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As filed with the Securities and Exchange Commission on October 22, 2009

Registration No. 333-150669
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO FORM S-3 REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

BLACK HILLS CORPORATION

(Exact name of registrant as specified in its charter)

South Dakota	**46-0458824**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

625 Ninth Street
Rapid City, South Dakota 57701
(605) 721-1700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

BLACK HILLS POWER, INC.

(Exact name of registrant as specified in its charter)

South Dakota	**46-0111677**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

625 Ninth Street
Rapid City, South Dakota 57701
(605) 721-1700
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Steven J. Helmers, Esq.
Senior Vice President—General Counsel
625 Ninth Street
Rapid City, South Dakota 57701
(605) 721-2303
(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

WITH COPIES TO:

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☒

Indicate by check mark whether the Registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Black Hills Corporation:

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Black Hills Power, Inc.:

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	**Amount to be registered/ Proposed maximum offering price per unit/ Proposed maximum aggregate offering price/ Amount of registration fee(1)**
Black Hills Corporation Debt Securities	
Black Hills Corporation Preferred Stock	
Black Hills Corporation Depositary Shares	
Black Hills Corporation Common Stock ($1.00 par value)	
Black Hills Corporation Warrants	
Black Hills Corporation Purchase Contracts	
Black Hills Corporation Units(2)	
Black Hills Power, Inc. First Mortgage Bonds	
TOTAL(1)	

(1) An indeterminate aggregate initial offering price or number of securities of each identified class is being registered as may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, the Registrants are deferring payment of all of the registration fee.

(2) Any securities registered by Black Hills Corporation hereunder may be sold separately or as units with other securities registered by Black Hills Corporation hereunder.

Explanatory Note

This registration statement contains two (2) separate prospectuses:

1. The first prospectus relates to the offering by Black Hills Corporation of its Senior Debt Securities, Subordinated Debt Securities, Preferred Stock, Depositary Shares, Common Stock, Warrants, Purchase Contracts and Units.

2. The second prospectus relates to the offering by Black Hills Power, Inc., a direct, wholly-owned subsidiary of Black Hills Corporation, of its First Mortgage Bonds.

PROSPECTUS

BLACK HILLS CORPORATION

Senior Debt Securities
Subordinated Debt Securities
Preferred Stock
Depositary Shares
Common Stock
Warrants
Purchase Contracts
Units

We may from time to time offer to sell senior debt securities, subordinated debt securities, preferred stock, depositary shares, common stock, warrants, purchase contracts or units. We sometimes refer to the securities listed above as the "securities." Each time we sell securities pursuant to this prospectus, we will provide a supplement to this prospectus that contains specific information about the offering and the specific terms of the securities offered. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our securities.

Our common stock is listed on the New York Stock Exchange under the symbol "BKH."

There are significant risks associated with an investment in our securities. You should read carefully the risks we describe in the accompanying prospectus supplement as well as the risk factors discussed in our periodic reports that we file with the Securities and Exchange Commission, for a better understanding of the risks and uncertainties that investors in our securities should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

The date of this prospectus is October 22, 2009.

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You should rely only on the information contained in this prospectus or any prospectus supplement to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus or any prospectus supplement may only be accurate on the date of those documents.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus in one or more offerings. For further information about our business and the securities, you should refer to the registration statement and its exhibits. The exhibits to the registration statement and the documents incorporated by reference in the registration statement contain the full text of the contracts and other important documents summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities that we may offer, you should review the full text of these documents. The registration statement can be obtained from the SEC as indicated under the heading "Where You Can Find More Information."

This prospectus provides you with only a general description of the securities we may offer. Each time we offer to sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update, or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information." Unless the context otherwise requires, references in this prospectus to "Black Hills," the "Company," "we," "us" and "our" generally refer to Black Hills Corporation and all of its subsidiaries collectively.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the documents incorporated by reference herein and therein may contain "forward-looking statements" within the meaning of the Federal securities laws. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus, any accompanying prospectus supplement and the documents incorporated by reference herein and therein that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation the Risk Factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008, and in other reports that we file with the SEC from time to time, and the following:

- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and receive favorable rulings in periodic applications to recover costs for fuel and purchased power in our regulated utilities;
- Our ability to obtain permanent financing for our recent acquisition and other capital expenditures on reasonable terms;
- Our ability to successfully integrate and profitably operate any recent and future acquisitions;
- The amount and timing of capital deployment in new investment opportunities or for the repurchase of debt or stock;
- Our ability to successfully maintain our corporate credit rating;
- Our ability to complete the permitting, construction, start-up and operation of power generating facilities in a cost-effective and timely manner;
- The timing, volatility and extent of changes in energy and commodity prices, supply or volume, the cost and availability of transportation of commodities, changes in interest or foreign exchange rates, and the demand for our services, any of which can affect our earnings, our financial liquidity and the underlying value of our assets;
- Our ability to meet production targets for our oil and gas properties, which may be dependent upon issuance by Federal, state and tribal governments, or agencies thereof, of drilling, environmental and other permits, and the availability of specialized contractors, work force and equipment, or the possibility of reductions in our drilling program resulting from the current economic climate and commodity prices, which also may prevent us from maintaining production rates and replacing reserves with respect to our oil and gas properties;
- Our ability to accurately estimate demand from our customers for natural gas;
- Our ability to provide accurate estimates of proved oil and gas reserves, coal reserves and future production rates and associated costs;
- The extent of our success in connecting natural gas supplies to gathering, processing and pipeline systems;
- The timing and extent of scheduled and unscheduled outages of power generation facilities;

- The possibility that we may be required to take impairment charges to reduce the carrying value of some of our long-lived assets when indicators of impairment emerge;
- The possibility that that we may be required to take impairment charges under the SEC's full cost ceiling test for the accumulated costs of our natural gas and oil reserves;
- Changes in business and financial reporting practices arising from the enactment of the Energy Policy Act of 2005 and subsequent rules and regulations promulgated thereunder;
- Our ability to effectively use derivative financial instruments to hedge commodity, currency exchange rate and interest rate risks;
- Our ability to minimize losses related to defaults on amounts due from customers and counterparties, including counterparties to trading and other commercial transactions;
- The amount of collateral required to be posted from time to time in our transactions;
- Our ability to comply, or to make expenditures required to comply, with changes in laws and regulations, particularly those relating to taxation, safety and protection of the environment and to recover those expenditures in our customer rates, where applicable;
- Our ability to recover our borrowing costs, including debt service costs, in our customer rates;
- Liabilities for environmental conditions, including remediation and reclamation obligations, under environmental laws;
- Changes in state laws or regulations that could cause us to curtail our independent power production or exploration and production activities;
- Weather and other natural phenomena;
- Macro- and micro-economic changes in the economy and energy industry, including the impact of (i) consolidations and changes in competition, (ii) changing conditions in the capital and credit markets, which affect our ability to raise capital on favorable terms, and (iii) general economic and political conditions, including tax rates or policies and inflation rates;
- The effect of accounting policies issued periodically by accounting standard-setting bodies;
- The cost and effects on our business, including insurance, resulting from terrorist actions or responses to such actions or events;
- The outcome of any ongoing or future litigation or similar disputes and the impact of any such outcome or related settlements on our financial condition or results of operations;
- Federal and state laws concerning climate change and air emissions, including emission reduction mandates and renewable energy portfolio standards, may materially increase our generation and production costs and could render some of our generating units uneconomical to operate and maintain;
- Price risk due to marketable securities held as investments in benefit plans; and
- Risk factors discussed in any accompanying prospectus supplement.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

BLACK HILLS CORPORATION

We are a diversified energy company. Our predecessor company, Black Hills Power and Light Company was incorporated and began providing electric utility service in 1941 and began selling and marketing various forms of energy on an unregulated basis in 1956. We operate principally in the United States with two major business groups: utilities and non-regulated energy.

Our utilities group conducts business in two segments:

- ***Electric Utilities.*** Our electric utilities, which include Black Hills Power, Inc., Cheyenne Light, Fuel & Power Company, and Colorado Electric Utility Company, LP, generate, transmit and distribute electricity to customers in Colorado, Montana, South Dakota and Wyoming, and Cheyenne Light's gas distribution operations which are included in this segment distribute natural gas to customers in the vicinity of Cheyenne, Wyoming.

- ***Gas Utilities.*** Our gas utilities, which include Black Hills Colorado Gas Utility Company, LP, Black Hills Iowa Gas Utility Company, LLC, Black Hills Kansas Gas Utility Company, LLC, and Black Hills Nebraska Gas Utility Company, LLC, distribute natural gas to customers in Colorado, Iowa, Kansas and Nebraska.

Our non-regulated energy group conducts business in four segments:

- ***Oil and Gas.*** Black Hills Exploration and Production, Inc. and its subsidiaries acquire and develop natural gas and crude oil properties and produce natural gas and crude oil, primarily in the Rocky Mountain region of the United States.

- ***Coal Mining.*** Wyodak Resources Development Corporation mines and sells coal at our coal mine located near Gillette, Wyoming.

- ***Energy Marketing.*** Enserco Energy, Inc. is engaged in the marketing of natural gas and crude oil, primarily in the Rocky Mountain, Western and Mid-continent regions of the United States and in Canada.

- ***Power Generation.*** Black Hills Electric Generation, LLC, and its subsidiaries, including Black Hills Wyoming, LLC, produce and sell electric capacity and energy through a portfolio of generating plants in Wyoming and Idaho.

We are a South Dakota corporation. Our headquarters and principal executive offices are located at 625 Ninth Street, Rapid City, South Dakota 57701 and our telephone number is (605) 721-1700. Our Internet address is *www.blackhillscorp.com*. Information on our website does not constitute part of this prospectus.

Recent Development

New generation facility to be built by our Black Hills Colorado independent power subsidiary. Our Black Hills Colorado independent power subsidiary ("BHCI") has been selected to provide 200 megawatts ("MW") of power to our indirect, wholly-owned subsidiary, Black Hills Colorado Electric Utility Company, LP ("Black Hills Energy-Colorado Electric"). BHCI plans to build the 200 MW natural gas-fired electric generation facility in Colorado and sell the power to Black Hills Energy-Colorado Electric through a 20-year power purchase agreement. The new generation facility is expected to cost between $240 million and $265 million and we anticipate that the facility will be completed by January 1, 2012. Our non-regulated power plant operations currently consist of 120 MW of net generation capacity.

RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth our ratio of earnings to fixed charges and our ratio of earnings to fixed charges and preferred stock dividends for each period indicated. The ratios were computed by dividing earnings by either fixed charges or combined fixed charges and preferred stock dividends. For this purpose, earnings consist of income (loss) from continuing operations (before adjustment for income taxes, non-controlling interests or income or loss from equity investees), plus fixed charges, amortization of capitalized interest and distributed income of equity investees and less interest capitalized, preference security dividend requirements of consolidated subsidiaries and minority interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of interest expensed and capitalized, amortization of debt issuance costs and an estimate of the interest within rental expense.

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
Ratio of earnings to fixed charges	3.77	3.70	3.29	4.21	N/A(2)	2.69	2.61
Ratio of earnings to fixed charges and preferred stock dividends(1)	3.70	3.67	3.29	4.21	N/A(2)	2.69	2.61

(1) No shares of preferred stock were outstanding during any of the periods subsequent to 2005.

(2) In 2008, earnings were insufficient to cover fixed charges by $85.3 million.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of any securities described in this prospectus for working capital and general corporate purposes, which may include:

- repayment or refinancing of outstanding debt;
- capital expenditures;
- acquisitions;
- investments; and
- other business opportunities.

DESCRIPTION OF SENIOR DEBT SECURITIES

General

The following description applies to the senior debt securities offered by this prospectus. The senior debt securities will be direct, unsecured obligations of Black Hills and will rank on a parity with all of our outstanding unsecured senior indebtedness. The senior debt securities may be issued in one or more series. The senior debt securities will be issued under that certain indenture dated as of May 21, 2003, between us and Wells Fargo Bank, National Association, as successor trustee, as supplemented by that certain First Supplemental Indenture thereto dated as of May 21, 2003, and as further supplemented by that certain Second Supplemental Indenture dated as of May 14, 2009.

The statements under this caption are brief summaries of the provisions contained in the indenture, do not claim to be complete and are qualified in their entirety by reference to the indenture, a copy of which is filed as an exhibit to the registration statement of which this prospectus forms a part. Whenever defined terms are used but not defined in this prospectus, those terms have the meanings given to them in the indenture.

The following describes the general terms and provisions of the senior debt securities to which any prospectus supplement may relate. The particular terms of any senior debt security and the extent, if any, to which these general provisions may apply to the senior debt securities will be described in the prospectus supplement relating to the senior debt securities.

The indenture does not limit the aggregate principal amount of senior debt securities which may be issued under it. Rather, the indenture provides that senior debt securities of any series may be issued under it up to the aggregate principal amount which we may authorize from time to time. Senior debt securities may be denominated in any currency or currency unit we designate. Neither the indenture nor the senior debt securities will limit or otherwise restrict the amount of other debt which we may incur or the other securities which we may issue.

Senior debt securities of a series may be issuable in registered form without coupons, which we refer to as "registered securities," or in the form of one or more global securities in registered form, which we refer to as "global securities."

You must review the prospectus supplement for a description of the following terms, where applicable, of each series of senior debt securities for which this prospectus is being delivered:

- the title of the senior debt securities;
- the limit, if any, on the aggregate principal amount or aggregate initial public offering price of the senior debt securities;
- the priority of payment of the senior debt securities;
- the price or prices, which may be expressed as a percentage of the aggregate principal amount, at which the senior debt securities will be issued;
- the date or dates on which the principal of the senior debt securities will be payable;
- the interest rate or rates, which may be fixed or variable, for the senior debt securities, if any, or the method of determining the same;
- the date or dates from which interest, if any, on the senior debt securities will accrue, the date or dates on which interest, if any, will be payable, the date or dates on which payment of interest, if any, will commence and the regular record dates for the interest payment dates;
- the extent to which any of the senior debt securities will be issuable in temporary or permanent global form, or the manner in which any interest payable on a temporary or permanent global senior debt security will be paid;
- each office or agency where the senior debt securities may be presented for registration of transfer or exchange;

- the place or places where the principal of and any premium and interest on the senior debt securities will be payable;
- the date or dates, if any, after which the senior debt securities may be redeemed or purchased in whole or in part, (1) at our option or (2) mandatorily pursuant to any sinking, purchase or similar fund or (3) at the option of the holder, and the redemption or repayment price or prices;
- the terms, if any, upon which the senior debt securities may be convertible into or exchanged for any other kind of our securities or indebtedness and the terms and conditions upon which the conversion or exchange would be made, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions;
- the authorized denomination or denominations for the senior debt securities;
- the currency, currencies or units based on or related to currencies for which the senior debt securities may be purchased and the currency, currencies or currency units in which the principal of and any premium and interest on the senior debt securities may be payable;
- any index used to determine the amount of payments of principal of and any premium and interest on the senior debt securities;
- the payment of any additional amounts with respect to the senior debt securities;
- whether any of the senior debt securities will be issued with original issue discount;
- information with respect to book-entry procedures, if any;
- any additional covenants or events of default not currently included in the indenture relating to the senior debt securities; and
- any other terms of the senior debt securities not inconsistent with the provisions of the indenture.

If any of the senior debt securities are sold for one or more foreign currencies or foreign currency units or if the principal of or any premium or interest on any series of senior debt securities is payable in one or more foreign currencies or foreign currency units, the restrictions, elections, tax consequences, specific terms and other information with respect to that issue of senior debt securities and those currencies or currency units will be described in the applicable prospectus supplement.

A judgment for money damages by courts in the United States, including a money judgment based on an obligation expressed in a foreign currency, will ordinarily be rendered only in U.S. dollars. New York statutory law provides that a court shall render a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment or decree.

Senior debt securities may be issued as original issue discount senior debt securities, which bear no interest or interest at a rate which at the time of issuance is below market rates, to be sold at a substantial discount below their stated principal amount due at the stated maturity of the senior debt securities. There may be no periodic payments of interest on original issue discount securities. In the event of an acceleration of the maturity of any original issue discount security, the amount payable to the holder of the original issue discount security upon acceleration will be determined in accordance with the prospectus supplement, the terms of the security and the indenture, but will be an amount less than the amount payable at the maturity of the principal of the original issue discount security.

If the senior debt securities are issued with "original issue discount" within the meaning of the Internal Revenue Code of 1986, as amended, then a holder of those senior debt securities will be required under the Internal Revenue Code to include original issue discount in ordinary income for federal income tax purposes as it accrues, in accordance with a constant interest method that takes into account the compounding of interest, in advance of receipt of cash attributable to that income. Generally, the total amount of original issue discount on a senior debt security will be the excess of the stated redemption price at maturity of the security over the price at which the security is sold to the

public. To the extent a holder of a senior debt security receives a payment (at the time of acceleration of maturity, for example) that represents payment of original issue discount already included by the holder in ordinary income or reflected in the holder's tax basis in the security, that holder generally will not be required to include the payment in income. The specific terms of any senior debt securities that are issued with original issue discount and the application of the original discount rules under the Internal Revenue Code to those securities will be described in a prospectus supplement for those securities.

Registration and Transfer

Unless otherwise indicated in the applicable prospectus supplement, senior debt securities will be issued only as registered securities. Senior debt securities issued as registered securities will not have interest coupons.

Registered securities (other than a global security) may be presented for transfer, with the form of transfer endorsed thereon duly executed, or exchanged for other senior debt securities of the same series at the office of the security registrar specified in the indenture. The indenture provides that, with respect to registered securities having The City of New York as a place of payment, we will appoint a security registrar or co-security registrar located in The City of New York for such transfer or exchange. Transfer or exchange will be made without service charge, but we may require payment of any taxes or other governmental charges.

Book-Entry Senior Debt Securities

Senior debt securities of a series may be issued in whole or in part in the form of one or more global securities. Each global security will be deposited with, or on behalf of, a depositary identified in the applicable prospectus supplement. Global securities will be issued in registered form and in either temporary or permanent form. Until exchanged in whole or in part for the individual securities which it represents, a global security may not be transferred except as a whole by the depositary for the global security to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any nominee to a successor depositary or any nominee of the successor. The specific terms of the depositary arrangement for a series of senior debt securities will be described in the applicable prospectus supplement.

Payment and Paying Agents

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on registered securities will be made at the office of such paying agent or paying agents as we may designate from time to time. In addition, at our option, payment of any interest may be made by:

- check mailed to the address of the person entitled to the payment at the address in the applicable security register; or
- wire transfer to an account maintained by the person entitled to the payment as specified in the applicable security register.

Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on registered securities will be made to the person in whose name the senior debt security is registered at the close of business on the regular record date for the payment.

Consolidation, Merger or Sale of Assets

The indenture relating to the senior debt securities provides that we may, without the consent of the holders of any of the senior debt securities outstanding under the indenture, consolidate with, merge into or transfer our assets substantially as an entirety to any person, provided that:

- any successor assumes our obligations on the senior debt securities and under the indenture; and

- after giving effect to the consolidation, merger or transfer, no event of default (as defined in the indenture) will have happened and be continuing.

Any consolidation, merger or transfer of assets substantially as an entirety, which meets the conditions described above, would not create an event of default which would entitle holders of the senior debt securities, or the trustee acting on their behalf, to take any of the actions described below under "—Events of Default, Waivers, Etc."

Leveraged and Other Transactions

The indenture and the senior debt securities do not contain provisions which would protect holders of the senior debt securities in the event we engaged in a highly leveraged or other transaction which could adversely affect the holders of senior debt securities.

Modification of the Indenture

The indenture provides that, with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding senior debt securities of each affected series, modifications and alterations of the indenture may be made which affect the rights of the holders of the senior debt securities. However, no modification or alteration may be made without the consent of the holder of each senior debt security affected which would, among other things,

- modify the terms of payment of principal of or any premium or interest on the senior debt securities; or
- reduce the percentage in principal amount of outstanding senior debt securities required to modify or alter the indenture.

Events of Default, Waivers, Etc.

An "event of default" with respect to senior debt securities of any series is defined in the indenture to include:

(1) default in the payment of principal of or any premium on any of the outstanding senior debt securities of that series when due;

(2) default in the payment of interest on any of the outstanding senior debt securities of that series when due and continuance of such default for 30 days;

(3) default in the performance of any of our other covenants in the indenture with respect to the senior debt securities of that series and continuance of such default for 60 days after written notice;

(4) certain events of bankruptcy, insolvency or reorganization relating to us; and

(5) any other event that may be specified in a prospectus supplement with respect to any series of senior debt securities.

If an event of default with respect to any series of outstanding senior debt securities occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding senior debt securities of that series may declare the principal amount (or with respect to original issue discount securities, the portion of the principal amount as may be specified in the terms of that series) of all senior debt securities of that series to be immediately due and payable. The holders of a majority in aggregate principal amount of the outstanding senior debt securities of any series may waive an event of default resulting in acceleration of the senior debt securities, but only if all events of default with respect to senior debt securities of such series have been remedied and all payments due, other than those due as a result of acceleration, have been made.

If an event of default occurs and is continuing, the trustee may, in its discretion, and at the written request of holders of not less than a majority in aggregate principal amount of the outstanding senior debt securities of any series and upon reasonable indemnity against the costs, expenses and liabilities to

be incurred in compliance with such request and subject to certain other conditions set forth in the indenture will, proceed to protect the rights of the holders of all the senior debt securities of that series. Prior to acceleration of maturity of the outstanding senior debt securities of any series, the holders of a majority in aggregate principal amount of the senior debt securities may waive any past default under the indenture except a default in the payment of principal of or any premium or interest on the senior debt securities of that series.

The indenture provides that upon the occurrence of an event of default specified in clauses (1) or (2) of the first paragraph in this subsection, we will, upon demand of the trustee, pay to it, for the benefit of the holders of any senior debt securities, the whole amount then due and payable on the affected senior debt securities for principal, premium, if any, and interest, if any. The indenture further provides that if we fail to pay such amount upon demand, the trustee may, among other things, institute a judicial proceeding for the collection of those amounts.

The indenture also provides that notwithstanding any of its other provisions, the holder of any senior debt security of any series will have the right to institute suit for the enforcement of any payment of principal of or any premium or interest on the senior debt securities when due and that such right will not be impaired without the consent of that holder.

We are required to file annually with the trustee a written statement of our officers as to the existence or non-existence of defaults under the indenture or the senior debt securities.

Satisfaction and Discharge

The indenture provides, among other things, that when all senior debt securities not previously delivered to the trustee for cancellation (1) have become due and payable or (2) will become due and payable at their stated maturity within one year, we may deposit with the trustee funds, in trust, for the purpose and in an amount sufficient to pay and discharge the entire indebtedness on the senior debt securities not previously delivered to the trustee for cancellation. Those funds will include all principal, premium, if any, and interest, if any, to the date of the deposit or to the stated maturity, as applicable. Upon such deposit, the indenture will cease to be of further effect except as to our obligations to pay all other sums due under the indenture and to provide the officers' certificates and opinions of counsel required under the indenture. At such time we will be deemed to have satisfied and discharged the indenture.

Governing Law

The indenture and the senior debt securities will be governed by, and construed in accordance with, the laws of the State of New York.

Regarding the Trustee

Information concerning the trustee for a series of senior debt securities will be set forth in the prospectus supplement relating to that series of senior debt securities.

We may have normal banking relationships with the trustee in the ordinary course of business.

DESCRIPTION OF SUBORDINATED DEBT SECURITIES

General

The following description applies to the subordinated debt securities offered by this prospectus. The subordinated debt securities will be unsecured, subordinated obligations of Black Hills. The subordinated debt securities may be issued in one or more series. The subordinated debt securities will be issued under an indenture between us and the trustee specified in the applicable prospectus supplement.

The statements under this caption are brief summaries of the provisions contained in the indenture, do not claim to be complete and are qualified in their entirety by reference to the indenture, a copy of which is filed as an exhibit to the registration statement of which this prospectus forms a part. Whenever defined terms are used but not defined in this prospectus, those terms have the meanings given to them in the indenture.

The following describes the general terms and provisions of the subordinated debt securities to which any prospectus supplement may relate. The particular terms of any subordinated debt security and the extent, if any, to which these general provisions may apply to the subordinated debt securities will be described in the prospectus supplement relating to the subordinated debt securities.

The indenture does not limit the aggregate principal amount of subordinated debt securities which may be issued under it. Rather, the indenture provides that subordinated debt securities of any series may be issued under it up to the aggregate principal amount which we may authorize from time to time. Subordinated debt securities may be denominated in any currency or currency unit we designate. Neither the indenture nor the subordinated debt securities will limit or otherwise restrict the amount of other debt which we may incur or the other securities which we may issue.

Subordinated debt securities of a series may be issuable in the form of registered securities or global securities.

You must review the prospectus supplement for a description of the following terms, where applicable, of each series of subordinated debt securities for which this prospectus is being delivered:

- the title of the subordinated debt securities;
- the limit, if any, on the aggregate principal amount or aggregate initial public offering price of the subordinated debt securities;
- the priority of payment of the subordinated debt securities;
- the price or prices, which may be expressed as a percentage of the aggregate principal amount, at which the subordinated debt securities will be issued;
- the date or dates on which the principal of the subordinated debt securities will be payable;
- the interest rate or rates, which may be fixed or variable, for the subordinated debt securities, if any, or the method of determining the same;
- the date or dates from which interest, if any, on the subordinated debt securities will accrue, the date or dates on which interest, if any, will be payable, the date or dates on which payment of interest, if any, will commence and the regular record dates for the interest payment dates;
- the extent to which any of the subordinated debt securities will be issuable in temporary or permanent global form, or the manner in which any interest payable on a temporary or permanent global subordinated debt security will be paid;

- the place or places where the principal of and any premium and interest on the subordinated debt securities will be payable;
- each office or agency where the subordinated debt securities may be presented for registration of transfer or exchange;
- the date or dates, if any, after which the subordinated debt securities may be redeemed or purchased in whole or in part, (1) at our option or (2) mandatorily pursuant to any sinking, purchase or similar fund or (3) at the option of the holder, and the redemption or repayment price or prices;
- the terms, if any, upon which the subordinated debt securities may be convertible into or exchanged for any other kind of our securities or indebtedness and the terms and conditions upon which the conversion or exchange would be made, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions;
- the authorized denomination or denominations for the subordinated debt securities;
- the currency, currencies or units based on or related to currencies for which the subordinated debt securities may be purchased and the currency, currencies or currency units in which the principal of and any premium and interest on the subordinated debt securities may be payable;
- any index used to determine the amount of payments of principal of and any premium and interest on the subordinated debt securities;
- the payment of any additional amounts with respect to the subordinated debt securities
- whether any of the subordinated debt securities will be issued with original issue discount;
- information with respect to book-entry procedures, if any;
- the terms of subordination;
- any additional covenants or events of default not currently included in the indenture relating to the subordinated debt securities; and
- any other terms of the subordinated debt securities not inconsistent with the provisions of the indenture.

If any of the subordinated debt securities are sold for one or more foreign currencies or foreign currency units or if the principal of or any premium or interest on any series of subordinated debt securities is payable in one or more foreign currencies or foreign currency units, the restrictions, elections, tax consequences, specific terms and other information with respect to that issue of subordinated debt securities and those currencies or currency units will be described in the applicable prospectus supplement.

A judgment for money damages by courts in the United States, including a money judgment based on an obligation expressed in a foreign currency, will ordinarily be rendered only in U.S. dollars. New York statutory law provides that a court shall render a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment or decree.

Subordinated debt securities may be issued as original issue discount securities, to be sold at a substantial discount below their stated principal amount due at the stated maturity of the subordinated debt securities. There may be no periodic payments of interest on original issue discount securities. In the event of an acceleration of the maturity of any original issue discount security, the amount payable to the holder of the original issue discount security upon acceleration will be determined in accordance

with the prospectus supplement, the terms of the security and the indenture, but will be an amount less than the amount payable at the maturity of the principal of the original issue discount security.

If the subordinated debt securities are issued with "original issue discount" within the meaning of the Internal Revenue Code of 1986, as amended, then a holder of those subordinated debt securities will be required under the Internal Revenue Code to include original issue discount in ordinary income for federal income tax purposes as it accrues, in accordance with a constant interest method that takes into account the compounding of interest, in advance of receipt of cash attributable to that income. Generally, the total amount of original issue discount on a subordinated debt security will be the excess of the stated redemption price at maturity of the security over the price at which the security is sold to the public. To the extent a holder of a subordinated debt security receives a payment (at the time of acceleration of maturity, for example) that represents payment of original issue discount already included by the holder in ordinary income or reflected in the holder's tax basis in the security, that holder generally will not be required to include the payment in income. The specific terms of any subordinated debt securities that are issued with original issue discount and the application of the original discount rules under the Internal Revenue Code to those securities will be described in a prospectus supplement for those securities.

Registration and Transfer

Unless otherwise indicated in the applicable prospectus supplement, subordinated debt securities will be issued only as registered securities. Subordinated debt securities issued as registered securities will not have interest coupons.

Registered securities (other than a global security) may be presented for transfer, with the form of transfer endorsed thereon duly executed, or exchanged for other subordinated debt securities of the same series at the office of the security registrar specified in the indenture. The indenture provides that, with respect to registered securities having The City of New York as a place of payment, we will appoint a security registrar or co-security registrar located in The City of New York for such transfer or exchange. Transfer or exchange will be made without service charge, but we may require payment of any taxes or other governmental charges.

Book-Entry Subordinated Debt Securities

Subordinated debt securities of a series may be issued in whole or in part in the form of one or more global securities. Each global security will be deposited with, or on behalf of, a depositary identified in the applicable prospectus supplement. Global securities will be issued in registered form and in either temporary or permanent form. Until exchanged in whole or in part for the individual securities which it represents, a global security may not be transferred except as a whole by the depositary for the global security to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any nominee to a successor depositary or any nominee of the successor. The specific terms of the depositary arrangement for a series of subordinated debt securities will be described in the applicable prospectus supplement.

Payment and Paying Agents

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on registered securities will be made at the office of such paying agent or paying agents as we may designate from time to time. In addition, at our option, payment of any interest may be made by:

- check mailed to the address of the person entitled to the payment at the address in the applicable security register; or

- wire transfer to an account maintained by the person entitled to the payment as specified in the applicable security register.

Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on registered securities will be made to the person in whose name the subordinated debt security is registered at the close of business on the regular record date for the payment.

Subordination

The subordinated debt securities will be subordinated and junior in right of payment to some of our other indebtedness (which may include senior indebtedness for money borrowed) to the extent described in the applicable prospectus supplement. At June 30, 2009, we had an aggregate amount of approximately $1.0 billion of indebtedness that would be senior to any subordinated debt securities that we may issue.

Consolidation, Merger or Sale of Assets

The indenture relating to the subordinated debt securities provides that we may, without the consent of the holders of any of the subordinated debt securities outstanding under the indenture, consolidate with, merge into or transfer our assets substantially as an entirety to any person, provided that:

- any successor assumes our obligations on the subordinated debt securities and under the indenture; and

- after giving effect to the consolidation, merger or transfer, no event of default (as defined in the indenture) will have happened and be continuing.

Any consolidation, merger or transfer of assets substantially as an entirety, which meets the conditions described above, would not create an event of default which would entitle holders of the subordinated debt securities, or the trustee acting on their behalf, to take any of the actions described below under "—Events of Default, Waivers, Etc."

Leveraged and Other Transactions

The indenture and the subordinated debt securities do not contain provisions which would protect holders of the subordinated debt securities in the event we engaged in a highly leveraged or other transaction which could adversely affect the holders of subordinated debt securities.

Modification of the Indenture

The indenture provides that, with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding subordinated debt securities of each affected series, modifications and alterations of the indenture may be made which affect the rights of the holders of the subordinated debt securities. However, no modification or alteration may be made without the consent of the holder of each subordinated debt security affected which would, among other things,

- modify the terms of payment of principal of or any premium or interest on the subordinated debt securities;

- adversely modify the subordination terms of the subordinated debt securities; or

- reduce the percentage in principal amount of outstanding subordinated debt securities required to modify or alter the indenture.

Events of Default, Waivers, Etc.

An "event of default" with respect to subordinated debt securities of any series is defined in the indenture to include:

(1) default in the payment of principal of or any premium on any of the outstanding subordinated debt securities of that series when due;

(2) default in the payment of interest on any of the outstanding subordinated debt securities of that series when due and continuance of such default for 30 days;

(3) default in the performance of any of our other covenants in the indenture with respect to the subordinated debt securities of that series and continuance of such default for 60 days after written notice;

(4) certain events of bankruptcy, insolvency or reorganization relating to us; and

(5) any other event that may be specified in a prospectus supplement with respect to any series of subordinated debt securities.

If an event of default with respect to any series of outstanding subordinated debt securities occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding subordinated debt securities of that series may declare the principal amount (or with respect to original issue discount securities, the portion of the principal amount as may be specified in the terms of that series) of all subordinated debt securities of that series to be immediately due and payable. The holders of a majority in aggregate principal amount of the outstanding subordinated debt securities of any series may waive an event of default resulting in acceleration of the subordinated debt securities, but only if all events of default with respect to subordinated debt securities of such series have been remedied and all payments due, other than those due as a result of acceleration, have been made.

If an event of default occurs and is continuing, the trustee may, in its discretion, and at the written request of holders of not less than a majority in aggregate principal amount of the outstanding subordinated debt securities of any series and upon reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request and subject to certain other conditions set forth in the indenture will, proceed to protect the rights of the holders of all the subordinated debt securities of that series. Prior to acceleration of maturity of the outstanding subordinated debt securities of any series, the holders of a majority in aggregate principal amount of the subordinated debt securities may waive any past default under the indenture except a default in the payment of principal of or any premium or interest on the subordinated debt securities of that series.

The indenture provides that upon the occurrence of an event of default specified in clauses (1) or (2) of the first paragraph in this subsection, we will, upon demand of the trustee, pay to it, for the benefit of the holders of any subordinated debt securities, the whole amount then due and payable on the affected subordinated debt securities for principal, premium, if any, and interest, if any. The indenture further provides that if we fail to pay such amount upon demand, the trustee may, among other things, institute a judicial proceeding for the collection of those amounts.

The indenture also provides that notwithstanding any of its other provisions, the holder of any subordinated debt security of any series will have the right to institute suit for the enforcement of any payment of principal of or any premium or interest on the subordinated debt securities when due and that such right will not be impaired without the consent of that holder.

We are required to file annually with the trustee a written statement of our officers as to the existence or non-existence of defaults under the indenture or the subordinated debt securities.

Satisfaction and Discharge

The indenture provides, among other things, that when all subordinated debt securities not previously delivered to the trustee for cancellation (1) have become due and payable or (2) will become due and payable at their stated maturity within one year, we may deposit with the trustee funds, in trust, for the purpose and in an amount sufficient to pay and discharge the entire indebtedness on the subordinated debt securities not previously delivered to the trustee for cancellation. Those funds will include all principal, premium, if any, and interest, if any, to the date of the deposit or to the stated maturity, as applicable. Upon such deposit, the indenture will cease to be of further effect except as to our obligations to pay all other sums due under the indenture and to provide the officers' certificates and opinions of counsel required under the indenture. At such time we will be deemed to have satisfied and discharged the indenture.

Governing Law

The indenture and the subordinated debt securities will be governed by, and construed in accordance with, the laws of the State of New York.

Regarding the Trustee

Information concerning the trustee for a series of subordinated debt securities will be set forth in the prospectus supplement relating to that series of subordinated debt securities.

We may have normal banking relationships with the trustee in the ordinary course of business.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital stock consists of 100,000,000 shares of common stock, par value $1.00 per share, and 25,000,000 shares of preferred stock, without par value. As of July 31, 2009, 38,842,133 shares of common stock and no shares of preferred stock were outstanding.

Common Stock

The holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Holders may use cumulative voting for the election of directors. Subject to preferences that may be applicable to any outstanding series of preferred stock, holders of our common stock are entitled to receive equally dividends as they may be declared by our board of directors out of funds legally available for the payment of dividends. In the event of our liquidation or dissolution, holders of our common stock are entitled to share equally in all assets remaining after payment of liabilities and the liquidation preference of any outstanding series of preferred stock.

Holders of our common stock have no preemptive rights and have no rights to convert their common stock into any other securities. All of the outstanding shares of our common stock are, and the shares of common stock we sell in any offering will be, duly authorized, validly issued, fully paid and nonassessable.

Preferred Stock

Our board of directors has the authority, without further action by our shareholders, to issue shares of undesignated preferred stock from time to time in one or more series and to fix the related number of shares and the designations, voting powers, preferences, optional and other special rights, and restrictions or qualifications of that preferred stock. The particular terms of any series of preferred stock will be described in the prospectus supplement relating to that series of preferred stock. The rights, preferences, privileges and restrictions or qualifications of different series of preferred stock may differ from common stock and other series of preferred stock with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions and other matters. The issuance of additional series of preferred stock could:

- decrease the amount of earnings and assets available for distribution to holders of common stock;
- adversely affect the rights and powers, including voting rights, of holders of common stock; and
- have the effect of delaying, deferring or preventing a change in control.

Depositary Shares

We may issue fractional shares of preferred stock rather than full shares of preferred stock. If we exercise this option, we will issue receipts for depositary shares, and each of these depositary shares will represent a fraction (to be set forth in the prospectus supplement relating to such depositary shares) of a share of a particular series of preferred stock.

The shares of any series of preferred stock underlying the depositary shares will be deposited under a deposit agreement between us and a bank or trust company selected by us. The depositary will have its principal office in the United States and a combined capital and surplus of at least $50,000,000. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fraction of a share of preferred stock underlying the depositary share, to

all of the rights and preferences of the preferred stock underlying that depositary share. Those rights may include dividend, voting, redemption, conversion and liquidation rights.

The depositary shares will be evidenced by depositary receipts issued under a deposit agreement. Depositary receipts will be distributed to those persons purchasing the fractional shares of preferred stock underlying the depositary shares, in accordance with the terms of the offering. We will describe the material terms of the deposit agreement, the depositary shares and the depositary receipts in a prospectus supplement relating to the depositary shares. You should also refer to the forms of the deposit agreement and depositary receipts that will be filed with the SEC in connection with the offering of the specific depositary shares.

Anti-Takeover Effects of South Dakota Law and Provisions of Our Charter and Bylaws

South Dakota law and our articles of incorporation and bylaws contain certain provisions that may be characterized as anti-takeover provisions. These provisions may make it more difficult to acquire control of us or remove our management.

Control Share Acquisitions

The control share acquisition provisions of the South Dakota Domestic Public Corporation Takeover Act provide generally that the shares of a publicly held South Dakota corporation acquired by a person that exceed the thresholds of voting power described below will have the same voting rights as other shares of the same class or series only if approved by:

- the affirmative vote of the majority of all outstanding shares entitled to vote, including all shares held by the acquiring person; and
- the affirmative vote of the majority of all outstanding shares entitled to vote, excluding all interested shares.

Each time an acquiring person reaches a threshold, an election must be held as described above before the acquiring person will have any voting rights with respect to shares in excess of such threshold. The thresholds which require shareholder approval before voting powers are obtained with respect to shares acquired in excess of such thresholds are 20%, $33^{1}/_{3}$% and 50%, respectively. We have elected in our articles of incorporation not to be subject to these provisions of South Dakota law.

Business Combinations

We are subject to the provisions of Section 47-33-17 of the South Dakota Domestic Public Corporation Takeover Act. In general, Section 47-33-17 prohibits a publicly held South Dakota corporation from engaging in a "business combination" with an "interested shareholder", unless the business combination or the transaction in which the person became an interested shareholder is approved in a prescribed manner. Unless the interested shareholder has been an interested shareholder for at least four years, a business combination with the interested shareholder must be approved by the board of directors of the corporation prior to the date of the interested shareholder's acquisition of the corporation's voting stock, by the affirmative vote of all of the holders of all of the outstanding voting shares, or, under some circumstances, by the affirmative vote of the holders of a majority of the outstanding voting shares exclusive of those shares beneficially owned by the interested shareholder or any of its affiliates or associates. After the four year period has elapsed, the business combination must still be approved, if not previously approved in the manner prescribed, by the affirmative vote of the holders of a majority of the outstanding voting shares exclusive, in some instances, of those shares beneficially owned by the interested shareholder or any of its affiliates or associates. Generally, an "interested shareholder" is a person who, together with affiliates and associates, beneficially owns, directly or indirectly, 10% or more of the corporation's voting stock. A "business combination" includes

a merger, a transfer of 10% or more of the corporation's assets, the issuance or transfer of stock equal to 5% or more of the aggregate market value of all of the corporation's outstanding shares, the adoption of a plan of liquidation or dissolution, or other transaction resulting in a financial benefit to the interested shareholder. The provisions of Section 47-33-17 of the South Dakota Domestic Public Corporation Takeover Act may delay, defer or prevent a change in control of us without the shareholders taking further action.

The South Dakota Domestic Public Corporation Takeover Act further provides that our board, in determining whether to approve a merger or other change of control, may take into account both the long-term as well as short-term interests of us and our shareholders, the effect on our employees, customers, creditors and suppliers, the effect upon the community in which we operate and the effect on the economy of the state and nation. This provision may permit our board to vote against some proposals that, in the absence of this provision, it would otherwise have a fiduciary duty to approve.

Fair Price Provision

Our articles of incorporation require the affirmative vote of the holders of 80% or more of the outstanding shares of our voting stock to approve any "business transaction" with any "related person" or any "business transaction" in which a "related person" has an interest. However, if a majority of the members of our board who are not affiliated with the related party approve the business transaction, or if the cash or fair market value of any consideration received by our shareholders pursuant to a business transaction meets certain enumerated requirements, then the 80% voting requirement will not be applicable. Generally, our articles of incorporation define a "business transaction" to include a merger, asset or stock sale. Our articles of incorporation generally define a "related person" as any person or entity that, together with its affiliates and associates, beneficially owns 10% or more of our outstanding voting stock. The likely effect of this provision is to delay, defer or prevent a change in control.

Board Composition

Our articles of incorporation and bylaws provide for a staggered board of directors divided into three classes, with the term of office of one class expiring each year. Our articles of incorporation and bylaws also provide that our directors may be removed only for cause and by the affirmative vote of the majority of the remaining members of the board of directors. The likely effect of our staggered board of directors and the limitation on the removal of directors is an increase in the time required for the shareholders to change the composition of our board of directors.

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and preferred stock are available for future issuance without shareholder approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could also render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Our board of directors has no present intention to issue any new series of preferred stock; however, our board has the authority, without further shareholder approval, to issue one or more series of preferred stock that could, depending on the terms of the series, either impede or facilitate the completion of a merger, tender offer or other takeover attempt. Although our board of directors is required to make any determination to issue such stock based on its judgment as to the best interest of our shareholders, our board could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of the shareholders might believe to be in their best

interests or in which shareholders might receive a premium for their stock over the then market price of such stock. Our board of directors does not intend to seek shareholder approval prior to any issuance of stock, unless otherwise required by law or the rules of the stock exchange on which our common stock is listed.

Shareholder Action by Written Consent Must Be Unanimous

South Dakota law provides that any action which may be taken at a meeting of shareholders may be taken without a meeting if a written consent, setting forth the action taken, is signed by all of the shareholders entitled to vote with respect to the action taken. This provision prevents holders of less than all of our common stock from unilaterally using the written consent procedure to take shareholder action.

Advance Notice

Our bylaws provide that proposals and director nominations made by a shareholder to be voted upon at any annual meeting or special meeting of shareholders may be taken only if such proposal or director nomination is "properly brought" before such meeting. In order for any matter to be considered "properly brought" before an annual meeting or a special meeting, a shareholder must comply with certain requirements regarding advance notice to the company. The advance notice provisions could have the effect of delaying until the next shareholders meeting shareholder actions which are favored by the holders of a majority of our outstanding voting securities.

Transfer Agent

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services. Its address is P.O. Box 64856, St. Paul, Minnesota 55164-0856, and its telephone number for shareholder services is (800) 468-9716.

DESCRIPTION OF WARRANTS

Offered Warrants

We may issue warrants that are debt warrants or equity warrants. We may offer warrants separately or together with one or more additional warrants or debt or equity securities or any combination of those securities in the form of units, as described in the applicable prospectus supplement. If we issue warrants as part of a unit, the accompanying prospectus supplement will specify whether those warrants may be separated from the other securities in the unit prior to the warrants' expiration date.

Debt Warrants

We may issue, together with debt securities or separately, warrants for the purchase of debt securities on terms to be determined at the time of sale.

Equity Warrants

We may also issue, together with equity securities or separately, warrants to purchase, including warrant spreads, shares of our common or preferred stock on terms to be determined at the time of sale.

General Terms of Warrants

The applicable prospectus supplement will contain, where applicable, the following terms of and other information relating to the warrants and warrant spreads:

- the specific designation and aggregate number of, and the price at which we will issue, the warrants;
- the currency with which the warrants may be purchased;
- the date on which the right to exercise the warrants will begin and the date on which that right will expire or, if you may not continuously exercise the warrants throughout that period, the specific date or dates on which you may exercise the warrants;
- whether the warrants will be issued in fully registered form or bearer form, in definitive or global form or in any combination of these forms, although, in any case, the form of a warrant included in a unit will correspond to the form of the unit and of any debt security included in that unit;
- any applicable material United States federal income tax consequences;
- the identity of the warrant agent for the warrants and of any other depositaries, execution or paying agents, transfer agents, registrars, determination agents or other agents;
- the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on any securities exchange;
- if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;
- information with respect to book-entry procedures, if any;
- the terms of the securities issuable upon exercise of the warrants;
- the antidilution provisions of the warrants, if any;
- any redemption or call provisions;
- the exercise price and procedures for exercise of the warrants;

- the terms of any warrant spread and the market price of our common stock which will trigger our obligation to issue shares of our common stock in settlement of a warrant spread;
- whether the warrants are to be sold separately or with other securities as part of units; and
- any other terms of the warrants.

Significant Provisions of the Warrant Agreements

We will issue the warrants under one or more warrant agreements to be entered into between us and a bank or trust company, as warrant agent, in one or more series, which will be described in the prospectus supplement for the warrants. The following summaries of significant provisions of the warrant agreements and the warrants are not intended to be comprehensive, and holders of warrants should review the detailed description of the relevant warrant agreement included in any prospectus supplement.

Modifications Without Consent of Warrantholders

We and the warrant agent may amend the terms of the warrants and the warrant certificates without the consent of the holders to:

- cure any ambiguity;
- cure, correct or supplement any defective or inconsistent provision; or
- amend the terms in any other manner which we may deem necessary or desirable and which will not adversely affect the interests of the affected holders in any material respect.

Enforceability of Rights of Warrantholders

The warrant agents will act solely as our agents in connection with the warrant certificates and will not assume any obligation or relationship of agency or trust for or with any holders of warrant certificates or beneficial owners of warrants. Any holder of warrant certificates and any beneficial owner of warrants may, without the consent of any other person, enforce by appropriate legal action, on its own behalf, its right to exercise the warrants evidenced by the warrant certificates in the manner provided for in that series of warrants or pursuant to the applicable warrant agreement. No holder of any warrant certificate or beneficial owner of any warrants will be entitled to any of the rights of a holder of the debt securities or any other warrant property, if any, purchasable upon exercise of the warrants, including, without limitation, the right to receive the payments on those debt securities or other warrant property or to enforce any of the covenants or rights in the relevant indenture or any other similar agreement.

Registration and Transfer of Warrants

Subject to the terms of the applicable warrant agreement, warrants in registered, definitive form may be presented for exchange and for registration of transfer at the corporate trust office of the warrant agent for that series of warrants, or at any other office indicated in the prospectus supplement relating to that series of warrants, without service charge. However, the holder will be required to pay any taxes and other governmental charges as described in the warrant agreement. The transfer or exchange will be effected only if the warrant agent for the series of warrants is satisfied with the documents of title and identity of the person making the request.

New York Law to Govern

The warrants and each warrant agreement will be governed by, and construed in accordance with, the laws of the State of New York.

DESCRIPTION OF PURCHASE CONTRACTS

We may issue purchase contracts, including contracts obligating holders to purchase from us and us to sell to the holders, a specified principal amount of debt securities or a specified number of shares of common stock or preferred stock or any of the other securities that we may sell under this prospectus (or a range of principal amount or number of shares pursuant to a predetermined formula) at a future date or dates. The consideration payable upon settlement of the purchase contracts may be fixed at the time the purchase contracts are issued or may be determined by a specific reference to a formula set forth in the purchase contracts. The purchase contracts may be issued separately or as part of units consisting of a purchase contract and other securities or obligations issued by us or third parties, including United States treasury securities, securing the holders' obligations to purchase the relevant securities under the purchase contracts. The purchase contracts may require us to make periodic payments to the holders of the purchase contracts or units or vice versa, and the payments may be unsecured or prefunded on some basis. The purchase contracts may require holders to secure their obligations under the purchase contracts in a specified manner and in some circumstances we may deliver newly issued prepaid purchase contracts, often referred to as "prepaid securities," upon release to a holder of any collateral securing such holder's obligations under the original purchase contract.

The applicable prospectus supplement will describe the terms of any purchase contracts or purchase units and, if applicable, such other securities or obligations. The description in the prospectus supplement will not necessarily be complete and will be qualified in its entirety by reference to the purchase contracts, and, if applicable, collateral arrangements, relating to the purchase contracts.

DESCRIPTION OF UNITS

We may issue units consisting of one or more purchase contracts, warrants, debt securities, shares of preferred stock, shares of common stock or any combination of such securities. The applicable prospectus supplement will describe:

- the terms of the units and of the purchase contracts, warrants, debt securities, preferred stock and/or common stock comprising the units, including whether and under what circumstances the securities comprising the units may be traded separately;
- a description of the terms of any unit agreement governing the units; and
- a description of the provisions for the payment, settlement, transfer or exchange of the units.

PLAN OF DISTRIBUTION

From time to time, we may sell the securities offered by this prospectus:

- through underwriters or dealers;
- through agents;
- directly to purchasers; or
- through a combination of any of these methods of sale.

This prospectus may be used in connection with any offering of our securities through any of these methods or other methods described in the applicable prospectus supplement. Any underwriter, dealer or agent may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933.

The applicable prospectus supplement relating to the securities will set forth:

- their offering terms, including the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the net proceeds we may receive from the sale;

- any underwriting discounts, fees, commissions and other items constituting compensation to underwriters, dealers or agents;
- any initial public offering price;
- any discounts, commissions or concessions allowed or reallowed or paid by underwriters or dealers to other dealers; and
- any securities exchanges on which the securities may be listed.

If underwriters or dealers are used in the sale, the securities will be acquired by the underwriters or dealers for their own account and may be resold from time to time in one or more transactions,

- at a fixed price or prices which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to such prevailing market prices; or
- at negotiated prices.

The securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise set forth in the applicable prospectus supplement, the obligations of underwriters or dealers to purchase the offered securities will be subject to certain conditions precedent, and the underwriters or dealers will be obligated to purchase all the offered securities if any are purchased. Any public offering price and any discounts or concessions allowed or reallowed or paid by underwriters or dealers to other dealers may be changed from time to time.

Securities may be sold directly by us or through agents designated by us from time to time. Any agent involved in the offer or sale of the securities in respect of which this prospectus is delivered will be named, and any commissions payable by us to the agent will be set forth, in the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

If so indicated in the applicable prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers from certain specified institutions to purchase securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to any conditions set forth in the applicable prospectus supplement and the prospectus supplement will set forth the commission payable for solicitation of such contracts. The underwriters and other persons soliciting such contracts will have no responsibility for the validity or performance of any such contracts.

Underwriters, dealers and agents may be entitled under agreements entered into with us to indemnification by us against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribution by us to payments which they may be required to make. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

Each class or series of securities will be a new issue of securities with no established trading market, other than our common stock, which is listed on the New York Stock Exchange. We may elect to list any other class or series of securities on any exchange, but are not obligated to do so. Any underwriters to whom securities are sold by us for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any securities.

LEGAL OPINIONS

The validity of the securities offered by this prospectus will be passed upon for Black Hills Corporation by Steven J. Helmers, Senior Vice President-General Counsel of Black Hills, with respect to matters governed by South Dakota law, and by Conner & Winters, LLP, Tulsa, Oklahoma, special counsel to Black Hills, with respect to matters governed by New York law. Certain legal matters will be passed upon for Black Hills by Conner & Winters, LLP, Tulsa, Oklahoma, and for the underwriters, dealers, or agents, if any, by their own legal counsel. Mr. Helmers owns, directly or indirectly, 34,077 shares of our common stock, and holds options to purchase an additional 19,110 shares.

EXPERTS

The financial statements and the related financial statement schedule, incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K, and the effectiveness of Black Hills Corporation's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The combined balance sheets as of December 31, 2007, and 2006, of the Aquila, Inc. Utilities to be Acquired by Black Hills and the related statements of income, changes in parent company investment, and cash flows for the years then ended, included in our Current Report on Form 8-K dated September 29, 2008, have been incorporated in the registration statement by reference, in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and in reliance upon the authority of said firm as experts in accounting and auditing. The audit report refers to the adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*, *Accounting for Income Taxes*, and FASB Staff Position (FSP) AUG AIR-1, *Accounting for Planned Major Maintenance Activities*.

We have derived the estimates of proved oil and natural gas reserves and related future net revenues and the present value thereof as of December 31, 2008 and 2007 included in our Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated by reference in this prospectus from the reserve report of Cawley, Gillespie & Associates, Inc., independent petroleum engineers, given on the authority of Cawley, Gillespie & Associates, Inc. as experts in such matters.

We have derived the estimates of proved oil and natural gas reserves and related future net revenues and the present value thereof as of December 31, 2006 included in our Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated by reference in this prospectus from the reserve report of Ralph E. Davis Associates, Inc., independent petroleum engineers, given on the authority of Ralph E. Davis Associates, Inc. as experts in such matters.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus constitutes a part of a registration statement on Form S-3 (together with all amendments, supplements, schedules and exhibits to the registration statement, referred to as the registration statement) that we have filed with the SEC under the Securities Act of 1933 with respect to the securities offered by this prospectus. This prospectus does not contain all the information which is in the registration statement. Certain parts of the registration statement are omitted as allowed by the rules and regulations of the SEC. We refer you to the registration statement for further information about our company and the securities offered by this prospectus. Statements contained in this prospectus concerning the provisions of documents are not necessarily complete, and each statement is qualified in its entirety by reference to the copy of the applicable document filed with the SEC.

We also file annual, quarterly and special reports, proxy statements and other information with the SEC. You can inspect and copy the registration statement and the reports and other information we file with the SEC at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You can obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website which provides online access to reports, proxy and information statements and other information regarding companies that file electronically with the SEC at the address *http://www.sec.gov.*

The SEC allows us to "incorporate by reference" into this prospectus the information we file with them, which means we can disclose important business and financial information about us to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, except for any information that is superseded by information included directly in this prospectus and any prospectus supplement. Information that we file later with the SEC will also automatically update and supersede the information in this prospectus. We incorporate by reference the documents listed below that we previously filed with the SEC (SEC File No. 1-31303) and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than any portions of such filings that are furnished rather than filed under applicable SEC rules) until the termination of the offering made under this prospectus:

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2008;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009;
- The information included under Items 5.03 and 8.01 of our Current Report on Form 8-K filed on February 3, 2009, our Current Report on Form 8-K/A filed on September 29, 2008, and our Current Reports on Form 8-K filed on May 14, 2009, May 28, 2009, October 20, 2009 and October 22, 2009; and
- The description of our common stock contained in our registration statement on Form 8-A, dated April 19, 2002, including any amendment or report filed before or after the date of this prospectus for the purpose of updating the description.

These filings have not been included in or delivered with this prospectus. We will provide to each person, including any beneficial owner to whom this prospectus is delivered, a copy of any or all information that has been incorporated by reference in this prospectus but not delivered with this prospectus. You may obtain a copy of these filings, at no cost, from our Internet website (*www.blackhillscorp.com*) or by writing or telephoning us at the following address:

Black Hills Corporation
625 Ninth Street
Rapid City, South Dakota 57701
Attention: Investor Relations
(605) 721-1700

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PROSPECTUS

BLACK HILLS POWER, INC.
First Mortgage Bonds

Black Hills Power, Inc. may from time to time offer to sell first mortgage bonds. We sometimes refer to the first mortgage bonds as the "bonds." Each time we sell bonds pursuant to this prospectus, we will provide a supplement to this prospectus that contains specific information about the offering and the specific terms of the bonds offered. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our bonds.

There are significant risks associated with an investment in our bonds. You should read carefully the risks described under the caption "Risk Factors" beginning at page 5 of this prospectus and the risks we describe in the accompanying prospectus supplement for a better understanding of the risks and uncertainties that investors in our bonds should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these bonds or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell bonds unless accompanied by a prospectus supplement.

The date of this prospectus is October 22, 2009.

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You should rely only on the information contained in this prospectus or any prospectus supplement to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these bonds. The information in this prospectus or any prospectus supplement may only be accurate on the date of those documents.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the bonds described in this prospectus in one or more offerings. For further information about our business and the bonds, you should refer to the registration statement and its exhibits. The exhibits to the registration statement contain the full text of the contracts and other important documents summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the bonds that we may offer, you should review the full text of these documents. The registration statement can be obtained from the SEC as indicated under the heading "Where You Can Find More Information."

This prospectus provides you with only a general description of the bonds we may offer. Each time we offer to sell bonds, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update, or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information." Unless the context otherwise requires, references in this prospectus to "Black Hills Power," the "Company," "we," "us" and "our" generally refer to Black Hills Power, Inc.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement may contain "forward-looking statements" within the meaning of the Federal securities laws. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any accompanying prospectus supplement that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation the following:

- Our ability to obtain adequate cost recovery for our retail utility operations through regulatory proceedings and receive favorable rulings in the periodic applications to recover costs for fuel and purchased power; and our ability to add power generation assets into our regulatory rate base;
- Our ability to access the bank loan and debt capital markets on reasonable terms, if at all, which is dependent in part on our ability to maintain our financial condition and credit ratings;
- Our ability to obtain from utility commissions any requisite determination of prudency to support resource planning and development programs we propose to implement;
- The timing and extent of scheduled and unscheduled outages of power generation facilities;
- The possibility that we may be required to take impairment charges to reduce the carrying value of some of our long-lived assets when indicators of impairment emerge;
- Changes in business and financial reporting practices arising from the enactment of the Energy Policy Act of 2005 ("EPA 2005") and subsequent rules and regulations promulgated thereunder;
- Our ability to remedy any significant deficiencies or material weaknesses that may be identified in the review of our internal controls;
- The timing, volatility and extent of changes in energy and commodity prices, supply or volume, the cost and availability of transportation of commodities, changes in interest or foreign exchange rates, and the demand for our services, any of which can affect our earnings, our financial liquidity and the underlying value of our assets;
- Our ability to effectively use derivative financial instruments to hedge commodity risks;
- Our ability to minimize losses related to defaults on amounts due from customers and counterparties, including counterparties to trading and other commercial transactions;
- Our ability to comply, or to make expenditures required to comply, with changes in laws and regulations, particularly those relating to taxation, safety and protection of the environment and to recover those expenditures in our customer rates, where applicable;
- Federal and state laws concerning climate change and air emissions, including emission reduction mandates and renewable energy portfolio standards, which may materially increase our generation and production costs and could render some of our generating units uneconomical to operate and maintain;
- Weather and other natural phenomena;

- Industry and market changes, including the impact of consolidations and changes in competition;
- The effect of accounting policies issued periodically by accounting standard-setting bodies;
- The cost and effects on our business, including insurance, resulting from terrorist actions or responses to such actions or events;
- The outcome of any ongoing or future litigation or similar disputes and the impact on any such outcome or related settlements;
- Price risk due to marketable securities held as investments in benefit plans;
- General economic and political conditions, including tax rates or policies and inflation rates; and
- Risk factors discussed elsewhere in this prospectus and in any accompanying prospectus supplement.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise.

RISK FACTORS

Before you invest in the bonds, you should be aware that there are various risks including those described below. You should carefully consider these risks together with all of the other information included in this document and the documents to which we have referred you. See "Where You Can Find More Information."

We may not raise our retail rates without prior approval of the South Dakota Public Utilities Commission (the "SDPUC"), the Wyoming Public Service Commission (the "WPSC") or the Montana Public Service Commission (the "MTPSC"). These regulatory commissions may refuse to approve some or all of the utility rate increases we have requested or may request in the future, or may determine that amounts passed through to customers were not prudently incurred and are, therefore, not recoverable.

Our regulated electricity operations are subject to cost-of-service regulation and earnings oversight. This regulatory treatment does not provide any assurance as to achievement of desired earnings levels. Our rates are regulated on a state-by-state basis by the relevant state regulatory authorities based on an analysis of our costs, as reviewed and approved in a regulatory proceeding. The rates that we are allowed to charge may or may not match our related costs and allowed return on invested capital at any given time. While rate regulation is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital, there can be no assurance that the state public utility commissions will judge all of our costs, including our borrowing and debt service costs, to have been prudently incurred or that the regulatory process in which rates are determined will always result in rates that will produce a full recovery of our costs and the return on invested capital allowed by the applicable state public utility commission.

To some degree, we are permitted to recover certain costs (such as increased fuel, purchased power costs and transmission, as applicable) without having to file a rate case. To the extent we pass through such costs to ratepayers and a state public utility commission subsequently determines that such costs should not have been paid by ratepayers, we may be required to refund such costs to ratepayers. Any such costs not recovered through rates, or any such refund, could negatively affect our revenues, cash flows and results of operations.

The recent global financial crisis has made the credit markets less accessible and created a shortage of available credit. We may, therefore, be unable to obtain the financing needed to refinance debt, fund planned capital expenditures or otherwise execute our operating strategy.

Our ability to execute our operating strategy is highly dependent upon our access to capital. Historically, we have addressed our liquidity needs (including funds required to make scheduled principal and interest payments, refinance debt and fund working capital and planned capital expenditures) with operating cash flow and proceeds of debt offerings. Our ability and the ability of our parent, Black Hills Corporation, to access the capital markets and the costs and terms of available financing depend on many factors, including changes in our credit ratings, changes in the federal or state regulatory environment affecting energy companies, volatility in commodity or electricity prices and general economic and market conditions.

Recent financial distress within the global economy has caused significant disruption in the credit markets. Among other things, long-term interest rates on debt securities have increased significantly and the volume of debt security issuances has decreased. Recent actions taken by the United States government, the Federal Reserve and other governmental and regulatory bodies may be insufficient to stabilize these markets. The longer such conditions persist, the more significant the implications become for us, including the possibility that adequate capital may not be available (or available on reasonable commercial terms) for us to refinance indebtedness. Among other things, alternatives could include deferring portions of our planned capital expenditure program or selling assets. The failure to

consummate refinancings, and any actions taken in lieu of such refinancings, could have a material adverse effect on our results of operations, cash flows and financial condition.

The recent global financial crisis has also increased our counterparty credit risk.

As a consequence of the prolonged recession, the creditworthiness of many of our contractual counterparties has deteriorated. As the creditworthiness of our counterparties deteriorates, we face increased exposure to counterparty credit default.

We have established guidelines, controls and limits to manage and mitigate credit risk. For our large commercial and industrial customers, we seek to mitigate our credit risk by conducting a majority of our business with investment grade companies, setting tenor and credit limits commensurate with counterparty financial strength, obtaining netting agreements and securing our credit exposure with less creditworthy counterparties through parent company guarantees, prepayments, letters of credit and other security agreements. Although we aggressively monitor and evaluate changes in our counterparties' credit status and adjust the credit limits based upon changes in the customer's creditworthiness, our credit guidelines, controls and limits may not protect us from increasing counterparty credit risk under today's stressed financial conditions. To the extent the financial crisis causes our credit exposure to contractual counterparties to increase materially, such increased exposure could have a material adverse effect on our results of operations, cash flows and financial condition.

National and regional economic conditions may cause increased late payments and uncollectible accounts, which would reduce earnings and cash flows.

A prolonged recession may lead to an increase in late payments from retail and commercial utility customers. If late payments and uncollectible accounts increase, earnings and cash flows from our continuing operations may be reduced.

Our credit ratings could be lowered below investment grade in the future. If this were to occur, our access to capital and our cost of capital and other costs would be negatively affected.

Our credit rating on our currently outstanding First Mortgage Bonds is "A3" by Moody's, "BBB" by S&P and "A-" by Fitch. Any reduction in our ratings by Moody's, S&P or Fitch could adversely affect our ability to refinance or repay our existing debt and to complete new financings.

Construction, expansion, refurbishment and operation of power generating and transmission facilities involve significant risks which could lead to lost revenues or increased expenses.

The construction, expansion, refurbishment and operation of power generating and transmission facilities involve many risks, including:

- The inability to obtain required governmental permits and approvals;
- Contract restrictions upon the timing of scheduled outages;
- Cost of supplying or securing replacement power during scheduled and unscheduled outages;
- The unavailability or increased cost of equipment and labor supply;
- Supply interruptions, work stoppages and labor disputes;
- Capital and operating costs to comply with increasing stringent environmental laws and regulations;
- Opposition by members of public or special-interest groups;
- Weather interferences;
- Unexpected engineering, environmental and geological problems; and

- Unanticipated cost overruns.

The ongoing operation of our facilities involves all of the risks described above, in addition to risks relating to the breakdown or failure of equipment or processes and performance below expected levels of output or efficiency. New plants may employ recently developed and technologically complex equipment, especially in the case of newer environmental emission control technology. Any of these risks could cause us to operate below expected capacity levels, which in turn could reduce revenues, increase expenses, or cause us to incur higher maintenance costs and penalties. While we maintain insurance, obtain warranties from vendors and obligate contractors to meet certain performance levels, the proceeds of such insurance and our rights under warranties or performance guarantees may not be timely or adequate to cover lost revenues, increased expenses or liquidated damage payments.

Because prices in the wholesale power markets are volatile, our revenues and expenses may fluctuate.

A portion of the variability of our net income in recent years has been attributable to wholesale electricity sales. The related power prices are influenced by many factors outside our control, including among other things, fuel prices, transmission constraints, supply and demand, weather, general economic conditions and the rules, regulations and actions of the system operators in those markets.

Moreover, unlike most other commodities, electricity cannot be stored and therefore must be produced concurrently with its use. As a result, wholesale power markets are subject to significant, unpredictable price fluctuations over relatively short periods of time.

Our operating results can be adversely affected by milder weather.

Our utility business is a seasonal business and weather patterns can have a material impact on our operating performance. Demand for electricity is typically greater in the summer and winter months associated with cooling and heating. Accordingly, our utility operations have historically generated less revenues and income when weather conditions are cooler in the summer and warmer in the winter. Unusually mild summers and winters therefore could have an adverse effect on our financial condition and results of operations.

Our business is subject to substantial governmental regulation and permitting requirements as well as environmental liabilities, including those we assumed in connection with certain acquisitions. We may be adversely affected if we fail to achieve or maintain compliance with existing or future regulations or requirements, or the potentially high cost of complying with such requirements or addressing environmental liabilities.

Our business is subject to extensive energy, environmental and other laws and regulations of federal, state and local authorities. We generally must obtain and comply with a variety of licenses, permits and other approvals in order to operate, which could require significant capital expenditures and operating costs. If we fail to comply with these requirements, we could be subject to civil or criminal liability and the imposition of liens or fines; claims for property damage or personal injury; or environmental clean-up costs. In addition, existing regulations may be revised or reinterpreted, new laws and regulations may be adopted or become applicable to us or our facilities, which could require additional unexpected expenditures and have a detrimental effect on our business.

We strive to comply with all applicable environmental laws and regulations. Future steps to bring our facilities into compliance, if necessary, could be expensive, and could adversely affect our results of operations and financial condition. We expect our environmental compliance expenditures to be substantial in the future due to the continuing trends toward stricter standards, greater regulation, more extensive permitting requirements and an increase in the number of assets we operate.

Federal and state laws concerning climate change and air emissions, including emission reduction mandates and renewable energy portfolio standards, may materially increase our generation and

production costs and could render some of our generating units uneconomical to operate and maintain.

We own and operate regulated fossil-fuel generating plants in South Dakota and Wyoming. We are constructing another fossil-fuel generating plant in Wyoming. Air emissions of fossil-fuel generating plants are subject to federal, state and tribal regulation. Recent developments under federal and state laws and regulation governing air emissions from fossil-fuel generating plants will likely result in more stringent emission limitations.

On April 2, 2007, the U.S. Supreme Court issued a decision in the case of Massachusetts v. U.S. Environmental Protection Agency, holding that CO2 and other greenhouse gas ("GHG") emissions are pollutants subject to regulation under the motor vehicle provisions of the Clean Air Act. The case was remanded to the U.S. Environmental Protection Agency (the "EPA") for further rulemaking to determine whether GHG emissions may reasonably be anticipated to endanger public health or welfare, or alternatively, to explain why GHG emissions should not be regulated. On April 17, 2008, the EPA issued its proposed endangerment finding under Section 202 of the Clean Air Act. Although this proposal does not specifically address stationary sources, such as power generation plants, the general endangerment finding relative to GHGs could support such a proposal by the EPA for stationary sources. On March 10, 2009, the EPA released proposed rules regarding a mandatory GHG reporting regimen, the purpose of which would be to collect data to inform future policy and regulatory decisions. Finally, federal legislation is currently under consideration in the U.S. Congress, including H.R. 2454, "the American Clean Energy and Security Act of 2009," which was approved by the U.S. House of Representatives on June 26, 2009. This legislation would affect electric generation and electric and natural gas distribution companies. H.R. 2454 would establish mandatory GHG reduction targets, utilizing a Federal emissions cap-and-trade program. H.R.2454 also proposes a national renewable electricity standard, which would implement a phased process ultimately mandating that 20% of electricity sold by retail suppliers be met by energy efficiency improvements and renewable energy resources by 2020. The Senate is expected to consider its own version of the legislation later in 2009 or in 2010.

In addition, the EPA announced on September 30, 2009 a proposed rule that, among other things, would establish lower emissions thresholds for certain permit programs administered under the Clean Air Act, and would require power plants and certain other facilities emitting more than 25,000 tons of greenhouse gases per year to obtain (or renew, in the ordinary course) operating permits incorporating new, and possibly more stringent, emissions control practices and technologies, such as Best Available Control Technology or New Source Performance Standards, for new and existing facilities making major modifications to their operations.

Due to the uncertainty as to the final outcome of federal climate change legislation, or regulatory changes under the Clean Air Act, we cannot definitively estimate the effect of GHG regulation on our results of operations, cash flows or financial position. The impact of GHG legislation or regulation upon our company will depend upon many factors, including but not limited to the timing of implementation, the GHG sources that are regulated, the overall GHG emissions cap level, and the availability of technologies to control or reduce GHG emissions. If a "cap and trade" structure is implemented, the impact will also be affected by the degree to which offsets are allowed, the allocation of emission allowances to specific sources, and the effect of carbon regulation on natural gas and coal prices.

More stringent GHG emissions limitations or other energy efficiency requirements, however, could require us to incur significant additional costs relating to, among other things, the installation of additional emission control equipment, the acceleration of capital expenditures, the purchase of additional emissions allowances or offsets, the acquisition or development of additional energy supply from renewable resources, and the closure of certain generating facilities. To the extent our regulated

fossil-fuel generating plants are included in rate base, we will attempt to recover costs associated with complying with emission standards or other requirements. Any unrecovered costs could have a material impact on our results of operations and financial condition. In addition, future changes in environmental regulations governing air emissions could render some of our power generating units more expensive or uneconomical to operate and maintain.

We serve customers in Montana, South Dakota and Wyoming. Montana has adopted mandatory renewable portfolio standards that require electric utilities to supply a minimum percentage of the power delivered to customers from renewable resources (e.g., wind, solar, biomass) by a certain date in the future. These renewable energy portfolio standards have increased the power supply costs of our electric operations. If this state increases its renewable energy portfolio standards, or if similar standards are imposed by South Dakota or Wyoming, our power supply costs will further increase. Although we will seek to recover these higher costs in rates, any unrecovered costs could have a material negative impact on our results of operations and financial condition.

Governmental authorities may assess penalties on us if it is determined that we have not complied with environmental laws and regulations.

If we fail to comply with environmental laws and regulations, even if caused by factors beyond our control, that failure may result in the assessment of civil or criminal penalties and fines against us. Recent lawsuits by the EPA and various states filed against others within industries in which we operate highlight the environmental risks faced by generating facilities, in general, and coal-fired generating facilities in particular.

Increased risks of regulatory penalties could negatively impact our business.

EPA 2005 increased the Federal Energy Regulatory Commission's ("FERC") civil penalty authority for violation of FERC statutes, rules and orders. FERC can now impose penalties of $1.0 million per violation, per day. Many rules that were historically subject to voluntary compliance are now mandatory and subject to potential civil penalties for violations. If a serious violation did occur, and penalties were imposed by FERC, it could have a material adverse effect on our operations or our financial results.

Increasing costs associated with our defined benefit retirement plans may adversely affect our results of operations, financial position or liquidity.

We have defined benefit pension plans that cover a substantial portion of our employees. Assumptions related to future costs, return on investments, interest rates and other actuarial assumptions have a significant impact on our funding requirements related to these plans. These estimates and assumptions may change based on actual return on plan assets, changes in interest rates and any changes in governmental regulations. In addition, the Pension Protection Act of 2006 changed the minimum funding requirements for defined benefit pension plans beginning in 2008.

Increasing costs associated with health care plans may adversely affect our results of operations, financial position or liquidity.

The costs of providing health care benefits to our employees and retirees have increased substantially in recent years. We believe that our employee benefit costs, including costs related to health care plans for our employees and former employees, will continue to rise. The increasing costs and funding requirements associated with our health care plans may adversely affect our results of operations, financial position or liquidity.

An effective system of internal control may not be maintained, leading to material weaknesses in internal control over financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires management to make an assessment of the design and effectiveness of internal controls. During their assessment of these controls, management may identify areas of weakness in control design or effectiveness, which may lead to the conclusion that a material weakness in internal control exists.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for each period indicated. The ratio was computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations (before adjustment for income taxes, minority interests in consolidated subsidiaries or income or loss from equity investees), plus fixed charges and distributed income of equity investees and less interest capitalized, preference security dividend requirements of consolidated subsidiaries and minority interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of interest expensed and capitalized, amortization of debt issuance costs and an estimate of the interest within rental expense.

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
Ratio of earnings to fixed charges	2.77	2.80	3.34	4.09	3.39	3.59	2.99

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of any bonds described in this prospectus for working capital and general corporate purposes, which may include:

- repayment or refinancing of outstanding debt;
- capital expenditures;
- acquisitions;
- investments; and
- other business opportunities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

You should read the following discussion in conjunction with "Risk Factors" and our financial statements and the related notes included elsewhere in this prospectus.

Overview

Six Months Ended June 30, 2009

	Six Months Ended June 30, (in thousands)	
	2009	2008
Revenue	$ 101,294	$ 115,610
Fuel and purchased power	42,515	55,725
Gross margin	58,779	59,885
Operating expenses other than fuel and purchased power	43,068	40,023
Operating income	$ 15,711	$ 19,862
Net income	$ 10,069	$ 10,827

The following tables provide certain operating statistics:

	Electric Revenue (in thousands)		
	Six Months Ended June 30,		
Customer Base	2009	Percentage Change	2008
Commercial	$ 29,194	10%	$ 26,535
Residential	24,672	7	22,980
Industrial	9,780	(10)	10,838
Municipal sales	1,296	3	1,264
Total retail sales	64,942	5	61,617
Contract wholesale	12,184	(8)	13,202
Wholesale off system	14,985	(56)	34,335
Total electric sales	92,111	(16)	109,154
Other revenue	9,183	42	6,456
Total revenue	$ 101,294	(12)%	$ 115,610

Megawatt Hours Sold

Customer Base	Six Months Ended June 30, 2009	Percentage Change	2008
Commercial	345,211	3%	335,772
Residential	282,599	2	277,140
Industrial	179,968	(15)	211,697
Municipal sales	15,662	(1)	15,845
Total retail sales	823,440	(2)	840,454
Contract wholesale	311,927	(5)	328,585
Wholesale off system	474,403	(7)	511,511
Total electric sales	1,609,770	(4)	1,680,550
Losses and company use	67,293	119	30,776
Total energy	1,677,063	(2)%	1,711,326

Power Plant Availability

	Six Months Ended June 30, 2009	2008
Coal-fired plants	87.0%*	84.0%**
Other plants	95.8%	91.0%
Total availability	90.8%	87.5%

* Reflects major outages at Neil Simpson I and Neil Simpson II coal-fired plants. The Neil Simpson I outage was scheduled for 31 days and was subsequently extended to 39 days. The Neil Simpson II outage was scheduled for 18 days and was subsequently extended to 27 days. The outages were extended on both units for major rotor damage discovered during the overhauls.

** Reflects major maintenance outages at our Ben French, Neil Simpson I and Osage coal-fired plants. The Ben French outage was scheduled for 25 days and was subsequently extended to accelerate major maintenance originally scheduled for 2009. The actual outage was 88 days and resulted in the plant's output being restored to its full rated capacity. The Osage outage was originally scheduled for approximately 10 days and lasted 52 days as a result of additional unplanned required maintenance. All the plants were online by the end of the second quarter of 2008.

Megawatt Hours Generated and Purchased

Resources	Six Months Ended June 30, 2009	Percentage Change	2008
MWh generated			
Coal	786,208	(4)%	817,630
Gas	6,825	(84)	41,831
	793,033	(8)	859,461
MWh purchased	884,030	4	851,865
Total resources	1,677,063	(2)%	1,711,326

Heating and Cooling Degree Days

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Heating and cooling degree days:		
Actual		
Heating degree days	4,527	4,591
Cooling degree days	51	29
Variance from normal		
Heating degree days	5%	7%
Cooling degree days	(50)%	(71)%

Years Ended December 31, 2008, 2007 and 2006

	2008	2007	2006
		(in thousands)	
Revenue	$ 232,674	$ 199,701	$ 193,166
Fuel and purchased power	113,672	79,425	81,215
Gross margin	119,002	120,276	111,951
Operating expenses other than fuel and purchased power	80,366	72,762	71,949
Operating income	$ 38,636	$ 47,514	$ 40,002
Net income	$ 22,759	$ 24,896	$ 18,724

The following tables provide certain operating statistics:

Electric Revenue (in thousands)

Customer Base	2008	Percentage Change	2007	Percentage Change	2006
Commercial	$ 58,289	4%	$ 55,991	13%	$ 49,756
Residential	46,854	3	45,657	13	40,491
Industrial	21,432	(2)	21,974	6	20,694
Municipal sales	2,734	1	2,697	12	2,401
Total retail sales	129,309	2	126,319	11	113,342
Contract wholesale	26,643	6	25,240	2	24,705
Wholesale off-system	63,770	81	35,210	(17)	42,489
Total electric sales	219,722	18	186,769	3	180,536
Other revenue	12,952	—	12,932	2	12,630
Total revenue	$ 232,674	17%	$ 199,701	3%	$ 193,166

Megawatt Hours Sold

Customer Base	2008	Percentage Change	2007	Percentage Change	2006
Commercial	699,734	1%	690,702	4%	667,220
Residential	524,413	1	518,148	4	499,152
Industrial	414,421	(5)	434,627	—	433,019
Municipal sales	34,368	(1)	34,661	5	32,961
Total retail sales	1,672,936	—	1,678,138	3	1,632,352
Contract wholesale	665,795	2	652,931	1	647,444
Wholesale off-system	1,074,398	58	678,581	(28)	942,045
Total electric sales	3,413,129	13%	3,009,650	(7)%	3,221,841

We established a new summer peak load of 430 megawatts ("MW") in July 2007 and a new winter peak load of 407 MW in December 2008. We own 434 MW of electric utility generating capacity and purchase an additional 50 MW under a long-term agreement expiring in 2023.

Power Plant Availability

	2008	2007	2006
Coal-fired plants	93.5%	95.4%	93.5%
Other plants	89.2%	99.4%	98.6%
Total availability	91.6%	97.2%	95.7%

Megawatt Hours Generated and Purchased

Resources	2008	Percentage Change	2007	Percentage Change	2006
MWh generated:					
Coal	1,731,838	(2)%	1,758,280	2%	1,729,636
Gas	61,801	(32)	90,618	67	54,299
	1,793,639	(3)	1,848,898	4	1,783,935
MWh purchased	1,703,088	33	1,279,005	(18)	1,553,024
Total resources	3,496,727	12%	3,127,903	(6)%	3,336,959

Heating and Cooling Degree Days

	2008	2007	2006
Heating and cooling degree days:			
Actual			
Heating degree days	7,676	6,627	6,472
Cooling degree days	482	1,033	931
Variance from normal			
Heating degree days	6%	(7)%	(10)%
Cooling degree days	(19)%	74%	56%

Results of Operations

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008. Net income decreased $0.8 million from the prior period primarily due to the following:

- A $3.8 million decrease in margins from off-system sales reflecting the lower margins available in the industry's current low energy price environment; and
- A $2.3 million increase in employee benefit costs.

Partially offsetting the decreases were the following:

- Increased gross margins of $3.0 million due to an increase in transmission rates effective January 1, 2009; and
- Increased allowance for funds used during construction ("AFUDC") of $2.5 million primarily due to construction of Wygen III in 2009.

2008 Compared to 2007. Net income decreased $2.1 million or 9% primarily due to:

- A $2.6 million reduction in retail and wholesale sales margins due to increased fuel and purchased power costs, primarily due to increased coal costs and scheduled and unscheduled outages at Ben French, Osage and Neil Simpson I coal-fired plants. The duration of the Ben French outage was three months as we accelerated the completion of maintenance projects that were originally scheduled for this plant in 2009;
- Increased operating expenses due to increased repairs and maintenance expenses and labor overhead costs; and
- Increased administrative and general expenses of $1.9 million due to an increase in the workers' compensation reserve.

Partially offsetting the decreases to earnings was the following:

- Margins from wholesale off-system sales increased $1.3 million. Total Megawatt-hours ("MWhs") increased 58% as we were able to take advantage of favorable market conditions and high Midcontinent pricing due to below normal temperatures; and
- Income related to a $5.3 million increase of AFUDC, primarily attributable to the ongoing construction of Wygen III.

2007 Compared to 2006. Income from continuing operations increased 33% primarily due to:

- Retail sales revenues increased 11% due to an increase in rates that went into effect on January 1, 2007 and a 3% increase in MWh sold;
- Purchased power decreased 9% due to an 18% decrease in MWh purchased, partially offset by a 10% increase in price per MWh;
- Margins from wholesale off-system sales increased 7%; and
- Lower property taxes due to lower assessed property valuations.

Partially offsetting the increases to earnings was the following:

- Fuel expense increased 23% due to increased coal prices and the use of higher cost gas generation to meet demand requirements.

Rate Increase Settlement

In December 2006, we received an order from the SDPUC, effective January 1, 2007, approving a 7.8% increase in retail rates and the addition of tariff provisions for automatic cost adjustments. The cost adjustments require us to absorb a portion of power cost increases partially depending on earnings from certain short-term wholesale sales of electricity. Absent certain conditions, the order also restricts us from requesting an increase in base rates that would go into effect prior to January 1, 2010. South Dakota retail customers account for approximately 91% of our total retail revenues.

Credit Ratings

Credit ratings impact our ability to obtain short- and long-term financing, the cost of such financing, and vendor payment terms, including collateral requirements. As of June 30, 2009, our first mortgage bonds credit ratings, as assessed by the three major credit rating agencies, were as follows:

Rating Agency	Rating	Outlook
Moody's	Baa1	Stable
S&P	BBB	Stable
Fitch	A-	Stable

In August 2009, Moody's upgraded the senior secured debt rating to A3. These ratings are not recommendations to buy, sell or hold the bonds and are subject to revision or withdrawal by the rating agencies.

BLACK HILLS POWER, INC.

General

We are a regulated electric utility serving customers in South Dakota, Wyoming and Montana. We are incorporated in South Dakota and began providing electric utility service in 1941. We are a wholly-owned subsidiary of publicly traded Black Hills Corporation.

We engage in the generation, transmission and distribution of electricity. We have a solid foundation of revenues, earnings and cash flow that support our capital expenditures, and overall performance and growth.

Our headquarters and principal executive offices are located at 625 Ninth Street, Rapid City, South Dakota 57701. Our telephone number is (605) 721-1700.

Recent Developments

Rate Case Filed with the WPSC. On October 19, 2009, we filed a rate case with the WPSC requesting an electric revenue increase to recover costs associated with Wygen III and other generation, transmission and distribution assets, and increased operating expenses incurred since 1995. We are seeking a $3.8 million, or 38.95 percent, increase in annual utility revenues and we anticipate that the new rates would be effective for our Wyoming customers on or around April 1, 2010, although recovery could be delayed until August 2010 as part of the regulatory process. The proposed rate increase is subject to approval by the WPSC and management can provide no assurance as to the outcome of this proceeding.

Rate Case Filed with the SDPUC. On September 30, 2009, we filed a rate case with the SDPUC requesting an electric revenue increase to recover costs associated with Wygen III and other generation, transmission and distribution assets and increased operating expenses incurred during the past four years. We are seeking a $32.0 million, or 26.6 percent, increase in annual utility revenues and we anticipate that the new rates would be effective for our South Dakota customers on or around April 1, 2010. The proposed rate increase is subject to approval by the SDPUC and management can provide no assurance as to the outcome of this proceeding.

Wygen III Power Plant Project and Sale to MDU Resources Group, Inc. ("MDU"). In March 2008, we received final regulatory approval for construction of Wygen III, a 110 MW coal-fired base load electric generating facility. Construction began immediately and the facility is expected to be completed by June 2010. The expected cost of construction is approximately $255 million, which includes estimates for AFUDC. Our 2004 power purchase agreement with MDU included an option for MDU to purchase an ownership interest in Wygen III. MDU exercised this option, and under an agreement entered into in April 2009, we retained an undivided ownership of 75% of the facility with MDU owning the remaining 25%. At closing on April 9, 2009, MDU reimbursed us for its 25%, or $32.8 million, of the total costs incurred to date on the ongoing construction of the facility. MDU will continue to reimburse us for its 25% share of the total costs paid to complete the project. We will retain responsibility for operations of the facility with a life-of-plant site lease and agreements with MDU for operations and coal supply. In conjunction with the sales transaction, we also modified our 2004 power purchase agreement with MDU under which we supplied MDU with 74 MW of capacity and energy through 2016. The power purchase agreement with MDU now provides that once online, the first 25 MW of MDU's required 74 MW will be supplied from its ownership interest in Wygen III. During periods of reduced production at Wygen III, or during periods when Wygen III is offline, we will provide MDU with such 25 MW from our other generation facilities or system purchases.

Extension of Long-Term Power Sales Agreement with Municipal Energy Agency of Nebraska ("MEAN"). In March 2009, our 10-year power sales contract with MEAN that originally expired in 2013 was

re-negotiated and extended until 2023. Under the new contract, MEAN will initially purchase 20 MW of unit-contingent capacity from the Neil Simpson II and the Wygen III plants with capacity purchase decreasing to 15 MW in 2018, 12 MW in 2020 and 10 MW in 2022 and thereafter. The Neil Simpson II plant is a 90 MW coal-fired plant which commenced operations in 1995 and is located in Gillette, Wyoming. The unit-contingent capacity amounts from Wygen III and Neil Simpson II plants are as follows:

2009-2017	20 MW—10 MW contingent on Wygen III and 10 MW contingent on Neil Simpson II
2018-2019	15 MW—10 MW contingent on Wygen III and 5 MW contingent on Neil Simpson II
2020-2021	12 MW—6 MW contingent on Wygen III and 6 MW contingent on Neil Simpson II
2022-2023	10 MW—5 MW contingent on Wygen III and 5 MW contingent on Neil Simpson II

Purchase Power Agreement with MEAN. In July 2009, we entered into a five-year purchase power agreement with MEAN. The contract commences the month following the commercial operations of Wygen III. Under this contract, MEAN will purchase 5 MW of unit-contingent capacity from Neil Simpson II and 5 MW of unit-contingent capacity from Wygen III.

Distribution and Transmission

Distribution and Transmission. Our distribution and transmission system serves approximately 66,000 electric customers, with an electric transmission system of 497 miles of high voltage lines (greater than 69 KV) and 2,834 miles of lower voltage lines. In addition, we jointly own 47 miles of high voltage lines with Basin Electric Power Cooperative ("Basin Electric"). Our service territory covers a 9,300 square mile area of western South Dakota, northeastern Wyoming and southeastern Montana with a strong and stable economic base. Approximately 91% of our retail electric revenues in 2008 were generated in South Dakota.

The following are characteristics of our distribution and transmission businesses:

- We have a diverse customer and revenue base. Our revenue mix for the year ended December 31, 2008 was comprised of 25% commercial, 20% residential, 11% contract wholesale, 27% wholesale off-system, 9% industrial and 8% municipal sales and other revenue. Approximately 80% of our large commercial and industrial customers are provided service under long-term contracts.

- We are subject to regulation by the SDPUC, the WPSC and the MTPSC. In December 2006, we received an order from the SDPUC approving a 7.8% increase in retail rates and the addition of tariff provisions for automatic adjustments of rates for changes in energy, fuel and transmission costs effective January 1, 2007. The cost adjustments require us to absorb a portion of power cost increases, depending in part on earnings on certain short-term wholesale sales of electricity. Absent certain conditions, the order also restricts us from requesting an increase in base rates that would go into effect prior to January 1, 2010.

- We own 35% and Basin Electric owns 65% of a transmission tie that provides an interconnection between the Western and Eastern transmission grids, enabling access to both the Western Electricity Coordinating Council ("WECC") region in the West, and the Mid-Continent Area Power Pool ("MAPP") region in the East. Our system is located in the WECC region. The total transfer capacity of the tie is 400 MW—200 MW from West to East and 200 MW from East to West. This transmission tie allows us to buy and sell energy in the Eastern interconnection without having to isolate and physically reconnect load or generation between the two electrical transmission grids. The transmission tie accommodates scheduling transactions in both directions simultaneously. This transfer capability provides additional opportunity to sell our excess generation or to make economic purchases to serve our native load and our contract obligations, and to take advantage of the power price differentials between the two electric grids.

Additionally, our system is capable of directly interconnecting up to 80 MW of generation or load to the Eastern transmission grid. Transmission constraints within the MAPP transmission system may limit the amount of capacity that may be directly interconnected to the Eastern system at any given time.

- We have firm point-to-point transmission access to deliver up to 50 MW of power on PacifiCorp's transmission system to wholesale customers in the Western region from 2007 through 2023.

- We have firm network transmission access to deliver power on PacifiCorp's system to Sheridan, Wyoming to serve our power sales contract with MDU through 2016, with the right to renew pursuant to the terms of PacifiCorp's transmission tariff.

Power Sales Agreements. We sell a portion of our current load under long-term contracts. Our key contracts include:

- An agreement under which we supply up to 74 MW of capacity and energy to MDU for the Sheridan, Wyoming electric service territory through the end of 2016. The power purchase agreement with MDU now provides that once online, the first 25 MW of MDU's required 74 MW will be supplied from its ownership interest in Wygen III. During periods of reduced production at Wygen III, or during periods when Wygen III is offline, we will provide MDU with such 25 MW from our other generation facilities or system purchases. The sales to MDU have been integrated into our control area and are considered part of our firm native load;

- An agreement with the City of Gillette, Wyoming, to provide the City its first 23 MW of capacity and energy annually. The sales to the City of Gillette have been integrated into our control area and are considered part of our firm native load. The agreement renews automatically and requires a seven year notice of termination. As of December 31, 2008, neither party to the agreement had given a notice of termination;

- An agreement that expires in 2023 under which MEAN will purchase 20 MW of unit-contingent capacity from the Neil Simpson II and the Wygen III plants with capacity purchase decreasing to 15 MW in 2018, 12 MW in 2020 and 10 MW in 2022. The unit-contingent capacity amounts from Wygen III and Neil Simpson II plants are as follows:

2009-2017	20 MW—10 MW contingent on Wygen III and 10 MW contingent on Neil Simpson II
2018-2019	15 MW—10 MW contingent on Wygen III and 5 MW contingent on Neil Simpson II
2020-2021	12 MW—6 MW contingent on Wygen III and 6 MW contingent on Neil Simpson II
2022-2023	10 MW—5 MW contingent on Wygen III and 5 MW contingent on Neil Simpson II

- In July 2009, we entered into a five-year purchase power agreement with MEAN. The contract commences the month following the month in which Wygen III begins commercial operations. Under this contract, MEAN will purchase an additional 10 MW: 5 MW of unit-contingent capacity from Neil Simpson II and 5 MW of unit-contingent capacity from Wygen III.

Regulated Power Plants and Purchased Power. Our electric load is primarily served by our generating facilities in South Dakota and Wyoming, which provide 434 MW of generating capacity, with the balance supplied under purchased power and capacity contracts. Approximately 50% of our

capacity is coal-fired, 39% is oil- or gas-fired, and 11% is supplied under the following purchased power contracts:

- A power purchase agreement expiring in 2023, involving the purchase by us of 50 MW of coal-fired baseload power;
- A reserve capacity integration agreement expiring in 2012, which makes available to us 100 MW of reserve capacity in connection with the utilization of the Ben French Combustion Turbine units;
- A 20-year power purchase agreement with Cheyenne Light, Fuel and Power Company ("Cheyenne Light") expiring in 2028, under which we will purchase up to 20 MW of renewable energy through Cheyenne Light's agreement with Happy Jack Wind Farms, LLC;
- A power purchase agreement with Cheyenne Light that renews year to year, under which we will purchase up to approximately 28 MW of renewable energy through Cheyenne Light's agreement with Silver Sage Windpower, LLC. This agreement is pending approval from FERC; and
- A Generation Dispatch Agreement with Cheyenne Light that requires the Company to purchase all of Cheyenne Light's excess energy.

Since 1995, we have been a net producer of energy. We reached our 2008 peak system load of 409 MW in August 2008 with an average system load of 255 for the year ended December 31, 2008. None of our generation is restricted by hours of operation, thereby providing us the ability to generate power to meet demand whenever necessary and economically feasible. We have historically optimized the utilization of our power supply resources by selling wholesale power to other utilities and to power marketers in the spot market, and through short-term sales contracts primarily in the WECC and MAPP regions. Our 294 MW of low-cost, coal-fired resources supports most of our native load requirements and positions us for these wholesale off-system sales.

Regulations

Rate Regulation

Rates for our retail electric service are subject to regulation by the SDPUC for customers in South Dakota, the WPSC for customers in Wyoming and the MTPSC for customers in Montana. Any changes in retail rates are subject to approval by the respective regulatory body. We have rate adjustment mechanisms in Montana and South Dakota which provide for pass-through of certain costs related to the purchase, production and/or transmission of electricity. We are also subject to the jurisdiction of FERC with respect to accounting practices, transmission and wholesale electricity sales. We have been granted market-based rate authority by the FERC and are not required to file cost-based tariffs for wholesale electric rates. Rates charged by us for use of our transmission system are subject to regulation by the FERC.

In South Dakota, we have three adjustment mechanisms: transmission, steam plant fuel and conditional energy cost adjustment. The transmission and steam plant fuel adjustment clauses will either pass along or give credits back to South Dakota customers based on actual costs incurred on a yearly basis. The conditional energy cost adjustment relates to purchased power and natural gas used to generate electricity. These costs are subject to $2.0 million and $1.0 million cost bands where we absorb the first $2.0 million of increased costs or retain the first $1.0 million in savings. Beyond these thresholds, costs or refunds begin to be passed on to South Dakota customers through annual calendar-year filings.

Environmental Regulations

We are subject to federal, state and local laws and regulations with regard to air and water quality, waste disposal, federal health and safety regulations, and other environmental matters. We have incurred, and expect to incur, capital, operating and maintenance costs to comply with the operations of our plants. While the requirements are evolving, it is virtually certain that environmental requirements placed on the operations will continue to be more restrictive.

Regulatory Accounting

As it pertains to the accounting for our regulated utility operations, we follow SFAS 71 and our financial statements reflect the effects of the different ratemaking principles followed by the various jurisdictions in which we operate. If rate recovery becomes unlikely or uncertain, due to competition or regulatory action, these accounting standards may no longer apply to our generation operations. In the event we determine that we no longer meet the criteria for following SFAS 71, the accounting impact to us could be an extraordinary non-cash charge to operations of an amount that could be material.

Legal Proceedings

We are subject to various legal proceedings, claims and litigation which arise in the ordinary course of operations. In the opinion of management, the amount of liability, if any, with respect to these actions would not materially affect our financial position, results of operations or cash flows.

DESCRIPTION OF THE BONDS AND MORTGAGE

We may issue first mortgage bonds from time to time, in one or more offerings. We will set forth in the applicable prospectus supplement a description of the terms of the offering of the first mortgage bonds, including the maturity date, interest, the net proceeds to us and other information relating to such offering.

PLAN OF DISTRIBUTION

From time to time, we may sell the bonds offered by this prospectus:

- through underwriters or dealers;
- through agents;
- directly to purchasers; or
- through a combination of any of these methods of sale.

This prospectus may be used in connection with any offering of our bonds through any of these methods or other methods described in the applicable prospectus supplement. Any underwriter, dealer or agent may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933.

The applicable prospectus supplement relating to the bonds will set forth:

- their offering terms, including the name or names of any underwriters, dealers or agents;
- the purchase price of the bonds and the net proceeds we may receive from the sale;
- any underwriting discounts, fees, commissions and other items constituting compensation to underwriters, dealers or agents;
- any initial public offering price;
- any discounts, commissions or concessions allowed or reallowed or paid by underwriters or dealers to other dealers; and
- any securities exchanges on which the bonds may be listed.

If underwriters or dealers are used in the sale, the bonds will be acquired by the underwriters or dealers for their own account and may be resold from time to time in one or more transactions,

- at a fixed price or prices which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to such prevailing market prices; or
- at negotiated prices.

The bonds may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise set forth in the applicable prospectus supplement, the obligations of underwriters or dealers to purchase the offered bonds will be subject to certain conditions precedent, and the underwriters or dealers will be obligated to purchase all the offered bonds if any are purchased. Any public offering price and any discounts or concessions allowed or reallowed or paid by underwriters or dealers to other dealers may be changed from time to time.

Bonds may be sold directly by us or through agents designated by us from time to time. Any agent involved in the offer or sale of the bonds in respect of which this prospectus is delivered will be named, and any commissions payable by us to the agent will be set forth, in the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

If so indicated in the applicable prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers from certain specified institutions to purchase bonds from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to any conditions set forth in the applicable prospectus supplement and the prospectus supplement will set forth the commission payable for solicitation of such contracts. The underwriters and other persons soliciting such contracts will have no responsibility for the validity or performance of any such contracts.

Underwriters, dealers and agents may be entitled under agreements entered into with us to indemnification by us against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribution by us to payments which they may be required to make. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

Each class or series of bonds will be a new issue of bonds with no established trading market. We may elect to list any other class or series of securities on any exchange, but are not obligated to do so. Any underwriters to whom bonds are sold by us for public offering and sale may make a market in such bonds, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any bonds.

LEGAL OPINIONS

The validity of the bonds offered by this prospectus will be passed upon for Black Hills Power, Inc. by Steven J. Helmers, Senior Vice President-General Counsel of Black Hills Power, Inc. Certain legal matters will be passed upon for Black Hills Power, Inc. by Conner & Winters, LLP, Tulsa, Oklahoma, and for the underwriters, dealers, or agents, if any, by their own legal counsel. Mr. Helmers owns, directly or indirectly, 34,077 shares of common stock of Black Hills Corporation, our parent company, and holds options to purchase an additional 19,110 shares.

EXPERTS

The financial statements as of December 31, 2008 and 2007, and for each of the three years in the period ended December 31, 2008, included in this Registration Statement, and the related financial statement schedule included in this Registration Statement, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing in this Registration Statement. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus constitutes a part of a registration statement on Form S-3 (together with all amendments, supplements, schedules and exhibits to the registration statement, referred to as the registration statement) that we have filed with the SEC under the Securities Act of 1933 with respect to the bonds offered by this prospectus. This prospectus does not contain all the information which is in the registration statement. Certain parts of the registration statement are omitted as allowed by the rules and regulations of the SEC. We refer you to the registration statement for further information about our company and the bonds offered by this prospectus. Statements contained in this prospectus concerning the provisions of documents are not necessarily complete, and each statement is qualified in its entirety by reference to the copy of the applicable document filed with the SEC.

We also file annual, quarterly and special reports and other information with the SEC. You can inspect and copy the registration statement and the reports and other information we file with the SEC at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You can obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website which provides online access to reports, proxy and information statements and other information regarding companies that file electronically with the SEC at the address *http://www.sec.gov.*

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Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2008, based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on our evaluation we have concluded that our internal control over financial reporting was effective as of December 31, 2008.

The Company's 2008 annual report on Form 10-K does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in such annual report.

Black Hills Power

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Black Hills Power, Inc.
Rapid City, South Dakota

We have audited the accompanying balance sheets of Black Hills Power, Inc. (the "Company") as of December 31, 2008 and 2007, and the related statements of income, common stockholder's equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the accompanying financial statement schedule. These financial statements and financial schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Black Hills Power, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Minneapolis, MN
March 17, 2009

BLACK HILLS POWER, INC.

STATEMENTS OF INCOME

Years ended December 31,	2008	2007	2006
		(in thousands)	
Operating revenues	$ 232,674	$ 199,701	$ 193,166
Operating expenses:			
Fuel and purchased power	113,672	79,425	81,215
Operations and maintenance	31,028	25,786	24,304
Administrative and general	21,864	19,965	20,845
Depreciation and amortization	20,930	20,763	19,801
Taxes, other than income taxes	6,544	6,248	6,999
	194,038	152,187	153,164
Operating income	38,636	47,514	40,002
Other (expense) income:			
Interest expense	(10,836)	(11,787)	(12,057)
Interest income	725	884	258
AFUDC—equity	3,605	601	405
Other expense	(47)	—	(1)
Other income	227	252	246
	(6,326)	(10,050)	(11,149)
Income from continuing operations before income taxes	32,310	37,464	28,853
Income taxes	(9,551)	(12,568)	(10,129)
Net income	$ 22,759	$ 24,896	$ 18,724

The accompanying notes to financial statements are an integral part of these financial statements.

BLACK HILLS POWER, INC.

BALANCE SHEETS

At December 31,	2008	2007
	(in thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4	$ 2,033
Receivables (net of allowance for doubtful accounts of $370 and $388 at 2008 and 2007, respectively-		
Customers	23,881	22,330
Affiliates	12,619	8,882
Other	2,111	2,198
Money pool note receivable	—	10,304
Materials, supplies and fuel	19,309	15,628
Other current assets	5,730	3,862
	63,654	65,237
Investments	3,999	3,774
Property, plant and equipment	843,691	695,452
Less accumulated depreciation and amortization	(281,220)	(266,583)
	562,471	428,869
Other assets:		
Regulatory assets	33,818	9,899
Other	2,842	5,901
	36,660	15,800
	$ 666,784	$ 513,680
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 2,016	$ 2,009
Accounts payable	26,567	12,982
Accounts payable—affiliate	10,411	3,158
Notes payable—affiliate	70,184	—
Accrued liabilities	15,151	13,898
Deferred income taxes	732	18
	125,061	32,065
Long-term debt, net of current maturities	149,193	151,209
Deferred credits and other liabilities:		
Deferred income taxes	85,504	69,761
Regulatory liabilities	13,573	11,085
Benefit plan liabilities	29,904	9,194
Other	8,626	7,946
	137,607	97,986
Commitments and contingencies (Notes 5, 9 and 11)		
Stockholder's equity:		
Common stock $1 par value; 50,000,000 shares authorized;		
Issued: 23,416,396 shares in 2008 and 2007	23,416	23,416
Additional paid-in capital	39,575	39,575
Retained earnings	193,281	170,706
Accumulated other comprehensive loss	(1,349)	(1,277)
	254,923	232,420
	$ 666,784	$ 513,680

The accompanying notes to financial statements are an integral part of these financial statements.

BLACK HILLS POWER, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31,	2008	2007 (in thousands)	2006
Operating activities:			
Net income	$ 22,759	$ 24,896	$ 18,724
Adjustments to reconcile net income to net cash provided by operating activities—			
Depreciation and amortization	20,930	20,763	19,801
Provision for valuation allowances	(18)	138	(586)
Deferred income taxes	16,072	3,864	(2,799)
AFUDC—equity	(3,605)	(601)	(405)
Change in operating assets and liabilities—			
Accounts receivable and other current assets	(11,909)	(11,257)	(2,513)
Accounts payable and other current liabilities	6,770	(6,151)	8,431
Other operating activities	965	2,464	1,346
Net cash provided by operating activities	51,964	34,116	41,999
Investing activities:			
Property, plant and equipment additions	(132,247)	(34,043)	(24,147)
Notes receivable from affiliate companies, net	10,304	2,960	(13,264)
Other investing activities	(225)	(222)	(212)
Net cash used in investing activities	(122,168)	(31,305)	(37,623)
Financing activities:			
Note payable to affiliate companies, net	70,184	—	(1,842)
Long-term debt—repayments	(2,009)	(2,001)	(1,996)
Net cash provided by (used in) financing activities	68,175	(2,001)	(3,838)
(Decrease) increase in cash and cash equivalents	(2,029)	810	538
Cash and cash equivalents:			
Beginning of year	2,033	1,223	685
End of year	$ 4	$ 2,033	$ 1,223
Non-cash investing and financing activities—			
Property, plant and equipment financed with accrued liabilities	$ 13,294	$ 1,323	$ 224
Supplemental disclosure of cash flow information:			
Cash paid during the period for—			
Interest (net of amounts capitalized)	$ 11,578	$ 11,782	$ 13,826
Income taxes (refunded) paid	$ (5,877)	$ 17,284	$ 6,820

The accompanying notes to financial statements are an integral part of these financial statements.

BLACK HILLS POWER, INC.

STATEMENTS OF COMMON STOCKHOLDER'S EQUITY AND COMPREHENSIVE INCOME

	Common Stock		Additional	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Paid-In Capital	Earnings	Income (Loss)	Total
			(in thousands)			
Balance at December 31, 2005	23,416	$ 23,416	$ 39,549	$ 127,312	$ (1,598)	$ 188,679
Comprehensive Income:						
Net income	—	—	—	18,724	—	18,724
Other comprehensive income, net of tax, (see Note 8)	—	—	—	—	786	786
Total comprehensive income	—	—	—	18,724	786	19,510
Adoption of accounting pronouncement (see Note 1)	—	—	—	—	(120)	(120)
Assumption of business unit of affiliate company (see Note 10)	—	—	26	(226)	—	(200)
Balance at December 31, 2006	23,416	23,416	39,575	145,810	(932)	207,869
Comprehensive Income:						
Net income	—	—	—	24,896	—	24,896
Other comprehensive loss, net of tax, (see Note 8)	—	—	—	—	(345)	(345)
Total comprehensive income	—	—	—	24,896	(345)	24,551
Balance at December 31, 2007	23,416	23,416	39,575	170,706	(1,277)	232,420
Comprehensive Income:						
Net income	—	—	—	22,759	—	22,759
Other comprehensive loss, net of tax, (see Note 8)	—	—	—	—	(72)	(72)
Total comprehensive income	—	—	—	22,759	(72)	22,687
Adoption of accounting pronouncement (see Note 9)	—	—	—	(184)	—	(184)
Balance at December 31, 2008	23,416	$ 23,416	$ 39,575	$ 193,281	$ (1,349)	$ 254,923

The accompanying notes to financial statements are an integral part of these financial statements.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description

Black Hills Power, Inc. (the Company) is an electric utility serving customers in South Dakota, Wyoming and Montana. The Company is a wholly-owned subsidiary of BHC or the Parent, a public registrant listed on the New York Stock Exchange.

Basis of Presentation

The financial statements include the accounts of Black Hills Power, Inc. and also the Company's ownership interests in the assets, liabilities and expenses of its jointly owned facilities (Note 3).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to allowance for uncollectible accounts receivable, unbilled revenues, long-lived asset values and useful lives, asset retirement obligations, employee benefits plans and contingency accruals. Actual results could differ from those estimates.

Regulatory Accounting

The Company's regulated electric operations are subject to regulation by various state and federal agencies. The accounting policies followed are generally subject to the Uniform System of Accounts of FERC.

The Company's regulated utility operations follow the provisions of SFAS 71 and its financial statements reflect the effects of the different ratemaking principles followed by the various jurisdictions regulating its electric operations. If rate recovery becomes unlikely or uncertain due to competition or regulatory action, these accounting standards may no longer apply to the Company's regulated generation operations. In the event the Company determines that it no longer meets the criteria for following SFAS 71, the accounting impact to the Company could be an extraordinary non-cash charge to operations in an amount that could be material.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On December 31, 2008 and 2007, the Company had the following regulatory assets and liabilities:

	2008	2007
Regulatory assets:		
Unamortized loss on reacquired debt	$ 2,367	$ 2,527
AFUDC	4,995	4,139
Defined benefit postretirement plans	26,256	2,998
Deferred energy costs	4,382	939
Other	199	235
	$ 38,199	$ 10,838
Regulatory liabilities:		
Deferred income taxes	$ 1,857	$ 2,094
Cost of removal for utility plant	11,705	8,510
Other	79	760
	$ 13,641	$ 11,364

Regulatory assets are primarily recorded for the probable future revenue to recover the costs associated with defined benefit postretirement plans, future income taxes related to the deferred tax liability for the equity component of AFUDC of utility assets and unamortized losses on reacquired debt. To the extent that energy costs are under-recovered or over-recovered during the year, they are recorded as a regulatory asset or liability, respectively. Regulatory liabilities include the probable future decrease in rate revenues related to a decrease in deferred tax liabilities for prior reductions in statutory federal income tax rates, gains associated with regulated utilities' defined benefit postretirement plans and the cost of removal for utility plant, recovered through the Company's electric utility rates. Regulatory assets are included in Other current assets and Other assets, Regulatory assets on the accompanying Balance Sheet. Regulatory liabilities are included in Accrued liabilities and Deferred credits and other liabilities, Regulatory liabilities on the accompanying Balance Sheet.

Allowance for Funds Used During Construction

AFUDC represents the approximate composite cost of borrowed funds and a return on capital used to finance a project. AFUDC for the years ended December 31, 2008, 2007 and 2006 was $6.2 million, $0.9 million, and $0.6 million, respectively. The equity component of AFUDC for 2008, 2007 and 2006 was $3.6 million, $0.6 million and $0.4, respectively. The borrowed funds component of AFUDC for 2008, 2007 and 2006 was $2.6 million, $0.3 million and $0.2 million, respectively. The equity component of AFUDC is included in Other income (expense), and the borrowed funds component of AFUDC is netted in Interest expense on the accompanying Statements of Income.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Materials, Supplies and Fuel

Materials, supplies and fuel used for construction, operation and maintenance purposes are generally stated on a weighted-average cost basis. To the extent fuel has been designated as the underlying hedged item in a "fair value" hedge transaction, those volumes are stated at market value using published industry quotations. As of December 31, 2008 and 2007, there were no market adjustments related to fuel.

Deferred Financing Costs

Deferred financing costs are amortized using the effective interest method over the term of the related debt.

Property, Plant and Equipment

Additions to property, plant and equipment are recorded at cost when placed in service. The cost of regulated electric property, plant and equipment retired, or otherwise disposed of in the ordinary course of business, less salvage, is charged to accumulated depreciation. Removal costs associated with non-legal obligations are reclassified from accumulated depreciation and reflected as regulatory liabilities. Ordinary repairs and maintenance of property are charged to operations as incurred.

Depreciation provisions for regulated electric property, plant and equipment is computed on a straight-line basis using an annual composite rate of 3.2% in 2008, 3.1% in 2007 and 3.0% in 2006.

Derivatives and Hedging Activities

The Company, from time to time, utilizes risk management contracts including forward purchases and sales and fixed-for-float swaps to hedge the price of fuel for its combustion turbines, maximize the value of its natural gas storage or fix the interest on its variable rate debt. Contracts that qualify as derivatives under SFAS 133, and that are not exempted such as normal purchase/normal sale, are required to be recorded in the balance sheet as either an asset or liability, measured at its fair value. SFAS 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

SFAS 133 allows hedge accounting for qualifying fair value and cash flow hedges. SFAS 133 provides that the gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk be recognized currently in earnings in the same accounting period. SFAS 133 provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income, net of tax, and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, is recognized currently in earnings.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Company periodically evaluates whether events and circumstances have occurred which may affect the estimated useful life or the recoverability of the remaining balance of its long-lived assets. If such events or circumstances were to indicate that the carrying amount of these assets was not recoverable, the Company would estimate the future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) was less than the carrying amount of the long-lived assets, the Company would recognize an impairment loss. No impairment loss was recorded during 2008, 2007 or 2006.

Income Taxes

The Company uses the liability method in accounting for income taxes. Under the liability method, deferred income taxes are recognized at currently enacted income tax rates, to reflect the tax effect of temporary differences between the financial and tax basis of assets and liabilities, as well as operating loss and tax credit carryforwards. Such temporary differences are the result of provisions in the income tax law that either require or permit certain items to be reported on the income tax return in a different period than they are reported in the financial statements. The Company classifies deferred tax assets and liabilities into current and non-current amounts based on the classification of the related assets and liabilities.

The Company files a federal income tax return with other affiliates. For financial statement purposes, federal income taxes are allocated to the individual companies based on amounts calculated on a separate return basis.

Revenue Recognition

Revenue is recognized when there is persuasive evidence of an arrangement with a fixed or determinable price, delivery has occurred or services have been rendered, and collectibility is reasonably assured.

Recently Adopted Accounting Pronouncements

SFAS 157

During September 2006, the FASB issued SFAS 157. This Statement defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. SFAS 157 does not expand the application of fair value accounting to any new circumstances, but applies the framework to other accounting pronouncements that require or permit fair value measurement. The Company applies fair value measurements to certain assets and liabilities, primarily commodity derivatives.

SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. As of January 1, 2008, the Company adopted the provisions of SFAS 157 for all assets and liabilities measured at fair value except for non-financial assets and liabilities measured at fair value on a non-recurring basis, as permitted by FSP FAS 157-2.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SFAS 157 also requires new disclosures regarding the level of pricing observability associated with instruments carried at fair value. On October 10, 2008, the FASB issued FSP FAS 157-3. It was effective upon issuance including prior periods for which financial statements have not been issued. This FSP clarifies the application of SFAS 157 in a market that is not active. The adoption of SFAS 157 and related FSPs did not have a material impact on the Company's financial position, results of operations or cash flows.

SFAS 158

During September 2006, the FASB issued SFAS 158. This Statement requires the recognition of the overfunded or underfunded status of defined benefit postretirement plans as an asset or liability in the statement of financial position, recognition of changes in the funded status in comprehensive income, measurement of the funded status of a plan as of the date of the year-end statement of financial position, and provides for related disclosures. The Company applied the recognition provisions of SFAS 158 as of December 31, 2006. Effective for fiscal years ending after December 15, 2008, SFAS 158 requires the measurement of the funded status of the plan to coincide with the date of the year-end statement of financial position. In accordance with SFAS 158, the measurement date for the funded status of the Company's pension and other postretirement benefit plans was changed to December 31 from September 30 (see Note 9).

SFAS 159

SFAS 159 establishes a fair value option under which entities can elect to report certain financial assets and liabilities at fair value, with changes in fair value recognized in earnings. SFAS 159 was adopted on January 1, 2008 and did not have an impact on the Company's financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

SFAS 141(R)

In December 2007, the FASB issued SFAS 141(R). SFAS 141(R) requires an acquiring entity to recognize the assets acquired, the liabilities assumed and any non-controlling interests in the acquiree at the acquisition date to be measured at their fair values as of the acquisition date, with limited exceptions specified in the statement. This replaces the cost allocation process in SFAS 141, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. Acquisition-related costs will be expensed in the periods in which the costs are incurred or services are rendered. Costs to issue debt or equity securities shall be accounted for under other applicable GAAP. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008. We expect SFAS 141(R) will not have an impact on our financial statements when effective, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of any acquisitions we consummate after the effective date. If previously recorded income tax liabilities acquired in a business combination reverse subsequent to the adoption of SFAS 141(R), such reversals will affect expense including income tax expense in the period of

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reversal. Management is assessing the full impact SFAS 141(R) might have on future financial statements.

SFAS 160

In December 2007, the FASB issued SFAS 160. SFAS 160 amends ARB 51 and requires:

- Ownership interests in subsidiaries held by other parties other than the parent be clearly identified on the consolidated statement of financial position within equity, but separate from the parent's equity;
- Consolidated net income attributable to the parent and to the non-controlling interest be clearly identified on the face of the consolidated statement of income;
- Changes in a parent's ownership interest while the parent retains controlling financial interest be accounted for consistently as equity transactions;
- When a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary be initially measured at fair value; and
- Sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners.

SFAS 160 is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. Management does not expect the adoption of SFAS 160 to have a significant effect on the Company's financial statements.

SFAS 161

In March 2008, the FASB issued SFAS 161, which requires enhanced disclosures about how derivative and hedging activities affect an entity's financial position, financial performance and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Management does not expect the adoption of SFAS 161 to have a significant effect on the Company's financial statements.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(1) BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FSP FAS 132(R)-1

During December 2008 the FASB issued FSP FAS 132(R)-1, "Employers Disclosures about Postretirement Benefit Plan Assets." The objectives of the disclosures about plan assets in an employers defined benefit pension or other postretirement plan are to provide users of financial statements with an understanding of:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;
- The major categories of plan assets;
- The input and valuation techniques used to measure the fair value of plan assets;
- The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period; and
- Significant concentrations of risk within plan assets.

FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009. Management does not expect the adoption of FSP FAS 132(R)-1 to have a significant effect on the Company's financial statements.

(2) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, consisted of the following (in thousands):

	2008	2008 Weighted Average Useful Life	2007	2007 Weighted Average Useful Life	Lives (in years)
Electric plant:					
Production	$ 326,606	47	$ 322,572	47	30-62
Transmission	70,470	45	70,897	45	35-55
Distribution	249,652	37	238,799	37	15-65
Plant acquisition adjustment	4,870	32	4,870	32	32
General	47,127	23	39,296	22	10-50
Total electric plant	698,725		676,434		
Less accumulated depreciation and amortization	281,220		266,583		
Electric plant net of accumulated depreciation and amortization	417,505		409,851		
Construction work in progress	144,966		19,018		
Net electric plant	$ 562,471		$ 428,869		

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(3) JOINTLY OWNED FACILITIES

The Company uses the proportionate consolidation method to account for its percentage interest in the assets, liabilities and expenses of the following facilities:

- The Company owns a 20% interest and PacifiCorp owns an 80% interest in the Wyodak Plant (Plant), a 362 MW coal-fired electric generating station located in Campbell County, Wyoming. PacifiCorp is the operator of the Plant. The Company receives 20% of the Plant's capacity and is committed to pay 20% of its additions, replacements and operating and maintenance expenses. As of December 31, 2008 and 2007, the Company's investment in the Plant included $79.1 million and $80.4 million, respectively, in electric plant and $50.8 million and $43.5 million, respectively, in accumulated depreciation, and is included in the corresponding captions in the accompanying Balance Sheets. The Company's share of direct expenses of the Plant was $8.0 million, $7.3 million and $7.9 million for the years ended December 31, 2008, 2007 and 2006, respectively, and is included in the corresponding categories of operating expenses in the accompanying Statements of Income.

- The Company also owns a 35% interest and Basin Electric owns a 65% interest in the Converter Station Site and South Rapid City Interconnection (the transmission tie), an AC-DC-AC transmission tie. The transmission tie provides an interconnection between the Western and Eastern transmission grids, which provides the Company with access to both the WECC region and the MAPP region. The total transfer capacity of the transmission tie is 400 MW—200 MW West to East and 200 MW from East to West. The Company is committed to pay 35% of the additions, replacements and operating and maintenance expenses. The Company's share of direct expenses was $0.1 million for each of the years ended December 31, 2008, 2007 and 2006. As of December 31, 2008 and 2007, the Company's investment in the transmission tie was $19.8 million, with $2.5 million and $2.0 million, respectively, of accumulated depreciation and is included in the corresponding captions in the accompanying Balance Sheets.

(4) RISK MANAGEMENT

The Company holds natural gas in storage for use as fuel for generating electricity with its gas-fired combustion turbines. To minimize associated price risk and seasonal storage level requirements, the Company utilizes various derivative instruments in managing these risks. As of December 31, 2008, there were no derivative contracts outstanding. The balance on December 31, 2007, the Company had the following derivatives and related balances (in thousands):

	Notional*	Maximum Terms in Years	Current Derivative Assets	Non-current Derivative Assets	Current Derivative Liabilities	Non-current Derivative Liabilities	Pre-tax Accumulated Other Comprehensive Income
December 31, 2007							
Natural gas swaps	610,000	0.33	$ 238	$ —	$ 68	$ —	$ 170

* gas in MMbtus

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(5) LONG-TERM DEBT

Long-term debt outstanding at December 31 is as follows:

	2008	2007
	(in thousands)	
First mortgage bonds:		
8.06% due 2010	$ 30,000	$ 30,000
9.49% due 2018	2,810	3,100
9.35% due 2021	21,645	23,310
7.23% due 2032	75,000	75,000
	129,455	131,410
Other long-term debt:		
Pollution control revenue bonds at 4.8% due 2014	6,450	6,450
Pollution control revenue bonds at 5.35% due 2024	12,200	12,200
Other	3,104	3,158
	21,754	21,808
Total long-term debt	151,209	153,218
Less current maturities	(2,016)	(2,009)
Net long-term debt	$ 149,193	$ 151,209

Substantially all of the Company's property is subject to the lien of the indenture securing its first mortgage bonds. First mortgage bonds of the Company may be issued in amounts limited by property, earnings and other provisions of the mortgage indentures.

Scheduled maturities are approximately $2.0 million in 2009; $32.0 million in 2010; $2.0 million a year for the years 2011, 2012 and 2013; and $111.2 million thereafter.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments at December 31 are as follows (in thousands):

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 4	$ 4	$ 2,033	$ 2,033
Derivative financial instruments—assets	$ —	$ —	$ 238	$ 238
Derivative financial instruments—liabilities	$ —	$ —	$ 68	$ 68
Long-term debt	$ 151,209	$ 144,107	$ 153,218	$ 168,042

The following methods and assumptions were used to estimate the fair value of each class of the Company's financial instruments.

Cash and Cash Equivalents

The carrying amount approximates fair value due to the short maturity of these instruments.

Derivative Financial Instruments

These instruments are carried at fair value. Descriptions of the instruments the Company uses are included in Note 4.

Long-Term Debt

The fair value of the Company's long-term debt is estimated based on quoted market rates for debt instruments having similar maturities and similar debt ratings. The Company's outstanding first mortgage bonds are either currently not callable or are subject to make-whole provisions which would eliminate any economic benefits for the Company to call and refinance the first mortgage bonds.

(7) INCOME TAXES

Income tax expense (benefit) from continuing operations for the years ended December 31 was (in thousands):

	2008	2007	2006
Current	$ (6,521)	$ 8,704	$ 12,928
Deferred	16,072	3,864	(2,799)
	$ 9,551	$ 12,568	$ 10,129

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(7) INCOME TAXES (Continued)

The temporary differences which gave rise to the net deferred tax liability were as follows (in thousands):

Years ended December 31,	2008	2007
Deferred tax assets, current:		
Asset valuation reserve	$ 129	$ 136
Employee benefits	932	399
	1,061	535
Deferred tax liabilities, current:		
Prepaid expenses	213	181
Items of other comprehensive income	—	290
Deferred credits	1,580	—
Other	—	82
	1,793	553
Net deferred tax liability, current	$ 732	$ 18
Deferred tax assets, non-current:		
Plant related differences	$ 1,151	$ 1,316
Regulatory liabilities	10,156	4,533
Employee benefits	3,528	3,366
Items of other comprehensive income	227	226
Other	128	128
	15,190	9,569
Deferred tax liabilities, non-current:		
Accelerated depreciation and other plant related differences	83,112	68,250
AFUDC	3,247	2,690
Regulatory assets	11,270	5,222
Employee benefits	2,237	2,284
Other	828	884
	100,694	79,330
Net deferred tax liability, non-current	$ 85,504	$ 69,761
Net deferred tax liability	$ 86,236	$ 69,779

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(7) INCOME TAXES (Continued)

The following table reconciles the change in the net deferred income tax liability from December 31, 2007, to December 31, 2008, to the deferred income tax expense (in thousands):

	2008
Increase in deferred income tax liability from the preceding table	$ 16,457
Deferred taxes related to regulatory assets and liabilities	(1,200)
Deferred taxes associated with other comprehensive loss	38
Deferred taxes related to property tax differences	767
Other	10
Deferred income tax expense for the period	$ 16,072

The effective tax rate differs from the federal statutory rate for the years ended December 31, as follows:

	2008	2007	2006
Federal statutory rate	35.0%	35.0%	35.0%
Amortization of excess deferred and investment tax credits	(0.7)	(1.0)	(1.3)
Equity AFUDC	(3.6)	—	—
IRS tax exam adjustment*	—	—	2.6
Other	(1.1)	(0.5)	(1.2)
	29.6%	33.5%	35.1%

* As a result of a settlement of an Internal Revenue Service (IRS) exam.

FIN 48

The Company adopted the provisions of FIN 48 on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. The impact of the implementation of FIN 48 had no effect on the financial statements of the Company.

The following table reconciles the total amounts of unrecognized tax benefits at the beginning and end of the period (in thousands):

Unrecognized tax benefits at December 31, 2007	$ —
Additions for current year tax positions	767
Unrecognized tax benefits at December 31, 2008	$ 767

None of the total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(7) INCOME TAXES (Continued)

It is the Company's continuing practice to recognize interest and/or penalties related to income tax matters in income tax expense. During the year ended December 31, 2008, the interest expense recognized was not material to the financial results of the Company.

The Company files income tax returns in the United States federal jurisdiction. The Company does not anticipate that total unrecognized tax benefits will significantly change due to the settlement of any audits or the expiration of statutes of limitations prior to December 31, 2009.

(8) COMPREHENSIVE INCOME

The following tables display each component of Other Comprehensive Income (Loss) and the related tax effects for the years ended December 31, (in thousands):

	2008		
	Pre-tax Amount	Tax Benefit	Net-of-tax Amount
Pension liability adjustment	$ (4)	$ 1	$ (3)
Reclassification adjustments of cash flow hedges settled and included in net income	(107)	38	(69)
Comprehensive loss	$ (111)	$ 39	$ (72)

	2007		
	Pre-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount
Pension liability adjustment	$ 115	$ (39)	$ 76
Reclassification adjustments of cash flow hedges settled and included in net income	424	(148)	276
Net change in fair value of derivatives designated as cash flow hedges	(1,069)	372	(697)
Comprehensive loss	$ (530)	$ 185	$ (345)

	2006		
	Pre-tax Amount	Tax Expense	Net-of-tax Amount
Pension liability adjustment	$ 48	$ (17)	$ 31
Amortization of cash flow hedges settled and deferred in AOCI and reclassified into interest expense	64	(22)	42
Net change in fair value of derivatives designated as cash flow hedges	1,097	(384)	713
Comprehensive income	$ 1,209	$ (423)	$ 786

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(8) COMPREHENSIVE INCOME (Continued)

Balances by classification included within Accumulated other comprehensive loss on the accompanying Balance Sheets are as follows (in thousands):

	Derivatives Designated as Cash Flow Hedges	Employee Benefit Plans	Total
As of December 31, 2008	$ (932)	$ (417)	$ (1,349)
As of December 31, 2007	$ (861)	$ (416)	$ (1,277)

(9) EMPLOYEE BENEFIT PLANS

SFAS 158

The application of SFAS 158 requires recognition of the funded status of postretirement benefit plans in the statement of financial position. The funded status for pension plans is measured as the difference between the projected benefit obligation and the fair value of plan assets. The funded status for all other benefit plans is measured as the difference between the accumulated benefit obligation and the fair value of plan assets. A liability is recorded for an amount by which the benefit obligation exceeds the fair value of plan assets or an asset is recorded for any amount by which the fair value of plan assets exceeds the benefit obligation.

Prior to the December 31, 2006 effective date of SFAS 158, liabilities recorded for postretirement benefit plans were reduced by any unrecognized net periodic benefit cost. Upon adoption of SFAS 158, the unrecognized net periodic benefit cost, previously recorded as an offset to the liability for benefit obligations, was reclassified within AOCI, net of tax. The Company applied the guidance under SFAS 71, and accordingly, the unrecognized net periodic benefit cost that would have been reclassified to AOCI was alternatively recorded as a regulatory asset or regulatory liability, net of tax.

SFAS 158 required that the measurement date of plans be the date of the Company's year-end balance sheet. The Company had used a September 30 measurement date. During 2008, the Company changed the measurement date to December 31. Therefore, $0.2 million, net of tax, was recognized as an adjustment to retained earnings. The amortization of prior service costs for October 1, 2007 to December 31, 2007 was less than $0.1 million, net of tax, and the service cost, interest cost and expected return on plan assets for October 1, 2007 to December 31, 2007 was $0.2 million, net of tax.

Defined Benefit Pension Plan

The Company has a noncontributory defined benefit pension plan (Plan) covering the employees of the Company who meet certain eligibility requirements. The benefits are based on years of service and compensation levels during the highest five consecutive years of the last ten years of service. The Company's funding policy is in accordance with the federal government's funding requirements. The Plan's assets are held in trust and consist primarily of equity and fixed income investments. The Company uses a December 31 measurement date for the Plan.

The Plan's expected long-term rate of return on assets assumption is based upon the weighted average expected long-term rate of returns for each individual asset class. The asset class weighting is

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

determined using the target allocation for each asset class in the Plan portfolio. The expected long-term rate of return for each asset class is determined primarily from long-term historical returns for the asset class, with adjustments if it is anticipated that long-term future returns will not achieve historical results.

The expected long-term rate of return for equity investments was 9.5% for the 2008 and 2007 plan years. For determining the expected long-term rate of return for equity assets, the Company reviewed interest rate trends and annual 20-, 30-, 40-, and 50-year returns on the S&P 500 Index, which were, at December 31, 2008, 8.4%, 11.0%, 9.0% and 9.2%, respectively. Fund management fees were estimated to be 0.18% for S&P 500 Index assets and 0.45% for other assets. The expected long-term rate of return on fixed income investments was 6.0%; the return was based upon historical returns on 10-year treasury bonds of 7.1% from 1962 to 2007, and adjusted for recent declines in interest rates. The expected long-term rate of return on cash investments was estimated to be 4.0%; expected cash returns were estimated to be 2.0% below long-term returns on intermediate-term bonds.

Plan Assets

Percentage of fair value of Plan assets at December 31:

	2008	2007
Equity	68%	76%
Fixed income	28	21
Cash	4	3
Total	100%	100%

As a result of the severe decline in equity values in the fourth quarter of 2008 and in light of the improved relative value of fixed income investment opportunities, we are undergoing a review to consider a revision of the pension plan investment allocations.

The revision is expected to result in a higher fixed income allocation. Until the investment allocation review is complete and implemented, we have suspended our practice of rebalancing the portfolio on a quarterly basis. This has resulted in an investment allocation of 68% equities and 32% fixed income/cash at December 31, 2008.

The Plan's investment policy includes the investment objective that the achieved long-term rates of return meet or exceed the assumed actuarial rate. The policy strategy seeks to prudently invest in a diversified portfolio of predominately equity and fixed income assets. The policy provides that the Plan will maintain a passive core United States Stock portfolio based on a broad market index. Complementing this core will be investments in United States and foreign equities through actively managed mutual funds.

The policy contains certain prohibitions on transactions in separately managed portfolios in which the Plan may invest, including prohibitions on short sales and the use of options or futures contracts. With regards to pooled funds, the policy requires the evaluation of the appropriateness of such funds for managing Plan assets if a fund engages in such transactions. The Plan has historically not invested in funds engaging in such transactions.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

Cash Flows

The Company made no contributions to the Plan in 2008, but expects to contribute $0.3 million to the Plan in 2009.

Supplemental Nonqualified Defined Benefit Retirement Plans

The Company has various supplemental retirement plans for key executives of the Company. The Plans are nonqualified defined benefit plans. The Company uses a December 31 measurement date for the Plans.

Plan Assets

The Plan has no assets. The Company funds on a cash basis as benefits are paid.

Estimated Cash Flows

The estimated employer contribution is expected to be $0.1 million in 2009. Contributions are expected to be made in the form of benefit payments.

Non-pension Defined Benefit Postretirement Plan

Employees who are participants in the Company's Postretirement Healthcare Plan and who retire from the Company on or after attaining age 55 after completing at least five years of service to the Company are entitled to postretirement healthcare benefits. These benefits are subject to premiums, deductibles, co-payment provisions and other limitations. The Company may amend or change the Plan periodically. The Company is not pre-funding its retiree medical plan. The Company uses a December 31 measurement date for the Plan.

It has been determined that the Plan's post-65 retiree prescription drug plans are actuarially equivalent and qualify for the Medicare Part D subsidy. The effect of the Medicare Part D subsidy on the accumulated postretirement benefit obligation for the fiscal year ending December 31, 2008, was an actuarial gain of approximately $1.0 million. The effect on 2009 net periodic postretirement benefit cost will be a decrease of approximately $0.1 million.

Plan Assets

The Plan has no assets. The Company funds on a cash basis as benefits are paid.

Estimated Cash Flows

The estimated employer contribution is expected to be $0.2 million in 2009. Contributions are expected to be made in the form of benefit payments.

The following tables provide a reconciliation of the Employee Benefit Plan's obligations and fair value of assets for 2008 and 2007, components of the net periodic expense for the years ended 2008, 2007 and 2006 and elements of regulatory assets and liabilities and AOCI for 2008 and 2007.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

Benefit Obligations

	Defined Benefit Pension Plans		Supplemental Nonqualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2008	2007	2008	2007	2008	2007
	(in thousands)					
Change in benefit obligation:						
Projected benefit obligation at beginning of year	$ 48,937	$ 50,340	$ 1,958	$ 1,999	$ 6,649	$ 6,791
Service cost	1,396	1,137	—	—	264	211
Interest cost	3,790	2,923	150	116	522	398
Actuarial (gain) loss	2,712	(328)	65	(54)	506	(571)
Amendments	—	—	—	—	—	—
Discount rate change	—	(2,641)	—	—	—	—
Benefits paid	(2,838)	(2,145)	(142)	(103)	(830)	(638)
Asset transfer to affiliate	(2,032)	(349)	(359)	—	(297)	(19)
Medicare Part D adjustment	—	—	—	—	71	75
Plan participant's contributions	—	—	—	—	508	402
Net increase (decrease)	3,028	(1,403)	(286)	(41)	744	(142)
Projected benefit obligation at end of year	$ 51,965	$ 48,937	$ 1,672	$ 1,958	$ 7,393	$ 6,649

A reconciliation of the fair value of Plan assets (as of the December 31 measurement date) is as follows:

	Defined Benefit Pension Plans		Supplemental Nonqualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2008	2007	2008	2007	2008	2007
	(in thousands)					
Beginning market value of plan assets	$ 52,466	$ 46,916	$ —	$ —	$ —	$ —
Investment income	(8,771)	8,044	—	—	—	—
Benefits paid	(2,249)	(2,145)	—	—	—	—
Asset transfer to affiliate	—	(349)	—	—	—	—
Ending market value of plan assets	$ 41,446	$ 52,466	$ —	$ —	$ —	$ —

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

Amounts recognized in the statement of financial position consist of:

	Defined Benefit Pension Plans		Supplemental Nonqualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2008	2007	2008	2007	2008	2007
	(in thousands)					
Regulatory asset (liability)	$ 26,256	$ 2,998	$ —	$ —	$ (11)	$ (480)
Current liability	—	—	109	129	223	186
Non-current asset (liability)	(19,864)	3,529	(1,564)	(1,801)	(7,169)	(6,399)

Accumulated Benefit Obligation

	Defined Benefit Pension Plans		Supplemental Nonqualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2008	2007	2008	2007	2008	2007
	(in thousands)					
Accumulated benefit obligation	$ 43,894	$ 41,823	$ 1,622	$ 1,808	$ 7,393	$ 6,649

Components of Net Periodic Expense

	Defined Benefit Pension Plans			Supplemental Nonqualified Defined Benefit Retirement Plans			Non-pension Defined Benefit Postretirement Plans		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
	(in thousands)								
Service cost	$ 1,117	$ 1,137	$ 1,085	$ —	$ —	$ —	$ 211	$ 211	$ 249
Interest cost	3,032	2,923	2,720	120	116	113	417	398	398
Expected return on assets	(4,374)	(3,885)	(3,557)	—	—	—	—	—	—
Amortization of prior service cost	112	103	103	1	1	1	—	—	(19)
Amortization of transition obligation	—	—	—	—	—	—	51	51	117
Recognized net actuarial loss	—	408	665	44	57	67	(1)	—	—
Net periodic expense	$ (113)	$ 686	$ 1,016	$ 165	$ 174	$ 181	$ 678	$ 660	$ 745

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

AOCI

In accordance with SFAS 158, amounts included in AOCI, after-tax, that have not yet been recognized as components of net periodic benefit cost at December 31, are as follows:

	Defined Benefit Pension Plans		Supplemental Nonqualified Defined Benefit Retirement Plans		Non-pension Defined Benefit Postretirement Plans	
	2008	2007	2008	2007	2008	2007
			(in thousands)			
Net loss	$ —	$ —	$ (347)	$ (418)	$ —	$ —
Prior service cost	—	—	(1)	(1)	—	—
Transition obligation	—	—	—	—	—	—
	$ —	$ —	$ (348)	$ (419)	$ —	$ —

The amounts in AOCI, regulatory assets or regulatory liabilities, after-tax, expected to be recognized as a component of net periodic benefit cost during calendar year 2009 are as follows:

	Defined Benefits Pension Plans	Supplemental Nonqualified Defined Benefit Retirement Plans	Non-pension Defined Benefit Postretirement Plans
		(in thousands)	
Net loss	$ 1,118	$ 28	$ —
Prior service cost	73	—	—
Transition obligation	—	—	33
Total net periodic benefit cost expected to be recognized during calendar year 2008	$ 1,191	$ 28	$ 33

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

Assumptions

	Defined Benefit Pension Plans			Supplemental Nonqualified Defined Benefit Retirement Plans			Non-pension Defined Benefit Postretirement Plans		
Weighted-average assumptions used to determine benefit obligations:	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Discount rate	6.20%	6.35%	5.95%	6.20%	6.35%	5.95%	6.10%	6.35%	5.95%
Rate of increase in compensation levels	4.25%	4.34%	4.31%	5.00%	5.00%	5.00%	N/A	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for plan year:	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Discount rate	6.35%	5.95%	5.75%	6.35%	5.95%	5.75%	6.35%	5.95%	5.75%
Expected long-term rate of return on assets*	8.50%	8.50%	8.50%	N/A	N/A	N/A	N/A	N/A	N/A
Rate of increase in compensation levels	4.34%	4.31%	4.34%	N/A	5.00%	5.00%	N/A	N/A	N/A

* The expected rate of return on plan assets remained at 8.50% for the calculation of the 2009 net periodic pension cost.

The healthcare cost trend rate assumption for 2008 fiscal year benefit obligation determination and 2009 fiscal year expense is a 9% increase for 2009 grading down 1% per year until a 5% ultimate trend rate is reached in fiscal year 2013. The healthcare cost trend rate assumption for the 2008 fiscal year benefit obligation determination and 2008 fiscal year expense was a 10% increase for 2008 grading down 1% per year until a 5% ultimate trend rate is reached in fiscal year 2013.

The healthcare cost trend rate assumption has a significant effect on the amounts reported. A 1% increase in the healthcare cost trend assumption would increase the service and interest cost $0.1 million or 21% and the accumulated periodic postretirement benefit obligation $1.3 million or 18%. A 1% decrease would reduce the service and interest cost by $0.1 million or 16% and the accumulated periodic postretirement benefit obligation $1.0 million or 14%.

The following benefit payments, which reflect future service, are expected to be paid (in thousands):

			Non-pension Defined Benefit Postretirement Plans		
	Defined Benefit Pension Plans	Supplemental Nonqualified Defined Benefit Retirement Plan	Expected Gross Benefit Payments	Expected Medicare Part D Drug Benefit Subsidy	Expected Net Benefit Payments
2009	$ 2,440	$ 109	$ 298	$ (75)	$ 223
2010	2,561	107	340	(83)	257
2011	2,695	111	384	(91)	293
2012	2,780	92	404	(100)	304
2013	2,917	74	441	(108)	333
2014-2018	16,817	421	2,667	(643)	2,024

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(9) EMPLOYEE BENEFIT PLANS (Continued)

Defined Contribution Plan

The Parent sponsors a 401(k) savings plan in which employees of the Company may participate. Participants may elect to invest up to 20% of their eligible compensation on a pre-tax basis, up to a maximum amount established by the Internal Revenue Service. The Company provides a matching contribution of 100% of the employee's annual contribution up to a maximum of 3% of eligible compensation. Matching contributions vest at 20% per year and are fully vested when the participant has 5 years of service with the Company. The Company's matching contributions were $0.7 for 2008, $0.6 million for 2007 and $0.6 million for 2006.

(10) RELATED-PARTY TRANSACTIONS

Receivables and Payables

The Company has accounts receivable balances related to transactions with other BHC subsidiaries. The balances were $12.6 million and $8.9 million as of December 31, 2008 and 2007, respectively. The Company also has accounts payable balances related to transactions with other BHC subsidiaries. The balances were $10.4 million and $3.2 million as of December 31, 2008 and 2007, respectively.

Money Pool Notes Receivable and Notes Payable

The Company has a Utility Money Pool Agreement with the Parent, Cheyenne Light and Black Hills Utility Holdings. Under the agreement, the Company may borrow from the Parent. The Agreement restricts the Company from loaning funds to the Parent or to any of the Parent's non-utility subsidiaries; the Agreement does not restrict the Company from making dividends to the Parent. Borrowings under the agreement bear interest at the daily cost of external funds as defined under the Agreement, or if there are no external funds outstanding on that date, then the rate will be the daily one month LIBOR rate plus 100 basis points.

The Company through the Utility Money Pool had a net note payable balance to the Parent of $70.2 million as of December 31, 2008 and a note receivable balance from Cheyenne Light and the Parent of $10.3 million as of December 31, 2007. Advances under this note bear interest at 0.70% above the daily LIBOR rate (1.14% at December 31, 2008). Net interest expense of $0.9 million and net interest income of $0.9 million was recorded for the years ended December 31, 2008 and 2007, respectively.

Other Balances and Transactions

The Company also received revenues of approximately $1.2 million, $1.9 million and $2.4 million for the years ended December 31, 2008, 2007 and 2006, respectively, from Black Hills Wyoming, Inc. for the transmission of electricity.

The Company recorded revenues of $0.2 million, $1.4 million and $3.3 million for the years ending December 31, 2008, 2007 and 2006, respectively, relating to payments received pursuant to a natural gas swap entered into with Enserco.

The Company received revenues of approximately $2.8 million for the year ended December 31, 2008, from Cheyenne Light for the sale of electricity and dispatch services.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(10) RELATED-PARTY TRANSACTIONS (Continued)

The Company purchases coal from WRDC. The amount purchased during the years ended December 31, 2008, 2007 and 2006 was $15.5 million, $12.6 million and $10.8 million, respectively. These amounts are included in Fuel and purchased power on the accompanying Statements of Income.

The Company purchases excess power generated by Cheyenne Light. The amount purchased during the year ended December 31, 2008 was $6.4 million.

In order to fuel its combustion turbine, the Company purchased natural gas from Enserco. The amount purchased during the years ended December 31, 2008, 2007 and 2006 was approximately $8.0 million, $4.5 million and $7.2 million, respectively. These amounts are included in Fuel and purchased power on the accompanying Statements of Income.

In addition, the Company also pays the Parent for allocated corporate support service cost incurred on its behalf. Corporate costs allocated from the Parent were $12.4 million and $11.3 million for the years ended December 31, 2008 and 2007, respectively.

The Company has funds on deposit from Black Hills Wyoming for transmission system reserve in the amount of $1.9 million and $1.8 million at December 31, 2008 and 2007, respectively, which is included in Deferred credits and other liabilities, Other on the accompanying Balance Sheets. Interest on the deposit accrues quarterly at an average prime rate (5% at December 31, 2008).

On January 1, 2006, the Company assumed the assets and liabilities of Mayer Radio, Inc., a subsidiary of the Parent. Results from the assumption of the business unit activity were not material to the Company.

On August 28, 2008 the Company entered into a contract with Cheyenne Light under which Cheyenne Light will sell up to 20 MW wind-generated, renewable energy to the Company until 2028. Purchases from this agreement during 2008 were $0.6 million.

(11) COMMITMENTS AND CONTINGENCIES

Power Purchase and Transmission Services Agreements

In 1983, the Company entered into a 40 year power purchase agreement with PacifiCorp providing for the purchase by the Company of 75 MW of electric capacity and energy from PacifiCorp's system. An amended agreement signed in October 1997 reduces the contract capacity by 25 MW (5 MW per year starting in 2000). The price paid for the capacity and energy is based on the operating costs of one of PacifiCorp's coal-fired electric generating plants. Costs incurred under this agreement were $11.6 million in 2008, $10.9 million in 2007 and $10.1 million in 2006.

The Company also has a firm point-to-point transmission service agreement with PacifiCorp that expires on December 31, 2023. The agreement provides that the following amounts of the Company's capacity and energy will be transmitted by PacifiCorp: 17 MW in 2005-2006 and 50 MW in 2007-2023. Costs incurred under this agreement were $1.2 million in 2008, $1.2 million in 2007 and $0.4 million in 2006.

- A 20-year power purchase agreement with Cheyenne Light expiring in 2028, under which we will purchase up to 20 MW of renewable energy through Cheyenne Light's agreement with Happy Jack Wind Farms, LLC; and

- A Generation Dispatch Agreement with Cheyenne Light that requires the Company to purchase all of Cheyenne Light's excess energy.

BLACK HILLS POWER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2008, 2007 and 2006

(11) COMMITMENTS AND CONTINGENCIES (Continued)

Long-Term Power Sales Agreements

- The Company has a ten-year power sales contract with MEAN for 20 MW of unit-contingent capacity from the Neil Simpson II plant. The contract expires in 2013; and

- The Company has a power purchase agreement with MDU for the supply of up to 74 MW of capacity and energy for Sheridan, Wyoming from 2007 through 2016. The Company also has a contract with the City of Gillette, Wyoming, expiring in 2012, to provide the city's first 23 MW of capacity and energy. The agreement renews automatically and requires a seven-year notice of termination. Both contracts are served by the Company and are integrated into its control area and are treated as part of the utility's firm native load.

Legal Proceedings

Ongoing Litigation

The Company is subject to various legal proceedings, claims and litigation which arise in the ordinary course of operations. In the opinion of management, the amount of liability, if any, with respect to these actions would not materially affect the financial position, results of operations or cash flows of the Company.

(12) QUARTERLY HISTORICAL DATA (Unaudited)

The Company operates on a calendar year basis. The following table sets forth selected unaudited historical operating results data for each quarter of 2008 and 2007.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands)			
2008:				
Operating revenues	$ 57,632	$ 57,978	$ 59,358	$ 57,706
Operating income	10,591	9,270	10,228	8,547
Net income	5,576	5,251	6,371	5,561
2007:				
Operating revenues	$ 47,767	$ 44,972	$ 51,774	$ 55,188
Operating income	12,545	10,060	11,148	13,761
Net income	6,699	4,881	5,781	7,535

(13) SUBSEQUENT EVENT

On February 24, 2009, the SDPUC approved an Energy Cost Adjustment for South Dakota customers effective March 1, 2009. The Company will absorb the first $2.0 million in increased costs and both South Dakota customers and the Company will share in absorbing costs above that amount.

BLACK HILLS POWER, INC.
SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

Description	Balance at beginning of year	Additions Charged to costs and expenses	Deductions	Balance at end of year
		(in thousands)		
Allowance for doubtful accounts:				
2008	$ 388	$ 637	$ (655)	$ 370
2007	250	320	(182)	388
2006	830	163	(743)	250

BLACK HILLS POWER, INC.

CONDENSED STATEMENTS OF INCOME

(unaudited)

	Six Months Ended June 30,	
	2009	2008
	(in thousands)	
Operating revenue	$ 101,294	$ 115,610
Operating expenses:		
Fuel and purchased power	42,515	55,725
Operations and maintenance	16,124	16,011
Administrative and general	13,243	10,073
Depreciation and amortization	10,052	10,530
Taxes, other than income taxes	3,649	3,409
	85,583	95,748
Operating income	15,711	19,862
Other income (expense):		
Interest expense	(5,410)	(5,206)
Interest income	164	119
Allowance for funds used during construction—equity	2,677	890
Other income, net	797	168
	(1,772)	(4,029)
Income before income taxes	13,939	15,833
Income taxes	(3,870)	(5,006)
Net income	$ 10,069	$ 10,827

The accompanying notes to condensed financial statements are an integral part of these condensed financial statements.

BLACK HILLS POWER, INC.

CONDENSED BALANCE SHEET

(unaudited)

	June 30, 2009 (in thousands)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 626
Receivables (net of allowance for doubtful accounts of $365)—	
Customers	15,251
Affiliates	2,707
Other	6,384
Materials, supplies and fuel	19,149
Other current assets	7,399
	51,516
Investments	4,138
Property, plant and equipment	897,660
Less accumulated depreciation	(289,885)
	607,775
Other assets:	
Regulatory assets	33,732
Other	1,601
	35,333
	$ 698,762
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current liabilities:	
Current maturities of long-term debt	$ 32,021
Accounts payable	38,175
Accounts payable—affiliates	9,155
Notes payable—affiliates	75,826
Accrued liabilities	16,767
Deferred income taxes	1,331
	173,275
Long-term debt, net of current maturities	117,204
Deferred credits and other liabilities:	
Deferred income taxes	88,758
Regulatory liabilities	14,340
Benefit plan liabilities	31,962
Other	8,210
	143,270
Stockholder's equity:	
Common stock $1 par value; 50,000,000 shares authorized; 23,416,396 shares issued	23,416
Additional paid-in capital	39,575
Retained earnings	203,350
Accumulated other comprehensive loss	(1,328)
	265,013
	$ 698,762

The accompanying notes to condensed financial statements are an integral part of these condensed financial statements.

BLACK HILLS POWER, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(unaudited)

	Six Months Ended June 30,	
	2009	2008
	(in thousands)	
Operating activities:		
Net income	$ 10,069	$ 10,827
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	10,052	10,530
Provision for valuation allowances	(5)	48
Deferred income tax	3,634	3,041
Allowance for funds used during construction—equity	(2,677)	(890)
Change in operating assets and liabilities—		
Accounts receivable and other current assets	10,255	8,617
Accounts payable and other current liabilities	11,011	1,859
Other operating activities	3,529	1,299
	45,868	35,331
Investing activities:		
Property, plant and equipment additions	(76,911)	(58,841)
Proceeds from sale of ownership interest in plant	32,321	—
Change in money pool notes receivable from affiliate, net	—	10,304
Other investing activities	(4,314)	(166)
	(48,904)	(48,703)
Financing activities:		
Long-term debt—repayments	(1,984)	(1,982)
Change in money pool note payable to affiliate, net	5,642	13,325
	3,658	11,343
Increase (decrease) in cash and cash equivalents	622	(2,029)
Cash and cash equivalents:		
Beginning of period	4	2,033
End of period	$ 626	$ 4
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Property, plant and equipment acquired with accrued liabilities	$ 27,782	$ 11,449
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 4,970	$ 5,820
Income taxes paid	$ 621	$ 4,333

The accompanying notes to condensed financial statements are an integral part of these condensed financial statements.

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(1) MANAGEMENT'S STATEMENT

The condensed financial statements included herein have been prepared by Black Hills Power, Inc., (the "Company," "we," "us," "our") without audit, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations; however, we believe that the footnotes adequately disclose the information presented. These financial statements should be read in conjunction with the audited financial statements and the notes thereto, included elsewhere in this Prospectus. These financial statements include consideration of events through August 14, 2009.

Accounting methods historically employed require certain estimates as of interim dates. The information furnished in the accompanying financial statements reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the June 30, 2009 and June 30, 2008 financial information and are of a normal recurring nature. The results of operations for the six months ended June 30, 2009 and our financial condition as of June 30, 2009 are not necessarily indicative of the results of operations and financial condition to be expected as of or for any other period.

(2) RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

SFAS 157

During September 2006, the FASB issued SFAS 157. This Statement defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. SFAS 157 does not expand the application of fair value accounting to any new circumstances, but applies the framework to other accounting pronouncements that require or permit fair value measurement. We adopted the provisions of SFAS 157 on January 1, 2008 for all assets and liabilities measured at fair value. The adoption of SFAS 157 and related FSPs did not have a material impact on our financial position, results of operations or cash flows.

SFAS 161

In March 2008, the FASB issued SFAS 161 which requires enhanced disclosures about derivative and hedging activities and their affect on an entity's financial position, financial performance and cash flows. SFAS 161 encourages, but does not require, disclosures for earlier periods presented for comparative purposes at initial adoption. We adopted the provisions of SFAS 161 on January 1, 2009.

At June 30, 2009, we do not hold any derivative instruments. We occasionally hold natural gas in storage for use as fuel for generating electricity with our gas-fired combustion turbines. To minimize associated price risk and seasonal storage level requirements, we occasionally utilize various derivative instruments in managing these risks. Additionally, we engage in activities to manage risk associated with changes in interest rates. In prior years, we entered into floating-to-fixed interest rate swap agreements to minimize our exposure to interest rate fluctuations associated with our floating rate debt obligations. These swaps were designated as cash flow hedges in accordance with SFAS 133, and accordingly the resulting gain or loss is carried in Accumulated other comprehensive loss on the accompanying Condensed Balance Sheet and amortized over the life of the related debt. For the six months ended

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(2) RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)

June 30, 2009 and 2008, respectively, we amortized less than $0.1 million from Accumulated other comprehensive loss to Interest expense related to a settled interest rate swap designated as a cash flow hedge.

SFAS 165

In May 2009, the FASB issued SFAS 165, which establishes general standards of accounting for and disclosures of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. We adopted and applied the provisions of SFAS 165 for our financial statements issued after June 15, 2009.

FSP FAS 107-1

In April 2009, the FASB approved FSP FAS 107-1 effective for interim and annual periods ending after June 15, 2009. This FSP requires public companies to provide more frequent disclosures about the fair value of their financial instruments. These disclosures are included in Note 7.

(3) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

SFAS 167

In June 2009, the FASB issued SFAS 167 which is a revision to FASB Interpretation No. 46(R). This Statement amends the analysis performed by a company in determining whether an entity that is insufficiently capitalized or is not controlled through a voting interest should be consolidated. It will require additional disclosures about the involvement with variable interest entities and any significant changes in risk exposure due to that involvement. We are currently assessing the impact that the adoption of this Statement will have on our financial condition, results of operations, and cash flows.

SFAS 168

On July 1, 2009, the FASB Accounting Standards Codification™ will become the source of authoritative GAAP recognized by the FASB to be applied by non-governmental entities. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. This Statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We will update GAAP references for financial statements issued after September 15, 2009.

Following this Statement, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Task Force Abstracts. Instead, it will issue Accounting Standards Updates. The FASB will not consider Accounting Standards Updates as authoritative in their own right. Accounting Standards Updates will serve only to update the Codification, provide background information about the guidance, and provide the basis for conclusions on the change(s) in the Codification.

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(3) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

FSP FAS 132(R)-1

During December 2008, the FASB issued FSP FAS 132(R)-1, which provides guidance on an employer's disclosures about plan assets in a defined benefit pension or other postretirement plan to provide users of financial statements with an understanding of:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;
- The major categories of plan assets;
- The input and valuation techniques used to measure the fair value of plan assets;
- The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period; and
- Significant concentrations of risk within plan assets.

FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009. We do not expect the adoption of FSP FAS 132(R)-1 to have a significant effect on our financial statements.

(4) OTHER COMPREHENSIVE INCOME

The following table presents the components of Other comprehensive income (in thousands):

	Six Months Ended June 30,	
	2009	2008
Net income	$ 10,069	$ 10,827
Other comprehensive income (loss), net of tax:		
Reclassification adjustments included in net income (net of tax of $(11) and $48, respectively)	21	(90)
Total comprehensive income	$ 10,090	$ 10,737

Balances by classification included within Accumulated other comprehensive loss on the accompanying Condensed Balance Sheet are as follows (in thousands):

	Derivatives Designated as Cash Flow Hedges	Employee Benefit Plans	Total
As of June 30, 2009	$ (911)	$ (417)	$ (1,328)

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(5) RELATED-PARTY TRANSACTIONS

Receivables and Payables

We have accounts receivable balances related to transactions with other BHC subsidiaries. The balance was $2.7 million as of June 30, 2009. We also have accounts payable balances related to transactions with other BHC subsidiaries. The balance was $9.2 million as of June 30, 2009.

Money Pool Notes Receivable and Notes Payable

We have entered into a Utility Money Pool Agreement with BHC, Cheyenne Light and Black Hills Energy. Under the agreement, we may borrow from the Parent. The Agreement restricts us from loaning funds to the Parent or to any of the Parent's non-utility subsidiaries; the Agreement does not restrict us from making dividends to the Parent. Borrowings under the agreement bear interest at the daily cost of external funds as defined under the Agreement, or if there are no external funds outstanding on that date, then the rate will be the daily one month LIBOR rate plus 100 basis points.

Through the Utility Money Pool, we had net note payable balances and interest payable of $76.3 million as of June 30, 2009. Advances under this note bear interest at 0.70 percent above the daily LIBOR rate (which equates to 1.01% at June 30, 2009). Net interest expense of $1.1 million was recorded for the six months ended June 30, 2009. Net interest expense was less than $0.1 million for the six months ended June 30, 2008.

Other Balances and Transactions

We also received revenues of approximately $0.4 million and $0.7 million for the six months ended June 30, 2009 and 2008, respectively, from Black Hills Wyoming for the transmission of electricity.

We recorded revenues of $0.2 million for the six months ended June 30, 2008 relating to payments received pursuant to a natural gas swap entered into with Enserco, with a third party transacted by Enserco on our behalf.

We received revenues of approximately $0.7 million and $1.1 million for the six months ended June 30, 2009 and 2008, respectively, from Cheyenne Light for the sale of electricity and dispatch services.

We purchase coal from WRDC. The amount purchased during the six months ended June 30, 2009 and 2008 was $7.1 million and $5.9 million, respectively.

We purchase excess power generated by Cheyenne Light. The amount purchased during the six months ended June 30, 2009 was $3.9 million and includes $1.3 million for wind-generated power for the six months ended June 30, 2009. The amount purchased for the six month period ended June 30, 2008 was $3.1 million. On August 28, 2008, we entered into a contract with Cheyenne Light under which Cheyenne Light sells up to 20 MW of wind-generated, renewable energy to us until 2028.

In order to fuel our combustion turbine, we purchase natural gas from Enserco. The amount purchased was $0.6 million and $3.5 million for the six months ended June 30, 2009 and 2008,

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(5) RELATED-PARTY TRANSACTIONS (Continued)

respectively. These amounts are included in Fuel and purchased power on the accompanying Condensed Statements of Income.

In addition, we also pay the Parent for allocated corporate support service cost incurred on our behalf. Corporate costs allocated from the Parent were $7.4 million and $6.1 million for the six months ended June 30, 2009 and 2008, respectively.

We have funds on deposit from Black Hills Wyoming for transmission system reserve in the amount of $1.9 million as of June 30, 2009, which is included in Other, Deferred credits and other liabilities on the accompanying Condensed Balance Sheet. Interest on the funds accrues quarterly at an average quarterly prime rate (3.37% at June 30, 2009).

(6) EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

We have a noncontributory defined benefit pension plan (the "Plan") covering the employees who meet certain eligibility requirements.

The components of net periodic benefit cost for the Plan are as follows (in thousands):

	Six Months Ended June 30,	
	2009	2008
Service cost	$ 584	$ 558
Interest cost	1,570	1,516
Expected return on plan assets	(1,314)	(2,188)
Prior service cost	56	56
Net loss	860	—
Net periodic benefit cost	$ 1,756	$ (58)

A contribution totaling less than $0.1 million was made to the Plan in the first quarter of 2009. There are no further contributions expected to be made to the Plan in 2009.

Supplemental Nonqualified Defined Benefit Plans

We have various supplemental retirement plans for key executives (the "Supplemental Plans"). The Supplemental Plans are non-qualified defined benefit plans.

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(6) EMPLOYEE BENEFIT PLANS (Continued)

The components of net periodic benefit cost for the Supplemental Plans are as follows (in thousands):

	Six Months Ended June 30,	
	2009	2008
Interest cost	$ 50	$ 60
Net loss	22	22
Net periodic benefit cost	$ 72	$ 82

We anticipate that we will make contributions to the Supplemental Plans for the 2009 fiscal year of approximately $0.1 million. Contributions are expected to be in the form of benefit payments.

Non-pension Defined Benefit Postretirement Plans

Employees who are participants in the Postretirement Healthcare Plans ("Healthcare Plans") and who meet certain eligibility requirements are entitled to postretirement healthcare benefits.

The components of net periodic benefit cost for the Healthcare Plans are as follows (in thousands):

	Six Months Ended June 30,	
	2009	2008
Service cost	$ 108	$ 104
Interest cost	222	208
Net transition obligation	26	26
Net periodic benefit cost	$ 356	$ 338

We anticipate that we will make contributions to the Healthcare Plan for the 2009 fiscal year of approximately $0.2 million. Contributions are expected to be made in the form of benefit payments.

It has been determined that the post-65 retiree prescription drug plans are actuarially equivalent and qualify for the Medicare Part D subsidy. The decrease in net periodic postretirement benefit cost due to the subsidy was $0.1 million.

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(7) FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of our financial instruments at June 30 are as follows (in thousands):

	2009	
	Carrying Amount	Fair Value
Cash and cash equivalents	$ 626	$ 626
Long-term debt	$ 149,225	$ 157,081

The following methods and assumptions were used to estimate the fair value of each class of our financial instruments.

Cash and Cash Equivalents

The carrying amount approximates fair value due to the short maturity of these instruments.

Long-Term Debt

The fair value of our long-term debt is estimated based on quoted market rates for debt instruments having similar maturities and similar debt ratings.

(8) COMMITMENTS AND CONTINGENCIES

Legal Proceedings

We are subject to various legal proceedings, claims and litigation as described in Note 11 of the Notes to Audited Financial Statements included elsewhere in this Prospectus. There have been no material developments in any previously reported proceedings or any new material proceedings that have developed or material proceedings that have terminated during the first six months of 2009.

In the normal course of business, we are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations. We believe the amounts provided in our financial statements are adequate in light of the probable and estimable contingencies. However, there can be no assurance that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of June 30, 2009, cannot be reasonably determined and could have a material adverse effect on our results of operations, financial position or cash flows.

Extension of Long-Term Power Sales Agreement with MEAN

In March 2009, our 10-year power sales contract between MEAN that originally expired in 2013 was re-negotiated and extended until 2023. Under the new contract, MEAN will purchase 20 MW of unit-contingent capacity from the Neil Simpson II and the Wygen III plants with capacity purchase

BLACK HILLS POWER, INC.

Notes to Condensed Financial Statements (Continued)

(unaudited)

(Reference is made to Notes to Audited Financial Statements included elsewhere in this Prospectus)

(8) COMMITMENTS AND CONTINGENCIES (Continued)

decreasing to 15 MW in 2018, 12 MW in 2020 and 10 MW in 2022. The unit-contingent capacity amounts from Wygen III and Neil Simpson II plants are as follows:

2009-2017	20 MW—10 MW contingent on Wygen III and 10 MW contingent on Neil Simpson II
2018-2019	15 MW—10 MW contingent on Wygen III and 5 MW contingent on Neil Simpson II
2020-2021	12 MW—6 MW contingent on Wygen III and 6 MW contingent on Neil Simpson II
2022-2023	10 MW—5 MW contingent on Wygen III and 5 MW contingent on Neil Simpson II

Sale to MDU

On April 9, 2009, we sold to MDU a 25% ownership interest in our Wygen III generation facility currently under construction. At closing, MDU made a payment to us for its 25% share of the costs to date on the ongoing construction of the facility. Proceeds of $32.8 million were received. MDU will continue to reimburse us for its 25% of the total costs paid to complete the project. In conjunction with the sales transaction, we also modified a 2004 power purchase agreement with MDU under which we supplied MDU with 74 MW of capacity and energy through 2016.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution.***

All amounts, which are payable by the Registrants, are estimates.

SEC registration fee	$ *
Legal fees and expenses	150,000
Accounting fees and expenses	110,000
Printing and shipping expenses	40,000
Trustee's and transfer agent's fees and expenses	10,000
Miscellaneous	5,000
Total	$ 315,000

* Deferred in accordance with Rules 456(b) and 457(r) of the Securities Act of 1933.

Item 15. ***Indemnification of Directors and Officers.***

Black Hills Corporation

Section 47-1A-851 of the South Dakota Codified Laws allows a corporation to indemnify any person who was, is, or is threatened to be made a defendant or respondent to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative and whether formal or informal, by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, against judgments, settlements, penalties, fines and reasonable expenses (including attorneys' fees) incurred by that person in connection with such action, suit or proceeding if that person acted in good faith and in a manner that person reasonably believed to be, in the case of conduct in an official capacity, in the best interests of the corporation, and in all other cases, at least not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. Unless ordered by a court, the corporation may not indemnify a director (a) in respect of a proceeding by or in the right of the corporation, except for reasonable expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct in Section 47-1A-851, or (b) in connection with any proceeding with respect to conduct for which the director was adjudged liable on the basis that the director received a financial benefit to which the director was not entitled, whether or not involving action in the director's official capacity.

Black Hills Corporation's Bylaws provide that it shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by reason of the fact that such person is or was serving or has agreed to serve as a director or officer of Black Hills Corporation or at its request of another corporation or entity, who acted in good faith and in a manner which such person reasonably believed to be within the scope of such person's authority and in, or not opposed to, Black Hills Corporation's best interests, and, with respect to any criminal action or proceeding, the person had no reasonable cause to believe their conduct was unlawful, against liability incurred by such person in connection with the defense or settlement of such action or suit and any appeal therefrom. With respect to proceedings by or in Black Hills Corporation's right to procure judgment in our favor, no indemnification shall be made in respect

of any claim, issue or matter as to which such person shall have been adjudged to be liable to Black Hills Corporation unless and only to the extent that the court in which such action or suit was brought shall determine that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. In addition, Black Hills Corporation has entered into specific agreements with its directors and officers providing for indemnification of such persons under certain circumstances.

Black Hills Corporation's Restated Articles of Incorporation also eliminate the personal liability of its directors for monetary damages for breach of their fiduciary duty as directors. This provision, however, does not eliminate a director's liability (a) for any breach of the director's duty of loyalty to Black Hills Corporation or its shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) for unlawful distributions by directors in violation of the South Dakota Codified Laws, or (d) for any transaction for which the director derived an improper personal benefit.

Black Hills Corporation carries directors' and officers' liability insurance to insure its directors and officers against liability for certain errors and omissions and to defray costs of a suit or proceeding against an officer or director.

Any underwriting agreement entered into in connection with the sale of securities offered by this registration statement will provide for indemnification of Black Hills Corporation, its directors and its officers for some liabilities, including liabilities under the Securities Act of 1933, as amended.

Black Hills Power, Inc.

Section 47-1A-851 of the South Dakota Codified Laws allows a corporation to indemnify any person who was, is, or is threatened to be made a defendant or respondent to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative and whether formal or informal, by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, against judgments, settlements, penalties, fines and reasonable expenses (including attorneys' fees) incurred by that person in connection with such action, suit or proceeding if that person acted in good faith and in a manner that person reasonably believed to be, in the case of conduct in an official capacity, in the best interests of the corporation, and in all other cases, at least not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. Unless ordered by a court, the corporation may not indemnify a director (a) in respect of a proceeding by or in the right of the corporation, except for reasonable expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct in Section 47-1A-851, or (b) in connection with any proceeding with respect to conduct for which the director was adjudged liable on the basis that the director received a financial benefit to which the director was not entitled, whether or not involving action in the director's official capacity.

Black Hills Power Inc.'s Bylaws provide that it shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by reason of the fact that such person is or was serving or has agreed to serve as a director or officer of Black Hills Power, Inc. or at its request of another corporation or entity, who acted in good faith and in a manner which such person reasonably believed to be within the scope of such person's authority and in, or not opposed to, Black Hills Power Inc.'s best interests, and, with respect to any criminal action or proceeding, the person had no reasonable cause to believe their conduct was unlawful, against liability incurred by such person in connection with the defense or settlement of such action or suit and any appeal therefrom. With respect to proceedings by or in Black

Hills Power Inc.'s right to procure judgment in our favor, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to Black Hills Power, Inc. unless and only to the extent that the court in which such action or suit was brought shall determine that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. In addition, Black Hills Corporation, the parent of Black Hills Power, Inc., has entered into specific agreements with Black Hills Power, Inc.'s directors and officers providing for indemnification of such persons under certain circumstances.

Black Hills Power, Inc.'s Restated Articles of Incorporation also eliminate the personal liability of its directors for monetary damages for breach of their fiduciary duty as directors. This provision, however, does not eliminate a director's liability (a) for any breach of the director's duty of loyalty to Black Hills Power, Inc. or its shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) for unlawful distributions by directors in violation of the South Dakota Codified Laws, or (d) for any transaction from which the director derived an improper personal benefit.

Black Hills Corporation, the parent of Black Hills Power, Inc., carries directors' and officers' liability insurance to insure its directors and officers and its subsidiaries' directors and officers against liability for certain errors and omissions and to defray costs of a suit or proceeding against an officer or director.

Any underwriting agreement entered into in connection with the sale of securities offered by this registration statement will provide for indemnification of Black Hills Power, Inc., its directors and its officers for some liabilities, including liabilities under the Securities Act of 1933, as amended.

Item 16. ***Exhibits.***

The following is a list of all exhibits filed as a part of this Registration Statement on Form S-3, including those incorporated by reference herein.

Exhibit Number	Description
1*	Form of Underwriting Agreement.
4.1	Restated Articles of Incorporation of Black Hills Corporation (filed as an exhibit to its Annual Report on Form 10-K filed on March 16, 2005, and incorporated by reference herein).
4.2	Amended and Restated Bylaws of Black Hills Corporation dated January 30, 2009 (filed as an exhibit to its Current Report on Form 8-K filed on February 3, 2009, and incorporated by reference herein).
4.3	Indenture dated as of May 21, 2003, between Black Hills Corporation and Wells Fargo Bank, National Association (as successor to LaSalle Bank National Association), as Trustee (filed as Exhibit 4.1 to the Black Hills Corporation's Quarterly Report on Form 10-Q filed on August 13, 2003, and incorporated by reference herein).
4.4	First Supplemental Indenture dated as of May 21, 2003, between Black Hills Corporation and Wells Fargo Bank, National Association (as successor to LaSalle Bank National Association), as Trustee (filed as Exhibit 4.2 to Black Hills Corporation's Quarterly Report on Form 10-Q filed on August 13, 2003, and incorporated by reference herein).
4.5	Second Supplemental Indenture dated as of May 14, 2009, between Black Hills Corporation and Wells Fargo Bank, National Association (as successor to LaSalle Bank National Association), as Trustee (filed as Exhibit 4 to Black Hills Corporation's Current Report on Form 8-K filed on May 14, 2009, and incorporated by reference herein).

Exhibit Number	Description
4.6	Form of Black Hills Corporation Senior Debt Security (included in Exhibit 4.3).
4.7	Form of Black Hills Corporation Indenture (Subordinated Debt Securities) (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.8	Form of Black Hills Corporation Subordinated Debt Security (included in Exhibit 4.7).
4.9	Form of Black Hills Corporation Stock Certificate for Common Stock, Par Value $1.00 Per Share (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.10*	Form of Black Hills Corporation Deposit Agreement.
4.11*	Form of Black Hills Corporation Depositary Receipt (included in Exhibit 4.10).
4.12	Form of Black Hills Corporation Warrant Agreement (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.13	Form of Black Hills Corporation Warrant Certificate (included in Exhibit 4.12).
4.14	Form of Black Hills Corporation Purchase Contract (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.15	Form of Black Hills Corporation Purchase Contract Certificate (included in Exhibit 4.14).
4.16	Restated Articles of Incorporation of Black Hills Corporation (now called Black Hills Power, Inc.).
4.17	Articles of Amendment to the Articles of Incorporation of Black Hills Corporation (now called Black Hills Power, Inc.).
4.18	Bylaws of Black Hills Corporation (now called Black Hills Power, Inc.).
4.19	Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Corporation (now called Black Hills Power, Inc.) dated as of September 1, 1999.
4.20	First Supplemental Indenture, dated as of August 13, 2002, between Black Hills Power, Inc. and The Bank of New York Mellon (as successor to JPMorgan Chase Bank), as Trustee.
5.1	Opinion of Steven J. Helmers regarding the legality of the Black Hills Corporation securities (filed as an exhibit to its Registration Statement on Form S-3 (No. 333-150669), and incorporated by reference herein).
5.2	Opinion of Conner & Winters, LLP regarding the legality of the Black Hills Corporation securities (filed as an exhibit to its Registration Statement on Form S-3 (No. 333-150669), and incorporated by reference herein).
5.3	Opinion of Steven J. Helmers regarding the validity of the Black Hills Power, Inc. First Mortgage Bonds.
8*	Opinion of Conner & Winters, LLP regarding certain federal tax matters.
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25.3	Statement of Eligibility on Form T-1 of Trustee (Black Hills Power, Inc. First Mortgage Bonds).

* To be filed by amendment, as an exhibit to a Current Report on Form 8-K in connection with a specific offering, or with respect to a Statement of Eligibility on Form T-1 of Trustee, as a filing with the SEC under electronic form type "305b2".

Item 17. ***Undertakings.***

(a) Each of the undersigned Registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is

part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for purposes of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(b) Each of the undersigned Registrants hereby undertakes, that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each of the Registrants pursuant to the foregoing provisions, or otherwise, each Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(j) Each of the undersigned Registrants hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act.

SIGNATURES

Black Hills Corporation

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rapid City, State of South Dakota on October 22, 2009.

BLACK HILLS CORPORATION

By: /s/ DAVID R. EMERY

David R. Emery
Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ DAVID R. EMERY David R. Emery	Director, Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	October 22, 2009
/s/ ANTHONY S. CLEBERG Anthony S. Cleberg	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	October 22, 2009
/s/ DAVID C. EBERTZ* David C. Ebertz	Director	October 22, 2009
/s/ JACK W. EUGSTER* Jack W. Eugster	Director	October 22, 2009
/s/ JOHN R. HOWARD* John R. Howard	Director	October 22, 2009
/s/ KAY S. JORGENSEN* Kay S. Jorgensen	Director	October 22, 2009
/s/ STEPHEN D. NEWLIN* Stephen D. Newlin	Director	October 22, 2009
/s/ GARY L. PECHOTA* Gary L. Pechota	Director	October 22, 2009

Name	Title	Date
/s/ WARREN L. ROBINSON*		
Warren L. Robinson	Director	October 22, 2009
/s/ JOHN B. VERING*		
John B. Vering	Director	October 22, 2009
/s/ THOMAS J. ZELLER*		
Thomas J. Zeller	Director	October 22, 2009

*By: /s/ DAVID R. EMERY

David R. Emery,
Attorney-in-Fact

SIGNATURES

Black Hills Power, Inc.

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rapid City, State of South Dakota on October 22, 2009.

BLACK HILLS POWER, INC.

By: /s/ DAVID R. EMERY

David R. Emery
Chairman of the Board, President and Chief Executive Officer

Each of the undersigned officers and directors of Black Hills Power, Inc., a South Dakota corporation, hereby constitutes and appoints David R. Emery, Anthony S. Cleberg and Steven J. Helmers, and each of them, as his or her true and lawful attorney-in-fact and agent, severally, with full power of substitution and resubstitution, in his or her name and on his or her behalf, in any and all capacities, to sign any and all amendments (including post-effective amendments and supplements) to this Registration Statement, and to file the same with all exhibits thereto and all documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, and each of them full power and authority to do and perform each and every act and thing necessary or appropriate to be done with respect to this Registration Statement or any amendments or supplements hereto in and about the premises, as fully to all intents and purposes as he or she might or could do in person, thereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

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/s/ DAVID R. EMERY David R. Emery	Director, Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	October 22, 2009
/s/ ANTHONY S. CLEBERG Anthony S. Cleberg	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	October 22, 2009
/s/ DAVID C. EBERTZ David C. Ebertz	Director	October 22, 2009
/s/ JACK W. EUGSTER Jack W. Eugster	Director	October 22, 2009

Signature	Title	Date
/s/ JOHN R. HOWARD John R. Howard	Director	October 22, 2009
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/s/ GARY L. PECHOTA Gary L. Pechota	Director	October 22, 2009
/s/ WARREN L. ROBINSON Warren L. Robinson	Director	October 22, 2009
/s/ JOHN B. VERING John B. Vering	Director	October 22, 2009
/s/ THOMAS J. ZELLER Thomas J. Zeller	Director	October 22, 2009

INDEX TO EXHIBITS

Exhibit Number	Description
1*	Form of Underwriting Agreement.
4.1	Restated Articles of Incorporation of Black Hills Corporation (filed as an exhibit to its Annual Report on Form 10-K filed on March 16, 2005, and incorporated by reference herein).
4.2	Amended and Restated Bylaws of Black Hills Corporation dated January 30, 2009 (filed as an exhibit to its Current Report on Form 8-K filed on February 3, 2009, and incorporated by reference herein).
4.3	Indenture dated as of May 21, 2003, between Black Hills Corporation and Wells Fargo Bank, National Association (as successor to LaSalle Bank National Association), as Trustee (filed as Exhibit 4.1 to the Black Hills Corporation's Quarterly Report on Form 10-Q filed on August 13, 2003, and incorporated by reference herein).
4.4	First Supplemental Indenture dated as of May 21, 2003, between Black Hills Corporation and Wells Fargo Bank, National Association (as successor to LaSalle Bank National Association), as Trustee (filed as Exhibit 4.2 to Black Hills Corporation's Quarterly Report on Form 10-Q filed on August 13, 2003, and incorporated by reference herein).
4.5	Second Supplemental Indenture dated as of May 14, 2009, between Black Hills Corporation and Wells Fargo Bank, National Association (as successor to LaSalle Bank National Association), as Trustee (filed as Exhibit 4 to Black Hills Corporation's Current Report on Form 8-K filed on May 14, 2009, and incorporated by reference herein).
4.6	Form of Black Hills Corporation Senior Debt Security (included in Exhibit 4.3).
4.7	Form of Black Hills Corporation Indenture (Subordinated Debt Securities) (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.8	Form of Black Hills Corporation Subordinated Debt Security (included in Exhibit 4.7).
4.9	Form of Black Hills Corporation Stock Certificate for Common Stock, Par Value $1.00 Per Share (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.10*	Form of Black Hills Corporation Deposit Agreement.
4.11*	Form of Black Hills Corporation Depositary Receipt (included in Exhibit 4.10).
4.12	Form of Black Hills Corporation Warrant Agreement (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.13	Form of Black Hills Corporation Warrant Certificate (included in Exhibit 4.12).
4.14	Form of Black Hills Corporation Purchase Contract (filed as an exhibit to Black Hills Corporation's Registration Statement on Form S-3 (No. 333-101541), and incorporated by reference herein).
4.15	Form of Black Hills Corporation Purchase Contract Certificate (included in Exhibit 4.14).
4.16	Restated Articles of Incorporation of Black Hills Corporation (now called Black Hills Power, Inc.).
4.17	Articles of Amendment to the Articles of Incorporation of Black Hills Corporation (now called Black Hills Power, Inc.).
4.18	Bylaws of Black Hills Corporation (now called Black Hills Power, Inc.).

Exhibit Number	Description
4.19	Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Corporation (now called Black Hills Power, Inc.) dated as of September 1, 1999.
4.20	First Supplemental Indenture, dated as of August 13, 2002, between Black Hills Power, Inc. and The Bank of New York Mellon (as successor to JPMorgan Chase Bank), as Trustee.
5.1	Opinion of Steven J. Helmers regarding the legality of the Black Hills Corporation securities (filed as an exhibit to its Registration Statement on Form S-3 (No. 333-150669), and incorporated by reference herein).
5.2	Opinion of Conner & Winters, LLP regarding the legality of the Black Hills Corporation securities (filed as an exhibit to its Registration Statement on Form S-3 (No. 333-150669), and incorporated by reference herein).
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Exhibit 4.16

RESTATED ARTICLES OF INCORPORATION

OF

BLACK HILLS CORPORATION

Pursuant to the provisions of SDCL 49-33-1, Black Hills Corporation, a South Dakota corporation organized under the provisions of SDCL 49-33, does hereby restate its Articles of Incorporation as of May 24, 1994 and by so doing includes in this restatement the Restated Articles of Incorporation previously adopted by the Board of Directors on July 30, 1986 and all of the subsequent amendments thereto which were adopted by stockholders as set forth in Articles of Amendment dated (i) May 21, 1987 and filed May 26, 1987, (ii) May 16, 1989 and filed June 1, 1989, (iii) May 28, 1992 and filed June 2, 1992 (as corrected by Articles of Correction dated September 10, 1993 and filed September 14, 1993), and (iv) May 24, 1994 and filed May 25, 1994.

FIRST: The name of this Corporation ("Corporation" or "Company") shall be

Black Hills Corporation

and the place where its principal corporate offices are located shall be in Rapid City, Pennington County, State of South Dakota.

The Corporation is formed for the purpose of generating, transmitting and distributing electricity within the State of South Dakota and elsewhere, the same to be sold to and used by the public for heat, light or power, pursuant to the provisions of Chapter 49-33 of the South Dakota Codified Laws, and shall have all the powers and privileges therein provided and set forth, together with such additional powers, rights and privileges as may otherwise be provided by the laws of the State of South Dakota. Without in any way limiting the generality of the foregoing, the purposes for which the Corporation is formed shall specifically include the following:

1. To generate, produce, purchase, transmit, distribute, use and sell electricity for heat, light or power.

2. To construct, purchase, lease, maintain and operate electric generating stations or substations and all appurtenances thereto for electric transmission and distribution lines whether on poles or underground, for the transmission and distribution of electricity for heat, light or power, and, for such purposes, to acquire by lease, purchase, or in any other lawful manner all real property and rights-of-way necessary for the generation, transmission and distribution of electricity and generally for its proper corporate purposes to purchase or otherwi se acquire, hold, pledge, mortgage, sell, exchange or otherwise deal in or dispose of, property, both real and personal, of every kind and

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description.

3. To acquire, purchase, lease, operate and maintain dams, reservoirs, ditches, flumes, pipes and conduits for the accumulation, storage, flow and transmission of water for the purpose of generating electricity.

4. To acquire, hold, possess and convey franchises and grants from state or municipal authorities for supplying cities, villages and towns, or any of them, and the inhabitants thereof with electric current and electric power to be used for heat, light or power.

5. To contract with cities, towns, municipalities and any political subdivision or agency of the State of South Dakota or of any other State or of the United States of America and with persons, firms and corporations for the supply of electricity for heat, light or power.

6. To buy and sell electrical appliances, supplies, fix tures and equipment, including radios, radio parts, radio equipment, cooling devices, washing machines, vacuum sweepers, stoves and all other similar articles, to engage in the electrical contracting business, to carry on and develop any business undertaking, transaction or operation commonly carried on by electrical retail and wholesale merchants, supply men and contractors, and to do any and all things that may be necessary or incidental to carry on, manage and operate said mercantile electrical business.

7. To borrow from time to time such sums of money at such rates of interest and upon such terms as the Board of Directors shall agree and authorize, to execute trust deeds or mortgages or both, as occasion may require on any o r all of its property for any amounts borrowed or owing by the Corporation and generally to borrow money and contract debts for its corporate purposes; to issue bonds, promissory notes, debentures and other obligations and evidences of indebtedness without limit as to amount, whether secured by mortgage, pledge, or otherwise or unsecured, for money borrowed or in payment of property purchased or acquired, or for any other lawful purpose.

8. To guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock of, or any bonds, securities or evidences of indebtedness created by, any other corporation of the State of South Dakota, or any other state, and, while the owner of such s tock, to exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

9. To aid in any manner any corporation or association, any shares of stock of which, or any bonds, debentures, notes, securities, evidences of indebtedness, contracts, or obligations of which, are held by or for the Corporation, in which, or in the welfare of which, the Corporation shall have any interest, and to do any acts designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by the

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Corporation, or in which it may be at any time interested; and to organize, promote or facilitate the organization of subsidiary companies.

10. To purchase, hold, sell and transfer shares of its own capital stock in the manner and to the extent provided by the laws of the State of South Dakota.

11. To engage in and carry on the business of a water company and for said purposes to develop, supply, sell, buy, purify, transport and deliver water for commercial, industrial, domestic, governmental or any other public or private uses; to buy, sell and deal in appliances, fixtures and products for the utilization of water; and to acquire, construct, maintain and operate all types of plants, works, structures, wells, ditches, canals, flumes, pipelines, dams, reservoirs, machinery, fixtures and equipment necessary for the conduct of said business.

12. To engage in and carry on the business of a gas company and for said purpose to manufacture, produce, sell, buy, supply, transport, distribute and deal in natural, manufactured or by- product gases, their products and compounds, and liquified petroleum gas and products for comme rcial, industrial, domestic, governmental or any other public or private uses; to buy, sell and deal in appliances and fixtures for the utilization of such gas and petroleum products for power, heat, light or other purposes; and to acquire, construct, maintain and operate all types of plants, works, structures, transmission and distribution lines, machinery, fixtures and equipment necessary for the conduct of said business.

13. To engage in and carry on the business of operating a gas or petroleum transmission pipeline for the purpose of transporting, supplying and selling gas, petroleum and petroleum products for its own use or for the public, or for private persons and firms and governmental agencies.

14. To engage in and carry on the business of a telegraph or telephone company and for said purpose to acquire, construct, maintain and operate telephone and telegraph lines providing for all manner and kind of telegraph and telephone service for commercial, industrial, domestic, governmental or other public or private uses, and including the providing of such service through its electric light and power facilities and services, or by lease or other arrangement for use of such electric light and power facilities and services; to buy, sell and deal in appliances, fixtures and products for the utilization of such telegraph and telephone services; and to acquire, construct, maintain and operate all type of plants, works, structures, lines, machinery, fixtures and equipment necessary for the conduct of said business.

15. To engage in and carry on any other business for profit as permitted by law.

16. To do all and everything necessary and proper for the accomplishment of the objects enumerated in these Restated

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Articles of Incorporation or any amendment thereof, or necessary or incidental to the protection and benefit of the Corporation, and to have, enjoy and exercise all the rights, powers and privileges which are now or may hereafter be conferred upon corporations organized under the same statutes as the Corporation.

The foregoing clauses shall be construed both as objects and powers, and it is hereby expressly provided that the above enumeration of specific powers shall not be held to limit or restrict in any manner the powers of the Corporation, but is in furtherance of and in addition to the general powers conferred by the laws of the State of South Dakota.

SECOND: The amount of the total authorized capital stock of the Corporation shall be 50,670,000 shares divided into three classes consisting of (1) 270,000 shares of Cumulative Preferred Stock having a par value of $100 per share (hereinafter called the “$100 Preferred Stock”), (2) 400,000 shares of Cumulative Preferred Stock having a no par value (hereinafter called the “No Par Preferred Stock”), and (3) 50,000,000 shares of Common Stock having a par value of $1 per share.

Where the term “Preferred Stock” is used in this Article Second without being immediately preceded by either “$100” or “No Par,” the term shall include both $100 Preferred Stock and No Par Preferred Stock.

All classes and series of the Preferred Stock shall be designated as specified in resolutions of the Board of Directors provided for in said subdivision (K).

All classes and series of the Preferred Stock shall rank pari passu with each other as to dividends and distribution of assets on liquidation.

The further description of the different classes and series of stock of the Corporation and a statement of the designations and powers (including voting powers), preferences and relative participating, optional or other rights and the qualifications, limitations and restrictions thereof are as follows:

(A) Before any dividends on the Common Stock shall be paid or declared or set apart for payment, the holders of th e Preferred Stock at the time outstanding shall be entitled to receive, but only when and as declared, out of funds legally available for the declaration of dividends, cumulative cash dividends payable quarterly on March 1, June 1, September 1, and December 1 in each year at such rates and principal as shall be specified by the Board of Directors pursuant to subdivision (K) of this Article Second. Such dividends shall be cumulative from the first day of the quarterly dividend period in which such shares of Preferred Stock are issued, unless otherwise specified by the Board of Directors pursuant to said subdivision (K). If dividends at said specified rates on all

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outstanding shares of the Preferred Stock from the date from which dividends on such shares became cumulative shall not have been paid, or declared and set apart for payment, for all past quarterly dividend periods, and the full dividends thereon for the current quarterly dividend period shall not have been paid, or declared and set apart for payment, the deficiency shall be fully paid or dividends equal thereto declared and set apart for payment, but without interest on cumulative dividends, before any dividends shall be declared or any distribution made on the Common Stock. After full dividends on the Preferred Stock shall have been paid, or declared and set apart for payment, then, and not otherwise, dividends may be declared and paid upon the Common Stock, out of any funds legally available for the declaration of dividends but only when and as determined by the Board of Directors. The provisions of thi s subdivision (A) with respect to dividends upon the Common Stock are subject to the requirements with respect to sinking funds or retirement funds for the Preferred Stock pursuant to subdivision (D) and (K) of this Article Second.

(B) The Corporation at its option may redeem at any time or from time to time the whole or any part of the Preferred Stock outstanding by paying to the holders of such shares to be redeemed such sums as shall be determined by the Board of Directors pursuant to subdivision (K) of this Article Second, together, in each case, with a sum in respect of each such share computed at the annual dividend rate from the date from which dividends on such share became cumulat ive to the date fixed for such redemption, less the aggregate of the dividends theretofore or

on such redemption date paid thereon. Notice of every such redemption shall be given at least thirty days and not more than sixty days prior to the date fixed for such redemption by mailing to the holders of record of the Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of the Corporation; but neither failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Preferred Stock so to be redeemed. In the event that at any time less than all of the Preferred Stock of a particular series outstanding is to be redeemed, the shares to be redeemed may be selected by lot or in such other manner as the Board of Directors may determine. If such notice of redemption shall have been duly given, and if on or before the redemption date specified in such notice all funds necessary f or such redemption shall have been set aside so as to be available therefor, then, notwithstanding that any certificate for the shares of the Preferred Stock so called for redemption shall not have been surrendered for redemption, the shares represented thereby shall no longer be deemed outstanding in the

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hands of the persons who are the holders thereof immediately preceding such redemption, the right of such holders to receive dividends thereon shall cease to accrue from and after the date of redemption so fixed, and all rights of such holders with respect to such shares of Preferred Stock so called for redemption shall forthwith on such redemption date cease and terminate, except only the right of such holders to receive the amount payable upon redemption thereof, but without interest; provided, however, that the Corporation may, after giving such notice of any such redemption, or giving irrevocable instructions therefor, and prior to the redemption date specified in such notice, deposit in trust, for the account of the holders of the Preferred Stock to be redeemed, with a bank or trust company in good standing, organized under the laws of the United States of America or of the State of New York, doing bu siness in the Borough of Manhattan, the City of New York, having a capital, surplus and undivided profits aggregating at least $5,000,000, all funds necessary for such redemption, and thereupon all shares of the Preferred Stock with respect to which such deposit shall have been made shall no longer be deemed to be outstanding in the hands of such holders, and all rights of such holders with respect to such shares of Preferred Stock shall forthwith upon such deposit in trust cease and terminate, except only the right of such holders to receive the amount payable upon the redemption thereof, but without interest, and except, in the case of any series of Preferred Stock convertible into shares of the Common Stock of the Corporation, the right, within limits specified by the Board of Directors to convert shares of such series into shares of Common Stock not later than the close of business on the third full business day prior to the date fixed for such redemption. All or any shares of the Preferred Stock redeeme d at any time may, in the discretion of the Board of Directors and to the extent permitted by law, be reissued or otherwise disposed of as shares of the same class at any time or from time to time subject to the provisions of this Article Second.

(C) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, then before any distribution shall be made to the holders of the Common Stock, the holders of the shares of the Preferred Stock at the time outstanding shall be entitled to receive in cash, (i) upon any involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the par value for the $100 Preferred Stock and the amount of the consideration as fixed in the resolutions creating the respective series of the No Par Preferred Stock for the No Par Preferred Stock, together with a sum in respect of each share of Preferred Stock, computed at the annual dividend rate from the date from which dividends on such share became

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cumulative to the date fixed for the payment of such distributive amounts, less the aggregate of the dividends theretofore or on such date paid thereon, or (ii) upon any voluntary liquidation, dissolution or winding up of the affairs of the Corporation, the sums to which such holders of shares of the Preferred Stock would be entitled if such shares were redeemed (other than pursuant to subdivision (D) of this Article Second or pursuant to the provisions of any sinking or analogous fund of any series of Preferred Stock) on the date fixed for the distribution. After such payment to the holders of the Preferred Stock, the remaining assets and funds of the Corporation shall be divided and distributed among the holders of the Common Stock then outstanding according to their respective shares.

(D) After the Corporation shall have paid or shall have declared and set apart for payment full dividends on the Preferred Stock, and on any other stock ranking on a parity with or prior to the Preferred Stock as to dividends and assets, for all past quarterly dividend periods and for the current quarterly dividend period, it shall set aside out of funds legally available therefor as a retirement fund in the amounts and at the times as will be determined by the Board of Directors in each certificate of designation authorizing a series of Preferred Stock. The obligation of the Corporation to set aside such retirement funds shall be cumulative, so that unless the payments for all past periods shall have been made, no dividend shall be paid or declared and no other distribution shall be made on the Common Stock and n o Common Stock shall be purchased or otherwise acquired for value by the Corporation.

(E) The holders of shares of Preferred Stock shall not be entitled to notice of any meeting of stockholders and shall have no right to vote at any meeting of stockholders for the election of members of the Board of Directors or for any other purpose or otherwise to participate in any actions taken by the Corporation, or the stockholders thereof, except as otherwise required by statutes of the State of South Dakota or specifically provided for at subdivisions (F) and (G) of this Article Second.

(F) Whenever and as often as dividends payable on the Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding four (but less than eight) quarterly dividends, the holders of the Preferred Stock voting separately as one class for such purpose, shall be entitled at the next succeeding Annual Meeting of Stockholders to elect such number of directors as will constitute one-third of the then board members; and the holders of the Common Stock, voting separately as one class for such purpose, shall be entitled to elect the remaining directors of the

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Corporation.

Whenever and as often as dividends payable on the Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding eight quarterly dividends, the holders of the Preferred Stock, voting separately as one class for such purpose, shall be entitled (in lieu of the voting rights conferred by the provisions of the first paragraph of this subdivision (F) of this Article Second) at the next succeeding Annual Meeting of Stockholders to elect the smallest number of directors necessary to constitute a majority of the Board of Directors, and the holders of the Common Stock, voting separately as one class for such purpose, shall be entitled to elect the remaining directors of the Corporation.

If and when all dividends accrued and unpaid on the Preferred Stock shall have been paid, the holders of the Preferred Stock shall at the next succeeding Annual Meeting of the Stockholders be divested of their rights in respect of the election of directors provided in this subdivision (F), and the voting rights of holders of the Preferred Stock and Common Stock shall revert to the status existing prior to the first dividend payment date on which dividends were not paid in full, but subject always to the provisions for revesting rights in the holders of the Preferred Stock in the event specified in this subdivision (F) and to the extent herein set forth.

At all meetings of stockholders at which holders of the Preferred Stock are entitled to elect directors in the exercise of rights provided in this subdivision (F), the holders of record of 25 percent of the aggregate number of shares of the Preferred Stock, then outstanding, shall constitute a quorum for the election of such directors. At all such meetings each holder of Preferred Stock shall be entitled to one vote for each share of Preferred Stock held by the holder thereof.

In case any vacancy shall occ ur among the directors elected by the holders of the Preferred Stock pursuant to this subdivision (G), the successor to any such director shall be elected by the vote of the majority of the remaining members of the Board of Directors, whether elected by the holders of the Preferred Stock or by the holders of Common Stock, such successor to hold office until the end of the term of the Class in which the vacancy occurred.

(G) So long as any shares of the Preferred Stock are outstanding, the Corporation shall not, without the affirmative consent (given in writing without a meeting or by vote at a meeting duly called for the purpose) of the holders of at least two-thirds of the aggregate n umber of shares of each affected series of the

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Preferred Stock then outstanding, alter or amend the preferences, voting powers or other special rights or the qualifications, limitations or restrictions thereof, of such series of Preferred Stock so as adversely to affect the shares of such series; but such action may be taken with such affirmative consent, together with such additional vote or consent of stockholders as from time to time may be required by law.

So long as any shares of the Preferred Stock are outstanding, the Corporation shall not, without the affirmative consent (given in writing without a meeting or by vote at a meeting duly called for the purpose) of the holders of at least two-thirds of the aggregate number of shares of the Preferred Stock then outstanding voting as one class:

(1) create or increase the authorized amount of any other class of stock which shall rank prior to the Preferred Stock in respect of dividends or assets;

(2) reclassify shares of stock of any class ranking junior to the Preferred Stock in respect of dividends or assets, wholly or partially into shares of stock of any class ranking on a parity with or prior to the Preferred Stock in respect of dividends or assets;

(3) sell all or substantially all of its property and assets to, or merge or consolidate into or with, any other company; or

(4) make any distribution out of capital or capital surplus (other than dividends payable in stock ranking junior to the Preferred Stock in respect of dividends and assets) to holders of stock of the Corporation ranking junior to the Preferred Stock in respect of dividends or assets.

(H) If any class of stock is hereafter created which ranks on a parity with the Preferred Stock in respect of dividends and assets and which by its terms is to have voting rights equal to the voting rights of the Preferred Stock specified in subdivisions (F) and (G) of this Article Second then the Preferred Stock and each such additional class of stock shall vote together as one class in all instances in which it is provided in said subdivisions that the Preferred Stock shall vote as one class.

(I) Neither the holders of the Common Stock nor the holders of the Preferred Stock shall have any preemptive rights to subscribe to any issue of stock or other securities of any class of the Corporation.

(J) Each holder of Common Stock shall at every meeting of the stockholders be entitled to one vote for each share of Common Stock held by him, subject to the

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provisions of subdivisions (F) and (G) of this Article Second.

(K) Shares of each series of Preferred Stock shall have such distinctive serial designations as shall be set forth in the resolution or resolutions from time to time adopted by the Board of Directors providing for the issue of shares of such series; and in any such resolution or resolutions with respect to each particular series of Preferred Stock the Board of Directors is hereby expressly authorized to fix from time to time before issuance and to the extent which may be permitted by law,

(1) the consideration for the No Par Preferred Stock,

(2) the annual dividend rate for the particular series,

(3) the redemption prices per share for the parti cular series, and

(4) any other characteristics of, and any restrictive or other provisions (including sinking fund or other retirement fund provisions and the right to convert shares of said series into shares of Common Stock) relating to, the shares of the particular series, not inconsistent with the provisions of this Article Second applicable to all series.

THIRD: The Corporation shall have pe rpetual existence.

FOURTH: Except as otherwise expressly provided by the laws of the State of South Dakota, the following additional provisions are inserted for the regulation of the business and for the conduct of the affairs of this Corporation and its directors and stockholders:

1. The Board of Directors shall have power from time to time to fix and determine and to vary the amount to be reserved as working capital of the Corporati on and, before the payment of any dividends or making any distribution of profits, it may set aside out of the net profits or surplus of the Corporation such sum or sums as it may from time to time in its absolute discretion think proper, whether as a reserve fund to meet contingencies or for the equalizing of dividends or for repairing or maintaining any property of the Corporation or for such corporate purposes as the board shall think conducive to the interests of the Corporation, subject only to such limitations as the Bylaws of the Corporation may from time to time impose.

2. No contract or other transaction between this Corporation and any other corporation shall be void or voidable because of the fact that directors of this Corporation are directors of such other corporation, if such contract or transaction shall be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board

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of Directors, who are not so interested. Any director individually, or any firm of which any director is a partner, may be a party to or may be interested in any contract or transaction of this Corporation provided that such contract or transaction shall be approved or ratified by the affirmative vote of at least a majority of the directors present at a meeting of the Board of Directors, who are not so interested, nor shall any director be liable to account to this Corporation for any profit realized by him from or through any such transaction or contract of this Corporation, ratified or approved as aforesaid, by reason of his interest in such transaction or contract. Directors so interested may be counted when present at meetings of the Board of Directors for the purpose of determining the existence of a quorum.

3. The Board of Directors shall have the power to fix the times for the declaration and payment of dividends, except as herein otherwise provided; to borrow money and contract debts when necessary for the transaction of the business of the Corporation, or for the exercise of its corporate rights, privileges or franchises; and to issue bonds, promissory notes, debentures and other obligations and evidences of indebtedness without limitation, whether secured by mortgage, pledge or otherwise or unsecured, for money borrowed or in payment of property purchased or acquired or any other lawful purpose.

4. Subject to direction by resolution of a majority of the stockholders, the Board of Directors shall have power from time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts, books and stock ledger of the Corporation or any of them, shall be open to the inspection of stockholders; and no stockholder shall have any right to inspect any account, book, stock ledger or document of the Corporation except as conferred by statute or authorized by the Board of Directors or by a resolution of the stockholders.

5. The Board of Directors shall have the power to appoint an Executive Committee f rom among its number, which Committee, to the extent and in the manner provided in the Bylaws of the Corporation, shall have and may exercise all of the powers of the Board of Directors, so far as may be permitted by law, in the management of the business and affairs of the Corporation whenever the Board of Directors is not in session.

6. The Board of Directors, in addition to the powers and authority expressly conferred upon it hereinbefore and by statute and by the Bylaws, is hereby empowered to exercise all such powers as may be exercised by the Corporation; subject, nevertheless, to the provisions of the laws of the State of South Dakota and of these Restated Articles of Incorporation.

7. To the fullest extent permitted by South Dakota law governing this Corporation as the same exists or may hereafter be amended, a director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director,

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except for liability (i) for any breach of the director’s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any violation of Sections 47-5-15 to 47-5-19, inclusive, of the South Dakota Codified Laws, or (iv) for any transaction from which the director derived an improper personal benefit.

8. The provisions of South Dakota Codified Laws Sections 47-33-8 through 47-33-16, inclusive, do not apply to control share acquisitions (as defined by South Dakota Compiled Laws Section 47-33-3(l)) of share s of the Company.

FIFTH: The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors, the number of which shall be nine (9); provided, (i) the Board of Directors may determine the number of directors to be more than nine through amendments to its Bylaws if permitted by the state law governing this corporation, and (ii) the number of directors shall be increased under the conditions set forth in the following paragraph. The Board of Directors shall be and is divided into three classes, Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, each initial director in Class I shall hold office until the annual meeting of stockholders in 1987, each initial director in Class II shall hold office until the annual meeting of stockholders in 1988, and each initial director in Class III shall hold office until the annual meeting of stockholders in 1989.

In the event that dividends payable on the Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding four (but less than eight) quarterly dividends, the number of directors constituting the Board of Directors shall be increased by a number sufficient so that, without removal of any director from office prior to the expiration of his or her term, the holders of the Preferred Stock, voting separately as one class for such purpose, can elect a sufficient number of directors to constitute one-third of all directors, in compliance with subdivision (G) of the Article Second. At each subsequent annual meeting of stockholders, the holders of the Preferred Stock shall elect the smallest number of directors necessary to ensure that one-third of all directors shall have been elected by the holders of the Preferred Stock, until such time as all dividends accrued and unpaid on the Preferred Stock shall have been paid, after which such voting rights of the holders of the Preferred Stock shall be terminated. In the event that dividends payable on the Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding eight quarterly dividends, the number of directors constituting the Board of Directors shall be increased by a number sufficient so that, without removal of any director from office prior to the expiration of his or her term, the holders of the Preferred Stock, voting separately as one class for such purpose, can elect a sufficient number of directors to constitute a majority of all directors, in

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compliance with subdivision (H) of the Article Second. At each subsequent annual meeting of stockholders, the holders of the Preferred Stock shall elect the smallest number of directors necessary to ensure that a majority of all directors shall have been elected by the holders of the Preferred Stock, until such time as all dividends accrued and unpaid on the Preferred Stock shall have been paid, after which such voting rights of the holders of the Preferred Stock shall be terminated.

The Board of Directors is expressly authorized to determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the business a nd affairs of the Corporation, including the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for, Board meetings, as well as quorum and voting requirements for, and the manner of taking, Board action.

In the event of any change in the authorized number of directors, the Board of Directors shall apportion any newly created directorships to, or reduce the number of directorships in, such class or classes as shall, so far as possible, equalize the number of directors in each class. The Board of Directors shall allocate consistently with the rule that the three classes shall be as nearly equa l in number of directors as possible, any newly-created directorship to the class the term of office of which is due to expire at the latest date following such allocation.

Any vacancies in the Board of Directors for any reason, including any newly created directorships resulting from any increase in the number of directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum; and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen.

Notwithstanding any of the foregoing, each director shall serve for a term continuing until the annual meeting of stockholders at which the term of the class to which he was elected expires and until his successor is elected and qualified or until his or her earlier death, resignation or removal; except, a director may be removed from office prior to the expiration of his or her term only for cause and by a vote of the majority of the total number of members of the Board of Directors without including the director who is the subject of the removal determination and without such director being entitled to vote thereon.

Notwithstanding anything contained in these Restated Arti cles of Incorporation to the contrary, the affirmative vote or concurrence of the holders of at least eighty percent (80%) of the Common Stock entitled to vote thereon and sixty-six and two- thirds percent (66-2/3%) of the Preferred Stock entitled to vote thereon shall be required to alter, amend, or repeal this Article Fifth.

SIXTH: 1. In addition to any other approvals and voting requirements mandated by law and other provisions of these Restated Articles of Incorporation, the affirmative vote of the holders of not less than eighty percent (80%) of the outstanding shares of “Voting Stock” (as hereinafter defined) of the Company shall be required for the approval or authorization of any “Business Transaction” (as hereinafter defined) with any “Related Person” (as hereinafter defined) or any Business Transaction in which a Related Person has an interest (except proportionately as a stockholder of the Company); provided, the eighty percent (80%) voting requirement shall not be applicable if either:

(i) the “Continuing Directors” (as hereinafter defined) of the Company by at least a majority vote thereof (a) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Related Person to become a Related Person, or (b) have expressly approved such Business Transaction; or

(ii) all of the following conditions (a), (b) and (c) shall have been met:

(a) the cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Stock of the Company (other than the Related Person) in the Business Transaction is not less than the “H ighest Purchase Price” or the “Highest Equivalent Price” (as those terms are hereinafter defined) paid by the Related Person involved in the Business Transaction in acquiring any of its holdings of the Company’s Voting Stock;

(b) the ratio of:

(w) the aggregate amount of the cash and the fair market value or other consideration to be received per share by holders of Common Stock in such Business Transaction, to

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(x) the market price of the Common Stock immediately prior to the announcement of such Business Transaction, is at least as great

as the ratio of:

(y) the highe st per share price (including brokerage commissions, transfer taxes and soliciting dealers’ fees) which the Related Person involved in such Business Transaction has theretofore paid for any shares of Common Stock acquired by it, to

(z) the market price of the Common Stock immediately prior to the initial acquisition by such Related Person of any Common Stock; and

(c) the consideration to be received by holders of each class of cap ital stock in such Business Transaction shall be

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the same form and of the same kind as the consideration paid by the Related Person in acquiring the shares of that class of capital stock already owned by it.

2. For purposes of this Article Sixth:

(i) The term “Business Transaction” shall include, without limitation, (a) any merger, consolid ation or plan of exchange of the Company, or any entity controlled by or under common control with the Company, with or into any Related Person, or any entity controlled by or under common control with such Related Person, (b) any merger, consolidation or plan of exchange of a Related Person, or any entity controlled by or under common control with such Related Person, with or into the Company or any entity controlled by or under common control with the Company, (c) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any “Substantial Part” (as hereinafter defined) of the property and assets of the Company, or any entity controlled by or under common control with the Company, to a Related Person, or any entity controlled by or under common control with such Related Person, (d) any purchase, lease, exchange, transfer or other acquisitions (in one transaction or a seri es of transactions), including, without limitation a mortgage or any other security device, of all or any Substantial Part of the property and assets of a Related Person or any entity controlled by or under common control with such Related Person, by the Company or any entity controlled by or under common control with the Company, (e) any recapitalization of the Company that would have the effect of increasing the voting power of a Related Person, (f) the issuance, sale, exchange or other disposition of any securities of the Company, or of any entity controlled by or under common control with the Company, by the Company or by any entity controlled by or under common control with the Company, (g) any liquidation, spin-off, split-off, split-up or dissolution of the Company, and (h) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Transaction.

(ii) The term “Related Person” shall mean and include (a) any individual, corporation, association, trust, partnership or other person or entity (a “Person”) which, together with its “Affiliates” (as hereinafter defined) and “Associates” (as hereinafter defined), “Beneficially Owns” (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect at March 27, 1986) in the aggregate ten percent (10%) or more of the outstanding Voting Stock of the Company, and (b) any Affiliate or Associate (other than the Company or a subsidiary of the Company of which the Company owns, directly or indirectly, more than eighty percent (80%) of the voting stock) of any such Person. Two or more Persons acting in concert for the purpose of acquiring, holding or disposing of Voting Stock of the Company shall be deemed a “Person.”

(iii) Without limitation, any share of Voting Stock of

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the Company that any Related Person has the right to acquire at any time (notwithstanding that Rule 13d-3 deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, contract, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by such Related Person and to be outstanding for purposes of clause (ii) above.

(iv) For the purposes of subparagraph (ii) of paragraph 1 of this Article Sixth, the term “other consideration to be received” shall include, without limita tion, Common Stock or other capital stock of the Company retained by its existing stockholders, other than any Related Person or other Person who is a party to such Business Transaction, in the event of a Business Transaction in which the Company is the survivor.

(v) The term “Voting Stock” shall mean all of the outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, considered as one class, and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by such shares.

(vi) The term “Continuing Director” shall mean any member of the Board of Directors of the Company (the “Board”) who is unaffiliated with, and not a nominee of, the Related Person involved in a Business Transaction and was a member of the Board prior to the time that the Related Person became a Related Person and any successor of a Continuing Director who is unaffiliated with, not a nominee of, the Related Person and is designated to succeed a Continuing Director by a majority of Continuing Directors then on the Board.

(vii) A Related P erson shall be deemed to have acquired a share of the Voting Stock of the Company at the time when such Related Person became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other Persons whose ownership is attributed to a Related Person under the foregoing definition of Related Person, if the price paid by such Related Person for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other Person or (b) the market price of the shares in question at the time when such Related Person became the Beneficial Owner thereof.

(viii) The terms “Highest Purchase Price” and “Highest Equivalent Price” as used in this Article Sixth shall mean the following: If there is only one class of capital stock of the Company issued and outstanding, the Highest Purchase Price shall mean the highest price that can be determined to have been paid at any time by the Related Person involved in the Business Transaction for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Company issued and outstanding, the Highest Equivalent Price shall mean, with respect to each class and series of capital

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stock of the Company, the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Related Person for any share or shares of any class or series of capital stock of the Company. The Highest Purchase Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers’ fees paid by a Related Person with respect to the shares of capital stock of the Company acquired by such Related Person. In the case of any Business Transaction with a Related Person, the Continuing Directors shall determine the Highest Purchase Price or the Highest Equivalent Price for each class and series of the capital stock of the Company. The Highest Purchase Price and Highest Equivalent Price shall be appropriate ly adjusted to reflect the occurrence of any reclassification, recapitalization, stock split, reverse stock split or other readjustment in the number of outstanding shares of capital stock of the Company, or the declaration of a stock dividend thereon, between the last date upon which the Related Party paid the Highest Purchase Price or Highest Equivalent Price and the effective date of the merger or consolidation or the date of distribution to stockholders of the Company of the proceeds from the sale of all or substantially all of the assets of the Company.

(ix) The term “Substantial Part” shall mean ten percent (10%) or more of the fair market value of the total assets of the Person in question, as reflecte d on the most recent balance sheet of such Person existing at the time the stockholders of the Company would be required to approve or authorize the Business Transaction involving the assets constituting any such Substantial Part.

(x) The term “Affiliate,” used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

(xi) The term “Associate,” used to indicate a relationship with a specified Person, shall mean (a) any entity of which such specified Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (b) any trust or other estate in which such specified Person has a substantial beneficial interest or as to which such specified Person serves as trustee or in a similar fiduciary capacity, (c) any relative or spouse of such specified Person, or any relative of such spouse, who has the same home as such specified Person or who is a director or officer of the Company or any of its subsidiaries, and (d) any Person who is a director or officer of such specified Person or any of its parents or subsidiaries (other than the Company or an entity controlled by or under common control with the Company).

(xii) The term “subsidiary,” when used to indicate a relationship with a specified Person, shall mean an Affiliate controlled by such Person directly, or indirectly through one or

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more intermediaries.

3. For the purposes of this Article Sixth, a majority of the Continuing Directors shall have the power to make a good faith determination, on the basis of information known to them, of: (i) the number of shares of Voting Stock that any Person Beneficially Owns, (ii) whether a Person is an Affiliate or Associate of another, (iii) whether a Person has an agreement, contract, arrangement or understanding with another or some other right as to the matters referred to in subparagraph 2(i)(h) or 2(iii) hereof, (iv) whether the assets subject to any Business Transaction constitute a Substan tial Part, (v) whether any Business Transaction is one in which a Related Person has an interest (except proportionately as a stockholder of the Company), (vi) the date of the initial acquisition of Common Stock by a Related Person, (vii) whether the consideration to be received is in the same form as to the matter referred to in subparagraph 1(ii)(c), and (viii) such other matters with respect to which a determination is required under this Article Sixth.

4. The provisions set forth in this Article Sixth may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than eighty percent (80%) of the outstanding shares o f Voting Stock of the Company.

IN WITNESS WHEREOF, Black Hills Corporation, as authorized and directed by resolution adopted by its Board of Directors at a regular meeting held May 24, 1994 pursuant to authority at SDCL 49-33-1, executes these Restated Articles of Incorporation as of May 31, 1994, through its duly authorized officers.

BLACK HILLS CORPORATION

By /s/DALE E. CLEMENT
Dale E. Clement
Its Senior Vice President - Finance

ATTEST:

By /s/ ROXANN R. BASHAM
Roxann R. Basham
Its Secretary

(CORPORATE SEAL)

STATE OF SOUTH DAKOTA

COUNTY OF PENNINGTON

Dale E. Clement and Roxann R. Basham hereby each first duly sworn on his or her oath deposes and says as follows: Dale E. Clement is the Senior Vice President - Finance and Roxann R. Basham is the Secretary of Black Hills Corporation; each has read

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the within and foregoing Restated Articles of Incorporation and knows the contents thereof to be true; the above Restated Articles of Incorporation constitute a true and correct restatement of the Corporation’s Restated Articles of Incorporation as previously adopted by the Board of Directors on July 30, 1986 and as amended by as set forth in Articles of Amendment dated (i) May 21, 1987 and filed May 26, 1987, (ii) May 16, 1989 and filed June 1, 1989, (iii) May 28, 1992 and filed June 2, 1992 (as corrected by Articles of Correction dated September 10, 1993 and filed September 14, 1993), and (iv) May 24, 1994 and filed May 25, 1994; and these Restated Articles of Incorporation were adopted by unanimous vote of the members of the Board of Directors at a meeting regularly called and held May 24, 1994.

/s/ DALE E. CLEMENT
Dale E. Clement

/s/ ROXANN R. BASHAM
Roxann R. Basham

Subscribed and sworn before me this 31st day of May, 1994.

/s/ BARBARA RASK
Notary Public

(SEAL)

Exhibit 4.17

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
BLACK HILLS CORPORATION

The undersigned her eby execute, acknowledge, and deliver to the Secretary of State of South Dakota the following Articles of Amendment:

1. The name of the corporation is Black Hills Corporation.

2. The following amendment was adopted by the shareholders of the Corporation on June 20, 2000:

Article I of the Articles of Incorporation is hereby amended to read as follows:

The name of the Corporation is Black Hills Power and Light Company.

3. The number of shares of the Corporation outstanding at the time of such adoption was 20,428,852, and the number of shares entitled to vote thereon was 20,428,852.

4. The number of shares voted for such amendment was 12,987,600, which was 70.4% of all issued and outstanding shares at this time. The number of shares voted against this amendment was 1,861,557. The number of shares abstaining from voting on this amendment was 2,225,459. The number of shares held by brokers and not voted was 3,354,236.

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of Black Hills Corporation were executed on this 22nd day of December, 2000.

BLACK HILLS CORPORATION

By /s/ James M. Mattern
James M. Mattern
Its Senior Vice President - Corporate Administration

And /s/ Roxann R. Basham
Roxann R. Basham
Its Vice President - Controller and Corporate Secretary

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
BLACK HILLS POWER AND LIGHT COMPANY

The undersigned hereby execute, acknowledge, and deliver to the Secretary of State of South Dakota the following Articles of Amendment:

1. The name of the corporation is Black Hills Power and Light Company.

2. The following amendment was adopted by the shareholders of the Corporation on June 20, 2000:

Article I of the Articles of Incorporation is hereby amended to read as follows:

The name of the Corporation is Black Hills Power, Inc.

3. The number of shares of the Corporation outstanding at the time of such adoption was 100, and the number of shares entitled to vote thereon was 100.

4. The number of shares voted for such amendment was 100. The number of shares vo ted against this amendment was 0.

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of Black Hills Power and Light Company were executed on this 22nd day of December, 2000.

BLACK HILLS POWER AND LIGHT COMPANY

By /s/ James M. Mattern
James M. Mattern
Its Senior Vice President - Corporate Administration

And /s/ Roxann R. Basham
Roxann R. Basham
Its Vice President - Controller and Corporate Secretary

Exhibit 4.18

BLACK HILLS CORPORATION

BYLAWS

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1. Place. Meetings of the stockholders shall be held at such place within or without the State of South Dakota as the Board of Directors may from time to time determine and as stated in the notice of the meeting.

Section 2. Annual Meeting. The annual meeting of the stockhold ers shall be held at such time within six months after the end of each fiscal year of the Company as the Board of Directors designates for the purpose of electing directors and for the transacting of any other business as may be brought before the meeting.

Section 3. Special Meetings. All annual and special meetings of the stockholders shall be called by a majority of the Board of Directors.

Section 4. Notice. Unless all stockholders entitled to vote at the meeting waive notice in writing, written notic e stating the place, day and hour of each meeting of stockholders, and in the case of a special meeting, further stating the purpose for which such meeting is called, shall be mailed at least ten days before the meeting when called by the Board of Directors to each stockholder of record who shall be entitled to vote thereat to the last known post office address of each such stockholder as it appears upon the stock transfer books of the Company. However, notice of a meeting, at which proposal to increase the capital stock or indebtedness is to be considered, shall be given at least sixty days prior to such meeting.

Section 5. Quorum. The holders of a majority of the issued and outstanding shares of the capital stock of the Company entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders except as may otherwise be provided by law or by the Articles of Incorporation. If a quorum or greater number as may be required by law or the Articles shall not be present or represented at any meeting of the stockholders, a majority of the stockholders who are present in person or by proxy and who are entitled to vote thereat shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until such quorum or such greater number shall have been obtained.

Section 6. Adjourned Meeting. The majority of the stockholders who are entitled to vote and who are present in person or by proxy at any regular or special meeting of the stockholders shall have the right to adjourn the meeting from time to time without notice other than announcement at the meeting to be adjourned; provided, however, the meeting may not be adjourned for a period longer than sixty days from the date of the meeting as set forth in the notice thereof.

Sect ion 7. Voting. At each meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote one vote per share in person or by proxy appointed by an instrument in writing subscribed by such stockholder. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. All voting for directors shall be by written ballot. All elections shall be had and all questions decided by a plurality except as otherwise provided by law or by the Articles of Incorporation.

Section 8. Inspectors. The Board of Directors or, if the Board shall not have made the appointment, the person presiding at any meeting of stockholders

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shall have power to appoint one or more persons, other than the nominees for directors, to act as inspectors to receive, canvass and report the votes cast by the stockholders at such meeting. Any inspector so appointed who for any reason does not serve in such capacity may be replaced by the person presiding at the meeting.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Definitions. For the purposes of these Bylaws an “Inside Director” is a director who is an employee of the Company, an officer of the Company, a person who has in the past served as an officer of the Company or any person whose relationship to the Company other than as a director gives him access on a regular basis to material information about the Company that is not generally available. Any director who is not an Inside Director would for the purpose of these Bylaws constitute an “Outside Director.” For the purpose of this Section “Company” shall also include any subsidiary of the Company.

Section 2. Management of the Company. The property, business and affairs of the Company shall be managed by or under the direction of its Board of Directors.

Section 3. Qualifications of Directors. At the time a person is elected as director by the stockholders, that person must beneficially own at least 100 shares of the common stock of the Company; and if such person is elected by the stockholders, the person must be duly qualified to vote such stock at the said election. Each director is required to apply at leas t 50 percent of his or her retainer toward the purchase of additional shares until the director has accumulated at least 2,000 shares of common stock. No person shall be elected or stand for reelection as a director who will be sixty-five years of age or older on the thirty-first day of December of the year of the election, except in the

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event the Board of Directors has not yet identified a director to be elected to replace any director who will be sixty-five years of age during the year in which he or she stands for reelection, a director may stand for reelection solely for the purpose of filling the slate of directors. However, upon the Board of Directors' choosing a replacement director, the incumbent director shall tender his or her resignation to the Chairman.

Section 4. Number and Election; Vacancies and Removal. The number of members of the Board of Directors shall be nine (9); provided, (i) the Board of Directors may determine the number of directors to be more than nine through amendments to its Bylaws, and (ii) the number of directors shall be increased under the conditions set forth in the following paragraph. The Board of Directors shall be and is divided into three classes, Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, each initial director in Class I shall hold office until the annual meeting of stockholders in 1987, each initial director in Class II shall hold office until the annual meeting of stockholders in 1988, and each initial director in Class III shall hold office until the annual meeting of stockholders in 1989.

In the event that dividends payable on the Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding four (but less than eight) quarterly dividends, the number of directors constituting the Board of Directors shall be increased by a number sufficient so that, without removal of any director from office prior to the expiration of his or her term, the holders of the Preferred Stock, voting separately as one class for such purpose, can elect a sufficient number of directors to constitute one-third of all directors, in compliance with subdivision (G) of the Article Fourth. At each subsequent annual meeting of stockholders, the holders of the Preferred Stock shall elect the

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smallest number of directors necessary to ensure that one-third of all directors shall have been elected by the holders of the Preferred Stock, until such time as all dividends accrued and unpaid on the Preferred Stock shall have been paid, after which such voting rights of the holders of the Preferred Stock shall be terminated. In the event that dividends payable on the Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding eight quarterly dividends, the number of directors constituting the Board of Directors shall be increased by a number sufficient so that, without removal of any director from office prior to the expiration of his or her term, the holders of the Preferred Stock, voting separately as one class for such purpose, can elect a sufficient numbe r of directors to constitute a majority of all directors, in compliance with subdivision (H) of the Article Fourth. At each subsequent annual meeting of stockholders, the holders of the Preferred Stock shall elect the smallest number of directors necessary to ensure that a majority of all directors shall have been elected by the holders of the Preferred Stock, until such time as all dividends accrued and unpaid on the Preferred Stock shall have been paid, after which such voting rights of the holders of the Preferred Stock shall be terminated.

The Board of Directors is expressly authorized to determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the business and affairs of the Corpo ration, including the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for, Board meetings, as well as quorum and voting requirements for, and the manner of taking, Board action.

In the event of any change in the authorized number of directors, the Board of Directors shall apportion any newly created directorships to, or reduce the

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number of directorships in, such class or classes as shall, so far as possible, equalize the number of directors in each class. The Board of Directors shall allocate consistently with the rule that the three classes shall be as nearly equal in number of directors as possible, any newly-created directorship to the class the term of office of which is due to expire at the latest date following such allocation.

Any vacancies in the Board of Directors for any reason, including any newly created directorships resulting from any increase in the numb er of directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum; and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen.

Notwithstanding any of the foregoing, each director shall serve for a term continuing until the annual meeting of stockholders at which the term of the class to which he was elected expires and until his successor is elected and qualified or until his or her earlier death, resignation or removal; except, a director may be removed from office prior to the expiration of his or her term only for cause and by a vote of the majority of the total number of members of the Board of Directors withou t including the director who is the subject of the removal determination and without such director being entitled to vote thereon.

Section 5. Compensation. Outside Directors shall be entitled to such compensation and expenses as may be determined by resolution of the Board. Outside Directors may serve the Company in other capacities and receive compensation therefor.

Section 6. Meetings. The Board of Directors may hold meetings within or without the State of South Dakota. Members of th e Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of

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which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

Section 7. Regular Meetings. The annual meeting of the Board of Directors for the election of officers and to conduct such other business to be brought before the meeting shall, if practicable, be held on the same day as and immediately after the annual election of the directors by the stockholders or any adjournment thereof, and no notice thereof need be given. Further reg ular meetings of the Board may be held with or without notice at such time and place as shall from time to time be determined by the Board by resolution.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called either by the Chairman of the Board and Chief Executive Officer, the President or by the Secretary upon the written request of any two directors by giving oral or written notice to each director stating the time and place of such meeting.

Section 9. Notice of Meetings. Notice shal l be considered to have been given if a notice is either orally communicated to a director at least twelve hours prior to such meeting or placed in writing and mailed to the director at his last known post office address as shown by the records of the Company at least four days prior to the meeting. Any notice to be given a director for a meeting of the directors may be waived by the director in writing either before or after the meeting. Presence of any director at a meeting of the Board shall be considered to be a waiver of notice by such director unless such director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 10. Quorum. At all meetings of the Board of Directors a majority of the number of directors at the time in office shall constitute a quorum for the transaction of business; provided, less than a quorum of directors may fill vacancies as set forth in Section 4 of this Article II. The act of a majority of the number of directors at the time in office shall be the act of the Board of Directors. If at any meeting of the board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained and no further notice thereof need be given other than by announcement at said meeting which shall be so adjourned.

Section 11. Manifestation of Dissent. A director of the Company who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 12. Action Taken Without Meeting. Any action which may be taken at a meeting of the directors or of a committee may be taken without a meeting if a consent in writing setting forth the actions so to be taken shall be signed before such action by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

ARTICLE III

COMMITTEES

Section 1. Executive Committee. The Board of Directors shall appoint from among its members an executive committee of five directors. The Chairman of the

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Board and Chief Executive Officer and President shall be a member of the executive committee. At least three members of the executive committee shall be Outside Directors. The executive committee (i) shall recommend to the Board persons to be elected as officers, (ii) recommend persons to be appointed to Board committees, (iii) may consider and make recommendations to the Board on other Board actions and (iv) may perform such other duties as may be permitted by law.

Section 2. Audit Committee. The Board of Directors shall appoint from three to five of its Outside Directors to serve as an audit committee. The audit committee shall meet prior to and after each yearly audit with representatives of the independent accounting firm approved by the stockholders for the purpose of reviewing the audit of such firm of the Company’s financial condition and shall each year recommend to the Board an independent accounting firm to be appointed by the Board for the ratification by the stockholders and shall perform such other duties as assigned by the Board.

Section 3. Compensation Committee. The Board of Directors shall appoint from three to five of its Outside Directors to serve as a compensation committee. The compensation committee (i) shall perform any functi on required by directors in the administration of all federal and state statutes relating to employment and compensation, (ii) shall recommend to the Board the compensation for officers, and (iii) shall consider and approve the compensation program, including the benefit program and stock ownership plans, of the Company.

Section 4. Director Nominating Committee. The Board of Directors shall appoint a director nominating committee to be composed of the chief executive officer and a number of outside directors as determined by the Board of Directors. An outside director shall be appointed by the Board of Directors to serve as chairman of the director nominating committee. The director nominating committee shall recommend to the Board of Directors persons to be nominated as

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directors or to be elected to fill vacancies on the Board of Directors and in making such recommendations shall consider the recommendations of other directors as well as stockholders.

Section 5. Other Committees. The Board of Directors may also appoint from among its own members such other committees as the Board may determine and assign such powers and duties as shall from time to time be prescribed by the Board.

Section 6. Removal from Committees and Rules of Procedure. Subject to these Bylaws directors may be removed from the committees and vacancies therein may be filled by a majority of the Board of Directors. A meeting of any committee may be called by any member of the committee. The provisions of these Bylaws concerning notice of meetings, compensation, manifestation of dissent and taking action without a meeting as they pertain to directors shall also pertain to committees.

ARTICLE IV

OFFICERS

Section 1. Officers. The Board of Directors shall elect as officers of the Company a Chairman of the Board, who shall be the Chief Executive Officer, a President, a Vice President, a Secretary, a Treasurer and may elect a Controller and such other Vice Presidents and other officers as the Board may determine is necessary for the conduct of the business of the Company. Officers need not be directors except for the Chairman of the Board, the President and one Vice President. Any two or more offices may be held by the same person. (No person shall hold an officer position after the last day of the month during which said person beca me sixty-five years of age.)

Section 2. Term and Removal. All officers of the Company shall serve at the pleasure of the Board of Directors, and the Board at any regular or special meeting by the vote of a majority of the whole Board may remove an officer from

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an office.

Section 3. Duties of Chairman of the Board and Chief Executive Officer. The Chairman of the Board and Chief Executive Officer shall be the chief administrative officer of the Company. The Chairman of the Board and Chief Executive Officer (i) shall exercise such duties as customarily pertain to the office of Chief Executive Officer, (ii) shall have general and active management authority and supervision over the property, business and affairs of the company and over its officers and employees, (iii) may appoint employees, consul tants and agents as deemed necessary for the proper conduct of the Company's business, (iv) may sign, execute and deliver in the name of the Company powers of attorney, contracts, bonds and other obligations subject to direction of the Board as set forth in Article VI of these Bylaws, (v) shall recommend to the Board of Directors persons for appointment to offices and committees and for nomination of directors, (vi) shall preside at stockholder meetings and at meetings of the Board of Directors, and (vii) shall perform such other duties as may be prescribed from time to time by the Board of Directors.

Section 4. Duties of the President. The President shall perform such duties as may be prescribed from time to time by the Board of Directors or by the Chairman of the Board and Chief Executive Officer. The President, in the absence or disability of the Chairman of the Board and Chief Executive Officer, shall perform the duties and exercise the powers of the Chairman of the Board and Chief Executive Officer.

Section 5. Duties of Vice Presidents. The Vice Presidents shall have such powers and perform such duties as may be assigned to them by the Board of Directors, or the Chairman of the Board and Chief Executive Officer. In the absence or disability of the Chairman of the Board and Chief Executive Officer, and the President, the Vice Presidents in the order as designated by the Board, or if the Board so directs, by the Chairman of the Board and Chief Executive

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Officer, shall perform the duties and exercise the powers of the Chairman of the Board and Chief Executive Officer.

Section 6. Duties of Secretary. The Secretary shall attend all meetings of the Board and stockholders, record all votes and the minutes of all proceedings in books to be kept for such purposes and shall perform like duties for the committees when required. He shall have the custody of the seal. He shall have the custody of the stock books and shall perform such other duties as may be prescribed by the Board of Directors or the Chairman of the Board and Chief Executive Officer.

Section 7. Duties of Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books of the Company and shall deposit all monies and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements and shall render to the Chairman of the Board and Chief Executive Officer and to the Board of Directors at its regular meetings or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Company.

Section 8. Duties of Other Officers. All officers of the Company shall have such duties as shall be prescribed by the Board of Directors or the Chairman of the Board and Chief Executive Officer.

Section 9. Delegation of Duties of Officers. In the case of the absence of any officer of the Company or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of any officer to any other officer or to any director for such time as determined b y the Board.

Section 10. Compensation of Officers. The compensation of the Chairman of the Board and Chief Executive Officer shall be determined by the Board of

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Directors. The compensation of each of the other officers shall be recommended by the Chairman of the Board and Chief Executive Officer and approved by the Board of Directors. No officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Company.

ARTICLE V

INDEMNIFICATION

Section 1. Actions, Suits or Proceedings Other than by or in the Right of the Company. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals, (other than an action by or in the right of the Company) by reason of the fact that he is or was or has agreed to become a director or officer of the Company, or is or was serving or had agreed to serve at the request of the Company as a director or officer of another corporation (including a subsidiary of the corporation, or subsidiaries of subsidiaries), partnership, joi nt venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be within the scope of this authority and in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be within the scope of his authority and

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in, or not opposed to, the best interests of the Company and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Actions or Suits by or in the Right of the Company. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was or has agreed to become a director or officer of the Company or is or was serving or has agreed to serve at the request of the Company as a director or officer of another corporation (including a subsidiary of the corporation or subsidiaries of subsidiaries), partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection with the defense or settlement of such action or suit and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be within the scope of his authority and in, or not opposed to, the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Courts of South Dakota or the cou rt in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such costs, charges and expenses which the Courts of South Dakota or such other court shall deem proper.

Section 3. Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of this Article V, to the extent

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that a director or officer has been successful, on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article V, or in defense of any claim, issue or matter therein, he shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith.

Section 4. Determination of Right to Indemnification. Any indemnification under Sections 1 and 2 of this Article V (unless ordered by a court) shall be paid by the Company unless a determination is made (i) by the board of directors by a majority vote of the directors who were not parties to such action, suit or proceeding, or if such majority of disinterested directors so directs, (ii) by independent legal counsel in a written opinion, or (iii) by the shareholders, that indemnification of the director or officer is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Sections 1 and 2 of this Article V.

Section 5. Advance of Costs, Charges and Expenses. Costs, charges and expenses (including attorneys' fees) incurred b y a person referred to in Sections 1 or 2 of this Article V in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such costs, charges and expenses incurred by a director or officer in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such director or officer is not entitled to be indemnified by

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the Company as authorized in this Article V. Such costs, charges and expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the majority of the directors deems appropriate. The majority of the directors may, in the manner set forth above, and upon approval of such director or officer of the Company, authorize the Company's counsel to represent such person, in any action, suit or proceeding, whether or not the Company is a party to such action, suit or proceeding.

Section 6. Procedure of Indemnification. Any indemnification under Sections 1, 2 and 3, or advance of costs, charges and expenses under Section 5 of this Article V shall be made promptly, and in any event within 60 days, upon the written request of the director or officer. The right to indemnification or advances as granted by this Article V shall be enforceable by the director or officer in any court of competent jurisdiction, if the Company denies such request, in whole or in part, or if no disposition thereof is made within 60 days. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the Company. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 5 of this Article V where the required undertaking, if any, has been received by the Company) that the claim ant has not met the standard of conduct set forth in Sections 1 or 2 of this Article V, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including its board of directors, its independent legal counsel and its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article V, nor the fact that there has been an actual determination by the Company (including its board of directors, its independent legal counsel and

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its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standards of conduct.

Section 7. Settlement. The Company shall not be obligated to reimburse the costs of any settlement to which it has not agreed. If in any action, suit or proceeding, including any appeal, within the scope of Sections 1 or 2 of this Article V, the person to be indemnified shall have unreasonably failed to enter into a settl ement thereof offered or assented to by the opposing party or parties in such action, suit or proceeding, then, notwithstanding any other provision hereof, the indemnification obligation of the Company to such person in connection with such action, suit or proceeding shall not exceed the total of the amount at which settlement could have been made and the expenses incurred by such person prior to the time such settlement could reasonably have been effected.

Section 8. Subsequent Amendment. No amendment, termination or repeal of this Article V or of relevant provisions of the South Dakota corporation law or any other applicable laws shall affect or diminish in any way the rights of any director or officer of the Company to indemnification under the provisions hereof with respect to any action, suit or proceeding arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

Section 9. Other Rights, Continuation of Right to Indemnification. The indemnification provided by this Article V shall not be deemed exclusive of any other rights to which a director, officer, employee or agent seeking indemnification may be entitled under any law (common or statutory), agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in any other capacity while holding office or while employed by or acting as agent for the Company, and shall

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continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the estate, heirs, executors and administrators of such person. Nothing contained in this Article V shall be deemed to prohibit, and the Company is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth herein. All rights to indemnification under this Article V shall be deemed to be a contract between the Company and each director or officer of the Company who serves or served in such capacity at any time while this Article V is in effect. This Article V shall be binding upon any successor corporation to this Company, whether by way of acquisition, m erger, consolidation or otherwise.

Section 10. Savings Clause. If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify each director or officer of the Company as to any costs, charges, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Company, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the full extent permitted by applicable law.

Section 11. Subsequent Legislation. If the South Dakota law is amended after the adoption of this Article V to further expand the indemnification permitted to directors and officers of the Company, then the Company shall indemnify such persons to the fullest extent permitted by the South Dakota law, as so amended.

ARTICLE VI

CAPITAL STOCK

Section 1. Stock Certificates. Certificates for stock of the Company shall

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be in such form as the Board of Directors may from time to time prescribe and shall be signed by the President or a Vice President and by a Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. If certificates are signed by a transfer agent, acting in behalf of the Company, or registered by a registrar, the signatures of the officers of the Company may be facsimile. The Company, through its officers, may cause certificates to be issued and delivered bearing facsimile signatures of persons even though at the time of the issuance and delivery of such certificates, any of such persons may no longer be an officer of the Company.

Section 2. Transfer Agent. The Board of Directors shall have power to appoint one or more transfer agents and registrars for the transfer and registration of certificates of stock of any class and may require that stock certificates shall be countersigned and registered by one or more of such transfer agents and registrars. The transfer agent and registrar may be the same person.

Section 3. Transfer of Stock. Shares of the capital stock of the Company shall be transferable on the books of the Company only by the holder of record thereof in person or by a duly authorized attorney upon surrender and cancellation of certificates for a like number of shares properly endorsed.

Section 4. Lost Certificate. In case any certificates of the capital stock of the Company shall be lost, stolen or destroyed, the Company may cause replacement certificates to be issued upon such proof of the fact and such indemnity to be given to it and to its transfer agent and registrar, if any, as shall be deemed necessary or advisable by it.

Section 5. Holder of Record. The Company shall be entitled to treat the holder of record of any share or shares o f stock as the holder thereof in fact and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have

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express or other notice thereof, except as otherwise expressly provided by law. The expression “stockholder” or “stockholders” whenever used in these Bylaws shall be deemed to mean only the holder or holders of record of stock.

Section 6. Closing of Transfer Books. The Board of Directors shall have power to close the stock transfer books of the Company for a stated period but not to exceed, in any case, fifty days, and in case of a meeting of stockholders not less than ten days, preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or in order to make a determination of stockholders for any other proper purpose; provided, however, that in lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, not less than ten days prior to the date on which the particular action, requiring such determination of stockholders, is to be taken; and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Company after any such record date fixed as aforesaid. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 7. Closing of Transfer Books to Authorize Increase in Indebtedness and Capital Stock. Notwithstanding Section 6 of this Article and in order to comply with Section 8 of Article XVII of the South Dakota Constitution, the notice to be given stockholders for a meeting at which a proposal to increase the Company’s authorized indebtedness or capital stock is to be considered shall be given at least sixty days prior to the meeting and the record date for the

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determination of stockholders eligible to vote at such meeting may be set by the Board sixty or more days prior to the said meeting.

ARTICLE VII

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits and Investments. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the Board of Directors or officers of the Company designated by the Board of Directors may select; or be invested as authorized by the Board of Directors. Such authority may be general or confined to specific instances.

ARTICLE VIII

MISCELLANEOUS

Section 1. Offices. The principal office of the Company shall be in the City of Rapid City, County of Pennington, State of South Dakota. The Company may

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also have offices at such other places within or without the State of South Dakota as the Board of Directors may from time to time designate or as the business of the Company may require.

Section 2. Seal. The corporate seal shall have inscribed thereon the name of the Company and the words “Corporate Seal -1941- South Dakota.”

Section 3. Audit. The books of account of the Company shall be audited annually by an independent firm of public accountants who shall be appointed by the Board of Directors and ratified by the stockholders at each annual meeting. Such auditors shall submit to the Board of Directors each year certified financial statements of the Company for the preceding fiscal year.

ARTICLE IX

AMENDMENTS

These Bylaws may be altered, amended or repealed at any meeting of the Board of Directors by the affirmative vote of a majority of the whole Board; provided, no alteration or amendment may be in conflict with any provision of the Articles of Incorporation.

I certify that the foregoing is a true copy of the Amended Bylaws of Black Hills Corporation as adopted by the Board of Directors of the Corporation on the 30th day of January, 1996 to become effective in their entirety on the 20th day of April, 1999.

Witness my hand and the seal of the Corporation on this 20th day of April, 1999.

Roxann R. Basham

Exhibit 4.19

BLACK HILLS CORPORATION

TO

THE CHASE MANHATTAN BANK,

As Trustee

RESTATED AND AMENDED INDENTURE

OF MORTGAGE AND

DEED OF TRUST

Dated as of September 1, 1999

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TABLE OF EXHIBITS

RESTATED AND AMENDED INDENTURE OF MORTGAGE
AND DEED OF TRUST

RESTATED AND AMENDED INDENTURE OF MORTGAGE AND DEED OF TRUST, dated as of September 1, 1999 (hereinafter referred to as the "Restated Indenture"), between BLACK HILLS CORPORATION, a corporation duly organized and existing under the laws of the State of South Dakota (formerly known as Black Hills Power and Light Company) (hereinafter calle d the "Company"), and THE CHASE MANHATTAN BANK, a New York corporation organized and existing under the laws of the State of New York (hereinafter called the Trustee).

RECITALS

In order to secure an authorized issue of First Mortgage Bonds of the Company, the Company has executed and delivered an Indenture of Mortgage and Deed of Trust to Central Hanover Bank and Trust Company (subsequently known as The Hanover Bank) as Trustee, dated September 1, 1941, hereinafter referred to as the "Original Indenture."

The Chase Manhattan Bank is the successor Trustee as the result of mergers of The Hanover Bank followed by a series of subsequent mergers leading to the Trustee as the current successor.

Subsequent to the execution of the Original Indenture, the Company has executed various supplemental indentures providing for the issuance of additional series of Bonds and supplementing and modifying the Original Indenture which, as supplemented and amended by said thirty-one supplemental indentures, is referred to herein as the "Indenture."

Pursuant to the provisions of the Indenture, First Mortgage Bonds have been duly issued and are presently outstanding and secured by the Indenture, and continue to be secured by this Restated Indenture as follows:

Series		Principal Amount Outstanding
Series Y, 9.49%, due June 15, 2018	$	5,420,000
Series Z, 9.35%, due May 29, 2021	$	35,000,000
Series AA, 9.00%, due September 1, 2003	$	4,254,946
Series AB, 8.30%, due September 1, 2024	$	45,000,000
Series AC, 8.06%, due February 1, 2010	$	30,000,000
Series AD, 6.50%, due July 15, 2002	$	15,000,000

Because of the extensive amendments contained in the thirty-one supplemental indentures and the complexities in reading and interpreting the Indenture resulting therefrom, the Company desires to cause the Indenture to be restated and amended to constitute one instrument which completely states the agreement of the parties hereto as of the date hereof.

Subject to the conditions therein contained, subparagraph (k) of Section 17.01 as set forth in Section 1.23 of the Twenty Eighth Supplemental Indenture, dated as of Mar ch 15, 1995 as a supplement to the Original Indenture, authorizes the Trustee to enter into a restatement and amendment of the Indenture without consent of the Bondholders.

The Company, in the exercise of the powers and authority conferred upon and reserved to it under and by virtue of the provisions of the Indenture, and pursuant to resolutions of its Board of Directors, has duly resolved and determined to make, execute, and deliver to the Trustee this Restated Indenture in the form hereof for the purpose of restating the Indenture without any interruption of the Lien of the Indenture which now continues under the Restated Indenture.

NOW, THEREFORE, to secure the payment of the principal of, premium, if any, and interest, if any, on all Bonds at any time issued and Outstanding under this Restated Indenture when payable in accordance with the provisions thereof and hereof, and to secure the performance and observance by the Company of, and its compliance with, the covenants and conditions of this Restated Indenture, and in consideration of the premises and of One Dollar paid to the Company by the Trustee, the Company hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets forth and confirms to The Chase Manhattan Bank, as Trustee, and grants and assigns to the Trustee a security interest in the following described property, referred to herein as the "Trust

Estate":

GRANTING CLAUSE FIRST
(Real Property)

All right, title and interest of the Company in and to real property wherever situated, including without limitation (a) all land and interests in land referenced in the Original Indenture and in the thirty-one Supplemental Indentures thereto, which land and interests in land are described in Exhibit A to this Restated Indenture, except land and interests in land which have been specifically released from the Lien of the Indenture from time to time; (b) all other lands, easements, servitudes and other rights and interests in or relating to real property or the occupancy or use of the same; and (c) all buildings, offices, warehouses and other structures and improvements of whatever kind and nature situated upon the real property.

GRANTING CLAUSE SECOND
(Generating Plants)

All electric generating plants and stations in which the Company has an ownership interest at the date of the execution of this Restated Indenture, including all powerhouses, structures and works, and the land on which the same are situated, and all other lands and easements, water rights, rights-of-way, permits, privileges, towers, poles, wires, m achinery, equipment, appliances, appurtenances and sites forming a part of such plants and stations, or any of them, or occupied, enjoyed or used in connection therewith.

GRANTING CLAUSE THIRD

(Transmission System)

All electric transmission lines of the Company owned by it at the date of the execution hereof, including towers, poles, pole lines, wires, switch racks, switch boards, insu lators and other appliances and equipment, and all other property of the Company forming a part thereof or pertaining thereto, and all service lines extending therefrom, together with all of the Company's real property, rights-of-way, and easements over or relating to the construction, maintenance or operation thereof, through, over, under, or upon any private property.

GRANTING CLAUSE FOURTH
(Substations)

All the substations and switching stations of the Company owned by it at the date of the execution hereof for transforming, distributing or otherwise regulating electric current, together with

all of the Company's buildings, transformers, wires, insulators, appliances, equipment, and all other property, real or personal, of the Company, forming a part of or pertaining to or used, occupied or enjoyed in connection with any of such substations and switching stations.

GRANTING CLAUSE FIFTH
(Distribution System)

All electric distribution systems of the Company owned by it at the date of the execution hereof, including substations, transformers, switchboards, towers, poles, wires, insulators, subways, manholes, cables, appliances, equipment and all other property of the Company, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such distribution systems, or any of them, together with the Company's rights-of-way and easements relating to the construction, maintenance or operation thereof.

GRANTING CLAUSE SIXTH
(After-Acquired Property)

All property (other than Excepted Property and property released from the Lien of this Restated Indenture under Article Seven) of the kind and nature described in Granting Clauses First, Second, Third, Fourth and Fifth which may be hereafter acquired by the Company, it being the intention of the Company that all such property acquired by the Company after the date of the execution and delivery of this Restated Indenture shall be as fully embraced within and subjected to the Lien hereof as if such property were owned by the Company as of the date of the execution and delivery of this Restated Indenture.

GRANTING CLAUSE SEVENTH
(Property Company May Cause to be Mortgaged)

Also any and all property, real, personal or mixed, including Excepted Property, that may, from time to time hereafter, by delivery or by writing of any kind for the purposes hereof be in any wise

subjected to the lien hereof or be expressly conveyed, mortgaged, assigned, transferred, deposited or pledged by the Company or by anyone in its behalf or with its consent, to and with the Trustee, which is hereby authorized to receive the same at any and all times as and for additional security and also, when and as hereinafter provided, as substituted security hereunder, to the extent permitted by law. Such conveyance, mortgage, assignment, transfer, deposit or pledge or other creation of lien by the Company or by anyone in its behalf or with its consent of or upon any property as and for additional security may be made subject to any reservations, limitations, conditions and provisions which shall be set forth in an instrument or agreement in writing executed by the Company or the person or corporation conveying, assigning, mortgaging, transferring, depositing or pledging the same or by the Trustee, respecting the use, management and disposition of the property so conveyed, assigned, mortgaged, transferred, deposited or pledged, or the proceeds thereof.

GRANTING CLAUSE EIGHTH
(Excepted Property)

There is, however, expressly excepted and excluded from the Lien of this Restated Indenture the following described property of the Company, herein sometimes referred to as "Excepted Property":

A. all cash on hand, in banks or in other financial institutions with which the Company maintains deposits, shares of stock, bonds, notes, evidences of indebtedness and other securities not hereafter paid or delivered to, deposited with, or held by, the Trustee hereunder or required so to be;

B. all contracts, leases and other agreements of whatsoever kind and nature (including pole attachment agreements and joint pole agreements), contract rights, bills, notes and other instruments, accounts receivable, claims, credits, demands, judgments, choses in action, patents, patent licenses and other patent rights, patent applications, trade names, trademarks and other general intangibles;

C. all permits, licenses, franchises (including municipal franchises and other rights to use public ways) and rights (however characterized) granted by any governmental entity with respect to air, water or other types of pollution or pollution credits;

D. all motor vehicles, automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles, movable equipment, all rolling stock, railcars, containers and other

railroad equipment, all vessels, boats, barges and other marine equipment, all airplanes, airplane engines and flight equipment, and all components, spare parts, accessories, supplies and fuel used or to be used in connection with any of the foregoing;

E. all goods, wares, merchandise, equipment, spare parts and tools held for sale or lease in the ordinary course of business or for use or consumption in, or in the operation of, any properties of, or for the benefit of, the Company, or held in advance of use thereof for maintenance, replacement or fixed capital purposes; all fuel, materials and supplies and other personal property which are consumable (otherwise than by ordinary wear and tear) in their use in the Electric Utility Business;

F. all office furniture and office equipment; all satellites and other equipment and materials used or to be used in outer space; all business machines; all communications equipment (including telephone equipment); all computer equipment; all record production, storage and retrieval equipment; and all components, spare parts, accessories, programs (other than computer software) and supplies used or to be used in connection with any of the foregoing;

G. all crops, timber, sand, gravel, rocks, earth, natur al gas, coal, ore, uranium, gas, oil and other minerals harvested, mined or extracted or otherwise separated from the land, or lying or being upon, within or under any properties of the Company, including the Trust Estate, all mineral rights, leases and royalties and income therefrom, and all rights to explore for minerals, and gas or oil wells or any lease or real estate acquired for the purpose of obtaining gas or oil rights;

H. all electric energy, steam, water, ice and other products generated, manufactured, produced, provided or purchased by the Company for sale, transmission or distribution or used or to be used by the Company;

I. all leasehold interests and leasehold improvements;

J. all property, real, personal and mixed, which is:

(i) not specifically subjected or required to be subjected to the Lien of this Restated Indenture by any express provision hereof; and

(ii) not used or to be used in the Electric Utility

Business, or in connection with the operation of any property specifically subjected or required to be subjected to the Lien of this Restated Indenture by the express provisions hereof;

K. the Company’s franchise to be a corporation; and

L. all books and records;

it being understood that the Company may, however, pursuant to the Seventh Granting Clause of the Restated Indenture, subject to the Lien of this Restated Indenture any Excepted Property, whereupon the same shall cease to be Excepted Property.

GRANTING CLAUSE NINTH

TOGETHER WITH ALL AND SINGULAR the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the Trust Estate, or any part thereof, with the reversion or reversions, remainder and remainders, rents, issues, income and profits thereof, and all the right, title, interest and claim whatsoever, at law or in equity, which the Company now has or which it may hereafter acquire in and to the Trust Estate and every part and parcel thereof.

TO HAVE AND TO HOLD the Trust Estate and all and singular the lands, properties, estates, rights, privileges and appurtenances hereby mortgaged, conveyed, pledged, or assigned, or intended so to be, together with all the appurtenances thereunto appertaining, unto the Trustee and its

successors and assigns forever;

Subject, however, to Permitted Encumbrances;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate use, benefit, security and protection of those who from time to time shall hold the Bonds authenticated and delivered hereunder and duly issued by the Company, without any discrimination, preference or priority of any one Bond over any other by reason of priority in the t ime of issue, sale or negotiation thereof or otherwise, except as provided in Section 9.02, so that, subject to said provisions, each and all of said Bonds shall have the same right, lien and privilege under this Restated Indenture and shall be equally secured hereby (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of this Restated Indenture, may afford additional security for the Bonds of any particular series, and except any covenant of the Company with respect to the refund or reimbursement of taxes, assessments or other governmental charges on account of the ownership

of the Bonds or the income derived therefrom, for which the holders of the Bonds shall look only to the Company and not to the property hereby mortgaged or pledged), and shall have the same proportionate interest and share in the Trust Estate, with the same effect as if all of the Bonds had been issued, sold and negotiated simultaneously on the date of the delivery hereof; and in trust for enforcing payment of the principal of the Bonds and of the interest thereon, according to the tenor, purport and effect of the Bonds and of this Restated Indenture, and for enforcing the terms, provisions, covenants and stipulations herein and in the Bonds set forth;

UPON CONDITION that, if the Company, its successors and assigns, shall pay or cause to be paid the principal of and interest and premium, if any, on said Bonds or shall provide as permitted hereby for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon for principal, interest and premium, if any, and if the Company shall also pay or cause to be paid all other sums payable hereunder by it, and shall strictly observe and perform all of the terms, provisions and conditions of this Restated Indenture, then this Restated Indenture and the estate and rights hereby granted shall cease, determine and be void, otherwise to be and remain in full force and effect.

IT IS HEREBY FURTHER COVENANTED, DECLARED AND AGREED by and between the parties hereto that all such Bonds are to be authenticated, delivered and issued, and that all property subject or to become subject hereto is to be held upon the uses, trusts and purposes hereinafter set forth and subject to the covenants, agreements, and conditions hereinafter set forth, and the Company, for itself, its successors and assigns, does hereby covenant and agree to and with the Trustee and its successors in such trusts, for the benefit of those who shall hold said Bonds or any of them, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions.

For all purposes of this Restated Indenture, except as otherwise specifically provided or unless the context otherwise requires:

(a) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) All terms used herein (and which are not specifically defined herein) which are defined in the Trus t Indenture Act, either directly or by reference herein, have the meanings assigned to them therein;

(c) All terms used herein (and which are not specifically defined herein) which are defined in the Uniform Commercial Code (as in effect in the relevant jurisdiction) have the meanings assigned to them therein;

The word “or” is not exclusive;

(e) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Generally Accepted Accounting Principles; and

(f) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or other subdivisions of this Restated Indenture. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Restated Indenture as a whole and not to any particular Article, Section or other subdivision.

“Accountant” is any individual who is a certified or public accountant or any firm or copartnership of certified or public accountants.

“Additions Credit.” If and whenever any Net Bondable Additions or Gross Bondable Additions are certified or made a part of an application to the Trustee for any purpose under this Restated Indenture, any amount is in excess of that required for such purpose, the excess amount shall constitute

an Additions Credit and may be carried forward and used as Property Additions for additional certifications and applications under this Restated Indenture. The Company shall have the right, at any time and from time to time, to establish an Additions Credit by delivering to the Trustee the Certificates, Opinions and Other Instruments which would be required to be delivered to the Trustee under Section 4.02 B, Clauses (1) through (11), (13) and (14) and Sections 4.02, Paragraphs C, D and E of this Restated Indenture.

“Affiliate,” when used with reference to the Company or any other person who is liable on the Bonds, is an individual, firm, corporation or other legal entity which directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company or such other person. The term “control” is the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a firm, corporation or other legal entity, whether through the ownership of voting securities, by contract or otherwise.

“Amount” of any Property Addit ions is the Cost to the Company or the Fair Value to the Company at the time of determination (whichever is less) of such Property Additions.

“Appraiser” is any corporation, qualified individual or copartnership who is engaged in the business of appraising property.

“Authorized Newspaper,” when used with reference to a particular municipality shall mean a newspaper printed in the English language and regularly published and of general circulation in such municipality at least once on each day, other than holidays and Sundays, in each calendar week.

“Board of Directors of the Company” is the Board of Directors of the Company or an Executive Committee thereof.

“Bonded Cash” is and includes:

(1) Cash deposited with the Trustee under Section 5.01;

(2) Cash (including the proceeds of purchase money obligations) deposited or required to be deposited with the Trustee to obtain the release of, or representing the proceeds of the taking by eminent domain or of the purchase by a public authority or of any other disposition of, or of insurance on, any Bonded Property;

(3) Cash repaid to the Trustee pursuant to Section 8.07 in respect of refunds of taxes to the extent that the amount withdrawn by the Company in respect of reimbursement for such taxes shall have been Bonded Cash;

(4) Cash held by the Trustee in any sinking, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created as provided in Section 2.05, but only to the extent that the supplemental indenture or other instrument creating such fund provides that such cash shall be Bonded Cash; and

(5) Cash held by the Trustee to pay or redeem any indebtedness secured by a Prior Lien.

“Bonded Property” is and includes:

(1) All property (other than Excepted Property) owned by the Company on or prior to November 1, 1941, except materials and supplies; provided, however, that salvaged or reclaimed property which shall have been a part of any present or future Bonded Property retired by the Company, shall from and after the date of its retirement, be deemed to be Unbonded Property for all purposes hereof;

(2) All Property Additions which have been made the basis for the authentication and delivery of Bonds or the release of any Bonded Property from the Lien of the Indenture and this Restated Indenture or the withdrawal of any Bonded Cash (or Unbonded Cash, if withdrawn under Section 8.03) from the Trustee, but not including Additions Credit;

(3) All purchase money obligations and all securities delivered or required to be delivered to the Trustee either (i) to obtain the release of any Bonded Property from the Lien of the Indenture and the Restated Indenture or (ii) as the

proceeds of Bonded Property taken by eminent domain or purchased by any governmental body or agency upon exercise of any right which it may have to purchase the same;

(4) All property acquired by the Company to replace, or in lieu of, Bonded Property sold or disposed of pursuant to Paragraph (b) of Section 7.01, or to repair, replace or restore insured Bonded Property which shall have been damaged or destroyed, but the proceeds of that insurance which shall not have been required to be paid to the Trustee pursuant to the provisions of Section 9.09 shall not be Bonded Property;

(5) All Property Additions certified to the Trustee to meet maintenance requirements under the Indenture prior to the adoption of the Restated Indenture; and

(6) All Property Additions previously certified to the Trustee to meet the requirements of any sinking, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created as provided in Paragraph D of Section 2.05, but only if, and to the

extent that, the supplemental indenture or other instrument creating such fund shall preclude the certification of such Property Additions as a basis for the authentication and delivery of Bonds under this Article.

"Bondholder" and "holder" shall include the plural as well as the singular number, and vice versa, unless otherwise expressly indicated, and shall include both the bearer of a Bond not registered as to principal and the registered owner of a Bond registered as to principal.

"Bonds" are any bonds authenticated and delivered under this Restated Indenture, including the Existing Bonds.

"Certifiable Net Earnings" are defined at Section 4.01, Paragraph B.

"Certificate of the Company" is a written certificate signed by its Chairman of the Board, President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, wherein the person signing shall certify to the correctness of the statements therein contained.

"Company" is Black Hills Corporation, a South Dakota corporation, and any successor corporation which sh all become such pursuant to the applicable provisions of this Restated Indenture, and thereafter "Company" shall mean such successor.

"Corporation" or "corporation" also includes voluntary associations, joint stock companies and other similar organizations.

"Cost" to the Company of Property Additions shall be taken to mean the sum of (1) the amount of cash expenditures made or agreed to be made by the Company therefor, (2) the Fair Value, at the time of installation, of all materials and supplies of the Company (not included in the preceding Clause (1)) which have been installed as part of such Property Additions, including all salvaged or reclaimed property so installed which shall have been included in any Property Retirements then or theretofore certified to the Trustee in a Retirements Certificate under any provision hereof, whether or not such salvaged or reclaimed property shall upon such retirement have been transferred to materials and supplies account, (3) the Fair Value in cash (as of the date of delivery) of any securities delivered as consideration for such Property Additions and (4) the aggregate of the amounts expended or agreed to be expended (excluding any amounts expended or to be expended in respect of interest or premium) by the Company to procure the satisfaction or discharge of any indebtedness secured by a Prior Lien upon such Property Additions outstanding or created at the time of the acquisition thereof or to cause the mortgage or other lien securing such indebtedness to become a Prepaid Lien, as defined in this Section 1.01, unless such amounts shall have theretofore been included in the Cost of other Property Additions subject to the same Prior Lien. The Cost to the Company of any new plant or system acquired as an entirety from others may be deemed to include the Cost to the Company of any franchises, rights and intangible property simultaneously acquired with the same, for which no separate or distinct consideration shall have been paid or apportioned. The Cost to the Company of any property, part

of which constitutes Property Additions, and part does not, and all of which is acquired for a single consideration, shall in all cases be properly allocated in the Property Additions Certificate filed with the Trustee pursuant to Paragraph B of Section 4.02. In the case of Property Additions subject to a Prior Lien or Liens, the Fair Value of such additions shall be determined as if such additions were free of such lien or liens. In the case of Property Additions consisting of property owned by a successor corporation immediately prior to the time it shall have become such by consolidation, merger or conveyance as provided in Article Thirteen, the Cost to the Company shall be the cost thereof to such successor corporation, less applicable reserves for depreciation, retirements and/or depletion immediately prior to such consolidation, merger or conveyance.

"Deposit of Bonds." Whenever, in connection with any application to the Trustee under this Restated Indenture, the Company shall deposit Bonds with the Trustee or shall, in lieu of such deposit as herein provided, deliver to the Trustee a certificate that certain Bonds have been paid, redeemed or otherwise retired or that cash has been deposited or is held in trust sufficient to pay or redeem, and for the purpose of paying or redeeming, certain Bonds, such Bonds are sometimes herein referred to as having been "used" or having been "made the basis" for the purpose accomplished by such application.

"Electric Utility Business" is the business of the generation, transmission, distribution and/or sale of electricity, or any part thereof.

"Engineer" is an individual or a copartnership or a corporation engaged in the engineering profession who, unless specifically required to be an Independent Engineer, may be regularly employed in the service of the Company or of an Affiliate.

"Event of Default" is one of the events described in Section 11.01.

"Excepted Property" is that property of the Company described in Granting Clause Eighth of this Restated Indenture.

"Existing Bonds" are those Bonds Outstanding as of the execution of the Restated Indenture and are described in Article Three.

"Fair Value" is the value of property as determined by an Engineer or Independent Engineer in compliance with Article Four. In determining the Fair Value of any plant or system acquired as an entirety from others, consideration shall be given only to the value, in place, of the physical property acquired. In the case of Property Additions subject to a Prior Lien or Liens, the Fair Value of such additions shall be determined as if such additions were free of such lien or liens. For the purposes of Section 7.02, "Fair Value" is further defined at Paragraph A of Section 7.02.

"Gross Bondable Additions" is the Amount of certified Property Additions which have not previously become Bonded Property and which are not subject to any lien, charge or encumbrance prior to the Lien of this Restated Indenture, except Prepaid Liens and Permitted Encumbrances.

"Indenture" is the Original Indenture as supplemented and amended by thirty-one supplemental indentures thereto. The Indenture is restated by this Restated Indenture. Reference to the Indenture in the bond forms of Existing Bonds attached as Exhibits B, C, D, E, F and G are deemed to refer to this Restated Indenture.

"Independent," when applied to any accountant, engineer, appraiser, or other expert, shall mean such a person who (a) is in fact independent; (b) does not have any substantial interest, direct or indirect, in the Company or in any other obligor upon the Bonds issued hereunder or in any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Company or any such other obligor; and (c) is not connected with the Company or any other obligor upon the Bonds issued hereunder or any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Company or any other obligor, as an officer, employee, promoter, underw riter, trustee, partner, director, or person performing similar functions.

"Lien" is any mortgage, pledge, security interest, encumbrance, easement, lease, reservation, restriction, servitude, charge or similar right or lien of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the

nature thereof, any filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction, and any defect or irregularity in record title.

"Net Bondable Additions" is the amount of Gross Bondable Additions, plus the amount of any then unused Additions Credit which the Company is entitled to use and elects to use, less the amount of Net Retirements.

"Net Retirements" as of any particu lar date shall mean the Amount of all Retirements up to that date not previously certified to the Trustee in a Retirement Certificate filed under any provision of this Restated Indenture, less the aggregate amount of all Retirement Credits applicable thereto. If in any case the aggregate amount of applicable Retirement Credits exceeds the amount of Retirements shown in any such Retirements Certificate, the amount of Net Retirements for the purpose of such certificate shall be deemed to be zero, but such excess may be carried forward and used as a Retirement Credit in a future Retirement Certificate.

"Opinion of Counsel" is a written opinion of counsel selected by the Company, who may be counsel for the Company, and who shall be acceptable to the Trustee.

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"Original Indenture" is the Indenture of Mortgage and Deed of Trust, dated September 1, 1941, entered into between the Central Hanover Bank and Trust Company and the Company. The Original Indenture was supplemented and amended by thirty-one supplemental indentures, which is referred to as the Indenture and which is restated by this Restated Indenture.

"Outstanding" or "outstanding," when used as of any particular time with reference to Bonds, are all of the Bonds which theretofore sh all have been authenticated and delivered under the Indenture and this Restated Indenture, except:

(a) Bonds theretofore canceled or surrendered to the Trustee for cancellation;

(b)   Bonds for the payment or redemption of which money in the necessary amounts shall have been deposited with the Trustee, whether upon or prior to the maturity or the redemption date of such Bonds, provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given, as provided herein, or provisions satisfactory to the Trustee shall have been made therefor;

(c) Any reference to the ho lders of a majority or a particular percentage of the Bonds, or to the holders of a majority or a particular percentage of the Bonds of a particular series, shall mean the holders at the time in question of a majority or the specified percentage in aggregate principal amount of all of the

Bonds then outstanding under this Restated Indenture, or of all of the Bonds of such particular series then outstanding under this Restated Indenture, as the case may be, excluding Bonds owned by or for the account or benefit of the Company or any other person who is liable on the Bonds, or an Affiliate of the Company or of any such persons; provided that for the purpose of determining whether the Trustee shall be protected in relying on any notice, request, direction, consent, waiver or other action by the holders of Bonds, only Bonds which the Trustee knows are so owned shall be excluded; and

Bonds in lieu of and in substitution for which other Bonds shall have authenticated and delivered pursuant to the terms of Section 2.12.

"Permitted Encumbrances" are as of any particular time any of the following:

(1) Liens for taxes, assessments, or governmental charges for the then current year and taxes, assessments or governmental charges not then due and delinquent;

(2) Liens for taxes, assessments or governmental charges already d ue, but the validity of which is being contested at the time by the Company in good faith as provided in Section 9.04;

(3) Liens and charges incidental to construction effected during the six months next preceding such time of which the Company has no notice;

(4) Liens, securing obligations neither assumed by the Company nor on account of which it customarily pays interest, existing, either at the date of execution hereof, or, as to property thereafter acquired, at the time of acquisition by the Company, upon real estate or rights in or relating to real estate acquired by the Company for substation, transmission line, distribution line, or right-of-way purposes;

(5)   Zoning laws and ordinances, easements, restrictions and similar encumbrances and minor defects or irregularities of title which do not impair the use of the property of the Company in the operation of its business.

In determining, for the purpose of any opinion to be delivered hereunder, whether any such defect, irregularity, law or ordinance, or easement, restriction or similar encumbrance impairs the use of the property subject thereto in the operation of the business of the Company, counsel giving such opinion may, subject to the requirements of any statement therein made pursuant to Section 1.02, rely on an Engineer's Certificate.

"Person" is an individual, corporation, partnership, trust or unincorporated organization, or a government or a political subdivision thereof.

"Prepaid Lien" is any Prior Lien in respect of which cash sufficient to pay or redeem all indebtedness secured thereby shall be held in trust for such purpose by the Trustee hereunder or by the trustee or other holder of such Prior Lien.

"Principal office of the Trustee" is the main office of the Trustee in the Borough of Manhattan, City of New York.

"Prior Lien" is and includes any mortgage or other lien (except Permitted Encumbrances) prior to the lien of this Restated Indenture upon property hereafter acquired by the Company, existing on said property and/or placed thereon to secure unpaid portions of the purchase price, at the time of such acquisition, and any lease, conditional sales agreement or other title retention contract existing in respect of said property or created to secure unpaid portions of the purchase price thereof.

"Prior Lien Obligations" are any bonds or indebtedness and/or evidences of indebtedness secured by a Prior Lien. The term "outstanding," as of any particular time when used with reference to Prior Lien Obligations, shall mean all obligations secured by a Prior Lien, except Obligations for whose payment or redemption sufficient cash shall have been irrevocably deposited in trust with the Trustee hereunder or with the trustee or other holder of such Prior Lien.

"Property Additions" are defined at Section 4.01, Paragraph A.

"Resolution of the Board" is a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company under its corporate seal to have been duly adopted by the Board of Directors of the Company, at a meeting thereof duly called and held and at which a quorum was present, and to be still in full force and effect.

"Responsible officer or officers" of the Trustee includes the President, any Vice-President, any Assistant Vice-President, the Secretary, the Treasurer, and every officer and assistant officer of th e Trustee customarily performing functions similar to those performed by the foregoing individuals or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

"Restated Indenture" is this Restated and Amended Indenture of Mortgage and Deed of Trust which is a restatement of the Indenture. The Restated Indenture is not a new indenture; and when such term is used herein, it refers to the Indenture as restated by this Restated Indenture.

"Retirements" are (a) all Bonded Property which, since November 1, 1941 (or prior thereto, as regards any of the Trust Estate owned by the

Company on November 1, 1941), shall have been worn out, abandoned or destroyed, or released from the Lien of this Restated Indenture or taken by eminent domain, or purchased by any public authority pursuant to the right reserved to or vested in it by any license or franchise, or otherwise disposed of by the Company, or permanently retired from service for any reason, whether or not renewed or replaced, and (b) all Bonded Property which at the time has permanently ceased to be used or useful in the Electric Utility Business of the Company, and whether or not the cost of any

such property referred to in the foregoing Clauses (a) or (b) shall have been written off or eliminated from the books of the Company, except that, when a minor item of property has been replaced by other property of equal value and efficiency and the cost of such replacement has been charged to maintenance, repairs o r other similar account, the property replaced shall not be considered as a Retirement.

The "amount" of all Retirements shall be as follows:

(1) As to property owned by the Company on or prior to Nove mber 1, 1941, the book value of such property on November 1, 1941, or on the date when such property became a Retirement in the case of Retirements prior to November 1, 1941 (such book value to be estimated if necessary as to particular property), without deducting therefrom any applicable reserves for depreciation and/or retirements;

(2) As to Property Additions or other Bonded Property acquired after November 1, 1941, the Cost to the Company or the Fair Value thereof (whichever is less), as certified to the Trustee at the time said Property Additions (or other such Bonded Property) became Bonded Property (estimated, if necessary, as to particular property) or, if no such certification shall have been made hereunder, then the Cost thereof. The Company will not, on or prior to November 1, 1941, change the book value of property owned by it.

"Retirement Credits" are the following credits which may be applied against the Retirements at any time certified to the Trustee in a Retirements Certificate under any provision hereof:

(1) (a) The cash and the principal amount of any purchase money obligations, if any, deposited with the Trustee to obtain the release of, or representing the proceeds of the taking by eminent domain or of the purchase by a public authority or of any other disposition of, or of insurance on, any property included in the Retirements then so certified, minus

(b) The maximum amount, if any, then estimated by the Company to be withdrawable in partial reimbursement for taxes pursuant to the provisions of Section 8.07 in respect of such property, plus or minus

(c) Such sum, if any, as may be necessary to reflect any difference not previously adjusted between (i) amounts theretofore estimated pursuant to the foregoing subdivision (b) of this Clause (1)

to be withdrawable in respect of property previously released and (ii) the actual net amounts withdrawn in respect of such property pursuant to Section 8.07;

(If in any case the result of the calculation required by the foregoing subdivisions (a), (b) and (c) is less than zero, such amount shall be deducted from the aggregate amount of other Retirement Credits in computing Net Retirements.)

(2) The Amount of all Property Additions, if any, used to obtain the release of any property included in the Retirements then so certified; and

(3) The excess credit, if any, carried forward from a previous Retirements Certificate, as provided in the definition of Net Retirements in this Section 1.01.

"Subsidiary" is any corporation, more than 50% of the issued and outstanding shares of which having ordinary voting power for the election of directors (whether or not at the time stock of any other class or classes shall or might have voting power by reason of the happening of any contingency) shall at the time be owned legally or equitably by the Company and/or by one or more Subsidiaries as said term is herein defined.

"Trustee" is The Chase Manhattan Bank, a corporation organized and existing under the laws of the State of New York or, subject to the provisions of Article Fourteen, its successors in the trusts hereby created.

"Trust Indenture Act" is the Trust Indenture Act of 1939, as amended and as in effect on the date hereof.

"Unbonded Cash" is cash, other than Bonded Cash, held by the Trustee or by the trustee or other holder of a Prior Lien.

"Unbonded Property" is and includes all property of the Company, other than Bonded Property and Excepted Property.

"Written Order of the Company," "Written Request of the Company," and "Written Consent of the Company" are, respectively, a written order, request or consent signed in the name of the Company under its corporate seal by the Chairman of the Board or the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company.

Section 1.02. Opinion and Certificate Requirements. Whenever in this Restated Indenture it is provided that a certificate, opinion or other document shall comply with the provisions of this Section 1.02, such document shall include:

(1) a statement that the person making such certificate, opinion or other document has read the covenant or condition in respect of which such document is furn ished; and

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such document are based; and

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such covenant or condition has been complied with.

Section 1.03. Documentary Requirements. Wherever in this Restated Indenture, in connection with any application for the authentication and delivery of Bonds hereunder or for the withdrawal of any moneys held by the Trustee under any provision hereof or for the execution of any release, or any other application or certificate or report to the Trustee hereunder, it is provided that the Company shall deliver resolutions, certificates, statements, opinions, evidence, reports, orders and/or other papers as a condition of the granting of such application, or as evidence of the Company's compliance with any condition or covenant herein contained, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such ce rtificate or report (as the case maybe), of the facts and opinions stated in such resolutions, certificates, statements, opinions, evidence, reports, orders and/or other papers shall in each and every such case be conditions precedent to the right of the Company to have such application granted or to the effectiveness of such certificate or report. Nevertheless, upon any such application, certificate or report, the resolutions, certificates, statements, opinions, evidence, reports, orders and/or other papers required by any of the provisions of this Restated Indenture to be delivered to the Trustee as a condition of the granting of such application, or as evidence of such compliance, may, subject to the provisions of Section 14.02, be received by the Trustee as conclusive evidence of any statement therein contained, and, subject to such provisions, shall be full warrant, authority and protection to the Trustee acting on the faith thereof, not only in respect of the statements of fact therein made, but a lso in respect of the opinions therein set forth. Before granting any such application, or accepting such evidence of compliance, the Trustee shall not (subject to the provisions of Section 14.02) be under any duty

to make any further investigation into the truth of the matters evidenced by any such resolution, certificate, statement, opinion, evidence, report, order and/or other paper, but it may in its discretion make any such independent inquiry or investigation as to it may seem proper. If the Trustee shall determine to make such further inquiry, it shall be entitled to examine the books, records and premises of the Company, either itself or by agent or attorney, and unless satisfied, with or without such examination, of the truth and accuracy of the matters stated in such resolutions, certificates, statements, opinions, evidence, reports, orders and/or other papers, it shall be under no obligation to grant the application or to accept such evidence of compliance. The reasonable expenses of every su ch examination or other inquiry shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company, upon demand, with interest at the rate of 6% per annum and, until such repayment, shall be secured under this Restated Indenture in priority to the Bonds and coupons.

Section 1.04. Documentary Requirements—More Than One Certificate Permissible. Whenever in this Restated Indenture provision is made for the delivery of any certificate, opinion or other document signed by an officer or officers of the Company or by any other person, such provision may be complied with by the delivery of more than one certificate or opinion or other document, each covering a particular part of the matter or matters required to be included in the certificate or opinion or other document so provided for; and in such event such separate certificates, opinions or other documents need not all be signed by the same officers or persons, provided that such separate certificates, opinions or other documents shall, taken together, contain all of the statements herein provided for and be signed by an officer or officers or person or persons, as the case may be, by whom the certificate, opinion or other document so provided for is authorized or required to be signed.

Section 1.05. Redemption Requirements—Cash Deposit. Wherever in this Restated Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee or other person cash sufficient to pay or redeem any bonds, obligations or other indebtedness, the amount of cash so to be deposited or held shall be the principal amount of such bonds, obligations or other indebtedness and all unpaid interest thereon to maturity, unless said bonds, obligations or other indebtedness are redeemable and are to be redeemed prior to maturity and there shall be furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such noti ce, in which case the amount of cash so to be deposited or held shall be the principal amount of such bonds, obligations or indebtedness and interest thereon to the redemption date, together with the redemption premium, if any.

ARTICLE TWO

THE BONDS

Section 2.01. Bond Form. The text of the Bonds and the certificate of authentication of the Trustee to be executed thereon are to be substantially in the following form, with such appropriate omissions, insertions and variations as are in this Restated Indenture provided or permitted.

(General Form of Bond)

No. $

BLACK HILLS CORPORATION

FIRST MORTGAGE BOND, SERIES

Due

Black Hills Corporation (hereinafter called the “Company”), a

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corporation organized and existing under the laws of the State of South Dakota, for value received, hereby promises to pay to , or re gistered assigns, on the day of , at , Dollars, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof, at the rate of per cent per annum, payable at in like coin or currency annual ly on and in each year until the principal hereof shall have become due and payable, and thereafter if default be made in the payment of such principal, at the rate of six per cent, per annum until the principal hereof shall be paid.

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This Bond is one of an authorized issue of Bonds of the Company known as its “First Mortgage Bonds,” issued and to be issued in one or more series under, and all equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Restated Indenture hereinafter mentioned, may afford additional security for the Bonds of any particular series) by, a Restated Indenture of Mortgage and Deed of Trust dated as of , 1998 (hereinafter called the “Restated Indenture”) executed by the Company to The Chase Manhattan Bank (herein called the “Trustee”), as Trustee, to whi ch Restated Indenture and all indentures supplemental thereto reference is hereby made for a description of the properties mortgaged and pledged, the nature and extent of the security, the rights of the holders of said Bonds and of the Trustee and of the Company in respect of such security, and the terms and conditions upon which said Bonds are and are to be issued and secured.

To the extent permitted by the Restated Indenture and as provided therein, with the consent of the Company and upon the written consent or affirmative vote of at least sixty-six and two-thirds per cent in principal amount of the Bonds then outstanding and entitled to consent, and of not less than sixty-six and two-third percent in principal amount of the Bonds then outstanding and entitled to consent of each series affected thereby in case one or more but less than all of the series of Bonds issued under the Restated Indenture are so affected, the rights and obligations of the Company and of the holders of Bonds and the terms and provisions of the Restated Indenture and of any instrument supplemental thereto may be modified from time to time,

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provided that no such modification or alteration shall be made which would postpone the date fixed herein or in the Restated Indenture for the payment of the principal of, or any installment of interest on, the Bonds, or reduce the principal of, or the rate of interest payable on, the Bonds, or reduce the percentage of the principal amount of Bonds the consent of which is required for the authorization of any such modification of alternation, or which would modify, without the written consent of the Trustee, the rights, duties or immunities of the Trustee.

As provided in said Restated Indenture, said Bonds are issuable in series which may vary as in said Restated Indenture provided or permitted. This Bond is one of a series of bonds entitled “First Mortgage Bonds, Series .”

(Here insert reference to redemption if Bonds of a particular series are redeemable and to sinking or other fund if such Bonds are entitled thereto.)

If an event of default, as defined in said Restated Indenture, shall occur, the principal of this Bond may becom e or be declared due and payable, in the manner and with the effect provided in said Restated Indenture.

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This Bond is transferable by the registered owner hereof in person or by attorney authorized in writing, at , upon surrender for cancellation of this Bond and on payment of charges, and upon any such transfer a new registered Bond, of the same series, for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

(Here insert provisions for exchangeability, if any.)

The Company and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, for the purpose of receiving payment of or on account of the principal hereof and interest due hereon, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon or otherwise in respect hereof or of said Indenture or of any indenture supplemental thereto, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company or any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise howsoever; all such liability being, by the acceptance hereof and as a part of the consideration for the

issuance hereof, expressly waived and released by every holder hereof, as more fully provided in said Restated Indenture; provided, however, that nothing herein or in said Restated Indenture contained shall be taken to prevent recourse to and the enforcement of the liability, if any, of

any shareholder or any stockholder or subscriber to capital stock upon or in respect of shares of capital stock not fully paid up.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee, or its successor as Trustee under said Restated Indenture.

IN WITNESS WHEREOF, the Company has caused this Bond to be signed in its name by its President or one of its Vice Presidents, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

Dated,

BLACK HILLS CORPORATION,

By

President.

Attest:

Secretary.

(FORM OF TRUSTEE'S CERTIFICATE OF
AUTHENTICATION FOR ALL BONDS)

This is one of the Bonds described in the within-mentioned Restated Indenture.

THE CHASE MANHATTAN BANK,
As Trustee,

By
Authorized Officer

Section 2.02. Issuance of Bonds—Limitations. The aggregate principal amount of Bonds which may be authenticated and delivered and outstanding under this Restated Indenture is not limited, except as hereinafter in Articles Three, Four, Five and Six provided. The power of the Company to issue Bonds hereunder may be exercised from time to time whenever Bonds may be authenticated and delivered in accordance with Articles Three, Four, Five or Six; and this Restated Indenture shall be and constitute a continuing Lien to secure the full final payment of the principal of and interest on all Bonds which may, from time to time, be executed, authenticated and delivered hereunder, and issued by the Company.

Section 2.03. Registered Bonds. The Bonds issuable under this Restated Indenture shall be issued as registered Bonds in series as from time to time shall be authorized by the Board of Directors of the Company.

Section 2.04. Naming Series of Bonds. The Bonds of all series shall be known and entitled generally as the "First Mortgage Bonds" of the Company. With respect to the Bonds of any particular series, the Company may incorporate in the general title of such Bonds the rate of interest borne by the Bonds of such series, the maturity date or any other words or figures descriptive thereof or of the security thereof or distinctive or definitive of such series, as the

Board of Directors of the Company may determine.

Section 2.05. New Bonds—Optional Provisions. The Bonds of each series shall bear such date or dates, shall be payable at such place or places, shall be transferable or registerable at such place or places, shall mature on such date, or in the case of serial maturities on such dates, shall bear interest at such rate, or in the case of serial maturities at such rates, payable in such installments and on such dates, and may be redeemable before maturity at such price or prices and upon such ter ms and conditions, as shall be fixed and determined by the Board of Directors of the Company, and as shall be appropriately expressed in the Bonds of such series. The Company may, at the time of the creation of any particular series of Bonds or at any time thereafter, make, and the Bonds of such series may contain any or all of the following:

A. Provision for the payment of the principal of and/or the interest on the Bonds of such series without deduction for specified taxes, assessments or other governmental charges;

B. Provision for refunding or reimbursing to the holders of the Bonds of such series, specified taxes, assessments or other governmental charges, but the obligation of the Company to refund or reimburse any such taxes, assessments or other governmental charges shall not be deemed to be a part of the indebtedness secured by this Restate d Indenture;

C. Provision for the exchange or conversion of the Bonds of such series for or into new Bonds issuable hereunder of a different series and/or shares of stock of the Company and/or other securities;

D. Provision for a sinking, amortization, improvement, renewal or other analogous fund; and

E. Provision limiting the aggregate principal amount of the Bonds of such series;

all to such extent, at such times and upon such terms and conditions as the Board of Directors of the Company may determine and fix. All Bonds of the same series shall be identical as to date of maturity, rate of interest, and terms of redemption if redeemable, except that in the case of serial maturities, they may be of different maturity dates, rates of interest and terms of redemption.

Each new series of Bonds shall be created by an indenture supplemental to the Restated Indenture hereto authorized by a Resolution of the Board delivered to the Trustee.

The Bonds of each series shall be substantially in the form as provided

at Section 2.01 hereofwith such omissions, variations and insertions as are permitted by this Restated Indenture, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon, as may be required to comply with the rules of any securities exchange or to conform to any usage in respect thereof, or as may, consistently herewith, be prescribed by the Board of Directors of the Company. The form of the Bonds of each new series shall be established by the indenture supplemental hereto creating such series as hereinabove provided.

Section 2.06. Denominations and Interest Rates. The Bonds of each new series shall be issued in such denominations as the Board of Directors of the Company may determine. The Bonds shall bear interest from, and shall be dated as of, the interest date next preceding the date on which the same shall be authenticated by the Trustee, or, if such date of authentication shall be an interest date, such Bonds shall bear interest from, and shall be dated as of, such interest date, or, if such date of authentication shall be a date prior to the first interest payment date for Bonds of the series being authenticated, such Bonds shall bear interest from, and shall be dated as of, the commencement of the first interest period for such series; provided, however , that, if at the time of authentication of any Bond of any series, interest is in default on outstanding Bonds of such series, such Bond shall bear interest from, and shall be dated as of, the interest date for such series to which interest has previously been paid or made available for payment on outstanding Bonds of such series.

Section 2.07. Exchange of Bonds. If and to the extent that the Company, by Resolution of the Board delivered to the Trustee, or by an indenture supplemental hereto authorized by like resolution, shall so determine, either at the time of the creation of any series of Bonds or at any time thereafter, Bonds of such series may, a t the option of the holders thereof, and upon the surrender thereof to the Trustee, be exchanged for Bonds of the same series of the same aggregate principal amount, but of a different authorized denomination or denominations. All Bonds surrendered for exchange shall be accompanied by a written instrument of transfer, in form approved by the Company, executed by the registered owner in person or by attorney authorized in writing. All Bonds so surrendered shall be forthwith canceled by the Trustee. All Bonds executed,

authenticated and delivered in exchange for Bonds so surrendered shall be the valid obligations of the Company, evidencing the same debt as the Bonds surrendered, and shall be secured by the Lien of this Restated Indenture and entitled to all of the benefits and protection hereof to the same extent as the Bonds in exchange for which they shall be executed, authenticated and delivered. Any such exchange of Bonds shall be subject to payment of the charges set forth in Section 2.12.

Section 2.08. Execution of Bonds. From tim e to time the Bonds issuable hereunder shall be executed on behalf of the Company by its Chairman of the Board, President or a Vice-President, under its corporate seal attested by its Secretary or an Assistant Secretary, or by such other form of execution as may be prescribed in accordance with applicable law by a Resolution of the Board delivered to the Trustee. The corporate seal of the Company may be affixed to any Bond by printing, engraving, lithographing, stamping or otherwise making, placing or affixing, or causing to be printed, engraved, lithographed, stamped or otherwise made, placed or affixed, upon such Bond, by any process whatsoever, any impression, facsimile or other representation of said corporate seal. In case any officer of the Company who shall have signed or sealed any Bond shall cease to be such officer of the Company before the Bond so signed or sealed shall have been actually authenticated and delivered by the Trustee, such Bond, nevertheless, may be authenticated and delivered and is sued as though the person who had signed or sealed such Bond had not ceased to be an officer of the Company; and also any Bond may be signed and sealed on behalf of the

Company by such person as at the actual date of the execution of such Bond shall be the proper officer of the Company, although at the date of such Bond such person shall not have been an officer of the Company.

Section 2.09. Authentication of Bonds. The Bonds when executed shall be delivered to the Trustee for authentication by it; and the Trustee shall authenticate and deliver said Bonds as in this Restated Indenture provided and not otherwise. Only such Bonds as shall bear thereon a certificate of authentication substantially in the form at Section 2.01 and executed by the Trustee, shall be secured by this Restated Indenture or be entitled to any Lien, right or benefit hereunder. No Bond shall be valid or become obligatory for any purpose until such certificate of authentication shall have been duly executed on such Bond; and such authentication by the Trustee upon any Bond shall be conclusive evidence and the only evidence that the Board so authenticated has been duly issued hereunder.

Section 2.10. Temporary Bonds and Exchange. Pending the preparation of definitive Bonds of any series the Company may execute, and the Trustee shall authenticate and deliver, in lieu of such definitive Bonds and subject to the same provisions, limitations and conditions, one or more temporary printed, lithographed or typewritten Bonds, of any denomination specified in the Written Order of the Company for the authentication and delivery thereof, substantially of the tenor of the Bonds to be issued as hereinbefore recited, with such omissions, insertions and variations as the officers executing such Bonds may determine. The Company shall without unreasonable delay, at its own expense, prepare, execute and deliver to the Trustee, and thereupon, upon the surrender of temporary Bonds, the Trustee shall deliver in exchange therefor, definitive authenticated Bonds of the same series and for the same principal amount in the aggregate as the temporary Bonds surrendered. Definitive Bonds may be in the form of fully engraved Bonds or printed or lithographed Bonds on steel engraved borders. All temporary Bonds so surrendered, whether in exchange for definitive

Bonds or for other temporary Bonds, shall be forthwith canceled by the Trustee. Until exchanged for definitive Bonds, each of the temporary Bonds shall in all respects be entitled to the Lien and security of this Restated Indenture, and interest thereon, when and as payable, shall be paid to the registered owner of such Bond.

Section 2.11. Registrar and Registration. The Trustee shall be deemed to be and is hereby appointed by the Company a Registrar of Bonds issued hereunder, for the purpose of registering and transferring al l Bonds issued hereunder and entitled to be so registered or transferred, and the Company shall keep or cause to be kept at the principal office of the Trustee, books for the registration and transfer of Bonds issued hereunder; and, upon presentation for such purpose, the Company shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred therein, any of the Bonds issued hereunder and entitled to be so registered or transferred.

Whenever the registered owner of any registered Bond shall surrender the same to the Company for transfer at said principal office of the Trustee, together with a written instrument of transfer in form approved by the Company, executed by such registered owner in person, or by attorn ey authorized in writing, the Company shall execute, and the Trustee shall authenticate, and the Company shall deliver in exchange therefor a new registered Bond or Bonds of the same series, for the same aggregate principal amount. All Bonds so surrendered shall be forthwith canceled by the Trustee.

The Company shall not be required to make transfers of Bonds as provided in this Section for a period of two days next preceding any interest payment date but shall not be prohibited hereby from so doing.

Similar books may also be kept at such other place or places as the Board of Directors of the Company may determine for the registration and transfer of the Bonds of any particular series, open at all times to inspection by the Trustee, in which the Bonds of such series may be registered and transferred as in this Section provided; and such other place or places may (but need not) be appropriately recited in the Bonds of such series.

The Company and the Trustee may deem and treat the person in whose name any Bond sh all be registered upon the books of the Company as hereinbefore provided, as the absolute owner of such Bond for the purpose of receiving payment of or on account of the principal of and interest on such Bond and, subject to the provisions of Subdivision (b) of Section 9.17, for all other purposes; and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

Neither the Company nor the Trustee shall be bound to recognize any person as the holder of a Bond outstanding hereunder unless and until his Bond is submitted for ins pection, if required, and his title thereto satisfactorily established, if disputed.

Section 2.12. Governmental Charges. For any exchange of Bonds for Bonds of another denomination, or for any transfer of any Bond, the Company at its option may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge incident thereto, and in addition thereto, a further sum not exceeding $2 for each new Bond, if any, issued upon such exchange or transfer.

Sect ion 2.13. Bonds Without Certificates Allowed. The Company may issue

Bonds without certificates and under a noncertificated system of registration for any series of Bonds as authorized by the Trustee.

Section 2.14. Replacement of Bonds. In case any Bond shall be mutilated, lost, stolen or destroyed, then, upon the production of such mutilated Bond, or upon receipt of evidence satisfactory to the Company and the Trustee of the loss, theft or destruction of such Bond and of the ownership and authenticity thereof, and upon receipt also of indemnity satisfactory to each of them, the Company in its discretion may execute, and thereupon the Trustee shall authenticate and deliver a new bond of like tenor in exchange for, and upon cancellation of, the mutilated Bond or in lieu of the Bond so lost, stolen or destroyed; or, if any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, instead of issuing a new Bond, the Compan y, with the consent of the Trustee, may pay the same without surrender thereof, in the case of any such lost, stolen or destroyed Bond. Any new Bond issued under this Section in lieu of any Bond alleged to have been lost, stolen or destroyed shall constitute an original contractual obligation of the Company, whether or not the Bond alleged to have been lost, stolen or destroyed be at any time enforceable by anyone; and such new Bond shall be entitled to the benefits of this Restated Indenture equally and ratably with all other Bonds issued hereunder (subject to the provisions of Section 9.02). The Company and the Trustee, in their discretion, may place upon any such new Bond a distinguishing mark or a legend to comply with the rules of any securities exchange or to conform to any usage with respect thereto, but such mark or legend shall in no wise affect the validity of such new Bond. The Company may at its option require the payment of a sum sufficient to reimburse it for any stamp tax or other go vernmental charge, and any expenses incurred by the Company or the Trustee in connection with the issuance of any such new Bond, and also a further sum not exceeding $2 for each such new Bond.

ARTICLE THREE

EXISTING BONDS

Section 3.01. Series Y Bonds. First Mortgage Bonds, Series Y, 9.49%, due June 15, 2018 (the “Series Y Bonds”), have been duly issued and are presently outstanding and secured by the Restated Ind enture in the principal amount outstanding of $5,420,000.

A. Attached to this Restated Indenture as Exhibit B is a copy of the Bond form setting forth the interest rate and other terms and conditions of the Series Y Bonds.

B. The Series Y Bonds shall be redeemable (except as otherwise provided in the following Paragraphs C or F of this Section 3.01) at the option of the Company, at any time and from time to time, in whole or in part, on or after June 15, 1991, in the manner and upon the notice provided i n Article Ten of the Restated Indenture, at the redemption prices, and subject to the conditions set forth in Exhibit B, together, in each case, with accrued interest to the redemption date. In the case of any redemption of Series Y Bonds for which the Make-Whole Premium set forth in Exhibit B may be payable, the Company will give written notice to the registered owners of the Series Y Bonds to be redeemed, and to the Trustee, by telecopy or other same-day written communication, three business days prior to the date fixed for redemption, which notice shall set forth the Make-Whole Premium, if any, applicable to the Series Y Bonds to be redeemed, and the calculations used to determine the amount of such premium.

C. Any monies applied to the redemption of Series Y Bonds pursuant to the provisions of Section 8.08(a) of the Restated Indenture on or after June 15, 1991 and on or before June 14, 2008, and any monies applied to the redemption of Series Y Bonds pursuant to the

provisions of Section 8.08(b) of the Restated Indenture on or before June 14, 2008, shall be so applied at a redemption price equal to 100% of the principal amount of the Series Y Bonds to be redeemed, plus accrued interest to the redemption date, plus an amount equal to the Make-Whole Premium set forth in the form of the Series Y Bonds provided in Exhibit B. Monies applied to the redemption of Series Y Bonds pursuant to the provisions of Section 8.08(a) or Section 8.08(b) of the Restated Indenture on or after June 15, 2008, shall be applied at a redemption price equal to the applicable percentage of the principal amount of the Series Y Bonds to be redeemed set forth in Exhibit B plus accrued interest to the re demption date.

D. As a sinking fund for the retirement of Series Y Bonds, so long as any of the Series Y Bonds shall be outstanding, the Company will deposit with the Trustee on June 14, 1998, and annually thereafter on each June 14 to and including June 14, 2017 (each such date being herein sometimes referred to as a “Series Y Sinking Fund Payment Date”), cash in an amount sufficient for the redemption of $290,000 aggregate principal amount of Series Y Bonds on the next ensuing June 15 at a redemption price of 100% of the principal amount thereof, together, in each case, with accrued interest to the redemption date, and thereupon the Trustee shall apply such cash to the redemption of said aggregate principal amount of the Bonds of said series on said next ensuing June 15. Any redemption of less than all of the Series Y Bonds shall not relieve the Company of its obligation to redeem Series Y Bonds in accordance with the requirements of this Paragraph D.

E. In addition to the mandatory sinking fund payments required by Paragraph D, on June 15, 2008 and on any Series Y Sinking Fund Payment Date thereafter, the Company shall have the option to double the mandatory sinking fund payment as long as the aggregate principal amount of the Series Y Bonds retired pursuant to this Paragraph E does not exceed twenty-five percent (25%) of the original principal amount of the Series Y Bonds. Any redemption pursuant to this Paragraph E shall be at a redemption price of 1 00% of the principal amount of the Series Y Bonds to be redeemed, together in each case, with accrued interest to the redemption date. Moneys deposited with the Trustee pursuant to this Paragraph E shall be applied by the Trustee to the redemption of Series Y Bonds on the next ensuing June 15. In the event

the Company shall elect to redeem Series Y Bonds pursuant to the provisions of this Paragraph E, the Company shall give written notice of such election to the Trustee on or before the 55th day prior to the applicable Series Y Sinking Fund Payment Date.

F. Whenever the Trustee shall be required to redeem Bonds pursuant to the provisions of Paragraphs D and E of this Section 3.01, the Trustee shall, on or before the 45th day prior to the Series Y Sinking Fund Payment Date, proceed to select for redemption, fro m the Bonds of said series, in the manner provided in Paragraph G of Section 3.01, the aggregate principal amount of Bonds of said series required by the provisions of Paragraphs D and E to be redeemed by application of the cash to be paid to the Trustee on said Series Y Sinking Fund Payment Date, and for and on behalf of the Company and in the name of the Company, the Trustee shall give notice, as required by the provisions of Article Ten of the Restated Indenture, of the redemption for the Series Y Sinking Fund of the Bonds so selected. Subject to the provisions of this Article, the redemption of such Bonds shall be effected in the manner and upon the terms provided in Section 10.03 of the Restated Indenture at the sinking fund redemption price of 100% of the principal amount thereof, together, in each case, with accrued interest to the redemption date.

G. Notwithstanding the provisions of Section 10.03 of the Restated Indenture, in case of the redemption at any time of less than all the outstanding Series Y Bonds, the particular Bonds or parts thereof to be redeemed shall be selected by the Trustee from the outstanding Series Y Bonds not previously called for redemption as nearly as practicable pro rata among the registered holders of the Series Y Bonds according to the respective principal amounts of such Bonds, provided that the portions of the principal of Series Y Bonds at any time so selected for redemption in part shall be equal to $1,000 or an integral multiple thereof.

H. The Company further covenants that so long as any Series Y Bonds shall remain outstanding, the Company will not, without the consent of the holder of each of the Series Y Bonds, revise the original schedule of sinking fund payments as provided in Paragraph D of Section 3.01 or modify any of the redemption prices for the Series Y Bonds as provided in Exhibit B. The provisions of this covenant can only be modified, amended or otherwise waived with approval from all of the holders of Series Y Bonds outstanding, excluding any Series Y Bonds held by the Company.

Section 3.02. Series Z Bond s. First Mortgage Bonds, Series Z, 9.35%, due May 29, 2021 (the “Series Z Bonds”), have been duly issued and are presently outstanding and secured by the Restated Indenture in the principal amount outstanding of $35,000,000. The terms and conditions of the Series Z Bonds are as follows:

A. Attached to this Restated Indenture as Exhibit C is a copy of the Bond form setting forth the interest rate and other terms and conditions of the Series Z Bonds.

B. The Series Z Bonds shall be redeemable (except as otherwise provided in the last sentence of this Paragraph B or in Paragraph F of this Section 3.02) at the option of the Company, at any time and from time to time, in whole or in part, on or after May 29, 2010, in the manner and upon the notice provided in Article Ten of this Restated Indenture, at the redemption prices, and subject to the conditions, set forth in the form at Exhibit C, together, in each case, with accrued interest to the redemption date.

C. An y monies applied to the redemption of Bonds of Series Z pursuant to the provisions of Section 8.08 of this Restated Indenture before May 29, 2010, shall be so applied at a redemption price equal to 100% of the principal amount of the Bonds of Series Z to be redeemed, plus accrued interest to the redemption date, plus an amount equal to the Make-Whole Premium as provided in this Paragraph C. Monies applied to the redemption of Series Z Bonds pursuant to the provisions of Section 8.08 of the Restated Indenture on or after May 29, 2010, shall be applied at a redemption price equal to the applicable percentage of the principal amount of the Series Z Bonds to be redeemed set forth in the form at Exhibit C plus accrued interest to the redemption date.

The “Make-Whole Premium” shall mean the product of the excess, if any, of (a) the present value as of the date of redemption of all remaining scheduled principal and interest payments, including the principal payment at final maturity and the remaining scheduled interest payments on the Series Z Bonds (determined by discounting such amounts at the Reinvestment Yield from the respective dates on which such principal and interest payments are payable), minus 100% of the principal amount of the outstanding Series Z Bonds, times (b) a fraction, the numerator of which is the principal amount of the Series Z Bonds being redeemed on such date pursuant to this Section and the denominator of which is 100% of the principal amount of the then outstanding Series Z Bonds.

“Reinvestment Yield” shall mean the rate published in the weekly statistical release designated H.15(519) of the Federal Reserve System under the caption “U.S. Government Securities-Treasury Constant Maturities” (“the Statistical Release”) (or if the Statistical Release is not published, such reasonably comparable index as may be designated by the holders of 66-2/3% in aggregate principal amount of the Series Z Bonds outstanding) for the maturity corresponding to the remaining Average Term to Maturity of the Series Z Bonds as of the date of redemption, rounded to the nearest month. If no maturity exactly corresponds to such Average Term to Maturity of the Series Z Bonds, yields for the terms just before and just after the Average Term to Maturity of the Series Z Bonds

shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Yield will be interpolated from such yields on a straight-line basis, rounding each of the relevant periods to the nearest month. For the purposes of calculating the Reinvestment Yield, the most recent Statistical Release published prior to the date of determination hereunder shall be used.

"Average Term to Maturity" shall mean, as of the time of determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of the Ser ies Z Bonds by the then outstanding principal amount of the Series Z Bonds. The term "Remaining Dollar-Years of the Series Z Bonds" shall mean the amount obtained by (1) multiplying the amount of each of the then remaining scheduled principal and interest payments, including the principal payments at final maturity, by the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination of the Average Term to Maturity of the Series Z Bonds and the date of each particular scheduled principal and interest payment and (2) totaling all products obtained in (1).

The Trustee may require the Company to certify to the Trustee in writing the calculation of the amount of any Make-Whole Premium to be paid under Section 8.08 of the Restated Indenture and this Paragraph C; and without limiting the other indemnities provided to the Trustee, the Company shall indemnify and save the Trustee harmless from any costs and liabilities incurred by the Trustee in relying on the Company's certification in making payment.

D. Notwithstanding the provisions of Section 10.03 of the Restated Indenture, in case of the redemption at any time of less than all the outstanding Series Z Bonds, the particular Bonds or parts thereof to be redeemed shall be selected by the Trustee from the outstanding Series Z Bonds not previously called for redemption as nearly as practicable pro rata among the registered holders of the Series Z Bonds according to the respective principal amounts of such Bonds, provided that the portions of the principal of Series Z Bonds at any time so selected for redemption in part shall be equal to $1,000 or an integral multiple thereof.

E. As a sinking fund for the retirement of Series Z Bonds, so long as any of the Series Z Bonds shall be outstanding, the Company will deposit with the Trustee on May 28, 2001, and annually thereafter on each May 28 to and including May 28, 2020 (each such date being herein sometimes referred to as a "Series Z Sinking Fund Payment Date"), cash in an amount sufficient for the redemption of $1,700,000 aggregate principal amount of Series Z Bonds on May 29, 2001, and of $1,665,000 aggregate principal amount of Series Z Bonds on May 29, 2002 and on each next ensuing May 29 up to and including May 29, 2020 at a redemption price of 100% of the principal amount thereof, together, in each case, with accrued interest to the redemption date, and thereupon the Trustee shall apply such cash to the redemption of s aid aggregate principal amount of the Bonds of said series on said next ensuing May 29. Any redemption of less than all of the Series Z Bonds shall not relieve the Company of its obligation to redeem Series Z Bonds in accordance with the requirements of this Paragraph E.

F. Whenever the Trustee shall be required to redeem Bonds pursuant to the provisions of Paragraph E of this Section 3.02, the Trustee shall, on or before the 45th day prior to the Series Z Sinking Fund Payment Date, proceed to select for redemption, from the Bonds of said series, in the manner provided in Paragraph D of this Section 3.02, the aggregate principal amount of Bonds of said series required by the provisions of said Paragraph E to be redeemed by application of the cash to be paid to the Trustee on said Series Z Sinking Fund Payment Date, and for and on behalf of the Company and in the name of the Company, the Trustee shall give notice, as required by the provisions of Article Ten of the Restated Indenture, of the redemption for the Series Z Sinking Fund of the Bonds so selected. Subject to the provisions of this Section 3.02, the redemption of such Bonds shall be effected in the manner and upon the terms provided in Section 10.03 of the Restated Indenture at the sinking fund redemption price of 100% of the principal amount thereof, together, in each case, with accrued interest to the redemption date.

G. The Company further covenants that so long as any Series Z Bonds shall remain outstanding, the Company will not, without the consent of the holder of each of the Series Z Bonds, revise the original schedule of sinking fund payments as provided in Paragraph E of this Section 3.02 or modify any of the redemption prices for the Series Z Bonds as provided in the form at Exhibit C. The provisions of this covenant can only be modified, amended or otherwise waived with approval from all of the holders of Series Z Bonds outstanding, excluding any Series Z Bonds held by the Company.

Section 3.03. Series AA Bonds. First Mortgage Bonds, Series AA, 9%, due September 1, 2003 (the "Series AA Bonds"), have been duly issued and are presently outstanding and secured by the Restated Indenture in the principal amount outstanding of $4,254,946. The terms and conditions of the Series AA Bonds are as follows:

A. Attached to this Restated Indenture as Exhibit D is a copy of the Bond form setting forth the interest rate and other terms and conditions of the Series AA Bonds.

B. Reference in Exhibit D to Section 8.08 of the Indenture and the Make-Whole Premium as provided in Section 1.01 of the Supplemental Indenture dated as of June 1, 1991, now refers to Section 8.08 of this Restated Indenture and the following Paragraph C, respectively.

C. The Series AA Bonds shall not be subject to redemption prior to maturity; provided, the Series AA Bonds are subject to redemption in whole or in part pursuant to Section 8.08 of the Restated Indenture by application of monies deposited with the Trustee in certain cases for the release of properties from the Lien of the

Restated Indenture, all subject to the conditions and as more fully set forth in the Restated Indenture, at any time upon notice as required by the above Bond form at a redemption price equal to 100% of the principal amount of the Series AA Bonds to be redeemed, plus accrued interest to the redemption date, plus an amount equal to the Make-Whole Premium as provided in this Paragraph C.

The "Make-Whole Premium" shall mean the product of the excess, if any, of (a) the present value as of the date of redemption of all remainin g scheduled principal and interest payments, including the principal payment at final maturity and the remaining scheduled interest payments on the Series AA Bonds (determined by discounting on a semi-annual basis such amounts at the Reinvestment Yield from the respective dates on which such principal and interest payments are payable), minus 100% of the principal amount of the outstanding Series AA Bonds, times (b) a fraction, the numerator of which is the principal amount of the Series AA Bonds being redeemed on such date pursuant to this Section 3.03 and the denominator of which is 100% of the principal amount of the then outstanding Series AA Bonds.

"Reinvestment Yield" shall mean the rate published in the weekly statistical release designated H.15(519) of the Federal Reserve System under the caption "U.S. Government Securities-Treasury Constant Maturities" ("the Statistical Release") (or if the Statistical Release is not published, such reasonably comparable index as may be designated by the holders of 66-2/3% in aggregate principal amount of the Series AA Bonds outstanding) for the maturity corresponding to the remaining Average Term to Maturity of the Series AA Bonds as of the date of redemption, rounded to the nearest month. If no maturity exactly corresponds to such Average Term to Maturity of the Series AA Bonds, yields for the terms just before and just after the Aver age Term to Maturity of the Series AA Bonds shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Yield will be interpolated from such yields on a straight-line basis, rounding each of the relevant periods to the nearest month. For the purposes of calculating the Reinvestment Yield, the most recent Statistical Release published prior to the date of determination hereunder shall be used.

"Average Term to Maturity" shall mean, as of the time of determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of the Series AA Bonds by the then outstanding principal amount of the Series AA Bonds. The term "Remaining Dollar-Years of the Series AA Bonds" shall mean the amount obtained by (1) multiplying the amount of each

of the then remaining scheduled principal and interest payments, including the principal payments at final maturity, by the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination of the Average Term to Maturity of the Series AA Bonds and the date of each particular scheduled principal and interest payment and (2) totaling all products obtained in (1).

The Trustee may require the Company to certify to the Trustee in writing the calculation of the amount of any Make-Whole Premium to be paid under Section 8.08 of the Restated Indenture and this Paragraph C; and without limiting the other indemnities provided to the Trustee, the Company shall indemnify and save the Trustee harmless from any costs and liabilities incurred by the Trustee in relying on the Company's certification in making payment.

D. Notwithstanding the provisions of Section 10.03 of the Restated Indenture, in case of the redemption at any time of less than all the outstanding Series AA Bonds, the particular Bonds or parts thereof to be redeemed shall be selected by the Trustee from the outstanding Series AA Bonds not previously called for redemption as nearly as practicable pro rata among the registered holders of the Series AA Bonds according to the respe ctive principal amounts of such Bonds, provided that the portions of the principal of Series AA Bonds at any time so selected for redemption in part shall be equal to $1,000 or a multiple thereof.

Section 3.04. Series AB Bonds. First Mortgage Bonds, Series AB, 8.30%, due September 1, 2024 (the "Series AB Bonds"), have been duly issued and are presently outstanding and secured by the Restated Indenture in the principal amount outstanding of $45,000,000. The terms and conditions of the Series AB Bonds are as follows:

A. Attached to this Restated Indenture as Exhibit E is a copy of the Bond form setting forth the interest rate and other terms and conditions of the Se ries AB Bonds.

B. Reference in Exhibit E to Sections 8.05 and 8.08 of the Indenture now refers to Sections 8.05 and 8.08 of this Restated Indenture.

C. The Series AB Bonds shall be redeemable at the option of the Company at any time and from time to time, in whole or in part, on and after September 1, 2004, in the manner and upon the notice provided in Article Ten of the Restated Indenture, at the redemption price as set forth in the form of Series AB Bonds, Exhibit E, together in each case, wi th accrued interest to the redemption date.

D. Notwithstanding the provisions of Section 10.03 of the Restated Indenture, in case of the redemption at any time of less than all of the outstanding Series AB Bonds, the particular Bonds or parts thereof to be redeemed shall be selected by the Trustee from the outstanding Series AB Bonds not previously called for redemption as nearly as practicable pro rata among the registered holders of the Series AB Bonds, according to the respective principal amounts of such Bonds, provided that the portions of the principal of Series AB Bonds at any time so selected for redemption in part shall be equal to $1,000 or a multiple thereof.

E. Notwithstanding that Section 8.05 of the Restated Indenture authorizes the Company to request the Trustee to apply Trust Monies toward the redemption of Bonds to be selected by the Company, the Company does hereby covenant that the Company will not request the Trustee to apply any Trust Monies to the redemption of the Series AB Bonds prior to September 1, 2004.

Section 3.05. Series AC Bonds. First Mortgage Bonds, Series AC, 8.06%, due February 1, 2010 (the "Series AC Bonds"), have been duly issued and are presently outstanding and secured by the Restated Indenture in the principal amount outstanding of $30,000,000. The terms and conditions of the Series AC Bonds are as follows:

A. Attached to this Restated Indenture as Exhibit F is a copy of the Bond form setting forth the interest rate and other terms and conditions of the Series AC Bonds.

B. Reference to Section 8.08 of the Indenture now refers to Section 8.08 of this Restated Indenture.
< font size="2" face="Times New Roman" style="font-size:10.0pt;">
C. The Series AC Bonds shall not be redeemable at the option of the Company as a whole or in part at any time.

D. The holders of the Series AC Bonds shall have the option to require the Company to redeem all or any portion (in integral multiples of $1,000) on February 1, 2002 (the "Redemption Day") at a Redemption Price equal to 100% of the principal thereof to be redeemed, plus interest accrued, if any, to the Redemption Day. To exercise such option, the Holder shall deliver or cause to be delivered to the Trustee, and the Trustee shall receive at its office in the Borough of Manhattan, City of New York, during the period beginning December 1, 2001 and ending at 5:00 P.M. (New York City time) on December 31, 2001 (or, if December 31, 2001 is not a business day, on the next succeeding business day), those Series AC B onds which the Holder desires to redeem with the form entitled "Option to Require Redemption on February 1, 2002" on the reverse side thereof duly completed. Any such exercise of such option shall be irrevocable. All questions as to the validity, form, eligibility (including timely receipt) and acceptance of Series AC Bonds for redemption will be determined by the Company, whose determination shall be final and binding.

E. Notwithstanding the provisions of Section 10.03 of the Restated Indenture, in case of the redemption at any time of less than all of the outstanding Series AC Bonds, the particular Bonds or parts thereof to be redeemed shall be selected by the Trustee from the outstanding Series AC Bonds not previously called for redempti on as nearly as practicable, pro rata among the registered holders of the Series AC Bonds, according to the respective principal amounts of such Bonds, and provided that the portions of the principal of Series AC Bonds at any time so selected for redemption in part shall be equal to $1,000 or a multiple thereof.

F. Notwithstanding that Section 8.05 of the Restated Indenture authorizes the Company to request the Trustee to apply Trust Monies toward the redemption of Bonds to be selected by the Company, the Company does hereby covenant that the Company will not request the Trustee to apply any Trust Monies to the redemption of the Series AC Bonds prior to February 1, 2010.

Section 3.06. Series AD Bonds. First Mortgage Bonds, Series AD, 6.50%, due July 15, 2002 (the "Series AD Bon ds"), have been duly issued and are presently outstanding and secured by the Restated Indenture in the principal amount outstanding of $15,000,000. The terms and conditions of the Series AD Bonds are as follows:

A. Attached to this Restated Indenture as Exhibit G is a copy of the Bond form setting forth the interest rate and other terms and conditions of the Series AD Bonds.

B. Reference to Sections 8.05 and 8.08 of the Indenture now refers to Sections 8.05 and 8.08 of this Resta ted Indenture.

C. The Series AD Bonds are not redeemable at the option of the Company as a whole or in part at any time.

D. Notwithstanding the provisions of Section 10.03 of the Restated Indenture, in case of the redemption at any time of less than all of the outstanding Series AD Bonds, the particular Bonds or parts thereof to be redeemed shall be selected by the Trustee from the outstanding Series AD Bonds not previously called for redemption as nearly as practicable, pro rata among the registered holders of the Series AD Bonds, according to the respective principal amounts of such Bonds, and provided that the portions of the principal of Series AD Bonds at any time so selected for redemption in part shall be equal to $1,000 or a multiple thereof.

E. Notwithstanding that Section 8.05 of the Restated Indenture authorizes the Company to request the Trustee to apply Trust Monies toward the redemption of Bonds to be selected by the Company, the Company does hereby covenant that the Company will not request the Trustee to apply any Trust Monies to the redemption of the Series AD Bonds prior to July 15, 2002.

Section 3.07. Indemnity of Trustee. Without limiting the other indemnities provided to the Trustee, the Company shall indemnify and save the Trustee harmless from any liabilities and costs incurred by the Trustee arising out of the making of the final payment when due of the principal owing on any of the Series Z Bonds, Series AA Bonds, Series AB Bonds, Series AC Bonds and Series AD Bonds without the surrender of such Bond to the Trustee.

Section 3.08. Registrar of Existing Bonds. The Trustee is hereby appointed Registrar in respect of the Series Y Bonds, Series Z Bonds, Series AA Bonds, Series AB Bonds, Series AC Bonds and Series AD Bonds, and the principal corporate trust office of the Trustee in the Borough of Manhattan, the City

of New York, hereby designated as the office or agency of the Company in said

Borough where notices or demands in respect of said series of Bonds may be served.

Section 3.09. Exchange of Bonds. Subject to Section 2.12 of the Restated Indenture, all definitive Series Y Bonds, Series Z Bonds, Series AA Bonds, Series AB Bonds, Series AC Bonds and Series AD Bonds shall, upon surrender thereof to the Trustee at its principal office, be exchangeable for other Bonds of the same series, respectively, in registered form and in such authorized denomination or denominations in the same aggregate pri ncipal amount, as may be requested by the Holder surrendering the same. The Company will execute and the Trustee shall authenticate and deliver registered Series Y Bonds, Series Z Bonds, Series AA Bonds, Series AB Bonds, Series AC Bonds and Series AD Bonds whenever the same shall be required for any such exchange.

Section 3.10. Compliance with Covenants. The Company covenants that so long as any Series Y Bonds, Series Z Bonds, Series AA Bonds, Series AB Bonds, Series AC Bonds and Series AD Bonds remain outstanding, it will comply with the covenants contained in Sections 9.14 and 9.18 of the Restated Indenture.

ARTICLE FOUR

AUTHENTICATION AND DELIVERY OF BONDS
UPON THE BASIS OF PROPERTY ADDITIONS

Section 4.01. Property Additions and Ce rtifiable Net Earnings Defined. The terms in this Section mentioned shall, for all purposes of this Restated Indenture, unless the context shall otherwise require, be taken to have the meanings hereafter set forth.

A. The term “Property Additions” shall mean real estate owned in fee, easements and rights of way in respect of real estate, buildings, electric lines, reservoirs, structures, machinery, meters, equipment and other tangible properties, real, personal or mixed useful to the Company in the Electric Utility Business, including whole or undivided interests in any of such properties purchased, constructed or otherwise acquired by the Company subsequent to October 31, 1941; and the term “Property Additions” shall include

(1) property of the character above described acquired by the Company by merger or consolidation as well as property purchased or constructed by the Company;

(2) new plants and systems of the character above described;

(3) all construction work in progress in the amount as recorded on the books of account of the Company under generally accepted accounting principles;

(4) property of the character above described constructed or acquired to replace an item of property whose retirement has been credited to plant account; and

(5) any Excepted Property and other property of the

Company that the Company elects to be included under the Lien of the Restated Indenture.

If the Company shall, as provided in Article Thirteen, consolidate with or merge into or convey all or substantially all of the Trust Estate as an entirety to any other corporation, and such successor corporation shall execute a supplemental indenture of the character described in Paragraph A of Section 13.02, all property of the character herein described as Property Additions and owned by such successor corporation at the time of such consolidation, merger or conveyance, or acquired by it by such consolidation, merger or conveyance (excluding Bonded Property acquired from the Company), shall be deemed to be Property Additions acquired by such successor corporation at the date upon which it became such successor corporation.

Among other properties not constituting Property Additions under the foregoing provisions, the term “Property Additions” shall not be deemed to include

(6) any item of property constructed or acquired to replace a similar item of property whose retirement has not been credited to plant account; or any property whose cost has been charged, or is properly chargeable, to repairs or maintenance or other operating expense account, or whose cost has not been charged, or is not properly chargeable, to plant account;

(7) any Excepted Property unless the Company elects to cause the Excepted Property to be subject to the Lien of the Restated Indenture; or

(8) going concern value or good will, or franchises or governmental permits granted to or acquired by the Company, separate and distinct from the property operated thereunder.

B. The "Certifiable Net Earnings" of the Company for any particular period shall be computed and ascertained by deducting from the total of the Gross Operating Revenues of the Company for such period the following:

All operating expenses and other proper charges (other than those charged to capital accounts or surplus) including (a) all Federal, state and local taxes (other than taxes in respect of income or profits and other taxes imposed on or measured by income or profits); and (b) rentals, insurance, current repairs and maintenance; but excluding (i)

provisions for reserves for renewals, replacements, depreciation, depletion or retirement of property (or any expenditures therefor), or provisions for amortization of property, (ii) expenses or provisions for interest on any indebtedness of the Company, for the amortization of debt discount, premium, expense or loss on reacquired debt, for any maintenance and replacement, improvement or sinking fund or other device for the retirement of any indebtedness, or for other amortization, (iii) expenses or provisions for any nonrecurring charge to income or to retained earnings of whatever kind or nature (including without limitation the recognition of expense or impairment due to the nonrecoverability of assets or expense), whether or not recorded as a nonrecurring charge in the Company's books of account, and (iv) provisions for any refund of revenues previously collected or accrued by the Company subject to possible refund.

The Gross Operating Revenues of the Company shall consist of Gross Utility Operating Revenues of the Company, plus the Net Non-Operating Income of the Company. The term "Gross Utility Operating Revenues" of the Company shall mean the aggregate gross operating revenues derived from the operation of the utility properties owned or leased by the Company. The term "Net Non-Operating Income" of the Company shall mean net income derived from but not necessarily limited to the following: (a) merchandising, jobbing and contract work; (b) rental of non-utility properties; (c) interest and dividend income including dividends from Subsidiaries; (d) allowance for funds used during construction; and (e) other miscellaneous non-oper ating income; provided, however, that profits or losses resulting from the sale, abandonment or other disposition of capital assets or securities of the Company and the Company's equity in the undistributed earnings of Subsidiaries, shall not be taken into account in the calculation of Net Non-Operating Income.

Subject to the foregoing provisions of this Section, all determinations of earnings pursuant to this Restated Indenture shall be made, and all balance sheets and other financial statements to be delivered hereunder shall be prepared, in accordance with the practice prescribed by any regulatory authority having jurisdiction over the Company or other lawfully prescribed practice or, in the absence of any practice prescribed by law, in accordance with sound accounting practice and, where consistent with such practice and with the foregoing provisions of this Section, on the same basis as that used in preparing the financial statements included in the annual report of the Company for the preceding fiscal year.

Section 4.02. Additional Bonds Under Property Additions. Additional Bonds of any series other than Existing Bonds may at any time and from time to time be executed by the Company and delivered to the Trustee, and thereupon the same shall, subject to the provisions of Sections 4.03 and 4.04, be authenticated and delivered under this Article by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the authentication and delivery pursuant to the provisions of this Article of a specified principal amount of Bonds of a designated series.

B. A PROPERTY ADDITIONS CERTIFICATE of the Company, complying with the provisions of Section 1.02, dated not more than 30 days prior to the application for the authentication and delivery of such Bonds, and signed also (except as to Clauses (2), (4), (5), (7), (11), (12) and (14) of this Paragraph) by an Engineer, setting forth in substance as follows:

(1) That the Company has acquired, by purchase, construction or otherwise, Property Additions, and giving a brief description of such Property Additions and the principal subdivisions of plant account to which the cost of such Property Additions has been charged.

(2) That no part of said Property Additions consists of Bonded Property or is included in any other application or certificate then pending with the Trustee by virtue whereof said Property Additions or any part thereof would become Bonded Property.

(3) Whether the Property Additions described in said Certificate include any additional tract or parcel of real estate, and if so, a separate description of such tract or parcel shall be included in the Certificate.

(4) Whether the Property Additions described in said Certificate, or any part thereof, were, at the time of their acquisition by the Company, subject to a Prior Lien or Liens existing or placed thereon at such time, and, if so, such Certificate shall also state:

(a) the nature and extent of each such Prior Lien and the principal amount of all indebtedness secured thereby at said time;

(b) that all such Prior Liens have, at or prior to the date of the Certificate, become Prepaid Liens or that all indebtedness secured thereby has been satisfied or discharged; and

(c) the aggregate of the amounts expended (excluding any amounts expended in respect of interest or premium) by the Company to cause such Prior Liens to become Prepaid Liens or to procure the satisfaction and discharge of the indebtedness secured thereby.

(5) That there is no outstanding indebtedness of the Company for the purchase price or construction of, or for labor, wages or materials in connection with the construction of, such Property Additions which could become the basis of a lien upon said Property Additions prior to the lien of this Restated Indenture (other than a Prior Lien described as provided in the preceding Clause (4)), which, in the opinion of the signers of said Certificate, might materially impair the security afforded thereby.

(6) Whether any part of the Property Additions described in said Certificate consists of property which, within six month s prior to the date of acquisition thereof by the Company, has been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company; and, if so, such part of said Property Additions shall be separately described, and if such part of said Property Additions shall be shown pursuant to Clause (9) of this Paragraph to have a Fair Value to the Company at least equal to the greater of $25,000 or 1% of the aggregate principal amount of all Bonds at the time outstanding hereunder, than an Independent Engineer’s Certificate shall be required under Clause (1) of Paragraph C of this Section and it shall be requisite for the Company to comply with the provisions of Clause (13) of this Paragraph.

(7) Whether any part of the Property Additions described in said Certificate was acquired from an Affiliate of the Company; and, if so, such Property Additions shall be separately described.

(8) Whether any part of the Property Additions described in said Certificate was acquired by the Company, in whole or in part, for a consideration consisting of securities; and, if so, such Property Additions shall be separately described, and said securities shall also be described.

(9) The Cost to the Company of said Property Additions, and also the Fair Value thereof to the Company at the date of such Certificate as determined by said Engineer; and stating that said Cost and said Fair Value have been computed and ascertained with due regard to the provisions of the respective definitions of those terms in Section 1.01 of the Restated Indenture. If, by virtue of the provisions of the foregoing Clauses (6), (7) and/or (8) of this Paragraph, any of said Property Additions shall be separately described in said Certificate, the Cost and Fair Value to the Company of such Property Additions shall be separately stated; and, in the case of Property Additions of the character described in Clauses (6) and/or (7) of this Paragraph, said Fair Value shall not exceed the value of such Property Additions as stated in the certificate filed with the Trustee pursuant t o Paragraph C of this Section if such a certificate is required

by the provisions of said Paragraph C; and in the case of Property Additions of the character described in Clause (8) of this Paragraph, the portion of the Cost thereof represented by securities shall not exceed the Fair Value of such securities as shown by the Appraiser’s Certificate filed with the Trustee pursuant to Paragraph D of this Section.

(10) That no part of the Property Additions described in said Certificate is property the construction or acquisition of which under the provisions of Section 4.01 is not permitted to be made the basis of the authentication and delivery of Bonds under this Article.

(11) That none of said Property additions is subject to any lien, charge or encumbrance prior to the Lien of this Restated Indenture, except the Prepaid Liens described pursuant to Clause (4) of this Paragraph and Permitted Encumbrances.

(12) Whether there is any unused Additions Credit which the Company desires to use, in whole or in part, as a basis for the authentication and delivery of the Bonds then applied for, and if so, a statement of the entire amount which the Company so desires to use, of each such unused Additions Credit.

(13) If, but only if, it shall, pursuant to Clause (6) of this Paragraph, become requisite for the Company to comply with the provisions of this Clause (13), then such Property Additions Certificate shall state whether any Property Additions previously certified in a Property Additions Certificate filed with the Trustee during the then current calendar year, as a basis for the authentication and delivery of Bonds or the withdrawal of cash from the Trustee or the release of property from the Lien hereof, consist of property which, within six months prior to the respective dates of acquisition thereof by the Company, had been used or operated by others than the Company in a business similar to that in which they are to be used or operated by the Company, but as to which a Certificate of an Independent Engineer has not previously been furnished to the Trustee; and, if so, such previousl y certified Property Additions shall be specified and a reference shall be made to the previous Property Additions Certificate or Certificates whereby such Property Additions were originally certified to the Trustee and there shall be stated the aggregate Fair Value of such Property Additions as shown by such previous Property Additions Certificates, and also the excess, if any, of such aggregate Fair Value over the aggregate Fair Value of such Property Additions as shown by the Independent Engineer's Certificate furnished pursuant to Clause (2) of Paragraph C of this Section (such excess being herein sometimes referred to as the "Fair Value Deficiency").

(14) That the Company is not in default in the performance of any of the covenants on its part to be performed under this Restated Indenture.

C. AN INDEPENDENT ENGINEER'S CERTIFICATE, dated not more than 60 days prior to the application for the authentication and delivery of such Bonds, signed by an Independent Engineer selected by the Company and approved by the Trustee in the exercise of reasonable care, complying with the provisions of Section 1.02,

(1) stating the Fair Value to the Company, in the opinion of the signer, at the date of said Independent Engineer's Certificate, of such part, if any, of such Property Additions as shall have been separately described pursuant to Clause (6) of the foregoing Paragraph B, if, but only if, an Independent Engineer's Certificate shall be required under this Clause (1) by virtue of the provisions of said Clause (6); and

(2) stating the Fair Value to the Company, in the opinion of the signer, of all previously certified Property Additions, if any, which shall have been specified in said Property Additions Certificate pursuant to Clause (13) of the preceding Paragraph B, such Fair Value to be stated as of the date of said Independent Engineer's Certificate; and

(3) stating the Fair Value to the Company, in the opinion of the signer, at the date of said Independent Engineer's Certificate, of such part, if any, of such Property Additions as shall be shown by said Property Additions Certificate to have been acquired from an Affiliate of the Company, if such Property Additions shall be shown by said Property Additions Certificate to have had a Cost to the Company in excess of $100,000, and if the Fair Value thereof shall not have been required to be stated under Clause (1) of this Paragraph C.

No Independent Engineer's Certificate shall be required to be furnished pursuant to this Paragraph C unless necessar y to comply with the requirements of one or more of Clauses (1), (2) and (3) of this Paragraph C.

D. In case any part of such Property Additions is shown by said Property Additions Certificate to have been acquired by the Company, in whole or in part, for a consideration consisting of securities, a CERTIFICATE, complying with the provisions of Section 1.02, signed by an Independent Appraiser selected by the Company and approved by the Trustee in the exercise of reasonable care, stating, in the opinion of the signer, the Fair Value of such securities at the time of the delivery thereof as consideration for the acquisition of such part of such Property Additions.

E. A RETIREMENTS CERTIFICATE of the Company, complying with the provisions of Section 1.02, dated not more than 30 days prior to the application for the authentication and delivery of such Bonds and signed also by an Engineer, setting forth:

(1) The aggregate amount of all Retirements up to the date of said certificate which have not been included in a previous Retirements Certificate filed with the Trustee pursuant to this Section or Sections 5.03 or 8.03, and stating that the amount of such Retirements has been computed as required in the definition of "Retirements" in Section 1.01;

(2) A brief description of such Retirements and the principal subdivisions of plant account to which such Retirements have been or will be credited; and

(3) The amounts (stated separately according to the categories specified in the definition of Retirement Credits in Section 1.01) of all Retirement Credits which, as provided in said definition, may be applied against such Retirements, and stating that such Retirement Credits have been computed as required by said definition.

F. A Net Earnings Certificate of the Company, complying with the provisions of Section 1.02, dated not more than 45 days prior to the application for the authentication and delivery of such Bonds, certified by an Accountant, and setting forth:

(1) The amount of the Certifiable Net Earnings of the Company, for a period of 12 consecutive calendar months within the 18 calendar months immediately preceding the date on which the application for the authentication and delivery of the Bonds is made, and stating separately the Gross Utility Operating Revenues and the Net Non-Operating Income and the operating expenses of the Company and other deductions from such Gross Utility Operating Revenues and Net Non-Operating Income pursuant to Paragraph B of Section 4.01, with the principal subdivisions thereof.

(2) The aggregate amount of the annual "Interest Ch arges on Bonds and Prior Lien Debt" of the Company, which term shall mean the annual interest charges on

(a) all Bonds outstanding hereunder at the date of said Certificate, provided, however, that in the case of any Bonds which shall at such time be pledged as security for any indebtedness of the Company, the amount of the annual interest charges on such pledged Bonds shall be deemed to be either the amount of the annual interest charges on such indebtedness or the amount of the annual interest charges on such pledged Bonds, whichever shall be greater; and

(b) all Bonds the authentication and delivery of which is applied for in such application and in any other pending application; and

(c) all indebtedness secured by a lien upon

the Trust Estate, or any part thereof, prior to the Lien of this Restated Indenture, other than a Prepaid Lien;

provided, however, that there shall be excluded from such computation the annual interest charges on any Bonds or indebtedness which is to be paid, redeemed or otherwise retired, or provision for the retirement of which is to be made, so that the same will cease to be outstanding prior to or concurrently with the authentication and delivery of the Bonds then applied for.

(3) That the amount of the Certifiable Net Earnings of the Company set forth as provided by Clause (1) of this Paragraph have been at least equal to two (2) times the aggregate amount of the annual Interest Charges on Bonds and Prior Lien Debt of the Company as provided by Clause (2) of this Paragraph.

(4) That such Certifiable Net Earnings have been computed and ascertained as provided in Paragraph B of Section 4.01.

If the annual Interest Charges on Bonds and Prior Lien Debt shall be increased after the date of the Earnings Certificate hereinabove in this Paragraph described, and before the authentication and delivery of the Bonds then applied for, the Company will file with the Trustee a new Earnings Certificate showing the amount of said annual Interest Charges on Bonds and Prior Liens as so increased—it being the intention hereof that no Bonds shall be authenticated and delivered under the provisions of this Article, unless the ratio provided for by Clause (3) of this Paragraph shall have been established with respect to the aggregate amount of the annual Interest Charges on Bonds and Prior Liens of the Company as constituted at the time of the authentication and delivery of the Bonds then applied for; but the Trustee shall, subject to the provisions of Section 14.02, be entitled to assum e, in the absence of such new Earnings Certificate, that the aggregate amount of the annual Interest Charges on Bonds and Prior Lien Debt of the Company, as constituted at the time of the authentication and delivery of the Bonds then applied for, are as stated in the Earnings Certificate filed with the Trustee as aforesaid.

The Earnings Certificate provided for in this Paragraph shall be certified by an Independent Public Accountant selected by the Company and approved by the Trustee, in the exercise of reasonable care, if, but only if, the aggregate principal amount of the Bonds to be authenticated and delivered on the basis thereof and of other Bonds authenticated and delivered since the commencement of the then current calendar year (other t han those with respect to which an Earnings Certificate is not required or with respect to which an Earnings

Certificate verified by an Independent Public Accountant has previously been furnished) is 10% or more of the aggregate principal amount of the Bonds at the time outstanding.

G. A summary certificate and computation of the Company complying with the provisions of Section 1.02, determining the Net Bondable Additions in conformity with the provisions of this Restated Indenture.

H. THE MORTGAGES, D EEDS, CONVEYANCES, ASSIGNMENTS, TRANSFERS and INSTRUMENTS OF FURTHER ASSURANCE and the CERTIFICATE or CERTIFICATES and OTHER EVIDENCE, if any, specified in the Opinion of Counsel as provided by Clauses (2), (6) and (7) of the following Paragraph I.

I. An OPINION or OPINIONS OF COUNSEL, complying with the provisions of Section 1.02:

(1) stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and co nstitute sufficient authority under this Restated Indenture for the Trustee to authenticate and deliver the Bonds applied for, and that, upon the basis of the acquisition of the Net Bondable Additions described in and shown by said instruments delivered to the Trustee pursuant to this Section, the Bonds applied for may be lawfully authenticated and delivered under this Article;

(2) specifying the mortgages, deeds, conveyances, assignments, transfers and instruments of further assurance, if any, which will be sufficient to subject to the direct lien of this Restated Indenture the Property Additions described in said Certificate, and stating that upon the recordation or filing in the manner stated in such opinion of the instruments so specified, no further recording or re-recording or filing or refiling of this Restated Indenture or any other instrument is required to maintain the lien of this Restated Indenture upon such Property Additions as against all creditors and subsequent purchasers, or stating what further recordation or filing of this Restated Indenture or any supplemental indenture is or will be necessary for that purpose; or stating that said Property Additions are then subject to the direct Lien of this Restated Indenture and that no such mortgage, de ed, conveyance, transfer or instrument of further assurance is necessary for such purpose;

(3) stating that the Company has a good and valid title to said Property Additions, and that the same and every part thereof is free and clear of all liens, charges and encumbrances prior to the Lien of this Restated Indenture, except Permitted Encumbrances, and except also the Prepaid Liens, if any, mentioned in said Property Additions Certificate and in such case that the nature, extent and amount of such Prepaid Liens are correctly stated in said certificate;

(4) stating that the Company has lawful power to

acquire, own and use said Property Additions in its business; and, to the extent that any franchise, permit, license, right-of-way or easement is necessary for the maintenance and use of such Property Additions, that the Company, either alone or jointly with some other person, lawfully holds such franchises, permits, licenses, rights-of-way and easements, and that each such franchise, permit, license, right-of-way or easement is in the opinion of such counsel adequate for the operations of the Company, and does not contain any provisions materially prejudicial to the interests of the Bondholders;

(5) stating that, since the date of the last previous Opinion of Counsel filed with the Trustee pursuant to this Clause or Clause (4) of Paragraph E of Section 5.01 or 6.01 (or, in the case of the first such opinion, since the date of the execution and delivery hereof), no Bonded Property owned by the Company has become subject to any then subsisting lien or encumbrance (except Permitted Encumbrances) prior to the Lien created by this Restated Indenture for the security of the Bonds whose authentication and delivery is then applied for;

(6) specifying the certificate or other evidence which will be sufficient to show compliance with the requirements, if any, of any mortgage recording tax law or other tax law applicable to the issuance of the Bonds then applied for, or stating that there are no suc h legal requirements; and

(7) specifying the certificate or other evidence which will be sufficient to show the authorization, approval or consent of or to the issuance by the Company of the Bonds then applied for, by any Federal, State or other governmental regulatory body or commission at the time having jurisdiction in the premises, or stating that no such authorization, approval or consent is required.

Section 4.03. Bonds Limited by 70 Percent of Net Bondable Additions. Upon compliance with the provisions of Section 4.02, the Trustee shall authenticate and deliver Bonds in an aggregate principal amount up to, but not exceeding seventy percent (70%) of the amount of Net Bondable Additions shown by the summary certificate and computation filed pursuant to Paragraph G of Section 4.02.

Section 4.04. Additional Bonding Authority Based on Property Additions Certified Prior. Notwithstanding anything in this Restated Indenture to the contrary, upon the Written Order of the Company, the Trustee shall authenticate and deliver Bonds in an aggregate principal amount up to, but not exceeding seventy percent (70%) of fourteen and two-tenths percent (14.2%) of the total amount of all Property Additions certified to the Trustee and used as Bondable Additions for the issuance of Bonds during the period beginning May 1, 1994 and ending March 15, 1995.

The Company shall furnish the Trustee a Certificate of the Company referencing and documenting the amount of Property Additions previously certified and used as provided in the previous sentence, a summary certificate and computation determining the amount of Bonds that may be issued under this Section 4.04 and an Opinion of Counsel as required by Paragraph I of this Section 4.02; provided that subparagraph (1) thereunder shall refer to the basis

of this Section 4.04 rather than Net Bondable Additions and subparagraphs (2), (3), (4) and (5) are not to be included in such opinion.

ARTICLE FIVE

AUTHENTICATION AND DELIVERY OF BONDS UPON DEPOSIT OF CASH WITH TRUSTEE

Section 5.01. Additional Bonds Authorized by Deposit of Cash. Additional Bonds of any series except Existing Bonds may at any time and from time to time be executed by the Company and delivered to the Trustee for authentication, and thereupon the same shall, subject to the provisions of Section 5.02, be authenticated and delivered under this Article by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the authentication and delivery pursuant to the provisions of this Article of a specified principal amount of Bonds of a designated series.

B. CASH equal to the aggregate principal amount of the Bonds the authentication and delivery of which is then applied for.

C. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating that the Company is not in default in the performance of any of the covenants on its part to be performed under this Restated Indenture.

D. THE CERTIFICA TES and OTHER EVIDENCE, if any, specified in the Opinion of Counsel as provided by Clauses (2) and (3) of the following Paragraph E.

E. An OPINION or OPINIONS OF COUNSEL, complying with the provisions of Section 1.02,

(1) stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to authenticate and deliver the Bonds ap plied for, and that, upon the deposit of an amount of cash equal to the aggregate principal amount of the Bonds then applied for, such Bonds may be lawfully authenticated and delivered under this Article;

(2) specifying the certificate or other evidence which will be sufficient to show compliance with the requirements, if any, of any mortgage recording tax law or other tax law applicable to the issuance of the Bonds then applied for, or stating that there are no such legal requirements;

(3) specifying the certificate or other evidence which will be sufficient to show the authorization, approval or consent of or to the issuance by the Company of the bonds then applied for, by any Federal, State or other governmental regulatory body or commission at the time having jurisdiction in the premises, or stating that no such authorization, approval or consent is required; and

(4) stating that, since the date of the last previous Opinion of Counsel filed with the Trustee pursuant to this Clause or Clause (5) of Paragraph I of Section 4.02 or Clause (4) of Paragraph E of Section 6.01 (or, in the case of the first such opinion, since the date of the execution and delivery hereof), no Bonded Property owned by the Company has become subject to any then subsisting lien or encumbrance (except Permitted Encumbrances) prior to the lien created by this Restated Indenture for the security of the Bonds whose authentication and delivery is then applied for.

F. The NET EARNINGS CERTIFICATE required by Paragraph F of Section 4.02.

Section 5.02. Amount of Bonds. Upon compliance with the provisions of Section 5.01 the Trustee shall authenticate and deliver Bonds of an aggregate principal amount up to, but not exceeding, the amount of the cash deposited with the Trustee pursuant to Paragraph B of Section 5.01.

Section 5.03. Terms of Withdrawal of Cash. Cash deposited with the Trustee under the provisions of Section 5.01 is in this Restated Indenture sometimes referred to as “Deposited Cash”; and until the same shall have been paid over by the Trustee upon the Written Order of the Company as hereinafter in this Section provided, the T rustee shall hold all Deposited Cash as a part of the Trust Estate hereunder, subject, however, to the provisions of Section 8.11; and, upon default in the payment of the principal of any of the Bonds, when and as the same shall become due and payable, whether by the terms thereof or by declaration or otherwise as herein provided, any Deposited Cash then in the hands of the Trustee shall become applicable to the purposes specified in, and in accordance with the provisions of, Section 11.10.

At any time and from time to time, whenever the Company shall become entitled to the authentication and delivery of Bonds under the provisions of Article Four, the Trustee, upon receipt of a Resolution of the Board requesting the payment of a specified amount of Deposited Cash, and upon receipt also of the instruments required to be delivered to the Trustee by said provisions (with such appropriate omissions and variations as are applicable to deposited Cash), shall pay upon the Written Order of the Company, and the Company shall be entitled to withdraw, Deposited Cash of an amount equal to the principal amount of the Bonds to whose authentication and delivery the Company would be so entitled; provided, however, that, upon the application to withdraw Deposited Cash under the provisions of this Section, it shall not be necessary for the

Company to deliver to the Trustee (a) the Resolution required by Paragraph A of Section 4.02, or (b) any of the certificates or parts of the Opinion of Counsel referred to in Clauses (6) and (7) of Paragraph I of Section 4.02 or (c) the Net Earnings Certificate required by Paragraph F of Section 4.02.

ARTICLE SIX

AUTHENTICATION AND DELIVERY OF BONDS
UPON RETIREMENT OF BONDS PREVIOUSLY ISSUED HEREUNDER

Section 6.01. Additional Bonds Authorized by Retired Bonds. Additional Bonds of any series except Existing Bonds may at any time and from time to time be executed by the Company and delivered to the Trustee for authentication, and thereupon the same shall be authenticated and delivered under this Article by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the authentication and delivery pursuant to the provisions of this Article of a specified principal amount of Bonds of a designated series.

B. BONDS theretofore authenticated and delivered under this Restated Indenture, matured or unmatured, in negotiable form, canceled or uncanceled, thereto belonging; provided, however, that, for the purposes of this Article, in lieu of depositing Bonds with the Trustee as aforesaid, the Company may deposit or deliver to the Trustee:

(1) CASH sufficient under the provisions of Section 1.05, among other provisions hereof, to pay or redeem certain Bonds theretofore authenticated and delivered hereunder, which cash shall be irrevocably deposited in trust for such purpose; and/or
< font size="1" face="Times New Roman" style="font-size:9.0pt;">
(2) A CERTIFICATE OF THE COMPANY, stating

(a) that cash sufficient under such provisions to pay or redeem certain Bonds theretofore authenticated and delivered hereunder is then held by the Trustee in trust irrevocably for such purpose; and/or

(b) that certain Bonds theretofore authenticated and del ivered hereunder have been paid, redeemed or otherwise retired and theretofore delivered to the Trustee.

C. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating

(1) That the Company is not in default in the performance of any of the covenants on its part to be performed under this Restated Indenture; and

(2) That the Bonds, the retirement of which (or

provision therefor) is made the basis for the authentication and delivery of Bonds hereunder as in the preceding Paragraph B provided, do not include

(a) any Bond, the retirement of which, in any other previous or pending application or certificate, has been made the basis for the authentication and delivery of a Bond or the withdrawal of Bonded Cash from the Trustee or which has been purchased, paid, redeemed or otherwise retired out of Bonded Cash pursuant to the provisions of Section 8.05 or Section 8.08; or

(b) any Bond purchased, paid, redeemed or otherwise retired through the operation of any sinking, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created as provided in Section 2.05, but only if, and to the extent that, the supplemental indenture or other instrument creating such fund shall preclude the authentication and delivery of Bonds under this Article upon the basis of the redemption, purchase or other retirement of such Bond.

D. The CERTIFICATES and OTHER EVIDENCE, if any, specified in the Opinion of Counsel as provi ded by Clauses (2) and (3) of the following Paragraph E.

E. An OPINION or OPINIONS OF COUNSEL, complying with the provisions of Section 1.02,

(1) stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to authenticate and deliver the Bonds applied for , and that (a) upon the basis of the deposit with the Trustee of the Bonds and/or cash deposited and/or cash certified to be held in trust, pursuant to Paragraph B of this Section, and/or (b) upon the basis of the payment, redemption or other retirement of Bonds as certified pursuant to Paragraph B of this Section, the Bonds applied for may be lawfully authenticated and delivered under this Article;

(2) specifying the certificate or other evidence which will be sufficient to show compliance with the requirements, if any, of any mortgage recording tax law or other tax law applicable to the issuance of the Bonds then applied for, or stating that there are no such legal requirements;

(3) specifying the certificate or other evidence which will be sufficient to show the authorization, approval or consent of or to the issuance of the Bonds then applied for, by an Federal, State or other governmental regulatory body or commission at the time having jurisdiction in the premises, or stating that no such authorization, approval or consent is required; and

(4) stating that, since the date of the last previous Opinion of Counsel filed with the Trustee pursuant to this Clause or Clause (5) of Paragraph I of Section 4.02 or Clause (4) of Paragraph E of Section 5.01 (or, in the case of the first such opinion, since the date of the execution and delivery hereof), no bonded Property owned by the Company has become subject to any then subsisting lien or encumbrance (except Permitted Encumbrances), prior to the lien created by this Restated Indenture for the security of the Bonds whose authentication and delivery is then applied for.

F. THE NET EARNINGS CERTIFICATE required by Paragraph F of Section 4.02 unless either

(i) the Bonds, the retirement of which (or provision therefor) is made the basis for the authentication and delivery of the Bonds then applied for, bear interest at a higher rate than the Bonds the authentication of which is sought, provided however, that nothing in this item (i) shall be deemed to excuse the Company from delivering said Net Earnings Certificate if said first mentioned Bonds shall not have been issued by the Company or shall have ceased to be outstanding hereunder during any period or periods prior to the authentication and delivery of the Bonds then applied for, and during said period or periods a Net Earnings Certificate shall have been delivered to the Trustee pursuant to any provision of this Restated Indenture in which the annual interest requirements on any such Bond which shall have so ceased to be outstanding shall not have been included in Interest Char ges on the Secured Bonded Debt of the Company, or

(ii) the payment date or the redemption date of said first mentioned Bonds (if they have been paid or have been or are to be redeemed) or the date of their surrender to the Trustee (if they have been acquired by the Company and surrendered to the Trustee) is less than three years prior to the maturity date stated in such Bonds.

Section 6.02. Amount of Bonds Equal to Retired Bonds. Upon compliance with the provisions of Section 6.01, th e Trustee shall authenticate and deliver Bonds of an aggregate principal amount up to, but not exceeding, the principal

amount of the Bonds deposited with the Trustee, and/or paid, redeemed or otherwise retired, and/or for whose payment or redemption cash has been deposited with or is held in trust by the Trustee, as in Paragraph B of Section 6.01 provided.

Section 6.03. Canceled Bonds. Every Bond delivered uncanceled to the Trustee, and on the basis of which an additional Bond is authenticated and delivered under this Article, shall be immediately canceled.

ARTICLE SEVEN

RELEASE OF MORTGAGED PROPERTY

Section 7.01. Company’s Permitted Activities. The Company, unless an Event of Default shall have happened and shall not have been remedied,

(a) shall be entitled to possess, manage, operate, use and enjoy and to remain in the actual and undisturbed possession of all its properties (other than bonds, certificates of stock and other securities and cash deposited or required to be deposited with the Trustee) and to receive, take and use the rents, income and profits thereof, to use and consume any fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company and to use, consume, sell or dispose of any electricity, materials, supplies or merchandise held by the Company for the purpose of sale in the ordinary course of business, all as if this Restated Indenture had not been made;

< font size="2" face="Times New Roman" style="font-size:10.0pt;">(b) may, without obtaining any release and without obtaining the consent of the Trustee, sell or otherwise dispose of, free from the Lien of this Restated Indenture, any machinery, equipment, tools and appliances which may have become obsolete, inadequate or worn-out or otherwise unsuitable for use in the business of the Company, and apply the proceeds thereof toward the replacement of the same with other machinery, equipment, tools and appliances of at least equal value and efficiency;

(c) may, without the consent of the Trustee, alter, add to and repair its buildings, structures, machinery, equipment and appliances appertaining to or used in connection with the works, pl ants or transmission or distribution systems of the Company;

(d) shall be entitled to receive and collect for its own use all dividends paid on shares of stock of any corporation held by the Trustee hereunder which are paid in cash out of the earned surplus or net profits of the issuing corporation and all interest upon

obligations or indebtedness of any person held by the Trustee hereunder; and, in case such shares of stock shall be transferred into the name of the Trustee or of its nominee or nominees, the Trustee from time to time shall execute and deliver upon the Written Order of the Company suitable assignments and orders in favor of the Company or its nominee named in such order for the payment of such cash dividends and interest, and as the date of their maturity approaches shall deliver upon a like order any and all coupons representing such interest, provided, however, and it is hereby declared and agreed that the Company shall not be entitled to receive and the Trustee shall not pay over to it,

(i) the principal of any obligation or indebtedness at the time held by the Trustee hereunder, or

(ii) any dividend upon any share of stock at the time held by the Trustee hereunder other than a dividend paid in cash out of the earned surplus or net profits of the issuing corporation, or

(iii) any sum paid upon liquidation or dissolution or reduction of capital or redemption, upon any obligation or indebtedness or share of stock at the tim e held by the Trustee hereunder, and

the Company shall also have the right, except as herein expressly limited, to vote and/or give consents with respect to all shares of stock held by the Trustee hereunder, and from time to time, in case such shares of stock shall have been transferred into the name of the Trustee or of its nominee or nominees, the Trustee, upon the Written Request of the Company, shall execute and deliver or cause to be executed and delivered to the Company or its nominee named in such Written Request appropriate powers of attorney or proxies to vote such stock or to execute a waiver or consent or certificate with respect to such stock, for such purpose or purposes as may be specified in such request, except that each such power of attorney or proxy may be limited so as to provide in effect that the powers thereby conferred to not include any power to vote for or to authorize or consent to any act or thing inconsistent with this Restated Indenture.

Section 7.02. Conditions of Release of Property.

A. Definition of "Fair Value." For the purposes of this Section 7.02, "Fair Value" when applied to property is its value as determined without deduction for any Prior Liens upon such property and without deduction to reflect that such property may be of value only to the Company or another operator of the Trust Estate as a whole, which value may be determined without physical inspection by use of accounting and engineering r ecords and other data maintained by, or available to, the Company.

B. Release Based on Bond Ratio. Unless an Event of Default shall have occurred and be continuing, upon receipt of a Written Order of the Company requesting the release of any of the Trust Estate

pursuant to this Paragraph B, the Trustee shall execute and deliver to the Company the documents and instruments described in Paragraph B, releasing from the Lien of this Restated Indenture any of the Trust Estate if the Fair Value of all of the Trust Estate (excluding the Trust Estate to be released but including any Trust Estate to be acquired by the Company with the proceeds of, or otherwise in connection with, such release) stated on the Engineer's certificates delivered pursuant to Clause (2) of Paragraph B and Clause (3) of Paragraph B, equals or exceeds an amount equal to twenty-fourteenths (20/14) of the aggregate principal amount of Bonds outstanding at the date of such Written Order of the Company as stated on the Certificate of the Company delivered pursuant to Clause (4) of Paragraph B, upon receipt by the Trustee of:

(1) appropriate documents and instruments releasing without recourse the interest of the Trustee in the Trust Estate to be released, and describing in reasonable detail the Trust Estate to be released;

(2) an Engineer's certificate, dated the date of such Written Order of the Company, stating (i) that the signers of such Engineer's certificate have examined the Certificate of the Company delivered pursuant to Clause (4) of Paragraph B in connection with such release, (ii) the Fair Value, in the opinion of the signer of such Engineer's certificate, of (A) all of the Trust Estate, and (B) the Trust Estate to be released, in each case as of a date not more than 90 days prior to the date of such Written Order of the Company, and (iii) that in the judgment of such signers, such release (A) will not materially adversely affect the Company's Electric Utility Business, and (B) will not impair the security under this Restated Indenture in contravention of the provisions hereof;

(3) in case any Property Additions are being acquired by the Company with the proceeds of, or otherwise in connection with, such release, an Engineer's certificate, dated the date of such Written Order of the Company, as to the Fair Value, as of a date not more than 90 days prior to the date of such Written Order of the Company, of the Property Additions being so acquired (and if within six months prior to the date of acquisition by the Company of the Property Additions being so acquired, any property included within such Property Additions had been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company, and the Fair

Value thereof to the Company, as set forth in such Engineer's certificate, is not less than one percent (1%) of the aggregate principal amount of Bonds then outstanding, such certificate shall be an Independent Engineer's Certificate);

(4) a Certificate of the Company, dated the date of such Written Order of the Company, stating (i) that the aggregate principal amount of Bonds outstanding at the date of such Written Order of the Company, and stating that the Fair Value of all of the Trust Estate (excluding the Trust Estate to be released but including any Property Additions to be acquired by the Company with the proceeds of, or otherwise in connection with, such release) stated on the Engineer's certificate filed pursuant to Clause (2) of Paragraph B equals or exceeds an amount equal to twenty-fourteenths (20/14) of such aggregate principal amount, and (ii) that, to the knowledge of the signer, no Event of Default has occurred and is continuing; and

(5) an Opinion of Counsel complying with the provisions of Section 1.02 stating that the instruments which have been or are delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to execute and deliver the release requested.

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C. Release up to a Limited Amount. If the Company is unable, or elects not, to obtain, in accordance with the preceding Paragraph B, the release from the Lien of this Restated Indenture of any of the Trust Estate, unless an Event of Default shall have occurred and be continuing, upon receipt of a Written Order of the Company requesting the release of any of the Trust Estate pursuant to this Paragraph C, the Trustee shall execute and deliver to the Company the documents and instruments described in Clause (1) of Paragraph C releasing from the Lien of this Restated Indenture any of the Trust Estate if the Fair Value thereof, as stated on the Engineer's certificate delivered pursuant to Clause (2) of Paragraph C is less than one percent (1%) of the aggregate principal amount of Bonds outstanding at the date of such Written Order of the Company, provided that the aggregate Fair Value of a ll Trust Estate released pursuant to this Paragraph C, as stated on all Engineer's certificates filed pursuant to this Paragraph C in any period of 12 consecutive calendar months which includes the date of such Engineer's certificate, shall not exceed three percent (3%) of the aggregate principal amount of Bonds outstanding at the date of such Written Order of the Company as stated in the Certificate of the Company delivered pursuant to Clause (3) of Paragraph C, upon receipt by the Trustee of:

(1) appropriate documents and instruments releasing without recourse the interest of the Trustee in the Trust Estate to be released, and describing in reasonable detail the Trust Estate to be released;

(2) an Engineer's certificate, dated the date of such Written Order of the Company, stating (i) that the signer of

such Engineer's certificate has examined the Certificate of the Company delivered pursuant to Clause (2) of Paragraph C in connection with such release, (ii) the Fair Value, in the opinion of the signers of such Engineer's certificate, of such Trust Estate to be released as of a date not more than 90 days prior to the date of such Written Order of the Company, and (iii) that in the judgment of such signers, such release (A) will not materially adversely affect the Company's Electric Utility Business and (B) will not impair the security under this Restated Indenture in contravention of the provisions hereof;

(3) a Certificate of the Company, dated the date of such Written Order of the Company, stating (i) the aggregate principal amount of Bonds outstanding at the date of such Written Order of the Company, (ii) that one percent (1%) of such aggregate principal amount exceeds the Fair Value of the Trust Estate for which such release is applied for, (iii) that three percent (3%) of such aggregate principal amount exceeds the aggregate Fair Value of all Trust Estate released from the Lien of this Restated Indenture pursuant to this Paragraph C, as shown by all Engineer's certificates filed pursuant to Clause (2) of Paragraph C in such period of 12 consecutive calendar months, and (iv) that, to the knowledge of the signer, no Event of Default has occurred and is continuing; and

(4) an Opinion of Counsel complying with the provisions of Section 1.02 stating that the instruments which have been or are delivered to the Trustee conform to the

requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to execute and deliver the release requested.

D. Release by Deposit of Cash, Purchase Money Obligations or Property Additions. If the Company is unable, or elects not, to obtain, in accordance with Paragraphs B or C, the release from the Lien of this Restated Indenture of any of the Trust Estate, unless an Event of Default shall have occurred and be continuing, upon receipt and deposit of a Written Order of the Company requesting the release of any of the Trust Estate pursuant to this Paragraph D and those items at Clause (2) in this Paragraph D, the Trustee shall execute and deliver to the Company the documents and instruments described in Clause (1) of Paragraph D releasing from the Lien of this Restated Indenture the Trust Estate described in the Written Order of the Company.

(1) appropriate documents and instruments releasing without recourse the interests of the Trustee in the Trust Estate to be released, and describing in reasonable detail the Trust Estate to be released;

(2) Cash in an amount equal to the greater of the following items (i) and (ii):

(i) the F air Value of the property to be released, or

(ii) the consideration received or to be received by the Company therefor (valuing purchase money obligations at their principal amount and property received in exchange at its Fair Value as stated in said certificate),

provided, however, that in lieu of all or any part of such cash, the Company shall have the right to deposit with or deliver to the Trustee any of the following:

(a) Purchase Money Obligations secured by a mortgage on the property to be released, or a portion thereof, not exceeding in principal amount seventy percent (70%) of the Fair Value (as certified as above set forth) of the property covered by such purchase money mortgage, which purchase money obligations and the mortgages securing the same, shall be duly assigned to the Trustee and shall be received by the Trustee at the principal amount thereof in lieu of cash; provided, however, that the Trustee shall not accept any such purchase money obligations in lieu of cash as provided in this Clause if thereby the aggregate principal amount of all purchase money obligations received by the Trustee pursuant to this Clause and at the time held by the Trustee woul d equal or exceed 10 percent of the principal amount of all Bonds then outstanding hereunder.

(b) A Certificate of the trustee or other holder of a Prior Lien on all or any part of the property to be released, stating that a specific amount of cash and/or a specified principal amount of purchase money obligations of the character described in subparagraph (a) of this Clause and representing proceeds of the sale of such property, have been deposited with such trustee or other holder pursuant to the requirements of such Prior Lien, provided, however, that the aggregate of the cash and principal amount of purchase money obligations so certified at any one time shall in no event exceed the principal amount of the Prior Lien Obligations outstanding thereunder, less any amounts then held by the trustee or other holder of such Prior Lien other than for the

payment or redemption of Prior Lien Obligations not deemed outstanding under the provisions of Section 4.01; and such certificate shall be received by the Trustee in lieu of cash equal to the cash and the principal amount of the purchase money obligations so certified to have been deposited with such trustee or other holder of such Prior Lien.

(c) The Certificates, Opinions and Other Instruments which the Company would be required to furnish to the Trustee, upon an application for the authentication and delivery of Bonds on t he basis of Property Additions under Article Four, but with the following variations and omissions of the instruments specified in Section 4:02:

(i) There shall be an additional statement in Clause (2) of the Property Additions Certificate, to the effect that no part of the Property Additions therein described has in any other previous or then pending application been made the basis for the release of any Unbonded Property from the lien of this Restated Indenture or for the withdrawal of any Unbonded Cash from the Trustee or from the trustee or other holder of a Prior Lien, or to repair, replace, or restore insured Unbonded Property which shall have been damaged or destroyed but the proceeds of the insurance on which shall not have been required to be paid to the T rustee pursuant to the provisions of Section 9.09;

(ii) It shall not be necessary for the Company to deliver to the Trustee the Resolution

required by Paragraph A, the Retirements Certificate required by Paragraph E, the Net Earnings Certificate required by Paragraph F, or any of the certificates or parts of the Opinion of Counsel referred to in Clauses (6) and (7) of Paragraph I of Section 4.02;

(iii) The Summary Certificate required by Paragraph G of Section 4.02 shall show only Gross Bondable Additions and may include any Additions Credit; and

(iv) If no part of the property to be released is Bonded Property and such property or any part thereof is subject to a Prior Lien, the Property Additions then so certified may be subject to the same Prior Lien, and the Property Additions Certificate required by Paragraph B of Section 4.02 and the Opinion of Counsel required by Paragraph I of Section 4.02 may be modified accordingly.

Such Certificates, Opinions and Other Instruments shall be received by the Trustee in lieu of cash up to the amount of th e Gross Bondable Additions so certified to the Trustee.

(3) An Opinion or Opinions of Counsel, complying with the provisions of Section 1.02,

(a) stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to execute and deliver the release requested, and that, upon the basis of the cash, purchase money obligations, certificates, opinions and other instruments deliv ered to the Trustee pursuant to Paragraph D of this Section, the property so sold or disposed of or contracted to be sold or disposed of may lawfully be released from the lien of this Restated Indenture pursuant to the provisions of this Section;

(b) stating that the purchase money

obligations, if any, delivered to the Trustee or to the trustee or other holder of a Prior Lien pursuant to subparagraph (a) of Clause (2) of Paragraph D of this Section are valid obligations and are duly secured by a valid purchase money mortgage constituting a direct lien upon all the property to be released, or upon the portion thereof described, free and clear of all prior liens, charges or encumbrances, except any Prior Liens or other charges or encumbrances prior to the lien of this Restated Indenture which may have existed on the property to be released immediately prior to such release and that the assignment of any mortgage securing such purchase money obligations is valid and in recordable form; and

(c) in case, pursuant to subparagraph (a) of Clause (2) of Paragraph D of this Section, any cash or purchase money obligations shall be certified to have been deposited with the trustee or other holder of a Prior Lien, stating that the property to be released, or a specified portion thereof, is or immediately before such sale or disposition was subject to such Prior Lien and that such deposit is required by such Prior Lien.

Section 7.03. Release of Property Upon Eminent Domain. Should any part of the Trust Es tate be taken by the exercise of the power of eminent domain or should any State, municipality or other governmental authority at any time exercise any right which it may then have to purchase any part of the Trust Estate, the Company, forthwith upon receipt,, shall deposit the award for any property so taken by eminent domain and/or the proceeds of any such purchase with the Trustee, or, to the extent required, in the Opinion of Counsel, by the terms of a Prior Lien on all or any part of any property so taken or purchased, with the trustee or other holder of such Prior Lien. In the event of any such taking or purchase, the Trustee shall release the property so taken or purchased, but only upon receipt by and deposit with the Trustee of:

A. A RESOLUTION OF THE BOARD , requesting such release and describing the property so to be released.

B. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating that such property has been taken by eminent domain and the amount of the award therefor, or that said property has been purchased by a State, municipality or other governmental authority pursuant to a right vested in it to purchase such property and the

amount of the proceeds of such purchase, and also stating whether any of such property was Bonded Property.

C. The AWARD for said property or the PROCEEDS of such purchase; provided, however, that, in lieu of all or any part of such award or proceeds, the Company shall have the right to deliver to the Trustee a CERTIFICATE of the trustee or other holder of a Prior Lien on all or any part of the property to be released, stating that said award or proceeds, or such specified part thereon, has been deposited with such trustee or o ther holder pursuant to the requirements of such Prior Lien.

D. AN OPINION OF COUNSEL, complying with the provisions of Section 1.02, stating

(1) that such property has been duly taken by the exercise of the power of eminent domain, or has been duly purchased by a State, municipality or other governmental authority in the exercise of a right which it had to purchase such property, and that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restate d Indenture and constitute sufficient authority under this Restated Indenture for the Trustees to execute and deliver the release requested;

(2) that the amount of the award for the property so taken by eminent domain or the amount of the proceeds of the property so purchased, is not less than the amount to which the Company is entitled under the applicable laws governing such taking, or under the terms of such right to purchase, as the case may be; and

(3) in case, pursuant to the preceding Paragraph C, the award for said property or the proceeds of such purchase, or any portion thereof, shall be certified to have been deposited with the trustee or other holder of a Prior Lien, that the property to be released, or a specified portion thereof, is or immediately before such taking or purchase was subject to such Prior Lien, and that such deposit is required by such Prior Lien.

In any proceedings for the taking or purchase of any part of the Trust Estate by the exercise of eminent domain or by virtue of any right of purchase vested in any State, municipality or other governmental authority, the Trustee may be represented by counsel, who may be counsel for the Company.

Section 7 .04. Release under Authority of Trustee or Bondholder. The Company, while in possession, of the Trust Estate (other than securities and cash held by the Trustee, or the trustee, or other holder of a prior lien), may do any of the things enumerated in Section 7.01 notwithstanding that an Event of Default shall have happened and shall not have been remedied; and the Company may do any of the things enumerated in Section 7.02 notwithstanding that it is in default in the performance of a covenant on its part to be performed under this Restated Indenture, if the Trustee, in its discretion, or the holders of at least a majority in amount of the Bonds at the time outstanding, shall in

writing expressly authorize or consent to such action.

Section 7.05. In Event of Receiver or Trustee Possessing Trust Estate. In case the Trust Estate (other than securities and cash held by the Trustee or the trustee or other holder of a Prior Lien) shall be in the possession of a receiver or trustee lawfully appointed, the powers in this Article conferred upon the Company with respect to the sale or other disposition and release of the Trust Estate may, to the extent permitted by applicable law, be exercised by such receiver or trustee (subject, in the cases specified in Section 7.04, to authorization or consent of the Trustee or Bondholders as provided therein), in which case a written request signed by said receiver or trustee shall be deemed the equivalent of the Written Order of the Company or Resolution of the Board required by Section 7.02 or 7.03 and a certificate signed by such receiver or trustee shall be deemed the equivalent of any Certificate of the Company required by any provision of this Restated Indenture, and no such certificate need contain a statement to the effect that the Company is not in default hereunder. If the Trustee shall be in possession of the Trust Estate (other than securities and cash held by the trustee or other holder of a Prior Lien) under any provision of this Restated Indenture, then such powers may be exercised by the Trustee in its discretion.

Section 7.06. Purchasers in Good Faith. No purchaser in good faith of property purporting to be released herefrom shall be bound to ascertain the authority of the Trustee to execute the release or to inquire as to the existence of any conditions required by the provisions hereof for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Article to be sold, granted or otherwise disposed of by the Company, be under any obligation to ascertain or inquire into the authority of the Company to make any such sale, grant or other disposition.

Section 7.07. Application of Cash. Except as herein otherwise specifically provided, cash received by the Trustee pursuant to this Article shall be held and paid over or applied by the Trustee as provided in Article Eight, and all purchase money obligations received by the Trustee pursuant to this Article or pursuant to Section 9.07, shall be held by the Trustee as a part of the Trust Estate. The principal of and (subject to the provisions of Section 7.01) interest on all such obligations shall be received by the trustee as and when the same shall become payable, and the Trustee may take any action which in its judgment may be desirable or necessary for the collection thereof or for the enforcement of the security therefor. Unless an Event of Default shall have occurred and shall not have been remedied, or unless to the knowledge of the Trustee the Company shall be in default in the performance of any of the covenants on its p art to be performed under this Restated Indenture, all interest received by the Trustee on any such obligation shall be paid from time to time to the Company upon its Written Order of the Company in accordance with Clause (d) of Section 7.01.

Upon payment by or on behalf of the Company to the Trustee of the principal amount of any such obligation, or the portion thereof remaining

unpaid, the Trustee shall release and surrender such obligation to the Company upon its Written Order of the Company.

ARTICLE EIGHT

APPLICATION AND WITHDRAWAL OF TRUST MONEYS

Section 8.01. General Provisions—Withdrawing Trust Moneys. All moneys received by the Trustee upon the release of property from the Lien of this Restated Indenture, including the principal of all purchase money obligations when paid, and all moneys received by the Trustee as compensation for any part of the Trust Estate taken by the exercise of the po wer of eminent domain or purchased by a public authority, and all moneys received by the Trustee as proceeds of the sale of or insurance upon any part of the Trust Estate, and all other moneys elsewhere herein provided to be held and applied as in this Article provided, and all moneys, if any (but in no event including Deposited Cash as defined in Section 5.03), received by the Trustee the disposition of which is not elsewhere herein otherwise specifically provided for (herein sometimes called “Trust Moneys,” whether the same be Bonded Cash or Unbonded Cash), shall be held by the Trustee as a part of the Trust Estate, and, upon default in the payment of the principal of any of the Bonds when and as the same shall become due and payable, whether by the terms thereof or by declaration or otherwise, as herein provided, said moneys shall, unless and until such default shall be remedied, be applicable only to the purposes specified in, and in accordance with the provision of, Section 11.10; but, unless such a default shall have happened and shall not have been remedied, all or any part of said Trust Moneys, at the request and election of the Company, except as otherwise specifically provided herein, may be withdrawn from and shall be applied by the Trustee from time to time as provided in Section 8.02, 8.03, 8.04, 8.05, 8.06 or 8.07.

Section 8.02. Trust Moneys Withdrawn Against Gross Bondable Additions. Trust Moneys may be withdrawn and shall be paid by the Trustee upon the Written Order of the Company at any time and from time to time upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the withdrawal and payment of a specified amount of Trust Moneys, and designating the Trust Moneys so to be withdrawn.

B. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating whether any part of the Trust Moneys so to be withdrawn is Bonded Cash.

C. The CERTIFICATES, OPINIONS and OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee, upon an application for the authentication and delivery of Bonds on the basis of Property Additions under Article Four, but with the following variations and omissions of the instruments specified in Section 4.02:

(1) Clause (1) of the Property Additions Certificate shall contain an additional statement to the effect that no part of the Property Additions therein described has been acquired by the Company more than 60 days prior to the date when the Trustee received the Trust Moneys the withdrawal of which is then requested (or in the case of Trust Moneys represe nting the proceeds of purchase money obligations, the date when the Trustee received such proceeds);

(2) There shall be an additional statement in Clause (2) of the Property Additions Certificate, to the effect that no part of the Property Additions therein described has in any other previous or then pending application been made the basis for the release of any Unbonded Property from the Lien of this Restated Indenture, or for the withdrawal of any Unbonded Cash from the Trustee or from the trustee or other holder of a Prior Lien and that no part of said Property Additions includes any property acquired or constructed by the Company

in the performance of its duty to replace old, inadequate, obsolete or worn out Unbonded Property disposed of pursuant to Paragraph (b) of Section 7.01, or to repair, replace, or restore uninsured Unbonded Property which shall have been damaged or destroyed but the proceeds of the insurance on which shall not have been required to be paid to the Trustee pursuant to the provisions of Section 9.09; said Property Additional Certificate shall include no Additions Credits; and said Property Additions Certificate need not contain the statements required by Clause (12) thereof;

(3) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by Paragraph A, the Retirements Certificate required by Paragraph E, the Earnings Certificate required by Paragraph F, or any of the certificates or parts of the Opinion of Counsel referred to in Clauses (6) and (7) of Paragraph I of Section 4.02;

(4) The Summary Certificate required by Paragraph G of Section 4.02 shall show only Gross Bondable Additions and shall not include any Additions Credit.

D. An OPINION or OPINIONS OF COUNSEL, complying with the provisions of Section 1.02, stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to pay over the Trust Moneys applied for, and that upon the basis of the acquisition of the Property Additions described in the Property Additions Certificate delivered to the Trustee pursuant to Paragraph C of this Section, the Trust Moneys the withdrawal of which is then requested may be lawfully paid over under this Section.

Subject to the provisions of Section 8.08, upon com pliance with the foregoing provisions of this Section, the Company shall be entitled to withdraw and the Trustee shall pay upon the Written Order of the Company an amount of Trust Moneys equal to the amount of the Gross Bondable Additions so certified to the Trustee pursuant to Paragraph C of this Section.

Section 8.03. Trust Moneys Withdrawn Against Net Bondable Additions. Trust Moneys may be withdrawn and shall be paid by the Trustee on the Written

Order of the Company at any time and from time to time upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD requesting the withdrawal and payment of a specified amount of Trust Moneys, and designating the Trust Moneys so to be withdrawn.

B. A CERTIFICATE OF THE COMPANY complying with the provisions of Section 1.02 stating whether any part of the Trust Moneys so to be withdrawn is Bonded Cash.

C. The CERTIFICATES, OPINIONS and OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee, upon an application for the authentication and delivery of Bonds on the basis of Net Bondable Additions under Article Four, but with the following variations and omissions of the instruments specified in Section 4.02:

(1) Clause (1) of the Property Additions Certificate shall contain an additional statement to the effect that no part of the Property Additions therein specified has been acquired by the Company more than three years prior to the date when the Trustee received the Trust Moneys the withdrawal of which is then requested (or in the case of Trust Moneys representing the proceeds of purchase money obligations, the date when the Trustee received such proceeds);

(2) There shall be an additional statement in Clause (2) of the Property Additions Certificate to the effect that none of the Property Additions therein described has in any other previous or then pending application been made the basis for the release of any Unbonded Property from the lien of this Restated Indenture or for the withdrawal of any Unbonded Cash from the Trustee or from the trustee or other holder of a Prior Lien and that no part of said Property Additions includes any property acquired or constructed by the Company in the performance of its duty to replace old, inadequate, obsolete or worn out Unbonded Property disposed of pursuant to Paragraph (b) of Section 7.01, or to repair, replace or restore Unbonded Property which shall have been damaged or destroyed but the proceeds of the insurance on which shall not have been required to be paid to the Trustee pursuant to the provisions of Section 9.09; and a like additional statement in Clause (12) with reference to Property Additions reflected in any unused Additions Credit included in said Property A dditions Certificate;

(3) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by Paragraph A, the Retirements Certificate required by Paragraph E, the Earnings Certificate required by Paragraph F, or any of the certificates or parts of the Opinion of Counsel referred to in Clauses (6) and (7) of Paragraph I of Section 4.02;

(4) The Summary Certificate required by Paragraph G of Section 4.02 shall show only Gross Bondable Additions, and shall not include any Additions Credit.

D. An OPINION or OPINIONS OF COUNSEL, complying with the provisions of Section 1.02, stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to pay over the Trust Moneys applied for, and that upon the basis of the acquisition of the Property Additions described in the Property Additions Certificate delivered to the Trustee pursuant to Paragraph C of this Section, the Trust Moneys the withdrawal of which is then requested may be lawfully paid over under this Section.

Subject to the provisions of Section 8.08, upon compliance with the foregoing provisions of this Section, the Company shall be entitled to withdraw and the Trustee shall pay upon the Written Order of the Company an amount of Trust Moneys equal to the amount of the Gross Bondable Additions so certified to the Trustee pursuant to Paragraph C of this Section.

Section 8.04. Trust Moneys Withdrawn Against Bonds. Trust Moneys may be withdrawn and shall be paid by the Trustee upon the Written Order of the Company at any t ime and from time to time, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the withdrawal and payment of a specified amount of Trust Moneys, and designating the Trust Moneys so to be withdrawn.

B. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating whether any part of the Trust Moneys so to be withdrawn is Bonded Cash;

C. The BONDS, CERTIFICATES, OPINIONS and OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee upon an application for the authentication and delivery of Bonds under Article Six, but with the following variations or omissions of the instruments specified in Section 6.01:

(1) The Certificate of the Company required by Paragraph C of Section 6.01 shall contain an additional statement to the effect that all of the Bonds which are then made the basis of the withdrawal of such Trust Moneys are Bonds which were originally issued by the Company by way of bona fide sale, other than to a n Affiliate of the Company and which were outstanding in the hands of holders thereof, other

than the Company or an Affiliate of the Company, within the 60 days immediately preceding the date when the Trustee received the Trust Moneys whose withdrawal is then requested (or in the case of Trust Moneys representing the proceeds of purchase money obligations, the date when the Trustee received such proceeds);

(2) The Certificate of the Company required by Paragraph C of Section 6.01 shall contain an additional statement to the effect that the Bonds which are then made the basis for the withdrawal of the Trust Moneys the n applied for do not include any Bond which in any other previous or then pending application has been made the basis for the withdrawal of any Unbonded Cash from the Trustee or which has been purchased, paid or redeemed or otherwise retired out of Unbonded Cash pursuant to the provisions of Sections 8.05 or 8.08;

(3) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by Paragraph A of Section 6.01 or any of the certificates or parts of the Opinion of Counsel referred to in Clauses (2), (3) and (4) of Paragraph E of Section 6.01 or the Earnings Certificate required by Paragraph F of Section 6.01.

&nb sp;

D. An OPINION or OPINIONS OF COUNSEL, complying with the provisions of Section 1.02, stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to pay over the Trust Moneys applied for, and that, upon the basis of the retirement (or provision therefor) of the Bonds then made the basis of the withdrawal of such Trust Moneys pursuant to Paragraph C of this Section, such Trust Moneys may be lawfully paid over under this Section.

Subject to the provisions of Section 8.08, upon compliance with the foregoing provisions of this Section, the Company shall be entitled to withdraw and the Trustee shall pay upon the Written Order of the Company an amount of Trust Moneys equal to the principal amount of the Bonds then made the basis of such withdrawal of Trust Moneys pursuant to Paragraph C of this Section.

Section 8.05. Trust Moneys Withdrawn to Redeem Bonds. Trust Moneys may be applied by the Trustee at any time and from time to time to the payment of the principal of Bonds upon redemption prior to maturity or upon the purchase of Bonds upon tender or in the open market or at private sale or upon any securi ties exchange or in any one or more of said ways, as the Company shall determine, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the application pursuant to the provisions of this Section of a specified amount of Trust Moneys, designating the Trust Moneys so to be applied, and specifying the principal amount of Bonds and the series thereof to be redeemed and the redemption price, or, in case such moneys are to be

applied to the purchase of Bonds, prescribing the method of purchase, the price or prices to be paid, which price or prices shall not exceed such then current redemption price, and the maximum principal amount of Bonds and the series thereof to be purchased.

B. CASH sufficient in the opinion of the Trustee to cover the amount of the accrued interest and premium, if any, required to be paid in connection with any such redemption or purchase, which cash shall be held by the Trustee in trust for such purpose, and, to the extent no t required for such purpose, shall be repaid to the Company.

C. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02,

(1) Stating whether any part of the Trust Moneys so to be applied is Bonded Cash;

(2) Stating that all Bonds so to be redeemed or purchased were originally issued by the Company by way of bona fide sale;

(3) Either (i) describing all Bonds of any series of which Bonds are to be redeemed owned legally or equitably by the Company or an Affiliate of the Company which were acquired by the Company or by any Affiliate of the Company sixty or more days prior to the date when the Trustee received the Trust Moneys whose application to such redemption or purchase is then requested (or in the case of Trust Moneys representing the proceeds of purchase money obligations, the date when the Trustee received such proceeds) or (ii) stating that no such Bonds are to be so redeemed or purchased; and

(4) Stating that the Company is not in default in the performance of any of the covenants on its part to be performed under this Restated Indenture.

D. An OPINION OF COUNSEL, complying with the provisions of Section 1.02, stating that it is proper for the Trustee, under the provisions of this Section, to apply Trust Moneys in accordance with such Resolution of the Board, and specifying the certificate or other evidence which will be sufficient to show the authorization, approval or consent of or to such payment, redemption or purchase by the Company, by any Federal, State or other governmental regulatory body or commission at the time having jurisdiction in the premises, or stating that no suc h authorization, approval or consent is required.

E. THE CERTIFICATE OR CERTIFICATES AND OTHER EVIDENCE, if any, specified in the Opinion of Counsel as provided in the foregoing Paragraph D.

Subject to the provisions of Section 8.08, upon compliance with the foregoing provisions of this Section, the Trustee shall apply Trust Moneys as requested by said Resolution of the Board for the purpose of purchasing or

redeeming Bonds (other than Bonds, if any, described in Item (i) of the foregoing Clause (3) of Paragraph C) using the cash deposited pursuant to Paragraph B of this Section, to the extent necessary, to pay any accrued interest and premium or excess over the principal amount of the Bonds purchased, in connection with any such redemption or purchase.

Section 8.06. Trust Moneys Withdrawn for Repairs. To the extent that any Trust Moneys are proceeds of insurance upon any part of the Trust Estate, they may be paid over upon the Written Re quest of the Company to reimburse the Company for expenditures made for the purpose of repairing, restoring or replacing the property destroyed or damaged, upon the receipt by the Trustee of the following:

A. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02 signed also by an Engineer as to Clause (2) of this Paragraph A, stating:

(1) Whether any part of the Trust Moneys so to be withdrawn is Bonded Cash;

(2) That expenditures have been made for such purpose, and the amount thereof, and giving a brief description of the nature of such repairs, restorations and replacements and also stating the Fair Value to the Company of such repairs, restorations or replacements, and also stating that no part of such repairs, restorations or replacements has in any previous or then pending application been made the basis for the authentication and delivery of Bonds or the withdrawal of any cash or the release of any property from the lien of this Restated Indenture, or of a Prior Lien;

(3) That there is no outstanding indebtedness o f the Company known, after due inquiry, to the Company for the purchase price or construction of, or for labor, wages or materials in connection with the construction of, such repairs, restorations or replacements, which could become the basis of a Prior Lien thereon and which, in the opinion of the signers of said Certificate might materially impair the security afforded thereby.

B. AN OPINION OF COUNSEL complying with the provisions of Section 1.02, to the effect that such repairs, restorations or replacements are subject to the direct lien of this Restated Indenture free from all other liens, charges or encumbrances prior to the lien of this Restated Indenture, except Permitted Encumbrances, and except also, any Prior Liens, charges, or encumbr ances to which the property so destroyed or damaged shall have been subject at the time of such destruction or damage.

The amount of Trust Moneys so to be paid shall be an amount up to, but not exceeding, the Fair Value to the Company of the expenditures stated in such

Certificate.

Section 8.07. Trust Moneys Withdrawn for Taxes. Trust Moneys may be withdrawn and shall be paid upon the Written Order of the Company, subject to the provisions set forth below, at any time and from time to time upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the withdrawal and payment of a specified amount of Trust Moneys, and designating the Trust Moneys so to be withdrawn.

B. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating:

(1) Whether any part of the Trust Moneys so to be withdrawn is Bonded Cash.

(2) That the Company has theretofore, on a date or dates specified, delivered to and deposited with the Trustee the CASH and/or PURCHASE MONEY OBLIGATIONS, CERTIFICATES and OPINIONS required upon the release of certain specified property or securities, as the case may be, pursuant to Article Seven.

(3) That the Company has theretofore, paid Federal income taxes or other Federal taxes based on or measured by or in respect of net income for a specified period, in the computation of which taxes, gains or profits from the disposition of such property or securities have been reflected, and stating:

(a) the amount of such taxes so paid;

(b) the amount of taxable gain or profit from the disposition of such property or securities reflected in the computation of said taxes, provided that there shall not be included in any such Certificate, any gain or profit in connection with any particular disposition of property or securities if the amount of the gain or profit is less than $150,000;

(c) the net taxable income of the Company from whatever source, including gains or profits upon the disposition of property or securities whether or not included in the foregoing item (b), for the period in respect of which such taxes were levied;

(d) such other facts as, in the judgment of the Trustee, may be necessary to determine the taxable gains, profits or income derived from the disposition of such property or securities and the net taxable income of the Company; and

(e) that the amount of reimbursement to which the Company is entitled, in accordance with the

provisions of this Section, is a specified sum.

(4) That the aforesaid taxes were levied in respect of income for a tax year or other tax period ended not more than twelve months prior to the date of the Certificate.

C. A COPY OF THE TAX RETURN OR RETURNS covering the taxes in r espect of which reimbursement is sought.

D. A CERTIFICATE OF AN INDEPENDENT ACCOUNTANT, selected by the Company and approved by the Trustee in the exercise of reasonable care, complying with the provisions of Section 1.02, stating that the computation of the amount of reimbursement to which the Company is entitled as set forth in subparagraph (e) of Clause (3) of the foregoing Paragraph B is, in the opinion of the signer, in all respects in accordance with the provisions of this Section.

E. An OPINION OF COUNSEL, complying with the provisions of Section 1.02 and stating that in his opinion all conditions precedent which relate to the withdrawal of cash, as set forth in this Section, have been complied with.

The amount of Trust Moneys so to be paid shall be a sum equal to a portion (not greater than 100%) of any such taxes so certified to have been paid, bearing the same ratio to the aggregate amount of such taxes as (i) the amount of taxable gains or income certified in Subparagraph (b) of Clause (3) of the foregoing Paragraph B bears to (ii) the net taxable income of the Company as certified in Subparagraph (c) of said Clause (3), provided that the amount of Trust Moneys so to be paid shall not exceed (x) the amount of cash certified in Clause (2) of the foregoing Paragraph B or (y) 10% of the aggregate amount of cash and purchase money obligation thus certified in said Clause (2), whichever shall be the lesser amount.

The Company covenants that, in the event of the refund of any such taxes so paid by reason of the overpayment thereof or otherwise, it will promptly repay to the Trustee such portion of the sum refunded as the amount withdrawn by the Company in respect of reimbursement for such taxes bears to the total amount of taxes so paid, and sums so repaid to the Trustee shall be held by the Trustee subject to disposition under this Article Eight.

Section 8.08. Trust Moneys Held More Than Two Years Applied to Redeem B onds and Application of Trust Moneys in Event of Eminent Domain or Purchase by a Public Authority of the Entire Trust Estate.

(a) In the event that at any time there shall be on deposit with the Trustee, Trust Moneys in an amount in excess of $25,000, exclusive of all moneys which represent proceeds of insurance subject to the provisions of Section 8.06, and if at all times during the preceding two years the amount of Trust Moneys so on deposit with the Trustee shall have exceeded such amount, then, and in every such case, the Trustee shall set aside all Trust Moneys, exclusive of all moneys which represent proceeds of insurance subject to the provisions of

Section 8.06, then held by it and which have been held by it for more than two years, and thereafter the Trust Moneys so set aside may be applied only in accordance with the provisions of Section 8.05 pro rata as between the several series of Bonds then outstanding in the ratio of the respective aggregate principal amounts of each such series outstanding at the aforesaid time. In case such Trust Moneys shall be applied to redemption of Bonds pursuant to Section 8.05, redemption shall be effected at such then applicable redemption prices, in such manner and upon such notice as may be specified in respect of said Bonds of each series in this Restated Indenture or in any applicable indenture supplemental hereto.

(b) In case of the sale and release of, or the taking by eminent domain or of the purchase by a public authority (pursuant to any right which it may then have to make such purchase) of the entire Trust Estate, then all Trust Moneys representing the proceeds thereof received by the Trustee shall be applied by the Trustee in accordance with the provisions of Section 8.05 to the redemption of Bonds outstanding hereunder (prorated between or among the several series, according to the principal amount of Bonds outstanding of each series, if Bonds of more than one series be outstanding) at such then applicable redemption prices, in such manner and upon such notice (which shall be given by the Trustee for and on behalf of the Company, and in the name of t he Company) as may be specified in respect of said Bonds of each series in this Restated Indenture or in any applicable indenture supplemental hereto.

(c) Whenever Bonds shall be redeemed pursuant to this Section 8.08, the Company shall in each case other than in the case of the sale, taking, or purchase, as aforesaid, of all or substantially all of the Trust Estate, pay to the Trustee cash sufficient to cover the amount of the accrued interest and premium, if any, required to be paid in connection with any such redemption, which cash shall be held by the Trustee in trust for such purpose, and, to the extent not required for such purpose, shall be repaid to the Company.

Section 8.09. Possession After Default. In case the Company shall be in default hereunder (other than a default in the payment of the principal of any Bond), the Company, while in possession of the Trust Estate (other than securities and cash held by the Trustee or the trustee or other holder of a Prior Lien), may do any of the things enumerated in Sections 8.02 to 8.07,

inclusive, if the Trustee, in its discretion, or the holders of at least a majority in amount of the Bonds at the time outstanding, shall in writing expressly authorize or consent to such action, in which event no certificate filed pursuant to any of said Sections need contain a statement to the effect that the Company is not in default hereunder.

In case the Trust Estate (other than securities and cash held by the Trustee or the trustee or other holder of a Prior Lien) shall be in the possession of a receiver or trustee lawfully appoint ed, the powers hereinbefore in Sections 8.02, 8.03, 8.06 and 8.07 conferred upon the Company with respect to the withdrawal of Trust Moneys may be exercised by such receiver or trustee (subject to similar authorization or consent of the Trustee or Bondholders as aforesaid), in which case a written request signed by said receiver or trustee shall be deemed the equivalent of any Resolution of the Board or any Written Request of the Company required by any provision of this Article, and a certificate signed by such receiver or trustee shall be deemed the equivalent of any Certificate of the Company required by any provision of this Restated Indenture and such certificate shall contain a statement to the effect that the Company is not in default in payment of the principal of any Bond, but need not contain a statement to the effect that the Company is not otherwise in default hereunder. If the Trustee shall be in possession of the Trust Estate (other than securities and cash held by the trustee or other holder o f a Prior Lien) under any provision of this Restated Indenture, then such powers may be exercised by the Trustee so in possession of the Trust Estate, in its uncontrolled discretion.

Section 8.10. Cancellation of Bonds Delivered. All Bonds delivered uncanceled to the Trustee and on the basis of which Trust Moneys are paid over, or for whose redemption or purchase Trust Moneys are applied, under this Article, when received by the Trustee, shall be immediately canceled.

Section 8.11. Moneys Received by Trustee and Payment of Interest. All moneys received by the Trustee, including any moneys received for the payment of Bonds, pursuant to any provision of this Restated Indenture, shall be held in trust for the purposes for which they were received, but, except to the extent required by applicable law, need not be segregated in any manner from any other moneys, and the Trustee shall not be under any obligation to pay interest thereon except such, if any, as during the period it may generally allow on similar funds or as it may agree to pay. Unless an Event of Default has happened and shall be continuing, any interest so allowed by the Trustee shall be paid over to the Company.

Section 8.12. Investment of Trust Funds. So long as the Company is not in default in the payment of interest on any Bonds outstanding hereunder and none of the events of default specified in Section 11.01 hereof shall have occurred and be continuing, any Trust Moneys deposited with the Trustee under any of the provisions hereof (other than Trust Moneys deposited with the Trustee for the purpose of effecting payment or redemption of any Bonds issued hereunder or interest thereon or which the Trustee has been directed to hold and apply for the purpose of such payment or redemption) shall, at the Written Request of the Company evidenced by a Resolution of the Board, be invested or reinvested by the Trustee in any bonds or other obligations of the United States of America designated by the Company, maturing not more than five years from the date of their purchase by the Trustee, and until an event of default specified in Section 11.01 hereof shall have occurred and be continuing, any interest on such bonds and obligations which may be received by the Trustee, shall be forthwith paid to the Company. Such bonds and obligations shall be held by the Trustee as a part of the Trust Estate subject to the same provisions hereof as the cash used to purchase the same, but upon a like Written Request of the Company (which

Written Request the Company agrees to make whenever notified by the Trustee that Trust Moneys are required to be applied under one or more provisions of this Restated Indenture and that the Trustee does not hold sufficient cash for such purpose or purposes) the Trustee shall sell all or any designated part of the same and the proceeds of such sale shall be held by the Trustee subject to the same provisions hereof as the cash used by it to purchase the bonds and obligations so sold. If such sale shall produce a net sum less than the cost of the bonds or other obligations so sold, the Company covenants that it will pay promptly to the Trustee such amount of cash as with the net proceeds from such sale will equal the cost of the bonds or other obligations so sold, and if such sale shall produce a net sum greater than the cost of the bonds or obligations so sold, the Trustee shall promptly pay to the Company an amount in cash equal to such excess.

ARTICLE NINE

PARTICULAR COVENANTS OF THE COMPANY

The Company hereby covenants, agrees and warrants as follows:
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Section 9.01. Payment of Principal and Interest. The Company will duly and punctually pay the principal of and interest and premium, if any, on every Bond issued under this Restated Indenture, on the dates and at the place and in the manner specified in the Bonds. The interest on Bonds shall be paid to or upon the order of the registered owners thereof by check of the Company, or of the Trustee or other paying agent.

Money deposited with the Trustee or with any paying agent for the purpose of p aying the principal of or interest on Bonds, shall constitute a trust fund for such purpose and for no other purpose whatsoever. Every paying agent which may be appointed for the purpose of making payments of the principal of or the interest on any Bond shall be required to notify the Trustee in writing promptly of any default by the Company in the payment of any such principal or interest.

The Company covenants and agrees that, if it should at any time act as its own paying agent, it will, on or before each due date of the principal of, and premium, if any or interest on any of the Bonds, set aside and segregate and hold in trust for the benefit of the holders of such Bonds a sum sufficient to pay such principal and premium, if any, or interest so becom ing due, and will notify the Trustee of any failure to take such action.

Section 9.02. Company Prohibited from Extending Time for Payment. The Company will not, directly or indirectly, extend, or assent to the extension of, the time for payment of any claim for interest upon any Bond, and it will not, directly or indirectly, take part in any arrangement therefor or for the purchasing or funding of claims in any manner. No such claim so extended, nor claim for interest upon any Bond which in any way at or after its maturity shall have been transferred or pledged separate and apart from the Bond to which it

belongs, shall be entitled, in case of default hereunder, to the benefit or security of this Restated Indenture, until the prior payment in full of the principal of all Bonds issued hereunder and outstanding and of all claims not so extended or transferred or pledged.

Section 9.03. Warrants and Defends Title. The Company is lawfully seized and possessed of and has good title to all of the Trust Estate which is described in the Granting Clauses hereof as being presently mortgaged and pledged hereunder, and it has good right and lawf ul authority to mortgage and pledge the same as provided in and by this Restated Indenture; said property is free and clear of all liens and encumbrances except liens and encumbrances set forth in the Granting Clauses and except Permitted Encumbrances, and the Company warrants and will defend the title to such property and every part thereof to the Trustee, its successors in the trust and assigns, forever, for the benefit of the holders of the Bonds, against the claims and demands of all persons whomsoever.

Section 9.04. Payment of Taxes and Prohibition on Liens. The Company will pay or cause to be paid all taxes and assessments levied or assessed upon the Company or upon the Trust Estate or upon any income therefrom or upon the interest of the Trustee or of the Bondholders in respect of the Trust Estate, when the same shall become due, provided, however, that nothing herein contained shall constitute an agreement on the part of the Company to pay any taxes of the mortgagee upon or on account of the mortgage debt, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the Trust Estate, and all covenants, terms and conditions upon or under which any of the Trust Estate is held; it will not create o r suffer to be hereafter created any lien upon the Trust Estate, or any part thereof, or the income therefrom, prior to, or having equality with, the lien of these presents, except Permitted Encumbrances; within three months after the accruing of any lawful claims or demands for labor, material, supplies or other objects, which, if unpaid, might by law be given precedence over this Restated Indenture, as a lien or charge upon the Trust Estate or the income thereof, it will pay the same, or make adequate provision to satisfy or discharge the same; provided, however, that nothing in this Section contained shall require the Company to observe or conform to any requirement of any governmental authority or to pay or cause to be paid or discharged, or make provision for, any such tax, prior lien or charge so long as the validity thereof shall be contested by it in good faith and by appropriate legal proceedings and such security for the payment of such prior lien or charge shall be given as the Trustee may require ; and it will not suffer to be done any matter or thing whereby the lien hereof might or could be impaired; provided, however, that notwithstanding anything herein contained to the contrary the Company may acquire any property constructed or acquired as betterments, extensions, improvements, repairs, renewals, replacements,

substitutions or alterations to, upon, for and of property subject to such Prior Lien, but only to the extent that the after-acquired property clause or other provisions of such Prior Lien attaches thereto, but no such mortgage, lien or other encumbrance shall be permitted to exist upon any such after-acquired property which is made the basis of the authentication and delivery of Bonds under Article Four or the withdrawal of Deposited Cash under Section 5.03 or the release of property under Article Seven or the withdrawal of Trust Moneys under Article Eight (except to the extent expressly permitted by Articles Seven and Eight).

Section 9.05. Repair and Maintain. The Company covenants that the business of the Company will be carried on and conducted in an efficient manner; all property, plants, appliances and equipment of the Company useful in the carrying on of its business will be kept in repair and maintained in good working order and condition, and if worn or damaged beyond repair shall be replaced by other property suitable to the business of the Company and of at least equal value.

Whenever the holders of not less than a majority in amount of the Bonds shall so request the Trustee in writing, or whenever the Trustee shall elect so to do, the Trustee shall select in the exe rcise of reasonable care, and the Company at its own expense shall promptly appoint an Independent Engineer to make an inspection of the Trust Estate and within a reasonable time after his appointment to report to the Company and to the Trustee whether or not the Trust Estate, as an operating system, has been maintained in good repair, working order and condition; provided that the Company shall not be obligated to make more than one such appointment within any period of sixty months.

If such Independent Engineer shall report that the Trust Estate as an operating system has not been so maintained he shall specify in his report the character and extent of, and the estimated cost of making good, the deficiency

in such maintenance, and, if longer than one year, the time reasonably necessary to make good such deficiency. Said report shall be placed on file by the Trustee and shall be open to inspection by any Bondholder at any reasonable time.

The Company shall, with all reasonable speed, do such maintenance work as may be necessary to make good any such maintenance deficiency as shall have been specified to exist in such report, and upon completion thereof such Independent Engineer (or, in the case of his refusal or inability to act, some other Independent Engineer selected by the Trustee in the exercise of reasonable care) shall report in writing to the Trustee that the deficiency specified in said report has been made good.

Unless the Trust ee shall be so informed in writing by such Independent Engineer within one year from the date of the report with respect to the maintenance deficiency (or such longer period as may be specified in such report to be reasonably necessary for the purpose), that such deficiency has been made good, the Company shall be deemed to have defaulted in the due performance of the covenants of this Section with respect to the maintenance of the Trust Estate; and in any proceedings consequent upon such default, said report of such Independent Engineer shall be conclusive evidence against the Company of the existence of the facts and conditions therein set forth, and, subject to the provisions of Section 14.02, the Trustee shall be fully protected in relying thereon.

A ll expenses incurred pursuant to this Section shall be borne by the Company.

In the event that any regulatory authority having jurisdiction over the Company shall determine that the expenditures required by this Section for repairs and maintenance are excessive or shall, by order or regulation, prohibit, in whole or in part, any such expenditures for repairs and maintenance, then, upon filing with the Trustee a certified copy of such order or a copy of such regulation, as the case may be, the Company shall, so long as such order or such regulation remains in effect, be relieved from compliance

with the covenants contained in this Section, to the extent that such expenditures for repairs and maintenance shall have been held excessive or shall be prohibited.

Section 9.06. Prior Lien Obligations. The Company will not permit any increase of the aggregate principal amount of outstanding Prior Lien Obligations secured by any Prior Lien, but the Company shall have the right to issue new Obligations under a Prior Lien, in place of, and in substitution for, or to refund, other Obligations secured by the same Prior Lien, if t he principal amount of such new Obligations shall not exceed the principal amount of the Obligations in place of which, or to refund which, such new Obligations are being issued.

The Company will not permit any default to occur in the payment of any principal of or any interest or premium, if any, on any Prior Lien Obligations, and will not permit any act or omission, which is or may be declared to be a default under any mortgage securing Prior Lien Obligations, to occur hereafter or to continue beyond the period of grace, if any, specified in any such mortgage, and will, at all times, protect its title to the Trust Estate and every part thereof against loss by reason of any foreclosure or other proceeding to enforce any Prior Lien thereon.

Section 9.07. Use of Property Released from Prior Lien. Upon the cancellation and discharge of any Prior Lien, the Company will cause all cash, obligations or other property then held by the trustee or other holder of such Prior Lien, which were received by such trustee or other holder by reason of the release of, or which represent the proceeds of the taking by eminent domain or the purchase by a public authority or any other disposition of, or insurance on, any of the Trust Estate (including all proceeds of or substitutes for any thereof), in case such cash, obligations or other property was received by such trustee or other holder while the property released was subject to the Lien of this Restated Indenture, and not otherwise, to be paid and/or dep osited and pledged with the trustee, subject to no lien or charge prior to the Lien of this Restated Indenture, such cash to be held and paid over or applied by the Trustee as provided in Article Eight and such obligations or other property to be held by the Trustee as part of the Trust Estate; provided, however, that in lieu of paying or delivering to the Trustee all or any part of such cash, obligations or other property, the Company may deliver to the Trustee a certificate of the trustee or other holder of another Prior Lien, stating that a specified amount thereof has been deposited with such trustee or other holder pursuant to the requirements of such other Prior Lien, in which case there shall also be delivered to the Trustee an Opinion of Counsel stating that such deposit is required by such other Prior Lien.

Section 9.08. Recording and Filing and Annual Opinion and Certificate. At any and all times the Company will do, execute, acknowledge, deliver, file and/or record, and will cause to be done, executed, acknowledged, delivered, filed and/or recorded, all and every such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Trustee shall reasonably require for the better assuring, conveying, pledging, transferring, mortgaging,

assigning and confirming unto the Trustee all and singular the hereditaments and premises, estate and property hereby conveyed, pledged, transferred or assigned, or intended so to be.

The Company will cause this Restated Indenture and every instrument amendatory hereof or supplementary hereto which shall be executed pursuant to the provisions hereof, forthwith upon execution, to be recorded as a real estate mortgage and filed as a security interest under the Uniform Commercial Code as required by law under the applicable state jurisdicti ons and will, to the extent permitted by law, pay any mortgage recording or filing or other tax legally due upon such recording and filing or the issuing of Bonds hereunder, and will punctually and fully comply with the requirements of any and every mortgage recording tax law or other law, or direction of the Trustee, affecting the due recording and re-recording and filing and refiling of this Restated Indenture or of such additional instruments in such manner as may be necessary fully to preserve, continue and protect the security and validity of the Bonds, the superior lien of this Restated Indenture on the Trust Estate and the rights and remedies of the Trustee.

Promptly after the execution and delivery of this Restated Indenture, the Company will fur nish to the Trustee an Opinion of Counsel, complying with the provisions of Section 1.02, either stating that in the opinion of such counsel this Restated Indenture has been properly recorded and filed so as to make effective the lien intended to be created hereby and that all other action required by the preceding paragraph theretofore to have been taken has been taken, and reciting the details of such action, or stating that in the opinion of such counsel no such recording, filing or other action is necessary to make such lien effective.

The Company agrees upon each and every purchase or acquisition by the Company hereafter of property which under the terms hereof is upon acquisition to be subject to this Restated Indenture, to record and/or re-record and/or file or refile this Restated Indenture, and/or a duplicate hereof and/or a further separate and supplemental mortgage, and/or assignment, if and to the extent that such action may be required by law in order effectively to subject such property to the lien hereof and to preserve the priority of such lien, or as may be directed by the Trustee, in the proper office or offices of the county or counties or other recording districts in which such property is situated, or in any other office, and to do every other act and thing necessary to effectuate the lien hereof in respect thereof.

Without limiting the generality of the foregoing covenants of this Section, the Company will furnish to the Trustee on or before May 1st in each year commencing with the year 1942, the following:

A. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, briefly describing (or referring to descriptions thereof in other Certificates of the Company) each item of property which was acquired in the preceding calendar year at a cost of not less than $100,000, and which under the terms hereof is subjected to the Lien of this Restated Indenture, or required so to be;

B. AN OPINION OF COUNSEL, complying with the provisions of Section 1.02, specifying the mortgages, deeds, conveyances, assignments, transfers and instruments of further assurance which will be sufficient to subject such property to the Lien of this Restated Indenture or stating that no such mortgage, deed, conveyance, assignment, transfer or instrument of further assurance is necessary for such purpose, and that, upon the recordation or filing, in the manner stated in such opinion, of the instruments so specified, if any,

and, upon the recordation or filing of this Restated Indenture or any supplemental indenture in the manner stated in such opinion, or without any such recordation or filing if such opinion shall so state, this Restated Indenture will constitute a valid lien upon such property;

C. THE MORTGAGES, DEEDS, CONVEYANCES, ASSIGNMENTS, TRANSFERS AND INSTRUMENTS OF FURTHER ASSURANCE, if any, specified in such Opinion of Counsel and not theretofore delivered to the Trustee;

D. AN OPINION OF COUNSEL, complying with the provisions of Section 1.02, either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording and refiling of this Restated Indenture as is necessary to maintain the lien hereof, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien, and stating whether, under the then applicable law, such action will be necessary or advisable within the next ensuing period of twelve months.

Section 9.09. Insurance Requirements and Annual Certificate. The Company will at all times keep the Trust Estate insured with good and reputable insurance companies against loss or damage by fire or other risk, to the extent that property of similar character is usually insured by companies engaged in a similar business. The Company will also at all times maintain proper insurance against loss or damage from such hazards and risks to the person and property of others as are usually insured against by companies engaged in a similar business. All policies or other contracts for insurance upon the Trust Estate shall provide that any loss in excess of Five Million Dollars shall be payable to the Trustee as its interest may appear, or to the trustee or other holder of any Prior Lien if required by the terms thereof; and, if so requested in writing by the Trustee, the Company will, subject to the provisions of any Prior Lien, cause policies for such insurance to be delivered to the Trustee.

Any such insurance moneys received by the Trustee shall, subject to the requirements of any Prior Lien, be held by the Trustee and be applied from time to time as provided in Article Eight.

There shall be deposited with the Trustee, at such reasonable times as it may request, and at least once in each year on or before May 1 without any such request, a CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, with respect to the compliance by the Company with the covenants contained in this Section 9.09, which certificate (i) shall include the names of the issuing companies, the numbers and expiration dates of the policies, the amounts of such policies and the risks covered thereby, and (ii) shall state that it has been prepared in accordance with the provisions of this Section 9.09. In case the Trustee shall at any time notify the Company in writing that it disapproves of any insurance company with which the Company has taken out any insurance, or of the terms of any such policy, other insurance satisfactory to the Trustee shall forthwith be effected by the Company.

Except as may be otherwise required by Section 14.02, the Trustee may accept as conclusive the adjustment of any loss or losses between the Company and any insurance company, without the necessity of any further action on the part of the Trustee, and the Trustee shall be under no duty or obligation to check or verify any insurance policies or any list of insurance policies at any time filed with it hereunder, or to ascertain whether the Trust Estate is adequately or properly insured and may accept a certificate of the Company as conclusive evidence of any such adjustment and also as conclusive evidence that the total amounts payable by insurance companies with respect to any given loss by the Company are or will be less than $5,000,000.

Section 9.10. Record Keeping. The Company will keep full and complete records and accounts showing the sale of all Bonds authenticated and delivered hereunder, and the price or prices received therefor.

Section 9.11. Accounting and Audits. The Company will keep books of record and account, in which full, true and correct entries will be made of all dealings or transactions relative to the plants, properties, business and affairs of the Company, and all books, documents and vouchers relative to the plants, properties, business and affairs of the Company shall at all reasonable times be open to the inspection of such accountant or other agent as the Trustee may from time to time designate, and the Company will bear all expenses of such inspections at intervals of not more than once every two years. Except as may be otherwise required by Section 14.02, the Trustee shall be under no duty to cause any such inspection to be made, unless requested so to do by the holders of not less than a majority in amount of the Bonds.

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Section 9.12. Maintain Existence. Except in the case of a merger, consolidation, conveyance or transfer as in Article Thirteen provided, the Company will at all times maintain its corporate existence and right to carry on business and will duly procure all renewals and extensions thereof and shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights and franchises of the Company; provided, the Company shall not be required to preserve any such right or franchise if, in the good faith judgment of the Company, the preservation thereof is no longer desirable in the conduct of business of the Company, and the loss thereof would not adversely affect the interests of the Bondholders in any material respect. The Company will not enter into any merger or consolidation, or make any conveyance or lease of all or substantially all the Trust Estate as an entirety unless, in connection therewith, the Company and/or the successor corporation and/or the lessee, as the case may be, shall observe and comply with the terms and conditions of Article Thirteen applicable to such transaction.

Section 9.13. Advances by Trustee. If the Company shall fail to perform any of the covenants contained in Section 9.09, the Trustee may make advances to perform the same in its behalf, but, except as may be otherwise required by Section 14.02, shall be under no obligation so to do; and all sums so advanced shall be at once repayable by the Company, and shall bear interest at six percent (6%) per annum until paid, and shall be secured hereby and have the benefit of the lien hereby created in priority to the Bonds issued hereunder, but no such advance shall be deemed to relieve the Company from any default hereunder.

Section 9.14. Dividend Restrictions. Other than dividends payable solely in shares of its common stock, the Company may declare and pay dividends in cash or property on any shares of its common stock only out of the unreserved and unrestricted retained earnings of the Company and shall not make any such declaration or payment when the Company is insolvent, or when the payment thereof would render the Company insolvent.

Section 9.15. Governmental Reporting Requirements. The Company covenants and agrees

(1) to file with the Trustee within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as such Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with such Commission pursuant to Section 13 or Section 15 (d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents, or reports pursuant to either of such sections, then to file with the Trustee and the Securities and Exchange Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents, and reports which may be required pur suant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Restated Indenture as may be required from time to time by such rules and regulations;

(3) to transmit to the holders of the Bonds in the manner and to the extent provided in Clause (c) of Section 14.05 with respect to reports pursuant to Clause (a) of Section 14.05, such summaries of any information, documents and reports required to be filed by the Company pursuant to Clauses (1) and (2) of this Section 9.15 as may be required

by the rules and regulations prescribed from time to time by the Securities and Exchange Commission.

Section 9.16. List of Bondholders. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee between April 15 and April 30 and between October 15 and October 30 in each year, beginning with the month of April in the year 1942, and at such other times as the Trustee may request in writing, a list in such form as the Trustee may reasonably require containing all the information in the possession or control of the Company or of its paying agents, as to the names and addresses of the holders of Bonds obtained since the date as of which the next previous list, if any, was furnished. Any such list may be dated as of a date not more than 15 days prior to the time such information is furnished or caused to be furnished, and need not include information received after such date.

Section 9.17. Preservation of List of Bondholders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Bonds (1) contained in the most recent list furnished to it as provided in Section 9.16, (2) received by it in the capacity of paying agent hereunder, and (3) filed with it within two preceding years pursuant to the provisions of Paragraph (2) of Clause (c) of Section 14.05. The Trustee may (1) destroy any list furnished to it as provided in Section 9.16 upon receipt of a new list so furnished; (2) destroy any information received by it as paying agent upon delivering to itself as Trustee, not earlier than 45 days after an interest payment date of the Bonds, a list containing the names and addresses of the holders of Bonds obtained from such information since the delivery of the next previou s list, if any; (3) destroy any list delivered to itself as Trustee which was compiled from information received by it as paying agent upon the receipt of a new list so delivered; and (4) destroy any information received by it pursuant to the provisions of Paragraph (2) of Clause (c) of Section 14.05, but not until two years after such information has been filed with it.

(b) In case three or more holders of Bonds (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to commun icate with other holders of Bonds with respect to their rights under this Restated Indenture or under the Bonds, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within 5

business days after the receipt of such application, at its election, either

(1) afford to such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of Clause (a) of this Section; or

(2) inform such applicants as to the approximate number of holders of Bonds whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of Clause (a) of this Section, and as to the approximate cost of mailing to such Bondholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Bondholder whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of Clause (a) of this Section, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment or prov ision for the payment of the reasonable expenses of mailing, unless within 5 days after such tender the Trustee shall mail to such applicants and file with the Securities and Exchange Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Bonds, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections

specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for a hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Bondholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) The Trustee shall not be held accountable by reason of the mailing of any material pursuant to any request made under Clause (b) of this Section.

Section 9.18. Annual Compliance Certificate. On or before May 1 in each calendar year, or on or before such other date in each calendar year as the Company and the Trustee may agree upon, the Company will deliver to the Trustee a Certificate of the Company, complying with the provisions of Section 1.02, with respect to the c ompliance by the Company with the covenants contained in Sections 9.04, 9.05, 9.06, 9.07, 9.10, 9.11, and 9.12, and the Company covenants and agrees to notify the Trustee immediately upon the occurrence of any event which constitutes an Event of Default (as defined in Section 11.01 hereof) or which may constitute an Event of Default as the result of the giving of a notice and/or expiration of a period of grace.

ARTICLE TEN

REDEMPTION OF BONDS

Section 10.01. Redeemable Bonds. Such of the Bonds issued hereunder as are by their terms redeemable before maturity may, at the election of the Company evidenced by a Resolution of the Board delivered to the Trustee, be redeemed at such times, in such amounts and at such prices as may be specified

therein, and in accordance with the provis ions of this Article.

Section 10.02. Redemption Rights of Existing Bonds. The options of the Company, if any, to redeem any of the Existing Bonds are set forth in Exhibits B, C, D and E attached hereto.

Section 10.03. Notice and Selection of Bonds. If the Company shall elect to exercise such right of redemption, it shall give notice thereof in accordance with this Section. Notice of redemption shall be sufficiently given if mailed, postage prepaid, at least 30 days and not more than 50 days prio r to

the date on which such redemption is to be made, to all registered owners of Bonds to be redeemed, at their addresses as the same shall appear on the Bond register of the Company. Failure to mail such notice to any such registered owner or owners or any imperfection or defect in such notice shall affect the validity of the proceedings for redemption. Each notice of redemption shall state such election on the part of the Company and shall specify, in case less than all of the Bonds of a series are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease on such redemption date and that on said date there will become due and payable upon each of said Bonds the r edemption price therein specified, at the principal office of the Trustee in the Borough of Manhattan, The City of New York.

Any election of the Company pursuant to Section 10.01 to redeem Bonds may be rescinded by the Company at any time prior to the first publication or the mailing of the notice of redemption.

In case the Company shall have elected to redeem less than all the outstanding Bonds of any series, it shall, in each such instance, at least 10 days before the date upon which the first publication or the mailing of notice of redemption is required to be made, notify the Trustee in writing of such election and of the aggregate principal amount of Bonds of such series to be redeemed.

The selection of Bonds to be redeemed shall, in case less than all of the outstanding Bonds of any series are to be redeemed, be made by the Trustee either (a) in accordance with the provisions of any agreement, duly executed by the owners of all outstanding Bonds of such series, provided that an executed counterpart of such agreement shall have been filed with the Trustee on or prior to the date on which the notice aforesaid is received by the Trustee, or (b) if the provisions of the preceding Clause (a) shall not be applicable, the Trustee shall determine by lot, in any manner in its discretion, the serial numbers of the Bonds to be redeemed and shall certify to the Company the serial numbers of the Bonds so to be redeemed. The Bond so certified shall be specified in such notice by their serial numbers. In any determination by lot under this Section, (a) Bonds held by the Company shall not be considered to be outstanding and shall be excluded in making the determination of the Bonds to be redeemed and (b) each Bond shall be represented by a separate number for each $1,000 of its principal amoun t. If less than the whole principal amount of any such Bond shall be called for redemption, said notice shall also specifically state the portion of the principal amount thereof which is to be redeemed and that, upon presentation of such Bond for partial redemption, there will be issued, in lieu of the unredeemed portion of the principal amount thereof, a new Bond or Bonds of an aggregate principal amount equal to such unredeemed portion, as requested by the registered owner thereof; and in such case the Company shall execute and

the Trustee shall authenticate and deliver to or upon the written order of the registered owner of any such Bond, at the expense of the Company, a Bond or Bonds of the same series (but only in authorized denominations) for the principal amount of the unredeemed portion of such Bond or, at the option of such registered owner, the Trustee shall, upon presentation of such Bond for the purpose, make a notation thereon of the payment of the portion thereof so called for partial redemption.

Notice having been given as aforesaid, the Bonds so to be redeemed shall on the date designated in such notice become due and payable at the redemption price so specified; and from and after the date of redemption so designated (unless the Company shall make default in the payment of the redemption price of such Bonds) interest on the Bonds so designated for redemption (or in the case of partial redemption of a Bond on the portion thereof to be redeemed) shall cease to accrue, and upon surrender at the principal office of the Trustee in the Borough of Manhattan, The City of New York, in accordance with said notice, of any Bond specified therein, such Bond (or the portion thereof to be redeemed) shall be paid by the Company at the redemption price aforesaid. If the redemption price shall not be so paid upon surrender thereof, said Bond shall continue to bear interest at the rate therein specified.

The Company shall deposit in trust with the Trustee, prior to the date designated for redemption, an amount of money sufficient to pay the redemption price of all the Bonds which the Company has elected to redeem on such date.

Notwithstanding the provisions of this Section 10.03, payment of the redemption price of a portion of any Bond of any series (for the sinking fund or otherwise) shall be made directly to the registered owner thereof without surrender or presentation thereof to the Trustee if the Company shall have filed with the Trustee a copy of an agreement between the Company and such registered owner providing that such payment will so be made, that such registered owner will make a notation on such Bond of the portion or portions thereof so redeemed and that, if such registered owner should sell or otherwise dispose of such Bond, such registered owner, before making any delivery of such Bond, will surrender the same to the Trustee for confirmation by the Trustee of the notation thereon of the principal amount of such Bond theretofore paid.

Section 10.04. Method of Effecting Redemption. If and so soon as

A. The Company shall have duly elected to redeem any Bond pursuant to Section 10.01 and shall have delivered to the Trustee

(1) proof satisfactory to the Trustee that notice of redemption thereof has been mailed as required by Section 10.03; or

(2) a Written Order of the Company, expressed to be irrevocable, authorizing the Trustee to give such notice on behalf of the Company;

and shall have deposited with the Trustee an amount of money sufficient to pay the redemption price of such Bond; or

B. The Trustee shall have selected any Bond for redemption pursuant to Section 8.08 pursuant to any sinking, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created as in Section 2.04 provided (with respect to a

Bond of any other series); there being on deposit with the Trustee an amount of money sufficient to pay the redemption price of such Bond;

and in either such case

C. The Company shall have deposited with the Trustee, sufficient funds for the payment of all interest on any such Bond payable on or before the date designated for redemption thereof which is not included in the redemption price thereof;

then and in every such case the money held by the Trustee for the redemption of such Bond shall, without further act, be deemed forthwith to be reserved for the benefit of, and shall constitute a trust fund for, the holder of such Bond, but no interest shall accrue thereon in his favor. Thereafter, such Bond (or in the case of partial redemption of a Bond, the portion thereof to be redeemed) shall be excluded from participation in the lien of this Restated Indenture or in the Trust Estate. Money held in trust by the Trustee for the redemption of any Bond shall not be deemed to be a part of the Trust Estate.

Section 10.05. Cancellation of Redeemed Bonds. All Bonds redeemed pursuant to Section 10.03 (except Bonds partially redeemed and not surrendered, as permitted by said Section 10.03) shall be canceled by the Trustee.

ARTICLE ELEVEN

REMEDIES OF TRUSTEES AND BONDHOLDERS

Section 11.01. Events of Default. In case one or more of the following events (herein called “Events of Default”) shall happen, that is to say:

A. Default shall be made in the payment of any interest on any Bond issued hereunder when and as the same shall become due and payable, and any such default shall have continued for a period of 30 days; or

B. Default shall be made in the payment of the principal of any Bond issued hereunder when and as the same shall become due and payable, whether by the terms thereof or otherwise as herein provided; or

C. Default shall be made in the due performance or observance of any covenant or condition required by Section 9.14 to be performed or observed by the Company and any such default shall have continued for a period of 30 days; or

D. Default s hall be made in the due performance or observance of any covenant or condition required by the provisions for any sinking, amortization, improvement, renewal or other analogous fund with respect to Bonds of any series, and any such default shall have continued for a period of 30 days; or

E. Default shall be made in the due performance or observance

of any other covenant or condition herein required to be performed or observed by the Company (except in respect of the refund or reimbursement of taxes, assessments or other governmental charges for which the holders of Bonds may look only to the Company), and any such default shall have continued for a period of 60 days after written notice thereof to the Company from the Trustee or from the holders of at least 10% in amount of the Bonds at the time outstanding; or

F. If the Company shall be adjudicated a bankrupt or insolvent, or shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors or shall file a voluntary petition in bankruptcy or under the corporate reorganization provisions of the Federal Bankruptcy Act (as now or hereafter amended) or an answer admitting the material allegations of a petition

filed against the Company under such provisions, or shall, by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other law providing for the reorganization, dissolution, liquidation or winding up of corporations on the ground of insolvency; or

G. If the Company shall consent to the appointment, upon the application of a creditor or creditors, of a receiver of itself or of the whole or any part of the Trust Estate; or if an order, judgment or decree shall be entered, upon the application of a creditor or creditors, by any court of competent jurisdiction appointing, without the consent of the Company, a receiver of the Company or of the whole or any substantial part of the Trust Estate, and the receiver so appointed shall not have been removed or discharged within 90 days thereafter; or

H. If a petition against the Company in proceedings under the corporate reorganization pr ovisions of the Federal Bankruptcy Act (as now or hereafter amended) shall be approved by any court of competent jurisdiction and such approval shall not be withdrawn or the proceeding dismissed within 90 days thereafter, or if under the provisions of any other now existing or future bankruptcy or other law providing for the

reorganization, dissolution, liquidation or winding up of corporations on the ground of insolvency, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Company or of the whole or any part of the Trust Estate and such jurisdiction, custody or control shall not be relinquished or terminated within 90 days thereafter; or

I. If final judgment for the payment of money shall be rendered against the Company, and the same shall not be discharged within 60 days from the entry thereof or an appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, or other appropriate proceeding for the appellate review thereof, shall not be taken within said period and a stay of execution pending such appeal shall be secured or if such appeal be taken and on such appeal such order, decree or process shall be affirmed and the Company shall not discharge said judgment or provide for its discharge in accordance with its terms within sixty days after the entry of the order or decree or affirmance; or

J. If any governmental agency or any court at the instance of any governmental agency shall assume, other than under the exercise of eminent domain, custody or control of the whole or any substantial part of the Trust Estate, or sh all assume control over the Company’s affairs or operations to the exclusion of management by the Company;

then, and in every such case, if such default or defaults shall not have been remedied, the Trustee may, and upon the written request of the holders of at least a majority in amount of the Bonds then outstanding shall, and the holders of at least 25% in amount of the Bonds may, by notice in writing to the Company, declare the principal of and interest on all the Bonds to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Restated Indenture or in the Bonds contained to the contrary notwithstanding. This provision is subject, however, to the condition that if, at any time after such declaration, but before any sale of the Trust Estate, or any part thereof, shall have been made under this Article, all overdue installm ents of interest upon all the bonds, with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue installments of interest at the rate of 6% per annum, together with all sums paid or advanced by the Trustee under any provision hereof and the reasonable and proper charges, expenses and liabilities of the Trustee, its agents, attorneys and counsel, and all other sums payable by the Company hereunder, except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration, shall either be paid by or for the account of the Company or provision satisfactory to the Trustee shall be made for such payment, and all Events of Default hereunder shall be remedied, then, and in every such case, the holders of at least a majority in amount of the Bonds then outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration in its entirety; but no such action sh all extend to or affect any subsequent default or impair any right consequent thereon.

The Trustee shall give to the Bondholders, in the manner and to the extent provided in Clause (c) of Section 14.05, notice of the happening of any

of the events set forth in the preceding Paragraphs A to J which are known to it, within 90 days (exclusive of days of grace) after the happening thereof; provided, however, that, except in the case of a default in the payment of principal of or interest on any Bonds outstanding hereunder or in the payment of any sinking, purchase or analogous fund installment, the Trustee may withhold the giving of such notice if, and so long as, the withholding of such notice is, in the judgment of the board of directors, the executive committee or a trust committee of directors and/or responsible officers of the Trustee, made in good faith in the interests of the Bondholders.

Section 11.02. Possession of Trust Estate by Trustee. In case one or more of the Events of Default shall happen and shall not have been remedied, then, and in every such case, to the extent permitted by law, the Trustee, personally or by agents or attorneys, may enter into and upon all or any part of the Trust Estate (including the books, papers and financial records of the Company, but excluding money, securities and property deposited or pledged, or required by the terms hereof to be deposited or pledged, with the trustee, mortgagee or other holder of some Prior Lien), and may exclude the Company, its agents and servants, and all persons claiming under the Company, wholly or partly therefrom; and having and holding the same, may use, operate, ma nage and control the Trust Estate and conduct the business thereof, by superintendents, managers, receivers, agents, servants and/or attorneys. Upon every such entry, the Trustee may, from time to time, at the expense of the Trust Estate, make all such repairs, renewals, replacements and useful or required alterations,

additions, betterments and improvements to and on the Trust Estate, as to it may seem necessary, proper or judicious. In each such case, the Trustee shall have the right to manage the Trust Estate and to carry on the business and to exercise all rights and powers of the Company, either in the name of the Company, or otherwise, as the Trustee shall deem best, and the Trustee shall be entitled to collect and receive all earnings, income, rents, issues and profits of the same and every part thereof, without prejudice, however, to any right of the Trustee as provided in Article Seven to collect and receive all income from money, obligations or other property deposited or pledged, or required by the terms hereof to be deposited or pledged, with the Trustee. Such earnings, income, rents, issues and profits shall be applied to pay the expenses of holding and operating the Trust Estate and of conducting the business thereof, and of all maintenance, repairs, renewals, replacements, alterations, additions,

betterments and improvements, and to make all payments which the Trustee may be required or may elect to make, if any, for taxes, assessments, insurance and other prior or proper charges upon the Trust Estate or any part thereof (including interest on and principal of Prior Lien Obligations), and to set up such reasonable reserves as the Trustee may deem advisable for taxes, assessments, interest and other prior or proper charges, and to make all other payments which the Trustee may be required or authorized to make under any provision of this Restated Indenture, as well as just and reasonable compensation for the services of the Trustee, and of all superintendents, managers, receivers, agents, attorneys, counsel, servants and other employees engaged and employed in conducti ng the business of the Company, and to employ engineers or accountants to investigate and make reports upon the business and affairs of the Company. The remainder of such income, rents, issues and profits shall be applied as follows:

In case the principal of the Bonds then outstanding shall not have become due and be unpaid, to the payment of the interest in default, in the order of the maturity of the installments of such interest, with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue installments of interest at the rate of 6% per annum; such payments to be made ratably to the persons entitled thereto without discrimination or preference, subject, however, to the provisions of Section 9.02.

In case the principal of any of the Bonds then outstanding shall have become due, by declaration or otherwise, and shall be unpaid, first to the payment of the accrued interest in the order of the maturity of the installments of such interest (treating for this purpose each semiannual accrual of interest on overdue Bonds as an installment of interest), with interest (to the extent that payment of

such interest is enforceable under applicable law) on overdue installments of interest at the rate of 6% per annum, and then to the payment of the whole amount due and unpaid upon the principal of the Bonds; in every instance such payments to be made ratably to the persons entitled to such payments without any discrimination or preference, subject, however, to the provisions of Section 9.02.

If and whenever, prior to any sale of the Trust Estate, or any part thereof, all overdue installments of interest upon all the Bonds, with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue installments of interest at the rate of 6% per annum, together with all sums paid or advanced by the Trustee under any provision hereof and the reasonable and proper charges, expenses and liabilities of the Trustee, its agents, attorneys and counsel, and all other sums then payable by the Company hereunder, including the principal of and all accrued unpaid interest on all Bonds which shall then be payable, by declaration (unless such declaration shall have been annulled, pursuant to Section 11.01) or otherwise, shall either be paid by or for the account of the Company or provision satisfactory to the Trustee shall be made for such payment, and all Events of Default hereunder shall be remedied, the Trustee shall surrender to the Company, its successors or assigns, the possession of the Trust Estate (except money, securities or property deposited or pledged, or required by the terms hereof to be deposited or pledged, with the Trustee), and shall pay over upon the Written Order of the Company the amount, if any there be, of any earnings, income, rents, issues and profits of the Trust Estate then remaining unexpended in the hands of the Trustee and thereupon the Company and the Trustee shall be restored to their former positions and rights hereunder in respect of the Trust Estate, but no such surrender shall extend to or affect any subsequent default or impair any right consequent thereon.

In case one or more Events of Default shall happen and shall not have been remedied, the Trustee shall collect and receive all dividends on any stock and all sums payable for interest on any obligations or indebtedness held by the Trustee hereunder, and the Trustee shall cancel and revoke all assignments and orders in respect thereof in favor of the Company or its nominee, and all moneys

so received by the Trustee shall, prior to any sale of the Trust Estate under this Restated Indenture, be applied to any one or more of the purposes to which income from the Trust Estate may be applied as provided in this Section 11.02, and upon any such sale any moneys so received by the trustee and remaining unexpended in its hands shall be held and applied in the same manner as the proceeds of such sale; but in every such case, after the Company’s rights shall have been restored as in this Section 11.02 provided, the right of the Company to receive and collect interest and dividends to the extent set forth in Section 7.01, and the duty of the Trustee to execute and deliver assignments and order for the same as provided in Section 7.01, shall reviv e and continue as though no Event of Default had occurred; and the Trustee shall pay over upon the Written Order of the Company the amount, if any there be, of any such interest or dividends collected or received by the Trustee and then remaining unexpended in its hands.

Section 11.03. Additional Power of Trustee in Event of Default. In case one or more of the Events of Default shall happen and shall not have been remedied, the Trustee, by agents or attorneys, with or without entry, if the Trustee shall deem it advisable

(a) may sell to the highest bidder all and singular the Trust Estate (if such sale be permitted by the laws of the jurisdiction or jurisdictions wherein the Trust Estate shall be located), such sale to be made at public auction at such place or places and at such time or times and upon such terms as the Trustee may fix in compliance with law and briefly specify in the notice of sale to be given as herein provided or as may be required by law; or

(b) may proceed to protect and enforce its rights and the rights of the Bondholders under this Restated Indenture, by a suit or suits in equity or at law, whether for the specific performance of any

covenant herein contained, or in aid of the execution of any power herein granted, or for the foreclosure of this Restated Indenture or for the enforcement of any other legal or equitable right, as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties hereunder.

Section 11.04. Bondholders' Right to Direct Action. Upon the written request of the holders of at least a majority in amount of the Bonds then outstanding, in case of the happening of any Event of Default, if the same shall not have been remedied, it shall be the duty of the Trustee, upon being indemnified as provided in Section 14.02, if under the provisions of said Section it is entitled to demand indemnity, to take all such steps for the protection and enforcement of its rights and the rights of the holders of the Bonds, or to take such appropriate judicial proceedings as the Trustee, being advised by counsel, shall deem most expedient in the interest of the holders of the Bonds.

Section 11.05. Notice of Sale by Trustee. Notice of any sale under the power of sale herein granted shall state the time when and the place where the same is to be made, and shall contain a brief description of the property to be sold, and shall be sufficiently given if published once in each of four successive calendar weeks prior to such sale in an Authorized Newspaper, in the Borough of Manhattan, The City of New York (upon any day of the week and in any such newspaper, the first publication to be made not less than 30 days nor more than 40 days prior to such sale), and in such other manner as may be required by law.

Section 11.06. Adjournment of Sale. The Trustee may from time to time adjourn any sale to be made under the power of sale granted by this Restated Indenture, by announcement at the time and place appointed for such sale or for any adjournment thereof; and without further notice or publication except such as may be required by applicable law, may make such sale at the time and place to which the same shall have been so adjourned.

Section 11.07. Conveyance to Purchasers. Upon the completion of any sale or sales under this Restated Indenture, the Trustee shall execute and

deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds of conveyance, and such other instruments as in the judgment of the Trustee may be desirable or proper, conveying, assigning and transferring the properties and rights sold; and the Trustee hereunder at such time, is hereby irrevocably appointed the true and lawful attorney of the Company, in its name and stead, to make all necessary deeds and conveyances of the property thus sold; and for that purpose the Trustee may execute all necessary deeds and instruments of assignment and transfer, the Company hereby ratifying and confirming all that its said attorneys shall lawfully do by virtue hereof.

Any such sale or sales made under or by virtue of this Restated Indenture, whether under the power of sale herein granted or by virtue of judicial proceedings, shall, to the full extent permitted by law, operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company of, in and to the property so sold, and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming or who may claim the property sold, or any part thereof, from, through or under the Company, its successors or assigns.

The receipt of the Trustee or of the court officer conducting any such sale shall be a full and sufficient discharge to any purchaser of any property sold as aforesaid, for the purchase money; and no such purchaser, or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Restated Indenture, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such purchase money or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

Section 11.08. Sale as an Entirety Unless Holders Otherwise Direct. In the event of any sale under this Article, whether made under the power of sale herein granted or by virtue of judicial proceedings, the whole of the Trust Estate shall (if permitted under applicable law) be sold in one parcel and as an entirety, unless the holders of at least a majority in amount of the Bonds then outstanding shall in writing request the Trustee to cause said property to be sold in parcels, in which case (to the extent permitted by applicable law) the sale shall be made in such parcels as may be specified in such request, or unless such sale as an entirety is impracticable by reason of some statute or other cause.

Section 11.09. Accrual of Interest Upon Sale. In case of any sale of the Trust Estate, or any part thereof, under this Article, whether made under the power of sale herein granted, or by virtue of judicial proceedings, the principal of and accrued interest on all the Bonds then outstanding, if not already due, shall immediately become due and payable, anything in the Bonds or in this Restated Indenture to the contrary notwithstanding.

Section 11.10. Application of Proceeds of Sale. The purchase money, proceeds and avails of any such sale shall be applied as follows:

First: To the payment of the costs and expenses of such sale, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and of all charges, expenses and liabilities incurred (and all advances made) without negligence or bad faith by the Trustee in managing and maintaining the Trust Estate or in executing any trust or power hereunder, and, if in conformity with applicable law, to the payment of all taxes, assessments or liens prior to the Lien of this Restated Indenture, except any taxes, assessments or other superior liens subject to which such sale shall have been made;

Second: To the payment of the whole amount then due and unpaid upon the Bonds then outstanding, for principal and interest, with accrued interest on the principal, and with interest (to the extent that payment of such interest is enforceable under applicable law) on the overdue installments of interest at the rate of 6% per annum; and in cash such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, then to the payment of such principal and interest, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any series of the Bonds over any other series of the Bonds, ratably according to the aggregate so due for such principal and the accrued and unpaid interest, at the date fixed by the Trustee for the distribution of such moneys, subject, however, to the provisions o f Section 9.02; and

Third: The surplus, if any, shall be paid to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Any other sums which may be held by the Trustee as part of the Trust Estate at the time of such application of the purchase money, proceeds and avails of any such sale, as aforesaid, shall be applied together with such purchase money, proceeds, and avails, in the manner provided in the foregoing Paragraphs First, Second and Third, but sha ll not be separately so applied.

Section 11.11. Use of Bonds to Pay for Property. In case of any sale as aforesaid of the Trust Estate or any part thereof any purchaser shall be entitled, for the purpose of making settlement or payment for the property purchased, to use and apply any Bonds then outstanding and claims for interest, in order that there may be credited thereon the sums payable out of the net proceeds of such sale to the holder of such Bonds and claims for interest, subject to the provisions of Section 9.02, as his ratable share of such net proceeds; and thereupon such purchaser shall be credited, on account of such purchase price, with the portion of such net proceeds that shall be applicable to the payment of, and that shall have been credi ted upon, the Bonds and claims for interest so used and applied; and at any such sale, any Bondholder or the Trustee may bid for and purchase the property offered for sale, may make payment on account thereof as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

Section 11.12. Other Rights of Trustee in Event of Default. Upon filing a bill in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Restated Indenture, the Trustee shall be entitled to exercise any and all other rights and powers herein conferred and

provided to be exercised by the Trustee upon the occurrence of an Event of Default.

Section 11.13. Recovery of Judgment. The Company covenants that

(1) in case default shall be made in the payment of any interest on any Bond when and as the same shall become due and payable, and any such default shall have continued for a period of 30 days, or

(2) in case default shall be made in the payment of the principal of any Bond when and as the same shall become due and payable, whether by the terms thereof or otherwise as herein provided,

then, and upon demand of the Trustee, the Company will pay to the Trustee for the benefit of the holders of the Bonds in respect of which such default shall be made, the whole amount due and payable on all such Bonds, for principal and interest, including the redemption price of any Bonds called for redemption, with interest upon the overdue principal and, to the extent that the same is enforceable under applicable law, interest upon overdue installments of interest, in each case at the rate of 6% per annum; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name, and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

To the extent permitted by applicable law, the Trustee shall be entitled to recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of the lien of this Restated Indenture, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Restated Indenture or the foreclosure of the lien hereof. In case of a sale of the Trust Estate and the application of the proceeds of sale to the payment of the Bonds, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon any and all of the Bonds then outstanding, for the benefit of the holder s thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest. No recovery of any such judgment by the Trustee shall in any manner or to any extent affect the lien of the Trustee upon the Trust Estate or any part thereof or any rights, powers or remedies of the Trustee hereunder or any rights, powers or remedies of the holders of the Bonds; but such lien, rights, powers and remedies shall continue unimpaired as before.

All moneys collected by the Trustee under this Section shall be applied as follows:

First: To the payment of the costs and expenses of the proceedings resulting in the collection of such moneys, including counsel fees, and of the charges, expenses and liabilities incurred and all advances made by the Trustee, without negligence or bad faith, in theretofore managing and maintaining the Trust Estate or in executing any trust or power hereunder; and

Second: To the payment of the amounts then due and unpaid upon the Bonds in respect of which or for the benefit of which or for the benefit of which such moneys shall have been collected, ratably and without any preference or priority of any kind (except as provided in Section 9.02) according to the amounts due and payable upon such Bonds at the date fixed by the Trustee for the distribution of such moneys.

Section 11.14. Restrictions on Rights of Bondholders and Unconditional Obligation of Company. No holder of any Bond issued hereunder shall have any right to institute any s uit, action or proceeding at law or in equity for the foreclosure of this Restated Indenture or for the execution of any trusts hereunder or for the appointment of a receiver or for any other remedy hereunder, unless

(a) such holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default, as hereinbefore provided; and

(b) the holders of at least a majority in amount of the Bonds then outstanding shall have filed a written request with the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in the name of the Trustee; and

(c) said holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred by compliance with such request, if the Trustee is entitled under the provisions of Section 14.02, to such security or i ndemnity; and

(d) the Trustee shall have refused or omitted to comply with such request for a period of 90 days after such written request shall have been filed with, and said tender of indemnity (if the Trustee is entitled thereto as aforesaid) shall have been made to, the Trustee.

Such notification, request and tender of indemnity (if the Trustee is entitled thereto as aforesaid) are hereby declared, in every case, at the option of the Trustee, but subject to the provisions of Section 14.02, to be conditions preceden t to any action or cause of action for foreclosure or for the execution of any trusts hereunder or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the lien of this Restated Indenture or to enforce any right hereunder, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Restated Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds (subject to the provisions of Section 9.02).

It is, however, expressly provided that nothing in t his Restated

Indenture or in the Bonds contained shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective holders of the Bonds or affect or impair the right of action, which is also absolute and unconditional, of such holders to enforce such payment. Neither enforcement by any such holder of such right of action in respect of any Bond nor entry of any judgment thereon shall in any manner or to any extent affect the lien of the Trustee upon the Trust Estate or any part thereof, or any rights, powers or remedies hereunder of the Trustee or of the holders of the Bonds, except to the extent if any that the rights, powers or remedies of such holder with respect to such Bond may under applicable law be affected thereby.
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Section 11.15. Remedies Cumulative. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustee or to the holders of Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall, to the extent permitted by applicable law, be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 11.16. No Waiver for Delay. No delay or omission of the Trustee, or of any holder of Bonds to exercise any right or power arising upon the happening of any Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders, may, subject to the provisions of Section 11.14, be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

All rights of action under this Restated Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The Trustee shall be entitled and empowered either in its own name and as trustee of an express trust, or as attorney-in-fact for the holders of the Bonds, or in any one or more such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary

or advisable in order to have the claims of the holders of Bonds allowed in any equity receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other simil ar proceedings, or in any judicial proceedings, relative to the Company or its creditors or its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Bonds by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Bonds, with authority to make or file in the respective names of the holders of the Bonds as a class (subject to deduction from any such claim of the amounts of any claim filed by any of the holders of the Bonds themselves), any proof of debt, amendment of proof of debt, claim,

petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute and other papers and documents and do and perform any and all acts and things for and on behalf of such holders of the Bonds, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the holders of the Bonds against the Company and/or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that nothing herein contained shall be deemed to authorize or empower the Trustee to consent to or accept or adopt, on behalf of any Bondholder, any plan of reorganization or readjustment of the Company affecting the Bonds.

Section 11.17. Trustee's Power to Institute Legal Proceedings. The Trustee shall have power to institute and to maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation of this Restated Indenture, and such suits and proceedings as it may be advised by counsel shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders in respect of the Trust Estate and in respect of the income, earnings, issues and profits arising therefrom, but nothing herein contained shall be deemed to limit the duties and obligations of the Trustee set forth in Section 14.02.

Section 11.18. Failure of Remedy Restores Rights. In case the Trustee shall have proceeded to enforce any right under this Restated Indenture by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then, and in every such case, the Company and the Trustee shall without further act be restored to their former positions and rights hereunder in respect of the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

Section 11.19. Holders of Majority May Direct Proceedings. Anything contained in this Restated Indenture to the contrary notwithstanding, the holders of at least a majority in amount of the Bonds at the time outstanding shall have the right, at any time, by instrument or instruments in writing executed and delivered to the Trustee, to direct the method, time and place of conducting all proceedings to be taken for any sale of the Trust Estate or for the foreclosure of this Restated Indenture or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of this Restated Indenture, and that the Trustee shall have the right to decline to follow any such direction which in its opinion would be unjustly prejudicial to Bondholders not parties to such direction, but, subject to the provisions of Sectio n 14.02, shall be fully protected with respect to any action taken or omitted by it in good faith in accordance with such direction.

Section 11.20. Company's Waiver of Certain Rights. The Company agrees, to the full extent that it may lawfully so agree, that it will not at any time insist upon or plead or in any manner whatever, claim or take the benefit or advantage of any appraisement, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or

foreclosure of this Restated Indenture or the absolute sale of the Trust Estate or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but the Company, for itself and all who may claim through or under it, so far as it now or hereafter lawfully may, hereby waives the benefit of all such laws. The Company, to the full extent that it may lawfully do so, for itself and all who may claim through or under it, waives any and all right to have the property included in the Trust Estate marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the Trust Estate as an entirety.

If any law in this Section referred to and now in force, of which the Company or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions of this Section.

Section 11.21. No Recourse Against Stockholders, Directors and Officers. No recourse under or upon any obligation, covenant or agreement contained in this Restated Indenture or in any Bond issued hereunder or under or upon any indebtedness hereby secured or arising out of this Restated Indenture, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise howsoever. It is expressly agreed and understood that this Restated Indenture and the Bonds are solely corporate obligations and that no personal liability whatever doe s or shall attach to or be incurred by the incorporators, stockholders, officers or directors of the Company or of any predecessor or successor corporation, or any of them, because of the indebtedness represented by the Bonds or implied therefrom; and that any and all personal liability of every name and nature, either at common law or in equity or by statute or constitution, of every such incorporator, stockholder, officer or director, is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of this Restated Indenture and the issuance of the Bonds; provided, however, that nothing herein contained shall

be taken to prevent recourse to and the enforcement of the liability, if any, of any shareholder or any stockholder or any subscriber to capital stock upon or in respect of shares of capital stock not fully paid up.

Section 11.22. Obligor Not Entitled to Distribution. No Bonds owned or held by, for the account of or for the benefit of the Company or any other obligor on the Bonds (other than Bonds pledged to secure an obligation) shall be deemed entitled to share in any payment or distribution provided for in this Article Eleven.

ARTICLE TWELVE

EVIDENCE OF RIGHTS OF BONDHOLDERS

Section 12.01. Bondholder Concurrent Writings. Any request, consent or other instrument required by this Restated Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request or other instrument or of a writing appointing any such agent, or of holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Restated Indenture and shall be conclusive in favor of the Company and, subject to the provisions of Sections 9.17 and 14.02, in favor of the Trustee, if made in the manner provided in this Article.

Section 12.02. Proof of Execution by Bondholder. The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, cert ifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof.

Section 12.03. Register Proves Ownership of Bond. The ownership of Bonds shall be proved by the register of such Bonds.

The foregoing provisions of this Article are subject to the provisions of Article Seventeen with respect to the calling of and voting at meetings of Bondholders.

Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Company in pursuance of such request, consent or vote.

ARTICLE THIRTEEN

MERGER, CONSOLIDATION, TRANSFER OR LEASE

Section 13.01. Conditions of Merger. Nothing in this Restated Indenture contained shall prevent any consolidation or merger of the Company with or into any other corporation or corporations, or any conveyance, transfer or lease, subject to the Lien of this Restated Indenture, of all or substantially all the Trust Estate as an entirety to any corporation lawfully entitled to acquire or lease and operate the same; provided, however, and the Company covenants and agrees, that such consolidation, merger, conveyance, transfer or lease shall be upon terms as fully to preserve and in no respect to impair the lien or security of this Restated Indenture or any of the rights or powers of the Trustee or the Bondholders hereunder; provided further, that every such lease shall be made expressly subject to ter mination by the Company or by the Trustee at any time upon the happening of an Event of Default hereunder, and also by the purchaser at any sale hereunder of the property so leased, whether such sale be made under the power of sale hereby conferred or pursuant to judicial proceedings; provided further, that, upon and in connection with any such consolidation, merger, conveyance or transfer, the due and punctual payment of the principal of and interest on all the Bonds according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of this Restated Indenture to be performed or observed by the Company, shall be assumed by the successor corporation formed by such consolidation or into which such merger

shall have been made or which acquires by conveyance or transfer all or substantially all the Trust Estate as an entirety; and such successor corporation shall execute and deliver to the Trustee, simultaneously with such consolidation, merger, conveyance or transfer, an indenture supplemental hereto containing

(1) an agreement on the part of such successor corporation punctually to make all the payments and to perform and observe all the covenants and conditions of this Restated Indenture which are to be made or performed or observed by the Company, with the same effect and to the same extent as if the maker of such agreement had been the party of the first part hereto, and

(2) a grant, conveyance, transfer and mortgage of the character described in Paragraph A or Paragraph B of Section 13.02;

provided further, that, upon and in connection with any such lease, the lessee under such lease shall execute and deliver to the Trustee, simultaneously with such lease, an indenture supplemental hereto containing a grant, conveyance, transfer and mortgage subjecting to the direct Lien of this Restated Indenture all properties and franchises of the character described in Paragraph B of Section 13.02 which may be acquired by such lessee after the date of such lease.

Section 13.02. Conditions of Successor to Succeed to Rights of Company. In case the Company, pursuant to Section 13.01, shall be consolidated with or merged into any other corporation or corp orations or shall convey or transfer, subject to the Lien of this Restated Indenture, all or substantially all of the Trust Estate as an entirety, the successor corporation formed by such consolidation or into which the Company shall have been merged or which shall have received a conveyance or transfer as aforesaid, upon causing to be recorded the supplemental indenture referred to in said Section 13.01, shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the party of the first part, subject, however, to the following limitations and restrictions:

A. If said supplemental indenture shall contain a grant, conveyance, transfer and mortgage in terms sufficient to include and subject to the Lien of this Restate d Indenture all property and franchises then owned and which may be thereafter acquired by such successor corporation (other than Excepted Property), thereupon and thereafter such successor corporation may cause to be executed, either in its own name or in the name of the Company, and delivered to the Trustee for authentication, any Bonds issuable hereunder; and upon the order of such successor corporation in lieu of the Company, and subject to all the terms, conditions and restrictions in this Restated

Indenture prescribed, the Trustee shall authenticate and deliver any of the Bonds which shall have been previously executed and delivered by the Company to the Trustee for authentication, and any of such Bonds which such successor corporation shall thereafter, in accordance with the provisions of this Restated Indenture, cause to be executed and delivered to the Trustee for such purpose. Such changes in phraseology and form (but not in substance) may be made in such Bonds as may be appropriate in view of such consolidation or merger or conveyance or transfer. All such Bonds when issued by such successor corporation shall in all respects have the same legal rank and security as the Bonds theretofore or thereafter authenticated and delivered in accordance with the terms of this Restated Indenture and issued, as though all of said Bonds had been issued at the date of the execution hereof.

B. If said supplemental indenture shall not contain the grant, conveyance, transfer and mortgage described in the preceding Paragraph A, then such successor corporation shall not be entitled to procure the authentication and delivery of Bonds hereunder pursuant to Article Four, Five or Six, and (notwithstanding the generality of the Granting Clauses) this Restated Indenture shall not, by virtue of such consolidation, merger, conveyance or transfer, or by virtue of said supplemental indenture, become a lien upon any of the properties or franchises of such successor corporation owned by it at the time of such consolidation, merger, conveyance or transfer (unless such successor corporation, in its discretion, shall subject the same to the lien hereof), but this Restated Indenture shall become and be a lien upon the following, and only the following, properties acquired by such successor corpo ration after the date of such consolidation, merger, conveyance or transfer, to wit:

(1) all betterments, extensions, improvements, additions, repairs, renewals, replacements, substitutions and alterations to, upon, for and of the Trust Estate and all property constituting appurtenances of the Trust Estate;

(2) all Property Additions made the basis of the withdrawal of cash from the Trustee or from the trustee, mortgagee or other holder of a Prior Lien, or the release of property from the Lien of this Restated I ndenture; and all property acquired or constructed with the proceeds of any insurance on any part of the Trust Estate; and

(3) all property acquired in pursuance of Section 9.05 or of any other covenants herein contained to maintain

and preserve and keep the Trust Estate in good condition, repair and working order, or in pursuance of some other covenant or agreement herein contained to be performed by the Company;

and in such event said supplemental indenture shall contain a grant, conveyance, transfer and mortgage subjecting the property described in the preceding Clauses (1), (2) and (3) of this Paragraph to the direct Lien of this Restated Indenture.

ARTICLE FOURTEEN

CONCERNING THE TRUSTEE

Section 14.01. Qualification of Trustee. The Trustee shall at all times be a corporation eligible under Section 14.07 and have a combined capital and surplus of not less than $1,000,000. If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred t o in Section 14.07, then for the purposes of this Section the combined capital and surplus of the Trustee, shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 14.02. Trustee’s Duties and Obligations.

(a) The Trustee for itself and its successors hereby accepts the trusts of this Restated Indenture. In case an Event of Default shall happen and shall not be remedied, the Trustee shall exercise such of the rights and powers vested in it by this Restated Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) None of the provisions of this Restated Indenture shall be construed as relieving the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) Unless an Event of Default shall have happened and shall not have been remedied, the Trustee shall be under no duty with respect to the performance of any duties except such as are specifically set forth in this Restated Indenture, and no implied covenant or obligation shall be read into this Restated Indenture against the Trustee, but the duties and obligations of the Trustee shall be determined solely by the express provisions of this Restated Indenture.

(2) Unless an Event of Default shall have happened and shall not have been remedied, the Trustee may, in the absence of bad faith on the part of the Trustee, rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it pursuant to and conforming to the requirements of this Restated Indenture; provided, however, that the trustee shall examine any certificate or opinion required to be furnished to it by the Company under any provision of this Restated Indenture to determine whether such ce rtificate or opinion conforms to the requirements of this Restated Indenture.

(3) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the

Trustee was negligent in ascertaining the pertinent facts.

(4) None of the provisions in this Restated Indenture contained shall require the Trustee to advance or expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it (i) by the security afforded to it by the terms of this Restated Inde nture, or (ii) by other reasonable security or indemnity.

(5) The recitals herein and in the Bonds contained shall be taken as the statements of the Company and shall not be considered as made by, or imposing any obligation or liability upon, the Trustee, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Company thereto or as to the validity or adequacy of the security afforded thereby, or hereby, or as to the validity of this Restated Indenture or of the Bonds or coupons issued hereunder.

(6) The Trustee shall not be under any responsibility or duty with respect to the disposition by the Company of the Bonds or the application by the Company of the proceeds thereof or of any moneys paid to the Company under any of the provisions hereof.

(c) The Trustee may, at the expense of the Company, advise with legal counsel to be selected and employed by it.

To the extent permitted by Para graphs (a) and (b) of this Section 14.02, the Trustee shall not be liable for any action taken or suffered by it in good faith in accordance with the advice of such counsel, and the Trustee shall not be under any responsibility, except for the exercise of reasonable care, in respect of the selection, appointment or approval of any engineer, appraiser or counsel or any other person or firm for any of the purposes expressed in this Restated Indenture.

(d) The Company shall pay to the Trustee, from time to time on demand, reasonable compensation for all services rendered by the Trustee hereunder (which shall not be limited to the compensation of trustees of any express trust as provided by law) and also all reasonable expenses, charges, counsel fees and other disbursements and those of its agents, attorneys and employees, incurred in the administration and execution of the trusts hereby created, and the Company agrees to indemnify and save the Trustee harmless against and from any liability or damages which it may incur or sustain in the exercise and performance, without negligence or bad faith on the part of the Trustee, of any of its powers and duties hereunder. The Trustee shall have a lien for such compensation, expenses and indemnity on the Trust Estate and the proceeds thereof prior to the lien of the Bonds.

(e) The Trustee shall not be personally liable for any debt contracted or for any expenditure made by it in operating the business of the Company or for any damage to persons or property or for any salary or nonfulfillment of any contract in managing the property of the Company or any part thereof, upon entry as herein provided, and the Trust Estate is hereby charged with a paramount lien in favor of the Trustee as security and indemnification against any such liability.

(f) To the extent permitted by the provisions of Paragraphs (a) and (b) of this Section 14.02:

(1) The Trustee may rely upon and shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, statement, Bond, obligation, appraisal or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties or by a person or persons authorized to act on his or their behalf.

(2) The Trustee may accept a certificate signed by the Secretary (or an Assistant Secretary) of the Company, under its corporate seal, as conclusive evidence that any resolution has been duly adopted by the Board of Directors of the Company and/or that the same is still in full force and effect, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in reliance thereon.

(3) The Trustee shall not be under any duty to examine into or pass upon the validity or genuineness of any obligations or other securities at any time pledged and deposited hereunder, and the Trustee shall be entitled to assume that any obligations or other securities presented for pledge and deposit hereunder are genuine and valid and what they purport to be, and that any endorsement or assignment thereon is genuine and legal.

(4) The Trustee shall not be under any obligation to see to the delivery or payment to it of any obligations or evidences of indebtedness or other securities or cash required to be delivered or paid to it, hereunder, except in those cases where it is specifically herein provided that such delivery or payment is a condition precedent to the granting of an application hereunder, or to see that any of the property hereby intended to be conveyed or assigned is properly and legally subjected to the lien hereof. The Trustee need not take any a ction to secure the conveyance to it of any property acquired by the Company after the date of the

execution hereof, except in those cases where it is specifically herein provided that the delivery of a supplemental indenture or other instrument of conveyance is a condition precedent to the granting of an application hereunder.

(g) The Trustee may act as depositary for the Company or any committee formed to protect the rights of holders of Bonds or any other securities of the Company or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Restated Indenture, whether or not any such committee shall represent the holders of a majority in amount of the Bonds at the time outstanding.

(h) The Trustee and any paying agent or other agent of the Company may each acquire and hold Bonds and, subject to the provisions of Sections 14.03, 14.04 and 14.05, may otherwise deal with the Company in the same manner and to the same extent and with like effect as though it were not Trustee or as though it were not such agent.

(i) Whenever it is provided in this Restated Indenture that the Trustee shall take any action either upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Company or the Bondholders, the Trustee shall have full power to give any and all notices and to do any and all acts and things incidental to such action.

Section 14.03. Removal, Resignation and Discharge of Trustee.

(a) If the Trustee has or acquires any conflicting interest as defined by Clause (d) of this Section, the Trustee shall within 90 days after ascertaining that it has such a conflicting interest, either eliminate such conflicting interest or resign by giving written notice to the Company, but such resignation shall not become effective until the appointment of a successor trustee and such successor's acceptance of such appointment. The Company covenants to take prompt steps to have a successor appointed in the manner hereinafter provided in Section 14.07. Upon giving such notice of resignation, the resigning Trustee shall publish notice thereof, once a week for three successive calendar weeks in one Authorized Newspaper in the City of Rapid City, South Dakota and one in the Borough of Manhattan, the City of New York (in each instance upon any day of the week). If the resigning Trustee fails to publish notice within 10 days after giving written notice of its resignation to the Company, the Company shall publish such notice.

(b) In the event that the Trustee shall fail to comply with the provisions of the preceding Clause (a) of this Section, the Trustee shall within 10 days after the expiration of such 90-day period transmit notice of such failure to the Bondholders in the manner and to the extent provided i n Clause (c) of Section 14.05 with respect to reports pursuant to Clause (a) of Section 14.05.

(c) Any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor if the Trustee fails, after written request therefor by such holder, to comply with the provisions of Clause (a) of this Section.

(d) The Trustee shall be deemed to have a conflicting interest if the Bonds are in default (exclusive of any period of grace or requirement of notice) and—

(1) the Trustee is trustee under another indenture under which any other securities or certificates of interest or participation in any other securities of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Bonds issued under this Restated Indenture, provided th at there shall be excluded from the operation of this Paragraph another indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the Company shall have sustained the burden of proving on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that the trusteeship under this Restated Indenture and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under one of such indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Bonds or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or under direct or common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, p artner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or executive officer of the Trustee and a director and/or executive officer of the Company, but may not be at the same time an executive officer of both the Trustee and the Company; (B) if and so long as the number of directors of the trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of the Company; and (C) the Trustee may be designated by the Company or by an underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary or in any other similar capacity or subject to the provisions of Paragraph (1) of this Clause (d), to act as trustee whether under an indenture or otherwise;

(5) 10 per centum or more of the voting securities of the Trustee is beneficially owned either by the Company or by

any director, partner or executive officer thereof, or 20 per centum or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10 per centum or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of or holds as collateral security for an obligation which is in default, (A) 5 per centum or more of the voting securities or 10 per centum or more of any other class of security of the Com pany, not including the Bonds issued under this Restated Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (B) 10 per centum or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of or holds as collateral security for an obligation which is in default, 5 per centum or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10 per centum or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of or holds as collateral security for an obligation which is in default, 10 per centum or more of any class of security of any person who, to the knowledge of the Trustee, owns 50 per centum or more of the voting securities of the Company; or

(9) the Trustee owns on May 15 in any calendar year in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity an aggregate of 25 per centum or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified perc entage of which would have constituted a conflicting interest under Paragraph (6), (7), or (8) of this Clause (d). As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate, which included them, the provisions of the preceding sentence shall not apply for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25 per centum of such voting securities or 25 per centum of any such class of security. Promptly after May 15, in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of principal or interest upon the Bonds when and as the same become due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such

securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period and after such date, notwithstanding the foregoing provisions of this Paragraph (9), all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of Paragraphs (6), (7) and (8) of this Clause (d).

The specification of percentages in Paragraphs (5) to (9), inclusive, of this Clause (d) shall not be construed as indicating that the ownership of such percentages of th e securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of Paragraph (3) or (7) of this Clause (d).

For the purposes of Paragraphs (6), (7), (8) and (9) of this Clause (d), (A) the term “security” and “securities” shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to

evidence an obligation to repay monies lent to a person by one or more banks, trust companies or banking firms or any certificate of interests or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (C) the Trustee shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, o r (ii) any security which it holds as collateral security under this Restated Indenture, irrespective of any default hereunder; or (iii) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(a) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this Paragraph) means such amount of the outstanding voting securities of such person as entitled the holder or holders thereof to cast such specified

percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(b) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(c) The term "amount," when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security.

(d) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(1) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(2) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(3) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(4) Securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(e) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

The term "voting securities" means and includes any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement, or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

The term "director" means any director of a corporation, or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

The term "executive officer" means the president, every vice-president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

The term "underwriter" when used with reference to the Company means every person, who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has sold for the Company in connection with, the distribution of any security of the Company which is outstanding at the time the determination is made, or has participated or has had a direct or indirect participation in any such direct undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such

undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

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The provisions of this Section 14.03 which have been made specifically applicable to the Trustee, shall also apply to any co-Trustee appointed pursuant to Section 14.09.

In the event that any person other than the Company shall at any time become an obligor upon any of the Bonds, so long as such person shall continue to be such obligor the provisions of this Section 14.03, in addition to being applicable to the Trustee, to any co-Trustee and to the Company, shall be applicable to the Trustee, such co-Trustee, and such obligor with the same effect as if the name of such obligor were substituted for that of the Company in said provisions.

Section 14.04. Special Account in Case of Default.

(a) Subject to the provisions of Clause (b) of this Section, if the Trustee shall be or become a creditor, directly or indirectly, secured or unsecured, of the Company within three months prior to a default, as defined in Clause (e) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the hol ders of the Bonds, and the holders of other indenture securities (as defined in Clause (e) of this Section):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such three-month period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in Paragraph (2) of this Clause (a), or from the exercise of any right of setoff which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such three-month period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

(b) Nothing contained in this Section 14.04 shall affect the right of the Trustee:

(1) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(2) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such three-month period;

(3) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such three-month period and such property was received as security therefor simultaneously with the creation thereof; and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Clause (e) of this Section 14.04, would occur within three months; or

(4) to receive payment on any claim r eferred to in Paragraph (2) or (3) of this Clause (b) against the release of any property held as security for such claim as provided in said Paragraph (2) or (3), as the case may be, to the extent of the Fair Value of such property.

For the purposes of Paragraphs (2), (3) and (4) of this Clause (b), property substituted after the beginning of such three-month period for property held as security at the time of such substitution shall, to the extent of the Fair Value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such Paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any preexisti ng claim of the Trustee as such creditor, such claim shall have the same status as such preexisting claim.

(c) If the Trustee shall be required to account, as in this Section 14.04 provided, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Bondholders, and the holders of any other indenture

securities in such manner that the Trustee, the Bondholders, and the holders of other indenture securities realize, as a result of payments from such special account, and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Bondholders, and the holders of other indenture securities dividends on claims filed against the Company in

bankruptcy or receivership or in proceedings for reorga nization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than such dividends and from the funds and property so held in such special account. As used in this Clause (c), with respect to any claim, the term "dividends" shall include any distribution with respect to such claim in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim.

The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (1) to apportion between the Trustee, the Bondholders, and the holders of other indenture securities, in accordance with the provisions of this Clause (c), the funds and property held in such special account and the proceeds thereof, or (2) in lieu of such apportionment, in whole or in part, to give to the provisions of this Clause (c) due consideration in determining the fairness of the distributions to be made to the Trustee, the Bondholders, and the holders of other indenture securities, with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim or to make a specific allocation of such distributions as b etween the secured and unsecured portions of such claims or otherwise to apply the provisions of this Clause (c) as a mathematical formula.

(d) Any Trustee who has resigned or been removed after the beginning of such three-month period shall be subject to the provisions of this Section 14.04 as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such three-month period, it shall be subject to the provisions of this Section 14.04 if and only if—

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such three months' period; and

(ii) such receipt of property or reduction of claim occurred within three months after such resignation or

removal.

(e) As used in this Section 14.04, the term "default" means any failure to make payment in full of the principal of or interest upon the Bonds or upon the other indenture securities when and as such principal or interest becomes due and payable; and the term "other indenture securities" means securities upon which the Company is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (1) under which the Trustee is also trustee, (2) which is qualified under the Trust Indenture Act of 1939 and (3) under which a default exists at the time of the apportionment of the funds and property held in said special account.

(f) None of the foregoing provisions of this Section 14.04 shall be applicable in respect of a creditor relationship arising from—

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competen t jurisdiction, or by this Restated Indenture, for the purpose of preserving the property subject to the lien of this Restated Indenture or of discharging tax liens or other prior liens or encumbrances on the Trust Estate, if notice of such advance and of the circumstances surrounding the making thereof is given to the Bondholders as provided in Clauses (a), (b) and (c) of Section 14.05 with respect to advances by the Trustee as such;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in this Clause (f);

(5) the ownership of stock or other securities of a corporation organized under the provisions of Section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; or

(6) the acquisition, ownership, acceptance, or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in this Clause (f).

The term "security" or "securities" as used in this Clause (f) shall have the same meaning as the definition of the word "security" in the Securities Act of 1933, as amended.

The term "cash transaction" as used in this Clause (f) means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand.

The term "self-liquidating papers" as used in this Clause (f) means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacture, shipment, storage or

sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the obligor arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

The term "Trustee" as used in this Section 14.04 shall include any co-Trustee appointed pursuant to Section 14.09.

In the event that any person other than the Company shall at any time become an obligor upon any of the Bonds, so long as such person shall continue to be such obligor the provisions of this Section 14.04, in addition to being applicable to the Trustee, any co-Trustee and the Company, shall be applicable to the Trustee, and co-Trustee, and such obligor with the same effect as if the name of such obligor were substituted for that of the Company in said provisions.

Section 14.05. Trustee's Annual Report to Bondholders.

(a) The Trustee shall transmit to the Bondholders as hereinafter provided, on or before August 1 of each year, a brief report as of May 15 with respect to any of the following events which may have occurred within the previous 12 months (but if no such event has occurred within such period, no report need be transferred)

(1) any change to it s eligibility and its qualifications under Sections 14.01 and Sections 14.03 and 14.07;

(2) the creation of or any material change to a relationship specified in Section 310(b)(1) through Section 310(b)(10) of the Trust Indenture Act;

(3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by it as Trustee which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Bonds, on the Trust Estate or on property or funds held or collected by it as Trustee, if such advances so remaining unpaid aggregate more than 1/2 of 1% of the principal amount of the Bonds out standing on such date;

(4) any change of the amount, interest rate and maturity date of all other indebtedness owing to it, in its individual capacity, on the date of such report, by the Company and by any other person who may be an obligor upon any of the Bonds, with a brief description of any property held as collateral security therefor, except an indebtedness based

upon a creditor relationship arising in any manner described in Paragraph (2), (3), (4) or (6) of Clause (f) of Section 14.04;

(5) any change of the property and funds physically in the possession of the Trustee in such capacity on the date of such report;

(6) any release, or release and substitution, of property subject to the lien of this Restated Indenture (and the consideration therefor, if any) which it has not previously reported, provided, however, that to the extent that the aggregate value as shown by the release papers of any or all of such released properties does not exceed an amount equal to one per cent (1%) of the principal amount of Bonds then outstanding, the report need only indicate the number of such releases, the total value of property released as shown by the release papers, the aggregate amount of cash received and the aggregate value of property received in substitution therefor as shown by the release papers;

(7) any additional issue of Bonds which it has not previously reported; and

(8) any action taken by the Trustee in the performance of its duties under this Restated Indenture which it has not previously reported and which in its opinion materially affects the Bonds or the Trust Estate, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with the provisions of Section 11.01.

(b) The Trustee shall transmit to the Bondholders, as hereinafter provided, a brief report with respect to—

(1) the release, or release and substitution, of property subject to the Lien of this Restated Indenture (and the consideration therefor, if any) unless the Fair Value of such property, as set forth in the Certificate required by Section 7.02 or Section 7.08, is less than (i) 10 per centum of the principal amount of Bonds outstanding at the time of such release, or such release and substitution and (ii) $100,000, such report to be transmitted within 90 days after such time; and

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by it as Trustee, since the date of the last report tran smitted pursuant to the provisions of Clause (a) of this Section 14.05 (or if no such report has been transmitted, since the date of execution of this Restated Indenture), for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Bonds, on the Trust Estate or on property or funds held or collected by it as Trustee and which it has not previously reported pursuant

to this Paragraph (2), if such advances remaining unpaid at any time aggregate more than 10 per centum of the principal amount of the Bonds outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section 14.05 shall be transmitted by mail—

(1) to all registered holders of the Bonds, as the names and addresses of such holders appear upon the registration books of the Company;

(2) to such holders of Bonds as have, within the two years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(3) except in the case of reports pursuant to Clause (b) of this Section 14.05, to each Bondholder whose name and address is preserved at the time by the Trustee, as provided in Clause (a) of Section 9.17.

(d) The Trustee shall, at the time of the transmission to the Bondholders of any report pursuant to this Section 14.05, file a copy of such report with each stock exchange upon which the Bonds are listed and with the Securities and Exchange Commission.

Section 14.06. Removal and Resignation of Trustee. The Trustee may at any time resign and be discharged from the trusts created by this Restated Indenture by giving written notice thereof to the Company and thereafter publishing notice thereof, specifying a date when such resignation shall take effect, once a week for three successive calendar weeks in one Authorized Newspaper in the City of Rapid City, South Dakota and one Authorized Newspaper in the Borough of Manhattan, The City of New York (in each instance upon any day of the week, and in any such newspaper), and such resignation shall take effect upon the day specified in such notice unless previously a successor Trustee shall have been appointed in the manner provided in Section 14.07, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee and its acceptance of such appoint ment. This Section shall not be applicable to resignations pursuant to Section 14.03.

The Trustee may be removed at any time with or without cause by the holders of a majority in amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing, signed in triplicate by such holders, of which one copy shall be filed with the Company and one with the Trustee.

Section 14.07. Disqualification and Appointment of Successor Trustee. In case at any time the Trustee shall cease to be a corporation org anized and doing business under the laws of the United States of America or of any State which (a) is authorized under such laws to exercise corporate trust powers and (b) is subject to supervision or examination by Federal or State authority, or shall cease to have a combined capital and surplus of at least $1,000,000 then the Trustee shall resign immediately; and, in the event that the Trustee does not resign immediately in such case, then it may be removed forthwith by an instrument or concurrent instruments in writing filed with the Trustee and either (i) signed and sealed by the President or a Vice-President of the Company

with its corporate seal attested by a Secretary or an Assistant Secretary of the Company, or (ii) signed and acknowledged by the holders of a majority in principal amount of the Bonds then outstanding hereunder or by their attorneys-in-fact duly authorized.

In case at any time the Trustee shall resign or be removed (unless the Trustee shall be removed as provided in Clause (c) of Section 14.03 in which event the vacancy shall be filed as provided in said Clause (c)) or otherwise become incapable of acting, a successor to the Trustee may be appointed by the holders of at least a majority in amount of the Bonds then outstanding by an instrument or concurrent instruments in writing signed by such Bondholders and delivered to such successor Trustee, notification thereof being given to the Company and the retiring Trustee; but until a success Trustee shall be appointed by the Bondholders as herein authorized, the Company, by an instrument in writing executed by order of its Board of Directors, shall appoint a successor Trustee to fill such vacancy and the Company shall publish notice of such appointment once in each of two successive calendar weeks in one Authorized Newspaper in the City of Rapid City, South Dakota and one in the Borough of Manhattan, The City of New York, in each instance upon any day of the week. Any successor Trustee so appointed by the Company shall immediately and without further act be superseded by a successor Trustee appointed in the manner above provided by the holders of at least a majority in amount of the Bonds then outstanding.< /font>

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within six months after a vacancy shall have occurred in the office of Trustee the holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon after such notice, if any, as said court may deem proper and prescribe, appoint a successor Trustee.

Every Trustee appointed under the provisions of this Section shall be a trust company or bank organized and doing business under the laws of the State of New York or under the laws of the United States of America, having its principal office for the transaction of business in the Borough of Manhattan, The City of New York, and (a) which shall be a corporation having a capital and surplus aggregating at least $1,000,000 on the date of its appointment, (b) which shall be authorized under such laws to exercise corporate trust powers, and (c) which shall be subject to supervision or examination by Federal or State authority.

Any successor Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall deliver one counterpart thereof to the Company and one counterpart thereof to the retiring Trustee. Upon the execution and delivery of such instrument of acceptance, such successor Trustee shall, without a ny further act, deed or conveyance, become vested with all the estate, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, if and when requested in writing by either the successor Trustee or by the Company, and upon payment of its lawful charges and disbursements then unpaid, if any, execute and deliver an instrument or instruments conveying and transferring to the successor trustee, upon the trusts

herein expressed, all the estate, properties, rights, power and trusts of the Trustee so retiring, and shall duly assign, transfer and deliver to the successor Trustee so appointed in its place all property and money held by it hereunder. Should any deed, conveyance or instrument in writing from the Company be required by any successor Trustee for more fully and certainly vesting in and confirming to it the said estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall, on request of such successor Trustee, be made, executed, acknowledged and delivered by the Company.

Section 14.08. Merger of Trustee. Any corporation into which the Trustee hereunder may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation which shall otherwise become the lawful successor to the assets and business of the Trustee as an entirety or substantially as an entirety, shall be the successor of the Trustee hereunder without the execution or filing of any instrument or any further act on the part of any of the parties hereto, anything herein contained to the contrary notwithstanding, provided such corporation shall be a corporation organized and doing business under the laws of the State of New York, or under the laws of the United States of America, having its principal office for the transaction of business in the Borough of Manhattan, The City of New York, and shall be authorized under such laws to exercise corporate trust powers and shall be subject to supervision or examination by Federal or State authority and shall h ave a combined capital and surplus of at least $1,000,000.

Section 14.09. Appointment of Co-Trustee. At any time or times, in order to conform to any legal requirements, the Trustee and the Company shall have power to appoint, and upon request of the Trustee, the Company shall join with the Trustee in the execution and delivery of all instruments and the performance of all acts necessary or proper to appoint, another trust company or bank or one or more persons, approved by the Trustee, either to act as co-trustee or co-trustees of all or any part of the trust estate jointly with the Trustee, or to act as substitute trustee or trustees of any part of the same, and in any case with all such of the powers, rights, duties, obligations and immunities hereby conferred or imposed on the Trustee, and for such term, if any limitation i s placed thereon, as may be specified in the instrument of appointment, the same to be exercised jointly with the Trustee, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or co-trustees or substitute trustee or trustees; and, if an event of default shall have happened and shall not have been remedied or if the Company shall fail to join with the Trustee in any such appointment within five days after being requested by the Trustee so to do, the Trustee shall have power, without any action on the part of the Company and without the necessity of the execution of any such instrument of appointment by the Company, to appoint such co-trustee or co-trustees or substitute trustee or trustees as aforesaid, and to execute all instruments and perform all acts necessar y or convenient and proper for such purpose. The Trustee may receive the opinion of any counsel selected and approved by it as to the necessity or propriety of appointing any such co-trustee or substitute trustee and as to the form and effect of any such

instrument to be executed or any act to be taken to effect such appointment and as to any other matter arising under this Section, and, subject to the provisions of Section 14.02, such opinion shall be full protection to Trustee for any action taken or omitted to be taken by it pursuant thereto.

Section 14.10. Notice. Any notice to or demand upon the Trustee may be served or presented, and such demand shall be made, at the principal office of the Trustee. Any notice to or demand upon the Company shall be deemed to have been sufficiently g iven or served by the Trustee on the Company, for all purposes, by being sent by overnight delivery service addressed as follows:

BLACK HILLS CORPORATION
625 Ninth Street
Rapid City, SD 57701

or addressed to the Company at such other address as may be filed in writing by the Company with the Trustee.

ARTICLE FIFTEEN

DEFEASANCE

Section 15.01. Conditions to Discharge Restated Indenture. The Trustee shall forthwith cause satisfaction and discharge of this Restated Indenture to be entered upon the record at the cost and charge of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the satisfaction and discharge of the Restated Indenture.

B. CASH, in trust, at or before maturity, sufficient under the provisions of Section 1.05, among other provisions hereof, to discharge the entire indebtedness on all Bonds outstanding hereunder or to redeem all such Bonds outstanding hereunder or to redeem all such Bonds, provided,

however, that in lieu of all or any part of such cash, the Company shall have the right to deliver to and d eposit with the Trustee:

(1) BONDS outstanding hereunder, for cancellation by the Trustee, such Bonds to be deemed to be paid and retired.

C. A WRITTEN ORDER OF THE COMPANY, expressed to be irrevocable, authorizing the Trustee to give notice of redemption of the Bonds, if any, to be redeemed as aforesaid, in compliance with Section 10.03, or proof satisfactory to the Trustee that said notice has been given.

D. CASH, sufficient to pay all other sums payable hereunder by the Company (except in respect of the refund or reimbursement of taxes, assessments or other governmental charges, for which the holders of Bonds shall look only to the Company).

E. A CERTIFICATE OF THE COMPANY, complying with the provisions of Section 1.02, stating that the cash and/or Bonds, if any, deposited with the Trustee pursuant to Paragraph B of this Section 15.01 and the cash, if any, deposited with the Trustee pursuant to Paragraph D of this Section 15.01 are sufficient to comply with the requirements of the respective Paragraphs and that all conditions precedent which relate to the satisfaction and discharge of this Restated Indenture have been complied with.

F. AN OPINION OF C OUNSEL, complying with the provisions of Section 1.02, stating that all conditions precedent which relate to the satisfaction and discharge of this Restated Indenture have been complied with, and that the resolutions, cash, Bonds, certificates and other instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Restated Indenture and constitute sufficient authority under this Restated Indenture for the Trustee to satisfy and discharge the Restated Indenture, and that, upon the basis thereof, the Trustee may lawfully satisfy and discharge the Indenture.

The Company may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 15.02. Discharge of Restated Indenture. Upon compliance by the Company with the provisions of Section 15.01 these presents and the estates and rights hereby granted shall cease, determine and be void, and the Trustee shall forthw ith cause satisfaction and discharge of this Restated Indenture to be entered upon the record at the cost and expense of the Company and shall execute and deliver such instruments of satisfaction as may be necessary and shall deliver and pay to or upon the Written Order of the Company all securities, cash (except cash deposited under Section 15.01 and other cash held for the payment or redemption of Bonds) and other personal property held by it under this Restated Indenture.

ARTICLE SIXTEEN

SUPPLEMENTAL INDEN TURES

Section 16.01. Modification of Restated Indenture Through Supplemental Indentures. Without any consent or other action of Bondholders, the Company, when authorized by a Resolution of the Board, and the Trustee, from time to time and at any time, subject to the restrictions in this Restated Indenture contained, may, and when so required by this Restated Indenture, shall, enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable, for one or more of the following purposes:

A. To correct the description of any property hereby conveyed or pledged or intended so to be, or to assign, convey, mortgage, pledge, transfer and set over unto the Trustee, additional property of the Company;

B. To add to the conditions, limitations and restrictions on the authentication and delivery of, and on the authorized amount, terms, provisions and purposes of issue of, Bonds or any series of Bonds, as herein set forth, other conditions, limitations and restrictions thereafter to be observed;

C. To add to the covenants and agreements of the Company in this Restated Indenture contained other covenants and agreements thereafter to be observed by the Company, and/or to surrender any right or power herein reserved to or conferred upon the Company;

D. To provide for the creation of any series of Bonds (other than Existing Bonds), designating the series to be created and specifying the form and provisions of the Bonds of such series as hereinbefore provided or permitted;

E. To provide a sinking, amortization, improvement or other analogous fund for the benefit of all or any of the Bonds or any one or more series, of such character and of such amount (subject to the provisions of Section 2.04) and upon such terms and conditions as shall be contained in such supplemental indenture;

F. To provide the terms and conditions of the exchange of Bonds of one series for Bonds of another or other series, or of the exchange of Bonds of one denomination or kind for Bonds of another denomination or kind, of the same series;

G. To provide that the principal of the Bonds of any series may be converted at the option of the holders into capital stock, bonds and/or other securities, and the terms and conditions of such conversion;

H. To change, alter, modify, vary or eliminate any of the terms, provisions, restrictions or conditions of this Restated Indenture except as otherwise in this Section provided; provided, however, that any such changes, alterations, modifications, variations or eliminations made in a supplemental inden ture pursuant to this Paragraph (unless said supplemental indenture is made in compliance with Section 17.09) shall be expressly stated in such supplemental indenture to become, and shall become, effective only when there are no Bonds outstanding of any series authenticated and delivered prior to the execution of such supplemental indenture; provided further, that such supplemental indenture shall be specifically referred to in the text of all Bonds of any series authenticated and delivered after the execution of such supplemental indenture; provided further, that the Trustee may, in its uncontrolled discretion, decline to enter into any

such supplemental indenture which, in its opinion, may not afford adequate protection to the Trustee when the same shall become operative;

I. For any other purpose not inconsistent with the terms of this Restated Indenture and which shall not impair the security of the same, or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any supplemental indenture;

J. To provide for the procedures required to permit the Company to utilize, at its option, a noncertificated system of registration for all or any series of the Bonds; and/or

K. To enter into a restatement of the Indenture without material modifications and including all amendments contained in supplements that remain in effect, with authority to reorganize material, renumber and letter, include reference headings and remove language no longer applicable and clarify any ambiguities in the Indenture as amended.

No such Supplemental Indenture shall eliminate, nor contain any provision in contravention of, any provision of this Restated Indenture required to be included herein by any provision of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, insofar as such provision affects the Existing Bonds or any other series of Bonds to which the provisions of this paragraph have been made applicable by specific provision of the Supplemental Indenture creating them.

Section 16.02. Authority of Trustee. T he Trustee is authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any property thereunder. Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Restated Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Restated Indenture for any and all purposes, and, if deemed necessary or desirable by the Trustee, any of such terms or conditions may be set forth in reasonable and customary manner in the Bonds of the series to which such supplemental indenture shall apply. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds of any s eries authenticated and delivered thereafter, if deemed necessary or desirable by the Trustee.

Section 16.03. Trustee’s Discretion. In each and every case provided for in this Article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed supplemental indenture, or any term or provision therein contained, is proper or desirable, having in view the purposes of such instrument, the needs of the Company, and the rights and interest of the

Bondholders, and the Trustee shall, subject to the provisions of Section 14.02, be under no responsibility or liability to the Company or to any Bondholder or to anyone whomsoever, for any act or thing which it may do or decline to do in good faith, subject to the provisions of this Article, in the exercise of such discretion. Subject to the provisions of Section 14.02, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel, complying with the provisions of Section 1.02, as conclusive evidence that any such supplemental indenture complies with the provisions of this Restated Indenture, and that it is proper for the Trustee, under the provisions of this Article, to join in the execution of such supplemental indenture.

ARTICLE SEVENTEEN

MEETING OF BONDHOLDERS

Section 17.01. Modification of Restated Indenture by Bondholders. Modifications and alterations of this Restated Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company a nd/or of the holders of outstanding Bonds issued hereunder may be made as provided in Sections 17.02 to 17.11, inclusive.

Sections 17.02. Calling Meetings of Bondholders and Notice. The Trustee may at any time call a meeting of the Bondholders affected by the business to be submitted to the meeting and it shall call such a meeting on the Written Request of the Company, given pursuant to a Resolution of the Board, or on the written request of the holders of not less than a majority in principal amount of the Bonds affected by the business to be submitted to the meeting and outstanding at the time of such request. In the event the trustee shall fail for 10 days to call a meeting, after being thereunto requested by the company or such Bondholders as aforesaid, the holders of not less than a majority in principal amount of the Bonds affected by the business to be submitted to the

meeting, or the Company pursuant to a Resolution of the Board, may call such meeting. Every such meeting shall be held in the Borough of Manhattan, The City of New York, or such other place as the Company, with the written consent of the Trustee, may appoint. In the case of every such meeting called by the Trustee written notice thereof, stating the place and time thereof and in general terms the business to be submitted, shall be mailed by the Trustee not less than 30 days before such meeting to each registered holder of outstanding Bonds affected by the business to be submitted to the meeting, addressed to him at his address appearing on the Bond register of the Company, (b) to each other holder of any Bond affected by the business to be submitted to the meeting whose name and address appears in the information preserved at the time by the Trustee as provided in Section 9.17, and (c) to the Company, and shall be published by the Trustee once in each of the four successive calendar weeks immediately preceding the week in which the meeting is to be held, in at least one Authorized Newspaper in the Borough of Manhattan, The City o f New York (such publication to be made upon any day of the week and in any such newspaper, but the publication in the first calendar week to be made not less than 28 days prior to the date of such meeting);

provided, however, that the mailing of such notice to any Bondholder affected by the business to be submitted to the meeting, shall in no case be a condition precedent to the holding of such meeting, and neither failure so to mail such notice to any such holder or holders nor any defect in such notice shall affect the validity of the proceedings taken at such meeting. If such meeting is called by the Company or Bondholders affected by the business to be submitted to the meeting, notice of such meeting shall be sufficient for all purposes hereof if given by newspaper publication as aforesaid, stating the place and time of the meeting and in general terms the business to be transacted. Any meeting of Bondholders, including any adjourned meeting, shall be valid without notice if the holders of a ll outstanding Bonds affected by the business to be submitted to the meeting are present in person or by proxy and if the Company and the Trustee are present by duly authorized representatives, or if notice is waived in writing before or after the meeting by the Company, the holders of all outstanding Bonds affected by the business to be submitted to the meeting, or by such as are not present in person or by proxy, and by the Trustee.

Section 17.03. Qualifications of Bondholders to Vote. Officers and nominees of the Company may attend such meeting but shall not be entitled to vote thereat. Officers and nominees of the Trustee may attend such meeting and may vote thereat Bonds held by them in their individual or any other capacity but not Bonds held by the Trustee as such hereunder. Attendance by Bondholders may be in person or by proxy. In order that the holders of Bonds payable to bearer and their proxies may attend and vote without producing their Bonds, the Trustee, with respect to any such meeting called by the Trustee, may make and from time to time vary such regulations as it shall think fit for the deposit of Bonds with or the exhibition of Bonds to any banks, bankers or trust companies, and for the issue, to the persons depositing or exhibiting such Bonds, of certificates by such depositaries entitling the holders thereof to be present and vote at any such meeting and to appoint proxies to represent them and vote for them at any such meeting in the same way as if the persons so present and voting, either personally or by proxy, were the actual bearers of the Bonds in respect of which such certificates shall have been issued, notwithstanding any transfer of such Bonds subsequent to the issuance of such certificates, and any regulations so made shall be binding and effective. Each such certificate shall state the date on which the Bond or bonds in respect of which such certificate was issued were deposited with or exhibited to such bank, banker or trust company and the series, maturities and serial numbers of such Bonds. Any such certificate which does not require such Bond or Bonds to be deposited and remain on deposit until after the meeting or until surrender of such certificate, shall eit her (a) recite that the Bond or Bonds in respect of which such certificate was issued have been endorsed by any such bank, banker or trust company with a notation as to the issuance of such certificate (and all such Bonds shall be so endorsed and no Bond so endorsed may be voted at the meeting except by the

holder of the certificate or the duly authorized proxy of such holder), or (b) shall entitle the holder thereof or his proxy to vote at any meeting only if the Bond or Bonds in respect of which it was issued are not produced at the time of the meeting by any person and are not at the time of the meeting registered in the name of any person. In the event that two or more such certificates of the kind referred to in (b) above shall be issued with respect to the same Bond, the certificate bearing the latest date shall be recognized and be deemed to supersede any such certificate or certificates previously issued in respect of such Bond. If any such meeting shall have been called by Bondholders affected by the business to be submitted to the meeting, or by the Company as aforesaid upon failu re of the Trustee to call the same after having been so requested to do under the provisions of Section 17.02, regulations to like effect for such deposit of Bonds with, or such exhibition of Bonds to, and issues of certificates by, any bank or trust company organized under the laws of the United States of American or of any State thereof, having a capital of not less than $250,000, shall be similarly binding and effective for all purposes hereof if adopted or approved by the Bondholders calling such meeting, or by the Board of Directors of the Company if such meeting shall have been called by the Company, provided that in either such case copies of such regulations shall be filed with the Trustee. Modifications of any such regulations, whether made by the Trustee, the Company or the Bondholders, shall not be made during the period from the date of first publication of notice of any such meeting to the final adjournment thereof.

Section 17.04. Proxy Voting Allowed. Subject to the restrictions specified in Sections 17.03 and 17.07, any registered holder of outstanding Bonds affected by the business to be submitted to the meeting, and any holder of a certificate provided for in Section 17.03 for bonds affected by the business to be submitted, shall be entitled in person or by proxy to attend and vote at

such meeting as holder of the Bonds registered or certified in the name of such holder, without producing such Bonds. all others seeking to attend or vote at such meeting in person or by proxy, must, if required by any authorized representative of the Trustee or the Company or by any other bondholder entitled to vote at such meeting, produce the Bonds claimed to be owned or represented at such meeting, and everyone seeking to attend or vote shall, if required as aforesaid, produce such further proof of Bond ownership or personal identity as shall be satisfactory to the authorized representative of the Trustee, or, if none be present, then to the Inspectors of Votes hereinafter provided for. Proxies shall be acknowledged before an officer authorized to take acknow ledgments of instruments to be recorded in the jurisdiction where such acknowledgment is taken, and all proxies and certificates presented at any meeting shall be delivered to said Inspectors of Votes and filed with the Trustee.

Section 17.05. Conduct of Meeting. Persons named by the Trustee, if represented at the meeting, shall act as temporary Chairman and Secretary, respectively of the meeting, but if the Trustee shall not be represented or shall fail to nominate such persons or if any person so nominated shall not be present, the Bondholders and proxies present and entitled to vote shall, by a majority vote, irrespective of the amount of their holdings, elect other persons from those present to fill such vacancy or vacancies. A permanent Chairman and a permanent Secretary of such meeting shall be elected from those present by the Bondholders and proxies present and entitled to vote, by a majority vote irrespective of the amount of their holdings. The Trustee, if represented at the meeting, shall appoint two Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of a Chairman and Secretary, both temporary and permanent, as aforesaid, and who shall make and file with the permanent Secretary of the meeting their verified written report in duplicate of all such votes so cast at said meeting. If the Trustee shall not be represented at the meeting or shall fail to nominate such Inspectors of Votes or if either Inspector of Votes fails to attend the meeting, the vacancy shall be filled by appointment by the permanent Chairman of the meeting.

Section 17.06. Quorum for Meeting. Subject to the provisions of this Section and Section 17.10, the persons entitled to vote with respect to not less than 66 &nbs p;% in principal amount of the Bonds outstanding hereunder when such meeting is held must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn; provided, however, that in case one or more series of Bonds outstanding under this Restated Indenture, but less than all of the series of Bonds outstanding, are affected thereby, then the persons entitled

to vote with respect to not less than 66 % in principal amount of the Bonds of each series affected thereby shall also be present to constitute a quorum. The determination of the Trustee as to which series of Bonds are to be affected shall be conclusive. If such meeting is adjourned by less than a quorum for more than 30 days, notice thereof shall forthwith be mailed by the Trustee if such meeting shall have been called by it (a) to the Company, (b) to each registered holder of outstanding Bonds entitled to notice, addressed to him at his address appearing on the Bond register of the Company, and (c) to each holder of any such Bond payable to bearer who shall have filed with the Trustee an address for notices, addressed to him at such address, or whose name and address appears in the information preserved at the time by the Trustee as provided in Section 9.17, and shall be published at least once in each 30-day period of such adjournment in one Authorized Newspaper in the Borough of Manhattan, The City of New York (upon any day of the week and in any such newspaper); provided, however, that the mailing of such notice to any Bondholder affected by the business to be considered at such adjourned meeting shall in no case be a condition precedent to the holding of such meeting, and neither failure so to mail such notice to any such holder or holders nor any defect in such notice shall affect the validity of the proceedings taken at such meeting. If such meeting shall have been called by Bondholders or by the Company after the failure of the Trustee to all the same after being requested so to do in accordance with the provisions of Section 17.02, notice of such adjournment shall be published by the permanent Chairman and the permanent Secretary of the meeting in the newspaper and for the number of times specified in this Section and shall be sufficient if so published.

Section 17.07. Vote Required. Subject to the provisions of this Section and of Sections 17.06 and 17.10, any modification or alteration of this Restated Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or of the holders of Bonds issued hereunder in any particular (including, without limitation, waiver of a default in compliance with provisions of this Restated Indenture or of any such supplemental indenture) may be made at a meeting of Bondholders duly convened and held in accordance with the provisions of this Article, but only by resolution duly adopted by the affirmative vote of the persons entitled to vote with respect to at least 66 % in principal amount of the Bonds then outstanding and entitled to consent and of the persons entitled to vote with respect to not less than 66 % in principal amount of the Bonds then outstanding and entitled to consent of each series affected in case one or more but less than all of the series of Bonds issued under this Restated Indenture are to be affected, or adopted as provided in Section 18.11, and approved by a Resolution of the Board as hereinafter specified; provided, however, that so such modification or alteration shall

(A) postpone the date fixed herein or in the Bonds for the payment of the principal of, or any installment of interest on, the Bonds,

(B) reduce the principal of, or the rate of interest payable on, the Bonds, or

(C) reduce the percentage of the principal amount of Bonds required for the authorization of any such modification or alteration, or

(D) modify, without the written consent of the Trustee, the rights, duties or immunities of the Trus tee.

For all purposes of this Article, the Trustee shall, subject to the provisions of Section 14.02, be entitled to rely upon an Opinion of Counsel with respect to the extent, if any, as to which any action to be submitted to, or taken at, such meeting affects the rights under this Restated Indenture or under any indenture supplemental hereto of any holders of Bonds of any series then outstanding hereunder.

No such Supplemental Indenture shall eliminate, nor contain any provision in contravention of, any provision of th is Restated Indenture required to be included herein by any provision of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, insofar as such provision affects the Existing Bonds, or any other series of Bonds to which the provisions of this paragraph have been made applicable by specific provision of the Supplemental Indenture creating them.

Section 17.08. Records of Meetings and Notices. A record in duplicate of the proceedings of each meeting of Bondholders shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes, and affidavits by one or more persons

having knowledge of the facts, showing a copy of the notice of the meeting and a copy of the notice of adjournment thereof, if required under the provisions of Section 17.06, and showing that said notices were mailed and published as provided in Section 17.02, and, in a proper case, as provided in Section 17.06. Such record shall be signed and verified by the affidavits of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the Company and the other to the Trustee for preservation by the Trustee. Any record so signed a nd verified shall be proof of the matters therein stated until the contrary is proved, and if such record shall also be signed and verified by the affidavit of a duly authorized representative of the Trustee, such meeting shall be deemed conclusively to have been duly convened and held and such record shall be conclusive, and any resolution or proceeding stated in such record to have been adopted or taken, shall be deemed conclusively to have been duly adopted or taken by such meeting. A true copy of any resolution adopted by such meeting shall be mailed by the Trustee to each registered holder of outstanding Bonds entitled to vote at such meeting addressed to him at his address appearing on the Bond register of the Company and to each other holder of any such Bond whose name and address appears in the latest information furnished to or received by the trustee as provided in Section 9.17; and proof of such mailing by the affidavit of some person having knowledge of the fact shall be filed with the Trustee, b ut neither failure to mail copies of such resolution as aforesaid, nor any defect therein, shall affect the validity thereof. No such resolution shall be binding unless and until such resolution is approved by a Resolution of the Board filed by the

Company with the Trustee, but if such Resolution of the Board is adopted and filed with the Trustee, the resolution so adopted at such meeting of Bondholders shall be binding upon the Company, the Trustee and the holders of all Bonds issued hereunder, at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution, or annulling the action taken thereby in a legal action or equitable proceeding for such purposes commenced within such 60-day period; provided, however, that no such resolution of the Bondholders or of the Company shall in any manner be so construed as to change or modify any of the rights, immunities or obligations of the Trustee without its written assent thereto. Nothing in this Article con tained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Bondholders or of any right expressly or impliedly conferred hereunder to make such a call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Bondholders under any of the provisions of this Restated Indenture or of the Bonds.

Section 17.09. Actions Noted on Bonds. Bonds authenticated and delivered after the date of any Bondholders' meeting may bear a notation in form approved by the Trustee as to the action taken at meetings of Bondholders theretofore held, and, upon demand of the holder of any Bond outstanding at the date of any such meeting and affected thereby and upon presentation of his Bond for the purpose at the principal office of the Trustee, the Company shall cause suitable notation to be made on such Bond, by endorsement or otherwise, of any action taken at any meeting of Bondholders theretofore held. If the Company or the Trustee shall so determine, new Bonds so modified as, in the opinion of the Trustee and the Board of Directors of the company, to conform to such Bondholders' resolution, shall be executed, authenticated and delivered, and, upon demand of the holders of any Bonds then ou tstanding and affected by such resolution, shall be issued, without cost to such Bondholders, in exchange for such outstanding Bonds upon surrender of such Bonds. The Company or the Trustee may require Bonds outstanding to be presented for notation or exchange as aforesaid if either shall see fit to do so. An instrument or instruments supplemental to this Restated Indenture embodying any modification or alteration of this Restated Indenture or of any indenture supplemental hereto made at any Bondholders' meeting and approved by Resolution of the Board, as aforesaid, may be executed by the Trustee and the Company, and, upon demand of the Trustee or if so specified in any resolution adopted by any such Bondholders' meeting, shall be executed by the Company and the Trustee. The Trustee shall, subject to the provisions of Section 14.02, be fully protected in relying upon an Opinion of Counsel as conclusive evidence that any such supplemental indenture complies with the provisions of this Restated Indenture and that it is proper for the Trustee, under the provisions of this Article to join in the execution thereof.

Section 17.10. Nullification of Article Seventeen. Anything in this

Article contained to the contrary notwithstanding, the Company may at any time, or from time to time, by Resolution of the Board filed with the Trustee, stipulate that, from and after the date of the filing of such Resolution with the Trustee, none of the provisions of this Article shall be of any force or effect whatever either with respect to (1) all Bonds theretofore authenticated and delivered by the Trustee hereunder and then outstanding, and/or (2) any Bonds and/or all Bonds thereafter authenticated and delivered by the Trustee hereunder, and in any such event a supplemental indenture setting out in detail the stipulations contained in such Resolution of the Board shall be made.

Section 17.11. Written Consent in Lieu of Meeting. Anything in this Article contained to the contrary notwithstanding, the Trustee shall receive the written consent or consents of the holders of 66 % or more in principal amount of the Bonds then outstanding and entitled to consent and of the holders of 66 % or more in principal amount of the Bonds then outstanding and entitled to consent of each series affected in case one or more but less than all of the series of Bonds issued under this Restated Indenture are to be affected, in lieu of the holding of a meeting pursuant to this Article Eighteen and in lieu of all action at such a meeting.

Section 17.12. Trustee's Expenses. The Company covenants to reimburse the Trustee for any expense incurred by it in the performance of its duties under the provisions of this Article.

ARTICLE EIGHTEEN

MISCELLANEOUS PROVISIONS

Section 18.01. Binding on Successors and Assig ns. Whenever in this Restated Indenture either of the parties hereto is named or referred to, this shall be deemed to include (unless the context indicates the contrary) the successors or assigns of such party, and except as expressly provided to the

contrary all the covenants and agreements in this Restated Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and enure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 18.02. Rights Limited to Company, Bondholders and Trustee. Nothing in this Restated Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the parties hereto and the holders of the Bonds outstanding hereunder, any right, remedy, or claim under or by reason of this Restated Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Restated Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the Bonds outstanding hereunder.

Section 18.03. Trust Indenture Act Controls. If any provision of this Restated Indenture limits, qualifies, or conflicts with another provision required to be included herein by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, the provision required so to be included shall control, and the Restated Indenture shall be deemed to be amended accordingly.

Section 18.04. Headings. The headings to Articles and Sections are only for ease of reference and are not to be asserted or used to interpret this Restated Indenture.

Section 18.05. Complete Agreement. This Restated Indenture completely restates and amends the Indenture without any interruption of the Lien of the Indenture, which continues under the Restated Indenture against the Trust Estate described herein. This Restated Indenture states the complete agreement of the parties hereto without any reference to the Original Indenture and the thirty-one supplemental indentures thereto.

Section 18.06. Receipt of Copy. The Company, by the execution hereof, acknowledges that a true copy of this Restated Indenture has been delivered to and received by it.

Section 18.07. Executed in Counterparts. This Restated Indenture may be executed in several counterparts, all or any of which may be treated for all purposes as one original and shall constitute and be one and the same instrument.

IN WITNESS WHEREOF, BLACK HILLS CORPORATION has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or a Vice-President, and its corporate seal to be attested by its Secretary or an Assistant Secretary for and in its behalf, and THE CHASE MANHATTAN BANK in evidence of its acceptance of the trust hereby created, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice-Presidents or Assistant Vice-Presidents and attested by its Secretary or an Assistant Secretary.

BLACK HILLS CORPORATION

By /s/ Gary R. Fish

Attest:

/s/ Roxann R. Basham
Secretary

Signed, sealed and delivered by
BLACK HILLS CORPORATION
in the presence of:

/s/ Rhonda R. Lingle
/s/ Lorna Zacher

THE CHASE MANHATTAN

BANK

By /s/ Glenn McKeever
Vice-President

Attest:

Trust Officer

Signed, sealed and delivered by

THE CHASE MANHATTAN BANK
in the presence of:

/s/ William G. Keenan

/s/ N. Rodngnez

STATE OF NEW YORK

COUNTY OF NEW YORK

On this 17th day of September, 1999, before me, the undersigned officer, personally appeared Glenn G. McKeever who acknowledged himself to be the Vice President of The Chase Manhattan Bank, a New York corporation, and that he, as such Vice-President being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Vice-President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Emily Laye
Notary Public
(SEAL) My commission expires: December 31, 1999

STATE OF SOUTH DAKOTA

COUNTY OF PENNINGTON

On this 8th day of September, 1999, before me, the undersigned officer, personally appeared Gary R. Fish, who acknowledged himself to be the President and Chief Operating Officer of Nonregulated Energy Group of Black Hills Corporation, a corporation, and that he, as such corporate officer being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Barbara Rask
Notary Public
(SEAL) My commission expires: July 25, 2005

Exhibit 4.20

BLACK HILLS POWER, INC.

TO

JPMORGAN CHASE BANK,

As Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of August 13, 2002

Supplemental to Restated and Amended
Indenture of Mortgage and Deed of Trust
Dated as of September 1, 1999

First Mortgage Bonds, 7.23%
Series AE Due 2032

FIRST SUPPLEMENTAL INDENTURE, dated as of the 13 th day of August, 2002, between Black Hills Power, Inc., a corporation duly organized and existing under the laws of the State of South Dakota (formerly known as Black Hills Corporation) (hereinafter called the "Company"), party of the first part, and JPMORGAN CHASE BANK, a corporation organized and existing under the laws of the State of New York, as Trustee under the Indenture hereinafter mentioned (hereinafter called the "Trustee"), party of the second part.

WH EREAS, in order to secure an authorized issue of First Mortgage Bonds of the Company, the Company has executed and delivered a Restated and Amended Indenture of Mortgage and Deed of Trust to JPMorgan Chase Bank f/k/a The Chase Manhattan Bank, as Trustee, dated as of September 1, 1999 (hereinafter referred to as the "Indenture"), which amended and restated the Indenture of Mortgage and Deed of Trust to Central Hanover Bank and Trust Company (the successor by various mergers of which is JPMorgan Chase Bank) hereinafter referred to as the "Original Indenture."

WHEREAS, pursuant to the provisions of the Indenture, First Mortgage Bonds have been duly issued under the Original Indenture and are presently outstanding and continue to be secured by the I ndenture as follows:

Series	Principal Amount Outstanding
Series Y, 9.49%, due June 15, 2018	$ 4,550,000
Series Z, 9.35%, due May 29, 2021	31,635,000
Series AA, 9.00%, due September 1, 2003	1,650,904
Series AB, 8.30%, due September 1, 2024	45,000,000
Series AC, 8.06%, due February 1, 2010	30,000,000
	$ 112,835,904

and

WHEREAS, as permitted by the Indenture, the Company, by resolutions of its Board of Directors duly adopted, has determined to create a

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new series of bonds to be known as its "First Mortgage Bonds, 7.23% Series AE Due 2032" (herein called the "Series AE Bonds"), to be initially authenticated and delivered in the aggregate principal amount of $75,000,000 in the form, having the characteristics and being entitled to the benefits as in the Indenture or as in this Supplemental Indenture provided; and

WHEREAS, the Company, in exercise of the powers and authority conferred upon and reserved to it under and by virtue of the provisions of the Indenture, and particul arly the provisions contained in Articles Two and Sixteen thereof, and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee a First Supplemental Indenture in the form hereof (herein sometimes referred to as "this Supplemental Indenture") for the purposes herein provided; and

WHEREAS, all conditions and requirements necessary to make this Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been done, performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

NOW THEREFORE, in consideration of the premises and of one dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and of other good and valuable consideration, in order to establish the terms of the Series AE Bonds, the Company hereby further covenants and agrees to and with the Trustee and its successors in the trust under the Indenture for the benefit of all those who shall from time to time hold the Series AE Bonds as follows:

The Company does hereby ratify and confirm its Mortgage and Pledge to the Trustee of all property described in the Inde nture and does hereby grant, bargain, sell, release, convey, assign, transfer, mortgage, pledge and set over unto the Trustee, and to its successors and assigns forever, the

following described property acquired by the Company and not specifically described under the Indenture which following described property shall be incorporated into the terms of Exhibit A to the Indenture as if more fully set forth therein:

LANDS IN BUTTE COUNTY, SOUTH DAKOTA

1.< /font> Tracts C, D and E of the Southeast Quarter (SE1/4) of Section Ten (10), Township Eight (8) North, Range Two (2) East of the Black Hills Meridian in the City of Belle Fourche, Butte County, South Dakota, as shown by the Plat recorded in Plat Book 5, Page 18, excepting therefrom that part of Tract C and Tract D deeded to Floyd Cooper, in instrument recorded December 22, 1949, in Book 137, Page 137; and also excepting therefrom that part of Tract C deeded to Albert W. Turbiville and Alice L. Turbiville, in instrument recorded October 24, 1961 in Book 156, Page 585 of the Butte County real estate records.

LANDS IN MEADE COUNTY, SOUTH DAKOTA

1. Lots Twenty-seven (27), Twenty-eight (28), Twenty-nine (29), and Thirty (30), in Block Four of Fort Meade Addition to Sturgis, in the County of Meade and State of South Dakota.

2. A parcel of land approximately 3.08 acres known as the BHP&L Utility Lot formerly a portion of lot four (4) of the Northeast Quarter of the Southeast Quarter (SE 1/4) of Section Thirty-six (36), Township Five (5) North, Range Five (5) East of the Black Hills Meridian, in Meade County , South Dakota.

3. Plat of Piedmont Valley Substation Lot being a portion of Lot Eight (8), Block One (1), Coopers Subdivision located in the Northwest Quarter of the Northeast Quarter (NW 1/4NE1/4), Section Fifteen (15), Township Three (3) North, Range Six (6) East of the Black Hills Meridian, in Meade County, South Dakota.

LANDS IN PENNINGTON COUNTY, SOUTH DAKOTA

1. A Forty (40) acre parcel described as the Southwest Quarter of the Southwest Quarter (SW 1ASW1/4) of Section Twenty-four (24), i n Township One (1) North, Range Seven (7) East of the Black Hills Meridian in Pennington County, South Dakota excepting therefrom Highway 16 Bypass and also excepting therefrom Lot H 1 as shown on the plat filed in Highway Plat Book 6, Page 22 of the Pennington County real estate records.

2. Lot Two (2) in Prairie Hills Subdivision, Rapid City, located in the Southwest Quarter of the Southwest Q uarter (SW 1/4SW 1/4) of Section Nineteen (19), Township Two (2) North, Range Eight (8) East of the Black Hills Meridian, Pennington County, South Dakota.

ARTICLE ONE

DEFINITIONS

SECTION 1.01. General. For all purposes of this Supplemental Indenture:

(a) capitalized terms used herein without definition shall have the meanings specified in the Indenture;

(b) all references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture;

(c) the terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Supplemental Indenture; and

(d) in the event of a conflict between any definition set forth in the Indenture and any definition set forth in this Supplemental Indenture, the definition set forth in this Supplemental Indenture shall control.

SECTION 1.02. Definitions. The following& #160; definitions shall apply to this Supplemental Indenture:

"Business Day" means any day other than a Saturday or Sunday and other than a day on which banking institutions in Rapid City, South Dakota, or New York, New York, are authorized or obligated by law or executive order to close.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series AE Bonds to be redeemed that would be utilized, at the time of selection and in accord ance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series AE Bonds.

"Comparable Treasury Price" means the average of two Reference Treasury Dealer Quotations obtained with respect to any redemption date.

"Depository" means The Depository Trust Company, a New York corporation, or any successor thereto.

"Global Bond" shall have the meaning set forth in Section 2.05(a).

"Independent Investment Banker" means ABN AMRO Incorporated or one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means ABN AMRO Incorporated and its successors; provided, however, that if ABN AMRO Incorporated or its successors shall cease to be a primary United States government securities dealer (a & #147;Primary Treasury Dealer"), the Company will substitute for it another nationally recognized investment bank that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, for any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury

Issue (if no maturity is within three months before or after the remaining term of the Series AE Bonds, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price. The Treasury Rate shal l be calculated on the third Business Day preceding the redemption date.

ARTICLE TWO

TERMS AND CONDITIONS OF SERIES AE BONDS

SECTION 2.01. General.

(a) There is hereby created a series of Bonds, known as and entitled "First Mortgage Bonds, 7.23% Series AE Due 2032," and the form thereof shall be as provided in this Supplemental Indenture.

(b) The aggregate principal amount of Series AE Bonds which may be authenticated and delivered and outstanding under the Indenture and this Supplemental Indenture shall be limited in aggregate principal amount to $75,000,000, except as provided under Section 2.02 of the Indenture. The Series AE Bonds shall bear interest at the rate of 7.23% per annum until the principal thereof becomes due and payable and shall bear interest on overdue principal (including any overdue mandatory p repayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest at the rate of 8.23% per annum until such overdue principal, premium or interest shall be paid. The Series AE Bonds shall mature August 15, 2032.

(c) The Series AE Bonds shall be registered Bonds without coupons in denominations of $100,000 and any multiples of $1,000 which may be executed by the Company and delivered to the Trustee for authentication and delivery. The date of commencement of the first interest period for the Series AE Bonds shall be the date of initial authentication and delivery thereof. The Series AE Bonds shall be dated as provided in Section 2.06 of the Indenture. All Series AE Bonds shall bear interest from their respective issue dates. The principal and interest shall be due and payable as provided in the Bond form set forth in Section 2.02 of this Supplemental Indenture. The principal of, premium, if any, and interest on the Series AE Bonds shall be payable at the principal corporate trust office of the

Trustee, in the Borough of Manhattan, The City of New York, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. The Series AE Bonds shall be subject to redemption only as provided in Section 2.03 of this Supplemental Indenture and Section 8.08 of the Indenture.

(d) Without limiting the other indemnities provided to the Trustee, the Company shall indemnify and save the Trustee harmless from any liabi lities and costs incurred by the Trustee arising out of the making of the final payment when due of the principal owing on any of the Series AE Bonds without the surrender of such Bond to the Trustee.

(e) The Trustee is hereby appointed Registrar in respect of the Series AE Bonds, and the principal corporate trust office of the Trustee in the Borough of Manhattan, The City of New York, is hereby designated as the office or agency of the Company in said Borough where notices or demands in respect of Series AE Bonds may be served.

SECTION 2.02. Form of Bonds. The text of the Series AE Bonds, and the certificate of authentication of the Trustee to be executed thereon, are to be substantially in the following forms, respectively:

[FORM OF GLOBAL BOND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Bonds in definitive registered form, this Bond may n ot be transferred except as a whole by the Depositary to the nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

No. $
CUSIP No. 092114 AA 5

BLACK HILLS POWER, INC.

FIRST MORTGAGE BOND, 7.23%
SERIES AE DUE 2032

BLACK HILLS POWER, INC. (hereinafter called the "Company"), a corporation organized and existing under the laws of the State of South Dakota, for value received, hereby promises to pay to , or registered assigns, on the 15th day of

August, 2032, at the principal corporate trust office of the Trustee, in the Borough of Manhattan, The City of New York, Dollars, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof, at the rate of 7.23 percent, per annum (computed on the basis of a 360-day year of 12 thirty-day months), payable at said principal office of the Trustee in like coin or currency semi-annually on February 15 and August 15 in each year until the principal hereof shall have become due and payable, and thereafter if default be made in the payment of such principal and premium, if any, and on any overdue installment of interest, at the rate of 8.23 percent, per annum until the overdue principal, premium or interest shall be paid.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee, or its successor as Trustee, under the Indenture.

This Bond is one of an authorized issue of Bonds of the Company known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Inden ture hereinafter mentioned, may afford additional security for the Bonds of any particular series) by a Restated and Amended Indenture of Mortgage and Deed of Trust, dated as of September 1, 1999, executed by the Company to JPMorgan Chase Bank f/k/a The Chase Manhattan Bank, as Trustee, as supplemented and amended by a First Supplemental Indenture, dated August 13, 2002 (said Restated Indenture as so supplemented and amended being hereinafter collectively called the "Indenture"), to which Indenture and all further instruments supplemental thereto reference is hereby made for a description of the properties mortgaged and pledged, the nature and extent of the security, the rights of the holders of said Bonds and the coupons appurtenant to coupon Bonds, if any, and of the Trustee and of the Company in respect of such security, and the terms and conditions upon which said Bonds are and are to be issued and secured.

To the extent permitted by the Indenture and as provided therein, with the consent of the Company and upon the written consent or affirmative vote of at least sixty-six and twothirds percent in principal amount of the Bonds then outstanding and entitled to consent, and of not less than sixty-six and two-third percent, in principal amount of the Bonds then outstanding and entitled to consent of each series affected thereby in case one or more but less than all of the series of Bonds issued under the Indenture are so affected, the rights and obligations of the Company and of the holders of Bonds and coupons appurtenant

to coupon Bonds, if any, and the terms and provisions of the Indenture and of any instrument supplemental thereto may be modified from time to time, provided that no such modification or alteration shall be made which would postpone the date fixed herein or in the Indenture for the payment of the principal of, or any installment of interest on, the Bonds, or reduce the principal of, or the rate of interest payable on, the Bonds, or reduce the percentage of the principal amount of Bonds the consent of which is required for the authorization of any such modification or alteration, without the consent of all of the holders affected thereby. The rights, duties or immunities of the Trustee shall not be modified without the written consent of the Trustee.

As provided in the Indenture, said Bonds are issuable in series which may vary as in the Indenture provided or permitted. This Bond is one of a series of Bonds authorized by the First Supplemental Indenture and entitled “First Mortgage Bonds, 7.23% Series AE Due 2032” (the “Series AE Bonds”).

Pursuant to the provisions of Section 8.05 of the Indenture, the Company may request the Trustee to apply moneys deposited with the Trustee (“Trust Moneys”) for various reasons toward the redemption of those Bonds, includi ng payment of premium and accrued interest, selected by the Company. In the First Supplemental Indenture, the Company has covenanted that the Bonds may only be called for redemption by the Company, as a whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of Series AE Bonds to be redeemed or (ii) the sum of the present values of the

remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted, at the then current Treasury Rate (as defined in the Supplemental Indenture) plus 30 basis points, to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) plus in each case, accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

Notice of each redemption shall be mailed to all registered owners not less than thirty nor more than forty - -five days before the redemption date.

Pursuant to the provisions of Section 8.08 of the Indenture, the Series AE Bonds are further subject to redemption, in whole or in part, by the Trustee applying certain Trust Moneys which have been held by the Trustee for a period of over two years. Any such redemption is made pro rata among the series of Bonds then outstanding in the ratio of principal amount. Redemption is at 100 percent of principal, plus any premium due at the time of redemption and accrued interest to the redemption date.

If this Bond or any portion thereof ($1,000 or a multiple) shall be duly called for redemption as provided in the Indenture, this Bond or such portion thereof shall (unless the Company shall default in the payment of the redemption price) cease to bear interest from and after the date fixed for redemption.

Upon any partial redemption of this Bond, this Bond may, at the option of the registered holder hereof, be either (a) surrendered to the Trustee in exchange for one or more new Series AE Bonds for the principal amount of the unredeemed portion of this Bond or (b) submitted to the Trustee for notation hereon by the Trustee of the payment of the portion of the principal hereof so called for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the

principal of this Bond may become or be declared due and payable, in the manner and with the effect provided in the Indenture.

A certificate in global form representing all of a portion of the Bonds may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such Bonds or a nominee of such successor Depositary.

The Series AE Bonds are issuable as fully registered Bonds without coupons of the denominations of $100,000 and any multiple of $1,000 which may be executed by the Company and delivered to the Trustee for authentication and delivery. The Series AE Bonds, upon surrender thereof to the Trustee at its principal corporate trust office in the Borough of Manhattan, The City of New York, are exchangeable for other Bonds of the same series in such authorized denomination or denominations in the same aggregate principal amount, as may be requested by the holders surrendering the same.

The Company and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, for the purpose of receiving payment of or on account of the principal hereof and interest due hereon, and neither the Company nor the Trustee

shall be affected by any notice to the contrary. Interest payable herein shall be paid to the person in whose name the Bond is registered at the close of business on February 1 or August 1 (whether or not on a business day) next preceding the interest payment date, except for defaulted interest and unmatured accrued

interest on the Series AE Bonds called for redemption on a date other than an interest payment date.

No recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon or oth erwise in respect hereof or of the Indenture or of any indenture supplemental thereto, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company or any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise howsoever; all such liability being, by the acceptance hereof and as a part of the consideration for the issuance hereof, expressly waived and released by every holder hereof, as more fully provided in the Indenture; provided, however, that nothing herein or in the Indenture contained shall be taken to prevent recourse to and the enforcement of the liability, if any, of any shareholder or any stockholder or subscriber to capital stock upon or in respect of shares of capital stock not fully paid up.

IN WITNESS WHEREOF, the Company has caused this Bond to be signed in its name by its President or one of its Vice Presidents, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

Dated:

BLACK HILLS POWER, INC.

By: _____
Name:
Title:

ATTEST:

_____
Secretary

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Bonds, of the series designated therein, described in the within mentioned Indenture.

JPMORGAN CHASE BANK, as Trustee

By: _____
Authorized Officer

SECTION 2.03. Optional Redemption.

(a) Notwithstanding the provisions of Section 8.05 of the Indenture, the Series AE Bonds, upon the mailing of notice and in the manner provided in Section 10.03 of the Indenture, shall be redeemable at the option of the Company, as a whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of Series AE Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted, at the then current Treasury Rate plus 30 basis points, to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) plus in each case, accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

(b) Notwithstanding the provisions of Section 10.03 of the Indenture, in case of the redemption at any time of less than all the outstanding Series AE Bonds, the particular Bonds or parts thereof to be redeemed shall be s elected by the Trustee from the outstanding Series AE Bonds not previously called for redemption as nearly as practicable pro rata among the registered holders of the Series AE Bonds according to the respective principal amounts of such Bonds, provided that the portions of the principal of Series AE Bonds at any time so selected for redemption in part

shall be equal to $1,000 or a multiple thereof. (c) Notwithstanding that Section 8.05 of the Indenture authorizes the Company to request the Trustee to apply Trust Moneys toward the redemption of Bonds to be selected by the Company, the Company does hereby covenant that the Company will not request the Trustee to apply any Trust Moneys to the redemption of the Series AE Bonds except pursuant to Section 2.03(a) of this Supplemental Indenture.

SECTION 2.04. No Sinking Fund. The Series AE Bonds are not entitled t o the benefit of any sinking fund.

SECTION 2.05. Bonds to be Issued in Global Form.

(a) The Series AE Bonds will be initially represented by one or more Bonds in global form (the “Global Bonds”). The Company hereby designates The Depository Trust Company as the initial Depositary for the Global Bonds. The Global Bonds will be deposited with the Trustee, as custodian for the Depositary. Unless and until it is exchanged in whole or in part for Bonds in certificated form, the Global Bonds may not be transferred except as a whol e by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary for the Bonds or a nominee of such successor Depositary. The Depositary may surrender the Global Bonds in exchange in whole or in part for Bonds in certificated form on such terms as are acceptable to the Company and the Depositary.

(b) If at any time the Depositary for the Global Bonds notifies the Company that it is unwilling or unable to continue as Depositary for such Global Bonds or if at any time the Depositary for the Series AE Bonds shall no longer be eligible or in good standing under the Securities Exchange Act of 1934, as amended, or other ap plicable statute or regulation, the Company shall appoint a successor Depositary with respect to such Global Bonds. If a successor Depositary for such Global Bonds is not appointed by the Company within 90 days after the Company receives notice or becomes aware of such ineligibility, the Series AE Bonds shall no longer be represented by Global Bonds and, subject to Section 2.07 of the Indenture, the Company will execute, and the Trustee, upon receipt of a Written Order of the Company for the authentication and delivery of individual Bonds in exchange for such Global Bonds, will authenticate and deliver individual Bonds of like tenor and terms in definitive form in an aggregate principal amount

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equal to the principal amount of such Global Bonds in exchange for such Global Bonds.

(c) The Company may at any time and in its sole discretion determine that the Series AE Bonds issued or issuable in the form of one or more Global Bonds shall no longer be represented by such Global Bond or Bonds. In such event, subject to Section 2.07 of the Indenture, the Company will execute, and the Trustee, upon receipt of a Written Order of the Company for the authentication and delivery of individual Bonds in exchange in whole or in part for such Global Bonds, will authenticate and deliver individual Bonds of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such Global Bonds in exchange for such Global Bonds.

(d) In any exchange provided for in Section 2.05(b) or (c), the Company will execute and the Trustee will authenticate and deliver individual Bonds in definitive registered form in authorized denominations. Upon the exchange of Global Bonds for individual Bonds, such Global Bonds shall be canceled by the Trustee. Series AE Bonds issued in exchange for Global Bonds pursuant to this Section 2.05 shall be registered in such names and in such authorized denominations as the Depositary for such Global Bonds, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Bonds to the Persons in whose names such Bonds are so registered.

ARTICLE THREE

MISCELLANEOUS

SECTION 3.01. Outstanding Bonds. The aggregate principal amount of Bonds which, immediately after the authentication and delivery of the Series AE Bonds to be issued under this Supplemental Indenture, will be outstanding und er the provisions of, and secured by, the Indenture, as amended by this Supplemental Indenture, will be $187,835,904, consisting of the Bonds of Series Y, Z, AA, AB and AC hereinbefore set forth in the second recital of this Supplemental Indenture and $75,000,000 aggregate principal amount of Series AE Bonds hereby created.

SECTION 3.02. Receipt of Supplemental Indenture. The Company, by the execution hereof, acknowledges that a true copy of this Supplemental Indenture has been delivered to and received by it.

SECTION 3.03. Ratification of Indenture. Except as amended by this Supplemental Indenture, all the provisions, terms and conditions of the Indenture shall continue in full force and effect. The Company does hereby ratify and confirm its mortgage and pledge to the Trustee of that property, real, personal and mixed described in the Indenture as being subject to the Lien of the Indenture.

SECTION 3.04. Sufficiency of Supplemental Indenture. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

&nb sp;

SECTION 3.05. Counterparts. This Supplemental Indenture may be executed in several counterparts, all or any of which may be treated for all purposes as one original and shall constitute and be one and the same instrument.

SECTION 3.06. Governing Law. This Supplemental Indenture and each Series AE Bond shall be governed by and construed in accordance with the laws of the State of South Dakota without regard to the choice of law principles thereof. Notwithstanding the foregoing, the immunities and standard of care of the

Trustee, Registrar and paying agent in connection with the administration of trusts and duties hereunder shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, BLACK HILLS POWER, INC., party hereto of the first part, has caused this Supplemental Indenture to be executed on its behalf by its Chairman of the Board or its President or one of its Vice Presidents and its corporate seal to be hereto affixed and to be attested by its Secretary or an Assistant Secretary, and JPMORGAN CHASE BANK, party hereto of the second part, in evidence of its acceptance of the trust hereby created, has caused this Supplemental Indenture to be executed on its behalf by one of its Vice Presidents or Assistant Vice Presidents and its corporate seal to be hereto affixed and to be attested by a Trust Officer, all as of the day and year first above written.

BLACK HILLS POWER, INC.

By: /s/ Everett E. Hoyt
Name: Everett E. Hoyt
Title: President & COO

ATTEST:

/s/ Steven J. Helmers
Secretary

Signed, sealed and delivered by
BLACK HILLS POWER, INC.
in the presence of:

/s/ Jayne Riske

/s/ LeeAnn Steckler

JPMORGAN CHASE BANK, as Trustee

By: /s/ L. O'Brien
Name: L. O'Brien
Title: Vice President

ATTEST:

/s/ illegible
Trust Officer

Signed, sealed and delivered by JPMORGAN CHASE BANK, as Trustee in the presence
of:

/s/ illegible

/s/ illegible

STATE OF SOUTH DAKOTA)
)SS.:
COUNTY OF PENNINGTON)

On this 12th day of August, 2002, before me, Karen R. Tucker, the undersigned officer, personally appeared Everett E. Hoyt, to me personally known, who acknowledged himself to be, and being by me duly sworn, did say that he is President of BLACK HILLS POWER, INC., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was executed by, and signed in the name of, the corporation, by him, as such President and sealed on behalf of the corporation by authority of its Board of Directors for the purposes therein contained, and the said Everett E. Hoyt acknowledged the same as the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Notarial Seal]

/s/ Karen R. Tucker
Notary Public
My Commission expires 8/23/07

STATE OF NEW YORK)
)SS.:
COUNTY OF NEW YORK)

On this 9TH day of August, 2002, before me, James M. Foley, the undersigned officer, personally appeared L. O'Brien, to me personally known, who acknowledged himself to be, and being by me duly sworn, did say that he is A Vice President of JPMORGAN CHASE BANK, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was executed by, and signed in the name of, the corporation, by him, as such Vice President, and sealed on behalf of the corporation by authority of its Board of Directors for the purposes therein contained, and the said L.O'Brien acknowledged the same as the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Notarial Seal]

/s/ James M. Foley
Notary Public
My Commission expires 8/31/02

Exhibit 5.3

[HELMERS' LETTERHEAD]

October 22, 2009

Black Hills Power, Inc.
625 Ninth Street
Rapid City, South Dakota 57701

Re: First Mortgage Bonds

Gentlemen:

I am Senior Vice President-General Counsel of Black Hills Power, Inc., a South Dakota corporation (the "Company"), and I have acted as counsel for the Company in connection with the filing of a post-effective amendment to a registration statement on Form S-3 (the "Registration Statement"), with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), for the registration of the sale from time to time of an indeterminate amount of the Company's first mortgage bonds (the "First Mortgage Bonds"). The First Mortgage Bonds will be sold or delivered from time to time as set forth in the Registration Statement, the Company's prospectus contained therein (the "Prospectus") and supplements to the Prospectus (the "Prospectus Supplements").

I have examined (i) the Restated Articles of Incorporation, as amended, and Bylaws of the Company, (ii) the Registration Statement, and (iii) the Restated and Amended Indenture of Mortgage and Deed of Trust dated as of September 1, 1999 relating to the First Mortgage Bonds, as amended and supplemented by that certain First Supplemental Indenture dated as of August 13, 2002, between the Company and The Bank of New York Mellon, successor in interest to the original and succeeding trustees (collectively, the "Indenture"). The First Mortgage Bonds will be issued under the Indenture, as further amended and supplemented by one or more supplemental indentures creating the First Mortgage Bonds. In addition, I have (a) examined such certificates of public officials and of corporate officers and directors and such other documents and matters as I have deemed necessary or appropriate for purposes of the opinions set forth herein, (b) relied upon the accuracy of facts and information set forth in all such documents, and (c) assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as copies, and the authenticity of the originals from which all such copies were made.

Based on the foregoing and subject to the qualifications, assumptions and limitations stated herein, I am of the opinion that, the First Mortgage Bonds proposed to be sold by the Company, when (i) duly authorized by all necessary corporate action, (ii) any supplemental indenture in

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respect of the First Mortgage Bonds has been duly executed and delivered, (iii) the terms of the First Mortgage Bonds have been duly established in accordance with the Indenture and any applicable supplemental indenture relating to the First Mortgage Bonds, and (iv) the First Mortgage Bonds have been duly executed and authenticated in accordance with the Indenture and any related supplemental indenture in respect of the First Mortgage Bonds and duly issued and delivered by the Company upon payment of the consideration therefor in the manner contemplated in the Registration Statement and any Prospectus Supplement relating thereto, will constitute valid and binding obligations of the Company, enforceable in accordance with their terms.

The opinion set forth herein is subject to the effects of bankruptcy, insolvency, reorganization, fraudulent transfer or conveyance, moratorium or other similar laws now or hereinafter in effect relating to or affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

I am a member of the bar of the State of South Dakota. My opinion expressed above is limited to the laws of the State of South Dakota and the federal law of the United States of America, and I do not express any opinion herein concerning the laws of any other jurisdiction.

I consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to me in the Prospectus constituting a part of the Registration Statement under the caption "Legal Opinions." In giving this consent, I do not thereby admit that I am in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Securities and Exchange Commission promulgated thereunder. This opinion is expressed as of the date hereof and I expressly disclaim any undertaking to advise you of any changes of the facts stated or assumed herein or any changes in applicable law coming to my attention after the date hereof.

Sincerely,

/s/ Steven J. Helmers

Steven J. Helmers,
Senior Vice President-General Counsel

Exhibit 10.1

RESTATED AND AMENDED COAL SUPPLY AGREEMENT FOR
NEIL SIMPSON UNIT #2

between

WYODAK RESOURCES DEVELOPMENT CORP.

and

BLACK HILLS CORPORATION

Date: February 12, 1993

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RESTATED AND AMENDED COAL SUPPLY AGREEMENT FOR
NEIL SIMPSON UNIT #2

This Restated and Amended Coal Supply Agreement for Neil Simpson Unit #2, dated as of February 12, 1993, is entered into by and between WYODAK RESOURCES DEVELOPMENT CORP. and BLACK HILLS CORPORATION.

1. DEFINITIONS AND RECITALS.

1.1 Definitions. The following capitalized term and phrases when used in this Agreement shall have the respective meanings as follows:

"1977 Coal Agreement" refers to the following contracts:

Coal Supply Agreement, dated September 1, 1977 between Wyodak Resources and Black Hills;

First Amendment to Coal Supply Agreement between Wyodak Resources Development Corp. and Black Hills Power and Light Company, dated May 1, 1980; and

Second Amendment to Coal Supply Agreement for Black Hills Power and Light Company, dated November 2, 1987.

The 1977 Coal Agreement obligates Wyodak Resources to furnish all of the coal requirements to fuel Black Hills' Exiting Plants during their remaining used and useful life.

"Affiliate Price Limitation" is an amount Black Hills would pay Wyodak Resources during a calendar year for which the calculation is being determined for all coal sold for consumption at the Existing Plants, Black Hills' 20 percent interest in the Wyodak Plant and for Unit #2, which would allow Wyodak Resources to earn on those sales an after-tax rate of return to be applied to the Investment Base of 4 percent above the average rate of long-term A-rated utility bonds issued during the calendar year for which the calculation is being made as recorded in Moody's Bond Survey. The Affiliate Price Limitation shall be determined as of each April 1 for the

previous calendar year. Except where otherwise specifically provided by this Agreement, generally accepted accounting principles shall be applied in determining the Affiliate Price Limitation.

"Agreement" is this Restated and Amended Coal Supply Agreement for Neil Simpson Unit #2.

"Black Hills" is Black Hills Corporation, a South Dakota corporation which operates its electric utility business under the assumed name of Black Hills Power and Light Company.

"Coal Handling Facilities" are those facilities from time to time that are constructed and used to process and deliver coal at the Mine to the Existing Plants, the Wyodak Plant, Unit #2 and to fulfill any further sales of coal form the Mine.

"Colstrip Agreement" is the Power Sales Agreement between PacifiCorp and Black Hills dated as of December 31, 1983.

"Dispatch Discount" is an amount that Wyodak Resources will reduce the coal prince for coal delivered to any of the Existing Plants if necessary to make the Existing Plant Economically Dispatchable over the Estimated Variable Costs of the Colstrip Agreement; provided, Wyodak Resources is not required to grant a Dispatch Discount if such discount will not result in a net reduction of the total of the cost of Black Hills' fuel and purchased power.

"Economically Dispatchable" means for these purposes that under Prudent Utility Practice, Black Hills would not have generated power from one or more of the Existing Plants unless the coal price to be paid under the 1977 Coal Agreement was reduced.

"Estimated Variable Costs" are those variable costs as estimated and first billed by PacifiCorp for an applicable period under the Colstrip Agreement.

"Existing Plants" are Black Hills' wholly owned plants consisting of Neil Simpson Unit #1, located at the Mine; Osage Units #1, #2 and #3, located at Osage, Wyoming; Kirk Unit #4, located at Kirk, near Lead, South Dakota; and Ben French Plant, located at Rapid City, South Dakota.

"Investment Base" is the investment base of Wyodak Resources and shall include all of its actual investment from time to time in the Mine, including coal reserves, coal leases, land

and mining and processing equipment at original cost depreciated. Generally accepted accounting principles shall be applied in determining the Investment Base, except at otherwise provided by this Agreement.

"Mine" is the surface coal mine owned and operated by Wyodak Resources in Campbell County, Wyoming, approximately six miles east of Gillette, Wyoming. Coal reserves now owned or leased by Wyodak Resources or acquired in the future and located in Campbell County, Wyoming are included as a part of the Mine.

"PacifiCorp" is an Oregon corporation that is the successor to Pacific Power & Light Company, a party to the PacifiCorp Coal Agreement.

"PacifiCorp Coal Agreement" is the Further Restated and Amended Coal Supply Agreement, dated as of May 5, 1987, entered into among Wyodak Resources, PacifiCorp and Black Hills.

"Prudent Utility Practice" is the same as that definition at Section 1.9 of the Colstrip Agreement.

"Term" is that period of time described as Section 1.

"Unit #2" is Neil Simpson Unit #2, an 80 MW coal-fired electric generating plant which Black Hills plans to construct at the site of the Mine and bring into commercial operation by January 1, 1996.

"Wyodak Plant" is the 330 MW coal-fired electric generating plant in operation at the Mine and owned 80 percent by PacifiCorp and 20 percent by Black Hills.

"Wyodak Resource" is Wyodak Resources Development Corp., a Delaware corporation, and is a wholly-owned subsidiary of Black Hills.

1.2 Recitals. Black Hills is planning to construct Unit #2 at the site of the Mine. Wyodak Resources has sufficient uncommitted coal reserves to commit sufficient coal for the used and useful life of Unit #2. Black Hills desires to purchase and Wyodak Resources desires to reserve sufficient coal reserves and sell all

of the coal requirements to fuel Unit #2 for its used and useful life, estimated to be 50 years. The purpose of this Agreement is to set forth the terms and provisions of such sale and purchase.

1.3 Term of Agreement. The Term of this Agreement shall commence at such a time Unit #2 requires coal and shall terminate at such time Unit #2 is no longer used and useful for electric utility purposes.

2. SOURCE OF COAL.

The source of the coal to be sold and purchased shall come from Wyodak Resources' coal reserves presently held by Wyodak Resources at the Mine together with any subsequent coal reserves which Wyodak Resources may acquire hereafter in Campbell County, Wyoming. Wyodak Resources represents that the coal reserves contain sufficient coal for the fulfillment of this Agreement. It is understood that Wyodak Resources reserves the right to mine and sell coal from the Mine for other purposes, provided that Wyodak Resources retains sufficient coal reserves to fulfill this Agreement and providing further that sales to others do not in any way prevent Wyodak Resources from carrying out the terms of this Agreement.

3. QUANTITIES OF COAL TO BE SOLD AND PURCHASED.

Wyodak Resources agrees to sell and Black Hills agrees to buy all of the coal which is required to fuel Unit #2 during the Term. It is specifically understood and agreed that Black Hills does not promise Wyodak Resources any minimum amount of coal to be purchased.

Without limiting the obligations herein, it is estimated that the maximum yearly coal consumption of Unit #2 is 490,000 tons.

4. PLACE OF DELIVERY AND SALE.

Coal for Unit #2 shall be delivered to Black Hills at the point where the Coal Handling Facilities will interconnect to the coal delivery system of Unit #2. By mutual agreement the parties may change this delivery point from time to time.

5. QUALITY OF COAL.

The coal to be furnished hereunder shall be raw, run-of-mine coal, crushed to a size of 0" to no more than 5 percent exceeding 1.5", produced without selective mining, with a base analysis of approximately 8000 Btu per pound. Wyodak Resources warrants that the quality of coal as delivered shall be within the ranges. The quality of the coal delivered shall be determined from the coal samples taken by Wyodak Resources and pursuant to Section 7.

6. WEIGHING.

The weights of the coal delivered to Black Hills shall be determined from weights taken from Wyodak Resources' scales at the Mine. The aggregate weights of such delivered coal shall be accepted as the quantity of coal delivered for which invoices are to be rendered and payments to be made. The scales should be tested from time to time to determine their accuracy and adjusted accordingly.

7. SAMPLING AND ANALYSIS.

Sampling and analysis shall be made by Wyodak Resources and shall be taken by sampling equipment provided by Wyodak Resources. Sampling and analysis shall be performed in accordance with the latest methods approved by the American Society for Testing and Materials or such alternates as the parties may agree upon.

8. PURCHASE PRICE PAYMENT AND ADJUSTMENTS TO COAL SOLD FOR EXISTING PLANTS.

8.1 Purchase Price. For all coal sold by Wyodak Resources to Black Hills under this Agreement during any calendar year of the Term, Black Hills shall pay Wyodak Resources a total purchase price determined under the following formula:

P = A – T – DD

where

"P" is the total purchase price to be paid Black Hills to Wyodak Resources for all coal sold during the calendar year for consumption at Unit #2 and for which the calculation is being made;

"A" is the amount of the Affiliate Price Limitation determined for the calendar year for which the purchase price is being determined;

"T" is the total amount paid by Black Hills to Wyodak Resources for coal for consumption at the Existing Plants Resources for coal for consumption at the Existing Plants under the 1977 Coal Agreement and for Black Hills' 20 percent interest in the Wyodak Plant under the PacifiCorp Coal Agreement for the calendar year for which the purchase price is being determined; and

"DD" is the total amount of the actual Dispatch Discount Wyodak Resources is obligated to discount coal sold for consumption at the Existing Plants during the calendar year for which the calculation of the purchase price is being made.

If for any calendar year "P" is a negative number, Black Hills shall not pay Wyodak Resources any purchase price for coal sold for consumption at Unit #2 during that calendar year.

8.2 Negative Amount Adjustments for Coal Sold to Existing Plants. For any calendar year the calculation made under the formula at Section 8.1 of this Agreement determines a negative amount, Wyodak Resources shall reduce the adjusted based mine price under the 1977 Coal Agreement by reducing that price in the amount of the negative amount so calculated. The credit shall be applied over a 12-month period in equal installments commencing as of the April 1 when the negative amount was determined.

8.3 Invoice and Payments. Wyodak Resources shall invoice Black Hills by the 5th working day of each month for coal ordered to be delivered for that calendar month and an adjustment for actual coal sold the previous calendar month at a purchase price to be estimated based on the formula at Section 8.1. Black Hills shall pay each invoice to Wyodak Resources by the 15th day of the month the invoice is rendered. On each April 1, Wyodak Resources shall calculate the purchase price for coal sold to Black Hills under this Agreement for the preceding calendar year. Appropriate charges and credits shall thereupon be applied for coal sold during the previous

calendar year in order that the actual purchase price paid for coal during that calendar year is consistent with the formula at Section 8.1.

8.4 Retroactive Adjustments. Adjustments to cost items affecting "A" or "T" under the formula at Section 8.1 and discovered after the April 1 calculation of the purchase price for any calendar year shall be applied to an adjustment in the purchase price for that calendar year at such time the actual costs are discovered, and appropriate credits and charges shall be made. If Wyodak Resources fails to make an adjustment in billings within two years form the date information is reasonably available to Wyodak Resources to fully determine the actual amount of the adjustment, Wyodak Resources shall be barred from making that adjustment. If Black Hills fails to protest to Wyodak Resources in writing within two years of a date when information is reasonably available to Black Hills to determine that an adjustment included in a billing received prior to that date is incorrect, Black Hills shall be barred form contesting that adjustment even if the adjustment was incorrect.

9. INSPECTION.

Each party shall, at all reasonable times, have the right to enter upon the premises of the other to inspect coal receiving equipment and the weighing, measuring and testing facilities. Black Hills shall at all reasonable times have the right to inspect the Mine, maps and operating records of Wyodak Resources relating to the

operation of the Mine. Black Hills shall further have the right to inspect the books and accounts of Wyodak Resources to the degree that such inspection is necessary in order to determine cost data affecting the purchase price being paid under this Agreement; provided, during any time that Wyodak Resources may not be affiliated with Black Hills, such inspection of books and accounts shall be conducted by Black Hills' outside auditing firm who at the time of the inspection has been appointed to do the independent auditing of Black Hills' books of account.

10. UNCONTROLLABLE FORCES.

If, because of uncontrollable forces, either party hereto is unable to carry out any part or all of its obligations under this Agreement, and if such party promptly gives to the other party hereof notice of such uncontrollable forces, then the obligations of the party giving such notice shall be suspended to the extent made necessary by such uncontrollable forces and during its continuance, provided the effect of such uncontrollable forces is eliminated insofar as possible with all reasonable dispatch. The term "uncontrollable forces" as used herein shall mean any causes beyond the control of the party in which, by the exercise of reasonable diligence, the party is unable to overcome include but not be limited to acts of God, acts of the public enemy, insurrections, riots, strikes, labor disputes, labor and material shortages, fires, explosions, floods, breakdowns of or damage to plants, equipment or

facilities, interruptions to transportation, embargoes, orders or injunctions of federal, state or local governmental bodies and jurisdictions, or acts of civil or military authority, failure of equipment, or inability to obtain materials, supplies, or equipment from others because of similar causes. It shall be considered an uncontrollable force and shall relieve Wyodak Resources from performing its obligation under this Agreement if valid state or federal legislation is enacted which prohibits the strip mining of the federal coal which has been leased by Wyodak Resources.

11. APPLICABLE LAW.

This Agreement shall be considered to have been entered into and shall be interpreted under the laws of the State of Wyoming.

12. AMENDMENT.

No provision of this Agreement may be amended, modified, supplemented or waived except by an instrument in writing signed by both parties.

13. SUCCESSORS AND ASSIGNS.

This Agreement and all the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

14. CONDITION PRECEDENT.

If for any reason, including a decision made in the absolute discretion of Black Hills, Black Hills does not give notices to proceed to vendors and contractors to commence the construction of

Unit #2 on or before July 1, 1993, this Agreement shall become null and void.

15. COMPLETE AGREEMENT.

This Agreement constitutes the complete and full agreement between the parties relating to the matters set forth herein and supersedes any oral conversations or writings prior thereto. This Agreement supersedes and replaces the Coal Supply Agreement for Neil Simpson Unit #2 dated January 15, 1993.

IN WITNESS WHEREOF, the parties hereunder have executed this Agreement as of the date set forth in the first paragraph hereof.

WYODAK RESOURCES DEVELOPMENT CORP.

By /s/ Dale E. Clement
Its Senior Vice President – Finance

BLACK HILLS CORPORATION

By /s/ Daniel P. Landguth
Its Chairman, President and Chief Executive Officer

Exhibit 10.2

SECOND RESTATED AND AMENDED POWER SALES AGREEMENT
BETWEEN
PACIFICORP
AND
BLACK HILLS CORPORATION
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SECOND RESTATED AND AMENDED POWER SALES AGREEMENT
BETWEEN
PACIFICORP

AND

BLACK HILLS CORPORATION

This Second Restated and Amended Power Sales Agreement, dated as of the 29th day of September, 1997 (“Agreement”), is entered into by and between PacifiCorp (“PacifiCorp”), an Oregon corporation, and Black Hills Power and Light Company, predecessor to Black Hills Corporation (“Black Hills”), a South Dakota corporation. PacifiCorp and Black Hills are referredto herein individually as “Party” and collectively as “Parties”.

RECITALS

WHEREAS, on December 31, 1983, Black Hills and Pacific Power & Light Company (a predecessor to PacifiCorp) entered into a Power Sales Agreement which was modified by a letter agreement between the Parties dated August 31, 1995 (“Original Agreement”); and

WHEREAS, the Parties desire to further restate and amend the Original Agreement as modified as of the Effective Date of this Agreement; and

WHEREAS, this Agreement will supers ede and replace the Restated and Amended Power Sales Agreement dated February 7, 1997 which had never become effective;

NOW, therefore, the Parties agree as follows:

Section 1: Definitions

As used in this Agreement, the following terms shall have the following meanings:

1.1 ”Adjusted Variable Cost Rate” is the cost for energy as defined and adjusted in Appendix B, Section 1.

1.2 “Agreement” is this Second Restated and Amended Power Sales Agreement,together with the Appendices A through C, attached hereto.

1.3 “Annual Fixed Costs” are the costs for capacity as determined pursuant to Appendix A to this Agreement.

1.4 “Black Hills’ System” is Black Hills’ entire electric power generating and transmission system as it exists from time to time.

1.5 ”Colstrip Project” is PacifiCorp’s share in Unit Nos. 3 and 4 of the coal-fired electric generating plant near Colstrip, Montana.

1.6 “Effective Date” is 0000 hours Mountain prevailing time August 1, 1997.

1.7 “FERC” is the Federal Energy Regulatory Commission of the United States.

1.8 “Net Colstrip Generation” is PacifiCorp’s combined share of the output of the Colstrip Project Unit Nos. 3 and 4 generation. Net Colstrip Generation, when expressed as capacity, shall, for purposes of this Agreement, be deemed to be 150 megawatts (“MW”). When expressed as energy, Net Colstrip Generation is the actual energy production less station service requirements and less generator step-up transformer losses expressed in megawatt-hours (“MWh”) as reported in PacifiCorp’s FERC Form No. 1.

1.9 “Original Agreement” is the Power Sale Agreement between Black Hills and PacifiCorp dated December 31, 1983 as amended by the letter agreement dated August 31, 1995.

1.10 “Original Investment” shall be that dollar amount specified in Subsection A.2.1 of Appendix A to this Agreement.

1.11 “PacifiCorp’s System” is PacifiCorp’s entire electric power generating and transmission system as it exists fr om time to time.

1.12 “Prudent Utility Practice” is, at any particular time, either any of the practices, methods, and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto or any of the practices, methods, or acts which, in the exercise of reasonable judgment the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety,

and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others but, rather, to be a spectrum of possible practices, methods, or acts. Prudent Utility Practice shall also include those practices, methods, and acts that are required by applicable laws and final orders or regulations of regulatory agencies having jurisdiction; provided, that the definition of Prudent Utility Practice shall not be construed to allow regulatory bodies to amend the fixed formulae used to determine prices under this Agreement, nor any other provision of this Agreement. Prudent Utility Practice shall not be interpreted as justification for discriminating among customers, including Black Hills.

1.13 “Transmission Losses” are the product of the system energy scheduled by Black Hills multiplied by the applicable real time transmission loss factor pursuant to the Transmission Tariff.

1.14 “Transmission Tariff” is PacifiCorp’s FERC pro forma open access tariff on file with FERC as PacifiCorp’s FERC Electric Tariff, Original Volume No. 11, as such may be amended or replaced from time to time.

1.15 “Variable Cost Rate” is the variable cost rate as calculated from the FERC Form No. 1 as demonstrated in Appendix B Sections B2 and B3.

1.16 “Western Energy” is the coal company or its successor company through which the Colstrip Project purchases its coal supply and coal transportation.

Section 2: Term

2.1 Term. This Agreement shall become effective on the Effective Date pursuant to Subsection 1.6. Subject to the provisions of Section 2.2, it shall terminate on December 31, 2023.

2.2 Regulatory Approval. PacifiCorp, at its expense, shall file this

Agreement with the Federal Energy Regulatory Commission (FERC) as provided for in Subsection 6.1. PacifiCorp shall provide Black Hills with a copy of the filing prior to its submittal to the FERC. Black Hills shall file with the FERC an intervention in support of PacifiCorp’s filing of this Agreement. Upon FERC’s acceptance of this Agreement, the Original Agreement shall terminate as of the Effective Date. If the FERC does not accept or approve this Agreement and the transmission service agreements under the Transmission Tariff for filing in toto, the Parties shall exercise best efforts to amend these agreements to comply with the FERC action in a manner consistent with the Parties’ original intent. Failure of the FERC to accept or approve these agreements after the Parties have exercised best efforts shall terminate these agreements, and the Original Agreement shall remain in full force and effect.

Section 3: Sale and Delivery of Capacity and Energy

3.1 Sale of Capacity. For the term of this Agreement, PacifiCorp shall sell, and Black Hills shall purchase, system capacity as shown below:

Commencing	Capacity Amount MW
Effective Date	75
January 1, 2000	70
January 1, 2001	65
January 1, 2002	60
January 1, 2003	55
January 1, 2004	50

3.2 Minimum Energy Purchases. Each month Black Hills shall purchase a minimum of 22,500 MWh of system energy multiplied by the applicable capacity pursuant to subsection 3.1 and divided by 75 MW.

3.3 Points of Delivery. PacifiCorp shall provide system power and energy purchased under this Agreement to Black Hills under the terms and conditions of separate service agreements under the Transmission Tariff. Black Hills shall cause such service agreements to be executed with Pacifi Corp to reserve the amount of transmission capacity and the type of

service which in Black Hills' determination is required for the amount of capacity purchased pursuant to Subsection 3.1 and Black Hills shall pay separately for such transmission wheeling charges and shall be responsible for either the return of energy or the payment for applicable energy charges for transmission losses under the Transmission Tariff. However, the merchant function of PacifiCorp shall purchase any capacity requirements for losses, Spinning Reserve Service, Supplemental Reserve Service and any other required ancillary service on behalf of Black Hills at the expense of the merchant function of PacifiCorp. In addition, the merchant function of PacifiCorp shall provide Black Hills with non-firm transmission service on PacifiCorp's transmission system for deliveries to the Wyodak Substation from PacifiCorp's multiple generation units as defined in such service agreements fo r transfers not to exceed 5 megawatt-hours per hour for all hours from the Effective Date through the earlier of the termination of Black Hills' Power Integration Agreement with Montana-Dakota Utilities Company dated September 9, 1994 or December 31, 2006. Black Hills shall use its best efforts in scheduling transmission services under such service agreements so as to minimize its use of the nonfirm transmission service to be made available by the merchant function of PacifiCorp. Black Hills shall be responsible for any amounts of additional firm transmission service or nonfirm service in excess of the amount made available to Black Hills by the merchant function of PacifiCorp pursuant to the terms of the Transmission Tariff. On a monthly basis Black Hills may purchase energy in addition to that energy associated with the capacity purchases under Subsection 3.1, at the Adjusted Variable Rate applicable for such month, under the terms of this Agreement to replace the Transmiss ion Losses required under the Transmission Tariff pursuant to Subsections 4.1 and 4.2.

3.4 Deliveries. PacifiCorp does now and will continue to maintain available transmission facilities sufficient to meet its delivery obligations under this Agreement for the Term hereof.

Section 4: Scheduling

4.1 Amounts of Capacity and Energy. Commencing on the Effective Date of this Agreement, and continuing during the Term hereof, PacifiCorp shall make available from Paci fiCorp's System, and Black Hills shall schedule, energy associated with purchased capacity;provided, that PacifiCorp shall not be obligated under this Agreement to schedule and deliver energy toBlack Hills in excess of the following amounts plus Transmission Losses if elected by Black Hills pursuant to Subsection 4.2:

Hourly	—	75 MWh multiplied by the applicable purchased capacity ofSubsection 3.1 and divided by 75 MW.
Weekly	—	10,050 MWh multiplied by the applicable purchased capacity of Subsection 3.1 and divided by 75 MW.
Monthly	—	One hundred ten percent (110%) of the estimated monthly energy under Section 4.2.

4.2 Estimated Monthly Energy. At least five (5) days prior to the commencement of each month, Black Hills shall deliver to PacifiCorp by facsimile a written estimate of expected energy purchases for the following month. Such estimate of expected energy purchases shall not be less than the minimum monthly requirement pursuant to Subsection 3.2. Included in the written estimate Black Hills shall notify PacifiCorp if Black Hills elects to purchase or not purchase the Transmission Losses under this Agreement for such month.

4.3 Schedules. Black Hills shall preschedule all deliveries of power and energy purchased under this Agreement no later than 1000 hours Pacific prevailing time on each workday prior to the day of such schedule and in

accordance with normal scheduling practices. Such schedules of power and energy shall be deemed to be delivered during the hours and in the amounts scheduled; provied, that if scheduled deliveries are interrupted due to forces beyond either Party's control, including but not limited to loss of facilities, such scheduled deliveries shall be adjusted to reflect such interruptions.

4.4 Limitations on Variations. Black Hills shall use its best efforts, consistent with Prudent Utility Practice, to minimize rapid changes in deliveries hereunder; provided, that, unless otherwise agreed, the hour-to-hour variation in such scheduled deliveries shall be limited to 25 MWh per hour.

Section 5: Prices and Payments.

5.1 Annual Fixed Cost Payments. Beginning on the Effective Date and continuing until December 31, 1999, by the fifteenth (15th) of each month Black Hills shall pay PacifiCorp one-twelfth of the Annual Fixed Cost of $164.59 per kW-yr. multiplied by the capacity purchased pursuant to Subsection 3.1.Commencing on January 14, 2000, and by the fifteenth (15) of each month thereafter, Black Hills shall pay PacifiCorp one-twelfth (1/12) of the Annual Fixed Cost as determined pursuant to Appendix A, multiplied by the capacity purchased pursuant to Subsection 3.1. Black Hills' last and final Annual Fixed Cost payment for the Original Investment shall be December 15, 2018 pursuant to Appendix A. The last and final Annual Fixed Cost payment for each of the associated subsequent annual levelized fixed charge for capital additions, replacements and betterments shall be after the completion of the 35th year of Annual Fixed Cost payments for the associated subsequent capital addition. For example, the final Annual Fixed Cost Payment for 1986 subsequent capital additions, replacements and betterments shall be December 15, 2021.

5.2 Annual Fixed Cost Payment Reduction. For the invoices for each month of the calendar years 2000 through 2009, the amount calculated pursuant to Subsection 5.1 shall be reduced by $95,564, irrespective of the reduced sale of capacity pursuant to Subsection 3.1.

5.3 Adjusted Variable Cost Payments.

5.3 Adjusted Variable Cost Payments for Estimated Energy. By the fifteenth (15th) of each month after the Effective Date, Black Hills shall pay PacifiCorp an amount determined by multiplying the Adjusted Variable Cost Rate, as expressed in dollars per MWh ($/MWh), by the estimated monthly MWh of energy including any elected Transmission Losses as provided under Subsection 4.2.

5.3.1 Monthly Adjustments. PacifiCorp shall use the following formula to calculate an adjustment to each prior month's invoice to adjust for actual versus estimated monthly usage:

$$z = [(a - b) \times (c)] (1 + i)$$

Where

z = the amount of charge to Black Hills (if positive) or credit to Black Hills (if negative);

a = the minimum energy pursuant to Subsection 3.2 or the actual energy scheduled for the prior month in MWh (whichever is greater) including any energy scheduled for elected Transmission Losses;

b = the energy which was billed for such prior month, in MWh, including any Transmission Losses pursuant to Subsection 4.2;

c = the applicable Adjusted Variable Cost Rate in dollars per MWh ($/Mwh) for such prior month;

i = the prime interest rate, expressed in decimal form on an annual basis, as established by the

Morgan Guaranty Trust Company of New York as of the first day of the prior month, divided by twelve (12).

5.4 Payment Schedules. PacifiCorp shall send by facsimile to Black Hills an invoice for all services hereunder, by the third (3rd) working day of each month. Black Hills shall pay such invoices by the fifteenth (15th) of such month. Each monthly payment shall be made in immediately available funds by the due date. Such payments to PacifiCorp shall be electronically wire transferred to:

The First National Bank of Chicago
A.B.A. No. 071000013
PacifiCorp-Wholesale & Trans.
Account No. 55-44688

Simple interest shall accrue on any amount not paid when due at a rate of one hundred twenty-five percent (125%) of the prime rate as established by the Morgan Guaranty Trust Company of New York during the period of delinquency.

5.5 Operation of the Colst rip Project. It is the intent of the Parties that the pricing provisions of this Section 5 shall account for all operational variables of the Colstrip Project. Subject to exceptions as specified in this Agreement, the pricing for the delivery of PacifiCorp system power to Black Hills is based upon PacifiCorp's cost of ownership and operation of the Colstrip as provided in this Section 5. Nothing in this Agreement shall be construed as an obligation for PacifiCorp to dispatch or control the Colstrip Project in any particular fashion.

Section 6: Governmental Regulation

6.1 Filing. The Parties shall submit this Agreement for filing to the FERC no later than October 15, 1997. PacifiCorp shall seek a waiver of any FERC rules that require an earlier filing date.

6.2 Fixed-Formulae Contract. The terms, conditions, and formulae for

prices for service specified herein shall remain in effect for the term hereof, and shall not be subject to change through application to the FERC pursuant to the provisions of Section 205 of the Federal Power Act absent the agreement of the Parties hereto. The Parties covenant that neither shall request relief from any of the provisions of this Agreement pursuant to the provisions of Section 206 of the Federal Power Act absent the agreement of the Parties hereto. The foregoing statutory references are intended to include any subsequent similar enactments.

Section 7: FERC Reporting: Past Audit Issues.

7.1 Reporting. For purposes of administering this Agreement, data reported in PacifiCorp's FERC Form No. 1 shall be deemed to be accurate for purposes of calculating the Variable Cost Rate and the Adjusted Variable Cost Rate; provided, however, should the FERC as a result of an audit, require changes to PacifiCorp's FERC Form No. 1 that are relevant to the calculation of the Variable Cost Rate or the Adjusted Variable Cost Rate, the billings to Black Hills shall be retroactively adjusted to reflect such changes. PacifiCorp shall fully comply with the Uniform System of Accounts as promulgated by the FERC from time to time in the p reparation of the Form No. 1 during the Term of this Agreement.

7.2 Past Audit Issues. It is agreed by the Parties that any and all outstanding audit issues are resolved by this Agreement. Any outstanding audit questions or requests for information from Black Hills to PacifiCorp are deemed to be withdrawn and satisfied.

7.3 Past Billings. All prior invoices under the Original Agreement are deemed to be correct and not subject to further audit or adjustment unless mutually agreed by the Parties.

Section 8: Arbitration

If any dispute arises under this Agreement as to any factual matter,

the Parties shall submit the factual dispute to a board of three arbiters, one to be selected by each Party and the Parties to agree on the selection of a third arbiter. If the Parties are unable to agree on the third arbiter, the Parties shall request the senior district judge of the United States District Court of the District of Wyoming to submit a list of five (5) persons. Each Party shall alternately strike one name from the list, the first exercise to be determined by lot. The last person remaining on the list shall serve as the third (3rd) arbiter. Except as otherwise set forth herein, the arbitration shall be held under the rules of the American Arbitration Association. The arbiters shall render their decision in writing not later than thirty (30) days after the matter has been submitted to them, and the decision of a majority of the board of arbiters of the factu al dispute shall be binding on the Parties. The arbiters may, in their discretion, award arbitration costs and attorneys' fees to either Party.

Section 9: Uncontrollable Forces.

Neither Party to this Agreement shall be considered to be in default in performance of any obligation hereunder if failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" means any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance sabotage, and restraint by court order or public authority, which by exercise of due foresight such Party could not reasonably have been expected to avoid, and which by exercise of due diligence it shall be unable to overcome. A Party shall not, however, be relieved of liability for failure of performance if such failure be due to causes arising out of its own negligence or to removable or remediable causes which it fails to remove or remedy with reasonable dispatch. Any Party rendered

unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein, however, shall be construed to require a Party to prevent or settle a strike against its will. It is specifically understood and agreed that PacifiCorp's delivery of capacity and energy to Black Hills under this Agreement comes from PacifiCorp's System and shall not depend upon the existence, operation, or efficiency of the Colstrip Project alone. In determining any uncontrollable force justifying any nonperformance by PacifiCorp herein, the entire PacifiCorp System shall be taken into consideration.

Section 10: Notices.

Any notice, demand, or request provided for in this Agreement shall be deemed properly served, given, or made if delivered in person or sent by facsimile and registered or certified mail, postage paid and return receipt requested, to the person so designated as its authorized representative. The titles and addresses of the authorizedrepresentatives hereunder are as follows:

For Black Hills:	Vice President, Finance Black Hills Corporation 625 Ninth Street P.O. Box 1400 Rapid City, South Dakota 57709 Fax No.: (605) 342-0945
For PacifiCorp:	Vice President, Global Energy Trading & Wholesale Sales PacifiCorp, Suite 1600 700 NE Multnomah Portland, Oregon 97232-4194 Fax No.: (503) 731-2160
With a copy to:	Manager, Contract Administration PacifiCorp, Suite 625 825 NE Multnomah Portland, OR 97232-2153 Fax No. (503) 275-2827

Either Party may change its authorized representative by providing notice to the other Party pursuant to this Section 10.

Section 11: Waiver

Any waiver by a Party of its rights with respect to default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any subsequent default or matter. No delay in asserting or enforcing any right hereunder shall be deemed a waiver of such fight.

Section 12: Several Obligations.

Except where specifi cally stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership, or joint venture or to impose a trust or partnership duty, obligation, or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

Section 13: Amendments.

No amendment of this Agreement shall be effective without written approval of each Party.

Section 14: Assignment.

This Agreement shall not be assigned by any Party to any third party without the written consent of the other Party, and such consent shall not be withheld unreasonably. No assignment of this Agreement shall operate to discharge the assignor of any duty or obligation hereunder without the written consent of the other Party.

Section 15: Choice of Law

This Agreement shall be subject to and be construed under the laws of the State of Wyoming.

Section 16: Replacement of Original Agreement.

This Agreement represents the entire agreement of the Parties and

replaces the Original Agreement in its entirety, except as provided in Subsection 2.2.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names by their respective officers thereunder duly authorized.

PACIFICORP

By: _____
Vice President
Date: September 29, 1997

BLACK HILLS CORPORATION

By: _____
Vice President

Date: _____

Appendix A

APPENDIX A: ANNUAL FIXED COSTS

Introduction

This Appendix A sets forth the elements and techniques to calculate the Annual Fixed Cost under Subsection 5.1 for the term of the Agreement.

The Annual Fixed Cost is the dollars per megawatt sum of: (a) initial levelized annual fixed cost, (b) subsequent levelized annual fixed costs for Colstrip Plant investments made through December 31, 1996, and (c) other fixed annual charges, including but not limited to property taxes, insurance, and taxes other than income tax.

Prior to January&n bsp;1, 2000 the Annual Fixed Cost shall be those as set forth in Subsection 5.1. Commencing on January 1, 2000 the Annual Fixed Cost shall be calculated as set forth in

this Appendix A. Capital additions, replacements, and betterments made after December 31, 1996 shall not be included for calculating the Annual Fixed Cost. During the balance of the Term, PacifiCorp shall continue to comply with generally accepted accounting principles in identifying capital additions, replacements and betterments to the Colstrip Project and capitalizing such for book purposes as opposed to expensing them and including them in the Variable Cost Rate calculation.

Section A1. Discussion of Methodology

A1.1 Levelized fixed charges are the basis of annual fixed costs hereunder. While actual capital-related charges associated with an investment may vary considerably from year to year, the levelized fixed charge translates these charges into a level annual amount which remains constant over time. The present values of the two streams (varying versus constant) are equal.

A1.2 The levelized fixed charge includes three basic components: (a) return on investment, given a specific capital structure and cost of capital; (b) recovery of investment, given the appropriate depreciation period related to the inves tment; and (c) income tax requirements, given tax law considerations. These components are commonly expressed as: (a) interest expense on debt and return required by shareholders; (b) book depreciation; and, (c) income taxes incorporating the effects of investment tax credits and tax depreciation.

A1.3 An initial levelized annual charge rate shall be applied to the original investment of Colstrip Project Unit Nos. 3 and 4. The rate shall be recalculated effective each January 1 only in the event of a change during the preceding calendar year in any of the following: (a) the capital structure; (b) cost of long-term debt; (c) preferred retum; (d) the return on common equity; or, (e) income tax law, but not to be applied retroactively.

A1.4 Subsequent levelized annual fixed charge rates shall

be calculated each year through December 31, 1996 to reflect the most current information and shall be applied each year to the amount of capital additions, replacements (less credit for net salvage and insurance proceeds, if any) and betterments of the Colstrip Project completed through the end of the preceding calendar year.

Section A2: Determination of Annual Fixed Costs

The Annual Fixed Costs f or any year shall be determined by (a) adding the amounts calculated under Sections A2.1 through A2.5, and (b) dividing the total by Net Colstrip Generation in MW. The costs referred to above are:

A2.1 The initial levelized annual fixed charge computed as the product of (1) PacifiCorp's initial levelized annual fixed charge rate determined annually in accordance with Section AS of this Appendix A, and (2) PacifiCorp's total Original Investment in the Colstrip Unit Nos. 3 and 4 of $194,965,667. Black Hills shall pay no initial levelized annual fixed costs aver 2018, pursuant to Subsection 5.1.

A2.2 The total subsequent an nual levelized fixed charge shall be computed as the sum of annual charges determined by the product of (a) PacifiCorp's subsequent levelized annual fixed charge rate, as calculated using the then current applicable cost of capital in accordance with Section A3 of this Appendix A and (b) the subsequent dollar investment in capital additions, replacements (less credit for net salvage and insurance proceeds, if any), and betterments of the Colstrip Project, completed for each year from January 1, 1986 through December 31, 1996.

A2.3 All ad valorem taxes imposed upon the Colst rip Project by governmental agencies without limitation for excluded subsequent capital additions, replacements, and betterments.

A2 4 All taxes, assessments, payments in lieu of taxes, or other charges imposed by any governmental body assessed or charged

against PacifiCorp relating to the Colstrip Project, excluding ad valorem taxes, state and federal income taxes and excluding any tax included in the Variable Cost Rate calculation of Subsection B3. It is understood that the current Montana electric energy license tax is included in the Variable Cost Rate.

A2.4 Insurance premiums which shall be deemed to be $322,941.08 (0.16 percent of the Colstrip production plant investment as of December 31, 1996).

Section A3: Elements of Levelized Annual Fixed Charge Rates

A3.1 Capital Structure:

A3.1.1 Commencing January 1, 2000, for purposes of calculating the initial levelized annual fixed charge rate and subsequent levelized fixed charge rates in any year, PacifiCorp's then-current FERC approved capital structure as described further in Subsection A3.3 shall be utilized. Such capital structure shall be updated as provided for in Section A3.3. The capital structure approved by the FERC the date of execution of this Agreement is as follows:

	Percent
Long-Term Debt	45.54%
Preferred Stock	8.40%
Common Equity	46.06%
Total Capital	100%

A3.2 Cost of Capital:

A3.2.1 Long-Term Debt: Commencing on January 1, 2000, the long-term debt applicable in the calculation of the initial and subsequent levelized annual fixed charge rates shall be equal to PacifiCorp's then-current weighted average cost of longterm debt calculated using FERC prescribed methods. As of the execution date of this Agreement, this rate is 7.11%. The cost of long-term debt shall be updated as provided for in Subsection A3.3, below.

A3.2.2Preferred Stock: Commencing on January 1, 2000, the return on preferred stock applicable in the calculation of initial and subsequent levelized annual fixed charge rates shall be PacifiCorp's then-current weighted average cost of

preferred stock calculated using FERC prescribed methods. As of the execution date of this Agreement, this rate is 6.76%. The cost of preferred stock shall be updated as provided for in Subsection A3.3, below.

A3.2.3 Common Stock Equity: Commencing on January 1, 2000, the return on common stock equity applicable in the calculation of each initial levelized annual fixed charge rate, and each subsequent levelized annual fixed charge rate, shall be the then current FERC approved cost of common equity for PacifiCorp. The current cost of common stock equity approved by the FERC at the date of execution of this Agreement is 10.40 %. The cost of common stock equity shall be updated as provided for in Subsection A3.3 below.

A3.3Updates to FERC-Based Elements of Fixed Charge Rates: At such times, subsequent to January 1, 2000, as new FERC orders establish a different capital structure, cost of long-term debt, cost of preferred stock or cost of common equity for PacifiCorp, or PacifiCorp enters into a settlement of a FERC rate proceeding where FERC staff reports known as "top sheets" provide for such differences, effective the following January 1, such different capital structure, cost of long-term debt, cost of preferred stock or cost of common equity shall be substituted in Subsections A3.1 through A3.2 as appropriate until the next FERC order or settlement. 0; If more than three years have elapsed between the Effective Date of this Agreement and a FERC order or settlement (with FERC staff top sheets), or between FERC orders and/or settlements (with FERC staff top sheets) establishing a capital structure, cost of long-term debt, cost of preferred stock or cost of common equity, either Party may cause PacifiCorp to promptly apply to the FERC for an order establishing a current capital structure, cost of long-term debt, cost of preferred stock and cost of common equity and the FERC findings shall be substituted effective the January 1 following an order resulting

from such application.

A3.4 Book Depreciation: Book Depreciation charges shall be at a straight-line rate based on a thirty-five (35) year life in calculating the initial and subsequent levelized annual fixed charge rate.

A3.5 Income Tax Requirements: Income tax requirements applicable in calculating both initial and subsequent levelized annual fixed charge rates shall be based on the following ite ms: provided, subsequent changes in tax laws shall be incorporated in computing levelized annual fixed charge rates for periods following such tax law changes:

A3.5.1 The actual federal corporate income tax rate beginning at 46% in 1984, and tracking the actual corporate tax and projected tax rates for the life of the investment, with tax rate at the execution date of this Agreement at 35%.

A3.5.2 A state corporate income tax rate equal to the estimated composite weighted average of PacifiCorp's three - -factor formula for unitary allocation of state taxable income based upon payroll, property, and revenue in each state in which PacifiCorp provides retail service. As of the execution date of this Agreement, the rate is four and four-tenths percent (4.4%).

A3.5.3 Use of 1 5-year depreciation under Accelerated Cost Recovery System for original investment and additions prior to 1987, and 20-year depreciation under Modified Accelerated Cost Recovery System for additions beginning in 1987 through 1996.

A3.5.4 Regular investment tax credits allowed in accordance with the provisions of the Internal Revenue Code of 1954, as amended, regardless of whether PacifiCorp is able to use such credits. The investment tax credit in calculating the initial levelized annual fixed charge rate shall be deemed to be 9.65 percent of tax basis.

A3.5.5 Tax basis shall be 75.98% of the book basis in calculating each initial levelized annual fixed charge rate, and

100% of the book basis in calculating each subsequent levelized annual fixed charge rate.

A3.5.6 The annual income tax amount included in the levelized annual fixed charge rate shall be calculated utilizing the methodology demonstrated in Item 3 of Appendix C of this Agreement.

Appen dix B

APPENDIX B: VARIABLE COSTS

This Appendix B sets forth the elements and techniques to calculate the Adjusted Variable Cost Rate and the Variable Cost Rate under Subsection 5.3 for each year of this Agreement.

Section B1: Adjusted Variable Cost Rate

During the term of this Agreement, the Adjusted Variable Cost Rate expressed in dollars per megawatt-hour ($/MWh) in any year shall be determined by June 1 of each year, to be effective from such June 1 to May 31 of the following calendar year. The Adjusted Variable Cost Rate for any year shall be the prior year's Adjusted Variable Cost Rate multiplied by the ratio of the prior calendar year's Variable Cost Rate, divided by the

Variable Cost Rate as determined one calendar year earlier. (The Variable Cost Rate shall be determined pursuant to Section B2.) The calculation of the Adjusted Variable Cost Rate is as follows:

AVCn=AVCn-1 *(VCmost recent year /VCmost recent year -1)
Where: AVC = Adjusted Variable Cost Rate
VC = Variable Cost Rate
n = current year

For example, the Adjusted Variable Cost Rate effective June 1, 2000 is equal to the Adjusted Variable Cost Rate effective June ;1, 1999 multiplied by the Variable Cost Rate based on 1999 FERC Form No. 1 and divided by the Variable Cost Rate based on 1998 FERC Form No. 1.

The initial Adjusted Variable Cost Rate shall be deemed to be $12.20/MWh and shall be effective through May 31, 1998. This

Adjusted Variable Cost Rate shall be adjusted each successive year beginning June 1, 1998 pursuant to this Section B1.

Section B2: Variable Cost Rate

During the term of this Agreement, the prior calendar year's Variable Cost Rate ($/MWh) shall be determined by June 1 of each year. The Variable Cost Rate for each year shall be calculated from PacifiCorp's F ERC Form No. 1 for the Colstrip Project as illustrated in Section B3. The FERC Form No. 1 costs shall be adjusted to spread the fixed portion of PacifiCorp's fuel costs over the greater of (1) the actual PacifiCorp Net Colstrip Generation (MWh) or (2) the generation based on a deemed 150 MW of capacity at an 80% capacity factor. The commodity component of the fuel costs shall be a separate calculation using actual Net Colstrip Generation (MWh). The non-fuel variable cost shall be computed using the generation based on a deemed 150 MW of capacity at an 80% capacity factor.

Secoption B3: Variable Cost Rate Calculation

B3.1 An example calculation is shown in Subsection B3.2. The input data for the calculation is from PacifiCorp's 1996 FERC Form No. 1 for the Colstrip Project and the sum of the Western Energy fixed charges (line 9 of Subsection B3.2) for contract coal and coal transportation paid in such calendar year. The 1996 Variable Cost Rate is $13.12 pursuant to Subsection B3.2.

B3.2 Variable Cost Rate Calculation - 1996 Example

1	1996 PacifiCorp Colstrip Project		
2	Annual Variables		
3		Calendar Year	1996
4	PacifiCorp FERC Form No.1 (“Form 1”) Page No.		403.1
5	Form 1, line 33, “Total Production Expenses”	$	11,619,595
6	Form 1, line 19, “Fuel”	$	7,594,943
7	Form 1, line 12, “Net Generation, Exclusive of Plant Use”, MWh		795,052
8	Hours in the Year (Leap Year)		8784

9	Sum of Western Energy Fixed Charges for Contract Coal and Coal Transportation	$	567,744
10			
11	Non–Fuel Variable Cost Component		
12	Non–fuel Production Expense (line 5-line 6)	$	4,024,652
13	Deemed Non–Fuel Variable Adjustment Factor (Electrical energy license tax and A&G)		1.03
14	Black Hills Adjusted Non–Fuel Variable Cost (line 12 x line 13)	$	4,145,392
15	Deemed Production for Non–Fuel Calculation (150 MW @ 80% OF), MWh		1,054,080
16	Non–Fuel Variable Cost, S/MWh (line 14/line 15)		3.93
17			
18	Fuel Cost–Fixed Component		
19	Western Energy Fixed Charges (line 9)	$	567,744
20	Deemed Production for FKed–Fuel Calculation, MWh		1,054,080
21	(greater of 150MW @ 80% CF or line 7)		
22			
23	Fuel – Fixed Cost, $/MWh (line 19/line 20)		0.54
24	Fuel Cost – Commodity Component		
25	Fuel Production Expense (line 6)	$	7,594,943
26	Deemed Fuel Variable Adjustment Factor		0.98
27	Black Hills Adjusted Fuel Expense (line 24 x line 25)	$	7,443.044
25	Western Energy Feed Charges (line 9)	$	567,744
28	Black Hills Fuel Commodity Expenses (line 26– line 27)	$	6,875.300
29	Net Generation, MWh (line 7)		795,052
30	Fuel Commodity cost, $/MWh (line 28/line 29)		8.65
31			
32	1996 Variable Cost Rate, $/MWh (line 16+ line 21+ line 30)		13.12

Section B4: Unavailability of Colstrip Variable Costs

B4 In years in which the capacity factor of Colstrip Unit Nos. 3 and 4 together is less than forty percent (40%), or if

Colstrip Project costs are not available for any reason, or if PacifiCorp is no longer a participant in the Colstrip Project, the Adjusted Variable Cost Rate shall not be updated for up to a year after its normal adjustment period. During such time the Parties shall negotiate an appropriate alternative variable cost methodology. If the Parties are unable to agree, the issue of the variable cost methodology shall be submitted to arbitration based on the fair market price for long term fuel and O&M for a project similar to Colstrip. For the purpose herein, a “project similar to Colstrip” is a project located in the western part of the United States consisting of a generating station of two or more coal-fired steam electric generators of 500 megawatts or larger operating at an eighty percent (80%) load factor or more and situated in close proximity to a surface coal mine from w hich the generators are fueled. The Annual Fixed Costs shall not be modified by such an event.

RESERVE CAPACITY INTEGRATION AGREEMENT

Dated as of May 5, 1987

between

PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY

and

BLACK HILLS CORPORATION, dba BLACK HILLS POWER AND LIGHT COMPANY

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EXHBITS

RESERVE CAPACITY INTEGRATION AGREEMENT

This Reserve Capacity Integration Agreement, dated as of the 5th day of May, 1987, by and between Pacific Power & Light Company (Pacific), and Black Hills Power and Light Company, an assumed business name of Black Hills Corporation, a South Dakota corporation (Black Hills).

RECITALS

WHEREAS Pacific and Black Hills are joint lessees of the 330 megawatt Wyodak Power Facility in Gillette, Wyoming; and

WHEREAS Pacific, by virtue of a December 31, 1983 Power Sales Agreement, is Black Hills' principal outside supplier of firm electric power and energy; and

WHEREAS Pacific and Black Hills have significant diversity of load patterns and wholesale marketing opportunities; and

WHEREAS the aforementioned circumstances create opportunities for the integration of the parties; reserve capacity for the purpose of increasing Black Hills' system reliability, better matching Black Hills loads and resources, and enhancing Pacific's wholesale marketing opportunities;

NOW, THEREFORE, Pacific and Black Hills wish to exchange and integrate their reserve capacity upon the following terms and conditions:

Section 1. Term. This Agreement shall commence on July 1, 1987 and terminate on June 30, 2012.

Section 2. Definitions.

(a) "Operating and Maintenance Costs" shall mean all costs of repairs, operating and maintenance expenses, administrative, accounting and general expenses, other than property tax and insurance expenses, incurred by Black Hills in the operation and maintenance of the Combustion Turbines, and including but not limited to:

1. repair costs, losses, damages, judgments, defense costs and expense sustained or incurred by Black Hills,

directly or indirectly, in connection with the performance of services to be performed hereunder except for such repair costs, losses, damages, judgments, defense costs and expenses sustained or incurred as a result of Black Hills' negligence;

2. an appropriate allocation for administration and general expenses;

3. costs of acquiring and maintaining an inventory of fuel oil for Pacific's account as required herein; provided, Black Hills shall pay the costs associated with acquiring and maintaining fuel oil in the storage tanks for its purposes;

4. costs of electric power and energy, at applicable rates, furnished by Black Hills to service the Combustion Turbines, including heating the fuel oil inventory for which Pacific is responsible; and

5. any taxes levied specifically on operators of combustion turbines or the generation from combustion turbines.

(b) "Combustion Turbines" shall mean those facilities situated at Rapid City, South Dakota and described in Exhibit A to this Agreement.

(c) "Incremental Cost of Generation" means for any hour the highest average annual production cost ($/MWh) of any of Pacific's owned or leased coal-fired plant (excluding lease costs) which was operating during such hour where such production cost shall be determined from Pacific's most recently filed FERC Form No. 1 or its successor form and where the fuel cost component of production cost shall be increased by 7% for system losses. An example of a calculation of average annual production cost is contained in Exhibit B to this Agreement.

Section 3. Exchange of Reserve Capacity.

(a) Black Hills maintains the Combustion Turbines on its system to satisfy its system reserve requirements. Black Hills warrants that the Combustion Turbines are in good working order as of the date of this Agreement.

(b) Black Hills hereby assigns to Pacific the right to use the Combustion Turbines as specified in this Agreement.

(c) Black Hills shall retain day-to-day operational control of the Combustion Turbines and keep all necessary operating

permits in place. Black Hills shall maintain liability and property insurance on the Combustion Turbines consistent with prudent utility practice and show Pacific as an additional insured, provided that showing Pacific as an additional insured does not increase the insurance premiums paid by Black Hills. Black Hills shall be responsible for maintaining the Combustion Turbines in good working order and shall run them for Pacific's account when requested by Pacific to do so. Black Hills shall proceed with any required repair of the Combustion Turbines with all reasonable dispatch. Any insurance proceeds associated with damage to the Combustion Turbines shall be applied to the cost of repair. Pacific shall reimburse to Black Hills the Operation and Maintenance Costs of the Combustion Turbines and Pacific shall pay all fuel costs associated with Pacific's use of them.

(d) If the Combustion Turbines suffer sufficient wear or obsolescence that they cannot be kept in good working order at a reasonable cost, they shall be replaced at Pacific's expense, in which event Pacific shall be responsible for insurance and property taxes thereon. Upon the termination of this Agreement, Black Hills shall pay Pacific an amount equal to the then-depreciated book value of any Combustion Turbines replaced by Pacific and ownership of such Combustion Turbines shall then transfer to Black Hills.

(e) For the Term of this Agreement, Pacific will make available up to 100 megawatts of capacity from its system to meet Black Hills' reserve requirements. Such reserve capacity shall be available to Black Hills only at such time as consistent with prudent utility practice, Black Hills would, absent this Agreement, have made use of the Combustion Turbines. At such times as Black Hills makes use of its right to this system reserve capacity, it shall pay Pacific for energy taken with the capacity based upon Pacific's then-prevailing Incremental Cost of Generation, not to exceed fuel costs associated with operating the Combustion Turbines. If Black Hills concludes that because of transmission outages, or low voltage conditions on Black Hills' system, it is necessary for it to operate the Combustion Turbines in lieu of taking reserve system capacity from Pacific, it may do so, but shall be responsible for paying the associated fuel costs as well as a pro rata share of any taxes levied on the basis of the level of generation form the Combustion Turbines. Black Hills' right to use the Combustion Turbines, when required by prudent utility practice to do so, shall be superior to Pacific's.

(f) Pacific will maintain an inventory of no less than 250,000 gallons of fuel for its use of the Combustion Turbines and Black Hills shall maintain an inventory of no less than 250,000 gallons for its purposes.

(g) In consideration of the benefits to it from this exchange of reserve capacity, Pacific will pay Black Hills %50,000 each month of the Term of this Agreement.

Section 4. Relocation of Combustion Turbines. If agreeable to Black Hills, Pacific at its cost, may relocate the Combustion Turbines based upon terms and conditions to be negotiated by the parties.

Section 5. Fuel. All fuel stored and used on behalf of Pacific shall be charged to Pacific for any governmental allocations and restrictions on use which may be applicable during the Term, and all fuel stored and used on behalf of Black Hills shall be charged to Black Hills for such purposes.

During the Term of this Agreement, by mutual agreement, the parties may elect to convert the Combustion Turbines to burn natural gas, in which case the provisions of this Agreement related to fuel costs shall be amended accordingly. Neither party shall unreasonably withhold its consent to such a conversion if the other party is prepared to pay the cost of the conversion.

Section 6. Points of Delivery. The deliveries of power and energy contemplated by this Agreement shall be made to the Wyodak Substation point of interconnection between Pacific's system and Black Hills' system as defined in the Wyodak Sub-station Construction, Ownership and Operation Agreement among Pacific, Black Hills and Tri-County Electric Association, Inc. dated September 28, 1981 or to any other point of interconnecttion as mutually agreed upon by the parties which has an adequate capacity to accommodate such deliveries. Neither party shall unreasonably withhold its consent to establishing such other points of interconnection; however, nothing herein shall be interpreted as an agreement by any party to incur additional costs.

Section 7. Schedules. The parties shall schedule all deliveries of power and energy required by this Agreement in accordance with normal scheduling practices. Such schedules of power and energy shall be deemed to be delivered during the hours and in the amounts scheduled; provided, that if scheduled deliveries are interrupted due to forces beyond either party's control, including but not limited to loss of facilities, such scheduled deliveries shall be adjusted to reflect such interruptions. While recognizing that reserve capacity may be required on an emergency basis, the parties shall nevertheless use their best efforts, consistent with prudent utility practice, to minimize rapid changes in deliveries hereunder.

Section 8. Payment Schedules. Black Hills shall mail to Pacific, first class postage prepaid an invoice for all Operation and Maintenance Costs by the third working day of each month. Invoices shall be based on the estimated costs for that month and later invoices adjusted as actual costs are determined. Pacific shall mail to Black Hills, first class postage prepaid, an invoice for all energy acquired hereunder by Black Hills during the prior month, while taking system capacity, by the third working day of each month. The parties shall pay such invoices by the 15th of each month. Each monthly payment shall be made in immediately available funds by the due date. Simple interest shall accrue on any amount not paid when due at a rate of 125 percent of the prime rate as established by the Morgan Guaranty Trust Company of New York during the period of delinquency.

Section 9. Uncontrollable Forces. Neither party to this Agreement shall be considered to be in default in the performance of any obligation hereunder if failure to perform shall be due to uncontrollable forces. The term "uncontrollable forces" means any cause beyond the control of the party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, fire, lightening, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, restraint by court order or public authority, by which exercise of due foresight, such party could not reasonably have been expected to avoid, and by which exercise of due diligence shall be able to overcome. The parties shall not, however, be relieved of liability for failure of performance if such failure is due to causes arising out of removable or remediable causes which it fails to remove or remedy with reasonable dispatch. Any party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein, however, shall be construed to require a party to prevent or settle a strike against its will. It is specifically understood and agreed that Pacific's delivery of capacity under this Agreement comes from its system and does not depend upon the existence, operation or the efficiency of any particular generating resource.

Section 10. Limitation of Liability. Neither party shall be liable for any consequential losses or damages, including, but not limited to, damages for lost profits arising from its breach of this Agreement, whether or not such losses or damages are caused by a party's negligence.

Section 11. Government Regulations. The parties shall submit this Agreement for filing with the Federal Energy

Regulatory Commission. The terms, conditions and prices for service specified herein shall remain in effect for the term hereof and shall not be subject to change through application to the Federal Energy Regulatory Commission pursuant to the provisions of Section 205 of the Federal Power Act, absent the agreement of the parties hereto. The parties covenant that neither shall request relief from any of the provisions of this Agreement pursuant to the provisions of Section 206 of the Federal Power Act, absent the agreement of the parties hereto. The foregoing statutory references are intended to include and sub-sequent similar enactments.

Section 12. Arbitration. If any dispute arises under this Agreement as to any factual matter, the parties shall submit the factual dispute to a board of three arbiters, one to be selected by each party and the parties are unable to agree on the selection of a third arbiter. If the parties are unable to agree on the third arbiter, the parties shall request the senior district judge of the United States District Court of the District of Wyoming to submit a list of five persons. Each party shall alternately strike one name from the list, the first exercise to be determined by lot. The last person remaining on the list shall serve as the third arbiter. The arbiters shall not take into account the relative value of each party's rights and obligations under this Agreement in resolving

any issue. Except as otherwise set forth herein, the arbitration shall be held under the rules of the American Arbitration Association. The arbiters shall render their decision in writing not later 30 days after the matter has been submitted to them. The decision of the majority of the board of arbiters of the factual dispute shall be binding upon the parties. The arbiters may in their discretion award arbitration costs and attorneys fees to either party.

Section 13. Notices. Any notice, demand, or request under this Agreement shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage paid and return receipt requested, to the person so designated as its authorized representative. The titles and addresses of the authorized representatives hereunder are as follows:

For Black Hills: Vice President and Chief Operating Office
Black Hills Power and Light Company
625 Ninth Street
PO Box 1400
Rapid City, SD 57709

For Pacific: Vice President, Power Systems
Pacific Power & Light Company
920 SW Sixth Avenue
Portland, OR 97204

Section 14. Assignment. This Agreement shall not be assigned to any third party without the written consent of the other and such consent shall not be withheld unreasonably. No assignment of this Agreement shall operate to discharge the assignor of any duty or obligation hereunder without the written consent of the other party.

Section 15. Choice of Law. This Agreement shall be subject to and be construed under the laws of the State of Wyoming.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names by their respective officers thereunder duly authorized.

PACIFICORP, dba
PACIFIC POWER & LIGHT COMPANY

By: /s/ Robert M. Smith
Dated: 05/11/87

Attest: /s/ Sally A. Nofziger
Secretary

BLACK HILLS CORPORATION, dba
BLACK HILLS POWER & LIGHT COMPANY

By: /s/ Daniel P. Languth
Dated: May 5, 1987

Attest: /s/ Louise S. Kelley
Secretary

Exhibit A
to
Reserve Capacity Integration Agreement

COMBUSTION TURBINES

4 - B.E. Model Series 5001-P Combustion Turbines S/N 244781, 244782, 245137, 245252. Including Site preparation and Inertial Separator Silencers

1 - 16' x 20' Concrete Block Battery House including wiring

3 - 66' x 40' 1 million gallon fuel oil tanks, pumps and heaters

1 - 20' x 24' concrete block foam house, foam equipment and distribution system for fire protection of the three oil tanks

Fuel Unloading Station including spill prevention structure, pumps and flow meters

Remote metering and control equipment

Unit transformers 13.2/69 KV

MISCELLANEOUS ITEMS INCLUDING BUT NOT NECESSARILY LIMITED TO THE FOLLOWING:

1 - 15 KVA dry type transformer

Chain link fence

Certain test equipment

Work benches and cabinets

5 - 400 watt mercury vapor lamps

Spare parts

RESERVE CAPACITY INTEGRATION AGREEMENT

EXAMPLE

Determine the following Pacific Power & Light Costs associated with Jim Bridger Plant for calendar year 1985 using FERC Form 1:

1. **Fuel Cost in $/mWh.**
2. **Production Cost in $/mWh.**
3. **Production Cost with losses in $/mWh.**

1. F = Fuel Cost in $/mWh: (*Pg 402)*

- **Fuel cost = $104,860,108 (*Line 21*).**
- **Net Generation = 8,752,283 mWh (*Line 12*).**
- **F = $104,860,108 ÷ 8,752,283 mWh = 11.98 $/mWh.**

2. P = Production Cost in $/mWh: (*Pg 402*)

- **Production Cost = $145,514,760 (*Line 34*).**
- **Net Generation = 8,752,283 mWh (*Line 12*).**
- **P = $145,514,760 ÷ 8,752,283 mWh = 16.63 $/mWh.**

3. Production Cost with losses in $/mWh:

- **Losses = 7.00%**
- **Production Cost with losses = (1.07 x F) + (P–F)**
  = (1.07 x 11.98) + (16.63 – 11.98) = 17.47 $/mWh.

Exhibit 12.1

BLACK HILLS CORPORATION

		Year ended December 31,					Six months ended June 30,	
		2008	2007	2006	2005	2004	2009	2008
Ratio =	Earnings/Fixed Charges							
Earnings as defined by Regulation S-K								
Income (loss) from continuing operations		(52,037)	75,658	55,772	50,072	44,608	50,206	25,020
Add	Minority Interest	—	—	—	—	—	—	—
	Income Taxes	(29,395)	32,427	23,103	26,633	19,713	19,735	11,676
	(Income) loss from equity investee	(4,366)	1,231	(1,653)	(14,325)	386	(1,249)	(2,297)
(A)	Income (loss) from continuing ops before equity in earnings of subsidiaries/income tax	(85,798)	109,316	77,222	62,380	64,707	68,692	34,399
Plus								
(B)	Fixed Charges as Defined	59,392	34,520	35,018	28,122	25,210	45,268	20,953
C	Amortization of Capitalized Interest	48	93	63	—		3	14
(D)	Distributed income of equity investees	1,781	3,724	4,304	12,956	3,762	4,484	1,642
		—						
Less								
(E)	Interest capitalized	(1,318)	(2,323)	(1,571)	—	—	(175)	(707)
(F)	Preference security dividend requirements of consolidated sub	—	—	—	(241)	(472)	—	—
	Minority interest in pre-tax income of subs	—	—	—			—	—
	Total Adjusted Earnings	(25,895)	145,330	115,036	103,217	93,207	118,273	56,301
Fixed Charges as defined in Regulation S-K								
	interest expensed per SEC reports **(includes amort of def fin costs)**	54,123	25,181	29,946	26,607	24,021	42,239	18,758
	add back AFUDC borrowings	2,811	6,415	2,972	262	71	2,116	910
	add back AFUDC other incorrectly offset to interest				432	94		
	interest capitalized	1,318	2,323	1,571	—	—	175	707
	estimate of interest within rental expense	1,140	601	529	580	552	738	578
	Subtotal	59,392	34,520	35,018	27,881	24,738	45,268	20,953
	Preference security dividend requirements of consolidated sub				241	472	—	—
	Fixed Charges as Defined	59,392	34,520	35,018	28,122	25,210	45,268	20,953
	Ratio of Earnings to Fixed Charges	(0.44)	4.21	3.29	3.70	3.77	2.61	2.69
	Ratio of Earnings to Fixed Charges and Preferred Stock Dividends	(0.44)	4.21	3.29	3.67	3.70	2.61	2.69
	The earnings as defined in 2008 would need to increase $85.3 million for the 2008 ratio to be 1.0.							

Exhibit 12.2

BLACK HILLS POWER

		Year ended December 31,					Six months ended June 30,	
		2008	2007	2006	2005	2004	2009	2008
Ratio =	Earnings/Fixed Charges							
Earnings as defined by Regulation S-K								
Income (loss) from continuing operations		22,759	24,896	18,724	18,005	19,209	10,069	10,827
Add	Minority Interest	—	—	—	—	—	—	—
	Income Taxes	9,551	12,568	10,129	5,743	9,512	3,870	5,006
	(Income) loss from equity investee	—	—	—	—	—	—	—
(A)	Income (loss) from continuing ops before equity in earnings of subsidiaries/income tax	32,310	37,464	28,853	23,748	28,721	13,939	15,833
Plus								
(B)	Fixed Charges as Defined	13,491	12,139	12,336	13,159	16,254	7,019	6,109
C	Amortization of Capitalized Interest	—	—	—	—		—	—
(D)	Distributed income of equity investees							
		—						
Less								
(E)	Interest capitalized	—	—	—	—	—	—	—
(F)	Preference security dividend requirements of consolidated sub	—	—	—			—	—
	Minority interest in pre-tax income of subs	—	—	—			—	—
	Total Adjusted Earnings	45,801	49,603	41,189	36,907	44,975	20,958	21,942
Fixed Charges as defined in Regulation S-K								
	interest expensed per SEC reports **(includes amort of def fin costs)**	10,836	11,787	12,057	12,907	16,019	5,410	5,206
	add back AFUDC borrowings	2,556	265	197	149	71	1,560	849
	add back AFUDC other incorrectly offset to interest				39	94		
	interest capitalized	—	—	—	—	—	—	—
	estimate of interest within rental expense	99	87	82	64	70	49	54
	Subtotal	13,491	12,139	12,336	13,159	16,254	7,019	6,109
	Preference security dividend requirements of consolidated sub							
	Fixed Charges as Defined	13,491	12,139	12,336	13,159	16,254	7,019	6,109
	Ratio of Earnings to Fixed Charges	3.39	4.09	3.34	2.80	2.77	2.99	3.59
	Ratio of Earnings to Fixed Charges and Preferred Stock Dividends	3.39	4.09	3.34	2.80	2.77	2.99	3.59

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 333-150699 on Form S-3 of our reports dated March 2, 2009, relating to the financial statements and financial statement schedule of Black Hills Corporation and subsidiaries (the "Company") (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of new accounting standards) and the effectiveness of the Company's internal control over financial reporting, appearing in the Annual Report on Form 10-K of the Company for the year ended December 31, 2008, and to the reference to us under the heading "Experts" in the Prospectus, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP

Minneapolis, MN
October 20, 2009

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Post-Effective Amendment No. 1 to Registration Statement No. 333-150669 of our report dated March 17, 2009, relating to the financial statements and financial statement schedule of Black Hills Power, Inc., appearing in the Prospectus, which is a part of such Registration Statement, and to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP

Minneapolis, MN
October 20, 2009

Exhibit 23.6

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS
302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

CONSENT OF INDEPENDENT PETROLEUM ENGINEER AND GEOLOGIST

As petroleum engineers, we hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 333-150699 on Form S-3 the information included in Black Hills Corporation's Form 10-K filed on March 2, 2009, with respect to the oil and gas reserves of Black Hills Exploration and Production, Inc., the future net revenues from such reserves, and the present value thereof, which information has been included within the Form 10-K in reliance upon the report of this firm and upon the authority of this firm as experts in petroleum engineering.

Cawley, Gillespie & Associates, Inc.

/s/ J. Zane Meekins
J. Zane Meekins
Senior Vice President

Fort Worth, TX
October 21, 2009

Exhibit 23.7

[Letterhead of Ralph E. Davis Associates, Inc.]

CONSENT OF INDEPENDENT PETROLEUM ENGINEER AND GEOLOGIST

As petroleum engineers, we hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 333-150699 on Form S-3 the information included in Black Hills Corporation's Form 10-K filed on March 2, 2009, with respect to the oil and gas reserves of Black Hills Exploration and Production, Inc., the future net revenues from such reserves, and the present value thereof, which information has been included within the Form 10-K in reliance upon the report of this firm and upon the authority of this firm as experts in petroleum engineering.

Ralph E. Davis Associates, Inc.

/s/ Joseph Mustacchia
Joseph Mustacchia, Vice President

Houston, TX
October 21, 2009

Exhibit 23.9

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Black Hills Corporation:

We consent to the incorporation by reference herein of our report dated April 7, 2008, with respect to the combined balance sheets of the Aquila Utilities to be acquired by Black Hills as of December 31, 2007 and 2006, and the related combined statements of income, changes in parent company investment, and cash flows for each of the years then ended included in the Current Report on Form 8-K dated September 29, 2008. Our audit report refers to the adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109, Accounting for Income Taxes*, and FASB Staff Position (FSP) AUG AIR-1, *Accounting for Planned Major Maintenance Activities.* We also consent to the use of our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP
Kansas City, Missouri
October 20, 2009

Exhibit 25.3

FORM T-1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) o

THE BANK OF NEW YORK MELLON

(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	**13-5160382** (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	**10286** (Zip code)

BLACK HILLS POWER, INC.

(Exact name of obligor as specified in its charter)

South Dakota (State or other jurisdiction of incorporation or organization)	**46-0111677** (I.R.S. employer identification no.)
625 Ninth Street **Rapid City, South Dakota** (Address of principal executive offices)	**57701** (Zip code)

First Mortgage Bonds
(Title of the indenture securities)

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1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-154173).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152735).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 19th day of October, 2009.

THE BANK OF NEW YORK MELLON

By: /S/ FRANCA M. FERRERA
Name: FRANCA M. FERRERA
Title: SENIOR ASSOCIATE

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of One Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business June 30, 2009, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar Amounts In Thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	3,228,000
Interest-bearing balances	56,028,000
Securities:	
Held-to-maturity securities	6,782,000
Available-for-sale securities	39,436,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	1,319,000
Securities purchased under agreements to resell	50,000
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	29,318,000
LESS: Allowance for loan and lease losses	414,000
Loans and leases, net of unearned income and allowance	28,904,000
Trading assets	6,282,000

Premises and fixed assets (including capitalized leases)	1,115,000
Other real estate owned	6,000
Investments in unconsolidated subsidiaries and associated companies	830,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	4,949,000
Other intangible assets	1,514,000
Other assets	11,560,000
Total assets	162,003,000
LIABILITIES	
Deposits:	
In domestic offices	57,327,000
Noninterest-bearing	32,885,000
Interest-bearing	24,442,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	74,161,000
Noninterest-bearing	2,846,000
Interest-bearing	71,315,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	414,000
Securities sold under agreements to repurchase	13,000
Trading liabilities	6,144,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	2,695,000
Not applicable	
Not applicable	
Subordinated notes and debentures	3,490,000
Other liabilities	5,064,000
Total liabilities	149,308,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	8,297,000
Retained earnings	7,991,000
Accumulated other comprehensive income	-5,097,000
Other equity capital components	0
Total bank equity capital	12,326,000
Noncontrolling (minority) interests in consolidated subsidiaries	369,000
Total equity capital	12,695,000
Total liabilities and equity capital	162,003,000

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Robert P. Kelly
Catherine A. Rein

Directors