



News Release

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BLACK HILLS ENERGY RECEIVES APPROVAL FROM THE COLORADO PUBLIC UTILITIES COMMISSION TO IMPLEMENT NEW ELECTRIC SERVICE RATES

PUEBLO, Colo., August 5, 2010 – Black Hills Corp. (NYSE:BKH) subsidiary Black Hills Energy – Colorado Electric today announced that the Colorado Public Utilities Commission issued a decision approving a settlement agreement for the utility’s southern Colorado customers representing approximately \$17.9 million in additional annual revenues, based on a return on equity of 10.5 percent with a capital structure of 52 percent equity to be effective on and after August 6, 2010.

“Black Hills Energy is committed to providing safe, reliable electric service to our customers,” said Christopher Burke, vice president, operations for Black Hills Energy – Colorado Electric. “This rate request settlement will allow appropriate recovery of the rising costs associated with our electricity supply contracts and infrastructure investments to ensure our customers the levels of service they have come to expect from us.”

Black Hills Energy’s original rate request was filed on Jan.5, 2010. The request was necessary to cover the utility’s increased expenses, which are primarily associated with electricity supply contracts and investments in equipment and electricity distribution facilities necessary to maintain and strengthen the reliability of Black Hills’ electric delivery system in Colorado. The last base rate increase for Black Hills Energy customers in Colorado became effective nearly six years ago in September 2004.

Since being filed, the rate request has undergone extensive review by the Colorado Public Utilities Commission, Commission Staff and the Colorado Office of Consumer Counsel. Negotiations between the nine intervening parties and Black Hills Energy resulted in the settlement.

Under the new rates a typical Black Hills Energy residential customer in southern Colorado using 600 kilowatt hours of power each month will see an increase of \$7.90 per month, or about \$0.26 per day, and typical small-business customers using 2,300 kilowatt hours per month will experience an increase of approximately \$26.38 per month. The increase experienced by Black Hills Energy's large commercial and industrial customers in Colorado will vary depending on rate class and the amount and nature of their electricity use. Black Hills Energy currently serves approximately 93,300 residential, commercial and industrial electric customers in southern Colorado.

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).

*Black Hills/Colorado Electric Utility Company, L.P. 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.

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 the statement that the settlement will allow appropriate recovery of the rising

costs associated with our electricity supply contracts and infrastructure investments to ensure our customers the levels of service they have come to expect from us, 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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