Report on
Depreciation Accrual Rates

Prepared for
Black Hills Power, Inc.

June 2006

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June 12, 2006

Mr. Chris Kilpatrick
Director of Accounting Retail Operations
Black Hills Corporation
P.O. Box 1400
625 Ninth Street
Rapid City, SD 57709

Dear Mr. Kilpatrick:

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 as of December 31, 2005. 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

L. W. Loos
Director, Enterprise Management Solutions

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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, 2005, 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 1991. Current BHP depreciation rates are based on the recommended remaining life rates in the 1991 report.

Plant in service and accumulated depreciation as of December 31, 2005 for the classes of plant are summarized below:

Table ES-1
Plant in Service and Adjusted Accumulated Reserve
As of December 31, 2005

Description	Plant in Service	Adjusted Accumulated Reserve (1)
	$	$
Production Plant	322,094,176	147,299,707
Transmission Plant	69,410,493	21,039,417
Distribution Plant	216,190,353	76,178,765
General Plant	30,758,654	14,019,683
Total	638,453,676	258,537,572

(1) Accumulated Reserve per books adjusted to reflect the transfer of $15,523,989 from transmission plant to distribution plant.

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 the 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 as 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 4-1 and summarized below for all production plant.

For mass property, specifically transmission, distribution and general plant, the basis for our recommended accrual rates begins with the development of the average service lives (ASL) for each plant account using the actuarial analysis method. After developing our recommended ASL, we adjust for net salvage to develop a whole life depreciation rate. As a final step, we consider depreciation reserve to adjust the whole life rates to remaining life rates. The whole life rates and the resulting change in depreciation expense for mass property accounts are shown in Table 5-2. Recommended remaining life rates for unit and mass property are shown in Table 6-3 and are summarized in Table ES-2, and presented for all accounts in Table ES-3 at the end of this section.

Table ES-2
Recommended Changes in Depreciation Rates and Expense

Description	Current Composite Accrual Rate	Recommended Remaining Life Rate	Change in Depreciation Expense
	%	%	$
Production Plant	2.98%	2.84%	(474,516)
Transmission Plant	2.20%	2.32%	88,168
Distribution Plant	2.81%	3.02%	450,126
General Plant	6.81%	6.63%	(54,242)
Total	3.02%	3.03%	9,537

As indicated in the above table, application of the recommended remaining life depreciation rates results in a $9,537 increase in annual depreciation expense when applied to total depreciable assets as of December 31, 2005. The overall increase in depreciation expense is primarily attributable to the following factors:

1. Steam production plant retirement dates have generally been extended by BHP. Application of recommended production plant depreciation rates reduces the depreciation expense by approximately $474,516.

2. This reduction is offset by increases in depreciation expense for transmission and distribution plant. The increases are primarily due to the transfer of transmission plant to distribution plant (in 2004 and 2005) and the associated adjustment in depreciation reserve as reflected in the remaining life rates.

3. Recommended depreciation rates for general plant accounts result in relatively minor adjustments (both positive and negative) to depreciation expense. Overall recommended rates result in an indicated $54,242 reduction in depreciation expense applicable to general plant.

The scope of this report includes:

1. A discussion of the practice of depreciation accounting (Section 2.0).
2. The types of information examined in our analysis and the methods applied (Section 3.0).
3. The results of the analyses conducted pertaining to the production plant (Section 4.0)
4. The results of the whole life analyses conducted of BHP's transmission, distribution, and general plant (Section 5.0).
5. The results of our analysis of depreciation reserve and recommended remaining life rates (Section 6.0).

For BHP accounting purposes, the remaining life accrual rates are developed in Table 6-2, Column V with cost of removal (COR) and Column X without cost of removal. We developed remaining life accrual rates without cost of removal (Column X) at the request of BHP.

Table ES-3
Summary of Recommended Accrual Rates
Remaining Life Method

Line No.	FERC Acct	Description	[A] Current Composite Accrual Rate	[B] Recommended Remaining Life Rate	[C] 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	3.28%	1.53%	(302,138)
5	311-316	Ben French	3.24%	2.21%	(119,523)
6	311-316	Wyodak	2.75%	2.87%	89,118
7	311-316	Neil Simpson I	4.37%	3.35%	(186,969)
8	311-316	Neil Simpson II	2.48%	2.54%	74,453
9		Total Steam Production	*2.79%*	*2.61%*	(445,058)
10		Other Production Plant			
11	340	Land and Land Rights	0.00%	0.00%	-
12	341-346	Lange CT	4.06%	3.97%	(27,096)
13	341-346	Neil Simpson I CT	4.31%	3.91%	(108,544)
14	341-346	Ben French CT's	1.87%	2.43%	106,183
15		Total Other Production	*3.60%*	*3.57%*	(29,458)
16		**Total Production Plant**	2.98%	2.84%	(474,516)
17		**Transmission Plant**			
18	350	Land and Land Rights	0.00%	0.00%	-
19	352	Structures and Improvements	2.67%	2.39%	(4,080)
20	353	Station Equipment	2.66%	2.66%	-
21	354	Towers and Fixtures	2.14%	2.04%	(448)
22	355	Poles and Fixtures	2.04%	2.22%	25,292
23	356	Overhead Conductors and Devices	1.65%	2.04%	67,365
24	359	Roads and Trails	1.40%	1.95%	38
25		**Total Transmission Plant**	*2.20%*	*2.32%*	88,168
26		**Distribution Plant**			
27	360	Land and Land Rights	0.00%	0.00%	-
28	361	Structures and Improvements	2.05%	3.28%	3,134
29	362	Station Equipment	3.22%	2.85%	(179,847)
30	364	Poles, Towers and Fixtures	2.86%	3.27%	203,424
31	365	Overhead Conductors and Devices	2.37%	3.14%	226,443
32	366	Underground Conduit	2.62%	2.64%	158
33	367	Underground Conducters and Devices	2.94%	3.00%	19,631
34	368	Line Transformers	2.74%	3.02%	66,787
35	369	Services	2.25%	2.77%	92,599
36	370	Meters	2.74%	2.85%	9,718
37	371	Installations on Customer Premises	3.67%	4.14%	7,260
38	373	Street Lighting and Signal Systems	4.28%	4.34%	819
39		**Total Distribution Plant**	*2.81%*	*3.02%*	450,126
40		**General Plant**			
41	389	Land and Land Rights	0.00%	0.00%	-
42	390	Structures and Improvements	4.71%	4.73%	1,975
43	391	Office Furniture and Equipment	9.38%	10.56%	91,947
44	392	Transportation Equipment	11.43%	9.06%	(106,294)
45	393	Stores Equipment	4.98%	4.23%	(1,903)
46	394	Tools, Shop and Garage Equipment	4.78%	4.23%	(24,436)
47	395	Laboratory Equipment	2.54%	3.06%	3,313
48	396	Power Operated Equipment	4.98%	4.23%	(1,836)
49	397	Communication Equipment	5.35%	4.39%	(21,845)
50	398	Miscellaneous Equipment	4.00%	5.81%	4,838
51		**Total General Plant**	*6.81%*	*6.63%*	(54,242)
52		**Total Plant in Service**	3.02%	3.03%	9,537

1.0 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, 2005. Implications of certain known and measurable changes that have occurred or are anticipated to occur subsequent to December 31, 2005 are incorporated in our analyses as appropriate.

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

In Section 2.0, we briefly discuss the practice of depreciation accounting. In Section 3.0, we discuss, in general, 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 4.0 through 6.0. These discussions include a determination of remaining life depreciation accrual rates for unit property accounts (Section 4.0), whole life depreciation accrual rates for mass property accounts (Section 5.0), and our analysis of the adequacy of current depreciation reserve amounts and recommended remaining life rates (Section 6.0).

In general, to the extent that the depreciation accrual rates recommended in this report are different from the rates currently used or rates recommended in our prior depreciation study, the change results 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).

2.0 Depreciation Accounting

The FERC Uniform System of Accounts defines depreciation as:

> "The loss in service value[1] 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).

2.1 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.

[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.

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.

2.2 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.

For the purposes of this report, we have included consideration for gross salvage and 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 gross salvage and net salvage[2] based on industry trends and our experience with similar systems. For the mass property accounts, we have also used as a reference, the historical salvage, cost of removal and retirement data provided by BHP.

[2] Net salvage represents proceeds from sale of retired assets less cost of removal.

3.0 Historical Information Procedures

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. The components, which are further defined below, include the following: (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 to be retired simultaneously, or 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.[3]

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

[3] BHP provided estimated retirement dates for each production unit. Based on our experience, we considered these life spans indicated by these retirement dates typical for the type of property being evaluated and other available information.

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 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 Black Hills in the following.

3.1 Black Hills 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 by individual unit ledger sheets which show the cost of property units installed and retired each year.

The investment in mass property accounts (transmission, distribution and general plant) is maintained on ledger sheets which show the aggregate investment activity for all property in that account. 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 for the transaction years 1997 through 2005 were used in our analysis to calculate gross salvage, COR and net salvage for the mass property accounts.

3.2 Planned Retirements (Unit Property Accounts)

For BHP's unit property, BHP provided the data needed to develop an investment history. A complete life history reflects gross additions, retirements, surviving property, and account balances by year since the unit property initially went into service. Based on the estimated retirement date that BHP provided us 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, 2005 plus forecast additions and retirements as adjusted for net salvage. Our recommended depreciation rates for unit property accounts are discussed in Section 4.0.

To accurately determine the composite depreciation accrual rate for the generating units, it is important to have an understanding of 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 during the period ending December 31, 2005. We supplemented 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.

4.0 Unit Property

Table 4-1 summarizes the whole life and recommended remaining life depreciation rates. We also show plant investment as of December 31, 2005, 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 base our recommended depreciation rates for unit property on the remaining life depreciation expense rate method. We analyzed the investment history by account for steam production and other production plant through December 31, 2005. 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 then calculate a remaining life, straight line depreciation accrual rate by dividing the gross investment (plant investment as of December 31, 2005 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, 2005 plus forecast additions and

retirements. Our recommended remaining life depreciation rate calculations are shown in the Appendix and are summarized in Table 4-1. For the total production plant, the proposed remaining life rate is 2.84 percent and the change in annual depreciation expense based on depreciable plant in service as of December 31, 2005 (as adjusted for known and measurable changes) is a decrease of $474,516 as shown in Table 4-1.

Table 4-1
Unit Property Analysis

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
						With COR	
Line No.	FERC Acct	Description	Plant Investment As of 12/31/2005	Current Composite Accrual Rate	Indicated Whole Life Rate with COR	Recommended Remaining Life Rate	Change in Depreciation Expense
			$	%	%	%	$ ([F] - [D]) * [C]
1		**Production Plant**					
2		Steam Production Plant					
3	310	Land and Land Rights	334,000	0.00%	0.00%	0.00%	-
4	311-316	Osage	17,265,044	3.28%	5.47%	1.53%	(302,138)
5	311-316	Ben French	11,604,127	3.24%	5.91%	2.21%	(119,523)
6	311-316	Wyodak	74,265,038	2.75%	3.43%	2.87%	89,118
7	311-316	Neil Simpson I	18,330,258	4.37%	4.55%	3.35%	(186,969)
8	311-316	Neil Simpson II	124,088,746	2.48%	2.62%	2.54%	74,453
9		Total Steam Production	245,887,212	*2.79%*	*3.36%*	*2.61%*	(445,058)
10		Other Production Plant					
11	340	Land and Land Rights	2,705	0.00%	0.00%	0.00%	-
12	341-346	Lange CT	30,107,031	4.06%	3.81%	3.97%	(27,096)
13	341-346	Neil Simpson I CT	27,136,037	4.31%	3.67%	3.91%	(108,544)
14	341-346	Ben French CT's	18,961,191	1.87%	3.68%	2.43%	106,183
15		Total Other Production	76,206,964	*3.60%*	*3.73%*	*3.57%*	(29,458)
16		**Total Production Plant**	322,094,176	2.98%	3.45%	2.84%	(474,516)

4.1 Steam Production Plant

The steam electric generating stations owned by BHP as of December 31, 2005 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.

Table 4-2 summarizes the nameplate rating, year of installation, and forecast retirement date for each unit as provided by BHP.

Table 4-2
Steam Production Plant Data

Steam Production Plant	Nameplate Rating	Date Installed	Estimated Retirement	Estimated Service Life
	kW			years
Ben French Steam	25,000	1960	2013	53
Osage #1 Steam	11,500	1948	2012	64
Osage #2 Steam	11,500	1950	2012	62
Osage #3 Steam	11,500	1952	2012	60
Neil Simpson #1 Steam	21,760	1969	2020	51
Neil Simpson #2 Steam	91,000	1995	2045	50
Wyodak #1 Steam (1)	72,400	1978	2030	52

(1) BHP's 20 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 2005 was 45 years and the remaining life is estimated to be 8 years based on the forecast retirement of the unit in 2013. Approximately, $1.4 million in Turbine/Generator modifications are planned in 2007. Otherwise, nominal levels of interim additions are expected to be made over the remaining life of the station. In addition, some retirements have been made at this station since 1968 and additional 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 5.91 percent and a remaining life accrual rate of 2.21 percent (with cost of removal) are shown in Table 4-1. The accumulated depreciation reserve for the Ben French Plant is $12,730,354 compared to the plant balance of $11,604,127 for the period ending December 31, 2005.

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 2005 was 36 years and the remaining life is estimated to be 15 years based on the forecast

retirement of the unit in 2020. The Neil Simpson Unit 1 will have major capital additions of $1.2 million in 2009 and $1.4 million in 2014. 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 4.55 percent and the remaining life rate (with cost of removal) is 3.35 percent as shown in Table 4-1. The reason for a low remaining life rate is that Neil Simpson Unit 1 has an accumulated depreciation reserve of $14,547,288 compared to the plant balance of $18,330,258 for the period ending December 31, 2005. 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 2005 was 10 years and the remaining life is estimated to be 40 years based on the forecast retirement of the unit in 2045. There will be major capital costs of $1.5 million in 2010, with recurring capital costs every five years escalated at a 2.5 percent annual inflation rate over the remaining life of the unit. 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 2.62 percent and the remaining life rate (with cost of removal) is 2.54 percent as shown in Table 4-1. The accumulated depreciation reserve for the plant is $31,130,171 compared to the plant balance of $124,088,746 for the period ending December 31, 2005. 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 2005, the age of the units ranged from 53 to 57 years and the remaining life of all three is estimated to be 7 years based on the forecast retirement of the plant in 2012.

Based on the unit property methodology, the whole life accrual rate for Osage Plant is 5.47 percent and the remaining life rate (with cost of removal) is 1.53 percent as shown in Table 4-1. The accumulated depreciation reserve is $16,878,652 compared to the plant balance of $17,265,044 for the period ending December 31, 2005. 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 Black Hills and Pacific Power & Light Company. At the end of 1990, Black Hills 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 2005, the age of the facility was 27 years and the remaining life is estimated to be 25 years based on the forecast retirement of the unit in 2030.

The plant will have major capital additions amounting to $4.7 million in 2006. Also, there will be major capital costs of $2.0 million in 2011, 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 3.43 percent and the remaining life rate (with cost of removal) is 2.87 percent as shown in Table 4-1. The accumulated depreciation reserve is $47,598,951 compared to the plant balance of $74,265,038 for the period ending December 31, 2005. 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.

4.2 Other Production Plant

The other electric generating stations owned by BHP as of December 31, 2005 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 a 30 year service life for the Neil Simpson and Lange combustion turbines. The Ben French combustion turbines and diesel generation units are estimated to be retired in 2019.

Table 4-3 summarizes the nameplate rating, year of installation, and forecast retirement date for each unit as provided by BHP.

Table 4-3
Other Production Plant Data

Other Production Plant	Nameplate Rating	Date Installed	Estimated Retirement	Estimated Service Life
	kW			years
BF - Diesel #1	2,000	1965	2019	54
BF - Diesel #2	2,000	1965	2019	54
BF - Diesel #3	2,000	1965	2019	54
BF - Diesel #4	2,000	1965	2019	54
BF - Diesel #5	2,000	1965	2019	54
BF - Combustion Turbine #1	25,000	1977	2019	42
BF - Combustion Turbine #2	25,000	1977	2019	42
BF - Combustion Turbine #3	25,000	1978	2019	41
BF - Combustion Turbine #4	25,000	1979	2019	40
Neil Simpson CT #1	40,000	2000	2030	30
Lange CT #1	40,000	2002	2032	30

Ben French Combustion Turbines. The four combustion turbines were installed in the period 1977 through 1979. At the end of 2005, the age of the facility ranged from 26 to 28 years and the remaining life is estimated to be 14 years based on the forecast retirement of all units in 2019.

Based on the unit property methodology, the whole life accrual rate for Ben French CTs is 3.68 percent and the remaining life rate (with cost of removal) is 2.43 percent as shown in Table 4-1. The accumulated depreciation for the plant is $12,829,417 compared to the plant balance of $18,961,191 for the period ending December 31, 2005. 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 2005, the age of the facility was 5 years and the remaining life was estimated to be 25 years based on the forecast retirement of the unit in 2030.

In 2007, 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 till 2021. There will be another capital addition of $400,000 in 2028. 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 3.67 percent and the remaining life rate (with cost of removal) is 3.91 percent as shown in Table 4-1. The accumulated depreciation reserve is $6,728,661 compared to the plant balance of $27,136,037 as of December 31, 2005. 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 2005, the age of the facility was 3 years and the remaining life was estimated to be 27 years based on the forecast retirement of the unit in 2032.

In 2012, the Lange CT will have major capital additions of approximately $2.0 million, with recurring capital costs every seven years escalated at a 2.5 percent annual inflation rate over the remaining life of the unit. 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 3.81 percent and the remaining life rate (with cost of removal) is 3.97 percent. The accumulated depreciation reserve is $4,856,212 compared to the plant balance of $30,107,031 for the period ending December 31, 2005. The analysis showing the development of these rates is shown in the Appendix.

5.0 Mass Property

In Table 5-2, we summarize the indicated whole life and existing depreciation accrual rates applicable to mass property accounts. We also show the annual change in depreciation expense if the indicated whole life rates were implemented. For mass property accounts, we develop average service lives based primarily on retirement analyses.

In this section, we summarize BHP's existing remaining life rates, indicated whole life accrual rates, and the annual change in depreciation expense which results if these indicated rates are applied to the depreciable plant balance at December 31, 2005. We primarily rely on retirement analyses to determine the average service life. We adjust the whole life accrual rates to reflect the amortization of any reserve deficiency or excess, thus converting the whole life rates to remaining life rates as shown in Section 6.0.

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 reflects recovery of net salvage (SR/ASL). 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[4]. 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 6.0, 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.

BHP provided us with salvage and cost of removal data by plant account for the years 1997 through 2005. 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 somewhat limited data, our experience, and professional judgment.

Table 5-1 shows the development of our indicated whole life rates using our recommended average service lives and net salvage adjustment. The effect on depreciation expense compared to current rates is shown in Table 5-2.

5.1 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

[4] Note that estimated average remaining life approximately equals estimated average service life minus average age.

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 5-1.

The actuarial analysis indicated a few changes in the whole life rates as compared to the existing rates. As shown in Table 5-1, actuarial analyses suggest that the average service lives for Towers and Fixtures (Account 354), Poles and Fixtures (Account 355) and Overhead Conductors and Devices (Account 356) are in the order of 55 years compared to 50 years as in our 1991 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). As shown in Table 5-2, the indicated composite whole life rate for transmission plant is 2.37%, which results in an increase in depreciation expense of $121,789.

5.2 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 and net salvage ratios we use for each plant account is shown in Table 5-1.

Much like our actuarial analysis of transmission plant, a few changes were identified for distribution plant accrual rates. As shown in Table 5-1, the actuarial analysis suggests that a 40 year life is more appropriate for Overhead Conductors and Devices instead of 35 years as indicated in our previous report. In the 1991 report, we postulated that changes in materials used in transformers would result in shorter average service lives. Based on currently available data (which reflects conditions actually experienced through December 31, 2005), we find that the general trend in the average service life of Line Transformers (Account 368) is increasing. We therefore find that an average service life of 33 years should be used for the purpose of this report. The average service lives for Installations on Customer Premises (Account 371) and Street Lighting and Signal Systems (Account 373) were increased slightly to reflect the results of our actuarial analysis which indicate that the actual lives experienced have been approximately 25 years. As shown in Table 5-2, the indicated composite whole life rate for distribution plant is 2.88%, which results in an increase in depreciation expense of $149,411.

5.3 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 5-1.

The significant changes in rates between what was proposed in our prior report and what is being proposed in this report are to Office Furniture and Equipment (Account 391), Transportation Equipment (Account 392), Communications Equipment (Account 397) and Miscellaneous Equipment (Account 398).

Approximately 75 percent of the investment in Office Furniture and Equipment (Account 391) is now computer equipment which has a shorter life due to obsolescence. Computer equipment is estimated to have an average service life of approximately 7 years. If computer equipment that makes up 75 percent of the investment in Account 391 and has an average service life of 7 years is combined with furniture and other equipment that makes up the remaining 25 percent and has an average service life of 20 years, a composite average service life of 10 years is appropriate for Account 391. The average service life for Transportation Equipment has been increased to 10 years compared to 7 years as in the 1991 report based on the actuarial analysis. Similarly, the average service lives for both Power Operated Equipment and Communication Equipment have been increased to 30 years compared to 20 years as in the prior report. As shown in Table 5-2, the indicated composite whole life rate for general plant is 5.59%, with a resulting indicated decrease in depreciation expense of $375,134.

Table 5-1
Indicated Whole Life Rates

Line No.	[A] FERC Acct	[B] Description	[C] Current Composite Accrual Rate	[D] Recommended Average Service Life	[E] Recommended Gross Salvage	[F] Recommended Cost of Removal	[G] Recommended Net Salvage	[H] Calculated Whole Life Rate with COR
			%	years	%	%	%	%
1		**Transmission Plant**						
2	350	Land and Land Rights	0.00%		0.00%	0.00%	0.00%	0.00%
3	352	Structures and Improvements	2.67%	45.0	0.00%	10.00%	-10.00%	2.44%
4	353	Station Equipment	2.66%	35.0	15.00%	10.00%	5.00%	2.71%
5	354	Towers and Fixtures	2.14%	55.0	5.00%	20.00%	-15.00%	2.09%
6	355	Poles and Fixtures	2.04%	55.0	15.00%	40.00%	-25.00%	2.27%
7	356	Overhead Conductors and Devices	1.65%	55.0	15.00%	30.00%	-15.00%	2.09%
8	359	Roads and Trails	1.40%	50.0	0.00%	0.00%	0.00%	2.00%
9		Total Transmission Plant	2.20%					2.37%
10		**Distribution Plant**						
11	360	Land and Land Rights	0.00%		0.00%	0.00%	0.00%	0.00%
12	361	Structures and Improvements	2.05%	35.0	0.00%	10.00%	-10.00%	3.14%
13	362	Station Equipment	3.22%	35.0	15.00%	10.00%	5.00%	2.71%
14	364	Poles, Towers and Fixtures	2.86%	40.0	5.00%	30.00%	-25.00%	3.13%
15	365	Overhead Conductors and Devices	2.37%	40.0	15.00%	35.00%	-20.00%	3.00%
16	366	Underground Conduit	2.62%	40.0	0.00%	0.00%	0.00%	2.50%
17	367	Underground Conducters and Devices	2.94%	35.0	5.00%	5.00%	0.00%	2.86%
18	368	Line Transformers	2.74%	33.0	10.00%	5.00%	5.00%	2.88%
19	369	Services	2.25%	40.0	35.00%	40.00%	-5.00%	2.63%
20	370	Meters	2.74%	35.0	15.00%	10.00%	5.00%	2.71%
21	371	Installations on Customer Premises	3.67%	25.0	25.00%	25.00%	0.00%	4.00%
22	373	Street Lighting and Signal Systems	4.28%	25.0	20.00%	25.00%	-5.00%	4.20%
23		Total Distribution Plant	2.81%					2.88%
24		**General Plant**						
25	389	Land and Land Rights	0.00%		0.00%	0.00%	0.00%	0.00%
26	390	Structures and Improvements	4.71%	30.0	0.00%	10.00%	-10.00%	3.67%
27	391	Office Furniture and Equipment	9.38%	10.0	10.00%	5.00%	5.00%	9.50%
28	392	Transportation Equipment	11.43%	10.0	20.00%	0.00%	20.00%	8.00%
29	393	Stores Equipment	4.98%	30.0	15.00%	10.00%	5.00%	3.17%
30	394	Tools, Shop and Garage Equipment	4.78%	30.0	5.00%	0.00%	5.00%	3.17%
31	395	Laboratory Equipment	2.54%	50.0	0.00%	0.00%	0.00%	2.00%
32	396	Power Operated Equipment	4.98%	30.0	5.00%	0.00%	5.00%	3.17%
33	397	Communication Equipment	5.35%	30.0	0.00%	0.00%	0.00%	3.33%
34	398	Miscellaneous Equipment	4.00%	20.0	5.00%	0.00%	5.00%	4.75%
35		Total General Plant	6.81%					5.59%

Table 5-2
Mass Property Analysis

	[A]	[B]	[C]	[D]	[E]	[G]
Line No.	FERC Acct	Description	Plant Investment As of 12/31/2005	Current Composite Accrual Rate	Indicated Whole Life Rate with COR	Change in Depreciation Expense
			$	%	%	$
						([E] - [D]) * [C]
1		**Transmission Plant**				
2	350	Land and Land Rights	2,168,983	0.00%	0.00%	-
3	352	Structures and Improvements	1,457,061	2.67%	2.44%	(3,351)
4	353	Station Equipment	34,005,642	2.66%	2.71%	17,003
5	354	Towers and Fixtures	447,677	2.14%	2.09%	(224)
6	355	Poles and Fixtures	14,051,029	2.04%	2.27%	32,317
7	356	Overhead Conductors and Devices	17,273,181	1.65%	2.09%	76,002
8	359	Roads and Trails	6,920	1.40%	2.00%	42
9		Total Transmission Plant	69,410,494	*2.20%*	*2.37%*	121,789
10		**Distribution Plant**				
11	360	Land and Land Rights	1,393,742	0.00%	0.00%	-
12	361	Structures and Improvements	254,825	2.05%	3.14%	2,778
13	362	Station Equipment	48,607,363	3.22%	2.71%	(247,898)
14	364	Poles, Towers and Fixtures	49,615,652	2.86%	3.13%	133,962
15	365	Overhead Conductors and Devices	29,408,147	2.37%	3.00%	185,271
16	366	Underground Conduit	787,868	2.62%	2.50%	(945)
17	367	Underground Conducters and Devices	32,717,758	2.94%	2.86%	(26,174)
18	368	Line Transformers	23,852,512	2.74%	2.88%	33,394
19	369	Services	17,807,567	2.25%	2.63%	67,669
20	370	Meters	8,834,654	2.74%	2.71%	(2,650)
21	371	Installations on Customer Premises	1,544,772	3.67%	4.00%	5,098
22	373	Street Lighting and Signal Systems	1,365,491	4.28%	4.20%	(1,092)
23		Total Distribution Plant	216,190,353	*2.81%*	*2.88%*	149,411
24		**General Plant**				
25	389	Land and Land Rights	485,791	0.00%	0.00%	-
26	390	Structures and Improvements	9,874,514	4.71%	3.67%	(102,695)
27	391	Office Furniture and Equipment	7,792,088	9.38%	9.50%	9,351
28	392	Transportation Equipment	4,484,984	11.43%	8.00%	(153,835)
29	393	Stores Equipment	253,745	4.98%	3.17%	(4,593)
30	394	Tools, Shop and Garage Equipment	4,442,840	4.78%	3.17%	(71,530)
31	395	Laboratory Equipment	637,092	2.54%	2.00%	(3,440)
32	396	Power Operated Equipment	244,782	4.98%	3.17%	(4,431)
33	397	Communication Equipment	2,275,546	5.35%	3.33%	(45,966)
34	398	Miscellaneous Equipment	267,272	4.00%	4.75%	2,005
35		Total General Plant	30,758,654	*6.81%*	*5.59%*	(375,134)
36		**Total Plant in Service**	316,359,500	3.07%	3.03%	(103,934)

6.0 Depreciation Reserve and Recommended Rates

A detailed study of mass property plant accounts was made to determine the required reserve levels in order to recover investment over the remaining life of the plant in service. In order to recover any excess or deficiency in reserve balances and convert our indicated whole life rates to remaining life rates, we first determine the theoretical reserve needed to recover the investment based on the recommended whole life rates. We calculate this theoretical reserve based on the weighted average age of the assets in each account, relative to our recommended average service lives.

The detailed analysis for the determination of remaining life rates for mass property accounts is shown in Table 6-2. The detailed analysis for the determination of remaining life rates for unit property accounts is shown in the Appendix.

As shown in Table 6-1, we adjust book accumulated depreciation reserve (Column C), to reflect the transfer of $15,523,989 of reserve (Column D) associated with the transfer of plant from transmission to distribution in 2004 and 2005. In Table 6-2, following on pages 3 and 4, we analyze depreciation reserve to determine the calculated (theoretical) reserve for the mass property classifications. After we have calculated the theoretical reserve using the whole life accrual rates for the mass property accounts, we determine the reserve excess/deficiency (Column T) by subtracting the calculated accumulated reserve (Column S) from the adjusted accumulated reserve (Column F). Differences between the calculated theoretical reserve and the adjusted book reserve can be generally attributed to changes in life characteristics or historical rates which have not properly reflected life characteristics or changes in life characteristics. However, the transfer of plant and accumulated depreciation reserves from longer life transmission property to somewhat shorter life distribution property is the primary factor contributing to the $6.7 million deficiency for distribution plant, Column T, Line 39. Changing life characteristics and ~~the~~ degree to which these changes are recognized and reflected in the depreciation rates directly affect the adequacy of book reserves.

To calculate the remaining life rate, we typically amortize this reserve excess/deficiency over the remaining life of the asset. The reserve excess/deficiency is divided by the remaining life of the asset group (Column Q) to determine the adjustment required to annually amortize the deficiency. By dividing the annual adjustment by the existing plant balance, we calculate the percent remaining life adjustment (Column U). This adjustment is then subtracted from our indicated whole life rates (Column N) to determine the recommended remaining life rates (Column V).

Our recommended remaining life rates are summarized in Table 6-3, Column D. The composite remaining life rate for all accounts is 3.03%, which is an increase from the previous composite rate of 3.02%. The estimated annual effect on depreciation expense is an increase of $9,537, as shown in Column E.

Table 6-1
Accumulated Depreciation Reserve

Line No.	[A] FERC Acct	[B] Description	[C] Accumulated Depreciation Reserve Per Books (1)	[D] Proforma Adjustment (2)	[E] Adjusted Accumulated Reserve
			$	$	$
1		**Production Plant**			
2		Steam Production Plant			
3	310	Land and Land Rights	-		-
4	311-316	Osage	16,878,652		16,878,652
5	311-316	Ben French	12,730,354		12,730,354
6	311-316	Wyodak	47,598,951		47,598,951
7	311-316	Neil Simpson I	14,547,288		14,547,288
8	311-316	Neil Simpson II	31,130,171		31,130,171
9		Total Steam Production	122,885,416		122,885,416
10		Other Production Plant			
11	340	Land and Land Rights	-		-
12	341-346	Lange CT	4,856,212		4,856,212
13	341-346	Neil Simpson I CT	6,728,661		6,728,661
14	341-346	Ben French CT's	12,829,417		12,829,417
15		Total Other Production	24,414,290		24,414,290
16		**Total Production Plant**	147,299,707		147,299,707
17		**Transmission Plant**			
18	350	Land and Land Rights			
19	352	Structures and Improvements			
20	353	Station Equipment			
21	354	Towers and Fixtures			
22	355	Poles and Fixtures			
23	356	Overhead Conductors and Devices			
24	359	Roads and Trails			
25		**Total Transmission Plant**	36,563,406	(15,523,989)	21,039,417
26		**Distribution Plant**			
27	360	Land and Land Rights			
28	361	Structures and Improvements			
29	362	Station Equipment			
30	364	Poles, Towers and Fixtures			
31	365	Overhead Conductors and Devices			
32	366	Underground Conduit			
33	367	Underground Conducters and Devices			
34	368	Line Transformers			
35	369	Services			
36	370	Meters			
37	371	Installations on Customer Premises			
38	373	Street Lighting and Signal Systems			
39		**Total Distribution Plant**	60,654,776	15,523,989	76,178,765
40		**General Plant**			
41	389	Land and Land Rights			
42	390	Structures and Improvements			
43	391	Office Furniture and Equipment			
44	392	Transportation Equipment			
45	393	Stores Equipment			
46	394	Tools, Shop and Garage Equipment			
47	395	Laboratory Equipment			
48	396	Power Operated Equipment			
49	397	Communication Equipment			
50	398	Miscellaneous Equipment			
51		**Total General Plant**	14,019,683	0	14,019,683
52		**Total Plant in Service**	258,537,572	0	258,537,572

(1) As of December 31, 2005.
(2) Accumulated Depreciation Reserve adjustment to reflect the transfer of Transmission plant to Distribution plant in 2004 and 2005.

Table 6-2
Depreciation Reserve Analysis
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Line No.	FERC Acct	Description	Plant Investment	Accumulated Reserve Per Books	Proforma Adjustment (1)	Adjusted Accumulated Reserve	Gross Salvage	Cost of Removal	Net Salvage	Current Composite Accrual Rate	Calculated Average Service Life	Reserve Ratio	Average Age
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
			$	$	$	$	%	%	%	%	years (1 - [I]) / [J]	% [F] /[C]	years
1		**Production Plant**											
2		Steam Production Plant											
3	310	Land and Land Rights	334,000	-		-				0.00%		0.00%	
4	311-316	Osage	17,265,044	16,878,652		16,878,652				3.28%	30	97.76%	
5	311-316	Ben French	11,604,127	12,730,354		12,730,354				3.24%	31	109.71%	
6	311-316	Wyodak	74,265,038	47,598,951		47,598,951				2.75%	36	64.09%	
7	311-316	Neil Simpson I	18,330,258	14,547,288		14,547,288				4.37%	23	79.36%	
8	311-316	Neil Simpson II	124,088,746	31,130,171		31,130,171				2.48%	40	25.09%	
9		Total Steam Production	245,887,212	122,885,416		122,885,416				*2.79%*		*49.98%*	
10		Other Production Plant											
11	340	Land and Land Rights	2,705	-		-				0.00%		0.00%	
12	341-346	Lange CT	30,107,031	4,856,212		4,856,212				4.06%	25	16.13%	
13	341-346	Neil Simpson I CT	27,136,037	6,728,661		6,728,661				4.31%	23	24.80%	
14	341-346	Ben French CT's	18,961,191	12,829,417		12,829,417				1.87%	53	67.66%	
15		Total Other Production	76,206,964	24,414,290		24,414,290				*3.60%*		*32.04%*	
16		**Total Production Plant**	322,094,176	147,299,707		147,299,707				2.98%		45.73%	

(1) Accumulated Reserve adjustment to reflect the transfer of Transmission plant to Distribution plant in 2004 and 2005.

Table 6-2
Depreciation Reserve Analysis
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Line No.	[A] FERC Acct	[B] Description	[N] Indicated Whole Life Rate with COR (2)	[O] Indicated Whole Life Rate without COR	[P] Indicated Whole Life ASL	[Q] Average Remaining Life	[R] Calculated Reserve Ratio	[S] Calculated Reserve Requirement	[T] Reserve (Deficiency) / Excess	[U] Remaining Life Adjustment (3)	[V] With COR Recommended Remaining Life Rate (2)	[W] Change in Depreciation Expense	[X] Without COR Recommended Remaining Life Rate (2)
			%	%	years	years	%	$	$	%	%	$	%
			(1 - [I]) / [P]	(1 - [G]) / [P]		[P] - [M]	[M] / [P]	[C] * [R]	[F] - [S]	[T] / ([Q] * [C])	[N] - [U]	([V] - [J]) * [C]	[O] - [U]
1		**Production Plant**											
2		Steam Production Plant											
3	310	Land and Land Rights	0.00%								0.00%	-	0.00%
4	311-316	Osage	5.47%		18.3						1.53%	(302,138)	0.00%
5	311-316	Ben French	5.91%		16.9						2.21%	(119,523)	0.72%
6	311-316	Wyodak	3.43%		29.2						2.87%	89,118	2.38%
7	311-316	Neil Simpson I	4.55%		22.0						3.35%	(186,969)	2.57%
8	311-316	Neil Simpson II	2.62%		38.2						2.54%	74,453	2.25%
9		Total Steam Production	*3.36%*								*2.61%*	(445,058)	*2.08%*
10		Other Production Plant											
11	340	Land and Land Rights	0.00%								0.00%	-	0.00%
12	341-346	Lange CT	3.81%		26.2						3.97%	(27,096)	3.72%
13	341-346	Neil Simpson I CT	3.67%		27.2						3.91%	(108,544)	3.65%
14	341-346	Ben French CT's	3.68%		27.2						2.43%	106,183	2.00%
15		Total Other Production	*3.73%*								*3.57%*	(29,458)	*3.27%*
16		**Total Production Plant**	3.45%								2.84%	(474,516)	2.36%

(2) Determination of rates for the Unit Property (Steam Production plant and Other Production plant) accounts are shown in the appendix.
(3) Excludes Adjustment for Land and Land Rights.

Legend : ASL, Average Service Life
COR, Cost of Removal

Table 6-2
Depreciation Reserve Analysis
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Line No.	[A] FERC Acct	[B] Description	[C] Plant Investment	[D] Accumulated Reserve Per Books	[E] Proforma Adjustment (1)	[F] Adjusted Accumulated Reserve	[G] Gross Salvage	[H] Cost of Removal	[I] Net Salvage	[J] Current Composite Accrual Rate	[K] Calculated Average Service Life (1 - [J]) / [J]	[L] Reserve Ratio [F] /[C]	[M] Average Age
17		**Transmission Plant**											
18	350	Land and Land Rights	2,168,983				0.00%	0.00%	0.00%	0.00%			
19	352	Structures and Improvements	1,457,061				0.00%	10.00%	-10.00%	2.67%	41		7.71
20	353	Station Equipment	34,005,642				15.00%	10.00%	5.00%	2.66%	36		6.81
21	354	Towers and Fixtures	447,677				5.00%	20.00%	-15.00%	2.14%	54		4.28
22	355	Poles and Fixtures	14,051,029				15.00%	40.00%	-25.00%	2.04%	61		25.72
23	356	Overhead Conductors and Devices	17,273,181				15.00%	30.00%	-15.00%	1.65%	70		21.05
24	359	Roads and Trails	6,920				0.00%	0.00%	0.00%	1.40%	71		42.21
25		**Total Transmission Plant**	69,410,493	36,563,406	(15,523,989)	21,039,417				*2.20%*		30.31%	*13.98*
26		**Distribution Plant**											
27	360	Land and Land Rights	1,393,742				0.00%	0.00%	0.00%	0.00%			
28	361	Structures and Improvements	254,825				0.00%	10.00%	-10.00%	2.05%	54		18.66
29	362	Station Equipment	48,607,363				15.00%	10.00%	5.00%	3.22%	30		14.28
30	364	Poles, Towers and Fixtures	49,615,652				5.00%	30.00%	-25.00%	2.86%	44		15.16
31	365	Overhead Conductors and Devices	29,408,147				15.00%	35.00%	-20.00%	2.37%	51		18.65
32	366	Underground Conduit	787,868				0.00%	0.00%	0.00%	2.62%	38		5.77
33	367	Underground Conducters and Devices	32,717,758				5.00%	5.00%	0.00%	2.94%	34		10.16
34	368	Line Transformers	23,852,512				10.00%	5.00%	5.00%	2.74%	35		13.45
35	369	Services	17,807,567				35.00%	40.00%	-5.00%	2.25%	47		12.08
36	370	Meters	8,834,654				15.00%	10.00%	5.00%	2.74%	35		15.85
37	371	Installations on Customer Premises	1,544,772				25.00%	25.00%	0.00%	3.67%	27		12.23
38	373	Street Lighting and Signal Systems	1,365,491				20.00%	25.00%	-5.00%	4.28%	25		17.24
39		**Total Distribution Plant**	216,190,353	60,654,776	15,523,989	76,178,765				*2.81%*		35.24%	*14.13*
40		**General Plant**											
41	389	Land and Land Rights	485,791				0.00%	0.00%	0.00%				
42	390	Structures and Improvements	9,874,514				0.00%	10.00%	-10.00%	4.71%	23		16.01
43	391	Office Furniture and Equipment	7,792,088				10.00%	5.00%	5.00%	9.38%	10		9.00
44	392	Transportation Equipment	4,484,984				20.00%	0.00%	20.00%	11.43%	7		5.00
45	393	Stores Equipment	253,745				15.00%	10.00%	5.00%	4.98%	19		22.26
46	394	Tools, Shop and Garage Equipment	4,442,840				5.00%	0.00%	5.00%	4.78%	20		9.84
47	395	Laboratory Equipment	637,092				0.00%	0.00%	0.00%	2.54%	39		13.05
48	396	Power Operated Equipment	244,782				5.00%	0.00%	5.00%	4.98%	19		5.54
49	397	Communication Equipment	2,275,546				0.00%	0.00%	0.00%	5.35%	19		11.31
50	398	Miscellaneous Equipment	267,272				5.00%	0.00%	5.00%	4.00%	24		18.63
51		**Total General Plant**	30,758,654	14,019,683	0	14,019,683				*6.81%*		45.58%	*11.07*
52		**Total Plant in Service**	638,453,676	258,537,572	0	258,537,572				3.02%		40.49%	

(1) Accumulated Reserve adjustment to reflect the transfer of Transmission plant to Distribution plant in 2004 and 2005.

Table 6-2
Depreciation Reserve Analysis
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Line No.	FERC Acct	Description	[N] Indicated Whole Life Rate with COR (2)	[O] Indicated Whole Life Rate without COR	[P] Indicated Whole Life ASL	[Q] Average Remaining Life	[R] Calculated Reserve Ratio	[S] Calculated Reserve Requirement	[T] Reserve (Deficiency) / Excess	[U] Remaining Life Adjustment (3)	[V] With COR Recommended Remaining Life Rate (2)	[W] Change in Depreciation Expense	[X] Without COR Recommended Remaining Life Rate (2)
	[A]	[B]	%	%	years	years	%	$	$	%	%	$	%
			(1 - [I]) / [P]	(1 - [G]) / [P]		[P] - [M]	[M] / [P]	[C] * [R]	[F] - [S]	[T] / ([Q] * [C])	[N] - [U]	([V] - [J]) * [C]	[O] - [U]
17		**Transmission Plant**											
18	350	Land and Land Rights	0.00%	0.00%							0.00%	-	0.00%
19	352	Structures and Improvements	2.44%	2.22%	45.0		17.13%	249,643			2.39%	(4,080)	2.17%
20	353	Station Equipment	2.71%	2.43%	35.0		19.46%	6,616,526			2.66%	-	2.38%
21	354	Towers and Fixtures	2.09%	1.73%	55.0		7.78%	34,837			2.04%	(448)	1.68%
22	355	Poles and Fixtures	2.27%	1.55%	55.0		46.76%	6,570,772			2.22%	25,292	1.50%
23	356	Overhead Conductors and Devices	2.09%	1.55%	55.0		38.27%	6,610,917			2.04%	67,365	1.50%
24	359	Roads and Trails	2.00%	2.00%	50.0		84.42%	5,842			1.95%	38	1.95%
25		**Total Transmission Plant**	*2.37%*	*1.95%*	*43.3*	29.3		20,088,539	950,878	0.05%	*2.32%*	88,168	*1.90%*
26		**Distribution Plant**											
27	360	Land and Land Rights	0.00%	0.00%							0.00%	-	0.00%
28	361	Structures and Improvements	3.14%	2.86%	35.0		53.31%	135,858			3.28%	3,134	3.00%
29	362	Station Equipment	2.71%	2.43%	35.0		40.80%	19,831,804			2.85%	(179,847)	2.57%
30	364	Poles, Towers and Fixtures	3.13%	2.38%	40.0		37.90%	18,804,332			3.27%	203,424	2.52%
31	365	Overhead Conductors and Devices	3.00%	2.13%	40.0		46.63%	13,711,549			3.14%	226,443	2.27%
32	366	Underground Conduit	2.50%	2.50%	40.0		14.43%	113,650			2.64%	158	2.64%
33	367	Underground Conducters and Devices	2.86%	2.71%	35.0		29.03%	9,497,498			3.00%	19,631	2.85%
34	368	Line Transformers	2.88%	2.73%	33.0		40.76%	9,721,706			3.02%	66,787	2.87%
35	369	Services	2.63%	1.63%	40.0		30.20%	5,377,885			2.77%	92,599	1.77%
36	370	Meters	2.71%	2.43%	35.0		45.29%	4,000,836			2.85%	9,718	2.57%
37	371	Installations on Customer Premises	4.00%	3.00%	25.0		48.92%	755,703			4.14%	7,260	3.14%
38	373	Street Lighting and Signal Systems	4.20%	3.20%	25.0		68.96%	941,642			4.34%	819	3.34%
39		**Total Distribution Plant**	*2.88%*	*2.38%*	*36.7*	22.5		82,892,463	(6,713,698)	-0.14%	*3.02%*	450,126	*2.52%*
40		**General Plant**											
41	389	Land and Land Rights	0.00%	0.00%							0.00%	-	0.00%
42	390	Structures and Improvements	3.67%	3.33%	30.0		53.37%	5,269,699			4.73%	1,975	4.39%
43	391	Office Furniture and Equipment	9.50%	9.00%	10.0		90.00%	7,012,879			10.56%	91,947	10.06%
44	392	Transportation Equipment	8.00%	8.00%	10.0		50.00%	2,242,492			9.06%	(106,294)	9.06%
45	393	Stores Equipment	3.17%	2.83%	30.0		74.20%	188,279			4.23%	(1,903)	3.89%
46	394	Tools, Shop and Garage Equipment	3.17%	3.17%	30.0		32.80%	1,457,251			4.23%	(24,436)	4.23%
47	395	Laboratory Equipment	2.00%	2.00%	50.0		26.10%	166,281			3.06%	3,313	3.06%
48	396	Power Operated Equipment	3.17%	3.17%	30.0		18.47%	45,203			4.23%	(1,836)	4.23%
49	397	Communication Equipment	3.33%	3.33%	30.0		37.70%	857,881			4.39%	(21,845)	4.39%
50	398	Miscellaneous Equipment	4.75%	4.75%	20.0		93.15%	248,964			5.81%	4,838	5.81%
51		**Total General Plant**	*5.59%*	*5.35%*	*21.9*	10.8		17,488,929	(3,469,246)	-1.06%	*6.63%*	(54,242)	*6.39%*
52		**Total Plant in Service**	3.24%	2.47%					(9,232,066)		3.03%	9,537	2.56%

(2) Determination of rates for the Unit Property (Steam Production plant and Other Production plant) accounts are shown in the appendix.
(3) Excludes Adjustment for Land and Land Rights.

Legend : ASL, Average Service Life
COR, Cost of Removal

Table 6-3
Summary of Recommended Accrual Rates
Remaining Life Method

Line No.	[A] FERC Acct	[B] Description	[C] Current Composite Accrual Rate	[D] Recommended Remaining Life Rate	[E] 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	3.28%	1.53%	(302,138)
5	311-316	Ben French	3.24%	2.21%	(119,523)
6	311-316	Wyodak	2.75%	2.87%	89,118
7	311-316	Neil Simpson I	4.37%	3.35%	(186,969)
8	311-316	Neil Simpson II	2.48%	2.54%	74,453
9		Total Steam Production	*2.79%*	*2.61%*	(445,058)
10		Other Production Plant			
11	340	Land and Land Rights	0.00%	0.00%	-
12	341-346	Lange CT	4.06%	3.97%	(27,096)
13	341-346	Neil Simpson I CT	4.31%	3.91%	(108,544)
14	341-346	Ben French CT's	1.87%	2.43%	106,183
15		Total Other Production	*3.60%*	*3.57%*	(29,458)
16		**Total Production Plant**	2.98%	2.84%	(474,516)
17		**Transmission Plant**			
18	350	Land and Land Rights	0.00%	0.00%	-
19	352	Structures and Improvements	2.67%	2.39%	(4,080)
20	353	Station Equipment	2.66%	2.66%	-
21	354	Towers and Fixtures	2.14%	2.04%	(448)
22	355	Poles and Fixtures	2.04%	2.22%	25,292
23	356	Overhead Conductors and Devices	1.65%	2.04%	67,365
24	359	Roads and Trails	1.40%	1.95%	38
25		**Total Transmission Plant**	*2.20%*	*2.32%*	88,168
26		**Distribution Plant**			
27	360	Land and Land Rights	0.00%	0.00%	-
28	361	Structures and Improvements	2.05%	3.28%	3,134
29	362	Station Equipment	3.22%	2.85%	(179,847)
30	364	Poles, Towers and Fixtures	2.86%	3.27%	203,424
31	365	Overhead Conductors and Devices	2.37%	3.14%	226,443
32	366	Underground Conduit	2.62%	2.64%	158
33	367	Underground Conducters and Devices	2.94%	3.00%	19,631
34	368	Line Transformers	2.74%	3.02%	66,787
35	369	Services	2.25%	2.77%	92,599
36	370	Meters	2.74%	2.85%	9,718
37	371	Installations on Customer Premises	3.67%	4.14%	7,260
38	373	Street Lighting and Signal Systems	4.28%	4.34%	819
39		**Total Distribution Plant**	*2.81%*	*3.02%*	450,126
40		**General Plant**			
41	389	Land and Land Rights	0.00%	0.00%	-
42	390	Structures and Improvements	4.71%	4.73%	1,975
43	391	Office Furniture and Equipment	9.38%	10.56%	91,947
44	392	Transportation Equipment	11.43%	9.06%	(106,294)
45	393	Stores Equipment	4.98%	4.23%	(1,903)
46	394	Tools, Shop and Garage Equipment	4.78%	4.23%	(24,436)
47	395	Laboratory Equipment	2.54%	3.06%	3,313
48	396	Power Operated Equipment	4.98%	4.23%	(1,836)
49	397	Communication Equipment	5.35%	4.39%	(21,845)
50	398	Miscellaneous Equipment	4.00%	5.81%	4,838
51		**Total General Plant**	*6.81%*	*6.63%*	(54,242)
52		**Total Plant in Service**	3.02%	3.03%	9,537

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 6-2 in the body of the report.

Unit Property Analysis
Osage Plant

Summary by Plant
Black Hills Power Company
Osage Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
310	Land	0	0.00%
311	Structure & Improvements	4,274,403	6.67%
312	Boiler Plant Equipment	7,121,050	5.30%
313	Engines & Engine Driven Generators		
314	Turbo Generator Equipment	4,325,948	5.10%
315	Accessory Electric Equipment	1,042,653	3.25%
316	Misc Power Equipment	500,990	5.50%
	Total	17,265,044	5.47% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	17,265,044
Forecast Interim Additions	339,438
Forecast Gross Salvage Value	868,059
Forecast Less Cost of Removal	1,736,118
Forecast Net Salvage Value	(868,059)
Forecast Total to be Recovered with COR	18,472,541
Forecast Total to be Recovered w/o COR	16,736,422
Accumulated Depreciation (2005 EOY)	(16,878,652)
Forecast Remaining Life Balance with COR	1,593,889
Forecast Remaining Life Balance w/o COR	(142,230)
Forecast Plant Balances	103,877,232
Remaining Life Rate with COR	1.53%
Remaining Life Rate w/o COR	-0.14%

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1953
Retirement Date	2012
Service Life, Yrs	59
Initial Plant Balance	-

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1953	59				-
2	1954	58		107,853		(107,853)
3	1955	57				(107,853)
4	1956	56				(107,853)
5	1957	55				(107,853)
6	1958	54		1,823		(109,676)
7	1959	53				(109,676)
8	1960	52				(109,676)
9	1961	51				(109,676)
10	1962	50		432		(110,108)
11	1963	49				(110,108)
12	1964	48				(110,108)
13	1965	47				(110,108)
14	1966	46		1,657		(111,765)
15	1967	45				(111,765)
16	1968	44				(111,765)
17	1969	43				(111,765)
18	1970	42		2,521		(114,286)
19	1971	41				(114,286)
20	1972	40		5,973		(120,259)
21	1973	39				(120,259)
22	1974	38				(120,259)
23	1975	37				(120,259)
24	1976	36				(120,259)
25	1977	35				(120,259)
26	1978	34		1,313		(121,572)
27	1979	33				(121,572)
28	1980	32		459,559		(581,131)
29	1981	31				(581,131)
30	1982	30				(581,131)
31	1983	29		6,667		(587,798)
32	1984	28				(587,798)
33	1985	27		79,664		(667,462)
34	1986	26				(667,462)
35	1987	25				(667,462)
36	1988	24		87,422		(754,884)
37	1989	23	2,867,176			2,112,292
38	1990	22	70,069			2,182,361
39	1991	21	37,851	18,717		2,201,495
40	1992	20	147,740			2,349,235
41	1993	19	501,546			2,850,781
42	1994	18	1,337,983			4,188,764
43	1995	17	73,372			4,262,136
44	1996	16	7,898			4,270,034
45	1997	15				4,270,034
46	1998	14	4,369			4,274,403
47	1999	13				4,274,403
48	2000	12				4,274,403
49	2001	11				4,274,403
50	2002	10				4,274,403
51	2003	9				4,274,403
52	2004	8				4,274,403
53	2005	7				4,274,403
54	Total		$ 876,089	$ 773,601	$ -	$ 54,255,219
55	Historical Interim Activity		0.25%	1.43%		
56	Forecast Interim Activity			25%		
57	2006	6	10,686	2,672		4,282,418
58	2007	5	10,706	2,677		4,290,447
59	2008	4	10,726	2,682		4,298,492
60	2009	3	10,746	2,687		4,306,551
61	2010	2	10,766	2,692		4,314,626
62	2011	1	10,787	2,697		4,322,716
63	2012	0	10,807	2,702	4,330,821	-
			5,123,228	792,407	$ 4,330,821	80,070,469

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	5,123,228
Gross Salvage Value	216,541
Less Cost of Removal	433,082
Net Salvage Value	(216,541)
Total to be Recovered	5,339,769
Forecast Plant Balances	80,070,469
Gross Accrual Rate	6.13%
Cost of Removal Accrual Rate	0.54%
Whole Life Accrual Rate	6.67%
Depreciable Service Life, years	15.0

Remaining Life Depreciation Rate Calculation

Initial Balance	4,274,403
Interim Additions	75,224
Gross Salvage Value	216,541
Less Cost of Removal	433,082
Net Salvage Value	(216,541)
Forecast Plant Balances	25,815,250

Black Hills Power Company

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

Historical and Forecast Plant Additions & Balances
Account: 312 Boiler Plant Equipment

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1953
Retirement Date	2012
Service Life, Yrs	59
Initial Plant Balance	-

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1953	59				-
2	1954	58	211	71,775		(71,564)
3	1955	57				(71,564)
4	1956	56				(71,564)
5	1957	55				(71,564)
6	1958	54		762		(72,326)
7	1959	53				(72,326)
8	1960	52				(72,326)
9	1961	51				(72,326)
10	1962	50				(72,326)
11	1963	49				(72,326)
12	1964	48				(72,326)
13	1965	47				(72,326)
14	1966	46				(72,326)
15	1967	45				(72,326)
16	1968	44				(72,326)
17	1969	43				(72,326)
18	1970	42	[illegible]	12,642		(105,427)
19	1971	41				(105,427)
20	1972	40				(105,427)
21	1973	39				(105,427)
22	1974	38				(105,427)
23	1975	37				(105,427)
24	1976	36				(105,427)
25	1977	35		2,200		(107,627)
26	1978	34				(107,627)
27	1979	33		15,634		(123,261)
28	1980	32		2,000		(125,261)
29	1981	31		2,000		(127,261)
30	1982	30		105,538		(232,799)
31	1983	29				(232,799)
32	1984	28		20,365		(253,164)
33	1985	27				(253,164)
34	1986	26		2,304		(255,468)
35	1987	25				(255,468)
36	1988	24				(255,468)
37	1989	23	[illegible]			4,709,412
38	1990	22	[illegible]			4,866,322
39	1991	21	[illegible]	4,058		4,909,316
40	1992	20	[illegible]			5,750,675
41	1993	19	[illegible]	79,448		6,854,835
42	1994	18				6,854,835
43	1995	17	[illegible]			6,886,191
44	1996	16	[illegible]			6,912,569
45	1997	15	[illegible]			6,967,973
46	1998	14				6,967,973
47	1999	13	[illegible]			6,992,716
48	2000	12				6,992,716
49	2001	11				6,992,716
50	2002	10	[illegible]			7,023,897
51	2003	9				7,023,897
52	2004	8	[illegible]			7,095,099
53	2005	7	[illegible]			7,121,050
54	Total		$ 1,311,536	$ 318,726	$ -	$ 106,700,668
55	Historical Interim Activity		0.25%	0.30%		
56	Forecast Interim Activity			119%		
57	2006	6	17,803	21,271		7,117,581
58	2007	5	17,794	21,261		7,114,114
59	~~2008~~	4	17,785	21,251		7,110,649
60	2009	3	17,777	21,240		7,107,185
61	2010	2	17,768	21,230		7,103,723
62	2011	1	17,759	21,220		7,100,263
63	2012	0	17,751	21,209	7,096,805	-
			7,564,001	467,408	$ 7,096,805	149,354,185

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	7,564,001
Gross Salvage Value	354,840
Less Cost of Removal	709,680
Net Salvage Value	(354,840)
Total to be Recovered	7,918,842
Forecast Plant Balances	149,354,185
Gross Accrual Rate	4.83%
Cost of Removal Accrual Rate	0.48%
Whole Life Accrual Rate	5.30%
Depreciable Service Life, years	18.9

Remaining Life Depreciation Rate Calculation

Initial Balance	7,121,050
Interim Additions	124,436
Gross Salvage Value	354,840
Less Cost of Removal	709,680
Net Salvage Value	(354,840)
Forecast Plant Balances	42,653,517

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1953
Retirement Date	2012
Service Life, Yrs	59
Initial Plant Balance	0

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1953	59				-
2	1954	58		66,690		(66,690)
3	1955	57				(66,690)
4	1956	56				(66,690)
5	1957	55				(66,690)
6	1958	54				(66,690)
7	1959	53				(66,690)
8	1960	52				(66,690)
9	1961	51				(66,690)
10	1962	50				(66,690)
11	1963	49				(66,690)
12	1964	48				(66,690)
13	1965	47				(66,690)
14	1966	46				(66,690)
15	1967	45				(66,690)
16	1968	44				(66,690)
17	1969	43				(66,690)
18	1970	42				(66,690)
19	1971	41				(66,690)
20	1972	40				(66,690)
21	1973	39				(66,690)
22	1974	38				(66,690)
23	1975	37				(66,690)
24	1976	36				(66,690)
25	1977	35				(66,690)
26	1978	34				(66,690)
27	1979	33		21,617		(88,307)
28	1980	32				(88,307)
29	1981	31				(88,307)
30	1982	30				(88,307)
31	1983	29				(88,307)
32	1984	28		3,758		(92,065)
33	1985	27		4,843		(96,908)
34	1986	26		707		(97,615)
35	1987	25				(97,615)
36	1988	24				(97,615)
37	1989	23	[illegible]	500		3,092,997
38	1990	22	244,600			3,337,596
39	1991	21				3,337,596
40	1992	20	[illegible]	5,500		3,527,097
41	1993	19	[illegible]	1,701		4,273,169
42	1994	18				4,273,169
43	1995	17				4,273,169
44	1996	16				4,273,169
45	1997	15	32,618			4,305,787
46	1998	14				4,305,787
47	1999	13				4,305,787
48	2000	12				4,305,787
49	2001	11	11,637			4,317,424
50	2002	10				4,317,424
51	2003	9				4,317,424
52	2004	8				4,317,424
53	2005	7	8,524			4,325,948
54	Total		$ 459,135	$ 105,316	$ -	$ 66,616,151
55	Historical Interim Activity		0.25%	0.16%		
56	Forecast Interim Activity			63%		
57	2006	6	10,815	6,839		4,329,924
58	2007	5	10,825	6,845		4,333,903
59	2008	4	10,835	6,852		4,337,886
60	2009	3	10,845	6,858		4,341,873
61	2010	2	10,855	6,864		4,345,864
62	2011	1	10,865	6,871		4,349,858
63	2012	0	10,875	6,877	4,353,856	-
			4,507,177	153,322	$ 4,353,856	92,655,459

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	4,507,177
Gross Salvage Value	217,693
Less Cost of Removal	435,386
Net Salvage Value	(217,693)
Total to be Recovered	4,724,870
Forecast Plant Balances	92,655,459
Gross Accrual Rate	4.63%
Cost of Removal Accrual Rate	0.47%
Whole Life Accrual Rate	5.10%
Depreciable Service Life, years	19.6

Remaining Life Depreciation Rate Calculation

Initial Balance	4,325,948
Interim Additions	75,913
Gross Salvage Value	217,693
Less Cost of Removal	435,386
Net Salvage Value	(217,693)
Forecast Plant Balances	26,039,308

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1953
Retirement Date	2012
Service Life, Yrs	59
Initial Plant Balance	[illegible]

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1953	59	[illegible]			359,680
2	1954	58				359,680
3	1955	57				359,680
4	1956	56				359,680
5	1957	55				359,680
6	1958	54				359,680
7	1959	53				359,680
8	1960	52				359,680
9	1961	51				359,680
10	1962	50				359,680
11	1963	49				359,680
12	1964	48				359,680
13	1965	47				359,680
14	1966	46				359,680
15	1967	45				359,680
16	1968	44				359,680
17	1969	43				359,680
18	1970	42				359,680
19	1971	41				359,680
20	1972	40				359,680
21	1973	39				359,680
22	1974	38				359,680
23	1975	37				359,680
24	1976	36				359,680
25	1977	35				359,680
26	1978	34				359,680
27	1979	33				359,680
28	1980	32	[illegible]			361,329
29	1981	31				361,329
30	1982	30				361,329
31	1983	29				361,329
32	1984	28				361,329
33	1985	27				361,329
34	1986	26				361,329
35	1987	25				361,329
36	1988	24				361,329
37	1989	23	[illegible]			737,645
38	1990	22				737,645
39	1991	21				737,645
40	1992	20	[illegible]			743,321
41	1993	19	[illegible]			852,093
42	1994	18				852,093
43	1995	17				852,093
44	1996	16	[illegible]			862,853
45	1997	15				862,853
46	1998	14	152,781	19,982		1,025,652
47	1999	13				1,025,652
48	2000	12				1,025,652
49	2001	11				1,025,652
50	2002	10	[illegible]			1,032,469
51	2003	9				1,032,469
52	2004	8				1,032,469
53	2005	7	10,184			1,042,653
54	Total		$ 53,564	$ 19,982	$ -	$ 28,444,230
55	Historical Interim Activity		0.19%	0.07%		
56	Forecast Interim Activity			37%		
57	2006	6	1,963	732		1,043,884
58	2007	5	1,966	733		1,045,116
59	~~2008~~	4	1,968	734		1,046,350
60	2009	3	1,970	735		1,047,586
61	2010	2	1,973	736		1,048,822
62	2011	1	1,975	737		1,050,061
63	2012	0	1,977	738	1,051,300	-
			1,076,428	25,127	$ 1,051,300	34,726,050

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	1,076,428
Gross Salvage Value	52,565
Less Cost of Removal	105,130
Net Salvage Value	(52,565)
Total to be Recovered	1,128,993
Forecast Plant Balances	34,726,050
Gross Accrual Rate	2.95%
Cost of Removal Accrual Rate	0.30%
Whole Life Accrual Rate	3.25%
Depreciable Service Life, years	30.8

Remaining Life Depreciation Rate Calculation

Initial Balance	1,042,653
Interim Additions	13,793
Gross Salvage Value	52,565
Less Cost of Removal	105,130
Net Salvage Value	(52,565)
Forecast Plant Balances	6,281,820

Black Hills Power Company

Unit Property Depreciation Rate Analysis

Unit Property: Steam Production, Osage Plant

Historical and Forecast Plant Additions & Balances

Account: 316 Miscellaneous Plant Equipment

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1953
Retirement Date	2012
Service Life, Yrs	59
Initial Plant Balance	[illegible]

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1953	59				-
2	1954	58	[illegible]	39,210		(3,187)
3	1955	57				(3,187)
4	1956	56				(3,187)
5	1957	55				(3,187)
6	1958	54				(3,187)
7	1959	53				(3,187)
8	1960	52				(3,187)
9	1961	51				(3,187)
10	1962	50				(3,187)
11	1963	49				(3,187)
12	1964	48				(3,187)
13	1965	47				(3,187)
14	1966	46				(3,187)
15	1967	45				(3,187)
16	1968	44				(3,187)
17	1969	43				(3,187)
18	1970	42	[illegible]			57,278
19	1971	41		438		56,840
20	1972	40				56,840
21	1973	39		300		56,540
22	1974	38				56,540
23	1975	37				56,540
24	1976	36				56,540
25	1977	35		133		56,407
26	1978	34		950		55,457
27	1979	33		1,850		53,607
28	1980	32		3,043		50,564
29	1981	31				50,564
30	1982	30				50,564
31	1983	29				50,564
32	1984	28				50,564
33	1985	27		511		50,053
34	1986	26				50,053
35	1987	25				50,053
36	1988	24		6,495		43,558
37	1989	23	[illegible]			276,913
38	1990	22	[illegible]			299,837
39	1991	21	[illegible]			309,934
40	1992	20	[illegible]			429,966
41	1993	19	[illegible]			444,339
42	1994	18	[illegible]			450,237
43	1995	17	[illegible]			455,201
44	1996	16				455,201
45	1997	15				455,201
46	1998	14	[illegible]			463,142
47	1999	13	[illegible]			464,089
48	2000	12	[illegible]			465,914
49	2001	11	[illegible]			469,652
50	2002	10	[illegible]			492,191
51	2003	9				492,191
52	2004	8	[illegible]			498,488
53	2005	7	[illegible]			500,990
54	Total		$ 116,956	$ 52,930	$ -	$ 8,381,620
55	Historical Interim Activity		1.40%	0.63%		
56	Forecast Interim Activity			45%		
57	2006	6	6,991	3,164		504,817
58	2007	5	7,044	3,188		508,673
59	2008	4	7,098	3,212		512,559
60	2009	3	7,152	3,237		516,474
61	2010	2	7,207	3,262		520,420
62	2011	1	7,262	3,286		524,395
63	2012	0	7,317	3,312	528,401	-
			603,991	75,590	$ 528,401	11,468,958

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	603,991
Gross Salvage Value	26,420
Less Cost of Removal	52,840
Net Salvage Value	(26,420)
Total to be Recovered	630,411
Forecast Plant Balances	11,468,958
Gross Accrual Rate	5.04%
Cost of Removal Accrual Rate	0.46%
Whole Life Accrual Rate	5.50%
Depreciable Service Life, years	18.2

Remaining Life Depreciation Rate Calculation

Initial Balance	500,990
Interim Additions	50,071
Gross Salvage Value	26,420
Less Cost of Removal	52,840
Net Salvage Value	(26,420)
Forecast Plant Balances	3,087,338

Unit Property Analysis
Ben French Plant

Summary by Plant
Black Hills Power Company
Ben French Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
310	Land	0	0.00%
311	Structure & Improvements	2,105,093	5.87%
312	Boiler Plant Equipment	5,922,501	5.62%
313	Engines & Engine Driven Generators		
314	Turbo Generator Equipment	2,384,091	6.10%
315	Accessory Electric Equipment	736,955	4.30%
316	Misc Power Equipment	455,488	11.39%
	Total	11,604,128	5.91% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	11,604,128
Forecast Interim Additions	2,459,257
Forecast Gross Salvage Value	680,505
Forecast Less Cost of Removal	1,361,009
Forecast Net Salvage Value	(680,505)
Forecast Total to be Recovered with COR	14,743,889
Forecast Total to be Recovered w/o COR	13,382,880
Accumulated Depreciation (2005 EOY)	(12,730,354)
Forecast Remaining Life Balance with COR	2,013,536
Forecast Remaining Life Balance w/o COR	652,527
Forecast Plant Balances	91,225,685
Remaining Life Rate with COR	2.21%
Remaining Life Rate w/o COR	0.72%

Black Hills Power Company

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	1954
Retirement Date	2013
Service Life, Yrs	59
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	59				-
2	1955	58				-
3	1956	57				-
4	1957	56				-
5	1958	55				-
6	1959	54				-
7	1960	53				-
8	1961	52				-
9	1962	51		110,466		(110,466)
10	1963	50				(110,466)
11	1964	49				(110,466)
12	1965	48				(110,466)
13	1966	47				(110,466)
14	1967	46				(110,466)
15	1968	45				(110,466)
16	1969	44				(110,466)
17	1970	43				(110,466)
18	1971	42				(110,466)
19	1972	41				(110,466)
20	1973	40				(110,466)
21	1974	39				(110,466)
22	1975	38				(110,466)
23	1976	37				(110,466)
24	1977	36				(110,466)
25	1978	35				(110,466)
26	1979	34				(110,466)
27	1980	33		16,059		(126,525)
28	1981	32		7,135		(133,660)
29	1982	31		3,853		(137,513)
30	1983	30				(137,513)
31	1984	29				(137,513)
32	1985	28				(137,513)
33	1986	27		3,566		(141,079)
34	1987	26				(141,079)
35	1988	25		39,280		(180,359)
36	1989	24	[illegible]			1,800,196
37	1990	23	3,453			1,803,649
38	1991	22	44,207			1,847,856
39	1992	21	32,045			1,879,901
40	1993	20	42,529			1,922,430
41	1994	19	0			1,922,430
42	1995	18	4,810			1,927,240
43	1996	17	16,843			1,944,082
44	1997	16				1,944,082
45	1998	15				1,944,082
46	1999	14				1,944,082
47	2000	13	14,053			1,958,135
48	2001	12				1,958,135
49	2002	11	25,330			1,983,465
50	2003	10	12,030			1,995,495
51	2004	9	100,652			2,096,147
52	2005	8	8,948			2,105,093
53	Total		$ 426,635	$ 180,359	$ -	$ 29,715,364
54	Historical Interim Activity		1.44%	0.61%		
55	Forecast Interim Activity			10%		
56	2006	7	30,224	3,022		2,132,294
57	2007	6	30,614	3,061		2,159,847
58	2008	5	31,010	3,101		2,187,756
59	2009	4	31,410	3,141		2,216,025
60	2010	3	31,816	3,182		2,244,660
61	2011	2	32,227	3,223		2,273,665
62	2012	1	32,644	3,264		2,303,044
63	2013	0	33,066	3,307	2,332,804	-
			2,538,464	205,660	$ 2,332,804	45,232,657

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	2,538,464
Gross Salvage Value	116,640
Less Cost of Removal	233,280
Net Salvage Value	(116,640)
Total to be Recovered	2,655,104
Forecast Plant Balances	45,232,657
Gross Accrual Rate	5.35%
Cost of Removal Accrual Rate	0.52%
Whole Life Accrual Rate	5.87%
Depreciable Service Life, years	17.0

Remaining Life Depreciation Rate Calculation

Initial Balance	2,105,093
Interim Additions	253,011
Gross Salvage Value	116,640
Less Cost of Removal	233,280
Net Salvage Value	(116,640)
Forecast Plant Balances	15,517,293

Black Hills Power Company

Unit Property Depreciation Rate Analysis

Unit Property: Steam Production, Ben French Plant

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1954
Retirement Date	2013
Service Life, Yrs	59

Historical and Forecast Plant Additions & Balances

Account: 312 Boiler Plant Equipment

Initial Plant Balance

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	59		2,500		(2,500)
2	1955	58				(2,500)
3	1956	57				(2,500)
4	1957	56				(2,500)
5	1958	55				(2,500)
6	1959	54				(2,500)
7	1960	53				(2,500)
8	1961	52				(2,500)
9	1962	51		39,889		(42,389)
10	1963	50				(42,389)
11	1964	49				(42,389)
12	1965	48				(42,389)
13	1966	47				(42,389)
14	1967	46				(42,389)
15	1968	45				(42,389)
16	1969	44				(42,389)
17	1970	43				(42,389)
18	1971	42				(42,389)
19	1972	41				(42,389)
20	1973	40				(42,389)
21	1974	39				(42,389)
22	1975	38				(42,389)
23	1976	37				(42,389)
24	1977	36				(42,389)
25	1978	35				(42,389)
26	1979	34		6,000		(48,389)
27	1980	33		98,487		(146,876)
28	1981	32		32,549		(179,425)
29	1982	31		12,941		(192,366)
30	1983	30				(192,366)
31	1984	29				(192,366)
32	1985	28				(192,366)
33	1986	27				(192,366)
34	1987	26				(192,366)
35	1988	25				(192,366)
36	1989	24	[illegible]			4,934,246
37	1990	23	[illegible]	29,878		4,987,081
38	1991	22	[illegible]			5,015,850
39	1992	21	[illegible]	41,778		5,177,331
40	1993	20	[illegible]			5,199,020
41	1994	19	[illegible]			5,294,961
42	1995	18	[illegible]			5,424,271
43	1996	17				5,424,271
44	1997	16	[illegible]			5,435,405
45	1998	15	[illegible]			5,492,975
46	1999	14	[illegible]			5,519,356
47	2000	13	[illegible]			5,791,186
48	2001	12				5,791,186
49	2002	11	[illegible]			5,810,670
50	2003	10				5,810,670
51	2004	9	[illegible]			5,899,709
52	2005	8	[illegible]			5,922,501
53	Total		$ 901,372	$ 234,144	$ -	$ 90,468,818
54	Historical Interim Activity		1.00%	0.26%		
55	Forecast Interim Activity			10%		
56	2006	7	59,008	5,901		5,975,608
57	2007	6	742,537	74,254		6,643,891
58	2008	5	66,195	6,620		6,703,467
59	2009	4	66,789	6,679		6,763,577
60	2010	3	67,388	6,739		6,824,226
61	2011	2	67,992	6,799		6,885,419
62	2012	1	68,602	6,860		6,947,160
63	2013	0	69,217	6,922	7,009,456	-
			7,364,373	354,917	$ 7,009,456	137,212,166

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	7,364,373
Gross Salvage Value	350,473
Less Cost of Removal	700,946
Net Salvage Value	(350,473)
Total to be Recovered	7,714,845
Forecast Plant Balances	137,212,166
Gross Accrual Rate	5.11%
Cost of Removal Accrual Rate	0.51%
Whole Life Accrual Rate	5.62%
Depreciable Service Life, years	17.8

Remaining Life Depreciation Rate Calculation

Initial Balance	5,922,501
Interim Additions	1,207,728
Gross Salvage Value	350,473
Less Cost of Removal	700,946
Net Salvage Value	(350,473)
Forecast Plant Balances	46,743,348

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1954
Retirement Date	2013
Service Life, Yrs	59
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	59				-
2	1955	58				-
3	1956	57				-
4	1957	56				-
5	1958	55				-
6	1959	54				-
7	1960	53				-
8	1961	52				-
9	1962	51		43,500		(43,500)
10	1963	50				(43,500)
11	1964	49				(43,500)
12	1965	48				(43,500)
13	1966	47				(43,500)
14	1967	46				(43,500)
15	1968	45				(43,500)
16	1969	44				(43,500)
17	1970	43				(43,500)
18	1971	42				(43,500)
19	1972	41				(43,500)
20	1973	40				(43,500)
21	1974	39				(43,500)
22	1975	38				(43,500)
23	1976	37				(43,500)
24	1977	36				(43,500)
25	1978	35				(43,500)
26	1979	34				(43,500)
27	1980	33				(43,500)
28	1981	32				(43,500)
29	1982	31				(43,500)
30	1983	30				(43,500)
31	1984	29				(43,500)
32	1985	28				(43,500)
33	1986	27				(43,500)
34	1987	26				(43,500)
35	1988	25				(43,500)
36	1989	24	1,843,810			1,799,310
37	1990	23	3,255			1,802,565
38	1991	22	32,399			1,834,964
39	1992	21	124,888			1,959,852
40	1993	20	98,838			2,058,690
41	1994	19	47,259			2,105,949
42	1995	18	8,910			2,114,859
43	1996	17				2,114,859
44	1997	16				2,114,859
45	1998	15				2,114,859
46	1999	14				2,114,859
47	2000	13				2,114,859
48	2001	12				2,114,859
49	2002	11	269,232			2,384,091
50	2003	10				2,384,091
51	2004	9				2,384,091
52	2005	8				2,384,091
53	Total		$ 584,781	$ 43,500	$ -	$ 34,727,207
54	Historical Interim Activity		0.50%	0.13%		
55	Forecast Interim Activity			10%		
56	2006	7	11,920	1,192		2,394,819
57	2007	6	694,974	69,497		3,020,296
58	2008	5	15,101	1,510		3,033,887
59	2009	4	15,169	1,517		3,047,540
60	2010	3	15,238	1,524		3,061,254
61	2011	2	15,306	1,531		3,075,029
62	2012	1	15,375	1,538		3,088,867
63	2013	0	15,444	1,544	3,102,767	-
			3,226,120	123,353	$ 3,102,767	55,448,900

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	3,226,120
Gross Salvage Value	155,138
Less Cost of Removal	310,277
Net Salvage Value	(155,138)
Total to be Recovered	3,381,258
Forecast Plant Balances	55,448,900
Gross Accrual Rate	5.54%
Cost of Removal Accrual Rate	0.56%
Whole Life Accrual Rate	6.10%
Depreciable Service Life, years	16.4

Remaining Life Depreciation Rate Calculation

Initial Balance	2,384,091
Interim Additions	798,529
Gross Salvage Value	155,138
Less Cost of Removal	310,277
Net Salvage Value	(155,138)
Forecast Plant Balances	20,721,693

Black Hills Power Company

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1954
Retirement Date	2013
Service Life, Yrs	59

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

Initial Plant Balance

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	59	[illegible]	899		(0)
2	1955	58				(0)
3	1956	57				(0)
4	1957	56				(0)
5	1958	55				(0)
6	1959	54				(0)
7	1960	53				(0)
8	1961	52				(0)
9	1962	51	[illegible]	1,750		86,092
10	1963	50				86,092
11	1964	49				86,092
12	1965	48				86,092
13	1966	47	[illegible]			124,783
14	1967	46				124,783
15	1968	45				124,783
16	1969	44				124,783
17	1970	43				124,783
18	1971	42				124,783
19	1972	41				124,783
20	1973	40				124,783
21	1974	39				124,783
22	1975	38				124,783
23	1976	37				124,783
24	1977	36				124,783
25	1978	35				124,783
26	1979	34				124,783
27	1980	33				124,783
28	1981	32				124,783
29	1982	31				124,783
30	1983	30				124,783
31	1984	29		20,735		104,048
32	1985	28				104,048
33	1986	27				104,048
34	1987	26				104,048
35	1988	25				104,048
36	1989	24	[illegible]			622,283
37	1990	23				622,283
38	1991	22	[illegible]			628,052
39	1992	21	[illegible]			641,872
40	1993	20	[illegible]			664,308
41	1994	19				664,308
42	1995	18				664,308
43	1996	17				664,308
44	1997	16	[illegible]			665,538
45	1998	15				665,538
46	1999	14				665,538
47	2000	13				665,538
48	2001	12				665,538
49	2002	11				665,538
50	2003	10				665,538
51	2004	9	[illegible]			736,955
52	2005	8				736,955
53	Total		$ 114,600	$ 23,384	$ -	$ 14,415,097
54	Historical Interim Activity		0.79%	0.16%		
55	Forecast Interim Activity			20%		
56	2006	7	5,859	1,195		741,618
57	2007	6	5,896	1,203		746,311
58	2008	5	5,933	1,211		751,034
59	2009	4	5,971	1,218		755,786
60	2010	3	6,008	1,226		760,569
61	2011	2	6,047	1,234		765,381
62	2012	1	6,085	1,242		770,224
63	2013	0	6,123	1,249	775,098	-
			808,261	33,162	$ 775,098	19,706,021

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	808,261
Gross Salvage Value	38,755
Less Cost of Removal	77,510
Net Salvage Value	(38,755)
Total to be Recovered	847,016
Forecast Plant Balances	19,706,021
Gross Accrual Rate	3.90%
Cost of Removal Accrual Rate	0.39%
Whole Life Accrual Rate	4.30%
Depreciable Service Life, years	23.3

Remaining Life Depreciation Rate Calculation

Initial Balance	736,955
Interim Additions	47,922
Gross Salvage Value	38,755
Less Cost of Removal	77,510
Net Salvage Value	(38,755)
Forecast Plant Balances	5,290,924

Black Hills Power Company

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

Historical and Forecast Plant Additions & Balances
Account: 316 Accessory Electric Equipment

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1954
Retirement Date	2013
Service Life, Yrs	59
Initial Plant Balance	[illegible]

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim[1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1954	59	[illegible]	59		-
2	1955	58				-
3	1956	57				-
4	1957	56				-
5	1958	55				-
6	1959	54				-
7	1960	53				-
8	1961	52				-
9	1962	51		25,487		(25,487)
10	1963	50				(25,487)
11	1964	49				(25,487)
12	1965	48				(25,487)
13	1966	47	[illegible]	30,000		(25,487)
14	1967	46				(25,487)
15	1968	45				(25,487)
16	1969	44				(25,487)
17	1970	43				(25,487)
18	1971	42				(25,487)
19	1972	41				(25,487)
20	1973	40	[illegible]	938		(25,487)
21	1974	39				(25,487)
22	1975	38				(25,487)
23	1976	37				(25,487)
24	1977	36	[illegible]	151,200		(25,487)
25	1978	35	[illegible]	76,500		(25,487)
26	1979	34	[illegible]	76,500		(25,055)
27	1980	33				(25,055)
28	1981	32	[illegible]	4,612		(29,506)
29	1982	31				(29,506)
30	1983	30				(29,506)
31	1984	29				(29,506)
32	1985	28				(29,506)
33	1986	27	[illegible]	1,834		(30,852)
34	1987	26		1,833		(32,685)
35	1988	25	[illegible]			(30,494)
36	1989	24	[illegible]			294,244
37	1990	23	[illegible]			301,557
38	1991	22	[illegible]			315,141
39	1992	21	[illegible]			342,096
40	1993	20	[illegible]			349,828
41	1994	19	[illegible]	1,696		376,422
42	1995	18	[illegible]			380,409
43	1996	17	[illegible]			384,314
44	1997	16	[illegible]			392,619
45	1998	15	[illegible]			393,218
46	1999	14	[illegible]			395,835
47	2000	13	[illegible]			397,913
48	2001	12	[illegible]			407,068
49	2002	11	[illegible]			439,536
50	2003	10	[illegible]			449,201
51	2004	9	[illegible]			455,488
52	2005	8				455,488
53	Total		$ 259,048	$ 370,659	$ -	$ 5,805,428
54	Historical Interim Activity		4.46%	6.38%		
55	Forecast Interim Activity			143%		
56	2006	7	20,325	29,082		446,731
57	2007	6	19,934	28,522		438,143
58	2008	5	19,551	27,974		429,719
59	~~2009~~	4	19,175	27,436		421,458
60	2010	3	18,806	26,909		413,355
61	2011	2	18,445	26,391		405,408
62	2012	1	18,090	25,884		397,614
63	2013	0	17,742	25,386	389,970	-
			978,214	588,244	$ 389,970	8,757,856

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	978,214
Gross Salvage Value	19,498
Less Cost of Removal	38,997
Net Salvage Value	(19,498)
Total to be Recovered	997,713
Forecast Plant Balances	8,757,856
Gross Accrual Rate	10.95%
Cost of Removal Accrual Rate	0.45%
Whole Life Accrual Rate	11.39%
Depreciable Service Life, years	8.8

Remaining Life Depreciation Rate Calculation

Initial Balance	455,488
Interim Additions	152,067
Gross Salvage Value	19,498
Less Cost of Removal	38,997
Net Salvage Value	(19,498)
Forecast Plant Balances	2,952,428

Unit Property Analysis
Wyodak Plant

Summary by Plant
Black Hills Power Company
Wyodak Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
310	Land	0	0.00%
311	Structure & Improvements	8,994,859	3.18%
312	Boiler Plant Equipment	48,290,997	3.54%
313	Engines & Engine Driven Generators	249,991	6.25%
314	Turbo Generator Equipment	9,842,419	3.13%
315	Accessory Electric Equipment	6,221,994	3.14%
316	Misc Power Equipment	664,779	5.24%
	Total	74,265,039	3.43% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	74,265,039
Forecast Interim Additions	28,775,195
Forecast Gross Salvage Value	4,992,343
Forecast Less Cost of Removal	10,492,771
Forecast Net Salvage Value	(5,500,427)
Forecast Total to be Recovered with COR	108,540,661
Forecast Total to be Recovered w/o COR	98,047,890
Accumulated Depreciation (2005 EOY)	(47,598,951)
Forecast Remaining Life Balance with COR	60,941,710
Forecast Remaining Life Balance w/o COR	50,448,939
Forecast Plant Balances	2,120,718,200
Remaining Life Rate with COR	2.87%
Remaining Life Rate w/o COR	2.38%

Black Hills Power Company

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

Gross Salvage	5%
Cost of Removal	15%
Net Salvage	-10%
Install Date	1989
Retirement Date	2030
Service Life, Yrs	41

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

Initial Plant Balance 9,057

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1989	41				9,057
2	1990	40				9,057
3	1991	39	8,346,974	74,467		8,281,564
4	1992	38	135,082	22,339		8,394,308
5	1993	37				8,394,308
6	1994	36	111,144			8,505,452
7	1995	35				8,505,452
8	1996	34	178,075			8,683,527
9	1997	33				8,683,527
10	1998	32				8,683,527
11	1999	31	211,509			8,895,036
12	2000	30				8,895,036
13	2001	29				8,895,036
14	2002	28				8,895,036
15	2003	27	31,636			8,926,672
16	2004	26	41,920			8,968,592
17	2005	25	26,267			8,994,859
18	Total		$ 735,633	$ 96,806	$ -	$ 130,620,042
19	Historical Interim Activity		0.56%	0.07%		
20	Forecast Interim Activity			13%		
21	2006	24	50,658	6,666		9,038,850
22	2007	23	50,906	6,699		9,083,057
23	2008	22	51,154	6,732		9,127,480
24	2009	21	51,405	6,765		9,172,120
25	2010	20	51,656	6,798		9,216,978
26	2011	19	51,909	6,831		9,262,056
27	2012	18	52,163	6,864		9,307,354
28	2013	17	52,418	6,898		9,352,874
29	2014	16	52,674	6,932		9,398,616
30	2015	15	52,932	6,966		9,444,582
31	2016	14	53,191	7,000		9,490,773
32	2017	13	53,451	7,034		9,537,190
33	2018	12	53,712	7,068		9,583,834
34	2019	11	53,975	7,103		9,630,706
35	2020	10	54,239	7,138		9,677,807
36	2021	9	54,504	7,172		9,725,139
37	2022	8	54,771	7,208		9,772,702
38	2023	7	55,038	7,243		9,820,497
39	2024	6	55,308	7,278		9,868,527
40	2025	5	55,578	7,314		9,916,791
41	2026	4	55,850	7,350		9,965,291
42	2027	3	56,123	7,386		10,014,029
43	2028	2	56,398	7,422		10,063,005
44	2029	1	56,673	7,458		10,112,220
45	2030	0	56,951	7,494	10,161,677	-
			10,426,241	273,621	10,161,677	360,202,519

Whole Life Depreciation Rate Calculation

Initial Balance	9,057
Interim Additions	10,426,241
Gross Salvage Value	508,084
Less Cost of Removal	1,524,251
Net Salvage Value	(1,016,168)
Total to be Recovered	11,451,465
Forecast Plant Balances	360,202,519
Gross Accrual Rate	2.76%
Cost of Removal Accrual Rate	0.42%
Whole Life Accrual Rate	3.18%
Depreciable Service Life, years	31.5

Remaining Life Depreciation Rate Calculation

Initial Balance	8,994,859
Interim Additions	1,343,633
Gross Salvage Value	508,084
Less Cost of Removal	1,524,251
Net Salvage Value	(1,016,168)
Forecast Plant Balances	229,582,477

Black Hills Power Company

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

Historical and Forecast Plant Additions & Balances
Account: 312 Boiler Plant Equipment

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1989
Retirement Date	2030
Service Life, Yrs	41
Initial Plant Balance	16,022,256

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1989	41		26,608		14,599,664
2	1990	40				14,599,664
3	1991	39	29,361,701	239,460		44,121,905
4	1992	38	636,467	35,917		44,722,455
5	1993	37				44,722,455
6	1994	36	124,541	67,236		44,779,760
7	1995	35	170,532			44,950,292
8	1996	34	1,258,258	8,901		46,199,649
9	1997	33				46,199,649
10	1998	32				46,199,649
11	1999	31	236,168			46,435,817
12	2000	30				46,435,817
13	2001	29				46,435,817
14	2002	28				46,435,817
15	2003	27	1,281,183			47,717,000
16	2004	26	358,678			48,075,678
17	2005	25	215,319			48,290,997
18	Total		$ 4,281,146	$ 378,122	$ -	$ 720,922,085
19	Historical Interim Activity		0.59%	0.05%		
20	Forecast Interim Activity			9%		
21	2006	24	4,970,773	439,032		52,822,738
22	2007	23	313,684	27,705		53,108,717
23	2008	22	315,382	27,855		53,396,244
24	2009	21	317,090	28,006		53,685,328
25	2010	20	318,807	28,158		53,975,976
26	2011	19	2,320,533	204,956		56,091,554
27	2012	18	333,096	29,420		56,395,229
28	2013	17	334,899	29,579		56,700,549
29	2014	16	336.712	29,739		57,007,522
30	2015	15	338,535	29,900		57,316,157
31	2016	14	2,603,184	229,920		59,689,421
32	2017	13	354,462	31,307		60,012,576
33	2018	12	356,381	31,476		60,337,480
34	2019	11	358,310	31,647		60,664,143
35	2020	10	360,250	31,818		60,992,575
36	2021	9	2,922,369	258,111		63,656,833
37	2022	8	378,022	33,388		64,001,466
38	2023	7	380,068	33,569		64,347,966
39	2024	6	382,126	33,750		64,696,342
40	2025	5	384,195	33,933		65,046,603
41	2026	4	3,282,871	289,952		68,039,522
42	2027	3	404,048	35,687		68,407,884
43	2028	2	406,235	35,880		68,778,240
44	2029	1	408,435	36,074		69,150,600
45	2030	0	410,646	36,269	69,524,977	-
			57,333,959	2,435,254	69,524,977	2,169,243,751

Whole Life Depreciation Rate Calculation

Initial Balance	16,022,256
Interim Additions	57,333,959
Gross Salvage Value	3,476,249
Less Cost of Removal	6,952,498
Net Salvage Value	(3,476,249)
Total to be Recovered	76,832,464
Forecast Plant Balances	2,169,243,751
Gross Accrual Rate	3.22%
Cost of Removal Accrual Rate	0.32%
Whole Life Accrual Rate	3.54%
Depreciable Service Life, years	28.2

Remaining Life Depreciation Rate Calculation

Initial Balance	48,290,997
Interim Additions	23,291,112
Gross Salvage Value	3,476,249
Less Cost of Removal	6,952,498
Net Salvage Value	(3,476,249)
Forecast Plant Balances	1,448,321,666

Black Hills Power Company

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1989
Retirement Date	2030
Service Life, Yrs	41

Historical and Forecast Plant Additions & Balances
Account: 313 Engine and Engine Driven Generators

Initial Plant Balance 0

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1989	41				-
2	1990	40				-
3	1991	39				-
4	1992	38				-
5	1993	37				-
6	1994	36				-
7	1995	35				-
8	1996	34				-
9	1997	33				-
10	1998	32				-
11	1999	31				-
12	2000	30				-
13	2001	29				-
14	2002	28				-
15	2003	27	232,960			232,960
16	2004	26	7,427			240,387
17	2005	25	9,603			249,991
18	Total		$ 27,072	$ -	$ -	$ 723,338
19	Historical Interim Activity		3.74%	0.00%		
20	Forecast Interim Activity			0%		
21	2006	24	9,356	-		259,347
22	2007	23	9,706	-		269,054
23	2008	22	10,070	-		279,123
24	2009	21	10,447	-		289,570
25	2010	20	10,838	-		300,408
26	2011	19	11,243	-		311,651
27	2012	18	11,664	-		323,315
28	2013	17	12,101	-		335,415
29	2014	16	12,553	-		347,969
30	2015	15	13,023	-		360,992
31	2016	14	13,511	-		374,503
32	2017	13	14,016	-		388,519
33	2018	12	14,541	-		403,060
34	2019	11	15,085	-		418,145
35	2020	10	15,650	-		433,795
36	2021	9	16,235	-		450,030
37	2022	8	16,843	-		466,873
38	2023	7	17,473	-		484,347
39	2024	6	18,127	-		502,474
40	2025	5	18,806	-		521,280
41	2026	4	19,510	-		540,790
42	2027	3	20,240	-		561,029
43	2028	2	20,997	-		582,027
44	2029	1	21,783	-		603,810
45	2030	0	22,598	-	626,409	-
			626,409	-	626,409	10,530,864

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	626,409
Gross Salvage Value	31,320
Less Cost of Removal	62,641
Net Salvage Value	(31,320)
Total to be Recovered	657,729
Forecast Plant Balances	10,530,864
Gross Accrual Rate	5.65%
Cost of Removal Accrual Rate	0.59%
Whole Life Accrual Rate	6.25%
Depreciable Service Life, years	16.0

Remaining Life Depreciation Rate Calculation

Initial Balance	249,991
Interim Additions	376,418
Gross Salvage Value	31,320
Less Cost of Removal	62,641
Net Salvage Value	(31,320)
Forecast Plant Balances	9,807,526

Black Hills Power Company

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1989
Retirement Date	2030
Service Life, Yrs	41

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

Initial Plant Balance 7,179

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1989	41				5,351
2	1990	40				5,351
3	1991	39	9,214,205	277,775		8,941,871
4	1992	38	299,654			9,241,525
5	1993	37				9,241,525
6	1994	36		2,103		9,239,422
7	1995	35	6,610			9,246,032
8	1996	34	543,893			9,789,925
9	1997	33				9,789,925
10	1998	32				9,789,925
11	1999	31	[illegible]			9,779,019
12	2000	30				9,779,019
13	2001	29				9,779,019
14	2002	28				9,779,019
15	2003	27	56,390			9,835,409
16	2004	26	5,883			9,841,292
17	2005	25	1,127			9,842,419
18	Total		$ 913,557	$ 279,878	$ -	$ 143,926,048
19	Historical Interim Activity		0.63%	0.19%		
20	Forecast Interim Activity			31%		
21	2006	24	62,474	19,140		9,885,753
22	2007	23	62,749	19,224		9,929,278
23	2008	22	63,025	19,308		9,972,995
24	2009	21	63,303	19,393		10,016,904
25	2010	20	63,581	19,479		10,061,007
26	2011	19	63,861	19,565		10,105,304
27	2012	18	64,142	19,651		10,149,795
28	2013	17	64,425	19,737		10,194,483
29	2014	16	64,709	19,824		10,239,367
30	2015	15	64,993	19,911		10,284,449
31	2016	14	65,280	19,999		10,329,730
32	2017	13	65,567	20,087		10,375,210
33	2018	12	65,856	20,176		10,420,890
34	2019	11	66,146	20,264		10,466,771
35	2020	10	66,437	20,354		10,512,854
36	2021	9	66,729	20,443		10,559,140
37	2022	8	67,023	20,533		10,605,630
38	2023	7	67,318	20,624		10,652,325
39	2024	6	67,615	20,714		10,699,225
40	2025	5	67,912	20,806		10,746,331
41	2026	4	68,211	20,897		10,793,645
42	2027	3	68,512	20,989		10,841,168
43	2028	2	68,813	21,082		10,888,899
44	2029	1	69,116	21,175		10,936,841
45	2030	0	69,421	21,268	10,984,994	-
			11,764,164	784,521	10,984,994	393,594,042

Whole Life Depreciation Rate Calculation

Initial Balance	7,179
Interim Additions	11,764,164
Gross Salvage Value	549,250
Less Cost of Removal	1,098,499
Net Salvage Value	(549,250)
Total to be Recovered	12,320,593
Forecast Plant Balances	393,594,042
Gross Accrual Rate	2.85%
Cost of Removal Accrual Rate	0.28%
Whole Life Accrual Rate	3.13%
Depreciable Service Life, years	31.9

Remaining Life Depreciation Rate Calculation

Initial Balance	9,842,419
Interim Additions	1,647,218
Gross Salvage Value	549,250
Less Cost of Removal	1,098,499
Net Salvage Value	(549,250)
Forecast Plant Balances	249,667,994

Black Hills Power Company

Unit Property Depreciation Rate Analysis

Unit Property: Steam Production, Wyodak Plant

Historical and Forecast Plant Additions & Balances

Account: 315 Accessory Electric Equipment

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1989
Retirement Date	2030
Service Life, Yrs	41
Initial Plant Balance	[illegible]

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1989	41				99,024
2	1990	40				99,024
3	1991	39	[illegible]	210,405		5,621,671
4	1992	38				5,621,671
5	1993	37				5,621,671
6	1994	36	[illegible]			5,630,266
7	1995	35				5,630,266
8	1996	34	[illegible]			5,926,612
9	1997	33				5,926,612
10	1998	32				5,926,612
11	1999	31	[illegible]			6,215,191
12	2000	30				6,215,191
13	2001	29				6,215,191
14	2002	28				6,215,191
15	2003	27	[illegible]			6,221,994
16	2004	26				6,221,994
17	2005	25				6,221,994
18	Total		$ 600,323	$ 210,405	$ -	$ 89,630,175
19	Historical Interim Activity		0.67%	0.23%		
20	Forecast Interim Activity			35%		
21	2006	24	41,674	14,606		6,249,062
22	2007	23	41,855	14,670		6,276,247
23	2008	22	42,037	14,733		6,303,550
24	2009	21	42,220	14,797		6,330,973
25	2010	20	42,403	14,862		6,358,514
26	2011	19	42,588	14,926		6,386,176
27	2012	18	42,773	14,991		6,413,958
28	2013	17	42,959	15,057		6,441,860
29	2014	16	43,146	15,122		6,469,884
30	2015	15	43,334	15,188		6,498,030
31	2016	14	43,522	15,254		6,526,298
32	2017	13	43,712	15,320		6,554,690
33	2018	12	43,902	15,387		6,583,205
34	2019	11	44,093	15,454		6,611,844
35	2020	10	44,285	15,521		6,640,607
36	2021	9	44,477	15,589		6,669,496
37	2022	8	44,671	15,657		6,698,510
38	2023	7	44,865	15,725		6,727,650
39	2024	6	45,060	15,793		6,756,918
40	2025	5	45,256	15,862		6,786,312
41	2026	4	45,453	15,931		6,815,835
42	2027	3	45,651	16,000		6,845,486
43	2028	2	45,850	16,070		6,875,266
44	2029	1	46,049	16,140		6,905,175
45	2030	0	46,249	16,210	6,935,215	-
			7,431,459	595,268	6,935,215	247,355,719

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	7,431,459
Gross Salvage Value	346,761
Less Cost of Removal	693,521
Net Salvage Value	(346,761)
Total to be Recovered	7,778,220
Forecast Plant Balances	247,355,719
Gross Accrual Rate	2.86%
Cost of Removal Accrual Rate	0.28%
Whole Life Accrual Rate	3.14%
Depreciable Service Life, years	31.8

Remaining Life Depreciation Rate Calculation

Initial Balance	6,221,994
Interim Additions	1,098,084
Gross Salvage Value	346,761
Less Cost of Removal	693,521
Net Salvage Value	(346,761)
Forecast Plant Balances	157,725,544

Black Hills Power Company

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1989
Retirement Date	2030
Service Life, Yrs	41
Initial Plant Balance	21,473

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

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1989	41				21,473
2	1990	40				21,473
3	1991	39	344,033	22,551		342,955
4	1992	38	29,448			372,403
5	1993	37				372,403
6	1994	36	120,135			492,538
7	1995	35	9,686			502,224
8	1996	34	136,897			639,121
9	1997	33				639,121
10	1998	32				639,121
11	1999	31	(15,589)			623,532
12	2000	30				623,532
13	2001	29				623,532
14	2002	28				623,532
15	2003	27	12,656			636,188
16	2004	26	2,079			638,267
17	2005	25	26,512			664,779
18	Total		$ 328,603	$ 22,551	$ -	$ 8,476,194
19	Historical Interim Activity		3.88%	0.27%		
20	Forecast Interim Activity			7%		
21	2006	24	25,772	1,769		688,782
22	2007	23	26,703	1,833		713,652
23	2008	22	27,667	1,899		739,420
24	2009	21	28,666	1,967		766,119
25	2010	20	29,701	2,038		793,781
26	2011	19	30,773	2,112		822,443
27	2012	18	31,884	2,188		852,139
28	2013	17	33,036	2,267		882,907
29	2014	16	34,228	2,349		914,786
30	2015	15	35,464	2,434		947,817
31	2016	14	36,745	2,522		982,040
32	2017	13	38,071	2,613		1,017,499
33	2018	12	39,446	2,707		1,054,238
34	2019	11	40,870	2,805		1,092,303
35	2020	10	42,346	2,906		1,131,743
36	2021	9	43,875	3,011		1,172,607
37	2022	8	45,459	3,120		1,214,947
38	2023	7	47,101	3,232		1,258,815
39	2024	6	48,801	3,349		1,304,268
40	2025	5	50,564	3,470		1,351,361
41	2026	4	52,389	3,595		1,400,155
42	2027	3	54,281	3,725		1,450,711
43	2028	2	56,241	3,860		1,503,092
44	2029	1	58,272	3,999		1,557,365
45	2030	0	60,376	4,143	1,613,597	-
			1,684,587	92,463	1,613,597	34,089,185

Whole Life Depreciation Rate Calculation

Initial Balance	21,473
Interim Additions	1,684,587
Gross Salvage Value	80,680
Less Cost of Removal	161,360
Net Salvage Value	(80,680)
Total to be Recovered	1,786,740
Forecast Plant Balances	34.089,185
Gross Accrual Rate	4.77%
Cost of Removal Accrual Rate	0.47%
Whole Life Accrual Rate	5.24%
Depreciable Service Life, years	19.1

Remaining Life Depreciation Rate Calculation

Initial Balance	664,779
Interim Additions	1,018.730
Gross Salvage Value	80,680
Less Cost of Removal	161,360
Net Salvage Value	(80.680)
Forecast Plant Balances	25.612,991

Unit Property Analysis
Nl Simpson Unit 1

Summary by Plant
Black Hills Power Company
Neil Simpson 1 Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
310	Land	0	0.00%
311	Structure & Improvements	2,172,400	4.33%
312	Boiler Plant Equipment	12,377,972	4.70%
313	Engines & Engine Driven Generators	0	0.00%
314	Turbo Generator Equipment	2,775,178	3.92%
315	Accessory Electric Equipment	643,456	4.71%
316	Misc Power Equipment	361,249	5.16%
	Total	18,330,255	4.55% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	18,330,255
Forecast Interim Additions	4,799,370
Forecast Gross Salvage Value	1,128,645
Forecast Less Cost of Removal	2,257,291
Forecast Net Salvage Value	(1,128,645)
Forecast Total to be Recovered with COR	24,258,270
Forecast Total to be Recovered w/o COR	22,000,979
Accumulated Depreciation (2005 EOY)	(14,547,288)
Forecast Remaining Life Balance with COR	9,710,982
Forecast Remaining Life Balance w/o COR	7,453,691
Forecast Plant Balances	290,173,820
Remaining Life Rate with COR	3.35%
Remaining Life Rate w/o COR	2.57%

Black Hills Power Company

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	1954
Retirement Date	2020
Service Life, Yrs	66

Historical and Forecast Plant Additions & Balances

Account: 311 Structures & Improvements

Initial Plant Balance

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1954	66		16.928		(16.928)
2	1955	65				(16.928)
3	1956	64				(16.928)
4	1957	63				(16.928)
5	1958	62		10.142		(27.070)
6	1959	61				(27.070)
7	1960	60				(27.070)
8	1961	59				(27.070)
9	1962	58				(27.070)
10	1963	57				(27.070)
11	1964	56				(27.070)
12	1965	55				(27.070)
13	1966	54		2.050		(29.120)
14	1967	53				(29.120)
15	1968	52				(29.120)
16	1969	51				(29.120)
17	1970	50		19.214		(48.334)
18	1971	49				(48.334)
19	1972	48		14.872		(63.206)
20	1973	47		373		(63.579)
21	1974	46				(63.579)
22	1975	45				(63.579)
23	1976	44				(63.579)
24	1977	43		1.259		(64.838)
25	1978	42		691		(65.529)
26	1979	41		6.709		(72.238)
27	1980	40				(72.238)
28	1981	39		5.801		(78.039)
29	1982	38		23.127		(101.166)
30	1983	37				(101.166)
31	1984	36				(101.166)
32	1985	35				(101.166)
33	1986	34				(101.166)
34	1987	33				(101.166)
35	1988	32				(101.166)
36	1989	31	[illegible]			1.540.114
37	1990	30	[illegible]			1.631.948
38	1991	29				1.631.948
39	1992	28	[illegible]			1.686.949
40	1993	27	[illegible]			1.714.922
41	1994	26	[illegible]			1.746.752
42	1995	25	[illegible]			1.788.665
43	1996	24	[illegible]			2.025.121
44	1997	23				2.025.121
45	1998	22	[illegible]			2.036.233
46	1999	21	[illegible]			2.172.400
47	2000	20				2.172.400
48	2001	19				2.172.400
49	2002	18				2.172.400
50	2003	17				2.172.400
51	2004	16				2.172.400
52	2005	15				2.172.400
53	Total		$ 632.286	$ 101.166	$ -	$ 31.158.587
54	Historical Interim Activity		1.00%	0.32%		
55	Forecast Interim Activity			32%		
56	2006	14	21.724	7.053		2.187.071
57	2007	13	21.871	7.101		2.201.840
58	2008	12	22.018	7.149		2.216.710
59	2009	11	22.167	7.197		2.231.680
60	2010	10	22.317	7.246		2.246.751
61	2011	9	22.468	7.295		2.261.923
62	2012	8	22.619	7.344		2.277.199
63	2013	7	22.772	7.394		2.292.577
64	2014	6	22.926	7.444		2.308.059
65	2015	5	23.081	7.494		2.323.646
66	2016	4	23.236	7.544		2.339.338
67	2017	3	23.393	7.595		2.355.136
68	2018	2	23.551	7.647		2.371.041
69	2019	1	23.710	7.698		2.387.053
70	2020	0	23.871	7.750	2.403.173	-
			2.615.290	212.117	$ 2.403.173	63.158.609

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	2.615.290
Gross Salvage Value	120.159
Less Cost of Removal	240.317
Net Salvage Value	(120.159)
Total to be Recovered	2.735.449
Forecast Plant Balances	63.158.609
Gross Accrual Rate	3.95%
Cost of Removal Accrual Rate	0.38%
Whole Life Accrual Rate	4.33%
Depreciable Service Life, years	23.1

Remaining Life Depreciation Rate Calculation

Initial Balance	2.172.400
Interim Additions	341.724
Gross Salvage Value	120.159
Less Cost of Removal	240.317
Net Salvage Value	(120.159)
Forecast Plant Balances	32.000.022

Black Hills Power Company

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	1954
Retirement Date	2020
Service Life, Yrs	66
Initial Plant Balance	-

Historical and Forecast Plant Additions & Balances
Account: 312 Boiler Plant Equipment

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	66				-
2	1955	65				-
3	1956	64				-
4	1957	63				-
5	1958	62				-
6	1959	61				-
7	1960	60				-
8	1961	59				-
9	1962	58				-
10	1963	57				-
11	1964	56				-
12	1965	55				-
13	1966	54				-
14	1967	53				-
15	1968	52				-
16	1969	51				-
17	1970	50		361,655		(361,655)
18	1971	49		32,933		(394,588)
19	1972	48				(394,588)
20	1973	47				(394,588)
21	1974	46		10,678		(405,266)
22	1975	45				(405,266)
23	1976	44				(405,266)
24	1977	43				(405,266)
25	1978	42				(405,266)
26	1979	41				(405,266)
27	1980	40				(405,266)
28	1981	39		50,000		(455,266)
29	1982	38				(455,266)
30	1983	37				(455,266)
31	1984	36		8,307		(463,573)
32	1985	35		23,675		(487,248)
33	1986	34		5,610		(492,858)
34	1987	33		31,963		(524,821)
35	1988	32		59,541		(584,362)
36	1989	31	[illegible]	20,959		6,329,026
37	1990	30	[illegible]			6,365,696
38	1991	29	[illegible]			6,376,931
39	1992	28	[illegible]	13,700		11,401,224
40	1993	27	[illegible]			11,451,224
41	1994	26				11,451,224
42	1995	25	[illegible]			11,457,915
43	1996	24	[illegible]			11,465,057
44	1997	23				11,465,057
45	1998	22	[illegible]			11,792,310
46	1999	21	[illegible]			11,820,560
47	2000	20	[illegible]	7,499		12,109,638
48	2001	19	[illegible]			12,121,393
49	2002	18	[illegible]			12,132,870
50	2003	17	[illegible]			12,193,309
51	2004	16	[illegible]			12,370,364
52	2005	15	[illegible]			12,377,972
53	Total		$ 1,032,152	$ 626,520	$ -	$ 176,380,829
54	Historical Interim Activity		0.59%	0.36%		
55	Forecast Interim Activity			10%		
56	2006	14	272,434	27,243		12,623,162
57	2007	13	73,869	7,387		12,689,644
58	2008	12	74,258	7,426		12,756,476
59	2009	11	1,274,649	127,465		13,903,660
60	2010	10	81,362	8,136		13,976,886
61	2011	9	81,790	8,179		14,050,497
62	2012	8	82,221	8,222		14,124,497
63	2013	7	82,654	8,265		14,198,885
64	2014	6	1,440,780	144,078		15,495,587
65	2015	5	90,678	9,068		15,577,197
66	2016	4	91,155	9,116		15,659,237
67	2017	3	91,635	9,164		15,741,708
68	2018	2	92,118	9,212		15,824,615
69	2019	1	92,603	9,260		15,907,957
70	2020	0	93,091	9,309	15,991,739	-
			17,019,789	1,028,050	$ 15,991,739	378,910,838

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	17,019,789
Gross Salvage Value	799,587
Less Cost of Removal	1,599,174
Net Salvage Value	(799,587)
Total to be Recovered	17,819,376
Forecast Plant Balances	378,910,838
Gross Accrual Rate	4.28%
Cost of Removal Accrual Rate	0.42%
Whole Life Accrual Rate	4.70%
Depreciable Service Life, years	21.3

Remaining Life Depreciation Rate Calculation

Initial Balance	12,377,972
Interim Additions	4,015,297
Gross Salvage Value	799,587
Less Cost of Removal	1,599,174
Net Salvage Value	(799,587)
Forecast Plant Balances	202,530,009

Black Hills Power Company

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	1954
Retirement Date	2020
Service Life, Yrs	66

Historical and Forecast Plant Additions & Balances

Account: 314 Turbogenerator Equipment

Initial Plant Balance -

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1954	66				-
2	1955	65				-
3	1956	64				-
4	1957	63				-
5	1958	62				-
6	1959	61				-
7	1960	60				-
8	1961	59				-
9	1962	58				-
10	1963	57				-
11	1964	56				-
12	1965	55				-
13	1966	54				-
14	1967	53				-
15	1968	52				-
16	1969	51				-
17	1970	50		16,262		(16,262)
18	1971	49		3,000		(19,262)
19	1972	48				(19,262)
20	1973	47				(19,262)
21	1974	46				(19,262)
22	1975	45				(19,262)
23	1976	44				(19,262)
24	1977	43				(19,262)
25	1978	42				(19,262)
26	1979	41				(19,262)
27	1980	40				(19,262)
28	1981	39				(19,262)
29	1982	38				(19,262)
30	1983	37				(19,262)
31	1984	36				(19,262)
32	1985	35				(19,262)
33	1986	34				(19,262)
34	1987	33				(19,262)
35	1988	32		159,525		(178,787)
36	1989	31	[illegible]			2,542,828
37	1990	30				2,542,828
38	1991	29	[illegible]			2,629,757
39	1992	28				2,629,757
40	1993	27	[illegible]			2,651,491
41	1994	26				2,651,491
42	1995	25				2,651,491
43	1996	24				2,651,491
44	1997	23				2,651,491
45	1998	22				2,651,491
46	1999	21				2,651,491
47	2000	20				2,651,491
48	2001	19	[illegible]			2,655,591
49	2002	18	[illegible]			2,736,989
50	2003	17				2,736,989
51	2004	16	[illegible]			2,775,178
52	2005	15				2,775,178
53	Total		$ 232,350	$ 178,787	$ -	$ 44,714,520
54	Historical Interim Activity		0.52%	0.40%		
55	Forecast Interim Activity			10%		
56	2006	14	14,421	1,442		2,788,157
57	2007	13	14,488	1,449		2,801,196
58	2008	12	14,556	1,456		2,814,296
59	2009	11	14,624	1,462		2,827,458
60	2010	10	14,692	1,469		2,840,681
61	2011	9	14,761	1,476		2,853,966
62	2012	8	14,830	1,483		2,867,313
63	2013	7	14,899	1,490		2,880,722
64	2014	6	14,969	1,497		2,894,194
65	2015	5	15,039	1,504		2,907,730
66	2016	4	15,109	1,511		2,921,328
67	2017	3	15,180	1,518		2,934,990
68	2018	2	15,251	1,525		2,948,716
69	2019	1	15,322	1,532		2,962,506
70	2020	0	15,394	1,539	2,976,361	-
			3,177,502	201,141	$ 2,976,361	84,957,772

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	3,177,502
Gross Salvage Value	148,818
Less Cost of Removal	297,636
Net Salvage Value	(148,818)
Total to be Recovered	3,326,320
Forecast Plant Balances	84,957,772
Gross Accrual Rate	3.56%
Cost of Removal Accrual Rate	0.35%
Whole Life Accrual Rate	3.92%
Depreciable Service Life, years	25.5

Remaining Life Depreciation Rate Calculation

Initial Balance	2,775,178
Interim Additions	223,537
Gross Salvage Value	148,818
Less Cost of Removal	297,636
Net Salvage Value	(148,818)
Forecast Plant Balances	40,243,252

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1954
Retirement Date	2020
Service Life, Yrs	66
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	66		710		(710)
2	1955	65				(710)
3	1956	64				(710)
4	1957	63				(710)
5	1958	62				(710)
6	1959	61				(710)
7	1960	60				(710)
8	1961	59				(710)
9	1962	58				(710)
10	1963	57				(710)
11	1964	56				(710)
12	1965	55				(710)
13	1966	54		858		(1,568)
14	1967	53				(1,568)
15	1968	52				(1,568)
16	1969	51				(1,568)
17	1970	50		39,960		(41,528)
18	1971	49				(41,528)
19	1972	48				(41,528)
20	1973	47				(41,528)
21	1974	46				(41,528)
22	1975	45				(41,528)
23	1976	44				(41,528)
24	1977	43				(41,528)
25	1978	42				(41,528)
26	1979	41				(41,528)
27	1980	40				(41,528)
28	1981	39				(41,528)
29	1982	38				(41,528)
30	1983	37		16,950		(58,478)
31	1984	36				(58,478)
32	1985	35				(58,478)
33	1986	34				(58,478)
34	1987	33				(58,478)
35	1988	32				(58,478)
36	1989	31	552,634			524,162
37	1990	30				524,162
38	1991	29	5,696			529,858
39	1992	28	1,892			531,750
40	1993	27				531,750
41	1994	26				531,750
42	1995	25				531,750
43	1996	24				531,750
44	1997	23				531,750
45	1998	22	72,341			604,091
46	1999	21				604,091
47	2000	20				604,091
48	2001	19				604,091
49	2002	18	39,365			643,456
50	2003	17				643,456
51	2004	16				643,456
52	2005	15				643,456
53	Total		$ 119,294	$ 58,478	$ -	$ 8,853,346
54	Historical Interim Activity		1.35%	0.66%		
55	Forecast Interim Activity			10%		
56	2006	14	8,670	867		651,259
57	2007	13	8,775	878		659,157
58	2008	12	8,882	888		667,151
59	2009	11	8,989	899		675,241
60	2010	10	9,099	910		683,430
61	2011	9	9,209	921		691,718
62	2012	8	9,321	932		700,106
63	2013	7	9,434	943		708,596
64	2014	6	9,548	955		717,190
65	2015	5	9,664	966		725,887
66	2016	4	9,781	978		734,690
67	2017	3	9,900	990		743,599
68	2018	2	10,020	1,002		752,617
69	2019	1	10,141	1,014		761,744
70	2020	0	10,264	1,026	770,982	-
			843,629	72,648	$ 770,982	18,725,731

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	843,629
Gross Salvage Value	38,549
Less Cost of Removal	77,098
Net Salvage Value	(38,549)
Total to be Recovered	882,178
Forecast Plant Balances	18,725,731
Gross Accrual Rate	4.30%
Cost of Removal Accrual Rate	0.41%
Whole Life Accrual Rate	4.71%
Depreciable Service Life, years	21.2

Remaining Life Depreciation Rate Calculation

Initial Balance	643,456
Interim Additions	141,695
Gross Salvage Value	38,549
Less Cost of Removal	77,098
Net Salvage Value	(38,549)
Forecast Plant Balances	9,872,385

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1954
Retirement Date	2020
Service Life, Yrs	66
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1954	66				-
2	1955	65				-
3	1956	64				-
4	1957	63				-
5	1958	62				-
6	1959	61				-
7	1960	60				-
8	1961	59				-
9	1962	58				-
10	1963	57				-
11	1964	56				-
12	1965	55				-
13	1966	54				-
14	1967	53				-
15	1968	52				-
16	1969	51				-
17	1970	50		64,347		(64,347)
18	1971	49				(64,347)
19	1972	48				(64,347)
20	1973	47				(64,347)
21	1974	46				(64,347)
22	1975	45				(64,347)
23	1976	44				(64,347)
24	1977	43				(64,347)
25	1978	42				(64,347)
26	1979	41				(64,347)
27	1980	40				(64,347)
28	1981	39				(64,347)
29	1982	38				(64,347)
30	1983	37				(64,347)
31	1984	36				(64,347)
32	1985	35				(64,347)
33	1986	34				(64,347)
34	1987	33				(64,347)
35	1988	32				(64,347)
36	1989	31	365,015			300,668
37	1990	30	6,448			307,116
38	1991	29	4,170			311,286
39	1992	28	12,917			324,203
40	1993	27				324,203
41	1994	26	25,487			349,690
42	1995	25				349,690
43	1996	24	5,371			355,061
44	1997	23	399			355,460
45	1998	22	2,297			357,757
46	1999	21				357,757
47	2000	20				357,757
48	2001	19				357,757
49	2002	18				357,757
50	2003	17	2,729			360,486
51	2004	16	763			361,249
52	2005	15				361,249
53	Total		$ 60,581	$ 64,347	$ -	$ 4,626,553
54	Historical Interim Activity		1.31%	1.39%		
55	Forecast Interim Activity			10%		
56	2006	14	4,730	473		365,506
57	2007	13	4,786	479		369,814
58	2008	12	4,842	484		374,172
59	2009	11	4,899	490		378,581
60	2010	10	4,957	496		383,043
61	2011	9	5,016	502		387,557
62	2012	8	5,075	507		392,124
63	2013	7	5,135	513		396,745
64	2014	6	5,195	520		401,421
65	2015	5	5,256	526		406,152
66	2016	4	5,318	532		410,938
67	2017	3	5,381	538		415,781
68	2018	2	5,444	544		420,681
69	2019	1	5,508	551		425,638
70	2020	0	5,573	557	430,654	-
			502,713	72,059	$ 430,654	10,154,705

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	502,713
Gross Salvage Value	21,533
Less Cost of Removal	43,065
Net Salvage Value	(21,533)
Total to be Recovered	524,246
Forecast Plant Balances	10,154,705
Gross Accrual Rate	4.74%
Cost of Removal Accrual Rate	0.42%
Whole Life Accrual Rate	5.16%
Depreciable Service Life, years	19.4

Remaining Life Depreciation Rate Calculation

Initial Balance	361,249
Interim Additions	77,117
Gross Salvage Value	21,533
Less Cost of Removal	43,065
Net Salvage Value	(21,533)
Forecast Plant Balances	5,528,152

Unit Property Analysis
Neil Simpson Unit 2

Summary by Plant
Black Hills Power Company
Neil Simpson 2 Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
310	Land	0	0.00%
311	Structure & Improvements	12,940,825	2.67%
312	Boiler Plant Equipment	75,500,081	2.73%
313	Engines & Engine Driven Generators	0	0.00%
314	Turbo Generator Equipment	28,925,833	2.31%
315	Accessory Electric Equipment	6,285,630	2.41%
316	Misc Power Equipment	436,377	5.90%
	Total	124,088,746	2.62% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	124,088,746
Forecast Interim Additions	37,499,051
Forecast Gross Salvage Value	7,901,082
Forecast Less Cost of Removal	15,802,164
Forecast Net Salvage Value	(7,901,082)
Forecast Total to be Recovered with COR	169,488,879
Forecast Total to be Recovered w/o COR	153,686,716
Accumulated Depreciation (2005 EOY)	(31,130,171)
Forecast Remaining Life Balance with COR	138,358,708
Forecast Remaining Life Balance w/o COR	122,556,544
Forecast Plant Balances	5,445,500,587
Remaining Life Rate with COR	2.54%
Remaining Life Rate w/o COR	2.25%

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1958
Retirement Date	2045
Service Life, Yrs	87
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1958	87	-			-
2	1959	86				-
3	1960	85				-
4	1961	84				-
5	1962	83				-
6	1963	82				-
7	1964	81				-
8	1965	80				-
9	1966	79				-
10	1967	78				-
11	1968	77				-
12	1969	76				-
13	1970	75				-
14	1971	74				-
15	1972	73				-
16	1973	72				-
17	1974	71				-
18	1975	70				-
19	1976	69				-
20	1977	68				-
21	1978	67				-
22	1979	66				-
23	1980	65				-
24	1981	64				-
25	1982	63				-
26	1983	62				-
27	1984	61				-
28	1985	60				-
29	1986	59				-
30	1987	58				-
31	1988	57				-
32	1989	56				-
33	1990	55				-
34	1991	54				-
35	1992	53				-
36	1993	52				-
37	1994	51				-
38	1995	50				-
39	1996	49				-
40	1997	48				-
41	1998	47	[illegible]			12,164,946
42	1999	46	[illegible]			12,487,130
43	2000	45	[illegible]			12,574,470
44	2001	44				12,574,470
45	2002	43	[illegible]			12,579,954
46	2003	42	[illegible]			12,602,789
47	2004	41	[illegible]			12,940,825
48	2005	40				12,940,825
49	Total		$ 775,879	$ -	$ -	$ 100,865,409
50	Historical Interim Activity		0.77%	0.00%		
51	Forecast Interim Activity			0%		
52	2006	39	99,544	-		13,040,369
53	2007	38	100,309	-		13,140,678
54	2008	37	101,081	-		13,241,759
55	2009	36	101,859	-		13,343,618
56	2010	35	102,642	-		13,446,260
57	2011	34	103,432	-		13,549,691
58	2012	33	104,227	-		13,653,918
59	2013	32	105,029	-		13,758,947
60	2014	31	105,837	-		13,864,784
61	2015	30	106,651	-		13,971,435
62	2016	29	107,471	-		14,078,907
63	2017	28	108,298	-		14,187,205
64	2018	27	109,131	-		14,296,336
65	2019	26	109,971	-		14,406,306
66	2020	25	110,816	-		14,517,123
67	2021	24	111,669	-		14,628,792
68	2022	23	112,528	-		14,741,320
69	2023	22	113,393	-		14,854,713
70	2024	21	114,266	-		14,968,979
71	2025	20	115,145	-		15,084,124
72	2026	19	116,030	-		15,200,154
73	2027	18	116,923	-		15,317,077
74	2028	17	117,822	-		15,434,899
75	2029	16	118,729	-		15,553,628
76	2030	15	119,642	-		15,673,270
77	2031	14	120,562	-		15,793,832
78	2032	13	121,490	-		15,915,322
79	2033	12	122,424	-		16,037,746
80	2034	11	123,366	-		16,161,112
81	2035	10	124,315	-		16,285,427
82	2036	9	125,271	-		16,410,698
83	2037	8	126,235	-		16,536,932
84	2038	7	127,206	-		16,664,138
85	2039	6	128,184	-		16,792,322
86	2040	5	129,170	-		16,921,493
87	2041	4	130,164	-		17,051,657
88	2042	3	131,165	-		17,182,822
89	2043	2	132,174	-		17,314,996
90	2044	1	133,191	-		17,448,187
91	2045	0	134,215	-	17,582,402	-
			17,582,402	-	$ 17,582,402	691,336,383

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	17,582,402
Gross Salvage Value	879,120
Less Cost of Removal	1,758,240
Net Salvage Value	(879,120)
Total to be Recovered	18,461,522
Forecast Plant Balances	691,336,383
Gross Accrual Rate	2.42%
Cost of Removal Accrual Rate	0.25%
Whole Life Accrual Rate	2.67%
Whole Life Service Life, years	37.4

Remaining Life Depreciation Rate Calculation

Initial Balance	12,940,825
Interim Additions	4,641,577
Gross Salvage Value	879,120
Less Cost of Removal	1,758,240
Net Salvage Value	(879,120)
Forecast Plant Balances	590,470,974

Black Hills Power Company

Unit Property Depreciation Rate Analysis

Unit Property: Steam Production, Neil Simpson 2 Plant

Historical and Forecast Plant Additions & Balances

Account: 312 Boiler Plant Equipment

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1958
Retirement Date	2045
Service Life, Yrs	87
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1958	87				-
2	1959	86				-
3	1960	85				-
4	1961	84				-
5	1962	83				-
6	1963	82				-
7	1964	81				-
8	1965	80				-
9	1966	79				-
10	1967	78				-
11	1968	77				-
12	1969	76				-
13	1970	75		6,013		(6,013)
14	1971	74				(6,013)
15	1972	73				(6,013)
16	1973	72				(6,013)
17	1974	71				(6,013)
18	1975	70				(6,013)
19	1976	69				(6,013)
20	1977	68				(6,013)
21	1978	67				(6,013)
22	1979	66				(6,013)
23	1980	65				(6,013)
24	1981	64				(6,013)
25	1982	63				(6,013)
26	1983	62				(6,013)
27	1984	61				(6,013)
28	1985	60				(6,013)
29	1986	59				(6,013)
30	1987	58				(6,013)
31	1988	57		6,533		(12,546)
32	1989	56				(12,546)
33	1990	55				(12,546)
34	1991	54				(12,546)
35	1992	53				(12,546)
36	1993	52				(12,546)
37	1994	51				(12,546)
38	1995	50				(12,546)
39	1996	49				(12,546)
40	1997	48				15,795
41	1998	47		229,144		73,328,311
42	1999	46				74,197,525
43	2000	45				74,785,386
44	2001	44				74,890,981
45	2002	43				75,026,010
46	2003	42				75,103,445
47	2004	41				75,483,612
48	2005	40				75,500,081
49	Total		$ 2,200,111	$ 241,690	$ -	$ 598,109,998
50	Historical Interim Activity		0.37%	0.04%		
51	Forecast Interim Activity			11%		
52	2006	39	277,722	30,509		75,747,295
53	2007	38	278,632	30,609		75,995,318
54	2008	37	279,544	30,709		76,244,153
55	2009	36	280,459	30,809		76,493,803
56	2010	35	1,781,378	195,691		78,079,490
57	2011	34	287,211	31,551		78,335,150
58	2012	33	288,151	31,654		78,591,646
59	2013	32	289,095	31,758		78,848,983
60	2014	31	290,041	31,862		79,107,162
61	2015	30	1,988,103	218,400		80,876,864
62	2016	29	297,501	32,681		81,141,684
63	2017	28	298,475	32,789		81,407,370
64	2018	27	299,452	32,896		81,673,926
65	2019	26	300,433	33,004		81,941,355
66	2020	25	2,221,543	244,044		83,918,854
67	2021	24	308,690	33,911		84,193,633
68	2022	23	309,701	34,022		84,469,313
69	2023	22	310,715	34,133		84,745,895
70	2024	21	311,733	34,245		85,023,382
71	2025	20	2,485,200	273,008		87,235,575
72	2026	19	320,891	35,251		87,521,214
73	2027	18	321,941	35,366		87,807,789
74	2028	17	322,996	35,482		88,095,303
75	2029	16	324,053	35,598		88,383,758
76	2030	15	2,783,039	305,727		90,861,070
77	2031	14	334,227	36,716		91,158,581
78	2032	13	335,321	36,836		91,457,066
79	2033	12	336,419	36,957		91,756,528
80	2034	11	337,521	37,078		92,056,971
81	2035	10	3,119,542	342,693		94,833,820
82	2036	9	348,840	38,321		95,144,339
83	2037	8	349,983	38,447		95,455,875
84	2038	7	351,129	38,573		95,768,431
85	2039	6	352,278	38,699		96,082,010
86	2040	5	3,499,783	384,464		99,197,330
87	2041	4	364,891	40,085		99,522,136
88	2042	3	366,086	40,216		99,848,007
89	2043	2	367,285	40,348		100,174,944
90	2044	1	368,487	40,480		100,502,952
91	2045	0	369,694	40,612	100,832,033	-
			104,199,956	3,367,923	$ 100,832,033	3,997,808,972

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	104,199,956
Gross Salvage Value	5,041,602
Less Cost of Removal	10,083,203
Net Salvage Value	(5,041,602)
Total to be Recovered	109,241,558
Forecast Plant Balances	3,997,808,972
Gross Accrual Rate	2.48%
Cost of Removal Accrual Rate	0.25%
Whole Life Accrual Rate	2.73%
Whole Life Service Life, years	36.6

Remaining Life Depreciation Rate Calculation

Initial Balance	75,500,081
Interim Additions	28,458,185
Gross Salvage Value	5,041,602
Less Cost of Removal	10,083,203
Net Salvage Value	(5,041,602)
Forecast Plant Balances	3,399,698,974

Black Hills Power Company

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

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

Gross Salvage	5%
Cost of Removal	10%
Net Salvage	-5%
Install Date	1958
Retirement Date	2045
Service Life, Yrs	87
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1958	87				-
2	1959	86				-
3	1960	85				-
4	1961	84				-
5	1962	83				-
6	1963	82				-
7	1964	81				-
8	1965	80				-
9	1966	79				-
10	1967	78				-
11	1968	77				-
12	1969	76				-
13	1970	75				-
14	1971	74				-
15	1972	73				-
16	1973	72				-
17	1974	71				-
18	1975	70				-
19	1976	69				-
20	1977	68				-
21	1978	67				-
22	1979	66				-
23	1980	65				-
24	1981	64				-
25	1982	63				-
26	1983	62				-
27	1984	61				-
28	1985	60				-
29	1986	59				-
30	1987	58				-
31	1988	57				-
32	1989	56				-
33	1990	55				-
34	1991	54				-
35	1992	53				-
36	1993	52				-
37	1994	51				-
38	1995	50				-
39	1996	49				-
40	1997	48				-
41	1998	47				26,973,717
42	1999	46				26,973,717
43	2000	45				27,010,802
44	2001	44				27,014,067
45	2002	43				28,727,950
46	2003	42				28,849,516
47	2004	41				28,925,833
48	2005	40				28,925,833
49	Total		$ 238,233	$ -	$ -	$ 223,401,435
50	Historical Interim Activity		0.11%	0.00%		
51	Forecast Interim Activity			10%		
52	2006	39	30,846	3,085		28,953,593
53	2007	38	30,876	3,088		28,981,383
54	2008	37	30,905	3,091		29,009,198
55	2009	36	30,935	3,094		29,037,039
56	2010	35	30,965	3,096		29,064,908
57	2011	34	30,995	3,099		29,092,803
58	2012	33	31,024	3,102		29,120,725
59	2013	32	31,054	3,105		29,148,673
60	2014	31	31,084	3,108		29,176,649
61	2015	30	31,114	3,111		29,204,651
62	2016	29	31,144	3,114		29,232,680
63	2017	28	31,173	3,117		29,260,736
64	2018	27	31,203	3,120		29,288,819
65	2019	26	31,233	3,123		29,316,929
66	2020	25	31,263	3,126		29,345,066
67	2021	24	31,293	3,129		29,373,230
68	2022	23	31,323	3,132		29,401,421
69	2023	22	31,353	3,135		29,429,639
70	2024	21	31,383	3,138		29,457,884
71	2025	20	31,414	3,141		29,486,156
72	2026	19	31,444	3,144		29,514,456
73	2027	18	31,474	3,147		29,542,782
74	2028	17	31,504	3,150		29,571,136
75	2029	16	31,534	3,153		29,599,517
76	2030	15	31,565	3,156		29,627,925
77	2031	14	31,595	3,159		29,656,361
78	2032	13	31,625	3,163		29,684,823
79	2033	12	31,656	3,166		29,713,313
80	2034	11	31,686	3,169		29,741,831
81	2035	10	31,716	3,172		29,770,375
82	2036	9	31,747	3,175		29,798,948
83	2037	8	31,777	3,178		29,827,547
84	2038	7	31,808	3,181		29,856,174
85	2039	6	31,838	3,184		29,884,829
86	2040	5	31,869	3,187		29,913,511
87	2041	4	31,899	3,190		29,942,220
88	2042	3	31,930	3,193		29,970,957
89	2043	2	31,961	3,196		29,999,722
90	2044	1	31,991	3,199		30,028,514
91	2045	0	32,022	3,202	30,057,334	-
			30,183,056	125,722	$ 30,057,334	1,373,428,561

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	30,183,056
Gross Salvage Value	1,502,867
Less Cost of Removal	3,005,733
Net Salvage Value	(1,502,867)
Total to be Recovered	31,685,923
Forecast Plant Balances	1,373,428,561
Gross Accrual Rate	2.09%
Cost of Removal Accrual Rate	0.22%
Whole Life Accrual Rate	2.31%
Whole Life Service Life, years	43.3

Remaining Life Depreciation Rate Calculation

Initial Balance	28,925,833
Interim Additions	1,257,223
Gross Salvage Value	1,502,867
Less Cost of Removal	3,005,733
Net Salvage Value	(1,502,867)
Forecast Plant Balances	1,150,027,126

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	1958
Retirement Date	2045
Service Life, Yrs	87

Historical and Forecast Plant Additions & Balances

Account: 315 Accessory Electric Equipment

Initial Plant Balance -

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim[1] Additions	[D] Interim[1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1958	87				-
2	1959	86				-
3	1960	85				-
4	1961	84				-
5	1962	83				-
6	1963	82				-
7	1964	81				-
8	1965	80				-
9	1966	79				-
10	1967	78				-
11	1968	77				-
12	1969	76				-
13	1970	75				-
14	1971	74				-
15	1972	73				-
16	1973	72				-
17	1974	71				-
18	1975	70				-
19	1976	69				-
20	1977	68				-
21	1978	67				-
22	1979	66				-
23	1980	65				-
24	1981	64				-
25	1982	63				-
26	1983	62				-
27	1984	61				-
28	1985	60				-
29	1986	59				-
30	1987	58				-
31	1988	57				-
32	1989	56				-
33	1990	55				-
34	1991	54				-
35	1992	53				-
36	1993	52				-
37	1994	51				-
38	1995	50				-
39	1996	49				-
40	1997	48				-
41	1998	47	[illegible]			6,135,296
42	1999	46	-			6,146,447
43	2000	45				6,146,447
44	2001	44				6,146,447
45	2002	43				6,146,447
46	2003	42				6,146,447
47	2004	41	[illegible]			6,285,630
48	2005	40				6,285,630
49	Total		$ 150,334	$ -	$ -	$ 49,438,791
50	Historical Interim Activity		0.30%	0.00%		
51	Forecast Interim Activity			10%		
52	2006	39	19,113	1,911		6,302,832
53	2007	38	19,166	1,917		6,320,081
54	2008	37	19,218	1,922		6,337,378
55	2009	36	19,271	1,927		6,354,721
56	2010	35	19,324	1,932		6,372,112
57	2011	34	19,376	1,938		6,389,551
58	2012	33	19,429	1,943		6,407,038
59	2013	32	19,483	1,948		6,424,572
60	2014	31	19,536	1,954		6,442,154
61	2015	30	19,589	1,959		6,459,785
62	2016	29	19,643	1,964		6,477,463
63	2017	28	19,697	1,970		6,495,190
64	2018	27	19,751	1,975		6,512,966
65	2019	26	19,805	1,980		6,530,790
66	2020	25	19,859	1,986		6,548,663
67	2021	24	19,913	1,991		6,566,585
68	2022	23	19,968	1,997		6,584,556
69	2023	22	20,022	2,002		6,602,576
70	2024	21	20,077	2,008		6,620,646
71	2025	20	20,132	2,013		6,638,765
72	2026	19	20,187	2,019		6,656,933
73	2027	18	20,242	2,024		6,675,151
74	2028	17	20,298	2,030		6,693,420
75	2029	16	20,353	2,035		6,711,738
76	2030	15	20,409	2,041		6,730,106
77	2031	14	20,465	2,046		6,748,524
78	2032	13	20,521	2,052		6,766,993
79	2033	12	20,577	2,058		6,785,513
80	2034	11	20,633	2,063		6,804,083
81	2035	10	20,690	2,069		6,822,704
82	2036	9	20,747	2,075		6,841,376
83	2037	8	20,803	2,080		6,860,099
84	2038	7	20,860	2,086		6,878,873
85	2039	6	20,917	2,092		6,897,698
86	2040	5	20,975	2,097		6,916,576
87	2041	4	21,032	2,103		6,935,504
88	2042	3	21,090	2,109		6,954,485
89	2043	2	21,147	2,115		6,973,517
90	2044	1	21,205	2,121		6,992,602
91	2045	0	21,263	2,126	7,011,739	-
			7,092,418	80,679	$ 7,011,739	308,473,110

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	7,092,418
Gross Salvage Value	350,587
Less Cost of Removal	701,174
Net Salvage Value	(350,587)
Total to be Recovered	7,443,005
Forecast Plant Balances	308,473,110
Gross Accrual Rate	2.19%
Cost of Removal Accrual Rate	0.23%
Whole Life Accrual Rate	2.41%
Whole Life Service Life, years	41.4

Remaining Life Depreciation Rate Calculation

Initial Balance	6,285,630
Interim Additions	806,788
Gross Salvage Value	350,587
Less Cost of Removal	701,174
Net Salvage Value	(350,587)
Forecast Plant Balances	259,034,319

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	1958
Retirement Date	2045
Service Life, Yrs	87

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

Initial Plant Balance

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1958	87	[illegible]			220
2	1959	86				220
3	1960	85				220
4	1961	84				220
5	1962	83	[illegible]			324
6	1963	82				324
7	1964	81				324
8	1965	80				324
9	1966	79				324
10	1967	78				324
11	1968	77				324
12	1969	76				324
13	1970	75				324
14	1971	74				324
15	1972	73	[illegible]			387
16	1973	72				387
17	1974	71				387
18	1975	70				387
19	1976	69				387
20	1977	68				387
21	1978	67	[illegible]			604
22	1979	66	[illegible]			3,474
23	1980	65				3,474
24	1981	64				3,474
25	1982	63	[illegible]			5,507
26	1983	62	[illegible]			5,874
27	1984	61	[illegible]			10,485
28	1985	60				10,485
29	1986	59	[illegible]			10,702
30	1987	58	[illegible]			11,716
31	1988	57	[illegible]			12,500
32	1989	56	[illegible]			16,215
33	1990	55	[illegible]			21,779
34	1991	54	[illegible]			30,932
35	1992	53	[illegible]			38,764
36	1993	52				38,764
37	1994	51				38,764
38	1995	50				38,764
39	1996	49				38,764
40	1997	48				38,764
41	1998	47	[illegible]			238,741
42	1999	46	[illegible]			245,682
43	2000	45	[illegible]			259,296
44	2001	44	[illegible]			302,501
45	2002	43	[illegible]			310,353
46	2003	42	[illegible]			345,739
47	2004	41	[illegible]			367,270
48	2005	40	[illegible]			436,377
49	Total		$ 197,636	$ -	$ -	$ 2,892,206
50	Historical Interim Activity		5.00%	0.00%		
51	Forecast Interim Activity			10%		
52	2006	39	21,819	2,182		456,014
53	2007	38	22,801	2,280		476,535
54	2008	37	23,827	2,383		497,979
55	2009	36	24,899	2,490		520,388
56	2010	35	26,019	2,602		543,805
57	2011	34	27,190	2,719		568,276
58	2012	33	28,414	2,841		593,849
59	2013	32	29,692	2,969		620,572
60	2014	31	31,029	3,103		648,498
61	2015	30	32,425	3,242		677,680
62	2016	29	33,884	3,388		708,176
63	2017	28	35,409	3,541		740,044
64	2018	27	37,002	3,700		773,346
65	2019	26	38,667	3,867		808,146
66	2020	25	40,407	4,041		844,513
67	2021	24	42,226	4,223		882,516
68	2022	23	44,126	4,413		922,229
69	2023	22	46,111	4,611		963,729
70	2024	21	48,186	4,819		1,007,097
71	2025	20	50,355	5,035		1,052,417
72	2026	19	52,621	5,262		1,099,775
73	2027	18	54,989	5,499		1,149,265
74	2028	17	57,463	5,746		1,200,982
75	2029	16	60,049	6,005		1,255,026
76	2030	15	62,751	6,275		1,311,502
77	2031	14	65,575	6,558		1,370,520
78	2032	13	68,526	6,853		1,432,193
79	2033	12	71,610	7,161		1,496,642
80	2034	11	74,832	7,483		1,563,991
81	2035	10	78,200	7,820		1,634,371
82	2036	9	81,719	8,172		1,707,917
83	2037	8	85,396	8,540		1,784,774
84	2038	7	89,239	8,924		1,865,088
85	2039	6	93,254	9,325		1,949,017
86	2040	5	97,451	9,745		2,036,723
87	2041	4	101,836	10,184		2,128,376
88	2042	3	106,419	10,642		2,224,153
89	2043	2	111,208	11,121		2,324,240
90	2044	1	116,212	11,621		2,428,830
91	2045	0	121,442	12,144	2,538,128	-
			2,771,656	233,528	$ 2,538,128	49,161,400

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	2,771,656
Gross Salvage Value	126,906
Less Cost of Removal	253,813
Net Salvage Value	(126,906)
Total to be Recovered	2,898,562
Forecast Plant Balances	49,161,400
Gross Accrual Rate	5.38%
Cost of Removal Accrual Rate	0.52%
Whole Life Accrual Rate	5.90%
Whole Life Service Life, years	17.0

Remaining Life Depreciation Rate Calculation

Initial Balance	436,377
Interim Additions	2,335,279
Gross Salvage Value	126,906
Less Cost of Removal	253,813
Net Salvage Value	(126,906)
Forecast Plant Balances	46,269,194

Unit Property Analysis
Lange CT

Summary by Plant
Black Hills Power Company
Lange CT Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
341	Structure & Improvements	244,231	3.70%
342	Fuel Holders, Producers & Accessories	1,738,544	9.38%
343	Prime Movers		
344	Generators	26,007,510	3.45%
345	Accessory Electric Equipment	2,100,134	3.69%
346	Misc Plant Equipment	16,612	3.46%
	Total	30,107,031	3.81% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	30,107,031
Forecast Interim Additions	11,107,060
Forecast Gross Salvage Value	3,402,924
Forecast Less Cost of Removal	2,190,859
Forecast Net Salvage Value	1,212,065
Forecast Total to be Recovered with COR	40,002,026
Forecast Total to be Recovered w/o COR	37,811,167
Accumulated Depreciation (2005 EOY)	(4,856,212)
Forecast Remaining Life Balance with COR	35,145,814
Forecast Remaining Life Balance w/o COR	32,954,955
Forecast Plant Balances	885,890,771
Remaining Life Rate with COR	3.97%
Remaining Life Rate w/o COR	3.72%

Black Hills Power Company

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	2032
Service Life, Yrs	30
Initial Plant Balance	0

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

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	2003	30	219,851			219,851
2	2004	29	24,380			244,231
3	2005	28				244,231
4	Total		$ 244,231	$ -	$ -	$ 708,313
5	Historical Interim Activity		0.40%	0.20%		
6	Forecast Interim Activity			50%		
7	2006	27	977	488		244,719
8	2007	26	979	489		245,209
9	2008	25	981	490		245,699
10	2009	24	983	491		246,191
11	2010	23	985	492		246,683
12	2011	22	987	493		247,176
13	2012	21	989	494		247,671
14	2013	20	991	495		248,166
15	2014	19	993	496		248,662
16	2015	18	995	497		249,160
17	2016	17	997	498		249,658
18	2017	16	999	499		250,157
19	2018	15	1,001	500		250,658
20	2019	14	1,003	501		251,159
21	2020	13	1,005	502		251,661
22	2021	12	1,007	503		252,165
23	2022	11	1,009	504		252,669
24	2023	10	1,011	505		253,174
25	2024	9	1,013	506		253,681
26	2025	8	1,015	507		254,188
27	2026	7	1,017	508		254,696
28	2027	6	1,019	509		255,206
29	2028	5	1,021	510		255,716
30	2029	4	1,023	511		256,228
31	2030	3	1,025	512		256,740
32	2031	2	1,027	513		257,254
33	2032	1	1,029	515		257,768
34	2033	0	1,031	516	258,284	-
			$ 272,336	$ 14,053	$ 258,284	$ 7,490,429

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	272,336
Gross Salvage Value	20,663
Less Cost of Removal	25,828
Net Salvage Value	(5,166)
Total to be Recovered	277,502
Forecast Plant Balances	7,490,429
Gross Accrual Rate	3.36%
Cost of Removal Accrual Rate	0.34%
Whole Life Accrual Rate	3.70%
Whole Life Service Life, years	27.0

Remaining Life Depreciation Rate Calculation

Initial Balance	244,231
Interim Additions	28,105
Gross Salvage Value	20,663
Less Cost of Removal	25,828
Net Salvage Value	(5,166)
Forecast Plant Balances	6,782,116

Black Hills Power Company

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

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

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	2002
Retirement Date	2032
Service Life, Yrs	30
Initial Plant Balance	

	[A]	[B]	[C]	[D]	[E]	[F]
	Vintage	Vintage	Interim [1]		Final	EOY Plant
Line	Year	Age	Additions	Retirements	Retirements	Balance
1	2003	30	1,738,544			1,738,544
2	2004	29				1,738,544
3	2005	28				1,738,544
4	Total		$ 1,738,544	$ -	$ -	$ 5,215,632
5	Historical Interim Activity		0.40%	0.20%		
6	Forecast Interim Activity			50%		
7	2006	27	6,954	3,477		1,742,021
8	2007	26	6,968	3,484		1,745,505
9	2008	25	6,982	3,491		1,748,996
10	2009	24	6,996	3,498		1,752,494
11	2010	23	7,010	3,505		1,755,999
12	2011	22	7,024	3,512		1,759,511
13	2012	21	2,074,121	1,037,061		2,796,572
14	2013	20	11,186	5,593		2,802,165
15	2014	19	11,209	5,604		2,807,769
16	2015	18	11,231	5,616		2,813,385
17	2016	17	11,254	5,627		2,819,011
18	2017	16	11,276	5,638		2,824,649
19	2018	15	11,299	5,649		2,830,299
20	2019	14	2,468,433	1,234,217		4,064,515
21	2020	13	16,258	8,129		4,072,644
22	2021	12	16,291	8,145		4,080,790
23	2022	11	16,323	8,162		4,088,951
24	2023	10	16,356	8,178		4,097,129
25	2024	9	16,389	8,194		4,105,323
26	2025	8	16,421	8,211		4,113,534
27	2026	7	2,937,188	1,468,594		5,582,128
28	2027	6	22,329	11,164		5,593,292
29	2028	5	22,373	11,187		5,604,479
30	2029	4	22,418	11,209		5,615,688
31	2030	3	22,463	11,231		5,626,919
32	2031	2	22,508	11,254		5,638,173
33	2032	1	22,553	11,276		5,649,449
34	2033	0	22,598	11,299	5,660,748	-
			$ 9,582,953	$ 3,922,204	$ 5,660,748	$ 103,347,025

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	9,582,953
Gross Salvage Value	452,860
Less Cost of Removal	566,075
Net Salvage Value	(113,215)
Total to be Recovered	9,696,168
Forecast Plant Balances	103,347,025
Gross Accrual Rate	8.83%
Cost of Removal Accrual Rate	0.55%
Whole Life Accrual Rate	9.38%
Whole Life Service Life, years	10.7

Remaining Life Depreciation Rate Calculation

Initial Balance	1,738,544
Interim Additions	7,844,409
Gross Salvage Value	452,860
Less Cost of Removal	566,075
Net Salvage Value	(113,215)
Forecast Plant Balances	98,131,393

Black Hills Power Company

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

Gross Salvage	10%
Cost of Removal	5%
Net Salvage	5%
Install Date	2002
Retirement Date	2032
Service Life, Yrs	30
Initial Plant Balance	0

Historical and Forecast Plant Additions & Balances
Account: 344 Generaors

	[A]	[B]	[C]	[D]	[E]	[F]
	Vintage	Vintage	Interim [1]		Final	EOY Plant
Line	Year	Age	Additions	Retirements	Retirements	Balance
1	2003	30	25,997,285			25,997,285
2	2004	29	10,225			26,007,510
3	2005	28				26,007,510
4	Total		$ 26,007,510	$ -	$ -	$ 78,012,305
5	Historical Interim Activity		0.40%	0.20%		
6	Forecast Interim Activity			50%		
7	2006	27	104,030	52,015		26,059,525
8	2007	26	104,238	52,119		26,111,644
9	2008	25	104,447	52,223		26,163,867
10	2009	24	104,655	52,328		26,216,195
11	2010	23	104,865	52,432		26,268,627
12	2011	22	105,075	52,537		26,321,165
13	2012	21	105,285	52,642		26,373,807
14	2013	20	105,495	52,748		26,426,555
15	2014	19	105,706	52,853		26,479,408
16	2015	18	105,918	52,959		26,532,367
17	2016	17	106,129	53,065		26,585,431
18	2017	16	106,342	53,171		26,638,602
19	2018	15	106,554	53,277		26,691,879
20	2019	14	106,768	53,384		26,745,263
21	2020	13	106,981	53,491		26,798,754
22	2021	12	107,195	53,598		26,852,351
23	2022	11	107,409	53,705		26,906,056
24	2023	10	107,624	53,812		26,959,868
25	2024	9	107,839	53,920		27,013,788
26	2025	8	108,055	54,028		27,067,815
27	2026	7	108,271	54,136		27,121,951
28	2027	6	108,488	54,244		27,176,195
29	2028	5	108,705	54,352		27,230,547
30	2029	4	108,922	54,461		27,285,008
31	2030	3	109,140	54,570		27,339,578
32	2031	2	109,358	54,679		27,394,258
33	2032	1	109,577	54,789		27,449,046
34	2033	0	109,796	54,898	27,503,944	-
			$ 29,000,378	$ 1,496,434	$ 27,503,944	$ 800,221,856

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	29,000,378
Gross Salvage Value	2,750,394
Less Cost of Removal	1,375,197
Net Salvage Value	1,375,197
Total to be Recovered	27,625,181
Forecast Plant Balances	800,221,856
Gross Accrual Rate	3.28%
Cost of Removal Accrual Rate	0.17%
Whole Life Accrual Rate	3.45%
Whole Life Service Life, years	29.0

Remaining Life Depreciation Rate Calculation

Initial Balance	26,007,510
Interim Additions	2,992,868
Gross Salvage Value	2,750,394
Less Cost of Removal	1,375,197
Net Salvage Value	1,375,197
Forecast Plant Balances	722,209,551

Black Hills Power Company

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

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

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	2002
Retirement Date	2032
Service Life, Yrs	30
Initial Plant Balance	0

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	2003	30	2,100,134			2,100,134
2	2004	29				2,100,134
3	2005	28				2,100,134
4	Total		$ 2,100,134	$ -	$ -	$ 6,300,402
5	Historical Interim Activity		0.40%	0.20%		
6	Forecast Interim Activity			50%		
7	2006	27	8,401	4,200		2,104,334
8	2007	26	8,417	4,209		2,108,543
9	2008	25	8,434	4,217		2,112,760
10	2009	24	8,451	4,226		2,116,986
11	2010	23	8,468	4,234		2,121,220
12	2011	22	8,485	4,242		2,125,462
13	2012	21	8,502	4,251		2,129,713
14	2013	20	8,519	4,259		2,133,972
15	2014	19	8,536	4,268		2,138,240
16	2015	18	8,553	4,276		2,142,517
17	2016	17	8,570	4,285		2,146,802
18	2017	16	8,587	4,294		2,151,095
19	2018	15	8,604	4,302		2,155,398
20	2019	14	8,622	4,311		2,159,708
21	2020	13	8,639	4,319		2,164,028
22	2021	12	8,656	4,328		2,168,356
23	2022	11	8,673	4,337		2,172,693
24	2023	10	8,691	4,345		2,177,038
25	2024	9	8,708	4,354		2,181,392
26	2025	8	8,726	4,363		2,185,755
27	2026	7	8,743	4,372		2,190,126
28	2027	6	8,761	4,380		2,194,507
29	2028	5	8,778	4,389		2,198,896
30	2029	4	8,796	4,398		2,203,293
31	2030	3	8,813	4,407		2,207,700
32	2031	2	8,831	4,415		2,212,115
33	2032	1	8,848	4,424		2,216,540
34	2033	0	8,866	4,433	2,220,973	-
			$ 2,341,811	$ 120,839	$ 2,220,973	$ 64,619,589

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	2,341,811
Gross Salvage Value	177,678
Less Cost of Removal	222,097
Net Salvage Value	(44,419)
Total to be Recovered	2,386,231
Forecast Plant Balances	64,619,589
Gross Accrual Rate	3.35%
Cost of Removal Accrual Rate	0.34%
Whole Life Accrual Rate	3.69%
Whole Life Service Life, years	27.1

Remaining Life Depreciation Rate Calculation

Initial Balance	2,100,134
Interim Additions	241,677
Gross Salvage Value	177,678
Less Cost of Removal	222,097
Net Salvage Value	(44,419)
Forecast Plant Balances	58,319,187

Black Hills Power Company

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	2032
Service Life, Yrs	30

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

Initial Plant Balance 0

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	2003	30	7,927			7,927
2	2004	29	8,685			16,612
3	2005	28				16,612
4	Total		$ 16,612	$ -	$ -	$ 41,151
5	Historical Interim Activity		0.00%	0.00%		
6	Forecast Interim Activity			0%		
7	2006	27	-	-		16,612
8	2007	26	-	-		16,612
9	2008	25	-	-		16,612
10	2009	24	-	-		16,612
11	2010	23	-	-		16,612
12	2011	22	-	-		16,612
13	2012	21	-	-		16,612
14	2013	20	-	-		16,612
15	2014	19	-	-		16,612
16	2015	18	-	-		16,612
17	2016	17	-	-		16,612
18	2017	16	-	-		16,612
19	2018	15	-	-		16,612
20	2019	14	-	-		16,612
21	2020	13	-	-		16,612
22	2021	12	-	-		16,612
23	2022	11	-	-		16,612
24	2023	10	-	-		16,612
25	2024	9	-	-		16,612
26	2025	8	-	-		16,612
27	2026	7	-	-		16,612
28	2027	6	-	-		16,612
29	2028	5	-	-		16,612
30	2029	4	-	-		16,612
31	2030	3	-	-		16,612
32	2031	2	-	-		16,612
33	2032	1	-	-		16,612
34	2033	0	-	-	16,612	-
			$ 16,612	$ -	$ 16,612	$ 489,675

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim 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	489,675
Gross Accrual Rate	3.12%
Cost of Removal Accrual Rate	0.34%
Whole Life Accrual Rate	3.46%
Whole Life Service Life, years	28.9

Remaining Life Depreciation Rate Calculation

Initial Balance	16,612
Interim Additions	-
Gross Salvage Value	1,329
Less Cost of Removal	1,661
Net Salvage Value	(332)
Forecast Plant Balances	448,524

Unit Property Analysis
Neil Simpson CT

Summary by Plant
Black Hills Power Company
Neil Simpson CT Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
341	Structure & Improvements	168,200	3.71%
342	Fuel Holders, Producers & Accessories	838,521	10.20%
343	Prime Movers		
344	Generators	24,096,067	3.44%
345	Accessory Electric Equipment	1,981,194	3.68%
346	Misc Plant Equipment	52,055	3.44%
	Total	27,136,037	3.67% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	27,136,037
Forecast Interim Additions	10,087,801
Forecast Gross Salvage Value	3,082,013
Forecast Less Cost of Removal	1,948,949
Forecast Net Salvage Value	1,133,064
Forecast Total to be Recovered with COR	36,090,774
Forecast Total to be Recovered w/o COR	34,141,825
Accumulated Depreciation (2005 EOY)	(6,728,661)
Forecast Remaining Life Balance with COR	29,362,113
Forecast Remaining Life Balance w/o COR	27,413,164
Forecast Plant Balances	751,109,712
Remaining Life Rate with COR	3.91%
Remaining Life Rate w/o COR	3.65%

Black Hills Power Company

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

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

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	2000
Retirement Date	2030
Service Life, Yrs	30
Initial Plant Balance	0

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	2001	30	152,735			152,735
2	2002	29				152,735
3	2003	28				152,735
4	2004	27	15,465			168,200
5	2005	26				168,200
6	Total		$ 168,200	$ -	$ -	$ 794,605
7	Historical Interim Activity		0.40%	0.20%		
8	Forecast Interim Activity			50%		
9	2006	25	673	336		168,536
10	2007	24	674	337		168,873
11	2008	23	675	338		169,211
12	2009	22	677	338		169,550
13	2010	21	678	339		169,889
14	2011	20	680	340		170,229
15	2012	19	681	340		170,569
16	2013	18	682	341		170,910
17	2014	17	684	342		171,252
18	2015	16	685	343		171,594
19	2016	15	686	343		171,938
20	2017	14	688	344		172,282
21	2018	13	689	345		172,626
22	2019	12	691	345		172,971
23	2020	11	692	346		173,317
24	2021	10	693	347		173,664
25	2022	9	695	347		174,011
26	2023	8	696	348		174,359
27	2024	7	697	349		174,708
28	2025	6	699	349		175,057
29	2026	5	700	350		175,407
30	2027	4	702	351		175,758
31	2028	3	703	352		176,110
32	2029	2	704	352		176,462
33	2030	1	706	353		176,815
34	2031	0	707	354	177,169	-
			$ 186,137	$ 8,969	$ 177,169	$ 5,110,705

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	186,137
Gross Salvage Value	14,173
Less Cost of Removal	17,717
Net Salvage Value	(3,543)
Total to be Recovered	189,681
Forecast Plant Balances	5,110,705
Gross Accrual Rate	3.36%
Cost of Removal Accrual Rate	0.35%
Whole Life Accrual Rate	3.71%
Whole Life Service Life, years	26.9

Remaining Life Depreciation Rate Calculation

Initial Balance	168,200
Interim Additions	17,937
Gross Salvage Value	14,173
Less Cost of Removal	17,717
Net Salvage Value	(3,543)
Forecast Plant Balances	4,316,100

Black Hills Power Company

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

Gross Salvage	.8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	2000
Retirement Date	2030
Service Life, Yrs	30
Initial Plant Balance	0

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

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim (1) Additions	[D] Interim (1) Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	2001	30	838,521			838,521
2	2002	29				838,521
3	2003	28				838,521
4	2004	27				838,521
5	2005	26				838,521
6	Total		$ 838,521	$ -	$ -	$ 4,192,605
7	Historical Interim Activity		0.40%	0.20%		
8	Forecast Interim Activity			50%		
9	2006	25	3,354	1,677		840,198
10	2007	24	1,830,361	915,180		1,755,378
11	2008	23	7,022	3,511		1,758,889
12	2009	22	7,036	3,518		1,762,407
13	2010	21	7,050	3,525		1,765,932
14	2011	20	7,064	3,532		1,769,464
15	2012	19	7,078	3,539		1,773,003
16	2013	18	7,092	3,546		1,776,549
17	2014	17	2,178,835	1,089,418		2,865,966
18	2015	16	11,464	5,732		2,871,698
19	2016	15	11,487	5,743		2,877,442
20	2017	14	11,510	5,755		2,883,196
21	2018	13	11,533	5,766		2,888,963
22	2019	12	11,556	5,778		2,894,741
23	2020	11	11,579	5,789		2,900,530
24	2021	10	2,593,105	1,296,553		4,197,083
25	2022	9	16,788	8,394		4,205,477
26	2023	8	16,822	8,411		4,213,888
27	2024	7	16,856	8,428		4,222,316
28	2025	6	16,889	8,445		4,230,760
29	2026	5	16,923	8,462		4,239,222
30	2027	4	16,957	8,478		4,247,700
31	2028	3	416,991	208,495		4,456,196
32	2029	2	17,825	8,912		4,465,108
33	2030	1	17,860	8,930		4,474,038
34	2031	0	17,896	8,948	4,482,986	-
			$ 8,127,452	$ 3,644,465	$ 4,482,986	$ 80,528,748

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	8,127,452
Gross Salvage Value	358,639
Less Cost of Removal	448,299
Net Salvage Value	(89,660)
Total to be Recovered	8,217,111
Forecast Plant Balances	80,528,748
Gross Accrual Rate	9.65%
Cost of Removal Accrual Rate	0.56%
Whole Life Accrual Rate	10.20%
Whole Life Service Life, years	9.8

Remaining Life Depreciation Rate Calculation

Initial Balance	838,521
Interim Additions	7,288,931
Gross Salvage Value	358,639
Less Cost of Removal	448,299
Net Salvage Value	(89,660)
Forecast Plant Balances	76,336,143

Black Hills Power Company

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

Historical and Forecast Plant Additions & Balances
Account: 344 Generators

Gross Salvage	10%
Cost of Removal	5%
Net Salvage	5%
Install Date	2000
Retirement Date	2030
Service Life, Yrs	30
Initial Plant Balance	0

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim (1) Additions	[D] Interim (1) Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	2001	30	23,815,629			23,815,629
2	2002	29	280,438			24,096,067
3	2003	28				24,096,067
4	2004	27				24,096,067
5	2005	26				24,096,067
6	Total		$ 24,096,067	$ -	$ -	$ 120,199,897
7	Historical Interim Activity		0.40%	0.20%		
8	Forecast Interim Activity			50%		
9	2006	25	96,384	48,192		24,144,259
10	2007	24	96,577	48,289		24,192,548
11	2008	23	96,770	48,385		24,240,933
12	2009	22	96,964	48,482		24,289,415
13	2010	21	97,158	48,579		24,337,993
14	2011	20	97,352	48,676		24,386,669
15	2012	19	97,547	48,773		24,435,443
16	2013	18	97,742	48,871		24,484,314
17	2014	17	97,937	48,969		24,533,282
18	2015	16	98,133	49,067		24,582,349
19	2016	15	98,329	49,165		24,631,514
20	2017	14	98,526	49,263		24,680,777
21	2018	13	98,723	49,362		24,730,138
22	2019	12	98,921	49,460		24,779,598
23	2020	11	99,118	49,559		24,829,158
24	2021	10	99,317	49,658		24,878,816
25	2022	9	99,515	49,758		24,928,574
26	2023	8	99,714	49,857		24,978,431
27	2024	7	99,914	49,957		25,028,388
28	2025	6	100,114	50,057		25,078,444
29	2026	5	100,314	50,157		25,128,601
30	2027	4	100,514	50,257		25,178,858
31	2028	3	100,715	50,358		25,229,216
32	2029	2	100,917	50,458		25,279,675
33	2030	1	101,119	50,559		25,330,234
34	2031	0	101,321	50,660	25,380,894	-
			$ 26,665,722	$ 1,284,827	$ 25,380,894	$ 738,517,522

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	26,665,722
Gross Salvage Value	2,538,089
Less Cost of Removal	1,269,045
Net Salvage Value	1,269,045
Total to be Recovered	25,396,677
Forecast Plant Balances	738,517,522
Gross Accrual Rate	3.27%
Cost of Removal Accrual Rate	0.17%
Whole Life Accrual Rate	3.44%
Whole Life Service Life, years	29.1

Remaining Life Depreciation Rate Calculation

Initial Balance	24,096,067
Interim Additions	2,569,655
Gross Salvage Value	2,538,089
Less Cost of Removal	1,269,045
Net Salvage Value	1,269,045
Forecast Plant Balances	618,317,625

Black Hills Power Company

Unit Property Depreciation Rate Analysis

Unit Property: Other Production, Neil Simpson Plant

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	2000
Retirement Date	2030
Service Life, Yrs	30

Historical and Forecast Plant Additions & Balances

Account: 345 Accessory Electric Equipment

Initial Plant Balance 0

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	2001	30	1,961,964			1,961,964
2	2002	29	19,230			1,981,194
3	2003	28				1,981,194
4	2004	27				1,981,194
5	2005	26				1,981,194
6	Total		$ 1,981,194	$ -	$ -	$ 9,886,740
7	Historical Interim Activity		0.40%	0.20%		
8	Forecast Interim Activity			50%		
9	2006	25	7,925	3,962		1,985,156
10	2007	24	7,941	3,970		1,989,127
11	2008	23	7,957	3,978		1,993,105
12	2009	22	7,972	3,986		1,997,091
13	2010	21	7,988	3,994		2,001,085
14	2011	20	8,004	4,002		2,005,088
15	2012	19	8,020	4,010		2,009,098
16	2013	18	8,036	4,018		2,013,116
17	2014	17	8,052	4,026		2,017,142
18	2015	16	8,069	4,034		2,021,176
19	2016	15	8,085	4,042		2,025,219
20	2017	14	8,101	4,050		2,029,269
21	2018	13	8,117	4,059		2,033,328
22	2019	12	8,133	4,067		2,037,394
23	2020	11	8,150	4,075		2,041,469
24	2021	10	8,166	4,083		2,045,552
25	2022	9	8,182	4,091		2,049,643
26	2023	8	8,199	4,099		2,053,743
27	2024	7	8,215	4,107		2,057,850
28	2025	6	8,231	4,116		2,061,966
29	2026	5	8,248	4,124		2,066,090
30	2027	4	8,264	4,132		2,070,222
31	2028	3	8,281	4,140		2,074,362
32	2029	2	8,297	4,149		2,078,511
33	2030	1	8,314	4,157		2,082,668
34	2031	0	8,331	4,165	2,086,833	-
			$ 2,192,473	$ 105,639	$ 2,086,833	$ 60,725,210

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	2,192,473
Gross Salvage Value	166,947
Less Cost of Removal	208,683
Net Salvage Value	(41,737)
Total to be Recovered	2,234,209
Forecast Plant Balances	60,725,210
Gross Accrual Rate	3.34%
Cost of Removal Accrual Rate	0.34%
Whole Life Accrual Rate	3.68%
Whole Life Service Life, years	27.2

Remaining Life Depreciation Rate Calculation

Initial Balance	1,981,194
Interim Additions	211,279
Gross Salvage Value	166,947
Less Cost of Removal	208,683
Net Salvage Value	(41,737)
Forecast Plant Balances	50,838,470

Black Hills Power Company

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

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

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	2000
Retirement Date	2030
Service Life, Yrs	30
Initial Plant Balance	0

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	2001	30	40,635			40,635
2	2002	29	4,777			45,412
3	2003	28	6,643			52,055
4	2004	27				52,055
5	2005	26				52,055
6	Total		$ 52,055	$ -	$ -	$ 242,212
7	Historical Interim Activity		0.00%	0.00%		
8	Forecast Interim Activity			0%		
9	2006	25	-	-		52,055
10	2007	24	-	-		52,055
11	2008	23	-	-		52,055
12	2009	22	-	-		52,055
13	2010	21	-	-		52,055
14	2011	20	-	-		52,055
15	2012	19	-	-		52,055
16	2013	18	-	-		52,055
17	2014	17	-	-		52,055
18	2015	16	-	-		52,055
19	2016	15	-	-		52,055
20	2017	14	-	-		52,055
21	2018	13	-	-		52,055
22	2019	12	-	-		52,055
23	2020	11	-	-		52,055
24	2021	10	-	-		52,055
25	2022	9	-	-		52,055
26	2023	8	-	-		52,055
27	2024	7	-	-		52,055
28	2025	6	-	-		52,055
29	2026	5	-	-		52,055
30	2027	4	-	-		52,055
31	2028	3	-	-		52,055
32	2029	2	-	-		52,055
33	2030	1	-	-		52,055
34	2031	0	-	-	52,055	-
			$ 52,055	$ -	$ 52,055	$ 1,543,587

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	52,055
Gross Salvage Value	4,164
Less Cost of Removal	5,206
Net Salvage Value	(1,041)
Total to be Recovered	53,096
Forecast Plant Balances	1,543,587
Gross Accrual Rate	3.10%
Cost of Removal Accrual Rate	0.34%
Whole Life Accrual Rate	3.44%
Whole Life Service Life, years	29.1

Remaining Life Depreciation Rate Calculation

Initial Balance	52,055
Interim Additions	-
Gross Salvage Value	4,164
Less Cost of Removal	5,206
Net Salvage Value	(1,041)
Forecast Plant Balances	1,301,375

Unit Property Analysis
Ben French CT

Summary by Plant
Black Hills Power Company
Ben French CT Facility

Account	Description	Direct Investment 2005$	Depreciation Rate
341	Structures & Improvements	0	0.00%
342	Fuel Holders, Producers & Accessories	1,156,299	5.54%
343	Prime Movers	0	0.00%
344	Generators	17,025,053	3.53%
345	Accessory Electric Equipment	742,673	4.27%
346	Misc Power Equipment	14,718	0.00%
	Total	18,938,743	3.68% whole life weighted average rate

Remaining Life Depreciation Rate Calculation

Initial Balance	18,938,743
Forecast Interim Additions	879,350
Forecast Gross Salvage Value	1,932,696
Forecast Less Cost of Removal	1,109,272
Forecast Net Salvage Value	823,425
Forecast Total to be Recovered with COR	18,994,668
Forecast Total to be Recovered w/o COR	17,885,396
Accumulated Depreciation (2005 EOY)	(12,829,417)
Forecast Remaining Life Balance with COR	6,165,251
Forecast Remaining Life Balance w/o COR	5,055,979
Forecast Plant Balances	253,357,178
Remaining Life Rate with COR	2.43%
Remaining Life Rate w/o COR	2.00%

Black Hills Power Company

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

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

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	1965
Retirement Date	2019
Service Life, Yrs	54
Initial Plant Balance	-

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1966	53				-
2	1967	52				-
3	1968	51				-
4	1969	50				-
5	1970	49				-
6	1971	48				-
7	1972	47				-
8	1973	46				-
9	1974	45				-
10	1975	44				-
11	1976	43				-
12	1977	42		25,000		(25,000)
13	1978	41				(25,000)
14	1979	40		1,068		(26,068)
15	1980	39		355,724		(381,792)
16	1981	38				(381,792)
17	1982	37				(381,792)
18	1983	36				(381,792)
19	1984	35				(381,792)
20	1985	34				(381,792)
21	1986	33				(381,792)
22	1987	32				(381,792)
23	1988	31				(381,792)
24	1989	30	822,833			441,041
25	1990	29				441,041
26	1991	28				441,041
27	1992	27	91,568			532,609
28	1993	26	434,216			966,825
29	1994	25				966,825
30	1995	24				966,825
31	1996	23	105,103			1,071,928
32	1997	22	25,981			1,097,909
33	1998	21				1,097,909
34	1999	20				1,097,909
35	2000	19	58,390			1,156,299
36	2001	18				1,156,299
37	2002	17				1,156,299
38	2003	16				1,156,299
39	2004	15				1,156,299
40	2005	14				1,156,299
41	Total		$ 219,287	$ 381,792	$ -	$ 16,059,656
42	Historical Interim Activity		1.37%	0.00%		
43	Forecast Interim Activity			0%		
44	2006	13	15,789	-		1,172,088
45	2007	12	16,004	-		1,188,092
46	2008	11	16,223	-		1,204,315
47	2009	10	16,444	-		1,220,759
48	2010	9	16,669	-		1,237,428
49	2011	8	16,897	-		1,254,325
50	2012	7	17,127	-		1,271,452
51	2013	6	17,361	-		1,288,813
52	2014	5	17,598	-		1,306,411
53	2015	4	17,838	-		1,324,250
54	2016	3	18,082	-		1,342,332
55	2017	2	18,329	-		1,360,661
56	2018	1	18,579	-		1,379,240
57	2019	0	18,833	-	1,398,073	-
			1,779,865	381,792	1,398,073	32,609,820

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	1,779,865
Gross Salvage Value	111,846
Less Cost of Removal	139,807
Net Salvage Value	(27,961)
Total to be Recovered	1,807,826
Forecast Plant Balances	32,609,820
Gross Accrual Rate	5.12%
Cost of Removal Accrual Rate	0.43%
Whole Life Accrual Rate	5.54%
Depreciable Service Life, years	18.0

Remaining Life Depreciation Rate Calculation

Initial Balance	1,156,299
Interim Additions	241,774
Gross Salvage Value	111,846
Less Cost of Removal	139,807
Net Salvage Value	(27,961)
Forecast Plant Balances	16,550,164

Black Hills Power Company

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

Historical and Forecast Plant Additions & Balances
Account: 344 Generators

Gross Salvage	10%
Cost of Removal	5%
Net Salvage	5%
Install Date	1965
Retirement Date	2019
Service Life, Yrs	54
Initial Plant Balance	-

	[A]	[B]	[C]	[D]	[E]	[F]
			Interim [1]			
Line	Vintage Year	Vintage Age	Additions	Retirements	Final Retirements	EOY Plant Balance
1	1966	53		79,337		(79,337)
2	1967	52				(79,337)
3	1968	51				(79,337)
4	1969	50				(79,337)
5	1970	49				(79,337)
6	1971	48				(79,337)
7	1972	47				(79,337)
8	1973	46				(79,337)
9	1974	45				(79,337)
10	1975	44				(79,337)
11	1976	43				(79,337)
12	1977	42		673,529		(752,866)
13	1978	41		47,321		(800,187)
14	1979	40		47,321		(847,508)
15	1980	39				(847,508)
16	1981	38				(847,508)
17	1982	37				(847,508)
18	1983	36				(847,508)
19	1984	35				(847,508)
20	1985	34				(847,508)
21	1986	33				(847,508)
22	1987	32				(847,508)
23	1988	31				(847,508)
24	1989	30	15,006,487			14,158,979
25	1990	29				14,158,979
26	1991	28	18,862			14,177,841
27	1992	27	43,461			14,221,302
28	1993	26	1,334,256			15,555,558
29	1994	25				15,555,558
30	1995	24				15,555,558
31	1996	23				15,555,558
32	1997	22	43,032			15,598,590
33	1998	21				15,598,590
34	1999	20				15,598,590
35	2000	19	1,393,832			16,992,422
36	2001	18				16,992,422
37	2002	17	32,631			17,025,053
38	2003	16				17,025,053
39	2004	15				17,025,053
40	2005	14				17,025,053
41	Total		$ 137,986	$ 847,508	$ -	$ 267,820,159
42	Historical Interim Activity		0.05%	0.00%		
43	Forecast Interim Activity			0%		
44	2006	13	280,000	-		17,305,053
45	2007	12	8,916	-		17,313,969
46	2008	11	8,920	-		17,322,889
47	2009	10	8,925	-		17,331,814
48	2010	9	8,930	-		17,340,744
49	2011	8	8,934	-		17,349,678
50	2012	7	8,939	-		17,358,617
51	2013	6	8,943	-		17,367,561
52	2014	5	8,948	-		17,376,509
53	2015	4	8,953	-		17,385,462
54	2016	3	8,957	-		17,394,419
55	2017	2	8,962	-		17,403,381
56	2018	1	8,967	-		17,412,347
57	2019	0	8,971	-	17,421,319	-
			18,268,827	847,508	17,421,319	493,482,603

Whole Life Depreciation Rate Calculation

Initial Balance	-
Interim Additions	18,268,827
Gross Salvage Value	1,742,132
Less Cost of Removal	871,066
Net Salvage Value	871,066
Total to be Recovered	17,397,761
Forecast Plant Balances	493,482,603
Gross Accrual Rate	3.35%
Cost of Removal Accrual Rate	0.18%
Whole Life Accrual Rate	3.53%
Depreciable Service Life, years	28.4

Remaining Life Depreciation Rate Calculation

Initial Balance	17,025,053
Interim Additions	396,266
Gross Salvage Value	1,742,132
Less Cost of Removal	871,066
Net Salvage Value	871,066
Forecast Plant Balances	225,662,444

Black Hills Power Company

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

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

Gross Salvage	8%
Cost of Removal	10%
Net Salvage	-2%
Install Date	1965
Retirement Date	2019
Service Life, Yrs	54
Initial Plant Balance	603,376

Line	[A] Vintage Year	[B] Vintage Age	[C] Interim [1] Additions	[D] Interim [1] Retirements	[E] Final Retirements	[F] EOY Plant Balance
1	1966	53		4,000		(4,000)
2	1967	52				(4,000)
3	1968	51				(4,000)
4	1969	50				(4,000)
5	1970	49				(4,000)
6	1971	48				(4,000)
7	1972	47				(4,000)
8	1973	46				(4,000)
9	1974	45				(4,000)
10	1975	44				(4,000)
11	1976	43				(4,000)
12	1977	42	279,786			275,786
13	1978	41	171,065			446,851
14	1979	40	166,026			612,877
15	1980	39				612,877
16	1981	38				612,877
17	1982	37				612,877
18	1983	36		9,501		603,376
19	1984	35				603,376
20	1985	34				603,376
21	1986	33				603,376
22	1987	32				603,376
23	1988	31				603,376
24	1989	30	84,296			687,672
25	1990	29				687,672
26	1991	28				687,672
27	1992	27				687,672
28	1993	26				687,672
29	1994	25	52,758			740,430
30	1995	24				740,430
31	1996	23	2,243			742,673
32	1997	22				742,673
33	1998	21				742,673
34	1999	20				742,673
35	2000	19				742,673
36	2001	18				742,673
37	2002	17				742,673
38	2003	16				742,673
39	2004	15				742,673
40	2005	14				742,673
41	Total		$ 55,001	$ -	$ -	$ 12,345,950
42	Historical Interim Activity		2.03%	0.00%		
43	Forecast Interim Activity			0%		
44	2006	13	15,076	-		757,749
45	2007	12	15,382	-		773,132
46	2008	11	15,695	-		788,826
47	2009	10	16,013	-		804,839
48	2010	9	16,338	-		821,178
49	2011	8	16,670	-		837,847
50	2012	7	17,008	-		854,856
51	2013	6	17,354	-		872,209
52	2014	5	17,706	-		889,915
53	2015	4	18,065	-		907,980
54	2016	3	18,432	-		926,412
55	2017	2	18,806	-		945,219
56	2018	1	19,188	-		964,407
57	2019	0	19,577	-	983,984	-
			380,608	-	983,984	23,490,520

Whole Life Depreciation Rate Calculation

Initial Balance	603,376
Interim Additions	380,608
Gross Salvage Value	78,719
Less Cost of Removal	98,398
Net Salvage Value	(19,680)
Total to be Recovered	1,003,664
Forecast Plant Balances	23,490,520
Gross Accrual Rate	3.85%
Cost of Removal Accrual Rate	0.42%
Whole Life Accrual Rate	4.27%
Depreciable Service Life, years	23.4

Remaining Life Depreciation Rate Calculation

Initial Balance	742,673
Interim Additions	241,311
Gross Salvage Value	78,719
Less Cost of Removal	98,398
Net Salvage Value	(19,680)
Forecast Plant Balances	11,144,570