

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	Cost of Service				
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	Return	Ln. 2 x Ln. 3	\$ 75,496,428	Ln. 2 x Ln. 3	\$ 67,705,396
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. 9	(35,088,911)	Stmt M pg. 2, Col. (f), Ln. 9	(31,762,383)
11	Total Cost of Service	Sum (Ln. 4 to Ln.10)	\$ 189,983,152	Sum (Ln. 4 to Ln.10)	\$ 169,188,817
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	Increase/(Decrease) Before Taxes	Ln. 11 - Ln. 13	\$ 43,428,368	Ln. 11 - Ln. 13	\$ 39,937,421
15					
16	Combined Tax Rate	Fed Rate	21.00%	Fed Rate	21.00%
17	Revenue Deficiency / (Excess) After Tax Gross up	(Ln. 14 ÷ (1 - Ln. 16))	\$ 54,972,617	(Ln. 14 ÷ (1 - Ln. 16))	\$ 50,553,697