

BLACK HILLS POWER, INC.
Derivation of Base Unit Cost for Steam Plant Fuel Adjustment
For the Test Year Ended December 31, 2005

| Line No. | Steam Plant Fuel Adjustment Calculation | Amount |
|-------------------------|--|------------------------|
| 1 | Steam Plant Fuel Expense - FERC Account 501 | \$ 13,622,030 |
| 2 | Less: Steam Plant Fuel Expense for Power Marketing (Schedule H-6 Line 2) | (138,157) |
| 3 | 2006 Coal Price Adjustment - (WP-10) | 386,894 |
| 4 | Base Cost for Steam Plant Fuel Expense | \$ 13,870,767 |
| <u>kWh SALES</u> | | |
| 5 | System Energy Sales - (WP-1 Line 27) | 2,202,211,020 |
| 6 | Base Unit Cost for Steam Plant Fuel | \$ 0.00630 /kWh |

BLACK HILLS POWER, INC.
Derivation of Base Unit Cost of Transmission
For the Test Year Ended December 31, 2005

Statement P
Page 2 of 3

| Line No. | Transmission Cost Adjustment Calculation | Amount |
|-------------------------|--|-------------------------------|
| 1 | Transmission Expense | \$ 10,153,697 |
| 2 | Less: Transmission Expense for Power Marketing (Schedule H-6 Line 5) | (1,167,318) |
| 3 | Less: Transmission Expense Reimbursement - (WP-7) | (610,015) |
| 4 | 2006 CUS Tariff Expense Adjustment - (WP-9) | <u>1,324,770</u> |
| 5 | Base Cost for Transmission Expense | <u>\$ 9,701,134</u> |
| <u>kWh SALES</u> | | |
| 6 | Retail Energy Sales - (WP-1 Line 24) | 1,582,841,542 |
| 7 | Base Unit Cost for Transmission | <u>\$ 0.00613 /kWh</u> |

BLACK HILLS POWER, INC.
Derivation of Base Unit Cost of Other Fuel and Purchased Power
For the Test Year Ended December 31, 2005

Statement P
Page 3 of 3

| Line No. | Conditional Energy Cost Adjustment | Amount |
|-------------------------|---|-----------------------------|
| 1 | Other Fuel (Statement H Line 26 - Per Books) | \$ 3,228,660 |
| 2 | Purchased Capacity Expense (Statement H Line 42-Per Books) | 6,119,576 |
| 3 | Purchase Power Expenses (Statement H Line 43-Per Books) | 56,864,320 |
| 4 | Less: NSII Outage removed to normalize expense - (WP-6) | (3,258,995) |
| 5 | Less: Other Fuel used in Power Marketing (Schedule H-6 Line 3) | (1,939,516) |
| 6 | Less: Power Power used in Power Marketing (Schedule H-6 Line 4) | <u>(36,912,639)</u> |
| 7 | Base Cost for Other Fuel and Purchase Power Expense | <u>\$ 24,101,406</u> |
| <u>kWh SALES</u> | | |
| 8 | System Energy Sales - (WP-1 Line 27) | 2,202,211,020 |
| 9 | Base Unit Cost for Other Fuel and Purchased Power | <u>\$ 0.01094</u> |