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<<David Emery, Chairman, President and Chief Executive Officer>>

All right, good morning everyone. I'm David Emery, Chairman, President and CEO of Black Hills Corporation. With me today is Tony Cleberg, our Executive Vice President & CFO, and we'll kind of tag team here on the presentation.

Before we get started, I'd certainly want to welcome those of you attending via webcast. We appreciate your attendance as well. This presentation does contain forward-looking statements as defined by the SEC and we encourage you to read the cautionary language and read our filings before making investment decisions in Black Hills.

From an investment thesis perspective, we think Black Hills offer several key advantages; one is, we're very utility centered, but we do have some other diverse energy operations, very supportive of our utility strategy however, strong earnings growth, significantly stronger than industry average.

Our oil and gas subsidiary has a huge potential resource and a shale gas opportunity that we think is great upside for us. We strive to be the best at everything we do. Operationally our targets are always top quartile or top decile for our operational metrics. We succeed in that most of the time, something we are pretty proud of and key focus for us. Certainly, we have improved our balance sheet and credit quality a lot over the last couple of years and have a 44 year track record of increasing dividends for shareholders. Another track record we are pretty proud of.

From an overview perspective, some of you are familiar with this, some may not be, we started basically in 1883 in Deadwood, South Dakota serving electricity to the gold mining industry there, and have been around ever since. We are very proud of our long-term track record for shareholder returns. And again, as I mentioned earlier the 44 consecutive years of dividend increases, another thing we are pretty proud of.

From an overview perspective, we are organized in two separate groups, our Utilities group, and then our Non-regulated Energy group. I'll talk a little bit more about each of those, but we've got both electric and gas utilities (only one combination utility), and then we have Non-regulated Energy operations in power generation, coal and oil and gas.

Looks like we are involved in a lot of different things. We think about it a little more simply than that. It's literally coal mine to the light bulb and gas well to the burner tip, if you will, that is the business that we are in.

Briefly on the Utility side, we've got a couple of hundred thousand electrical customers in three states largely. Little sliver in southeastern Montana and we also have 35,000 gas customers in Cheyenne Light. So, our segment results include those gas customers in our electric utility result. We also have another just under 540,000 gas customers in Colorado, Kansas, Iowa and Nebraska as well.

On the Non-regulated Energy side both our power generation and coal mine, we look as being integral to our utility operation. And from a risk profile and investment profile we consider them essentially to be utilities.

Our power generation subsidiary we only got a few hundred megawatts of generation capacity in our IPP subsidiary. All of that output is sold to our own utilities, where circumstances behind that. We either had the contract and then bought the utility later or in states like Colorado that have competitive bidding requirements. We bid our Non-regulated subsidiary into supply where our regulated utility, things like that but it serves ourselves, serve for our practical purposes that is the utility.

Coal mine very similar. Almost all the output of the mine goes to our own facilities under our cost based plus return contract, that's been in place since the mid-90s, all the commissions accepted, annual true-up of the price. We don't sell into the open coal market, that's not our business. Our coal mine is a gas station for power plants. That's the way it's designed, that's the way it's operating.

So, then we've got oil and gas, and I will talk a little bit more about that relatively small oil and gas operation with a huge amount of upside opportunity in it, shale gas play that basically underlies our existing acreage positions that we had in San Juan and Piceance Basins for a long time. Proven reserves of less than 90 bs resource potential of several trillion cubic feet and we'll talk more about that.

First quarter, we had a good quarter. I think it's kind of a common theme probably here, it was cold. We are not the only company telling you that, so the results were good, roughly $0.10 a share for us and Tony will talk about numbers but was related to cold weather. We did increase our guidance after the first quarter by 15 (cents) and so we had other things going well also, but certainly weather was cold, a lot of rate activity on our utility side.

We are the building the Cheyenne Prairie Generating Station, I'll talk about that but it's a shared asset for two of our Electric Utilities, Black Hills Power and Cheyenne Light. It will be in service by October 1. It's a $222 million facility. And we've got three rate cases filed in ongoing related to that facility.

Black Hills Power has a case in Wyoming and a case in South Dakota and Cheyenne Light has a case in Wyoming. All are going quite well, we would anticipate being able to settle all of those and don't have to litigate any. We're in the discovery process and until you kind of see testimony from both sides you really aren't in a position to settle. So, we are getting to that point hopefully soon.

We've got some other developments on the utility front. We did retire three small coal fired plants at Hills Power all 50 to 60 plus years old, they were not going to be compliant with the MATS rules and uneconomic retrofit and so we retired those the replacement capacity will largely be provided by Black Hills Power share of the Cheyenne Prairie plant, which is under construction. So, we are basically fully compliant with all the current EPA regs and even proposed one for that matter. So, we are in good shape there. We've filed a couple other rate cases right before we reported results for the quarter.

We've filed a general case at Colorado Electric there, not a big case but where you include the Wind Farm we added there in 2012 about $8 million case. And then we filed a gas case in Kansas, which is the first case we've filed in Kansas, since we acquired the utility in 2008. We've been very good at operating and keeping our cost down and have not needed a case there but we are finally, finally one.

One other I think notable item on this slide is we did get approval in Colorado to build a 40 megawatt gas turbine there to replace a small coal fired plant to replace down in Colorado in last year.

Colorado has the Clean Air-Clean Jobs Act, which is basically an incentive to retire your coal plants early, which we did there and then we get to replace that with those turbine and we got approval to do that. We are in the air permitting phase at that right now.

On the oil and gas side we put two new wells in place in the Piceance Basin and horizontal Mancos formation, shale gas wells. Pretty pleased with the production from both of those wells and are very much in line with expectations, good liquids yields, very positive development. It took longer for the third-party to get the process and plant up and running than we expected by a several months. So, that was a negative, but results were in line with the expectations and continued strong earnings and certainly continued dividend increases and improving credit.

From a strategy perspective, we've changed a little bit in how we communicate. As our strategy hasn't changed, but we focus our work groups and really investors and everyone like kind of four major issues for us. And we group among these four buckets; one is about growing, one is about the service we provide not just to our utility customers but the communities that we live in economic development efforts, all those sort of things.

Better everyday is this operational focus on top quartile or top decile and we wanted to do it in every metric we can find and then obviously with the competition for the workers in the energy industry being a great place to work is something we put a lot more attention on.

On the growth side, I mean our growth has been driven for the last decade on the capital spending. The last five we've had very strong capital spending and we look at spending more than $1 billion in our utilities and oil and gas operation over the three years coming up including this ones so we expect continued strong earnings growth.

Bottom line is investment far exceeds depreciation so we are growing rate base pretty solidly and expect to continue that. This just gives a breakout of the capital spending forecast by segment for those three years. I won't spend a lot of time on it, but it breaks out at least on the electric side, breakouts the generation and transmission investments, gives you a little better idea of where the investments are going, but gives us a history plus three years of forecast.

This slide, it really gives some specifics on the utility projects, transmission projects things like that. A lot of our investors want to know about the transmission projects in particular because we have transmission riders in our electric utilities and they go into rates right away and so it's having a better sense of when that spending is occurring. It was helpful to people. So we put it out there.

Cheyenne Prairie Generating Station, I already talked about this one, construction is going very well. One of our true core competencies is building relatively small power plants, 200 megawatts and under, both coal and gas-fired. We've got a great track record. We've constructed like 17 or 18 facilities in the last decade and a half, all of which were on time and on budget. In many cases we don't even use an EPC contractor. We serve that role ourselves. And so it's a key skill for us, something that is expected that will be done on time and on budget. There's no question to that.

We've got a great team that works on it. This plant is, we're at the point of starting to do things like first fire, things like that. So the plant is progressing very well. And another highlight about it is it's in the city limits of Cheyenne, literally and the city has been very happy to have us there, which is a nice thing about doing business in states like Wyoming and they're very pro-energy and pro-development.

Oil and gas, I've talked about this a little bit. Most of our strategy in oil and gas is focused around developing the shale gas asset that we have. Its orders of magnitude are larger than our proven reserves today, conservative and very low end, a couple of trillion cubic feet under our existing acreage. All of that acreage is held by production from other producing zones, primarily vertical wells and shallower horizons. So it won't expire, which is a great luxury. So we basically had a decade's long option on several trailing cubic feet of gas here, which we view as a huge positive upside for shareholders.

We've got about 94,000 acres held by production, all quite prospective for the Mancos and we've been trying to kind of methodically drill enough wells on that acreage to really prove that all of the acreage is equally prospective through the economics, drilling costs and some other things and then we can make decisions on how best to utilize that asset. Might be to sell it, might be keep it, it might be to sell one basin and keep another basin, it might be to look at rate base in gas reserves for part of it.

All of those options we want to keep on the table until we prove the economics of the resource, which will probably be next year, somewhere in that range, late next year. And then we'll make a decision at the time.

We do a little bit of oil exploration in this business, but pretty small and not a big needle mover and what we've done today. So it's not a huge part of the strategy. Our dividend track record, I mentioned already, something we are very proud of. Continuing the 44 consecutive year track record is something that is a priority for us.

We look at how much we increase that dividend and look at capital spending opportunities and other things. We had historically done $0.04 a year. In 2008, 2009 when the recession hit, we backed that off to a couple cents, because we had a lot of capital spending when we were doing in the last year or so. Here we bumped to back up to $0.04 again. But really looking at alternatives and that's being great capital spending program as uses for the cash. So we're not real aggressive on the amount of the increase, something that is more of a history.

Credit rating, we made great strides here, continue to improve the quality of our credit. We got a split rating now between Moody's and S&P, but very pleased with BBB or BBB+ equivalents from both of them and a continued improving metrics on the credit side. So we're pretty happy with that.

Our generation fleet, I mentioned earlier, we're in great shape compliance wise. Most of our fleet is mid 1990s or newer. Three out of the four coal plants we have are 2000 or newer, very compliant, some of the cleanest coal-fired plant in the United States. In fact several of our facilities were included in the EPA's averages when they came out with the MATS rule here last year. So we're in great shape from a compliance standpoint. They're very modern fleet, very high fleet availability, again, focused on operating metrics. Our fleet availabilities are higher than the industry by 5 to 10 percentage points depending on coal or gas.

This slide, I'm not going to spend any time on it. It's really a regulatory timeframe slide, gives you a little sense for all our rate cases we have going on and when they will be concluded, the time horizon for that. The three big ones are all the Cheyenne Prairie Generating Station cases. We historically have always been able to get that done and new rates in effect by the first date of commercial operation of the plant. We don't have a lag, that's our objective this time and we don't expect to have any problems in achieving that.

Getting back to operating metrics, we've just done a few things up here for illustrations, but very proud of how we rank relatively speaking in benchmark's quartiles and all the different metrics kept by different organizations. Reliability is solidly in the top quartile on the electric side. Things like costs per customer, customer service costs per customer, O&M per customer, all of those metrics we fair very well.

We've been focused a lot on utilization of AMR technology in both our gas and electric utilities substantially built out with that technology in all of our utilities. We've been able to utilize that to do a lot of improvements reduction in truck rolls, 80% plus reductions in some of those things really helping on operating metrics and O&M keeps the rates down.

Pretty focused on some of the other metrics as where I've talked about the great workplace thing it comes down to safety, we've made huge strives on our safety record in the last five years. That's been a real key focus for us, we were not happy. Subsequent to our acquisition of Aquila, I'm not sure it was a lack of focus with only integration activity or where it was, but our metrics were not what they needed to be. We were not happy with our safety record. We've made huge strides on a very much down right at the bottom end of kind of top quartile safety performance now. We expect to continue to improve that.

Our plant construction safety record is phenomenal. That's the lower right chart. Our rate sort of fraction of what the construction industry is. And if we have accidents I mean, we've done things like even on this last plant that we're building we had a couple of accidents right in a row. We asked the contractors which our managers onsite, we weren't happy with the performance on safety. So, something we're really aggressive on.

We've gotten some acknowledgment on just a good place to work here, lately we're proud of that and obviously it helps when you are recruiting employees in the top places to work type list. It's an advantage certainly our employees were more engaged as well as a result of that.

With that, I'll turn it over to Tony and let him cover the financial update. And then we'll take questions at the end.

<<Anthony Cleberg, Executive Vice President & Chief Financial Officer>>

Thank you, Dave. As you think about Dave's overview comments on our company, our strategies and our operating performance you may ask, how does this relate to financial performance? And the answer to that question is, very well. Very well in terms of improving year-over-year earnings. Very well in terms of improving our balance sheet and very well in terms of improving our return on equity. So, how did we view in the first quarter? We have a reconciliation of here is the GAAP earnings down to earnings as adjusted.

In the first quarter of this year, we're proud to say we had no as adjusted numbers. Our GAAP numbers equaled our reported numbers. So that's a positive, but if you take a look at that bottom line, the two outside boxes on this slide you can see that at a dollar rate our EPS was up 24% year-over-year, and if you take a look at the trailing 12 months, we're at 2.66 EPS.

So just one of the major drivers on the income statement here, if you just look down on this slide, the operating income was up $9.8 million. So that was a big driver to our earnings improvement. The other item that really improved for us is the reduction in interest expense. Last year, we did a number of things from a financing standpoint. Got rid of some 9% debt and we've taken advantage of that, and our interest rate has come down quite significantly.

In addition, we have some hedges in place and we retired those and that gives us a significant improvement also. So income statement wise very good. The other thing to note here is, just on the very bottom where I have the EBITDA and I should note it's up 9.9%, so real strong performance. So from a consolidated standpoint, we certainly got the improvement.

If you take a look at it on a segment basis you can see that there are several things to note here particularly in the operating income on the right side of the slide. The electric utilities and gas utilities provided 88% of our operating income in the first quarter, so we are predominantly a regulated business. If you look at power generation and coal mining, which are directly aligned with our utility business they provided 15% of our operating income, so we got 103% out of those two areas, and then we had 3% negative on the oil and gas.

So, we are continuing to invest in our oil and gas business getting ready in effect prove up the shale plays. I would say, if you look at little deeper here from a quarter-over-quarter basis, the gas utilities were up $6.9 million year-over-year and that was really driven by the colder weather, but if you also look at the power generation and coal mining, together they were up $4 million. So strong performance from those two non-regulated entities.

From a historical perspective on slide 29, we have been very focused on growing earnings and the EPS is up 15.4% over that timeframe, from 2009 to 2013. Our operating income is up about 15% on a compounded annual basis, and it's evenly split between the non-regulated side and the regulated side, so, really strong performance from that standpoint. So, if you think about our income statement, our earnings they are very solid.

The next item is our capital structure and here at the end of the first quarter we ended up at 52.5% net debt to cap, so we still have good room with our – we have solid credit ratings and we have room to be able to finish our power plant and bring that on later this year. And our debt-to-cap should probably move up by the time we hit year-end, but once we bring that power plant into play our credit metrics again will start improving and going very positive.

The other thing I just like to mention. A key area that we watch is return on invested capital and return on equity, and over the last several years since 2010 we have improved our return on equity by 270 basis points, so it's looking at average equity we're up significantly and that is with the oil and gas at a negative return, so once we get that going we expect continued improvement in this area.

These four buckets that Dave talked about these are the lenses that we look through to focus our strategies and each year we put out a action list of things we expect to accomplish, and that's what you see on the bottom of this slide, and you can see we already have a few check marks there, but this is the way that we hold ourselves accountable to our investors, and make sure that we've got the most important things

identified, and so we planned to have all those checked off by year-end and we got a few checked off so far, so with that I will open it up to questions for Dave and I.
Q&A

<Q>: Questions anyone. Yeah.

<Q>: What percent of your current network spending allocated to oil and gas?

<A – Anthony Cleberg>: Yeah 25% to 30%.

<Q>: You've been around roughly at oil and gas segment $100 million to $120 million kind of numbers than were spending $350 million to $400 million a year.

<A – David Emery>: We have been little lighter than that in the recent year just because we pull back on the – when gas prices went down we really kind of squeezed our capital plan back, but we planned to spend more than it's generating in the cash over the next few years to prove up those reserves.

<Q>: Other questions.

<A – David Emery>: Yeah. The question was basically how much capital were we spending on oil and gas, what proportion of that capital. And as Tony said, roughly 25% to 30% or so. Yeah. Sorry about that for those on the webcast. Any other questions from anyone?

<Q>: [Question Inaudible]

<A – Anthony Cleberg>: The question is regarding our credit ratings and potentially our debt-to-cap increasing for the year. And we are split rating and our credit metrics support the BBB+. We would really like to get to the BBB+. We're happy with the BBB equivalent, but our metrics are stronger than that. Then we would like that also.

<A – David Emery>: And we said the increase that we're talking about is just going to be driven by the construction of the Cheyenne Prairie primarily. It's not going to increase our debt-to-cap much, certainly outside of any of the metrics that you're alluding for. And then, as Tony said, once the plant does and the cash flow started October 1, then your metrics get right back to in-line real fast. So question…

<Q>: [Question Inaudible]

<A – Anthony Cleberg>: Sure. The question is our dividend policy. What was the other one?

<A – David Emery>: Payout ratio.

<Q>: [Question Inaudible]

<A – Anthony Cleberg>: Sure. And the most important thing about our dividend is that we increase it. We've got the 44 years. So that's what we're focused on. From a payout ratio standpoint, we would like to be that 60% or less of earnings.

<A – David Emery>: Yeah. And we don't put out long-term growth rate projections. I mean we put out three years of pretty detailed capital expenditure projections instead. I would say we've said repeatedly that our goal is to be substantially higher growth rate than the industry average, which is at 4% or 6%, pick a number. We expect to be a lot better than that, but we have a pretty specific percentage target out there. Any last questions? We got a couple of minutes left here if anyone has anything else before we wrap up.

<<David Emery, Chairman, President and Chief Executive Officer>>

All right. Well, thank you all for your attention. Thanks for your interest in Black Hills. Have a great day rest of your day.

<<Anthony Cleberg, Executive Vice President and Chief Financial Officer>>

Thank you.