

# BHP 2023 Projected Net Revenue Requirement Meeting

October 25, 2022 9:00 AM MDT

Black Hills Energy





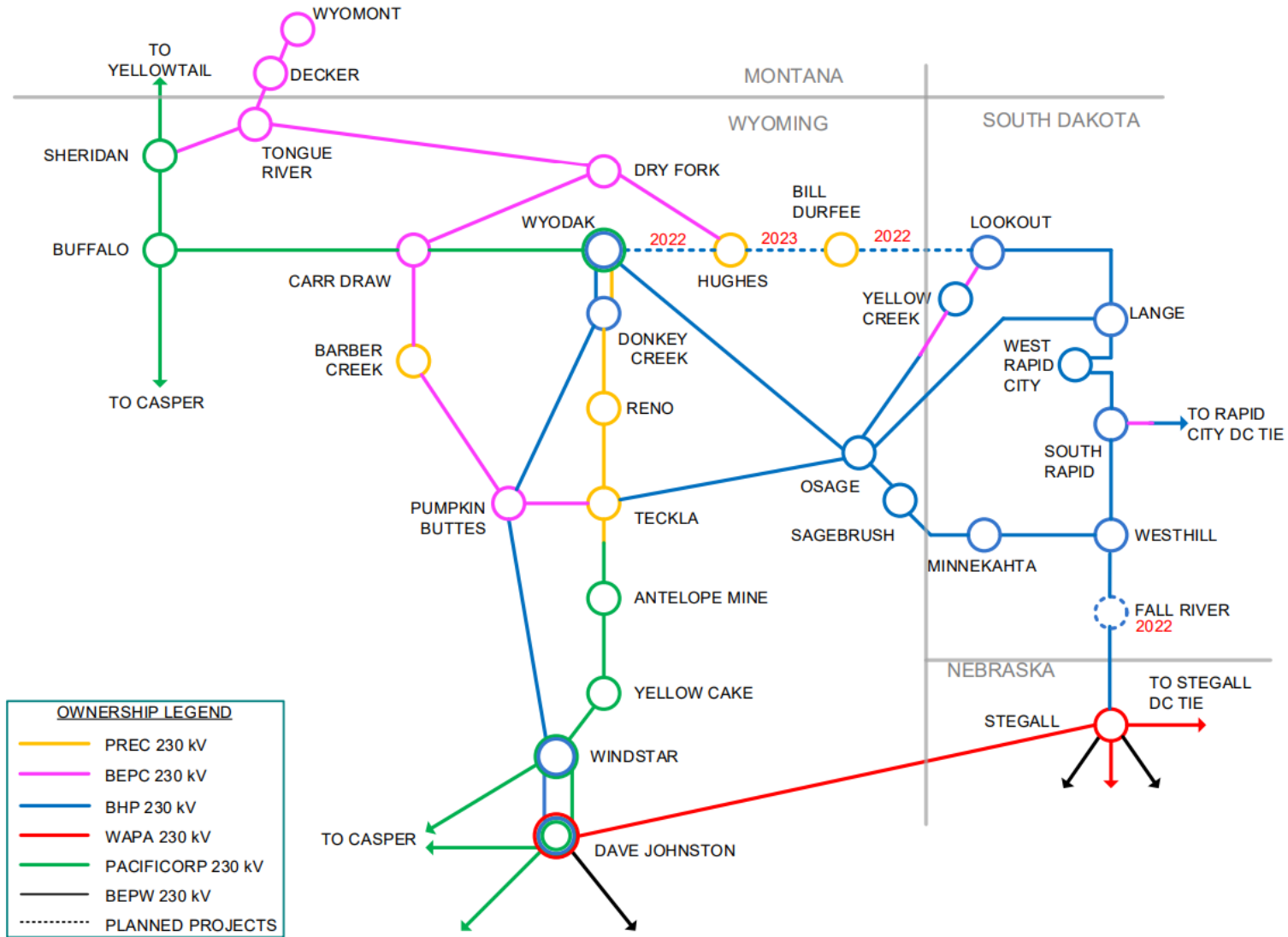
# Agenda

- Introductions
- CUS Transmission System Overview
- Black Hills Power's Formula Rate Protocols
- Discuss the 2023 Projected Net Revenue Requirement
- Where to Find Information and be Engaged
- Questions & Comments

# CUS Transmission System

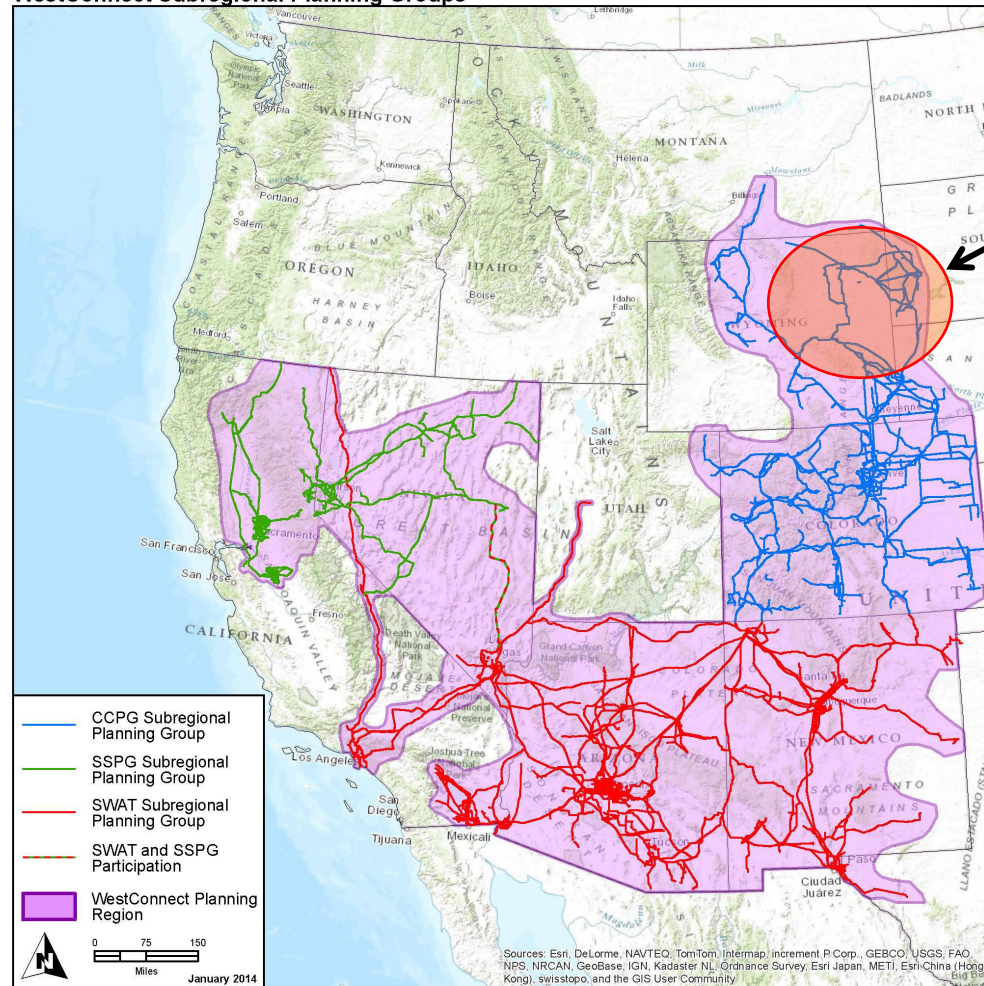
- The Common Use System (CUS) is a joint transmission system owned by Basin Electric Power Cooperative, Black Hills Power, Inc. and Powder River Energy Corporation.
- The CUS has filed with the FERC a joint open-access transmission tariff that provides transmission service over these combined assets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

# 2023 CUS 10 Year Transmission Plan



# 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

# Summary of Key Drivers

- The Black Hills 2023 total projected revenue requirement increased \$2,483,126 or 8.28% above the 2022 estimate.
- The 2023 projected annual rate is \$51.91 kW-Yr, an increase of \$3.96 kW-Yr from the 2022 estimate.
- Primary Drivers of Increase
  - **Capital Additions:**
    - 2022 - \$31,787,865
    - 2023 - \$26,645,590
  - **Depreciation, Taxes Other than Income, and Income Tax Expenses:**
    - Primarily due to increase in capital additions noted above placed into service in 2022 and 2023 and the associated property tax increase



# 2023 Projected Revenue Requirement

Black Hills Power Attachment H		2023 Projected	2022 Projected	2021 Actual
1	Average Transmission Rate Base	\$ 180,567,845	\$ 160,723,159	\$ 142,615,827
2	Weighted Rate of Return	8.77%	8.78%	8.77%
3	<b>Return on Average Rate Base</b>	\$ 15,829,020	\$ 14,117,917	\$ 12,502,053
4	<b>Operating Expenses</b>			
5	Operations & Maintenance	5,342,962	5,707,296	5,144,416
6	Depreciation	6,641,501	5,962,871	5,303,696
7	Taxes Other than Income	1,713,439	1,580,453	1,456,115
8	<b>Total Operating Expenses</b>	13,697,903	13,250,620	11,904,227
9	Income Taxes	2,954,821	2,630,082	2,333,773
10	<b>Total Revenue Requirement</b>	32,481,744	29,998,618	26,740,053
<b>Component Annual Revenue Requirements</b>				
11	Black Hills	32,481,744	29,998,618	26,740,053
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>	51,087,340	48,604,214	45,345,649
15	<b>Revenue Credits</b>	(799,486)	(631,954)	(799,486)
16	<b>Net Annual Revenue Requirements</b>	\$ 50,287,854	\$ 47,972,260	\$ 44,546,163
17	Network Load	968,667	1,000,417	963,667
18	Rate (\$/kW-Yr)	\$ 51.91	\$ 47.95	\$ 46.23

# How to be Engaged

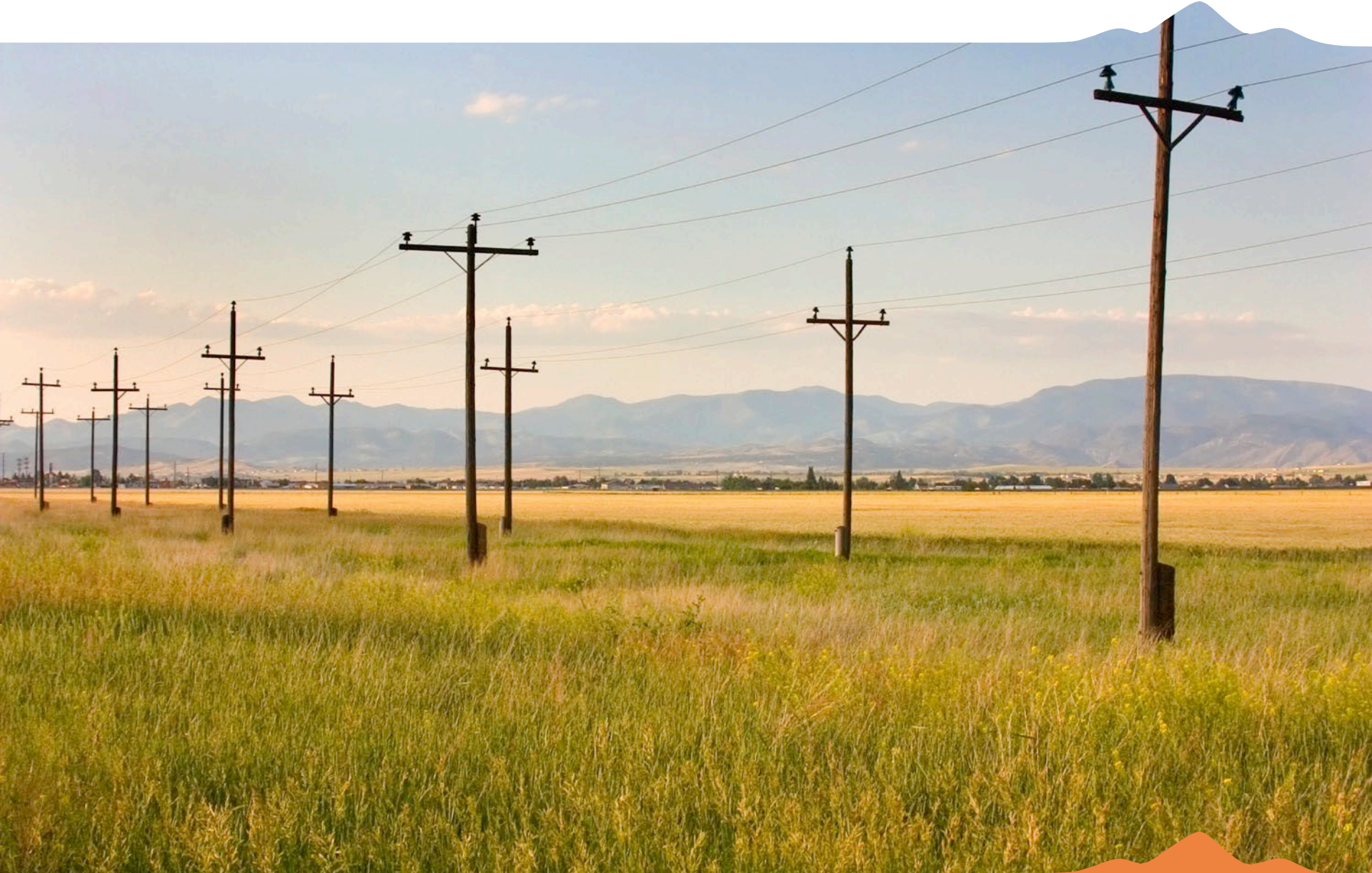
We invite our transmission customers to sign up to receive notices related to the Projected Net Revenue Requirement and Annual True-Up. A notification will be sent by email whenever there is an update. These notifications are also posted on our OASIS site. <https://www.oasis.oati.com/BHBE/index.html>

- 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

Eric East

Manager Tariff & Contract Administration

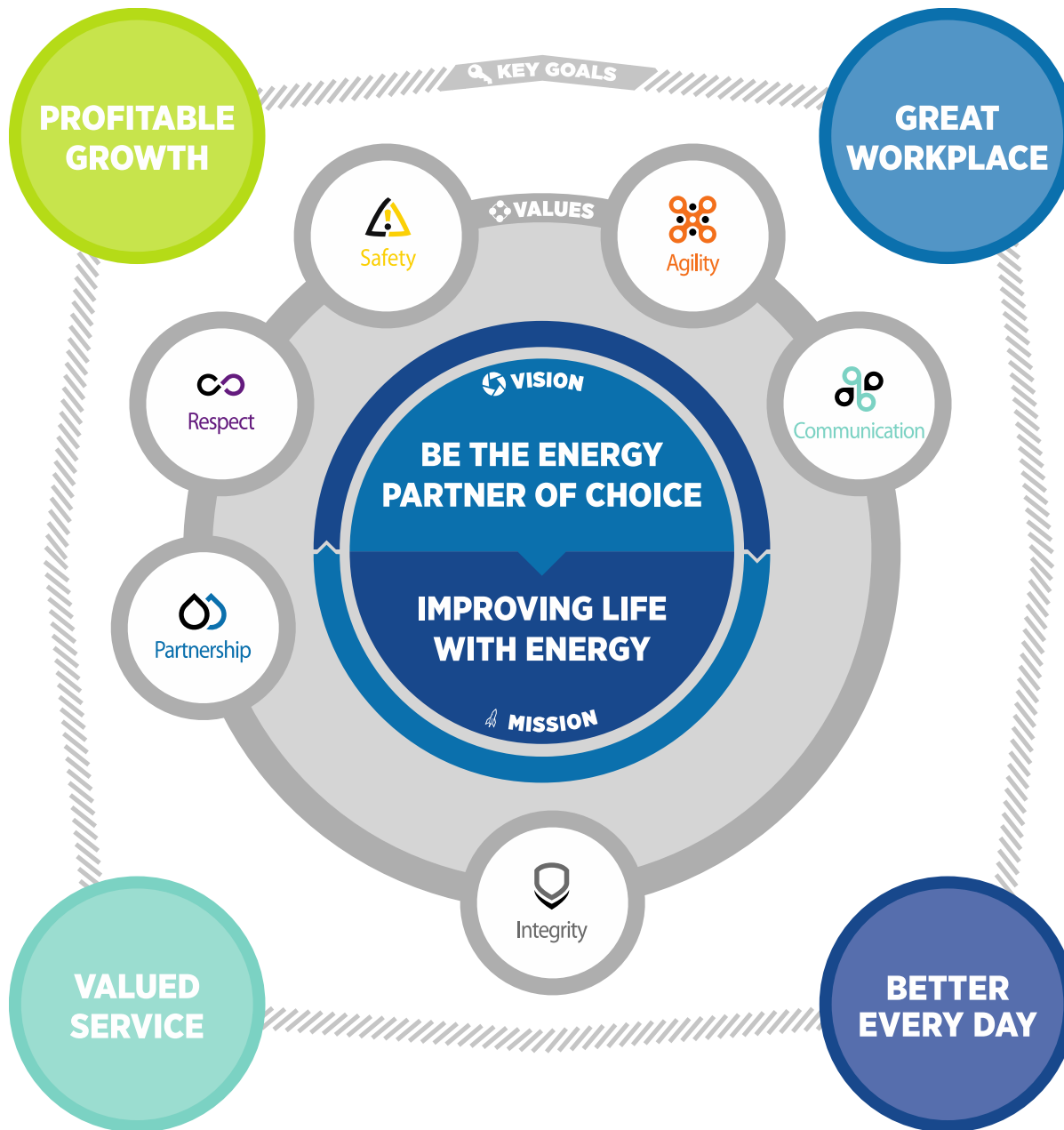
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EVERY DAY**

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WITH ENERGY**

**VISION**

**VALUES**

**KEY GOALS**