President, Louisiana-Arkansas with American Electric Power, from 2000 to 2003.



Linda K. Massman, age 49, was elected to the Board of Directors in 2015. Ms. Massman is President and Chief Executive Officer and a Director of Clearwater Paper Corporation, a premier supplier of private label tissue to major retailers and a producer of bleached paperboard, since 2013. She previously served as Clearwater's President and Chief Operating Officer from 2011 to 2013 and its Chief Financial Officer from 2008 to 2011. Prior to joining Clearwater, she was Group Vice President of Finance and Corporate Planning for SUPERVALU Inc. and a business strategy consultant for Accenture.



Steven R. Mills, age 60, was elected to the Board of Directors in 2011 and currently chairs the Audit Committee. Mr. Mills is a Consultant and Advisor, providing accounting and financial consulting and advisory services to clients in the private equity, agribusiness, renewable products and financial services fields since 2013. He was Chief Financial Officer of Amyris, Inc., an integrated renewable products company, from 2012 to 2013. He served as Senior Executive Vice President Performance and Growth of Archer Daniels Midland Company, a processor, transporter, buyer and marketer of agricultural products from 2010 to 2012, Executive Vice President and Chief Financial Officer from 2008 to 2010 and Senior Vice President, Strategic Planning from 2006 to 2008.



Gary L. Pechota, age 66, was elected to the Board of Directors in 2007. Mr. Pechota has been President and Chief Executive Officer of DT-TRAK Consulting, Inc., a medical billing services company, since 2007. He was retired from 2005 to 2007. He was Former Chief of Staff of the National Indian Gaming Commission from 2003 to 2005. He previously held executive positions in the cement industry and positions in finance and accounting. He also serves on the board of directors of Insteel Industries, Inc.



Rebecca B. Roberts, age 63, was elected to the Board of Directors in 2011 and currently chairs the Governance Committee. Ms. Roberts was President of Chevron Pipe Line Company, a pipeline company transporting crude oil, refined petroleum products, liquefied petroleum gas, natural gas and chemicals within the United States from 2006 to 2011. She was President of Chevron Global Power Generation from 2003 to 2006. She also serves on the board of directors of Enbridge, Inc. and MSA Safety Inc.



Mark A. Schober, age 60, was elected to the Board of Directors in 2015. Mr. Schober was Senior Vice President and Chief Financial Officer of ALLETE, Inc., a public energy company, from 2006 to 2014. He previously held several positions in accounting and finance.



John B. Vering, age 66, was elected to the Board of Directors in 2005 and currently serves as our Lead Director. Mr. Vering has been Managing Director of Lone Mountain Investments, Inc., an oil and gas investment firm, since 2002. He served as Interim President and General Manager of Black Hills Exploration and Production, Inc., our oil and gas subsidiary from 2010 to 2011. He previously held several executive positions in the oil and gas industry.



Thomas J. Zeller, age 68, was elected to the Board of Directors in 1997. Mr. Zeller was Chief Executive Officer of RESPEC, a technical consulting and services firm with expertise in engineering, information technologies and water and natural resources specializing in emerging environmental protection protocols, in 2011, and served as President from 1995 to 2011.

CORPORATE GOVERNANCE

Corporate Governance Guidelines. Our Board of Directors has adopted corporate governance guidelines titled “Corporate Governance Guidelines of the Board of Directors,” which guide the operation of our Board and assist the Board in fulfilling its obligations to shareholders and other constituencies. The guidelines lay the foundation for the Board’s responsibilities, operations, leadership, organization and committee matters. The Governance Committee reviews the guidelines annually, and the guidelines may be amended at any time, upon recommendation by the Governance Committee and approval of the Board. These guidelines can be found in the “Governance” section of our website (www.blackhillscorp.com/investor-relations/corporate-governance).

Board Independence. In accordance with New York Stock Exchange rules, the Board of Directors through its Governance Committee affirmatively determines the independence of each director and director nominee in accordance with guidelines it has adopted, which include all elements of independence set forth in the NYSE listing standards. These guidelines are contained in our Policy for Director Independence, which can be found in the “Governance” section of our website (www.blackhillscorp.com/investor-relations/corporate-governance). Based on these standards, the Governance Committee determined that each of the following non-employee directors is independent and has no relationship with us, except as a director and shareholder:

Jack W. Eugster	Rebecca B. Roberts
Michael H. Madison	Mark A. Schober
Linda K. Massman	John B. Vering
Steven R. Mills	Thomas J. Zeller
Gary L. Pechota	

In addition, based on such standards, the Governance Committee determined that Mr. Emery is not independent because he is our Chairman and Chief Executive Officer (“CEO”).

Board Leadership Structure. Mr. Emery has served as our Chairman of the Board and CEO since 2005 and has been a member of our Board since 2004. Mr. Emery provides strategic, operational, and technical expertise and context for the matters considered by our Board. After considering alternative board leadership structures, our Board chose to retain the ability to balance an independent Board structure with the designation of an independent Lead Director and to appoint as Chairman a CEO-Director with knowledge of and experience in the operations of our Company. At this time, our Board believes that having a single person serve as Chairman and CEO provides unified and responsible leadership for our Company and in conjunction with the Lead Director provides the proper balance to ensure the Board receives the information, experience and direction it needs to effectively govern.

Our Board has and continues to value a high degree of Board independence. As a result, our corporate governance structure and practices promote a strong, independent Board and include several independent oversight mechanisms. Only independent directors serve on our Audit, Compensation and Governance Committees. Our Board believes these practices ensure that experienced and independent directors will continue to effectively oversee management and critical issues related to financial and operating plans, long-range strategic issues, enterprise risk and corporate integrity. All of our Board committees may seek legal, financial or other expert advice from a source independent of management.

Our Board annually appoints an independent Lead Director. John B. Vering was appointed Lead Director effective March 1, 2016. Thomas J. Zeller served as our Lead Director from 2010 through February 2016. The responsibilities of Lead Director, as provided in the Board’s Governance Guidelines, are to chair executive sessions of the independent directors and communicate the Board’s annual evaluation of the CEO. The Lead Director, together with the independent directors, establishes the agenda for executive sessions, which are held at each regular Board meeting. The Lead Director serves as a liaison between the independent members of the Board and the CEO and discusses, to the extent appropriate, matters raised by the independent directors in executive session. The Lead Director also consults with the Chairman regarding meeting agendas and presides over regular meetings of the Board in the absence of the Chairman. This leadership structure provides consistent and effective oversight of our management and our Company.

Risk Oversight. Our Board oversees an enterprise approach to risk management that supports our operational and strategic objectives. The Corporate Governance Guidelines of our Board of Directors provide that the Board will review major risks facing our Company and the options for risk mitigation presented by management. Our Board delegates oversight of certain risk considerations to its committees within each of their respective areas of responsibility; however, the full Board monitors

risk relating to strategic planning and execution, as well as executive succession. Financial risk oversight falls within the purview of our Audit Committee. Our Compensation Committee oversees compensation and benefit plan risks. Each committee reports to the full Board.

Our Board reviews any material changes in our key enterprise risk management ("ERM") issues, including cyber security, with management at each quarterly Board meeting in conjunction with the presentation of quarterly financial results. In so doing, our Board seeks to ensure appropriate risk mitigation strategies are implemented by management on an ongoing basis. Operational and strategic plan presentations by management to our Board include consideration of the challenges and risks to our business. Our Board and management actively engage in discussions of these topics and utilize outside consultants as needed. Our Board oversees the assessment of our strategic plan risks as part of our strategic planning process. In addition, our Board periodically receives safety performance, environmental, legal and compliance reports.

Our Audit Committee oversees management's strategy and performance relative to our significant financial risks. In consultation with management, the independent auditors and the internal auditors, the Audit Committee discusses our risk assessment, risk management and credit policies and reviews significant financial risk exposures along with steps management has taken to monitor, mitigate and report such exposures. At least twice a year, our Chief Risk Officer provides a Risk and Credit Report to the Audit Committee. We adopted a Credit Policy that establishes guidelines, controls and limits to manage and mitigate credit risk within established risk tolerances.

Our Compensation Committee adopted an executive compensation philosophy that provides the foundation for our executive compensation program. The executive compensation philosophy states that the executive pay program should be market-based and maintain an appropriate and competitive balance between fixed and variable pay elements, short-term and long-term compensation and cash and stock-based compensation. The Compensation Committee establishes company-specific performance goals with potential incentive payouts for our executive officers to motivate and reward performance, consistent with our long-term success. The target compensation for our senior officers is heavily weighted in favor of long-term incentives, aligning performance incentives with long-term results for our shareholders. Our Compensation Committee also sets minimum performance thresholds and maximum payouts in the incentive programs and maintains the discretion to reduce awards if excessive risk is taken. Stock ownership guidelines established for all of our officers require our executives to hold 100 percent of all shares awarded to them (net of share withholding for taxes and, in the case of cashless stock option exercises, net of the exercise price and withholding for taxes) until the established stock ownership guidelines are achieved. Our Compensation Committee also instituted "clawback" provisions in our incentive plans, which may require an executive to return incentives received, if the Compensation Committee determines, in its discretion, that the executive engaged in specified misconduct or wrongdoing or in the event of certain financial restatements.

Our management is responsible for day-to-day risk management and operates under an ERM program that addresses strategic, operational, financial and compliance risks. The ERM program includes practices to identify risks, assesses the impact and probability of occurrence, and develops action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes regular reporting to our senior management team and includes monitoring and testing by Risk Management, Compliance and Internal Audit groups. The overall ERM program is reviewed with the Board of Directors on a regular basis.

We believe this division of risk management responsibilities described above is an effective approach for addressing the risks facing our Company.

Director Nominees. The Governance Committee uses a variety of methods for identifying and evaluating nominees for director. The Governance Committee regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event vacancies are anticipated, or otherwise arise, the Governance Committee considers various potential candidates for director. Board candidates are considered based upon various criteria, including diverse business, administrative and professional skills or experiences; an understanding of relevant industries, technologies and markets; financial literacy; independence status; the ability and willingness to contribute time and special competence to Board activities; personal integrity and independent judgment; and a commitment to enhancing shareholder value. The Governance Committee considers these and other factors as it deems appropriate, given the needs of the Board and us. Our goal is a balanced and diverse Board, with members whose skills, background and experience are complementary and, together, cover the spectrum of areas that impact our business. The Governance Committee considers candidates for Board membership suggested by a variety of sources, including current or past Board members, the use of third-party executive search firms, members of management and shareholders. Any shareholder may make recommendations for consideration by the Governance Committee for membership on the Board by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary. There are no differences in the manner by which the Committee evaluates director candidates recommended by shareholders from those recommended by other sources.

Shareholders who intend to nominate persons for election to the Board of Directors must provide timely written notice of the nomination in accordance with Article I, Section 9 of our Bylaws. Generally, our Corporate Secretary must receive the written notice at our executive offices at 625 Ninth Street, Rapid City, South Dakota, 57701, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. The notice must set forth at a minimum the information set forth in Article I, Section 9 of our Bylaws, including the shareholder's identity and status, contingent ownership interests, description of any agreement made with others acting in concert with respect to the nomination, specific information about the nominee and supply certain representations by the nominee to us.

Communications with the Board. Shareholders and others interested in communicating directly with the Lead Director, with the independent directors as a group, or the Board of Directors may do so in writing to the Lead Director, Black Hills Corporation, 625 Ninth Street, Rapid City, South Dakota, 57701.

Corporate Governance Documents. The charters of the Audit, Compensation and Governance committees, as well as the Board's Corporate Governance Guidelines, Policy for Director Independence, Code of Business Conduct and the Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer, Corporate Controller, and certain other persons performing similar functions can be found in the "Governance" section of our website (www.blackhillscorp.com/investor-relations/corporate-governance). We intend to disclose any amendments to, or waivers of the Code of Ethics on our website. Please note that none of the information contained on our website is incorporated by reference in this proxy statement.

Our Corporate Governance Guidelines include a plurality plus voting policy. Pursuant to the policy, any nominee for election as a director in an uncontested election who receives a greater number of votes "Withheld" from his or her election than votes "For" his or her election will promptly tender his or her resignation as a director to the Chairman of the Board following certification of the election results. Broker non-votes will not be deemed to be votes "For" or "Withheld" from a director's election for purposes of the policy. The Governance Committee (without the participation of the affected director) will consider each resignation tendered under the policy and recommend to the Board whether to accept or reject it. The Board will then take the appropriate action on each tendered resignation, taking into account the Governance Committee's recommendation. The Governance Committee in making its recommendation, and the Board in making its decision, may consider any factors or other information that it considers appropriate, including the reasons why the Committee believes shareholders "Withheld" votes for election from such director and any other circumstances surrounding the "Withheld" votes, any alternatives for curing the underlying cause of the "Withheld" votes, the qualifications of the tendering director, his or her past and expected future contributions to us and the Board, and the overall composition of the Board, including whether accepting the resignation would cause us to fail to meet any applicable SEC or NYSE requirements. The Board will publicly disclose by filing with the SEC on Form 8-K its decision and, if applicable, its rationale within 90 days after receipt of the tendered resignation.

Certain Relationships and Related Party Transactions. We recognize related party transactions can present potential or actual conflicts of interest and create the appearance that decisions are based on considerations other than the best interests of us and our shareholders. Accordingly, as a general matter, it is our preference to avoid related party transactions. Nevertheless, we recognize that there are situations where related party transactions may be in, or may not be inconsistent with, the best interests of us and our shareholders, including but not limited to situations where we may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when we provide products or services to related parties on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, our Board of Directors has adopted a policy for the review of related party transactions. This policy requires directors and officers to promptly report to our Vice President – Governance all proposed or existing transactions in which the Company and they, or persons related to them, are parties or participants. Our Vice President – Governance presents to our Governance Committee those transactions that may require disclosure pursuant to Item 404 of Regulation S-K (typically, those transactions that exceed \$120,000). Our Governance Committee reviews the material facts presented and either approves or disapproves entry into the transaction. In reviewing the transaction, the Governance Committee considers the following factors, among other factors it deems appropriate: (i) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; (ii) the extent of the related party's interest in the transaction; and (iii) the impact on a director's independence in the event the related party is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer.

Section 16(a) Beneficial Ownership Reporting Compliance. Based solely upon a review of our records and copies of reports on Form 3, 4 and 5 furnished to us, we believe that during and with respect to 2015, all persons subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, filed the required reports on a timely basis.

MEETINGS AND COMMITTEES OF THE BOARD

The Board of Directors

Our directors review and approve our strategic plan and oversee our management. Our Board of Directors held four in-person meetings and six telephonic meetings during 2015. Each regularly scheduled meeting of the Board includes an executive session of only independent directors. We encourage our directors to attend the annual shareholders' meeting. During 2015, every director attended at least 75 percent of the combined total of Board meetings and Committee meetings on which the director served and all directors then serving attended the 2015 annual meeting of shareholders.

Committees of the Board

Our Board has three standing committees to facilitate and assist the Board in the execution of its responsibilities. The committees are currently the Audit Committee, the Compensation Committee and the Governance Committee. In accordance with the NYSE listing standards and our Corporate Governance Guidelines, the Audit, Compensation and Governance Committees are comprised solely of independent directors. Each committee operates under a charter, which is available on our website at www.blackhillscorp.com/investor-relations/corporate-governance and is also available in print to any shareholder who requests it. In addition, our Board creates special committees from time to time for specific purposes.

Members of the Committees are designated by our Board upon recommendation of the Governance Committee. The table below shows current membership for each of the Board committees.

Audit Committee	Compensation Committee	Governance Committee
Steven R. Mills*	Jack W. Eugster	Jack W. Eugster
Gary L. Pechota	Michael H. Madison*	Gary L. Pechota
Mark A. Schober	Linda K. Massman	Rebecca B. Roberts*
John B. Vering	Rebecca B. Roberts	Thomas J. Zeller
	Thomas J. Zeller	

* Committee Chair

Audit Committee. The Audit Committee held four in-person meetings and six telephonic meetings in 2015. The Audit Committee's responsibilities, discussed in detail in its charter include, among other duties, the responsibility to:

- assist the Board in fulfilling its oversight responsibility to our shareholders relating to the quality and integrity of our accounting, auditing and financial reporting practices;
- oversee the integrity of our financial statements, financial reporting process, systems of internal controls and disclosure controls regarding finance, accounting and legal compliance;
- review areas of potential significant financial risk to us;
- review consolidated financial statements and disclosures;
- appoint an independent registered public accounting firm for ratification by our shareholders;
- monitor the independence and performance of our independent registered public accountants and internal auditing department;
- pre-approve all audit and non-audit services provided by our independent registered public accountants;
- review the scope and results of the annual audit, including reports and recommendations of our independent registered public accountants;
- review the internal audit plan, results of internal audit work and our process for monitoring compliance with our Code of Conduct and other policies and practices established to ensure compliance with legal and regulatory requirements; and
- periodically meet, in private sessions, with our internal audit group, Chief Financial Officer, Chief Compliance Officer, other management, and our independent registered public accounting firm.

In accordance with the rules of the NYSE, all of the members of the Audit Committee are financially literate. In addition, the Board determined that all of the members of the Audit Committee, Messrs. Mills, Pechota, Schober and Vering, have the

requisite attributes of an “audit committee financial expert” as provided in regulations promulgated by the SEC, and that such attributes were acquired through relevant education and/or experience.

Compensation Committee. The Compensation Committee held two in-person meetings and one telephonic meeting in 2015. All members of the Compensation Committee are independent directors as defined under NYSE listing standards and SEC rules. The Compensation Committee’s responsibilities, discussed in detail in its charter include, among other duties, the responsibility to:

- discharge the Board of Directors’ responsibilities related to executive and director compensation philosophy, policies and programs;
- perform functions required of directors in the administration of all federal and state laws and regulations pertaining to executive employment and compensation;
- consider and recommend for approval by the Board all executive compensation programs including executive benefit programs and stock ownership plans; and
- promote an executive compensation program that supports the overall objective of enhancing shareholder value.

The Compensation Committee has authority under its charter to retain and terminate compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee has sole authority to approve related fees and retention terms and may delegate any of its responsibilities to subcommittees as the Committee may deem appropriate. In addition, pursuant to SEC rules and NYSE listing standards regarding the independence of compensation committee advisors, the Committee has the responsibility to consider the independence of any compensation advisor before engaging the advisor.

The Committee engaged Willis Towers Watson, an independent consulting firm, to conduct an annual review of our 2015 total compensation program for executive officers and directors. The Committee reviewed the independence of Willis Towers Watson and the individual representative of Willis Towers Watson who serves as a consultant to the Committee, in accordance with the SEC and NYSE requirements and the specific factors that the requirements cite. The Compensation Committee concluded that Willis Towers Watson is independent and Willis Towers Watson’s performance of services raises no conflict of interest. The Committee’s conclusion was based in part on a report that Willis Towers Watson provided to the Committee intended to reveal any potential conflicts of interest and a schedule provided by management of the type and amount of non-executive compensation services provided by Willis Towers Watson to the Company. During 2015 the cost of these non-executive compensation services was less than \$10,000.

The Committee annually evaluates the CEO’s performance against Board established goals and objectives, with input from the other independent directors. Based upon the Committee’s evaluation and recommendation, the independent directors of the Board set the CEO’s annual compensation, including salary, bonus, incentive and equity compensation.

The CEO annually reviews the performance of each of our executive officers and presents a summary of his evaluations to the Committee. Based upon these performance reviews, market analysis conducted by the compensation consultant and discussions with our Sr. Vice President, Chief Human Resources Officer, the CEO recommends the compensation of the executive officers to the Committee. The Committee may exercise its discretion in modifying any of the recommended compensation and award levels in its review and approval process.

More information describing the Compensation Committee’s processes and procedures for considering and determining executive compensation, including the role of our CEO and consultants in determining or recommending the amount or form of executive compensation, is included in the Compensation Discussion and Analysis.

In setting non-employee director compensation, the Compensation Committee recommends the form and amount of compensation to the Board of Directors, which makes the final determination. In considering and recommending the compensation of non-employee directors, the Compensation Committee considers such factors as it deems appropriate, including historical compensation information, level of compensation necessary to attract and retain non-employee directors meeting our desired qualifications and market data. In the review of director compensation for 2015, the Compensation Committee retained Willis Towers Watson to provide market information on non-employee director compensation, including compensation structure, annual board and committee retainers, committee chair fees and stock-based compensation.

Compensation Committee Interlocks and Insider Participation. The Compensation Committee is comprised entirely of independent directors. In addition, none of our executive officers serve as a member of a board of directors or compensation committee of any entity that has one or more executive officers who serve on our Board or on our Compensation Committee.

Governance Committee. The Governance Committee held four in-person meetings and two telephonic meeting in 2015. The Governance Committee's responsibilities, discussed in detail in its charter include, among other duties, the responsibility to:

- assess the size of the Board and membership needs and qualifications for Board membership;
- identify and recommend prospective directors to the Board to fill vacancies;
- review and evaluate director nominations submitted by shareholders, including reviewing the qualifications and independence of shareholder nominees;
- consider and recommend existing Board members to be renominated at our annual meeting of shareholders;
- consider the resignation of an incumbent director who makes a principal occupation change (including retirement) or who receives a greater number of votes "Withheld" than votes "For" in an uncontested election of directors and recommend to the Board whether to accept or reject the resignation;
- establish and review guidelines for corporate governance;
- recommend to the Board for approval committee membership and chairs of the committees;
- recommend to the Board for approval an independent director to serve as a Lead Director;
- review the independence of each director and director nominee;
- administer an annual evaluation of the performance of the Board and facilitate an annual assessment of each committee; and
- ensure that the Board oversees the evaluation and succession planning of management.

DIRECTOR COMPENSATION

Director Fees

Effective January 1, 2015, our non-employee director compensation was as follows:

- Board cash retainer of \$65,000;
- common stock equivalents equal to \$80,000 per year;
- dividend equivalents on the common stock equivalents equal to the same dividend rate our shareholders receive;
- committee member cash retainers of \$10,000 for Audit Committee members and \$7,500 for Compensation and Governance Committee members;
- committee chair cash retainers of \$12,500 for Audit Committee Chair, \$10,000 for Compensation Committee Chair and \$7,500 for Governance Committee Chair; and
- Lead Director cash retainer of \$20,000.

Tab B4

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota

625 Ninth Street

IRS Identification Number

Rapid City, South Dakota 57701

46-0458824

Registrant's telephone number, including area code
(605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common stock of \$1.00 par value	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

State the aggregate market value of the voting stock held by non-affiliates of the Registrant.

At June 30, 2015 \$1,925,452,517

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at January 31, 2016</u>
Common stock, \$1.00 par value	51,194,387 shares

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2016 Annual Meeting of Stockholders to be held on April 26, 2016, are incorporated by reference in Part III of this Form 10-K.

(6) LONG-TERM DEBT

Long-term debt outstanding was as follows (dollars in thousands):

	Due Date	Interest Rate at		
		December 31, 2015	December 31, 2015	December 31, 2014
Corporate				
Senior unsecured notes due 2023	November 30, 2023	4.25%	\$ 525,000	\$ 525,000
Unamortized discount on Senior unsecured notes due 2023			(1,890)	(2,164)
Senior unsecured notes due 2020	July 15, 2020	5.88%	200,000	200,000
Corporate term loan due 2017 ^(a)	April 12, 2017	1.28%	300,000	—
Remarketable junior subordinated notes ^(b)	November 1, 2028	3.50%	299,000	—
Corporate term loan due 2015 ^(a)	June 19, 2015	1.31%	—	275,000
Total Corporate Debt			1,322,110	997,836
Electric Utilities				
First Mortgage Bonds due 2044	October 20, 2044	4.43%	85,000	85,000
First Mortgage Bonds due 2044	October 20, 2044	4.53%	75,000	75,000
First Mortgage Bonds due 2032	August 15, 2032	7.23%	75,000	75,000
First Mortgage Bonds due 2039	November 1, 2039	6.13%	180,000	180,000
Unamortized discount on First Mortgage Bonds due 2039			(99)	(102)
First Mortgage Bonds due 2037	November 20, 2037	6.67%	110,000	110,000
Industrial development revenue bonds due 2021 ^(c)	September 1, 2021	0.05%	7,000	7,000
Industrial development revenue bonds due 2027 ^(c)	March 1, 2027	0.05%	10,000	10,000
Series 94A Debt, variable rate ^(c)	June 1, 2024	0.75%	2,855	2,855
Total Electric Utilities Debt			544,756	544,753
Total long-term debt			1,866,866	1,542,589
Less current maturities			—	275,000
Long-term debt, net of current maturities			\$ 1,866,866	\$ 1,267,589

(a) Variable interest rate, based on LIBOR plus a spread.

(b) See Note 12 for RSN details.

(c) Variable interest rate.

Scheduled maturities of long-term debt, excluding amortization of premiums or discounts, for future years are (in thousands):

2016	\$	—
2017	\$	300,000
2018	\$	—
2019	\$	—
2020	\$	200,000
Thereafter	\$	1,368,855

Our debt securities contain certain restrictive financial covenants, all of which the Company and its subsidiaries were in compliance with at December 31, 2015.

Substantially all of the tangible utility property of Black Hills Power and Cheyenne Light is subject to the lien of indentures securing their first mortgage bonds. First mortgage bonds of Black Hills Power and Cheyenne Light may be issued in amounts limited by property, earnings and other provisions of the mortgage indentures. The first mortgage bonds issued by Black Hills Power and Cheyenne Light are callable, but are subject to make-whole provisions which would eliminate any economic benefit for us to call the bonds.

Debt Transactions

On October 1, 2014, Black Hills Power and Cheyenne Light sold \$160 million of first mortgage bonds in a private placement to provide permanent financing for Cheyenne Prairie. Black Hills Power issued \$85 million of 4.43% coupon first mortgage bonds due October 20, 2044 and Cheyenne Light issued \$75 million of 4.53% coupon first mortgage bonds due October 20, 2044. Proceeds from Black Hills Power's bond sale also funded the early redemption of its 5.35% \$12 million pollution control revenue bonds, originally due October 1, 2024.

Corporate Term Loan

On April 13, 2015, we entered into a new \$300 million Corporate term loan due April 12, 2017. This new term loan replaced the \$275 million Corporate term loan due on June 19, 2015 and was classified as Long-Term Debt as of December 31, 2015. The additional \$25 million, less interest and fees, was used for general corporate purposes. The cost of the borrowing under the new term loan is LIBOR plus a margin of 0.9%. The covenants on the new term loan are substantially the same as the Revolving Credit Facility.

Amortization Expense

Our deferred financing costs and associated amortization expense included in Interest expense on the accompanying Consolidated Statements of Income (Loss) were as follows (in thousands):

	Deferred Financing Costs Remaining in Other Assets, Non- current on Balance Sheet at December 31, 2015	Amortization Expense for the years ended December 31,		
		2015	2014	2013
Senior unsecured notes due 2023	\$ 3,414	\$ 494	\$ 653	\$ 86
Senior unsecured notes due 2014	—	—	—	635
Senior unsecured notes due 2020	759	167	167	167
Bridge Term Loan	843	4,213	—	—
RSNs due 2028	1,567	10	—	—
First mortgage bonds due 2044 (Black Hills Power) ^(a)	687	24	6	—
First mortgage bonds due 2044 (Cheyenne Light) ^(a)	635	22	6	—
First mortgage bonds due 2032	551	33	33	33
First mortgage bonds due 2039	1,809	76	76	76
First mortgage bonds due 2037	674	31	31	31
Black Hills Wyoming project financing due 2016 ^(b)	—	—	—	3,177
Other	440	43	53	57
Total	\$ 11,379	\$ 5,113	\$ 1,025	\$ 4,262

(a) Deferred financing costs on Cheyenne Prairie first mortgage bonds executed on October 1, 2014.

(b) This project financing was repaid in 2013 and the deferred financing costs were written off.

Dividend Restrictions

Our credit facility and other debt obligations contain restrictions on the payment of cash dividends when a default or event of default occurs. In addition, the agreements governing our equity units contain restrictions on the payment of cash dividends upon any time we have exercised our right to defer payment of contract adjustment payments under the purchase contracts or interest payments under the RSNs included in such equity units. As of December 31, 2015, we were in compliance with these covenants.

Due to our holding company structure, substantially all of our operating cash flows are provided by dividends paid or distributions made by our subsidiaries. The cash to pay dividends to our shareholders is derived from these cash flows. As a result, certain statutory limitations or regulatory or financing agreements could affect the levels of distributions allowed to be made by our subsidiaries. The following restrictions on distributions from our subsidiaries existed at December 31, 2015:

- Our utilities are generally limited to the amount of dividends allowed to be paid to our utility holding company under the Federal Power Act and settlement agreements with state regulatory jurisdictions. As of December 31, 2015, the restricted net assets at our Utilities Group were approximately \$316 million.

(7) NOTES PAYABLE

Our Revolving Credit Facility and debt securities contain certain restrictive financial covenants. As of December 31, 2015, we were in compliance with all of these financial covenants.

We had the following short-term debt outstanding at the Consolidated Balance Sheets date (in thousands):

	Balance Outstanding at	
	December 31, 2015	December 31, 2014
Revolving Credit Facility	\$ 76,800	\$ 75,000

Revolving Credit Facility

On June 26, 2015, we amended our \$500 million corporate Revolving Credit Facility agreement to extend the term through June 26, 2020. This facility is similar to the former agreement, which includes an accordion feature that allows us, with the consent of the administrative agent and issuing agents, to increase the capacity of the facility to \$750 million. Borrowings continue to be available under a base rate or various Eurodollar rate options. The interest costs associated with the letters of credit or borrowings and the commitment fee under the Revolving Credit Facility are determined based upon our most favorable Corporate credit rating from S&P and Moody's for our unsecured debt. Based on our credit ratings, the margins for base rate borrowings, Eurodollar borrowings and letters of credit were 0.125%, 1.125% and 1.125% respectively. A commitment fee is charged on the unused amount of the Revolving Credit Facility and was 0.175% based on our credit rating.

As of December 31, 2015 and 2014, we had outstanding letters of credit totaling approximately \$33 million and approximately \$35 million, respectively.

Deferred financing costs on the facility of \$4.3 million are being amortized over the estimated useful life of the Revolving Credit Facility and included in Interest expense on the accompanying Consolidated Statements of Income (Loss). The deferred financing costs on the new facility are being amortized as follows (in thousands):

	Deferred Financing Costs Remaining on Balance Sheet as of December 31, 2015	Amortization Expense for the years ended December 31,		
		2015	2014	2013
Revolving Credit Facility	\$ 1,705	\$ 504	\$ 616	\$ 752

Debt Covenants

Our Revolving Credit Facility and our new Term Loan require compliance with the following financial covenant at the end of each quarter:

	At December 31, 2015	Covenant Requirement
Recourse leverage ratio	60%	Less than 65%

(8) ASSET RETIREMENT OBLIGATIONS

We have identified legal retirement obligations related to plugging and abandonment of natural gas and oil wells in the Oil and Gas segment, reclamation of coal mining sites in the Coal Mining segment and removal of fuel tanks, asbestos, transformers containing polychlorinated biphenyls, an evaporation pond and wind turbines at the regulated Electric Utilities segment and asbestos at our regulated utilities segments. We periodically review and update estimated costs related to these asset retirement obligations. The actual cost may vary from estimates because of regulatory requirements, changes in technology and increased costs of labor, materials and equipment.

The following tables present the details of ARO which are included on the accompanying Consolidated Balance Sheets in Other deferred credits and other liabilities (in thousands):

	December 31, 2014	Liabilities Incurred	Liabilities Settled	Accretion	Revisions to Prior Estimates ^(a)	December 31, 2015
Electric Utilities	\$ 7,012	\$ —	\$ (2,733)	\$ 183	\$ —	\$ 4,462
Gas Utilities	291	—	(168)	13	—	136
Coal Mining	19,138	—	—	993	(1,498)	18,633
Oil and Gas	20,945	828	(1,792)	1,371	152	21,504
Total	\$ 47,386	\$ 828	\$ (4,693)	\$ 2,560	\$ (1,346)	\$ 44,735

	December 31, 2013	Liabilities Incurred	Liabilities Settled	Accretion	Revisions to Prior Estimates ^{(a)(b)}	December 31, 2014
Electric Utilities	\$ 6,922	\$ —	\$ (85)	\$ 175	\$ —	\$ 7,012
Gas Utilities	274	—	—	17	—	291
Coal Mining	20,627	345	—	951	(2,785)	19,138
Oil and Gas	24,028	68	(932)	1,043	(3,262)	20,945
Total	\$ 51,851	\$ 413	\$ (1,017)	\$ 2,186	\$ (6,047)	\$ 47,386

(a) The Coal Mining Revision to Prior Estimates reflects the change in backfill yards and disturbed acreage used in calculating the estimated liability as well as changes in inflation rate assumptions.

(b) The Oil and Gas Revision to Prior Estimates was due to a change in useful well lives used in calculating the estimated liability.

We also have legally required AROs related to certain assets within our electric and gas utility transmission and distribution systems. These retirement obligations are pursuant to an easement or franchise agreement and are only required if we discontinue our utility service under such easement or franchise agreement. Accordingly, it is not possible to estimate a time period when these obligations could be settled and therefore, a value for the cost of these obligations cannot be measured at this time.

Tab B5

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota

625 Ninth Street

IRS Identification Number

Rapid City, South Dakota 57701

46-0458824

Registrant's telephone number, including area code
(605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock of \$1.00 par value	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

State the aggregate market value of the voting stock held by non-affiliates of the Registrant.

At June 30, 2015 \$1,925,452,517

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2016
Common stock, \$1.00 par value	51,194,387 shares

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2016 Annual Meeting of Stockholders to be held on April 26, 2016, are incorporated by reference in Part III of this Form 10-K.

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Year ended	December 31, 2015	December 31, 2014	December 31, 2013
	(in thousands, except per share amounts)		
Revenue:			
Utilities	\$ 1,219,526	\$ 1,300,969	\$ 1,191,133
Non-regulated energy	85,079	92,601	84,719
Total revenue	1,304,605	1,393,570	1,275,852
Operating expenses:			
Utilities -			
Fuel, purchased power and cost of natural gas sold	456,887	581,782	492,147
Operations and maintenance	272,407	270,954	261,919
Non-regulated energy operations and maintenance	88,702	88,141	83,762
Depreciation, depletion and amortization	155,370	144,745	137,324
Impairment of long-lived assets	249,608	—	—
Taxes - property, production and severance	44,353	43,580	40,012
Other operating expenses	7,483	500	1,243
Total operating expenses	1,274,810	1,129,702	1,016,407
Operating income	29,795	263,868	259,445
Other income (expense):			
Interest charges -			
Interest expense incurred (including amortization of debt issuance costs, premiums and discounts and realized settlements on interest rate swaps)	(86,278)	(73,017)	(113,979)
Allowance for funds used during construction - borrowed	1,250	1,075	1,130
Capitalized interest	1,309	982	1,061
Unrealized gain (loss) on interest rate swaps, net	—	—	30,169
Interest income	1,621	1,925	1,723
Allowance for funds used during construction - equity	897	994	607
Other expense	(372)	(377)	(694)
Other income	2,256	2,065	1,971
Total other income (expense)	(79,317)	(66,353)	(78,012)
Income (loss) from continuing operations before earnings (loss) of unconsolidated subsidiaries and income taxes	(49,522)	197,515	181,433
Equity in earnings (loss) of unconsolidated subsidiaries	(344)	(1)	(86)
Impairment of equity investments	(4,405)	—	—
Income tax benefit (expense)	22,160	(66,625)	(63,040)
Income (loss) from continuing operations	(32,111)	130,889	118,307
Income (loss) from discontinued operations, net of tax	—	—	(884)
Net income (loss) available for common stock	\$ (32,111)	\$ 130,889	\$ 117,423
Earnings (loss) per share of common stock:			
Earnings (loss) per share, Basic -			
Income (loss) from continuing operations, per share	\$ (0.71)	\$ 2.95	\$ 2.68
Income (loss) from discontinued operations, per share	—	—	(0.02)
Total income (loss) per share, Basic	\$ (0.71)	\$ 2.95	\$ 2.66
Earnings (loss) per share, Diluted -			
Income (loss) from continuing operations, per share	\$ (0.71)	\$ 2.93	\$ 2.66
Income (loss) from discontinued operations, per share	—	—	(0.02)
Total income (loss) per share, Diluted	\$ (0.71)	\$ 2.93	\$ 2.64
Weighted average common shares outstanding:			
Basic	45,288	44,394	44,163
Diluted	45,288	44,598	44,419

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years ended (in thousands)	December 31, 2015	December 31, 2014	December 31, 2013
Net income (loss) available for common stock	\$ (32,111)	\$ 130,889	\$ 117,423
Other comprehensive income (loss), net of tax:			
Benefit plan liability adjustments - net gain (loss) (net of tax of \$(1,375), \$5,004 and \$(3,813), respectively)	2,657	(10,590)	8,237
Benefit plan liability adjustments - prior service (costs) (net of tax of \$0, \$(17) and \$185, respectively)	—	237	(406)
Reclassification adjustment of benefit plan liability - net gain (loss) (net of tax of \$(972), \$(348) and \$(971), respectively)	1,850	646	1,820
Reclassification adjustment of benefit plan liability - prior service cost (net of tax of \$88, \$76 and \$88, respectively)	(150)	(141)	(165)
Fair value adjustment on derivatives designated as cash flow hedges (net of tax of \$(4,496), \$(5,239) and \$(2,445), respectively)	8,174	8,906	4,534
Reclassification adjustment of cash flow hedges settled and included in net income (loss) (net of tax of \$4,271, \$(2,344) and \$(2,016), respectively)	(6,542)	3,320	4,046
Other comprehensive income (loss), net of tax	5,989	2,378	18,066
Comprehensive income (loss)	\$ (26,122)	\$ 133,267	\$ 135,489

See Note 16 for additional disclosures related to Comprehensive Income.

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED BALANCE SHEETS

As of
December 31, 2015 December 31, 2014
(in thousands)

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 456,535	\$ 21,218
Restricted cash and equivalents	1,697	2,056
Accounts receivable, net	147,486	189,992
Materials, supplies and fuel	86,943	91,191
Derivative assets, current	—	—
Income tax receivable, net	368	2,053
Deferred income tax assets, net, current	—	48,288
Regulatory assets, current	57,359	74,396
Other current assets	71,763	24,842
Total current assets	822,151	454,036
 Investments	 11,985	 17,294
 Property, plant and equipment	 4,976,778	 4,563,400
Less accumulated depreciation and depletion	(1,717,684)	(1,357,929)
Total property, plant and equipment, net	3,259,094	3,205,471
 Other assets:		
Goodwill	359,759	353,396
Intangible assets, net	3,380	3,176
Derivative assets, non-current	3,441	—
Regulatory assets, non-current	175,125	183,443
Other assets, non-current	20,566	29,086
Total other assets, non-current	562,271	569,101
TOTAL ASSETS	\$ 4,655,501	\$ 4,245,902

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Continued)

As of
December 31, 2015 December 31, 2014
(in thousands, except share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable	\$	105,468	\$ 124,139
Accrued liabilities		232,061	170,115
Derivative liabilities, current		2,835	3,340
Regulatory liabilities, current		4,865	3,687
Notes payable		76,800	75,000
Current maturities of long-term debt		—	275,000
Total current liabilities		422,029	651,281
Long-term debt, net of current maturities		1,866,866	1,267,589
Deferred credits and other liabilities:			
Deferred income tax liabilities, net, non-current		450,579	511,952
Derivative liabilities, non-current		156	2,680
Regulatory liabilities, non-current		148,176	145,144
Benefit plan liabilities		146,459	158,966
Other deferred credits and other liabilities		155,369	154,406
Total deferred credits and other liabilities		900,739	973,148
Commitments and contingencies (See Notes 2, 6, 7, 8, 9, 14, 18, 19, and 20)			
Stockholders' equity:			
Common stock \$1 par value; 100,000,000 shares authorized; issued: 51,231,861 and 44,714,072 shares, respectively		51,232	44,714
Additional paid-in capital		953,044	748,840
Retained earnings		472,534	577,249
Treasury stock at cost - 39,720 and 42,226 shares, respectively		(1,888)	(1,875)
Accumulated other comprehensive income (loss)		(9,055)	(15,044)
Total stockholders' equity		1,465,867	1,353,884
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	4,655,501	\$ 4,245,902

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended	December 31, 2015	December 31, 2014	December 31, 2013
	(in thousands)		
Operating activities:			
Net income (loss) available for common stock	\$ (32,111)	\$ 130,889	\$ 117,423
(Income) loss from discontinued operations, net of tax	—	—	884
Income (loss) from continuing operations	(32,111)	130,889	118,307
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:			
Depreciation, depletion and amortization	155,370	144,745	137,324
Deferred financing cost amortization	6,364	2,127	6,763
Impairment of long-lived assets and equity method investments	254,013	—	—
Stock compensation	4,076	9,329	12,595
Unrealized (gain) loss on interest rate swaps, net	—	—	(30,169)
Deferred income taxes	(26,028)	70,232	65,216
Employee benefit plans	20,616	14,814	22,194
Other adjustments, net	(4,872)	14,415	9,826
Change in certain operating assets and liabilities:			
Materials, supplies and fuel	7,197	(4,563)	(5,770)
Accounts receivable, unbilled revenues and other current assets	40,125	(18,684)	(18,945)
Accounts payable and other current liabilities	(1,070)	16,027	15,336
Regulatory assets	21,883	(38,774)	8,323
Regulatory liabilities	1,675	(7,633)	(3,299)
Contributions to defined benefit pension plans	(10,200)	(10,200)	(12,500)
Other operating activities, net	(9,034)	733	312
Net cash provided by operating activities of continuing operations	428,004	323,457	325,513
Net cash (used in) operating activities of discontinued operations	—	—	(884)
Net cash provided by operating activities	428,004	323,457	324,629
Investing activities:			
Property, plant and equipment additions	(455,481)	(398,494)	(354,749)
Acquisition of net assets	(21,970)	—	—
Other investing activities	1,062	(2,653)	5,471
Net cash provided by (used in) investing activities of continuing operations	(476,389)	(401,147)	(349,278)
Net cash provided by (used in) investing activities of discontinued operations	—	—	—
Net cash provided by (used in) investing activities	(476,389)	(401,147)	(349,278)
Financing activities:			
Dividends paid on common stock	(72,604)	(69,636)	(67,587)
Common stock issued	248,759	3,251	4,354
Short-term borrowings - issuances	397,310	396,250	337,650
Short-term borrowings - repayments	(395,510)	(403,750)	(532,150)
Long-term debt - issuance	300,000	160,000	800,000
Long-term debt - repayments	(275,000)	(12,200)	(445,906)
Equity units - issuance	290,030	—	—
De-designated interest rate swap settlement	—	—	(63,939)
Other financing activities	(9,283)	17,152	(15,394)
Net cash provided by (used in) financing activities of continuing operations	483,702	91,067	17,028
Net cash provided by (used in) financing activities of discontinued operations	—	—	—
Net cash provided by (used in) financing activities	483,702	91,067	17,028
Net change in cash and cash equivalents	435,317	13,377	(7,621)
Cash and cash equivalents beginning of year	21,218	7,841	15,462
Cash and cash equivalents end of year	\$ 456,535	\$ 21,218	\$ 7,841

See Note 17 for supplemental disclosure of cash flow information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

Balance Sheet CY & PY and PY Dec w Chg Amt (All Products)

Business Unit: BH KANSAS GAS UTILITY CO LLC

HTD December, 2015

Run For: Scenario, All Resource Codes, All Allocation Types
Data from the PSGLFERC Essbase Cube

Account Description	Y2015	Y2014	Change from Prior Year End
	I-T-D(December)	I-T-D(December)	
ASSETS:			
UTILITY PLANT:			
101000 PLANT IN SERVICE	162,450,390	151,105,938	11,344,452
101001 PLANT IN SERVICE INTANGIBLES	3,205,293	3,205,293	0
101304 PLANT IN SERVICE ARO	0	4,062	(4,062)
101340 NON UTILITY PLANT	(1,694,561)	(568,937)	(1,125,624)
101999 GAAP TO FERC PLANT	73,173,751	74,237,213	(1,063,463)
106000 COMPLETE NOT CLASSIFIED IN CPR	3,915,613	4,533,311	(617,698)
114000 PLANT ACQUISITION ADJUSTMENTS	5,234,286	5,234,286	0
114003 PLANT ACQUISITION ADJ - OTHER	(124,688)	(124,688)	0
114005 PLANT ACQ ADJ - BHP	0	0	0
114999 GAAP TO FERC ACQ ADJ	(472,605)	(472,605)	0
118990 BHUHC UTILITY PLANT ALLOC	14,536,683	13,201,138	1,335,544
118999 COMMON UTILITY PLANT ALLOC	3,769,712	3,144,677	625,035
UTILITY PLANT	263,993,874	253,499,689	10,494,185
107000 CONSTRUCTION WORK IN-PROGRESS	2,231,651	1,180,311	1,051,341
CWIP Construction Work In Progress	2,231,651	1,180,311	1,051,341
TOTAL UTILITY PLANT	266,225,526	254,680,000	11,545,526
108000 PLT IN SERV-ACCUM DEPREC-ORIG	21,026,755	23,848,860	(2,822,105)
108001 RETIREMENT WORK IN PROGRESS	11,550	104,104	(92,554)
108002 PLT IN SERV-ACCUM DEPR-REM COS	(1,836,385)	(1,365,287)	(471,098)
108003 PLT IN SERV-ACCUM DEPREC-SALV	(851,940)	(851,940)	0
108004 ACCUM DEPR/RET/REM/SALV	(30,358,548)	(30,358,548)	0
108005 ACCUM DEPR/RET/REM/SALVT&WE	(825,152)	(825,152)	0
108006 ACCUM AMORT - INTANGIBLES	(1,871,627)	(1,763,008)	(108,619)
108304 ACCUMULATED DEPR-LEGAL ARO	(1)	(2,421)	2,420
108340 PLT IN SERV_ACC AMORT NONUTILITY	430,249	137,125	293,124
108999 GAAP TO FERC ACCUM DEPR	(72,327,751)	(73,391,213)	1,063,463
111000 PLT IN SERV-ACC AMORT -REGUTIL	(47,011)	(45,175)	(1,836)
119990 BHUHC ACCUM DEPR-ALLOC	(7,347,600)	(6,940,261)	(407,339)
119998 UHC ACC DEPR CUR ALLOC	(1,369,339)	(1,362,401)	(6,938)
119999 COMMON UTIL-ACC DEPR-ALLOC	(2,073,534)	(1,843,222)	(230,312)
ACCUM DEPRECIATION	(97,440,333)	(94,658,540)	(2,781,793)
NET UTILITY PLANT	168,785,192	160,021,459	8,763,733
OTHER PROPERTY AND INVESTMENTS:			
121990 BHUHC NON UTILITY PLANT ALLOC	552,818	532,832	19,987
121999 NON UTILITY PLANT ALLOC	173,501	155,089	18,412
121000 NONUTILITY PROPERTY	1,694,561	568,937	1,125,624
NON UTILITY PROPERTY	2,420,880	1,256,858	1,164,023
122000 NON-UTIL PLT-ACCUM DEPR-ORIG	(430,249)	(666,987)	236,738
122200 PLT IN SERV-ACCM AMORT-NONUTIL	0	(1,273)	1,273
122990 BHUHC ACCUM DEPR-NON UTIL PLT	(400,912)	(420,878)	19,966
122999 NON UTIL-ACCDEPR-ALLOC	(95,435)	(90,904)	(4,531)
ACCUM PROV DEPREC ACCUM PROV FOR DEPRECIATION	(926,596)	(1,180,041)	253,445
TTL OTH PROPERTY & INVESTMENT	1,494,285	76,817	1,417,468
CURRENT AND ACCRUED ASSETS:			
131232 WELLS FARGO OTHER MANUAL	14,397	14,277	120
131221 WELLS FARGO PMT SVCS	45,126	22,706	22,419

Balance Sheet CY & PY and PY Dec w Chg Amt (All Products)

Business Unit: BH KANSAS GAS UTILITY CO LLC

HTD December, 2015

Run For: Scenario, All Resource Codes, All Allocation Types
Data from the PSGLFERC Essbase Cube

Account Description	Y2015	Y2014	Change from Prior Year End
	I-T-D(December)	I-T-D(December)	
131185 FIRST AM BANK WEBSTER CTY	649	649	0
131154 WF BHE RM	73	73	0
131152 WELLS FARGO WFED LOCK BOX	23,509	23,509	0
131427 FIRSTIER BANK OF WYOMING	451	451	0
131430 FIRST NATIONAL BANK NWL	144	144	0
CASH ACCOUNTS	84,347	61,808	22,539
142006 CUSTOMER A/R INSTALL	238,498	230,995	7,503
142003 CUSTOMER A/R FINANCE PROGRAM	3,857	8,519	(4,662)
142002 CUSTOMER A/R MERC	154,282	56,939	97,343
142001 CUSTOMER A/R OFF SYSTEM	0	414,000	(414,000)
142000 CUSTOMER ACCTS RECEIVABLE CIS	5,708,664	8,806,724	(3,098,060)
CUST ACCT RECEIVABLE CUSTOMER ACCOUNTS RECEIVABLE	6,105,302	9,517,178	(3,411,876)
143000 A/R MISCELLANEOUS	13,957	0	13,957
143003 A/R CONTRIB IN AID OF CONSTRUC	27,433	0	27,433
143008 A/R DAMAGE CLAIMS	59,336	33,529	25,807
143012 A/R OTHER EMPLOYEE LOANS	5,969	7,546	(1,577)
143028 A/R TO BE COLLECTED FOR OTHERS	1,132	1,101	31
143038 A/R MEDICARE SUBSIDY	0	19,733	(19,733)
143999 A/R OTHER TRADE RECEIVABLES	0	377,243	(377,243)
OTHER ACCTS RECVBL OTHER ACCOUNTS RECEIVABLE	107,827	439,152	(331,326)
144000 ACCUM PROV FOR UNCOLL ACCTS	(129,466)	(103,207)	(26,259)
ACCUM PROV-UNCOLL ACCUM PROV FOR UNCOLLECTIBLE	(129,466)	(103,207)	(26,259)
145153 I/C INTEREST REC AFFILIATE	0	238,211	(238,211)
NOTES REC INTER CO NOTES RECEIVABLE INTER COMPANY	0	238,211	(238,211)
146000 I/C ACCOUNTS RECEIVABLE	210,439	97,256	113,184
ACCTS REC INTER CO ACCTS RECEIVABLE INTER COMPANY	210,439	97,256	113,184
154000 MATERIALS AND SUPPLIES GENERAL	637,540	435,951	201,589
154003 INVENTORY MANUAL	59,359	51,289	8,070
154007 INVENTORY-TRANSFERS IN TRANSIT	882	0	882
PLANT MATERIAL & OP PLANT MATERIALS & OP SUPPLIES	697,781	487,240	210,541
163000 STORES EXPENSE UNDISTRIBUTED-	204,123	107,630	96,493
STORES EXP UNDIST STORES EXPENSE UNDISTRIBUTED	204,123	107,630	96,493
164118 STORED UNDERGROUND-CENTERPOINT	739,613	1,086,323	(346,710)
164107 GAS STORED UNDERGROUND WNG	1,485,765	2,460,383	(974,618)
164106 GAS STORED UNDERGROUND PEPL	647,762	1,051,255	(403,492)
164104 GAS STORED UNDERGROUNDKNE	223,081	240,969	(17,888)
164102 GAS STORED UNDERGROUND NNG	1,176,123	1,605,768	(429,645)
164100 GAS STORED UNDERGROUND-	(688,318)	(1,094,457)	406,139
GAS STORED UG CRNT GAS STORED UNDERGROUND CRNT	3,584,028	5,350,241	(1,766,213)
165002 PREPAID INSURANCE	36,516	35,953	563
165007 PREPAID FEDERAL TAXES	297,668	297,668	0
165180 PREPAID STATE TAXES	15,690	15,690	0
PREPAYMENTS	349,874	349,310	564
173000 ACCRUED UNBILLED REVENUES	7,085,263	9,213,173	(2,127,909)
ACCD UTILITY REVENUE ACCRUED UTILITY REVENUES	7,085,263	9,213,173	(2,127,909)
174006 EXCHANGE GAS RECEIVABLE CIG	31,779	10,215	21,563
174005 EXCHANGE GAS RECEIVABLE PEPL	0	52,560	(52,560)
174007 EXCHANGE GAS RECEIVABLE WMS	2,956	7,266	(4,310)
MISC CRNT ACCD ASSTS MISC CURRENT & ACCURED ASSETS	34,735	70,041	(35,306)
TTL CURRENT & ACCRUED ASSETS	18,334,253	25,828,033	(7,493,780)

Balance Sheet CY & PY and PY Dec w Chg Amt (All Products)

Business Unit: BH KANSAS GAS UTILITY CO LLC

HTD December, 2015

Run For: Scenario, All Resource Codes, All Allocation Types
Data from the PSGLFERC Essbase Cube

Account Description	Y2015	Y2014	Change from Prior Year End
	I-T-D(December)	I-T-D(December)	
DEFERRED DEBITS:			
182300 REG ASSET OTHER	1,591,653	1,764,902	(173,249)
182301 REG ASSET ENVIROMEN ST	0	72	(72)
182305 REG ASSET ARO	1	19,904	(19,903)
182309 REG ASSET FAS 106 PRIOR SVC	0	8,475	(8,475)
182310 REG ASSET PENSION PRIOR SVC	690,679	907,140	(216,461)
182314 REG ASSET PENSION TRACKER	142,115	0	142,115
182315 REG ASSET RETIREE HC	718,273	840,584	(122,311)
182316 REG ASSET PENSION	4,418,693	5,326,067	(907,374)
OTHER REG ASSETS OTHER REGULATORY ASSETS	7,561,414	8,867,144	(1,305,730)
183200 PRELIM SURVEY CHARGES GENERAL	168,391	0	168,391
183000 OTHER ASSETS	22,716	0	22,716
PRELIM SURV & INVEST PRELIM SURVEY & INVESTIGATION	191,107	0	191,107
184003 FIELD ENGINEERING CLEARING	214,716	214,255	461
184000 FLEET/TRANSPORTATION CLEARING	55,953	48,979	6,975
CLEARING ACCOUNTS	270,669	263,234	7,435
186001 MISC DEFERRED DEBITS-IN PROCES	8,607	121,192	(112,585)
186002 DEFERRED RATE CASE EXPENSES	0	524,904	(524,904)
186023 METER SHOP CAPEX STATE ALLOC	0	815,364	(815,364)
186998 DEFERRED ASSETS - OTHER	4,908	6,221	(1,313)
MISC DEFERRED DEBITS	13,515	1,467,681	(1,454,165)
190520 DEFERRED TAX ASSET LT	596,258	1,910,650	(1,314,392)
190299 DEF TAX ASSET STATE INC TAX ST	0	50,462	(50,462)
190175 DEFERRED TAX ASSET ST	0	602,046	(602,046)
190599 DEF TAX ASSET STATE INC TAX LT	538,002	201,404	336,598
ACCUM DEF INC TAXES ACCUM DEFERRED INCOME TAXES	1,134,260	2,764,562	(1,630,302)
191300 UNREC PGA CST UNBILLED	(3,814,171)	(6,661,525)	2,847,354
191541 UNREC PGA CST PND KS	4,285,580	10,286,810	(6,001,230)
191549 UNREC PGA CAPACITY RELEASE	(295,435)	(313,842)	18,407
191560 UNREC PGA CAP REL-SH SHAREDREV	147,718	156,921	(9,204)
191600 UNREC PGA CST EST-GEN SYS	541,110	(1,284,175)	1,825,284
UNREC PURCH GAS UNRECOVERED PURCHASED GAS	864,802	2,184,189	(1,319,388)
DEFERRED DEBITS	10,035,767	15,546,810	(5,511,043)
TOTAL ASSETS AND OTHER DEBITS:	198,649,496	201,473,118	(2,823,622)
LIABILITIES AND SHAREHOLDERS EQUITY:			
PROPRIETARY CAPITAL:			
211001 ADDL PAID IN CAPITAL	55,514,021	55,514,021	0
OTH PAID IN CAPITAL OTHER PAID IN CAPITAL	55,514,021	55,514,021	0
216000 RETAINED EARNINGS GENERAL	7,789	2,193,090	(2,185,301)
216999 GAAP TO FERC RETAINED EARNINGS	66,297	123,774	(57,477)
RETAINED EARNINGS	74,086	2,316,864	(2,242,778)
TOTAL PROPRIETARY CAPITAL	55,588,107	57,830,885	(2,242,778)
LONG-TERM DEBT:			
OTHER NON-CURRENT LIABILITIES:			
228204 RESERVE MEDICAL	141,163	88,316	52,846
228202 RESERVE WORKERS' COMPENSATION	807,477	775,558	31,919

Balance Sheet CY & PY and PY Dec w Chg Amt (All Products)

Business Unit: BH KANSAS GAS UTILITY CO LLC

HTD December, 2015

Run For: Scenario, All Resource Codes, All Allocation Types
Data from the PSGLFERC Essbase Cube

Account Description	Y2015	Y2014	Change from Prior Year End
	I-T-D(December)	I-T-D(December)	
228200 RESERVE GENERAL LIABILITY	120,250	120,250	0
ACCUM PROV INJRY DAM ACCUM PROV INJURIES & DAMAGES	1,068,890	984,125	84,765
229001 BILLINGS COLL SUBJECT TO REFUN	5,800	0	5,800
ACCUM PROV RATE RFND ACCUM PROV FOR RATE REFUNDS	5,800	0	5,800
230304 ACCUM RESV OBLIGATION ARO	0	21,545	(21,545)
ASSET RETIRE OBLIG ASSET RETIREMENT OBLIGATIONS	0	21,545	(21,545)
TTL OTR NONCRNT LIAB TTL OTHER NONCRNT LIABILITIES	1,074,690	1,005,670	69,020
<u>CURRENT AND ACCRUED LIABILITIES:</u>			
232000 AP PEOPLESFT SUBLEDGER	408,646	534,329	(125,682)
232001 A/P INVENTORY ACCRUAL	0	8,834	(8,834)
232005 A/P PO ACCRUAL	18,905	16	18,889
232006 A/P GAS PURCHASES ESTIMATED	4,475,816	6,653,661	(2,177,845)
232009 A/P MANUAL	1,411,683	1,435,598	(23,915)
232014 A/P WH FLEX 125 DEPENDENT	1,217	1,130	87
232016 A/P WH HEALTH INSURANCE	12,819	11,425	1,394
232017 A/P WH PAC	126	118	8
232021 A/P WH EMPL DONATIONS	877	885	(8)
232022 A/P WH GARNISHMENTS	4,247	3,500	747
232023 A/P WH LIFE INSURANCE	4,027	3,527	500
232026 A/P CUSTOMER CARE	0	15,944	(15,944)
ACCTS PAYABLE ACCOUNTS PAYABLE	6,338,361	8,668,964	(2,330,602)
233000 I/C NOTES PAYABLE TO UMP	17,735,434	17,063,790	671,644
233053 I/C NOTES PAYABLE AFFILIATE	60,000,000	60,000,000	0
233100 I/C INTEREST PAYABLE TO UMP	19,485	18,408	1,077
233153 I/C INTEREST PAYABLE AFFILIATE	244,618	0	244,618
NOTE PAY INTER CO NOTES PAYABLE INTER COMPANY	77,999,537	77,082,198	917,339
234222 CIS+ ACCOUNT BALANCE TRANSFERS	0	252	(252)
234000 I/C ACCOUNTS PAYABLE	12,254,647	14,299,577	(2,044,930)
ACCT PAY INTER CO ACCOUNTS PAYABLE INTER COMPANY	12,254,647	14,299,829	(2,045,182)
235000 CUSTOMER DEPOSITS-	1,494,019	1,424,635	69,384
CUSTOMER DEPOSITS	1,494,019	1,424,635	69,384
236000 ACCRUED INCOME TAXES FEDERAL	0	0	0
236001 ACCRUED INCOME TAXES STATE	0	0	0
236003 ACCRUED TAXES SALES/USE	12,532	19,004	(6,472)
236004 ACCRUED PROPERTY TAXES	2,243,102	2,304,146	(61,044)
236005 ACCRUED FRANCHISE TAX	0	17	(17)
236010 ACCRUED FICA TAX EMPLOYER	84,455	79,830	4,625
236011 ACCRUED FUTA TAX	916	742	174
236012 ACCRUED SUTA TAX	105	173	(68)
236998 ACCRUED UTILITY COMM TAXES	140,000	140,164	(164)
TAXES ACCRUED	2,481,110	2,544,075	(62,966)
241006 STATE WITHHOLDING TAXES PAYABL	10,684	9,736	948
241004 STATE SALES AND USE TAX	85,929	293,076	(207,147)
241002 TAX COLLECTION PAY CITY FRANCH	526,366	701,332	(174,967)
241001 FEDERAL WITHHOLDING TAXES PAYB	38,154	34,327	3,827
241000 FICA WITHHOLDING TAXES PAYABLE	22,795	20,329	2,467
TAX COLLECTED PAY TAX COLLECTIONS PAYABLE	683,928	1,058,800	(374,872)
242003 ACCRUED BENEFITS COMP ABSENCES	267,201	223,321	43,880
242013 ACCRUED BENEFITS 401K	76,418	49,227	27,191
242014 ACCRUED BONUS OTHER	0	22,800	(22,800)

Balance Sheet CY & PY and PY Dec w Chg Amt (All Products)

Business Unit: BH KANSAS GAS UTILITY CO LLC

HTD December, 2015

Run For: Scenario, All Resource Codes, All Allocation Types
Data from the PSGLFERC Essbase Cube

Account Description	Y2015	Y2014	Change from Prior Year End
	I-T-D(December)	I-T-D(December)	
242019 ACCRUED ENERGY AID ASSISTANCE	34,872	47,024	(12,152)
242028 ACCRD UNCL CHECKS/ESCHEATS	286	315	(29)
242041 ACCRUED INCENTIVE	754,616	759,407	(4,791)
242045 ACCRUED PAYROLL	197,485	174,029	23,456
242046 ACCRUED EE REIMBURSED EXP	1,688	7,081	(5,393)
242052 ACCRUED LT PERFORMANCE PLAN	671	0	671
242999 ACCRUED OTHER	3,189,219	2,267,207	922,012
MISC CRNT ACCD LIAB MISC CURRENT & ACCRUED LIAB	4,522,456	3,550,411	972,045
TOTAL CURRENT & ACCRUED LIAB	105,774,058	108,628,911	(2,854,854)
DEFERRED CREDITS:			
252000 CUSTOMER ADVANCES FOR CONST	268,574	197,889	70,685
CUST ADV FOR CONSTR CUSTOMER ADVANCE CONSTRUCTION	268,574	197,889	70,685
236500 LT TAXES OTHER THAN INCOME	70,000	0	70,000
242500 ACCRUED LONG TERM LIABILITIES	90,405	0	90,405
253011 ACCRUED GROUP INS RETIREE LT	0	167,616	(167,616)
253025 OTHER LT LIAB	0	70,000	(70,000)
253105 ACCRUED PENSION	4,760,329	5,680,785	(920,456)
253520 FIN 48 LIABILITY	4,660	3,216	1,444
253700 OTH DEF CR ENERGY ASST PRGM	214,565	68,648	145,917
253999 OTH DEF CR OTHER	250,000	0	250,000
OTH DEFERRED CREDITS OTHER DEFERRED CREDITS	5,389,960	5,990,265	(600,305)
254004 REG LIAB ACL PIPE REPL RIDR KS	1	1	0
254001 REG LIAB EMISSIONS	0	0	0
254000 REG LIAB OTHER LT	0	0	0
254013 OTHER TAX REG LIAB	60,414	0	60,414
254100 REG LIAB LT RETIREE HC INC TAX	419,766	566,472	(146,706)
254200 REG LIABILITY LT PENSION INC TAX	2,582,325	3,108,260	(525,935)
254386 REG LIAB RETIREE MED TRACKER	38,739	0	38,739
OTH REGULATORY LIAB OTHER REGULATORY LIABILITIES	3,101,245	3,674,733	(573,488)
282100 DEF TAX PROPERTY LT	26,290,306	22,843,712	3,446,594
282599 DEF TAX LIAB STATE PROP LT	2,243,398	1,914,699	328,698
ACCUM DEF INC TAX PR ACCUM DEF INCOME TAXES PROPTY	28,533,703	24,758,411	3,775,292
283440 DEFERRED TAX LIAB LT	(7,755,945)	(6,559,636)	(1,196,310)
283134 DEF TAX LIAB STATE INC TAX ST	0	(5,732)	5,732
283005 DEFERRED TAX LIAB ST	0	(68,383)	68,383
283534 DEF TAX LIAB STATE INC TAX LT	(667,205)	(547,104)	(120,101)
283998 GAAP TO FERC-DEF TAX LT LIAB	290,178	290,178	0
283999 GAAP TO FERC-DEFTX LIAB-STATE	16,920	16,920	0
ACCUM DEF INC TAX OT ACCUM DEF INCOME TAX OTHER	(8,116,053)	(6,873,756)	(1,242,296)
TOTAL DEFERRED CREDITS	29,177,430	27,747,542	1,429,888
UNDIST YTD NET INCOME	7,035,214	6,260,112	775,102
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY:	198,649,499	201,473,121	(2,823,622)
Balance Sheet Tie Out (Assets=Liabilities)	(2)	(2)	0

Income Statement - Prior Year Comparison - FERC Reporting Acct Detail
 Business Unit: BH KANSAS GAS UTILITY CO LLC
 December, 2015 QTD & YTD

Run For: All Products, All Resource Codes, All Allocation Types

	Year-To-Date	Year-To-Date	Year-To-Date
	2015	2014	Variance
480000 RESIDENTIAL GAS SALES	63,691,606	73,695,760	(10,004,155)
480001 RESIDENTIAL UNBILLED GAS	(2,271,625)	432,387	(2,704,012)
481000 COMMERCIAL FIRM GAS REVENUE	21,437,379	23,798,764	(2,361,385)
481001 COMMERCIAL FIRM UNBIL GAS REV	(305,432)	281,066	(586,498)
481010 COMMERCIAL INTERR GAS REVENUE	671,112	884,587	(213,476)
481100 INDUSTRIAL FIRM GAS REVENUE	478,441	549,704	(71,263)
481101 INDUSTRIAL FIRM UNBIL GAS REV	73,381	(8,672)	82,052
481110 INDUSTRIAL INTERR GAS REVENUE	12,334,772	16,422,152	(4,087,380)
482000 OTH PUB AUTH GAS REV	(1,340)	1,340	(2,680)
483001 SALES FOR RESALE UNBIL GAS RE	(55,961)	12,729	(68,690)
483000 SALES FOR RESALE GAS	150,751	934,964	(784,213)
487000 FORFEITED DISC/LATE PMT GAS	462,794	487,274	(24,480)
488000 MISC SERVICE REV GAS	783,185	844,616	(61,431)
489301 COMM FIRM TRANSPORT REV-DISTRB	2,804,567	2,854,001	(49,434)
489302 IND FIRM TRANSPORT REV-DISTRB	1,059,870	1,044,664	15,206
489303 COMM INTER TRANSPRT REV-DISTRB	302,968	297,030	5,938
489304 IND INTER TRANSPRT REV-DISTRB	3,106,964	3,200,474	(93,510)
489305 UNBILLED TRANSPORT REV-DISTRB	5,000	51,624	(46,624)
495000 Other Revenue And Royalties	3,134,694	556,709	2,577,985
TOTAL OPERATING REVENUE	107,863,124	126,341,172	(18,478,048)
546000 OTHR GEN OPS SUPERV & ENG	75	0	75
850000 TRANS OPS SUPERV & ENG	50,757	98,227	(47,470)
856000 TRANS MAINS EXPENSE	81,966	127,755	(45,789)
857000 TRANS MEAS & REGUL STATION EXP	21,569	29,166	(7,596)
859000 OTHER TRANS OPS EXP	212,277	0	212,277
586000 DIST OPS METER EXPENSES	0	39	(39)
870000 DIST OPS SUPERVISION AND ENGIN	865,089	851,956	13,133
874002 ROUTINE LEAK SURV MAINS & SVCS	687,702	570,873	116,829
874001 PERF DISTRIB MAIN LOCATES-GAS	615,204	592,306	22,897
874000 OPER/INSPECT UG DIST MAINS-GAS	994,544	993,980	564
875001 OPERATE/INSPECT FARM TAPS(O&M)	37,898	45,516	(7,618)
877000 DIST MEAS & REG STAT - CITY GA	2,707	10,605	(7,899)
876000 DIST MEAS & REG STAT - INDUS	202,000	174,562	27,437
875000 DIST MEAS & REG STAT - GENERAL	42,492	47,766	(5,274)
878001 PERF CONNECTS/DISCON/RECON-GAS	1,214,459	1,158,416	56,042
878000 OPER/INSP MTRS COLLECT DATAGAS	384,634	356,022	28,611
879000 DIST CUSTOMER INSTALLATIONS	567,746	572,737	(4,991)
881000 DIST OPER RENTS	750	714	36
880001 CO USED GAS O&M OFFSET	18,383	26,971	(8,588)
880000 DIST OPS OTHER EXPENSE	2,474,855	2,870,890	(396,035)
872000 DIST COMPR STAT LABR & EXP	1,035	1,040	(5)
804000 NATURAL GAS CITY GATE PURCHASE	50,495,377	84,679,100	(34,183,723)

Income Statement - Prior Year Comparison - FERC Reporting Acct Detail
Business Unit: BH KANSAS GAS UTILITY CO LLC
December, 2015 QTD & YTD

Run For: All Products, All Resource Codes, All Allocation Types

	Year-To-Date	Year-To-Date	Year-To-Date
	2015	2014	Variance
805000 OTHER GAS PURCHASES	1,612	(585)	2,197
805001 COST OF UNBILLED REVENUE	(2,847,354)	911,539	(3,758,893)
805100 PURCHASED GAS COST ADJUSTMENTS	5,057,243	(10,163,876)	15,221,120
805200 FINANCIAL GAS COST ADJ	(1,005,456)	346,256	(1,351,712)
808100 GAS WITHDRAWN FROM STORAGE DR	6,529,292	6,086,509	442,783
808200 GAS DELIVERED TO STORAGE CR	(4,763,079)	(8,189,612)	3,426,533
812000 GAS USED FOR OTHER UTILITY OPS	(15,921)	(26,414)	10,493
TOTAL ELECTRIC/GAS OPERATING EXPENSE	61,927,857	82,172,459	(20,244,602)
901000 CUST ACCTS SUPERVISION	351,733	363,978	(12,245)
902002 OTHER METER READING EXPENSES	17,052	11,266	5,786
902001 RE-READ METERS	7,657	21,492	(13,834)
902000 READ METERS	307,183	293,479	13,703
903002 PROC/COLLECT DELINQUENT ACCTS	259,584	248,114	11,469
903001 PROCESS CUSTOMER REMITTANCES	98,586	96,474	2,113
903000 CUST ACCTS RECORDS & COLLECTIO	2,646,647	2,581,748	64,900
904000 UNCOLLECTIBLE ACCOUNTS	558,415	506,880	51,534
905000 MISC CUSTOMER ACCOUNTS	116,256	144,161	(27,905)
907000 CUSTOMER SERVICE SUPERVISION	70,452	103,737	(33,285)
908000 CUSTOMER ASSISTANCE EXP	145,593	135,165	10,427
909000 INFORMATIONAL & INSTRUCT ADS	39,838	31,520	8,318
910000 MISC CUST SERVICE & INFO	29,374	30,888	(1,514)
912000 SALES DEMONSTRATING & SELLING	348,942	290,362	58,581
916000 MISCELLANEOUS SALES EXPENSES	8,697	13,274	(4,577)
911000 SALES SUPERVERION	115,377	200,913	(85,537)
913000 SALES ADVERTISING EXPENSES	43,235	17,655	25,581
920000 ADMIN AND GENERAL SALARIES	10,769,638	11,966,314	(1,196,676)
920999 LABOR OVERHEAD OFFSET	(3,846,223)	(4,282,121)	435,898
921000 OFFICE SUPPLIES & EXPENSE	1,661,746	1,773,846	(112,100)
922000 ADMIN EXP TRANS CREDIT	(442,609)	(446,449)	3,840
923000 OUTSIDE SERVICES	1,195,151	1,207,191	(12,040)
924000 PROPERTY INSURANCE	5,715	1,704	4,012
925000 INJURIES AND DAMAGES	1,363,771	1,906,231	(542,460)
926000 EMPLOYEE PENSIONS & BENEFITS	5,953,225	4,949,023	1,004,202
926999 BENEFIT OVERHEAD OFFSET	(5,592,465)	(4,813,456)	(779,009)
928000 REGULATORY COMMISSION EXP	219,183	92,595	126,587
930100 GENERAL ADVERTISING	115,676	141,470	(25,794)
930200 MISCELLANEOUS GENERAL EXP	257,402	302,643	(45,241)
930299 GAAP TO FERC BANK FEES	151,103	157,401	(6,298)
931000 A & G RENTS	202,259	187,731	14,528
931001 I/C RENT EXPENSE	49,370	47,555	1,815
TOTAL A&G & OTHER EXPENSES	17,227,562	18,282,784	(1,055,221)
TOTAL OPERATING EXPENSE	79,155,419	100,455,243	(21,299,823)

Income Statement - Prior Year Comparison - FERC Reporting Acct Detail
 Business Unit: BH KANSAS GAS UTILITY CO LLC
 December, 2015 QTD & YTD

Run For: All Products, All Resource Codes, All Allocation Types

	Year-To-Date	Year-To-Date	Year-To-Date
	2015	2014	Variance
861000 TRANS MAINT SUPERV & ENGIN	46,331	45,061	1,270
863000 TRANS MAINT OF MAINS	160,582	178,784	(18,203)
865000 TRANS MNT MEAS & REG STAT EQU	44,585	33,185	11,399
867000 TRANS MAINT OF OTHER EQUIP	700	600	100
888000 DIST MAINT COMPR STATION EQUIP	1,091	25,821	(24,729)
885000 DIST MAINT SUPER & ENG	209,791	182,970	26,821
889001 MAINTAIN FARM TAPS (O&M)	3,993	9,201	(5,208)
891000 DS MNT MS & REG STAT EQ-CITY G	240,584	168,909	71,675
890000 DS MNT MEAS & REG STAT EQ-IND	39,156	20,345	18,811
889000 DS MNT MEAS & REG STAT EQ-GEN	220,640	229,976	(9,336)
894000 DIST MAINT OF OTHER EQUIP	2,270	6,112	(3,842)
892000 DIST MAINT OF SERVICES	142,563	149,910	(7,348)
887001 PERFMANT_3RDPRTYDMG-UGDISTGAS	17,295	17,260	35
887000 PERF UG DISTRIB LINE MAINT-GAS	525,328	672,711	(147,382)
886000 DIST MAINT STRUCT & IMPROVE	12,641	12,860	(219)
893000 DIST MAINT METERS & HSE REGS	316,908	225,725	91,183
TOTAL MAINTENANCE EXPENSES	1,984,458	1,979,433	5,026
935000 MAINTENANCE GENERAL PLANT	572,041	543,725	28,316
TOTAL A&G MAINTENANCE EXPENSES	572,041	543,725	28,316
TOTAL MAINTENANCE EXPENSE	2,556,499	2,523,157	33,342
403000 DEPRECIATION	6,110,986	5,397,888	713,098
403340 DEPRECIATION NONREG	(29,217)	0	(29,217)
DEPREC EXPENSE DEPRECIATION EXPENSE	6,081,769	5,397,888	683,881
405000 AMORTIZATION EXPENSE	108,619	113,208	(4,589)
404300 AMORT-LTD TERM GAS PLANT	1,836	0	1,836
AMORT & DEPL UTILITY AMORT & DEPL OF UTILITY PLANT	110,454	113,208	(2,754)
406000 AMORTIZATION PLANT ACQUIS ADJ	37,614	0	37,614
AMORT UTILITY PLT AQ AMORT UTILITY PLANT ACQ ADJ	37,614	0	37,614
408100 Taxes Oth-Than Income Taxes	1,175,523	1,188,767	(13,244)
408130 TOTI-PROPERTY TAXES	8,180,531	5,651,934	2,528,598
408199 TAXES OTI CAPITAL OFFSET	(1,181,582)	(1,173,862)	(7,720)
TAXES OTHER THAN INC TAXES OTHER THAN INCOME	8,174,472	5,666,839	2,507,633
409100 CURRENT FED INC TAX	(712,035)	(529,700)	(182,335)
INC TAXES FEDERAL INCOME TAXES FEDERAL	(712,035)	(529,700)	(182,335)
409101 CURRENT STATE INC TAX	(60,853)	(42,817)	(18,036)
INC TAXES OTHER INCOME TAXES OTHER	(60,853)	(42,817)	(18,036)
410101 DEFERRED CURRENT STATE INC TAX	928,924	1,440,909	(511,985)
410100 DEFERRED CURRENT FED INC TAX	11,062,845	11,031,676	31,169
PROV DEF INC TAX PROVISION FOR DEF INCOME TAX	11,991,769	12,472,585	(480,816)
411101 DEF INC TAX ST CR OPERATING	(1,044,136)	(780,316)	(263,820)
411100 DEF INC TAX FED CR OPERATING	(7,396,562)	(7,482,788)	86,226
LESS PROV DEF INC TX LESS PROV DEF INCOME TAX CRED	(8,440,697)	(8,263,104)	(177,594)

Income Statement - Prior Year Comparison - FERC Reporting Acct Detail
 Business Unit: BH KANSAS GAS UTILITY CO LLC
 December, 2015 QTD & YTD

Run For: All Products, All Resource Codes, All Allocation Types

	Year-To-Date	Year-To-Date	Year-To-Date
	2015	2014	Variance
OTHER OPERATING EXPENSES	17,182,492	14,814,900	2,367,593
TOTAL UTILITY OPERATING EXPENS	98,894,411	117,793,299	(18,898,889)
NET UTILITY OPERATING INCOME	8,968,713	8,547,873	420,840
413000 EXP OF PROPERTY LEASED TO OTHE	(390)	334	(724)
LESS EXP PROP LEASED LESS EXPENSE PROPERTY LEASED	(390)	334	(724)
415000 MERCHANDISE REVENUES	957,995	863,346	94,650
REV MERCH JOBBING REVENUE MERCH JOBBING CONTRACT	957,995	863,346	94,650
416000 EXP MERCH JOBBING & CONTRACT	415,236	339,616	75,620
LESS COST & EXP MERC LESS COST & EXPENSE MERCH JOB	415,236	339,616	75,620
417057 OTHER REVENUE AND ROYALTIES NR	936,340	729,275	207,066
417000 NONUTILITY REVENUES	4,603,773	4,403,008	200,765
REV NON UTILITY OPS REVENUE NON UTILITY OPERATIONS	5,540,113	5,132,283	407,831
417180 NONUTILITY DEPRECIATION EXP	57,700	32,879	24,821
417170 NONUTILITY MAINTENANCE EXPENSE	0	681	(681)
417165 EXP FOR UNCOLLECT ACCT NONREG	25,528	31,753	(6,225)
417162 ADMIN AND GEN-EMPL BENEFITS	60,510	179,421	(118,910)
417161 NONUTILITY ADMIN & GENERAL	(32,695)	(46,744)	14,048
417160 NONUTILITY SELLING EXPENSE	310,230	309,595	635
417158 NONUTILITY OPS EXPENSE OTHER	131,028	88,015	43,013
417101 NONUTILITY EXP - OTHER O&M	462,195	633,841	(171,646)
417100 NONUTILITY EXPENSES - COS	2,606,907	2,554,825	52,082
LESS EXP NON UTILITY LESS EXPENSE NON UTILITY OPS	3,621,404	3,784,266	(162,862)
418000 NONOPERATING RENTAL INCOME	0	58,500	(58,500)
NON OP RENTAL INCOME NON OPERATING RENTAL INCOME	0	58,500	(58,500)
419000 INTEREST INCOME - 3RD PARTY	1,287	2,364	(1,077)
419050 I/C INTEREST INCOME FROM UMP	0	43,594	(43,594)
419052 I/C INT INC ALLOC FROM BHSC	946	3,380	(2,433)
INT & DIVIDEND INC INTEREST & DIVIDEND INCOME	2,233	49,338	(47,105)
421000 Misc Nonoperating Income	32,137	28,962	3,175
MISC NON OP INCOME MISC NON OPERATING INCOME	32,137	28,962	3,175
421198 O&M GAIN ON SALE OF ASSET OP	0	57,477	(57,477)
421999 GAAP TO FERC GN ON ASSET SALE	0	(57,477)	57,477
GAIN DISPO PROPERTY GAIN ON DISPOSITION PROPERTY	0	0	0
TOTAL OTHER INCOME	2,496,228	2,008,212	488,016
426100 MISC NONOPER DONATIONS	198,207	176,206	22,001
DONATIONS	198,207	176,206	22,001
426300 MISC NONOPER PENALTIES	480	0	480
PENALTIES	480	0	480
426400 MISC NONOPER CIVIC & POLITICAL	13,454	36,640	(23,187)
EXP CIVIC POLITICAL EXP CIVIC POLITICAL & RELATED	13,454	36,640	(23,187)
426500 MISC NONOPER OTHER	929	30,654	(29,725)

Income Statement - Prior Year Comparison - FERC Reporting Acct Detail
 Business Unit: BH KANSAS GAS UTILITY CO LLC
 December, 2015 QTD & YTD

Run For: All Products, All Resource Codes, All Allocation Types

	Year-To-Date	Year-To-Date	Year-To-Date
	2015	2014	Variance
OTHER DEDUCTIONS	929	30,654	(29,725)
TTL OTH INC DEDUCT TOTAL OTHER INCOME DEDUCTIONS	213,070	243,501	(30,431)
408200 TAXES OTHR TN INCTAX NON UTIL	50,927	0	50,927
TAXES OTHER TAXES ON OTHER INCOME	50,927	0	50,927
409200 CURR INC TAX FED NONOPERATING	713,133	529,701	183,432
INC TAX FED OTHER FED INC TAX OTHER INC DED	713,133	529,701	183,432
409201 CURR INC TAX ST NONOPERATING	60,853	43,597	17,256
INC TAX STATE OTHER STATE INC TAX OTHER INC & DED	60,853	43,597	17,256
TAXES OTH INC & DED TAXES OTHER INCOME & DEDUCTION	824,912	573,297	251,615
NET OTH INC & DED NET OTHER INCOME & DEDUCTIONS	1,458,246	1,191,414	266,832
TOTAL OTHER INCOME & DEDUCTIONS	1,458,246	1,191,414	266,832
430000 I/C INTEREST EXPENSE TO UMP	282,741	269,040	13,701
430002 I/C INT EXP ALLOC FROM BHSC	2,783	140	2,643
430005 I/C INTEREST EXPENSE AFFILIATE	3,349,971	3,378,488	(28,517)
430999 GAAP TO FERC - BANK FEES	(151,103)	(157,401)	6,298
INT DEBT ASSOC COMP INTEREST ON DEBT ASSOC COMPANY	3,484,392	3,490,267	(5,875)
431000 INTEREST EXPENSE - 3RD PARTY	2,486	1,771	715
431001 INTEREST ON CUSTOMER DEPOSITS	1,940	1,897	43
431002 CURR INC TAX - UTP INTEREST EXP	347	96	251
431500 CAPITALIZED INTEREST	(47,870)	0	(47,870)
OTH INTEREST EXPENSE OTHER INTEREST EXPENSE	(43,099)	3,764	(46,862)
432000 AFUDC DEBT	(49,548)	(14,856)	(34,693)
LESS AFUDC BORROWED	(49,548)	(14,856)	(34,693)
NET INTEREST CHRGS NET INTEREST CHARGES	3,391,745	3,479,175	(87,430)
NET INTEREST CHARGES	3,391,745	3,479,175	(87,430)
NI BEFORE EXTRAORDINARY ITEMS	7,035,214	6,260,112	775,102
EXTRAORDINARY ITEMS	0	0	0
TOTAL NET INCOME	7,035,214	6,260,112	775,102

Tab B6

Kansas Ring Fencing Compliance
Financial Ratios
Total Debt to Total Capitalization

Black Hills Corporation
(in thousands)

Attachment

06-GIMX-181-GIV

	2015
<i>Numerator</i>	
Notes payable	76,800
+ Commercial paper	-
+ Current maturities	-
+ Current capitalized lease obligations	-
+ Long term debt	1,866,866
+ Capitalized lease obligations	-
+ Total OBS Debt	159,491
	2,103,157
 <i>Denominator</i>	
Notes payable	76,800
+ Commercial paper	-
+ Current maturities	-
+ Current capitalized lease obligations	-
+ Long Term debt	1,866,866
+ Capitalized lease obligations	-
+ Common equity	1,465,867
+ Total OBS Debt	159,491
	3,569,024
	58.93%

Source: 2015 Black Hills Corporation Form 10-K

Kansas Ring Fencing Compliance
Financial Ratios
Funds From Operations Interest Coverage

Black Hills Corporation
(in thousands)

Attachment

06-GIMX-181-GIV

	2015
<i>Numerator</i>	
Net income from continuing operations	(32,111)
+ Depreciation, depletion & amortization	155,370
+ Deferred income taxes (net)	(25,915)
+ Investment tax credit amortization	(113)
- AFUDC - debt	1,250
- AFUDC - equity	897
+ (Income) loss from equity investments	344
+ (Gain) loss on property (*See note below)	4,405
+ Deferred income taxes adjusted	-
Total Funds from operations (FFO)	99,833
+ Cash interest paid (net of interest capitalized)	77,810
+ AFUDC - debt	1,250
- Interest expense adjustment	-
+ Interest on OBS debt	-
	178,893
 <i>Denominator</i>	
Interest expense (net)	84,969
- Interest expense adjustment	-
+ AFDC - debt	1,250
+ Interest on OBS debt	-
	86,219
	2.0749

Source: 2015 Black Hills Corporation Form 10-K

*Impairment of Equity Investment

Kansas Ring Fencing Compliance
Financial Ratios
Funds From Operations as a % of Total Debt

Black Hills Corporation
(in thousands)

Attachment

06-GIMX-181-GIV

	2015
<i>Numerator</i>	
Net income from continuing operations	(32,111)
+ Depreciation, depletion & amortization	155,370
+ Deferred income taxes (net)	(25,915)
+ Investment tax credit amortization	(113)
- AFUDC - debt	1,250
- AFUDC - equity	897
+ (Income) loss from equity investments	344
+ (Gain) loss on property (*See note below)	4,405
+ Deferred income taxes adjusted	-
Total Funds from operations (FFO)	99,833
+ <u>Depreciation adjustment for Operating Leases</u>	-
	99,833
 <i>Denominator</i>	
Notes payable	76,800
+ Commercial paper	-
+ Current maturities	-
+ Current capitalized lease obligation	-
+ Long term debt	1,866,866
+ Capitalized lease obligations	-
+ Total OBS Debt	159,491
	2,103,157
	4.75%

Source: 2015 Black Hills Corporation Form 10-K

*Impairment of Equity Investment

Tab C3

BLACK HILLS CORPORATION
LIST OF CREDIT RATING AGENCIES AND EQUITY ANALYST REPORTS RECEIVED
(May 23, 2015 to May 19, 2016)

Agency/Analyst	Date
Gabelli / Timothy Winters	5/5/2016
Williams Capital / Chris Ellinghaus	5/5/2016
Bank of America Merrill Lynch / Brian Chin	5/4/2016
BMO Capital Markets / Michael Worms	5/4/2016
RBC Capital Markets / Shelby Tucker	5/4/2016
BMO Capital Markets / Michael Worms	4/28/2016
Williams Capital / Chris Ellinghaus	4/28/2016
Bank of America Merrill Lynch / Brian Chin	4/27/2016
Bank of America Merrill Lynch / Brian Chin	4/25/2016
JP Morgan Research / Chris Turnure	4/25/2016
BMO Capital Markets / Michael Worms	4/18/2016
Williams Capital / Chris Ellinghaus	3/21/2016
Williams Capital / Chris Ellinghaus	3/9/2016
Moody's	2/16/2016
Gabelli / Timothy Winters	2/16/2016
RBC Capital Markets / Shelby Tucker	2/16/2016
Williams Capital / Chris Ellinghaus	2/16/2016
Fitch	2/12/2016
S&P	2/12/2016
Moody's	2/12/2016
Bank of America Merrill Lynch / Brian Chin	2/12/2016
BMO Capital Markets / Michael Worms	2/12/2016
RBC Capital Markets / Shelby Tucker	2/12/2016
Bank of America Merrill Lynch / Brian Chin	2/4/2016
Gabelli / Timothy Winters	2/4/2016
Williams Capital / Chris Ellinghaus	2/4/2016
BMO Capital Markets / Michael Worms	2/3/2016
RBC Capital Markets / Shelby Tucker	2/2/2016
BMO Capital Markets / Michael Worms	1/25/2016
Williams Capital / Chris Ellinghaus	1/19/2016
Fitch	1/14/2016
RBC Capital Markets / Shelby Tucker	1/4/2016
Bank of America Merrill Lynch / Brian Chin	12/8/2015
BMO Capital Markets / Michael Worms	11/24/2015
RBC Capital Markets / Shelby Tucker	11/24/2015
Fitch	11/17/2015
S&P	11/17/2015
Gabelli / Timothy Winters	11/5/2015
BMO Capital Markets / Michael Worms	11/4/2015
Fitch	10/20/2015
Moody's	10/14/2015
RBC Capital Markets / Shelby Tucker	10/13/2015
Gabelli / Timothy Winters	10/12/2015
KeyBanc Capital Markets / Matt Tucker	10/8/2015
BMO Capital Markets / Michael Worms	10/1/2015
KeyBanc Capital Markets / Matt Tucker	8/11/2015
RBC Capital Markets / Shelby Tucker	8/7/2015
Gabelli / Timothy Winters	8/6/2015
BMO Capital Markets / Michael Worms	8/5/2015
KeyBanc Capital Markets / Matt Tucker	8/5/2015
RBC Capital Markets / Shelby Tucker	8/5/2015
Fitch	7/17/2015
Gabelli / Timothy Winters	7/14/2015
Moody's	7/14/2015
Fitch	7/13/2015
S&P	7/13/2015
Credit Suisse / Dan Eggers	7/13/2015
KeyBanc Capital Markets / Matt Tucker	7/13/2015
RBC Capital Markets / Shelby Tucker	7/13/2015
Fitch	7/12/2015
RBC Capital Markets / Shelby Tucker	6/1/2015