



David Emery - Chairman, President & CEO
Tony Cleberg – Executive Vice President & CFO

December 2008

Platform for Growth

Black Hills Corp. Overview & Update

Improving life with energy



Investor Information

COMPANY INFORMATION

Black Hills Corporation

625 9th Street
Rapid City, SD 57701

NYSE Ticker: BKH

www.blackhillscorp.com

Company Contact

Jason Ketchum
Director, Investor Relations
& Corporate Communications
605-721-2765
jason.ketchum@blackhillscorp.com

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 presentation 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 risk factors described in Item 1A of Part I of our 2007 Annual Report on Form 10-K filed with the SEC, Item 1A of Part II of our June 30, 2008 Quarterly Report on Form 10-Q, and 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; to receive favorable rulings in periodic applications to recover costs for fuel, transmission and purchased power in our regulated utilities, and our ability to add power generation assets into our regulatory rate base;
- Our ability to successfully integrate and profitably operate the five gas and electric utilities recently acquired from Aquila
- Our ability to successfully maintain or improve our corporate credit rating;
- Our ability to complete the planning, permitting, construction, start up and operation of power generating facilities in a cost-effective and timely manner;
- 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 cost and availability of specialized contractors, work force, and equipment;
- The timing, volatility and extent of changes in energy-related and commodity prices, interest rates, foreign exchange rates, energy and commodity supply or volume, the cost and availability of transportation of commodities, and demand for our services, all of which can affect our earnings, liquidity position and the underlying value of our assets;
- Counterparty credit risk;
- Capital market conditions and market uncertainties related to credit and interest rates, which may affect our ability to raise capital on favorable terms or at all;
- 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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Presentation Agenda

- **Black Hills Overview**
Company profile and recent events
- **Financial Update**
Recent consolidated results
- **Platform for Growth**
Focused on delivering shareholder value
- **Questions and Answers**



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Black Hills Overview

Company profile and recent events

David Emery
Chairman, President & CEO

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Who Is Black Hills Corporation?

An integrated and diversified energy company

Utilities

Gas Utilities

Colorado Natural Gas
Kansas Natural Gas
Nebraska Natural Gas
Iowa Natural Gas

Electric Utilities

Black Hills Power
Cheyenne Light, Fuel & Power *
Colorado Electric

Non-Regulated Energy

Coal

Wyodak Resources

Oil & Gas

Black Hills Exploration & Production

Power Generation

Black Hills Electric Generation

Energy Marketing

Enserco

Fuel, Generation, and Utilities

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

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Recent Events

- **IPP divestiture of 7 plants closed on 7/11/2008**
Net pre-tax cash proceeds of approximately \$756 million after project level debt repayment, working capital adjustments and other costs
- **Acquisition of 5 natural gas and electric utilities from Aquila closed on 7/14/2008**
Acquisition for \$940 million cash, subject to working capital and other customary closing adjustments. Includes natural gas utilities in Nebraska, Iowa, Kansas, and Colorado as well as an electric utility in Colorado
- **Colorado Electric Resource Plan (ERP)**
Regulatory filing with the Colorado PUC for proposed construction of five combustion turbines ready for service January 2012 and opportunity for wind and solar projects
- **Revised 2008 and 2009 Earnings Guidance on 11/24/2008**
Revised guidance in light of significant decline in natural gas and crude oil prices, dramatic changes in both short and long-term borrowing rates, and a projected increase in pension expense

Revised 2008 and 2009 Guidance

(income from continuing operations)	2008	2009
9/17/08 Earnings Guidance	\$2.15 - \$2.25	\$2.40 - \$2.65
11/24/08 Revised Earnings Guidance *	\$2.00 - \$2.10	\$1.95 - \$2.25

- Significant decline in natural gas and crude oil prices
- Dramatic changes in both short and long-term borrowing rates due primarily to a large increase in credit spreads
- Projected increase in pension expense resulting from a decline in the market value of pension assets
- Revised guidance are based on non-GAAP financial measures and do not include the unrealized mark to market value of certain interest rate swaps *

** Revised guidance ranges for 2008 and 2009 earnings are based on non-GAAP financial measures. The earnings guidance utilizes the GAAP term "Income from continuing operations" and adjusts it to exclude the effects of mark-to-market adjustments associated with certain of our interest rate swaps. We are unable to reconcile our non-GAAP earnings guidance to GAAP earnings per share because we cannot accurately predict the future impact associated with the mark-to-market adjustments from these interest rate swaps.*

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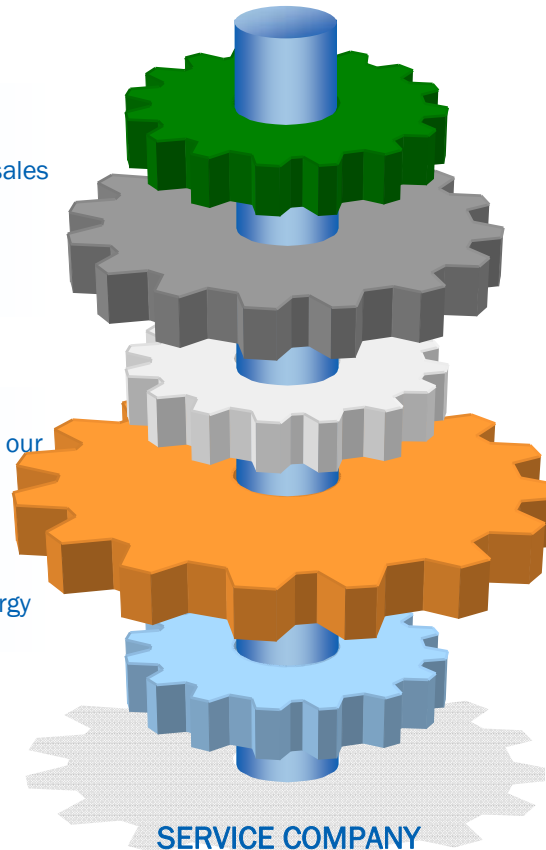
Strategic Integration & Alignment

COAL MINING

- + Efficiently utilize coal resources through expansion of mine-mouth generation and increased third-party coal sales

UTILITIES

- + Acquire regulated electric and gas utility properties in our geographic focus
- + Construct additional transmission & generation to support customer load growth
- + Pursue power marketing opportunities
- + Balance integration of alternative and renewable energy with customer rate impacts



Optimization and alignment of systems and processes to minimize costs and create a platform for growth

OIL & GAS

- + Economically increase production and reserves through development of existing acreage and limited acquisitions

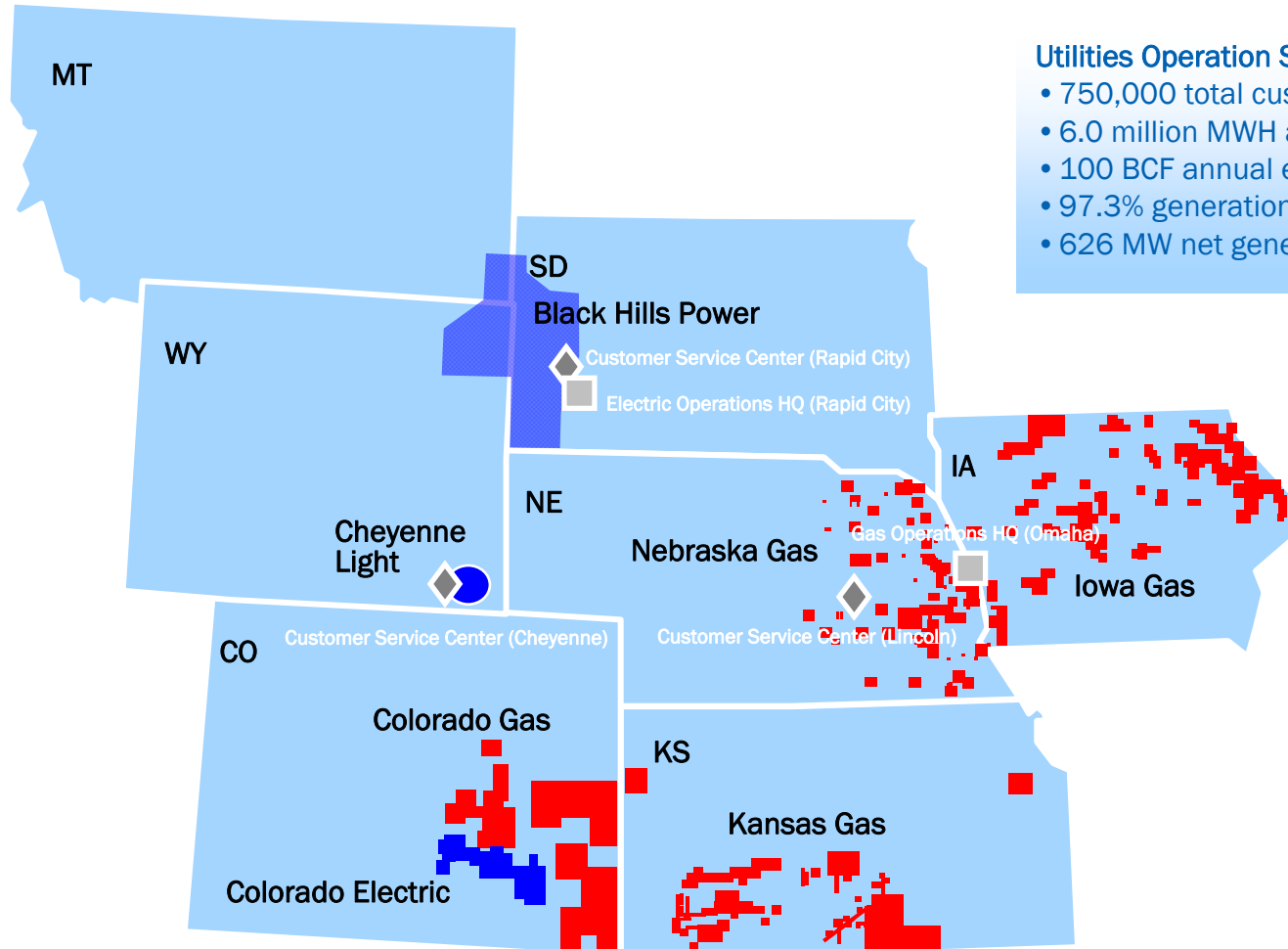
POWER GENERATION

- + Selectively grow power generation segment by developing conventional and renewable assets in target markets
- + Sell large percentage of capacity and energy production to load-serving utilities through mid to long-term contracts

ENERGY MARKETING

- + Geographically expand our energy marketing to optimize value of our energy assets
- + Diligently manage inherent energy marketing risks
- + Conduct business with diversified group of creditworthy counterparties

Utilities Overview



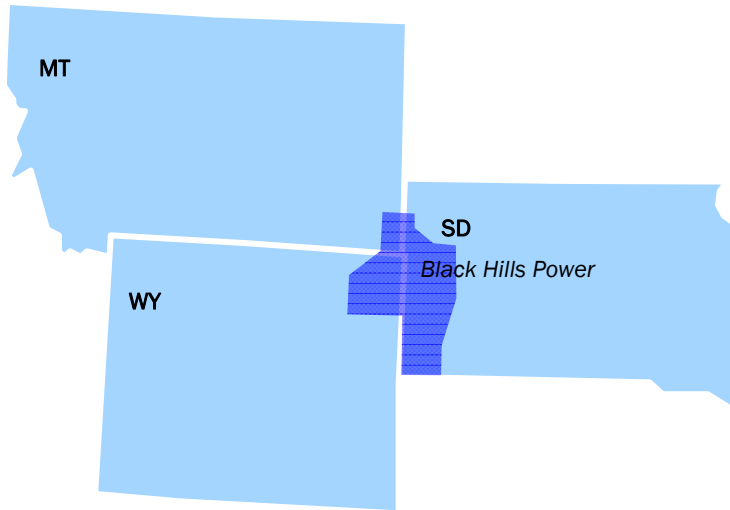
Utilities Operation Summary:

- 750,000 total customers
- 6.0 million MWH annual energy sales
- 100 BCF annual energy sales
- 97.3% generation availability
- 626 MW net generation capacity

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Black Hills Power

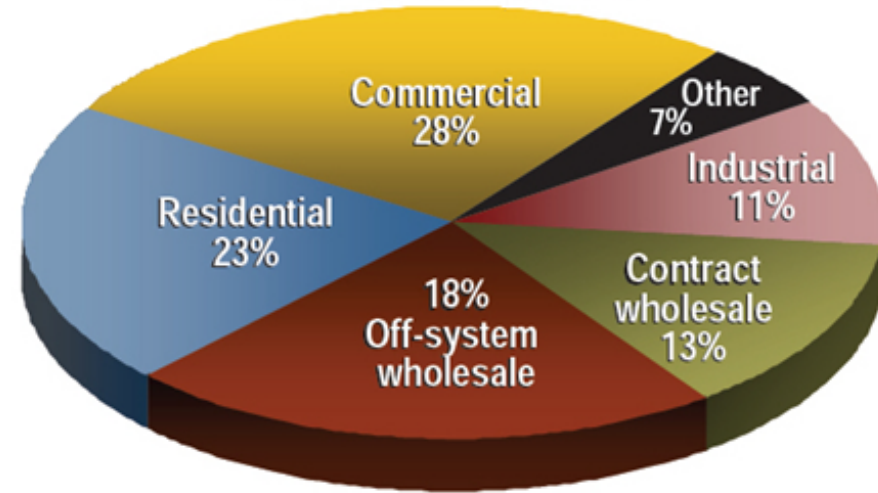


Operation Summary:

- 66,000 customers
- Stable customer base and diverse revenue mix
- Local demand growth of 1-2% per year
- 3.0 million MWH Annual Energy Sales
- Solid regulatory relationships
- New peak load of 430 MW set in July 2007 managed with the following generation assets:
 - Coal: 295 MW *
 - Diesel: 10 MW
 - Natural Gas/Oil: 100 MW
 - Natural Gas: 80 MW
 - Wind: 20 MW (purchased power)

* Includes 50 MW power purchase (coal-based pricing)

2007 REVENUE MIX



Ownership interest in the Rapid City AC-DC-AC transmission tie provides an interconnection between the Western and Eastern transmission grids, which provides access to both the eastern and western power grids and a unique opportunity for power marketing.

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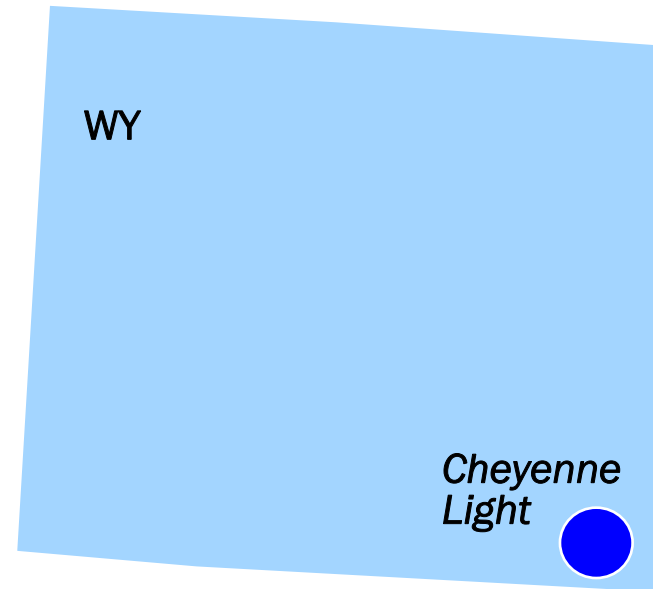
Cheyenne Light Fuel & Power



Operation Summary:

- 37,400 Electric Customers
- 34,000 Natural Gas Customers
- Cheyenne vicinity experiencing strong economic and population growth.
- 0.9 million MWH Annual Energy Sales
- 4.4 million BCF Annual Energy Sales
- New peak load of 174 MW set on August 1, 2008
- Generation assets:
 - Coal: 95 MW (Wygen II)
 - Coal: 60 MW (Wygen I*)
 - Gas: 40 MW (Gillette CT #2*)
 - Wind: 10 MW (purchased power)

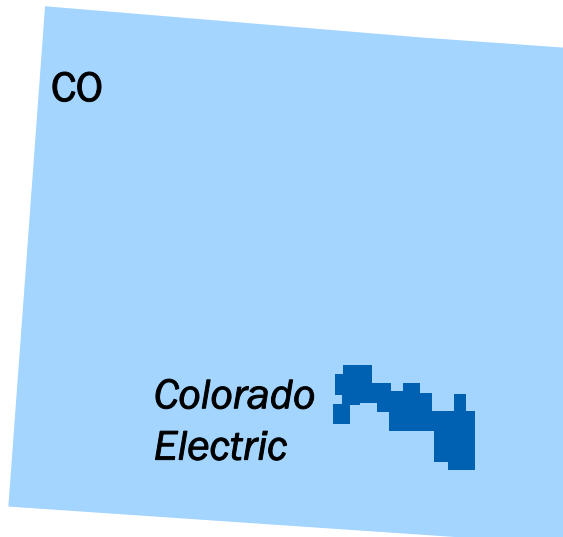
* Plants owned by our non-regulated power generation subsidiary



Electric and gas rate cases approved by Wyoming PSC:

- 10.9% ROE on 54% equity/46% debt capital structure;
- \$6.7 million electric increase includes putting Wygen II into rate base and infrastructure enhancements;
- \$4.4 million gas increase to expand infrastructure;
- January 1, 2008 effective date for increase;

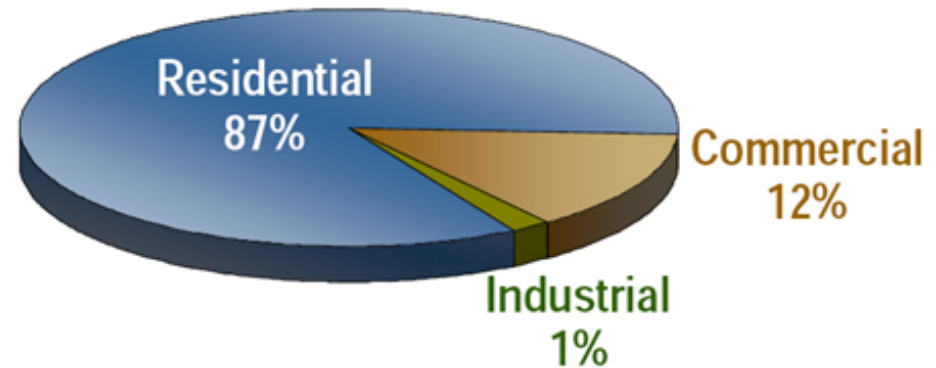
Black Hills Energy Colorado Electric



Operation Summary:

- 92,000 Customers
- 2.1 million MWH Annual Energy Sales
- Territory experiencing strong population and load growth
- New peak load of 376 MW set on August 1, 2008
- 100% fuel and purchased power pass through
- Generation assets by fuel type:
 - Coal: 42 MW
 - Diesel: 30 MW
 - Natural Gas: 29 MW
 - Purchased Power: 270 MW

Customer mix

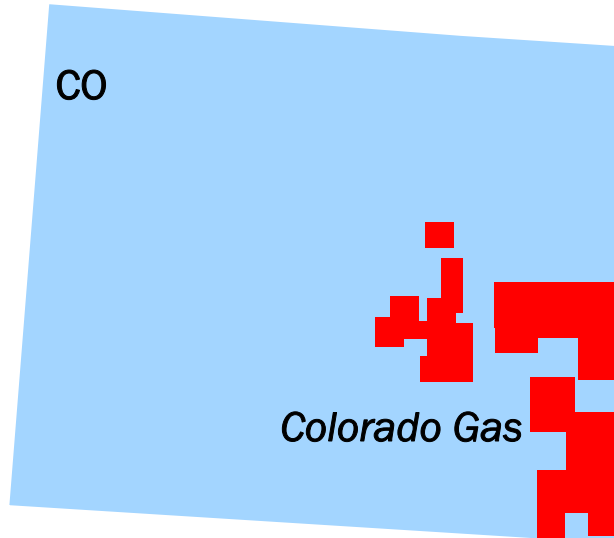


Regulatory filing with the Colorado PUC for proposed construction of five combustion turbines ready for service January 2012 and opportunity for wind and solar projects

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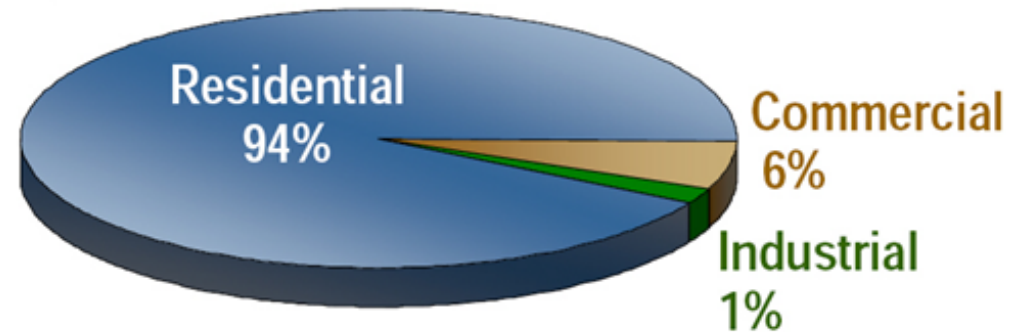
Black Hills Energy Colorado Gas



Operation Summary:

- 67,000 Customers
- 8.0 BCF Annual Energy Sales
- Stable customer counts
- Stable cash flows
- 100% fuel cost pass-through

Customer mix



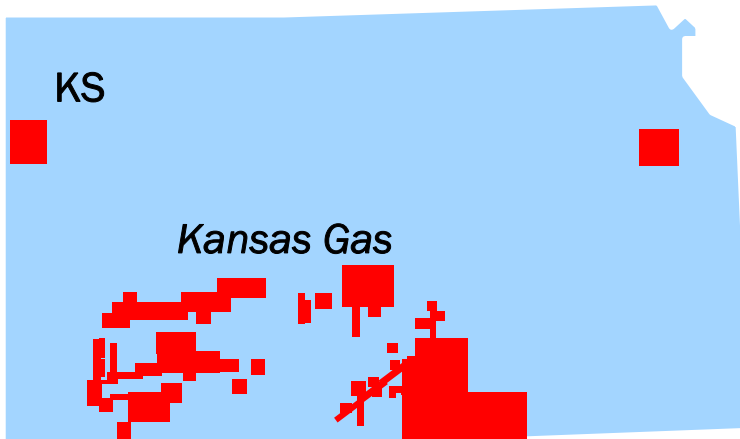
Colorado Gas serves an area that has experienced strong population and load growth.

June 30, 2008 filed rate case for additional \$2.8 million annually. Interim rates not applicable

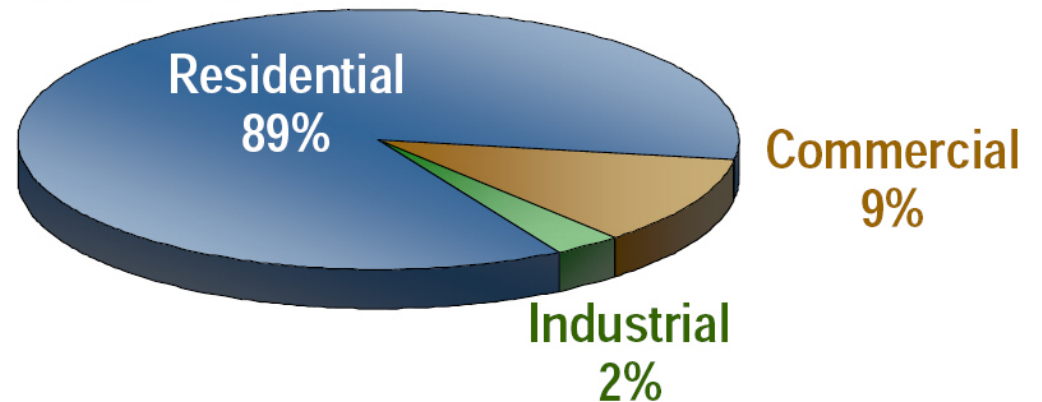
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Black Hills Energy Kansas Gas



Customer mix



Operation Summary:

- 108,000 Customers
- 22.5 BCF Annual Energy Sales
- Stable customer counts
- Stable cash flows
- 100% fuel cost pass-through

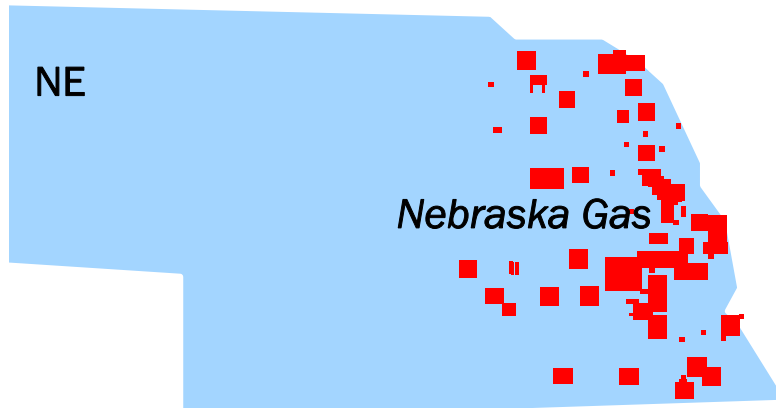
Kansas Gas receives fuel cost and bad debt reimbursement, has a decoupled rate structure and weather normalization consideration.

Rate case implemented June 1, 2007 representing an additional annual \$5.1 million

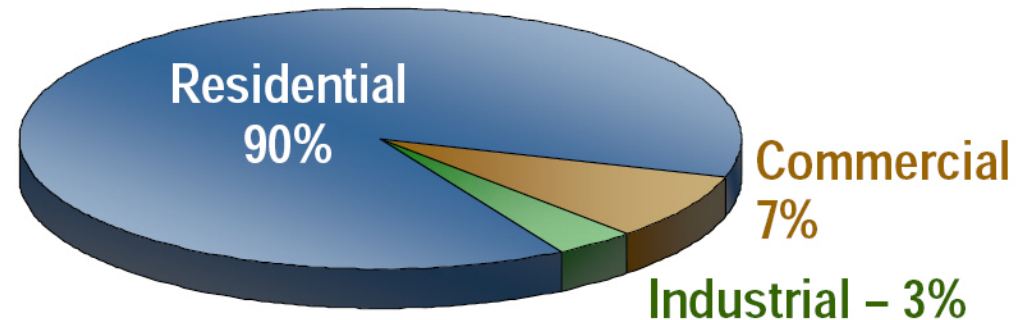
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Black Hills Energy Nebraska Gas



Customer mix



Operation Summary:

- 196,000 Customers
- 38.7 BCF Annual Energy Sales
- Stable customer counts
- Stable cash flows
- Lincoln is home of the regional customer service center
- Omaha is home of the regional gas operations center

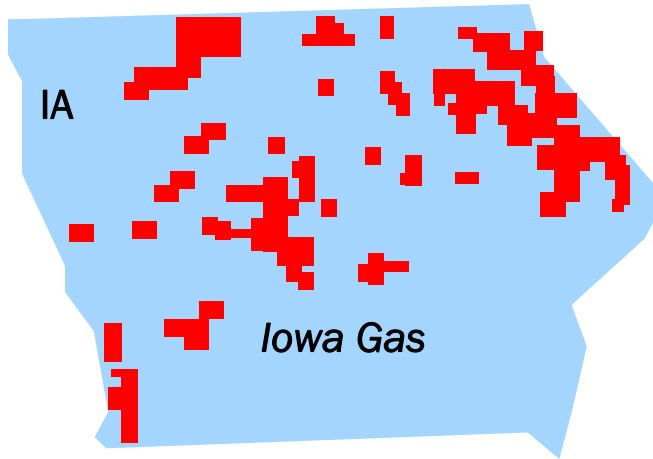
Nebraska Gas receives 100% fuel cost pass-through as well as bad debt pass-through and decoupling.

Rate case implemented April 1, 2008 representing additional annual \$9.2 million

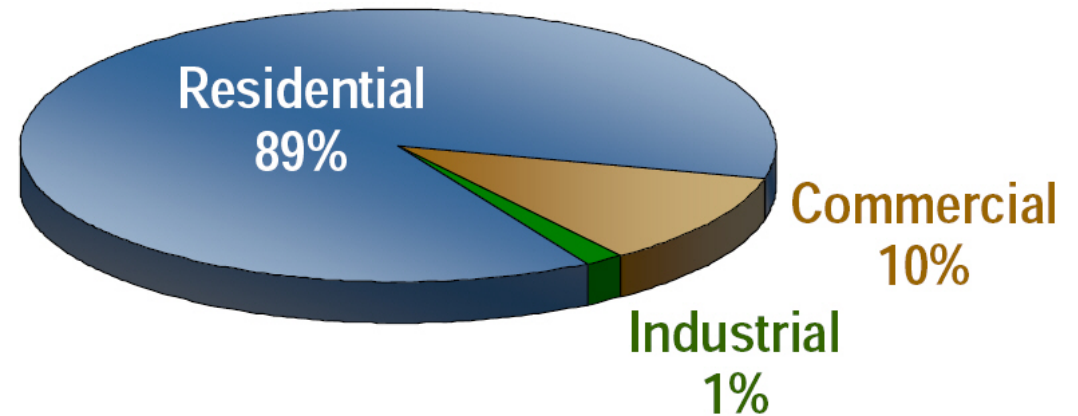
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Black Hills Energy Iowa Gas



Customer mix



Operation Summary:

- 148,000 Customers
- 26.4 BCF Annual Energy Sales
- Stable customer counts
- Stable cash flows

Iowa Gas receives 100% fuel cost pass-through as well as bad debt pass-through, decoupling and weather normalization.

June 2, 2008 filed rate case for additional \$13.6 million annually. Interim rates of \$9.4 million went into effect on June 13, 2008

