



RESILIENT.
RELIABLE.
READY.

SUSTAINABILITY
REPORT 2022





CONTENTS





RESILIENT. RELIABLE. READY.

Nearly seven generations have relied on us for almost 140 years, both in good times and challenging ones. We're the backbone of hundreds of small towns and growing cities, providing the energy to support families and businesses across our eight-state footprint. Building on this legacy of service, we remain focused on meeting the energy needs of our more than 1.33 million customers, while being mindful of our business' broader economic, social and environmental impacts.

Now more than ever, our ability to remain **resilient, reliable** and **ready** drives us to meet the needs of our customers today and in the future. These three words are emblematic of the unwavering commitment our 3,000 Black Hills Energy team members have to provide the safe, reliable, and cost-effective electricity and natural gas our customers depend on, and to do so in a sustainable way.

And so, it's a privilege to share our 2022 Corporate Sustainability Report, which details our environmental, social and governance achievements and progress. In addition, it provides transparency and insight into how we are evolving our business today to provide a cleaner energy future.

We are resilient and reliable

The reliability and resiliency of our infrastructure are more critical than ever, with growing customer demand, the ongoing clean energy transition and an increasingly global energy market. Resiliency and reliability go hand-in-hand with safety, especially in the cold weather climates our company serves, and our priority is keeping our customers comfortable and safe. We are proud to provide industry-leading electric reliability to our customers, and we will continue to focus on a diversified energy mix to maintain resiliency through extreme weather events.

We are ready

Black Hills Energy is ready to create a better tomorrow. We have set challenging yet realistic goals for delivering cleaner energy. We've reduced our electric utilities' greenhouse gas emissions intensity by one-third since 2005 and have a clear path to achieve

our reduction goals of 40% by 2030 and 70% by 2040.

Last year, we increased our gas distribution utilities emissions target to Net Zero by 2035. We will achieve our Net Zero target through ongoing infrastructure investment, damage prevention and integration of low carbon fuels.

Transitioning to cleaner energy requires consideration of not only reliability and reliance, but also customer costs. We understand the impact rising costs — from groceries to gasoline — have on our customers and how they can affect a family budget. We keep customer impacts top of mind when planning the programs intended to add value to the communities we serve, balancing long-term benefits with near-term impacts.

In 2022, our community support totaled \$6.1 million. That included \$1.6 million in support of hometown charities and nearly \$1.7 million of support to economic development organizations working to strengthen our communities. Part of that assistance also came from our employees, who contributed \$604,000 to more than 50 United Way organizations across our service territory, which was matched at 25% by our corporate foundation. Employees also gave \$380,000 to Black Hills Cares, our in-house program that provides financial assistance to customers in need, which we matched dollar-for-dollar.

As you read this report, you'll learn more about us, our commitment to sustainability, and our efforts to make a positive impact in everything we do to make tomorrow even better than today. We are very proud of the accomplishments we've made to advance a cleaner energy future and we are excited to continue to share our sustainability journey with you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Linn Evans".

Linden "Linn" R. Evans
President and CEO



SUSTAINABILITY AT BLACK HILLS ENERGY

A responsible energy transition requires hard work, persistence and excellent long-term planning. As Linn's letter shared, Black Hills Energy is resilient, reliable and ready.

Just three years out from setting our electric utility emission intensity goals to reach a 40% reduction by 2030 and 70% by 2040, and one year past announcing our natural gas distribution system target of net zero by 2035, we know we're still in the early stages of our journey. We'll have many decisions and work to accomplish in the future, but we're proud of the steps we take every day and the progress we've made over the last year to advance our sustainability strategy. Our people-centered approach focuses on:

Investing in a reliable, resilient and cleaner electric grid.

- Over the last year, we've progressed on our preferred resource plans and currently plan to add 520 MW of new renewable energy and battery storage by 2030. The 80 MW Fall River Solar project is also scheduled to come into service in 2023.
- In addition to renewable energy, we're continually evaluating ways to utilize reliable baseload energy in new and lower carbon ways. Last year, we completed a hydrogen blending feasibility study for our Cheyenne Prairie natural gas generation facility and are now working on a feasibility analysis for a coal to hydrogen project.
- To expand access to renewable energy resources and provide long-term price stability for our customers' growing energy needs, we're investing in transmission opportunities. Our 260-mile transmission project, Ready Wyoming, received a certificate of public convenience and necessity last year and is scheduled to begin construction in 2023.

Advancing the sustainable use of the natural gas system and low carbon fuels.

- In 2022, we successfully filed and received approval for Green Forward, a voluntary renewable natural gas (RNG) attribute and carbon offset program, providing customers with a cost-effective path to offset up to 100% or more of the emissions associated with their own natural gas carbon footprint.
- To further leverage our experience building RNG interconnections, we also established a new, non-regulated business, Black Hills Energy Renewable Resources. This new business helps drive company growth by investing capital into infrastructure that provides a pathway for RNG to get to the market.
- Our damage prevention strategy continues to advance, now using measures like artificial intelligence to predict risks before they happen. By operating a highly efficient gas system, we're improving system safety and reducing emissions.

Thank you for your interest in Black Hills Energy and our progress in sustainability. We're committed to reliably and cost-effectively moving to cleaner energy, driving long-term growth for our company and communities, and delivering for our stakeholders for years to come.

Sincerely,

A handwritten signature in black ink that reads "Katie Fleming". The signature is fluid and cursive.

Katie Fleming
Chief Sustainability Officer
Director of Strategic Planning and Communications



ABOUT THIS REPORT

Our corporate sustainability report provides insight and transparency into the environmental, social and economic impacts of Black Hills Energy. This voluntary report is informed by sustainability reporting guidelines and strives to provide relevant insights into our business and how we view sustainability.

Reporting framework

This report was developed using guidance from the Edison Electric Institute (EEl) and the American Gas Association (AGA) ESG quantitative disclosure and the Global Reporting Initiative (GRI). In addition to our corporate sustainability report, we also disclose through the following ESG frameworks, which can be found at www.blackhillsenergy.com/sustainability:

- [Task force on Climate Related Financial Disclosures \(TCFD\)](#)
- [Sustainability Accounting Standards Board \(SASB\)](#)
- [EEl quantitative report](#)
- [AGA quantitative report](#)
- [Natural Gas Sustainability Initiative \(NGSI\) protocol](#)

Additional information

Several of Black Hills Corporation's subsidiaries do business as Black Hills Energy. As this trade name is the commonly recognized name by many of our customers and shareholders, Black Hills Energy and Black Hills Corporation are used interchangeably throughout this report for ease of reference. Please note, the data supporting the disclosures contained in this report is representative of all subsidiary companies, not just those subsidiaries who operate under the trade name.

Black Hills Energy is committed to sharing information about our business and operations that we know is important to our stakeholders. We have issued new and updated reports, which can be found at www.blackhillsenergy.com/sustainability. Additional financial information is posted at ir.blackhillscorp.com.

We welcome your feedback

As you review our corporate sustainability report, we encourage you to provide us feedback. Please send any comments to investorrelations@blackhillscorp.com. Thank you.

Forward-looking statements

This report includes "forward-looking statements" as defined by the Securities and Exchange Commission, or SEC. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, are forward-looking statements, which are subject to various risks and uncertainties. Factors that could cause actual results to differ from those in the forward-looking statements may accompany the statements themselves.

These forward-looking statements 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. Our business and any offering may be influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our ability to control. These factors include, but are not limited to, our ability to deliver safe, reliable and cost-effective energy to our customers.

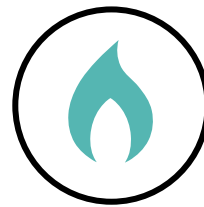
Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Items 1A of our [2022 Annual Report](#) on [Form 10-K](#) and other reports that we file with the SEC from time to time.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

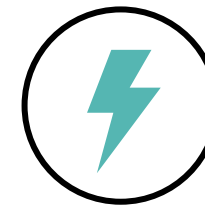


SUSTAINABILITY STRATEGY

We are excited to announce significant advancements in our decarbonization journey. We have continued to achieve progress toward our goal to reduce electric utility emission intensity 40% by 2030 and 70% by 2040, as well as our natural gas utility goal to be net zero for our distribution system by 2035.



NATURAL GAS EMISSIONS
↓ **Net Zero** by 2035



ELECTRIC EMISSIONS
↓ **70%** by 2040

Goals and progress

We've achieved a one-third reduction in electric utility emissions since 2005, and last year committed to a net zero by 2035 target for our natural gas utilities, expanding both the depth and breadth of our goal to reduce all sources of emissions on our natural gas distribution system.

Commitment to sustainability

At Black Hills Energy, our mission of improving life with energy means we must be ready to make tomorrow even better than today. That is why we are committed to creating a cleaner energy future that builds upon our responsibility to provide the safe, reliable and cost-effective energy that improves our customers' lives. By investing in the success of our employees, continually innovating, thoughtfully utilizing resources and keeping people at the core of our decision making, we are dedicated to the sustainability of our company, communities and planet.

ESG strategy and management

Black Hills Energy is continuously strengthening our sustainability strategy. We are building upon our success of delivering cost-effective energy for customers and strong returns for investors by seeking renewable energy growth opportunities, minimizing risk

and responding to stakeholders' evolving expectations. ESG and sustainability are inherently connected throughout our business and our ESG management is structured accordingly. Our board of directors oversees ESG, with management leadership from our CEO and executive ESG Steering Committee, our dedicated ESG and sustainability department and our cross-functional sustainability working group.

Risks and Opportunities

We recognize the inherent role our business plays in the well-being of our planet and communities. Please see [Black Hills Corp's 2022 Form 10-K](#) and our [Task force on Climate-related Financial Disclosures](#) for a discussion on ESG risks and opportunities, including climate change, policy and regulatory developments, emerging technology and customer growth.

STAKEHOLDER ENGAGEMENT

We value our stakeholders and the diverse perspectives they offer. We engage with our stakeholders in a variety of methods and frequencies to both share information and receive feedback. The table on the right outlines engagement channels by stakeholder group.

Our stakeholders include:	Engagement channels:	
Customers	<ul style="list-style-type: none">• Websites• Market research• Customer feedback (surveys, online comments, web chat, phone calls, email)• Billings statements, inserts and messages• Direct mail and letters• Emails	<ul style="list-style-type: none">• Text messaging• Social media• Paid media placement• Citizen advisory councils• Energy efficiency programs• Business account representatives• J.D. Power survey
Communities	<ul style="list-style-type: none">• Support of community events and programs• First responder training• Volunteerism	<ul style="list-style-type: none">• Ongoing dialogue• Infrastructure project planning
Employees	<ul style="list-style-type: none">• Company huddles• Intranet• Training events• Team meetings	<ul style="list-style-type: none">• Surveys• Employee resource groups• Performance reviews• Email newsletters• Total Rewards statements
Investors and shareholders	<ul style="list-style-type: none">• Earnings calls and presentations• Annual meeting• News releases	<ul style="list-style-type: none">• Investor/industry conferences• Investor relations website• Analyst meetings
Regulators	<ul style="list-style-type: none">• Communication with commisions and consumer advocates	<ul style="list-style-type: none">• Filing applications• Routine outreach
Local, state and federal government	<ul style="list-style-type: none">• Franchise agreements	<ul style="list-style-type: none">• Public meetings/hearings
Suppliers	<ul style="list-style-type: none">• Supplier meetings and onboarding• Supplier portal communication	<ul style="list-style-type: none">• Code of Business Conduct• Surveys
Banks and rating agencies	<ul style="list-style-type: none">• Ongoing dialogue	<ul style="list-style-type: none">• Quarterly updates
Non-governmental organizations	<ul style="list-style-type: none">• Presentation at, and participation in, organizations' meetings	<ul style="list-style-type: none">• Direct outreach
Unions	<ul style="list-style-type: none">• Benefits meetings• Ongoing dialogue	<ul style="list-style-type: none">• Labor and Management meetings

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRIORITIES

Based on our stakeholders' expectations and our company's needs, we have four ESG pillars that form the basis of our reporting strategy and business execution. Each section of this report explores topics in each pillar that are material to our company and stakeholders.



ENVIRONMENTAL STEWARDSHIP

Creating a cleaner energy future that provides safe, reliable and cost-effective energy.



SOCIAL RESPONSIBILITY

Keeping people at the center of our decision making — our employees, customers and communities.



SUSTAINABLE GROWTH

Delivering long-term value to our customers, communities and shareholders.



CORPORATE GOVERNANCE

Developing and executing policies and principles that lay a strong groundwork for sustainable success.

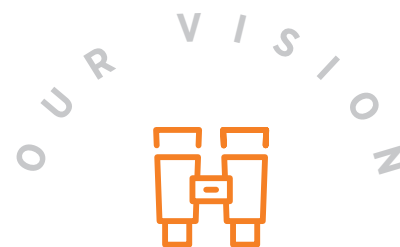


COMPANY PROFILE

Black Hills Corp. (NYSE: BKH) is 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 more than 1.33 million electric and natural gas utility customers in 825 communities in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. Employees partner to produce results that improve life with energy.



Improving Life with Energy



To be the Energy Partner of Choice

We are composed of regulated natural gas and electric utilities which are supported by vertically integrated power generation and mining businesses. We operate one of the largest natural gas infrastructure systems in the country, across eight geographically diverse states.



Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve ... always.



Customer Service

We are committed to providing a superior customer experience every day.



Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



Respect

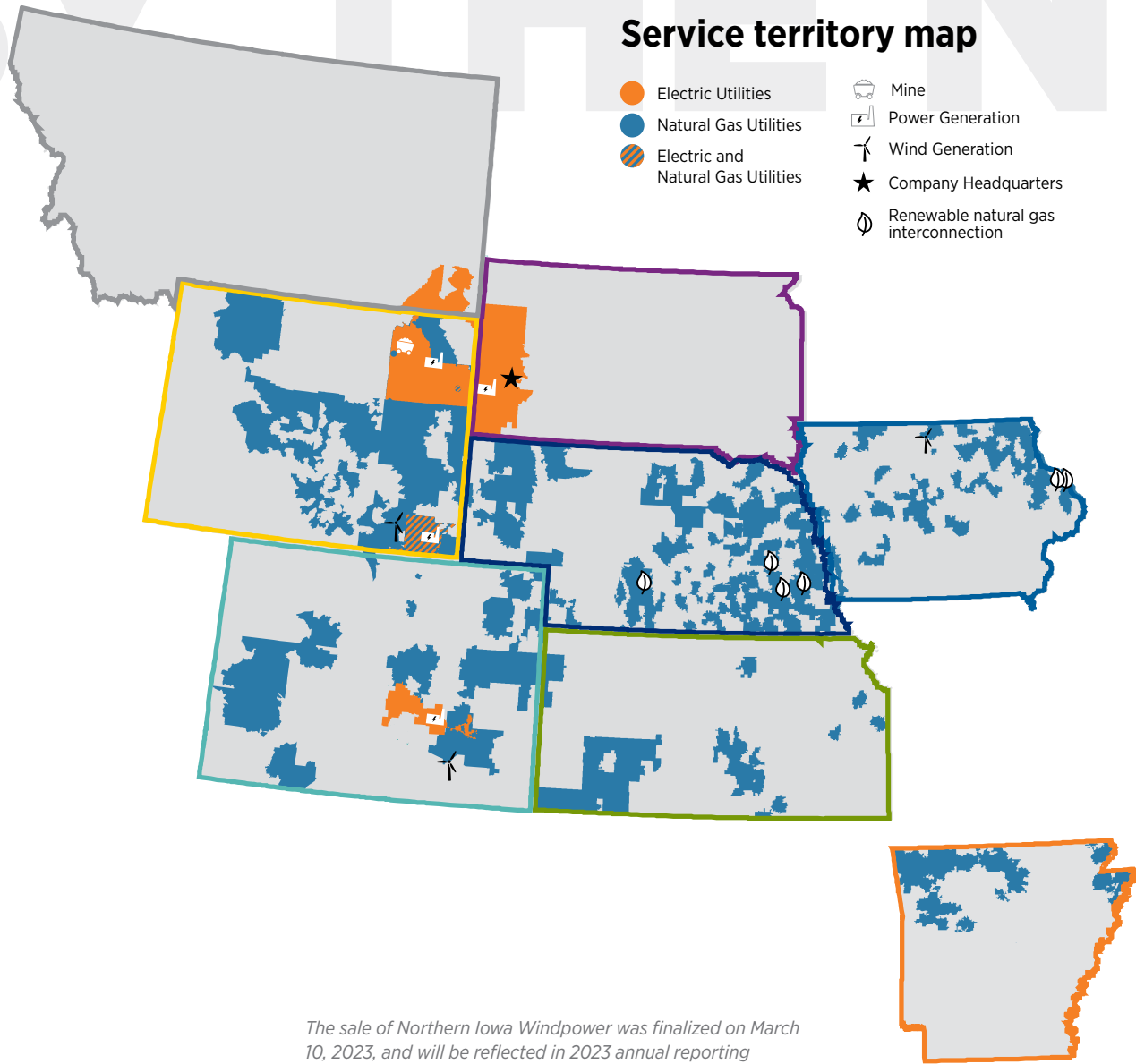
We respect each other. Our unique talents and diversity anchor a culture of success.



Safety

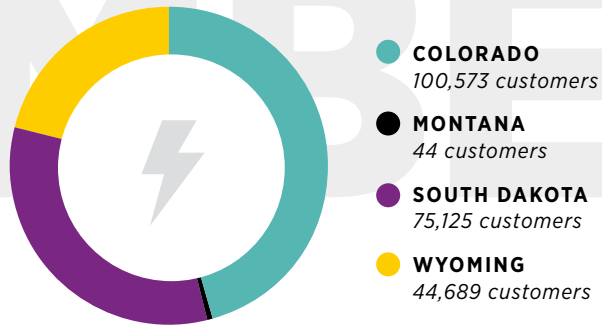
We commit to live and work safely every day.

Service territory map

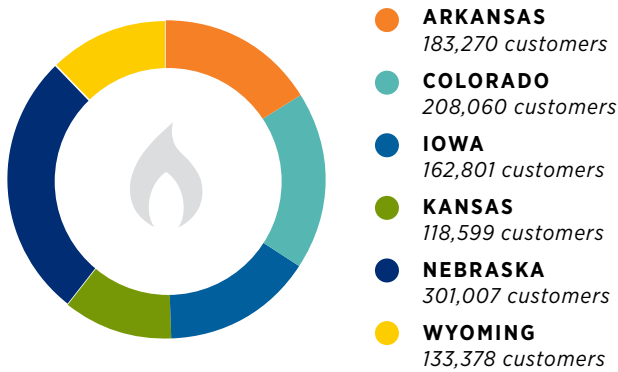


The sale of Northern Iowa Windpower was finalized on March 10, 2023, and will be reflected in 2023 annual reporting

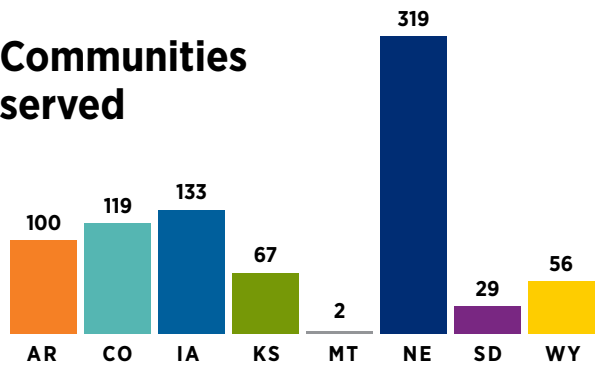
Electric utility customers



Natural gas utility customers



Communities served

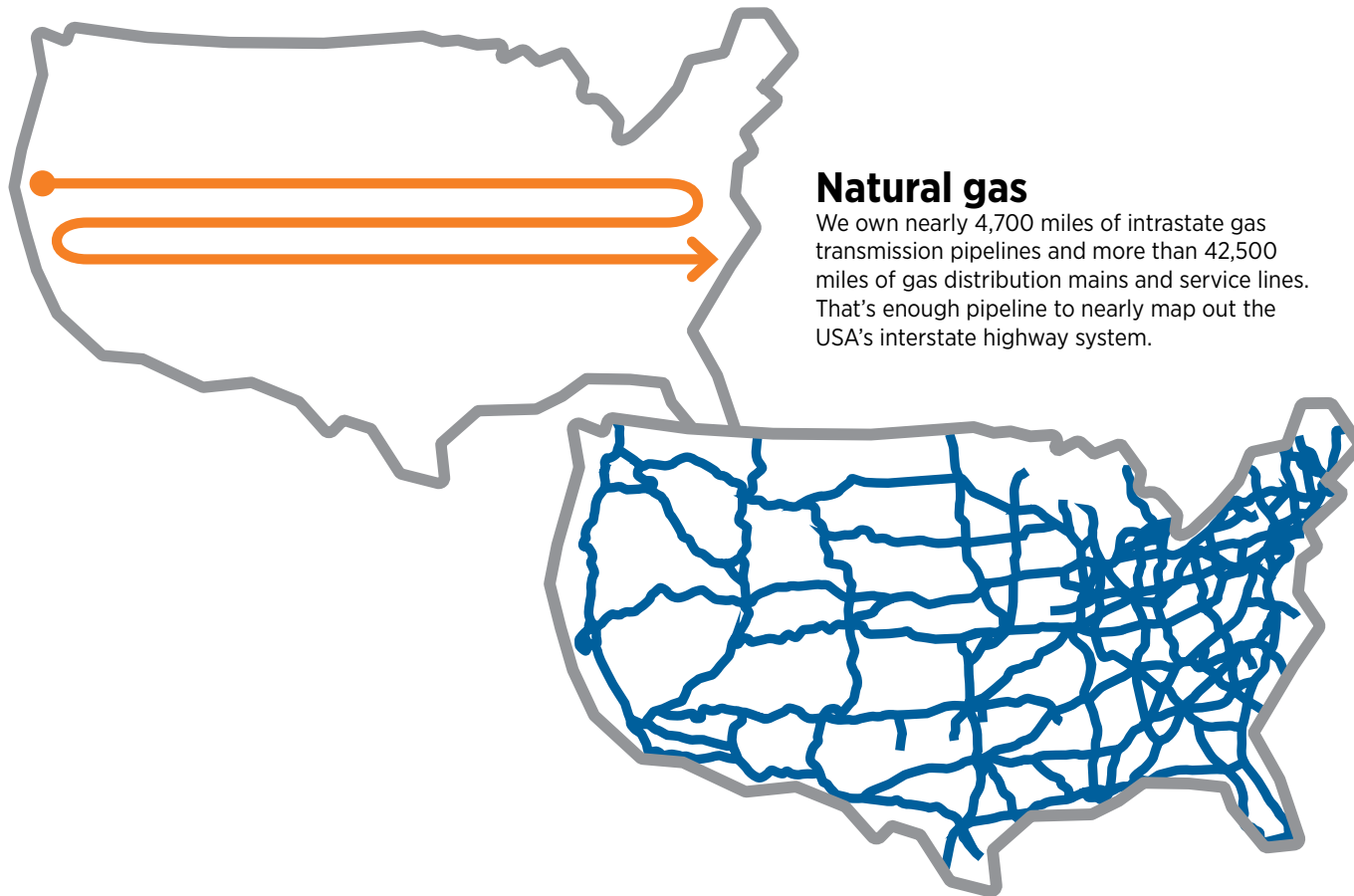


Customers are listed by state, rather than by state utility as referenced in Black Hills Corp.'s 2022 Form 10-K.

BY THE NUMBERS

Electric

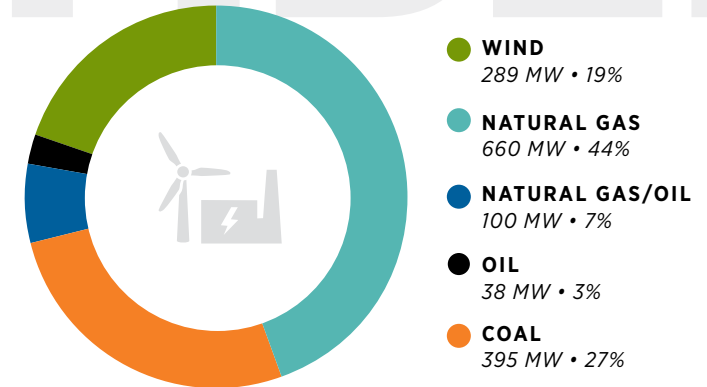
We own approximately 1,890 miles of transmission lines and more than 7,130 miles of distribution lines. That's enough cable to cross the country coast to coast approximately three times.



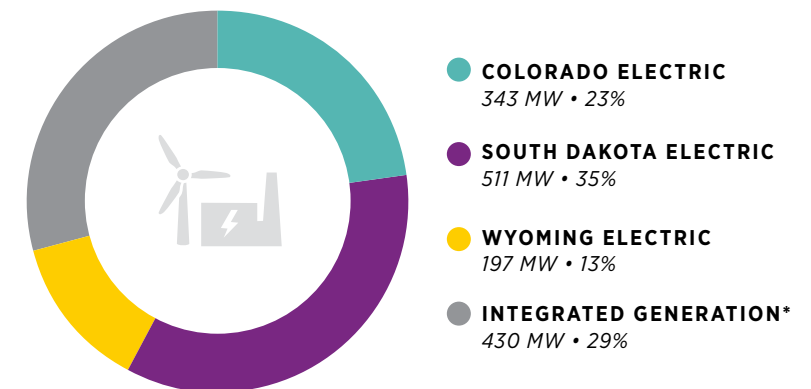
Natural gas

We own nearly 4,700 miles of intrastate gas transmission pipelines and more than 42,500 miles of gas distribution mains and service lines. That's enough pipeline to nearly map out the USA's interstate highway system.

Total owned generation



Electric utilities generation capacity

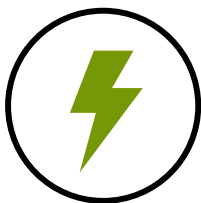


*Power generation and mining businesses are vertically integrated within our Electric Utilities segment.



ENVIRONMENTAL STEWARDSHIP

We are committed to creating a cleaner energy future that builds upon our responsibility to provide the safe, reliable and cost-effective energy that improves our customers' lives.



ELECTRIC EMISSIONS
↓ **70%** by 2040

Electric emissions reduction target¹

We have continued to achieve progress toward our goal to reduce electric utility emission intensity 40% by 2030 and 70% by 2040, already reducing emissions by one third since 2005. We'll continue our strategy of investing in operational improvements, renewable energy and new technologies to further reduce our environmental impact for a responsible energy transition. Our owned and purchased power capacity from renewable energy and storage will double by 2030, accounting for nearly half of our capacity resources.



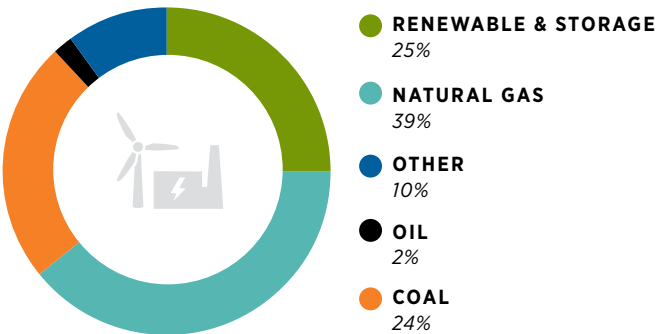
NATURAL GAS EMISSIONS
↓ **Net Zero** by 2035

Natural gas emission reduction target²

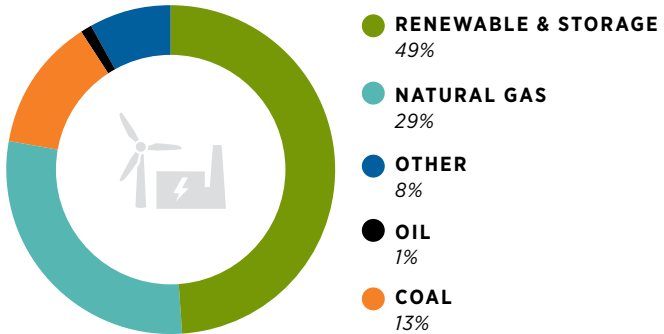
Last year we announced our expanded target for our natural gas distribution system to achieve net zero emissions by 2035, and we are excited to provide updates on our key strategies to achieve this goal.

1. *Electric: Based on carbon intensity compared to 2005 levels for our electric generation, including owned generation (Scope 1) and purchased power (Scope 3).*
2. *Natural gas: Based on Natural Gas Sustainability Initiative (NGSI) sources of methane emissions from our natural gas distribution system (Scope 1).*

Owned and purchased energy capacity 2022



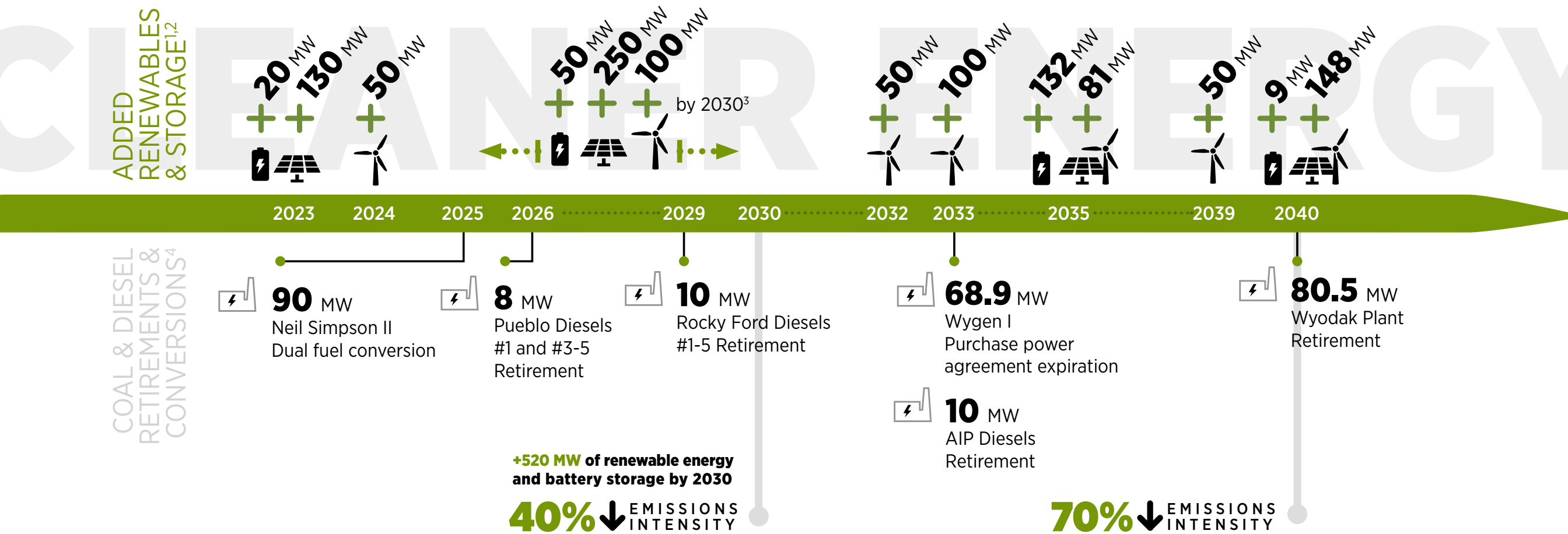
Projected owned and purchased energy capacity 2030



• "Other" is fossil fuel generation from mixed resource purchased power agreements and dual fuel generation units. For 2030, this includes Neil Simpson II coal plant which will be converted to include natural gas as a dual fuel source.
• "Renewable and storage" includes wind, solar and storage resources.
• Data obtained from our resource plans regarding added renewable resources and coal and diesel generation retirements and modifications is subject to change based on future resource plan filings and project construction timelines.
• Intercompany purchased power agreements have been excluded from the purchased energy capacity, to avoid double counting with owned generation capacity.

PATHWAY TO A CLEANER ENERGY FUTURE

We are transitioning to a cleaner energy future through the addition of low or zero-carbon generation sources, and fossil fuel retirements or conversions. Our preferred resource plans in South Dakota, Wyoming and Colorado plan to add over **520 MW of renewable energy and battery storage** by 2030. This is in addition to the already planned 80 MW Fall River purchased power agreement solar project in 2023. We will be positioned to achieve our GHG reduction goals, without reliance on future technologies, through the conversion of Neil Simpson II coal plant to include natural gas as a dual fuel unit, conversion or retirement of our remaining coal and diesel power plants and added renewable energy resources and storage.



1. Added renewable capacities as filed in resource plans, existing resource's capacity align with our 10K Annual Report.
2. Timeline of new renewable resource and coal and diesel generation retirements and modifications as indicated in our preferred resource plans. This is subject to change based on future resource plan filings and project construction timelines.
3. Projected resources reflect the Unanimous Comprehensive Settlement Agreement for Colorado Electric in our Clean Energy Plan filing, and are subject to change in Phase II modeling which will be completed in 2023.
4. Assumes coal plants are converted or retired at the end of engineered lives. Anticipated retirement or conversion of coal plants is subject to change based on costs and feasibility of other alternatives.

Reductions in GHG emissions over time: electric utility

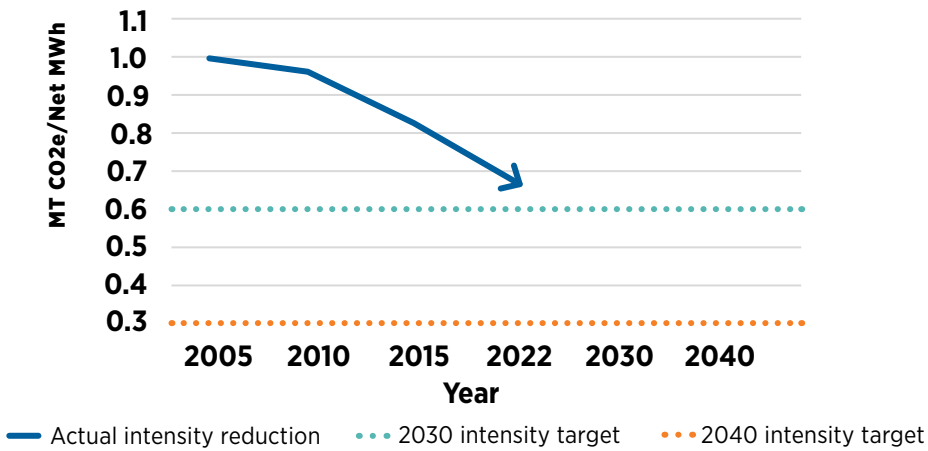
Since 2005, we have made strides in building a modernized generation fleet comprised of additional renewable energy and natural gas turbines, while meeting our customers’ needs for reliable energy.

In the last decade, we retired four aged coal plants, high-intensity carbon energy sources, and replaced them with more efficient and cleaner power plants. We also added 289 MW of renewable energy. Our Pueblo Airport Generation and Cheyenne Prairie natural gas power plants added 550 MW of natural gas capacity to our system, which includes 60 MW from heat recovery systems. These efficient heat recovery systems use the exhaust gases from the gas turbines to convert water into steam and drive a steam turbine, generating clean electricity.

We own and operate a single mine-mouth coal operation used to supply the adjacent Neil Simpson Complex and Wyodak Plant with low-cost, reliable fuel. As the mine’s coal supply is used to serve our power generation, we have no current plans to expand our mining operations and anticipate the mine’s operations and production will follow coal plant demands as outlined in our Integrated Resource Plan. Our approximate percent revenue from coal in 2022 was 6.8%.*

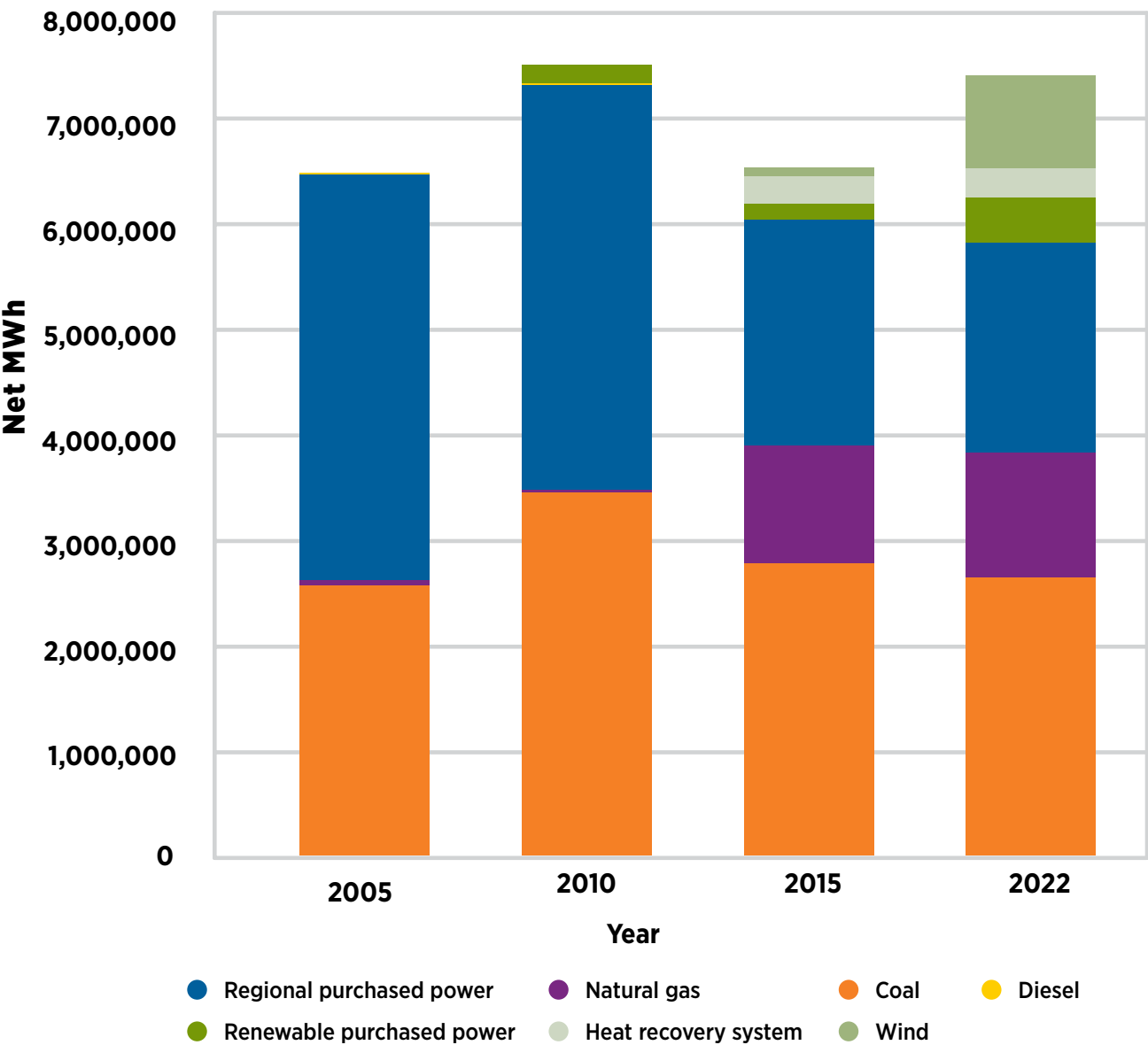
We will build on our emission reduction progress as we continue to transition to a cleaner energy future.

Electric utility carbon intensity reduction over time



* Updated percent revenue from coal excludes intercompany sales, showing a reduction from the previously disclosed value of 8.2%. This is an estimated metric and subject to change.

Electric utility generation and purchased power over time




Generation at the Ben French Power Plant, which has dual fuel capabilities with oil and gas, is reported under natural gas generation.


OWNED RENEWABLE ENERGY


A key strategy to achieving our GHG reduction goals is to own and operate renewable energy. Over the past decade we have expanded our ownership from no renewable energy to 289 MW of owned and operated wind generation capacity* across our service territory.


In addition to company owned and operated renewable energy sources, we are focused on securing renewable purchased power agreements (PPA) to achieve our GHG reduction goals. In Colorado, we recently secured a 10-year PPA for 60 MW of wind energy with Platte River Power Authority. South Dakota and Wyoming customers are delivered energy from Silver Sage and Happy Jack wind facilities through long-term PPAs. Our total renewable portfolio of owned and contracted renewable energy represents over 25% of our generation capacity and helps to achieve our GHG reduction goals and serve our customers' needs.


Black Hills Energy owned renewable portfolio


- 

1 29 MW: Busch Ranch I Busch Ranch I provided an opportunity to develop a sixth renewable energy zone in Colorado as part of SB-100. This renewable energy zone enabled the development of Busch Ranch II and Peak View wind projects. This project supports Colorado's goals to reduce greenhouse gas emissions associated with retail electric sales 80% by 2030 as compared to 2005
- 

30%
- 

2 59.4 MW: Busch Ranch II Completed in 2019, this wind facility powers 28,000 homes and is a milestone in achieving 30 percent renewable energy for our Colorado customers.
- 

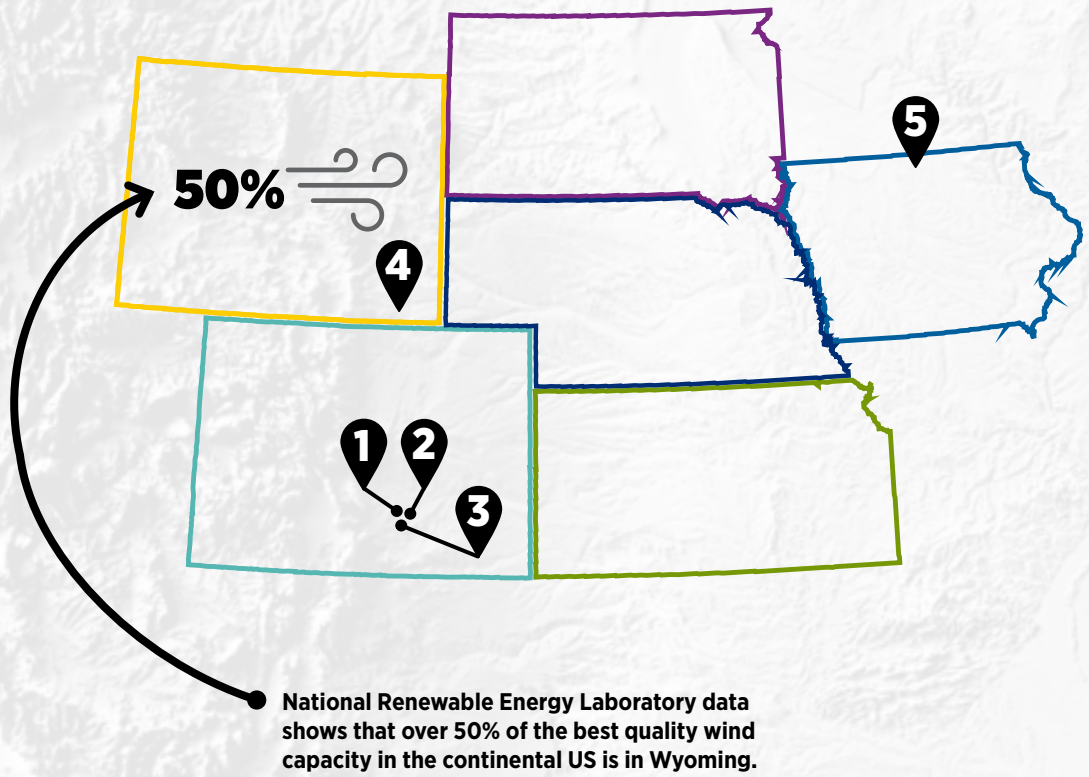
3 60.8 MW: Peak View Located in southern Colorado, Peak View serves more than 94,000 customers. This facility was named after the view of the Spanish Peaks.
- 

4 52.5 MW: Corriedale Our newest renewable facility located on King Ranch near Cheyenne, WY, is owned by our South Dakota and Wyoming electric utilities, and has the highest energy produced per MW of capacity to date for our wind facilities. This facility is named after the "Corriedale" sheep, a tribute to King Ranch's role in the development of the Wyoming sheep industry. Corriedale was strategically located in southeast Wyoming to capitalize on one of the highest wind energy density concentrations in the country.
- 

5 87.1 MW: Northern Iowa Windpower Our largest wind facility, comprised of 88 turbines, is located in Worth County, Iowa.**



289 MW WIND
OWNED & OPERATED*



*289 MW of owned and operated wind generation capacity as of December 31, 2022
**The sale of Northern Iowa Windpower was finalized on March 10, 2023, and will be reflected in 2023 annual reporting

Research and technology

In addition to renewable energy, we are continually evaluating new opportunities to lower emissions, such as battery storage, hydrogen fuel usage with combustion turbines and fuel cell technology.

We recently completed a hydrogen blending feasibility study, funded by the Wyoming Energy Authority (WEA), for our Cheyenne Prairie combined cycle natural gas fired power generation facility (132 MW) located in Cheyenne. The project team, consisting of General Electric (GE), Black & Veatch, and Tallgrass Energy, LP, developed an engineering feasibility study and cost estimate for power generation hydrogen blending up to 35%.



Cheyenne Prairie

SPOTLIGHT:

Hydrogen generation from Wyoming coal

Black Hills Energy engineers are partnering with Babcock & Wilcox Enterprises (B&W) clean power production experts and Ohio State University (OSU) Chemical and Biomolecular Engineering Department members to conduct a feasibility analysis on hydrogen generation.

We were recently awarded a grant from the Wyoming Energy Authority to conduct a feasibility analysis on hydrogen generation using coal from our Wyodak Mine, a vested resource for Black Hills Energy.

The innovative technology, BrightLoop™ chemical looping, is an oxidation-reduction chemical process that produces hydrogen and a nearly pure carbon dioxide product stream, without the need for expensive carbon capture equipment to extract the carbon emissions. Hydrogen has many business cases for utilities to reduce greenhouse gas emissions, including blending with natural gas for electric generation or into the natural gas distribution network for customer use and powering heavy equipment.

A conceptual design and estimate for a semi-commercial scale plant will be developed as part of the analysis. If determined to be feasible and cost-effective, a second phase would include the construction of a pilot-scale facility using the BrightLoop™ technology at our Neil Simpson Complex in Gillette, Wyoming.

This game-changing solution for clean energy production with near-zero carbon emissions will help us deliver efficient energy to our customers.

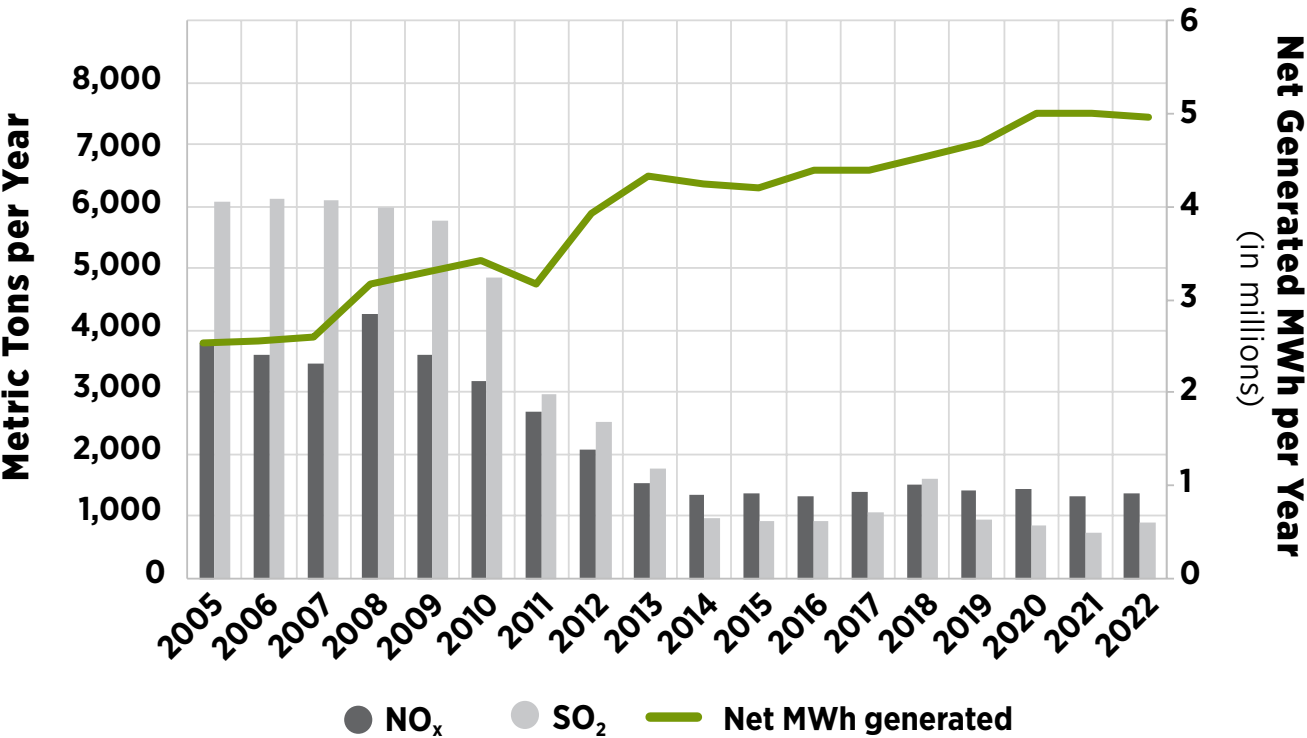


Black Hills Energy employees Derek S., director of generation engineering; Cole A., environmental manager; and Maria G., climate and sustainability manager spent time at Ohio State University with engineers from B&W to learn more about the technology and current testing processes using Wyodak coal for hydrogen generation studies.

Electric NO_x and SO₂ emission reductions

We’ve more than doubled the generating capacity of our system over the last two decades, while reducing nitrogen oxide and sulfur dioxide emissions by nearly 80% since 2005 through the installation of advanced pollution control equipment and plant retirements.

NO_x and SO₂ emissions
(Owned generation based on % ownership)



FUELING THE FUTURE: NATURAL GAS SUSTAINABILITY

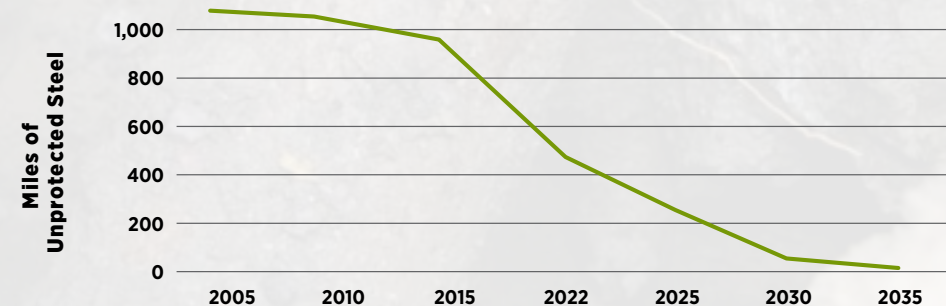
Natural gas is a critical source of energy and it will play a vital role in the energy transition, reducing our country's greenhouse gas emissions. Our natural gas utilities serve more than 1.1 million customers in six states. We operate a gas system above industry standards, investing in quality materials with low emission rates. Cast iron pipe has not been present in our system since 2014, and nearly 99% of our infrastructure is comprised of protected steel or plastic. These investments, with a focus on system integrity, damage prevention and measurement improvement, have positioned us to achieve our net zero emissions target for our natural gas distribution system by 2035.

Highlights:

- Requested approval of a voluntary renewable natural gas and carbon offset program, called Green Forward, in multiple jurisdictions to provide our customers with a cost-effective option to offset the emissions associated with their natural gas footprint. Residential and business customers in Colorado, Kansas and Nebraska are eligible to enroll and applications are pending with state regulators in Iowa, Arkansas and Wyoming.
- Launched a new business, Black Hills Energy Renewable Resources (BHERR), dedicated to bringing new renewable natural gas (RNG) to market.
- Continued participation with Our Nation's Energy (ONE) Future, a coalition of natural gas companies committed to reducing methane emissions to 1% or less of the natural gas value chain.
- Replaced nearly 400 unprotected steel distribution services with lower emitting materials, including protected steel and plastic.
- Actively pursuing our net zero target through several initiatives, including the evaluation of advanced leak detection (ALD) systems.



Unprotected steel pipe replacement efforts



Includes pipeline categorized as "Other" material type

Our pipeline replacement projects, like this one in Wayne, Nebraska, improve system safety and reduce emissions.

OPERATE A NET ZERO EMISSIONS DISTRIBUTION SYSTEM

In 2022, we announced a net zero target for our natural gas distribution system, leveraging the company’s focus on safety and system integrity, while advancing current strategies to include expanded damage prevention and advanced leak detection. Our comprehensive plan to achieve this target includes:

- **Pipeline replacement:** We’re continuing to replace all remaining unprotected steel pipe with lower emitting materials, including plastic and protected steel. Our integrity plans detail the timeline and priority to complete system upgrades by 2035.
- **Expanded leak detection:** By collecting detailed emission data from our system, we can identify new opportunities for reductions. In addition to our regular system-wide leak surveying, we conduct additional leak surveys of our aboveground natural gas equipment to help determine fugitive emissions from our system. We will continue to expand these surveys, both by geographic location and rotational frequency, positioning us to address leaks quickly.
- **Damage prevention:** Our corporate goal to reduce third-party line hits to 1.5 (or below) hits per 1,000 excavations (HPT) will be achieved through the expansion of excavation site visits, predictive analytics with risk modeling to identify high-risk locations, and a continued focus on employee, customer and system safety.

These best management practices will drive system emissions down by 40%. To achieve additional system reductions of over 60%, further damage prevention and advanced leak detection strategies can be utilized:

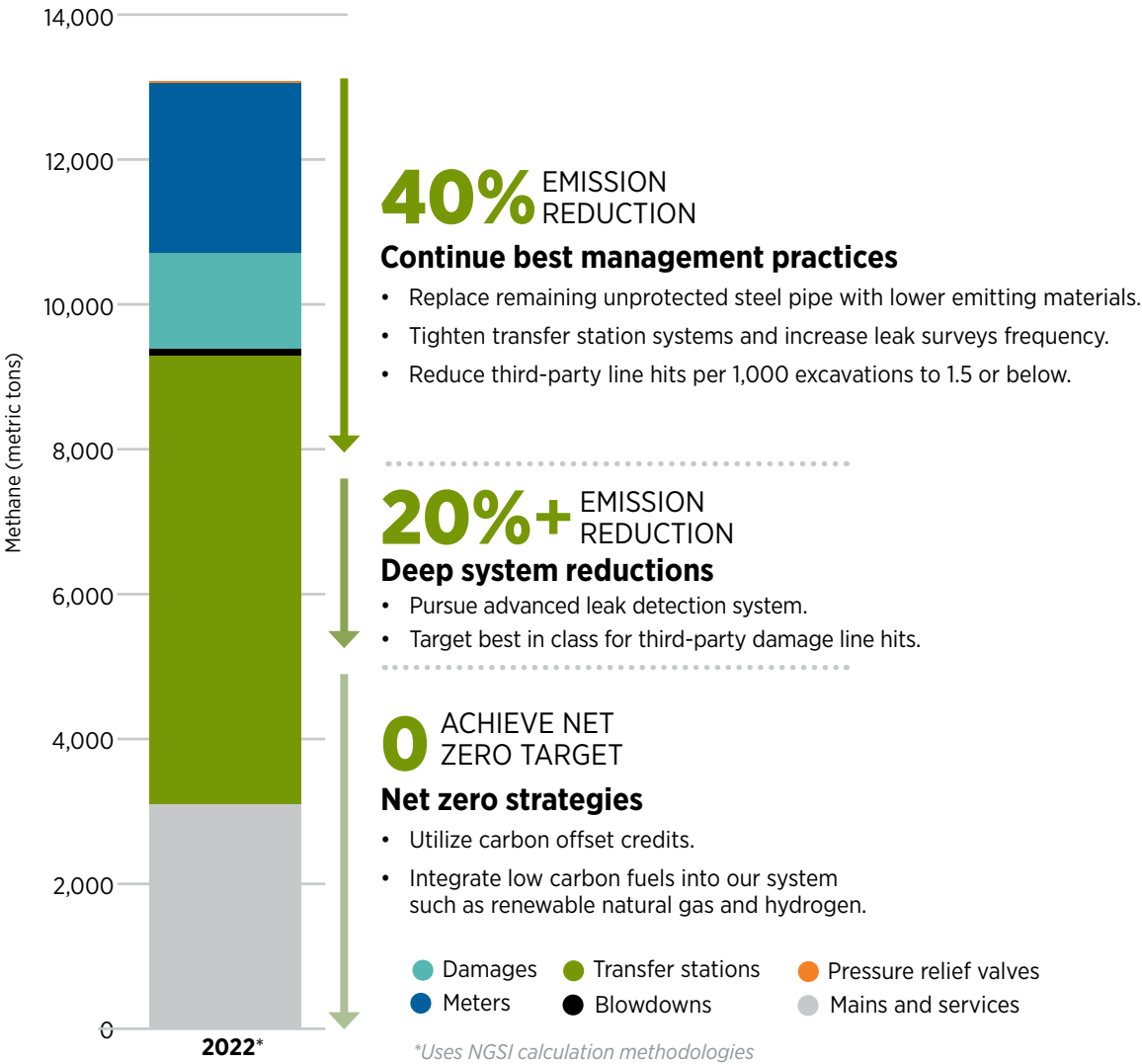
- **Expanded damage prevention:** By targeting best in class for third-party damage line hits, we would further reduce system gas releases.
- **Pursue advanced leak detection system:** ALD systems can detect low concentrations of natural gas leaks and be paired with aerial mapping abilities to pinpoint leak locations. This combination allows natural gas operators to prioritize repairs based on magnitude, analyze trends across the system, and continue to improve operational safety and reliability.

To achieve net zero emissions, we will introduce low carbon fuels into our system such as renewable natural gas and hydrogen, utilize carbon offsets, and continue to explore and invest in emerging technologies.



Emission reduction commitment

Black Hills Energy is committed to net zero emissions for our natural gas distribution system by 2035.



**Safety and emission reduction strategy
focus on damage prevention**

Keeping gas in the pipe both reduces emissions and improves safety. By focusing on damage prevention, we are also reducing gas losses from our system. Our damage reduction goals to achieve 2 HPT by 2023 and 1.5 HPT by 2025 translate into avoided methane emissions, advancing us toward our net zero target by 2035. Our damage prevention strategy includes the following critical initiatives:

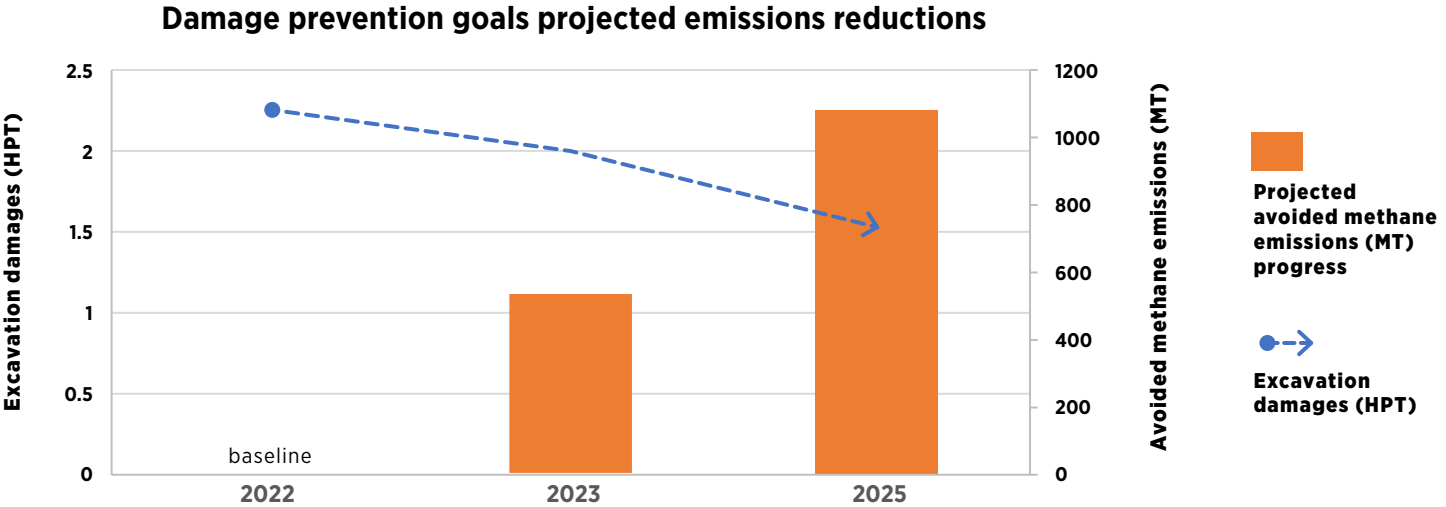
- **Training:** Meeting with contractors on job sites and talking about safety and coordination to prevent damages.
- **Artificial Intelligence:** Partnering with Urbint, an AI software designed to predict threats to people and assets. All excavation requests are ranked for level of risk and making safety interventions based on results.
- **Improving internal processes:** Enhancing processes and equipment to improve how we perform locates and install our own facilities as safely and accurately as possible.
- **Outreach:** Increasing communication outreach to promote damage prevention messages to all stakeholder groups.
- **Enforcement:** Partnering with state and federal agencies to improve enforcement of one call laws.

SPOTLIGHT:

Damage prevention trailer rolls out in Arkansas

Underlying all we do is our culture of safety, and it extends beyond our workplace and into our communities.

That’s why we regularly partner with state and local damage prevention groups to provide public safety education to help our customers and communities stay safe around overhead and



underground electric and natural gas lines, and to urge everyone to dial 811 before starting any project that involves digging.

On August 11, 2022, we celebrated 811 Day by rolling out a new damage prevention demonstration trailer in Arkansas. This trailer, which is the first of its kind for our company and the industry, was taken to community events and job sites across the state by our damage prevention team. The team provided safety education, outreach and training to help raise awareness and prevent future accidents.

By focusing on damage prevention, we are also reducing gas losses from our system. Last year, Black Hills Energy participated in or held more than 247 events reaching more than 28,817 attendees, including complimentary contractor training, home improvement store booths and recognition of crews digging safely.

“The safety of our customers, employees and the communities we serve is our first priority, so using safe digging and excavation practices whether you’re a do-it-yourself homeowner or a professional contractor are both critically

important,” said Joey Msall, PE, general manager of Arkansas Gas operations. “We ask homeowners and contractors alike to use the free 811 service two full business days before beginning any digging project to reduce the risk of striking an underground utility line.”



ADVANCE LOWER CARBON FUELS

Renewable natural gas

Renewable natural gas (RNG) is a natural gas alternative derived from renewable sources. As organic waste breaks down, it emits methane, or biogas, which can be captured, cleaned and used in place of traditional natural gas, preventing the gas from otherwise being emitted from the atmosphere. RNG is produced from a variety of sources, including municipal solid waste landfills, digesters at wastewater treatment plants, livestock farms, food production facilities and organic waste management operations.

In 2022, we established a new business unit, Black Hills Energy Renewable Resources, LLC (BHERR). This new business unit helps drive company growth by investing capital into infrastructure that provides a pathway for RNG to get to the market.

We receive physical gas into our pipelines from six RNG projects, four located in Nebraska and two in Iowa. Our seventh interconnection, Marshall Ridge, is scheduled to come into service summer of 2023, and uses anaerobic digestion to convert manure from dairy cows into RNG. Our facilities check the quality of gas, then compress it and inject it into our natural gas pipeline, either transporting the gas to an interstate pipeline or blending it directly into our gas supply to serve customers. The environmental attributes associated with the projects are sold by the project owners to other parties. By the end of 2023, we anticipate adding two additional RNG interconnections and we are evaluating dozens more RNG projects across our service territories.

We see great potential to generate RNG throughout our vast agricultural service area. For example, two of our current RNG Projects, the Lincoln Water Resource Recovery Facility project and the Sarpy County Landfill Gas Project Nebraska, produce enough pipeline quality RNG to fuel about 8,000 homes a year.

For more information on our RNG projects, visit www.blackhillsenergy.com/RNG.

Voluntary RNG and Carbon Offset Program

In 2022, we filed regulatory applications to offer a voluntary renewable natural gas and carbon offset program, called Green Forward, to eligible Colorado, Kansas and Nebraska residential and business customers. The program allows participants to

offset up to 100% or more of the emissions associated with their own natural gas usage. The program is designed as a comprehensive four-year pilot program starting in 2023 and running through 2026. We have also submitted the voluntary RNG and carbon offset program to state regulators in Iowa, Arkansas and Wyoming and seek to offer the program in gas jurisdictions by 2024.

Learn more at www.blackhillsenergy.com/greenforward.



Marshall Ridge Dairy renewable natural gas partnership — Pictured: manure anaerobic digesters and Black Hills Energy's renewable natural gas interconnection

SUPPORT EMERGING TECHNOLOGY AND INDUSTRY RESEARCH

Research and technology

Energy efficiency and emerging technologies have the potential to significantly reduce greenhouse gas emissions from natural gas transport and combustion. We're currently supporting project Veritas through our membership with ONE Future. Veritas, a GTI Energy Differentiated Gas Measurement and Verification Initiative, is a methane emission measurement and verification initiative lead by GTI Energy.

The Veritas technical protocols, released in 2023, provide companies and countries with methane emissions reduction targets with a consistent approach to measuring and verifying methane emissions — enabling a credible, consistent, verifiable and transparent methodology. Demonstration projects with ONE Future member companies will start in 2023 prior to anticipated widespread adoption within the industry.

Energy Capital Ventures

We are a strategic limited partner in Energy Capital Ventures, an early-stage venture fund focusing on the resilience and the digital transformation of the natural gas industry. Energy Capital Ventures brings together the technology of the startup ecosystem with the scale of the natural gas industry and champions innovation in Green Molecules™. By investing in category-defining leaders, Energy Capital Ventures brings the latest innovations and technological advancement to future-proof the natural gas industry.



EPA Methane Challenge

Through the Methane Challenge Program, the EPA encourages partners to transparently report systemic and comprehensive actions to reduce methane emissions. We joined the Methane Challenge in 2020 and are committed to three Best Management Practices: Distribution Mains Replacement, Distribution Services Replacement and Excavation Damages, which advances us to a position of industry leadership in challenge commitments. By participating in this program, we detail our planned pipeline replacements, damage prevention efforts, and report on progress at a national level.



ONE Future

We are an active member of ONE Future Coalition, a group of natural gas companies working together to voluntarily reduce methane emissions across the natural gas value chain to 1% (or less) by 2025. The coalition is comprised of some of the largest natural gas production, gathering and boosting, processing, transmission and storage and distribution companies in the US. Black Hills Energy joined ONE Future in 2021 and as a member, reports on annual methane results within the distribution sector, holds a seat on the board of directors and actively participates in the technical workgroup focused on methane reduction strategies.

Through the efforts of coalition members, ONE Future has surpassed its one percent goal in each of the five years that it has reported its methane intensity. The 2022 Methane Intensity Report, released in November 2022, registered an intensity number of 0.462% (versus the 2025 goal of 1.0%), beating its one percent goal by 54%. These results demonstrate the ability of the natural gas industry to minimize methane emissions and increase production and throughput while supplying much-needed energy to the U.S. and around the globe.

RESOURCE MANAGEMENT

Air quality

Over the last decade, we took an innovative “emissions control logic” program from conception to reality, reducing short-term air quality emission exceedances at our power plants. The emissions control logic, coupled with improved maintenance, has virtually eliminated air exceedances while continuing to sustain high plant availability at each of our units.

Using predictive analytics, the software temporarily shuts down the operating electric generating units if anticipated air emissions will exceed permitted limits, thus preventing an exceedance from occurring. The graph to the right illustrates the air quality performance of our coal-fired generating units at our Neil Simpson Complex in Wyoming since 2005. We are unaware of any other utility that has implemented this innovative technology.

Water conservation

Our service territories are located primarily in arid regions, making water conservation an important part of how we operate. To reduce our water consumption, we utilize air-cooled condensing technology at our coal-fired power plants. Based on the U.S. Energy Information Agency data, the average conventional coal power plant uses 78 gal/kwh for operational use and cooling plant boilers. Black Hills Energy’s water consumption rate at its coal-fired power plants, after implementing this technology, is 0.1 gal/kwh resulting in an annual water savings of over 250 billion gallons. This savings equates to the water usage of 2.3 million single-family homes a year! This also provides cost benefits by not having to manage and discharge significant amounts of processed water to the environment.

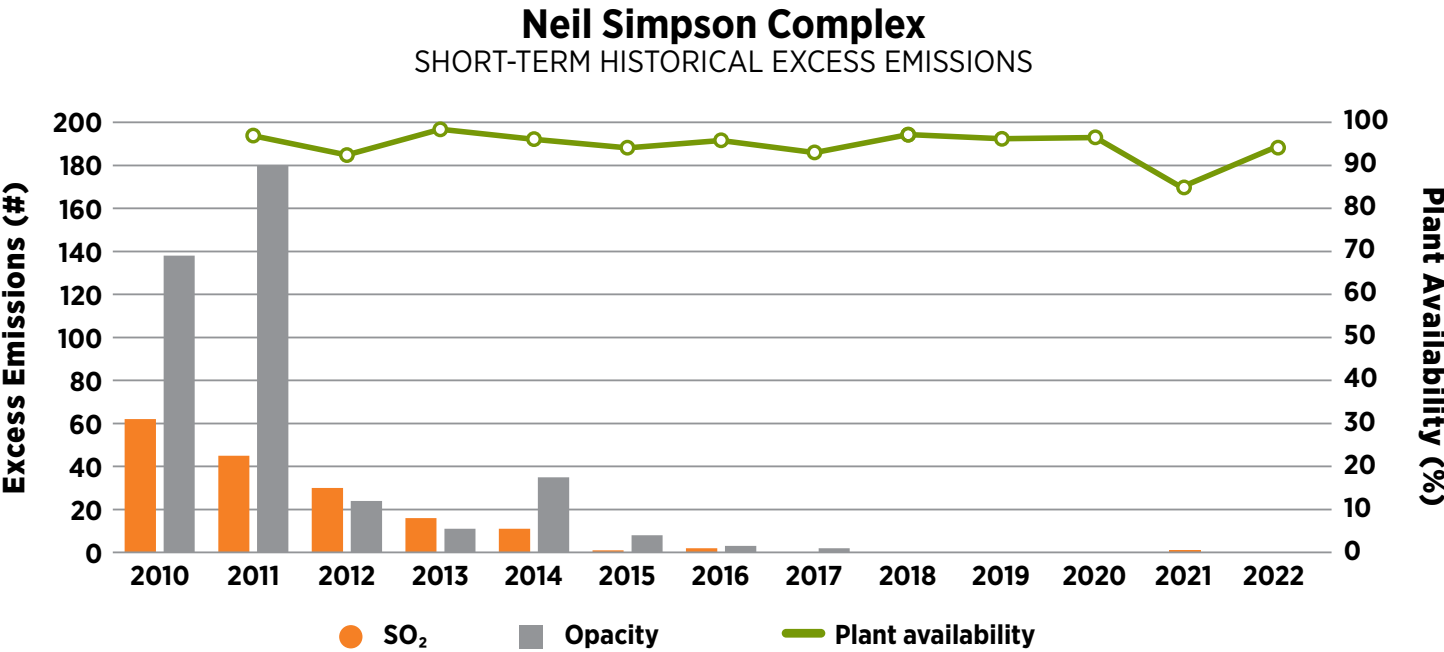
We have also implemented innovative and protective water management measures at our natural gas combustion plants. Cheyenne Prairie discharges water to the local city’s wastewater treatment plant, adhering to stringent water limits set in our Industrial Pretreatment Water discharge permit. Pueblo Airport Generation uses an evaporation pond to settle out water pollutants before returning the water to the Earth’s natural water cycle through the atmosphere.

Mine reclamation

Over the past 100 years, our mining operations have occurred in three pits and reclamation of these areas is an important part

of our mining activities. We have achieved 100% reclamation on our first pit, South Pit, and are on target with reclamation activities at the Peerless Pit and Clovis Pit. Reclamation activities include backfilling the pits with recycled ash, capping with backfill material, applying topsoil, and seeding to restore biodiversity.

Black Hills Energy uses 100% of its ash for backfill reclamation activities at the mine in areas previously mined. This ash use and associated reclamation plan were approved by the State of Wyoming and the Office of Surface Mining Reclamation and Enforcement.



Number of times the SO₂ and opacity short-term emissions permit limits are exceeded each year.

EMISSIONS REDUCTIONS: VEHICLES

Fleet vehicles

Black Hills Energy's goal is to electrify 20% of its on-road fleet by 2030. This plan will convert more than 400 on-road vehicles to electric, plug-in hybrid electric, or plug-in idle mitigation technology, including approximately 40% of cars and SUVs and 45% of heavy-duty trucks by 2030. In 2022, 115 of our fleet vehicles and pieces of equipment utilized alternative fuels, such as electricity and compressed natural gas. During this time frame we added six electrified vehicles to our fleet.

 **x 115**

UTILIZED ALTERNATIVE FUELS
IN 2022

Ready EV

Our Ready EV rebate program, launched in late 2019 in Colorado, South Dakota and Wyoming, is making electric vehicle charging more convenient and more affordable for our customers. With more than 70 different types of battery and plug-in hybrid electric vehicles available in the United States today, we believe customer demand will keep growing as technology continues to improve and more charging options become available.

Residential customers can receive a rebate of up to \$500 on a Level 2 charger and installation, covering most of the cost of the charger. Business customers can receive up to \$2,000 per Level 2 charging port, while government and nonprofit organizations can receive up to \$3,000 per port. There are also rebates for Level 3 chargers, also known as DC Fast Chargers, ranging from \$20,000 per unit to \$35,000 per unit.

In December 2021, the Colorado Public Utilities Commission approved our Colorado Ready EV plan, a multi-year Transportation Electrification Plan to address clean energy policy objectives that call on public utilities to support the widespread adoption of electric vehicles in the state of Colorado. Through customer rebates to significantly lower the cost of electric vehicle charging equipment, a new electric pricing option, the Time-of-Day rate, and a vehicle purchase rebate for income-qualified customers, Colorado Ready EV gives our electric customers more opportunity to access and benefit from EVs by making EV ownership more convenient and affordable.

In May 2023, we filed our next Transportation Electrification Plan with the Colorado Public Utilities Commission for 2024-2026 that included improvements to the original plan based on customer feedback, industry changes and lessons learned from the first iteration of the Ready EV plan.

www.blackhillsenergy.com/EV.



EMISSION REDUCTIONS

ENVIRONMENTAL IMPACT ASSESSMENTS

Prior to construction, we complete an internal environmental review checklist for applicable projects to determine if environmental permitting may be necessary. If any of the pre-determined permitting thresholds are triggered, the project is reviewed for impacts to water, air, wildlife and land. Projects are viewed holistically, including the long-term environmental impacts.

Water

Black Hills Energy encounters many waterways with natural gas pipeline and electric transmission line construction projects, some of which are federally regulated as Waters of the United States (WOTUS). Projects are typically designed to either be bored under or spanned across any WOTUS to minimize impacts to aquatic ecosystems and to reduce permitting requirements. If regulated water resources are impacted, coordination with Army Corps of Engineers and other state or local permitting agencies is often required. Additionally, all projects that disturb over one acre of land (or less in some local jurisdictions) require construction stormwater permitting to ensure the project is revegetated post-construction.

Wildlife

Our environmental professionals work closely with U.S. Fish and Wildlife and state wildlife agencies to ensure our construction projects have minimal impact to local and protected species, which ensures we comply with the Migratory Bird Treaty Act and the Endangered Species Act, as well as many other regulations. Prior to construction, we review project areas to identify which species may have suitable habitat in the area during the time of construction and organize surveys to determine the presence or absence of wildlife. Results are used in project planning to minimize impact to protected species and can result in timing or spatial buffers during construction.

Land

Projects on public lands may be subject to significant permitting requirements. Projects involving federal lands typically require additional permitting to comply with the National Environmental Policy Act, which can include a requirement to complete an Environmental Assessment or Environmental Impact Statement. We also conduct archaeological and paleontological surveys prior to construction on public lands to protect areas of cultural significance. We work closely with federal land management agencies to ensure all permitting and approvals are acquired prior to starting construction.

Avian Protection

We dedicate resources to the protection of migratory, threatened and endangered birds. For over 15 years, we have deployed an avian protection plan and conduct ongoing annual training for employees. All new power lines are built to raptor-safe standards per Avian Power Line Interaction Committee guidance and proactive retrofits are part of our ongoing maintenance programs.

We build man-made nests to replace nests established on our powerline poles and work with local non-profits to provide raptor rehabilitation services when injured birds are discovered. We have developed avian protection plans for all applicable company operations groups to provide guidance to mitigate the impact our equipment has on protected bird species.

We have developed an electronic reporting and tracking system for negative avian interactions, which will help us to identify areas of the system to focus proactive retrofitting of our power poles. By using geographic information system mapping we can identify areas of our system that are not compliant with the newest avian-safe standards and where most interactions with birds occur. All negative avian interactions on our system with protected birds are reported to the U.S. Fish and Wildlife Service.

Our avian protection plan has historically covered our electric utilities, generation facilities and our coal mine. We are working on expanding the plan to cover our gas utilities, as pipeline construction can impact avian species. Mitigation measures will include mowing the pipeline construction path in the spring to prevent potential for ground nesting activities and avoiding construction during tree nesting time frames.

Learn more by reading our [Avian Protection Plan](#).



Black Hills Energy Lead Operations Technician Tim G. assisted in the rescue and rehabilitation of an eagle near Lincoln, Nebraska.

Tree planting

In 2022, we invested \$84,000 in planting 1,355 trees that will grow to save energy by blocking the hot summer sun and cold winter winds, as well as filter over 9.8 million gallons of storm water and avoid or sequester almost 3.4 million pounds of carbon dioxide. Since beginning our program in 1992, the Arbor Day Foundation and Trees Forever estimate the Black Hills Energy program has avoided 37.8 million pounds of carbon, filtered 109.5 million gallons of stormwater and saved about 9.7 million kWh of energy — the equivalent of taking 1,240 cars off the road each year.

Waste and recycling

All Black Hills Energy facilities are designated by the EPA as Conditionally Exempt Small Quantity Generators status. To achieve this status, facilities must generate no more than 220 pounds of hazardous waste per month and must implement rigorous recycling programs.

Recycling measures are implemented across our corporate footprint which includes designated universal waste collection sites to collect common hazardous waste including batteries, pesticides, mercury-containing equipment and lamps for recycling. Additionally, scrap metal is recovered at facilities and reintroduced as a raw material in the production of new goods through local vendors. Used oil from electrical service activities and equipment maintenance is commonly accumulated in drums and tanks and recycled through an approved vendor. All electronic waste is reused or recycled with no materials going to landfills.



2022 estimated waste and recycling data

Waste categories disposed or recycled	lbs
Hazardous Waste	27,496
Universal Waste-Mercury Bulbs	2,126
Universal Waste-Batteries	18,955
Universal Waste-Electronics	35,095
Universal Waste-Paint Cans	1,692
Used Oil	232,996
Oil Filters	19,480
Antifreeze	16,162
Oil Water	184,463
Metal Recycling	2,049,734
Special Waste	2,340,386
Other Waste	334,480
Parts Washer	4,199
Waste Ash	112,172,800

Summary	lbs
Hazardous Waste Disposed	27,496
Hazardous Waste Recycled	57,868
Non-Hazardous Waste Disposed	2,672,708
Non-Hazardous Waste Recycled	114,681,992
Total	117,440,064

Energy efficiency and conservation

We offer our customers a wide variety of programs and rebates to help them conserve energy and lower their energy bills. Black Hills provided nearly \$9 million in energy efficiency rebates in 2022 to residential and business customers, leading to annual energy savings of about 17 million kilowatt-hours of electricity and nearly 386,000 dekatherms of natural gas - enough energy to power more than 2,300 homes with electricity and about 4,900 homes with natural gas for one year.*

In 2022, we achieved a fifth consecutive annual ENERGY STAR award from the EPA for our energy efficiency program in Arkansas, and we are exploring ways to advance the adoption of advanced appliances, such as high-efficiency natural gas furnaces and combined fuel heat pumps. For more on our energy efficiency efforts, visit www.blackhillsenergy.com/efficiency-and-savings

Company facility energy efficiency

In addition to helping our customers save energy and reduce emissions, we also implement energy efficiency and sustainability into the design of our facilities. Horizon Point, our corporate headquarters building in Rapid City, SD, was designed and constructed following LEED Gold standards and holds an EPA Energy STAR Certification. To be certified as an ENERGY STAR building, it must meet strict energy performance standards set by the EPA. Once in operation, ENERGY STAR certified buildings use, on average, 35% less energy than similar buildings nationwide, resulting in reduced greenhouse gas emissions. When constructing new operations facilities, we use modern construction methods which incorporate high-efficiency building envelopes and systems that fully comply with each State’s Model Energy Code requirements.

Demand Side Management (DSM)/Energy Efficiency Program Impact by Year (in thousands)**

Year	Spending (\$)	Rebates Paid (\$)	Electricity Savings (kWh)	Natural Gas Savings (Dth)
2022	19,461	8,627	16,776	368
2021	19,030	10,290	16,267	380
2020	20,260	12,372	29,735	324
2019	16,800	6,950	27,075	312

SPOTLIGHT:

Inspiring the next generation of energy savers

The cleanest energy is the energy we never use. That’s why Black Hills energy partners with local schools in Iowa, Colorado, South Dakota, and Wyoming to introduce students to energy efficiency tips, tools, resources, and programs to help them grow into future energy savers.

Through EnergyWise and LivingWise, our school-based education programs, students discover ways to use energy more efficiently while they learn about energy conservation and cost savings. We offer hands-on learning opportunities and energy efficiency product kits that help students develop energy saving habits in a fun and engaging way.

By participating in the education program, each student receives an efficiency kit full of energy-saving products to use at home, a take-home workbook with engaging activities and a program guide used for interactive learning.

From an advanced power strip to a high efficiency shower head, the energy efficiency kit is designed to support classroom learning with products that will help students and their families save energy, water and money at home. Inside the kit is a quick start installation guide and additional energy efficiency and water efficiency resources that offer tips for even more savings.

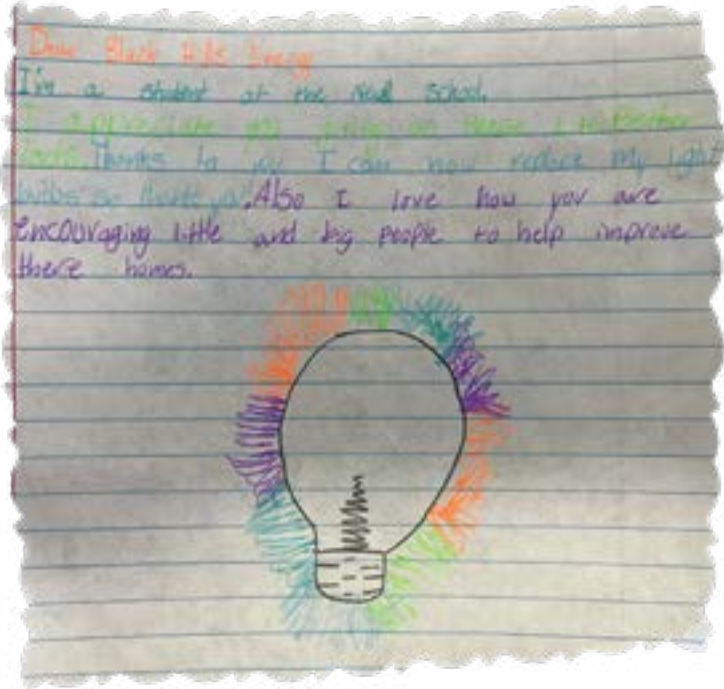
The program is free to teachers, schools, and students. EnergyWise and LivingWise kits are available for grades 6

through 8, and Managing Our Resources through Education kits are available for grades 9 through 12.

One student in South Dakota wrote, “Dear Black Hills Energy, I’m a student at the Newell School. I appreciate you giving us these Live Better tools. Thanks to you, I can now replace my light bulbs so thank you! Also, I love how you are encouraging little and big people to help improve their homes.”

Black Hills Energy is proud to help inspire the next generation with a passion for saving energy.

**Assumes annual electricity usage of 7,200 kWh (600 kWh per month) and annual natural gas usage of 78 Dth (6.5 Dth per month).
**DSM/Energy Efficiency programs are funded by a surcharge on customers’ bills depending on the conditions set forth by state public utilities commissions.*





SOCIAL IMPACT

We consider it a privilege to serve as an integral partner to our customers and communities, delivering safe and reliable energy to more than 1.33 million businesses and families across our expansive eight-state service territory. Our almost 3,000 employees work as one team, devoted to making a positive impact on the lives of our customers and in the communities we call home.

State	Percent of total employees
Arkansas	16.2%
Colorado	15.4%
Iowa	9.3%
Kansas	5.0%
Nebraska	12.6%
South Dakota	26.0%
Wyoming	14.7%
Other states	0.8%
TOTAL	100%



Our Team	As of December 31, 2022
Total employees	2,982
Gender diversity (women as a % of total employees)	25%
Women in executive leadership positions*	33%
Ethnic or racial diversity (non-white employees as a % of total)	14%
Military veterans	11%
Represented by a union	25%
Number of external hires	487
External hires gender diversity (as a % of total external hires)	30%
External hires ethnic or racial diversity (as a % of total external hires)	23%
Turnover rate**	13%
Retirement rate	3%

**Executive leadership positions are defined as positions with Vice President, Senior Vice President or Chief in their title.*

***Voluntary and involuntary separations, including retirements; excludes internships.*

DIVERSITY, EQUITY, INCLUSION AND BELONGING

We are committed to building a diverse workforce representative of the communities we serve and a culture of belonging for all. We recognize that each of our team members brings unique and valuable experiences, perspectives and talents to the organization. With our value of respect as our guiding force, we strive to actively engage all employees to foster a culture of belonging where every team member can bring the best of themselves to work and is enabled to reach their full potential while contributing to business outcomes.

Our diversity, equity and inclusion (DE&I) strategy centers on three pillars to strengthen our culture of belonging for all. Our goal is to have all employees feel a sense of comfort and connection and are empowered to contribute to business results.



Metrics and measures

Utilize metrics and measures to evaluate the impacts of our DE&I efforts on our workforce demographics and culture.



Structures and tools

Continuously evaluate and update our processes, policies, and systems to recruit and retain a diverse workforce.



Heads and hearts

Engage employees on both a professional and personal level to cultivate a culture of belonging.

Some of the ways we are working to build a more diverse workforce and strengthen our culture of belonging for all include:

- Building a talent strategy that attracts and retains talent representing multiple dimensions of diversity.
- Evaluating our internal systems and processes to support an equitable and inclusive experience for all people.
- Providing a variety of career development resources and tools for employees. These include tuition assistance, mentoring opportunities, book clubs and a college partnership program that allows employees to achieve college degrees at an advanced pace and/or discounted price.
- Hosting an annual diversity conference which provides opportunities for all employees to connect and focus on personal and professional development.
- Encouraging participation in employee resource groups (ERGs). Our ERGs are employee-led and encourage

connection and belonging for their members while also providing education and outreach to the organization.

- o **ACT**, cultivating a culture of belonging by accelerating growth, connecting employees and touching lives
- o **Aspire**, a women's resource group
- o **Analytics in Action**, a resource group for current and aspiring data and analytics professionals
- o **New Connections**, a resource group for new employees within their first year of service
- o **EDGE**, a resource group for racially/ethnically diverse employees
- o **The Project Management Interest Group**, a resource group for current and aspiring project management professionals
- o **The Veterans Engagement Team (VET)**, a resource group for military personnel and Veterans.



Aspire ERG conference

Diversity, equity and inclusion goals

Edison Electric Institute's (EEI) member companies have joined together to align their DEI and workforce development initiatives and are taking meaningful action to:

- Promote racial justice
- Advance DEI goals and diversify the workforce at all levels
- Provide more equitable access to employment opportunities for underrepresented and underserved members of their communities
- Create a workforce that is more representative and responsive to people of all backgrounds
- Take measurable actions that address the racial and gender gaps within the industry and accelerate the ability to reach and support those suffering from systemic racism, poverty and economic disadvantages.

As an EEI member, Black Hills Energy has committed to specific actions within EEI’s industry goals for diversity, equity and inclusion:

Industry goal:

Remove barriers to entry by expanding and broadening the pool of diverse candidates.

Black Hills Energy Action:

Diverse slates and panels

We piloted diverse candidate slates and diverse interview panels in 2022. Throughout the pilot, we achieved diverse candidate slates for 87% of externally posted positions and we utilized diverse interview panels for 97% of internally and externally posted positions. As a result of the pilot, representation of women and racially/ethnically diverse individuals increased at all stages of the hiring process. Achieving diverse candidate slates and diverse interview panels has been added to our 2023 annual incentive plan.

Eliminate biases and create a more inclusive work environment

To help attract, retain and develop diverse employees, we created additional Employee Resource Groups (ERGs) that provide support and development tools for diverse employees.

Our ERGs work to foster inclusion and belonging and provide programming (e.g., a company-sponsored development conference, mentoring circles, career development workshops, among others).

Our Worldview Exchanges program pairs senior leaders with members of our employee resource groups to engage in a series of conversations around inclusion and belonging. Through the program, participants have an opportunity to learn about different lived experiences and discuss opportunities to strengthen our culture of belonging.

In 2022, we also provided diversity training to our people leaders and included target participation metrics in our executive short term incentive plan. Our goal, which was achieved, was for 95% of employees at a manager level and above complete the interactive training and 100% of the senior management team participate in a reverse mentorship program or sponsor an employee resource group.

Reassess job requirements

We are continuously evaluating our job descriptions to identify and remove language that may be a barrier to diverse applicants and strive to create a stronger focus on transferable skills when evaluating candidates for all jobs.

Industry goal:

Ensure that diversity, equity, and inclusion are driven from the top.

Black Hills Energy action:

In support of our DEI efforts, our Chief HR Officer (CHRO) is responsible for creating and leading DEI strategy while working closely with our CEO, Senior Leadership Team and Black Hills Energy Board of Directors. The Compensation Committee of the Board of Directors has direct oversight of our DEI strategy. We also have a manager of diversity who provides dedicated direction and support in executing our “Diversity Roadmap.” Our roadmap outlines various strategies, objectives and actions to guide and strengthen our diversity efforts.

Health and Well-being	Work/Life	Retirement Planning
Medical, dental, vision plans for employees and dependents	Paid Time Off, company paid holidays, parental leave/adoption leave	401(k) and Roth 401 (k) retirement savings plans with company match up to 6%
Flexible spending accounts for health care and dependent care; Health Savings Account (HSA) for health care	Hybrid work option – work from home 2 days a week (depending on position)	401(k) Company retirement contribution, up to 9% of total eligible pay
Company-paid basic life and accident insurance	Life Cycle Leave – additional leave when experiencing a substantial life event	Defined benefit plan (closed to new entrants)
Voluntary employee supplemental life and accident insurance	Educational Assistance program	Retiree Medical Savings Account
Company-paid short-term disability program and long-term disability insurance	Energy in Motion safety and wellness programs	Pre-65 retiree medical
Voluntary long-term care insurance	On-site biometric screenings	Quarterly Ready2Retire webinars
Employee assistance work/life program	Virgin Pulse wellness program	

WORKPLACE PRACTICES

Our respect for human rights is ingrained in our values and impacts every aspect of our company. We abide by all laws and regulations and support the principles outlined in the United Nations' Universal Declaration of Human Rights. See our Human Rights Policy for more information.

Our unique talents and voices have and will continue to contribute to our success. We know that diverse teams and cultures deliver customer and shareholder value. Accordingly, we proactively and intentionally foster an environment that respects all people without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, ancestry, creed, disability, age, veteran status or any other protected class.

We are committed to a work environment that is free from all forms of harassment — including sexual harassment and bullying. Regardless of the form it may take, harassment is not acceptable and is not tolerated. This applies to all employees, applicants, vendors, contractors, clients and customers of the company. Our Harassment Prevention policy has been in place since 2010, and violations of this policy are handled in accordance with the company's disciplinary policies and procedures up to and including termination.

Employee recognition

Employee recognition is an important part of our culture at Black Hills Energy. We value the many contributions of our employees, and intentionally recognize our employees who are passionate about Improving Life with Energy. Some of the ways we recognize employees include:

- **Energ!ze**
Through our Energ!ze program, employees have the opportunity to recognize their co-workers for their efforts and accomplishments. The online platform enables an employee to

detail and share the reason for the recognition. Recognitions can also come with points that can be exchanged by the recipient for items from the online rewards catalog. Points rewards can be given peer-to-peer, and managers can give larger spot awards to recognize employees for going above and beyond.

- **Service Awards**
Our Service Awards celebrate employee service anniversaries and are provided to employees at five-year intervals beginning at five years of service. Managers receive a service award packet to use to recognize the important milestone. The presentation packet includes a congratulatory letter from our CEO, personalized acrylic service award and service anniversary gift catalog.
- **The CEO Summit Award**
The CEO Summit Award, our top recognition program, honors employees who stand out within our Black Hills Energy family and in their communities. The award supports and reinforces Black Hills Energy's vision, mission, values and standards and promotes teamwork.



SPOTLIGHT:

Creating a sense of belonging for all

As a manager of people and an Asian immigrant, Hang P. knows the value of a diverse workforce and the importance of company programs that enrich a culture of inclusion and belonging. Hang, an IT supervisor in Rapid City, South Dakota, joined Black Hills Energy in 2014 and is a board member of

our multicultural employee resource group, EDGE. As an EDGE board member, Hang works with the group to support employees from all backgrounds to empower them to connect, grow and find a sense of belonging in the company.

In 2021, Black Hills Energy advanced its diversity strategy through a program called Worldview Exchanges and introduced reverse mentorships, which paired senior leaders from across the organization with employee resource group leaders, like Hang, to facilitate two-way learning relationships and allow for open and honest conversations around the opportunities and challenges related to diversity, equity, inclusion and belonging at Black Hills Energy.

When Hang was approached to be a part of the program, she was eager for the opportunity to share her everyday experiences, viewpoints and challenges to help improve the company culture.

“The experience allowed me to have a voice in the program, and the company took what I had to say seriously,” said Hang. “Face-to-face, authentic conversations with senior leaders can be powerful – it allows them to gain a deeper understanding of another person's unique point of view, and that knowledge enables our company to make positive changes that will help attract and retain a diverse workforce and support our communities.”

Part of the process for mentors and mentees is to identify areas of excellence related to belonging in the workplace as well as areas where the company can improve. The chance to openly share feedback and ideas resulted in insights that helped influence positive organizational changes, including inclusion and belonging training for all people leaders and a diverse interview panel requirement in the recruitment process.

For Hang, the overall experience was impactful. “I've had great experiences at Black Hills Energy where employee resource groups help build a supportive environment for diverse employees and programs like Worldview Exchanges enrich our culture of inclusion and belonging,” added Hang.

WORKPLACE PRACTICES

Employee engagement

We're dedicated to creating an exceptional employee experience and creating a culture where all individuals can thrive. As part of this commitment, we conduct quarterly employee pulse surveys to understand what our employees believe is working and where we can continuously improve. Additionally, we conduct regular employee engagement surveys every two years and have maintained strong scores in both safety and employee engagement, as well as employee participation rates at or exceeding 85%.

Benefits and awards

We offer our employees a Total Rewards package that recognizes contributions to our business. We provide market-competitive pay and comprehensive benefits to help attract and retain employees and support them in taking care of the things that are important to them and their families.

Training & Development

We are heavily invested in the ongoing education of our employees. All full time and part time employees have access to a variety of training courses through BHYOU, our internal online training platform, which covers a wide range of topics including utility specific training, management preparation courses, safety and many more. Additionally, our employee resource groups regularly host career discussions, book clubs and other development opportunities open to all employees.

We also provide training for our management level employees including our Management Essentials Program, which is a 12-month program and equips people leaders to manage people, processes and performance. After the completion of the Management Essentials program, leaders then participate in our

12-month Leading People Program, which focuses on increasing leadership acumen along with developing greater enterprise and utility knowledge.

Beyond these internal platforms, programs and training opportunities, we also provide \$5,250 each year in tuition reimbursement for qualifying continuing education. This reimbursement program can be used at all qualifying universities. We also partner with Nebraska's Bellevue

University, Colorado State University Global and the University of Arkansas Grantham, which all provide additional benefits to our employees seeking higher education. All of our partner universities are geared toward non-traditional and adult learners who are working full-time and offer benefits such as flexible scheduling, financial aid and, in some cases, the recognition of work experience for credit. These partnerships make it easier for employees to obtain or complete a college degree faster and more affordably than they could on their own.



SAFETY

Employee safety and wellness

Safety is one of our company values, a top priority in all we do and deeply embedded in our company culture. This requires persistent, daily attention in everything we do. Every meeting of three or more employees begins with a safety share, a practice that contributes to keeping safety in mind. In 2022, our Occupational Safety and Health Administration (OSHA) Total Incident Case Rate (incidents per 200,000 hours worked) was 1.39 placing us within the second quartile of American Gas Association (AGA) peer utilities. Compared to 2021, we also achieved a 13% reduction in lost workdays in 2022. Our Preventable Motor Vehicle Incident Rate (vehicle accidents per 1,000,000 miles driven) was 1.33 in 2022, a top quartile achievement among AGA utility peers. We are also leading the way in the industry by encouraging employees to report injuries within one day, achieving reporting timeliness 17% above the utility average.

Employee safety training

Our safety training is delivered through in-person instructor led and online learning management system that tracks completion status and completion dates. Training occurs throughout the year, frequently driven by required regulations and assessed needs. All online safety training is available in several languages.

All safety training is provided at no cost to our employees and may be completed during working hours. We evaluate the effectiveness of our training using several methods, including:

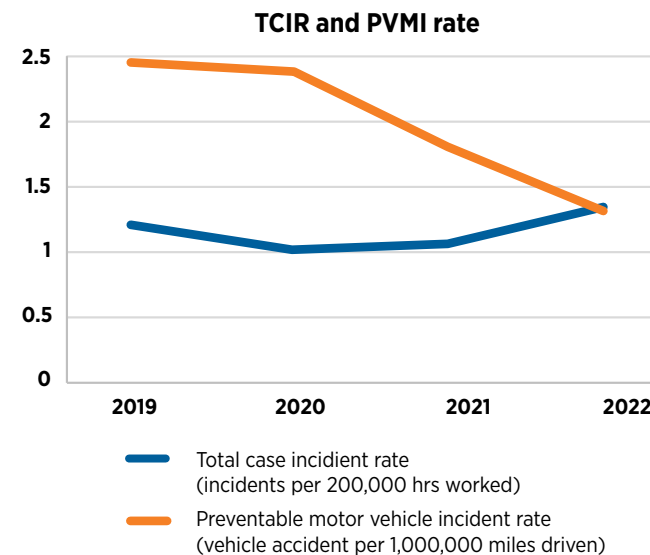
Audits and inspections:

We perform field audits to assess the effectiveness of online training. For example, our online ladder training discusses the size and type of ladder required. During a field audit, we look

specifically at ladders to see if the ones being used are the right type, capacity, properly labeled, and under proper use. We then take the audit findings, compile them and evaluate them to determine if our training is effective.

Personal and motor vehicles incidents:

To determine the cause and implement corrective action. We compare those findings to understand if our training covered the issue and assess the effectiveness of the training.



Required annual safety training for new employees:

- Decision Driving Principles Module 1: Expand Your Look Ahead Capacity
- Decision Driving Principles Module 2: Sizing Up the Whole Scene
- Decision Driving Principles Module 3: Signal Your Intentions Early

- Decision Driving Principles Module 4: Plan An Escape Route
- Decision Driving Principles Module 5: Take Decisive Action

Required annual safety training for all employees:

- Access to Employee Medical and Exposure Records
- Bloodborne Pathogen Awareness - Refresher
- Emergency Action Plan Site Specific Acknowledgment
- Fire Extinguisher/Safety Principles - Refresher
- Incident Intervention with WorkCare

Required annual safety training for field employees:

Field employees are assigned additional required training based on role. For example, an electric lineperson is required to complete the following additional safety training:

- Compressed gas safety
- Lockout and tagout guidelines
- Electric safety
- Confined spaces
- Trenching and excavation safety
- Scaffolding and ladder Safety

Safety in our communities

Our safety culture extends beyond our buildings and into our communities. In 2022, we conducted 247 public safety trainings for first responders and excavators, intensified our commitment to preventing damage to our facilities via expanded awareness messaging, and communicated with every landowner who lives, works or plays along our system regarding how to stay safe around overhead and underground electric and natural gas lines.

Black Hills Energy also conducts large-scale emergency response drills to help guarantee we are ready to serve our communities in the event of natural disasters or other times of need.

CARING FOR OUR COMMUNITIES

Serving more than 1.33 million natural gas and electric utility customers in 825 communities across eight states, our direct economic impact included charitable giving, compensation for almost 3,000 employees, franchise fees, payments to suppliers, and property, sales and use taxes paid to our communities.



\$6.1 MILLION
CHARITABLE GIVING

Included contributions and sponsorships to nonprofits, chambers and economic development organizations, United Way, energy assistance, in-kind donations, scholarships and investments in trees.



\$1.6 MILLION
ECONOMIC DEVELOPMENT

Aided economic development organizations and chambers of commerce working to strengthen communities.



\$760,000
ENERGY ASSISTANCE

Raised for our energy assistance program, Black Hills Cares, that helped over 4,600 families in need.



\$203,000
IN-KIND OR OTHER DONATIONS

Supported community projects by sharing our unique skills and energy.



34,000+
VOLUNTEER HOURS

Shared by more than 760 employees with over 930 community organizations totaling over \$900,000 in volunteer hours.



\$1.7 MILLION
CONTRIBUTIONS & SPONSORSHIPS

Invested by our state utilities and the Black Hills Corp. Foundation in the great work of hundreds of worthy local organizations and nonprofits.



\$757,000
UNITED WAY PLEDGES

Benefited more than 45 United Ways across our eight states including over \$650,000 in employee pledges plus a 25% match from Black Hills Corp. Foundation.



1,355
TREES PLANTED

Which will grow to filter over 9.8 million gallons of storm water and avoid or sequester over 3.4 million pounds of carbon.



29,000+
CUSTOMERS SAVED ENERGY

By participating in energy efficiency programs and benefiting from energy savings.



10,700
FIRST RESPONDERS & EXCAVATORS

Trained on emergency response and safe digging practices so everyone knows safety is our top priority and the rules around 811.

Employee involvement

Each year, our employees give generously of their time and talents to support community organizations and nonprofits across our service territory. This support includes personal contributions to the United Way through monthly payroll donations and one-time gifts. In 2022, 40% of our workforce participated in the company’s annual United Way campaign, contributing at least their Fair Share (one hour of pay per month) for a total of almost \$604,500. Combined with a 25% matching gift by the Foundation, 2022 giving to the United Way totaled over \$757,000. In addition, more than 760 employees volunteered over 34,000 hours of their time, including nonprofit board service, mentoring to students in STEM education, coaching youth sports teams, and countless service projects. Sharing their time and energy, our employees donated more than a \$900,000 value of their time in support of 930 community organizations.



Ambassador program

The Ambassador program is a corporate initiative that began in 2008, providing more than 100 employees opportunities to serve and lead. Ambassadors serve as positive representatives of our company in both internal and external settings, connecting with people on a personal and relevant level, the essence of a grassroots program. Ambassadors are nominated and selected to serve two-year terms that involve volunteering, coordinating initiatives at a local level and participating in key community events. Ambassadors live in every state in our service area and help represent Black Hills Energy in community engagement.

Community engagement

In addition to volunteerism by both our ambassadors and employees, we also regularly engage with our customers and communities. Our community affairs team leads this engagement and is embedded within each state of our service area. Each state has a formal community engagement plan, unique to the makeup and needs of that area. Multiple tools are used for engagement, both formal and informal, including citizen advisory councils, community technician programs, periodic surveys of elected officials and direct community outreach.

In advance of and during construction projects that may impact stakeholders, we conduct outreach as part of the project plan. Depending on the project, community engagement surrounding a project may entail:

- Open houses for landowners, the general public and affected neighbors
- Media relations/news releases
- Dedicated project website
- Tours of the project site with local leaders, elected officials or regulators
- Comprehensive communications with landowners
- Outreach to/coordination with businesses to reduce traffic and access issues
- Signage along the route to notify area residents
- Paid advertising

Supporting our communities and neighbors

We are committed to improving the communities in which we live and work. In 2022, our community support totaled \$6.1 million, including \$1.6 million in support to hometown charities and nearly \$1.7 million to support economic development organizations working to strengthen our communities.

It also includes \$604,500 in employee gifts to more than 50 United Way organizations across our service territory, which were matched at 25% by our corporate foundation. Employees also gave \$380,000 to Black Hills Cares, our energy assistance program, which we matched dollar-for-dollar.

In 2022, our Black Hills Cares program provided critical energy assistance funding to more than 4,600 families. In the past 15 years, Black Hills Cares provided nearly \$8.4 million in customer, employee and company donations to those in need.

Community Giving Areas	2022
Black Hills Cares/Energy Assistance	760,000
Contributions & Sponsorships*	1,713,000
In-Kind or Other Donations	203,000
Economic Development/ Chamber Sponsorships	1,670,000
United Way Contributions	758,000
Energy Saving Trees/ Power of Trees	84,000
Volunteerism value	905,000
TOTAL	\$6,093,000

**Contributions include charitable giving funded by our state utility budgets and corporate foundation.*

Tree planting

Planting a tree today is an investment in tomorrow, not only for a healthy environment but also for energy and cost savings. In 2022, we helped our customers plant 1,355 trees across our service territory through tree giveaway programs administered through the Power of Trees program in Iowa and the Arbor Day Foundation’s Energy Saving Trees program in Arkansas, Colorado, Kansas, Iowa, Nebraska, South Dakota and Wyoming.

Black Hills Cares

Making ends meet can be a concern for many families, and last year was made even more difficult with raising inflation and a challenging economic time. Whether due to an emergency expense, job loss or any other hardship, our energy assistance program, Black Hills Cares, is ready to help our customers who are struggling to pay for their basic needs.

Last year, Black Hills Cares provided critical energy assistance to almost 4,600 families through partnerships with two dozen agencies throughout our service territory. We match our customers' and employees' contributions to Black Hills Cares dollar-for-dollar, raising a total of almost \$760,000 last year.

In the past 15 years, Black Hills Cares has provided almost \$8.4 million in customer, employee and company donations to provide energy assistance for those in need.



Black Hills Corp. Foundation

The Black Hills Corp. Foundation was established in 2001 to support community organizations across our service territory. Since that time, the Foundation has provided \$7.8 million in funding for long-lasting, “brick-and-mortar” and other community legacy projects. Foundation grants are awarded in the following focus areas: Helping People, Responsible Energy & Environmental Stewardship, Strong Communities, and Workforce/Education. In 2022, the Black Hills Corp. Foundation approved \$640,000 in gifts to qualifying nonprofits across our states.

To apply for an event sponsorship and donation from our state utilities or the Black Hills Corp. Foundation, [click here](#).

Learn more about all our 2022 community efforts at www.blackhillsenergy.com/community-impact.

SPOTLIGHT:

Building a dream in Nebraska

Black Hills Energy Gas Operations Supervisor Danny W. is a Columbus, Nebraska, Habitat for Humanity board member and avid supporter of community building through access to affordable housing. Last year, he championed a substantial in-kind donation of \$77,400 from Black Hills Energy for Habitat Humanity's New Hope 2 subdivision. The donation included running gas lines in addition to supplying new gas furnaces and water heaters for homes in the development.

Danny was part of a team of ten Black Hills Energy employees from the Columbus office who partnered with Habitat for Humanity to help bring the dream of homeownership to life for single mother Kelly.

A Columbus native, Kelly grew up in a trailer park and says she never had a stable “forever” home. However, Kelly and her children now have a safe and affordable house to call their own – thanks in part to our team who helped build Kelly's 1,200-square-foot home in the New Hope 2 division late last summer.

“When I told the kids we were getting a home, the first thing my son asked was if he could get a dog finally. He is so excited to be able to ride his bike along our street,” Kelly said. “To be able to say the home is actually ours is something I never thought would be possible. I'm so grateful.”

“Having a safe, affordable home of your own is something we all deserve,” Danny said. “The truth is though, it's not always possible for a lot of people -- especially now with home prices increasing so drastically. Habitat for Humanity helps to create beautiful houses that individuals can be proud to call home and makes the dream of home ownership attainable through business partnerships and requiring some sweat equity from the homeowner. Partnering with this great organization just makes sense.”





SUSTAINABLE GROWTH

Our social impact adds economic value within our local communities. We play a critical role in the ecosystem of our communities by providing jobs and benefits to our employees, paying taxes, community giving and purchasing goods and services to maintain and upgrade our vast network of electric and natural gas system infrastructure. In 2022, our direct economic impact was estimated at \$1.36 billion.

Direct Economic Impact Summary	2022 (in thousands)
City franchise fees ¹	\$42,068
Charitable Impact	\$5,284
Employee compensation (wages and benefits ²)	\$374,628
Payments to suppliers (total spend)	\$758,379
Property taxes	\$58,761
Sales tax ³	\$103,742
Use tax	\$1,366
Excise tax	\$103
Coal tax	\$18,246
TOTAL	\$1,362,577

Supply chain and diversity

Every day, we strive to improve life with energy by strengthening our communities through growth and development opportunities. Realizing this goal means building strong partnerships with diverse businesses.

In 2022, we spent approximately \$758 million of direct spend with suppliers to support our utility operations and better serve our customers. Of that spend, 37% was completed with businesses within our eight-state service territory. We also remain committed to supporting the small and diverse local businesses in our communities. In 2022, our spend with small businesses, women and minority-owned businesses and other diverse suppliers represented 15% of our total dollars spent.

Black Hills Corporation is committed to safety, diversity, environmental leadership, social responsibility and ethical business practices. These fundamental values guide how the decisions we make today are the right decisions for tomorrow. We expect our suppliers of goods and services to adhere to these fundamental values and apply them to how they do business. Our [Supplier Code of Conduct](#) describes our expectations in more detail.

Financial performance

We marked 139 years of delivering energy to customers in 2022, a testament to our long-term strategy and financial strength. Sustaining Black Hills Energy into the future requires solid financial performance to provide the necessary capital to invest in our customers and communities. Our financial results in 2022 reflected our ongoing investments to better serve our customers and support their increased demand for energy.

For 2022, we reported earnings per share of \$3.97. Results were driven by disciplined cost management, fair returns on invested capital and ongoing customer growth. We were proud to provide safe and reliable service to our customers through Winter Storm Elliot in December 2022. Our solid financial position allowed us to successfully carry the financial burden from that storm, on behalf of customers, as we set in place recovery plans and gained approval from regulators for those plans.

Success in serving the growing needs of our customers requires consistent investment and a forward-thinking operational team. In 2022, we deployed \$598 million of capital primarily for safety and resiliency and to meet ongoing customer growth. Maintaining that focus, we are forecasting capital investments of \$3.5 billion over the next five years. We are balancing investment needs against strengthening our balance sheet and customer costs, particularly in the current inflationary environment. In striking that balance, we are projecting capital investment of approximately \$600 million for 2023, while continuing to focus on financial discipline and placing an intentional emphasis on fostering our continuous improvement culture.

We completed 52 consecutive years of dividend increases, one of the longest dividend increase track records in the natural gas and electric utility sector. In this time, we increased our dividend by \$0.12 to \$2.41 per share and averaged an increase of 5.9% annually over the last five years. This remarkable consistency speaks to the leadership, vision and perseverance of our company. We are equally proud that the company has paid dividends to our shareholders every year since 1942, or 80 years, another illustration of our resiliency and commitment to creating sustainable value for our shareholders.

1. Payments made to local governments for use of public rights-of-way.

2. Benefits include employer contributions for Health and Welfare benefits as well as 401(k) and retirement contributions.

3. Depending on state and local laws, we are required to collect sales tax from customers on taxable sales of goods and services. We also pay taxes on certain purchases made by Black Hills Energy that have not been previously taxed by the vendor or service provider

Capital investment

Our team successfully executed our customer-focused capital investment program, prudently deploying \$598 million in 2022 to improve the safety, reliability and resiliency of our extensive electric and natural gas infrastructure systems, while also expanding our renewable energy offerings. Our long-term, programmatic approach to planning and prioritizing resources forecasts capital investments of more than \$3.5 billion, in 2023 through 2027, to further enhance the safety and reliability of our infrastructure and meet our customers’ growing energy needs.



[Read the 2022 Annual Report to learn more.](#)

Base Capital Investment by Segment and Recovery (in millions)

	2022A	2023F	2024F	2025F	2026F	2027F	2023-2027F
Minimal Lag Capital - Electric Utilities ¹	\$17	\$6	\$47	\$64	\$28	\$18	\$161
Rider Eligible Capital - Electric Utilities ²	89	88	180	127	30	27	452
Growth Capital - Electric Utilities ³	22	18	19	15	16	17	85
Other	115	100	102	62	110	101	476
Electric Utilities	\$243	\$212	\$348	\$268	\$184	\$163	\$1,175
Minimal Lag Capital - Gas Utilities ¹	51	60	130	141	84	40	455
Rider Eligible Capital - Gas Utilities ²	140	141	150	139	133	152	714
Growth Capital - Gas Utilities ³	85	119	122	109	114	113	576
Other	73	66	50	24	63	140	342
Gas Utilities	\$349	\$386	\$452	\$412	\$393	\$444	\$2,088
Total Utilities	\$592	\$598	\$800	\$680	\$577	\$607	\$3,263
Corporate	5	17	19	20	19	18	93
Incremental Projects ⁴	0	0	0	0	104	75	179
Total Black Hills Forecast	\$598	\$615	\$819	\$700	\$700	\$700	\$3,535

¹ Minimal Lag Capital - investment with regulatory lag of less than one year or incurred during expected regulatory test periods

² Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets minimal lag capital definition.

³ Growth Capital - generates immediate revenue on customer connections.

⁴ Incremental projects being evaluated for timing, cost, and other factors. Expecting total investment of \$600+ million annually, or \$3+ billion 2021-2025

CAPITAL INVESTMENT



CORPORATE GOVERNANCE

Sustainability begins at the highest levels in Black Hills Energy, with oversight from our board of directors and full support from our CEO and ESG Steering Committee. Our commitment to sustainability is integrated throughout the company with guidance from a cross-functional sustainability strategy team.

We believe that strong governance lays the groundwork for sustainable success and provides the foundation for constructive management and strategic oversight. It also supports a rigorous culture of compliance and accountability.

Business conduct

Our corporate compliance and ethics programs provide the foundation for our business conduct, essential for earning the trust of our customers and communities, our regulators and shareholders, and our employees. We hold ourselves accountable for complying with all company policies, state and federal laws, and the rules and regulations that govern our industry. To facilitate this compliance, employees at all levels of our company, along with contract workers and vendors, are expected to complete annual training on — and adhere to — our [Code of Business Conduct](#).

Human rights

Our respect for human rights is reflected in our corporate values. We support the principles outlined in the United Nations Universal Declaration of Human Rights. Our [Human Rights Policy](#) outlines support for standards including ethical and lawful practices concerning human rights, diversity, nondiscrimination and harassment, labor standards, collective bargaining and supplier relationships.

Ethics Helpline

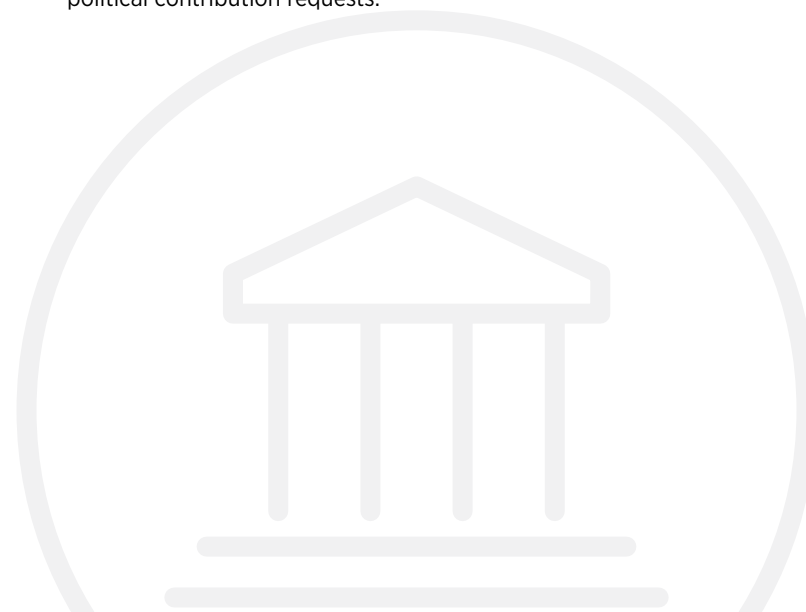
We strive to provide a workplace environment where employees feel comfortable asking questions or voicing concerns without fear of retaliation. To support this culture, we provide a dedicated and confidential Ethics Helpline that is available 24 hours a day, seven days a week. This service is available to all employees, as well as to anyone outside the company, to report actual or suspected ethical or illegal misconduct. The Ethics Helpline is managed by an independent, third-party operator and all reports are promptly investigated. Our ethics program is reviewed both internally and externally on a regular basis and employee understanding of the program is periodically assessed.

Political contributions

The Company stays informed of public policy issues that impact our business and engages in related processes. Federal, state and local laws govern corporate policy and political activities. The Company follows all federal, state and local laws, rules and regulations related to policy development and the political process.

As with all corporations, Black Hills Corporation is prohibited from contributing directly or indirectly in support of political candidates for elective federal offices in the United States. Additionally, the Company does not make direct contributions to candidates for state or local-level offices.

The employee-supported and governed Black Hills Corporation Political Action Committee (PAC) allows employees to engage voluntarily in the political process and in accordance with all federal, state and local laws. The PAC's board, which is comprised of employee representatives from across the company, is responsible for reviewing and approving state and federal political contribution requests.



LEADERSHIP AND COMPANY OVERSIGHT

Board of directors

The members of our board of directors have a fiduciary responsibility to act in the best interests of Black Hills Corp. and its shareholders. The board operates according to best practice principles outlined in the “Corporate Governance Guidelines of the Board of Directors.” These principles lay the foundation for the board’s oversight responsibilities.

Our corporate governance structure promotes a strong, independent board of directors composed of diverse individuals whose backgrounds, abilities, commitment and expertise combine to provide strong oversight for the company.

Board leadership

The board does not have a position regarding whether the roles of Chairman and CEO should be separate or combined. The board can choose the leadership structure it feels best represents the interests of the company and its shareholders. When the Chairman and CEO roles are combined, the board shall appoint one of its independent directors to be the lead director. The board believes that having separate positions and having an independent director serve as Chairman is currently the appropriate leadership structure of the company.

Board composition

The bylaws of Black Hills Corp. authorize the oversight of the company through a board of no less than nine members, with discretion to increase its size. As of March 17, 2023, our board was composed of 10 directors, nine of whom are considered independent within the listing standards of the New York Stock Exchange. The CEO is an inside director and is not deemed independent.

Our collaborative culture encourages differing views and perspectives, and we strive to create an inclusive environment at Black Hills Corp., starting with the composition of our board of directors. We intentionally recruit individuals diverse in

race, gender and background, and seek diversity in both the prospective director pool and interview panel. Consistent application of these practices has made us a leader among our peers for the diversity of our board, with over one-third of board seats currently held by gender or racially diverse directors.

In 2022 the composition of our board was as follows:

- Gender diversity: 30%
- Racial or ethnic diversity: 10%
- Average age: 63.2
- Average tenure: 6.4 years

For information on our current board of directors, [click here](#).

Board responsibilities

To support effective management oversight of the critical issues related to financial and operating plans, long-range strategic issues, enterprise risk and corporate integrity, only independent board members serve on our board committees. The board has three committees to help execute its responsibilities:

- Audit committee
- Compensation committee
- Governance committee

A full description of committee responsibilities can be found in our committee [charters](#) and in our proxy statement. Notably, the board oversees ESG, and the governance committee oversees the reporting framework we use to track and monitor ESG progress. The compensation committee provides oversight of the company’s diversity and inclusion. Our audit committee oversees financial risk and the process used to monitor compliance with our [Code of Business Conduct](#). More information about our directors, governance documents and committee charters can be found at ir.blackhillscorp.com.

Executive compensation

Our board’s compensation committee has an executive compensation philosophy that provides the foundation for our executive compensation program. The philosophy states that the program should be market-based and maintain an appropriate and competitive balance between fixed and variable pay, short-term and long-term compensation and cash and stock-based compensation.

Company financial, safety and employee wellness goals are used as measures to determine incentive programs. Additional information on our performance in these areas is included later in this report. At our 2023 annual meeting, our 2022 executive compensation program received a 97% favorable vote from shareholders.

Executive compensation program overall goals

- ☒ Attract motivate and retain highly talented professionals
- ☒ Drive long-term success
- ☒ Encourage operational excellence
- ☒ Provide safe, reliable products and services
- ☒ Invest wisely for present and future shareholder returns

Access to shareholders

All shareholders have the ability to nominate a candidate for our board of directors and all candidates are given equal consideration, without regard for the nominating party. Additionally, all shareholders have the opportunity to submit a proposal to be included in our proxy materials.

RISK MANAGEMENT AND COMPLIANCE

Risk management

Our enterprise risk management program is designed to identify, report and manage all forms of relevant risk and opportunity. Managing all areas of risk, including ESG, cybersecurity, compliance, human resources, operational, regulatory, financial and reputational risks, are embedded into business processes and key decision making at all levels of the company. Our enterprise risk management program includes regular discussion and reporting to our Senior Leadership Team and quarterly reporting to our board of directors.

Cybersecurity

Black Hills Energy applies industry-standard security frameworks in our Corporate and Industrial Control System (ICS) environments as part of our commitment to the delivery of safe and reliable energy to our customers. We apply a standard of continuous improvement to cybersecurity, with ongoing employee training, education and system enhancements. Security assessments are regularly conducted through internal threat hunting as well as external penetration testing. The company is subject to regular compliance audits, which are conducted by outside audit firms (for SOX) and regulatory bodies, including North American Electric Reliability Corporation (NERC) and Transportation Security Administration (TSA). We incorporate government and industry-related security intelligence sources and actively participate in industry peer groups such as Edison Electric Institute (EEI), American Gas Association (AGA) and Cybersecurity and Infrastructure Security Agency (CISA). Our Chief Information Officer provides quarterly reports to the board of directors.

Black Hills Energy is also a member of the Cybersecurity Risk Information Sharing Program (CRISP), a partnership with energy providers and the U.S. Department of Energy. As a voluntary participant in the CRISP program, we share threat information that could potentially detect and prevent cyber threats directed at Black Hills Energy and other utilities. Black Hills Energy

also participates in several public-private information sharing agreements with the DOE, CISA, and FBI as well as other private sources.

At Black Hills Energy, each employee plays a role in security and our overall culture of security and security awareness is embedded in our safety culture. Internal phishing drills are conducted monthly, and results show Black Hills Energy scores significantly better than industry benchmarks.

Reliability and operational continuity

Reliability and operational continuity are critical to us and those we serve. We evaluate our systems to identify opportunities to support a safe culture. We also routinely test our systems and conduct tabletop drills and large event mock exercises to identify gaps in our response plans and enhance operating procedures.

Environmental

Our environmental policy outlines our commitment to protecting our natural resources and applies to our suppliers, vendors and contractors, as well as our company. Our comprehensive environmental management system (EMS) is used to track performance and compliance with all applicable state and federal regulations. Our EMS undergoes regular internal and external audits. Our last external audit found that our EMS follows the ISO 14001 requirements.

Regulatory

Our culture of compliance extends to the North American Electric Reliability Corporation (NERC), Western Electricity Coordinating Council (WECC) and Midwest Reliability Organization (MRO) regulatory bodies. We have a history of early adoption of major NERC regulatory changes and strive to self-identify, assess and correct issues. Our goal is an integrity-driven approach that seeks to build trust with our regulators.

Pipeline safety management system

In 2018, we voluntarily began the journey to implement a Pipeline Safety Management System (PSMS). As outlined by API Recommended Practice 1173, a PSMS quantitatively assesses risk to feed into a process to make better decisions. The process approach allows for a deliberate and systematic way of managing interrelated processes and resources leading to consistency, effectiveness and efficiency, while also allowing for identification of areas for improvement, ultimately resulting in the reduction of risk. Black Hills Energy uses the 10 elements of the PSMS to comprehensively manage the many aspects of pipeline safety.

PSMS is an extension of our values and as public stewards and a prudent operator of natural gas pipelines, implementing a management system is the right thing to do for our coworkers, customers and communities. In addition to improving the consistency, effectiveness, and efficiency of existing processes and resources, the PSMS is intended to help anticipate problems and proactively solve them before they occur, to be prepared to respond if problems do occur, and to help us learn from events that have happened across the industry to prevent recurrence.



Safety

We commit to live and work safely every day.

APPENDIX

NON-GAAP RECONCILIATION

Use of NON-GAAP measures Limitations on the use of NON-GAAP measures

Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP financial measures should not be construed as an inference that our future results will not be affected by unusual, non-routine or non-recurring items.

Non-GAAP measures should be used in addition to, and in conjunction with, results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. Our non-GAAP measures reflect an additional way of viewing our operations that we believe, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not rely on a single financial measure.

Earnings and earnings from continuing operations per share, as adjusted

Earnings per share from continuing operations available for common stock, as adjusted, and earnings from continuing operations, per share, as adjusted, are Non-GAAP financial measures. Earnings per share, as adjusted, and earnings from continuing operations available for common stock, per share, as adjusted, are defined as GAAP Earnings per share and GAAP

earnings from continuing operations, adjusted for expenses, gains and losses that the Company believes do not reflect the Company's core operating performance. Examples of these types of adjustments may include one-time non-budgeted events, impairment of assets, acquisition and disposition costs, and other adjustments noted in the earnings reconciliation table below. The Company is not able to provide a forward-looking quantitative GAAP to Non-GAAP reconciliation for this financial measure because we do not know the unplanned or unique events that may occur later during the year.

Annual Earnings, as adjusted (in millions)


	2017	2018	2019	2020	2021	2022
Net income (loss) available for common stock (GAAP)	\$177.0	\$258.4	\$199.3	\$227.6	\$236.7	\$258.4
Loss from discontinued operations (GAAP)	17.1	6.9	-	-	-	-
Net income from continuing operations available for common stock (GAAP)	194.1	265.3	199.3	227.6	236.7	258.4
Adjustments (after tax)						
Acquisition/integration costs	2.8	-	-	-	-	-
Tax reform and other tax items	(11.7)	4.0	-	-	-	-
Legal restructuring - income tax benefit	-	(72.8)	-	-	-	-
Impairment of investment	-	-	15.2	5.3	-	-
Rounding	0.1	-	-	-	-	-
Total Non-GAAP adjustments	(8.8)	(68.8)	15.2	5.3	-	-
Net income from continuing operations available for common stock, as adjusted (Non-GAAP)	\$185.3	\$196.5	\$214.5	\$232.9	\$236.7	\$258.4



Electric Company ESG/Sustainability Quantitative Information

Parent Company: Black Hills Corporation
Operating Company(s): Black Hills Colorado Electric, LLC (d/b/a Black Hills Energy), Black Hills Power, Inc. (d/b/a Black Hills Energy), Cheyenne Light, Fuel and Power Company (d/b/a Black Hills Energy), Black Hills Colorado IPP, LLC, Black Hills Colorado Wind, LLC, Black Hills Electric Generation, LLC, Black Hills Wyoming, LLC, North Iowa Windpower LLC
Business Type(s): Vertically Integrated
State(s) of Operation: Colorado, South Dakota, Wyoming
State(s) with RPS Programs: Colorado
Regulatory Environment: Regulated and Non-Regulated
Report Date: 30-Jun-2023

Ref. No.		Baseline 2005	Last Year 2021	Current Year 2022	Comments, Links, Additional Information, and Notes
Portfolio					
1	Owned Nameplate Generation Capacity at end of year (MW)				
1.1	Coal	363	395	395	2005 coal capacity corrected from previous EEI disclosure to align with 10K reporting.
1.2	Natural Gas	109	660	660	
	Natural Gas / Oil	100	100	100	Reported capacity values align with our 10K. Dual fuel sources have been separated out to reflect operational capacity.
1.3	Nuclear	0	0	0	
1.4	Petroleum	40	38	38	
1.5	Total Renewable Energy Resources	0	289	289	
1.5.1	Biomass/Biogas	0	0	0	
1.5.2	Geothermal	0	0	0	
1.5.3	Hydroelectric	0	0	0	
1.5.4	Solar	0	0	0	
1.5.5	Wind	0	289	289	
1.6	Other	0	0	0	
Use the data organizer on the left (i.e., the plus/minus symbol) to open/close the alternative generation reporting options					
2	Net Generation for the data year (MWh)				
2.1	Coal	2,563,770	2,439,266	2,633,550	Net Generation and emissions adjusted for % equity of jointly owned sources. Includes 49.9% third party ownership of Black Hills Colorado IPP reported as non-controlling interest.
2.2	Natural Gas	42,469	1,726,051	1,453,145	
2.3	Nuclear	0	0	0	
2.4	Petroleum	4,551	1,087	0	
2.5	Total Renewable Energy Resources	0	843,722	875,664	
2.5.1	Biomass/Biogas	0	0	0	
2.5.2	Geothermal	0	0	0	
2.5.3	Hydroelectric	0	0	0	
2.5.4	Solar	0	0	0	
2.5.5	Wind	0	843,722	875,664	
2.6	Other	3,827,200	2,797,907	2,407,804	"Other" includes market purchased power and PPAs. Purchased power data excludes intercompany purchases between Black Hills Corporation's regulated and nonregulated utilities, to avoid double counting MWh and emissions.
Use the data organizer on the left (i.e., the plus/minus symbol) to open/close the alternative generation reporting options					
3	Capital Expenditures and Energy Efficiency (EE)				
3.1	Total Annual Capital Expenditures (nominal dollars)	Not available	\$ 680M	\$ 598M	
3.2	Incremental Annual Electricity Savings from EE Measures (MWh)	Not available	16,640	16,776	
3.3	Incremental Annual Investment in Electric EE Programs (nominal dollars)	Not available	\$ 6,424,996	\$ 6,731,578	
4	Retail Electric Customer Count (at end of year)				
4.1	Commercial	25,745	31,336	31,428	
4.2	Industrial	142	81	82	
4.3	Residential	165,483	186,852	188,921	
Emissions					
5	GHG Emissions: Carbon Dioxide (CO2) and Carbon Dioxide Equivalent (CO2e) Note: The alternatives available below are intended to provide flexibility in reporting GHG emissions, and should be used to the extent appropriate for each company.				
5.1	Owned Generation (1) (2) (3)				Regional purchased power emission factors published by the EPA increased from 2021 to 2022 across all regions reported by Black Hills Corporation.
5.1.1	Carbon Dioxide (CO2)				
5.1.1.1	Total Owned Generation CO2 Emissions (MT)	3,242,959	3,760,434	3,876,567	
5.1.1.2	Total Owned Generation CO2 Emissions Intensity (MT/Net MWh)	1.24	0.75	0.78	
5.1.2	Carbon Dioxide Equivalent (CO2e)				
5.1.2.1	Total Owned Generation CO2e Emissions (MT)	3,268,807	3,777,795	3,902,289	
5.1.2.2	Total Owned Generation CO2e Emissions Intensity (MT/Net MWh)	1.25	0.75	0.79	
5.2	Purchased Power (4)				
5.2.1	Carbon Dioxide (CO2)				
5.2.1.1	Total Purchased Generation CO2 Emissions (MT)	3,105,206	1,251,608	1,068,248	
5.2.1.2	Total Purchased Generation CO2 Emissions Intensity (MT/Net MWh)	0.81	0.45	0.44	
5.2.2	Carbon Dioxide Equivalent (CO2e)				
5.2.2.1	Total Purchased Generation CO2e Emissions (MT)	3,120,701	1,259,801	1,075,541	
5.2.2.2	Total Purchased Generation CO2e Emissions Intensity (MT/Net MWh)	0.82	0.45	0.45	
5.3	Owned Generation + Purchased Power				
5.3.1	Carbon Dioxide (CO2)				
5.3.1.1	Total Owned + Purchased Generation CO2 Emissions (MT)	6,348,165	5,012,042	4,944,816	
5.3.1.2	Total Owned + Purchased Generation CO2 Emissions Intensity (MT/Net MWh)	0.99	0.64	0.67	
5.3.2	Carbon Dioxide Equivalent (CO2e)				
5.3.2.1	Total Owned + Purchased Generation CO2e Emissions (MT)	6,389,508	5,037,595	4,977,830	
5.3.2.2	Total Owned + Purchased Generation CO2e Emissions Intensity (MT/Net MWh)	0.99	0.65	0.68	
5.4	Non-Generation CO2e Emissions of Sulfur Hexafluoride (SF6) (5)				Current (2021 and 2022) Hg emissions include only units that use performance-based measurement and are applicable to the EPA Mercury and Air Toxics Standard (MATS).
5.4.1	Total CO2e emissions of SF6 (MT)	Not applicable	Not applicable	3,541	
5.4.2	Leak rate of CO2e emissions of SF6 (MT/Net MWh)	Not applicable	Not applicable	0.000714	
6	Nitrogen Oxide (NOx), Sulfur Dioxide (SO2), Mercury (Hg)				
6.1	Generation basis for calculation (6)	Total			
6.2	Nitrogen Oxide (NOx)				
6.2.1	Total NOx Emissions (MT)	5,021	1,793	1,869	
6.2.2	Total NOx Emissions Intensity (MT/Net MWh)	0.001923	0.000360	0.000377	
6.3	Sulfur Dioxide (SO2)				
6.3.1	Total SO2 Emissions (MT)	8,017	1,021	1,253	
6.3.2	Total SO2 Emissions Intensity (MT/Net MWh)	0.003071	0.000200	0.000252	
6.4	Mercury (Hg)				
6.4.1	Total Hg Emissions (kg)	88.1	5.3	17.0	
6.4.2	Total Hg Emissions Intensity (kg/Net MWh)	0.000034	0.000001	0.000003	
Use the data organizer on the left (i.e., the plus/minus symbol) to open/close the Emissions section notes					
Resources					
7	Human Resources				
7.1	Total Number of Employees	843	2,884	2,982	
7.2	Percentage of Women in Total Workforce	27%	26%	25%	
7.3	Percentage of Minorities in Total Workforce	9%	12%	14%	
7.4	Total Number on Board of Directors/Trustees	10	11	10	
7.5	Percentage of Women on Board of Directors/Trustees	10%	27%	30%	
7.6	Percentage of Minorities on Board of Directors/Trustees	10%	9%	10%	
7.7	Employee Safety Metrics				
7.7.1	Recordable Incident Rate	3.99	1.06	1.39	
7.7.2	Lost-time Case Rate	0.39	0.70	0.46	
7.7.3	Days Away, Restricted, and Transfer (DART) Rate	1.93	0.71	0.82	
7.7.4	Work-related Fatalities	-	0	0	
8	Fresh Water Resources used in Thermal Power Generation Activities				
8.1	Water Withdrawals - Consumptive (Millions of Gallons)	Not available	704.65	664.45	Water withdrawal based on facilities we operate.
8.2	Water Withdrawals - Non-Consumptive (Millions of Gallons)	Not available	0.00	0.00	
8.3	Water Withdrawals - Consumptive Rate (Millions of Gallons/Net MWh)	Not available	1.35E-04	1.28E-04	Intensity based on generation from fossil fuel and renewable facilities we operate.
8.4	Water Withdrawals - Non-Consumptive Rate (Millions of Gallons/Net MWh)	Not available	0.00	0.00	
9	Waste Products				
9.1	Amount of Hazardous Waste Manifested for Disposal	Not available	1.5	12.5	All Facilities are classified by the EPA as Very Small Quantity Generators (VSQGs) - due to low quantities of HW generation, however this value has been quantified for 2020. This total does not include universal waste, please see our Sustainability Report for complete waste listing.
9.2	Percent of Coal Combustion Products Beneficially Used	Not available	0%	0%	
Additional Metrics (Optional)					
All information and data in the EEI and AGA ESG qualitative and quantitative reports are provided on a voluntary basis and could be subject to change. These reports contain forward-looking information as defined by the Securities and Exchange Commission. Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in our 2021 Annual Report on Form 10-K. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.					

	Gas Company ESG/Sustainability Quantitative Information				
Parent Company: Operating Company(s):	Black Hills Corporation Black Hills Energy Arkansas, Inc. d/b/a Black Hills Energy, Black Hills Colorado Gas, Inc. d/b/a Black Hills Energy, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Black Hills Wyoming Gas, LLC d/b/a Black Hills Energy				
Business Type(s): State(s) of Operation: Regulatory Environment: Report Date:	Vertically Integrated Arkansas, Colorado, Iowa, Kansas, Nebraska, Wyoming Regulated 30-Jun-2022				
Ref. No.	Refer to the "Definitions" column for more information on each metric.	Last Year 2021	Current Year 2022	Definitions	Additional Comments
Natural Gas Distribution					
1	METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS			<u>All methane leak sources per 98.232 (i) (1-6) are included for Distribution. Combustion sources are excluded. CO₂ is excluded.</u>	
1.1	Number of Gas Distribution Customers	1,094,229	1,107,115		
1.2	Distribution Mains in Service	30,162	30,537	These metrics should include all local distribution companies (LDCs) held by the Parent Company that are above the LDC Facility reporting threshold for EPA's 40 C.F.R. 98, Subpart W reporting rule.	
1.2.1	Plastic (miles)	17,564	17,952		
1.2.2	Cathodically Protected Steel - Bare & Coated (miles)	12,088	12,081		
1.2.3	Unprotected Steel - Bare & Coated (miles)	510	503		Unprotected steel includes unknown pipeline material.
1.2.4	Cast Iron / Wrought Iron - without upgrades (miles)	0	0		
1.3	Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)			These metrics should provide the number of years remaining to take out of service, replace or upgrade cathodically unprotected steel mains, and cast iron/wrought iron mains, consistent with applicable state utility commission authorizations.	
1.3.1	Unprotected Steel (Bare & Coated) (# years to complete)	14	13	Optional: # yrs by pipe type.	Black Hills Corporation has set a goal to replace all unprotected steel pipe by 2035.
1.3.2	Cast Iron / Wrought Iron (# years to complete)	n/a	n/a	Optional: # yrs by pipe type.	Black Hills Corporation completed all replacement of cast iron pipe in 2014.
2	Distribution CO ₂ e Fugitive Emissions			Fugitive methane emissions (not CO ₂ combustion emissions) stated as CO ₂ e, as reported to EPA under 40 CFR 98, Subpart W, sections 98.236(q)(3)(ix)(D), 98.236(r)(1)(v), and 98.236(r)(2)(v)(B) - i.e., this is Subpart W methane emissions as input in row 2.2 below and converted to CO ₂ e here. This metric should include fugitive methane emissions above the reporting threshold for all natural gas local distribution companies (LDCs) held by the Parent Company that are above the LDC Facility reporting threshold for EPA's 40 C.F.R. 98, Subpart W reporting rule. Calculated value based on mt CH ₄ input in the 2.2 (below).	Emissions include LDCs that report under Subpart W, and estimated emissions using Subpart W methodologies for remaining facilities. Black Hills Corporation also reports distribution emissions through the Natural Gas Sustainability Initiative (NGSI).
2.1	CO ₂ e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	336,343	329,343		
2.2	CH ₄ Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	13,454	13,174	INPUT VALUE (total mt CH ₄) as explained in definition above. Subpart W input is CH ₄ (mt).	
2.2.1	CH ₄ Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	701	686		
2.3	Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	229,198,351	236,662,401	This metric provides gas throughput from distribution (quantity of natural gas delivered to end users) reported under Subpart W, 40 C.F.R. 98.236(aa)(9)(iv), as reported on the Subpart W e-GRRT integrated reporting form in the "Facility Overview" worksheet Excel form, Quantity of natural gas delivered to end users (column 4).	
2.3.1	Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	217,738	224,829		
2.4	Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)	0.32%	0.31%	Calculated annual metric: (MMSFC methane emissions/MMSCF methane throughput)	
Natural Gas Transmission and Storage					
				<u>All methane leak sources per 98.232 (e) (1-8), (f)(1-8), and (m) are included for Transmission and Storage. Combustion sources are excluded. CO₂ and N₂O are excluded.</u>	Black Hills Corporation transmission operations fall below the reporting threshold for this segment.
Natural Gas Gathering and Boosting					
					Please reference the Black Hills Energy Natural Gas Sustainability Initiative (NGSI) metrics for natural gas gathering & boosting emission calculations.
Human Resources					
1.1	Total Number of Employees	2,884	2,982		
1.2	Percentage of Women in Total Workforce	26%	25%		
1.3	Percentage of Minorities in Total Workforce	12%	14%		
2.1	Total Number on Board of Directors/Trustees	11	10		
2.2	Percentage of Women on Board of Directors/Trustees	27%	30%		
2.3	Percentage of Minorities on Board of Directors/Trustees	9%	10%	Reference Section 7 Human Resources in EEI Definitions tab.	
3	Employee Safety Metrics				
3.1	Recordable Incident Rate	1.06	1.39		
3.2	Lost-time Case Rate	0.70	0.46		
3.3	Days Away, Restricted, and Transfer (DART) Rate	0.71	0.82		
3.4	Work-related Fatalities	0	0		
Additional Metrics (Optional)					
	All information and data in the EEI and AGA ESG qualitative and quantitative reports are provided on a voluntary basis and could be subject to change. These reports contain forward-looking information as defined by the Securities and Exchange Commission. Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in our 2021 Annual Report on Form 10-K. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.				

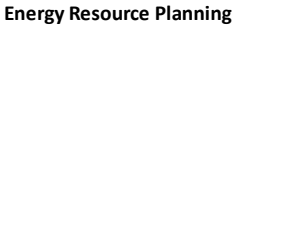


BLACK HILLS CORPORATION

NATURAL GAS SUSTAINABILITY INITIATIVE (NGSI)

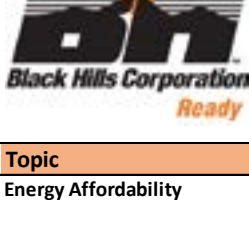
METHANE INTENSITY DISCLOSURE

Natural Gas Distribution Segment - Publicly Reported Data		
NGSI participants are encouraged to publicly report the following data each year. NGSI requests data at a company level. However, companies may also choose to disclose facility-level methane emissions and intensity.		
Disclosure Element	Reported Data	Description
Total Methane Emissions, GHGRP emission factors for mains and services (MT)	16,891.68	Total distribution segment methane emissions from GHGRP and non GHGRP facilities, calculated using GHGRP emission factors for mains and services
Total Methane Emissions, GHG Inventory emission factors for mains and services (MT)	12,859.43	Total distribution segment methane emissions from GHGRP and non GHGRP facilities, calculated using GHG Inventory emission factors for mains and services
Natural Gas Delivered to End Users, As Reported (Mscf)	236,662,401.00	Total volume of natural gas delivered to end users from GHGRP facilities and non GHGRP facilities, as reported
Natural Gas Delivered to End Users, Normalized (Mscf)	203,413,253.61	Total volume of natural gas delivered to end users from GHGRP facilities and non GHGRP facilities, normalized
Methane Content of Delivered Natural Gas, Reported (%)	93.4%	Methane content of delivered natural gas, as reported (weighted average methane content of all throughput).
Methane Content of Delivered Natural Gas, Normalized (%)	93.4%	Methane content of delivered natural gas, normalized (weighted average methane content of all throughput)
NGSI Methane Emissions Intensity, GHGRP emission factors for mains and services (%)	0.3980%	Methane emissions intensity associated with natural gas distribution using reported throughput and GHGRP emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
Normalized NGSI Methane Emissions Intensity, GHGRP emission factors for mains and services (%)	0.4631%	Methane emissions intensity associated with natural gas distribution using normalized throughput and GHGRP emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
NGSI Methane Emissions Intensity, GHG Inventory emission factors for mains and services (%)	0.3030%	Methane emissions intensity associated with natural gas distribution using reported throughput and GHG Inventory emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
Normalized NGSI Methane Emissions Intensity, GHG Inventory emission factors for mains and services (%)	0.3525%	Methane emissions intensity associated with natural gas distribution using normalized throughput and GHG Inventory emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
Natural Gas Gathering and Boosting Segment - Publicly Reported Data		
NGSI participants are encouraged to publicly report the following data each year. NGSI requests data at a company level. However, companies may also choose to disclose facility-level methane emissions and intensity		
Disclosure Element	Reported Data	Description
Total Methane Emissions (MT)	755.72	Total gathering and boosting segment methane emissions from GHGRP and non GHGRP facilities
Natural Gas Transported (Mscf)	11,960,057.82	Total volume of gas transported by GHGRP and non GHGRP facilities
Energy Content of Natural Gas Transported (MMBtu/Mscf)	1.235	Raw gas higher heating value (weighted average energy content of all natural gas transported)
Methane Content of Natural Gas Transported (%)	83.3%	Methane content of natural gas transported (weighted average methane content of all natural gas transported)
Hydrocarbon Liquids Transported (bbl)	0.00	Total volume of hydrocarbon liquids transported by GHGRP and non GHGRP facilities
Energy Content of Hydrocarbon Liquids Transported (MMBtu/bbl)	No Liquids	Heating value of all hydrocarbon liquids transported (weighted average energy content of all hydrocarbon liquids transported)
Gas Ratio (%)	100.00%	Share of natural gas transported on an energy equivalent basis (energy content of natural gas throughput divided by sum of energy content of natural gas and hydrocarbon liquid throughput). Note: this reflects the company-level gas ratio; to calculate company-level NGSI methane emissions intensity, emissions must be allocated using the facility-level gas ratios
NGSI Methane Emissions Intensity (%)	0.3951%	Methane emissions intensity associated with natural gas gathering & boosting (methane emissions allocated to natural gas divided by total methane throughput)



2022 Sustainability Accounting Standards Board (SASB) Mapping Report
Black Hills Corporation
SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS
Electric Utilities & Power Generators

Topic	SASB Code	Accounting Metric	Response
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations.	See EET Disclosure (1). 3,502,289 MT (2). 3.2% (3). 100%
	IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries:	See EET Disclosure 4,977,830 MT
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	See page 12 of our Corporate Sustainability Report We have continued to achieve progress towards our goal to reduce electric utility emission intensity 40% by 2030 and 70% by 2040, already reducing emissions by more than a one third since 2005. Our preferred resource plans in South Dakota, Wyoming, and Colorado plan to add over 520 MW of renewable energy and battery storage by 2030, in addition to the already planned 80 MW Fall River solar project in 2023. We will be positioned to achieve our GHG reduction goals without reliance on future technologies through the conversion of Neil Simpson II coal plant to include natural gas as a dual fuel retirement of three diesel plants, expiration of the Wygen I coal plant purchased power agreement and added renewable energy resources and storage. In 2022, we announced a net zero target for our distribution system, leveraging the company's focus on safety and system integrity, while advancing current strategies to include expanded damage prevention and advanced leak detection.
	IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	(1). Colorado: 100,573 (2). 200%. Our Colorado electric utility has fulfilled the requirement of 30% of retail sales coming from renewable sources by 2020.
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) Sox, (3) Particulate matter (PM10), (4) Lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	See EET Disclosure for additional notes on inclusions. (1). 1,869 MT (2). 1,253 MT (3). 429 MT (4). 0.03 MT (5). 0.017 MT NOx (3.4%), SO2 (0.3%), PM10 (15.6%), Pb (0.1%), Hg (0%)
Water Management	IF-EU-140a.1	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with high or extremely high baseline water stress	(1). 2,515 thousand cubic meters (2). 2,515 thousand cubic meters
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	99.6%
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	See Page 23 of our Corporate Sustainability Report We have a long and successful track record of environmental leadership and innovation in our utility operations, starting with our pioneering efforts in 1969, when we introduced the first use of industrial air-cooled condensers in the western hemisphere at our energy complex in Wyoming. Using air-cooled condensing technology saves billions of gallons of water per year in this arid region with limited water resources. The U.S. Energy Information Agency lists that the average conventional coal power plant using water to cool the boilers consumes 78 gal./kwh. Black Hills Energy's water consumption rate at its coal-fired power plants using the air-cooled condensing technology consumes 0.097 gal./kwh resulting in an annual water savings of 248 billion gallons. This provides cost benefits by not having to manage and discharge significant amounts of processed water to the environment and leaves this natural resource in place. Our natural gas combustion turbine fleet uses minimal amounts of water, and we have implemented additional innovative and protective water management measures. At the Pueblo Airport Generation, we manage wastewater with an evaporation pond. Rather than treat and discharge treated water to the Arkansas River, pollutants in the water settle out in the pond and evaporate in the atmosphere, returning our wastewater to the Earth's natural water cycle form. At the Cheyenne Prairie, discharge water is sent to the City's wastewater treatment plant. This plant is located adjacent to our generation facility and requires adherence to stringent water limits set in the Industrial Pretreatment Water discharge permit issued to us. The discharge water goes through further treatment at the wastewater treatment plant before it is discharged to Crow Creek for downstream use.
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	111,110 metric tons
	IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	0% All coal ash is used for back fill in reclamation; however, according to SASB guidance, this process does not meet the definition for being recycled. 0 impoundments
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (USD/kWh): (1) residential, (2) commercial, and (3) industrial customers	Colorado: (1). \$0.1939 (2). \$0.1444 (3). \$0.1142 South Dakota: (1). \$0.1392 (2). \$0.1295 (3). \$0.0909 Wyoming: (1). \$0.1448 (2). \$0.1195 (3). \$0.0793
	IF-EU-240a.2	Typical monthly electric bill for residential customers for: (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Colorado: (1). \$102.30 (2). \$210.39 South Dakota: (1). \$76.68 (2). \$141.36 Wyoming: (1). \$78.94 (2). \$144.88
	IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Colorado: 2,576 74% South Dakota: 955 71% Wyoming: 371 68%
	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	See 10-K Report, Item 1A, Risk Factors. We offer a variety of programs to help our customers, including budget billing, energy efficiency programs and energy assistance. See Billing and payments Black Hills Energy for more information.
Workforce Health & Safety	IF-EU-320a.1	(1) Total recordable Incident Rate (TRIR), (2) Fatality Rate, and (3) Near Miss Frequency Rate (NMF)	See EET Disclosure and See page 33 of our Corporate Sustainability Report (1). 1.39 (2). 0.0 (3). N/A
End-Use Efficiency & Demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) Contain a lost revenue adjustment mechanism (LRAM)	Colorado: (1). 0% (2). 91% South Dakota: (1). 0% (2). 0% Wyoming: (1). 0% (2). 91%
	IF-EU-420a.2	Percentage of electric load served by smart grid technology	99.94%
	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	See page 27 of our Corporate Sustainability Report Colorado: 12,335,000 kWh South Dakota: 2,389,000 kWh Wyoming: 2,052,000 kWh
Nuclear Safety & Emergency Management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	N/A
	IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A
Grid Resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	In the interest of security and to avoid setting disclosure precedence, this response will be unanswered.
	IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), SAIDI inclusive of major event days, in minutes, (2) System Average Interruption Frequency Index (SAIFI), SAIFI inclusive of major event days, in minutes, (3) Customer Average Interruption Duration Index (CAIDI), and CAIDI inclusive of major event days, in minutes, inclusive of major event days.	(1). 70,146 Minutes 143,610 Minutes (2). 1,064 Minutes 1,279 Minutes (3). 65,918 Minutes 112,249 Minutes Roughly 40% of all 2022 "SAIDI inclusive of major event days" were attributed to a May 21-22, 2022, snowstorm which impacted Black Hills Colorado Electric utility. See Black Hills' 10-K for fiscal year ending Dec 31, 2022
Activity Metrics	IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served; other	(1). 188,921 (2). 30,404 (3). 1,024
	IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	See Black Hills' 10-K for fiscal year ending Dec 31, 2022 (1). 5,513,000 MWh (2). 2,087,800 MWh (3). 1,912,529 MWh (4). 159,248 MWh (5). 1,297,205 MWh
	IF-EU-000.C	Length of (1) transmission and (2) distribution lines	Colorado Electric: (1). 598 miles (2). 3,198 miles South Dakota Electric: (1). 1,295 miles (2). 2,587 miles Wyoming Electric: (1). 59 miles (2). 1,347 miles
	IF-EU-000.D	(1) Total electricity generated, (2) percentage by major energy source, (3) percentage in regulated markets	See Black Hills' 10-K for fiscal year ending Dec 31, 2022. For regulated market, see page 11 & 12 of Black Hills' 10-K Coal: (1). 2,708,804 MWh (2). 53.76% (3). 31.0% Natural Gas: (1). 1,454,164 MWh (2). 28.86% (3). 53.3% Wind: (1). 875,843 MWh (2). 17.38% (3). 12.2% Petroleum: (1). 0 MWh (2). 0% (3). 3.5%
	IF-EU-000.E	Total wholesale electricity purchased	2,674,099 MWh



2022 Sustainability Accounting Standards Board (SASB) Mapping Report
Black Hills Corporation
SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS
Gas Utilities & Distributors

Topic	SASB Code	Accounting Metric	Response
Energy Affordability	IF-GU-240a.1	Average retail gas rate for (1) residential, (2) Commercial, (3) Industrial customers, and (4) Transportation services only	Arkansas: (Arkansas customer bills are generated using volumes in CCF) (1). \$16.68/Mcf (2). \$13.70/Mcf (3). \$9.25/Mcf (4). \$1.28/Mcf Colorado: (1). \$12.16/Dth (2). \$11.61/Dth (3). \$9.35/Dth (4). \$1.30/Dth Iowa: (1). \$14.74/Dth (2). \$12.90/Dth (3). \$9.92/Dth (4). \$0.31/Dth Kansas: (1). \$13.91/Dth (2). \$11.70/Dth (3). \$7.60/Dth (4). \$0.45/Dth Nebraska: (1). \$14.47/Dth (2). \$12.27/Dth (3). \$8.70/Dth (4). \$1.24/Dth Wyoming: (1). \$13.25/Dth (2). \$10.72/Dth (3). \$7.11/Dth (4). \$1.82/Dth
	IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per year	Arkansas: (1). \$72.44 (2). \$132.56 Colorado: (1). \$57.01 (2). \$101.09 Iowa: (1). \$68.51 (2). \$118.67 Kansas: (1). \$63.20 (2). \$107.17 Nebraska: (1). \$65.28 (2). \$112.67 Wyoming: (1). \$62.71 (2). \$105.41
	IF-GU-240a.3	Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days	Arkansas: 3,661 35% Colorado: 808 42% Iowa: 2,409 36% Kansas: 1,801 45% Nebraska: 2,976 39% Wyoming: 963 39%
	IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	See 10-K Report, Item 1A, Risk Factors. We offer a variety of programs to help our customers, including budget billing, energy efficiency programs and energy assistance. See Billing and payments Black Hills Energy for more information.
End-Use Efficiency	IF-GU-420a.1	Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) Contain a lost revenue adjustment mechanism (LRAM)	Arkansas: (1). 65% (2). 83% Colorado: (1). 0% (2). 98% Iowa: (1). 0% (2). 0% Kansas: (1). 75% (2). 0% Nebraska: (1). 0% (2). 0% Wyoming: (1). 0% (2). 68%
	IF-GU-420a.2	Customer gas savings from efficiency measures by market	Arkansas: 146,981 Dth Colorado: 192,453 Dth Iowa: 28,616 Dth
	IF-GU-540a.1	Number of: (1) Reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV)	(1). 4 (2). 0 (3). 228
	IF-GU-540a.2	Percentage of distribution pipeline that is: (1) Cast and/or wrought iron and (2) Unprotected steel	(1). 0% (2). 1.57%* *Percentage reflects distribution mains and services, and includes unknown pipeline material.
Integrity of Gas Delivery Infrastructure	IF-GU-540a.3	Percentage of gas: (1) Transmission and (2) Distribution pipelines inspected.	See our AGA Disclosure (1). 0.37% was inspected by in-line inspection methods, pressure testing, and/or internal/external direct assessment. Natural gas transmission pipeline inspection requirements are based on pipeline proximity to populated areas. Our service area is largely rural, and the ratio of transmission pipeline located in high consequence compared to total system miles is low. (2). 0% of distribution system was inspected by in-line inspection methods (this is not typically performed on the lower pressure distribution pipelines).
	IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	See page 19 of our Corporate Sustainability Report In 2022, we announced a net zero target for our natural gas distribution system, leveraging the company's focus on safety and system integrity, while advancing current strategies to include expanded damage prevention and advanced leak detection. Our comprehensive plan to achieve this target focuses on tightening up the distribution system and enhancing our measurement technologies, without reliance on development of future technologies. Our integrity plans details the timeline and priority to replace all remaining unprotected steel pipe with lower emitting materials, including plastic and protected steel, by 2035. This reduces releases of natural gas into the atmosphere, while improving the integrity and reliability of our natural gas distribution system. Keeping gas in the pipe both reduces emissions and improves safety. By focusing on damage prevention, we are also reducing gas losses from our system. Our damage reduction goals to achieve 2 HPT in 2023 and 1.5 HPT 2025 can be translated into avoided methane emissions, advancing us toward our net zero target by 2035.
	IF-GU-000.A	Number of: (1) residential, (2) commercial, (3) industrial, and (4) transportation customers served.	See Black Hills' 10-K for fiscal year ending Dec 31, 2022 (1). 864,098 (2). 85,203 (3). 2,189 (4). 155,685
	IF-GU-000.B	Amount of natural gas delivered to: (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third party	See Black Hills' 10-K for fiscal year ending Dec 31, 2022 (1). 66,915,630 Dth (2). 32,362,343 Dth (3). 7,667,231 Dth (4). 160,917,802 Dth
	IF-GU-000.C	Length of gas: (1) transmission and (2) distribution pipelines	Arkansas: (1). 875 miles (2). 5,197 miles Colorado: (1). 694 miles (2). 1,188 miles Iowa: (1). 173 miles (2). 2,890 miles Kansas: (1). 339 miles (2). 3,026 miles Montana: (1). 9 miles (2). 0 miles Nebraska: (1). 1,315 miles (2). 8,611 miles South Dakota: (1). 1 mile (2). 0 miles Wyoming: (1). 1,256 miles (2). 3,625 miles



BLACK HILLS CORPORATION

2022 Task Force on Climate-related Financial Disclosures (TCFD) Index

Governance	
Describe the board's oversight of climate-related risks and opportunities.	<p>Our Board oversees an enterprise risk management ("ERM") approach to risk management that supports our operational and strategic objectives. It fulfills its oversight responsibilities through receipt of quarterly reports from management regarding material risks involving strategic planning and execution, operations, physical and cybersecurity, environmental, social and governance ("ESG"), financial, legal, safety, regulatory, and human resources risks. While our full Board retains responsibility for risk oversight, it delegates oversight of certain risk considerations to its committees within each of their respective areas of responsibility as defined in the charter for each committee.</p> <p>Our Board oversees ESG and the governance committee oversees the reporting framework we use to track and monitor ESG progress. For more information on Board oversight, see page 40 of our Corporate Sustainability Report and our 2022 Proxy Statement.</p>
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>Our management is responsible for day-to-day risk management and operates under our ERM program that addresses enterprise risks, including climate-related risks. The ERM program includes practices to identify risks, assess the impact and likelihood of occurrence, and develop action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes meeting regularly with the risk owners, performing a formal annual review of material risks, quarterly reviews of top and emerging risks and quarterly reporting to our Board of Directors. Additionally, our internal audit department also partners with the ERM program to ensure top ERM risks are considered in the development of the annual internal audit plan.</p> <p>Climate-related risks and opportunities are also considered in our corporate strategic planning. This approach is also reflected in the alignment of our corporate planning and ESG/Sustainability functions in a dedicated department. This department works with leaders across the company to manage sustainability, including climate-related topics.</p> <p>Management of ESG includes our CEO, senior leadership team, an executive ESG Steering Committee chaired by the director corporate planning, sustainability & ESG, and a cross-functional sustainability working group. For more information, see page 6 of our Corporate Sustainability Report.</p>
Strategy	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Opportunities</p> <p>Electric and natural gas utilities are uniquely positioned to realize climate-related opportunities. As market, technology and policy evolves, we have identified climate-related opportunities, including:</p> <p><i>Energy Source:</i> Increased capital investment in low or no emissions technologies. Over the short, medium and long term, conversion or replacement of fossil fuel assets may occur to support the transition to lower carbon sources. Additionally, new generation to support the electrification of other sectors, including transportation, would provide further opportunity for capital investment over the medium to long term.</p> <p><i>Products and Services:</i> Diversification of product and service offerings to meet customer demand. As customer needs and expectations evolve, we may be able to provide new products and services, including renewable offerings, behind the meter solutions, transportation decarbonization, smart grid technology and other innovation, generating new revenue streams.</p> <p><i>Products and Services:</i> Increased capital investment in electric transmission and distribution systems to enable higher penetration of renewable energy. The energy transition may provide opportunity to invest in transmission and distribution software and hardware to meet customer demands for higher penetration of renewable energy sources, contributing to the decarbonization of generation capacity and demonstrating alignment with longer-term emissions reduction trends.</p> <p>Risks</p> <p>The nature of our business also subjects us to a climate-related risk, both stemming from physical risk and transition risk of climate change, over varying time horizons. Our risks include:</p> <p><i>Physical – Acute:</i> Increased intensity and frequency of storms, resulting in increased likelihood of fire, wind and extreme cold temperature events. In the short and medium term, severe weather events, such as snow and ice storms (e.g., Storm Uri), fire, and strong winds could negatively impact our operations, including our ability to provide energy safely, reliably and profitably and our ability to complete construction, expansion or refurbishment of facilities as planned. Over the long term, unmitigated impacts of climate change may intensify these events or increase the frequency of their occurrence.</p> <p><i>Transition – Policy:</i> Pricing of greenhouse gas (GHG) emissions. Policies such as a carbon or methane tax could increase costs associated with use of fossil fuel usage, resulting in higher operating costs including costs of energy generation, construction, and transportation.</p> <p><i>Transition – Market:</i> Reduced customer demand for fossil-based energy. Risk of the transition to a low-carbon economy could result in shrinking customer demand for fossil fuel-based energy sources. This could come from increased use of behind the meter technology, such as residential solar and storage.</p> <p><i>Transition – Reputation:</i> Difficulty accessing capital or insurance. Risk of investor pressure over climate risk, activist campaigns against coal producers, employee preferences to work for sustainable companies and consumers preference for renewable energy could impact our reputation and overall access to capital and/or adequate insurance policies.</p> <p>We are proactively responding to our short, medium and long term climate risks and opportunities, as discussed in our Corporate Sustainability Report. Additional information about our risks and opportunities can be found in our 2022 10-K and other SEC filings.</p>
Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>Climate-related risks and opportunities play a significant role in our overall strategy and planning for the future. Many of our business activities, capital investments and strategic initiatives are directly influenced by or complimentary to our response to climate risk or opportunities. Our Corporate Sustainability Report covers numerous examples of this impact throughout our company, including our commitment to a cleaner energy future, deployment of capital to replace natural gas pipeline with lower emitting materials and convert coal generation, damage prevention and leak detection programs, wildfire mitigation and use of water conservation technology. This approach also spurs development of customer solutions like Ready EV, which supports adoption of electric vehicles, and Green Forward, a voluntary renewable natural gas and carbon offset program designed to help customers offset the carbon footprint associated with their natural gas usage. Additionally, we have significant opportunity for investment that enables a cleaner energy future, including renewables, battery storage, transmission and low carbon fuels. Combined, our preferred Colorado, South Dakota and Wyoming electric resource plans call for 520 MW of new clean energy resources by 2030. The approximately \$260 million electric transmission expansion Ready Wyoming demonstrate the significant impact that climate-related opportunities can have on the company's future.</p>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>As described in our Risk Management response of this disclosure, we assessed our climate risks and opportunities in two climate scenarios, Strong Mitigation (1.5°C) and Business as Usual (4-5+°C), from multiple leading sources including the Intergovernmental Panel on Climate Change (IPCC) AR6 for assessing physical climate risk and the International Energy Agency (IEA) World Energy Outlook 2021 for transition risk. Based on this assessment, we may face greater acute physical climate-related risk in a Business as Usual (4-5+°C) future scenario due to projected increased intensity and frequency of extreme weather events. Conversely, our exposure to transition risk may be greater in a Strong Mitigation (1.5°C) scenario, with greater likelihood of policy, market and reputational risk.</p> <p>We are actively working to mitigate these risks of climate change and capitalize on climate-related opportunities to ensure our resilience in the energy transition. A strategic focus for Black Hills is to modernize and harden our utility infrastructure to meet customers' and communities' varied energy needs, ensure the continued delivery of safe, reliable and cost-effective energy and reduce GHG emissions. We utilize a multi-prong strategy to create a more resilient organization, including energy innovation, thoughtful utilization of resources and investments in renewable generation supported by reliable energy sources. See the Environmental Stewardship section of our Corporate Sustainability Report for additional information on our energy transition strategy, including a timeline for transforming our electric utilities' energy delivery and our roadmap to Net Zero by 2035 for our natural gas utilities.</p>
Risk Management	
Describe the organization's processes for identifying and assessing climate-related risks.	<p>Our ERM approach to risk management is an iterative process that identifies and assesses material risks involving strategic planning and execution, operations, physical and cybersecurity, ESG, financial, legal, safety, regulatory, and human resources risks. In 2021, we sought to enhance our integration of climate risk into our overall risk management. We utilized a third-party climate consulting firm to facilitate conversations with our management team to identify the climate-related risks and opportunities that may impact Black Hills Corp. Through this process, we discussed our top risks and opportunities and selected the highest priority ones to analyze further. We then conducted a climate-scenario analysis exercise, based on TCFD, to assess which of these risks and opportunities could be the most impactful to the company. We leveraged two climate scenario and an array of third-party data to complete a quantitative stress-test analysis of the potential impact of each risk and opportunity over time. These results fed into a comprehensive climate- risk roadmap. Climate-related risks were also mapped to our existing ERM framework and are regularly reviewed as part of our enterprise risk management process.</p>
Describe the organization's processes for managing climate-related risks.	<p>Management of climate-related risks is integrated into the company's overall approach to risk management and strategic planning. Climate-related risks identified through the ERM program or the strategic planning process have mitigation action plans in place to prevent or mitigate the impacts of the risks. Management regularly assesses the effectiveness of these programs while executing their oversight responsibilities. The programs are also subject to periodic Internal Audits.</p>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>Climate-related risks are part of our ERM process and are regularly reviewed and assessed. The ERM program includes practices to identify risks, assess the impact and likelihood of occurrence, and develop action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes meeting regularly with the risk owners, performing a formal annual review of material risks, quarterly reviews of top and emerging risks and quarterly reporting to our Board of Directors. Additionally, our internal audit department also partners with the ERM program to ensure top ERM risks are considered in the development of the annual internal audit plan.</p>
Metrics and Targets	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Climate-related metrics are tracked regularly throughout the organization and disclosed to the Board and our stakeholders, including regulators, governmental agencies and customers. Our Corporate Sustainability Report provides year over year company performance in many areas related to climate change, including GHG emissions, renewable energy, environmental compliance and water use. In 2020, we set climate goals to reduce GHG emissions and this year we have reported an over one-third reduction in both electric and natural gas utility emissions intensity (relative to a 2005 baseline). We also periodically assess our climate goals and may update the targets, such as our new commitment to Net Zero for our natural gas utilities, which expands the depth and breadth of our previous target.</p>
Disclose Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and the related risks.	<p>Scope 1: 4,409,109 MT CO2e <i>Sources included: electric utility generating units, natural gas distribution system, natural gas gathering & boosting system, natural gas transmission system, SF6 emissions, natural gas company usage, and company vehicles/corporate jet for calendar year 2022</i></p> <p>Scope 2: 4,288 MT CO2e <i>Sources included: estimated emissions based on electrical usage data for calendar year 2022</i></p>
Disclose Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>Scope 3: 10,275,418 MT CO2e <i>Sources included: natural gas distribution customer usage, electric utility purchased power for sales, employee commuting, and business travel, for calendar year 2022</i></p>
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<p>Black Hill Energy has goals to reduce electric utility emissions intensity 40% by 2030 and 70% by 2040, based on a 2005 baseline. Emissions sources in the boundary for this goal include Scope 1 electric utility generating units and Scope 3 electric utility purchased power for sales. As of 2022 we achieved a one-third reduction in emissions intensity. Our Corporate Sustainability Report details current emission reductions and our plans to achieve our electric utility goals.</p> <p>We have a goal to achieve Net Zero emissions for our natural gas utility by 2035. Emissions sources in the boundary for this goal include all Scope 1 emissions on our natural gas distribution systems, including fugitive emissions from pipeline mains and service lines, meters, transfer stations, system damages and system blow downs. Our Corporate Sustainability Report also details our roadmap to achieve our natural gas utility net zero goal.</p>