

# BHP 2022 Projected Net Revenue Requirement Meeting

October 27, 2021 10:00 AM MDT

Black Hills Energy





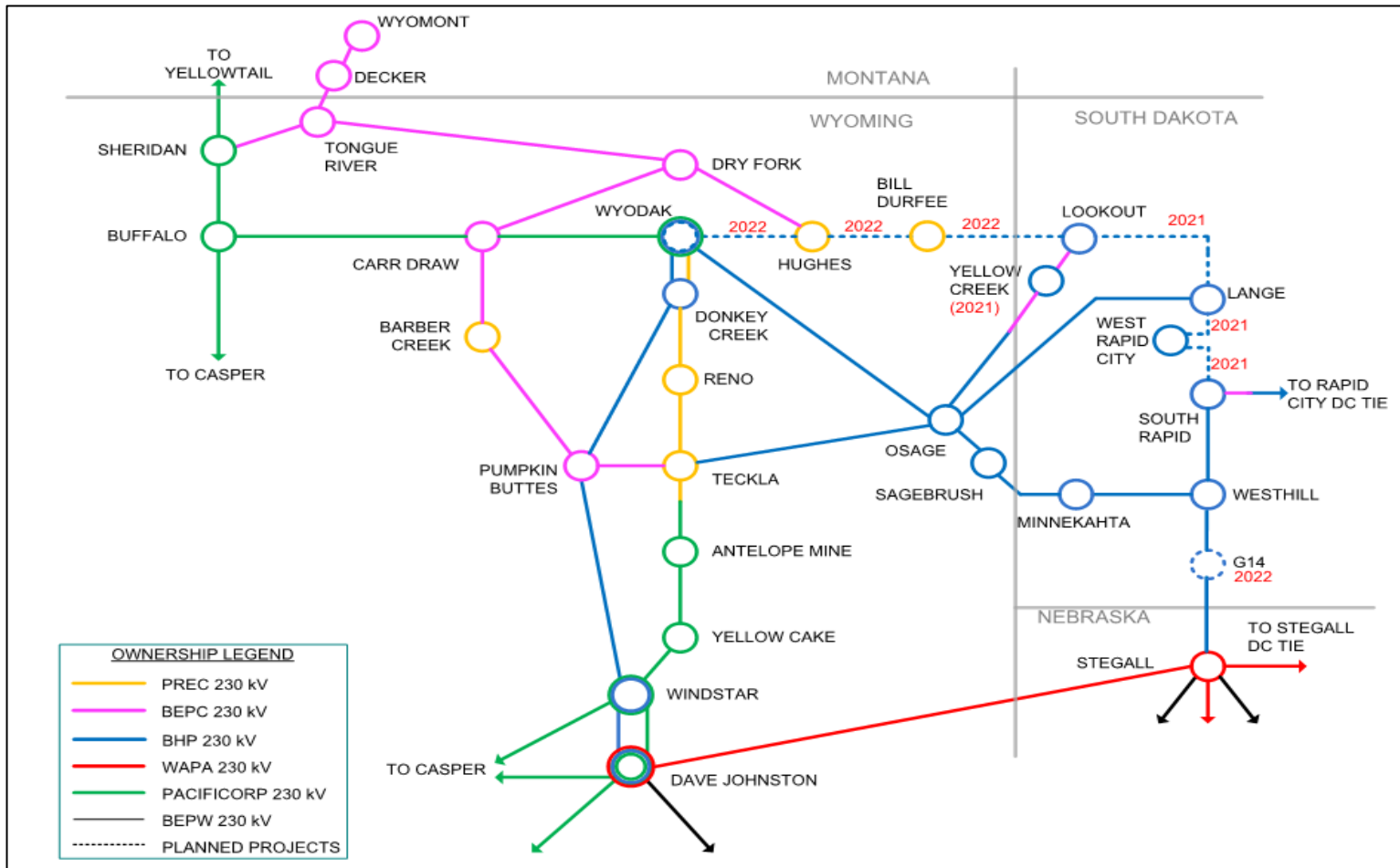
# Agenda

- Introductions
- CUS Transmission System Overview
- Black Hills Power's Formula Rate Protocols
- Discuss the 2022 Projected Net Revenue Requirement
- Where to Find Information and be Engaged
- Questions & Comments

# CUS Transmission System

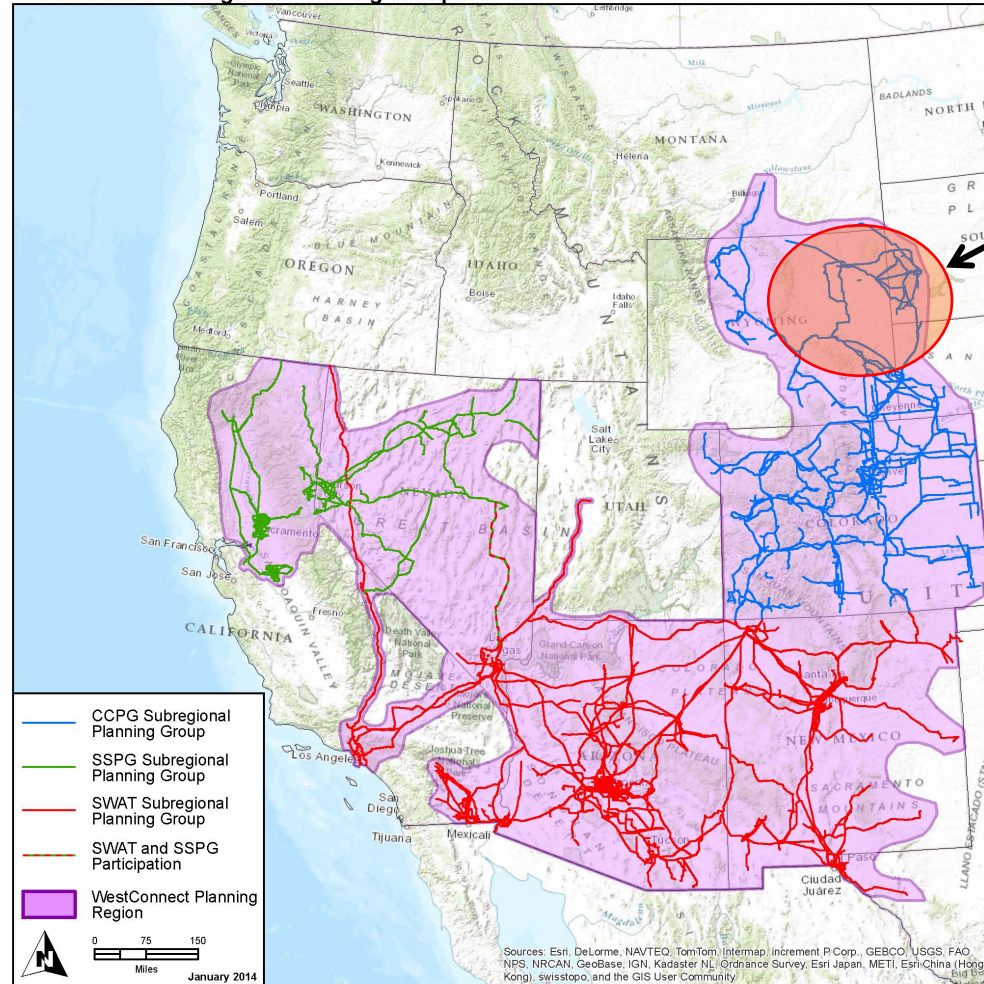
- The Common Use System (CUS) is a joint transmission system owned by Basin Electric Power Cooperative, Black Hills Power, Inc. and Powder River Energy Corporation.
- The CUS has filed with the FERC a joint open-access transmission tariff that provides transmission service over these combined assets that consist of 230 kV and limited 69 kV transmission facilities within areas of Southwestern South Dakota and Northeastern Wyoming.
- The CUS is made up of approximately 1304 circuit miles

# Common Use System (CUS)



# Where We Are in the West

WestConnect Subregional Planning Groups



BHBE / Common Use System

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

# Formula Rate Protocols

- Black Hills Power formula rate protocols went into effect January 1, 2015



# Summary of Key Drivers

- The Black Hills 2022 total projected revenue requirement increases \$3,552,301 or 13.43% above the 2021 estimate.
- The 2022 projected annual rate is \$47.95 kW-Yr, an increase of \$4.59 kW-Yr from the 2021 estimate.
- Primary Drivers of Increase
  - **Capital Additions:**
    - Rebuild of 230 KV Lange – SRC (April 2021 - \$6,948,892)
    - Projected 230 KV Lange – Lookout Rebuild (December 2021 - \$18,550,131)
    - Projected 230 KV Lookout – Bill Durfee (August 2022 - \$9,953,491)
    - Projected 230 KV Bill Durfee – Hughes and 230 KV Fall River Solar Interconnect (\$18,247,176)
  - **Increase in O&M, Depreciation, Taxes Other than Income, and Income Tax Expenses:**
    - Primarily due to increase in capital additions noted above placed into service in 2021 and 2022 and the associated property tax increase



# 2022 Projected Revenue Requirement

<b>Black Hills Power Attachment H</b>		<b><u>2022 Projected</u></b>	<b><u>2021 Projected</u></b>	<b><u>2020 Actual</u></b>
1	Average Transmission Rate Base	\$ 160,723,159	\$ 131,283,835	\$ 132,352,590
2	Weighted Rate of Return	8.78%	8.76%	8.78%
3	<b>Return on Average Rate Base</b>	\$ 14,117,917	\$ 11,497,217	\$ 11,625,847
4	<b>Operating Expenses</b>			
5	Operations & Maintenance	5,707,296	5,950,217	5,572,049
6	Depreciation	5,962,871	5,488,511	5,088,583
7	Taxes Other than Income	1,580,453	1,362,037	1,470,268
8	<b>Total Operating Expenses</b>	13,250,620	12,800,765	12,130,900
9	Income Taxes	2,630,082	2,148,335	2,165,824
10	<b>Total Revenue Requirement</b>	29,998,618	26,446,317	25,922,571
	<b>Component Annual Revenue Requirements</b>			
11	Black Hills	29,998,618	26,446,317	25,922,571
12	Basin Electric	16,482,130	16,482,130	16,482,130
13	PRECorp	2,123,466	2,123,466	2,123,466
14	<b>Total Annual Revenue Requirements</b>	48,604,214	45,051,913	44,528,167
15	<b>Revenue Credits</b>	(631,954)	(535,372)	(631,954)
16	<b>Net Annual Revenue Requirements</b>	\$ 47,972,260	\$ 44,516,541	\$ 43,896,213
17	Network Load	1,000,417	1,026,750	927,750
18	Rate (\$/kW-Yr)	\$ 47.95	\$ 43.36	\$ 47.31



# 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/BHBE/index.html>

- To sign up for the notices go to our website [www.blackhillsenergy.com](http://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 Black Hills 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](mailto:Transmissionservice@blackhillscorp.com).



# Questions





## Comments / Suggestions

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