

Direct Testimony and Exhibits
Mark L. Lux

Before the South Dakota Public Utilities Commission
of the State of South Dakota

In the Matter of the Application of
Black Hills Power, Inc. d/b/a Black Hills Energy

for Authority to Increase Rates for Electric Service in South Dakota

Docket No. EL26-_____

February 19, 2026

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EXHIBITS

Exhibit MLL-1	Neil Simpson II Conversion Overview
Exhibit MLL-2	West Peak Energy Study
Confidential Exhibit MLL-3	Ben French Decommissioning Estimate
Exhibit MLL-4	Ben French Decommissioning Plan

TABLE OF ABBREVIATIONS AND ACRONYMS

AFUDC	Allowance for Funds Used in Construction
B&W	Babcock and Wilcox
BHC	Black Hills Corporation
BHSC	Black Hills Service Company, LLC
Black Hills Power	Black Hills Power, Inc. d/b/a Black Hills Energy
CT	Combustion Turbine
CO	Carbon monoxide
COSS	Cost of Service Study
GSU	Generator step-up transformer
LNG	Liquefied natural gas
NERC	North American Electric Reliability Corporation
Notice of Intent	Notification of Intent to Apply for a Permit for an Energy Conversion Facility
NOX	Nitric oxide
O & M	Operations & Maintenance
OEM	Original equipment manufacturer
PRM	Planning Reserve Margin
RICE	Reciprocating Internal Combustion Engine
SCR	Selective Catalytic Reduction
South Dakota Commission	South Dakota Public Utilities Commission
VOC	Volatile organic compounds
Wartsila	Wartsila North America Inc.
Wyoming Commission	Wyoming Public Service Commission

I. INTRODUCTION AND QUALIFICATIONS

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Mark L. Lux. My business address is 7001 Mount Rushmore Road, Rapid
3 City, South Dakota 57702.

4 **Q. PLEASE DESCRIBE YOUR EMPLOYMENT.**

5 A. I am currently employed by Black Hills Service Company, LLC (“BHSC”), a wholly
6 owned subsidiary of Black Hills Corporation (“BHC”), as Vice President Power Delivery.
7 I am responsible for the following with respect to each of BHC’s electric utility
8 subsidiaries: generation fleet, generation dispatch and power marketing, and environmental
9 services. The electric generation and generation dispatch responsibility includes the
10 operation, construction, and dispatch of over 1 gigawatt of electrical power generation
11 assets to serve the customers of BHC subsidiaries, including Black Hills Power, Inc. d/b/a
12 Black Hills Energy (“Black Hills Power”).

13 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS BACKGROUND.**

14 A. I received a Bachelor of Science degree with honors in Mechanical Engineering from the
15 South Dakota School of Mines and Technology in 1987. I have 37 years of experience
16 working in the mining and electrical power industries. I have nuclear, fossil fuel, and
17 renewable power generation operating experience and have led the construction of over 1
18 gigawatt of power plants. I have been and continue to be involved in the development,
19 engineering, construction, and commissioning of the power plants owned and operated by
20 subsidiaries of BHC.

21 **Q. FOR WHOM ARE YOU TESTIFYING?**

22 A. I am testifying on behalf of Black Hills Power.

II. PURPOSE OF TESTIMONY

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. I present Black Hills Power's long-term plans for its generation assets including plant
3 closures, asset modifications and asset additions. I also discuss all generation
4 investments and major maintenance of the generation plants.

5 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

6 A. Yes. I am sponsoring the following exhibits:

Exhibit MLL-1 Neil Simpson II Conversion Overview

Exhibit MLL-2 West Peak Energy Study

Confidential Exhibit MLL-3 Ben French Decommissioning Estimate

Exhibit MLL-4 Ben French Decommissioning Plan

III. GENERATION ASSETS

7 **Q. PLEASE DESCRIBE BLACK HILLS POWER'S GENERATION ASSETS.**

8 A. Black Hills Power's current ownership interests in generation plants are as follows:

1

Table MLL-1: Black Hills Power’s Generation Assets

Unit	Fuel Type	Location	Ownership Interest (%)	Owned Nameplate Capacity (MWs)	In Service Date
Cheyenne Prairie	Natural Gas	Cheyenne, Wyoming	58%	58.0	2014
Corriedale	Wind	Cheyenne, Wyoming	62%	32.5	2020
Wygen III	Coal	Gillette, Wyoming	52%	60.3	2010
Neil Simpson II	Coal	Gillette, Wyoming	100%	90.0	1995
Wyodak Plant	Coal	Gillette, Wyoming	20%	80.5	1978
Neil Simpson Combustion Turbine	Natural Gas	Gillette, Wyoming	100%	40.0	2008
Lange Combustion Turbine	Natural Gas	Rapid City, SD	100%	40.0	2002
Ben French Diesel #1-5	Diesel Oil	Rapid City, SD	100%	10.0	1965
Ben French Combustion Turbines #1-4	Natural Gas/Diesel Oil	Rapid City, SD	100%	100.0	1977-1979

2 **Q. WHAT GENERATION ASSETS ARE LOCATED AT THE GILLETTE ENERGY**
3 **COMPLEX?**

4 A. The Gillette energy complex located in Gillette, Wyoming is an 873.5 MW complex
5 consisting of the following generating units:

1

Table MLL-2: Gillette Energy Complex Generation Plants

Resource name	Owner	Ownership Share	Fuel Type	Nameplate Capacity
Neil Simpson Combustion Turbine 1	BHP	100%	Natural Gas	40
Neil Simpson Combustion Turbine 2	Gillette	100%	Natural Gas	40
Neil Simpson II	BHP	100%	Coal	90
Wygen I	BHW/MEAN*	76.5%/23.5%	Coal	90
Wygen II	CLFP	100%	Coal	95
Wygen III	BHP/MDU**/COG***	52%/25%/23%	Coal	116
Wyodak	BHP/PacifiCorp	20%/80%	Coal	402.5
			Total	873.5

* Municipal Energy Agency of Nebraska

** Montana-Dakota Utilities

*** City of Gillette

2 **Q. HAS BLACK HILLS POWER MADE ANY OTHER CAPITAL INVESTMENTS**
3 **IN COMMON ASSETS AT THE GILLETTE ENERGY COMPLEX?**

4 A. Yes. Black Hills Power has made additions to the Gillette Energy Complex common
5 assets. The Gillette Energy Complex Shared Facilities adjustments are reflected in the
6 Cost of Service Study presented in Volume I, Section 4 of the Application ("COSS"),
7 Schedules I-12 and H-21, respectively.

IV. NEIL SIMPSON II CONVERSION

8 **Q. PLEASE PROVIDE A DETAILED OVERVIEW OF THE NEIL SIMPSON II**
9 **CONVERSION.**

10 A. The Neil Simpson II boiler is manufactured by Babcock and Wilcox ("B&W"). The
11 boiler has AireJet ultra-low NOx burners mounted on opposing walls: six burners on the
12 front wall and six burners on the rear wall. The conversion required modifications to the
13 existing B&W ultra-low NOx AireJet burners which required installing new Super Spuds.
14 B&W Super Spud assemblies add natural gas firing capability to existing B&W coal fired

1 burners and allow for future blended firing to include hydrogen. In addition to the burner
2 modifications, B&W modified the natural gas fuel piping system, installed new burner
3 flame scanners, and completed control system modifications. For more information,
4 please see Exhibit MLL-1 Neil Simpson II Conversion Overview.

5 **Q. HAS THE NEIL SIMPSON II CONVERSION BEEN COMPLETED AND**
6 **PLACED IN SERVICE?**

7 A. Yes. The Neil Simpson II conversion has been completed and placed in service as of
8 October 31, 2025.

9 **Q. PLEASE DESCRIBE YOUR ROLE IN THE NEIL SIMPSON II CONVERSION.**

10 A. I was responsible for the overall project development and management of the Neil
11 Simpson II Conversion. In that role, I oversaw the preparation of plans and specifications,
12 oversaw the competitive bid process, managed the selection and sourcing of equipment,
13 and managed the construction process. I also supported the process to obtain the air
14 quality emission permit.

V. GENERATION CAPITAL PLANT INVESTMENT

15 **Q. PLEASE DESCRIBE THE GENERATION CAPITAL INVESTMENTS OTHER**
16 **THAN THE NEIL SIMPSON CONVERSION THAT BLACK HILLS POWER IS**
17 **INCLUDING IN THIS RATE REVIEW.**

18 A. There are several categories of generation plant additions that are included in this rate
19 review. The table of generation plant additions include two major generating projects
20 Cheyenne Prairie Generating Station constructed in 2014 and Corriedale in 2020. Other
21 plant additions include reliability improvements, and facility capital.
22

1

Table MLL-3: Black Hills Power Generation Plant Additions*

Category	2014 to 2019	2020	2021	2022	2023	2024	2025*	Total
Steam Generation Plant								
Structures & Improvements	\$ 4.85	\$9.16	\$4.97	\$ 2.39	\$2.37	\$0.49	\$0.83	\$25.06
Boiler Plant Equipment	\$30.69	(\$0.23)	\$6.93	\$12.19	\$12.66	\$7.30	\$1.24	\$70.78
Turbogenerator Units	\$11.80	\$0.21	\$8.56	\$ 2.81	\$ 0.57	\$0.73	\$3.59	\$28.27
Steam Generation Other	\$ 4.28	\$0.00	\$1.38	(\$0.41)	\$ 0.46	\$0.50	\$0.53	\$ 6.75
Other Generation Plant								
Structures & Improvements	\$ 4.72	\$ 0.65	\$4.39	\$0.27	\$0.36	\$0.09	\$0.02	\$ 10.50
Generators**	\$82.72	\$51.58	\$4.29	\$15.83	\$0.65	\$1.29	(\$0.37)	\$155.99
Accessory Electric Equipment	\$14.91	\$ 0.38	\$2.80	\$0.02	\$0.71	(\$0.07)	\$0.17	\$ 18.91
Generation Plant Other	\$ 4.10	\$ 0.02	(\$0.03)	\$0.15	\$0.40	\$0.14	\$0.18	\$ 4.96
Wind Production Plant								
Wind Turbines	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$0.72	\$ 0.72
Total Dollars in Millions	\$158.07	\$61.77	\$33.29	\$33.26	\$18.19	\$10.46	\$6.92	\$321.95

*Additions include plant placed into service through September 2025

** Includes Black Hills Power’s portion (62%) of the Corriedale Wind Farm

2

3 **Q. PLEASE BRIEFLY DESCRIBE YOUR INVOLVEMENT WITH THE**
4 **AFOREMENTIONED PROJECTS.**

5 A. My responsibility includes project approvals to ensure projects are aligned with the
6 planned maintenance schedules, ensuring safe and compliant operations, addressing life
7 cycle equipment replacement risk when vendors no longer support the equipment,
8 ensuring appropriate preventative maintenance of power generating facilities, and
9 alignment with planned and approved major projects. On major generation projects,
10 responsibilities include approving the design basis for the project and then ensuring the
11 project is engineered and constructed to this design basis and constructed on budget and
12 on schedule.

1 **Q. WERE THESE CAPITAL INVESTMENTS PRUDENTLY UNDERTAKEN?**

2 A. Yes, these investments ensure safe, reliable, and compliant operations of the generating
3 units to serve Black Hills Power customers. Safety and security projects prudently ensure
4 safe power plant operations. Based on original equipment manufacturers (“OEMs”)
5 preventative and predictive maintenance and inspection recommendations, investments
6 are required to ensure ongoing reliability over the asset life cycle. Power plant facility
7 preventative maintenance is critical and prudent to ensure facilities are maintained at the
8 lowest possible life cycle cost. Major projects include new power generation projects and
9 are approved by the South Dakota Public Utilities Commission and Wyoming Public
10 Service Commission, as required, where prudence of the investment is demonstrated.

11 **Q. DOES THE COST OF SERVICE STUDY INCLUDE PRO FORMA**
12 **GENERATION PLANT ADDITIONS?**

13 A. Yes.

14 **Q. PLEASE DESCRIBE THE PRO FORMA GENERATION PLANT ADDITIONS.**

15 A. Black Hills Power has approximately \$60 million in pro forma generation plant additions
16 in the *Pro Forma* Period. These capital additions are related to the dual-fuel conversion
17 for Neil Simpson II, major maintenance capital for the 50,000 hour maintenance cycle for
18 CT1, and general maintenance capital for Black Hills Power’s entire generation fleet.

1 **Table MLL-4: Black Hills Power Pro Forma Generation Additions**
 2 **for October 2025 – September 2026**
 3

Category	Total
Steam Generation Plant	
Structures & Improvements	\$6.19
Boiler Plant Equipment	\$30.75
Other	\$2.12
Wind Generation Plant	
Wind Generation Plant	(\$0.55)
Other Generation Plant	
Generators	\$20.21
Other	\$1.37
Total Dollar in Millions	\$60.08

4 **VI. MAJOR MAINTENANCE UPDATE**

5 **Q. IS PERIODIC MAJOR MAINTENANCE IMPORTANT?**

6 A. Yes. Achieving high power plant availability requires regular annual and major
 7 maintenance on the Black Hills Power generating fleet for reliable energy supply to
 8 Black Hills Power customers.

9 **Q. PLEASE DEFINE MAJOR MAINTENANCE?**

10 A. Major maintenance expenses for power generation facilities include periodic outage
 11 maintenance performed during annual, minor, major, and unplanned outages. Major
 12 maintenance also includes non-routine compliance requirements and work performed due
 13 to forced outages for both coal-fired units and natural gas combustion turbines (CTs). For
 14 coal-fired units, this includes outages lasting more than two days, such as boiler tube
 15 leaks. For CT's, this includes outages lasting more than one day, such as valves or
 16 equipment failures involving chillers, generators and other process equipment as well as
 17 emissions-related issues such as combustion turbine fuel pre-mixer failures.

18 The coal fired plants planned annual outages are scheduled for 7 to 10 days each
 19 spring. In year four of the cycle, the steam turbine “minor outage” is planned, with a

1 duration of approximately 14 days replacing the planned annual outage of 7-10 days. In
2 year eight, the steam turbine “major outage” is planned for a duration of approximately
3 30 days. These four- and eight-year cycles have been found to provide the best balance
4 between maintaining unit reliability and minimizing maintenance cost.

5 The natural gas fired plants planned annual outages are scheduled for 7 days.
6 Combustion turbine borescope inspections are among the critical inspections performed
7 during the annual outage and are conducted by qualified turbine service companies who
8 specialize in aeroderivative combustion turbines. Other routine inspections are performed
9 on the steam generators, exhaust ducts, condenser, cooling tower, and auxiliary boiler.

10 Similar to the coal fired plants, the natural gas fired plants have an equivalent 4-
11 and 8-year maintenance cycle for minor and major inspections on gas turbines, steam
12 turbines, and generators. However, these intervals are driven by the gas turbine run hours,
13 and gas turbine start counts rather than strictly by calendar years. As a result, the timing
14 of minor and major maintenance can shift depending on actual unit dispatch and
15 operating conditions. In addition, original equipment manufacturer service bulletins
16 frequently require inspections or component replacements based on accumulated run
17 hours or number of starts which can further modify or accelerate the planned
18 maintenance schedules. These requirements are essential to maintaining equipment
19 integrity, ensuring safe operation, and preserving equipment warranty.

20 **Q. PLEASE DESCRIBE HOW MAJOR MAINTENANCE HAS HISTORICALLY**
21 **BEEN ADDRESSED BY BLACK HILLS POWER.**

22 A. Historically, Black Hills Power has relied on low-cost coal fired generation and
23 scheduled major maintenance for these base loaded coal-fired generating units on a time-

1 based cycle frequency and focused on the turbine generator. These coal plant turbine-
2 generator major maintenance cycles typically occur every 5 to 8 years depending on the
3 age of the generating unit. Based on an estimate for these major maintenance costs, an
4 annual reserve account levelized for the cyclic major maintenance expenses was utilized
5 to account for major maintenance.

6 **Q. DOES BLACK HILLS POWER PLAN TO CHANGE THIS HISTORICAL**
7 **PROCESS FOR MAJOR MAINTENANCE?**

8 A. Yes. Black Hills Power is now participating in an organized power market which
9 provides customer benefits. By regulating the coal and natural gas generating fleet,
10 Black Hills Power can utilize low-cost renewable energy when available in the organized
11 power market. With the power market requiring the coal and gas generating fleet to
12 regulate more than they have historically, this increases the cyclic nature of major
13 maintenance on these generating plants and is requiring a change so the major
14 maintenance costs can be levelized. Black Hills Power plans to modify this approved
15 regulatory mechanism called the “major maintenance accrual” to smooth the recovery of
16 costs for major maintenance expenses over an eight-year period. This mechanism was
17 approved in Docket No. EL09-018 for steam plant maintenance. By annually accruing a
18 portion of the periodic cost of major maintenance, a cost that would otherwise be
19 disproportionally assigned to one year, is then smoothed out over an eight-year period
20 through the major maintenance accrual.

1 **Q. HOW ARE THE CYCLICAL MAJOR MAINTENANCE EXPENSES PROPOSED**
2 **TO BE RECOVERED FROM CUSTOMERS?**

3 A. The major maintenance accrual allows Black Hills Power to smooth out the recovery of
4 costs for major maintenance expenses over an eight-year period. Using current historical
5 cost estimates and data from recent outage experiences, Black Hills Power proposes to
6 include Neil Simpson II, Wygen III, Wyodak, CT1, Lange CT, and the CPGS combined
7 cycle unit 1 in the major maintenance accrual. By including all Black Hills Power
8 generating units in the major maintenance accrual, no disproportionate costs assignment
9 will happen, and maintenance costs will be spread over an eight-year period. The
10 requested major maintenance accrual is further described in the Direct Testimony of
11 Jason S. Keil.

VII. DECOMMISSIONING OF THE BEN FRENCH GENERATING UNITS

12 **Q. PLEASE DESCRIBE THE BEN FRENCH GENERATING UNITS.**

13 A. The Ben French generating units are in Rapid City, South Dakota and consist of four
14 dual-fuel (natural gas/diesel) generating units with nameplate ratings of 25 MW each and
15 five diesel generating units with name plate ratings of 2 MW each. The oldest of these
16 units (diesel generating units) were constructed in 1965. The four dual fuel generating
17 units were constructed over multiple years from 1977 to 1979.

18 **Q. PLEASE DESCRIBE THE RETIREMENT OF THE BEN FRENCH UNITS.**

19 A. The Ben French generating units are planned to be retired in 2027. The Ben French units
20 are currently relied on as the designated “black start” units. Black start units are expected
21 to generate electricity when the entire grid is shut down from an emergency blackout
22 event like the recent event that occurred November 13, 2025. The black start generating

1 unit is the first unit to start following a blackout event because it does not require an
2 external power source. Once the black start unit is online, customer load is gradually
3 restored to stabilize and ensure full grid reliability. Further, the Ben French units are not
4 currently supported by the original equipment manufacturer. Maintenance services are
5 completed by third parties without technical support from the manufacturer. Parts that
6 need replacement cannot be procured from the manufacturer and therefore require reverse
7 engineering from a third-party manufacturer without the quality requirements. Because
8 the original equipment manufacturer no longer supports these units, it is nearly
9 impossible to provide quality operation and maintenance training. The Ben French Units
10 will be replaced with the Lange II Project that will be presented to the Commission
11 through a Phase in Plan Rider Filing as described in the Direct Testimony of Mr. Jerrad S.
12 Hammer. The Lange II Project is a generating plant, comprised of six, 16.6 MW dual-fuel
13 (natural gas and diesel) reciprocating internal combustion engines, that will produce a
14 total of 97.4 MW net capacity (99.6 MW of nameplate capacity) to serve Black Hills
15 Power customers in South Dakota, Wyoming, and Montana.

16 **Q. PLEASE DESCRIBE THE STUDIES RELATED TO THE RETIREMENT OF**
17 **THE BEN FRENCH GENERATING UNITS.**

18 A. Black Hills Power retained West Peak Energy, LLC to conduct a study to evaluate the
19 Ben French unit retirement and replacement. See Exhibit MLL-2 West Peak Energy
20 Study. The study reviewed the option of sustaining operation of the existing Ben French
21 units or replacing the operation with the Lange II Project. The summary recommendation
22 by West Peak Energy, LLC is that Lange II provides significant benefits to Black Hills
23 Power as compared to continued operation of the vintage Ben French units.

1 **Q. WITH THE PLANNED RETIREMENT OF THE BEN FRENCH UNITS, PLEASE**
2 **DESCRIBE THE FUTURE SPENDING STRATEGY FOR THESE UNITS.**

3 A. Because Black Hills Power’s plan to retire the Ben French units in 2027, Black Hills
4 Power has not undertaken any capital projects that were planned post 2024. The capital
5 reductions are not expected to have operational impacts for continued operations through
6 2027 and include items such as relay upgrades, new control system upgrades, new diesel
7 fuel loading station, battery charger/battery upgrades, and other miscellaneous plant
8 improvements. With the Lange II Project planned to be in service in September of 2026
9 and with the Lange II Project essentially replacing the need for the Ben French units, the
10 sequential timing of the retirement and new generation in service also mitigates any
11 impacts from ceasing capital additions post 2024 on the Ben French units.

12 Operating the Ben French units through 2027, versus beyond 2027, optimizes the
13 costs to customers by reducing the need for future capital and major maintenance. By
14 operating the Ben French units beyond 2027, the West Peak Energy Study, Exhibit MLL-
15 2, estimated that Black Hills Power would need an additional \$54.1 million of capital
16 investment to ensure reliability beyond 2027. The capital investment required beyond
17 2027 includes investment for gas turbines and electrical equipment. For gas turbines,
18 significant turbine upgrades would be required for gas path components, exhaust stacks,
19 air inlet coolers, and the gas turbine rotor and compressor. For electrical equipment, the
20 generators and transformers would need to be rewound. New generator breakers and
21 electrical switchgear would need to be upgraded. All the safety protective relaying would
22 need to be upgraded, and fuel system upgrades would also be required.

1 **Q. PLEASE DESCRIBE THE STEPS BLACK HILLS POWER HAS CONSIDERED**
2 **TO PREPARE FOR THE RETIREMENT OF THE BEN FRENCH GENERATING**
3 **UNITS.**

4 A. Black Hills Power has considered three key steps: 1) managing customer cost impacts by
5 mitigating operating and capital cost prior to retirement; 2) timing the retirement of the
6 asset to mitigate the remaining book value impacts; and 3) following best practices to
7 prudently secure the least cost decommissioning plan.

8 Black Hills Power will follow best practices to secure a decommissioning
9 contractor based on the Decommissioning Plan in Exhibit MLL-4 attached to my direct
10 testimony. This process started with completing a Phase I and Phase II Environmental
11 Assessments which were completed in the second quarter of 2025. These Phase I and
12 Phase II assessments identified the required environmental remediation that will need to
13 be completed and included in the decommissioning scope of work. Black Hills Power
14 will then prepare a technical scope of work including any required environmental
15 remediation identified in the Phase I and II Environmental Assessments. The technical
16 scope will be used to seek competitive bids for the demolition. The bids will be firm
17 lump sum prices for the demolition, all-inclusive of any environmental remediation.
18 Salvaging the units for re-use or full demolition of the units will be considered as part of
19 the bid solicitation process. Black Hills Power is requesting in this rate review deferred
20 accounting for the decommissioning costs of the Ben French generating units, please see
21 the Direct Testimony of Mr. Keil for further details.

1 **Q. DOES BLACK HILLS POWER HAVE ESTIMATED COSTS FOR THE**
2 **DECOMMISSIONING OF THE BEN FRENCH GENERATING UNITS?**

3 A. Yes. Black Hills Power has solicited a budget proposal for the decommissioning of the
4 Ben French units from Independence Excavating Incorporated dated March 22, 2024.
5 See Confidential Exhibit MLL-3 Ben French Decommissioning Estimate. This
6 budgetary proposal is a lump sum offer and contingent on the defined scope of work set
7 forth in the estimate. The estimate addresses the costs to decommission the four dual-fuel
8 natural gas turbines, the five diesel generators and two 1-million-gallon diesel tanks
9 along with the associated plant equipment. This estimate assumed minimal environmental
10 impacts and did not include all the impacts identified in the recently completed Phase I
11 and Phase II environmental assessments. The detailed request for proposal to
12 decommission the Ben French units is provided in Exhibit MLL-4 with bids forecasted to
13 be received in late 2026 for decommissioning planned in 2027. In addition, Black Hills
14 Power will seek recovery for the residual net book value of the Ben French generating
15 units which is estimated to be approximately \$3.4 million at the time of retirement.

VIII. CONCLUSION

16 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

17 A. This testimony outlines Black Hills Power's long-term strategy for its electric generation
18 fleet, focusing on asset modernization, prudent capital investment, major maintenance
19 planning, and the retirement of the Ben French generating units. Also discussed are
20 details of the completed conversion of the Neil Simpson II facility and the Company's,
21 ongoing investments needs of the generation fleet, and proposal to update its major
22 maintenance cost-recovery mechanism.

1 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

2 A. Yes, it does.

VERIFICATION

This Direct Testimony and Exhibits of Mark L. Lux is true and accurate to the best of my knowledge, information, and belief.

/s/ Mark L. Lux

Mark L. Lux