EXECUTION COPY

$180,000,000

Black Hills Power, Inc.

First Mortgage Bonds, 6.125% Series AF due 2039

UNDERWRITING AGREEMENT

October 22, 2009

RBC CAPITAL MARKETS CORPORATION
Three World Financial Center, 200 Vesey Street,
New York, NY 10281

RBS SECURITIES INC.,
600 Washington Blvd
Stamford, CT 06901

SCOTIA CAPITAL (USA) INC.
1 Liberty Plaza, 25th Floor,
New York, NY 10006

As Representatives (the "**Representatives**") of the Several Underwriters

Ladies and Gentlemen:

1. *Introductory.* Black Hills Power, Inc., a South Dakota corporation (the "**Company**"), agrees with the several Underwriters named in Schedule A hereto (the "**Underwriters**") to issue and sell to the several Underwriters $180,000,000 principal amount of its First Mortgage Bonds, 6.125% Series AF due 2039 (the "**Offered Securities**") to be issued under a Restated and Amended 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 supplemented by a first supplemental indenture dated as of August 13, 2002, between the Company and The Bank of New York Mellon (as successor to the original and succeeding trustees), as Trustee, and a second supplemental indenture to be dated as of October 27, 2009, between the Company and The Bank of New York Mellon, as Trustee, with respect to the Offered Securities (as so supplemented, the "**Indenture**").

2. *Representations and Warranties of the Company.* The Company represents and warrants to, and agrees with, the several Underwriters that:

(a) *Filing and Effectiveness of Registration Statement; Certain Defined Terms.* The Company has filed with the Commission a registration statement on Form S-3 (No. 333-150669-01), including a prospectus or prospectuses relating to the Offered Securities, covering the registration of the Offered Securities under the Act, which has become effective. "**Registration Statement**" at any particular time means such registration statement in the form then filed with the Commission, including any amendment thereto, any document incorporated by reference therein and all 430B Information and all 430C Information with respect to such registration statement, that in any case has not been superseded or modified. "**Registration Statement**" without reference to a time means the Registration Statement as of the Effective Time. For purposes of

this definition, 430B Information shall be considered to be included in the Registration Statement as of the time specified in Rule 430B.

For purposes of this Agreement:

"**430B Information**" means information included in a prospectus relating to the Offered Securities then deemed to be a part of the Registration Statement pursuant to Rule 430B(e) or retroactively deemed to be a part of the Registration Statement pursuant to Rule 430B(f).

"**430C Information**" means information included in a prospectus relating to the Offered Securities then deemed to be a part of the Registration Statement pursuant to Rule 430C.

"**Act**" means the Securities Act of 1933, as amended.

"**Applicable Time**" means approximately 1:00 p.m. (Eastern time) on the date of this Agreement.

"**Closing Date**" has the meaning defined in Section 3 hereof.

"**Commission**" means the Securities and Exchange Commission.

"**Effective Time**" of the Registration Statement relating to the Offered Securities means the time of the first contract of sale for the Offered Securities.

"**Energy Policy Act**" means the Energy Policy Act of 2005, as amended.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Federal Power Act**" means the Federal Power Act, as amended.

"**Final Prospectus**" means the Statutory Prospectus that discloses the public offering price, other 430B Information and other final terms of the Offered Securities and otherwise satisfies Section 10(a) of the Act.

"**General Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being so specified in Schedule B to this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus", as defined in Rule 433, relating to the Offered Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Limited Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

"**Rules and Regulations**" means the rules and regulations of the Commission.

"**Securities Laws**" means, collectively, the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**"), the Act, the Exchange Act, the Trust Indenture Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange and the NASDAQ Stock Market ("**Exchange Rules**").

"**Statutory Prospectus**" with reference to any particular time means the prospectus relating to the Offered Securities that is included in the Registration Statement immediately prior to that time, including all 430B Information and all 430C Information with respect to the Registration Statement. For purposes of the foregoing definition, 430B Information shall be considered to be included in the Statutory Prospectus only as of the actual time that form of prospectus (including a prospectus supplement) is filed with the Commission pursuant to Rule 424(b) and not retroactively.

"**Trust Indenture Act**" means the Trust Indenture Act of 1939, as amended.

Unless otherwise specified, a reference to a "rule" is to the indicated rule under the Act.

(b) *Compliance with Securities Act Requirements.* (i) (A) At the time the Registration Statement initially became effective, (B) at the time of each amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether by post-effective amendment, incorporated report or form of prospectus), (C) at the Effective Time relating to the Offered Securities and (D) on the Closing Date, the Registration Statement conformed and will conform in all material respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations and did not and will 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 the statements therein not misleading and (ii) (A) on its date, (B) at the time of filing the Final Prospectus pursuant to Rule 424(b) and (C) on the Closing Date, the Final Prospectus will conform in all material respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and will 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 the statements therein not misleading. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(b) hereof.

(c) *Automatic Shelf Registration Statement.* (i) *Well-Known Seasoned Issuer Status.* (A) At the time of initial filing of the Registration Statement, (B) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (C) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c)) made any offer relating to the Offered Securities in reliance on the exemption of Rule 163, the Company was a "well known seasoned issuer" as defined in Rule 405, including not having been an "ineligible issuer" as defined in Rule 405.

(ii) *Effectiveness of Automatic Shelf Registration Statement.* The Registration Statement is an "automatic shelf registration statement", as defined in Rule 405, that initially became effective within three years of the date of this Agreement. If immediately prior to the Renewal Deadline (as hereinafter defined), any of the Offered Securities remain unsold by the Underwriters, the Company will prior to the Renewal Deadline file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Offered Securities, in a form reasonably satisfactory to the Representatives. If the Company is no longer eligible to file an automatic shelf registration statement, the Company will prior to the Renewal Deadline, if it has not already done so, file a new shelf registration statement relating to the Offered Securities, in a form reasonably satisfactory to the Representatives, and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Offered Securities to continue as contemplated

in the expired registration statement relating to the Offered Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be. "**Renewal Deadline**" means the third anniversary of the initial effective time of the Registration Statement.

(iii) *Eligibility to Use Automatic Shelf Registration Form.* The Company has not received from the Commission any notice pursuant to Rule 401(g)(2) objecting to use of the automatic shelf registration statement form. If at any time when Offered Securities remain unsold by the Underwriters the Company receives from the Commission a notice pursuant to Rule 401(g)(2) or otherwise ceases to be eligible to use the automatic shelf registration statement form, the Company will (A) promptly notify the Representatives, (B) promptly file a new registration statement or post-effective amendment on the proper form relating to the Offered Securities, in a form reasonably satisfactory to the Representatives, (C) use its best efforts to cause such registration statement or post-effective amendment to be declared effective as soon as practicable, and (D) promptly notify the Representatives of such effectiveness. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Offered Securities to continue as contemplated in the registration statement that was the subject of the Rule 401(g)(2) notice or for which the Company has otherwise become ineligible. References herein to the Registration Statement shall include such new registration statement or post-effective amendment, as the case may be.

(iv) *Filing Fees.* The Company has paid or shall pay the required Commission filing fees relating to the Offered Securities within the time required by Rule 456(b)(1) without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r).

(d) *Ineligible Issuer Status.* (i) At the earliest time after the filing of the Registration Statement that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2)) of the Offered Securities and (ii) at the date of this Agreement, the Company was not and is not an "ineligible issuer", as defined in Rule 405, including (A) the Company or any subsidiary of the Company in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (B) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Securities, all as described in Rule 405.

(e) *General Disclosure Package.* As of the Applicable Time, neither (i) the General Use Issuer Free Writing Prospectus(es) issued at or prior to the Applicable Time and the preliminary prospectus supplement, dated October 22, 2009, including the base prospectus of the Company, dated October 22, 2009 (which is the most recent Statutory Prospectus distributed to investors generally), and the other information, if any, stated in Schedule B to this Agreement to be included in the General Disclosure Package, all considered together (collectively, the "**General Disclosure Package**"), nor (ii) any individual Limited Use Issuer Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood

and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(b) hereof.

(f) *Issuer Free Writing Prospectuses.* Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Securities or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (i) the Company has promptly notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(g) *Good Standing of the Company.* 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 on the condition (financial or otherwise), results of operations, business, properties or prospects of the Company ("**Material Adverse Effect**").

(h) *Subsidiaries.* The Company has no subsidiaries.

(i) *Execution and Delivery of Indenture.* The Indenture has been duly authorized and has been duly qualified under the Trust Indenture Act; the Offered Securities have been duly authorized and, when the Offered Securities are delivered and paid for pursuant to this Agreement on the Closing Date, the Indenture will have been duly executed and delivered, such Offered Securities will have been duly executed, authenticated, issued and delivered, will conform to the information in the General Disclosure Package and to the description of such Offered Securities contained in the Final Prospectus and the Indenture and such Offered Securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(j) *No Finder's Fee.* Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering.

(k) *Registration Rights.* Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, "**registration rights**"), and any person to whom the Company has granted

registration rights has agreed, if necessary, not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5 hereof.

(l) *Absence of Further Requirements*. No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required for the consummation of the transactions contemplated by this Agreement or the Indenture in connection with the offering, issuance and sale of the Offered Securities by the Company, except such as have been obtained or made and such as may be required under state securities laws.

(m) *Title to Property*. Except as disclosed in the General Disclosure Package, the Company has good and defensible title to all interests in oil and gas properties owned by it and good and marketable title to all other real properties and all other properties and assets owned by it that are material to the Company, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by it and, except as disclosed in the General Disclosure Package, the Company holds any leased real or personal property that is material to the Company under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by it.

(n) *Absence of Defaults and Conflicts Resulting from Transaction*. The execution, delivery and performance of the Indenture and this Agreement, and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof, will not result in a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, (i) the charter, by-laws or other organizational documents of the Company, (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of its properties, or (iii) any agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the properties of the Company is subject, except, in the case of clauses (ii) and (iii), as would not, individually or in the aggregate, result in a Material Adverse Effect. A "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company.

(o) *Absence of Existing Defaults and Conflicts*. The Company is not in violation of its charter, by-laws or other organizational documents or in default (or with the giving of notice or lapse of time would be in default) under any existing obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of the properties of the Company is subject, except such defaults that would not, individually or in the aggregate, result in a Material Adverse Effect.

(p) *Authorization of Agreement*. This Agreement has been duly authorized, executed and delivered by the Company.

(q) *Possession of Licenses*. The Company possesses, and is in compliance with the terms of, all adequate certificates, authorizations, franchises, licenses and permits ("**Licenses**") necessary or material to the conduct of the business now conducted or proposed in the General Disclosure Package to be conducted by it and has not received any notice of proceedings relating to the revocation or modification of any Licenses that, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect.

(r) *Absence of Labor Dispute.* No labor dispute with the employees of the Company exists or, to the knowledge of the Company, is imminent that could have a Material Adverse Effect.

(s) *Possession of Intellectual Property.* The Company owns, possesses or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "**intellectual property rights**") necessary to conduct the business now operated by it, or presently employed by it, and has not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect.

(t) *Environmental Laws.* Except as disclosed in the General Disclosure Package, the Company is not in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**environmental laws**"), does not own or operate any real property contaminated with any substance that is subject to any environmental laws, is not liable for any off-site disposal or contamination pursuant to any environmental laws, and is not subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim.

(u) *Accurate Disclosure.* The statements in the Registration Statement, General Disclosure Package and the Final Prospectus under the headings "Description of the Bonds and Mortgage", "Material United States Federal Income Tax Considerations" and "Underwriting", insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries of such legal matters, agreements, documents or proceedings in all material respects and present the information required to be shown.

(v) *Absence of Manipulation.* The Company has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities.

(w) *Internal Controls and Compliance with the Sarbanes-Oxley Act.* Except as set forth in the General Disclosure Package, the Company and the Company's Board of Directors (the "**Board**") are in compliance in all material respects with Sarbanes-Oxley. The Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function and legal and regulatory compliance controls (collectively, "**Internal Controls**") that comply in all material respects with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Securities will be, overseen by the Board. Since the date of the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, the Company has not publicly disclosed or reported to the Board, and within the next 90 days the Company does not reasonably expect to publicly disclose or report to the Board, (i) any significant deficiency in the design or operation of Internal Controls that could adversely affect the Company's ability to

record, process, summarize and report financial data, any material weakness in Internal Controls, any material change in Internal Controls or any fraud involving management or other employees who have a significant role in Internal Controls (each, an "**Internal Control Event**") or (ii) any material violation of, or failure to comply with, the Securities Laws.

(x) *Absence of Accounting Issues.* A member of the Board has confirmed to the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company that, except as set forth in the General Disclosure Package, the Board is not reviewing or investigating, and neither the Company's independent auditors nor its internal auditors have recommended that the Board review or investigate, (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies; (ii) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years; or (iii) any Internal Control Event.

(y) *Litigation.* Except as disclosed in the General Disclosure Package, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company or any of its properties that, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of the Company to perform its obligations under the Indenture or this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are, to the Company's knowledge, threatened or contemplated.

(z) *Financial Statements.* The financial statements of the Company included in the Registration Statement and the General Disclosure Package present fairly the financial position of the Company as of the dates shown and its results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis; and the schedules of the Company included in the Registration Statement present fairly the information required to be stated therein.

(aa) *No Material Adverse Change in Business.* Except as disclosed in the General Disclosure Package, since the end of the period covered by the latest audited financial statements of the Company included in the General Disclosure Package (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company that is material and adverse, (ii) except as disclosed in or contemplated by the General Disclosure Package, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock and (iii) except as disclosed in or contemplated by the General Disclosure Package, there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company.

(bb) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, will not be an "investment company" as defined in the Investment Company Act of 1940 (the "**Investment Company Act**").

(cc) *Ratings.* No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) (i) has imposed (or has informed the Company that it is considering imposing) any condition (financial or otherwise) on the Company's retaining any rating assigned to the Company or any securities of the Company or (ii) has indicated to the Company that it is considering any of the actions described in Section 7(f)(ii) hereof.

3. *Purchase, Sale and Delivery of Offered Securities.* On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to the several Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of 99.056% of the principal amount thereof plus accrued interest from October 27, 2009, to the Closing Date (as hereinafter defined), the respective principal amounts of Offered Securities set forth opposite the names of the Underwriters in Schedule A hereto.

The Company will deliver the Offered Securities to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price by the Underwriters in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company at the office of Cravath, Swaine & Moore LLP, 825 Eighth Avenue, New York, NY 10019-7416 at 9:00 a.m., New York time, on October 27, 2009, or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the **"Closing Date"**. For purposes of Rule 15c6-1 under the Exchange Act, the Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering. The Offered Securities so to be delivered or evidence of their issuance will be made available for checking at the above office of Cravath, Swaine & Moore LLP at least 24 hours prior to the Closing Date.

4. *Offering by Underwriters.* It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Final Prospectus.

5. *Certain Agreements of the Company.* The Company agrees with the several Underwriters that:

(a) *Filing of Prospectuses.* The Company has filed or will file each Statutory Prospectus (including the Final Prospectus) pursuant to and in accordance with Rule 424(b)(2) (or, if applicable and consented to by the Representatives, subparagraph (5), such consent not to be unreasonably withheld or delayed) not later than the second business day following the earlier of the date it is first used or the execution and delivery of this Agreement. The Company has complied and will comply with Rule 433.

(b) *Filing of Amendments; Response to Commission Requests.* The Company will promptly advise the Representatives of any proposal to amend or supplement the Registration Statement or any Statutory Prospectus at any time and will offer the Representatives a reasonable opportunity to comment on any such amendment or supplement; and the Company will also advise the Representatives promptly of (i) the filing of any such amendment or supplement, (ii) any request by the Commission or its staff for any amendment to the Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iii) the institution by the Commission of any stop order proceedings in respect of the Registration Statement or the threatening of any proceeding for that purpose, and (iv) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) *Continued Compliance with Securities Laws.* If, at any time when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and

any other dealers upon request of the Representatives, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(d) *Rule 158.* As soon as practicable, but not later than 16 months, after the date of this Agreement, the Company will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the date of this Agreement and satisfying the provisions of Section 11(a) of the Act and Rule 158.

(e) *Furnishing of Prospectuses.* The Company will furnish to the Representatives copies of the Registration Statement, including all exhibits, any Statutory Prospectus, the Final Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Representatives reasonably request. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) *Blue Sky Qualifications.* The Company will arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Representatives reasonably designate and will continue such qualifications in effect so long as required for the distribution; provided that, in connection therewith, the Company shall not be required to qualify as a foreign corporation or to take any action that would subject it to a general consent to service of process in any such jurisdiction.

(g) *Reporting Requirements.* For so long as the Offered Securities remain outstanding, the Company will furnish to the Representatives (i) as soon as available, a copy of each report of the Company filed with the Commission under the Exchange Act, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is complying with or subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system ("**EDGAR**"), it is not required to furnish such reports or statements to the Representatives or Underwriters.

(h) *Payment of Expenses.* The Company will pay all expenses incident to the performance of its obligations under this Agreement, including but not limited to any filing fees and other expenses (including fees and disbursements of counsel to the Underwriters) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives reasonably designate and the preparation and printing of memoranda relating thereto, any fees charged by investment rating agencies for the rating of the Offered Securities, costs and expenses relating to investor presentations or any "road show" in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of the Company's officers and employees and any other expenses of the Company including the chartering of airplanes (but excluding any separately-incurred travel expenses of employees and representatives of the Representatives and the Underwriters), fees and expenses incident to any listing of the Offered Securities on the New York Stock Exchange, NASDAQ Stock Market and other national and foreign exchanges, fees and expenses in connection with the registration of the Offered Securities under the Exchange Act, and expenses incurred in distributing preliminary prospectuses and the Final Prospectus (including any amendments and supplements thereto) to the Underwriters and for expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors.

(i) *Use of Proceeds.* The Company will use the net proceeds received in connection with this offering in the manner described in the "Use of Proceeds" section of the General Disclosure Package and, except as disclosed in the General Disclosure Package, the Company does not intend to use any of the proceeds from the sale of the Offered Securities hereunder to repay any outstanding debt owed to any affiliate of any Underwriter.

(j) *Absence of Manipulation.* The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Offered Securities.

(k) *Restriction on Sale of Securities.* The Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to United States dollar-denominated debt securities issued or guaranteed by the Company and having a maturity of more than one year from the date of issue, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Representatives for a period beginning on the date hereof and ending 90 days after the Closing Date (the "**Lock-Up Period**").

6. *Free Writing Prospectuses.* (a) *Issuer Free Writing Prospectuses.* The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus", as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a "**Permitted Free Writing Prospectus**". The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus", as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping.

(b) *Term Sheets.* The Company will prepare a final term sheet relating to the Offered Securities, containing only information that describes the final terms of the Offered Securities and otherwise in a form consented to by the Representatives, and will file such final term sheet within the period required by Rule 433(d)(5)(ii) following the date such final terms have been established for all classes of the offering of the Offered Securities. Any such final term sheet is an Issuer Free Writing Prospectus and a Permitted Free Writing Prospectus for purposes of this Agreement. The Company also consents to the use by any Underwriter of a free writing prospectus that contains only (i) (A) information describing the preliminary terms of the Offered Securities or their offering or (B) information that describes the final terms of the Offered Securities or their offering and that is included in the final term sheet of the Company contemplated in the first sentence of this subsection or (ii) other information that is not "issuer information", as defined in Rule 433, it being understood that any such free writing prospectus referred to in clause (ii) above shall not be an Issuer Free Writing Prospectus for purposes of this Agreement.

7. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Offered Securities on the Closing Date will be subject to the accuracy of the representations and warranties of the Company herein (as though made on the Closing Date), to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) *Accountants' Comfort Letter.* The Representatives shall have received letters, dated, respectively, the date hereof and the Closing Date, of Deloitte & Touche LLP confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and substantially in the form of Schedule C hereto (except that, in any letter dated the Closing Date, the specified date referred to in Schedule C hereto shall be a date no more than three days prior to the Closing Date).

(b) *Filing of Prospectus.* The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) hereof. No stop order suspending the effectiveness of the Registration Statement or of any part thereof shall have been issued and no

proceedings for that purpose shall have been instituted or, to the knowledge of the Company or any Underwriter, shall be contemplated by the Commission.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to market or enforce contracts for the sale of the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g)), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impractical to market or to enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum or maximum prices for trading on such exchange; (v) or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. Federal or New York authorities; (vii) any major disruption of settlements of securities, payment or clearance services in the United States or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(d) *Opinion of Counsel for Company.* The Representatives shall have received an opinion, dated the Closing Date, of Conner & Winters, LLP, special counsel for the Company, to the effect that:

(i) *Indenture; Offered Securities.* The Indenture has been duly qualified under the Trust Indenture Act; and the Offered Securities delivered on the Closing Date conform to the information in the General Disclosure Package and to the description of such Offered Securities contained in the Final Prospectus;

(ii) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, will not be an "investment company" as defined in the Investment Company Act;

(iii) *Absence of Further Requirements.* No consent, approval, authorization or order of, or filing with, any person (including any governmental agency or body or any court) is required for the consummation of the transactions contemplated by this Agreement in connection with the offering, issuance and sale of the Offered Securities by the Company, except such as have been obtained or made and such as may be required under state securities laws, the Energy Policy Act or the Federal Power Act;

(iv) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of the Indenture and this Agreement and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property

or assets of the Company pursuant to (A) the charter or by-laws of the Company, (B) any statute, rule, regulation or, to such counsel's knowledge, order of any governmental agency or body or any court having jurisdiction over the Company or any of its properties (other than the Energy Policy Act or the Federal Power Act or any rule, regulation or order of any governmental agency or body relating to the Energy Policy Act or the Federal Power Act or any court having jurisdiction over the Company or any of its properties in a proceeding relating to the Energy Policy Act or the Federal Power Act), except in the case of this clause (B) for such breaches, violations, defaults or impositions as would not, individually or in the aggregate, have a Material Adverse Effect, or (C) any agreement or instrument filed as an exhibit to the Registration Statement or as an exhibit to any document incorporated by reference in the Registration Statement (it being understood that such counsel's opinion under this clause (C) need not extend to compliance with any financial ratio or any limitation in any contractual restriction expressed as a dollar (or other currency) amount);

(v) *Compliance with Registration Requirements; Effectiveness.* The Registration Statement has become effective under the Act, the Final Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) specified in such opinion on the date specified therein, and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Act; the statements (A) under the headings "Description of the Bonds and Mortgage", "Material United States Federal Tax Considerations" and "Underwriting" in the Registration Statement, General Disclosure Package and Final Prospectus and (B) in Item 15 of the Registration Statement, in each case, of legal matters, agreements, documents or proceedings are accurate and fair summaries thereof in all material respects and present the information required to be shown; and such counsel do not know of any legal or governmental proceedings required to be described in the Registration Statement or the Final Prospectus which are not described as required or of any contracts or documents of a character required to be described in the Registration Statement or the Final Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required;

(vi) *Absence of Existing Defaults and Conflicts.* To such counsel's knowledge, the Company is not in violation of its charter or by-laws and, to such counsel's knowledge, no default (or event which, with the giving of notice or lapse of time would be a default) has occurred in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the General Disclosure Package or filed or incorporated by reference as an exhibit to the Registration Statement; and

(vii) *Accurate Disclosure.* The Registration Statement, as of the Effective Time relating to the Offered Securities, and the Final Prospectus, as of the date of this Agreement, and each amendment or supplement thereto, as of its issue date, complied as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations (it being understood that such counsel need express no opinion as to the content of the financial statements or the other financial data or assessments of or reports on the effectiveness of internal control over financial reporting contained in the Registration Statement, the General Disclosure Package, the Final Prospectus or the Statement of Eligibility on Form T-1 (the "**Form T-1**") of the Trustee with respect to the Offered Securities).

In addition, such counsel shall state that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent registered public accountants of the Company, and representatives of the Underwriters at which the contents of the Registration Statement, the General Disclosure Package and the Final Prospectus were discussed and, although such counsel is not passing upon and does not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the General Disclosure Package or the Final Prospectus (except and to the extent stated in subparagraph (v) of this Section 7(d)), on the basis of the foregoing, nothing has come to the attention of such counsel that causes them to believe that (A) any part of the Registration Statement, as of the Effective Time relating to the Offered Securities, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading; (B) the Final Prospectus, as of the date of this Agreement or as of the Closing Date, or any amendment or supplement thereto, as of its issue date or as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (C) the General Disclosure Package, as of the Applicable Time, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no comment or belief as to the content of the financial statements or the other financial data or assessments of or reports on the effectiveness of internal control over financial reporting contained in the Registration Statement, the General Disclosure Package, the Final Prospectus or the Form T-1).

(e) *Opinion of General Counsel to the Company.* The Representatives shall have received an opinion, dated the Closing Date, of Steven J. Helmers, Esq., General Counsel to the Company, to the effect that:

(i) *Good Standing of the Company.* The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of South Dakota, with corporate power and authority 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;

(ii) *Indenture; Offered Securities.* The Indenture has been duly authorized, executed and delivered by the Company; the Offered Securities delivered on the Closing Date have been duly authorized, executed, authenticated, issued and delivered; and the Indenture and the Offered Securities delivered on the Closing Date constitute valid and

legally binding obligations of the Company enforceable in accordance with their terms and the Offered Securities are entitled to the benefits provided by the Indenture, subject in each case to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) *Authority.* The Company has full corporate power and authority to authorize, issue and sell the Offered Securities as contemplated by this Agreement;

(iv) *Authorization of Agreement.* This Agreement has been duly authorized, executed and delivered by the Company;

(v) *Registration Rights.* Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings known to such General Counsel between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act;

(vi) *Possession of Licenses.* To such General Counsel's knowledge, the Company possesses adequate Licenses issued by appropriate governmental agencies or bodies necessary to conduct the business as now operated by it as described in the General Disclosure Package and, except as described in the General Disclosure Package, such General Counsel is not aware of the receipt of any notice of proceedings relating to the revocation or modification of any such License that, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect;

(vii) *Environmental Laws.* To such General Counsel's knowledge, except as disclosed in the General Disclosure Package, the Company (A) is in compliance with any and all applicable environmental laws, (B) has received all permits, licenses and other approvals required of it under applicable environmental laws to conduct its business and (C) is in compliance with all terms and conditions of each such permit, license and approval, except where such noncompliance with environmental laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, individually or in the aggregate, have a Material Adverse Effect;

(viii) *Absence of Further Requirements.* No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required under South Dakota law, the Energy Policy Act or the Federal Power Act for the consummation of the transactions contemplated by this Agreement in connection with the issuance and sale of the Offered Securities by the Company, except such as have been obtained and such as may be required under state securities laws;

(ix) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of the Indenture and this Agreement and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to (A) the Energy Policy Act or the Federal Power Act or any rule, regulation or, to such General Counsel's knowledge, order of any governmental agency or body relating to the Energy Policy Act or the Federal Power Act or any court having jurisdiction over the Company or any of its properties in a proceeding

relating to the Energy Policy Act or the Federal Power Act or (B) any agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the properties of the Company is subject, except in the case of this clause (B) for such breaches, violations, defaults or impositions as would not, individually or in the aggregate, have a Material Adverse Effect (it being understood that such General Counsel's opinion under this clause (B) need not extend to compliance with any financial ratio or any limitation in any contractual restriction expressed as a dollar (or any other currency) amount); and

(x) *Accurate Disclosure.* The descriptions under the headings "Risk Factors" and "Black Hills Power, Inc." in the Registration Statement, the General Disclosure Package and the Final Prospectus of statutes, legal and governmental proceedings and contracts and other documents are accurate in all material respects and fairly present the information required to be shown (it being understood that such General Counsel need express no opinion as to the content of the financial statements or the other financial data or assessments of or reports on the effectiveness of internal control over financial reporting contained in the Registration Statement, the General Disclosure Package, the Final Prospectus or the Form T-1).

In addition, such General Counsel shall state that such General Counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent registered public accountants of the Company, and representatives of the Underwriters at which the contents of the Registration Statement, the General Disclosure Package and the Final Prospectus were discussed and, although such General Counsel is not passing upon and does not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the General Disclosure Package or the Final Prospectus (except and to the extent stated in subparagraph (x) of this Section 7(e)), on the basis of the foregoing, nothing has come to the attention of such General Counsel that causes him to believe that (A) any part of the Registration Statement, as of the Effective Time relating to the Offered Securities, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading; (B) the Final Prospectus, as of the date of this Agreement or as of the Closing Date, or any amendment or supplement thereto, as of its issue date or as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (C) the General Disclosure Package, as of the Applicable Time, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such General Counsel need express no comment or belief as to the content of the financial statements or the other financial data or assessments of or reports on the effectiveness of internal control over financial reporting contained in the Registration Statement, the General Disclosure Package, the Final Prospectus or the Form T-1).

(f) *Opinion of Counsel for Underwriters.* The Representatives shall have received from Cravath, Swaine & Moore LLP, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to such matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, Cravath, Swaine & Moore LLP may rely as to the incorporation of the Company and all other matters governed by South Dakota law upon the opinion of Steven J. Helmers, Esq., General Counsel to the Company, referred to above. Furthermore, in rendering such opinion, Cravath, Swaine & Moore LLP may rely as to all matters

goverened by Wyoming law upon the opinion of Dray, Thomson & Dyekman, P.C., special counsel for the Company.

(g) *Officers' Certificate.* The Representatives shall have received a certificate, dated the Closing Date, of an executive officer of the Company and a principal financial or accounting officer of the Company in which such officers shall state that: the representations and warranties of the Company in this Agreement are true and correct; the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date; 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 their knowledge and after reasonable investigation, are contemplated by the Commission; and, 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 or as described in such certificate.

The Company will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder.

8. *Indemnification and Contribution.* (a) *Indemnification of Underwriters.* The Company will indemnify and hold harmless each Underwriter, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Indemnified Party**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.

(b) *Indemnification of Company.* Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Underwriter Indemnified Party**"), against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, or any Issuer Free Writing Prospectus,

or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the fourth paragraph under the caption "Underwriting" and the information contained in the eighth (pertaining to stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids) and ninth(pertaining to the effect of stabilizing transactions, syndicate covering transactions and penalty bids) paragraphs under the caption "Underwriting".

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. 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 relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d).

9. *Default of Underwriters.* If any Underwriter or Underwriters default in their obligations to purchase Offered Securities hereunder on the Closing Date and the aggregate principal amount of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total principal amount of Offered Securities that the Underwriters are obligated to purchase on the Closing Date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by the Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on the Closing Date. If any Underwriter or Underwriters so default and the aggregate principal amount of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount of Offered Securities that the Underwriters are obligated to purchase on the Closing Date and arrangements satisfactory to the Representatives and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 10. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

10. *Survival of Certain Representations and Obligations.* The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 9 hereof or the occurrence of any event specified in clause (iii), (iv), (vi), (vii) or (viii) of Section 7(c), the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities, and the respective obligations of the Company and the Underwriters pursuant to Section 8 hereof shall remain in effect. In addition, if any Offered Securities have been purchased hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

11. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives at: RBC Capital Markets

Corporation, Three World Financial Center, 200 Vesey Street, New York, NY 10281, Attention: Debt Capital Markets; RBS Securities Inc., 600 Washington Blvd, Stamford, CT 06901, Attention: Debt Capital Markets Syndicate and Scotia Capital (USA) Inc., 1 Liberty Plaza, 25th Floor, 165 Broadway, New York, NY 10006, Attention: Debt Capital Markets or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at 625 Ninth Street, Rapid City, SD 57701, Attention: Steven J. Helmers, Esq., General Counsel; provided, however, that any notice to an Underwriter pursuant to Section 8 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

12. *Successors*. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8, and no other person will have any right or obligation hereunder.

13. *Representation of Underwriters*. The Representatives will act for the several Underwriters in connection with this financing, and any action under this Agreement taken by the Representatives will be binding upon all the Underwriters.

14. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

15. *Absence of Fiduciary Relationship*. The Company acknowledges and agrees that:

(a) *No Other Relationship*. Each Representative has been retained solely to act as an underwriter in connection with the sale of Offered Securities and that no fiduciary, advisory or agency relationship between the Company and any of the Representatives has been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether any Representative has advised or is advising the Company on other matters;

(b) *Arms' Length Negotiations*. The price of the Offered Securities set forth in this Agreement was established by the Company following discussions and arms-length negotiations with the Representatives and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose*. The Company has been advised that each Representative and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that no Representative has any obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver*. The Company waives, to the fullest extent permitted by law, any claims it may have against any of the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that no Representative shall have any liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

16. *Applicable Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement between the Company and the several Underwriters in accordance with its terms.

Very truly yours,

BLACK HILLS POWER, INC.

by _____

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

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

RBC CAPITAL MARKETS CORPORATION

by _____

Name: Paul Lundy
Title: Director, Head of US Syndicate

RBS SECURITIES INC.

by _____

Name:
Title:

SCOTIA CAPITAL (USA) INC.

by _____

Name:
Title:

Acting on behalf of themselves and as the Representatives of the several Underwriters.

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

RBC CAPITAL MARKETS CORPORATION

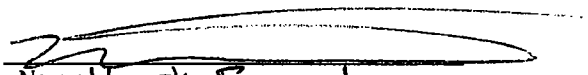
by

_____

Name:
Title:

RBS SECURITIES INC.

by



Name: Mark Frenzel
Title: Vice President

SCOTIA CAPITAL (USA) INC.

by

_____

Name:
Title:

Acting on behalf of themselves and as the Representatives of the several Underwriters.

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

RBC CAPITAL MARKETS CORPORATION

by

_____

Name:
Title:

RBS SECURITIES INC.

by

_____

Name:
Title:

SCOTIA CAPITAL (USA) INC.

by

_____

Name: Greg Greer
Title: Managing Director

Acting on behalf of themselves and as the Representatives of the several Underwriters.

SCHEDULE A

Underwriter	Principal Amount of Offered Securities
RBC Capital Markets Corporation	36,000,000
RBS Securities Inc.	36,000,000
Scotia Capital (USA) Inc.	36,000,000
BMO Capital Markets Corp.	22,500,000
Mitsubishi UFJ Securities (USA), Inc.	22,500,000
The Williams Capital Group, L.P.	18,000,000
U.S. Bancorp Investments, Inc.	9,000,000
Total	$180,000,000

SCHEDULE B

1. General Use Issuer Free Writing Prospectuses (included in the General Disclosure Package)

"General Use Issuer Free Writing Prospectus" includes each of the following documents:

1. Final term sheet, dated October 22, 2009, a copy of which is attached hereto.

2. Other Information Included in the General Disclosure Package

The following information is also included in the General Disclosure Package:

None.

Filed Pursuant to Rule 433
Registration No. 333-150669-01

Pricing Term Sheet
October 22, 2009

Black Hills Power, Inc.

$180,000,000
First Mortgage Bonds, 6.125% Series AF due November 1, 2039

The following information supplements the Preliminary Prospectus Supplement dated October 22, 2009, filed pursuant to Rule 424, Registration Statement No. 333-150669-01.

Issuer:	Black Hills Power, Inc.
Title of securities:	First Mortgage Bonds, 6.125% Series AF due 2039
Ratings:	A3; BBB; A-[(1)]
Aggregate principal amount offered:	$180,000,000 principal amount
Maturity:	November 1, 2039
Interest payment dates:	May 1 and November 1 of each year, commencing May 1, 2010
Record dates:	April 15 and October 15 of each year
Principal amount per note:	$100,000 x $1,000
Benchmark:	UST 4.25% due 5/2039
Benchmark Price	99-29+
Benchmark yield:	4.255%
Reoffer Spread	+187.5 bps
Reoffer Yield	6.130%
Coupon	6.125% per annum
Price to public:	99.931% of principal amount
Gross proceeds:	$179,875,800
Underwriters' discount:	0.875%
Net proceeds, after underwriters' discount, to issuer:	$178,300,800
Optional redemption:	Callable at any time at the greater of i) the price equal to the principal amount plus accrued and unpaid interest and ii) the Treasury Rate plus 25 bps.

[(1)] These securities ratings have been provided by Moody's, S&P and Fitch. These ratings are not a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

Joint Book-Running Managers:	RBC Capital Markets Corporation RBS Securities Inc. Scotia Capital (USA) Inc.
Senior Co-Managers:	BMO Capital Markets Corp. Mitsubishi UFJ Securities (USA), Inc.
Co-Managers:	The Williams Capital Group, L.P. U.S. Bancorp Investments, Inc.
Trade date:	October 22, 2009
Settlement date (T+3):	October 27, 2009
CUSIP:	092114 AB3
ISIN:	US092114AB31

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling RBC Capital Markets Corporation toll free at 1-866-375-6829, RBS Securities Inc. toll free at 1-866-884-2071 or Scotia Capital (USA) Inc. toll free at 1-800-372-3930.

SCHEDULE C

(Form of D&T letter)

Deloitte.

Deloitte & Touche LLP
50 South 6th Street
Suite 2800
Minneapolis, MN 55402-1538
USA

Tel: +1 612 397 4000
Fax: +1 612 397 4450
www.deloitte.com

October 22, 2009

RBC Capital Markets Corporation
Three World Financial Center, 200 Vesey Street
New York, NY 10281

RBS Securities Inc.
600 Washington Blvd.
Stamford, CT 06901

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
New York, NY 10006

Black Hills Power, Inc.
625 Ninth Street
Rapid City, SD 57709

Dear Sirs:

We have audited the consolidated balance sheets of Black Hills Corporation and subsidiaries ("BHC") as of December 31, 2008 and 2007, and the consolidated statements of income, common stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2008, the related financial statement schedule for BHC, and the effectiveness of BHC's internal control over financial reporting as of December 31, 2008. BHC's financial statements and financial statement schedule and our report thereon (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of certain accounting pronouncements) and our report on the effectiveness of BHC's internal control over financial reporting are included in BHC's Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated by reference in the registration statement (No. 333-150669) on Post-Effective Amendment No. 1 to Form S-3 filed by BHC under the Securities Act of 1933 (the "Act"). We have also audited the balance sheets of Black Hills Power, Inc. ("BHP") as of December 31, 2008 and 2007, and the statements of income, common stockholder's equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2008 and the related financial statement schedule for BHP. BHP's financial statements and financial statement schedule and our report thereon are included in BHP's Annual Report on Form 10-K for the year ended December 31, 2008 and are included in the registration statement (No. 333-150669) on Post-Effective Amendment No.1 to Form S-3 filed by

BHC under the Securities Act of 1933 (the "Act"). The registration statement, as amended on October 22, 2009, including the Preliminary Prospectus Supplement, is herein referred to as the "Registration Statement."

In connection with the Registration Statement —

1. We are an independent registered public accounting firm with respect to BHC and BHP within the meaning of the Act and the applicable rules and regulations thereunder adopted by the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (United States) (PCAOB).

2. In our opinion, the consolidated financial statements and financial statement schedule of BHC and the financial statements and financial statement schedule of BHP audited by us and incorporated by reference (with respect to BHC) and included in the Registration Statement (with respect to BHP) comply as to form in all material respects with the applicable accounting requirements of the Act, the Securities Exchange Act of 1934 (the "Exchange Act"), and the related rules and regulations adopted by the SEC.

3. We have not audited any financial statements of BHC or BHP as of any date or for any period subsequent to December 31, 2008; although we have conducted audits for the year ended December 31, 2008, the purpose (and therefore the scope) of the audits was to enable us to express our opinions on the consolidated financial statements of BHC and the financial statements of BHP as of December 31, 2008, and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the unaudited condensed consolidated balance sheets of BHC as of March 31, 2009, and June 30, 2009, the unaudited condensed consolidated statements of income and cash flows of BHC for the three-month periods ended March 31, 2009 and 2008, the unaudited condensed consolidated statements of income of BHC for three-month and six month periods ended June 30, 2009 and 2008, the unaudited condensed consolidated statements of cash flows of BHC for the six month periods ended June 30, 2009 and 2008, included in BHC's quarterly reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009, incorporated by reference in the Registration Statement, and we are unable to and do not express an opinion on the unaudited condensed balance sheet of BHP as of June 30, 2009, or the unaudited condensed statements of income and cash flows for the six months ended June 30, 2009 and 2008, included in the registration statement, or on the financial position, results of operations, or cash flows for BHC or BHP as of any date or for any period subsequent to December 31, 2008.

4. For purposes of this letter, we have read the 2009 minutes of the meetings of the stockholders, the boards of directors of BHC and BHP and committees of the boards of directors as set forth in the minute books at October 20, 2009, officials of BHC and BHP having advised us that the minutes of all such meetings through that date were set forth therein (except for the minutes of the September 24, 2009 meeting, which were only available in draft form which we discussed with the BHP's and BHC's Secretary); we have carried out other procedures to October 20, 2009, as follows (our work did not extend to the period from October 21, 2009 to October 22, 2009, inclusive):

a. With respect to the six-month periods ended June 30, 2009 and 2008, we have –

(i) Performed the procedures specified by the PCAOB for a review of interim financial information as described in PCAOB AU 722, *Interim Financial Information*, on the unaudited condensed consolidated balance sheets as of June 30, 2009 for BHC and, the unaudited condensed balance sheets as of June 30, 2009 for BHP, and condensed consolidated statement of income and condensed statement of income for the six-month periods ended June 30, 2009 and 2008 for BHC and BHP respectively, and the statement of cash flow for the six-month period ended June 30, 2009 and 2008 for both BHC and BHP, included and incorporated by reference in the Registration Statement.

(ii) Inquired of certain officials of BHC and BHP who have responsibility for financial and accounting matters whether the unaudited condensed consolidated financial statements for BHC and the unaudited condensed financial statements referred to in a(i) comply as to form in all material respects with the applicable accounting requirements of the Act and the related rules and regulations adopted by the SEC.

b. With respect to the period from July 1, 2009, to August 31, 2009, we have –

(i) Read the unaudited consolidated condensed financial statements of BHC and unaudited condensed financial statements for BHP for July and August of both 2008 and 2009, furnished to us by BHC and BHP, officials of BHC and BHP having advised us that no such financial statements as of any date or for any period subsequent to August 31, 2009, were available. The financial information for BHP and BHC for July and August is incomplete in that it omits the statements of cash flows and other disclosures.

(ii) Inquired of certain officials of BHC and BHP who have responsibility for financial and accounting matters whether the unaudited consolidated condensed financial statements for BHC and unaudited condensed financial statements for BHP referred to in b(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements for BHC and the audited financial statements for BHP included and incorporated by reference in the Registration Statement.

The foregoing procedures do not constitute audits conducted in accordance with the standards of the PCAOB. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations regarding the sufficiency of the foregoing procedures for your purposes.

5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that —

a. (i) Any material modifications should be made to the unaudited condensed consolidated financial statements for BHC and the unaudited condensed financial statements for BHP described in 4a(i), incorporated by reference (with respect to BHC) or included in the Registration Statement (with respect to BHP), for them to be in conformity with accounting principles generally accepted in the United States of America.

(ii) The unaudited condensed consolidated financial statements for BHC and the unaudited condensed financial statements for BHP described in 4a(i) do not comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to Forms 10-Q and the related rules and regulations adopted by the SEC.

b. (i) At August 31,2009 there was any change in capital stock, increase in long-term debt of BHC or, if there were any change in capital stock, increase in long-term debt of BHP as compared with amounts shown in the June 30, 2009, unaudited condensed consolidated balance sheets for BHC incorporated by reference in the Registration Statement and unaudited condensed balance sheets of BHP included in the Registration Statement, except that the unaudited consolidated balance sheet as of August 31, 2009, which we were furnished by BHC, showed a change from June 30, 2009, in common stock, as follows (in thousands):

	August 31, 2009	June 30, 2009	Change
Common Stock	38,848	38,837	11

(ii) For the period from July 1, 2009, to August 31, 2009, there were decreases as compared with the corresponding period in the preceding year, in consolidated operating revenues for BHC or BHP, except the unaudited condensed consolidated income statement as of August 31, 2009 for BHC, and the unaudited income statement as of August 31, 2009 for BHP which we were furnished by the Company, showed a decrease year over year for the period of July1 to August 31, 2009 and 2008 for operating revenues, as follows (in thousands):

BHC:

	July 1 to August 31, 2009	July 1 to August 31, 2008	Change
Operating Revenues	$149,196	$203,171	$(53,975)

BHP:

	July 1 to August 31, 2009	July 1 to August 31, 2008	Change
Operating Revenues	$37,175	$40,774	$(3,599)

6. As mentioned in 4b, officials of BHC and BHP have advised us that no consolidated financial statements and financial statements, respectively, as of any date or for any period subsequent to August 31, 2009, are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after August 31, 2009, have, of necessity, been even more limited than those with respect to the periods referred to in 4. We have inquired of certain officials of BHC and BHP who have responsibility for financial and accounting matters whether (a) at October 20, 2009, there was any change in the capital stock or increase in long-term debt, as compared with amounts shown on the June 30, 2009 unaudited condensed consolidated balance sheets for BHC incorporated by reference and unaudited condensed balance sheet for BHP included in the Registration Statement or, (b) for the period from July 1, 2009 to October 20, 2009, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated operating revenue. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase, or decrease, except in all instances for changes, increases, or decreases that the Registration Statement discloses have occurred or may occur and except as described in 5b(i) and in the following sentence. We have been informed by officials of the Company that there continues to be a decrease in net operating revenues of BHP and BHC in amounts that were not determinable.

7. For purposes of this letter, we have also read the items identified by you on the attached pages of the Registration Statement and BHC's and BHP's Annual Reports on Form 10-K for the year ended December 31, 2008, BHC's and BHP's Quarterly Reports on Form 10-Q for the period ended June 30, 2009 and have performed the following procedures, which were applied as indicated with respect to the symbols explained below:

   A Compared to the audited consolidated financial statements for BHC or audited financial statements for BHP or notes thereto included in the BHC's and BHP's Annual Reports on Form 10-K for the period indicated, and found the amounts to be in agreement.

   B Recalculated based on amounts appearing in the audited consolidated financial statements for BHC or audited financial statements for BHP or notes thereto included in BHC's or BHP's respective Annual Reports on Form 10-K for the period indicated.

   C Compared to the unaudited condensed consolidated financial statements for BHC or unaudited condensed financial statements for BHP or notes thereto included in BHC's or BHP's Quarterly Reports on Form 10-Q for the six-month periods ended June 30, 2009 and 2008, and found the amounts to be in agreement.

   D Recalculated based on amounts appearing in the unaudited condensed consolidated financial statements for BHC or unaudited condensed financial statements for BHP or notes thereto of BHC's or BHP's Quarterly Reports on Form 10-Q for the six-month periods ended June 30, 2009 and 2008 and found the amounts to be in agreement.

   E Compared the amounts or percentages with or proved the arithmetic accuracy of the amounts or percentages (subject to rounding, as applicable) based on financial schedules or reports prepared by BHC or BHP and found them to be in agreement. Amounts

appearing in such schedules or reports were compared with accounting records of BHC or BHP and found to be in agreement.

8. Our audits of the consolidated financial statements of BHC and financial statements of BHP for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above and, accordingly, we express no opinion thereon.

9. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in paragraph 7; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the Registration Statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.

10. This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of BHC and BHP in connection with the offering of the securities covered by the Registration Statement, and it is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Registration Statement or any other document, except that reference may be made to it in the Underwriting Agreement or in any list of closing documents pertaining to the offering of the securities covered by the Registration Statement.

Yours truly,

Deloitte & Touche LLP