

WY and MT, and 1.12 million gas customers in NE, IA, KS, CO, WY, and AR. Has coal mining sub. Acq'd utility ops. from Aquila 7/08; SourceGas 2/16. Discontinued gas marketing in '11; gas & oil E&P in '17. Electric rev. breakdown: residential, 34%; commercial,

deprec. rate: 2.9%-3.5%. Has 2,874 employees. Chairman: Steven R. Mills. President & CEO: Linden R. Evans. Inc.: SD. Address: 7001 Mount Rushmore Rd., P.O. Box 1400, Rapid City, SD 57709-1400. Telephone: 605-721-1700. Internet: www.blackhillscorp.com.

259 281 254 Fixed Charge Cov. (% ANNUAL RATES Past Past Est'd '21-'23 of change (per sh) 10 Yrs. 5 Yrs. to '27-'29 2.5% 3.0% 4.0% Revenues 2.0% 2.5% 'Cash Flow' 4.0% 7.5% 3.5% 4.0% Earnings 6.0% Dividends Book Value

% Change Customers (vr-end)

1078

+1.0

1107

+1.0

1101

NA

+.9

Cal- endar	QUAR Mar.31	TERLY RE Jun.30	VENUES (		Full Year
2021	633.4	372.6	380.6	562.5	1949.1
2022	823.6	474.2	462.6	791.4	2551.8
2023	921.2	411.3	407.1	591.7	2331.3
2024	726.4	425	430	618.6	2200
2025	875	470	480	675	2500
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2021	1.54	.40	.70	1.11	3.74
2022	1.82	.52	.54	1.11	3.97
2023	1.73	.35	.67	1.17	3.91
2024	1.87	.38	.55	1.15	3.95
2025	1.80	.44	.66	1.25	4.15
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2020	.535	.535	.535	.565	2.17
2021	.565	.565	.565	.595	2.29
2022	.595	.595	.595	.625	2.41
2023	.625	.625	.625	.625	2.50
2024	.65	.65			

Black Hills shares are performing much better in 2024 relative to last year. The stock had a poor showing in 2023, falling 23% as compared to a 13% decline in the Value Line Utilities Index. Weak quarterly earnings comparisons last year and management's mea culpa regarding the long-term targets it had previously set explains much of the underperformance. (In February of 2023, leadership broke the news to investors that it was cutting its earnings growth expectations from 5%-7% to 4%-6%.) The bleeding relative to the peer group seems to have run its course. On a year-to-date basis, Black Hills stock is about flat, comparing favorably to the 2% on-average decline for all utilities under our coverage.

We're raising our profit estimates slightly. With the first-quarter financial release, management reaffirmed bottom-line targets for the year ahead. The company expects to earn \$3.80-\$4.00 a share in 2024. This reflects a 4% increase at the midpoint from 2023's initial inhouse targeted range of \$3.65-\$3.85 a Ultimately Black Hills earned share. \$0.16 above plan last year (\$3.91 versus

\$3.75 at the midpoint) as a result of some one-off, non-operating items that aren't expected to repeat again. We think management is being a tad conservative and the solid March-period showing gives us some confidence in raising our earnings estimates for this year and next by a nickel per share.

The company is filing for rate relief in key service areas. In early February, regulators approved a \$13.9 million hike in annual revenues for Wyoming Gas. Two weeks later, Colorado Gas received a \$20.2 million annual increase. During the first quarter, Arkansas Gas advanced its rate review request of \$44.1 million in new annual revenue. And in early May, Iowa Gas filed a rate case seeking a \$20.7 million annual hike. The company is preparing to file an electric service rate case in Colorado, where a 400-megawatt renewable energy plan is being proposed.

Long-term utility investors may be drawn to the steady dividend growth and above-average yield. (The peer median is 4.0%.) Black Hills has raised its annual dividend every year since 1970. Anthony J. Glennon July 19, 2024

(A) Diluted EPS. Excl. nonrec. gains/(losses): '15, (\$3.54); '16, (\$1.26); '17, 14¢; '18, \$1.31; '19, (25¢); '20, (8¢); discont. ops.: '08, \$4.12; '09, 7¢; '11, 23¢; '12, (16¢); '17, (31¢); '18,

Dec. ■ Div'd reinv. plan avail. (C) Incl. deferred in '17: 9.37%. Regulatory Climate: Average.

(12¢). Qtly. EPS may not sum to full year due to rounding. Next egs. report due early Aug. (E) Rate base: Net orig. cost. Rate allowed (B) Div'ds paid in early March, June, Sept., and on com. eq. in SD in '15: none specified; in CO

Company's Financial Strength Stock's Price Stability B++ 80 Price Growth Persistence 30 **Earnings Predictability** 100

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