

Cheyenne Light 2024 Formula Rate True-Up Meeting

June 2025

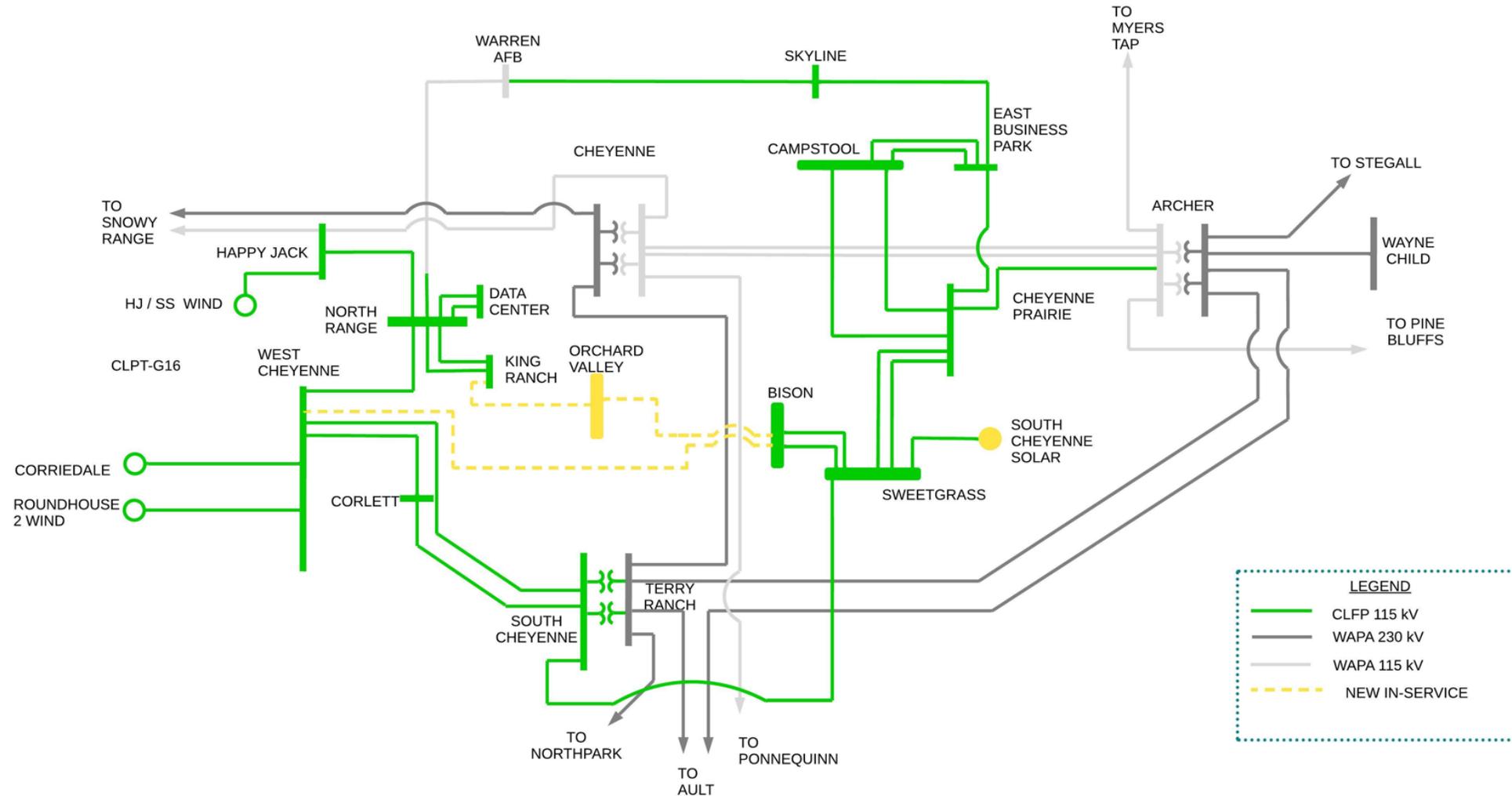




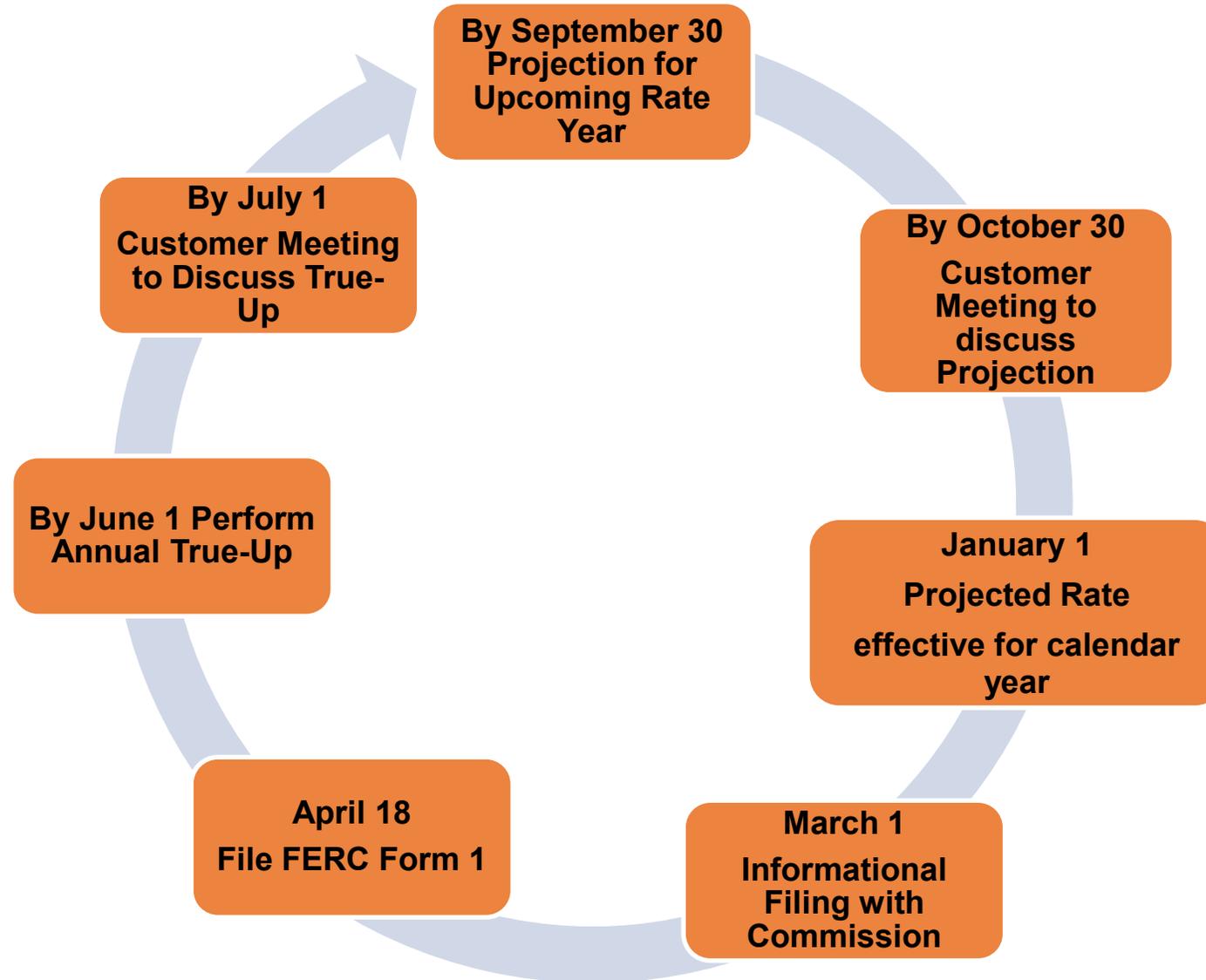
Agenda

- Introductions
- CLFP Transmission System Overview
- Protocols
- Discuss the 2024 Annual True-Up
 - Summary of Key Drivers
 - 2024 Actual Revenue Requirement
 - Adjustments to FERC Form 1 Data
 - Changes to References in the Formula
 - Prepayment and Other Disclosure Obligations
 - Workpapers Provided for the True-Up
- Where to Find Information and be Engaged
- Questions & Comments

Cheyenne Transmission System (CLPT)



Formula Rate Protocols



Summary of Key Drivers

- ❑ The CLPT 2024 Net Annual Revenue Requirement is \$16.7M.
 - ❑ Increase of \$2.6M over the 2024 projection.

- ❑ The 2024 actual annual rate is \$56.63 kW-Yr, an increase of \$6.76 kW-Yr over the 2024 projection.

- ❑ Primary Drivers
 - ❑ The variance between the Actual and Projected revenue requirements is impacted by a negative adjustment of \$5.2M related to the 2022 True-Up, which rolls forward into the 2024 Projection through the approved template methodology.
 - ❑ The 2024 True-Up return on rate base is \$1.5M lower than the 2024 Projection which is driven by a lower weighted rate of return than the projection.
 - ❑ As a result, the income tax is lower by \$315k.
 - ❑ The weighted rate of return decrease is driven by an increase in long term notes payable from the 2024 projection.
 - ❑ In total, O&M expenses were \$696k lower than the 2024 Projection.
 - ❑ Taxes Other Than Income Taxes were \$403k lower than projected.



2024 Projected Revenue Requirement Compared to Actual

Cheyenne Light Fuel & Power Attachment H				2024 True Up Variance from Projection
	<u>2023 Actual</u>	<u>2024 Actual</u>	<u>2024 Projection</u>	
1 Average Transmission Rate Base	\$ 96,913,204	\$ 116,940,325	\$ 117,804,820	\$ (864,495)
2 Weighted Rate of Return	7.91%	7.96%	9.18%	
3 Return on Average Rate Base	<u>7,666,728</u>	<u>9,308,086</u>	<u>10,809,594</u>	\$ (1,501,508)
4				
5 Operating Expenses				
6 Operations & Maintenance	\$ 2,207,388	\$ 2,638,468	\$ 2,769,252	\$ (130,784)
7 Depreciation	2,465,585	2,980,160	3,143,012	(162,852)
8 Taxes Other Than Income	499,973	601,517	1,004,330	(402,813)
9 Total Operating Expenses	<u>\$ 5,172,946</u>	<u>\$ 6,220,145</u>	<u>\$ 6,916,594</u>	\$ (696,448)
10				
11 Income Taxes	\$ 1,005,425	\$ 1,304,519	\$ 1,619,591	\$ (315,072)
12				
13 Total Revenue Requirement	<u><u>\$ 13,845,099</u></u>	<u><u>\$ 16,832,750</u></u>	<u><u>\$ 19,345,779</u></u>	<u><u>\$ (2,513,029)</u></u>
14				
15 Revenue Credits	(90,629)	(97,402)	(80,688)	(16,713)
16				
17 Prior Year True Up Adjustment			(5,173,908)	5,173,908
18 Net Annual Revenue Requirements	<u><u>\$ 13,754,470</u></u>	<u><u>\$ 16,735,348</u></u>	<u><u>\$ 14,091,182</u></u>	<u><u>\$ 2,644,166</u></u>
19				
20 Network Load kW per Year	287,750	295,500	282,555	12,945
21 Rate (\$/kW-Yr)	\$ 47.80	\$ 56.63	\$ 49.87	\$ 6.76

Adjustments to FERC Form 1 Data

Corriedale

- Certain assets associated with the project are appropriately recorded in transmission accounts (GSUs and tie lines) but should be excluded from transmission ratemaking.
- Cheyenne Light has excluded the assets in Actual Attachment H, Page 4 line 3
- Cheyenne Light posted a workpaper itemizing the excluded assets.

Depreciation adjustment

- Both the King Ranch and Corriedale transmission assets use a different depreciation rate than is listed in Worksheet A5
- Cheyenne Light has implemented a software solution that allows the Company to track state depreciation expense and FERC depreciation expense as well as the impact this difference has on Accumulated Depreciation. This information is included on page 219 of the FF1, including the Section A. footnote and page 336 of the FF1, including footnote A.
- A supplemental worksheet is provided to show those calculations and reconcile the FERC Form 1 amounts with the amounts presented in the Actual Attachment H, Actual A-3 and Actual A-4.

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 Actual 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 reference changes in the 2024 CLPT Attach H Supplemental Workpapers file.

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.
- ❑ Three new prepayments were included in the 2024 True-Up. A supplemental worksheet is provided to offer detailed information as mandated by Cheyenne Lights protocols. The three new prepayments include:
 - ❑ Wildfire Insurance Policy
 - ❑ AON Consulting Retainer for 2024 Actuarial Services related to Pension and Retirement
 - ❑ Advance Payments for Ready Wyoming Land

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.

Affiliate Cost Allocation

- ❑ There have been no material changes in the cost allocation method.
- ❑ Cheyenne Light also has an obligation to identify the magnitude of any affiliate cost allocations; this information is shown on FERC Form 1 page 429 and was posted to OASIS with the True-Up filing

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

Act Att-H, Page 3, Line 9-10 Adjustment – Depreciation and amortization expense

Act Att-H, Page 4, Line 3 Adjustment – Transmission plant to exclude in transmission plant allocator

A-2, Line 21, PBOP Adjustment – PBOP Net Periodic expense

A-3, Lines 3-5 Adjustment – Accumulated deferred income taxes

A-4, Pg. 1, Lines 15-28 Adjustment – Transmission accumulated depreciation workpaper

GSU – Net GSU

FERC Form 1 page 429 – Transactions with affiliated companies

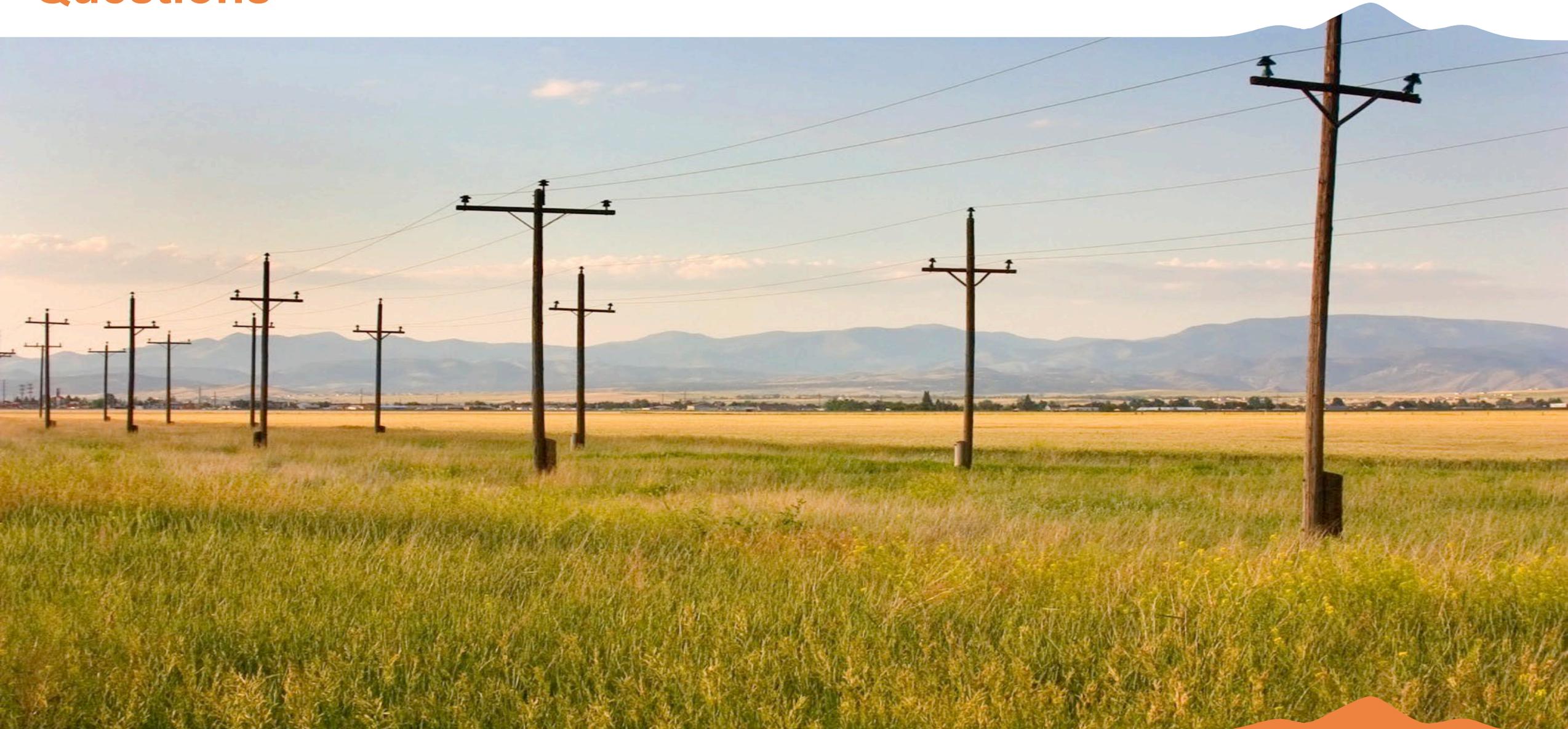
How to be Engaged

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

Electric Transmission Services

Transmissionservice@blackhillscorp.com

Strategic Objectives

