

BLACK HILLS POWER, INC.

\$180,000,000

First Mortgage Bonds, 6.125% Series AF due 2039

MEMORANDUM OF CLOSING

October 27, 2009

I. DEFINED TERMS

As used herein, the following terms shall have the meanings set forth below, unless the context otherwise indicates. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Underwriting Agreement (as defined below):

Base Indenture	The Restated and Amended Indenture of Mortgage and Deed of Trust dated as of September 1, 1999
Base Prospectus	The prospectus of the Company dated October 22, 2009, relating to the offering of certain securities of the Company as registered under the Registration Statement
Board of Directors	The Board of Directors of the Company
Bonds	\$180,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.125% Series AF due 2039
C&W	Conner & Winters, LLP, counsel for the Company
CS&M	Cravath, Swaine & Moore LLP, counsel for the Underwriters
Closing	The closing at approximately 9:00 a.m. New York time at the New York offices of CS&M on the Closing Date, at which time the Company sold and the Underwriters purchased the Bonds pursuant to the Underwriting Agreement
Closing Date	October 27, 2009
Commission	The U.S. Securities and Exchange Commission
Company	Black Hills Power, Inc., a South Dakota corporation

DTC	The Depository Trust Company
Deloitte	Deloitte & Touche LLP, independent registered public accounting firm of the Company
Effective Date	October 22, 2009, the date on which the Registration Statement became automatically effective upon filing with the Commission
Exchange Act	The Securities Exchange Act of 1934, as amended
First Supplemental Indenture	The First Supplemental Indenture to the Base Indenture dated as of August 13, 2002, between the Company and the Trustee
Global Bond	The global bond representing the Bonds issued to DTC in the name of its nominee, Cede & Co.
Indenture	The Base Indenture, as supplemented by the First Supplemental Indenture and Second Supplemental Indenture
Offering	The offering by the Company of the Bonds
Preliminary Prospectus Supplement	The preliminary prospectus supplement of the Company, dated October 22, 2009, relating to the Bonds
Pricing Date	October 22, 2009
Pricing Term Sheet	The pricing term sheet dated October 22, 2009 relating to the Registration Statement, as filed with the Commission under Rule 433
Prospectus Supplement	The prospectus supplement of the Company dated October 22, 2009, relating to the Bonds
Registration Statement	The Company's Registration Statement on Form S-3 (No. 333-150669-01), filed with the Commission on October 22, 2009, as Post-Effective Amendment No. 1 to the registration statement of Black Hills Corporation (No. 333-150669).
Representatives	RBC Capital Markets Corporation, RBS Securities Inc. and Scotia Capital (USA) Inc.
Second Supplemental Indenture	The Second Supplemental Indenture to the Base Indenture dated as of October 27, 2009
Securities Act	The Securities Act of 1933, as amended
Trustee	The Bank of New York Mellon, as successor to the original and succeeding trustees
Trust Indenture Act	The Trust Indenture Act of 1939, as amended

Underwriters

The underwriters listed on Schedule A to the Underwriting Agreement.

Underwriting Agreement

The Underwriting Agreement dated October 22, 2009, among the Company and the Representatives

II. TRANSACTIONS EFFECTED PRIOR TO CLOSING

A. Corporate Authority

The Board of Directors of the Company, by resolution dated May 20, 2009, and the Pricing Committee of the Board of Directors, by resolution dated October 21, 2009, took all necessary corporate action in connection with the Offering and related matters, including, but not limited to, the authorization and approval of (i) the preparation and filing of the Registration Statement, (ii) the preparation and filing of the Preliminary Prospectus Supplement and the Prospectus Supplement, (iii) the execution, delivery and performance of the Underwriting Agreement, (iv) the execution and delivery of the Second Supplemental Indenture, (v) the appointment of the Trustee, (vi) the issuance and sale of the Bonds, (vii) the appointment of a Pricing Committee to approve certain terms of the Offering, including, but not limited to, the interest rate, the issue price, the Underwriter's discount and the redemption prices and (viii) the execution and delivery of such other agreements, documents or instruments as deemed appropriate to effectuate the transactions in connection with the Offering.

B. Proceedings Before, and Documents Filed with, the Commission

1. On October 22, 2009, the Registration Statement (including the Base Prospectus and the Preliminary Prospectus Supplement) was filed by the Company with the Commission.

2. The Registration Statement was automatically effective on October 22, 2009, upon filing with the Commission, and the Indenture, when executed, will thereby be qualified under the Trust Indenture Act.

3. On October 22, 2009, the Pricing Term Sheet was filed by the Company with the Commission pursuant to Rule 433 under the Securities Act.

4. The Prospectus Supplement was filed on October 22, 2009, by the Company with the Commission pursuant to Rule 424(b) under the Securities Act.

5. All fees required to be paid to the Commission were paid in accordance with Rules 456(b) and 457(r) under the Securities Act.

C. Action Taken in Connection with the Offering

1. On September 1, 1999, the Company and the Trustee executed and delivered the Base Indenture.

2. On August 13, 2002, the Company and the Trustee executed and delivered the First Supplemental Indenture.

3. On October 21, 2009, the Company, the Underwriters, Deloitte, C&W and CS&M participated in a "bring-down" due diligence telephone call.

4. An application was submitted by the Representatives on behalf of the Company to Standard & Poor's Corporation for a CUSIP number with respect to the Bonds and the CUSIP number was received on October 21, 2009.

5. On October 22, 2009, the Preliminary Prospectus Supplement was distributed to potential investors in the Bonds.

6. On October 22, 2009, at approximately 1:00 p.m. the Company and the Underwriters participated in a "pricing call" whereby the parties agreed on the terms of the Bonds and prepared the Pricing Term Sheet.

7. The Underwriting Agreement was executed and delivered by the Company and the Representatives on October 22, 2009.

8. Concurrently with the execution of the Underwriting Agreement, the Underwriters received the signed original of the "comfort letter" from Deloitte dated October 22, 2009, required by Section 7(a) of the Underwriting Agreement.

9. The Underwriters commenced the Offering of the Bonds on October 22, 2009.

10. On October 22, 2009, the Company issued a press release announcing the pricing of the Bonds.

D. Preliminary Closing Matters

1. Prior to the Closing Date, the Company executed and delivered to DTC in connection with the qualification of the Bonds for "book-entry", and DTC countersigned, the DTC Blanket Letter of Representations.

2. Prior to the Closing Date, the Underwriters notified the Trustee of the name and denomination in which the Bonds would be registered in "book-entry form" through the facilities of DTC. In connection therewith, DTC notified the Company, the Underwriters and the Trustee that it would credit, on its "book-entry" registration and transfer system, the respective principal amount of Bonds of the individual beneficial interests represented by the Global Bond to the accounts of persons who have accounts with such depository.

3. Prior to the Closing Date, an original copy of the Global Bond was delivered to the Trustee.

4. Prior to the Closing Date, a conformed copy of the Global Bond was made available at the offices of CS&M for review by the Underwriters and CS&M.

5. On October 26, 2009, a preliminary closing, at which certain documents to be delivered at the Closing were reviewed and left in escrow for delivery at the Closing, was held at the New York offices of CS&M.

III. CLOSING

The Closing was held on October 27, 2009, at the New York offices of CS&M, at approximately 9:00 a.m., New York time. The parties present at the Closing are listed in Schedule 1 attached hereto. By telephone call to the Commission, C&W and CS&M confirmed that no stop order suspending the effectiveness of the Registration Statement was in effect.

All transactions in connection with the offering of the Bonds at the Closing were deemed to have occurred simultaneously and no transaction was deemed to have been completed, and no document was deemed to have been delivered, until all transactions were completed and all documents were delivered. Unless otherwise indicated or inapplicable, (i) all documents were dated the Closing Date and were signed originals and (ii) one set of the documents was delivered to the Company, (iii) one set was delivered to each of the Representatives of the several Underwriters, (iv) one set was delivered to CS&M, (v) one set was delivered to C&W and (vi) one set was delivered to the Trustee, for a total of 7 sets. Where only one original document was delivered, CS&M kept such original on behalf of the Underwriters, and all other parties received photocopies.

A. Documents Delivered by or on Behalf of the Company

1. To the Representatives and the Trustee, Secretary's Certificate of the Company dated as of the Closing Date, substantially in the form of Exhibit 1 hereto.
2. Certificate of good standing for the Company dated as of the Closing Date, by the Secretary of State of the State of South Dakota.
3. The Officers' Certificate of the Company contemplated by Section 7(g) of the Underwriting Agreement, substantially in the form of Exhibit 2 hereto.
4. To the Trustee, the Authentication Order by the Company contemplated by Sections 4.02 and 6.01 of the Base Indenture, substantially in the form of Exhibit 3 hereto.
5. To the Representatives, the opinion of the General Counsel to the Company contemplated by Section 7(e) of the Underwriting Agreement, which opinion permitted the Trustee to rely on paragraphs 1, 2, 3 and 9 thereof.
6. To the Representatives, appropriate wire transfer instructions.
7. To the Trustee, a copy of the Registration Statement and Prospectus Supplement.
8. To the Trustee, the Property Additions Certificate of the Company as contemplated by Section 4.02(B) of the Base Indenture, substantially in the form of Exhibit 4 hereto.

9. To the Trustee, the Retirements Certificate of the Company as contemplated by Section 4.02(E) of the Base Indenture, substantially in the form of Exhibit 5 hereto.

10. To the Trustee, an Officers' Certificate as contemplated by Section 6.01(C) of the Base Indenture, substantially in the form of Exhibit 6 hereto.

11. To the Trustee, an Officers' Certificate as contemplated by Section 6.01(B)(2) of the Base Indenture, substantially in the form of Exhibit 7 hereto.

12. To the Trustee, the Net Earnings Certificate of the Company pursuant to Sections 4.02(F) and 6.01(F) of the Base Indenture, substantially in the form of Exhibit 8 hereto.

13. To the Trustee, a Summary Certificate and Computation of Net Bondable Additions pursuant to Section 4.02(G) of the Base Indenture, substantially in the form of Exhibit 9 hereto.

B. Documents Delivered by or on Behalf of the Company and the Trustee

1. Executed copies of the Supplemental Indenture.
2. Executed Global Bond.
3. Trustee's Certificate as to compliance with the Authentication Order and delivery of the Bonds, substantially in the form of Exhibit 10 hereto.

C. Documents Delivered by or on Behalf of the Trustee

1. Trustee's Certificate, substantially in the form of Exhibit 11 hereto.

D. Documents Delivered by C&W

1. To the Representatives, the opinion and 10b-5 statement of C&W contemplated by Section 7(g) of the Underwriting Agreement. In accordance with the Base Indenture, the opinion of C&W permits the Trustee to rely on paragraphs 1 and 4 thereof.

E. Documents Delivered by Dray, Thomson & Dyekman, P.C.

1. To the Company, an opinion upon which the General Counsel may rely in rendering his legal opinion to the Trustee under Sections 1.02, 4.02(I), 6.01(E) and 16.03 of the Indenture.

F. Documents Delivered by Deloitte

1. The bring-down "comfort letter" dated the Closing Date, addressed to the Representatives as contemplated by Section 7(a) of the Underwriting Agreement.

2. To the Trustee, the Independent Public Accountant's Certification of the Net Earnings Certificate pursuant to Section 4.02(F) of the Base Indenture.

G. Documents Delivered by CS&M

1. To the Representatives, the opinion and 10b-5 statement of CS&M contemplated by Section 7(f) of the Underwriting Agreement.

IV. TRANSACTIONS EFFECTED AT THE CLOSING

- A. The Representatives delivered to the Company a wire transfer, in immediately available funds, in the aggregate amount of \$178,300,800.
- B. The Company released to the account of the Representatives the Bonds through DTC's book entry system.
- C. The Company and the Representatives executed and delivered a cross-receipt acknowledging their respective receipt of funds and Bonds substantially in the form of Exhibit 12 hereto.

V. POST-CLOSING MATTERS

- A. CS&M will distribute closing documents.

PERSONS PRESENT AT THE CLOSING

Black Hills Power, Inc.

(by telephone)
Garner Anderson
Mary Lappe

RBS Securities Inc.

(by telephone)
Emma Cusato
Jeff Black

Conner & Winters, LLP

(by telephone)
Robert J. Melgaard
Mark D. Berman
Jason B. Coutant

Cravath, Swaine & Moore LLP

Christine Raglan
David E. Owen

The Bank of New York Mellon

(by telephone)
Larry O'Brien

Emmet, Marvin & Martin, LLP

(by telephone)
Richard S. Lasker

BLACK HILLS POWER, INC.

Secretary's CertificateOctober 27, 2009

The undersigned, the Corporate Secretary of Black Hills Power, Inc., a South Dakota corporation (the "Company"), does hereby certify for and on behalf of the Company that, as of the date hereof (capitalized terms used but not defined in this certificate having the meanings assigned to them in the Underwriting Agreement):

1. Attached hereto as Exhibit A is a true, correct and complete copy of the Restated Articles of Incorporation of the Company, as in effect on the date hereof (the "Charter"). Since December 22, 2000, there have been no amendments to the Charter and no meeting of the Board of Directors of the Company (the "Board of Directors") or the Company's stockholders has been called or other action has been taken for the purpose of amending, modifying or repealing the Charter. Since such date, no proceeding has been commenced for the merger, consolidation, dissolution or liquidation of the Company or the sale of all or substantially all of its assets, and there has not been commenced or threatened any action or proceeding threatening the Company's existence or which would result in the forfeiture of the Charter and none of the directors or officers of the Company have taken any action in contemplation of such event, action or proceeding.

2. Attached hereto as Exhibit B is a true, correct and complete copy of the Amended and Restated Bylaws of the Company, as in effect on the date hereof (the "Bylaws"). The Bylaws have not been amended since April 20, 1999, and no meeting of the Board of Directors or the Company's stockholders has been called or other action taken for the purpose of amending, modifying or repealing the Bylaws.

3. Attached hereto as Exhibits C-1 and C-2 are true, correct and complete copies, respectively, of the resolutions duly adopted on May 20, 2009 by the Board of Directors and the resolutions duly adopted on October 21, 2009 by the Pricing Committee of the Board of Directors at meetings thereof duly called and held and at which a quorum was present, and authorizing (a) the filing of the Registration Statement on Form S-3 (File No. 333-150669-01) of the Company (as amended, the "Registration Statement") in the form of Post-Effective Amendment No. 1 to the registration statement of Black Hills Corporation (File No. 333-150669), (b) the dissemination of the base prospectus dated October 22, 2009, forming a part of the Registration Statement, as amended, (c) the dissemination of the prospectus supplement dated October 22, 2009, in connection with the offering and sale of \$180,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.125% Series AF due 2039 (the "Bonds"), (d) the issuance and sale of the Bonds, (e) the Second Supplemental Indenture, dated as of October 27, 2009, to the Amended and Restated Indenture of Mortgage and Deed of Trust dated as of September 1, 1999, between the Company and The Bank of New York Mellon (as successor to the original and succeeding trustees), as trustee, as previously supplemented by the First Supplemental Indenture dated as of August 13, 2002, and (f) the Underwriting Agreement dated October 22, 2009 (the "Underwriting Agreement"), among the Company and RBC Capital Markets Corporation, RBS Securities Inc. and Scotia Capital (USA) Inc., as Representatives for

the underwriters listed on Schedule A to the Underwriting Agreement, and related matters. The aforementioned resolutions have not been amended, rescinded or modified since their adoption and execution, remain in full force and effect as of the date hereof and represent the only resolutions adopted or action taken by, or on behalf of, the Board of Directors or any committee thereof relating to the matters described above.

4. The minute books of the meetings and actions of the Board of Directors, all committees thereof and the stockholders of the Company, which have been made available to the Representatives and their counsel, Cravath, Swaine & Moore LLP, are the original minute books of the Company or exact copies thereof, and contain all minutes of such meetings and actions through the date on which the Representatives and their counsel, Cravath, Swaine & Moore LLP, last reviewed such books other than such meetings for which no minutes are available, in which case drafts of minutes, notes as to proceedings at such meetings and agendas have been provided to such counsel.

5. The specimen Bond attached hereto as Exhibit D, the Second Supplemental Indenture referred to above and the Underwriting Agreement, each as executed and delivered by the Company, has been approved by appropriate officers of the Company pursuant to authority granted by the Board of Directors.

6. Each person who, as a director or officer of the Company or an attorney-in-fact of such director or officer, signed (a) the Registration Statement as originally filed or any power of attorney pursuant to which such Registration Statement was signed, (b) the Indenture, (c) the Underwriting Agreement, (d) the Global Bond representing the Bonds and (e) any other document or certificate delivered in connection with the Bonds, at the time or the respective times of the execution of such documents, was duly elected or appointed, qualified and acting as such director or officer or duly appointed and acting as such attorney-in-fact, and the signature of each such person appearing on any such document is his or her genuine signature or, in the case of the certificates evidencing the Bonds, a true facsimile thereof.

7. The Company has been duly incorporated and is existing and in good standing under the laws of the State of South Dakota, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, result in a Material Adverse Effect.

8. Conner & Winters, LLP and Cravath, Swaine & Moore LLP are entitled to rely on this certificate in connection with the opinions that such firms are rendering to the Representatives pursuant to paragraphs (d) and (f) of Section 7 of the Underwriting Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Secretary's Certificate for and on behalf of the Company and under its corporate seal as of the date first above written.

Name: Roxann R. Basham
Title: Vice President, Governance and
Corporate Secretary

The undersigned, the Assistant Secretary of the Company, does hereby certify for and on behalf of the Company that Roxann R. Basham is the duly elected and qualified Vice President, Governance and Corporate Secretary of the Company, and that the signature set forth above her name is her true signature.

IN WITNESS WHEREOF, the undersigned has executed this Secretary's Certificate for and on behalf of the Company as of the date first above written.

Name: Anthony S. Cleberg
Title: Assistant Secretary

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION

EXHIBIT B

AMENDED AND RESTATED BYLAWS

EXHIBIT C-1

BOARD RESOLUTIONS ADOPTED MAY 20, 2009

EXHIBIT C-2

PRICING COMMITTEE RESOLUTIONS ADOPTED OCTOBER 21, 2009

EXHIBIT D
SPECIMEN BOND

BLACK HILLS POWER, INC.

Officers' Certificate

October 27, 2009

We, David R. Emery and Anthony S. Cleberg, the duly appointed Chairman and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively, of Black Hills Power, Inc., a South Dakota corporation (the "Company"), pursuant to Section 7(g) of the Underwriting Agreement, dated October 22, 2009 (the "Underwriting Agreement"), among the Company and RBC Capital Markets Corporation, RBS Securities Inc., and Scotia Capital (USA) Inc. as Representatives of the several underwriters listed on Schedule A to the Underwriting Agreement (collectively, the "Underwriters"), each hereby certify for and on behalf of the Company that, as of the date hereof, the undersigned has specific knowledge of the Company's operating and financial matters and that (capitalized terms used but not defined in this certificate having the meanings assigned to them in the Underwriting Agreement):

1. I have carefully reviewed the Registration Statement, the General Disclosure Package and the Final Prospectus in connection with the issuance by the Company of \$180,000,000 of First Mortgage Bonds, 6.125% Series AF due 2039 (the "Bonds") and the representations and warranties set forth in Section 2 of the Underwriting Agreement are true and correct;

2. The Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied under the Underwriting Agreement at or prior to the Closing Date;

3. No stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of my knowledge and after reasonable investigation, are contemplated by the Commission;

4. Subsequent to the date of the most recent financial statements in the General Disclosure Package, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business or properties of the Company except as set forth in or contemplated by the General Disclosure Package; and

5. Conner & Winters, LLP, and Cravath, Swaine & Moore LLP are entitled to rely on this certificate in connection with the opinions that such firms are rendering pursuant to paragraphs (d) and (f) of Section 7 of the Underwriting Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Officers' Certificate for and on behalf of the Company as of the date first written above.

Name: David R. Emery
Title: Chairman and Chief Executive
Officer

Name: Anthony S. Cleberg
Title: Executive Vice President and Chief
Financial Officer

BLACK HILLS POWER, INC.
625 Ninth Street
Rapid City, South Dakota 57701

October 27, 2009

The Bank of New York Mellon, as Trustee
101 Barclay Street, 8W
New York, NY 10286

Re: \$180,000,000 aggregate principal amount of First Mortgage Bonds, 6.125%
Series AF due 2039 of Black Hills Power, Inc.

Ladies and Gentlemen:

In connection with the issuance and delivery as of October 27, 2009, of \$180,000,000 aggregate principal amount of First Mortgage Bonds, 6.125% Series AF due 2039 (the "Bonds") pursuant to the Restated and Amended Indenture of Mortgage and Deed of Trust dated as of September 1, 1999, between Black Hills Power, Inc., a South Dakota corporation (the "Company"), and The Bank of New York Mellon (as successor to the original and succeeding trustees), as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture dated as of August 13, 2002, and the Second Supplemental Indenture dated as of October 27, 2009 (as so supplemented, the "Indenture"), the Company hereby requests as follows:

1. That you, as Trustee, authenticate a certificate in global form representing the Bonds, in the aggregate principal amount of \$180,000,000 and dated as of October 27, 2009, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), which certificate has been previously delivered to you, and has been duly executed by the Company.

2. That you, as Custodian for DTC, hold the Bonds so authenticated in safe custody for the benefit of Cede & Co., as nominee for DTC in accordance with the Indenture.

[Signature page follows]

This letter constitutes a Written Order as such term is defined in the Indenture.

Very truly yours,

BLACK HILLS POWER, INC.

By:

Name: David R. Emery
Title: Chairman and Chief Executive Officer

By:

Name: Garner Anderson
Title: Vice President, Treasurer and Chief Risk Officer

ATTEST:

Secretary

BLACK HILLS POWER, INC.
(Formerly Black Hills Corporation)
Property Additions Certificate of the Company
Dated October 27, 2009

TO: The Bank of New York Mellon (successor to the original and succeeding trustees) as Trustee under the Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Power, Inc. (formerly Black Hills Corporation) dated as of September 1, 1999 (the "Restated Indenture")

Pursuant to the provisions of Paragraph B of Section 4.02 of the Restated Indenture, the undersigned, David R. Emery, Chairman and Chief Executive Officer and Garner M. Anderson, Vice President, Treasurer and Chief Risk Officer of BLACK HILLS POWER, INC. (hereinafter called the "Company"), and Jacqueline A. Sargent an Engineer as defined in Section 1.01 of the Restated Indenture, do hereby certify (except that Jacqueline A. Sargent does not certify as to clauses (2), (4), (5), (7), (11), (12), and (14) of this Certificate) as follows:

- (1) That the Company has acquired by purchase, construction, or otherwise, Property Additions as briefly described in Exhibits "A", "B", "C", "D", "E", "F" and "G" attached hereto; that the cost of such Property Additions has been charged to subdivisions of plant account as indicated in said Exhibits "A", "B", "C", "D", "E", "F" and "G".
- (2) That no part of said Property Additions consists of Bonded Property or is included in any other application or certificate pending with the Trustee by virtue whereof said Property Additions or any part thereof would become Bonded Property.
- (3) That the Property Additions described in this Certificate includes the tracts or parcels of real estate as described in Exhibit "H".
- (4) That none of the Property Additions described in this Certificate was at the time of its acquisition by the Company, subject to a Prior Lien or Liens existing or placed thereon at the time of acquisition.
- (5) That there is no outstanding indebtedness of the Company for the purchase price or construction of, or for labor, wages, or materials in connection with the construction of, such Property Additions.

- (6) That none of the Property Additions described in this Certificate consists of property which within six months prior to the date of acquisition thereof by the Company, has been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company.
- (7) That none of the Property Additions described in this Certificate was acquired from an Affiliate of the Company.
- (8) That none of the Property Additions described in this Certificate was acquired, in whole or in part, by the Company for any consideration consisting of securities.
- (9) That the Cost to the Company of said Property Additions was \$197,740,104 and that the Fair Value of said Property Additions, at the date of this Certificate, as determined by the undersigned Engineer is \$197,740,104. Cost and Fair Value have been computed and ascertained with due regard to the provisions of the respective definitions of these terms in Section 1.01 of the Restated Indenture.
- (10) That no part of the Property Additions described in this Certificate is property, the construction or acquisition of which under the provisions of Section 4.01 of the Restated Indenture is not permitted to be made the basis of the authentication and delivery of Bonds under Article Four of the Restated Indenture.
- (11) That none of said Property Additions is subject to any lien, charge, or encumbrance, prior to the Lien of said Restated Indenture, except Permitted Encumbrances.
- (12) That there are no unused Additions Credits which the Company desires to use, in whole or in part, in connection with this Certificate.
- (13) Not applicable.
- (14) That the Company is not in default in the performance of any of the covenants on its part to be performed under the Restated Indenture.

That in connection with the preparation of this Certificate, each of us has read Section 4.02 of the Restated Indenture and also Section 1.02 thereof, Paragraph A of Section 4.01 thereof; referred to in Section 4.02 and, in each case, the definitions used therein and set forth in Section 1.01 of the Restated Indenture, that each of us has examined the Books of the Company and particularly the property accounts and records showing additional property acquired by the Company and the facts concerning the same, to determine, among other things, that the Property Additions as set forth above have been computed in the manner required, and to conform to the above referred to Sections of the Restated Indenture; that each of us has made such examination or investigation as is necessary to enable each of us to independently express an informed opinion as to whether or not the conditions of Paragraph B of Section 4.02 of the Restated Indenture regarding Property Additions and Property Additions Certificates have been complied with; and that in the opinion of each of us, such conditions have been complied with.

Chairman and Chief Executive Officer
Vice President, Treasurer and Chief Risk Officer
Engineer

BLACK HILLS POWER, INC.
(Formerly Black Hills Corporation)
Retirements Certificate of the Company
Dated October 27, 2009

TO: The Bank of New York Mellon (successor to the original and succeeding trustees) as Trustee under the Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Power, Inc. (formerly Black Hills Corporation) dated as of September 1, 1999 (the "Restated Indenture")

Pursuant to the provisions of Paragraph E of Section 4.02 of the Restated Indenture, the undersigned, David R. Emery, Chairman and Chief Executive Officer and Garner M. Anderson, Vice President, Treasurer and Chief Risk Officer of BLACK HILLS POWER, INC. (hereinafter called the "Company"), and Jacqueline A. Sargent an Engineer as defined in Section 1.01 of the Restated Indenture, each independently do hereby certify as follows:

- (15) That the aggregate amount of all Retirements up to the date of this Certificate which have not been included in a previous Retirement Certificate filed with the Trustee pursuant to Section 4.02, 5.03 or 8.03 of the Restated Indenture is \$29,848,044.55 and that the amount of such Retirements has been computed as required in the definition of "Retirements" in Section 1.01 of the Restated Indenture.
- (16) That a brief description of such Retirements and the principal subdivisions of plant accounts to which such Retirements have been credited is attached to this Certificate as Exhibit "A".
- (17) That Retirement Credits computed in accordance with Section 1.01 of the Restated Indenture are as follows:

Retirement Credits brought forward on Retirement Certificate dated August 5, 2002 Pursuant to provisions of Section 4.02E.	\$	263,792
Retirements of Property certified on this Retirement Certificate	\$	29,848,045
Retirement Credits	\$	0

That in connection with the preparation of this Certificate, each of us has read Section 1.02 of the Restated Indenture and the definition of "Retirements" and "Retirement Credits" in Section 1.01 and Paragraph E of Section 4.02 thereof; that each of us has examined the Books of the Company and particularly the property account records to determine among other things that the Retirements and Retirement Credits as set forth above, have been computed in the manner required by the above referenced Sections of the Restated Indenture; that each of us has made such examination or investigation as is necessary to enable each of us to independently express an informed opinion as to whether or not the conditions of "Retirements" and "Retirement Credits" in Section 1.01 and Paragraph E of Section 4.02 of the Restated Indenture regarding Retirements and Retirement Credits have been complied with; and that in the opinion of each of us, such conditions have been complied with.

Chairman and Chief Executive Officer
Vice President, Treasurer and Chief Risk Officer
Engineer

Dated: October 27, 20

BLACK HILLS POWER, INC.
(Formerly Black Hills Corporation)
Certificate of the Company
Dated October 27, 2009

TO: The Bank of New York Mellon (successor to the original and succeeding trustees) as Trustee under the Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Power, Inc. (formerly Black Hills Corporation) dated as of September 1, 1999 (the "Restated Indenture")

Pursuant to the provisions of Section 6.01 C of the Restated Indenture, the undersigned, David R. Emery, Chairman and Chief Executive Officer and Garner M. Anderson, Vice President, Treasurer and Chief Risk Officer of BLACK HILLS POWER, INC. (hereinafter called the "Company"), each independently, do hereby certify:

- (18) That the Company is not in default in the performance of any of the covenants on its part to be performed under the Restated Indenture; and
- (19) That \$62,290,904 of First Mortgage Bonds which were issued under the above mentioned Restated Indenture, the retirement of which is made the basis for the authentication and delivery of \$62,290,904 of the Bonds of Series AF do not include:
 - (a) any Bond, the retirement of which, in any other previous or pending application or certificate, has been made the basis for the authentication and delivery of a Bond or the withdrawal of Bonded Cash from the Trustee or which has been purchased, paid, redeemed or otherwise retired out of Bonded Cash pursuant to the provisions of Section 8.05 or Section 8.08 of the Restated Indenture; or
 - (b) any Bond purchased, paid, redeemed or otherwise retired through the operation of any sinking, amortization, improvement, renewal or other analogous fund, if any, including those created under the provisions of Section 2.05 of the Restated Indenture wherein the supplemental indenture or other instrument creating such fund precludes the authentication and delivery of Bonds under Article Six of the Restated Indenture upon the basis of the redemption, purchase or other retirement of such Bond.

That in connection with the preparation of this Certificate, each of us has read Section 6.01 and Section 1.02 of said Restated Indenture; that each of us has examined the Books of the Company and made such examination or investigation as is necessary to enable each of us to independently express an informed opinion as to whether or not the conditions in the above mentioned sections have been complied with; and that in the opinion of each of us, such conditions have been complied with.

Chairman and Chief Executive Officer
Vice President, Treasurer and Chief Risk Officer

BLACK HILLS POWER, INC.
(Formerly Black Hills Corporation)
Certificate of the Company
Dated October 27, 2009

TO: The Bank of New York Mellon (successor to the original and succeeding trustees) as Trustee under the Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Power, Inc. (formerly Black Hills Corporation) dated as of September 1, 1999 (the "Restated Indenture")

Pursuant to the provisions of Section 6.01 B.(2) of the Restated Indenture, the undersigned, David R. Emery, Chairman and Chief Executive Officer and Garner M. Anderson, Vice President, Treasurer and Chief Risk Officer of BLACK HILLS POWER, INC. (hereinafter called the "Company"), each independently, do hereby certify:

That the following Bonds in the amount of \$62,290,904 heretofore authenticated and delivered under the Restated Indenture have been paid, redeemed or otherwise retired and said Bonds have heretofore been delivered to the Trustee.

Series Y	\$	2,320,000
Series Z		13,320,000
Series AA		1,650,904
Series AB		45,000,000
	\$	62,290,904

That in connection with the preparation of this Certificate, each of us has read Section 6.01 and Section 1.02 of the Restated Indenture; that each of us has examined the Books of the Company and made such examination or investigation as is necessary to enable each of us to independently express an informed opinion as to whether or not the conditions in the above mentioned sections have been complied with; and that in the opinion of each of us, such conditions have been complied with.

Chairman and Chief Executive Officer
Vice President, Treasurer and Chief Risk Officer

BLACK HILLS POWER, INC.
(Formerly Black Hills Corporation)
Net Earnings Certificate of the Company
Dated October 27, 2009

TO: The Bank of New York Mellon,
(successor to the original and succeeding
trustees), as Trustee under the Restated and
Amended Indenture of Mortgage and Deed of
Trust of Black Hills Power, Inc. (formerly Black
Hills Corporation) dated as of September 1,
1999 (the "Restated Indenture")

Pursuant to Paragraph F of Section 6.01 of the Restated Indenture and Paragraph F of Section 4.02 thereof, the undersigned, David R. Emery, Chairman and Chief Executive Officer and Garner M. Anderson, Vice President, Treasurer and Chief Risk Officer of BLACK HILLS POWER, INC. (hereinafter called the "Company"), do hereby certify the Net Earnings Certificate, set forth in Schedule "A" attached hereto; and certify that the said Schedule "A" correctly shows:

- (20) Certifiable Net Earnings of the Company.
- (21) Aggregate amount of annual interest charges on Bonds and Prior Lien Debt of the Company.
- (22) That the amount of the Certifiable Net Earnings of the Company has been at least equal to two (2) times the aggregate amount of the annual Interest Charges on the Bonds and Prior Lien Debt of the Company.
- (23) That such Certifiable Net Earnings have been computed and ascertained as provided in Paragraph B of Section 4.01 of the Restated Indenture.

And that in connection with the preparation of this Certificate, each of us has read Section 6.01, Paragraph F of Section 4.02, Section 1.02 and Paragraph B of Section 4.01 of the Restated Indenture; that each of us has examined the Books of the Company and made such examination or investigation as is necessary to enable each of us to express an informed opinion as to whether or not the conditions in the above mentioned Sections have been complied with; and that in the opinion of each of us, such conditions have been complied with.

Chairman and Chief Executive Officer
Vice President, Treasurer and Chief Risk Officer

BLACK HILLS POWER, INC.
(Formerly Black Hills Corporation)
Summary Certificate and Computation of
Net Bondable Additions
Dated October 27, 2009

TO: The Bank of New York Mellon (successor to the original and succeeding trustees) as Trustee under the Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Power, Inc. (formerly Black Hills Corporation) dated as of September 1, 1999 (the "Restated Indenture")

Re: Application for Authentication and Delivery Under Article Four, of \$180,000,000 of First Mortgage Bonds, Series AF, 6.125% due November 1, 2039

Pursuant to the provisions of Paragraph G of Section 4.02 of the Restated Indenture, the undersigned David R. Emery, Chairman and Chief Executive Officer and Garner M. Anderson, Vice President, Treasurer and Chief Risk Officer of BLACK HILLS POWER, INC. (hereinafter called the "Company"), each independently do hereby certify the following Summary of amounts shown in the Property Additions Certificate dated October 27, 2009, and the Gross Bondable Additions and Unused Additions Credits, which the Company elects to use to meet the requirements of Sections 4.02 of the Restated Indenture.

(1)	Gross Bondable Additions, i.e., the amount of Property Additions not previously Bonded, at Cost or Fair Value (whichever is less) as shown by Clause (9) of said Property Additions Certificate.....	\$	197,740,104
(2)	Unused Additions Credit, as shown by Clause (12) of said Property Additions Certificate		0
(3)	Fair Value Deficiency, as shown by Clause (13) of said Property Additions Certificate.....		0
(4)	Retirements as shown by Clause (1) of said Retirements Certificate.....	\$	29,848,045
(5)	Retirement Credits as shown by Clause (3) of said Retirements Certificate:		
	(a) (i) Cash and purchase money obligations deposited as provided in the definition of "Retirements Credits" in Section 1.01 of the Restated Indenture to obtain release of or representing		

	proceeds of retired property included in		
	item (4).....		0
	(ii) Estimated amount withdrawable in		
	reimbursement for Federal taxes, as shown by		
	item (3) of the Retirements Certificate.		
	(Parentheses indicate deduction).....		0
	(iii) Adjustments of previous tax reimbursement		
	estimates as shown by item (3) of the Retirements		
	Certificate. (Parentheses indicate deduction)		
	Total of (a) = (a)(i) minus (a)(ii) plus or minus		
	(a)(iii).....		0
(b)	Property Additions, if any, used to obtain release		
	of retired property included in item (4).....		0
(c)	Excess credit, if any, brought forward from		
	previous Retirements Certificate		263,792
(6)	Total Retirements Credits – (a), (b) and (c).....		263,792
(7)	Net Retirements – item (4) minus item (6)		29,584,253
(8)	Net Bondable Additions – items (1) and (2) minus items		
	(3) and (7)		168,155,851
(9)	Amount of First Mortgage Bonds which may be		
	authenticated and delivered: 70% of item (8).....		117,709,096

That in connection with the preparation of this Certificate, each of us has read Sections 1.01 and 1.02 of the Restated Indenture and also Paragraph G of Section 4.02 and that each of us has examined the Books of the Company and particularly the property records and the Retirements Certificate and the Property Additions Certificate, both dated October 27, 2009, and the facts concerning the same, to determine among other things that the statements and computations set forth in this Certificate have been made in the manner required by the above referred to Sections of the Restated Indenture; that each of us has made such examination or investigation as is necessary to enable each of us to independently express an informed opinion as to whether or not the conditions of Paragraph G of Section 4.02 regarding Summary Certificate and Computations have been complied with; and that in the opinion of each of us, such conditions have been complied with.

Chairman and Chief Executive Officer
Vice President, Treasurer and Chief Risk Officer

THE BANK OF NEW YORK MELLON
101 Barclay Street, 8W
New York, NY 10286

October 27, 2009

Black Hills Power, Inc.
625 Ninth Street
Rapid City, South Dakota 57701

Re: \$180,000,000 aggregate principal amount of First Mortgage Bonds, 6.125%
Series AF due 2039 of Black Hills Power, Inc.

Ladies and Gentlemen:

In accordance with the written order dated October 27, 2009 of Black Hills Power, Inc., a South Dakota corporation (the "Company"), to the undersigned, as Trustee (the "Trustee") under the Restated and Amended Indenture of Mortgage and Deed of Trust, dated as of September 1, 1999 (the "Indenture"), by and between the Company and JPMorgan Bank, N.A. (the successor of which is the Trustee), relating to \$180,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.125% Series AF due 2039 (the "First Mortgage Bonds"), we are holding, as custodian for The Depository Trust Company, an aggregate \$180,000,000 principal amount of the First Mortgage Bonds, in the form of one certificate in global form (the "Global Bond"), duly authenticated and registered in the name of The Depository Trust Company or its nominee, as follows: Global Bond for \$180,000,000, CUSIP No. 092114 AB3, ISIN No. US092114AB31, Certificate No. R-1 in the name of Cede & Co., the nominee of The Depository Trust Company.

Very truly yours,

THE BANK OF NEW YORK MELLON,
as Custodian for The Depository Trust Company

By:

Name:

Title:

Black Hills Power, Inc. hereby acknowledges delivery in compliance with its order by The Bank of New York Mellon, as Trustee, of an aggregate of \$180,000,000 principal amount of First Mortgage Bonds, in the form of one Global Bond, duly authenticated.

Very truly yours,

BLACK HILLS POWER, INC.

By:

Name: David R. Emery
Title: Chairman of the Board and Chief
Executive Officer

THE BANK OF NEW YORK MELLON

Trustee's Certificate

The Bank of New York Mellon hereby certifies that:

1. It is the successor to JPMorgan Chase Bank, National Association, as trustee (the "Trustee") under the Restated and Amended Indenture of Mortgage and Deed of Trust, dated as of September 1, 1999 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture, dated as of August 13, 2002 (the "First Supplemental Indenture"), each between Black Hills Power, Inc., formerly known as Black Hills Corporation (the "Company"), and the Trustee.
2. The Second Supplemental Indenture, dated as of October 27, 2009 (the "Second Supplemental Indenture" and, together with the Original Indenture and the First Supplemental Indenture, the "Indenture"), between the Company and the Trustee, has been duly executed and delivered in the name and on behalf of the Trustee by L. O'Brien, one of its Vice Presidents.
3. Pursuant to the provisions of Section 2.09 of the Original Indenture, the Trustee has duly authenticated \$180,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.125% Series AF Due 2039 (the "Securities"), and has made the Securities available for delivery to or upon the written order of the Company. The Trustee has examined the form of the Securities so authenticated and delivered and has found the same to be in substantially the form called for by the Indenture.
4. Each person who, on behalf of the Trustee, executed and delivered the Second Supplemental Indenture or authenticated the Securities was at the date thereof and is now duly elected, appointed or authorized, qualified and acting as an officer or authorized signatory of the Trustee and duly authorized to perform such acts at the respective times of such acts and the signatures of such persons appearing on such documents are their genuine signatures.
5. Attached hereto are (i) an extract from the By-laws of the Trustee, duly adopted by its Board of Directors, respecting the signing authority of the persons mentioned above in paragraph 4, which By-laws as of the date hereof are in full force and effect and (ii) a signing authority list signed by a Vice President of the undersigned, certifying that the individuals whose names appear on such list have been granted signing authority pursuant to such By-laws, which list as of the date hereof is in full force and effect.

IN WITNESS WHEREOF, THE BANK OF NEW YORK MELLON has caused this certificate to be executed in its corporate name by an officer thereunto duly authorized.

Dated: October 27, 2009

THE BANK OF NEW YORK MELLON

By: _____
Name:
Title:

Cross-Receipt

Reference is hereby made to the Underwriting Agreement, dated October 22, 2009 (the "Underwriting Agreement"), among Black Hills Power, Inc., a South Dakota corporation (the "Company"), and RBC Capital Markets Corporation, RBS Securities Inc. and Scotia Capital (USA) Inc., as Representatives of the several underwriters listed on Schedule A to the Underwriting Agreement (collectively, the "Underwriters").

The Company hereby acknowledges receipt from the Underwriters of \$178,300,800 by wire transfer of same day funds, representing payment in full pursuant to Section 3 of the Underwriting Agreement of the purchase price for \$180,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.125% Series AF due 2039 (the "Bonds").

The Underwriters hereby acknowledge receipt of the aggregate principal amount of \$180,000,000 of the Bonds pursuant to Section 3 of the Underwriting Agreement.

This Cross-Receipt may be signed in counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

Dated: October 27, 2009

[Signature pages follow]

BLACK HILLS POWER, INC.

By:

Name: Anthony S. Cleberg
Title: Executive Vice President and Chief
Financial Officer

RBC CAPITAL MARKETS CORPORATION

By:

Name:
Title:

RBS SECURITIES INC.

By:

Name:
Title:

SCOTIA CAPITAL (USA) INC.

By:

Name:
Title:

As Representatives of the Several Underwriters