



Black Hills Contact Information:

Julie Schad, Communications Manager (605) 721-2652

Jason Ketchum, Investor Relations (605) 721-2765

News Release

Black Hills Power Requests Electric Rate Increase in South Dakota to be effective in 2010

RAPID CITY, SD, Sept. 30, 2009 – Black Hills Corp. (NYSE:BKH) subsidiary Black Hills Power announced today that the utility has filed a request for an electric revenue increase with the South Dakota Public Utilities Commission to recover costs associated with the Wygen III power plant located near Gillette, Wyo., and other generation, transmission and distribution assets and increased operating expenses incurred during the past four years.

In its request, Black Hills Power is seeking a 26.6 percent increase in annual utility revenues. The company anticipates new rates will be effective for its South Dakota customers April 1, 2010. If the proposed rates are approved, a typical South Dakota residential customer using an average of 600 kilowatt-hours (kWh) of power each month will see an increase of \$17.99 per month, or about \$0.59 per day, but the actual change in each customer's monthly utility bill will vary based on their electric service rates and electricity use. The increase experienced by Black Hills Power's commercial and industrial customers in South Dakota will vary depending on rate class, load factor, and the amount and nature of their electricity use. Black Hills Power currently serves 64,100 residential, commercial and industrial electric customers in 20 communities in western South Dakota. The utility also serves customers in northeastern Wyoming, and a rate request is expected to be filed for those customers in the fourth quarter of 2009.

“Black Hills Power has been committed to providing our customers with safe, reliable electricity for over 125 years. As our integrated resource plan and analysis indicated in 2007, the investment made in Wygen III and other system upgrades are necessary to serve the growing energy needs in our service areas,” said Chuck Loomis, vice president, operations

for Black Hills Power. “And while we continually work to operate efficiently and keep our organization lean, this request reflects the increasing costs of providing the reliability and service our customers expect and deserve.”

Black Hills Power’s last base rate increase of 7.8 percent was based on 2005 costs and became effective in January 2007. When adjusted for inflation, the proposed Black Hills Power rates for South Dakota customers in 2010 would be approximately equal to rates paid by customers in 1995. During the past 10 years, Black Hills Power residential energy consumption has increased more than 32 percent, and since 2005, nearly 3,500 new customers have been added. In addition, Black Hills Power has voluntarily incorporated 35 megawatts wind generation into its supply portfolio as the demand for renewable energy has continued to grow in the region.

For more detailed information, you can view Black Hills Power’s complete rate request at the South Dakota Public Utility Commission’s Web site <http://puc.sd.gov/Dockets/Electric/2009/default.aspx>.

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 750,000 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. We partner to produce results that improve life with energy. More information is available at www.blackhillscorp.com.

ABOUT BLACK HILLS POWER

Black Hills Power has been delivering energy for more than 125 years. The electric utility serves 69,000 customers in 25 communities in western South Dakota, northeastern Wyoming and southeastern Montana. More information is available at www.blackhillspower.com.

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