



Media Contact:

Curt Floerchinger 785-764-6492
Black Hills Media Line 866-243-9002

BLACK HILLS ENERGY PURCHASES TECHNICAL SERVICES SUBSIDIARY

LAWRENCE, Kan., Aug. 10, 2010 – Black Hills Energy-Kansas Gas has purchased the technical services subsidiary of Kansas Municipal Utilities.

Black Hills Energy will continue to provide KMU’s existing customer base with a variety of services previously offered by KMU, such as leak surveys, regulator and relief inspections, valve maintenance, odorization and meter testing.

Black Hills also will offer additional services, said Black Hills Energy’s technical services director, Jerry Watkins. “This acquisition will compliment and enhance Black Hills Energy’s current technical services business and provide opportunities for additional growth.”

KMU, based in McPherson, Kan., is a statewide not-for-profit association representing 171 municipal electric, natural gas, water, wastewater and telecommunications utilities. In addition, KMU provided gas technical services to 28 municipalities and six large-volume customers across the state of Kansas.

BHE and KMU began discussions early this year. “As regulatory burdens and the complexity of the industry grow increasingly more difficult, the [KMU] Board determined at a meeting in early June that the sale of the business to Black Hills Energy was in the best interest of the association and its members,” said Colin Hansen, KMU executive director. “We approached Black Hills Energy because of their outstanding reputation and desire to ensure that our former customers continue to receive expert services.”

Along with the acquisition, Black Hills Energy-Kansas Gas gains former KMU employee Mike Tilson, who will work out of the Wichita, Kan., office. “Mike has nearly 30 years of natural gas experience and has built a strong relationship with each customer he serves,” Watkins said. “Mike will be a great asset to our operations and we look forward to him becoming part of our team.”

Watkins suggested that any municipality or business in Kansas interested in Black Hills Energy’s natural gas technical services should call him in Wichita at 316-941-1642.

Kansas Municipal Utilities

Kansas Municipal Utilities is the statewide association representing Kansas cities and other public or not-for-profit agencies involved in the ownership and operation of municipal utilities. Formed in 1928, KMU provides assistance and information to members with regard to legislative and regulatory issues, training and educational programs, and numerous other services towards the advancement of municipal utilities and to achieve maximum benefits for the customer-owners served by our utilities.

Black Hills Energy - Kansas Gas

Black Hills Energy-Kansas Gas serves 109,400 natural gas customers in 57 Kansas communities. 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.

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