



## News Release

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### **BLACK HILLS POWER SELLS 23 PERCENT OF WYGEN III TO CITY OF GILLETTE**

GILLETTE, Wyo., July 14, 2010 — Black Hills Corp. (NYSE: BKH) today announced that its electric utility subsidiary, Black Hills Power, sold a 23 percent ownership interest in the Wygen III power generation facility to the City of Gillette for \$62 million. Wygen III is a 110-MW coal-fired power plant recently constructed near Gillette, Wyo. The transaction entitles the City of Gillette to 23 percent of the plant's output – or approximately 25.3 MW – for the life of the plant. Wygen III began commercial operations on April 1, 2010.

Since the 1960s, Black Hills Power has had a long-term arrangement to provide power to the City of Gillette, including most recently under a 23-MW purchase power agreement. The City's purchase of the 23 percent ownership interest in Wygen III will terminate the current purchase power agreement with Black Hills Power. In addition to the \$62 million purchase price, under the terms of the agreement, the City of Gillette will pay Black Hills Power for ongoing administrative services and share in the costs of operating the plant for the life of facility. The City will purchase coal for Wygen III under a separate coal supply agreement with Wyodak Resources Development Corp., another subsidiary of Black Hills Corporation.

“We are pleased to complete this transaction with the City of Gillette and look forward to being co-owners of the Wygen III facility,” said David R. Emery, chairman, president and chief executive officer of Black Hills Corp. “We have a long-standing relationship and appreciate the opportunity to continue to work together to serve customers.”

The transaction provides advantages to the City of Gillette as well, said Mike Muirhead, City Administrator, City of Gillette, Wyo. “Our customers will benefit from a price-stable, reliable fuel source for years to come,” said Muirhead.

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The transaction makes the City a third co-owner of the Wygen III plant. Montana-Dakota Utilities purchased a 25 percent ownership interest in the plant in April 2009. Black Hills Power retains controlling interest in and operatorship of the plant with 52 percent ownership.

#### **ABOUT 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 69,000 customers in 20 communities in western South Dakota, northeastern Wyoming and southeastern Montana.

#### **ABOUT 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, Colo., and Omaha, Neb. The company serves 759,000 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).

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