

**BLACK HILLS POWER, INC., d/b/a BLACK HILLS ENERGY**  
**CALCULATION OF REVENUE DEFICIENCY**  
**FOR THE PRO FORMA PERIOD ENDING SEPTEMBER 30, 2026**

**COST OF SERVICE STUDY**  
**Schedule M-1**

(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Reference	Total Company	Reference	South Dakota
1	<b>Cost of Service</b>				
2	Total Adjusted Rate Base	Stmt M pg. 1, Col. (f), Ln. 26	\$ 925,201,322	Stmt M pg. 2, Col. (f), Ln. 26	\$ 829,722,994
3	Rate of Return	Stmt G, Col. (f), Ln. 10	8.16%	Stmt G, Col. (f), Ln. 10	8.16%
4	<b>Return</b>	Ln. 2 x Ln. 3	<u>\$ 75,496,428</u>	Ln. 2 x Ln. 3	<u>\$ 67,705,396</u>
5					
6	Operations & Maintenance	Stmt M pg. 1, Col. (f), Ln. 7	86,512,365	Stmt M pg. 2, Col. (f), Ln. 7	77,498,012
7	Depreciation/Amortization	Stmt M pg. 1, Col. (f), Ln. 8	65,177,339	Stmt M pg. 2, Col. (f), Ln. 8	58,110,236
8	Taxes Other Than Income	Stmt M pg. 1, Col. (f), Ln. 9	9,336,168	Stmt M pg. 2, Col. (f), Ln. 9	8,152,855
9	FIT - Existing Rates	Stmt M pg. 1, Col. (f), Ln. 14	(11,450,236)	Stmt M pg. 2, Col. (f), Ln. 14	(10,515,299)
10	Other Operating Revenue	Stmt M pg. 1, Col. (f), Ln. 3	(35,088,911)	Stmt M pg. 2, Col. (f), Ln. 3	(31,762,383)
11	<b>Total Cost of Service</b>	Sum (Ln. 4 to Ln. 10)	<u>\$ 189,983,152</u>	Sum (Ln. 4 to Ln. 10)	<u>\$ 169,188,817</u>
12					
13	Revenue Under Existing Base Rates	Stmt M pg. 1, Col. (f), Ln. 2	146,554,785	Stmt M pg. 2, Col. (f), Ln. 2	129,251,396
14	<b>Increase/(Decrease) Before Taxes</b>	Ln. 11 - Ln. 13	<u>\$ 43,428,368</u>	Ln. 11 - Ln. 13	<u>\$ 39,937,421</u>
15					
16	Combined Tax Rate	Fed Rate	21.00%	Fed Rate	21.00%
17	<b>Revenue Deficiency / (Excess) After Tax Gross up</b>	(Ln. 14 ÷ (1 - Ln. 16))	<u>\$ 54,972,617</u>	(Ln. 14 ÷ (1 - Ln. 16))	<u>\$ 50,553,697</u>