

Black Hills Power, Inc.  
Cost of Service Model Description

### **Statement P**

**20:10:13:100. Statement P-- Fuel cost adjustment factor.** Statement P shall show the derivation of the cost adjustment factor as stated therein if the rate schedule or sales contract embodies a fuel clause or gas adjustment clause. If the fuel clause differs from the one prescribed by the commission, the statement shall show the derivation as proposed by the company and as prescribed by the commission.

**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-41.**

**BLACK HILLS POWER, INC., d/b/a BLACK HILLS ENERGY****COST OF SERVICE STUDY****DERIVATION OF BASE UNIT COST - FUEL AND PURCHASE POWER ADJUSTMENT**

Statement P

**FOR THE PRO FORMA PERIOD ENDING SEPTEMBER 30, 2026**

Page 1 of 2

(a)	(b)	(c)	(d)
Line No.	Description	Reference	Amount
1	<b>Power Costs</b>		
2	501 - Fuel	Stmt. H, Col. (c) Ln. 5 + Sched. H-5, Col (d) Ln. 5 + Sched. H-20, Col. (i) Ln. 100	\$ 21,525,771
3	555 - Purchased Power	Stmt. H, Col. (c) Ln. 37 - 38	44,382,038
4	547 - Fuel - Other Plant	Stmt. H, Col. (c) Ln. 22	16,839,397
5	<b>Total System Delivered Costs</b>	Sum Ln. 2 - 5	<u>82,747,205</u>
6			
7	<b>Less Power Marketing Expenses</b>		
8	501 - Fuel		(2,314,025)
9	555 - Purchased Power		(14,196,231)
10	547 - Fuel - Other Plant		(3,675,418)
11	<b>Total Power Marketing Expenses</b>	Sum Ln. (8 - 10)	<u>(20,185,674)</u>
12			
13	<b>Net System Delivered Costs</b>	Ln. 5 + Ln. 11	<u>\$ 62,561,532</u>
14			
15	<b>Total kWh Sales</b>	Stmt P pg. 2, Ln. 6	1,882,063,804
16			
17	<b>Power Costs per kWh</b>	Ln. 13 ÷ Ln. 15	<u>\$ 0.03324</u>
18			
19	<b>Power Cost Base Rate per kWh</b>	Approved Docket EL09-018	<u>\$ 0.01460</u>
20			
21	<b>Property Taxes</b>		
22	Total Company Amount	Stmt L, Ln. 33	6,991,204
23	SD Property Tax Allocation - Total Plant	Stmt M pg. 3, Col. (h), Ln. 393	89.56%
24	SD Property Tax Amount	Ln. 22 x Ln. 23	<u>\$ 6,261,174</u>
25			
26	<b>Long-Term Contract Sales</b>		
27	Total Company Amount	Stmt I pg. 1, Col (q), Ln. 38	12,683,225
28	SD Contract Sales Allocation	Stmt M pg. 3, Col. (h), Ln. 411	88.19%
29	SD Contract Sales Amount	Ln. 27 x Ln. 28	<u>\$ 11,185,746</u>

<b>BLACK HILLS POWER, INC., d/b/a BLACK HILLS ENERGY</b> <b>DERIVATION OF BASE UNIT COST OF TRANSMISSION</b> <b>FOR THE PRO FORMA PERIOD ENDING SEPTEMBER 30, 2026</b>	<b>COST OF SERVICE STUDY</b> <b>Statement P</b> <b>Page 2 of 2</b>
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(a)	(b)	(c)	(d)
Line No.	Description	Reference	Amount
1	<b>Transmission Expenses in Base Rates</b>		
2	565 - Transmission of Electricity by Others	Stmt H, Col (c) Ln. 55	\$ 25,885,201
3	Less Power Marketing Expenses		(1,129,532)
4	<b>Transmission Expenses in Base Rates</b>		<u>\$ 24,755,669</u>
5			
6	Retail Energy Sales		1,882,063,804
7			
8	<b>Base Unit Cost for Transmission per kWh</b>	Ln. 4 ÷ Ln. 6	<u><u>\$ 0.01315</u></u>
9			
10	<b>Base Unit Cost for Transmission per kWh</b>	Approved Docket EL09-018	<u><u>\$ 0.00810</u></u>