

A NEW HORIZON

BKH 2018

2018 First Quarter Earnings

May 4, 2018



Investor Relations Information

COMPANY INFORMATION

Black Hills Corporation

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FORWARD LOOKING STATEMENTS

This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. 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. This includes, without limitations, our 2018 earnings guidance. 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 2017 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

- The accuracy of our assumptions on which our earnings guidance is based;
- The impact of Tax Cuts and Jobs Act on customers, rate base, valuation of deferred tax assets and liabilities, interest expense and cash flow;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings in periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect and the results of regulatory proceedings regarding the effects of the TCJA;
- Our ability to complete our capital program in a cost-effective and timely manner;
- The impact of future governmental regulation; and
- Other factors discussed from time to time in our filings with the SEC.

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.

Discussion Agenda

First Quarter Review

David Emery

Chairman and Chief Executive Officer

Financial Update

Richard Kinzley

Senior Vice President and Chief Financial Officer

Strategic Overview

David Emery

Chairman and Chief Executive Officer

Q&A

2018 First Quarter Review



Overhead view of trading floor at NYSE.

2018 First Quarter Highlights

Utilities

- On April 25, Colorado Electric received approval from the Colorado Public Utilities Commission to contract with Black Hills Electric Generation to purchase 60 megawatts of wind energy through a 25-year power purchase agreement
 - Enables Colorado Electric to comply with Colorado's Renewable Energy Standard
- On April 16, Rocky Mountain Natural Gas, an intrastate gas pipeline, received a recommended decision from Colorado administrative law judge approving a settlement agreement for its rate review filed Oct. 3, 2017
 - Includes \$1.1 million increase in annual revenue and extension of safety, system and integrity rider to recover investments made from 2018 through 2021
 - Authorized return on equity of 9.9 percent and capital structure of 46.6 percent equity and 53.4 percent debt
 - New rates expected to be effective June 1, 2018, pending final approval from Colorado commission

2018 First Quarter Highlights

Utilities *continued*

- In the first quarter, South Dakota Electric commenced construction of \$70 million, 175-mile, 230 kV transmission line from Rapid City, South Dakota, to Stegall, Nebraska
 - Project to be constructed in two segments; first segment to be placed in service in late 2018 and final segment by end of 2019
- In the first quarter, Black Hills' continued efforts to simplify its utility organization by restructuring several legal entities acquired in the 2016 SourceGas acquisition
 - Resulted in \$49 million tax benefit associated with goodwill that is amortizable for tax purposes

Power Generation

- On April 25, Black Hills Electric Generation was selected to provide 60 megawatts of renewable energy from a new wind project to Colorado Electric through a 25-year power purchase agreement
 - \$71 million Busch Ranch II wind project is expected to be constructed and in service by the end of 2019

2018 First Quarter Highlights

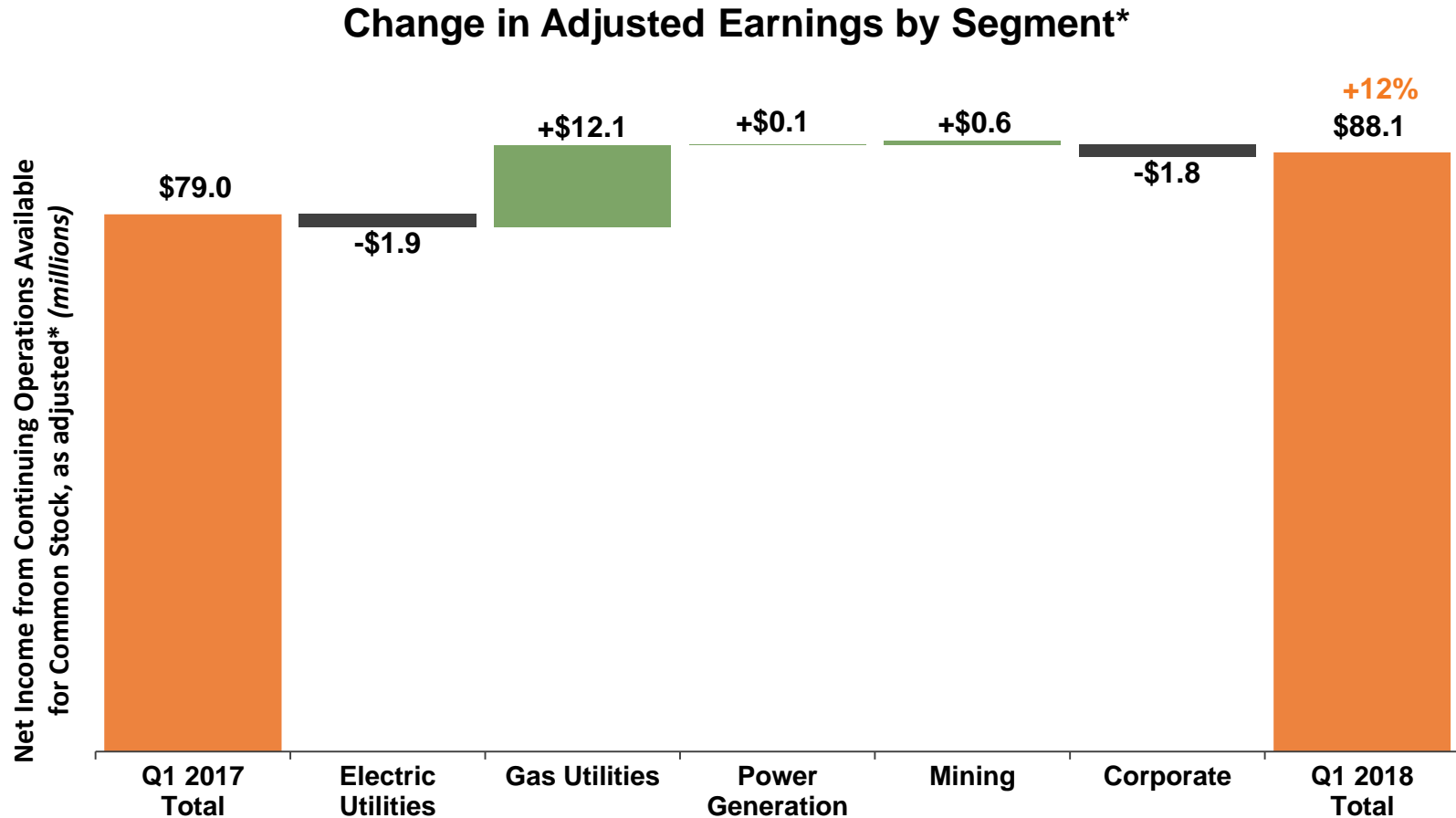
Corporate Activities

- On April 23, board of directors declared quarterly dividend of \$0.475 per share, equivalent to an annual dividend rate of \$1.90 per share, payable June 1
- On March 8, S&P Global Ratings affirmed its corporate credit rating of Black Hills Corp. at BBB, revising its outlook to positive from stable

Discontinued Operations – Oil and Gas

- As of May 3, company had executed agreements to sell or closed on sales transactions for approximately 96 percent of its oil and gas properties
 - Remaining assets expected to be sold by mid-year 2018

2018 First Quarter Financial Highlights



* Non-GAAP measures; reconciled to GAAP in Appendix

Financial Update



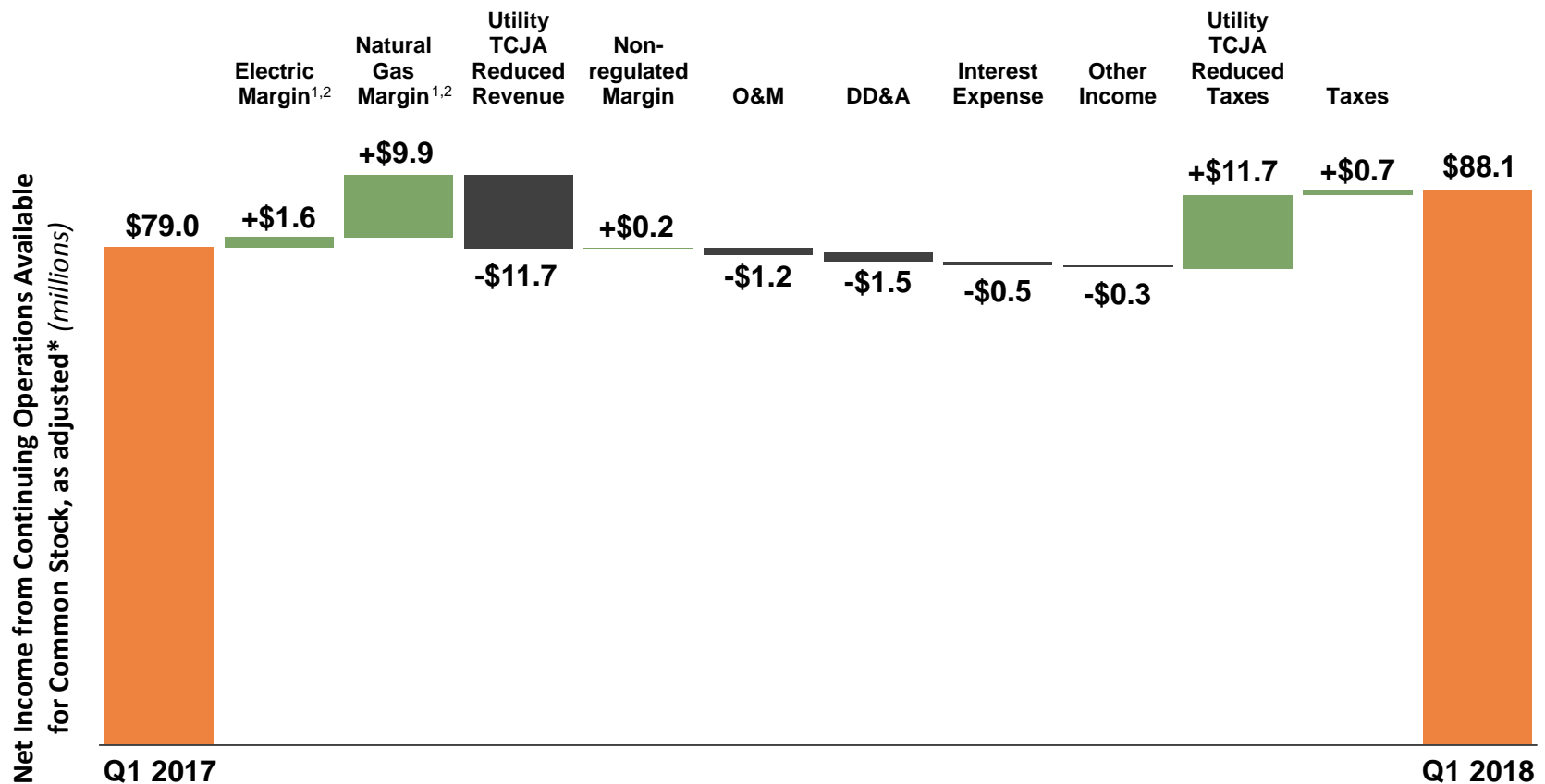
We are proud to serve Southern Colorado with safe, reliable energy services and work hard to be engaged, responsible community partners. Pictured from left, Tom Cruz and Ray Loya, line servicemen for our Colorado electric utility.

Earnings Per Share Analysis

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Net income from continuing operations available for common stock (GAAP)	\$ 1.42	\$ 0.41	\$ 0.52	\$ 1.17	\$ 2.50
Adjustments (after tax)					
Acquisition costs	0.02	0.01	0.01	0.02	—
Tax reform and other tax items	—	—	—	(0.21)	0.04
Legal restructuring - income tax benefit	—	—	—	—	(0.91)
Rounding	—	—	(0.01)	—	—
Total adjustments	0.02	0.01	—	(0.19)	(0.87)
Net income from continuing operations available for common stock, as adjusted (Non-GAAP)*	\$ 1.44	\$ 0.42	\$ 0.52	\$ 0.98	\$ 1.63
Trailing Twelve Months - Net income from continuing operations available for common stock, as adjusted (Non-GAAP)*	\$ 3.40				\$ 3.55

* Non-GAAP measures; reconciled to GAAP in Appendix

2018 First Quarter Financial Drivers



* Non-GAAP measure; reconciled to GAAP in Appendix

¹ Excludes reduced revenue from Tax Cuts and Jobs Act (TCJA)

² Utility margin impact of \$8.3 million (\$1.3 million electric and \$7.0 million natural gas) related to positive weather impacts; net of income taxes

Note: minor difference in total due to rounding

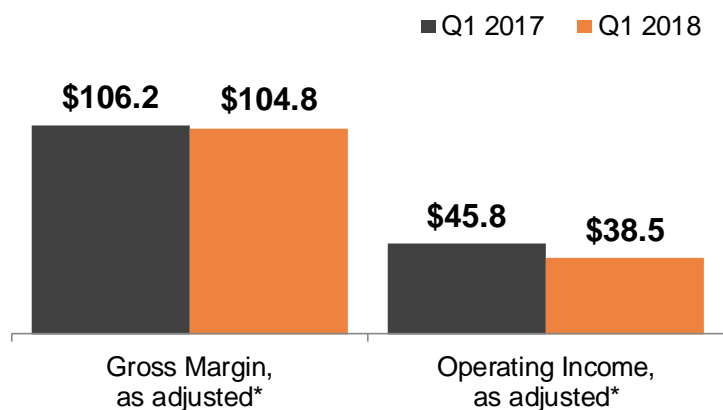
Income Statement

	Q1 2017	Q1 2018
Revenue	\$ 547.5	\$ 575.4
Gross margin	327.8	327.8
Operating expenses	(129.5)	(131.0)
DD&A	(46.7)	(48.6)
Subtotal	151.6	148.2
Acquisition costs	(1.4)	-
Operating income	150.2	148.2
Interest expense	(34.4)	(35.0)
Other income	0.3	(0.1)
Income before taxes	116.1	113.1
Income taxes	(34.4)	25.8
Income from continuing operations	\$ 81.7	\$ 138.9
Loss from discontinued operations, net of tax	(1.6)	(2.3)
Net income before non-controlling interest	\$ 80.1	\$ 136.6
Non-controlling interest	(3.6)	(3.6)
Net Income available to common stock	\$ 76.5	\$ 133.0
Income from continuing operations available for common stock	\$ 78.1	\$ 135.3
Non-GAAP adjustments	0.9	(47.2)
Income from continuing operations, as adjusted (Non-GAAP)	\$ 79.0	\$ 88.1
EPS - Net income available for common stock	\$ 1.39	\$ 2.46
EPS - Income from Cont. Ops avail. for common stock, as adjusted *	\$ 1.44	\$ 1.63
Diluted shares outstanding (in thousands)	54.9	54.1
EBITDA, as adjusted*	\$ 198.6	\$ 196.8

* Non-GAAP measures; defined and/or reconciled to GAAP in Appendix and on slide 10

Gross Margin/Operating Income

Electric Utilities (in millions)

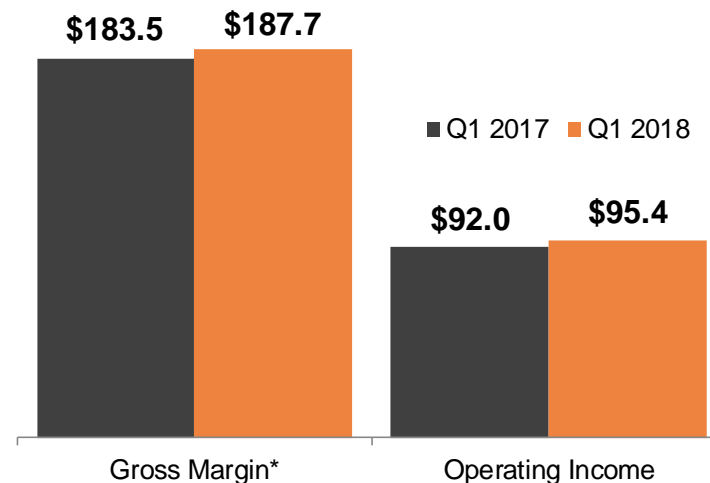


- Weather
- South Dakota Electric transmission project placed in service mid-year 2017



- Lower revenue from TCJA
- Vegetation management amortization
- Higher depreciation from larger asset base

Gas Utilities (in millions)



- Weather
- Customer growth
- Rider revenue

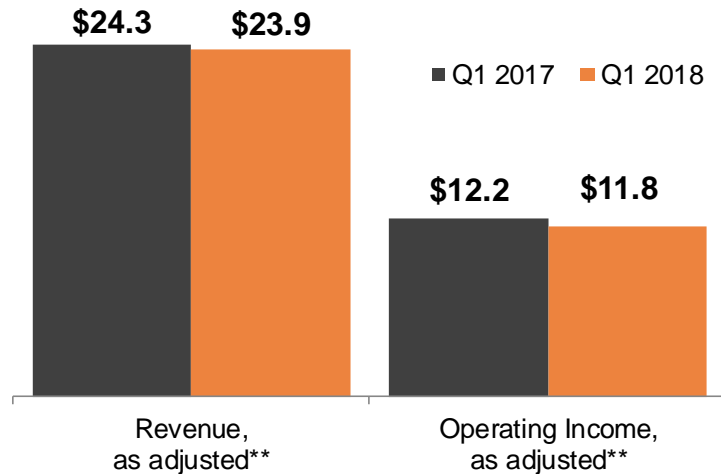


- Lower revenue from TCJA
- Higher depreciation from larger asset base

* Non-GAAP measures; reconciled to GAAP in Appendix

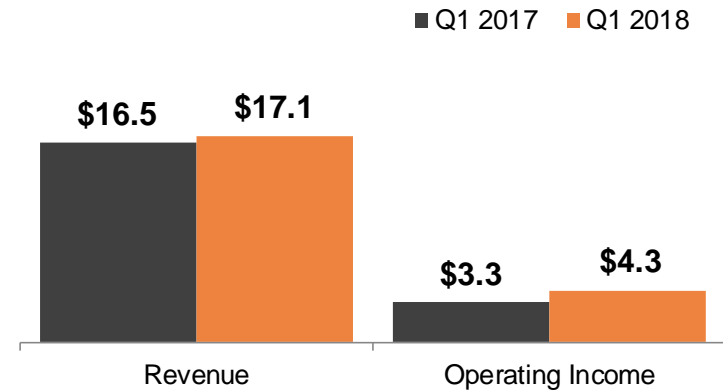
Revenue/Operating Income

Power Generation (in millions)*



- Lower Wygen I MWh sold
- Higher depreciation

Mining (in millions)



- Higher tons sold



- Lower depreciation

* Power Generation includes 100% of Colorado IPP operations; financial results for the 49.9% minority owner of COIPP reflected through a reduction to net income attributable to noncontrolling interest

** Non-GAAP measures; reconciled to GAAP in Appendix

Capital Structure

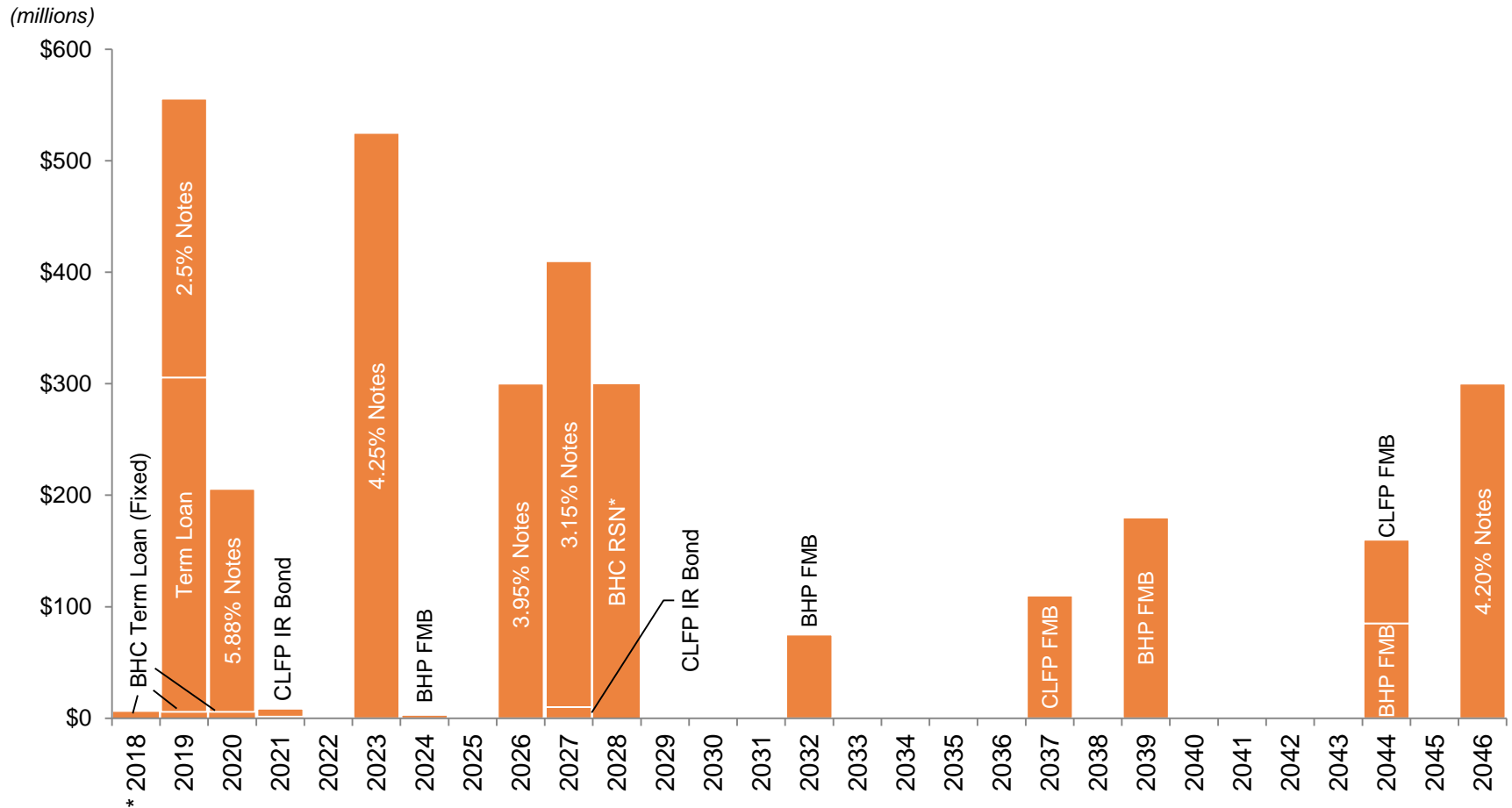
(in millions, except for ratios)

	Mar. 31, 2017	Jun. 30, 2017	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018
Capitalization					
Short-term Debt	\$ 57	\$ 114	\$ 231	\$ 217	\$ 420
Long-term Debt	3,211	3,160	3,110	3,109	2,859
Total Debt	3,267	3,274	3,341	3,326	3,279
Equity*	1,674	1,676	1,683	1,709	1,819
Total Capitalization	\$ 4,942	\$ 4,950	\$ 5,024	\$ 5,035	\$ 5,098
Net Debt to Net Capitalization					
Debt	\$ 3,267	\$ 3,274	\$ 3,341	\$ 3,326	\$ 3,279
Cash and Cash Equivalents	(11)	(12)	(14)	(15)	(31)
Net Debt	3,256	3,262	3,327	3,311	3,248
Net Capitalization	\$ 4,930	\$ 4,939	\$ 5,010	\$ 5,020	\$ 5,067
Debt to Capitalization	66.1%	66.1%	66.5%	66.1%	64.3%
Net Debt to Capitalization (Net of Cash)	66.0%	66.1%	66.4%	66.0%	64.1%
Long-term Debt to Total Debt	98.3%	96.5%	93.1%	93.5%	87.2%

* Excludes noncontrolling interest

Long-Term Debt Maturities

Total of \$3.1 billion



* In 2018, the remarketable subordinated notes assumed due in 2028 will reset to the prevailing market interest rate and Black Hills will receive approximately \$300 million from the Equity Unit Holders' mandatory purchase of common stock; we plan to use proceeds from conversion to pay down debt

Credit Rating

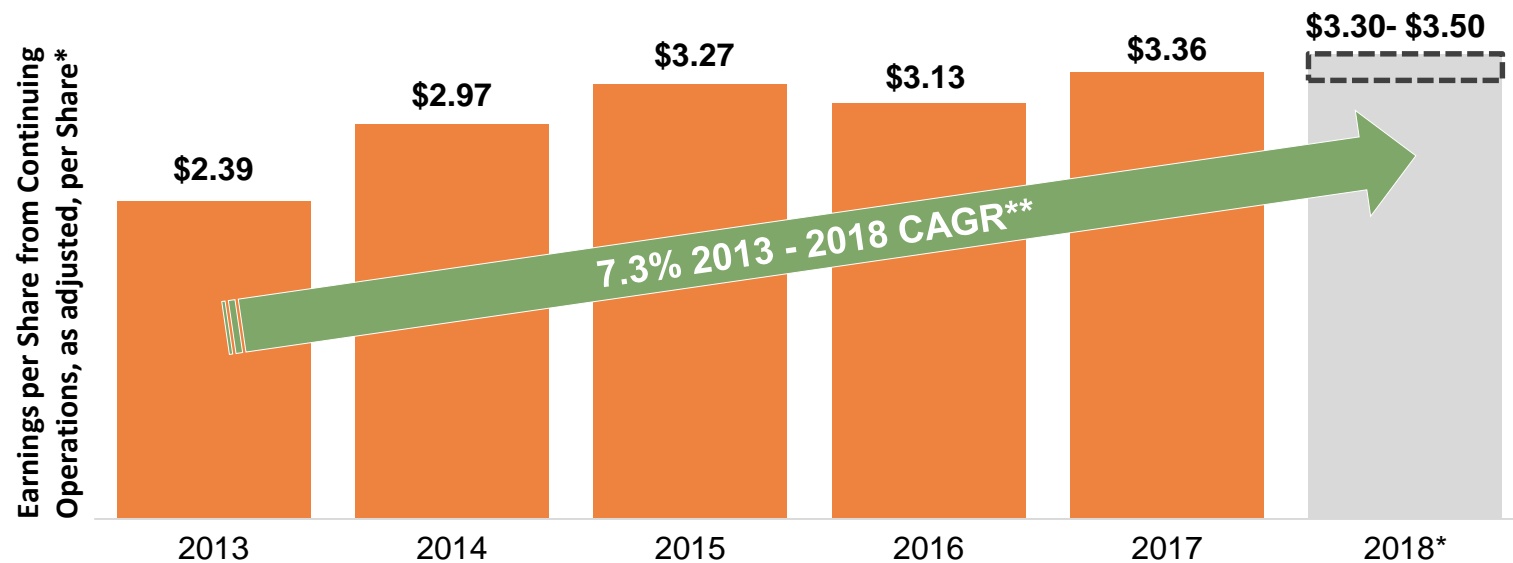
Committed to maintaining strong investment-grade credit ratings

- S&P Global Ratings on March 8, 2018, affirmed its corporate credit rating of Black Hills Corp. at BBB and upgraded the outlook to positive
- Moody's Investors Service on Dec. 12, 2017, affirmed its corporate credit rating of Black Hills Corp. at Baa2 with a stable outlook
- Fitch Ratings on Oct. 4, 2017, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook

Black Hills Corporation	S&P	Moody's	Fitch
Corporate Credit Rating	BBB	Baa2	BBB+
Senior Unsecured	BBB	Baa2	BBB+
Outlook	<i>Positive</i>	<i>Stable</i>	<i>Stable</i>

2018 Earnings Guidance Reaffirmed

Black Hills reaffirmed its guidance for 2018 earnings from continuing operations, as adjusted*, of \$3.30 to \$3.50 per share as most recently listed Feb. 2, 2018



* Earnings from continuing operations, as adjusted, is a non-GAAP item; reconciled to GAAP in Appendix

** Compound annual growth rate based on 2018 earnings guidance midpoint of \$3.40 per share

Strategic Overview



Our newly constructed 3.5 mile natural gas pipeline delivers biogas, a renewable energy resource, from the Sarpy County Landfill to fuel homes and businesses in Sarpy County, Nebraska.

Strategic Objectives

Utility-centered energy company well positioned to build upon a track record of successful utility growth

PROFITABLE GROWTH

Achieve consistent growth that creates value.

EARNINGS: Lead industry peers in earnings growth

DIVIDEND: Increase annual dividend, extending industry-leading dividend history

CREDIT RATING: Maintain solid investment-grade senior unsecured credit rating

ASSET DEVELOPMENT: Grow our core utility businesses through disciplined investments that meet customer needs, exceed our established hurdle rates and are accretive to earnings

VALUED SERVICE

Deliver reliable, highly valued products and services.

CUSTOMER: Provide quality products and services at a cost that effectively meet or exceed customer expectations with increased use of technology; effectively market these products and services to customers; and, share information to create understanding of energy-related issues

COMMUNITIES: Be a partner in growing the economies of the communities we serve

BETTER EVERY DAY

Continuously improve to achieve industry leading results.

OPERATIONAL PERFORMANCE: Achieve top-tier operational performance in a culture of continuous improvement

EFFICIENCY: Continuously engage employees to identify and pursue efficiencies, and to simplify or eliminate unnecessary processes. Sustain annual improvements to metrics comparing costs as a percent of gross margin

EFFECTIVENESS: Identify the right projects and tools that allow employees to work effectively every day

MEASUREMENT: Benchmark our costs and processes with meaningful metrics to assist with real-time business management assessment of results and accountability

GREAT WORKPLACE

Promote a workplace that inspires individual growth and pride in what we do.

ENGAGEMENT: Achieve status as one of the “100 Great Places to Work” as measured by the Great Places to Work Institute

DIVERSITY: Increase workforce diversity to achieve improved performance and the innovations that come from inclusiveness

EMPLOYEE DEVELOPMENT: Establish robust development options enabling increased performance while preparing employees for additional career opportunities

TEAM WORK: Maintain top quartile results within a professional, and productive work environment

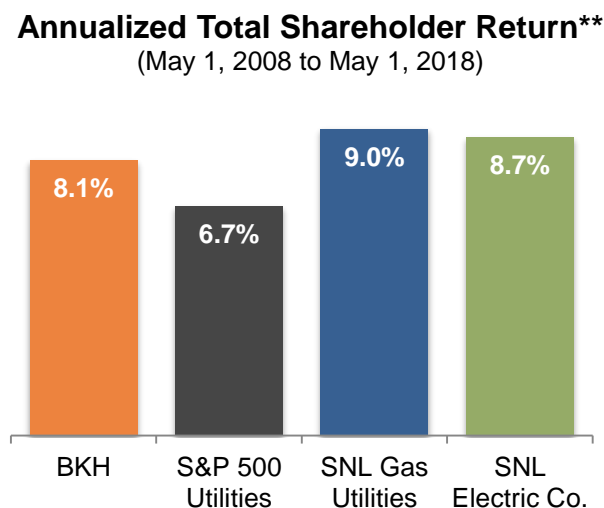
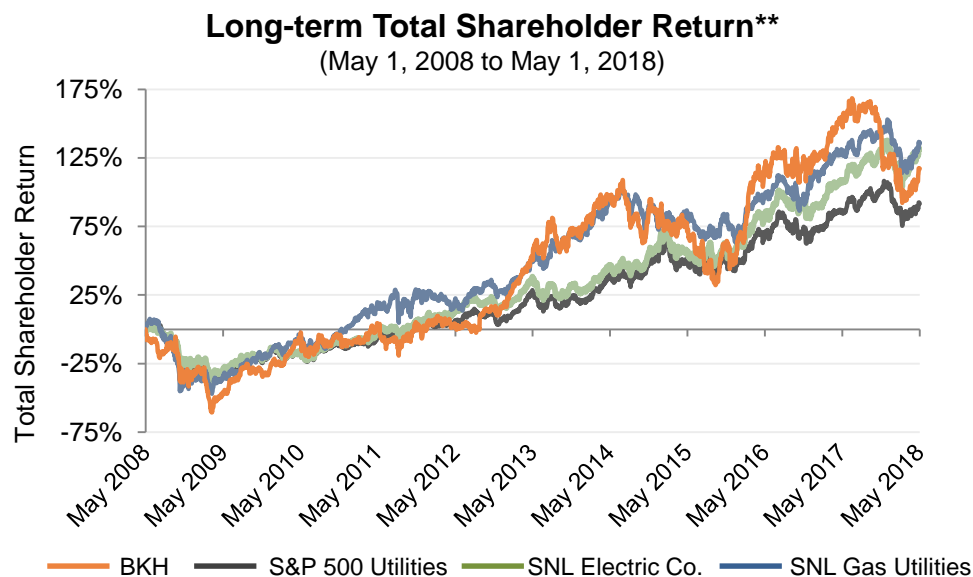
SAFETY: Strive to be the safest energy company in the U.S. by emphasizing our culture to work and live safely every day

Strategy Execution

PROFITABLE
GROWTH

Target strong long-term total shareholder returns

- **Earnings Growth** – achieve long-term EPS growth rate above utility industry average
- **Dividend Payout Ratio** – target 50 to 60 percent
 - Retain flexibility to increase dividend during periods of slower EPS growth
- **Dividend Increase** – continue track record of 48 consecutive annual increases*



* Dividend percentage increase for 2018 reflects increase from actual annual dividend in 2017 compared to annual equivalent rate for 2018

** Source: S&P Market Intelligence as of May 1, 2018; annualized return is 10-year compound annual growth rate since May 1, 2008

Strategy Transitional Period

Transitioning earnings drivers

PROFITABLE
GROWTH

Near-term (2018-2019)

Long-term (2020+)

Invest in safety, reliability and growth for customers and communities

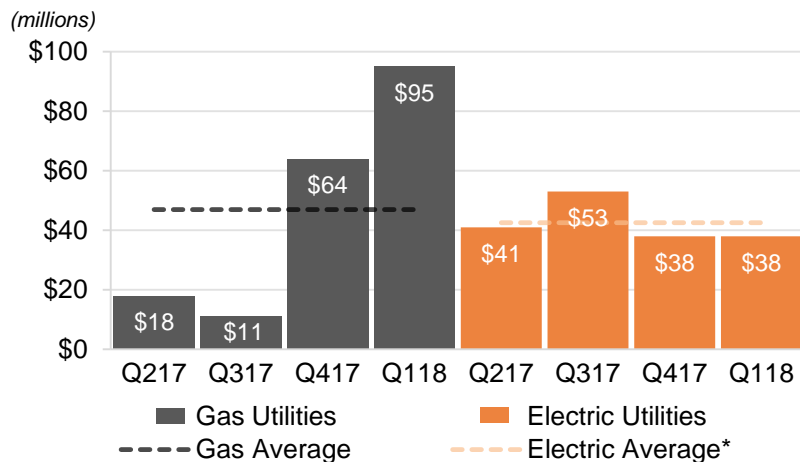
- Slower earnings growth expectations
- Integration savings
- Focused capital investment to reduce regulatory lag
- Entering test years in preparation for rate review filings or commencing such filings in certain jurisdictions
- Higher earnings growth expectations
- Strong capital investments to meet customer needs
- Continued focus on standardization and efficiency improvements
- Regular rate review filings

Strength in Diversity

Reduces business risk and drives more predictable earnings

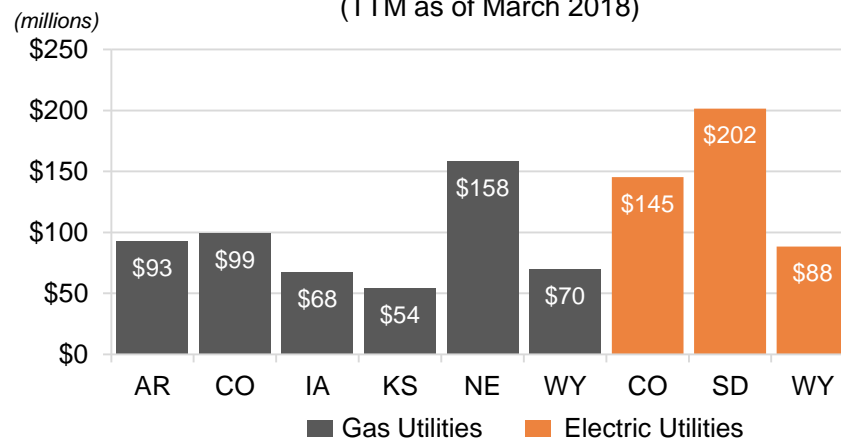
PROFITABLE
GROWTH

Utility Operating Income

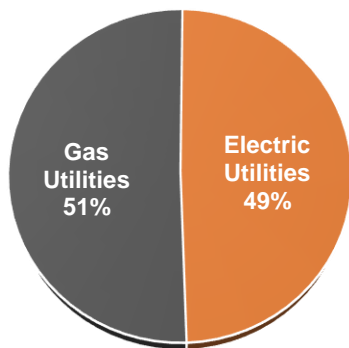


Gross Margin by State²

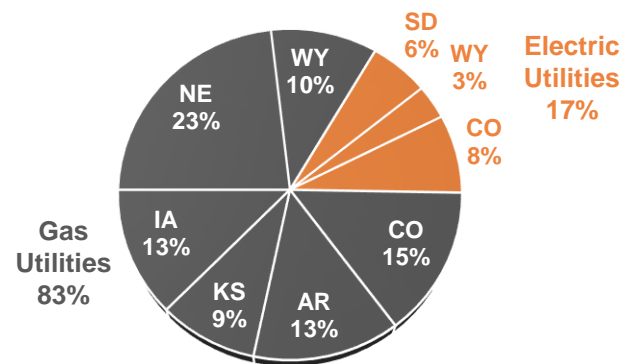
(TTM as of March 2018)



Utility Rate Base¹



Percent of Customers by State²



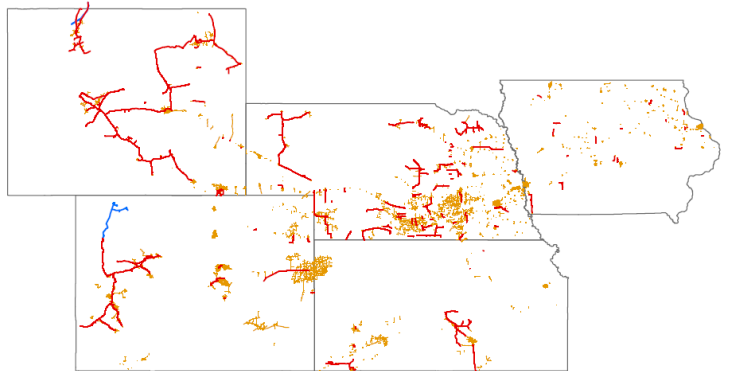
* Non-GAAP measure, reconciled to GAAP in Appendix

¹ Estimated utility rate base as of Dec. 31, 2017; see appendix for more detail

² Montana data included in South Dakota totals

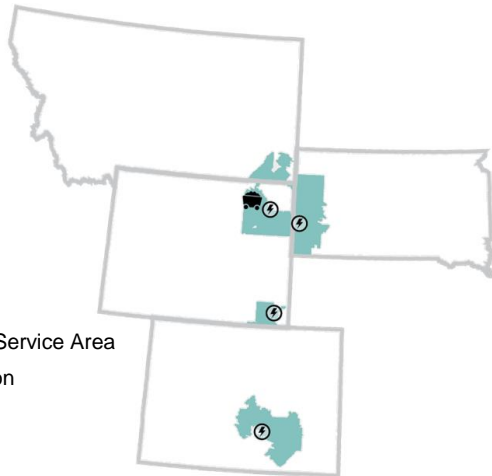
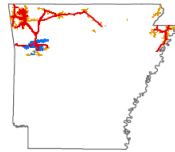
Strategic Execution Delivers Opportunities

Acquisitions created larger transmission and distribution systems



➤ **45,000-mile** natural gas gathering, storage, transmission and distribution system

- Transmission Pipeline
- Gathering Pipeline
- Natural Gas Distribution Service Area



➤ **1.1 gigawatts*** of electric generation and **9,000-mile** electric transmission and distribution system

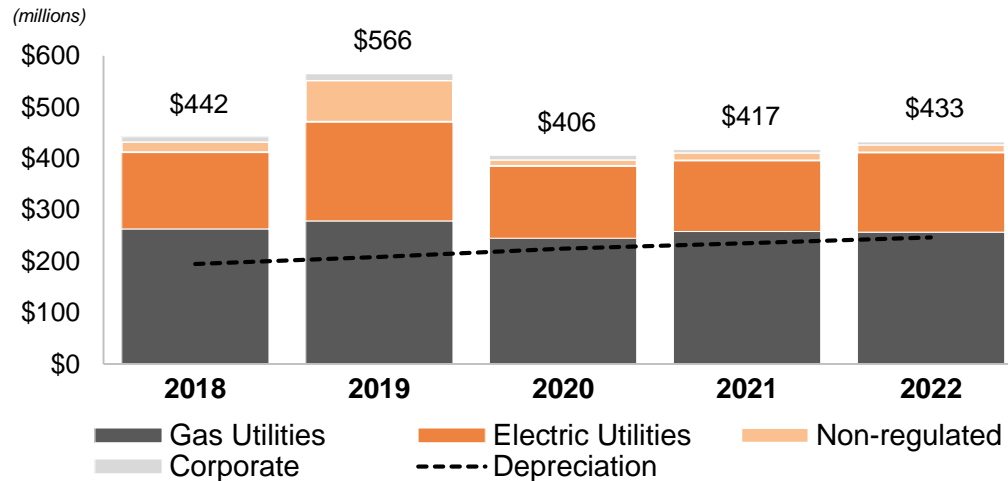
- Electric Utilities Service Area
- ⚡ Power Generation
- ⚒ Coal Mine

* Excludes 49.9 percent ownership in Colorado IPP owned by a third party

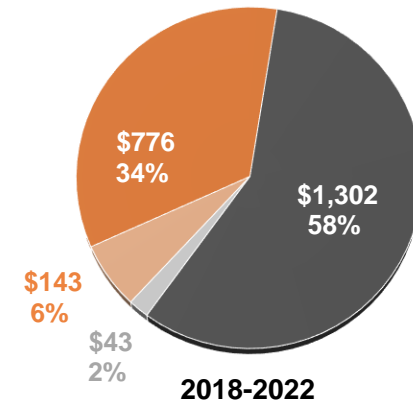
Note: Information from 2017 Form 10-K

Utility Capital Investment Drives Growth

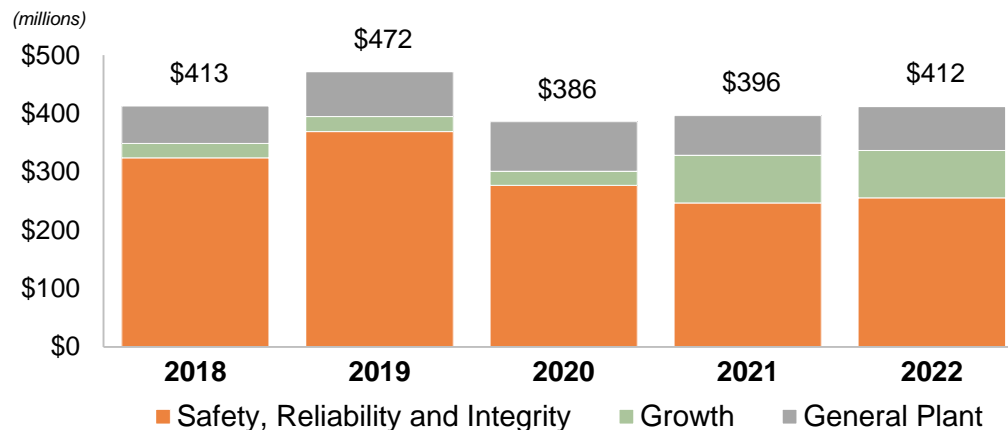
Total Forecasted Capital Investment By Segment*



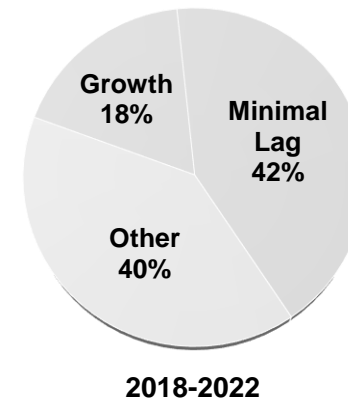
Total 5-year Forecast by Segment (in millions)



Utility Forecasted Capital Investment By Type



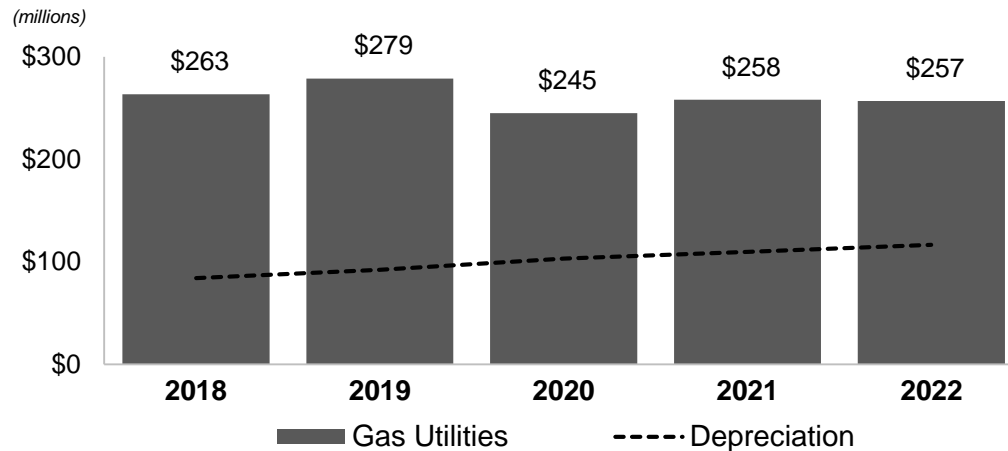
Utility 5-year Forecast by Recovery



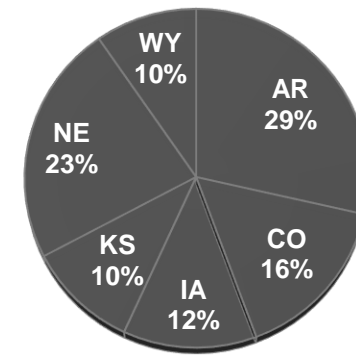
*Excludes discontinued operations; see appendix for detail
 Integrity Capital – capital expenditures related to safety and reliability investment
 Growth Capital – generates immediate revenue on customer connections

Gas Utilities Investing in Safety and Reliability

Gas Utilities Forecasted Capital Investment

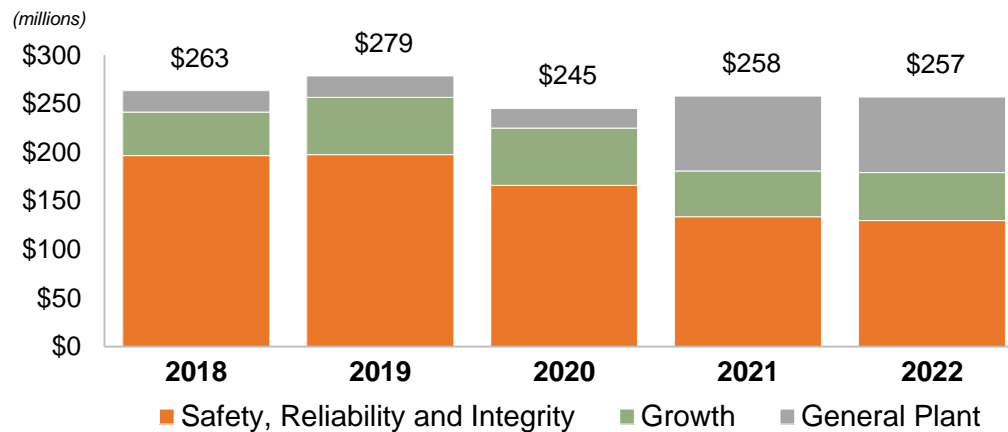


Gas Utilities 5-Year Capital Investment by State

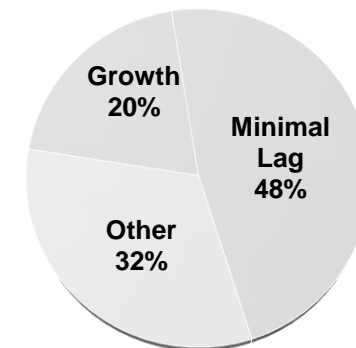


2018-2022

Gas Utilities Forecasted Capital Investment By Type



Gas Utilities 5-Year Capital Investment by Recovery



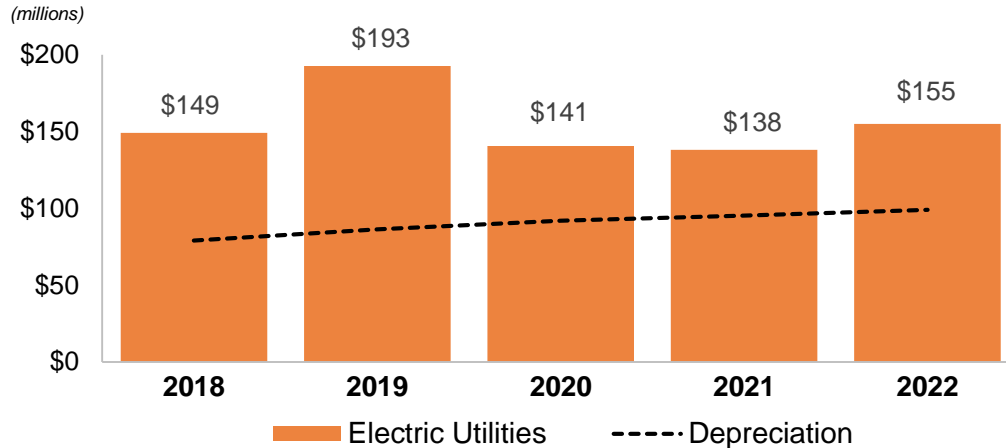
2018-2022

Integrity Capital – capital expenditures related to safety and reliability investment
 Growth Capital – generates immediate revenue on customer connections

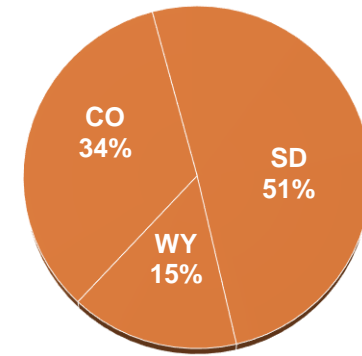
Note: See Appendix for detail

Electric Utilities Enhancing Reliability

Electric Utilities Forecasted Capital Investment

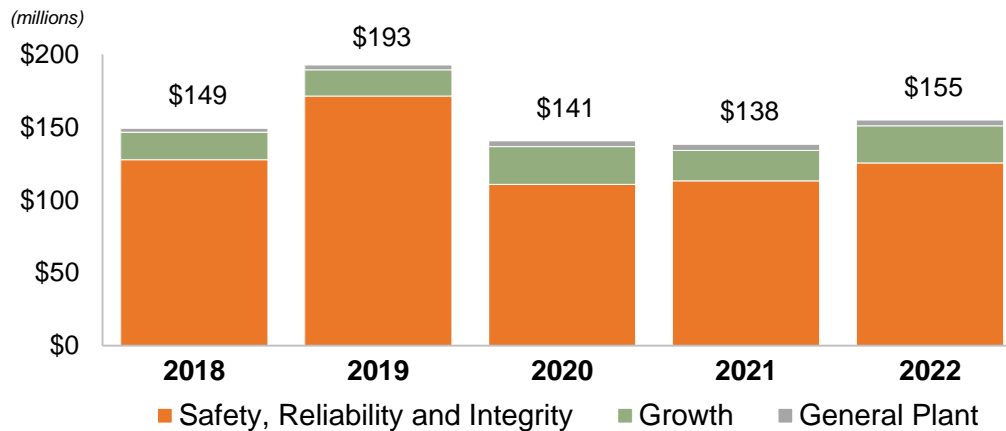


Electric Utilities 5-year Capital Investment By State

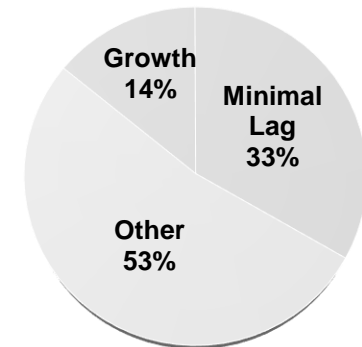


2018-2022

Electric Utilities Forecasted Capital Investment By Type



Electric Utilities 5-year Capital Investment by Recovery



2018-2022

Integrity Capital – capital expenditures related to safety and reliability investment
 Growth Capital – generates immediate revenue on customer connections

Note: See Appendix for detail

Regulatory Update

VALUED
SERVICE

Active Rate Reviews Advancing

Jurisdiction	Rate Review Request				Status
	Date Filed	Annual Revenue	ROE	Equity / Debt	
Arkansas Gas	12-15-17	\$30M	10.2%	54.7% / 45.3%	Discovery phase Seeking new rates in Q4 2018
Wyoming Gas (NW WY)	11-17-17	\$1.2M ¹	10.2%	54.0% / 46.0%	Discovery phase Seeking new rates in Q3 2018
Rocky Mountain Natural Gas (RMNG)	10-3-17	\$1.3M ^{1,2}	9.9%	46.6% / 53.4%	Settlement recommended for approval by ALJ –Seeking new rates in Q2 2018
Colorado Electric 2016 Rate Review – Court Appeal	7-10-17				Court rejected most of COE's appeal except for certain expenses

Passing Tax Reform Benefits To Customers

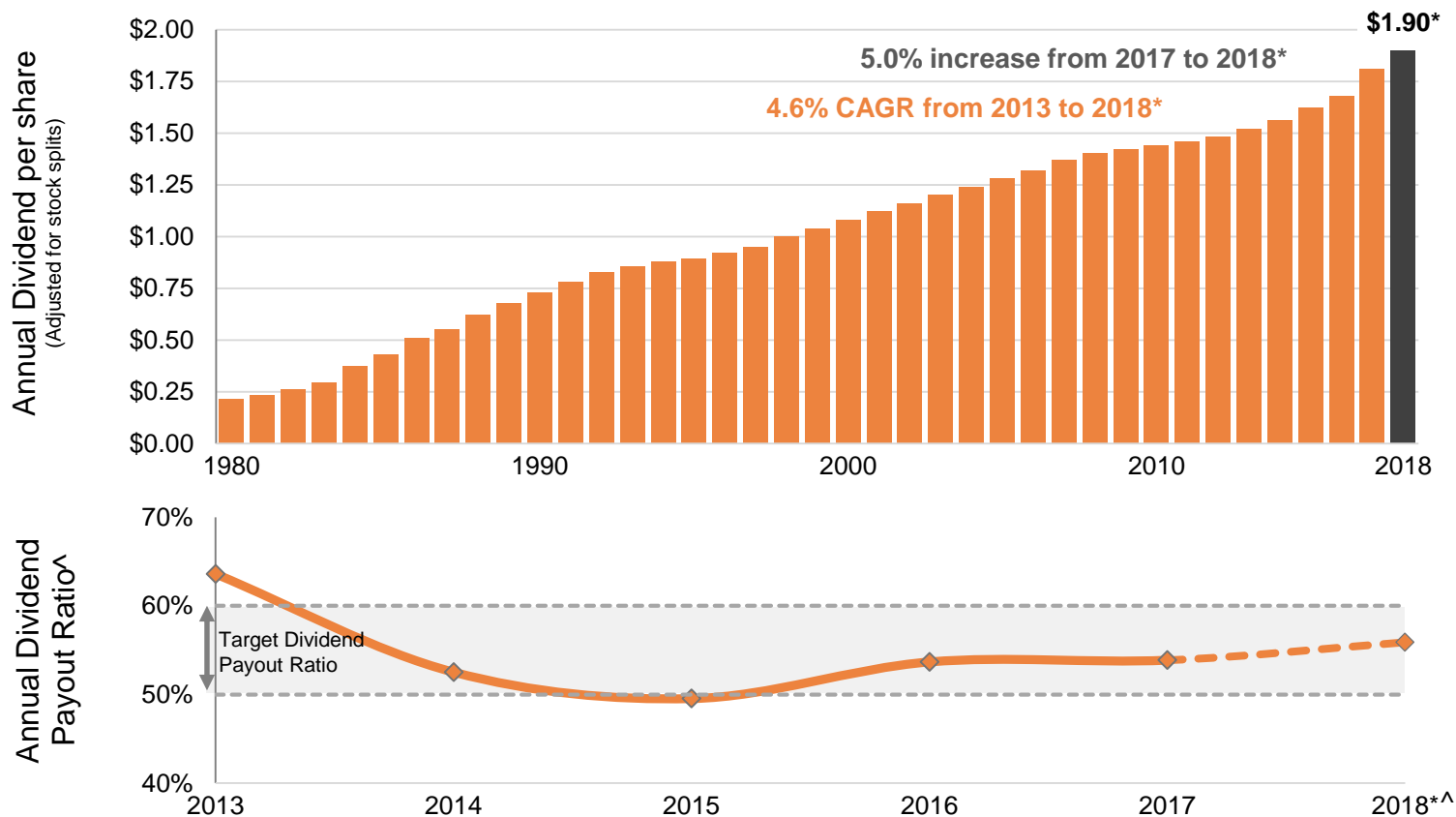
State	Status	Start Date	Annual Benefit to customers
Iowa	Complete	July 2018	\$2.2M
Kansas	Complete	April 2018	\$1.9M
Arkansas, Colorado, Montana, Nebraska, South Dakota, Wyoming	In process		

¹ Includes impacts of tax reform

² Recommended settlement includes \$0.1 million through base rate recovery and \$1.2 million through a system, safety and integrity rider

Strong Dividend Growth Track Record

Dividend Increased for 48 Consecutive Years



* Board of directors on April 23 approved a quarterly dividend of \$0.475 per share, equivalent to an annual rate of \$1.90 per share; increase from 2017 to 2018 compares the 2018 annual equivalent rate to the total dividends paid for 2017

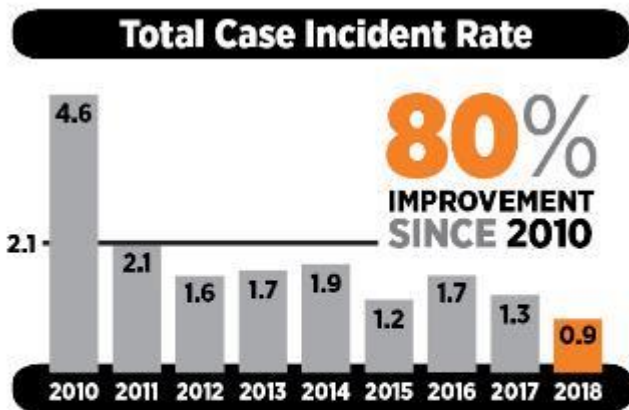
[^] Annual dividend payout ratio is calculated by dividing annual dividend per share by earnings from continuing operations, as adjusted, per share, a non-GAAP measure; reconciled to GAAP in the appendix; 2018 is based on midpoint of earnings guidance range of \$3.30 to \$3.50 per share

Operational Excellence

Delivering safe and reliable service to our customers

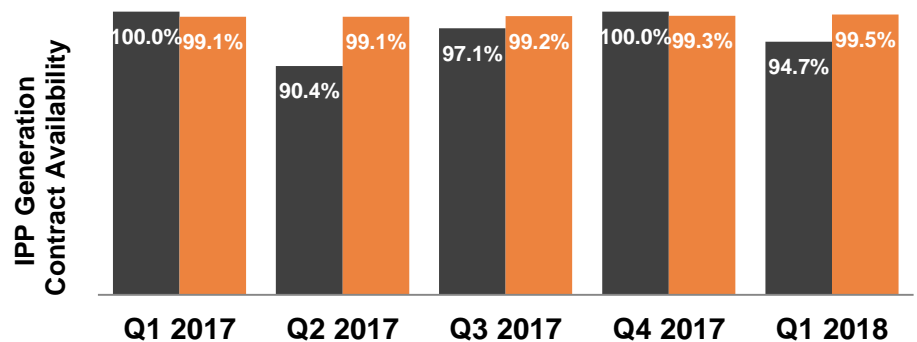
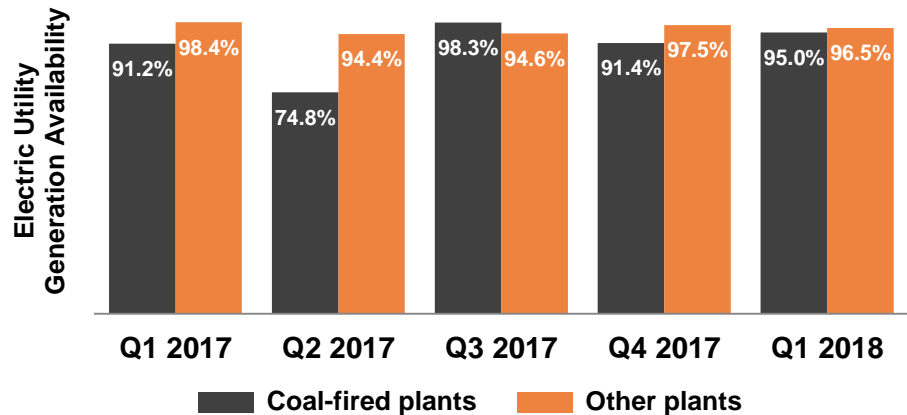


Enhanced Safety Performance



2018 data is YTD through March 31 (Black Hills and Legacy SourceGas combined). TCIR is defined as the average number of work-related injuries incurred by 100 workers during a one-year period.

Strong Electric Generation Availability



Now online!



▶ **Corporate
Responsibility
Report**

www.blackhillscorp.com/corporateresponsibility

2018 Scorecard



Strategy

- Construct cost effective rate-base utility assets that meet growing demand, improve reliability and customer satisfaction.
- Acquire small utility systems within or near existing service territories
- Invest in the replacement of existing utility infrastructure to maintain the safety and reliability of electric and gas systems.
- Cost effectively add renewable resources to energy supply portfolio
- Achieve top-tier operational performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology
- Be the safest company in the energy industry
- Be one of the best places to work
- Improve the wellness of employees
- Be a workplace of choice for women and minorities

2018 Future Initiatives and Progress

- Increase annual dividend for 48th consecutive year
- Commence construction of 175 mile, \$70 million Rapid City, SD to Stegall, NE 230 KV transmission line rebuild
- Pursue satisfactory resolution of Colorado Electric 2016 rate review
- Complete Arkansas Gas rate review
- Complete RMNG rate review
- Complete NW WY Gas rate review
- Obtain Colorado PUC approval for recommended project from 2017 renewable energy RFP
- Work with each state regulatory commission to provide benefits of tax reform to utility customers
 - Kansas, Iowa
 - Arkansas, Colorado, Nebraska, South Dakota, Wyoming
- File for approval of Wyoming Electric's electric resource plan
- Finalize negotiations and file for regulatory approval for electric utilities to join SPP
- Improve eBill participation, reduce inbound customer calls and enhance web-based customer options
- Complete implementation of utility work and asset management system
- Implement new vegetation management system
- Focus on improving productivity and reducing costs
- Complete exit of oil and gas business
- Continue to enhance functionality of tablet-based technology for field technicians
- Achieve safety TCIR of 1.1
- Achieve PMVI rate of 1.7
- Expand the availability of participation for women's affinity groups into all areas of operations
- Create additional programs that further develop, retain, and reward top performing employees

Legend
 Completed
 Planned in 2018

Questions



Pictured from left: Black Hills Energy employees Harold Cummins and Jason Weber deliver energy solutions to our customers in Ogden, Iowa.

Appendix - Table of Contents

Corporate and Operations Overview

Utilities

Capital Investment

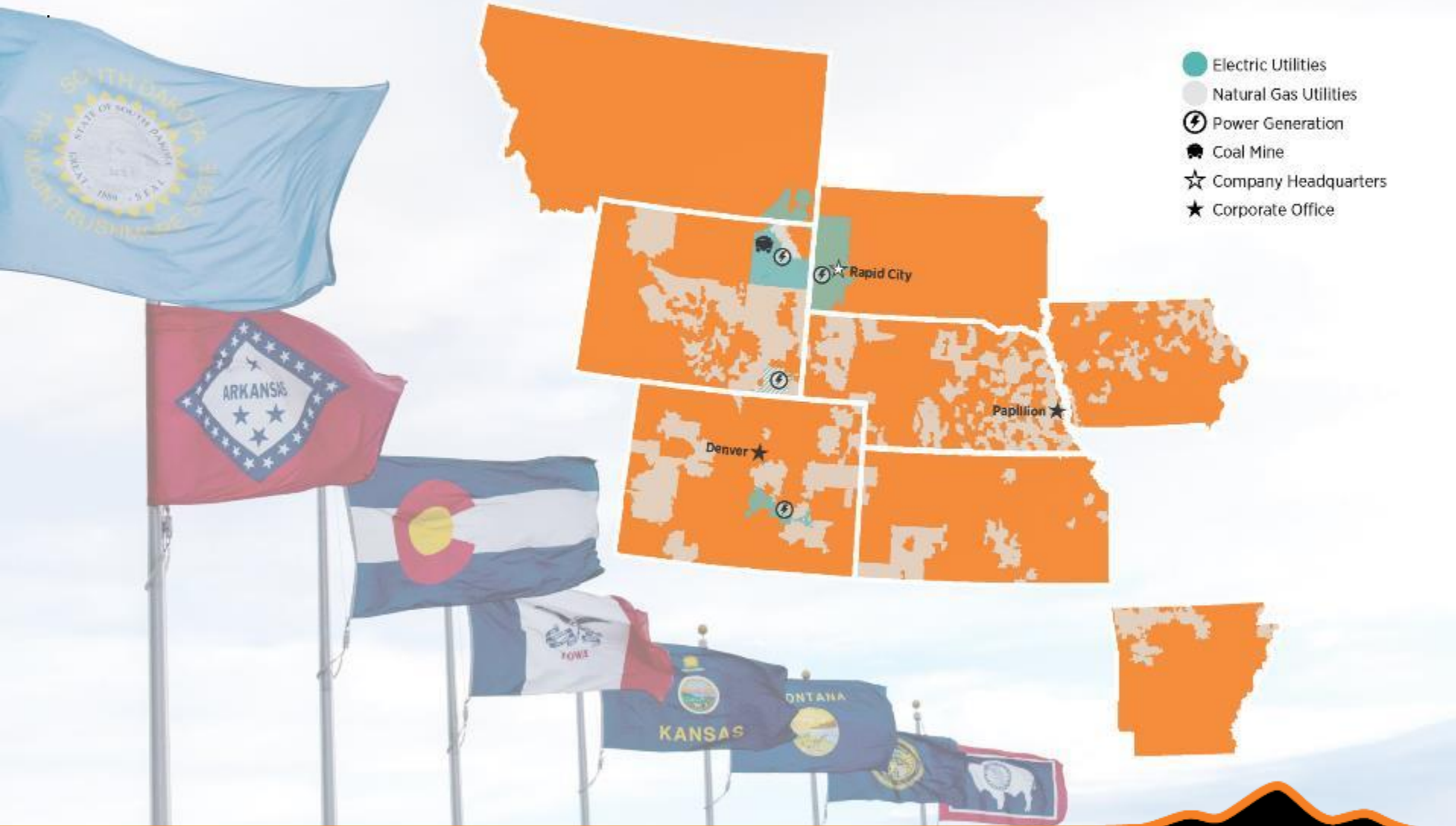
Regulatory

Power Generation and Mining

Non-GAAP slides

Black Hills Corporation Overview

Black Hills Corporation is a customer focused, growth-oriented utility company with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves over 1.25 million electric and natural gas utility customers in more than 800 communities in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. Employees partner to produce results that *improve life with energy*.



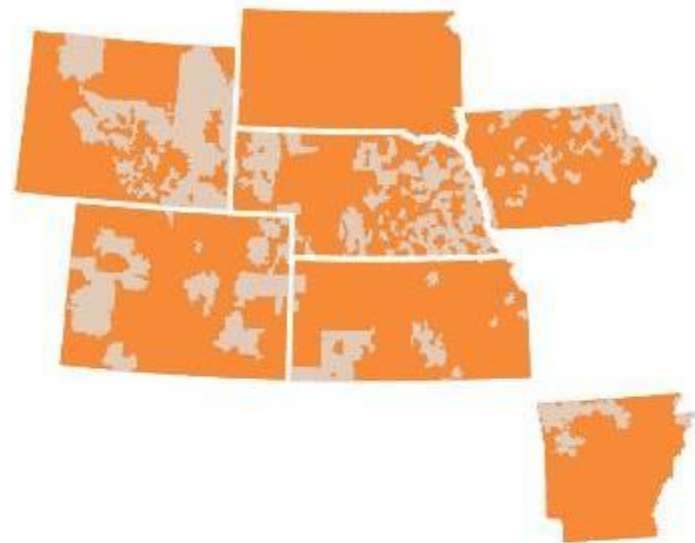
Operations Overview

Electric Utilities, Power Generation & Mining*



- Three electric utilities which generate, transmit and distribute electricity to approximately 210,000 customers in CO, SD, WY and MT
- 1.1 gigawatts** of generation and 8,839 miles of transmission and distribution
 - Five power generation facilities owned by utilities and serving utility customers (921 megawatts)
 - Two power generation facilities delivering capacity and energy under long-term contracts to utility affiliates (160 megawatts**)
 - Efficient mine-mouth generation in WY fueled by low-sulfur Powder River Basin coal (47-year supply of reserves at current production); mine production contracted to on site generation
- East-West interconnection in SD optimizes off-system sale of power and improves system reliability (1 of only 7 east-west ties)

Natural Gas Utilities*



- 12 natural gas utilities^ which distribute natural gas to approximately 1,042,000 customers in AR, CO, IA, KS, NE and WY
- 4,656 miles of intrastate gas transmission pipelines and 40,455 miles of gas distribution mains and service lines
- Seven natural gas storage facilities in AR, CO and WY with 16.5 Bcf of underground gas storage working capacity
- 146,000 customers served through Choice Gas Program (unbundled natural gas supply) and Service Guard/CAPP programs (contract appliance repair service)

* Information from 2017 Form 10-K

** Excludes 49.9 percent ownership interest in Colorado IPP owned by a third party

^ Excludes minor entities and Shoshone pipeline

Integrated Electric Utility

Efficient Mine-mouth Generation - Modern Natural Gas Generation - Clean Renewable Generation

Gillette Energy Complex

(Gillette, Wyoming)

Wyodak Mine

Efficient coal delivery to 785 MW of mine-mouth generation under life of plant coal contracts

Fixed price plus escalators[^]

- Wyodak
- Wygen I

Cost plus return[^]

- Wygen II
- Wygen III
- Neil Simpson

[^]See coal contracts overview on slide 48 for detail

Centralized work force control centers and warehouse



Mine-mouth Coal Plants

Wyodak

360 MW - 1978
20% owned by SDE
(Operated by PacifiCorp)

Wygen I

90 MW - 2003
76.5% owned by Power Generation

Wygen II

95 MW - 2008
100% owned by WYE

Wygen III

110 MW - 2010
52% owned by SDE

Neil Simpson II

90 MW - 1995
100% owned by SDE

Neil Simpson Combustion Turbine (CT)

40 MW - 2000
100% owned by SDE

Cheyenne Prairie

(Cheyenne, Wyoming - CPGS)

Combined-Cycle Gas-Fired Plant

95 MW - 2014
100% owned
(58% WYE / 42% SDE)

Gas-Fired Combustion Turbine

37 MW - 2014
100% owned by WYE

Centralized work force control center and warehouse



Ben French

(Rapid City, SD - 100% owned by SDE)

Gas-Fired Combustion Turbine

40 MW - 2002

Combustion Turbines

80 MW gas/oil - 1977-79
10 MW oil - 1965



Pueblo Airport Generating Station*

(Pueblo, Colorado - PAGS)

Combined-Cycle Gas-Fired Plants

Two 100 MW Plants - 2012
50.1%* owned by Power Generation with 20-yr PPA to COE

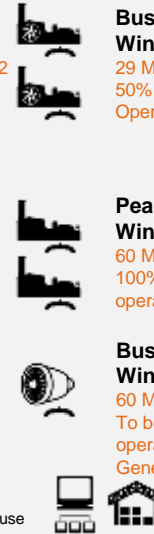
Simple Cycle Gas-Fired Plants

Two 90 MW plants - 2011
100% owned by COE

Gas-Fired Combustion Turbine

40 MW - 2016
100% owned by COE

Centralized work force control center and warehouse



Busch Ranch Wind Farm

29 MW - 2012
50% owned and Operated by COE

Peak View Wind Farm

60 MW - 2016
100% owned and operated by COE

Busch Ranch II Wind Farm

60 MW - by 2019
To be 100% owned and operated by Power Generation



Power Generation and Mining



Transmission Network



Distribution Systems

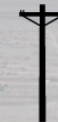


941 MW of generation capacity owned by Electric Utilities

269 MW of generation capacity owned by Power Generation under long-term contracts to Electric Utilities



2,000 miles of electric transmission in SD, WY and CO



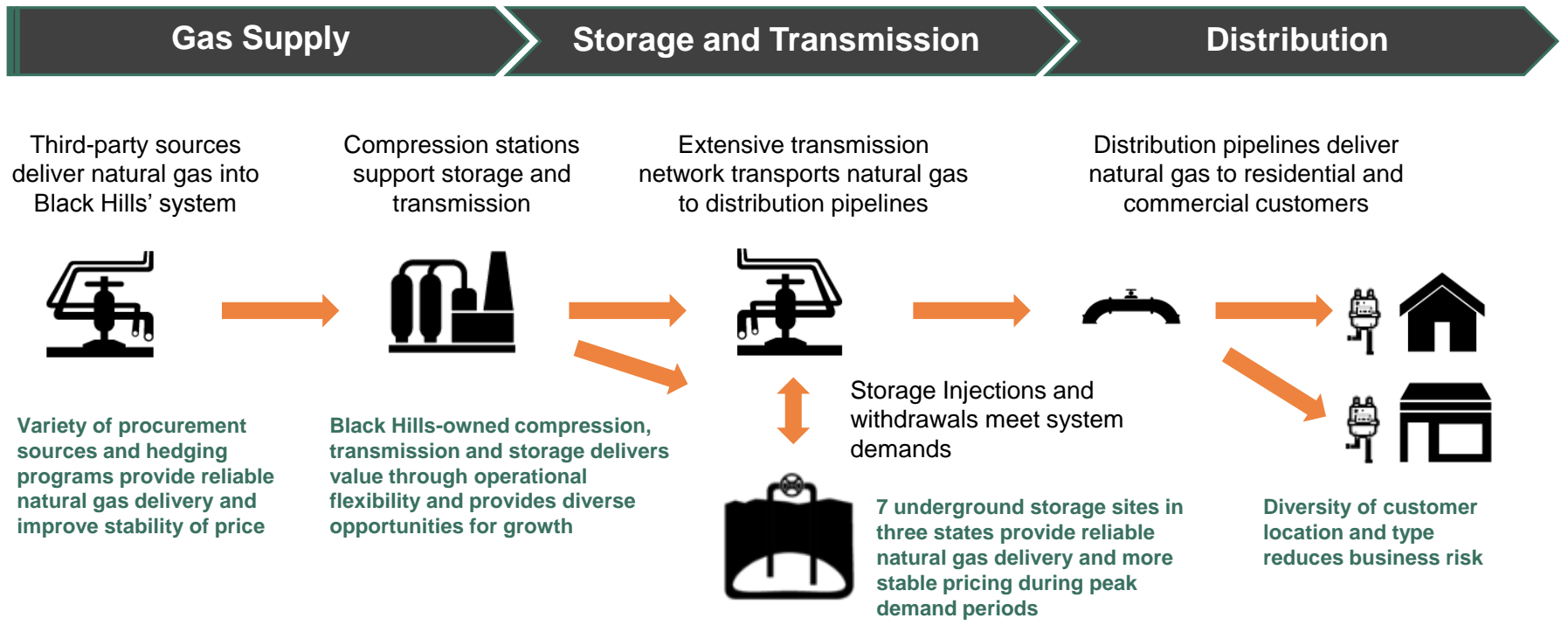
7,000 miles of distribution in SD, WY and CO



210,000 customers
1,086 MW peak demand

* 49.9% third party ownership of Black Hills Colorado IPP reported as noncontrolling interest
Note: information listed as of Dec.31, 2017 from 2017 10-K Annual Report Filing; totals approximated

Full Service Gas Utility



- Diverse procurement sources and hedging programs
- 600 miles of gathering lines

- 4,600 miles of intrastate transmission
- 45,000 horsepower of compression
- 7 natural gas storage sites in AR, CO and WY with over 53 million Mcf total capacity
- 142 million Dth natural gas transported and in 2017

- 29,000-mile natural gas distribution system
- 1 million customers with 12,000 miles of service lines
- 88 million Dth natural gas distributed to customers in 2017

Note: information as of Dec. 31, 2017 from 2017 10-K Annual Report Filing; totals approximated

Natural Gas Infrastructure

Provides Investment Opportunities

1 million
customers

29,000 miles
of distribution

4,600 miles of
transmission

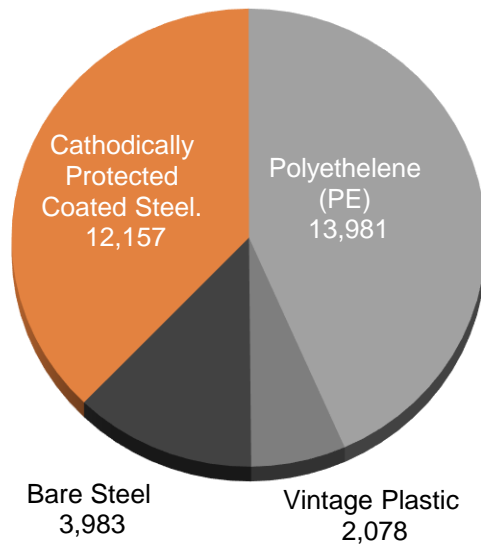
7 active
storage fields

38
compressors

2 natural gas
processing plants

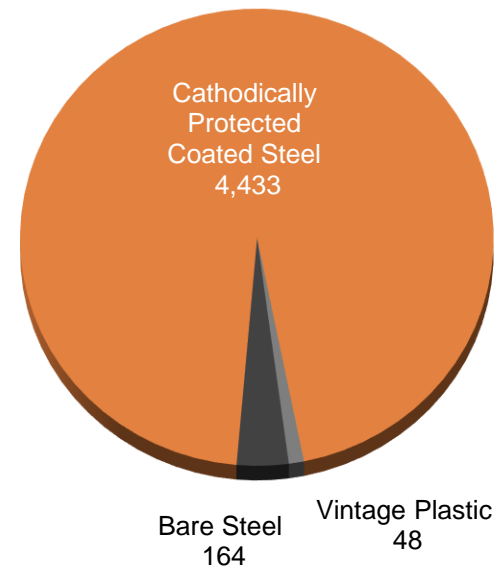
Distribution System Material Type

(in Miles)



Transmission System Material Type

(in Miles)

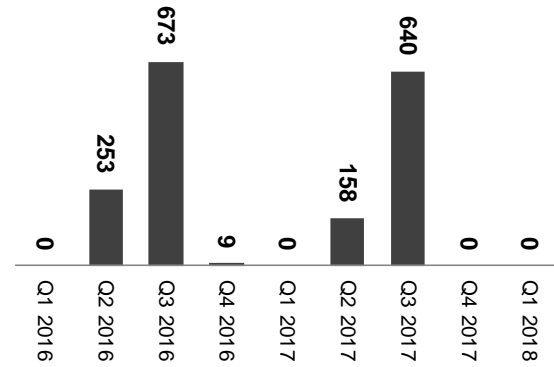


Note: information as of Dec. 31, 2017

Utility Weather and Demand

Electric Utility Cooling Degree Days

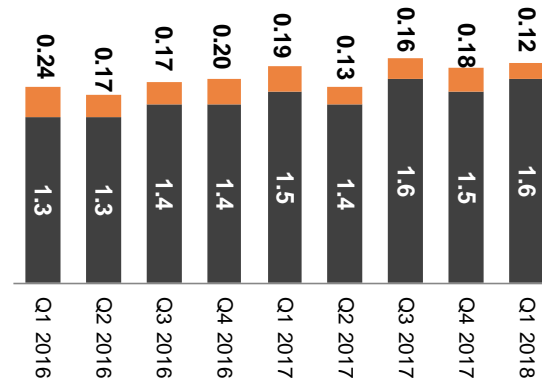
(Total for all electric service areas weighted by customer count)



Electric Utility Total MWh Sales

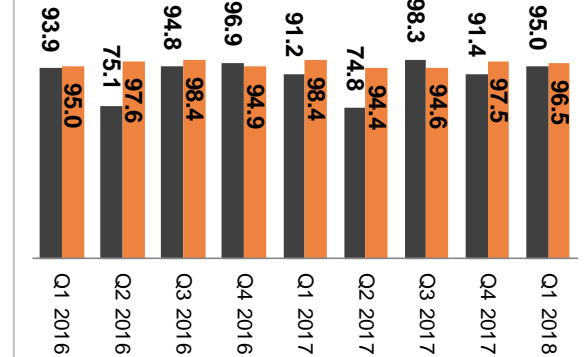
(in millions)

■ Utility Customers
■ Off-system Sales



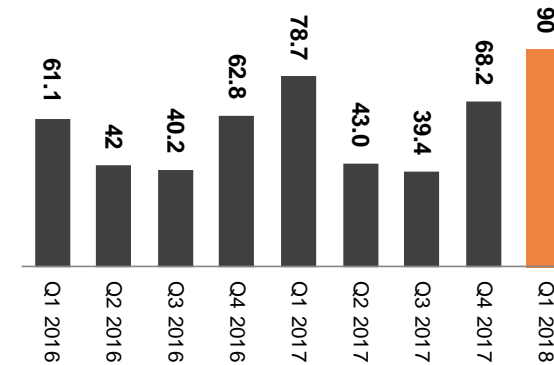
Electric Utility Generation Availability(%)

■ Coal-fired plants
■ Other plants



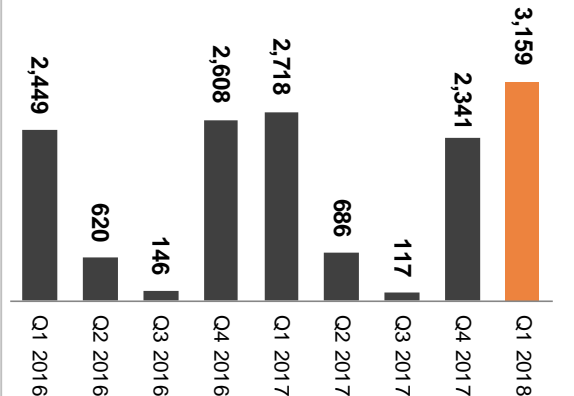
Gas Utility Total Dth Sales

(in millions)



Gas Utility Heating Degree Days

(Total for all gas service* areas weighted by customer count)



* Excludes KS HDD data since state has weather normalization

Capital Investment by Segment and Recovery

(in millions)	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Minimal Lag Capital - Electric Utilities ¹	166	30	70	86	33	35	34
Growth Capital - Electric Utilities ²	24	21	19	18	26	21	25
Other	69	87	60	89	82	82	95
Electric Utilities	259	138	149	193	141	138	155
Minimal Lag Capital - Gas Utilities ¹	43	72	129	175	155	82	79
Growth Capital - Gas Utilities ²	65	67	45	59	59	47	50
Other	67	46	89	45	31	129	128
Gas Utilities	174	184	263	279	245	258	257
Total Utilities	433	322	412	472	386	396	412
Power Generation	5	1	13	74	5	6	6
Mining	6	7	7	7	7	9	9
Corporate	16	7	10	13	8	6	6
Total*	\$460	\$337	\$442	\$566	\$406	\$417	\$433

Forecasted capital expenditures exclude additional upside opportunities from power generation or other material projects

* Excludes discontinued operations

1 Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods

2 Growth Capital - generates immediate revenue on customer connections

Note: Minor differences in totals due to rounding

Utility Capital Investment by Type

(in millions)	2018F	2019F	2020F	2021F	2022F
Safety, Reliability and other Integrity ¹	128	171	111	113	125
Growth ²	19	18	26	21	25
General Plant	3	3	4	4	4
Electric Utilities	149	193	141	138	155
Safety, Reliability and other Integrity ¹	197	198	166	134	130
Growth ²	45	59	59	47	50
General Plant	22	22	20	77	77
Gas Utilities	263	279	245	258	257
Total Utilities	\$412	\$472	\$386	\$396	\$412

¹ Safety, Reliability and Integrity Capital – capital expenditures related to improving or maintaining system integrity

² Growth Capital - generates immediate revenue on customer connections

Note: Minor differences may occur due to rounding

Estimated Utility Rate Base

Estimated Rate Base* by Utility Segment (in millions)	2011	2012	2013	2014	2015	2016	2017
Electric Utilities	\$1,007	\$1,272	\$1,248	\$1,487	\$1,515	\$1,570	\$1,650
Gas Utilities	\$443	\$450	\$454	\$489	\$493	\$1,620	\$1,700
Total	\$1,450	\$1,722	\$1,702	\$1,976	\$2,008	\$3,190	\$3,350

* Estimated rate base determined at year-end and calculated using state specific requirements; includes capital expenditures through trackers but excludes construction work in progress

Recent Utility Rate Review Results

Jurisdiction	Utility	Effective Date	Return on Equity	Capital Structure	Authorized Rate Base (in millions)
Arkansas	Arkansas Gas	Feb. 2016	9.40%	52% debt / 48% equity	\$299.4
Colorado	Colorado Electric*	Jan. 2017	9.37%	47.61% debt / 52.39% equity	\$597.5
Colorado	Colorado Gas	Dec. 2012	9.60%	50% debt / 50% equity	\$57.5
Colorado	Colorado Gas Dist	Dec 2010	10.0%	49.52% debt / 50.48% equity	\$127.1
Colorado	RMNG	March 2014	10.60%	49.23% debt / 50.77% equity	\$90.5
Iowa	Iowa Gas	Feb. 2011	Global Settlement	Global Settlement	\$109.2
Kansas	Kansas Gas	Jan. 2015	Global Settlement	Global Settlement	\$127.4
Nebraska	Nebraska Gas	Sept. 2010	10.10%	48% debt / 52% equity	\$161.3
Nebraska	Nebraska Gas Dist	June 2012	9.60%	48.84% debt / 51.16% equity	\$87.6*
South Dakota	South Dakota Electric	Oct. 2014	Global Settlement	Global Settlement	\$543.9
Wyoming	South Dakota Electric	Oct. 2014	9.90%	46.68% debt / 53.32% equity	\$46.8
Wyoming	Wyoming Electric	Oct. 2014	9.90%	46% debt / 54% equity	\$376.8
Wyoming	Wyoming Gas	Oct. 2014	9.90%	46% debt / 54% equity	\$59.6
Wyoming	Wyoming Gas Dist	Jan. 2011	9.92%	49.66% debt / 50.34% equity	\$100.5

Note: Information from last approved rate review in each jurisdiction

* Results of this rate review are currently being appealed

** Includes amounts to serve non-jurisdictional and agriculture customers

Optimizing Regulatory Recovery

Electric Utility Jurisdiction	Cost Recovery Mechanisms					
	Environmental Cost	DSM/ Energy Efficiency	Transmission Expense	Fuel Cost	Transmission Cap-Ex	Purchased Power
South Dakota Electric (SD)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
South Dakota Electric (WY)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
South Dakota Electric (MT)						
South Dakota Electric (FERC)					<input checked="" type="checkbox"/>	
Wyoming Electric		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Colorado Electric		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Legend:

Commission approved cost adjustment

Optimizing Regulatory Recovery

Gas Utility Jurisdiction	Cost Recovery Mechanisms							
	DSM/ Energy Efficiency	Integrity Additions	Bad Debt	Weather Normal	Pension Recovery	Fuel Cost	Revenue Decoupling	Fixed Cost Recovery*
Colorado Gas	☑					☑		47%
Iowa Gas	☑	☑				☑		70%
Kansas Gas		☑	☑	☑	☑	☑		64%
Nebraska Gas		☑	☑			☑		55%
Wyoming Gas ¹	☑					☑		52%
Arkansas Gas	☑	☑		☑		☑	☑	39%
Colorado Gas Dist.	☑					☑		36%
Nebraska Gas Dist.		☑	☑			☑		80% ³
Wyoming Gas Dist.						☑	☑	52%
Rocky Mountain Natural Gas ²	NA	☑	NA	NA	NA	NA	NA	NA

Legend:

☑ Commission approved cost adjustment

* Residential customers as of last rate base review

¹ Refers to Cheyenne Light only

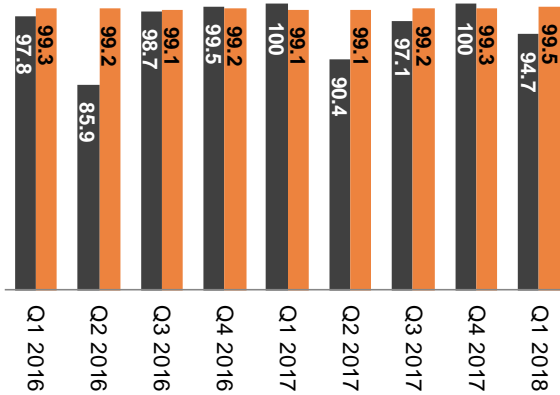
² Rocky Mountain Natural Gas, an intrastate natural gas pipeline

³ Includes first tier of consumption in block rates

Power Generation and Mining

IPP Generation Contract Availability (%)

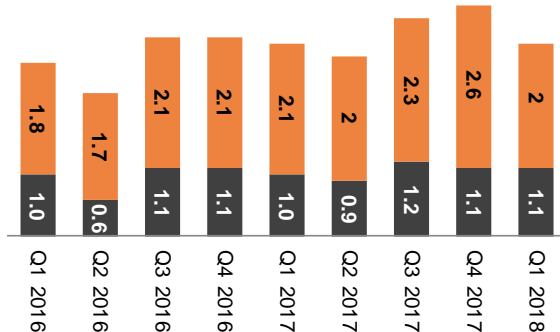
- Coal-fired plants
- Gas-fired plants



Coal Production

(Coal in millions of tons and overburden in millions of cubic yards)

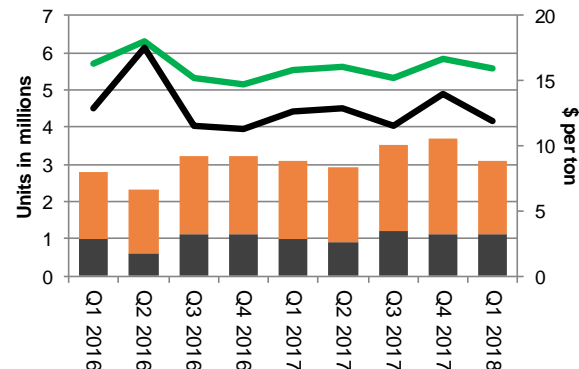
- Coal Production
- Overburden Removed



Revenue and Expense per Ton Sold

(Units = tons sold plus cubic yards of overburden moved)

- OB Yards
- Coal Tons
- Rev/Ton
- Exp/Ton



Power Generation - Supply Contracts

97% of owned capacity serves Black Hills' utilities*

- Approximately 74% (200 megawatts) contracted through 2031 with Colorado Electric; accounted for as capital lease
- Approximately 22% (60 megawatts) contracted through 2022 with Wyoming Electric with option for utility to purchase ownership from power generation subsidiary

Plant	Owned Capacity	Contract Capacity	Counter-Party	Expiration	Other Terms
PAGS	200 MW	200 MW	Colorado Electric (COE)	Dec. 31, 2031	Excess power and capacity for benefit of COE
Wygen I	68.9 MW	60 MW	Wyoming Electric (WYE)	Dec. 31, 2022	WYE has Purchase Option through 2019
Total	268.9 MW	260 MW			

Pueblo Airport Generation Station

(Pueblo, Colorado - PAGS)



*Information from 2017 10-K Annual Report Filing with totals approximated; differences in totals due to rounding.

Note: A third party owns a 49.9% non-operating ownership of Black Hills Electric Generation which is reported as noncontrolling interest

Mining - Coal Contracts

98% of coal production serves mine-mouth generation

- Approximately 50% of coal production sold under contracts priced based on actual mining costs plus a return on mine capital investments
 - Price adjusted annually
 - Actual mining expenses
 - Capital return equal to A-rated utility bonds plus 400 bps; 100% equity capital structure
- Remaining 50% of coal production sold primarily under contracts with price escalation using published indices
 - Periodic price reopeners (every 5 years)
 - ◆ Wygen I – based on cost plus return
 - ◆ Wyodak Plant – based on market price of Powder River Basin coal plus avoided hypothetical cost of rail transportation and coal unloading facility (due to mine-mouth location)

Plant	2018F Production (millions of tons)	Pricing	Price Reopener or Adjustment	Expiration	Contract Quantity
Wyodak Plant <i>(80% owned by PacifiCorp)</i>	1.5	Fixed with escalators	July 1, 2019	Dec. 2022	All plant usage
Wygen I	0.5	Fixed with escalators	July 1, 2018*	Life of plant	All plant usage
Wygen II	0.6	Cost plus return	Annual True-Up	Life of plant	All plant usage
Wygen III	0.6	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other SD Electric coal plants	0.9	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other sales (<i>truck</i>)	0.1	Fixed		1-3 years	Various
Total	4.2				

Gillette Energy Complex

(Gillette, Wyoming)



* Wygen I contract pricing adjusts every five years at cost plus return

Use of Non-GAAP Financial Measures

Gross Margin

Our financial information includes the financial measure Gross Margin, which is considered a “non-GAAP financial measure.” Generally, a non-GAAP financial measure is a numerical measure of a company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Gross Margin (Revenues less Cost of Sales) is a non-GAAP financial measure due to the exclusion of depreciation from the measure. The presentation of Gross Margin is intended to supplement investors’ understanding of our operating performance.

Gross Margin is calculated as operating revenue less cost of fuel, purchased power and cost of gas sold. Our Gross Margin is impacted by the fluctuations in power purchases and natural gas and other fuel supply costs. However, while these fluctuating costs impact Gross Margin as a percentage of revenue, they only impact total Gross Margin if the costs cannot be passed through to our customers.

Our Gross Margin measure may not be comparable to other companies’ Gross Margin measure. Furthermore, this measure is not intended to replace operating income as determined in accordance with GAAP as an indicator of operating performance.

EBITDA and EBITDA, as adjusted

We believe that our presentation of earnings before interest, income taxes, depreciation and amortization (EBITDA) and EBITDA, as adjusted (EBITDA adjusted for special items as defined by management), both non-GAAP measures, are important supplemental measures of operating performance. We believe EBITDA and EBITDA, as adjusted, when considered with measures calculated in accordance with GAAP, give investors a more complete understanding of operating results before the impact of investing and financing transactions and income taxes. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of past and present operating results and as a means to evaluate the results of core on-going operations.

Our presentation of EBITDA may be different from the presentation used by other companies and, therefore, comparability may be limited. Depreciation and amortization expense, interest expense, income taxes and other items have been and will be incurred and are not reflected in the presentation of EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, EBITDA does not consider capital expenditures and other investing activities and should not be considered a measure of our liquidity. We compensate for these limitations by providing relevant disclosure of our depreciation and amortization, interest and income taxes, capital expenditures and other items both in our reconciliation to the GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

Note: continued on next page

Use of Non-GAAP Financial Measures

Segment Revenue, Operating Income, Net Income Available for Common Stock and EPS, as adjusted

We have provided non-GAAP earnings data reflecting adjustments for special items as specified in the GAAP to non-GAAP adjustment reconciliation table in this presentation. Segment Revenue, as adjusted, Operating Income (loss), as adjusted, Income (loss) from continuing operations, as adjusted, and Net income (loss), as adjusted, are defined as Segment Revenue, Operating Income (loss), Income (loss) from continuing operations and Net income (loss), adjusted for expenses, gains and losses that the company believes do not reflect the company's core operating performance. The company believes that non-GAAP financial measures are useful to investors because the items excluded are not indicative of the company's continuing operating results. The company's management uses these non-GAAP financial measures as an indicator for evaluating current periods and planning and forecasting future periods.

Earnings per share, as adjusted and earnings from continuing operations, per share, as adjusted

Earnings per share, as adjusted, and earnings from continuing operations, per share, as adjusted, are Non-GAAP financial measures. Earnings per share, as adjusted, and earnings from continuing operations, per share, as adjusted, are defined as GAAP Earnings per share and GAAP earnings from continuing operations, adjusted for expenses, gains and losses that the Company believes do not reflect the Company's core operating performance. Examples of these types of adjustments may include unique one-time non-budgeted events, impairment of assets, acquisition and disposition costs, and other adjustments noted in the earnings reconciliation tables in this presentation. The Company is not able to provide a forward-looking quantitative GAAP to Non-GAAP reconciliation for this financial measure because we do not know the unplanned or unique events that may occur later during the year.

Depreciation, Depletion and Amortization, as adjusted

Depreciation, Depletion and Amortization (DD&A), as adjusted are defined as DD&A by segment adjusted for additional depreciation expense at our Utilities Group and reduced depreciation at our Non-regulated Group. We have provided this non-GAAP measure to reflect adjustments by Business Group for the requirement under GAAP that the power purchase agreement between Colorado Electric and Colorado IPP be accounted for as a capital lease. The company believes that non-GAAP measures are useful to investors because the lease accounting is not indicative of our rate recovery accounting. The company's management uses these non-GAAP financial measures as an indicator for evaluating current periods and planning and forecasting future periods.

Limitations on the Use of Non-GAAP Measures

Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP financial measures should not be construed as an inference that our future results will not be affected by unusual, non-routine, or non-recurring items.

Non-GAAP measures should be used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. Our non-GAAP measures reflect an additional way of viewing our operations that we believe, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not rely on a single financial measure.

Use of Non-GAAP Financial Measures

Revenue / Gross Margin, as adjusted

(in thousands)

QTD - March 31, 2018

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	\$ 167,410	\$ 396,927	\$ 2,092	\$ 8,960	\$ -	\$ 575,389
Inter-company revenue	6,145	417	21,011	8,168	(35,741)	-
Total revenue (GAAP)	173,555	397,344	23,103	17,128	(35,741)	575,389
Less: - Inter-company capital lease	-	-	836	-	(836)	-
Revenue, as adjusted - (Non-GAAP)	\$ 173,555	\$ 397,344	\$ 23,939	\$ 17,128	\$ (36,577)	\$ 575,389
Less: Cost of Goods sold	(67,123)	(209,685)	-	-	29,169	(247,639)
Less: Inter-company capital lease	(1,615)	-	-	-	1,615	-
Gross margin, as adjusted - (Non-GAAP)	\$ 104,817	\$ 187,659	\$ 23,939	\$ 17,128	\$ (5,793)	\$ 327,750

QTD - March 31, 2017

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	\$ 172,170	\$ 364,901	\$ 2,102	\$ 8,355	\$ -	\$ 547,528
Inter-company revenue	3,854	9	21,465	8,191	(33,519)	-
Total revenue (GAAP)	176,024	364,910	23,567	16,546	(33,519)	547,528
Less: - Inter-company capital lease	-	-	733	-	(733)	-
Revenue, as adjusted - (Non-GAAP)	\$ 176,024	\$ 364,910	\$ 24,300	\$ 16,546	\$ (34,252)	\$ 547,528
Less: Cost of Goods sold	(68,400)	(181,382)	-	-	30,005	(219,777)
Less: Inter-company capital lease	(1,425)	-	-	-	1,425	-
Gross margin, as adjusted - (Non-GAAP)	\$ 106,199	\$ 183,528	\$ 24,300	\$ 16,546	\$ (2,822)	\$ 327,751

Use of Non-GAAP Financial Measures

Operating Income, as adjusted

(in thousands, pre-tax)

QTD - March 31, 2018

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	\$ 36,826	\$ 95,443	\$ 13,374	\$ 4,271	\$ (1,640)	\$ 148,274
Capital lease adjustment	1,653	—	(1,598)	—	(55)	—
Operating income without capital lease (Non-GAAP)	38,479	95,443	11,776	4,271	(1,695)	148,274
Significant Unique Items:						
Total adjustments	—	—	—	—	—	—
Operating income (loss), as adjusted (Non-GAAP)	\$ 38,479	\$ 95,443	\$ 11,776	\$ 4,271	\$ (1,695)	\$ 148,274

QTD - March 31, 2017

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	\$ 43,980	\$ 91,972	\$ 14,306	\$ 3,287	\$ (3,359)	\$ 150,186
Capital lease adjustment	1,843	—	(2,065)	—	222	—
Operating income without capital lease (Non-GAAP)	45,823	91,972	12,241	3,287	(3,137)	150,186
Significant Unique Items:						
Acquisition costs	—	—	—	—	1,385	1,385
Total adjustments	—	—	—	—	1,385	1,385
Operating income (loss), as adjusted (Non-GAAP)	\$ 45,823	\$ 91,972	\$ 12,241	\$ 3,287	\$ (1,752)	\$ 151,571

Use of Non-GAAP Financial Measures

Net Income Available for Common Stock, as adjusted

(in thousands, after-tax)

QTD - March 31, 2018

Net income (loss) from continuing operations available for common stock (GAAP)

Capital lease adjustment

Net income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)

Significant unique items:

Tax reform and other tax items

Legal restructuring - income tax benefit

Total adjustments

Net income (loss) from continuing operations, as adjusted (Non-GAAP)

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Net income (loss) from continuing operations available for common stock (GAAP)	\$ 19,845	\$ 107,620	\$ 5,856	\$ 2,984	\$ (958)	\$ 135,347
Capital lease adjustment	1,268	—	(1,226)	—	(42)	—
Net income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	21,113	107,620	4,630	2,984	(1,000)	135,347
Significant unique items:						
Tax reform and other tax items	389	—	710	531	631	2,261
Legal restructuring - income tax benefit	—	(49,464)	—	—	—	(49,464)
Total adjustments	389	(49,464)	710	531	631	(47,203)
Net income (loss) from continuing operations, as adjusted (Non-GAAP)	\$ 21,502	\$ 58,156	\$ 5,340	\$ 3,515	\$ (369)	\$ 88,144

QTD - March 31, 2017

Net income (loss) from continuing operations available for common stock (GAAP)

Capital lease adjustment

Net income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)

Significant unique items:

Acquisition costs

Total adjustments

Net income (loss) from continuing operations, as adjusted (Non-GAAP)

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Net income (loss) from continuing operations available for common stock (GAAP)	\$ 22,230	\$ 46,010	\$ 6,530	\$ 2,890	\$ 432	\$ 78,092
Capital lease adjustment	1,163	—	(1,302)	—	139	—
Net income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	23,393	46,010	5,228	2,890	571	78,092
Significant unique items:						
Acquisition costs	—	—	—	—	900	900
Total adjustments	—	—	—	—	900	900
Net income (loss) from continuing operations, as adjusted (Non-GAAP)	\$ 23,393	\$ 46,010	\$ 5,228	\$ 2,890	\$ 1,471	\$ 78,992

Use of Non-GAAP Financial Measures

Depreciation, Depletion & Amortization, adjusted for Intercompany Capital Lease*

(in thousands, pre-tax)

YTD Dec. 31, 2017

	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	\$ 93,315	\$ 83,732	\$ 177,047	\$ 5,993	\$ 8,239	\$ 14,232	\$ (3,033)	\$ 188,246
Capital lease adjustment	(13,072)	-	(13,072)	9,555	-	9,555	3,517	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 80,243	\$ 83,732	\$ 163,975	\$ 15,548	\$ 8,239	\$ 23,787	\$ 484	\$ 188,246
Capital Expenditures	\$ 148,260	\$ 174,189	\$ 322,449	\$ 1,864	\$ 6,708	\$ 8,572	\$ 6,668	\$ 337,689
Cap Ex to Depreciation Ratio			2 to 1			0.4 to 1		

YTD Dec. 31, 2016

	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	\$ 84,645	\$ 78,335	\$ 162,980	\$ 4,104	\$ 9,346	\$ 13,450	\$ (897)	\$ 175,533
Capital lease adjustment	(13,072)	-	(13,072)	11,735	-	11,735	1,337	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 71,573	\$ 78,335	\$ 149,908	\$ 15,839	\$ 9,346	\$ 25,185	\$ 440	\$ 175,533
Capital Expenditures	\$ 258,739	\$ 173,930	\$ 432,669	\$ 4,719	\$ 5,709	\$ 10,428	\$ 17,353	\$ 460,450
Cap Ex to Depreciation Ratio			2.9 to 1			0.4 to 1		

YTD Dec. 31, 2015

	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	\$ 80,929	\$ 32,326	\$ 113,255	\$ 4,329	\$ 9,806	\$ 14,135	\$ (857)	\$ 126,533
Capital lease adjustment	(13,071)	-	(13,071)	11,764	-	11,764	1,307	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 67,858	\$ 32,326	\$ 100,184	\$ 16,093	\$ 9,806	\$ 25,899	\$ 450	\$ 126,533
Capital Expenditures	\$ 171,897	\$ 99,674	\$ 271,571	\$ 2,694	\$ 5,767	\$ 8,461	\$ 9,864	\$ 289,896
Cap Ex to Depreciation Ratio			2.7 to 1			0.3 to 1		

YTD Dec. 31, 2014

	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	\$ 77,011	\$ 28,912	\$ 105,923	\$ 4,540	\$ 10,276	\$ 14,816	\$ 221	\$ 120,960
Capital lease adjustment	(13,072)	-	(13,072)	12,831	-	12,831	241	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 63,939	\$ 28,912	\$ 92,851	\$ 17,371	\$ 10,276	\$ 27,647	\$ 462	\$ 120,960
Capital Expenditures	\$ 171,475	\$ 92,252	\$ 263,727	\$ 2,379	\$ 6,676	\$ 9,055	\$ 9,046	\$ 281,828
Cap Ex to Depreciation Ratio			2.8 to 1			0.3 to 1		

YTD Dec. 31, 2013

	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	\$ 75,355	\$ 28,730	\$ 104,085	\$ 5,090	\$ 11,523	\$ 16,613	\$ (463)	\$ 120,235
Capital lease adjustment	(13,100)	-	(13,100)	11,850	-	11,850	1,250	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 62,255	\$ 28,730	\$ 90,985	\$ 16,940	\$ 11,523	\$ 28,463	\$ 787	\$ 120,235
Capital Expenditures	\$ 212,269	\$ 73,198	\$ 285,467	\$ 13,533	\$ 5,528	\$ 19,061	\$ 10,319	\$ 314,847
Cap Ex to Depreciation Ratio			3.1 to 1			0.7 to 1		

* PPA between Colorado Electric and Colorado IPP is considered a capital lease for GAAP purposes; this PPA went into effect Jan. 1, 2012

Use of Non-GAAP Financial Measures

Earnings Per Share Analysis

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Net income available for common stock (GAAP)	\$ 1.39	\$ 0.40	\$ 0.50	\$ 0.92	\$ 2.46
Loss from discontinued operations, after-tax (GAAP)	0.03	0.01	0.02	0.25	0.04
Net income from continuing operations available for common stock (GAAP)	\$ 1.42	\$ 0.41	\$ 0.52	\$ 1.17	\$ 2.50
Adjustments					
Acquisition costs	0.03	0.01	0.01	0.04	—
Tax reform and other tax items	—	—	—	(0.21)	0.04
Legal restructuring - income tax benefit	—	—	—	—	(0.91)
	0.03	0.01	0.01	(0.17)	(0.87)
Taxes on adjustments					
Acquisition costs	(0.01)	—	—	(0.01)	—
	(0.01)	—	—	(0.01)	—
Rounding	—	—	(0.01)	(0.01)	—
Total adjustments, net of tax	0.02	0.01	—	(0.19)	(0.87)
Net income from continuing operations available for common stock, as adjusted (Non-GAAP)	\$ 1.44	\$ 0.42	\$ 0.52	\$ 0.98	\$ 1.63
Trailing Twelve Months - Net income from continuing operations available for common stock, as adjusted (Non-GAAP)	\$ 3.40				\$ 3.55

Use of Non-GAAP Financial Measures

Earnings Per Share, as adjusted	2013	2014	2015	2016	2017
Net income (loss) available for common stock (GAAP)	\$ 2.64	\$ 2.93	\$ (0.71)	\$ 1.37	\$ 3.21
(Income) loss from discontinued operations (GAAP), net of tax	(0.09)	0.04	3.83	1.20	0.31
Net income (loss) available for common stock (excluding discontinued operations)	2.55	2.97	3.12	2.57	3.52
<u>Adjustments (after tax)</u>					
Interest rate swaps - MTM	(0.44)	-	-	-	-
Costs associated with prepayment of BHW project financing (Net of interest savings)	0.15	-	-	-	-
Financing costs, net of interest savings (\$250M bond payoff)*	0.13	-	-	-	-
Acquisition / integration costs	-	-	0.15	0.56	0.05
Tax reform and other tax items	-	-	-	-	(0.21)
Total Non-GAAP adjustments	(0.16)	-	0.15	0.56	(0.16)
Net income available for common stock (excluding discontinued operations); as adjusted (Non-GAAP)	\$ 2.39	\$ 2.97	\$ 3.27	\$ 3.13	\$ 3.36

Use of Non-GAAP Financial Measures

EBITDA

For the Three Months Ended March 31,

(in thousands)

	2018		2017	
Income from continuing operations	\$	138,977	\$	81,715
Depreciation, depletion and amortization		48,590		46,702
Interest expense, net		34,995		34,456
Income tax expense (benefit)		(25,802)		34,388
EBITDA (a Non-GAAP Measure)		196,760		197,261
Less adjustments for unique items:				
Acquisition costs		—		1,385
EBITDA, as adjusted	\$	196,760	\$	198,646

2018 Guidance Reconciliation

Non-GAAP Earnings Guidance Adjustments

	Low	High
Earnings (loss) from continuing operations per share (GAAP)	\$ 4.17	\$ 4.37
Adjustments		
Tax reform and other tax items	0.04	0.04
Legal restructuring - income tax benefit	(0.91)	(0.91)
	<u>(0.87)</u>	<u>(0.87)</u>
Earnings (loss) from continuing operations per share, as adjusted (Non-GAAP)	\$ 3.30	\$ 3.50

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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.



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