
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) February 7, 2007

BLACK HILLS CORPORATION

(Exact name of registrant as specified in its charter)

**South Dakota
(State or other jurisdiction of incorporation)**

**001-31303
(Commission File Number)**

**46-0458824
(IRS Employer Identification No.)**

**625 Ninth Street, PO Box 1400
Rapid City, South Dakota
(Address of principal executive offices)**

**57709-1400
(Zip Code)**

**605.721.1700
(Registrant's telephone number, including area code)**

**Not Applicable
(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

On February 7, 2007, we issued a joint press release with Aquila, Inc. and Great Plains Energy Incorporated, announcing that we had entered into agreements to purchase Aquila's Colorado electric utility assets and its Colorado, Iowa, Kansas and Nebraska gas utility assets, for an aggregate purchase price of \$940 million, subject to adjustment. At the same time, Aquila entered into an agreement with Great Plains to merge Aquila with a subsidiary of Great Plains. Each transaction is contingent on, among other things, approval of various utility regulatory agencies, and the completion of the other transaction, meaning that one transaction will not be completed unless the other transaction is completed.

Copies of our press releases and investor relations presentations regarding the transaction are attached as exhibits to this Form 8-K. This information is being furnished pursuant to Regulation FD and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 99.1 Regional Press Release distributed in South Dakota and Wyoming dated February 7, 2007 issued by Black Hills Corporation.
- 99.2 Regional Press Release distributed in Colorado dated February 7, 2007 issued by Black Hills Corporation.
- 99.3 Regional Press Release distributed in Iowa dated February 7, 2007 issued by Black Hills Corporation.
- 99.4 Regional Press Release distributed in Kansas dated February 7, 2007 issued by Black Hills Corporation.
- 99.5 Regional Press Release distributed in Nebraska dated February 7, 2007 issued by Black Hills Corporation.
- 99.6 Black Hills Corporation's Investor Presentation on the proposed purchase of certain utility and related assets of Aquila, Inc. in Colorado, Kansas, Nebraska and Iowa.
- 99.7 Black Hills Corporation's Transaction Overview on the proposed purchase of certain utility and related assets of Aquila, Inc. in Colorado, Kansas, Nebraska and Iowa.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLACK HILLS CORPORATION

By: /s/ Mark T. Thies
Mark T. Thies
Executive Vice President
and Chief Financial Officer

Date: February 7, 2007

Exhibit Index

<u>Exhibit No.</u>	<u>Title of Document</u>
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99.6	Black Hills Corporation's Investor Presentation on the proposed purchase of certain utility and related assets of Aquila, Inc. in Colorado, Kansas, Nebraska and Iowa.
99.7	Black Hills Corporation's Transaction Overview on the proposed purchase of certain utility and related assets of Aquila, Inc. in Colorado, Kansas, Nebraska and Iowa.

Black Hills Corporation to Acquire Aquila Utility Operations in Colorado, Iowa, Kansas and Nebraska

RAPID CITY, SD—February 7, 2007—Black Hills Corporation (NYSE: BKH), a diversified energy company based in Rapid City, South Dakota, today announced that it has signed a definitive agreement to purchase from Kansas City, Missouri-based Aquila, Inc. (NYSE: ILA) its electric utility operations in Colorado and its gas utilities in Colorado, Iowa, Kansas and Nebraska. Black Hills will pay a total purchase price of \$940 million in cash that will be financed through a combination of newly-issued Black Hills stock, debt and internally-generated cash.

“This announcement is an exciting step in Black Hills Corporation’s proud history,” said David Emery, Chairman, President and Chief Executive Officer of Black Hills Corporation. “Our roots in utility operations date back to 1883, when Black Hills Electric Light Company powered the inter-urban trolley between Deadwood and Lead to serve the gold mining industry. Adding utility customers in surrounding states is a natural extension of our core business, and will make us an even stronger company. Customers, communities, shareholders, and employees will benefit.”

“Opportunities like this do not happen in our region very often,” said Emery. “We are pleased that we could find such attractive properties having so much in common with our existing retail operations. These five utilities serve communities that we believe are a lot like our existing service areas for Black Hills Power and Cheyenne Light. We believe the employees of these operations also share our work ethic and our commitment to outstanding customer service and reliability. The properties are a great fit for Black Hills.”

“We look forward to welcoming all Aquila employees in all four states to the Black Hills team,” said Linn Evans, President and Chief Operating Officer of Black Hills Corporation’s Retail Businesses. “And we particularly look forward to delivering to our new customers in those states the benefits of the reliable, clean and value-priced energy we have long been providing to our customers in our current home region.”

Under the proposed transaction, the completion of which is subject to various federal and state regulatory approvals and certain other closing conditions, Black Hills will purchase Aquila’s electric utility operations in Colorado, which serve approximately 93,000 customers; its gas operations in Colorado, with 68,000 customers; its gas operations in Kansas, with 108,000 customers; its gas operations in Nebraska, with 198,000 customers; and its gas operations in Iowa, with 149,000 customers.

“Today’s announced expansion is another step toward a stronger, more secure future for our company,” said Evans. “We expect the transaction to benefit the Black Hills region and South Dakota as well. We’ll be adding new administrative jobs and, of course, our taxes and community investment will grow as the company grows. We like to consider ourselves good corporate citizens.”

As also announced separately this morning, Aquila, which is based in Kansas City, Mo., has signed a definitive agreement to be acquired by Great Plains Energy (NYSE: GXP), also of Kansas City, in a cash and stock transaction valued at \$1.7 billion. Black Hills’ purchase of Aquila’s utility assets in Colorado, Kansas, Nebraska and Iowa is contingent upon the simultaneous consummation of the Great Plains/Aquila transaction.

About Black Hills Corporation

Black Hills Corporation is a diversified energy company. Our retail businesses are Black Hills Power, an electric utility serving western South Dakota, northeastern Wyoming and southeastern Montana; and Cheyenne Light, Fuel & Power, an electric and gas distribution utility serving the Cheyenne, Wyoming vicinity. Black Hills Energy, our wholesale energy business unit, generates electricity, produces natural gas, oil and coal, and markets energy. More information is available at www.blackhillscorp.com.

Advisory to Broadcast Media

A video clip of an interview with David R. Emery, Chairman, President and CEO of Black Hills Corporation, regarding this transaction is available at <http://www.linnproductions.com/clients/media>.

Information Concerning Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company believes that its expectations as contained in this news release are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct or that the transactions described above will occur. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release. See "Risk Factors" in the Company's 2005 Annual Reports on Form 10-K and its other public filings, press releases and discussions with Company management. Black Hills Corporation undertakes no obligation to publicly update or revise any forward-looking statements.

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Black Hills Corporation to Acquire Aquila's Electric and Gas Utility Operations in Colorado

Colorado Customers Currently Served by Aquila Will Benefit from Black Hills' Hundred-Year History of Reliable, High-Quality Customer Service

RAPID CITY, S. Dak. and GOLDEN, Colo., February 7, 2007 — Black Hills (NYSE: BKH), a diversified energy company based in Rapid City, South Dakota, today announced that it has signed a definitive agreement to purchase from Aquila (NYSE: ILA) its electric and gas utility operations in the State of Colorado, as well as certain other Aquila-owned utility assets in three other states.

“Black Hills is a diversified energy company with roots in utility operations dating back to the 1880s,” said David R. Emery, Chairman, President and Chief Executive Officer of Black Hills. “We look forward to adding Aquila’s utility operations in Colorado to our existing array of Colorado-based energy businesses. Our wholesale energy subsidiaries are headquartered in Golden, including oil and gas exploration and production, power generation and energy marketing. Our Golden offices oversee operations in Colorado and eleven other states. Adding Colorado to our retail utility presence is a logical extension of our existing operations in the State.

“As part of the same transaction, we also are acquiring utilities in Kansas, Nebraska and Iowa,” Mr. Emery noted. “We look forward to welcoming Aquila’s employees in all four states to the Black Hills team. And we particularly look forward to delivering to our new customers in those states the benefits of the reliable, clean and value-priced energy we have long been providing to our customers in our current home region.”

Under the proposed transaction, the completion of which is subject to various federal and state regulatory approvals, including that of the Colorado Public Utilities Commission, and certain other closing conditions, Black Hills will purchase Aquila’s electric utility operations in southeastern Colorado, which serve approximately 94,000 residential and commercial customers and generate annual energy sales of about 2.0 million MWH; and Aquila’s gas utility operations elsewhere in Colorado, which serve approximately 68,000 customers, providing them with approximately 7.1 BCF (billion cubic feet) of natural gas annually.

The communities served by these utilities include Burlington, Cañon City, Castle Rock, Fountain, Pueblo and Rocky Ford.

The purchase of Aquila’s Colorado operations, which Black Hills expects to take place in about a year, is part of a larger transaction in which Black Hills will also purchase Aquila’s gas utility and related operations in Kansas, Nebraska and Iowa, for a total cash purchase price of \$940 million.

As also announced separately this morning, Aquila, which is based in Kansas City, Mo., has signed a definitive agreement to be acquired by Great Plains Energy (NYSE: GXP), also of Kansas City, in a cash and stock transaction valued at \$1.7 billion. Black Hills’ purchase of Aquila’s utility assets in Colorado, Kansas, Nebraska and Iowa will be completed immediately prior to the consummation of the Great Plains Energy/Aquila transaction.

Black Hills currently provides electric utility services to a total of 101,500 customers in South Dakota, Wyoming, and Montana, and gas utility services to another 32,000 customers in Wyoming. Upon completion of the two transactions, Black Hills will have a total of more than 750,000 gas and electric customers in seven contiguous Midwestern and Rocky Mountain states.

Credit Suisse Securities (USA), LLC served as exclusive financial advisor to Black Hills in this transaction.

About Black Hills

Black Hills is a diversified energy company. Our retail businesses are Black Hills Power, an electric utility serving western South Dakota, northeastern Wyoming and southeastern Montana; and Cheyenne Light, Fuel & Power, an electric and gas distribution utility serving the Cheyenne, Wyoming vicinity. Black Hills Energy, the wholesale energy business unit, generates electricity, produces natural gas, oil and coal, and markets energy. More information is available at www.blackhillscorp.com.

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Black Hills Corporation to Acquire Aquila's Gas Utility Operations in Iowa

Iowa Customers Currently Served by Aquila Will Benefit from Black Hills' Hundred-Year History of Reliable, High-Quality Customer Service

RAPID CITY, S. Dak. and WEST DES MOINES, Iowa., Feb. 7, 2007 — Black Hills (NYSE: BKH), a diversified energy company based in Rapid City, South Dakota, today announced that it has signed a definitive agreement to purchase from Aquila, Inc. (NYSE: ILA) its gas utility operations in the State of Iowa, as well as certain other Aquila-owned utility assets in three other states.

“Black Hills is a diversified energy company with roots in utility operations dating back to the 1880s,” said David R. Emery, Chairman, President and Chief Executive Officer of Black Hills. “We look forward to extending our utility operations to Iowa, Kansas and Nebraska, where we currently have no presence, and expanding them in Colorado, where we currently have a substantial non-regulated energy presence. We look forward to welcoming Aquila’s employees in all four states to the Black Hills team. And we particularly look forward to delivering to our new customers in those states the benefits of the reliable, clean and value-priced energy we have long been providing to our customers in our current home region.”

Under the proposed transaction, the completion of which is subject to various federal and state regulatory approvals, including that of the Iowa Utilities Board, and certain other closing conditions, Black Hills will purchase Aquila’s gas utility operations in Iowa, which serve approximately 149,000 customers, providing them with about 27 BCF (billion cubic feet) of natural gas annually.

The communities served by these utilities include Council Bluffs, Denison, Dubuque, Forest City, Newton, Spencer, Webster City and West Des Moines.

The purchase of Aquila’s Iowa operations, which Black Hills expects to take place in about a year, is part of a larger transaction in which Black Hills will also purchase certain Aquila utility properties and related operations in Colorado, Kansas and Nebraska, for a total cash purchase price of \$940 million.

As also announced separately this morning, Aquila, which is based in Kansas City, Mo., has signed a definitive agreement to be acquired by Great Plains Energy (NYSE: GXP), also of Kansas City, in a cash and stock transaction valued at \$1.7 billion. Black Hills’ purchase of Aquila’s utility assets in Colorado, Kansas, Nebraska and Iowa will be completed immediately prior to completion of the Great Plains Energy/Aquila transaction.

Black Hills currently provides electric utility services to a total of 101,500 customers in South Dakota, Wyoming, and Montana, and gas utility services to another 32,000 customers in Wyoming. Upon completion of the two transactions, Black Hills will have a total of more than 750,000 gas and electric customers in seven contiguous Midwestern and Rocky Mountain states.

Credit Suisse Securities (USA), LLC served as exclusive financial advisor to Black Hills in this transaction.

About Black Hills

Black Hills is a diversified energy company. Our retail businesses are Black Hills Power, an electric utility serving western South Dakota, northeastern Wyoming and southeastern Montana; and Cheyenne Light, Fuel & Power, an electric and gas distribution utility serving the Cheyenne, Wyoming vicinity. Black Hills Energy, the wholesale energy business unit, generates electricity, produces natural gas, oil and coal, and markets energy. More information is available at www.blackhillscorp.com.

Advisory to Broadcast Media: A video clip of an interview with David R. Emery, Chairman, President and CEO of Black Hills Corporation, regarding this transaction is available at

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Black Hills Corporation to Acquire Aquila's Gas Utility Operations in Kansas

Kansas Customers Currently Served by Aquila Will Benefit from Black Hills' Hundred-Year History of Reliable, High-Quality Customer Service

RAPID CITY, S. Dak. and WICHITA, Kan., February 7, 2007 — Black Hills (NYSE: BKH), a diversified energy company based in Rapid City, South Dakota, today announced that it has signed a definitive agreement to purchase from Aquila (NYSE: ILA) its gas utility operations in the State of Kansas, as well as certain other Aquila-owned utility assets in three other states.

“Black Hills is a diversified energy company with roots in utility operations dating back to the 1880s,” said David R. Emery, Chairman, President and Chief Executive Officer of Black Hills. “We look forward to extending our utility operations to Kansas, Iowa, and Nebraska, where we currently have no presence, and expanding them in Colorado, where we currently have a substantial non-regulated energy presence. We look forward to welcoming Aquila’s employees in all four states to the Black Hills team. And we particularly look forward to delivering to our new customers in those states the benefits of the reliable, clean and value-priced energy we have long been providing to our customers in our current home region.”

Under the proposed transaction, the completion of which is subject to various federal and state regulatory approvals, including that of the Kansas Corporate Commission, and certain other closing conditions, Black Hills will purchase Aquila’s gas utility operations in Kansas, which serve approximately 108,000 customers, providing them with about 23 BCF (billion cubic feet) of natural gas annually.

The communities served by these utilities include Dodge City, Garden City, Goodland, Lawrence, Liberal, and Wichita.

The purchase of Aquila’s Kansas operations, which Black Hills expects to take place in about a year, is part of a larger transaction in which Black Hills will also purchase certain Aquila utility properties and related operations in Colorado, Nebraska and Iowa, for a total cash purchase price of \$940 million.

As also announced separately this morning, Aquila, which is based in Kansas City, Mo., has signed a definitive agreement to be acquired by Great Plains Energy (NYSE: GXP), also of Kansas City, in a cash and stock transaction valued at \$1.7 billion. Black Hills’ purchase of Aquila’s utility assets in Colorado, Kansas, Nebraska and Iowa will be completed immediately prior to completion of the Great Plains Energy/Aquila transaction.

Black Hills currently provides electric utility services to a total of 101,500 customers in South Dakota, Wyoming, and Montana, and gas utility services to another 32,000 customers in Wyoming. Upon completion of the two transactions, Black Hills will have a total of more than 750,000 gas and electric customers in seven contiguous Midwestern and Rocky Mountain states.

Credit Suisse Securities (USA), LLC served as exclusive financial advisor to Black Hills in this transaction.

About Black Hills

Black Hills is a diversified energy company. Our retail businesses are Black Hills Power, an electric utility serving western South Dakota, northeastern Wyoming and southeastern Montana; and Cheyenne Light, Fuel & Power, an electric and gas distribution utility serving the Cheyenne, Wyoming vicinity. Black Hills Energy, the company's wholesale energy business unit, generates electricity, produces natural gas, oil and coal, and markets energy. More information is available at www.blackhillscorp.com.

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Black Hills Corporation to Acquire Aquila's Gas Utility Operations in Nebraska

Nebraska Customers Currently Served by Aquila Will Benefit from Black Hills' Hundred-Year History of Reliable, High-Quality Customer Service

RAPID CITY, S. Dak. and LINCOLN, Neb, February 7, 2007 — Black Hills (NYSE: BKH), a diversified energy company based in Rapid City, South Dakota, today announced that it has signed a definitive agreement to purchase from Aquila (NYSE: ILA) its gas utility and related operations in the State of Nebraska, as well as certain other Aquila-owned utility assets in three other states.

“Black Hills is a diversified energy company with roots in utility operations dating back to the 1880s,” said David R. Emery, Chairman, President and Chief Executive Officer of Black Hills. “We look forward to extending our utility operations to Nebraska, Kansas, and Iowa, where we currently have no presence, and expanding them in Colorado, where we currently have a substantial non-regulated energy presence. We look forward to welcoming Aquila’s employees in all four states to the Black Hills team. And we particularly look forward to delivering to our new customers in those states the benefits of the reliable, clean and value-priced energy we have long been providing to our customers in our current home region.”

Under the proposed transaction, the completion of which is subject to various federal and state regulatory approvals, including that of the Nebraska Public Service Commission, and certain other closing conditions, Black Hills will purchase Aquila’s gas utility operations in Nebraska, which serve approximately 198,000 customers, providing them with about 18 BCF (billion cubic feet) of natural gas annually.

The communities served by these utilities include Beatrice, Bellevue, Blair, Columbus, Fairbury, Lincoln, Norfolk, Omaha, Wayne and York.

The purchase of Aquila’s Nebraska operations, which Black Hills expects to take place in about a year, is part of a larger transaction in which Black Hills will also purchase certain Aquila utility properties and related operations in Colorado, Kansas and Iowa, for a total cash purchase price of \$940 million.

As also announced separately this morning, Aquila, which is based in Kansas City, Mo., has signed a definitive agreement to be acquired by Great Plains Energy (NYSE: GXP), also of Kansas City, in a cash and stock transaction valued at \$1.7 billion. Black Hills’ purchase of Aquila’s utility assets in Colorado, Kansas, Nebraska and Iowa will be completed immediately prior to completion of the Great Plains Energy/Aquila transaction.

Black Hills currently provides electric utility services to a total of 101,500 customers in South Dakota, Wyoming, and Montana, and gas utility services to another 32,000 customers in Wyoming. Upon completion of the two transactions, Black Hills will have a total of more than 750,000 gas and electric customers in seven contiguous Midwestern and Rocky Mountain states.

Credit Suisse Securities (USA), LLC served as exclusive financial advisor to Black Hills in this transaction.

About Black Hills

Black Hills is a diversified energy company. Our retail businesses are Black Hills Power, an electric utility serving western South Dakota, northeastern Wyoming and southeastern Montana; and Cheyenne Light, Fuel & Power, an electric and gas distribution utility serving the Cheyenne, Wyoming vicinity. Black Hills Energy, the wholesale energy business unit, generates electricity, produces natural gas, oil and coal, and markets energy. More information is available at www.blackhillscorp.com.

Advisory to Broadcast Media: A video clip of an interview with David R. Emery, Chairman, President and CEO of Black Hills Corporation, regarding this transaction is available at

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TRANSACTION OVERVIEW



Black Hills Corporation

AGREEMENT TO PURCHASE

**Certain Utility and Related Assets of Aquila, Inc.
in Colorado, Kansas, Nebraska and Iowa**

FEBRUARY 2007



Information concerning forward-looking statements

Statements made in this document that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Black Hills Corporation, Great Plains Energy and Aquila are providing a number of important factors, risks and uncertainties that could cause actual results to differ materially for the provided forward-looking information. These include: obtaining shareholder approvals required for the transactions (Great Plains and Aquila); the timing of, and the conditions imposed by, regulatory approvals required for the transactions; satisfying the conditions to the closing of the transactions; Great Plains and Black Hills successfully integrating the acquired Aquila businesses into their respective operations, avoiding problems which may result in either company not operating as effectively and efficiently as expected; the timing and amount of cost-cutting synergies; unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from the companies' expectations; the actual resulting credit ratings of the companies or their respective subsidiaries; the effects on the businesses of the companies resulting from uncertainty surrounding the transactions; the effect of future regulatory or legislative actions on the companies; and other economic, business, and/or competitive factors. Additional factors that may affect the future results of Black Hills, Great Plains and Aquila are set forth in their most recent quarterly report on Form 10-Q or annual report on Form 10-K with the Securities and Exchange Commission ("SEC"), which are available at www.blackhillscorporation.com, www.greatplainsenergy.com, and www.aquila.com respectively. Black Hills, Great Plains and Aquila undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Definitive agreements signed February 7, 2007

- Definitive agreements:
 - Black Hills Corporation to purchase certain Aquila utility assets in Colorado, Kansas, Nebraska and Iowa for \$940 million cash, subject to working capital adjustments at completion of transaction
 - Simultaneously, Great Plains Energy will acquire Aquila, Inc. and its subsidiaries;
- At closing, Great Plains will retain utility operations in Missouri
- Black Hills transaction financing:
 - A bridge credit facility through a bank syndication;
 - Permanent financing at closing expected through a combination of newly-issued equity, mandatory convertible securities, corporate-level debt issuance and internally generated cash resources; and
 - Based on market conditions, Black Hills intends to issue equity, equity linked and debt securities in public or private markets and could execute such transaction prior to closing
- Deal expected to close in Q1 2008.
- Completion of transaction subject to state regulatory approvals, Federal Energy Regulatory Commission (FERC) and Federal Trade Commission (Hart-Scott-Rodino) review, plus customary closing conditions.
- Expected to be earnings-accretive after one year of temporary and transitional costs
- Cash flow from acquired operations expected to be positive from start.

How this deal came about

We are a diversified energy company with our roots in utility operations dating back to the 1880s. Our strategy is to capitalize on our core strengths:

- Strong utility operations with commitment to customer service
- Planning, construction and operations of energy assets
- Optimization of fuel assets to deliver value to investors and customers

Our search for energy partners led us to evaluate Aquila's utility operations in Colorado, Kansas, Nebraska and Iowa:

- We share similar demographics, community cultures and business relationships.
- The combination of our operations is a logical extension of our business
- Acquiring these operations will make us a financially stronger company with a larger, more diversified asset base and more stable and predictable cash flows and earnings with opportunity for significant growth in rate base, especially in Colorado
- Benefits of the deal extend to our customers, communities, investors and employees

Merits of acquisition

We have the strategy, skills, experience and track record to make this deal work:

- Strong utility operations with commitment to superior customer service, reliability, efficiency, and cost control
- Strong planning, construction, integration and maintenance of assets
- Strong regulatory relationships
- Strong record of technical innovation and environmental safety
- Strong tradition of corporate social responsibility
- Strong commitment to the communities we serve

Merits of acquisition

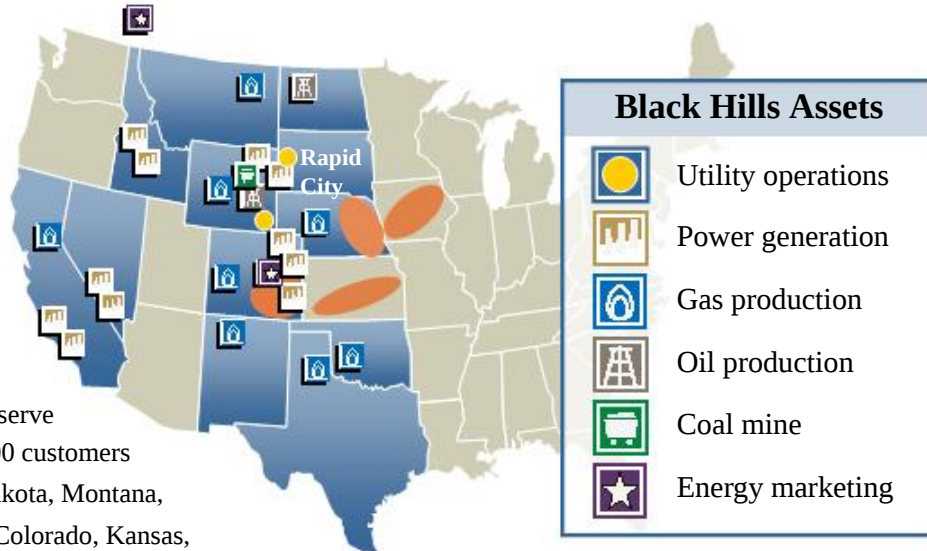
The transaction is good for customers, investors and employees:

- Customers will benefit from improved economies of scale, operational efficiencies and integrated business functions
- Investors should benefit from expanded operations, improved cash flow and earnings, improved growth potential, improved credit standing and improved risk profile
- Employees will have increased opportunity for personal and professional growth

The transaction is financially sound:

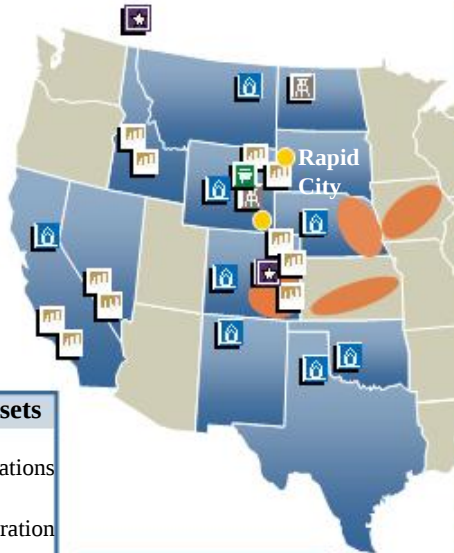
- Solid financial foundation
- We're buying earnings-producing assets only
- Strong cash flow and earnings base from stable, risk-managed and geographically diverse operations
- We are committed to maintaining, and expect to maintain, an investment-grade credit rating

Combination at a glance



- Utilities will serve over 750,000 customers in South Dakota, Montana, Wyoming, Colorado, Kansas, Nebraska and Iowa
- Utilities will comprise ~50% of ~\$3 billion in total assets
- Wholesale energy operations include oil and gas production, coal mining, power generation and energy marketing

Assets of combination




Profile of the Combined Company


(Based on recent public information)

Total assets	~ \$3	Billion
Regulated customers:		
Electric	197,000	Customers
Gas	556,000	Customers
Total regulated customers	753,000	Customers
Power generation resources:		
Regulated, operated	537	MW
Regulated, contracted	398	MW
Regulated, under construction	90	MW
Independent power production	1,000	MW
Total generation	2,025	MW
Natural gas and oil reserves	~ 170	BCFE
Coal reserves	~ 290	million tons
Natural gas marketing average daily physical volume	1.4	million MMBTU
Regulated operations in 7 states		
Wholesale energy operations in 12 states		

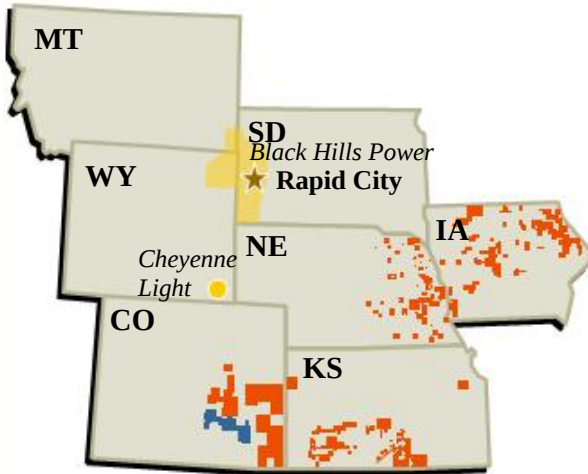
Black Hills Assets

-  Utility operations
-  Power generation
-  Gas production
-  Oil production
-  Coal mine
-  Energy marketing

Acquired Assets

-  Utilities in CO, KS, KS, NE and IA

Utilities of combination



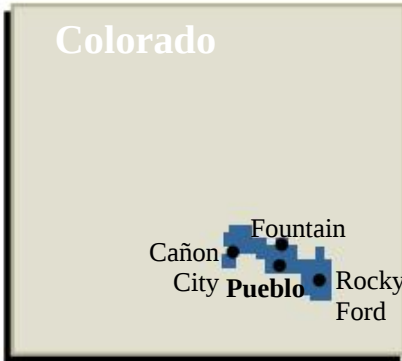
- Seven adjoining states in Midwest and Rockies with similar demographics and business environments.
- Proximity should permit some consolidation of administrative functions while retaining quality of service

DESCRIPTION OF UTILITIES

Utility	Number of Customers	Annual Energy Sales
Black Hills Power	65,000	3.1 million MWH
Cheyenne Light (electric)	39,000	0.9 million MWH
Cheyenne Light (gas)	33,000	8.1 BCF
Subtotal, existing	137,000	4.0 million MWH 8.1 BCF
Colorado Electric ()	93,000	2.0 million MWH
Colorado Gas ()	68,000	7.1 BCF
Kansas Gas ()	108,000	22.5 BCF
Nebraska Gas ()	198,000	18.0 BCF
Iowa Gas ()	149,000	27.3 BCF
Subtotal, new	616,000	2.0 million MWH 74.9 BCF
Total, combined	753,000	6.0 million MWH 83.0 BCF

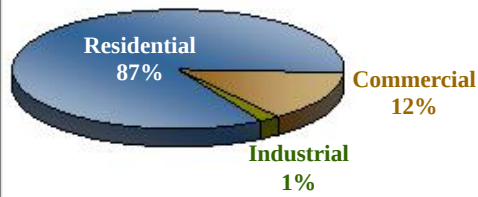
Colorado electric properties

- Territory is experiencing strong population and load growth
- Current RFP seeks 225 MW baseload and 140 MW intermediate and peaking energy supply beginning in 2013
- Potential to construct new coal-fired power plant and to utilize our Colorado gas-fired plants to serve long-term needs and foster off-system sales opportunities
- 100% fuel and purchased power pass-through



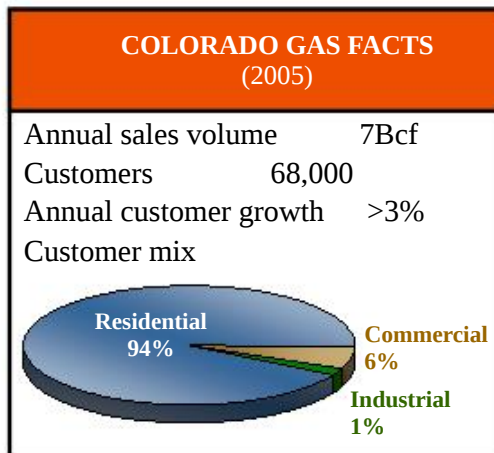
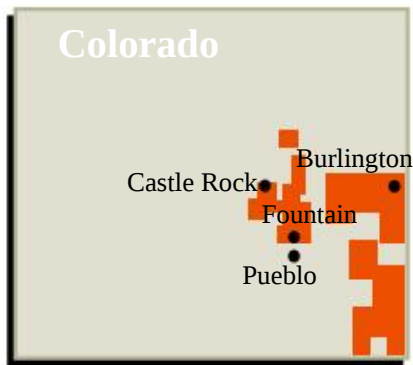
COLORADO ELECTRIC FACTS (2005)

Annual sales volume	1,980GWh
Power generation	102MW
Power contracts	285 MW
Customers	93,000
Annual customer growth	>3%
Customer mix	



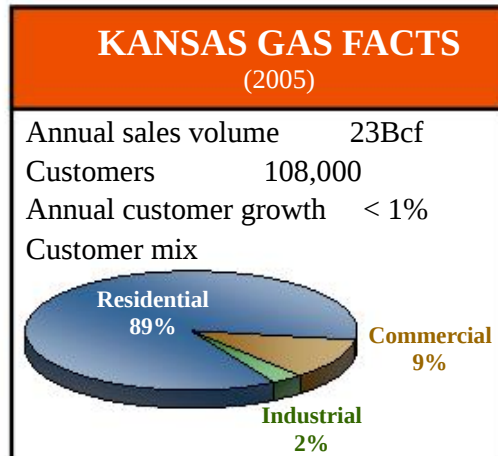
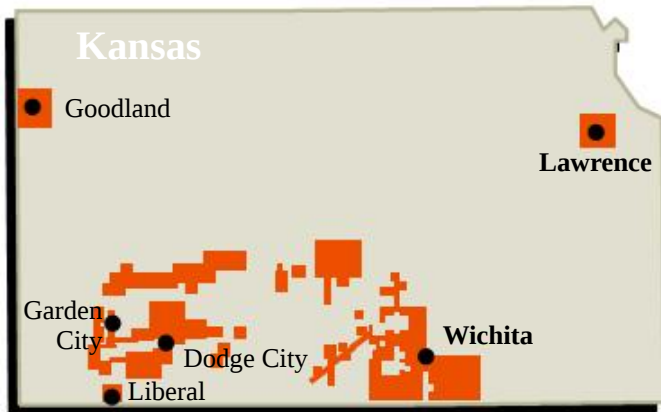
Colorado gas properties

- Territory experiencing strong population and customer growth
- Proximity to existing Black Hills operations in Colorado
- 100% fuel pass-through



Kansas gas properties

- Stable customer counts
- Stable cash flows
- Rate case filed in November 2006
 - seeking \$7.3 million increase
- 100% fuel cost pass-through
- Other favorable regulatory treatment:
 - bad debt pass-through, decoupling and weather normalization



Nebraska gas properties

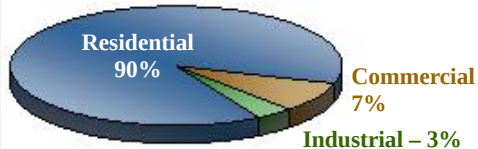
- Stable customer counts
- Attractive regulatory environment
- Lincoln is also home to regional customer service center
- Omaha is headquarters for regional gas operations center
- Rate case filed in November 2006 seeking \$16.3 million increase
- 100% fuel cost pass-through
- Other favorable regulatory treatment: bad debt pass-through and decoupling



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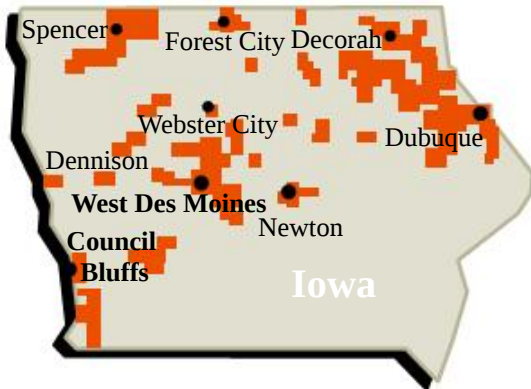
NEBRASKA GAS FACTS (2005)

Annual sales volume 18Bcf
Customers 198,000
Annual customer growth < 1%
Customer mix



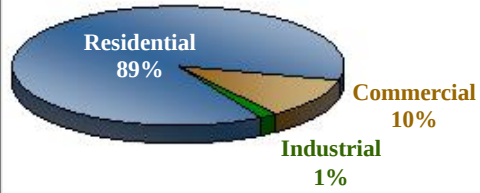
Iowa gas properties

- Stable customer counts and cash flows
- 100% fuel cost pass-through
- Other favorable regulatory treatment:
bad debt pass-through, decoupling and weather normalization



IOWA GAS FACTS (2005)

Annual sales volume 27Bcf
Customers 149,000
Annual customer growth < 1%
Customer mix



Strategic rationale

Significant scale and scope expansion for Black Hills from utilities and operations to be acquired

- Acquisition represents about 93,000 electric and 523,000 gas customers
- Operational efficiency with new resources and larger customer base
- Opportunity to advance Black Hills' relationship-based business approach and reputation for superior customer service and satisfaction
- Opportunity to benefit from workforce innovation, adaptability and business practices

Lower overall business risk

- Expanded utility operations provide more stable cash flows with more predictable capital needs
- Diversifies regulatory and geographic exposure with opportunity to build upon Black Hills' successful regulatory relationship-based approach

Financial rationale

More stable and predictable financial results

- Earnings per share break-even expected after a year of transitional costs following transaction, with EPS accretion beginning in second full year
- Positive cash flows from operations expected immediately
- We are acquiring earnings-producing assets only, with stable service territories in Kansas, Nebraska and Iowa, and with higher growth in Colorado
- Constructive regulatory environments; gas cost pass-throughs; weather-normalization mechanisms

Longer-term upside earnings potential from customer growth and possible power generation construction and integration in Colorado

- Our intention will be to mirror our strategy at Cheyenne Light, where we will be integrating generation as a rate-base asset later this year
- Current Aquila RFP seeks 225 MW baseload and 140MW intermediate and peaking energy supply beginning in 2013, and increasing to 290 MW /190 MW, respectively, by 2022
- Potential to construct new coal-fired power plant and to utilize our three existing Colorado gas-fired plants to serve long-term needs

Financing the acquisition

Initial bridge financing

- Commitment for bridge credit facility obtained from bank syndicate, including ABN AMRO, Credit Suisse, BMO Capital Markets, and Union Bank of CA

Targeted permanent financing

- Equity contribution through stock offering;
- Mandatory convertible securities offering;
- Unsecured corporate debt;
- Internally generated cash resources
- May fund certain amounts prior to closing based on market conditions.

Logic of financing strategy

- Balanced combination of financing sources retains investment-grade corporate credit rating while
- Accelerating accretive cash flow and earnings per share results.

Summary

A sound transaction – strategically, operationally and financially

- Attractive, stable, geographically diverse assets with stable or growing customer bases
- Balanced financing strategy with access to capital markets at reasonable rates
- Accretive to EPS after one year of transition costs

Improvement in overall corporate risk profile

- Expansion of retail footprint and addition of rate-base assets assure stable, predictable cash flows and earnings
- Low integration risk:
 - Experience with retail operations and customer care
 - Familiarity with demographics and business environments of new states
 - Commitment to relationship-based regulatory processes

Upside potential with vertical integration of electric properties

- We are expert planners, builders and operators of power plants
- We understand transmission systems and regulatory processes in region

We are committed to remaining an investment-grade Company as we grow to serve more customers and communities and to build more value for investors in responsible, safe and environmentally conscious ways.

Please visit our web site for
up-to-date investor news
and information:
www.blackhillscorporation.com
Click on "Investor Relations"
and follow instructions to review,
download or print press releases,
SEC documents, recent presentations,
annual report and other publications.



INVESTOR RELATIONS

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DEFINITIVE AGREEMENTS REACHED

Black Hills to acquire utility properties

On February 7, 2007, Black Hills Corporation (NYSE: BKH) announced definitive agreements to acquire certain Aquila utility operations in Colorado, Kansas, Nebraska and Iowa, subject to the usual conditions of completion. The purchase price of \$940 million, subject to working capital adjustments at closing. Black Hills has obtained a bridge financing commitment in order to fund the acquisition. We expect to finance the deal with a combination of equity, mandatory convertible securities, and debt. We expect to complete the acquisition in the first half of 2007.

LOOK AT THE COMPANY

(Based on recent public information)

Total assets	~ \$3 Billion
Regulated customers:	
Electric	197,000 Customers
Gas	556,000 Customers
Total regulated customers	753,000 Customers
Power generation resources:	
Regulated, operated	537 MW
Regulated, contracted	398 MW
Regulated, under construction	90 MW
Independent power production	1,000 MW
Total generation resources	2,025 MW
Natural gas and oil reserves	~ 170 BCFE
Coal reserves	~ 290 Million tons

Natural gas marketing average daily physical volume
 Regulated utility operations in 7 states
 Wholesale energy operations in 12 states



DIVERSIFIED ENERGY ASSETS

Black Hills Assets

Utility operations

Power generation

Gas production

Oil production

Coal mining

Energy marketing



Black Hills Corporation in brief

We are a diversified energy company with retail and wholesale operations in 12 states, extending from the Midwest to the West Coast. Corporate headquarters are in Rapid City, SD with wholesale energy subsidiary offices in Golden, CO.

Black Hills Power. Our legacy electric utility serves 65,000 customers primarily located in western South Dakota, and also serves parts of Wyoming and Montana.

Cheyenne Light, Fuel & Power. Acquired in 2005, this gas and electric utility serves 39,000 electric and 33,000 gas customers in Cheyenne and parts of Laramie County, WY.

Black Hills Exploration and Production. Our oil and gas operations had ~170 BCFE of proven natural gas and oil reserves at YE 2005. About 82% of total reserves are gas. Production in 2005 was 13.7 BCFE. Primary operations are in San Juan Basin (NM), Piceance Basin (CO) and Powder River Basin (WY).

Black Hills Generation. We operate 1000 MW of independent power production (IPP), primarily in Wyoming, Colorado, Nevada and California. Most of the fleet serves peaking and intermediate load. Over 95% is under contract with load-serving utilities.

Wyodak Resources. Our coal mine has ~290 million tons of reserves in the Powder River Basin of Wyoming. 2005 production was 4.7 million tons. Most of the coal production fuels power plants at the mine.

Enserco Energy. Energy marketing is concentrated in the Rocky Mountain region. We offer producer, origination, transportation and storage services out of our Golden, CO office, with a branch office in Calgary, Alberta. Average daily physical gas volumes in 2005 were about 1.4 million MMBTU. Enserco also began oil marketing services in 2006.



SD, KANSAS, NEBRASKA AND IOWA

We're here to serve.

Black Hills Corporation has signed definitive agreements to acquire certain utility assets of Aquila, Inc. located in Colorado, Kansas, Nebraska and Iowa, with Great Plains Energy, of Kansas City, Missouri, separately acquiring Aquila's other utility assets in Missouri. The deal is subject to various regulatory and other approvals and customary closing conditions. We strongly believe this transaction serves the interests of our customers, communities, employees and investors alike.

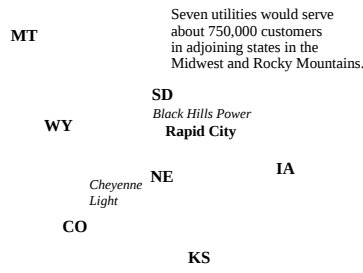
The merits of the transaction are strategic, economic and public-minded. Acquiring these assets will strengthen our utility operations, enhance resource planning and utilization, increase operating efficiency and help us improve financial performance.

Black Hills has a long history of successfully partnering with the communities we serve. That record includes high levels of customer service satisfaction and value-priced energy products. It also speaks to our commitment to our friends and neighbors, with whom we volunteer our time and efforts and make financial contributions to make our communities' civic, charitable and philanthropic organizations successful.

We invest for the long run, and the proposed acquisition of these fine utility assets will provide opportunities to grow and to create value for shareholders while providing safe, reliable and economical energy to our customers.

We look forward to serving more customers, in more ways, and thereby creating more value for them, our shareholders and our other constituents in the years ahead.

Thank you for your interest and support!



Acquired gas utilities in Colorado, Kansas, Nebraska and Iowa
Acquired electric utility in Colorado

\$940 million all-cash deal; Black Hills expects to maintain investment-grade credit rating with permanent financing through a combination of equity, mandatory convertible securities, debt and internally generated cash resources.
Solid balance sheet supports strong financial foundation.
Stable and predictable cash flows expected: earnings per share break-even expected after a year of transitional costs, with EPS accretion beginning in second full year.
Higher-growth utilities in Colorado reflect regional demographics; stable-growth utilities in Kansas, Nebraska and Iowa.

Expanded customer base and diverse contiguous geographic territory enhances financial stability and operating efficiencies. Proven Black Hills/Cheyenne business model applicable in new service territories which have similar customer and community profiles.
Lowers overall business risk through revenue and regulatory diversification.
Benefits extend to customers, communities, employees and investors.
Conservatively financed transaction with strong cash flow and earnings from stable, risk-managed operations.
Longer-term upside potential from possible power generation construction and integration opportunities in Colorado; up to 300 MW of additional base-load generation could be added to serve growing needs of electric utility.

This brochure includes "forward-looking statements" as defined by the Securities and Exchange Commission. These statements concern our plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in the presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. They 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 conform to our expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from those contained in the forward-looking statements. Please refer to cautionary language provided in our February 7, 2007 press release on the proposed acquisition of assets, as well as our SEC Form 10-K, Form 10-Q and other public disclosures.