

# SERVING THE COMMUNITY

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Local work

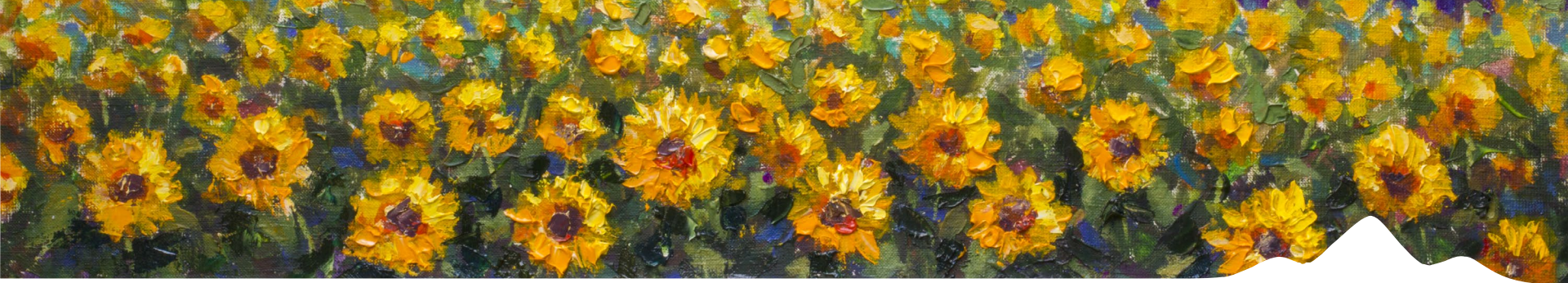


State efforts



Industry trends





# Local Operations Update



## LAWRENCE OPERATIONS

- 20,669 feet of main replaced
- 401 service lines replaced
- 1,073 meter exchanges completed
- Operated & lubricated 337 emergency valves





## LAWRENCE OPERATIONS

- 4,216 feet of new main installed in the service territory
- 178 new meters installed
- Maintain 419 miles of pipeline



## LAWRENCE OPERATIONS

- 66 days without an OSHA/MSHA recordable incident
- 205 days without a vehicle incident (PMVI)

# Black Hills Energy in the community



## Something to Cheer About

The Lawrence Arts Center is a cultural driver in the community and it was our honor to help advance their cause.

Black Hills Energy provided a \$25,000 gift during the holidays to help the organization grow its performing arts outreach with a new multipurpose space at 10<sup>th</sup> and Massachusetts.

It will allow an additional 4,000 people to appreciate the arts. That's something worth cheering about.

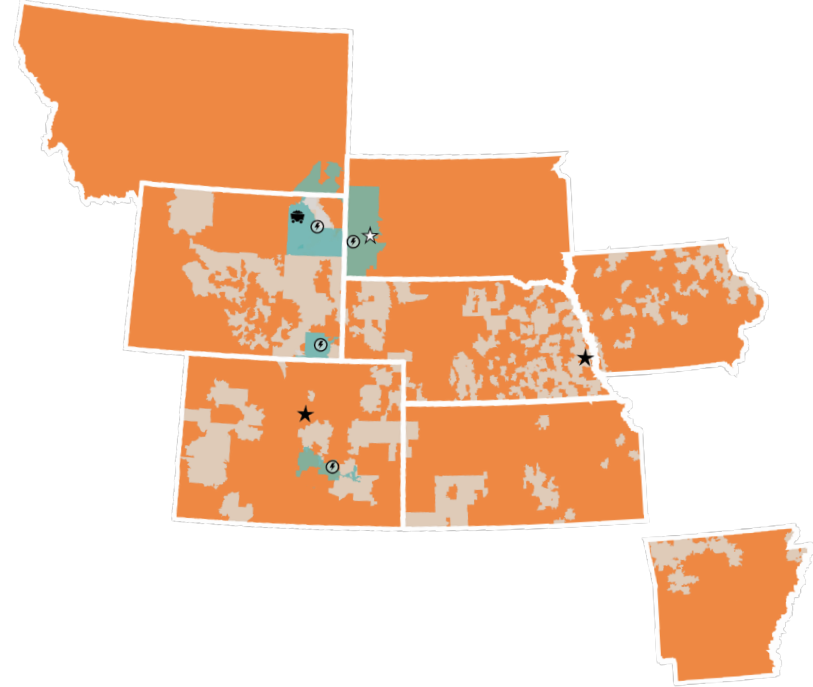


# Kansas Operations Update



# 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

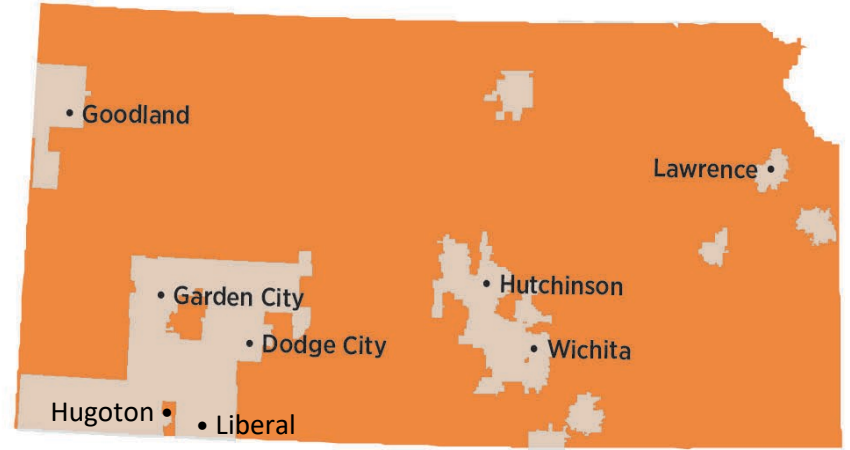
 Company Headquarters



# 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

# Supporting Efforts to Make Lawrence Winter Ready

*Simple Ways to Conserve Energy, Manage Energy Bills*



# Our Ongoing Partnership with the Lawrence Area



**Natural Gas Market Considerations**



**Energy Conservation**



**Customer Assistance**

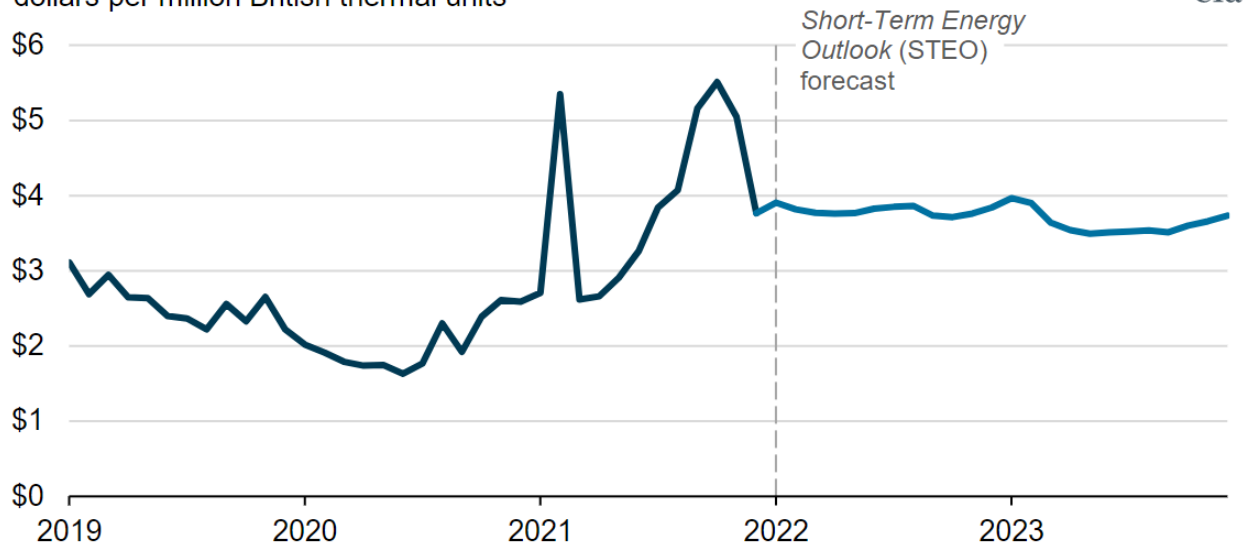


# Natural Gas Market Considerations

EIA forecasts natural gas prices to remain near \$4/MMBtu in 2022, slightly lower in 2023

## Monthly Henry Hub natural gas spot price (2019–2023)

dollars per million British thermal units

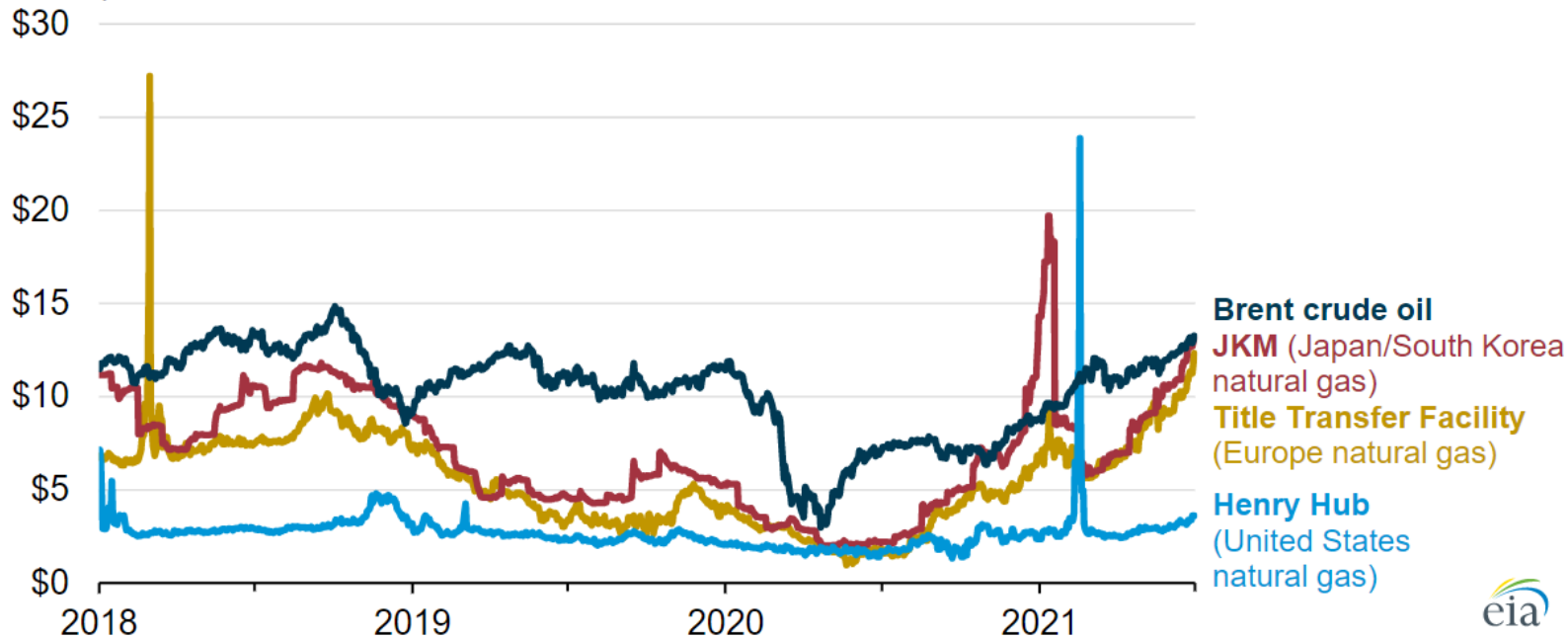


Source: U.S. Energy Information Administration, [Short-Term Energy Outlook](#), January 2022

# Natural Gas Market Considerations

Daily crude oil, natural gas, and liquefied natural gas spot prices (Jan 1, 2018–Jun 30, 2021)

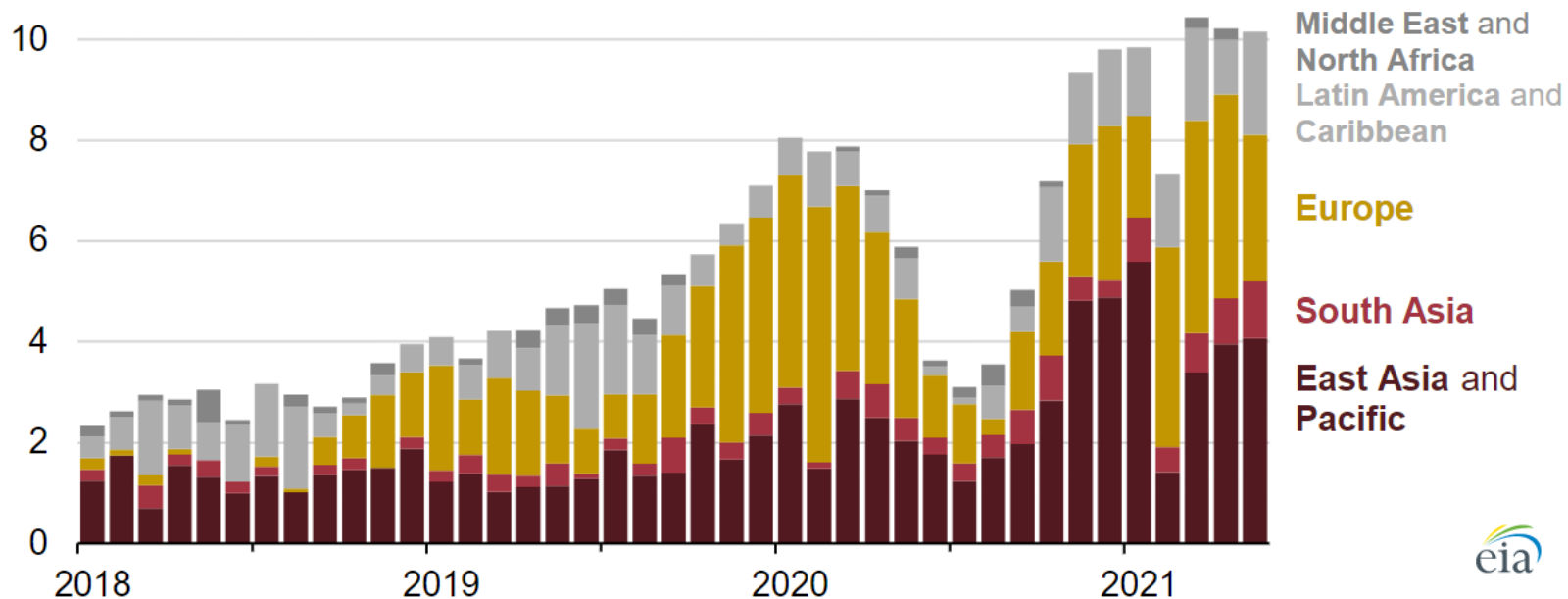
dollars per million British thermal units



Source: Graph by the U.S. Energy Information Administration, based on data from Bloomberg Finance, L.P.

# Natural Gas Market Considerations

Monthly U.S. liquefied natural gas exports by destination region (Jan 2018–May 2021)  
billion cubic feet per day

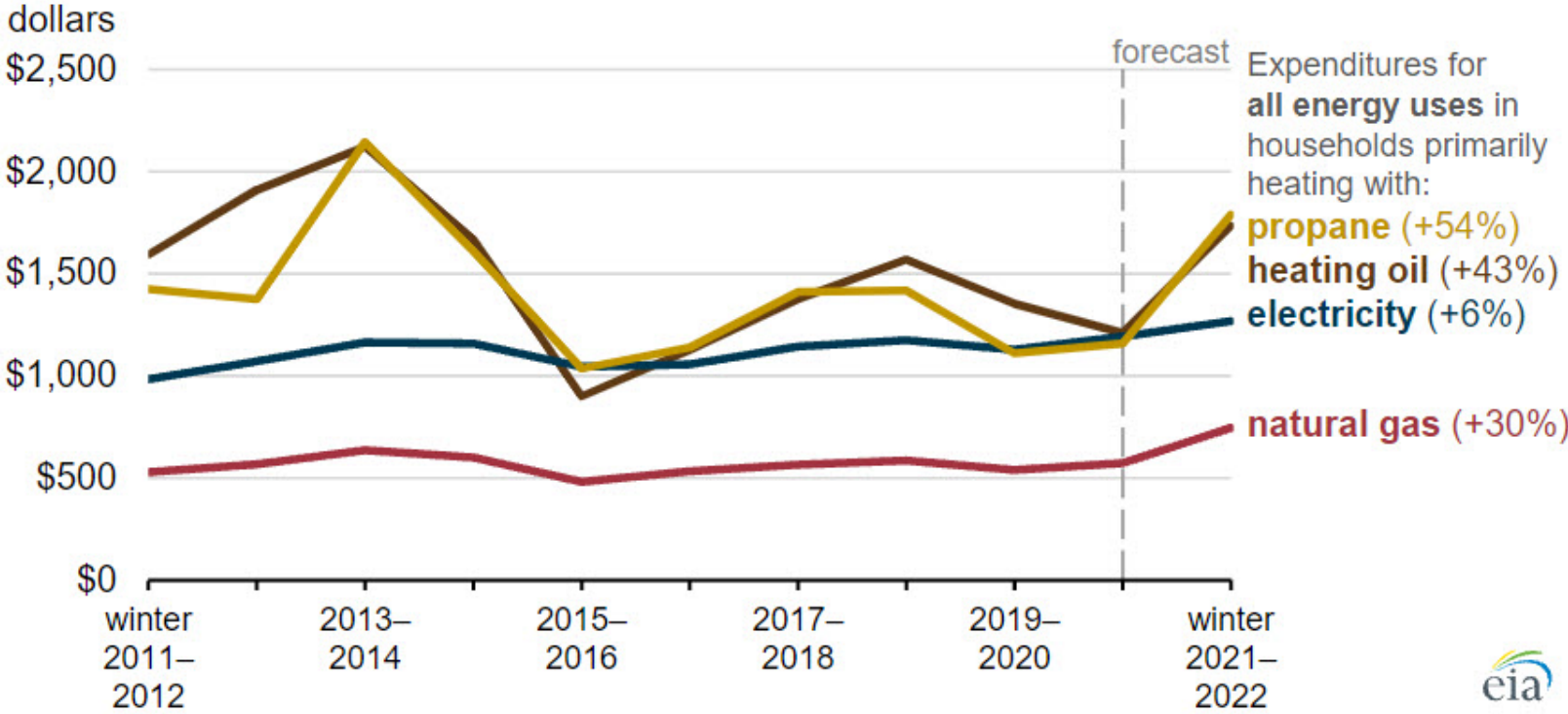


Source: Graph by the U.S. Energy Information Administration, based on data from the U.S. Department of Energy's [LNG Monthly](#) reports



# 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*



# 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?



# Energy Conservation



# Customer Resources



**Budget Billing**



**Black Hills Cares**



**Online Support**

# Looking Ahead

*The future of natural gas*



# 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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Hydro	6.5%	0.0%	0.0%	0.0%
Wind	7.3%	41.5%	0.0%	0.0%
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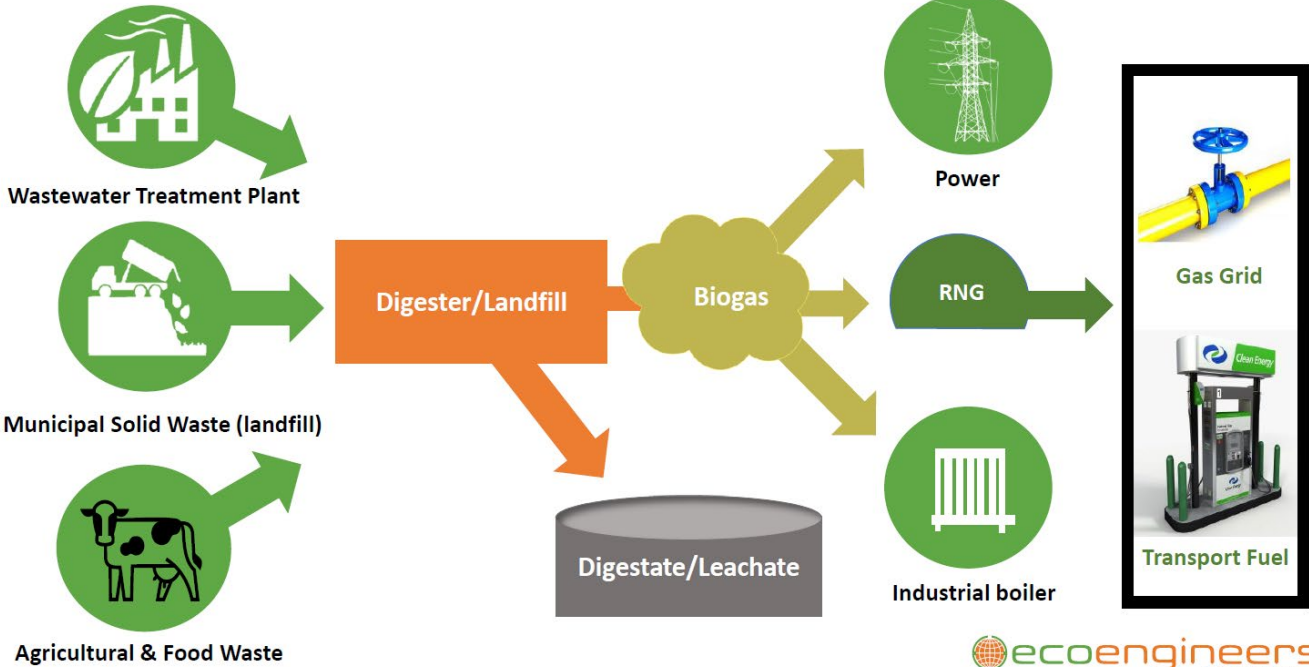


# Renewable Natural Gas

- 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





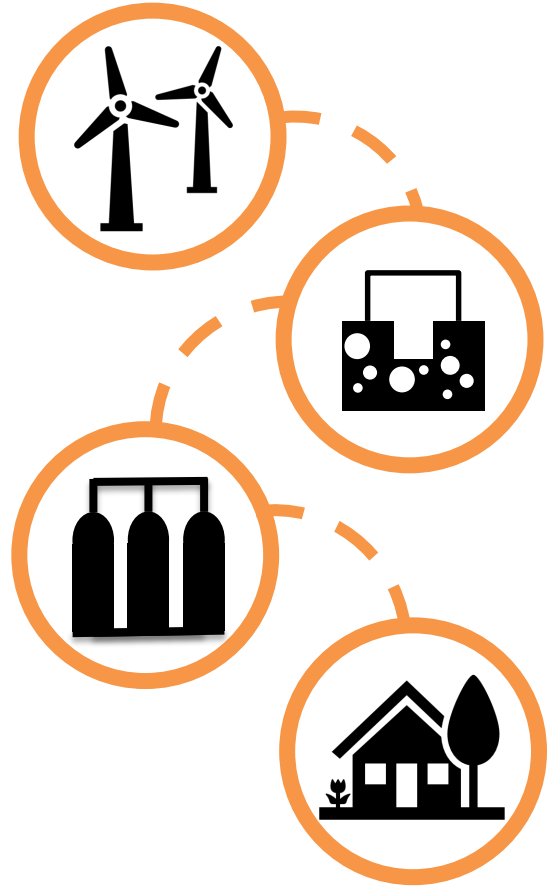
# RNG: How we use it

- 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

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