



\*\*\* CORRECTED \*\*\*

## News Release

**Company Contacts:**

Jason Ketchum 605-721-2765  
Black Hills Media Line 866-243-9002

### **BLACK HILLS ENERGY RECEIVES APPROVAL FROM THE NEBRASKA PUBLIC SERVICE COMMISSION TO IMPLEMENT NEW NATURAL GAS RATES**

**LINCOLN, Neb., Aug. 18, 2010** – Black Hills Energy, a subsidiary of Black Hills Corp. (NYSE:BKH), today announced that the Nebraska Public Service Commission issued a decision approving an annual revenue increase of approximately \$8.7 million, based on a return on equity of 10.1 percent with a capital structure of 52 percent equity effective for natural gas service on and after Sept. 1, 2010. Black Hills Energy’s original rate request was filed on Dec. 1, 2009.

“Since our last rate increase in 2007, we have invested nearly \$30 million in Nebraska to replace obsolete pipes and other equipment, make system upgrades and implement new technology so that our gas distribution systems remain safe, reliable and efficient,” said Dan Mechtenberg, Black Hills Energy vice president of Nebraska gas operations. “This rate increase allows for recovery of operating costs and a return on infrastructure investments which ensures our customers continue to receive the dependable service they expect from us.”

Under the new rates approved by the NPSC, a typical Black Hills Energy residential customer in Nebraska will see an approximate increase of \$3.90 per month, and a typical commercial customer will see an approximate increase of \$1.88 per month. Black Hills Energy implemented an interim rate increase of \$12.1 million, or about 6.5 percent on March 1, 2010. Since the new rates approved by the NPSC are lower than the interim rates, customers will receive refunds for the difference between the two rates after the refund plan specified in the order has been filed and approved by the NPSC.

The new rates approved by the NPSC also include changes to the monthly customer charge (a flat fee for natural gas service that stays the same each month) in addition to the base rate (a fixed per-therm rate for the natural gas consumed by customers that causes the monthly customer bill to fluctuate depending on usage). The NPSC decision sets the residential customer charge at \$13.50 per month and the commercial customer charge at \$18.50 per month for Black Hills Energy customers in Nebraska. The new rates approved by the NPSC affect only 35 percent of a typical Nebraska customer’s bill. The remaining 65 percent of the monthly bill accounts for the cost of the natural gas commodity and is a pass-through cost that Black Hills Energy pays to its natural gas suppliers. The

utility does not earn a profit on the natural gas commodity and therefore it was not part of this rate case.

**Black Hills/Nebraska Gas Utility Company, LLC d/b/a Black Hills Energy**

Black Hills Energy serves 196,000 natural gas customers in 106 eastern Nebraska communities. Black Hills Energy is a subsidiary of Black Hills Corp. (NYSE: BKH).

**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' 2,200 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 the statement that the rate increase allows for recovery of operating costs and a return on infrastructure investments which ensures our customers continue to receive the dependable service they 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.

###