



News Release

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BLACK HILLS CORP. AND DEPARTMENT OF ENERGY REACH AGREEMENT FOR SMART GRID FUNDING

Black Hills electric utility customers in Colorado, South Dakota and Wyoming will benefit from new Advanced Metering Infrastructure technology

RAPID CITY, S.D., April 5, 2010 — Black Hills Corp. (NYSE: BKH) announced today that it has successfully reached agreement with the Department of Energy for smart grid funding through grants totaling \$20.7 million for its electric utility subsidiaries, Black Hills Energy – Colorado Electric, Black Hills Power and Cheyenne Light, Fuel & Power. The funds are made available under the American Recovery and Reinvestment Act of 2009 and, combined with matching investments from the Black Hills electric utilities, enable the installation of about 149,000 smart meters and related infrastructure investments.

“We are pleased to reach agreement with the DOE for smart grid funding. The integration of this technology will create operational efficiencies, reduce costs and allow us to provide additional energy services to our customers,” said Linn Evans, Black Hills Corp. president and chief operating officer, utilities. “Our three electric utility applications were among the 100 selected by the DOE for grants, and as a result, our electric customers in Colorado, South Dakota and Wyoming will reap the benefits of new, innovative smart grid infrastructure.”

Specifically, the DOE award agreements provide Black Hills Energy – Colorado Electric with approximately \$6.1 million in matching funds for the installation of up to an additional 42,000 smart meters and communications infrastructure that will automate meter reading and enable a direct load control pilot program in its southern Colorado service area. Black Hills Power will receive approximately \$9.6 million in matching funds, which is approximately \$4 million more than the amount initially reported, for the installation of 69,000 smart meters, along with communications infrastructure, IT software and equipment necessary to initiate an advanced metering system in its western South Dakota and eastern Wyoming utility service areas. Cheyenne Light will receive

approximately \$5 million in matching funds for the installation of 38,000 smart meters and communications infrastructure in and around its Cheyenne, Wyo., service area. Black Hills Power and Cheyenne Light will begin AMI implementation throughout their service territories this year and Black Hills Energy – Colorado Electric will begin phase three of its AMI implementation, having already installed more than 56,500 smart meters and associated infrastructure in its service territory in 2009.

In Colorado, South Dakota and Wyoming, the Black Hills Corp. subsidiaries were the only investor-owned electric utilities selected to receive the DOE funding.

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 763,300 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.

Caution Regarding Forward Looking Statements

This news release includes “forward-looking statements” as defined by the Securities and Exchange Commission, or SEC. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this news release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including the creation of operational efficiencies and additional services provided to our customers, are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including the factors discussed above, the risk factors described in Item 1A of Part I of our 2009 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time.

New factors that could cause actual results to differ materially from those described in forward looking statements emerge from time-to-time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

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