

**BLACK HILLS POWER, INC., d/b/a BLACK HILLS ENERGY**  
**OTHER RATE BASE ITEMS - TAX**  
**FOR THE PRO FORMA PERIOD ENDING SEPTEMBER 30, 2026**

**COST OF SERVICE STUDY**  
**Schedule M-2**

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Line No.	Account and Description	13 Month Avg. Balance Ending September 30, 2025	Adjustment	Adjusted Total Company Amount	Removal of DC Tie Amounts	Removal of CUS Amounts	Adjusted Amount
1	<b>Deferred Income Tax Assets</b>						
2	190300.DT1000 DTA LT - Vacation	\$ 177,079	\$ -	\$ 177,079	\$ (8,512)	\$ (34,554)	\$ 134,013
3	190300.DT1010 DTA LT - Bad Debt Reserve	716,811	18,935	735,746	(35,367)	(143,568)	556,811
4	190300.DT1020 DTA LT - Employee Group Insurance	54,627	-	54,627	(2,626)	(10,659)	41,341
5	190300.DT1030 DTA LT - Bonus	202,591	-	202,591	(9,739)	(39,532)	153,320
6	190300.DT1050 DTA LT - Workmans Compensation	28,641	-	28,641	(1,377)	(5,589)	21,676
7	190300.DT1108 DTA LT - Production Tax Credit	10,246,454	(10,246,454)	-	-	-	-
8	190300.DT1180 DTA LT - PTC Valuation Allowance	(135,450)	135,450	-	-	-	-
9	190300.DT1099 DTA LT - Other	-	-	-	-	-	-
10	190300.DT2020 DTA LT - Retiree Healthcare	997,000	(8,248)	988,752	(47,529)	(192,938)	748,284
11	190300.DT2025 DTA LT - Pep Plan	183,480	-	183,480	(8,820)	(35,803)	138,857
12	190300.DT2070 DTA LT - PEP (AOCI)	57,634	(57,634)	-	-	-	-
13	190300.DT2092 DTA LT - FAS 109 Other	17,801,826	(687,904)	17,113,922	(300,178)	(2,569,655)	14,244,089
14	190300.DT3070 DTA LT - Deferred Compensation	77,093	-	77,093	(3,706)	(15,043)	58,344
15	190300.DT3076 DTA LT - Line Extension Dep Elec	1,953,814	-	1,953,814	(93,920)	(381,253)	1,478,640
16	190300.DT3090 DTA LT - Pension FAS 87	-	-	-	-	-	-
17	190300.DT4098 DTA LT - Deferred Regulatory	285,400	-	285,400	(13,719)	(55,691)	215,990
18	190300.DT4120 DTA LT - Pension FAS 158 Liab	4,503,486	(9,521)	4,493,965	(216,025)	(876,920)	3,401,020
19	190300.DT4125 DTA LT - Retirement Health FAS 158 Liab	(495,789)	(10,441)	(506,230)	24,334	98,782	(383,113)
20	190300.DT4135 DTA LT - INS RESERVE LIAB	336,681	-	336,681	(16,184)	(65,698)	254,799
21	190300.DT4165 DTA LT - NOL Carryforward	-	-	-	-	-	-
22	190300.DT4415 DTA LT - ALT Fuel Vehicle Credit	25,817	-	25,817	(1,241)	(5,038)	19,538
23	190300.DT4430 DTA LT - R&D Credit	4,218,542	-	4,218,542	(202,785)	(823,176)	3,192,581
24	190300.DT4466 DTA LT - PUC Fees	112,136	18,893	131,029	(6,299)	(25,568)	99,162
25	190300.DT4470 DTA LT - SERP (AOCI)	34,225	(34,225)	-	-	-	-
26	190998.DT2092 DTA LT - Svc Co FAS 109 Other	140,100	(9,396)	130,704	(6,283)	(25,505)	98,916
27	<b>Total Deferred Income Tax Assets</b>	<b>\$ 41,522,197</b>	<b>\$ (10,890,544)</b>	<b>\$ 30,631,653</b>	<b>\$ (949,976)</b>	<b>\$ (5,207,409)</b>	<b>\$ 24,474,269</b>
28							
29	<b>Regulatory Liabilities</b>						
30	254015.DT5000 - Protected Plant	(75,109,689)	2,710,036	(72,399,653)	1,269,890	10,870,808	(60,258,955)
31	254015.DT5001 - Non Protected Plant - SL	-	-	-	-	-	-
32	254015.DT5001 - Non Protected Plant - ARAM	(9,513,041)	391,014	(9,122,027)	160,000	1,369,672	(7,592,354)
33	254015.DT5002 - Reg Liab Excess Def NonProt NOL	-	-	-	-	-	-
34	254015.DT5003 - Reg Liab Excess Def NonProt RB	-	-	-	-	-	-
35	254015.DT5004 - Reg Liab Excess Def NonProt Prop NP	53,625	(53,625)	-	-	-	-
36	254015.DT5005 - Reg Liab Excess Def Nonrefund ARAM	(228,306)	228,306	-	-	-	-

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37	254998.DT5000 - SVC Co Reg Liab Edit Prot Property	(635,542)	44,183	(591,360)	10,372	88,793	(492,195)
38	254998.DT5001 - SVC Co Reg Liab Edit NonProt Prop	(27,042)	562	(26,480)	464	3,976	(22,039)
39	<b>Total Regulatory Liabilities</b>	<b>\$ (85,459,995)</b>	<b>\$ 3,320,476</b>	<b>\$ (82,139,519)</b>	<b>\$ 1,440,727</b>	<b>\$ 12,333,249</b>	<b>\$ (68,365,543)</b>
40							
41	<b>Accumulated Deferred Income Taxes - Property</b>						
42	282300.DT4062 - Property LT Accelerated Dep	(142,779,270)	560,248	(142,219,022)	6,836,468	27,751,605	(107,630,949)
43	282302.DT4275 - Def Tax Property LT- REG UOP Asset	-	-	-	-	-	-
44	282300.DT4094 - Other Property	1,321,955	-	1,321,955	(63,546)	(257,957)	1,000,452
45	282300.DT4097 - CWIP	44,458	-	44,458	(2,137)	(8,675)	33,646
46	282998.DT4060 DTL LT - Svc Co Def Tax Liab Prop	(2,627,654)	(161,141)	(2,788,795)	134,057	544,186	(2,110,552)
47	<b>Total Accelerated Deferred Income Taxes - Property</b>	<b>\$ (144,040,511)</b>	<b>\$ 399,108</b>	<b>\$ (143,641,404)</b>	<b>\$ 6,904,842</b>	<b>\$ 28,029,158</b>	<b>\$ (108,707,403)</b>
48							
49	<b>Accumulated Deferred Income Taxes - Other</b>						
50	283300.DT2015 DTL LT - Pension Plan	(2,510,081)	(7,521)	(2,517,602)	121,021	491,267	(1,905,314)
51	283300.DT4040 DTL LT - Prepaid Expenses	(397,498)	-	(397,498)	19,108	77,565	(300,825)
52	283300.DT4098 DTL LT - Deferred Regulatory	-	-	-	-	-	-
53	283300.DT4070 DTL LT - Reacquired Bond Loss	(32)	-	(32)	2	6	(24)
54	<b>Total Accelerated Deferred Income Taxes - Other</b>	<b>\$ (2,907,610)</b>	<b>\$ (7,521)</b>	<b>\$ (2,915,132)</b>	<b>\$ 140,130</b>	<b>\$ 568,838</b>	<b>\$ (2,206,163)</b>
55							
56	<b>Total Other Rate Base Items</b>	<b>\$ (190,885,920)</b>	<b>\$ (7,178,482)</b>	<b>\$ (198,064,402)</b>	<b>\$ 7,535,724</b>	<b>\$ 35,723,836</b>	<b>\$ (154,804,842)</b>