

# POWERING A **BETTER FUTURE**

## Annual Meeting of Shareholders

April 26, 2022



# Forward-Looking Statements

## COMPANY INFORMATION

### Black Hills Corporation

P.O. Box 1400  
Rapid City, SD 57709-1400  
NYSE Ticker: **BKH**  
[www.blackhillscorp.com](http://www.blackhillscorp.com)

### Company Contacts

Kimberly F. Nooney  
Vice President Corporate  
Controller and Treasurer  
605-721-2370  
[kim.nooney@blackhillscorp.com](mailto:kim.nooney@blackhillscorp.com)

Jerome E. Nichols  
Director of Investor Relations  
605-721-1171  
[jerome.nichols@blackhillscorp.com](mailto:jerome.nichols@blackhillscorp.com)

This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. This includes, without limitations, our long-term growth targets. 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 and other reports that we file with the SEC from time to time, and the following:

- The accuracy of our assumptions on which our growth targets are based;
- 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;
- 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.

# Black Hills Corp. Overview



# Black Hills Corp. Overview

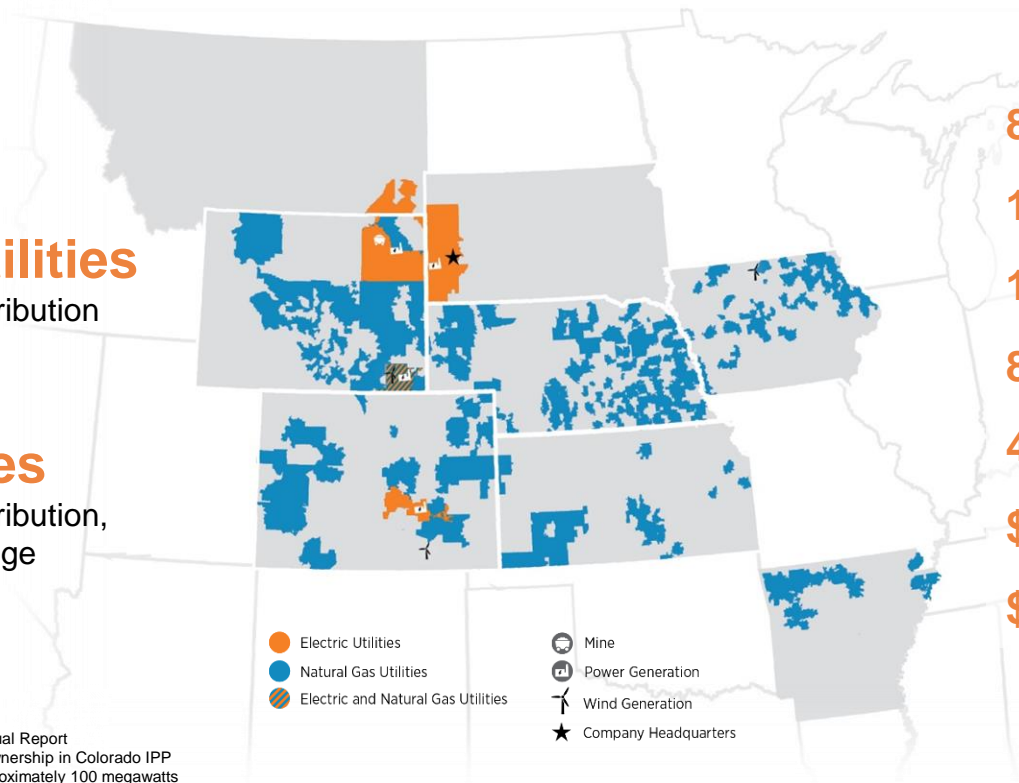
Integrated Pure-Play Utility with Strategic Diversity

## Electric Utilities

Transmission, distribution and generation

## Gas Utilities

Transmission, distribution, sourcing and storage



**8** stable and growing states

**1.3 million** utility customers

**1.5 gigawatts\*** generation

**8,900 miles** electric lines

**46,400 miles** natural gas lines

**\$9.1 billion** assets

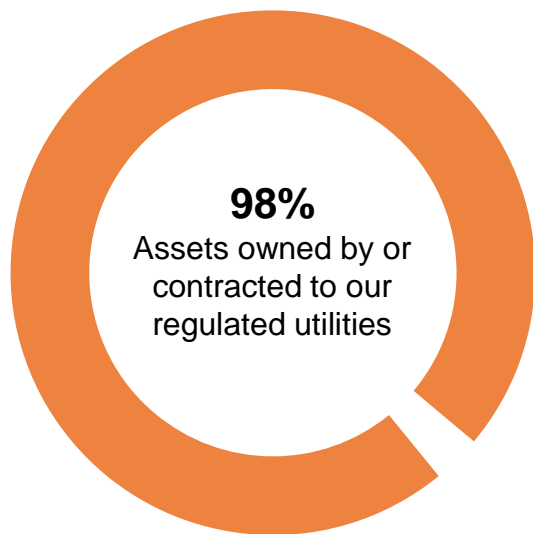
**\$4.8 billion** rate base

Note: information from 2021 Form 10-K Annual Report

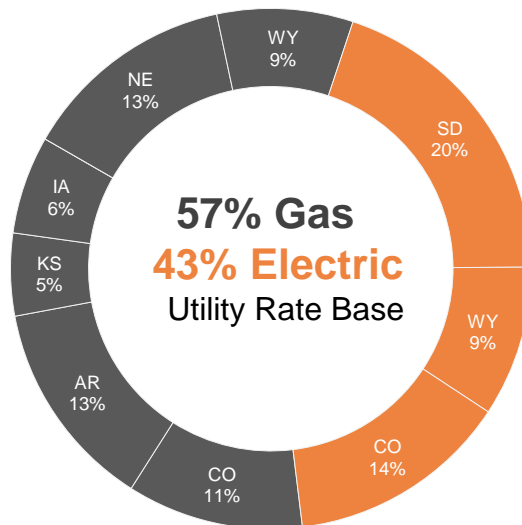
\* Generation total includes 49.9 percent ownership in Colorado IPP owned by a third party, representing approximately 100 megawatts

# Low-risk Utility Investment

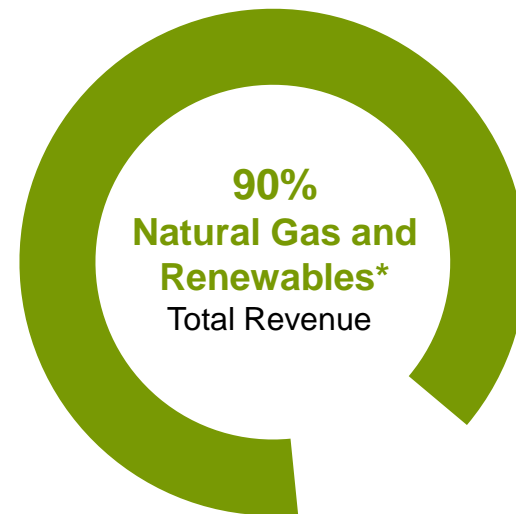
## Regulated and Integrated Utility Businesses



## Diverse and Balanced Business Mix



## Less than 10% of Business Related to Coal



Note: Information as of Dec. 31, 2021

\*90% of total revenues derived from natural gas utilities, natural gas-fired generation, renewables and other non-coal related activities and services

# 2021 Review



# 2021: Delivering Results for Stakeholders

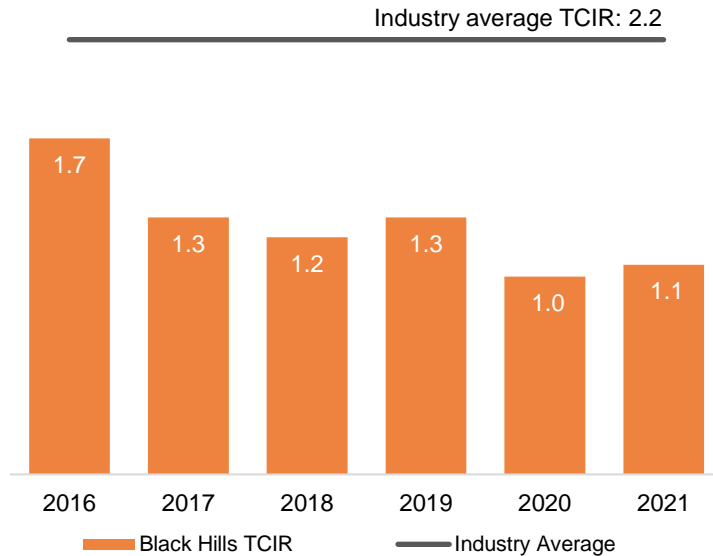
- ✓ Resilient Team and System Performance
- ✓ Regulatory Progress
- ✓ Powering a Better Future



# Safety-Focused Team



**44% Improvement in Incident Rate Since 2016\***



**Cheyenne Prairie Generating Station Team Achieves Star Safety Status**



OSHA awarded coveted VPP Star Status, its highest worksite safety status, to Cheyenne Prairie Generating Station; joins Pueblo Airport Generating Station as second site with Star status

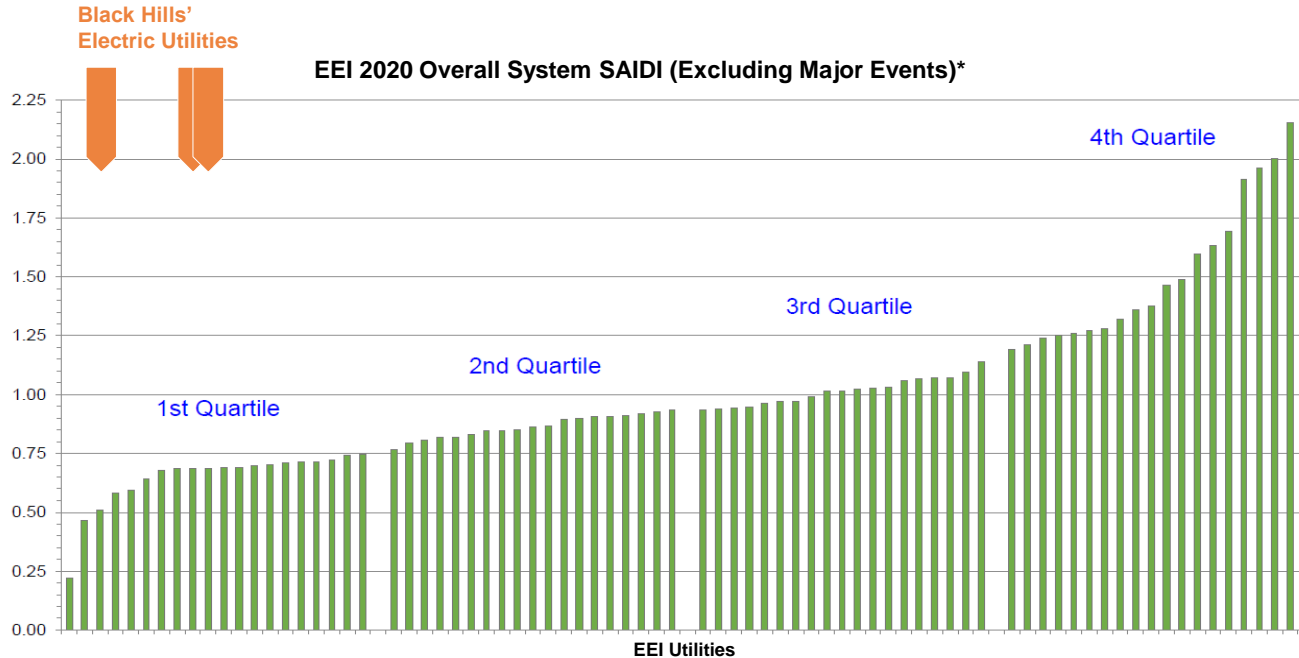
\* TCIR is defined as the average number of work-related injuries incurred per 200,000 hours worked during a one-year period (represents approximately 100 workers)



# Industry-Leading Reliability



In 2021, all three electric utilities were recognized for achieving SAIDI outage results better than 55 minutes in 2020 (top-quartile)



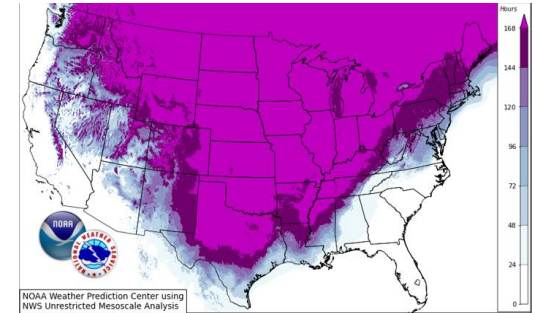
Source: 2020 EEI Reliability Survey based on rankings for SAIDI, or System Average Interruption Duration Index

# Resiliency through Winter Storm Uri



- ✓ Exceptional reliability through sustained life-threatening cold temperatures
- ✓ No rolling blackouts
- ✓ Record high natural gas throughput
- ✓ Successful team execution to procure and finance natural gas needed to serve customers
- ✓ Cost control and cash conservation measures enacted immediately

Sustained Frigid Temperatures  
Number of hours below freezing (Feb. 12-19, 2021)

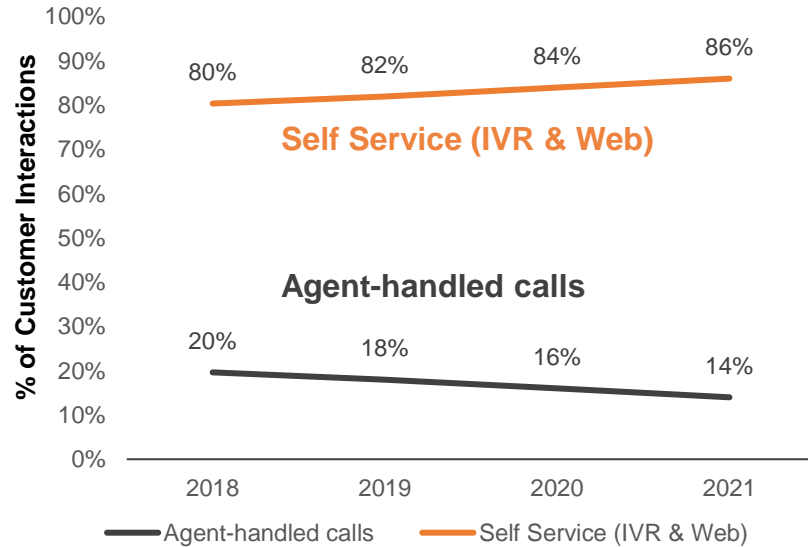


Widespread Ice and Snow Disruptions  
73% of U.S. Covered by Snow as of Feb. 16, 2021

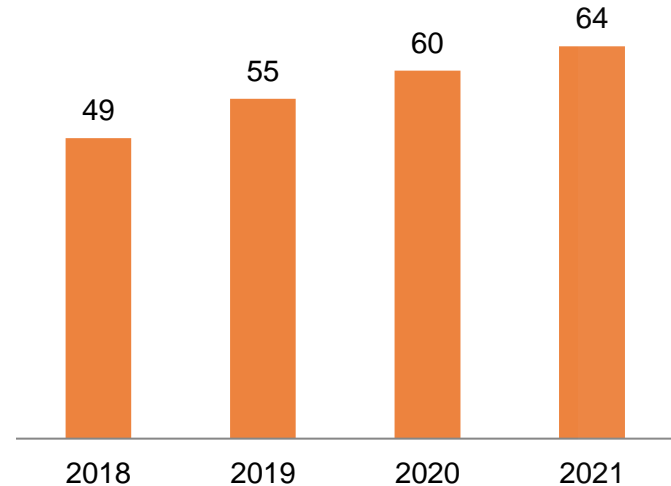


# Enhanced Customer Experience

## Customers Choosing Self-Service



## Improved Net Promoter Score



- Increased investments in self-service solutions
- Self-service options available to address top drivers of a call to customer service

- NPS improved by 31% since 2018
- Focused initiatives to improve customer satisfaction

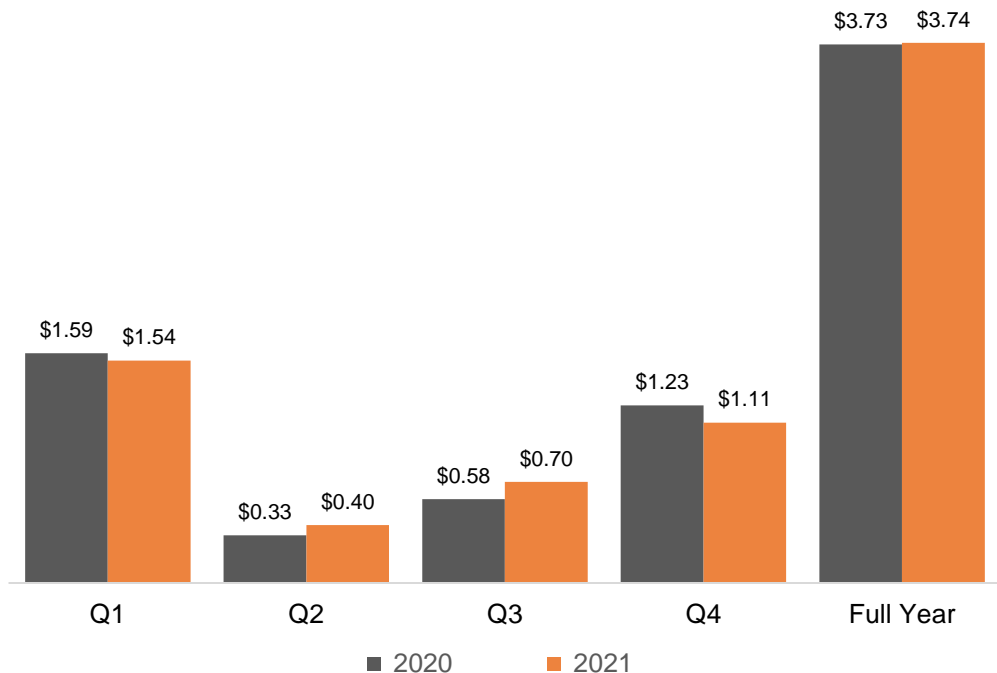
# Regulatory Progress

- ✓ Achieved constructive results in natural gas rate reviews and rider requests in Colorado, Iowa and Kansas
- ✓ Filed recovery requests for incremental Winter Storm Uri costs; obtained final approvals or commenced interim recovery in all our requests to date
- ✓ Filed rate review for Arkansas Gas
- ✓ Filed electric integrated resource plan for jointly operated South Dakota and Wyoming Electric system
- ✓ Made progress on resource planning for Colorado Electric system; filing Clean Energy Plan in 2022



# 2021 Earnings Overview

## EPS, as adjusted (Non-GAAP)\*



\* EPS, as adjusted is a non-GAAP measure; reconciled to GAAP in Appendix

## 2021 Earnings Drivers

- ▲ Constructive regulatory outcomes
- ▲ Disciplined cost management
- ▲ Higher off-system energy sales
- ▲ Customer growth and COVID-19 recovery
- ▼ Impacts of Winter Storm Uri
- ▼ Unplanned outage
- ▼ Weather
  - Q4: (\$0.16) versus normal
  - 2021: (\$0.07) versus normal

# Energy Forward

Forward-looking initiative and defined team identifying process opportunities and solutions to benefit all stakeholders



Business process transformation



Leveraging innovation, digital technologies and other solutions to better serve customers



Improving our effectiveness and reducing operational risk

# ENERGY FORWARD

# Solid Financial Position

Committed to Strong Investment-Grade Credit Ratings

## Credit Ratings

**S&P**

**BBB+**

Stable outlook

(Oct. 20, 2021)

**Moody's**

**Baa2**

Stable outlook

(Dec. 20, 2021)

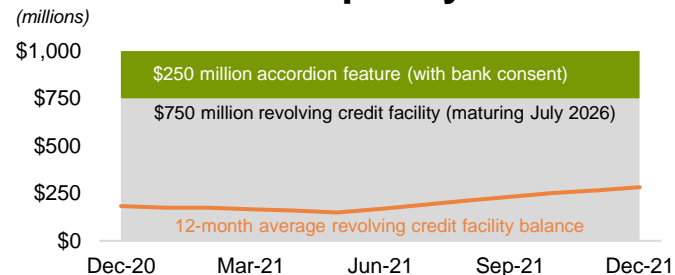
**Fitch**

**BBB+**

Stable outlook

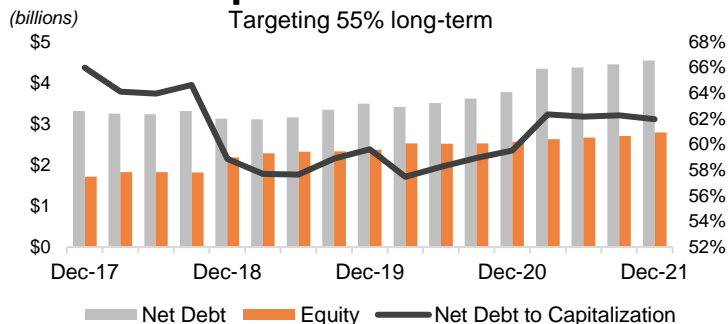
(Sept. 17, 2021)

## Liquidity

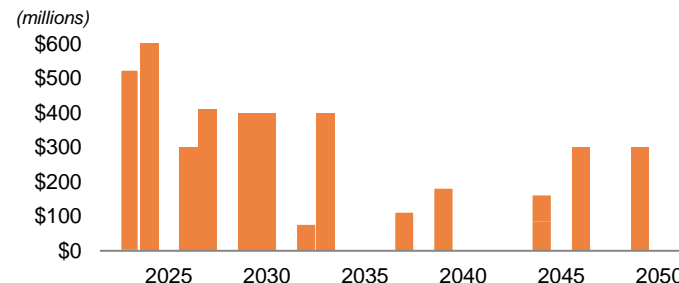


## Capital Structure \*

Targeting 55% long-term



## Debt Maturities

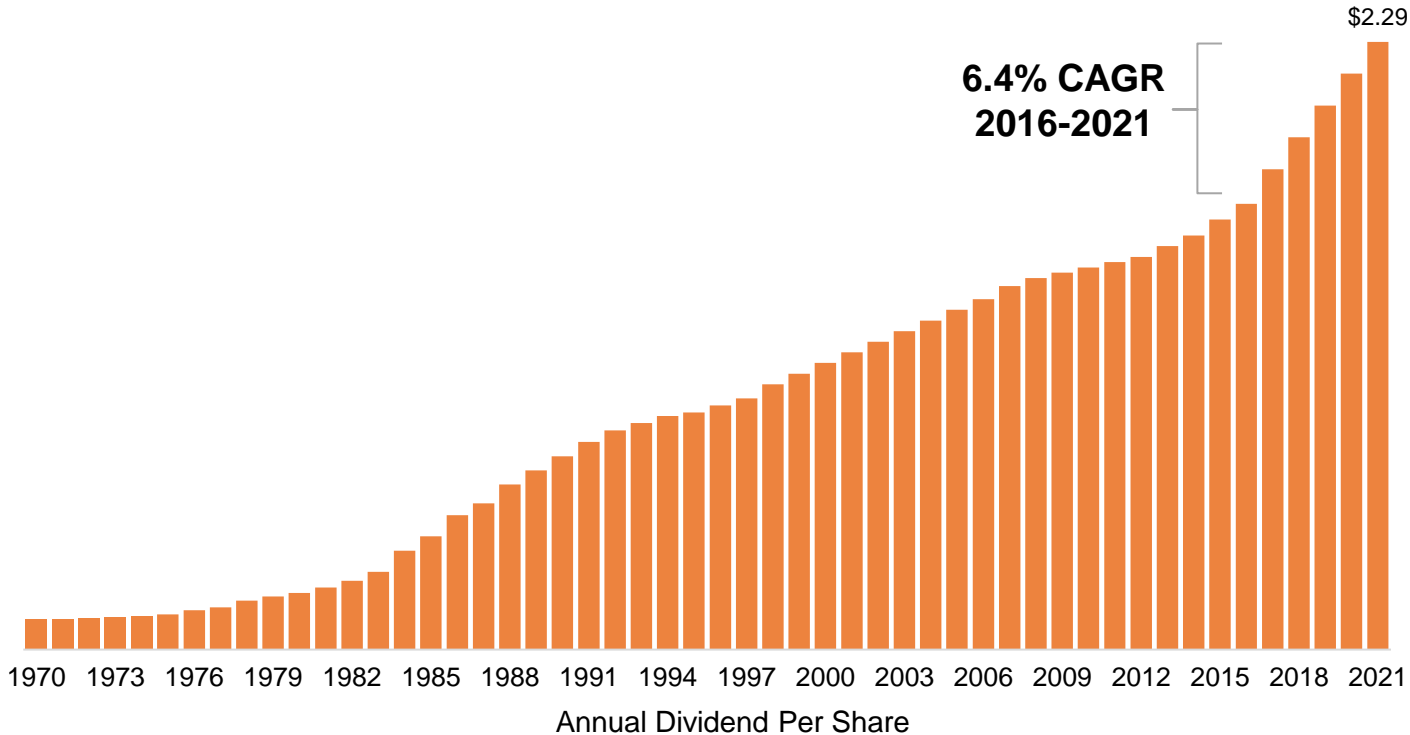


Note: information as of Dec. 31, 2021

\* Excludes noncontrolling interest

# Strong Dividend Track Record

51 Consecutive Years of Annual Increases and 79 Consecutive Years Paid



**5%+ Annual Growth Target 2022-2026\***  
**50-60% payout**

\* Future dividends subject to board approval



# Strategic Overview



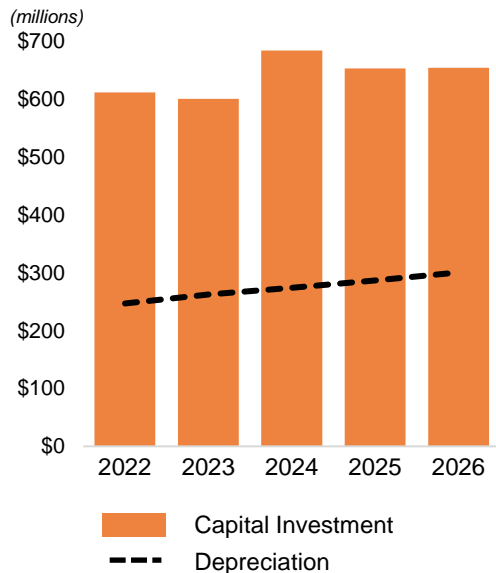
We take a programmatic approach to maintaining, upgrading and replacing critical infrastructure to better serve our customers and communities.

# Disciplined Growth Plan with Upside



## Capital Forecast

**\$3.2+ billion 2022-2026**



## Incremental Projects

- ▲ Electric generation and transmission projects
- ▲ Large natural gas pipeline and storage projects
- ▲ Additional long-term investment programs
- ▲ Investments to comply with safety requirements



## Other Earnings Drivers

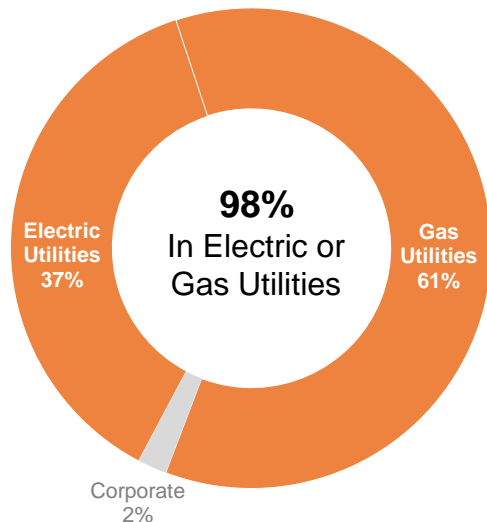
**Pursuing Profitable Growth**

- ▲ Data center, blockchain and technology growth
- ▲ Population migration into our territories
- ▲ Innovative solutions, products and technologies, including renewables
- ▲ Cost discipline and focus on continuous improvement

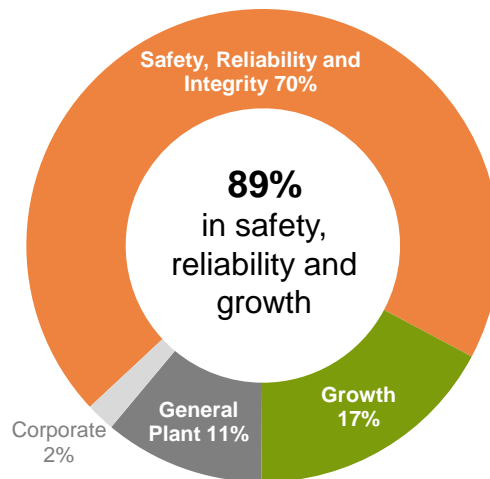
# Investing for Customer Needs Drives Growth

\$3.2+ Billion Capital Investment Forecast (2022-2026)

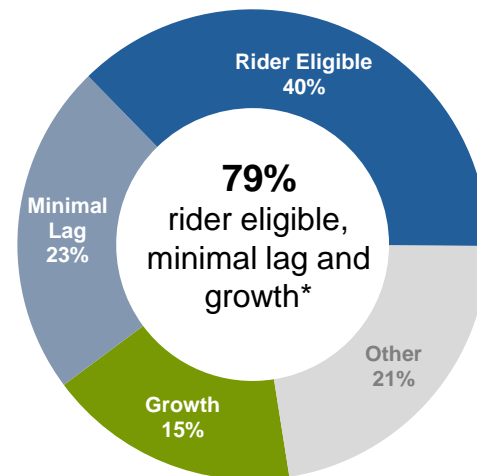
## Utility Investment



## Customer Focused



## Timely Recovery



\* Growth Capital – generates immediate revenue on customer connections

Minimal Lag Capital – capital investment with regulatory lag of less than one year or incurred during expected regulatory test periods; includes nonregulated investment

Rider Eligible Capital – capital investment recovered through state specific tariffs and meets Minimal Lag Capital definition

Other Capital – capital investment recovered through standard rate review process; includes corporate

# Responsibly Reducing GHG Emissions

## Electric Utilities

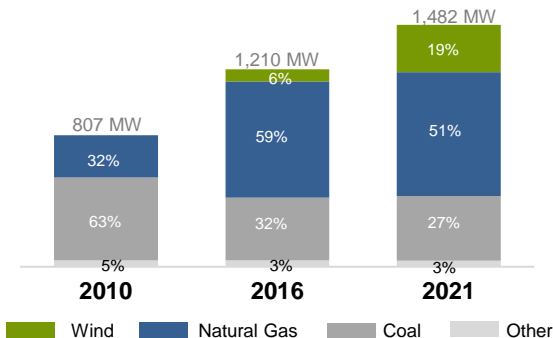
- ✓ 30% by 2020
- 40% by 2030
- 70% by 2040

## Natural Gas Utilities

- ✓ 33% by 2020
- 50% by 2035

- Integrating renewables
- Delivering cleaner and reliable capacity

### Owned Generation Capacity



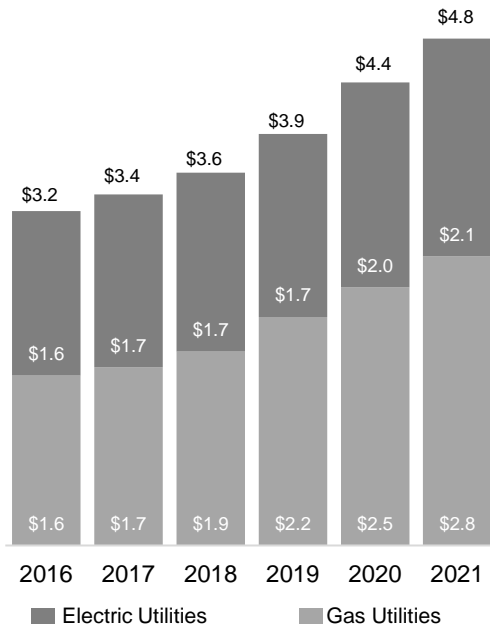
- Replacing at-risk and aging pipeline materials
- Developing and integrating RNG opportunities
- Integrating leak detection and emissions reduction technologies and processes



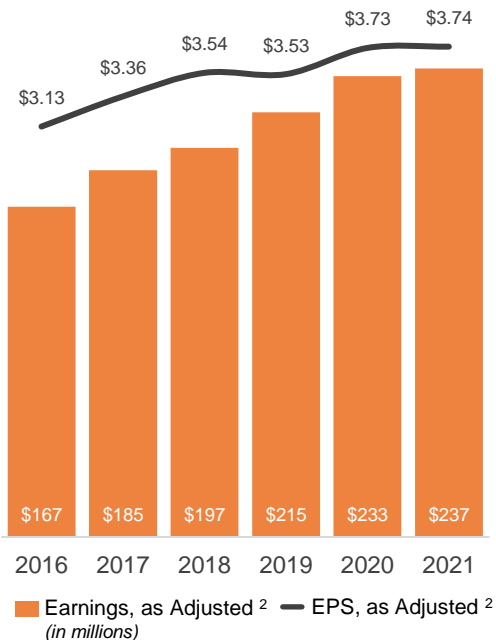
Note: Goals are based on reduction in greenhouse gas emissions intensity since 2005

# Strategic Execution Delivers Results

8.7% Rate Base<sup>1</sup> CAGR



7.2% Earnings CAGR  
3.6% EPS CAGR



6.4% Dividend CAGR



Invest for Customers

Earnings Growth

Dividend Growth

<sup>1</sup> Estimated in billions as of year end

<sup>2</sup> Earnings and EPS, as adjusted from continuing operations are non-GAAP measures; reconciled to GAAP in Appendix; earnings, as adjusted in millions

# Questions



In every aspect of our business we are focused on providing the highest level of service and value to our customers.

# Appendix



Inn Cheyenne, Wyoming, one of our technicians works on a recently replaced natural gas meter.

# Integrated Utility with Strong Growth Outlook

**\$3+** billion

Capital Investment 2022-2026

- Incremental projects likely
- Additional growth opportunities

**5% to 7%**

Long-term EPS growth target<sup>1</sup>

**5%+**

Annual dividend growth target<sup>2</sup>  
50% to 60% payout target

- Integrated pure-play utility
- Diversified and complementary electric and gas mix
- Stable, growing and constructive service territories
- Strong financial position and liquidity
- Robust capital plan with timely recovery

<sup>1</sup> 2023 to 2026 compound annual growth rate, off 2022 base

<sup>2</sup> Future dividends subject to board approval



# 2021 Highlights

## Operational Excellence

- ✓ Safety focus: 1.06 TCIR, 37% reduction in PMVI, OSHA Gold Star safety rating at CPGS
- ✓ Top-quartile reliability metrics for all three electric utilities (EEI 2020 SAIDI excluding major events)
- ✓ Excellent team response and system performance during extremes of Winter Storm Uri and summer heat
- ✓ New summer and winter electric system peaks in South Dakota and Wyoming
- ✓ \$680 million of capital investment in 2021
- ✓ Strong generation availability and energy sales

## Sustainability Focus

- ✓ New and enhanced ESG reporting; new SASB and NCSI disclosures and updated sustainability report
- ✓ Methane emissions reduction goals reinforced by joining ONE Future Coalition
- ✓ Emissions reduction research support emissions reduction technologies
- ✓ Six RNG interconnect projects in service

## Finance and Regulatory Progress

- ✓ Annual dividend increased 51 consecutive years
- ✓ Colorado, Iowa and Kansas gas rate reviews approved
- ✓ Arkansas Gas rate review filed
- ✓ Winter Storm Uri recovery underway in six states and settlement agreements filed for approval in Colorado
- ✓ Secured liquidity to carry Winter Storm Uri costs
- ✓ Disciplined cost control and cash conservation measures

## Resource and Growth Planning

- ✓ South Dakota and Wyoming Electric integrated resource plan submitted
- ✓ Estimated 260-mile, \$260 million electric transmission expansion project announced (Ready Wyoming)
- ✓ Exploring organized wholesale market in western interconnect
- ✓ Blockchain request for proposals; robust response
- ✓ Customer growth accelerated by population migration

# Non-GAAP Financial Measures

## Net Income Available for Common Stock and EPS, as adjusted

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

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

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

## Limitations on the Use of Non-GAAP Measures

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

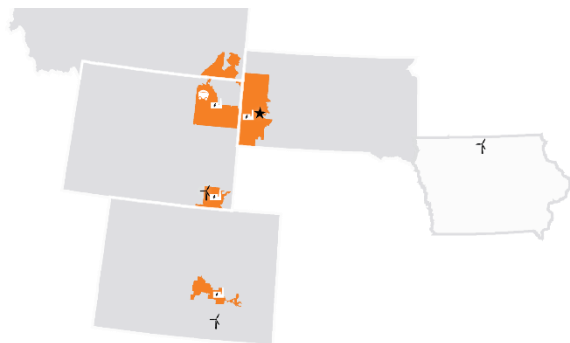
Non-GAAP measures should be used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied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

# Non-GAAP Financial Measures

	Earnings, as adjusted (in millions)					Earnings Per Share, as adjusted				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Net income (loss) available for common stock (GAAP)	\$ 177.0	\$ 258.4	\$ 199.3	\$ 227.6	\$ 236.7	\$ 3.21	\$ 4.66	\$ 3.28	\$ 3.65	\$ 3.74
Loss from discontinued operations (GAAP)	17.1	6.9	-	-	-	0.31	0.12	-	-	-
<b>Net income from continuing operations available for common stock (GAAP)</b>	<b>194.1</b>	<b>265.3</b>	<b>199.3</b>	<b>227.6</b>	<b>236.7</b>	<b>3.52</b>	<b>4.78</b>	<b>3.28</b>	<b>3.65</b>	<b>3.74</b>
<u>Adjustments, after tax</u>										
Acquisition / integration costs	2.8	-	-	-	-	0.05	-	-	-	-
Tax reform and other tax items	(11.7)	4.0	-	-	-	(0.21)	0.07	-	-	-
Legal restructuring - income tax benefit	-	(72.8)	-	-	-	-	(1.31)	-	-	-
Impairment of investment	-	-	15.2	5.3	-	-	-	0.25	0.08	-
Rounding	0.1	-	-	-	-	-	-	-	-	-
Total Non-GAAP adjustments	(8.8)	(68.8)	15.2	5.3	-	(0.16)	(1.24)	0.25	0.08	-
<b>Net income from continuing operations available for common stock, as adjusted (Non-GAAP)</b>	<b>\$ 185.3</b>	<b>\$ 196.5</b>	<b>\$ 214.5</b>	<b>\$ 232.9</b>	<b>\$ 236.7</b>	<b>\$ 3.36</b>	<b>\$ 3.54</b>	<b>\$ 3.53</b>	<b>\$ 3.73</b>	<b>\$ 3.74</b>

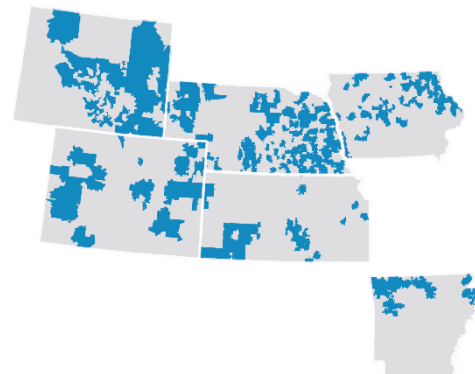
# Operations Overview

## Electric Utilities\*



- Three electric utilities which generate, transmit and distribute electricity to approximately 218,000 customers in CO, SD, WY and MT
- 1.5 gigawatts\*\* of generation
- 8,899 miles of transmission and distribution
- Efficient mine-mouth operations in Gillette, Wyoming fueled by low-sulfur Powder River Basin coal; mine production contracted to on site generation
- East-West interconnection in SD optimizes off-system sale of power and improves system reliability (1 of only 7 east-west interconnections in U.S.)

## Natural Gas Utilities\*



- 7 natural gas utilities^ which distribute natural gas to approximately 1,094,000 customers in AR, CO, IA, KS, NE and WY
- 4,732 miles of intrastate gas transmission pipelines and 41,644 miles of gas distribution mains and service lines
- Six natural gas storage facilities in AR, CO and WY with 17.4 Bcf of underground gas storage working capacity
- 52,400 customers served through Choice Gas Program (unbundled natural gas supply)

\* Information from 2021 Form 10-K Annual Report Filing as of Dec. 31, 2021

\*\* Includes 49.9% third party ownership of Black Hills Colorado IPP reported as noncontrolling interest

^ Excludes minor entities and Shoshone pipeline

# Strategic Objectives



## Profitable Growth

Achieve consistent growth that creates value

- Meet growing demand through innovative solutions and customer-focused, cost effective, rate-based utility assets
- Enhance reliability and satisfaction
- Acquire small utility systems within or near existing service territories

## READY.

## Valued Service

Deliver reliable and highly valued products and services

- Invest in infrastructure to maintain safety and reliability of electric and gas systems
- Cost effectively integrate additional renewable resources



## Better Every Day

Continuously improve to achieve industry-leading results

- Achieve top-tier performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology



## Great Workplace

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

- Be the safest company in our industry
- Be one of the best places to work
- Improve the wellness of employees
- Be a workplace of choice for women and minorities

**Vision** Be the energy partner of choice.

**Mission** Improving life with energy.

## Company Values



### Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



### Customer Service

We are committed to providing a superior customer experience every day.



### Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



### Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



### Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



### Respect

We respect each other. Our unique talents and diversity anchor a culture of success.



### Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve ... always.



### Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



### Safety

We commit to live and work safely every day.



**BH**  
Black Hills Energy

LINE  
SUSTAIN

**BH**  
Black Hills Corporation  
Ready