



## News Release

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### **BLACK HILLS ENERGY REQUESTS 2.9 PERCENT NATURAL GAS RATE INCREASE FOR IOWA CUSTOMERS**

*\$17.2 million invested since 2008 to maintain safe, reliable system*

WEST DES MOINES, Iowa, June 8, 2010 – Black Hills Energy, a subsidiary of Black Hills Corp. (NYSE:BKH), today announced it has filed a request for a \$4.7 million or 2.9 percent increase in annual revenues with the Iowa Utilities Board to recover the cost of capital investments the company made in its Iowa natural gas distribution systems and other expenses incurred since December 2008.

As allowed by Iowa law, a 1.6 percent interim increase will go into effect June 18, 2010, while the rate case is being reviewed. Once in effect, the average monthly change for the general service class, which includes residential and commercial customers, will be \$1.46. The average monthly bill of small volume customers will increase \$51.27. If final rates approved by the IUB are lower than interim rates, customers will receive a refund with interest.

“Black Hills Energy is committed to providing our customers with safe, reliable natural gas service at a reasonable cost,” said Tracy Peterson, Black Hills Energy vice president of Iowa gas operations. “Since 2008, we have invested approximately \$17.2 million in Iowa to replace pipe and other equipment that has reached the end of its useful life. If our request is approved as filed, the average residential customer in Iowa will pay only 7 cents more per day to keep their house warm, cook meals, dry clothing and heat water.”

The new rates as requested in the Black Hills Energy filing would affect only 35 percent of a typical Iowa customer’s bill. The remaining 65 percent of the monthly bill accounts for the cost of the natural gas commodity and is simply a pass-through cost that Black Hills Energy pays to its natural gas suppliers. The utility does not earn a profit on the natural gas commodity and therefore it

is not part of this rate case. As filed, if the proposed rates are approved, the average monthly bill would increase by approximately \$2.26 for residential customers and \$3.65 for commercial customers. The average monthly bill of small volume and large volume customers would increase \$64.93, and \$69.04, respectively. The actual change in a customer's total bill will vary based on how much natural gas is used and the price of natural gas. If approved, final rates would be effective in approximately 10 months or around April 9, 2011.

“Black Hills Energy natural gas service is a good value,” said Peterson. “We proactively work to keep our operating costs low and our operating and maintenance costs have increased less than the rate of inflation since our last rate change request. It is important we make system upgrades and implement new technology so our natural gas distribution systems continue to deliver the energy our communities depend on.”

Black Hills Energy is also proposing a system integrity rider that will allow the utility to recover a portion of the costs of capital to replace aging pipe to ensure safety and reliability, including depreciation on the investments made, thereby avoiding the need for a full rate case proceeding. As with similar riders used in other states, the company's proposal is designed to reduce the delay in recovering system maintenance investments, but the expenses would still be subject to review by state regulators.

“We are proud to reinvest in our Iowa communities, many of which are rural, and to provide customers with safe, reliable natural gas service. Black Hills Energy also offers many programs and services to help customers manage their natural gas bills and control energy use,” continued Peterson.

Black Hills Energy's complete rate request will be available on the IUB website at [iowa.gov/iub](http://iowa.gov/iub). More information on the filing can also be found at [blackhillsenergy.com/ratecase/IA](http://blackhillsenergy.com/ratecase/IA). Black Hills Energy encourages customers to visit [bhehowto.com](http://bhehowto.com) to learn more about energy saving tips, energy efficiency programs and incentives available to the company's Iowa residential and non-residential customers.

#### **Black Hills Energy – Iowa\***

Black Hills Energy serves 149,700 natural gas customers in 130 Iowa communities, and is a proud recipient of the U.S. EPA 2010 ENERGY STAR® Leadership in Housing Award. Black Hills Energy is part of Black Hills Corp. (NYSE: BKH).

\*Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy

### **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](http://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 statements regarding providing our customers with safe, reliable natural gas service at a reasonable cost, 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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