IMPORTANT NOTICE TO OUR CUSTOMERS

Black Hills Energy has filed an application with the South Dakota Public Utilities Commission requesting approval of a Phase in Plan Rate (PIPR) surcharge to recover costs associated with the new Lange II Generating Station, currently under construction in Rapid City.

If approved, the proposed PIPR surcharge would become effective on December 1, 2026, when Lange II is placed into service. The surcharge would appear as a separate item on customer bills, providing transparency about the costs associated with this critical system asset.

Under Black Hills Energy's proposal, the estimated monthly bill impact would be approximately $19.70 for average residential customers, and approximately $24.26 for small commercial customers.

The proposed PIPR surcharge is separate from the Company's rate review request filed earlier this year. That request seeks recovery of costs related to critical system upgrades and infrastructure investments made since electric rates were last established more than 12 years ago.

Total average monthly bill – rate impact of proposed PIPR

Customer class	Under current interim rates	Under current interim rates with PIPR	Change	%
Residential regular service	$124.08	$143.79	$19.70	15.88%
Residential total electric service	$167.18	$198.58	$31.40	18.78%
Residential demand service	$253.41	$304.93	$51.52	20.33%
Small general service	$183.51	$207.77	$24.26	13.22%
General service	$2,010.05	$2,301.95	$291.89	14.52%
General service total electric	$550.28	$630.53	$80.25	14.58%

For more information about your Black Hills Energy bill, visit blackhillsenergy.com/understanding-your-bill-south-dakota.