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BLACK HILLS ENERGY PARTNERS WITH LOCAL CONTRACTOR ON POWER PLANT PROJECT

K.R. Swerdfeger Construction hired to construct water line, gas line at new generation site.

PUEBLO, CO, July 6, 2010 – Black Hills Corp. (NYSE:BKH) announced today that its utility subsidiary Black Hills Energy has awarded contracts to K.R. Swerdfeger Construction, Inc., for construction of the waterline and gas line at the company’s new generation facility.

“We are looking forward to working with Black Hills on these exciting new projects,” said Raymond Swerdfeger, President of Swerdfeger Construction. “We expect 30 – 40 local people will be hired and Swerdfeger is confident that our team of experienced workers can provide safe, cost-efficient resources for construction of quality water and natural gas facilities.”

Black Hills conducted a competitive solicitation process and received bids from several local contractors before determining Pueblo-based Swerdfeger to be the most qualified, least-cost option. Swerdfeger will subcontract components of the project to local contractors that include Rice & Rice Incorporated, Pueblo Electric and ICM Incorporated. The water and gas lines will provide the Pueblo Airport Generation Station with the fuel and water necessary to generate power that will serve approximately 93,300 Black Hills Energy utility customers in southern Colorado.

“We are pleased to have the opportunity to utilize the skills of this very qualified local company,” said Chris Burke, Vice President of Operations for Black Hills Energy. “Black Hills is committed to the communities where we serve customers, and is proud to partner with Swerdfeger.”

The Black Hills Pueblo Airport Generation Station will consist of two utility-owned gas-fired LMS100 units, as well as two gas-fired LM6000 units which will be owned by Black Hills Corp. subsidiary Black Hills Colorado IPP. Construction is expected to begin this summer when all necessary permits have been obtained, and the generation facility is expected to be in service by Jan. 1, 2012.

K.R. Swedfeger Construction, Inc. is a heavy civil contractor founded in 1968 that specializes in utility installations, trenchless technology, process piping, highway and site work construction.

Black Hills Energy - Colorado Electric*

Black Hills Energy serves 93,300 electric customers in 21 southeastern Colorado communities and was ranked No. 6 in Total Solar Watts per Customers in Solar Electric Power Association's 2009 Utility Solar Rankings report. 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 — 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.

*Black Hills/Colorado Electric Utility Company, LLC d/b/a Black Hills Energy