



## News Release

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### **BLACK HILLS POWER RECEIVES APPROVAL FROM THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION TO IMPLEMENT NEW ELECTRIC SERVICE RATES**

RAPID CITY, SD, JULY 12, 2010 – Black Hills Corp. (NYSE:BKH) subsidiary Black Hills Power today announced that the South Dakota Public Utilities Commission issued a bench order approving the settlement stipulation agreement that was previously filed on May 14, 2010. The original rate request was filed on Sept. 30, 2009, to recover costs associated with the new generation facility, Wygen III, near Gillette, Wyo., and other generation, transmission and distribution investments and increased operating expenses. New rates will be implemented for electricity service on and after July 12, 2010, and will replace the interim rates effective since April 1, 2010.

“We’re proud of our record of providing safe, reliable electric service at fair and stable prices for the benefit of our customers and the communities we serve,” said Chuck Loomis, vice president of operations for Black Hills Power. “We are pleased that the commission recognized not only the value in the settlement proposal we set forth but also that Wygen III was necessary and the lowest cost option to provide the electricity our customers need. This new power plant, which was completed under budget and ahead of schedule, has been producing electricity for our customers since April 1, 2010, and will provide safe, reliable, stable-priced electricity for the next 50 years.”

The new rates represent an approximate \$22 million increase to base rates, a 12.7 percent revenue increase. Black Hills Power implemented an interim base rate increase of \$24 million, or about 20 percent revenue increase on April 1. Since the new rates are lower than the interim rates, customers will receive refunds for the difference between the two rates for electricity used from April 1, 2010, to July 12, 2010. A typical South Dakota residential customer using an average of 600 kilowatt-hours of power each month will see a refund of about \$10. Commercial and industrial customers’ refund amounts will vary based on their electric service rates and electricity use.

### **Black Hills Power**

Black Hills Power is the legacy utility business of Black Hills Corp. (NYSE: BKH) and has been delivering energy for more than 125 years. The electric utility serves 66,900 customers in 25 communities in western South Dakota, northeastern Wyoming and southeastern Montana.

## **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 Wygen III providing our customers with safe, reliable stable-priced electricity for the next 50 years, 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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