

2010 Q3 and Recent Business Highlights

- Adjusted income from continuing operations was \$14.8 million or \$0.38 per share, compared to \$2.6 million or \$0.07 per share for the same period in 2009 (non-GAAP)
- Quarterly dividend on common stock of \$0.36 per share, equivalent to an annual dividend rate of \$1.44 per share
- Completed issuance of public debt offering for \$200 million aggregate principal amount of senior unsecured notes at 5.875% due 7/15/2020
- In July and August completed conversion of human resources and financial systems to PeopleSoft 9.0 and unification of GIS mapping systems and work management systems; remaining integration plans for SCADA system on track for completion in 2010 and outage management system in early 2011
- Construction well underway on utility and IPP gas-fired generation facilities to serve BHE – COE customers
- Implemented new and interim rates in two gas and three electric utility jurisdictions
- BHP sold a 23 percent ownership interest in Wygen III for \$62 million for a \$4.1 million after-tax gain; the purchase terminates PPA and includes provision for buyer to share in operating costs for the life of the facility
- BHE-COE filed Emission Reduction Plan as required by Colorado House Bill 1365 Clean Air – Clean Jobs Act
- Smart Meter Projects on track in service territories of three electric utilities using DOE matching funds; total of 109,730 meters installed through 10/15/2010
- Expansion of Energy Marketing business to include coal, power and environmental marketing; increase in crude oil volumes marketed improved Energy Marketing revenues
- Oil & Gas assets and strategy review progressing; limited capital spending in 2010 and 2011; future capital spending dependent on strategy review recommendations expected in Q2 2011

Results of Operations

Three Months ended Sept. 30	(in thousands)	
	Q3 2010	Q3 2009
Revenues:		
Utilities	\$214,910	\$191,634
Non-regulated Energy	49,445	34,165
	264,355	225,799
Income (loss) from continuing operations:		
Utilities	17,942	7,053
Non-regulated Energy	4,541	(1,796)
Corporate	(10,093)	(9,110)
	12,390	(3,853)
Net income (loss):		
Utilities	17,942	8,726
Non-regulated energy	4,541	(1,796)
Corporate	(10,093)	(9,110)
	\$12,390	(\$2,180)

Recent Headlines

November 10, 2010

Black Hills Corp. Announces Pricing of Common Stock

October 29, 2010

Black Hills Energy Files Testimony with CO PUC with Recommendation to Comply with Clean Air, Clean Jobs Act

October 28, 2010

Black Hills Corp. Reports Third Quarter Results, Announces Quarterly Dividend and Provides 2010 and 2011 Earnings Guidance

Earnings Per Share Comparison	Q3 2010	Q3 2009
Income (loss) from Continuing Ops	\$0.32	\$(0.10)
Exclude special gain items		
Improved effective tax rate	(0.06)	—
Gain on sale of Wygen III	(0.10)	—
Add-back special loss items		
Undesignated interest rate swaps	0.23	0.15
Integration expenses	—	0.02
Rounding	(0.01)	—
Income from continuing ops- adjusted*	\$0.38	\$0.07
* Non-GAAP measure		

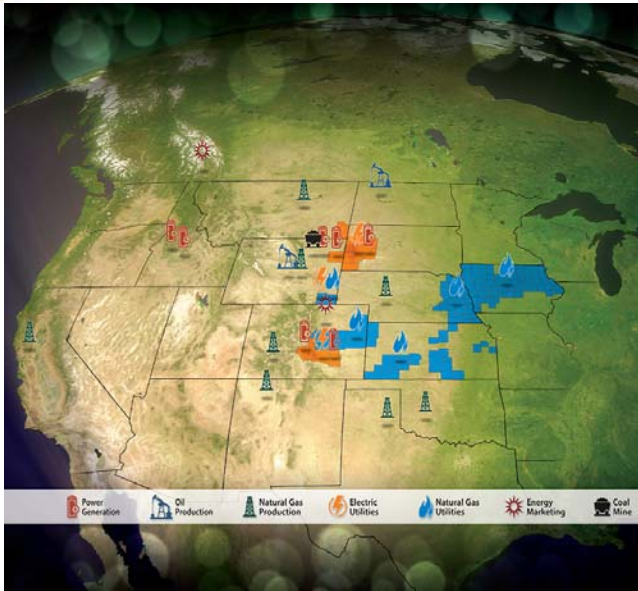
Capital Structure

(in millions)	Q3 2010	Q3 2009
Short Term Debt		
Current maturities	\$ 5.3	\$ 32.1
Notes Payable	145.0	350.5
	150.3	382.6
Long term debt	1,188.3	719.2
Total Debt	1,338.6	1,101.8
Cash	(59.0)	(137.7)
Net Debt	1,279.6	964.1
Common stock	636.1	627.2
Retained earnings	466.7	454.9
AOCI	(22.4)	(19.6)
Total Equity	1,080.4	1,062.5
Total Debt and Equity	\$ 2,419.0	\$ 2,164.3
Debt to Capitalization	55%	51%
Net Debt to Capitalization (Net of Cash)	54%	48%
Long-term Debt to Total Debt	89%	65%

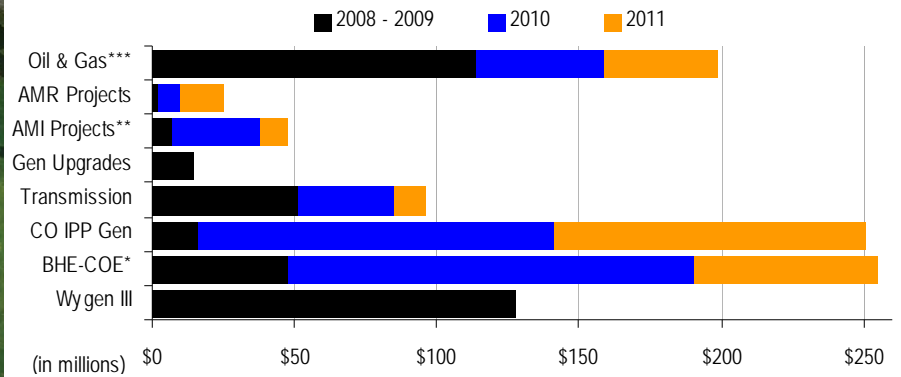
Publication date: 11/22/2010

Improving life with energy





Growth Capital Investments



*** Future capital spending dependent on current strategy review

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

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

Capital Project Update

BHE-COE Generation—180 MW
Two GE LMS-100 natural gas-fired turbines

BHCI Generation—200 MW
Four 40 MW GE LM6000 natural gas-fired turbines and two 20 MW steam turbines (combined cycle)

Capital Expenditure and Schedule Progress as of 9/30/2010

Expenditures (\$250 - \$260 MM budget)	Procurement contracts awarded	Construction contracts awarded	Construction completed
\$131 million	100%	70%	18%

- Land acquired; significant city and county agreements finalized - 7/2010
- Site grading complete - 7/2010
- Air permit issued by CO Dept of Public Health and Environment - 7/22/2010
- Began full construction activity - 7/22/2010
- Mechanical contracts awarded - 9/22/2010
- Substation access road construction completed - 9/2010
- 2 LMS foundations completed - Q4 2010
- 1st LMS100 gas turbine delivered - 10/21/2010
- Generator step up transformers delivered - 10/21/2010
- 2nd LMS100 gas turbine delivered - Q4 2010
- Electrical contracts awarded - Q4 2010
- Cooling towers delivered - Q4 2010
- First firing of natural gas turbines - Q3 2011
- Commercial operation - January 1, 2012

Capital Expenditure and Schedule Progress as of 9/30/2010

Expenditures (\$240 - \$265 MM budget)	Procurement contracts awarded	Construction contracts awarded	Construction completed
\$105 million	94%	61%	7%

- Land acquired; significant city and county agreements finalized - 7/2010
- Site clearing and grading complete - 7/2010
- Air permit issued by CO Department of Public Health and Environment - 7/22/2010
- Began full construction activity - 7/22/2010
- Mechanical contracts awarded - 9/22/2010
- Foundation complete - Q4 2010
- Electrical contracts awarded - Q4 2010
- Cooling towers delivered - Q4 2010
- Delivery of four GE LM6000 natural gas turbines - Q1 2011
- Generator step up transformers delivered - Q1 2011
- Delivery of two 20 MW steam turbines - Q1 2011
- First firing of natural gas and steam turbines - Q3 2011
- Commercial operation - Q1 2012

Regulatory Update

Jurisdiction	Effective Date	Revenue Increase	Return on Equity	Cap Structure	Rate Base	Status
BHP - SD	4/1/2010	\$15.2 MM	Black box settlement	Black box settlement	\$381 MM	Implemented
BHP - WY	6/1/2010	\$3.1 MM	10.5%	48% debt / 52% equity	\$27 MM	Implemented
BHE - COE	8/6/2010	\$17.9 MM	10.5%	48% debt / 52% equity	Black box settlement	Implemented
BHE - NE Gas	9/1/2010	\$8.3 MM	10.1%	48% debt / 52% equity	\$161 MM	Implemented

Rate Cases In-Progress (Reflects values included in settlement filing)

Jurisdiction	Date Filed	Revenue Increase	Return on Equity	Cap Structure	Rate Base	Status
BHE—IA Gas	9/1/2010	\$3.4 MM	10.1%	48% debt/52% equity	Black box settlement	Interim rates implemented 6/18/2010; settlement agreement filed 9/1/2010

Electric Utilities Q3 Update

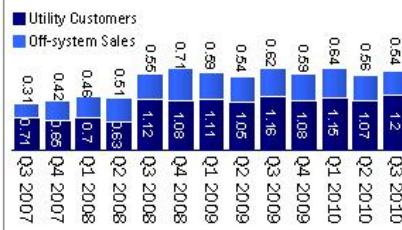
Quarter Income Comparison (from continuing operations in millions)



Overview

- BHP sold a 23 percent ownership interest in Wygen III on 7/14/2010 to the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board for \$62 million; the purchase terminated the existing PPA with the City of Gillette and includes provision for the buyer to share in the costs of operating the plant for the life of the facility
- Air permit issued on 7/22/2010 for two gas-fired power generation facilities to serve BHE - COE customers on 1/1/2012; construction underway
- Smart Meter Projects on track in service territories of three electric utilities using DOE matching funds; total of 109,730 meters installed through 10/15/2010
- BHE-COE renewed 20-year franchise agreement with City of Pueblo on 8/10/2010
- On 8/13/2010, BHE-COE filed Emission Reduction Plan as required by Colorado House Bill 1365 - Clean Air, Clean Jobs Act
- On 10/1/2010 BHP suspended operations at coal-fired Osage Power Plant

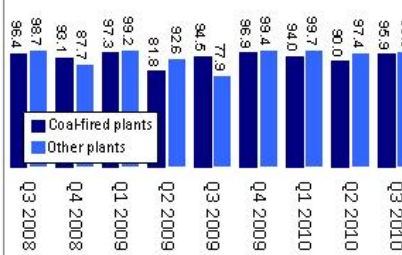
Total MWh Sales (in millions)



Regulatory Update

- SD PUC approved settlement agreement 7/7/2010 for \$15.2 million increase in annual utility revenues; new rates effective 4/1/2010
- WY PSC approved settlement agreement 5/13/2010 for \$3.1 million increase in annual utility revenues; new rates effective 6/1/2010
- CO PUC approved settlement agreement 8/5/2010 for \$17.9 million increase in annual utility revenues; new rates effective 8/6/2010

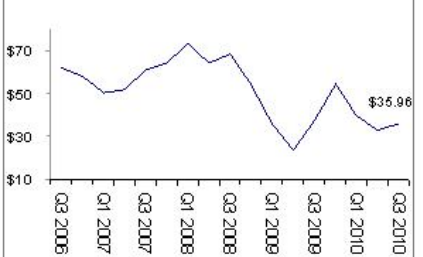
Generation Availability (%)



- *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

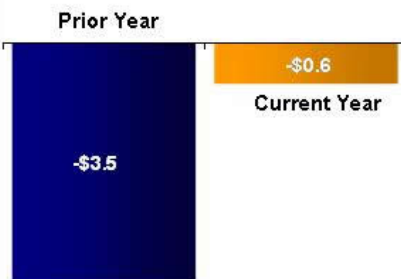
Mid C Power Prices

(peak prices volume weighted - SNL)



Gas Utilities Q3 Update

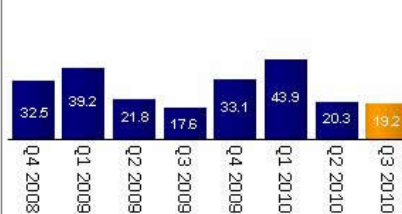
Quarter Income Comparison (from continuing operations in millions)



Overview

- Expanding automated meter reading system to 13,000 customers in Fountain, CO, 25,000 customers in Dubuque, IA, 30,000 customers in Lawrence, KS and to 9,200 customers in 13 Nebraska communities
- On 8/10/2010, BHE-KS purchased technical services subsidiary of Kansas Municipal Utilities

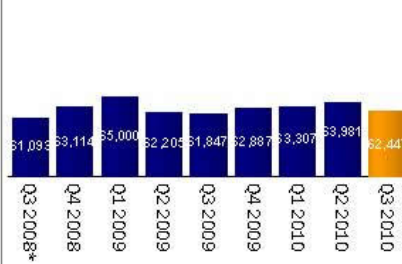
Total Dth Sales (in millions)



Regulatory Update

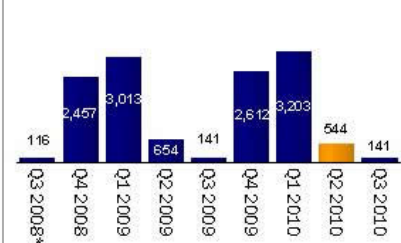
- On 8/18/2010, NE PSC approved rate request for \$8.3 million annual revenue increase effective 9/1/2010 for BHE - NE Gas customers
- On 9/1/2010, BHE - IA Gas filed settlement agreement for \$3.4 million increase in annual revenues; interim rates implemented 6/18/2010; hearing on 10/12/2010; awaiting IUB order

Service Guard Customers



Gas Utility Heating Degree Days

(Total for all gas service areas weighted by throughput)



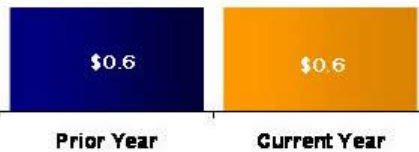
* Black Hills Energy Gas Utilities acquired on 7/14/08



Power Generation Q3 Update

Quarter Income Comparison

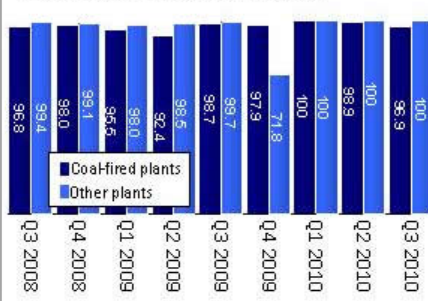
(from continuing operations in millions)



Overview

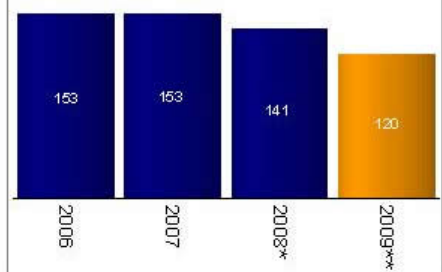
- Construction underway on 200 MW gas-fired power generation facilities to serve BHE – COE customers
 - Air permit issued by State of Colorado Dept of Public Health and Environment on 7/22/2010
 - Materials procurement and construction contracts awarded; major equipment purchased

Generation Availability (%)



MW of Generation Capacity

(in millions)



Capital Expenditure and Schedule Progress as of 9/30/2010

Expenditures (\$240 - \$265 mill budget)	Procurement contracts awarded	Construction contracts awarded	Construction completed
\$105 million	94%	61%	7%

Project Update

- Air permit issued by CO Department of Public Health and Environment - 7/22/2010 for gas-fired power generation facilities to serve BHE – COE customers
- Procurement and construction contracts awarded; major equipment purchased

* Reflects decommissioning of Ontario

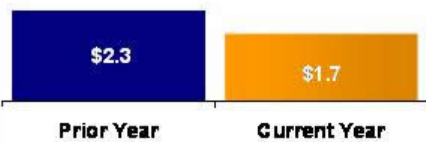
** Reflects 23.5% sale of Wygen I to MBAN



Coal Q3 Update

Quarter Income Comparison

(from continuing operations in millions)

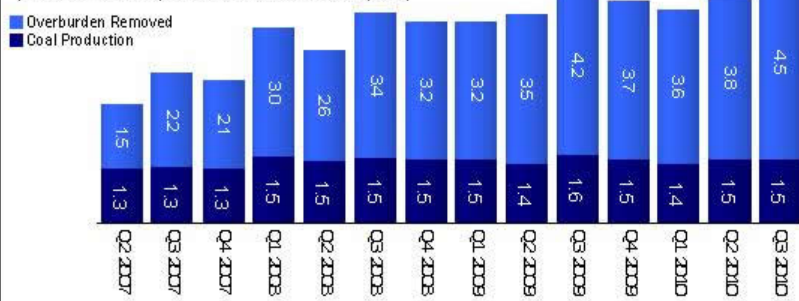


Overview

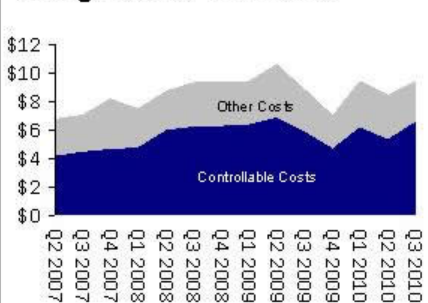
- Continued increase in overburden removal
- Decrease in Coal Mining earnings due to decrease in volumes sold as a result of customer power plant outages and lower demand for coal

Coal Production

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



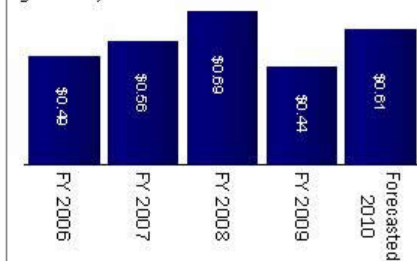
Mining Cost Per Ton of Coal *



Mine Mouth Plant Advantage

Average Delivered Fuel Cost

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

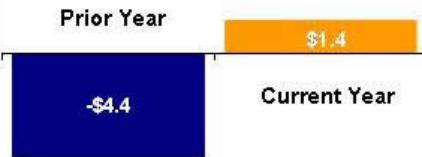


* Controllable costs: depreciation, fuel, equipment, labor, etc.
Other costs: property taxes, production taxes, royalties, etc.

Energy Marketing Q3 Update

Quarter Income Comparison

(from continuing operations in millions)

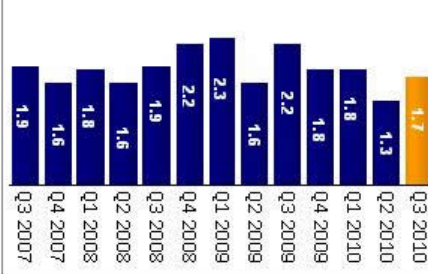


Overview

- Recent expansion into coal, power and environmental marketing; hired experienced power and environmental marketing professionals; expected to begin marketing activity in Q4 2010
- Increased crude oil volumes marketed
- Unrealized coal marketing margins due to long-term coal deals entered into in Q3 and the impact of increased coal market prices on the value of long contract positions recently acquired
- \$131.5 million of \$250 million stand-alone committed credit facility utilized as of 9/30/2010
- Eastern expansion of gas marketing strategy underway

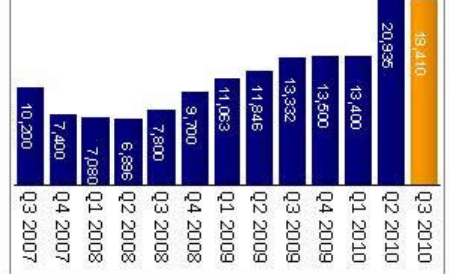
Avg. Daily Natural Gas Volumes

(physical Bcf per day)



Avg. Daily Crude Oil Volumes

(barrels per day)



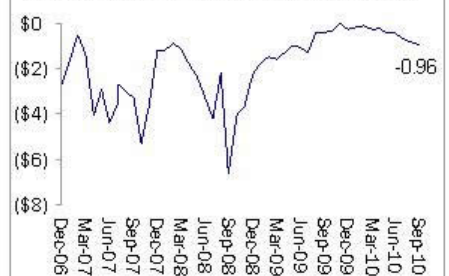
Northwest Rockies Natural Gas

(monthly settlement price)



Rockies Natural Gas Basis Diff.

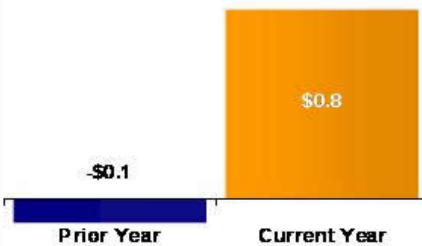
(CIG basis and NYMEX monthly settlement difference)



Oil & Gas Q3 Update

Quarter Income Comparison

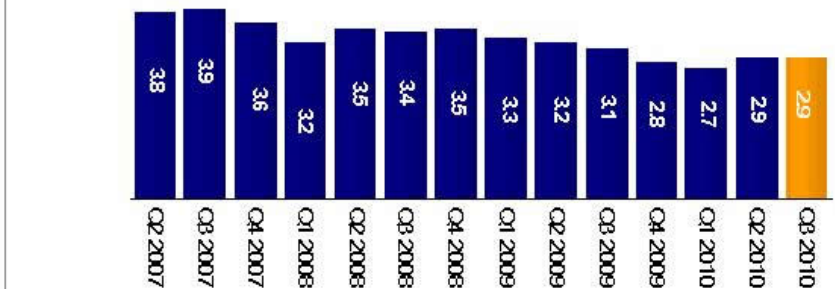
(from continuing operations in millions)



Overview

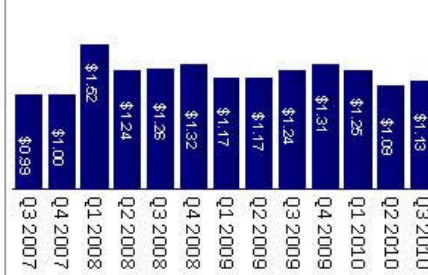
- Revenues improved due to an increase in average hedged price of oil and oil volumes
- Limited capital spending in 2010 and 2011; future capital spending dependent on current strategy review

Bcf Equivalent Sales



Lease Operating Expenses

(LOE per Mcfe)



Average Nat Gas Price Received



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FORWARD LOOKING STATEMENTS

This newsletter 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 newsletter 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, 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 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;
- 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 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;
- Our ability to successfully integrate and profitably operate any recent and future acquisitions;
- The timing and extent of scheduled and unscheduled outages of our power generating facilities;
- Our ability to successfully complete labor negotiations with four of the six unions with whom we have collective bargaining agreements and for which we are currently in, or are soon to be in, contract renewal negotiations;
- Our ability to provide accurate estimates of proved oil and gas reserves and future production rates and associated costs;
- 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 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 Subsidiaries

BHEP - Black Hills Exploration and Production, Inc. a direct, wholly-owned subsidiary of Black Hills Non-regulated Holdings

Enserco - Enserco Energy Inc., a wholly-owned subsidiary of Black Hills Non-regulated Holdings

WRDC - Wyodak Resources Development Corporation, a direct, wholly-owned subsidiary of Black Hills Non-regulated Holdings

Black Hills Colorado IPP (BHCI) - Black Hills Colorado IPP, LLC a direct wholly-owned subsidiary of Black Hills Electric Generation

Black Hills Wyoming - Black Hills Wyoming, LLC a direct, wholly-owned subsidiary of Black Hills Electric Generation

Black Hills Power (BHP) - Black Hills Power, Inc. a direct, wholly-owned subsidiary of Black Hills Corporation

Cheyenne Light (CLFP) - Cheyenne Light, Fuel and Power Company, a direct, wholly-owned subsidiary of Black Hills Corporation

Colorado Electric (BHE-COE) - Black Hills Colorado Electric Utility Company, LP (doing business as Black Hills Energy), an indirect, wholly-owned subsidiary of Black Hills Utility Holdings

Colorado Gas (BHE-CO Gas) - Black Hills Colorado Gas Utility Company, LP, (doing business as Black Hills Energy), an indirect, wholly-owned subsidiary of Black Hills Utility Holdings

Iowa Gas (BHE-IA Gas) - Black Hills Iowa Gas Utility Company, LLC, (doing business as Black Hills Energy), a direct, wholly-owned subsidiary of Black Hills Utility Holdings

Kansas Gas (BHE-KS Gas) - Black Hills Kansas Gas Utility Company, LLC, (doing business as Black Hills Energy), a direct, wholly-owned subsidiary of Black Hills Utility Holdings

Nebraska Gas (BHE-NE Gas) - Black Hills Nebraska Gas Utility Company, LLC (doing business as Black Hills Energy), a direct, wholly-owned subsidiary of Black Hills Utility Holdings

Publication date: 11/22/2010