

Black Hills Power
Income Statement GAAP-to-FERC Reconciliation

Legend:

GAAP Income Statement Caption

FERC Form 1 Income Statement Caption

in 000's

		Year ended December 31, 2020					
GAAP Income Statement		Reconciliation to FERC Form 1 details	FF1 Page	FF1 Row	FERC Vs. GAAP Variance	Comments on variances	
(A)		(B)			(B) - (A)		
Revenue	\$ 283,153	Revenue (a)= \$ 304,085			\$ 20,932	GAAP nets certain wholesale contracts reducing both Revenue and Fuel & purchased power by \$20,932. FERC Operating Revenues (400) and Operations Expenses (401) are grossed up for this amount.	
		Operating Revenues (400)	(a)	303,368 114 2			
		Revenues From Merchandising, Jobbing, and Contract Work (415)	(a)	715 117 31			
		Revenues From Nonutility Operations (417)	(a)	3 117 33			
Operating expenses:		Operating expenses:					
Fuel & purchased power	62,697	Fuel & purchased power -			(62,697)	(\$62,697) of Fuel & purchased power is presented separately for GAAP but combined in O&M for FERC. \$62,697 of Fuel & purchased power is presented separately for GAAP but combined in O&M for FERC. \$20,932 of Revenue (variance above) includes netting of certain wholesale contracts reducing both Revenue and Fuel & purchased power for GAAP reporting. FERC presents these amounts as gross within their presentation. (\$2,072) of Taxes - Properly (variance below) is recorded in O&M for GAAP. \$ 300 bank fees classified as Operating expenses for FERC and Non-operating Interest expense for GAAP \$ 606 of non-service pension costs classified as O&M for FERC and as Non-operating Expense for GAAP \$ 113 cumulative effect of FERC restatements. Adjustment to correct Retained Earnings FERC to match GAAP	
Operations & maintenance	82,668	Operations & maintenance (b)= 165,245			82,577	\$ 1 rounding	
		Operations Expenses (401)	(b)	141,693 114 4			
		Maintenance Expenses (402)	(b)	22,087 114 5			
		(Less) Costs & Exp. of Merchandising, Job. & Contract Work (416)	(b)	763 117 32			
		(Less) Expenses of Nonutility Operations (417.1)	(b)	163 117 34			
		Gain on Disposition of Property (421.1)	(b)	(234) 117 40			
		Donations (426.1)	(b)	713 117 45			
		Exp. For Certain Civic, Political & Related Activities (426.4)	(b)	59 117 48			
						\$ 147 Non-service pension costs classified as depreciation for FERC and as other non-operating expenses for GAAP	
Depreciation & amortization	44,302	Depreciation and amortization (c)= 44,448			146	(\$ 1) rounding	
		Depreciation Expense (403)	(c)	42,576 114 6			
		Amort. & Depl. Of Utility Plant (404-405)	(c)	1,774 114 6			
		Amort. Of Utility Plant Acq. Adj. (406)	(c)	97 114 6			
Taxes - Property	8,838	Taxes - Property (d)= 10,910			2,072	FERC reporting includes sales and use taxes which are included in O&M for GAAP.	
		Taxes Other Than Income Taxes (408.1)	(d)	10,881 114 14			
		Taxes Other Than Income Taxes (408.2)	(d)	29 117 52			
Total operating expenses	198,505	Total operating expenses		220,603	22,098		
Operating income	84,648	Operating income		83,482	(1,166)		
Other income (expense):		Other income (expense):					
Interest Expense	(26,359)	Interest Expense (e)= (26,475)			(116)	(\$416) is recorded in Interest expense for GAAP versus Interest income for FERC \$ 300 of bank fees classified as O&M for FERC and Non-operating Interest expense for GAAP	
		Interest on Long-Term Debt (427)	(e)	(20,222) 117 62			
		Amort. Of Debt Disc. And Expense (428)	(e)	(282) 117 63			
		Amortization of Loss on Recquired Debt (428.1)	(e)	(270) 117 64			
		Interest on Debt to Assoc. Companies (430)	(e)	(5,699) 117 67			
		Other Interest Expense (431)	(e)	(1) 117 68			
AFUDC borrowed	1,301	AFUDC borrowed (f)= 1,301			0		
		Less AFUDC-Cr. (432)	(f)	1,301 117 69			

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Year ended December 31, 2020							
GAAP Income Statement	Reconciliation to FERC Form 1 details			FF1 Page	FF1 Row	FERC Vs. GAAP Variance	Comments on variances
(A)	(B)					(B) - (A)	
Interest income	740	Interest income	(g)=	1,155		415	Intercompany interest income is netted with Intercompany interest expense within Interest income for GAAP.
		Interest and Dividend Income (419)	(g)	1,155	117	37	Intercompany interest income expense is presented as gross in Interest expense and income for FERC.
Other income (expense), net	(936)	Other income (expense), net	(h)=	(183)		753	\$606 of non-service pension costs classified as Operations Expense for FERC and as Non-operating Expense for GAAP
		Allowance for Other Funds Used During Construction (419.1)	(h)	(10)	117	38	\$147 of non-service pension costs classified as Depreciation for FERC and as Other Non-operating Expenses for GAAP
		Miscellaneous Nonoperating Income (421)	(h)	318	117	39	
		Penalties (426.3)	(h)	0	117	47	
		Other Deductions (426.5)	(h)	(491)	117	49	
Total other income (expense)	(25,254)	Total other income (expense)		(24,202)		1,052	
Income before income taxes	59,394	Income before income taxes		59,281		(113)	(\$113) cumulative effect of FERC restatements. Adjustment to correct Retained Earnings FERC to match GAAP
Income tax expense	(5,343)	Income tax expense	(i)=	(5,343)		(0)	
		Income Taxes - Federal (409.1)	(i)	(7,310)	114	15	
		- Other (409.1)	(i)	-	114	16	
		Provision for Deferred Income Taxes (410.1)	(i)	(15,737)	114	17	
		(Less) Provision for Deferred Income Taxes-Cr (411.1)	(i)	17,746	114	18	
		Income Taxes - Federal (409.2)	(i)	(43)	117	52	
Net income	<u>\$ 54,051</u>	Net income		<u>\$ 53,937</u>		<u>\$ (114)</u>	Cumulative effect of FERC restatements from 2013-2018. This adjustment will realign GAAP and FERC Retained Earnings (and Net Income) moving forward.
		FERC Form 1 Net Income		<u>\$ 53,937</u>			
		Variance		<u>(0)</u>			(\$ 1) rounding

Black Hills Power
Balance Sheet GAAP-to-FERC Reconciliation

Legend:

GAAP Balance Sheet Caption

FERC Form 1 Balance Sheet Caption

in 000's

Year ended December 31, 2020							
GAAP Balance Sheet		Reconciliation to FERC Form 1 details		FF1 Page	FF1 Row	FERC Vs. GAAP Variance	Comments on variances
(A)		(B)				(B) - (A)	
Current assets:							
Cash	\$ 5	Cash (a)= \$ 5				(0)	
		Cash (131) (a) -	110	35			
		Working Fund (135) (a) 5	110	37			
Accounts receivable, net	26,327	Accounts receivable, net (b)= 27,477				1,150	\$1,150 of Other accounts receivable included in Accounts Receivable for FERC but within Other current assets for GAAP
		Customer Accounts Receivable (142) (b) 14,637	110	40			
		Other Accounts Receivable (143) (b) 1,759	110	41			
		(Less) Accum. Prov. For Uncollectible Acct.-Credit (144) (b) (256)	110	42			
		Accrued Utility Revenues (173) (b) 11,338	111	61			
Accounts receivable from affiliates	19,151	Accounts receivable from affiliates (c)= 19,151				(0)	
		Accounts Receivable from Assoc. Companies (146) (c) 19,151	110	44			
Materials, supplies, and fuel	31,257	Materials, supplies, and fuel (d)= 31,257				(0)	
		Fuel Stock (151) (d) 1,041	110	45			
		Plant Materials and Operating Supplies (154) (d) 27,060	110	48			
		Stores Expense Undistributed (163) (d) 2,237	111	54			
		Miscellaneous Current and Accrued Assets (174) (d) 919	111	62			
Regulatory assets, current	22,725	Regulatory assets, current (e)= -				(22,725)	FERC does not make short-term/long-term distinction for Regulatory assets, see total reported below as part of Regulatory Assets, non-current
Other current assets	6,712	Other current assets (e)= 5,562				(1,150)	(\$1,150) of Other accounts receivable included in Accounts Receivable for FERC but within Other current assets for GAAP
		Prepayments (165) (e) 3,140	111	57			
		Derivative Instrument Assets (175) (e) 1,065	111	63			
		Clearing Accounts (184) (e) 1,357	111	76			
Total Current Assets	106,177	Total Current Assets 83,452				(22,725)	
Investments	5,339	Other Property and Investments (f)= 5,339				0	
		Other investments (124) (f) 682	110	24			
		Other Special Funds (128) (f) 4,657	110	28			
							\$16,576 of operating lease right-of-use assets included in Utility Plant (101) for FERC but within Other, non-current assets for GAAP
							\$ 4,550 GAAP-to-FERC difference driven by the acquisition of a 20% interest in Wyodak plant -- this was recorded at fair value in accordance with GAAP but recorded at historical cost in accordance with FERC, which causes higher gross Utility Plant offset by lower gross Accumulated Depreciation
Property, plant & equipment	1,583,865	Property, plant & equipment (g)= 1,605,458				21,593	\$ 467 GAAP-to-FERC difference due to capitalization of non-service pension costs for FERC vs. Other expense for GAAP
		Utility Plant (101-106, 114) (g) 1,569,576	110	2			
		Construction Work in Progress (107) (g) 35,882	110	3			
							(\$57,935) removal costs classified as Regulatory liabilities for GAAP but part of Accumulated Depreciation for FERC
							(\$ 4,550) GAAP-to-FERC difference driven by the acquisition of a 20% interest in Wyodak plant -- this was recorded at fair value in accordance with GAAP but recorded at historical cost in accordance with FERC, which causes higher gross Utility Plant offset by lower gross Accumulated Depreciation
							(\$ 2,472) of operating lease right-of-use asset amortization included in Accumulated Depreciation (108) for FERC but within Other, non-current assets for GAAP
Less accumulated depreciation and amortization	(387,260)	Less accumulated depreciation and amortization (h)= (452,452)				(65,192)	(\$ 230) GAAP-to-FERC difference due to capitalization (and related depreciation) of non-service pension costs for FERC vs. Other expense for GAAP
		Less Accum. Prov. For Depr. (108, 110, 111, 115) (h) (452,452)	110	5		(\$ 5)	miscellaneous immaterial variance
Total property, plant and equipment, net	1,196,605	Total property, plant and equipment, net 1,153,006				(43,599)	
		Net Utility Plant 1,117,124	110	6, 14			
Other assets:							
Regulatory assets, non-current	50,123	Regulatory assets, non-current (i)= 72,618				22,495	\$22,725 of Regulatory assets are classified as current assets for GAAP but for FERC does not make distinction between current/non-current
		Other Regulatory Assets (182.3) (i) 71,899	111	72		(\$ 230)	GAAP-to-FERC difference due to capitalization of non-service pension costs for FERC vs. Other expense (and related regulatory asset) for GAAP
		Unamortized Loss on Reaquired Debt (189) (i) 719	111	81			

Black Hills Power
Balance Sheet GAAP-to-FERC Reconciliation

Legend:

GAAP Balance Sheet Caption

FERC Form 1 Balance Sheet Caption

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GAAP Balance Sheet		Reconciliation to FERC Form 1 details		FF1 Page	FF1 Row	FERC Vs. GAAP Variance	Comments on variances
(A)	(B)	(B) - (A)					
Year ended December 31, 2020							
Other, non-current assets	19,121	Other, non-current assets (j)=	5,017			(14,104)	GAAP
		Prelim. Survey and Investigation Charges (183)	296	111	73		
		Miscellaneous Deferred Debits (186)	4,721	111	78		
Total other assets, non-current	69,244	Total other assets, non-current	77,634			8,390	
TOTAL ASSETS	\$ 1,377,365	TOTAL ASSETS	\$ 1,319,431			\$ (57,934)	
Current liabilities:							
Accounts payable	\$ 21,345	Accounts payable (k)=	21,635			290	\$290 of employee benefits payable and accrued payroll taxes classified as Accounts payable for FERC but as Accrued liabilities for GAAP
		Accounts Payable (232)	20,576	112	38		
		Tax Collections Payable (241)	1,058	113	47		
Accounts payable to affiliates	40,160	Accounts payable to affiliates (l)=	40,160			(0)	
		Accounts Payable to Associated Companies (234)	40,160	112	40		
Accrued liabilities	24,438	Accrued liabilities (m)=	21,312			(3,126)	(\$2,547) of contractor retainage, deferred revenue, and provisions for employee injuries and damages classified as Other, non-current liabilities for FERC vs. Accrued liabilities for GAAP
		Customer Deposits (235)	2,162	112	41		
		Taxes Accrued (236)	7,551	112	42		
		Interest Accrued (237)	4,654	112	43		
		Miscellaneous Current and Accrued Liabilities (242)	5,707	113	48		
		Obligations Under Capital Leases-Current (243)	317	113	49		
		Derivative Instrument Liabilities (244)	921	113	50		
Money pool notes payable	90,703	Money pool notes payable (n)=	170,996			80,293	\$80,000 classified as Money pool notes payable for FERC but presented on separate line Notes payable to Parent for GAAP
		Notes Payable to Associated Companies (233)	170,996	39	39		
Notes payable to Parent	80,000	Notes payable to Parent (o)=	-			(80,000)	(\$80,000) classified as Money pool notes payable for FERC but presented on separate line Notes payable to Parent for GAAP
Regulatory liabilities, current	144	Regulatory liabilities, current (o)=	144			(0)	
		Accumulates Provision for Rate Refunds (229)	144	112	31		
Total current liabilities	256,790	Total current liabilities	254,246			(2,544)	
Long term debt							
	337,539	Long term debt (p)=	337,539			0	
		Bonds (221)	340,000	112	18		
		Other Ling-Term Debt (224)	-	112	21		
		(Less) Unamortized Discounts (226)	(78)	112	23		
		Unamortized Debt Expenses (181)	(2,383)	111	69		
Deferred credits and other liabilities:							
Deferred income tax liabilities, net	115,046	Deferred income tax liabilities, net (q)=	115,043			(3)	(\$ 3) miscellaneous immaterial variance
		Accum. Deferred Income Taxes-Other Property (282)	135,043	113	63		
		Accum. Deferred Income Taxes-Other (283)	17,983	113	64		
		Accumulated Deferred Income Taxes (190)	(37,983)	111	82		
Regulatory liabilities, non-current	160,139	Regulatory liabilities, non-current (r)=	102,204			(57,935)	(\$57,935) removal costs classified as Regulatory liabilities for GAAP but part of Accumulated Depreciation for FERC
		Other Regulatory Liabilities (254)	102,204	113	60		
Benefit plan liabilities	12,616	Benefit plan liabilities (s)=	12,616			(0)	
		Accumulated Provision for Pensions and Benefits (228.3)	12,616	112	29		

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Year ended December 31, 2020							
GAAP Balance Sheet		Reconciliation to FERC Form 1 details		FF1 Page	FF1 Row	FERC Vs. GAAP Variance	Comments on variances
(A)		(B)				(B) - (A)	
Other, non-current liabilities	21,321	Other, non-current liabilities	(t)=			2,547	\$2,547 of contractor retainage, deferred revenue, and provisions for employee injuries and damages classified as Other, non-current liabilities for FERC vs. Accrued liabilities for GAAP
		Obligations Under Capital Leases - Noncurrent (227)	(t)	13,802	112 26		
		Accumulates Provision for Injuries and Damages (228.2)	(t)	415	112 28		
		Asset Retirement Obligations (230)	(t)	760	112 34		
		Customer Advances for Construction (252)	(t)	6,884	113 56		
		Other Deferred Credits (253)	(t)	2,007	113 59		
Total deferred credits and other liabilities	309,122	Total deferred credits and other liabilities		253,731		(55,391)	
Stockholder's equity:							
Common Stock	23,416	Common Stock	(u)=	23,416		0	
		Common Stock Issued (201)	(u)	23,416	112 2		
Additional paid-in-capital	39,575	Additional paid-in-capital	(v)=	39,575		(0)	
		Premium on Capital Stock (207)	(v)	42,077	112 6		
		Less Capital Stock Expense (214)	(v)	(2,502)	112 10		
Retained earnings	412,343	Retained Earnings	(w)=	412,343		(0)	
		Retained Earnings (216)	(w)	412,343	112 11		
Accumulated other comprehensive (loss)	(1,420)	Accumulated Other comprehensive income	(x)=	(1,420)		(0)	
		Accumulated Other comprehensive income (219)	(x)	(1,420)	112 15		
Total stockholder's equity	473,914	Total stockholder's equity		473,914		(0)	
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,377,365	TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		\$ 1,319,431		\$ (57,934)	
		FERC Form 1 Total Assets and/or Total Liabilities and Stockholder Equity		\$ 1,359,796			
		Variance to the totals in E55 and E110 above		40,366			
		Unamortized Debt Expenses (181)		(2,383)			Presented net with Long-term debt for GAAP reporting, presented as gross asset for FERC reporting
		Accumulated Deferred Income Taxes (190)		(37,983)			Presented net with def tax liabilities for GAAP reporting, presented as gross asset for FERC reporting
		Remaining Variance		(0)			