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News Release

Black Hills Power Requests Electric Rate Increase in Wyoming, First in 15 Years

RAPID CITY, SD, Oct. 19, 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 Wyoming Public Service Commission to recover costs associated with its new generation facility, Wygen III, located near Gillette, Wyo., and other generation, transmission and distribution investments and increased operating expenses during the past fifteen years.

“We have worked hard to keep our rates stable for 15 years, but as our integrated resource plan and analysis indicated in 2007, the investment we made to construct Wygen III and implement other system upgrades are necessary to serve the growing electricity needs in our service area,” said Chuck Loomis, vice president, operations for Black Hills Power. “The planning and construction process for the new Wygen III generation plant occurred over the past several years with oversight from the Wyoming Public Service Commission. These requests are a normal part of our utility business and must be in line with established regulatory policies set by the Commission. And while Black Hills Corp., the parent company of Black Hills Power, has experienced significant growth through recent acquisitions, this Black Hills Power rate request is unrelated and is focused on recovering only the utility investments made by Black Hills Power that are necessary in order to provide the safe and reliable electric service our Wyoming customers expect and deserve.”

In its request, Black Hills Power is seeking a \$3.8 million increase in annual revenues and that new rates become effective for its Wyoming customers on the in-service date of Wygen III, which is expected to be April 1, 2010. If the proposed rates are approved, a

typical Wyoming residential customer using an average of 600 kilowatt-hours (kWh) of power each month will see an increase of \$19.44 per month, or about \$0.64 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 Wyoming will vary depending on rate class, load factor, and the amount and nature of their electricity use. Black Hills Power currently serves approximately 2,700 residential, commercial and industrial electric customers in northeastern Wyoming.

The last base rate increase of 8.97 percent for Black Hills Power customers in Wyoming was based on 1994 costs and became effective in August 1995. During the past 15 years, Black Hills Power residential energy consumption in Wyoming has increased 33 percent and commercial energy consumption has increased 28 percent. When adjusted for inflation, the proposed Black Hills Power rates for Wyoming customers in 2010 would be approximately equal to rates paid by customers in 1995. In addition, Black Hills Power has voluntarily incorporated 35 megawatts of wind generation into its supply portfolio as the demand for renewable energy has continued to grow in the region.

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, 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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