

BLACK HILLS POWER, INC.
OPERATING AND MAINTENANCE EXPENSES
For the Test Year Ended December 31, 2005

Line No.	FERC Account	Description	Per Books	Adjustments													Adjusted Total	
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
68																		
69		Distribution Operations:																
70	580	Supervision	553,852	-	-	-	-	82,648	-	-	-	-	-	-	-	-	-	636,500
71	581	Load Dispatch	68,144	-	-	-	-	10,169	-	-	-	-	-	-	-	-	-	78,313
72	582	Station Equipment	331,405	-	-	-	-	49,453	-	-	-	-	-	-	-	-	-	380,858
73	583	Overhead Lines	680,993	-	-	-	-	101,620	-	-	-	-	-	-	-	-	-	782,612
74	584	Underground Lines	202,086	-	-	-	-	30,156	-	-	-	-	-	-	-	-	-	232,241
75	585	Street Lighting	954	-	-	-	-	142	-	-	-	-	-	-	-	-	-	1,096
76	586	Metering	472,697	-	-	-	-	70,537	-	-	-	-	-	-	-	-	-	543,235
77	587	Customer Installations	33,931	-	-	-	-	5,063	-	-	-	-	-	-	-	-	-	38,995
78	588	Miscellaneous	388,190	-	-	-	-	57,927	-	-	-	-	-	-	-	-	-	446,117
79	589	Rents	21,599	-	-	-	-	3,223	-	-	-	-	-	-	-	-	-	24,822
80		Total Distribution Operations	2,753,850	-	-	-	-	410,938	-	-	-	-	-	-	-	-	-	3,164,788
81																		
82		Distribution Maintenance:																
83	590	Supervision	21,236	-	-	-	-	376	-	-	-	-	-	-	-	-	-	21,612
84	591	Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85	592	Station Equipment	47,440	-	-	-	-	839	-	-	-	-	-	-	-	-	-	48,279
86	593	Overhead Lines	1,210,067	-	-	-	-	21,402	-	-	-	-	-	-	-	-	-	1,231,470
87	594	Underground Lines	115,557	-	-	-	-	2,044	-	-	-	-	-	-	-	-	-	117,601
88	595	Transformers	17,811	-	-	-	-	315	-	-	-	-	-	-	-	-	-	18,126
89	596	Street Lighting	114,705	-	-	-	-	2,029	-	-	-	-	-	-	-	-	-	116,734
90	597	Metering	43,637	-	-	-	-	772	-	-	-	-	-	-	-	-	-	44,409
91	598	Miscellaneous	36,730	-	-	-	-	650	-	-	-	-	-	-	-	-	-	37,380
92		Total Distribution Maintenance	1,607,183	-	-	-	-	28,426	-	-	-	-	-	-	-	-	-	1,635,610
93																		
94		Total Distribution Expenses	4,361,033	-	-	-	-	439,364	-	-	-	-	-	-	-	-	-	4,800,398
95																		
96		Customer Accounting Expense:																
97	901	Supervision	14,640	-	-	-	-	503	-	-	-	-	-	-	-	-	-	15,143
98	902	Meter Reading	420,232	-	-	-	-	14,424	-	-	-	-	-	-	-	-	-	434,656
99	903	Customer Records and Collection Expense	835,604	-	-	-	-	28,682	-	-	-	-	-	-	-	-	-	864,286
100	904	Uncollectible Accounts	41,154	-	-	-	-	1,413	-	-	-	-	-	-	-	-	-	42,566
101	905	Miscellaneous	456,429	-	-	-	-	15,667	-	-	-	-	-	-	-	-	-	472,096
102		Total Customer Accounting Expense	1,768,059	-	-	-	-	60,689	-	-	-	-	-	-	-	-	-	1,828,747
103																		
104		Customer Service Expense:																
105	907	Supervision	72,404	-	-	-	-	2,913	-	-	-	-	-	-	-	-	-	75,317
106	908	Customer Assistance	751,127	-	-	-	-	30,217	-	-	-	-	-	-	-	-	-	781,344
107	909	Advertisement	5,092	-	-	-	-	205	-	-	-	-	-	-	-	-	-	5,297
108	910	Miscellaneous	64,747	-	-	-	-	2,605	-	-	-	-	-	-	-	-	-	67,352
109		Total Customer Service Expense	893,370	-	-	-	-	35,939	-	-	-	-	-	-	-	-	-	929,310
110																		
111		Total Customer Expenses	2,661,429	-	-	-	-	96,628	-	-	-	-	-	-	-	-	-	2,758,057
112																		
113		Administrative & General Expense:																
114	920	Administrative Salaries	7,472,131	-	-	-	-	(198,020)	(382,273)	2,559,426	-	-	-	-	-	-	-	9,451,263
115	921	Office Supplies & Expense	737,225	-	-	-	-	-	-	(102,885)	-	-	-	-	-	-	-	634,340
116	922	A&G Expense Transferred	(58,002)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(58,002)
117	923	Outside Services	8,725,919	-	-	183,333	(3,845,118)	-	-	(574,147)	-	-	-	-	-	-	-	4,489,988
118	924	Property Insurance	602,294	-	-	-	-	-	-	-	-	-	-	-	-	-	-	602,294
119	925	Injuries and Damages	1,125,196	-	-	-	-	-	-	60,988	-	-	-	-	-	-	-	1,186,184
120	926	Pensions & Benefits	2,901,973	-	-	-	-	(20,622)	(7,814)	(283,404)	(48,713)	-	-	-	-	-	-	2,541,420
121	928	Regulatory Commission	297,625	-	-	-	-	-	-	-	-	-	-	-	-	-	-	297,625
122	930.1	General Advertising	164,721	-	-	-	-	-	-	-	-	-	-	-	-	(159,629)	-	5,092
123	930.2	Miscellaneous General	197,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197,660
124	931	Rents	193,854	-	-	-	-	-	-	98,277	-	-	-	-	-	-	-	292,131
125	935	Maintenance of General Plant	213,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	213,453
126		Total Administrative & General Expense	22,574,048	-	-	183,333	(3,845,118)	(218,643)	(390,087)	1,758,255	(48,713)	-	-	-	-	(159,629)	-	19,853,447
127																		
128		Total Operating & Maintenance Expense	126,046,202	(3,258,995)	(610,015)	183,333	(44,002,747)	539,765	(390,087)	1,758,255	(48,713)	7,695,083	1,324,770	294,400	386,894	(159,629)	-	89,758,516

BLACK HILLS POWER, INC.
Distribution of Wages and Salaries
For the Test Year Ended December 31, 2005

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Line No.	Description	Per Books Direct Payroll Distribution	Additional Personnel Needed	Personnel Moved to the Service Co.	Wage Increase Note (a)	Total Adjustments
1	OPERATION					
2	Production	\$ 3,620,325		\$ (181,266)	\$ 211,563	\$ 30,297
3	Transmission	933,970	66,000		54,579	120,579
4	Distribution	2,188,898	286,000	(2,976)	127,914	410,938
5	Customer Accounts	1,237,501		(11,628)	72,317	60,689
6	Customer Service And Information	616,186		(69)	36,008	35,939
7	Administrative And General	2,149,049	160,000	(486,976)	125,585	(201,391)
8						
9	TOTAL OPERATION	10,745,929	512,000	(682,915)	627,967	457,052
10						
11	MAINTENANCE					
12	Production	1,271,962		(8,375)	74,330	65,955
13	Transmission	95,547			5,584	5,584
14	Distribution	500,656		(831)	29,257	28,426
15	Administrative And General	57,671			3,370	3,370
16						
17	TOTAL MAINTENANCE	1,925,836	-	(9,206)	112,541	103,335
18						
19	TOTAL	\$ 12,671,765	\$ 512,000	\$ (692,121)	\$ 740,508	\$ 560,387
20						
21	TOTAL OPERATION AND MAINTENANCE					
22	Production	4,892,287	-	(189,641)	285,894	96,253
23	Transmission	1,029,517	66,000	-	60,163	126,163
24	Distribution	2,689,554	286,000	(3,807)	157,171	439,364
25	Customer Accounts	1,237,501	-	(11,628)	72,317	60,689
26	Customer Service And Information	616,186	-	(69)	36,008	35,939
27	Administrative And General	2,206,720	160,000	(486,976)	128,956	(198,020)
28						
29	TOTAL	\$ 12,671,765	\$ 512,000	\$ (692,121)	\$ 740,508	\$ 560,387

Note: (a): Wage increases are allocated to function on the basis of payroll per books. Functionalized wage increases are allocated to individual accounts on Statement H on the basis of applicable book expenses.

BLACK HILLS POWER, INC.
Purchased Power
For the Test Year Ended December 31, 2005

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Line No.	Purchased From	kWh	Demand Charges	Energy Charges	Total Costs
1	PacifiCorp - Colstrip Firm	348,830,000	\$ 6,119,576	\$ 3,981,871	\$ 10,101,447
2	PacifiCorp - Non-Firm	142,174,000		9,212,066	9,212,066
3	Aquila Merchant (UtiliCorp)	37,385,000		1,675,084	1,675,084
4	Avista Water Power	125,000		7,069	7,069
5	Basin Electric	152,610,000		7,897,029	7,897,029
6	Bonneville Power Administration	4,800,000		350,400	350,400
7	Cargill	41,656,000		2,047,435	2,047,435
8	Colorado Springs Utilities	1,266,000		108,222	108,222
9	Idaho Power	49,323,000		1,805,383	1,805,383
10	Lighthouse Energy Trading Company	10,712,000		778,228	778,228
11	Los Angeles Department of Water and Power	1,072,000		73,120	73,120
12	Minnesota Municipal Power Agency	200,000		7,650	7,650
13	Minnesota Power	800,000		28,000	28,000
14	Morgan Stanley Capital Group	1,000,000		94,700	94,700
15	Municipal Energy Agency of Nebraska	24,000,000		1,164,224	1,164,224
16	NorthPoint Energy Solutions	3,766,000		163,745	163,745
17	Omaha Public Power District	6,646,000		531,121	531,121
18	Otter Tail Power	35,384,000		1,648,232	1,648,232
19	PowerEx	9,120,000		766,636	766,636
20	PPL - Montana	77,720,000		4,789,029	4,789,029
21	Puget Sound Energy	1,362,000		85,250	85,250
22	Rainbow Energy Marketing	11,282,000		758,633	758,633
23	Rocky Mountain Generation Cooperative	99,259,000		4,238,779	4,238,779
24	Rocky Mountain Reserve Group	2,810,000		349,027	349,027
25	Seattle City Light	7,806,000		268,096	268,096
26	Southern California Edison	600,000		25,260	25,260
27	Spearfish, (City of)	17,205,000		258,070	258,070
28	Split Rock Energy	145,327,000		6,275,442	6,275,442
29	Tenaska Power Services	20,323,000		729,165	729,165
30	The Energy Authority	87,187,000		3,906,066	3,906,066
31	Tri State Generation and Transmission	23,482,000		1,019,898	1,019,898
32	WAPA - Colorado River Storage Project	1,100,000		77,300	77,300
33	WAPA - Loveland Area Project	32,216,000		1,422,057	1,422,057
34	WAPA - Upper Great Plains Region	3,290,000		132,220	132,220
35	Westar Energy	2,750,000		111,200	111,200
36	Xcel Energy - Public Service Co. of Colorado	4,813,000		311,616	311,616
37	Net Exchange	(19,267,000)		(233,002)	(233,002)
38	Totals	<u>1,390,134,000</u>	<u>\$ 6,119,576</u>	<u>\$ 56,864,320</u>	<u>\$ 62,983,896</u>

BLACK HILLS POWER, INC.
LISTED EXPENSE ACCOUNTS
For the Test Year Ended December 31, 2005
Federal Energy Regulatory Commission Account No. 909

Schedule H-3
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<u>Line No.</u>	<u>Description of Advertising</u>		
1	Conservational Advertising	\$	229
2	Informational and Safety Advertising		4,863
3	Total	<u>\$</u>	<u>5,092</u>

BLACK HILLS POWER, INC.
LISTED EXPENSE ACCOUNTS
For the Test Year Ended December 31, 2005

Line No.	Description of Accounts for Listed Expenses	Amount
1	<u>Federal Energy Regulatory Commission Account No. 913</u>	
2	None	
3		
4	<u>Federal Energy Regulatory Commission Account No. 922</u>	
5		
6	<u>Description</u>	
7		
8	Telecom Companies	\$ (2,323)
9	Contract Work	(20,451)
10	AC/DC Tie	(35,228)
11	TOTAL	\$ (58,002)
12		
13	<u>Federal Energy Regulatory Commission Account No. 926</u>	
14		
15	<u>Description</u>	
16		
17	Group Insurance - Health Care	\$ 3,649,664
18	BHP 401K Plan	455,915
19	Pensions	1,473,386
20	Overhead Offset	(2,754,007)
21	Misc Employee Benefits	9,005
22	Wellness Project	68,010
23	TOTAL	\$ 2,901,973
24		
25	<u>Federal Energy Regulatory Commission Account No. 928</u>	
26		
27	<u>Description</u>	
28		
29	South Dakota	\$ 58
30	Montana	274
31	FERC Regulatory	18,906
32	Open Access Common Transmission	34,214
33	Open Access ACDC Tie	5,401
34	FERC Assess	238,772
35	TOTAL	\$ 297,625
36		
37	<u>Duplicate Charges Account No. 929</u>	
38	None	
39		
40	<u>Federal Energy Regulatory Commission Account No. 930</u>	
41		
42	<u>Description</u>	
43		
44	General Advertising (1)	\$ 164,721
45	Office Equipment/Moves	2,080
46	Training	14,813
47	Dues and Donations	1,510
48	Industry Associations	8,646
49	Communications Voice / Data	23,676
50	Capital Structure - Management	150,272
51	A/P Discounts Taken	(3,684)
52	Misc General Expense	347
53	TOTAL	\$ 362,381

BLACK HILLS POWER, INC.
INTERCOMPANY TRANSACTIONS
For the Test Year Ended December 31, 2005

Line No.	FERC Acct. #	Description	Amounts Charged to Black Hills Power from Black Hills Corporation
1	920	Administrative and General Salaries	
2		Various Support Groups from BHC	4,262,055
3			
4	921	Office Supplies and Expenses	
5		Computer Support Services provided	
6		by BHC	419,040
7			
8	921	Services provided to Cheyenne	
9		Light, Fuel, and Power that were	
10		credited back to Black Hills Power	
11			
12	923	Outside Services Employed	4,595,767
13		Audit, Legal, Consultants, Etc	
14			
15	925	Injuries and Damages	
16		BHC Insurance Expense	783,540
17			
18	926	Employee Pensions and Benefits	
19		Health, Life and Long-Term Benefits	283,404
20			
21	930.1	General Advertising Expenses	138,684
22			
23	931	Rents	<u>178,020</u>
24			
25		Total	10,660,510

28 The expenses are a combination of direct charges to Black Hills Power and an allocation
29 of costs. All costs are pushed down to Black Hills Power at the cost incurred by Black
30 Hills Corporation without any additional fees. The allocation method used is an average
31 of three methods; 1) Net Fixed Assets as a percentage of Black Hills Corporation consolidated,
32 2) Net Income as a percentage of Black Hills Corporation consolidated, and 3) Number of
33 Employees as a percentage of Black Hills Corporation total employee count.

BLACK HILLS POWER, INC.
INTERCOMPANY TRANSACTIONS-CHANGES DUE TO THE NEW SERVICE COMPANY
For the Test Year Ended December 31, 2005

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Line No.	FERC Acct. #	Description	2005 Amounts Charged to Black Hills Power from Black Hills Corporation	Personnel Moved to the Service Co. from Black Hills Power	2006 Amounts Charged to Black Hills Power from Black Hills Service Company	Increase/ (Decrease)
1	920	Administrative and General Salaries				
2		Various Support Groups from BHC	4,262,055	700,915	6,120,566	2,559,426
3						
4	921	Office Supplies and Expenses				
5		Computer Support Services provided				
6		by BHC	419,040		316,155	(102,885)
7						
8	923	Outside Services Employed	4,595,767		4,021,620	(574,147)
9		Audit, Legal, Consultants, Etc				
10						
11	925	Injuries and Damages				
12		BHC Insurance Expense	783,540		844,528	60,988
13						
14	926	Employee Pensions and Benefits				
15		Health, Life and Long-Term Benefits	283,404			(283,404)
16						
17	931	Rents	178,020		276,297	98,277
18						
19		Total	10,521,826	700,915	11,579,166	1,758,255

BLACK HILLS POWER, INC.
Derivation of Power Marketing Revenue and Expense Adjustment
For the Test Year Ended December 31, 2005

Schedule H-6
Page 1 of 1

Line No.	Description	Amount
	Power Marketing Revenue	
1	Revenue Received	\$ 47,647,276
	Power Marketing Operating Expenses	
2	Coal Expense	138,157
3	Other Fuel Expense	1,939,516
4	Purchased Power Expense	36,912,639
5	Transmission Expense	1,167,318
6	Labor Expense	453,374
7	Incentive Bonus	384,933
8	PPM Arbitration Expense	3,006,811
	Total Power Marketing Operating Expenses	<u>44,002,747</u>
9	Power Marketing Income before Federal Income Taxes	<u>3,644,529</u>
10	Federal Income Tax @ 35%	1,275,585
11	Power Marketing Net Income	<u><u>\$ 2,368,944</u></u>