



Douglas J. Law

Associate General Counsel
Douglas.Law@blackhillscorp.com

1731 Windhoek Drive
Lincoln, NE 68512
P: 402.221-2635

May 30, 2025

Ms. Celeste Chaney-Tucker, Executive Director
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604-4027

RE: 11-BHCG-800-CPL
2024 Ring Fencing Compliance Filing

Dear Ms. Chaney-Tucker:

Enclosed for filing is the Compliance Filing of Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy in Docket No. 11-BHCG-800-CPL as required by Order in Docket No. 11-BHCG-800-CPL.

Respectfully submitted,

/s/ Douglas J. Law

Douglas J. Law
Associate General Counsel

DL:ce

cc: Service List
Rob Daniel
Nick Smith
Rami Alnajjar

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of Black Hills Energy Filing)
Compliance Reports and Information as Prescribed) Docket No. 11-BHCG-800-CPL
by Commission Order Dated December 3, 2010, in)
Docket No. 06-GIMX-181-GIV)

COMPLIANCE FILING OF BLACK HILLS ENERGY

COMES NOW Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills") and pursuant to the requirements of the Commission's Order issued in Docket No. 06-GIMX-181-GIV ("181 Docket") on December 3, 2010, provides the following information in compliance with the Commission's Order:

1. Cost Allocation Manual ("CAM") and Service Agreement. An amended Black Hills Service Company ("BHSC") CAM, and redlined version showing the amendments to the CAM, are included in this year-ended 2024 filing and are attached hereto and incorporated herein (requirement and Tab A1). There has been no change to the Service Agreement with BHSC as filed in the Black Hills' Kansas Compliance filing dated May 31, 2011;
2. BHSC's FERC Form 60, attached hereto and incorporated herein (requirement and Tab A2);
3. Organizational Chart of Black Hills Corporation ("BHC"), attached hereto and incorporated herein (requirement and Tab B1);
4. Description of activities and business at each non-utility company attached hereto and incorporated herein (requirement and Tab B2);
5. Organizational chart of personnel that includes a list of directors, corporate officers, and other key personnel shared by any jurisdictional public utility and any non-utility associate

company or holding company, along with a description of each person's duties and responsibilities to each entity, including:

- (a) Board list and description;
- (b) Kansas Officer list and responsibilities; and
- (c) Other key personnel - None (officer list sufficiently identifies key personnel), attached hereto and incorporated herein (requirement and Tab B3);

6. Summaries of each mortgage, loan document and debt agreement attached hereto and incorporated herein (requirement and Tab B4);

7. Income statements, balance sheets, and cash flow statements for (1) consolidated utility operations; (2) consolidated non-regulated operations; (3) consolidated corporate financials:

- (1) Black Hills' income statement and balance sheet; no cash flow statement for Black Hills;
- (2) Financial Statements for consolidated non-regulated operations are not maintained. BHC's Form 10K Annual Report does include operating results for each of the financial segments in the utilities and non-regulated energy business groups, but not full income statements and balance sheets; and
- (3) BHC's income statement, balance sheet, and cash flow statement, attached hereto and incorporated herein (requirement and Tab B5); and

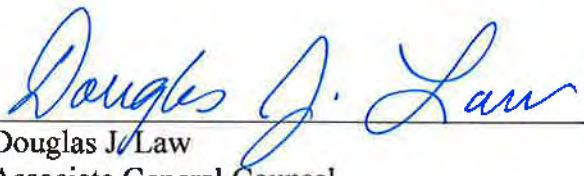
8. If maintained, summary of financial ratios (attachment) for (1) consolidated utility operations; (2) consolidated non-regulated operations; (3) consolidated corporate financials:

- (1) This information is not maintained;
- (2) This information is not maintained; and

(3) BHC's financial ratios using calculation set forth in the attachment, attached hereto and incorporated herein (requirement and Tab B6).

9. List of analysts that have recently provided either research updates on BHC or made comments regarding latest earnings is attached hereto and incorporated herein (requirement and Tab C3).

WHEREFORE, Black Hills requests the information provided be accepted by the Commission in compliance with the reporting requirements in the 181 Docket.




Douglas J. Law
Associate General Counsel
Black Hills Corporation
1731 Windhoek Drive
Lincoln, NE 68512
douglas.law@blackhillscorp.com

Attorney for Black Hills/Kansas Gas Utility
Company, LLC, d/b/a Black Hills Energy

VERIFICATION

STATE OF NEBRASKA, COUNTY OF LANCASTER, ss:

Douglas J. Law, of lawful age, being duly sworn upon oath, deposes and says that I am an attorney for the within named applicant, that I have read the above and foregoing Compliance Filing, and, to the best of to the best of my knowledge, information, and belief, the statements contained therein are true.



Douglas J. Law

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail this 30th day of May, 2025, addressed to:

James G. Flaherty, Attorney
Anderson & Byrd, L.L.P.
216 S Hickory
Po Box 17
Ottawa, KS 66067
jflaherty@andersonbyrd.com

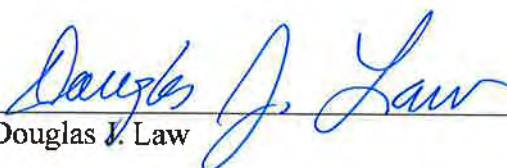
Rami Alnajjar, Prin. Regulatory Analyst
Black Hills/Kansas Gas Utility Company LLC D/B/A Black Hills Energy
601 North Iowa Street
Lawrence, KS 66044
Rami.Alnajjar@blackhillscorp.com

Nick Smith, Manager, Regulatory
Black Hills/Kansas Gas Utility Company LLC D/B/A Black Hills Energy
601 North Iowa Street
Lawrence, KS 66044
Nick.Smith@blackhillscorp.com

Rob Daniel, Director Regulatory
Black Hills/Kansas Gas Utility Company, LLC D/B/A Black Hills Energy
655 East Millsap Drive, Ste. 104
Po Box 13288
Fayetteville, AR 72703-1002
Rob.Daniel@blackhillscorp.com

Douglas Law, Associate General Counsel
Black Hills/Kansas Gas Utility Company, LLC D/B/A Black Hills Energy
1731 Windhoek Drive
Lincoln, NE 68512
Douglas.Law@blackhillscorp.com

Carly Masenthin, Litigation Counsel
Kansas Corporation Commission
1500 SW Arrowhead Rd
Topeka, KS 66604
carly.masenthin@ks.gov



Douglas J. Law

A1



Nick Smith

Regulatory

Nick.Smith@blackhillscorp.com

601 N Iowa St

Lawrence, KS 66049

P: 785-691-5062

May 30, 2025

Ms. Celeste Chaney-Tucker, Executive Director
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604-4027

RE: 11-BHCG-800-CPL

Dear Ms. Chaney-Tucker:

Pursuant to compliance requirements in Docket No. 06-GIMX-181-GIV, this correspondence serves to inform there have been no changes to the following item as filed in the Black Hills Energy Kansas Ring Fencing Compliance Filing dated May 31, 2011 in Docket No. 11-BHCG-800-CPL:

- Service Agreement with Black Hills Service Company, LLC ("BHSC")

The amended BHSC Cost Allocation Manual ("CAM") is included in this year-ended 2024 filing and follows this letter. According to submission information requirements, changes made to the amended BHSC CAM follow in a red-lined document.

Sincerely,

/s/ Nick Smith

Nick Smith
Manager, Regulatory

Ready

www.blackhillsenergy.com

Black Hills Service Company

Cost Allocation Manual

Effective Date: July 14, 2008

Amended: January 1, 2010

Amended: August 1, 2010

Amended: December 1, 2013

Amended: December 1, 2014

Amended: December 1, 2015

Amended: December 1, 2016

Amended: December 1, 2017

Amended: November 7, 2018

Amended: December 20, 2018

Amended: December 20, 2019

Amended: December 20, 2020

Amended: December 20, 2021

Amended: November 1, 2022

Amended: December 20, 2022

Amended: December 20, 2023

Amended: June 30, 2024

Amended: December 20, 2024

Black Hills Service Company Cost Allocation Manual

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Introduction

The purpose of this cost allocation manual is to document the allocation processes of Black Hills Service Company, from recording the original transaction through the allocation of costs to Black Hills Corporation subsidiaries. Various topics to be addressed include the organization of the Service Company, the recording of transactions, calculating and assigning allocation factors, and recording allocation transactions.

Black Hills Service Company (Service Company) was formed on December 30, 2004 and was fully implemented and operational as of January 1, 2006. The Service Company was formed as required by the Public Utility Holding Company Act of 1935, which was administered by the Securities and Exchange Commission (SEC). Service companies were required of all registered holding companies under this law. Service companies coordinate corporate support functions and distribute costs to registered holding company subsidiaries using pre-defined allocation methodologies that had to be approved by the SEC.

Black Hills Corporation became a registered holding company at the end of 2004, and through a transition period and various amendments to the registered holding company filings, established the date of January 1, 2006 to fully implement the Service Company. In August of 2005, this law was repealed and replaced by the Public Utility Holding Company Act of 2005, which is administered by the Federal Energy Regulatory Commission (FERC). This new law was effective in February of 2006. Although certain administrative and reporting requirements changed as a result of the repeal, Black Hills Corporation did not change its implementation plan.

In 2017, BHC made a strategic business decision to divest its oil and gas division and transition from a diversified energy company to a utility-centered energy company. The divestiture of the oil and gas division followed BHC's earlier decision in 2014 to divest of its energy trading division, all steps in furtherance of its transition to a utility company. As a result of this strategic shift, BHC no longer needed two service companies, the Service Company and Black Hills Utility Holding (BHUH). On January 1, 2019, BHUH transferred its employees and assets to the Service Company. The process improvement results in one Service Company instead of two, eliminating unnecessary complexity and improved visibility for our regulators.

The Service Company is a wholly owned subsidiary of Black Hills Corporation (the Holding Company or BHC) and is a separate legal entity. The only transactions that remain at the Holding Company are transactions pertaining to long-term debt and related deferred finance costs, short-term financing (corporate credit facility and commercial paper program) and related deferred finance costs, and the administration of money pool transactions for both the utility money pool and the non-utility money pool. In addition, as will be discussed in greater detail later, certain corporate costs are charged directly to the Holding Company. The most notable of these types of costs are corporate development project costs.

Service Company Organization

The Service Company is organized into operating departments based upon the services that those departments provide to Black Hills Corporation subsidiaries. A list of each department, as well as a brief description of the services they provide, is attached as Appendix 2.

Direct Costs versus Indirect Costs

A key issue in distributing Service Company costs is distinguishing between direct and indirect costs. The Operating Unit will change depending on whether the cost is a direct or indirect cost. Costs for shared services are distributed to affiliates within Black Hills through *direct* costs (direct assignable or direct distributed) or *indirect* allocation. Costs are direct charged to the extent possible. Costs that cannot be directly assigned nor distributed reasonably to the applicable business units receive the benefit using indirect allocation. Below is a summary of each of these types of costs and examples of these costs.

Direct costs are those costs that are specifically associated with an identified subsidiary or collection of subsidiaries.

Methods of Direct Charges include:

- Direct Cost Assignable: Costs which can be directly identified to support a subsidiary.
- Direct Cost Distributed: Costs that benefit all subsidiaries within a business line (e.g. gas utilities or electric utilities) and are allocated to business lines based on a designated percentage.

Here are some examples:

- A Facilities employee is supporting the facilities management for Black Hills Power. The labor costs incurred in supporting facilities are specifically associated with an identified subsidiary. Therefore, this would be a Direct Cost Assignable.
- A Regulatory employee who directly supports one jurisdiction travels to Rapid City to attend a BHC strategic conference. The time and travel associated with attending the conference shall be Direct Cost Assignable to that employee's business unit they directly support.
- A Gas Engineer is reviewing the Distribution Integrity Management Program for all the gas utilities. This charge cannot be directly attributable to any specific individual business but can be identified to support multiple businesses within the gas utilities. Therefore, this charge would be considered a Direct Cost Distributed.

Methods of Direct Cost Distributed:

Regulated Electric - Blended	Direct Cost Distributed
Regulated Electric - Customers	Direct Cost Distributed
Regulated Electric - Transmission/Distribution	Direct Cost Distributed
Regulated Natural Gas - Blended	Direct Cost Distributed
Regulated Natural Gas - Customers	Direct Cost Distributed
Non-Regulated- Blended	Direct Cost Distributed
GDPM	Direct Cost Distributed
Nameplate Generation Capacity	Direct Cost Distributed
Power Generation Capacity	Direct Cost Distributed

Indirect costs are those costs that are not associated with an identified subsidiary. This means that the costs indirectly support all companies or directly support the operation of the Service Company, or all the gas and electric Utilities. In other words, costs that would be directly charged to the Service Company using the definition and examples above would be classified as indirect costs. Here are some examples:

- The Internal Audit department is completing a BHC consolidated financial statement audit. Since all entities indirectly affect the financial statements of BHC consolidated, this charge would be considered an indirect cost.

- A Human Resources representative attends an industry training event. This charge cannot be directly attributable to any specifically identified company; therefore, this charge would be considered an indirect cost.
- The Corporate Accounting department is completing monthly close of the BHC financials. Since the Corporate Accounting department is supporting the enterprise and all of its subsidiaries, it is impractical to direct code, this charge would be considered an indirect cost.
- A Help Desk technician orders a replacement computer monitor for an employee of the Service Company. This hardware cost incurred is specifically associated with the Service Company. Therefore, this would be an indirect cost.

Methods of Indirect Charges:

SC All – Blended	Indirect
SC All – Employee	Indirect
SC All – Asset Cost	Indirect
SC All – Regulated Customers	Indirect
SC All – Customers (Regulated and Non-Regulated)	Indirect
SC Utility - Blended	Indirect
SC All – Customer Asset	Indirect

It is important to consider two things when determining if a cost is a direct cost or an indirect cost: (1) Can the costs that are coded to a specific company or group of companies be substantiated; and (2) Can it be substantiated that a utility-based entity is not subsidizing the operations of non-utility-based company with the time and expenses that have been charged to them. A certain level of judgment will be involved when deciding whether a particular cost should be directly charged or indirectly allocated.

There are certain costs that will always be considered either direct or indirect costs. Below is a list of significant Service Company expenses that follow these rules:

Always considered direct costs:

- Capitalized costs for non-Service Company projects (including capitalized labor)
- Acquisitions related project costs
- Retiree healthcare costs
- Depreciation of Service Company assets (Regulated Electric or Natural Gas Direct Cost Distributed)


Always considered indirect costs:

- Board of Directors' fees and expenses
- Horizon Point rent
- Depreciation of Service Company assets (recorded in SC All or SC Utility)
- Directors' and officers' insurance
- Investor relations expenses
- Shareholder expenses
- Intercompany interest expense and income

Transaction Coding

The Service Company uses an accounting software system to accumulate and distribute both direct costs and indirect costs. It is important to have costs properly classified as direct or indirect. Direct costs will be directly charged to the subsidiaries, while indirect costs will be allocated to the subsidiaries using pre-defined allocation factors. Below is a description of the coding.

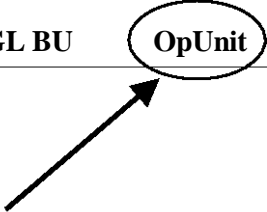
____	--	____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct.		Resource		Product



General Ledger Business Unit (GLBU):

- Five (5) character numeric field.
- The GLBU field is used to identify the company that will be receiving the charges, either as a direct cost or an indirect cost.
- The GLBU field is required on all accounting transactions.
- The GLBU field will default based on the operating unit (Op Unit), as described below.

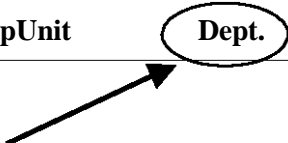
____	--	____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct.		Resource		Product



Operating Unit (OpUnit):

- Six (6) character numeric field.
- The OpUnit field is used to identify the code block as either a direct cost or an indirect cost.
- If the cost is a direct cost, the OpUnit field will be populated using the OpUnit code for the company being directly charged.
- The Op Unit field will be populated using one of the Service Company Op Units for indirect costs. Indirect costs also include costs from other areas of the company that are directly related to the Utility Holding Company.

____	--	____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct.		Resource		Product



Department (Dept):

- Four (4) character numeric field.
- The Department field is used to identify where the cost(s) originated.

- The Department field is required on all income statement and capital transactions.
- Every Department is assigned to a GLBU.

____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct.		Resource Product

Account (Acct)

- Six (6) character numeric field.
- The Account field is required on all accounting transactions.
- All companies will generally use the same Chart of Accounts although some values will be specific to certain companies.

____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct		Resource Product

Resource:

- Four (4) character numeric field.
- A Resource is used to identify types of costs.
- The Resource field is required for operating expenses and capital accounting transactions.

____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct		Resource Product

Product:

- Three (3) character numeric field.
- A Product code is used to identify business lines.
- Examples of the product line include electric, gas, and non-regulated

____	--	____	--	____	--	____	--	____
GL BU		OpUnit		Dept.		Acct		Resource Product Work Order

Work Order:

- Alpha or numeric field.
- Represents the collection of costs to allow the monitoring of a job or group of costs.
- The Work Order field is required on all construction work in progress transactions

Timekeeping

All Service Company employees are required to complete a timesheet for each two week pay period. Timesheets of appropriate employees must be approved by a supervisor.

Employees must complete the code block, as previously discussed, for each time record. The timesheet will default the department and resource. However, the employee is responsible for providing the remainder of the code block. Employees are encouraged to enter their time in one half hour increments, although they may use smaller increments if they so choose.

Loadings

Certain benefits that are provided to employees become an inherent cost of labor. To account for these benefits and allow for them to be charged to the appropriate subsidiary, they become part of a loading rate that is added on to each payroll dollar.

The loading rates are calculated at the beginning of the year based on budgeted benefit expenses and budgeted labor. Benefit costs and loading rates are reviewed and updated as needed. Below is a list of components of the loading rates:

General labor loadings:

- Compensated Absences: including but not limited to paid time off (PTO), Holiday, Jury duty, Funeral pay, United Way day, Short-term Disability, life cycle leave and Annual Physical appointment.
- Payroll Taxes: including but not limited to FICA, FUTA SUTA and city taxes
- Employee Benefits: including but not limited to health and medical, 401K match and fees, Pension, Retiree healthcare and associated fees
- Incentives: including but not limited to non-officer incentive plans, Restricted Stock and Stock Option expense

Supplemental loadings:

- Officer short term incentive plans
- Supplemental retirement
- Officer performance plan

Loadings calculated on payroll are based on estimated benefit costs, therefore, differences between actual benefits will be inherent to this process.

Allocation Ratios

As previously stated, the Service Company costs are either directly charged to a subsidiary or businesses line, or indirectly allocated when they support all companies. Indirect and Direct Cost Distributed are allocated using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect and Direct Cost Distributed costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by a Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

For certain departments, a specific cost driver may not be clearly identifiable, or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-factor general allocation ratio is used, which is referred to as the Blended Ratio. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. The Blended Ratio CAM is modeled after a commonly used multi-factor formula approved for use by state and federal utility regulators called the "Modified Massachusetts" formula. The Modified Massachusetts formula consisting of direct labor, capital investment and net operating revenues (i.e. without cost of goods sold) was initially approved in *Distrigas of Massachusetts Corp.*, 41 FERC ¶ 61,205 (1987). These factors were chosen to be included in the Blended Ratio because they best allocate costs based on the diverse nature of BHC operations.

One additional item to note is that pooled benefits, primarily health care costs, are allocated differently due to the pooling method for benefits such as self-insured health care. BHC has chosen to pool certain benefit costs and spread the risk amongst all subsidiaries equally. All pooled benefit costs of BHC are paid by the Service Company and allocated to subsidiaries based on employee counts.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is attached hereto as Appendix 1.

Changing Allocation Ratios

Allocation ratios are set at the first of the year, based upon financial information from the trailing twelve months ending September 30 for prior year. Assets, utility assets, customer counts, employee counts, and power generation capacity are based on values as of previous period ending September 30. Gross margin, utility gross margin, payroll dollars, and utility payroll dollars are based on values for the trailing twelve months ending September 30.

The Service Company maintains certain departments (reflected as Centralized Utility Departments) that are used by and benefit only the Utilities. These departments include employees and assets that support the utility functions of: regulatory, engineering, customer service, gas supply, etc. Because these costs only support utility subsidiaries; their respected assets, payroll and employee count are allocated to only the utility subsidiaries before arriving at the allocation ratios.

Certain events may occur during the year that are deemed to be significant to BHC that will require corresponding adjustments be made to the allocation ratios. A significant change is any singular event at any individual entity that changes the value of any of the three-factors denominators from the Blended Ratio by more than 3%. Any change would take effect the month following the singular event. Examples of these types of events include acquisitions, divestitures, new generation, significant change in asset base, significant staffing changes or new, significant revenue streams. Less significant events that may require a change include complete divestiture of a business unit or acquisition of a new business unit. A certain level of judgment is required to determine whether an event is significant enough to require an adjustment to the allocations.

When these events occur, indirect allocation ratios will be adjusted. When adjusting allocation ratios, it is the policy of the Service Company to not recalculate all allocation ratios. Rather, allocation ratios will be adjusted with pro forma adjustments for the subsidiary with a significant change in a specific allocation ratio base. For example, if an acquisition occurs during the middle of the year, pro forma values will be loaded. Asset values at the time of the acquisition would be used, as well as pro forma gross margin and payroll dollars for a 12-month period. It should be noted that estimations may be required, especially when significant additions or changes are expected as a result of the acquisition.

It should also be noted that asset values, gross margin, and payroll dollars for the other companies will not be changed. However, the ratios will change because the base against which the ratios are calculated will change. Subsidiary companies would see decreased ratio values with acquisitions, and increased ratio values with divestitures. Changes will be effective as of the beginning of the month following the significant event and will apply to all transactions for the month.

Subsidiary Payment for Direct and Indirect Charges

It is the policy of the Service Company to ensure payments are made by the subsidiary companies for direct and indirect charges. All payments for direct and indirect charges must be remitted to the Service Company by the end of the following month. The Service Company will monitor payments received during the month to ensure that all subsidiary companies make payment in a timely manner.

Allocating Fixed Assets

The Service Company maintains certain fixed assets that are used by and benefit multiple BHC subsidiaries. These fixed assets primarily consist of computer hardware and software that form the corporate-wide information technology network. Because these fixed assets support multiple BHC subsidiaries, they are allocated to the appropriate subsidiaries monthly as part of the month-end close process, along with the allocation of these assets' accumulated depreciation. Construction Work in Process balances are not allocated.

Allocated assets and accumulated depreciation are maintained in separate general ledger accounts at the subsidiary level so that they are not intermingled with regular subsidiary fixed assets, and for ease of reconciliation.

The allocation ratio used for fixed assets and accumulated depreciation follows the appropriate cost driver.

Allocating Capitalized Inventory

The gas and electric meter shops are Centralized Utility Departments serving the utility operating companies. As meters are purchased, they are recorded as capitalized inventory (charged to plant-in-service) by the Service Company, as the meters are issued out of inventory to the specific operating company those assets are transferred from the Service Company to the specific utility operating companies. All unassigned gas and electric meter investment and accumulated depreciation reserve is held at the Service Company and is allocated to the applicable utilities monthly. The Customer Count Ratio is used for this allocation.

Allocating FERC Functional Accounts

FERC Functional accounts are used by Service Company to code charges in support of the business units. When direct charging to a business unit is not appropriate, using a direct distributed or indirect method is applicable. The FERC functional accounts will be allocated based on one of the allocation ratios identified in Appendix 1 and the receiving regulated entities will align with the Functional Account matrix found in Appendix 3.

Appendix 1 – Allocation Ratios

Asset Cost Ratio – Based on the net cost of assets as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Assets are limited to the direct property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP). In addition to the BHC subsidiaries cost, the Assets shall also include the cost of any third-party assets or minority interests in assets the subsidiaries operate. The Asset Cost Ratio measures the level of investment in the businesses.

Gross Margin Ratio – Based on the total gross margin for the trailing twelve months ending September 30, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Gross margin is defined as revenue less cost of sales. By excluding cost of sales (i.e. cost of goods sold such as purchased gas costs, purchased power costs, etc.) from revenue, which may fluctuate significantly from year to year, gross margin provides stability in the year over year allocation of indirect costs. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party. The Gross Margin Ratio measures where the businesses make money.

Payroll Dollars Ratio – Based on the total payroll dollars for the trailing twelve months ending September 30, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000. The Payroll Dollar Ratio measures where the businesses employees spend their time.

Blended Ratio (SC All) – A composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted. This ratio is sometimes referred to as the three-factor blended ratio.

The Service Company is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department.

SC All-Blended (No BHES)

Blended Ratio (SC Utility) – A composite ratio comprised of an average of the Asset Cost Ratio, Payroll Dollar Ratio and the Gross Margin Ratio. These factors are equally weighted. This factor is sometimes referred to as the three-factor blended ratio.

There are currently several variations of the Utility Blended Ratio that are specific to the segment that are appropriate for which charges are being allocated. For example, charges for electric engineering department labor would utilize an electric blended ratio whereby no allocations would be charged to a gas utility.

The Service Company is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department

Regulated Utilities
Regulated Electric
Regulated Natural Gas

Employee Ratio – Based on the number of employees as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Power Generation Capacity Ratio – Based on the total power generation capacity as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Power generation includes capacity in service and capacity under construction.

Nameplate Generation Capacity Ratio – Based on the total facility's power generation capacity at the end of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Nameplate generation includes capacity in service and capacity under construction at the facility.

Square Footage Ratio – The total square footage of a given facility, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Regulated Electric Transmission/Distribution Ratio – Based on a simple average of a multiple of cross-sectional drivers for the transmission function as of September 30 for the prior year that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units. The numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

Customer Count Ratio – Based on the number of customers as of September 30 for the prior year, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

There are currently several variations of the Customer Count ratio that are specific to the type of customers that are appropriate to the department for which charges are being allocated. For example, a department that supports gas engineering would be allocated based on gas customers only whereas a general customer service department would be allocated based on total customers.

The Service Company is utilizing the following customer counts to calculate customer count ratios, additional variations may be added if additional product lines are added or in the event that additional segmentation of customers are deemed appropriate to most effectively allocate costs from a specific department

- All Customers
- Regulated Electric Customers
- Regulated Natural Gas Customers
- Programs and Services Customers (Non-Regulated)

GDPM–Allocates Generation Dispatch & Power Marketing based on Generating Capacity Managed per the GDEMA (Generation Dispatch and Energy Management Agreement).

Customer Asset Ratio – A composite ratio comprised of an average of the Customer Count Ratio and the Asset Cost Ratio. These ratios are equally weighted.

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4700	SC-ACCOUNTING SYSTEMS	SC All-Blended	Provides system analyst support for Black Hill's key financial systems, including Oracle PeopleSoft ERP, PowerPlan Property and Tax System, Utilities International Planning/Regulatory System, and Endur (Natural Gas transaction system).		Yes	Yes	Yes	Yes	Yes	Yes
4701	SC-Accounts Payable	SC All-Blended	Provides payment services support for purchased goods and/or services for all Black Hill's entities using People Soft ERP to forward invoices for approvals to the appropriate departments and use FileNet to store backup documents.		Yes	Yes	Yes	Yes	Yes	Yes
4703	SC-CORP GOVERNANCE	SC All-Blended	Develops and enforces corporate governance policies and procedures in accordance with applicable laws and regulations. Provides oversight of compliance with Securities and Exchange Commission rules and regulations. Oversees the administrative duties to the Board of Directors.		Yes	Yes	Yes	Yes	Yes	Yes
4704	SC-TAX SERVICES	SC All-Blended	Prepares quarterly and annual tax provisions of all Black Hills Corporation subsidiaries. Maintains and reconciles all direct and indirect tax general ledger accounts. Prepares tax filings and ensures compliance with applicable laws and regulations. Oversees various tax planning projects to reduce risk, reduce customer and shareholder tax liabilities, and complete mergers and acquisitions.		Yes	Yes	Yes	Yes	Yes	Yes
		-								
4706	SC-LEGAL - CORPORATE	SC All-Blended	Provides legal counsel and services related to general business operations, including labor and employment law, finance, litigation, contracts, utility rates and regulation, financial reporting, Securities and Exchange Commission, Federal Energy Regulatory Commission and other state and federal compliance, environmental matters, real estate and other legal matters. Oversees the hiring and administration of external counsel. Provides legal support to various corporate development projects. Facilitates physical risk management strategies through the purchase and evaluation of various types of insurance coverage. Provides claims management services. Develops and enforces corporate governance policies and procedures in accordance with applicable laws and regulations. Provides oversight of compliance with Securities and Exchange Commission rules and regulations. Provides various recordkeeping and administrative services related to shareholder services. Assists in the administration of equity-based compensation plans.		Yes	Yes	Yes	Yes	Yes	Yes
4709	SC-ENVIRONMENTAL SERVICES	Asset Cost	Establishes policies and procedures for compliance with environmental laws and regulations. Research emerging environmental issues and monitors compliance with environmental requirements. Oversees environmental clean-up projects. Obtains permits to support the business operations of Black Hills Corporation and its subsidiaries.		Yes	Yes	Yes	Yes	Yes	Yes
4710	SC-EXECUTIVE MGMT	SC All-Blended	Provides overall oversight of Black Hills Corporation and its subsidiaries. Provides the Board of Directors information for decision making purposes.		Yes	Yes	Yes	Yes	Yes	Yes
4711	SC-SAFETY & HEALTH	Employee Ratio	Leads and directs safety and health activities through projects, education and training to achieve industry leading results and establish a strong safety culture. Provides technical and compliance expertise on DOT, OSHA, and MSHA regulations.		Yes	Yes	Yes	Yes	Yes	Yes
4712	SC-TREASURY	SC All-Blended	Coordinates activities related to securities issuance, including maintaining relationships with financial institutions, debt holders, rating agencies, equity analysts and equity investors. Performs accounting, cash management, debt compliance, and investing activities. Monitors capital markets to support financial planning for all subsidiaries. Oversees the administration of corporate pension and 401(k) plans. Provides risk management of the Company's energy market risks and oversight and monitoring of risk policy compliance, to include facilitating natural gas contract management services.		Yes	Yes	Yes	Yes	Yes	Yes
4715	SC-F&A LEADERSHIP	SC All-Blended	Provides management and administrative support for accounting functions of the Company's regulated and non-regulated businesses including external audit coordination. Responsible for closing the general ledger for the Company's regulated and non-regulated businesses. Oversees the corporate consolidation of subsidiary financial statements. Prepares monthly internal financial reports for management. Prepares quarterly and annual financial reports to the Securities and Exchange Commission, financial statements to banks and quarterly and annual financial statements filed with FERC. Research emerging accounting issues and assists with the compliance of new accounting rules and regulations. Provides support for the Company's Sarbanes Oxley Compliance program.		Yes	Yes	Yes	Yes	Yes	Yes

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4717	SC-FIN PLANNING ANALYSIS	SC All-Blended	Provides financial management to the Company's regulated and non-regulated businesses. Oversees the accumulation of subsidiary financial budgets and forecasts. Provides the consolidation of the corporate wide-budget and forecast. Guides the preparation of strategic plans.		Yes	Yes	Yes	Yes	Yes	Yes
4718	SC-TALENT ACQUISITION	Employee Ratio	Includes the Talent function of HR and provides full cycle recruiting for positions across the enterprise.		Yes	Yes	Yes	Yes	Yes	
4720	SC-LABOR AND EMPL RELATIONS	Employee Ratio	Includes the Employee & Labor Relations, Compliance, and HRSS/HRIS functions of HR and provides direction for employee-related matters, strategic business advice to leaders, labor relations strategy for the enterprise, and HRIS and HRSS support services for the enterprise.		Yes	Yes	Yes	Yes	Yes	
4721	SC-HR TOTAL REWARDS	Employee Ratio	Administers policies related to compensation, benefits, pension, retiree benefits and relocation. Oversees the self-insured medical benefits plans, retiree plans, other pooled benefits and provides support to the third-party administrators of the plans. Provides general Human Resources support services to regulatory proceedings.		Yes	Yes	Yes	Yes	Yes	
4722	SC-HR ORGANIZATION DEVELOPMENT	Employee Ratio	Provides for employee and leadership development, succession planning, performance management, goal alignment, employee engagement, strategic workforce planning, talent assessment and general HR support for Black Hills Corporation and its subsidiaries.		Yes	Yes	Yes	Yes	Yes	
4723	SC – CORPORATE PLANNING/SUSTAINABILITY/	SC All Blended	Corporate Planning integrates all processes and engages all stakeholders in the development of corporate strategy and alignment of strategic initiatives. Sustainability provides the enterprise with climate-related strategies and gives internal and external stakeholders information about the utilities' sustainability efforts.		Yes	Yes	Yes	Yes	Yes	Yes
4724	SC –ENTERPRISE DATA & ANALYTICS	SC All-Blended	Provides strategic planning and development for enterprise data and analytics products, processes, and technology.		Yes	Yes	Yes	Yes	Yes	Yes
4725	SC-INTERNAL AUDIT	SC All-Blended	Provide independent assurance to the Audit Committee of the Board of Directors and Management related to the quality of risk management activities including: understanding the intersection between organization objectives and risk management approaches; independently evaluating the adequacy, effectiveness, and consistency of controls in relation to achieving defined objectives (including assessing the Sarbanes-Oxley compliance program); and validating that the balance of cost and benefit or risk management activities is consistent with the company's strategy and objectives.		Yes	Yes	Yes	Yes	Yes	Yes
4726	SC-BRAND MGMT & COMMS	SC All-Blended	Develops strategies, plans and tactics for effective communication with internal and external stakeholders. Develops and manages measured customer communications that enhance positive relationships and understanding of energy topics including safety, preparation, and conservation.		Yes	Yes	Yes	Yes	Yes	Yes
4728	SC-POWER DELIVERY MGMT	Power Generation Capacity	Performs resource planning, power delivery management, strategic planning, and construction management for the corporation's power generation assets.		Yes					Yes
4729	SC-PROPERTY ACCOUNTING	Asset Cost	Maintains Property Accounting records, plant and equipment, book depreciation, Allowance for Funds Used During Construction (AFUDC), for the majority of subsidiaries of the corporation. Assists in compliance with Property Accounting regulatory requirements. Prepares various operating and financial reports for management and regulators.		Yes	Yes	Yes	Yes	Yes	Yes
4731	SC-SUPPLY CHAIN PROCUREMENT	SC All-Blended (No BHES)	Manages contracts, including drafting, negotiating, reviewing and interpreting contracts. Executes the procurement process including, purchasing activities, managing vendor relationships, and issue resolution and tracking and expediting orders.		Yes	Yes	Yes		Yes	Yes

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4732	SC-SUPPLY CHAIN MATERIALS	SC All-Blended (No BHES)	Manages inventory, obsolescence and scrap. Ensure availability of proper materials. Pull, restock and stage materials. Works with PDO/BD in coordination of project materials and investment recovery tasks at end of project lifecycle.		Yes	Yes	Yes		Yes	Yes
4734	SC-FLEET SERV	SC All-Blended	Manages fleet expenses, fleet contracts, vehicle purchasing, replacement, disposal, licensing/registration and titling of company fleet assets. Advises on vehicle maintenance and repairs, alternative fuel selections and implementations. Manages in-house garages/vehicle shops (excluding WRDC). Manages fleet sustainability data and reporting for ESG (excluding WRDC).		Yes	Yes	Yes	Yes	Yes	Yes
4736	SC-REAL ESTATE & FACILITIES	SC All-Blended	Provides facility, construction, and real estate management services for corporate-wide facilities. Supports disaster recovery and business continuation planning.		Yes	Yes	Yes	Yes	Yes	Yes
4737	SC-I/C FACILITIES	SC Square Footage	Maintains the Share Capital Asset fees (Inter-company rent) for subsidiary owned facilities used by Black Hills Service Company.		Yes	Yes	Yes	Yes	Yes	Yes
4741	SC-GOVERNMENTAL AFFAIRS	SC All-Blended	Advances strategies for sound public policy benefiting the company, customers, and other stakeholders. Engages in the legislative and policy making process including monitoring analysis, and advocacy. Acts as a liaison with legislators and other governmental officials to provide updates on business plans and operations. Maintains constructive relationships with federal, state and other governmental bodies.		Yes	Yes	Yes	Yes	Yes	Yes
4742	SC-IT CIO OFFICE – BUSINESS OFFICE	SC All-Blended	Provides guidance, governance, and strategic planning to the overall information technology operations.		Yes	Yes	Yes	Yes	Yes	Yes
4743	SC-IT BUS APPS FIN & HR SYSTEMS	SC All-Blended	Manages, maintains, and enhances the finance, human resource, web-based service and enterprise-wide business applications.		Yes	Yes	Yes	Yes	Yes	Yes
4744	SC-IT BUS APPS CUSTMR SYSTEMS	All Customers	Manages, maintains, and enhances the customer service enterprise-wide business applications. Manages, maintains, and enhances the internal (intranet) and external web applications.		Yes	Yes				
4745	SC-IT BUS APPS- INTEGRATION	SC All-Blended	Manages, maintains, and enhances integrations between enterprise wide business applications and third parties.		Yes	Yes	Yes	Yes	Yes	Yes
4746	SC-IT BUS APPS-UTILITY SYSTEMS	SC All-Blended	Manages, maintains, and enhances the electric and natural gas utility enterprise-wide business applications.		Yes	Yes	Yes		Yes	Yes
4747	SC-IT INFRASTRUCTURE & OPERATIONS	SC All-Blended	Manages, maintains, and enhances data center operations, infrastructure servers, storage, system software, infrastructure architecture, cloud environments, enterprise applications, and corporate databases. Supports the user endpoint and mobile devices needs for the company and provides mobile expense management services. Operates Help Desk services, technology support services, and field service support for the company. Supports the data and voice network communication needs for the company and assists with telecommunication expense management services.		Yes	Yes	Yes	Yes	Yes	Yes
4748	SC-IT CIO OFFICE - EPMO	SC All-Blended	Provides service company portfolio oversight and standards, governance, and execution for enterprise system and capital service company projects.		Yes	Yes	Yes	Yes	Yes	Yes

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4749	SC-IT CIO OFFICE - EA	SC All-Blended	Responsible for overall enterprise architecture for solutions across the organization.		Yes	Yes	Yes	Yes	Yes	Yes
4750	SC-IT OPERATIONAL TECHNOLOGY	SC All-Blended	Manages, maintains, and enhances Control System functionality in partnership with Operations staff. Supports Control System and energy delivery/metering infrastructure components, system software, architecture, and disaster recovery		Yes	Yes	Yes	Yes	Yes	Yes
4751	SC-ENTERPRISE SECURITY	SC All-Blended	Responsible for Enterprise Security for Black Hills Energy, which includes Security Governance, Cyber Security, Physical Security, Identity and Access Management, IT Risk Management, and IT Compliance.		Yes	Yes	Yes	Yes	Yes	Yes
4754	SC-GENERATION PLANT OPERATIONS	Nameplate Generation Capacity	Operates and manages the generation for BHCOE and BHCIPP for the Pueblo Airport Generation Station		Yes					Yes
4755	SC-IT BUS APPS-ECM & GRC SYSTEMS	SC All-Blended	Manages, maintains, and enhances governance, risk, compliance and enterprise content management business applications.		Yes	Yes	Yes	Yes	Yes	Yes
4756	SC-CPGS PLANT OPERATIONS	Nameplate Generation Capacity	Manages the generation for BHSDE and BHWYE for the Cheyenne Prairie Generation Station and Corriedale. Manages maintenance for the gas turbines and diesel generators in Rapid City and Gillette.		Yes					Yes
4757	SC-TRANSFORMATION MGMT OFFICE	SC All Blended	Deliver business transformation to be a connected and simple company positioned for growth through transformational projects that involve a holistic rethinking and reshaping of aspects of our company. Such projects require substantial investments in people, processes, technology and data to fundamentally enhance or deliver new capabilities.		Yes	Yes	Yes	Yes	Yes	Yes
4758	SC-POWER PLANT OPERATIONS	Nameplate Generation Capacity	Operates all gas turbine, diesel, and renewable generation assets for BHCOE, BHCIPP, BHSDE, and BHWYE		Yes					Yes
4759	SC-RENEWABLE GEN MAINTENANCE	Nameplate Generation Capacity	Manages the renewable generation for BHCOE, BHCIPP, BHSDE, and BHWYE.		Yes					Yes
4761	SC- PROCESS PERFORMANCE OFFICE	SC All-Blended	Facilitate operational consistency and enhance utility operational excellence through data-driven key process governance, analytics, and training.		Yes	Yes	Yes	Yes	Yes	Yes
4771	SC-IT COSTS-EMP HDCNT	Employee Ratio	Holds centralized employee related IT costs.		Yes	Yes	Yes	Yes	Yes	
4791	SC-ASSET TRANSMISSION	Regulated Electric Transmission/ Distribution	Allocates property assets (transmission)	Yes	Yes					

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4792	SC- ASSET CUSTOMER	All Customers	Allocates property assets (customer)	Yes	Yes	Yes				
4793	SC – ASSET BLENDED	SC All-Blended	Allocates property assets (service company)		Yes	Yes	Yes	Yes	Yes	Yes
4794	SC-BENEFIT POOLED	Employee Ratio	Records pooled benefit costs, primarily related to health and welfare for Black Hills Corporation and its subsidiaries.		Yes	Yes	Yes	Yes	Yes	
4795	SC-ACCOUNTING ACCRUAL ENTRIES	SC All-Blended	Records accrual of certain charges not related to specific departments or not significant enough to allocate to each department		Yes	Yes	Yes	Yes	Yes	Yes
4796	SC-BENEFIT LOADINGS	SC All-Blended	Records overhead benefit costs loaded to labor costs.		Yes	Yes	Yes	Yes	Yes	Yes
4803	SC-NGU ASSET RISK MGMT & STDS	Regulated Natural Gas Blended	Provides asset risk management to evaluate threats throughout the pipeline life cycle in order to reduce risk and enhance system safety for the organization. Responsible for maintaining updated Operations and Maintenance manuals in compliance with state and federal pipeline safety regulations.	Yes		Yes	Yes			
4804	SC-NGU Project Delivery	Regulated Natural Gas Blended	Provides installation/construction oversight of major gas transmission and distribution projects including initiation, planning, installation, commissioning and turnover to Operations.	Yes		Yes	Yes			
4805	SC-NGU DESIGN ENGINEERING	Regulated Natural Gas Blended	Provides engineering support of gas transmission and distribution facilities including planning, design, analyses, and identifying and defining processes for the safe operation of the natural gas system.	Yes		Yes	Yes			
4806	SC-PIPELINE SAFETY	Regulated Natural Gas Blended	Responsible for implementing API RP 1173 Pipeline Safety Management Systems and reporting DOT regulatory requirements.	Yes		Yes	Yes			
4808	SC – GIS	Regulated Utilities- Blended	Responsible for capturing as-built records for all EU & NGU facilities in GIS. Responsible for managing the design, development, configuration, access, integration, testing and training of the enterprise GIS platforms.	Yes	Yes	Yes	Yes			
4810	SC- RELIABILITY CENTER	Regulated Electric Transmission/ Distribution	Operates the Company's electric transmission and distribution systems on a 24/7 basis; and plans and directs switching and outage restoration efforts for both emergency and planned outages.	Yes	Yes					

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4811	SC-OPERATIONAL SERVICES	Customer Asset	Maintains operational tools, such as SCADA, and its supporting applications for electric and gas Transmission and Distribution (T&D) systems. Verifies systems are upgraded, modified, or replaced to as necessary for operating the (T&D) system. Performs near-term (T&D)studies to maintain reliability for planned/unplanned maintenance activities as well as training, compliance, and documentation for complying with OATT, NERC, FERC, PHMSA, and TSA requirements.	Yes	Yes	Yes	Yes			
4812	SC-EU PROJECT DELIVERY	Regulated Electric Transmission/ Distribution	Responsible for project management and execution of projects on the transmission and distribution systems of all three electric utilities.	Yes	Yes					
4813	SC-TRANSMISSION & DISTRIBUTION ENGINEERING	Regulated Electric Transmission/ Distribution	Provides engineering support for electric transmission and distribution lines at all three electric utilities, including planning, design, monitoring, and analyses.	Yes	Yes					
4814	SC-SUBSTATION/PROTECTION ENGINEERING	Regulated Electric Transmission/ Distribution	Designs, coordinates, and oversees the electric transmission and distribution substation infrastructure for all three electric utilities. This includes substation designs, standards, protective relaying, and NERC compliance associated with the same.	Yes	Yes					
4816	SC-GENERATION DISPATCH POWER MARKETING	GDPM	Manages the three electric utilities and others generation units dispatch and energy management services to generating resources on a system wide, least-cost basis.		Yes					Yes
4818	SC-MAINTENANCE	Regulated Electric Transmission/ Distribution	For all three Electric Utility Business Units (SDE, COE, WYE), Substation Maintenance Services supports the commissioning, maintenance and operation of the substation and line equipment.	Yes	Yes					
4819	SC-VEGETATION MANAGEMENT	Regulated Electric Transmission/ Distribution	For all three Electric Utility Business Units (SDE, COE, WYE), Vegetation Management supports the vegetation management and related wildfire risk mitigation activities.	Yes	Yes					
4820	SC- ELECTRIC AND NGU SERVICES	Regulated Utilities- Blended	Central services leadership supporting both the EU and NGU resides within this department, and is responsible for oversight of Asset Management, Electric Strategy Planning & Policy, Engineering Services & Project Delivery.	Yes	Yes	Yes	Yes			
4821	SC-PWR SUPPLY AND RENEWABLES	Regulated Electric Blended	Provides for the planning, development, and management of power supply and renewable strategies for electric operating companies.	Yes	Yes					
4822	SC-REGULATORY	Regulated Utilities- Blended	Provides regulatory support for all electric and gas utility regulatory filings including rate reviews, class cost of service studies, rate design, regulatory reporting, adjustment clauses, riders, trackers and other regulatory issues. Also develops and advances regulatory policy and strategy and maintains relationships with regulatory stakeholders.	Yes	Yes	Yes	Yes			
4823	SC-RELAY & CONTROLS	Regulated Electric Transmission/ Distribution	For all three Electric Utility Business Units (SDE, COE, WYE), supports the commissioning, maintenance and operation of control and protective relaying equipment within the Electric Utilities.	Yes	Yes					
4824	SC-GAS CONTROL	Regulated Natural Gas Customers	Manages and provides Gas control services to ensure the safety & reliability of gas transmission and distribution systems.	Yes		Yes	Yes			

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4825	SC-EU ASSET PROGRAMS	All Customers	For all three Electric Utility Business Units (SDE, COE, WYE), this department provides management and oversight over the primary areas of: vegetation management, pole inspection, line patrol, wildfire risk management, and third-party pole attachments.	Yes	Yes					
4827	SC-DISTRIBUTION STRATEGY	Regulated Electric Transmission/ Distribution	Performs various short and long-range distribution planning studies to ensure reliability of the electric distribution system. Maintains and updated distribution planning models and ensures data integrity in multiple data warehouses related to equipment ratings, AMI data, DER interconnections, and GIS data. Provides distribution planning support to many internal teams including System Control; Legal; Regulatory; Operations; and Utility Construction Planners. Provides distribution projections for the 5 and 10-year	Yes	Yes					
4828	SC-NERC COMPLIANCE	Regulated Electric Transmission/ Distribution	Develops, coordinates, and oversees the Electric Utilities Group's compliance with mandatory North American Electric Reliability Corporation (NERC) Reliability Standards and Western Electricity Coordinating Council (WECC) Regional Reliability Standards and Regional Criteria. Reliability Standards establish requirements to maintain and reduce risks to the security and reliability of the Bulk Electric System.	Yes	Yes					
4829	SC-TRANSMISSION STRATEGY	Regulated Electric Transmission/ Distribution	Develops, coordinates, and oversees the Electric Utilities Group's compliance with the Federal Energy Regulatory Commission (FERC) requirements pertaining to electric transmission; and administers the Company's Open Access Transmission Tariff (OATT) and Open Access Same-time Information System (OASIS).Administration of the Tariff, which outlines the "rules of the road" for transmission providers, the rates we charge, and the procedures and timelines in addressing customer requests (new load, new generators, or other requests to wheel power across the system).Performs near and long-term (1-20 year) transmission planning to determine cost-effective transmission additions needed to reliably serve projected customer load. Performs studies in support of large customer requests and the FERC Tariff; and supports operational studies for planned outages. Provides support in meeting compliance with NERC Standards; and represents the corporation in regional and sub-regional planning groups.	Yes	Yes					
4831	SC-CUSTOMER SERV CALL CENTERS/FRC	All Customers	Answers and resolves customer inquiries, requests for services, for both regulated and non-regulated customers. Support teams within contact center provide quality analysis and training. A 24/7 field operations dispatch function. Also providing customer energy service interruption and emergency call support.	Yes	Yes	Yes				
4833	SC-CUSTOMER SERVICE SUPPORT	All Customers	Manages customer billing, payment, and collections processes. Provides support to customer services areas through customer information system project management and process control for customer information system changes, and revenue assurance analysis.	Yes	Yes	Yes				
4838	SC-MEASUREMENT	All Customers	Monitor, configure, and analyze customer measurement information with data collection and validation tools. Support EU/NGU field operations and internal/external customers in troubleshooting, resolving measurement issues to ensure timely, and accurate billing data. Manages and provides electric and gas measurement support to field operations located in electric and gas service states. Also manages AMI system for all electric and gas utilities and manages the MDMS for electric and gas utilities.	Yes	Yes	Yes				
4840	SC-PUBLIC AFFAIRS	All Customers	Aligns business objectives with the integrated communications provided to our stakeholders. Including: media relations, coordination of community involvement programs, developing and managing a consistent communications program, and leading economic development for community growth	Yes	Yes	Yes				
4845	SC- PROGRAMS AND SERVICES (NREG)	Programs and Services Customers (Non-Regulated)	Provides and manages product development and marketing with the primary focus on Service Guard (appliance options) and HomeServe (protection plans) for the non-regulated business for customers.	Yes	Yes	Yes				

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4846	SC-UTILITY PROGRAMS & SERVICE	Programs and Services Customers (Regulated)	Provides and manages program development and administration with the primary focus on Choice Gas (supply and pricing options), Renewable Ready (voluntary renewable solutions), Green Forward, and Nebraska Heat for utility customers.	Yes	Yes	Yes				
4871	SC GAS Supply & Transportation Services	All Customers	Provides for the development and execution of the gas supply portfolio plans for all gas distribution operating companies and regulated power plants fueled by natural gas. This plan includes purchasing strategies for the commodity, optimization, and procurement of pipeline capacity and services. Additionally, provides for the execution of the sale and management of BHE pipeline and storage capacity and tariff services to third-party Shippers.	Yes	Yes	Yes	Yes			
4872	SC-EXEC MGMT-UTILITIES	SC All-Blended	Provides guidance, direction and management to overall utility operations and support services.		Yes	Yes	Yes	Yes	Yes	Yes
4873	SC-ENERGY EFFICIENCY/DSM	All Customers	Supports the energy efficiency programs across the utilities.	Yes	Yes	Yes				
4874	SC-TECHNICAL TRAINING & OQ	Regulated Utilities - Blended	Provides EU & NGU technical training support and Operator Qualification for gas utilities.	Yes	Yes	Yes				
4875	SC-HR ROTATION PROGRAM	Regulated Utilities- Blended	Provides programs designed to attract and develop diverse talent to fill utility operations positions.	Yes		Yes				
4876	SC-IT BUS APPS-AUTOMATION	SC All-Blended	Manages, maintains, and enhances IT Automation platforms and IT management platforms.		Yes	Yes	Yes	Yes	Yes	Yes
4877	SC-UTILITY TECHNOLOGY SYSTEMS	Regulated Utilities- Blended	Responsible for managing the design, development, configuration, access, integration, and testing of the Utility Technology platforms.	Yes	Yes	Yes	Yes			
4879	SC- LAND RIGHTS	SC All- Blended	Manages the company's right of way and other related land rights activities.		Yes	Yes	Yes		Yes	Yes
4880	SC-BUSINESS DEVELOPMENT	Regulated Utilities- Blended	Provide customer-focused solutions to serve current and prospective customers of our gas and electric utilities.	Yes	Yes	Yes				
4881	SC-CORP GROWTH & STRATEGY	Regulated Utilities- Blended	Provides the enterprise with energy innovation strategies to assist the enterprise in growth solutions.	Yes	Yes	Yes				
All Other	All Other	SC All-Blended	Departments at Black Hills Corporation and subsidiaries that are not specifically listed in the Cost Allocation Manual or included in the master allocation design that charge BHSC will be allocated using the Blended Allocation Ratio.		Yes	Yes	Yes	Yes	Yes	Yes
Centralized Utility Departments are primarily for the service of the Utility business units										

Appendix 3- FERC Functional Accounts – for regulated entities

Account Range	Type of Accounts	50501	50502	50507	50504	50505	50508	50510	50511	50512	50515	50516	50521	50522
		BHP	CLFP-E	COE	KSG	IAG	COG	Shoshone	BHEA	GDCO	RMNG	BHES	GWY	GNE
440 - 449	Electric Sales Revenues	X	X	X										
450- 455	Misc Electric Revenues	X	X	X										
456 - 457	Electric Transmission Revenues	X	X	X										
480 - 486	Gas Sales Revenues				X	X	X		X	X		X	X	X
487 - 488	Misc Gas Revenues				X	X	X	X	X	X	X	X	X	X
489	Gas Transmission Revenues				X	X	X	X	X	X	X		X	X
490 - 496	Other Gas Revenues				X	X	X	X	X	X	X		X	X
500 - 515	Steam Power Generation	X	X											
517 - 532	Nuclear Power Generation													
535 - 545	Hydraulic Power Generation													
546 - 554	Other Power Generation	X	X	X										
555 - 557	Power Supply Expenses	X	X	X										
558	Wind Generation	X	X	X										
560 - 574	Electric Transmission Expenses	X	X	X										
575 - 576	Electric Regional Market Expenses	X	X	X										
580 - 598	Electric Distribution Expenses	X	X	X										
700 - 708	Manufactured Gas Steam Production													
710 - 742	Manufactured Gas Production													
750 - 769	Gas Production & Gathering								X		X		X	
770 - 791	Products Extraction										X			
795 - 798	Gas Exploration & Development													
800 - 813	Gas Supply Expenses				X	X	X		X	X	X		X	X
814 - 837	Gas Storage Expenses								X		X		X	
840 - 843	Other Storage Expenses													
844 - 847	LNG Terminating Expenses													
850 -869	Gas Transmission Expenses				X	X	X	X	X	X	X		X	X
870 - 894	Gas Distribution Expenses				X	X	X		X	X			X	X
901 - 905	Customer Accounts Expenses	X	X	X	X	X	X	X	X	X	X	X	X	X
907 - 910	Customer Service and Information Expenses	X	X	X	X	X	X		X	X		X	X	X
911 - 916	Sales Expenses	X	X	X	X	X	X		X	X		X	X	X
920 – 931	Administrative and General Expenses	X	X	X	X	X	X	X	X	X	X	X	X	X
932	Maintenance of general plant (gas)				X	X	X	X	X	X	X	X	X	X
935	Maintenance of general plant (electric)	X	X	X										

Black Hills Service Company

Cost Allocation Manual

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Black Hills Service Company Cost Allocation Manual

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Introduction

The purpose of this cost allocation manual is to document the allocation processes of Black Hills Service Company, from recording the original transaction through the allocation of costs to Black Hills Corporation subsidiaries. Various topics to be addressed include the organization of the Service Company, the recording of transactions, calculating and assigning allocation factors, and recording allocation transactions.

Black Hills Service Company (Service Company) was formed on December 30, 2004 and was fully implemented and operational as of January 1, 2006. The Service Company was formed as required by the Public Utility Holding Company Act of 1935, which was administered by the Securities and Exchange Commission (SEC). Service companies were required of all registered holding companies under this law. Service companies coordinate corporate support functions and distribute costs to registered holding company subsidiaries using pre-defined allocation methodologies that had to be approved by the SEC.

Black Hills Corporation became a registered holding company at the end of 2004, and through a transition period and various amendments to the registered holding company filings, established the date of January 1, 2006 to fully implement the Service Company. In August of 2005, this law was repealed and replaced by the Public Utility Holding Company Act of 2005, which is administered by the Federal Energy Regulatory Commission (FERC). This new law was effective in February of 2006. Although certain administrative and reporting requirements changed as a result of the repeal, Black Hills Corporation did not change its implementation plan.

In 2017, BHC made a strategic business decision to divest its oil and gas division and transition from a diversified energy company to a utility-centered energy company. The divestiture of the oil and gas division followed BHC's earlier decision in 2014 to divest of its energy trading division, all steps in furtherance of its transition to a utility company. As a result of this strategic shift, BHC no longer needed two service companies, the Service Company and Black Hills Utility Holding (BHUH). On January 1, 2019, BHUH transferred its employees and assets to the Service Company. The process improvement results in one Service Company instead of two, eliminating unnecessary complexity and improved visibility for our regulators.

The Service Company is a wholly owned subsidiary of Black Hills Corporation (the Holding Company or BHC) and is a separate legal entity. The only transactions that remain at the Holding Company are transactions pertaining to long-term debt and related deferred finance costs, short-term financing (corporate credit facility and commercial paper program) and related deferred finance costs, and the administration of money pool transactions for both the utility money pool and the non-utility money pool. In addition, as will be discussed in greater detail later, certain corporate costs are charged directly to the Holding Company. The most notable of these types of costs are corporate development project costs.

Service Company Organization

The Service Company is organized into operating departments based upon the services that those departments provide to Black Hills Corporation subsidiaries. A list of each department, as well as a brief description of the services they provide, is attached as Appendix 2.

Direct Costs versus Indirect Costs

A key issue in distributing Service Company costs is distinguishing between direct and indirect costs. The Operating Unit will change depending on whether the cost is a direct or indirect cost. Costs for shared services are distributed to affiliates within Black Hills through *direct* costs (direct assignable or direct distributed) or *indirect* allocation. Costs are direct charged to the extent possible. Costs that cannot be directly assigned nor distributed reasonably to the applicable business units receive the benefit using indirect allocation. Below is a summary of each of these types of costs and examples of these costs.

Direct costs are those costs that are specifically associated with an identified subsidiary or collection of subsidiaries.

Methods of Direct Charges include:

- Direct Cost Assignable: Costs which can be directly identified to support a subsidiary.
- Direct Cost Distributed: Costs that benefit all subsidiaries within a business line (e.g. gas utilities or electric utilities) and are allocated to business lines based on a designated percentage.

Here are some examples:

- A Facilities employee is supporting the facilities management for Black Hills Power. The labor costs incurred in supporting facilities are specifically associated with an identified subsidiary. Therefore, this would be a Direct Cost Assignable.
- A Regulatory employee who directly supports one jurisdiction travels to Rapid City to attend a BHC strategic conference. The time and travel associated with attending the conference shall be Direct Cost Assignable to that employee's business unit they directly support.
- A Gas Engineer is reviewing the Distribution Integrity Management Program for all the gas utilities. This charge cannot be directly attributable to any specific individual business but can be identified to support multiple businesses within the gas utilities. Therefore, this charge would be considered a Direct Cost Distributed.

Methods of Direct Cost Distributed:

Regulated Electric - Blended	Direct Cost Distributed
Regulated Electric - Customers	Direct Cost Distributed
Regulated Electric - Transmission/Distribution	Direct Cost Distributed
Regulated Natural Gas - Blended	Direct Cost Distributed
Regulated Natural Gas - Customers	Direct Cost Distributed
Non-Regulated- Blended	Direct Cost Distributed
GDPM	Direct Cost Distributed
Nameplate Generation Capacity	Direct Cost Distributed
Power Generation Capacity	Direct Cost Distributed

Indirect costs are those costs that are not associated with an identified subsidiary. This means that the costs indirectly support all companies or directly support the operation of the Service Company, or all the gas and electric Utilities. In other words, costs that would be directly charged to the Service Company using the definition and examples above would be classified as indirect costs. Here are some examples:

- The Internal Audit department is completing a BHC consolidated financial statement audit. Since all entities indirectly affect the financial statements of BHC consolidated, this charge would be considered an indirect cost.

- A Human Resources representative attends an industry training event. This charge cannot be directly attributable to any specifically identified company; therefore, this charge would be considered an indirect cost.
- The Corporate Accounting department is completing monthly close of the BHC financials. Since the Corporate Accounting department is supporting the enterprise and all of its subsidiaries, it is impractical to direct code, this charge would be considered an indirect cost.
- A Help Desk technician orders a replacement computer monitor for an employee of the Service Company. This hardware cost incurred is specifically associated with the Service Company. Therefore, this would be an indirect cost.

Methods of Indirect Charges:

SC All – Blended	Indirect
SC All – Employee	Indirect
SC All – Asset Cost	Indirect
SC All – Regulated Customers	Indirect
SC All – Customers (Regulated and Non-Regulated)	Indirect
SC Utility - Blended	Indirect
SC All – Customer Asset	Indirect

It is important to consider two things when determining if a cost is a direct cost or an indirect cost: (1) Can the costs that are coded to a specific company or group of companies be substantiated; and (2) Can it be substantiated that a utility-based entity is not subsidizing the operations of non-utility-based company with the time and expenses that have been charged to them. A certain level of judgment will be involved when deciding whether a particular cost should be directly charged or indirectly allocated.

There are certain costs that will always be considered either direct or indirect costs. Below is a list of significant Service Company expenses that follow these rules:

Always considered direct costs:

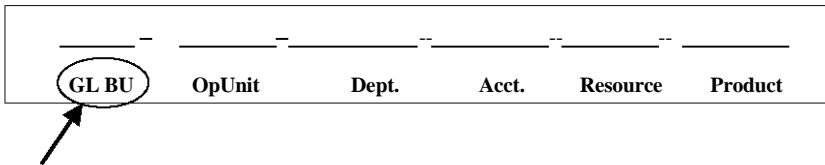
- Capitalized costs for non-Service Company projects (including capitalized labor)
- Acquisitions related project costs
- Retiree healthcare costs
- Depreciation of Service Company assets (Regulated Electric or Natural Gas Direct Cost Distributed)

Always considered indirect costs:

- Board of Directors' fees and expenses
- Horizon Point rent
- Depreciation of Service Company assets (recorded in SC All or SC Utility)
- Directors' and officers' insurance
- Investor relations expenses
- Shareholder expenses
- Intercompany interest expense and income

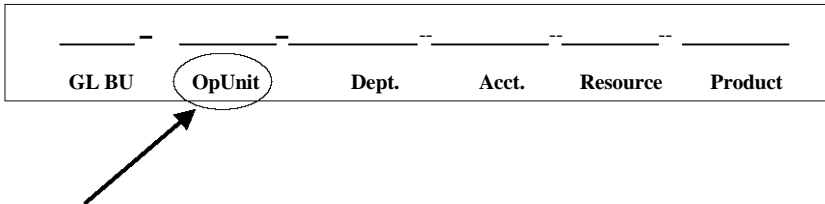
Transaction Coding

The Service Company uses an accounting software system to accumulate and distribute both direct costs and indirect costs. It is important to have costs properly classified as direct or indirect. Direct costs will be directly charged to the subsidiaries, while indirect costs will be allocated to the subsidiaries using pre-defined allocation factors. Below is a description of the coding.



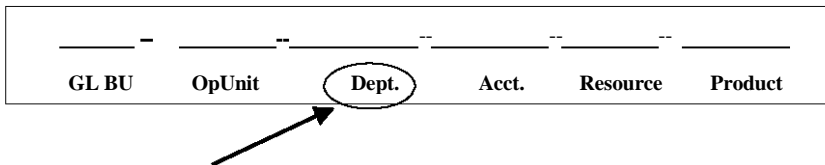
General Ledger Business Unit (GLBU):

- Five (5) character numeric field.
- The GLBU field is used to identify the company that will be receiving the charges, either as a direct cost or an indirect cost.
- The GLBU field is required on all accounting transactions.
- The GLBU field will default based on the operating unit (Op Unit), as described below.



Operating Unit (OpUnit):

- Six (6) character numeric field.
- The OpUnit field is used to identify the code block as either a direct cost or an indirect cost.
- If the cost is a direct cost, the OpUnit field will be populated using the OpUnit code for the company being directly charged.
- The Op Unit field will be populated using one of the Service Company Op Units for indirect costs. Indirect costs also include costs from other areas of the company that are directly related to the Utility Holding Company.



Department (Dept):

- Four (4) character numeric field.
- The Department field is used to identify where the cost(s) originated.

- The Department field is required on all income statement and capital transactions.
- Every Department is assigned to a GLBU.

____ -	____ -	____ -	____ -	____ -	____ -
GL BU	OpUnit	Dept.	Acct.	Resource	Product

Account (Acct)

- Six (6) character numeric field.
- The Account field is required on all accounting transactions.
- All companies will generally use the same Chart of Accounts although some values will be specific to certain companies.

____ -	____ -	____ -	____ -	____ -	____ -
GL BU	OpUnit	Dept.	Acct	Resource	Product

Resource:

- Four (4) character numeric field.
- A Resource is used to identify types of costs.
- The Resource field is required for operating expenses and capital accounting transactions.

____ -	____ -	____ -	____ -	____ -	____ -
GL BU	OpUnit	Dept.	Acct	Resource	Product

Product:

- Three (3) character numeric field.
- A Product code is used to identify business lines.
- Examples of the product line include electric, gas, and non-regulated

____ -	____ -	____ -	____ -	____ -	____ -
GL BU	OpUnit	Dept.	Acct	Resource	Product
					Work Order

Work Order:

- Alpha or numeric field.
- Represents the collection of costs to allow the monitoring of a job or group of costs.
- The Work Order field is required on all construction work in progress transactions

Timekeeping

All Service Company employees are required to complete a timesheet for each two week pay period. Timesheets of appropriate employees must be approved by a supervisor.

Employees must complete the code block, as previously discussed, for each time record. The timesheet will default the department and resource. However, the employee is responsible for providing the remainder of the code block. Employees are encouraged to enter their time in one half hour increments, although they may use smaller increments if they so choose.

Loadings

Certain benefits that are provided to employees become an inherent cost of labor. To account for these benefits and allow for them to be charged to the appropriate subsidiary, they become part of a loading rate that is added on to each payroll dollar.

The loading rates are calculated at the beginning of the year based on budgeted benefit expenses and budgeted labor. Benefit costs and loading rates are reviewed and updated as needed. Below is a list of components of the loading rates:

General labor loadings:

- Compensated Absences: including but not limited to paid time off (PTO), Holiday, Jury duty, Funeral pay, United Way day, Short-term Disability, life cycle leave and Annual Physical appointment.
- Payroll Taxes: including but not limited to FICA, FUTA SUTA and city taxes
- Employee Benefits: including but not limited to health and medical, 401K match and fees, Pension, Retiree healthcare and associated fees
- Incentives: including but not limited to non-officer incentive plans, Restricted Stock and Stock Option expense

Supplemental loadings:

- Officer short term incentive plans
- Supplemental retirement
- Officer performance plan

Loadings calculated on payroll are based on estimated benefit costs, therefore, differences between actual benefits will be inherent to this process.

Allocation Ratios

As previously stated, the Service Company costs are either directly charged to a subsidiary or businesses line, or indirectly allocated when they support all companies. Indirect and Direct Cost Distributed are allocated using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All indirect and Direct Cost Distributed costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by a Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

For certain departments, a specific cost driver may not be clearly identifiable, or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-factor general allocation ratio is used, which is referred to as the Blended Ratio. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. The Blended Ratio CAM is modeled after a commonly used multi-factor formula approved for use by state and federal utility regulators called the "Modified Massachusetts" formula. The Modified Massachusetts formula consisting of direct labor, capital investment and net operating revenues (i.e. without cost of goods sold) was initially approved in *Distrigas of Massachusetts Corp.*, 41 FERC ¶ 61,205 (1987). These factors were chosen to be included in the Blended Ratio because they best allocate costs based on the diverse nature of BHC operations.

One additional item to note is that pooled benefits, primarily health care costs, are allocated differently due to the pooling method for benefits such as self-insured health care. BHC has chosen to pool certain benefit costs and spread the risk amongst all subsidiaries equally. All pooled benefit costs of BHC are paid by the Service Company and allocated to subsidiaries based on employee counts.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is attached hereto as Appendix 1.

Changing Allocation Ratios

Allocation ratios are set at the first of the year, based upon financial information from the trailing twelve months ending September 30 for prior year. Assets, utility assets, customer counts, employee counts, and power generation capacity are based on values as of previous period ending September 30. Gross margin, utility gross margin, payroll dollars, and utility payroll dollars are based on values for the trailing twelve months ending September 30.

The Service Company maintains certain departments (reflected as Centralized Utility Departments) that are used by and benefit only the Utilities. These departments include employees and assets that support the utility functions of: regulatory, engineering, customer service, gas supply, etc. Because these costs only support utility subsidiaries; their respected assets, payroll and employee count are allocated to only the utility subsidiaries before arriving at the allocation ratios.

Certain events may occur during the year that are deemed to be significant to BHC that will require corresponding adjustments be made to the allocation ratios. A significant change is any singular event at any individual entity that changes the value of any of the three-factors denominators from the Blended Ratio by more than 3%. Any change would take effect the month following the singular event. Examples of these types of events include acquisitions, divestitures, new generation, significant change in asset base, significant staffing changes or new, significant revenue streams. Less significant events that may require a change include complete divestiture of a business unit or acquisition of a new business unit. A certain level of judgment is required to determine whether an event is significant enough to require an adjustment to the allocations.

When these events occur, indirect allocation ratios will be adjusted. When adjusting allocation ratios, it is the policy of the Service Company to not recalculate all allocation ratios. Rather, allocation ratios will be adjusted with pro forma adjustments for the subsidiary with a significant change in a specific allocation ratio base. For example, if an acquisition occurs during the middle of the year, pro forma values will be loaded. Asset values at the time of the acquisition would be used, as well as pro forma gross margin and payroll dollars for a 12-month period. It should be noted that estimations may be required, especially when significant additions or changes are expected as a result of the acquisition.

It should also be noted that asset values, gross margin, and payroll dollars for the other companies will not be changed. However, the ratios will change because the base against which the ratios are calculated will change. Subsidiary companies would see decreased ratio values with acquisitions, and increased ratio values with divestitures. Changes will be effective as of the beginning of the month following the significant event and will apply to all transactions for the month.

Subsidiary Payment for Direct and Indirect Charges

It is the policy of the Service Company to ensure payments are made by the subsidiary companies for direct and indirect charges. All payments for direct and indirect charges must be remitted to the Service Company by the end of the following month. The Service Company will monitor payments received during the month to ensure that all subsidiary companies make payment in a timely manner.

Allocating Fixed Assets

The Service Company maintains certain fixed assets that are used by and benefit multiple BHC subsidiaries. These fixed assets primarily consist of computer hardware and software that form the corporate-wide information technology network. Because these fixed assets support multiple BHC subsidiaries, they are allocated to the appropriate subsidiaries monthly as part of the month-end close process, along with the allocation of these assets' accumulated depreciation. Construction Work in Process balances are not allocated.

Allocated assets and accumulated depreciation are maintained in separate general ledger accounts at the subsidiary level so that they are not intermingled with regular subsidiary fixed assets, and for ease of reconciliation.

The allocation ratio used for fixed assets and accumulated depreciation follows the appropriate cost driver.

Allocating Capitalized Inventory

The gas and electric meter shops are Centralized Utility Departments serving the utility operating companies. As meters are purchased, they are recorded as capitalized inventory (charged to plant-in-service) by the Service Company, as the meters are issued out of inventory to the specific operating company those assets are transferred from the Service Company to the specific utility operating companies. All unassigned gas and electric meter investment and accumulated depreciation reserve is held at the Service Company and is allocated to the applicable utilities monthly. The Customer Count Ratio is used for this allocation.

Allocating FERC Functional Accounts

FERC Functional accounts are used by Service Company to code charges in support of the business units. When direct charging to a business unit is not appropriate, using a direct distributed or indirect method is applicable. The FERC functional accounts will be allocated based on one of the allocation ratios identified in Appendix 1 and the receiving regulated entities will align with the Functional Account matrix found in Appendix 3.

Appendix 1 – Allocation Ratios

Asset Cost Ratio – Based on the net cost of assets as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Assets are limited to the direct property, plant, and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP). In addition to the BHC subsidiaries cost, the Assets shall also include the cost of any third-party assets or minority interests in assets the subsidiaries operate. The Asset Cost Ratio measures the level of investment in the businesses.

Gross Margin Ratio – Based on the total gross margin for the trailing twelve months ending September 30, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Gross margin is defined as revenue less cost of sales. By excluding cost of sales (i.e. cost of goods sold such as purchased gas costs, purchased power costs, etc.) from revenue, which may fluctuate significantly from year to year, gross margin provides stability in the year over year allocation of indirect costs. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party. The Gross Margin Ratio measures where the businesses make money.

Payroll Dollars Ratio – Based on the total payroll dollars for the trailing twelve months ending September 30, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000. The Payroll Dollar Ratio measures where the businesses employees spend their time.

Blended Ratio (SC All) – A composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted. This ratio is sometimes referred to as the three-factor blended ratio.

The Service Company is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department.

SC All-Blended (No BHES)

Blended Ratio (SC Utility) – A composite ratio comprised of an average of the Asset Cost Ratio, Payroll Dollar Ratio and the Gross Margin Ratio. These factors are equally weighted. This factor is sometimes referred to as the three-factor blended ratio.

There are currently several variations of the Utility Blended Ratio that are specific to the segment that are appropriate for which charges are being allocated. For example, charges for electric engineering department labor would utilize an electric blended ratio whereby no allocations would be charged to a gas utility.

The Service Company is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department

Regulated Utilities
Regulated Electric
Regulated Natural Gas

~~*Employee Ratio*—Based on the number of employees as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.~~

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Employee Ratio – Based on the number of employees as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

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Power Generation Capacity Ratio – Based on the total power generation capacity as of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Power generation includes capacity in service and capacity under construction.

Nameplate Generation Capacity Ratio – Based on the total facility's power generation capacity at the end of September 30 for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Nameplate generation includes capacity in service and capacity under construction at the facility.

Square Footage Ratio – The total square footage of a given facility, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Regulated Electric Transmission/Distribution Ratio – Based on a simple average of a multiple of cross-sectional drivers for the transmission function as of September 30 for the prior year that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units. The numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

Customer Count Ratio – Based on the number of customers as of September 30 for the prior year, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

There are currently several variations of the Customer Count ratio that are specific to the type of customers that are appropriate to the department for which charges are being allocated. For example, a department that supports gas engineering would be allocated based on gas customers only whereas a general customer service department would be allocated based on total customers.

The Service Company is utilizing the following customer counts to calculate customer count ratios, additional variations may be added if additional product lines are added or in the event that additional segmentation of customers are deemed appropriate to most effectively allocate costs from a specific department

- All Customers
- Regulated Electric Customers
- Regulated Natural Gas Customers
- Programs and Services Customers (Non-Regulated)

GDPM–Allocates Generation Dispatch & Power Marketing based on Generating Capacity Managed per the GDEMA (Generation Dispatch and Energy Management Agreement).

Customer Asset Ratio – A composite ratio comprised of an average of the Customer Count Ratio and the Asset Cost Ratio. These ratios are equally weighted.

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4700	SC-ACCOUNTING SYSTEMS	SC All-Blended	Provides system analyst support for Black Hill's key financial systems, including Oracle PeopleSoft ERP, PowerPlan Property and Tax System, Utilities International Planning/Regulatory System, and Openlink-Endur (Natural Gas transaction system).		Yes	Yes	Yes	Yes	Yes	Yes
4701	SC-Accounts Payable	SC All-Blended	Provides payment services support for purchased goods and/or services for all Black Hill's entities using People Soft ERP to forward invoices for approvals to the appropriate departments and use FileNet to store backup documents.		Yes	Yes	Yes	Yes	Yes	Yes
4703	SC-CORP GOVERNANCE	SC All-Blended	Develops and enforces corporate governance policies and procedures in accordance with applicable laws and regulations. Provides oversight of compliance with Securities and Exchange Commission rules and regulations. Oversees the administrative duties to the Board of Directors.		Yes	Yes	Yes	Yes	Yes	Yes
4704	SC-TAX SERVICES	SC All-Blended	Prepares quarterly and annual tax provisions of all Black Hills Corporation subsidiaries. Maintains and reconciles all direct and indirect tax general ledger accounts. Prepares tax filings and ensures compliance with applicable laws and regulations. Oversees various tax planning projects to reduce risk, reduce customer and shareholder tax liabilities, and complete mergers and acquisitions.		Yes	Yes	Yes	Yes	Yes	Yes
4705	SC-RISK	SC All-Blended	Provides risk management, risk evaluation, and risk analysis, internal controls, natural gas contract management services. Provides support for the Company's Sarbanes Oxley Compliance program, the Electric, Natural Gas, and BHES risk committees, and the Executive Risk Committee.		Yes	Yes	Yes	Yes	Yes	Yes
4706	SC-LEGAL - CORPORATE	SC All-Blended	Provides legal counsel and services related to general business operations, including labor and employment law, finance, litigation, contracts, utility rates and regulation, financial reporting, Securities and Exchange Commission, Federal Energy Regulatory Commission and other state and federal compliance, environmental matters, real estate and other legal matters. Oversees the hiring and administration of external counsel. Provides legal support to various corporate development projects. Facilitates physical risk management strategies through the purchase and evaluation of various types of insurance coverage. Provides claims management services. Develops and enforces corporate governance policies and procedures in accordance with applicable laws and regulations. Provides oversight of compliance with Securities and Exchange Commission rules and regulations. Provides various recordkeeping and administrative services related to shareholder services. Assists in the administration of equity-based compensation plans.		Yes	Yes	Yes	Yes	Yes	Yes
4709	SC-ENVIRONMENTAL SERVICES	Asset Cost	Establishes policies and procedures for compliance with environmental laws and regulations. Research emerging environmental issues and monitors compliance with environmental requirements. Oversees environmental clean-up projects. Obtains permits to support the business operations of Black Hills Corporation and its subsidiaries.		Yes	Yes	Yes	Yes	Yes	Yes
4710	SC-EXECUTIVE MGMT	SC All-Blended	Provides overall oversight of Black Hills Corporation and its subsidiaries. Provides the Board of Directors information for decision making purposes.		Yes	Yes	Yes	Yes	Yes	Yes
4711	SC-SAFETY & HEALTH	Employee Ratio	Leads and directs safety and health activities through projects, education and training to achieve industry leading results and establish a strong safety culture. Provides technical and compliance expertise on DOT, OSHA, and MSHA regulations.		Yes	Yes	Yes	Yes	Yes	Yes
4712	SC-TREASURY	SC All-Blended	Coordinates activities related to securities issuance, including maintaining relationships with financial institutions, debt holders, rating agencies, equity analysts and equity investors. Performs accounting, cash management, debt compliance, and investing activities. Monitors capital markets to support financial planning for all subsidiaries. Oversees the administration of corporate pension and 401(k) plans. Provides risk management of the Company's energy market risks and oversight and monitoring of risk policy compliance, to include facilitating natural gas contract management services.		Yes	Yes	Yes	Yes	Yes	Yes
4715	SC-F&A LEADERSHIP	SC All-Blended	Provides management and administrative support for accounting functions of the Company's regulated and non-regulated businesses including external audit coordination. Responsible for closing the general ledger for the Company's regulated and non-regulated businesses. Oversees the corporate consolidation of subsidiary financial statements. Prepares monthly internal financial reports for management. Prepares quarterly and annual financial reports to the Securities and Exchange Commission, financial statements to banks and quarterly and annual financial statements filed with FERC. Research emerging accounting issues and assists with the compliance of new accounting rules and regulations. Provides support for the Company's Sarbanes Oxley Compliance program.		Yes	Yes	Yes	Yes	Yes	Yes

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Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4717	SC-FIN PLANNING ANALYSIS	SC All-Blended	Provides financial management to the Company's regulated and non-regulated businesses. Oversees the accumulation of subsidiary financial budgets and forecasts. Provides the consolidation of the corporate wide-budget and forecast. Guides the preparation of strategic plans.		Yes	Yes	Yes	Yes	Yes	Yes
4718	SC-TALENT ACQUISITION	Employee Ratio	Includes the Talent function of HR and provides full cycle recruiting for positions across the enterprise.		Yes	Yes	Yes	Yes	Yes	
4720	SC-LABOR AND EMPL RELATIONS	Employee Ratio	Includes the Employee & Labor Relations, Compliance, and HRSS/HRIS functions of HR and provides direction for employee-related matters, strategic business advice to leaders, labor relations strategy for the enterprise, and HRIS and HRSS support services for the enterprise.		Yes	Yes	Yes	Yes	Yes	
4721	SC-HR TOTAL REWARDS	Employee Ratio	Administers policies related to compensation, benefits, pension, retiree benefits and relocation. Oversees the self-insured medical benefits plans, retiree plans, other pooled benefits and provides support to the third-party administrators of the plans. Provides general Human Resources support services to regulatory proceedings.		Yes	Yes	Yes	Yes	Yes	
4722	SC-HR ORGANIZATION DEVELOPMENT	Employee Ratio	Provides for employee and leadership development, succession planning, performance management, goal alignment, employee engagement, strategic workforce planning, talent assessment and general HR support for Black Hills Corporation and its subsidiaries.		Yes	Yes	Yes	Yes	Yes	
4723	SC – CORPORATE PLANNING/SUSTAINABILITY/ESG	SC All Blended	Corporate Planning integrates all processes and engages all stakeholders in the development of corporate strategy and alignment of strategic initiatives. Sustainability and ESG (environmental, social and governance) provides the enterprise with climate-related strategies and gives internal and external stakeholders information about the utilities' ESG priorities sustainability efforts .		Yes	Yes	Yes	Yes	Yes	Yes
4724	SC –ENTERPRISE DATA & ANALYTICS	SC All-Blended	Provides strategic planning and development for enterprise data and analytics products, processes, and technology.		Yes	Yes	Yes	Yes	Yes	Yes
4725	SC-INTERNAL AUDIT	SC All-Blended	Provide independent assurance to the Audit Committee of the Board of Directors and Management related to the quality of risk management activities including: understanding the intersection between organization objectives and risk management approaches; independently evaluating the adequacy, effectiveness, and consistency of controls in relation to achieving defined objectives (including assessing the Sarbanes-Oxley compliance program); and validating that the balance of cost and benefit or risk management activities is consistent with the company's strategy and objectives.		Yes	Yes	Yes	Yes	Yes	Yes
4726	SC-BRAND MGMT & COMMS	SC All-Blended	Develops strategies, plans and tactics for effective communication with internal and external stakeholders. Develops and manages measured customer communications that enhance positive relationships and understanding of energy topics including safety, preparation, and conservation.		Yes	Yes	Yes	Yes	Yes	Yes
4728	SC-POWER DELIVERY MGMT	Power Generation Capacity	Performs resource planning, power delivery management, strategic planning, and construction management for the corporation's power generation assets.		Yes					Yes
4729	SC-PROPERTY ACCOUNTING	Asset Cost	Maintains Property Accounting records, plant and equipment, book depreciation, Allowance for Funds Used During Construction (AFUDC), for the majority of subsidiaries of the corporation. Assists in compliance with Property Accounting regulatory requirements. Prepares various operating and financial reports for management and regulators.		Yes	Yes	Yes	Yes	Yes	Yes
4731	SC-SUPPLY CHAIN PROCUREMENT	SC All-Blended (No BHES)	Manages contracts, including drafting, negotiating, reviewing and interpreting contracts. Executes the procurement process including, purchasing activities, managing vendor relationships, and issue resolution and tracking and expediting orders.		Yes	Yes	Yes		Yes	Yes

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4732	SC-SUPPLY CHAIN MATERIALS	SC All-Blended (No BHES)	Manages inventory, obsolescence and scrap. Ensure availability of proper materials. Pull, restock and stage materials. Works with PDO/BD in coordination of project materials and investment recovery tasks at end of project lifecycle.		Yes	Yes	Yes		Yes	Yes
4734	SC-FLEET SERV	SC All-Blended	Manages fleet expenses, fleet contracts, vehicle purchasing, replacement, disposal, licensing/registration and titling of company fleet assets. Advises on vehicle maintenance and repairs, alternative fuel selections and implementations. Manages in-house garages/vehicle shops (excluding WRDC). Manages fleet sustainability data and reporting for ESG (excluding WRDC).		Yes	Yes	Yes	Yes	Yes	Yes
4736	SC-REAL ESTATE & FACILITIES	SC All-Blended	Provides facility, construction, and real estate management services for corporate-wide facilities. Supports disaster recovery and business continuation planning.		Yes	Yes	Yes	Yes	Yes	Yes
4737	SC-I/C FACILITIES	SC Square Footage	Maintains the Share Capital Asset fees (Inter-company rent) for subsidiary owned facilities used by Black Hills Service Company.		Yes	Yes	Yes	Yes	Yes	Yes
4741	SC-GOVERNMENTAL AFFAIRS	SC All-Blended	Advances strategies for sound public policy benefiting the company, customers, and other stakeholders. Engages in the legislative and policy making process including monitoring analysis, and advocacy. Acts as a liaison with legislators and other governmental officials to provide updates on business plans and operations. Maintains constructive relationships with federal, state and other governmental bodies.		Yes	Yes	Yes	Yes	Yes	Yes
4742	SC-IT CIO OFFICE – BUSINESS OFFICE	SC All-Blended	Provides guidance, governance, and strategic planning to the overall information technology operations.		Yes	Yes	Yes	Yes	Yes	Yes
4743	SC-IT BUS APPS FIN & HR SYSTEMS	SC All-Blended	Manages, maintains, and enhances the finance, human resource, web-based service and enterprise-wide business applications.		Yes	Yes	Yes	Yes	Yes	Yes
4744	SC-IT BUS APPS CUSTMR SYSTEMS	All Customers	Manages, maintains, and enhances the customer service enterprise-wide business applications. Manages, maintains, and enhances the internal (intranet) and external web applications.		Yes	Yes				
4745	SC-IT BUS APPS- INTEGRATION	SC All-Blended	Manages, maintains, and enhances integrations between enterprise wide business applications and third parties.		Yes	Yes	Yes	Yes	Yes	Yes
4746	SC-IT BUS APPS-UTILITY SYSTEMS	SC All-Blended	Manages, maintains, and enhances the electric and natural gas utility enterprise-wide business applications.		Yes	Yes	Yes		Yes	Yes
4747	SC-IT INFRASTRUCTURE & OPERATIONS	SC All-Blended	Manages, maintains, and enhances data center operations, infrastructure servers, storage, system software, infrastructure architecture, cloud environments, enterprise applications, and corporate databases. Supports the user endpoint and mobile devices needs for the company and provides mobile expense management services. Operates Help Desk services, technology training, as well as technology support services, and field service support for the company. Supports the data and voice network communication needs for the company and provides assists with telecommunication expense management services.		Yes	Yes	Yes	Yes	Yes	Yes
4748	SC-IT CIO OFFICE - EPMO	SC All-Blended	Provides service company portfolio oversight and standards, governance, and execution for enterprise system and capital service company projects.		Yes	Yes	Yes	Yes	Yes	Yes

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4749	SC-IT CIO OFFICE - EA	SC All-Blended	Responsible for overall enterprise architecture for solutions across the organization.		Yes	Yes	Yes	Yes	Yes	Yes
4750	SC-IT OPERATIONAL TECHNOLOGY	SC All-Blended	Manages, maintains, and enhances Control System functionality in partnership with Operations staff. Supports Control System and energy delivery/metering infrastructure components, system software, architecture, and disaster recovery		Yes	Yes	Yes	Yes	Yes	Yes
4751	SC-ENTERPRISE SECURITY	SC All-Blended	Responsible for Enterprise Security for Black Hills Energy, which includes Security Governance, Cyber Security, Physical Security, Identity and Access Management, IT Risk Management, and IT Compliance.		Yes	Yes	Yes	Yes	Yes	Yes
4754	SC-GENERATION PLANT OPERATIONS	Nameplate Generation Capacity	Operates and manages the generation for BHCOE and BHCIPP for the Pueblo Airport Generation Station		Yes					Yes
4755	SC-IT BUS APPS-ECM & GRC SYSTEMS	SC All-Blended	Manages, maintains, and enhances governance, risk, compliance and enterprise content management business applications.		Yes	Yes	Yes	Yes	Yes	Yes
4756	SC-CPGS PLANT OPERATIONS	Nameplate Generation Capacity	Operates and M anages the generation for BHSDE and BHWYE for the Cheyenne Prairie Generation Station and Corriedale. Operates and M anages maintenance for the gas turbines and diesel generators in Rapid City and Gillette.		Yes					Yes
4757	SC-TRANSFORMATION MGMT OFFICE	SC All Blended	Deliver business transformation to be a connected and simple company positioned for growth through transformational projects that involve a holistic rethinking and reshaping of aspects of our company. Such projects require substantial investments in people, processes, technology and data to fundamentally enhance or deliver new capabilities.		Yes	Yes	Yes	Yes	Yes	Yes
4758	SC-POWER PLANT OPERATIONS	Nameplate Generation Capacity	Operates all gas turbine, diesel, and renewable generation assets for BHCOE, BHCIPP, BHSDE, and BHWYE		Yes					Yes
4759	SC-RENEWABLE GEN MAINTENANCE	Nameplate Generation Capacity	Manages the renewable generation for BHCOE, BHCIPP, BHSDE, and BHWYE.		Yes					Yes
4761	SC-UTILITY SERVICES PROCESS PERFORMANCE OFFICE	SC All-Blended	Provides a center of knowledge, concentrating on developing analytics and resources to improve service and cost efficiency, measure and track operational performance, develop, and standardize efficient processes and governance activities across business units. Facilitate operational consistency and enhance utility operational excellence through data-driven key process governance, analytics, and training.		Yes	Yes	Yes	Yes	Yes	Yes
4771	SC-IT COSTS-EMP HDCNT	Employee Ratio	Holds centralized employee related IT costs.		Yes	Yes	Yes	Yes	Yes	
4791	SC-ASSET TRANSMISSION	Regulated Electric Transmission/ Distribution	Allocates property assets (transmission)	Yes	Yes					

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4792	SC- ASSET CUSTOMER	All Customers	Allocates property assets (customer)	Yes	Yes	Yes				
4793	SC – ASSET BLENDED	SC All-Blended	Allocates property assets (service company)		Yes	Yes	Yes	Yes	Yes	Yes
4794	SC-BENEFIT POOLED	Employee Ratio	Records pooled benefit costs, primarily related to health and welfare for Black Hills Corporation and its subsidiaries.		Yes	Yes	Yes	Yes	Yes	
4795	SC-ACCOUNTING ACCRUAL ENTRIES	SC All-Blended	Records accrual of certain charges not related to specific departments or not significant enough to allocate to each department		Yes	Yes	Yes	Yes	Yes	Yes
4796	SC-BENEFIT LOADINGS	SC All-Blended	Records overhead benefit costs loaded to labor costs.		Yes	Yes	Yes	Yes	Yes	Yes
4803	SC-NGU ASSET RISK MGMT & STDS	Regulated Natural Gas Blended	Provides asset risk management to evaluate threats throughout the pipeline life cycle in order to reduce risk and enhance system safety for the organization. Responsible for maintaining updated Operations and Maintenance manuals in compliance with state and federal pipeline safety regulations.	Yes		Yes	Yes			
4804	SC-NGU Project Delivery	Regulated Natural Gas Blended	Provides installation/construction oversight of major gas transmission and distribution projects including initiation, planning, installation, commissioning and turnover to Operations.	Yes		Yes	Yes			
4805	SC-NGU DESIGN ENGINEERING	Regulated Natural Gas Blended	Provides engineering support of gas transmission and distribution facilities including planning, design, analyses, and identifying and defining processes for the safe operation of the natural gas system.	Yes		Yes	Yes			
4806	SC-PIPELINE SAFETY	Regulated Natural Gas Blended	Responsible for implementing API RP 1173 Pipeline Safety Management Systems and reporting DOT regulatory requirements.	Yes		Yes	Yes			
4807	SC – Utility GIS	Regulated Utilities-Blended	Responsible for capturing as-built records for all EU & NGU facilities in GIS. Responsible for managing the design, development, configuration, access, integration, testing, and training of the NGU GIS and digital as-building platforms.	Yes	Yes	Yes	Yes			
4808	SC – GIS	Regulated Utilities-Blended	Responsible for capturing as-built records for all EU & NGU facilities in GIS. Responsible for managing the design, development, configuration, access, integration, and testing and training of the EU enterprise GIS platforms.	Yes	Yes	Yes	Yes			
4810	SC- RELIABILITY CENTER	Regulated Electric Transmission/ Distribution	Operates the Company's electric transmission and distribution systems on a 24/7 basis, and plans and directs switching and outage restoration efforts for both emergency and planned outages.	Yes	Yes					

Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4811	SC-OPERATIONAL SERVICES	Customer Asset	Maintains operational tools, such as SCADA, and its supporting applications for electric and gas Transmission and Distribution (T&D) systems. Verifies systems are upgraded, modified, or replaced to as necessary for operating the (T&D) Transmission & Distribution system. Performs near-term (T&D) Transmission & Distribution studies to maintain reliability for planned/unplanned maintenance activities as well as training, compliance, and documentation for complying with OATT, NERC, FERC, PHMSA, and TSA requirements.	Yes	Yes	Yes	Yes			
4812	SC-EU PROJECT DELIVERY	Regulated Electric Transmission/ Distribution	Responsible for project management and execution of projects on the transmission and distribution systems of all three electric utilities.	Yes	Yes					
4813	SC-TRANSMISSION & DISTRIBUTION ENGINEERING	Regulated Electric Transmission/ Distribution	Provides engineering support for electric transmission and distribution lines at all three electric utilities, including planning, design, monitoring, and analyses.	Yes	Yes					
4814	SC-SUBSTATION/PROTECTION ENGINEERING	Regulated Electric Transmission/ Distribution	Designs, coordinates, and oversees the electric transmission and distribution substation infrastructure for all three electric utilities. This includes substation designs, standards, protective relaying, and NERC compliance associated with the same.	Yes	Yes					
4816	SC-GENERATION DISPATCH POWER MARKETING	GDPM	Manages the three electric utilities and others generation units dispatch and energy management services to generating resources on a system wide, least-cost basis.		Yes					Yes
4818	SC-MAINTENANCE	Regulated Electric Transmission/ Distribution	For all three Electric Utility Business Units (SDE, COE, WYE), Substation Maintenance Services supports the commissioning, maintenance and operation of the substation and line equipment.	Yes	Yes					
4819	SC-VEGETATION MANAGEMENT	Regulated Electric Transmission/ Distribution	For all three Electric Utility Business Units (SDE, COE, WYE), Vegetation Management supports the vegetation management and related wildfire risk mitigation activities.	Yes	Yes					
4820	SC- ELECTRIC AND NGU SERVICES	Regulated Utilities- Blended	Central services leadership supporting both the EU and NGU resides within this department, and is responsible for oversight of Asset Management, Electric Strategy Planning & Policy, Engineering Services & Project Delivery.	Yes	Yes	Yes	Yes			
4821	SC-PWR SUPPLY AND RENEWABLES	Regulated Electric Blended	Provides for the planning, development, and management of power supply and renewable strategies for electric operating companies.	Yes	Yes					
4822	SC-REGULATORY	Regulated Utilities- Blended	Provides regulatory support for all electric and gas utility regulatory filings including rate reviews, class cost of service studies, rate design, regulatory reporting, adjustment clauses, riders, trackers and other regulatory issues. Also develops and advances regulatory policy and strategy and maintains relationships with regulatory stakeholders.	Yes	Yes	Yes	Yes			
4823	SC-RELAY & CONTROLS	Regulated Electric Transmission/ Distribution	For all three Electric Utility Business Units (SDE, COE, WYE), supports the commissioning, maintenance and operation of control and protective relaying equipment within the Electric Utilities.	Yes	Yes					
4824	SC-GAS CONTROL	Regulated Natural Gas Customers	Manages and provides Gas control services to ensure the safety & reliability of gas transmission and distribution systems.	Yes		Yes	Yes			

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Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4825	SC-EU ASSET PROGRAMS	All Customers	For all three Electric Utility Business Units (SDE, COE, WYE), this department provides management and oversight over the primary areas of: vegetation management, pole inspection, line patrol, wildfire risk management, and third-party pole attachments.	Yes	Yes					
4826	SC-MDMS & ELECTRIC METER SVCS	All Customers	Manages and provides electric measurement support to field operations located in electric service states. Also manages AMI system for all electric utilities and manages the MDMS for electric and gas utilities.	Yes	Yes	Yes				
4827	SC-DISTRIBUTION STRATEGY	Regulated Electric Transmission/ Distribution	Performs various short and long-range distribution planning studies to ensure reliability of the electric distribution system. Maintains and updated distribution planning models and ensures data integrity in multiple data warehouses related to equipment ratings, AMI data, DER interconnections, and GIS data. Provides distribution planning support to many internal teams including System Control; Legal; Regulatory; Operations; and Utility Construction Planners. Provides distribution projections for the 5 and 10-year	Yes	Yes					
4828	SC-NERC COMPLIANCE	Regulated Electric Transmission/ Distribution	Develops, coordinates, and oversees the Electric Utilities Group's compliance with mandatory North American Electric Reliability Corporation (NERC) Reliability Standards and Western Electricity Coordinating Council (WECC) Regional Reliability Standards and Regional Criteria. Reliability Standards establish requirements to maintain and reduce risks to the security and reliability of the Bulk Electric System.	Yes	Yes					
4829	SC-TRANSMISSION STRATEGY	Regulated Electric Transmission/ Distribution	Develops, coordinates, and oversees the Electric Utilities Group's compliance with the Federal Energy Regulatory Commission (FERC) requirements pertaining to electric transmission; and administers the Company's Open Access Transmission Tariff (OATT) and Open Access Same-time Information System (OASIS).Administration of the Tariff, which outlines the "rules of the road" for transmission providers, the rates we charge, and the procedures and timelines in addressing customer requests (new load, new generators, or other requests to wheel power across the system).Performs near and long-term (1-20 year) transmission planning to determine cost-effective transmission additions needed to reliably serve projected customer load. Performs studies in support of large customer requests and the FERC Tariff; and supports operational studies for planned outages. Provides support in meeting compliance with NERC Standards; and represents the corporation in regional and sub-regional planning groups.	Yes	Yes					
4830	SC – EU OMS (ADMS) SERVICES	Regulated Electric Customers	Oversee and maintain the distribution outage management/advance distribution management system for all three Electric Utility Business Units (SDE, COE, WYE). Track, report, and maintain the data for EU distribution reliability reporting.	Yes	Yes					
4831	SC-CUSTOMER SERV CALL CENTERS/FRC	All Customers	Answers and resolves customer inquiries, requests for services, for both regulated and non-regulated customers. Support teams within contact center provide quality analysis and training. A 24/7 field operations dispatch function. Also providing customer energy service interruption and emergency call support.	Yes	Yes	Yes				
4833	SC-CUSTOMER SERVICE SUPPORT	All Customers	Manages customer billing, payment, and collections processes. Provides support to customer services areas through customer information system project management and process control for customer information system changes, and revenue assurance analysis.	Yes	Yes	Yes				
4838	SC-MEASUREMENT	All Customers	Monitor, configure, and analyze customer measurement information with data collection and validation tools. Support EU/NGU field operations and internal/external customers in troubleshooting, resolving measurement issues to ensure timely, and accurate billing data. <u>Manages and provides electric and gas measurement support to field operations located in electric and gas service states. Also manages AMI system for all electric and gas utilities and manages the MDMS for electric and gas utilities.</u>	Yes	Yes	Yes				
4840	SC-STRATEGIC COMMSPUBLIC AFFAIRS	All Customers	Aligns business objectives with the integrated communications provided to our stakeholders. Including: media relations, coordination of community involvement programs, developing and managing a consistent communications program, and leading economic development for community growth	Yes	Yes	Yes				
4845	SC- PROGRAMS AND SERVICES (NREG)	Programs and Services Customers (Non-Regulated)	Provides and manages product development and marketing with the primary focus on Service Guard (appliance options) and HomeServe (protection plans) for the non-regulated business for customers.	Yes	Yes	Yes				

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Appendix 2- Service Company Departments

Department #	Name	Primary Allocation Ratio	Description / Functions	Centralized Utility Departments	Electric Utilities (EU)	Natural Gas Utilities (NGU)	RMNG	BHES	WRDC (Coal Mine)	BHWY and BHEG (Elec Gen-IPP)
4846	SC-UTILITY PROGRAMS & SERVICE	Programs and Services Customers (Regulated)	Provides and manages program development and administration with the primary focus on Choice Gas (supply and pricing options), and Renewable Ready (voluntary renewable solutions), Green Forward , and Nebraska Heat for utility customers.	Yes	Yes	Yes				
4871	SC GAS Supply & Transportation Services	All Customers	Provides for the development and execution of the gas supply portfolio plans for all gas distribution operating companies and regulated power plants fueled by natural gas. This plan includes purchasing strategies for the commodity, optimization, and procurement of pipeline capacity and services. Additionally, provides for the execution of the sale and management of BHE pipeline and storage capacity and tariff services to third-party Shippers.	Yes	Yes	Yes	Yes			
4872	SC-EXEC MGMT-UTILITIES	Regulated Utilities Blended SC All-Blended	Provides guidance, direction and management to overall utility operations and support services.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4873	SC-ENERGY EFFICIENCY/DSM	All Customers	Supports the energy efficiency programs across the utilities.	Yes	Yes	Yes				
4874	SC-TECHNICAL TRAINING & OQ	Regulated Utilities Blended	Provides EU & NGU technical training support and Operator Qualification for gas utilities.	Yes	Yes	Yes				
4875	SC-HR ROTATION PROGRAM	Regulated Utilities Blended	Provides programs designed to attract and develop diverse talent to fill utility operations positions.	Yes		Yes				
4876	SC-IT BUS APPS-AUTOMATION	SC All-Blended	Manages, maintains, and enhances IT Automation platforms and IT management platforms.		Yes	Yes	Yes	Yes	Yes	Yes
4877	SC-UTILITY TECHNOLOGY SYSTEMS	Regulated Utilities Blended	Responsible for managing the design, development, configuration, access, integration, and testing of the Field Service Management and Enterprise Asset Management Utility Technology platforms.	Yes	Yes	Yes	Yes			
4879	SC- LAND RIGHTS	SC All- Blended	Manages the company's right of way and other related land rights activities.		Yes	Yes	Yes		Yes	Yes
4880	SC-BUSINESS DEVELOPMENT	Regulated Utilities Blended	Provide customer-focused solutions to serve current and prospective customers of our gas and electric utilities.	Yes	Yes	Yes				
4881	SC-CORP GROWTH & STRATEGY	Regulated Utilities Blended	Provides the enterprise with energy innovation strategies to assist the enterprise in growth solutions.	Yes	Yes	Yes				
All Other	All Other	SC All-Blended	Departments at Black Hills Corporation and subsidiaries that are not specifically listed in the Cost Allocation Manual or included in the master allocation design that charge BHSC will be allocated using the Blended Allocation Ratio.		Yes	Yes	Yes	Yes	Yes	Yes
Centralized Utility Departments are primarily for the service of the Utility business units										

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Appendix 3- FERC Functional Accounts – for regulated entities

Account Range	Type of Accounts	50501	50502	50507	50504	50505	50508	50510	50511	50512	50515	50516	50521	50522
		BHP	CLFP-E	COE	KSG	IAG	COG	Shoshone	BHEA	GDCO	RMNG	BHES	GWY	GNE
440 - 449	Electric Sales Revenues	X	X	X										
450- 455	Misc Electric Revenues	X	X	X										
456 - 457	Electric Transmission Revenues	X	X	X										
480 - 486	Gas Sales Revenues				X	X	X		X	X		X	X	X
487 - 488	Misc Gas Revenues				X	X	X	X	X	X	X	X	X	X
489	Gas Transmission Revenues				X	X	X	X	X	X	X		X	X
490 - 496	Other Gas Revenues				X	X	X	X	X	X	X		X	X
500 - 515	Steam Power Generation	X	X											
517 - 532	Nuclear Power Generation													
535 - 545	Hydraulic Power Generation													
546 - 554	Other Power Generation	X	X	X										
555 - 557	Power Supply Expenses	X	X	X										
558	Wind Generation	X	X	X										
560 - 574	Electric Transmission Expenses	X	X	X										
575 - 576	Electric Regional Market Expenses	X	X	X										
580 - 598	Electric Distribution Expenses	X	X	X										
700 - 708	Manufactured Gas Steam Production													
710 - 742	Manufactured Gas Production													
750 - 769	Gas Production & Gathering								X		X		X	
770 - 791	Products Extraction										X			
795 - 798	Gas Exploration & Development													
800 - 813	Gas Supply Expenses				X	X	X		X	X	X		X	X
814 - 837	Gas Storage Expenses								X		X		X	
840 - 843	Other Storage Expenses													
844 - 847	LNG Terminaling Expenses													
850 -869	Gas Transmission Expenses				X	X	X	X	X	X	X		X	X
870 - 894	Gas Distribution Expenses				X	X	X		X	X			X	X
901 - 905	Customer Accounts Expenses	X	X	X	X	X	X	X	X	X	X	X	X	X
907 - 910	Customer Service and Information Expenses	X	X	X	X	X	X		X	X		X	X	X
911 - 916	Sales Expenses	X	X	X	X	X	X		X	X		X	X	X
920 – 931	Administrative and General Expenses	X	X	X	X	X	X	X	X	X	X	X	X	X
932	Maintenance of general plant (gas)				X	X	X	X	X	X	X	X	X	X
935	Maintenance of general plant (electric)	X	X	X										

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THIS FILING IS

Item 1: ☒ An Initial (Original) Submission OR ☐ Resubmission No.



FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company) Black Hills Service Company	Year/Period of Report: End of: 2024/ Q4
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GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

Purpose

Form No. 60 is an annual regulatory support requirement under 18 C.F.R. § 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to 18 C.F.R. § 366.3 and § 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

How to Submit

Submit FERC Form Nos. 2, 2-A and 3-Q electronically through the eCollection portal at <https://eCollection.ferc.gov>, and according to the specifications in the Form 60 taxonomy.

When to Submit

Submit FERC Form No. 60 according to the filing date contained 18 C.F.R. § 369.1 of the Commission's regulations.

Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 C.F.R. § 367) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

Time Period

This report covers the entire calendar year.

Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),
888 First Street NE,
Washington, DC 20426
or by email to DataClearance@ferc.gov

And to:

Office of Information and Regulatory Affairs,
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal Energy Regulatory Commission).
Comments to OMB should be submitted by email to:
oir_submission@omb.eop.gov

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

FERC FORM NO. 60

Respondent — The person, corporation, or other legal entity in whose behalf the report is made.

FERC FORM NO. 60
REPORT OF CENTRALIZED SERVICE COMPANIES

Identification

01 Exact Legal Name of Respondent

Black Hills Service Company

02 Year / Period of Report

2024/ Q4

03 Previous Name (if name changed during the year)

04 Date of Name Change

05 Address of Principal Office at End of Year (Street, City, State, Zip Code)

7001 Mt Rushmore Road, Rapid City, SD 57702

06 Name of Contact Person

Courtney Hebert

07 Title of Contact Person

Vice President - Corporate Controller

08 Address of Contact Person

7001 Mt Rushmore Road, Rapid City 57702

09 Telephone Number of Contact Person

(605)721-2370

10 E-mail Address of Contact Person

courtney.hebert@blackhillscorp.com

11 This Report is An Original / A Resubmission

(1) ☒ An Original

(2) ☐ A Resubmission

12 Date of Report

12/31/2024

13 Date of Incorporation

12/30/2004

14 If Not Incorporated, Date of Organization

15 State or Sovereign Power Under Which Incorporated or Organized

SD

16 Name of Principal Holding Company Under Which Reporting Company is Organized:

Black Hills Corporation

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

17 Name of Signing Officer

Courtney Hebert

19 Signature of Signing Officer

Courtney Hebert

20 Date Signed (Month, Day, Year)

04/25/2025

18 Title of Signing Officer

Vice President and Corporate Controller		
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FERC FORM No. 60 (REVISED 12-07)

Page 1

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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List of Schedules

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.

Line No.	Description (a)	Page Reference (b)	Remarks (c)
1	Schedule I - Comparative Balance Sheet	101	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	
4.1	Schedule IV - Investments - Other Investments	105	NONE
4.2	Schedule IV - Investments - Other Special Funds	105	NONE
4.3	Schedule IV - Investments - Temporary Cash Investments	105	NONE
5	Schedule V - Accounts Receivable from Associate Companies	106	
6	Schedule VI - Fuel Stock Expenses Undistributed	107	NONE
7	Schedule VII - Stores Expense Undistributed	108	
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	NONE
9	Schedule IX - Miscellaneous Deferred Debits	110	
10	Schedule X - Research, Development, or Demonstration Expenditures	111	NONE
11	Schedule XI - Proprietary Capital	201	
12	Schedule XII - Long-Term Debt	202	
13	Schedule XIII - Current and Accrued Liabilities	203	
14	Schedule XIV - Notes to Financial Statements	204	

15	Schedule XV - Comparative Income Statement	301	
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303	
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307	
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308	NONE
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	309	
23	Schedule XX - Organization Chart	401	
24	Schedule XXI - Methods of Allocation	402	

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		Service Company Property			
2	101	Service Company Property	103	964,445,486	964,445,486
3	101.1	Property Under Capital Leases	103	2,467,744	2,506,125
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	11,165,737	16,438,151
6		Total Property (Total Of Lines 2-5)		978,078,967	983,389,762
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	2,161,170	1,632,290
8	111	Less: Accumulated Provision for Amortization of Service Company Property			
9		Net Service Company Property (Total of Lines 6-8)		975,917,797	981,757,472
10		Investments			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105		
13	128	Other Special Funds	105	9,999,525	9,486,059
14		Total Investments (Total of Lines 11-13)		9,999,525	9,486,059
15		Current And Accrued Assets			
16	131	Cash		8,917,612	5,555,062

17	134	Other Special Deposits			
18	135	Working Funds			
19	136	Temporary Cash Investments	105		
20	141	Notes Receivable			
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		4,016,933	3,343,534
23	144	Less: Accumulated Provision for Uncollectible Accounts			
23.1	145	Notes Receivable From Associate Companies			
24	146	Accounts Receivable From Associate Companies	106	257,103,232	261,728,434
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies		348,754	513,323
27	163	Stores Expense Undistributed	108	715	7,792
28	165	Prepayments		25,467,879	19,390,999
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets	109		
33	175	Derivative Instrument Assets			
34	176	Derivative Instrument Assets - Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		295,855,125	290,539,144
36		Deferred Debits			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		29,246,781	27,571,238

39	183	Preliminary Survey And Investigation Charges		466,618	224,499
40	184	Clearing Accounts		2,550	50,152
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits	110	1,825,580	6,943,177
43	188	Research, Development, or Demonstration Expenditures	111		
44	189	Unamortized Loss on Reacquired Debt			
45	190	Accumulated Deferred Income Taxes		29,833,908	30,045,015
46		Total Deferred Debits (Total of Lines 37-45)		61,375,437	64,834,081
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		1,343,147,884	1,346,616,756
48		Proprietary Capital			
49	201	Common Stock Issued	201		
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	960,759,073	960,759,166
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	(642,765,305)	(642,765,305)
54	219	Accumulated Other Comprehensive Income	201	(1,907,887)	(2,826,707)
55		Total Proprietary Capital (Total of Lines 49-54)		316,085,881	315,167,154
56		Long-Term Debt			
57	223	Advances From Associate Companies	202	644,000,000	644,000,000
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)		644,000,000	644,000,000

62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current		81,113	237,766
64	228.2	Accumulated Provision for Injuries and Damages		1,861,692	1,518,644
65	228.3	Accumulated Provision For Pensions and Benefits		66,480,829	66,316,222
66	230	Asset Retirement Obligations			
67		Total Other Non-current Liabilities (Total of Lines 63-66)		68,423,634	68,072,632
68		Current and Accrued Liabilities			
69	231	Notes Payable			
70	232	Accounts Payable		16,103,069	16,421,557
71	233	Notes Payable to Associate Companies	203	206,262,495	224,479,722
72	234	Accounts Payable to Associate Companies	203	13,934,248	15,628,229
73	236	Taxes Accrued		1,273,529	461,154
74	237	Interest Accrued			
75	241	Tax Collections Payable		821,592	6,193
76	242	Miscellaneous Current and Accrued Liabilities	203	48,635,303	37,463,676
77	243	Obligations Under Capital Leases - Current		286,797	461,776
78	244	Derivative Instrument Liabilities		2,029,831	1,141,712
79	245	Derivative Instrument Liabilities - Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		289,346,864	296,064,019
81		Deferred Credits			
82	253	Other Deferred Credits		7,133,596	6,624,485
83	254	Other Regulatory Liabilities		8,328,247	7,883,139
84	255	Accumulated Deferred Investment Tax Credits			

85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		12,546	(22,299)
87	283	Accumulated deferred income taxes-Other		9,817,116	8,827,626
88		Total Deferred Credits (Total of Lines 82-87)		25,291,505	23,312,951
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		1,343,147,884	1,346,616,756

FOOTNOTE DATA

(a) Concept: OtherSpecialFunds

Relates to the cash surrender value of company-owned life insurance policies and deposits related to supplemental retirement benefit plans.

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Account # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization	964,445,486				964,445,486
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements					
6	391	Office Furniture and Equipment					
7	392	Transportation Equipment					
8	393	Stores Equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property	2,506,125			(38,381)	2,467,744
15	399.1	Asset Retirement Costs					
16		Total Service Company Property (Total of Lines 1-15)	966,951,611			(38,381)	966,913,230
17	107	Construction Work in Progress:					

18		Software Conversions	8,074,931	5,906,813		(8,941,940)	5,039,804
19		Office Furniture and Equipment	7,469,120	20,220,390		(22,732,433)	4,957,077
20		Vehicles	894,100	2,456,918		(2,210,838)	1,140,180
21		Facilities/Field Collection System		1,182,500		(1,153,824)	28,676
31		Total Account 107 (Total of Lines 18-30)	16,438,151	29,766,621		(35,039,035)	11,165,737
32		Total (Lines 16 and Line 31)	983,389,762	29,766,621		(35,077,416)	978,078,967

FOOTNOTE DATA

(a) Concept: ConstructionWorkInProgressAdjustments
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Construction work in progress amounts in column (e) represent completed projects that are transferred to plant in service. As discussed in Note 1 of Schedule XIV, Black Hills Service Company allocated plant in service to its subsidiaries.
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FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements					
6	391	Office Furniture and Equipment					
7	392	Transportation Equipment					
8	393	Stores Equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property	1,632,290		(a) 20,346,150	(b) 20,875,030	2,161,170
15	399.1	Asset Retirement Costs					
16		Total	1,632,290		20,346,150	20,875,030	2,161,170

FOOTNOTE DATA

(a) Concept: OtherTangiblePropertyAccumulatedProvisionForDepreciationAndAmortizationRetirements

Comprised of significant gas meter changes.

(b) Concept: OtherTangiblePropertyAccumulatedProvisionForDepreciationAndAmortizationAdjustments

Comprised of significant gas meter changes.

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule IV - Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments		
3	128	Other Special Funds	9,486,059	9,999,525
4	136	Temporary Cash Investments		
5		(Total of Line 1-4)	9,486,059	9,999,525

FOOTNOTE DATA

(a) Concept: OtherSpecialFunds

Relates to the cash surrender value of company-owned life insurance policies and deposits related to supplemental retirement benefit plans.

Name of Respondent: Black Hills Service Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule IV - Investments - Other Investments					
1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount. 2. For Temporary Cash Investments (Account 136), list each investment separately . 3. Investments less than \$50,000 may be grouped, showing the number of items in each group.					
Line No.	Investment Description (a)	Name of Issuing Company (b)	Number of Shares Held (c)	Principal Investment Amount (d)	
1					

Name of Respondent: Black Hills Service Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule IV - Investments - Other Special Funds					
1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount. 2. For Temporary Cash Investments (Account 136), list each investment separately . 3. Investments less than \$50,000 may be grouped, showing the number of items in each group.					
Line No.	Investment Description (a)	Name of Issuing Company (b)	Number of Shares Held (c)	Principal Investment Amount (d)	
1					

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule IV - Investments - Temporary Cash Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Balance at Close of Year (b)
1		
2		

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule V - Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)	Total Accommodation or Convenience Payments (e)
1	146	Accounts Receivable From Associate Companies			
2		Associate Company:			
3		Wyodak Resources Development Corp	1,531,535	2,201,667	
4		Black Hills Wyoming, LLC	707,212	861,196	
5		Black Hills Electric Generation, LLC	1,659,901	1,763,130	
6		Black Hills Non-Regulated Holdings, LLC	11,484	2,003	
7		Black Hills Colorado IPP, LLC	103,635	186,093	
8		N780BH, LLC	10,437	92	
9		Black Hills Colorado Wind, LLC	124,195	138,003	
10		Black Hills Exploration and Production, Inc	357,876	513,726	
11		Black Hills Power, Inc	29,049,558	31,953,709	
12		Cheyenne Light Fuel and Power Company	14,645,235	15,858,045	
13		Black Hills Kansas Gas Utility, LLC	19,012,213	17,363,194	
14		Black Hills Iowa Gas Utility Company, LLC	27,464,733	25,036,708	
15		Black Hills Nebraska Gas, LLC	51,660,433	49,115,878	
16		Black Hills Colorado Electric, LLC	25,972,770	27,382,323	

17		Black Hills Colorado Gas, Inc.	32,812,957	29,756,231	
18		Black Hills Shoshone Pipeline, LLC	28,526	28,772	
19		Black Hills Energy Arkansas, Inc	26,921,732	26,376,575	
20		Rocky Mountain Natural Gas, LLC	4,141,409	4,069,578	
21		Black Hills Energy Services Company	242,372	113,296	
22		Black Hills Wyoming Gas, LLC	23,304,660	23,675,585	
23		Black Hills Corporation	1,918,308	569,883	
24		BHERR Holdings, LLC	702		
25		Black Hills Energy Renewable Resources, LLC	43,699	134,668	
26		Black Hills Plateau Production, LLC	2,852	2,877	
40	Total		261,728,434	257,103,232	

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule VI - Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3					
4					
40	Total				

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule VII - Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3		Black Hills Energy Service Company	132	583	715
40	Total		132	583	715

Name of Respondent: Black Hills Service Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule VIII - Miscellaneous Current and Accrued Assets					
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.					
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)	
1	174	Miscellaneous Current and Accrued Assets			
2		Item List:			
3					
40	Total				

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Item List:		
3		Worker's Comp Deposit - Liberty Mutual	100,000	150,000
4		Long Term Portion of Prepaid Maintenance	1,066,932	668,949
5		Excess General Liability Insurance	300,000	608,256
6		Changes in fair value on regulatory-approved derivative contracts	5,436,070	358,200
7		Miscellaneous Current and Accrued Receivables	40,175	40,175
40	Total		6,943,177	1,825,580

Name of Respondent: Black Hills Service Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule X - Research, Development, or Demonstration Expenditures					
1. Describe each material research, development, or demonstration project that incurred costs by the service company during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.					
Line No.	Account Number (a)	Title of Account (b)	Amount (c)		
1	188	Research, Development, or Demonstration Expenditures			
2		Project List:			
3					
4					
40	Total				

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XI - Proprietary Capital

1. For Miscellaneous Paid-In Capital (Account 211) and Appropriated Retained Earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.
2. For Unappropriated Retained Earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing non-associates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	
2			Par or Stated Value per Share	
3			Outstanding Number of Shares	
4			Close of Period Amount	
5	204	Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		960,759,073
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		(1,907,887)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	(642,765,305)
13			Net Income or (Loss)	
14			Dividend Paid	
15			Balance at Close of Year	(642,765,305)
	Dividends paid during the year			

Line No.	Dividend Paid Description (a)	Dividend Rate (b)	Dividend Paid Amount (c)	Dividend Declared Date (d)	Dividend Paid Date (e)
1					
2					

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XII - Long-Term Debt

- For Advances from Associate Companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (d).
- For the deductions in Column (i), give an explanation in a footnote.
- For Other Long-Term Debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number (a)	Title of Account (b)	Term of Obligation (c)	Class & Series of Obligation (d)	Date of Maturity (e)	Interest Rate (f)	Amount Authorized (g)	Balance at Beginning of Year (h)	Additions Deductions (i)	Balance at Close of Year (j)
1	223	Advances from Associate Companies								
2		Associate Company:								
3		Black Hills Corporation	10 years	Intercompany Note	01/15/2026	4.54		644,000,000		644,000,000
4										
13		Total						644,000,000		644,000,000
14	224	Other Long Term Debt								
15		List Creditor:								
16										
17										
28		Total								

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XIII - Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of Miscellaneous Current and Accrued Liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associate Companies		
2		Associate Company:		
3		Utility Money Pool	221,135,443	202,699,160
4		Advances from Asscociate Company	3,344,279	3,563,335
23		Subtotal (Total of Lines 3-22)	224,479,722	206,262,495
24	234	Accounts Payable to Associate Companies		
25		Associate Company:		
26		Wyodak Resources Development Corp	81,383	22,072
27		Black Hills Wyoming, LLC	32,687	9,478
28		Black Hills Electric Generation, LLC	74,058	20,754
29		Black Hills Non-Regulated Holdings, LLC	389	2,573
30		Black Hills Energy Renewable Resources, LLC		11,594
31		Black Hills Colorado IPP, LLC		10,184
32		N780BH, LLC	25,014	83,368
33		Black Hills Colorado Wind, LLC	3,253	900
34		Black Hills Exploration and Production, Inc	126,786	185,992
35		Black Hills Gas Resources, Inc	90	90

36		Black Hills Power, Inc	1,712,142	1,946,028
37		Cheyenne Light Fuel and Power Company	2,716,288	2,318,985
38		Black Hills Kansas Gas Utility, LLC	2,361,865	1,482,734
39		Black Hills Iowa Gas Utility Company, LLC	2,783,539	1,303,810
40		Black Hills Nebraska Gas, LLC	1,922,666	2,211,023
41		Black Hills Colorado Electric, LLC	440,874	239,783
42		Black Hills Colorado Gas, Inc.	402,209	1,320,440
43		Black Hills Shoshone Pipeline, LLC	671	361
44		Black Hills Energy Arkansas, Inc	1,167,944	1,308,189
45		Rocky Mountain Natural Gas, LLC	93,430	60,835
46		Black Hills Energy Services Company	8,257	982
47		Black Hills Wyoming Gas, LLC	467,849	372,651
48		Black Hills Corporation	1,206,835	1,021,422
40		Subtotal (Total of Lines 26-39)	15,628,229	13,934,248
41	242	Miscellaneous Current and Accrued Liabilities		
42		Items List:		
43		Audit Fees	1,011,753	1,054,669
44		Benefits Compensated Absences	6,894,072	7,405,545
45		Supplemental Non-qualified Defined Benefit Plan	1,990,000	2,459,000
46		Non-pension Defined Benefit Postretirement Healthcare Plan	1,426,000	1,574,000
47		Board of Directors Fees	70,430	72,117
48		Benefits 401K	2,166,275	14,742,544
49		Uncleared Checks/Escheats	14,242	
50		Incentive	18,213,965	18,469,937
51		Payroll	4,469,511	2,212,944

52		Employee Expenses Reimbursed Expenses	404,435	42,968
53		Worker's Compensation	7,854	115,422
54		Other	795,139	(a) 486,157
49		Subtotal (Total of Lines 43-48)	37,463,676	48,635,303
50		TOTAL (LINES 23, 40, AND 49)	277,571,627	268,832,046

FOOTNOTE DATA

(a) Concept: MiscellaneousCurrentAndAccruedLiabilities

As of December 31, 2024, this amount is comprised of:

Consulting Fees - \$108,197

Charitable Contributions - \$400,000

Bank and Treasury Fees - \$(69,650)

Severance Fees - \$85,100

Other Miscellaneous (none of which are individually significant) - \$(37,490)

Total = \$486,157

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule XIV - Notes to Financial Statements			
<div>1. Use the space below for important notes regarding the financial statements or any account thereof.</div> <div>2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.</div> <div>3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.</div> <div>4. Furnish particulars as to any amounts recorded in Extraordinary Income (Account 434) or Extraordinary Deductions (Account 435).</div> <div>5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.</div> <div>6. Describe the annual statement supplied to each associate company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio, explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.</div>			
2. Disclosure of Important Disclosures Regarding the Financial Statements			
Organization			
<p>Black Hills Service Company, LLC (referred to herein as the "Company," "we," "us", "our" or "BHSC") is a wholly-owned subsidiary of Black Hills Corporation (BHC), a public utility holding company subject to the regulation of the Public Utility Holding Company Act of 2005 (PUHCA 2005). BHSC began operations effective January 1, 2006. Effective January 1, 2019, Black Hills Utility Holdings, Inc. (BHUH) ceased to function as a centralized service company and all significant service company activities previously performed by BHUH were consolidated with the activities of BHSC.</p>			
Nature of Operations			
<p>BHSC provides services at cost. BHSC manages the allocation of costs to its subsidiaries by adhering to the Cost Allocation Manual (CAM) filed with FERC. These costs are either directly charged to the subsidiary receiving the benefit, when applicable, or allocated through various allocation methods in accordance with the CAM. The charges for services do not include a return for the use of capital.</p>			
Use of Estimates and Basis of Presentation			
<p>The preparation of financial statements in conformity with FERC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Changes in facts and circumstances or additional information may result in revised estimates. Actual results could differ materially from those estimates.</p> <p>The financial statements were prepared in accordance with the accounting requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).</p> <p>The significant differences consist of the following:</p> <ul style="list-style-type: none">• The accumulated reserve for estimated removal costs is included in the accumulated provision for depreciation for FERC reporting. For GAAP reporting, it is reported as a regulatory liability.• Accumulated deferred tax assets and liabilities are classified in the balance sheet as gross deferred debits and credits, respectively, while GAAP presentation reflects either a net deferred asset or liability.• Regulatory assets and liabilities are classified as current and noncurrent for GAAP, while FERC classifies all regulatory assets and liabilities as noncurrent deferred debits and credits, respectively.• Various revenues and expenses are presented as other income and income deductions for the FERC presentation and reported as operating income and expense for the GAAP presentation.• Only the service cost component of net periodic pension and post-retirement benefit costs can be capitalized for GAAP reporting. Therefore, we record a regulatory asset/liability associated with the non-service costs for GAAP. However, all cost components of net periodic pension and post-retirement benefit costs are eligible for capitalization under FERC regulations. Therefore, we record a regulatory asset/liability associated with the non-service costs for GAAP.• Capital and operating leases are both classified as capital leases on the balance sheet for FERC reporting. For GAAP reporting, these are presented separately.• Goodwill (plant acquisition adjustments) is included within utility plant for FERC reporting, but is presented as other non-current assets for GAAP reporting.			
Cash and Cash Equivalents			
<p>We consider all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.</p>			
Service Company Property			

Additions to property, plant and equipment are recorded at cost. Depreciation provisions for property, plant and equipment are computed on a straight-line basis over the estimated useful life of the related asset (ranging from 5 to 50 years). Generally, we apply composite depreciation rates to functional groups of property having similar economic circumstances. We periodically conduct depreciation studies to assess the economic lives of our assets. For our regulated assets, these depreciation studies are completed as a part of our rate proceedings or tariff filings, and the changes in economic lives, if applicable, are implemented prospectively when the new rates are approved.

BHSC allocates service company property and related accumulated provision for depreciation to its subsidiaries. BHSC does not allocate construction work in progress to subsidiaries.

Plant Acquisition Adjustments

Plant acquisition adjustments (Miscellaneous Intangible Plant) with indefinite lives are not amortized, but the carrying values are reviewed upon an indicator of impairment at least annually.

Plant acquisition adjustments relate to our acquisitions of SourceGas and Aquila and represent the final purchase allocation of the cost of the investment over the estimated fair value of the underlying net assets acquired. We perform an impairment test on an annual basis or upon the occurrence of events or changes in circumstances that indicate that the asset might be impaired. Our annual impairment testing date is as of October 1, which aligns our testing date with our financial planning process. No impairment loss was recorded during 2024.

Plant acquisition adjustments are not allocated from BHSC to subsidiaries and are presented in Service Company Property in the Balance Sheet and presented as Miscellaneous Intangible Plant (Account 303) within Schedule II.

Leases

We lease from third parties certain office facilities and equipment. We recognize operating lease right-of-use assets and off-setting operating lease obligation liabilities on the balance sheet at the present value of future lease payments. The present value is calculated using our incremental borrowing rate. Our operating lease right-of-use assets and related amortization are reported on the Balance Sheets in accounts 101.1 and 108, respectively. Our current and long-term lease obligations are reported on the Balance Sheets in accounts 243 and 227, respectively.

We have one immaterial capital lease for postage equipment.

Lease-related balances are not allocated from BHSC to subsidiaries. Leases are presented as Other Tangible Property (Account 399) within Schedule II.

Derivatives and Hedging Activities

All our derivatives are measured at fair value and recognized as either assets or liabilities on the Balance Sheets, except for derivative contracts that qualify for and are elected under the normal purchase and normal sales exception. Normal purchases and normal sales that are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable amount of time, and price is not tied to an unrelated underlying derivative. Normal purchase and sales contracts are recognized when the underlying physical transaction is completed under the accrual basis of accounting. As part of our affiliated electric and gas utilities' operations, BHSC enters into contracts to buy and sell energy to meet the requirements of our affiliates' customers.

In addition, certain derivatives contracts approved by regulatory authorities are either recovered or refunded through customer rates. Any changes in the fair values of these approved derivative contracts are deferred as a regulatory asset, regulatory liability, or unrecovered purchased gas cost.

Accumulated Other Comprehensive Income (AOCI)

We record deferred gains (losses) in AOCI related to the amortization of components of our defined benefit plans.

Income Taxes

We file a federal income tax return with other members of BHC's consolidated group. For financial statement purposes, federal income taxes are allocated to the individual companies based on amounts calculated on a separate return basis.

The Company uses the asset and liability method in accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized at currently enacted income tax rates, to reflect the tax effect of temporary differences between the financial and tax basis of assets and liabilities as well as operating loss and tax credit carryforwards. Such temporary differences are the result of provisions in the income tax law that either require or permit certain items to be reported on the income tax return in a different period than they are reported in the financial statements.

We use the deferral method of accounting for investment tax credits as allowed by our rate-regulated jurisdictions. Such a method results in the investment tax credit being amortized as a reduction to income tax expense over the estimated useful lives of the underlying property that gave rise to the credit.

We recognize interest income or interest expense and penalties related to income tax matters in other interest expense on the Statements of Income.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting standards for income taxes. The unrecognized tax benefit is classified within deferred tax accounts in accordance with regulatory treatment on the accompanying Balance Sheets.

Tax Sharing Agreement

BHC, files a consolidated federal and state income tax returns. We have a tax sharing agreement with BHC for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts we would incur as a separate C-Corporation. During the year ended December 31, 2024, we received \$1.1 million from BHC due to our tax sharing agreement. As of December 31, 2024, we had \$0.8 million in income tax payable due to BHC related to our tax sharing agreement.

Employee Benefit Plans

Defined Contribution Plans

BHC sponsors a 401(k) retirement savings plan (the 401(k) Plan). Participants in the 401(k) Plan may elect to invest a portion of their eligible compensation to the 401(k) Plan up to the maximum amounts established by the IRS. The 401(k) Plan provides employees the opportunity to invest up to 50% of their eligible compensation on a pre-tax or after-tax basis.

The 401(k) Plan provides a Company matching contribution for all eligible participants. Certain eligible participants who are not currently accruing a benefit in the Pension Plan also receive a Company retirement contribution based on the participant's age and years of service. Vesting of all Company and matching contributions occurs at 20% per year with 100% vesting when the participant has 5 years of service with the Company.

Defined Benefit Pension Plan (Pension Plan)

We have a defined benefit pension plan ("Pension Plan") covering certain eligible employees. The benefits for the Pension Plan are based on years of service and calculations of average earnings during a specific time period prior to retirement. The Pension Plan is closed to new employees and frozen for certain employees who did not meet age and service based criteria.

The Pension Plan assets are held in a Master Trust. BHC's Board of Directors has approved the Pension Plan's investment policy. The objective of the investment policy is to manage assets in such a way that will allow the eventual settlement of our obligations to the Pension Plan's beneficiaries. To meet this objective, our pension assets are managed by an outside adviser using a portfolio strategy that will provide liquidity to meet the Pension Plan's benefit payment obligations. The Pension Plan's assets consist primarily of equity, fixed income and hedged investments.

Our Pension Plan is funded in compliance with the federal government's funding requirements.

Supplemental Non-qualified Defined Benefit Plans

We have various supplemental retirement plans for key executives of the Company. The plans are non-qualified defined benefit and defined contribution plans (Supplemental Plans). The Supplemental Plans are subject to various vesting schedules and are not funded by the Company. We do not fund our Supplemental Plans. We fund on a cash basis as benefits are paid.

Non-pension Defined Benefit Postretirement Healthcare Plans

BHC sponsors retiree healthcare plans (Healthcare Plans) for employees who meet certain age and service requirements at retirement. Healthcare Plan benefits are subject to premiums, deductibles, co-payment provisions and other limitations. Pre-65 retirees receive their retiree medical benefits through the Black Hills self-insured retiree medical plans. Healthcare coverage for Medicare-eligible BHP retirees is provided through an individual market healthcare exchange. The Healthcare Plan has no assets. We fund on a cash basis as benefits are paid.

3. Disclosure of Significant Contingent Assets or Liabilities

BHSC did not have any significant contingent assets or liabilities as of December 31, 2024.

4. Disclosure of Significant Increases in Services Rendered or Expenses Incurred

BHSC did not experience significant increases in services rendered or expenses incurred.

5. Disclosure of Extraordinary Income or Extraordinary Deduction Amounts

BHSC did not record any amounts to these accounts.

6. Disclosure of References to Financial Statement Notes

Footnotes containing descriptive information are listed throughout this report.

7. Disclosure of Descriptions of Annual Statements Supplied to Associate Service Companies

The FERC Form 60 serves as the statement that supports interest on borrowed capital and compensation for the use of capital billed to associate companies.

Accounts Receivable from Associated Companies and Accounts Payable to Associated Companies

BHSC provides services to affiliates at cost. The cost of services are determined on a direct charge basis to the extent practicable, on a reasonable bases of allocation for indirect costs. The charges for services include no compensation for the use of capital. As of December 31, 2024, we had Accounts Receivable from Associated Companies of \$257 million and Accounts Payable to Associated Companies of \$16 million.

Advances from Associate Companies

Long-term financing for us and our utility subsidiaries is obtained at the parent level (BHC) and assigned to the utilities through intercompany notes. We are able to obtain more favorable financing terms by obtaining external debt at the parent level (BHC) than obtaining debt at BHSC or the utility subsidiary level. At December 31, 2024, we had Advances from associate companies outstanding of \$644 million which reflect an allocation of long-term debt from Black Hills

Corporation through an intercompany Note to fund the plant acquisition adjustment primarily related to our acquisition of SourceGas in 2016. The weighted average cost of debt at December 31, 2024, was 4.54%. For the year ended December 31, 2024, interest expense associated with our advances from associated companies was \$29 million. At December 31, 2024, interest payable related to advances from associate companies was \$3.6 million.

On January 1, 2025, we extended our \$644 million Advances from associate companies, which are now due January 1, 2035.

Money Pool Notes Receivable and Notes Payable

We participate in the Utility Money Pool Agreement (the Agreement). under the Agreement, we may borrow from the pool; however, the Agreement restricts the pool from loaning funds to BHC or to any of BHC's non-utility subsidiaries. The Agreement does not restrict us from paying dividends to BHC. Borrowings under the Agreement bear interest at the weighted average daily cost of BHC's external borrowings as defined under the Agreement, or if there are no external funds outstanding on that date, then the rate will be the daily one-month Secured Overnight Financing Rate (SOFR) plus 1.125%. The cost of borrowing under the Utility Money Pool was 4.92% at December 31, 2024. As of December 31, 2024, we had Money pool notes payable outstanding of \$202 million and interest payable of \$0.8 million related to these notes. For the year ended December 31, 2024, interest expense related to our Money pool notes payable was \$12 million.

Interest expense allocation from Parent

BHC provides daily liquidity and cash management on behalf of all its subsidiaries. For the year ended December 31, 2024, BHSC was allocated \$48 million of interest expense from BHC.

Name of Respondent: Black Hills Service Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule XV - Comparative Income Statement					
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)	
1		SERVICE COMPANY OPERATING REVENUES			
2	400	Service Company Operating Revenues	406,728,311	411,866,165	
3		SERVICE COMPANY OPERATING EXPENSES			
4	401	Operation Expenses	267,673,162	278,558,430	
5	402	Maintenance Expenses	32,048,093	29,656,475	
6	403	Depreciation Expenses	31,647,908	29,112,089	
7	403.1	Depreciation Expense for Asset Retirement Costs			
8	404	Amortization of Limited-Term Property			
9	405	Amortization of Other Property			
10	407.3	Regulatory Debits			
11	407.4	Regulatory Credits			
12	408.1	Taxes Other Than Income Taxes, Operating Income	7,764,297	8,267,322	
13	409.1	Income Taxes, Operating Income	(1,116,196)	2,970,573	
14	410.1	Provision for Deferred Income Taxes, Operating Income	5,516,612	4,403,073	
15	411.1	Provision for Deferred Income Taxes - Credit , Operating Income	(4,400,415)	(7,373,645)	
16	411.4	Investment Tax Credit, Service Company Property			
17	411.6	Gains from Disposition of Service Company Plant			
18	411.7	Losses from Disposition of Service Company Plant			
19	411.10	Accretion Expense			

20	412	Costs and Expenses of Construction or Other Services		
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	3,800,378	4,265,645
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	342,933,839	349,859,962
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	63,794,472	62,006,203
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	2,700,547	5,736,113
27	419.1	Allowance for Other Funds Used During Construction		
28	421	Miscellaneous Income or Loss	1,130,571	1,585,510
29	421.1	Gain on Disposition of Property		
30		TOTAL OTHER INCOME (Total of Lines 25-29)	3,831,118	7,321,623
31		OTHER INCOME DEDUCTIONS		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	747,941	963,390
35	426.2	Life Insurance		
36	426.3	Penalties	841	(2,802)
37	426.4	Expenditures for Certain Civic, Political and Related Activities	1,560,307	1,285,470
38	426.5	Other Deductions	2,000,029	1,945,226
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	4,309,118	4,191,284
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions	203,635	214,590

42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes - Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)	203,635	214,590
47		INTEREST CHARGES		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense		
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	63,991,059	66,279,044
52	431	Other Interest Expense	(878,222)	(1,357,092)
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit		
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	63,112,837	64,921,952
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)	0	0
56		EXTRAORDINARY ITEMS		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		Net Extraordinary Items (Line 57 less Line 58)		
60	409.4	(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)		
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55 and 61)	0	0

33	500-509	Total Steam Power Generation Operation Expenses	30,297	32,920	63,217				30,297	32,920	63,217
34	510-515	Total Steam Power Generation Maintenance Expenses	67,346		67,346				67,346		67,346
35	517-525	Total Nuclear Power Generation Operation Expenses									
36	528-532	Total Nuclear Power Generation Maintenance Expenses									
37	535-540.1	Total Hydraulic Power Generation Operation Expenses									
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses									
39	546-550.1	Total Other Power Generation Operation Expenses	3,179,430	57,715	3,237,145				3,179,430	57,715	3,237,145
40	551-554.1	Total Other Power Generation Maintenance Expenses	789,160	(27,819)	761,341				789,160	(27,819)	761,341
41	555-557	Total Other Power Supply Operation Expenses	(51,648)	4,093,256	4,041,608				(51,648)	4,093,256	4,041,608

103		Total Gas Transmission Maintenance Expenses	(125)		(125)				(125)		(125)
104	871-881	Total Distribution Operation Expenses	3,540,731	6,086,482	9,627,213				3,540,731	6,086,482	9,627,213
105	885-894	Total Distribution Maintenance Expenses	271	485,607	485,878				271	485,607	485,878
106		Total Natural Gas Operation and Maintenance Expenses	7,747,726	8,040,347	15,788,073				7,747,726	8,040,347	15,788,073
107	901	Supervision	5,284	1,279,269	1,284,553				5,284	1,279,269	1,284,553
108	902	Meter reading expenses	(9,381)	597,075	587,694				(9,381)	597,075	587,694
109	903	Customer records and collection expenses	9,606,000	12,302,144	21,908,144				9,606,000	12,302,144	21,908,144
110	904	Uncollectible accounts									
111	905	Miscellaneous customer accounts expenses	538	483,503	484,041				538	483,503	484,041
112		Total Customer Accounts Operation Expenses	9,602,441	14,661,991	24,264,432				9,602,441	14,661,991	24,264,432
113	907	Supervision	6,941	622,291	629,232				6,941	622,291	629,232
114	908	Customer assistance expenses	681,983	348,459	1,030,442				681,983	348,459	1,030,442

115	909	Informational And Instructional Advertising Expenses	346,932	32,329	379,261				346,932	32,329	379,261
116	910	Miscellaneous Customer Service And Informational Expenses	242	6,672	6,914				242	6,672	6,914
117		Total Service and Informational Operation Accounts	1,036,098	1,009,751	2,045,849				1,036,098	1,009,751	2,045,849
118	911	Supervision									
119	912	Demonstrating and Selling Expenses	1,421,228	5,715	1,426,943				1,421,228	5,715	1,426,943
120	913	Advertising Expenses	32,502	898	33,400				32,502	898	33,400
121	916	Miscellaneous Sales Expenses	5,388		5,388				5,388		5,388
122		Total Sales Operation Expenses	1,459,118	6,613	1,465,731				1,459,118	6,613	1,465,731
123	920	Administrative and General Salaries	(1,464,717)	70,802,712	69,337,995				(1,464,717)	70,802,712	69,337,995
124	921	Office Supplies and Expenses	6,531,478	17,668,666	24,200,144				6,531,478	17,668,666	24,200,144
125	923	Outside Services Employed	3,528,616	14,570,506	18,099,122				3,528,616	14,570,506	18,099,122
126	924	Property Insurance	6,106,280	203,687	6,309,967				6,106,280	203,687	6,309,967
127	925	Injuries and Damages	(2,845,735)	19,614,688	16,768,953				(2,845,735)	19,614,688	16,768,953

128	926	Employee Pensions and Benefits	3,307,253	43,507,946	46,815,199				3,307,253	43,507,946	46,815,199
129	928	Regulatory Commission Expenses	5,087,300	(23,254)	5,064,046				5,087,300	(23,254)	5,064,046
130	930.1	General Advertising Expenses	3,762	172,893	176,655				3,762	172,893	176,655
131	930.2	Miscellaneous General Expenses	696,292	3,662,208	4,358,500				696,292	3,662,208	4,358,500
132	931	Rents	(3,775,150)	17,858,671	14,083,521				(3,775,150)	17,858,671	14,083,521
133		Total Administrative and General Operation Expenses	17,175,379	188,038,723	205,214,102				17,175,379	188,038,723	205,214,102
134	935	Maintenance of Structures and Equipment	139,665	20,803,399	20,943,064				139,665	20,803,399	20,943,064
135		Total Administrative and General Maintenance Expenses	29,412,701	224,520,477	253,933,178				29,412,701	224,520,477	253,933,178
136		Total Cost of Service	60,847,041	345,881,270	406,728,311				60,847,041	345,881,270	406,728,311

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XVII - Analysis of Billing - Associate Companies (Account 457)

1. For Services Rendered to Associate Companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation for Use of Capital (d)	Total Amount Billed (e)
1	Wyodak Resources Development Corp	1,024,941	5,285,074		6,310,015
2	Black Hills Wyoming , LLC	870,712	2,374,983		3,245,695
3	Black Hills Electric Generation, LLC	456,320	753,857		1,210,177
4	Black Hills Non-Regulated Holdings, LLC	3,514			3,514
5	Black Hills Colorado IPP, LLC	2,656,199	3,622,687		6,278,886
6	N780BH, LLC	1,295	13,124		14,419
7	Black Hills Colorado Wind, LLC	4,201	969,109		973,310
8	BHERR Holdings, LLC	561,737			561,737
9	BH Plateau Production LLC	25			25
10	Black Hills Energy Renewable Resources, LLC	529			529
11	Black Hills Corporation	2,213,604			2,213,604
12	Black Hills Exploration and Production, Inc	76,384			76,384
13	Black Hills Wyoming Gas, LLC	3,642,867	30,049,240		33,692,107
14	Black Hills Power, Inc	10,977,300	47,628,700		58,606,000
15	Cheyenne Light Fuel and Power Company	6,014,989	22,222,658		28,237,647
16	Black Hills Energy Service Company	126,861	703,824		830,685
17	Black Hills Kansas Gas Utility Company, LLC	2,964,445	19,488,776		22,453,221

18	Black Hills Iowa Gas Utility Company, LLC	3,143,372	26,075,716		29,219,088
19	Black Hills Colorado Electric, LLC	12,136,340	37,436,923		49,573,263
20	Black Hills Colorado Gas, Inc	4,005,578	33,273,662		37,279,240
21	Black Hills Shoshone Pipeline, LLC	28,446	40,136		68,582
22	Black Hills Energy Arkansas, Inc	4,544,508	49,570,971		54,115,479
23	Rocky Mountain Natural Gas, LLC	670,090	9,332,060		10,002,150
24	Black Hills Nebraska Gas, LLC	4,722,784	57,039,770		61,762,554
40	Total	60,847,041	345,881,270		406,728,311

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)

1. For Services Rendered to Non-Associate Companies (Account 458), list all of the non-associate companies. In a footnote, describe the services rendered to each respective non-associate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation for Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1						
2						
3						
4						
5						
40	Total					

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Miscellaneous General Expenses (Account 930.2), classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.
2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	Director Fees	3,125,575
2	Dues	625,627
3	Labor	109,477
4	Other - 18 miscellaneous types of expenses	497,821
40	Total	4,358,500

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
Schedule XX - Organization Chart			
1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.			
2028-02-28 BHSC D&O List (Current).pdf			

Name of Respondent: Black Hills Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2024	Year/Period of Report: End of: 2024/ Q4
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Schedule XXI - Methods of Allocation

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Direct Costs versus Indirect Costs

Below defines the key definitions and ratios used to directly and indirectly allocate costs from BHSC to the subsidiaries of BHC. The complete Cost Allocation Manual for BHSC is filed with the FERC.

Direct costs are those costs that are specifically associated with an identified subsidiary or collection of subsidiaries.

Methods of Direct charges include:

- Direct Cost Assignable: Costs which can be directly identified to support a subsidiary.
- Direct Cost Distributed: Costs that benefit all subsidiaries with a business line (e.g. gas utilities or electric utilities) are allocated to business lines based on a designated percentage.

Indirect costs are those costs which are not associated with an identified subsidiary. This means that the costs indirectly support all companies or directly support the operation of the Service Company, or all the gas and electric utilities. In other words, costs that would be directly charged to the Service Company using the definition and examples above would be classified as indirect costs.

Allocation Ratios

The Service Company costs are either directly charged to a subsidiary or business lines, or indirectly allocated when they support all companies. Indirect and Direct Cost Distributed are allocated using one of several pre-defined allocation ratios. Each department has been assigned one of these allocation ratios. All Indirect and Direct Cost Distributed costs of that department are then allocated using that ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by a Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

For certain departments, a specific cost driver may not be clearly identifiable or the driver may not be cost effective to compute on a continuing basis. In these instances, a three-factor general allocation ratio is used, which is referred to as the Blended Ratio. This ratio equally weights three different general ratios: Gross Margin, Asset Cost, and Payroll Dollars. These factors were chosen to be included in the Blended Ratio because they best allocate costs based on the diverse nature of BHC operations.

A list of all allocation ratios, including a brief description of the ratio, the basis for the calculation of the ratio, and the department to which that ratio has been assigned, is listed below.

Asset Cost Ratio - As of January 1st, ratios are updated on the net cost of assets as of September 30th for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Assets are limited to the direct property, plant and equipment, and include construction or work in process less accumulated depreciation, depletion and amortization (compliance with GAAP). In addition to the BHC subsidiaries cost, the Assets shall also include the cost of any third party assets or minority interests in assets the subsidiaries operate. The Asset Cost Ratio measures the level of investment in the businesses.

Gross Margin Ratio - As of January 1st, ratios are updated based on the total gross margin for the trailing twelve months ending September 30th, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Gross margin is defined as revenue less cost of sales. Certain intercompany transactions may be excluded from gross margin if they would not have occurred if the revenue relationship was with a third party instead of a related party. The Gross Margin Ratio measures where the businesses make money.

Payroll Dollars Ratio - As of January 1st, ratios are updated based on the total payroll dollars for the trailing twelve months ending September 30th, the numerator of which is the direct payroll charges from all BHC subsidiaries charging the applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Payroll dollars include all bonuses and compensation paid to employees, but do not include items that are only included on an employee's W-2 for gross-up and income tax purposes, such as life insurance premiums over \$50,000. The Payroll Dollar Ratio measures where the business's employees spend their time.

Blended Ratio (SC All) - A composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted. This ratio is sometimes referred to as the three-factor blended ratio.

The Service Company is utilizing the following segment variations and additional variations may be added if addition product lines are added or in the event that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department.

- SC All-Blended - No BHES (Black Hills Energy Services Company)

Blended Ratio (SC Utility) - A composite ratio comprised of an average of the Asset Cost Ratio, Payroll Dollar Ratio and the Gross Margin Ratio. These factors are equally weighted. This factor is sometimes referred to as the three-factor blended ratio.

There are currently several variations of the Utility Blended Ratio that are specific to the segment that is appropriate for which charges are being allocated. For example, charges for electric engineering department labor would utilize an electric blended ratio whereby no allocations would be charged to a gas utility.

The Service Company is utilizing the following segment variations and additional variations may be added if additional product lines are added or in the even that additional segmentation is deemed appropriate to most effectively allocate costs from a specific department

- Regulated Utilities
- Regulated Electric
- Regulated Natural Gas

Employee Ratio - As of January 1st, ratios are updated based on the number of employees as of September 30th for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Power Generation Capacity Ratio - Based on the total power generation capacity as of September 30th for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Power generation includes capacity in service and capacity under construction.

Nameplate Generation Capacity Ratio - As of January 1st, ratios are updated based on the total facility's power generation capacity at the end of September 30th for the prior year, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries. Nameplate generation includes capacity in service and capacity under construction at the facility. This ratio is likewise updated on an as-needed basis should power generation capacity be added or retired during the year.

Square Footage Ratio - The total square footage of a given facility, the numerator of which is for an applicable BHC subsidiary and the denominator of which is for all applicable BHC subsidiaries.

Regulated Electric Transmission/Distribution Ratio - As of January 1st, ratios are updated based on a simple average of a multiple of cross-sectional drivers for the transmission function as of September 30th for the prior year that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units. The numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

Customer Count Ratio - As of January 1st, ratios are updated based on the number of customers as of September 30th for the prior year, the numerator of which is for an applicable operating company and the denominator of which is for all applicable operating companies.

There are currently several variations of the Customer Count ratio that are specific to the type of customers that are appropriate to the department for which charges are being allocated. For example, a department that supports gas engineering would be allocated based on gas customers only whereas a general customer service department would be allocated based on total customers.

The Service Company is utilizing the following customer counts to calculate customer count ratios additional variations may be added if additional product lines are added or in the even that additional segmentation of customers are deemed appropriate to most effectively allocate costs from a specific department

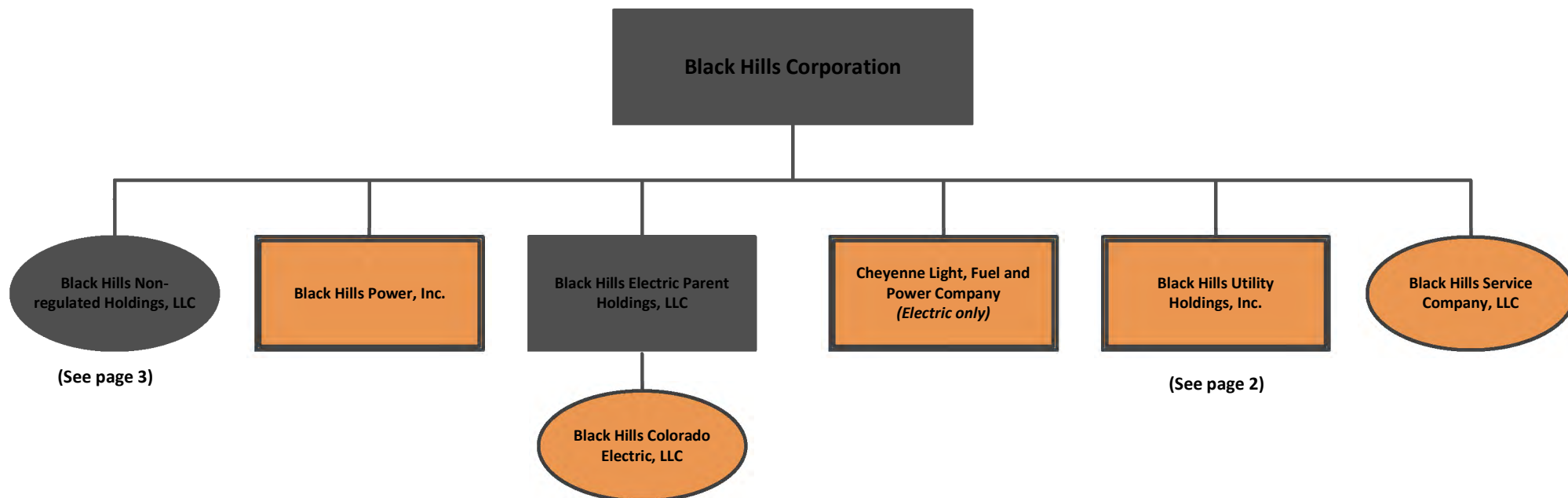
- All Customers
- Regulated Electric Customers
- Regulated Natural Gas Customers
- Programs and Services Customers (Non-Regulated)

GDPM - Allocates Generation Dispatch & Power Marketing based on Generating Capacity Managed per the GDEMA (Generation Dispatch and Energy Management Agreement).

Customer Asset Ratio - A composite ratio comprised of an average of the Customer Count Ratio and the Asset Cost Ratio. These ratios are equally weighted.

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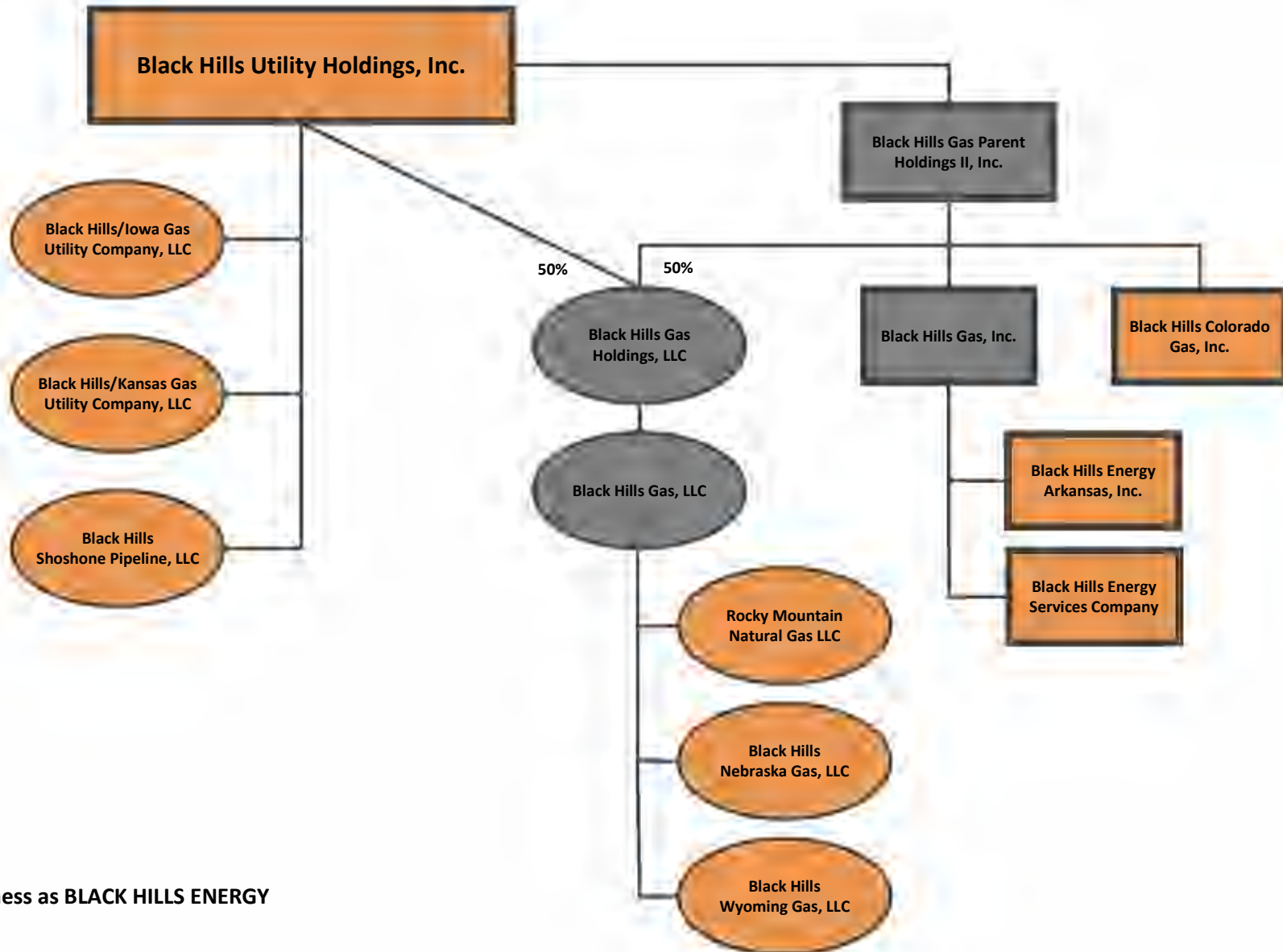
BLACK HILLS CORPORATION LEGAL ORGANIZATIONAL CHART



 Doing business as **BLACK HILLS ENERGY**

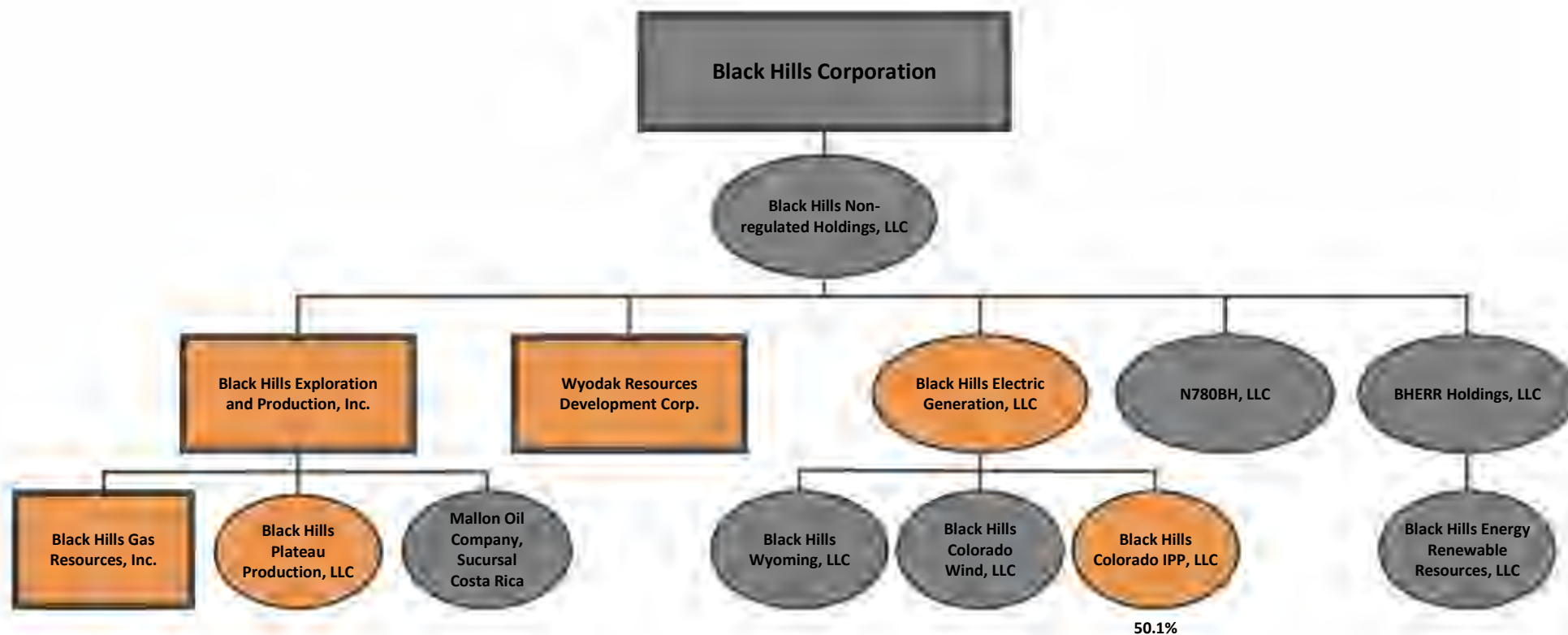
BLACK HILLS CORPORATION LEGAL ORGANIZATIONAL CHART

Date: 12-19-2023



Doing business as BLACK HILLS ENERGY

BLACK HILLS CORPORATION LEGAL ORGANIZATIONAL CHART



50.1%



Doing business as BLACK HILLS ENERGY

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota IRS Identification Number 46-0458824

**7001 Mount Rushmore Road
Rapid City, South Dakota 57702**

Registrant's telephone number (605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock of \$1.00 par value	BKH	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter, June 28, 2024, was \$3,763,633,082

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at January 31, 2025</u>
Common stock, \$1.00 par value	71,617,490 shares

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2025 Annual Meeting of Stockholders to be held on April 23, 2025, are incorporated by reference in Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

History and Organization

Black Hills Corporation, a South Dakota corporation (together with its subsidiaries, referred to herein as the “Company,” “we,” “us”, or “our”), is a customer-focused, growth-oriented utility company headquartered in Rapid City, South Dakota (incorporated in South Dakota in 1941).

We operate our business in the United States, reporting our operating results through our Electric Utilities and Gas Utilities segments. Certain unallocated corporate expenses that support our operating segments are presented as Corporate and Other.

Our Electric Utilities segment generates, transmits and distributes electricity to approximately 225,000 electric utility customers in Colorado, Montana, South Dakota, and Wyoming. Our Electric Utilities own 1,394 MW of generation and 9,196 miles of electric transmission and distribution lines.

Our Gas Utilities segment serves approximately 1,128,000 natural gas utility customers in Arkansas, Colorado, Iowa, Kansas, Nebraska, and Wyoming. Our Gas Utilities own and operate 4,648 miles of intrastate gas transmission pipelines and 44,524 miles of gas distribution mains and service lines, seven natural gas storage sites, more than 50,000 horsepower of compression, and 516 miles of gathering lines.

Electric Utilities

We conduct electric utility operations through our Colorado, South Dakota, and Wyoming subsidiaries. Our Electric Utilities generate, transmit, and distribute electricity to our retail customers. Our electric generating facilities and power purchase agreements provide for the supply of electricity principally to our retail customers. We also sell excess power to other utilities and marketing companies, including our affiliates. Additionally, we provide non-regulated services to our retail customers under the Service Guard Comfort Plan and Tech Services.

We also own and operate non-regulated power generation and mining assets that are vertically integrated into and primarily support our Electric Utilities. All of these operations are located at our electric generating complexes and are physically integrated into our Electric Utilities' operations.

Retail Customers by Customer Class	As of December 31,		
	2024	2023	2022
Residential	192,716	190,776	188,921
Commercial	31,210	30,491	30,404
Industrial	83	84	82
Municipal	1,079	989	1,024
Total Electric Retail Customers at End of Year	225,088	222,340	220,431

Retail Customers by Business Unit	As of December 31,		
	2024	2023	2022
Colorado Electric	101,455	100,907	100,573
South Dakota Electric	77,941	76,479	75,169
Wyoming Electric	45,692	44,954	44,689
Total Electric Retail Customers at End of Year	225,088	222,340	220,431

Capacity and Demand. System Peak Demand for the Electric Utilities' retail customers for each of the last three years are listed below:

	System Peak Demand (in MWs)					
	2024		2023		2022	
	Summer	Winter	Summer	Winter	Summer	Winter
Colorado Electric	394	311	411	297	410	334
South Dakota Electric	388	346	378	289	403	355
Wyoming Electric ^(a)	309	314	312	301	294	281

(a) See Recent Developments section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 in this Annual Report on Form 10-K for discussion on recent Wyoming Electric peaks.

As of December 31, 2024, our Electric Utilities' ownership interests in electric generating plants were as follows:

Unit	Fuel Type	Location	Ownership Interest % ^(c)	Owned Nameplate Capacity (MWs)	In Service Date
Colorado Electric:					
Busch Ranch I	Wind	Pueblo, Colorado	50%	14.5	2012
Peak View ^{(a) (b)}	Wind	Pueblo, Colorado	100%	60.8	2016
Pueblo Airport Generation #1-2	Natural Gas	Pueblo, Colorado	100%	200.0	2011
Pueblo Airport Generation CT #6	Natural Gas	Pueblo, Colorado	100%	40.0	2016
AIP Diesel	Diesel Oil	Pueblo, Colorado	100%	10.0	2001
Diesel #1 and #3-5	Diesel Oil	Pueblo, Colorado	100%	8.0	1964
Diesel #1-5	Diesel Oil	Rocky Ford, Colorado	100%	10.0	1964
South Dakota Electric:					
Cheyenne Prairie	Natural Gas	Cheyenne, Wyoming	58%	58.0	2014
Corriedale ^(b)	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 CT	Natural Gas	Gillette, Wyoming	100%	40.0	2000
Lange CT	Natural Gas	Rapid City, South Dakota	100%	40.0	2002
Ben French Diesel #1-5	Diesel Oil	Rapid City, South Dakota	100%	10.0	1965
Ben French CTs #1-4	Natural Gas/Diesel Oil	Rapid City, South Dakota	100%	100.0	1977-1979
Wyoming Electric:					
Cheyenne Prairie	Natural Gas	Cheyenne, Wyoming	42%	42.0	2014
Cheyenne Prairie CT	Natural Gas	Cheyenne, Wyoming	100%	40.0	2014
Corriedale ^(b)	Wind	Cheyenne, Wyoming	38%	20.0	2020
Wygen II	Coal	Gillette, Wyoming	100%	95.0	2008
Integrated Generation:					
Wygen I	Coal	Gillette, Wyoming	76.5%	68.9	2003
Pueblo Airport Generation #4-5	Natural Gas	Pueblo, Colorado	50.1% ^(d)	200.0	2012
Busch Ranch I	Wind	Pueblo, Colorado	50%	14.5	2012
Busch Ranch II ^(b)	Wind	Pueblo, Colorado	100%	59.4	2019
Total MW Capacity				1,394.4	

- (a) The PTCs for Peak View flow back to customers through the RESA and ECA mechanisms as a reduction to Colorado Electric's margins.
(b) This facility qualifies for PTCs at \$29/MWh under IRC 45 during the 10-year period beginning on the date the facility was originally placed in service.
(c) Jointly owned facilities are discussed in Note 6 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.
(d) Non-controlling interest is discussed in Note 12 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Our Electric Utilities' power supply by resource as a percent of the total power supply for our energy needs for the years ended December 31 was as follows:

Power Supply	2024	2023	2022
Coal	32.5 %	35.0 %	35.1 %
Natural Gas	29.4 %	26.4 %	18.8 %
Wind ^(a)	8.6 %	8.9 %	11.4 %
Total Generated ^(b)	70.5 %	70.3 %	65.3 %
Coal, Natural Gas, Diesel Oil and Other Market Purchases	14.7 %	24.1 %	29.6 %
Wind and Solar Purchases ^(c)	14.8 %	5.6 %	5.1 %
Total Purchased	29.5 %	29.7 %	34.7 %
Total	100.0 %	100.0 %	100.0 %

- (a) Wind generation decreased due to the sale of Northern Iowa Windpower assets in March 2023.
(b) The diesel oil-fueled generating units are generally used as supplemental peaking units. Power generated from these units, as a percentage of total power supply, was 0.0% for each of the years presented.
(c) Renewable energy purchases increased in 2024 primarily due to Wyoming Electric entering into a new wind PPA effective December 2023 and a new solar energy PPA effective March 2024. The renewable energy from these PPAs is used to serve our expanding partnerships with LPCS customers.

Our Electric Utilities' weighted average cost of fuel utilized to generate electricity and the average price paid for purchased power (excluding contracted capacity) per MWh for the years ended December 31 were as follows:

Fuel and Purchased Power (dollars per MWh)	2024	2023	2022
Coal	\$ 13.87	\$ 13.40	\$ 12.76
Natural Gas	15.64	20.20	37.09
Wind	—	—	—
Total Generated Weighted Average Fuel Cost	12.90	14.27	17.57
Coal, Natural Gas, Diesel Oil and Other Market Purchases	67.04	55.61	66.35
Wind and Solar Purchases	38.70	34.99	33.78
Total Purchased Power Weighted Average Cost	52.79	51.68	61.56
Total Weighted Average Fuel and Purchased Power Cost	\$ 24.66	\$ 25.39	\$ 32.82

Purchased Power. We have executed various PPAs to support our Electric Utilities' capacity and energy needs beyond our regulated power plants' generation, which include long-term related party agreements with our non-regulated power generation businesses. See additional information in Note 3 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Coal Mining. We own and operate a single coal mine through our WRDC subsidiary which is reported within our Electric Utilities segment. We surface mine, process and sell low-sulfur sub-bituminous coal at our mine located immediately adjacent to our Gillette Energy Complex in the Powder River Basin in northeastern Wyoming, where our five coal-fired power plants are located. We produced approximately 3.7 million tons of coal in 2024.

The mine provides low-sulfur coal directly to these five power plants via a conveyor belt system, minimizing transportation costs. The fuel can be delivered to our adjacent power plants at very cost competitive prices (i.e., \$1.19 per MMBtu for year ended December 31, 2024) when compared to alternatives. Nearly all of the mine's production is sold to our on-site generation facilities under long-term supply contracts.

As of December 31, 2024, we estimated our recoverable reserves to be approximately 175 million tons, based on a life-of-mine engineering study utilizing currently available drilling data and geological information prepared by internal engineering analyses. The recoverable reserve life is equal to approximately 47 years at the current production levels.

Transmission and Distribution. Through our Electric Utilities, we own electric transmission and distribution systems composed of high voltage lines (greater than 69 kV) and low voltage lines (69 kV or less). We also jointly operate an electric transmission system, referred to as the Common Use System, with Basin Electric Power Cooperative and Powder River Energy Corporation. Each participant in the Common Use System individually owns assets that are operated together for a single system. The Common Use System also provides transmission service to our Transmission Tie. South Dakota Electric owns 35% of the Transmission Tie. The Transmission Tie is further discussed in Note 6 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

At December 31, 2024, our Electric Utilities owned the electric transmission and distribution lines shown below:

Utility	State	Transmission ^(a)	Distribution
		(in Line Miles)	
Colorado Electric	Colorado	655	3,222
South Dakota Electric ^(b)	South Dakota, Wyoming	1,234	2,627
Wyoming Electric	Wyoming	88	1,370
		1,977	7,219

(a) Electric transmission line miles include voltages of 69 kV and above.

(b) South Dakota Electric transmission line miles include 43 miles within the Common Use System.

Material transmission services agreements are included in our disclosures in Note 3 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Seasonal Variations of Business. Our Electric Utilities are seasonal businesses and weather patterns may impact their operating results. Demand for electricity is sensitive to seasonal cooling, heating and industrial load requirements, as well as market price. In particular, cooling demand is often greater in the summer and heating demand is often greater in the winter.

Competition. We generally have limited competition for the retail generation and distribution of electricity in our service areas. Various legislative or regulatory restructuring and competitive initiatives have been discussed in several of the states in which our utilities operate. These initiatives would be aimed at increasing competition or providing for distributed generation. To date, these initiatives have not had a material impact on our utilities. In Colorado and Wyoming, our electric utilities are subject to rules which may require competitive bidding for generation supply. Because of these rules, our Electric Utilities face competition from other utilities and non-affiliated IPPs for the right to supply electric energy and capacity when resource plans require additional resources. Additionally, electrification initiatives in our service territories could increase demand for electricity and increase customer growth.

The independent power industry consists of many strong and capable competitors, some of which may have more extensive operations or greater financial resources than we possess. With respect to the merchant power sector, FERC has taken steps to increase access to the national transmission grid by utility and non-utility purchasers and sellers of electricity to foster competition within the wholesale electricity markets. Our non-regulated power generation businesses could face greater competition if utilities are permitted to robustly invest in power generation assets. Conversely, state regulations requiring utilities to competitively bid generation resources may provide opportunity for IPPs in some regions. To date, these initiatives have not had a material impact on our non-regulated power generation businesses.

Our mining business strategy is to sell nearly all of our production to on-site generation facilities under long-term supply contracts. Historically, any off-site sales have been to consumers within close proximity to WRDC. Coal competes with other energy sources, such as natural gas, nuclear, wind, solar, and hydropower. Costs and other factors relating to these alternative fuels, such as safety, environmental, and availability considerations affect the overall demand for coal as a fuel.

Operating Statistics. See a summary of key operating statistics in the Electric Utilities segment operating results within Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Annual Report on Form 10-K.

Gas Utilities

We conduct natural gas utility operations through our Arkansas, Colorado, Iowa, Kansas, Nebraska, and Wyoming subsidiaries. Our Gas Utilities transport and distribute natural gas through our distribution network to our retail customers. Additionally, we sell contractual pipeline capacity and gas commodities to other utilities and marketing companies, including our affiliates, on an as-available basis.

We also provide non-regulated services to our regulated customers. Black Hills Energy Services provides natural gas supply to approximately 51,000 retail distribution customers under the Choice Gas Program in Nebraska and Wyoming. Additionally, we provide non-regulated services under the Service Guard Comfort Plan, Tech Services, and HomeServe.

Retail Customers by Customer Class	As of December 31,		
	2024	2023	2022
Residential	882,232	871,930	864,038
Commercial	85,594	84,917	85,203
Industrial	2,174	2,179	2,189
Transportation	158,355	157,367	155,685
Total Natural Gas Retail Customers at End of Year	1,128,355	1,116,393	1,107,115

Retail Customers by Business Unit	As of December 31,		
	2024	2023	2022
Arkansas Gas	189,240	186,216	183,270
Colorado Gas	215,190	211,155	208,060
Iowa Gas	164,134	163,281	162,801
Kansas Gas	120,225	119,407	118,599
Nebraska Gas	304,429	302,167	301,007
Wyoming Gas	135,137	134,167	133,378
Total Natural Gas Retail Customers at End of Year	1,128,355	1,116,393	1,107,115

We procure natural gas for our distribution customers from a diverse mix of producers, processors, and marketers and generally use financial hedges, physical fixed-price purchases, and market-based price purchases to achieve dollar-cost averaging within our natural gas portfolio. The majority of our procured natural gas is transported in interstate pipelines under firm transportation service agreements.

In addition to company-owned regulated underground natural gas storage assets in Arkansas, Colorado, and Wyoming, we also contract with third-party transportation providers for natural gas storage service to provide gas supply during the winter heating season and to meet peak day customer demand for natural gas.

The following table summarizes certain information regarding our company-owned regulated underground gas storage facilities as of December 31, 2024:

	Working Capacity (Mcf)	Cushion Gas (Mcf)	Total Capacity (Mcf)	Maximum Daily Withdrawal Capability (Mcf/d)
Arkansas Gas	8,442,700	13,149,040	21,591,740	196,000
Colorado Gas	2,361,495	6,164,715	8,526,210	30,000
Wyoming Gas	5,733,900	17,545,600	23,279,500	36,000
Total	16,538,095	36,859,355	53,397,450	262,000

The following table summarizes certain information regarding our system infrastructure as of December 31, 2024:

	Intrastate Gas Transmission Pipelines	Gas Distribution Mains (in Line Miles)	Gas Distribution Service Lines
Arkansas Gas	875	5,317	1,411
Colorado Gas	682	7,290	2,245
Iowa Gas	173	2,938	3,729
Kansas Gas	339	3,096	1,510
Nebraska Gas	1,313	8,658	2,967
Wyoming Gas	1,266	3,618	1,745
Total	4,648	30,917	13,607

Seasonal Variations of Business. Our Gas Utilities are seasonal businesses and weather patterns may impact their operating results. Demand for natural gas is sensitive to seasonal heating and industrial load requirements, as well as market price. In particular, demand is often greater in the winter months for heating. Natural gas is used primarily for residential and commercial heating, and demand for this product can depend heavily upon weather throughout our service territories. As a result, a significant amount of natural gas revenue is normally recognized in the heating season consisting of the first and fourth quarters. Demand for natural gas can also be impacted by summer temperatures and precipitation, which can affect demand for irrigation.

Competition. We generally have limited competition for the retail distribution of natural gas in our service areas. Various restructuring and competitive initiatives have been discussed in several of the states in which our utilities operate. These initiatives are aimed at increasing competition. Additionally, electrification initiatives in our service territories could negatively impact demand for natural gas and decrease future growth. To date, these initiatives have not had a material impact on our utilities. Although we face competition from independent marketers for the sale of natural gas to our industrial and commercial customers, in instances where independent marketers displace us as the seller of natural gas, we still collect fees for transporting the gas through our distribution network.

Operating statistics. See a summary of key operating statistics in the Gas Utilities segment operating results within Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Annual Report on Form 10-K.

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BLACK HILLS CORPORATION

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DIRECTOR SKILLS AND EXPERIENCE

Robert F. Beard

Former Chief Operating Officer of UGI Corporation and Former Chief Executive Officer of UGI Utilities

Standing Board Committees:

To Be Determined

Director since: Director Nominee

Director Nominee Class: I, term expiring in 2028

Other U.S. Public Company Directorships:

Age: 59

None

Summary:

Mr. Beard is an accomplished leader with more than 30 years of experience in driving operational strategy, governance, and capital investing to achieve meaningful growth and positive shareholder outcomes. While serving as the Chief Operating Officer of UGI Corporation and Chief Executive Officer of UGI Utilities, Mr. Beard gained a comprehensive background in overseeing major mergers and acquisitions transactions, advising on growth strategy, overseeing executive compensation and succession planning, and reviewing capital expenditure budgets.

Skills Relevant to BHC:

Besides being a former CEO of a utility, Mr. Beard's areas of expertise include strategy and governance, investor relations, mergers and acquisitions, risk management, regulatory compliance, renewable energy and financial management.

Linden R. Evans

President and Chief Executive Officer of the Company

Standing Board Committees:

None

Director since: 2018

Director Class: III, term expiring in 2027

Other U.S. Public Company Directorships:

Age: 62

None

Summary:

Mr. Evans has been President and Chief Executive Officer of the Company since January 1, 2019. He previously served as President and Chief Operating Officer from 2016 to 2018, and President and Chief Operating Officer – Utilities from 2004 to 2015. He began his career with Black Hills Corporation in 2001 as Corporate Counsel. Prior to joining the Company, Mr. Evans was a mining engineer and an attorney specializing in environmental and corporate legal matters.

Skills Relevant to BHC:

As CEO of Black Hills Corporation, Mr. Evans brings historic institutional knowledge of the Company and its operations that assist the Board in its evaluation of the Company's financial and operational risks and strategy.

Barry M. Granger

Managing Partner and Co-Founder of Vonbar Investments LLC

Director since: 2020**Director Class:** III, term expiring in 2027**Age:** 65**Standing Board Committees:**

Leadership Development & Compensation Committee

Other U.S. Public Company Directorships:

None

Summary:

Mr. Granger has over 40 years of experience in the chemical and industrial markets. He is the Managing Partner of Vonbar Investments LLC. He held leadership roles at DuPont as Vice President of Government Marketing and Government Affairs and Vice President and General Manager at Tyvek®. Early in his career, he served as the Executive Assistant to the Chairman and CEO of DuPont. He has held a variety of leadership positions with increasing responsibilities in business, regulatory affairs, operations, sales and marketing.

Skills Relevant to BHC:

Mr. Granger's leadership roles in the areas of governmental affairs, business and operations offer the Board insight regarding business strategy, regulatory affairs, operations, sales and marketing, and leadership and people development.

Tony A. Jensen

Retired Director, President and Chief Executive Officer of Royal Gold, Inc.

Director since: 2019**Director Class:** III, term expiring in 2027**Age:** 62**Standing Board Committees:**

Audit Committee

Other U.S. Public Company Directorships:

None

Summary:

Mr. Jensen has over 35 years of experience in the international mining and mining finance industries. From 2003 until his retirement in 2019, Mr. Jensen served in several leadership roles at Royal Gold, Inc., a public precious metals company, including Director, President and Chief Executive Officer from 2006 to 2019, and Chief Operating Officer from 2003 to 2006. Prior to 2003, he held roles with progressively more responsibility in engineering, finance, strategic growth, safety, environmental excellence, and operational efficiency. Mr. Jensen also serves on the Boards of Antofagasta Minerals SA and Antofagasta plc where he chairs the Audit and Risk Committee and is a member of the Projects Committee as well as the Governance and Nominations Committee.

Skills Relevant to BHC:

As the former CEO of a publicly traded precious metals stream and royalty company, Mr. Jensen brings business, operations, leadership, governance, and financial expertise that assists the Board in evaluating the Company's financial risks and strategy and capital deployment.

Kathleen S. McAllister

Retired Director, President and Chief Executive Officer of Transocean Partners LLC

Director since: 2019

Director Nominee Class: I, term expiring in 2028

Age: 60

Standing Board Committees:

Audit Committee

Other U.S. Public Company Directorships:

None

Summary:

Ms. McAllister has over 30 years of experience in diverse leadership roles with global, capital intensive companies in the energy value chain. She served as Director, President and Chief Executive Officer of Transocean Partners LLC, an international provider of offshore contract drilling services from 2014 to 2016, and as Chief Financial Officer in 2016. She held the roles of Vice President and Treasurer of Transocean Ltd. from 2011 to 2014. Prior to 2011, she served in roles with increasing responsibility in finance, information technology, tax and treasury. Ms. McAllister is a National Association of Corporate Directors Board Leadership Fellow, a Directorship 100 Honoree, and a Certified Public Accountant. She previously served on the Boards of Maersk Drilling, where she chaired the Audit and Risk Committee, and Silverbow Resources, Inc. and TMC The Metals Company Inc., where she chaired the Audit Committees. She also serves on the Board of Hoegh LNG Partners.

Skills Relevant to BHC:

As a former CEO, CFO and Treasurer of publicly traded companies, Ms. McAllister's broad business perspective, financial acumen and experience in capital raising and allocation contributes to the Board's oversight of strategy and risk. Ms. McAllister also has extensive experience in mergers and acquisitions and corporate governance. Her experience serving as a corporate director and audit and risk committee chair on other public company boards provides a valuable perspective on the Board's role in management oversight and corporate governance.

Steven R. Mills

Chairman of the Board
Retired Public Company Financial Executive

Director since: 2011

Director Class: III, term expiring in 2027

Age: 69

Standing Board Committees:

Governance Committee

Other U.S. Public Company Directorships:

None

Summary:

Mr. Mills has more than 40 years of experience in the fields of accounting, corporate finance, strategic planning, risk management, and mergers and acquisitions. He served as Chief Financial Officer of Amyris, Inc., a renewable products company, from May 2002 to December 2003 Prior to joining Amyris, he had a 33-year career at Archer Daniels Midland Company, one of the world's largest agricultural processors and food ingredient providers. At Archer Daniels Midland, he held various senior executive roles, including Chief Financial Officer, Controller, and responsibility for leading company strategic efforts globally. Mr. Mills also serves on the boards of Arianna S.A., Illinois College and First Illinois Corporation (along with its wholly-owned banking subsidiary, Hickory Point Bank & Trust).

Skills Relevant to BHC:

Mr. Mills brings to the Board executive leadership and financial experience as a former CFO of publicly traded companies and strategic planning experience as both a former senior vice president of strategic planning and a senior executive vice president performance and growth for a publicly traded company. These roles also position Mr. Mills to provide the Board perspectives on mergers and acquisitions and capital deployment. Mr. Mills is an experienced director having served on numerous public, private, and not-for-profit companies, making him an expert in corporate governance.

Robert P. Otto

Owner of Bob Otto Consulting LLC

Director since: 2017**Director Nominee Class:** I, term expiring in 2028**Age:** 65**Standing Board Committees:**

Audit Committee

Other U.S. Public Company Directorships:

None

Summary:

Since 2017, Mr. Otto has provided strategic planning and advisory services in cybersecurity and intelligence through his company, Bob Otto Consulting LLC. With 34 years of U.S. Air Force service, he served as a general officer from 2008 to 2016, culminating as lieutenant general and the Deputy Chief of Staff for Intelligence, Surveillance and Reconnaissance. He was directly responsible for intelligence policy, planning, implementation, oversight, and leadership of a 27,000-person workforce.

Skills Relevant to BHC:

Mr. Otto's experience in cybersecurity and intelligence through his lengthy career with the U.S. Air Force provides the Board information technology and cybersecurity expertise. His leadership and oversight of a large workforce positions him to provide the Board insights regarding human capital management.

Scott M. Prochazka

Former Board Member, President and Chief Executive Officer of CenterPoint Energy

Director since: 2020**Director Class:** II, term expiring in 2026**Age:** 59**Standing Board Committees:**Leadership Development & Compensation Committee (Chair)
Governance Committee**Other U.S. Public Company Directorships:**

Li-Cycle Holdings Corp. (since 2021)

Summary:

Mr. Prochazka served as Board Member, President and Chief Executive Officer of CenterPoint Energy, a public energy delivery company with electric transmission and distribution, power generation and natural gas distribution operations, from 2014 until his retirement in 2020. Prior to that he was Chief Operating Officer from 2012 to 2013, Senior Vice President of Electric Business from 2011 to 2012, and Vice President of Gas Business Unit from 2009 to 2011. He held other management positions including Vice President Customer Care and Support Services and Vice President Texas Gas Region. Before his time at CenterPoint Energy, Mr. Prochazka held roles of increasing responsibility at Dow Chemical. Mr. Prochazka was a Board Member of Enable Midstream Partners, LP from 2014 to 2020, and Chairman from 2015 to 2017. Mr. Prochazka was previously a Board Member of Peridot Acquisition Corporation, from 2020 to 2021, where he served on the Audit and Compensation Committees, and Peridot Acquisition Corp. II, from 2021 to 2023, where he served on the Audit and Compensation Committees. He currently serves on Li-Cycle Holdings Corp. (successor to Peridot Acquisition Corp.) where he chairs the Audit Committee and serves on the Nominating/Governance Committee and the Compensation Committee. He also serves on the Board of Saudi Electric Co.

Skills Relevant to BHC:

Mr. Prochazka's executive experience as a former CEO of a publicly traded electric and gas utility company, with a market cap more than four times that of Black Hills Corporation, and leadership experience as COO of both gas and electric utility divisions, provides a valuable perspective regarding utility business operations, regulatory and governmental affairs, safety, capital deployment and risk management.

Teresa A. Taylor

Chief Executive Officer of Blue Valley Advisors, LLC

Director since: 2016

Director Class: II, term expiring in 2026

Age: 61

Standing Board Committees:

Leadership Development & Compensation Committee
Governance Committee (Chair)

Other U.S. Public Company Directorships:

T-Mobile USA, Inc. (since 2013)

Summary:

Ms. Taylor has over 30 years of experience in the technology, media, and telecom sectors. She has been the Chief Executive Officer of Blue Valley Advisors, LLC, a consulting firm that she founded, since 2011. She was the Chief Operating Officer of Qwest Communications, Inc., a telecommunications carrier, from 2009 to 2011, where she led the daily operations and a senior management team responsible for 30,000 employees in field support, technical development, sales, marketing, customer support and information technology systems. She is a Board Member of T-Mobile USA, Inc. She was previously a Board Member of First Interstate BancSystem, Inc. from 2012 to 2020, Columbia Pipeline Group Inc. from 2015 to 2016, and NiSource, a public utility company from 2012 to 2015.

Skills Relevant to BHC:

Ms. Taylor's broad range of experience over her three decades-long career, including in the fields of human resources, customer support, information technology systems, and business operations, add breadth and depth to the board. Her experience leading large employee teams lends toward engagement with the Board in the areas of compensation practices and human capital management. Ms. Taylor's experience as a lead independent director of a publicly traded company provides further insight into Board governance and oversight of management.

Anne G. Waleski

Retired Executive Vice President and Chief Financial Officer of Markel Corporation

Director since: Director Nominee

Director Nominee Class: II, term expiring in 2026

Age: 58

Standing Board Committees:

To Be Determined

Other U.S. Public Company Directorships:

Enact Global Holdings, Inc. (since 2021)

Summary:

Ms. Waleski has over 20 years of experience as a finance executive with extensive experience delivering results throughout her highly successful career with Markel Corporation. Ms. Waleski was the Executive Vice President from 2018 to 2019, Chief Financial Officer from 2010 to 2018, and Treasurer from 2003 to 2010. In 2021, Ms. Waleski joined the Board of Directors of Enact Global Holdings, Inc. where she chairs the Audit Committee and is a member of the Nominating and Governance Committee. Ms. Waleski has also been a Board Member of Liberty Mutual Holding Company, Inc. since 2021 and is currently the Lead Independent Director, chairs the Finance and Audit Committee, and is a member of the Compensation Committee, and Governance & Sustainability Committee. Ms. Waleski's past board service includes Tredegar Corporation from 2018 to 2023 where she was a member of the Audit and Compensation Committee and ProSight Global Inc. from 2020-2021 where she chaired the Audit Committee.

Skills Relevant to BHC:

Ms. Waleski's extensive career as a financial executive and her expertise in multiple areas of including in customer service, financial and investment management, talent development, strategic planning, risk management, mergers & acquisitions, and capital markets, position her well to provide valuable insight as a member of our board.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board has adopted "Corporate Governance Guidelines of the Board," which guide the operation of our Board and assist the Board in fulfilling its obligations to shareholders and other constituencies. The guidelines lay the foundation for the Board's responsibilities, operations, leadership, organization and committee matters. The Governance Committee reviews the guidelines annually, and the guidelines may be amended at any time, upon recommendation by the Governance Committee and approval of the Board. These guidelines can be found in the "Corporate Governance" section of our website (<https://ir.blackhillscorp.com/corporate-governance/governance-documents>).

Board Leadership Structure

On May 1, 2020, Steven R. Mills, an independent director, was appointed Chairman of the Board. As Chairman, Mr. Mills leads our Board in the performance of its duties by working with the CEO to establish meeting agendas, facilitating board meetings and executive sessions, and collaborating with the Board to annually evaluate the performance of the CEO.

As provided in our Corporate Governance Guidelines, the Board does not have a policy on whether or not the roles of Chairman and CEO should be separate or combined. The Governance Committee annually reviews the appropriate leadership structure for the Company and recommends a Chairman for Board approval. While our Bylaws and Corporate Governance Guidelines do not require that our Chairman and CEO positions be held by separate individuals, the Board believes that having separate positions and having an independent director serve as Chairman is the appropriate leadership structure for the Company at this time because it allows our CEO to focus on business operations and our Chairman to focus on Board governance.

Risk Oversight

Our Board oversees an enterprise risk management ("ERM") approach to risk management that supports our operational and strategic objectives. It fulfills its oversight responsibilities through receipt of quarterly reports from management regarding material risks involving strategic planning and execution, operations, physical and cybersecurity, environmental, social and governance ("ESG"), financial, legal, safety, regulatory, and human resources risks. While our full Board retains responsibility for risk oversight, it delegates oversight of certain risk considerations to its committees within each of their respective areas of responsibility as defined in the charter for each committee.

Our management is responsible for day-to-day risk management and operates under our ERM program that addresses enterprise risks. The ERM program includes practices to identify risks, assess the impact and likelihood of occurrence, and develop action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes regular reporting to our senior management team, quarterly reporting to our Board, and monitoring and testing by the Risk Management, Compliance and Internal Audit groups.

Sustainability Oversight

We are committed to creating a cleaner energy future that builds upon our responsibility to provide the safe, reliable and economic energy that improves our customers' lives. The Board oversees management's execution of our sustainability objectives and receives quarterly updates from management regarding sustainability matters. Under the oversight of the Board, we published our 2023 Corporate Sustainability Report in the second quarter of 2024. In addition to announcing progress toward our goal to reduce electric utility emission intensity 40% by 2030 and 70% by 2040, we provided an overview of the progress we have made toward achieving net zero emissions by 2035 for our natural gas distribution system. Also in the second quarter of 2024, we issued updated Edison Electric Institute and American Gas Association ESG disclosures, Natural Gas Sustainability Initiative (NGSI) disclosures, Sustainability Accounting Standards Board (SASB) disclosures, Task Force on Climate Related Financial Disclosure (TCFD) Index disclosures, and an Employer Information Report (EEO-1).

Cyber and Physical Security Oversight

Our Board retains oversight of cyber and physical security. Our Chief Information Officer provides the Board quarterly reports that summarize material security risks and the measures that have been put in place to mitigate the associated risks. These reports address a variety of topics including updates on strategic initiatives, industry trends, threat vulnerability assessments, and efforts to prevent, detect and respond to internal and external critical threats.

Human Capital Management Oversight

Primary responsibility for oversight of human capital management rests with our Leadership Development and Compensation Committee. As part of its oversight, the Committee reviews regular reports from management regarding employee

engagement, retention, inclusion, pay equity, strategic workforce planning, succession planning, employee benefits programs, human rights and company culture.

Succession Planning Oversight

Our Board is actively engaged in succession planning for our key executive positions to ensure a strong bench of future leaders. To assist the Board, our CEO, and our Chief Human Resources Officer perform talent reviews and discuss succession planning and leadership development. Semi-annually, their assessment of senior executive talent, including potential of such talent to succeed our CEO or other executive officers, readiness for succession and development opportunities are presented to our Board.

Director Nominees

The Governance Committee uses a variety of methods for identifying and evaluating nominees for director. The Governance Committee regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event vacancies are anticipated, or otherwise arise, the Governance Committee considers various potential candidates for director. Board candidates are considered based upon various criteria, including diversity of gender, race and ethnicity; business, administrative and professional skills or experiences; an understanding of relevant industries, technologies and markets; financial literacy; independence status; the ability and willingness to contribute time and special competence to Board activities; personal integrity and independent judgment; and a commitment to enhancing shareholder value. The Governance Committee considers these and other factors as it deems appropriate, given the needs of the Board. Our goal is a diverse, talented, and highly engaged Board, with members whose skills, background and experience are complementary and, together, cover the spectrum of areas that impact our business currently and in the future. The Governance Committee considers candidates for Board membership suggested by a variety of sources, including current or past Board members, the use of third-party executive search firms, members of management, and shareholders. Any shareholder may make recommendations for consideration by the Governance Committee for membership on the Board by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary. The Committee evaluates all director candidates in the same manner using the same criteria regardless of who recommends them.

Shareholders who intend to nominate persons for election to the Board must provide timely written notice of the nomination in accordance with Article I, Section 9 of our Bylaws. Generally, our Corporate Secretary must receive the written notice at our executive offices at 7001 Mount Rushmore Road, P.O. Box 1400, Rapid City, South Dakota 57709, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. For the 2026 shareholder meeting, those dates are January 23, 2026 and December 24, 2025. The notice must include at a minimum the information set forth in Article I, Section 9 of our Bylaws, including the shareholder's identity, contingent ownership interests, description of any agreement made with others acting in concert with respect to the nomination, specific information about the nominee and certain representations by the nominee to us.

Board Independence

In accordance with NYSE rules, the Board through its Governance Committee, affirmatively determines the independence of each director and director nominee in accordance with guidelines it has adopted, which include all elements of independence set forth in the NYSE listing standards. These guidelines are contained in our Policy for Director Independence, which can be found in the "Corporate Governance" section of our website (<https://ir.blackhillscorp.com/corporate-governance/governance-documents>). Based on these standards, the Governance Committee determined that each of the following non-employee directors is independent and has no relationship with us, except as a director and shareholder: Barry M. Granger, Tony A. Jensen, Kathleen S. McAllister, Steven R. Mills, Robert P. Otto, Scott M. Prochazka, Rebecca B. Roberts, Mark A. Schober, and Teresa A. Taylor. In addition, based upon these standards, the Governance Committee determined that Mr. Evans is not independent because he is an officer of the Company. The Governance Committee has also concluded that the following non-employee director nominees are independent and have no relationship with us, except as nominees: Mr. Beard and Ms. Waleski.

Director Resignation Policies

The Corporate Governance Guidelines require members of the Board to submit a letter of resignation for consideration by the Board in certain circumstances. The Corporate Governance Guidelines include a plurality plus voting policy. Pursuant to the policy, any nominee for election as a director in an uncontested election who receives a greater number of votes "Withheld" from his or her election than votes "For" his or her election will promptly tender his or her resignation as a director to the Chairman of the Board following certification of the election results. Broker non-votes will not be deemed to be votes "For" or "Withheld" from a director's election for purposes of the policy. The Governance Committee (without the participation of the affected director) will consider each resignation tendered under the policy and recommend to the Board whether to accept or reject it. The Board will then take the appropriate action on each tendered resignation, taking into account the Governance Committee's recommendation. The Governance Committee in making its recommendation, and the Board in making its decision, may consider any factors or other information that it considers appropriate, including the reasons why the Governance Committee believes shareholders "Withheld" votes for election from such director and any other circumstances surrounding the "Withheld" votes, any alternatives for curing the underlying cause of the "Withheld" votes, the qualifications of

the tendering director, his or her past and expected future contributions to us and the Board, and the overall composition of the Board, including whether accepting the resignation would cause us to fail to meet any applicable SEC or NYSE requirements. The Board will publicly disclose its decision and rationale by filing a Form 8-K with the SEC within 90 days after receipt of the tendered resignation.

The Corporate Governance Guidelines also require members of the Board to tender a letter of resignation in the event of a change in professional responsibilities that may directly or indirectly impact that Board member's ability to fulfill directorship obligations. The Board is not obligated to accept that resignation. The Governance Committee will review the affected member's service and qualifications and recommend to the Board the continued appropriateness of Board membership under the circumstances.

Our Bylaws also require any member of the Board who has attained 72 years of age to resign from the Board effective as of the next annual meeting and the Board is to nominate a new director to complete the remaining term of the resigning director. However, in the event the Board has not identified a director to be elected to replace the director who has turned age 72 years, the Board may ask the director to continue to serve until his or her replacement is appointed.

Codes of Business Conduct and Ethics

The Code of Business Conduct and the Code of Ethics that apply to our Chief Executive Officer and Senior Financial Officers can be found in the "Corporate Governance" section of our website (<https://ir.blackhillscorp.com/corporate-governance/governance-documents>). We intend to disclose any amendments to, or waivers of, the Code of Ethics on our website. Please note that none of the information contained on our website is incorporated by reference in this proxy statement.

Certain Relationships and Related Party Transactions

We recognize related party transactions can present potential or actual conflicts of interest and create the appearance that decisions are based on considerations other than the best interests of us and our shareholders. Accordingly, as a general matter, it is our preference to avoid related party transactions. Nevertheless, we recognize that there are situations where related party transactions may be in, or may not be inconsistent with, the best interests of us and our shareholders, including but not limited to situations where we may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when we provide products or services to related parties on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally.

Therefore, our Board has adopted a policy for the review of related party transactions. This policy requires directors and officers to promptly report to our Vice President - Governance all proposed or existing transactions in which the Company and they, or persons related to them, are parties or participants. Our Vice President - Governance presents those transactions to our Governance Committee. Our Governance Committee reviews the material facts presented and either approves or disapproves entry into the transaction. In reviewing the transaction, the Governance Committee considers the following factors, among other factors it deems appropriate: (i) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; (ii) the extent of the related party's interest in the transaction; and (iii) the impact on a director's independence in the event the related party is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer. There were no reportable related party transactions in 2024.

Insider Trading and Anti-Hedging Policy

Black Hills Corporation has adopted policies and procedures that we believe are reasonably designed to promote compliance with insider trading laws, rules and regulations, including the NYSE listing standards. Our Insider Trading Policy prohibits unlawful insider trading, hedging transactions and related practices ("Insider Trading Policy"). Specifically, Black Hills Corporation's employees, officers and directors are prohibited from trading in the Company's securities while in possession of material, nonpublic information, from pledging its securities as collateral, holding its securities in a margin account and entering into transactions that are designed to hedge or offset decreases in the market value of the securities. Additionally, certain employees and officers are subject to routine and non-routine blackout periods during which times trading in our securities is not permitted, as well as pre-clearance procedures to ensure compliance with applicable internal policies.

Communications with the Board

We value the views and input of our shareholders and believe that fostering productive dialogue with our shareholders contributes to our long-term success. Shareholders and others interested in communicating directly with the Chairman, with the independent directors as a group, or the Board may do so in writing to the Chairman, Black Hills Corporation, 7001 Mount Rushmore Road, P.O. Box 1400, Rapid City, South Dakota 57709.

MEETINGS AND COMMITTEES OF THE BOARD

THE BOARD

Our Board held six meetings during 2024. Each regularly scheduled meeting of the Board includes an executive session of only independent directors. During 2024, each current director attended at least 75 percent of the combined total of Board meetings and Committee meetings on which the director served. While not required under our policies, all directors attended the 2024 annual meeting of shareholders.

COMMITTEES OF THE BOARD

Our Board has three standing committees to facilitate and assist the Board in the execution of its responsibilities. Those standing committees are the Audit Committee, the Leadership Development and Compensation Committee and the Governance Committee. Each committee operates under a charter, which is available on our website at <https://ir.blackhillscorp.com/corporate-governance/governance-documents> and is also available in print to any shareholder who requests it. In addition, our Board creates special committees from time to time for specific purposes. Members of the committees are designated by our Board upon recommendation of the Governance Committee.

Audit Committee

9 Meetings in 2024

Members:

Mark A. Schober (Chair)
Tony A. Jensen
Kathleen S. McAllister
Robert P. Otto

Independence:
100%

Committee Report:
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Proxy Statement

Primary Responsibilities

- ▲ Assist the Board in fulfilling its oversight responsibility to our shareholders relating to the quality and integrity of our accounting, auditing and financial reporting processes;
- ▲ Oversee the integrity of our financial statements, financial reporting systems, internal controls and disclosure controls regarding finance, accounting and legal compliance;
- ▲ Review areas of potential significant financial risk to us;
- ▲ Review consolidated financial statements and disclosures;
- ▲ Appoint an independent registered public accounting firm for ratification by our shareholders;
- ▲ Monitor the independence and performance of our independent registered public accountants and internal auditing department;
- ▲ Pre-approve all audit and non-audit services provided by our independent registered public accountants;
- ▲ Review the scope and results of the annual audit, including reports and recommendations of our independent registered public accountants;
- ▲ Review the internal audit plan results of internal audit work and our process for monitoring compliance with our Code of Business Conduct and other policies and practices established to ensure compliance with legal and regulatory requirements; and
- ▲ Periodically meet, in private sessions, with our VP - Internal Audit, Chief Financial Officer, Chief Compliance Officer, other management, and our independent registered public accounting firm.

In accordance with the rules of the NYSE, all of the members of the Audit Committee are financially literate. In addition, the Board determined that Ms. McAllister and Messrs. Jensen and Schober have the requisite attributes of an "audit committee financial expert" as provided in regulations promulgated by the SEC, and that such attributes were acquired through relevant education and/or experience.

**Leadership Development
and Compensation
Committee**
5 Meetings in 2024

Members:

Scott M. Prochazka
(Chair)
Barry M. Granger
Rebecca B. Roberts
Teresa A. Taylor

Independence:
100%

Committee Report:
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Proxy Statement

Primary Responsibilities

- ▲ Discharge the Board's responsibilities related to executive and director compensation philosophy, policies and programs;
 - ▲ Perform functions required of directors in the administration of all federal and state laws and regulations pertaining to executive employment and compensation;
 - ▲ Consider and recommend for approval by the Board all executive compensation programs including executive benefit programs and stock ownership plans;
 - ▲ Promote an executive compensation program that supports the overall objective of enhancing shareholder value; and
 - ▲ Provide oversight of Company culture, inclusion, human rights, pay equity, and employee engagement.
 - ▲ Oversee leadership development
- The Leadership Development and Compensation Committee has authority under its charter to retain compensation consultants and other advisors as the Committee may deem appropriate in its sole discretion. The Committee engaged Meridian Compensation Partners, LLC (Meridian), an independent consulting firm, to conduct an annual review of our 2024 total compensation program for executive officers. The Committee reviewed the independence of Meridian and the individual representatives of Meridian who served as consultants to the Committee, in accordance with the SEC and NYSE requirements. The Leadership Development and Compensation Committee concluded that Meridian was independent and Meridian's performance of services raised no conflict of interest. The Committee's conclusions were based in part on a report that Meridian provided to the Committee intended to reveal any potential conflicts of interest and a schedule of the type and amount of any non-executive compensation services provided by Meridian to the Company.

Leadership Development and Compensation Committee Interlocks. None of our executive officers serve as a member of a board of directors or compensation committee of any entity that has one or more executive officers who serve on our Board or on our Leadership Development and Compensation Committee.

Governance Committee
3 Meetings in 2024

Members:

Teresa A. Taylor (Chair)
Steven R. Mills
Scott M. Prochazka
Rebecca B. Roberts
Mark A. Schober

Independence:
100%

Primary Responsibilities

- ▲ Assess the size of the Board and qualifications for Board membership;
- ▲ Identify and recommend prospective directors to the Board to fill vacancies;
- ▲ Review and evaluate director nominations submitted by shareholders, including reviewing the qualifications and independence of shareholder nominees;
- ▲ Consider and recommend existing Board members to be renominated at our annual meeting of shareholders;
- ▲ Consider the resignation of an incumbent director who makes a principal occupation change (including retirement) or who receives a greater number of votes "Withheld" than votes "For" in an uncontested election of directors and recommend to the Board whether to accept or reject the resignation;
- ▲ Establish and review guidelines for corporate governance;
- ▲ Recommend to the Board for approval committee membership and chairs of the committees;
- ▲ Recommend to the Board for approval a Chairman or an independent director to serve as a Lead Director;
- ▲ Review the independence of each director and director nominee;
- ▲ Administer an annual evaluation of the performance of the Board and each Committee and a biennial evaluation of each individual director;
- ▲ Ensure that the Board oversees the evaluation and succession planning of management;
- ▲ Oversee the reporting framework the Company utilizes to track and monitor progress associated with ESG activities; and
- ▲ Oversee company political engagement.

LIST OF OFFICERS
BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC

OFFICER	TITLE	AREA OF RESPONSIBILITY
Linden R. Evans	Chairman, President and Chief Executive Officer	Oversees all company operations
Marne M. Jones	Senior Vice President – Utilities	Oversees all company utility operations
Kimberly F. Nooney	Senior Vice President – Chief Financial Officer	Oversees finance, accounting, tax, cash management, supply chain
Sarah A. Wiltse	Senior Vice President – Chief Human Resources Officer	Oversees human resources, corporate communications, public affairs
Courtney Hebert	Vice President – Corporate Controller	Financing, accounting, corporate risk
Tom D. Stevens	Vice President – Treasurer	Treasury
Jodi Culp	Vice President – Gas Supply and Transportation	Gas supply services
Steven C. Dunn	Vice President – Pipeline Compliance and Asset Management	Pipeline compliance, asset management
Marc Eyre	Vice President – BHE Arkansas and Kansas	Oversees state utility operations
Katie Fleming	Vice President – Customer Experience and Chief Sustainability Officer	Customer service, ESG
Nick Gardner	Vice President – Engineering, Project Delivery and System Operations	Engineering, project delivery, system operations
Donna E. Genora	Vice President – Tax	Tax
Madeline Macapugay	Vice President – Internal Audit	Internal audit
Nick Wagner	Vice President – Regulatory	Regulatory, growth
Brian D. Weber	Vice President – Utility Services and Transmission Strategy	Utility services, transmission strategy

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota IRS Identification Number 46-0458824

**7001 Mount Rushmore Road
Rapid City, South Dakota 57702**

Registrant's telephone number (605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock of \$1.00 par value	BKH	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter, June 28, 2024, was \$3,763,633,082

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at January 31, 2025</u>
Common stock, \$1.00 par value	71,617,490 shares

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2025 Annual Meeting of Stockholders to be held on April 23, 2025, are incorporated by reference in Part III of this Form 10-K.

(8) FINANCING**Shelf Registration Statement**

We maintain an effective shelf registration statement (Registration No. 333-272739) with the SEC under which we may issue, from time to time, an unspecified amount of senior debt securities, subordinate debt securities, common stock, preferred stock, warrants, and other securities.

Short-term debt**Revolving Credit Facility and CP Program**

On May 31, 2024, we amended and restated our corporate Revolving Credit Facility, maintaining total commitments of \$750 million and extending the term through May 31, 2029, with two one-year extension options (subject to consent from lenders). This facility is similar to the former revolving credit facility, which includes an accordion feature that allows us to increase total commitments up to \$1.0 billion with the consent of the administrative agent, the issuing agents and each bank increasing or providing a new commitment. Borrowings continue to be available under a base rate or various SOFR rate options. The interest costs associated with the letters of credit or borrowings and the commitment fee under the Revolving Credit Facility are determined based upon our Corporate credit rating from S&P and Moody's for our senior unsecured long-term debt. Based on our current credit ratings, the margins for base rate borrowings, SOFR borrowings and letters of credit were 0.125%, 1.125%, and 1.125%, respectively, at December 31, 2024. Based on our credit ratings, the commitment fee on unused amounts was 0.175%.

We have a \$750 million, unsecured CP Program that is backstopped by the Revolving Credit Facility. Amounts outstanding under the Revolving Credit Facility and the CP Program, either individually or in the aggregate, cannot exceed \$750 million. The notes issued under the CP Program may have maturities not to exceed 397 days from the date of issuance and bear interest (or are sold at par less a discount representing an interest factor) based on, among other things, the size and maturity date of the note, the frequency of the issuance and our credit ratings. Under the CP Program, any borrowings rank equally with our unsecured debt. Notes under the CP Program are not registered and are offered and issued pursuant to a registration exemption.

Our Revolving Credit Facility and CP Program, which are classified as Notes payable on the Consolidated Balance Sheets, had the following borrowings, outstanding letters of credit, and available capacity at December 31:

	2024	2023
	(dollars in millions)	
Amount outstanding	\$ 133.8	\$ —
Letters of credit ^(a)	3.5	3.7
Available capacity	612.7	746.3
Weighted average interest rates	4.74%	N/A

(a) Letters of credit are off-balance sheet commitments that reduce the borrowing capacity available on our corporate Revolving Credit Facility.

Revolving Credit Facility and CP Program borrowing activity for the years ended December 31 was as follows:

	2024	2023
	(dollars in millions)	
Maximum amount outstanding (based on daily outstanding balances)	\$ 140.6	\$ 548.7
Average amount outstanding (based on daily outstanding balances)	17.1	81.7
Weighted average interest rates	4.86 %	4.91 %

Deferred Financing Costs on the Revolving Credit Facility

Total accumulated deferred financing costs on the Revolving Credit Facility of \$11.0 million are being amortized over its estimated useful life and were included in Interest expense on the accompanying Consolidated Statements of Income. See below for additional details.

Long-term debt

Long-term debt outstanding was as follows:

		Interest Rate at December 31, 2024	Balance Outstanding December 31, 2024	December 31, 2023
	Due Date		(in millions)	
<u>Corporate</u>				
Senior unsecured notes due 2024	August 23, 2024	N/A	\$ —	\$ 600.0
Senior unsecured notes due 2026	January 15, 2026	3.95%	300.0	300.0
Senior unsecured notes due 2027	January 15, 2027	3.15%	400.0	400.0
Senior unsecured notes due 2028	March 15, 2028	5.95%	350.0	350.0
Senior unsecured notes, due 2029	October 15, 2029	3.05%	400.0	400.0
Senior unsecured notes, due 2030	June 15, 2030	2.50%	400.0	400.0
Senior unsecured notes due 2033	May 1, 2033	4.35%	400.0	400.0
Senior unsecured notes due 2034	May 15, 2034	6.15%	450.0	450.0
Senior unsecured notes due 2035	January 15, 2035	6.00%	450.0	—
Senior unsecured notes, due 2046	September 15, 2046	4.20%	300.0	300.0
Senior unsecured notes, due 2049	October 15, 2049	3.88%	300.0	300.0
Total Corporate debt			3,750.0	3,900.0
Less unamortized debt discount			(8.6)	(8.9)
Total Corporate debt, net			3,741.4	3,891.1
<u>South Dakota Electric</u>				
First Mortgage Bonds due 2032 ^(a)	August 15, 2032	7.23%	75.0	75.0
First Mortgage Bonds due 2039 ^(a)	November 1, 2039	6.13%	180.0	180.0
First Mortgage Bonds due 2044 ^(a)	October 20, 2044	4.43%	85.0	85.0
Total South Dakota Electric debt			340.0	340.0
Less unamortized debt discount			(0.1)	(0.1)
Total South Dakota Electric debt, net			339.9	339.9
<u>Wyoming Electric</u>				
Industrial development revenue bonds due 2027 ^{(b) (c)}	March 1, 2027	3.68%	10.0	10.0
First Mortgage Bonds due 2037 ^(a)	November 20, 2037	6.67%	110.0	110.0
First Mortgage Bonds due 2044 ^(a)	October 20, 2044	4.53%	75.0	75.0
Total Wyoming Electric debt			195.0	195.0
Less unamortized debt discount			—	—
Total Wyoming Electric debt, net			195.0	195.0
Total long-term debt			4,276.3	4,426.0
Less current maturities			—	(600.0)
Less unamortized deferred financing costs ^(d)			(26.1)	(24.8)
Long-term debt, net of current maturities and deferred financing costs			\$ 4,250.2	\$ 3,801.2

(a) Substantially all of the tangible utility property of South Dakota Electric and Wyoming Electric is subject to the lien of indentures securing their first mortgage bonds. First mortgage bonds of South Dakota Electric and Wyoming Electric may be issued in amounts limited by property, earnings and other provisions of the mortgage indentures.

(b) Variable interest rate.

(c) A reimbursement agreement is in place with Wells Fargo on behalf of Wyoming Electric for the \$10 million bonds due March 1, 2027. In the case of default, we hold the assumption of liability for drawings on Wyoming Electric's Letter of Credit attached to these bonds.

(d) Includes deferred financing costs associated with our Revolving Credit Facility of \$2.4 million and \$1.1 million as of December 31, 2024, and December 31, 2023, respectively.

Scheduled maturities of long-term debt and associated interest payments by year are shown below:

	Payments Due by Period						Total
	2025	2026	2027	2028	2029	Thereafter	
	(in millions)						
Principal payments on Long-term debt including current maturities ^(a)	\$ —	\$ 300.0	\$ 410.0	\$ 350.0	\$ 400.0	\$ 2,825.0	\$ 4,285.0
Interest payments on Long-term debt ^(a)	199.5	189.2	176.6	159.9	149.4	1,078.3	1,952.9

(a) Long-term debt amounts do not include deferred financing costs or discounts or premiums on debt. Estimated interest payments on variable rate debt are calculated by utilizing the applicable rates as of December 31, 2024.

We believe it is probable that we will be able to successfully re-finance our \$300 million, 3.95%, senior unsecured notes due on January 15, 2026, at or before maturity date.

Debt Transactions

On May 16, 2024, we completed a public debt offering of \$450 million, 6.00% senior unsecured notes due January 15, 2035. Proceeds from the offering, which were net of \$5.2 million of deferred financing costs, along with available cash and short-term borrowings under our existing facilities were used to repay all \$600 million principal amount outstanding of our 1.04% senior unsecured notes on their August 23, 2024, maturity date and for other general corporate purposes.

Financial Covenants

Revolving Credit Facility

We were in compliance with all of our Revolving Credit Facility covenants as of December 31, 2024. We are required to maintain a Consolidated Indebtedness to Capitalization Ratio not to exceed 0.65 to 1.00. Subject to applicable cure periods, a violation of this covenant would constitute an event of default that entitles the lenders to terminate their remaining commitments and accelerate all principal and interest outstanding. As of December 31, 2024, our Consolidated Indebtedness to Capitalization Ratio was 0.56 to 1.00.

Wyoming Electric

Wyoming Electric was in compliance with all covenants within its financing agreements as of December 31, 2024. Wyoming Electric is required to maintain a debt to capitalization ratio of no more than 0.60 to 1.00. As of December 31, 2024, Wyoming Electric's debt to capitalization ratio was 0.51 to 1.00.

Dividend Restrictions

Our Revolving Credit Facility and other debt obligations contain restrictions on the payment of cash dividends when a default or event of default occurs.

Due to our holding company structure, substantially all of our operating cash flows are provided by dividends paid or distributions made by our subsidiaries. The cash to pay dividends to our shareholders is derived from these cash flows. As a result, certain statutory limitations or regulatory or financing agreements could affect the levels of distributions allowed to be made by our subsidiaries.

Our Utilities are generally limited to the amount of dividends allowed to be paid to our utility holding company under the Federal Power Act and settlement agreements with state regulatory jurisdictions. As of December 31, 2024, the amount of restricted net assets at our Utilities that may not be distributed to our utility holding company in the form of a loan or dividend was approximately \$152.2 million.

South Dakota Electric and Wyoming Electric are generally limited to the amount of dividends allowed to be paid to our utility holding company under certain financing agreements.

Equity

Although our aforementioned shelf registration statement does not limit our issuance capacity, our ability to issue securities is limited to the authority granted by our Board of Directors, certain covenants in our financing arrangements and restrictions imposed by federal and state regulatory authorities. Our articles of incorporation authorize the issuance of 100 million shares of common stock and 25 million shares of preferred stock. As of December 31, 2024, we had 71.7 million shares of common stock outstanding and no shares of preferred stock outstanding.

At-the-Market Equity Offering Program

On June 16, 2023, we entered into a new Equity Distribution Sales Agreement which allows us to sell shares of common stock up to an aggregate of \$400 million, from time to time, through our ATM program utilizing our shelf registration statement. On June 16, 2023, we also terminated our August 4, 2020, Equity Distribution Sales Agreement, which had similar terms and conditions to our new agreement.

ATM activity for the years ended December 31 was as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
	(in millions, except per share amounts)		
<u>August 4, 2020 ATM Program</u>			
Proceeds, (net of issuance costs of \$0.0, \$(0.5), and \$(0.9), respectively)	\$ —	\$ 48.5	\$ 90.3
Number of shares issued	—	0.8	1.3
<u>June 16, 2023 ATM Program</u>			
Proceeds, (net of issuance costs of \$(1.8), \$(0.7), and \$0, respectively)	\$ 181.6	\$ 70.2	\$ —
Number of shares issued	3.3	1.2	—
<u>Total activity under both ATM Programs</u>			
Proceeds, (net of issuance costs of \$(1.8), \$(1.2), and \$(0.9), respectively)	\$ 181.6	\$ 118.7	\$ 90.3
Number of shares issued	3.3	2.0	1.3
Average price per share	\$ 55.63	\$ 59.04	\$ 69.74

(9) RISK MANAGEMENT AND DERIVATIVES

Market and Credit Risk Disclosures

Our activities in the energy industry expose us to a number of risks in the normal operations of our businesses. Depending on the activity, we are exposed to varying degrees of market risk and credit risk.

Market Risk

Market risk is the potential loss that may occur as a result of an adverse change in market price, rate or supply. We are exposed, but not limited to, the following market risks:

- Commodity price risk associated with our retail natural gas and wholesale electric power marketing activities and our fuel procurement for several of our gas-fired generation assets, which include market fluctuations due to unpredictable factors such as weather, wildfires, geopolitical events, pandemics, market speculation, recession, inflation, pipeline constraints, and other factors that may impact natural gas and electric supply and demand; and
- Interest rate risk associated with future debt, including reduced access to liquidity during periods of extreme capital markets volatility.

Credit Risk

Credit risk is the risk of financial loss resulting from non-performance of contractual obligations by a counterparty.

We attempt to mitigate our credit exposure by conducting business primarily with high credit quality entities, setting tenor, and credit limits commensurate with counterparty financial strength, obtaining master netting agreements, and mitigating credit exposure with less creditworthy counterparties through parental guarantees, cash collateral requirements, letters of credit, and other security agreements.

We perform periodic credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current creditworthiness, as determined by review of their current credit information. We maintain a provision for estimated credit losses based upon historical experience, changes in current market conditions, expected losses, and any specific customer collection issue that is identified.

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Balance Sheet CY & PY and PY Dec w Chg Amt (All Products)
Business Unit: BH KANSAS GAS UTILITY CO LLC
HTD December, 2024

Run For: Scenario, All Resource Codes, All Allocation Types

Data from the PSGLFERC Essbase Cube

Account Description	Y2024	Y2023	Change from Prior Year End
<u>ASSETS:</u>			
<u>UTILITY PLANT:</u>			
101000 PLANT IN SERVICE	434,165,025	408,334,360	25,830,666
101001 PLANT IN SERVICE INTANGIBLES	3,205,293	3,205,293	0
101110 RIGHT OF USE ASSET OPER LEASE	36,158	249,278	(213,121)
101340 NON UTILITY PLANT	(1,439,168)	(1,335,955)	(103,212)
101999 GAAP TO FERC PLANT	1,002,864	1,002,864	0
106000 COMPLETE NOT CLASSIFIED IN CPR	15,112,753	14,188,370	924,383
114000 PLANT ACQUISITION ADJUSTMENTS	5,234,286	5,234,286	0
114002 NEW PLANT ACQ	(124,688)	(124,688)	0
114999 GAAP TO FERC ACQ ADJ	(792,564)	(792,564)	0
118993 SC UTILITY PLANT ALLOC CCA	1,727,424	1,198,193	529,231
118999 COMMON UTILITY PLANT ALLOC	15,577,971	15,315,597	262,374
UTILITY PLANT	473,705,354	446,475,034	27,230,320
107000 CONSTRUCTION WORK IN-PROGRESS	5,062,091	4,971,446	90,645
CWIP Construction Work In Progress	5,062,091	4,971,446	90,645
TOTAL UTILITY PLANT	478,767,445	451,446,480	27,320,965
108000 PLT IN SERV-ACCUM DEPREC-ORIG	(117,419,842)	(111,873,313)	(5,546,529)
108001 RETIREMENT WORK IN PROGRESS	66,156	205,974	(139,818)
108002 PLT IN SERV-ACCUM DEPR-REM COS	(5,874,772)	(5,889,219)	14,447
108006 ACCUM AMORT - INTANGIBLES	(2,772,788)	(2,678,819)	(93,969)
108200 RIGHT OF USE ASSET AMORTIZATION	(8,936)	(153,236)	144,300
108340 PLT IN SERV_ACC AMORT NONUTILITY	436,345	450,126	(13,781)
108999 GAAP TO FERC ACCUM DEPR	(156,864)	(156,864)	0
111000 PLT IN SERV-ACC AMORT -REGUTIL	0	8,808	(8,808)
119993 SC ACCUM DEPR ALLOC CCA	(413,201)	(208,957)	(204,244)
119998 UHC ACC DEPR CUR ALLOC	(907,240)	(909,148)	1,907
119999 COMMON UTIL-ACC DEPR-ALLOC	(5,454,310)	(4,865,525)	(588,785)
ACCUM DEPRECIATION	(132,505,452)	(126,070,172)	(6,435,279)
NET UTILITY PLANT	346,261,994	325,376,308	20,885,686
<u>OTHER PROPERTY AND INVESTMENTS:</u>			
121993 SC NON UTILITY PLANT ALLOC CCA	35,120	24,319	10,801
121000 NONUTILITY PROPERTY	1,439,168	1,335,955	103,212
121999 NON UTILITY PLANT ALLOC	248,070	250,732	(2,663)
NON UTILITY PROPERTY	1,722,358	1,611,007	111,351
122993 SC ACCUM DEPR NON UTIL PLT CCA	(8,299)	(4,143)	(4,156)
122000 NON-UTIL PLT-ACCUM DEPR-ORIG	(436,345)	(450,126)	13,781
122999 NON UTIL-ACCDEPR-ALLOC	(106,701)	(97,430)	(9,271)
ACCUM PROV DEPREC ACCUM PROV FOR DEPRECIATION	(551,345)	(551,699)	354
TTL OTH PROPERTY & INVESTMENT	1,171,012	1,059,307	111,705
<u>CURRENT AND ACCRUED ASSETS:</u>			
131148 WELLS FARGO OPER CASH	(162,850)	(741,955)	579,104
131149 WELLS FARGO OPER CASH - DISBUR	(572,094)	(154,916)	(417,177)
131150 WELLS FARGO UTIL DEPOSITORY	700,630	616,034	84,596
131153 LOCKBOX UNION BANK MUFG	(460)	(460)	0

Account Description	Y2024	Y2023	Change from Prior Year End
131154 WF BHE RM	24,875	11,524	13,351
131221 WELLS FARGO PMT SVCS	17,397	56,335	(38,938)
131230 WESTERN UNION	(99)	(99)	0
131232 WELLS FARGO OTHER MANUAL	0	220,795	(220,795)
131233 WELLS FARGO EFT/CHECKLINE	(7,851)	(7,710)	(141)
131234 WELLS FARGO COLLECTION AGENCY	453	453	0
CASH ACCOUNTS	0	0	0
142000 CUSTOMER ACCTS RECEIVABLE CIS	10,639,268	9,955,552	683,716
142002 CUSTOMER A/R MERC	289,843	401,042	(111,199)
142006 CUSTOMER A/R INSTALL	165,285	161,163	4,122
CUST ACCT RECEIVABLE CUSTOMER ACCOUNTS RECEIVABLE	11,094,395	10,517,756	576,639
143003 A/R CONTRIB IN AID OF CONSTRUC	194,670	51,807	142,862
143008 A/R DAMAGE CLAIMS	350,546	485,809	(135,262)
143012 A/R OTHER EMPLOYEE LOANS	4,521	5,571	(1,050)
143028 A/R TO BE COLLECTED FOR OTHERS	60	0	60
143060 A/R SHORT TERM NEG BAL RECLASS	3,556	26,035	(22,479)
143100 A/R PEOPLESOFT SUBLEDGER	794,154	0	794,154
143899 A/R THIRD PARTY BILLING	248,719	249,712	(993)
OTHER ACCTS RECVBL OTHER ACCOUNTS RECEIVABLE	1,596,225	818,934	777,291
144000 ACCUM PROV FOR UNCOLL ACCTS	(197,945)	(183,817)	(14,128)
ACCUM PROV-UNCOLL ACCUM PROV FOR UNCOLLECTIBLE	(197,945)	(183,817)	(14,128)
145000 I/C NOTES RECEIVABLE FROM UMP	0	3,437,932	(3,437,932)
145100 I/C INTEREST REC FROM UMP	0	29,684	(29,684)
NOTES REC INTER CO NOTES RECEIVABLE INTER COMPANY	0	3,467,616	(3,467,616)
146000 I/C ACCOUNTS RECEIVABLE	1,511,039	3,386,941	(1,875,903)
ACCTS REC INTER CO ACCTS RECEIVABLE INTER COMPANY	1,511,039	3,386,941	(1,875,903)
154000 MATERIALS AND SUPPLIES GENERAL	2,318,218	2,221,317	96,901
154003 INVENTORY MANUAL	73,187	87,615	(14,427)
154007 INVENTORY-TRANSFERS IN TRANSIT	52	194	(142)
PLANT MATERIAL & OP PLANT MATERIALS & OP SUPPLIES	2,391,457	2,309,126	82,331
163000 STORES EXPENSE UNDISTRIBUTED-	472,830	412,425	60,405
STORES EXP UNDIST STORES EXPENSE UNDISTRIBUTED	472,830	412,425	60,405
164100 GAS STORED UNDERGROUND-	(376,238)	(497,544)	121,306
164110 GAS STORED UNDERGROUND	3,321,804	3,942,063	(620,259)
GAS STORED UG CRNT GAS STORED UNDERGROUND CRNT	2,945,566	3,444,519	(498,953)
165002 PREPAID INSURANCE	63,332	36,135	27,197
165012 PREPAID OTHR	(0)	75	(75)
165020 PREPAID DUES AND SUBSCRIPTIONS	(0)	12,188	(12,188)
165180 PREPAID STATE TAXES	2	2	0
PREPAYMENTS	63,334	48,400	14,934
173000 ACCRUED UNBILLED REVENUES	12,474,236	10,972,416	1,501,820
ACCD UTILITY REVENUE ACCRUED UTILITY REVENUES	12,474,236	10,972,416	1,501,820
TTL CURRENT & ACCRUED ASSETS	32,351,137	35,194,315	(2,843,179)
DEFERRED DEBITS:			
191589 REG ASSET GCA 2021 STORM LT	23,237,432	41,544,558	(18,307,125)
182300 REG ASSET OTHER	666,469	591,890	74,579
182315 REG ASSET RETIREE HC	430,600	532,844	(102,244)
182316 REG ASSET PENSION	4,182,821	4,152,838	29,983
182336 REG ASSET VOL RENEW NAT GAS	56,029	2,041	53,988
182361 REG ASSET ST RECLASS	6,419,392	3,847,918	2,571,475
182375 REG ASSET LT OTHER INC TAX	700,441	1,015,278	(314,837)
182390 REG ASSET AFUDC	(3)	0	(3)
OTHER REG ASSETS OTHER REGULATORY ASSETS	35,693,181	51,687,366	(15,994,185)

Account Description	Y2024	Y2023	Change from Prior Year End
184599	57	0	57
184000 FLEET/TRANSPORTATION CLEARING	64,397	77,654	(13,256)
184001 ADMIN & GENERAL CLEARING	(2,166)	(115,366)	113,200
184003 FIELD ENGINEERING CLEARING	310,763	59,817	250,946
184040 CIS+ TRANSACTION CLEARING	4,675	0	4,675
CLEARING ACCOUNTS	377,727	22,105	355,622
186400 VEBA LT ASSET	322,927	220,683	102,243
186002 DEFERRED RATE CASE EXPENSES	2,189	0	2,189
MISC DEFERRED DEBITS	325,116	220,683	104,432
190300 Deferred Tax Asset - Include	5,065,010	5,646,532	(581,522)
190301 Deferred Tax Asset - Exclude	19,181,904	20,226,074	(1,044,170)
190998 DEF TAX ASSET LT ST FERC	70,192	84,239	(14,047)
ACCUM DEF INC TAXES ACCUM DEFERRED INCOME TAXES	24,317,106	25,956,845	(1,639,739)
191542 REG ASSET GCA 2021 STORM	21,449,937	19,941,388	1,508,550
191100 UNREC PGA ACT-GEN SYSTEM REAL	3,332,970	12,274,124	(8,941,154)
191300 UNREC PGA CST UNBILLED	(8,157,624)	(6,850,731)	(1,306,894)
191540 REG ASST GCA ACTUAL	1,298,986	(7,540,891)	8,839,877
191541 UNREC PGA CST PND KS	(0)	(0)	0
191549 UNREC PGA CAPACITY RELEASE	(424,753)	(471,137)	46,384
191560 UNREC PGA CAP REL-SH SHAREDREV	212,377	235,568	(23,192)
191600 REG ASST GCA MTHLY ACCRUAL	3,738,045	2,353,067	1,384,978
UNREC PURCH GAS UNRECOVERED PURCHASED GAS	21,449,937	19,941,388	1,508,550
DEFERRED DEBITS	82,163,067	97,828,387	(15,665,320)
 TOTAL_SUSPENSE_ACCTS	 (17)	 69	 (86)
 TOTAL ASSETS AND OTHER DEBITS:	 461,947,193	 459,458,387	 2,488,806
 LIABILITIES AND SHAREHOLDERS EQUITY:			
PROPRIETARY CAPITAL:			
211001 ADDL PAID IN CAPITAL	124,514,021	110,514,021	14,000,000
OTH PAID IN CAPITAL OTHER PAID IN CAPITAL	124,514,021	110,514,021	14,000,000
216000 RETAINED EARNINGS GENERAL	26,142,754	36,174,733	(10,031,979)
216020 CUM EFFECT ACCOUNTING ADJ	(45,303)	(45,303)	0
216999 GAAP TO FERC RETAINED EARNINGS	(124,224)	(124,224)	0
RETAINED EARNINGS	25,973,228	36,005,207	(10,031,979)
TOTAL PROPRIETARY CAPITAL	150,487,249	146,519,228	3,968,021
 LONG-TERM DEBT:			
TOTAL LONG TERM DEBT	0	0	0
 OTHER NON-CURRENT LIABILITIES:			
227100 OPERATING LEASE OBLIGATIONS	11,027	83,518	(72,491)
OBLIG UNDR CAP LEASE OBLIGATION UNDER CAPITAL LEASE	11,027	83,518	(72,491)
228202 RESERVE WORKERS' COMPENSATION	373,250	350,330	22,920
228204 RESERVE MEDICAL	163,211	128,568	34,643
ACCUM PROV INJRY DAM ACCUM PROV INJURIES & DAMAGES	536,461	478,898	57,563
228302 BENEFITS ACCRUAL PENSION	2,308,763	2,202,491	106,272
228400 BENEFITS ACCRUAL VEBA	0	(0)	0
ACCUM PROV PEN & BEN ACCUM PROV PENSIONS & BENFITS	2,308,763	2,202,491	106,272
229002 RIDER REFUNDS	638,550	901,483	(262,933)
ACCUM PROV RATE RFND ACCUM PROV FOR RATE REFUNDS	638,550	901,483	(262,933)
TTL OTR NONCRNT LIAB TTL OTHER NONCRNT LIABILITIES	3,494,802	3,666,390	(171,589)

Account Description
CURRENT AND ACCRUED LIABILITIES:

	Y2024	Y2023	Change from Prior Year End
232000 AP PEOPLESFT SUBLEDGER	833,422	883,490	(50,068)
232001 A/P INVENTORY ACCRUAL	79,774	0	79,774
232005 A/P PO ACCRUAL	2,442	532	1,909
232006 A/P GAS PURCHASES ESTIMATED	9,431,495	6,815,579	2,615,916
232009 A/P MANUAL	1,729,243	1,508,061	221,182
232014 A/P WH FLEX 125 DEPENDENT	1,156	2,162	(1,006)
232016 A/P WH HEALTH INSURANCE	15,983	31,100	(15,116)
232017 A/P WH PAC	13	28	(15)
232021 A/P WH EMPL DONATIONS	513	1,239	(725)
232022 A/P WH GARNISHMENTS	1,281	2,847	(1,565)
232023 A/P WH LIFE INSURANCE	3,021	6,767	(3,746)
232025 A/P CO FMLI	559	0	559
232999 A/P OTHER	0	6,450	(6,450)
ACCTS PAYABLE ACCOUNTS PAYABLE	12,098,903	9,258,255	2,840,648
233000 I/C NOTES PAYABLE TO UMP	8,800,383	0	8,800,383
233053 I/C NOTES PAYABLE AFFILIATE	171,000,000	168,900,000	2,100,000
233100 I/C INTEREST PAYABLE TO UMP	23,473	0	23,473
233153 I/C INTEREST PAYABLE AFFILIATE	657,267	526,172	131,095
NOTE PAY INTER CO NOTES PAYABLE INTER COMPANY	180,481,123	169,426,172	11,054,951
234000 I/C ACCOUNTS PAYABLE	17,520,370	19,182,809	(1,662,439)
ACCT PAY INTER CO ACCOUNTS PAYABLE INTER COMPANY	17,520,370	19,182,809	(1,662,439)
235000 CUSTOMER DEPOSITS-	1,122,564	1,107,871	14,692
CUSTOMER DEPOSITS	1,122,564	1,107,871	14,692
236000 ACCRUED INCOME TAXES FEDERAL	4	5	(0)
236001 ACCRUED INCOME TAXES STATE	0	0	0
236003 ACCRUED TAXES SALES/USE	36,354	1,603	34,751
236004 ACCRUED PROPERTY TAXES	3,618,569	3,377,926	240,643
236010 ACCRUED FICA TAX EMPLOYER	99,092	91,148	7,944
236011 ACCRUED FUTA TAX	16	0	16
236012 ACCRUED SUTA TAX	37	0	37
TAXES ACCRUED	3,754,073	3,470,682	283,391
237000 ACCRUED INT LONG TERM DEB	0	0	0
237002 ACCRUED INT CUSTOMER DEPO	0	0	0
INTEREST ACCRUED	0	0	0
241000 FICA WITHHOLDING TAXES PAYABLE	22,729	15,595	7,134
241001 FEDERAL WITHHOLDING TAXES PAYB	29,209	22,584	6,625
241002 TAX COLLECTION PAY CITY FRANCH	910,180	884,737	25,442
241004 STATE SALES AND USE TAX	520,932	457,451	63,481
241006 STATE WITHHOLDING TAXES PAYABL	13,460	9,420	4,041
TAX COLLECTED PAY TAX COLLECTIONS PAYABLE	1,496,510	1,389,787	106,723
242998 CIS+ CUSTOMER ACCTS W CR BAL	1,837,666	3,064,325	(1,226,659)
242003 ACCRUED BENEFITS COMP ABSENCES	645,467	585,887	59,580
242013 ACCRUED BENEFITS 401K	107,672	174,145	(66,473)
242019 ACCRUED ENERGY AID ASSISTANCE	28,466	28,745	(279)
242020 ACCRUED CUSTOMER IMBALANCES	0	0	0
242028 ACCRD UNCL CHECKS/ESCHEATS	13,698	167	13,531
242041 ACCRUED INCENTIVE	998,782	989,021	9,762
242045 ACCRUED PAYROLL	207,058	443,286	(236,228)
242046 ACCRUED EE REIMBURSED EXP	8,260	41,182	(32,922)
242500 ACCRUED LONG TERM LIABILITIES	210,503	165,523	44,981
242999 ACCRUED OTHER	238,150	310,579	(72,429)
MISC CRNT ACCD LIAB MISC CURRENT & ACCRUED LIAB	4,295,723	5,802,859	(1,507,136)
243100 OPERATING LEASE OBLIGATION - ST	17,558	15,220	2,338

Account Description	Y2024	Y2023	Change from Prior Year End
OBLIG CAP LEASE CRNT OBLIG UNDER CAP LEASE CURRENT	17,558	15,220	2,338
TOTAL CURRENT & ACCRUED LIAB	<u>220,786,824</u>	<u>209,653,655</u>	<u>11,133,169</u>
DEFERRED CREDITS:			
252000 CUSTOMER ADVANCES FOR CONST	506,945	505,172	1,774
252001 CUST ADVANCE FOR CONST CURRENT	0	1,302	(1,302)
CUST ADV FOR CONSTR CUSTOMER ADVANCE CONSTRUCTION	506,945	506,474	471
253700 OTH DEF CR ENERGY ASST PRGM	426,655	968,469	(541,814)
253999 OTH DEF CR OTHER	250,500	250,500	0
OTH DEFERRED CREDITS OTHER DEFERRED CREDITS	677,155	1,218,969	(541,814)
254998 SVC CO REG LIAB EXCESS DEFTX	331,942	398,235	(66,292)
254000 REG LIAB OTHER LT	2,338,163	3,440,964	(1,102,801)
254004 REG LIAB ACL PIPE REPL RIDR KS	0	0	0
254015 REG LIAB FLOWBACK EXCESS DEFTX	11,328,501	14,212,356	(2,883,855)
254020 REG LIAB PGA CR BAL RECLASS	3,332,970	12,274,124	(8,941,154)
254100 REG LIAB LT RETIREE HC INC TAX	114,463	141,642	(27,179)
254200 REG LIABILITY LT PENSION INC TAX	1,111,889	1,103,919	7,970
254386 REG LIAB RETIREE MED TRACKER	296,826	378,411	(81,586)
OTH REGULATORY LIAB OTHER REGULATORY LIABILITIES	18,854,754	31,949,651	(13,094,897)
282300 Deferred Tax Liability Property - Include	44,380,262	39,110,356	5,269,906
282301 Deferred Tax Liability Property - Exclude	(351,241)	(367,715)	16,474
282302 Deferred Tax Liability Property - Flow Through	(2)	0	(2)
282998 GAAP TO FERC-DEFTAX-ACCEL DEPR	1,311,554	1,438,531	(126,977)
ACCUM DEF INC TAX PR ACCUM DEF INCOME TAXES PROPTY	45,340,573	40,181,172	5,159,401
283300 Deferred Tax Liability - Include	171,986	168,406	3,580
283301 Deferred Tax Liability - Exclude	11,138,735	15,148,761	(4,010,026)
283302 Deferred Tax Liability - Flow through	(1)	0	(1)
283998 GAAP TO FERC-DEF TAX LT LIAB	177,660	177,660	0
ACCUM DEF INC TAX OT ACCUM DEF INCOME TAX OTHER	11,488,380	15,494,827	(4,006,446)
TOTAL DEFERRED CREDITS	<u>76,867,808</u>	<u>89,351,092</u>	<u>(12,483,285)</u>
UNDIST YTD NET INCOME	10,310,511	10,268,021	42,490
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY:	<u>461,947,193</u>	<u>459,458,387</u>	<u>2,488,806</u>
Balance Sheet Tie Out (Assets=Liabilities)	0	0	0

Income Statement - FERC Reporting Acct Detail

December 2024 Actuals Pages for CM, QTD & YTD

Business Unit: BH KANSAS GAS UTILITY CO LLC

Run For: All Products, All Resource Codes, All Allocation Types
Y-T-D(Dec)

	Year-To-Date	Year-To-Date	Year-To-Date
	2024	2023	Variance
480000 RESIDENTIAL GAS SALES	74,954,867	98,220,437	(23,265,570)
480001 RESIDENTIAL UNBILLED GAS	911,729	(7,496,860)	8,408,589
480005 RESIDENTIAL GAS ALT REV	2,018,577	964,178	1,054,399
481000 COMMERCIAL FIRM GAS REVENUE	26,364,964	37,600,141	(11,235,177)
481001 COMMERCIAL FIRM UNBIL GAS REV	371,680	(3,302,261)	3,673,941
481005 COMMERCIAL GAS ALT REV	425,628	202,416	223,212
481010 COMMERCIAL INTERR GAS REVENUE	513,067	985,220	(472,153)
481100 INDUSTRIAL FIRM GAS REVENUE	426,853	578,086	(151,233)
481101 INDUSTRIAL FIRM UNBIL GAS REV	2,701	(304,511)	307,212
481105 INDUSTRIAL GAS ALT REV	3,676	342	3,334
481110 INDUSTRIAL INTERR GAS REVENUE	7,481,902	12,406,804	(4,924,902)
487000 FORFEITED DISC/LATE PMT GAS	327,626	329,157	(1,531)
488000 MISC SERVICE REV GAS	651,820	679,991	(28,171)
489301 COMM FIRM TRANSPORT REV-DISTRB	3,322,041	4,939,153	(1,617,112)
489302 IND FIRM TRANSPORT REV-DISTRB	881,786	1,052,299	(170,513)
489303 COMM INTER TRANSPRT REV-DISTRB	1,566,382	389,793	1,176,589
489304 IND INTER TRANSPRT REV-DISTRB	4,749,261	4,089,861	659,400
489305 UNBILLED TRANSPORT REV-DISTRB	215,711	(16,361)	232,072
496000 PROVISION FOR RATE REFUNDS	-	(901,483)	901,483
495000 Other Revenue And Royalties	-	100	(100)
TOTAL OPERATING REVENUE	125,190,270	150,416,501	(25,226,231)
850000 TRANS OPS SUPERV & ENG	151,912	336,641	(184,729)
851000 TRANS SYS CONTR & LOAD DISPATC	3,978	-	3,978
856000 TRANS MAINS EXPENSE	108,801	103,365	5,436
857000 TRANS MEAS & REGUL STATION EXP	9,682	6,444	3,238
870000 DIST OPS SUPERVISION AND ENGIN	1,562,328	1,889,321	(326,993)
874002 ROUTINE LEAK SURV MAINS & SVCS	546,422	651,863	(105,441)
874001 PERF DISTRIB MAIN LOCATES-GAS	1,705,644	1,745,728	(40,084)
874000 OPER/INSPECT UG DIST MAINS-GAS	775,543	791,283	(15,740)
875001 OPERATE/INSPECT FARM TAPS(O&M)	113,207	129,464	(16,257)
877000 DIST MEAS & REG STAT - CITY GA	86,583	154,975	(68,391)
876000 DIST MEAS & REG STAT - INDUS	31,085	17,733	13,352
875000 DIST MEAS & REG STAT - GENERAL	336,850	207,124	129,726
878001 PERF CONNECTS/DISCON/RECON-GAS	462,344	461,123	1,222
878000 OPER/INSP MTRS COLLECT DATAGAS	427,932	258,709	169,223
871000 DIST LOAD DISPATCHING	1,222	36	1,186
879000 DIST CUSTOMER INSTALLATIONS	563,665	562,279	1,386
881000 DIST OPER RENTS	15,327	19,687	(4,360)
880001 CO USED GAS O&M OFFSET	17,921	42,724	(24,804)
880000 DIST OPS OTHER EXPENSE	1,736,320	1,885,051	(148,731)
873000 DISTR FUEL/POWER COMPR STATION	-	61	(61)
872000 DIST COMPR STAT LABR & EXP	-	514	(514)
852000 COMMUNICATION SYS EXP	1,222	705	517
859000 OTHER TRANS OPS EXP	223,916	130,584	93,332

860000 TRANSM RENT	21,028	17,375	3,653
804000 NATURAL GAS CITY GATE PURCHASE	54,690,203	55,712,693	(1,022,490)
805000 OTHER GAS PURCHASES	(4,348)	13,522	(17,870)
805001 COST OF UNBILLED REVENUE	1,306,894	(10,477,250)	11,784,144
805100 PURCHASED GAS COST ADJUSTMENTS	4,706,609	38,101,351	(33,394,742)
805200 FINANCIAL GAS COST ADJ	(1,573,445)	(2,167,462)	594,017
808100 GAS WITHDRAWN FROM STORAGE DR	5,293,167	11,342,571	(6,049,404)
808200 GAS DELIVERED TO STORAGE CR	(4,794,214)	(5,511,903)	717,689
812000 GAS USED FOR OTHER UTILITY OPS	(15,880)	(37,723)	21,844
813000 OTHER GAS SUPPLY EXPENSES	198	8,261	(8,063)
TOTAL ELECTRIC/GAS OPERATING EXPENSE	68,512,116	96,396,847	(27,884,731)
901000 CUST ACCTS SUPERVISION	193,926	210,890	(16,964)
902000 READ METERS	386,382	361,170	25,212
903000 CUST ACCTS RECORDS & COLLECTIO	2,349,889	2,429,936	(80,046)
904000 UNCOLLECTIBLE ACCOUNTS	661,996	634,477	27,519
905000 MISC CUSTOMER ACCOUNTS	61,381	48,608	12,773
907000 CUSTOMER SERVICE SUPERVISION	51,180	68,508	(17,329)
908000 CUSTOMER ASSISTANCE EXP	126,442	144,026	(17,584)
909000 INFORMATIONAL & INSTRUCT ADS	3,176	61,545	(58,369)
910000 MISC CUST SERVICE & INFO	398	89	309
912000 SALES DEMONSTRATING & SELLING	192,021	199,204	(7,182)
911000 SALES SUPERVERION	-	88	(88)
916000 MISCELLANEOUS SALES EXPENSES	4,699	-	4,699
913000 SALES ADVERTISING EXPENSES	30,514	16,024	14,489
920001 COMP ABS FLOAT ADJ	166	250	(84)
920000 ADMIN AND GENERAL SALARIES	11,513,523	11,502,261	11,262
920999 LABOR OVERHEAD OFFSET	(5,223,510)	(4,920,887)	(302,623)
921000 OFFICE SUPPLIES & EXPENSE	1,753,642	1,676,946	76,696
922000 ADMIN EXP TRANS CREDIT	(1,539,422)	(1,456,224)	(83,198)
923000 OUTSIDE SERVICES	860,834	1,167,500	(306,667)
924000 PROPERTY INSURANCE	28,161	14,869	13,292
925000 INJURIES AND DAMAGES	1,080,936	598,769	482,167
926000 EMPLOYEE PENSIONS & BENEFITS	5,457,576	6,431,739	(974,163)
926040 EMPLOYEE PENSIONS/BEN NON SEVC	570,401	573,148	(2,747)
926949 Ben Non SevC Loading Offset	(162,116)	(173,688)	11,572
926999 BENEFIT OVERHEAD OFFSET	(3,262,823)	(3,807,422)	544,599
928000 REGULATORY COMMISSION EXP	307,841	340,338	(32,497)
930100 GENERAL ADVERTISING	86,006	49,740	36,267
930101 GENERAL ADVERT-SAFETY	-	196	(196)
930102 GENERAL ADVERT-CUSTOMER BENE	-	4,662	(4,662)
930200 MISCELLANEOUS GENERAL EXP	280,946	87,450	193,496
930299 GAAP TO FERC BANK FEES	112,882	109,064	3,818
931000 A & G RENTS	(169,756)	(171,979)	2,223
931001 I/C RENT EXPENSE	947,400	973,656	(26,257)
TOTAL A&G & OTHER EXPENSES	16,704,691	17,174,953	(470,262)
TOTAL OPERATING EXPENSE	85,216,807	113,571,800	(28,354,993)
862000 MNT STRUCTURES & IMPRVMTS	3,020	928	2,091
863000 TRANS MAINT OF MAINS	1,159	15,996	(14,837)
864000 MNT COMPR STAT EQUIP	556	-	556
865000 TRANS MNT MEAS & REG STAT EQU	2,602	-	2,602
866000 MNT COMM EQUIP	4,722	-	4,722
867000 TRANS MAINT OF OTHER EQUIP	-	-	-
861000 TRANS MAINT SUPERV & ENGIN	23,634	27,188	(3,554)

888000 DIST MAINT COMPR STATION EQUIP	72,586	55,075	17,511
885000 DIST MAINT SUPER & ENG	77,234	84,528	(7,294)
889001 MAINTAIN FARM TAPS (O&M)	583	2,572	(1,989)
891000 DS MNT MS & REG STAT EQ-CITY G	269,783	308,190	(38,407)
890000 DS MNT MEAS & REG STAT EQ-IND	49,256	99,308	(50,052)
889000 DS MNT MEAS & REG STAT EQ-GEN	165,219	138,047	27,172
894000 DIST MAINT OF OTHER EQUIP	109,678	22,323	87,355
892000 DIST MAINT OF SERVICES	296,881	334,960	(38,079)
887001 PERFMINT_3RDPRTYDMG-UGDISTGAS	(13,408)	945	(14,353)
887000 PERF UG DISTRIB LINE MAINT-GAS	820,980	831,917	(10,937)
886000 DIST MAINT STRUCT & IMPROVE	-	-	-
893000 DIST MAINT METERS & HSE REGS	496,860	617,799	(120,938)
TOTAL MAINTENANCE EXPENSES	2,381,345	2,539,777	(158,432)
932000 MAINTENANCE GENERAL PLANT GAS	1,779,163	1,505,551	273,612
935000 MAINTENANCE GENERAL PLANT	-	-	-
TOTAL A&G MAINTENANCE EXPENSES	1,779,163	1,505,551	273,612
TOTAL MAINTENANCE EXPENSE	4,160,508	4,045,328	115,180
403000 DEPRECIATION	11,711,340	11,141,213	570,126
403200 DEPREC EXP CAP LEASE	2,218	5,056	(2,838)
403340 DEPRECIATION NONREG	(19,935)	(23,025)	3,090
DEPREC EXPENSE DEPRECIATION EXPENSE	11,693,622	11,123,244	570,378
404003 AMORT-CCA ELEC PLANT	-	-	-
404303 AMORT-CCA GAS PLANT	213,633	114,999	98,634
405000 AMORTIZATION EXPENSE	102,777	99,217	3,560
AMORT & DEPL UTILITY AMORT & DEPL OF UTILITY PLANT	316,409	214,216	102,194
408100 Taxes Oth-Than Income Taxes	2,519,336	2,543,952	(24,616)
408130 TOTI-PROPERTY TAXES	6,670,284	5,893,705	776,579
408199 TAXES OTI CAPITAL OFFSET	(1,514,951)	(1,560,424)	45,472
TAXES OTHER THAN INC TAXES OTHER THAN INCOME	7,674,669	6,877,233	797,436
409100 CURRENT FED INC TAX	(651,235)	1,073,025	(1,724,260)
INC TAXES FEDERAL INCOME TAXES FEDERAL	(651,235)	1,073,025	(1,724,260)
409101 CURRENT STATE INC TAX	-	196,535	(196,535)
INC TAXES OTHER INCOME TAXES OTHER	-	196,535	(196,535)
410997 SVC CO DEF FED & ST INC TAX EXP	-	41,272	(41,272)
410101 DEFERRED CURRENT STATE INC TAX	288,496	122,621	165,875
410100 DEFERRED CURRENT FED INC TAX	14,670,453	11,656,589	3,013,864
PROV DEF INC TAX PROVISION FOR DEF INCOME TAX	14,958,949	11,820,482	3,138,466
411997 SVC CO DEF FED & ST INC TAX EX	-	(196,535)	196,535
411101 DEF INC TAX ST CR OPERATING	(1,477,455)	(1,311,551)	(165,903)
411100 DEF INC TAX FED CR OPERATING	(13,343,317)	(12,425,700)	(917,617)
LESS PROV DEF INC TX LESS PROV DEF INCOME TAX CRED	(14,820,772)	(13,933,786)	(886,985)
OTHER OPERATING EXPENSES	19,171,642	17,370,947	1,800,695
TOTAL UTILITY OPERATING EXPENS	108,548,957	134,988,075	(26,439,118)
NET UTILITY OPERATING INCOME	16,641,313	15,428,426	1,212,887
415000 MERCHANDISE REVENUES	1,428,292	1,346,904	81,387
415100 REV P&S APPL REP CONTRACT	4,553	5,185	(632)

415101 REV P&S COMFORT PLAN	2,500,567	2,571,642	(71,076)
415103 REV P&S - HOMESERVE	104,267	41,313	62,954
415300 REV P&S - T&M REPAIRS	9,089	19,868	(10,779)
REV MERCH JOBBING REVENUE MERCH JOBBING CONTRACT	4,046,768	3,984,913	61,855
416000 EXP MERCH JOBBING & CONTRACT	750,952	770,116	(19,164)
416100 COGS P&S - APPL REP CONTRACT	83,834	106,245	(22,411)
416101 COGS P&S - COMFORT PLAN	512,847	553,964	(41,117)
416103 COGS P&S - HOMESERVE	2,920	8,537	(5,617)
416300 COGS P&S - T&M REPAIRS	14,642	19,500	(4,858)
416800 O&M P&S EXPENSES	78,407	93,212	(14,805)
LESS COST & EXP MERC LESS COST & EXPENSE MERCH JOB	1,443,602	1,551,573	(107,971)
417000 NONUTILITY REVENUES	(400)	8,171	(8,571)
417057 OTHER REVENUE AND ROYALTIES NR	1,156,224	1,209,642	(53,418)
REV NON UTILITY OPS REVENUE NON UTILITY OPERATIONS	1,155,824	1,217,813	(61,989)
417100 NONUTILITY EXPENSES - COS	234,442	251,704	(17,262)
417101 NONUTILITY EXP - OTHER O&M	41,568	52,454	(10,886)
417158 NONUTILITY OPS EXPENSE OTHER	53,786	63,299	(9,513)
417162 ADMIN AND GEN-EMPL BENEFITS	504	1,612	(1,107)
417180 NONUTILITY DEPRECIATION EXP	49,314	50,237	(923)
417806 LEASE OPERATING EXP	-	88	(88)
NON-REG EXPENSES	-	88	(88)
LESS EXP NON UTILITY LESS EXPENSE NON UTILITY OPS	379,614	419,394	(39,780)
419000 INTEREST INCOME - 3RD PARTY	7,423	24,260	(16,837)
419050 I/C INTEREST INCOME FROM UMP	137,042	453,879	(316,837)
419053 I/C UMP INT INC FROM AFFILIATE	244,445	528,143	(283,699)
INT & DIVIDEND INC INTEREST & DIVIDEND INCOME	388,909	1,006,282	(617,373)
421000 Misc Nonoperating Income	17,791	37,416	(19,626)
MISC NON OP INCOME MISC NON OPERATING INCOME	17,791	37,416	(19,626)
421197 GAIN/LOSS ON LEASE	0	-	0
421198 O&M GAIN ON SALE OF ASSET OP	-	-	-
GAIN DISPO PROPERTY GAIN ON DISPOSITION PROPERTY	0	-	0
TOTAL OTHER INCOME	3,786,075	4,275,457	(489,382)
426100 MISC NONOPER DONATIONS	100,758	103,676	(2,918)
DONATIONS	100,758	103,676	(2,918)
426300 MISC NONOPER PENALTIES	5,051	174	4,877
PENALTIES	5,051	174	4,877
426400 MISC NONOPER CIVIC & POLITICAL	28,794	50,395	(21,601)
EXP CIVIC POLITICAL EXP CIVIC POLITICAL & RELATED	28,794	50,395	(21,601)
426500 MISC NONOPER OTHER	92,770	107,865	(15,095)
426501 MISC OPERATING	-	-	-
OTHER DEDUCTIONS	92,770	107,865	(15,095)
TTL OTH INC DEDUCT TOTAL OTHER INCOME DEDUCTIONS	227,372	262,110	(34,738)
408200 TAXES OTHR TN INCTAX NON UTIL	85,603	87,314	(1,711)
TAXES OTHER TAXES ON OTHER INCOME	85,603	87,314	(1,711)
409200 CURR INC TAX FED NONOPERATING	422,575	385,073	37,502
INC TAX FED OTHER FED INC TAX OTHER INC DED	422,575	385,073	37,502
TAXES OTH INC & DED TAXES OTHER INCOME & DEDUCTION	508,178	472,387	35,791
NET OTH INC & DED NET OTHER INCOME & DEDUCTIONS	3,050,525	3,540,960	(490,435)
TOTAL OTHER INCOME & DEDUCTIONS	3,050,525	3,540,960	(490,435)
430000 I/C INTEREST EXPENSE TO UMP	198,404	(106)	198,509
430002 I/C INT EXP ALLOC FROM BHSC	1,009,350	1,017,131	(7,782)
430003 I/C UMP INT EXP TO AFFILIATE	248,006	527,769	(279,763)
430005 I/C INTEREST EXPENSE AFFILIATE	7,095,591	6,196,125	899,466

430006 I/C ALLOCATED INTEREST EXPENSE	1,080,506	1,166,924	(86,418)
430200 I/C INTEREST EXT CAP LEASE	1	28	(27)
430999 GAAP TO FERC - BANK FEES	(112,882)	(109,064)	(3,818)
INT DEBT ASSOC COMP INTEREST ON DEBT ASSOC COMPANY	9,518,975	8,798,808	720,167
431000 INTEREST EXPENSE - 3RD PARTY	33,662	28,638	5,024
431001 INTEREST ON CUSTOMER DEPOSITS	57,403	48,649	8,754
431500 CAPITALIZED INTEREST	(42,673)	(69,589)	26,917
OTH INTEREST EXPENSE OTHER INTEREST EXPENSE	48,392	7,698	40,694
432000 AFUDC DEBT	(186,040)	(105,140)	(80,900)
LESS AFUDC BORROWED	(186,040)	(105,140)	(80,900)
NET INTEREST CHRGS NET INTEREST CHARGES	9,381,328	8,701,366	679,962
NET INTEREST CHARGES	9,381,328	8,701,366	679,962
NI BEFORE EXTRAORDINARY ITEMS	10,310,511	10,268,021	42,490
EXTRAORDINARY ITEMS	-	-	-
TOTAL NET INCOME	10,310,511	10,268,021	42,490

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota IRS Identification Number 46-0458824

**7001 Mount Rushmore Road
Rapid City, South Dakota 57702**

Registrant's telephone number (605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock of \$1.00 par value	BKH	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter, June 28, 2024, was \$3,763,633,082

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at January 31, 2025</u>
Common stock, \$1.00 par value	71,617,490 shares

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2025 Annual Meeting of Stockholders to be held on April 23, 2025, are incorporated by reference in Part III of this Form 10-K.

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

10-K

	December 31, 2024	December 31, 2023	December 31, 2022
	(in millions, except per share amounts)		
Revenue	\$ 2,127.7	\$ 2,331.3	\$ 2,551.8
Operating expenses:			
Fuel, purchased power and cost of natural gas sold	730.3	982.9	1,230.6
Operations and maintenance	557.0	552.0	548.4
Depreciation and amortization	270.1	256.8	250.9
Taxes other than income taxes	67.2	66.9	66.7
Total operating expenses	1,624.6	1,858.6	2,096.6
Operating income	503.1	472.7	455.2
Other income (expense):			
Interest expense incurred net of amounts capitalized	(195.2)	(180.0)	(162.6)
Interest income	13.5	12.1	1.6
Other income (expense), net	(1.4)	(3.2)	1.8
Total other income (expense)	(183.1)	(171.1)	(159.2)
Income before income taxes	320.0	301.6	296.0
Income tax (expense)	(36.3)	(25.6)	(25.2)
Net income	283.7	276.0	270.8
Net income attributable to non-controlling interest	(10.6)	(13.8)	(12.4)
Net income available for common stock	273.1	\$ 262.2	\$ 258.4
Earnings per share of common stock:			
Earnings per share, Basic	3.91	3.91	\$ 3.98
Earnings per share, Diluted	3.91	3.91	\$ 3.97
Weighted average common shares outstanding:			
Basic	69.8	67.0	64.9
Diluted	69.9	67.1	65.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended	December 31, 2024	December 31, 2023	December 31, 2022
	(in millions)		
Net income	\$ 283.7	\$ 276.0	\$ 270.8
Other comprehensive income (loss), net of tax:			
Benefit plan liability adjustments - net gain (loss) (net of tax of \$(0.2), \$0, and \$(1.5), respectively)	0.8	(0.3)	4.6
Reclassification adjustment of benefit plan liability - net loss (net of tax of \$(0.1), \$0, and \$(0.2), respectively)	0.1	0.2	0.5
Reclassification adjustment of benefit plan liability - prior service cost (net of tax of \$0, \$0, and \$0, respectively)	—	—	(0.1)
Derivative instruments designated as cash flow hedges:			
Reclassification of net realized (gains) losses on settled/amortized interest rate swaps (net of tax of \$(0.6), \$(0.7), and \$(0.7), respectively)	2.3	2.2	2.1
Net unrealized gains (losses) on commodity derivatives (net of tax of \$0.1, \$1.1, and \$0.2, respectively)	(0.5)	(3.6)	(0.6)
Reclassification of net realized (gains) losses on settled commodity derivatives (net of tax of \$(0.8), \$(0.7), and \$0.7, respectively)	2.7	2.3	(2.0)
Other comprehensive income (loss), net of tax	5.4	0.8	4.5
Comprehensive income	289.1	276.8	275.3
Less: comprehensive income attributable to non-controlling interest	(10.6)	(13.8)	(12.4)
Comprehensive income available for common stock	\$ 278.5	\$ 263.0	\$ 262.9

See Note 11 for additional disclosures related to Comprehensive Income.

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED BALANCE SHEETS

10-K

	As of	
	December 31, 2024	December 31, 2023
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16.1	\$ 86.6
Restricted cash and equivalents	7.3	6.4
Accounts receivable, net	351.2	350.3
Materials, supplies and fuel	153.9	160.9
Income tax receivable, net	19.8	18.5
Regulatory assets, current	154.8	175.7
Other current assets	39.2	28.2
Total current assets	742.3	826.6
Property, plant and equipment	9,566.5	8,917.2
Less accumulated depreciation and depletion	(1,936.6)	(1,797.9)
Total property, plant and equipment, net	7,629.9	7,119.3
Other assets:		
Goodwill	1,299.5	1,299.5
Intangible assets, net	7.6	8.4
Regulatory assets, non-current	272.9	304.4
Other assets, non-current	70.4	62.2
Total other assets, non-current	1,650.4	1,674.5
TOTAL ASSETS	\$ 10,022.6	\$ 9,620.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Continued)

	As of	
	December 31, 2024	December 31, 2023
	(in millions, except share amounts)	
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 229.1	\$ 186.4
Accrued liabilities	302.2	293.3
Derivative liabilities, current	4.2	6.5
Regulatory liabilities, current	94.1	98.9
Notes payable	133.8	—
Current maturities of long-term debt	—	600.0
Total current liabilities	763.4	1,185.1
Long-term debt, net of current maturities	4,250.2	3,801.2
Deferred credits and other liabilities:		
Deferred income tax liabilities, net	625.1	548.0
Regulatory liabilities, non-current	474.6	467.7
Benefit plan liabilities	122.9	123.9
Other deferred credits and other liabilities	201.2	188.7
Total deferred credits and other liabilities	1,423.8	1,328.3
Commitments, contingencies and guarantees (Note 3)		
Equity:		
Stockholders' equity -		
Common stock \$1.00 par value; 100,000,000 shares authorized; issued: 71,676,756 and 68,265,042, respectively	71.7	68.3
Additional paid-in capital	2,193.4	2,007.7
Retained earnings	1,249.1	1,158.2
Treasury stock at cost - 56,608 and 68,073, respectively	(3.3)	(4.1)
Accumulated other comprehensive income (loss)	(9.4)	(14.8)
Total stockholders' equity	3,501.5	3,215.3
Non-controlling interest	83.7	90.5
Total equity	3,585.2	3,305.8
TOTAL LIABILITIES AND TOTAL EQUITY	\$ 10,022.6	\$ 9,620.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended	December 31, 2024	December 31, 2023	December 31, 2022
	(in millions)		
Operating activities:			
Net income	\$ 283.7	\$ 276.0	\$ 270.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	270.1	256.8	250.9
Deferred financing cost amortization	10.7	10.1	9.8
Stock compensation	10.6	7.0	8.6
Deferred income taxes	52.0	25.4	25.6
Employee benefit plans	11.2	11.5	5.5
Other adjustments, net	(4.1)	2.7	(4.7)
Change in certain operating assets and liabilities:			
Materials, supplies and fuel	13.2	51.4	(75.4)
Accounts receivable and other current assets	(25.7)	204.5	(184.5)
Accounts payable and other current liabilities	28.8	(109.9)	89.4
Regulatory assets	90.0	236.8	203.9
Other operating activities, net	(21.2)	(27.9)	(15.1)
Net cash provided by operating activities	719.3	944.4	584.8
Investing activities:			
Property, plant and equipment additions	(744.2)	(555.6)	(604.4)
Other investing activities	(1.8)	18.9	0.5
Net cash (used in) investing activities	(746.0)	(536.7)	(603.9)
Financing activities:			
Dividends paid on common stock	(182.3)	(168.1)	(156.7)
Common stock issued	181.4	118.3	90.1
Net borrowings (payments) of Revolving Credit Facility and CP Program	133.8	(535.6)	115.4
Long-term debt - issuance	450.0	800.0	—
Long-term debt - repayments	(600.0)	(525.0)	—
Distributions to non-controlling interests	(17.4)	(18.3)	(17.4)
Other financing activities	(8.4)	(13.0)	0.9
Net cash provided by (used in) financing activities	(42.9)	(341.7)	32.3
Net change in cash, restricted cash and cash equivalents	(69.6)	66.0	13.2
Cash, restricted cash and cash equivalents beginning of year	93.0	27.0	13.8
Cash, restricted cash and cash equivalents end of year	\$ 23.4	\$ 93.0	\$ 27.0
Supplemental cash flow information:			
Cash (paid) received during the period:			
Interest (net of amounts capitalized)	\$ (174.4)	\$ (157.3)	\$ (152.5)
Income taxes net of transferred tax credits (Note 15)	\$ 14.4	\$ (1.0)	\$ 0.8
Non-cash investing and financing activities:			
Accrued property, plant and equipment purchases at December 31	\$ 80.2	\$ 52.4	\$ 59.3
Increase in capitalized assets associated with asset retirement obligations	\$ 0.4	\$ 3.8	\$ 14.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

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KSG CONFIDENTIAL PAGES 181-183 – RATING AGENCY METRICS

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**- These Confidential Pages are
subject to the protective order
issued in the proceeding**

Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy (“Applicant”) has designated pages 181 through 183 – Rating Agency Metrics as confidential pursuant to K.S.A. 66-1220a and K.A.R. 82-1-221a in that the Rating Agency Metrics contain confidential information concerning financial and business information that has not been disclosed to the public and disclosure to the public of such information would result in harm to the public interest, generally and which is not otherwise available from public sources.

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BLACK HILLS CORPORATION
LIST OF CREDIT RATING AGENCIES AND EQUITY ANALYST REPORTS RECEIVED
(May 25, 2024 to May 28, 2025)

Bank	Analyst	Date
Bank of America Securities	Ross Fowler	9/12/2024
Bank of America Securities	Ross Fowler	10/4/2024
Bank of America Securities	Ross Fowler	11/7/2024
Bank of America Securities	Ross Fowler	11/13/2024
Bank of America Securities	Ross Fowler	1/8/2025
Bank of America Securities	Ross Fowler	2/12/2025
Bank of America Securities	Ross Fowler	3/25/2025
Bank of America Securities	Ross Fowler	4/29/2025
Bank of America Securities	Ross Fowler	5/15/2025
Bank of America Securities	Ross Fowler	5/8/2025
Bank of America Securities	Ross Fowler	5/20/2025
Mizuho Securities	Anthony Crowdell	5/31/2024
Mizuho Securities	Anthony Crowdell	6/4/2024
Mizuho Securities	Anthony Crowdell	11/10/2024
Mizuho Securities	Anthony Crowdell	11/14/2024
Mizuho Securities	Anthony Crowdell	12/4/2024
Mizuho Securities	Anthony Crowdell	5/9/2025
Mizuho Securities	Anthony Crowdell	5/16/2025
Mizuho Securities	Anthony Crowdell	5/21/2025
RBC Capital Markets	Shelby Tucker	5/30/2024
RBC Capital Markets	Shelby Tucker	6/4/2024
RBC Capital Markets	Shelby Tucker	7/23/2024
RBC Capital Markets	Shelby Tucker	8/5/2024
RBC Capital Markets	Shelby Tucker	10/24/2024
RBC Capital Markets	Shelby Tucker	11/11/2024
RBC Capital Markets	Shelby Tucker	11/14/2024
RBC Capital Markets	Shelby Tucker	11/6/2024
Scotia Howard Weil	Andrew Weisel	5/28/2024
Scotia Howard Weil	Andrew Weisel	7/23/2024
Scotia Howard Weil	Andrew Weisel	8/5/2024
Scotia Howard Weil	Andrew Weisel	8/20/2024
Scotia Howard Weil	Andrew Weisel	10/21/2024
Scotia Howard Weil	Andrew Weisel	11/10/2024
Scotia Howard Weil	Andrew Weisel	11/18/2024
Scotia Howard Weil	Andrew Weisel	1/22/2025
Scotia Howard Weil	Andrew Weisel	2/6/2025
Scotia Howard Weil	Andrew Weisel	4/22/2025
Scotia Howard Weil	Andrew Weisel	5/23/2025
Siebert Williams Shank	Christopher Ellinghaus	10/29/2024
Siebert Williams Shank	Christopher Ellinghaus	11/9/2024
Siebert Williams Shank	Christopher Ellinghaus	3/6/2025
Wells Fargo Capital Markets	Sarah Akers	8/2/2024
Wells Fargo Capital Markets	Sarah Akers	8/30/2024
Wells Fargo Capital Markets	Sarah Akers	9/20/2024
Wells Fargo Capital Markets	Sarah Akers	11/8/2024
Wells Fargo Capital Markets	Sarah Akers	11/14/2024
Wells Fargo Capital Markets	Sarah Akers	12/6/2024
Wells Fargo Capital Markets	Sarah Akers	1/10/2025
Wells Fargo Capital Markets	Sarah Akers	2/6/2025
Wells Fargo Capital Markets	Sarah Akers	3/7/2025
Wells Fargo Capital Markets	Sarah Akers	3/13/2025
Wells Fargo Capital Markets	Sarah Akers	5/9/2025

BLACK HILLS CORPORATION
LIST OF CREDIT RATING AGENCIES AND EQUITY ANALYST REPORTS RECEIVED
(May 25, 2024 to May 28, 2025)

Bank	Analyst	Date
Wells Fargo Capital Markets	Sarah Akers	5/22/2025
BMO	James Thalacker	5/12/2025
BMO	James Thalacker	5/13/2025
BMO	James Thalacker	5/21/2025
Fitch		1/17/2025
Moody's		1/8/2025
Moody's		3/5/2025
S&P		8/30/2024