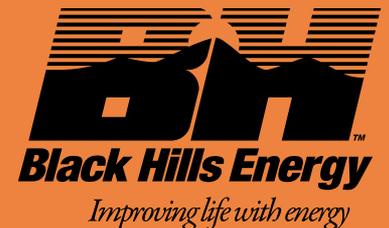


Cheyenne Light 2020 Formula Rate True-Up Meeting

June 11, 2021





Agenda

- Introductions

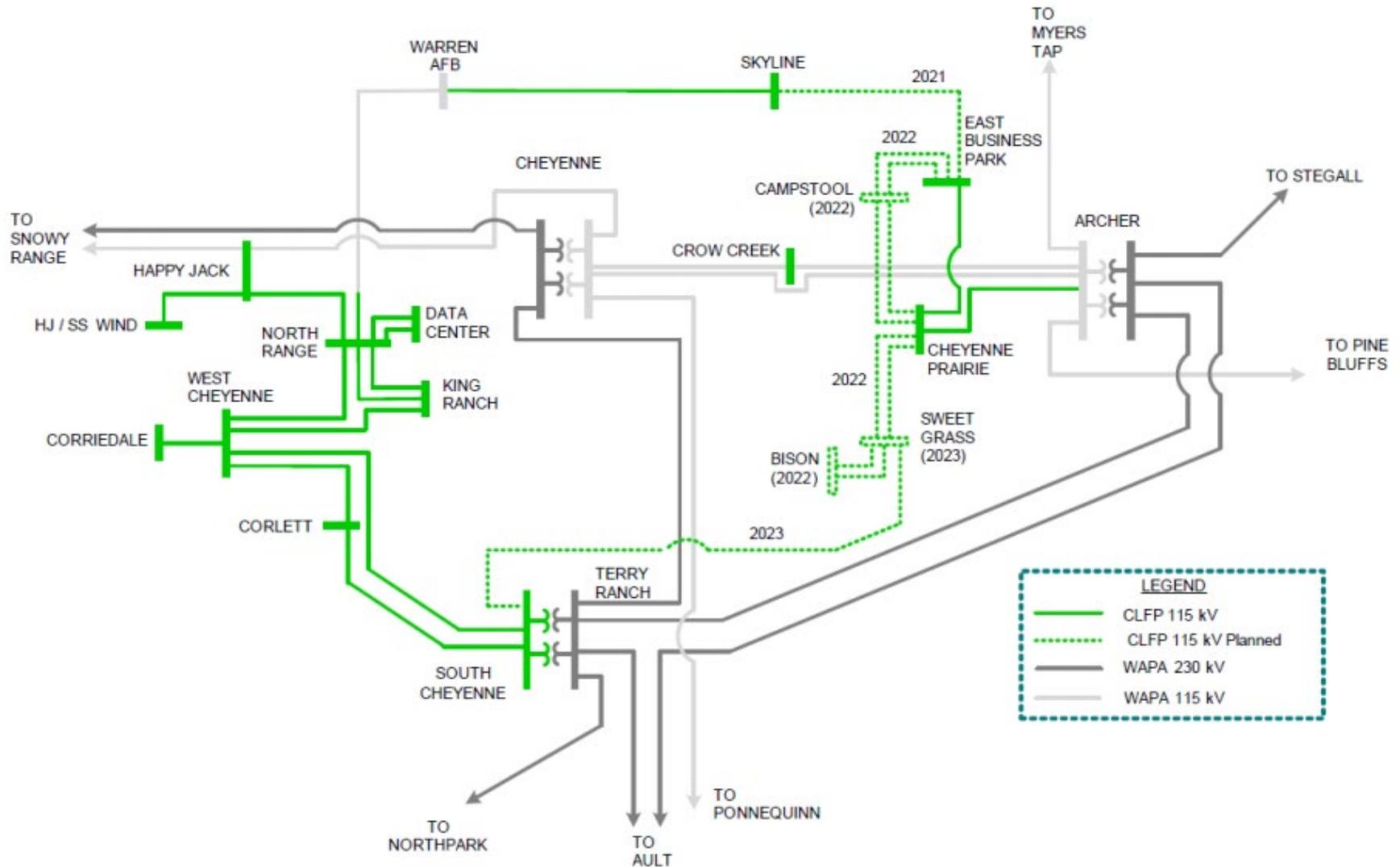
- CLFP Transmission System Overview

- Discuss the 2020 Annual True-Up
 - Summary of Key Drivers
 - 2020 Actual Revenue Requirement
 - Formula Rate Settlement
 - 2020 Projected Revenue Requirement

- Where to Find Information and be Engaged

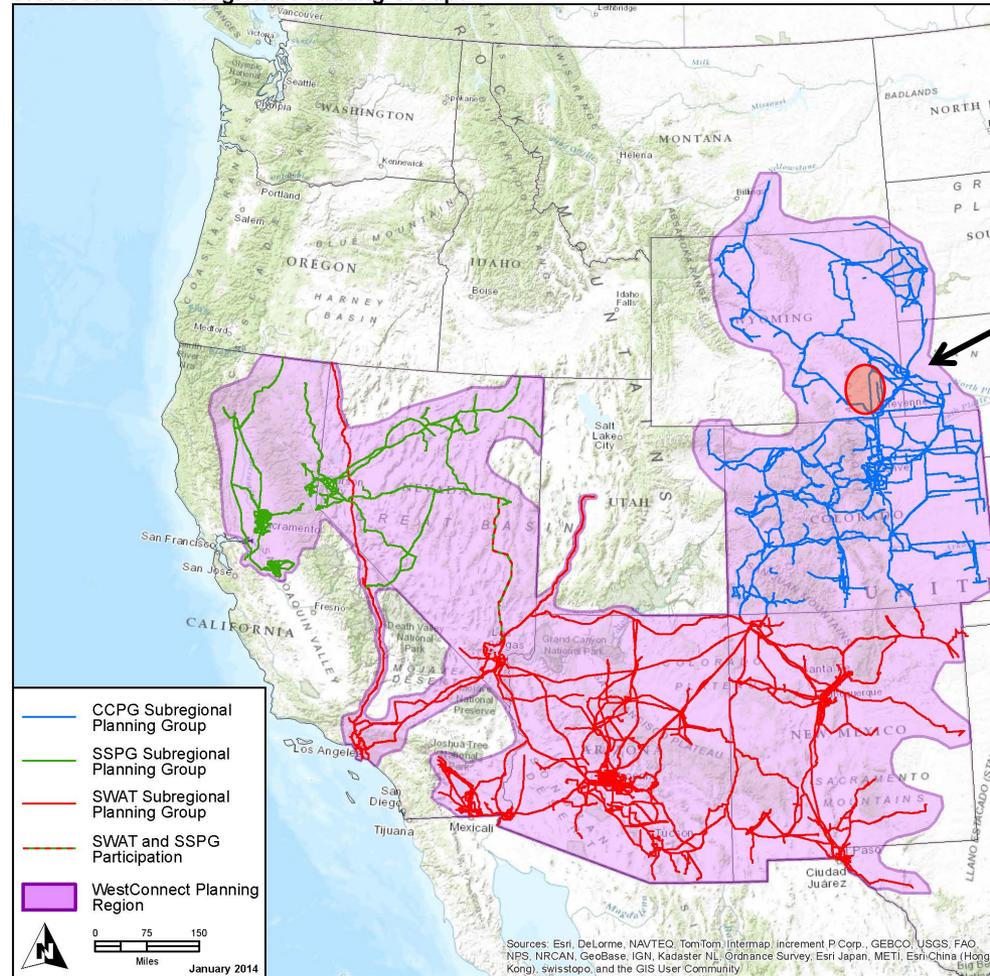
- Questions & Comments

Cheyenne Transmission System (CLPT)



Where We Are in the West

WestConnect Subregional Planning Groups

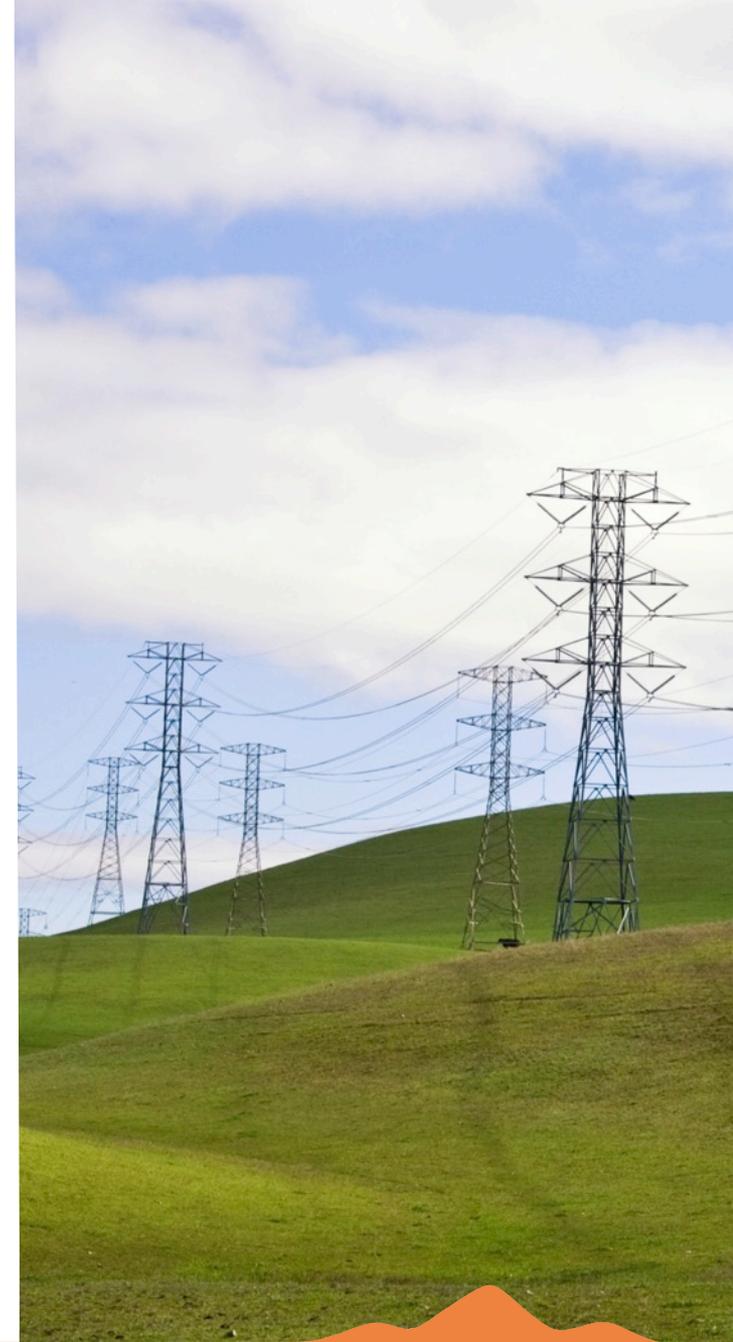


CLPT / Cheyenne
Light, Fuel and Power

CCPG—Colorado Coordinated Planning Group
SSPG—Sierra Subregional Planning Group
SWAT—Southwest Area Transmission

Summary of Key Drivers

- The CLPT 2020 total actual rate base Decreased \$58k or -0.14% over the 2020 estimate.
- The 2020 actual annual rate is \$33.12 kW-Yr, an increase of \$4.16 kW-Yr over the 2020 estimate.
- Primary Drivers of Increase
 - Increase in Depreciation Expenses:
 - Increase in Plant addition timing from estimate \$325K
 - Decrease in Revenue Credits
 - Revenue credits in the 2020 estimate incorrectly assigned rent revenues from general plant to transmission plant. Therefore, the amounts used the TP allocator instead of the CE allocator in the 2020 estimate. \$865K



2020 Actual Revenue Requirement

Cheyenne Light Fuel & Power Attachment H		<u>2020 Projected</u>	<u>2020 True Up</u>
1	Average Transmission Rate Base	\$ 40,230,028	\$ 40,164,543
2	Weighted Rate of Return	8.23%	8.65%
3	Return on Average Rate Base	\$ 3,311,922	\$ 3,475,478
4	Operating Expenses		
5	Operations & Maintenance	2,271,361	2,197,712
6	Depreciation	1,697,047	2,022,033
7	Taxes Other than Income	370,907	365,333
8	Total Operating Expenses	4,339,315	4,585,078
9	Income Taxes	571,499	406,198
10	Total Revenue Requirement	8,222,737	8,466,755
15	Revenue Credits	<u>(1,291,819)</u>	<u>(427,362)</u>
16	Net Annual Revenue Requirements	<u>\$ 6,930,918</u>	<u>\$ 8,039,392</u>
17	Divisor	239,283	242,750
18	Rate (\$/kW-Yr)	\$ 28.97	\$ 33.12

Formula Rate Settlement

FERC Docket No. ER19-697

- FERC approved a settlement of Cheyenne Light's formula rate case in Cheyenne Light's filing in May of 2020.
- As part of that settlement, Cheyenne Light committed to complete certain adjustments and refunds.
- One of those commitments involved a commitment to true-up depreciation/amortization rates as filed in the projected (estimated) rate template for 2020 to those contained in Worksheet A5 (as approved in ER19-697) as part of the true up process.
- This adjustment has been completed as part of the 2020 true-up.



2020 Projected Revenue Requirement

New Prepaid Expense Items:

Lease related prepayment for the Horse Creek Site Trunking System Repeater Radio – The expense of this prepayment is recorded in a distribution O&M account and has the N/A Allocator assigned to it with no costs being allocated to the ATRR.

Federal Income Tax prepayment is related to the entire business, therefore the NP or Net Plant allocator to reflect the portion related to the ATRR.

Branding prepayment was made for advertising and promotional expenses. These expenses are recorded in the A&G accounts, but are removed from the ATRR, therefore, a NA allocator was assigned with no costs being allocated to the ATRR.

Consulting deposit costs were prepaid during the rate year. The costs associated with this prepayment is related to Production and the NA allocator was assigned to the line item with no costs allocated to the ATRR.

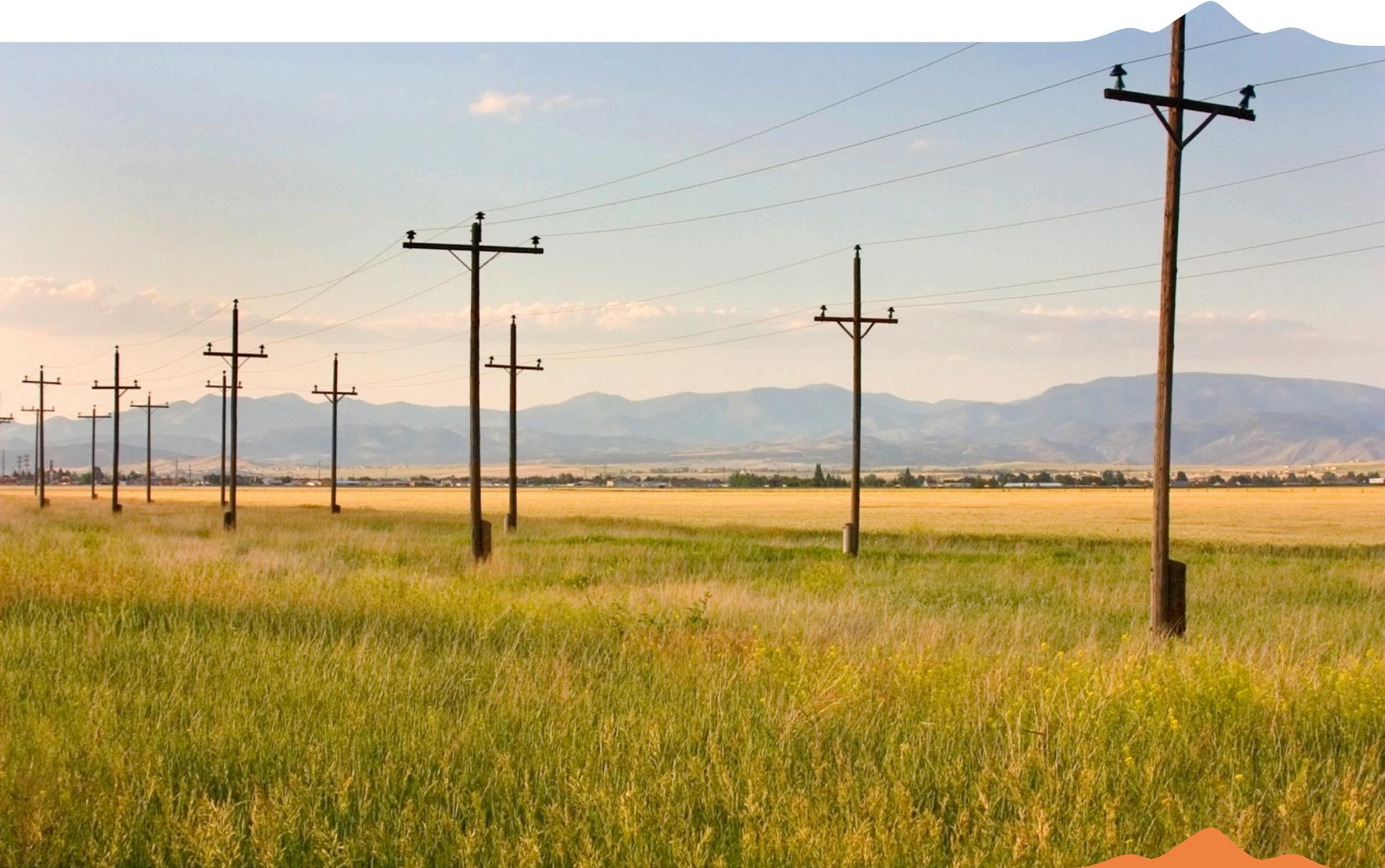
How to be Engaged

We invite our transmission customers to sign up to receive notices related to the Projected Net Revenue Requirement and Annual True-Up. A notification will be sent by email whenever there is an update. These notifications are also posted on our OASIS site. <https://www.oasis.oati.com/CLPT/index.html>

- To sign up for the notices go to our website www.blackhillsenergy.com. On the top left click on 3 orange lines then *Our company*. Next under FERC & Transmission Rates click on *Learn More* then under Cheyenne Light, Fuel and Power click on *Learn More*. At the top click on *Sign up for notices*. Key in your email address, name and click Subscribe.
- If you have any questions please contact us on our transmission line at 605-721-2220 or email Transmissionservice@blackhillscorp.com.



Questions





Comments / Suggestions

Eric East

Tariff and Contract Administration

Transmissionservice@blackhillscorp.com

(605) 721-2220

Jacki Welbig-Stenson

Electric Transmission System Analyst

Jacki.WelbigStenson@blackhillscorp.com

(605) 721-2310

