



Black Hills Corp. Receives FERC Approval for Wygen I Power Purchase Agreement

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Contract fulfills 60-megawatt capacity need for electric utility Cheyenne Light

RAPID CITY, S.D., Oct. 15, 2020 (GLOBE NEWSWIRE) -- Black Hills Corp. (NYSE: BKH) today announced that utility subsidiary Cheyenne Light, Fuel and Power Co., doing business as Black Hills Energy, and power generation subsidiary Black Hills Wyoming received approval of their joint application for a proposed 60-megawatt power purchase agreement from the Federal Energy Regulatory Commission.

Under the approved agreement, Black Hills Wyoming will continue to deliver 60 megawatts of base load capacity and energy to Cheyenne Light from its Wygen I power plant. The new agreement will commence on Jan. 1, 2022, replacing the existing power purchase agreement, and will continue for 11 years, ending Dec. 31, 2032. The Wygen I power plant is located near Gillette in northeast Wyoming and is a mine-mouth operation with the adjacent mining complex.

"This new contract will provide critical capacity for our Wyoming electric utility," said Linn Evans, president and CEO of Black Hills Corp. "The Wygen I power plant is an extremely reliable, low-cost source of electric base load capacity and energy for Cheyenne Light and is the best long-term choice to cost-effectively meet our customers' current and future needs."

Cheyenne Light believes its long-term electric capacity and energy needs are best met utilizing a balanced mix of generation resources, including natural gas, coal, and renewable resources. The utility identified a near-term generation base load capacity shortfall of 60 megawatts stemming from expiration of the existing Wygen I power purchase agreement.

The new long-term power purchase agreement will provide the capacity and energy needed to help maintain grid stability and resiliency as Cheyenne Light integrates more intermittent renewable resources into its generating fleet. Cheyenne Light currently has 25 megawatts of wind generation resources on its system and is planning to add 20 megawatts of renewable wind energy when the 52.5-megawatt Corriedale wind project that it will jointly own with its affiliate Black Hills Power comes on-line later this year.

"The FERC approval allows the Wygen I power plant to continue serving our Wyoming electric utility customers with stable, low-cost, base load energy afforded by mine-mouth logistics and a low-cost, local Wyoming energy resource," added Evans. "These operations will also help maintain stable, long-term mining and plant operations jobs within Wyoming."

Black Hills Corporation

Black Hills Corp. (NYSE: BKH) is a customer focused, growth-oriented utility company with a tradition of improving life with energy and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves 1.28 million natural gas and electric utility customers in eight states: Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. More information is available at www.blackhillscorp.com.

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Caution Regarding Forward Looking Statement

This news release 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 news release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward looking statements. This includes our ability to operate the Wygen I power plant efficiently and at low-cost for the benefit of our electric utility customers and our ability to maintain future employment opportunities. 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, the risk factors described in Item 1A of Part I of our 2019 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time.

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.



Source: Black Hills Service Company, LLC