

**BLACK HILLS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

At December 31,	2007	2006
<b>ASSETS</b>	(in thousands, except share amounts)	
Current assets:		
Cash and cash equivalents	\$ 80,960	\$ 36,939
Restricted cash	5,443	2,004
Accounts receivable (net of allowance for doubtful accounts of \$4,588 and \$4,202, respectively)	291,189	263,109
Materials, supplies and fuel	95,968	92,560
Derivative assets	37,208	69,244
Deferred income taxes	4,512	—
Other current assets	14,569	9,221
Assets of discontinued operations	1,052	1,424
	530,901	474,501
Investments	19,216	23,808
Property, plant and equipment	2,490,565	2,242,396
Less accumulated depreciation and depletion	(667,031)	(596,029)
	1,823,534	1,646,367
Other assets:		
Goodwill	29,577	30,563
Intangible assets, net	21,026	24,429
Derivative assets	2,492	2,871
Other	46,120	42,137
	99,215	100,000
	\$ 2,472,866	\$ 2,244,676
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 242,813	\$ 224,009
Accrued liabilities	116,197	95,020
Derivative liabilities	39,380	24,041
Accrued income taxes	833	19,561
Deferred income taxes	—	1,215
Notes payable	37,000	145,500
Current maturities of long-term debt	143,183	17,106
Liabilities of discontinued operations	1,551	2,526
	580,957	528,978
Long-term debt, net of current maturities	564,372	628,340
Deferred credits and other liabilities:		
Deferred income taxes	207,735	174,332
Derivative liabilities	9,375	1,530
Other	135,405	116,297
	352,515	292,159
Minority interest	5,167	5,158
Commitments and contingencies (Notes 6, 7, 8, 12, 17, 18 and 19)		
Stockholders' equity:		
Common stock equity—		
Common stock \$1 par value; 100,000,000 shares authorized; issued: 37,842,221 shares in 2007 and 33,404,902 shares in 2006	37,842	33,405
Additional paid-in capital	560,475	409,826
Retained earnings	397,393	348,245
Treasury stock at cost — 45,916 shares in 2007 and 35,700 shares in 2006	(1,347)	(920)
Accumulated other comprehensive loss	(24,508)	(515)
	969,855	790,041
	\$ 2,472,866	\$ 2,244,676

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