

BUILDING A WORLD OF DIFFERENCE®



BLACK HILLS POWER, INC.

**Report on
Depreciation Accrual Rates**

**Electric Utility Property
Through December 31, 2008**

September 18, 2009





BLACK & VEATCH
Building a world of difference.

September 18, 2009

Ms. Marne Miller
Director - Central Services
Black Hills Corporation
P.O. Box 1400
625 Ninth Street
Rapid City, SD 57709

Dear Ms. Miller:

We are enclosing our Report on Depreciation Accrual Rates for the electric utility property of Black Hills Power, Inc. (BHP). The findings, conclusions, and recommendations that we present in the report are representative of plant activity through December 31, 2008. In the report, we have provided discussions relative to depreciation accounting, the processes utilized and historical information relied upon, the determination of appropriate depreciation expense rates, as well as a review of the adequacy of current depreciation reserves. The Executive Summary of the report summarizes our major findings and recommendations.

We appreciate the opportunity to be of service in this matter and wish to thank BHP and their staff for their cooperation and assistance provided in the completion of the report.

Very Truly Yours,

BLACK & VEATCH CORPORATION

A handwritten signature in cursive script that reads "L W Loos".

L. W. Loos

Director, Enterprise Management Solutions

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DEPRECIATION STUDY

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DISCLAIMER

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Subject to the limitations set forth herein, this report was prepared for BHP by Black & Veatch Corporation ("B&V") and is based on information not within the control of B&V. B&V has not been requested to make an independent analysis, to verify the information provided to us, or to render an independent judgment of the validity of the information provided by others. As such, B&V cannot, and does not, guarantee the accuracy thereof to the extent that such information, data, or opinions are based on information provided by others.

EXECUTIVE SUMMARY

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1.0 EXECUTIVE SUMMARY

This report describes the analyses conducted and the results obtained for the depreciation expense rates and accumulated provision for depreciation of the electric utility property of Black Hills Power, Inc. (BHP). This report is based on plant activity through December 31, 2008, with recognition given to known or planned changes since that date. We consider the rates developed and recommended herein to be reasonable and appropriate for prospective use. We recommend, however, that depreciation rates be reviewed at a minimum of once every five years. We previously analyzed the depreciation rates of the company in 2006. Current BHP depreciation rates are based on the remaining life rates we recommended in that 2006 report.

Plant in service and accumulated depreciation as of December 31, 2008 for the classes of plant are summarized below:

Table 1-1
Plant in Service and Accumulated Reserve
As of December 31, 2008

Line No.	[A] Description	[B] Plant in Service \$	[C] Accumulated Reserve \$
1	Production Plant	333,751,374	168,424,399
2	Transmission Plant	70,469,637	25,333,132
3	Distribution Plant	249,651,598	81,960,628
4	General Plant	40,949,064	19,013,751
5	Total Plant in Service at 12/31/08	694,821,673	294,731,910
6	Pro Forma Adjustment to Plant in Service		
7	Wygen III ⁽¹⁾	128,440,000	-
8	Pro Forma Plant in Service	823,261,673	294,731,910

Notes:

(1) BHP's 52% share of Wygen III will be in service in 2010.

We base our recommended depreciation accrual rates on application of the remaining life depreciation method. This method is premised on recovery of plant investment in generally equal amounts over the remaining service life of plant facilities. This method recognizes changes that have occurred or are occurring, with respect to changes in investment level and life characteristics of individual property units.

For unit property, specifically production plant, we develop remaining life depreciation expense rates based on the prospective life span (retirement date) of each generating unit. The prospective retirement dates we use in this report were provided by BHP. Consistent with the remaining life concept and the prospective retirement date used, we include allowance for interim additions and retirements of individual pieces of property, as well as an adjustment for net salvage (gross salvage less cost of removal). The remaining life rates and the resulting change in depreciation expense for unit property accounts are shown in Table 5-1 and summarized in Table 1-2.

For mass property, specifically transmission, distribution, and general plant, the basis for our recommended accrual rates begins with the development of appropriate average service lives (ASL) and Iowa curves for each plant account using the actuarial analysis method. After developing our recommended ASL and Iowa

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curve, we adjust for net salvage to develop a whole life depreciation rate. As a final step, we consider depreciation reserve deficiency or excess and adjust the whole life rates to remaining life rates. Recommended depreciation rates for unit and mass property are summarized by function in Table 1-2 below and presented in detail in Table 1-3 at the end of this Executive Summary.

Table 1-2
Recommended Changes in Depreciation Rates and Expense

Line No.	[A] Description	[B]	[C]	[D]
		Current Composite Accrual Rate	Composite Recommended Accrual Rate	Change in Depreciation Expense
		%	%	\$
1	Production Plant	2.84%	2.66%	(608,995)
2	Transmission Plant	2.40%	2.12%	(185,801)
3	Distribution Plant	3.04%	2.72%	(786,829)
4	General Plant	6.53%	4.61%	(774,197)
5	Total Plant in Service at 12/31/08	3.11%	2.76%	(2,355,821)
6	Pro Forma Adjustments			
7	Wygen III		2.72%	3,493,568
8	Total Change Including Pro Forma Balances		2.75%	1,137,747

As indicated in the above table, application of the recommended remaining life depreciation rates results in a \$2.36 million decrease in annual depreciation expense when applied to total depreciable assets as of December 31, 2008. When applied to pro forma balances including the addition of the Wygen III generating station, total depreciation expense increases by about \$1.14 million. The overall decrease in depreciation expense is primarily attributable to the following factors:

1. Other Production Plant (combustion turbine based generation) retirement dates have generally been extended by BHP. Application of recommended production plant depreciation rates reduces the depreciation expense by approximately \$609,000.
2. There is a general trend of longer service lives for transmission and distribution accounts. This combined with the remaining life adjustment reduces depreciation expense by about \$973,000.
3. The results of our analysis of general plant accounts resulted in a mix of longer and shorter services lives. However, the larger accounts (based on plant in service) generally showed a need for longer service lives, which accounts for the overall decrease in depreciation expense of \$774,000.

The scope of this report includes:

1. A discussion of the practice of depreciation accounting (Section 3).
2. The types of information examined in our analysis and the methods applied (Section 4).
3. The results of the analyses conducted pertaining to the production plant (Section 5).
4. The results of the mass property analyses conducted of BHP's transmission, distribution, and general plant (Section 6).
5. The recommended depreciation rates (Section 7).

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Table 1-3
Recommended Depreciation Rates

Line No.	[A] FERC Acct	[B] Description	[C]	[D]	[E]
			Current Depreciation Rate %	Recommended Depreciation Rate %	Change in Depreciation Expense \$
1		Production Plant			
2		Steam Production Plant			
3	310	Land and Land Rights	0.00%	0.00%	-
4	311-316	Osage	1.53%	2.59%	189,540
5	311-316	Ben French	2.21%	3.62%	188,693
6	311-316	Wyodak	2.87%	3.04%	132,710
7	311-316	Neil Simpson I	3.35%	3.49%	26,590
8	311-316	Neil Simpson II	2.54%	2.49%	(58,580)
9		Total Steam Production	2.61%	2.80%	478,953
10		Other Production Plant			
11	340	Land and Land Rights	0.00%	0.00%	-
12	341-346	Lange CT	3.97%	2.39%	(477,715)
13	341-346	Neil Simpson I CT	3.91%	2.51%	(407,746)
14	341-346	Ben French CT's	2.43%	1.38%	(202,487)
15		Total Other Production	3.57%	2.19%	(1,087,948)
16		Total Production Plant	2.84%	2.66%	(608,995)
17		Transmission Plant			
18	350	Land and Land Rights	0.00%	0.00%	-
19	352	Structures and Improvements	2.39%	1.95%	(6,901)
20	353	Station Equipment	2.66%	1.71%	(321,582)
21	354	Towers and Fixtures	2.04%	1.42%	(2,776)
22	355	Poles and Fixtures	2.22%	3.12%	128,194
23	356	Overhead Conductors and Devices	2.04%	2.15%	19,030
24	359	Roads and Trails	1.95%	2.23%	19
25	106	Completed Construction not Classified	2.32%	2.12%	(1,785)
26		Total Transmission Plant	2.40%	2.12%	(185,801)
27		Distribution Plant			
28	360	Land and Land Rights	0.00%	0.00%	-
29	361	Structures and Improvements	3.28%	3.29%	25
30	362	Station Equipment	2.85%	2.35%	(257,652)
31	364	Poles, Towers and Fixtures	3.27%	3.07%	(109,884)
32	365	Overhead Conductors and Devices	3.14%	2.27%	(282,703)
33	366	Underground Conduit	2.64%	1.83%	(9,812)
34	367	Underground Conductors and Devices	3.00%	3.40%	142,904
35	368	Line Transformers	3.02%	2.21%	(240,229)
36	369	Services	2.77%	2.73%	(9,146)
37	370	Meters	2.85%	3.27%	33,168
38	371	Installations on Customer Premises	4.14%	3.08%	(17,629)
39	373	Street Lighting and Signal Systems	4.34%	3.61%	(11,069)
40	106	Completed Construction not Classified	3.02%	2.72%	(24,803)
41		Total Distribution Plant	3.04%	2.72%	(786,829)
42		General Plant			
43	389	Land and Land Rights	0.00%	0.00%	-
44	390	Structures and Improvements	4.73%	2.52%	(231,334)
45	391	Office Furniture and Equipment	10.56%		(101,929)
	391.1	Office Furniture and Equipment		4.40%	-
	391.3	Computer Equipment		12.67%	-
46	392	Transportation Equipment	9.06%	3.89%	(266,054)
47	393	Stores Equipment	4.23%	5.82%	4,646
48	394	Tools, Shop and Garage Equipment	4.23%	2.54%	(82,015)
49	395	Laboratory Equipment	3.06%	1.52%	(9,350)
50	396	Power Operated Equipment	4.23%	2.72%	(4,783)
51	397	Communication Equipment	4.39%	3.84%	(41,967)
52	398	Miscellaneous Equipment	5.81%	2.75%	(10,574)
53	106	Completed Construction not Classified	6.63%	4.61%	(30,837)
54		Total General Plant	6.53%	4.61%	(774,197)
55		Total Plant in Service @ 12/31/08	3.11%	2.76%	(2,355,821)
56		Pro Forma Adjustment			
57		Steam Production Plant			
58	311-316	Wygen III	n/a	2.72%	3,493,568
59		Pro Forma Plant in Service	3.11%	2.75%	1,137,747

2.0 INTRODUCTION

In this report, we present the results of our analysis of the depreciation expense requirements for the electric utility property of Black Hills Power, Inc (BHP). We primarily base our analysis on plant activity through December 31, 2008. Implications of certain known and measurable changes that have occurred or are anticipated to occur subsequent to December 31, 2008 are incorporated in our analyses as appropriate.

Currently, with the exception of the production function, BHP accrues depreciation expense and accumulates reserve by Federal Energy Regulatory Commission (FERC) account. Within the production function, BHP accumulates reserve and calculates depreciation expense for each generating facility. In this report, annual depreciation accrual rates are calculated by individual FERC account and for each generating facility using the whole life method. These whole life rates are subsequently adjusted to remaining life rates.

In Section 3.0, we briefly discuss the practice of depreciation accounting. In Section 4.0, we discuss the type of information examined in our analysis and the methods applied in analyzing the information. The results of the analyses performed are discussed in Sections 5.0 and 6.0. These discussions include a determination of depreciation accrual rates for unit property accounts (Section 5.0), whole life depreciation accrual rates for mass property accounts (Section 6.1), and our analysis of the adequacy of current depreciation reserve amounts and remaining life rates for mass property (Section 6.2).

2.1 Existing Plant in Service and Depreciation Rates

In Table 2-1 we show the plant in service and existing depreciation rates for production, transmission, distribution, and general plant. BHP has approximately \$10.7 million booked to Account 106 – Completed Construction Not Classified. We show these amounts by function in Table 2-1. The investment reported in Account 106 is about 1.5% of the existing plant in service.

For transmission, distribution, and general plant, BHP reports Depreciation Reserve of \$126.3 million as of December 31, 2008 (Table 2-1, Column D).

In Column D of Table 2-1, we show that BHP has accumulated reserve applicable to production plant of \$168.4 million.

To the extent that the depreciation accrual rates recommended in this report are different from the rates currently used, the change results generally from one or more of the following factors:

- Additional information regarding the history of the plant account (retirement history).
- Changes in life characteristics due to changes in equipment and/or manufacturing methods included in the plant.
- Changes in the anticipated retirement date of production plants and estimated cost of retirement (cost of removal/net salvage).

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Table 2-1
Depreciable Plant in Service, Depreciation Reserve, and Existing Rates

Line No.	[A] Description	[B] FERC Acct	[C] Plant in Service At 12/31/2008 \$	[D] Depreciation Reserve At 12/31/2008 \$	[E] Existing
					Depreciation Rate %
1	Production Plant				
2	Steam Production Plant				
3	Land and Land Rights	310	333,941	-	0.00%
4	Kirk	311-316	-	239,554	0.00%
5	Osage	311-316	17,918,001	17,357,768	1.53%
6	Ben French	311-316	13,360,210	13,050,958	2.21%
7	Wyodak	311-316	79,050,217	50,672,287	2.87%
8	Neil Simpson I	311-316	18,913,575	16,151,840	3.35%
9	Neil Simpson II	311-316	125,534,971	38,724,257	2.54%
10	Total Steam Production		255,110,915	136,196,664	
11	Other Production Plant				
12	Land and Land Rights	340	2,705	-	0.00%
13	Lange CT	341-346	30,183,503	8,369,716	3.97%
14	Neil Simpson CT	341-346	29,130,532	9,850,982	3.91%
15	Ben French Other Production	341-346	19,323,720	14,007,037	2.43%
16	Total Other Production		78,640,459	32,227,735	
17	Total Production Plant		333,751,374	168,424,399	
18	Transmission Plant				
19	Land and Land Rights	350	2,159,768	-	0.00%
20	Structures and Improvements	352	1,568,466	535,697	2.39%
21	Station Equipment	353	33,850,757	12,876,640	2.66%
22	Towers and Fixtures	354	447,677	167,538	2.04%
23	Poles and Fixtures	355	14,243,734	5,280,479	2.22%
24	Overhead Conductors and Devices	356	17,300,024	6,398,076	2.04%
25	Roads and Trails	359	6,920	2,570	1.95%
26	Completed Construction not Classified	106	892,291	72,132	2.32%
27	Total Transmission Plant		70,469,637	25,333,132	
28	Distribution Plant				
29	Land and Land Rights	360	1,624,794	(21,552)	0.00%
30	Structures and Improvements	361	254,825	115,258	3.28%
31	Station Equipment	362	51,530,410	19,833,698	2.85%
32	Poles, Towers and Fixtures	364	54,941,936	18,370,367	3.27%
33	Overhead Conductors and Devices	365	32,494,569	12,187,100	3.14%
34	Underground Conduit	366	1,211,297	346,988	2.64%
35	Underground Conductors and Devices	367	35,726,003	10,339,823	3.00%
36	Line Transformers	368	29,657,925	10,400,878	3.02%
37	Services	369	22,865,627	7,357,128	2.77%
38	Meters	370	7,897,105	1,259,837	2.85%
39	Installations on Customer Premises	371	1,663,075	626,129	4.14%
40	Street Lighting and Signal Systems	373	1,516,328	611,471	4.34%
41	Completed Construction not Classified	106	8,267,701	533,504	3.02%
42	Total Distribution Plant		249,651,598	81,960,628	
43	General Plant				
44	Land and Land Rights	389	602,008	-	0.00%
45	Structures and Improvements	390	10,467,603	5,598,384	4.73%
46	Office Furniture and Equipment	391	9,161,820	6,086,841	10.56%
47	Transportation Equipment	392	5,146,117	2,771,584	9.06%
48	Stores Equipment	393	292,210	152,865	4.23%
49	Tools, Shop and Garage Equipment	394	4,852,946	2,429,345	4.23%
50	Laboratory Equipment	395	607,146	283,317	3.06%
51	Power Operated Equipment	396	316,735	131,158	4.23%
52	Communication Equipment	397	7,630,343	895,944	4.39%
53	Miscellaneous Equipment	398	345,552	179,498	5.81%
54	Completed Construction not Classified	106	1,526,583	484,814	6.63%
55	Total General Plant		40,949,064	19,013,751	
56	Total Plant in Service		694,821,673	294,731,910	

DEPRECIATION ACCOUNTING

3.0 DEPRECIATION ACCOUNTING

The FERC Uniform System of Accounts defines depreciation as:

“The loss in service value¹ not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes that are known to be in current operation and against which the system is not protected by insurance. Among the causes considered are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.”

Depreciation accounting provides a method whereby charges for the loss in service value are made against current income derived from operating the system. By properly charging depreciation, the total cost of utility property is appropriately distributed over the useful life in such a way as to equitably allocate cost to the period during which service is provided through the use and consumption of such property. For the purpose of this report, we use the term “total cost” to mean the original investment cost (gross plant), less salvage value (if any), plus cost of removal (if any).

3.1 Annual Depreciation Expense

Annual depreciation expense represents the annual charge against income associated with the loss of service value of utility property. Historically, utilities have relied on a number of methods to identify the appropriate level of depreciation expense. Some of these methods include:

- A direct apportionment by management;
- A percentage of revenues;
- An amount equal to the original cost investment retired during the year;
- A charge per unit of delivery (kWh, kW, etc.); and
- A percentage of the investment in depreciable property.

Prior to 1965, BHP employed the percentage of revenue method for determining the annual depreciation expense. The expense was calculated by applying a fixed percentage to revenues from sales, less maintenance expenses. The annual percentage varied from 15 to 17-1/2 percent during the years 1941 to 1964. After 1964, BHP began charging depreciation by applying a percentage to depreciable property. This rate yields an annual depreciation expense that is intended to amortize the total cost (original investment, plus cost of removal, less salvage) over the life (or remaining life) of the property in generally equal amounts.

3.2 Depreciation Reserve

Depreciation reserve is a balance sheet item that reflects the accumulation of annual depreciation activities and associated retirement accounting. Under the FERC System of Accounts, depreciation reserve is shown on the balance sheet as “Accumulated Provision for Depreciation.”

The depreciation expense charged against income is credited to (accumulated in) depreciation reserve. For utility properties, FERC provides that upon retirement of an asset, the utility reduces (debits) depreciation reserve by the original cost of the asset retired, increases (credits) reserve by any benefits derived from the sale of assets removed (salvage), and reduces (debits) reserve by the costs attributable to removal. As such, the use of appropriate depreciation rates corresponding to the service life of utility properties will result in accruals to the depreciation reserve which equal the total investment ultimately retired, as adjusted for salvage and cost of removal.

¹ For the purposes of this report, we use the term “loss in service value” in the accounting sense where value represents the original cost of facilities.

DEPRECIATION ACCOUNTING

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For the purpose of this report, we have included consideration of net salvage (gross salvage less cost of removal) where appropriate. More specifically, for the depreciation rates recommended for unit and mass property accounts, we have provided allowance for net salvage based on industry trends and our experience with similar property. For the mass property accounts, we have also used as a reference, the historical salvage, cost of removal and retirement experience of BHP.

HISTORICAL INFORMATION

4.0 HISTORICAL INFORMATION

Depreciation expense rates are intended to recover the net investment (total cost) in utility property over its useful life. In this regard, depreciation rates typically consist of three components. These components, which are further defined below, include: (i) service life of the property; (ii) total cost to be recovered; and (iii) reserve deficiency.

Normally, the determination of average service life is largely dependent on analyses of detailed utility records. Such records generally provide information regarding additions and retirements by transaction year (year added or retired) and vintage (year originally installed) for each account. We adjust average service life based on historical experience to reflect expectations over the remaining service life based on our experience, judgment, and those conditions anticipated to occur.

We develop average service lives by account. We first separate accounts into two groups: mass property and unit property. Mass property represents relatively homogeneous property units that tend to be retired individually. Meters, conduit, conductor, services, and line transformers are examples of mass property. Conversely, unit property represents a more heterogeneous property group, which by the nature of their interconnected or integrated operations, tends (in large part) to be retired simultaneously, as a group. We normally consider power generation facilities for electric utilities as unit property. Generally, utilities maintain detailed unit property data by physical location. Utilities typically maintain mass property data on an aggregate level. For unit property accounts, we typically define service life based on planned retirement dates.²

For unit property, we normally develop a history of investment activity by account for each location or site. This life history reflects gross additions, retirements, surviving property, and account balances. Based on the estimated life (planned retirement date) for each unit property (generating station), we typically forecast plant investment activity (interim additions, retirements, and account balances) at the account level for each year that units within such an account are forecast to remain in service. We then calculate a remaining life, straight line depreciation accrual rate by dividing the unrecovered gross investment by the sum of the annual depreciable plant balances over the remaining life of the unit property. Unrecovered investment represents gross additions over the entire life of the unit less the depreciation reserve balance. Gross additions include both historical and forecast additions to unit properties throughout the entire lifespan of such properties. We also include allowance for cost of removal and salvage in gross investment.

For mass property, we initially define service lives and Iowa curves by account based on actuarial analysis (retirement or survivor curve analysis) or semi-actuarial analysis (simulated plant balance). These analyses rely on historical plant activity (retirements). Specifically, using a least squares technique, actual survivor stub curves representing the percent of original placements surviving at various ages are developed. We compare these stub curves to general survivor curves to identify the average service life which best fits historical experience. By comparing the results produced with results using other curve shapes, we determine the curve shape and average service life which best predicts historical experience. We use the average service life we developed as a principal determinant of the reasonable average service life applicable to each account. In addition to our analysis of historical experience, we consider our experience in the industry, practices of other utilities, and basic information regarding expected life characteristics of the property. Results derived from the application of these methodologies are then evaluated in connection with other available information such as: (i) past, present and anticipated economic conditions; (ii) recent industry trends; and (iii) engineering experience and judgment.

We further discuss these techniques, including a summary of the information required and the information provided by BHP in the following.

² BHP provided estimated retirement dates for each production unit.

HISTORICAL INFORMATION

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4.1 Black Hills Power Data

The property records of BHP are kept in accordance with the Uniform System of Accounts as prescribed by the FERC. We rely on these records as the basis for the information used for our analysis. The investment in unit property accounts (steam production and other power production plant) is maintained within PowerPlant, a comprehensive Project – Asset software system. PowerPlant's Asset System contains a fully functional CPR (Continuing Property Record) ledger.

4.1.1 Mass Property Data

The investment in mass property accounts (transmission, distribution and general plant) is maintained within PowerPlant. PowerPlant's Asset System contains a fully functional CPR (Continuing Property Record) ledger. BHP's Continuing Property Record (CPR) provides additions and retirement data in detail by vintage since 1950. Thus, we are able to perform actuarial studies as a basis to determine the experienced mortality characteristics for each FERC account.

Salvage history since 1970 is reported by function. Removal costs are charged to construction work orders and allocated to major functional plant groups on the basis of investment retired. Salvage and Cost of Removal (COR) data by account for the transaction years 1997 through 2008 were used to develop reasonable gross salvage, COR and net salvage allowances for the mass property accounts.

4.1.2 Planned Retirements (Unit Property Accounts)

For BHP's unit property, BHP provided the data needed to develop an investment history. A life history of gross additions, retirements, surviving property, and account balances by year since 1989 was provided for the analysis. Based on the estimated retirement date that BHP provided for the various units, we forecast plant investment activity (interim additions, retirements, and plant balances) for each year that we expect the property to remain in service. In the event that other reasonably anticipated planned additions and retirements are required in order for the property to reach the retirement date, we consider implications of such additions and retirements as well.

Based on the data described above, we calculate remaining life, straight line depreciation accrual rates by dividing the investment to be recovered (original investment, plus interim additions, plus cost of removal, less gross salvage less depreciation reserve) by the sum of the forecast annual depreciable balances over the remaining life of the unit property accounts. Forecast annual depreciable balances are based on the existing plant balances reported at December 31, 2008 plus forecast additions and retirements as adjusted for net salvage. Our recommended depreciation rates for unit property accounts are discussed in Section 5.0.

To accurately determine the composite depreciation accrual rate for the generating units, it is important to understand the retirement date and investment in each generating unit. BHP maintains historical data that includes additions, retirements, transfers, and net salvage by FERC account. This data provides sufficient information to evaluate interim additions, retirements, and salvage on an aggregate level for the steam and other production accounts for the period ending December 31, 2008. We supplement this information with BHP's Continuing Property Record data as a means to identify additions and retirements specific to generating units to determine approximate investment by generating unit.

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Table 5-1 summarizes the recommended remaining life depreciation rates for BHP's generating stations. We also show plant investment as of December 31, 2008, existing depreciation accrual rates, and the resulting change in annual depreciation expense by generating unit. The whole life accrual rate is defined as the rate which, when applied to the annual depreciable balances, will result in recovery of the original cost of gross additions over the entire life of the property. Adjustments to the whole life rates are made to reflect estimated salvage value and cost of removal. With the remaining life method, undepreciated investment plus forecast additions, cost of removal and salvage is recovered over the remaining life (of depreciable plant balances) of the property.

The annual accrual rates we develop will, if applied annually to unit property account balances over the remaining life of the various properties, recover BHP's investment, including consideration of the impact of net salvage. The principal forecasts, for which assumptions are made, that we rely on in the analyses include:

- The retirement date (life span) of the individual facilities.
- The level of interim additions and retirements.
- The level of major plant additions, upgrades, and improvements required for the individual units to reach the planned retirement date.
- The net salvage values associated with interim and final retirements.

We analyzed the investment history by account for steam production and other production plant through December 31, 2008. The life history reflects gross additions, retirements, surviving property and account balances. Based on the planned retirement date, we forecast plant investment activity (interim additions, retirements, and balances) for each year that we forecast the generating plant will remain in service. BHP provided us the data regarding the life span of unit property.

We calculate a remaining life, straight line depreciation accrual rate by dividing the gross investment (plant investment as of December 31, 2008 plus forecast interim additions less net salvage and accumulated depreciation) by the sum of the annual depreciable plant balances over the remaining life of the unit. Annual depreciable balances are based on plant balances as of December 31, 2008 plus forecast additions and retirements. Our recommended remaining life depreciation rate calculations are shown in the Appendix and are summarized in Table 5-1. For the total existing production plant, the composite proposed remaining life rate is 2.66 percent and the change in annual depreciation expense based on depreciable plant in service as of December 31, 2008 (as adjusted for known and measurable changes) is a decrease of about \$609,000 as shown in Table 5-1.

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**Table 5-1
Unit Property Analysis**

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	FERC Acct	Description	Plant Investment As of 12/31/2008 \$	Current Remaining Life Accrual Rate %	Indicated Whole Life Accrual Rate %	Recommended Remaining Life Accrual Rate %	Change in Depreciation Expense \$
1		Production Plant					([F] - [D]) * [C]
2		Steam Production Plant					
3	310	Land and Land Rights	333,941	0.00%		0.00%	-
4	311-316	Osage	17,918,001	1.53%	2.69%	2.59%	189,540
5	311-316	Ben French	13,360,210	2.21%	3.49%	3.62%	188,693
6	311-316	Wyodak	79,050,217	2.87%	3.35%	3.04%	132,710
7	311-316	Neil Simpson I	18,913,575	3.35%	3.55%	3.49%	26,590
8	311-316	Neil Simpson II	125,534,971	2.54%	2.79%	2.49%	(58,580)
9		Total Steam Production	255,110,915	2.61%	3.05%	2.80%	478,953
10		Other Production Plant					
11	340	Land and Land Rights	2,705	0.00%		0.00%	-
12	341-346	Lange CT	30,183,503	3.97%	2.06%	2.39%	(477,715)
13	341-346	Neil Simpson I CT	29,130,532	3.91%	2.71%	2.51%	(407,746)
14	341-346	Ben French CT's	19,323,720	2.43%	1.84%	1.38%	(202,487)
15		Total Other Production	78,640,459	3.57%	2.25%	2.19%	(1,087,948)
16		Total Production Plant	333,751,374	2.84%	2.87%	2.66%	(608,995)
17		Pro Forma Adjustment					
18		Wygen III (in Service 2010)	128,440,000	n/a		2.72%	3,493,568
19		Pro Forma Production Plant	462,191,374	2.84%		2.68%	2,884,573

5.1 Steam Production Plant

The steam electric generating stations owned by BHP as of December 31, 2008 include one unit at Ben French Station, two units at the Neil Simpson Station, three units at the Osage Plant and a 20 percent share of the 335 MW (net plant capacity) Wyodak Unit 1. Wygen III is currently under construction and is scheduled to be placed in service in 2010. BHP owns a 52 percent share of the 110 MW coal plant.

Table 5-2 summarizes the nameplate rating, year of installation, and forecast retirement date for each unit as provided by BHP.

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Table 5-2
Steam Production Plant Data

Line No.	[A] Steam Production Plant	[B] Nameplate Rating	[C] Date Installed	[D] Estimated Retirement	[E] Estimated Service Life
		kW			years
1	Ben French Steam	25,000	1960	2023	63
2	Osage #1 Steam	11,500	1948	2013	65
3	Osage #2 Steam	11,500	1950	2013	63
4	Osage #3 Steam	11,500	1952	2013	61
5	Neil Simpson #1 Steam	21,760	1969	2023	54
6	Neil Simpson #2 Steam	91,000	1995	2045	50
7	Wyodak #1 Steam (1)	72,400	1978	2030	52
8	Wygen III Steam (2)	57,200	2010	2055	45

(1) BHP's 20 percent share.

(2) BHP's 52 percent share.

Ben French Station. This station located in Rapid City has one steam generating unit with a maximum net capability of 21,600 kW. The age of this station at the end of 2008 was 48 years and the remaining life is estimated to be 15 years based on the forecast retirement of the unit in 2023. The Ben French station will have major capital additions of \$1.9 million in 2011 and \$2.1 million in 2016. Other than these major capital additions, nominal levels of interim additions and interim retirements are expected to be made over the remaining life of the station. The Appendix summarizes the derivation of whole life rates and remaining life rates (with and without cost of removal) applicable to the Ben French Station. A whole life accrual rate of 3.49 percent and a remaining life accrual rate of 3.62 percent (with cost of removal) are shown in Table 5-1. The accumulated depreciation reserve for the Ben French Plant is \$13,050,958 compared to the plant balance of \$13,360,210 as of December 31, 2008.

Neil Simpson Station. This generating station is located at the Wyodak coal mine site at Wyodak, Wyoming. This mine was acquired by BHP in 1954 from the Wyodak Coal Company, a subsidiary of the Homestake Mining Company.

Neil Simpson Unit 1 was placed in service in 1969 and has a nameplate rating of 21,760 kW. This unit features an air-cooled condenser which permits plant operation with a minimum amount of water. The age of Neil Simpson Unit 1 at the end of 2008 was 39 years and the remaining life is estimated to be 15 years based on the forecast retirement of the unit in 2023. The Neil Simpson Unit 1 will have major capital additions of \$2.1 million in 2009 and \$2.6 million in 2017. Other than these major capital additions, nominal levels of interim additions and interim retirements are expected to be made over the remaining life of the station. Based on the unit property methodology, the whole life accrual rate for Neil Simpson Unit 1 is 3.55 percent and the remaining life rate (with cost of removal) is 3.49 percent as shown in Table 5-1. The accumulated depreciation reserve for the Neil Simpson I is \$16,151,840 compared to the plant balance of \$18,913,575 for the period ending December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

Neil Simpson Unit 2 was placed in service in 1995 and has a nameplate rating of 91,000 kW. The age of Neil Simpson Unit 2 at the end of 2008 was 13 years and the remaining life is estimated to be 37 years based on

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the forecast retirement of the unit in 2045. There will be major capital additions of \$1.6 million in 2012, with recurring capital costs every seven years escalated at a 2.5 percent annual inflation rate through 2040. Other than these major capital additions, nominal levels of interim additions and interim retirements are expected to be made over the remaining life of the station. Based on the unit property methodology, the whole life accrual rate for Neil Simpson Unit 2 is 2.79 percent and the remaining life rate (with cost of removal) is 2.49 percent as shown in Table 5-1. The accumulated depreciation reserve for the plant is \$38,724,257 compared to the plant balance of \$125,534,971 as of December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

Osage Plant. The Osage Plant units were placed in service between 1948 through 1952. The steam production facilities at this location include two 10,150 kW (net plant capability) generating units originally owned by BHP and one 10,150 kW generating unit acquired from Rushmore REA Co-op in early 1992. At the end of 2008, the age of the units ranged from 56 to 60 years and the remaining life of all three is estimated to be 5 years based on the forecast retirement of the plant in 2013.

Based on the unit property methodology, the whole life accrual rate for Osage Plant is 2.69 percent and the remaining life rate (with cost of removal) is 2.59 percent as shown in Table 5-1. The accumulated depreciation reserve is \$17,357,768 compared to the plant balance of \$17,918,001 as of December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

Wyodak Plant. The Wyodak Plant is located adjacent to the Neil Simpson Station in Wyodak, Wyoming and was placed in service in 1978. From 1978 through 1990, this plant was jointly leased by BHP and Pacific Power & Light Company. At the end of 1990, BHP and Pacific Power acquired the plant from the leaseholders. BHP receives a 20 percent of the plant capacity of 335 MW. At the end of 2008, the age of the facility was 30 years and the remaining life is estimated to be 22 years based on the forecast retirement of the unit in 2030.

The plant will have major capital additions amounting to \$4.8 million in 2011. Also, there will be major capital costs of \$2.5 million in 2016, with recurring capital costs every five years escalated at a 2.5 percent annual inflation rate over the remaining life of the plant. Other than these major capital additions, nominal levels of interim additions and interim retirements are expected to be made over the remaining life of the station. Based on the unit property methodology, the whole life accrual rate for Wyodak Plant is 3.35 percent and the remaining life rate (with cost of removal) is 3.04 percent as shown in Table 5-1. The accumulated depreciation reserve is \$50,672,287 compared to the plant balance of \$79,050,217 as of December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

Kirk Plant. The Kirk Plant was acquired from Homestake Mining Company in 1954 and retired by Black Hills in October 2000. Since the Kirk Plant has already been retired, it is not included in our analysis. As of December 31, 2008, the retired Kirk plant has zero plant in service, but \$239,554 remaining in depreciation reserve. It is our understanding that the remaining depreciation reserve in the Kirk plant is to cover any residual retirement costs and will be written off if none materialize.

5.2 Other Production Plant

The other electric generating stations owned by BHP as of December 31, 2008 include the Ben French combustion turbines and diesel driven generator sets, the Neil Simpson Unit 1 combustion turbine and the Lange combustion turbine. BHP forecasts 50 and 48 year service lives for the Neil Simpson and Lange combustion turbines, respectively. The Ben French combustion turbines and diesel generation units are estimated to be retired by 2030. These forecast retirement dates result in services lives considerably greater than those we normally use for this type equipment. However, when considering BHP's aggressive capital maintenance schedules and limited use of these facilities, we find the estimates to be reasonable.

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Table 5-3 summarizes the nameplate rating, year of installation, and forecast retirement date for each unit as provided by BHP.

Table 5-3
Other Production Plant Data

Line No.	[A] Other Production Plant	[B] Nameplate Rating kW	[C] Date Installed	[D] Estimated Retirement	[E] Estimated Service Life years
1	BF - Diesel #1	2,000	1965	2020	55
2	BF - Diesel #2	2,000	1965	2020	55
3	BF - Diesel #3	2,000	1965	2020	55
4	BF - Diesel #4	2,000	1965	2020	55
5	BF - Diesel #5	2,000	1965	2020	55
6	BF - Combustion Turbine #1	25,000	1977	2030	53
7	BF - Combustion Turbine #2	25,000	1977	2030	53
8	BF - Combustion Turbine #3	25,000	1978	2030	52
9	BF - Combustion Turbine #4	25,000	1979	2030	51
10	Neil Simpson CT #1	40,000	2000	2050	50
11	Lange CT #1	40,000	2002	2050	48

Ben French Combustion Turbines. The four combustion turbines were installed in the period 1977 through 1979. At the end of 2008, the age of the facility ranged from 29 to 31 years and the remaining life is estimated to be 22 years based on the forecast retirement of all units in 2030. This is an 11 year life extension compared to our previous study.

Based on the unit property methodology, the whole life accrual rate for Ben French CTs is 1.84 percent and the remaining life rate (with cost of removal) is 1.38 percent as shown in Table 5-1. This is a significant decrease from the existing rate of 2.43% due to the retirement date being extended 11 years since our previous study. The accumulated depreciation for the plant is \$14,007,037 compared to the plant balance of \$19,323,720 for the period ending December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

Neil Simpson Unit 1 Combustion Turbine. This combustion turbine was installed in 2000. At the end of 2008, the age of the facility was 8 years and the remaining life was estimated to be 42 years based on the forecast retirement of the unit in 2050. This is a 20 year life extension compared to our previous study.

In 2009, a hot gas path replacement will take place at a capital cost of approximately \$1.8 million, with recurring capital costs every seven years escalated at a 2.5 percent annual inflation rate through 2030. Other than these major capital additions, nominal levels of interim additions and interim retirements are expected to be made over the remaining life of the station. Based on the unit property methodology, the whole life accrual rate for Neil Simpson Unit 1 CT is 2.71 percent and the remaining life rate (with cost of removal) is 2.51 percent as shown in Table 5-1. This is a significant decrease from the existing rate of 3.91% due to the retirement date being extended 20 years from our previous study. The accumulated depreciation reserve is \$9,850,982 compared to the plant balance of \$29,130,532 as of December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

Lange Combustion Turbine. This combustion turbine was installed in 2002. At the end of 2008, the age of the facility was 6 years and the remaining life was estimated to be 42 years based on the forecast retirement of the unit in 2050. This represents an 18 year increase in the life from the previous retirement year of 2032.

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In 2013, the Lange CT will have major capital additions of approximately \$2.2 million, with recurring capital costs every seven years escalated at a 2.5 percent annual inflation rate over the remaining life of the unit (through 2041). Other than these major capital additions, nominal levels of interim additions and interim retirements are expected to be made over the remaining life of the station. Based on the unit property methodology, the whole life accrual rate for Lange CT is 2.06 percent and the remaining life rate (with cost of removal) is 2.39 percent. This is a significant decrease from the existing rate of 3.97% due to the retirement date being extended 18 years since our previous study. The accumulated depreciation reserve is \$8,369,716 compared to the plant balance of \$30,183,503 as of December 31, 2008. The analysis showing the development of these rates is shown in the Appendix.

5.3 Wygen III Depreciation Rate

BHP is constructing the Wygen III Project at its Wyodak Energy Complex outside Gillette, Wyoming. Wygen III is expected to be completed in spring of 2010 at a cost of \$247 million and will provide power to BHP for 45 years. BHP has a 52 percent ownership stake in the plant and its share of plant in service is \$128.4 million. Wygen III is nominally rated as a 110 MW baseload power station and the fourth plant of a proven economical and efficient design constructed by BHC. Neil Simpson II, Wygen I, and Wygen II are sister plants located at the Wyodak Energy Complex. Wygen III is designed with the latest available emissions control technology to meet Wyoming's strict air quality standards.

BHP asked that we recommend depreciation rates for its investment in Wygen III. In 2007 we developed the depreciation rate for Wygen II, which is owned and operated by the Black Hills Corporation (BHC) subsidiary Cheyenne Light, Fuel & Power (CLFP). The depreciation rate for Wygen II was generally modeled after BHP's Neil Simpson II unit. To develop an accrual rate for Wygen III, we generally follow the template used in for the Wygen II depreciation rate and recommend the same applied rate of 2.72%. Both rates are premised on a 45 year service life. The annual accrual rates we develop will, if applied annually to unit property account balances over the life of the plant, recover BHP's investment in Wygen III, including consideration of the impact of net salvage. The principal forecasts, for which we make assumptions include:

- The retirement date (life span) of the generating station,
- The level of interim additions and retirements,
- The level of major plant additions, upgrades, and improvements required for the plant to reach the planned retirement date,
- The net salvage values associated with interim and final retirements.

We base our recommended depreciation rates for unit property on the remaining life depreciation expense rate method. For a new plant coming on line such as Wygen III, the remaining life rate equals the whole life rate since the remaining life is the full service life and no adjustment is needed for accumulated depreciation reserve. Based on the fact that Wygen III will be completed by spring 2010 and will have a 45-year service life, we forecast plant investment activity (interim additions, retirements, and balances) for each year that we forecast the generating plant would remain in service.

In the Appendix, we show our depreciation analysis for Wygen III. We calculate a whole life, straight line depreciation accrual rate by dividing the gross investment (plant investment in 2010 plus forecast interim additions less net salvage) by the sum of the forecast annual depreciable plant balances over the life of the unit. Annual depreciable balances are based on plant balances in 2010 plus forecast additions and retirements. Our recommended whole life depreciation rate calculations presented in the Appendix are summarized in Table 5-4. The calculated whole life depreciation rate for Wygen III is 2.72 percent.

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Table 5-4
Wygen III Depreciation Rate

<u>Account</u>	<u>Description</u>	<u>Projected Investment (1) 2010\$</u>	<u>Depreciation Rate</u>
310	Land	0	0.00%
311	Structure & Improvements	5,837,329	2.77%
312	Boiler Plant Equipment	66,704,214	2.90%
313	Engines & Engine Driven Generators	0	0.00%
314	Turbo Generator Equipment	49,459,211	2.50%
315	Accessory Electric Equipment	6,379,598	2.50%
316	Misc Power Equipment	59,649	5.72%
	Total	128,440,000	2.72%

(1) BHP's 52% ownership share

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There are two fundamental approaches (methods) used to develop depreciation rates. These are the whole life approach and the remaining life approach. The basic equation used to determine a whole life depreciation rate is as follows:

$$\text{Whole Life Rate} = \frac{1 - \text{Salvage Ratio}}{\text{Average Service Life}}$$

As evident from the above, this equation consists of two elements. The first element reflects recovery of the initial investment (1/ASL). The second element (-SR/ASL) reflects credit for net salvage. As we previously indicated, the purpose of considering net salvage in determining the accrual rate is to credit salvage and recover cost of removal over the life of the property.

An underlying assumption of the whole life method is that for mass property accounts, as property is retired and new property is installed, the average service life of the group does not change significantly. The whole life method is predicated on homogeneity of the property units included in the group. For mass property accounts that have significant retirement history, where vintage retirement history is available, and where we consider life characteristics in the future to be similar to those observed in the past, we use an actuarial analysis as the principal basis to estimate average service life.

Conversely, the basic equation used to determine a remaining life depreciation rate is as follows:

$$\text{Remaining Life Rate} = \frac{1 - \text{Salvage Ratio} - \text{Reserve Ratio}}{\text{Estimated Average Remaining Life}}$$

As demonstrated above, the whole life and remaining life equations are comparable. The only difference is, as the names imply, that under the whole life approach, investment is recovered equally over the entire life. With the remaining life method, undepreciated investment is recovered over the remaining life. So long as no change in life or other characteristics occur, the whole life and remaining life depreciation rates will be the same. Typically, as we do here in Section 6.2, an adjustment to whole life depreciation rates to reflect the amortization of reserve deficiency converts the whole life rate to a remaining life rate.

The traditional approach for incorporating allowances for net salvage is to compare annual net salvage (gross salvage minus cost of removal) to the original cost of the plant retired during that year. Typically this approach involves activity over a representative historical period, preferably at least 10 years. The traditional approach assumes that the ratio of net salvage dollars to the original cost dollars of the retirements is representative of the allowance that will ultimately apply to all plant in service over the life of the asset. In a whole life depreciation calculation, this allowance (ratio) is deducted before dividing by the average service life.

6.1 *Whole Life Analysis for Mass Property*

In Table 6-1, we summarize our recommended average service lives (ASL), Iowa curves, and net salvage ratios we use to calculate our indicated whole life depreciation rates applicable to mass property accounts. For mass property accounts (transmission, distribution, and general plant), we develop average service lives based on retirement (actuarial) analyses. We base our recommended net salvage ratios on BHP history, previous experience with similar systems, and judgment.

In this section, we summarize BHP's existing remaining life rates and indicated whole life depreciation rates. To determine the average service life (ASL), we rely on retirement analyses for transmission, distribution and general plant.

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BHP provided us with salvage and cost of removal data by plant account for the years 1997 through 2008. We analyzed the data, and developed average gross salvage, cost of removal and net salvage for distribution, transmission and general plant accounts. Our recommended gross salvage, cost of removal, and net salvage adjustments are based on BHP's 12 years of data, our experience, and professional judgment.

Table 6-1 shows the development of our indicated whole life rates using our recommended average service lives, Iowa curves, and net salvage adjustment.

6.1.1 Transmission Plant

Transmission plant facilities consist of 11 transmission substations and 447 pole miles of transmission circuits, plus 47 miles jointly owned with Basin Electric. Transmission voltage is 230 kV. In 2004 and 2005, transmission investment associated with 47 kV and 69 kV lines was reclassified to distribution plant. Historically, the primary cause for retirement of transmission plant has been obsolescence resulting from voltage upgrading. Other factors such as deterioration of wood poles and core wire oxidation of steel reinforced aluminum conductor affect historical retirements. Based on the review of the results of our actuarial analyses, along with consideration of the average age of retired properties and engineering judgment, we developed indicated service lives for transmission plant. The net salvage ratios are based on BHP data, our experience and professional judgment. A listing of average service lives and net salvage ratios for each plant account is shown in Table 6-1.

The actuarial analysis indicated a few changes in the whole life rates as compared to the existing rates. As shown in Table 6-1, actuarial analyses suggest that the average service lives for Structures and Improvements (Account 352), Station Equipment (Account 353), Towers and Fixtures (Account 354), and Roads and Trails (Account 359) increased from 3 to 5 years, while Poles and Fixtures (Account 355) and Overhead Conductors and Devices (Account 356) stayed the same as compared to our 2006 report. An analysis of the historical salvage and cost of removal data indicates that, in general, the transmission function has a negative net salvage (cost of removal exceeds salvage value). Net salvage ratios for transmission plant have remained primarily the same as existing rates, with the one change being Overhead Conductor and Devices (Account 356) changing from -15% to -10% (Table 6-1, Column K). As shown in Table 6-1, the indicated composite whole life rate for transmission plant is 2.18%.

6.1.2 Distribution Plant

BHP's distribution plant consists of substations, overhead and underground lines, transformers, services, meters, and lighting facilities. A listing of average service lives, Iowa curves, and net salvage ratios we use for each plant account is shown in Table 6-1.

Much like our actuarial analysis of transmission plant, some changes were identified for distribution plant accrual rates. As shown in Table 6-1, the actuarial analysis suggests that Structures and Improvements (Account 361), Underground Conductors and Devices (Account 367), and Meters (Account 370) decrease ASL by 2 to 5 years. Of the remaining 8 distribution accounts, the actuarial analysis indicates 7 show the need for longer average service lives. The specific changes are shown below:

- Station Equipment (Account 362) increases from 35 to 37 years,
- Poles, Towers and Fixtures (Account 364) increases from 40 to 44 years,
- Overhead Conductor and Devices (Account 365) increases from 40 to 45 years,
- Underground Conduit (Account 366) increases from 40 to 45 years,
- Line Transformers (Account 368) increases from 33 to 34 years,
- Services (Account 369) increases from 40 to 45 years,
- Installations (Account 371) increases from 25 to 30 years.

Based on our analysis of BHP's history of gross salvage and cost of removal, as well as our experience we recommend changes in net salvage ratios for 5 distribution accounts, as summarized below:

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- Poles, Towers and Fixtures (Account 364) changes from -25% to -30%,
- Overhead Conductor and Devices (Account 365) changes from -20% to -10%,
- Line Transformers (Account 368) changes from 5% to 10%,
- Services (Account 369) changes from -5% to -25%,
- Installations (Account 371) changes from 0% to -10%.

As shown in Table 6-1, the indicated composite whole life rate for distribution plant is 2.79%

6.1.3 General Plant

General plant consists of facilities and equipment which are used to support all functional activities. A listing of the average service lives and net salvage ratios for each plant account is shown in Table 6-1.

Based on the results of our actuarial analysis, four general plant accounts indicated the need for longer services lives and four indicate a reduction in ASL. Specific recommended changes are shown below:

- Structures and Improvements (Account 390) increases from 30 to 33 years
- Office Furniture and Equipment (Account 391) increases from 10 to 13 years
- Transportation Equipment (Account 392) increases from 10 to 12 years
- Tools, Shop, and Garage Equipment (Account 394) decreases from 30 to 25 years
- Laboratory Equipment (Account 395) decreases from 50 to 45 years
- Power Operated Equipment (Account 396) decreases from 30 to 25 years
- Communication Equipment (Account 397) decreases from 30 to 25 years
- Miscellaneous Equipment (Account 398) increases from 20 to 27 years

For Account 391, Office Furniture and Equipment, we recommend dividing the account into two distinct subaccounts with different depreciation rates. The combination of office furniture and computer and associated software results in a mix of assets with considerably difference life characteristics. Based on our experience, we estimate a service life for Computer Equipment of not more than 7.5 years. When we combine that 7.5 year life with the 13 year service life indicated by our actuarial analysis for the combined account a 21.6 year service life for Office Furniture and Equipment is indicated. We maintain the same 5% net salvage ratio for both new subaccounts, which results in whole life rates of 4.40% for Office Furniture and Equipment and 12.67% for Computer Equipment.

We recommend changes to net salvage ratios for 3 accounts. The net salvage ratio for Transportation Equipment (Account 392) changes from 20% to 15%, changes from 5% to 0% for Stores Equipment (Account 393), and changes from 5% to 0% for Miscellaneous Equipment (Account 398). As shown in Table 6-1, the indicated composite whole life rate for general plant accounts is 5.37%

6.2 Depreciation Reserve Analysis

As a final step in the development of our recommended depreciation rates, we account for any reserve deficiency or excess by converting the rates from whole life to remaining life rates. As we described previously in Section 6.0, the formula for calculating remaining life depreciation rates is:

$$\text{Remaining Life Rate} = \frac{1 - \text{Salvage Ratio} - \text{Reserve Ratio}}{\text{Estimated Average Remaining Life}}$$

We show our development of remaining life rates in Table 6-2. The key factors that differentiate a remaining life calculation and a whole life rate calculation are the inclusion of the existing reserve ratio and using the remaining life (in years) as the divisor instead of the average service life. We calculate the existing reserve ratio in Column E of Table 6-2. Our recommended net salvage ratio is shown in Column N. The remaining

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life shown in Column O represents the probable life based on the average age of existing plant and the Iowa curve type and ASL. The calculated remaining life rates are shown in Column P of Table 6-2.

Overall, our recommended remaining life rates are lower on a composite basis than existing rates for transmission, distribution, and general plant assets. For transmission accounts, the composite rate decreases from 2.32% to 2.12%. This results in an estimated decrease in depreciation expense³ of \$186,000. The composite rate for distribution accounts decreases from 3.02% to 2.72%, which results in an estimated decrease in depreciation expense⁵ of \$787,000. For general plant accounts, the composite rate decreases from 6.43% to 4.61%, a decrease of \$774,000 in annual depreciation expense⁵. We attribute these decreases to two main factors: first, we find a general trend of longer service lives compared to the previous study, and second, as a result of the longer service lives, the theoretical reserve ratio, all other factors equal, will generally be lower than the existing reserve ratio. To account for the existing reserve ratio being higher than theoretical, the remaining life calculation effectively lowers the applied rate.

Our recommended remaining life rates are summarized in Table 6-2, Column P. The composite remaining life rate for all accounts is 2.82%, which is a decrease from the previous composite rate of 3.27%. The estimated annual effect on depreciation expense is a decrease of \$1.7 million, as shown in Column Q.

³ Based on December 31, 2008 plant balances

**Table 6-1
Summary of Mass Property Analysis**

Line No.	FERC Acct	[B] Description	[C] Plant in Service At 12/31/2008 \$	[D] Existing			[G] Recommended					[K] Net Salvage	[L] Equivalent Whole Life Rates (1 - [K]) / [H]
				[D] Existing Rem. Life Rates	[E] Adjustment for Net Salvage	[F] Whole Life ASL in Current Rates	[G] Iowa Curve	[H] Average Service Life	[I] Gross Salvage	[J] Cost of Removal			
1		Transmission Plant											
2	350	Land and Land Rights	2,159,768	0.00%	0%				0%	0%	0%	0.00%	
3	352	Structures and Improvements	1,568,466	2.39%	-10%	45	S4	48	0%	10%	-10%	2.29%	
4	353	Station Equipment	33,850,757	2.66%	5%	35	S0	40	10%	5%	5%	2.38%	
5	354	Towers and Fixtures	447,677	2.04%	-15%	55	R1.5	60	5%	20%	-15%	1.92%	
6	355	Poles and Fixtures	14,243,734	2.22%	-25%	55	S4	55	15%	40%	-25%	2.27%	
7	356	Overhead Conductors and Devices	17,300,024	2.04%	-15%	55	R4	55	30%	40%	-10%	2.00%	
8	359	Roads and Trails	6,920	1.95%	0%	50	S6	53	0%	0%	0%	1.89%	
9	106	Completed Construction not Classified	892,291	2.32%								2.18%	
10		Total Transmission Plant	70,469,637	2.32%								2.18%	
11		Distribution Plant											
12	360	Land and Land Rights	1,624,794	0.00%	0%				0%	0%	0%	0.00%	
13	361	Structures and Improvements	254,825	3.28%	-10%	35	S0	33	0%	10%	-10%	3.33%	
14	362	Station Equipment	51,530,410	2.85%	5%	35	R3	37	15%	10%	5%	2.57%	
15	364	Poles, Towers and Fixtures	54,941,936	3.27%	-25%	40	R2.5	44	20%	50%	-30%	2.95%	
16	365	Overhead Conductors and Devices	32,494,569	3.14%	-20%	40	R1.5	45	30%	40%	-10%	2.44%	
17	366	Underground Conduit	1,211,297	2.64%	0%	40		45	0%	0%	0%	2.22%	
18	367	Underground Conductors and Devices	35,726,003	3.00%	0%	35	S2	30	5%	5%	0%	3.33%	
19	368	Line Transformers	29,657,925	3.02%	5%	33	S0.5	34	10%	0%	10%	2.65%	
20	369	Services	22,865,627	2.77%	-5%	40	R4	45	25%	50%	-25%	2.78%	
21	370	Meters	7,897,105	2.85%	5%	35	L2	32	15%	10%	5%	2.97%	
22	371	Installations on Customer Premises	1,663,075	4.14%	0%	25	L0	30	20%	30%	-10%	3.67%	
23	373	Street Lighting and Signal Systems	1,516,328	4.34%	-5%	25	L0	25	20%	25%	-5%	4.20%	
24	106	Completed Construction not Classified	8,267,701	3.02%								2.79%	
25		Total Distribution Plant	249,651,598	3.02%								2.79%	
26		General Plant											
27	389	Land and Land Rights	602,008	0.00%	0%				0%	0%	0%	0.00%	
28	390	Structures and Improvements	10,467,603	4.73%	-10%	30	L1	33	0%	10%	-10%	3.33%	
29	391	Office Furniture and Equipment	9,161,820	10.56%	5%	10	O4	13					
30	391.1	Office Furniture and Equipment	3,570,058					21.6	10%	5%	5%	4.40%	
31	391.3	Computer/Software Equipment	5,591,762					7.5	10%	5%	5%	12.67%	
32	392	Transportation Equipment	5,146,117	9.06%	20%	10	R1	12	15%	0%	15%	7.08%	
33	393	Stores Equipment	292,210	4.23%	5%	30		30	10%	10%	0%	3.33%	
34	394	Tools, Shop and Garage Equipment	4,852,946	4.23%	5%	30	L1.5	25	5%	0%	5%	3.80%	
35	395	Laboratory Equipment	607,146	3.06%	0%	50	L1	45	0%	0%	0%	2.22%	
36	396	Power Operated Equipment	316,735	4.23%	5%	30	S5	25	5%	0%	5%	3.80%	
37	397	Communication Equipment	7,630,343	4.39%	0%	30	L2	25	0%	0%	0%	4.00%	
38	398	Miscellaneous Equipment	345,552	5.81%	5%	20	L1	27	0%	0%	0%	3.70%	
39	106	Completed Construction not Classified	1,526,583	6.63%								5.37%	
40		Total General Plant	40,949,064	6.43%								5.37%	
41		Total Mass Property	361,070,299	3.27%								2.97%	

Table 6-2
Calculation of Remaining Life Rates

Line No.	FERC Acct	Description	[C] Plant in Service At 12/31/2008 \$	[D] Depreciation Reserve At 12/31/2008 \$	[E] Reserve Ratio [D] / [C]	[F] Average Age years	Existing			Recommended				[O] Remaining Life Based on Curve years	[P] Indicated Remaining Life Rate with COR (1-[N]-[E])/[O]	[Q] Indicated Change in Depr Exp ([P] - [G])*[C]	[R] Indicated Remaining Life Rate w/o COR (1-[L]-[E])/[O]	
							[G] Rem. Life Rates	[H] Adjustment for Net Salvage	[I] Whole Life ASL in Current Rates	[J] Iowa Curve	[K] Average Service Life	[L] Gross Salvage	[M] Cost of Removal					[N] Net Salvage [L] - [M]
1		Transmission Plant																
2	350	Land and Land Rights	2,159,768	-	0.0%		0.00%	0%			0%	0%	0%		0.00%		0.00%	
3	352	Structures and Improvements	1,568,466	535,697	34.2%	9.1	2.39%	-10%	45	S4	48	10%	-10%	38.9	1.95%	(6,901)	1.69%	
4	353	Station Equipment	33,850,757	12,876,640	38.0%	8.8	2.66%	5%	35	S0	40	10%	5%	33.4	1.71%	(321,582)	1.56%	
5	354	Towers and Fixtures	447,677	167,538	37.4%	6.7	2.04%	-15%	55	R1.5	60	5%	-15%	54.7	1.42%	(2,776)	1.05%	
6	355	Poles and Fixtures	14,243,734	5,280,479	37.1%	26.9	2.22%	-25%	55	S4	55	15%	40%	28.2	3.12%	128,194	1.70%	
7	356	Overhead Conductors and Devices	17,300,024	6,398,076	37.0%	21.7	2.04%	-15%	55	R4	55	30%	40%	33.9	2.15%	19,030	0.97%	
8	359	Roads and Trails	6,920	2,570	37.1%	24.8	1.95%	0%	50	S6	53	0%	0%	28.2	2.23%	19	2.23%	
9	106	Completed Construction not Classified	892,291	72,132	8.1%		2.32%								2.12%	(1,785)		
10		Total Transmission Plant	70,469,637	25,333,132	35.9%		2.32%								2.12%	(185,801)	1.38%	
11		Distribution Plant																
12	360	Land and Land Rights	1,624,794	(21,552)	-1.3%		0.00%	0%				0%	0%		0.00%		0.00%	
13	361	Structures and Improvements	254,825	115,258	45.2%	21.1	3.28%	-10%	35	S0	33	0%	10%	19.7	3.29%	25	2.78%	
14	362	Station Equipment	51,530,410	19,833,698	38.5%	14.3	2.85%	5%	35	R3	37	15%	10%	24.0	2.35%	(257,652)	1.94%	
15	364	Poles, Towers and Fixtures	54,941,936	18,370,367	33.4%	14.3	3.27%	-25%	40	R2.5	44	20%	50%	31.5	3.07%	(109,884)	1.48%	
16	365	Overhead Conductors and Devices	32,494,569	12,187,100	37.5%	17.6	3.14%	-20%	40	R1.5	45	30%	40%	31.9	2.27%	(282,703)	1.02%	
17	366	Underground Conduit	1,211,297	346,988	28.6%	6.0	2.64%	0%	40		45	0%	0%	39.0	1.83%	(9,812)	1.83%	
18	367	Underground Conductors and Devices	35,726,003	10,339,823	28.9%	9.7	3.00%	0%	35	S2	30	5%	5%	20.9	3.40%	142,904	3.16%	
19	368	Line Transformers	29,657,925	10,400,878	35.1%	11.9	3.02%	5%	33	S0.5	34	10%	0%	24.9	2.21%	(240,229)	2.21%	
20	369	Services	22,865,627	7,357,128	32.2%	11.5	2.77%	-5%	40	R4	45	25%	50%	34.0	2.73%	(9,146)	1.26%	
21	370	Meters	7,897,105	1,259,837	16.0%	8.6	2.85%	5%	35	L2	32	15%	10%	24.2	3.27%	33,168	2.85%	
22	371	Installations on Customer Premises	1,663,075	626,129	37.6%	12.8	4.14%	0%	25	L0	30	20%	30%	23.5	3.08%	(17,629)	1.80%	
23	373	Street Lighting and Signal Systems	1,516,328	611,471	40.3%	15.8	4.34%	-5%	25	L0	25	20%	25%	17.9	3.61%	(11,069)	2.22%	
24	106	Completed Construction not Classified	8,267,701	533,504	6.5%		3.02%								2.72%	(24,803)		
25		Total Distribution Plant	249,651,598	81,960,628	32.8%		3.02%								2.72%	(786,829)	1.82%	
26		General Plant																
27	389	Land and Land Rights	602,008	-	0.0%		0.00%	0%				0%	0%		0.00%		0.00%	
28	390	Structures and Improvements	10,467,603	5,598,384	53.5%	16.2	4.73%	-10%	30	L1	33	0%	10%	22.4	2.52%	(231,334)	2.08%	
29	391	Office Furniture and Equipment	9,161,820	6,086,841	66.4%	9.2	10.56%	5%	10	O4	13	0%	0%	15.5				
30	391.1	Office Furniture and Equipment	3,570,058	1,274,510	35.7%							21.6	10%	5%	5%	4.40%	(219,916)	4.17%
31	391.3	Computer/Software Equipment	5,591,762	4,812,330	86.1%							7.5	10%	5%	5%	12.67%	(117,986)	12.00%
32	392	Transportation Equipment	5,146,117	2,771,584	53.9%	5.9	9.06%	20%	10	R1	12	15%	0%	8.0	3.89%	(266,054)	3.89%	
33	393	Stores Equipment	292,210	152,865	52.3%	21.8	4.23%	5%	30		30	10%	10%	8.2	5.82%	4,646	4.60%	
34	394	Tools, Shop and Garage Equipment	4,852,946	2,429,345	50.1%	9.8	4.23%	5%	30	L1.5	25	5%	0%	17.7	2.54%	(82,015)	2.54%	
35	395	Laboratory Equipment	607,146	283,317	46.7%	12.4	3.06%	0%	50	L1	45	0%	0%	35.2	1.52%	(9,350)	1.52%	
36	396	Power Operated Equipment	316,735	131,158	41.4%	5.3	4.23%	5%	30	S5	25	5%	0%	19.7	2.72%	(4,783)	2.72%	
37	397	Communication Equipment	7,630,343	895,944	11.7%	2.1	4.39%	0%	30	L2	25	0%	0%	23.0	3.84%	(41,967)	3.84%	
38	398	Miscellaneous Equipment	345,552	179,498	51.9%	16.8	5.81%	5%	20	L1	27	0%	0%	17.5	2.75%	(10,574)	2.75%	
39	106	Completed Construction not Classified	1,526,583	484,814	31.8%		6.63%								4.61%	(30,837)		
40		Total General Plant	40,949,064	19,013,751	46.4%		6.43%								4.61%	(774,197)	4.14%	
41		Total	361,070,299	126,307,511	35.0%		3.27%								2.82%	(1,746,827)	1.99%	

RECOMMENDED DEPRECIATION RATES

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7.0 RECOMMENDED DEPRECIATION RATES

We summarize our recommended depreciation rates for unit property and mass property in Table 7-1

7.1 *Unit Property Depreciation Rates*

Our recommended composite depreciation rate for Steam Production Plant is 2.80%, a 7% increase from the existing rate of 2.61%. This increase is primarily due to the effect of the remaining life adjustment and the impact of major capital additions. For Other Production Plant, the composite rate decreases 39% to 2.19%. This reduction is primarily due to 18 to 20 year life extensions at the Neil Simpson CT and Lange CT facilities. For all generation facilities, the composite rate decreases from 2.84% to 2.66%, resulting in an estimated decrease in depreciation expense of \$609,000.

By including Wygen III, with depreciation rate of 2.72%, the composite rate for all unit property increases to 2.68%. When including the estimated depreciation expense for Wygen III, the total increase in depreciation expense for unit property is \$2.88 million.

7.2 *Mass Property Depreciation Rates*

For transmission accounts, the composite rate decreases from 2.40% to 2.12%. This results in an estimated decrease in depreciation expense of \$186,000. The composite rate for distribution accounts decreases from 3.04% to 2.72%, which results in an estimated decrease in depreciation expense of \$787,000. For general plant accounts, the composite rate decreases from 6.53% to 4.61%, a decrease of \$774,000 in depreciation expense. We attribute these decreases to two main factors: first, we find a general trend of longer service lives compared to the previous study, and second, the longer service lives, all other factors equal, results in a theoretical reserve ratio lower than the existing reserve ratio. To account for the existing reserve ration being higher than theoretical, the remaining life calculation effectively lowers the applied rate.

The composite rate for all mass property accounts is 2.82%, which is a 14% decrease from the current composite rate of 3.27%. The estimated impact on depreciation expense for mass property accounts is a decrease of \$1.75 million.

7.3 *Summary*

Overall, our recommended depreciation rates are 11% lower than existing, based on plant balances at December 31, 2008. The overall impact is a decrease in annual depreciation expense of \$2.36 million. The depreciation expense for the Wygen III generating unit will however generate an additional \$3.49 million in annual depreciation expense, bringing the overall change in depreciation expense to an increase of \$1.14 million.

RECOMMENDED DEPRECIATION RATES

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Table 7-1
Recommended Depreciation Rates

Line No.	[A] Description	[B] FERC Acct	[C] Plant in Service At 12/31/2008	[D] Existing		[E] Recommended		[H] Change in Expense
				[D] Depreciation Rate	[E] Depreciation Expense (1)	[F] Depreciation Rate (2)	[G] Depreciation Expense (1)	
			\$	%	\$	%	\$	\$
1	Production Plant							
2	Steam Production Plant							
3	Land and Land Rights	310	333,941	0.00%	-	0.00%	-	-
4	Osage	311-316	17,918,001	1.53%	274,145	2.59%	463,686	189,540
5	Ben French	311-316	13,360,210	2.21%	295,261	3.62%	483,953	188,693
6	Wyodak	311-316	79,050,217	2.87%	2,268,741	3.04%	2,401,452	132,710
7	Neil Simpson I	311-316	18,913,575	3.35%	633,605	3.49%	660,195	26,590
8	Neil Simpson II	311-316	125,534,971	2.54%	3,188,588	2.49%	3,130,008	(58,580)
9	Total Steam Production		255,110,915	2.61%	6,660,340	2.80%	7,139,293	478,953
10	Other Production Plant							
11	Land and Land Rights	340	2,705	0.00%	-	0.00%	-	-
12	Lange CT	341-346	30,183,503	3.97%	1,198,285	2.39%	720,570	(477,715)
13	Neil Simpson CT	341-346	29,130,532	3.91%	1,139,004	2.51%	731,258	(407,746)
14	Ben French Other Production	341-346	19,323,720	2.43%	469,566	1.38%	267,079	(202,487)
15	Total Other Production		78,640,459	3.57%	2,806,855	2.19%	1,718,908	(1,087,948)
16	Total Production Plant		333,751,374	2.84%	9,467,196	2.66%	8,858,201	(608,995)
17	Transmission Plant							
18	Land and Land Rights	350	2,159,768	0.00%	-	0.00%	-	-
19	Structures and Improvements	352	1,568,466	2.39%	37,486	1.95%	30,585	(6,901)
20	Station Equipment	353	33,850,757	2.66%	900,430	1.71%	578,848	(321,582)
21	Towers and Fixtures	354	447,677	2.04%	9,133	1.42%	6,357	(2,776)
22	Poles and Fixtures	355	14,243,734	2.22%	316,211	3.12%	444,404	128,194
23	Overhead Conductors and Devices	356	17,300,024	2.04%	352,920	2.15%	371,951	19,030
24	Roads and Trails	359	6,920	1.95%	135	2.23%	154	19
25	Completed Construction not Classified	106	892,291	2.32%	20,701	2.12%	18,917	(1,785)
26	Total Transmission Plant		70,469,637	2.40%	1,637,017	2.12%	1,451,216	(185,801)
27	Distribution Plant							
28	Land and Land Rights	360	1,624,794	0.00%	-	0.00%	-	-
29	Structures and Improvements	361	254,825	3.28%	8,358	3.29%	8,384	25
30	Station Equipment	362	51,530,410	2.85%	1,468,617	2.35%	1,210,965	(257,652)
31	Poles, Towers and Fixtures	364	54,941,936	3.27%	1,796,601	3.07%	1,686,717	(109,884)
32	Overhead Conductors and Devices	365	32,494,569	3.14%	1,020,329	2.27%	737,627	(282,703)
33	Underground Conduit	366	1,211,297	2.64%	31,978	1.83%	22,167	(9,812)
34	Underground Conductors and Devices	367	35,726,003	3.00%	1,071,780	3.40%	1,214,684	142,904
35	Line Transformers	368	29,657,925	3.02%	895,669	2.21%	655,440	(240,229)
36	Services	369	22,865,627	2.77%	633,378	2.73%	624,232	(9,146)
37	Meters	370	7,897,105	2.85%	225,068	3.27%	258,235	33,168
38	Installations on Customer Premises	371	1,663,075	4.14%	68,851	3.08%	51,223	(17,629)
39	Street Lighting and Signal Systems	373	1,516,328	4.34%	65,809	3.61%	54,739	(11,069)
40	Completed Construction not Classified	106	8,267,701	3.02%	249,685	2.72%	224,881	(24,803)
41	Total Distribution Plant		249,651,598	3.04%	7,536,123	2.72%	6,749,294	(786,829)
42	General Plant							
43	Land and Land Rights	389	602,008	0.00%	-	0.00%	-	-
44	Structures and Improvements	390	10,467,603	4.73%	495,118	2.52%	263,784	(231,334)
45	Office Furniture and Equipment	391	9,161,820	10.56%	967,488	9.45%	865,559	(101,929)
46	Office Furniture and Equipment	391.1				4.40%	-	-
47	Computer Equipment	391.3				12.67%	-	-
48	Transportation Equipment	392	5,146,117	9.06%	466,238	3.89%	200,184	(266,054)
49	Stores Equipment	393	292,210	4.23%	12,360	5.82%	17,007	4,646
50	Tools, Shop and Garage Equipment	394	4,852,946	4.23%	205,280	2.54%	123,265	(82,015)
51	Laboratory Equipment	395	607,146	3.06%	18,579	1.52%	9,229	(9,350)
52	Power Operated Equipment	396	316,735	4.23%	13,398	2.72%	8,615	(4,783)
53	Communication Equipment	397	7,630,343	4.39%	334,972	3.84%	293,005	(41,967)
54	Miscellaneous Equipment	398	345,552	5.81%	20,077	2.75%	9,503	(10,574)
55	Completed Construction not Classified	106	1,526,583	6.63%	101,212	4.61%	70,375	(30,837)
56	Total General Plant		40,949,064	6.53%	2,634,722	4.61%	1,860,525	(774,197)
57	Total Plant in Service at 12/31/08		694,821,673	3.11%	21,275,057	2.76%	18,919,236	(2,355,821)
58	Pro Forma Adjustment							
59	Steam Production Plant							
60	Wygen III (in Service 2010)	311-316	128,440,000	n/a	-	2.72%	3,493,568	3,493,568
61	Pro Forma Plant in Service		823,261,673	3.11%	21,275,057	2.75%	22,412,804	1,137,747

Notes:

(1) Based on December 31, 2008 Balances

(2) Reference: Table 5-1, Column E for Production Plant / Table 6-2, Column P for Mass Property Accounts

APPENDIX

BLACK HILLS POWER
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APPENDIX UNIT PROPERTY ANALYSIS

Unit Property Analysis

The unit property analysis for each plant is presented in the following sections. The analysis for each plant is done by account on a whole life basis, including recognition of interim and forecast additions and retirements and final net salvage. The remaining life portion of these analyses are summarized by plant and adjusted to reflect accumulated depreciation to determine a forecast remaining life balance. Accumulated depreciation is maintained by BHP on a total plant basis and not by individual account. The recommended remaining life rates with COR and without COR are determined on each plant summary page. The remaining life results in this Appendix are carried forward to Table 5-1 in the body of the report.

Summary by Plant
 Black Hills Power
 Osage Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
310	Land		
311	Structure & Improvements	4,392,152	3.16%
312	Boiler Plant Equipment	7,298,517	2.57%
313	Engines & Engine Driven Generators		
314	Turbo Generator Equipment	4,616,858	2.56%
315	Accessory Electric Equipment	1,054,888	2.23%
316	Misc Power Equipment	452,022	2.56%
Total		17,814,438	2.69% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	17,918,001
Forecast Interim Additions	396,337
Forecast Gross Salvage Value	901,939
Forecast Less Cost of Removal	1,803,878
Forecast Net Salvage Value	(901,939)
Forecast Total to be Recovered with COR	19,216,276
Forecast Total to be Recovered w/o COR	17,412,399
Accumulated Depreciation (2008 EOY)	(17,357,768)
Forecast Remaining Life Balance with COR	1,858,508
Forecast Remaining Life Balance w/o COR	54,631
Forecast Plant Balances	71,817,516
Remaining Life Rate with COR	2.59%
Remaining Life Rate w/o COR	0.08%

Black Hills Power

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1953
 Retirement Date 2013
 Service Life, Yrs 60

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Osage Plant

2008

Historical and Forecast Plant Additions & Balances
Account: 311 Structures & Improvements

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Vintage Year Retirements	Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance		
			Transaction Year				Year		Year			Adjustments	Per Books	Simulated
			Beg Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements				
1	1953	60					2,046,367		2,046,367				2,046,367	
2	1954	59				107,853	26,060	6,246	26,060	6,246			2,066,181	
3	1955	58					26,313	6,307	26,313	6,307			2,086,187	
4	1956	57					26,568	6,368	26,568	6,368			2,106,387	
5	1957	56					26,825	6,429	26,825	6,429			2,126,783	
6	1958	55				1,823	27,085	6,492	27,085	6,492			2,147,375	
7	1959	54					27,347	6,555	27,347	6,555			2,168,168	
8	1960	53					27,612	6,618	27,612	6,618			2,189,161	
9	1961	52					27,879	6,682	27,879	6,682			2,210,358	
10	1962	51				432	28,149	6,747	28,149	6,747			2,231,760	
11	1963	50					28,421	6,812	28,421	6,812			2,253,369	
12	1964	49					28,697	6,878	28,697	6,878			2,275,188	
13	1965	48					28,974	6,945	28,974	6,945			2,297,217	
14	1966	47				1,657	29,255	7,012	29,255	7,012			2,319,461	
15	1967	46					29,538	7,080	29,538	7,080			2,341,919	
16	1968	45					29,824	7,148	29,824	7,148			2,364,595	
17	1969	44					30,113	7,218	30,113	7,218			2,387,490	
18	1970	43				2,521	30,405	7,287	30,405	7,287			2,410,608	
19	1971	42					30,699	7,358	30,699	7,358			2,433,948	
20	1972	41				5,973	30,996	7,429	30,996	7,429			2,457,515	
21	1973	40					31,296	7,501	31,296	7,501			2,481,311	
22	1974	39					31,599	7,574	31,599	7,574			2,505,336	
23	1975	38					31,905	7,647	31,905	7,647			2,529,594	
24	1976	37					32,214	7,721	32,214	7,721			2,554,088	
25	1977	36					32,526	7,796	32,526	7,796			2,578,818	
26	1978	35				1,313	32,841	7,871	32,841	7,871			2,603,787	
27	1979	34					33,159	7,948	33,159	7,948			2,628,999	
28	1980	33				459,599	33,480	8,025	33,480	8,025			2,654,455	
29	1981	32					33,804	8,102	33,804	8,102			2,680,157	
30	1982	31					34,132	8,181	34,132	8,181			2,706,107	
31	1983	30				6,667	34,462	8,260	34,462	8,260			2,732,310	
32	1984	29					34,796	8,340	34,796	8,340			2,758,766	
33	1985	28				79,664	35,133	8,421	35,133	8,421			2,785,478	
34	1986	27					35,473	8,502	35,473	8,502			2,812,448	
35	1987	26					35,816	8,585	35,816	8,585			2,839,680	
36	1988	25				87,422	36,163	8,668	36,163	8,668			2,867,176	
37	1989	24	2,867,176	46,652									2,913,828	
38	1990	23		103,313	2,194								2,981,703	
39	1991	22		37,851	12,666	18,717					(33,244)		3,006,888	
40	1992	21		147,740	39,067								3,115,561	
41	1993	20		501,546	22,370				501,546	22,370			3,594,737	
42	1994	19		1,337,983	29,747				1,337,983	29,747			4,902,973	
43	1995	18		73,372					73,372				4,976,345	
44	1996	17		7,898	9,057				7,898	9,057			4,975,185	
45	1997	16			521,670					521,670			4,453,515	
46	1998	15		4,369	136,832				4,369	136,832			4,321,052	
47	1999	14											4,321,052	
48	2000	13											4,321,052	
49	2001	12											4,321,052	
50	2002	11											4,321,052	
51	2003	10											4,321,052	
52	2004	9											4,321,052	
53	2005	8											4,321,052	
54	2006	7									(57,372)		4,263,680	
55	2007	6		128,368					128,368		104		4,392,152	
56	2008	5											4,392,152	
57	Total		\$ 2,867,176	\$ 2,389,091	\$ 773,603	\$ 773,642	\$ 3,125,928	\$ 258,753	\$ 5,179,464	\$ 978,429	\$ (90,512)	\$ 87,638,547	\$ 82,537,134	\$ 170,175,681

Major Additions/Retirements

1997		\$ 521,670
1994	\$ 1,337,983	
Routine Activity	\$ 1,051,108	\$ 251,933
58 Historical Interim Activity	1.27%	0.31%
59 Forecast Interim Activity	0.50%	0.31%

60	2009	4		21,961	13,406								4,400,706
61	2010	3			22,004	13,433							4,409,277
62	2011	2			22,046	13,459							4,417,865
63	2012	1			22,089	13,485							4,426,469
64	2013	0									(4,426,469)		
											\$ 5,267,564	\$ 1,032,211	\$ 187,829,999

Whole Life Depreciation Rate Calculation

Historical Additions	5,179,464
Forecast Additions	88,100
Total Additions	5,267,564
Gross Salvage Value	221,323
Less Cost of Removal	442,647
Net Salvage Value	(221,323)
Total to be Recovered	5,488,888
Forecast Plant Balances	187,829,999
Whole Life Accrual Rate	2.92%
Cost of Removal Accrual Rate	0.24%
Whole Life Accrual Rate (Excluding Cost of Removal)	3.16%
Depreciable Service Life, years	34.2

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	4,392,152
Forecast Additions	88,100
Gross Salvage Value	221,323
Less Cost of Removal	442,647
Net Salvage Value	(221,323)
Forecast Plant Balances	17,654,318

Black Hills Power

Gross Salvage 5%
Cost of Removal 10%
Net Salvage -5%
Install Date 1953
Retirement Date 2013
Service Life, Yrs 60

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Osage Plant

2008

Historical and Forecast Plant Additions & Balances

Account: 314 Turbogenerator Equipment Initial Plant Balance 0

Table with columns: Line, Vintage Year, Vintage Age, Reported Per Books (Beg Balance, Additions, Retirements, Retirement Year), Adjustments to Transaction Year (Additions, Retirements), Adjusted Transaction Year (Additions, Retirements), Transfers and Adjustments, EOY Plant Balance (Adjustments, Per Books, Simulated).

Major Additions/Retirements

Summary table for Major Additions/Retirements showing 1993, 2008, Routine Activity, and Historical/Forecast Interim Activity with dollar amounts and percentages.

Table with columns: Line, Vintage Year, Vintage Age, Adjusted Transaction Year (Additions, Retirements), Transfers and Adjustments, EOY Plant Balance (Adjustments, Per Books, Simulated).

Whole Life Depreciation Rate Calculation

Table showing Whole Life Depreciation Rate Calculation with rows for Historical Additions, Forecast Additions, Total Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Total to be Recovered.

Forecast Plant Balances

Table showing Forecast Plant Balances with rows for Whole Life Accrual Rate, Cost of Removal Accrual Rate, and Whole Life Accrual Rate (Excluding Cost of Removal).

Depreciable Service Life, years

42.9

Remaining Life Depreciation Rate Calculation

Table showing Remaining Life Depreciation Rate Calculation with rows for Account Balance 12/31/08, Forecast Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Forecast Plant Balances.

Summary by Plant
 Black Hills Power
 Ben French Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
310	Land		
311	Structure & Improvements	2,119,670	2.68%
312	Boiler Plant Equipment	6,403,948	3.90%
313	Engines & Engine Driven Generators	0	0.00%
314	Turbo Generator Equipment	3,105,937	3.46%
315	Accessory Electric Equipment	747,759	2.24%
316	Misc Power Equipment	459,835	3.78%
Total		12,837,149	3.49% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	13,360,210
Forecast Interim Additions	7,221,185
Forecast Gross Salvage Value	966,460
Forecast Less Cost of Removal	1,932,919
Forecast Net Salvage Value	(966,460)
Forecast Total to be Recovered with COR	21,547,854
Forecast Total to be Recovered w/o COR	19,614,935
Accumulated Depreciation (2008 EOY)	(13,050,958)
Forecast Remaining Life Balance with COR	8,496,897
Forecast Remaining Life Balance w/o COR	6,563,977
Forecast Plant Balances	234,568,689
Remaining Life Rate with COR	3.62%
Remaining Life Rate w/o COR	2.80%

Black Hills Power
 Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Ben French Plant
 Historical and Forecast Plant Additions & Balances
 Account: 311 Structures & Improvements

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1960
 Retirement Date 2023
 Service Life, Yrs 63
 Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year			Retirements	Retirements	Additions	Retirements		Adjustments	Per Books	Simulated	
			Beg Balance	Additions	Retirements									
1	1960	63				1,645,152		1,645,152		1,645,152		1,645,152		
2	1961	62				18,125	7,282	18,125	7,282	1,655,995		1,655,995		
3	1962	61			110,466	18,245	7,330	18,245	7,330	1,666,911		1,666,911		
4	1963	60				18,365	7,378	18,365	7,378	1,677,898		1,677,898		
5	1964	59				18,486	7,426	18,486	7,426	1,688,957		1,688,957		
6	1965	58				18,608	7,475	18,608	7,475	1,700,090		1,700,090		
7	1966	57				18,731	7,525	18,731	7,525	1,711,296		1,711,296		
8	1967	56				18,854	7,574	18,854	7,574	1,722,576		1,722,576		
9	1968	55				18,978	7,624	18,978	7,624	1,733,930		1,733,930		
10	1969	54				19,103	7,674	19,103	7,674	1,745,359		1,745,359		
11	1970	53				19,229	7,725	19,229	7,725	1,756,863		1,756,863		
12	1971	52			567	19,356	7,776	19,356	7,776	1,768,443		1,768,443		
13	1972	51				19,484	7,827	19,484	7,827	1,780,099		1,780,099		
14	1973	50				19,612	7,879	19,612	7,879	1,791,832		1,791,832		
15	1974	49				19,741	7,931	19,741	7,931	1,803,643		1,803,643		
16	1975	48				19,871	7,983	19,871	7,983	1,815,531		1,815,531		
17	1976	47				20,002	8,036	20,002	8,036	1,827,498		1,827,498		
18	1977	46				20,134	8,089	20,134	8,089	1,839,544		1,839,544		
19	1978	45				20,267	8,142	20,267	8,142	1,851,669		1,851,669		
20	1979	44				20,401	8,196	20,401	8,196	1,863,874		1,863,874		
21	1980	43			16,059	20,535	8,250	20,535	8,250	1,876,159		1,876,159		
22	1981	42				7,135	8,304	20,670	8,304	1,888,526		1,888,526		
23	1982	41			3,853	20,807	8,359	20,807	8,359	1,900,974		1,900,974		
24	1983	40				20,944	8,414	20,944	8,414	1,913,504		1,913,504		
25	1984	39				21,082	8,469	21,082	8,469	1,926,116		1,926,116		
26	1985	38				21,221	8,525	21,221	8,525	1,938,812		1,938,812		
27	1986	37			3,566	21,361	8,581	21,361	8,581	1,951,591		1,951,591		
28	1987	36				21,501	8,638	21,501	8,638	1,964,455		1,964,455		
29	1988	35			39,280	21,643	8,695	21,643	8,695	1,977,403		1,977,403		
30	1989	34	1,977,403	9,156	567			9,156	567		1,985,992	1,985,992		
31	1990	33		3,453	34,000			3,453	34,000		1,955,445	1,955,445		
32	1991	32		57,884	18,022			57,884	18,022		1,995,307	1,995,307		
33	1992	31		32,045	3,018			32,045	3,018		2,024,334	2,024,334		
34	1993	30		42,529	64,172			42,529	64,172		2,002,691	2,002,691		
35	1994	29		60,359				60,359			2,063,050	2,063,050		
36	1995	28		4,810				4,810			2,067,860	2,067,860		
37	1996	27		78,597	1,265			78,597	1,265		2,145,193	2,145,193		
38	1997	26								(135,790)	2,009,403	2,009,403		
39	1998	25									2,009,403	2,009,403		
40	1999	24									2,009,403	2,009,403		
41	2000	23									2,009,403	2,009,403		
42	2001	22									2,009,403	2,009,403		
43	2002	21		25,330	16,750			25,330	16,750		2,017,982	2,017,982		
44	2003	20		12,030				12,030			2,030,013	2,030,013		
45	2004	19		100,652	43,133			100,652	43,133		2,087,532	2,087,532		
46	2005	18		8,946				8,946			2,096,478	2,096,478		
47	2006	17		14,576				14,576		8,617	2,119,670	2,119,670		
48	2007	16									2,119,670	2,119,670		
49	2008	15									2,119,670	2,119,670		
50	Total		\$ 1,977,403	\$ 450,368	\$ 180,927	\$ 180,926	\$ 2,200,508	\$ 223,105	\$ 2,650,876	\$ 404,032	\$ (127,173)	\$ 52,384,699	\$ 40,877,900	\$ 93,262,599

Major Additions/Retirements

Routine Activity	\$ 450,368		
Historical Interim Activity	1.10%	0.44%	
Forecast Interim Activity	1.10%	0.44%	

53	2009	14						23,353	9,382				2,133,642
54	2010	13						23,507	9,444				2,147,705
55	2011	12						23,662	9,506				2,161,862
56	2012	11						23,818	9,568				2,176,111
57	2013	10						23,975	9,632				2,190,455
58	2014	9						24,133	9,695				2,204,893
59	2015	8						24,292	9,759				2,219,426
60	2016	7						24,452	9,823				2,234,055
61	2017	6						24,613	9,888				2,248,780
62	2018	5						24,776	9,953				2,263,603
63	2019	4						24,939	10,019				2,278,523
64	2020	3						25,103	10,085				2,293,541
65	2021	2						25,269	10,151				2,308,659
66	2022	1						25,435	10,218				2,323,876
67	2023	0									(2,323,876)		
			\$ 1,977,403	\$ 450,368	\$ 180,927	\$ 180,926	\$ 2,200,508	\$ 223,105	\$ 2,992,205	\$ 541,155	\$ (2,451,049)		\$ 124,447,729

Whole Life Depreciation Rate Calculation

Historical Additions	2,650,876
Forecast Additions	341,329
Total Additions	2,992,205
Gross Salvage Value	116,194
Less Cost of Removal	232,388
Net Salvage Value	(116,194)
Total to be Recovered	3,108,398

Forecast Plant Balances 124,447,729

Whole Life Accrual Rate	2.50%
Cost of Removal Accrual Rate	0.19%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.68%

Depreciable Service Life, years 40.0

Remaining Life Depreciation Rate Calculation

Account Balance - 12/31/08	2,119,670
Forecast Additions	341,329
Gross Salvage Value	116,194
Less Cost of Removal	232,388
Net Salvage Value	(116,194)
Forecast Plant Balances	31,185,130

Black Hills Power

Gross Salvage 5%
Cost of Removal 10%
Net Salvage -5%
Install Date 1960
Retirement Date 2023
Service Life, Yrs 63

2008

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Ben French Plant

Historical and Forecast Plant Additions & Balances
Account: 315 Accessory Electric Equipment Initial Plant Balance 0

Table with columns [A] through [N] and rows 1-50. Includes sub-headers for Reported Per Books, Adjustments to Transaction Year, Adjusted Transaction Year, Transfers and Adjustments, and EOY Plant Balance. Total values are provided at the bottom of the table.

Major Additions/Retirements

Table with columns: Routine Activity, Historical Interim Activity, Forecast Interim Activity, and values in dollars.

Table with columns: Line, Vintage Year, Vintage Age, and values. Includes a total row at the bottom with values in dollars.

Whole Life Depreciation Rate Calculation

Table with columns: Item and Value. Includes Historical Additions, Forecast Additions, Total Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Total to be Recovered.

Forecast Plant Balances 42,785,171

Whole Life Accrual Rate 2.04%

Cost of Removal Accrual Rate 0.19%

Whole Life Accrual Rate (Excluding Cost of Removal) 2.24%

Depreciable Service Life, years 44.7

Remaining Life Depreciation Rate Calculation

Table with columns: Item and Value. Includes Account Balance - 12/31/08, Forecast Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Forecast Plant Balances.

Black Hills Power

Unit Property Depreciation Rate Analysis

Unit Property: Unit Property: Steam Production, Ben French Plant

Gross Salvage 5%
Cost of Removal 10%
Net Salvage -5%
Install Date 1960
Retirement Date 2023
Service Life, Yrs 63

2008

Historical and Forecast Plant Additions & Balances

Account: 316 Miscellaneous Plant Equipment Initial Plant Balance 0

Table with columns [A] through [N] and rows 1-50. Columns include Vintage Year, Vintage Age, Reported Per Books (Beg Balance, Additions, Retirements), Adjustments to Transaction Year, Adjusted Transaction Year, Transfers and Adjustments, and EOY Plant Balance (Adjustments, Per Books, Simulated).

Major Additions/Retirements

Summary table for Major Additions/Retirements for years 1990, 1992, Routine Activity, Historical Interim Activity, and Forecast Interim Activity.

Table with columns [A] through [N] and rows 53-67. Columns include Vintage Year, Vintage Age, Reported Per Books, Adjustments to Transaction Year, Adjusted Transaction Year, Transfers and Adjustments, and EOY Plant Balance.

Whole Life Depreciation Rate Calculation

Summary table for Whole Life Depreciation Rate Calculation showing Historical Additions, Forecast Additions, Total Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Total to be Recovered.

Forecast Plant Balances 23,384,480

Whole Life Accrual Rate 3.54%
Cost of Removal Accrual Rate 0.24%
Whole Life Accrual Rate (Excluding Cost of Removal) 3.78%

Depreciable Service Life, years 28.2

Remaining Life Depreciation Rate Calculation

Summary table for Remaining Life Depreciation Rate Calculation showing Account Balance - 12/31/08, Forecast Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Forecast Plant Balances.

Summary by Plant
 Black Hills Power
 Wyodak Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
310	Land		
311	Structure & Improvements	9,039,917	3.58%
312	Boiler Plant Equipment	51,154,925	3.22%
313	Engines & Engine Driven Generators	249,991	4.79%
314	Turbo Generator Equipment	11,199,149	3.42%
315	Accessory Electric Equipment	6,213,171	3.35%
316	Misc Power Equipment	892,134	7.21%
Total		78,749,286	3.35% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	79,050,217
Forecast Interim Additions	23,744,384
Forecast Gross Salvage Value	4,987,227
Forecast Less Cost of Removal	10,469,954
Forecast Net Salvage Value	(5,482,728)
Forecast Total to be Recovered with COR	108,277,328
Forecast Total to be Recovered w/o COR	97,807,374
Accumulated Depreciation (2008 EOY)	(50,672,287)
Forecast Remaining Life Balance with COR	57,605,041
Forecast Remaining Life Balance w/o COR	47,135,087
Forecast Plant Balances	1,896,224,299
Remaining Life Rate with COR	3.04%
Remaining Life Rate w/o COR	2.49%

Black Hills Power

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Wyodak Plant

Gross Salvage 5%
Cost of Removal 15%
Net Salvage -10%
Install Date 1978
Retirement Date 2030
Service Life, Yrs 52

2008

Historical and Forecast Plant Additions & Balances
Account: 311 Structures & Improvements

Initial Plant Balance 9,057

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance				
			Transaction Year			Vintage Year	Year		Additions	Retirements		Additions	Retirements	Adjustments	Per Books	Simulated
			Beg Balance	Additions	Retirements		Additions	Retirements								
1	1978	52					8,669		8,669			8,669		8,669		
2	1979	51					48	10	48	10		8,707		8,707		
3	1980	50					48	10	48	10		8,745		8,745		
4	1981	49					48	10	48	10		8,783		8,783		
5	1982	48					48	10	48	10		8,822		8,822		
6	1983	47					49	10	49	10		8,861		8,861		
7	1984	46					49	10	49	10		8,899		8,899		
8	1985	45					49	10	49	10		8,938		8,938		
9	1986	44					49	10	49	10		8,978		8,978		
10	1987	43					50	10	50	10		9,017		9,017		
11	1988	42					50	10	50	10		9,057		9,057		
12	1989	41	9,057										9,057	9,057		
13	1990	40											9,057	9,057		
14	1991	39		8,346,974		156,948			8,346,974				8,356,031	8,356,031		
15	1992	38		135,082		22,339			135,082				8,491,113	8,491,113		
16	1993	37											8,491,113	8,491,113		
17	1994	36		111,144					111,144				8,602,257	8,602,257		
18	1995	35											8,602,257	8,602,257		
19	1996	34		178,075		22,339			178,075		22,339		8,757,992	8,757,992		
20	1997	33											8,757,992	8,757,992		
21	1998	32											8,757,992	8,757,992		
22	1999	31		211,509		74,467			211,509		74,467		8,895,035	8,895,035		
23	2000	30											8,895,035	8,895,035		
24	2001	29											8,895,035	8,895,035		
25	2002	28											8,895,035	8,895,035		
26	2003	27		31,636					31,636				8,926,670	8,926,670		
27	2004	26		41,920					41,920				8,968,590	8,968,590		
28	2005	25		26,267					26,267				8,994,857	8,994,857		
29	2006	24		138,834					138,834		(5,922)		9,127,769	9,127,769		
30	2007	23				82,482					82,482	(5,370)	9,039,917	9,039,917		
31	2008	22											9,039,917	9,039,917		
32	Total		\$ 9,057	\$ 9,221,440	\$ 179,288	\$ 179,287	\$ -	\$ -	\$ 9,221,440	\$ 179,288	\$ (11,292)	\$ -	\$ 158,512,720	\$ 158,512,720		

Major Additions/Retirements

1991	\$ 8,346,974		
Routine Activity	\$ 874,466		
33 Historical Interim Activity	0.55%	0.11%	
34 Forecast Interim Activity	0.55%	0.11%	

35	2009	21					49,870	10,225						9,079,563
36	2010	20					50,089	10,270						9,119,382
37	2011	19					50,309	10,315						9,159,377
38	2012	18					50,529	10,360						9,199,546
39	2013	17					50,751	10,405						9,239,892
40	2014	16					50,974	10,451						9,280,415
41	2015	15					51,197	10,497						9,321,115
42	2016	14					51,422	10,543						9,361,994
43	2017	13					51,647	10,589						9,403,052
44	2018	12					51,874	10,635						9,444,291
45	2019	11					52,101	10,682						9,485,710
46	2020	10					52,330	10,729						9,527,311
47	2021	9					52,559	10,776						9,569,094
48	2022	8					52,790	10,823						9,611,061
49	2023	7					53,021	10,871						9,653,211
50	2024	6					53,254	10,918						9,695,547
51	2025	5					53,487	10,966						9,738,068
52	2026	4					53,722	11,014						9,780,775
53	2027	3					53,958	11,063						9,823,670
54	2028	2					54,194	11,111						9,866,753
55	2029	1					54,432	11,160						9,910,025
56	2030	0									(9,910,025)			-
										\$ 10,315,950	\$ 403,690		\$ 357,782,571	

Whole Life Depreciation Rate Calculation

Historical Additions	9,221,440
Forecast Additions	1,094,510
Total Additions	10,315,950
Gross Salvage Value	495,501
Less Cost of Removal	1,486,504
Net Salvage Value	(991,003)
Total to be Recovered	11,306,953

Forecast Plant Balances 357,782,571

Whole Life Accrual Rate 3.16%
Cost of Removal Accrual Rate 0.42%
Whole Life Accrual Rate (Excluding Cost of Removal) 3.58%

Depreciable Service Life, years 31.6

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	9,039,917
Forecast Additions	1,094,510
Gross Salvage Value	495,501
Less Cost of Removal	1,486,504
Net Salvage Value	(991,003)

Forecast Plant Balances 199,269,851

Black Hills Power

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1978
 Retirement Date 2030
 Service Life, Yrs 52

Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Wyodak Plant

2008

Historical and Forecast Plant Additions & Balances

Account: 313 Engine and Engine Driven Generators Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance		
			Transaction Year			Vintage Year		Year			Adjustments	Per Books	Simulated
			Bcg Balance	Additions	Retirements	Retirements	Additions	Retirements	Additions				
1	1978	52											
2	1979	51											
3	1980	50											
4	1981	49											
5	1982	48											
6	1983	47											
7	1984	46											
8	1985	45											
9	1986	44											
10	1987	43											
11	1988	42											
12	1989	41	0										
13	1990	40											
14	1991	39											
15	1992	38											
16	1993	37											
17	1994	36											
18	1995	35											
19	1996	34											
20	1997	33											
21	1998	32											
22	1999	31											
23	2000	30											
24	2001	29											
25	2002	28		232,960				232,960				232,960	232,960
26	2003	27		7,427				7,427				240,387	240,387
27	2004	26		19,645				19,645				260,032	260,032
28	2005	25								(10,041)		249,991	249,991
29	2006	24										249,991	249,991
30	2007	23										249,991	249,991
31	2008	22										249,991	249,991
32	Total		\$	\$ 260,032	\$	\$	\$	\$ 260,032	\$	\$ (10,041)	\$	\$ 1,733,340	\$ 1,733,340

Major Additions/Retirements

2002	\$ 232,960		
Routine Activity	\$ 27,072		
33 Historical Interim Activity	1.56%	0.00%	
34 Forecast Interim Activity	1.00%	0.00%	

35	2009	21				2,500	-						252,490
36	2010	20				2,525	-						255,015
37	2011	19				2,550	-						257,565
38	2012	18				2,576	-						260,141
39	2013	17				2,601	-						262,743
40	2014	16				2,627	-						265,370
41	2015	15				2,654	-						268,024
42	2016	14				2,680	-						270,704
43	2017	13				2,707	-						273,411
44	2018	12				2,734	-						276,145
45	2019	11				2,761	-						278,906
46	2020	10				2,789	-						281,696
47	2021	9				2,817	-						284,513
48	2022	8				2,845	-						287,358
49	2023	7				2,874	-						290,231
50	2024	6				2,902	-						293,134
51	2025	5				2,931	-						296,065
52	2026	4				2,961	-						299,026
53	2027	3				2,990	-						302,016
54	2028	2				3,020	-						305,036
55	2029	1				3,050	-						308,086
56	2030	0								(308,086)			
			\$	\$ 318,127	\$	\$	\$	\$ 318,127	\$	\$	\$ (308,086)	\$	\$ 7,601,014

Whole Life Depreciation Rate Calculation

Historical Additions	260,032
Forecast Additions	58,096
Total Additions	318,127
Gross Salvage Value	15,404
Less Cost of Removal	30,809
Net Salvage Value	(15,404)
Total to be Recovered	333,532

Forecast Plant Balances 7,601,014

Whole Life Accrual Rate 4.39%
 Cost of Removal Accrual Rate 0.41%
 Whole Life Accrual Rate (Excluding Cost of Removal) 4.79%

Depreciable Service Life, years 22.8

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	249,991
Forecast Additions	58,096
Gross Salvage Value	15,404
Less Cost of Removal	30,809
Net Salvage Value	(15,404)

Forecast Plant Balances 5,867,674

Black Hills Power

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Wyodak Plant

Gross Salvage 5%
Cost of Removal 10%
Net Salvage -5%
Install Date 1978
Retirement Date 2030
Service Life, Yrs 52

2008

Historical and Forecast Plant Additions & Balances

Account: 315 Accessory Electric Equipment Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance			
			Transaction Year			Vintage Year	Year		Adjusted Transaction Year			Adjustments	Per Books	Simulated	
			Beg Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements					
1	1978	52													
2	1979	51													
3	1980	50													
4	1981	49													
5	1982	48													
6	1983	47													
7	1984	46													
8	1985	45													
9	1986	44													
10	1987	43													
11	1988	42													
12	1989	41													
13	1990	40	0												
14	1991	39		5,733,052		249,639				5,733,052				5,733,052	5,733,052
15	1992	38												5,733,052	5,733,052
16	1993	37												5,733,052	5,733,052
17	1994	36		8,595		5,988				8,595				5,741,647	5,741,647
18	1995	35												5,741,647	5,741,647
19	1996	34		296,346		208,756				296,346		208,756		5,829,237	5,829,237
20	1997	33												5,829,237	5,829,237
21	1998	32											99,024	5,928,261	5,928,261
22	1999	31		288,579		1,649				288,579		1,649		6,215,192	6,215,192
23	2000	30												6,215,192	6,215,192
24	2001	29												6,215,192	6,215,192
25	2002	28												6,215,192	6,215,192
26	2003	27		6,803						6,803				6,221,995	6,221,995
27	2004	26												6,221,995	6,221,995
28	2005	25												6,221,995	6,221,995
29	2006	24												6,221,995	6,221,995
30	2007	23		36,398		45,222				36,398		45,222		6,213,171	6,213,171
31	2008	22												6,213,171	6,213,171
32	Total		\$	\$ 6,369,774	\$	\$ 255,627	\$	\$ 255,627	\$	\$ -	\$	\$ -	\$ 99,024	\$ 108,444,277	\$ 108,444,277

Major Additions/Retirements
1991

\$ 5,733,052

Routine Activity

\$ 636,722 \$ 255,627

33 Historical Interim Activity 0.59% 0.24%

34 Forecast Interim Activity 0.59% 0.24%

35	2009	21								36,480		14,646			6,235,006		
36	2010	20								36,608		14,697			6,256,917		
37	2011	19								36,737		14,749			6,278,905		
38	2012	18								36,866		14,801			6,300,970		
39	2013	17								36,996		14,853			6,323,113		
40	2014	16								37,126		14,905			6,345,334		
41	2015	15								37,256		14,957			6,367,632		
42	2016	14								37,387		15,010			6,390,010		
43	2017	13								37,518		15,063			6,412,465		
44	2018	12								37,650		15,116			6,435,000		
45	2019	11								37,783		15,169			6,457,614		
46	2020	10								37,915		15,222			6,480,307		
47	2021	9								38,049		15,275			6,503,080		
48	2022	8								38,182		15,329			6,525,933		
49	2023	7								38,316		15,383			6,548,867		
50	2024	6								38,451		15,437			6,571,881		
51	2025	5								38,586		15,491			6,594,976		
52	2026	4								38,722		15,546			6,618,152		
53	2027	3								38,858		15,600			6,641,409		
54	2028	2								38,994		15,655			6,664,749		
55	2029	1								39,132		15,710			6,688,170		
56	2030	0											(6,688,170)				
											\$	\$ 7,163,387	\$	\$ 574,241		\$	\$ 244,084,766

Whole Life Depreciation Rate Calculation

Historical Additions 6,369,774
Forecast Additions 793,613
Total Additions 7,163,387
Gross Salvage Value 334,408
Less Cost of Removal 668,817
Net Salvage Value (334,408)
Total to be Recovered 7,497,795

Forecast Plant Balances 244,084,766

Whole Life Accrual Rate 3.07%
Cost of Removal Accrual Rate 0.27%
Whole Life Accrual Rate (Excluding Cost of Removal) 3.35%

Depreciable Service Life, years 32.6

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08 6,213,171
Forecast Additions 793,613
Gross Salvage Value 334,408
Less Cost of Removal 668,817
Net Salvage Value (334,408)

Forecast Plant Balances 135,640,489

Black Hills Power

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1978
 Retirement Date 2030
 Service Life, Yrs 52

Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Wyodak Plant

2008

Historical and Forecast Plant Additions & Balances
 Account: 316 Miscellaneous Plant Equipment

Initial Plant Balance 21,473

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction Year				Transfers and Adjustments	EOY Plant Balance		
			Transaction Year			Vintage Year	Year		Adjusted Transaction Year			Adjustments	Per Books	Simulated
			Beg Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements				
1	1978	52						12,423					12,423	12,423
2	1979	51					724	25	724	25			13,122	13,122
3	1980	50					765	26	765	26			13,860	13,860
4	1981	49					808	28	808	28			14,639	14,639
5	1982	48					853	30	853	30			15,463	15,463
6	1983	47					901	31	901	31			16,333	16,333
7	1984	46					952	33	952	33			17,251	17,251
8	1985	45					1,005	35	1,005	35			18,222	18,222
9	1986	44					1,062	37	1,062	37			19,247	19,247
10	1987	43					1,121	39	1,121	39			20,329	20,329
11	1988	42					1,184	41	1,184	41			21,473	21,473
12	1989	41	21,473											21,473
13	1990	40												21,473
14	1991	39		344,033		118,037			344,033				365,506	365,506
15	1992	38		29,448					29,448				394,954	394,954
16	1993	37											394,954	394,954
17	1994	36		120,135					120,135				515,089	515,089
18	1995	35		9,686					9,686				524,776	524,776
19	1996	34		136,897	22,551				136,897	22,551			639,121	639,121
20	1997	33											639,121	639,121
21	1998	32											639,121	639,121
22	1999	31		1,231					1,231		(16,820)		623,532	623,532
23	2000	30											623,532	623,532
24	2001	29											623,532	623,532
25	2002	28											623,532	623,532
26	2003	27		12,656					12,656				636,188	636,188
27	2004	26		2,079					2,079				638,267	638,267
28	2005	25		16,471					16,471		10,041		664,779	664,779
29	2006	24		142,622					142,622				807,402	807,402
30	2007	23		180,218	95,486				180,218	95,486			892,134	892,134
31	2008	22											892,134	892,134
32	Total		\$ 21,473	\$ 995,477	\$ 118,037	\$ 118,037	\$ -	\$ -	\$ 995,477	\$ 118,037	\$ (6,779)	\$ -	\$ 11,180,620	\$ 11,180,620

Major Additions/Retirements

2007			\$ 95,486
1991	\$ 344,033		
Routine Activity	\$ 651,444	\$ 22,551	
33 Historical Interim Activity	5.83%	0.20%	
34 Forecast Interim Activity	5.83%	0.20%	

35	2009	21		51,981	1,799		942,315
36	2010	20		54,904	1,901		995,319
37	2011	19		57,993	2,008		1,051,304
38	2012	18		61,255	2,120		1,110,438
39	2013	17		64,700	2,240		1,172,898
40	2014	16		68,339	2,366		1,238,872
41	2015	15		72,183	2,499		1,308,557
42	2016	14		76,244	2,639		1,382,161
43	2017	13		80,532	2,788		1,459,906
44	2018	12		85,062	2,945		1,542,023
45	2019	11		89,847	3,110		1,628,760
46	2020	10		94,900	3,285		1,720,375
47	2021	9		100,238	3,470		1,817,144
48	2022	8		105,877	3,665		1,919,355
49	2023	7		111,832	3,871		2,027,316
50	2024	6		118,123	4,089		2,141,349
51	2025	5		124,767	4,319		2,261,797
52	2026	4		131,785	4,562		2,389,020
53	2027	3		139,197	4,819		2,523,399
54	2028	2		147,027	5,090		2,665,336
55	2029	1		155,297	5,376		2,815,257
56	2030	0				(2,815,257)	-
				\$ 2,987,561	\$ 186,998		\$ 47,293,520

Whole Life Depreciation Rate Calculation

Historical Additions	995,477
Forecast Additions	1,992,084
Total Additions	2,987,561
Gross Salvage Value	140,763
Less Cost of Removal	281,526
Net Salvage Value	(140,763)
Total to be Recovered	3,128,324
Forecast Plant Balances	47,293,520
Whole Life Accrual Rate	6.61%
Cost of Removal Accrual Rate	0.60%
Whole Life Accrual Rate (Excluding Cost of Removal)	7.21%
Depreciable Service Life, years	15.1

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	892,134
Forecast Additions	1,992,084
Gross Salvage Value	140,763
Less Cost of Removal	281,526
Net Salvage Value	(140,763)
Forecast Plant Balances	36,112,900

Summary by Plant
 Black Hills Power
 Neil Simpson I Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
310	Land	0	0.00%
311	Structure & Improvements	2,139,727	3.23%
312	Boiler Plant Equipment	12,718,813	3.92%
313	Engines & Engine Driven Generators		
314	Turbo Generator Equipment	2,866,457	2.42%
315	Accessory Electric Equipment	744,885	2.87%
316	Misc Power Equipment	429,468	2.83%

Total 18,899,349 3.55% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	18,913,575
Forecast Interim Additions	7,260,936
Forecast Gross Salvage Value	1,278,309
Forecast Less Cost of Removal	2,556,618
Forecast Net Salvage Value	(1,278,309)
Forecast Total to be Recovered with COR	27,452,820
Forecast Total to be Recovered w/o COR	24,896,202
Accumulated Depreciation (2008 EOY)	(16,151,840)
Forecast Remaining Life Balance with COR	11,300,980
Forecast Remaining Life Balance w/o COR	8,744,362
Forecast Plant Balances	323,756,007
Remaining Life Rate with COR	3.49%
Remaining Life Rate w/o COR	2.70%

Black Hills Power
 Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Neil Simpson 1 Plant

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1969
 Retirement Date 2023
 Service Life, Yrs 54

2008

Historical and Forecast Plant Additions & Balances
 Account: 314 Turbogenerator Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction Year				Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year	Retirements	Year		Adjusted Transaction Year			Adjustments	Per Books	Simulated	
			Beg Balance	Additions			Additions	Retirements	Additions	Retirements					
1	1954	69													
2	1955	68													
3	1956	67													
4	1957	66													
5	1958	65													
6	1959	64													
7	1960	63													
8	1961	62													
9	1962	61													
10	1963	60													
11	1964	59													
12	1965	58													
13	1966	57													
14	1967	56													
15	1968	55													
16	1969	54													
17	1970	53													
18	1971	52													
19	1972	51													
20	1973	50													
21	1974	49													
22	1975	48													
23	1976	47													
24	1977	46													
25	1978	45													
26	1979	44													
27	1980	43													
28	1981	42													
29	1982	41													
30	1983	40													
31	1984	39													
32	1985	38													
33	1986	37													
34	1987	36													
35	1988	35													
36	1989	34													
37	1990	33													
38	1991	32													
39	1992	31													
40	1993	30													
41	1994	29													
42	1995	28													
43	1996	27													
44	1997	26													
45	1998	25													
46	1999	24													
47	2000	23													
48	2001	22													
49	2002	21													
50	2003	20													
51	2004	19													
52	2005	18													
53	2006	17													
54	2007	16													
55	2008	15													
56	Total														

Major Additions/Retirements

2002		\$	159,525
Routine Activity	\$	252,295	\$ 19,262
Historical Interim Activity		0.45%	0.03%
Forecast Interim Activity		0.45%	0.03%

59	2009	14							12,841	980					2,878,317		
60	2010	13							12,894	984					2,890,227		
61	2011	12							12,947	988					2,902,186		
62	2012	11							13,001	993					2,914,194		
63	2013	10							13,055	997					2,926,252		
64	2014	9							13,109	1,001					2,938,360		
65	2015	8							13,163	1,005					2,950,518		
66	2016	7							13,217	1,009					2,962,727		
67	2017	6							13,272	1,013					2,974,986		
68	2018	5							13,327	1,017					2,987,295		
69	2019	4							13,382	1,022					2,999,656		
70	2020	3							13,438	1,026					3,012,067		
71	2021	2							13,493	1,030					3,024,531		
72	2022	1							13,549	1,034					3,037,045		
73	2023	0															
												(3,037,045)					
										\$	3,175,574	\$	209,862			\$	150,071,092

Whole Life Depreciation Rate Calculation

Historical Additions	2,990,885
Forecast Additions	184,689
Total Additions	3,175,574
Gross Salvage Value	151,852
Less Cost of Removal	303,705
Net Salvage Value	(151,852)
Total to be Recovered	3,327,426
Forecast Plant Balances	150,071,092
Whole Life Accrual Rate	2.22%
Cost of Removal Accrual Rate	0.20%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.42%
Depreciable Service Life, years	41.3

Remaining Life Depreciation Rate Calculation

Account Balance - 12/31/08	2,866,457
Forecast Additions	184,689
Gross Salvage Value	151,852
Less Cost of Removal	303,705
Net Salvage Value	(151,852)
Forecast Plant Balances	41,398,361

Black Hills Power
 Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Neil Simpson 1 Plant

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1969
 Retirement Date 2023
 Service Life, Yrs 54

2008

Historical and Forecast Plant Additions & Balances
 Account: 315 Accessory Electric Equipment Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year Retirements	Year					Adjustments	Per Books	Simulated	
			Begin Balance	Additions		Additions	Retirements	Additions	Retirements					
1	1954	69												
2	1955	68												
3	1956	67												
4	1957	66												
5	1958	65												
6	1959	64												
7	1960	63												
8	1961	62												
9	1962	61												
10	1963	60												
11	1964	59												
12	1965	58												
13	1966	57												
14	1967	56												
15	1968	55												
16	1969	54												
17	1970	53												
18	1971	52												
19	1972	51												
20	1973	50												
21	1974	49												
22	1975	48												
23	1976	47												
24	1977	46												
25	1978	45												
26	1979	44												
27	1980	43												
28	1981	42												
29	1982	41												
30	1983	40												
31	1984	39												
32	1985	38												
33	1986	37												
34	1987	36												
35	1988	35												
36	1989	34												
37	1990	33												
38	1991	32												
39	1992	31												
40	1993	30												
41	1994	29												
42	1995	28												
43	1996	27												
44	1997	26												
45	1998	25												
46	1999	24												
47	2000	23												
48	2001	22												
49	2002	21												
50	2003	20												
51	2004	19												
52	2005	18												
53	2006	17												
54	2007	16												
55	2008	15												
56	Total													
			\$ 592,219	\$ 128,873	\$ 58,478	\$ 58,478	\$ 641,183	\$ 48,964	\$ 770,056	\$ 107,442	\$ 82,270	\$ 11,245,221	\$ 12,723,066	\$ 23,968,287

Major Additions/Retirements

Routine Activity	\$ 128,873	
Historical Interim Activity	1.01%	0.46%
Forecast Interim Activity	1.01%	0.46%

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023								
59	2009	14																					
60	2010	13																					
61	2011	12																					
62	2012	11																					
63	2013	10																					
64	2014	9																					
65	2015	8																					
66	2016	7																					
67	2017	6																					
68	2018	5																					
69	2019	4																					
70	2020	3																					
71	2021	2																					
72	2022	1																					
73	2023	0																					
																	\$ 879,570	\$ 157,135					

Whole Life Depreciation Rate Calculation

Historical Additions	770,056
Forecast Additions	109,514
Total Additions	879,570
Gross Salvage Value	40,235
Less Cost of Removal	80,470
Net Salvage Value	(40,235)
Total to be Recovered	919,805

Forecast Plant Balances 34,839,958

Whole Life Accrual Rate	2.64%
Cost of Removal Accrual Rate	0.23%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.87%

Depreciable Service Life, years 34.8

Remaining Life Depreciation Rate Calculation

Account Balance - 12/31/08	744,885
Forecast Additions	109,514
Gross Salvage Value	40,235
Less Cost of Removal	80,470
Net Salvage Value	(40,235)

Forecast Plant Balances 10,871,672

Summary by Plant
 Black Hills Power
 Neil Simpson 2 Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
310	Land		
311	Structure & Improvements	13,248,871	2.73%
312	Boiler Plant Equipment	75,551,337	2.87%
313	Engines & Engine Driven Generators		
314	Turbo Generator Equipment	29,102,926	2.59%
315	Accessory Electric Equipment	6,272,379	2.58%
316	Misc Power Equipment	479,676	7.23%
Total		124,655,189	2.79% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	125,534,971
Forecast Interim Additions	29,159,701
Forecast Gross Salvage Value	7,637,352
Forecast Less Cost of Removal	15,274,704
Forecast Net Salvage Value	(7,637,352)
Forecast Total to be Recovered with COR	162,332,024
Forecast Total to be Recovered w/o COR	147,057,320
Accumulated Depreciation (2008 EOY)	(38,724,257)
Forecast Remaining Life Balance with COR	123,607,767
Forecast Remaining Life Balance w/o COR	108,333,063
Forecast Plant Balances	4,957,526,249
Remaining Life Rate with COR	2.49%
Remaining Life Rate w/o COR	2.19%

Black Hills Power Company

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Neil Simpson 2 Plant

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1998
 Retirement Date 2045
 Service Life, Yrs 47

2008

Historical and Forecast Plant Additions & Balances

Account: 311 Structures & Improvements Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance		
			Transaction Year			Vintage Year	Year		Adjusted Transaction Year			Per Books	Simulated	
			Beg Balance	Additions	Retirements	Retirements	Additions	Retirements	Additions	Retirements				
41	1998	47		11,540,435		17,822				11,540,435	-		11,540,435	11,540,435
42	1999	46		322,184						322,184	-	624,511	12,487,130	12,487,130
43	2000	45		87,340						87,340	-		12,574,470	12,574,470
44	2001	44								-	-		12,574,470	12,574,470
45	2002	43		5,484						5,484	-		12,579,954	12,579,954
46	2003	42		22,835						22,835	-		12,602,789	12,602,789
47	2004	41		338,036						338,036	-		12,940,825	12,940,825
48	2005	40								-	-		12,940,825	12,940,825
49	2006	39		84,446						84,446	-	165,739	13,191,009	13,191,009
50	2007	38		76,060		17,822				76,060	17,822	(376)	13,248,871	13,248,871
51	2008	37								-	-		13,248,871	13,248,871
52	Total		\$ -	\$ 12,476,819	\$ 17,822	\$ 17,822	\$ -	\$ -	\$ 12,476,819	\$ 17,822	\$ 789,874	\$ -	\$ 139,929,647	\$ 139,929,647

Major Additions/Retirements 1998

\$ 11,540,435

Routine Activity

\$ 936,383

53	Historical Interim Activity	0.67%	0.01%
54	Forecast Interim Activity	0.67%	0.01%

55	2009	36						88,659	1,687					13,335,842
56	2010	35						89,241	1,699					13,423,385
57	2011	34						89,827	1,710					13,511,502
58	2012	33						90,416	1,721					13,600,197
59	2013	32						91,010	1,732					13,689,475
60	2014	31						91,607	1,744					13,779,339
61	2015	30						92,209	1,755					13,869,793
62	2016	29						92,814	1,767					13,960,840
63	2017	28						93,423	1,778					14,052,486
64	2018	27						94,037	1,790					14,144,732
65	2019	26						94,654	1,802					14,237,585
66	2020	25						95,275	1,813					14,331,047
67	2021	24						95,901	1,825					14,425,122
68	2022	23						96,530	1,837					14,519,815
69	2023	22						97,164	1,849					14,615,130
70	2024	21						97,802	1,861					14,711,070
71	2025	20						98,444	1,874					14,807,640
72	2026	19						99,090	1,886					14,904,844
73	2027	18						99,740	1,898					15,002,686
74	2028	17						100,395	1,911					15,101,171
75	2029	16						101,054	1,923					15,200,302
76	2030	15						101,718	1,936					15,300,083
77	2031	14						102,385	1,949					15,400,520
78	2032	13						103,057	1,962					15,501,616
79	2033	12						103,734	1,974					15,603,375
80	2034	11						104,415	1,987					15,705,803
81	2035	10						105,100	2,000					15,808,903
82	2036	9						105,790	2,014					15,912,680
83	2037	8						106,485	2,027					16,017,137
84	2038	7						107,184	2,040					16,122,281
85	2039	6						107,887	2,053					16,228,115
86	2040	5						108,596	2,067					16,334,644
87	2041	4						109,308	2,080					16,441,872
88	2042	3						110,026	2,094					16,549,803
89	2043	2						110,748	2,108					16,658,444
90	2044	1						111,475	2,122					16,767,797
91	2045	0										(16,767,797)		
								\$ 16,064,021	\$ 86,098					\$ 679,506,724

Whole Life Depreciation Rate Calculation

Historical Additions	12,476,819
Forecast Additions	3,587,202
Total Additions	16,064,021
Gross Salvage Value	838,390
Less Cost of Removal	1,676,780
Net Salvage Value	(838,390)
Total to be Recovered	16,902,411

Forecast Plant Balances 679,506,724

Whole Life Accrual Rate	2.49%
Cost of Removal Accrual Rate	0.25%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.73%

Depreciable Service Life, years 40.2

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	13,248,871
Forecast Additions	3,587,202
Gross Salvage Value	838,390
Less Cost of Removal	1,676,780
Net Salvage Value	(838,390)

Forecast Plant Balances 539,577,076

Black Hills Power Company

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1998
 Retirement Date 2045
 Service Life, Yrs 47

Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Neil Simpson 2 Plant

2008

Historical and Forecast Plant Additions & Balances
 Account: 314 Turbogenerator Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year Retirements	Year		Retirements			Adjustments	Per Books	Simulated	
			Beg Balance	Additions		Additions	Retirements							
41	1998	47		27,051,645		192,000			27,051,645	-		27,051,645	27,051,645	
42	1999	46									(77,928)	26,973,718	26,973,718	
43	2000	45		37,085				37,085				27,010,803	27,010,803	
44	2001	44		3,265				3,265				27,014,068	27,014,068	
45	2002	43		1,713,883				1,713,883				28,727,951	28,727,951	
46	2003	42		121,566				121,566				28,849,517	28,849,517	
47	2004	41		76,317				76,317				28,925,834	28,925,834	
48	2005	40										28,925,834	28,925,834	
49	2006	39		285,377	192,000			285,377	192,000	7,967		29,027,178	29,027,178	
50	2007	38		75,749				75,749				29,102,926	29,102,926	
51	2008	37										29,102,926	29,102,926	
52	Total		\$ -	\$ 29,364,887	\$ 192,000	\$ 192,000	\$ -	\$ -	\$ 29,364,887	\$ 192,000	\$ (69,961)	\$ -	\$ 310,712,400	\$ 310,712,400

Major Additions/Retirements

1998	\$ 27,051,645	
2002	\$ 1,713,883	
Routine Activity	\$ 599,359	\$ 192,000
53 Historical Interim Activity	0.19%	0.06%
54 Forecast Interim Activity	0.19%	0.00%

55	2009	36						56,139	-				29,159,066
56	2010	35						56,247	-				29,215,313
57	2011	34						56,356	-				29,271,669
58	2012	33						56,465	-				29,328,133
59	2013	32						56,574	-				29,384,707
60	2014	31						56,683	-				29,441,390
61	2015	30						56,792	-				29,498,181
62	2016	29						56,902	-				29,555,083
63	2017	28						57,011	-				29,612,094
64	2018	27						57,121	-				29,669,216
65	2019	26						57,231	-				29,726,447
66	2020	25						57,342	-				29,783,789
67	2021	24						57,452	-				29,841,241
68	2022	23						57,563	-				29,898,805
69	2023	22						57,674	-				29,956,479
70	2024	21						57,786	-				30,014,264
71	2025	20						57,897	-				30,072,162
72	2026	19						58,009	-				30,130,170
73	2027	18						58,121	-				30,188,291
74	2028	17						58,233	-				30,246,524
75	2029	16						58,345	-				30,304,869
76	2030	15						58,458	-				30,363,326
77	2031	14						58,570	-				30,421,897
78	2032	13						58,683	-				30,480,580
79	2033	12						58,797	-				30,539,377
80	2034	11						58,910	-				30,598,286
81	2035	10						59,024	-				30,657,310
82	2036	9						59,137	-				30,716,448
83	2037	8						59,252	-				30,775,699
84	2038	7						59,366	-				30,835,065
85	2039	6						59,480	-				30,894,545
86	2040	5						59,595	-				30,954,140
87	2041	4						59,710	-				31,013,850
88	2042	3						59,825	-				31,073,676
89	2043	2						59,941	-				31,133,616
90	2044	1						60,056	-				31,193,672
91	2045	0								(31,193,672)			
			\$ 31,455,633	\$ 192,000									\$ 1,396,661,779

Whole Life Depreciation Rate Calculation

Historical Additions	29,364,887
Forecast Additions	2,090,746
Total Additions	31,455,633
Gross Salvage Value	1,559,684
Less Cost of Removal	3,119,367
Net Salvage Value	(1,559,684)
Total to be Recovered	33,015,317

Forecast Plant Balances 1,396,661,779

Whole Life Accrual Rate	2.36%
Cost of Removal Accrual Rate	0.22%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.59%

Depreciable Service Life, years 42.3

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	29,102,926
Forecast Additions	2,090,746
Gross Salvage Value	1,559,684
Less Cost of Removal	3,119,367
Net Salvage Value	(1,559,684)

Forecast Plant Balances 1,085,949,379

Black Hills Power Company

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1998
 Retirement Date 2045
 Service Life, Yrs 47

Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Neil Simpson 2 Plant

2008

Historical and Forecast Plant Additions & Balances
 Account: 315 Accessory Electric Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction Year				Transfers and Adjustments	EOY Plant Balance				
			Transaction Year			Vintage Year	Year		Adjusted Transaction Year			Per Books	Simulated			
			Beg. Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements						
41	1998	47		6,135,296						6,135,296			6,135,296	6,135,296		
42	1999	46		11,151						11,151			6,146,447	6,146,447		
43	2000	45											6,146,447	6,146,447		
44	2001	44											6,146,447	6,146,447		
45	2002	43											6,146,447	6,146,447		
46	2003	42											6,146,447	6,146,447		
47	2004	41		139,183						139,183			6,285,630	6,285,630		
48	2005	40											6,285,630	6,285,630		
49	2006	39									(13,251)		6,272,379	6,272,379		
50	2007	38											6,272,379	6,272,379		
51	2008	37											6,272,379	6,272,379		
52	Total		\$	6,285,630	\$		\$		\$		\$	(13,251)	\$	68,255,930	\$	68,255,930

Major Additions/Retirements 1998

\$ 6,135,296

Routine Activity

\$ 150,334

53	Historical Interim Activity	0.22%	0.00%
54	Forecast Interim Activity	0.22%	0.00%

55	2009	36								13,815	-			6,286,194
56	2010	35								13,845	-			6,300,039
57	2011	34								13,876	-			6,313,915
58	2012	33								13,906	-			6,327,822
59	2013	32								13,937	-			6,341,759
60	2014	31								13,968	-			6,355,727
61	2015	30								13,999	-			6,369,725
62	2016	29								14,029	-			6,383,755
63	2017	28								14,060	-			6,397,815
64	2018	27								14,091	-			6,411,906
65	2019	26								14,122	-			6,426,028
66	2020	25								14,153	-			6,440,182
67	2021	24								14,185	-			6,454,366
68	2022	23								14,216	-			6,468,582
69	2023	22								14,247	-			6,482,829
70	2024	21								14,278	-			6,497,108
71	2025	20								14,310	-			6,511,418
72	2026	19								14,341	-			6,525,759
73	2027	18								14,373	-			6,540,132
74	2028	17								14,405	-			6,554,537
75	2029	16								14,436	-			6,568,973
76	2030	15								14,468	-			6,583,441
77	2031	14								14,500	-			6,597,941
78	2032	13								14,532	-			6,612,473
79	2033	12								14,564	-			6,627,037
80	2034	11								14,596	-			6,641,634
81	2035	10								14,628	-			6,656,262
82	2036	9								14,660	-			6,670,922
83	2037	8								14,693	-			6,685,615
84	2038	7								14,725	-			6,700,340
85	2039	6								14,758	-			6,715,098
86	2040	5								14,790	-			6,729,888
87	2041	4								14,823	-			6,744,710
88	2042	3								14,855	-			6,759,566
89	2043	2								14,888	-			6,774,454
90	2044	1								14,921	-			6,789,374
91	2045	0										(6,789,374)		
			\$	6,802,626	\$		\$		\$				\$	303,503,255

Whole Life Depreciation Rate Calculation

Historical Additions	6,285,630
Forecast Additions	516,995
Total Additions	6,802,626
Gross Salvage Value	339,469
Less Cost of Removal	678,937
Net Salvage Value	(339,469)
Total to be Recovered	7,142,094

Forecast Plant Balances 303,503,255

Whole Life Accrual Rate	2.35%
Cost of Removal Accrual Rate	0.22%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.58%

Depreciable Service Life, years 42.5

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	6,272,379
Forecast Additions	516,995
Gross Salvage Value	339,469
Less Cost of Removal	678,937
Net Salvage Value	(339,469)

Forecast Plant Balances 235,247,325

Black Hills Power Company

Gross Salvage 5%
 Cost of Removal 10%
 Net Salvage -5%
 Install Date 1998
 Retirement Date 2045
 Service Life, Yrs 47

Unit Property Depreciation Rate Analysis
 Unit Property: Steam Production, Neil Simpson 2 Plant

2008

Historical and Forecast Plant Additions & Balances
 Account: 316 Miscellaneous Power Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year Retirements	Year		Year			Adjustments	Per Books	Simulated	
			Beg Balance	Additions		Retirements	Additions	Retirements	Additions	Retirements				
41	1998	47		279,045				279,045	-		279,045	279,045		
42	1999	46		6,941			6,941	-	(79,068)		206,917	206,917		
43	2000	45		13,614			13,614	-	38,764		259,296	259,296		
44	2001	44		43,205			43,205	-			302,500	302,500		
45	2002	43		7,852			7,852	-			310,352	310,352		
46	2003	42		35,386			35,386	-			345,739	345,739		
47	2004	41		21,531			21,531	-			367,270	367,270		
48	2005	40		69,107			69,107	-			436,377	436,377		
49	2006	39		25,198	7,978	7,978	25,198	7,978	5,965		459,562	459,562		
50	2007	38									459,562	459,562		
51	2008	37		20,114			20,114				479,676	479,676		
52	Total		\$ -	\$ 521,993	\$ 7,978	\$ 7,978	\$ -	\$ -	\$ 521,993	\$ 7,978	\$ (34,340)	\$ -	\$ 3,906,296	\$ 3,906,296

Major Additions/Retirements
 1998

\$ 279,045

Routine Activity

\$ 242,948

53 Historical Interim Activity 6.22% 0.20%
 54 Forecast Interim Activity 6.22% 0.20%

55	2009	36					29,833	980			508,529	508,529	
56	2010	35					31,627	1,039			539,118	539,118	
57	2011	34					33,530	1,101			571,547	571,547	
58	2012	33					35,547	1,167			605,927	605,927	
59	2013	32					37,685	1,237			642,374	642,374	
60	2014	31					39,952	1,312			681,014	681,014	
61	2015	30					42,355	1,391			721,978	721,978	
62	2016	29					44,903	1,474			765,407	765,407	
63	2017	28					47,604	1,563			811,447	811,447	
64	2018	27					50,467	1,657			860,257	860,257	
65	2019	26					53,503	1,757			912,003	912,003	
66	2020	25					56,721	1,863			966,862	966,862	
67	2021	24					60,133	1,975			1,025,020	1,025,020	
68	2022	23					63,750	2,093			1,086,677	1,086,677	
69	2023	22					67,585	2,219			1,152,043	1,152,043	
70	2024	21					71,650	2,353			1,221,340	1,221,340	
71	2025	20					75,960	2,494			1,294,806	1,294,806	
72	2026	19					80,529	2,644			1,372,691	1,372,691	
73	2027	18					85,373	2,803			1,455,261	1,455,261	
74	2028	17					90,508	2,972			1,542,797	1,542,797	
75	2029	16					95,953	3,151			1,635,599	1,635,599	
76	2030	15					101,724	3,340			1,733,983	1,733,983	
77	2031	14					107,843	3,541			1,838,285	1,838,285	
78	2032	13					114,330	3,754			1,948,862	1,948,862	
79	2033	12					121,207	3,980			2,066,089	2,066,089	
80	2034	11					128,498	4,219			2,190,368	2,190,368	
81	2035	10					136,228	4,473			2,322,122	2,322,122	
82	2036	9					144,422	4,742			2,461,802	2,461,802	
83	2037	8					153,109	5,028			2,609,884	2,609,884	
84	2038	7					162,319	5,330			2,766,873	2,766,873	
85	2039	6					172,083	5,651			2,933,306	2,933,306	
86	2040	5					182,434	5,990			3,109,749	3,109,749	
87	2041	4					193,408	6,351			3,296,806	3,296,806	
88	2042	3					205,042	6,733			3,495,115	3,495,115	
89	2043	2					217,375	7,138			3,705,352	3,705,352	
90	2044	1					230,451	7,567			3,928,236	3,928,236	
91	2045	0							(3,928,236)		-	-	
										\$ 4,087,636	\$ 125,060	\$ 64,685,826	

Whole Life Depreciation Rate Calculation

Historical Additions 521,993
 Forecast Additions 3,565,643
 Total Additions 4,087,636
 Gross Salvage Value 196,412
 Less Cost of Removal 392,824
 Net Salvage Value (196,412)
 Total to be Recovered 4,284,047

Forecast Plant Balances 64,685,826

Whole Life Accrual Rate 6.62%
 Cost of Removal Accrual Rate 0.61%
 Whole Life Accrual Rate (Excluding Cost of Removal) 7.23%

Depreciable Service Life, years 15.1

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08 479,676
 Forecast Additions 3,565,643
 Gross Salvage Value 196,412
 Less Cost of Removal 392,824
 Net Salvage Value (196,412)

Forecast Plant Balances 60,779,529

Summary by Plant
 Black Hills Power
 Lange CT Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
341	Structure & Improvements	244,231	1.96%
342	Fuel Holders, Producers & Accessories	1,738,544	3.96%
343	Prime Movers		
344	Generators	26,038,901	1.94%
345	Accessory Electric Equipment	2,100,134	1.96%
346	Misc Plant Equipment	16,612	1.98%
Total		30,138,422	2.06% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance @ 12/31/08	30,183,503
Forecast Interim Additions	16,498,012
Forecast Gross Salvage Value	4,206,009
Forecast Less Cost of Removal	3,297,292
Forecast Net Salvage Value	908,717
Forecast Total to be Recovered with COR	45,772,797
Forecast Total to be Recovered w/o COR	42,475,506
Accumulated Depreciation (2008 EOY)	(8,369,716)
Forecast Remaining Life Balance with COR	37,403,081
Forecast Remaining Life Balance w/o COR	34,105,790
Forecast Plant Balances	1,566,753,479
Remaining Life Rate with COR	2.39%
Remaining Life Rate w/o COR	2.18%

Black Hills Power

Unit Property Depreciation Rate Analysis
Unit Property: Other Production, Lange Plant

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 2002
 Retirement Date 2050
 Service Life, Yrs 48

Historical and Forecast Plant Additions & Balances
Account: 341 Structures & Improvements

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance		
			Transaction Year			Vintage Year Retirements	Year		Retirements			Adjustments	Per Books	Simulated
			Beq Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements				
1	2002	48												
2	2003	47		219,851				219,851				219,851	219,851	
3	2004	46		24,380				24,380				244,231	244,231	
4	2005	45										244,231	244,231	
5	2006	44										244,231	244,231	
6	2007	43										244,231	244,231	
7	2008	42										244,231	244,231	
8	Total		\$	\$ 244,231	\$	\$	\$	\$	\$ 244,231	\$	\$	\$	\$ 1,441,004	\$ 1,441,004

Major Additions/Retirements

2003	\$ 219,851		
Routine Activity	\$ 24,380		
9 Historical Interim Activity	1.69%	0.00%	
10 Forecast Interim Activity	0.00%	0.00%	

11	2009	41												244,231
12	2010	40												244,231
13	2011	39												244,231
14	2012	38												244,231
15	2013	37												244,231
16	2014	36												244,231
17	2015	35												244,231
18	2016	34												244,231
19	2017	33												244,231
20	2018	32												244,231
21	2019	31												244,231
22	2020	30												244,231
23	2021	29												244,231
24	2022	28												244,231
25	2023	27												244,231
26	2024	26												244,231
27	2025	25												244,231
28	2026	24												244,231
29	2027	23												244,231
30	2028	22												244,231
31	2029	21												244,231
32	2030	20												244,231
33	2031	19												244,231
34	2032	18												244,231
35	2033	17												244,231
36	2034	16												244,231
37	2035	15												244,231
38	2036	14												244,231
39	2037	13												244,231
40	2038	12												244,231
41	2039	11												244,231
42	2040	10												244,231
43	2041	9												244,231
44	2042	8												244,231
45	2043	7												244,231
46	2044	6												244,231
47	2045	5												244,231
48	2046	4												244,231
49	2047	3												244,231
50	2048	2												244,231
51	2049	1												244,231
52	2050	0										(244,231)		244,231
			\$	\$ 244,231	\$	\$	\$	\$	\$ 244,231	\$	\$	\$	\$	\$ 11,454,456

Whole Life Depreciation Rate Calculation

Historical Additions	244,231
Forecast Additions	-
Total Additions	244,231
Gross Salvage Value	19,538
Less Cost of Removal	24,423
Net Salvage Value	(4,885)
Total to be Recovered	249,115

Forecast Plant Balances 11,454,456

Whole Life Accrual Rate 2.17%

Cost of Removal Accrual Rate 0.21%

Whole Life Accrual Rate (Excluding Cost of Removal) 1.96%

Depreciable Service Life, years 46.0

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	244,231
Forecast Additions	-
Gross Salvage Value	19,538
Less Cost of Removal	24,423
Net Salvage Value	(4,885)

Forecast Plant Balances 10,013,453

Black Hills Power

Gross Salvage 8%
Cost of Removal 10%
Net Salvage -2%
Install Date 2002
Retirement Date 2050
Service Life, Yrs 48

Unit Property Depreciation Rate Analysis
Unit Property: Other Production, Lange Plant

2008

Historical and Forecast Plant Additions & Balances

Account: 342 Fuel Holders, Producers & Accessories Initial Plant Balance 0

Table with columns [A] through [N] and rows for vintage years 2002-2050. Includes sub-sections for Major Additions/Retirements and Routine Activity.

Whole Life Depreciation Rate Calculation

Summary table for Whole Life Depreciation Rate Calculation showing Historical Additions, Forecast Additions, Total Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Total to be Recovered.

Forecast Plant Balances 407,472,505

Whole Life Accrual Rate 4.39%

Cost of Removal Accrual Rate 0.43%

Whole Life Accrual Rate (Excluding Cost of Removal) 3.96%

Depreciable Service Life, years 22.8

Remaining Life Depreciation Rate Calculation

Summary table for Remaining Life Depreciation Rate Calculation showing Account Balance 12/31/08, Forecast Additions, Gross Salvage Value, Less Cost of Removal, Net Salvage Value, and Forecast Plant Balances.

Forecast Plant Balances 397,041,239

Black Hills Power

Gross Salvage 10%
 Cost of Removal 5%
 Net Salvage 5%
 Install Date 2002
 Retirement Date 2050
 Service Life, Yrs 48

Unit Property Depreciation Rate Analysis
Unit Property: Other Production, Lange Plant

2008

Historical and Forecast Plant Additions & Balances

Account: 344 Generators Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year	Retirements	Additions	Retirements	Additions		Retirements	Adjustments	Per Books	Simulated
			Beg. Balance	Additions						Retirements				
1	2002	48												
2	2003	47												
3	2004	46		25,997,285					25,997,285			25,997,285	25,997,285	
4	2005	45		10,225					10,225			26,007,510	26,007,510	
5	2006	44										26,007,510	26,007,510	
6	2007	43			55,005	23,614					55,005	23,614	26,038,901	26,038,901
7	2008	42											26,038,901	26,038,901
8	Total		\$ -	\$ 26,062,515	\$ 23,614	\$ -	\$ -	\$ -	\$ 26,062,515	\$ 23,614	\$ -	\$ -	\$ 156,097,616	\$ 156,097,616

Major Additions/Retirements

2003 \$ 25,997,285
 Routine Activity \$ 65,230
 9 Historical Interim Activity 0.04% 0.02%
 10 Forecast Interim Activity 0.04% 0.02%

11	2009	41						10,881	3,939				26,045,843
12	2010	40						10,884	3,940				26,052,786
13	2011	39						10,887	3,941				26,059,732
14	2012	38						10,890	3,942				26,066,680
15	2013	37						10,893	3,943				26,073,629
16	2014	36						10,896	3,944				26,080,580
17	2015	35						10,898	3,945				26,087,533
18	2016	34						10,901	3,946				26,094,488
19	2017	33						10,904	3,947				26,101,445
20	2018	32						10,907	3,949				26,108,404
21	2019	31						10,910	3,950				26,115,364
22	2020	30						10,913	3,951				26,122,327
23	2021	29						10,916	3,952				26,129,291
24	2022	28						10,919	3,953				26,136,257
25	2023	27						10,922	3,954				26,143,225
26	2024	26						10,925	3,955				26,150,195
27	2025	25						10,928	3,956				26,157,166
28	2026	24						10,930	3,957				26,164,140
29	2027	23						10,933	3,958				26,171,115
30	2028	22						10,936	3,959				26,178,092
31	2029	21						10,939	3,960				26,185,072
32	2030	20						10,942	3,961				26,192,053
33	2031	19						10,945	3,962				26,199,035
34	2032	18						10,948	3,963				26,206,020
35	2033	17						10,951	3,964				26,213,007
36	2034	16						10,954	3,965				26,219,995
37	2035	15						10,957	3,966				26,226,985
38	2036	14						10,960	3,968				26,233,977
39	2037	13						10,963	3,969				26,240,971
40	2038	12						10,966	3,970				26,247,967
41	2039	11						10,968	3,971				26,254,965
42	2040	10						10,971	3,972				26,261,964
43	2041	9						10,974	3,973				26,268,966
44	2042	8						10,977	3,974				26,275,969
45	2043	7						10,980	3,975				26,282,974
46	2044	6						10,983	3,976				26,289,981
47	2045	5						10,986	3,977				26,296,990
48	2046	4						10,989	3,978				26,304,001
49	2047	3						10,992	3,979				26,311,014
50	2048	2						10,995	3,980				26,318,028
51	2049	1						10,998	3,981				26,325,045
52	2050	0								(26,136,257)			
			\$ 26,511,026	\$ 185,981									\$ 1,229,690,890

Whole Life Depreciation Rate Calculation

Historical Additions 26,062,515
 Forecast Additions 448,511
 Total Additions 26,511,026
 Gross Salvage Value 2,613,626
 Less Cost of Removal 1,306,813
 Net Salvage Value 1,306,813
 Total to be Recovered 25,204,213
 Forecast Plant Balances 1,229,690,890

Whole Life Accrual Rate 2.05%
 Cost of Removal Accrual Rate 0.11%
 Whole Life Accrual Rate (Excluding Cost of Removal) 1.94%

Depreciable Service Life, years 51.5

Remaining Life Depreciation Rate Calculation

Account Balance - 12/31/08 26,038,901
 Forecast Additions 448,511
 Gross Salvage Value 2,613,626
 Less Cost of Removal 1,306,813
 Net Salvage Value 1,306,813
 Forecast Plant Balances 1,073,593,274

Black Hills Power

Unit Property Depreciation Rate Analysis
Unit Property: Other Production, Large Plant

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 2002
 Retirement Date 2050
 Service Life, Yrs 48

2008

Historical and Forecast Plant Additions & Balances

Account: 345 Accessory Electric Equipment Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance			
			Transaction Year			Vintage Year Retirements	Year		Adjusted Transaction Year			Per Books	Simulated		
			Beg. Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements					
1	2002	48													
2	2003	47		2,100,134									2,100,134	2,100,134	
3	2004	46											2,100,134	2,100,134	
4	2005	45											2,100,134	2,100,134	
5	2006	44											2,100,134	2,100,134	
6	2007	43											2,100,134	2,100,134	
7	2008	42											2,100,134	2,100,134	
8	Total		\$ -	\$ 2,100,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100,134	\$ -	\$ -	\$ -	\$ 12,600,807	\$ 12,600,807

Major Additions/Retirements

2003

\$ 2,100,134

Routine Activity

\$ -

9	Historical Interim Activity	0.00%	0.00%
10	Forecast Interim Activity	0.00%	0.00%

11	2009	41													2,100,134	
12	2010	40													2,100,134	
13	2011	39													2,100,134	
14	2012	38													2,100,134	
15	2013	37													2,100,134	
16	2014	36													2,100,134	
17	2015	35													2,100,134	
18	2016	34													2,100,134	
19	2017	33													2,100,134	
20	2018	32													2,100,134	
21	2019	31													2,100,134	
22	2020	30													2,100,134	
23	2021	29													2,100,134	
24	2022	28													2,100,134	
25	2023	27													2,100,134	
26	2024	26													2,100,134	
27	2025	25													2,100,134	
28	2026	24													2,100,134	
29	2027	23													2,100,134	
30	2028	22													2,100,134	
31	2029	21													2,100,134	
32	2030	20													2,100,134	
33	2031	19													2,100,134	
34	2032	18													2,100,134	
35	2033	17													2,100,134	
36	2034	16													2,100,134	
37	2035	15													2,100,134	
38	2036	14													2,100,134	
39	2037	13													2,100,134	
40	2038	12													2,100,134	
41	2039	11													2,100,134	
42	2040	10													2,100,134	
43	2041	9													2,100,134	
44	2042	8													2,100,134	
45	2043	7													2,100,134	
46	2044	6													2,100,134	
47	2045	5													2,100,134	
48	2046	4													2,100,134	
49	2047	3													2,100,134	
50	2048	2													2,100,134	
51	2049	1													2,100,134	
52	2050	0													2,100,134	
											(2,100,134)					
											\$ 2,100,134	\$ -				\$ 98,706,320

Whole Life Depreciation Rate Calculation

Historical Additions	2,100,134
Forecast Additions	-
Total Additions	2,100,134
Gross Salvage Value	168,011
Less Cost of Removal	210,013
Net Salvage Value	(42,003)
Total to be Recovered	2,142,137
Forecast Plant Balances	98,706,320

Whole Life Accrual Rate	2.17%
Cost of Removal Accrual Rate	0.21%
Whole Life Accrual Rate (Excluding Cost of Removal)	1.96%
Depreciable Service Life, years	51.1

Remaining Life Depreciation Rate Calculation

Account Balance - 12/31/08	2,100,134
Forecast Additions	-
Gross Salvage Value	168,011
Less Cost of Removal	210,013
Net Salvage Value	(42,003)
Forecast Plant Balances	86,105,513

Black Hills Power

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 2002
 Retirement Date 2050
 Service Life, Yrs 48

Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Lange Plant

2008

Historical and Forecast Plant Additions & Balances

Account: 346 Miscellaneous Plant Equipment Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year			Year		Year			Adjustments	Per Books	Simulated	
			Beg Balance	Additions	Retirements	Retirements	Additions	Retirements	Additions					Retirements
1	2002	48												
2	2003	47		7,927			7,927	-			7,927	7,927		
3	2004	46		8,685			8,685	-			16,612	16,612		
4	2005	45						-			16,612	16,612		
5	2006	44						-			16,612	16,612		
6	2007	43						-			16,612	16,612		
7	2008	42						-			16,612	16,612		
8	Total		\$	\$ 16,612	\$	\$	\$	\$	\$ 16,612	\$	\$	\$	\$ 90,985	\$ 90,985
Major Additions/Retirements 2003 and 2004			\$	16,612										
Routine Activity			\$	-										
9	Historical Interim Activity			0.00%	0.00%									
10	Forecast Interim Activity			0.00%	0.00%									
11	2009	41											16,612	
12	2010	40											16,612	
13	2011	39											16,612	
14	2012	38											16,612	
15	2013	37											16,612	
16	2014	36											16,612	
17	2015	35											16,612	
18	2016	34											16,612	
19	2017	33											16,612	
20	2018	32											16,612	
21	2019	31											16,612	
22	2020	30											16,612	
23	2021	29											16,612	
24	2022	28											16,612	
25	2023	27											16,612	
26	2024	26											16,612	
27	2025	25											16,612	
28	2026	24											16,612	
29	2027	23											16,612	
30	2028	22											16,612	
31	2029	21											16,612	
32	2030	20											16,612	
33	2031	19											16,612	
34	2032	18											16,612	
35	2033	17											16,612	
36	2034	16											16,612	
37	2035	15											16,612	
38	2036	14											16,612	
39	2037	13											16,612	
40	2038	12											16,612	
41	2039	11											16,612	
42	2040	10											16,612	
43	2041	9											16,612	
44	2042	8											16,612	
45	2043	7											16,612	
46	2044	6											16,612	
47	2045	5											16,612	
48	2046	4											16,612	
49	2047	3											16,612	
50	2048	2											16,612	
51	2049	1											16,612	
52	2050	0								(16,612)			-	
			\$	16,612	\$	-							\$	772,060

Whole Life Depreciation Rate Calculation

Historical Additions	16,612
Forecast Additions	-
Total Additions	16,612
Gross Salvage Value	1,329
Less Cost of Removal	1,661
Net Salvage Value	(332)
Total to be Recovered	16,944
Forecast Plant Balances	772,060
Whole Life Accrual Rate	2.19%
Cost of Removal Accrual Rate	0.22%
Whole Life Accrual Rate (Excluding Cost of Removal)	1.98%
Depreciable Service Life, years	45.6

Remaining Life Depreciation Rate Calculation

Account Balance - 12/31/08	16,612
Forecast Additions	-
Gross Salvage Value	1,329
Less Cost of Removal	1,661
Net Salvage Value	(332)
Forecast Plant Balances	681,075

Summary by Plant
 Black Hills Power
 Neil Simpson CT Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
341	Structures & Improvements	168,200	2.99%
342	Fuel Holders, Producers & Accessories	2,097,317	8.31%
343	Prime Movers		
344	Generators	24,290,109	2.25%
345	Accessory Electric Equipment	1,981,194	2.35%
346	Misc Power Equipment	51,539	4.97%
Total		28,588,359	2.71% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	29,130,532
Forecast Interim Additions	21,399,564
Forecast Gross Salvage Value	4,466,845
Forecast Less Cost of Removal	3,568,411
Forecast Net Salvage Value	898,433
Forecast Total to be Recovered with COR	49,631,663
Forecast Total to be Recovered w/o COR	46,063,251
Accumulated Depreciation (2008 EOY)	(9,850,982)
Forecast Remaining Life Balance with COR	39,780,680
Forecast Remaining Life Balance w/o COR	36,212,269
Forecast Plant Balances	1,584,710,507
Remaining Life Rate with COR	2.51%
Remaining Life Rate w/o COR	2.29%

Black Hills Power

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 2000
 Retirement Date 2050
 Service Life, Yrs 50

Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Neil Simpson Plant

2008

Historical and Forecast Plant Additions & Balances

Account: 342 Fuel Holders, Producers & Accessories Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction Year				Transfers and Adjustments	EOY Plant Balance			
			Transaction Year			Vintage Year Retirements	Year		Adjusted Transaction Year			Adjustments	Per Books	Simulated	
			Beg Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements					
1	2000	50													
2	2001	49		838,521										838,521	838,521
3	2002	48												838,521	838,521
4	2003	47												838,521	838,521
5	2004	46												838,521	838,521
6	2005	45												838,521	838,521
7	2006	44		1,258,796										2,097,317	2,097,317
8	2007	43												2,097,317	2,097,317
9	2008	42												2,097,317	2,097,317
10	Total		\$ -	\$ 2,097,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,097,317	\$ -	\$ -	\$ -	\$ 10,484,559	\$ 10,484,559

Major Additions/Retirements

2001	\$ 838,521		
Routine Activity	\$ 1,258,796		
Routine Additions	\$ -		
11 Historical Interim Activity	0.00%	0.00%	
12 Forecast Interim Activity	0.00%	0.00%	

13	2009	41					1,827,000								3,924,317
14	2010	40													3,924,317
15	2011	39													3,924,317
16	2012	38													3,924,317
17	2013	37													3,924,317
18	2014	36													3,924,317
19	2015	35													3,924,317
20	2016	34					2,171,729								6,096,046
21	2017	33													6,096,046
22	2018	32													6,096,046
23	2019	31													6,096,046
24	2020	30													6,096,046
25	2021	29													6,096,046
26	2022	28													6,096,046
27	2023	27					2,581,503								8,677,549
28	2024	26													8,677,549
29	2025	25													8,677,549
30	2026	24													8,677,549
31	2027	23													8,677,549
32	2028	22													8,677,549
33	2029	21													8,677,549
34	2030	20					3,068,596								11,746,145
35	2031	19													11,746,145
36	2032	18													11,746,145
37	2033	17													11,746,145
38	2034	16													11,746,145
39	2035	15													11,746,145
40	2036	14													11,746,145
41	2037	13					3,647,596								15,393,741
42	2038	12													15,393,741
43	2039	11													15,393,741
44	2040	10													15,393,741
45	2041	9													15,393,741
46	2042	8													15,393,741
47	2043	7													15,393,741
48	2044	6					4,335,846								19,729,587
49	2045	5													19,729,587
50	2046	4													19,729,587
51	2047	3													19,729,587
52	2048	2													19,729,587
53	2049	1													19,729,587
54	2050	0											(19,729,587)		
											\$ 19,729,587	\$ -		\$ 449,726,675	

Whole Life Depreciation Rate Calculation

Historical Additions	2,097,317
Forecast Additions	17,632,270
Total Additions	19,729,587
Gross Salvage Value	1,578,367
Less Cost of Removal	1,972,959
Net Salvage Value	15,659,311
Total to be Recovered	35,388,898
Forecast Plant Balances	449,726,675

Whole Life Accrual Rate 7.87%
 Cost of Removal Accrual Rate 0.44%
 Whole Life Accrual Rate (Excluding Cost of Removal) 8.31%

Depreciable Service Life, years 12.7

Remaining Life Depreciation 1	2,097,317
Account Balance 12/31/08	2,097,317
Forecast Additions	17,632,270
Gross Salvage Value	1,578,367
Less Cost of Removal	1,972,959
Net Salvage Value	(394,592)
Forecast Plant Balances	439,242,117

Black Hills Power

Gross Salvage 10%
 Cost of Removal 5%
 Net Salvage 5%
 Install Date 2000
 Retirement Date 2050
 Service Life, Yrs 50

2008

Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Neil Simpson Plant

Historical and Forecast Plant Additions & Balances
 Account: 344 Generators

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance		
			Transaction Year		Vintage Year	Year		Additions	Retirements		Adjustments	Per Books	Simulated
			Beg. Balance	Additions		Retirements	Additions						
1	2000	50											
2	2001	49						23,815,629				23,815,629	23,815,629
3	2002	48		280,438				280,438				24,096,067	24,096,067
4	2003	47										24,096,067	24,096,067
5	2004	46										24,096,067	24,096,067
6	2005	45										24,096,067	24,096,067
7	2006	44										24,096,067	24,096,067
8	2007	43		63,394	160,003			63,394	160,003			23,999,458	23,999,458
9	2008	42		290,651				290,651				24,290,109	24,290,109
10	Total		\$ -	\$ 24,450,112	\$ 160,003	\$ -	\$ -	\$ 24,450,112	\$ 160,003	\$ -	\$ -	\$ 192,585,529	\$ 192,585,529
Major Additions/Retirements				\$ 23,815,629									
Routine Activity				\$ 634,483									
11	Historical Interim Activity			0.33%	0.08%								
12	Forecast Interim Activity			0.33%	0.08%								
13	2009	41						80,025	20,181				24,349,953
14	2010	40						80,222	20,230				24,409,945
15	2011	39						80,420	20,280				24,470,085
16	2012	38						80,618	20,330				24,530,372
17	2013	37						80,817	20,380				24,590,809
18	2014	36						81,016	20,430				24,651,394
19	2015	35						81,215	20,481				24,712,129
20	2016	34						81,415	20,531				24,773,013
21	2017	33						81,616	20,582				24,834,047
22	2018	32						81,817	20,633				24,895,231
23	2019	31						82,019	20,683				24,956,567
24	2020	30						82,221	20,734				25,018,053
25	2021	29						82,423	20,785				25,079,691
26	2022	28						82,626	20,837				25,141,481
27	2023	27						82,830	20,888				25,203,423
28	2024	26						83,034	20,939				25,265,517
29	2025	25						83,239	20,991				25,327,765
30	2026	24						83,444	21,043				25,390,166
31	2027	23						83,649	21,095				25,452,720
32	2028	22						83,855	21,147				25,515,429
33	2029	21						84,062	21,199				25,578,292
34	2030	20						84,269	21,251				25,641,310
35	2031	19						84,477	21,303				25,704,484
36	2032	18						84,685	21,356				25,767,813
37	2033	17						84,893	21,408				25,831,298
38	2034	16						85,103	21,461				25,894,939
39	2035	15						85,312	21,514				25,958,738
40	2036	14						85,522	21,567				26,022,693
41	2037	13						85,733	21,620				26,086,806
42	2038	12						85,944	21,673				26,151,077
43	2039	11						86,156	21,727				26,215,507
44	2040	10						86,368	21,780				26,280,095
45	2041	9						86,581	21,834				26,344,842
46	2042	8						86,794	21,888				26,409,749
47	2043	7						87,008	21,942				26,474,815
48	2044	6						87,223	21,996				26,540,042
49	2045	5						87,438	22,050				26,605,430
50	2046	4						87,653	22,104				26,670,979
51	2047	3						87,869	22,159				26,736,689
52	2048	2						88,085	22,213				26,802,561
53	2049	1						88,302	22,268				26,868,595
54	2050	0								(26,868,595)			-
									\$ 27,898,110	\$ 1,029,514			\$ 1,241,740,070

Whole Life Depreciation Rate Calculation

Historical Additions	24,450,112
Forecast Additions	3,447,998
Total Additions	27,898,110
Gross Salvage Value	2,686,860
Less Cost of Removal	1,343,430
Net Salvage Value	1,343,430
Total to be Recovered	26,554,680

Forecast Plant Balances 1,241,740,070

Whole Life Accrual Rate 2.14%

Cost of Removal Accrual Rate 0.11%

Whole Life Accrual Rate (Excluding Cost of Removal) 2.25%

Depreciable Service Life, years 46.8

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	24,290,109
Forecast Additions	3,447,998
Gross Salvage Value	2,686,860
Less Cost of Removal	1,343,430
Net Salvage Value	1,343,430

Forecast Plant Balances 1,049,154,542

Black Hills Power

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 2000
 Retirement Date 2050
 Service Life, Yrs 50

Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Neil Simpson Plant

2008

Historical and Forecast Plant Additions & Balances
 Account: 345 Accessory Electric Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance			
			Transaction Year			Vintage Year	Year		Adjusted Transaction Year			Per Books	Simulated		
			Beg Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements					
1	2000	50													
2	2001	49		1,961,964									1,961,964	1,961,964	
3	2002	48		19,230									1,981,194	1,981,194	
4	2003	47											1,981,194	1,981,194	
5	2004	46											1,981,194	1,981,194	
6	2005	45											1,981,194	1,981,194	
7	2006	44											1,981,194	1,981,194	
8	2007	43											1,981,194	1,981,194	
9	2008	42											1,981,194	1,981,194	
10	Total		\$	\$ 1,981,194	\$	\$	\$	\$	\$	\$	\$	\$	\$ 15,830,321	\$ 15,830,321	

Major Additions/Retirements

2001	\$ 1,961,964		
Routine Activity	\$ 19,230		
11 Historical Interim Activity	0.12%	0.00%	
12 Forecast Interim Activity	0.12%	0.00%	

13	2009	41													1,983,600
14	2010	40													1,986,010
15	2011	39													1,988,422
16	2012	38													1,990,838
17	2013	37													1,993,256
18	2014	36													1,995,677
19	2015	35													1,998,102
20	2016	34													2,000,529
21	2017	33													2,002,959
22	2018	32													2,005,392
23	2019	31													2,007,828
24	2020	30													2,010,267
25	2021	29													2,012,709
26	2022	28													2,015,154
27	2023	27													2,017,601
28	2024	26													2,020,052
29	2025	25													2,022,506
30	2026	24													2,024,963
31	2027	23													2,027,423
32	2028	22													2,029,885
33	2029	21													2,032,351
34	2030	20													2,034,820
35	2031	19													2,037,292
36	2032	18													2,039,766
37	2033	17													2,042,244
38	2034	16													2,044,725
39	2035	15													2,047,209
40	2036	14													2,049,696
41	2037	13													2,052,185
42	2038	12													2,054,678
43	2039	11													2,057,174
44	2040	10													2,059,673
45	2041	9													2,062,175
46	2042	8													2,064,680
47	2043	7													2,067,188
48	2044	6													2,069,699
49	2045	5													2,072,213
50	2046	4													2,074,730
51	2047	3													2,077,250
52	2048	2													2,079,774
53	2049	1													2,082,300
54	2050	0													
										\$ 2,082,300	\$ -	(2,082,300)			\$ 99,165,316

Whole Life Depreciation Rate Calculation

Historical Additions	1,981,194
Forecast Additions	101,106
Total Additions	2,082,300
Gross Salvage Value	166,584
Less Cost of Removal	208,230
Net Salvage Value	(41,646)
Total to be Recovered	2,123,946
Forecast Plant Balances	99,165,316

Whole Life Accrual Rate	2.14%
Cost of Removal Accrual Rate	0.21%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.35%
Depreciable Service Life, years	46.7

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	1,981,194
Forecast Additions	101,106
Gross Salvage Value	166,584
Less Cost of Removal	208,230
Net Salvage Value	(41,646)
Forecast Plant Balances	83,334,995

Black Hills Power

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 2000
 Retirement Date 2050
 Service Life, Yrs 50

Unit Property Depreciation Rate Analysis
Unit Property: Other Production, Neil Simpson Plant

2008

Historical and Forecast Plant Additions & Balances
Account: 342 Misc Plant Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books			Adjustments to Transaction Year		Adjusted Transaction Year		Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year	Year		Year			Adjustments	Per Books	Simulated	
			Beg Balance	Additions		Retirements	Additions	Retirements	Additions					Retirements
1	2000	50												
2	2001	49		40,635		36,672		40,635				40,635	40,635	
3	2002	48		4,777				4,777				45,412	45,412	
4	2003	47		6,643				6,643				52,056	52,056	
5	2004	46										52,056	52,056	
6	2005	45										52,056	52,056	
7	2006	44										52,056	52,056	
8	2007	43		36,155	36,672			36,155	36,672			51,539	51,539	
9	2008	42										51,539	51,539	
10	Total		\$ -	\$ 88,210	\$ 36,672	\$ 36,672	\$ -	\$ -	\$ 88,210	\$ 36,672	\$ -	\$ -	\$ 397,347	\$ 397,347
Major Additions/Retirements 2001 and 2007			\$	76,790	\$	36,672								
Routine Activity			\$	11,420	\$	-								
11	Historical Interim Activity			2.87%		0.00%								
12	Forecast Interim Activity			2.87%		0.00%								
13	2009	41						1,481					53,020	
14	2010	40						1,524					54,544	
15	2011	39						1,568					56,112	
16	2012	38						1,613					57,724	
17	2013	37						1,659					59,383	
18	2014	36						1,707					61,090	
19	2015	35						1,756					62,846	
20	2016	34						1,806					64,652	
21	2017	33						1,858					66,510	
22	2018	32						1,912					68,422	
23	2019	31						1,967					70,388	
24	2020	30						2,023					72,411	
25	2021	29						2,081					74,492	
26	2022	28						2,141					76,633	
27	2023	27						2,203					78,836	
28	2024	26						2,266					81,102	
29	2025	25						2,331					83,433	
30	2026	24						2,398					85,831	
31	2027	23						2,467					88,297	
32	2028	22						2,538					90,835	
33	2029	21						2,611					93,446	
34	2030	20						2,686					96,132	
35	2031	19						2,763					98,895	
36	2032	18						2,842					101,737	
37	2033	17						2,924					104,661	
38	2034	16						3,008					107,669	
39	2035	15						3,095					110,763	
40	2036	14						3,183					113,947	
41	2037	13						3,275					117,222	
42	2038	12						3,369					120,591	
43	2039	11						3,466					124,057	
44	2040	10						3,566					127,622	
45	2041	9						3,668					131,290	
46	2042	8						3,773					135,064	
47	2043	7						3,882					138,945	
48	2044	6						3,993					142,939	
49	2045	5						4,108					147,047	
50	2046	4						4,226					151,273	
51	2047	3						4,348					155,621	
52	2048	2						4,473					160,094	
53	2049	1						4,601					164,695	
54	2050	0								(164,695)			-	
			\$	201,367	\$	36,672							\$	4,447,618

Whole Life Depreciation Rate Calculation

Historical Additions	88,210
Forecast Additions	113,156
Total Additions	201,367
Gross Salvage Value	13,176
Less Cost of Removal	16,470
Net Salvage Value	(3,294)
Total to be Recovered	204,661
Forecast Plant Balances	4,447,618
Whole Life Accrual Rate	4.60%
Cost of Removal Accrual Rate	0.37%
Whole Life Accrual Rate (Excluding Cost of Removal)	4.97%
Depreciable Service Life, years	21.7

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	51,539
Forecast Additions	113,156
Gross Salvage Value	13,176
Less Cost of Removal	16,470
Net Salvage Value	(3,294)
Forecast Plant Balances	4,050,271

Summary by Plant
 Black Hills Power
 Ben French CT Facility

Account	Description	Direct Investment 2008\$	Depreciation Rate
341	Structures & Improvements	22,448	1.57%
342	Fuel Holders, Producers & Accessories	1,156,298	2.81%
343	Prime Movers		
344	Generators	17,086,809	1.74%
345	Accessory Electric Equipment	743,302	2.62%
346	Misc Power Equipment	14,718	1.57%
Total		19,023,575	1.84% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Per Books Balance 12/31/08	19,323,720
Forecast Interim Additions	1,146,934
Forecast Gross Salvage Value	1,932,856
Forecast Less Cost of Removal	1,106,072
Forecast Net Salvage Value	826,784
Forecast Total to be Recovered with COR	19,643,870
Forecast Total to be Recovered w/o COR	18,537,798
Accumulated Depreciation (2008 EOY)	(14,007,037)
Forecast Remaining Life Balance with COR	5,636,833
Forecast Remaining Life Balance w/o COR	4,530,761
Forecast Plant Balances	407,836,266
Remaining Life Rate with COR	1.38%
Remaining Life Rate w/o COR	1.11%

Black Hills Power
 Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Ben French CT Plant

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 1965
 Retirement Date 2030
 Service Life, Yrs 65

Historical and Forecast Plant Additions & Balances
 Account: 341 Structures & Improvements

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance			
			Transaction Year		Vintage Year Retirements	Year		Adjusted Transaction Year		Adjustments		Per Books	Simulated		
			Beg Balance	Additions		Additions	Retirements								
1	1965	65					22,448		22,448			22,448	22,448		
2	1966	64										22,448	22,448		
3	1967	63										22,448	22,448		
4	1968	62										22,448	22,448		
5	1969	61										22,448	22,448		
6	1970	60										22,448	22,448		
7	1971	59										22,448	22,448		
8	1972	58										22,448	22,448		
9	1973	57										22,448	22,448		
10	1974	56										22,448	22,448		
11	1975	55										22,448	22,448		
12	1976	54										22,448	22,448		
13	1977	53										22,448	22,448		
14	1978	52										22,448	22,448		
15	1979	51										22,448	22,448		
16	1980	50										22,448	22,448		
17	1981	49										22,448	22,448		
18	1982	48										22,448	22,448		
19	1983	47										22,448	22,448		
20	1984	46										22,448	22,448		
21	1985	45										22,448	22,448		
22	1986	44										22,448	22,448		
23	1987	43										22,448	22,448		
24	1988	42										22,448	22,448		
25	1989	41	22,448									22,448	22,448		
26	1990	40										22,448	22,448		
27	1991	39										22,448	22,448		
28	1992	38										22,448	22,448		
29	1993	37										22,448	22,448		
30	1994	36										22,448	22,448		
31	1995	35										22,448	22,448		
32	1996	34										22,448	22,448		
33	1997	33										22,448	22,448		
34	1998	32										22,448	22,448		
35	1999	31										22,448	22,448		
36	2000	30										22,448	22,448		
37	2001	29										22,448	22,448		
38	2002	28										22,448	22,448		
39	2003	27										22,448	22,448		
40	2004	26										22,448	22,448		
41	2005	25										22,448	22,448		
42	2006	24										22,448	22,448		
43	2007	23										22,448	22,448		
44	2008	22										22,448	22,448		
45	Total		\$ 22,448	\$ -	\$ -	\$ -	\$ -	\$ 22,448	\$ -	\$ -	\$ 22,448	\$ -	\$ 538,755	\$ 448,963	\$ 987,718

Major Additions/Retirements

			\$ -	\$ -
	Routine Activity		\$ -	\$ -
46	Historical Interim Activity		0.00%	0.00%
47	Forecast Interim Activity		0.00%	0.00%

48	2009	21													22,448
49	2010	20													22,448
50	2011	19													22,448
51	2012	18													22,448
52	2013	17													22,448
53	2014	16													22,448
54	2015	15													22,448
55	2016	14													22,448
56	2017	13													22,448
57	2018	12													22,448
58	2019	11													22,448
59	2020	10													22,448
60	2021	9													22,448
61	2022	8													22,448
62	2023	7													22,448
63	2024	6													22,448
64	2025	5													22,448
65	2026	4													22,448
66	2027	3													22,448
67	2028	2													22,448
68	2029	1													22,448
69	2030	0										(22,448)			22,448
								\$ 22,448	\$ -						\$ 1,459,129

Whole Life Depreciation Rate Calculation

Historical Additions	22,448
Forecast Additions	-
Total Additions	22,448
Gross Salvage Value	1,796
Less Cost of Removal	2,245
Net Salvage Value	(449)
Total to be Recovered	22,897
Forecast Plant Balances	1,459,129
Whole Life Accrual Rate	1.57%
Cost of Removal Accrual Rate	0.15%
Whole Life Accrual Rate (Excluding Cost of Removal)	1.42%
Depreciable Service Life, years	63.7

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	22,448
Forecast Additions	-
Gross Salvage Value	1,796
Less Cost of Removal	2,245
Net Salvage Value	(449)
Forecast Plant Balances	471,411

Black Hills Power
 Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Ben French Plant

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 1965
 Retirement Date 2030
 Service Life, Yrs 65

2008

Historical and Forecast Plant Additions & Balances
 Account: 342 Fuel Holders, Producers & Accessories Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance		
			Transaction Year			Vintage Year	Year		Adjusted Transaction Year			Adjustments	Per Books	Simulated
			Beg. Balance	Additions	Retirements		Additions	Retirements	Additions	Retirements				
1	1965	65				600,612			600,612		600,612		600,612	
2	1966	64				8,973	696		8,973	696	608,890		608,890	
3	1967	63				9,096	705		9,096	705	617,281		617,281	
4	1968	62				9,222	715		9,222	715	625,788		625,788	
5	1969	61				9,349	725		9,349	725	634,412		634,412	
6	1970	60				9,478	735		9,478	735	643,155		643,155	
7	1971	59				9,608	745		9,608	745	652,018		652,018	
8	1972	58				9,741	755		9,741	755	661,004		661,004	
9	1973	57				9,875	765		9,875	765	670,113		670,113	
10	1974	56				10,011	776		10,011	776	679,348		679,348	
11	1975	55				10,149	787		10,149	787	688,710		688,710	
12	1976	54			25,000	10,289	798		10,289	798	698,202		698,202	
13	1977	53				10,431	809		10,431	809	707,824		707,824	
14	1978	52			1,068	10,574	820		10,574	820	717,578		717,578	
15	1979	51			355,724	10,720	831		10,720	831	727,467		727,467	
16	1980	50				10,868	842		10,868	842	737,493		737,493	
17	1981	49				11,018	854		11,018	854	747,656		747,656	
18	1982	48				11,169	866		11,169	866	757,960		757,960	
19	1983	47				11,323	878		11,323	878	768,405		768,405	
20	1984	46				11,479	890		11,479	890	778,995		778,995	
21	1985	45				11,638	902		11,638	902	789,730		789,730	
22	1986	44				11,798	915		11,798	915	800,614		800,614	
23	1987	43				11,961	927		11,961	927	811,647		811,647	
24	1988	42				12,125	940		12,125	940	822,833		822,833	
25	1989	41	822,833									822,833	822,833	
26	1990	40										822,833	822,833	
27	1991	39										822,833	822,833	
28	1992	38										889,401	889,401	
29	1993	37			91,568	25,000			91,568	25,000		1,323,617	1,323,617	
30	1994	36			434,216				434,216			1,322,549	1,322,549	
31	1995	35					1,068			1,068		1,322,549	1,322,549	
32	1996	34										1,322,549	1,322,549	
33	1997	33			43,348				43,348			1,365,897	1,365,897	
34	1998	32			25,981	355,724			25,981	355,724	61,755	1,097,908	1,097,908	
35	1999	31										1,097,908	1,097,908	
36	2000	30			58,390				58,390			1,156,298	1,156,298	
37	2001	29										1,156,298	1,156,298	
38	2002	28										1,156,298	1,156,298	
39	2003	27										1,156,298	1,156,298	
40	2004	26										1,156,298	1,156,298	
41	2005	25										1,156,298	1,156,298	
42	2006	24										1,156,298	1,156,298	
43	2007	23			116,995				116,995			1,273,293	1,273,293	
44	2008	22										1,156,298	1,156,298	
45	Total		\$ 822,833	\$ 770,498	\$ 381,793	\$ 381,793	\$ 841,507	\$ 18,674	\$ 1,612,005	\$ 400,466	\$ 61,755	\$ 16,947,735	\$ 22,509,910	\$ 39,457,644

Major Additions/Retirements

1993 \$ 434,216

1997 \$ 355,724

Routine Activity \$ 336,282 \$ 26,068

46 Historical Interim Activity 1.49% 0.12%

47 Forecast Interim Activity 1.49% 0.12%

48	2009	21							17,274	1,339				1,172,233
49	2010	20							17,512	1,358				1,188,388
50	2011	19							17,754	1,376				1,204,765
51	2012	18							17,998	1,395				1,221,368
52	2013	17							18,246	1,414				1,238,200
53	2014	16							18,498	1,434				1,255,264
54	2015	15							18,753	22				1,273,995
55	2016	14							19,033	1,475				1,291,552
56	2017	13							19,295	1,496				1,309,352
57	2018	12							19,561	1,516				1,327,396
58	2019	11							19,830	1,537				1,345,689
59	2020	10							20,104	1,558				1,364,234
60	2021	9							20,381	1,580				1,383,035
61	2022	8							20,662	1,602				1,402,095
62	2023	7							20,946	1,624				1,421,417
63	2024	6							21,235	1,646				1,441,006
64	2025	5							21,528	1,669				1,460,865
65	2026	4							21,824	1,692				1,480,998
66	2027	3							22,125	1,715				1,501,407
67	2028	2							22,430	1,739				1,522,099
68	2029	1							22,739	1,763				1,543,075
69	2030	0									(1,543,075)			
										\$ 2,029,731	\$ 431,416			

Whole Life Depreciation Rate Calculation

Historical Additions 1,612,005

Forecast Additions 417,727

Total Additions 2,029,731

Gross Salvage Value 123,446

Less Cost of Removal 154,307

Net Salvage Value (30,861)

Total to be Recovered 2,060,593

Forecast Plant Balances 67,806,079

Whole Life Accrual Rate 3.04%

Cost of Removal Accrual Rate 0.23%

Whole Life Accrual Rate (Excluding Cost of Removal) 2.81%

Depreciable Service Life, years 32.9

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08 1,156,298

Forecast Additions 417,727

Gross Salvage Value 123,446

Less Cost of Removal 154,307

Net Salvage Value (30,861)

Forecast Plant Balances 28,348,435

Black Hills Power

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 1965
 Retirement Date 2030
 Service Life, Yrs 65

2008

Unit Property Depreciation Rate Analysis
Unit Property: Other Production, Ben French Plant

Historical and Forecast Plant Additions & Balances
Account: 345 Accessory Electric Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction Year				Transfers and Adjustments	EOY Plant Balance		
			Transaction Year			Vintage Year	Year			Adjusted Transaction Year		Adjustments	Per Books	Simulated
			Beg Balance	Additions	Retirements		Additions	Retirements	Retirements					
1	1965	65					87,379			87,379			87,379	87,379
2	1966	64				4,000	22			22			87,400	87,400
3	1967	63					22			22			87,422	87,422
4	1968	62					22			22			87,443	87,443
5	1969	61					22			22			87,465	87,465
6	1970	60					22			22			87,486	87,486
7	1971	59					22			22			87,508	87,508
8	1972	58					22			22			87,529	87,529
9	1973	57					22			22			87,551	87,551
10	1974	56					22			22			87,572	87,572
11	1975	55					22			22			87,594	87,594
12	1976	54					22			22			87,616	87,616
13	1977	53					22			22			87,637	87,637
14	1978	52					22			22			87,659	87,659
15	1979	51					22			22			87,680	87,680
16	1980	50					22			22			87,702	87,702
17	1981	49					22			22			87,724	87,724
18	1982	48					22			22			87,745	87,745
19	1983	47				9,501	22			22			87,767	87,767
20	1984	46					22			22			87,789	87,789
21	1985	45					22			22			87,810	87,810
22	1986	44					22			22			87,832	87,832
23	1987	43					22			22			87,853	87,853
24	1988	42					22			22			87,875	87,875
25	1989	41	84,926										84,926	84,926
26	1990	40											84,926	84,926
27	1991	39											84,926	84,926
28	1992	38											84,926	84,926
29	1993	37											84,926	84,926
30	1994	36		52,758	13,501					52,758	13,501		124,183	124,183
31	1995	35											124,183	124,183
32	1996	34								2,243			126,426	126,426
33	1997	33		2,243									126,426	126,426
34	1998	32											126,426	126,426
35	1999	31										616,876	743,302	743,302
36	2000	30											743,302	743,302
37	2001	29											743,302	743,302
38	2002	28											743,302	743,302
39	2003	27											743,302	743,302
40	2004	26											743,302	743,302
41	2005	25											743,302	743,302
42	2006	24											743,302	743,302
43	2007	23											743,302	743,302
44	2008	22											743,302	743,302
45	Total		\$ 84,926	\$ 55,001	\$ 13,501	\$ 13,501	\$ 87,875	\$ -	\$ 142,876	\$ 13,501	\$ 616,876	\$ 2,103,038	\$ 9,102,174	\$ 11,205,212

Major Additions/Retirements

1994	\$ 52,758	\$ -
1997	\$ 2,243	\$ 13,501
Routine Activity		
46 Historical Interim Activity	0.02%	0.15%
47 Forecast Interim Activity	0.02%	0.00%

48	2009	21							183					743,485
49	2010	20							183					743,669
50	2011	19							183					743,852
51	2012	18							183					744,035
52	2013	17							183					744,218
53	2014	16							183					744,402
54	2015	15							183					744,585
55	2016	14							183					744,769
56	2017	13							184					744,952
57	2018	12							184					745,136
58	2019	11							184					745,319
59	2020	10							184					745,503
60	2021	9							184					745,687
61	2022	8							184					745,871
62	2023	7							184					746,054
63	2024	6							184					746,238
64	2025	5							184					746,422
65	2026	4							184					746,606
66	2027	3							184					746,790
67	2028	2							184					746,974
68	2029	1							184					747,158
69	2030	0									(747,158)			-
			\$ 146,732	\$ 13,501										\$ 26,856,937

Whole Life Depreciation Rate Calculation

Historical Additions	759,752
Forecast Additions	3,856
Total Additions	763,608
Gross Salvage Value	59,773
Less Cost of Removal	74,716
Net Salvage Value	(14,943)
Total to be Recovered	778,551
Forecast Plant Balances	26,856,937
Whole Life Accrual Rate	2.90%
Cost of Removal Accrual Rate	0.28%
Whole Life Accrual Rate (Excluding Cost of Removal)	2.62%
Depreciable Service Life, years	34.5

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	743,302
Forecast Additions	3,856
Gross Salvage Value	59,773
Less Cost of Removal	74,716
Net Salvage Value	(14,943)
Forecast Plant Balances	15,651,725

Black Hills Power
 Unit Property Depreciation Rate Analysis
 Unit Property: Other Production, Ben French CT Plant

Gross Salvage 8%
 Cost of Removal 10%
 Net Salvage -2%
 Install Date 1965
 Retirement Date 2030
 Service Life, Yrs 65

Historical and Forecast Plant Additions & Balances
 Account: 346 Misc Power Equipment

Initial Plant Balance 0

Line	Vintage Year	Vintage Age	Reported Per Books				Adjustments to Transaction				Transfers and Adjustments	EOY Plant Balance				
			Transaction Year		Vintage Year	Year		Adjusted Transaction Year		Per Books		Simulated				
			Beg Balance	Additions		Retirements	Additions	Retirements	Additions				Retirements			
1	1965	65									14,718			14,718		
2	1966	64									14,718			14,718		
3	1967	63									14,718			14,718		
4	1968	62									14,718			14,718		
5	1969	61									14,718			14,718		
6	1970	60									14,718			14,718		
7	1971	59									14,718			14,718		
8	1972	58									14,718			14,718		
9	1973	57									14,718			14,718		
10	1974	56									14,718			14,718		
11	1975	55									14,718			14,718		
12	1976	54									14,718			14,718		
13	1977	53									14,718			14,718		
14	1978	52									14,718			14,718		
15	1979	51									14,718			14,718		
16	1980	50									14,718			14,718		
17	1981	49									14,718			14,718		
18	1982	48									14,718			14,718		
19	1983	47									14,718			14,718		
20	1984	46									14,718			14,718		
21	1985	45									14,718			14,718		
22	1986	44									14,718			14,718		
23	1987	43									14,718			14,718		
24	1988	42									14,718			14,718		
25	1989	41	14,718										14,718	14,718		
26	1990	40									14,718			14,718		
27	1991	39									14,718			14,718		
28	1992	38									14,718			14,718		
29	1993	37									14,718			14,718		
30	1994	36									14,718			14,718		
31	1995	35									14,718			14,718		
32	1996	34									14,718			14,718		
33	1997	33									14,718			14,718		
34	1998	32									14,718			14,718		
35	1999	31									14,718			14,718		
36	2000	30									14,718			14,718		
37	2001	29									14,718			14,718		
38	2002	28									14,718			14,718		
39	2003	27									14,718			14,718		
40	2004	26									14,718			14,718		
41	2005	25									14,718			14,718		
42	2006	24									14,718			14,718		
43	2007	23									14,718			14,718		
44	2008	22									14,718			14,718		
45	Total		\$ 14,718	\$ -	\$ -	\$ -	\$ -	\$ 14,718	\$ -	\$ -	\$ 14,718	\$ -	\$ -	\$ 353,223	\$ 294,352	\$ 647,575

Major Additions/Retirements

	Routine Activity	\$ -	\$ -
46	Historical Interim Activity	\$ -	\$ -
47	Forecast Interim Activity	0.00%	0.00%

48	2009	21														14,718	
49	2010	20														14,718	
50	2011	19														14,718	
51	2012	18														14,718	
52	2013	17														14,718	
53	2014	16														14,718	
54	2015	15														14,718	
55	2016	14														14,718	
56	2017	13														14,718	
57	2018	12														14,718	
58	2019	11														14,718	
59	2020	10														14,718	
60	2021	9														14,718	
61	2022	8														14,718	
62	2023	7														14,718	
63	2024	6														14,718	
64	2025	5														14,718	
65	2026	4														14,718	
66	2027	3														14,718	
67	2028	2														14,718	
68	2029	1														14,718	
69	2030	0														0	
														\$ 14,718	\$ -	(14,718)	\$ 956,645

Whole Life Depreciation Rate Calculation

Historical Additions	14,718
Forecast Additions	-
Total Additions	14,718
Gross Salvage Value	1,177
Less Cost of Removal	1,472
Net Salvage Value	(294)
Total to be Recovered	15,012
Forecast Plant Balances	956,645
Whole Life Accrual Rate	1.57%
Cost of Removal Accrual Rate	0.15%
Whole Life Accrual Rate (Excluding Cost of Removal)	1.42%
Depreciable Service Life, years	63.7

Remaining Life Depreciation Rate Calculation

Account Balance 12/31/08	14,718
Forecast Additions	-
Gross Salvage Value	1,177
Less Cost of Removal	1,472
Net Salvage Value	(294)
Forecast Plant Balances	309,070

Black Hills Power
Wygen III Depreciation Rate

Forecast Inservice Date: 2010
Forecast Retirement Date: 2055
Forecast Service Life (years): 45

Account	Description	Projected Investment 2010\$	Black Hills Power 52% Ownership	Depreciation Rate	
310	Land	-	-	0.00%	
311	Structure & Improvements	11,225,632	5,837,329	2.77%	
312	Boiler Plant Equipment	128,277,334	66,704,214	2.90%	
313	Engines & Engine Driven Generators	-	-	0.00%	
314	Turbo Generator Equipment	95,113,867	49,459,211	2.50%	
315	Accessory Electric Equipment	12,268,457	6,379,598	2.50%	
316	Misc Power Equipment	114,710	59,649	5.72%	
	Total	247,000,000	128,440,000	2.72%	whole life weighted average

Black Hills Power	Gross Salvage	5%
	Cost of Removal	10%
Unit Property Depreciation Rate Analysis	Net Salvage	-5%
Unit Property: Steam Production, Wygen III Plant	Install Date	2010
Modeled on Wygen II Depreciation Rate Assumptions	Retirement Date	2055
	Service Life, Yrs	45

Historical and Forecast Plant Additions & Balances
Account: 311 Structures & Improvements Projected Initial Plant Balance 5,837,329

Line	[A]	[B]	[C]		[D]	[E]	[F]
	Vintage	Vintage	Interim		Final	EOY Plant	
	Year	Age	Additions	Retirements	Retirements	Balance	
			\$	\$	\$	\$	
1	Forecast Interim Activity		0.80%	0.00%			
2	2010	45	-	-		5,837,329	
3	2011	44	46,699	-		5,884,027	
4	2012	43	47,072	-		5,931,099	
5	2013	42	47,449	-		5,978,548	
6	2014	41	47,828	-		6,026,377	
7	2015	40	48,211	-		6,074,588	
8	2016	39	48,597	-		6,123,184	
9	2017	38	48,985	-		6,172,170	
10	2018	37	49,377	-		6,221,547	
11	2019	36	49,772	-		6,271,320	
12	2020	35	50,171	-		6,321,490	
13	2021	34	50,572	-		6,372,062	
14	2022	33	50,976	-		6,423,039	
15	2023	32	51,384	-		6,474,423	
16	2024	31	51,795	-		6,526,218	
17	2025	30	52,210	-		6,578,428	
18	2026	29	52,627	-		6,631,055	
19	2027	28	53,048	-		6,684,104	
20	2028	27	53,473	-		6,737,577	
21	2029	26	53,901	-		6,791,477	
22	2030	25	54,332	-		6,845,809	
23	2031	24	54,766	-		6,900,576	
24	2032	23	55,205	-		6,955,780	
25	2033	22	55,646	-		7,011,426	
26	2034	21	56,091	-		7,067,518	
27	2035	20	56,540	-		7,124,058	
28	2036	19	56,992	-		7,181,050	
29	2037	18	57,448	-		7,238,499	
30	2038	17	57,908	-		7,296,407	
31	2039	16	58,371	-		7,354,778	
32	2040	15	58,838	-		7,413,616	
33	2041	14	59,309	-		7,472,925	
34	2042	13	59,783	-		7,532,709	
35	2043	12	60,262	-		7,592,970	
36	2044	11	60,744	-		7,653,714	
37	2045	10	61,230	-		7,714,944	
38	2046	9	61,720	-		7,776,663	
39	2047	8	62,213	-		7,838,877	
40	2048	7	62,711	-		7,901,588	
41	2049	6	63,213	-		7,964,800	
42	2050	5	63,718	-		8,028,519	
43	2051	4	64,228	-		8,092,747	
44	2052	3	64,742	-		8,157,489	
45	2053	2	65,260	-		8,222,749	
46	2054	1	65,782	-		8,288,531	
47	2055	0	-	-	8,288,531	-	
			2,451,202	-	\$ 8,288,531	314,688,805	

Whole Life Depreciation Rate Calculation

Initial Balance	5,837,329
Interim Additions	2,451,202
Gross Salvage Value	414,427
Less Cost of Removal	828,853
Net Salvage Value	(414,427)
Total to be Recovered	8,702,957

Forecast Plant Balances 314,688,805

Gross Accrual Rate	2.50%
Cost of Removal Accrual Rate	0.26%
Whole Life Accrual Rate	2.77%

Whole Life Service Life, years 36.2

Black Hills Power	Gross Salvage	5%
	Cost of Removal	10%
Unit Property Depreciation Rate Analysis	Net Salvage	-5%
Unit Property: Steam Production, Wygen III Plant	Install Date	2010
Modeled on Wygen II Depreciation Rate Assumptions	Retirement Date	2055
	Service Life, Yrs	45

Historical and Forecast Plant Additions & Balances
Account: 312 Boiler Plant Equipment Projected Initial Plant Balance 66,704,214

	[A]	[B]	[C]	[D]	[E]	[F]
Line	Vintage Year	Vintage Age	Interim Additions	Interim Retirements	Final Retirements	EOY Plant Balance
			\$	\$	\$	\$
1	Forecast Interim Activity		0.50%	0.05%		
2	2010	45	-	-		66,704,214
3	2011	44	333,521	33,352		67,004,383
4	2012	43	335,022	33,502		67,305,902
5	2013	42	336,530	33,653		67,608,779
6	2014	41	338,044	33,804		67,913,018
7	2015	40	339,565	33,957		68,218,627
8	2016	39	341,093	34,109		68,525,611
9	2017	38	342,628	34,263		68,833,976
10	2018	37	2,753,636	34,417		71,553,195
11	2019	36	357,766	35,777		71,875,184
12	2020	35	359,376	35,938		72,198,623
13	2021	34	360,993	36,099		72,523,516
14	2022	33	362,618	36,262		72,849,872
15	2023	32	364,249	36,425		73,177,697
16	2024	31	365,888	36,589		73,506,996
17	2025	30	3,231,633	36,753		76,701,876
18	2026	29	383,509	38,351		77,047,034
19	2027	28	385,235	38,524		77,393,746
20	2028	27	386,969	38,697		77,742,018
21	2029	26	388,710	38,871		78,091,857
22	2030	25	390,459	39,046		78,443,270
23	2031	24	392,216	39,222		78,796,265
24	2032	23	3,798,493	39,398		82,555,360
25	2033	22	412,777	41,278		82,926,859
26	2034	21	414,634	41,463		83,300,030
27	2035	20	416,500	41,650		83,674,880
28	2036	19	418,374	41,837		84,051,417
29	2037	18	420,257	42,026		84,429,649
30	2038	17	422,148	42,215		84,809,582
31	2039	16	4,470,943	42,405		89,238,120
32	2040	15	446,191	44,619		89,639,692
33	2041	14	448,198	44,820		90,043,070
34	2042	13	450,215	45,022		90,448,264
35	2043	12	452,241	45,224		90,855,281
36	2044	11	454,276	45,428		91,264,130
37	2045	10	456,321	45,632		91,674,819
38	2046	9	5,268,861	45,837		96,897,842
39	2047	8	484,489	48,449		97,333,883
40	2048	7	486,669	48,667		97,771,885
41	2049	6	488,859	48,886		98,211,859
42	2050	5	491,059	49,106		98,653,812
43	2051	4	493,269	49,327		99,097,754
44	2052	3	495,489	49,549		99,543,694
45	2053	2	497,718	49,772		99,991,641
46	2054	1	499,958	49,996		100,441,603
47	2055	0	-	50,221	100,391,382	-
			35,537,604	1,850,435	\$ 100,391,382	3,700,870,786

Whole Life Depreciation Rate Calculation

Initial Balance	66,704,214
Interim Additions	35,537,604
Gross Salvage Value	5,019,569
Less Cost of Removal	<u>10,039,138</u>
Net Salvage Value	(5,019,569)
Total to be Recovered	107,261,387

Forecast Plant Balances 3,700,870,786

Gross Accrual Rate	2.63%
Cost of Removal Accrual Rate	0.27%
Whole Life Accrual Rate	2.90%

Whole Life Service Life, years 34.5

Black Hills Power	Gross Salvage	5%
Unit Property Depreciation Rate Analysis	Cost of Removal	10%
Unit Property: Steam Production, Wygen III Plant	Net Salvage	-5%
Modeled on Wygen II Depreciation Rate Assumptions	Install Date	2010
	Retirement Date	2055
	Service Life, Yrs	45

Historical and Forecast Plant Additions & Balances
Account: 314 Turbogenerator Equipment

					Projected Initial Plant Balance	49,459,211
	[A]	[B]	[C]	[D]	[E]	[F]
Line	Vintage Year	Vintage Age	Interim		Final	EOY Plant
			Additions	Retirements	Retirements	Balance
			\$	\$	\$	\$
1	Forecast Interim Activity		0.30%	0.03%		
2	2010	45	-	-		49,459,211
3	2011	44	148,378	14,838		49,592,751
4	2012	43	148,778	14,878		49,726,651
5	2013	42	149,180	14,918		49,860,913
6	2014	41	149,583	14,958		49,995,538
7	2015	40	149,987	14,999		50,130,526
8	2016	39	150,392	15,039		50,265,878
9	2017	38	150,798	15,080		50,401,596
10	2018	37	151,205	15,120		50,537,680
11	2019	36	151,613	15,161		50,674,132
12	2020	35	152,022	15,202		50,810,952
13	2021	34	152,433	15,243		50,948,142
14	2022	33	152,844	15,284		51,085,702
15	2023	32	153,257	15,326		51,223,633
16	2024	31	153,671	15,367		51,361,937
17	2025	30	154,086	15,409		51,500,614
18	2026	29	154,502	15,450		51,639,666
19	2027	28	154,919	15,492		51,779,093
20	2028	27	155,337	15,534		51,918,896
21	2029	26	155,757	15,576		52,059,077
22	2030	25	156,177	15,618		52,199,637
23	2031	24	156,599	15,660		52,340,576
24	2032	23	157,022	15,702		52,481,895
25	2033	22	157,446	15,745		52,623,597
26	2034	21	157,871	15,787		52,765,680
27	2035	20	158,297	15,830		52,908,148
28	2036	19	158,724	15,872		53,051,000
29	2037	18	159,153	15,915		53,194,237
30	2038	17	159,583	15,958		53,337,862
31	2039	16	160,014	16,001		53,481,874
32	2040	15	160,446	16,045		53,626,275
33	2041	14	160,879	16,088		53,771,066
34	2042	13	161,313	16,131		53,916,248
35	2043	12	161,749	16,175		54,061,822
36	2044	11	162,185	16,219		54,207,789
37	2045	10	162,623	16,262		54,354,150
38	2046	9	163,062	16,306		54,500,906
39	2047	8	163,503	16,350		54,648,058
40	2048	7	163,944	16,394		54,795,608
41	2049	6	164,387	16,439		54,943,556
42	2050	5	164,831	16,483		55,091,904
43	2051	4	165,276	16,528		55,240,652
44	2052	3	165,722	16,572		55,389,802
45	2053	2	166,169	16,617		55,539,354
46	2054	1	166,618	16,662		55,689,310
47	2055	0	-	16,707	55,672,604	-
			6,922,333	708,940	\$ 55,672,604	2,363,133,589

Whole Life Depreciation Rate Calculation

Initial Balance	49,459,211
Interim Additions	6,922,333
Gross Salvage Value	2,783,630
Less Cost of Removal	5,567,260
Net Salvage Value	(2,783,630)
Total to be Recovered	59,165,174

Forecast Plant Balances 2,363,133,589

Gross Accrual Rate	2.27%
Cost of Removal Accrual Rate	0.24%
Whole Life Accrual Rate	2.50%

Whole Life Service Life, years 39.9

Black Hills Power

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	2010
Retirement Date	2055
Service Life, Yrs	45

Unit Property Depreciation Rate Analysis
Unit Property: Steam Production, Wygen III Plant
Modeled on Wygen II Depreciation Rate Assumptions

Historical and Forecast Plant Additions & Balances
Account: 315 Accessory Electric Equipment

Projected Initial Plant Balance 6,379,598

Line	[A]	[B]	[C]		[D]	[E]	[F]
	Vintage Year	Vintage Age	Interim		Final	EOY Plant	
			Additions	Retirements	Retirements	Balance	
			\$	\$	\$	\$	
1	Forecast Interim Activity		0.30%	0.03%			
2	2010	42	-	-		6,379,598	
3	2008	44	19,139	1,914		6,396,823	
4	2009	43	19,190	1,919		6,414,094	
5	2010	42	19,242	1,924		6,431,412	
6	2011	41	19,294	1,929		6,448,777	
7	2012	40	19,346	1,935		6,466,189	
8	2013	39	19,399	1,940		6,483,647	
9	2014	38	19,451	1,945		6,501,153	
10	2015	37	19,503	1,950		6,518,706	
11	2016	36	19,556	1,956		6,536,307	
12	2017	35	19,609	1,961		6,553,955	
13	2018	34	19,662	1,966		6,571,650	
14	2019	33	19,715	1,971		6,589,394	
15	2020	32	19,768	1,977		6,607,185	
16	2021	31	19,822	1,982		6,625,025	
17	2022	30	19,875	1,988		6,642,912	
18	2023	29	19,929	1,993		6,660,848	
19	2024	28	19,983	1,998		6,678,832	
20	2025	27	20,036	2,004		6,696,865	
21	2026	26	20,091	2,009		6,714,947	
22	2027	25	20,145	2,014		6,733,077	
23	2028	24	20,199	2,020		6,751,256	
24	2029	23	20,254	2,025		6,769,485	
25	2030	22	20,308	2,031		6,787,762	
26	2031	21	20,363	2,036		6,806,089	
27	2032	20	20,418	2,042		6,824,466	
28	2033	19	20,473	2,047		6,842,892	
29	2034	18	20,529	2,053		6,861,368	
30	2035	17	20,584	2,058		6,879,893	
31	2036	16	20,640	2,064		6,898,469	
32	2037	15	20,695	2,070		6,917,095	
33	2038	14	20,751	2,075		6,935,771	
34	2039	13	20,807	2,081		6,954,498	
35	2040	12	20,863	2,086		6,973,275	
36	2041	11	20,920	2,092		6,992,103	
37	2042	10	20,976	2,098		7,010,981	
38	2043	9	21,033	2,103		7,029,911	
39	2044	8	21,090	2,109		7,048,892	
40	2045	7	21,147	2,115		7,067,924	
41	2046	6	21,204	2,120		7,087,007	
42	2047	5	21,261	2,126		7,106,142	
43	2048	4	21,318	2,132		7,125,329	
44	2049	3	21,376	2,138		7,144,567	
45	2050	2	21,434	2,143		7,163,857	
46	2051	1	21,492	2,149		7,183,200	
47	2052	0	-	2,155	7,181,045	-	
			892,891	91,444	\$ 7,181,045	304,813,627	

Whole Life Depreciation Rate Calculation

Initial Balance	6,379,598
Interim Additions	892,891
Gross Salvage Value	359,052
Less Cost of Removal	718,104
Net Salvage Value	(359,052)
Total to be Recovered	7,631,541

Forecast Plant Balances 304,813,627

Gross Accrual Rate	2.27%
Cost of Removal Accrual Rate	0.24%
Whole Life Accrual Rate	2.50%

Whole Life Service Life, years 39.9

Black Hills Power	Gross Salvage	5%
	Cost of Removal	10%
Unit Property Depreciation Rate Analysis	Net Salvage	-5%
Unit Property: Steam Production, Wygen III Plant	Install Date	2010
Modeled on Wygen II Depreciation Rate Assumptions	Retirement Date	2055
	Service Life, Yrs	45

Historical and Forecast Plant Additions & Balances
Account: 316 Miscellaneous Plant Equipment Projected Initial Plant Balance 59,649

Line	[A]	[B]	[C]		[D]	[E]	[F]
	Vintage Year	Vintage Age	Interim Additions	Interim Retirements	Final Retirements	EOY Plant Balance	
			\$	\$	\$	\$	
1	Forecast Interim Activity		5.00%	0.50%			
2	2009	45	-	-	-	59,649	
2	2010	44	2,982	298		62,333	
3	2011	43	3,117	312		65,138	
4	2012	42	3,257	326		68,070	
5	2013	41	3,403	340		71,133	
6	2014	40	3,557	356		74,334	
7	2015	39	3,717	372		77,679	
8	2016	38	3,884	388		81,174	
9	2017	37	4,059	406		84,827	
10	2018	36	4,241	424		88,644	
11	2019	35	4,432	443		92,633	
12	2020	34	4,632	463		96,802	
13	2021	33	4,840	484		101,158	
14	2022	32	5,058	506		105,710	
15	2023	31	5,286	529		110,467	
16	2024	30	5,523	552		115,438	
17	2025	29	5,772	577		120,633	
18	2026	28	6,032	603		126,061	
19	2027	27	6,303	630		131,734	
20	2028	26	6,587	659		137,662	
21	2029	25	6,883	688		143,857	
22	2030	24	7,193	719		150,330	
23	2031	23	7,517	752		157,095	
24	2032	22	7,855	785		164,165	
25	2033	21	8,208	821		171,552	
26	2034	20	8,578	858		179,272	
27	2035	19	8,964	896		187,339	
28	2036	18	9,367	937		195,769	
29	2037	17	9,788	979		204,579	
30	2038	16	10,229	1,023		213,785	
31	2039	15	10,689	1,069		223,405	
32	2040	14	11,170	1,117		233,458	
33	2041	13	11,673	1,167		243,964	
34	2042	12	12,198	1,220		254,942	
35	2043	11	12,747	1,275		266,415	
36	2044	10	13,321	1,332		278,404	
37	2045	9	13,920	1,392		290,932	
38	2046	8	14,547	1,455		304,024	
39	2047	7	15,201	1,520		317,705	
40	2048	6	15,885	1,589		332,001	
41	2049	5	16,600	1,660		346,941	
42	2050	4	17,347	1,735		362,554	
43	2051	3	18,128	1,813		378,869	
44	2052	2	18,943	1,894		395,918	
45	2053	1	19,796	1,980		413,734	
46	2054	0	-	2,069	411,666	-	
			393,428	41,411	\$ 411,666	8,282,289	

Whole Life Depreciation Rate Calculation

Initial Balance	59,649
Interim Additions	393,428
Gross Salvage Value	20,583
Less Cost of Removal	41,167
Net Salvage Value	(20,583)
Total to be Recovered	473,660
Forecast Plant Balances	8,282,289
Gross Accrual Rate	5.22%
Cost of Removal Accrual Rate	0.50%
Whole Life Accrual Rate	5.72%

Whole Life Service Life, years 17.5