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General questions

1. Who is Black Hills Corporation?

Black Hills Corporation is a strong, diversified energy company with a tradition of exemplary service and a bright future. Our regulated utility operations include Black Hills Power — an electric utility and our legacy business that provides service to the Black Hills region and sells surplus power in wholesale markets — and Cheyenne Light, Fuel & Power, a Wyoming gas and electric utility. Our regulated utility operations also include the recent Aquila acquisition of four gas utilities and one electric utility serving customers in Colorado, Iowa, Kansas and Nebraska. Our non-regulated energy businesses produce natural gas and oil, mine coal, market natural gas and crude oil, and operate a fleet of power generation facilities.

2. Why did Black Hills acquire Aquila?

The deal makes sense strategically, operationally and financially.

Strategically:

- Retail utility operations are a core competency of ours. Expanding our retail utility footprint is a key strategy going forward.
- The acquisition significantly enhances our existing energy profile in Colorado, where our non-regulated energy operations are headquartered.
- It gives us new and significant presence in three neighboring states: Kansas, Nebraska and Iowa.
- Creating a regional natural gas business will give us economies of scale and the ability to serve more customers and communities more efficiently.
- The acquisition gives us potential for vertical integration in Colorado with the opportunity to build power generation to serve growing electrical demand there.

Operationally:

- The Aquila employees joining the Black Hills team from Colorado, Iowa, Kansas and Nebraska bring valued expertise. They have achieved high levels of customer satisfaction, and we want that to continue.
- Aquila customers will benefit from our commitment to superior customer service, reliability, efficiency and cost control.
- We expect Black Hills' existing employees and the Aquila employees joining the Black Hills team to enjoy enhanced opportunities for personal and professional growth.
- The Colorado Electric utility and its customers will benefit from Black Hills' experience in resource planning and the development and operation of generation facilities.

Financially:

- The deal will increase Black Hills' operating cash flow, stability and predictability.
- After a year of transition and integration costs following completion, we expect the deal to be accretive to Black Hills' earnings per share.
- A larger regional utility footprint, greater efficiency, increased exposure to growing Colorado market and potential for vertical integration there will position Black Hills for increased earnings and shareholder value.
- We expect the added stability and predictability of utility cash flows will help us maintain our investment-grade credit rating.

3. What will the Aquila properties be called?

The Aquila properties will be renamed to Black Hills Energy.



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4. How many states is BHC now operating in?

Black Hills Corporation will have utility assets in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. Our non-regulated subsidiary engages in wholesale energy business throughout the West. We operate a coal mine in the Powder River Basin in Wyoming; produce natural gas and oil primarily in the Rocky Mountain region; and provide energy marketing services in South Dakota and Colorado.

5. How many employees does BHC have now?

The Company employs about 2,200 people, which includes about 1,100 new employees as a result of the Aquila acquisition.

6. Are you going to hire more employees?

Black Hills Corporation will continue to review the need for additional staffing on an as-needed basis.

7. Now that the deal has closed, what does the new Black Hills look like?

Operationally, we have:

- Total assets of approximately \$3 billion, nearly two-thirds of which will be utility assets
- Utilities serving 750,000 customers in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming,
 - 196,500 regulated electric customers
 - 553,500 regulated natural gas customers
- Power generation resources:
 - Regulated, operated: 537 MW
 - Regulated, contracted: 398 MW
- Non-regulated energy operations including oil and natural gas production, coal mining, non-regulated power generation, energy marketing:
 - Natural gas and oil reserves: ~208 bcfe
 - Coal reserves: 280 million tons
 - Natural gas and crude oil marketing with average daily physical volume: 1.7 million MMBTU

8. Who are the business leaders in each division?

Linn Evans will continue as President and Chief Operating Officer of Utilities for Black Hills Corporation. Reporting to Linn will be Stuart Wevik, Vice President of Electric Utilities, and Steve Pella, Vice President of Natural Gas Utilities. Tom Ohlmacher will continue as President and Chief Operating Officer of the Company's non-regulated energy subsidiaries.

9. What happened to the chief executive officer, officers and the board of Aquila?

Some officers from Aquila accepted employment offers at Black Hills or Great Plains. Other officers, including the chief executive officer of Aquila, were not offered positions. The Aquila Board of Directors dissolved upon the close of the transaction.

10. Why was Aquila split between two buyers?

Great Plains Energy's strategic focus is on operating electric assets in Missouri and Kansas. Black Hills is involved because Aquila's gas utilities and Colorado electric properties better fit Black Hills' business profile, geographically and strategically. The acquisition provides a unique opportunity for



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Black Hills to expand its retail utility footprint and to advance its business model of providing reliable, economical service.

Strategically, the transaction creates a regional natural gas business that will enable Black Hills to achieve economies of scale. Black Hills is attracted to the potential vertical integration in Colorado with the opportunity to build power generation to serve the growing demand there. Black Hills was impressed by the experienced employee team in these operations and the high-level of customer satisfaction they have achieved.

11. Will BHC continue its commitment to the communities in which it operates?

Black Hills has a long tradition of good corporate citizenship and plans to continue to uphold that commitment. We'll also continue that tradition in the Aquila communities we are now serving. We look forward, now and in the years to come, to building new relationships and further strengthening existing ones.

12. How does this acquisition affect vendor and supplier contracts?

All valid contracts entered into by the operations we acquired — and in effect at the close of the transaction — are being honored. Many contracts that were needed by Great Plains Energy and Black Hills were renegotiated by Black Hills staff and are in place. Contracts will be reviewed by the business units and will be re-negotiated or terminated when they are due.

13. Will the Companies' suppliers be consolidated?

That is something the transition team will be looking at in due course. For now, all supplier relationships between Aquila and its suppliers in the states involved in the Black Hills transaction will continue as before.

14. What steps will you take to avoid the financial trouble Aquila faced?

Aquila encountered financial issues stemming primarily from market impacts upon its non-utility businesses during the energy crisis beginning in about 2002. Black Hills did not encounter the same problems at that time and does not face them now. We operate our non-regulated entities under a prudent business model supported by stringent risk-management policies and internal controls.

15. What types and what level of investment will be made in the Aquila utilities?

Black Hills will make prudent investments, as needed, to maintain quality service standards, including system reliability and safety requirements. The Company is considering pursuing electrical generation in Colorado to provide customers there with safe, reliable electricity.

16. Is Black Hills planning for additional acquisitions in the future?

Our corporate development staff continues to look for strategic acquisitions or development projects in all business segments to support our long-term strategic plan and to expand our existing base of assets and operations. Our goal is to pursue those projects that add to long-term shareholder value.



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Investor relations questions

1. When will revised earnings guidance be provided?

With the two largest transactions in our history nearing completion, the Company expects to issue revised earnings guidance for 2008 within 60 days of the Aquila transaction closing. Early in 2008 the Company suspended any revisions to previous earnings guidance due to uncertainty in the timing of the Aquila transaction closing, which was originally expected in the first quarter of 2008 and the impacts of our recently completed sale of seven independent power production facilities. The IPP sale affects earnings guidance in two ways: 1) Cash proceeds from asset sales reduces the amount of debt or equity required to supply permanent financing of the Aquila purchase; and 2) Future IPP earnings will be reduced as a result of such sales. The IPP asset sale will cause a portion of financial performance to become reported as “discontinued operations.”

To reiterate our current guidance, we expect the Aquila purchase to be dilutive in the first full year of ownership, due to integration and transition costs. That dilution period now crosses well into calendar year 2009. We also expect the purchase to be accretive in the second full year of operations, which now crosses into 2010.

2. How is Black Hills paying for the deal?

Black Hills has entered into a binding agreement with a banking syndicate for a \$1 billion bridge credit facility related to the Aquila transaction. Approximately \$380 million was drawn on the bridge facility and combined with a portion of the cash proceeds from the IPP sale to fund the acquisition at closing. We expect to replace borrowings under the bridge facility with permanent financing, primarily in the form of unsecured debt at the holding company level. Permanent debt financing is expected to receive investment grade rating from Standard & Poor’s and Moody’s.

3. What is the status of the IPP sales?

The Company has closed the \$840 million sale of seven independent power production gas-fired plants to Hastings Funds Management and IIF BH Investment, a subsidiary of an investment entity advised by JPMorgan Asset Management.

4. Why is this acquisition in the best interest of Black Hills shareholders?

We are ready for this acquisition operationally and financially, with a solid financial foundation and strong balance sheet. We purchased income-producing assets that provide a significant increase in the scale and scope of regulated utility operations in our mix of regulated and non-regulated businesses. The result is expected to stabilize and eventually increase cash flows and earnings from geographically diverse locations. A longer-term benefit is the opportunity to add rate-base power generation to serve the Colorado electric utility. We are working on an electric resource plan already that recommends such additions beginning construction in 2009. In addition, we are committed to maintaining and improving our investment-grade credit rating and believe the acquisition contributes to that end.

5. Is the transaction accretive to Black Hills earnings per share?

We expect earnings dilution in the first full year of ownership due to customary transition and integration costs. During the second full year, we expect these operations to be earnings-accretive. Please keep in mind that our financial results are reported on a calendar year bases, ending on December 31, and this acquisition occurred mid-year.



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6. How will the premium you paid to acquire Aquila affect your earnings and rate of return in the gas states?

In all four Aquila states, we effectively retained the opportunity to recover acquisition premium. We expect that as we demonstrate operations cost savings and efficiency gains, we also would be in a strong position to request recovery of a portion of the premium paid.

7. What is the total utility rate base for the Company?

We currently do not disclose our rate base in South Dakota because of the terms of a settlement agreement that make rate base, per se, not relevant to our overall earnings picture. In Wyoming, Cheyenne Light is allowed to earn a 10.9 percent return on a 54 percent equity/46 percent debt capital structure on a rate base of about \$287 million. For the new utility territories purchased from Aquila, we estimate approximately \$400 million of acquisition premium associated with the \$940 million purchase (subject to final closing adjustments), implying an asset book value of approximately \$540 million. Final accounting for the acquisition will be completed during the upcoming months.



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Customer questions

1. Will my rates change because of Black Hills' acquisition of Aquila?

Rate increases have been filed in Colorado and in Iowa; however, Black Hills is funding its acquisition of Aquila through cash, debt and other financing, not by increasing rates. As operational or other costs increase or the Company makes investments in its electric and gas systems, Black Hills will analyze when those increases and investments might make it necessary to consider changing rates.

2. How does this deal benefit customers?

From a customer perspective, the acquisition of Aquila gives Black Hills the opportunity to offer best practices from both Black Hills' and Aquila's operations. The commitment both companies have to safety, reliability and exemplary service will not change.

3. Where do I pay my bill?

While payment options vary slightly by location, nothing changes for Black Hills customers or those from Aquila as a result of the acquisition; how and where customers pay bills remains the same. Specific payment options by location are available for Nebraska, Iowa, Kansas and Colorado customers at www.aquila.com.

4. What will the Aquila properties be called?

The Aquila properties will be renamed to Black Hills Energy.

5. Why is the Aquila name still on my bill and on the Web site?

In the coming months, trucks, signs and customer bills will be branded with Black Hills Energy. Customers of the combined utilities will be served by Aquila's existing Lincoln, Neb., call center and a new call center in Rapid City, S.D.

6. What number can I call if I have service questions?

The new customer service phone number for customers in Colorado, Iowa, Kansas and Nebraska is 888-890-5554. Customer service associates are available around the clock, seven days a week. The new emergency number for Colorado, Iowa, Kansas and Nebraska customers is 800-694-8989. Customer service phone numbers for customers in all other states will remain the same.

7. Will you close Black Hills Power and Cheyenne Light, Fuel & Power customer service offices?

No immediate changes are planned. All three entities — Black Hills Power; Cheyenne Light, Fuel & Power; and Aquila — will continue to serve customers in the manner that they do today.

8. Will you reopen local offices in Aquila service territories?

No immediate changes are planned. All three entities — Black Hills Power; Cheyenne Light, Fuel & Power; and Aquila — will continue to serve customers in the manner that they do today.

9. What is the Web site address for Aquila?

For the time being, www.aquila.com will continue as the Web site. This site offers detailed customer service information and allows customers the opportunity to perform some basic customer service transactions.



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10. How is Black Hills handling the increase in the number of customers?

Black Hills is buying Aquila's Colorado, Iowa, Kansas and Nebraska utility operations intact, so the employees and resources in those states to serve customers are in place. Additionally, we expanded Aquila's existing call center in Lincoln, Neb., and established a new call center in Rapid City, S.D.; established a back-office support function in the Black Hills' office in Omaha, Neb., that came with the acquisition; and added new positions at its headquarters in Rapid City to support a company that's about twice as large as it was before the Aquila operations were added.

11. How is the acquisition affecting customers' payment plans?

There is no change; payment plans that existed before close have carried over.

12. Will the same customer programs still be offered?

For now, customer programs that Aquila customers have — including Service Guard — will continue as will the programs that Black Hills customers currently have.

13. How will the acquisition affect existing contracts with large-volume customers?

There will be no change for large-volume customers.



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Community questions

1. Why is this acquisition good for the communities served by Aquila and Black Hills?

Black Hills remains committed to the communities in which it operates and to its customers within those communities. Black Hills has a reputation as a good corporate citizen, and we strive to protect and enhance that reputation in all of the areas and communities in which we operate.

2. How will Aquila's community franchises be affected by the acquisition?

There will be no impact upon franchises as a result of this transaction. Franchises were transferred from Aquila to Black Hills, and all requirements to maintain franchise authority will be met.

3. Who do I contact for sponsorships and donations?

For now, those interested in sponsorships and donations can continue to contact the same people who were responsible for those areas in the past.