

APPENDIX A

RETENTION OF BLACK HILLS CORPORATION'S NONUTILITY BUSINESSES

The following is a description of the nonutility businesses in which Black Hills Corporation (“Black Hills”) and its subsidiaries are engaged and the legal bases that support the Securities and Exchange Commission’s (“Commission’s”) authorization of Black Hills to retain these businesses following its registration as a public-utility holding company under the Public Utility Holding Company Act of 1935, as amended (“Act”).

A. Nonutility Business of Black Hills Power, Inc.

Black Hills Power, Inc. (“Black Hills Power”), is a direct wholly owned subsidiary of Black Hills and a South Dakota corporation headquartered in Rapid City, South Dakota. Black Hills Power is a public utility engaged in the generation, transmission, distribution and sale of electricity to approximately 60,000 customers in eleven counties in Western South Dakota, Eastern Wyoming, and Southwestern Montana. Black Hills Power is currently Black Hills’ only regulated public-utility subsidiary.

Black Hills Power engages in various “energy-related” activities which are permissible under rule 58, including the sale of products and services providing for protection from electrical surges resulting from lightning strikes and other surge anomalies and the sale and servicing of home appliances and home heating and cooling devices. Black Hills Power earned revenues of approximately \$357,000 in these “energy-related” activities in 2003, representing approximately 0.21% of Black Hills Power’s revenues in 2003.¹

B. Black Hills Energy, Inc.

Black Hills Energy, Inc. (“Black Hills Energy”), is a direct wholly owned subsidiary of Black Hills and a South Dakota corporation headquartered in Golden, Colorado. Black Hills Energy is an intermediate holding company for subsidiaries primarily engaged in the generation and sale of electricity through exempt wholesale generators, as defined in section 32 under the Act (“EWGs”) and qualifying facilities as defined in the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”) (“QFs”), the production, marketing and transportation of natural gas, oil and coal and

¹ The Commission has previously permitted utility subsidiaries to retain businesses in marketing electrotechnology products and services, including surge protection equipment under rule 58(b)(1)(vii). See, e.g., CP&L Energies, Inc., Holding Co. Act Release No. 27284 (November 27, 2000) (citing New Century Energies, Inc., Holding Co. Act Release No. 26748 (August 1, 1997)).

other “energy-related” activities.² The businesses of these Black Hills Energy subsidiaries, both direct and indirect, are described below.

1. Black Hills Exploration and Production, Inc.

Black Hills Exploration and Production, Inc. (“BHEP”) is a direct wholly owned subsidiary of Black Hills Energy and is a Wyoming corporation headquartered in Golden, Colorado. BHEP engages in oil and natural gas exploration and production in Wyoming, Montana, North Dakota, Nebraska, Colorado, California, Texas, Oklahoma and Louisiana.³ BHEP also owns subsidiaries engaged in oil and natural gas and pipeline activities.

a. Black Hills Gas Holdings Corp.

Black Hills Gas Holdings Corp. (“BHGasHC”) is a direct wholly owned subsidiary of BHEP and is a Colorado corporation. BHGasHC is an intermediate holding company for Black Hills’ ownership of Black Hills Gas Resources, Inc.⁴

i. Black Hills Cabresto Pipeline, LLC

Black Hills Cabresto Pipeline, LLC (“BHCP”) is a direct wholly owned subsidiary of BHGasHC and is a Delaware limited liability company. BHCP owns and operates a 12-mile natural gas pipeline located in the San Juan Basin of New Mexico.⁵

² See, e.g., CP&L Energies, Inc., Holding Co. Act Release No. 27284 (November 27, 2000) (authorizing retention of intermediate holding company involved in similar activities).

³ See, e.g., WGL Holdings, Inc., Holding Co. Act Release No. 26856 (April 14, 1998) (authorizing retention of oil and gas exploration subsidiary).

⁴ The Commission has authorized the retention of, or investment in, energy-related assets, including oil and natural gas production, gathering, processing, storage and transportation facilities and equipment, liquid oil reserves and storage facilities, and associated facilities that will be incidental to and assist applicants and their subsidiaries in connection with their marketing, brokering and trading activities. See American Electric Power, Inc., et al., Holding Company Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998). See also Progress Energy, Inc., Holding Co. Act Release No. 27297 (December 12, 2000); Exelon Corporation, Holding Co. Act Release No. 27545 (June 27, 2002).

⁵ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) (authorizing retention of, or investment in, energy-related assets, including oil and natural gas production, gathering, processing, storage and transportation facilities and equipment, liquid oil reserves and storage facilities, and associated facilities that will be incidental to and assist applicants and their affiliates in connection with their marketing, brokering, and trading activities); CP&L Energy, Inc., Holding Co. Act Release No. 27284 (November 27, 2000) (authorizing subsidiary formed to acquire extend an existing intrastate pipeline) (citing New Centuries, Inc., Holding Co.

ii. Black Hills Gas Resources, Inc.

Black Hills Gas Resources, Inc. (“BHGasR”), a direct wholly owned subsidiary of BHGasHC, is a Colorado corporation. BHGasR owns and operates oil and natural gas wells on leased oil and gas reserves located primarily in the San Juan Basin of New Mexico, operates an exploration and production program on those reserves and is constructing a natural gas gathering pipeline in furtherance of its gas exploration and production program (it is not engaged in the pipeline construction business).⁶

2. Black Hills Generation, Inc.

Black Hills Generation, Inc. (“BHGeneration”) is a direct wholly owned subsidiary of Black Hills Energy and is a Delaware corporation headquartered in Golden, Colorado. Through its direct and indirect subsidiaries, BHGeneration holds investments in hydroelectric and natural gas-fired electric generating facilities located in California, Colorado, Massachusetts and Nevada that are QFs or are owned by EWGs.⁷ BHGeneration also owns interests in funds that have investments in QFs and EWGs throughout the U.S. and interests in other business related to the ownership and operation of QFs and EWGs.

a. California EWG and QF

i. Harbor Cogeneration Company, LLC

Harbor Cogeneration Company (“Harbor Cogen”) is an indirect wholly owned subsidiary of BHGeneration and an EWG and a California general partnership that owns a 98 MW generating facility in Los Angeles County, California.⁸

ii. Black Hills Ontario, LLC

Act Release No. 26748 (August 1, 1997) and SCANA Corporation, Holding Co. Act Release No. 27133 (February 9, 2000)).

⁶ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) (authorizing retention of, or investment in, energy-related assets, including oil and natural gas production, gathering, processing, storage and transportation facilities and equipment, liquid oil reserves and storage facilities, and associated facilities that will be incidental to and assist applicants and their affiliates in connection with their marketing, brokering, and trading activities); WGL Holdings, Inc., Holding Co. Act Release No. 26856 (April 14, 1998) (authorizing retention of oil and gas exploration subsidiary). See also rule 58(b)(1)(ix).

⁷ See, e.g., New Centuries Energy, Inc., Holding Co. Act Release No. 27212 (August 16, 2000) (allowing retention of interests in several businesses holding electric generating EWGs).

⁸ Harbor Cogeneration Company, 86 FERC ¶62,188 (1999).

Black Hills Ontario, LLC, is a subsidiary of BHGeneration and a Delaware limited liability company with operations in Ontario, California. BHGeneration holds, directly and indirectly, 50% of the membership interests in Black Hills Ontario, LLC, and manages the company. Black Hills Ontario, LLC, owns and operates a natural gas-fired cogeneration facility that is a QF in Ontario, California.⁹

b. Colorado EWGs

i. Black Hills Colorado, LLC

Black Hills Colorado, LLC (“Black Hills Colorado”) is a direct wholly owned subsidiary of BHGeneration and is a Delaware limited liability company headquartered in Golden, Colorado. Black Hills Colorado is an EWG that owns and operates natural gas-fired electric generating facilities located at the Arapahoe Power Station in Denver, Colorado, and the Valmont Power Station in Boulder, Colorado, with a combined generating capacity of 210 MW.¹⁰

A. Black Hills Valmont Colorado, Inc.

Black Hills Valmont Colorado, Inc., is a wholly owned subsidiary of BHGeneration through Black Hills Colorado, is a Delaware corporation headquartered in Golden, Colorado. The company acted as financing agent during the construction phase of the Black Hills Colorado, LLC, an EWG expansion project.¹¹

ii. Black Hills Fountain Valley, LLC

Black Hills Fountain Valley, LLC (“BHFV”), is a direct wholly owned subsidiary of BHGeneration and a Delaware limited liability company headquartered in Golden, Colorado. BHFV holds the investment of BHGeneration in Fountain Valley Power, LLC, an EWG.¹²

iii. Black Hills Fountain Valley II, LLC

⁹ See rule 58(b)(1)(viii).

¹⁰ See Indeck Colorado, LLC, 91 FERC ¶62,131 (2000).

¹¹ The Commission has previously authorized registered holding companies to create and own intermediate subsidiaries to hold or acquire energy-related companies, EWGs and QFs. See, e.g., Energy East Corporation, Holding Co. Act Release No. 27228 (September 12, 2000); Interstate Energy Corporation, Holding Co. Act Release No. 27069 (August 26, 1999).

¹² See, e.g., New Centuries Energy, Inc., Holding Co. Act Release No. 27212 (allowing retention of interests in several businesses owning gas-fired EWGs).

Black Hills Fountain Valley II, LLC (“BHFVII”) is a direct wholly owned subsidiary of BHGeneration and a Colorado limited liability company headquartered in Golden, Colorado. BHFVII was formed to purchase real property on and adjacent to the Fountain Valley Power project. The adjacent property is undeveloped. It currently serves as a buffer zone around the Fountain Valley Power generating facility and could serve as a site for future expansion of the Fountain Valley Power facility or the development of a new generating facility.¹³

A. E-Next A Equipment Leasing Company, LLC

E-Next A Equipment Leasing Company, LLC, is an indirect wholly owned subsidiary of BHGeneration through BHFV and a Delaware limited liability company. It owns and leases certain equipment, including gas turbines and transformer packages, used at Fountain Valley Power LLC’s generation facility.¹⁴

B. Fountain Valley Power, LLC

Fountain Valley Power, LLC (“Fountain Valley Power”), is an indirect wholly owned subsidiary of BHGeneration through BHFV and a Delaware limited liability company headquartered in Golden, Colorado. Fountain Valley Power is an EWG.¹⁵ Fountain Valley Power owns and operates a 240 MW gas-fired electric generation facility located south of Colorado Springs, Colorado.

c. Massachusetts EWG

i. Black Hills Pepperell Power Associates, LLC

Black Hills Pepperell Power Associates, LLC (“Pepperell”), is a direct wholly owned subsidiary of BHGeneration, incorporated in Delaware with its principal business in Golden, Colorado. Pepperell is an EWG that owns a 38 MW generating facility located in Pepperell, Massachusetts, near the James River Pepperell, Inc., paper mill.¹⁶

d. Nevada QFs and EWGs

i. Black Hills Southwest, LLC

¹³ See rule 58(b)(1)(viii). See also New Century Energies, Inc., Holding Co. Act Release No. 27212 (August 16, 2000) (permitting retention of business engaged in ownership of real property adjacent to generating facilities).

¹⁴ The Commission previously has authorized retention of infrastructure services. See, e.g., Exelon Corporation, Holding Co. Act Release No. 27256 (October 19, 2000); GPU, Inc., Holding Co. Act Release No. 27165 (April 14, 2000).

¹⁵ See Fountain Valley Power, LLC, 95 FERC ¶62,099 (2001).

¹⁶ Pepperell Power Associates, LP, 62 FERC ¶61,182 (1993).

Black Hills Southwest, LLC (“BHS”), is a direct wholly owned subsidiary of BHGeneration and a Delaware limited liability company headquartered in Golden, Colorado. Through its direct and indirect subsidiaries, it holds an investment in a 53 MW natural gas-fired cogeneration facility that is a QF and owns an adjacent 224 MW natural gas-fired electric power generation facility, both of which are located in North Las Vegas, Nevada.¹⁷

A. Black Hills Nevada, LLC

Black Hills Nevada, LLC (“BHN”), is an indirect wholly owned subsidiary of BHGeneration and a Delaware limited liability company. Through its direct and indirect subsidiaries, it holds an investment in a 53 MW natural gas-fired cogeneration facility that is a QF and owns an adjacent 224 MW natural gas-fired electric power generation facility, both of which are located in North Las Vegas, Nevada.¹⁸

(1) Black Hills Nevada Real Estate Holdings, LLC

Black Hills Nevada Real Estate Holdings, LLC, is an indirect wholly owned subsidiary of BHN and a Delaware limited liability company. It owns and leases the land on which Las Vegas Cogeneration Limited Partnership’s 53 MW natural gas-fired cogeneration facility, Las Vegas Cogeneration II, LLC’s 224 MW natural gas-fired electric power generation facility and Sunco Ltd., LLC’s greenhouse facility are all located.¹⁹

(2) Desert Arc I, LLC

Desert Arc I, LLC, is 50%-owned indirectly by BHGeneration and a Delaware limited liability company. It is an 85% general partner in Las Vegas Cogeneration Limited Partnership, a Nevada limited partnership, which owns a 53 MW natural gas-fired cogeneration QF located in North Las Vegas, Nevada.²⁰

(3) Desert Arc II, LLC

Desert Arc II, LLC, is 50%-owned by BHN, a subsidiary of BHGeneration, and is a Delaware limited liability company. Desert Arc II, LLC, is a 15%-limited partner in

¹⁷ See, e.g., New Centuries Energy, Inc., Holding Co. Act Release No. 27212 (allowing retention of interests in businesses holding gas-fired QFs).

¹⁸ See *supra* note 17.

¹⁹ See rule 58(b)(1)(viii). See also New Century Energies, Inc., Holding Co. Act Release No. 27212 (August 16, 2000) (permitting retention of business engaged in ownership of real property adjacent to generating facilities).

²⁰ See *supra* note 17.

Las Vegas Cogeneration, LP, a Nevada limited partnership, which owns a 53 MW natural gas-fired cogeneration QF located in North Las Vegas, Nevada.²¹

(a) Las Vegas Cogeneration Limited Partnership

Las Vegas Cogeneration Limited Partnership is a Nevada limited partnership. BHGeneration indirectly owns a 42.5% general partnership interest and a 7.5% limited partnership interest in this partnership. The partnership owns a 53 MW natural gas-fired cogeneration QF located in North Las Vegas, Nevada.²²

(4) Las Vegas Cogeneration II, LLC

Las Vegas Cogeneration II, LLC (“LVCII”), an indirect wholly owned subsidiary of BHGeneration, is a Delaware limited liability company. LVCII is an EWG that owns and operates a 224 MW natural gas-fired electric power generation facility in the North Las Vegas, Nevada.²³ LVCII is administered in Golden, Colorado. LVCII holds a 100% ownership interest in another EWG, Las Vegas Cogeneration Energy Financing, LLC, which owns certain facilities and equipment and which it leases to LVCII.

(a) Las Vegas Cogeneration Energy Financing Company, LLC

Las Vegas Cogeneration Energy Financing Company, LLC (“LVCEFC”), is an indirect wholly owned subsidiary of BHGeneration and a Delaware limited liability company. LVCEFC is an EWG that owns and leases certain equipment used at LVCII’s 224 MW natural gas-fired electric power generation facility in North Las Vegas, Nevada.²⁴

ii. Black Hills Nevada Operations, LLC

Black Hills Nevada Operations, LLC, is a direct wholly owned subsidiary of BHGeneration and a Delaware limited liability. The company operates the 53 MW natural gas-fired cogeneration facility owned by Las Vegas Cogeneration Limited Partnership and the 224 MW natural gas-fired electric power generation facility owned by Las Vegas Cogeneration II, LLC, both located in North Las Vegas, Nevada.²⁵

iii. Black Hills Ivanpah, LLC

²¹ See supra note 17.

²² See supra note 17.

²³ Las Vegas Cogeneration II, LLC, 99 FERC ¶62,182 (2002).

²⁴ Las Vegas Cogeneration Energy Financing Company, LLC, 99 FERC ¶62,148 (2002).

²⁵ See rule 58(b)(1)(vi) and (viii). See, e.g., Exelon Corporation, Holding Co. Act Release No. 27256 (October 19, 2000) (authorizing retention of subsidiary that leases equipment for cogeneration facilities and related activities).

Black Hills Ivanpah, LLC (“Black Hills Ivanpah”), is a direct wholly owned subsidiary of BHGeneration and a Delaware limited liability company headquartered in Golden, Colorado. Black Hills Ivanpah was established to hold BHGeneration’s 49.5% limited partnership interest in a 500 MW generating facility project under development (but not yet constructed or operational) in southern Nevada. Black Hills states that it anticipates that the project partnership will qualify as an EWG.

iv. Black Hills Ivanpah GP, LLC

Black Hills Ivanpah GP, LLC (“Black Hills Ivanpah GP”), is a direct wholly owned subsidiary of BHGeneration and a Delaware limited liability company headquartered in Golden, Colorado. Black Hills Ivanpah GP was established to hold BHGeneration’s 0.5% general partnership interest in a 500 MW generating facility project under development (but not yet constructed or operational) in southern Nevada. Black Hills states it anticipates that the project partnership will qualify as an EWG.

e. Investment Funds

i. EIF Investors, Inc.

EIF Investors, Inc., is a direct wholly owned subsidiary of BHGeneration and a Delaware corporation headquartered in Golden, Colorado. The corporation holds BHGeneration’s investments in Energy Investors Fund, LP, Energy Investors Fund II, LP, and Energy Investors Fund III, LP, which in turn hold investments in numerous electric generating facilities that are either QFs or are owned by EWGs in the U.S. and elsewhere.²⁶

f. Other Businesses Related to QFs and EWGs

i. Black Hills Idaho Operations, LLC

Black Hills Idaho Operations, LLC, is an indirect wholly owned subsidiary of BHGeneration and a Delaware limited liability company headquartered in Golden, Colorado. The company is engaged in the business of providing plant operating services to two natural gas-fired QFs located in the cities of Rupert and Glens Ferry, Idaho.²⁷

ii Sunco Ltd., LLC

Sunco Ltd., LLC (“Sunco”), is an indirect wholly owned subsidiary of BHGeneration and a Nevada limited liability company. Sunco owns and operates a 12-acre greenhouse facility used to grow organic tomatoes. The greenhouse facility serves

²⁶ See supra note 17.

²⁷ See, e.g., CP&L Energies, Inc., Holding Co. Act Release No. 27284 (November 27, 2000) (allowing retention of various businesses engaged in maintenance and repair services).

as the thermal host required by Las Vegas Cogeneration Limited Partnership to maintain its QF status. Las Vegas Cogeneration Limited Partnership supplies the greenhouse with thermal energy produced by the QF.²⁸

iii. West Cascade Energy, LLC

West Cascade Energy, LLC, a direct wholly owned subsidiary of BHGeneration, is a Delaware limited liability company. West Cascade Energy, LLC, is currently exploring the development of an EWG facility in Oregon.²⁹

3. Wyodak Resources Development Corporation

Wyodak Resources Development Corporation (“Wyodak”) is a direct wholly owned subsidiary of Black Hills Energy and a Delaware corporation headquartered in Rapid City, South Dakota. Its principal place of business is in Gillette, Wyoming. Wyodak owns and operates a surface coalmine in the Powder River Basin of Wyoming and produces and markets coal to several unrelated third parties. Wyodak also supplies coal to Black Hills Power. Wyodak makes approximately 60% of its coal sales to unaffiliated customers and the remainder to Black Hills Power.³⁰

The following direct and indirect subsidiaries of Wyodak are engaged in the businesses of generating and selling electricity, producing and marketing coal, oil and natural gas and other energy-related activities.

a. Black Hills Wyoming, Inc.

Black Hills Wyoming, Inc. (“Black Hills Wyoming”), is a direct wholly owned subsidiary of Wyodak and a Wyoming corporation headquartered in Rapid City, South Dakota. Black Hills Wyoming is an EWG and operates a 90 MW coal-fired electric generation facility located near Gillette, Wyoming, at the Wyodak coalmine (“Wygen Plant”).³¹ The company leases the facility from Wygen Funding, LLC, an unaffiliated Delaware limited partnership owned by the project financiers. Black Hills Wyoming also

²⁸ See rule 58(b)(1)(viii).

²⁹ See, e.g., New Century Energies, Inc., Holding Co. Act Release No. 27212 (August 16, 2002) (citing Interstate Energy Corporation, Holding Co. Act Release No. 27069 (August 26, 1999)). See also rule 58(b)(1)(v).

³⁰ See, e.g., E.ON AG, Holding Co. Act Release No. 27539 (June 14, 2002) (citing Vectren Corporation, Holding Co. Act Release No. 27150 (March 8, 2000)); New Century Energies, Inc., Holding Co. Act Release No. 27212 (August 16, 2002) (citing to Interstate Energy Corporation, Holding Co. Act Release No. 27069 (August 26, 1999); Progress Energy, Inc., Holding Co. Act Release No. 27740 (October 21, 2003) (permitting retention of acquired coal mining subsidiaries).

³¹ Black Hills Generation, Inc., 95 FERC ¶62,025 (2001).

owns and operates a 40 MW combustion turbine (the Neil Simpson Complex CT #2) near Gillette, Wyoming.

b. Daksoft, Inc.

Daksoft, Inc. (“Daksoft”), is a direct wholly owned subsidiary of Wyodak and a South Dakota company headquartered in Rapid City, South Dakota. Historically, Daksoft was engaged in developing and marketing computer software, but it has exited that line of business and now is engaged primarily in providing information technology support to Black Hills and its subsidiaries. Black Hills states that, following formation of Black Hills’ services company, Black Hills Service, Inc. (“Black Hills Services”), Daksoft’s functions and personnel will be transferred to Black Hills Services, with the exception of a small number of personnel who will be employed by certain other Black Hills subsidiaries to provide internal information technology support to those subsidiaries. After the transfer of functions and employees, Daksoft will be merged or dissolved out of existence.

c. Enserco Energy Inc.

Enserco Energy Inc. (“Enserco”) is a direct wholly owned subsidiary of Wyodak and a South Dakota corporation. Enserco is headquartered in Golden, Colorado. Enserco is engaged in the business of marketing natural gas on a wholesale basis in the Mid-Continent, Rocky Mountain and Pacific Coast regions of the U.S. and in Canada.³²

4. Black Hills Energy Resources, Inc.

Black Hills Energy Resources, Inc. (“BHEnergy Resources”) is a wholly owned subsidiary of Black Hills Energy and a South Dakota corporation headquartered in Rapid City, South Dakota. BHEnergy Resources engages, directly and through its subsidiaries, in the marketing and transportation of oil in Texas.³³

³² See rule 58(b)(1)(v).

³³ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1)(v) and (ix). Black Hills states that the ownership and operation of oil pipelines and other oil transportation, storage and handling facilities is an integral part of the oil brokering and marketing business conducted by BHEnergy Resources and its subsidiaries, as these assets enable them to engage in financially advantageous trading strategies (such as asset-backed transactions) relying on these resources and minimizing the need for additional guarantees, counterparty assurances or firm contracts with other suppliers. As adopted, rule 58(b)(1)(v) encompasses brokering and marketing of energy commodities, including, but not limited to, combustible fuels such as oil. 62 Fed. Register 7900, 7906, note 62 (February 20, 1997). As Black Hills previously noted, the Commission has allowed the retention or acquisition of interests in gas pipelines, coalmines and other similar “energy-related” assets to facilitate gas and coal brokering and marketing businesses. See generally Progress Energy, Inc., Inc., Holding Co. Act Release Nos. 27740 (October 21,

a. Black Hills Energy Pipeline, LLC

Black Hills Energy Pipeline, LLC, is a direct wholly owned subsidiary of BHEnergy Resources and a Delaware limited liability company headquartered in Houston, Texas. The company is a 99% limited partner in Millennium Pipeline Company, LP, a Texas limited partnership that owns and operates an oil pipeline in the Gulf Coast region of Texas.³⁴

b. Black Hills Millennium Pipeline, Inc.

Black Hills Millennium Pipeline, Inc., a direct wholly owned subsidiary of BHEnergy Resources, is a South Dakota corporation headquartered in Houston, Texas. The company is a 1% general partner in Millennium Pipeline Company, LP, a Texas limited partnership that owns and operates an oil pipeline in the Gulf Coast Region of Texas.³⁵

i. Millennium Pipeline Company, LP

Millennium Pipeline Company, LP, an indirect subsidiary of BHEnergy Resources, is a Texas limited partnership that owns and operates an oil pipeline in the Gulf Coast region of Texas.³⁶

c. Black Hills Energy Terminal, LLC

Black Hills Energy Terminal, LLC, a direct wholly owned subsidiary of BHEnergy Resources, is a South Dakota limited liability company headquartered in Houston, Texas. The company is a 99% limited partner in Millennium Terminal

2003) and 27297 (December 12, 2000); Exelon Corporation, Holding Co. Act Release No. 27545 (June 27, 2002). Further, Black Hills notes that the Commission previously has allowed a combination electric- and gas-utility holding company to retain foreign oil transportation facilities. See generally Keyspan Corporation, Holding Co. Act Release No. 27271 (November 7, 2000).

³⁴ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

³⁵ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

³⁶ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

Company, LP, a Texas limited partnership that owns and operates an oil terminal and storage facility.³⁷

d. Black Hills Millennium Terminal, Inc.

Black Hills Millennium Terminal, Inc., a direct wholly owned subsidiary of BHEnergy Resources, is a South Dakota corporation headquartered in Houston, Texas. The company is a 1% general partner in Millennium Terminal Company, LP, a Texas limited partnership that owns and operates an oil terminal and storage facility.³⁸

i. Millennium Terminal Company, LP

Millennium Terminal Company, LP, an indirect wholly owned subsidiary of BHEnergy Resources, is a Texas limited partnership that owns and operates an oil terminal and storage facility.³⁹

e. Black Hills Kilgore Energy Pipeline, LLC

Black Hills Kilgore Energy Pipeline, LLC (“BHKEP”), a direct wholly owned subsidiary of BHEnergy Resources, is a Delaware limited liability company. BHKEP is a 99% limited partner in Black Hills Kilgore Pipeline Company, LP, a Texas limited partnership that owns and operates an oil pipeline in the eastern and Gulf Coast regions of Texas.⁴⁰

f. Black Hills Kilgore Pipeline, Inc.

Black Hills Kilgore Pipeline, Inc. (“BHKP”), a direct wholly owned subsidiary of BHEnergy Resources, is a Delaware corporation. BHKP is a 1% general partner in

³⁷ American Electric Power, Inc., *et al.*, Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33

³⁸ American Electric Power, Inc., *et al.*, Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

³⁹ American Electric Power, Inc., *et al.*, Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

⁴⁰ American Electric Power, Inc., *et al.*, Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

BHKPC, a Texas limited partnership that owns and operates an oil pipeline in the eastern and Gulf Coast regions of Texas.⁴¹

i. Black Hills Kilgore Pipeline, LP

Black Hills Kilgore Pipeline Company, LP (“BHKPC”), an indirect wholly owned subsidiary of BHEnergy Resources, is a Texas limited partnership that owns and operates an oil pipeline in the Eastern and Gulf Coast regions of Texas.

g. Black Hills Operating Company, LLC

Black Hills Operating Company, LLC (“BHOC”), a direct wholly owned subsidiary of BHEnergy Resources, is a Delaware limited liability company headquartered in Houston, Texas. BHOC is an operating and management company for oil terminals and pipelines in the eastern and Gulf Coast regions of Texas.⁴²

C. Black Hills Fiber Systems, Inc.

Black Hills Fiber Systems, Inc. (“Black Hills Fiber”), a direct wholly owned subsidiary of Black Hills, is a South Dakota Corporation headquartered in Rapid City, South Dakota. Through its subsidiaries, Black Hills Fiber is engaged in telecommunications and related businesses that Black Hills anticipates will qualify as exempt telecommunications companies under section 34 of the Act (“ETCs”).

1. Black Hills FiberCom, LLC

Black Hills FiberCom, LLC (“Black Hills FiberCom”), a direct wholly owned subsidiary of Black Hills Fiber, is a South Dakota limited liability company, headquartered in Rapid City, South Dakota. Black Hills FiberCom is engaged in providing cable television, internet, broadband and other communications services in the Black Hills region of western South Dakota. Black Hills FiberCom anticipates it will qualify for ETC status.⁴³

2. BHFC Publishing, LLC

⁴¹ American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

⁴² American Electric Power, Inc., et al., Holding Co. Act Release Nos. 27842 (April 30, 2004) and 26933 (November 2, 1998) and rule 58(b)(1) (v) and (ix). See also supra note 33.

⁴³ See section 34 of the Act. Black Hills states that, on August 2, 2004, Black Hills FiberCom submitted an application to the Federal Communications Commission (“FCC”) requesting a determination of ETC status and Black Hills will notify the Commission of the FCC’s determination.

BHFC Publishing LLC (“BHFC Publishing”), a direct wholly owned subsidiary of Black Hills Fiber, is a Delaware limited liability company, headquartered in Rapid City, South Dakota. BHFC Publishing is engaged in the business of publishing a telephone directory for the Black Hills region of western South Dakota. BHFC Publishing anticipates it will qualify for ETC status.⁴⁴

3. Black Hills Publishing Montana, LLC

Black Hills Publishing Montana, LLC (“Black Hills Publishing Montana”), a direct wholly owned subsidiary of Black Hills Fiber, is a Delaware limited liability company, headquartered in Rapid City, South Dakota. Black Hills Publishing Montana is engaged in the business of publishing a telephone directory for the Billings, Montana region. Black Hills Publishing Montana anticipates it will qualify for ETC status.⁴⁵

D. Inactive Subsidiaries

Black Hills indirectly owns interests in a number of subsidiaries that remain in existence but no longer are active. These inactive subsidiaries are listed below.

<u>Subsidiary</u>	<u>Corporate Form/Place of Organization</u>	
Adirondack Hydro Development Corporation	corporation	Delaware
Acquisition Partners, LP	limited partnership	New York
NHP, LP	limited partnership	New York
VariFuel, LLC	limited liability company	South Dakota

⁴⁴ See section 34 of the Act. Black Hills states that, on August 2, 2004, BHFC Publishing LLC submitted an application to the FCC requesting a determination of ETC status and Black Hills will notify the Commission of the FCC’s determination.

⁴⁵ See section 34 of the Act. Black Hills states that, on August 2, 2004, Black Hills Publishing Montana submitted an application to the FCC requesting a determination of ETC status and Black Hills will notify the Commission of the FCC’s determination.