Forward Focused

2017 Fourth Quarter and Full Year Review

Feb. 2, 2018

Investor Relations Information

COMPANY INFORMATION

Black Hills Corporation

P.O. Box 1400
Rapid City, SD 57709-1400
NYSE Ticker: **BKH**
www.blackhillscorp.com

Company Contacts

Kimberly F. Nooney
Vice President Treasurer
605-721-2370
kim.nooney@blackhillscorp.com

Jerome E. Nichols
Director of Investor Relations
605-721-1171
jerome.nichols@blackhillscorp.com

FORWARD LOOKING STATEMENTS

This presentation 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 presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. This includes, without limitations, our 2018 earnings guidance. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2016 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

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

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

Discussion Agenda

Fourth Quarter and Full Year Review	David Emery *Chairman and Chief Executive Officer*
Financial Update	Richard Kinzley *Senior Vice President and Chief Financial Officer*
Strategic Overview	David Emery *Chairman and Chief Executive Officer*
Q&A	

Fourth Quarter and Full Year Review

The Pueblo Airport Generating Station, with its highly efficient, gas turbine generators, provides 420-megawatts of safe, reliable energy for our customers in southern Colorado.

2017 Fourth Quarter Highlights

Utilities

- On Dec. 15, Arkansas Gas filed a rate review with Arkansas Public Service Commission to recover more than $160 million of investments for maintaining and/or enhancing the safety and integrity of its pipeline system
  - Filing seeks to increase annual revenues by approximately $30 million; requests 10.2 percent return on equity and capital structure of 54.7 percent equity and 45.3 percent debt
  - Seeks to implement new rates by fourth quarter of 2018
- On Nov. 17, Wyoming Gas filed a rate review with the Wyoming Public Service Commission to recover investments made in Northwest Wyoming since 2015 in its natural gas transmission and distribution pipeline system
  - Filing seeks to increase annual revenues by approximately $1.4 million and requests a 10.2 percent return on equity and a capital structure of 54.0 percent equity and 46.0 percent debt
  - Seeks to implement new rates in the third quarter of 2018

2017 Fourth Quarter Highlights

Utilities *continued*

- On Oct. 3, Rocky Mountain Natural Gas filed a rate review with Colorado Public Utilities Commission (COPUC) to recover investments for safety and integrity of its pipeline system during last three years
  - Filing seeks to increase annual revenues by approximately $2.0 million; requests 12.3 percent return on equity and capital structure of 46.6 percent equity and 53.4 percent debt
  - Seeks to implement new rates by third quarter of 2018
- Company currently reviewing impact of tax reform as it applies to all three active rate reviews
- On Aug. 4, Colorado Electric received bids related to request for proposals for additional 60 megawatts of renewable energy resources to be in service by 2019 to meet Colorado's renewable energy requirements
  - Process delayed to allow bidders time to adjust for recently enacted tax reform
  - Evaluating bids and plan to present results to COPUC on Feb. 9

2017 Fourth Quarter Highlights

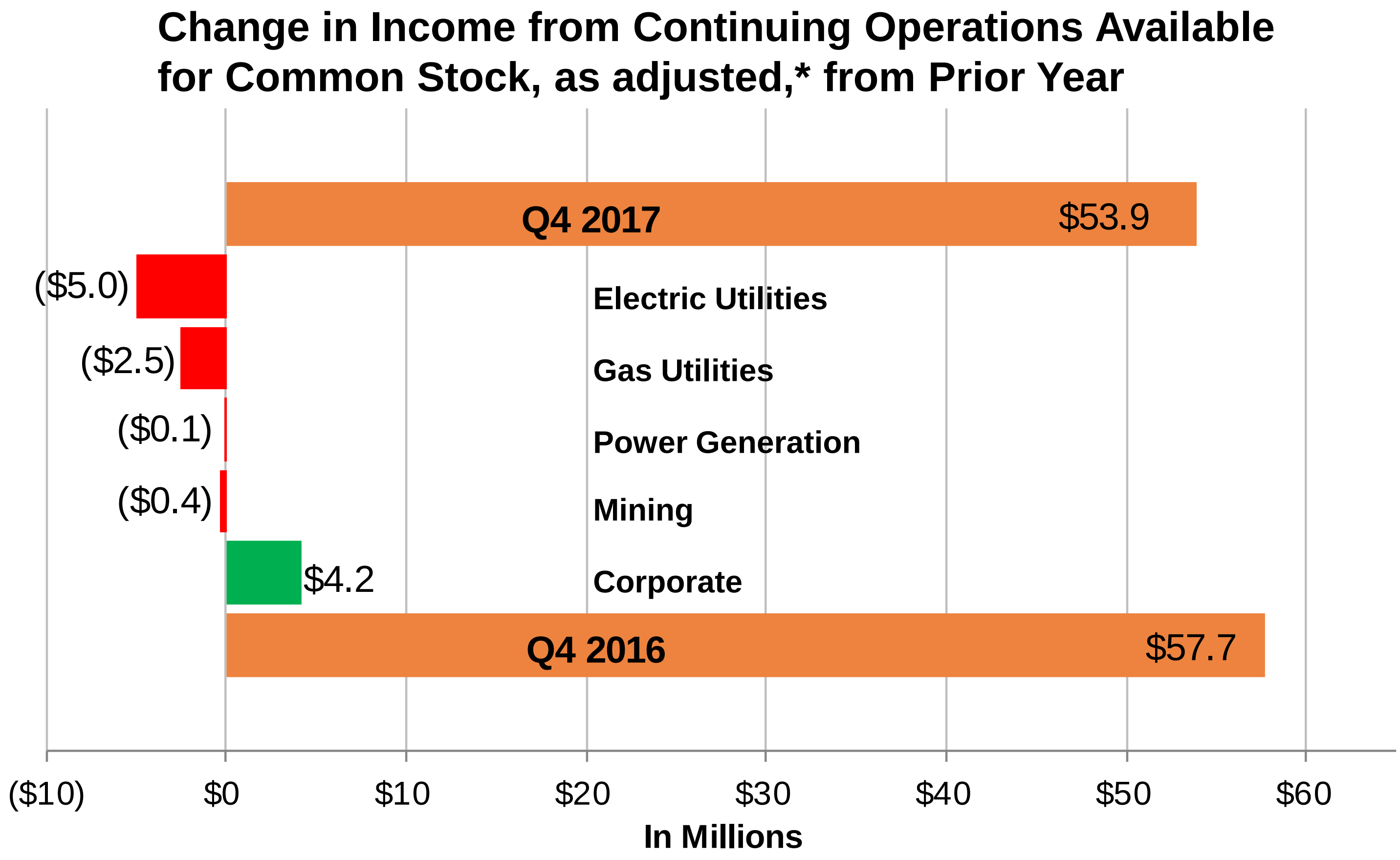
Corporate Activities

- On Jan. 31, 2018, board of directors declared quarterly dividend of $0.475 per share, equivalent to an annual dividend rate of $1.90 per share
  - Annual equivalent represents 5 percent increase over total 2017 dividend of $1.81 per share and 48th consecutive annual dividend increase
- On Dec. 12, Moody's Investors Service affirmed its corporate credit rating of Black Hills Corp. at Baa2 with a stable outlook
- On Oct. 4, Fitch Ratings affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook

Discontinued Operations – Oil and Gas

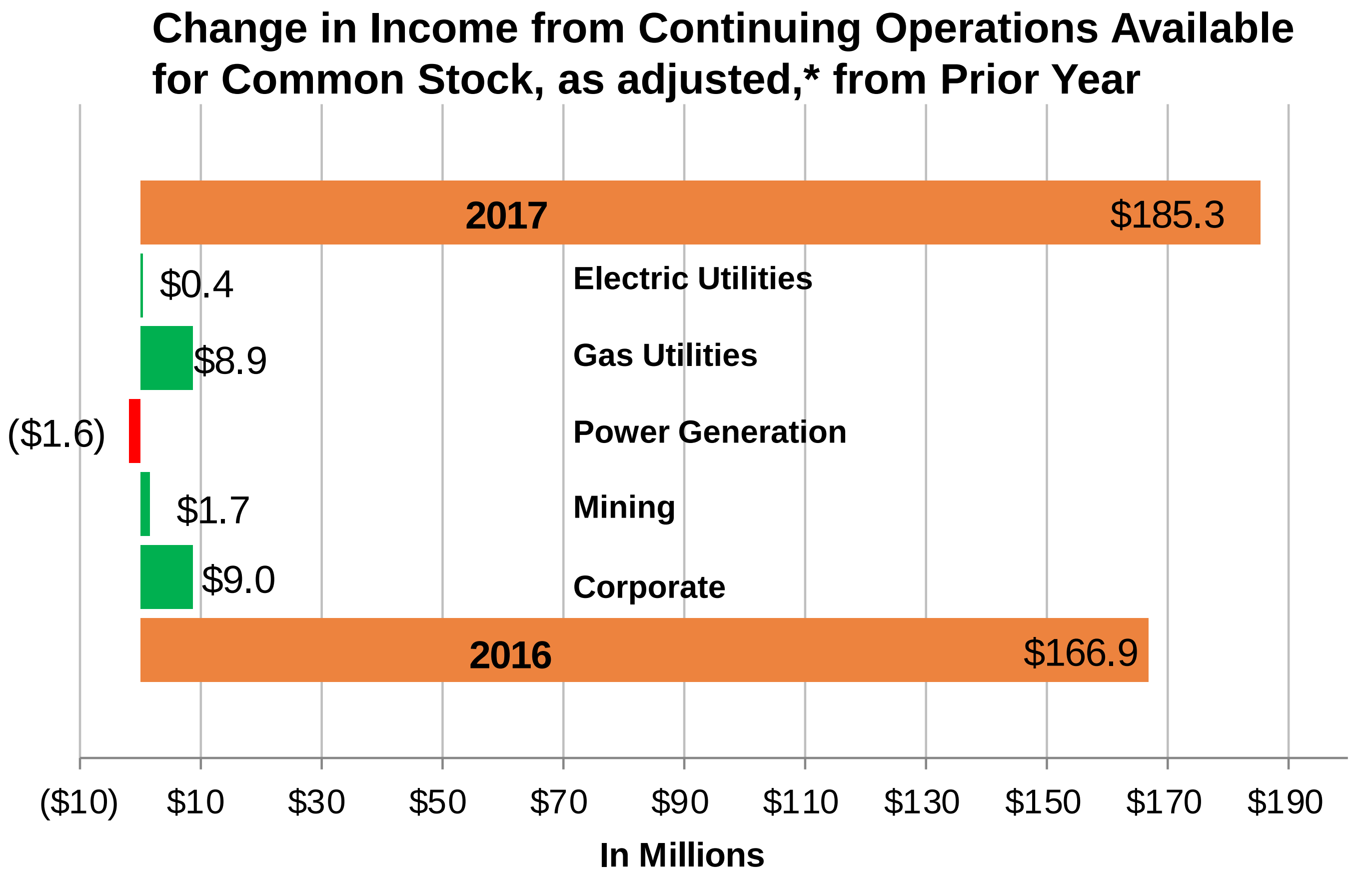
- As of Jan. 29, 2018, closed transactions or signed contracts to sell more than 90 percent of oil and gas properties for aggregate value of approximately $75 million
  - Agreements executed to sell all operated properties
  - Only non-operated assets of minimal value remaining to be sold by mid-year 2018
- On Nov. 1, board of directors approved sale of all remaining oil and gas assets and exit of the oil and gas business; segment reported as discontinued operations

2017 Fourth Quarter Financial Highlights



* Non-GAAP measures; reconciled to GAAP in Appendix

2017 Financial Highlights



* Non-GAAP measures; reconciled to GAAP in Appendix

Financial Update

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

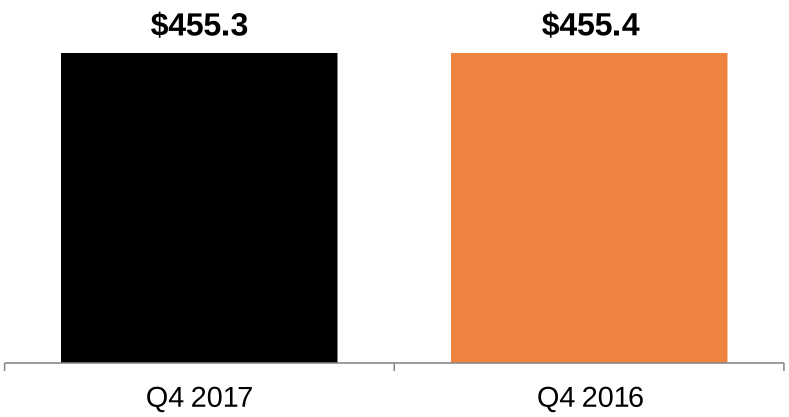
Earnings Per Share Analysis

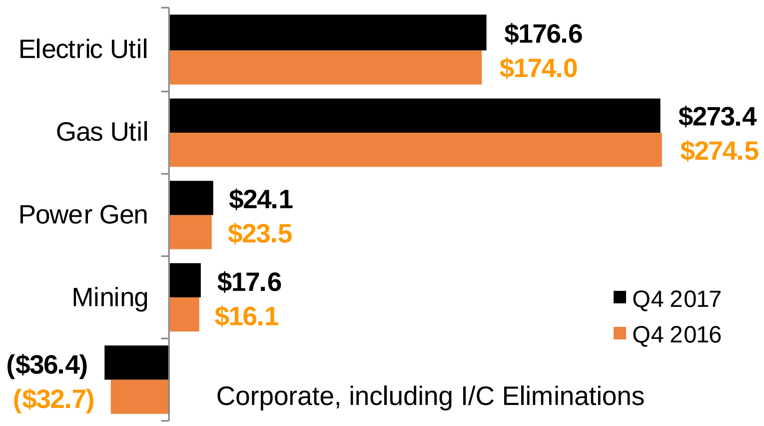
	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016	FY-2017	FY-2016
Net income available for common stock (GAAP)	**$ 1.05**	**$ 0.50**	**$ 0.40**	**$ 1.39**	**$ 0.33**	**$ 3.34**	**$ 1.37**
Loss from discontinued operations, after-tax (GAAP)	**0.25**	**0.02**	**0.01**	**0.03**	**0.62**	**0.31**	**1.20**
Income from continuing operations available for common stock (GAAP)	**$ 1.30**	**$ 0.52**	**$ 0.41**	**$ 1.42**	**$ 0.96**	**$ 3.65**	**$ 2.57**
Adjustments							
Acquisition costs	0.04	0.01	0.01	0.03	0.16	0.08	0.86
Tax reform and other tax items	(0.34)	—	—	—	—	(0.34)	—
	(0.30)	**0.01**	**0.01**	**0.03**	**0.16**	**(0.26)**	**0.86**
Taxes on adjustments							
Acquisition costs	(0.02)	—	—	(0.01)	(0.06)	(0.03)	(0.30)
	(0.02)	**—**	**—**	**(0.01)**	**(0.06)**	**(0.03)**	**(0.30)**
Rounding	—	(0.01)	—	—	—	—	—
Total adjustments, net of tax	**(0.32)**	**—**	**0.01**	**0.02**	**0.10**	**(0.29)**	**0.56**
Income from continuing operations available for common stock, as adjusted (Non-GAAP)*	**$ 0.98**	**$ 0.52**	**$ 0.42**	**$ 1.44**	**$ 1.06**	**$ 3.36**	**$ 3.13**

* Non-GAAP measures; reconciled to GAAP in Appendix

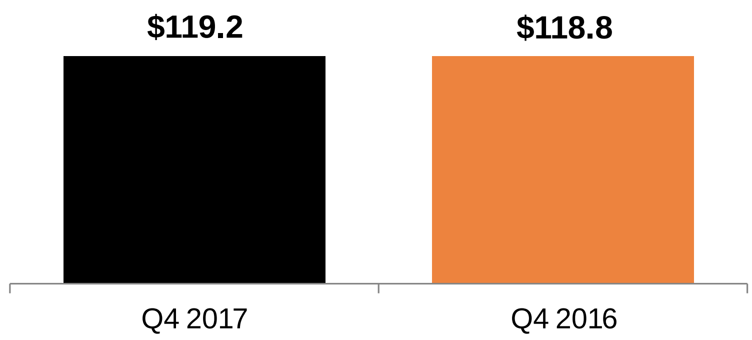
Fourth Quarter Revenue/Operating Income

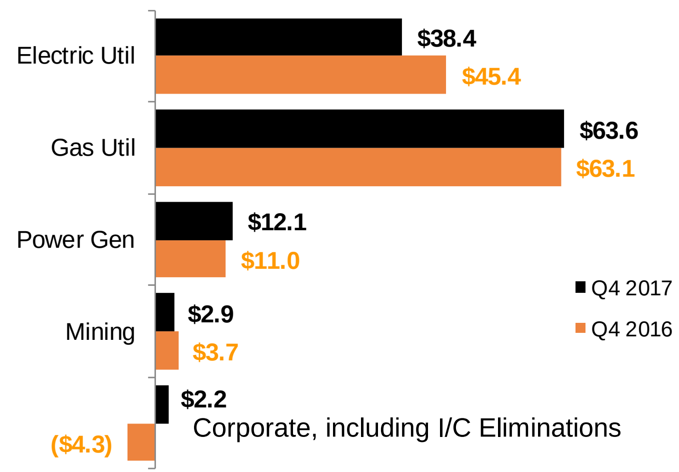
Total Revenue, as adjusted* (in millions)





Total Operating Income, as adjusted* (in millions)

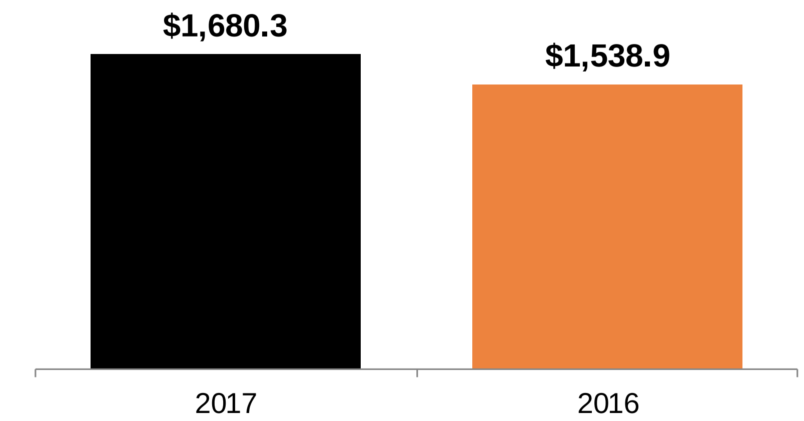


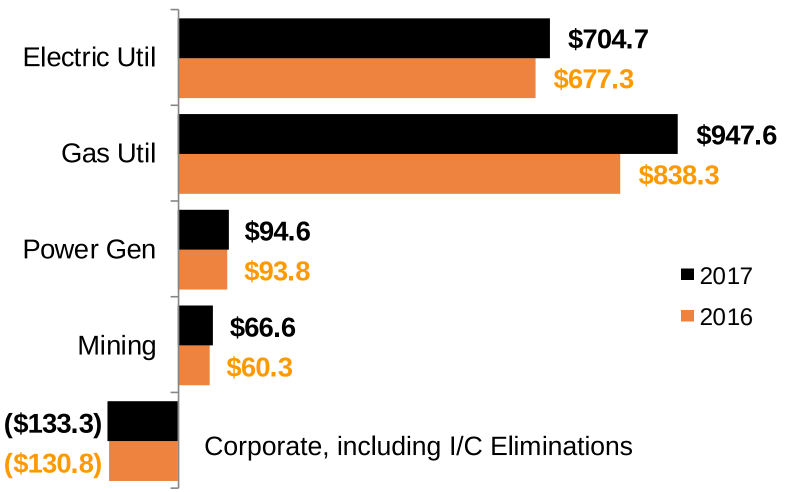


* Non-GAAP measures; reconciled to GAAP in Appendix

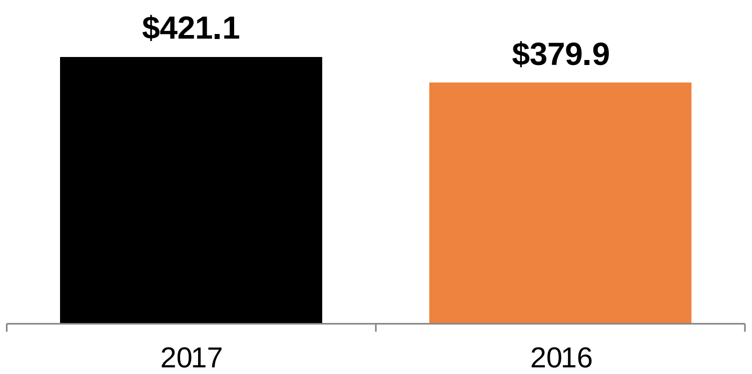
2017 Revenue/Operating Income

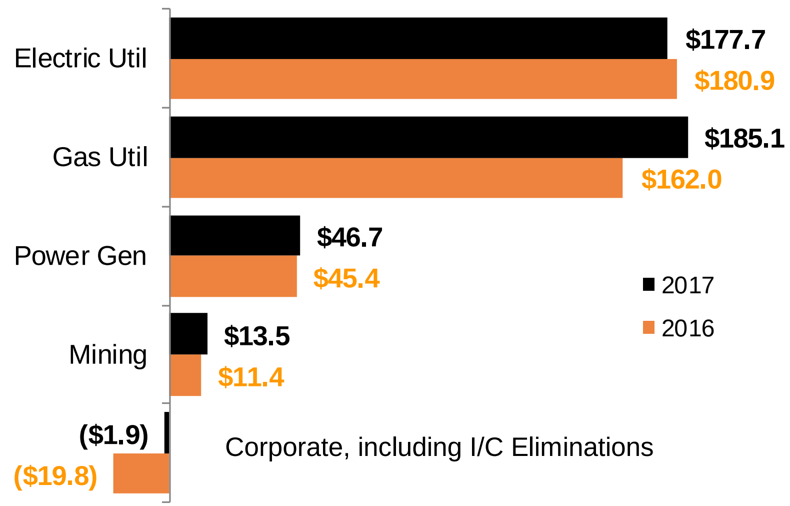
Total Revenue, as adjusted* (in millions)





Total Operating Income, as adjusted* (in millions)





* Non-GAAP measures; reconciled to GAAP in Appendix

Income Statement

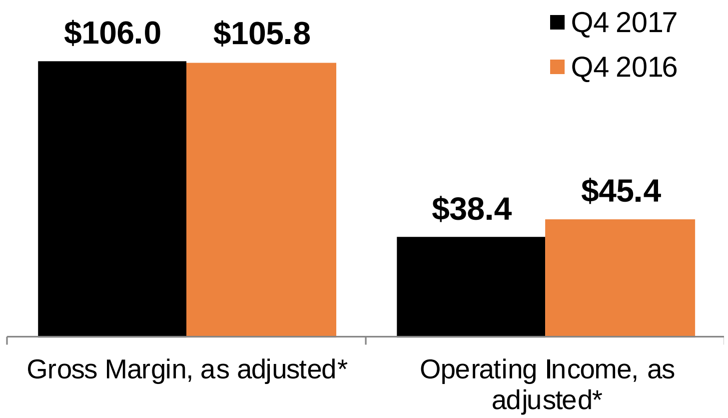
(in millions, except earnings per share)

	4th Qtr 2017	4th Qtr 2016	Full Year 2017	Full Year 2016
Revenue	$ 455.3	$ 455.4	$ 1,680.3	$ 1,538.9
Gross margin	296.2	292.8	1,117.0	1,039.8
Operating expenses	(129.4)	(128.0)	(507.7)	(484.4)
DD&A	(47.6)	(46.0)	(188.2)	(175.5)
Subtotal	119.2	118.8	421.1	379.9
Acquisition costs	(2.0)	(8.5)	(4.4)	(43.7)
Operating income	**117.2**	**110.3**	**416.7**	**336.2**
Interest expense	(34.6)	(35.6)	(137.1)	(132.6)
Interest rate swap - MTM	-	-	-	(1.0)
Bridge financing costs	-	-	-	(1.1)
Other income	0.1	0.7	2.1	4.4
Income before taxes	**82.7**	**75.4**	**281.7**	**205.9**
Income taxes	(7.8)	(20.1)	(66.4)	(59.1)
Income from continuing operations	**$ 74.9**	**$ 55.3**	**$ 215.3**	**$ 146.8**
Loss from discontinued operations, net of tax	**(13.6)**	**(34.0)**	**(17.1)**	**(64.2)**
Net income before non-controlling interest	**$ 61.3**	**$ 21.3**	**$ 198.2**	**$ 82.6**
Non-controlling interest	**(3.6)**	**(3.2)**	**(14.2)**	**(9.7)**
Net Income available to common stock	**$ 57.7**	**$ 18.2**	**$ 184.0**	**$ 73.0**
Income from continuing operations available for common stock	**$ 71.3**	**$ 52.1**	**$ 201.1**	**$ 137.1**
Non-GAAP adjustments	(17.4)	5.6	(15.8)	29.8
Income from continuing operations, as adjusted (Non-GAAP)	**$ 53.9**	**$ 57.7**	**$ 185.3**	**$ 166.9**
EPS - Net income available for common stock	**$ 1.05**	**$ 0.33**	**$ 3.34**	**$ 1.37**
EPS - Income from Cont. Ops available for common stock as adjusted *	**$ 0.98**	**$ 1.06**	**$ 3.36**	**$ 3.13**
Diluted shares outstanding (in thousands)	54.9	54.4	55.1	53.3
EBITDA, as adjusted*	**$ 167.0**	**$ 165.6**	**$ 611.4**	**$ 559.8**

* Non-GAAP measures; defined and/or reconciled to GAAP in Appendix and on slide 11

Electric Utilities Gross Margin/Operating Income

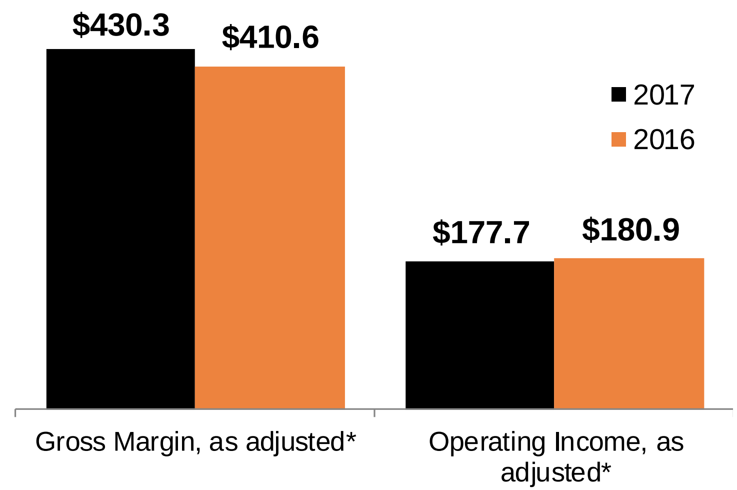
Q4 Electric Utilities (in millions)



- Peak View Wind Project
- South Dakota Electric transmission project
- Colorado Electric 40 MW turbine

- Higher O&M from new generation assets
- Higher corporate allocations
- Higher depreciation from larger asset base

2017 Electric Utilities (in millions)



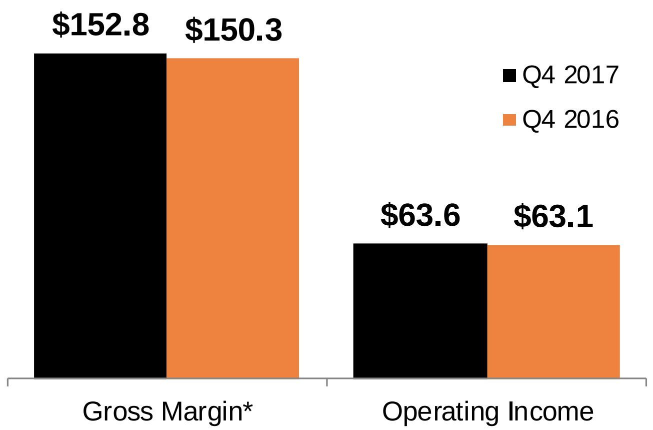
- Peak View Wind Project
- South Dakota Electric Transmission project
- Colorado Electric 40 MW turbine
- Higher commercial and industrial MWh sold

- Higher O&M from new generation assets
- Higher corporate allocations
- Higher depreciation from larger asset base
- Higher property taxes
- Higher outage and maintenance expense

* Non-GAAP measures; reconciled to GAAP in Appendix

Gas Utilities Gross Margin/Operating Income

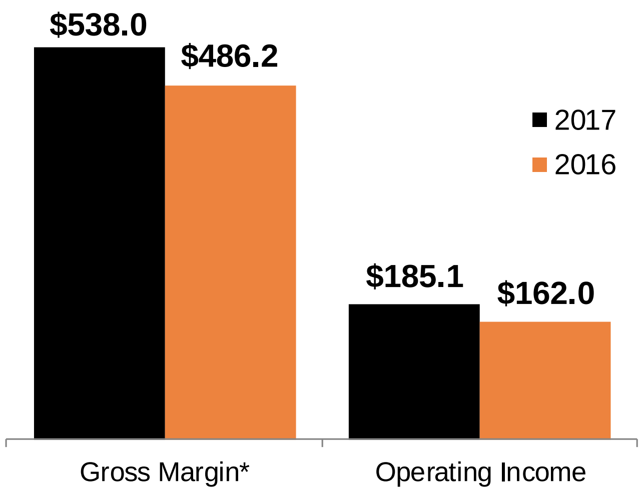
Q4 Gas Utilities (in millions)



- Customer growth
- Rider revenue

- Higher depreciation from larger asset base
- Higher property taxes

2017 Gas Utilities (in millions)



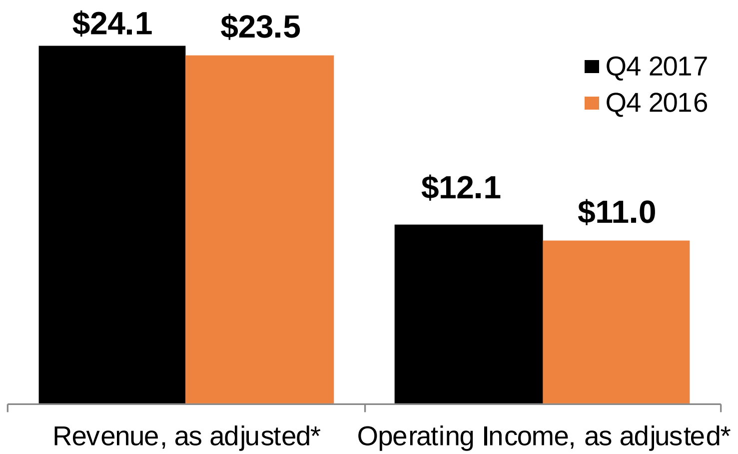
- SourceGas contribution for 42 more days

- Increased O&M and allocated overhead from acquired assets
- Higher total depreciation from larger asset base
- Higher property taxes from larger asset base

* Non-GAAP measures; reconciled to GAAP in Appendix

Power Generation Revenue/Operating Income

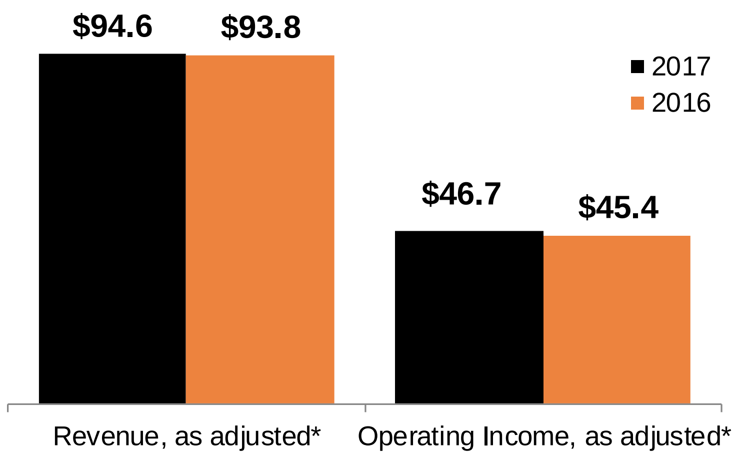
Q4 Power Generation (in millions)**



- Higher contract pricing
- Lower operating expenses

- Higher allocated overhead

2017 Power Generation (in millions)**



- Higher contract pricing
- Lower operating expenses

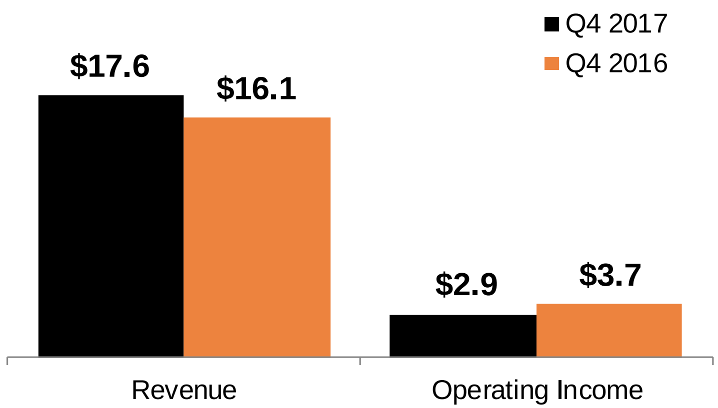
- Higher allocated overhead
- Higher property taxes

* Non-GAAP measures; reconciled to GAAP in Appendix

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

Mining Revenue/Operating Income

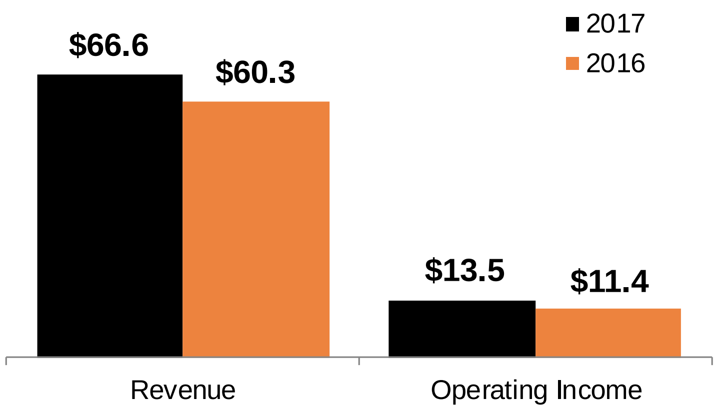
Q4 Mining (in millions)



↑
- Higher price per ton

↓
- Higher operating expense due to higher stripping ratio and increased equipment maintenance
- Higher production taxes due to higher tons sold

2017 Mining (in millions)



↑
- Higher tons sold (Wyodak outage in 2016)
- Higher price per ton
- Lower depreciation

↓
- Higher operating expenses due to higher stripping ratio and increased equipment maintenance
- Higher production taxes due to higher tons sold

* Non-GAAP measures; reconciled to GAAP in Appendix

Tax Reform Impacts on Black Hills*

- Tax Cuts and Jobs Act signed into law on Dec. 22, 2017
  - Legislation permanently reduced corporate tax rate to 21 percent from 35 percent
  - Required revaluation of deferred taxes as of Dec. 22 at new lower corporate tax rate
    - Majority of revaluation relates to regulated utilities and creates approximately $300 million regulatory liability
      - Regulatory liability will generally be amortized over remaining life of related assets as prescribed in TCJA
    - Results in one-time, non-cash, income tax benefit of approximately $15 million in 2017
  - Tax reform benefits utility customers
    - Benefits for customers due primarily to lower corporate tax rate
    - Cash flows negatively impacted by $35 million to $45 million annually for next several years
  - Black Hills expects to maintain deductibility of interest expense
    - Lower tax rate reduces tax benefits on holding company debt; effect will be largely offset by impact of lower tax rate on non-utility earnings

* Not all tax information is available to finalize these amounts which are deemed to be provisional amounts and are based on reasonable estimates

Tax Reform Impact to 2017 Financials*

Revaluation of net deferred income tax liabilities ($ in millions)	**Income Tax Benefit (Expense)**	**Deferred Tax Liability**	**Regulatory Liability****
Utilities	$16	($317)	$301
Non-utility businesses	$27	($27)	
Corporate and other	($28)	$28	
Black Hills Consolidated Impacts	**$15**	**($316)**	**$301**

* Not all tax information is available to finalize these amounts which are deemed to be provisional amounts and are based on reasonable estimates

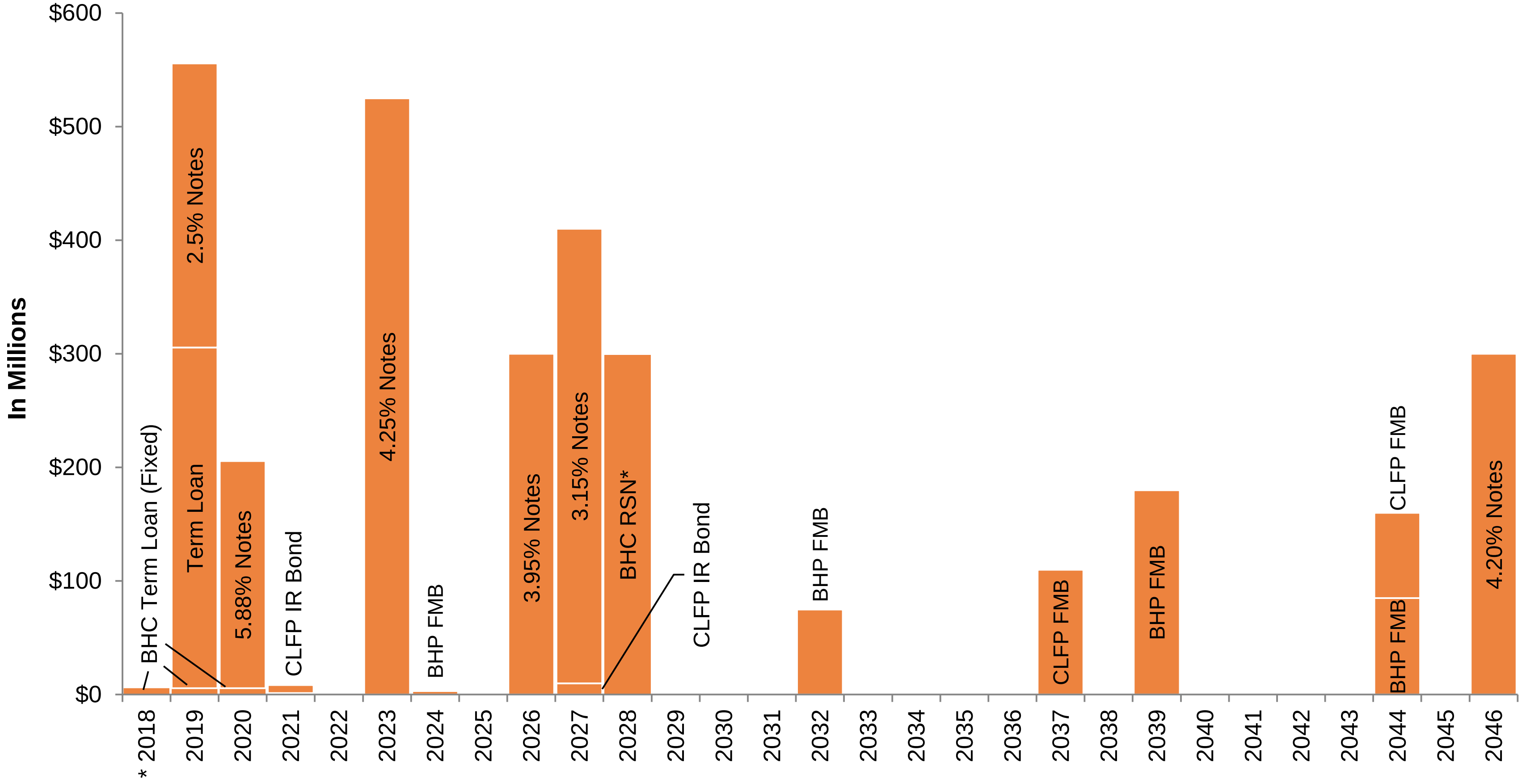
** Regulatory liability will generally be amortized over the underlying asset's remaining useful life per IRS rules

Capital Structure

(In millions, except for ratios)	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2016	Dec. 31, 2016
Capitalization					
Short-term Debt	$ 217	$ 231	$ 114	$ 57	$ 102
Long-term Debt	3,109	3,110	3,160	3,211	3,211
Total Debt	3,326	3,341	3,274	3,267	3,314
Equity*	1,716	1,683	1,676	1,674	1,615
Total Capitalization	$ 5,042	$ 5,024	$ 4,950	$ 4,942	$ 4,928
Net Debt to Net Capitalization					
Debt	$ 3,326	$ 3,341	$ 3,274	$ 3,267	$ 3,314
Cash and Cash Equivalents	(15)	(14)	(12)	(11)	(14)
Net Debt	3,311	3,327	3,262	3,256	3,300
Net Capitalization	$ 5,027	$ 5,010	$ 4,939	$ 4,930	$ 4,915
Debt to Capitalization	66.0%	66.5%	66.1%	66.1%	67.2%
Net Debt to Capitalization (Net of Cash)	65.9%	66.4%	66.1%	66.0%	67.1%
Long-term Debt to Total Debt	93.5%	93.1%	96.5%	98.3%	96.9%

* Excludes noncontrolling interest

Long-Term Debt Maturities



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

Credit Rating

Committed to maintaining strong investment-grade credit ratings

- Moody's Investors Service on Dec. 12, 2017, affirmed its corporate credit rating of Black Hills Corp. at Baa2 with a stable outlook
- Fitch Ratings on Oct. 4, 2017, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook
- S&P Global Ratings on July 21, 2017, affirmed its corporate credit rating of Black Hills Corp. at BBB and with a stable outlook

Black Hills Corporation	S&P	Moody's	Fitch
Corporate Credit Rating	BBB	Baa2	BBB+
Senior Unsecured	BBB	Baa2	BBB+
Outlook	*Stable*	*Stable*	*Stable*

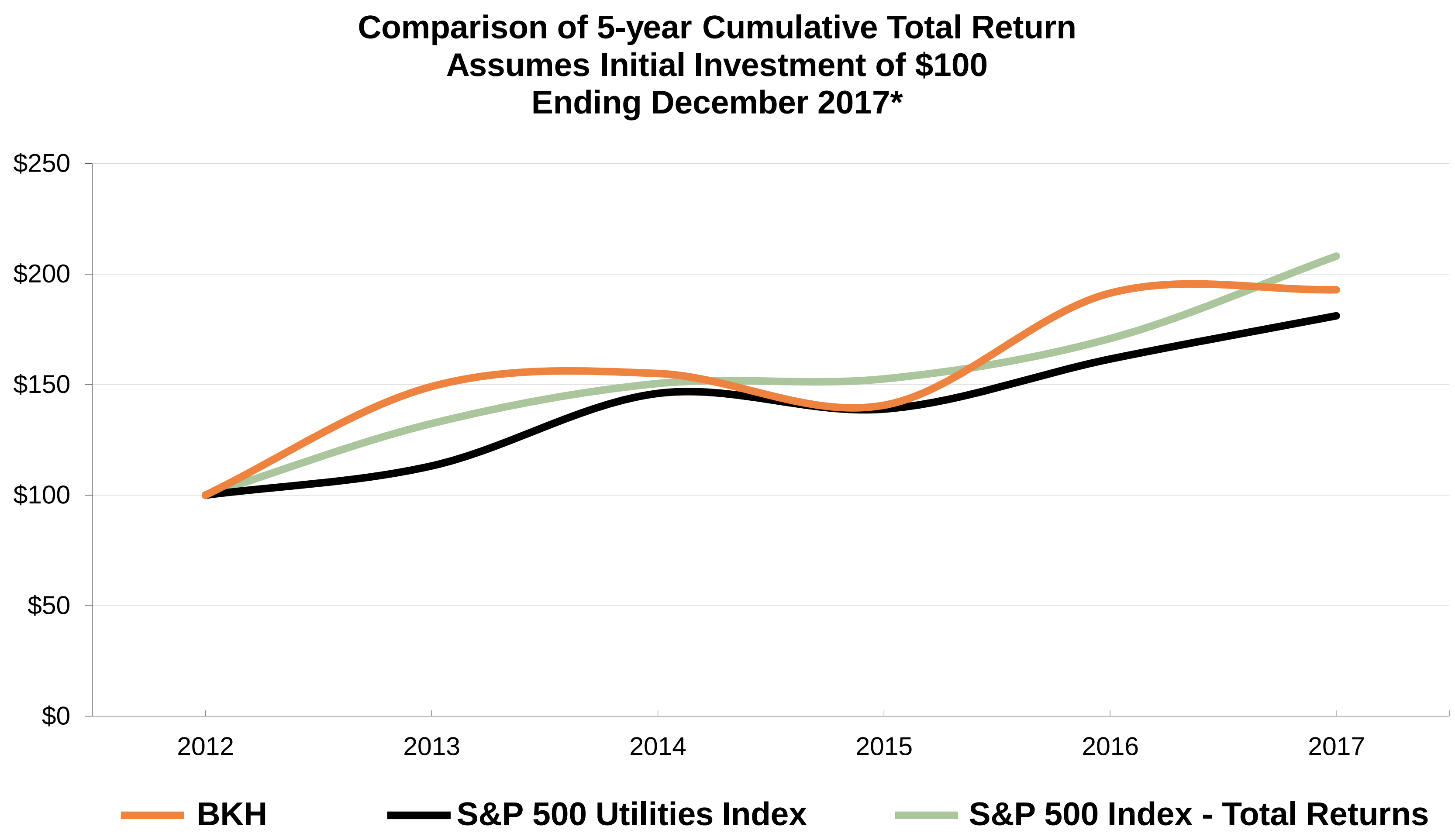
2018 Earnings Guidance Revised*

Black Hills reduced its guidance range for 2018 earnings from continuing operations, as adjusted, to be in the range of $3.30 to $3.50 per share from $3.35 to $3.55, due primarily to rising short-term interest rates and tax reform impacts. The revised guidance range is based on the following assumptions:

- Capital spending of $431 million;
- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions;
- Normal operations for planned construction, maintenance and/or capital investment projects;
- Successful completion of rate reviews for electric and gas utilities;
- No significant unplanned outages at any of our power generation facilities;
- No planned equity financing under our At-the-Market equity offering program;
- Conversion of equity units prior to Nov. 1, 2018;
- Lower tax benefits on holding company debt (due to lower tax rate), which are largely offset by the benefit of lower tax rate on non-utility earnings;
- No significant acquisitions or divestitures; and
- Oil and gas segment reported as discontinued operations

* Earnings from continuing operations, as adjusted, is a non-GAAP measure; the company is not able to provide a forward-looking quantitative GAAP to non-GAAP reconciliation for guidance of 2018 earnings from continuing operations, as adjusted, because unplanned or unique events that may occur are unknown at this time.

Creating Shareholder Value through Growth



* Chart demonstrates how a $100 investment in Black Hills Corp. common stock on Dec. 31, 2011 compares to the same investment in the S&P 500 Utilities index or S&P 500 index over the same 5-year period

Strategic Overview

Our southern Colorado grid is one of the newest and cleanest in the nation, fueled entirely by natural gas and renewable energy. Our renewable energy portfolio will provide significant benefits to southern Colorado communities and Black Hills customers for years to come.

Strategic Objectives

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

PROFITABLE GROWTH

Achieve consistent growth that creates value.

EARNINGS: Lead industry peers in earnings growth

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

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

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

VALUED SERVICE

Deliver reliable, highly valued products and services.

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

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

BETTER EVERY DAY

Continuously improve to achieve industry leading results.

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

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

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

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

GREAT WORKPLACE

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

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

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

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

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

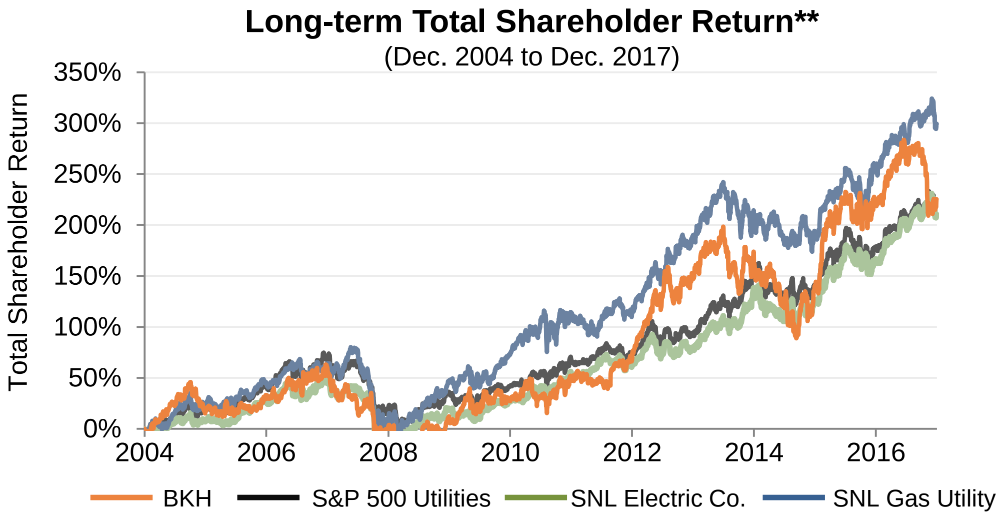
SAFETY: Strive to be the safest energy company in the U.S. by emphasizing our culture to work and live safely every day

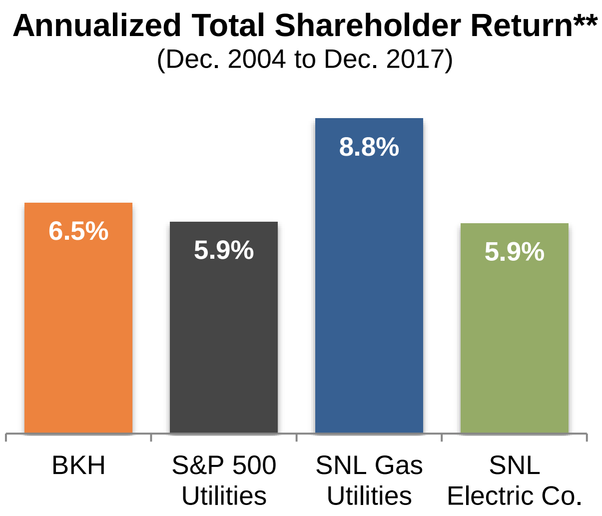
Strategy Execution

PROFITABLE GROWTH

Target strong long-term total shareholder returns

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





* Dividend percentage increase for 2018 reflects increase from actual annual dividend in 2017 compared to annual equivalent rate for 2018
** Source: S&P Market Intelligence as of Dec. 29, 2017; annualized return is compounded annual growth rate since Dec. 31, 2004

Strategy Transitional Period

Transitioning earnings drivers

PROFITABLE GROWTH

Near-term (2018-2019)	**Long-term** (2020+)

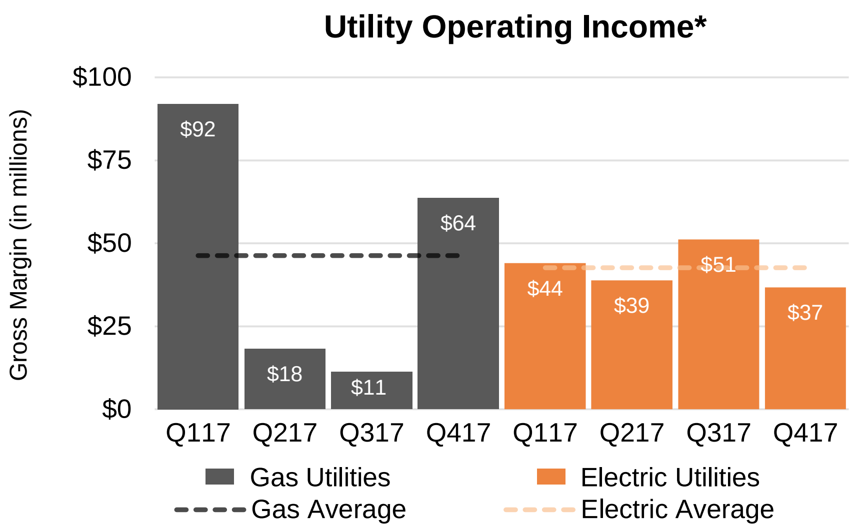
Invest in safety, reliability and growth for customers and communities

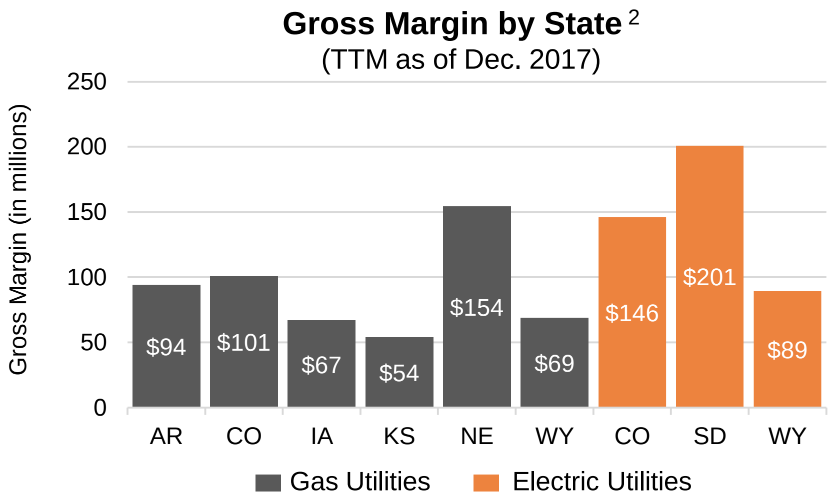
- Slower earnings growth expectations
- SourceGas integration savings
- Focused capital investment to reduce regulatory lag
- Entering test years in preparation for rate review filings or commencing such filings in certain jurisdictions

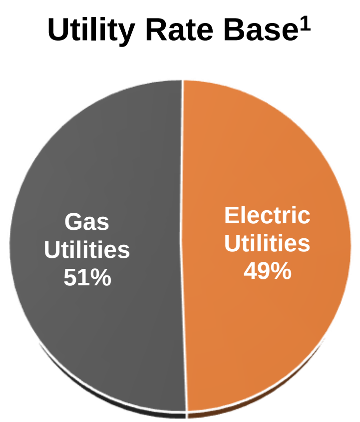
- Higher earnings growth expectations
- Strong capital investments to meet customer needs
- Continued focus on standardization and efficiency improvements
- Regular rate review filings

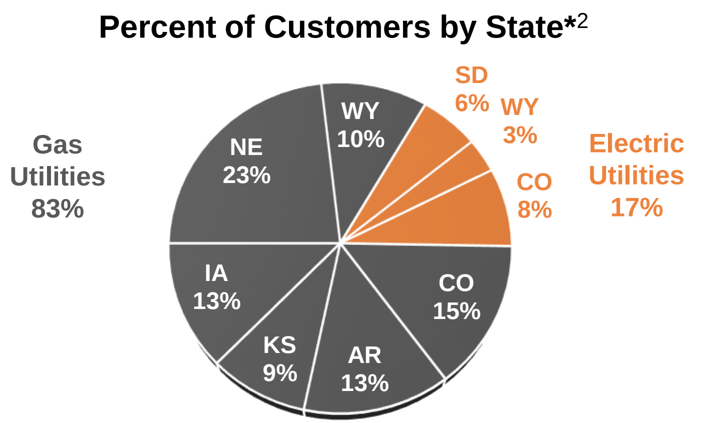
Strength in Diversity

Diversity reduces business risk and drives more predictable earnings









* Information as of Dec. 31, 2017

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

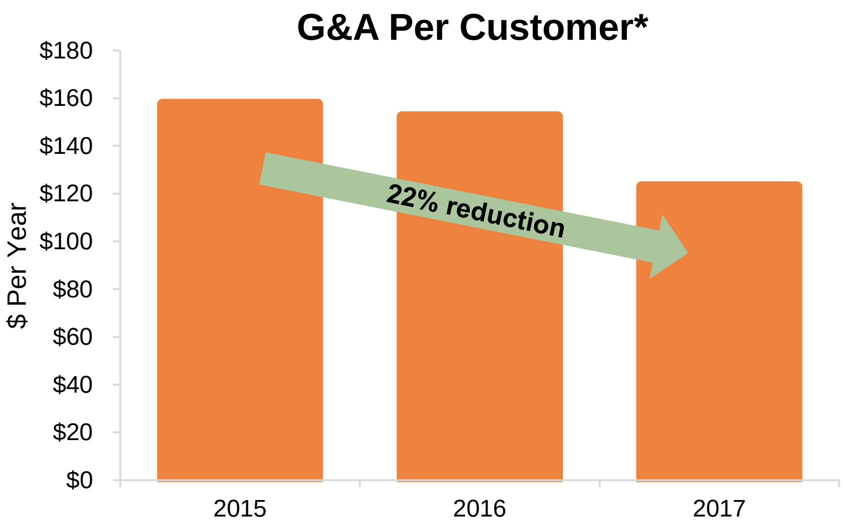
2 Montana data included in South Dakota totals

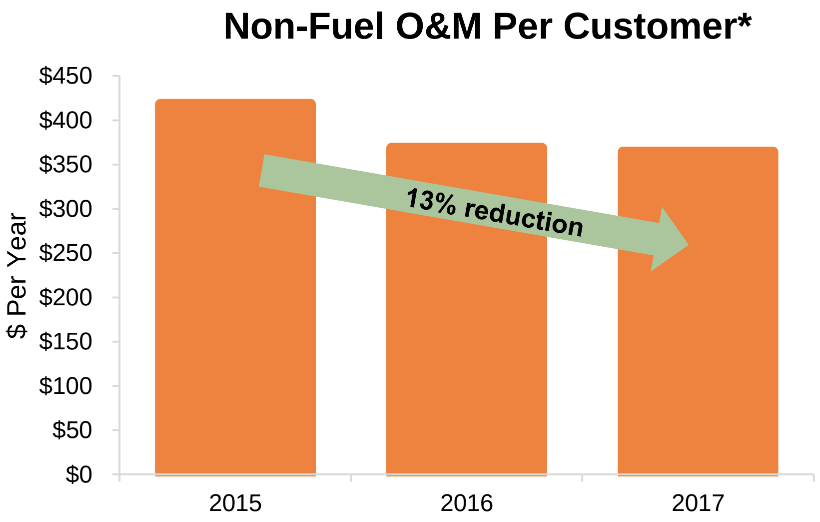
SourceGas Acquisition Success

Benefits for customers and shareholders

PROFITABLE GROWTH

- Reduced costs per customer achieved through efficient integration and execution of SourceGas acquisition
- Efficiencies achieved will benefit customers and shareholders

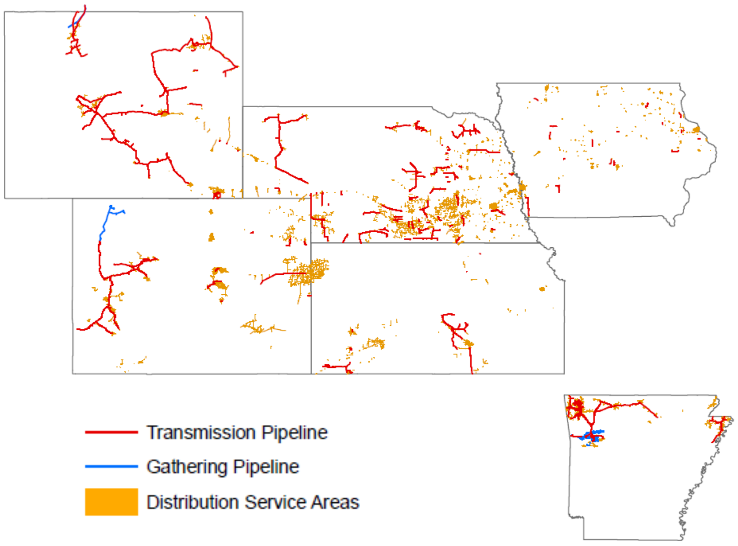




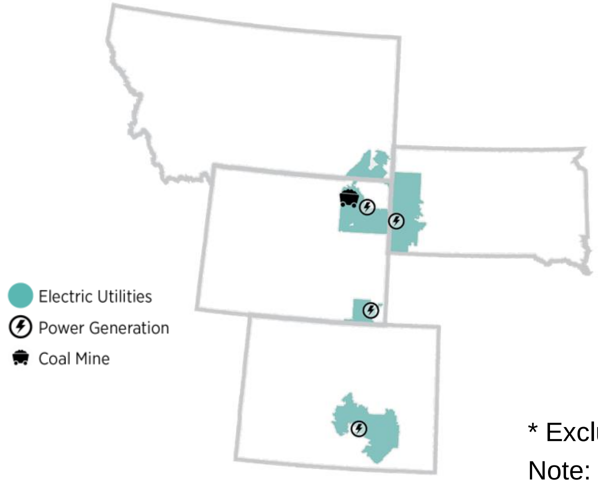
* Excludes integration and acquisition costs; 2016 amounts include pro forma adjustments for SourceGas acquisition closed in February 2016

Strategic Execution Delivers Opportunities

Acquisitions created larger transmission and distribution systems



Nearly **45,000-mile** natural gas distribution, service and transmission system



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

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

Note: Information from 2016 Form 10-K

Natural Gas Infrastructure

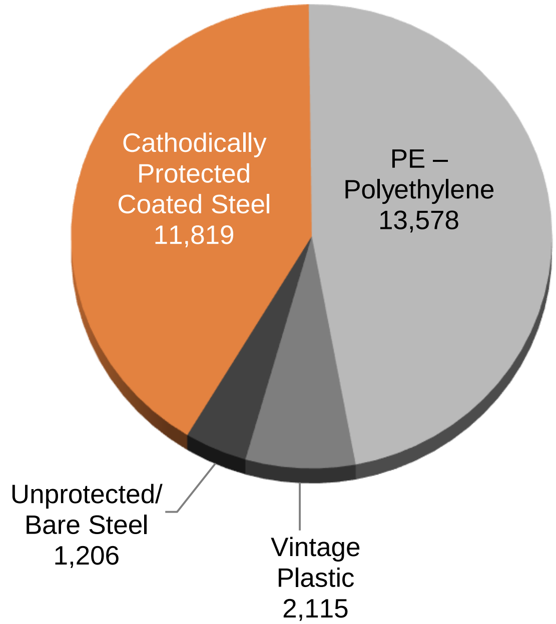
Provides Investment Opportunities

PROFITABLE GROWTH

1 million customers | **29,000 miles of distribution** | **4,600 miles of transmission** | **7 active storage fields** | **38 compressors** | **2 natural gas processing plants**

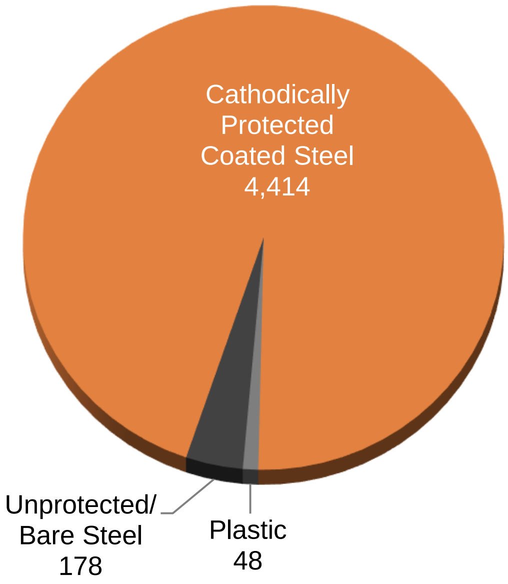
Distribution System Material Type

(in Miles)



Transmission System Material Type

(in Miles)



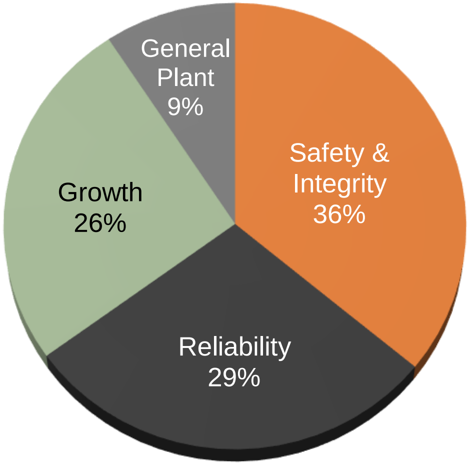
Natural Gas System

Safety and Reliability Investment Plans

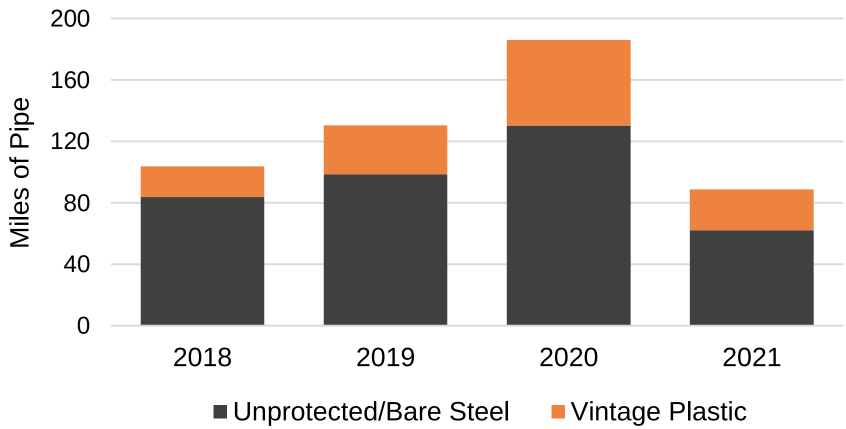
PROFITABLE GROWTH

- Replacing bare steel and vintage plastic pipelines and services
- Improving natural gas supply
- Adding in-line inspection capabilities
- Upgrading storage fields
- Rebuilding farm taps

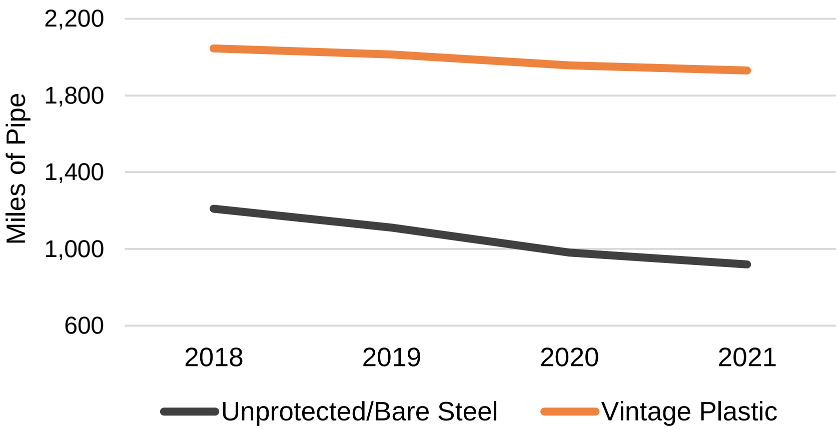
5-year Strategic Investment



Planned Pipe Replacement



Planned Reduction in At-Risk Materials



Capital Investment by Segment

PROFITABLE GROWTH

(in millions)	2016A	2017A	2018F	2019F	2020F	2020-2022F Annual Avg
Minimal Lag Capital - Electric Utilities*	166	30	70	86	33	
Growth Capital - Electric Utilities**	24	21	19	18	26	
Other	69	87	60	89	82	
Electric Utilities	259	138	149	193	141	
Minimal Lag Capital - Gas Utilities*	43	72	129	175	155	
Growth Capital - Gas Utilities**	65	67	45	59	59	
Other	67	46	89	45	31	
Gas Utilities	174	184	263	279	245	
Total Utilities	433	322	412	472	386	
Power Generation	5	1	2	14	5	
Mining	6	7	7	7	7	
Corporate	16	7	10	13	8	
Total ^	$460	$337	$431	$506	$406	$350 - $450

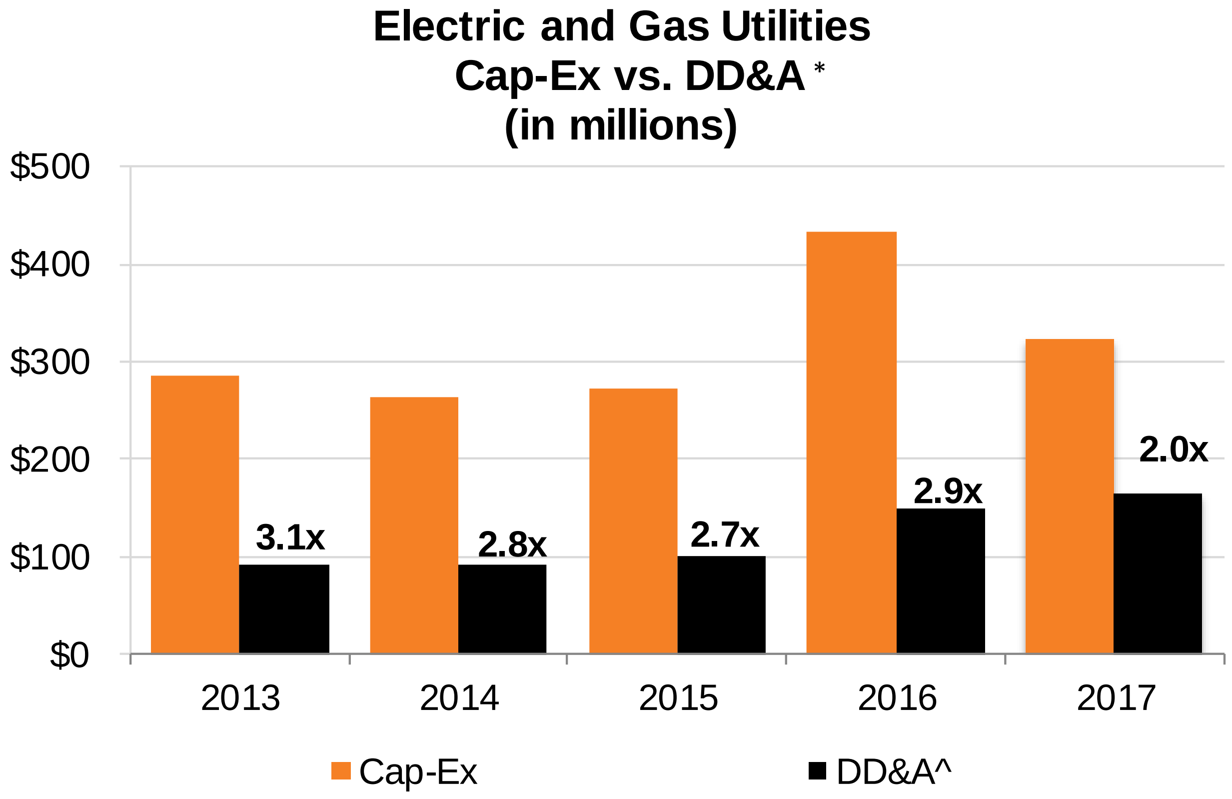
Forecasted capital expenditures exclude additional upside opportunities from power generation or other material projects

* Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods
** Growth Capital - generates immediate revenue on customer connections
^ Excludes discontinued operations
Note: Minor differences due to rounding

Utility Capital Expenditures

As compared to DD&A

PROFITABLE GROWTH



* Excludes acquisitions
^ Non-GAAP measure; reconciled to GAAP in Appendix
Note: Minor differences due to rounding

Regulatory Update

VALUED SERVICE

Rate Reviews Underway

- Three rate reviews in process at Arkansas Gas, Rocky Mountain Natural Gas and Wyoming Gas (Northwest Wyoming)

Colorado Electric – Electric Resource Plan

- On Aug. 4, Colorado Electric received bids related to request for proposals for additional 60 megawatts of renewable energy resources to be in service by 2019 to meet Colorado's renewable energy requirements
  - Bid deadline extended to allow bidders time to adjust for impacts of recently enacted tax reform
  - Currently evaluating bids and plan to present to Colorado Public Utilities Commission on Feb. 9, 2018

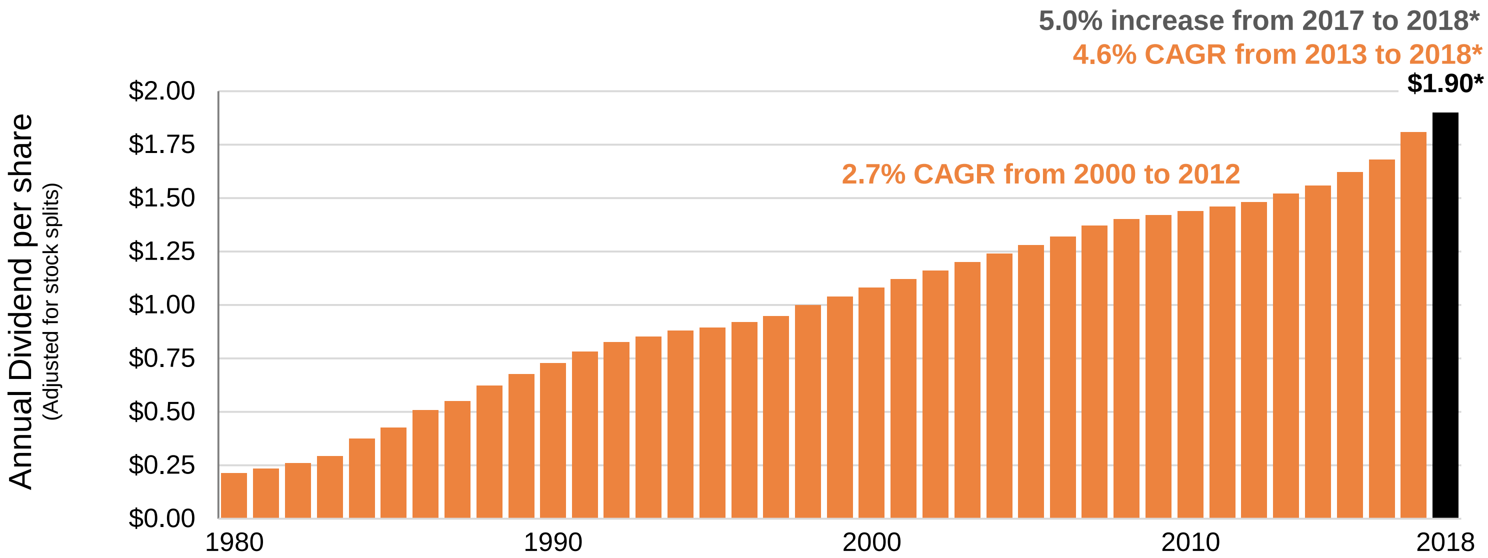
Tax Reform

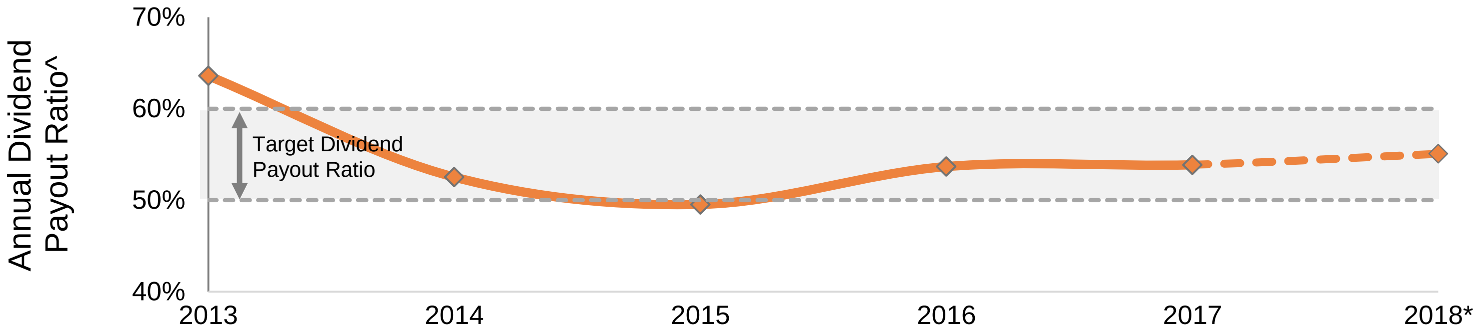
- Working with utility regulators in each of the states we serve to address the appropriate mechanisms to provide benefits of lower corporate tax rate to customers
- Company currently reviewing impact of tax reform as it applies to all three active rate reviews

Strong Dividend Growth Track Record

Dividend Increased for 48 Consecutive Years

PROFITABLE GROWTH





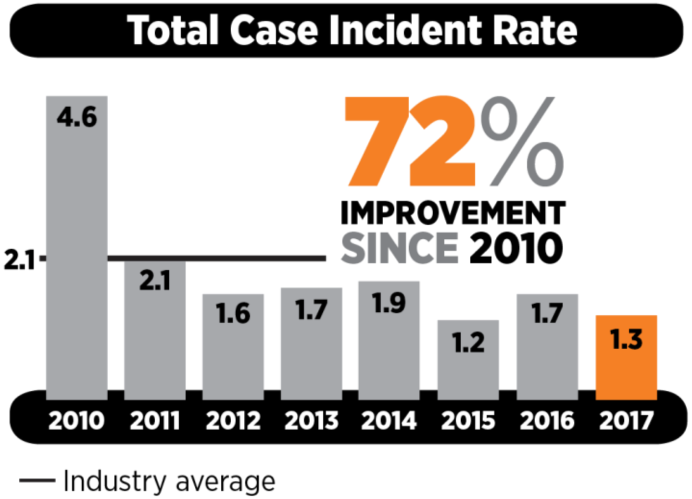
* Board of directors on Jan. 31 approved a quarterly dividend of $0.475 per share, equivalent to an annual rate of $1.90 per share; increase from 2017 to 2018 compares the 2018 annual equivalent rate to the total dividends paid for 2017

^ Annual dividend payout ratio is calculated by dividing annual dividend per share by earnings from continuing operations, as adjusted, per share, a non-GAAP measure; reconciled to GAAP in the appendix

Operational Excellence

GREAT WORKPLACE

Safety Performance



2017 data is YTD through Dec. 31 (Black Hills and Legacy SourceGas combined). TCIR is defined as the average number of work-related injuries incurred by 100 workers during a one-year period.

Our new corporate headquarters, Horizon Point, brings together nearly 600 Black Hills employees from five locations across Rapid City. The new facility allows us to centralize support services for most of our operations, helping facilitate our continued efforts to drive efficiencies across our entire organization, benefiting the communities and customers we serve.

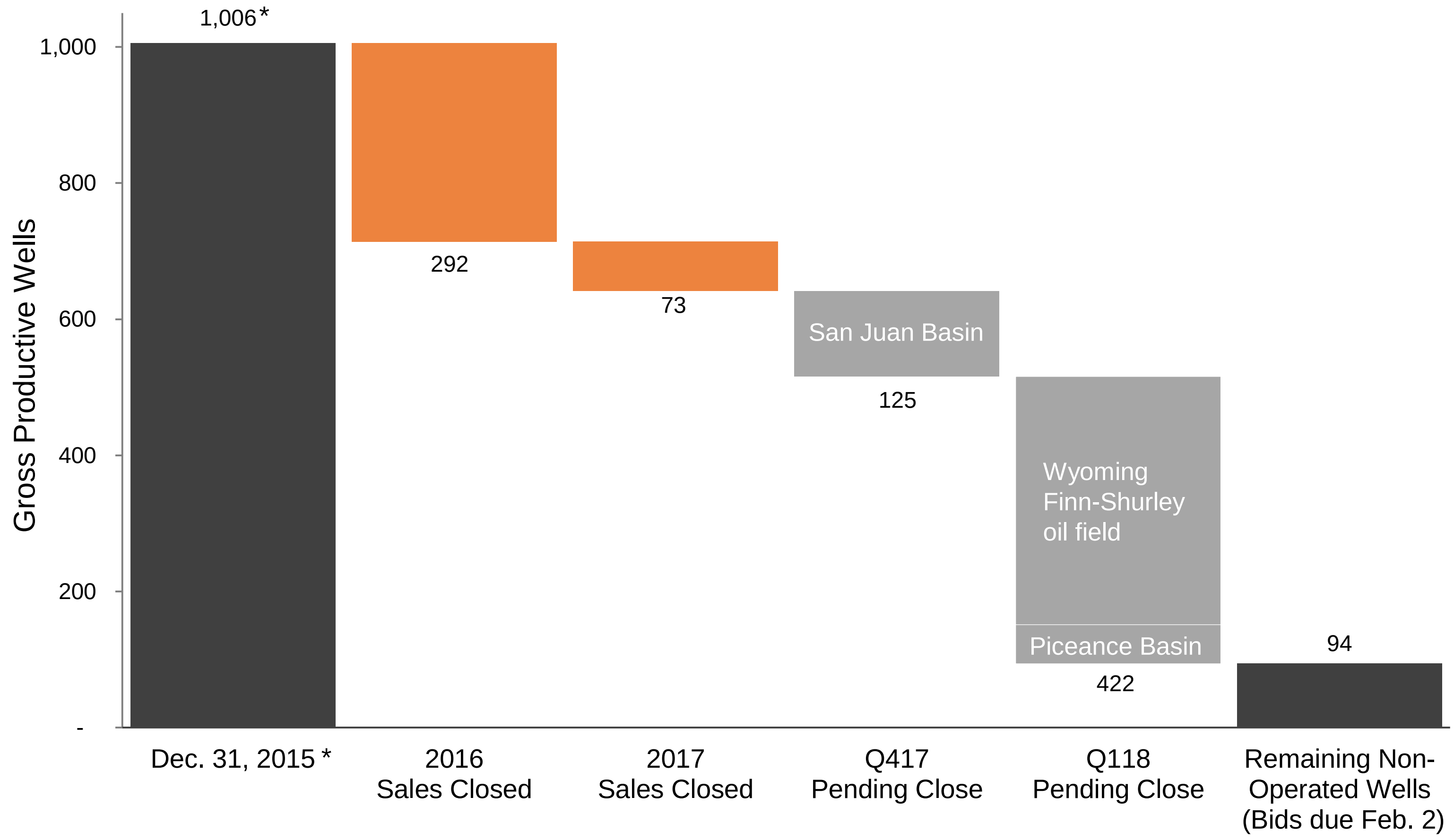
Exiting Oil and Gas Business

Sales process ahead of schedule

- As of Jan. 29, 2018, closed transactions or signed contracts to sell more than 90 percent of oil and gas properties for aggregate value of approximately $75 million
  - Agreements executed to sell all operated properties
  - Only non-operated assets with minimal value left to divest
    - Bids on remaining non-operated assets due Feb. 2, 2018
  - Sale of all remaining assets expected to be concluded by mid-year 2018
- On Nov. 1, board of directors approved sale of all remaining oil and gas assets and exit of the oil and gas business
  - Segment reported as discontinued operations beginning with fourth quarter results

Oil and Gas Asset Divestiture Progress

More than 90 percent of wells sold or contracted for sale



* Gross productive well count on Dec. 31, 2015, as reported in the 2015 Form 10-K

2017 Scorecard

PROFITABLE GROWTH	VALUED SERVICE	BETTER EVERY DAY	GREAT WORKPLACE
Strategy			
• Construct cost effective rate-base generation and transmission to serve existing utility customers • Acquire regulated utility properties in our geographic region • Advance COSG Program	• Construct additional utility infrastructure that supports growing demand, maintains reliability and enables improved customer satisfaction • Balance integration of alternative and renewable energy with utility customer rate impacts	• Achieve top-tier operational performance in a culture of continuous improvement • Improve efficiencies through continued deployment of technology • Efficiently use coal resources through mine-mouth generation	• Be the safest company in the energy industry • Be one of the best places to work • Improve the wellness of employees • Become a workplace of choice for women and minorities
2017 Future Initiatives and Progress			
☑ Increase annual dividend for 47th consecutive year ☑ Complete construction of Osage to Rapid City 230 kv transmission line ☐ Obtain regulatory approvals necessary to commence COSG program ☐ Pursue satisfactory resolution of Colorado Electric 2016 rate review ☑ Manage earnings growth by improving efficiency and managing costs	☑ Complete construction of the Northeast Nebraska Pipeline ☑ Obtain approval of Colorado Electric’s ERP ☑ Issue RFP for 60 MW of renewable energy resources ☐ Present results of RFP for 60 MW of renewable energy resources to Colorado PUC for approval	☑ Complete phase I implementation of utility work and asset management project ☑ Divest non-core oil and gas assets ☑ Enhance Field Service Optimization project (iPad and Click software technology)	☐ Achieve safety TCIR of 1.2 ☑ Complete new corporate headquarters ☑ Conduct an employee engagement survey to measure our progress and to continue efforts toward being a best place to work ☐ Expand the availability of participation for women’s affinity groups into all areas of operations ☑ Further develop programs that develop, retain, and reward top performing employees

Legend
☑ Completed
☐ Planned in 2017

2018 Scorecard

PROFITABLE GROWTH	VALUED SERVICE	BETTER EVERY DAY	GREAT WORKPLACE

Strategy

Profitable Growth
- Construct cost effective rate-base utility assets that meet growing demand, improve reliability and customer satisfaction.
- Acquire small utility systems within or near existing service territories

Valued Service
- Invest in the replacement of existing utility infrastructure to maintain the safety and reliability of electric and gas systems.
- Cost effectively add renewable resources to energy supply portfolio

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

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

2018 Future Initiatives and Progress

Profitable Growth
- ☐ Increase annual dividend for 48th consecutive year
- ☐ Commence construction of 175 mile, $70 million Rapid City, SD to Stegall, NE 230 KV transmission line rebuild
- ☐ Pursue satisfactory resolution of Colorado Electric 2016 rate review
- ☐ Complete Arkansas Gas rate review
- ☐ Complete RMNG rate review
- ☐ Complete NW WY Gas rate review

Valued Service
- ☐ Obtain Colorado PUC approval for recommended project from 2017 renewable energy RFP
- ☐ Work with each state regulatory commission to provide benefits of tax reform to utility customers
- ☐ File for approval of Wyoming Electric's electric resource plan
- ☐ Finalize negotiations and file for regulatory approval for electric utilities to join SPP
- ☐ Improve eBill participation, reduce inbound customer calls and enhance web-based customer options

Better Every Day
- ☐ Complete implementation of utility work and asset management system
- ☐ Implement new vegetation management system
- ☐ Focus on improving productivity and reducing costs
- ☐ Complete exit of oil and gas business
- ☐ Continue to enhance functionality of tablet-based technology for field technicians

Great Workplace
- ☐ Achieve safety TCIR of 1.1
- ☐ Achieve PMVI rate of 1.7
- ☐ Expand the availability of participation for women's affinity groups into all areas of operations
- ☐ Further develop programs that develop, retain, and reward top performing employees

Legend
- ☑ Completed
- ☐ Planned in 2018

Questions

The Cheyenne Prairie Generating Station, looking east at sunrise. The facility is owned by two Black Hills Corporation entities and serves customers in Wyoming and South Dakota.

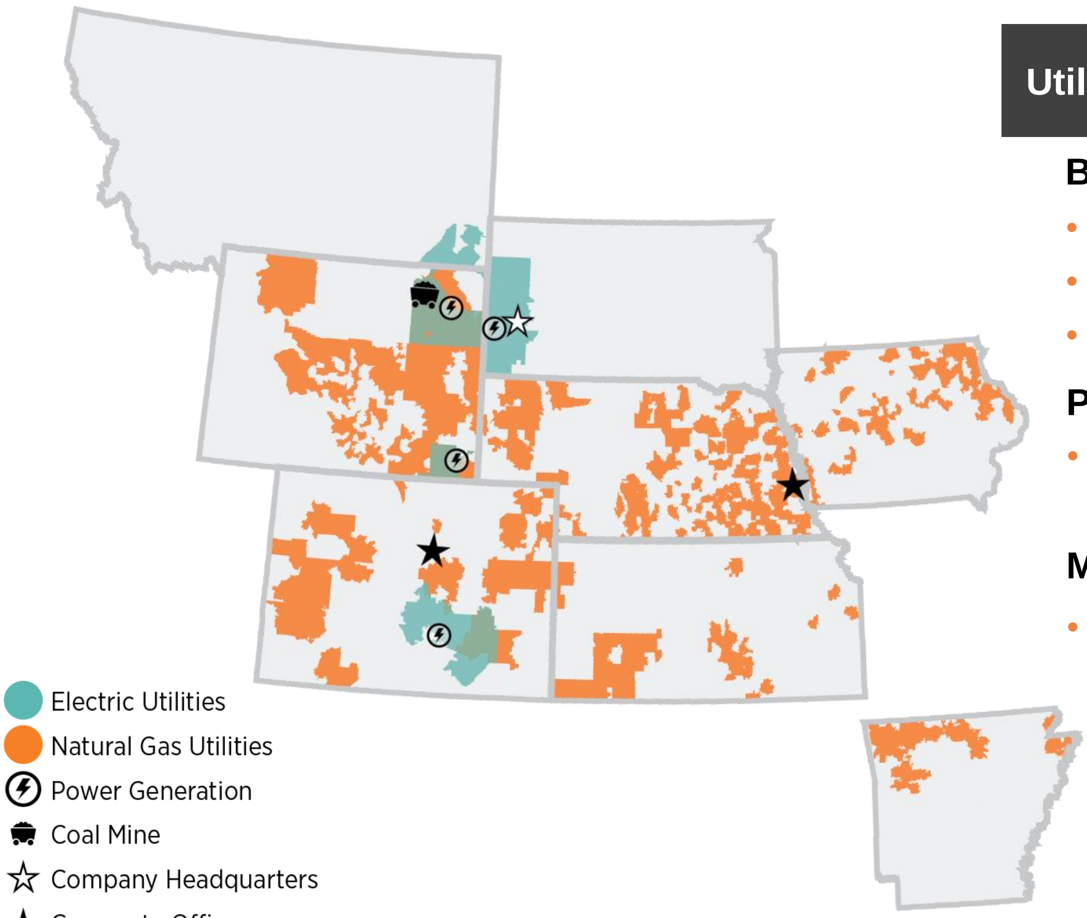
Appendix

Dennis Rohrbaugh, operations manager stands proudly next to the Northeast Nebraska Line project. The line spans more than 50 miles to connect Bancroft and Norfolk and creates a reliable supply of natural gas for northeastern Nebraska.

Appendix - Table of Contents

Black Hills Corporation Overview

Black Hills Corporation is a customer focused, growth-oriented utility company with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves over 1.2 million electric and natural gas utility customers in nearly 800 communities in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. Employees partner to produce results that ***improve life with energy.***



Utilities, Power Generation & Fuel Production

BHE Electric Utilities

- Colorado
- South Dakota
- Wyoming

Power Generation

- Black Hills Electric Generation

Mining

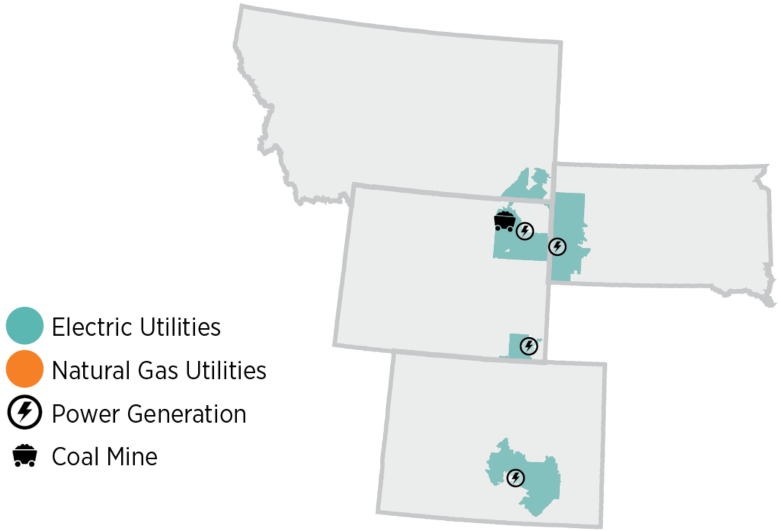
- Wyodak Resources

BHE Gas Utilities

- Arkansas
- Colorado
- Iowa
- Kansas
- Nebraska
- Wyoming

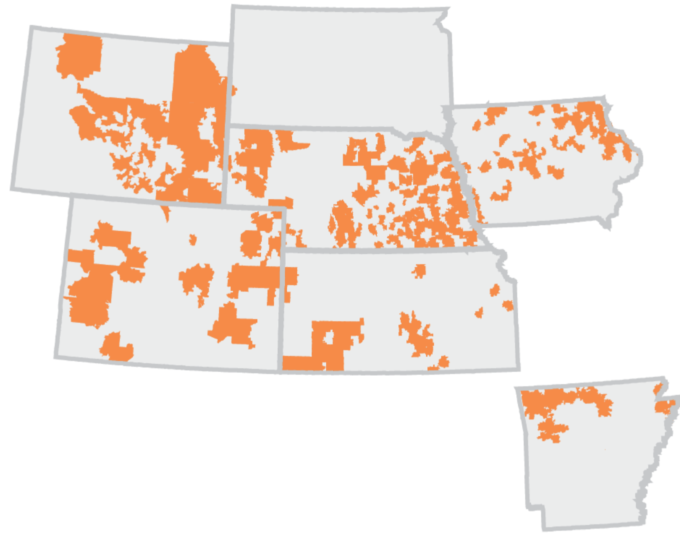
Operations Overview

Electric Utilities, Power Generation & Mining*



- Three electric utilities which generate, transmit and distribute electricity to approximately 208,500 customers in CO, SD, WY and MT
- 1.1 gigawatts** of generation and 8,806 miles of transmission and distribution
  - Five power generation facilities owned by utilities and serving utility customers (921 megawatts)
  - Two power generation facilities delivering capacity and energy under long-term contracts to utility affiliates (160 megawatts**)
  - Efficient mine-mouth generation in WY fueled by low-sulfur Powder River Basin coal (52-year supply of reserves at current production); mine production contracted to on site generation
- East-West interconnection in SD optimizes off-system sale of power and improves system reliability (1 of only 7 east-west ties)

Natural Gas Utilities*



- 12 natural gas utilities^ which distribute natural gas to approximately 1,030,800 customers in AR, CO, IA, KS, NE and WY
- 4,585 miles of intrastate gas transmission pipelines and 40,044 miles of gas distribution mains and service lines
- Seven natural gas storage facilities in AR, CO and WY with 17.4 Bcf of underground gas storage working capacity
- 149,000 customers served through Choice Gas Program (unbundled natural gas supply) and Service Guard/CAPP programs (contract appliance repair service)

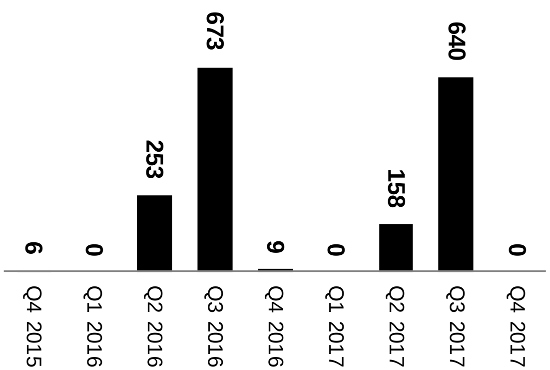
* Information from 2016 Form 10-K

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

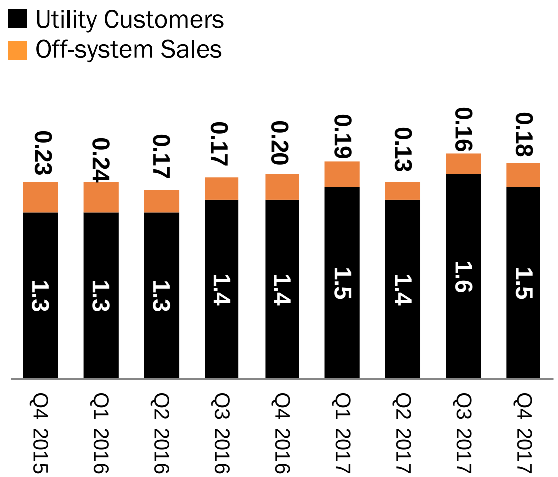
^ Excludes minor entities and Shoshone pipeline

Utility Weather and Demand

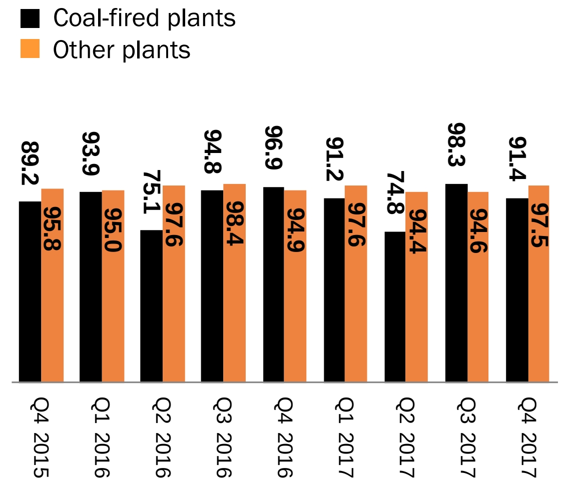
Electric Utility Cooling Degree Days
(Total for all electric service areas weighted by customer count)



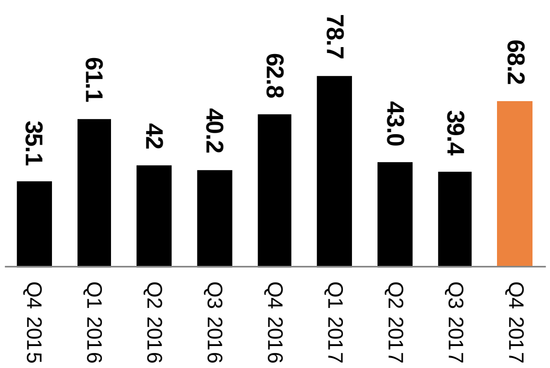
Electric Utility Total MWh Sales
(in millions)



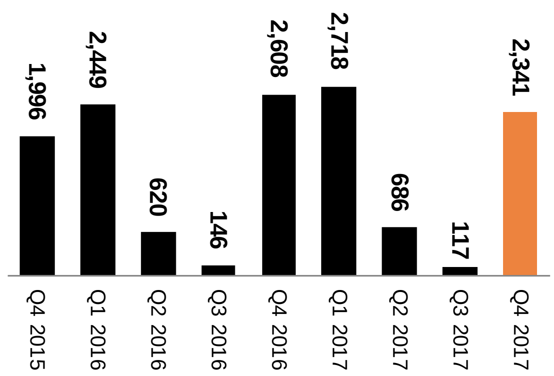
Electric Utility Generation Availability(%)



Gas Utility Total Dth Sales
(in millions)



Gas Utility Heating Degree Days
(Total for all gas service* areas weighted by customer count)



* Excludes KS HDD data since state has weather normalization

Estimated Utility Rate Base

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

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

Utility Regulatory Results

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

Note: Information from last approved rate review in each jurisdiction
* Results of this rate review are currently being appealed
** Includes amounts to serve non-jurisdictional and agriculture customers

Optimizing Regulatory Recovery

Electric Utility Jurisdiction	Cost Recovery Mechanisms					
	Environmental Cost	DSM/ Energy Efficiency	Trans-mission Expense	Fuel Cost	Transmission Cap-Ex	Purchased Power
South Dakota Electric (SD)	☑	☑	☑	☑	☑	☑
South Dakota Electric (WY)		☑	☑	☑		☑
South Dakota Electric (MT)						
South Dakota Electric (FERC)					☑	
Wyoming Electric		☑	☑	☑		☑
Colorado Electric		☑	☑	☑	☑	☑

Legend:
☑ Commission approved cost adjustment
☐ Pursuing

Optimizing Regulatory Recovery

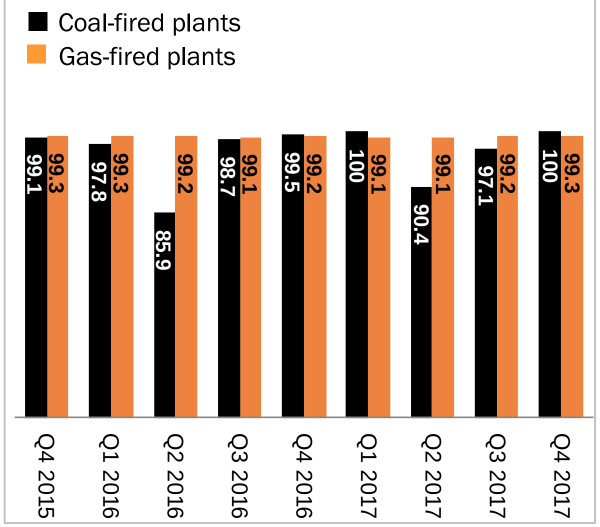
Gas Utility Jurisdiction	Cost Recovery Mechanisms							
	DSM/ Energy Efficiency	Integrity Additions	Bad Debt	Weather Normal	Pension Recovery	Fuel Cost	Revenue Decoupling	Fixed Cost Recovery*
Colorado Gas	☑					☑		47%
Iowa Gas	☑	☑				☑		70%
Kansas Gas		☑	☑	☑	☑	☑		64%
Nebraska Gas		☑	☑			☑		55%
Wyoming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

Legend:
☑ Commission approved cost adjustment
☐ Pursuing

* Residential customers as of last rate base review
1 Refers to Cheyenne Light only
2 Rocky Mountain Natural Gas, an intrastate natural gas pipeline
3 Includes first tier of consumption in block rates

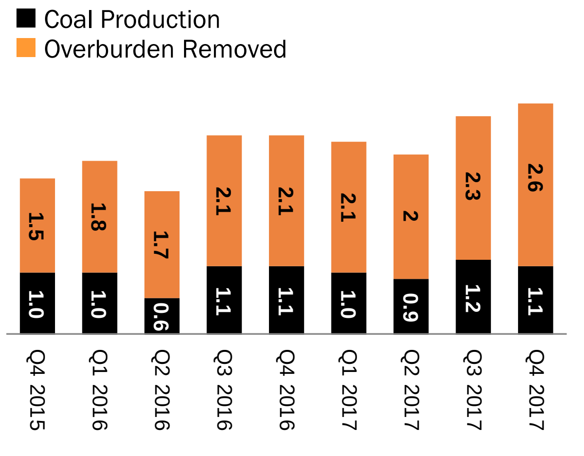
Power Generation and Mining

IPP Generation Contract Availability (%)



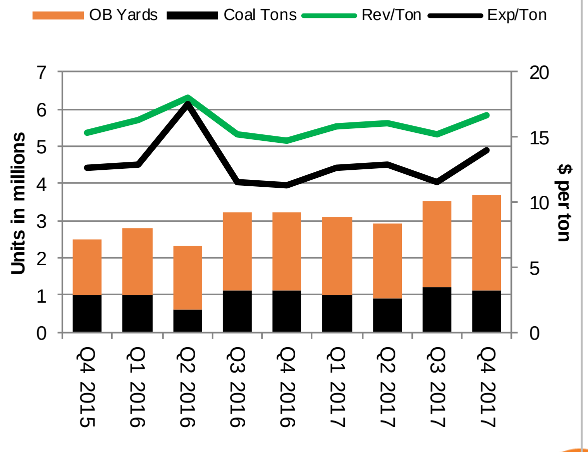
Coal Production

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



Revenue and Expense per Ton Sold

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



Coal Contracts Summary

- Approximately 50% of coal production sold under contracts that include price adjustments based on actual mining costs plus a return on mine capital investments
- Most of the remaining 50% of coal production sold under contracts where sales price changes are based on published indices but may lag actual mining costs

Plant/Owner	Production Tons (millions) 2018F	Pricing Methodology	Date Price Reopener or Adjustment	Contract Expires	Contract Quantity
Existing Contracts					
Wyodak Plant (PacifiCorp)	1.5	Fixed with escalators	July 1, 2019	Dec. 2022	All plant usage
Wygen III	0.6	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other South Dakota Electric coal plants	0.9	Cost plus return	Annual True-Up	Life of plant	All plant usage
Wygen I	0.5	Fixed with escalators	July 1, 2018*	Life of plant	All plant usage
Wygen II	0.6	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other sales (truck)	0.1	Fixed		1-3 years	Various
Total	4.2				

* Adjusts every 5 years

Use of Non-GAAP Financial Measures

Gross Margin

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

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

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

EBITDA and EBITDA, as adjusted

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

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

Note: continued on next page

Use of Non-GAAP Financial Measures

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

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

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

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

Depreciation, Depletion and Amortization, as adjusted

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

Limitations on the Use of Non-GAAP Measures

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

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

Use of Non-GAAP Financial Measures

Revenue / Gross Margin, as adjusted

(in thousands)

QTD - December 31, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	$ 171,021	$ 273,434	$ 1,880	$ 8,963	$ -	$ 455,298
Inter-company revenue	5,582	(55)	21,378	8,673	(35,578)	-
Total revenue (GAAP)	176,603	273,379	23,258	17,636	(35,578)	455,298
Less: - Inter-company capital lease	-	-	804	-	(804)	-
Revenue, as adjusted - (Non-GAAP)	**$ 176,603**	**$ 273,379**	**$ 24,062**	**$ 17,636**	**$ (36,382)**	**$ 455,298**
Less: Cost of Goods sold	(69,009)	(120,578)	-	-	30,521	(159,066)
Less: Inter-company capital lease	(1,556)	-	-	-	1,556	-
Gross margin, as adjusted - (Non-GAAP)	**$ 106,038**	**$ 152,801**	**$ 24,062**	**$ 17,636**	**$ (4,305)**	**$ 296,232**

QTD - December 31, 2016	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	$ 170,485	$ 274,464	$ 1,872	$ 8,569	$ -	$ 455,390
Inter-company revenue	3,538	-	20,900	7,562	(32,000)	-
Total revenue (GAAP)	174,023	274,464	22,772	16,131	(32,000)	455,390
Less: - Inter-company capital lease	-	-	710	-	(710)	-
Revenue, as adjusted - (Non-GAAP)	**$ 174,023**	**$ 274,464**	**$ 23,482**	**$ 16,131**	**$ (32,710)**	**$ 455,390**
Less: Cost of Goods sold	(66,871)	(124,166)	-	-	28,444	(162,593)
Less: Inter-company capital lease	(1,382)	-	-	-	1,382	-
Gross margin, as adjusted - (Non-GAAP)	**$ 105,770**	**$ 150,298**	**$ 23,482**	**$ 16,131**	**$ (2,884)**	**$ 292,797**

Use of Non-GAAP Financial Measures

YTD Revenue / Gross Margin, as adjusted

(in thousands)

YTD - December 31, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	$ 689,946	$ 947,595	$ 7,262	$ 35,463	$ -	$ 1,680,266
Inter-company revenue	14,705	35	84,285	31,158	(130,183)	-
Total revenue (GAAP)	704,651	947,630	91,547	66,621	(130,183)	1,680,266
Less: - Inter-company capital lease	-	-	3,074	-	(3,074)	-
Revenue, as adjusted - (Non-GAAP)	**$ 704,651**	**$ 947,630**	**$ 94,621**	**$ 66,621**	**$ (133,257)**	**$ 1,680,266**
Less: Cost of Goods sold	(268,406)	(409,603)	-	-	114,721	(563,288)
Less: Inter-company capital lease	(5,958)	-	-	-	5,958	-
Gross margin, as adjusted - (Non-GAAP)	**$ 430,287**	**$ 538,027**	**$ 94,621**	**$ 66,621**	**$ (12,578)**	**$ 1,116,978**

YTD - December 31, 2016	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	$ 664,330	$ 838,343	$ 7,176	$ 29,067	$ -	$ 1,538,916
Inter-company revenue	12,951	-	83,955	31,213	(128,119)	-
Total revenue (GAAP)	677,281	838,343	91,131	60,280	(128,119)	1,538,916
Less: - Inter-company capital lease	-	-	2,709	-	(2,709)	-
Revenue, as adjusted - (Non-GAAP)	**$ 677,281**	**$ 838,343**	**$ 93,840**	**$ 60,280**	**$ (130,828)**	**$ 1,538,916**
Less: Cost of Goods sold	(261,349)	(352,165)	-	-	114,382	(499,132)
Less: Inter-company capital lease	(5,284)	-	-	-	5,284	-
Gross margin, as adjusted - (Non-GAAP)	**$ 410,648**	**$ 486,178**	**$ 93,840**	**$ 60,280**	**$ (11,162)**	**$ 1,039,784**

Use of Non-GAAP Financial Measures

Operating Income, as adjusted

(in thousands, pre-tax)

QTD - December 31, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	$ 36,702	$ 63,641	$ 12,422	$ 2,908	$ 1,522	$ 117,195
Capital lease adjustment	1,712	—	(338)	—	(1,374)	—
Operating income without capital lease (Non-GAAP)	38,414	63,641	12,084	2,908	148	117,195
Significant Unique Items:						
Acquisition costs	—	—	—	—	2,044	2,044
Total adjustments	—	—	—	—	2,044	2,044
Operating income (loss), as adjusted (Non-GAAP)	**$ 38,414**	**$ 63,641**	**$ 12,084**	**$ 2,908**	**$ 2,192**	**$ 119,239**

QTD - December 31, 2016	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	$ 43,478	$ 63,078	$ 13,267	$ 3,664	$ (13,157)	$ 110,330
Capital lease adjustment	1,886	—	(2,246)	—	360	—
Operating income without capital lease (Non-GAAP)	45,364	63,078	11,021	3,664	(12,797)	110,330
Significant Unique Items:						
Acquisition costs	—	—	—	—	8,519	8,519
Total adjustments	—	—	—	—	8,519	8,519
Operating income (loss), as adjusted (Non-GAAP)	**$ 45,364**	**$ 63,078**	**$ 11,021**	**$ 3,664**	**$ (4,278)**	**$ 118,849**

Use of Non-GAAP Financial Measures

YTD Operating Income, as adjusted

(in thousands, pre-tax)

YTD Dec. 31, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	$ 170,623	$ 185,105	$ 53,171	$ 13,500	$ (5,663)	$ 416,736
Capital lease adjustment	7,114	—	(6,481)	—	(633)	—
Operating income without capital lease (Non-GAAP)	177,737	185,105	46,690	13,500	(6,296)	416,736
Significant unique items:						
Acquisition costs	—	—	—	—	4,356	4,356
Total adjustments	—	—	—	—	4,356	4,356
Operating income (loss), as adjusted (Non-GAAP)	**$ 177,737**	**$ 185,105**	**$ 46,690**	**$ 13,500**	**$ (1,940)**	**$ 421,092**

YTD Dec. 31, 2016	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	$ 173,153	$ 162,017	$ 54,391	$ 11,358	$ (64,738)	$ 336,181
Capital lease adjustment	7,788	—	(9,026)	—	1,238	—
Operating income without capital lease (Non-GAAP)	180,941	162,017	45,365	11,358	(63,500)	336,181
Significant unique items:						
Acquisition costs	—	—	—	—	43,688	43,688
Total adjustments	—	—	—	—	43,688	43,688
Operating income (loss), as adjusted (Non-GAAP)	**$ 180,941**	**$ 162,017**	**$ 45,365**	**$ 11,358**	**$ (19,812)**	**$ 379,869**

Use of Non-GAAP Financial Measures

Net Income Available for Common Stock, as adjusted

(in thousands, after-tax)

QTD - December 31, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Income (loss) from continuing operations available for common stock (GAAP)	$ 41,696	$ 24,386	$ 28,462	$ 5,338	$ (28,615)	$ 71,267
Capital lease adjustment	1,078	—	(213)	—	(865)	—
Income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	**42,774**	**24,386**	**28,249**	**5,338**	**(29,480)**	**71,267**
Significant unique items:						
Acquisition costs	—	—	—	—	1,329	1,329
Tax reform and other tax items	(23,371)	2,750	(23,784)	(2,678)	28,402	(18,681)
Total adjustments	(23,371)	2,750	(23,784)	(2,678)	29,731	(17,352)
Income (loss) from continuing operations, as adjusted (Non-GAAP)	**$ 19,403**	**$ 27,136**	**$ 4,465**	**$ 2,660**	**$ 251**	**$ 53,915**

QTD - December 31, 2016	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Income (loss) from continuing operations available for common stock (GAAP)	$ 23,202	$ 29,649	$ 6,023	$ 3,084	$ (9,823)	$ 52,135
Capital lease adjustment	1,190	—	(1,417)	—	227	—
Income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	**24,392**	**29,649**	**4,606**	**3,084**	**(9,596)**	**52,135**
Significant unique items:						
Acquisition costs	—	—	—	—	5,541	5,541
Total adjustments	—	—	—	—	5,541	5,541
Income (loss) from continuing operations, as adjusted (Non-GAAP)	**$ 24,392**	**$ 29,649**	**$ 4,606**	**$ 3,084**	**$ (4,055)**	**$ 57,676**

Use of Non-GAAP Financial Measures

YTD Net Income Available for Common Stock, as adjusted

(in thousands, after-tax)

YTD - December 31, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Income (loss) from continuing operations available for common stock (GAAP)	$ 110,082	$ 65,795	$ 46,479	$ 14,386	$ (35,609)	$ 201,133
Capital lease adjustment	4,478	—	(4,080)	—	(398)	—
Income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	114,560	65,795	42,399	14,386	(36,007)	201,133
Significant unique items:						
Acquisition costs	—	—	—	—	2,832	2,832
Tax reform and other tax items	(23,371)	2,750	(23,784)	(2,678)	28,402	(18,681)
Total adjustments	(23,371)	2,750	(23,784)	(2,678)	31,234	(15,849)
Income (loss) from continuing operations, as adjusted (Non-GAAP)	**$ 91,189**	**$ 68,545**	**$ 18,615**	**$ 11,708**	**$ (4,773)**	**$ 185,284**

YTD Dec 31, 2016	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Income (loss) from continuing operations available for common stock (GAAP)	$ 85,827	$ 59,624	$ 25,930	$ 10,053	$ (44,302)	$ 137,132
Capital lease adjustment	4,915		(5,696)		781	—
Income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	90,742	59,624	20,234	10,053	(43,521)	137,132
Significant unique items:						
Acquisition costs	—	—	—	—	29,101	29,101
Interest rate derivative - MTM loss	—	—	—	—	620	620
Total adjustments	—	—	—	—	29,721	29,721
Income (loss) from continuing operations, as adjusted (Non-GAAP)	**$ 90,742**	**$ 59,624**	**$ 20,234**	**$ 10,053**	**$ (13,800)**	**$ 166,853**

Use of Non-GAAP Financial Measures

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

(in thousands, pre-tax)

YTD Dec. 31, 2017	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	$ 93,315	$ 83,732	$ 177,047	$ 5,993	$ 8,239	$ 14,232	$ (3,033)	$ 188,246
Capital lease adjustment	(13,072)	-	(13,072)	9,555	-	9,555	3,517	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	$ 80,243	$ 83,732	$ 163,975	$ 15,548	$ 8,239	$ 23,787	$ 484	$ 188,246
Capital Expenditures	$ 148,260	$ 174,189	$ 322,449	$ 1,864	$ 6,708	$ 8,572	$ 6,668	$ 337,689
Cap Ex to Depreciation Ratio			**2 to 1**			**0.4 to 1**		

YTD Dec. 31, 2016	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	$ 84,645	$ 78,335	$ 162,980	$ 4,104	$ 9,346	$ 13,450	$ (897)	$ 175,533
Capital lease adjustment	(13,072)	-	(13,072)	11,735	-	11,735	1,337	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	$ 71,573	$ 78,335	$ 149,908	$ 15,839	$ 9,346	$ 25,185	$ 440	$ 175,533
Capital Expenditures	$ 258,739	$ 173,930	$ 432,669	$ 4,719	$ 5,709	$ 10,428	$ 17,353	$ 460,450
Cap Ex to Depreciation Ratio			**2.9 to 1**			**0.4 to 1**		

YTD Dec. 31, 2015	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	$ 80,929	$ 32,326	$ 113,255	$ 4,329	$ 9,806	$ 14,135	$ (857)	$ 126,533
Capital lease adjustment	(13,071)	-	(13,071)	11,764	-	11,764	1,307	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	$ 67,858	$ 32,326	$ 100,184	$ 16,093	$ 9,806	$ 25,899	$ 450	$ 126,533
Capital Expenditures	$ 171,897	$ 99,674	$ 271,571	$ 2,694	$ 5,767	$ 8,461	$ 9,864	$ 289,896
Cap Ex to Depreciation Ratio			**2.7 to 1**			**0.3 to 1**		

YTD Dec. 31, 2014	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	$ 77,011	$ 28,912	$ 105,923	$ 4,540	$ 10,276	$ 14,816	$ 221	$ 120,960
Capital lease adjustment	(13,072)	-	(13,072)	12,831	-	12,831	241	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	$ 63,939	$ 28,912	$ 92,851	$ 17,371	$ 10,276	$ 27,647	$ 462	$ 120,960
Capital Expenditures	$ 171,475	$ 92,252	$ 263,727	$ 2,379	$ 6,676	$ 9,055	$ 9,046	$ 281,828
Cap Ex to Depreciation Ratio			**2.8 to 1**			**0.3 to 1**		

YTD Dec. 31, 2013	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Coal Mining	Total Non-Reg	Corporate	Total
Depreciation, depletion and amortization (GAAP)	$ 75,355	$ 28,730	$ 104,085	$ 5,090	$ 11,523	$ 16,613	$ (463)	$ 120,235
Capital lease adjustment	(13,100)	-	(13,100)	11,850	-	11,850	1,250	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	$ 62,255	$ 28,730	$ 90,985	$ 16,940	$ 11,523	$ 28,463	$ 787	$ 120,235
Capital Expenditures	$ 212,269	$ 73,198	$ 285,467	$ 13,533	$ 5,528	$ 19,061	$ 10,319	$ 314,847
Cap Ex to Depreciation Ratio			**3.1 to 1**			**0.7 to 1**		

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

Use of Non-GAAP Financial Measures

EBITDA

Earnings Per Share, as adjusted	2013	2014	2015
Net income (loss) available for common stock (GAAP)	**$ 2.64**	**$ 2.93**	**$ (0.71)**
(Income) loss from discontinued operations (GAAP)	(0.09)	0.04	3.83
Net income (loss) available for common stock (excluding discontinued operations)	**2.55**	**2.97**	**3.12**
Adjustments (after tax)			
Interest rate swaps - MTM	(0.44)	-	-
Costs associated with prepayment of BHW project financing (Net of interest savings)	0.15	-	-
Financing costs, net of interest savings ($250M bond payoff)*	0.13	-	-
Integration expenses	-	-	0.15
Total Non-GAAP adjustments	(0.16)	-	0.15
Net income available for common stock (excluding discontinued operations); as adjusted (Non-GAAP)	**$ 2.39**	**$ 2.97**	**$ 3.27**

Use of Non-GAAP Financial Measures

EBITDA

(in thousands)

(in thousands)	For the Three Months Ended December 31, 2017	For the Three Months Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
Income from continuing operations	$ 74,835	$ 55,381	$ 215,375	$ 146,793
Depreciation, depletion and amortization	47,610	46,014	188,246	175,533
Interest expense, net	34,643	35,611	137,102	134,681
Income tax expense (benefit)	7,849	20,122	66,367	59,101
Rounding	—	(1)	—	(1)
EBITDA (a Non-GAAP Measure)	**164,937**	**157,127**	**607,090**	**516,107**
Less adjustments for unique items:				
Acquisition costs	2,044	8,519	4,356	43,688
EBITDA, as adjusted	**$ 166,981**	**$ 165,646**	**$ 611,446**	**$ 559,795**

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.

To see more ways we're improving life with energy, visit **www.blackhillscorp.com**.