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### **BLACK HILLS ENERGY NEBRASKA ANNUAL PRICE OPTION OPEN FOR ENROLLMENT SEPT. 1**

LINCOLN, Neb., August 2009 – Black Hills Energy is mailing 2009-10 Annual Price Option enrollment forms to its approximately 177,400 residential natural gas customers in Nebraska on Aug. 31.

The company's APO program locks in the customer's price for natural gas for one year – meaning the customer is billed the same price for natural gas used throughout the contract period regardless of changes in the market price of natural gas. This plan offers customers price certainty for one year for the natural gas portion of their bill.

The 2009-10 program begins Nov. 1, 2009, and runs through Oct. 31, 2010. Black Hills Energy's Nebraska customers can sign up by returning the postage-paid reply card that's part of the customer mailer.

Beginning Sept. 1, customers can also enroll online at [www.annualpriceoption.com](http://www.annualpriceoption.com). The sign-up period ends Oct. 2, 2009, or when the 24,000 customer limit is reached.

Black Hills Energy purchases a designated supply of natural gas for this specific APO program, so participation is limited to the first 24,000 customers signing up. Customers who sign up are required to stay on the program for one year unless they move out of Black Hills Energy's Nebraska service territory.

The only way to sign up is by mail or online. A special APO phone line, for customer questions only, is staffed by Black Hills Energy customer service associates 24 hours a day, seven days a week. The APO telephone number is 800-753-7509.

“APO is a program that we offer to our Nebraska residential customers similar to other customer programs such as CheckLINE and Budget Billing,” said Don Nordell, Nebraska business operations director for Black Hills Energy. “Like those other programs, APO is reviewed and approved by the Nebraska Public Service Commission, it is revenue neutral to the company, and participation in APO is completely optional.

“APO is a pricing choice,” Nordell explained. “We don’t promote it as a cost-saving program. APO does lock in for one year a fixed per therm price for natural gas. Under traditional billing, natural gas prices may be higher or lower, depending upon the national market price for natural gas, which typically changes monthly. APO provides price certainty for customers who want to know that regardless of what the market price is for natural gas, the price they pay will not change for a year.”

APO customer bills will increase or decrease based on the amount of natural gas used. Non-APO customer bills will increase or decrease based on usage as well as any change in the market price of gas.

Natural gas costs are the largest portion of a customer’s bill, but Black Hills Energy does not profit from that portion of the bill. The price the company pays for natural gas is the price the customer pays for natural gas. The other parts of Black Hills Energy’s bill include NPSC-approved delivery charges and other fees and taxes.

Currently, national market natural gas commodity prices are significantly lower than last year’s, which is reflected in this year’s APO prices compared to last year. The traditional billing natural gas price for August, the latest month available, is lower than the 2009-10 locked-in APO price. Traditional market prices for the last 12 months have ranged from \$0.40440 per therm to \$0.85050 per therm.

<b>APO and traditional billing natural gas prices</b>				
<b>Black Hills Energy rate area</b>	<b>Partial listing of communities served</b>	<b>2008-09 APO natural gas price* per therm through Oct. 31, 2009</b>	<b>2009-10 APO natural gas price* per therm Nov. 1, 2009-Oct. 31, 2010</b>	<b>Current (Aug) traditional billing natural gas price* per therm</b>
<b>1</b>	Bellevue, Blair, Gretna, La Vista, Papillion, Plattsmouth, Ralston, Valley and Waterloo	\$1.17174	\$0.62627	\$0.45149
<b>2</b>	Lincoln, Walton and Cheney	\$1.16931	\$0.62568	\$0.44413
<b>3</b>	All other areas, including Auburn, Aurora, Beatrice, Columbus, Fairbury, Norfolk, Seward, Wayne and York	\$1.15721	\$0.61420	\$0.52141

\* All customer bills also include Black Hills Energy's delivery charge (identified as "Base Rate" on the monthly Black Hills Energy bill) of \$0.15406 per therm of natural gas, and other fees and taxes approved by the NPSC.

Black Hills Energy's Nebraska service territory is divided into three rate areas. Natural gas prices vary slightly between rate areas as a result of differences in pipeline costs to transport natural gas to the rate areas.

Customers choosing the APO may combine it with the company's Budget Billing that takes seasonal peaks out of a customer bill for a more even monthly payment.

Black Hills Energy serves 197,400 natural gas customers in 110 eastern Nebraska communities. Black Hills Energy is part of Black Hills Corp. (NYSE: BKH) — a diversified energy company with a tradition of exemplary service and a vision to be the energy partner of choice — is based in Rapid City, S.D., with corporate offices in Golden, Colo., and Omaha, Neb. The company serves 759,000 utility customers in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. The company's non-regulated businesses generate wholesale electricity, produce natural gas, oil and coal, and market energy. Black Hills employees partner to produce results that improve life with energy. More information is available at [www.blackhillscorp.com](http://www.blackhillscorp.com).

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