Presenters

David Emery
Chairman, President and Chief Executive Officer

Richard Kinzley
Senior Vice President and Chief Financial Officer
FORWARD LOOKING STATEMENTS

This presentation 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 presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, are forward-looking statements, including statements regarding the anticipated benefits of the transaction and the expected closing date of the transaction. 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, without limitation, the risk factors described in Item 1A of Part I of our 2014 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time, and the following, among other things:

- The possibility that regulatory approval is not obtained or that the transaction otherwise does not close;
- The risk that permanent financing for the transaction may not be available on favorable terms;
- The provisions of regulatory commission orders pertaining to the transaction;
- Our ability to integrate administration and operations of the combined companies;
- The transaction does not generate the anticipated benefits; and
- The strategic direction of our business changes.

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.

Note: Minor differences in charts may occur due to rounding.
# SourceGas Acquisition Highlights

## Fits growth strategy and benefits customers
- Creates stronger utility with enhanced operating scale, driving more efficient delivery of services and benefitting customers

## Increases geographic and regulatory diversity
- Expands presence in CO, NE, WY and adds new state AR
- Increases customer base by 55% to more than 1.2 million electric and natural gas utility customers

## Enhances financial profile
- Meaningfully accretive to EPS
- Unites two utility companies with above industry average growth rates
- Delivers on commitment to grow earnings and create long-term shareholder value

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**Acquisition of SourceGas - July 13, 2015**
On July 12, 2015, Black Hills entered into an agreement to acquire SourceGas Holdings LLC from investment funds managed by Alinda Capital Partners and GE Unit (NYSE:GE) GE Energy Financial Services

$1.89 billion total consideration
- Includes reimbursement of an estimated $200 million in capital expenditures through closing and assumption of $720 million of projected debt at closing
- $1.74 billion effective price, taking into account approximately $150 million of tax benefits resulting from transaction

Effective price represents 1.9x projected rate base at closing of approximately $900 million

Fully committed bridge facility provided by Credit Suisse
Permanent financing will consist of:
- Equity and equity-linked securities: $575 million to $675 million
- Debt: $450 million to $550 million
- Cash on hand and/or revolver draw as needed

Arkansas Public Service Commission, Colorado Public Utilities Commission, Nebraska Public Services Commission, Wyoming Public Service Commission
Hart-Scott-Rodino

Expected closing in first half of 2016
# A Compelling Strategic Transaction

## Fits Regulated Growth Strategy
- Highly complementary fit, with current Black Hills operations in three of four SourceGas states
- Diversifies into new state of Arkansas with strong customer growth and constructive regulatory environment
- Enhances operating scale and drives more efficient service delivery, benefiting customers
- Significant rate base growth opportunities with high degree of near-term visibility

## Earnings Accretive
- Adds meaningfully to EPS beginning first calendar year after closing
- Enhances earnings mix from regulated entities

## Dividends
- Increases predictable and stable cash flows to support dividend

## Risk profile / Credit ratings
- Strengthens “excellent” business risk profile
- Reduces impact of earnings volatility from oil and gas business
- Supports continued solid investment grade credit ratings
Complementary Utility Service Territories
SourceGas Overview

**Highlights**

- Natural gas utility company provides distribution, transportation, storage and sales to diverse customer mix
- Operates:
  - Four regulated natural gas utilities serving 425,000 customers in AR, CO, NE, and WY
  - A 512-mile intrastate pipeline system in CO
  - 15,388 miles of distribution and 3,336 miles of intrastate pipelines
- 2014 volume throughput of 90.4 bcf natural gas
- EBITDA and rate base growth CAGRs of 7.6% and 7.5%, respectively, since 2012
- Well-managed company with excellent safety record and strong customer service metrics

**Customer Meter Mix**

- Residential: 86%
- Agricultural: 12%
- Commercial & Industrial: 2%

**Customer Mix by State**

- AR: 19%
- CO: 38%
- NE: 21%
- WY: 22%

**Service territory map**

- Legend:
  - State capitals
  - Corporate Headquarters
  - Major division offices
  - RMNG transmission lines
  - Casper transmission lines
  - Other transmission lines
  - LDC Service Territory

(1) Growth rate CAGRs estimated through expected close in first half 2016
SourceGas Overview

Significant Organic Growth Opportunities

Favorable economic and demographic drivers in service territories

- Over $600 million of long term pipeline safety and integrity investment opportunities
- 2% annual customer growth expected
  - Solid residential and commercial growth
  - Fuel conversions supported by innovative and effective programs for residential, agricultural and poultry customers
- “Main extension” tariffs in all four states provide system expansion opportunities
- Pipeline and storage investment opportunities
- Cost of service gas program potential
### SourceGas Overview

**Growth Supported By Constructive Regulatory Environments**

<table>
<thead>
<tr>
<th>Goal / Mechanism</th>
<th>AR</th>
<th>CO</th>
<th>NE</th>
<th>WY</th>
<th>RMNG&lt;sup&gt;(2)&lt;/sup&gt;</th>
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<tbody>
<tr>
<td><strong>Reduce Regulatory Lag</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Forward test year methodology</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>Expedited rate case option / interim rates</td>
<td>✓</td>
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<tr>
<td>Integrity management (infrastructure) rider</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td><strong>Mitigate Risks</strong></td>
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<tr>
<td>Purchased gas adjustment clause&lt;sup&gt;(1)&lt;/sup&gt;</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
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<td><strong>Stabilize Revenues</strong></td>
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<td>Appropriate customer charge and tiered usage rates</td>
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<tr>
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<td>Revenue decoupling</td>
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</table>

✓ Currently in place

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<sup>(1)</sup> Including gas hedging costs
<sup>(2)</sup> Rocky Mountain Natural Gas, an intrastate natural gas pipeline
SourceGas Overview
Increasing EBITDA and Rate Base

Normalized EBITDA ($ millions) – 2012A to Estimated Closing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>% growth</td>
<td>3.7%</td>
<td>11.2%</td>
<td>6.7%</td>
<td>13.0%</td>
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<tr>
<td>2012A</td>
<td>$104</td>
<td>$108</td>
<td>$119</td>
<td>$128</td>
<td>$155</td>
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</table>

Note: 2014A Normalized EBITDA includes $3.2mm adjustment for weather and $1.9mm for SGES normalization. Estimated 2016 EBITDA excludes transaction and integration costs.

Rate base ($ millions) – 2012A to Estimated Closing

<table>
<thead>
<tr>
<th>Year</th>
<th>2012A</th>
<th>2013A</th>
<th>2014A</th>
<th>2015E</th>
<th>Projected at Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>% growth</td>
<td>3.1%</td>
<td>5.3%</td>
<td>21.7%</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>2012A</td>
<td>$651</td>
<td>$671</td>
<td>$706</td>
<td>$860</td>
<td>$900</td>
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</table>

Note: Rate base inclusive of AR, CO, WY, NE and RMNG; NE non-jurisdictional is not included.
Pro Forma Combined Utility Overview

Total employees

<table>
<thead>
<tr>
<th></th>
<th>Black Hills</th>
<th>Black Hills + SourceGas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees</td>
<td>2,000</td>
<td>3,100</td>
</tr>
</tbody>
</table>

Total customers

<table>
<thead>
<tr>
<th></th>
<th>Black Hills</th>
<th>Black Hills + SourceGas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total customers</td>
<td>785,000</td>
<td>1,210,000</td>
</tr>
</tbody>
</table>

Total customers by region

- Kansas: 14%
- Nebraska: 25%
- Iowa: 20%
- Colorado: 22%
- South Dakota & Wyoming: 19%
- Kansas: 9%
- Nebraska: 24%
- Iowa: 13%
- Arkansas: 13%
- Colorado: 22%

Source: Company data.

Note: In the Map, Black Hills assets include assets of utilities segment (Electric and Gas) only. The Company reports Cheyenne Light (Gas) under its Electric Utilities segment.

(1) Estimated 2016 EBITDA excludes transaction and integration costs
(2) Rate base expected to grow to approximately $900 million by closing
(3) BKH EBITDA based on LTM 3/31/15, rate base based on year end 2014, and capex is 2015 projected

Acquisition of SourceGas - July 13, 2015
Combination Enhances Black Hills’ Scale

Regional Utilities – Number of Customers (millions)

Regional Utilities – Enterprise Value ($ in billions)

Gas LDCs – Number of Gas Customers (millions)

Gas LDCs – Enterprise Value ($ in billions)

Acquisition of SourceGas - July 13, 2015
# Regulatory Considerations

<table>
<thead>
<tr>
<th>State</th>
<th>Requirements</th>
<th>Approval Period</th>
</tr>
</thead>
</table>
| Arkansas | The PSC must consider whether the transaction has:  
- No adverse effect on level of service  
- No substantial change to competition in the state  
- Good financial condition of acquirer  
- No detriment to public interest  
- Competent management  
- No statutory approval period |
| Colorado | Public interest standard  
The PUC is required to rule on the merger application within 210 days\(^{(1)}\) |
| Nebraska | No net harm standard  
No statutory approval period |
| Wyoming  | No net harm standard  
No statutory approval period |

\(^{(1)}\) At its option, the PUC can extend an additional 90 days
Transaction integration led by experienced team

- Successfully integrated 19 electric and natural gas utilities over the last decade
  - Existing scalable systems and processes reduce integration efforts and time
  - Strong cultural fit between companies
- History of constructive regulatory outcomes
  - Currently manage regulatory requirements for 10 utilities across seven states
  - Currently operate in three of four states necessary for approvals
- Track record of operational excellence and continuous improvement will help drive more efficient delivery of customer services

<table>
<thead>
<tr>
<th>States</th>
<th>Number of acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>2</td>
</tr>
<tr>
<td>Iowa</td>
<td>2</td>
</tr>
<tr>
<td>Kansas</td>
<td>10</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1</td>
</tr>
<tr>
<td>Wyoming</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19</strong></td>
</tr>
</tbody>
</table>
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Appendix
Pro forma Corporate Structure

Note: Reflects transaction structure currently under consideration
Credit Ratings – as of July 10, 2015

All three credit ratings agencies have their credit ratings issued with stable outlooks

<table>
<thead>
<tr>
<th>Black Hills Corporation</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Credit Rating</td>
<td>BBB</td>
<td>Baa1</td>
<td>BBB+</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>BBB</td>
<td>Baa1</td>
<td>BBB+</td>
</tr>
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<td><strong>Outlook</strong></td>
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<td><strong>Stable</strong></td>
<td><strong>Stable</strong></td>
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<table>
<thead>
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<th>Black Hills Power</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Fitch</th>
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<tbody>
<tr>
<td>Corporate Credit Rating</td>
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<td>A3</td>
<td>BBB+</td>
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<tr>
<td>Senior Secured Debt</td>
<td>A-</td>
<td>A1</td>
<td>A</td>
</tr>
</tbody>
</table>
VISION
Be the Energy Partner of Choice.

MISSION
Improving Life with Energy.

COMPANY VALUES

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

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

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

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

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

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

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

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

Safety
We commit to live and work safely every day.
To see more ways we are improving life with energy visit us at www.blackhillscorp.com.