

BLACK HILLS CORPORATION

Code of Business Conduct

Our Vision

Be the Energy Partner of Choice

Our Mission

Improving Life with Energy

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Code of Business Conduct

Letter from the Chairman, President and Chief Executive Officer.

We have prepared this Code of Business Conduct to help you understand Black Hills Corporation's expectations for conducting business. This Code applies to all employees, directors, consultants, agents, vendors and other representatives retained by BHC.

It is the long-standing policy of Black Hills Corporation to observe and comply with all laws, rules, and regulations of federal, state and local governments as well as internal policies and procedures affecting the Corporation.

We are fortunate to work for a company that has a reputation for consistently monitoring the highest business, legal, and ethical standards.

Personal responsibility is at the core of these standards. We expect everyone associated with BHC not only to know right from wrong, but also to choose right over wrong. In every business action we are involved in and in all decisions we make, we must follow the ethics and compliance standards set forth in this Code and in the company's policy, procedure and employee handbooks and manuals.

It is also our responsibility to report anything we observe or have knowledge about that may violate these standards or any policy.

No code could anticipate or address every situation that you may encounter in your work. The application of the Code will be relatively easy in some situations. However, some business situations are more complex. This Code and the supporting company policies will provide the needed direction to you as you carry out your business responsibilities. We expect that you will use your best judgment and common sense, keeping in mind that you are required to comply with the spirit, as well as the written standards of the Code.

If you encounter a situation for which the Code does not provide specific direction or guidance, asking yourself the following questions may help you determine the right course of action.

- Is the action legal? If legal, is it also the right thing to do?
- Does this action comply with Company policy and is it consistent with BHC values?
- Do I feel uncomfortable about doing this?

- Can I defend this action before my manager, peers, customers, community, or family?
- How would this action or situation appear if it were reported in the newspaper or on the evening news?

If one is still uncertain after answering these questions, you should talk with your manager or contact the Compliance Manager directly or through the Ethics Help Line.

Violation of this Code is a serious matter and could subject you and / or BHC to severe consequences including individual discipline, civil liability or even criminal prosecution. It is important that you read this Code thoroughly and ask questions about anything you do not understand. Each of us must understand and accept our responsibility in not only preserving but enhancing BHC's exceptional reputation for conducting business ethically and with integrity.

David R. Emery

Chairman, President and Chief Executive Officer

NOTE:

THIS CODE OF BUSINESS CONDUCT DOES NOT CREATE A CONTRACT NOR SHOULD IT BE IMPLIED THAT IT CREATES A CONTRACT. NOTHING IN THIS DOCUMENT CHANGES THE FACT THAT EMPLOYMENT WITH THE COMPANY IS AN AT-WILL RELATIONSHIP, MEANING THAT EITHER THE EMPLOYEE OR THE EMPLOYER MAY END THE EMPLOYMENT RELATIONSHIP AT ANY TIME, WITH OR WITHOUT NOTICE, AND WITH OR WITHOUT ANY CAUSE.

A. Definitions

Company – Whenever the word “Company” is used in this policy, it shall mean Black Hills Corporation and its wholly-owned and majority-owned subsidiaries.

Employee – Whenever the word “employee” is used in this policy, it shall mean any employee, officer or member of the Board of Directors of Black Hills Corporation, or any employee of any subsidiary corporation of Black Hills Corporation, or any employee of any subsidiary corporation of any subsidiary corporation of Black Hills Corporation.

Customer – Whenever the word “customer” is used in this policy, it shall mean any customer, prospective customer, or employees or agents of a customer or prospective customer of the Company. (See definition of Company above.)

Gift – For the purpose of this policy “gift” is defined as any service or tangible item of value, any purchase of such items at a price lower than fair market value, or any favor or other thing of value that would be of benefit to an employee, vendor, contractor, supplier or customer.

Conflict of Interest – “Conflict of interest” can occur when an employee’s private or personal interest interferes in any way – or even appears to interfere – with the interests of the Corporation as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family receives improper personal benefits as a result of his or her position in the company.

Immediate Family – “Immediate family” members include the employee’s spouse and families of the employee and the employee’s spouse, i.e., grandparents, parents, step-parents, sisters, step-sisters, brothers, step-brothers, children, grandchildren, step-children, aunts, uncles, first cousins, nieces, nephews, and their spouses.

Compliance Officer – The Senior Vice President and Chief Legal Counsel will serve as the Corporation’s Compliance Officer and along with the Compliance Manager will oversee the administration of the Corporation’s Business Conduct program.

Our Values

Values impact every aspect of our organization and are demonstrated in our interactions with others and the service we provide. Throughout our 125 year history, certain values have been intrinsic to our success.

We have an outstanding employee team at Black Hills Corporation, and our values and ideals guide our conduct in the workplace, at home and in our communities.

Our values are:

Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.

Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.

Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve...always.

Customer Service

We are committed to providing a superior customer experience every day.

Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.

Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.

Partnership

Our partnerships with customers, communities, shareholders, regulators and each other make us all stronger.

Respect

We respect each other. Our unique talents and diversity anchor a culture of success.

OUR VISION: Be the Energy Partner of Choice

OUR MISSION: Improving Life with Energy

Commitments and Responsibilities

Black Hills Corporation's Code of Business Conduct applies to all employees in all of our offices. They apply equally to our business relationships inside and outside the company.

BHC's Code of Business Conduct works in tandem with the policies and procedures of our company and with all applicable laws and regulations. Where differences exist because of norms, laws and regulations, our employees are expected to use the highest standards of behavior or the most restrictive law that applies.

Company Responsibilities

BHC strives to provide a work environment where high standards of ethical behavior are recognized and practiced. To accomplish this goal, BHC will:

- Expect every employee or any representative working on behalf of BHC to be aware of, understand and live up to our Code of Business Conduct;
- Provide employees with appropriate training on the Code of Business Conduct, policies and procedures and relevant laws; and
- Provide resources for employees to seek advice on proper workplace conduct and to report issues and concerns.

Employee Responsibilities

BHC employees are expected to comply with both the letter and spirit of our Code of Business Conduct, policies and procedures and laws and regulations that govern our business. Each employee shall:

- Read and understand the Code of Business Conduct;
- Live our values and encourage fellow employees to also live by the values, follow the Code of Business Conduct and abide by the policies and procedures and laws and regulations;
- Honestly answer all questions in compliance and disclosure audits and reviews;
- Be alert to any situations that could violate our Code of Business Conduct or policies; and
- Report suspected violations, issues or concerns to your supervisor, Compliance Manager or any of the mentioned resources identified throughout the Code of Business Conduct.

Employees are not expected to know the answer to each and every business question or how to apply company requirements to complex and sometimes confusing business situations. Employees are expected, however, to seek advice or clarification promptly when they are uncertain about proper actions or practices. Remember...when in doubt, ask for help!

Employees may report questions or concerns to their supervisor or manager, company legal counsel, internal audit, corporate compliance officer, or any other resource available. Employees may also report concerns to BHC's Help-Line at 1-866-398-0010. Reports to the Help Line may be made anonymously.

Manager and Supervisor Responsibilities

Managers and Supervisors have a special responsibility to set an example by exhibiting the highest standards of behavior. They must also:

- Ensure that each employee knows and understands the Code of Business Conduct and relevant company policies and how to apply them;
- Demonstrate in words and deeds a commitment to BHC's Values and Code of Business Conduct;
- Make sure employees understand that nothing is more important than ethical business conduct and compliance with policies and procedures, laws and regulations;
- Encourage employees to seek advice or help without fear of punishment or reprisal;
- Provide appropriate resources to answer employee questions; and
- Make themselves approachable and available to all employees.

B. CONDUCTING BUSINESS

Internal Controls

BHC has established policies, procedures, and controls to support efforts to protect Company assets, safeguard information and technology, provide guidelines for accurate, timely and cost effective operational and functional reporting and, further, help ensure that we comply with applicable laws and regulations. Employees are responsible for understanding the policies, procedures and for maintaining and implementing the system of controls that have been established as well as to ensure compliance with applicable laws and regulations.

Employees who have the responsibility and are required as part of a job duty to prepare and maintain books and records must accurately record all business transactions, events and conditions. Each transaction, event and condition must have proper authorization or approval and be followed by proper, complete and accurate accounting, recording and reporting. Employees are prohibited from falsifying records, data or information, including those related to, among other things: assets, liabilities, expenses or revenues; quality or safety results; operations; claims; time sheets; or expenses. Employees are also prohibited from creating off-book accounts or funds; or from making any other entry in any other record that intentionally misrepresents, conceals or disguises the true nature of any transaction, event or condition.

Employees who receive personal gain, or any form of compensation, due to an accounting error, misinterpretation or false report of information or data, or from other fraudulent actions must return this compensation to the Company.

Employees will be required to periodically complete self assessments and respond to audits and disclosure of material information requests that attest to the state of internal controls, reporting practices and applicable laws and regulations.

Employees are required to report any irregularities, activities which have or appear to have compromised controls or any type of fraud or defalcation to their supervisor, Internal Audit, Legal Department, Risk Management or the Compliance Manager immediately so an investigation can begin. Employees may also call the Ethics Help Line, 1-866-398-0010, to report any irregularities or other activities as mentioned above. Callers can remain anonymous should they not wish to provide their name. Investigations relating to financial reporting or accounting matters will be conducted under the Board of Directors' Audit Committee direction and oversight by General Counsel, Compliance Manager, Internal Audit or other persons as the Audit Committee determines to be appropriate.

Company Assets

BHC's assets are all the tangible and intangible property which the Company owns, possesses and utilizes for activities that benefit the company and enable it to achieve business objectives and include: confidential information; funds; real property and facilities; equipment such as tools, machinery and vehicles; information technology resources; inventory; labor intended for conducting the Company's business; and customer and vendor information. Surplus, obsolete or scrap property and salvage within the Company's possession remain a Company asset.

Employees shall safeguard Company assets and take reasonable care to prevent unauthorized use, damage, waste, loss or theft. Employees may use or authorize the use of Company assets only for legitimate business purposes unless otherwise specifically authorized by a manager or supervisor or Company policy and where such other use is authorized by law.

The disposition of surplus, obsolete or scrap property and salvage will be conducted in a manner where the most competitive market price will be realized. In situations where this type of property is disposed of internally to employees, a competitive bid process must be used. Any employee with the title of officer, business unit leader, director or a member of the Board of Directors and their immediate family members are prohibited from purchasing any Company assets as described above.

Conflict of Interest

BHC employees are expected to avoid any activity, investment, interest or association that interferes or appears to interfere with their independent exercise of judgment in performing a job responsibility. Conflicts of interest may arise in many situations. They occur most often when an employee, family member or acquaintance obtain some personal benefit at the expense of the Company. Recognizing the wide array of actual or potential conflict of interest situations that can arise, the Company will review the facts of each situation on a case by case basis and exercise the appropriate flexibility in the enforcement of the intent of this section of the Code.

Some of the more common conflict of interest situations are:

- **Doing business with relatives**: No employee will engage in any business transaction on behalf of the Company with a family member (refer to definitions – immediate family) or with a firm of which that relative is a principal, officer or representative.
- **Use of Company property**: No employee will use Company property or services for their personal benefit. You must obtain Company approval for the use of Company-owned land, materials, equipment, etc. You must not sell, lend, give away or otherwise dispose of Company-owned land, materials, equipment, etc. You must not sell, lend, give away or otherwise dispose of Company property, regardless of conditions or value, without prior authorization.
- **Company ownership**: Except as a shareholder of BHC stock, employees and / or family members are prohibited from owning an interest in any Company owned business transaction or property.
- **Secondary employment**: An employee may not be employed by any other firm or person, including self employment, if the firm or person is a competitor or supplier of the Company. An employee may not engage in any activity where the skill and knowledge the employee develops or applies in one's job is transferred or applied to an outside activity that impact the present or prospective business interests of the Company.
- **Business / community relationships**: The Company encourages participation in non-profit organizations such as charitable, educational, fraternal, political, community or religious organizations or similar groups. Employees must be mindful of potential conflicts of interest that may occur in their volunteer activities especially if serving in a decision making capacity where transactions may take place between the Company and the organization. Should an employee, through their volunteerism take a position or speak out on an issue, they must clearly distinguish their personal view from those of the Company, unless specifically authorized by the Company to speak on the Company's behalf. Employees may not accept any appointment to membership of the Board of Directors, standing committee or similar body of any outside company or governmental agency without first receiving prior approval from BHC's Chief Executive Officer, who will determine whether a possible conflict of interest might result from the acceptance of any such appointment.

Corporate Opportunities

Employees, officers and directors are prohibited from taking personal gain through the use of corporate property, information or position. No employee may use corporate property, information or position for improper personal gain, and no employee may compete with the Company, directly or indirectly. Employees, officers and directors have a responsibility to the Company to advance its legitimate interests when the opportunity to do so arises.

Gifts, Meals and Entertainment

BHC is committed to making all business decisions objectively and solely on the basis of quality, service, price and similar competitive factors. Employees and members of their immediate family are prohibited from seeking or accepting cash gifts, services or other items or favors of value from a customer, supplier or contractor. Employees are also prohibited from giving cash gifts, services or other items or favors of value to anyone in a business relationship. BHC prohibits these practices as they could be viewed as having been done to gain improper business advantage. The following is intended to provide guidance about this subject.

Gifts

Employees and members of their immediate family are prohibited from receiving and accepting gifts or favors of any kind or value from vendors, customers, applicants for service or employment, or contractors seeking to transact business with the Company. Likewise, no employee or member of their immediate family may give gifts or favors to a customer, supplier, contractor or anyone in a business relationship with the Company.

Small gifts of nominal value, such as novelties or promotional items (e.g. pens, note pads, coffee mugs, clothing items with company or product logo's) or other inexpensive items commonly offered as gestures of goodwill in normal business activities may be accepted or given on occasion.

In no event shall gifts of cash or near cash equivalents (bonds, travelers-checks, etc.) in any amount be accepted or given.

Gifts outside of what is acceptable, received by an employee from a customer, vendor or contractor should be returned to the donor, accompanied with an explanation of our policy.

Meals and Entertainment

It is accepted business practice to conduct business during a meal. Accordingly, it is acceptable to pay for a business meal in such instances or to permit a supplier, contractor, vendor or customer to do likewise.

Entertainment through isolated special events such as fine arts events, athletic events, golf outings, social dinner meetings or social events, may not be offered or accepted as a prerequisite or incentive for doing business with the Company. However, such entertainment may occasionally be accepted or extended when appropriate for business objectives.

Employees who have ongoing working relationships with suppliers or contractors must, however, avoid acceptance of frequent meals and entertainment where a repetitive reciprocation pattern can be established.

The reasonable and customary expense of business trips by employees, including transportation and / or other expenses may, depending on the specific circumstances outlined below, be supplied by a vendor, contractor, supplier or customer when the purpose of the trip serves the Company's business and interests. Elaborate entertainment including extended or multiple events, such as overnight or weekend trips are to be avoided.

The host may pay expenses if the following conditions are met: (a) prior approval is obtained from the Compliance Manager or General Counsel of the Corporation, (b) others attending the event also are having their expenses reimbursed by the host and they represent a cross section of people or organizations interested in the subject, and (c) there is no reason to believe the invitation was extended to obtain special consideration or other concessions in a business transaction with the Company.

The acceptance of meals, lodging and entertainment shall not be considered a violation of this policy if it is customarily furnished as part of a meeting of any trade association of which the Company is a member, business conference or training seminar and attendance is pre-approved by the attendee's manager.

Government agencies regulate the receipt by employees of gifts, other gratuities, meals and entertainment. Employees must be aware of and honor the policies and practices of federal, state and local legislative and executive agencies when engaging in such activities that involve government employees.

Employees are responsible for being knowledgeable concerning, and must fully comply with all applicable gifts, entertainment and anti-bribery laws in foreign countries in which the Company does business. Refer to the section in this document titled Foreign Corrupt Practices Act for additional information.

Loans

It is the practice of the Company to not make loans to any employee. Exceptions to this include a travel advance made to a non-officer for business travel purposes or the personal computer loan program applicable to all employees except officers. This prohibition on loans extends to a manager making a loan with personal funds to an employee for an activity that may be associated, directly or indirectly, to a Company related purpose. Officers are also prohibited from obtaining a loan from the 401(k) or defined contribution plan.

Legal Compliance

Overview

BHC business operations and transactions are subject to a multitude of laws and regulations. Many of these laws and regulations are complex and difficult to interpret; however, ignorance of the law does not excuse BHC or any employee from an obligation to comply. Employees must be familiar with, understand and operate in full compliance with applicable laws and regulations. This is required for our business to be successful. BHC expects that managers will ensure that all agents, including contractors and consultants doing business with or for BHC, comply with all applicable laws and regulations.

It is important to recognize that no matter what the job, there are legal standards that apply to it. Managers are responsible for understanding the laws and regulations which affect their areas of operation and ensuring that all employees within their supervision receive adequate information and instruction to enable them to understand and comply with applicable legal and regulatory requirements. Employees should consult their supervisors and / or consult with the Legal Department with respect to legal and regulatory requirements and any issues related to compliance with such requirements. Certain legal and regulatory requirements of particular importance to BHC are described generally below.

Competitive Rules

The antitrust laws of the United States and the various states and the competition laws of foreign countries were established to promote, preserve and protect competition among businesses. These laws are a critical part of the environment in which we operate. Activities that limit competition, restrict trade or otherwise create dominance in a market may violate the law. Such violations may expose BHC and individual employees to civil and criminal liability and may result in monetary damages, fines and even jail. Activities that may be prohibited by the antitrust laws include the following:

Price fixing – making an agreement with a customer, supplier or competitor to fix levels of production, prices or rates;

Bid rigging – agree with a customer, supplier or competitor on what to bid in preparing bids or proposals;

Dividing markets – divide or allocate sales territories, customers or products / services with any customer, supplier or competitor;

Tying agreements – force a customer to buy an unwanted product or service as a condition of buying a desired product or service;

Exclusive dealing – making agreements that restrict customers from dealing with the Company’s competitors;

Refusing to deal – arbitrarily refuse to deal with or purchase from others simply because they are competitors or they have chosen a competitor’s product or services;

Joint Purchasing – collaborate with other buyers of the same goods or services in a collective purchasing scheme;

Reciprocal dealing – agree that one party buys products from another on condition that the second party will buy products from the first;

Comments – disparage competitors or their product or services;

Information exchange – exchange competitively sensitive information that is not publicly available with competitors, e.g. prices, pricing policy, costs, marketing and services plans, capacity plans and capabilities.

If you believe you are involved in or if you become aware of a potential antitrust issue related to the above-referenced activities, you should assume that the antitrust laws apply and contact the Legal Department for advice and guidance.

BHC is firmly committed to free and competitive enterprise and every employee is responsible for ensuring that business operations are conducted in compliance with these laws.

Insider Trading

Federal law and the Securities and Exchange Commission's regulations prohibit any employee from buying or selling any equity or debt security based on information obtained in the course of employment if the information is not available to the general public and could have a material effect on the value of BHC securities ("Inside Information"). Federal law and SEC regulations also prohibit all employees from conveying Inside Information to others who may, based on such Inside Information, buy or sell any BHC security. Finally, the law and regulations prohibit all employees from trading in the stock of those suppliers, customers and other companies with whom BHC has a business relationship and from whom an employee acquires Inside Information about that company. Violations of these prohibitions will subject employees and others who trade on employees' disclosures to potential civil and criminal liability and may result in monetary damages, fines and even jail.

Examples of Inside Information include information with respect to: financial results, earnings projections, changes in dividend rates, mergers and acquisitions, sale or purchase of assets, plans to issue or buy back securities, new contracts, expansion or curtailment plans, new services or discoveries, major litigation, and important regulatory filings or decisions.

If an employee has access to Inside Information, he/she must refrain from disclosing such information to anyone who does not have a clear need to know and abstain from buying, selling or trading securities or from making buy or sell recommendations to anyone while in possession of such Inside Information until the information has been publicly available for at least two full business days.

Directors, officers and certain designated employees are required to obtain written approval from the General Counsel prior to any purchase or sale of BHC stock. Any other employee who has a question on the trading of BHC securities may also contact the General Counsel.

During a blackout period related to any type of retirement program, including the 401(k) program, all executive officers and any member of the Board of Directors are prohibited from, directly or indirectly, purchasing, selling, acquiring or transferring any BHC equity security.

SEC Rules on Fair Disclosure

SEC regulations also require that BHC provide fair disclosure of material information to all potential investors in its securities. Material information for purpose of these regulations is the same as Insider Information. These regulations specifically prohibit BHC from disclosing non-public material information solely to a securities market professional or other person who would reasonably be expected to trade in BHC securities. Disclosures to underwriters, rating agencies, associates or other persons who agree to appropriate confidentiality arrangements are excluded from this prohibition. Employees are prohibited from communicating with the financial community or the media unless they have been specifically designated to do so by the Company. Instances of unintentional disclosure of material information prohibited by these regulations should be immediately reported to BHC's Corporate Counsel as BHC is required to make public disclosure of this information within twenty-four (24) hours of an unintentional disclosure.

Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (“FCPA”) and the Organization for Economic Cooperation and Development Convention make it a crime for companies as well as their officers, directors, employees and agents to promise to give anything of value to a foreign government or a non-government official, political party, party official or candidate (“covered individuals”) in order to obtain or retain business or obtain any improper advantage. The FCPA and OECD Convention also prohibit the making of payments to agents, sales representatives or other third parties if you have reason to believe the payment will be used illegally. Promising or giving anything of value by employees to or for the benefit of covered individuals to obtain or retain business or obtain any improper advantage is prohibited.

There may be instances in which the customs of an area dictate, and local legal interpretations allow, incidental payments or gratuities to local officials to expedite the proper performance of “routine governmental action.” Payments of this nature do not fall within the prohibition of the FCPA. Nevertheless, even though such payments may possibly be expected in accordance with area customs and legal interpretations and would confer no improper business advantage on the Company, every effort should be made to avoid them. BHC strongly discourages such payments. Such a payment should be considered only in the event no other reasonable alternative is available, and then only after specific approval is received from BHC’s Chief Executive Officer and the Compliance Officer. Any such payment should be in the minimum amount and must be accurately recorded and documented. BHC does not authorize and will not give contributions to political parties or individual candidates, even in countries where such contributions are legal.

For advice and guidance relating to this topic the Legal Department should be contacted.

Energy Price Reporting Standards

All BHC businesses face some form of regulatory oversight. Those BHC employees involved in businesses that report energy prices to index publishers must recognize that they face additional governmental scrutiny related to their unit’s participation in market price calculations.

Only those individuals specifically authorized to communicate with index pricing agencies should engage in price reporting activities. These employees should do so only to the extent authorized by the BHC Executive Risk Committee, following clearly defined processes and procedures in the proscribed manner, as dictated by BHC Risk Management. The general behaviors encouraged throughout this document apply to BHC employee price reporting standards: provide completely truthful information and make good faith efforts in all dealings with energy index publishers to avoid potential problems.

Those employees who execute transactions are not generally authorized to report energy prices, which is exclusively a middle or back office function. Verbal conveyance is best avoided, as misunderstandings are most easily prevented through electronic messages. The specific details in these transmissions may change over time, but they should always represent a complete listing of all applicable bona fide third party transactions. If errors are found, corrected information should be sent to everyone who received an original.

Violations of Energy Price Reporting Standards are very serious both to the reputation of BHC and to those individuals involved. Employees should report any potential issues to the BHC Chief Risk Officer, Internal Audit, or the BHC Compliance Manager.

Government Investigations

All BHC employees are expected to cooperate fully with any type of governmental investigation. Whenever employees know or reasonably believe that a governmental investigation or inquiry is underway, they must communicate the details immediately to the Legal Department or Compliance Manager.

Given the importance of such investigations, including electronic records, no employee should:

- destroy company or personal documents, while anticipating requests for the documents from a government agency or court;
- alter company or personal documents or records;
- lie or make misleading statements to a government investigator or to company representatives; or
- attempt to keep or persuade any person from giving information, or attempt to induce anyone to offer false or misleading information to government investigators or to company representatives.

Employees have a right to be represented by counsel even if investigators pose questions off company premises, i.e., after work hours or at home. An employee may not be denied the time to consult legal counsel before answering questions from investigators, especially when such inquiries may subject the employee to criminal or civil liabilities.

The Company expects all employees to cooperate fully with any investigation. Failure to do so may result in disciplinary action up to and including termination of employment.

Political Contributions

Funds of BHC shall not be used for political contributions, whether legal or illegal. The term “political contributions” is used in the broadest sense and includes contributions to local, state or federal candidates, elected officials or political parties.

There are numerous and complex federal and state election laws and regulations that govern a corporation’s involvement in political activities. To ensure compliance, employees must not undertake such activities on behalf of BHC, on company time or utilizing company property or facilities without first contacting the Legal Department or Compliance Manager.

This section is not intended to limit or restrict any employee’s personal political activities or the right of Company employees to make personal contributions to any BHC Political Action Committee.

C. WORKING WITH OTHERS

Employee Relations

BHC is committed to providing equal opportunity in all our employment practices including selection, hiring, promotion, transfer, and compensation to all qualified applicants and employees without regard to race, color, sex or gender, religion, age, national origin, handicap, disability, veteran status, or any other status protected by law. BHC also practices Affirmative Action. Affirmative Action means the initiation of special good-faith efforts to attract, employ, and advance woman and minorities, Vietnam-era veterans and persons with disabilities so that a mix of qualified candidates is available when we make employment and promotion decisions. We must comply with these policies in every respect, both in letter and in spirit.

Policy Against Harassment

BHC does not tolerate harassment of any of our employees, applicants, vendors or customers, and our policy is to maintain a working environment free from harassment. Any form of harassment related to an individual's race, color, sex/gender (including same sex), religion, age, national origin, handicap, disability, veteran status or any other protected category is a violation of this policy and will be treated as a disciplinary matter. For these purposes, the term "harassment" includes:

- Offensive remarks, negative stereotyping, comments, jokes or slurs, or other verbal or non-verbal conduct, pertaining to or showing hostility towards a person because of his or her race, color, sex/gender, religion, etc.;
- Offensive sexual remarks, sexual advances, flirtations, propositions, requests for sexual favors or other verbal or non-verbal conduct of a sexual nature regardless of the gender of the individuals involved;
- Unwelcome or offensive physical conduct, including touching, regardless of the gender of the individuals involved;
- Display of offensive pictures, drawings or photographs or other communications, including e-mail;
- Threatening reprisals for an employee's refusal to "cooperate" or respond favorably to sexual advances, requests for sexual favors or for reporting a violation of this policy; and
- Otherwise threatening, intimidating or hostile acts.

Please understand that harassing conduct is illegal whenever:

1. Submission to the conduct is explicitly or implicitly made a condition of compensation, assignment, career development, advancement or any other term of employment;
2. Submission to or rejection of the conduct is used as a basis for employment decisions; or

3. The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Harassment by non-employees of our employees in connection with their work, or harassment by our employees of applicants for employment, or employees of our vendors or customers, is also a violation of this policy.

The Corporation recognizes that there could be a situation in the workplace where a relationship of an intimate, romantic or dating nature can occur. This type of relationship is discouraged between a supervisor and an employee or between any two employees where one has the ability to influence decisions concerning the other employee's condition of employment. Any employee who believes he/she is being negatively affected by any such situation whether directly or indirectly involved is required to report the situation.

If you believe that you are being harassed by another employee or by anyone else, or if you believe that someone else is, you should, without fear of reprisal, promptly report it to your supervisor. If the problem involves your supervisor or if you do not want to discuss the problem with your supervisor and believe further action is necessary to resolve the problem, then promptly report it to the Human Resources Department, or to the Compliance Manager. Managers must immediately report any incidents of harassment to Human Resources or to the Compliance Manager. Human Resources, or their designated representative, will carefully investigate each harassment complaint received by them or the Compliance Officer and take corrective action when appropriate. The Company will keep your complaint as confidential as reasonably possible and will not penalize you in any way for reporting conduct that you believe in good faith may be a violation of this policy.

Violation of this policy will subject an employee to disciplinary action, up to and including immediate termination. Therefore, if you have any questions about what constitutes harassing behavior or what conduct is prohibited by this policy; please discuss them with your supervisor, the Human Resources Department or the Compliance Manager.

The Company cannot resolve a harassment problem unless we know about it. Therefore, it is your responsibility to bring any such problems to our attention so that we can take whatever steps are appropriate to correct the problem.

Substance Abuse

The possession, use, sale, purchase, distribution, transfer or manufacture of any controlled dangerous substance or other illegal drug or the making of any arrangements for such activity on Company time or property is prohibited. Employees are prohibited from reporting to work unfit for duty as a result of off-the-job use of any controlled dangerous substance or other illegal drug. Employees undergoing medical treatment with prescribed drugs, which may have the potential to impair behavior or work performance, must report this fact to your supervisor.

The possession or consumption of alcoholic beverages on Company time or property is also prohibited. Employees are prohibited from reporting to work unfit for duty as a result of off-the-job use of alcohol. The consumption of alcohol by any employee while assigned to on-call duty is prohibited for the entire period of the on-call assignment.

Illegal drug use and alcohol abuse impact workplace safety and productivity, cause disruption in employees' personal lives and potentially jeopardize business interests and assets. The Company is committed to maintaining an environment that protects the safety, health and welfare of employees and the public. The Company maintains an Employee Assistance Program for employees who may have a problem with drug or alcohol use. Employees are encouraged to seek the help they need to resolve any drug or alcohol dependency. The Company also requires a post-offer pre-employment drug screen to be taken prior to employment commencing.

Employees are required to report any non-compliant activity related to this topic to their supervisor, the Human Resources Department or the Compliance Manager.

Safety and Health

BHC will conduct operations with the highest regard for the safety and health of its employees, customers and the general public and in full compliance with safety and health laws and regulations. The company is committed to and will maintain a work environment that is safety conscious, and a work force that is equipped, properly trained, and aware of safety and health issues. Safety and health will not be compromised and is a priority of BHC as it is a condition of employment.

Employees at all levels are expected to understand and accept their responsibility for safety and health. Employees must maintain a positive safety attitude, be alert to unsafe work conditions and exercise caution during their work to prevent accidents involving themselves and others.

Embracing safety and health as a way of life, both on and off the job, will create an accident-free work environment.

Employees have a right as well as an obligation to question, stop and report any unsafe act or condition. Retaliation is prohibited from being taken against any employee who brings a safety and health concern in good faith to management for resolution.

BHC is also committed to protecting public safety in the operation of the Company's plants, equipment, facilities, and operating systems. This commitment means that the Company and its employees will maintain its plants, equipment, facilities, and systems in sound operating condition and will maintain and use operating practices and procedures that are consistent with prevailing industry practices and standards.

Reports of any actual or potential safety and health problems or any questions can be directed to your supervisor, Safety Department or the Compliance Manager.

D. PROTECTING ASSETS

Confidential Information and Intellectual Property

Confidential Information

Information about Company business, business activities, operations and customers is a valuable asset, and should be treated as confidential or proprietary. This information which the Company considers private and which is not common knowledge outside the Company is information which the Company owns as a trade secret (as defined under law) or information which the Company develops, pays to have developed and / or to which it has an exclusive right (hereinafter “Confidential Information”).

Examples of Confidential Information include financial and operational data and analyses, business strategies, plans and proposals, budgets, sales forecasts, sales and marketing strategies, customer information and records, including medical records, vendor information and records, research, business leads and development or construction plans.

Company practices designed to protect Confidential Information must be followed by all employees, contractors, and vendors. Employees, contractors, vendors with access to Confidential Information must protect and are responsible for securing such information in the workplace. Confidential Information needed for your job should only be used for that purpose and employees may not use it for personal interest or benefit. Confidential Information may not be divulged to persons outside the Company and may be shared only with other employees who require this information to perform their job. If a need to divulge Confidential Information with others outside the Company arises, the information may only be divulged under a confidentiality agreement and / or with prior approval from Legal Counsel.

The obligation to preserve Confidential Information continues even after employment ends.

Intellectual Property

The Company's intellectual property includes inventions, improvements, ideas, information, software, models and programs, together with the related materials, documentation, patents, trademarks, copyrights, and other rights that go along with them. The Company will normally be the exclusive owner of all rights in intellectual property that is related to our businesses or is developed by our employees and contractors in the course of their employment or service with us. This is true whether or not the employees or contractors make the developments during working hours, on Company premises, or using Company materials or resources.

The Company's intellectual property rights are extremely valuable to the Company. They are also extremely "fragile," because they can be compromised or even forfeited if we do not vigilantly protect them. In order to protect the Company's intellectual property, all employees and contractors should use their best efforts to:

- Recognize and identify the Company's actual or potential intellectual property assets;
- Notify the appropriate personnel (either a senior officer, the Legal Department or the Compliance Manager) of the existence and development of intellectual property assets;
- Assist in securing the Company's ownership of intellectual property assets;
- Assist, where appropriate, in registering, patenting, or otherwise legally protecting intellectual property assets;
- Use the intellectual property assets properly, including in licensing and other transactions;
- Prevent any infringement or misuse of the Company's intellectual property;
- Notify the appropriate personnel (your manager, the Legal Department or the Compliance Officer) of any potential infringement or misuse of the Company's intellectual property, so that appropriate action may be taken; and
- Have outside vendors, contractors, licensees, joint venture partners and employees sign the appropriate Company documents acknowledging the Company's intellectual property ownership.

Rights of Others

Employees and contractors also must ensure that they do not misuse the intellectual property or confidential information of any other parties. There are several U.S. federal and state laws that prohibit the theft or unauthorized use of the intellectual property or confidential information of others. Violations of those laws can result in substantial fines or imprisonment. When new employees are hired, it is especially important to ensure that they do not improperly disclose any confidential information of others to the Company or use others' intellectual property for the Company's advantage.

Computer Networks and Information Resources

BHC's computer networks and information resources are an important Company asset and include our electronic mail and voicemail messaging systems, internal Intranet and the use of external computer-based services when accessed through BHC's systems including: external, third-party electronic mail and messaging systems; remote dialing; the public Internet; third-party, computer-based on-line services; and electronic bulletin board systems (hereinafter, collectively, BHC Computer Resources").

BHC Computer Resources are Company assets and are to be used only for legitimate Company-related business purposes. These resources are for the exclusive use of employees and authorized contract employees and contractors. Incidental personal use may be permitted for employees provided that the use does not impact performance or productivity or violate restrictions that management has deemed necessary for meeting operating conditions.

Employees using BHC Computer Resources may not disguise their identity, may not directly or indirectly circumvent security or administrative access controls, and must use software in accordance with licensing and copyright laws. Employees are to reference the applicable policies for details.

Employees are responsible for the use and protection of the BHC Computer Resources within their area of responsibility. Employees with access are responsible for using the highest standards of behavior in all usage and communications, and their usage and communications must be in accordance with the law and applicable Company policy and practice. Accessing receiving, transmitting and viewing the following types of messages or materials utilizing BHC's Computer Resources are prohibited, and such activities may, in certain situations, be illegal and subject BHC and the employee involved to civil and/or criminal sanctions:

- Sexually-related or pornographic messages or materials;
- Violence or hate-related messages or materials;
- Bigoted, racist or other unlawfully discriminatory or offensive messages or materials directed at a particular group or individual and that are based on, for example, race, color, religion, national origin, age, sex, sexual orientation or disability;
- Malicious, libelous or slanderous messages or materials; and
- Subversive or other messages or materials related to similar type unlawful activities.

Employees who use BHC's networks from remote locations (e.g., home or other locations) are subject to the same requirements of use as are employees who use BHC networks on Company premises.

There is no expectation of privacy or confidentiality during the use of BHC Computer Resources. BHC reserves the right to inspect and disclose the contents of BHC Computer Resources and to block access to non-business related Internet sites.

Environmental Protection

BHC is committed to conduct operations in a way that preserves and protects our environment and is in compliance with all federal, state and local laws and regulations. Employees will:

- operate in compliance with both the letter and spirit of environmental laws and regulations;
- participate in environmental related training and awareness programs;
- demonstrate leadership by pursuing economically, socially and environmentally sustainable initiatives that are consistent with our corporate vision.

Reports of any actual or potential problems or for information on the Company's policies and practices are to be directed to your supervisor, Environmental Services Department or the Compliance Manager.

Document Retention

The space available for the storage of Company documents, both on paper and electronic, is limited and expensive. Therefore, periodic discarding of documents is necessary. On the other hand, there are legal requirements that certain records be retained for specific periods of time. Before disposing of documents, employees should consult with their supervisor to ensure these retention requirements are being met. Employees who are unsure about the need to keep particular documents should also consult with their supervisor, so that a judgment can be made as to the likelihood that the documents will be needed.

Whenever it becomes apparent that documents of any type will be required in connection with legal action or government investigation, all possibly relevant documents should be preserved, and ordinary disposal or alteration of documents pertaining to the subject of the legal action or investigation should be immediately suspended. If an employee is uncertain whether documents under his or her control should be preserved because they might relate to a lawsuit or investigation, he or she should contact the Legal Department or the Compliance Manager.

E. CODE OF BUSINESS CONDUCT PROGRAM ADMINISTRATION

Program Administration

The Sr. VP and Chief Legal Counsel has also been assigned the responsibility of Compliance Officer to administer the Company's Code of Business Conduct Program. A team including representatives from human resources, legal and internal audit will also have responsibility for monitoring, investigation and training elements of the program. The Compliance Officer, (through a Compliance Manager), who is an attorney in the legal department, through a Compliance Manager, will perform various ongoing administrative functions in connection with the Program, including issuing Code updates and maintaining an employee telephone line for receipt of questions and reports of potential violations of the code.

Employee Reporting Procedures and Investigating Misconduct

The Code of Business Conduct is designed to encourage employee participation and to provide a method to report conduct that one believes is in violation of the code.

You should never hesitate to ask a question or report a concern. If you become aware of a situation in which you believe the Company's Code of Business Conduct has been or is in the process of being violated, or if you feel you are being pressured or being asked to compromise any part of the code, it is your responsibility to communicate this concern to the Company.

It is important to know that one will not be disciplined, lose their job or be retaliated against in any way for asking questions or voicing concerns about our Code or legal obligations as long as one is acting in good faith. Good faith means that you are providing truthful information and not false or misleading information.

There are a number of people you can contact to ask questions or voice concerns. These resources include:

- Your most immediate resource is your supervisor
- If you do not feel comfortable in discussing the issue with your supervisor, you may raise the matter with the next level of management
- You may also contact human resources, internal audit, legal, or the Compliance Manager.

In reviewing a report received from an employee, a supervisor or manager should consider whether the report involves a potential violation of the Code and if so, it must be reported to the Compliance Manager.

Any employee may communicate with the Compliance Manager, either anonymously or by name, by any of the following methods:

- In writing, addressed to:
(via US mail)
Todd Brink
Black Hills Corporation
PO Box 1400
Rapid City, SD 57709
(via inter-office mail)
Todd Brink
General Office, Legal Department
6th Floor
- By E-mail: tbrink@bh-corp.com
- By phone / direct line: (605) 721-2516
- By phoning the Ethics Help Line: 1-866-398-0010

Ethics Help Line 1-866-398-0010

The Ethics Help Line is outsourced to a professional firm that specializes in managing “help lines” for companies. The BHC Ethics Help Line will be answered 24 hours a day 365 days a year. When calling the toll free Ethics Help Line (#) you may remain anonymous. A trained counselor will take your call and prepare a report which will be sent to the Company for follow-up. Again, you do not need to provide your name unless you desire.

The Ethics Help Line is not equipped with caller ID or any other form of caller identification, so the number from which you are calling cannot be identified. This will protect those callers who desire to remain anonymous

When reporting conduct suspected of violating the Code to the Compliance Manager, it is preferred that one identifies themselves in order to facilitate the Company’s ability to take appropriate steps to address the report, including any appropriate investigation and subsequent follow-up. If one wishes to remain anonymous, you may; however this may lead to not receiving sufficient information to investigate the allegations nor would the results of the investigation be able to be shared with the reporting party.

The Company will use reasonable efforts to protect the identity of any employee who reports potential misconduct to the extent appropriate or permitted by law. Further, any retaliation against any employee for reporting suspected misconduct is prohibited. Any person who participates in any retaliation is subject to disciplinary action, including termination of employment. The Company will also use reasonable efforts to protect the identity of employees

about or against whom an allegation is brought unless and until it is determined that a violation has occurred.

In the event that an investigation is initiated, employees have a direct responsibility to answer any questions truthfully and to the best of their ability. Concealing or covering up an ethical or legal violation is itself a major violation of our guidelines. If an individual engages in concealing or covering up such violations, disciplinary action may result, including termination of employment. It also is expected that employees will cooperate fully if requested to do so in an investigation. Failure to cooperate could be construed as participating in concealment or cover-up activities.

Any employee involved in any capacity in an investigation of possible misconduct must not discuss or disclose any information to anyone outside of the investigation unless required by law or when seeking their own legal advice if necessary.

The Compliance Manager will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Audit Committee.

Waivers and Amendments

Any requests for waivers of the Code of Business Conduct for employees who are not executive officers must be directed through your supervisor to the Compliance Manager. Requests for waivers for directors and executive officers must be directed to the Board of Directors through the General Counsel and Corporate Secretary. Only the Board of Directors may waive the applicability of the Code of Business Conduct for a director or executive officer. Any waiver granted to directors or executive officers, and the reason for granting the waiver, and any changes in the Code of Business Conduct applicable to directors and executive officers must be promptly disclosed to the Shareholders of the Company as required by law or regulations, and by New York Stock Exchange Rules.

Any amendment to the Code of Business Conduct must be approved by the Board of Directors of the Company.

NOTE:

THIS CODE OF BUSINESS CONDUCT DOES NOT CREATE A CONTRACT NOR SHOULD IT BE IMPLIED THAT IT CREATES A CONTRACT. NOTHING IN THIS DOCUMENT CHANGES THE FACT THAT EMPLOYMENT WITH THE COMPANY IS AN AT-WILL RELATIONSHIP, MEANING THAT EITHER THE EMPLOYEE OR THE EMPLOYER MAY END THE EMPLOYMENT RELATIONSHIP AT ANY TIME, WITH OR WITHOUT NOTICE, AND WITH OR WITHOUT ANY CAUSE

Employee Resource Sheet

Black Hills Corporation Ethics Help Line

1-866-398-0010

Compliance Manager

Todd Brink

Sr. Counsel and Compliance Manager

605-721-2516

Corporate Legal Department

Steve Helmers

Sr. Vice President and Compliance Officer

605-721-2303

Human Resources

Russ Trinter

Director of Employee and Labor Relations

605-721-2565

Internal Audit Services

Esther Newbrough

Director, Internal Audit

605-721-2398

Safety and Loss Control

Todd Saylor

Safety Manager

605-721-2157

Environmental Services

Fred Carl

Director, Environmental Services and Safety

605-721-2219

Risk Management

Garner Anderson

Vice President, Treasury and Chief Risk Officer

605-721-2311

Information Technology

Kelly Wrede

Director of IT Compliance

605-721-2108

ACKNOWLEDGMENT

I certify that I have received and read and that I will abide by Black Hills Corporation Code of Business Conduct, distributed to me on:

Date

Signature

Print Name

Please give this signed acknowledgment form to your supervisor who will then send it to Corporate Human Resources in Rapid City, S.D.