

Statement O

20:10:13:98. Statement O -- Comparison of cost of service. Statement O shall be provided with the initial application under this chapter for a rate increase greater than \$85,000, when a material change in rate structure is proposed, or when the commission so orders. Statement O shall compare the allocated cost of service provided pursuant to § 20:10:13:43 with the revenues under the proposed rates. If the amount of revenue under the proposed new rates differs significantly from allocated cost of service, including allowances for claimed return and income taxes, the filing public utility shall show the amounts available for return and taxes on income and shall show return expressed as a percentage of rate base allocated to the service concerned. If the filing public utility considers certain facilities as being devoted entirely to the service involved, it shall show, in addition to the overall cost of service, the cost of service related to such special facilities. The schedule described in § 20:10:13:100 shall be submitted as a part of statement O.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL [49-34A-4](#).

Law Implemented: SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-4](#) 1.

**BLACK HILLS POWER, INC. - South Dakota
PRO FORMA CLASS COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2026**

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	WATER PUMP IRRIGATION
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
M	93	RETURN AT PROPOSED RATES							
M	94								
M	95	DEVELOPMENT OF RETURN AT PROPOSED RATE LEVELS							
M	96								
M	97	OPERATING REVENUE							
M	98	Sales of Electricity	SCH AF, LN 256	179,805,094	85,838,874	48,512,785	41,331,519	2,089,665	2,032,251
M	99	Contract Revenues	SCH I, LN 5	0	0	0	0	0	0
M	100	Other Operating Revenue	SCH I, LN 17	31,762,383	15,893,119	8,600,149	6,417,548	506,077	345,490
M	101	TOTAL OPERATING REVENUE		211,567,477	101,731,993	57,112,934	47,749,067	2,595,742	2,377,741
M	102								
M	103	OPERATING EXPENSES							
M	104	Operation and Maintenance Expense	SCH H, LN 179	77,498,012	38,023,878	20,657,715	17,103,042	870,749	842,627
M	105	Depreciation Expense	SCH J, LN 32	58,024,067	27,401,525	15,830,434	13,406,551	722,698	662,859
M	106	Amortization Expense	SCH J, LN 34	86,169	41,647	23,190	19,395	984	953
M	107	Taxes Other Than Income Taxes	SCH L, LN 20	8,152,855	3,888,746	2,221,089	1,845,667	105,062	92,290
M	108	State Income Tax	CALCULATED	0	0	0	0	0	0
M	109	Federal Income Tax	CALCULATED	100,978	73,356	2,908	22,466	143	2,104
M	110	TOTAL OPERATING EXPENSES		143,862,080	69,429,153	38,735,336	32,397,121	1,699,637	1,600,834
M	111								
M	112	OPERATING INCOME (RETURN) AT PROPOSED RATES							
M	113								
M	114								
M	115	RATE BASE	SCH M, LN 30	829,722,994	395,868,139	225,215,663	188,136,597	10,981,680	9,520,915
M	116								
M	117								
M	118	RATE OF RETURN		8.16%	8.16%	8.16%	8.16%	8.16%	8.16%
M	119								
M	120	INDEX RATE OF RETURN		1.00	1.00	1.00	1.00	1.00	1.00
M	121								
M	122								
M	123	PROPOSED TOTAL REVENUE INCREASE (\$)							
M	124								
M	125	BASE SALES OF ELECTRICITY							
M	126	SALES OF ELECTRICITY FOR BASE ENERGY COSTS	ENERGY2	91,794,328	33,865,457	24,698,056	31,179,241	759,793	1,291,782
M	127	TOTAL CURRENT RETAIL REVENUES		221,045,724	89,546,555	67,087,069	59,525,751	2,151,334	2,735,015
M	128								
M	129	PROPOSED TOTAL REVENUE INCREASE (%)							
M	130								
M	131								
M	132								
M	133								
M	134								
M	135								
M	136								
M	137								
M	138								

**BLACK HILLS POWER, INC. - South Dakota
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 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2026**

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	WATER PUMP IRRIGATION
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
AF	1	ALLOCATION FACTOR TABLE							
AF	2	DEMAND							
AF	3								
AF	4	DEMAND - PRODUCTION RELATED							
AF	5	Demand Production (A&E)	DPROD	301,324	133,730	82,418	79,148	2,419	3,609
AF	6								
AF	6								
AF	6								
AF	6								
AF	9	DEMAND - TRANSMISSION RELATED							
AF	10	Demand Transmission (NCP)	DTRAN	388,565	182,659	106,776	91,691	3,081	4,357
AF	11								
AF	12								
AF	13								
AF	15								
AF	16								
AF	17								
AF	18								
AF	19								
AF	20	DEMAND - DISTRIBUTION RELATED (Calculated Maximum Demand)							
AF	21	Demand Distribution Primary Substation	DDISPSUB	388,565	182,659	106,776	91,691	3,081	4,357
AF	22	Demand Distribution Primary Overhead Lines	DDISTPOL	388,565	182,659	106,776	91,691	3,081	4,357
AF	23	Demand Distribution Primary Underground Lines	DDISTPUL	388,565	182,659	106,776	91,691	3,081	4,357
AF	24								
AF	25	Demand Distribution Secondary Overhead Lines	DDISTSOL	344,670	182,659	106,776	47,796	3,081	4,357
AF	26	Demand Distribution Secondary Underground Lines	DDISTSUL	344,670	182,659	106,776	47,796	3,081	4,357
AF	27	Demand Distribution Overhead Line Transformers	DDISTSOT	344,670	182,659	106,776	47,796	3,081	4,357
AF	28	Demand Distribution Undergrnd Line Transformers	DDISTSUT	344,670	182,659	106,776	47,796	3,081	4,357
AF	29								
AF	30								
AF	31								
AF	32								
AF	33								
AF	34								
AF	35								
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**BLACK HILLS POWER, INC. - South Dakota
PRO FORMA CLASS COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2026**

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	WATER PUMP IRRIGATION
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
AF	139	ALLOCATION FACTOR TABLE CONTINUED							
AF	140	INTERNALLY DEVELOPED ALLOCATION FACTORS							
AF	141	Production Expense							
AF	142	Account 555 - Purchased Power Expense	OX_555	(0)	(0)	(0)	(0)	(0)	(0)
AF	143	O&M Expense Production Operation	OX_PROD	4,311,258	1,913,373	1,179,210	1,132,430	34,613	51,632
AF	144	O&M Expense Production Maintenance	MX_PROD	24,085,381	10,624,926	6,584,673	6,391,850	193,611	290,322
AF	145	Salaries and Wages Production Operation	SALWAGPO	4,139,592	1,837,186	1,132,256	1,087,339	33,235	49,576
AF	146	Salaries and Wages Production Maintenance	SALWAGPM	3,215,158	1,418,322	878,988	853,248	25,845	38,755
AF	147	Transmission Expense							
AF	148	O&M Accounts 561-567	OX_TRAN	163,068	76,656	44,810	38,480	1,293	1,828
AF	149	O&M Accounts 569-573	MX_TRAN	55,795	26,229	15,332	13,166	442	626
AF	150	Salaries & Wages Accounts 561-567	SALWAGTO	136,934	64,371	37,629	32,313	1,086	1,535
AF	151	Salaries & Wages Accounts 569-573	SALWAGTM	33,091	15,556	9,093	7,809	262	371
AF	152	Distribution Expense							
AF	153	Account 580	OX_580	1,228,361	678,898	327,492	184,104	26,137	11,730
AF	154	Account 581	OX_581	569,589	292,749	156,551	102,604	11,592	6,092
AF	155	Account 582	OX_582	614,103	288,682	168,753	144,913	4,870	6,885
AF	156	Account 583	OX_583	426,324	205,176	119,939	92,855	3,461	4,894
AF	157	Account 584	OX_584	892,259	444,458	259,814	169,888	7,498	10,601
AF	158	Account 585	OX_585	55,991	0	0	0	55,991	0
AF	159	Account 586	OX_586	735,586	551,069	173,916	5,947	1,172	3,482
AF	160	Account 587	OX_587	632,157	473,584	149,462	5,111	1,007	2,992
AF	161	Account 588	OX_588	2,208,628	1,135,159	607,040	397,856	44,949	23,624
AF	162	Account 589	OX_589	8,955	4,603	2,461	1,613	182	96
AF	163	Account 590	MX_590	22,661	10,901	6,368	4,862	271	260
AF	164	Account 592	MX_592	268,486	126,212	73,779	63,356	2,129	3,010
AF	165	Account 593	MX_593	6,128,763	2,949,576	1,724,219	1,334,860	49,759	70,350
AF	166	Account 594	MX_594	435,911	217,139	126,932	82,999	3,663	5,179
AF	167	Account 595	MX_595	106,318	56,344	32,937	14,743	951	1,344
AF	168	Account 596	MX_596	26,799	0	0	0	26,799	0
AF	169	Account 597	MX_597	6,173	4,624	1,459	50	10	29
AF	170	Account 598	MX_598	565	290	155	102	11	6
AF	171	O&M Accounts 581-589	OX_DIST	6,143,593	3,395,481	1,637,937	920,787	130,723	58,665
AF	172	O&M Accounts 591-598	MX_DIST	6,973,014	3,354,185	1,959,480	1,496,110	83,321	79,919
AF	173	Salaries & Wages Accounts 581-589	SALWAGDO	2,587,616	1,430,140	689,881	387,826	55,059	24,709
AF	174	Salaries & Wages Accounts 591-598	SALWAGDM	1,115,108	536,393	313,355	239,254	13,325	12,780
AF	175	Customer Accounts Expense							
AF	176	O&M Accounts 902-905	OX_CA	2,140,365	1,798,357	315,299	5,577	18,389	2,742
AF	177	Salaries & Wages Accounts 902-905	SALWAGCA	161,428	135,634	23,780	421	1,387	207
AF	178	Customer Service & Information Expense							
AF	179	O&M Accounts 908-910	OX_CS	1,023,311	833,063	174,238	3,362	10,995	1,653
AF	180	Salaries & Wages Accounts 908-910	SALWAGCS	202,208	164,615	34,430	664	2,173	327
AF	181	Administrative & General Expense							
AF	182	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	11,591,136	5,602,217	3,119,413	2,608,874	132,372	128,261
AF	183	Total Salaries and Wages Expense	SALWAGES	14,511,325	7,013,599	3,905,296	3,266,135	165,721	160,574
AF	184								

**BLACK HILLS POWER, INC. - South Dakota
PRO FORMA CLASS COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2026**

SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL SOUTH DAKOTA	RESIDENTIAL SERVICE	GENERAL SERVICE	GS LARGE/ INDUSTRIAL CONTRACT	LIGHTING SERVICE	WATER PUMP IRRIGATION
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
AP	139	ALLOCATION PROPORTIONS TABLE CONTINUED							
AP	140	INTERNALLY DEVELOPED ALLOCATION FACTORS							
AP	141	Production Expense							
AP	142	Account 555 - Purchased Power Expense	OX_555	1.00000	0.36761	0.26981	0.34007	0.00831	0.01419
AP	143	O&M Expense Production Operation	OX_PROD	1.00000	0.44381	0.27352	0.26267	0.00803	0.01198
AP	144	O&M Expense Production Maintenance	MX_PROD	1.00000	0.44114	0.27339	0.26538	0.00804	0.01205
AP	145	Salaries and Wages Production Operation	SALWAGPO	1.00000	0.44381	0.27352	0.26267	0.00803	0.01198
AP	146	Salaries and Wages Production Maintenance	SALWAGPM	1.00000	0.44114	0.27339	0.26538	0.00804	0.01205
AP	147	Transmission Expense							
AP	148	O&M Accounts 561-567	OX_TRAN	1.00000	0.47009	0.27480	0.23597	0.00793	0.01121
AP	149	O&M Accounts 569-573	MX_TRAN	1.00000	0.47009	0.27480	0.23597	0.00793	0.01121
AP	150	Salaries & Wages Accounts 561-567	SALWAGTO	1.00000	0.47009	0.27480	0.23597	0.00793	0.01121
AP	151	Salaries & Wages Accounts 569-573	SALWAGTM	1.00000	0.47009	0.27480	0.23597	0.00793	0.01121
AP	152	Distribution Expense							
AP	153	Account 580	OX_580	1.00000	0.55269	0.26661	0.14988	0.02128	0.00955
AP	154	Account 581	OX_581	1.00000	0.51397	0.27485	0.18014	0.02035	0.01070
AP	155	Account 582	OX_582	1.00000	0.47009	0.27480	0.23597	0.00793	0.01121
AP	156	Account 583	OX_583	1.00000	0.48127	0.28133	0.21780	0.00812	0.01148
AP	157	Account 584	OX_584	1.00000	0.49813	0.29119	0.19040	0.00840	0.01188
AP	158	Account 585	OX_585	1.00000	0.00000	0.00000	0.00000	1.00000	0.00000
AP	159	Account 586	OX_586	1.00000	0.74916	0.23643	0.00808	0.00159	0.00473
AP	160	Account 587	OX_587	1.00000	0.74916	0.23643	0.00808	0.00159	0.00473
AP	161	Account 588	OX_588	1.00000	0.51397	0.27485	0.18014	0.02035	0.01070
AP	162	Account 589	OX_589	1.00000	0.51397	0.27485	0.18014	0.02035	0.01070
AP	163	Account 590	MX_590	1.00000	0.48102	0.28101	0.21456	0.01195	0.01146
AP	164	Account 592	MX_592	1.00000	0.47009	0.27480	0.23597	0.00793	0.01121
AP	165	Account 593	MX_593	1.00000	0.48127	0.28133	0.21780	0.00812	0.01148
AP	166	Account 594	MX_594	1.00000	0.49813	0.29119	0.19040	0.00840	0.01188
AP	167	Account 595	MX_595	1.00000	0.52995	0.30979	0.13867	0.00894	0.01264
AP	168	Account 596	MX_596	1.00000	0.00000	0.00000	0.00000	1.00000	0.00000
AP	169	Account 597	MX_597	1.00000	0.74916	0.23643	0.00808	0.00159	0.00473
AP	170	Account 598	MX_598	1.00000	0.51397	0.27485	0.18014	0.02035	0.01070
AP	171	O&M Accounts 581-589	OX_DIST	1.00000	0.55269	0.26661	0.14988	0.02128	0.00955
AP	172	O&M Accounts 591-598	MX_DIST	1.00000	0.48102	0.28101	0.21456	0.01195	0.01146
AP	173	Salaries & Wages Accounts 581-589	SALWAGDO	1.00000	0.55269	0.26661	0.14988	0.02128	0.00955
AP	174	Salaries & Wages Accounts 591-598	SALWAGDM	1.00000	0.48102	0.28101	0.21456	0.01195	0.01146
AP	175	Customer Accounts Expense							
AP	176	O&M Accounts 902-905	OX_CA	1.00000	0.84021	0.14731	0.00261	0.00859	0.00128
AP	177	Salaries & Wages Accounts 902-905	SALWAGCA	1.00000	0.84021	0.14731	0.00261	0.00859	0.00128
AP	178	Customer Service & Information Expense							
AP	179	O&M Accounts 908-910	OX_CS	1.00000	0.81409	0.17027	0.00329	0.01074	0.00162
AP	180	Salaries & Wages Accounts 908-910	SALWAGCS	1.00000	0.81409	0.17027	0.00329	0.01074	0.00162
AP	181	Administrative & General Expense							
AP	182	Salaries & Wages Excluding Admin & Gen	SALWAGXAG	1.00000	0.48332	0.26912	0.22507	0.01142	0.01107
AP	183	Total Salaries and Wages Expense	SALWAGES	1.00000	0.48332	0.26912	0.22507	0.01142	0.01107
AP	184								

BLACK HILLS POWER, INC. - South Dakota
 PRO FORMA CLASS COST OF SERVICE STUDY
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2026

SCH	LINE	ALLOCATION	TOTAL	RESIDENTIAL	GENERAL	GS LARGE/ INDUSTRIAL	LIGHTING	WATER PUMP
NO.	NO.	BASIS	SOUTH DAKOTA	SERVICE	SERVICE	CONTRACT	SERVICE	IRRIGATION
		(a)	(c)	(d)	(e)	(f)	(g)	(h)
ADA	1	ALLOCATED DIRECT ASSIGNMENTS						
ADA	2	DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS						
ADA	3							
ADA	4	Write-Offs						
ADA	5	Water Pump Irrigation	SREVOTH	0	0	0	0	0
ADA	6	Residential Regular	SREVRESR	406,675	406,675	0	0	0
ADA	7	Residential Total Electric	SREVRESE	103,654	103,654	0	0	0
ADA	8	Residential Total Electric Demand	SREVRESED	16,603	16,603	0	0	0
ADA	9	GS Regular	SREVSGSR	30,912	0	30,912	0	0
ADA	10	GS Total Electric	SREVSGSE	2,178	0	2,178	0	0
ADA	11	GS Other	SREVSGSO	61	0	61	0	0
ADA	12	GS Small	SREVSGSS	0	0	0	0	0
ADA	13	GSL Secondary	SREVGSLS	0	0	0	0	0
ADA	14	GSL Primary	SREVGSLP	0	0	0	0	0
ADA	15	GSL 69kV	SREVGSL0	0	0	0	0	0
ADA	16	ICS Secondary	SREVICSS	0	0	0	0	0
ADA	17	ICS Primary	SREVICSP	0	0	0	0	0
ADA	18	ICS 69kV	SREVICSO	0	0	0	0	0
ADA	19	Traffic Signals & Flashers	SREVTFS	0	0	0	0	0
ADA	20	Private Area Lighting Leased	SREVPAL	2,059	0	0	2,059	0
ADA	21	Street Lighting Leased	SREVSLE	0	0	0	0	0
ADA	22	Street Lighting Cust Owned	SREVSLEO	0	0	0	0	0
ADA	23	Street Lighting Cust Owned LED	SREVSLELED	0	0	0	0	0
ADA	24	Total Write-Offs	EXP_904	562,142	526,932	33,151	2,059	0
ADA	25							
ADA	26	Total Write-Offs	EXP_904	1.00000	0.93736	0.05897	0.00000	0.00366
ADA	27							
ADA	28	Customer Advances for Construction						
ADA	29	Water Pump Irrigation	DPLTOTH	60,974	0	0	0	60,974
ADA	30	Residential Regular	DPLTRESR	2,294,997	2,294,997	0	0	0
ADA	31	Residential Total Electric	DPLTRESE	199,284	199,284	0	0	0
ADA	32	Residential Electric Demand	DPLTRESD	113,091	113,091	0	0	0
ADA	33	GS Regular	DPLTGSR	5,818,279	0	5,818,279	0	0
ADA	34	GS Total Electric	DPLTGSE	8,424	0	8,424	0	0
ADA	35	GS Other	DPLTGSO	0	0	0	0	0
ADA	36	GS Small	DPLTGSS	0	0	0	0	0
ADA	37	GSL Secondary	DPLTGSLS	0	0	0	0	0
ADA	38	GSL Secondary	DPLTGSL0	0	0	0	0	0
ADA	39	Traffic Signals & Flashers	DPLTTSF	0	0	0	0	0
ADA	40	Customer Advances for Construction	CUSTADV	8,495,049	2,607,372	5,826,704	0	60,974
ADA	41							
ADA	42	Customer Advances for Construction	CUSTADV	1.00000	0.30693	0.68589	0.00000	0.00718
ADA	43							
ADA	44							
ADA	45							
ADA	46							

