BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF BLACK HILLS POWER,	)	
INC. d/b/a BLACK HILLS ENERGY FOR	)	EL26-____
APPROVAL OF ITS PHASE-IN RATE PLAN	)	
TARIFF REVISIONS	)	

APPLICATION OF BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY FOR APPROVAL TO AMEND ITS PHASE IN PLAN RATE

Black Hills Power, Inc. d/b/a Black Hills Energy ("Black Hills Power"), a South Dakota corporation, submits this Application and respectfully requests that the South Dakota Public Utilities Commission (the "Commission") issue an Order approving amendments to its Phase in Plan Rate ("PIPR"). In addition, Black Hills Power requests approval to recover, through the PIPR, both actual and forecasted costs associated with the Lange II Project. Black Hills Power is requesting an effective date of December 1, 2026, for the proposed tariff amendments and associated cost recovery.

INTRODUCTION

Black Hills Power initially established its PIPR tariff pursuant to Commission approval in Docket No. EL12-062. In this Application, Black Hills Power seeks Commission approval to amend its existing PIPR tariff. In addition, Black Hills Power requests Commission approval to recover the costs associated with the Lange II Project.

The Lange II Project is a generating plant that will produce a total of 97.4 MW net capacity (99.6 MW of nameplate capacity) to serve Black Hills Power customers in South Dakota, Wyoming and Montana. The Lange II Project is located on the northwest side of Rapid City, South Dakota on 160 acres of land owned by Black Hills Power. The Lange II Project comprises six,16.6 MW dual-fuel (natural gas and diesel) Reciprocating Internal Combustion

Engines ("RICE") and associated balance of plant process equipment. Please see the Direct Testimony of Mark L. Lux (Exhibit 5) for specific project details and the Direct Testimony of Amanda M. Thames (Exhibit 6) for the need for and selection driving the Lange II Project.

REPORT OF PROPOSED TARIFF CHANGES

The following information is provided in accordance with, and is consistent with, the requirements of South Dakota Administrative Rule § 20:10:13:26 in support of this Application to amend the PIPR tariff rate to include the Lange II Project:

(1) NAME AND ADDRESS OF THE PUBLIC UTILITY:

Black Hills Power, Inc. d/b/a Black Hills Energy
7001 Mount Rushmore Rd.
Rapid City, SD 57702

(2) SECTION AND SHEET NUMBER OF TARIFF SCHEDULE:

Black Hills Power seeks to amend tariff sheet in Section No. 3C, its Twelfth Revised Sheet No. 5.

(3) DESCRIPTION OF THE CHANGE:

Black Hills Power's change to its existing PIPR is the incorporation of a new PIPR methodology for allocations that ties to Docket No. EL26-003 and the establishment of updated PIPR rates by customer class, which are also reflected in the revised Cost Adjustment Summary tariff sheet. The balancing account and true-up mechanism remain unchanged.

(4) REASON FOR THE CHANGE:

Black Hills Power proposes revising the PIPR tariff to facilitate recovery of the Lange II Project through the Phase in Plan Rate as described in the Direct Testimony of Jerrad S. Hammer (Exhibit 4).

(5) PRESENT RATE:

Black Hills Power effective PIPR tariff rates are as follows:

Residential Service	$0.00	/ kWh
General Service Small	$0.00	/ kVa
General Service Large	$0.00	/ kVa
Industrial Contract Service	$0.00	/ kVa
Lighting Service	$0.00	/ kWh

(6) PROPOSED RATES:

Black Hills Power seeks Commission approval for the following PIPR tariff rates:

Residential Service	$0.03051	/ kWh
General Service Small	$0.02562	/ kWh
General Service Large	$0.02078	/ kWh
Industrial Contract Service	$0.01938	/ kWh
Lighting Service	$0.02462	/ kWh

(7) PROPOSED EFFECTIVE DATE OF MODIFIED RATES:

Black Hills Power is requesting an effecting date of December 1, 2026, for the associated tariff amendments and cost recovery of the Lange II Project. If the Commission has not issued a final order by December 1, 2026, and the Lange II Project has been placed in service, Black Hills Power requests authority to implement the proposed PIPR rate on an interim basis, subject to refund, pending the Commission’s final decision.

(8) APPROXIMATION OF ANNUAL AMOUNT OF INCREASE OR DECREASE IN REVENUE:

The Application of Black Hills Power for approval of its PIPR tariff revisions proposes to increase PIPR revenue by approximately $39.5 million.

(9) POINTS AFFECTED:

The proposed tariff changes will apply to all customers taking service in South Dakota.

(10) ESTIMATION OF THE NUMBER OF CUSTOMERS WHOSE COST OF SERVICE WILL BE AFFECTED AND ANNUAL AMOUNT OF EITHER INCREASE OR DECREASES, OR BOTH, IN COST OF SERVICE TO THOSE CUSTOMERS:

The proposed PIRP tariff changes will impact Black Hills Power's approximately 75,000 South Dakota customers.

(11) STATEMENT OF FACTS, EXPERT OPINIONS, DOCUMENTS, AND EXHIBITS TO SUPPORT THE PROPOSED CHANGES:

Black Hills Power is submitting prepared direct testimony along with legislative and non-legislative tariffs, which support the PIPR tariff amendment and the Lange II Project:

Exhibit 1 – Draft Customer Notice

Exhibit 2 – Tariff – Legislative

Exhibit 3 – Tariff – Non-Legislative

Exhibit 4 – Direct Testimony of Jerrad S. Hammer

Exhibit 5 – Direct Testimony of Mark L. Lux

Exhibit 6 – Direct Testimony of Amanda M. Thames

CUSTOMER NOTICE

Pursuant to ARSD § 20:10:13:17 through 19 and SDCL § 49-34A-12, Black Hills Power certifies that it will post a notice of proposed tariff changes, including the change in PIPR rates, at its Rapid City Service Center at 409 Deadwood Avenue at least thirty (30) days prior to the effective date of the new rates. Black Hills Power will also provide all South Dakota customers with a bill message notifying them of this filing beginning August 17th and continuing through September. In addition, Black Hills Power will distribute a bill insert from September 1 through September 30. A draft of the insert is included as Exhibit 1 to this Application.

COMPANY REPRESENTATIVES

Copies of all notices, other correspondence and all inquiries concerning this Application should be sent to:

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CONCLUSION

For the reasons discussed in this Application and the supporting testimony and exhibits, Black Hills Power respectfully requests that the Commission approve the proposed amendments to its PIPR tariff and authorize recovery of the costs associated with the Lange II Project through the PIPR effective December 1, 2026. Black Hills Power further requests authorization to implement the proposed PIPR rates on an interim basis, subject to refund, in the event the Commission has not issued a final order by December 1, 2026.

The proposed tariff revisions and associated cost recovery comply with SDCL §§ 49-34A-73 through 49-34A-78, will support the timely recovery of costs associated with the Lange II Project, and provide customers with the benefits of annual true-ups, declining rate base, and ongoing recognition of Accumulated Deferred Income Taxes. Accordingly, Black Hills Power respectfully requests that the Commission grant the relief requested in this Application.

Dated this 4th day of August, 2026

BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY

By: Jerrad Hammer
Jerrad S. Hammer
Director - Regulatory

VERIFICATION

This Application is true and accurate to the best of my knowledge, information, and belief.

/s/ Jerrad S. Hammer