

May 2010

2010 AGA Financial Forum

David Emery

Chairman, President & CEO

Tony Cleberg

Executive Vice President & CFO

Linn Evans

President & COO, Utilities

Improving life with energy



Investor Information

COMPANY INFORMATION

Black Hills Corporation
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FORWARD LOOKING STATEMENTS

This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission, or SEC. 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 news release 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 the factors discussed above, the risk factors described in Item 1A of Part I of our 2009 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time, and the following:

- Our ability to receive favorable rulings in periodic applications to recover costs for fuel, transmission and purchased power in our regulated utilities and the timing in which the new rates would go into effect;
- Our ability to add power generation assets into our regulatory rate base and the ability to receive an adequate return on the investments;
- Our ability to complete the planning, permitting, and construction, start up and operation of power generation facilities in a cost-effective and timely manner;
- Our ability to complete a two-year \$250 million committed stand-alone credit facility for our energy marketing operations;
- The accounting treatment and earnings impact associated with interest rate swaps;
- 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 rates and the demand for our services, any of which can affect our earnings, financial liquidity and the underlying value of our assets, including the possibility that we may be required to take future impairment charges under the SEC’s full cost ceiling test for natural gas and oil reserves;
- Our ability to successfully integrate and profitably operate the five gas and electric utilities acquired from Aquila in July 2008, including the integration of core systems and processes;
- The timing and extent of scheduled and unscheduled outages of our power generating facilities;
- 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;
- The extent of our success in connecting natural gas supplies to gathering, processing and pipeline systems;
- Capital market conditions and market uncertainties related to interest rates, which may affect our ability to raise capital on favorable terms;
- Changes in or compliance with laws and regulations, particularly those related to taxation, power generation, safety, protection of the environment and energy marketing;
- Weather and other natural phenomena;
- The effect of accounting policies issued periodically by accounting standard-setting policies;
- General economic and political conditions, including tax rates or policies and inflation rates; and
- Other factors discussed from time to time in our filings with the SEC.

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.

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Discussion Agenda

Company Overview

David Emery

Chairman, President & CEO

Operational Update

Linn Evans

President & COO, Utilities

Financial Update

Tony Cleberg

Executive Vice President & CFO

Strategic Overview

David Emery

Chairman, President & CEO

Q&A

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Company Overview

David Emery

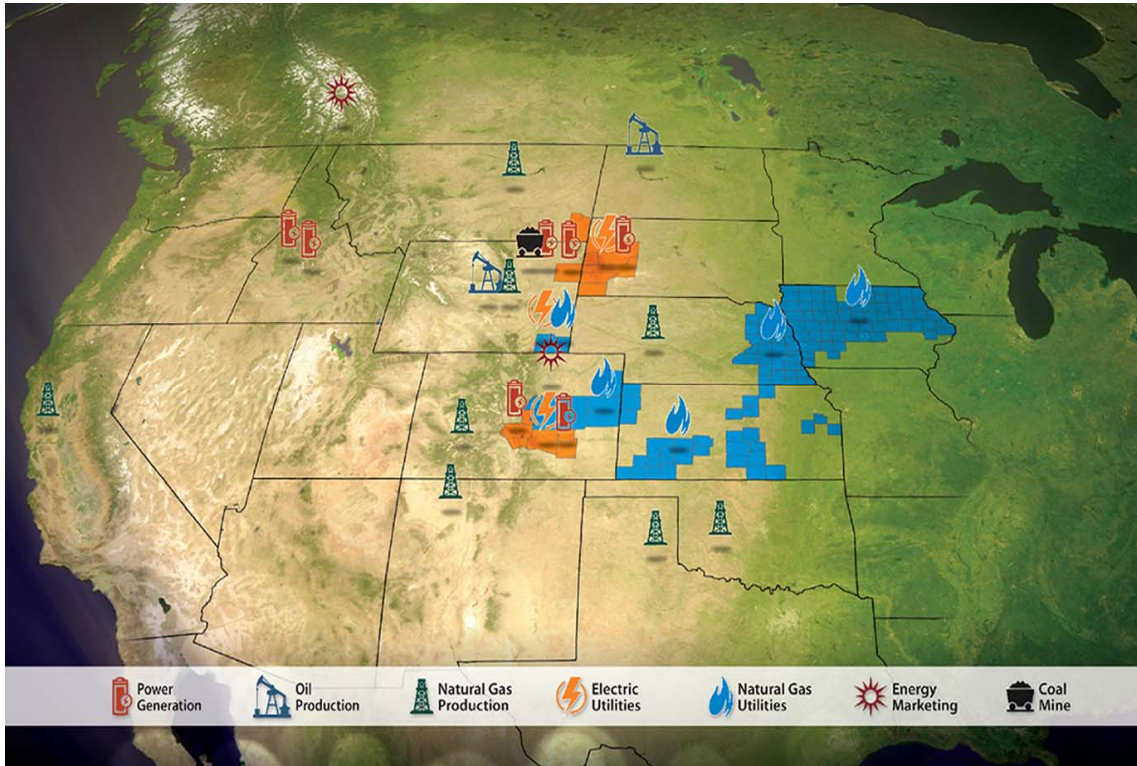
Chairman, President & CEO

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Black Hills Corporation

We are a diversified energy company with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, SD, with corporate offices in Denver, CO, and Omaha, NE, the company serves 763,300 utility customers in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. The company's non-regulated business generate wholesale electricity, produce natural gas, oil and coal, and market energy. We partner to produce results that improve life with energy.



Fuel, Generation & Utilities

Utilities

Gas Utilities

- Colorado Gas
- Kansas Gas
- Nebraska Gas
- Iowa Gas

Electric Utilities

- Black Hills Power
- Cheyenne Light*
- Colorado Electric

Non-Regulated Energy

Power Generation

- Black Hills Electric Generation

Coal

- Wyodak Resources

Oil & Gas

- Black Hills Exploration & Production

Energy Marketing

- Enserco Energy

* Supplies electric and gas utility service to Cheyenne, Wyoming and vicinity

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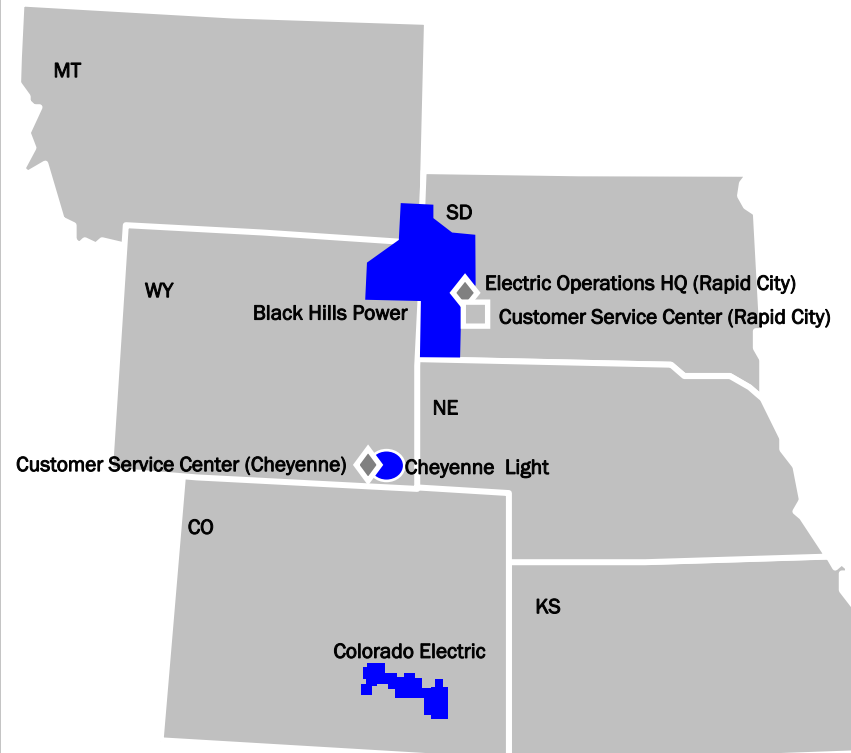


Electric Utilities

Operational Summary

- BHC electric utilities generate, transmit and distribute electricity to approximately 201,100 customers
- Utility operations include BHP (SD, MT, & WY), CLFP (WY), and BHE – COE (CO)
- Assets includes 630 MW of generation and 8,135 miles of transmission and distribution lines
- Total system peak demand 921 MW (summer 2009)
- BHE – COE completed installation of approximately 56,500 smart meters; 149,000 additional smart meters to be installed in all electric utility territories through matching DOE grants totaling \$20.7 million

Service Areas

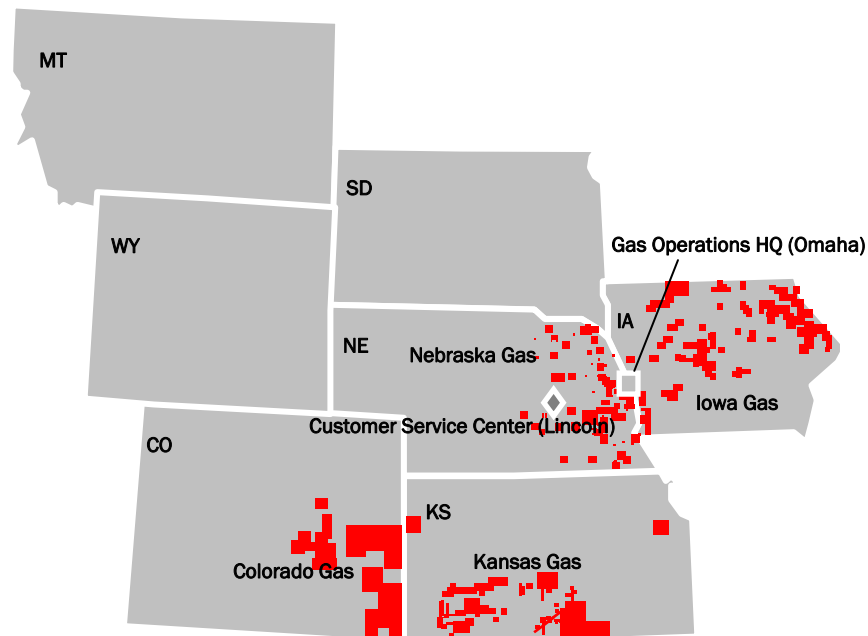


Gas Utilities

Operational Summary

- Distributes natural gas to approximately 528,300 customers in CO, IA, KS, and NE
- Includes 629 miles of interstate gas transmission pipelines and 19,482 miles of gas distribution mains and service lines
- Approximately 109,175 AMR meters installed in BHE – NE Gas territory; additional AMR installations planned in all BHE Gas territories

Service Areas

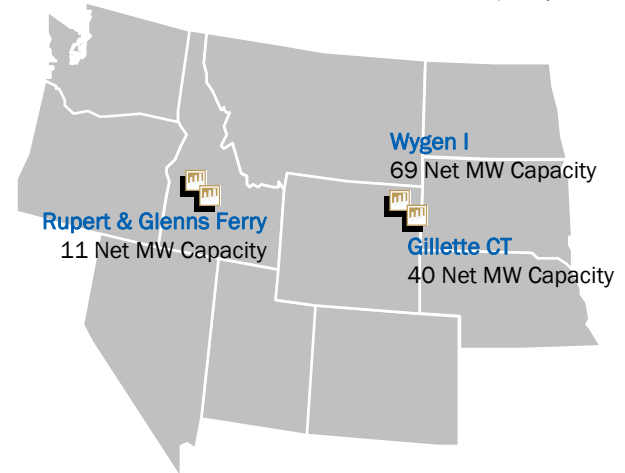


Power Generation

Operational Summary

- Proven experience in planning, permitting, constructing and operating power plants
- Sell capacity and energy under combination of mid to long-term contracts
- Smaller plant approach to incremental growth; facilitates technology implementation
- Operate IPP and utility assets with same core management and support team
- Includes 120 MW net generation capacity (reflects sale of 23.5% interest in Wygen I to MEAN in January 2009)
- Non-regulated plant availability was 94.4% in 2009
- Anticipate opportunity to participate in RFPs for new generation projects in the Western Region

Generation Locations – Owned Capacity



Construction Projects Managed

Name	Fuel	Size	In-Service Date
Neil Simpson II (WY)	Coal	90MW	9/1995
Neil Simpson CT (WY)	Gas	40MW	6/2000
Valmont Unit #1 (CO)	Gas	40MW	5/2001*
Valmont Unit #2 (CO)	Gas	40MW	7/2001*
Gillette CT (WY)	Gas	40MW	4/2001
Harbor CC (CA)	Gas	28MW	6/2001*
Fountain Valley (CO)	Gas	240MW	7/2001*
Lange CT (SD)	Gas	40MW	3/2002
Las Vegas CC (NV)	Gas	224MW	9/2002*
Arapahoe CC (CO)	Gas	130MW	10/2002*
Wygen I (WY)	Coal	90MW	1/2003
Wygen II (WY)	Coal	95MW	2/2008
Valencia (NM)	Gas	149MW	6/2008*
Wygen III (WY)	Coal	110MW	4/2010
BHE-COE PPA (CO)	Gas	200MW	1/2012**
BHE-COE (CO)	Gas	180MW	1/2012**
TOTAL		1,736MW	16 Projects

*7/2008, sold seven IPP plants with 974 MW of capacity for \$840 million

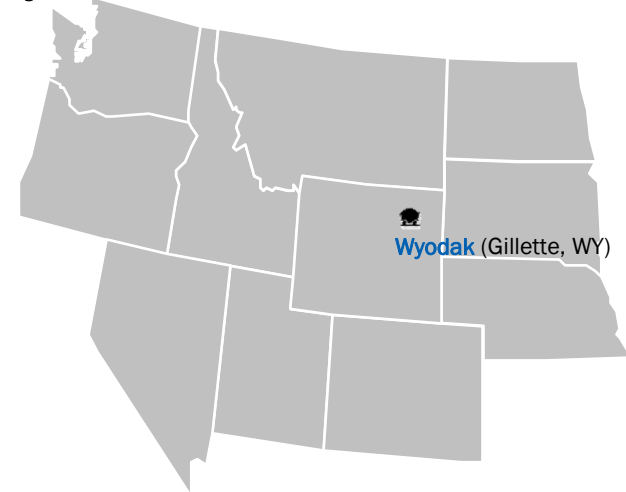
** Under construction / project in-process

Coal

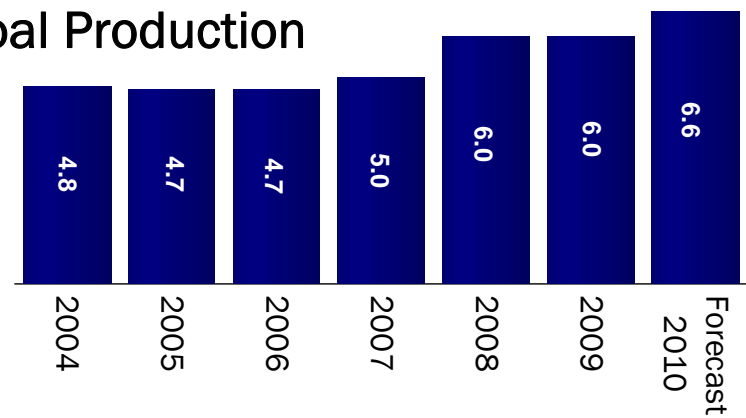
Operational Summary

- Includes approximately 268 million tons of low-sulfur Powder River Basin coal for low-cost, mine-mouth generation: a 41 year supply at expected production rates
- Long-term assets matched to long-term contracts: BHP and CLFP contracts are life-of-plant; PacifiCorp plant contracts are long-term
- Majority of coal production delivered to on-site, mine-mouth power plants
- Coal supply supports potential expansion of low-cost baseload generation
- 600,000 tons of annual coal production; increase from 2009 for Wygen III (2010)

Facility Location



Coal Production

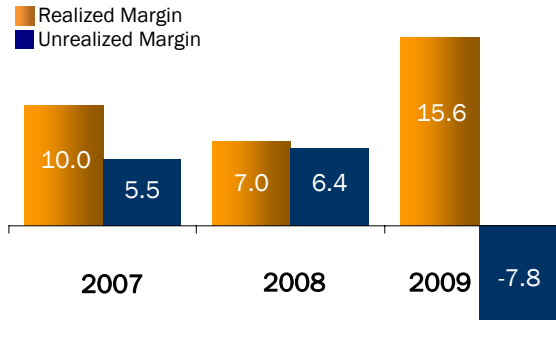


Energy Marketing (Enserco)

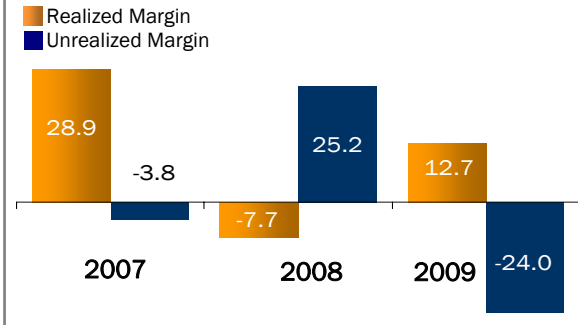
Operational Summary

- Two primary offices located in Denver, CO and Calgary, Alberta
- Four principal business strategies: Producer Services, Transportation, Storage and Proprietary Trading
- Long-term storage and transportation contracts create potential for earnings growth with strong upside potential
- Natural gas storage contracts with capacity of 7.3 Bcf
- Natural gas transportation contracts with 263 Bcf total volumes
- Conservative approach to risk management
- Maintain stand-alone committed credit facility

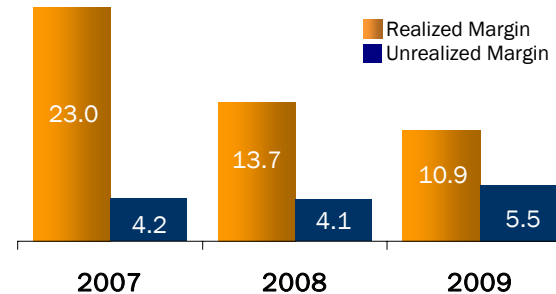
Producer Services: Marketing services for independent natural gas and crude oil producers



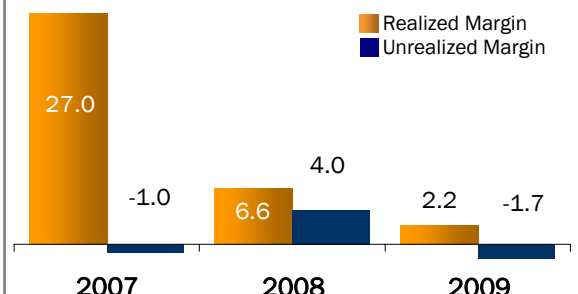
Proprietary Trading: Utilize knowledge of the energy marketplace and customer relationships to create value



Transportation: Balanced portfolio of short term and long term natural gas transportation contracts with geographic diversification



Storage: Leased storage capacity with rights to inject or withdraw natural gas up to a predetermined maximum daily quantity for term of contracts



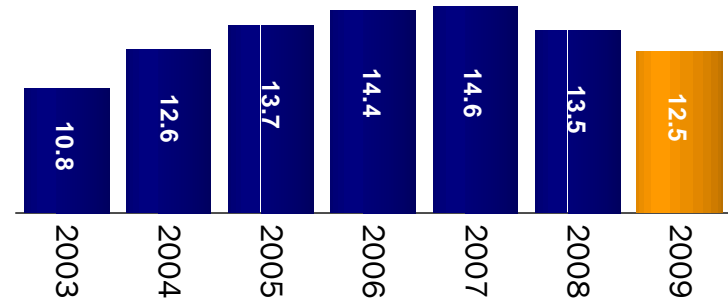
Oil & Gas

Operational Summary

- Includes operated wells in San Juan, Powder River, Big Horn, Piceance and Denver-Julesberg Basins
- Includes non-operated wells in California, Louisiana, Montana, North Dakota, Oklahoma, Texas and Wyoming
- 119 Bcfe of reserves at year-end; 36% reduction compared to prior year mostly driven by low commodity prices *
- Cash flows stabilized with ongoing commodity hedging strategy

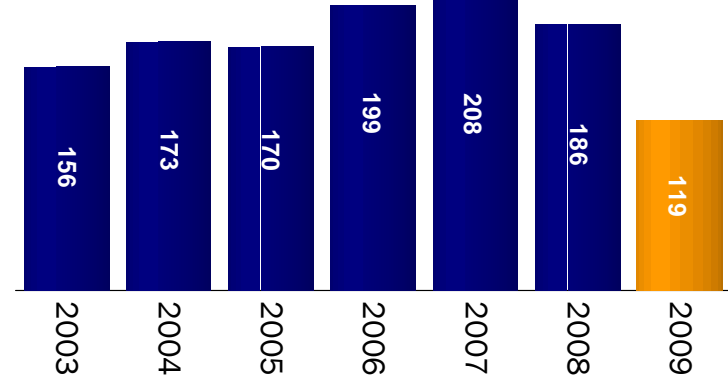
Gas & Oil Production

(Bcfe)



Gas & Oil Reserves*

(Bcfe)



* Reserves at year-end 2009 were determined consistent with revised SEC requirements using 12-month average oil and gas prices calculated using the first-day-of-the-month price for each of the 12 months in the reporting period held constant for the life of the properties. For prior years, reserves were determined using December 31st spot oil and gas prices held constant for the life of the properties.

Information from 2009 Form 10-K

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Operational Update

Linn Evans

President & COO, Utilities

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Utility Highlights

Income from continuing operations was \$29.4 million (\$26.6 million for Q1 2009)

- Wygen III began commercial operation 4/1/2010; ahead of schedule and under-budget
 - BHP completed seven year PPA with City of Gillette for 23 MW of firm capacity; agreement included option to purchase 23% ownership of Wygen III; expect Gillette to exercise purchase option in 2010
 - BHP implemented interim rate increase for SD customers 4/1/2010; plans to file settlement stipulation with SD PUC in May
 - WY PSC issued bench order approving BHP WY rate request settlement stipulation 5/11/2010; final order expected in May
- Plans to construct two gas-fired power generation facilities to serve BHE – COE customers are moving forward and on-track to start providing energy by 1/1/2012
- BHE – COE filed rate request 1/6/2010 for \$22.9 million annual revenue increase; settlement discussions progressing
- Strong off-system electricity sales; higher commodity prices and volume; unplanned regional power plant outages provided opportunity
- Completed agreement with the DOE for smart grid funding through matching grants totaling \$20.7 million; BHP received \$4 million more than originally announced
- BHE – NE Gas filed rate increase 12/1/2009; interim rates implemented 3/1/2010
- Completed sale of BHE – NE Gas assets in Elkhorn, NE to Omaha Metropolitan Utilities District

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Non-Regulated Energy Highlights

Income from continuing operations was \$7.1 million (loss of \$6.5 million in Q1 2009)

- BHCI new generation construction team in place; materials purchasing and contractor selection underway; groundbreaking expected in Q3 2010
- 100% non-regulated generation fleet availability in Q1
- E&P production lower than expected due to significantly reduced capital spending in 2009 and 2010
- Energy Marketing had solid performance from natural gas storage strategy; tight basis spreads continued to negatively impact natural gas transportation margins
- Lower coal sales due to outages at customer plants
- Enserco completed two year \$226.5 million committed stand alone credit facility on 5/12/2010;
 - Expects to complete additional \$23.5 million commitment in mid to late May
 - Includes \$100 million accordion feature

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Corporate Highlights

Growth projects and integration efforts on track; demonstrated ability to access the capital markets

- Completed \$500 million, unsecured corporate revolving credit facility (\$100 million accordion feature); expiring April 14, 2013
- \$2 million non-cash mark-to-market (MTM) loss from interest rate swaps
- Remaining unification plans for accounting, mapping and work management systems and process integration on track for completion in 2010
- Board of Directors approved a quarterly dividend on the common stock of \$0.36 per share, equivalent to an annual dividend rate of \$1.44 per share

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Regulatory Update

Rate Cases Filed / As Requested In Rate Case Filings*

Jurisdiction	Date Filed	Proposed Revenue Increase	Proposed Return on Equity	Proposed Capital Structure	Proposed Rate Base	Status
BHP - SD	9/30/09	\$32MM	11.5%	48% debt/ 52% equity	\$393MM	● Interim rates implemented 4/1/10; settlement discussions progressing
BHP - WY	10/19/09	\$3.8MM	11.5%	48% debt/ 52% equity	\$27.6MM	● Approved; final order expected in May
BHE - NE Gas	12/1/09	\$12.1MM	11.5%	48% debt/ 52% equity	\$163.8MM	● Interim rates implemented 3/1/10
BHE - CO Electric	1/6/10	\$22.9MM	11.8%	48% debt/ 52% equity	\$136MM	● Settlement discussions progressing

- In response to a request from the Colorado Public Utilities Commission, Black Hills Energy – Colorado Electric will file a preliminary analysis regarding a future rate request that the utility expects to file in 2011 associated with the new utility generation facility, system improvements and the power purchase agreement with BHCI. The base annual revenue request is expected to be in the range of 8 percent to 15 percent over customer rates in place at the time the 2011 rate request is filed with the Colorado PUC. This estimate includes recognition of cost decreases in purchased capacity, energy and transmission that are components of the current utility rate structure
- Evaluating additional rate filings in 2010

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Timeline of Events

2008

2009

2010

2011 anticipated

Strategic Development

IPP sale complete

Aquila acquisition close

Unified Performance Management & Compensation

Unified CIS system

Unified Inventory Systems

Unified HR Benefits

Unified Construction Standards

Unified Mapping system

Unified Outage system

Unified SCADA system

Unified Work Mgt system

Major systems integration complete

In-house bill print/lock box

Unified PeopleSoft system

Unified Work Mgt system

Capital Investment & Asset Optimization

Wygen II power plant operational

Valencia power plant operational

Wygen III construction begins

Wygen III MDU letter of intent

Wygen I MEAN close

Wygen III MDU close

Wygen I ACC upgrade project complete

Neil Simpson II ACC upgrade project complete

COE generation construction

BHCI generation construction

COE generation CPCN approved

Gillette PPA complete

Wygen III power plant operational

COE generation in service

BHCI generation in service

Financial Return

COE ERP plan filed

COE ERP PUC hearings

COE ERP PUC order

COE ERP RFP start

COE ERP RFP end

COE new gen rate case filed

NE Gas rate case final

IA Gas rate case filed

CO Gas rate case filed

BHP FERC rate case filed

CO Gas rate case final

IA Gas rate case final

Wygen III BHP rate cases filed

NEG rate case filed

COE rate case filed

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Financial Update

Tony Cleberg

Executive Vice President & CFO

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2010 First Quarter Summary

Income from continuing operations improved to \$31.4 million (\$0.81 per share) compared to \$25.6 million (\$0.66 per share) first quarter 2009

Utilities

Income from continuing operations was \$29.4 million compared to \$26.6 million for Q1 2009

- \$2.2 million increase in gas utilities
- \$0.5 million increase in electric utilities

Primary Performance Drivers

- Strong gas utility performance due to increased efficiencies and colder than normal weather in some service territories
- Increase in off-system sales margins due to higher power prices and increased volume; unplanned regional plant outages provided opportunity
- Gain on sale due to annexation of small gas utility service area (Elkhorn) by City of Omaha
- BHP Transmission annual cost adjustment increases
- Increased net interest expense

Non-Regulated Energy

Income from continuing operations was \$7.1 million compared to a loss of \$6.5 million in Q1 2009

- \$28.1 million increase in oil & gas*
- \$1.0 million increase in energy marketing
- \$0.5 million increase in coal mining
- \$16.1 million decrease in power generation**

Primary Performance Drivers

- Oil & Gas earnings increased primarily due to an increase in oil and gas prices and lower depletion rates
- Energy Marketing had solid performance from natural gas storage strategy; tight basis spreads continued to negatively impact natural gas transportation margins

* Oil & Gas incurred "ceiling test" impairment charge of \$27.8 million during 2009

** Q1 2009 included a \$16.9 million gain from the sale of 23.5 percent interest in the Wygen I generation facility

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Q1 Income Statement

In millions, except per share amounts

	Q1 2010	Q1 2009	Comments – Q1 2010 vs. Q1 2009
Revenue	\$ 442.3	\$437.9	Improved Utility retail sales and power marketing
Operating expense	(375.3)	(387.1)	DD&A: 2010 \$28.4M and 2009 \$33.3M
Subtotal	67.0	50.8	Oil & Gas \$6.4M; Gas Utilities\$4.9M; Energy Marketing \$2.4M
Gain on sale of property	2.7	26.0	Gain on Elkhorn sale; Q1 2009 Wygen I sale
Ceiling test impairment	--	(43.3)	
Operating income	69.7	33.5	
Interest expense	(21.8)	(18.9)	Replaced short term debt with long term debt
Interest rate swap	(3.0)	14.8	Swap spread worsened
Other income	3.0	2.3	AFUDC increase \$0.6M
Income before tax	47.9	31.7	
Income tax	(16.5)	(6.1)	IRS acceptance of 2009 tax position
Income from continuing operations	31.4	25.6	
Disc. operations/other, net of tax	--	0.8	IPP assets sold July 2008
Net income	\$ 31.4	\$ 26.4	
Weighted average common shares O/S	39.0	38.6	

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Quarterly EPS Comparison

Earnings Per Share (EPS)	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Income (Loss) from Continuing Operations	\$0.66	\$0.64	\$ (0.10)	\$ 0.84	\$ 0.81
Exclude notable gain items:					
Elkhorn sale – completed 3/2010	–	--	--	--	(0.04)
Unrealized Gain on Interest Rate Swap	(0.25)	(0.53)	--	(0.30)	–
Improved effective tax rate	(0.10)				
Gain on sale of Wygen I	(0.44)				
Add-back notable loss items:					
Unrealized Loss on Interest Rate Swap		--	0.15	--	0.05
Asset impairment – ceiling test	0.72				
Acquisition Facility Fee		0.05	--	--	–
BHE Integration Expenses	0.02	0.02	0.02	0.03	–
Income from Continuing Ops As Adjusted*	\$0.61	\$ 0.18	\$ 0.07	\$ 0.57	\$ 0.82

34% year-over-year improvement in income from continuing ops (as adjusted)

* Non-GAAP measure

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Capital Structure

<i>In millions</i>	Mar. 31, 2009	Jun. 30, 2009	Sept. 30, 2009	Dec. 31, 2009	Mar. 31, 2010
Short term debt:					
Current maturities	\$ 32.1	\$ 32.1	\$ 32.1	\$ 35.2	\$ 24.4
Notes Payable	479.8	270.5	350.5	164.5	223.0
	511.9	302.6	382.6	199.7	247.4
Long term debt	471.2	719.2	719.2	1,015.9	993.5
Total Debt	983.1	1,021.8	1,101.8	1,215.6	1,240.9
Cash	(121.6)	(122.4)	(137.7)	(112.9)	(136.0)
Net Debt	861.5	899.4	964.1	1,102.7	1,104.9
Common stock	623.9	625.6	627.2	630.1	632.7
Retained earnings	460.1	470.9	454.9	473.9	491.2
AOCI	(12.4)	(16.4)	(19.6)	(19.2)	(15.9)
Total Equity	1,071.6	1,080.1	1,062.5	1,084.8	1,108.0
Total Debt and Equity	\$ 2,054.7	\$ 2,101.9	\$ 2,164.3	\$ 2,300.4	\$ 2,348.9
Debt to Capitalization	48%	49%	51%	53%	53%
Net Debt to Capitalization (Net of Cash)	45%	45%	48%	50%	50%
Long-term Debt to Total Debt	48%	70%	65%	84%	80%

- Completed \$500 million, unsecured corporate revolving credit facility (\$100 million accordion feature); expiring April 14, 2013

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Strategic Overview

David Emery

Chairman, President & CEO

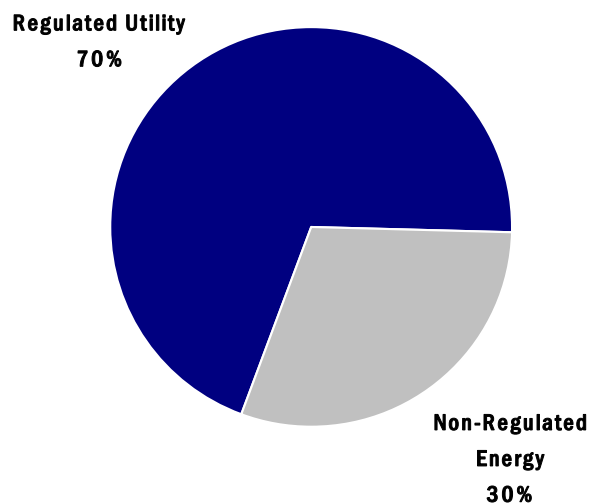
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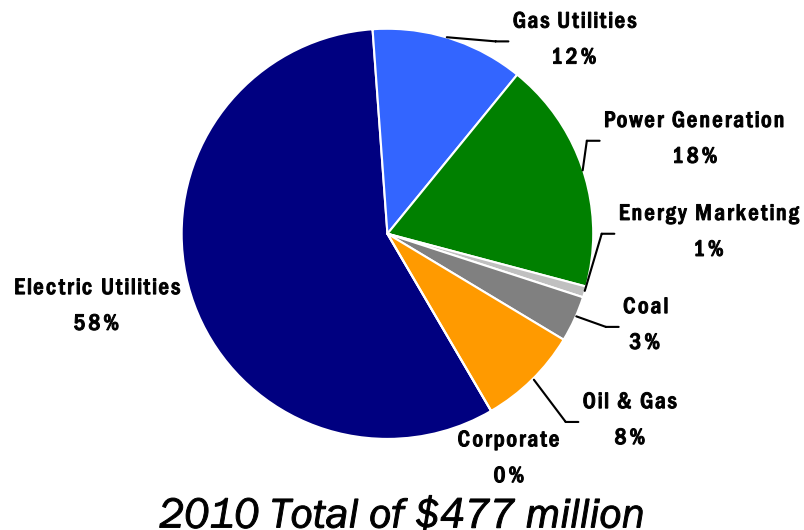
Positioned For Continued Growth

Diversified platform based on stable cash flows, more predictable earnings and increased efficiencies

Asset Mix By Business Focus (approx)



2010 Forecasted Capex By Segment



- Balanced asset mix: approximately 2/3 regulated utility and 1/3 non-regulated energy
- Sufficient cash flows, solid balance sheet, and demonstrated access to capital markets
- Stronger overall corporate risk and credit profile
- Current capital structure of approximately 53% total debt to total capitalization

Growth Capital Investments

Excludes routine capital expenditures, such as maintenance and new customer growth capital

<i>Excludes routine capital expenditures, such as maintenance and new customer growth capital (\$millions)</i>	2008 - 2009	~2010	~2011	Project Total
Wygen III 75% BH ownership - 25% owned by MDU	\$161	\$10	--	\$185
BHE - COE Generation (Utility)*	\$48	\$192 - \$212		\$240 - \$260
CO IPP Generation (PPA)	\$16	\$224 - \$249		\$240 - \$265
Transmission System	\$51	\$34	\$11	\$96
Generation Upgrades Wygen I & Neil Simpson II condenser upgrades - 16 MW	\$15	--	--	\$15
Electric Utility AMI Projects** Total of 206,000 AMI meters (BHP, CLFP and BHE-COE)	\$7	\$31	\$10	\$48
Oil & Gas *** (limited pending oil & gas price recovery)	\$114	\$38	\$64	\$216
Approximate 2008-2011 TOTAL	\$412	\$614 - \$659		\$1,040 - \$1,085

* Capital for BHE-COE generation includes project related transmission investment

**Includes \$20.7 million in matching funds made available through the American Recovery and Reinvestment Act of 2009 for 149,000 AMI meters

*** Development capital for our oil and gas properties expected to be limited during periods of low commodity prices.
Strategy to invest \$65 - \$90 million per year only if economically feasible

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Strategy Scorecard

Strategy

2010 Progress & Future Initiatives

UTILITIES

- + Acquire regulated utility properties in our geographic focus
- + Construct additional cost effective rate-base generation to serve existing customers
- + Balance integration of alternative and renewable energy with customer rate impacts
- + Pursue power marketing opportunities
- + Construct additional transmission to support generation development, increase reliability, & address growing demand

- File BHE-CO Electric rate case – with an expected effective date in Q3 2010**
- Complete Wygen III generation facility ahead of schedule & under budget – 4/1/2010**
- Complete BHP SD pending rate case (2010)
- Complete BHP WY rate case (bench order approval received on 5/11/2010)**
- Complete BHE-NE Gas pending rate case (2010)
- File BHE-CO Electric generation related rate case so it is effective by Q1 2012 (2011)
- Complete installation of 149,000 smart grid meters and related infrastructure (2011)
- Complete construction of 180 MW rate base generation to serve BHE-CO Electric (Q4 2011)
- Complete Pumpkin Buttes to Windstar (BHP) transmission line and substation (Q4 2010)
- Develop plan to comply with CO HB1001 requirement of 30% renewable energy by 2020 (subject to rate cap)

NON-REGULATED

- + Selectively grow power generation segment and contract large percentage of capacity and energy production to load-serving utilities
- + Efficiently utilize coal resources through expansion of mine-mouth generation and increased third-party coal sales
- + Increase oil and gas production through development of existing acreage and limited acquisitions
- + Geographically expand our energy marketing
- + Diligently manage energy marketing risks
- + Conduct business with diversified group of creditworthy counterparties
- + Maintain stand-alone energy marketing credit facility

- Increase annual coal production rate by 600,000 tons to serve Wygen III (2010)**
- Complete new committed stand-alone credit facility – Enserco (2010)**
- Invest \$20-\$40 million in oil and gas development (2010*)
- Construct 200 MW facility to serve BHE-COE PPA (in service 1/2012)
- Invest \$65-\$90 million per year in oil and gas development (Future*)

SERVICE COMPANY (CORPORATE)

- + Prudently finance the corporation and its subsidiaries
- + Optimize systems and processes to minimize costs and create a platform for growth

- Implement employee benefits unification initiatives (2010)**
- Complete new corporate revolving credit facility**
- Complete debt issuance 2010/2011
- Complete equity offering in 2010/2011
- Complete transition to PeopleSoft 9.0 system (Q3 2010)
- Unify GIS mapping systems (Q3 2010)
- Integrate outage management systems and SCADA (Q3 2010)
- Integrate work management systems (Q3 2010)

* Development capital for our oil and gas properties is expected to be quite limited during periods of low oil and natural gas prices.

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Summary

Strong overall performance and strategic initiatives on track

- 34% year-over-year improvement in income from continuing ops (as adjusted)
- Completion of Wygen III power plant 3 months ahead of schedule and \$7 million under-budget
- BHE-COE and BHCI new generation construction on-track; construction expected to begin in Q3 2010
- Pending rate cases and utility investments should provide strong earnings growth
- Stronger off-system power sales margins; higher commodity prices and volume; annual transmission rate adjustment provided opportunity for electric utility revenue growth
- Stronger gas utility performance due to increased operating efficiencies and colder weather
- Improved oil and gas prices; lower depletion rates
- 100% non-regulated generation fleet availability
- Tight basis spreads limited energy marketing transportation
- Ongoing strategic objectives and improved operational performance creating shareholder value

Q&A

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Appendix

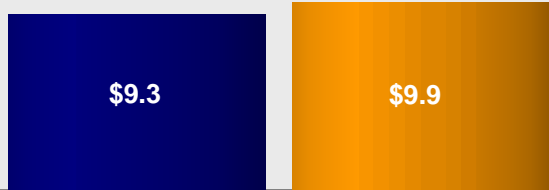
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Electric Utilities Q1 Update

Quarter Income Comparison

(from continuing operations in millions)



Prior Year

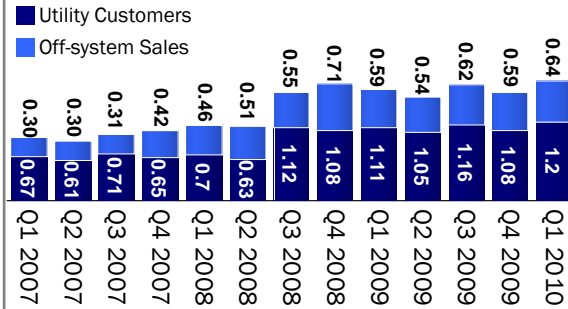
Current Year

Overview

- Wygen III in-service 4/1/2010; 3 months ahead of schedule and \$7million under budget
- \$24 million interim annual revenue increase implemented for SD customers 4/1/2010; plans to file settlement stipulation with SD PUC in May
- WY PSC issued bench order approving BHP WY rate request settlement stipulation 5/11/2010; final order expected in May
- Strong off-system sales volumes and prices
- BHE - COE – obtained CO PUC approval of CPCN for 180 MW gas fired plant on 2/3/2010
- BHP - completed seven year PPA with City of Gillette 3/16/2010; includes option to purchase 23% of Wygen III
- Reached agreement with DOE for smart grid funding through matching grants totaling \$20.7 million for electric utility subsidiaries
- BHP received Wyoming DEQ Storm Water Program Recognition award

Total MWh Sales

(in millions)



Generation Availability (%)



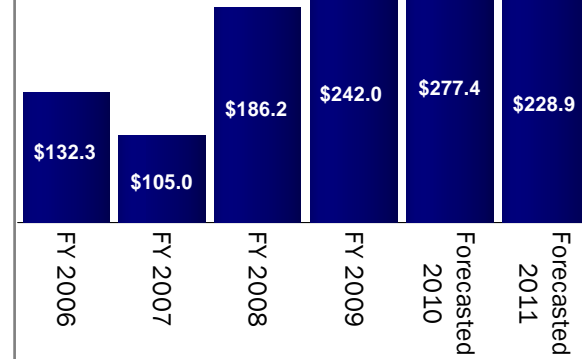
*Reflects major planned but extended outages at Neil Simpson I and Neil Simpson II

** Reflects unplanned outage at Pueblo Unit 5

***Reflects unplanned outage at Wyodak

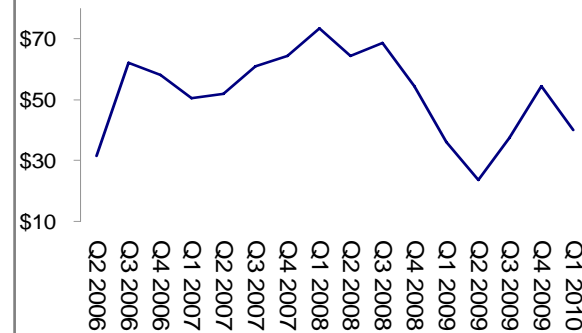
Capital Expenditures

(in millions)



Mid C Power Prices

(peak prices volume weighted - SNL)



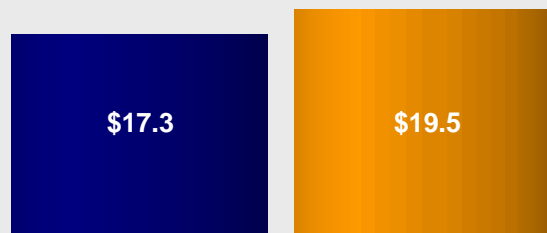
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Gas Utilities Q1 Update

Quarter Income Comparison

(from continuing operations in millions)



Prior Year

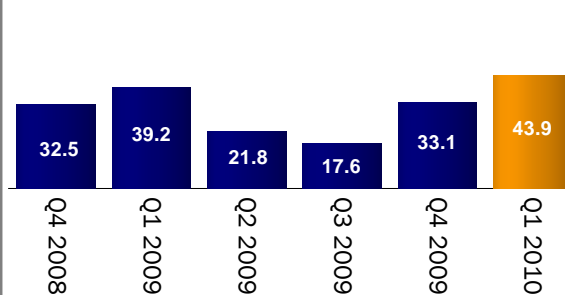
Current Year

Overview

- Strong performance due to increased efficiencies and colder than normal weather
- BHE-NE Gas filed rate request for \$12.1 million annual revenue 12/1/2009; interim rates effective 3/1/2010
- Completed sale of BHE - NE Gas assets in Elkhorn, NE to Omaha Metropolitan Utilities District
- BHE - KS Gas filed 5 year Energy Efficiency Plan with KCC
- Zero lost time accidents for quarter in BHE - KS Gas and BHE - CO Gas utility organizations

Total Dth Sales

(in millions)

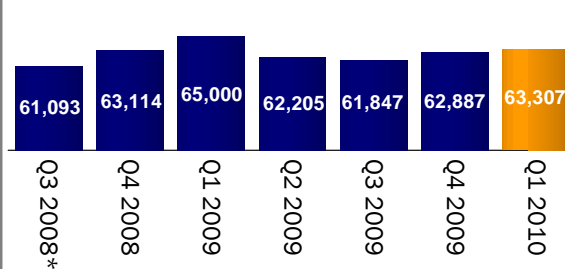


Capital Expenditures

(in millions)

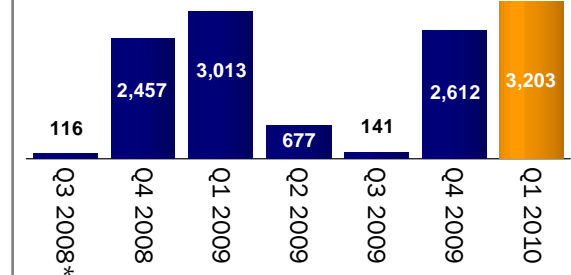


Service Guard Customers



Gas Utility Heating Degree Days

(Total for all gas service areas weighted by throughput)



Q1 2010 - 2% colder than normal

* Black Hills Energy Gas Utilities acquired on 7/14/08

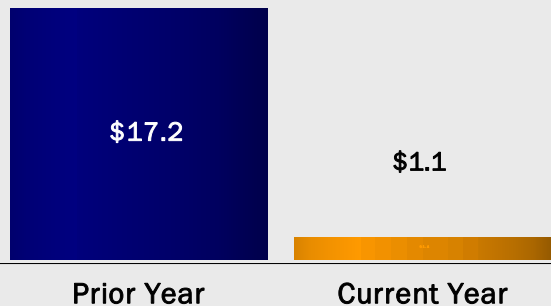
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Power Generation Q1 Update

Quarter Income Comparison

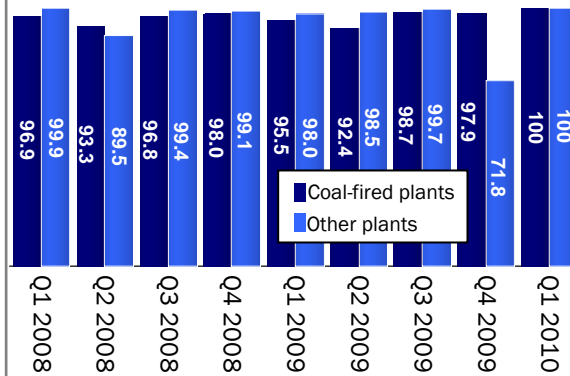
(from continuing operations in millions)



Overview

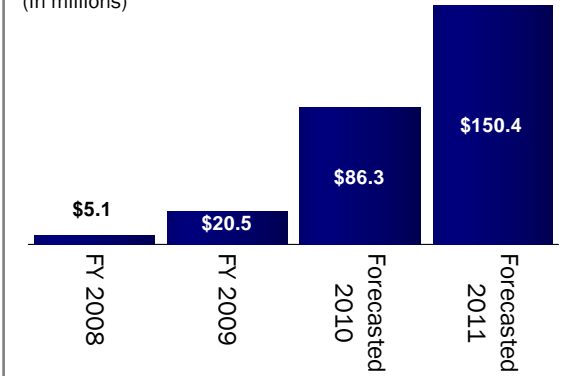
- CO IPP signed 20 year 200 MW PPA with BHE-COE (9/28/2009)
- BHCI new generation construction team in place; materials purchasing and contractor selection underway; groundbreaking expected in Q3 2010
- 100% non-regulated fleet availability in Q1
- Q1 2009 included a \$16.9 million gain from the sale of 23.5 percent interest in the Wygen I generation facility

Generation Availability (%)



Capital Expenditures

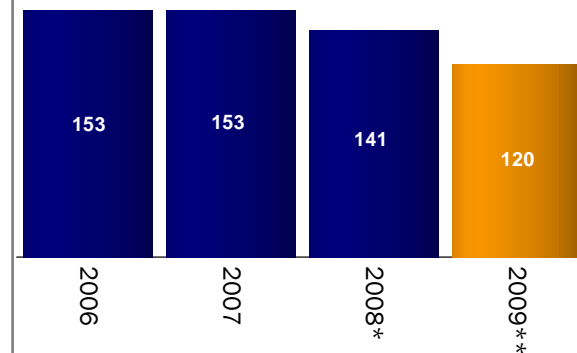
(in millions)



Project Updates

- Plans to commence construction on 200 MW combined cycle BHCI plant in Colorado in Q3 2010

MW of Generation Capacity



* Reflects decommissioning of Ontario

** Reflects 23.5% sale of Wygen I to MEAN

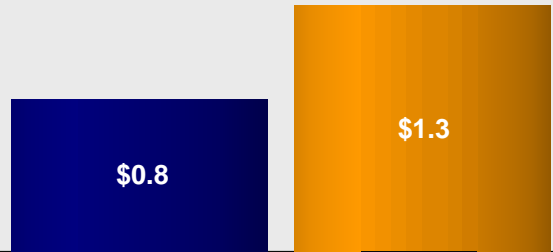
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Coal Q1 Update

Quarter Income Comparison

(from continuing operations in millions)



Prior Year

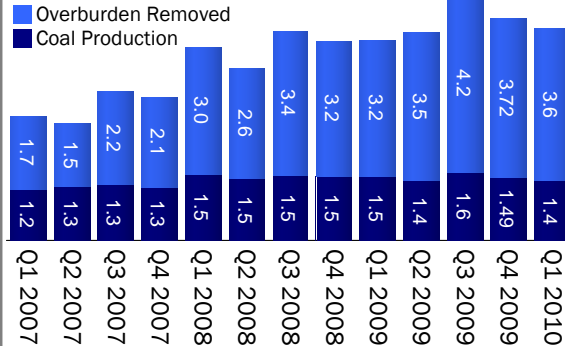
Current Year

Overview

- Continued increase in overburden removal
- Increased production to serve Wygen III (approximately 600,000 tons per year)
- Lower contract coal sales as result of outages at customer plants
- Increased efficiencies; blending coal seams to reduce lime consumption; lower fuel expense

Coal Production

(Coal in million tons | Overburden in million cubic yards)

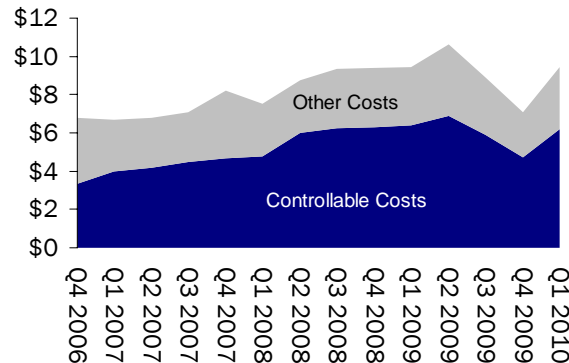


Capital Expenditures

(in millions)

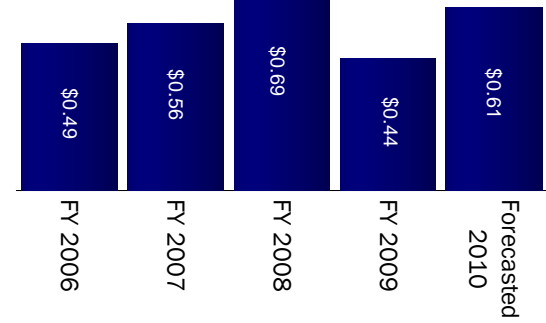


Mining Cost Per Ton of Coal *



Average Delivered Fuel Cost

(\$/MMBtu delivered to BH regulated mine-mouth generation)



* Controllable costs: depreciation, fuel, equipment, labor, etc.
Other costs: property taxes, production taxes, royalties, etc.

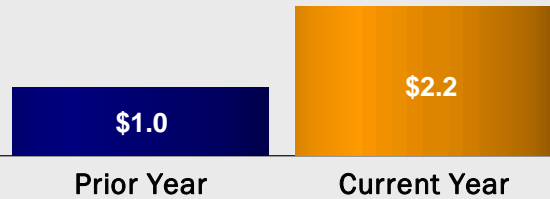
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Energy Marketing Q1 Update

Quarter Income Comparison

(from continuing operations in millions)

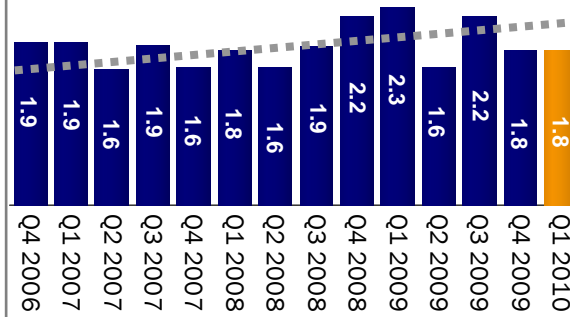


Overview

- Transport margins remain narrow (low basis differentials)
- Improved crude oil prices
- \$101.8 million of \$300 million stand-alone committed credit facility utilized as of 3/31/2010
- Enserco completed two year \$226.5 million committed stand alone credit facility on 5/12/2010; expects to complete additional \$23.5 million commitment in mid to late May; includes \$100 million accordion feature
- Eastern expansion of gas marketing strategy underway

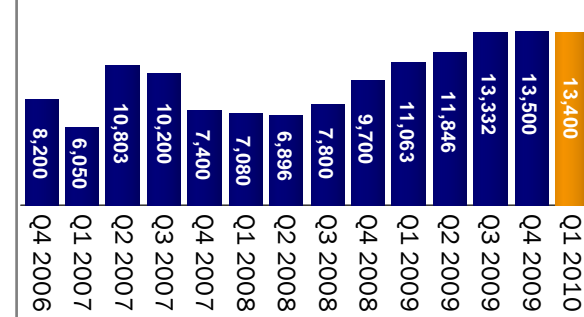
Avg. Daily Natural Gas Volumes

(physical bcf per day)



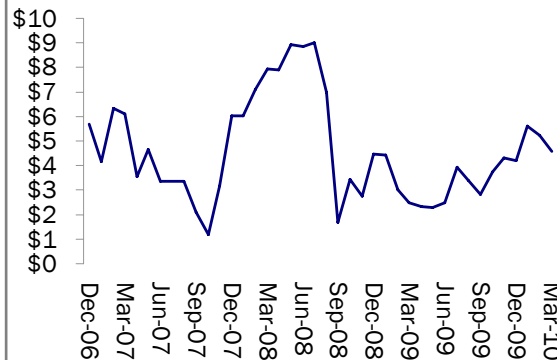
Avg. Daily Crude Oil Volumes

(barrels per day)



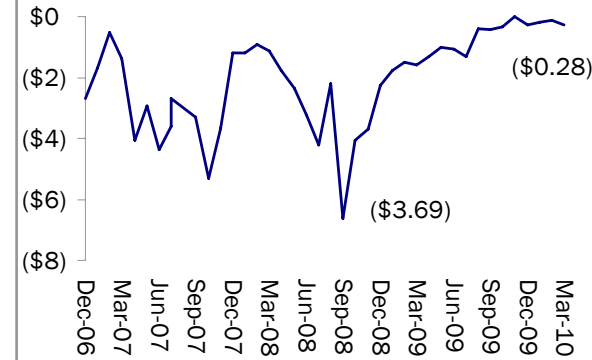
Northwest Rockies Natural Gas

(monthly settlement price)



Rockies Natural Gas Basis Diff.

(CIG basis and NYMEX monthly settlement difference)



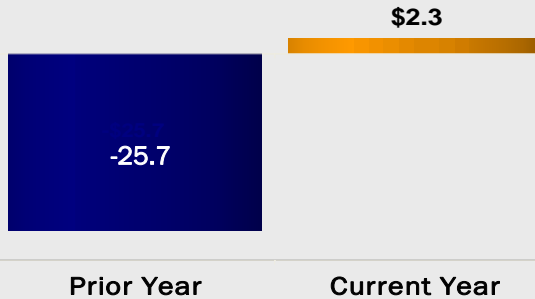
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Oil & Gas Q1 Update

Quarter Income Comparison

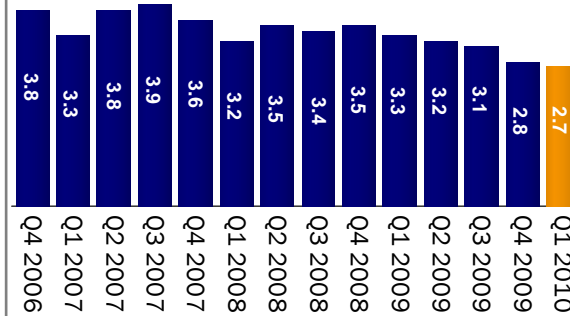
(from continuing operations in millions)



Overview

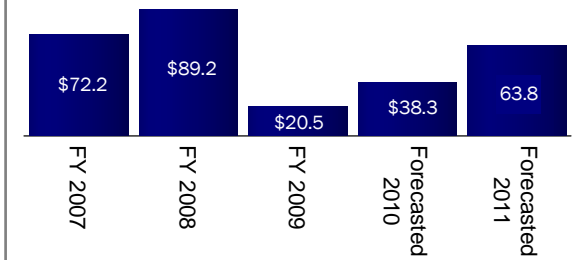
- Q1 capital spending limited to \$3.7 million due to low oil and gas prices; long term strategy to invest \$65 - \$90 million per year if commodity prices improve
- Production lower than expected due to moderate drilling capital deployment
- Lower lease operating expenses
- Q1 2009 results included a non-cash ceiling test impairment of \$27.8 million

Bcf Equivalent Sales



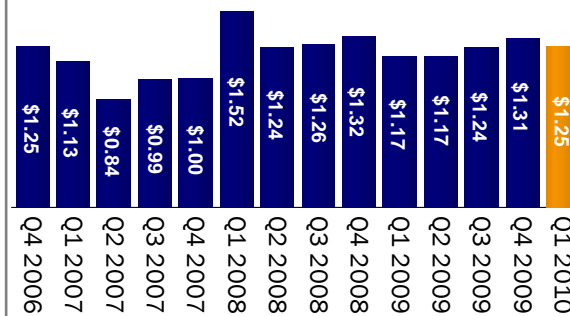
Capital Expenditures**

(in millions)

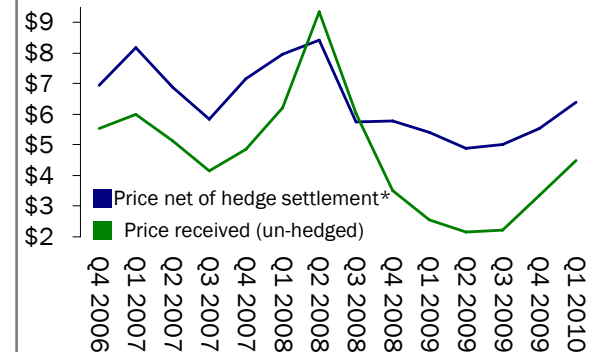


Lease Operating Expenses

(LOE per Mcfe)



Average Nat Gas Price Received



* Net of hedge settlement gain/loss

** Development capital for our oil and gas properties is expected to be quite limited during periods of low oil and natural gas prices

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Utility Energy Efficiency & Renewable Programs

Expanding our renewable energy portfolio at reasonable rates for customers



Black Hills Power

- National Wind For Schools project includes installation of a 2.4 KW wind generator in Box Elder, SD
- Partnered with South Dakota School of Mines & Technology in Rapid City, SD to construct a renewable energy research complex for wind and solar energy development

Cheyenne Light

- Happy Jack Wind Farm PPA (15 MW)
- Silver Sage Wind Farm PPA (10.2 MW) – In service on 10/1/2009

BHE – Colorado Electric

- Advanced Metering Infrastructure (AMI) project; phase two completed in 2009 (total of 56,500 meters)
- 1.2 MW photovoltaic solar project installed at Colorado State University customer site
- 3 Year Energy Efficiency / Demand Side Management plan approved by CO PUC
- City of Pueblo LED street light pilot project

BHE – Colorado Gas

- 3 year Energy Efficiency / Demand Side Management plan approved by CO PUC

BHE – Iowa Gas

- Received 2009 Energy Star® Leadership In Housing Award from EPA
- Energy efficiency program includes customer rebates and website with customer tips

BHE – Nebraska Gas

- Automatic Meter Reading (AMR) projects 2009 - 2010

Company-wide

- 2009 Weatherization program – 118 homes weatherized in 41 communities
- 2009 Power of Trees program – 306 trees planted in 63 communities

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Efficient Cost Recovery

Regulated Jurisdiction	Cost Recovery Mechanisms *							
	DSM/ Energy Efficiency	Capital Additions	Bad Debt	Weather Normal.	Fuel Cost	Trans- mission	Purchased Power	Fixed Cost Recovery
BHP - South Dakota					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
BHP - Wyoming					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BHP - Montana					<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
BHP - FERC						<input checked="" type="checkbox"/>		
CLFP - Electric Customers					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
CLFP - Gas Customers					<input checked="" type="checkbox"/>	N/A	N/A	
BHE - COE	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
BHE - CO Gas	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	N/A	N/A	43%
BHE - IA Gas	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	N/A	N/A	51.4%
BHE - KS Gas		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A	65%
BHE - NE Gas		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A	48%

* Refer to pages 27-34 of the 2009 10K for more specific information.

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Credit Facilities & Debt

Proactively managing cash flows, capital expenditures and financing needs

Primary Credit Facilities As of 3/31/2010	Capacity	Utilized	Available
Enserco Credit Facility (Committed / Stand-alone) – New May 2009 – Matures May 2010	\$ 300 million	\$ 99.7 million (LC)	\$ 200.3 million
Corporate Revolver – Matures May 2010	\$ 525 million	\$ 223 million \$ 46.3 million (LC)	\$ 255.7 million
Current Maturities of LTD	--	\$ 24.4 million	--
LTD – BH Wyoming Project Financing (Due 2016)	--	\$ 115 million	--
LTD – BHC (Due 2013)	--	\$ 225 million	--
LTD – BHC (Due 2014) – New May 2009	--	\$ 250 million	--
LTD – Other	--	\$ 223.5 million	--
LTD – BHP (Due 2039)	--	\$180 million	--

- No significant long-term debt maturities until 2013
- Obtained \$500 million, unsecured corporate revolving credit facility with \$100 million accordion feature expiring April 14, 2013
- Enserco to complete two year \$250 million committed stand alone credit facility in May (\$100 million accordion feature); replace expiring \$300 million committed credit facility

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Credit Ratings

Black Hills Corporate	S&P	Moody's	Fitch
Long-Term Issuer	BBB-	Baa3	BBB
Senior Unsecured	BBB-	Baa3	BBB
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

Black Hills Power	S&P	Moody's	Fitch
Long-Term Issuer	BBB-	Baa2	BBB
Senior Secured Debt	BBB	A3	A-
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

- August 3, 2009 – Moody's Investors Service upgraded senior secured debt rating of Black Hills Power to A3 from Baa1

Vision: Be the energy partner of choice.



Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve ... always.



Customer Service

We are committed to providing a superior customer experience every day.



Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



Respect

We respect each other. Our unique talents and diversity anchor a culture of success.

Mission: Improving life with energy.

Improving life with energy



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