



News Release

Company Contacts:

Jason Ketchum 605-721-2765

24-Hour Media Relations line 866-243-9002

BLACK HILLS CORP. IPP SUBSIDIARY TO BUILD 200 MW OF ELECTRIC GENERATION IN SOUTHEASTERN COLORADO

20-year power purchase agreement completed with Black Hills Energy utility

RAPID CITY, S.D., Sept. 29, 2009 – Black Hills Corporation (NYSE: BKH) announced today that its Black Hills Colorado IPP (BHCI) subsidiary was selected through a competitive bid process as the least-cost option to provide 200 MW of power to Black Hills Energy-Colorado Electric, a utility subsidiary of Black Hills Corp. BHCI will build the 200 MW of natural gas-fired electric generation in Colorado and sell the power to Black Hills Energy-Colorado Electric through a 20-year power purchase agreement.

The BHCI generation facility will consist of two 100-MW units, each with two 40-MW LM6000 natural gas-fired combustion turbines and one 20-MW steam turbine, operated in a combined cycle mode. The BHCI facility is expected to cost \$240 to \$265 million and should be completed and ready to deliver power by Jan. 1, 2012. The power purchase agreement between BHCI and Black Hills Energy – Colorado Electric is also subject to approval by the Federal Energy Regulatory Commission (FERC).

“We are pleased with the opportunity to add new generation capacity to serve the Black Hills Energy - Colorado Electric utility customers,” said David R. Emery, chairman, president and chief executive officer of Black Hills Corporation. “Our ability to build generation facilities on time and on budget is a core strength of our diversified energy company, and our experienced team has the proven ability to manage the planning and construction process to a successful result.”

--MORE--

Sites near the Black Hills Energy-Colorado Electric service area are being considered for the BHCI facility and the final selection could impact the capital costs for the BHCI project. The preferred plan is to locate the BHCI generation assets at the same site where Black Hills Energy-Colorado Electric will build its utility-owned generation. If a co-located site is selected by BHCI, it would include BHCI's 200-MW power plant and Black Hills Energy-Colorado Electric's two utility-owned, natural gas-fired 100-MW LMS100 turbines. The power from the combined utility and BHCI resources will serve 93,300 Black Hills Energy – Colorado Electric utility customers in the Pueblo, Cañon City and Rocky Ford-area communities in southeastern Colorado.

On March 31, 2009 the Colorado Public Utilities Commission issued an order pertaining to the Aug. 5, 2008 Electric Resource Plan (ERP) for Black Hills Energy - Colorado Electric, providing the utility the opportunity to construct and operate two General Electric LMS100 natural gas turbines to serve a portion of the customer requirements when the utility's current power purchase agreement expires on Dec. 31, 2011. On March 25, 2009 Black Hills Energy - Colorado Electric issued a 2009 Non-intermittent Resource Solicitation requesting bids to determine how the remaining customer requirements will be supplied, and in June BHCI submitted a response to the utility's request for proposals. The BHCI proposal was identified as the least-cost proposal in the resource solicitation process. That process was established by the Colorado Public Utilities Commission and was conducted with the oversight of an independent evaluator.

About Black Hills Corporation

Black Hills Corp. — 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 natural gas and electric utility customers in Colorado, Iowa, Kansas, Montana, Nebraska, South

--MORE--

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.

Caution Regarding Forward-Looking Statements

This news release includes “forward-looking statements,” including statements regarding the construction and anticipated in-service date of the 200 MW facility. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. 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 the factors discussed above, the risk factors described in Item 1A of Part I of our 2008 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time.

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.

###