

SERVING THE COMMUNITY



Local work



State efforts



Industry trends





Safety Topic

Committed to live and work safely every day.





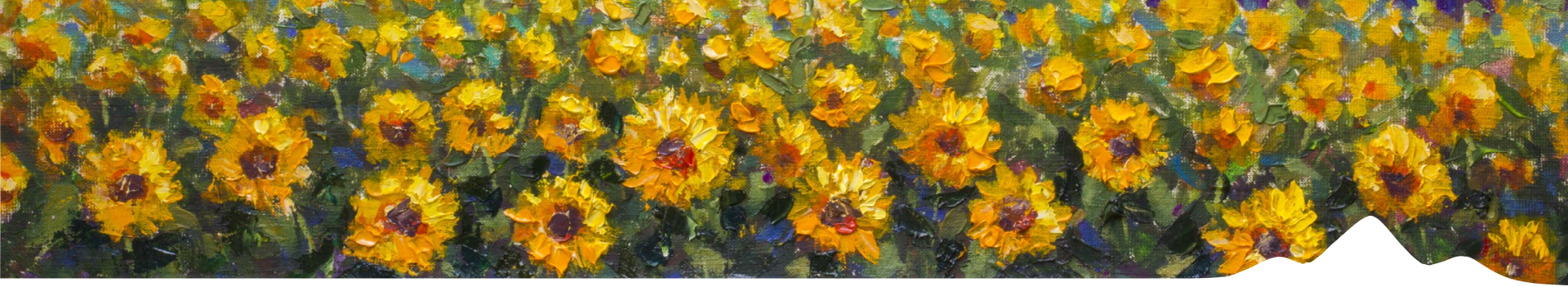
QUESTIONS: 800-717-8111



CAUTION
BURIED
GAS LINE

811
Black Hills Energy

**Wrapping up Fall projects
– call 811 before you dig**



Local Operations Update



SOUTHWEST KANSAS OPERATIONS

- 12.55 miles of main replaced
- 1,235 service lines replaced
- 1,509 meter exchanges completed



SOUTHWEST KANSAS OPERATIONS

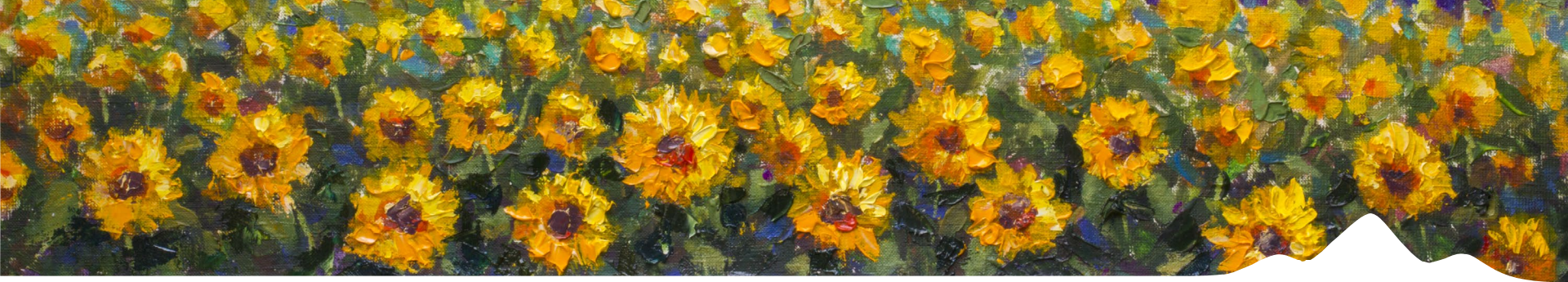
- 15,454 feet of new main installed in the service territory
- 248 new meters installed
- Maintain 1,017 miles of pipeline



Southwest Kansas Milestones

- Hilmar Cheese Company
- Unprocessed Gas Project
- Transmission Gas Project
- Renewable Natural Gas
- More to come...





Kansas Operations Update



Black Hills Corporation

We are a **customer focused, growth-oriented utility company** with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves over **1.2 million electric and natural gas utility customers in nearly 800 communities** in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. The company generates wholesale electricity and produces natural gas, crude oil and coal. Employees partner to produce results that improve our customers' lives with energy.

Utilities

Gas

Arkansas
Colorado
Iowa
Kansas
Nebraska
Wyoming*

Electric

South Dakota
Colorado
Wyoming*

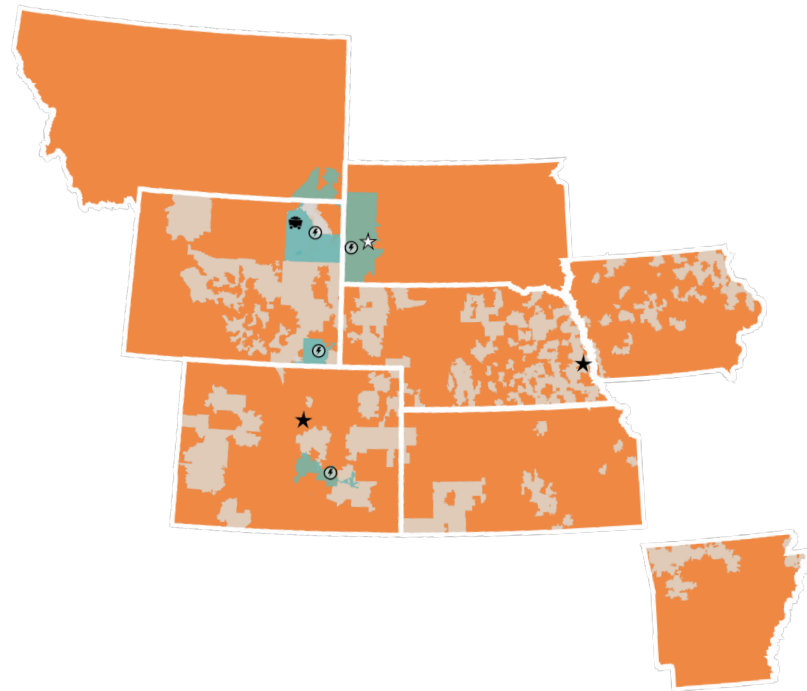
Non-regulated Energy

Power Generation

Black Hills Electric
Generation

Coal Mining

Wyodak
Resources




 Natural Gas Utilities

 Electric Utilities

 Power Generation

 Coal Mine

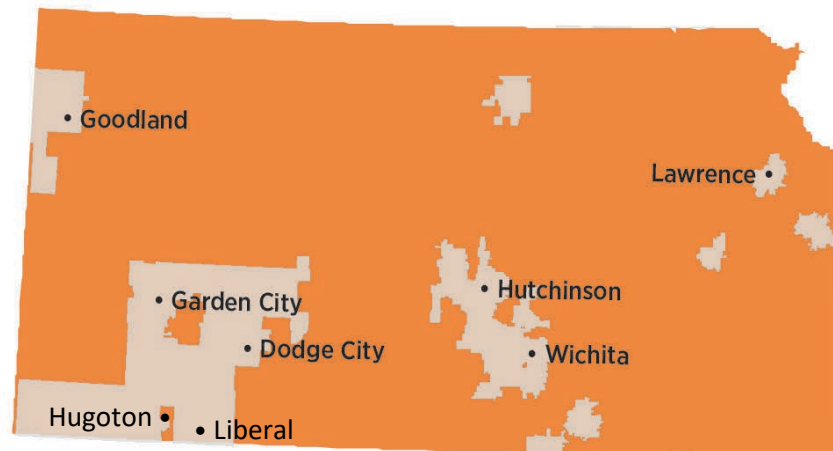
 Corporate Office

 Company Headquarters

Kansas

We understand that we're a critical part of our customers' lives and we're ready to do our part in ensuring that our communities are successful. We're more than a natural gas provider; we're a community partner. Our nearly **117,000 customers** live in **66 communities** throughout Kansas. We're an investor-owned utility and part of the Black Hills Energy family.

For more than 70 years, we've been providing safe, reliable natural gas service to our customers. And we'll do that for the next 70 years and beyond.



Major communities served

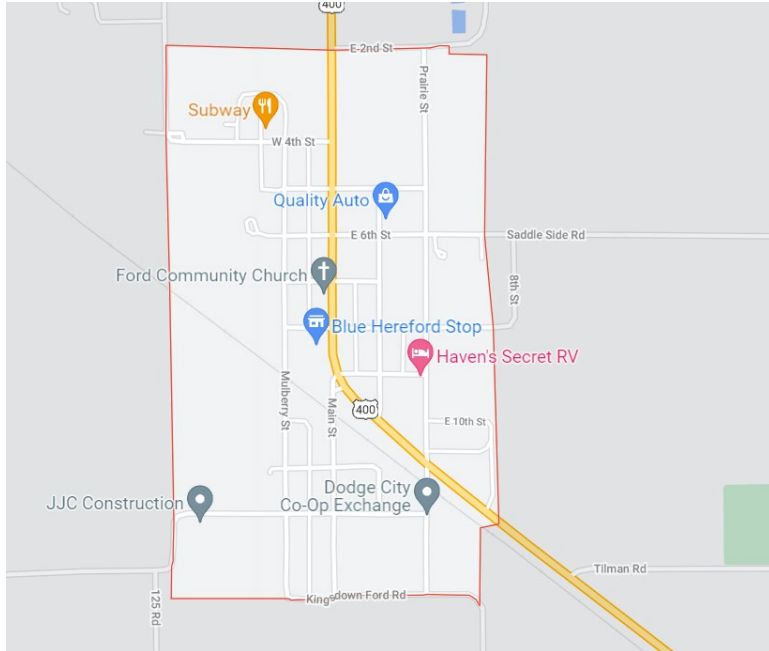
- Dodge City
- Garden City
- Goodland
- Hutchinson
- Hugoton
- Lawrence
- Liberal
- Wichita

Fast facts

- 117,000 customers
- 66 communities served
- 140 employees
- 4,540 miles of gas system infrastructure

New Town. New Director.

Ford, Kansas joins the BHE family Sept. 1.



Ward Slocum, Operations Director

- Started new role June 30 in Lawrence
- Brings 31 years of experience in natural gas business
- Possesses robust experience, personable demeanor and a great addition
- Ward and his wife Abby have three children:
- Relocated from Osceola Pennsylvania

Kansas Strategic Plan/Priorities



Safety



Stronger together.



Keep employees and public safe.



Customer



Customers expect service, convenience and choices.



We must have outstanding customer service to be successful.



Growth



Foster a culture of growth.



Industry consolidation:

U.S. publicly traded gas & electric utilities numbered **100** in **2000**.
Currently there are **60**.



February's Historic Winter

What happened?

- A run on gas and subzero challenges

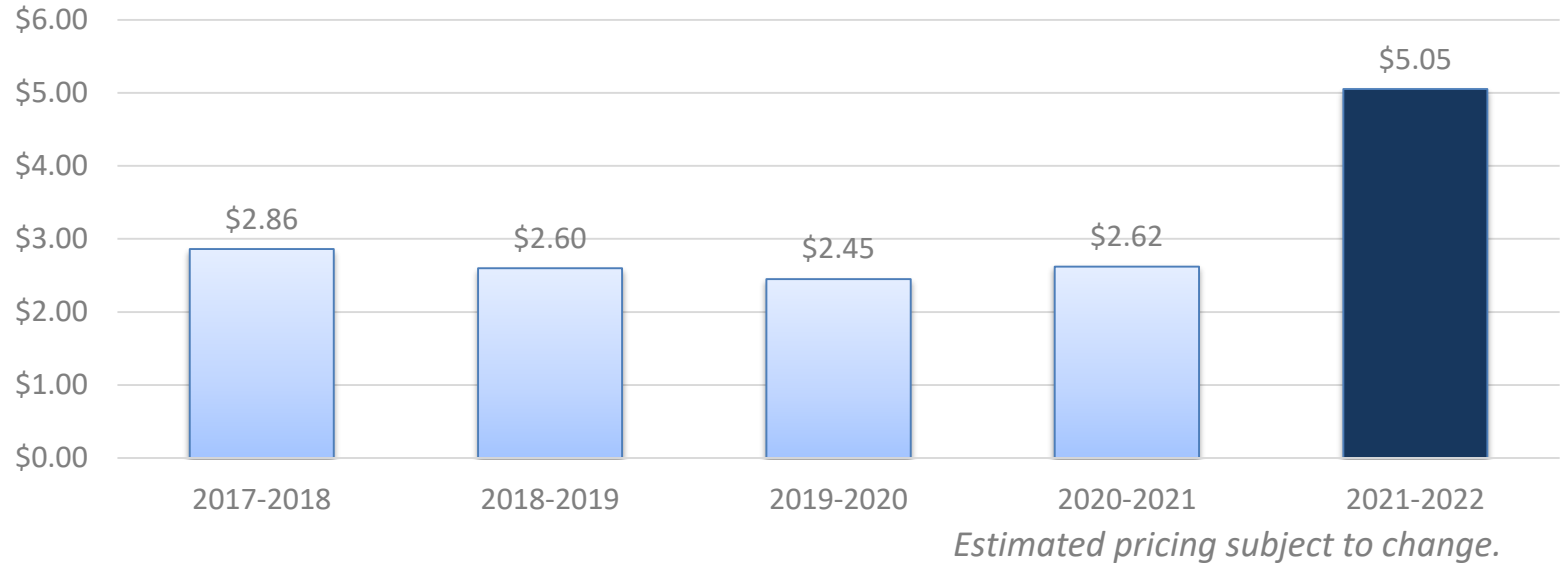
What's Black Hills Energy doing about it?

- The KCC emergency order
- Our plan to recover

What's next?

Winter Natural Gas Prices 2017 - 2022

Prices are representative of the Midcontinent region

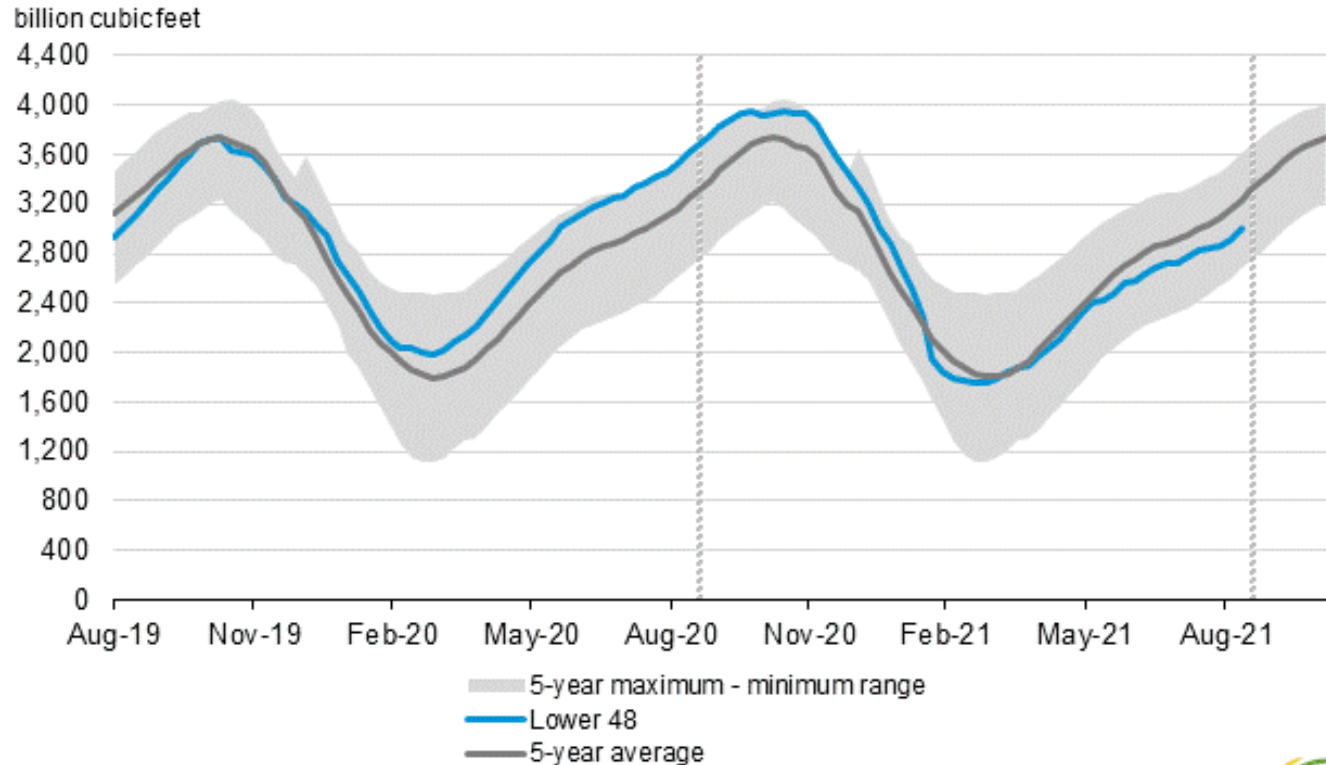


 -Actual

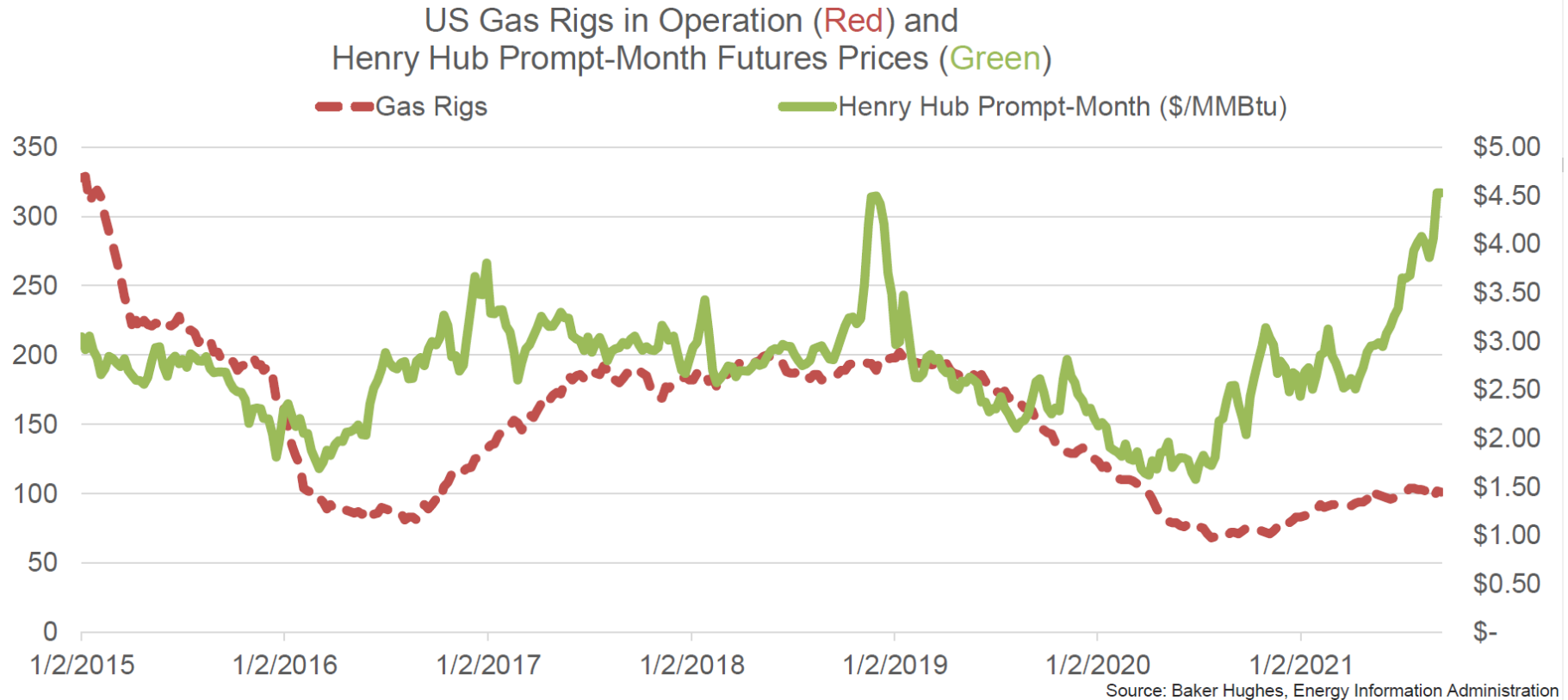
 -Forecast

Winter Natural Gas Prices 2017 - 2022

Working gas in underground storage compared with the 5-year maximum and minimum

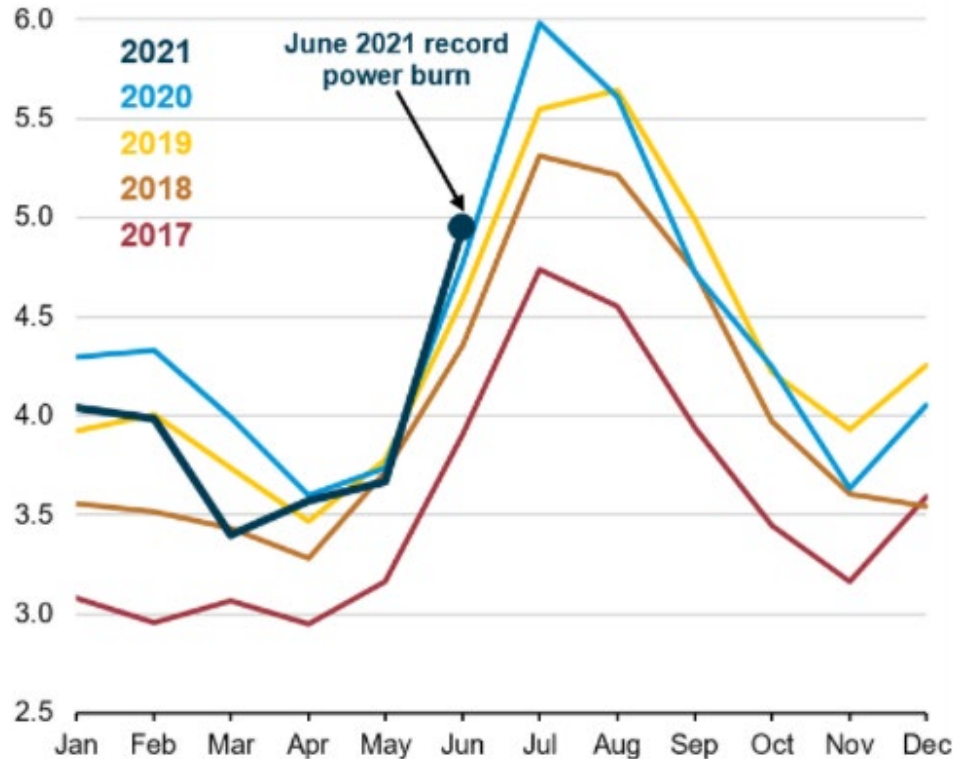


Natural Gas Prices vs Gas Rigs



Winter Natural Gas Prices 2017 - 2022

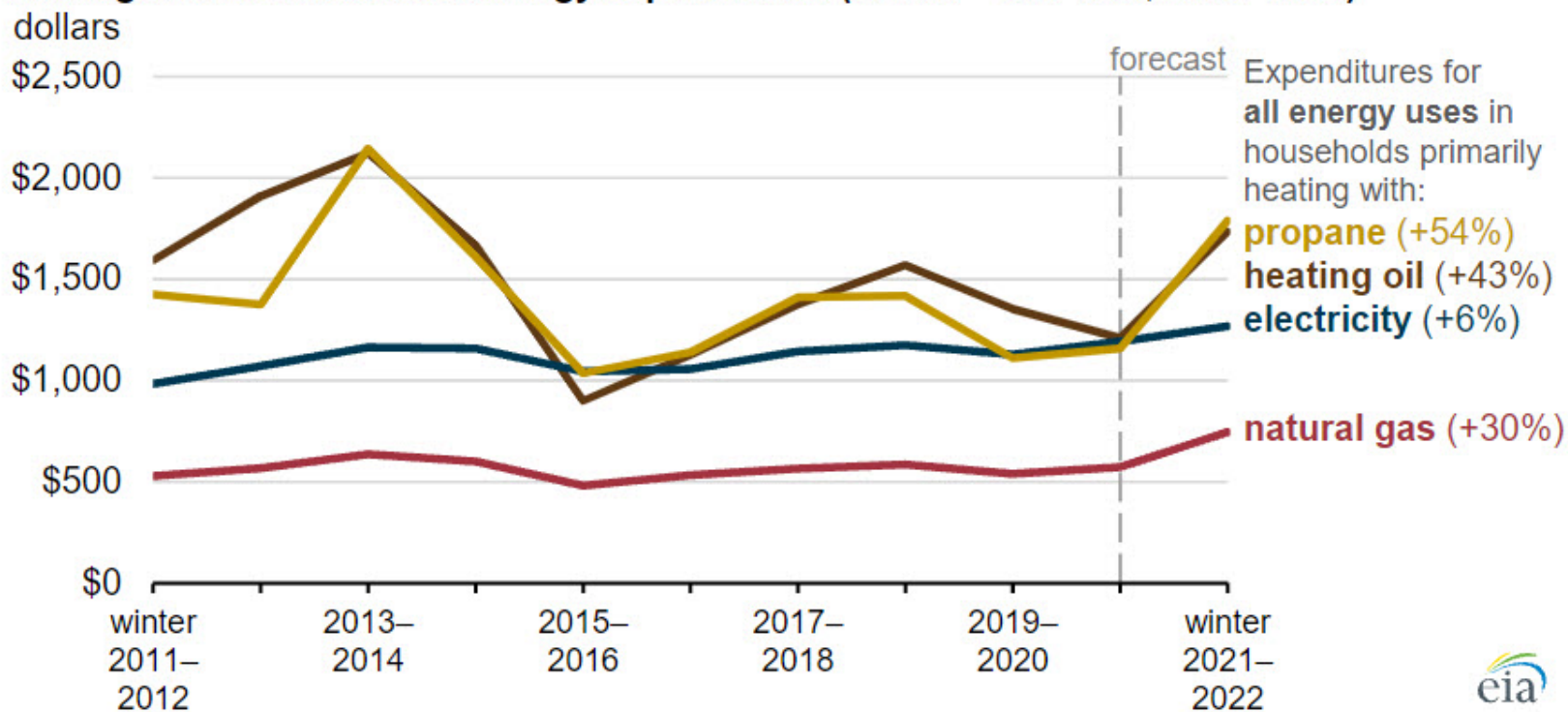
U.S. monthly natural gas-fired power generation, 2017-2021
million megawatthours (MWh) per day



- Natural gas fired generation use set the June record this year, breaking last year's June record by 4%.
- Reliability/availability on renewables to meet increased electric demand (hydro in the West, as example)

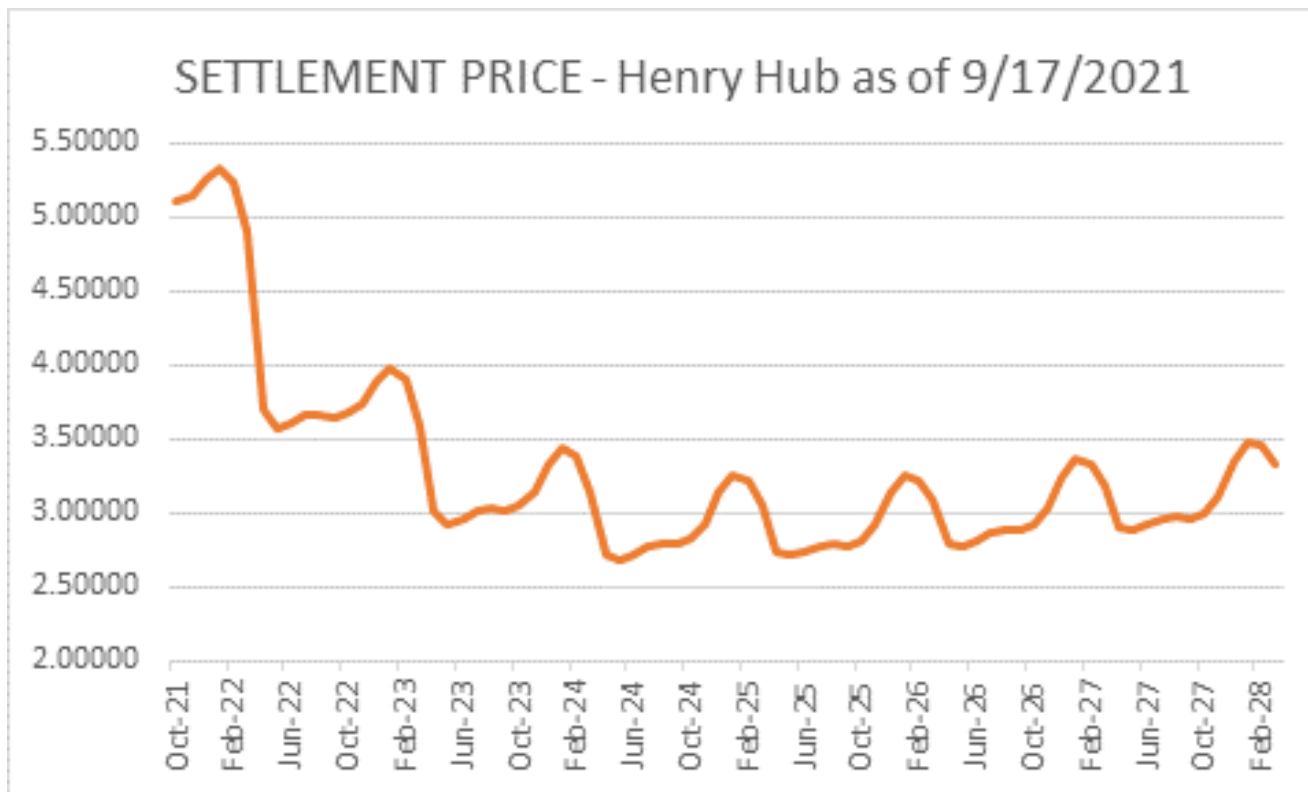
Energy Costs by Source

Average winter household energy expenditures (winter = Oct–Mar, 2011–2022)



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook: Winter Fuels Outlook*

Henry Hub Futures



Kansans deserve safe, reliable natural gas

Accelerated Replacement Plan (ARP)

- An updated system is a safe system

Gas System Reliability Surcharge (GSRS)

- The funding mechanism that supports our safety replacements



Why we are Filing Now

1. The Gas System Reliability Surcharge

The GSRS is set to expire, and it needs to be reset.

2. State and Federal Tax Reform

A rate review is the best way to help customers realize tax reform.

3. Capital Investments Since Last Rate Review

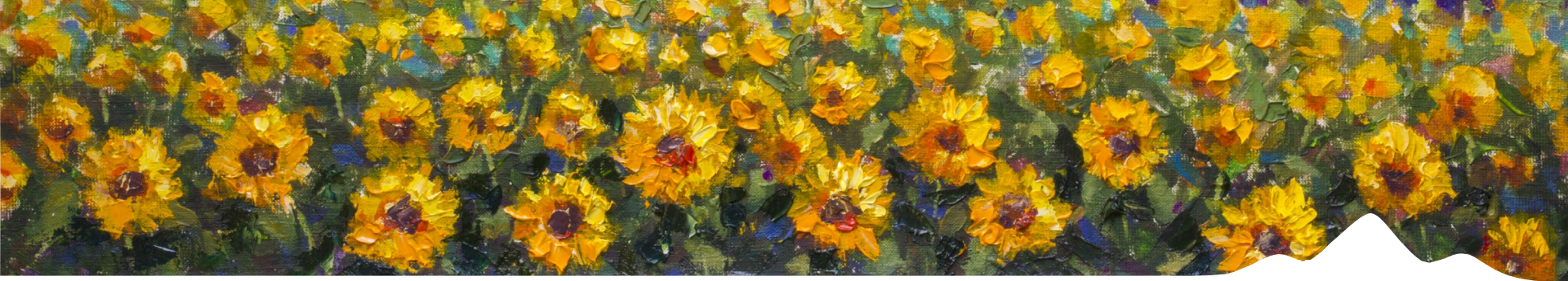
Continued safe and reliable service.





ONGOING INVESTMENTS FOR SAFETY AND RELIABILITY



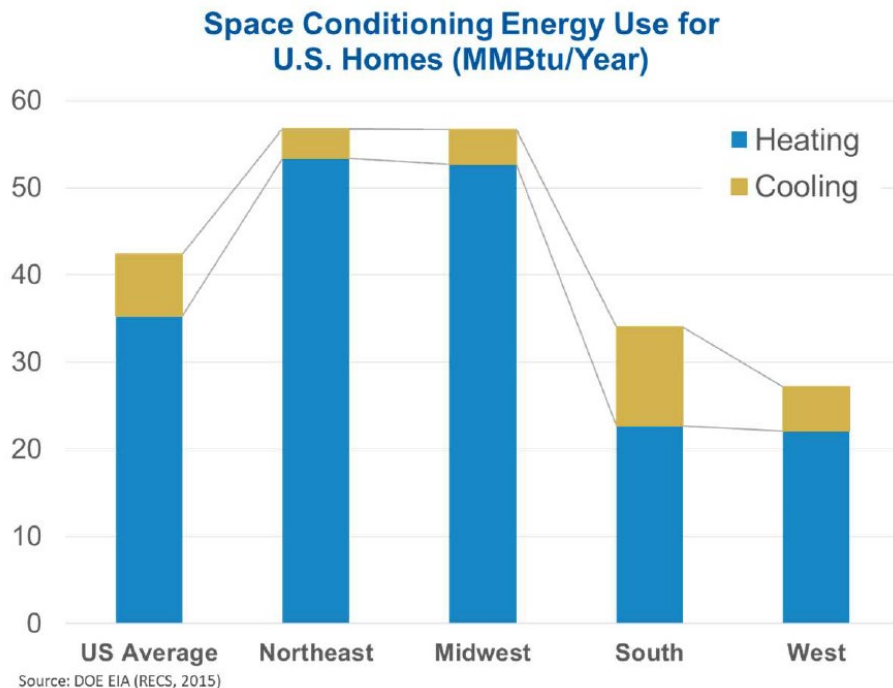


National Trends Update

James Williams, Community Affairs Manager (2)



Understanding Kansas Energy Needs



- Going from 95° to 75° in the summer vs going from 25° to 75° in the winter.
- Why policy doesn't transfer geographically.

Understanding Kansas Energy Needs

2019 Power Mix	U.S. Base	Kansas Base	Kansas Peak (Winter)	Kansas Peak (Summer)
Natural Gas	38.7%	5.9%	4%	19.7%
Coal	23.6%	34.0%	90.7%	79.3%
Oil	0.3%	0.2%	0.0%	0.0%
Nuclear	19.6%	18.2%	5.0%	0.8%
Hydro	6.5%	0.0%	0.0%	0.0%
Wind	7.3%	41.5%	0.0%	0.0%
Solar	2.6%	0.1%	0.0%	0.2%

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Wind	7.3%	41.5%	0.0%	0.0%
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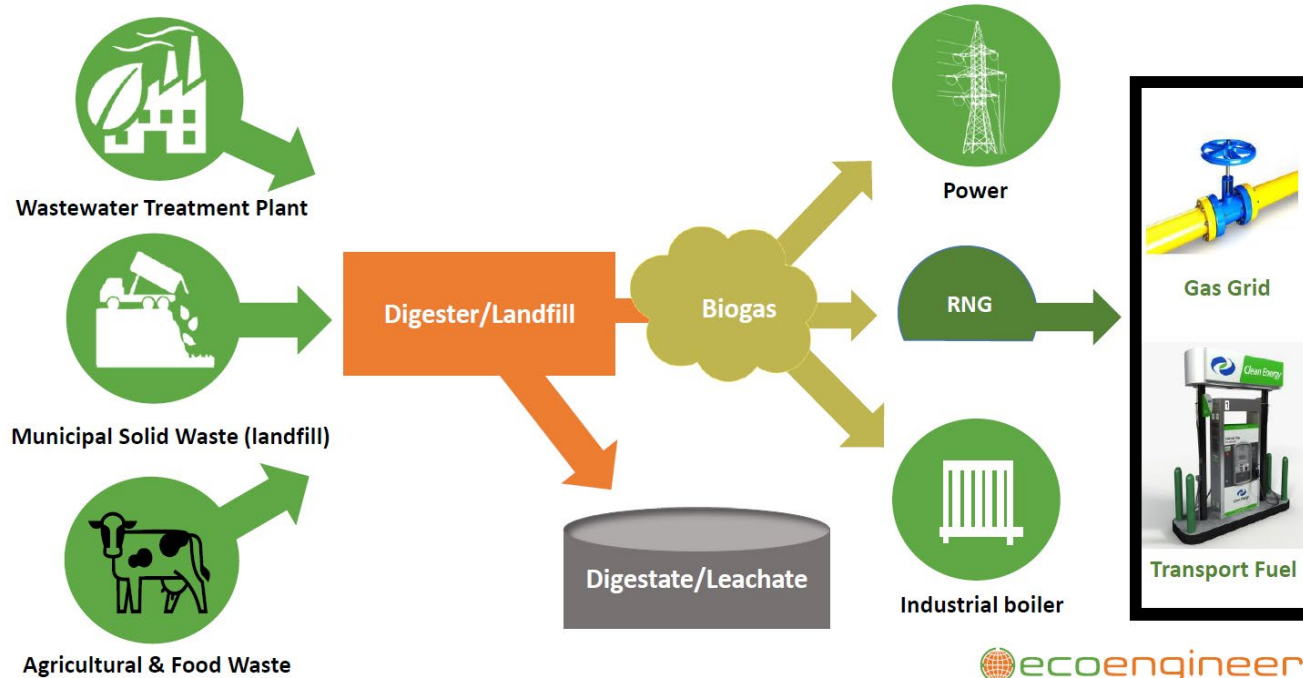


Renewable Natural Gas

- Raw biogas or landfill gas is processed or purified to remove contaminants.
- Following purification, RNG contains more than 90% methane and ~950 Btu
- RNG is considered renewable because it can't be exhausted, vs other fossil fuels that need to be mined or drilled and eventually depleted.

Renewable Natural Gas

Methane From Biogas is RNG

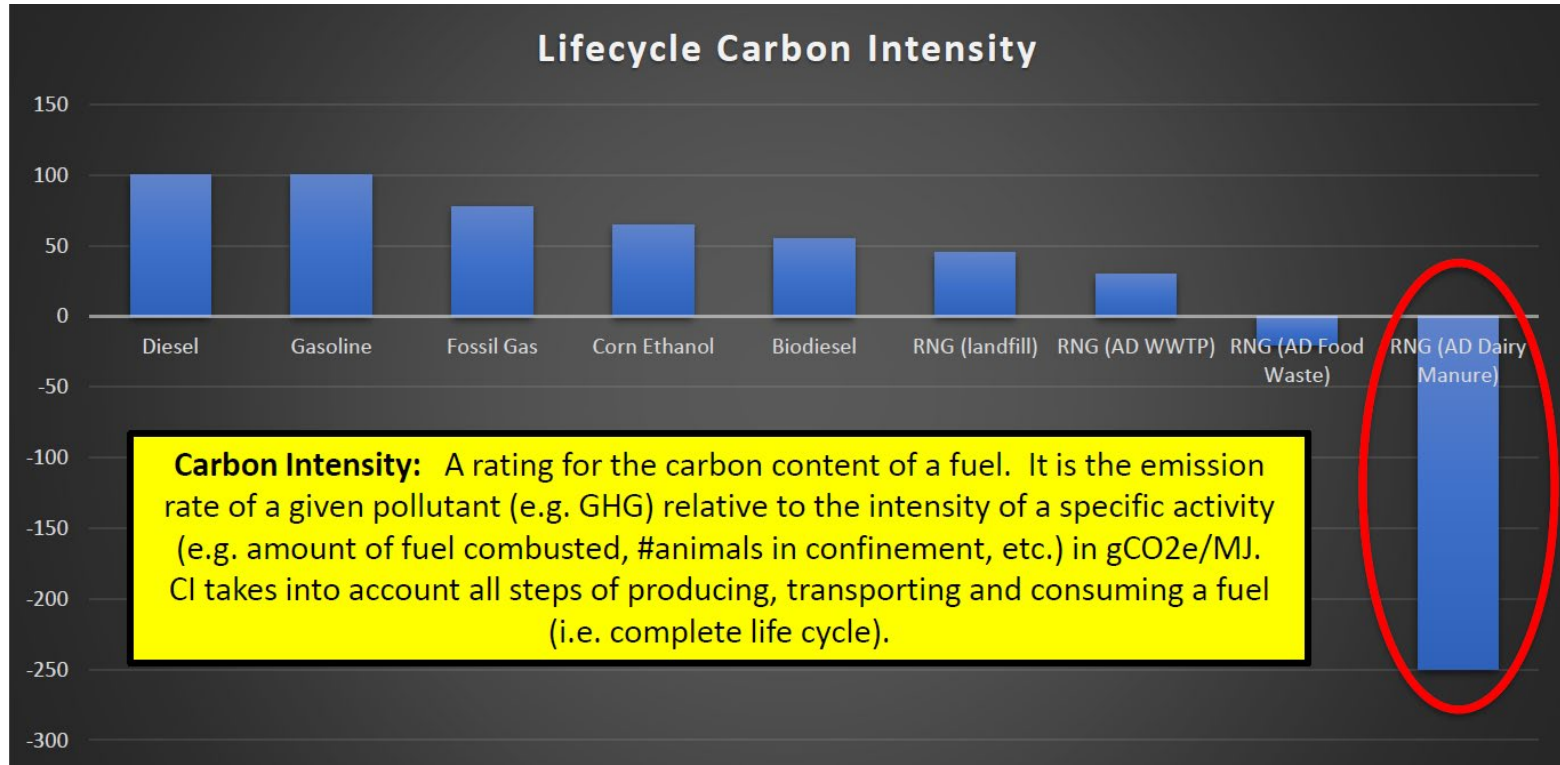


Renewable Natural Gas

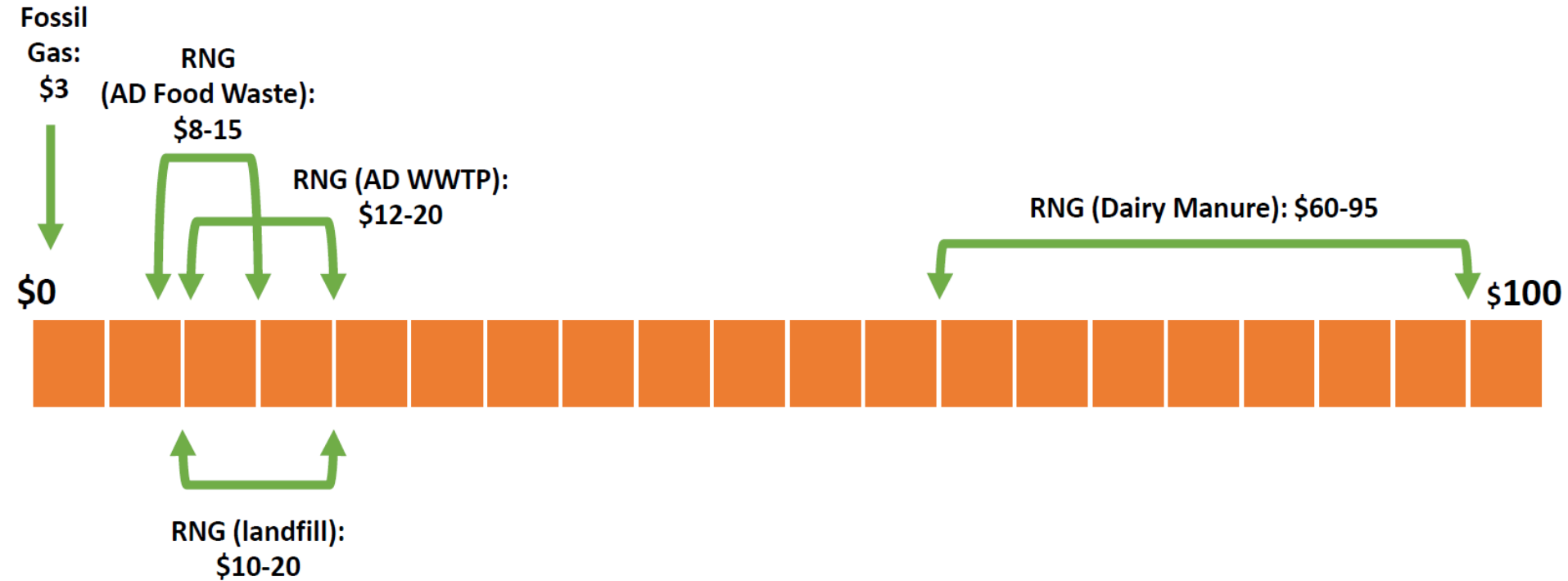


- RNG is important because it removes methane, which is 21x more powerful as a greenhouse gas than carbon dioxide.
- Renewable Fuel Standard (RFS) requires blending of renewable fuels. This creates renewable identification numbers and RIN credits.
- RINs can be much more valuable than the commodity itself.

Renewable Natural Gas



Renewable Natural Gas



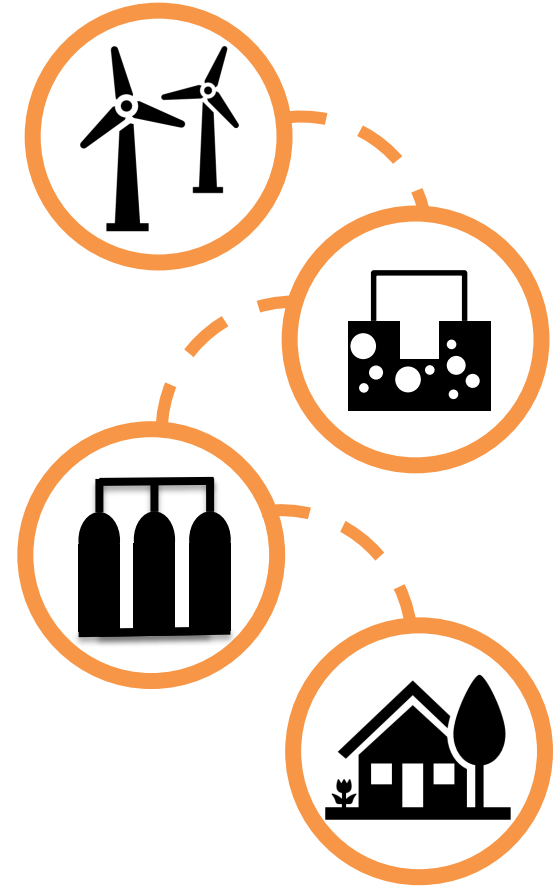


RNG: How we use it

- It's a triple win:
 1. for consumers
 2. for emission reductions
 3. for family farmers
- We can mix it into our existing supply.
- It can attract new business to the area.

Hydrogen on the horizon

- Solves the problem of intermittency
- To be delivered through pipeline system
- Can be used to heat homes and fuel vehicles.



Hydrogen on the horizon



- Cheyenne Prairie Generating Station
- Partnering with GE, Black & Veatch to use a blend of hydrogen types like a natural gas-fed turbine.

Residential Natural Gas Low Greenhouse Gas Pathways

Near-Term
(25-50+%)

Expanded use of high-efficiency gas equipment



Hybrid natural gas furnace/boilers and electric heat pump systems



Building envelope improvement



Next-Gen
(40-60+%)

Natural gas heat pumps for space & water heating



Micro CHP systems



Deep building retrofits



Renewables
(Added 10-30%)

Renewable gas blends (bio-methane, hydrogen)



Solar thermal & geothermal /natural gas space & water heating



Lower Methane Emissions
(5-10%)

Reducing full-cycle natural gas methane emissions





2020 KANSAS COMMUNITY IMPACT



\$58 MIL
**DIRECT ECONOMIC
IMPACT**

Serving approximately 117,000 natural gas utility customers in 65 communities, our economic impact in Kansas included franchise fees, charitable giving, compensation to more than 140 Kansas employees, payments to suppliers and property, sales and use taxes paid.



\$378,000
**CHARITABLE
GIVING**



\$130,000
**CONTRIBUTIONS
& SPONSORSHIPS**



\$129,000
**ENERGY
ASSISTANCE**



\$75,000
**ECONOMIC
DEVELOPMENT**



\$33,000
**UNITED WAY
PLEDGES**



\$12,000
SCHOLARSHIPS

Ready to Serve you

