



News Release

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ELECTRICAL CONTRACT AWARDED FOR PUEBLO AIRPORT GENERATION STATION PROJECTS

*Contract will create as many as 125 local jobs for electrical, instrumentation and controls
construction work*

PUEBLO, Colo. — Dec. 8, 2010 — Black Hills Corp. (NYSE: BKH) announced today that subsidiaries Black Hills Energy – Colorado Electric and Black Hills Colorado IPP have awarded the electrical package contract to FPD Power Development for the Pueblo Airport Generation Station projects. FPD will work with IBEW Local 12 and Larkin Enterprises to hire qualified professionals to perform all of the electrical, instrumentation and controls construction work on these projects.

“We have a long history of working in Pueblo and are excited to continue sharing our 40-plus years of experience to make southern Colorado an energy epicenter,” said Jeff Gale, executive vice president of FPD Power Development. “We are pleased to be working with Black Hills on these exciting projects and look forward to working closely with local, experienced professionals to successfully complete this contract.”

“This electrical package includes approximately 1.5 million feet of cable between the two projects, is the third largest contract awarded and represents nearly 30 percent of the entire workload for the new generation projects under construction,” said Christopher Burke, vice president of operations for Black Hills Energy – Colorado Electric. “We continue our commitment to competitively soliciting qualified, least-cost resources, and we are particularly pleased that much of this additional work will be awarded to local companies and craft labor.”

FPD will work about 200,000 man-hours on this project and plans to hire qualified electricians from IBEW Local 12. FPD subcontractor Larkin Enterprises will also hire pipefitters from Local 58. In addition, FPD will be sourcing the majority of the materials from local distributors.

The Pueblo Airport Generation Station currently has more than 350 contractors and craft labor on site. As of August, when the official ground-breaking ceremony occurred, both utility-owned

LMS100s have been delivered and set on their respective foundations by mechanical contractor Fagen, Inc. and Pueblo-based subcontractor Vision Mechanical. Additionally, the switchyard access road and site grading construction services were completed by Rice and Rice, and the waterline construction was completed by K.R. Swerdfeger. Planning is in full swing for the cooling tower erection, planned for January 2011. Colorado-based Cooling Tower Depot will subcontract the erection work with Kirk Erectors, Inc. Kirk Erectors will use local carpenters, pipefitters, operators, millwrights and laborers union halls. The project will take approximately 18 weeks and will employ 15 people. Additionally, the gas line and compression facility are almost complete, and work has begun on the pre-engineered buildings.

The Black Hills Pueblo Airport Generation Station will consist of four units, two utility-owned natural gas-fired LMS100 units and two Black Hills Colorado IPP-owned high efficiency combined cycle units. Each of the combined cycle units will consist of two 40 megawatt natural gas-fired LM6000 turbines and one 20 MW steam turbine. The generation facility is expected to be in service by Jan. 1, 2012.

FPD Power Development has served the needs of the power generation business for more than 40 years. Originally part of the electrical and manufacturing company, Commonwealth Electric, Inc., FPD Power Development was reorganized into a separate entity focused on the power generation business in June 2004. Larkin Enterprises, Inc. has supplied technical and support personnel on a contract basis to some of the leading firms in the power generation and utility industries in the U.S. and internationally. Since their inception, LEI has strived to be a company of integrity and excellence.

Black Hills/Colorado Electric Utility Company, LP d/b/a Black Hills Energy

Black Hills Energy serves 93,300 electric customers in 21 southeastern Colorado communities and was ranked No. 6 in Total Solar Watts per Customers in Solar Electric Power Association's 2009 Utility Solar Rankings report. Black Hills Energy is a subsidiary of Black Hills Corp. (NYSE: BKH).

Black Hills Colorado IPP

Black Hills Colorado IPP, LLC, a subsidiary of Black Hills Corporation, was formed to construct, own and operate independent power generation assets in Colorado. Black Hills Colorado IPP is part 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 employees partner to produce results that improve life with energy. More information is available at www.blackhillscorp.com.

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