Black Hills Corp.
Investor Summit 2008

October 15-16, 2008

NYSE: BKH

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Meeting Agenda

Day 1 – October 15

8:00 am	Welcome Dave Emery
8:45 am	General Q&A Dave Emery
10:00 am	Environmental Challenges & the Energy Industry Jim Sims, Western Business Roundtable
10:30 am	Black Hills Leadership Panel Linn Evans, Mark Lux, Tom Ohlmacher, & Kyle White
12:00 pm	Lunch & Crazy Horse Tour
4:00 pm	Mount Rushmore Tour
7:00 pm	Happy Hour
7:45 pm	Dinner

Day 2 – October 16

7:00 am	Travel to Gillette, WY
9:30 am	Tour of Black Hills Gillette Energy Complex
12:00 pm	Travel back to Rapid City Airport by 2:30 pm

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Welcome

Introductions & Overview

David Emery
Chairman, President & CEO

Presentation Agenda

- **Positioning for the Future**
  Evolution and transformation
- **Strategy Overview**
  Alignment of strategy and businesses
- **Platform for Growth**
  Focused on delivering shareholder value
- **Questions and Answers**

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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 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 factors discussed above, 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 recent acquisitions;
- The amount and timing of capital deployment in new investment opportunities and financing strategies;
- Our ability to obtain beneficial income tax treatment to defer gains associated with asset dispositions;
- 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;
- The timing and extent of scheduled and unscheduled outages of power generation 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 cost and availability of specialized contractors, work force, and equipment;
- Our ability to provide accurate estimates of proved oil and gas reserves, coal reserves and future production rates and associated costs;
- The extent of our success in connecting gas supplies to gathering, processing and pipeline systems;
- The possibility that we may be required to take impairment charges to reduce the carrying value of some of our long-lived assets when indicators of impairment emerge;
- The 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;
- Our ability to effectively use derivative financial instruments to hedge commodity, currency exchange rates and interest rate risks;
- Our ability to minimize defaults on amounts due from counterparties with respect to trading and other transactions;
- Changes in or compliance with laws and regulations, particularly those relating to taxation, safety and protection of the environment, renewable portfolio standards, climate change and greenhouse gas legislation;
- Industry and market changes, including the impact of consolidations and changes in competition;
- The outcome of any ongoing or future litigation or similar disputes and the impact on any such outcome or related settlements on our financial condition or results of operations;
- Capital market conditions and market uncertainties related to interest rates, which may affect our ability to raise capital on favorable terms; 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.

Positioning for the Future

Evolution and transformation

Who Is Black Hills Corporation?

An integrated and diversified energy company

Fuel

Coal

- Coal reserves of 280 million tons at 2007 year end – 43 year supply at expected production levels
- 2007 annual production of 5 million tons

Oil & Gas

- Oil & Gas reserves of 207.8 Bcfe at 2007 year end
- 1,400 gross wells (operated and non-operated)

Energy Marketing

- 1.7 million MMBtu daily average natural gas volume marketed (as of 6/30/2008)
- 7,000 barrels of oil marketed on a daily average (as of 6/30/2008)

Generation and fuel assets optimized through marketing and transportation expertise

Generation

Overview

- 779 MW net generation capacity (153 MW IPP & 626 MW Utility)
- Nearly all IPP capacity is under long-term tolling arrangements with load-serving electric utilities
- Power plant availability of 97.3% in 2007
- Wygen III under construction – utility owned

Asset Divestiture

- Sold seven natural gas-fired IPPs with net capacity of 974 MW for $840 million cash
- Through tax planning, company expects to defer tax payments in the range of $135 to $160 million

Core strengths include planning, permitting, constructing, and operating power generation facilities

Utilities

Electric Utilities

- Black Hills Power
- Cheyenne Light, Fuel & Power
- Colorado Electric (new)

198,000 Total Electric Customers

6.0 million Annual MWH Energy Sales

Natural Gas Utilities

- Colorado Gas (new)
- Kansas Gas (new)
- Nebraska Gas (new)
- Iowa Gas (new)

552,000 Total Natural Gas Customers

100 BCF Annual Energy Sales

125 year history of providing utility service to customers in the West and Midwest

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Diversified Focus on Energy

125 year tradition of serving customers, optimizing assets and creating shareholder value

1883 – 1996

Focused on fuel, generation, and utility business mix

+ Black Hills Power
+ Wyodak Resources Development
+ Black Hills Exploration & Production
+ Minor diversification efforts

1996 -- 2003

Diversification of business due to threat of deregulation

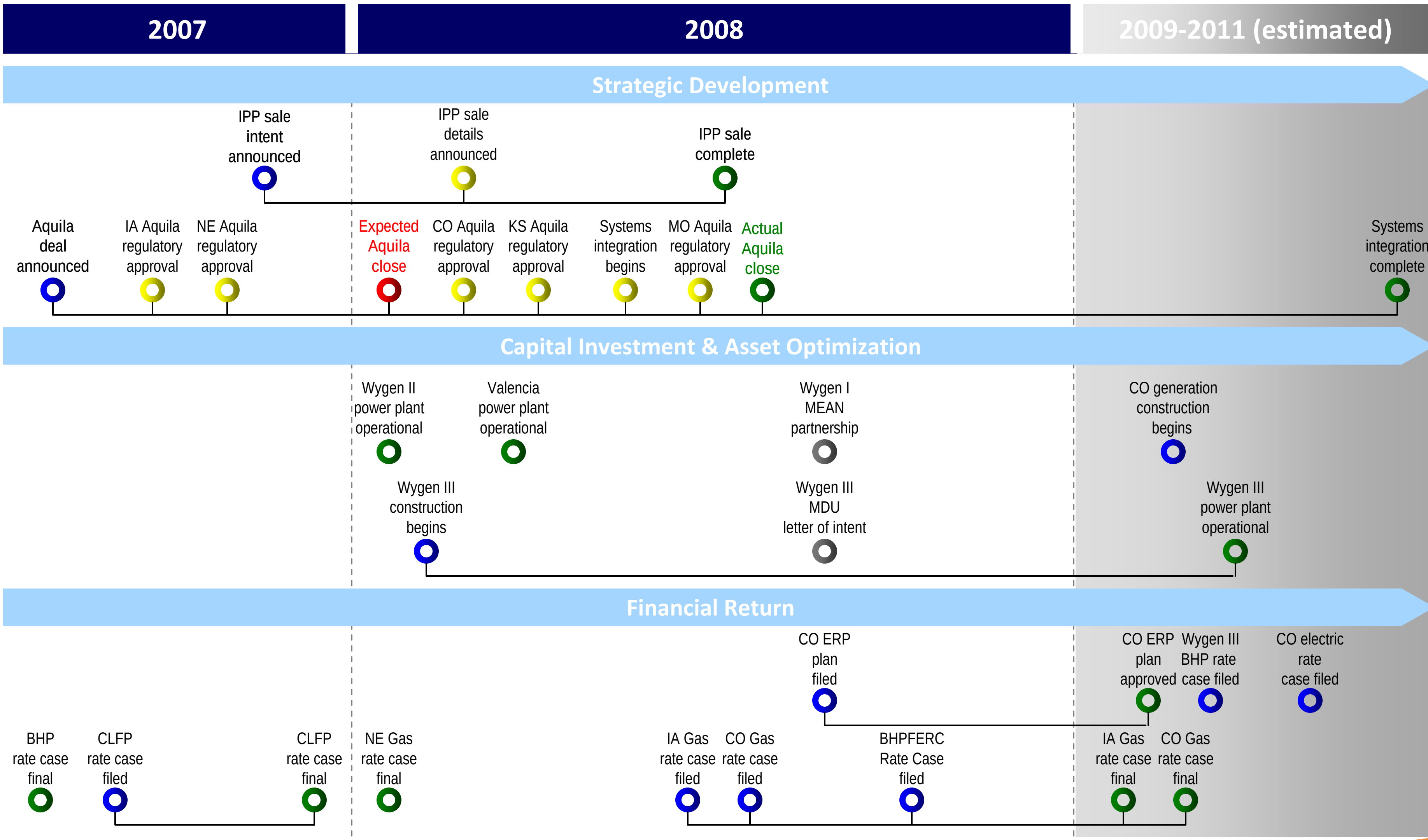
+ Black Hills FiberCom
+ Black Hills Energy Resources
+ Enserco
+ Independent Power Generation (IPP)
+ Coal Marketing

2004 – 2008

Refocused on fuel, generation, and utility business mix

+ Coal Marketing Sold
+ Black Hills FiberCom sold
+ BHER sold
+ Cheyenne, Light, Fuel & Power acquisition
+ Mine mouth coal-fired power plants
+ IPP asset divestiture
+ 5 utility assets acquired from Aquila (CO Gas, NE Gas, KS Gas, IA Gas, and CO Electric)

Recent Transformational Events



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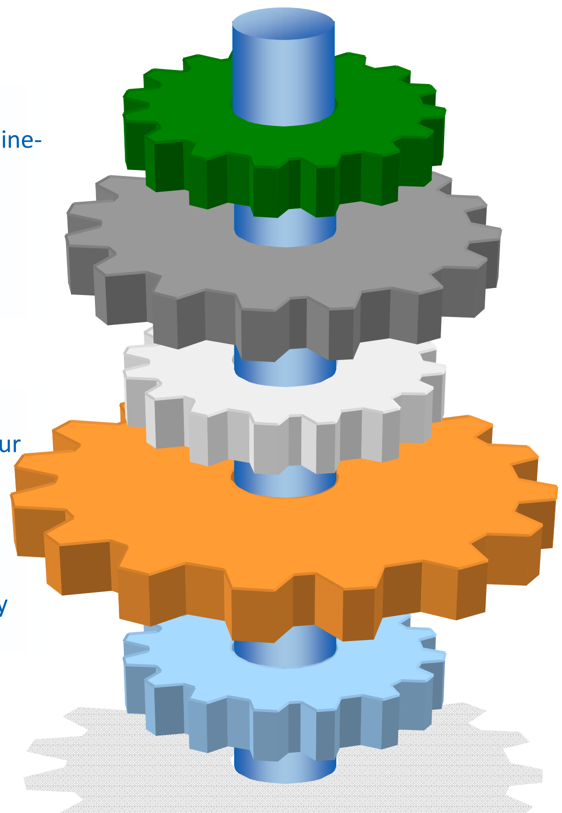
Strategy Overview

Alignment of strategy and businesses

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
+ Power marketing opportunities
+ Balance integration of alternative and renewable energy with customer rate impacts

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

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

Utilities Overview

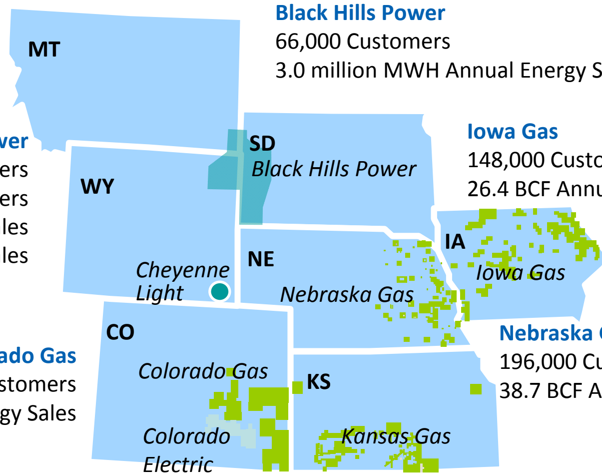
UTILITIES STRATEGY:

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

UTILITY FOCUS: *Customer service, community partnerships and regulatory relationships*

Black Hills Power
66,000 Customers
3.0 million MWH Annual Energy Sales

Cheyenne Light, Fuel & Power
37,400 Electric Customers
34,000 Gas Customers
0.9 million MWH Annual Energy Sales
4.4 million BCF Annual Energy Sales



Iowa Gas
148,000 Customers
26.4 BCF Annual Energy Sales

Colorado Gas
67,000 Customers
8.0 million BCF Annual Energy Sales

Nebraska Gas
196,000 Customers
38.7 BCF Annual Energy Sales

Colorado Electric
92,000 Customers
2.1 million MWH Annual Energy Sales

Kansas Gas
108,000 Customers
22.5 BCF Annual Energy Sales

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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Utility Operations Structure

- Gas utility operations based in Omaha, NE
- Electric utility operations based in Rapid City, SD
- Customer Service
  - Lincoln, NE & Rapid City, SD call centers serving customers in NE, CO, IA, & KS
  - Local offices serving WY & SD
- Customer service systems and processes will be integrated across all utility operations to increase efficiencies and service levels while lowering costs

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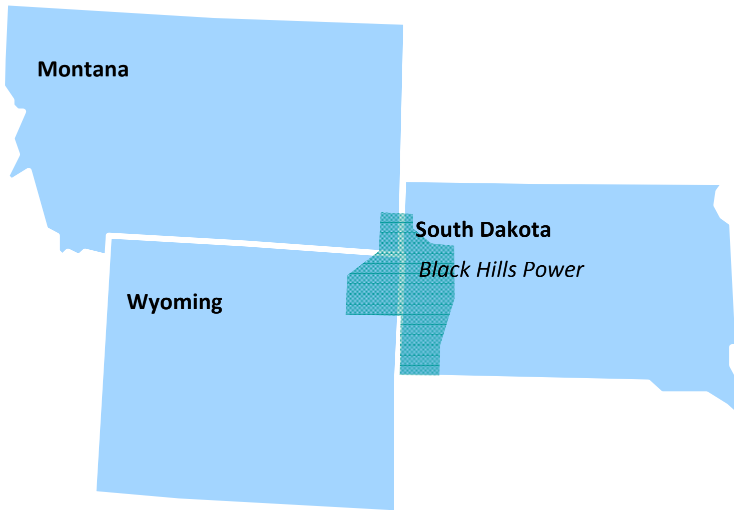
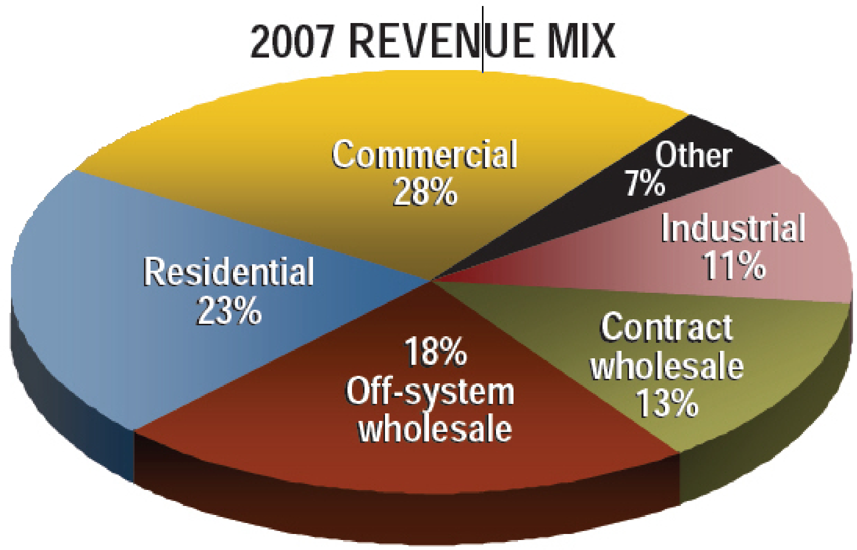
Black Hills Power





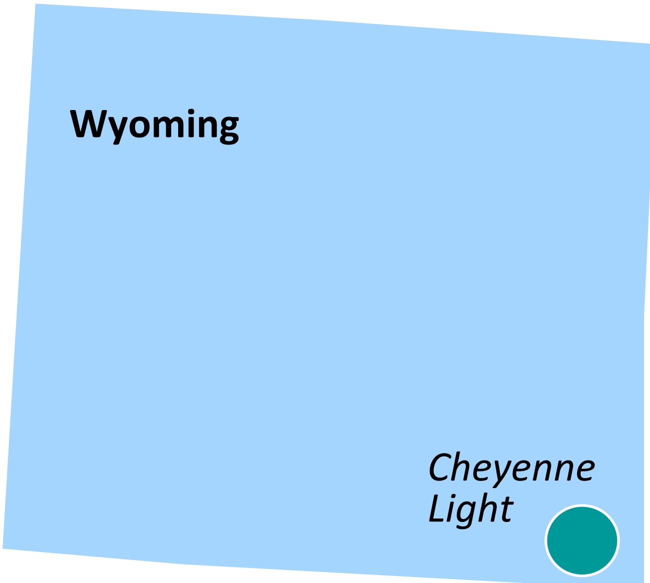
Operation Summary:

- 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)

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.

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

Cheyenne Light Fuel & Power

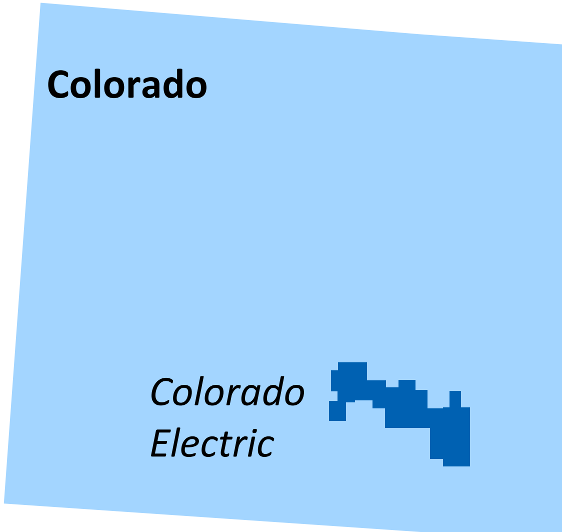


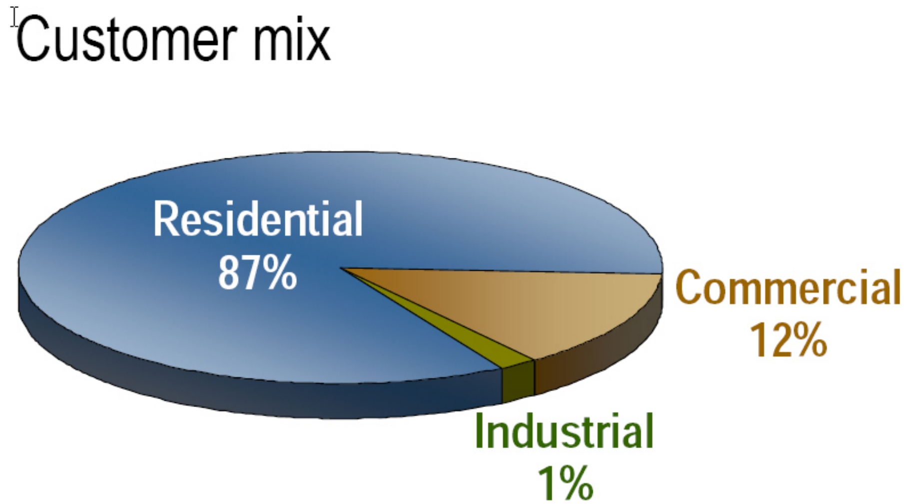
Electric and gas rate cases approved by Wyoming PSC:
–10.9% ROE on 54% equity/46% debt capital structure;
–$6.7 million electric increase includes putting Wygen II into rate base and infrastructure enhancements;
–$4.4 million gas increase to expand infrastructure;
–January 1, 2008 effective date for increase;

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
- Vertically integrated electric utility with Wygen II as rate-base asset
- 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 (Happy Jack Wind Farm)

** Plants owned by our non-regulated power generation subsidiary*

Colorado Electric

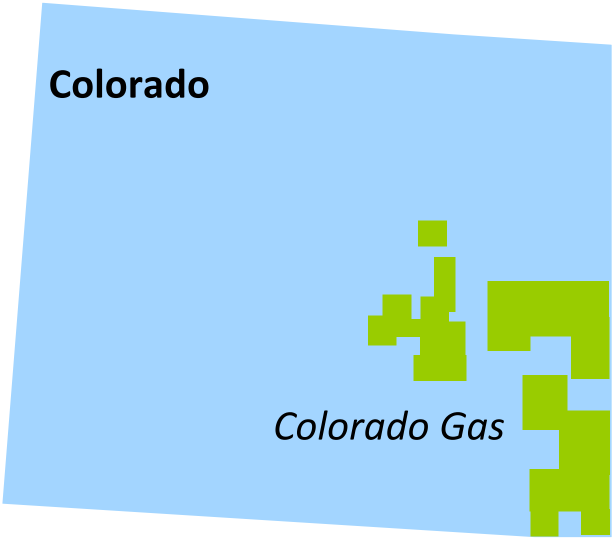


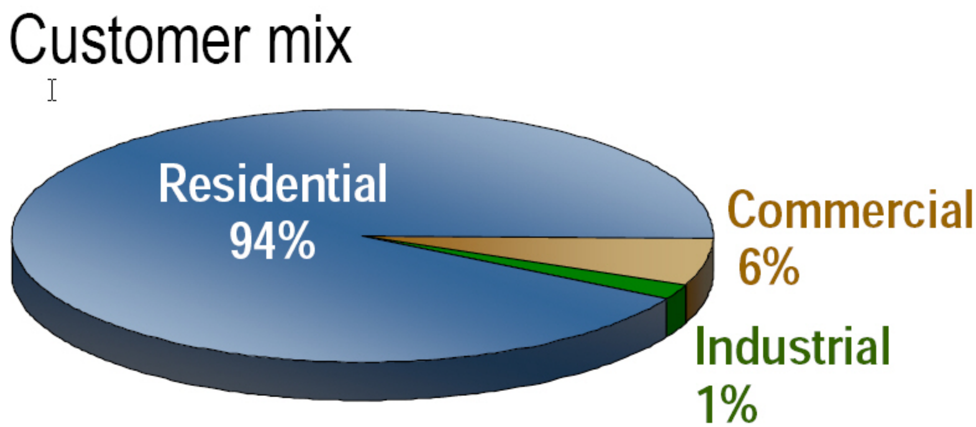


Operation Summary:
- 92,000 Customers
- 2.1 million MWH Annual Energy Sales
- Territory experiencing strong population and load growth
- 100% fuel and purchased power pass through
- Generation assets by fuel type:
  - Coal: 42 MW
  - Diesel: 30 MW
  - Natural Gas: 29 MW

Colorado Electric Resource Plan (ERP) was filed with the Colorado PUC on August 5, 2008 for planned construction of 350 megawatts additional gas-fired generation and 64 megawatts of renewables.

Colorado Gas



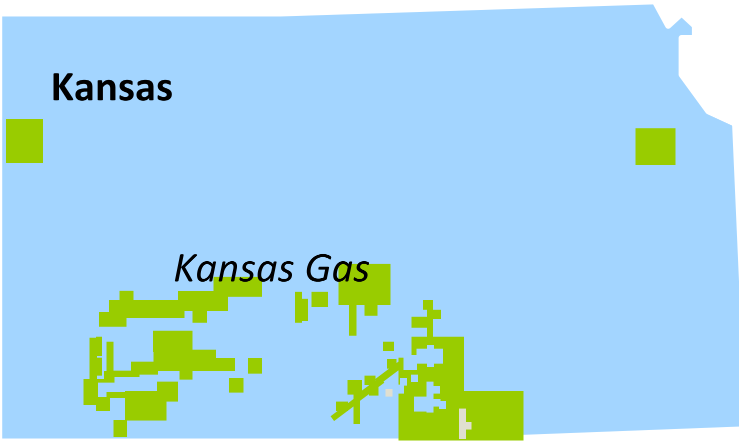


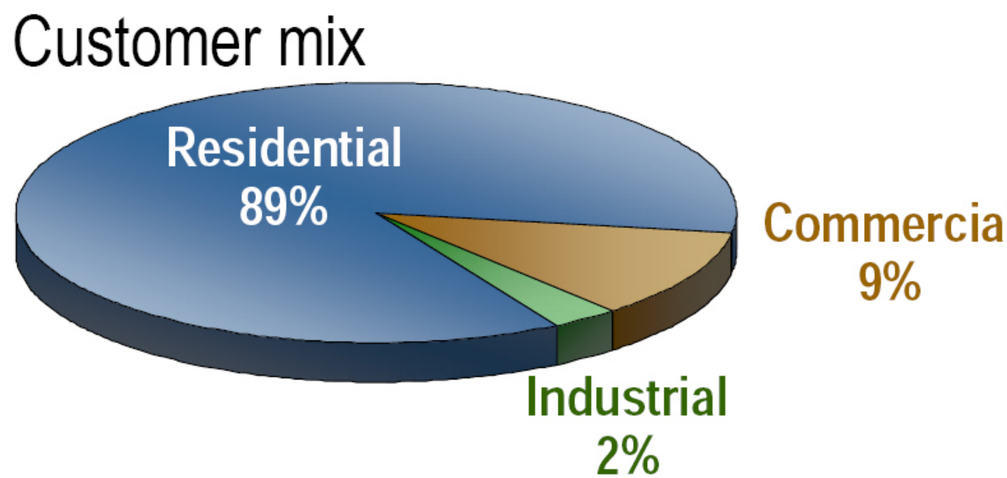
Operation Summary:
- 67,000 Customers
- 8.0 BCF Annual Energy Sales
- Stable customer counts
- Stable cash flows
- 100% fuel cost pass-through

Colorado Gas serves an area that is experiencing strong population and load growth.

June 30, 2008 filed for rate increase of $2.8 million. Interim rates not applicable

Kansas Gas





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

New rates implemented June 1, 2007 representing $5.1 million annual increase

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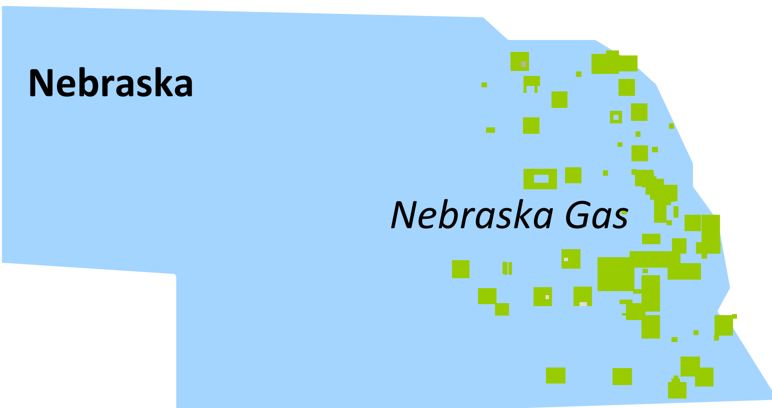
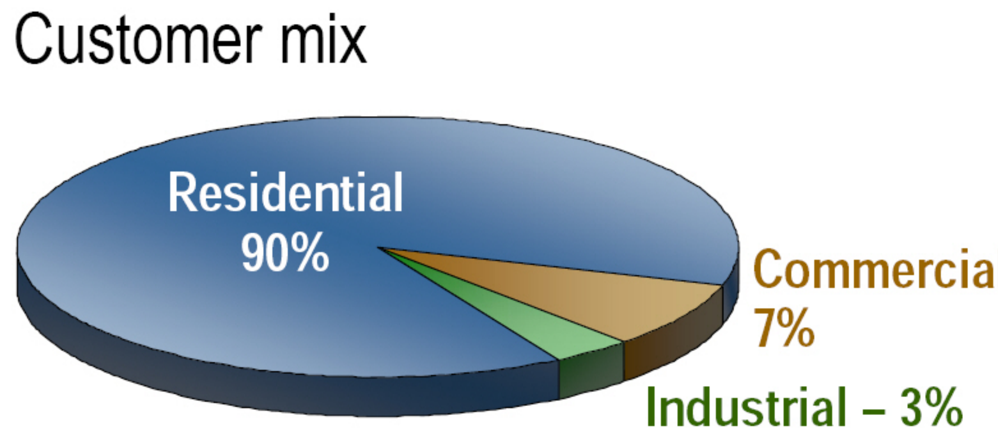
Nebraska Gas





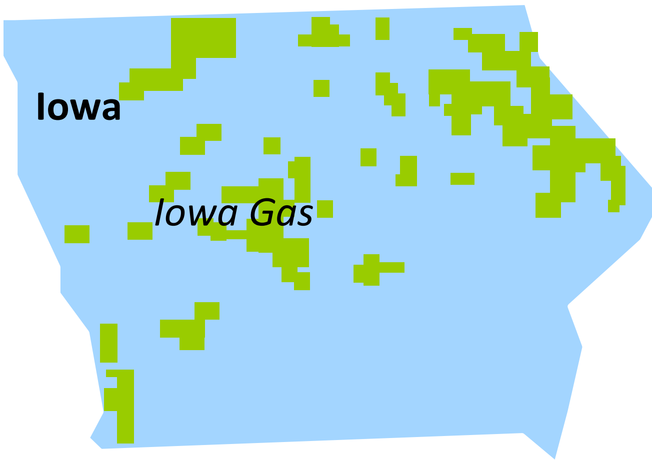
Operation Summary:

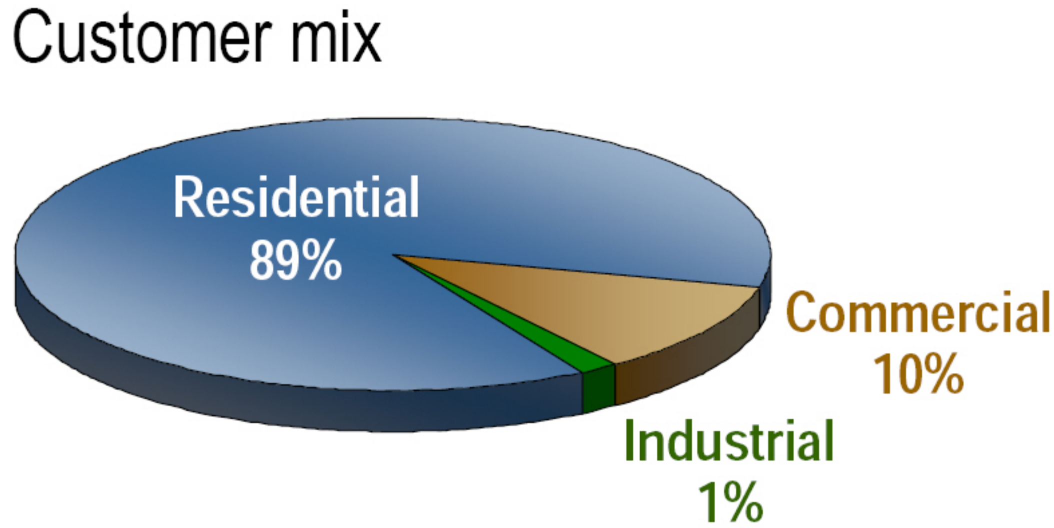
- 196,000 Customers
- 38.7 BCF Annual Energy Sales
- Stable customer counts
- Stable cash flows
- Lincoln is home of the regional customer service center
- Omaha is home of the regional gas operations center

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

New rates implemented April 1, 2008 representing $9.2 million annual increase

Iowa Gas





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 weatherization.

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

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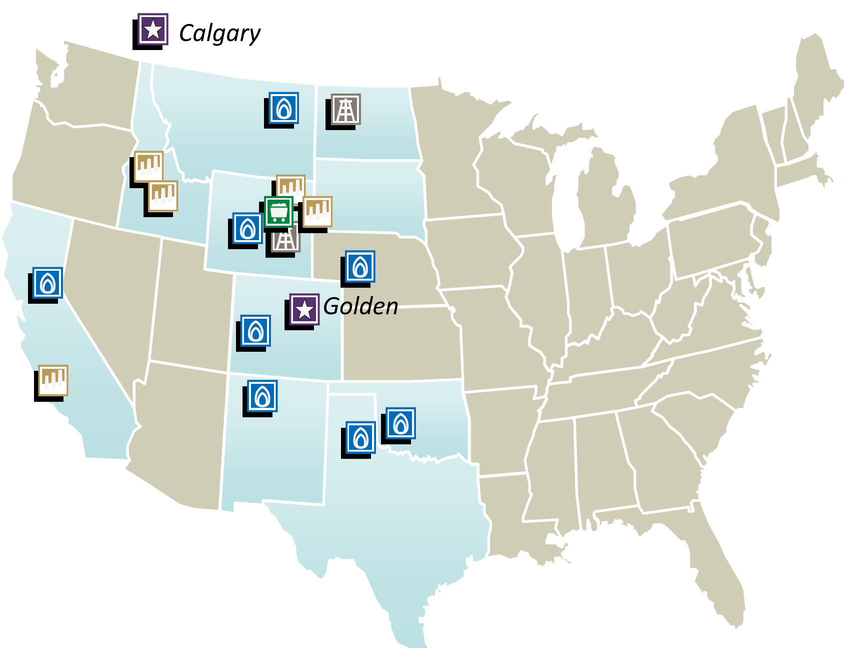
Non-Regulated Overview

NON-REGULATED STRATEGY:

- *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*
- *Efficiently utilize coal resources through expansion of mine-mouth generation and increased third-party coal sales*
- *Increase oil & gas production through development of existing acreage and limited acquisitions*
- *Geographically expand our energy marketing*
- *Diligently manage inherent energy marketing risks & conduct business with diversified group of creditworthy counterparties*

NON-REGULATED ENERGY FOCUS: *Generation and fuel assets optimized through marketing and transportation expertise*



Operation Summary:

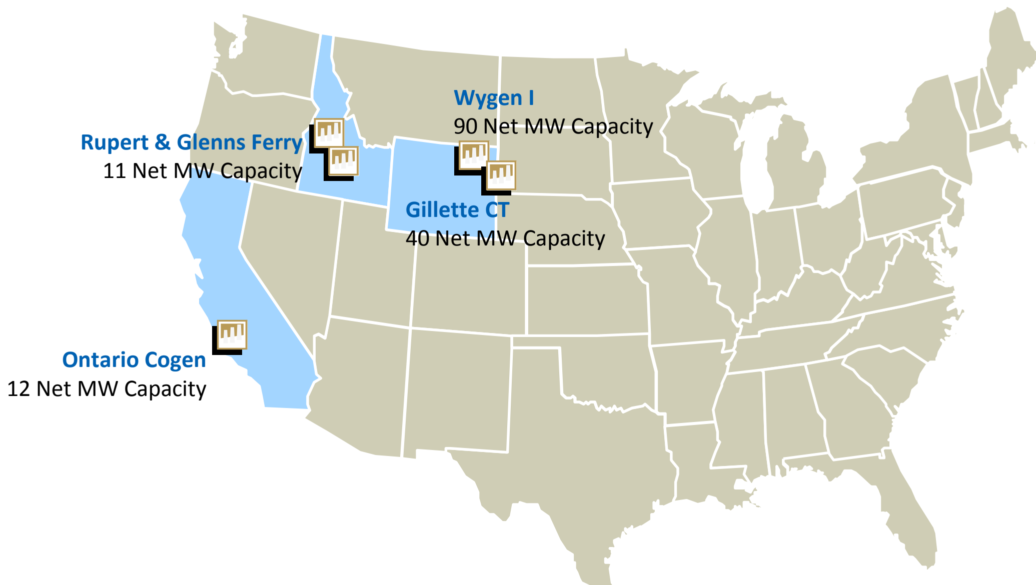
- Doing business in 10 states
- Oil and gas wells in Powder River Basin, Piceance Basin and San Juan Basin
- 153 MW net IPP capacity
- Approximately 280 million tons of low-sulfur Powder River Basin coal for low-cost, mine-mouth generation
- Energy marketing has been a profitable business every year since inception

Power Generation Overview

POWER GENERATION STRATEGY:

- 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

IPP Facilities (Post-Divestiture)



Operation Summary:

- July 2008 divestiture of seven IPP assets resulted in net pre-tax cash proceeds of approx. $756 million after project level debt repayment, working capital adjustments and other costs
- Smaller plant approach to incremental growth and technology implementation
- Operate IPP and utility assets with same core team
- 153 MW net generation capacity

We have a competitive advantage and proven experience in planning, permitting, constructing and operating power plants. In 2007, our plant availability was 97.3%.

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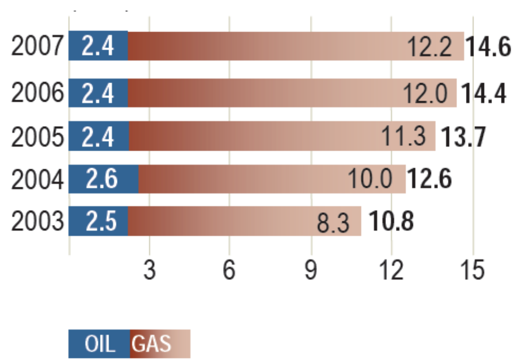
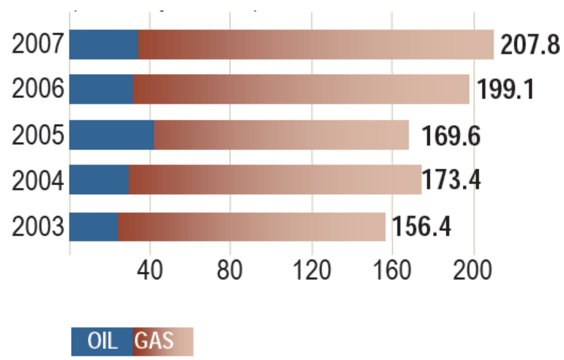
Oil & Gas Overview

OIL & GAS STRATEGY:
- Economically increase production and reserves through development of existing acreage and limited acquisitions

TOTAL PRODUCTION (Bcfe)



PROVEN RESERVES (YE Bcfe)



Operation Summary:
- For 2009, oil and gas production growth of 6% to 10% over 2008 levels is anticipated. Expect our long-term oil and gas production growth to be 2% to 4%
- 1,400 operated and non-operated gross wells in the Powder River Basin, Piceance Basin and San Juan Basin

A solid team of experienced professionals focused on quality growth from existing properties. Positioned well to realize opportunities that arise in the market.

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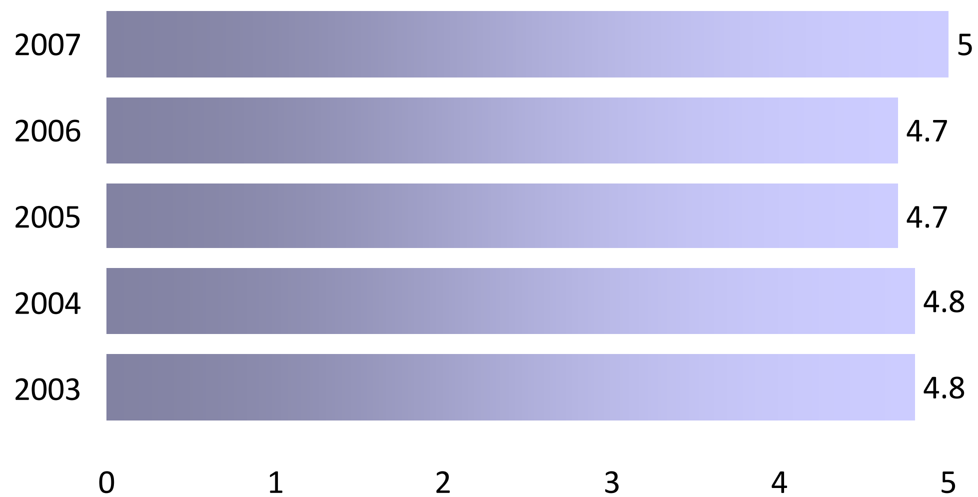
Coal Mining Overview

COAL STRATEGY:

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

COAL PRODUCTION (Millions of Tons)



Our coal mining business provides consistent, reliable and low cost access to fuel supply for fuel customers. Location of coal mining operation also provides very good site and fuel source for testing new energy technology.

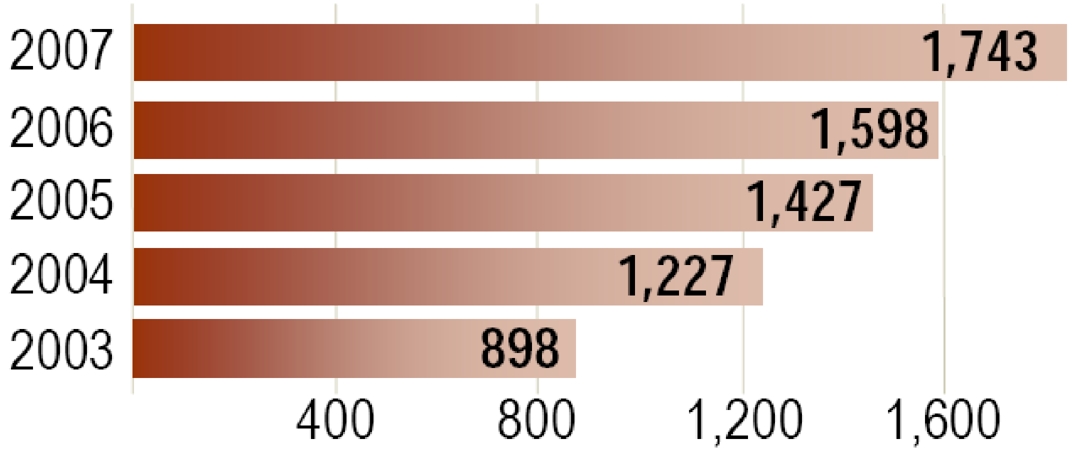
Operation Summary:

- Approximately 280 million tons of low-sulfur Powder River Basin coal for low-cost, mine-mouth generation
- Long-term assets matched to long-term contracts
- Coal supply supports potential expansion of low-cost baseload generation
- Increased overburden removal costs

Energy Marketing Overview

ENERGY MARKETING STRATEGY:
- Optimize value of fuel and generation assets with energy marketing expertise
- 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

Average Daily Gas Volumes (Physical, thousands of MMBTU)



Operation Summary:
- Gas marketing operations located in Golden, CO; branch in Calgary, Alberta
- Oil marketing producer services located in Golden, CO
- Record year in 2007
- Expect improved energy marketing earnings in second half of 2008
- Profitable business every year since inception

Our energy marketing business creates opportunity through resources and transportation from the Rockies to markets on the coasts.

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Service Company Overview

SERVICE COMPANY STRATEGY:

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

FOCUS: *Service Company employees and resources dedicated to providing centralized support for purchasing, human resources, information technology, communications, accounting, finance, safety and legal*

- Pre-close integration planning and projects to serve additional 600,000 utility customers and prepare for future growth
  - Call Center
  - Data Center
  - IT systems
- IT systems integration efforts create efficiencies and lower costs
  - Consolidate customer information systems (expected by year-end 2009)
  - Operational systems consolidation (expected by year-end 2010)
  - Transition HR and Finance systems from Lawson to PeopleSoft (expected by year-end 2010)
- Cost reductions will be realized from other integration efforts
  - Centralized supply chain management
  - Other additional efficiency opportunities being evaluated – such as employee benefit management and operational processes and systems

Operation Summary:

- Primary Service Company locations in Rapid City, SD, Golden, CO and Omaha, NE

Platform for Growth

Focused on delivering shareholder value

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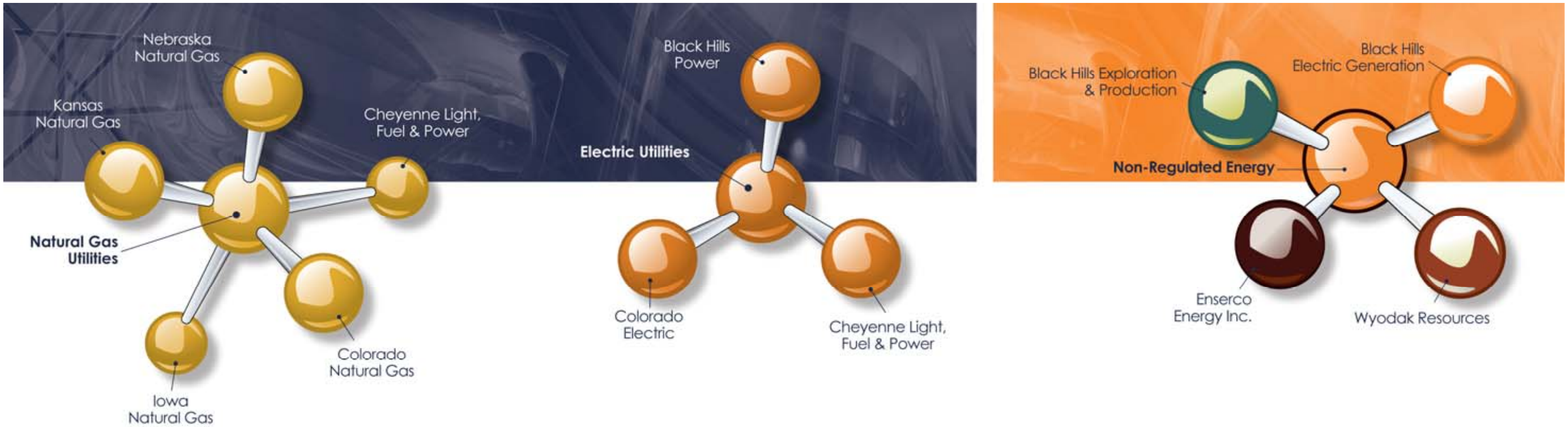
Strong Financial Foundation

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



- Balanced asset mix: 60%-65% Utility and 35%-40% Non-Regulated energy
- Strong cash flows, solid balance sheet, and demonstrated access to capital markets
- Post-transaction capital structure of approximately 46% total debt to total capitalization
- Asset portfolio and credit metrics support improved investment-grade credit rating
- Permanent financing for Aquila acquisition to be completed by February 2009 without issuing equity
  - Senior unsecured long-term corporate debt offering in the amount of $400-$500 million planned prior to or by February 2009

Growth Oriented Investments

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

	Net Capital Expenditure (approx.)
Oil & Gas – For 2009, anticipate oil and gas production growth of 6% to 10% over 2008 levels – Expect our long-term oil and gas production growth to be 2% to 4%	**$65-90 million per year**
Wygen III – Retaining 75% ownership; MDU letter of intent for 25% – $191 million represents our 75% ownership in total project of $255 million	**$191 million total (2008-2010)**
Colorado Electric Rate Base Generation – Colorado renewable requirements and greenhouse gas reduction targets limit viable energy supply options – Proposed construction of five combustion turbines ready for service January 2012 and opportunity for wind and solar projects	**$400-$500 million total (2009-2011)**
Transmission for Black Hills Power and Colorado Electric – Construct additional transmission to support rate-base generation development, increase reliability, and address growing demand	**$60-65 million (2008 and 2009)**
Colorado Electric Advanced Meter Infrastructure (AMI) – $6.9 million total investment ($1.1 million pilot in 2008) – 55,000 customers – Enhance billing accuracy and customer service while decreasing O&M costs – Provides flexibility to facilitate future energy efficiency programs and other service enhancements	**$6.9 million total (2008 – 2010)**
Generation Upgrades – Neil Simpson II Condenser Upgrade of 8MW (2009) – Wygen I Condenser Upgrade of 8MW (2009)	**$16 million total (2008 and 2009)**
TOTAL	**$738 - $869 million (2008-2011)**

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Regulatory Initiatives

Focused on prudent and timely cost recovery

	Overview	Status
Kansas Gas	New rates implemented June 1, 2007 representing $5.1 million annual increase	Complete
Cheyenne Light	New rates implemented January 1, 2008 representing $4.4 million increase in gas rates and $6.7 million in electric rates	Complete
Nebraska Gas	New rates implemented April 1, 2008 representing $9.2 million annual increase	Complete
Iowa Gas	June 2, 2008 filed for rate increase of $13.6 million. Interim rates of $9.4 million went into effect on June 13, 2008	Pending
Colorado Gas	June 30, 2008 filed for rate increase of $2.8 million. Interim rates not applicable	Pending
Colorado Electric	CO Electric Resource Plan (ERP) was filed with the Colorado PUC on August 5, 2008 for planned construction of gas-fired and renewable generation	Pending
Black Hills Power	FERC transmission rate case filed September 29, 2008 requesting $4.5 million increase	Pending
Black Hills Power	Future Wygen III request for addition to rate base in SD and WY ($191 million budget for 75% ownership)	Future Filing
Colorado Electric	Future request for addition to rate base of ERP rate-base generation and transmission investments	Future Filing

Executing Our Long-Term Strategic Plan

Strategy	2008 Progress
UTILITIES + Acquire regulated utility properties in our geographic focus + Construct additional rate-base generation to serve existing customers + Balance integration of alternative and renewable energy with customer rate impacts + Power marketing opportunities + Construct additional transmission to support rate-base generation development, increase reliability, and address growing demand	☑ Wygen II power plant and associated CLFP rate case (January 2008) ☑ Acquired natural gas utilities in Nebraska, Iowa, Kansas, and Colorado as well as an electric utility in Colorado (July 2008) ☑ Happy Jack Wind Farm (July 2008) ☑ BHP FERC Rate Case Filed on 9/9/2008 ☐ Wygen III construction and related rate case (Q2 2010) ☐ Construct rate base generation for Colorado Electric (PUC approval in 2009) ☐ Neil Simpson II condenser upgrade project - 8 MW (2009) ☐ Natural gas rate cases in Iowa and Colorado (2009) ☐ Advanced Metering Infrastructure (AMI) pilot program in Colorado Electric (2009)
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	☑ Sale of 23.5% undivided interest in Wygen I (MEAN) ☐ Wygen I condenser upgrade project - 8 MW (2009) ☐ Continue to evaluate other opportunities
COAL MINING + Efficiently utilize coal resources through expansion of mine-mouth generation and increased third-party coal sales	☑ Increased coal production for Wygen II (January 2008) ☐ 600,000 tons of coal production increase for Wygen III (2010)
OIL & GAS + Increase production through development of existing acreage and limited acquisitions based on economic and industry conditions	☐ $65-$90 million per year investment in oil and gas development ☐ Focused acquisitions
ENERGY MARKETING + Geographically expand our energy marketing + Diligently manage inherent energy marketing risks + Conduct business with diversified group of creditworthy counterparties	☐ Take advantage of changing market opportunities in energy marketing ☐ Development of oil terminals, transportation, and storage assets positions
SERVICE COMPANY (CORPORATE) + Optimize systems and processes to minimize costs and create cost platform for growth	☐ Optimize centralized supply chain management ☐ IT systems integration

Q&A Discussion