



Brian G. Iverson
Associate Counsel

Telephone: (605) 721-2305
Facsimile: (605) 721-2550
Email: biverson@bh-corp.com

September 10, 2004

Ms. Pam Bonrud
Executive Director
South Dakota Public Utilities Commission
Capitol Building, First Floor
500 E. Capitol Avenue
Pierre, South Dakota 57501-5070

RECEIVED

SEP 13 2004

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Application of Black Hills Power, Inc. for an Order Authorizing it to Enter into Loan Agreements to Assume Liability of the Payment of Pollution Control Revenue Refunding Bonds issued by Pennington County, South Dakota, Weston County, Wyoming, and Campbell County, Wyoming.

Dear Ms. Bonrud:

I am enclosing on behalf of Black Hills Power, Inc. the original and two complete sets of the Application, along with three CD's containing all the documents in PDF format.

Black Hills Power, Inc. will use the proceeds obtained from the sale of these bonds to redeem existing pollution control revenue bonds which have higher interest rates. The refunding will also extend the term of three of the bond issues from 2010 to 2014. The bonds will be issued by Pennington County, South Dakota and Weston and Campbell Counties in Wyoming.

If the staff or members of the Commission have any questions regarding the application please feel free to contact Garner Anderson at 605-721-2311 or me at the number above.

Sincerely,

Brian G. Iverson

Enc.

cc Garner Anderson
Mark Thies

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED

SEP 13 2004

IN THE MATTER OF THE APPLICATION)
OF BLACK HILLS POWER, INC. FOR AN)
ORDER AUTHORIZING IT TO ENTER)
INTO LOAN AGREEMENTS PURSUANT)
TO WHICH APPLICANT WILL ASSUME)
LIABILITY OF THE PAYMENT OF: (1))
\$2,050,000 POLLUTION CONTROL)
REFUNDING REVENUE BONDS TO BE)
ISSUED BY PENNINGTON COUNTY,)
SOUTH DAKOTA, (2) \$2,850,000)
POLLUTION CONTROL REVENUE)
BONDS TO BE ISSUED BY WESTON)
COUNTY, WYOMING, (3) \$1,550,000)
POLLUTION CONTROL REFUNDING)
REVENUE BONDS TO BE ISSUED BY)
CAMPBELL COUNTY, WYOMING, AND)
(4) \$12,200,000 POLLUTION CONTROL)
REFUNDING REVENUE BONDS TO BE)
ISSUED BY CAMPBELL COUNTY,)
WYOMING)

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
APPLICATION

EL04-_____

Black Hills Power, Inc. ("Applicant") hereby submits this application to the South Dakota Public Utilities Commission ("Commission") as follows:

1. Applicant is a public utility as described at SDCL Ch. 49-34A and is engaged in the generation, transmission, distribution, purchase and sale of electric power and energy through an interconnected transmission network and a territory that serves approximately 61,148 customers located in western South Dakota, eastern Wyoming and southeastern Montana.

2. Applicant's gross operating revenues received from the sale of electric power and energy and transmission service derived from operations by states are approximately 79 percent in South Dakota, 20 percent in Wyoming and 1 percent in Montana.

3. The name, title and address of the persons to whom notice and correspondence with regard to this Application shall be addressed are as follows:

Garner M. Anderson
Vice President & Treasurer
Black Hills Power, Inc.
625 Ninth Street
P.O. Box 1400
Rapid City, SD 57709
T: (605) 721-2311
F: (605) 721-2599

Brian G. Iverson
Associate Counsel
Black Hills Power, Inc.
625 Ninth Street
P.O. Box 1400
Rapid City, SD 57709
T: (605) 721-2305
F: (605) 721-2550

4. Pursuant to Indentures of Trust, (a) on April 1, 1977 Pennington County, South Dakota issued \$2,050,000 of Pennington County Pollution Control Revenue Bonds (Black Hills Power and Light Company Project) 1977 Series, annual rate 6 5/8 percent, due April 1, 2007, (b) on June 1, 1977 Weston County, Wyoming issued \$2,850,000 of Pollution Control Revenue Bonds (Black Hills Power and Light Company Project) Series 1977, annual interest rate 6.85 percent, due 2007, (c) on June 1, 1977 Campbell County, Wyoming issued \$1,550,000 of Pollution Control Revenue Bonds (Black Hills Power and Light Company Project) Series 1977, annual interest rate 6.85 percent, due June 1, 2007, and (d) on August 29, 1984 the City of Gillette, Campbell County, Wyoming issued \$16,000,000 of City of Gillette, Campbell County, Wyoming Pollution Control Revenue Bonds (Black Hills Power and Light Company Project) Series 1984, annual interest rate 10.5 percent, due August 1, 2014. All of these bonds referred to herein as the "Original Bonds." The proceeds of the Sale of the Original Bonds were used to provide for air and water pollution abatement equipment on Applicant's Ben French generating station in Pennington County, South Dakota, Osage generating Station in Weston County, Wyoming, Neil Simpson generating station in Campbell County, Wyoming and on Applicant's 20 percent interest in the Wyodak Plant located in Campbell County, Wyoming. The Applicant's assumption of the obligation to pay all principal, interest and premium due on the Original Bonds was approved by the Commission in Docket Nos. F-3166 and F-3184 in Orders dated March 28, 1977 and June 2, 1977 and in Docket No. F-3496 on August 15, 1984.

5. The Applicant refunded the Original Bonds through the issuance of refunding bonds with corresponding principal amounts by Pennington County, South Dakota, Weston County, Wyoming, and Campbell County, Wyoming (together "the Counties"), and the issuance of \$12,200,000 City of Gillette, Campbell County, Wyoming Pollution Control Revenue Refunding Bonds to cover the remaining issued and outstanding Original Bonds. All of these refunding bonds referred to herein as the "Prior Bonds." Applicant's assumption of the obligations under the Prior Bonds was approved by the Commission in Docket Nos. EL92-014 and EL92-015 in Orders dated June 1, 1992.

6. The Prior Bonds remaining issued and outstanding at the date of this application are as follows:

<u>Issue</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Bond Call Amount</u>
Campbell County	\$1,550,000	06/01/2010	6.7%	100%
Weston County	\$2,850,000	06/01/2010	6.7%	100%
Pennington County	\$2,050,000	06/01/2010	6.7%	100%
City of Gillette	\$12,200,000	07/01/2024	7.5%	102%

7. Applicant desires to refund the Prior Bonds by entering into loan agreements with the Counties assuming liability for the payment Pollution Control Revenue Refunding Bonds to be issued by the Counties as follows: (1) \$2,050,000 Pollution Control Refunding Revenue Bonds to be issued by Pennington County, South Dakota, (2) \$2,850,000 Pollution Control Revenue Refunding Bonds to be issued by Weston County, Wyoming, (3) \$1,550,000 Pollution Control Revenue Refunding Bonds to be issued by Campbell County, Wyoming, and (4) \$12,200,000 Pollution Control Refunding Revenue Bonds to be issued by Campbell County, Wyoming. These refunding bonds referred to herein as the "Refunding Bonds."

8. Applicant's Board of Directors has authorized the refunding of the Prior Bonds and the transactions proposed herein.

9. Applicant is currently reviewing underwriters' proposals for marketing the Refunding Bonds. The annual rate of interest on the Refunding Bonds will be agreed upon between Applicant and the underwriter as of the date of closing expected to be in mid-October 2004. The annual rate of interest will not exceed 7 percent for the twenty year bonds and 6.0 percent for the ten year bonds. The Refunding Bonds will be issued at par and the Applicant expects the following terms and conditions:

<u>Issue</u>	<u>Amount</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Rate</u>
Campbell County	\$1,550,000	10-year*	10/01/2014	5.50 - 6.0%
Weston County	\$2,850,000	10-year*	10/01/2014	5.50 - 6.0%
Pennington County	\$2,050,000	10-year*	10/01/2014	5.50 - 6.0%
Campbell County	\$12,200,000	20-year**	10/01/2024	6.25 - 7.0%

* Based on market conditions, may include a call provision in which bonds will be callable after five years.

** Callable after ten years.

10. The entire proceeds of the Refunding Bonds will be used for the refunding of the principal of the Prior Bonds. Therefore, the Loan agreements will obligate Applicant to pay any redemption premium on the Prior Bonds and all costs of issuance with funds other than from the proceeds of the sale of the Refunding Bonds.

11. The approximate costs of issuing the Refunding Bonds are estimated to be \$250,000. Applicant will record the costs of issuing the Refunding Bonds in Account

181, Unamortized Debt Expense. Such costs will be amortized in equal monthly amounts over the life of the Refunding Bonds. The amortization period will begin when the Prior Bonds are called and the Refunding Bonds have been issued. The amortization expense will be recorded in Account 428, Amortization of Debt Discount and Expense.

12. The Unamortized Debt Issuance Costs of the Prior Bonds is approximately \$287,000, and the call premium cost to be incurred in redeeming the Prior Bonds is \$244,000. Applicant will record these costs in Account 189, Unamortized Loss on Reacquired Debt at the date such bonds are redeemed. Such costs will be amortized over the life of the Refunding Bonds. Amortization expense in equal monthly amounts will be recorded in Account 428.1, Amortization of Loss on Reacquired Debt.

13. The proposed issuance of the New Bonds serves Applicant's corporate purpose and is compatible with the public interest; the object is necessary, appropriate and consistent with the proper performance by Applicant of service as a public utility, will not impair its ability to perform that service, and is reasonably necessary or appropriate for such purposes.

14. No approval of any federal or state governmental commission for issuance of the securities proposed to be assumed by the Applicant is required except the approval of the Public Utilities Commission of South Dakota and the Public Service Commission of Wyoming. An application is being filed with each of the Commissions.

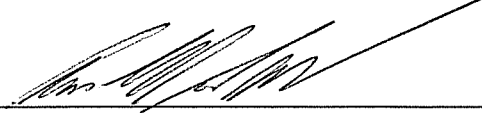
The following are made exhibits to this Application:

- A. Draft Form of Loan Agreements
- B. Draft Form of Indenture of Trust
- C. Draft Form of Bond Purchase Agreements
- D. Draft Form of Tax Exemption Certificate and Agreement
- E. Draft Preliminary Official Statement
- F. Copy of the corporate resolution of the Applicant authorizing the proposed refunding.

WHEREFORE, Applicant respectfully requests the Commission to enter its Order herein approving and authorizing Applicant to enter into the Loan Agreements with the Counties and the related agreements providing for the assumption by Applicant of the liability of the payment of all principal, interest, and premium, if any, to be due and payable on the Refunding Bonds and that such Order be made effective upon issuance.

BLACK HILLS POWER, INC.

By

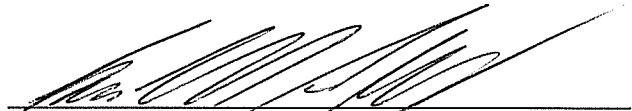

Garner M. Anderson, Vice President &
Treasurer

Dated: September 10, 2004


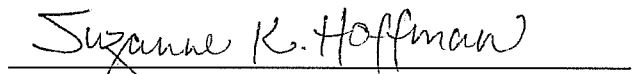
STATE OF SOUTH DAKOTA

COUNTY OF PENNINGTON

Garner M. Anderson, being first duly sworn on his oath, deposes and says: That he is the Vice President and Treasurer of Black Hills Power, Inc., named in the within and foregoing Application; that he has read the same and knows the contents thereof to be true of his own knowledge except as to those matters therein stated on information and belief, and as to such matters, he believes it to be true.


Garner M. Anderson

Subscribed and sworn to before me this 10th day of September 2004.



Notary Public

LOAN AGREEMENT

dated as of October 1, 2004

between

CAMPBELL COUNTY, WYOMING

and

BLACK HILLS POWER, INC.

Campbell County, Wyoming
Pollution Control Refunding Revenue Bonds Series 2004
(Black Hills Power, Inc. Project)

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LOAN AGREEMENT dated as of October 1, 2004, between Campbell County, Wyoming, a body politic and corporate of the State of Wyoming (the "*Issuer*"), and Black Hills Power, Inc., a South Dakota corporation (the "*Company*").

Sections 15-1-701 through 15-1-710, inclusive, Wyoming Statutes 2003, as amended, empowers the Issuer to issue its bonds for the refunding of bonds previously issued under the Act and outstanding. On June 23, 1992, the Issuer issued its Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project) Series 1992 (the "*Prior Issuer Bonds*") for the purpose of financing costs of a portion of the project described in *Exhibit A* hereto (the "*Project*"). On July 12, 1994, the City of Gillette, Wyoming issued its Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project), Series 1994 (the "*Prior Gillette Bonds*" and, together with the Prior Issuer Bonds, the "*Prior Bonds*") for the purpose of financing costs of a portion of the Project.

The Issuer proposes to issue \$13,750,000 Pollution Control Refunding Revenue Bonds, Series 2004 (Black Hills Power, Inc. Project) pursuant to the Indenture in order to provide funds for the refunding of the Prior Bonds and to loan the proceeds of the Bonds to the Company, and the Company desires to use the proceeds to pay a portion of the cost of the refunding of the Prior Bonds, all on the terms and conditions set forth in this Agreement.

Accordingly, the Issuer and the Company hereby agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, unless the context clearly requires otherwise, all terms defined in Article I of the Indenture have the same meanings in this Agreement.

"*Indenture*" means the Indenture of Trust relating to the Bonds, dated as of the date of this Agreement, between the Issuer and Wells Fargo Bank, N.A., as Trustee, as such Indenture of Trust may be amended or supplemented from time to time in accordance with its terms.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of Issuer. The Issuer represents as follows:

(a) The Issuer (1) is a body politic and corporate of the State of Wyoming, (2) has full power and authority to enter into the transactions contemplated by this Agreement, the Indenture and the Tax Exemption Certificate and Agreement and to carry out its obligations under this Agreement, the Indenture and the Tax Exemption

Certificate and Agreement including the issuance of the Bonds, (3) is not in default under any provisions of the laws of the State and (4) by proper corporate action has duly authorized the execution and delivery of this Agreement, the Bonds, the Indenture and the Tax Exemption Certificate and Agreement.

(b) Under existing statutes and decisions, no taxes on income or profits are imposed on the Issuer. The Issuer will not knowingly take or omit to take any action reasonably within its control which action or omission would impair the exclusion of interest paid on the Bonds from the federal gross income of the owners of the Bonds.

(c) Neither the execution and delivery by the Issuer of this Agreement, the Indenture or the Tax Exemption Certificate and Agreement nor the consummation by the Issuer of the transactions contemplated by this Agreement, the Indenture or the Tax Exemption Certificate and Agreement conflicts with, will result in a breach of or default under or will (except with respect to the lien of the Indenture) result in the imposition of any lien on any property of the Issuer pursuant to the terms, conditions or provisions of any statute, order, rule, regulation, agreement or instrument to which the Issuer is a party or by which it is bound.

(d) Each of this Agreement, the Indenture and the Tax Exemption Certificate and Agreement has been duly authorized, executed and delivered by the Issuer and each constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

(e) There is no litigation or proceeding pending, or to the knowledge of the Issuer threatened, against the Issuer, or to the knowledge of the Issuer affecting it, which would adversely affect the validity of this Agreement, the Indenture, the Bonds or the Tax Exemption Certificate and Agreement or the ability of the Issuer to comply with its obligations under this Agreement, the Indenture, the Bonds or the Tax Exemption Certificate and Agreement.

(f) The Issuer is not in default under any of the provisions of the laws of the State which would affect its existence or its powers referred to in the preceding subsection (a).

(g) The Issuer hereby finds and determines that, based on representations of the Company, all requirements of the Act have been complied with and that the refinancing of the Project through the issuance of the Bonds will further the public purposes of the Act.

(h) No member, director, officer or official of the Issuer has any interest (financial, employment or other) in the Company or the transactions contemplated by this Agreement.

(i) The Issuer will apply the proceeds from the sale of the Bonds as specified in the Indenture and this Agreement. So long as any of the Bonds remain outstanding and

except as may be authorized by the Indenture, the Issuer will not issue or sell any bonds or obligations, other than the Bonds, the principal of or premium, if any, or interest on which will be payable from the property described in the granting clause of the Indenture.

(j) The Project is wholly located within the corporate limits of Campbell County, Wyoming.

Section 2.2. Representations of Company. The Company represents as follows:

(a) The Company (1) is a corporation duly incorporated and in good standing in the state of South Dakota, (2) is duly qualified to transact business and in good standing in the State, (3) is not in violation of any provision of its certificate of incorporation or its by-laws, (4) has full corporate power to own its properties and conduct its business, (5) has full legal right, power and authority to enter into this Agreement and the Tax Exemption Certificate and Agreement and consummate all transactions contemplated by this Agreement and the Tax Exemption Certificate and Agreement and (6) by proper corporate action has duly authorized the execution and delivery of this Agreement and the Tax Exemption Certificate and Agreement.

(b) Neither the execution and delivery by the Company of this Agreement or the Tax Exemption Certificate and Agreement nor the consummation by the Company of the transactions contemplated by this Agreement or the Tax Exemption Certificate and Agreement conflicts with, will result in a breach of or default under or will result in the imposition of any lien on any property of the Company pursuant to the certificate of incorporation or by-laws of the Company or the terms, conditions or provisions of any statute, order, rule, regulation, agreement or instrument to which the Company is a party or by which it is bound.

(c) Each of this Agreement and the Tax Exemption Certificate and Agreement has been duly authorized, executed and delivered by the Company and each constitutes the legal, valid and binding obligation of the Company in accordance with its terms.

(d) There is no litigation or proceeding pending, or to the knowledge of the Company threatened, against the Company which could adversely affect the validity of this Agreement or the Tax Exemption Certificate and Agreement or the ability of the Company to comply with its obligations under this Agreement or the Tax Exemption Certificate and Agreement.

(e) The information contained in the Tax Exemption Certificate and Agreement, the Project Certificate and all other written information relating to the Project provided by the Company to the Issuer and bond counsel for the Bonds is true and correct.

(f) The Project is wholly located within the corporate limits of Campbell County, Wyoming.

ARTICLE III

COMPLETION OF THE PROJECT

Section 3.1. Project Complete. The acquisition and construction of the Project has been completed as contemplated in accordance with the Project Certificate.

Section 3.2. Project Description. The Company will not make any material change in its use of the Project contained in *Exhibit A* unless the Trustee and the Issuer receive an Opinion of Tax Counsel to the effect that such change will not impair the exclusion of interest on the Bonds from the gross income of holders of the Bonds for Federal income tax purposes.

Section 3.3. Operation of Project. So long as the Company operates the Project, it will operate it as a "Project" as contemplated by the Act and will operate the Project in such a manner such that it will not impair the exclusion of interest on the Bonds from gross income of the holders of the Bonds for Federal income tax purposes under the Internal Revenue Code of 1954, as amended and the regulations promulgated and proposed thereunder.

ARTICLE IV

ISSUANCE OF BONDS; DEPOSIT OF PROCEEDS TO REFUND PRIOR BONDS

In order to refund the Prior Bonds, the Issuer will issue, sell and deliver the Bonds to the initial purchasers thereof and deposit the proceeds of the Bonds with the Prior Gillette Trustee and the Prior Issuer Trustee as provided in Article IV of the Indenture. Such deposit shall constitute a loan to the Company under this Agreement. The Issuer authorizes the Trustee to disburse the proceeds of the Bonds in accordance with Section 4.01 of the Indenture. The Company covenants that it will take all steps required of it under the Prior Indenture in order to effect the refunding of the Prior Bonds on _____, 2004. If the funds held pursuant to a Prior Indenture are not sufficient to accomplish the refunding of the applicable issue of the Prior Bonds on _____, 2004, the Company shall at its own expense and without any right of reimbursement in respect thereof immediately pay all amounts necessary to accomplish such refunding. The Company hereby approves the Indenture and the issuance by the Issuer of the Bonds.

ARTICLE V

REPAYMENT

Section 5.1. Repayment. The Company will repay the loan made to it under Section 4.1 as follows: On or before 11:00 a.m. (local time at the principal corporate office of the Trustee) on each day on which any payment of principal of, premium, if any or interest on the Bonds shall become due (whether on an interest payment date, at maturity, or upon redemption or acceleration or otherwise), the Company will pay an amount which, together with other moneys held by the Trustee in the Bond Fund and available therefor, will enable the Trustee to make

such payment in full in a timely manner. If the Company defaults in any payment required by this Section, the Company will pay interest (to the extent allowed by law) on such amount until paid at the rate provided for in the Bonds.

In furtherance of the foregoing, so long as any Bonds are outstanding the Company will pay all amounts required to prevent any deficiency or default in any payment of the Bonds, including any deficiency caused by an act or failure to act by the Trustee, the Company, the Issuer or any other person.

All amounts payable under this Section by the Company are assigned by the Issuer to the Trustee pursuant to the Indenture for the benefit of the Bondholders. The Company consents to such assignment. Accordingly, the Company will pay directly to the Trustee at its principal corporate trust office all payments payable by the Company pursuant to this Section.

Section 5.2. Additional Payments. The Company will also pay the following within 30 days after receipt of a bill therefor:

(a) The reasonable fees and expenses of the Issuer in connection with this Agreement and the Bonds, such fees and expenses to be paid directly to the Issuer; *provided* that the Company Representative shall have approved such expenses in writing prior to their incurrence.

(b) (i) The fees and expenses of the Trustee and all other fiduciaries and agents serving under the Indenture (including any expenses in connection with any redemption of the Bonds), and (ii) all fees and expenses, including attorneys' fees, of the Trustee for any extraordinary services rendered by it under the Indenture. All such fees and expenses are to be paid directly to the Trustee or other fiduciary or agent for its own account as and when such fees and expenses become due and payable.

Section 5.3. Prepayments. The Company may prepay to the Trustee all or any part of the amounts payable under Section 5.1 at the times and subject to the conditions that Bonds are subject to redemption as described in the Bonds. A prepayment shall not relieve the Company of its obligations under this Agreement until all the Bonds have been paid or provision for the payment of all the Bonds has been made in accordance with the Indenture. In the event of a mandatory redemption of the Bonds, the Company will prepay all amounts necessary for such redemption.

Section 5.4. Obligations of Company Unconditional. The obligations of the Company to make the payments required by Sections 5.1 and 5.3 and to perform its other agreements contained in this Agreement shall be absolute and unconditional. Until the principal of and interest on the Bonds shall have been fully paid or provision for the payment of the Bonds made in accordance with the Indenture, the Company (a) will not suspend or discontinue any payments provided for in Section 5.1 hereof, (b) will perform all its other agreements in this Agreement and (c) will not terminate this Agreement for any cause including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the laws of the United States or of the State or any political

subdivision of either or any failure of the Issuer to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Agreement.

ARTICLE VI

OTHER COMPANY AGREEMENTS

Section 6.1. Maintenance of Existence. The Company agrees that during the term of this Agreement and so long as any Bond is outstanding, it will maintain its corporate existence, will continue to be a corporation in good standing under the laws of the State of South Dakota and the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all its assets as an entirety and dissolve, unless (a) in the case of any merger or consolidation, the Company is the surviving corporation, or (b)(i) the surviving, resulting or transferee legal entity is organized and existing under the laws of the United States, a state thereof or the District of Columbia, and (if not the Company) assumes in writing all the obligations of the Company under this Agreement and (ii) no event which constitutes, or which with the giving of notice or the lapse of time or both would constitute an Event of Default shall have occurred and be continuing immediately after such merger, consolidation or transfer.

Section 6.2. Financial Reports. The Company agrees to furnish the Trustee (and if requested in writing, to the owner of any Bond) all financial statements which it sends to its shareholders, within 60 days after such financial statements are so sent.

Section 6.3. Payment of Taxes. The Company will pay and discharge promptly all lawful taxes, assessments and other governmental charges or levies imposed upon the Project, or upon any part thereof, as well as all claims of any kind (including claims for labor, materials and supplies) which, if unpaid, might by law become a lien or charge upon the Project; *provided* that the Company shall not be required to pay any such tax, assessment, charge, levy or claim (i) if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings promptly initiated and diligently conducted; (ii) if the Company shall have set aside on its books reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto deemed adequate by the Company; and (iii) if failure to make such payment will not impair the use of the Project by the Company.

Section 6.4. Arbitrage. The Company covenants with the Issuer and for and on behalf of the purchasers and owners of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and any lawful regulations promulgated thereunder, as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised. The Company also covenants for the benefit of the Bondholders to

comply with all of the provisions of the Tax Exemption Certificate and Agreement and the Project Certificate. The Company reserves the right, however, to make any investment of such moneys permitted by State law, if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final judgment of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the written Opinion of Tax Counsel, result in making the interest on the Bonds includible in the federal gross income of the owners of the Bonds.

Section 6.5. Company's Obligation with Respect to Exclusion of Interest Paid on the Bonds. Notwithstanding any other provision hereof, the Company covenants and agrees that it will not take or authorize or permit, to the extent such action is within the control of the Company, any action to be taken with respect to the Project, or the proceeds of the Bonds (including investment earnings thereon), or any other proceeds derived directly or indirectly in connection with the Project, which will result in the loss of the exclusion of interest on the Bonds from the federal gross income of the owners of the Bonds under Section 103 of the Code (except for any Bond during any period while any such Bond is held by a person referred to in Section 103(b)(13) of the 1954 Code); and the Company also will not omit to take any action in its power which, if omitted, would cause the above result. This provision shall control in case of conflict or ambiguity with any other provision of this Agreement.

The Company covenants and agrees to notify the Trustee and the Issuer of the occurrence of any event of which the Company has notice and which event would require the Company to prepay the amounts due hereunder because of a redemption upon a determination of taxability.

ARTICLE VII

NO RECOURSE TO ISSUER; INDEMNIFICATION

Section 7.1. No Recourse to Issuer. The Issuer will not be obligated to pay the Bonds except from revenues provided by the Company. The issuance of the Bonds will not directly or indirectly or contingently obligate the Issuer or the State to levy or pledge any form of taxation whatever or to make any appropriation for their payment. Neither the Issuer nor any commissioner, officer or employee of the Issuer nor any person executing the Bonds shall be liable personally for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 7.2. Indemnification. The Company during the term of this Agreement releases the Issuer, the Trustee and their respective officers and employees from and covenants and agrees that the Issuer, the Trustee and their respective officers and employees shall not be liable for, and agrees to indemnify and hold the Issuer, the Trustee and their respective officers and employees harmless against, any loss or damage to property or any injury to or death of any person occurring on or about or resulting from any defect in the Project, *provided* that the indemnity shall not be effective for damages that result from the negligence or intentional acts on the part of the Issuer, the Trustee or their respective officers and employees. The Company will also indemnify and save harmless the Issuer, the Trustee and their respective officers and employees from and against any and all losses, costs, charges, expenses, judgments and

liabilities imposed upon or asserted against them with respect to the Project on account of any failure on the part of the Company to perform or comply with any of the provisions of this Agreement.

ARTICLE VIII

ASSIGNMENT

Section 8.1. Assignment by Company. The Company may assign its rights and obligations under this Agreement without the consent of either the Issuer or the Trustee, but no assignment will relieve the Company from primary liability for any obligations under this Agreement.

Section 8.2. Assignment by Issuer. The Issuer will assign its rights under and interest in this Agreement (except for the Unassigned Rights) to the Trustee pursuant to the Indenture as security for the payment of the Bonds. Otherwise, the Issuer will not sell, assign or otherwise dispose of its rights under or interest in this Agreement nor create or permit to exist any lien, encumbrance or other security interest in or on such rights or interest.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.1. Remedies on Default. Whenever any Event of Default under the Indenture has occurred and is continuing, the Trustee may take whatever action may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any agreement of the Company in this Agreement.

In addition, if an Event of Default is continuing with respect to any of the Unassigned Rights, the Issuer may take whatever action may appear necessary or desirable to it to enforce performance by the Company of such Unassigned Rights.

Any amounts collected pursuant to action taken under this Section (except for amounts payable directly to the Issuer or the Trustee pursuant to Section 5.2, 7.2 and 9.3) shall be applied in accordance with the Indenture.

Nothing in this Agreement shall be construed to permit the Issuer, the Trustee, any Bondholder or any receiver in any proceeding brought under the Indenture to take possession of or exclude the Company from possession of the Project by reason of the occurrence of an Event of Default.

Section 9.2. Delay Not Waiver; Remedies. A delay or omission by the Issuer or the Trustee in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 9.3. Attorneys' Fees and Expenses. If the Company should default under any provision of this Agreement and the Issuer should employ attorneys or incur other expenses for the collection of the payments due under this Agreement, the Company will on demand pay to the Issuer the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed as provided in the Indenture.

Section 10.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, subject, however, to the limitations contained in Section 6.1.

Section 10.3. Severability. If any provision of this Agreement shall be determined to be unenforceable at any time, that shall not affect any other provision of this Agreement or the enforceability of that provision at any other time.

Section 10.4. Amendments. After the issuance of the Bonds, this Agreement may not be effectively amended or terminated without the written consent of the Trustee and in accordance with the provisions of the Indenture.

Section 10.5. Right of Company to Perform Issuer's Agreements. The Issuer irrevocably authorizes and empowers the Company to perform in the name and on behalf of the Issuer any agreement made by the Issuer in this Agreement, the Indenture or the Tax Exemption Certificate and Agreement which the Issuer fails to perform in a timely fashion if the continuance of such failure could result in an Event of Default. This Section will not require the Company to perform any agreement of the Issuer.

Section 10.6. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Wyoming.

Section 10.7. Captions; References to Sections. The captions in this Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Agreement. References to Articles and Sections are to the Articles and Sections of this Agreement, unless the context otherwise requires.

Section 10.8. Complete Agreement. This Agreement represents the entire agreement between the Issuer and the Company with respect to its subject matter.

Section 10.9. Termination. When no Bonds are Outstanding under the Indenture, the Company and the Issuer shall not have any further obligations under this Agreement; *provided*

that the Company's covenants in Sections 6.4 and 6.5 and the provisions of Section 5.3 with respect to mandatory redemption of the Bonds shall survive so long as any Bond remains unpaid.

Section 10.10. Counterparts. This Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

CAMPBELL COUNTY, WYOMING

By
Chairman, Board of Commissioners

BLACK HILLS POWER, INC.

By
Treasurer

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the following components.

Portion Refinanced by the Proceeds of the Prior Issuer Bonds

Certain pollution control facilities of the Company located at its Neil Simpson Generating Station, 13151 Highway 51, Gillette, Wyoming

Portion Refinanced by the Proceeds of the Prior Gillette Bonds

The Company's 20% ownership interest in certain pollution control facilities located at its Wyodak Generating Station, 13151 Highway 51, Gillette, Wyoming

INDENTURE OF TRUST

dated as of October 1, 2004

between

CAMPBELL COUNTY, WYOMING

and

WELLS FARGO BANK, N.A., as trustee

CAMPBELL COUNTY, WYOMING
POLLUTION CONTROL REFUNDING REVENUE BONDS SERIES 2004
(BLACK HILLS POWER, INC. PROJECT)

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EXHIBIT A	—	Form of Bond
EXHIBIT B	—	Letter of Representations

INDENTURE OF TRUST dated as of October 1, 2004, between Campbell County, Wyoming, a body politic and corporate of the State of Wyoming (the "*Issuer*"), and Wells Fargo Bank, N.A., a national bank duly organized, existing and authorized to accept trusts of the character herein set out under and by virtue of the laws of the United States of America, (the "*Trustee*"), as trustee.

Sections 15-1-701 through 15-1-710, inclusive, Wyoming Statutes (2003, as amended (the "*Act*"), empowers the Issuer to issue its bonds for the refunding of bonds previously issued under the Act and outstanding. The Issuer has entered into a Loan Agreement with Black Hills Power, Inc., a South Dakota corporation, providing for the loan by the Issuer to such corporation of the proceeds of the Issuer's bonds. The Issuer wishes to provide in this Indenture for the issuance of its bonds, and the Trustee is willing to accept the trusts provided for in this Indenture.

Accordingly, the Issuer and the Trustee agree as follows for the benefit of the other and for the benefit of the holders of the Bonds issued pursuant to this Indenture.

GRANTING CLAUSE

To secure the payment of the Bonds, the Issuer assigns to the Trustee and grants to the Trustee a security interest in all right, title and interest of the Issuer in and to (a) the Agreement, including the current and continuing right to claim, collect, receive and give receipts for all amounts payable by or receivable from the Company under the Agreement, to bring actions and proceedings under the Agreement or for the enforcement of the Agreement and to do all things that the Issuer is entitled to under the Agreement, but excluding the Unassigned Rights, and (b) all moneys and securities held from time to time by the Trustee under this Indenture as provided in this Indenture for the equal and proportionate benefit of all holders of the Bonds without priority or distinction as to lien or otherwise of any Bonds over any other Bonds, except as otherwise provided in this Indenture.

ARTICLE I

DEFINITION AND RULES OF CONSTRUCTION

Section 1.01. Definitions. For all purposes of this Indenture, unless the context requires otherwise, the following terms shall have the following meanings:

"*Beneficial Owner*" means the person or entity in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such person's or entity's subrogee.

"*Bondholder*" or "*holder*" means the registered owner of any Bond.

"Bonds" means the bonds issued pursuant to this Indenture.

"Book Entry System" means a book entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.09 hereof.

"Business Day" means any day (a) other than a day on which banks in New York, New York, or the city of the Trustee's principal corporate trust office are required or authorized to close and (b) on which the New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended (sometimes specifically referred to as the "1986 Code") and, to the extent applicable to the Bonds or the Prior Bonds, the Internal Revenue Code of 1954, as amended (sometimes specifically referred to as the "1954 Code"). Each citation to a Section of the Code shall include the Treasury regulations applicable to such Section.

"Company" means Black Hills Power, Inc., a South Dakota corporation, and its successors and assigns, and any surviving, resulting or transferee entity as provided in Section 6.1 of the Agreement.

"Company Representative" means a person at the time designated to act on behalf of the Company in matters related to this Indenture by a written instrument furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Company by any of its officers. The certificate may designate an alternate or alternates. A Company Representative may be an employee of the Company.

"Loan Agreement" means the Loan Agreement, dated as of the date of this Indenture, between the Issuer and the Company, as such agreement may be amended or supplemented from time to time in accordance with its terms.

"Event of Default" is defined in Section 7.01.

"Indenture" means this Indenture of Trust, as it may be amended or supplemented from time to time in accordance with its terms.

"Indirect Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

"Opinion of Counsel" means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer, the Trustee or the Company.

"Opinion of Tax Counsel" means an Opinion of Counsel experienced in matters relating to the tax exemption of interest on obligations issued by states and their political subdivisions.

The term "*outstanding*" when used with reference to Bonds, or "*Bonds outstanding*" means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except the following:

- (a) Bonds cancelled or delivered to the Trustee for cancellation.
- (b) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which sufficient moneys are held by the Trustee.
- (c) Bonds deemed paid by Section 6.01.
- (d) Bonds in lieu of which others have been authenticated under Section 2.05 (relating to registration and exchange of Bonds) or 2.06 (relating to mutilated, lost, stolen or destroyed Bonds).

"*Participant*" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

The term "*principal*," when used with reference to any Bonds, includes any premium payable on those Bonds.

"*Prior Bonds*" means collectively, the Prior Gillette Bonds and the Prior Issuer Bonds.

"*Prior Gillette Bonds*" means the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project), Series 1994 of the City of Gillette, Wyoming.

"*Prior Gillette Indenture*" means the Indenture of Trust dated as of June 1, 1994 between the City of Gillette, Wyoming and the Prior Gillette Trustee.

"*Prior Gillette Trustee*" means Wells Fargo Bank, N.A. as successor to Norwest Bank Minnesota, National Association, as Trustee under the Prior Gillette Indenture.

"*Prior Indentures*" means collectively, the Prior Gillette Indenture and the Prior Issuer Indenture.

"*Prior Issuer Bonds*" means the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company), Series 1992.

"*Prior Issuer Indenture*" means the Indenture of Trust dated as of June 1, 1992 between the Issuer and the Prior Issuer Trustee.

"*Prior Issuer Trustee*" means Wells Fargo Bank, N.A. as successor to Norwest Bank Minnesota, National Association, as trustee under the Prior Issuer Indenture.

"Project" means the facilities refinanced from the proceeds of the Bonds and described in Exhibit A to the Agreement.

"Project Certificate" means the Company's Certificate Regarding Refunding Bonds and Use of Proceeds of Prior Bonds dated the date hereof and executed in connection with the issuance of the Bonds.

"Qualified Investments" means any of the following obligations or securities, to the extent permitted by law: (i) U. S. Government Obligations, (ii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated, having a branch in or doing business under the laws of the United States of America or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000, including the Trustee, (iii) commercial paper of any holding company of a bank, trust company or national banking association described in (ii), (iv) commercial paper of companies incorporated or doing business under the laws of the United States of America or one of the states thereof and in each case having a rating assigned to such commercial paper by a Rating Agency equal to the highest rating assigned by such organization, (v) U.S. dollar-denominated certificates of deposits issued by, or time deposits with, the European subsidiaries of any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000 and in each case having a rating assigned to its senior debt securities by a Rating Agency equal to an investment grade rating assigned by such organization, (vi) repurchase agreements with any bank (including the Trustee), broker, dealer or other financial institution having combined capital and surplus and retained earnings of at least \$50,000,000 secured by any of the obligations described in clauses (i) through (v) above, (vii) Qualified Tax-Exempt Obligations (as defined in the Tax Exemption Certificate and Agreement) rated in one of the two highest full rating categories by either Rating Agency or (viii) interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, the portfolio of which is limited to obligations of, or guaranteed by, the United States and to agreements to repurchase such obligations, which agreements, with respect to principal and interest, are at least 100% collateralized by such obligations marked to market on a daily basis and the investment company or investment trust shall take delivery of such obligations either directly or through an independent custodian designated in accordance with the Investment Company Act of 1940, as from time to time amended.

"Rating Agency" means Moody's Investors Service or Standard & Poor's and their successors and assigns. If either such corporation ceases to act as a securities rating agency, the Company may, with the approval of the Trustee, appoint any nationally recognized securities rating agency as a replacement.

"Record Date" is defined in the Bonds.

“*Responsible Officer*” means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

“*Security Depository*” means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book Entry System with respect to the Bonds.

“*Securities Depository Nominee*” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book Entry System.

“*State*” means the State of Wyoming.

“*Tax Exemption Certificate and Agreement*” means the Tax Exemption Certificate and Agreement among the Issuer, the Company and the Trustee, dated the date of initial issuance and delivery of the Bonds, as amended from time to time.

“*Trustee*” means the entity identified as such in the heading of this Indenture and its successors under this Indenture.

“*Unassigned Rights*” means the rights of the Issuer under Section 5.2(a) (relating to fees and expenses), Section 7.2 (relating to indemnification) and Section 9.3 (relating to expenses of collection) of the Agreement.

“*U.S. Government Obligations*” is defined in Section 6.01.

Section 1.02. Rules of Construction. Unless the context otherwise requires,

(a) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles, and

(b) references to Articles and Sections are to the Articles and Sections of this Indenture.

ARTICLE II

THE BONDS

Section 2.01. Issuance of Bonds; Form; Dating. The Bonds shall be designated “Campbell County, Wyoming Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project).” The total principal amount of Bonds that may be outstanding shall not exceed the amount specified in the Bonds, except as provided in Section 2.06 with respect to replacement of mutilated, lost, stolen, destroyed or undelivered Bonds. The Bonds shall be substantially in the form of *Exhibit A* which is part of this Indenture, in the denominations

provided for in the Bonds. The Bonds may have notations, legends or endorsements required by law or usage.

All Bonds will be dated October 1, 2004. The Bonds shall mature on the dates per annum and in the amounts and shall bear interest at the rates as set forth below:

DATE (OCTOBER 1)	PRINCIPAL AMOUNT	INTEREST RATE
2014	\$ 1,550,000	_____ %
2024	12,200,000	_____

Bonds issued in exchange for Bonds surrendered for transfer or exchange or in place of mutilated, lost, stolen, destroyed or undelivered Bonds will bear interest from the last date to which interest has been paid in full on the Bonds being transferred, exchanged or replaced or, if no interest has been paid, as of October 1, 2004. Bonds will be numbered as determined by the Trustee.

Upon the execution and delivery of this Indenture, the Issuer will execute and deliver to the Trustee, and the Trustee will authenticate, the Bonds and deliver them to the purchaser or purchasers as directed by the Issuer.

Section 2.02. Interest on the Bonds. The Bonds shall bear interest from their date at the rates per annum set forth in Section 2.01 hereof (computed on the basis of a 360-day year of twelve 30-day months) until the payment of principal. The Bonds shall bear interest at such rates on overdue principal and, to the extent permitted by law, on overdue interest. Interest on the Bonds will be payable on the first days of April and October of each year commencing April 1, 2005.

Section 2.03. Execution and Authentication. The Bonds will be signed on behalf of the Issuer with the manual or facsimile signature of the Chairman of the Board of Commissioners of the Issuer and attested by the manual or facsimile signature of its County Clerk, and the seal of the Issuer will be impressed or imprinted on the Bonds by facsimile or otherwise. If an officer of the Issuer whose signature is on a Bond no longer holds that office at the time the Trustee authenticates the Bond, the Bond shall nevertheless be valid. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond shall be valid even if that person is not the proper officer on the nominal date of action.

A Bond shall not be valid for any purpose under this Indenture until the Trustee manually signs the certificate of authentication on the Bond. Such signature shall be conclusive evidence that the Bond has been authenticated under this Indenture.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such authenticating agent.

Section 2.04. Bond Register. Bonds may be presented at the principal corporate trust office of the Trustee for registration, transfer and exchange, and Bonds may be presented at that office for payment. The Trustee shall keep a register of Bonds and of their transfer and exchange.

Section 2.05. Registration and Exchange of Bonds; Persons Treated as Owners. Bonds may be transferred only on the register maintained by the Trustee. Upon surrender for transfer of any Bond to the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the holder or the holder's attorney duly authorized in writing, the Trustee will authenticate a new Bond or Bonds in an equal total principal amount and registered in the name of the transferee.

Bonds may be exchanged for an equal total principal amount of Bonds of different denominations. The Trustee will authenticate and deliver Bonds that the Bondholder making the exchange is entitled to receive, bearing numbers not then outstanding.

The Trustee shall deliver to the transferee any applicable notice of redemption when it effects a transfer or exchange of any Bond after the mailing of notice calling the Bond or any portion of the Bond for redemption.

The holder of a Bond shall be the absolute owner of the Bond for all purposes, and payment of principal or interest shall be made only to or upon the written order of the holder or the holder's legal representative.

The Trustee will require the payment by a Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid in respect of the exchange or transfer but will not impose any other charge.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Trustee will authenticate a new Bond of the same denomination if any mutilated Bond shall first be surrendered to the Trustee, and if, in the case of any lost, stolen or destroyed Bond, there shall first be furnished to the Issuer, the Trustee and the Company evidence of such loss, theft or destruction, together with an indemnity satisfactory to them. If the Bond has matured, instead of issuing a duplicate Bond, the Trustee may with the consent of the Company pay the Bond without requiring surrender of the Bond (except in the case of a mutilated Bond) and make such requirements as the Trustee deems fit for its protection, including a lost instrument bond. The Issuer, the Company and the Trustee may charge their reasonable fees and expenses in this connection.

Section 2.07. Cancellation of Bonds. Whenever a Bond is delivered to the Trustee for cancellation (upon payment, redemption or otherwise), or for transfer, exchange or replacement pursuant to Section 2.05 or 2.06, the Trustee will promptly cancel and destroy the Bond and issue a certificate of destruction to the Company and the Issuer upon request.

Section 2.08. Temporary Bonds. Until definitive Bonds are ready for delivery, the Issuer may execute and the Trustee will authenticate temporary Bonds substantially in the form of the

definitive Bonds, with appropriate variations. The Issuer will, without unreasonable delay, prepare and the Trustee will authenticate definitive Bonds in exchange for the temporary Bonds. Such exchange shall be made by the Trustee without charge.

Section 2.09. Book Entry System. The Bonds shall be issued pursuant to a Book Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 2.09. Any provision of this Indenture or the Bonds requiring physical delivery of the Bonds shall, with respect to any Bonds held under the Book Entry System, be deemed to be satisfied by a notation on the bond registration books maintained by the Trustee that such Bonds are subject to the Book Entry System.

So long as a Book Entry System is being used, one Bond for each serial maturity and registered in the name of the Securities Depository Nominee will be issued and required to be deposited with the Securities Depository and held in its custody. The Book Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in authorized denominations, with transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal of and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the registration books as the registered Holder of such Bond or his registered assigns or legal representative at the principal office of the Trustee. So long as the Book Entry System is in effect, the Securities Depository will be recognized as the holder of the Bonds for all purposes. Transfers of principal, interest and any premium payments or notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfers of principal, interest and any premium payments or notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the bond registration books maintained by the Trustee or by such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

In the event that (i) the Securities Depository determines not to continue to administer a Book Entry System for the Bonds, or (ii) the Company determines to discontinue use of a Book Entry System, the Book Entry System will be discontinued if the Company fails to replace or removes the then-acting Securities Depository, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in authorized denominations in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners.

The Securities Depository may be removed at any time at the election of the Company and a new Securities Depository may thereupon be appointed by the Company.

The Issuer and the Trustee shall enter into the Letter of Representations set forth in Exhibit B hereto with the Securities Depository and the provisions of such Letter of Representations shall be incorporated herein by reference as if fully set forth herein. In the event of any conflict between the Letter of Representations and the provisions of this Indenture, the Letter of Representations shall control. The Letter of Representations may be amended without Bondholder consent.

ARTICLE III

REDEMPTION

Section 3.01. Redemption Provisions; Notices to Trustee. (a) The Bonds shall be subject to redemption only as provided in the form of Bond set forth in Exhibit A hereto.

(b) If the Company wishes that any Bonds be redeemed pursuant to any optional redemption provision in the Bonds, the Company will notify the Issuer and the Trustee of the applicable provision, the redemption date, the principal amount of Bonds to be redeemed and other necessary particulars. The Company will give the notice at least 45 days before the redemption date.

Section 3.02. Redemption Dates. The redemption date of Bonds to be redeemed pursuant to any optional redemption provision in the Bonds will be a date permitted by the Bonds and specified by the Company in the notice delivered pursuant to the preceding Section. The redemption date for mandatory redemptions will be determined by the Trustee consistently with the provisions of the Bonds.

Section 3.03. Selection of Bonds to be Redeemed. Except as provided in the Bonds, if fewer than all the Bonds are to be redeemed, the Trustee will select the Bonds to be redeemed by lot or other method it deems fair and appropriate. The Trustee will make the selection from Bonds not previously called for redemption. For this purpose, the Trustee will consider each Bond at the time to be separate Bonds each in the minimum denomination of \$5,000. Provisions of this Indenture that apply to Bonds called for redemption also apply to portions of Bonds called for redemption.

Section 3.04. Redemption Notices.

(a) *Official Notice of Redemption.* The Trustee will give notice of each redemption as provided in the Bonds. The notice shall identify the Bonds to be redeemed and will state (1) the redemption date, (2) the redemption price, (3) that the Bonds called for redemption must be surrendered to collect the redemption price, (4) the address at which the Bonds must be surrendered, (5) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided moneys available and sufficient to pay the redemption price are on deposit with the Trustee on such date, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the rate of interest borne by each Bond being redeemed, (9) the maturity date of each Bond being redeemed, and (10) any other descriptive information needed to identify accurately the Bonds being redeemed.

Failure to give any required notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Bonds will be conclusively presumed to have been given whether or not actually received by any holder.

(b) *Notice of Redemption to Depositories and National Information Services.* In addition to the redemption notice required above, if there is more than one registered owner of all the Bonds, further notice shall be given by the Trustee as set out below. No defect in such notice nor any failure to give all or any portion of such notice shall in any manner defeat the effectiveness of a call for redemption if notice is given as prescribed in paragraph (a) above.

(1) Each such notice of redemption shall contain the information required in paragraph (a) above for an official notice of redemption.

(2) Each such notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations similar to the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Upon the payment of the redemption price of the Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 3.05. Payment of Bonds Called for Redemption. Upon surrender to the Trustee, Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

Section 3.06. Bonds Redeemed in Part. Upon surrender of a Bond redeemed in part, the Trustee will authenticate for the holder a new Bond or Bonds equal in principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE IV

APPLICATION OF PROCEEDS; BOND FUND; INVESTMENTS

Section 4.01. Application of Proceeds. The Issuer will cause the proceeds of the initial sale of the Bonds to be deposited with the Trustee. On the date of issuance and delivery of the Bonds, the Trustee will disburse the proceeds of the initial sale of the Bonds (exclusive of accrued interest on the Bonds) as follows:

(i) \$12,200,000 to the Prior Gillette Trustee, with instructions to use such amount to pay the principal of the Prior Gillette Bonds upon call for redemption on _____ 1, 20__; and

ARTICLE V

COVENANTS

Section 5.01. Payment of Bonds. The Issuer will promptly pay the principal of and interest on the Bonds on the dates and in the manner provided in the Bonds, but only from the amounts assigned to and held by the Trustee under this Indenture.

Section 5.02. Further Assurances. The Issuer will execute and deliver such supplemental indentures and such further instruments, and do such further acts, as the Trustee may reasonably require for the better assuring, assigning and confirming to the Trustee the amounts assigned under this Indenture for the payment of the Bonds.

Section 5.03. Recording and Filing. The Trustee covenants and agrees to file all necessary or required continuation statements in order to continue the effectiveness of the financing statement filed in connection with the initial execution and delivery of this Indenture.

ARTICLE VI

DISCHARGE OF INDENTURE

Section 6.01. Bonds Deemed Paid; Discharge of Indenture. Any Bond will be deemed paid for all purposes of this Indenture when (a) payment of the principal of and interest on the Bond to the due date of such principal and interest (whether at maturity, upon redemption or otherwise) either (1) has been made in accordance with the terms of the Bonds or (2) has been provided for by depositing with the Trustee (A) moneys sufficient to make such payment and/or (B) U.S. Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without reinvestment, the availability of sufficient moneys to make such payment (which shall be evidenced by a certificate, in form satisfactory to the Trustee, of a firm of independent certified public accountants acceptable to the Trustee) and (b) all compensation and expenses of the Trustee pertaining to each Bond in respect of which such deposit is made have been paid or provided for to the Trustee's satisfaction. When a Bond is deemed paid, it will no longer be secured by or entitled to the benefits of this Indenture or be an obligation of the Issuer, except for payment from moneys or U.S. Government Obligations under (a)(2) above and except that it may be transferred, exchanged, registered or replaced as provided in Article II.

"U.S. Government Obligations" means (i) direct obligations of the United States for which its full faith and credit are pledged, (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States, or (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i) or (ii).

Notwithstanding the foregoing, no deposit under clause (a)(2) of the first paragraph of this Section shall be made until the Company has furnished the Trustee an Opinion of Tax

Counsel stating that the deposit of such cash or U.S. Government Obligations will not adversely affect the exclusion from gross income of interest on the Bonds.

Also, if the Bond is to be redeemed prior to maturity, notice of redemption of the Bond must be given in accordance with Article III in order for such deposit to be deemed a payment of such Bond. If the Bond is not to be redeemed or paid within the next 60 days, the Company must give the Trustee, in form satisfactory to the Trustee, irrevocable instructions (i) to provide notice, as soon as practicable, in accordance with Article III, that the deposit required by (a)(2) above has been made with the Trustee and that the Bond is deemed to be paid under this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of the Bond, and, (ii) unless the Bond matures in 60 days or less, to give notice of redemption not less than 30 nor more than 60 days prior to the redemption date for such Bond.

When all outstanding Bonds are deemed paid under the foregoing provisions of this Section, the Trustee will upon request acknowledge the discharge of the lien of this Indenture, *provided, however* that the obligations under Article II in respect of the transfer, exchange, registration and replacement of Bonds shall survive the discharge of the lien of this Indenture.

Section 6.02. Application of Trust Money. The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to the preceding Section and shall apply the deposited money and the money from the U.S. Government Obligations in accordance with this Indenture only to the payment of principal of and interest on the Bonds.

Section 6.03. Repayment to Company. The Trustee shall promptly pay to the Company upon request any excess money or securities held by the Trustee at any time under this Article and any money held by the Trustee under any provision of this Indenture for the payment of principal or interest that remains unclaimed for two years.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. An "Event of Default" is any of the following:

(a) There is a failure to make due and punctual payment of any interest on any Bonds and such failure continues for two Business Days.

(b) There is a failure to make due and punctual payment of principal on any Bond when due, at maturity, upon acceleration or redemption or otherwise.

(c) The Issuer fails to perform any of its agreements in this Indenture or the Bonds (except a failure that results in an Event of Default under clause (a) or (b) above), the performance of which is material to the Bondholders, and the failure continues after the notice and for the period specified in this Section.

(d) The Company fails to perform any of its agreements in the Agreement (except a failure that results in an Event of Default under clause (a) or (b) of this Section) and the failure continues after the notice and for the period specified in this Section.

(e) The Company pursuant to or within the meaning of any Bankruptcy Law (as defined below) (1) commences a voluntary case, (2) consents to the entry of an order for relief against it in an involuntary case, (3) consents to the appointment of a Custodian (as defined below) for the Company or any substantial part of its property or (4) makes a general assignment for the benefit of its creditors.

(f) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (1) is for relief against the Company in an involuntary case, (2) appoints a Custodian for the Company or any substantial part of its property or (3) orders the winding up or liquidation of the Company, and the decree or order remains unstayed and in effect for 60 days.

"Bankruptcy Law" means Title 11 of the United States Code or any similar Federal or state law for the relief of debtors. *"Custodian"* means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A default under clause (c) or (d) of this Section is not an Event of Default until the Trustee or the holders of at least 25% in principal amount of the Bonds then outstanding give the Issuer and the Company a notice specifying the default, demanding that it be remedied and stating that the notice is a *"Notice of Default,"* and the Issuer or the Company (if the default is under clause (c)) or the Company (if the default is under clause (d)) does not cure the default within 60 days after receipt of the notice, or within such longer period as the Trustee shall agree to. The Trustee shall not unreasonably refuse to agree to a longer period if the default cannot reasonably be cured within 60 days after receipt of the notice and the Issuer or the Company has begun and continued diligent efforts to correct the default within 60 days after receipt of the notice. The Issuer authorizes the Company to perform, in the name and on behalf of the Issuer and for the purpose of curing or preventing the occurrence of an Event of Default, any agreement of the Issuer in this Indenture or the Bonds.

Section 7.02. Acceleration. If any Event of Default occurs and is continuing, the Trustee by notice to the Issuer and the Company, or the holders of at least 25% in principal amount of the Bonds then outstanding by notice to the Issuer, the Company and the Trustee (except for an Event of Default under clause (e) or (f) of the foregoing Section, for which a declaration can be made without any notice) may declare the principal of and accrued interest on the Bonds to be due and payable immediately, and such principal and interest shall thereupon become and be immediately due and payable. The Trustee shall immediately give notice of acceleration to the Bondholders. The Trustee may, and upon the request of holders of a majority in principal amount of the Bonds then outstanding shall, rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, if the rescission would not conflict with any judgment or decree and if all payments due the Trustee and any predecessor Trustee under Section 8.05 have been made.

Section 7.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal of or interest on the Bonds or to enforce the performance of any provision of the Bonds, this Indenture or the Agreement.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Bondholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 7.04. Waiver of Past Defaults. The holders of a majority in principal amount of the Bonds then outstanding by notice to the Trustee may waive an existing Event of Default and its consequences. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

Section 7.05. Control by Majority. The holders of a majority in principal amount of the Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of other Bondholders, or would involve the Trustee in personal liability.

Section 7.06. Limitation on Suits. A Bondholder may not pursue any remedy with respect to this Indenture or the Bonds unless (a) the holder gives the Trustee notice stating that an Event of Default is continuing, (b) the holders of at least 25% in principal amount of the Bonds then outstanding make a written request to the Trustee to pursue the remedy, (c) such holder or holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense and (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity.

A Bondholder may not use this Indenture to prejudice the rights of another Bondholder or to obtain a preference or priority over the other Bondholders.

Section 7.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any holder to receive payment of principal of and interest on a Bond, on or after the due dates expressed in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of the holder.

Section 7.08. Collection Suit by Trustee. If an Event of Default under Section 7.01(a) or (b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount remaining unpaid.

Section 7.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Company, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the holders in any election of a trustee in bankruptcy or other person performing similar functions.

Section 7.10. Priorities. If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

FIRST: To the Trustee for amounts to which it is entitled under Section 8.05.

SECOND: (a) To Bondholders as follows: (i) first to the payment of all interest then due, in order of maturity, with interest on defaulted interest at the rate borne by the Bonds to the extent permitted by law and, if the amount available is insufficient to pay in full any particular installment, then to the payment ratably, without preference or priority of any kind, according to the amounts due on such installment; and (ii) second, to the payment of the unpaid principal of any of the Bonds which has become due, with interest on such Bonds from the date on which they become due, and, if the amount available is insufficient to pay in full Bonds due together with such interest, then to the payment first of interest ratably according to the amount of interest due on such date, and then to the payment of principal, ratably, without preference or priority of any kind; and (iii) third, to the payment of any redemption premium then due.

THIRD: To the Company.

The Trustee may fix a payment date for any payment to the Bondholders.

Section 7.11. Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment on any Bonds, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Bondholders.

ARTICLE VIII

TRUSTEE

Section 8.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(1) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(1) this paragraph does not limit the effect of paragraph (b) of this Section,

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 7.05,

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to all the paragraphs of this Section.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but the Trustee may not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 7.02.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the Company or the Issuer with the consent of the Company.

Section 8.02. Rights of Trustee. Subject to the foregoing Section:

(a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require a certificate of an appropriate officer or officers of the Issuer or the Company or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the certificate or Opinion of Counsel.

(c) The Trustee may act through agents or co-trustees and shall not be responsible for the misconduct or negligence of any agent or co-trustee appointed with due care.

Section 8.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or with the Company or its affiliates with the same rights it would have if it were not Trustee. Any paying agent may do the same with like rights.

Section 8.04. Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Bonds, it shall not be accountable for the Company's use of the proceeds from the Bonds paid to the Company, and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

Section 8.05. Compensation of Trustee. For acting under this Indenture, the Trustee shall be entitled to payment for its services and reimbursement of advances, counsel fees and other expenses as shall be agreed to between the Trustee and the Company or, in the absence of any such agreement, to payment of such fees and expenses as may be reasonably made or incurred by the Trustee and reasonable in amount in connection with its services under this Indenture.

To secure the payment or reimbursement to the Trustee provided for in this Section, the Trustee shall have a senior claim, to which the Bonds are made subordinate, on all money or property held or collected by the Trustee, except that held under Article VI or otherwise held in trust to pay principal of and interest on particular Bonds.

Section 8.06. Eligibility of Trustee. This Indenture shall always have a Trustee that is a corporation organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized under such laws to exercise corporate trust powers, is subject to supervision or examination by United States or State authority and has a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

Section 8.07. Replacement of Trustee. The Trustee may resign 30 days after notifying the Issuer and the Company in writing. The holders of a majority in principal amount of the Bonds then outstanding may remove the Trustee 30 days after notifying the removed Trustee in writing and may appoint a successor Trustee with the Issuer's and Company's consent. The Issuer may, and at the request of the Company will, remove the Trustee if (a) the Trustee fails to comply with the foregoing Section, (b) the Trustee is adjudged a bankrupt or an insolvent or if the Trustee appears about to become insolvent, (c) a receiver or other public officer takes charge of the Trustee or its property or (d) the Trustee otherwise becomes or appears about to become incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer, with the consent of the Company, shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If a successor Trustee does not take office within 60 days after the giving of any notice of resignation or removal of the retiring Trustee, the retiring Trustee, the Issuer, the Company or the holders of a majority in principal amount of the Bonds then outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with the foregoing Section, any Bondholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Section 8.08. Successor Trustee by Merger. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto* shall be and become successor to the Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that the successor corporation or association satisfies the standards of Section 8.06.

ARTICLE IX

AMENDMENTS OF AND SUPPLEMENTS TO INDENTURE

Section 9.01. Without Consent of Bondholders. The Issuer and the Trustee may amend or supplement this Indenture or the Bonds without notice to or consent of any Bondholder

- (a) to cure any ambiguity, inconsistency or formal defect or omission,
- (b) to grant to the Trustee for the benefit of the Bondholders additional rights, remedies, powers or authority,
- (c) to subject to this Indenture additional collateral or to add other agreements of the Issuer,
- (d) to modify this Indenture or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar Federal statute at the time in

effect, or to permit the qualification of the Bonds for sale under the Securities Act of 1933, as amended, or any similar federal statute at the time in effect or the securities laws of any state of the United States,

(e) to evidence the succession of a new Trustee or the appointment by the Trustee or the Issuer of a co-trustee,

(f) to make any change that does not materially adversely affect the rights of any Bondholder, or

(g) if a Book Entry System is in effect, to amend, modify or alter the Letter of Representations as provided in Section 2.09 or other provisions relating to the Book Entry System.

Section 9.02. With Consent of Bondholders. If an amendment of or supplement to this Indenture or the Bonds without any consent of Bondholders is not permitted by the preceding Section, the Issuer and the Trustee may enter into such amendment or supplement upon notice to Bondholders and with the consent of the holders of at least a majority in principal amount of the Bonds then outstanding. However, without the consent of each Bondholder affected, no amendment or supplement may (a) extend the maturity of the principal of, or interest on, any Bond, (b) reduce the principal amount of, or rate of interest on, any Bond, (c) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) reduce the percentage of the principal amount of the Bonds required for consent to such amendment or supplement, (e) impair the exclusion of interest on the Bonds from the Federal gross income of the owner of any Bond, (f) eliminate any mandatory redemption of the Bonds or call for mandatory redemption or reduce the redemption price of such Bonds, (g) create a lien ranking prior to or on a parity with the lien of this Indenture on the property described in the Granting Clause of this Indenture or (h) deprive any Bondholder of the lien created by this Indenture on such property. In addition, if moneys or U.S. Government Obligations have been deposited or set aside with the Trustee pursuant to Article VI for the payment of Bonds and those Bonds shall not have in fact been actually paid in full, no amendment to the provisions of that Article shall be made without the consent of the holder of each of those Bonds affected.

Section 9.03. Effect of Consents. After an amendment or supplement becomes effective, it will bind every Bondholder. For purposes of determining the total number of Bondholders' consents, each Bondholder's consent will be effective with respect to the Bondholder who consented to it and each subsequent holder of a Bond or portion of a Bond evidencing the same debt as the consenting holder's Bond.

Section 9.04. Notation on or Exchange of Bonds. If an amendment or supplement changes the terms of a Bond, the Trustee may require the holder to deliver it to the Trustee. The Trustee may place an appropriate notation on the Bond about the changed terms and return it to the holder. Alternatively, if the Trustee, the Issuer and the Company determine, the Issuer in exchange for the Bond will issue and the Trustee will authenticate a new Bond that reflects the changed terms.

Section 9.05. Signing by Trustee of Amendments and Supplements. The Trustee will sign any amendment or supplement to the Indenture or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee will be entitled to receive and (subject to Section 8.01) will be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Indenture.

Section 9.06. Company Consent Required. An amendment or supplement to this Indenture or the Bonds shall not become effective unless the Company delivers to the Trustee its written consent to the amendment or supplement.

Section 9.07. Notice to Bondholders. The Trustee shall cause notice of the execution of each supplement or amendment to this Indenture or the Agreement to be mailed to the Bondholders. The notice will at the option of the Trustee, either (i) briefly state the nature of the amendment or supplement and that copies of it are on file with the Trustee for inspection by Bondholders or (ii) enclose a copy of such amendment or supplement.

ARTICLE X

AMENDMENTS OF AND SUPPLEMENTS TO AGREEMENT

Section 10.01. Without Consent of Bondholders. The Issuer may enter into, and the Trustee may consent to, any amendment of or supplement to the Agreement, without notice to or consent of any Bondholder, if the amendment or supplement is required or permitted (a) by the provisions of the Agreement or this Indenture (including in connection with transactions permitted by Section 6.1 of the Agreement, relating to maintenance of the Company's existence), (b) to cure any ambiguity, inconsistency or formal defect or omission, (c) in connection with any authorized amendment of or supplement to this Indenture or (d) to make any change that does not materially adversely affect the rights of any Bondholder.

Section 10.02. With Consent of Bondholders. If an amendment of or supplement to the Agreement without any consent of Bondholders is not permitted by the foregoing Section, the Issuer may enter into, and the Trustee may consent to, such amendment or supplement upon notice to Bondholders and with the consent of the holders of at least a majority in principal amount of the Bonds then outstanding. However, without the consent of each Bondholder affected, no amendment or supplement may result in anything described in the lettered clauses of Section 9.02.

Section 10.03. Consents by Trustee to Amendments or Supplements. The Trustee will consent to any amendment or supplement to the Agreement authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing a consent to an amendment or supplement, the Trustee shall be entitled to receive and (subject to Section 8.01) shall be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Indenture.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Notices. (a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Indenture or the Bonds must be in writing except as expressly provided otherwise in this Indenture or the Bonds.

(b) Any notice or other communication shall be sufficiently given and deemed given when delivered by hand or mailed by either first-class mail, postage prepaid, or any overnight delivery service which is capable of providing a delivery receipt addressed as follows: if to the Issuer, to Campbell County Board of Commissioners, 500 South Gillette Avenue, Suite 212, Gillette, Wyoming 82716, Attention: Chief of Staff; if to the Trustee, to Wells Fargo Bank, N.A., MAC #N9303-121, 608 Second Avenue, Minneapolis, Minnesota 55479; and if to the Company, to Black Hills Power, Inc., P.O. Box 1400, 625 Ninth Street, Rapid City, South Dakota 57709, Attention: Treasurer. Any addressee may designate additional or different addresses for purposes of this Section.

Section 11.02. Bondholders' Consents. Any consent or other instrument required by this Indenture to be signed by Bondholders may be in any number of concurrent documents and may be signed by a Bondholder or by the holder's agent appointed in writing. Proof of the execution of such instrument or of the instrument appointing an agent and of the ownership of Bonds, if made in the following manner, shall be conclusive for any purposes of this Indenture with regard to any action taken by the Trustee under the instrument:

(a) The fact and date of a person's signing an instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing the writing acknowledged before the officer the execution of the writing, or by an affidavit of any witness to the signing.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of such Bonds and the date of holding shall be proved by the registration books kept pursuant to this Indenture.

In determining whether the holders of the required principal amount of Bonds outstanding have taken any action under this Indenture, Bonds owned by the Company or any person controlling, controlled by or under common control with the Company shall be disregarded and deemed not to be outstanding. In determining whether the Trustee shall be protected in relying on any such action, only Bonds which the Trustee knows to be so owned shall be disregarded.

Any action, consent or other instrument shall be irrevocable and shall bind any subsequent owner of such Bond or any Bond delivered in substitution therefor.

Section 11.03. Limitation of Rights. Nothing expressed or implied in this Indenture or the Bonds shall give any person other than the Trustee, Issuer, Company and the Bondholders any right, remedy or claim under or with respect to this Indenture.

Section 11.04. Severability. If any provision of this Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Indenture.

Section 11.05. Payments Due on Non-Business Days. If a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue for the intervening period.

Section 11.06. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 11.07. Captions. The captions in this Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Indenture.

Section 11.08. No Recourse Against Issuer's Officers. No commissioner, officer, agent or employee of the Issuer shall be individually or personally liable for any payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds, but this Section shall not relieve a commissioner, officer, agent or employee of the Issuer from the performance of any official duty provided by law or this Indenture.

Section 11.09. Counterparts. This Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

CAMPBELL COUNTY, WYOMING

By _____
Chairman, Board of Commissioners

[SEAL]

ATTEST:

By _____
County Clerk

WELLS FARGO BANK, N.A., as trustee

By _____
Its _____

EXHIBIT A

[FORM OF BOND]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF WYOMING

CAMPBELL COUNTY, WYOMING

POLLUTION CONTROL REFUNDING REVENUE BOND, SERIES 2004
(BLACK HILLS POWER, INC. PROJECT)

DATED DATE	MATURITY DATE	CUSIP	INTEREST RATE
October 1, 2004	_____, 20__		_____%

Registered Owner: CEDE & CO.

Principal Amount:

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, THE PRINCIPAL OF AND INTEREST ON WHICH SHALL BE PAYABLE SOLELY OUT OF THE REVENUES DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT DESCRIBED HEREIN. THE BONDS SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

CAMPBELL COUNTY, WYOMING, a body politic and corporate of the State of Wyoming, promises to pay, solely from the sources described in this Bond, to the registered owner identified above, or registered assigns; on the Maturity Date stated above (or if this Bond is called for earlier redemption as described herein, on the redemption date) the principal amount identified above and to pay interest solely from the sources described in this Bond, from the dated date of this Bond on the balance of said principal sum from time to time remaining unpaid at the rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months) on the first days of April and October of each year commencing April 1, 2005 until the payment of principal, and promises to pay interest on overdue principal, premium, if any, and, to the extent permitted by law, on overdue interest at said rate. Principal of this Bond is payable in lawful money of the United States of America at the principal office of the Wells Fargo Bank, N.A., Minneapolis, Minnesota, as trustee or its successor (the "Trustee"); interest payments shall be made to the registered owner hereof as of the fifteenth day of the month immediately preceding each interest payment date (the "Record Date") by check or draft mailed to such registered owner at his address as it appears on the registration books of the Issuer maintained by the Trustee or at such other address as is furnished in writing by such registered owner to the Trustee on or prior to the Record Date, or, at the written election of the registered owner of

\$1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the registered owner or by deposit into the account of the registered owner if such account is maintained by the Trustee. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result. Notwithstanding the foregoing, the Bonds shall initially be issued in a Book Entry System (as defined in the Indenture) and the provisions of such Book Entry System with respect to the Bonds shall govern while such Book Entry System is in effect.

[If the Bonds are issued in a Book-Entry System, the following paragraph shall be deleted and all text after “[FORM OF REVERSE OF BOND]” below shall be inserted in lieu thereof.]

Additional provisions of this Bond are set forth on the other side of this Bond.

WELLS FARGO BANK, N.A., as Trustee,
certifies that this is one of the Bonds referred to in
the Indenture

CAMPBELL COUNTY, WYOMING

By _____
Authorized Officer

By _____
Chairman, Board of Commissioners

By _____
County Clerk
[SEAL]

Date of Authentication:

[SEAL]

[FORM OF REVERSE OF BOND]

1. *Indenture; Agreement.* This Bond is one of the bonds (the "*Bonds*"), limited to \$_____ in aggregate principal amount, issued under the Indenture of Trust dated as of October 1, 2004 (the "*Indenture*"), between the Campbell County, Wyoming (the "*Issuer*") and Wells Fargo Bank, N.A., Minneapolis, Minnesota, as trustee (the "*Trustee*") and pursuant to a resolution or ordinance adopted by the Issuer's governing body. The terms of the Bonds include those in the Indenture. Bondholders are referred to the Indenture for a statement of those terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

The Issuer has loaned the proceeds of the Bonds to Black Hills Power, Inc., a South Dakota corporation (the "*Company*"), pursuant to a Loan Agreement dated as of October 1, 2004 (the "*Agreement*"), between the Issuer and the Company. The Company will use the proceeds of the Bonds to refund the Issuer's outstanding Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project) Series 1992 and the outstanding Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project), Series 1994 of the City of Gillette, Wyoming (collectively, the "*Prior Bonds*"). The proceeds of the Prior Bonds were used to refinance the costs of certain of the Company's pollution control facilities (or its ownership interest therein) at its Neil Simpson and Wyodak Generating Stations, all within the corporate limits of the Issuer (collectively, the "*Project*"). The Company has agreed in the Agreement to pay the Issuer amounts sufficient to pay all amounts coming due on the Bonds, and the Issuer has assigned its rights to such payments under the Agreement to the Trustee as security for the Bonds.

The Indenture and the Agreement may be amended, and references to them include any amendments.

2. *Source of Payments.* The Bonds are special, limited obligations of the Issuer and, as provided in the Indenture, are payable solely from payments to be made by the Company under the Agreement.

3. *Redemption.* The Bonds are subject to redemption prior to their maturity only as set forth below.

Extraordinary Optional Redemption. The Bonds may be redeemed in whole at the option of the Company at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date at any time after the occurrence of either of the following:

(a) All or substantially all of the Project is damaged, destroyed, condemned or taken by eminent domain.

(b) The operation of the Projects is enjoined or prevented or is otherwise prohibited by, or conflicts with, any order, decree, rule or regulation of any court or Federal, state or local regulatory body, administrative agency or other governmental body.

Mandatory Redemption on Determination of Taxability. The Bonds will be redeemed in whole (or in part as provided below) at a redemption price of 100% of the principal amount of Bonds redeemed plus accrued interest to the redemption date on any day within 180 days after the Company receives written notice from a registered owner or former registered owner or the Trustee of a final determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond (except to a “substantial user” of the Project or a “related person” within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954) is or was includible in the gross income of the Bond’s owner for Federal income tax purposes. No such determination will be considered final unless the registered owner or former registered owner involved in the determination gives the Company and the Trustee prompt written notice of the commencement of the proceedings resulting in the determination and offers the Company, subject to the Company’s agreeing to pay all expenses of the proceedings and to indemnify the registered owner against all liabilities that might result from it, the opportunity to control the defense of the proceedings and either the Company does not agree within 30 days to pay the expenses, indemnify the registered owner and control the defense or the Company exhausts or chooses not to exhaust available procedures to contest or obtain review of the result of the proceedings. Fewer than all the Bonds may be redeemed if redemption of fewer than all would result in the interest payable on the Bonds remaining outstanding being not includible in the gross income for Federal income tax purposes of any owner other than a “substantial user” or “related person.” If fewer than all Bonds are redeemed, the Trustee will select the Bonds to be redeemed by lot as provided in the Indenture or by such other method acceptable to the Trustee as may be specified in an Opinion of Tax Counsel.

[Insert the next succeeding paragraph only for the Bonds maturing on October 1, 2014, and the second succeeding paragraph only for the Bonds maturing on October 1, 2024.]

Optional Redemption of Bonds. The Bonds are also subject to redemption at the direction of the Company in whole or in part at any time, on or after October 1, 2009 (and then at the earliest practical date for which notice of redemption can be given by the Trustee), at a redemption price of par plus accrued interest to the Redemption Date:

Optional Redemption of Bonds. The Bonds are also subject to redemption at the direction of the Company in whole or in part at any time, on or after October 1, 2014 (and then at the earliest practical date for which notice of redemption can be given by the Trustee), at the redemption prices (expressed as percentages of their principal amount) set forth in the table below plus accrued interest to the Redemption Date:

REDEMPTION DATES	REDEMPTION PRICES
October 1, 2014 to September 30, 2015	102%
October 1, 2015 to September 30, 2016	101%
From and after October 1, 2016	100%

Notice of Redemption. At least 30 days before each redemption date, the Trustee will mail a notice of redemption by first-class mail to each registered owner at the registered owner’s registered address. Failure to give any notice of redemption as to any particular Bonds will not

affect the validity of the call for redemption of any Bonds in respect of which no failure occurs. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee. Any notice of redemption at the direction of the Company may state that the redemption is conditioned on receipt of moneys for such redemption by the Trustee prior to the redemption date. If such moneys are not received, the redemption of the Bonds for which notice was given shall not be made.

Effect of Notice of Redemption. When notice of redemption is given, Bonds called for redemption become due and payable on the redemption date at the applicable redemption price; in such case when funds are deposited with the Trustee sufficient for redemption, interest on the Bonds to be redeemed ceases to accrue as of the date of redemption.

4. *Denominations; Transfer; Exchange.* The Bonds are in registered form without coupons in denominations of \$5,000 or integral multiples thereof.

A registered owner may transfer or exchange Bonds in accordance with the Indenture. The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Trustee shall deliver any applicable notice of redemption when it effects a transfer or exchange of any Bond after the mailing of a notice of redemption of such Bond.

5. *Persons Deemed Owners.* The registered owner of this Bond may be treated as the owner of it for all purposes. Any action by the registered owner of this Bond shall be irrevocable and shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

6. *Unclaimed Money.* If money for the payment of principal or interest remains unclaimed for two years from the date it was deposited with the Trustee for the purpose of such payment, the Trustee will pay the money to or for the account of the Company. After that, registered owners entitled to the money must look only to the Company and not to the Trustee for payment unless an abandoned property law designates another person.

7. *Discharge Before Redemption or Maturity.* If the Company at any time deposits with the Trustee money or U. S. Government Obligations as described in the Indenture sufficient to pay at redemption or maturity principal of and interest on the outstanding Bonds, and if the Company also pays all other sums then payable by the Company under the Indenture, the lien of the Indenture will be discharged. After discharge, registered owners must look only to the deposited money and securities for payment. U.S. Government Obligations are securities backed by the faith and credit of the United States or securities evidencing ownership interest in such full-faith-and-credit securities.

8. *Amendment, Supplement, Waiver.* Subject to certain exceptions, the Indenture, the Agreement or the Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, with the consent of the registered owners of a majority in principal amount of the Bonds then outstanding. Without the consent of any registered owner, the Issuer may amend or supplement the Indenture, the Agreement or the Bonds as described in

the Indenture to, among other purposes, cure any ambiguity, omission, defect or inconsistency, or make any change that does not materially adversely affect the rights of any registered owner.

9. *Defaults and Remedies.* The Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Trustee or the registered owners of at least 25% in principal amount of the Bonds then outstanding may declare the principal of all the Bonds to be due and payable immediately. An Event of Default and its consequences may be waived as provided in the Indenture. Registered owners may not enforce the Indenture or the Bonds except as provided in the Indenture. Except as specifically provided in the Indenture, the Trustee may refuse to enforce the Indenture or the Bonds unless it receives indemnity satisfactory to it. Subject to certain limitations, registered owners of a majority in principal amount of the Bonds then outstanding may direct the Trustee in its exercise of any trust or power.

10. *No Recourse Against Others.* A commissioner, director, officer or employee, as such, of the Issuer shall not have any liability for any obligations of the Issuer or the Company under the Bonds or the Indenture or for any claim based on such obligations or their creation. Each registered owner by accepting a Bond waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Bond.

11. *Authentication.* This Bond shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the other side of this Bond.

12. *Abbreviations.* Customary abbreviations may be used in the name of a registered owner or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/T/M/A (= Uniform Transfers to Minors Act).

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[_____]
[_____]

(Print or type name, address and zip code of assignee)

this Bond and irrevocably appoint _____

_____ agent to transfer this Bond on
the books of the Issuer. The agent may substitute another to act for him.

Dated: _____

Signed _____

(Sign exactly as name appears on the other side of this Bond)

Signature guaranteed: _____

EXHIBIT B

LETTER OF REPRESENTATIONS

BOND PURCHASE AGREEMENT

\$13,750,000

CAMPBELL COUNTY, WYOMING

POLLUTION CONTROL REFUNDING REVENUE BONDS SERIES 2004

(BLACK HILLS POWER, INC. PROJECT)

_____, 2004

Board of Commissioners of
Campbell County, Wyoming
500 South Gillette Avenue
Gillette, Wyoming

Black Hills Power, Inc.
P.O. Box 1400
625 Ninth Street
Rapid City, South Dakota 57709

Dear Ladies and Gentlemen:

LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc. (the "Underwriter"), offers, in reliance upon and subject to the terms, conditions, warranties, representations and covenants contained herein, to purchase all of the Bonds from Campbell County, Wyoming (the "Issuer"), subject to the acceptance of this proposal by the Issuer and the approval by the Company on or before 5:00 p.m., Central Standard time, on the date hereof; and subject to the following provisions:

Section 1. Definitions. Capitalized terms used herein and otherwise not defined shall have the meanings ascribed to them in the Indenture. The following terms shall have the following meanings in this Agreement unless another meaning is given:

"Agreement" means this Bond Purchase Agreement between the Underwriter and the Issuer and approved and agreed to by the Company

"Bonds" means the Bonds issued under and secured as provided in the Indenture and having the terms set forth in Exhibit A attached hereto.

"Bond Counsel" means Chapman and Cutler LLP or other nationally recognized bond counsel selected by the Company in accordance with the Indenture.

"Closing" refers to the transaction at which the Bonds are delivered by the Issuer to the Underwriter, and paid for by the Underwriter, pursuant to this Agreement.

"Closing Documents" means the documents described in Section 6 hereof and required to be delivered to the Underwriter at the Closing, including but not limited to, this Agreement, the Loan Agreement and the other documents and agreements to be executed and delivered in connection with the issuance of the Bonds and the transactions contemplated hereby to which the Company is a party.

"Company" means Black Hills Power, Inc., a South Dakota corporation.

"Indenture" means the Indenture of Trust dated as of October 1, 2004, between the Issuer and the Trustee, relating to the Bonds.

"Issuer" means Campbell County, Wyoming, a body politic and corporate of the State of Wyoming.

"Issuer Documents" means this Agreement, the Bonds, the Loan Agreement, the Indenture and the Tax Exemption Certificate and Agreement.

"Loan Agreement" means the Loan Agreement, dated as of October 1, 2004, by and between the Company and the Issuer.

"Official Statement" means the Official Statement with respect to the Bonds, dated the date hereof including the cover page and all appendices attached thereto, and all supplements thereto.

"Preliminary Official Statement" means the Preliminary Official Statement with respect to the Bonds, dated _____, 2004 including the cover page and all appendices attached thereto, and all supplements thereto.

"Project" means the facilities refinanced from the proceeds of the Bonds and described on Exhibit A of the Loan Agreement.

"Tax Exemption Certificate and Agreement" means the Tax Exemption Certificate and Agreement among the Issuer, the Company and the Trustee, dated the date of initial issuance and delivery of the Bonds, as amended from time to time.

"Trustee" means Wells Fargo Bank, N.A., a national banking association, acting in its capacity as Trustee under the Indenture.

"Underwriter" means LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc.

Section 2. Purchase Price. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase the Bonds from the Issuer and the Issuer hereby agrees to sell the Bonds to the Underwriter at an aggregate purchase price of \$13,750,000. Simultaneously with the delivery of the Bonds, the Company shall pay an underwriting fee of \$_____ to the Underwriter in immediately available funds, which payment

may be effected by the payment by the Underwriter of a net amount of \$_____ for the Bonds. The Bonds are dated the date of Closing and the interest on the Bonds is calculated on a 360-day year of twelve 30-day months. The obligations of the Issuer to sell, and of the Underwriter to purchase, hereunder are with respect to all (but not less than all) of the Bonds.

Section 3. Representations, Warranties and Covenants of the Issuer. By the Issuer's acceptance hereof, the Issuer hereby represents and warrants to, and agrees with, the Underwriter that as of the date of acceptance of this Agreement:

(a) Official Statement. The acceptance hereof by the Issuer, the statements and information of the Official Statement under the heading "THE ISSUERS" regarding the Issuer specifically, are, and at all times subsequent thereto up to and including the date of Closing will be, and such statements and information in the Preliminary Official Statement as of its date were, true, correct and complete in all material respects, and such statements and information in the Official Statement do not, and such information and statements in the Preliminary Official Statement as of its date did not, include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements and information, in light of the circumstances under which they are or were made, not misleading. Nothing has come to the attention of the Issuer which would lead it to believe that any information regarding the Issuer specifically, contained in the Preliminary Official Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary to make such information and statements, in light of the circumstances under which they were made, not misleading. The Issuer has authorized and consents to the use of the Preliminary Official Statement and the Official Statement by the Underwriter for the purpose of initially underwriting the Bonds.

(b) Litigation. As of the Closing, there is no claim, action, temporary restraining order, injunction, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court, governmental agency, public board or body, pending against or, to the Issuer's knowledge, threatened against or involving the properties of the Issuer nor, to the Issuer's knowledge, is there any basis therefor, (i) contesting the existence or powers of the Issuer, (ii) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the use of the Preliminary Official Statement or the Official Statement, or (iii) challenging the validity or enforceability of the Closing Documents as they relate to the Issuer, the Bonds or this Agreement or contesting the power and authority of the Issuer to execute and deliver or to consummate the transactions contemplated on the part of the Issuer by such documents or the Official Statement, or (iv) questioning the exemption from taxation of the interest on the Bonds as set forth in the Official Statement, or (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (vi) wherein an unfavorable decision, ruling or finding (A) would materially adversely affect the financial condition of the Issuer or the transactions contemplated on the part of the Issuer by this Agreement or the Official Statement, or (B) would in any way adversely affect the validity or enforceability of the Bonds, the Closing Documents as they relate to the Issuer or this Agreement (or of any other instrument required or contemplated for use in consummating the transactions contemplated on the part of the Issuer thereby, hereby or by the Official Statement).

(c) Existence. The Issuer is a political subdivision, body politic and corporate duly organized and existing under the Constitution and laws of the State of Wyoming.

(d) Authority. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, of the Wyoming Statutes (1977), as amended, (the "Act"), Issuer is authorized to (i) adopt the resolution adopted [September 20, 2004], authorizing the issuance of the Bonds and enter into the Issuer Documents and this Agreement, (ii) issue and execute the Bonds as provided in the Agreement and to execute and deliver the Closing Documents as they relate to the Issuer and this Agreement and to consent to the use of the Official Statement and (iii) enter into and consummate all other transactions contemplated on the Issuer's part by the Bonds, the Closing Documents as they relate to the Issuer, this Agreement and the Official Statement.

(e) Authorizing Resolution Valid. The resolution adopted [September 20, 2004], authorizing the issuance of the Bonds has been duly and validly adopted by the Issuer and is in full force and effect.

(f) Due Authorization. The Issuer (i) by proper corporate action has duly authorized (A) the execution and delivery of, and the due performance of its obligations under this Agreement, the Bonds and the Closing Documents as they relate to the Issuer and (B) the taking of any and all actions as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by such documents and by the Official Statement and (ii) has approved the use of the Preliminary Official Statement and the Official Statement. The Issuer will take any and all appropriate actions necessary to carry out its obligations under the aforesaid documents.

(g) Due Execution and Delivery of Documents. This Agreement has been duly executed and delivered by the Issuer and is, and when executed and delivered by the parties thereto, the Closing Documents as they relate to the Issuer and the Bonds, will be, legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief and, in the case of this Agreement, applicable securities laws. At or prior to the date of Closing, the Closing Documents as they relate to the Issuer and the Bonds shall have been duly authorized, executed and delivered by the Issuer.

(h) No Conflicts. The acceptance, execution and delivery of this Agreement, the execution and delivery of the Closing Documents as they relate to the Issuer, the Bonds and the compliance with the provisions hereof and thereof, do not and will not conflict with or violate any provision of the Issuer's organization documents or any resolution adopted by the Issuer, and do not and will not conflict with or violate, or result in or constitute a breach of or default under any indenture, agreement or other instrument to which the Issuer is a party in any such case which would have a materially adverse effect on the transactions contemplated by this Agreement.

(i) Qualification of Bonds Under Blue Sky Laws. The Issuer will cooperate with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offering and

sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, provided, however, that the Issuer will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction and that the Issuer shall not be required to execute any documents or take any other action pursuant to this Section, unless and until provision for the payment of expenses of the Issuer shall have been made. Provisions for expenses shall be deemed to have been made upon arrangements reasonably satisfactory to the Issuer for the provision of expenses being agreed upon by the Issuer and the party requesting such execution.

(j) Tax-Exemption. The Issuer makes no representation or warranty that interest on the Bonds are or will continue to be exempt from federal or state income taxation.

(k) Certificates and Representations. Any certificate signed by an authorized officer of the Issuer delivered to the Company or the Underwriter at the Closing shall be deemed a representation and warranty by the Issuer to such parties as to the statements made therein. The Issuer covenants that between the date hereof and the Closing it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing.

(l) Issuer Certifications. The Issuer hereby certifies that (i) the Preliminary Official Statement as of its date was deemed final by the Issuer for purposes of Rule 15c2-12, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion and (ii) the Official Statement as of the date hereof is deemed final by the Issuer for purposes of Rule 15c2-12, provided that the Issuer makes the representations in this paragraph only with respect to information regarding it individually contained under the caption "THE ISSUERS" in the Preliminary Official Statement and the Official Statement.

Section 4. Representations, Warranties and Covenants of the Company. By the Company's acceptance hereof, the Company represents and warrants to, and agrees with, the Underwriter and the Issuer that:

(a) The Company has taken all necessary action to authorize, execute and deliver the Closing Documents and the Closing Documents have been or will be duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(b) There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before or by any court, public board or body or other governmental authority, pending or, to the knowledge and information of the Company, threatened against or affecting the Company, wherein an unfavorable decision, ruling or finding could materially adversely affect the business or financial condition of the Company or could adversely affect the transactions contemplated by this Agreement or the Official Statement, or which raises any question concerning the legality, validity or enforceability of this Agreement, the Bonds, the Indenture, the Loan Agreement or

any Closing Document to which the Company is a party, nor to the knowledge of the Company is there any basis therefor.

(c) The execution, delivery and performance by the Company of this Agreement and the Closing Documents do not and will not violate the Articles of Incorporation or By-Laws of the Company, or any order, injunction, ruling or decree by which the Company is bound, and do not and will not constitute a breach of or a default under any agreement, indenture, mortgage, lease, note or other obligation, instrument or arrangement to which the Company is a party or by which the Company or any of its property is bound, or contravene or constitute a violation of, any law, rule or regulation to which the Company or any of its property is subject, and no approval or other action by, or filing or registration with, any governmental authority or agency is required in connection therewith which has not been previously obtained or accomplished.

(d) As of its date and on the Closing date, the descriptions provided by the Company and information contained in the Official Statement under the captions "INTRODUCTORY STATEMENT," "USE OF PROCEEDS," "THE BONDS," "THE LOAN AGREEMENTS," "THE INDENTURES" and in APPENDIX A are and will be true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) The Company (i) has been duly organized and is now validly existing and in good standing under the laws of the State of South Dakota, (ii) is duly licensed or qualified and in good standing and authorized to do business in all states and jurisdictions wherein the character of the properties owned or the nature of the activities conducted make such license or qualification necessary; and (iii) has duly and validly obtained all certificates, licenses and permits from all public authorities, federal, state or local, as are now required by such authorities to enable it to carry on its business as and where now conducted.

(f) The Company will not take or omit to take any action, for itself or on behalf of the Issuer, which action or omission might reasonably result in the loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(g) Any certificate signed by any officer of the Company and delivered to the Underwriter shall be deemed a representation and warranty by the Company to the Underwriter as to the statements made therein.

(h) The Company shall cooperate with the Underwriter in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may request; and the Company will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in connection therewith; provided, however, that the Company shall not be required to register as a dealer or a broker in any such state or jurisdiction or make any additional representations or warranties in connection with the sale of securities, or to subject itself to service of process in any state or jurisdiction in which it is not already so

subject. The Company consents to the use of the Official Statement by the Underwriter in obtaining such qualification.

(i) The Company hereby certifies that (i) the Preliminary Official Statement as of its date was deemed final by the Company for purposes of Rule 15c2-12, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion and (ii) the Official Statement as of the date hereof is deemed final by the Company for purposes of Rule 15c2-12.

(j) The Company hereby approves the form of and authorizes the Underwriter to prepare, use and distribute the Official Statement in final form in connection with the public offering and sale of the Bonds. The Company agrees to execute the Official Statement in such final form as soon as possible at the discretion of the Underwriter.

(k) The Company agrees to provide to the Underwriter, within seven (7) Business Days of the date hereof, sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 5. Approval of Official Statement. The Issuer (at the Company's expense) shall deliver to the Underwriter such reasonable number of copies of the Official Statement as the Underwriter shall request. The Issuer and the Company authorize and approve the Official Statement and consent to the use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds.

Section 6. Closing, Delivery and Payment of the Bonds. The Closing shall be held at 10:00 a.m. Central Standard time on _____, 2004, at the office of Chapman and Cutler LLP, Chicago, Illinois or at such other time and place as shall be mutually agreeable to the parties hereto. At the Closing the Underwriter will accept the delivery of its beneficial interest in the Bonds when the Bonds are delivered and released to The Depository Trust Company, New York, New York from the Issuer, and will make payment therefor as provided herein in federal funds or other immediately available funds upon tender of the Bonds to the Underwriter by the Issuer. It is understood that the purchase of the Bonds by the Underwriter is subject to the performance by the Company and the Issuer of their obligations to be performed hereunder at and prior to the Closing, to the accuracy in all material respects of the representations and warranties of the Company and the Issuer herein as of the time of the Closing, and to the following conditions, including the delivery by the Company and the Issuer of such documents as are enumerated herein in form and substance reasonably satisfactory to the Underwriter:

(a) At the time of the Closing: (i) the Indenture and Closing Documents shall be in full force and effect in the form heretofore approved by the Company, the Issuer, the Trustee and the Underwriter and none of the foregoing documents shall have been amended, modified or supplemented from the forms thereof as of the date hereof, except as may have been approved by the Underwriter, the Closing in all events, however, to be deemed such approval; (ii) the proceeds of the sale of the Bonds shall be deposited and applied as described in the Loan

Agreement and the Indenture; and (iii) the Company and the Issuer shall have duly adopted and there shall be in full force and effect such resolutions as are necessary in connection with the transactions contemplated herein and in the Official Statement.

(b) At or prior to the Closing, the Indenture shall have been executed and delivered by the Issuer and the Trustee; the Tax Exemption Certificate and Agreement shall have been executed and delivered by the Issuer and the Company; and the Loan Agreement shall have been executed and delivered by the Issuer and the Company.

(c) At the Closing, the Issuer shall deliver the Bonds duly executed.

(d) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter, the Issuer and the Company:

(1) The opinion of the Company's General Counsel, Steven J. Helmers, Esq., dated the date of Closing, in form and substance acceptable to the Underwriter;

(2) The approving opinion of Chapman and Cutler LLP, Bond Counsel, dated the date of Closing, in form and substance acceptable to the Underwriter;

(3) The supplemental opinion of Chapman and Cutler LLP, Bond Counsel, dated the date of Closing, in form and substance acceptable to the Underwriter;

(4) The opinion of Issuer's Deputy County Attorney, Carol J. Seeger, Esq., dated the date of Closing, in form and substance acceptable to Underwriter;

(5) A certificate dated the date of Closing and signed by an authorized officer of the Company, to the effect that (A) each of the representations and warranties of the Company set forth in the Loan Agreement and herein shall be accurate as if made on and as of the date of Closing, (B) all of the conditions and agreements required in this Agreement to be satisfied or performed by the Company at or prior to the date of Closing shall have been satisfied or performed in the manner and with the effect contemplated herein, and (C) as of the date of Closing, no Event of Default on the part of the Company under the Loan Agreement has occurred and is continuing and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute such an Event of Default;

(6) A certificate dated the date of Closing and signed by an authorized officer of the Issuer to the effect that (A) each of the representations and warranties of the Issuer set forth herein, the Indenture and the Loan Agreement shall be accurate as if made on and as of the date of Closing, (B) all of the conditions and agreements required in this Agreement to be satisfied or performed by the Issuer at or prior to the date of Closing shall have been satisfied or performed in the manner and with the effect contemplated herein and (C) as of the date of Closing, no Event of Default on the part of the Issuer under the Indenture or the Loan Agreement has occurred and is continuing and no event

has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute such an Event of Default;

(7) A certificate of a duly authorized officer of the Trustee as to the due execution of the Indenture by the Trustee and the due authentication and delivery of the Bonds by the Trustee, in form and substance satisfactory to the Underwriter;

(8) A specimen Bond;

(9) The Company's Articles of Incorporation, as amended, and a certificate of good standing for the Company, each certified by the proper authorities of the State of South Dakota and a copy of the Company's Bylaws, as amended, certified by a duly authorized officer of the Company;

(10) A certificate of the Trustee to the effect that all moneys or securities delivered to the Trustee at the Closing under and pursuant to the Loan Agreement or the Indenture have been duly deposited to the credit of the appropriate funds created under the Indenture or otherwise applied as provided in the Indenture; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request in connection with the transactions contemplated by this Agreement.

Each series of Bonds will be delivered as a single fully registered bond in the name of "Cede & Co." (as nominee for The Depository Trust Company) and in the aggregate principal amount of each such series of Bonds to be issued under this Agreement. The Bonds will be made available for checking and packaging by the Underwriter not less than one (1) Business Day prior to the date of issuance of the Bonds, at such place as the Company, the Issuer, the Underwriter and the Trustee shall agree. It is anticipated that a CUSIP identification number will be typed or printed on the Bonds. The Issuer, the Company and the Underwriter will cooperate to obtain the CUSIP number(s).

Section 7. Fees and Expenses.

(a) The Company shall pay all costs and expenses incurred in connection with the issuance, sale and delivery of the Bonds and the preparation, execution, delivery and filing of this Agreement, the Official Statement, the Indenture, the Loan Agreement, the Bonds and any other Closing Document, and any other documents which may be delivered in connection herewith or therewith, including the fees and disbursements of Bond Counsel, the fees and disbursements of counsel for the Underwriter, the fees and expenses of the Trustee and its counsel, the fees and expenses of the Issuer, the cost of printing the Bonds, the fees and expenses of accountants and any other experts retained by the Company or the Underwriter in connection with the issuance, sale and delivery of the Bonds.

(b) If this Agreement is terminated pursuant to this Agreement, the Company will (y) reimburse the Trustee, Issuer and the Underwriter for all reasonable out-of-pocket expenses

(including the fees of the Issuer and the fees and disbursements of counsel to the Trustee, Issuer and the Underwriter) incurred by the Issuer and the Underwriter prior to receipt of the notice of termination, and (z) with respect to any out-of-pocket expenses (including the fees and disbursements of counsel to the Trustee, Issuer and the Underwriter) incurred by the Trustee, Issuer and the Underwriter after receipt of a notice of termination, reimburse the Trustee, Issuer and the Underwriter only for such expenses as shall be mutually agreed upon by the Company, the Issuer and the Underwriter.

Section 8. Indemnification and Contribution.

(a) The Company will indemnify and hold harmless the Trustee, the Issuer, the Underwriter, each of the officers, members, directors, agents, officials and employees thereof and each person who controls the Trustee, the Issuer and the Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act") or Section 20(a) of the Securities Exchange Act of 1934, as amended, (collectively, the "Indemnified Parties" and when any one is intended, the "Indemnified Party"), against any losses, claims, damages, taxes, penalties or expenses (including reasonable counsel fees) or liabilities, joint or several of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with (i) the financing, installation, operation, use, or maintenance of the Project; (ii) any act, failure to act, or misrepresentation by any Indemnified Party in connection with the issuance, sale, delivery or remarketing of the Bonds; (iii) any act, failure to act, or misrepresentation by the Issuer in connection with this Agreement or any other document involving the Issuer in this matter; (iv) an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Official Statement or the omission or alleged omission to state in the Official Statement a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or (v) arise out of or are based upon an allegation or a determination of a failure in connection with the public offering of the Bonds to register any security under the 1933 Act or to qualify any indenture under the Trust Indenture Act of 1939 (the "1939 Act"). If any suit, action or proceeding is brought against the Issuer or any Indemnified Parties, that suit, action or proceeding shall be defended by counsel to the Issuer or the Company, as the Issuer shall determine. If the defense is by counsel to the Issuer, the Company shall indemnify the Issuer and Indemnified Parties for the reasonable cost of that defense including reasonable counsel fees. If the Issuer determines that the Company shall defend the Issuer or any Indemnified Parties, the Company shall immediately assume the defense at its own cost. Neither the Issuer nor the Company shall be liable for any settlement of any proceeding made without each of their consent (which consent shall not be unreasonably withheld.)

(b) If the indemnification provided for in subsection (a) of this Section 8 is unavailable to the Underwriter (or any controlling person thereof) in respect to any losses, claims, damages or liabilities referred to therein, then the Company shall, in lieu of indemnifying the Underwriter, contribute to the amount paid or payable by the Underwriter as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Company and the Underwriter, respectively, from the underwriting of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Company shall contribute to such amount paid or payable

by the Underwriter in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Underwriter, respectively, in connection with the statements or omission which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefit received by the Company or the Underwriter, respectively, shall be deemed to be in the same proportion as the total proceeds from the underwriting of the Bonds (before deducting costs and expenses other than underwriting fees and expenses), on the one hand, bear to the total underwriting fees and expenses received by the Underwriter, on the other hand. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact related to information supplied by the Company or the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided, however*, that in the case of an allegation or a determination that arises out of or is based upon a failure in connection with the public offering of the Bonds to register any security under the 1933 Act or to qualify any indenture under the 1939 Act, the fault shall be deemed entirely that of the Company. The Company and the Underwriter, respectively, agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8. The amount paid or payable by the Underwriter as a result of the losses, claims, damages or liabilities referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by the Underwriter (or any controlling person thereof) in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (b), the Underwriter shall not be required to contribute any amount in excess of the underwriting fee paid to the Underwriter under Section 2 hereof. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation.

(c) The Company shall also indemnify the Issuer and Indemnified Parties for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Company under this Agreement or any related agreement, (ii) taking any action requested by the Company, (iii) taking any action required by this Agreement or any related agreement, or (iv) taking any action considered necessary by the Issuer and which is authorized by this Agreement or any related agreement.

(d) Any provision of this Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Issuer retains the right to (i) enforce any applicable federal or state law or regulation or ordinance of the Issuer and (ii) enforce any rights accorded to the Issuer by federal or state law or regulation or ordinance of the Issuer, and nothing in this Agreement shall be construed as an express or implied waiver thereof. This indemnification is in addition to any other indemnification provided by Company to the Indemnified Parties.

The obligations of the Company under this Section 8 shall survive the issuance and the maturity of the Bonds and the termination of this Agreement. The indemnity obligations of the Company hereunder are in addition to and not in lieu of any indemnity obligations of the

Company under the Loan Agreement. The Company's duty to indemnify and hold the Issuer harmless is specified in, and is controlled by Section 7.2 of the Loan Agreement, the provisions of which are incorporated herein notwithstanding that the Loan Agreement has not been executed as of the date hereof.

Section 9. Representations and Covenants of the Underwriter. The Underwriter hereby represents and covenants to the Issuer and the Company that:

(a) The Underwriter will comply with any registration or qualification requirements applicable to the Underwriter or the Bonds under any securities or "Blue Sky" law of any jurisdiction in which such registration or qualification is required.

(b) The Underwriter has been duly incorporated and is validly existing and has full power and authority to enter into and perform this Agreement. This Agreement constitutes the legal, valid and binding obligation of the Underwriter enforceable against the Underwriter in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, securities, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(c) The Underwriter shall offer the Bonds only pursuant to the Official Statement and shall not make any statements in connection with the offering and sale of the Bonds that go beyond or are inconsistent with the information contained in the Preliminary Official Statement and the Official Statement.

(d) The Underwriter shall not make any untrue or misleading statement in connection with the offering and sale of the Bonds and shall ensure that all information contained in the Preliminary Official Statement or the Official Statement under the caption "UNDERWRITING" are true and correct in all material respects and do not omit any statement necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading.

(e) The Underwriter shall perform its responsibilities as an underwriter of the Bonds under applicable federal and state securities laws, including, without limitation, its obligation to review the Official Statement in a professional manner and to make such investigation as appropriate in order to have a reasonable basis for concluding that the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) To the extent permitted by law, the Underwriter shall advise the Issuer if at any time during the underwriting period (within the meaning of Rule 15c2-12) for the Bonds there is any reason for the Underwriter to believe that the Official Statement then contains any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, and in such case the Issuer, the Underwriter and the Company shall take such steps as may be appropriate to amend or supplement the Official Statement.

(g) The Underwriter agrees, at its expense, to indemnify, defend and hold harmless the Issuer along with the Issuer's members, officials, employees and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Issuer, pursuant to the Act or the Issuer's regulations ("Issuer Indemnified Parties"), from and against any and all losses, claims, damages, demands, liabilities, costs or expenses (collectively, "Claims"), including reasonable attorneys' fees and expenses, if such Claims are a result of, arise out of or are materially increased, strengthened or enhanced by (to the extent of such increase, strengthening or enhancement) or would not exist but for a breach by the Underwriter of its duties under, or failure to abide by any of its covenants in this Agreement. The Underwriter shall promptly assume the defense of any claim made against any Issuer Indemnified Party hereunder, including the employment of counsel reasonably satisfactory to the Issuer, at the sole expense of the Underwriter.

Section 10. Survival of Issuer's and Company's Representations and Obligations. The respective agreements, representations (which are made only as of the date this Agreement is accepted) and warranties of the Issuer and the Company and their respective officials or officers set forth in, or made pursuant to, this Agreement will remain in full force and effect and will survive delivery of and payment for the Bonds, the maturity of the Bonds and any termination of this Agreement.

Section 11. Termination by the Underwriter. This Agreement may be terminated in writing by the Underwriter if any of the following shall occur between the date hereof and the date of Closing:

(i) this Agreement shall not have been accepted by the Issuer and the Company within the time herein provided;

(ii) the Official Statement shall not have been provided within the time required by this Agreement;

(iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriter as of 12:00 p.m., Central Standard time, on the date of Closing;

(iv) legislation shall be enacted, or actively considered for enactment, or a court decision announced, or a ruling, regulation or decision by or on behalf of a governmental agency having jurisdiction of the subject matter shall be made, to the effect that the revenues or other income of the general character to be derived by the Issuer or by any similar body under the Indenture or similar instrument, or interest on obligations of the general character of the Bonds issued on or before the date of Closing, shall not be exempt from federal income taxes to the extent set forth in the Official Statement, or that securities of the general character of the Bonds issued on or before the date of Closing shall not be exempt from registration under the 1933 Act, or that the Indenture shall not be exempt from qualification under the 1939 Act;

(v) there shall occur any event or circumstance which, in the opinion of the Underwriter, either made untrue or incorrect in a material respect any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in a material respect;

(vi) there shall occur any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds;

(vii) there shall be put in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading on the New York Stock Exchange shall be fixed and be in force;

(viii) in the judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(ix) a general banking moratorium shall be declared by either federal or Illinois authorities having jurisdiction, and shall be in force; and

(x) a stop order, ruling, regulation or Official Statement by, or on behalf of, any other governmental agency having jurisdiction shall have been issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the beneficial interests in the Bonds, or the issuance, offering or sale of the Bonds or the beneficial interests in the Bonds, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of federal or state securities laws.

Section 12. Termination by the Issuer. This Agreement may be terminated in writing by the Issuer, or by the Company on behalf of the Issuer, in the event that the Underwriter should fail to accept delivery of the Bonds on the Closing date upon tender thereof to the Underwriter and delivery to the Underwriter of all of the Closing Documents.

Section 13. Changes Affecting the Official Statement After the Closing. After the Closing, and so long as the Underwriter or any participating dealer shall be offering Bonds which constitute the whole or a part of their unsold participations, the Issuer and the Company shall not adopt any amendment of or supplement to the Official Statement except with the written consent of the Underwriter. After the Official Statement has been delivered in

accordance with Section 5 hereof and for one hundred twenty (120) days after the Closing, if any event relating to or affecting the Issuer or the Company shall occur the result of which shall make it necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make it not misleading in the light of the circumstances existing at that time, the Company shall forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter and the Issuer, so that it then will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, the light of the circumstances existing at that time, not misleading. The cost of providing such amendment or supplement shall be paid either out of funds thereof held under the Indenture or by the Company. If the Official Statement is so supplement or amended prior to the Closing, such approval by the Underwriter and the Issuer of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Agreement if, in the reasonable judgment of the Underwriter such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds.

Section 14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Wyoming without regard to conflicts of law principles.

Section 15. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns, except that no party hereto may assign any of its rights or obligations hereunder without the consent of the other parties.

Section 16. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**LASALLE CAPITAL MARKETS, A Division of
ABN AMRO Financial Services, Inc.,
as Underwriter**

By: _____
Name: _____
Title: _____

Accepted and Agreed to:

**CAMPBELL COUNTY, WYOMING,
as Issuer**

By: _____
Name: _____
Title: _____

**BLACK HILLS POWER, INC.,
as Company**

By: _____
Name: _____
Title: _____

EXHIBIT A

MATURITY SCHEDULE FOR THE BONDS

<u>Series</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2004	October 1, 2014	\$1,550,000	_____ %
	October 1, 2024	\$12,200,000	_____ %

UHDOCS 646344v.1 C/M _____ - _____

TAX EXEMPTION CERTIFICATE AND AGREEMENT

among

CAMPBELL COUNTY, WYOMING,

BLACK HILLS POWER, INC.

and

WELLS FARGO BANK, N.A.,
as Trustee

\$13,750,000
CAMPBELL COUNTY, WYOMING
POLLUTION CONTROL REFUNDING REVENUE BONDS SERIES 2004
(BLACK HILLS POWER, INC. PROJECT)

October __, 2004

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EXHIBIT A	—	Certificate of Purchaser
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EXHIBIT E	—	Schedule of Elections

TAX EXEMPTION CERTIFICATE AND AGREEMENT

The undersigned are duly qualified officers of CAMPBELL COUNTY, WYOMING (the "Issuer"), BLACK HILLS POWER, INC. (the "Company") and WELLS FARGO BANK, N.A., as trustee (the "Trustee"). The undersigned officer of the Issuer is charged, with others, with the responsibility for executing and delivering the Bonds on the date hereof. The Bonds were authorized pursuant to a duly authorized resolution of the Issuer and are being issued pursuant to that certain Indenture of Trust dated as of October 1, 2004 (the "Indenture") between the Issuer and the Trustee. Sale Proceeds of the Bonds will be loaned to the Company to refund the Prior Bonds pursuant to that certain Loan Agreement dated as of October 1, 2004 (the "Loan Agreement") between the Issuer and the Company. Certain terms are defined in Article I hereof. Terms used but not defined herein shall have the meanings given to them in the Indenture.

One purpose of executing this Tax Agreement is to set forth various facts regarding the Bonds and to establish the expectations of the Issuer, the Company and the Trustee as to future events regarding the Bonds and the use of Bond proceeds. To the extent such facts do not relate directly to the Issuer or the Trustee, the Issuer and the Trustee are relying upon the certifications of the Company, which reliance is reasonable and prudent. The certifications, covenants and representations contained herein are made on behalf of the Issuer, the Company and the Trustee for the benefit of the Owners from time to time of the Bonds. The Company has covenanted in the Loan Agreement, subject to the provisos set forth therein, that it has not taken or knowingly permitted to be taken and will not knowingly take or permit to be taken any action which will cause the interest on the Bonds to become includable in the gross income of the Owners for federal income tax purposes under Section 103 of the Code.

The Company hereby acknowledges that in the event of an examination by the Internal Revenue Service of the exclusion of interest on the Bonds from the gross income of the Owners for federal income tax purposes under current regulations, it is likely that the Internal Revenue Service will treat the Issuer as the "taxpayer" in such examination. The Company agrees that it will respond, and will direct the Issuer to respond, in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Issuer hereby covenants that it will cooperate with the Company, at the Company's expense (including the reasonable fees of counsel to the Issuer) and at its direction, in connection with any such examination unless the Issuer has been advised by counsel that the Issuer and the Company have actual or potential differing interests. All expectations and representations made herein by the Issuer are made solely on the basis of the representations and expectations of the Company stated herein. The Issuer knows of no reason to question these representations or expectations.

The Trustee is executing and delivering this Tax Agreement solely for the purposes of acknowledging the matters set forth in, and being bound to undertake the duties and responsibilities set forth with respect to the Trustee relating only to amounts held under the Indenture, under the following Articles and Sections (including all Exhibits and Appendices referred to therein) of this Tax Agreement: 2.4, 2.6, Article III, 4.1, 4.2, 4.3, 4.4, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 6.2, 6.7, 6.10, 6.11, 6.14 and 6.16. With respect to the matters set forth in the remaining Sections of this Tax Agreement, and with respect to amounts not held under the Indenture, the Trustee has made no investigation, makes no representation and undertakes no

duties. No implied duties or responsibilities shall be read into this Tax Agreement against the Trustee, and the Trustee shall be entitled to the protections, privileges, exculpation and indemnities set forth in the Indenture.

ARTICLE I

DEFINITIONS

In addition to such other words and terms used and defined in this Tax Agreement, the following words and terms used in this Tax Agreement shall have the following meanings unless, in either case, the context or use clearly indicates another or different meaning is intended:

"Bond Counsel" means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Fund" means the Bond Fund established pursuant to the Indenture.

"Bond Yield" means the composite Yield on the Bonds and the Related Bonds.

"Bonds" means the \$13,750,000 Campbell County, Wyoming Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project).

"Closing" means the date of this Tax Agreement, which is the date on which the Issuer is receiving the purchase price for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commingled Fund" means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that is not Gross Proceeds if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a commingled fund.

"Control" means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

- (a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or
- (b) to require the use of funds or assets of a Controlled Entity for any purpose.

"Controlled Entity" means any entity or one of a group of entities that is subject to Control by a Controlling Entity.

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by one or more Controlling Entities.

“*Controlling Entity*” means any entity or one of a group of entities directly or indirectly having Control of any Controlled Entities.

“*Costs of Issuance*” means the costs of issuing the Bonds, including underwriters’ discount or fees, placement agent fees and legal fees.

“*De minimis Amount of Original Issue Discount or Premium*” means (a) any original issue discount or premium that does not exceed two percent of the stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter’s compensation.

“*External Commingled Fund*” means a Commingled Fund in which the Issuer, the Company and all Related Persons to the Issuer and the Company, own, in the aggregate, not more than ten percent of the beneficial interests.

“*GIC*” means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

“*Gross Proceeds*” means amounts in the funds listed on *Exhibit B* hereto.

“*Indenture*” means the Indenture of Trust, dated as of October 1, 2004, between the Issuer and the Trustee, pursuant to which the Bonds are being issued.

“*Issuer*” means Campbell County, Wyoming.

“*Loan Agreement*” means the Loan Agreement, dated as of October 1, 2004, between the Issuer and the Company pursuant to which Sale Proceeds of the Bonds will be loaned to the Company.

“*Placed-in-Service*” means the date on which, based on all facts and circumstances, (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

“*Prior Bonds*” means collectively, the Prior Gillette Bonds and the Prior Issuer Bonds.

“*Prior Gillette Bond Fund*” means the bond fund created under the Prior Gillette Indenture from which payments of principal of and interest on the Prior Gillette Bonds are made.

“*Prior Gillette Bonds*” means the \$12,200,000 original aggregate principal amount of City of Gillette, Wyoming Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project), Series 1994, all of which are currently outstanding.

"Prior Gillette Indenture" means the Indenture of Trust dated as of June 1, 1992, between the City of Gillette, Wyoming, and the Prior Trustee relating to the Prior Gillette Bonds.

"Prior Issuer Bond Fund" means the bond fund created under the Prior Issuer Indenture from which payments of principal of and interest on the Prior Issuer Bonds are made.

"Prior Issuer Bonds" means the \$1,550,000 original aggregate principal amount of the Issuer's Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project) Series 1992, all of which are currently outstanding.

"Prior Issuer Indenture" means the Indenture of Trust dated as of June 1, 1992 between the Issuer and the Prior Trustee relating to the Prior Issuer Bonds.

"Prior Trustee" means Wells Fargo Bank, N.A., as successor to Norwest Bank Minnesota, National Association.

"Projects" is defined in Section 2.2 hereof.

"Project Certificate" means the Certificate Regarding Refunding Bonds and Use of Proceeds of Prior Bonds signed by the Company, dated the date hereof and executed in connection with the issuance of the Bonds.

"Purchaser" means the purchaser of the Bonds from the Issuer.

"Qualified Tax-Exempt Obligations" means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludible from gross income of the owner thereof for federal income tax purposes, (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of such interest is interest which is excludible from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. part 344.

"Rebate Fund" means the fund, if any, as defined in Section 4.4 hereof.

"Rebate Provisions" means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

"Regulations" means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

"Related Bonds" means (i) the \$2,850,000 Weston County, Wyoming Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) and (ii) the \$2,050,000 Pennington County, South Dakota Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project).

"Related Person" means (i) in the case of the Issuer, any member of the same Controlled Group as the Issuer, or (ii) in the case of the Company, any person related to the Company within the meaning of Section 144(a)(3) of the Code.

"Sale Proceeds" means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriter's or placement agent's discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (e.g., a redemption right).

"Series 1984 Bonds" means the \$16,000,000 Pollution Control Revenue Bonds (Black Hills Power and Light Company Project), Series 1984 of the Issuer.

"Series 1977A Bonds" means the \$1,550,000 Pollution Control Revenue Bonds Collateralized 1977 Series A (Black Hills Power and Light Company Project) of the Issuer.

"Tax Agreement" means this Tax Exemption Certificate and Agreement.

"Trustee" means Wells Fargo Bank, N.A., in its capacity as Trustee under the Indenture.

"Yield" means that discount rate which, when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation, produces an amount equal to the obligation's purchase price (or in the case of the Bonds, the issue price as established in Section 5.1), including accrued interest. For purposes of computing the Yield on the Bonds and on investments, the same compounding interval (which must be an interval of not more than one year) and standard financial conventions (such as a 360-day year) must be used. In the case of the Bonds, "Yield" means the composite Yield on the Bonds and the Related Bonds.

"Yield Reduction Payment" means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

ARTICLE II

DESCRIPTION OF PROJECT

Section 2.1. Purpose of the Bonds. The Bonds are being issued to refund in advance of maturity the Prior Bonds. Sale Proceeds of the Bonds will be deposited with the Prior Trustee and used to pay principal of the Prior Bonds on _____, 2004 (the "Redemption Date"). The Prior Bonds will be redeemed on the Redemption Date. Accordingly, on and after the Redemption Date, interest will cease to accrue on the Prior Bonds.

Section 2.2. Acquisition, Construction and Equipping of the Project. As further described in the Project Certificate, the Company certifies that the facilities refinanced, directly or indirectly, in whole or in part, with the proceeds of the Prior Bonds (the "Projects") have heretofore been placed in service and that the proceeds of the Prior Bonds, and all earnings thereon, have been fully expended as of the date hereof and no proceeds of tax-exempt obligations now exist which are on deposit in any construction fund dedicated to the payment of costs of the Projects.

Section 2.3. Prior Gillette Bonds. (a)(i) The Prior Gillette Bonds were issued on July 12, 1994, pursuant to the Prior Gillette Indenture, to refund the Series 1984 Bonds. The Prior Gillette Bonds were originally issued in the aggregate principal amount totaling \$12,200,000, all of which are currently outstanding.

(ii) Immediately prior to the Closing, no money or property of any kind (including cash) was on deposit in any fund or account, regardless of where held or the source thereof, with respect to any of the Prior Gillette Bonds or any loan agreement, security agreement or note related to any of the Prior Gillette Bonds, or any credit enhancement or liquidity device relating to any of the foregoing. No amounts have been returned to the Company once such amounts have been deposited in any fund or account related to the foregoing.

(iii) The Prior Gillette Bond Fund created for the Prior Gillette Bonds has been depleted at least once each year except for carryover amounts which have not exceeded either one year's earnings on such fund or 1/12th of annual debt service on the Prior Gillette Bonds. Moneys deposited in the Prior Gillette Bond Fund have been expended to pay debt service on the Prior Gillette Bonds within 13 months from the date of such deposit.

(iv) At the time the Prior Gillette Bonds were issued, the Company reasonably expected that all of the proceeds of such issue (including investment proceeds) would be spent within 90 days of the date of issuance of the Prior Gillette Bonds, and such proceeds were so spent. No more than fifty percent of the proceeds of the Prior Gillette Bonds was invested in investments having a yield that was substantially guaranteed for four years or more.

(b) (i) The Series 1984 Bonds were issued on August 29, 1984, pursuant to an Indenture of Trust dated as of August 1, 1984 (the "*Series 1984 Indenture*") from the City of Gillette, Wyoming to Norwest Bank Minneapolis, N.A., as trustee (the "*Series 1984 Trustee*").

The Company had incurred a commitment for costs with respect to the portion of the Project financed with the proceeds of the Series 1984 Bonds in excess of \$100,000 prior to the date on which the Series 1984 Bonds were issued. The proceeds of the Series 1984 Bonds, net of underwriting discount and exclusive of accrued interest, were deposited in the construction fund established in connection with the issuance of the Series 1984 Bonds. Accrued interest received at the time of issuance of the Series 1984 Bonds was used to pay a portion of the first interest due thereon. The Company completed construction of the portion of the Projects financed with the proceeds of the Series 1984 Bonds on January 12, 1987. At least ninety percent (90%) of the actual amount of proceeds expended was used to provide such portion of the Projects. Following completion of such portion of the Projects, unspent proceeds of the Series 1984 Bonds were

invested at a yield not in excess of the yield on the Series 1984 Bonds and were used to redeem the Series 1984 Bonds in an aggregate principal amount of \$3,800,000 on February 1, 1987, the earliest possible call date on which the redemption of such Series 1984 Bonds did not involve the payment of a call premium or penalty. The remaining outstanding Series 1984 Bonds were redeemed with the proceeds of the Prior Gillette Bonds on August 1, 1994.

(ii) As of August 29, 1984, the Company reasonably expected that 85 percent of the proceeds (other than amounts, if any, in a debt service reserve fund) of the Series 1984 Bonds would be expended by August 29, 1987. Except as described in this Section 2.3(b)(i), on or before August 29, 1987, all proceeds of the Series 1984 Bonds (including, but not limited to, investment proceeds) were completely spent, and after such date no additional proceeds were created or arose with respect to the Series 1984 Bonds or any credit enhancement or liquidity device relating to any of the foregoing. No amounts have been returned to the Company once such amounts have been deposited in any fund or account created under the Series 1984 Indenture. In addition, not more than 50 percent of the proceeds of the Series 1984 Bonds were invested in investments having a substantially guaranteed yield for four years or more.

(iii) As of the date hereof, no money or property of any kind (including cash) is on deposit in any fund or account, regardless of where held or the source thereof, with respect to the Series 1984 Bonds or any loan agreement, security agreement or note related to the Series 1984 Bonds, or any credit enhancement or liquidity device relating to any of the foregoing.

(iv) The bond fund created for the Series 1984 Bonds (the "*Series 1984 Bond Fund*") was used to pay principal and interest on the Series 1984 Bonds and was used primarily to achieve a proper matching of revenues with debt service payments in each bond year. The Series 1984 Bond Fund was depleted at least once each year except for carryover amounts which have not exceeded either one year's earnings on such fund or 1/12th of annual debt service on the Series 1984 Bonds. Moneys deposited in the Series 1984 Bond Fund were expended to pay debt service on the Series 1984 Bonds within 13 months from the date of deposit in the Series 1984 Bond Fund. All earnings on the Series 1984 Bond Fund were spent within one year of receipt by the Series 1984 Trustee.

Section 2.4. Prior Issuer Bonds. (a)(i) The Prior Issuer Bonds were issued on June 23, 1992, pursuant to the Prior Issuer Indenture, to refund the Series 1997A Bonds. The Prior Issuer Bonds were originally issued in the aggregate principal amount totaling \$1,550,000, all of which are currently outstanding.

(ii) Immediately prior to Closing, no money or property of any kind (including cash) was on deposit in any fund or account, regardless of where held or the source thereof, with respect to any of the Prior Issuer Bonds or any loan agreement, security agreement or note related to any of the Prior Issuer Bonds, or any credit enhancement or liquidity device relating to any of the foregoing. No amounts have been returned to the Company once such amounts have been deposited in any fund or account related to the foregoing.

(iii) The Prior Issuer Bond Fund created for the Prior Issuer Bonds has been depleted at least once each year except for carryover amounts which have not exceeded either one year's

earnings on such fund or 1/12th of annual debt service on the Prior Issuer Bonds. Moneys deposited in the Prior Issuer Bond Fund have been expended to pay debt service on the Prior Issuer Bonds within 13 months from the date of such deposit.

(iv) At the time the Prior Issuer Bonds were issued, the Company reasonably expected that all of the proceeds of such issue (including investment proceeds) would be spent within 90 days of the date of issuance of the Prior Issuer Bonds, and such proceeds were so spent. No more than fifty percent of the proceeds of the Prior Issuer Bonds was invested in investments having a yield that was substantially guaranteed for four years or more.

(b)(i) The Series 1977A Bonds were issued on June 15, 1977 pursuant to an Indenture of Trust dated as of June 1, 1977 (the "*Series 1977 Indenture*") from the Issuer to the Northwestern National Bank of Minneapolis, as trustee (the "*Series 1977A Trustee*"). The Series 1977A Bonds were redeemed with the proceeds of the Prior Issuer Bonds on July 31, 1992.

The proceeds of the Series 1977A Bonds, net of underwriting discount and exclusive of accrued interest, were deposited in the construction fund established in connection with the issuance of the Series 1977A Bonds. Accrued interest received at the time of issuance of the Series 1977A Bonds was used to pay a portion of the first interest due thereon. The Company completed construction of the portion of the Projects financed with the proceeds of the Series 1977A Bonds during October of 1977.

(ii) Immediately prior to the Closing, no money or property of any kind (including cash) was on deposit in any fund or account, regardless of where held or the source thereof, with respect to any Series 1977A Bonds, or any credit enhancement or liquidity device related to any of the foregoing.

(iii) The bond fund created for the Series 1977A Bonds (the "*Series 1977A Bond Fund*") was used to pay principal and interest on the Series 1977A Bonds and was used primarily to achieve a proper matching of revenues with debt service payments in each bond year. The Series 1977A Bond Fund was depleted at least once each year except for carryover amounts which have not exceeded either one year's earnings on such fund on 1/12th of annual debt service on the Series 1977A Bonds. Moneys deposited in the Series 1977A Bond Fund were expended to pay debt service on the Series 1977A Bonds within 13 months from the date of deposit in the Series 1977A Bond Fund.

Section 2.5. Investment of Bond Proceeds. No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds. The principal purpose of the Bonds is to lower aggregate interest costs as compared to the Prior Bonds, not to exploit the difference between taxable and tax-exempt interest rates in the investment of Gross Proceeds.

Section 2.6. No Grants. None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

Section 2.7. Hedges. The Issuer and the Company each acknowledges that if either of them enters into a transaction or contract that modifies its risk with respect to interest rate movements, the transaction or contract may affect the Yield on the Bonds for arbitrage purposes.

Section 2.8. Payments to Related Persons. None of the Sale Proceeds or investment earnings thereon will be paid to the Issuer, the Company or any Related Person.

Section 2.9. Internal Revenue Service Audits. The Company represents that it has not been contacted by the Internal Revenue Service or any issuer of bonds, the proceeds of which were lent to the Company, regarding any examination of the Prior Bonds or any tax-exempt bonds issued for the benefit of the Company. The Issuer represents that it has not been contacted by the Internal Revenue Service regarding any examination of the Prior Bonds or any other tax-exempt bonds issued for the benefit of the Company.

ARTICLE III

USE OF PROCEEDS; DESCRIPTION OF FUNDS

Section 3.1. Use of Proceeds. (a) All of the Bond proceeds will be deposited with the Prior Trustee and deposited (i) in the amount of \$12,200,000 into the Prior Gillette Bond Fund and used for payment of the principal of the Prior Gillette Bonds on the Redemption Date and (ii) in the amount of \$1,550,000 into the Prior Issuer Bond Fund and used for payment of the principal of the Prior Issuer Bonds on the Redemption Date. The Company shall deposit with the Prior Trustee into each Prior Bond Fund all amounts necessary to pay the interest to accrue through such Redemption Date on the applicable issue of the Prior Bonds.

(b) The only fund and account created under the Indenture is the Bond Fund. No Sale Proceeds will be deposited into the Bond Fund.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Any available moneys remaining with the Trustee after redemption of the Prior Bonds shall be deposited in the Bond Fund to pay interest on the Bonds.

(e) Payments made by the Company under the Loan Agreement will be deposited in the Bond Fund when received by the Trustee and used to pay principal of and interest and premium, if any, on the Bonds, as provided in the Indenture.

(f) Payments of Costs of Issuance will be paid from sources other than Sale Proceeds of the Bonds.

Section 3.2. Purpose of Bond Fund. The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carryover amount not to exceed the greater of (a) the earnings on the investment

of moneys in such Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

Section 3.3. No Other Gross Proceeds. (a) Except as identified on *Exhibit B* hereto, after the issuance of the Bonds, neither the Issuer nor the Company or any Related Person to either of them has or will have any property, including cash or securities that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds;

(iii) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(iv) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or the obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the Issuer, the Company or any Related Person to either of them encounters financial difficulties;

(v) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Bondholders or any credit enhancement provider, including any liquidity device or negative pledge (any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of an Owner or a guarantor of the Bonds); or

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes or similar arrangement exists with respect to, in any way, the Bonds, the Loan Agreement or any credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds because the weighted average maturity of the Bonds does not exceed 120 percent of the average reasonably expected economic life of the Projects as evidenced in the Project Certificate.

ARTICLE IV

ARBITRAGE REBATE; RECORD KEEPING; INVESTMENT DIRECTION

Section 4.1. Compliance with Rebate Provisions. The Company covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The Company will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law. Such payments shall be made only out of amounts available under the Indenture or otherwise provided by the Company. The Issuer hereby agrees to cooperate with the Company (at the expense of the Company, including reasonable fees of counsel to the Issuer) in complying with the Rebate Provisions, including, without limitation, making any appropriate filings requested by the Company. Bond Counsel has provided a memorandum attached hereto as *Exhibit D* concerning the principles set forth in the Regulations regarding rebate.

Section 4.2. Records. The Trustee (with respect to amounts held under the Indenture) and the Company agree to keep and retain or cause to be kept and retained, until six years after the Bonds and the Related Bonds are paid in full, adequate records with respect to the investment of all Gross Proceeds. Such records shall include:

- (a) purchase price;
- (b) purchase date;
- (c) type of investment;
- (d) accrued interest paid;
- (e) interest rate;
- (f) principal amount;
- (g) maturity date;
- (h) interest payment date;
- (i) date of liquidation; and
- (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond and Related Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond and Related Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

Section 4.3. Fair Market Value; Certificates of Deposit and Investment Agreements. The Company will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Tax Agreement and the Indenture. The Company shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States Treasury. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if:

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review others bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds or the Related Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Company or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the Company, on behalf of the Issuer, will retain the following records with its bond documents until three years after the Bonds and the Related Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under paragraph (b)(xi) of this Section;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing

seller in a bona fide, arm's-length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

The Company (and the Trustee, to the extent of any investment discretion) agrees that an investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's-length and had the rebate or Yield restriction requirements not been relevant to the Company. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this Section 4.3.

The foregoing provisions of this Section 4.3 satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this Section 4.3 are contained herein for the protection of the Company, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The Company will contact Bond Counsel if it does not wish to comply with the provisions of this Section 4.3 and forego the protection provided by the safe harbors provided herein. Modifications to this Tax Agreement can be made in accordance with Section 6.7 hereof.

Section 4.4. Rebate Fund. The Issuer is hereby authorized to create and establish, if the Issuer or the Trustee deem it necessary, a special fund under the Indenture to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with the Indenture and this Tax Agreement. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the Bondholders. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Tax Agreement.

In addition to the amounts provided in this Tax Agreement, the Company hereby agrees to pay to the Trustee for deposit in the Rebate Fund for payment to the United States any amount which under the Regulations must be deposited in the Rebate Fund for payment to the United States with respect to the Bonds, but which is not available under the Indenture for transfer to the Rebate Fund for payment to the United States.

Section 4.5. Arbitrage Rebate Consultant. The Company shall, within 14 days prior to the end of each fifth Bond Year and within 14 days prior to the payment in full of all Bonds, retain a person responsible for performing rebate calculations that may be required from time to time (an "*Arbitrage Rebate Consultant*") to calculate and furnish to the Trustee in writing the amount of accrued arbitrage rebate liability as of the end of that fifth Bond Year or the date of such payment in full. The costs and all expenses of the Arbitrage Rebate Consultant are the sole responsibility of the Company. Notwithstanding the foregoing, such calculations shall not be required to be made if the Arbitrage Rebate Consultant or Bond Counsel delivers an opinion to the Issuer, the Company and the Trustee to the effect that the calculations described in this Section 4.5 are no longer required.

The Trustee agrees to maintain and furnish the Arbitrage Rebate Consultant with all such information and data as the Arbitrage Rebate Consultant shall reasonably require to make the calculations described in this Section within 45 days after the Arbitrage Rebate Consultant is retained by the Company. The Trustee shall also notify the Company and the Issuer in writing of the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the accrued arbitrage rebate liability, then the Trustee shall forthwith pay that excess amount to the Company. If the amount then on deposit in the Rebate Fund is less than the accrued arbitrage rebate liability, then the Company shall, within ten days after receipt of the aforesaid notice from the Trustee, pay to the Trustee for deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the accrued arbitrage rebate liability. With 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee, acting on behalf of the Issuer and the Company, shall pay to the United States of America in accordance with Section 148(f) of the Code from moneys then on deposit in the Rebate Fund an amount at least equal to the amount required to be paid to comply with the Rebate Provisions. Within 60 days after the payment in full of all Outstanding Bonds, the Trustee shall pay to the United States of America in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount at least equal to the amount required to be paid to comply with the Rebate Provisions and any moneys remaining in the Rebate Fund following such payment shall be immediately paid to the Company.

The Trustee and the Issuer shall be entitled conclusively to rely on the calculations and directions of the Arbitrage Rebate Consultant made pursuant to this Section and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations and directions.

The Trustee shall maintain a record of any investments of Gross Proceeds held by the Trustee, including without limitation investments of amounts held in the Bond Fund and the Project Fund, as described in Section 4.3.

The Trustee shall obtain and keep such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code. Notwithstanding the foregoing, the Trustee shall keep such records at least until six years following the final payment or maturity of all Bonds.

Section 4.6. Arbitrage Elections. Attached hereto as *Exhibit E* is a schedule of elections regarding certain matters with respect to arbitrage executed by the Issuer on the date hereof. The elections made by the Issuer on *Exhibit E* are incorporated by reference as if made herein.

ARTICLE V

YIELD AND INVESTMENT LIMITATIONS

Section 5.1. Issue Price. The Purchaser has certified, *inter alia*, in the Certificate of the Purchaser in the form set forth as *Exhibit A*, that the first offering price at which it sold all of the Bonds is par.

Section 5.2. Yield Limits. Except as provided in paragraphs (a) or (b) all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds.

(a) Amounts on deposit in the Bond Fund that have not been on deposit under the Indenture for more than 13 months, so long as the Bond Fund continues to meet the requirements described in Section 3.2 hereof.

(b) The following may be invested without Yield restriction:

(i) amounts invested in Qualified Tax-Exempt Obligations (to the extent permitted by the Indenture);

(ii) an amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(iii) amounts held by the Trustee until the earlier of the date the Prior Bonds are redeemed or 90 days from the date hereof;

(iv) amounts in the Rebate Fund; and

(v) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds.

Section 5.3. Yield Limits on Prior Bonds. Except for an amount not to exceed the lesser of \$100,000 or five percent of Prior Bond Proceeds, the Company acknowledges that all Prior Bond Proceeds must be invested at market prices and at a Yield not in excess of the Yield on the Prior Bonds.

Section 5.4. Continuing Nature of Yield Limits. Except as provided in Section 6.7, once moneys are subject to the Yield limits of Section 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

Section 5.5. Yield on the Loan Agreement. Payments of loan repayments under the Loan Agreement will be due on not later than the day and in the same amount as payments are due on the Bonds. The earnings and profits of any temporary investments of amounts held under the Indenture, if any, will accrue to the Company, not to the Issuer. The Yield on the Loan Agreement does not exceed the Yield on the Bonds by more than one-eighth of one percent.

Section 5.6. Other Payments Relating to the Bonds. Except for (a) the payments under the Loan Agreement as described above, (b) Costs of Issuance relating to the Bonds, including Purchaser's compensation and (c) fees and expenses of the Trustee, no consideration, in cash or in kind, is being or will be paid by any Person to any Person in connection with or relating to issuing, carrying or redeeming the Bonds or issuing, carrying or repaying the Company's obligations under the Loan .

Section 5.7. Federal Guarantees. Except for investments meeting the requirements of Section 5.2(a) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). No portion of the payment of principal of or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). This Section 5.7 does not apply to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

Section 5.8 Investments After the Expiration of Temporary Periods, Etc. Any amounts that are subject to the yield limitation in Section 5.2 because Section 5.2(a) is not applicable and amounts not subject to yield restriction only because they are described in Section 5.2(b) cannot be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code) or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips).

ARTICLE VI

MISCELLANEOUS

Section 6.1. Project Certificate. (a) The Company covenants that it will take all actions within its control that may be necessary to cause all representations and covenants in the Project Certificate with respect to future events to be true.

(b) The Company acknowledges that, because interest on the Bonds is excludible from gross income for federal income tax purposes, certain consequences and special rules may result to the Company with respect to federal income taxation of the Company. These consequences may include the required use of the alternative depreciation system for tax-exempt bond financed property under Section 168(g)(5) of the Code and the loss of the deductibility of interest paid with respect to the Bonds upon a "change in use" under Section 150(b) of the Code. The Company acknowledges that Chapman and Cutler LLP was not retained to advise and has no responsibility to advise the Company with respect to any of such consequences. The Company will consult with its tax advisors with respect to such matters.

(c) The Issuer and the Company each recognize that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer and the Company each agree that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 6.2. Termination. This Tax Agreement shall terminate at the later of (a) 75 days after the Bonds and the Related Bonds have been fully paid and retired or (b) the date on which any payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of Section 4.2 hereof shall not terminate until the sixth anniversary of the date the Bonds and the Related Bonds are fully paid and retired and the provisions of Section 4.3 hereof shall not terminate until the third anniversary of the date the Bonds and the Related Bonds are fully paid and retired.

Section 6.3. IRS Form 8038. The information contained in the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038 attached hereto as *Exhibit C*, is true and complete. The Company will file, on behalf of the Issuer, Form 8038 (and all other required information reporting forms) in a timely manner.

Section 6.4. No Common Plan of Financing; Related Bonds. (a) Except for the Related Bonds, neither the Issuer nor the Company or any Related Person to either of them has sold or delivered any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Except for the Related Bonds, neither the Issuer nor the Company nor any Related Person to either of them will sell or deliver within 15 days after the date hereof any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. The Bonds are not secured by a pledge of the Issuer's full faith and credit (or substantially similar pledges).

(b) The Issuer and the Company will treat the Bonds and the Related Bonds as separate issues under Section 1.150-1(c)(3) of the Regulations for the federal income tax purposes covered by that section of the Regulations. The issuer of the Related Bonds has elected the same treatment in the tax documents relating to the issuance of the Related Bonds. The Company represents, based on the opinion of bond counsel with respect to the Related Bonds, that interest on the Related Bonds is and will remain excluded from gross income for federal income tax purposes. The Company will comply with all covenants required to maintain such exclusion. The Company covenants that it will not take any action, omit to take any action, or permit the taking of any action within its control if taking, permitting or omitting to take such action would cause interest on the Bonds or the Related Bonds to be included in the gross income of the recipients thereof for federal income tax purposes.

Section 6.5. Sale of the Projects. No portion of the Projects (other than personal property or fixtures which was expected to be sold, traded in or discarded upon wearing out or becoming obsolete) was, on the date the Prior Bonds were issued, expected to be sold or otherwise disposed of in whole or in part prior to the last maturity of the Prior Bonds.

Section 6.6. Future Events. The Company acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and agrees to promptly contact Bond Counsel if such changes occur.

Section 6.7. Permitted Changes; Opinion of Bond Counsel. The Yield restrictions contained in Section 5.2 or any other restriction or covenant contained herein need not be observed or may be changed if the Issuer, the Trustee and the Company receive an opinion of Bond Counsel to the effect that such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled.

Section 6.8. Public Approval. A notice of public hearing (the "Notice") was published in one or more newspapers of general circulation throughout the Issuer's jurisdiction (including in the location of the Project). At least fourteen days after the publication of the Notice a public hearing (the "Public Hearing") was held at the time and place specified in the Notice. The Public Hearing provided a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the Bonds and the location and nature of the Project. After the Public Hearing, the Board of Commissioners of the Issuer approved the issuance of the Bonds. The Projects are and will be located at the locations set forth in the Notice, which are within the jurisdiction of the Issuer, and are and will be as described in the Notice. The following items relating to the approval of the Bonds are contained elsewhere in the transcript of the issuance of the Bonds:

DESCRIPTION	TRANSCRIPT
(i) Minutes of the Public Hearing	Item __
(ii) Publisher's Affidavit (including the form of "Notice of Public Hearing")	Item __
(iii) Approval	Item __

Section 6.9. Registered Form. The Issuer and the Company each recognize that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer and the Company each agree that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 6.10. Records. The Issuer will maintain sufficient records to demonstrate compliance with all covenants set forth herein. Such records will be maintained at least until the third anniversary of the payment in full of the Bonds.

Section 6.11. Severability. If any clause, provision or section of this Tax Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, sections or provisions hereof.

Section 6.12. Counterparts. This Tax Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.13. Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto shall be deemed given on the date on which the same shall have been mailed to the addresses and by the methods set forth in the Indenture.

Section 6.14. Successors and Assigns. The terms, provisions, covenants and conditions of this Tax Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties to this Tax Agreement.

Section 6.15. Headings. The headings of this Tax Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Tax Agreement.

Section 6.16. Governing Law. This Tax Agreement shall be governed by and construed in accordance with the laws of the State of Wyoming.

Section 6.17. Expectations. The Issuer and the Company have reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds presented by the Company and others. Such facts, estimates and circumstances, together with the expectations of the Issuer and the Company as to future events, are set forth in summary form in this Tax Agreement. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein and in the Project Certificate, the undersigned have adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Sale Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations. To the extent the Issuer is relying on the representations, expectations and covenants of the Company, it is reasonable and prudent for the Issuer to do so.

DATED: October __, 2004

CAMPBELL COUNTY, WYOMING

By _____
Chairman

BLACK HILLS POWER, INC.

By _____
Treasurer

WELLS FARGO BANK, N.A., as Trustee

By _____
Its _____

EXHIBIT A

CERTIFICATE OF PURCHASER

The undersigned is an officer of LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc. (the "Purchaser") and as such and on behalf of itself and Wells Fargo Brokerage Services, LLC, hereby certifies as follows:

1. The Purchaser, Black Hills Power, Inc. and Campbell County, Wyoming (the "Issuer") have executed a [Purchase Contract] on _____, 2004 (the "Sale Date") in connection with the issuance by the Issuer of the \$13,750,000 Campbell County, Wyoming Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project). Such agreement has not been modified since its execution on the Sale Date.

2. The Purchaser hereby confirms that the first price at which at least ten percent of the principal amount of each maturity of the Bonds have been sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is equal to the prices as shown on attached *Appendix A*.

3. All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those referred to in paragraph 2. Based upon our assessment of the market conditions prevailing on the Sale Date, such prices are not less than the fair market value of each Bond as of the Sale Date.

4. None of the proceeds of the Bonds is being or will be used to pay fees of the Purchaser in connection with the initial sale of the Bonds.

5. The Purchaser hereby confirms that the weighted average maturity of the Bonds is not greater than _____ years.

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement, to which this Certificate is attached.

Dated: October __, 2004

LASALLE CAPITAL MARKETS, A DIVISION OF
ABN AMRO FINANCIAL SERVICES, INC.

By _____
Vice President

APPENDIX A

TO CERTIFICATE OF PURCHASER

Re: **Campbell County, Wyoming**
Pollution Control Refunding Revenue
Bonds Series 2004 (Black Hills Power, Inc. Project)

The Bonds are dated October 1, 2004, and are due on the dates, in the amounts, bearing interest at the rates, and first offered to the public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

<u>DATE</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>OFFERING PRICE (%)</u>	<u>OFFERING PRICE (\$)</u>
October 1, 2014	\$ 1,500,000			
October 1, 2024	<u>12,200,000</u>			_____
Total	<u>\$13,750,000</u>			=====

EXHIBIT B

GROSS PROCEEDS*

Bond Fund.

Sale Proceeds and earnings thereon until used to redeem the Prior Bonds.

* If, contrary to the expectations described in the Tax Agreement, moneys or investments are pledged or otherwise set aside for payment of principal of or interest on the Bonds, any amounts are derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (e.g., a redemption right) or the Issuer or the Company enters into any agreement to maintain certain levels of types of assets for the benefit of a holder of a Bond or any credit enhancement with respect to the Bonds, such amounts may also constitute gross proceeds.

EXHIBIT C

FORM 8038

This document was delivered as Item __ of the Closing Transcript.

MEMORANDUM

EXHIBIT D

TO: Campbell County, Wyoming
Black Hills Power, Inc.
Wells Fargo Bank, N.A., as trustee

DATE: [Date], 2004

Re: Campbell County, Wyoming
Pollution Control Refunding Revenue Bonds Series 2004
(Black Hills Power, Inc. Projects)

We have acted as Bond Counsel in connection with the issuance on this date of the Bonds. In a Tax Exemption Certificate and Agreement delivered by you on this date (the "*Tax Agreement*"), you have agreed to comply with the arbitrage rebate requirements (or, in the case of Wells Fargo Bank, N.A., certain of such requirements) of Section 148 of the Internal Revenue Code of 1986. The purpose of this memorandum is to set out generally the rules that you must follow to comply with the Tax Agreement. This letter does not describe how to compute the amount to be rebated to the United States, and due to the complexity involved, the computation will, in all likelihood, require consultation with an expert.

The Internal Revenue Service has issued regulations relating to arbitrage and rebate matters. This memorandum is based upon these regulations, which are subject to change in the future. Such changes may require future recalculation of rebate amounts. For these reasons, it is very important for you and your tax advisors to keep abreast of developments in this area.

The following advice is based on factual information contained in the Tax Agreement. If the facts or expectations stated therein change, please call us to determine whether this results in a change in the following rules. Please note that the rules governing permissible Yield on investments set forth in the Tax Agreement are in addition to the rebate rules and, although you might be allowed to earn a Yield in excess of Bond Yield under the Yield rules, such excess may still be required to be rebated. In some cases, the payment of rebate may assist in compliance with the Yield restriction requirements. Thus, rebate compliance and Yield restriction compliance may operate together rather than independently. In any case, rebate compliance is essential to the maintenance of tax exemption even if no amounts are subject to Yield restriction. Terms not defined herein shall have the meanings set forth in the Tax Agreement.

Single Issue. For many federal income tax purposes, including arbitrage and rebate, the Bonds and the Related Bonds (collectively, the "*Series 2004 Bonds*") are treated as a single

issue. Accordingly, all calculations with respect to rebate must be done for the Series 2004 Bonds on a composite basis.

General Rule. Except in the case of certain exceptions and elections as summarized below, every five years and at the final retirement of all of the Series 2004 Bonds you must compute and pay (as described below) to the United States the difference (the “*Excess Earnings*”) between the amount earned on all investments and reinvestments of “gross proceeds” (as listed on *Exhibit B* to the Tax Agreement) of the Series 2004 Bonds (“*Actual Earnings*”) and the amount that would have been earned if gross proceeds of the Series 2004 Bonds had been invested at Bond Yield (the “*Allowable Earnings*”). Earnings to be taken into account are *not* determined under normal tax accounting principles. In addition to taking into account earnings received (either actually or constructively), receipts with respect to investments that have not been liquidated are computed by assuming that such investments are, in essence, converted to cash as of each computation date (as such dates are described below). The “cash value” of investments determined in this manner is subject to many special rules. Under many circumstances, the “market value” of an investment may be used. The application of these rules is complex and requires a comprehensive understanding of the rebate regulations.

To properly plan for the eventual payment of rebate to the United States, we suggest that you make annual calculations estimating rebate liability. The Tax Agreement refers to a “rebate fund” into which you may also wish to deposit annual estimates of rebate liability so that the payment to the United States may be made from amounts set aside. Federal tax law does *not*, however, require such set asides. In any event, we strongly encourage you to make an annual estimate of the rebate liability. The calculations can be lengthy and often produce surprising results. Experience in operating our rebate calculation service indicates that the calculation is far more difficult as the period of time for which the calculation is being performed increases.

Phantom Income. With certain exceptions, amounts paid for administrative costs are not treated as increasing earnings for purposes of rebate calculations. Administrative costs that do not increase earnings are reasonable, direct administrative costs, other than carrying costs, and generally include brokerage commissions for the purchase of investment agreements (but only to the extent that the commission does not exceed certain limits provided in the Regulations) and separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody, and similar costs and expenses.

Computation Dates. Each calculation of Excess Earnings should be made as of a “Computation Date.” The Computation Date should be the same date in each calendar year (except that the final Computation Date should be the date on which all of the Bonds are actually retired). As indicated above, a Computation Date is required at least every five years. The first Computation Date must be on or before the fifth anniversary of the issuance of the Bonds. Each Computation Date, other than the final Computation Date, is the end of a bond year. A bond year ends on any date within one year of the issuance of the Bonds that you choose. If you do not choose an ending date for a bond year, it will be the anniversary date of the issuance of the Bonds.

Excess Earnings on a fixed Yield issue are determined by comparing Actual Earnings as of a Computation Date with Allowable Earnings as of the same date. Allowable Earnings are based on the Bond Yield as of such Computation Date. Bond Yield may change, but for reasons described below under “Bond Yield” it is unlikely to change over the life of the Bonds. If Bond Yield decreases as of a particular Computation Date, rebate (or additional rebate) may be due with respect to investments that have previously matured and the proceeds thereof spent.

Except as provided below, on a variable Yield issue, Excess Earnings are computed for the period of time between Computation Dates (or from the date of issue of the Bonds in the case of the first Computation Date) by calculating Allowable Earnings based on Bond Yield for that period of time and comparing it with Actual Earnings for the same period. Once calculated for each such period, rebate for that period cannot change—*i.e.*, a snapshot for that period is taken and it never changes. Prior to the first date on which a rebate payment is required, you may choose to treat the end of any bond year as a computation date for purposes of the snapshot approach.

Bond Yield. For fixed Yield issues, generally Bond Yield is calculated based upon expected payments of principal of and interest on the Series 2004 Bonds (including amounts treated as interest). Bond Yield on a fixed Yield issue is generally not required to be recalculated after the date of issuance except under certain limited circumstances. Generally, recomputation is required upon changes in hedging transactions (*e.g.*, purchase or termination of a swap or cap agreement associated with the Series 2004 Bonds) or the transfer of rights associated with the Series 2004 Bonds (*e.g.*, sale of a call option). The actual rules for computing Bond Yield are quite complex, and if Bond Yield must be calculated or recalculated, an expert should be consulted.

For variable Yield issues, as discussed above, Bond Yield is computed as of each Computation Date for the period from the prior Computation Date (or from the date of issue of the Bonds in the case of the first Computation Date) to the current Computation Date, and it is based upon (a) the actual payments of principal and interest on the Series 2004 Bonds (including amounts treated as interest) and (b) the assumed receipt on such date of an amount equal to the value of the outstanding Series 2004 Bonds. As with the calculation of Yield on a fixed Yield issue, the actual rules for computing Bond Yield are quite complex and an expert should be consulted.

Generally, upon conversion of a variable Yield issue to a fixed Yield issue the Yield on the issue after the conversion date will be calculated under the fixed Yield rules discussed above. Certain special rules and elections apply upon such a conversion and an expert should be consulted.

For variable Yield issues, you may select the computation dates, using all information available, so as to minimize rebate liability. Such selection may be made up to the first required payment date (generally five years after the date of issue). Periods as short as one year or as long as five years may be selected. Following the selection, all subsequent periods must be one-year or five-year periods. Use of shorter periods does not accelerate rebate liability.

Gross Proceeds. Based upon the facts and expectations presented in the Tax Agreement, the gross proceeds of the Series 2004 Bonds are all moneys and investments in the funds and accounts (regardless of where held) listed on *Exhibit B* to the Tax Agreement and all gross proceeds of the Related Bonds. If, contrary to the expectations described in the Tax Agreement, moneys or investments are pledged or otherwise set aside for payment of principal of or interest on the Series 2004 Bonds, such amounts may also constitute gross proceeds.

Universal Cap. Gross proceeds will cease to be allocated to the Series 2004 Bonds (and will therefore be treated as if spent) to the extent that the amount of gross proceeds exceeds the outstanding amount of the Series 2004 Bonds (the "*Universal Cap*"). Although special rules are applicable in the case of discount bonds, the outstanding amount of bonds is roughly equal to the outstanding principal amount. Generally, but not always, the market value of investments is used to test the amount of gross proceeds. The Universal Cap may cause allocations on the second anniversary of the issue date and as of the first day of each bond year thereafter.

Commingled Funds. Funds allocated to two or more issues, or containing amounts that are not gross proceeds of the Series 2004 Bonds and amounts that are gross proceeds of the Series 2004 Bonds (including, for example, parity reserve funds) in which amounts are invested collectively without regard to source of funds must be treated as commingled funds. Investment earnings on commingled funds must be allocated to the gross proceeds of the Series 2004 Bonds according to a consistently applied reasonable ratable allocation method. Such method, for example, may be based on average daily balances. Investments in commingled funds must be valued annually to properly allocate unrealized gain or loss to the gross proceeds of the Series 2004 Bonds. This mark to market requirement will not apply if the weighted average maturity of all investments held in the commingled fund during a particular fiscal year does not exceed 18 months and does not apply to commingled debt service and debt service reserve funds.

Bona Fide Debt Service Fund Exception to the General Rule. Based upon the information in the Tax Agreement, the Bond Fund is a bona fide debt service fund. If earnings in the Bond Fund and any bona fide debt service fund for the Related Bonds, in the aggregate, in a bond year (as described above under "*Computation Dates*") are less than \$100,000, they will not be subject to the rebate requirement and you may keep such earnings for that year. If during such period earnings in the Bond Fund are \$100,000 or greater, all such earnings will be subject to rebate. However, if the average annual debt service on the Bonds is no more than \$2,500,000, then you may treat the Bond Fund as satisfying the \$100,000 limitation in each bond year. In addition, the Bond Fund will be exempt from rebate if it qualifies as a bona fide debt service fund and one of the spending exceptions described below is satisfied. To the extent that the Bond Fund ceases to be a "bona fide debt service fund" as described in Section 3.2 of the Tax Agreement, some Bond Fund moneys may be subject to the rebate requirement.

Qualified Tax-Exempt Obligation Exception to the General Rule. To the extent that any gross proceeds are invested in Qualified Tax-Exempt Obligations (as defined in Article I of the Tax Agreement), the earnings thereon would not be considered when calculating Excess Earnings. To the extent that 100% of gross proceeds are continually invested in Qualified Tax-Exempt Obligations, there would be no rebate requirement.

Investment of Rebate Fund and Other Funds. Investments of moneys in the Rebate Fund and any other fund must be made in arm's-length transactions in a manner that does not reduce the amount to be rebated to the United States. Investment decisions (other than the decision to invest in Qualified Tax-Exempt Obligations to avoid rebate) must be made on the basis of normal investment criteria of safety, Yield, and when the money will be needed. All interest rates and Yields must be market rates and Yields. Money must not be allowed to remain uninvested except for small amounts or for short periods of time, as provided in Section 4.4 of the Tax Agreement. Specific rules exist for certificates of deposit and investment agreements (including repurchase agreements) as set forth in Section 4.4 of the Tax Agreement.

Rebate Payments. Within 60 days after the Computation Date that is the end of the fifth bond year and every fifth bond year thereafter, at least 90% of the Excess Earnings and all earnings on the Excess Earnings (net of an appropriate credit depending on whether unexpended gross proceeds continue to exist) must be paid to the United States. Within 60 days of final payment of all principal and interest on the Series 2004 Bonds to the owners of the Series 2004 Bonds, all Excess Earnings and all earnings on the Excess Earnings (net of the credit) must be paid to the United States. All payments to the United States must be mailed to the address provided in the instructions to Form 8038-T or such other form specified by the Internal Revenue Service. Form 8038-T or such other form specified by the Internal Revenue Service must be signed by the Issuer.

EXHIBIT E

SCHEDULE OF ELECTIONS

With regard to the Bonds, the Issuer hereby makes the elections indicated below with an "X," Any election below that has not been marked with an "X" has *not* been made:

A. Waiver of Program Investment Treatment

The Issuer hereby waives under Treas. Reg. Section 1.148-1(b) the characterization of its purpose investment as a qualified program investment. *This waiver may be made at any time.*

B. Election to Waive Temporary Periods or Reasonably Required Reserve or Replacement Fund

The Issuer hereby waives under Treas. Reg. Section 1.148-2(h) or Treas. Reg. Section 1.148-9(g) its right to invest *amounts* in the following funds or accounts in higher yielding investments:

This waiver applies to any exceptions to Yield restriction that might otherwise apply to such amounts for a temporary period or as part of a reasonably required reserve fund. *This election is being made on or before the issue date of the Bonds.*

C. Waiver of Minor Portion

The Issuer hereby waives under Treas. Reg. Section 1.148-2(h) or Treas. Reg. Section 1.148-9(g) described below its right to invest amounts in the funds or accounts described below in higher yielding investments as a result of any available minor portion.

This waiver may be made at any time.

D. Election to Treat Portions of the Issue Separately

The Issuer hereby elects under Section 148(f)(4)(C)(v) of the Internal Revenue Code of 1986 (the "Code"), and Treas. Reg. Section 1.148-7(j)(1) to treat a portion of the issue (the "Construction Portion") with an issue price of \$_____ (which portion contains 100 percent of the Bonds to be used for construction expenditures, plus an amount for non-construction expenditures, not to exceed 25 percent of the entire Construction Portion, with respect to property owned by a governmental unit or a Section 501(c)(3) organization and the entire remaining portion of the Bonds (other than any portion of the Bonds being used for refunding purposes) as separate issues for purposes of Section 148(f)(4)(C) of the Code and Treas. Reg. Section 1.148-7(e). The Issuer reasonably expects, as of this date, that the construction portion will finance all of the construction expenditures to be financed by the Bonds. *This election is being made on or before the issue date of the Bonds.*

E. Election to Rebate on Earnings on Reserve

The Issuer hereby elects under Section 148(f)(4)(C)(vi)(IV) of the Internal Revenue Code of 1986 (the "Code"), and Treas. Reg. Section 1.148-7(i)(2) to exclude from available construction proceeds earnings on the _____ (a reasonably required reserve or replacement fund) and apply the rebate requirements of Section 148(f)(2) of the Code to such earnings. *This election is being made on or before the issue date of the Bonds.*

F. Election-Out of Reasonable Expectations

The Issuer hereby elects under Treas. Reg. Section 1.148-7(f)(2) to apply the provisions of Treas. Reg. Sections 1.148-7(e) through 1.148-7(m), relating to the two-year construction expenditure rule based on actual facts rather than based on the Issuer's reasonable expenditures. *This election is being made on or before the issue date of the Bonds (except in the case of certain in pooled financings).*

G. Election to Pay Penalty Instead of Rebate (the "1.5 Percent Penalty")

The Issuer hereby irrevocably elects under Section 148(f)(4)(C)(vii) of the Internal Revenue Code of 1986, and Treas. Reg. Section 1.148-7(k) to pay a 1.5 Percent Penalty in lieu of rebate. *This election is being made on or before the issue date of the Bonds (except in the case of certain pooled financings).*

H. Election to Terminate 1.5 Percent Penalty After the End of the Initial Temporary Period

Under Section 148(f)(4)(C)(viii) of the Internal Revenue Code of 1986 (the "Code"), and Treas. Reg. Section 1.148-7(l)(1), the Issuer hereby irrevocably elects to terminate (and pay a three percent penalty in lieu thereof) the 1.5 Percent Penalty previously elected under Section 148(f)(4)(C)(vii) of the Code and Treas. Reg. Section 1.148-7(k). *This election is being made not later than 90 days after the earlier of the end of the initial temporary period or the date on which construction is substantially completed.*

I. Election to Terminate the 1.5 Percent Penalty Before the End of the Initial Temporary Period

Under Section 148(f)(4)(C)(ix) of the Internal Revenue Code of 1986 (the "Code"), and Treas. Reg. Section 1.148-7(1)(2), the Issuer hereby irrevocably elects to terminate (and pay the three percent penalty in lieu thereof) the 1.5 Percent Penalty previously elected under Section 148(f)(4)(C)(vii) of the Code and Treas. Reg. Section 1.148-7(k). The amount of available construction proceeds that will not be spent for the governmental purposes of the issue is equal to \$_____. *This election is being made before the close of the initial temporary period and not later than 90 days after construction was substantially completed.*

No Elections Made

[Authorized Representative of Issuer]

NEW ISSUES—BOOK-ENTRY ONLY

Subject to compliance by the applicable Issuer and the Company with certain covenants, in the opinion of Bond Counsel, under present law (i) interest on each series of the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond of a series for any period during which such Bond is owned by a person who is a substantial user of the applicable Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and (ii) interest on each series of the Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX EXEMPTION" herein for a more complete discussion.

\$18,650,000

Campbell County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004

(Black Hills Power, Inc. Project)
\$1,550,000; ___%; Due October 1, 2014
\$12,200,000; ___%; Due October 1, 2024

Pennington County, South Dakota
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)
\$2,050,000; ___%; Due October 1, 2014

Weston County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)
\$2,850,000; ___%; Due October 1, 2014

Dated: October 1, 2004

Due: October 1, as shown above

The proceeds of each issue of Bonds are to be used to provide a portion of the funds required to currently refund bonds issued to refund bonds originally issued to finance the costs of certain projects described herein. The Bonds of each issue are limited obligations of the Issuer thereof, payable solely from revenues derived under a separate Loan Agreement between such Issuer and

BLACK HILLS POWER, INC.

a South Dakota corporation (the "Company"). The Bonds will be issued as fully registered bonds in book-entry form and will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC").

The Bonds shall bear interest from their date at the respective rates per annum set forth above (computed on the basis of a 360-day year of twelve 30-day months) until the payment of principal. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year commencing April 1, 2005. The Bonds are subject to optional and mandatory redemption prior to their stated maturity as described herein.

Price: 100%
(Plus accrued interest from October 1, 2004)

The Bonds of each issue contain substantially identical terms and provisions as the Bonds of the other issues, but each issue of Bonds is entirely separate and distinct from the other issues (provided that the issues may be treated as a single issue for federal income tax purposes). A default with respect to any issue will not necessarily constitute or result in a default with respect to the other issues of Bonds; however, the same occurrence may constitute a default with respect to Bonds of more than one issue.

The Bonds are offered when, as and if issued, subject to certain conditions, including the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Company by Steven J. Helmers, Esq., General Counsel. Certain legal matters will be passed upon for each Issuer as described under "LEGAL MATTERS." Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. It is expected that delivery of the Bonds will take place through the facilities of DTC on or about _____, 2004.

**LASALLE CAPITAL MARKETS,
A Division of ABN AMRO FINANCIAL SERVICES, INC.**

_____, 2004

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The information contained in this Official Statement (which terms shall be deemed to include the cover page, the Table of Contents and the Appendices to this Official Statement) has been obtained from Black Hills Power, Inc. and (as to information relating only to each respective Issuer) the Issuers and other sources deemed reliable by the Underwriter. No representation or warranty is made as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or shall be relied on as, a promise or representation by the Underwriter. This Official Statement is delivered in connection with the sale of securities as referred to herein, and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and the delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No broker, dealer, salesperson or any other person has been authorized by the Issuers, the Company or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities, other than those described on the cover page, or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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APPENDIX A — Black Hills Power, Inc.

APPENDIX B — Form of Opinion of Bond Counsel

APPENDIX C — Form of Continuing Disclosure

Brief descriptions of the Bonds, the Loan Agreements and the Indentures are included herein. These descriptions do not purport to be definitive. A description of the Company is included in APPENDIX A and in the documents incorporated therein by reference. All references to the Loan Agreements and the Indentures are qualified by reference to such documents, and all references to the Bonds of each issue are qualified by reference to the information with respect to such Bonds included in the related Indenture. Copies of the forms of the Loan Agreements and the Indentures are available for inspection during the period of the initial offering at LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc., 181 West Madison, Suite 3200, Chicago, Illinois 60602-4510, Attention: Public Finance Department and thereafter at the principal corporate trust office of the Trustee.

THE ISSUERS

Weston County and Campbell County are political subdivisions duly organized and existing as counties under the Constitution and laws of the State of Wyoming. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, of the Wyoming Statutes (1977), as amended (the "*Wyoming Act*"), each is authorized to issue its Bonds to refund the related Prior Bonds and to enter into the related Loan Agreement and the related Indenture.

Pennington County is a political subdivision duly organized and existing as a county under the Constitution and laws of the State of South Dakota. Pursuant to Sections 9-54-1 to 9-54-12, inclusive, of the South Dakota Codified Laws, as amended (the "*South Dakota Act*"), Pennington County is authorized to issue its Bonds to refund the related Prior Bonds and to enter into the related Loan Agreement and the related Indenture.

The Wyoming Act and the South Dakota Act are each referred to herein as the "*Act*."

USE OF PROCEEDS

The proceeds of the Campbell Bonds will be used to refund within 90 days a like principal amount of Prior Bonds issued by (i) Campbell County to refund bonds originally issued to finance costs of pollution control facilities at the Neil Simpson Generating Station of the Company located within the boundaries of Campbell and (ii) the City of Gillette, Campbell County, Wyoming to finance the acquisition and improvements of the Company's undivided 20% interest in certain air and water pollution control facilities.

The proceeds of the Weston Bonds will be used to refund within 90 days a like principal amount of Prior Bonds issued by Weston County to refund bonds originally issued to finance costs of pollution control facilities at the Osage Generating Station of the Company located within the boundaries of Weston.

The proceeds of the Pennington Bonds will be used to refund within 90 days a like principal amount of Prior Bonds issued by Pennington County to refund bonds originally issued to finance costs of pollution control facilities at the Ben French Generating Station of the Company located within the boundaries of Pennington.

THE BONDS

Each issue of Bonds is separate and distinct from the other issue. A default under any issue will not necessarily constitute or result in a default under any other issue; however, the same occurrence may constitute a default with respect to more than one issue of Bonds. Each issue of the Bonds is separately secured by a pledge of payments by the Company pursuant to the corresponding Loan Agreement. The interest rate and redemption provisions described herein apply separately to each issue of Bonds and a redemption of any issue of Bonds will not necessarily affect any other issue. Each issue of the Bonds contains substantially the same terms and provisions and the following is a summary of certain provisions relating to each issue of Bonds. All references in this summary are, unless otherwise noted, applicable to the documents and the Bonds of each of the issues individually.

The Bonds will each be issued in the aggregate principal amounts set forth on the cover page of this Official Statement. The Bonds will be dated and will bear interest from October 1, 2004 and will mature, subject to prior redemption, on the dates set forth on the cover page. Principal of the Bonds will be payable at the principal office of the respective Trustee or any successor trustee. Bonds may be transferred or exchanged for Bonds of the same issue of authorized denominations at the principal corporate trust office of the Trustee, in each case without cost except for any tax or other governmental charge. See, "*BOOK-ENTRY SYSTEM*" below for a description of the initial book entry system applicable to the Bonds. The Bonds are issued solely in denominations of \$5,000 or integral multiples thereof.

Interest on the Bonds

The Bonds shall bear interest from their date at the rates set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months) until the payment of principal. The Bonds shall bear interest at such rates on overdue principal and, to the extent permitted by law, on overdue interest. Interest on the Bonds will be payable on the first days of April and October in each year, commencing April 1, 2005.

Interest payments shall be made to the registered owner as of the fifteenth day of the month immediately preceding each interest payment date (the "*Record Date*") by check or draft mailed to such registered owner at his registered address or at such other address as he may furnish to the Trustee on or prior to the Record Date or, at the written election of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the registered owner or by deposit into the account of the registered owner if such account is maintained by the Trustee. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

Security for the Bonds

The Bonds will be limited obligations of the Issuer payable, except to the extent payable from the proceeds from the sale of the Bonds and the investment thereof, solely from and secured by a pledge of (i) payments made by the Company pursuant to the Loan Agreement, and

any other amounts received thereunder (except for fees and expenses payable to the Issuer and the Issuer's right to indemnification in certain circumstances), and (ii) the income and profit from the investment of such payments and moneys. The Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State and do not constitute or give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The Loan Agreement provides that payments sufficient for the prompt payment when due of the principal of, and premium, if any, and interest on, the Bonds will be paid to the Trustee by the Company for the account of the Issuer.

The Project does not constitute any part of the security for the Bonds. The Issuer will pledge and assign to the Trustee, as security for the benefit of the owners of the Bonds, all right, title and interest in and to the Loan Agreement (except for certain rights of the Issuer to payments under the Loan Agreement for its own account and to notices, certificates, requests, requisitions or communications under the Agreement and certain rights and privileges related to indemnification and rights of access to the Project).

Redemption

Optional Redemption of Bonds. The Bonds of each issue maturing on October 1, 2014 are subject to redemption at the direction of the Company in whole or in part at any time, on or after October 1, 2009 (and then at the earliest practical date for which notice of redemption can be given by the Trustee), at a redemption price of par plus accrued interest to the Redemption Date.

Optional Redemption of Bonds. The Campbell County Bonds maturing on October 1, 2024 are also subject to redemption at the direction of the Company in whole or in part at any time, on or after October 1, 2014 (and then at the earliest practical date for which notice of redemption can be given by the Trustee), at the redemption prices (expressed as percentages of their principal amount) set forth in the table below plus accrued interest to the Redemption Date:

REDEMPTION DATES	REDEMPTION PRICES
October 1, 2014 to September 30, 2015	102%
October 1, 2015 to September 30, 2016	101%
From and after October 1, 2016	100%

Extraordinary Optional Redemption. The Bonds of each issue may be redeemed in whole at the option of the Company at a redemption price of 100% of the principal amount of the Bonds plus accrued interest to the redemption date on any date after the occurrence of either of the following:

- (a) All or substantially all of the related Project is damaged, destroyed, condemned or taken by eminent domain.
- (b) The operation of the related Project is enjoined or prevented or is otherwise prohibited by, or conflicts with, any order, decree, rule or regulation of any

court or federal, state or local regulatory body, administrative agency or other governmental body.

Mandatory Redemption on Determination of Taxability. The Bonds of each issue will be redeemed in whole (or in part as provided below) at a redemption price of 100% of the principal amount of Bonds redeemed plus accrued interest to the redemption date on any day within 180 days after the Company receives written notice from a registered owner or former registered owner or the Trustee of a final determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond of such issue (except to a "substantial user" of the related Project or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954) is or was includable in the gross income of the Bond's owner for federal income tax purposes. No such determination will be considered final unless the registered owner or former registered owner involved in the determination gives the Company and the Trustee prompt written notice of the commencement of the proceedings resulting in the determination and offers the Company, subject to the Company's agreeing to pay all expenses of the proceedings and to indemnify the registered owner against all liabilities that might result from it, the opportunity to control the defense of the proceedings and either the Company does not agree within 30 days to pay the expenses, indemnify the registered owner and control the defense or the Company exhausts or chooses not to exhaust available procedures to contest or obtain review of the result of the proceedings. Fewer than all the Bonds of an issue may be redeemed if redemption of fewer than all would result in the interest payable on the Bonds of such issue remaining outstanding being not includable in the gross income for federal income tax purposes of any owner other than a "substantial user" or "related person." If fewer than all Bonds of an issue are redeemed, the Trustee will select the Bonds to be redeemed by lot as provided in the Indenture or by such other method acceptable to the Trustee as may be specified in an Opinion of Tax Counsel (as defined in the Indenture).

Notice of Redemption. At least 30 days before each redemption date, the Trustee will mail a notice of redemption by first class mail to each registered owner of Bonds of such issue at the registered owner's registered address. If there is more than one registered owner of Bonds of an issue, notice shall also be sent to certain registered securities depositories and national information services. Failure to give any notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no failure occurs. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee. Any notice of redemption at the direction of the Company may state that the redemption is conditioned on receipt of moneys for such redemption by the Trustee prior to the redemption date; if such moneys are not received, the redemption of the Bonds for which notice was given shall not be made.

Effect of Notice of Redemption. When notice of redemption is given, Bonds called for redemption become due and payable on the redemption date at the applicable redemption price. In such case when funds are deposited with the Trustee sufficient for redemption, interest on the Bonds to be redeemed ceases to accrue as of the date of redemption.

BOOK-ENTRY SYSTEM

Information concerning The Depository Trust Company, New York, New York ("DTC") and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuers, the Underwriter or the Trustee.

Bonds in Book-Entry Form

Beneficial ownership in the Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry system (the "Book-Entry System") maintained by DTC. If the Bonds are taken out of the Book-Entry System and delivered to owners in physical form, as contemplated hereinafter under "Discontinuance of DTC Services," the following discussion will not apply.

DTC and Its Participants

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Series Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC

Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture or Loan Agreement. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those

Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, interest and redemption prices on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, the Company, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption prices to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting.

Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Indenture and the Company's obligations under the Loan Agreement, to the extent of the payments so made.

Neither the Issuer, the Underwriter, the Company nor the Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Bond including, without limitation, any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment of any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Bond or (iv) any consent given by DTC as registered owner.

Prior to any discontinuation of the book-entry only system described above, the Issuers and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption.

Discontinuance of DTC Services

DTC may discontinue providing its services as securities depository with respect to Bonds at any time by giving notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be authenticated and delivered.

The Issuer may, as provided in the Indenture, decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be authenticated and delivered for the Bonds.

Use of Certain Terms in Other Sections of the Official Statement

In reviewing this Official Statement it should be understood that while the Bonds are in the Book-Entry System, reference in other sections of this Official Statement to owners of such Bonds should be read to include any person for whom a Participant acquires an interest in Bonds, but (i) all rights of ownership, as described herein, must be exercised through DTC and the Book-Entry System and (ii) notices that are to be given to registered owners by the Trustee will be given only to DTC. DTC is required to forward (or cause to be forwarded) the notices to the Participants by its usual procedures so that such Participants may forward (or cause to be forwarded) such notices to the Beneficial Owners.

THE LOAN AGREEMENTS

Each Loan Agreement is separate and distinct from the other. Except where otherwise indicated, the following summary applies to each Loan Agreement individually. This summary is not a complete recital of the terms of the Loan Agreements and reference is made to the Loan Agreements in their entirety.

Issuance of Bonds

In order to provide financing to pay a portion of the redemption price of the related issue of Prior Bonds, each Issuer will issue its Bonds and loan or otherwise make available the proceeds thereof to the Company. The proceeds of the sale of the Bonds will be deposited with the Trustee and paid to the trustee for the related issue of Prior Bonds to be used to pay a portion of the redemption price of the Prior Bonds on _____, 2004.

Payments Required under the Loan Agreement

Under each Loan Agreement, the Company agrees to pay to the Trustee on or before 11:00 a.m. on each date on which any payment of principal of, premium, if any, or interest on the related issue of Bonds is due (whether at maturity or upon redemption or acceleration or otherwise), an amount which, together with other moneys held by the Trustee under the related Indenture and available therefor, will be sufficient to enable the Trustee to pay the principal of, premium, if any, and interest on such Bonds due on such date. If the Company defaults in any

such payment, the Company will pay interest (to the extent allowed by law) on such amount until paid at the rate provided for in the related issue of Bonds.

The Company also agrees that so long as any Bonds of an issue are outstanding it will pay all amounts required to prevent any deficiency or default in any payment of such Bonds, including any deficiency caused by an act or failure to act by the Issuer, the Company, the Trustee, or any other person.

The obligations of the Company to make such payments are absolute and unconditional.

The Company is also required under each Loan Agreement to pay the reasonable fees and expenses of the Trustee, the Issuer and all other fiduciaries and agents serving under the Indenture.

Maintenance of Existence

The Company agrees that during the term of each Loan Agreement and so long as any Bond is outstanding, it will maintain its corporate existence and continue to be a corporation in good standing under the laws of the State of South Dakota and the states where each Issuer is located, and will not dissolve or otherwise dispose of all or substantially all of its assets. The Company will not consolidate with or merge into another legal entity or permit one or more of the legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all its assets as an entirety and dissolve, unless (a) in the case of any merger or consolidation, the Company is the surviving corporation or (b)(i) the resulting, surviving or transferee legal entity is organized and existing under the laws of the United States, a state thereof or the District of Columbia and (if not the Company) assumes in writing all the obligations of the Company under each Loan Agreement and (ii) no event which constitutes, or which with the giving of notice or the lapse of time or both would constitute an Event of Default shall have occurred and be continuing immediately after such merger, consolidation or transfer.

Covenants Relating to the Exclusion of Interest Paid on the Bonds

The Company covenants in each Loan Agreement that moneys on deposit in any fund in connection with the Bonds will not be used in any manner that would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder. The Company also covenants that it will not take or authorize or permit, to the extent such action is within the control of the Company, any action to be taken with respect to the related Project, or the proceeds of the Bonds (including investment earnings thereon), or any other proceeds derived directly or indirectly in connection with the related Project, which will result in the loss of the exclusion of interest on the Bonds from the federal gross income of the owners of the Bonds under Section 103 of the Code (except for any Bond during any period while any such Bond is held by a person referred to in Section 103(b)(13) of the Internal Revenue Code of 1954); and the Company also will not omit to take any action in its power which, if omitted, would cause such a result.

Remedies on Default

Upon the occurrence and continuation of an Event of Default under any Indenture, the Trustee may take whatever action may appear necessary or desirable to collect the payments then due or to become due, or to enforce performance of any agreement of the Company under the related Loan Agreement.

Financial Reports

The Company agrees to have an annual audit made by its regular independent certified public accountants and to furnish the Trustee (within 60 days after receipt by the Company) with a balance sheet and statement of income and surplus showing the financial condition of the Company and its consolidated subsidiaries, if any, at the close of each fiscal year and the results of operations of the Company and its consolidated subsidiaries, if any, for each fiscal year, accompanied by the opinion of said accountants. The Trustee will hold such reports solely for the purpose of making them available at its principal corporate trust office for examination by the Bondholders, and is not required to notify the Bondholders of the contents of any such report.

THE INDENTURES

Each Indenture is separate and distinct from the other. Except where otherwise indicated, the following summary applies to each Indenture individually. This summary is not a complete recital of the terms of the Indentures and reference is made to the Indentures in their entirety.

Pledge and Security

Pursuant to each Indenture, the Issuer has assigned to the Trustee and has granted the Trustee a security interest in all right, title and interest of the Issuer in and to (a) the related Loan Agreement, including the current and continuing right to claim, collect, receive and give receipts for all amounts payable by or receivable from the Company under the related Loan Agreement, to bring actions and proceedings under such Loan Agreement or for the enforcement of such Loan Agreement and to do all things that the Issuer is entitled to do thereunder (except for certain rights of the Issuer to certain fees, indemnification and expense payments) and (b) all moneys and securities held from time to time by the Trustee under such Indenture for the equal and proportionate benefit of all holders of the Bonds of such issue without priority or distinction as to lien or otherwise of any Bonds over any other Bonds, except as otherwise provided in the Indenture. To the extent provided in the Indenture, the Trustee will have a prior claim on certain amounts held by it under the Indenture for the payment of its compensation and expenses and for the repayment of advances made by it to effect performance of certain covenants in the Indenture.

Bond Fund

The Issuer will establish with each Trustee a Bond Fund under each Indenture. There will be deposited in each Bond Fund all accrued interest received at the time of the issuance and

delivery of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (a) all payments with respect to the Bonds and prepayments of such amounts by the Company payable pursuant to the related Loan Agreement, and (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the related Loan Agreement or Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Issuer has assigned to the Trustee all amounts to be paid by the Company under each Loan Agreement with respect to principal of, premium, if any, and interest on the Bonds. Such amounts will be deposited in the Bond Fund together with any other amounts available for such purpose under the Indenture and will be used solely to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable (whether on an interest payment date, at maturity or upon prior redemption or acceleration of the Bonds).

Defaults

Each Indenture provides that each of the following will constitute an "*Event of Default*" thereunder:

(a) Failure to make due and punctual payment of any interest on any Bond of such issue and such failure continues for two Business Days.

(b) Failure to make due and punctual payment of the principal on any Bond of such issue when due, whether at the stated maturity thereof, or upon redemption, acceleration or otherwise.

(c) Failure by the Issuer to perform any of its agreements in such Indenture or the Bonds of such issue (except a failure that results in an event of default under clause (a) or (b) above), the performance of which is material to the registered owners of the Bonds of such issue, which failure continues after the notice and for the period specified below.

(d) Failure by the Company to perform any of its agreements in the related Loan Agreement (except a failure that results in an Event of Default under clause (a) or (b) above) which failure continues after the notice and for the periods specified below.

(e) Certain events of liquidation, bankruptcy or reorganization by the Company.

A default described in clause (c) or (d) above is not an Event of Default until notice of such default is given to the Issuer and the Company by the Trustee or the registered owners of at least 25% in principal amount of the Bonds then outstanding and unless such default has not been cured within 60 days after receipt of such notice (or such longer period to which the Trustee agrees). The Trustee shall not unreasonably refuse to agree to a longer period if the default cannot reasonably be cured within 60 days and the Issuer or the Company is diligently attempting to correct the default.

Remedies

Each Indenture provides that on the occurrence and continuation of an Event of Default described above, the Trustee by notice to the Issuer and the Company, or the registered owners of at least 25% in principal amount of the Bonds then outstanding by notice to the Issuer, the Company and the Trustee (except for an Event of Default under clause (e) above, for which a declaration can be made without such notice), may declare the principal of and the accrued interest on the related issue of Bonds to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. The Trustee shall immediately give notice of acceleration to the registered owners of such issue.

The Trustee may, and upon the request of the registered owners of a majority in principal amount of the Bonds of such issue then outstanding shall, rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, if the rescission would not conflict with any judgment or decree and if all payments due to the Trustee have been made.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal of, or interest on, the Bonds of such issue or to enforce the performance of any provision of the Bonds, the Indenture or the Loan Agreement.

The registered owners of a majority in principal amount of the Bonds of such issue then outstanding may waive an existing Event of Default and its consequences. No such waiver shall apply to any later or other Event of Default.

The registered owners of a majority in principal amount of the Bonds of such issue then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings to be taken by the Trustee, but the Trustee may refuse to follow such direction if it conflicts with law or the Indenture or if the Trustee determines that it is unduly prejudicial to the rights of other owners of the Bonds of such issue or would involve the Trustee in personal liability.

No registered owner of any Bond of an issue will have the right to pursue any remedy under the Indenture or the Bonds unless (a) the registered owner gives the Trustee notice stating that an Event of Default is continuing, (b) the registered owners of at least 25% in principal amount of the Bonds of such issue then outstanding have made written request to the Trustee to pursue such remedy and have provided the Trustee with indemnity satisfactory to the Trustee and (c) the Trustee does not comply with such request within 60 days after receipt of such request and offer of indemnity.

Any moneys collected by the Trustee as the result of an Event of Default shall be applied first to the payment of the costs and expenses of the Trustee and then to the payment of interest due with interest on defaulted interest (to the extent permitted by law), then principal due (whether by acceleration or otherwise) and then to redemption premium, if any, due.

Amendment of and Supplements to Indenture

Each Indenture provides that the Issuer and the Trustee may amend or supplement the Indenture or the Bonds, without notice to or the consent of any registered owner, for any of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission;
- (b) to grant to the Trustee for the benefit of the registered owners additional rights, remedies, powers or authority;
- (c) to subject to the Indenture additional collateral or add other agreements of the Issuer;
- (d) to comply with the requirements of the Trust Indenture Act of 1939 and certain other securities laws;
- (e) to evidence the succession of a new trustee or the appointment of a co-trustee under the Indenture; or
- (f) to make any change that does not materially adversely affect the rights of any registered owner.

In addition to amendments and supplements permitted as described above, the Issuer and the Trustee may amend or supplement an Indenture upon notice to the registered owners and with the consent of the registered owners of at least a majority in principal amount of the Bonds of such issue then outstanding, except that no amendment or supplement to an Indenture shall, without the consent of each registered owner affected (a) extend the maturity of the principal of, or the interest on, any Bond; (b) reduce the principal amount of, or the rate of interest on, any Bond; (c) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (d) reduce the percentage of the principal amount of the Bonds required for consent to such amendment or supplement; (e) impair the exclusion of interest on the Bonds from the federal gross income of the owner of any Bond; (f) eliminate any mandatory redemption of the Bonds or call for mandatory redemption or reduce the redemption price of such Bonds; (g) create a lien ranking prior to or on a parity with the lien of the Indenture on the property described in the granting clause of the Indenture; or (h) deprive any registered owner of the lien created by the Indenture on such property. If moneys or U.S. Government Obligations (as defined below under "*Discharge of Indenture*") have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and those Bonds have not, in fact, been paid in full, no amendment to such provision of the Indenture shall be made without the consent of each of the registered owners affected.

The Trustee will sign any amendment or supplement to an Indenture or the Bonds authorized by the Indenture if the amendment or supplement does not adversely affect its rights, duties, liabilities or immunities. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee is entitled to receive and (subject to certain provisions in

the Indenture) will be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by the Indenture. No amendment or supplement to the Indenture or the Bonds will become effective without the written consent of the Company delivered to the Trustee.

Amendment of and Supplements to Loan Agreement

Each Indenture provides that the Issuer may enter into, and the Trustee may consent to, amendment of or supplements to the related Loan Agreement without notice to or the consent of any registered owner, if such amendment or supplements are required or permitted (a) by the provisions of the Loan Agreement or the Indenture, (b) to cure any ambiguity, inconsistency or formal defect or omission, (c) in connection with any authorized amendment of or supplement to the Indenture, or (d) to make any change that does not materially adversely affect the rights of any registered owner.

In addition to amendments and supplements permitted as described above, the Issuer may enter into, and the Trustee may consent to, amendments of or supplements to the Loan Agreement upon notice to the registered owners and with the consent of the registered owners of at least a majority in aggregate principal amount of the Bonds of such issue then outstanding. However, without the consent of each registered owner affected, no amendment or supplement may have any of the effects described in clauses (a) through (h) under "*Amendment of and Supplements to Indenture*" above.

The Trustee will consent to any amendment or supplement to an Loan Agreement authorized by the Indenture, if the amendment or supplement does not adversely affect its rights, duties, liabilities or immunities. If it does, the Trustee may, but need not, sign it. In signing a consent to an amendment or supplement, the Trustee shall be entitled to receive and (subject to certain provisions in the Indenture) shall be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by the Indenture.

Discharge of Indenture

When a Bond is deemed to be paid, it is no longer an obligation of the Issuer, and it is not secured by or entitled to the benefits of the related Indenture, except for payment from the funds deposited pursuant to clause (a)(2) below, and except that it may be transferred, exchanged, registered, or replaced as provided in such Indenture. Any Bond will be deemed paid when (a) payment of the principal of and interest on the Bond to the due date of such principal and interest (whether at maturity, upon redemption or otherwise) either (1) has been made in accordance with the terms of the Bonds or (2) has been provided for by depositing with the Trustee (A) moneys sufficient to make such payment and/or (B) U.S. Government Obligations maturing as to principal and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys to make such payment, and (b) all compensation and expenses of the Trustee pertaining to each Bond in respect of which such deposit is made have been paid or provided for to the Trustee's satisfaction. After such a discharge, the owners of the Bonds must look only to the deposited money and securities for payment. No deposit described in clause (a)(2) above will be made until the Company has

furnished the Trustee an Opinion of Tax Counsel stating that the deposit of such cash or U.S. Government Obligations will not adversely affect the exclusion from gross income on the related issue of Bonds.

"U.S. Government Obligations" means (i) direct obligations of the United States for which its full faith and credit are pledged, (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States, or (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i) or (ii) above.

TAX EXEMPTION

Federal

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. Each of the Issuers and the Company have covenanted to comply with all requirements that must be satisfied in order for the interest on each series of the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on a series of the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of such Bonds.

Subject to compliance by the applicable Issuer and the Company with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on each series of the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, except for interest on any Bond of a series for any period during which such Bond is owned by a person who is a substantial user of the applicable Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the "*Code*") and such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

The Code includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

In rendering its opinion, Bond Counsel will rely upon certifications of the Issuers and the Company with respect to certain material facts solely within the Issuers' and the Company's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of any series of the Bonds. If an audit is commenced, under current procedures the Service will treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the applicable series of the Bonds until the audit is concluded, regardless of the ultimate outcome.

State and Local

Wyoming. [to come]

South Dakota. [to come]

CONTINUING DISCLOSURE AGREEMENT

The Company will enter into a separate Continuing Disclosure Agreement each dated as of October 1, 2004 (individually, the "*Continuing Disclosure Agreement*" and collectively, the "*Continuing Disclosure Agreements*") for the benefit of the Bondholders to provide certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies, are set forth in APPENDIX C hereto.

Failure by the Company to comply with the Continuing Disclosure Agreements will not constitute an event of default under the Indentures or the Loan Agreements and Bondholders are limited to the remedies described in the Continuing Disclosure Agreements. Failure by the Company to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the related Bonds in the secondary market. Consequently, any such failure may adversely affect the transferability and liquidity of the related Bonds and their market price.

LITIGATION

The Company is not involved in any pending litigation or proceeding, nor is it aware of any pending litigation or proceeding, which might result in material liability on the part of the Company or its subsidiaries or adversely impact its ability to make payments under the Loan Agreements sufficient to pay debt service on the Bonds when due.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinions of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed on for Campbell County by Carol J. Seeger, Esq., its Deputy County Attorney, for Weston County by its counsel, Hansen and Peck, Newcastle, Wyoming, and for Pennington County by its counsel, Lindquist & Vennum P.L.L.P., Minneapolis, Minnesota. Certain legal matters will be passed on for the Company by Steven J. Helmers, Esq., General Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Ungaretti & Harris LLP, Chicago, Illinois.

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel, who has been retained by, and acts as, Bond Counsel to the Issuers. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriters supplied the information under the heading "TAX EXEMPTION," and reviewed the statements describing its approving opinion and under the headings "The Bonds," "THE AGREEMENTS" and "THE INDENTURES," solely to determine whether such information is accurate in all material respects. This review was undertaken solely at the request and for the benefit of the Underwriters.

UNDERWRITING

LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc. (the "*Underwriter*") has agreed, subject to certain terms and conditions, to purchase from each Issuer the related Bonds at a price of 100% of their principal amount. For its services in connection with the purchase and offering of the Bonds, the Company has agreed to pay to the Underwriter a fee in the aggregate amount of \$_____ and to reimburse the Underwriter for certain expenses. The purchase of one issue is not contingent upon the purchase of any other issue. The Company has agreed to indemnify the Underwriter against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price of each issue of the Bonds may be changed from time to time by the Underwriter.

MISCELLANEOUS

Summaries of documents contained herein do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, prospective purchasers of the Bonds are referred to the complete documents which may be reviewed during regular business hours at the office of the Underwriter or, after the issuance of the Bonds, the Trustee for such issue.

The delivery of this Official Statement or any sale of the Bonds described herein shall not, under any circumstances, create an implication that there has been no change in the business affairs or financial condition of the Company since the date hereof.

The use of this Official Statement has been duly authorized by the Company and, solely with respect to the information pertaining to each respective Issuer under the caption "THE ISSUERS" above, each Issuer.

BLACK HILLS POWER, INC.

By _____

CAMPBELL COUNTY, WYOMING

By _____

PENNINGTON COUNTY, SOUTH DAKOTA

By _____

WESTON COUNTY, WYOMING

By _____

APPENDIX A
BLACK HILLS POWER, INC.

[To come from Company]

**APPENDIX B
FORM OF OPINION OF BOND COUNSEL**

[To come from Bond Counsel]

APPENDIX C
FORM OF CONTINUING DISCLOSURE

[To come]

**RESOLUTION OF THE BOARD OF DIRECTORS OF
BLACK HILLS POWER, INC.**

WHEREAS, Black Hills Power, Inc. (the "*Company*") previously received loans of the proceeds of (i) the 6.70% Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project) Series 1992 (the "*Pennington County Bonds*") of Pennington County, South Dakota (the "*Pennington County Issuer*"), issued in the original aggregate principal amount of \$2,050,000, all of which are currently outstanding, (ii) the 6.70% Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project) Series 1992 (the "*Weston County Bonds*") of Weston County, Wyoming (the "*Weston County Issuer*"), issued in the original aggregate principal amount of \$2,850,000, all of which are currently outstanding, (iii) the 6.70% Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project) Series 1992 (the "*Campbell County Bonds*") of Campbell County, Wyoming (the "*Campbell County Issuer*"), issued in the original aggregate principal amount of \$1,550,000, all of which are currently outstanding and (iv) the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project), Series 1994 (the "*Gillette Bonds*" and, together with the Pennington County Bonds, the Weston County Bonds and the Campbell County Bonds, the "*Prior Bonds*") of the City of Gillette, Campbell County, Wyoming (the "*Gillette Issuer*" and, together with the Pennington County Issuer, the Weston County Issuer and the Pennington County Issuer, the "*Issuers*"), issued in the original aggregate principal amount of \$12,200,000, all of which are currently outstanding; and

WHEREAS, the Company used the proceeds of the Pennington County Bonds to refund certain revenue bonds of the Pennington County Issuer, the proceeds of which were previously loaned to the Company to finance costs of pollution control facilities at the Company's Ben French Generating Station; and

WHEREAS, the Company used the proceeds of the Weston County Bonds to refund certain revenue bonds of the Weston County Issuer, the proceeds of which were previously loaned to the Company to finance costs of pollution control facilities at the Company's Osage generating station; and

WHEREAS, the Company used the proceeds of the Campbell County Bonds to refund certain revenue bonds of the Campbell County Issuer, the proceeds of which were previously loaned to the Company to finance costs of pollution control facilities at the Company's Neil Simpson Generating Station; and

WHEREAS, the Company used the proceeds of the Gillette Bonds to refund certain revenue bonds of the Gillette Issuer, the proceeds of which were previously loaned to the Company to finance costs of pollution control facilities at the Company's Wyodak coal-fired steam electric generating plant; and

WHEREAS, the officers of the Company have determined that it would be in the best interests of the Company to refund all of the Prior Bonds with one or more issues of refunding bonds, to be issued by one or more of the Issuers (collectively, the "*Bonds*").

Now, Therefore, Be It RESOLVED, that actions of the officers of the Company in requesting any of the Issuers to authorize any issue of the Bonds are hereby approved and ratified, and the officers of the Company are further severally authorized to take such additional action as they deem necessary to cause the successful authorization of each issue of the Bonds by the applicable Issuer; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to negotiate and establish on behalf of the Company the provisions of a Trust Indenture, each between the applicable Issuer and the corporate trustee as may be determined by the officers of the Company (each, a "Trustee"), providing for the issuance of such Bonds and setting forth the term thereof, all upon such terms and conditions as said officers or any of them shall approve, said approval to be conclusively presumed by their execution and delivery of the other agreements and instruments described in these Resolutions; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to execute and deliver on behalf of the Company a Loan Agreement or other financing agreement with the applicable Issuer providing for the loan of the proceeds of such Bonds to the Company, all upon such terms and conditions as said officers or any of them shall approve, said approval to be conclusively presumed by their execution and delivery thereof; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to execute and deliver on behalf of the Company a Bond Purchase Agreement or Placement Agreement, each between the Company and LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc. ("LaSalle"), providing for offering and sale of such Bonds, all upon such terms and conditions as said officers or any of them shall approve, each of said approvals to be conclusively presumed by their execution and delivery thereof; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to execute and deliver on behalf of the Company a Remarketing Agreement, each between the Company and LaSalle, relating to such Bonds, all upon such terms and conditions as said officers or any of them shall approve, each of said approvals to be conclusively presumed by their execution and delivery thereof; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to execute and deliver on behalf of the Company a Tax Exemption Certificate and Agreement, each among the Company, the applicable Issuer and the applicable Trustee, relating to such Bonds, all upon such terms and conditions as said officers or any of them shall approve, each of said approvals to be conclusively presumed by their execution and delivery thereof; and it is further

RESOLVED, that the officers of the Company are hereby severally authorized to approve the use and distribution of a preliminary and a final Official Statement or Placement Memorandum in connection with the initial offering of the Bonds, containing such description of the Bonds and the Company as said officers or any of them shall approve, said approval to be


conclusively presumed by their execution and delivery of the other agreements and instruments in these Resolutions; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to secure the payment of each issue of the Bonds by an irrevocable direct pay letter of credit to be issued by LaSalle Bank National Association (the "Bank"); the officers of the Company are further authorized to execute and deliver on behalf of the Company a Reimbursement Agreement with the Bank, providing for the Bank's issuance of the letter of credit securing such Bonds, and such other documents as, in the judgment of the officers of the Company executing the same, are reasonably required by the Bank to secure or support the Company's obligations under such Reimbursement Agreement, all upon such terms and conditions as said officers or any of them shall approve, each of said approvals to be conclusively presumed by their execution and delivery thereof; and it is further

RESOLVED, that with respect to each issue of the Bonds, the officers of the Company are hereby severally authorized to make application to the Public Utilities Commission of South Dakota and the Public Service Commission of Wyoming, as appropriate, requesting orders authorizing the Company to enter into the applicable Loan Agreement, the applicable Reimbursement Agreement and such other related agreements under which the Company agrees to assume the obligation to pay the debt service on such Bonds; and it is further

RESOLVED, that the officers of the Company are hereby further severally authorized and empowered to execute and deliver such other agreements, certificates and instruments, all in such form as said officers or any of them shall approve, each of said approvals to be conclusively presumed by their execution and delivery thereof, and to perform or take such other actions, all as may be deemed necessary or advisable to carry out the terms and intent and purposes of the foregoing resolutions.

I hereby certify this 9th day of September, 2004 that the foregoing is a true and correct copy of resolutions of the Board of Directors of Black Hills Power, Inc. (the "Company") and that said resolutions were duly adopted by the Board of Directors of the Company and have not been amended or rescinded and are still in full force and effect.


Roxann R. Basham, Corporate Secretary



Brian G. Iverson
Associate Counsel

Telephone: (605) 721-2305
Facsimile: (605) 721-2550
Email: biverson@bh-corp.com

September 13, 2004

Ms. Pam Bonrud
Executive Director
South Dakota Public Utilities Commission
Capitol Building, First Floor
500 E. Capitol Avenue
Pierre, South Dakota 57501-5070

RECEIVED
SEP 14 2004
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Application of Black Hills Power, Inc. for an Order Authorizing it to Enter into Loan Agreements to Assume Liability of the Payment of Pollution Control Revenue Refunding Bonds issued by Pennington County, South Dakota, Weston County, Wyoming, and Campbell County, Wyoming.

Dear Ms. Bonrud:

Enclosed please find two additional copies of the above-referenced Application which was filed on behalf of Black Hills Power, Inc. on September 10, 2004.

If the staff or members of the Commission have any questions regarding the Application, please feel free to contact Garner Anderson at 605-721-2311 or me at the number above.

Sincerely,

Brian G. Iverson

Enclosure

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of September 9, 2004 through September 16, 2004

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3201

ELECTRIC

EL04-027 In the Matter of the Application of Black Hills Power, Inc. for an Order Authorizing it to Enter into Loan Agreements to Assume Liability of the Payment of Pollution Control Revenue Refunding Bonds Issued by Pennington County, South Dakota, Weston County, Wyoming and Campbell County, Wyoming.

In 1977 and 1984, the South Dakota Public Utilities Commission approved applications by Black Hills Power, Inc. (BHP) allowing assumption of the obligation to pay principal, interest and premium due on bonds issued by Pennington County, South Dakota, Weston and Campbell Counties in Wyoming and the City of Gillette. The bond proceeds were used to pay for pollution control equipment on generating units located within the area of the issuer's jurisdiction. The initial bonds were subsequently refunded by BHP and new bonds were issued. In 1992, the Commission approved BHP's assumption of obligation under the new bonds. BHP now requests to refund the new bonds by entering into loan agreements to assume the liability for bonds to be issued by the above Counties which will be used to refund the bonds which were the subject of the Commission's 1992 Orders.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Filed: 09/13/04
Intervention Deadline: 10/01/04

TELECOMMUNICATIONS

TC04-197 In the Matter of the Request of Midcontinent Communications for Certification Regarding its Use of Federal Universal Service Support.

On September 15, 2004, Midcontinent Communications provided information constituting Midcontinent Communications' plan for the use of its federal universal service support and to otherwise verify that Midcontinent Communications will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Filed: 09/15/04
Intervention Deadline: 09/24/04

**TC04-198 In the Matter of the Request of Farmers Mutual Telephone Company for
Certification Regarding its Use of Federal Universal Service Support.**

On September 16, 2004, Farmers Mutual Telephone Company (Farmers) provided information constituting Farmers' plan for the use of its federal universal service support and to otherwise verify that Farmers will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Filed: 09/16/04
Intervention Deadline: 09/24/04

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You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER APPROVING
BLACK HILLS POWER, INC. FOR AN ORDER)	APPLICATION
AUTHORIZING IT TO ENTER INTO LOAN)	
AGREEMENTS TO ASSUME LIABILITY OF)	EL04-027
THE PAYMENT OF POLLUTION CONTROL)	
REVENUE REFUNDING BONDS ISSUED BY)	
PENNINGTON COUNTY, SOUTH DAKOTA,)	
WESTON COUNTY, WYOMING AND)	
CAMPBELL COUNTY, WYOMING)	

On September 13, 2004, the Public Utilities Commission (Commission) received an application from Black Hills Power, Inc. (BHP) requesting authority to enter into loan agreements pursuant to which BHP will assume liability of the payment of: (1) \$2,050,000 pollution control refunding revenue bonds to be issued by Pennington County, South Dakota, (2) \$2,850,000 pollution control revenue bonds to be issued by Weston County, Wyoming, (3) \$1,550,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming, and (4) \$12,200,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming. In 1977 and 1984, the South Dakota Public Utilities Commission approved applications by Black Hills Power, Inc. (BHP) allowing assumption of the obligation to pay principal, interest and premium due on bonds issued by Pennington County, South Dakota, Weston and Campbell Counties in Wyoming and the City of Gillette. The bond proceeds were used to pay for pollution control equipment on generating units located within the area of the issuer's jurisdiction. The initial bonds were subsequently refunded by BHP and new bonds were issued. In 1992, the Commission approved BHP's assumption of obligation under the new bonds. BHP now requests to refund the new bonds by entering into loan agreements to assume the liability for bonds to be issued by the above Counties which will be used to refund the bonds which were the subject of the Commission's 1992 Orders.

BHP is a public utility as described in SDCL Ch. 49-34A and is engaged in the generation, transmission, distribution, purchase and sale of electric power and energy through an interconnected transmission network and a territory that serves approximately 61,148 customers located in western South Dakota, eastern Wyoming and southeastern Montana. BHP's gross operating revenues received from the sale of electric power and energy and transmission service derived from operations by states are approximately 79 percent in South Dakota, 20 percent in Wyoming and 1 percent in Montana.

At its regularly scheduled meeting of October 12, 2004, the Commission discussed final approval of the application. Commission Staff recommended approval of the application.

The Commission has jurisdiction over this matter pursuant to SDCL 49-34A, specifically 49-34A-29 to 49-34A-34. A formal hearing is not required in this matter under SDCL 49-34A-33. The Commission unanimously voted to approve the application. It is therefore

ORDERED, that BHP shall be authorized to enter into loan agreements pursuant to which BHP will assume liability of the payment of: (1) \$2,050,000 pollution control refunding revenue bonds to be issued by Pennington County, South Dakota, (2) \$2,850,000 pollution control revenue bonds to be issued by Weston County, Wyoming, (3) \$1,550,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming, and (4) \$12,200,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming; and it is

FURTHER ORDERED, that neither entering into the loan agreements by BHP pursuant to the provisions of this order nor any other act or deed done or performed in connection therewith shall be construed to obligate the state of South Dakota to pay or guarantee in any manner whatsoever a security authorized, issued, assumed or guaranteed hereunder; and it is

FURTHER ORDERED, that entering into the loan agreements by BHP pursuant to the provisions of this order shall not be construed to mean that the Commission is in any way bound at some future date from finding BHP's capital structure in need of adjustment.

Dated at Pierre, South Dakota, this 26th day of October, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u> Alaina Kolko </u>
Date:	<u> 10/27/04 </u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

 Robert K. Sahr
ROBERT K. SAHR, Chairman

 Gary Hanson
GARY HANSON, Commissioner

 James A. Burg
JAMES A. BURG, Commissioner