

BLACK HILLS CORP /SD/
Form DEF 14A
April 13, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Black Hills Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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BLACK HILLS CORPORATION

**Notice of 2011
Annual Meeting of Shareholders
and Proxy Statement**

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BLACK HILLS CORPORATION

**625 Ninth Street
Rapid City, South Dakota 57701**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
MAY 25, 2011**

April 13, 2011

Dear Shareholder:

You are invited to attend the annual meeting of shareholders of Black Hills Corporation to be held on Wednesday, May 25, 2011 at 9:30 a.m., local time, at the Dahl Arts Center, 713 Seventh Street, Rapid City, South Dakota. The purpose of our annual meeting is to consider and take action on the following:

1. Election of four directors in Class II: David R. Emery, Rebecca B. Roberts, Warren L. Robinson and John B. Vering.
2. Ratification of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the year 2011.
3. An advisory, non-binding resolution to approve our executive compensation.
4. An advisory, non-binding vote on the frequency for which shareholders will have an advisory, non-binding vote on our executive compensation.
5. Any other business that properly comes before the annual meeting.

The enclosed proxy statement discusses the important matters to be considered at this year's meeting. Our common shareholders of record as of April 5, 2011 can vote at the annual meeting.

Your vote is very important. You may vote your shares by telephone, by the Internet or by returning the enclosed proxy. If you own shares of common stock other than the shares shown on the enclosed proxy, you will receive a proxy in a separate envelope for each such holding. Please vote each proxy received. To make sure that your vote is counted if voting by mail, you should allow enough time for the postal service to deliver your proxy before the meeting.

Sincerely,

ROXANN R. BASHAM
Vice President Governance and Corporate Secretary

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BLACK HILLS CORPORATION

**625 Ninth Street
Rapid City, South Dakota 57701**

PROXY STATEMENT

A proxy in the accompanying form is solicited by the Board of Directors of Black Hills Corporation, a South Dakota corporation, to be voted at the annual meeting of our shareholders to be held Wednesday, May 25, 2011, and at any adjournment of the annual meeting.

The enclosed form of proxy, when executed and returned, will be voted as set forth therein. Any shareholder signing a proxy has the power to revoke the proxy in writing, addressed to our secretary, or in person at the meeting at any time before the proxy is exercised.

We will bear all costs of the solicitation. In addition to solicitation by mail, our officers and employees may solicit proxies by telephone, fax, or in person. We have retained Georgeson Inc. to assist us in the solicitation of proxies at an anticipated cost of \$7,500 plus out-of-pocket expenses. Also, we will, upon request, reimburse brokers or other persons holding stock in their names or in the names of their nominees for reasonable expenses in forwarding proxies and proxy materials to the beneficial owners of stock.

This proxy statement and the accompanying form of proxy are to be first mailed on or about April 13, 2011. Our 2010 annual report to shareholders is being mailed to shareholders with this proxy statement.

VOTING RIGHTS AND PRINCIPAL HOLDERS

Only our shareholders of record at the close of business on April 5, 2011, will be entitled to vote at the meeting. Our outstanding voting stock as of such record date consisted of 39,408,229 shares of our common stock.

Each outstanding share of our common stock is entitled to one vote. Cumulative voting is permitted in the election of our Board of Directors. Each share is entitled to four votes, one each for the election of four directors, and the four votes may be cast for a single person or may be distributed among two, three or four persons.

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**COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT THE
ANNUAL MEETING PROCESS**

Who is soliciting my proxy?

The Board of Directors of Black Hills Corporation.

Where and when is the annual meeting?

9:30 a.m., local time, May 25, 2011 at the Dahl Arts Center, 713 Seventh Street, Rapid City, South Dakota.

What am I voting on?

Election of four directors in Class II: David R. Emery, Rebecca B. Roberts, Warren L. Robinson and John B. Vering.

Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for 2011.

An advisory, non-binding resolution to approve our executive compensation.

An advisory, non-binding vote on the frequency for which shareholders will have an advisory, non-binding vote on our executive compensation.

Who can vote?

Holders of our common stock as of the close of business on the record date, April 5, 2011, can vote at our annual meeting. Each share of our common stock gets one vote. Cumulative voting is permitted in the election of directors. Each share is entitled to four votes, one each for the election of four directors, and the four votes may be cast for a single person or may be distributed among two, three or four persons.

How do I vote?

There are three ways to vote by proxy:

by calling the toll free telephone number on the enclosed proxy;

by using the Internet; or

by returning the enclosed proxy in the envelope provided.

You *may* be able to vote by telephone or the Internet if your shares are held in the name of a bank or broker. If this is the case, you will need to follow their instructions.

If we receive your signed proxy before the annual meeting, we will vote your shares as you direct. You can specify on your proxy whether your shares should be voted for all, some or none of the nominees for directors. You can also specify whether you approve, disapprove or abstain from the other proposals.

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If you do not mark any sections, your proxy card will be voted:

in favor of the election of the directors named in Item 1; and

in favor of Items 2 and 3 and the option of *One* Year on Item 4.

Who will count the vote?

Representatives of Wells Fargo Bank, N.A. will count the votes and serve as judges of the election.

PROXY 1

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What constitutes a quorum?

Shareholders representing at least 50 percent of our common stock issued and outstanding as of the record date must be present at the annual meeting, either in person or by proxy, for there to be a quorum. Abstentions and broker non-votes are counted as present for establishing a quorum. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

What vote is needed for these proposals to be adopted?

Item 1 Election of Directors. The affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. This means that the nominees with the largest number of votes "For" will be elected as directors, up to the maximum number of directors to be chosen at the election. A properly executed proxy marked "Withhold authority" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

Item 2 Ratification of Auditors. The appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year 2011 will be ratified if the votes cast "For" exceed the votes cast "Against." Abstentions will have no effect on such vote.

Item 3 Advisory Vote on Executive Compensation. The advisory vote on executive compensation ("say on pay") is non-binding. However, our Board of Directors will consider shareholders to have approved our executive compensation if the number of votes cast "For" the proposal exceeds the number of votes cast "Against" the proposal. Abstentions and broker non-votes will have no effect on such vote.

Item 4 Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation. The advisory vote on the frequency of the advisory vote on executive compensation ("say when on pay") is non-binding. However, our Board of Directors will consider the frequency receiving the greatest number of votes (every one, two or three years) as the frequency recommended by shareholders. Abstentions and broker non-votes will have no effect on such vote.

How will my shares be voted if they are held in a broker's name?

If you hold your shares through an account with a bank or broker, the bank or broker may vote your shares on some matters even if you do not provide voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares on certain matters (such as the ratification of auditors) when their customers do not provide voting instructions. However, on other matters (such as the election of directors and matters related to executive compensation, including "say on pay" and "say when on pay"), when the brokerage firm has not received voting instructions from its customers, the brokerage firm cannot vote the shares on that matter and a "broker non-vote" occurs. **This means that brokers may not vote your shares on the election of directors and the "say on pay" and "say when on pay" advisory votes if you have not given your broker specific instructions as to how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted.**

What happens if I do not give my broker instructions?

Absent your instructions, the broker will not be able to vote your shares for the election of directors and the "say on pay" and "say when on pay" advisory votes. Therefore, we urge you to instruct your broker in writing to vote shares held in street name.

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Is cumulative voting permitted for the election of directors?

In the election of directors, you may elect to cumulate your vote. Cumulative voting will allow you to allocate among the director nominees, as you see fit, the total number of votes equal to the number of director positions to be filled multiplied by the number of shares you hold. For example, if you own 100 shares of stock, and there are four directors to be elected at the annual meeting, you could allocate 400 "For" votes (four times 100) among as few or as many of the four nominees to be voted on at the annual meeting as you choose.

If you choose to cumulate your votes, you will need to submit a proxy card or a ballot and make an explicit statement of your intent to cumulate your votes, either by indicating in writing on the proxy card or by indicating in writing on your ballot when voting at the annual meeting. If you hold shares beneficially in street name and wish to cumulate votes, you should contact your broker, trustee or nominee.

What should I do now?

You should vote your shares by telephone, by the Internet or by returning your signed and dated proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the annual meeting.

Who conducts the proxy solicitation and how much will it cost?

We are asking for your proxy for the annual meeting and will pay all the costs of asking for shareholder proxies. We have hired Georgeson Inc. to help us send out the proxy materials and ask for proxies. Georgeson Inc.'s fee for these services is anticipated to be \$7,500, plus out-of-pocket expenses. We can ask for proxies through the mail or by telephone, fax, or in person. We can use our directors, officers and employees to ask for proxies. These people do not receive additional compensation for these services. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of our common stock.

Can I revoke my proxy?

Yes. You can change your vote in one of four ways at any time before your proxy is used. First, you can enter a new vote by telephone or Internet. Second, you can revoke your proxy by written notice. Third, you can send a later dated proxy changing your vote. Fourth, you can attend the meeting and vote in person.

Who should I call with questions?

If you have questions about the annual meeting, you should call Roxann R. Basham, Vice President Governance and Corporate Secretary, at (605) 721-1700.

When are the shareholder proposals for the annual meeting held in 2012 due?

In order to be considered for inclusion in our proxy materials, you must submit proposals for next year's annual meeting in writing to our Corporate Secretary at our executive offices at 625 Ninth Street, P.O. Box 1400, Rapid City, South Dakota 57709, on or prior to December 15, 2011.

A shareholder who intends to submit a proposal for consideration, but not for inclusion in our proxy materials, must provide written notice to our Corporate Secretary in accordance with Article I, Section 9 of our Bylaws. In general, our Bylaws provide that the written notice must be delivered not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of shareholders. Our 2011 annual meeting is scheduled for

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May 25, 2011. Ninety days prior to the first anniversary of this date will be February 25, 2012, and 120 days prior to the first anniversary of this date will be January 26, 2012.

Proposal 1

ELECTION OF DIRECTORS

In accordance with our Bylaws and Article VI of our Articles of Incorporation, members of our Board of Directors are elected to three classes of staggered terms consisting of three years each. At this annual meeting of our shareholders, four directors will be elected to Class II of the Board of Directors to hold office for a term of three years until our annual meeting of shareholders in 2014, and until their respective successors shall be duly elected and qualified in accordance with the Company's Bylaws.

Three nominees for directors are presently members of our Board of Directors, and one is not. Ms. Roberts is standing for election for the first time in connection with this proxy statement and was identified by a third party search firm. The proxy attorneys will vote your stock for the election of the four nominees for directors, unless otherwise instructed. If, at the time of the meeting, any of such nominees shall be unable to serve in the capacity for which they are nominated or for good cause will not serve, an event which the Board of Directors does not anticipate, it is the intention of the persons designated as proxy attorneys to vote, at their discretion, for such nominees as the Governance Committee may recommend and the Board of Directors may propose to replace those who are unable to serve. The affirmative vote of a plurality of the votes cast at the meeting is required for the election of the nominees to the Board of Directors.

At the close of the 2011 Annual Meeting, Kay S. Jorgensen will complete her service as a member of the Black Hills Corporation Board of Directors. Following her initial election in 1992, Ms. Jorgensen provided leadership and counsel to the Board and management, throughout an extended period of growth and transformation for the Company. She served as the Board's Presiding Director from May 2006 to May 2010. The Board of Directors extends its gratitude to Ms. Jorgensen for her distinguished service and contribution to the success of Black Hills Corporation.

The following information, including principal occupation or employment for the past five or more years and a summary of each individual's experience, qualifications, attributes or skills that have led to the conclusion that each individual should serve as a director in light of our current business and structure, is furnished with respect to each nominee and each of the continuing members of the Board of Directors.

The Board of Directors recommends a vote *FOR* the election of the following nominees:

Class II Nominees for Election Until 2014 Annual Meeting

David R. Emery, 48, has been a director of the Company since 2004.

Chairman, President and Chief Executive Officer of Black Hills Corporation, since 2005. Formerly held various positions with Black Hills Corporation, including President and Chief Executive Officer, President and Chief Operating Officer Retail Business Segment and Vice President Fuel Resources. Mr. Emery has 21 years of experience with Black Hills Corporation. Prior to joining the Company, he served as a petroleum engineer for a large independent oil and gas company.

Mr. Emery is the only employee of the Company currently on our Board. With over 20 years of experience at our Company, he has a deep knowledge and understanding of each of our business units and related industries. An enrolled member of the Cheyenne River Sioux Tribe, supports our Company's interest in promoting diverse perspectives. He has demonstrated leadership abilities serving as our Chairman, President and Chief Executive Officer since 2005. His strategic capabilities, knowledge and industry expertise provide critical leadership to the Board.

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Rebecca B. Roberts, 58, is standing for election as a director for the first time.