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BLACK HILLS ENERGY ANTICIPATES LOWER NATURAL GAS PRICES THIS WINTER FOR IOWA CUSTOMERS

Wholesale prices for natural gas at seven-year low

WEST DES MOINES, Iowa, Sept. 16 2009 — It should cost less to heat your home this winter, as natural gas prices currently are at a seven year low.

Black Hills Energy anticipates lower natural gas prices this winter due to the sluggish economy and resulting lack of demand, and an abundance of natural gas thanks to record storage levels. Since the beginning of 2009, market prices for natural gas have continued on a downward trend and recently fell to a seven year low – down nearly 78 percent from the July 2008 peak. While a customer’s overall bill won’t be down by that percentage, the decrease due to lower gas costs will be appreciable.

“We’re glad to pass those lower prices on to our customers,” said Tracy Peterson, vice president of operations for Iowa. “We use a portfolio purchasing strategy to get the best price possible and then pass that price to customers without markup. The gas cost portion of a residential bill typically accounts for three-fourths of the total, so the savings could be significant if prices remain low.”

Black Hills Energy’s natural gas portfolio includes fixed-price contracts, options, and current index or market priced natural gas.

“Numerous factors influence the market price for natural gas,” Peterson said. “For that reason, we don’t want to purchase all our supplies in the same manner and at one time. Instead, we diversify our portfolio to manage price volatility and to ensure our flexibility to adapt to customer needs.” Also contributing to the low prices are vast new discoveries of natural gas in the United States.

Customers and the environment benefit from clean-burning natural gas, and Black Hills Energy offers many programs and services to help customers manage their natural gas bills and control energy usage. “Regardless of the price, we encourage customers to take measures to increase the efficiency of their homes and businesses to reduce energy consumption, translating to savings on their monthly bill,” Peterson said.

The company offers a budget billing program to level out monthly payments and spread winter bills over the entire year. Customers who think they may struggle to pay their natural gas bill are encouraged to contact the company immediately to arrange a payment plan or be referred to their local energy assistance agency. “We encourage customers to call us before the bill is due, because your options usually are greater then,” Peterson explained. “We want to do all we can to help customers in need of assistance.”

Black Hills also sponsors its own energy assistance program, Black Hills Cares, through which customer and employee contributions are matched by the company and forwarded to local agencies for residential energy assistance. Customers can indicate on their bill the amount they want to contribute monthly. In Iowa, the Iowa Community Action Partnership disburses Black Hills Cares funds.

And in Iowa, rebate programs are available, beginning with a free home energy audit. The rebates can help pay for insulation and energy efficient doors, appliances and furnaces. More information is at www.bhehowto.com or by calling 888-567-0799.

For more information on programs and services from Black Hills Energy, contact the company’s 24/7 Customer Service Center at 888-890-5554, or visit www.blackhillsenergy.com.

Black Hills Energy serves 149,500 natural gas customers in 130 Iowa 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.

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