NEWS & INFORMATION

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August 31, 2007
For Immediate Release
11-07

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IUB Approves Transfer of Aquila Natural Gas Service in Iowa to Black Hills Corporation

The Iowa Utilities Board (IUB) today approved a settlement agreement filed by Aquila, Black Hills Corporation, and the Office of Consumer Advocate, which outlines terms and conditions for a comprehensive reorganization of Aquila natural gas service in Iowa.

The agreement calls for Aquila to transfer its natural gas utility service in Iowa to Black Hills Iowa Gas Utility Company, a subsidiary of Black Hills Corporation. Aquila currently provides natural gas service to more than 146,000 customers in about 130 Iowa communities, with many of those in north central and northeast Iowa. Some of the largest communities in its service territory include Dubuque, Newton, Spencer, and Council Bluffs.

Black Hills would also acquire all of Aquila's natural gas assets in Colorado, Nebraska, and Kansas, while Great Plains Energy Incorporated would acquire Aquila's electric assets in Missouri. Regulatory approvals of the reorganization are also required from those states. Black Hills' purchases would add to the South Dakota, Montana, and Wyoming utilities that it already owns and increase the company's public utility holdings. Black Hills would become a rate-regulated utility in Iowa, subject to the IUB's jurisdiction.

In this case, the IUB investigated the financial and corporate structure of Black Hills and public interest factors such as its ability to maintain safe, reliable service and effective customer service policies and procedures. Black Hills has committed to retain the same employees, procedures, rates, and safety standards as Aquila and to build an additional customer call center to maintain a high customer service standard.

In its order approving the settlement agreement, the IUB concluded that Black Hills has a corporate environment that is well suited to the operation of public utilities. As part of the settlement, Black Hills agreed to corporate structure and other protective measures to insulate its regulated utilities from any risks that may be associated with its unregulated corporate operations. The full order issued by the IUB is available at www.state.ia.us/iub, identified as Docket No. SPU-07-12.

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