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BLACK HILLS ENERGY'S NEBRASKA ANNUAL PRICE OPTION OPEN FOR ENROLLMENT SEPT. 1

Enrollment forms being mailed to 174,300 residential natural gas customers Aug. 31

LINCOLN, Neb., Aug. 31, 2010 – Black Hills Energy is mailing 2010-11 Annual Price Option enrollment forms to its approximately 174,300 residential natural gas customers in Nebraska on Aug. 31. Enrollment begins Sept. 1.

Black Hills' APO program locks in the customer's price for natural gas for one year. APO customers are billed that same per-therm price for natural gas throughout the one-year contract period regardless of changes in the market price of natural gas. A therm is a unit of heating value equivalent to 100,000 British thermal units and is the billing unit Black Hills Energy uses.

The 2010-11 APO program begins Nov. 1, 2010, and runs through Oct. 31, 2011. Black Hills Energy's Nebraska customers can sign up by returning the postage-paid reply card that's part of the customer mailer. Beginning Sept. 1, customers can also enroll online at www.annualpriceoption.com. The sign-up period ends Oct. 1, 2010, or when the 18,000 customer limit is reached.

A special APO phone line, for customer questions only, is staffed by Black Hills Energy customer service associates 24 hours a day, seven days a week. The APO telephone number is 800-753-7509.

Black Hills Energy purchases a designated supply of natural gas specifically for the APO program, so participation is limited to the first 18,000 customers signing up. Customers who sign up are required to stay on the program for one year unless they move out of Black Hills Energy's Nebraska service territory.

"APO is a program Black Hills Energy offers to Nebraska residential customers similar to other customer programs such as CheckLINE and Budget Billing," said Don Nordell, Nebraska business

operations director, Black Hills Energy. “Like those other programs, APO is revenue neutral to the company and participation is optional.

“We don’t promote APO as a cost-saving program; it’s a pricing choice that locks in a fixed per-therm price for natural gas for one year,” said Nordell. “Under traditional billing, natural gas prices may be higher or lower, depending upon the national market price for natural gas, which typically changes monthly. APO provides price certainty for customers who want to know that regardless of what the market price is for natural gas, the price they pay will not change for a year.”

Even with the per-therm price for natural gas locked in, APO customer bills will still increase or decrease based on the amount of natural gas used. Bills for customers not on APO also increase or decrease with usage and also when the market price of gas changes.

Natural gas costs are the largest portion of a customer’s bill, but Black Hills Energy does not earn any profit from that portion of the bill. The price the company pays for natural gas is the price customers are charged and pay. The other parts of Black Hills Energy’s bill include Nebraska Public Service Commission-approved delivery charges and other fees and taxes.

The APO enrollment forms Black Hills Energy is mailing do not have the most recent lower delivery charge on them because they were printed before the Nebraska Public Service Commission issued its order in the company’s rate case. The Aug. 17 order provided for a \$0.19747 per-therm residential delivery charge, identified on the Black Hills Energy bill as “base rate.”

Currently, national market natural gas commodity prices are close to last year’s, which is reflected in this year’s APO prices. Traditional billing natural gas prices for the last 12 months have ranged from \$0.41023 per therm (Rate Area 2, September 2009) to \$0.78837 per therm (Rate Area 3, January 2010).

APO and traditional billing natural gas prices				
Black Hills Energy rate area	Partial listing of communities served	2009-10 APO natural gas price* per therm (Nov. 1, 2009-Oct. 31, 2010)	2010-11 APO natural gas price* per therm (Nov. 1, 2010-Oct. 31, 2011)	Current (August 2010) traditional billing natural gas price* per therm
1	Bellevue, Blair, Gretna, La Vista, Papillion, Plattsmouth, Ralston, Valley and Waterloo	\$0.62627	\$0.60798	\$0.53949
2	Lincoln, Walton and Cheney	\$0.62568	\$0.61764	\$0.55148
3	All other areas, including Auburn, Aurora, Beatrice, Columbus, Fairbury, Norfolk, Seward, Wayne and York	\$0.61420	\$0.61286	\$0.62048

* In addition to the actual natural gas supply cost, all customer bills include Black Hills Energy's delivery charge (identified as "Base Rate" on the monthly Black Hills Energy bill) of \$0.19747 per therm of natural gas, and other fees and taxes approved by the Nebraska Public Service Commission. The total bill is subject to the Gas Cost Reconciliation (identified on the Black Hills Energy monthly bill as "GCR") per-therm charge.

Black Hills Energy's Nebraska service territory is divided into three rate areas. Natural gas prices vary slightly between rate areas as a result of differences in interstate pipeline carrier costs to transport natural gas to the rate areas.

Customers choosing the APO may combine it with the company's Budget Billing that takes seasonal peaks out of a customer bill for a more even monthly payment.

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. — 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. Black Hills Corp. serves 763,300 natural gas and electric utility customers in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming, and its 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.

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