

**BLACK HILLS POWER, INC.**  
**COST OF CAPITAL**  
**December 31, 2005**

**Statement G**  
**Page 1 of 4**

Line No.	Description	Amount	Percent of Total	Cost	Weighted Cost
1	Notes Payable to Associated Companies (Net)	\$ 1,842,148	0.53%	5.09%	0.03%
2	Long-Term Debt (1)	157,215,035	45.21%	7.57%	3.42%
3	Common Equity (2)	188,679,666	54.26%	11.75%	6.38%
		<u>\$ 347,736,849</u>	<u>100.00%</u>		<u>9.83%</u>
4	(1) Statement G, Page 2.				
5	(2) Common Equity:				
6	Common Stock Issued	\$ 23,416,396			
7	Premium on Capital Stock	42,050,811			
8	Other Paid-In Capital	-			
9	Capital Stock Expense	(2,501,882)			
10	Accumulated Other Comprehensive Income/(Loss)	(1,597,727)			
11	Retained Earnings	127,312,068			
12	Common Equity	<u>\$ 188,679,666</u>			

**BLACK HILLS POWER, INC.**  
**COST OF CAPITAL**  
For the Test Year Ended December 31, 2005

Line No.	(a) Title	(b) Issue	(c) Maturity	(d) Amount Issued	(e) Interest Rate	(f) Net Proceeds Amount	(g) Per Unit	(h) Yield to Maturity	(i) Cost of Money	(j) Principal Outstanding	(k) Annual Cost
<b>BLACK HILLS POWER</b>											
<b>FIRST MORTGAGE BONDS:</b>											
1	Series Y	6/15/1988	6/15/2018	6,000,000	9.49%	5,906,578	0.9844	9.49%	9.64%	3,680,000	354,756
2	Series Z	5/29/1991	5/19/2021	35,000,000	9.35%	34,790,305	0.9940	9.35%	9.41%	26,640,000	2,505,853
3	Series AC	2/3/1995	2/1/2010	30,000,000	8.06%	29,812,500	0.9938	8.06%	8.11%	30,000,000	2,433,208
4	Series AE	8/13/2002	8/15/2032	75,000,000	7.23%	74,343,750	0.9913	7.23%	7.29%	75,000,000	5,470,366
<b>OTHER BONDS:</b>											
5	Bear Paw Energy Note	6/15/2000	5/25/2012	539,000	13.66%	539,000	1.0000	13.66%	13.66%	390,035	53,275
6	Series 94A (1)	6/15/1994	6/1/2024	3,000,000	3.93%	2,930,057	0.9767	3.93%	4.02%	2,855,000	114,880
7	Series 2004 Campbell County due 2024	10/1/2004	10/1/2024	12,200,000	5.35%	12,062,750	0.9888	5.35%	5.41%	12,200,000	660,126
8	Series 2004 Pennington County due 2014	10/1/2004	10/1/2014	2,050,000	4.80%	2,026,938	0.9888	4.80%	4.85%	2,050,000	99,520
9	Series 2004 Campbell County due 2014	10/1/2004	10/1/2014	1,550,000	4.80%	1,532,563	0.9888	4.80%	4.85%	1,550,000	75,247
10	Series 2004 Weston County due 2014	10/1/2004	10/1/2014	2,850,000	4.80%	2,817,938	0.9888	4.80%	4.85%	2,850,000	138,357
11	Total Outstanding									<u>157,215,035</u>	<u>11,905,586</u>
12	Weighted Average Cost of Debt										<u>7.57%</u>
<b>BLACK HILLS CORP. DEBT:</b>											
13	Revolving Credit Facility (2)	5/5/2005	5/4/2010	55,000,000	(2)	(2)	(2)	(2)	(2)	55,000,000	(2)
14	\$250MM Notes (3)	5/21/2003	5/15/2013	250,000,000	6.50%	248,052,500	0.9922	6.50%	6.55%	224,784,731	14,725,721

15 (1) The Series 94A Environmental Improvement Revenue Bonds are variable rate. The rate shown was the rate at December 31, 2005.

16 (2) The amount listed as issued is the balance outstanding at 12/31/05. This is a \$400MM facility which BHC can borrow on as needed. The borrowings fluctuate on a daily basis. A portion of the borrowings are based on a LIBOR rate and a portion are based on Prime.

17 (3) O/S balance at 12/31 includes unamortized discount on debt issuance.

**BLACK HILLS POWER AND BLACK HILLS CORPORATION**  
**COST OF PREFERRED STOCK**  
**For the Test Year Ended December 31, 2005**

**Statement G**  
**Page 3 of 4**

No preferred stock as of December 31, 2005.

**BLACK HILLS CORPORATION AND BLACK HILLS POWER  
SALE OF COMMON STOCK  
FOR THE PERIOD JANUARY 1, 2001 THROUGH DECEMBER 31, 2005**

Statement G  
Page 4 of 4

Line No.	Description	Number of Shares Issued	Gross proceeds at Offering Price	Under-writer's Discount	Proceeds to Black Hills Corporation	Issuance Expense	Net Proceeds	Offering Price Per Share	Book Value Per Share	Closing Mkt Price Per latest Trading Date Prior to Date of Issuance	Earnings/Share at Date of Issuance	Dividend Rate at Date of Issuance	Public or Subscribed Issue
1	<b>Black Hills Corporation</b>												
2													
3	<b>Year 2001</b>												
4	ESPP (1) (4)	48,368	982,177	-	982,177	-	982,177	20.31	20.31	19.12	33.84	3.42	1.12 Private
5	Stock Options (4)	94,211	1,922,847	-	1,922,847	-	1,922,847	20.41	20.41	19.12	33.84	3.42	1.12 Private
6	Public Offering	3,383,000	175,916,000	9,676,000	166,240,000	1,806,000	164,434,000	49.14	48.61	12.86	53.21	3.32	1.12 Public 4/19/2001
7													
8	<b>Year 2002</b>												
9	ESPP (1) (4)	17,496	473,819	-	473,819	-	473,819	27.08	27.08	19.66	26.52	2.26	1.16 Private
10	Stock Options (4)	127,030	2,694,306	-	2,694,306	-	2,694,306	21.21	21.21	19.66	26.52	2.26	1.16 Private
11	DRIP (2) (4)	66,882	1,916,138	-	1,916,138	-	1,916,138	28.65	28.65	19.66	26.52	2.26	1.16 Subscribed by Shareholders
12													
13	<b>Year 2003</b>												
14	ESPP (1) (4)	24,963	585,382	-	585,382	-	585,382	23.45	23.45	21.72	29.83	1.97	1.20 Private
15	Stock Options (4)	55,379	1,218,457	-	1,218,457	-	1,218,457	22.00	22.00	21.72	29.83	1.97	1.20 Private
16	Acquisition- Mallon	481,509	12,249,588	-	12,249,588	76,300	12,173,288	25.44	25.28	19.66	26.02	2.26	1.16 Private 3/10/2003
17	DRIP (2) (4)	94,346	2,726,917	-	2,726,917	-	2,726,917	28.90	28.90	21.72	29.83	1.97	1.20 Subscribed by Shareholders
18	Public Offering	4,600,000	124,200,000	5,902,000	118,298,000	700,000	117,598,000	27.00	25.56	20.11	27.26	2.26	1.20 Public 4/24/2003
19													
20													
21	<b>Year 2004</b>												
22	ESPP (1)	15,644	447,434	-	447,434	-	447,434	28.60	28.60	22.43	30.68	1.76	1.24 Private
23	Stock Options	71,099	1,572,506	-	1,572,506	-	1,572,506	22.12	22.12	22.43	30.68	1.76	1.24 Private
24	DRIP (2)	22,934	697,522	-	697,522	-	697,522	30.41	30.41	22.43	30.68	1.76	1.24 Subscribed by Shareholders
25													
26	<b>Year 2005</b>												
27	Stock Options	407,357	10,195,136	-	10,195,136	-	10,195,136	25.03	25.03	22.28	34.61	1.00	1.28 Private
28													
29													

(1) ESPP is the Company's Employee Stock Purchase Plan

(2) DRIP is the Company's Dividend Reinvestment Plan

(3) Data based upon year-end numbers where multiple issue dates were involved.

(4) The offering price per share for the ESPP, Stock Options and DRIP is the average price issued throughout the year.

**BLACK HILLS POWER, INC.**  
**STOCK DIVIDENDS, STOCK SPLITS, OR CHANGES IN PAR VALUE OF COMMON STOCK**  
**FOR THE PERIOD JANUARY 1, 2001 THROUGH DECEMBER 31, 2005**

Line No.	Year	Stock Dividends	Stock Splits	Changes in Par Value
1	2001	Note 1		
2	2002			
3	2003	Note 2		
4	2004			
5	2005			
6	Note 1	During the quarter ended March 31, 2001, the Company distributed a non-cash dividend to its parent company, Black Hills Corporation (the Parent). The dividend included 50,000 common shares of Wyodak Resources Development Corporation (Wyodak), which represents 100 percent ownership of Wyodak. The Company therefore no longer operates in the coal production segment, oil and natural gas production segment, fuel marketing segment or communications as the Company had indirectly owned the companies operating in these segments through its ownership of Wyodak. As a result, the Company's only subsidiary is Black Hills Energy Capital and its subsidiaries. The Company's investment in Wyodak at the time of the distribution was \$89.6 million.		
7				
8				
9				
10				
11				
12				
13				
14				
15				
8	Note 2	During the quarter ended March 31, 2003, the Company distributed a non-cash dividend to its parent company, Black Hills Corporation (Parent). The dividend consisted of 10,000 common shares of Black Hills Generation, Inc., formerly known as Black Hills Energy Capital, Inc., (Generation), which represents 100 percent ownership of Generation. The Company therefore no longer operates in the independent power production business. As a result, the Company no longer has any subsidiaries and operates only in the electric utility business. The Company's investment in Generation at the time of the distribution was \$46.5 million.		
9				
10				
11				
12				
13				
14				
23				

**BLACK HILLS POWER, INC.**  
**COMMON STOCK INFORMATION**  
**FOR THE PERIODS 2001-2005**

Schedule G-2  
Page 1 of 1

Line No.	YEAR	AVERAGE SHARES OUTSTANDING	EARNINGS PER AVERAGE SHARE (1)	DIVIDENDS PER SHARE (2)	DIVIDENDS AS A % OF EARNINGS	BHP MARKET PRICE AT END OF YEAR	BHP PRICE / EARNINGS RATIO	BHP DIVIDEND YIELD
1	2001	23,416,396	\$ 1.93	\$ 1.20	62%	N/A	N/A	N/A
2	2002	23,416,396	\$ 1.29	\$ 1.33	103%	N/A	N/A	N/A
3	2003	23,416,396	\$ 1.03	\$ 1.27	123%	N/A	N/A	N/A
4	2004	23,416,396	\$ 0.82	\$ 1.02	125%	N/A	N/A	N/A
5	2005	23,416,396	\$ 0.77	\$ -	0%	N/A	N/A	N/A
6	Jan-05	23,416,396	\$ 0.79	\$ 0.77	97%	N/A	N/A	N/A
7	Feb-05	23,416,396	\$ 0.79	\$ 0.77	97%	N/A	N/A	N/A
8	Mar-05	23,416,396	\$ 0.79	\$ 0.77	97%	N/A	N/A	N/A
9	Apr-05	23,416,396	\$ 0.86	\$ 0.51	60%	N/A	N/A	N/A
10	May-05	23,416,396	\$ 0.86	\$ 0.51	60%	N/A	N/A	N/A
11	Jun-05	23,416,396	\$ 0.86	\$ 0.51	60%	N/A	N/A	N/A
12	Jul-05	23,416,396	\$ 0.69	\$ 0.26	37%	N/A	N/A	N/A
13	Aug-05	23,416,396	\$ 0.69	\$ 0.26	37%	N/A	N/A	N/A
14	Sep-05	23,416,396	\$ 0.69	\$ 0.26	37%	N/A	N/A	N/A
15	Oct-05	23,416,396	\$ 0.77	\$ -	0%	N/A	N/A	N/A
16	Nov-05	23,416,396	\$ 0.77	\$ -	0%	N/A	N/A	N/A
17	Dec-05	23,416,396	\$ 0.77	\$ -	0%	N/A	N/A	N/A

18 (1) Earning Per Average Share excludes net income of discontinued operations.

19 (2) Monthly dividends per share are computed on the current quarter and preceding three quarters.

**BLACK HILLS POWER, INC.  
REACQUISITION OF BONDS OR PREFERRED STOCK  
FOR THE 18 MONTH PERIOD PRIOR TO FILING**

**Schedule G-3  
Page 1 of 1**

Black Hills Power did not reacquire any bonds or preferred stock in the 18 months prior to filing.

**BLACK HILLS POWER, INC.**  
**EARNINGS PER SHARE FOR CLAIMED RATE OF RETURN**  
**For the Test Year Ended December 31, 2005**

**Schedule G-4**  
**Page 1 of 1**

Line No.	Description	Amount
1	Common equity, Statement G, Page 1	\$ 188,679,666
2	Return-Percentage	<u>11.75%</u>
3	Return-Amount	<u>\$ 22,169,861</u>
4	Common Shares outstanding December 31, 2005	<u>23,416,396</u>
5	Earnings per Common Share-Black Hills Power	\$ 0.95