

Cheyenne Light 2024 Projected Net Revenue Requirement Meeting

October 2023

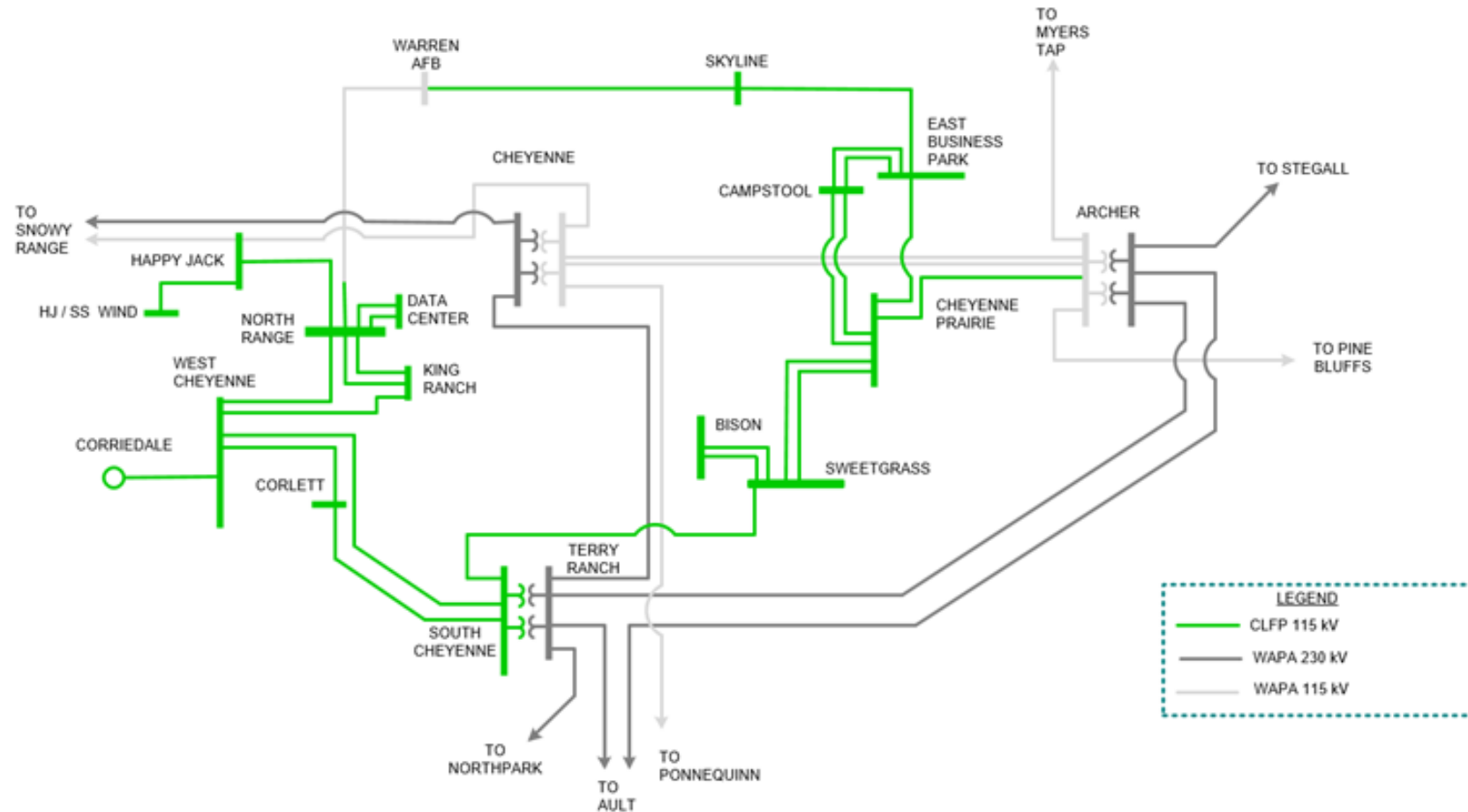




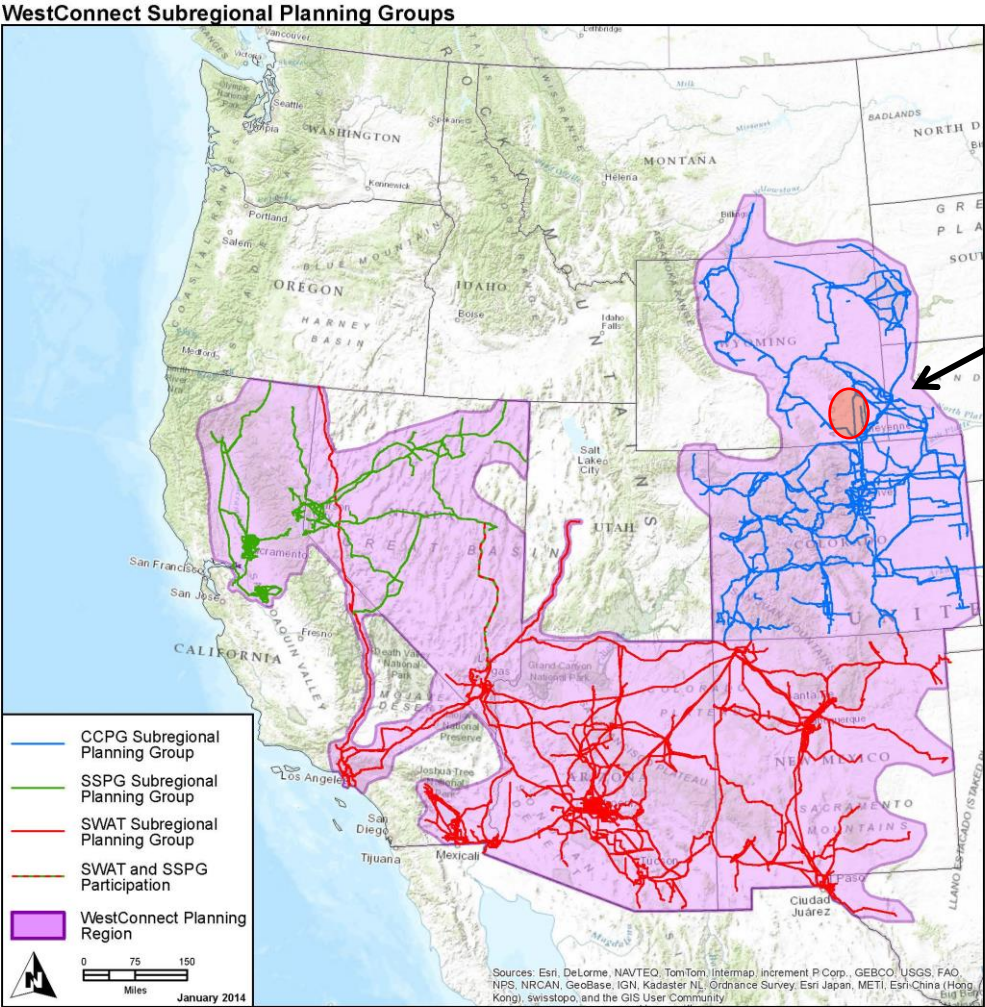
Agenda

- Introductions
- CLFP Transmission System Overview
- Protocols
- Discuss the 2024 Projected Net Revenue Requirement
 - Summary of Key Drivers
 - 2024 Projected Net Revenue Requirement
 - Disclosure Obligations
 - Changes to References in the Formula
 - Workpapers Provided for the Projection
- Where to Find Information and be Engaged
- Questions & Comments

CLFP Transmission System

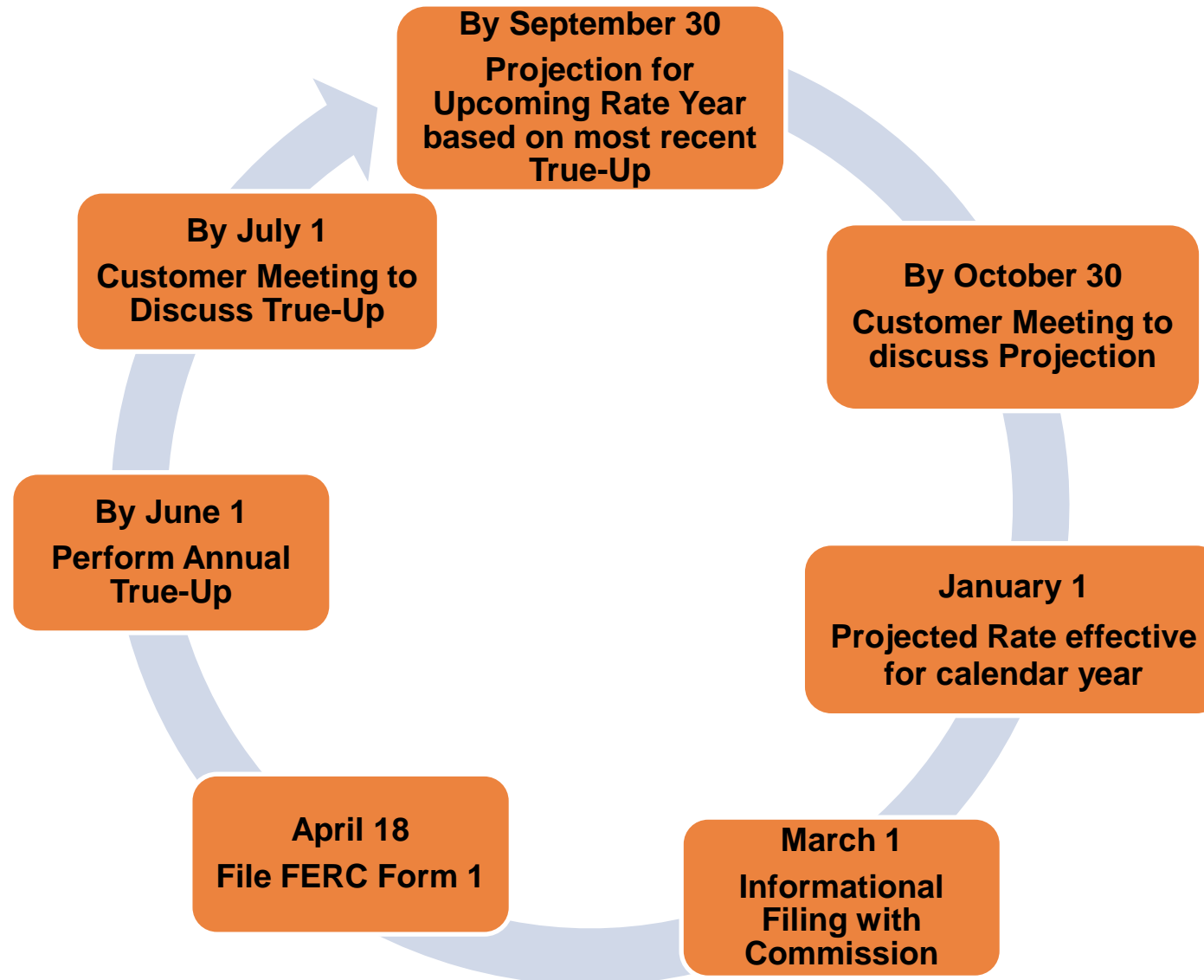


Where We Are in the West



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

Formula Rate Protocols



Summary of Key Drivers

- The CLPT 2024 Projected Annual Revenue Requirement is \$14M.
 - Decrease of \$1.4M over 2023 projection
- Primary Drivers of Decrease:
 - Increased Return on Rate Base of \$2.8M
 - Decrease in Total Operating Expenses of \$148K
 - Prior Year True-Up resulting in a negative adjustment of \$5.2M



2024 Projected Revenue Requirement

Cheyenne Light Fuel & Power Attachment H		2024 Projected	2023 Projected	2022 True Up	2024 Projection Variance from Prior Year
1	Average Transmission Rate Base	\$ 117,804,820	\$ 91,335,232	\$ 68,385,896	\$ 26,469,588
2	Weighted Rate of Return	9.18%	8.77%	9.18%	
3	Return on Average Rate Base	10,809,594	8,006,330	6,274,987	\$ 2,803,264
4					
5	Operating Expense				
6	Operations & Maintenance	\$ 2,769,252	\$ 3,872,212	\$ 1,643,492	\$ (1,102,960)
7	Depreciation	3,143,012	2,328,572	1,937,126	814,440
8	Taxes Other Than Income	1,004,330	864,189	401,990	140,140
9	Total Operating Expenses	\$ 6,916,594	\$ 7,064,973	\$ 3,982,608	\$ (148,380)
10					
11	Income Taxes	\$ 1,619,591	\$ 1,208,937	\$ 891,780	\$ 410,654
12					
13	Total Revenue Requirement	\$ 19,345,779	\$ 16,280,241	\$ 11,149,375	\$ 3,065,538
14					
15	Revenue Credits	(80,688)	(90,641)	(76,649)	9,953
16					
17	Prior Year True Up Adjustment	(5,173,908)	(671,005)		
18	Net Annual Revenue Requirements	\$ 14,091,182	\$ 15,518,594	\$ 11,072,726	\$ (1,427,412)
19					
20	Divisor	282,555	266,932	267,750	15,623
21	Rate (\$/kW-Yr)	\$ 49.87	\$ 58.14	\$ 41.35	\$ (8.27)

Prepayments and Other Specific Disclosure Obligations

Prepayments

- Footnote B of Worksheet A8 (“Prepayments”) provides that if Cheyenne Light populates data enterable fields available in that Worksheet certain disclosures procedures must be followed.
- New prepayments are included in the 2022 True Up template. The two new prepayments added were related to prepaid inventory and maintenance for CPGS. As they pertain to generation assets, they were designated with an NA allocator as the underlying expenses are not a component of the ATRR.

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.
- This field has not been populated.

Changes in Formula Rate References (changes in page and line numbers for FERC Form 1)

- The FERC Form 1 experienced a format change in 2021 due to FERC's conversion to XBRL.
- This caused some of the references displayed in the Projected Attachment H to be slightly inaccurate.
- Thus far, FERC has not taken the position that Transmission Providers need to make changes to their templates to accommodate the slight reference changes.
- Instead, pursuant to its Formula Rate Protocols, Cheyenne Light has identified the FERC Form 1 references changes in in the 2024 CLPT Attach H Supplemental Workpapers file.

Workpapers Provided for ATRR True-Up

- ❑ Attachment H Supplemental Workpapers
 - ❑ Changes in FERC Form 1 references
 - ❑ Act Att-H cross reference
 - ❑ A-3 ADIT cross reference
 - ❑ A-4 Rate Base cross reference
 - ❑ Proj Att-H cross reference
 - ❑ A-4, Pg 1, Ln 15-28 Adj – Transmission accumulated depreciation workpaper
 - ❑ Act Att-H, Page 3, Line 9 Adj – Depreciation and amortization expense
 - ❑ A-3, Line 3 Adjustment – Accumulated deferred income taxes
 - ❑ Act Att-H, Page 4, Line 3 Adjustment – Transmission plant to exclude in transmission plant allocator
 - ❑ GSU – Net GSU
 - ❑ Corriedale Depreciation Adjustment
 - ❑ King Ranch Depreciation Adjustment
- ❑ Prepayments – Supporting documentation for the two new prepayments that were added
- ❑ FERC Form 1 page 429 – Transactions with affiliated companies

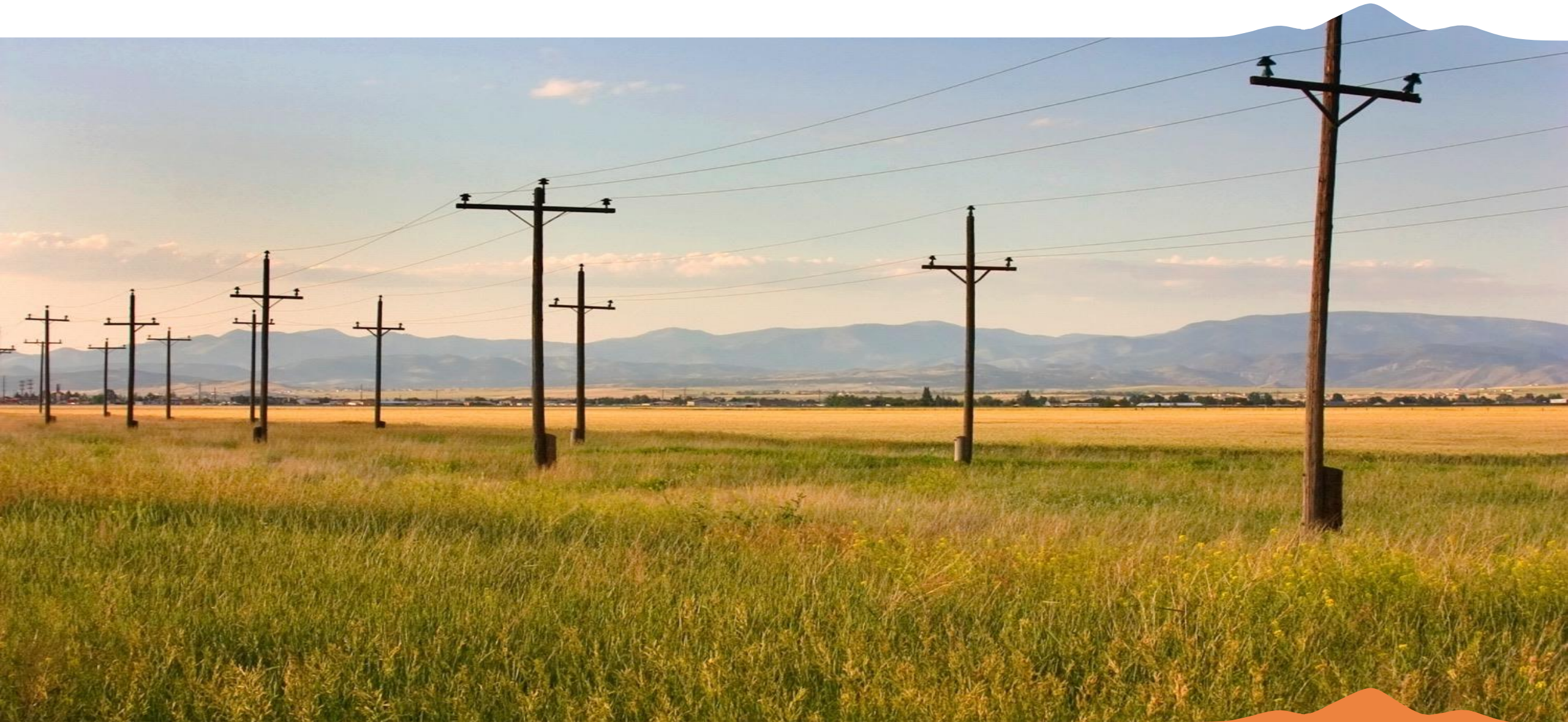
How to be Engaged

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

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