

# POWERING A **BETTER FUTURE**

## 2022 Third Quarter Review

Nov. 3, 2022



# Forward-Looking Statements

## COMPANY INFORMATION

### Black Hills Corporation

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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 2022 and 2023 earnings guidance and 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 earnings guidance and 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;
- The effects of changing interest rates;
- Our ability to achieve our greenhouse gas emissions intensity reduction goals;
- Board of Directors’ approval of any future quarterly dividends;
- The impact of future governmental regulation;
- Our ability to overcome the impacts of supply chain disruptions on availability and cost of materials;
- The effects of inflation and volatile energy prices; and
- Other factors discussed from time to time in our filings with the SEC.

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

# Third Quarter 2022 Review



# Delivering Results for Stakeholders



## Financial Performance

- ✓ +9% year-to-date EPS growth driven by strategic execution
  - ▲ New regulatory recovery, customer growth, strong off-system sales and weather benefit
- ✓ Five-year capital forecast increased by \$250 million to \$3.5 billion
- ✓ Dividend increased 5.0%



## Operations Excellence

- ✓ Reliable and safe service with strong generation fleet availability
- ✓ Three all-time peak loads in third quarter for South Dakota and Wyoming electric systems



## Regulatory Plan Execution

- ✓ Approval of \$260 million, 260-mile Ready Wyoming electric transmission project
- ✓ Approval of new rates and consolidated rider for Arkansas Gas
- ✓ Approval of Wyoming Gas Uri Cost Recovery plan; all plans approved and recovery progressing
- ✓ Filing of Rocky Mountain Natural Gas rate review



## Resiliency, Growth and Sustainability

- ✓ Electric resource plans advanced in Colorado and South Dakota
- ✓ 2021 Sustainability Report and new Net Zero by 2035 target for gas utilities

# Rate Review Progress

- Received approval of new rates for Arkansas Gas and a consolidated safety and integrity rider
- Advancing Wyoming Electric rate review through regulatory process; seeking new rates by Q1 2023
- Filed rate review for Rocky Mountain Natural Gas intrastate pipeline in Colorado

Jurisdiction	Filing Date	Annual Revenue Increase	ROE	Debt / Equity	Comments / Status
Arkansas Gas Docket 21-097-U	Dec. 10, 2021	\$8.8 million	9.6%	55% / 45%	Approved - new rates effective Oct. 21, 2022; new comprehensive safety and integrity rider replaces three former riders
Wyoming Electric Docket 20003-214-ER-22	June 1, 2022	\$15.4 million*	10.3%*	46% / 54%*	Seeking new rates in Q1 2023
Rocky Mountain Natural Gas Docket 22AL-0426G	Oct. 7, 2022	\$12.3 million*	12.25%*	48% / 52%*	Seeking new rates by Q3 2023

\* As requested in filing; excludes ongoing rider recovery requested to be included in base rates

# Winter Storm Uri Recovery Approved and Progressing

Jurisdiction	Recovery Amount *	Recovery Period	Comments / Status
Arkansas Gas	\$137.5	5 years	Approved - rates effective July 1, 2022; replaces interim rates in place since June 1, 2021
Colorado Electric	\$ 72.7	2 years	Approved - rates effective April 10, 2022
Colorado Gas	\$ 23.2	1-3 years	Approved - rates effective April 10, 2022
Iowa Gas	\$ 95.5	2 years	Approved - rates effective Jan. 1, 2022; replaces interim rates in place since April 9, 2021
Kansas Gas	\$ 87.9	5 years	Approved - rates effective Feb. 1, 2022
Nebraska Gas	\$ 79.8	3 years	Approved - rates effective July 1, 2021
South Dakota Electric	\$ 20.1	1 year	Recovery complete
Wyoming Electric	n/a	1 year	Recovery through normal energy cost adjustment
Wyoming Gas	\$ 29.4	3 years	Approved - rates effective Jan. 1, 2023; replaces interim rates effective Sept. 1, 2021
Total	\$ 546	3.5 years	Weighted average

	2021	2022	2023	2024	2025	2026
Expected Annual Cost Recovery *	\$36	\$191	\$143	\$91	\$52	\$32
Expected Cumulative Recovery * (differences in total due to rounding)	\$36	\$227	\$370	\$461	\$513	\$546

\* Recovery amounts exclude carrying costs; amounts in millions

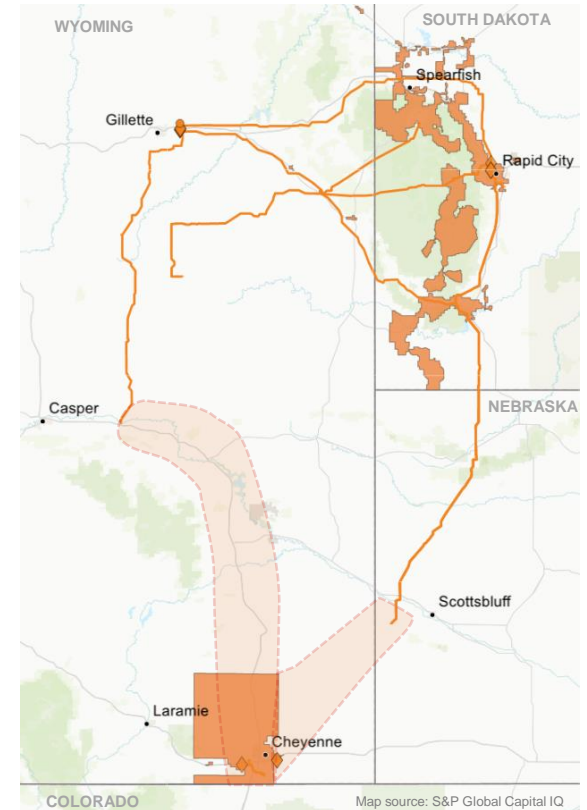
# Ready Wyoming Approved

## Estimated \$260 million, 260-mile Project to Further Interconnect and Expand Wyoming Electric System

- Maintain long-term cost stability for customers
- Enhance system resiliency to withstand stress events
- Expand access to power markets and provide flexibility as power markets develop in Western states
- Attract and enable customer solutions such as serving data centers, blockchain customers and economic growth in Wyoming
- Expand access to renewable resources and facilitate additional renewable development across wind- and sun-rich resource area with strong natural gas optionality to back up renewables

## CPCN Approved and Preparing for Construction in 2023-2025

- On Oct. 11, received bench approval from Wyoming commission
- Construction expected to commence in 2023 in multiple phases, or segments, through 2025; project included in capital forecast



- Black Hills' SD/WY and Cheyenne electric system and service area
- ▨ Proposed transmission line route

# Responsibly Reducing GHG Emissions

Achieved Greater than One-third Reduction Since 2005



## ELECTRIC EMISSIONS

↓ **70%** by 2040

- ✓ **33%+ by 2021**
- ✓ Retired 123.3 MW of coal generation
- ✓ Added 288.8 MW of owned renewable wind resources

**40% by 2030**

- Convert 90 MW coal-fired power plant to gas at end of engineered life (*Neil Simpson II in 2025*)
- Add renewable and battery resources

**70% by 2040**

- Convert or retire remaining coal-fired power plants at end of engineered lives (*see footnote*)
- Add renewable and battery resources



## NATURAL GAS EMISSIONS

↓ **Net Zero** by 2035

- ✓ **33%+ by 2021**  
reduction across mains & service lines

- ✓ Replaced at-risk and aging pipeline materials across natural gas system since 2005

**Net Zero by 2035**

across entire gas distribution system

- Continue replacing at-risk and aging pipeline materials and cultivate ongoing best practices
- Integrate emission-reducing technologies and processes
- Pursue advanced leak detection systems
- Target best-in-class third-party line hits
- Integrate low carbon fuels such as renewable natural gas and hydrogen



See more information at: [www.blackhillsenergy.com/sustainability](http://www.blackhillsenergy.com/sustainability)

Note: Electric goals are based on greenhouse gas emissions intensity as compared to 2005 levels for our owned electric generation and purchased power. Anticipated retirement or re-powering of coal plants is subject to change based on costs and feasibility of other alternatives.



# Advancing Electric Resource Plans

570 MW  
by 2030 \*\*

## Colorado Clean Energy Plan

90% by 2030 plan exceeds state's legislation goal \*

- Filed plan May 27, 2022
- Issue "all source" RFP in Q2 2023
- New renewable and battery resources in service in 2025 to 2030
- Opted in to 80% by 2030 legislation
- Colorado legislation allows ownership of up to 50% of new resources

258 MW  
solar \*\*

149 MW  
wind \*\*

50 MW battery  
storage \*\*

450 MW of clean  
energy resources  
by 2030 \*\*



## South Dakota and Wyoming IRP

- Filed integrated resource plan June 30, 2021, for jointly operated electric system
- IRP formally accepted by Wyoming Public Service Commission
- Evaluating next steps for adding renewable resources
- 100 MW renewable generation by 2025 \*\*
- Evaluate 20 MW battery storage (10 MW South Dakota and 10 MW Wyoming) \*\*
- Convert 90 MW coal-fired power plant to gas by 2025
- Evaluate and develop transmission opportunities (Ready Wyoming by 2025)
- Support research for emissions-reduction technologies

120 MW of clean  
energy resources  
by 2025 \*\*

Enhanced transmission  
and backup generation  
resiliency and optionality

\* Emissions reduction target for Colorado Electric from a 2005 baseline

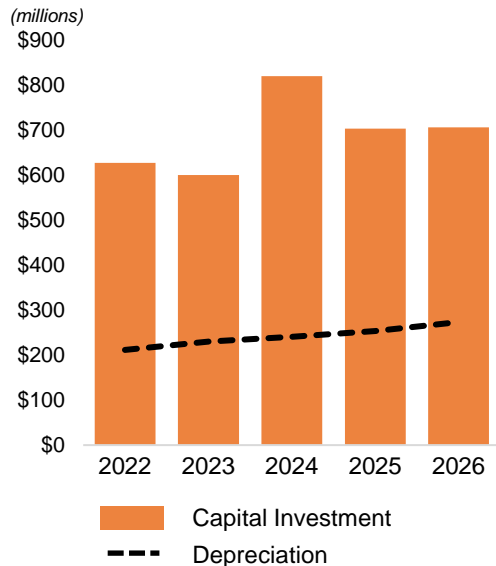
\*\* Preferred plans as submitted to regulatory commissions in Colorado, South Dakota and Wyoming; potential investments are not included in current capital forecast

# Disciplined Growth Plan with Upside



## Capital Forecast

**\$3.5 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

# Operational Excellence

## ! Safety-Focused Team

- ✓ South Dakota Governor's Meritorious Award Recipient

In August, the South Dakota chapter of the National Safety Council recognized Black Hills' company headquarters, Horizon Point, for our commitment to safety through strong safety performance and our implementation of safety program activities.



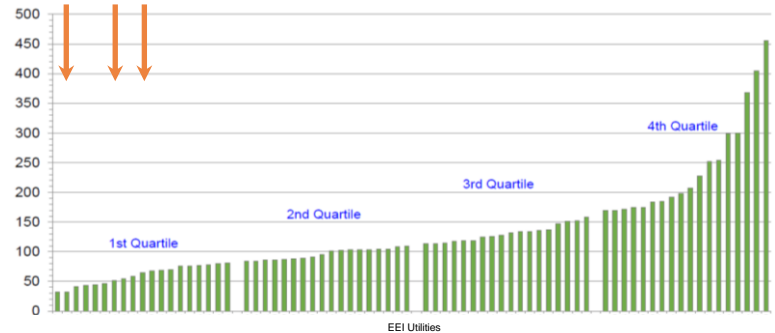
## 🔧 Positive Customer Experience

- ✓ Net promoter score improvement; 66 in 2022 YTD versus 49 in 2018
- ✓ Energy Star Partner of the Year for sustained excellence in Arkansas
- ✓ Improved online self-scheduling
- ✓ New cloud-based interactive voice response
- ✓ Company-wide bill redesign

## »» Industry-Leading Reliability

- ✓ All three electric utilities achieved excellent SAIDI outage results of just 65 minutes or better in 2021 (top-quartile)

EEI 2021 Overall System SAIDI (Excluding Major Events)\*



Source: 2021 EEI Reliability Survey based on rankings for SAIDI, or System Average Interruption Duration Index

## 👤 Great Workplace



- ✓ Achievers Most Engaged Workplaces in North America (second consecutive year)



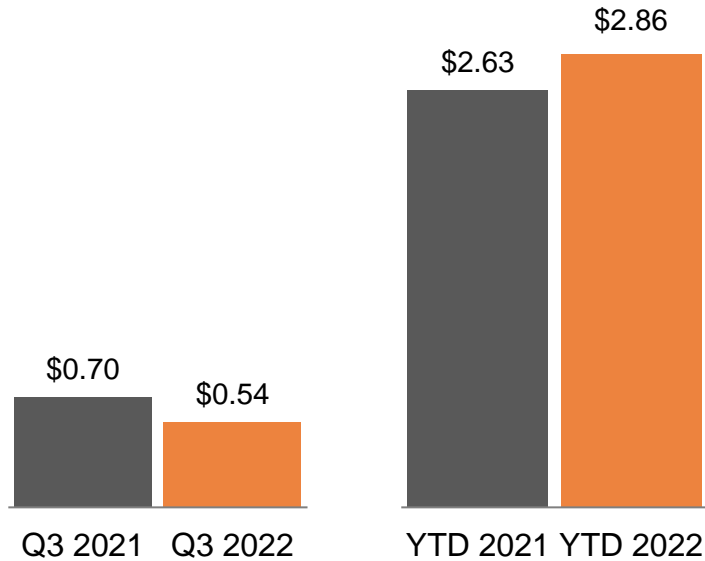
- ✓ #1 on InHerSight list for the Best Utility Companies to Work For

# Financial Overview



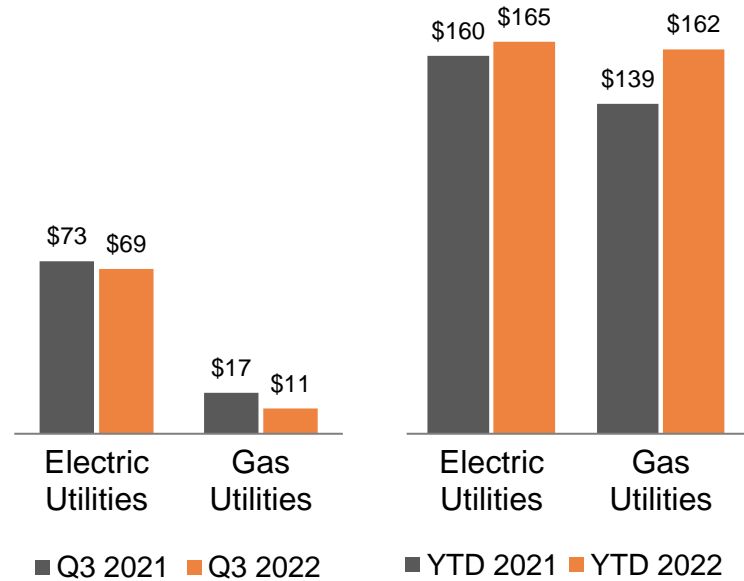
# Q3 2022 Financial Review

## EPS



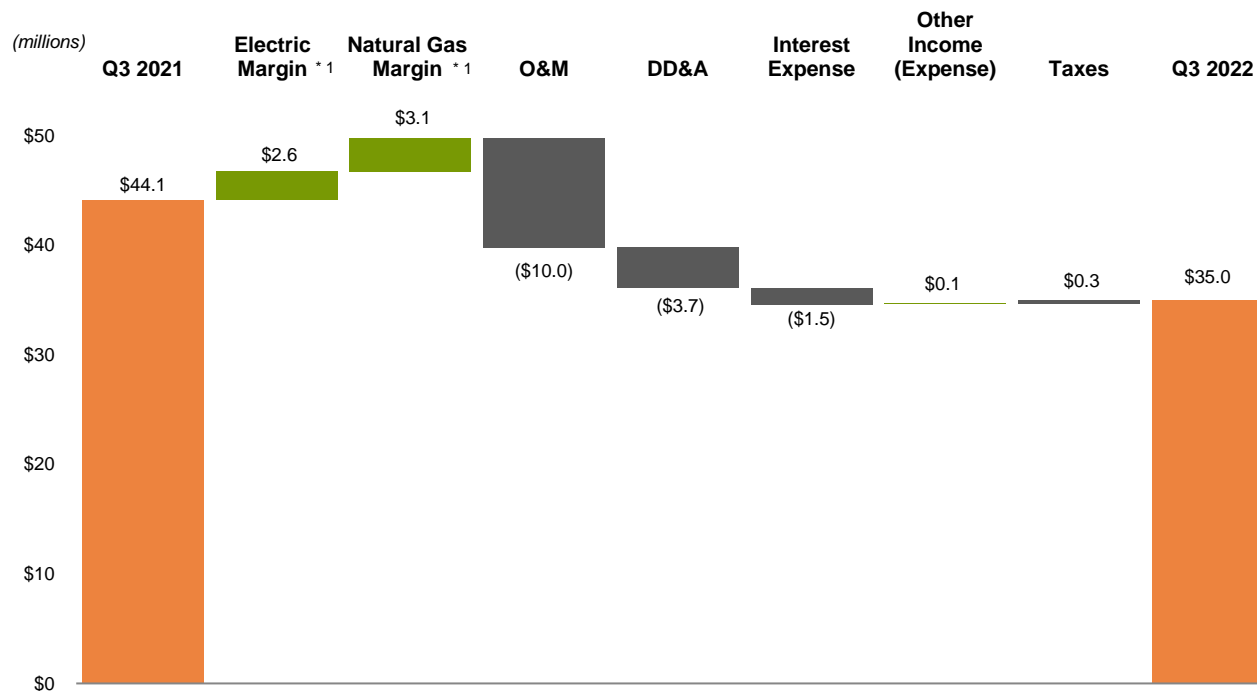
## Operating Income

(millions)



# Q3 2022 Earnings Drivers

## Change in Net Income Available for Common Stock



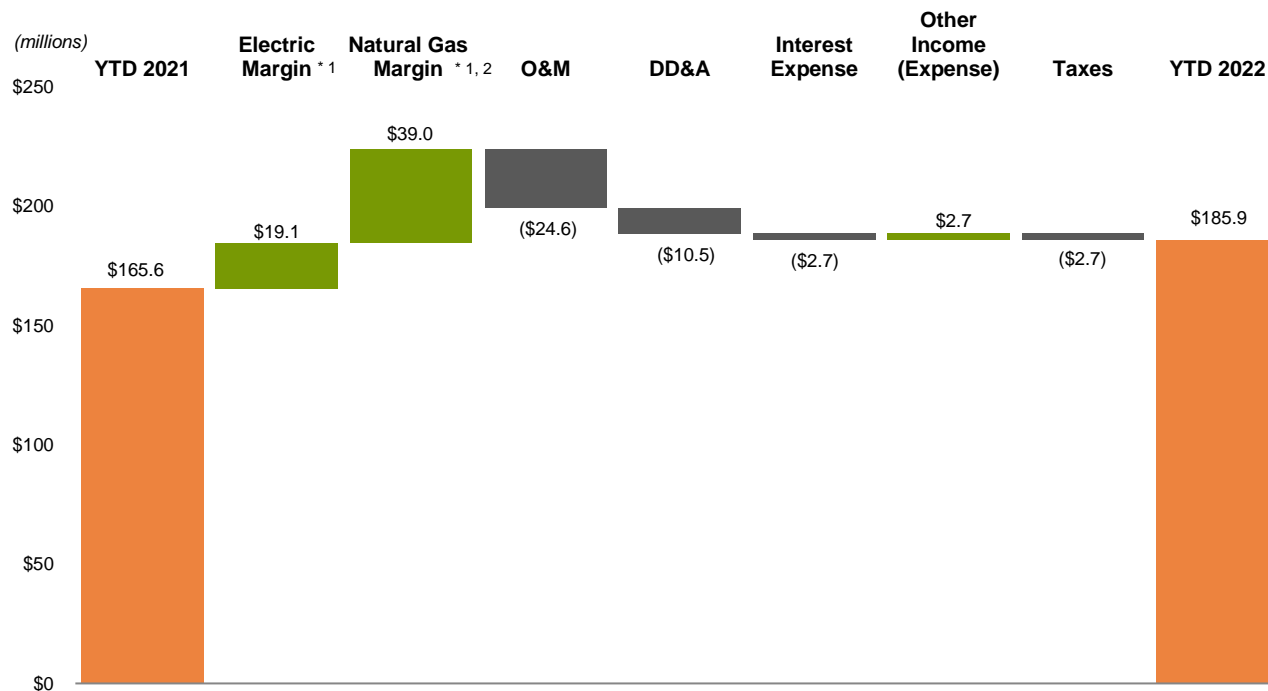
- ▲ New rates and rider recovery
- ▲ Weather
  - +\$0.07 vs normal
  - +\$0.06 vs prior year
- ▼ Higher outside services, bad debt and vehicle fuel expense
- ▼ Mark-to-market benefit in prior year
- ▼ Higher depreciation on larger asset base
- ▼ Higher short-term debt balance and interest rates
- ▼ Wygen I contract pricing

\* Utility margin, a non-GAAP measure defined in the Appendix

<sup>1</sup> Utility margin positive impact of \$4.2 million (\$0.8 million electric positive impact and \$3.4 million natural gas positive impact), net of tax, related to weather

# YTD 2022 Earnings Drivers

## Change in Net Income Available for Common Stock



\* Utility margin, a non-GAAP measure defined in the Appendix

<sup>1</sup> Utility margin positive impact of \$3.2 million (\$0.6 million electric positive impact and \$2.6 million natural gas positive impact), net of tax, related to weather

<sup>2</sup> Natural Gas margins positively impacted by \$10.3 million pre-tax, \$7.9 million after tax, one-time adjustment to reflect Commission-authorized rates for Winter Storm Uri costs

- ▲ New rates and rider recovery and Uri recovery true-up
- ▲ Customer Growth
- ▲ Weather
  - +\$0.13 vs normal
  - +\$0.05 vs prior year
- ▼ Higher depreciation on larger asset base
- ▼ Higher outside services, cloud computing and vehicle fuel expense
- ▼ Wygen I contract pricing
- ▼ Higher debt balance and interest rates

# Financial Outlook

2022

Reaffirmed EPS guidance of \$3.95 to \$4.15

2023

Initiated EPS guidance of \$4.00 to \$4.20

2023-2026

5% to 7% long-term EPS growth target \*

Dividend

5%+ annual growth rate target through 2026 \*\*

Capital  
Investment

Increased 2022-2026 forecast by \$250 million to \$3.5 billion

\* 2023 to 2026 compound annual growth rate, off 2022 base

\*\* Future dividends subject to board approval



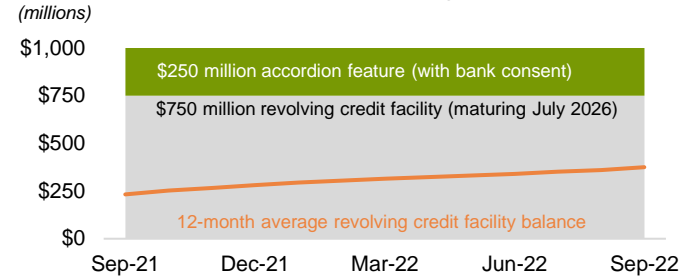
# Solid Financial Position

Committed to Strong Investment-Grade Credit Ratings

## Credit Ratings

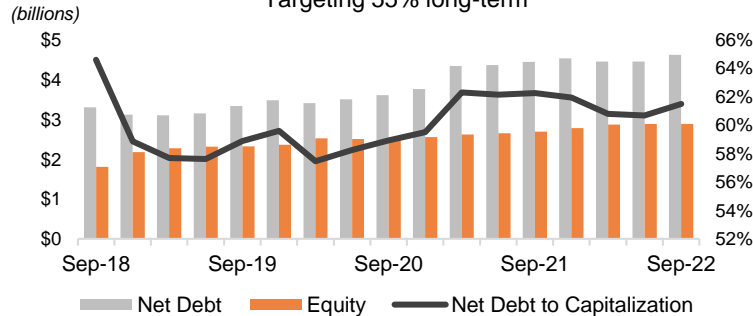
S&P	Moody's	Fitch
<b>BBB+</b>	<b>Baa2</b>	<b>BBB+</b>
Stable outlook	Stable outlook	Stable outlook
Oct. 20, 2021	Dec. 20, 2021	<b>Oct. 6, 2022</b>

## Liquidity



## Capital Structure \*

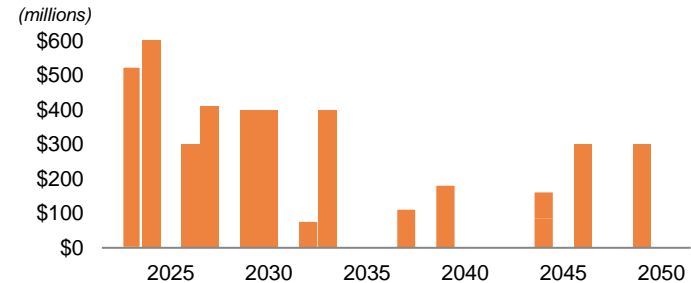
Targeting 55% long-term



Note: information as of Sept. 30, 2022

\* Excludes noncontrolling interest

## Debt Maturities



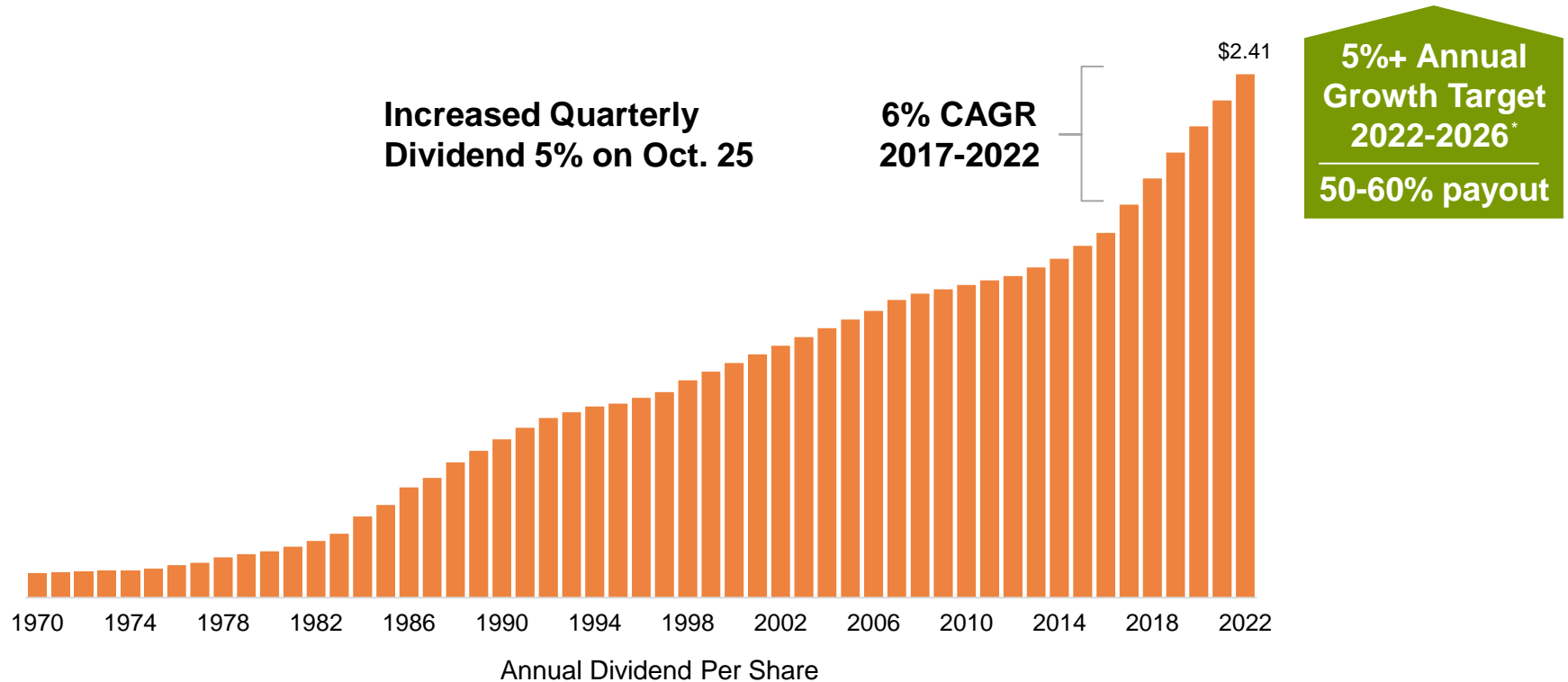
# Financing Strategy Alternatives

Evaluating Best Options for Strengthening our Balance Sheet and Funding Our Long-term Electric and Natural Gas Utility Growth

- At-the-market equity issuances, including possible block issuances thereunder
- Investment by partner in a minority, non-controlling interest in our gas utilities segment

# Strong Dividend Track Record

52 Consecutive Years of Annual Increases and 80 Consecutive Years Paid



\* Future dividends subject to board approval

# Questions



# Appendix



# Integrated Utility with Strong Growth Outlook

**\$3.5** 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

# 2022 Earnings Guidance Assumptions

Black Hills reaffirmed its guidance for 2022 EPS available for common stock, to be in the range of \$3.95 to \$4.15, based on the following updated assumptions:

- Normal weather conditions for the remainder of the year within our utility service territories including temperatures, precipitation levels and wind conditions
- Normal operations and weather conditions for planned construction, maintenance and/or capital investment projects
- Constructive and timely outcomes of utility regulatory dockets
- No significant unplanned outages at any of our generating facilities
- Adjusted contract price for Wygen I power purchase agreement beginning Jan. 1, 2022
- Production tax credits of approximately \$20 million associated with wind generation assets
- Capital investment of approximately \$627 million
- Equity issuance of \$100 million to \$120 million through the at-the-market equity offering program
- No material net impact from COVID-19

# 2023 Earnings Guidance Assumptions

Black Hills initiated its guidance for 2023 EPS available for common stock, to be in the range of \$4.00 to \$4.20, based on the following assumptions:

- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions
- Normal operations and weather conditions for planned construction, maintenance and/or capital investment projects
- Constructive and timely outcomes of utility regulatory dockets
- No significant unplanned outages at any of our generating facilities
- Production tax credits of approximately \$20 million associated with wind generation assets
- Capital investment of approximately \$600 million
- Equity issuance of approximately \$130 million to \$150 million through the at-the-market equity offering program
- Total interest expense of \$165 million to \$170 million \*
- Total operating expense of \$595 million to \$605 million excluding fuel, purchased power, cost of natural gas sold, depreciation, depletion and amortization \*

\* Guidance assumptions for interest expense and O&M are being provided for 2023 only due to ongoing volatility in inflation and rising interest rate environments.



# Income Statement

(in millions, except earnings per share)

	Third Quarter		Year to Date	
	2021	2022	2021	2022
Revenue	\$ 380.6	\$ 462.6	\$ 1,386.6	\$ 1,760.4
Fuel, purchased power and cost of natural gas sold	(94.1)	(168.5)	(495.7)	(793.6)
Operations and maintenance expense	(137.5)	(150.6)	(420.6)	(452.9)
Depreciation, depletion and amortization	(59.2)	(64.0)	(174.9)	(188.6)
<b>Operating income</b>	<b>89.9</b>	<b>79.5</b>	<b>295.5</b>	<b>325.2</b>
Interest expense, net	(38.0)	(40.0)	(113.8)	(117.3)
Other income (expense), net	1.6	0.5	1.6	2.7
<b>Income before taxes</b>	<b>53.5</b>	<b>40.0</b>	<b>183.3</b>	<b>210.6</b>
Income tax (expense)	(5.3)	(2.1)	(6.3)	(15.9)
<b>Net income before non-controlling interest</b>	<b>\$ 48.2</b>	<b>\$ 37.8</b>	<b>\$ 176.9</b>	<b>\$ 194.7</b>
Net income attributable to non-controlling interest	(4.1)	(2.9)	(11.3)	(8.8)
<b>Net income available to common stock</b>	<b>\$ 44.1</b>	<b>\$ 35.0</b>	<b>\$ 165.6</b>	<b>\$ 185.9</b>
<b>EPS - Net income available for common stock</b>	<b>\$ 0.70</b>	<b>\$ 0.54</b>	<b>\$ 2.63</b>	<b>\$ 2.86</b>
Diluted shares outstanding	63.4	65.1	63.0	64.9
<b>EBITDA*</b>	<b>\$ 150.6</b>	<b>\$ 144.0</b>	<b>\$ 472.0</b>	<b>\$ 516.6</b>

\* Non-GAAP measure defined and reconciled to GAAP on slides 38-40

# Capital Structure

(\$ in millions)

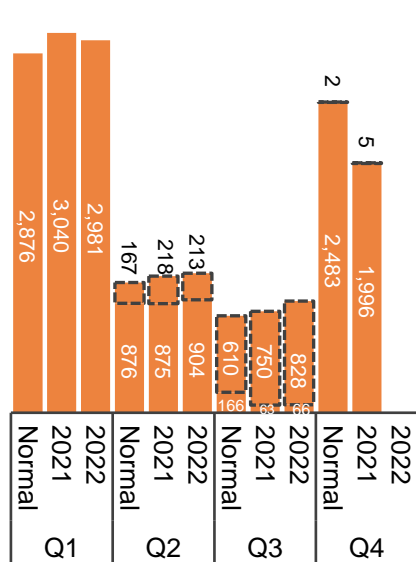
	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
<b>Capitalization</b>					
Short-term Debt	\$ 333	\$ 420	\$ 342	\$ 335	\$ 501
Long-term Debt	4,126	4,127	4,128	4,130	4,131
<b>Total Debt</b>	<b>4,458</b>	<b>4,547</b>	<b>4,470</b>	<b>4,465</b>	<b>4,632</b>
Equity*	2,698	2,787	2,872	2,885	2,887
<b>Total Capitalization</b>	<b>\$ 7,156</b>	<b>\$ 7,334</b>	<b>\$ 7,342</b>	<b>\$ 7,350</b>	<b>\$ 7,519</b>
<b>Net Debt to Net Capitalization</b>					
Debt	\$ 4,458	\$ 4,547	\$ 4,470	\$ 4,465	\$ 4,632
Cash and Cash Equivalents	(10)	(9)	(16)	(10)	(12)
<b>Net Debt</b>	<b>4,448</b>	<b>4,538</b>	<b>4,454</b>	<b>4,455</b>	<b>4,621</b>
<b>Net Capitalization</b>	<b>\$ 7,145</b>	<b>\$ 7,325</b>	<b>\$ 7,325</b>	<b>\$ 7,340</b>	<b>\$ 7,507</b>
Debt to Capitalization	62.3%	62.0%	60.9%	60.7%	61.6%
Net Debt to Capitalization (Net of Cash)	62.2%	62.0%	60.8%	60.7%	61.5%
Long-term Debt to Total Debt	92.5%	90.8%	92.4%	92.5%	89.2%

\* Excludes noncontrolling interest

# Utility Weather and Demand

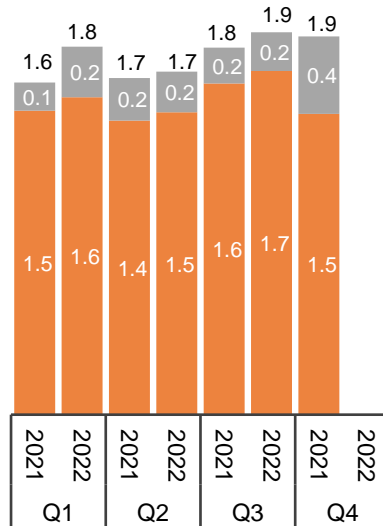
## Electric - Degree Days

Total for all electric service areas weighted by customer count



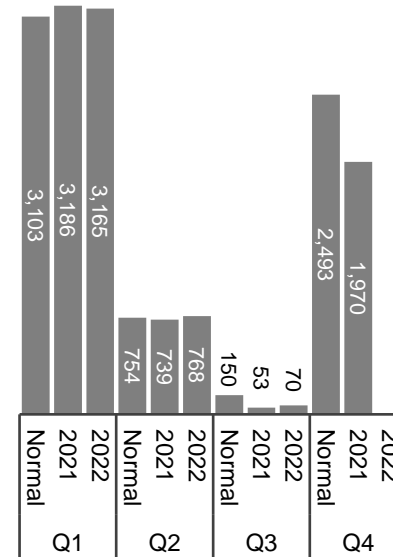
## Electric Utility -Total MWh Sales

(in millions)



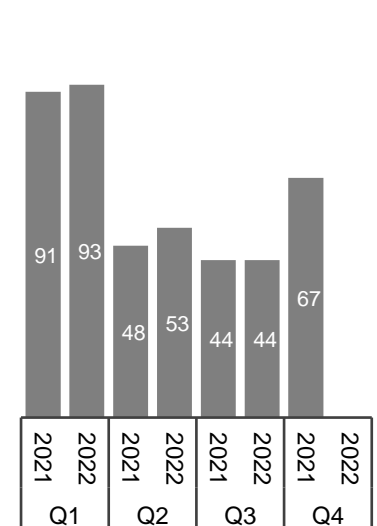
## Gas - Degree Days\*

Total for all natural gas service areas weighted by customer count



## Gas Utility - Total Dth Sales

(in millions)



█ Electric heating degree days  
 Electric cooling degree days

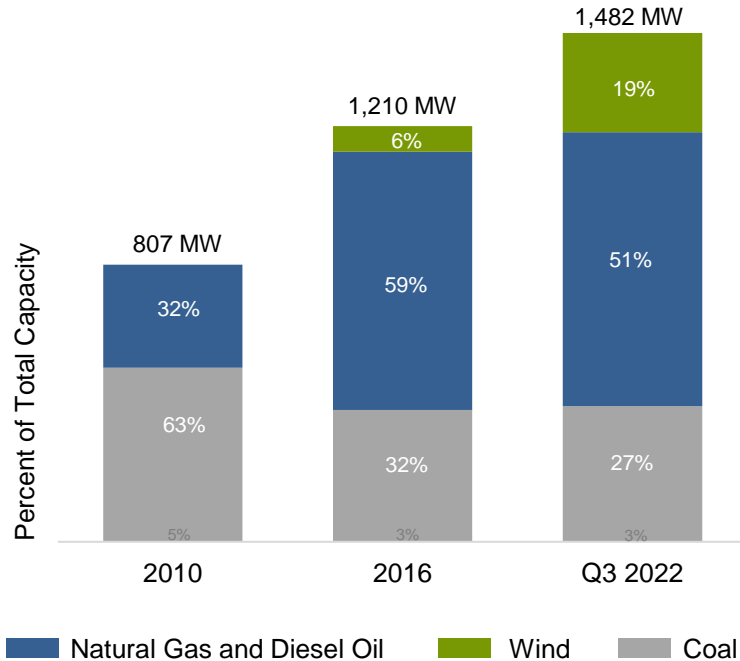
█ Utility customer sales  
█ Off-system sales

\* Gas Degree Days excludes Kansas data due to weather normalization in the state. Arkansas is partially excluded based on normalization mechanism in effect from November through April.  
 Note: normal degree days listed for prior quarters based on data as of 2021; current quarter normal based on average of currently available data

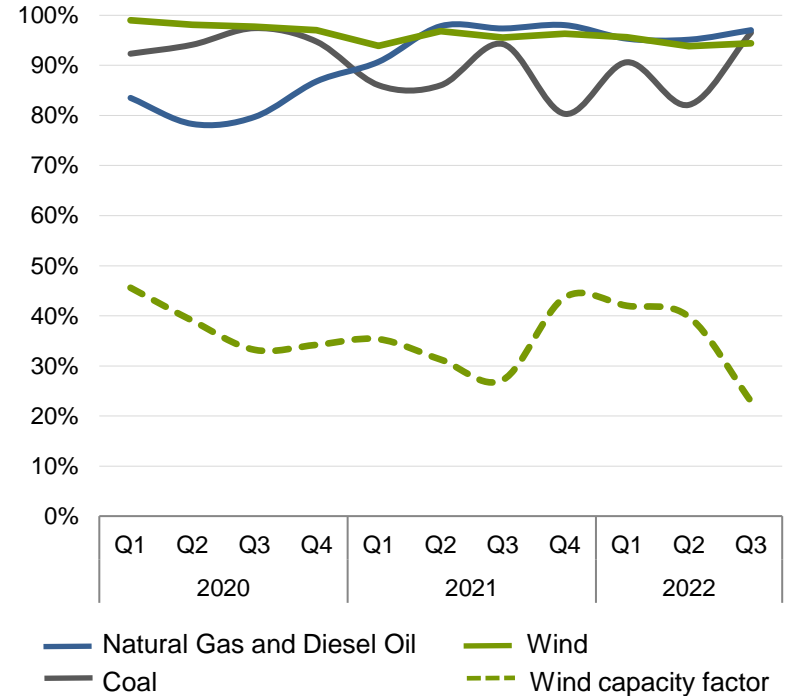
# Electric Generation Capacity and Performance

## Owned Generation Capacity

70% Natural Gas and Wind



## Electric Generation Availability



\* Ownership includes 49.9 percent ownership in a Colorado subsidiary by a third party representing approximately 100 megawatts; excludes power purchase agreements from third parties

# Last Approved Utility Rate Review Results by Jurisdiction

Jurisdiction	Utility	Effective Date	Authorized Return on Equity	Authorized Capital Structure	Authorized Rate Base (in millions)
Arkansas	Arkansas Gas	Oct. 2022	9.60%	55% debt / 45% equity	\$674.6
Colorado	Colorado Electric	Jan. 2017	9.37%	47.61% debt / 52.39% equity	\$597.5
Colorado	Colorado Gas	Jan. 2022	9.20%	49.74% debt / 50.26% equity	\$303.0
Colorado	RMNG	June 2018	9.90%	53.4% debt / 46.6% equity	\$118.7
Iowa	Iowa Gas	Jan. 2022	9.60%	50.0% debt / 50.0% equity	\$300.9
Kansas	Kansas Gas	Jan. 2022	Global Settlement	Global Settlement	Global Settlement
Nebraska	Nebraska Gas	March 2021	9.50%	50% debt / 50% equity	\$504.2 *
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	March 2020	9.40%	49.77% debt / 50.23% equity	\$354.4

Note: Information from last approved rate review in each jurisdiction

\* Excludes amounts to serve non-jurisdictional and agriculture customers

# Optimizing Regulatory Recovery

<b>Electric Utilities</b>	<b>Environmental Cost</b>	<b>DSM/ Energy Efficiency</b>	<b>Transmission Expense</b>	<b>Fuel Cost</b>	<b>Transmission Cap-Ex</b>	<b>Purchased Power</b>	<b>Renewable Energy Standard Adjustment</b>
Colorado Electric		☑	☑	☑	☑	☑	☑
South Dakota Electric (SD)	☑ <sup>1</sup>		☑	☑	☑ <sup>1</sup>	☑	
South Dakota Electric (WY)		☑	☑	☑		☑	
South Dakota Electric (FERC)					☑		
Wyoming Electric		☑	☑	☑		☑	

<b>Gas Utilities</b>	<b>DSM/ Energy Efficiency</b>	<b>Integrity Additions</b>	<b>Bad Debt</b>	<b>Weather Normal</b>	<b>Pension Recovery</b>	<b>Gas Cost</b>	<b>Revenue Decoupling</b>	<b>Fixed Cost Recovery<sup>2</sup></b>
Arkansas Gas	☑	☑		☑		☑	☑	28%
Colorado Gas	☑	☑				☑		52%
Rocky Mountain Natural Gas <sup>3</sup>		☑						
Iowa Gas	☑	☑				☑		67%
Kansas Gas		☑	☑	☑	☑	☑		62%
Nebraska Gas		☑	☑			☑		70%
Wyoming Gas	☑	☑				☑		53%

☑ Commission approved cost adjustment

<sup>1</sup> South Dakota cost adjustments for environmental and transmission capex included in rate moratorium; applies only to non-FERC jurisdictional assets

<sup>2</sup> Fixed cost recovery listed for residential customers is as of last rate base review

<sup>3</sup> RMNG, an intrastate transmission pipeline, provides natural gas transmission and wholesale services, has an SSIR recovery mechanism; other cost recovery mechanisms are not applicable to RMNG

# Capital Investment by Segment and Recovery

(in millions)

	2022F	2023F	2024F	2025F	2026F	2022-2026F
Minimal Lag Capital - Electric Utilities <sup>1</sup>	\$31	\$6	\$47	\$64	\$28	\$175
Rider Eligible Capital - Electric Utilities <sup>2</sup>	94	73	150	85	40	441
Growth Capital - Electric Utilities <sup>3</sup>	23	18	19	15	16	92
Other	107	101	132	62	110	511
<b>Electric Utilities</b>	<b>\$255</b>	<b>\$197</b>	<b>\$348</b>	<b>\$226</b>	<b>\$194</b>	<b>\$1,219</b>
Minimal Lag Capital - Gas Utilities <sup>1</sup>	57	60	130	141	84	471
Rider Eligible Capital - Gas Utilities <sup>2</sup>	149	141	150	139	133	711
Growth Capital - Gas Utilities <sup>3</sup>	89	119	122	109	114	552
Other	70	66	50	24	63	273
<b>Gas Utilities</b>	<b>\$364</b>	<b>\$386</b>	<b>\$452</b>	<b>\$412</b>	<b>\$393</b>	<b>\$2,007</b>
<b>Total Utilities</b>	<b>\$619</b>	<b>\$583</b>	<b>\$800</b>	<b>\$638</b>	<b>\$587</b>	<b>\$3,227</b>
Corporate	8	17	19	20	19	83
Incremental Projects				~45	~100	~145
<b>Total Black Hills Forecast</b>	<b>\$627</b>	<b>\$600</b>	<b>\$819</b>	<b>\$703</b>	<b>\$706</b>	<b>\$3,455</b>

Incremental projects being evaluated for timing, cost and other factors

<sup>1</sup> Minimal Lag Capital - investment with regulatory lag of less than one year or incurred during expected regulatory test periods

<sup>2</sup> Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets minimal lag capital definition

<sup>3</sup> Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

# Regulated Utility Capital Investment by Type

(in millions)

	2022F	2023F	2024F	2025F	2026F	2022-2026F
Safety, Reliability and Integrity <sup>1</sup>	\$186	\$142	\$285	\$191	\$157	\$962
Growth <sup>2</sup>	47	38	41	12	15	152
General Plant	22	17	22	22	21	105
<b>Electric Utilities</b>	<b>\$255</b>	<b>\$197</b>	<b>\$348</b>	<b>\$226</b>	<b>\$194</b>	<b>\$1,219</b>
Safety, Reliability and Integrity <sup>1</sup>	251	240	289	268	247	1,294
Growth <sup>2</sup>	89	119	122	109	114	553
General Plant	24	27	41	36	33	160
<b>Gas Utilities</b>	<b>364</b>	<b>386</b>	<b>452</b>	<b>412</b>	<b>393</b>	<b>\$2,007</b>
<b>Total Utilities</b>	<b>\$619</b>	<b>\$583</b>	<b>\$800</b>	<b>\$638</b>	<b>\$587</b>	<b>\$3,226</b>

Incremental projects being evaluated for timing, cost and other factors

<sup>1</sup> Safety, Reliability and Integrity Capital - capital expenditures related to improving or maintaining system integrity

<sup>2</sup> Growth Capital - generates immediate revenue on customer connections

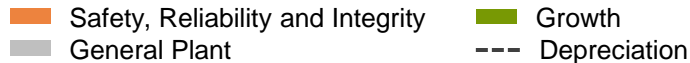
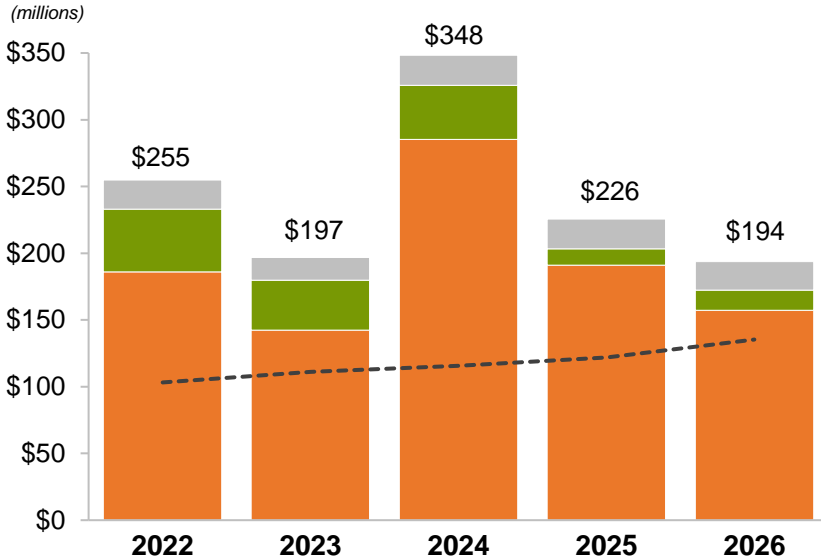
Note: Some totals may differ due to rounding



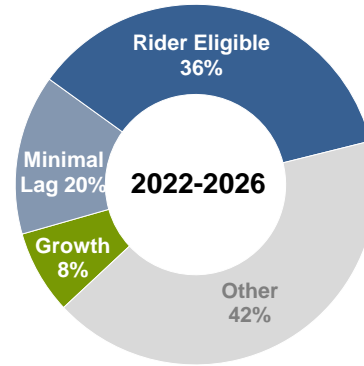
# Electric Utilities Capital Investment

Five-year Forecast of \$1.2+ Billion Focused on Safety, System Integrity and Growth

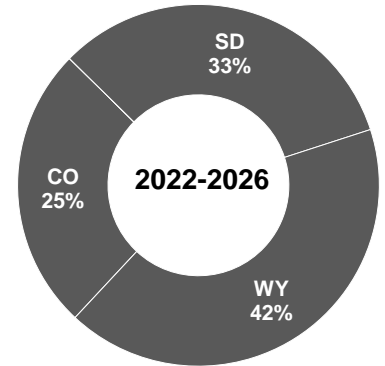
### Forecasted Capital Investment By Type



### 58% with Timely Recovery\*



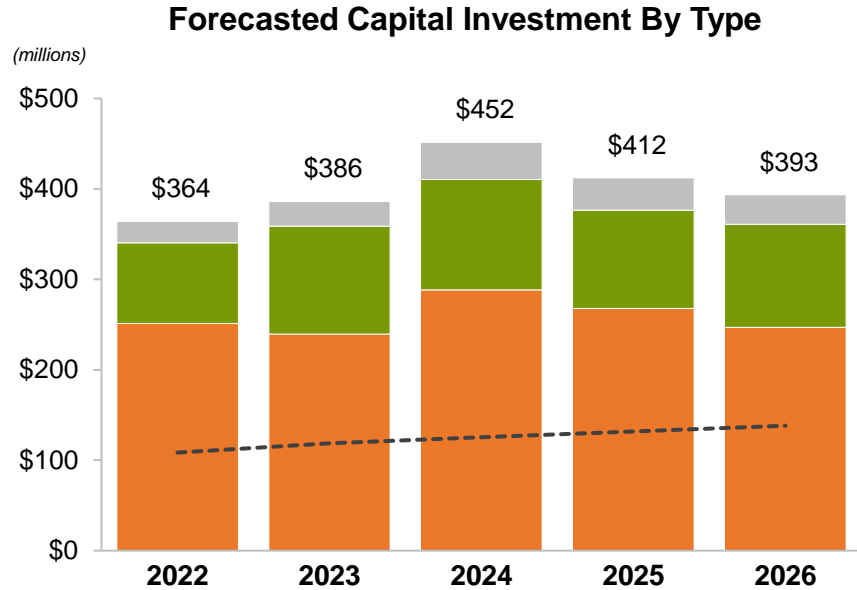
### Forecasted Capital by State



\* Growth Capital - generates immediate revenue upon customer connections  
 Minimal Lag Capital - capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods  
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets Minimal Lag Capital definition

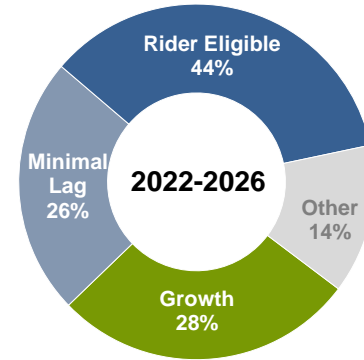
# Natural Gas Utilities Capital Investment

Five-year Forecast of \$2.0+ Billion Focused on Safety, System Integrity and Growth

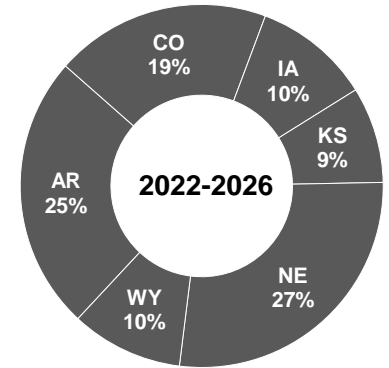


- Safety, Reliability and Integrity
- Growth
- General Plant
- Depreciation

**86% with Timely Recovery\***



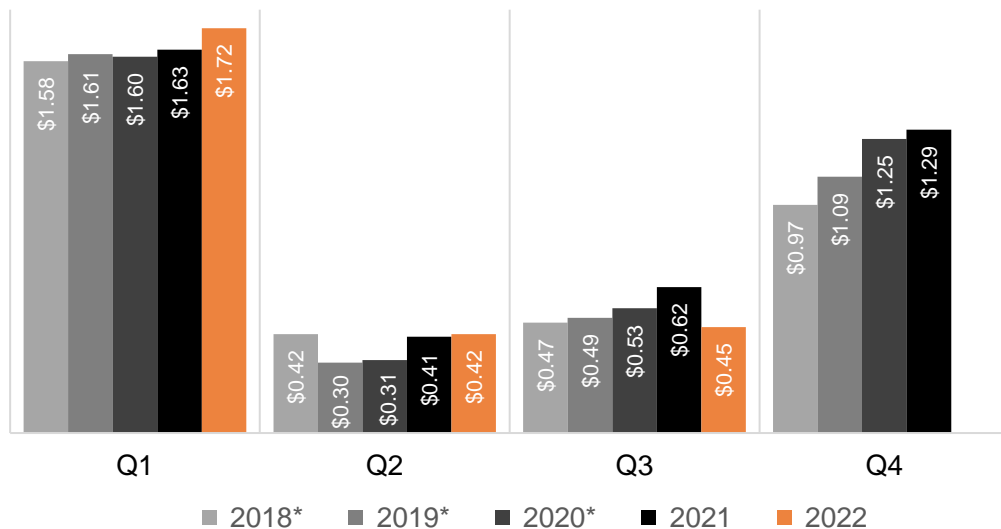
**Forecasted Capital by State**



\* Growth Capital - generates immediate revenue upon customer connections  
 Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods  
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs and meets Minimal Lag Capital definition

# Normalized EPS Seasonality

## EPS, as Adjusted, Normalized for Impacts of Weather, Mark-to-Market and Winter Storm Uri\*



- Q1 and Q4 seasonality driven by peak heating demand at gas utilities
- Q2 and Q3 driven by peak cooling demand, off-system energy sales opportunities and agricultural irrigation for gas utilities

\* Earnings per share, as adjusted is a non-GAAP measure and is reconciled to GAAP in the appendix; normalized total excludes weather impact versus normal, Mark-to-Market impacts on energy contracts and one-time Winter Storm Uri impacts

### EPS, as adjusted\*

	Q1	Q2	Q3	Q4	FY / YTD
2018*	\$1.63	\$0.45	\$0.42	\$1.05	\$3.54
2019*	\$1.73	\$0.24	\$0.44	\$1.13	\$3.53
2020*	\$1.59	\$0.33	\$0.58	\$1.23	\$3.73
2021	\$1.54	\$0.40	\$0.70	\$1.11	\$3.74
2022	\$1.82	\$0.52	\$0.54		\$2.86

### Weather impact versus normal

	Q1	Q2	Q3	Q4	FY / YTD
2018*	\$0.05	\$0.02	(\$0.05)	\$0.07	\$0.09
2019*	\$0.12	(\$0.04)	(\$0.05)	\$0.04	\$0.06
2020*	(\$0.04)	\$0.02	\$0.05	(\$0.01)	\$0.03
2021	\$0.07	\$0.01	—	(\$0.16)	(\$0.07)
2022	\$0.06	\$0.01	\$0.07		\$0.13

### Mark-to-Market energy contract impact

	Q1	Q2	Q3	Q4	FY / YTD
2018*	—	\$0.01	—	\$0.01	\$0.02
2019*	—	(\$0.02)	—	—	(\$0.02)
2020*	\$0.03	—	—	(\$0.01)	\$0.02
2021	(\$0.01)	(\$0.02)	\$0.08	(\$0.02)	\$0.03
2022	\$0.04	(\$0.03)	\$0.02		\$0.04

### Winter Storm Uri one-time impacts

	Q1	Q2	Q3	Q4	FY / YTD
2021	(\$0.15)	—	—	—	(\$0.15)
2022	—	\$0.12	—		\$0.12

### Weather, MTM and Uri normalized EPS, as adjusted\*

	Q1	Q2	Q3	Q4	FY / YTD
2018*	\$1.58	\$0.42	\$0.47	\$0.97	\$3.43
2019*	\$1.61	\$0.30	\$0.49	\$1.09	\$3.49
2020*	\$1.60	\$0.31	\$0.53	\$1.25	\$3.68
2021	\$1.63	\$0.41	\$0.62	\$1.29	\$3.93
2022	\$1.72	\$0.42	\$0.45		\$2.57

(differences in totals due to rounding)

# 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.

# Non-GAAP Financial Measures

## Gas and Electric Utility Margin

Gas and Electric Utility margin (revenue less cost of sales) is considered a non-GAAP financial measure due to the exclusion of operation and maintenance expenses, depreciation and amortization expenses, and property and production taxes from the measure. The presentation of Gas and Electric Utility margin is intended to supplement investors' understanding of operating performance.

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

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

## EBITDA

We believe that our presentation of earnings before interest, income taxes, depreciation and amortization (EBITDA), a non-GAAP measure, is an important supplemental measure of operating performance. We believe EBITDA, when considered with measures calculated in accordance with GAAP, gives 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*

# 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 before Interest, Income Taxes, Depreciation and Amortization

<i>(in thousands)</i>	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2021	2022	2021	2022
Net income	\$ 48,162	\$ 37,834	\$ 176,936	\$ 194,704
Depreciation, depletion and amortization	59,159	64,019	174,871	188,610
Interest expense, net	38,018	40,019	113,820	117,328
Income tax expense (benefit)	5,253	2,090	6,333	15,920
<b>EBITDA</b>	<b>\$ 150,592</b>	<b>\$ 143,962</b>	<b>\$ 471,960</b>	<b>\$ 516,562</b>



# Non-GAAP Financial Measures

Annual Earnings and EPS, as adjusted	Earnings, as adjusted (in millions)							Earnings Per Share, as adjusted						
	2016	2017	2018	2019	2020	2021	YTD 2022	2016	2017	2018	2019	2020	2021	YTD 2022
Net income (loss) available for common stock (GAAP)	\$ 73.0	\$177.0	\$258.4	\$199.3	\$227.6	\$236.7	\$ 185.9	\$ 1.37	\$ 3.21	\$ 4.66	\$ 3.28	\$ 3.65	\$ 3.74	\$ 2.86
Loss from discontinued operations (GAAP)	64.2	17.1	6.9	-	-	-	-	1.20	0.31	0.12	-	-	-	-
<b>Net income from continuing operations available for common stock (GAAP)</b>	<b>137.1</b>	<b>194.1</b>	<b>265.3</b>	<b>199.3</b>	<b>227.6</b>	<b>236.7</b>	<b>185.9</b>	<b>2.57</b>	<b>3.52</b>	<b>4.78</b>	<b>3.28</b>	<b>3.65</b>	<b>3.74</b>	<b>2.86</b>
<u>Adjustments, after tax</u>														
Acquisition / integration costs	29.7	2.8	-	-	-	-	-	0.56	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	-	-
<i>Rounding</i>	<i>0.1</i>	<i>0.1</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-GAAP adjustments	29.8	(8.8)	(68.8)	15.2	5.3	-	-	0.56	(0.16)	(1.24)	0.25	0.08	-	-
<b>Net income from continuing operations available for common stock, as adjusted (Non-GAAP)</b>	<b>\$166.9</b>	<b>\$185.3</b>	<b>\$196.5</b>	<b>\$214.5</b>	<b>\$232.9</b>	<b>\$236.7</b>	<b>\$ 185.9</b>	<b>\$ 3.13</b>	<b>\$ 3.36</b>	<b>\$ 3.54</b>	<b>\$ 3.53</b>	<b>\$ 3.73</b>	<b>\$ 3.74</b>	<b>\$ 2.86</b>



**BH**  
Black Hills Energy

LINE  
SUSTAIN

**BH**  
Black Hills Corporation  
Ready