



Welcome Shareholders

Black Hills Corporation
2011 Annual Meeting of Shareholders

Investor Relations Information

COMPANY INFORMATION

Black Hills Corporation

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FORWARD LOOKING STATEMENTS

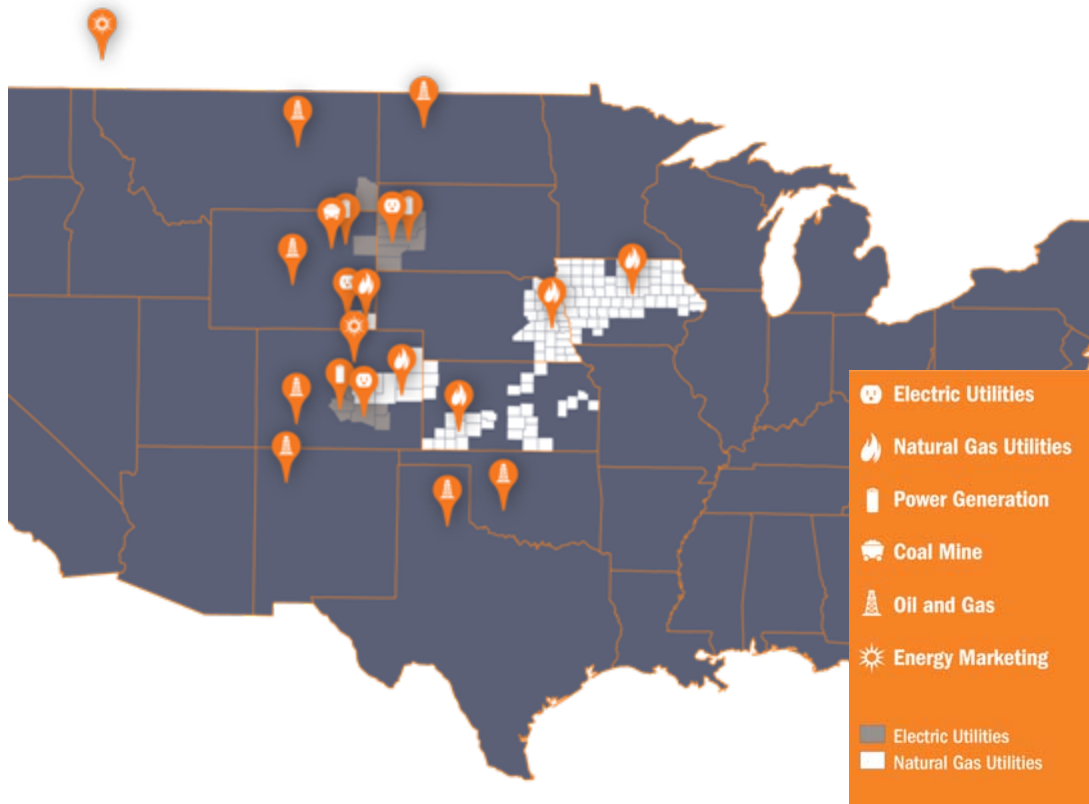
This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission, or SEC. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this 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 without limitation, the risk factors described in Item 1A of Part I of our 2010 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 obtain adequate cost recovery for our utility operations through regulatory proceedings and 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 receive regulatory approval to recover in rate base our expenditures for new generation facilities or other utility infrastructure;
- Our ability to complete the construction, start up and operation of power generation facilities in a cost-effective and timely manner;
- Our ability to overcome the challenges in our non-regulated businesses and obtain financial returns that meet shareholder expectations;
- Our ability to generate significant earnings improvements in 2012 and beyond;
- The accounting treatment and earnings impact associated with interest rate swaps;
- Capital market conditions and market uncertainties related to interest rates, which may affect our ability to raise capital on favorable terms;
- 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 or foreign exchange 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;
- The timing and extent of scheduled and unscheduled outages of our power generating facilities;
- Our ability to successfully complete labor negotiations with labor unions with whom we have collective bargaining agreements and for which we are currently in, or soon to be in, contract renewal negotiations;
- Our ability to provide accurate estimates of proved oil and gas reserves and future production and associated costs;
- The extent of our success in connecting natural gas and crude oil to gathering, processing and pipeline systems;
- Changes in or compliance with laws and regulations, particularly those related to financial reform legislation, 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;
- Macro- and micro-economic changes in the economy and energy industry, including the impact of (i) consolidation and changes in competition and (ii) 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.

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 Papillion, NE, the company serves 763,000 utility customers in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. The company's non-regulated businesses generate wholesale electricity; produce natural gas, crude 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 Mining

- WYODAK Resources

Oil & Gas

- Black Hills Exploration & Production

Energy Marketing

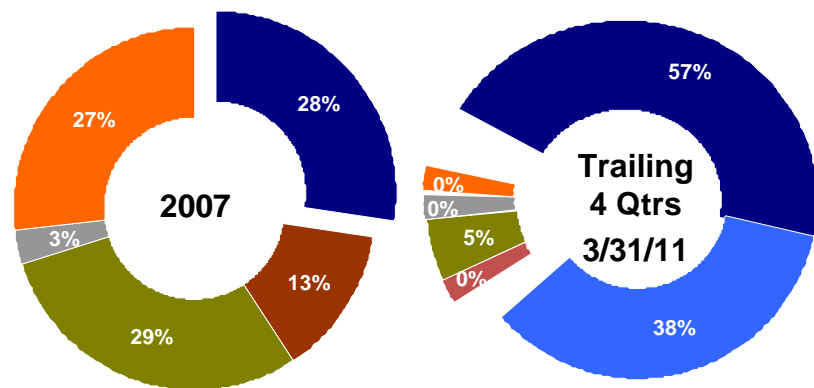
- Enserco Energy

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

Diversified Earnings

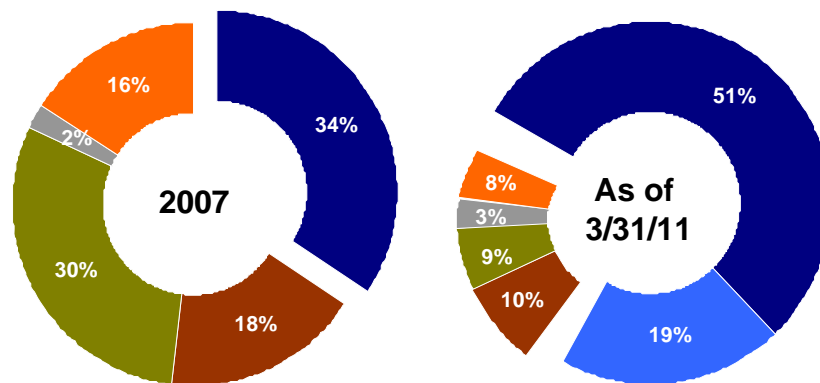
Our business portfolio mix continues to reflect mostly regulated electric and gas utilities versus the 2007 mix of mostly non-regulated energy segments

Operating Income



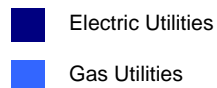
Utility operating income has increased from 28% in 2007 to 95% in Q1 2011

Assets



Utility assets have increased from 34% in 2007 to 70% in Q1 2011

Utilities



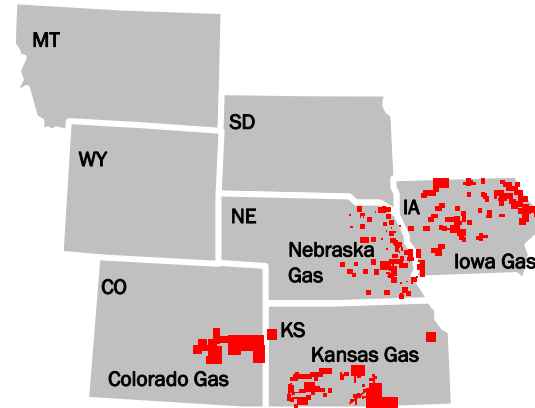
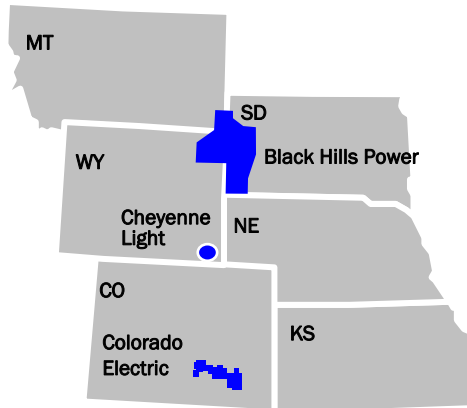
Non-regulated Energy



Note: Excludes corporate, intersegment eliminations and discontinued operations

Electric and Natural Gas Utilities

Regulated Utilities Serving more than 763,000 customers



Electric Utilities

- BHC's electric utilities generate, transmit and distribute electricity to approximately 201,000 customers*
- Utility operations include BHP (SD, MT, & WY), CLFP (WY), and BHE – COE (CO)
- Assets include 687 MW of generation and 8,038 miles of transmission and distribution lines
- Total system peak demand 956 MW (summer 2010)

Natural Gas Utilities

- Distributes natural gas to approximately 527,000 customers in CO, IA, KS, and NE
- Includes 626 miles of interstate gas transmission pipelines and 19,638 miles of gas distribution mains and service lines
- Provides contract appliance repair service to 63,000 customers through the Service Guard Program

* An additional 34,500 natural gas customers under the electric utility segment at CLFP

Utility Highlights



Strong operating income performance from newly implemented rates

2010 Full Year

- Wygen III began commercial operation ahead of schedule and under-budget
- Sold a 23% ownership interest in Wygen III for \$62 million for a \$4.1 million after-tax gain
- Implemented new and interim rates in five utility jurisdictions increasing annual revenues by \$47.1 million
- Completed construction of phase two of BHP transmission project (68 miles of transmission line and substation for \$23.5 million)

2011 YTD

- Construction 76% complete with \$213 million in expenditures on new 180 MW natural gas-fired generation facility to serve BHE-CO Electric customers starting January 1, 2012
- Effective February 10, 2011 Iowa Utilities Board approved settlement agreement for a \$3.4 million annual revenue increase for Black Hills Energy – IA Gas
- On April 28, 2011 BHE-CO Electric filed an electric rate request with Colorado Public Utilities Commission seeking a \$40.2 million increase in annual revenues pertinent to new generation
- Filings made for \$167 million in new electric utility growth investments – 3rd natural gas-fired turbine and 29 MW wind project for BHE-CO Electric and 20 MW wind project for BHP

Oil & Gas and Energy Marketing

Non-regulated Segment Generates Electricity, Produces Natural Gas, Coal and Crude Oil, and Markets Energy



Oil and Gas

- Includes operated wells in San Juan, Powder River, and Piceance Basins
- Includes non-operated wells in Williston Basin in ND and MT (Bakken Shale), and in North Dakota, California, Montana, Oklahoma, Texas and Wyoming
- 131 Bcfe of reserves at year-end; approximately 73% of reserves are natural gas and 27% crude oil

* Information from 2010 Form 10-K

Energy Marketing

- Diversified energy commodities include natural gas, crude oil, coal, power and environmental products
- Long-term transportation and storage contracts create strong upside potential
- Natural gas storage contracts with capacity of 5.3 Bcf*
- Natural gas transportation contracts with 212 Bcf total volumes*

Power Generation and Coal Mining

Non-regulated Segment Generates Electricity, Produces Natural Gas, Coal and Crude Oil, and Markets Energy



Power Generation

- Smaller plant approach to incremental growth; facilitates technology implementation
- Operates IPP and utility assets with same core management and support team
- Proven experience in planning, permitting, constructing and operating power plants
- Currently sell approximately 93% of our non-regulated generating capacity under contracts with terms greater than one year

Coal Mining

- Includes approximately 262 million tons of low-sulfur Powder River Basin coal, a 40 year supply at expected production rates
- Produced approximately 5.9 million tons in 2010
- Provides very low delivered fuel cost to onsite, mine-mouth generation

Non-Regulated Energy Highlights

Low commodity prices continue to impact Energy Marketing and Oil & Gas businesses

2010 Full Year

- Construction started in 2010 and currently 55% complete with \$203 million in expenditures on Black Hills Colorado IPP's 200 MW natural gas-fired generation facility to serve BHE – CO Electric customers starting January 1, 2012
- Energy Marketing completed two year \$250 million committed stand alone credit facility in May (\$100 million accordion feature)
- Energy Marketing expanded portfolio to include coal, power and environmental marketing
- Oil & Gas assets and strategy review initiated; limited capital spending in 2010
- Completed sale of ownership interest in two small IPP facilities located at Rupert and Glens Ferry, Idaho (11 MW net capacity)

2011 YTD

- Oil and Gas activities progressing:
 - Oil and gas business initiated Mancos formation shale gas drilling program – first horizontal test well underway in San Juan Basin (April), two Piceance Basin horizontal wells in 2nd and 3rd quarters
 - Oil and gas increased 2011 planned capital expenditures from \$49 million to \$61 million for additional Bakken crude oil drilling and Mancos formation shale gas test drilling
 - Q1 2011 Oil and gas overall sales volumes up 3.5% compared to Q1 2010; crude oil sales volumes (mostly Bakken) up 23% compared to same period
- Coal Mining results weaker due to increased operating costs and lower tonnage from plant outages and suspension of operations at Osage
- Energy Marketing results negatively impacted by continuing weak natural gas prices, minimal transport spreads and reduced storage margins

Corporate Highlights



Integration projects essentially complete; successful completion of long term financings; dividend increased

2010 Full Year

- Improved balance sheet and liquidity
 - Completed \$500 million unsecured corporate revolving credit facility
 - Completed issuance of \$200 million aggregate principal amount of senior unsecured notes
 - Completed 4.4 million share offering of common stock through a Forward Sale Agreement to be settled in 4th quarter 2011
 - Completed one-year \$100 million term loan
- Substantially completed all core business processes and systems integration projects necessary to fully integrate utility properties acquired in July 2008

2011 YTD

- Board of Directors approved quarterly dividend of \$0.365 per share, equivalent to annual dividend rate of \$1.46 per share; increasing the annual dividend for the 41st consecutive year
- Bonus depreciation for capital placed in service in 2010 and 2011 will result in minimal cash taxes paid over the next several years
- \$3.6 million or \$0.09 per share after-tax unrealized mark-to-market non-cash gain (as of 3/31/11) from interest rate swaps no longer designated as hedges

Quarterly EPS Analysis

2010 EPS as adjusted \$1.81 versus \$1.43 in 2009 (26% increase)

<i>Earnings Per Share (EPS)</i>	FY 2009	FY 2010	Q1 2011
<i>Wtd Avg Shares Outstanding (in thousands)</i>	38,684	39,091	39,761
Net Income (loss)	\$2.04	\$1.76	\$ 0.68
Adjust for special loss/(gain) items:			
Certain interest rate swaps-loss (gain)	(0.93)	0.25	(0.09)
Improved effective tax rate	(0.10)	(0.06)	
Gain on sale of Elkhorn service area		(0.04)	
Gain on partial sale of Wygen I or III	(0.44)	(0.10)	
Asset impairment – ceiling test	0.72		
Integration expense	0.09		
Acquisition facility fee	0.05		
Net Income as Adjusted *	\$1.43	\$ 1.81	\$ 0.59

2011 adjusted EPS Guidance revised downward to \$1.70 - \$1.95 per share from \$1.90 - \$2.15

* Non-GAAP measure

Capital Structure

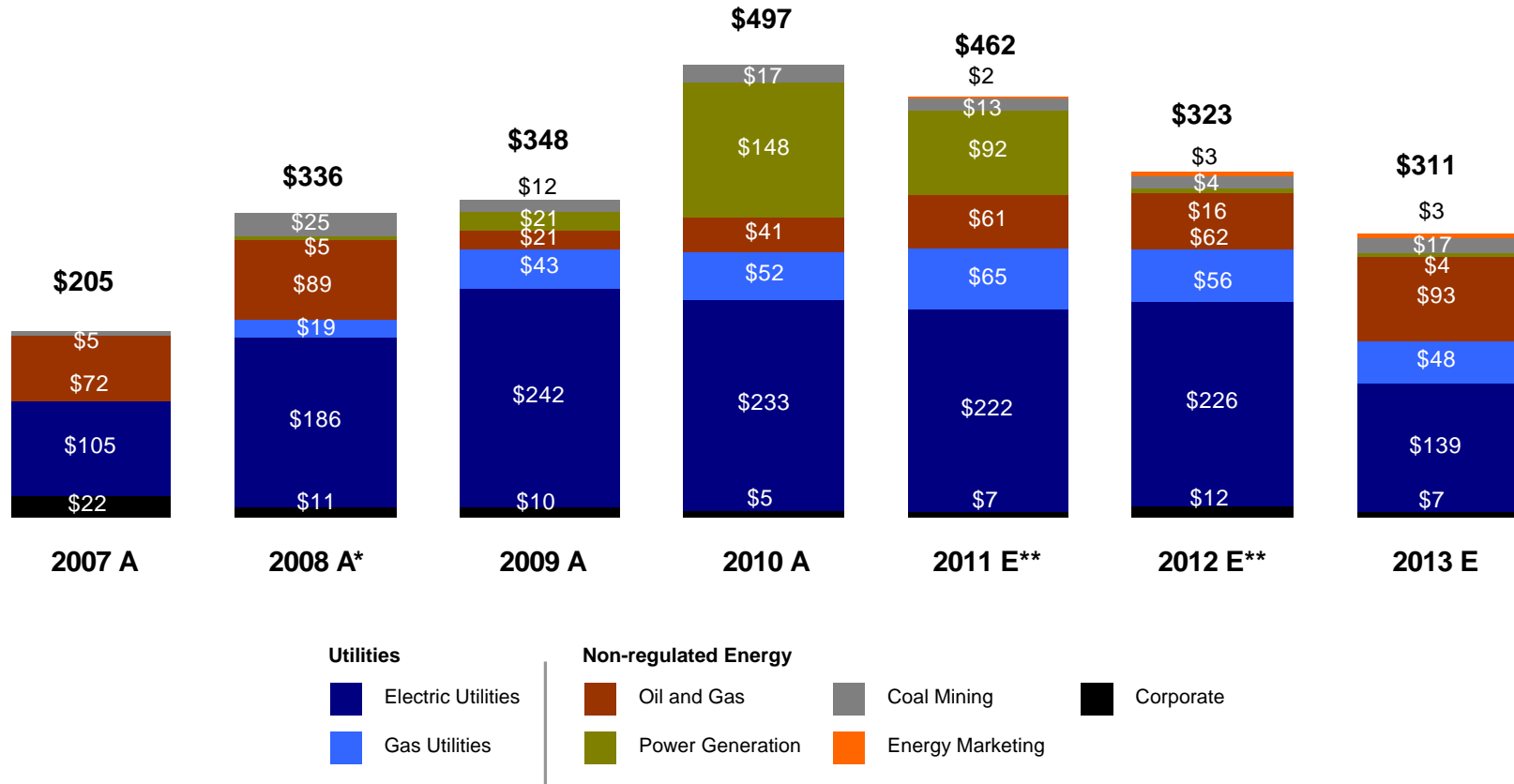
<i>In millions</i>	Dec. 31, 2009	Dec. 31, 2010	Mar. 31, 2011
Short term debt			
Current maturities	\$35.2	\$ 5.2	\$4.3
Notes Payable	164.5	249.0	287.0
	199.7	254.2	291.3
Long term debt	1,015.9	1,186.0	1,184.8
Total Debt	1,215.6	1,440.2	1,476.1
Cash	(112.9)	(32.4)	(44.0)
Net Debt	1,102.7	1,407.8	1,432.1
Common stock	630.1	637.8	639.7
Retained earnings	473.9	486.1	498.6
AOCI	(19.2)	(23.6)	(25.2)
Total Equity	1,084.8	1,100.3	1,113.1
Total Debt and Equity *	\$ 2,300.4	\$ 2,540.5	\$2,589.2
Debt to Capitalization	53%	57%	57%
Net Debt to Capitalization (Net of Cash)	50%	56%	56%
Long-term Debt to Total Debt	84%	82%	80%
Proforma – Equity Forward **			
Debt to Capitalization			52%
Net Debt to Capitalization			51%

* Total Debt and Equity = Total Debt + Total Equity

** Proforma amounts reflect ratios as if the equity forward shares had been delivered at 3/31/11.

Defined Investment Plan Drives Earnings Growth

Historical and Forecasted Capital Expenditures (in millions)



* Does not include \$938 million for acquisition of Aquila properties

** 2011 and 2012 include anticipated capital expenditures of \$167 million for utility growth projects announced in 1st quarter and for an incremental \$12 million for 2011 oil and gas expenditures for additional Bakken drilling and Mancos test drilling

Colorado Generation Projects

2012 Earnings Growth Driven By Natural Gas-Fired Generation Projects

Overview: Two generation projects owned by Utility and IPP segments; ready to serve Black Hills Energy - Colorado Electric utility customers by January 1, 2012

Milestones: Air permit received, commenced construction in July 2010, foundations complete, major equipment installed, rate request filed 4/28/11 for BHE-CO Electric

Two General Electric LMS100 natural gas-fired turbines

180 MW Electric Utility Power Generation Project

Capital Expenditure and Schedule Progress as of 3/31/2011

Expenditures (\$227mm final estimate)	Procurement contracts awarded	Construction contracts awarded	Construction completed
\$ 213mm	100%	89%	76%

Four 40 MW General Electric LM6000 natural gas-fired turbines and two 20 MW steam turbines (combined cycle)

200 MW Non-regulated Power Generation Project

Capital Expenditure and Schedule Progress as of 3/31/2011

Expenditures (\$260mm final estimate)	Procurement contracts awarded	Construction contracts awarded	Construction completed
\$ 203mm	100%	77%	55%



Construction progress at Pueblo Airport Generation Station as of 3/31/11

Long-term Growth Opportunities

2012-2015 Capital Expenditures Excludes routine capital expenditures for maintenance of assets (in millions)	Announced	Future	Total
Utility			
BHE-COE – Construct third 88 MW utility owned gas-fired generation	\$102		\$102
BHE-COE – Construct 29 MW wind generation project (50% ownership)	\$27		\$27
BHP - Construct 20 MW wind generation project	\$38		\$38
Environmental upgrades & replacement projects		\$100-\$150	\$100-\$150
Renewable projects under evaluation		\$100-\$150	\$100-\$150
Potential Other New Generation		\$125-\$175	\$125-\$175
Transmission Projects: BHP \$40-50, CLFP \$30-\$40, BHE-COE \$15-\$25		\$125-\$175	\$125-\$175
Total Utility	\$167	\$450-\$650	\$617-\$817
Non-regulated			
IPP Projects & Opportunities		\$0-\$500	\$0-\$500
Oil and Gas Development (2012: \$61; 2013: \$93) *	\$154	\$200-\$300	\$354-\$454
Total Non-regulated	\$154	\$200-\$800	\$354-\$954
Total Company	\$321	\$650-\$1,450	\$971-\$1,771

* Dependent on results of ongoing strategy review

2011 Strategy Scorecard



Strategy

2011 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 and address growing demand

- File CPCN for another utility owned natural gas-fired turbine to replace retirement of coal fired W.N. Clark facility in Colorado – filed 3/14/11**
- File CPCN for BHE-COE wind project – filed 3/24/11**
- File CPCN for BHP wind project – filed 4/28/11**
- File BHE-COE generation related rate case effective 1/1/2012 – filed 4/28/11**
- File Integrated Resource Plan for Cheyenne Light (Q3 2011)
- File Integrated Resource Plan for Black Hills Power (Q3/Q4 2011)
- File Integrated Resource Plan for BHE-CO Electric (Q4 2011)
- Complete construction of 180 MW rate base generation to serve BHE-COE (Q4 2011)
- Continue to evaluate M&A opportunities

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 mine-mouth generation and third-party coal sales
- + Increase oil and gas production through development of existing acreage and limited acquisitions
- + Expand our energy marketing business while diligently managing energy marketing risks
- + Conduct business with diversified group of creditworthy counterparties
- + Maintain stand-alone energy marketing credit facility

- Complete one San Juan Basin Mancos formation shale horizontal gas test well (Q3 2011)
- Complete two Piceance Basin Mancos formation shale horizontal gas test wells (Q4 2011)
- Invest approximately \$61 million in oil and gas development (2011)
- Complete strategic review of BHEP (Q4 2011)
- Complete construction of 200 MW power plant to serve BHE-COE PPA (in service 1/1/2012)

SERVICE COMPANY (CORPORATE)

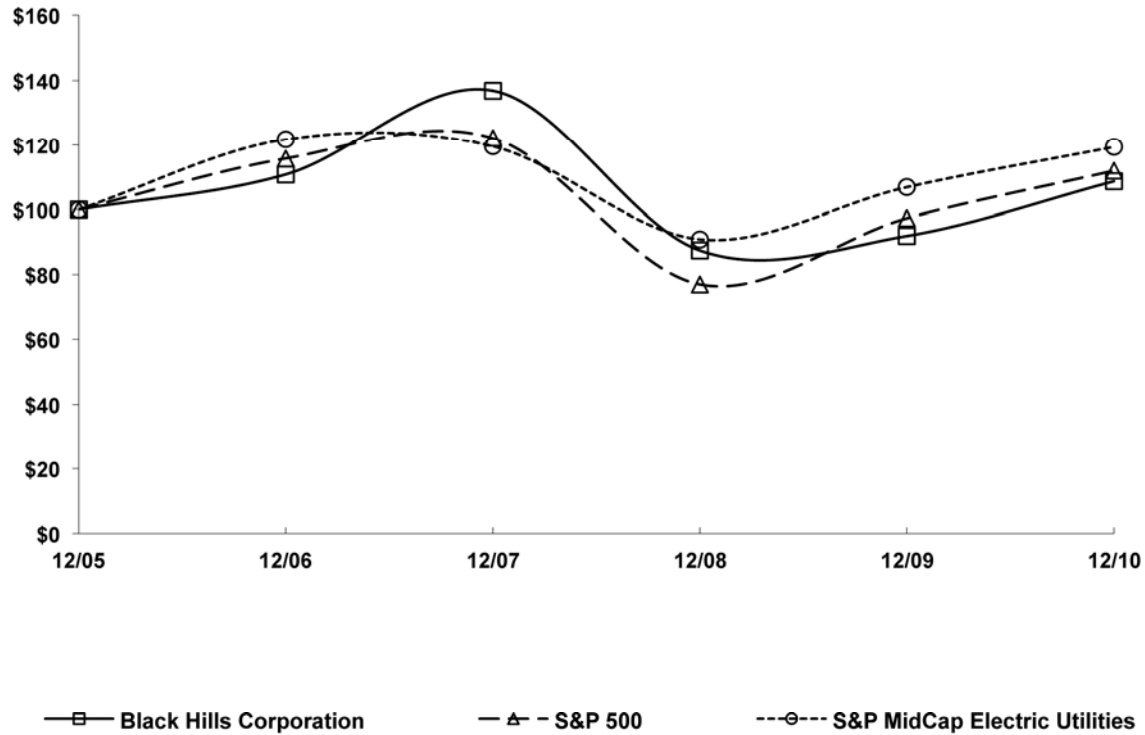
- + Prudently finance the corporation and its subsidiaries
- + Optimize systems and processes to minimize costs and create a platform for growth

- Settle forward equity transaction (Q4 2011)
- Consolidate outage management software system for electric utilities (2011)

5 Year Cumulative Total Return*

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

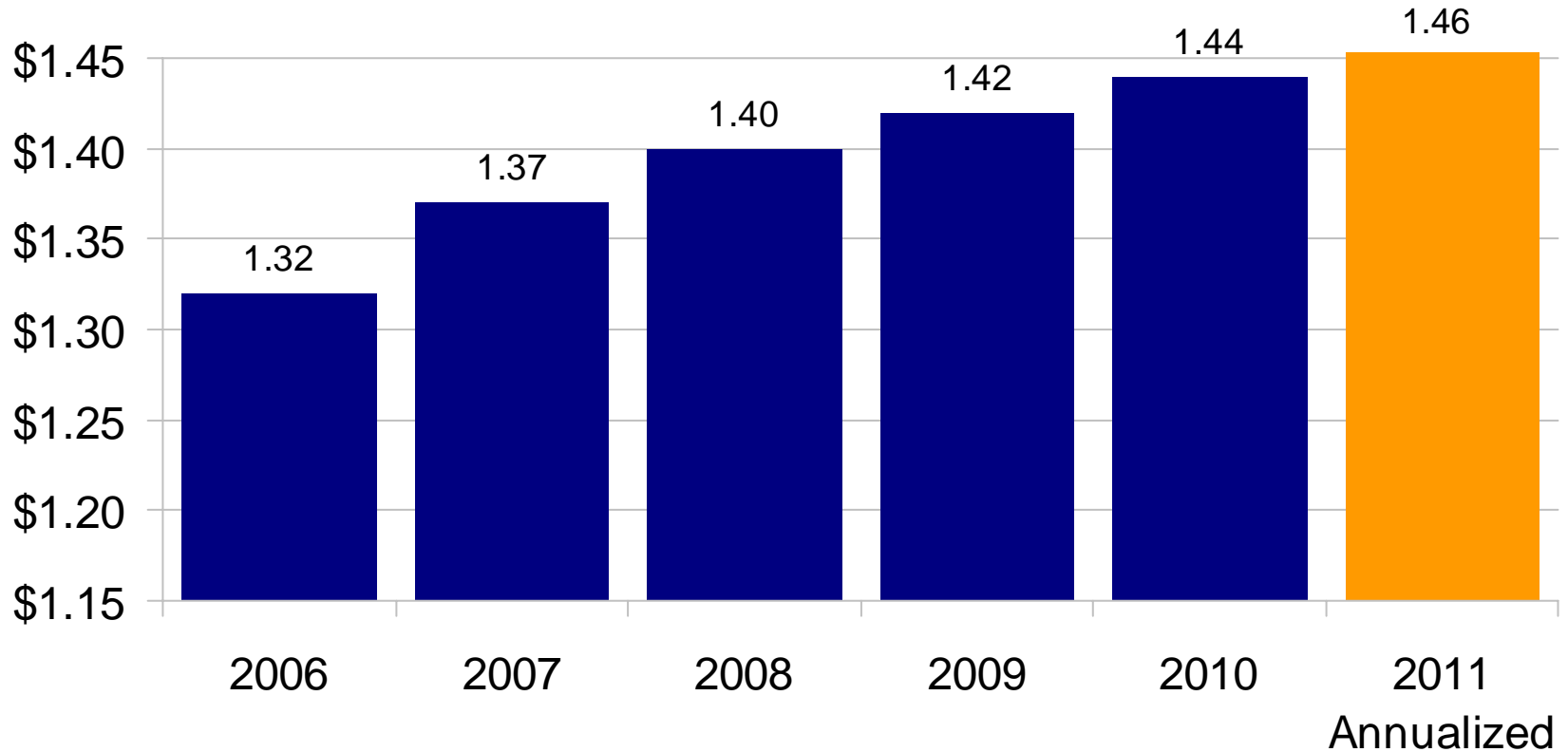
Among Black Hills Corporation, the S&P 500 Index
and S&P MidCap Electric Utilities



*\$100 invested on 12/31/05 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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Annual Dividend Growth



- Board of Directors approved the 41st annual consecutive increase in the dividend. The quarterly dividend was increased by \$0.005 per common share to \$0.365 per share, equivalent to an annual dividend rate of \$1.46 per share

Summary

- **Defined long-term investment program**
Identified organic growth plus significant upside opportunities
- **Poised for economic recovery**
Service territories and non-regulated businesses well positioned to capture economic growth and energy commodity upside
- **Proven track record of successful execution**
Generation development, acquisition integration, platform scalability and top quartile utility operational metrics
- **Efficient and timely return on investments**
Effective and proactive regulatory and asset management strategies
- **Commitment to shareholder returns**
41 years of consecutive annual dividend increases



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.