

Exhibit GMA-1

**Black Hills Power, Inc.
Cost of capital estimate**

Summary of Cost of Capital				
	Percent of Capitalization	Rate	Weighted Average	Amount of Capitalization
Debt (pretax)	45.7%	7.54%	3.45%	\$ 159,057,183
Equity	54.26%	11.750%	6.38%	188,679,666
Total	100.00%		9.33%	\$ 347,736,849

Average cost of debt				
Notes payable to associated companies	\$ 1,842,148	5.090%	\$ 93,765	
Long-term debt	\$ 157,215,035	7.573%	\$ 11,905,895	
Total debt	\$ 159,057,183		\$ 11,999,660	
<i>Weighted average cost of debt (pretax)</i>				7.54%

Black Hills Power, Inc
Long-term debt (including current maturities)
December 31, 2005

Exhibit GMA-2

Line No.	(a) Title	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) Per Unit	(h) Yield to Maturity	(i) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
BLACK HILLS POWER											
FIRST MORTGAGE BONDS:											
1	Series Y	6/15/1988	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	3,680,000	354,756
2	Series Z	5/29/1991	5/19/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	26,640,000	2,505,853
3	Series AC	2/3/1995	2/1/2010	30,000,000	8.06%	29,812,500	0.9938	8.06%	8.11%	30,000,000	2,433,208
4	Series AE	8/13/2002	8/15/2032	75,000,000	7.23%	74,343,750	0.9913	7.23%	7.29%	75,000,000	5,470,366
OTHER BONDS:											
5	Bear Paw Energy Note	6/15/2000	5/25/2012	539,000	13.66%	539,000	1.0000	13.66%	13.66%	390,035	53,275
6	Series 94A (1)	6/15/1994	6/1/2024	3,000,000	3.93%	2,930,057	0.9767	3.93%	4.02%	2,855,000	114,880
7	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.35%	12,062,750	0.9888	5.35%	5.41%	12,200,000	660,126
8	Series 2004 Pennington County due 2014	10/1/2004	10/1/2014	2,050,000	4.80%	2,026,938	0.9888	4.80%	4.85%	2,050,000	99,520
9	Series 2004 Campbell County due 2014	10/1/2004	10/1/2014	1,550,000	4.80%	1,532,563	0.9888	4.80%	4.85%	1,550,000	75,247
10	Series 2004 Weston County due 2014	10/1/2004	10/1/2014	2,850,000	4.80%	2,817,938	0.9888	4.80%	4.85%	2,850,000	138,357
11	Total Outstanding									<u>157,215,035</u>	<u>11,905,586</u>
12	Weighted Average Cost of Debt										<u>7.573%</u>

13 (1) The Series 94A Environmental Improvement Revenue Bonds are variable rate. The rate shown was the rate at December 31, 2005.

Moody's has provided the following guideline for utility company financial ratios in relation to ratings:¹

Business Risk	Aa Medium	Aa Low	A Medium	A Low	Baa Medium	Baa Low	Ba Medium	Ba Low
FFO Interest Coverage (x)	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
FFO/Debt (%)	>30	>22	22-30	12-22	13-25	5-13	<13	<5
RCF/Debt (%)	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Debt/Capital (%)	<40	<50	40-60	50-75	50-70	60-75	>60	>70

Definitions:

FFO – Funds From Operations

RCF – Retained Cash flow

In comparison, Moody's has calculated the following financial ratios for Black Hills Power, Inc.²

	12 Months Ended 3/31/05	2004	2003	2002
FFO Interest Coverage	3.9	3.8	3.8	4.6
FFO/Debt	25%	24%	23%	24%
Retained Cash Flow/Debt	15%	11%	9%	11%
Debt/Capitalization	50%	52%	55%	51%

¹ Moody's Investors Service "Rating Methodology: Global Regulated Electric Utilities," (October 2005).

² Moody's Investors Service "Credit Opinion – Black Hills Power, Inc." (June 2, 2005).