

Black Hills Power, Inc.
South Dakota
Cost of Service Model Description

Section Q

20:10:13:101. Statement Q -- Description of utility operations. Statement Q shall include a description of the utility's area and diversity of operations, including miles of lines and generating stations operated and a breakdown of sales between jurisdictional and nonjurisdictional. A concise statement of the last rate case of the filing public utility, whether or not it was concluded at the time of the filing of the current rate increase, shall also be included.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

Law Implemented: SDCL 49-34A-10, 49-34A-12, 49-34A-41.

**BLACK HILLS POWER, INC.
DESCRIPTION OF UTILITY OPERATIONS
FOR THE TEST YEAR ENDED JUNE 30, 2009**

Statement Q
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Line No.	Policy Description
1	<p>Black Hills Power, Inc. ("Black Hills Power") is an electric utility serving retail customers in South Dakota, Wyoming, and Montana. Black Hills Power is incorporated in South Dakota and began providing electric service in 1941. Black Hills Power is a wholly-owned subsidiary of the publicly traded company, Black Hills Corporation.</p>
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6	<p>Black Hills Power is engaged in the generation, transmission, and distribution of electricity. We serve approximately 66,800 retail electric customers and our service territory covers a 9,300 square mile area of western South Dakota, northeastern Wyoming and southeastern Montana.</p>
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10	<p>In addition to retail sales of electric energy, Black Hills Power sells wholesale power to Montana Dakota Utilities for Sheridan, Wyoming and to the Municipal Energy Agency of Nebraska. Black Hills Power also makes short-term wholesale power sales when economically feasible.</p>
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15	<p>The electric system utilized by Black Hills Power consists of a common use transmission system with 544 miles of 230 kV transmission lines and a lower voltage distribution system. Black Hills Power is interconnected with the Western Area Power Administration Rocky Mountain Regions' west 230 kV bus at Stegall, Nebraska, and with PacifiCorp at the Wyodak plant near Gillette, Wyoming. We are also interconnected with Western Area Power Administration's Upper Great Plains Region, through the Rapid City Converter Tie.</p>
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23	<p>Black Hills Power has generating facilities located at the Wyodak site near Gillette, Wyoming, in Osage, Wyoming and in Rapid City, South Dakota. In addition to these generating plants, Black Hills Power has a long-term purchase power agreement with PacifiCorp for 50 megawatts of capacity and associated energy.</p>
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27	<p>For a breakdown of jurisdictional and non-jurisdictional energy sales refer to Work Paper, WP-1.</p>
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30	<p>The last South Dakota rate filing was submitted June 30,2006 and an order issued by the South Dakota Public Utilities Commission on December 29, 2006.</p>
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