



Jerrad S. Hammer
Director - Regulatory
jerrad.hammer@blackhillscorp.com

7001 Mt. Rushmore Rd.
Rapid City, SD 57702
P: 605-399-5136

February 19, 2026

Leah Mohr
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 E. Capitol Ave.
Pierre, SD 57501-5070

RE: APPLICATION OF BLACK HILLS POWER, INC. D/B/A BLACK HILLS ENERGY FOR AUTHORITY TO INCREASE RATES FOR ELECTRIC UTILITY SERVICE IN SOUTH DAKOTA DOCKET NO. EL26-_____

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power”) submits this Application in accordance with the provisions of South Dakota Codified Laws, Chapter 49-34A and the rules and regulations promulgated thereunder by the South Dakota Public Utilities Commission (“Commission”).

Black Hills Power’s legal name is Black Hills Power, Inc., with a principal place of business located at 7001 Mount Rushmore Rd., Rapid City, SD 57702. Black Hills Power is a wholly owned subsidiary of Black Hills Corporation, which operates as a holding company under the Public Utility Holding Company Act of 2005. Black Hills Power conducts business within its service area under the trade name Black Hills Energy. Black Hills Power is a public utility engaged in the generation, transmission, and distribution of electricity in South Dakota, Wyoming and Montana.

The Application proposes to increase base electric revenues by \$50,553,697. The requested increase in this Application is based on a South Dakota jurisdictional revenue requirement of \$179,805,093 with a Test Period ending September 30, 2025, with known and measurable pro-forma adjustments. The increase reflects a Return on Equity of 10.5% and an overall Rate of Return of 8.16%. The proposed increase will impact Black Hills Power’s approximately 75,000 South Dakota customers. Black Hills Power seeks to implement rates upon the Commission’s final decision, or, consistent with SDCL § 49-34A-14, no later than 180 days after filing and pursuant to SDCL § 49-34A-17, subject to refund. Black Hills Power has filed revised tariff sheets in legislative and non-legislative format which are provided in Volume 1, Section 2.

The primary drivers for Black Hills Power’s need to increase electric rates are to recover: (1) additional capital investment (rate base) and the associated depreciation expense; (2) increases in operating costs incurred by Black Hills Power in providing electric service to its customers; (3) on-going and planned investments in infrastructure; and (4) increases in the cost of capital.

The Application, which consists of the following volumes, has been e-filed and, in addition, three (3) copies of the following have also been filed with the Commission:

Volume 1 –Application

Section 1	Transmittal Letter Notice of Proposed Changes of Rates and Charges Attestation of Authorized Accounting Agent Customer Notice of Proposed Changes of Rates
Section 2	Tariffs, in legislative and non-legislative format
Section 3	Comparison of Revenue under pro Forma and Proposed Rates
Section 4	Cost of Service Study Statements A through R A. Balance Sheet B. Income Statement C. Statement of Retained Earnings D. Utility Plant in Service E. Accumulated Depreciation F. Working Capital G. Cost of Capital H. Operations and Maintenance Expense I. Operating Revenues J. Depreciation Expense K. Income Taxes L. Taxes Other Than Income M. Overall Revenue Requirement N. Allocated Cost of Service by Jurisdiction O. Allocated Cost of Service by SD Customer Class P. Energy Cost Adjustment Factors Q. Description of Utility Operations R. Coal Supply Pricing Methodology
Section 5	Cost of Service Study Working Papers 1-87

Volume 2 – Testimony

Section 6 Testimony of Witnesses

Witness	Testimony
Jerrad S. Hammer	Policy, Rate Review Drivers, Deferred Accounting Treatment for Insurance Costs
Michael A. Pogany	Operations, Capital Investments
Mark L. Lux	Generation

Eric M. Egge	Transmission, Balancing Authority, Resource Prudence
Jason S. Keil	Tariffs, Riders
Lori J. Mack	Cost of Service Study, Rate Base, Income Statement
Douglas N. Hyatt	Class Cost of Service Study, Rate Design
Ethan J. Fritel	Weather Normalization Adjustment, Billing Determinants
Thomas D. Stevens	Capital Structure, Cost-of-Debt, Pension and Retiree Benefits
Adrien M. McKenzie	Rate of Return on Equity
Kris J. Pontious	Compensation
John J. Spanos	Depreciation Study

Pursuant to ARSD § 20:10:13:17 through 19 and SDCL § 49-34A-12, Black Hills Power certifies that it will exhibit a notice of proposed changes in electric service in its Rapid City service center at 409 Deadwood Avenue at least thirty days prior to the date the new rates become effective. Black Hills Power will also issue a press release and post links to the Application, testimony, and supporting documents on its website: blackhillsenergy.com/reliable-sd. Finally, Black Hills Power will provide notice to all customers impacted by this Application via a message on the customer's monthly billing statement.

Copies of all notices, other correspondence and all inquiries concerning this Application should be sent to:

Jason Keil

Manager – Regulatory
7001 Mount Rushmore Rd.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721-1502
Jason.Keil@blackhillscorp.com

Jerrad Hammer

Director – Regulatory
7001 Mount Rushmore Rd.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 399-5136
Jerrad.Hammer@blackhillscorp.com

Catherine Sabers

Associate General Counsel
7001 Mount Rushmore Rd.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721-1914
Cathy.Sabers@blackhillscorp.com

Becky Purington

Senior Paralegal
7001 Mount Rushmore Rd.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721-2506
Becky.Purington@blackhillscorp.com

Adam Buhrman

Corporate Counsel
2287 College Rd.
Council Bluffs, IA 51503
Phone: (402) 221-2630
Adam.Buhrman@blackhillscorp.com

Tatyana Bannan

Corporate Counsel
1301 West 24th Street
Cheyenne, WY 82001
Phone: (307) 421-6655
Tatyana.Bannan@blackhillscorp.com

Douglas Law

Associate General Counsel
1731 Windhoek Drive
Lincoln, NE 68512
Phone: (402) 221-2635
Douglas.Law@blackhillscorp.com

Callie Tysdal

Regulatory Project Manager
7001 Mount Rushmore Rd.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 399-4822
Callie.Tysdal@blackhillscorp.com

In accordance with ARSD §§ 20:10:01:39 through 42, Black Hills Power respectfully requests confidential treatment of certain information contained in this filing. In compliance with ARSD § 20:10:01:41, material containing confidential information has been marked as “Confidential” and filed as a separate document.

Pursuant to ARSD § 20:10:01:41, Black Hills Power provides the following information in support of its request:

1. Black Hills Power requests confidential treatment of the following listed documents in their entirety:
 - Confidential Exhibit MLL-3 – Ben French Decommissioning Estimate
 - Confidential Schedule K-1 - Reconciliation of Book Net Income with Taxable Income
 - Confidential Schedule K-3 - Tax Allocation
 - Confidential Working Paper 36C Schedule H-5 - Adjustment for Annualization of Direct Employee Expenses
 - Confidential Working Paper 66C Schedule I-5 - Demand Revenue Adjustment
 - Confidential Working Paper 72C Schedule I-11 - BHP Shared Facilities Revenue Adjustment
 - Confidential Working Paper 76C Statement K and Schedules K-1 - K-5 Income Taxes
2. Black Hills Power requests that these documents be treated as confidential forever.
3. If you have questions regarding this request, please contact Cathy Sabers or Adam Buhrman (contact information provided above).
4. Confidential treatment is requested on the grounds that the material is trade secret, proprietary information as defined as confidential information by ARSD § 20:10:01:39(4) and (5) and SDCL § 1-27-30.

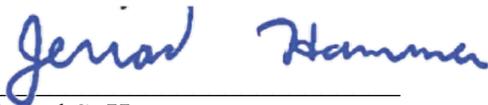
5. The noted documents qualify for confidential treatment because they contain proprietary business information which the Company does not disclose to the public.
- Confidential Exhibit MLL-3 – Ben French Decommissioning Estimate contains information of existing and anticipated costs of specific decommissioning costs related to the Ben French generating facility. Disclosure of this information would be harmful to Black Hills Power’s ability to obtain service at the lowest available cost, because knowledge of the Company’s costs (and anticipated future costs) could allow bidders to potentially determine a floor below which no bidder would submit a price. Such a result could be harmful for the Company’s customers.
 - Schedule K-1 provides a complete reconciliation of the Company’s book net income with taxable net income. This information would provide actual and potential competitors with detailed information concerning the tax treatment of various income statement items that could provide competitors with an unfair competitive advantage.
 - Schedule K-3 provides the net taxable income or loss for each company in consolidation, some of whom are unregulated. This information would provide actual and potential competitors with information concerning the profitability of its various unregulated affiliates that could provide competitors with an unfair competitive advantage.
 - Working Paper 36C Schedule H-5 - Adjustment for Annualization of Direct Employee Expenses contains non-public and confidential employee compensation and benefits information. This information would provide actual and potential competitors with information on confidential employee compensation practice and plans, which could provide competitors with an unfair advantage in a highly competitive employment market.
 - Working Paper 66C Schedule I-5 - Demand Revenue Adjustment contains information regarding usage, payments and rates of individual customers. This information meets the definition of “propriety information” pursuant to SDCL § 1-27-28.
 - Working Paper 72C Schedule I-11 - BHP Shared Facilities Revenue Adjustment contains detailed financial information, including information that is subject to black box settlement agreements. This information would provide competitors with an advantage if it were made public and the information meets the definition of “trade secret” pursuant to SDCL § 37-29-1(4).
 - Confidential Working Paper 76C Statement K and Schedules K-1 - K-5 Income Taxes contains a complete reconciliation of the Company’s book net income with taxable net income. This information would provide actual and potential competitors with detailed information concerning the tax treatment of various income statement

items that could provide competitors with an unfair competitive advantage. It also contains the net taxable income or loss for each company in consolidation, some of whom are unregulated. This information would provide actual and potential competitors with information concerning the profitability of its various unregulated affiliates that could provide competitors with an unfair competitive advantage.

WHEREFORE, Black Hills Power respectfully requests that the Commission:

1. Approve and adopt the proposed rate changes as set forth in this Application to be effective following the Commission's final disposition in this case, or no later than 180 days hereafter;
2. Approve the general tariff changes requested by Black Hills Power;
3. Approve Black Hills Power's proposed deferred accounting treatment for the decommissioning of the Ben French generating units;
4. Approve Black Hills Power's proposed Insurance Deferred Accounting Treatment;
5. Approve Black Hills Power's proposed Spare Turbine Adjustment Rider;
6. Grant Black Hills Power's request for confidential treatment of certain documents and information; and
7. Grant such other and additional relief as the Commission shall deem just and proper.

BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY

By: 

Jerrad S. Hammer
Director – Regulatory