

2019 First Quarter Review

May 3, 2019

READY.



Forward Looking Statements

COMPANY INFORMATION

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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 2019 and 2020 earnings guidance. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2018 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;
- 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;
- Our ability to execute on our strategy, including: achieving long-term EPS growth rate above the utility industry average, targeting a 50 to 60 percent dividend payout ratio and continuing our track record of continuous annual dividend increases;
- Our ability to execute our utility jurisdiction simplification plan;
- 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

First Quarter Review

Linn Evans

President and Chief Executive Officer

Financial Update

Rich Kinzley

Senior Vice President and Chief Financial Officer

Strategic Overview

Linn Evans

President and Chief Executive Officer

Q&A

2019 First Quarter Review



We are expanding and modernizing our energy grid to serve our customers and their growing energy needs.

First Quarter 2019 Overview

Ready for Customers

- Delivered safe and reliable service during notably cold winter
- Supported communities during winter storms (including Winter Storm Ulmer and January polar vortex)
- Continued to transform the customer experience

Earnings Growth

- Strong first quarter earnings
- 2019 guidance range raised \$0.05 on both lower and upper end

Strategic Progress

- Identified additional capital investment opportunities; added \$246 million to 2019-2023 forecast
- Advanced regulatory proceedings and new filings
- Advanced as planned on key projects

Highlights



Electric Utilities

Renewable Ready and Corriedale Wind Project

- Voluntary renewable energy tariffs in South Dakota and Wyoming
- \$57 million, 40-megawatt wind farm to be jointly owned and constructed in Wyoming in 2020
- On Dec. 17, 2018, filed requests for tariffs and joint application for wind farm; regulatory approval process underway

South Dakota Transmission Line

- Construction continues on 175-mile electric transmission line; final 94-mile segment to be completed in the fall of 2019

Wyoming Blockchain Tariff

- On April 30, received approval for tariff to recruit blockchain customers to Wyoming; complementary to recent legislation in state



Power Generation

Busch Ranch II Wind Farm

- On March 11, commenced construction to be completed and in service in the fall of 2019
- \$71 million, 60 megawatt wind farm to provide renewable energy to Colorado Electric utility affiliate under 25-year power purchase agreement



Natural Gas Utilities

Colorado Combined Rate Review

- On Feb. 1, filed request to consolidate rates, tariffs and services of two consolidated companies serving 187,000 customers
- Requests \$2.5 million in new revenue and rider mechanism

Wyoming Legal Consolidation

- On March 6, requested consolidation of four gas distribution companies serving 292,000 customers

Nebraska Legal Consolidation

- On March 29, filed application to consolidate two gas distribution companies serving 128,500 customers



Corporate and Other

Dividend

- Quarterly dividend of \$0.505 payable June 1; \$2.02 annualized rate in 2019 represents 49th consecutive annual increase

At-the-Market Equity Issuance

- During the first quarter, issued 280,497 common shares for net proceeds of approximately \$20 million

Financial Update



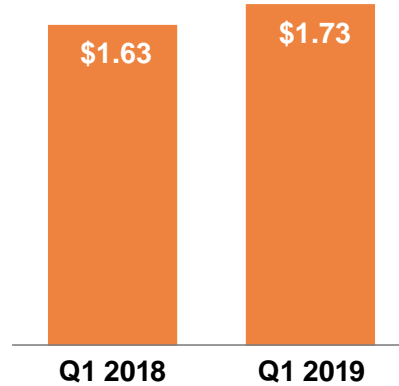
To better serve our customers and improve the safety and reliability of our natural gas system, we are proactively replacing aging natural gas lines.

First Quarter 2019 Financial Overview

EPS from continuing operations available for common stock (GAAP)



EPS, as adjusted (Non-GAAP)*



Financial Highlights

- Strong first quarter earnings driven by returns on capital investment and cold weather
- Increased 2019 guidance range to \$3.40 to \$3.60 from \$3.35 to \$3.55 per share**
- Reaffirmed 2020 guidance range of \$3.50 to \$3.80 per share**
- Diluted share count increased 11% comparing Q1 2019 to Q1 2018 primarily related to November 2018 unit mandatory conversion

* EPS from continuing operations available for common stock, as adjusted is a non-GAAP measure; see slide 9 for detail

** Guidance ranges based on EPS, as adjusted (a non-GAAP measure); see guidance assumptions in Appendix

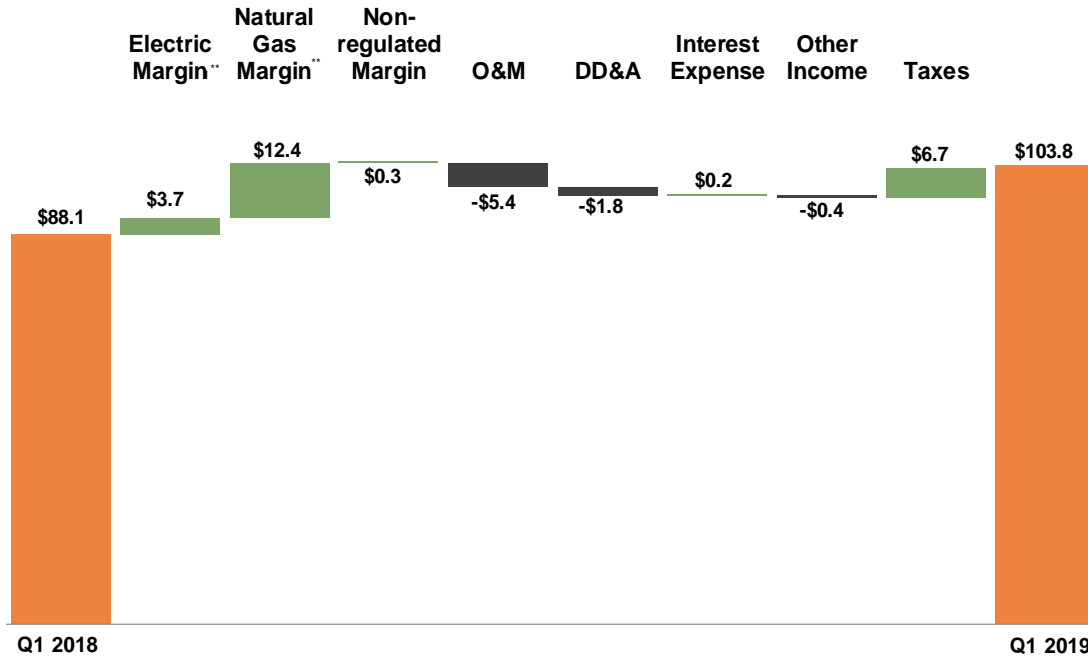
Trailing Five Quarters Earnings Per Share

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
EPS from continuing operations available for common stock (GAAP)	\$ 2.50	\$ 0.45	\$ 0.32	\$ 1.51	\$ 1.73
<u>Special Items:</u>					
Tax reform and other tax items	0.04	—	0.10	(0.06)	—
Legal restructuring income tax benefit	(0.91)	—	—	(0.40)	—
Total adjustments (after tax)	(0.87)	—	0.10	(0.46)	—
EPS, as adjusted (Non-GAAP)*	\$ 1.63	\$ 0.45	\$ 0.42	\$ 1.05	\$ 1.73
Trailing 12 months EPS, as adjusted*	\$ 3.55				\$ 3.65

* EPS from continuing operations available for common stock, as adjusted is a non-GAAP measure; see Appendix for definition of Non-GAAP measures

First Quarter 2019 Earnings Drivers

Change in Net Income from Continuing Operations available for Common Stock, as adjusted* (millions)



Primary Earnings Drivers

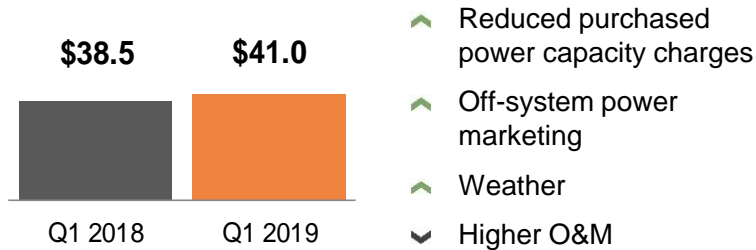
- ⬆ New customer rates
- ⬆ Weather
- ⬆ Lower effective tax rate
- ⬇ Higher O&M
- ⬇ Higher depreciation on larger asset base

* Non-GAAP measure; see Income Statement in Appendix

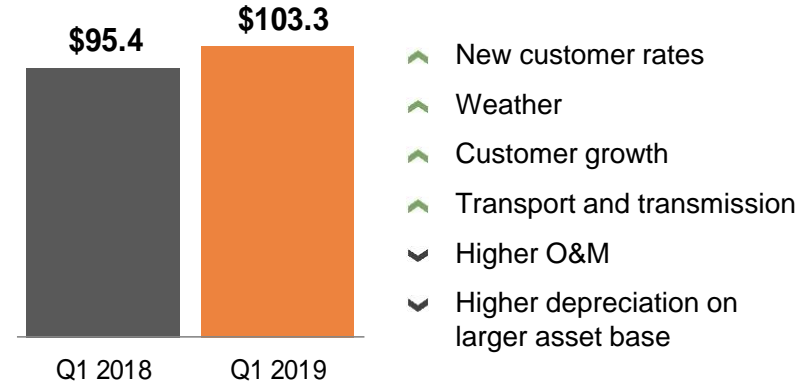
** Utility margin positive impact of \$4.5 million (\$0.5 million electric and \$4.0 million natural gas) net of tax, related to weather

Operating Income by Segment

Electric Utilities (in millions)



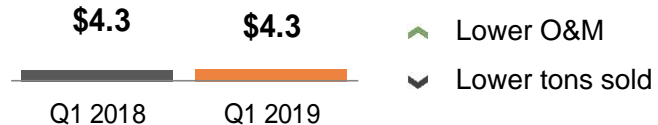
Gas Utilities (in millions)



Power Generation (in millions)*



Mining (in millions)



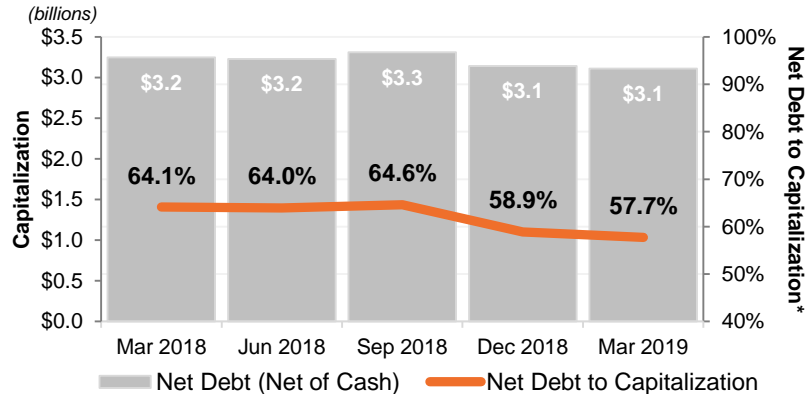
* Power Generation includes 100% of Colorado IPP operations; financial results for the 49.9% minority owner of COIPP reflected through a reduction to net income attributable to noncontrolling interest

Strong Financial Position

Committed to Strong Investment-Grade Credit Ratings

S&P	Moody's	Fitch
BBB+	Baa2	BBB+
Stable outlook	Stable outlook	Stable outlook
Affirmed Feb. 28, 2019	Affirmed Dec. 12, 2018	Affirmed Oct. 11, 2018

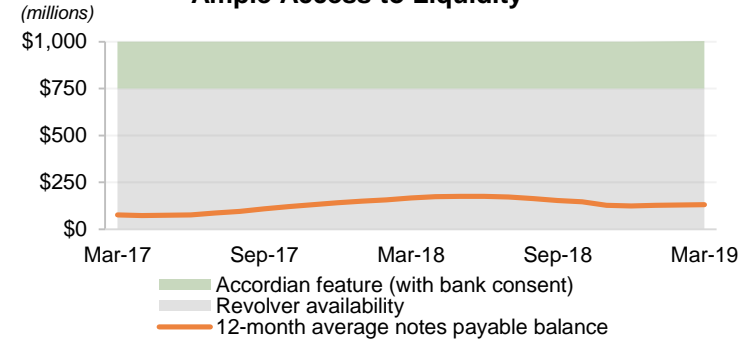
Improved Capital Structure



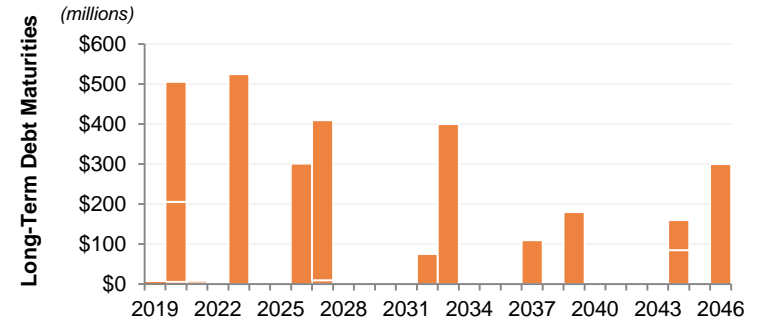
* Excludes noncontrolling interest; see Appendix for detailed capital structure

Strong Liquidity and Debt Profile

Ample Access to Liquidity

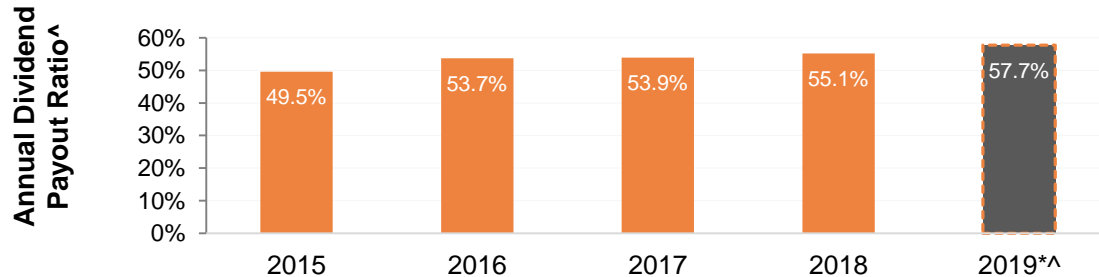
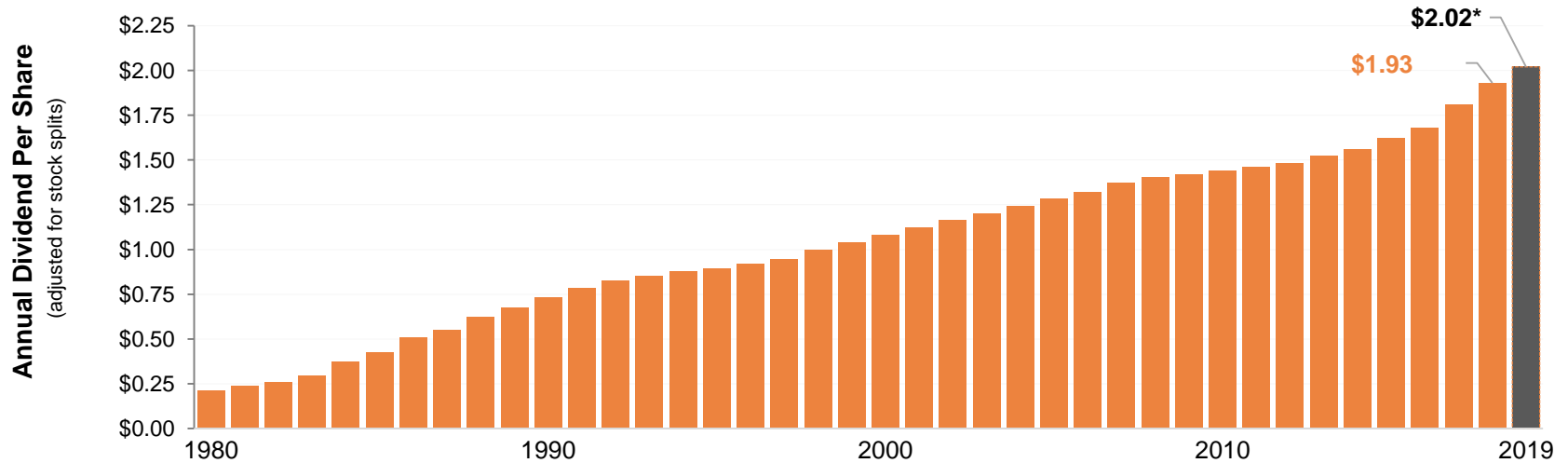


Manageable Debt Maturities



Strong Dividend Growth Track Record

Dividend Increased for 49 Consecutive Years*



* Board of directors on April 29 approved a quarterly dividend of \$0.505 per share, equivalent to an annual rate of \$2.02 per share

^ 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 Appendix; 2019 payout ratio is based on midpoint of earnings guidance range; see slide 8 and assumptions in Appendix

Strategic Overview



Safety is one of our values and a top priority in all we do.

Strategic Objectives

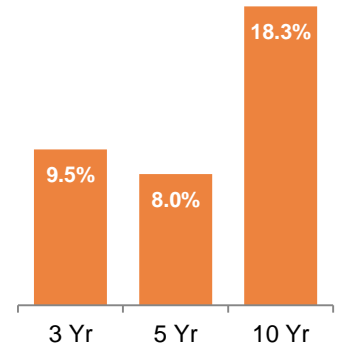
Customer focused strategy grows long-term value for customers and shareholders



- Invest to be ready for growing customer needs
- Incremental growth opportunities likely

- 49 consecutive annual increases*
- Targeting 50% to 60% payout

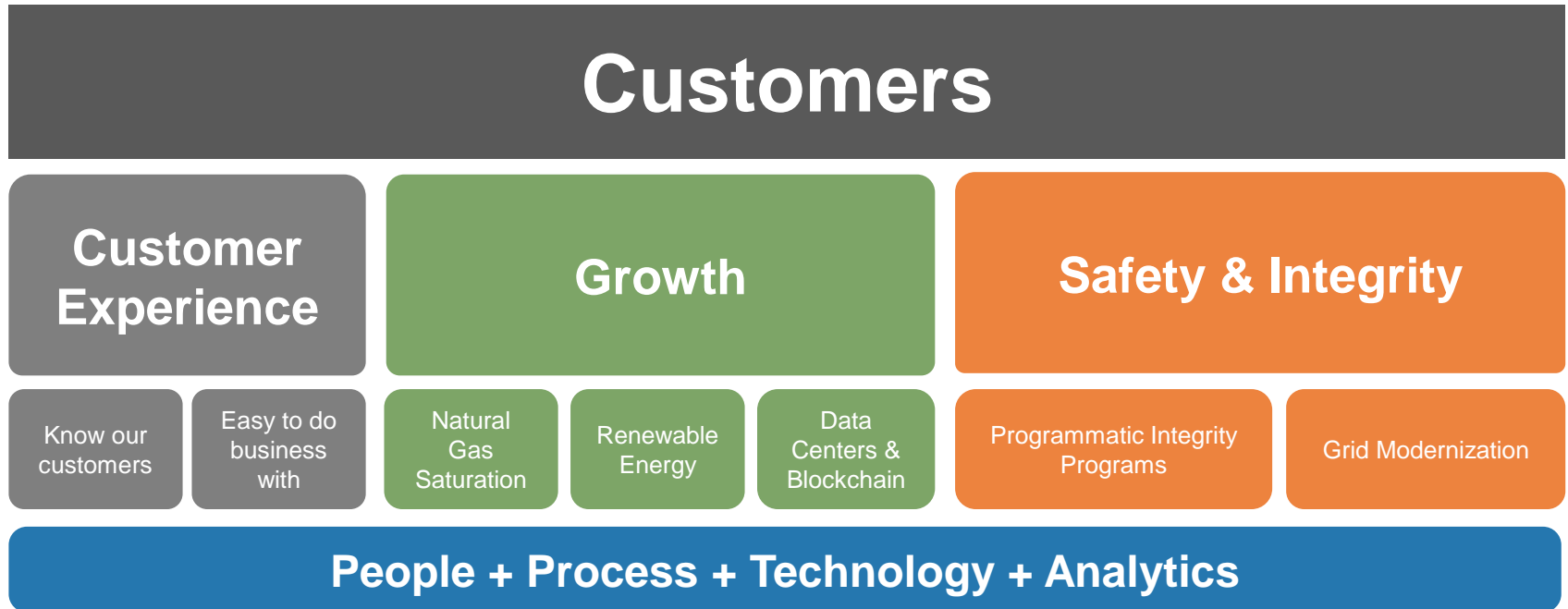
Annualized Total Return**
(as of April 30, 2019)



* Annualized dividend rate of \$2.02 in 2019 represents 49 consecutive years of dividend increases

** Annualized total shareholder returns assumes dividend reinvestment in Black Hills; data from Bloomberg Financial total return analysis as of April 30, 2019

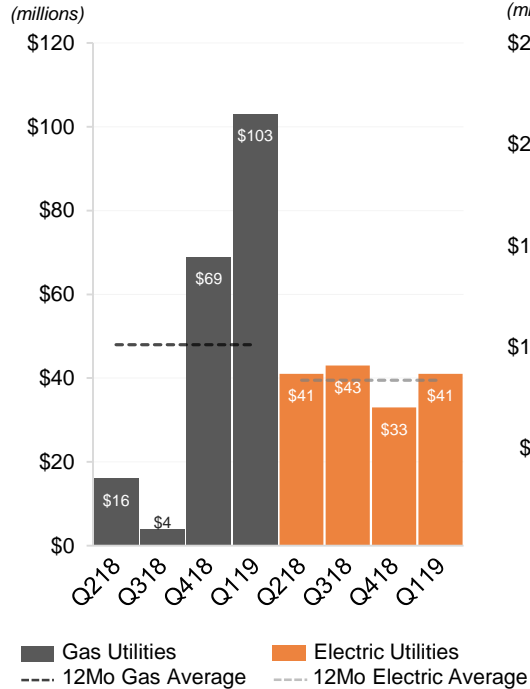
Strategic Execution



Strength in Diversity

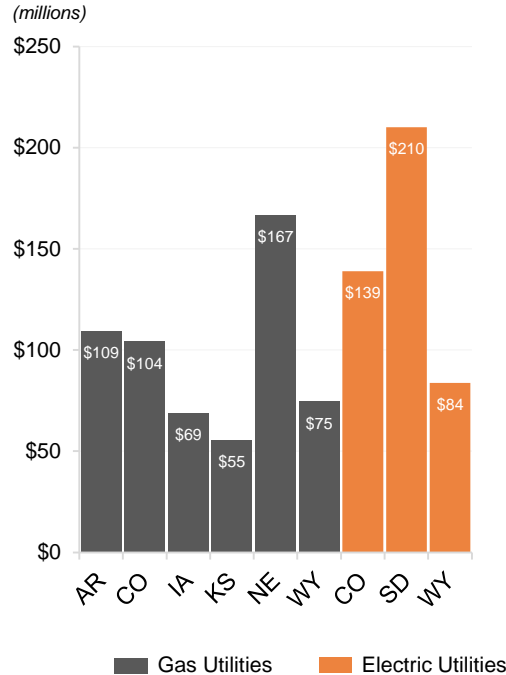
Reduces business risk and drives more predictable earnings

Utility Operating Income

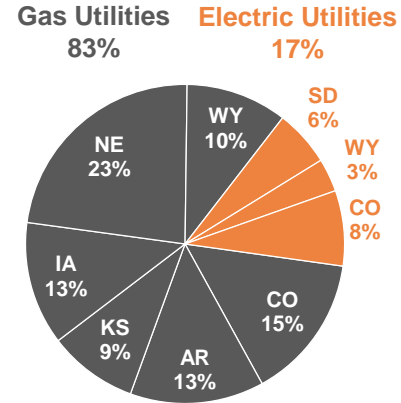


Gross Margin by State*¹

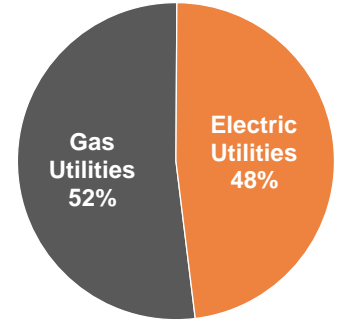
(12 months ending March 31, 2019)



Percent of Customers by State¹



Utility Rate Base²



* Non-GAAP measure, reconciled to GAAP in Appendix

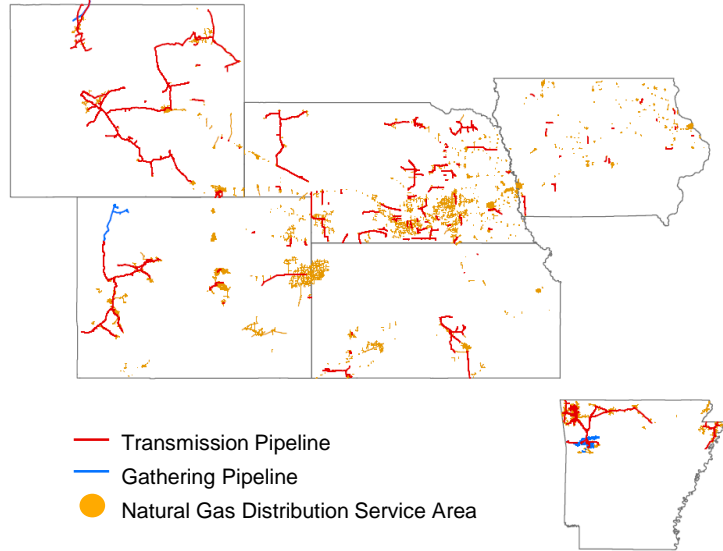
¹ Montana data included in South Dakota totals

² Estimated utility rate base as of Dec. 31, 2018; see Appendix for more detail

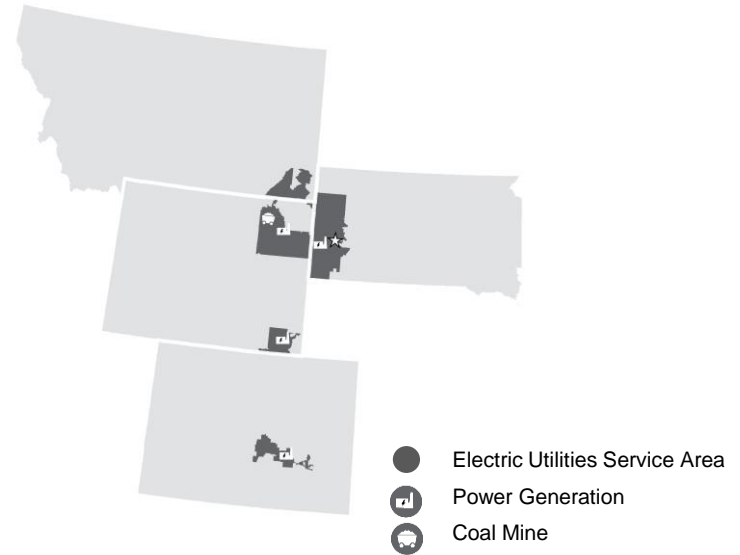
Strategic Execution Delivers Opportunities

Large transmission and distribution systems

46,000-mile natural gas gathering, storage, transmission and distribution



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

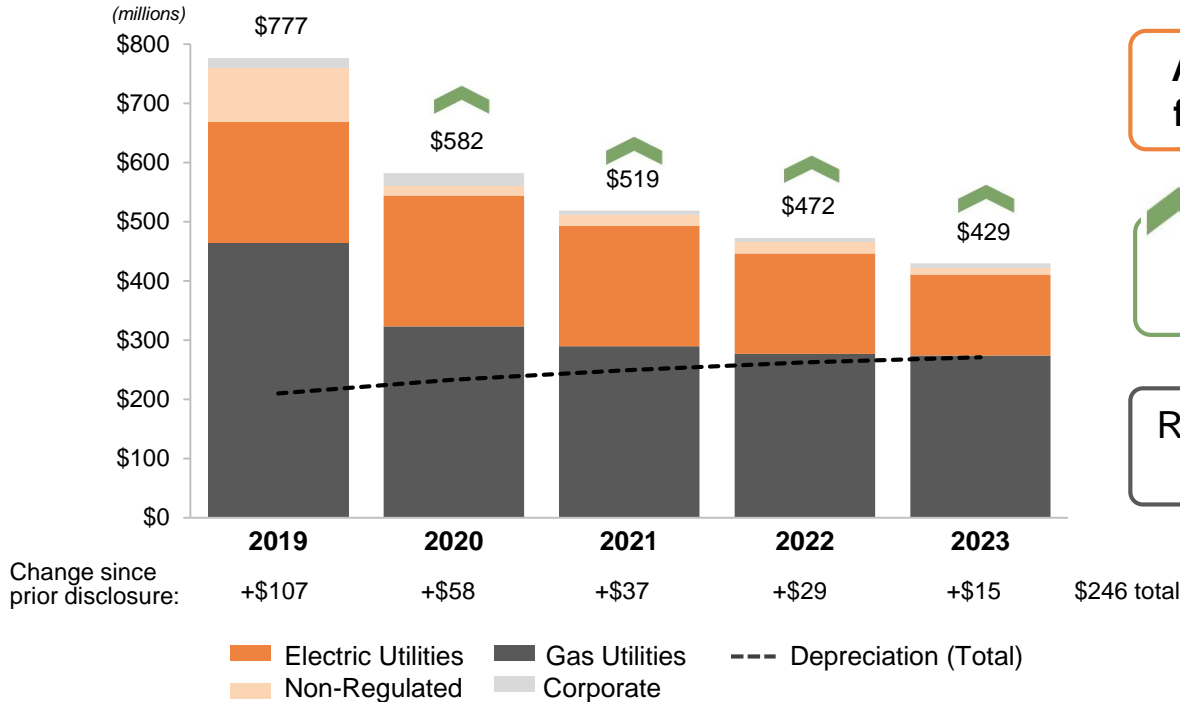


* Excludes 49.9 percent ownership in Colorado IPP owned by a third party
Note: Information from 2018 Form 10-K

Investing for Customers Drives Growth

Five-year forecast of \$2.8 billion

Forecasted Capital Investment



Added \$246 million to five-year forecast primarily in gas utilities

Additional identified capital opportunities likely[^]

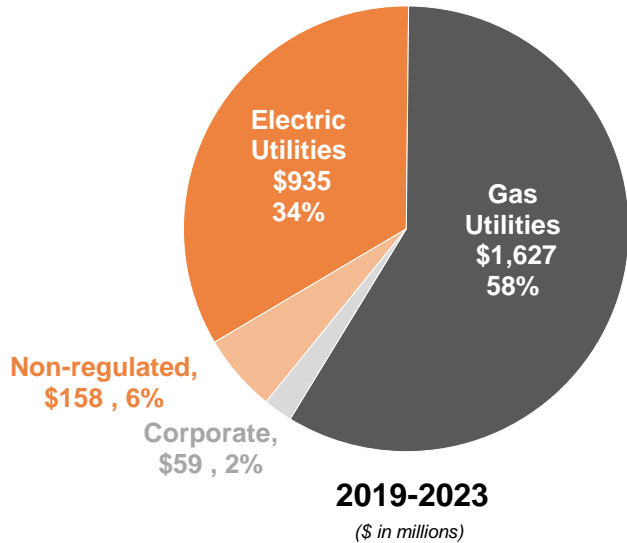
Rate base growth: Investment well in excess of depreciation

[^] Incremental identified projects being evaluated and refined for timing and cost.

Timely Utility Investment Recovery

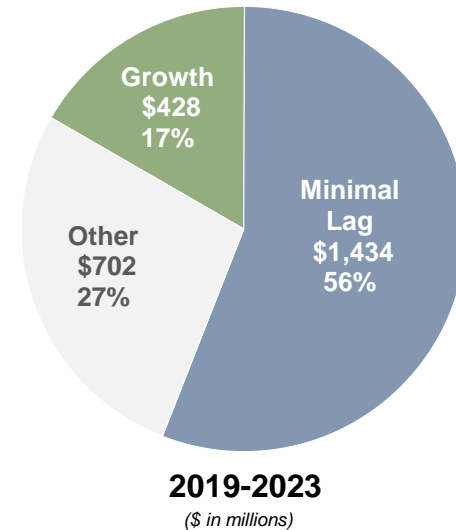
>90% of \$2.8 billion forecasted capital investment in utilities

Forecasted Capital Investment By Segment



>70% of \$2.6 billion of utility investment with timely investment recovery

Forecasted Utility Capital Investment Recovery*

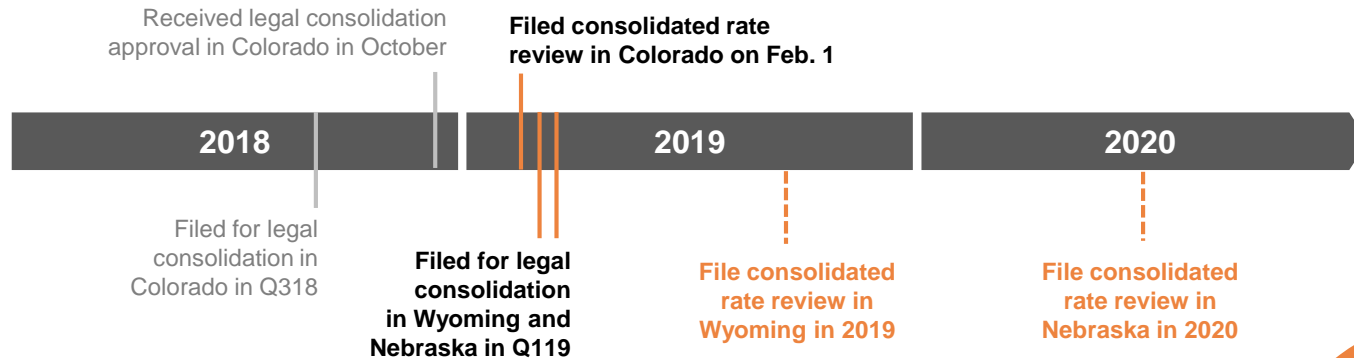


* Growth Capital - generates immediate revenue on customer connections
Minimal Lag Capital - capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods

Note: Difference in total percentages and charts due to rounding

Jurisdiction Simplification

Colorado	Wyoming	Nebraska
<ul style="list-style-type: none"> • Colorado Gas • Colorado Gas Distribution (formerly SourceGas) 	<ul style="list-style-type: none"> • Wyoming Gas • Northeast Wyoming Gas • Northwest Wyoming Gas • Wyoming Gas Distribution (formerly SourceGas) 	<ul style="list-style-type: none"> • Nebraska Gas • Nebraska Gas Distribution (formerly SourceGas)
<ul style="list-style-type: none"> ➢ Legal consolidation approved and completed ➢ Filed consolidated rate review and integrity investment tracker on Feb. 1, 2019 	<ul style="list-style-type: none"> ➢ Filed request for legal consolidation on March 6, 2019 ➢ Expect to file consolidated rate review in second quarter 2019 	<ul style="list-style-type: none"> ➢ Filed request for legal consolidation on March 29, 2019 ➢ Expect to file consolidated rate review in 2020

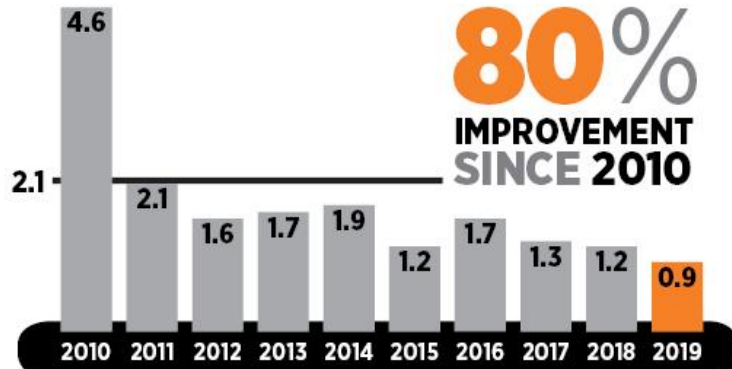


Operational Excellence

Delivering safe and reliable service to our customers

Enhanced Safety Performance

Total Case Incident Rate

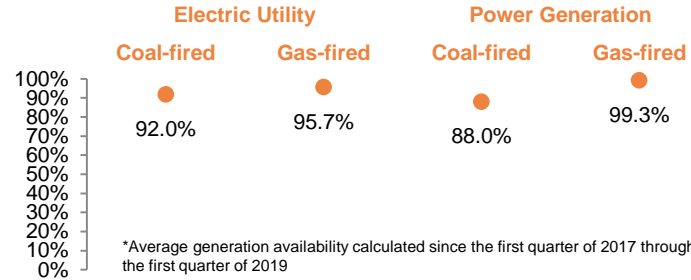


— Industry average

2019 data is YTD through March 31, 2019. TCIR is defined as the average number of work-related injuries incurred per 200,000 hours worked during a one-year period (represents approximately 100 workers).

Reliable Generation Delivery

Average Availability Since 2017*



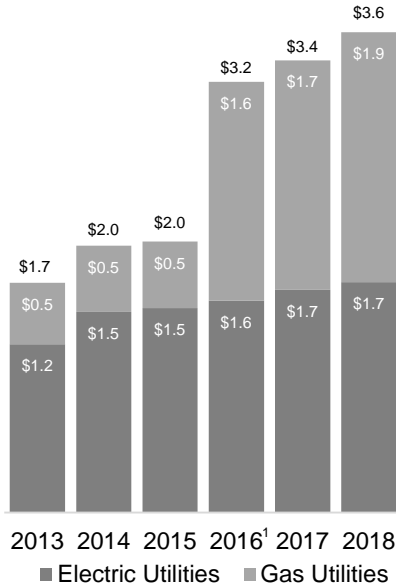
Employee Recognition

On April 10, Black Hills Energy received the 2019 ENERGY STAR® Partner of the Year Award for outstanding efforts to improve residential energy efficiency. Black Hills Energy was recognized by the U.S. Environmental Protection Agency and the U.S. Department of Energy at a ceremony in Washington, D.C.

Strategic Execution Delivers Results

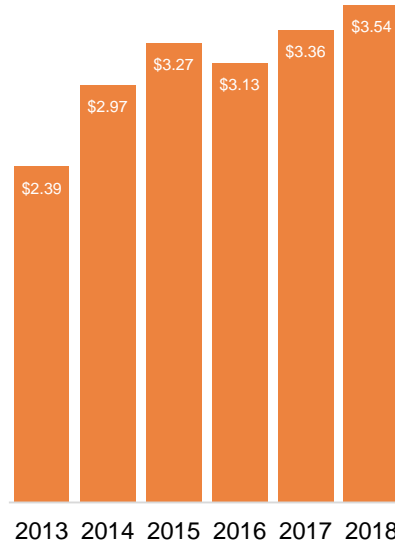
Estimated Rate Base ¹
(in billions as of year-end)

More than doubled since 2013



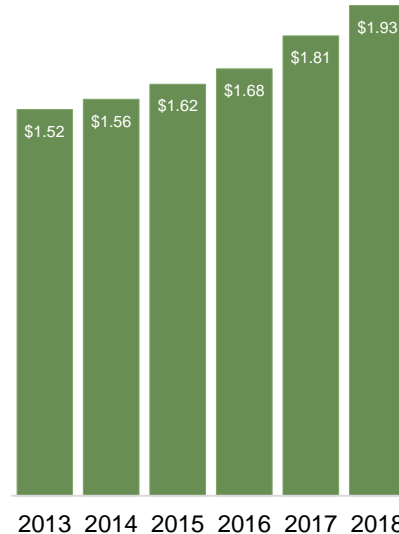
EPS from continuing operations available for common stock, as adjusted ²

8.2% CAGR 2013-2018

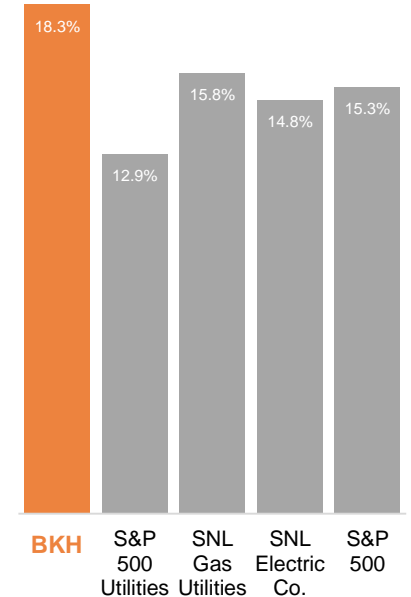


Annual Dividend Per Share

4.9% CAGR 2013-2018



Total Shareholder Return ³
(10-year annualized return as of April 30, 2019)



Invest for Customer

Earnings Growth

Dividend Growth

Strong Long-term TSR

¹ Increase in 2016 rate base primarily driven by February 2016 acquisition of SourceGas

² EPS from continuing operations available for common stock, as adjusted; a non-GAAP measure reconciled to GAAP in Appendix

³ 10-year annualized total shareholder return as of April 30, 2019 based on data from S&P Global Market Intelligence

2019 Scorecard

PROFITABLE GROWTH

- Meet growing customer demand through innovative tariffs and construction of customer-focused, cost effective, rate-based utility assets
- Enhance 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

2019 Future Initiatives and Progress

- | | | | |
|--|--|---|---|
| <input checked="" type="checkbox"/> Increase annual dividend for 49th consecutive year | <input type="checkbox"/> Receive approval to provide benefits of tax reform to Wyoming utility customers | <input type="checkbox"/> Focus on improving productivity and reducing costs | <input type="checkbox"/> Achieve safety TCIR of 1.1 |
| <input type="checkbox"/> Complete key capital projects | <input type="checkbox"/> File for approval of CPCN to purchase Wygen I as recommended in Wyoming Electric IRP | <input type="checkbox"/> Continue to enhance functionality of tablet-based technology for field technicians | <input type="checkbox"/> Achieve PMVI rate of 1.7 |
| <input type="checkbox"/> Rapid City to Stegall transmission line | <input type="checkbox"/> Improve eBill participation | <input type="checkbox"/> Develop electric vehicle strategy for customers | <input type="checkbox"/> Achieve overall employee engagement survey score above U.S. and utility benchmarks |
| <input type="checkbox"/> Natural Bridge Pipeline | <input type="checkbox"/> Reduce inbound customer calls | <input type="checkbox"/> Complete planned plant maintenance to maintain strong long-term generation availability | <input type="checkbox"/> Achieve 80% employee engagement in BHC Virgin Pulse wellness program |
| <input type="checkbox"/> Busch Ranch II wind farm | <input type="checkbox"/> Enhance web-based customer options | <input type="checkbox"/> Enhance efficiency of financial, accounting and regulatory processes | <input type="checkbox"/> Expand availability of diversity affinity groups to include support groups for women, American Indians, Hispanics and veterans |
| <input type="checkbox"/> Jurisdiction simplification | <input type="checkbox"/> Receive approval for Colorado Electric economic development tariff | <input type="checkbox"/> Implement program for achieving top-quartile third-party damage prevention for gas utilities by 2020 | <input type="checkbox"/> Implement centralized training facility and program for natural gas utilities |
| <input type="checkbox"/> Complete Colorado Gas rate review | <input type="checkbox"/> Enhance electric system reliability through implementation of distribution system integrity program | <input type="checkbox"/> Reduce third-party gas line hits 10% | |
| <input type="checkbox"/> Complete Wyoming Gas legal consolidation | <input type="checkbox"/> Enhance gas utility system safety and reliability by completing 2019 programmatic capital projects | | |
| <input type="checkbox"/> File Wyoming Gas rate review | | | |
| <input checked="" type="checkbox"/> File Nebraska Gas legal consolidation | | | |
| <input type="checkbox"/> Receive approval of 40 MW Corriedale Wind Energy Project in Wyoming and Renewable Ready voluntary program | | | |

Questions



For 135 years we have been providing essential energy to our customers as a trusted and valued partner.



Appendix - Table of Contents

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- 49-50** Strategic Objectives, Values & Mission

Black Hills Corporation overview

Customer-focused, growth-oriented utility company with a tradition of exemplary service and a vision to be the energy partner of choice.

- Electric Utilities
- Natural Gas Utilities
- Electric and Natural Gas Utilities
- Power Generation
- Mine
- ★ Company Headquarters

**Electric and Gas
Utility Company***

**Strong
Financial Base***

1.27 Million
Utility customers
in 8 states

\$7.0 billion
Total assets

46,000 Miles
Natural gas lines

\$3.6 billion
Total rate base

1.1 Gigawatts
Electric generation

\$2.8 billion
Capital investment
2019-2023

9,000 Miles
Electric lines

\$4.3 billion
Market capitalization

2,900
Employees

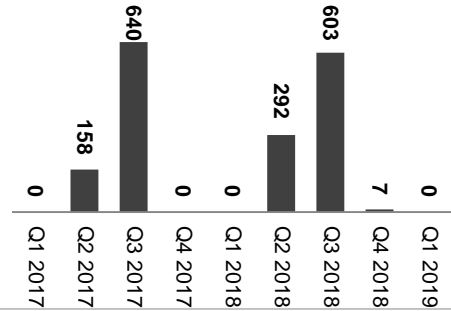


* Information from 2018 10-K as of Dec. 31, 2018; Capital investment forecast and market capitalization as of May 2, 2019

Utility Weather and Demand

Electric Utility Cooling Degree Days

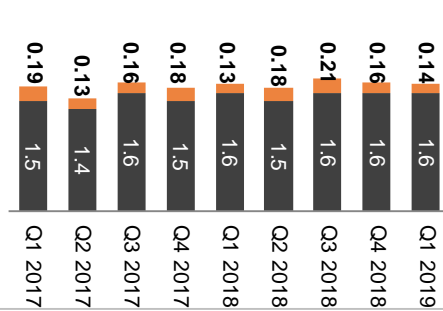
(Total for all electric service areas weighted by customer count)



Electric Utility Total MWh Sales

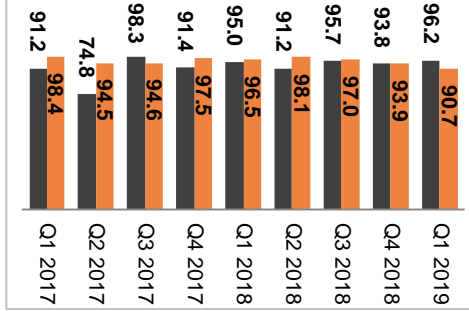
(in millions)

■ Utility Customers ■ Off-system Sales



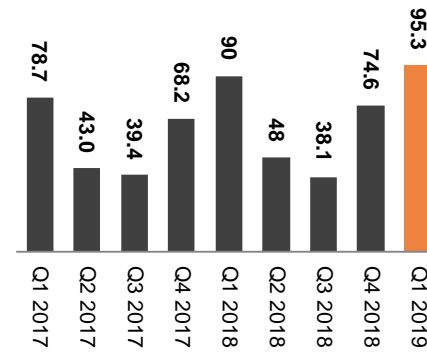
Electric Utility Generation Availability(%)

■ Coal-fired plants ■ Other plants



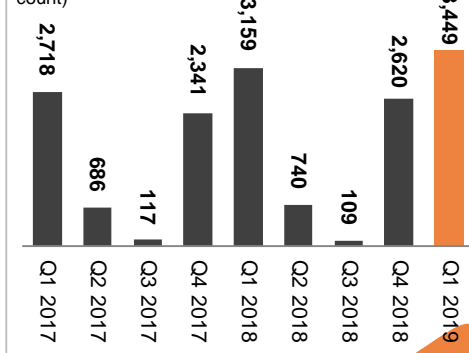
Gas Utility Total Dth Sales

(in millions)



Gas Utility Heating Degree Days

(Total for all gas service* areas weighted by customer count)

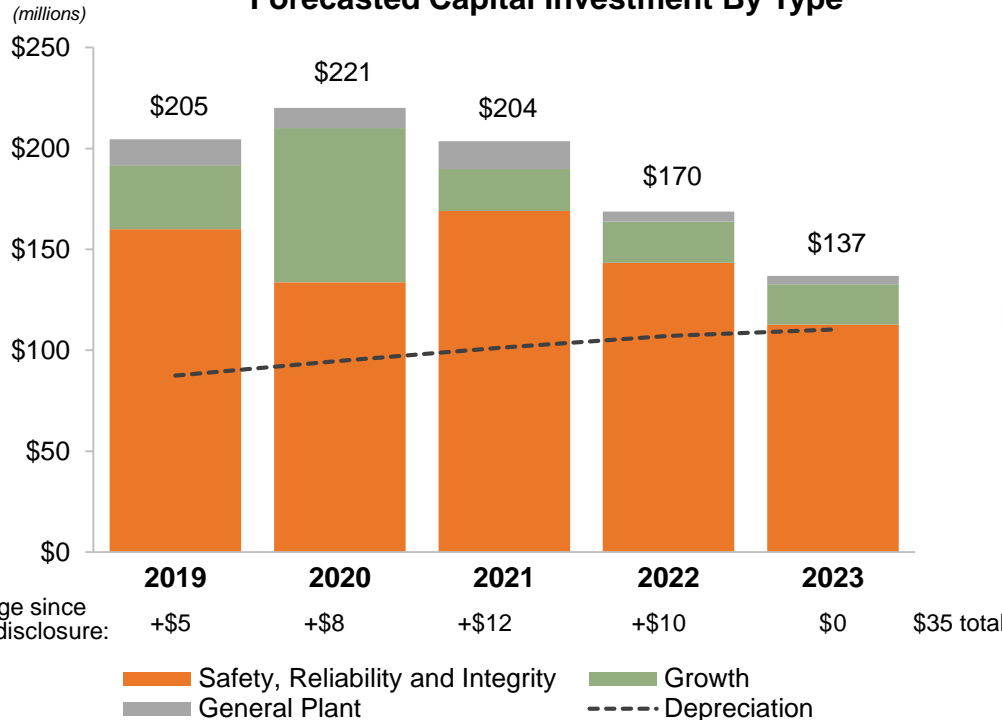


* Excludes KS HDD data since state has weather normalization

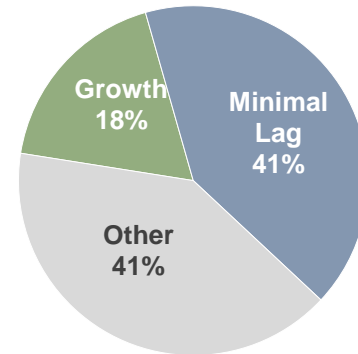
Electric Utilities Capital Investment

Five-year forecast of \$0.94 billion

Forecasted Capital Investment By Type

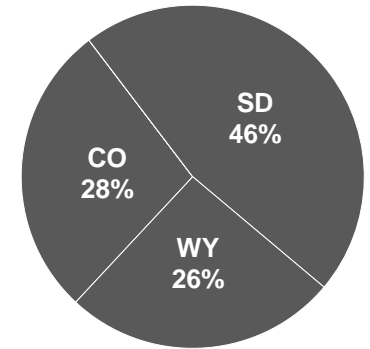


Forecasted Capital Investment Recovery*



2019-2023

Forecasted Capital by State

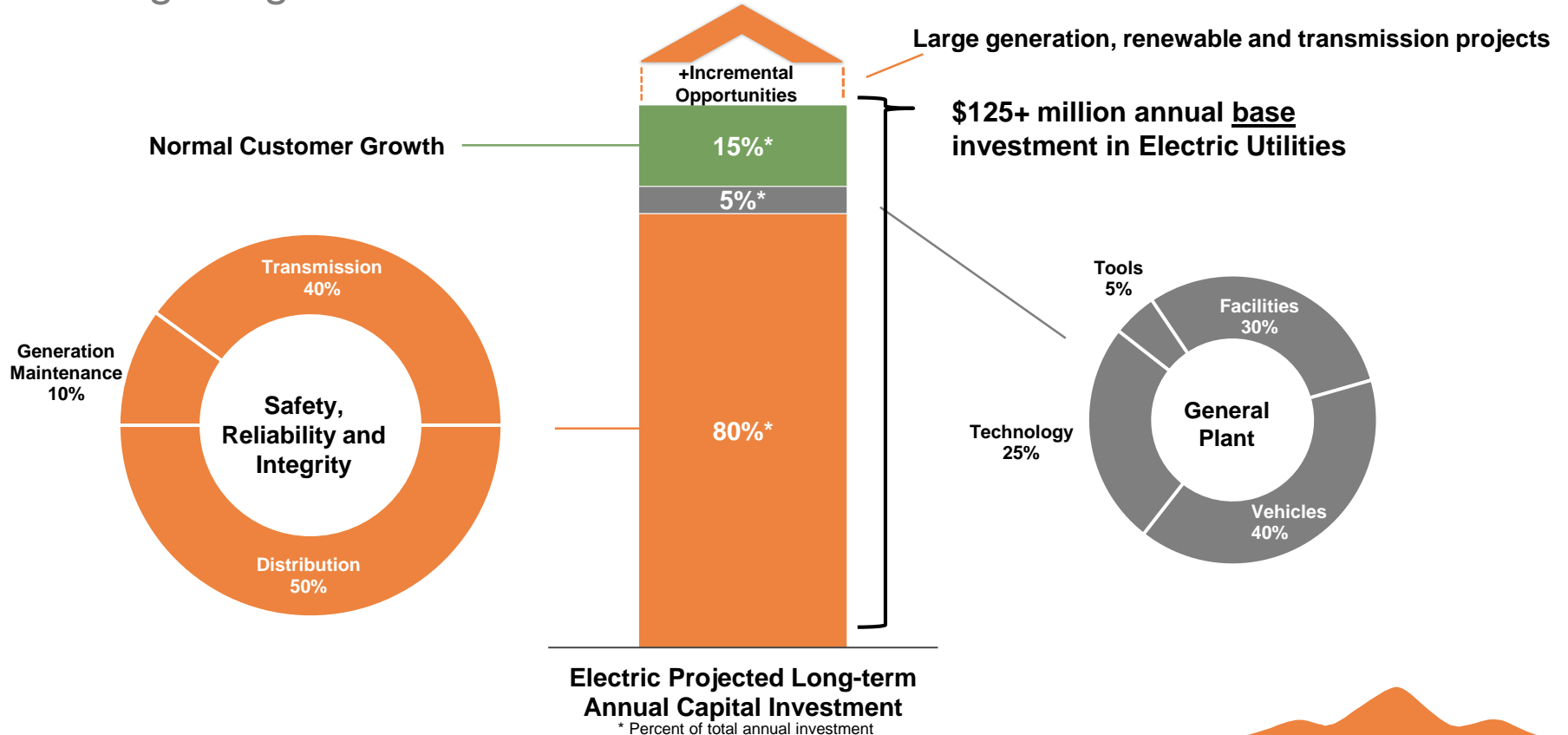


2019-2023

* 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

Electric Utilities Recurring Capital Outlook

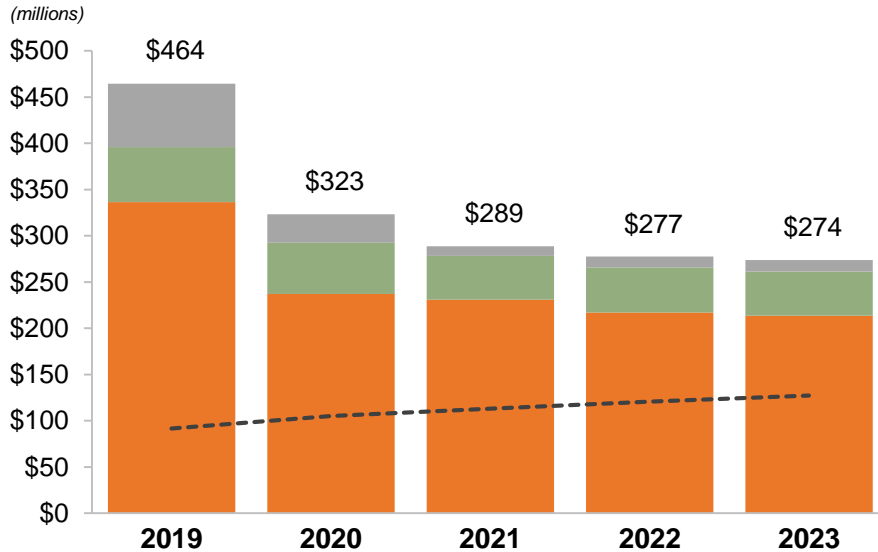
Strong Long-term Annual Investment Plan



Natural Gas Utilities Capital Investment

Five-year forecast of \$1.63 billion

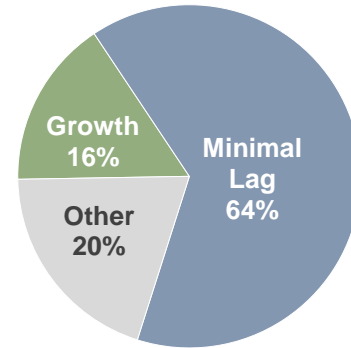
Forecasted Capital Investment By Type



Change since prior disclosure: +\$90 +\$50 +\$25 +\$20 +\$15 \$200 total

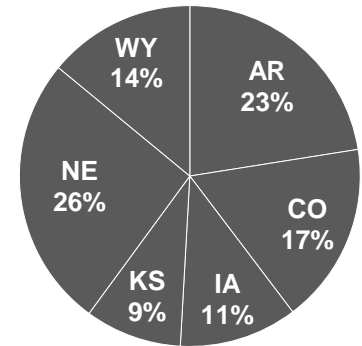
█ Safety, Reliability and Integrity █ Growth
█ General Plant - - - - Depreciation

Forecasted Capital Investment Recovery*



2019-2023

Forecasted Capital by State



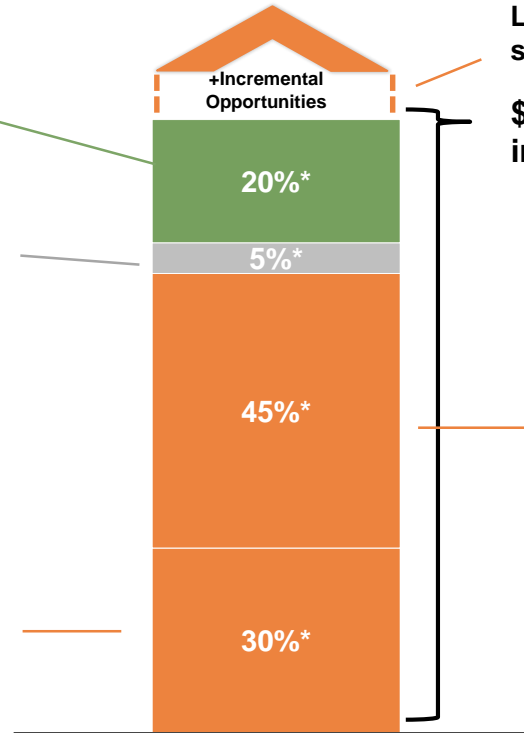
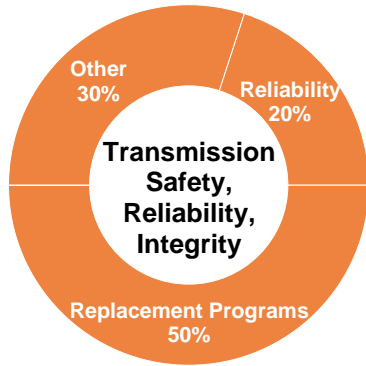
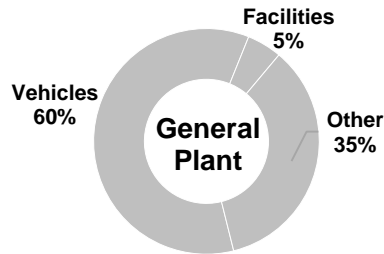
2019-2023

* 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

Gas Utilities Recurring Capital Outlook

Strong Long-term Annual Investment Plan

Normal Customer Growth



* Percent of total annual investment

Large pipeline and storage projects for safety, reliability and customer addition

\$250+ million annual base investment in Gas Utilities



Capital Investment by Recovery

(in millions)

Capital Investment By Segment and Recovery	2019F	2020F	2021F	2022F	2023F	2019-2023F
Minimal Lag Capital - Electric Utilities ¹	\$54	\$71	\$114	\$98	\$49	\$386
Growth Capital - Electric Utilities ²	32	76	21	20	20	169
Other	120	74	68	50	67	379
Electric Utilities	\$205	\$221	\$203	\$170	\$137	\$936
Minimal Lag Capital - Gas Utilities ¹	315	214	203	174	140	1,046
Growth Capital - Gas Utilities ²	60	55	48	49	48	260
Other	90	53	39	55	86	323
Gas Utilities	\$464	\$323	\$289	\$277	\$274	\$1,627
Total Utilities	\$669	\$544	\$493	\$446	\$411	\$2,563
Power Generation	84	9	8	10	4	115
Mining	8	7	11	10	7	43
Corporate	16	22	8	5	7	58
Total	\$777	\$582	\$519	\$472	\$429	\$2,779

Forecasted capital investment excludes additional opportunities from power generation or other material projects being evaluated for timing.

¹ Minimal Lag Capital – investment with regulatory lag of less than one year or incurred during expected regulatory test periods

² Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

Utility Capital Investment by Type

(in millions)

Utility Capital Investment by Type	2019F	2020F	2021F	2022F	2023F	2019-2023F
Safety, Reliability and other Integrity ¹	\$160	\$134	\$169	\$143	\$113	\$719
Growth ²	32	76	21	20	20	169
General Plant	13	10	14	5	4	46
Electric Utilities	\$205	\$221	\$203	\$170	\$137	\$936
Safety, Reliability and other Integrity ¹	336	237	231	217	214	1,235
Growth ²	60	55	48	49	48	260
General Plant	68	31	10	12	12	133
Gas Utilities	\$464	\$323	\$289	\$277	\$274	\$1,627
Total Utilities	\$669	\$544	\$493	\$446	\$411	\$2,563

Forecasted capital investment excludes additional opportunities from power generation or other material projects being evaluated for timing.

¹ Safety, Reliability and Integrity Capital – capital expenditures related to improving or maintaining system integrity

² Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

Estimated Utility Rate Base

Estimated Rate Base* by Utility Segment (in millions)	2011	2012	2013	2014	2015	2016	2017	2018
Electric Utilities	\$1,007	\$1,272	\$1,248	\$1,487	\$1,515	\$1,570	\$1,650	\$1,706
Gas Utilities	\$443	\$450	\$454	\$489	\$493	\$1,620	\$1,700	\$1,851
Total	\$1,450	\$1,722	\$1,702	\$1,976	\$2,008	\$3,190	\$3,350	\$3,557

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

Recent Utility Rate Review Results

Jurisdiction	Utility	Effective Date	Return on Equity	Capital Structure	Authorized Rate Base (in millions)
Arkansas	Arkansas Gas	Oct. 2018	9.61%	50.9% debt / 49.1% equity	\$451.5
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	June 2018	9.9%	53.4% debt / 46.6% equity	\$118.7
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
Wyoming	Wyoming Gas NW	Sept. 2018	9.60%	46% debt / 54% equity	\$12.9

Current Regulatory Filings

Rate review and consolidation requests

Jurisdiction	Filing Date	Annual Revenue Increase	ROE	Equity / Debt	Status
Nebraska Gas (legal consolidation)	3-29-19	n/a	n/a	n/a	In process
Wyoming Gas (legal consolidation)	3-6-19	n/a	n/a	n/a	In process
Colorado Gas	2-1-19	\$2.5M* and integrity rider	10.3%*	50.1% / 49.9%*	In process
Colorado Gas (legal consolidation)	2018	n/a	n/a	n/a	Approved Oct. 10, 2018

Other major filings

Description	Filing Date	State	Filing Type	Status
Renewable Ready Service Tariff	12-18-18	SD	tariff	In process
	12-18-18	WY	tariff	In Process
Corriedale Wind Farm	12-18-18	Jointly filed by SD, WY	CPCN*	In process
Blockchain Interruptible Service Tariff	9-28-18	WY	tariff	In process – hearing April 30

* Certificate of public convenience and necessity

Optimizing Regulatory Recovery

Electric Utility Jurisdiction	Cost Recovery Mechanisms					
	Environmental Cost	DSM/ Energy Efficiency	Transmission 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

* Included in rate moratorium; applies only to non-FERC jurisdictional assets

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

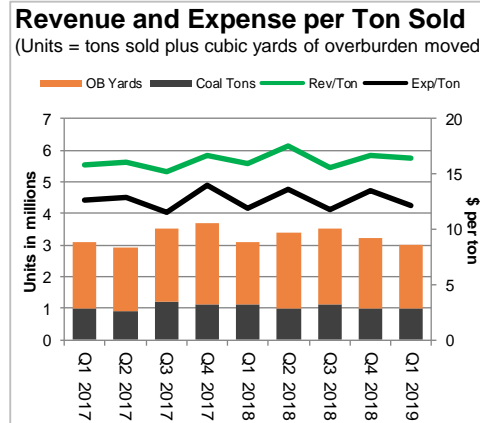
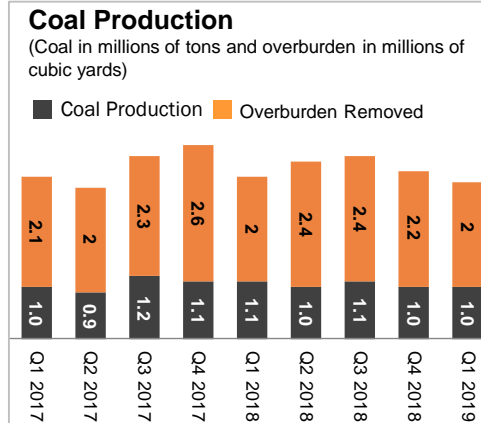
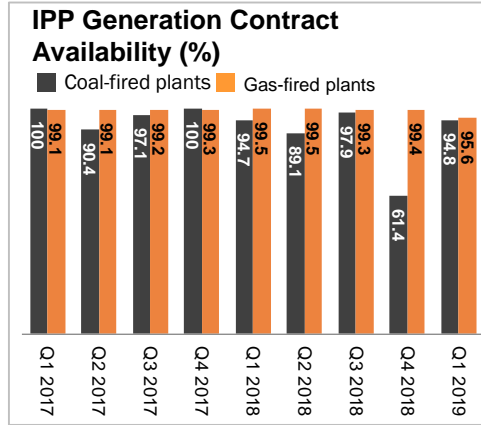
* Residential customers as of last rate base review

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



Capital Structure

(in millions, except for ratios)

	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019
Capitalization					
Short-term Debt	\$ 420	\$ 378	\$ 368	\$ 191	\$ 170
Long-term Debt	2,859	2,858	2,951	2,951	2,950
Total Debt	3,279	3,236	3,319	3,142	3,121
Equity*	1,819	1,819	1,813	2,182	2,279
Total Capitalization	\$ 5,098	\$ 5,054	\$ 5,132	\$ 5,324	\$ 5,400
Net Debt to Net Capitalization					
Debt	\$ 3,279	\$ 3,236	\$ 3,319	\$ 3,142	\$ 3,121
Cash and Cash Equivalents	(31)	(9)	(10)	(21)	(12)
Net Debt	3,248	3,227	3,309	3,121	3,109
Net Capitalization	\$ 5,067	\$ 5,046	\$ 5,122	\$ 5,303	\$ 5,387
Debt to Capitalization	64.3%	64.0%	64.7%	59.0%	57.8%
Net Debt to Capitalization (Net of Cash)	64.1%	64.0%	64.6%	58.9%	57.7%
Long-term Debt to Total Debt	87.2%	88.3%	88.9%	93.9%	94.5%

* Excludes noncontrolling interest

Income Statement

(in millions, except earnings per share)

	First Quarter	
	2018	2019
Revenue	\$ 575.4	\$ 597.8
Gross margin (non-GAAP)	327.8	349.0
Operating expenses	(131.0)	(137.8)
DD&A	(48.6)	(51.1)
Operating income	148.2	160.1
Interest expense, net	(35.0)	(34.6)
Other income (expense), net	(0.1)	(0.8)
Income before taxes	113.1	124.7
Income taxes benefit (expense)	25.8	(17.3)
Income from continuing operations	\$ 138.9	\$ 107.4
Net (loss) from discontinued operations	(2.3)	-
Net income	\$ 136.6	\$ 107.4
Net income attributable to non-controlling interest	(3.6)	(3.6)
Net income available to common stock	\$ 133.0	\$ 103.8
Net income from continuing operations available for common stock	\$ 135.3	\$ 103.8
Non-GAAP adjustments	(47.2)	-
Net income from continuing operations, as adjusted (Non-GAAP)	\$ 88.1	\$ 103.8
EPS - Net income available for common stock	\$ 2.46	\$ 1.73
EPS - Net income from Cont. Ops avail. for common stock, as adjusted *	\$ 1.63	\$ 1.73
Diluted shares outstanding (in thousands)	54.1	60.1
EBITDA, as adjusted*	\$ 196.8	\$ 210.4

* Non-GAAP measure; defined and/or reconciled to GAAP in Appendix and on slide 9

2019 Earnings Guidance Assumptions

Black Hills is increasing its guidance for 2019 earnings per share from continuing operations available for common stock, as adjusted* to be in the range of \$3.40 to \$3.60 per share from \$3.35 to \$3.55 per share. The guidance range is based on the following assumptions:

- Capital spending of \$777 million;
- 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 the remainder of the year for planned construction, maintenance and/or capital investment projects;
- Completion of utility regulatory dockets;
- Complete construction and place in service the Rapid City, South Dakota, to Stegall, Nebraska, electric transmission line, Busch Ranch II wind project and Natural Bridge Pipeline by year-end 2019;
- No significant unplanned outages at any of our facilities;
- Equity financing of \$80 to \$100 million during 2019 under our At-the-Market equity offering program; and
- No significant acquisitions or divestitures.

* EPS, as adjusted, is a non-GAAP item; The company is not able to provide a forward-looking quantitative GAAP to non-GAAP reconciliation of guidance for 2019 earnings, as adjusted, because unplanned or unique events that may occur are unknown at this time.

2020 Earnings Guidance Assumptions

Black Hills is reaffirming its guidance for 2020 earnings per share available for common stock, as adjusted*, to be in the range of \$3.50 to \$3.80, based on the following assumptions:

- Capital spending of \$777 million and \$582 million in 2019 and 2020, respectively;
- 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;
- Completion of utility regulatory dockets;
- Complete construction and place in service the Rapid City, South Dakota, to Stegall, Nebraska, electric transmission line, the Busch Ranch II wind project and the Natural Bridge Pipeline by year-end 2019, and the Corriedale Wind Energy Project by year-end 2020;
- No significant unplanned outages at any of our facilities;
- Equity financing of \$80 to \$100 million in 2019 and \$40 to \$80 million in 2020 under our At-the-Market equity offering program; and
- No significant acquisitions or divestitures.

* EPS, as adjusted, is a non-GAAP item; The company is not able to provide a forward-looking quantitative GAAP to non-GAAP reconciliation of guidance for 2020 earnings, as adjusted, because unplanned or unique events that may occur are unknown at this time.

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

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. 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.

Use of Non-GAAP Financial Measures

Earnings Per Share, as adjusted	2013	2014	2015	2016	2017	2018
Net income (loss) available for common stock (GAAP)	\$ 2.64	\$ 2.93	\$ (0.71)	\$ 1.37	\$ 3.21	\$ 4.66
(Income) loss from discontinued operations (GAAP)	(0.09)	0.04	3.83	1.20	0.31	0.12
Net income (loss) available for common stock (excluding discontinued operation	2.55	2.97	3.12	2.57	3.52	4.78
<u>Adjustments (after tax)</u>						
Acquisition / integration costs	-	-	0.15	0.56	0.05	-
Tax reform and other tax items	-	-	-	-	(0.21)	0.07
Legal restructuring - income tax benefit	-	-	-	-	-	(1.31)
Total Non-GAAP adjustments	(0.16)	-	0.15	0.56	(0.16)	(1.24)
Net income available for common stock (excluding discontinued operations); as adjusted (Non-GAAP)	\$ 2.39	\$ 2.97	\$ 3.27	\$ 3.13	\$ 3.36	\$ 3.54

Use of Non-GAAP Financial Measures

EBITDA

<i>(in thousands)</i>	For the Three Months Ended March 31,	
	2018	2019
Income from continuing operations	\$ 138,977	\$ 107,362
Depreciation, depletion and amortization	48,590	51,028
Interest expense, net	34,995	34,717
Income tax expense (benefit)	(25,802)	17,263
EBITDA (a Non-GAAP Measure)	196,760	210,370

Strategic Objectives

Natural gas and electric utility focused on long-term total shareholder returns

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 utility company in the U.S. by emphasizing our culture to work and live safely every day

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.

READY.



BKH
LISTED
NYSE

BH
Black Hills Corporation
Ready