



### Media Contacts

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### **BLACK HILLS ENERGY TO REFUND SALES CUSTOMERS IN IOWA DUE TO ANNUAL GAS COST RECONCILIATION**

#### *Year-to-date natural gas costs for Iowa residential customers are 30 percent lower than 2008*

WEST DES MOINES, Iowa, Dec. 7, 2009 – Beginning Dec. 2, Black Hills Energy’s sales customers in Iowa will receive a onetime credit on bills because of the annual Iowa gas cost reconciliation. Black Hills Energy is refunding gas costs over collected between September 2008 and August 2009, plus interest, which equates to approximately \$49 for an average residential customer using 840 therms annually. The company provides gas supplies to its customers without a price markup, so the customer pays what the company pays – this gas cost portion of a residential bill typically accounts for three-fourths of the total, and appears on the bill as “PGA,” or purchased gas adjustment. The PGA changes monthly as the market price for gas fluctuates.

Every year on a September through August timeframe, there is a reconciliation of the amount Black Hills Energy charges customers for natural gas and the price the company actually pays suppliers for the gas commodity. Black Hills Energy reconciles the PGA balance and if it is over collected by more than 3 percent of total gas purchases for the year, a refund will be made in the form of a onetime bill credit.

“Natural gas costs have continued on a downward trend since the beginning of 2009,” said Tracy Peterson, vice president of Iowa Gas for Black Hills Energy. “We don’t profit from higher gas prices, and we’re very pleased to be passing lower natural gas costs to our customers.”

Year-to-date, natural gas prices for Black Hills Energy residential customers in Iowa are 30 percent lower than 2008. The lower gas prices are a result of the sluggish economy and resulting lack of demand, and an abundance of natural gas thanks to record storage levels. Black Hills Energy uses a diversified portfolio purchasing strategy to get the best price possible and then passes that price to customers without markup.

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 Denver, 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](http://www.blackhillscorp.com).

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