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**GOING TANKLESS: CHOOSING THE RIGHT WATER HEATER
FOR MAXIMUM ENERGY EFFICIENCY AND COST EFFECTIVENESS**

Black Hills Energy rebates and federal tax credits available

WEST DES MOINES, Iowa, Nov. 18, 2009 — Homeowners with traditional tank-type water heaters pay to heat their water 24/7, even though they probably don't use hot water around the clock. Choosing a high-efficiency natural gas tankless water heater can help homeowners save money by using energy to heat their water only as it is needed.

“Tankless water heaters produce hot water on demand and do not produce the standby energy losses associated with storage water heaters, helping customers save on their energy bills,” said Matt Daunis, energy efficiency director for Black Hills Energy. “Instead of heating water over and over again while it remains idle in a storage tank, new high-efficiency units heat water through a natural gas burner only when the tap is turned on,” continued Daunis.

And the savings go beyond the monthly energy bill – residential customers may be able to offset the initial cost of a tankless water heater by applying for a federal tax credit and rebates available through Black Hills Energy. Depending on the size of the tankless water heater installed, customers could be eligible for a \$300 rebate from Black Hills Energy. The tax credit is 30 percent of the cost, up to \$1,500, including installation, for putting an ENERGY STAR-qualified natural gas tankless water heater in service during 2009 or 2010.

“With all the incentives currently available, now is the best time for homeowners to contact a local contractor to discuss upgrading to a high-efficiency natural gas tankless water heater,” said Daunis. “Traditional units only last for 10 to 15 years. But tankless water

heaters have a life expectancy of more than 20 years, making them an investment for the long-run.”

To learn more about the energy efficiency rebates available to Black Hills Energy residential, commercial and industrial natural gas customers in Iowa, call 888-567-0799 or visit www.BHEHowto.com. More information about the federal tax credits available for installing a tankless water heater can be found at www.energystar.gov/taxcredits.

Black Hills Energy serves 149,500 natural gas customers in 130 Iowa communities, and is a proud recipient of the U.S. EPA 2009 Energy Star® Leadership in Housing Award. 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 natural gas and electric 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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