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May 11, 2026

Ms. Leah Mohr
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

RE: Electric Cost Adjustment Effective June 1, 2026
Non-Docketed and Informational Submission

Dear Ms. Mohr:

In accordance with South Dakota Codified Laws, Chapter 49-34A, Black Hills Power, Inc. d/b/a Black Hills Energy ("Black Hills Power") hereby submits its annual Electric Cost Adjustment ("ECA") rate change to become effective on June 1, 2026.

The ECA for Black Hills Power was approved in Docket No. EL09-018 (the "EL09-018 ECA"). The EL09-018 ECA consists of two separate adjustments: 1) the Fuel and Purchased Power Adjustment ("FPPA"); and 2) the Transmission Cost Adjustment ("TCA"). Each adjustment applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission. Each adjustment is calculated annually by taking the net amount to be refunded or charged divided by the projected South Dakota retail energy sales, thus deriving the adjustment per kWh.

The FPPA is calculated based on actual system costs for fuel and purchased power for the twelve months ending March 31, 2026, as compared to the base year fuel and purchased power costs and includes an over or under recovery from prior adjustments through the Balancing Account. The FPPA for this period, for all customer classes is \$0.02774 / kWh.

The TCA is calculated based on actual system transmission costs for the twelve months ending March 31, 2026, as compared to the base year transmission costs and includes an over or under recovery from prior adjustments through the Balancing Account. The TCA for each customer class is based upon Customer Class Capacity Allocation Factors specified in Black Hills Power's tariff, Table 1 of Section 3C, Original Sheet No. 18. The TCA for this period for each customer class / rate schedule is as follows:

Customer Class / Rate Schedule	TCA
Residential Service	\$0.0053 / kWh
Small General Service	\$0.0067 / kWh
Large General Service	\$0.0055 / kWh
Industrial Contract Service	\$0.0050 / kWh
Lighting Service	\$0.0066 / kWh

The ECA Rate consists of the FPPA and the TCA. The current and proposed ECA Rate for each customer class / rate schedule is as follows:

Customer Class / Rate Schedule	Current ECA Rate	Proposed ECA Rate
Residential Service	\$0.0240 / kWh	\$0.03304 / kWh
Small General Service	\$0.0253 / kWh	\$0.03444 / kWh
Large General Service	\$0.0241 / kWh	\$0.03324 / kWh
Industrial Contract Service	\$0.0233 / kWh	\$0.03274 / kWh
Lighting Service	\$0.0252 / kWh	\$0.03434 / kWh

There will be an approximate 5.88% increase to the Residential General customer class (Rate ID SD710 & SD875) based upon 635 kWh monthly usage. Currently, the average monthly bill totals \$97.71, and the proposed rates will increase the average monthly bill by \$5.74 to \$103.45.

The Small General Service customer class (Rate ID SD720, SD770, & SD878) will experience an approximate increase of 6.97% to their monthly bill, based on 2,482 kWh monthly usage. The current average monthly bill is \$325.25, and the proposed rates decreases the average bill by \$22.69 to \$347.94.

In support of this filing are Exhibits 1-3 providing supporting data for the proposed ECA rate:

Exhibit 1	Tariffs - Legislative
Exhibit 2	Tariffs - Clean
Confidential Exhibit 3	2026 FPPA & TCA Calculation

Confidential Treatment of Exhibit 3

Pursuant to S.D. Admin. R. 20:10:01:41, Black Hills Power, Inc. submits the following justification for confidential treatment of Exhibit 3.

- (1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested;**

Black Hills Power requests confidential treatment of Confidential Exhibit 3 – FPPA and TCA Calculation on the grounds that the material contains confidential financial information that is not available to the general public.

- (2) **The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment;**

Black Hills Power requests that the petition be recognized as confidential in perpetuity.

- (3) **The name, address, and phone number of a person to be contacted regarding the confidentiality request;**

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- (4) **The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future;**

Black Hills Power requests confidential treatment because the information contains confidential financial information. The claim for confidential treatment is based on S.D. Admin. R. 20:10:01:39(4); S.D. Codified Laws § 15-15A-8; and S.D. Codified Laws § 15-6-26(c)(7).

- (5) **The factual basis that qualifies the information for confidentiality under the authority cited.**

Black Hills Power requests confidential treatment on the grounds that the material contains confidential financial information that is not available to the general public.

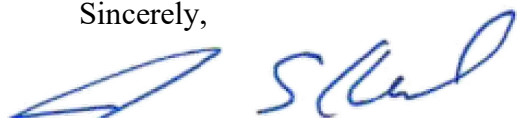
Changes from Prior ECA Period

- The Net SD Amount to (Refund)/Charge (Confidential Exhibit 3, Line 12), SD's share of the total Net FPP costs adjusted by the balancing account, increased by approximately \$14.6 million over the prior period driven by overall higher costs in FERC Account 547 and 555, higher Incremental SD Jurisdictional Costs, lower Power Marketing Operating Income (PMOI), and lower retail energy sales.
- System wide usage (all jurisdictions – South Dakota, Wyoming and Montana) decreased by approximately 57 million kWh's from the prior period, and SD specific customer usage decreased by approximately 54.7 million kWh's.

- Incremental SD Jurisdictional Costs (Confidential Exhibit 3, Line 10), the costs representing the difference of the actual ad valorem and wholesale contract revenue compared to the amount in base rates as approved in Docket No. EL14-026, increased by approximately \$2.5 million due to less revenue received from wholesale contracts.
- Power Marketing Operating Income (PMOI) (Confidential Exhibit 3, Line 16) is unfavorable from the prior period by approximately \$6.8 million, which increased Annual System FFP Costs.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. S. Keil', is written over a horizontal line.

Jason S. Keil
Enclosures