

# CLFP 2023 Projected Net Revenue Requirement Meeting

October 25, 2022 10:00 AM MDT

Black Hills Energy

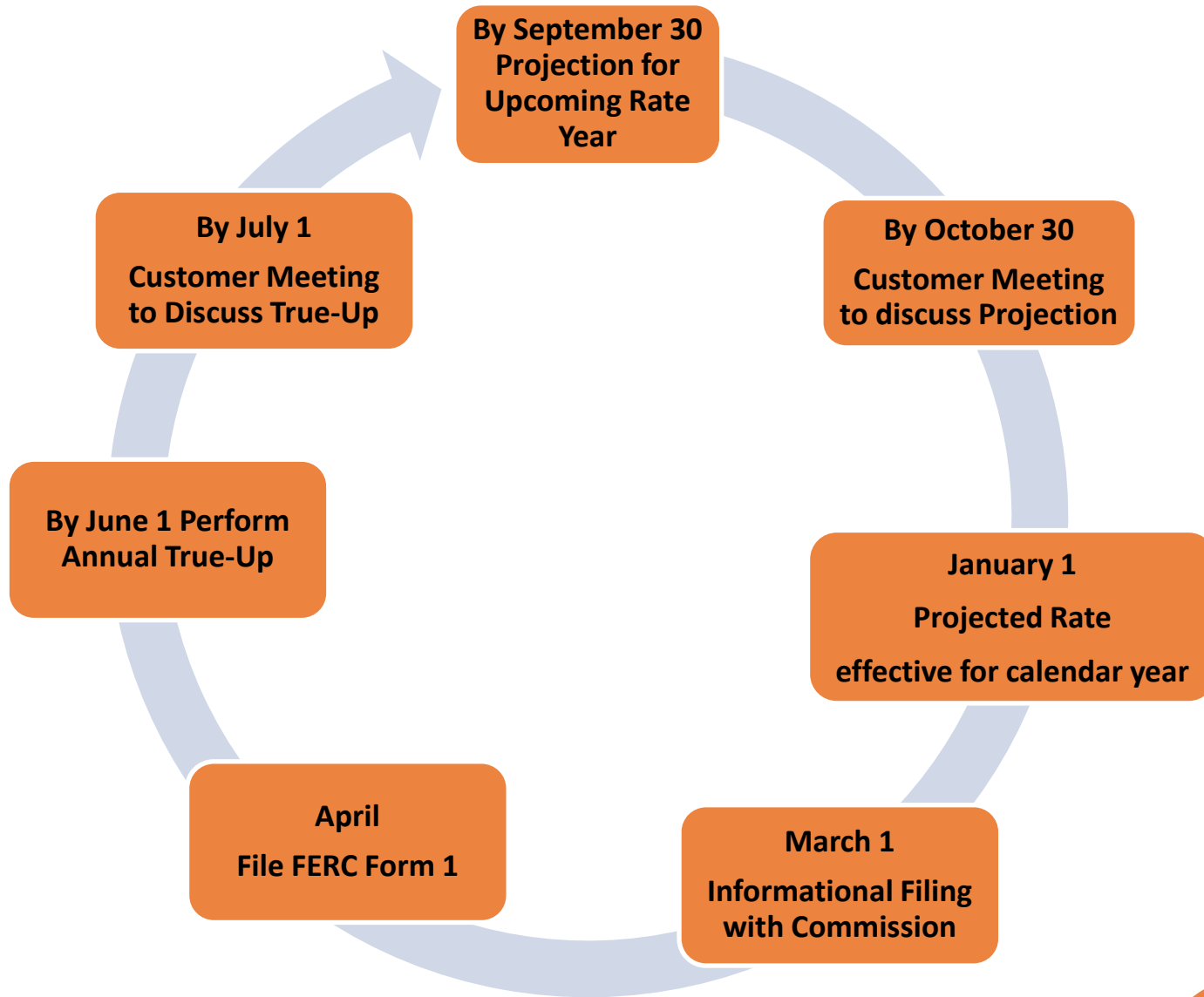




# Agenda

- Introductions
- Review Protocols Process
- Discuss the 2022 Projected Net Revenue Requirement
- Disclosure Commitments
- Where to Find Information and be Engaged
- Questions & Comments

# Cheyenne Light Formula Rate Protocols Process



# Summary of Key Drivers

- **The 2023 projected annual revenue requirement \$15.5m**
  - Increase of \$475k over 2022 projection
- **Rate Base Changes:**
  - The CLPT 2023 total projected rate base increased \$22,755,348 year over year.
  - This 33.18% over the 2022 estimate due to capital additions.
    - 2022 - \$36,791,803
    - 2023 - \$30,745,591



## 2023 Projected Revenue Requirement

<b>Cheyenne Light Fuel &amp; Power Attachment H</b>	<b><u>2023 Projected</u></b>	<b><u>2022 Projected</u></b>	<b><u>2021 True Up</u></b>
1 Average Transmission Rate Base	\$ 91,335,232	\$ 68,579,884	\$ 48,052,357
2 Weighted Rate of Return	8.77%	8.65%	8.77%
3 <b>Return on Average Rate Base</b>	\$ 8,006,330	\$ 5,934,286	\$ 4,212,208
4 Operating Expenses			
5     Operations & Maintenance	3,872,212	3,644,663	2,103,987
6     Depreciation	2,328,572	3,235,515	1,299,557
7     Taxes Other than Income	864,189	836,066	313,469
8 <b>Total Operating Expenses</b>	7,064,973	7,716,244	3,717,013
9 Income Taxes	1,208,937	812,663	569,852
10 Total Revenue Requirement	16,280,241	14,463,193	8,499,074
11 <b>Revenue Credits</b>	(90,641)	(427,362)	(84,829)
12 True Up from Prior Year	(671,005)	1,008,052	-
13 <b>Net Annual Revenue Requirements</b>	<u>\$ 15,518,595</u>	<u>\$ 15,043,882</u>	<u>\$ 8,414,245</u>
14 Divisor	266,932	238,955	244,167
15 Rate (\$/kW-Yr)	\$ 58.14	\$ 62.96	\$ 34.46

# Disclosure Commitments

## Prepayments

- Footnote B of Worksheet A8 (“Prepayments”) provides that, if Cheyenne Light populates data enterable fields available in that Worksheet, certain disclosure procedures must be followed.
- No new prepayments were included in the 2021 True-Up and no new prepayments are included in the 2023 projection.

## Other Taxes

- Footnote AA of Actual Attachment H provides that, if Cheyenne Light populates the data enterable field relating to “other taxes,” certain disclosure procedures must be followed.
- To date, Cheyenne Light has not populated this data enterable field.

## Disclosure Commitments continued

**Prior Period Adjustment** - Cheyenne Light's template has a prior period adjustment function which can be used to address errors identified outside the current Rate Year which would have negatively impacted customers.

- ❑ During the 2021 True-Up, Cheyenne Light used the Prior Period Adjustment mechanism contained in Tab "TU" of the Formula Rate Template.
  - Cheyenne Light used the Prior Period Adjustments to correct depreciation rates that did not match those in its Worksheet A5
  - Cheyenne Light also discovered that Generator Step Up Transformers were inadvertently included in transmission plant but should have been excluded; it utilized the prior period adjustment to make this correction.
  - The full impact of both corrections is a refund of \$1,250,331
  
- ❑ Because the True-Up Adjustment (negative or positive) feeds into the projection, use of the Prior Period Adjustment necessarily impacts the next annual projection (here 2023 projection) and acted to reduce the Projected Annual Transmission Revenue Requirement for 2023.

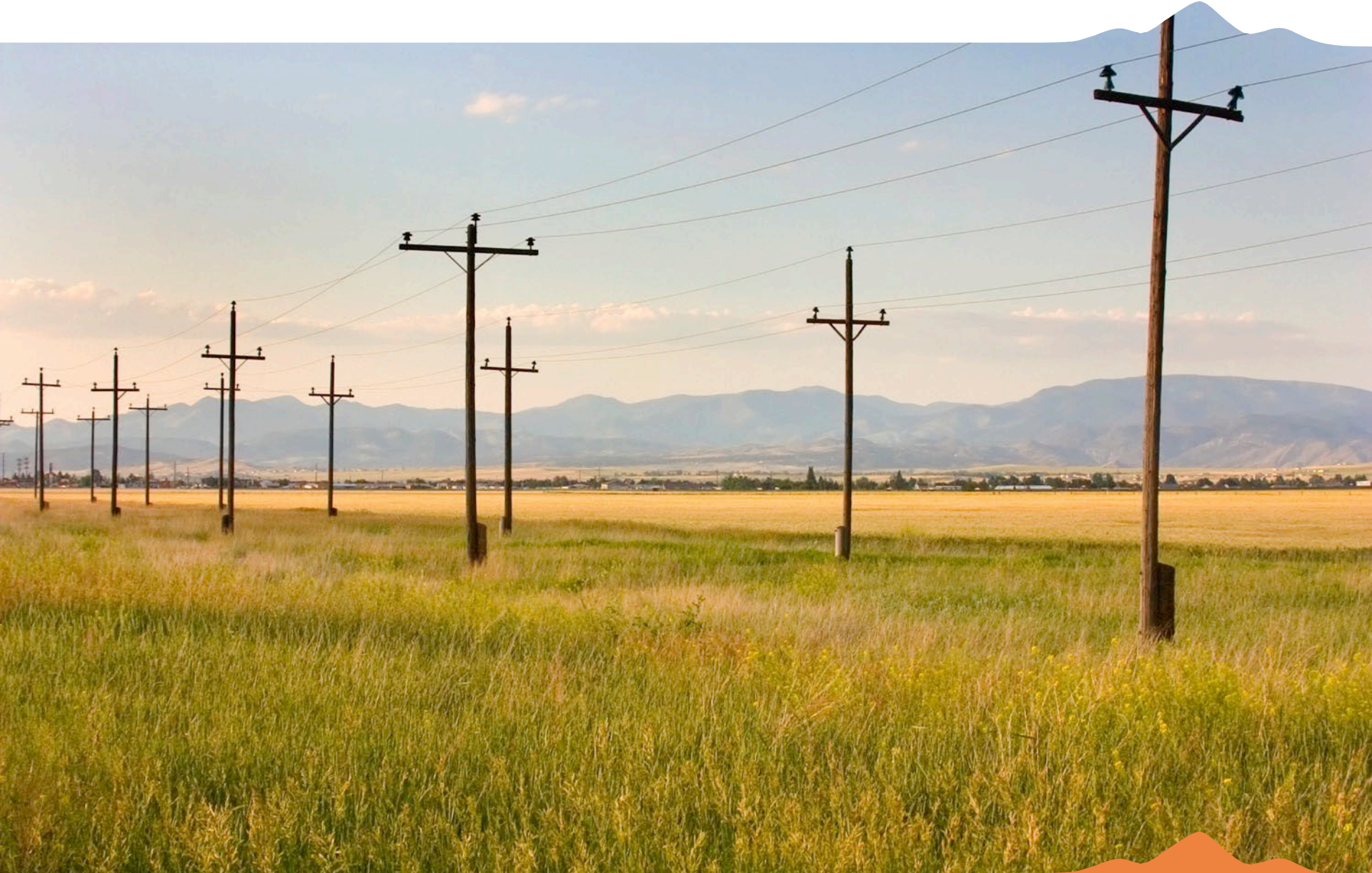
# How to be Engaged

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](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 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](mailto:TransmissionService@blackhillscorp.com).



# Questions





## Comments / Suggestions

Eric East

Manager Tariff & Contract Administration

Analysts:

Jacki Welbig-Stenson

Brandy Renville

[Transmissionservice@blackhillscorp.com](mailto:Transmissionservice@blackhillscorp.com)

(605) 721-2200

