

BLACK HILLS POWER, INC.
ACCUMULATED PROVISION FOR DEPRECIATION
TOTAL COMPANY BY FUNCTION
For Twelve Months Ending December 31, 2005

Statement E
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Line No.	Month	Production Plant	Transmission Plant	Distribution Plant	General Plant	TOTAL
1	December 2004	\$ 137,648,936	\$ 35,344,876	\$ 54,977,164	\$ 12,501,160	\$ 240,472,137
2	January 2005	138,488,555	35,483,326	55,577,528	12,681,467	242,230,877
3	February 2005	139,329,180	35,621,776	56,044,760	12,842,658	243,838,375
4	March 2005	140,169,805	35,760,226	56,581,225	13,020,947	245,532,203
5	April 2005	141,010,430	35,877,443	57,017,475	13,048,614	246,953,962
6	May 2005	141,851,055	36,015,893	57,342,448	13,224,145	248,433,541
7	June 2005	142,484,312	36,129,144	58,233,626	13,394,267	250,241,349
8	July 2005	143,324,937	36,277,465	58,564,342	13,572,556	251,739,301
9	August 2005	144,165,562	36,415,915	58,634,185	13,750,845	252,966,507
10	September 2005	144,894,379	36,506,423	59,168,805	13,689,192	254,258,799
11	October 2005	145,704,672	36,644,873	59,577,458	13,867,481	255,794,483
12	November 2005	146,545,297	36,783,323	60,077,013	13,834,091	257,239,725
13	December 2005	147,299,707	36,563,406	60,654,776	14,019,683	258,537,572
14	Twelve Month Average	\$ 142,532,064	\$ 36,109,545	\$ 57,880,831	\$ 13,342,085	\$ 249,864,525
15	Transmission Amounts	-	24,046,746 *	-	1,209,049	25,255,795
16	Net BHP Amount	\$ 142,532,064	\$ 12,062,799	\$ 57,880,831	\$ 12,133,036	\$ 224,608,730

* The amount directly assigned to the Transmission jurisdictional assets related to the CUS system and AC-DC-AC Tie assets. A portion of remaining amount in Accumulated Depreciation - transmission relates to 69kV that will be reclassified to Accumulated Depreciation - distribution in 2006 in accordance with the depreciation study.

BLACK HILLS POWER, INC.
ACCUMULATED PROVISION FOR AMORTIZATION
For Twelve Months Ending December 31, 2005

<u>Line No.</u>	<u>Month</u>	<u>Amount</u>
1	December 2004	\$ 2,069,191
2	January 2005	2,081,808
3	February 2005	2,094,425
4	March 2005	2,107,042
5	April 2005	2,119,659
6	May 2005	2,132,276
7	June 2005	2,144,893
8	July 2005	2,157,510
9	August 2005	2,170,127
10	September 2005	2,182,744
11	October 2005	2,195,361
12	November 2005	2,207,978
13	December 2005	<u>2,220,595</u>
14	Twelve Month Average	<u>\$ 2,144,893</u>

BLACK HILLS POWER, INC.
ACCUMULATED PROVISION FOR DEPRECIATION
For the Test Year Ended December 31, 2005

Line No.	Description	Production Plant	Transmission	Distribution	General	TOTAL
1	Balance December 31, 2004	\$ 137,648,936	\$ 35,344,876	\$ 54,977,164	\$ 12,501,160	\$ 240,472,137
2	Add: Depreciation Exp	9,695,787	1,545,884	5,995,233	2,154,985	19,391,889
3	Less: Retirements Closed	(42,762)	(216,758)	(1,585,579)	(758,610)	(2,603,709)
4	Cost of Removal Closed	(2,255)	(138,863)	(383,303)	(2,720)	(527,141)
5	Add: Salvage Closed	-	28,267	814,633	124,869	967,769
7	Line Move Remuneration	-		633,891		633,891
8	Construction Contribution	-		202,737		202,737
9	Balance December 31, 2005	<u>\$ 147,299,707</u>	<u>\$ 36,563,406</u>	<u>\$ 60,654,776</u>	<u>\$ 14,019,683</u>	<u>\$ 258,537,572</u>

BLACK HILLS POWER, INC.
DEPRECIATION AND AMORTIZATION METHOD
For the Test Year Ended December 31, 2005

Schedule E-2
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Line No.	Policy Description
1	The Company's depreciation expense rates are based on a depreciation study completed by Black & Veatch Consulting Engineers of Kansas City, Missouri, in June 2006. The study was performed in accordance with standard industry practice. The study was completed using Company data through December 31, 2005. Specific depreciation expense rates are calculated for each FERC property account and are applied to a twelve-month average of the property account investments to calculate annual depreciation expense. See Statement J for calculation of depreciation expense for the test year based on the new rates developed by Black & Veatch.
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10	There have been no changes in depreciation methods and procedures since the period covered by the last Annual Report on FERC Form 1 (filed April 2006).
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BLACK HILLS POWER, INC.
ALLOCATION OF OVERALL ACCOUNTS
For the Test Year Ended December 31, 2005

Line No.	Policy Description
1	Accumulated depreciation balances shown on Statement E for each functional
2	classification are the result of journal entries recorded monthly to reflect depreciation
3	expense, retirements, cost of removal, and salvage.