



Black Hills Corp. Submits Consolidated Rate Review Proposal in Nebraska and Files Wygen I Power Purchase Agreement Settlement with FERC

Company also announces upcoming investor meetings and reaffirms 2020 earnings guidance

Rapid City, S.D. – June 1, 2020 – Black Hills Corp. (NYSE: BKH) today announced that its Nebraska natural gas utility, Black Hills Nebraska Gas, LLC, doing business as Black Hills Energy, filed a rate review application with the Nebraska Public Service Commission to consolidate rate schedules into a new, single statewide rate structure and to seek recovery for \$450 million of infrastructure investments in its 13,000-mile natural gas pipeline system. These investments were made to maintain and improve safety and reliability, and to support customer and community growth for its approximate 300,000 Nebraska customers. The rate review requests \$17 million in new revenue to recover the company’s investments.

Over the past two years, the company has led efforts to simplify its processes and better serve customers through consolidation of natural gas utility operations in Colorado, Nebraska and Wyoming - the three states where it owns multiple gas utilities. The process is complete in Wyoming and ongoing in Colorado. This consolidated rate review proposal is the next step in the simplification process for Nebraska.

Black Hills Energy’s investments in Nebraska include replacing and upgrading more than 500 miles of natural gas transmission and distribution pipelines – critical infrastructure required to ensure the safe and reliable delivery of natural gas to customers’ homes and businesses and support local community growth.

“Our team has successfully invested in the safety and integrity of our natural gas system in Nebraska for nearly a decade without needing to file a rate review,” said Linn Evans, president and CEO of Black Hills Corp. “This is a testament to our strategic and efficient operational focus and our ability to deliver affordable natural gas for our customers. This consolidated rate review also highlights our efforts toward simplifying the way we operate our natural gas utilities in Nebraska. This filing, if approved, will make it easier for customers to do business with us and reduce the complexity and number of rate reviews and other regulatory filings.”

The rate review is also proposing to renew and expand statewide its system safety and integrity rider to recover the costs of investments related to integrity programs implemented to improve system reliability and safety.

The rate review is requesting a capital structure of 50% equity and 50% debt and a return on equity of 10% for investments Black Hills made in its natural gas system. Black Hills is seeking to implement new customer rates in the first quarter of 2021.

Wygen I Power Purchase Agreement Settlement Filed

Black Hills Corp.’s electric utility Cheyenne Light, Fuel and Power Co. and power generation segment subsidiary Black Hills Wyoming, together with the intervenors and Wyoming Office of Consumer Advocate as a participant, today submitted a settlement agreement with the Federal Energy Regulatory Commission. The agreement represents a resolution of all issues in the joint application by Cheyenne Light and Black Hills Wyoming for a proposed 60-megawatt power purchase agreement. The settlement agreement and new power purchase agreement are not final until reviewed and approved by FERC.

Pursuant to the agreement, Black Hills Wyoming will continue to deliver 60 megawatts of capacity and energy to Cheyenne Light from its Wygen I power plant. The new agreement will commence on Jan. 1,

2022, replacing the existing power purchase agreement, and will continue for 11 years, ending Dec. 31, 2032. Pricing for the revised power purchase agreement for energy and capacity is approximately 10% less than the originally proposed price.

“This settlement is critical to cost-effectively and reliably fulfilling the future capacity needs of our Wyoming electric utility customers,” said Linn Evans, president and CEO of Black Hills Corp. “We are pleased to continue delivering the benefits of our efficient, reliable and low-cost Wyoming-based generation to our electric utility customers in Wyoming.”

Upcoming Investor Meetings Announced and Earnings Guidance Reaffirmed

Black Hills Corp. also noted that members of its senior management team will visit with investors during three virtually held investor conferences in June, including the Bank of America Toronto Mini Utilities Conference, the RBC Capital Markets Global Energy and Power Executive Conference and the J.P. Morgan Energy, Power & Renewables Conference.

The company reaffirms its guidance range as modified on May 5 and reaffirmed on May 13. Management will be available during these investor meetings to discuss guidance, its response to the COVID-19 pandemic and related impacts on the company’s business, recent regulatory events, strategy and other matters.

The materials produced for these meetings will be available on the Black Hills Corp. website at www.blackhillscorp.com under the “Investor Relations” section prior to the meetings.

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Black Hills Corporation

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

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Caution Regarding Forward Looking Statement

This news release includes “forward-looking statements” as defined by the Securities and Exchange Commission, or SEC. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this news release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward looking statements. This includes our ability to gain approval from FERC for the settlement agreement and new power purchase agreement, the ability to successfully resolve the Nebraska rate filing, and our 2020 earnings guidance. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, the risk factors described in Item 1A of Part I of our 2019 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time.

New factors that could cause actual results to differ materially from those described in forward looking statements emerge from time-to-time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.