



News Release

Media Contact:

Bob McKeon 402-943-9143
Black Hills Media Line 866-243-9002

Investor Relations Contact:

Jason Ketchum 605-721-2765

BLACK HILLS ENERGY REQUESTS NATURAL GAS RATE INCREASE IN NEBRASKA EFFECTIVE IN 2010

\$28.8 million in improvements to natural gas distribution systems and operating cost increases since 2006 primary reasons for the request

LINCOLN, Neb., Dec. 2, 2009 – Black Hills Energy’s Nebraska natural gas utility, a subsidiary of Black Hills Corp. (NYSE:BKH), today announced it has filed a request for a natural gas revenue increase with the Nebraska Public Service Commission to recover the cost of capital investments the company made in its Nebraska natural gas distribution systems since July 1, 2006, and increased operating expenses incurred during the same period. The company last filed for a rate increase in November 2006.

Black Hills Energy is seeking a \$12.1 million or 6.5 percent increase in annual revenue. Interim rates take effect March 1, 2010. If final rates approved by the NPSC are lower than interim rates, customers will receive a refund with interest.

“We provide natural gas to customers in 110 Nebraska communities. Since 2006, we have spent nearly \$30 million in Nebraska to replace obsolete pipes and other equipment, make system upgrades and implement new technology so that our gas distribution systems are safe, reliable and efficient,” said Dan Mechtenberg, Black Hills Energy vice president of Nebraska natural gas operations.

“While these improvements are necessary to serve our customers, the associated costs are not reflected in our current rates. We proactively work to keep our operating costs low and delay rate increases as long as we can. The process to recover investment costs and increases in operating costs requires a filing with the Nebraska Public Service Commission. This rate filing includes only those costs and capital investments made since our last request

in 2006 and are critical to continue providing the safe and reliable natural gas service our customers deserve,” said Mechtenberg.

The average monthly bill would increase by approximately \$5.48 for residential customers if the proposed rates are approved, and \$2.65 for commercial customers. The actual change in a customer’s bill will vary based on how much natural gas is used and the price of natural gas, which is not part of this rate case.

“Black Hills Energy natural gas service remains a good value and comparable to other natural gas providers in our area,” said Mechtenberg. “If approved, our average residential customer in Nebraska will pay 18 cents more per day to keep their house warm, cook meals, dry clothing and heat water. The rate request will not take effect for 90 days and before permanent rates are implemented, our filing undergoes rigorous review by the commission.”

Black Hills Energy is also proposing to change the way its rates are structured, moving from a single delivery charge to a two-tier declining block delivery charge. The declining block rate design is fairly common and in line with other natural gas utilities in Nebraska. Declining block rates levelize the utility’s revenue collection, minimizing the impact of extreme weather.

Black Hills Energy’s last rate increase of 4.36 percent was based on costs through June 30, 2006, and went into effect Feb. 15, 2007. Black Hills Energy’s complete rate request will be available on the NPSC Web site, www.psc.state.ne.us.

ABOUT BLACK HILLS ENERGY – NEBRASKA GAS

Black Hills Energy serves 197,400* natural gas customers in 110 eastern Nebraska communities. Black Hills Energy is part of Black Hills Corp.

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 Denver 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.

** Black Hills Corp. 2008 10-K*

###