



News Release

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COMPARED TO LAST WINTER, BLACK HILLS ENERGY ANTICIPATES LOWER NATURAL GAS PRICES FOR ITS COLORADO CUSTOMERS

FOUNTAIN, Colo., Sept. 21, 2009 — It should cost less to heat your home this winter, as the price for natural gas is predicted to be significantly lower this winter than it was during the winter of 2008-2009.

Going into winter, record storage levels, a lack of demand due to the sluggish economy, and vast new discoveries of natural gas in the United States have combined to suppress market prices to a seven year low.

“We’re glad to pass those overall lower prices on to our customers,” said Ivan Vancas, vice president of operations for the company’s Colorado and Kansas natural gas operations. “Our experts get the best possible price for natural gas and then we pass that price on to customers without markup. The gas cost portion of a residential bill typically is three-fourths of the total, so the savings could be significant if, as anticipated, prices remain low until next spring.”

To maintain a balance in the long-term between the company’s actual gas costs and billing rates, Black Hills has filed its annual request with the Colorado Public Utilities Commission for a Gas Cost Adjustment. If approved, commodity rates for residential and small-commercial customers would increase \$.13442 per therm on Oct. 1, with rates for other customer classes undergoing a similar adjustment.

However, the requested increase follows two significant decreases earlier this year, and gas prices would still be as much as 30 percent or more below last winter’s levels.

The GCA allows Black Hills to adjust the gas cost portion of the bill to balance what the company pays for gas with what it charges customers, assuring that over time the company sees no profit or loss from the gas cost portion of the bill.

“Last October, the typical residential customer was paying an annual average of \$102 per month for natural gas. After the proposed GCA adjustment, the average would be about \$71.56 a month. That’s good news for everyone,” Vancas said.

During peak usage this winter, the typical customer using 149 therms of gas in a month would pay \$120.31, as opposed to \$179.42 last year. Commercial customers using 212 therms of gas during a peak month would pay \$175.08 instead of the \$256.67 paid last year, a savings of more than 30 percent.

“Numerous factors influence the market price for natural gas,” Vancas 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, using fixed-price contracts, options, and current index or market priced natural gas to manage price volatility and to ensure our flexibility to adapt to customer needs.”

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,” Vancas 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,” Vancas 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 Colorado, Energy Outreach Colorado distributes Black Hills Cares funds.

And new energy efficiency rebate programs are available in the company’s Colorado natural gas territory. The plans begin 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.

About Black Hills Energy

Black Hills Energy serves 68,400 natural gas customers in 28 Colorado communities. Black Hills Energy is part of Black Hills Corp. (NYSE: BKE) — a diversified energy company with a tradition of exemplary service and a vision to be the energy partner of choice — based in Rapid City, S.D. The company has other main offices in Golden, Colo., and Omaha, Neb. Black Hills Corp.’s regulated utilities serve 759,000 electric and natural gas 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. We partner to produce results that improve life with energy. More information is available at www.blackhillscorp.com.

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