UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2022
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.

Commission File Number 001-31303

Black Hills Corporation

Incorporated in South Dakota IRS Identification Number 46-0458824

7001 Mount Rushmore Road
Rapid City, South Dakota 57702
Registrant's telephone number (605) 721-1700

Former name, former address, and former fiscal year if changed since last report
NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	x	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock of $1.00 par value	BKH	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at July 29, 2022
Common stock, $1.00 par value	65,079,859 shares

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GLOSSARY OF TERMS AND ABBREVIATIONS

The following terms and abbreviations appear in the text of this report and have the definitions described below:

AFUDC	Allowance for Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income (Loss)
APSC	Arkansas Public Service Commission
Arkansas Gas	Black Hills Energy Arkansas, Inc., an indirect, wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas services to customers in Arkansas (doing business as Black Hills Energy).
ASC	Accounting Standards Codification
ASU	Accounting Standards Update issued by the FASB
ATM	At-the-market equity offering program
Availability	The availability factor of a power plant is the percentage of the time that it is available to provide energy.
BHC	Black Hills Corporation; the Company
Black Hills Colorado IPP	Black Hills Colorado IPP, LLC a 50.1% owned subsidiary of Black Hills Electric Generation
Black Hills Electric Generation	Black Hills Electric Generation, LLC, a direct, wholly-owned subsidiary of Black Hills Non-regulated Holdings, providing wholesale electric capacity and energy primarily to our affiliate utilities.
Black Hills Energy	The name used to conduct the business of our utility companies
Black Hills Energy Services	Black Hills Energy Services Company, an indirect, wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas commodity supply for the Choice Gas Programs (doing business as Black Hills Energy).
Black Hills Non-regulated Holdings	Black Hills Non-regulated Holdings, LLC, a direct, wholly-owned subsidiary of Black Hills Corporation
Black Hills Utility Holdings	Black Hills Utility Holdings, Inc., a direct, wholly-owned subsidiary of Black Hills Corporation (doing business as Black Hills Energy)
Black Hills Wyoming	Black Hills Wyoming, LLC, a direct, wholly-owned subsidiary of Black Hills Electric Generation
Blockchain Interruptible Service (BCIS) tariff	The BCIS tariff was proposed by Wyoming Electric and approved by the WPSC in 2019. The tariff was developed to attract new large electric loads related to blockchain and other industry growth with high energy demand.
Cheyenne Light	Cheyenne Light, Fuel and Power Company, a direct, wholly-owned subsidiary of Black Hills Corporation, providing electric service in the Cheyenne, Wyoming area (doing business as Black Hills Energy). Also known as Wyoming Electric.
Chief Operating Decision Maker (CODM)	Chief Executive Officer
Choice Gas Program	Regulator-approved programs in Wyoming and Nebraska that allow certain utility customers to select their natural gas commodity supplier, providing for the unbundling of the commodity service from the distribution delivery service.
Colorado Electric	Black Hills Colorado Electric, LLC, a direct, wholly-owned subsidiary of Black Hills Utility Holdings, providing electric service to customers in Colorado (doing business as Black Hills Energy).
Colorado Gas	Black Hills Colorado Gas, Inc., an indirect, wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas services to customers in Colorado (doing business as Black Hills Energy).
Common Use System	The Common Use System is a jointly operated transmission system we participate in with Basin Electric Power Cooperative and Powder River Energy Corporation. The Common Use System provides transmission service over these utilities' combined 230-kilovolt (kV) and limited 69-kV transmission facilities within areas of southwestern South Dakota and northeastern Wyoming.
Consolidated Indebtedness to Capitalization Ratio	Any indebtedness outstanding at such time, divided by capital at such time. Capital being consolidated net worth (excluding non-controlling interest) plus consolidated indebtedness (including letters of credit and certain guarantees issued) as defined within the current Revolving Credit Facility.
Cooling Degree Day (CDD)	A cooling degree day is equivalent to each degree that the average of the high and low temperatures for a day is above 65 degrees. The warmer the climate, the greater the number of cooling degree days. Cooling degree days are used in the utility industry to measure the relative warmth and to compare relative temperatures between one geographic area and another. Normal degree days are based on the National Weather Service data for selected locations.
CPCN	Certificate of Public Convenience and Necessity

CP Program	Commercial Paper Program
CPUC	Colorado Public Utilities Commission
Dth	Dekatherm. A unit of energy equal to 10 therms or approximately one million British thermal units (MMBtu)
Fitch	Fitch Ratings Inc.
GAAP	Accounting principles generally accepted in the United States of America
Heating Degree Day (HDD)	A heating degree day is equivalent to each degree that the average of the high and the low temperatures for a day is below 65 degrees. The colder the climate, the greater the number of heating degree days. Heating degree days are used in the utility industry to measure the relative coldness and to compare relative temperatures between one geographic area and another. Normal degree days are based on the National Weather Service data for selected locations.
Integrated Generation	Non-regulated power generation and mining businesses that are vertically integrated within our Electric Utilities segment.
Iowa Gas	Black Hills Iowa Gas Utility Company, LLC, a direct, wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas services to customers in Iowa (doing business as Black Hills Energy).
IPP	Independent Power Producer
IRS	United States Internal Revenue Service
Kansas Gas	Black Hills Kansas Gas Utility Company, LLC, a direct, wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas services to customers in Kansas (doing business as Black Hills Energy).
KCC	Kansas Corporation Commission
kV	Kilovolt
LIBOR	London Interbank Offered Rate
MEAN	Municipal Energy Agency of Nebraska
MMBtu	Million British thermal units
Moody’s	Moody’s Investors Service, Inc.
MW	Megawatts
MWh	Megawatt-hours
Nebraska Gas	Black Hills Nebraska Gas, LLC, an indirect, wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas services to customers in Nebraska (doing business as Black Hills Energy).
Neil Simpson II	A mine-mouth, coal-fired power plant owned and operated by South Dakota Electric with a total capacity of 90 MW located at our Gillette, Wyoming energy complex.
NPSC	Nebraska Public Service Commission
OCI	Other Comprehensive Income
PPA	Power Purchase Agreement
PTC	Production Tax Credit
Pueblo Airport Generation	The 420 MW combined cycle gas-fired power generating plants jointly owned by Colorado Electric (220 MW) and Black Hills Colorado IPP (200 MW). Black Hills Colorado IPP operates this facility. The plants commenced operation on January 1, 2012.
Ready Wyoming	A 260-mile, multi-phase transmission expansion project in Wyoming. This transmission project will serve the growing needs of customers by enhancing resiliency of Wyoming Electric’s overall electric system and expanding access to power markets and renewable resources. The project will help Wyoming Electric maintain top-quartile reliability and enable economic development in the Cheyenne, Wyoming region.
Renewable Ready	Voluntary renewable energy subscription program for large commercial, industrial and governmental agency customers in South Dakota and Wyoming.
Revolving Credit Facility	Our $750 million credit facility used to fund working capital needs, letters of credit and other corporate purposes, which was amended and restated on July 19, 2021, and now terminates on July 19, 2026.
RNG	Renewable Natural Gas
SEC	United States Securities and Exchange Commission
Service Guard Comfort Plan	Appliance protection plan that provides home appliance repair services through on-going monthly service agreements to residential utility customers.

S&P	S&P Global Ratings, a division of S&P Global Inc.
South Dakota Electric	Black Hills Power, Inc., a direct, wholly-owned subsidiary of Black Hills Corporation, providing electric service to customers in Montana, South Dakota and Wyoming (doing business as Black Hills Energy).
SPP	Southwest Power Pool
TCJA	Tax Cuts and Jobs Act
Tech Services	Non-regulated product lines delivered by our Utilities that 1) provide electrical system construction services to large industrial customers of our electric utilities, and 2) serve gas transportation customers throughout its service territory by constructing and maintaining customer-owned gas infrastructure facilities, typically through one-time contracts.
Utilities	Black Hills' Electric and Gas Utilities
Wind Capacity Factor	Measures the amount of electricity a wind turbine produces in a given time period relative to its maximum potential.
Winter Storm Uri	February 2021 winter weather event that caused extreme cold temperatures in the central United States and led to unprecedented fluctuations in customer demand and market pricing for natural gas and energy.
WPSC	Wyoming Public Service Commission
Wygen I	A mine-mouth, coal-fired power plant with a total capacity of 90 MW located at our Gillette, Wyoming energy complex. Black Hills Wyoming owns 76.5% of the facility and Municipal Energy Agency of Nebraska (MEAN) owns the remaining 23.5%.
Wygen II	A mine-mouth, coal-fired power plant owned by Wyoming Electric with a total capacity of 95 MW located at our Gillette, Wyoming energy complex.
Wygen III	A mine-mouth, coal-fired power plant operated by South Dakota Electric with a total capacity of 110 MW located at our Gillette, Wyoming energy complex. South Dakota Electric owns 52% of the power plant, MDU owns 25% and the City of Gillette owns the remaining 23%.
Wyodak Plant	The 362 MW mine-mouth, coal-fired generating facility near Gillette, Wyoming, jointly owned by PacifiCorp (80%) and South Dakota Electric (20%). Our WRDC mine supplies all of the fuel for the facility.
Wyoming Electric	Cheyenne Light, Fuel and Power Company, a direct, wholly-owned subsidiary of Black Hills Corporation, providing electric service to customers in the Cheyenne, Wyoming area (doing business as Black Hills Energy).
Wyoming Gas	Black Hills Wyoming Gas, LLC, an indirect and wholly-owned subsidiary of Black Hills Utility Holdings, providing natural gas services to customers in Wyoming (doing business as Black Hills Energy).

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q includes "forward-looking statements" as defined by the SEC. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words "anticipates," "estimates," "expects," "intends," "plans," "predicts" and similar expressions, and include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. 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 2021 Annual Report on Form 10-K, Part II, Item 1A of this Quarterly Report on Form 10-Q and other reports that we file with the SEC from time to time, and the following:

- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings on 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;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to execute on our strategy;
- Our ability to successfully execute our financing plans;
- Our ability to achieve our greenhouse gas emissions intensity reduction goals;
- Board of Directors' approval of any future quarterly dividends;
- The impact of future governmental regulation;
- Our ability to overcome the impacts of supply chain disruptions on availability and cost of materials;
- The effects of inflation and volatile energy prices; 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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BLACK HILLS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(in thousands, except per share amounts)			
Revenue	$ 474,195	$ 372,572	$ 1,297,765	$ 1,006,004
Operating expenses:				
Fuel, purchased power and cost of natural gas sold	188,171	108,474	625,097	401,621
Operations and maintenance	132,968	123,245	269,100	252,924
Depreciation, depletion and amortization	64,128	58,443	124,591	115,712
Taxes - property and production	16,539	15,144	33,235	30,166
Total operating expenses	401,806	305,306	1,052,023	800,423
Operating income	72,389	67,266	245,742	205,581
Other income (expense):				
Interest expense incurred net of amounts capitalized (including amortization of debt issuance costs, premiums and discounts)	(39,053)	(38,669)	(77,874)	(76,494)
Interest income	289	467	565	692
Other income (expense), net	1,563	(191)	2,267	75
Total other income (expense)	(37,201)	(38,393)	(75,042)	(75,727)
Income before income taxes	35,188	28,873	170,700	129,854
Income tax benefit (expense)	658	(586)	(13,830)	(1,080)
Net income	35,846	28,287	156,870	128,774
Net income attributable to non-controlling interest	(2,431)	(3,126)	(5,929)	(7,297)
Net income available for common stock	$ 33,415	$ 25,161	$ 150,941	$ 121,477
Earnings per share of common stock:				
Earnings per share, Basic	$ 0.52	$ 0.40	$ 2.33	$ 1.94
Earnings per share, Diluted	$ 0.52	$ 0.40	$ 2.33	$ 1.93
Weighted average common shares outstanding:				
Basic	64,721	62,867	64,643	62,751
Diluted	64,883	62,918	64,822	62,817

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Condensed Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Net income	$ 35,846	$ 28,287	$ 156,870	$ 128,774
Other comprehensive income (loss), net of tax:				
Reclassification adjustments of benefit plan liability - prior service cost (net of tax of $8, $6, $14 and $15, respectively)	(14)	(18)	(32)	(34)
Reclassification adjustments of benefit plan liability - net loss (net of tax of $(68), $(157), $(113) and $(374), respectively)	119	440	262	821
Derivative instruments designated as cash flow hedges:				
Reclassification of net realized (gains) losses on settled/amortized interest rate swaps (net of tax of $(238), $(150), $(415) and $(340), respectively)	475	563	1,011	1,086
Net unrealized gains (losses) on commodity derivatives (net of tax of $734, $(304), $394 and $(339), respectively)	(2,314)	939	(1,267)	1,046
Reclassification of net realized (gains) losses on settled commodity derivatives (net of tax of $319, $14, $871 and $6, respectively)	(1,004)	(42)	(2,706)	(19)
Other comprehensive income (loss), net of tax	(2,738)	1,882	(2,732)	2,900
Comprehensive income	33,108	30,169	154,138	131,674
Less: comprehensive income attributable to non-controlling interest	(2,431)	(3,126)	(5,929)	(7,297)
Comprehensive income available for common stock	$ 30,677	$ 27,043	$ 148,209	$ 124,377

See Note 9 for additional disclosures.

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Condensed Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)	As of	
	June 30, 2022	December 31, 2021
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,216	$ 8,921
Restricted cash and equivalents	5,146	4,889
Accounts receivable, net	267,103	321,652
Materials, supplies and fuel	152,864	150,979
Derivative assets, current	716	4,373
Income tax receivable, net	17,299	18,017
Regulatory assets, current	267,725	270,290
Other current assets	39,358	29,012
Total current assets	760,427	808,133
Property, plant and equipment	8,086,704	7,856,573
Less: accumulated depreciation and depletion	(1,499,552)	(1,407,397)
Total property, plant and equipment, net	6,587,152	6,449,176
Other assets:		
Goodwill	1,299,454	1,299,454
Intangible assets, net	10,177	10,770
Regulatory assets, non-current	434,643	526,309
Other assets, non-current	42,709	38,054
Total other assets, non-current	1,786,983	1,874,587
TOTAL ASSETS	$ 9,134,562	$ 9,131,896

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Condensed Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Continued)

(unaudited)	As of June 30, 2022	As of December 31, 2021
	(in thousands, except share amounts)	
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 185,735	$ 217,761
Accrued liabilities	226,320	244,759
Derivative liabilities, current	4,719	1,439
Regulatory liabilities, current	33,356	17,574
Notes payable	335,050	420,180
Total current liabilities	785,180	901,713
Long-term debt, net of current maturities	4,129,662	4,126,923
Deferred credits and other liabilities:		
Deferred income tax liabilities, net	490,207	465,388
Regulatory liabilities, non-current	482,642	485,377
Benefit plan liabilities	121,338	123,925
Other deferred credits and other liabilities	142,732	141,447
Total deferred credits and other liabilities	1,236,919	1,216,137
Commitments, contingencies and guarantees (Note 3)		
Equity:		
Stockholders' equity —		
Common stock $1 par value; 100,000,000 shares authorized; issued 65,105,178 and 64,793,095 shares, respectively	65,105	64,793
Additional paid-in capital	1,808,437	1,783,436
Retained earnings	1,036,263	962,458
Treasury stock, at cost – 23,691 and 54,078 shares, respectively	(1,542)	(3,509)
Accumulated other comprehensive income (loss)	(22,816)	(20,084)
Total stockholders' equity	2,885,447	2,787,094
Non-controlling interest	97,354	100,029
Total equity	2,982,801	2,887,123
TOTAL LIABILITIES AND TOTAL EQUITY	$ 9,134,562	$ 9,131,896

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Condensed Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Six Months Ended June 30, 2022	2021
Operating activities:	(in thousands)	
Net income	$ 156,870	$ 128,774
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	124,591	115,712
Deferred financing cost amortization	4,953	4,381
Stock compensation	3,834	5,044
Deferred income taxes	13,860	692
Employee benefit plans	1,383	4,934
Other adjustments, net	(9,489)	10,495
Changes in certain operating assets and liabilities:		
Materials, supplies and fuel	(6,993)	3,974
Accounts receivable and other current assets	55,641	88,513
Accounts payable and other current liabilities	(24,130)	(59,640)
Regulatory assets	128,315	(540,709)
Regulatory liabilities	—	(9,509)
Other operating activities, net	(6,805)	(2,834)
Net cash provided by (used in) operating activities	442,030	(250,173)
Investing activities:		
Property, plant and equipment additions	(293,803)	(319,476)
Other investing activities	2,418	9,739
Net cash (used in) investing activities	(291,385)	(309,737)
Financing activities:		
Dividends paid on common stock	(77,136)	(71,092)
Common stock issued	20,095	40,037
Term loan - borrowings	—	800,000
Term loan - repayments	—	(200,000)
Net borrowings (payments) of Revolving Credit Facility and CP Program	(85,130)	(4,190)
Long-term debt - repayments	—	(1,436)
Distributions to non-controlling interest	(8,604)	(8,705)
Other financing activities	1,682	291
Net cash provided by (used in) financing activities	(149,093)	554,905
Net change in cash, restricted cash and cash equivalents	1,552	(5,005)
Cash, restricted cash and cash equivalents at beginning of period	13,810	10,739
Cash, restricted cash and cash equivalents at end of period	$ 15,362	$ 5,734
Supplemental cash flow information:		
Cash (paid) refunded during the period:		
Interest, net of amounts capitalized	$ (72,791)	$ (71,825)
Income taxes	752	1,486
Non-cash investing and financing activities:		
Accrued property, plant and equipment purchases at June 30	49,229	54,448

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Condensed Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(unaudited)	Common Stock		Treasury Stock						
(in thousands except share amounts)	Shares	Value	Shares	Value	Additional Paid in Capital	Retained Earnings	AOCI	Non-controlling Interest	Total
December 31, 2021	64,793,095	$ 64,793	54,078	$ (3,509)	$ 1,783,436	$ 962,458	$ (20,084)	$ 100,029	$ 2,887,123
Net income	—	—	—	—	—	117,526	—	3,498	121,024
Other comprehensive income, net of tax	—	—	—	—	—	—	6	—	6
Dividends on common stock ($0.595 per share)	—	—	—	—	—	(38,533)	—	—	(38,533)
Share-based compensation	425	—	(34,393)	2,222	(191)	—	—	—	2,031
Issuance of common stock	55,707	56	—	—	3,776	—	—	—	3,832
Issuance costs	—	—	—	—	(41)	—	—	—	(41)
Distributions to non-controlling interest	—	—	—	—	—	—	—	(4,420)	(4,420)
March 31, 2022	64,849,227	$ 64,849	19,685	$ (1,287)	$ 1,786,980	$ 1,041,451	$ (20,078)	$ 99,107	$ 2,971,022
Net income	—	—	—	—	—	33,415	—	2,431	35,846
Other comprehensive (loss), net of tax	—	—	—	—	—	—	(2,738)	—	(2,738)
Dividends on common stock ($0.595 per share)	—	—	—	—	—	(38,603)	—	—	(38,603)
Share-based compensation	39,066	39	4,006	(255)	5,370	—	—	—	5,154
Issuance of common stock	216,885	217	—	—	16,353	—	—	—	16,570
Issuance costs	—	—	—	—	(266)	—	—	—	(266)
Distributions to non-controlling interest	—	—	—	—	—	—	—	(4,184)	(4,184)
June 30, 2022	65,105,178	$ 65,105	23,691	$ (1,542)	$ 1,808,437	$ 1,036,263	$ (22,816)	$ 97,354	$ 2,982,801

(unaudited)	Common Stock		Treasury Stock						
(in thousands except share amounts)	Shares	Value	Shares	Value	Additional Paid in Capital	Retained Earnings	AOCI	Non-controlling Interest	Total
December 31, 2020	62,827,179	$ 62,827	32,492	$ (2,119)	$ 1,657,285	$ 870,738	$ (27,346)	$ 101,262	$ 2,662,647
Net income	—	—	—	—	—	96,316	—	4,171	100,487
Other comprehensive income, net of tax	—	—	—	—	—	—	1,018	—	1,018
Dividends on common stock ($0.565 per share)	—	—	—	—	—	(35,514)	—	—	(35,514)
Share-based compensation	82,794	83	7,448	(445)	1,672	—	—	—	1,310
Other	—	—	—	—	—	(2)	—	—	(2)
Distributions to non-controlling interest	—	—	—	—	—	—	—	(4,644)	(4,644)
March 31, 2021	62,909,973	$ 62,910	39,940	$ (2,564)	$ 1,658,957	$ 931,538	$ (26,328)	$ 100,789	$ 2,725,302
Net income	—	—	—	—	—	25,161	—	3,126	28,287
Other comprehensive income, net of tax	—	—	—	—	—	—	1,882	—	1,882
Dividends on common stock ($0.565 per share)	—	—	—	—	—	(35,578)	—	—	(35,578)
Share-based compensation	20,905	21	6,588	(424)	3,698	—	—	—	3,295
Issuance of common stock	596,035	596	—	—	39,636	—	—	—	40,232
Issuance costs	—	—	—	—	(466)	—	—	—	(466)
Other	—	—	—	—	—	1	—	—	1
Distributions to non-controlling interest	—	—	—	—	—	—	—	(4,061)	(4,061)
June 30, 2021	63,526,913	$ 63,527	46,528	$ (2,988)	$ 1,701,825	$ 921,122	$ (24,446)	$ 99,854	$ 2,758,894

BLACK HILLS CORPORATION

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Reference is made to Notes to Consolidated Financial Statements
included in the Company's 2021 Annual Report on Form 10-K)

(1) Management's Statement

The unaudited Condensed Consolidated Financial Statements included herein have been prepared by Black Hills Corporation (together with our subsidiaries the "Company", "us", "we" or "our"), pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations; however, we believe that the footnotes adequately disclose the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and the notes included in our 2021 Annual Report on Form 10-K.

Segment Reporting

Our reportable segments are based on our method of internal reporting, which is generally segregated by differences in products and services. All of our operations and assets are located within the United States. We conduct our operations through the Electric Utilities and Gas Utilities segments. In the fourth quarter of 2021, we integrated our power generation and mining businesses within the Electric Utilities segment. The alignment is consistent with the current way our CODM evaluates the performance of the business and makes decisions related to the allocation of resources. Comparative periods presented reflect this change.

For further information regarding our segment reporting, see Note 12.

Use of Estimates and Basis of Presentation

The information furnished in the accompanying Condensed Consolidated Financial Statements reflects certain estimates required and all adjustments, including accruals, which are, in the opinion of management, necessary for a fair presentation of the June 30, 2022, December 31, 2021 and June 30, 2021 financial information. Certain lines of business in which we operate are highly seasonal, and our interim results of operations are not necessarily indicative of the results of operations to be expected for an entire year.

Recently Issued Accounting Standards

Facilitation of the Effects of Reference Rate Reform on Financial Reporting, ASU 2020-04

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,* which was subsequently amended by ASU 2021-01. The standard provides relief for companies preparing for discontinuation of interest rates, such as LIBOR, and allows optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update are elective and are effective upon the ASU issuance through December 31, 2022. We are currently evaluating whether we will apply the optional guidance as we assess the impact of the discontinuance of LIBOR on our current arrangements but do not expect it to have a material impact on our financial position, results of operations and cash flows.

(2) Regulatory Matters

We had the following regulatory assets and liabilities (in thousands):

	As of June 30, 2022	As of December 31, 2021
Regulatory assets		
Winter Storm Uri [a]	$ 402,971	$ 509,025
Deferred energy and fuel cost adjustments [b]	71,701	59,973
Deferred gas cost adjustments [b]	8,083	9,488
Gas price derivatives [b]	4,845	2,584
Deferred taxes on AFUDC [b]	7,426	7,457
Employee benefit plans and related deferred taxes [c]	87,130	88,923
Environmental [b]	1,360	1,385
Loss on reacquired debt [b]	20,112	21,011
Deferred taxes on flow through accounting [b]	69,811	63,243
Decommissioning costs [b]	4,717	5,961
Other regulatory assets [b]	24,212	27,549
Total regulatory assets	702,368	796,599
Less current regulatory assets	(267,725)	(270,290)
Regulatory assets, non-current	$ 434,643	$ 526,309
Regulatory liabilities		
Deferred energy and gas costs [b]	$ 15,899	$ 6,113
Employee benefit plan costs and related deferred taxes [c]	31,330	32,241
Cost of removal [b]	184,111	179,976
Excess deferred income taxes [c]	259,674	264,042
Other regulatory liabilities [c]	24,984	20,579
Total regulatory liabilities	515,998	502,951
Less current regulatory liabilities	(33,356)	(17,574)
Regulatory liabilities, non-current	$ 482,642	$ 485,377

(a) Timing of Winter Storm Uri incremental cost recovery and associated carrying costs vary by jurisdiction and Wyoming Gas is still subject to pending application with the WPSC. See further information below.
(b) Recovery of costs, but we are not allowed a rate of return.
(c) In addition to recovery or repayment of costs, we are allowed a return on a portion of this amount or a reduction in rate base.

Regulatory Activity

Except as discussed below, there have been no other significant changes to our Regulatory Matters from those previously disclosed in Note 2 of the Notes to the Consolidated Financial Statements in our 2021 Annual Report on Form 10-K.

Winter Storm Uri

In February 2021, a prolonged period of historic cold temperatures across the central United States, which covered all of our Utilities' service territories, caused a substantial increase in heating and energy demand and contributed to unforeseeable and unprecedented market prices for natural gas and electricity. As a result of Winter Storm Uri, we incurred significant incremental fuel, purchased power and natural gas costs.

Our Utilities submitted Winter Storm Uri cost recovery applications in our state jurisdictions seeking to recover $546 million of these incremental costs through separate tracking mechanisms over a weighted-average recovery period of 3.5 years. These incremental cost estimates are subject to adjustments as final decisions are issued by the respective utility commissions. In these applications, we sought approval to recover carrying costs. For three and six months ended June 30, 2022 and three and six months ended June 30, 2021, $12 million, $15 million, $0.1 million and $0.1 million, respectively, of carrying costs were accrued and recorded to a regulatory asset. The carrying costs accrued during the three and six months ended June 30, 2022 included a one-time, $10 million true-up to reflect Commission authorized rates.

On January 27, 2022, Kansas Gas received approval from the KCC for its Winter Storm Uri cost recovery settlement with final rates implemented in February 2022. In March 2022, Colorado Electric and Colorado Gas received approval from the CPUC for their respective Winter Storm Uri cost recovery settlements with final rates implemented in April 2022. In June 2022, Arkansas Gas received approval from the APSC for its Winter Storm Uri cost recovery application. The APSC had previously approved interim cost recovery effective in June 2021.

To date, Arkansas Gas, Colorado Electric, Colorado Gas, Iowa Gas, Kansas Gas, Nebraska Gas and South Dakota Electric received commission approval of their Winter Storm Uri cost recovery applications. Additionally, Wyoming Gas received approval for interim cost recovery subject to a final decision on carrying costs and recovery period at a later date. For the six months ended June 30, 2022, our Utilities collected $111 million of Winter Storm Uri incremental costs and carrying costs from customers. As of June 30, 2022, we estimate that our remaining Winter Storm Uri regulatory asset has a weighted-average recovery period of 3.0 years.

TCJA

As part of Kansas Gas's 2021 rate review settlement agreement, Kansas Gas will deliver $3.0 million of TCJA and state tax reform benefits to customers, annually, for three years starting in 2022 (approximately $9.1 million of total benefits expected to be delivered). For the three and six months ended June 30, 2022, Kansas Gas delivered TCJA and state tax reform bill credits to customers of $0.7 million and $1.5 million, respectively.

These bill credits, which resulted in a reduction of revenue, were offset by a reduction in income tax expense and resulted in an immaterial impact to Net income for the three and six months ended June 30, 2022.

Arkansas Gas

On December 10, 2021, Arkansas Gas filed a rate review with the APSC seeking recovery of significant infrastructure investments in its 7,200-mile natural gas pipeline system. The rate review requests $22 million in new annual revenue with a capital structure of 50.9% equity and 49.1% debt and a return on equity of 10.2%. The request seeks to finalize rates in the fourth quarter of 2022.

Wyoming Electric

On June 1, 2022, Wyoming Electric filed a rate review with the WPSC seeking recovery of significant infrastructure investments in its 1,330-mile electric distribution and 59-mile electric transmission systems. The rate review requests $15 million in new annual revenue with a capital structure of 54% equity and 46% debt and a return on equity of 10.3%. The request seeks to finalize rates in the first quarter of 2023.

(3) Commitments, Contingencies and Guarantees

There have been no significant changes to commitments, contingencies and guarantees from those previously disclosed in Note 3 of our Notes to the Consolidated Financial Statements in our 2021 Annual Report on Form 10-K except for those described below.

Agreement under Blockchain Interruptible Service Tariff

On June 21, 2022, Wyoming Electric completed its first agreement for service under its Blockchain Interruptible Service tariff. Under the five-year agreement, Wyoming Electric will deliver up to 45 MW of electric service with an option to expand service up to 75 MW to a new customer in Cheyenne, Wyoming. The crypto mining facility is expected to be operational and purchasing energy in the fourth quarter of 2022.

Power Sales Agreements

On May 3, 2022, South Dakota Electric entered into an agreement with MDU to provide MDU capacity and energy up to a maximum of 50 MW in excess of MDU's 25% ownership in Wygen III. This agreement, which has similar terms and conditions as South Dakota Electric's existing agreement with MDU expiring on December 31, 2023, is effective on January 1, 2024 and will expire on December 31, 2028.

During periods of reduced production at Wygen III, in which MDU owns a portion of the capacity, or during periods when Wygen III is off-line, South Dakota Electric will provide MDU with 23 MW from our other generation facilities or from system purchases with reimbursement of costs by MDU. On June 3, 2022, South Dakota Electric entered into an agreement with similar terms and conditions as its existing agreement with MDU expiring on December 31, 2023, is effective on January 1, 2024 and will expire on December 31, 2028.

GT Resources, LLC v. Black Hills Corporation, Case No. 2020CV30751 (U.S. District Court for the City and County of Denver, Colorado)

On April 13, 2022, a jury awarded $41 million for claims made by GT Resources, LLC ("GTR") against BHC and two of its subsidiaries (Black Hills Exploration and Production, Inc. and Black Hills Gas Resources, Inc.), which ceased oil and natural gas operations in 2018 as part of BHC's decision to exit the exploration and production business. The claims involved a dispute over a 2.3 million-acre concession award in Costa Rica which was acquired by a BHC subsidiary in 2003. GTR retained rights to receive a royalty interest on any hydrocarbon production from the concession upon the occurrence of contingent events. GTR contended that BHC and its subsidiaries failed to adequately pursue the opportunity and failed to transfer the concession to GTR. We believe we have meritorious defenses to the verdict and intend to appeal the verdict. At this time, we believe that the liability related to this matter, if any, is not reasonably estimable.

Power Purchase Agreements

On March 21, 2022, Wyoming Electric entered into a PPA with South Cheyenne Solar, LLC (Cheyenne Solar) to purchase up to 150 MW of renewable energy upon construction of a new solar facility, to be owned by Cheyenne Solar, which is expected to be completed by the end of 2023. The agreement will expire 20 years after construction completion. The solar energy from this PPA will be used to serve our expanding partnerships with industrial customers in Cheyenne, Wyoming.

On February 19, 2021, Colorado Electric entered into an agreement with TC Colorado Solar, LLC (TC Solar) to purchase up to 200 MW of renewable energy upon construction of a new solar facility, to be owned by TC Solar. On January 31, 2022, TC Solar provided notice of its intent to terminate the PPA. Colorado Electric will seek new requests for proposals for renewable resources as part of its Clean Energy Plan filing, the "2030 Ready Plan." On May 27, 2022, Colorado Electric filed its 2030 Ready Plan with the CPUC. A CPUC decision is expected in April 2023, after which time, Colorado Electric's request for proposals for renewable energy resources is expected to commence.

Transmission Service Agreements

On January 1, 2022, Colorado Electric entered into a firm point-to-point transmission service agreement that provides Tri-State Generation and Transmission Association Inc. with a maximum of 58 MW of transmission capacity. This agreement expires December 31, 2024.

On January 1, 2022, South Dakota Electric entered into a firm point-to-point transmission service agreement that provides MEAN with a maximum of 20 MW of transmission capacity. This agreement expires December 31, 2023.

(4) Revenue

The following tables depict the disaggregation of revenue, including intercompany revenue, from contracts with customers by customer type and timing of revenue recognition for each of the reportable segments for the three and six months ended June 30, 2022 and 2021. Sales tax and other similar taxes are excluded from revenues.

Three Months Ended June 30, 2022	Electric Utilities	Gas Utilities	Inter-company Revenues	Total
Customer types:		(in thousands)		
Retail	$ 169,032	$ 229,074	$ —	$ 398,106
Transportation	—	34,667	(100)	34,567
Wholesale	8,428	—	—	8,428
Market - off-system sales	8,666	178	—	8,844
Transmission/Other	15,183	9,344	(4,148)	20,379
Revenue from contracts with customers	$ 201,309	$ 273,263	$ (4,248)	$ 470,324
Other revenues	3,070	906	(105)	3,871
Total revenues	$ 204,379	$ 274,169	$ (4,353)	$ 474,195
Timing of revenue recognition:				
Services transferred at a point in time	$ 6,671	$ —	$ —	$ 6,671
Services transferred over time	194,638	273,263	(4,248)	463,653
Revenue from contracts with customers	$ 201,309	$ 273,263	$ (4,248)	$ 470,324

Three Months Ended June 30, 2021	Electric Utilities	Gas Utilities	Inter-company Revenues	Total
Customer Types:		(in thousands)		
Retail	$ 163,971	$ 143,845	$ —	$ 307,816
Transportation	—	31,649	(109)	31,540
Wholesale	5,655	—	—	5,655
Market - off-system sales	7,266	87	—	7,353
Transmission/Other	11,224	9,125	(4,291)	16,058
Revenue from contracts with customers	$ 188,116	$ 184,706	$ (4,400)	$ 368,422
Other revenues	2,900	1,344	(94)	4,150
Total Revenues	$ 191,016	$ 186,050	$ (4,494)	$ 372,572
Timing of Revenue Recognition:				
Services transferred at a point in time	$ 6,714	$ —	$ —	$ 6,714
Services transferred over time	181,402	184,706	(4,400)	361,708
Revenue from contracts with customers	$ 188,116	$ 184,706	$ (4,400)	$ 368,422

Six Months Ended June 30, 2022	Electric Utilities	Gas Utilities	Inter-company Revenues	Total
Customer types:		(in thousands)		
Retail	$ 341,838	$ 790,087	$ —	$ 1,131,925
Transportation	—	84,190	(199)	83,991
Wholesale	18,703	—	—	18,703
Market - off-system sales	15,820	416	—	16,236
Transmission/Other	30,616	18,919	(8,297)	41,238
Revenue from contracts with customers	$ 406,977	$ 893,612	$ (8,496)	$ 1,292,093
Other revenues	3,940	1,949	(217)	5,672
Total revenues	$ 410,917	$ 895,561	$ (8,713)	$ 1,297,765
Timing of revenue recognition:				
Services transferred at a point in time	$ 13,784	$ —	$ —	$ 13,784
Services transferred over time	393,193	893,612	(8,496)	1,278,309
Revenue from contracts with customers	$ 406,977	$ 893,612	$ (8,496)	$ 1,292,093

Six Months Ended June 30, 2021	Electric Utilities	Gas Utilities	Inter-company Revenues	Total
Customer Types:		(in thousands)		
Retail	$ 368,251	$ 485,450	$ —	$ 853,701
Transportation	—	79,600	(219)	79,381
Wholesale	17,014	—	—	17,014
Market - off-system sales	12,038	160	—	12,198
Transmission/Other	25,411	19,515	(8,580)	36,346
Revenue from contracts with customers	$ 422,714	$ 584,725	$ (8,799)	$ 998,640
Other revenues	3,706	3,844	(186)	7,364
Total Revenues	$ 426,420	$ 588,569	$ (8,985)	$ 1,006,004
Timing of Revenue Recognition:				
Services transferred at a point in time	$ 13,690	$ —	$ —	$ 13,690
Services transferred over time	409,024	584,725	(8,799)	984,950
Revenue from contracts with customers	$ 422,714	$ 584,725	$ (8,799)	$ 998,640

(5) Financing

Short-term Debt

We had the following Notes payable outstanding in the accompanying Condensed Consolidated Balance Sheets (in thousands) as of:

	June 30, 2022		December 31, 2021	
	Balance Outstanding	Letters of Credit [(a)]	Balance Outstanding	Letters of Credit [(a)]
Revolving Credit Facility	—	14,239	—	27,209
CP Program	335,050	—	420,180	—
Total Notes payable	$ 335,050	$ 14,239	$ 420,180	$ 27,209

(a) Letters of credit are off-balance sheet commitments that reduce the borrowing capacity available on our corporate Revolving Credit Facility.

Revolving Credit Facility and CP Program

Our net short-term repayments related to our Revolving Credit Facility and CP Program during the six months ended June 30, 2022 were $85 million. The weighted average interest rate on short-term borrowings related to our Revolving Credit Facility and CP Program at June 30, 2022 was 1.74%.

Debt Covenants

Revolving Credit Facility

Under our Revolving Credit Facility, we are required to maintain a Consolidated Indebtedness to Capitalization Ratio not to exceed 0.65 to 1.00. Subject to applicable cure periods, a violation of any of these covenants would constitute an event of default that entitles the lenders to terminate their remaining commitments and accelerate all principal and interest outstanding.

We were in compliance with our covenants at June 30, 2022 as shown below:

	As of June 30, 2022	Covenant Requirement	
Consolidated Indebtedness to Capitalization Ratio	60.8%	Less than	65%

Wyoming Electric

Covenants within Wyoming Electric's financing agreements require Wyoming Electric to maintain a debt to capitalization ratio of no more than 0.60 to 1.00. As of June 30, 2022, Wyoming Electric’s debt to capitalization ratio was 50%, which was in compliance with these financial covenants.

Equity

At-the-Market Equity Offering Program

During the three months ended June 30, 2022, we issued a total of 0.2 million shares of common stock under the ATM for proceeds of $16 million, net of $0.2 million in issuance costs. During the six months ended June 30, 2022, we issued a total of 0.3 million shares of common stock under the ATM for proceeds of $20 million, net of $0.2 million in issuance costs. During the three and six months ended June 30, 2021, we issued a total of 0.6 million shares of common stock under the ATM for proceeds of $40 million, net of $0.4 million in issuance costs.

(6) Earnings Per Share

A reconciliation of share amounts used to compute earnings per share in the accompanying Condensed Consolidated Statements of Income was as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income available for common stock	$ 33,415	$ 25,161	$ 150,941	$ 121,477
Weighted average shares - basic	64,721	62,867	64,643	62,751
Dilutive effect of:				
Equity compensation	162	51	179	66
Weighted average shares - diluted	64,883	62,918	64,822	62,817
Earnings per share of common stock:				
Earnings per share, Basic	$ 0.52	$ 0.40	$ 2.33	$ 1.94
Earnings per share, Diluted	$ 0.52	$ 0.40	$ 2.33	$ 1.93

The following securities were excluded from the diluted earnings per share computation because of their anti-dilutive nature (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Equity compensation	—	13	—	12
Restricted stock	—	—	1	1
Anti-dilutive shares	—	13	1	13

(7) Risk Management and Derivatives

Market and Credit Risk Disclosures

Our activities in the energy industry expose us to a number of risks in the normal operations of our businesses. Depending on the activity, we are exposed to varying degrees of market risk and credit risk.

Market Risk

Market risk is the potential loss that may occur as a result of an adverse change in market price, rate or supply. We are exposed but not limited to, the following market risks:

- Commodity price risk associated with our retail natural gas and wholesale electric power marketing activities and our fuel procurement for several of our gas-fired generation assets, which include market fluctuations due to unpredictable factors such as the COVID-19 pandemic, weather (Winter Storm Uri), geopolitical events, market speculation, inflation, pipeline constraints, and other factors that may impact natural gas and electric supply and demand; and

- Interest rate risk associated with outstanding variable rate debt and future debt, including reduced access to liquidity during periods of extreme capital markets volatility, such as the 2008 financial crisis and the COVID-19 pandemic.

Credit Risk

Credit risk is the risk of financial loss resulting from non-performance of contractual obligations by a counterparty.

We attempt to mitigate our credit exposure by conducting business primarily with high credit quality entities, setting tenor and credit limits commensurate with counterparty financial strength, obtaining master netting agreements and mitigating credit exposure with less creditworthy counterparties through parental guarantees, cash collateral requirements, letters of credit and other security agreements.

We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customers' current creditworthiness, as determined by review of their current credit information. We maintain a provision for estimated credit losses based upon historical experience, changes in current market conditions, expected losses and any specific customer collection issue that is identified.

Derivatives and Hedging Activity

Our derivative and hedging activities included in the accompanying Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income are detailed below and in Note 8.

The operations of our Utilities, including natural gas sold by our Gas Utilities and natural gas used by our Electric Utilities' generation plants or those plants under PPAs where our Electric Utilities must provide the generation fuel (tolling agreements), expose our utility customers to natural gas price volatility. Therefore, as allowed or required by state utility commissions, we have entered into commission approved hedging programs utilizing natural gas futures, options, over-the-counter swaps and basis swaps to reduce our customers' underlying exposure to these fluctuations. These transactions are considered derivatives, and in accordance with accounting standards for derivatives and hedging, mark-to-market adjustments are recorded as Derivative assets or Derivative liabilities on the accompanying Condensed Consolidated Balance Sheets, net of balance sheet offsetting as permitted by GAAP.

For our regulated Utilities' hedging plans, unrealized and realized gains and losses, as well as option premiums and commissions on these transactions, are recorded as Regulatory assets or Regulatory liabilities in the accompanying Condensed Consolidated Balance Sheets in accordance with the state regulatory commission guidelines. When the related costs are recovered through our rates, the hedging activity is recognized in the Condensed Consolidated Statements of Income.

We use wholesale power purchase and sale contracts to manage purchased power costs and load requirements associated with serving our electric customers. Periodically, certain wholesale energy contracts are considered derivative instruments due to not qualifying for the normal purchase and normal sales exception to derivative accounting. Changes in the fair value of these commodity derivatives are recognized in the Condensed Consolidated Statements of Income.

We buy, sell and deliver natural gas at competitive prices by managing commodity price risk. As a result of these activities, this area of our business is exposed to risks associated with changes in the market price of natural gas. We manage our exposure to such risks using over-the-counter and exchange traded options and swaps with counterparties in anticipation of forecasted purchases and sales during time frames ranging from July 2022 through December 2024. A portion of our over-the-counter swaps have been designated as cash flow hedges to mitigate the commodity price risk associated with deliveries under fixed price forward contracts to deliver gas to our Choice Gas Program customers. The gain or loss on these designated derivatives is reported in AOCI in the accompanying Condensed Consolidated Balance Sheets and reclassified into earnings in the same period that the underlying hedged item is recognized in earnings. Effectiveness of our hedging position is evaluated at least quarterly.

The contract or notional amounts and terms of the electric and natural gas derivative commodity instruments held at our Utilities are composed of both long and short positions. We had the following net long positions as of:

	June 30, 2022		December 31, 2021	
	Notional Amounts (MMBtus)	Maximum Term (months) [(a)]	Notional Amounts (MMBtus)	Maximum Term (months) [(a)]
Natural gas futures purchased	100,000	9	590,000	3
Natural gas options purchased, net	430,000	9	3,100,000	3
Natural gas basis swaps purchased	—	0	870,000	3
Natural gas over-the-counter swaps, net [(b)]	7,090,000	30	4,570,000	34
Natural gas physical contracts, net [(c)]	12,166,541	18	16,416,677	24

(a) Term reflects the maximum forward period hedged.
(b) As of June 30, 2022, 2,416,000 MMBtus of natural gas over-the-counter swaps purchases were designated as cash flow hedges.
(c) Volumes exclude derivative contracts that qualify for the normal purchases and normal sales exception permitted by GAAP.

We have certain derivative contracts which contain credit provisions. These credit provisions may require the Company to post collateral when credit exposure to the Company is in excess of a negotiated line of unsecured credit. At June 30, 2022, the Company posted $0.4 million related to such provisions, which is included in Other current assets on the Condensed Consolidated Balance Sheets.

Derivatives by Balance Sheet Classification

As required by accounting standards for derivatives and hedges, fair values within the following tables are presented on a gross basis aside from the netting of asset and liability positions. Netting of positions is permitted in accordance with accounting standards for offsetting and under terms of our master netting agreements that allow us to settle positive and negative positions.

The following table presents the fair value and balance sheet classification of our derivative instruments (in thousands) as of:

	Balance Sheet Location	June 30, 2022	December 31, 2021
Derivatives designated as hedges:			
Asset derivative instruments:			
Current commodity derivatives	Derivative assets, current	$ 2	$ 2,017
Noncurrent commodity derivatives	Other assets, non-current	256	18
Liability derivative instruments:			
Current commodity derivatives	Derivative liabilities, current	(3,318)	—
Total derivatives designated as hedges		$ (3,060)	$ 2,035
Derivatives not designated as hedges:			
Asset derivative instruments:			
Current commodity derivatives	Derivative assets, current	$ 714	$ 2,356
Noncurrent commodity derivatives	Other assets, non-current	923	804
Liability derivative instruments:			
Current commodity derivatives	Derivative liabilities, current	(1,401)	(1,439)
Noncurrent commodity derivatives	Other deferred credits and other liabilities	—	(20)
Total derivatives not designated as hedges		$ 236	$ 1,701

Derivatives Designated as Hedge Instruments

The impacts of cash flow hedges on our Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Income are presented below for the three and six months ended June 30, 2022 and 2021. Note that this presentation does not reflect the gains or losses arising from the underlying physical transactions; therefore, it is not indicative of the economic profit or loss we realized when the underlying physical and financial transactions were settled.

	Three Months Ended June 30,			Three Months Ended June 30,	
	2022	2021		2022	2021
Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in OCI		Income Statement Location	Amount of Gain/(Loss) Reclassified from AOCI into Income	
	(in thousands)			(in thousands)	
Interest rate swaps	$ 713	$ 713	Interest expense	$ (713)	$ (713)
Commodity derivatives	(4,371)	1,187	Fuel, purchased power and cost of natural gas sold	1,323	56
Total	$ (3,658)	$ 1,900		$ 610	$ (657)

	Six Months Ended June 30,			Six Months Ended June 30,	
	2022	2021		2022	2021
Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in OCI		Income Statement Location	Amount of Gain/(Loss) Reclassified from AOCI into Income	
	(in thousands)			(in thousands)	
Interest rate swaps	$ 1,426	$ 1,426	Interest expense	$ (1,426)	$ (1,426)
Commodity derivatives	(5,238)	1,360	Fuel, purchased power and cost of natural gas sold	3,577	25
Total	$ (3,812)	$ 2,786		$ 2,151	$ (1,401)

As of June 30, 2022, $6.1 million of net losses related to our interest rate swaps and commodity derivatives are expected to be reclassified from AOCI into earnings within the next 12 months. As market prices fluctuate, estimated and actual realized gains or losses will change during future periods.

Derivatives Not Designated as Hedge Instruments

The following table summarizes the impacts of derivative instruments not designated as hedge instruments on our Condensed Consolidated Statements of Income for the three and six months ended June 30, 2022 and 2021. Note that this presentation does not reflect the expected gains or losses arising from the underlying physical transactions; therefore, it is not indicative of the economic profit or loss we realized when the underlying physical and financial transactions were settled.

		Three Months Ended June 30,	
		2022	2021
Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) on Derivatives Recognized in Income	Amount of Gain/(Loss) on Derivatives Recognized in Income	
		(in thousands)	
Commodity derivatives - Electric	Fuel, purchased power and cost of natural gas sold	$ —	$ (3,598)
Commodity derivatives - Natural Gas	Fuel, purchased power and cost of natural gas sold	(2,332)	1,816
		$ (2,332)	$ (1,782)

Derivatives Not Designated as Hedging Instruments	Income Statement Location	Six Months Ended June 30, 2022	2021
		Amount of Gain/(Loss) on Derivatives Recognized in Income	
		(in thousands)	
Commodity derivatives - Electric	Fuel, purchased power and cost of natural gas sold	$ —	$ (5,122)
Commodity derivatives - Natural Gas	Fuel, purchased power and cost of natural gas sold	1,162	2,182
		$ 1,162	$ (2,940)

As discussed above, financial instruments used in our regulated Gas Utilities are not designated as cash flow hedges. However, there is no earnings impact because the unrealized gains and losses arising from the use of these financial instruments are recorded as Regulatory assets or Regulatory liabilities. The net unrealized losses included in our Regulatory asset accounts related to these financial instruments in our Gas Utilities were $4.8 million and $2.6 million as of June 30, 2022 and December 31, 2021, respectively. For our Electric Utilities, the unrealized gains and losses arising from these derivatives are recognized in the Condensed Consolidated Statements of Income.

(8) Fair Value Measurements

We use the following fair value hierarchy for determining inputs for our financial instruments. Our assets and liabilities for financial instruments are classified and disclosed in one of the following fair value categories:

Level 1 — Unadjusted quoted prices available in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities. Level 1 instruments primarily consist of highly liquid and actively traded financial instruments with quoted pricing information on an ongoing basis.

Level 2 — Pricing inputs include quoted prices for identical or similar assets and liabilities in active markets other than quoted prices in Level 1, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Pricing inputs are generally less observable from objective sources. These inputs reflect management’s best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. We record transfers, if necessary, between levels at the end of the reporting period for all of our financial instruments.

Transfers into Level 3, if any, occur when significant inputs used to value the derivative instruments become less observable, such as a significant decrease in the frequency and volume in which the instrument is traded, negatively impacting the availability of observable pricing inputs. Transfers out of Level 3, if any, occur when the significant inputs become more observable, such as when the time between the valuation date and the delivery date of a transaction becomes shorter, positively impacting the availability of observable pricing inputs.

Recurring Fair Value Measurements

Derivatives

The commodity contracts for our Utilities segments are valued using the market approach and include forward strip pricing at liquid delivery points, exchange-traded futures, options, basis swaps and over-the-counter swaps and options (Level 2) for wholesale electric energy and natural gas contracts. For exchange-traded futures, options and basis swap assets and liabilities, fair value was derived using broker quotes validated by the exchange settlement pricing for the applicable contract. For over-the-counter instruments, the fair value is obtained by utilizing a nationally recognized service that obtains observable inputs to compute the fair value, which we validate by comparing our valuation with the counterparty. The fair value of these swaps includes a credit valuation adjustment based on the credit spreads of the counterparties when we are in an unrealized gain position or on our own credit spread when we are in an unrealized loss position. For additional information, see Note 1 of our Notes to the Consolidated Financial Statements in our 2021 Annual Report on Form 10-K.

The following tables set forth, by level within the fair value hierarchy, our gross assets and gross liabilities and related offsetting of cash collateral and contractual netting rights as permitted by GAAP that were accounted for at fair value on a recurring basis for derivative instruments.

	As of June 30, 2022				
	Level 1	Level 2	Level 3	Cash Collateral and Counterparty Netting [(a)]	Total
	(in thousands)				
Assets:					
Commodity derivatives — Gas Utilities	$ —	$ 2,700	$ —	$ (806)	$ 1,894
Total	$ —	$ 2,700	$ —	$ (806)	$ 1,894
Liabilities:					
Commodity derivatives — Gas Utilities	$ —	$ 5,524	$ —	$ (805)	$ 4,719
Total	$ —	$ 5,524	$ —	$ (805)	$ 4,719

(a) As of June 30, 2022, $0.8 million of our commodity derivative assets and $0.8 million of our commodity liabilities, as well as related gross collateral amounts, were subject to master netting agreements.

	As of December 31, 2021				
	Level 1	Level 2	Level 3	Cash Collateral and Counterparty Netting [(a)]	Total
	(in thousands)				
Assets:					
Commodity derivatives — Gas Utilities	$ —	$ 7,569	$ —	$ (2,374)	$ 5,195
Total	$ —	$ 7,569	$ —	$ (2,374)	$ 5,195
Liabilities:					
Commodity derivatives — Gas Utilities	$ —	$ 3,273	$ —	$ (1,814)	$ 1,459
Total	$ —	$ 3,273	$ —	$ (1,814)	$ 1,459

(a) As of December 31, 2021, $2.4 million of our commodity derivative assets and $1.8 million of our commodity derivative liabilities, as well as related gross collateral amounts, were subject to master netting agreements.

Pension and Postretirement Plan Assets

Fair value measurements also apply to the valuation of our pension and postretirement plan assets. Current accounting guidance requires employers to annually disclose information about the fair value measurements of their assets of a defined benefit pension or other postretirement plan. The fair value of these assets is presented in Note 13 to the Consolidated Financial Statements included in our 2021 Annual Report on Form 10-K.

Other Fair Value Measures

The carrying amount of cash and cash equivalents, restricted cash and equivalents and short-term borrowings approximates fair value due to their liquid or short-term nature. Cash, cash equivalents and restricted cash are classified in Level 1 in the fair value hierarchy. Notes payable consist of commercial paper borrowings and are not traded on an exchange; therefore, they are classified as Level 2 in the fair value hierarchy.

The following table presents the carrying amounts and fair values of financial instruments not recorded at fair value on the Condensed Consolidated Balance Sheets (in thousands) as of:

	June 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities [(a)]	$ 4,129,662	$ 3,917,015	$ 4,126,923	$ 4,570,619

(a) Long-term debt is valued based on observable inputs available either directly or indirectly for similar liabilities in active markets and therefore is classified in Level 2 in the fair value hierarchy. Carrying amount of long-term debt is net of deferred financing costs.

(9) Other Comprehensive Income

We record deferred gains (losses) in AOCI related to interest rate swaps designated as cash flow hedges, commodity contracts designated as cash flow hedges and the amortization of components of our defined benefit plans. Deferred gains (losses) for our commodity contracts designated as cash flow hedges are recognized in earnings upon settlement, while deferred gains (losses) related to our interest rate swaps are recognized in earnings as they are amortized.

The following table details reclassifications out of AOCI and into Net income. The amounts in parentheses below indicate decreases to Net income in the Condensed Consolidated Statements of Income for the period, net of tax (in thousands):

		Amount Reclassified from AOCI		Amount Reclassified from AOCI	
	Location on the Condensed Consolidated Statements of Income	Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
Gains and (losses) on cash flow hedges:					
Interest rate swaps	Interest expense	$ (713)	$ (713)	$ (1,426)	$ (1,426)
Commodity contracts	Fuel, purchased power and cost of natural gas sold	1,323	56	3,577	25
		610	(657)	2,151	(1,401)
Income tax	Income tax expense	(81)	136	(456)	334
Total reclassification adjustments related to cash flow hedges, net of tax		$ 529	$ (521)	$ 1,695	$ (1,067)
Amortization of components of defined benefit plans:					
Prior service cost	Operations and maintenance	$ 22	$ 24	$ 46	$ 49
Actuarial gain (loss)	Operations and maintenance	(187)	(597)	(375)	(1,195)
		(165)	(573)	(329)	(1,146)
Income tax	Income tax expense	60	151	99	359
Total reclassification adjustments related to defined benefit plans, net of tax		$ (105)	$ (422)	$ (230)	$ (787)
Total reclassifications		$ 424	$ (943)	$ 1,465	$ (1,854)

Balances by classification included within AOCI, net of tax on the accompanying Condensed Consolidated Balance Sheets were as follows (in thousands):

	Derivatives Designated as Cash Flow Hedges			
	Interest Rate Swaps	Commodity Derivatives	Employee Benefit Plans	Total
As of December 31, 2021	$ (10,384)	$ 1,476	$ (11,176)	$ (20,084)
Other comprehensive income (loss) before reclassifications	—	(1,267)	—	(1,267)
Amounts reclassified from AOCI	1,011	(2,706)	230	(1,465)
As of June 30, 2022	$ (9,373)	$ (2,497)	$ (10,946)	$ (22,816)

	Derivatives Designated as Cash Flow Hedges			
	Interest Rate Swaps	Commodity Derivatives	Employee Benefit Plans	Total
As of December 31, 2020	$ (12,558)	$ 2	$ (14,790)	$ (27,346)
Other comprehensive income (loss) before reclassifications	—	1,046	—	1,046
Amounts reclassified from AOCI	1,086	(19)	787	1,854
As of June 30, 2021	$ (11,472)	$ 1,029	$ (14,003)	$ (24,446)

(10) Employee Benefit Plans

Components of Net Periodic Expense

The components of net periodic expense were as follows (in thousands):

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
Three Months Ended June 30,	2022	2021	2022	2021	2022	2021
Net Service cost	$ 982	$ 1,260	$ (1,355)	$ 1,020	$ 492	$ 559
Interest cost	2,704	2,328	209	177	321	264
Expected return on plan assets	(4,630)	(5,219)	—	—	(31)	(34)
Net amortization of prior service costs	(17)	—	—	—	(73)	(109)
Recognized net actuarial loss	1,523	1,829	69	438	16	117
Net periodic expense (benefit)	$ 562	$ 198	$ (1,077)	$ 1,635	$ 725	$ 797

	Defined Benefit Pension Plan		Supplemental Non-qualified Defined Benefit Plans		Non-pension Defined Benefit Postretirement Healthcare Plan	
Six Months Ended June 30,	2022	2021	2022	2021	2022	2021
Net Service cost	$ 1,964	$ 2,519	$ (1,747)	$ 1,713	$ 984	$ 1,118
Interest cost	5,409	4,656	417	354	642	529
Expected return on plan assets	(9,261)	(10,438)	—	—	(62)	(68)
Net amortization of prior service costs	(34)	—	—	—	(145)	(218)
Recognized net actuarial loss	3,046	3,658	138	877	32	234
Net periodic expense (benefit)	$ 1,124	$ 395	$ (1,192)	$ 2,944	$ 1,451	$ 1,595

Plan Contributions

Contributions to the Defined Benefit Pension Plan are cash contributions made directly to the Pension Plan Trust account. Contributions to the Postretirement Healthcare and Supplemental Plans are made in the form of benefit payments. Contributions made in the first six months of 2022 and anticipated contributions for 2022 and 2023 are as follows (in thousands):

	Contributions Made Six Months Ended June 30, 2022	Additional Contributions Anticipated for 2022	Contributions Anticipated for 2023
Defined Benefit Pension Plan	$ —	$ —	$ —
Non-pension Defined Benefit Postretirement Healthcare Plan	$ 2,552	$ 2,552	$ 4,761
Supplemental Non-qualified Defined Benefit and Defined Contribution Plans	$ 1,078	$ 1,078	$ 2,215

Funding Status of Employee Benefit Plans

Based on the fair value of assets and estimated discount rate used to value benefit obligations as of June 30, 2022, we estimate the unfunded status of our employee benefit plans to be approximately $29 million compared to $20 million at December 31, 2021. In 2012, we froze our pension plan and closed it to new participants. Since then, we have implemented various de-risking strategies including lump sum buyouts, the purchase of annuities and the reduction of return-seeking assets over time to a more liability-hedged portfolio. As a result, recent capital markets volatility has not materially affected our unfunded status and does not require interim re-measurement of our pension plan assets or defined benefit obligations.

(11) Income Taxes

Income Tax Expense (Benefit) and Effective Tax Rates

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021

Income tax expense (benefit) for the three months ended June 30, 2022 was $(0.7) million compared to $0.6 million reported for the same period in 2021. For the three months ended June 30, 2022 the effective tax rate was (1.9)% compared to 2.0% for the same period in 2021. The lower effective tax rate was primarily due to $3.8 million of tax benefits from state rate changes, $1.5 million of increased tax benefits from federal PTCs associated with increased wind production and a current year PTC rate increase (inflation adjustment). These current year tax benefits were greater than prior year tax benefits from Nebraska Gas TCJA-related bill credits to customers (which were offset by reduced revenue) and prior year flow-through tax benefits related to repairs and certain indirect costs.

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021

Income tax expense for the six months ended June 30, 2022 was $14 million compared to $1.1 million reported for the same period in 2021. For the six months ended June 30, 2022, the effective tax rate was 8.1% compared to 0.8% for the same period in 2021. The higher effective tax rate was primarily due to $10 million of prior year tax benefits from Colorado Electric and Nebraska Gas TCJA-related bill credits to customers (which were offset by reduced revenue) partially offset by $3.8 million of current year tax benefits from state rate changes and $2.4 million of increased tax benefits from federal PTCs associated with increased wind production and a current year PTC rate increase (inflation adjustment).

(12) Business Segment Information

Our CODM reviews financial information presented on an operating segment basis for purposes of making decisions and assessing financial performance. Our CODM assesses the performance of our operating segments based on operating income.

For the first nine months of 2021, we had reported four operating segments: Electric Utilities, Gas Utilities, Power Generation and Mining. In the fourth quarter of 2021, we integrated our power generation and mining businesses within the Electric Utilities segment. The alignment is consistent with the current way our CODM evaluates the performance of the business and makes decisions related to the allocation of resources. Comparative periods presented reflect this change.

Our operating segments are equivalent to our reportable segments.

Segment information was as follows (in thousands):

Total assets (net of intercompany eliminations) as of:	June 30, 2022	December 31, 2021
Electric Utilities	$ 3,834,826	$ 3,796,662
Gas Utilities	5,197,194	5,246,370
Corporate and Other	102,542	88,864
Total assets	$ 9,134,562	$ 9,131,896

	External Operating Revenue		Inter-company Operating Revenue		
Three Months Ended June 30, 2022	Contract Customers	Other Revenues	Contract Customers	Other Revenues	Total Revenues
Segment:					
Electric Utilities	$ 198,380	$ 3,070	$ 2,929	$ —	$ 204,379
Gas Utilities	271,944	801	1,319	105	274,169
Inter-company eliminations	—	—	(4,248)	(105)	(4,353)
Total	$ 470,324	$ 3,871	$ —	$ —	$ 474,195

	External Operating Revenue		Inter-company Operating Revenue		
Three Months Ended June 30, 2021	Contract Customers	Other Revenues	Contract Customers	Other Revenues	Total Revenues
Segment:					
Electric Utilities	$ 185,235	$ 2,900	$ 2,881	$ —	$ 191,016
Gas Utilities	183,187	1,250	1,519	94	186,050
Inter-company eliminations	—	—	(4,400)	(94)	(4,494)
Total	$ 368,422	$ 4,150	$ —	$ —	$ 372,572

	External Operating Revenue		Inter-company Operating Revenue		
Six Months Ended June 30, 2022	Contract Customers	Other Revenues	Contract Customers	Other Revenues	Total Revenues
Segment:					
Electric Utilities	$ 401,119	$ 3,940	$ 5,858	$ —	$ 410,917
Gas Utilities	890,974	1,732	2,638	217	895,561
Inter-company eliminations	—	—	(8,496)	(217)	(8,713)
Total	$ 1,292,093	$ 5,672	$ —	$ —	$ 1,297,765

	External Operating Revenue		Inter-company Operating Revenue		
Six Months Ended June 30, 2021	Contract Customers	Other Revenues	Contract Customers	Other Revenues	Total Revenues
Segment:					
Electric Utilities	$ 416,954	$ 3,706	$ 5,760	$ —	$ 426,420
Gas Utilities	581,686	3,658	3,039	186	588,569
Inter-company eliminations	—	—	(8,799)	(186)	(8,985)
Total	$ 998,640	$ 7,364	$ —	$ —	$ 1,006,004

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating income (loss):				
Electric Utilities	$ 45,226	$ 47,462	$ 95,972	$ 86,805
Gas Utilities	28,195	19,985	151,735	122,079
Corporate and Other	(1,032)	(181)	(1,965)	(3,303)
Operating income	72,389	67,266	245,742	205,581
Interest expense, net	(38,764)	(38,202)	(77,309)	(75,802)
Other income (expense), net	1,563	(191)	2,267	75
Income tax benefit (expense)	658	(586)	(13,830)	(1,080)
Net income	35,846	28,287	156,870	128,774
Net income attributable to non-controlling interest	(2,431)	(3,126)	(5,929)	(7,297)
Net income available for common stock	$ 33,415	$ 25,161	$ 150,941	$ 121,477

(13) Selected Balance Sheet Information

Accounts Receivable and Allowance for Credit Losses

Following is a summary of Accounts receivable, net included in the accompanying Condensed Consolidated Balance Sheets (in thousands) as of:

	June 30, 2022	December 31, 2021
Billed Accounts Receivable	$ 188,649	$ 181,027
Unbilled Revenue	81,647	142,738
Less: Allowance for Credit Losses	(3,193)	(2,113)
Accounts Receivable, net	$ 267,103	$ 321,652

Changes to allowance for credit losses for the six months ended June 30, 2022 and 2021, respectively, were as follows (in thousands):

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Recoveries and Other Additions	Write-offs and Other Deductions	Balance at June 30,
2022	$ 2,113	$ 4,239	$ 1,266	$ (4,425)	$ 3,193
2021	$ 7,003	$ 1,510	$ 1,786	$ (4,270)	$ 6,029

Materials, Supplies and Fuel

The following amounts by major classification are included in Materials, supplies and fuel on the accompanying Condensed Consolidated Balance Sheets (in thousands) as of:

	June 30, 2022	December 31, 2021
Materials and supplies	$ 91,736	$ 86,400
Fuel - Electric Utilities	2,169	1,267
Natural gas in storage	58,959	63,312
Total materials, supplies and fuel	$ 152,864	$ 150,979

Accrued Liabilities

The following amounts by major classification are included in Accrued liabilities on the accompanying Condensed Consolidated Balance Sheets (in thousands) as of:

	June 30, 2022	December 31, 2021
Accrued employee compensation, benefits and withholdings	$ 64,417	$ 74,387
Accrued property taxes	42,944	50,874
Customer deposits and prepayments	43,151	48,814
Accrued interest	33,764	33,680
Other (none of which is individually significant)	42,044	37,004
Total accrued liabilities	$ 226,320	$ 244,759

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussions should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in our 2021 Form 10-K.

Executive Summary

We are a customer-focused energy solutions provider that invests in our communities' safety, sustainability and growth with a mission of *Improving Life with Energy* and a vision to be the *Energy Partner of Choice*. The Company's core mission— and our primary focus — is to provide safe, reliable and cost-effective electric and natural gas service to 1.3 million utility customers in over 800 communities in eight states, including Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming.

Recent Developments

Winter Storm Uri

In February 2021, a prolonged period of historic cold temperatures across the central United States, which covered all of our Utilities' service territories, caused a substantial increase in heating and energy demand and contributed to unforeseeable and unprecedented market prices for natural gas and electricity. As a result of Winter Storm Uri, we incurred significant incremental natural gas and fuel costs.

In 2021, our Utilities submitted cost recovery applications with the utility commissions in our state jurisdictions to recover incremental costs associated with Winter Storm Uri. To date, we have received final commission approval for all of our Winter Storm Uri cost recovery applications with the exception of Wyoming Gas (which is approved for interim cost recovery). See Note 2 of the Notes to Condensed Consolidated Financial Statements for further information.

Macroeconomic Trends

We are monitoring macroeconomic trends including inflationary pressures on the prices of commodities, materials, outside services and employee costs; supply chain constraints; rising interest rates and a competitive and tight labor market. To date, we have experienced moderate net impacts from these trends.

We have seen an increase in commodity energy costs that had an effect on customer bills. Our utilities have regulatory mechanisms that allow them to pass prudently incurred costs of energy through to the customer, which mitigates our exposure. Customer billing rates are adjusted periodically to reflect changes in our cost of energy.

We are proactively managing increased costs of materials and supply chain disruptions to achieve our forecasted capital investment targets. We have already contracted a significant majority of the materials needed for our 2022 capital program. We have also evaluated each of our forecasted projects and will prioritize depending on future constraints. Project delays may occur if costs rise significantly or if materials are not available.

Rising interest rates have increased interest expense on our variable rate borrowings, which include our Revolving Credit Facility and CP Program. However, the increased interest expense was limited since 92% of our debt at June 30, 2022 is fixed rate debt. Additionally, rising discount rates and recent capital markets volatility did not materially change the unfunded status of the BHC Pension Plan from the prior year.

We are faced with increased competition for employee and contractor talent in the current labor market. To date, we have seen increased employee and contractor costs related to attraction and retention of talent partially offset by decreases in headcount compared to the prior year.

More detailed discussion of the future uncertainties can be found in “Risk Factors” section in Part I, Item 1A of our 2021 Annual Report on Form 10-K.

Business Segment Recent Developments

Electric Utilities

- See Note 2 of the Notes to Condensed Consolidated Financial Statements for recent rate review activity for Wyoming Electric.

- On July 21, 2022, Wyoming Electric set a new all-time and summer peak load of 294 MW, surpassing the previous peaks of 288 MW set on July 18, 2022, 282 MW set on June 13, 2022 and 274 MW set on July 28, 2021.

- On July 18, 2022, South Dakota Electric set a new all-time and summer peak load of 403 MW, surpassing the previous summer peak of 397 MW set in July 2021.

- On June 21, 2022, Wyoming Electric completed its first agreement for service under its Blockchain Interruptible Service tariff. Under the five-year agreement, Wyoming Electric will deliver to a new customer in Cheyenne, Wyoming up to 45 MW with an option to expand service up to 75 MW. Energy will be sourced through the electric energy market and delivered through our Electric Utilities’ infrastructure. Under the agreement, the customer will be responsible for costs of service, and the load will be interruptible to prioritize the needs of Wyoming Electric’s existing retail customers. Wyoming Electric expects to begin delivering energy to this customer in the fourth quarter of 2022.

- On May 27, 2022, Colorado Electric filed its Clean Energy Plan, “2030 Ready Plan”, with the CPUC. The 2030 Ready Plan establishes a roadmap and preferred resource portfolio for Colorado Electric to cost-effectively achieve the state of Colorado’s requirement calling upon electric utilities to reduce GHG emissions by a minimum of 80% by 2030. The preferred resource portfolio calls for the addition of 149 MW of wind, 258 MW of solar and 50 MW of battery storage to Colorado Electric's system. The final mix of resources would be determined by the results of a competitive solicitation starting in 2023. Colorado legislation provides up to 50% utility ownership of these additions. As proposed, the plan will achieve a 90% reduction in emissions and result in 79% of Colorado Electric’s customers' electricity being generated by carbon-free sources by 2030. A CPUC decision on Phase 1 of the 2030 Ready Plan is expected by April 2023, which would be followed by a request for proposals for renewable energy resources.

- On February 23, 2022, Wyoming Electric set a new winter peak load of 262 MW, surpassing the previous winter peak of 252 MW set on January 5, 2022.

- On February 15, 2022, Wyoming Electric submitted a request to the WPSC seeking approval for a CPCN to construct an estimated 260-mile transmission expansion project. As proposed, the approximately $260 million transmission expansion project, known as *Ready Wyoming*, would provide customers long-term price stability and greater flexibility as power markets develop in the Western States. If approved, construction of the project would take place in multiple phases or segments spanning 2023 through 2025 and would interconnect South Dakota Electric’s and Wyoming Electric’s transmission systems.

- On January 26, 2022, Colorado Electric agreed to join SPP’s Western Energy Imbalance Service Market. Colorado Electric will join the market in April 2023 and will continue to study long-term solutions for joining or developing an organized wholesale market. The expansion allows the utilities to participate in a real-time market.

- In January 2022, South Dakota Electric placed in service a $19 million, 54-mile, 230 kV electric transmission line from Rapid City to Spearfish, South Dakota. The second leg of this transmission line rebuild project, an 85-mile segment from Spearfish to Gillette, Wyoming, is expected to be in service by the end of 2023.

- On January 5, 2022, South Dakota Electric and Wyoming Electric set new winter peak loads. Wyoming Electric’s new winter peak load of 252 MW surpasses the previous peak of 247 MW set in December 2019. South Dakota Electric’s new winter peak of 327 MW surpasses the previous winter peak of 326 MW set in February 2021.

Gas Utilities

- See Note 2 of the Notes to Condensed Consolidated Financial Statements for recent rate review activity for Arkansas Gas.

- On June 6, 2022, Colorado Gas submitted a proposal to the CPUC seeking approval to offer a voluntary RNG and carbon offset program for residential and business customers. The program would allow participants to offset 100% or more of the emissions associated with their own natural gas usage. The offset would be achieved through a combination of carbon offset credits and RNG attributes. Colorado Gas has designed its voluntary RNG and carbon offset program as a comprehensive four-year pilot program starting in 2023 and running through 2026. On July 15, 2022, Kansas Gas submitted a similar RNG and carbon offset program proposal with the KCC. Nebraska Gas expects to submit a voluntary RNG and carbon offset program proposal to the NPSC later in 2022 with similar filings for Arkansas Gas, Iowa Gas and Wyoming Gas expected by 2023.

Corporate and Other

- On April 13, 2022, a jury awarded $41 million for claims made by GT Resources, LLC (“GTR”) against BHC and two of its subsidiaries (Black Hills Exploration and Production, Inc. and Black Hills Gas Resources, Inc.), which ceased oil and natural gas operations in 2018 as part of BHC’s decision to exit the exploration and production business. The claims involved a dispute over a 2.3-million-acre concession award in Costa Rica which was acquired by a BHC subsidiary in 2003. We believe we have meritorious defenses to the verdict and intend to appeal the verdict. See additional information in Note 3 of the Notes to Condensed Consolidated Financial Statements.

Results of Operations

Certain lines of business in which we operate are highly seasonal, and revenue from, and certain expenses for, such operations may fluctuate significantly among quarterly periods. Demand for electricity and natural gas is sensitive to seasonal cooling, heating and industrial load requirements. In particular, the normal peak usage season for our Electric Utilities is June through August while the normal peak usage season for our Gas Utilities is November through March. Significant earnings variances can be expected between the Gas Utilities segment’s peak and off-peak seasons. Due to this seasonal nature, our results of operations for the three and six months ended June 30, 2022 and 2021, and our financial condition as of June 30, 2022 and December 31, 2021, are not necessarily indicative of the results of operations and financial condition to be expected as of or for any other period or for the entire year.

In the fourth quarter of 2021, we integrated our power generation and mining businesses within the Electric Utilities segment. The alignment is consistent with the current way our CODM evaluates the performance of the business and makes decisions related to the allocation of resources. Comparative periods presented reflect this change. See further segment information in Note 12 of the Notes to Condensed Consolidated Financial Statements.

Segment information does not include inter-company eliminations and all amounts are presented on a pre-tax basis unless otherwise indicated. Minor differences in amounts may result due to rounding.

Consolidated Summary and Overview

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(in thousands, except per share amounts)			
Operating income (loss):				
Electric Utilities	$ 45,226	$ 47,462	$ 95,972	$ 86,805
Gas Utilities	28,195	19,985	151,735	122,079
Corporate and Other	(1,032)	(181)	(1,965)	(3,303)
Operating income	72,389	67,266	245,742	205,581
Interest expense, net	(38,764)	(38,202)	(77,309)	(75,802)
Other income (expense), net	1,563	(191)	2,267	75
Income tax benefit (expense)	658	(586)	(13,830)	(1,080)
Net income	35,846	28,287	156,870	128,774
Net income attributable to non-controlling interest	(2,431)	(3,126)	(5,929)	(7,297)
Net income available for common stock	$ 33,415	$ 25,161	$ 150,941	$ 121,477
Total earnings per share of common stock, Diluted	$ 0.52	$ 0.40	$ 2.33	$ 1.93

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021:

The variance to the prior year included the following:

- Electric Utilities' operating income decreased $2.2 million primarily due to higher operating expenses, lower pricing on the new Wygen I PPA and prior year regulatory actions reducing certain Winter Storm Uri impacts partially offset by increased rider revenues and prior year mark-to-market adjustments on wholesale energy contacts;
- Gas Utilities' operating income increased $8.2 million primarily due to carrying costs on our Winter Storm Uri regulatory asset and new rates and rider recovery partially offset by higher operating expenses and unfavorable mark-to-market adjustments on wholesale commodity contracts;
- Other income increased $1.8 million primarily due to lower costs for our non-qualified benefit plans which were driven by market performance; and
- Income tax benefit increased $1.2 million driven by a lower effective tax rate due to tax benefits from state tax rate changes partially offset by higher pre-tax income.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021:

The variance to the prior year included the following:

- Electric Utilities' operating income increased $9.2 million primarily due to prior year impacts related to Colorado Electric's TCJA-related bill credits to customers (which were offset by reduced income tax expense), increased rider revenues, prior year mark-to-market adjustments on wholesale energy contacts and increased transmission and off-system energy sales partially offset by higher operating expenses and lower pricing on the new Wygen I PPA;
- Gas Utilities' operating income increased $30 million primarily due to new rates and rider recovery, carrying costs on our Winter Storm Uri regulatory asset, prior year Black Hills Energy Services Winter Storm Uri costs, customer growth and increased usage per customer partially offset by higher operating expenses;
- Corporate and Other expenses decreased $1.3 million primarily due to an allocation of a 2020 employee cost true-up in the first quarter of 2021, which was offset in our business segments;
- Interest expense increased $1.5 million due to higher interest rates and higher debt balances primarily driven by Winter Storm Uri;
- Other income increased $2.2 million primarily due to lower costs for our non-qualified benefit plans which were driven by market performance;
- Income tax expense increased $13 million driven by higher pre-tax income and a higher effective tax rate primarily due to prior year tax benefits from Colorado Electric and Nebraska Gas TCJA-related bill credits partially offset by tax benefits from state tax rate changes; and
- Net income attributable to non-controlling interest decreased $1.4 million due to lower net income from Black Hills Colorado IPP primarily driven by a planned outage.

Segment Operating Results

A discussion of operating results from our business segments follows.

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as another financial measure, Electric and Gas Utility margin, that 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. Electric and Gas Utility margin (revenue less cost of sales) is a non-GAAP financial measure due to the exclusion of operation and maintenance expenses, depreciation and amortization expenses, and property and production taxes from the measure.

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

Our Electric and Gas Utility margin measure may not be comparable to other companies' Electric and Gas Utility margin measures. Furthermore, this measure is not intended to replace operating income as determined in accordance with GAAP as an indicator of operating performance.

Electric Utilities

Operating results for the Electric Utilities were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Variance	2022	2021	Variance
Revenue:						
Electric - regulated	$ 194,197	$ 181,503	$ 12,694	$ 389,921	$ 404,599	$ (14,678)
Other - non-regulated	10,182	9,513	669	20,995	21,821	(826)
Total revenue	204,379	191,016	13,363	410,917	426,420	(15,503)
Cost of fuel and purchased power:						
Electric - regulated	55,723	44,607	11,116	107,202	144,076	(36,874)
Other - non-regulated	909	956	(47)	1,840	1,786	54
Total cost of fuel and purchased power	56,632	45,563	11,069	109,042	145,862	(36,820)
Electric Utility margin (non-GAAP)	147,747	145,453	2,294	301,875	280,558	21,317
Operations and maintenance	69,000	65,301	3,699	138,669	129,035	9,634
Depreciation and amortization	33,521	32,690	831	67,234	64,718	2,516
Total operating expenses	102,521	97,991	4,530	205,903	193,753	12,150
Operating income	$ 45,226	$ 47,462	$ (2,236)	$ 95,972	$ 86,805	$ 9,167

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021:

Electric Utility margin increased as a result of the following:

	(in millions)
New rates and rider recovery	$ 4.2
Prior year mark-to-market on wholesale energy contracts	3.6
Lower pricing on new Wygen I PPA	(2.6)
Prior year Winter Storm Uri impacts [(a)]	(2.4)
Other	(0.5)
Total increase in Electric Utility margin	$ 2.3

(a) In the first quarter 2021, our Electric Utilities accrued $3.2 million of negative impacts to our regulated wholesale power margins due to the higher fuel costs associated with Winter Storm Uri. Through regulatory actions in the second quarter of 2021, our Electric Utilities were able to reduce $2.4 million of that negative impact.

Operations and maintenance expense increased primarily due to higher outside services expenses, higher cloud computing licensing costs and increased property taxes due to a higher asset base.

Depreciation and amortization increased primarily due to a higher asset base driven by prior year capital expenditures.

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021:

Electric Utility margin increased as a result of the following:

	(in millions)
Prior year TCJA-related bill credits [(a)]	$ 9.3
New rates and rider recovery	6.3
Prior year mark-to-market on wholesale energy contracts	5.1
Transmission services and off-system energy sales	2.6
Customer load growth	1.8
Prior year Winter Storm Uri impacts [(b)]	1.2
Lower pricing on new Wygen I PPA	(5.1)
Weather	(0.2)
Other	0.3
Total increase in Electric Utility margin	$ 21.3

(a) In February 2021, Colorado Electric delivered $9.3 million of TCJA-related bill credits to its customers. These bill credits were offset by a reduction in income tax expense and resulted in an immaterial impact to Net income.
(b) As a result of Winter Storm Uri, our Electric Utilities incurred a $0.8 million negative impact to our regulated wholesale power margins due to higher fuel costs and $2.1 million of incremental fuel costs that are not recoverable through our fuel cost recovery mechanisms partially offset by $1.7 million of increased Electric Utility margin realized under Black Hills Wyoming's Economy Energy PSA.

Operations and maintenance expense increased primarily due to higher cloud computing licensing costs, higher maintenance expenses driven by planned generation outages, higher fuel costs, higher outside services expenses and increased property taxes due to a higher asset base.

Depreciation and amortization increased primarily due to a higher asset base driven by prior year capital expenditures.

Operating Statistics

	Revenue (in thousands)				Quantities Sold (MWh)			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
Residential	$ 52,853	$ 53,451	$ 115,102	$ 126,211	323,775	335,063	715,357	731,149
Commercial	68,756	66,809	133,109	143,816	509,830	501,463	1,000,248	994,418
Industrial	38,190	35,186	73,598	78,195	464,928	441,793	928,696	856,984
Municipal	4,992	4,382	9,567	9,402	40,240	39,863	75,545	76,105
Subtotal Retail Revenue - Electric	164,791	159,828	331,377	357,624	1,338,773	1,318,182	2,719,846	2,658,656
Contract Wholesale	4,339	3,010	10,262	8,932	150,645	129,763	332,852	286,758
Off-system/Power Marketing Wholesale	8,666	7,266	15,820	12,038	144,425	148,981	304,866	209,202
Other [(a)]	16,400	11,399	32,463	26,005	—	—	—	—
Total Regulated	194,197	181,503	389,921	404,599	1,633,843	1,596,926	3,357,564	3,154,616
Non-Regulated [(b)]	10,182	9,513	20,995	21,821	72,770	61,408	161,864	140,923
Total Revenue and Quantities Sold	$ 204,379	$ 191,016	$ 410,917	$ 426,420	1,706,613	1,658,334	3,519,428	3,295,539
Other Uses, Losses or Generation, net [(c)]					98,323	94,932	211,609	227,680
Total Energy					1,804,936	1,753,266	3,731,037	3,523,219

(a) Primarily related to transmission revenues from the Common Use System.
(b) Includes Integrated Generation and non-regulated services to our retail customers under the Service Guard Comfort Plan and Tech Services.
(c) Includes company uses and line losses.

	Revenue (in thousands)				Quantities Sold (MWh)			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
Colorado Electric	$ 71,197	$ 64,009	$ 146,642	$ 143,446	568,890	596,364	1,188,478	1,150,344
South Dakota Electric	76,195	72,640	154,792	166,769	600,172	581,628	1,244,395	1,163,476
Wyoming Electric	47,146	45,601	89,235	95,551	464,781	418,934	924,691	840,796
Integrated Generation	9,841	8,766	20,248	20,654	72,770	61,408	161,864	140,923
Total Revenue and Quantities Sold	$ 204,379	$ 191,016	$ 410,917	$ 426,420	1,706,613	1,658,334	3,519,428	3,295,539

	Three Months Ended June 30,		Six Months Ended June 30,	
Quantities Generated and Purchased by Fuel Type (MWh)	2022	2021	2022	2021
Generated:				
Coal	589,438	623,822	1,252,876	1,241,956
Natural Gas and Oil	262,157	377,155	558,579	750,941
Wind	244,456	195,736	498,024	409,583
Total Generated	1,096,051	1,196,713	2,309,479	2,402,480
Purchased:				
Coal, Natural Gas, Oil and Other Market Purchases	608,045	481,346	1,196,205	945,887
Wind	100,840	75,207	225,353	174,852
Total Purchased	708,885	556,553	1,421,558	1,120,739
Total Generated and Purchased	1,804,936	1,753,266	3,731,037	3,523,219

Quantities Generated and Purchased (MWh)	Three Months Ended June 30, 2022	2021	Six Months Ended June 30, 2022	2021
Generated:				
Colorado Electric	112,117	110,821	197,548	201,077
South Dakota Electric	367,936	442,665	823,541	911,481
Wyoming Electric	225,720	222,540	430,318	396,530
Integrated Generation	390,278	420,687	858,072	893,392
Total Generated	1,096,051	1,196,713	2,309,479	2,402,480
Purchased:				
Colorado Electric	255,969	251,648	556,366	471,893
South Dakota Electric	248,625	154,633	445,688	296,635
Wyoming Electric	185,932	135,177	376,737	307,602
Integrated Generation	18,359	15,095	42,767	44,609
Total Purchased	708,885	556,553	1,421,558	1,120,739
Total Generated and Purchased	1,804,936	1,753,266	3,731,037	3,523,219

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Degree Days	Actual	Variance from Normal	Actual	Variance from Normal	Actual	Variance from Normal	Actual	Variance from Normal
Heating Degree Days:								
Colorado Electric	556	(5)%	595	(6)%	3,271	5 %	3,326	2 %
South Dakota Electric	1,221	13 %	1,048	2 %	4,469	3 %	4,372	3 %
Wyoming Electric	1,159	(3)%	1,221	2 %	4,291	2 %	4,482	6 %
Combined [(a)]	904	3 %	875	— %	3,885	4 %	3,915	3 %
Cooling Degree Days:								
Colorado Electric	333	24 %	300	44 %	333	24 %	300	44 %
South Dakota Electric	107	15 %	167	69 %	107	15 %	167	69 %
Wyoming Electric	121	102 %	117	134 %	121	102 %	117	134 %
Combined [(a)]	213	28 %	218	56 %	213	28 %	218	56 %

(a) Degree days are calculated based on a weighted average of total customers by state.

Contracted generating facilities Availability by fuel type [(a)]	Three Months Ended June 30, 2022	2021	Six Months Ended June 30, 2022	2021
Coal [(b) (c)]	82.1 %	86.1 %	86.3 %	86.2 %
Natural gas and diesel oil	95.1 %	97.6 %	95.2 %	93.8 %
Wind	93.8 %	96.8 %	94.7 %	95.3 %
Total Availability	91.4 %	94.4 %	92.7 %	92.1 %
Wind Capacity Factor	39.8 %	31.0 %	40.9 %	34.1 %

(a) Availability and Wind Capacity Factor are calculated using a weighted average based on capacity of our generating fleet.
(b) 2022 included planned outages at Neil Simpson II and Wyodak Plant.
(c) 2021 included planned outages at Neil Simpson II, Wygen, Wygen II, and Wygen III and unplanned outages at Neil Simpson II and Wyodak Plant.

Gas Utilities

Operating results for the Gas Utilities were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Variance	2022	2021	Variance
Revenue:						
Natural gas - regulated	$ 258,349	$ 172,465	$ 85,884	$ 854,807	$ 550,542	$ 304,265
Other - non-regulated	15,821	13,585	2,236	40,755	38,027	2,728
Total revenue	274,169	186,050	88,119	895,561	588,569	306,992
Cost of natural gas sold:						
Natural gas - regulated	126,704	62,317	64,387	510,416	245,284	265,132
Other - non-regulated	5,040	798	4,242	6,055	10,881	(4,826)
Total cost of natural gas sold	131,744	63,115	68,629	516,471	256,165	260,306
Gas Utility margin (non-GAAP)	142,425	122,935	19,490	379,090	332,404	46,686
Operations and maintenance	83,689	77,263	6,426	170,130	159,463	10,667
Depreciation and amortization	30,541	25,687	4,854	57,225	50,862	6,363
Total operating expenses	114,230	102,950	11,280	227,355	210,325	17,030
Operating income	$ 28,195	$ 19,985	$ 8,210	$ 151,735	$ 122,079	$ 29,656

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021:

Gas Utility margin increased as a result of the following:

	(in millions)
Carrying costs on Winter Storm Uri regulatory asset [(a)]	$ 12.3
New rates and rider recovery	4.6
Current and prior year TCJA-related bill credits [(b)]	2.2
Increased transportation and transmission volumes	1.9
Residential customer growth and increased usage per customer	1.5
Mark-to-market on non-utility natural gas commodity contracts	(4.3)
Weather	(0.2)
Other	1.5
Total increase in Gas Utility margin	$ 19.5

(a) In certain jurisdictions, we have Commission approval to recover carrying costs on Winter Storm Uri regulatory assets which offset increased interest expense. Additionally, the carrying costs accrued during the three months ended June 30, 2022 included a one-time, $10.3 million true-up to reflect Commission authorized rates. See Note 2 of the Notes to Condensed Consolidated Financial Statements for additional information.

(b) In June 2021, Nebraska Gas provided $2.9 million TCJA-related bill credits to its customers. For the three months ended June 30, 2022, Kansas Gas provided $0.7 million of TCJA and state tax reform bill credits to customers. These bill credits were offset by a reduction in income tax expense and resulted in an immateriall impact to Net income.

Operations and maintenance expense increased primarily due to higher outside services and materials expenses, increased bad debt expense primarily attributable to higher billings, higher cloud computing licensing costs and higher vehicle expenses due to higher fuel costs.

Depreciation and amortization increased primarily due to a higher asset base driven by prior year capital expenditures.

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021:

Gas Utility margin increased as a result of the following:

	(in millions)
New rates and rider recovery	$ 17.4
Carrying costs on Winter Storm Uri regulatory asset [(a)]	14.6
Prior year Black Hills Energy Services Winter Storm Uri costs [(b)]	8.2
Residential customer growth and increased usage per customer	4.5
Increased transportation and transmission volumes	1.5
Current and prior year TCJA-related bill credits [(c)]	1.4
Weather	(1.0)
Mark-to-market on non-utility natural gas commodity contracts	(0.9)
Other	1.0
Total increase in Gas Utility margin	$ 46.7

(a) In certain jurisdictions, we have Commission approval to recover carrying costs on Winter Storm Uri regulatory assets which offset increased interest expense. Additionally, the carrying costs accrued during the six months ended June 30, 2022 included a one-time, $10.3 million true-up to reflect Commission authorized rates. See Note 2 of the Notes to Condensed Consolidated Financial Statements for additional information.
(b) Black Hills Energy Services offers fixed contract pricing for non-regulated gas supply services to our regulated natural gas customers. The increased cost of natural gas sold during Winter Storm Uri was not recoverable through a regulatory mechanism.
(c) In June 2021, Nebraska Gas provided $2.9 million TCJA-related bill credits to its customers. For the three months ended June 30, 2022, Kansas Gas provided $1.5 million of TCJA and state tax reform bill credits to customers. These bill credits were offset by a reduction in income tax expense and resulted in a minimal impact to Net income.

Operations and maintenance expense increased primarily due to higher cloud computing licensing costs, higher outside services and materials expenses, increased bad debt expense primarily attributable to higher billings, higher vehicle expenses due to higher fuel costs and increased property taxes due to a higher asset base.

Depreciation and amortization increased primarily due to a higher asset base driven by prior year capital expenditures.

Operating Statistics

	Revenue (in thousands)				Quantities Sold and Transported (Dth)			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
Residential	$ 143,127	$ 98,370	$ 519,171	$ 332,767	8,523,755	8,575,051	40,338,005	39,143,789
Commercial	61,182	36,888	219,824	127,977	4,499,245	4,493,931	19,130,948	18,306,252
Industrial	16,875	5,811	26,113	10,713	2,150,532	1,337,672	3,315,115	2,235,961
Other	2,300	(418)	5,072	(890)	—	—	—	—
Total Distribution	223,483	140,651	770,179	470,567	15,173,532	14,406,654	62,784,068	59,686,002
Transportation and Transmission	34,865	31,814	84,627	79,975	37,623,610	34,074,214	82,668,813	79,388,652
Total Regulated	258,349	172,465	854,807	550,542	52,797,142	48,480,868	145,452,881	139,074,654
Non-regulated Services	15,821	13,585	40,755	38,027	—	—	—	—
Total Revenue and Quantities Sold	$ 274,169	$ 186,050	$ 895,561	$ 588,569	52,797,142	48,480,868	145,452,881	139,074,654

	Revenue (in thousands)				Quantities Sold & Transported (Dth)			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
Arkansas Gas	$ 51,815	$ 32,994	$ 179,624	$ 119,988	5,445,450	5,718,417	18,373,186	19,025,151
Colorado Gas	50,328	34,190	170,381	113,312	6,365,777	5,957,285	19,784,461	19,323,300
Iowa Gas	42,050	29,831	162,629	86,585	8,178,613	7,016,613	23,554,795	21,330,586
Kansas Gas	35,482	21,163	94,333	61,226	8,762,807	7,155,427	19,751,874	17,618,224
Nebraska Gas	62,337	43,037	196,571	136,135	16,714,480	15,822,880	44,050,254	43,106,981
Wyoming Gas	32,157	24,835	92,023	71,323	7,330,015	6,810,246	19,938,311	18,670,412
Total Revenue and Quantities Sold	$ 274,169	$ 186,050	$ 895,561	$ 588,569	52,797,142	48,480,868	145,452,881	139,074,654

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Heating Degree Days	Actual	Variance from Normal	Actual	Variance from Normal	Actual	Variance from Normal	Actual	Variance from Normal
Arkansas Gas [(a)]	271	(18)%	383	16%	2,370	(3)%	2,504	3%
Colorado Gas	817	(14)%	865	(9)%	3,763	(3)%	3,830	(1)%
Iowa Gas	803	17%	691	1%	4,382	8%	4,113	1%
Kansas Gas [(a)]	436	(2)%	493	10%	3,020	4%	3,069	5%
Nebraska Gas	679	7%	624	(1)%	3,720	1%	3,721	1%
Wyoming Gas	1,326	9%	1,200	(1)%	4,598	4%	4,625	5%
Combined [(b)]	768	2%	739	1%	3,933	2%	3,925	2%

(a) Arkansas Gas and Kansas Gas have weather normalization mechanisms that mitigate the weather impact on gross margins.
(b) The combined heating degree days are calculated based on a weighted average of total customers by state excluding Kansas Gas due to its weather normalization mechanism. Arkansas Gas is partially excluded based on the weather normalization mechanism in effect from November through April.

Corporate and Other

Corporate and Other operating results were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Variance	2022	2021	Variance
Operating (loss)	$ (1,032)	$ (181)	$ (851)	$ (1,965)	$ (3,303)	$ 1,338

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021:

Operating (loss) was comparable to the same period in the prior year.

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021:

The decrease in Operating (loss) was primarily due to an allocation of a 2020 employee cost true-up in the first quarter of 2021, which was offset in our business segments.

Consolidated Interest Expense, Other Income and Income Tax Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Variance	2022	2021	Variance
	(in thousands)					
Interest expense, net	$ (38,764)	$ (38,202)	$ (562)	$ (77,309)	$ (75,802)	$ (1,507)
Other income, net	1,563	(191)	$ 1,754	$ 2,267	$ 75	$ 2,192
Income tax benefit (expense)	658	(586)	$ 1,244	$ (13,830)	$ (1,080)	$ (12,750)

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021:

Interest Expense, net

Interest expense, net was comparable to the same period in the prior year.

Other Income, net

The increase in Other income, net was due to lower costs for our non-qualified benefit plans which were driven by market performance partially offset by higher non-service pension costs primarily driven by a higher discount rate.

Income Tax Benefit (Expense)

Income tax benefit increased due to a lower effective tax rate partially offset by higher pre-tax income. For the three months ended June 30, 2022, the effective tax rate was (1.9)% compared to 2.0% for the same period in 2021. See Note 11 of the Notes to Condensed Consolidated Financial Statements for discussion of effective tax rate variances.

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021:

Interest Expense, net

The increase in Interest expense, net was due to higher interest rates and higher debt balances primarily driven by Winter Storm Uri.

Other Income, net

The increase in Other income, net was due to lower costs for our non-qualified benefit plans which were driven by market performance partially offset by higher non-service pension costs primarily driven by a higher discount rate.

Income Tax Benefit (Expense)

Income tax expense increased due to higher pre-tax income and a higher effective tax rate. For the six months ended June 30, 2022, the effective tax rate was 8.1% compared to 0.8% for the same period in 2021. See Note 11 of the Notes to Condensed Consolidated Financial Statements for discussion of effective tax rate variances.

Liquidity and Capital Resources

There have been no material changes in Liquidity and Capital Resources from those reported in Item 7 of our 2021 Annual Report on Form 10-K except as described below.

Cash Flow Activities

The following table summarizes our cash flows for the six months ended June 30, (in thousands):

Cash provided by (used in):	2022	2021	Variance
Operating activities	$ 442,030	$ (250,173)	$ 692,203
Investing activities	$ (291,385)	$ (309,737)	$ 18,352
Financing activities	$ (149,093)	$ 554,905	$ (703,998)

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021

Operating Activities:

Net cash provided by (used in) operating activities was $692 million higher than the same period in 2021. The variance to the prior year was primarily attributable to:

- Cash earnings (net income plus non-cash adjustments) were $26 million higher for the six months ended June 30, 2022 compared to the same period in the prior year primarily due to increased Electric and Gas Utility margins driven by new rates and increased rider revenues and prior year impacts from Winter Storm Uri.

- Net inflows from changes in certain operating assets and liabilities were $670 million higher, primarily attributable to:

  - Cash inflows increased by $679 million as a result of changes in our regulatory assets and liabilities primarily driven by prior year incremental fuel, purchased power and natural gas costs due to Winter Storm Uri and current year recovery of a portion of Winter Storm Uri incremental and carrying costs from customers;

  - Cash inflows decreased by $44 million as a result of changes in accounts receivable and other current assets primarily driven by higher pass-through revenues reflecting higher commodity prices; and

  - Cash outflows decreased by $36 million as a result of changes in accounts payable and accrued liabilities primarily driven by payment timing of natural gas and power purchases and other working capital requirements.

- Cash outflows increased by $4.0 million for other operating activities which was primarily driven by changes in contractor retainage balances.

Investing Activities:

Net cash used in investing activities was $18 million lower than the same period in 2021. The variance to the prior year was primarily attributable to:

- Capital expenditures of $294 million for the six months ended June 30, 2022 compared to $319 million for the same period in the prior year. Lower current year expenditures were driven by lower programmatic safety, reliability and integrity spending at our Gas and Electric Utilities; and

- Cash inflows decreased by $7.3 million for other investing activities which was primarily driven by prior year sales of transmission assets and facilities, none of which were individually material.

Financing Activities:

Net cash used in financing activities was $704 million higher than the same period in 2021. The variance to the prior year was primarily attributable to:

- Cash inflows decreased $680 million due to short-term and long-term repayments in excess of borrowings which was primarily driven by prior year term loan borrowings related to Winter Storm Uri;

- Cash inflows decreased $20 million due to decreased issuances of common stock;

- Cash outflows increased $6.0 million due to increased dividends paid on common stock; and

- Cash inflows increased by $1.4 million for other financing activities.

Capital Resources

Short-term Debt

Revolving Credit Facility and CP Program

Our Revolving Credit Facility and CP Program had the following borrowings, outstanding letters of credit and available capacity (in millions):

Credit Facility	Expiration	Current Capacity	Short-term borrowings at June 30, 2022	Letters of Credit [(a)] at June 30, 2022	Available Capacity at June 30, 2022
Revolving Credit Facility and CP Program	July 19, 2026	$ 750	$ 335	$ 14	$ 401

(a) Letters of credit are off-balance sheet commitments that reduce the borrowing capacity available on our corporate Revolving Credit Facility. For more information on these letters of credit, see Note 5 of the Notes to Condensed Consolidated Financial Statements.

The weighted average interest rate on short-term borrowings at June 30, 2022 was 1.74%. Short-term borrowing activity for the six months ended June 30, 2022 was:

	(dollars in millions)
Maximum amount outstanding (based on daily outstanding balances)	$ 429
Average amount outstanding (based on daily outstanding balances)	$ 326
Weighted average interest rates	0.82 %

Covenant Requirements

The Revolving Credit Facility and Wyoming Electric's financing agreements contain covenant requirements. We were in compliance with these covenants as of June 30, 2022. See Note 5 of the Notes to Condensed Consolidated Financial Statements for more information.

Equity

See Note 5 of the Notes to Condensed Consolidated Financial Statements for information related to common stock issuances under the ATM.

Future Financing Plans

We will continue to assess debt and equity needs to support our capital investment plans and other strategic objectives. We plan to fund our capital plan and strategic objectives by using cash generated from operating activities, our Revolving Credit Facility and CP Program and issuing common stock under the ATM.

Credit Ratings

After assessing the current operating performance, liquidity and credit ratings of the Company, management believes that the Company will have access to the capital markets at prevailing market rates for companies with comparable credit ratings.

The following table represents the credit ratings, outlook and risk profile of BHC at June 30, 2022:

Rating Agency	**Senior Unsecured Rating**	**Outlook**
S&P [(a)]	BBB+	Stable
Moody's [(b)]	Baa2	Stable
Fitch [(c)]	BBB+	Stable

(a) On October 20, 2021, S&P reported BBB+ rating and maintained a Stable outlook.
(b) On December 20, 2021, Moody's reported Baa2 rating and maintained a Stable outlook.
(c) On September 17, 2021, Fitch reported BBB+ rating and maintained a Stable outlook.

The following table represents the credit ratings of South Dakota Electric at June 30, 2022:

Rating Agency	Senior Secured Rating
S&P [(a)]	A
Fitch [(b)]	A

(a) On March 31, 2022, S&P reported A rating.
(b) On September 17, 2021, Fitch reported A rating.

Capital Requirements

Capital Expenditures

	Actual	Forecasted				
Capital Expenditures by Segment	Six Months Ended June 30, 2022 [(a)]	2022 [(b)]	2023	2024	2025	2026
(in millions)						
Electric Utilities	$ 120	$ 239	$ 205	$ 285	$ 231	$ 155
Gas Utilities	150	363	383	386	349	346
Corporate and Other	4	9	12	13	13	13
Incremental Projects [(c)]	—	—	—	—	60	140
	$ 274	$ 611	$ 600	$ 684	$ 653	$ 654

(a) Includes accruals for property, plant and equipment as disclosed in supplemental cash flow information in the Condensed Consolidated Statements of Cash Flows in the Condensed Consolidated Financial Statements.
(b) Includes actual capital expenditures for the six months ended June 30, 2022.
(c) These represent projects that are being evaluated by our segments for timing, cost and other factors.

Dividends

Dividends paid on our common stock totaled $77 million for the six months ended June 30, 2022, or $0.595 per share per quarter. On July 25, 2022, our board of directors declared a quarterly dividend of $0.595 per share payable September 1, 2022, equivalent to an annual dividend of $2.38 per share. The amount of any future cash dividends to be declared and paid, if any, will depend upon, among other things, our financial condition, funds from operations, the level of our capital expenditures, restrictions under our Revolving Credit Facility and our future business prospects.

Unconditional Purchase Obligations

See Note 3 of the Notes to Condensed Consolidated Financial Statements for recent updates to our purchase obligations.

Critical Accounting Estimates

There have been no material changes in our critical accounting estimates from those reported in our 2021 Annual Report on Form 10-K. We are closely monitoring the impacts of recent macroeconomic trends and Winter Storm Uri on our critical accounting estimates including, but not limited to, collectibility of customer receivables, cost recoverability through regulatory assets, impairment risk of goodwill and long-lived assets, valuation of pension assets and liabilities and contingent liabilities. For more information on our critical accounting estimates, see Part II, Item 7 of our 2021 Annual Report on Form 10-K.

New Accounting Pronouncements

Other than the pronouncements reported in our 2021 Annual Report on Form 10-K and those discussed in Note 1 of the Notes to Condensed Consolidated Financial Statements, there have been no new accounting pronouncements that are expected to have a material effect on our financial position, results of operations or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our quantitative and qualitative disclosures about market risk previously disclosed in Item 7A of our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2022. Based on their evaluation, they have concluded that our disclosure controls and procedures were effective at June 30, 2022.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2022, there have been no changes in our internal controls over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note 3 in Item 8 of our 2021 Annual Report on Form 10-K and Note 3 of the Notes to Condensed Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors previously disclosed in Item 1A of Part I in our 2021 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains monthly information about our acquisitions of equity securities for the three months ended June 30, 2022:

Period	Total Number of Shares Purchased [(a)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
April 1, 2022 - April 30, 2022	2	$ 78.44	—	—
May 1, 2022 - May 31, 2022	741	$ 75.60	—	—
June 1, 2022 - June 30, 2022	3	$ 76.38	—	—
Total	746	$ 75.61	—	—

(a) Shares were acquired under the share withholding provisions of the Omnibus Incentive Plan for payment of taxes associated with the vesting of various equity compensation plans.

ITEM 4. MINE SAFETY DISCLOSURES

Information concerning mine safety violations or other regulatory matters required by Sections 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is included in Exhibit 95.

ITEM 6. EXHIBITS

Exhibits filed herewithin are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated.

Exhibit Number	Description
10.1	Black Hills Corporation Amended and Restated 2015 Omnibus Incentive Plan (filed as Appendix A to the Registrant's definitive proxy statement for the 2022 Annual Meeting of Shareholders filed on March 17, 2022).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a - 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes - Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a - 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes - Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.
95*	Mine Safety and Health Administration Safety Data.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BLACK HILLS CORPORATION

/s/ Linden R. Evans
Linden R. Evans, President and
Chief Executive Officer

/s/ Richard W. Kinzley
Richard W. Kinzley, Senior Vice President and
Chief Financial Officer

Dated: August 4, 2022

Exhibit 31.1

CERTIFICATION

I, Linden R. Evans, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Black Hills Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/S/ LINDEN R. EVANS

Linden R. Evans
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Richard W. Kinzley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Black Hills Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/S/ RICHARD W. KINZLEY
Richard W. Kinzley
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Black Hills Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Linden R. Evans, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

/S/ LINDEN R. EVANS
Linden R. Evans
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Black Hills Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard W. Kinzley, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

/S/ RICHARD W. KINZLEY

Richard W. Kinzley
Senior Vice President and Chief Financial Officer

Exhibit 95

Information concerning mine safety violations or other regulatory matters required by Sections 1503(a) of Dodd-Frank is included below.

Mine Safety and Health Administration Safety Data

Safety is a core value at Black Hills Corporation and at each of its subsidiary operations. We have in place a comprehensive safety program that includes extensive health and safety training for all employees, site inspections, emergency response preparedness, crisis communications training, incident investigation, regulatory compliance training and process auditing, as well as an open dialogue between all levels of employees. The goals of our processes are to eliminate exposure to hazards in the workplace, ensure that we comply with all mine safety regulations, and support regulatory and industry efforts to improve the health and safety of our employees along with the industry as a whole.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the SEC. Our mining operation, consisting of Wyodak Coal Mine, is subject to regulation by the federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). Below we present the following information regarding certain mining safety and health matters for the three month period ended June 30, 2022. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the coal mine, (ii) the number of citations issued will vary from inspector to inspector and mine to mine, and (iii) citations and orders can be contested and appealed, and in that process, are often reduced in severity and amount, and are sometimes dismissed. The information presented includes:

- Total number of violations of mandatory health and safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Act for which we have received a citation from MSHA;
- Total number of orders issued under section 104(b) of the Mine Act;
- Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health and safety standards under section 104(d) of the Mine Act;
- Total number of imminent danger orders issued under section 107(a) of the Mine Act; and
- Total dollar value of proposed assessments from MSHA under the Mine Act.

The table below sets forth the total number of citations and/or orders issued by MSHA to WRDC under the indicated provisions of the Mine Act, together with the total dollar value of proposed MSHA assessments received during the three months ended June 30, 2022 and legal actions pending before the Federal Mine Safety and Health Review Commission, together with the Administrative Law Judges thereof, for WRDC, our only mining complex. All citations were abated within 24 hours of issue.

Mine/ MSHA Identification Number	Mine Act Section 104 S&S Citations issued during three months ended June 30, 2022	Mine Act Section 104(b) Orders (#)	Mine Act Section 104(d) Citations and Orders (#)	Mine Act Section 110(b) (2) Violations (#)	Mine Act Section 107(a) Imminent Danger Orders (#)	Total Dollar Value of Proposed MSHA Assessments	Total Number of Mining Related Fatalities (#)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#) (a)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Wyodak Coal Mine - 4800083	—	—	—	—	—	$ —	—	No	—	—	—

(a) The types of proceedings by class: (1) contests of citations and orders - none; (2) contests of proposed penalties - none; (3) complaints for compensation - none; (4) complaints of discharge, discrimination or interference under Section 105 of the Mine Act - none; (5) applications for temporary relief - none; and (6) appeals of judges' decisions or orders to the FMSHRC - none.