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BLACK HILLS ENERGY UPGRADING 13 MORE NEBRASKA COMMUNITIES TO AUTOMATED METER READING

BEATRICE, Neb., May 3, 2010 – Black Hills Energy is expanding its automated meter reading system to 13 Nebraska communities in a five-month, \$1.4 million project beginning this week.

The company has been reading meters automatically in Nebraska with mobile, drive-by technology since the late 1980s and currently reads meters automatically in 30 Nebraska communities that account for more than half of the company's natural gas customers in the state. Twenty-five Black Hills-served communities, accounting for 13,000 customers, were upgraded to automated meter reading during the company's last expansion, in 2008.

The expansion this year will bring AMR technology to approximately 9,200 more residential and commercial natural gas customers of Black Energy in the Nebraska communities of Bee, Staplehurst, Ulysses, Bradshaw, Hampton, Aurora, York, Seward, Osceola, Shelby, Rising City, Garrison and David City.

“We are making a significant investment in our Nebraska natural gas distribution system to automate the meter reading process that will improve customer service and convenience,” said Rick Schwartz, Black Hills Energy South Region operations manager and 2010 AMR project manager. “Automated meter reading is one of the ways we use technology to improve service and increase operational efficiencies.”

With AMR, company meter readers no longer need access to a home or business to read an inside meter and because all meters are automatically read each month, estimated meter reads are eliminated, increasing the number of actual meter reads and meter reading and billing accuracy.

Installation of the system consists of adding a piece of AMR equipment, an “ERT” – encoder-receiver-transmitter – to every residential and commercial natural gas meter in the 13

communities. Additionally, 27 percent of the meters will need to be replaced with a meter that is compatible with the ERT being installed.

Black Hills is staggering the work in the affected communities over this spring and summer and is sending a postcard to customers notifying them of the upgrade before work begins in their community.

The installation of the ERT takes 10-15 minutes and most customers whose gas meter is outside don't have to be home for Black Hills to install the device. Black Hills will make arrangements with customers whose meter needs to be replaced or whose meter is inside. There is no direct charge to the customer for the AMR upgrade.

Activation of the system will begin after all meters have been upgraded in a community. Once activated, Black Hills Energy will read gas meters in the new communities by driving a company vehicle containing a data collector along city streets. The data collector will send a radio signal to the ERTs which will then transmit meter readings to the data collector. Those will then be transferred to Black Hills Energy's billing system and the customer's monthly natural gas bill generated.

Activation will result in meter reading routes being combined and new meter reading and billing dates for most customers. As that happens, customers may experience shorter or longer billing periods. Black Hills will communicate those changes to customers before activating the system in their community. Customers who have questions can call Black Hills Energy toll free at 888-890-5554. Customer service associates are available 24 hours a day, seven days a week.

Black Hills Energy serves approximately 196,000 natural gas customers in 107 eastern Nebraska communities. 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 — which is based in Rapid City, S.D., and has 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.

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