From: PUC
Sent: Friday, September 11, 2026 1:34 PM
To: Sue Jones [redacted]
Subject: RE: [EXT] Black Hills Energy Rate Increase

Ms. Jones:

This is in response to your comments submitted to the Public Utilities Commission. Your comments mention two separate dockets:
EL26-003 - In the Matter of the Application of Black Hills Power, Inc. dba Black Hills Energy for Authority to Increase Rates For its Utility Service in South Dakota, was opened on February 19, 2026.
EL26-024 - In the Matter of the Application of Black Hills Power, Inc. dba Black Hills Energy for Approval to Amend its Phase In Plan Rate, was opened on August 5, 2026.

The Commission is conducting a review and investigation of Black Hills Energy's request to increase its rates in docket EL26-003. In this docket, Commission staff is conducting a significant in-depth investigation of Black Hills Energy's cost of service and charges to customers to ensure the end rate is just and reasonable.

Additionally, docket EL26-024 is currently undergoing a thorough review by commission staff analysts and a staff attorney to determine if the project is prudent and the proposed rate just and reasonable.

In each docket, Commission staff will engage in discovery, asking questions and requesting supporting documentation from Black Hills Energy's staff regarding the petition and the items Black Hills Energy requests to recover. Once staff's analysis is complete, it will be presented to the Commission via the docket and be heard by the commissioners at a public, noticed meeting or hearing. The three commissioners will vote on whether to grant the request during that meeting or hearing.

To help you better understand how the PUC evaluates rate increase requests, I encourage you to review the Electric Rate Increase Request Info Guide available on the PUC website. This guide outlines the steps and considerations involved in our review.

You might also find our Electric Service Laws FAQ, accessible from the PUC website, helpful, particularly this excerpt:

> *In 2026, the Legislature enacted SDCL chapter 49-50, which applies to data centers with a peak demand of 10 megawatts or more. Pursuant to the requirements of this chapter, the data center, must pay "all costs fairly attributed to the data center for*

service demand and utility consumption, including costs incurred to serve the data center if the data center departs the system or materially reduces its load."

In addition, SDCL 49-34A-3 prohibits a public utility from charging rates that give any customer an unreasonable preference or advantage or subject any person to unreasonable prejudice or disadvantage. This means that the rates cannot be set in a way that unreasonably favors one customer class over another.

Your message and this response will be posted under Comments and Responses in the EL26-003 and EL26-024 dockets. Given your interest, we encourage you to follow along as more information is received and posted in the dockets.

Chris Nelson, Chairman
Public Utilities Commission
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