

Cost of Capital Calculation

Component	Cost	Weighting	Weighted Avg. Cost
Allowed Cost of Debt ¹	4.50%	40%	1.80%
Allowed ROE	9.86%	60%	5.92%
Total Cost of Capital			7.72%

Note:

1. The Allowed Cost of Debt means the weighted average of the following: (i) the cost of long-term debt, if any, of COSGCO, and (ii) for the balance of forty percent (40%) of Investment Base, the weighted average of Black Hills Corporation's cost of long-term debt. The interest cost shown here is for illustration purposes.