

**Black Hills - Colorado Electric
Transmission Cost Adjustment Calculation
For the Twelve Months Ended December 31, 2021**

	Projected 12/31/2021 Balance
A Projected Increase In Net Transmission Plant - December 31, 2021 (Thirteen Month Average)	<u>59,520,219</u>
B Projected Construction Work In Progress Balance At December 31, 2021	43,767,369
C Weighted Average Cost of Capital	6.82%
D Return on Transmission Plant and Transmission CWIP [(A + B) X C]	<u>7,044,213</u>
E 2020 True-Up Revenue Requirement including Ownership Cost (Over)/Under	(300,110)
F Required Earnings [D + E]	<u>6,744,104</u>
G Income Tax Expense	1,615,434
H Ownership Costs Associated With Incremental Investment from 1/1/2021	1,172,753
I Adjustment for (Over)/Under Recovery For Recovery Period January 1, 2020 - December 31, 2020	432,843
J Interest Charge on Over recovery	-
K Revenue Requirement [F + G + H + I + J]	9,965,134
L 2022 Sales Forecast - kWh's (January 1, 2021 to December 31, 2021)	1,964,675,230
M TCA Rider [K / L]	0.005072

Black Hills - Colorado Electric
 Projected 2021 Net Plant Component of TCA
 For the Twelve Months Ended December 31, 2021

Line No.	Description	Projected 12/31/2021 Balance
1	Plant In Service	\$ 70,206,003
2	Depreciation Reserve	<u>3,482,066</u>
3	Net Plant In Service [Line 1 - Line 2]	66,723,937
4	Accumulated Deferred Taxes	7,203,718
5	Total [Line 3 - Line 4]	<u>59,520,219</u>
6	2021 Projected Weighted Average Cost of Capital	6.82%
7	Required Earnings at WACC [Line 5 x Line 6]	<u>4,059,279</u>
8	2021 Projected Weighted Average Equity component	4.99%
9	Equity earnings [Line 5 x Line 8]	\$ 2,970,059
10	Income Tax Expense [(Line 9 x (1/1-.2466)) - Line 9]	972,028
11	Total Revenue Requirements Including Taxes [Line 7 + Line 10]	<u>\$ 5,031,307</u>

Black Hills - Colorado Electric
 Projected 2021 CWIP Component of TCA
 For the Twelve Months Ended December 31, 2021

Line No.	Description	Projected 12/31/2021 Balance
1	CWIP	45,021,985
2	Pre-Funded AFUDC	1,254,617
3	Total [Line 1 - Line 2]	43,767,369
4	2021 Projected Weighted Average Cost of Capital	6.82%
5	Required Earnings at WACC [Line 3 x Line 4]	\$ 2,984,935
6	2021 Projected Weighted Average Equity component	4.99%
7	Equity earnings [Line 3 x Line 6]	2,183,992
8	Income Tax Expense [(Line 7 x (1/1-.2466)) - Line 7]	714,767
9	Total Revenue Requirements Including Taxes [Line 5 + Line 8]	\$ 3,699,702

**Black Hills - Colorado Electric
Construction Work In Process True-Up
For the Twelve Months Ended December 31, 2021**

	A	B	C	
<u>Line No.</u>	<u>As Filed</u>	<u>Actual</u>	<u>True-Up*</u>	
1	Construction Work In Progress Balance At December 31, 2020	\$ 19,418,641	\$ 15,243,476	\$ (4,175,164)
2	Less: Pre-Funded AFUDC	\$ 507,352	\$ 725,918	\$ 218,566
3	Total	\$ 18,911,289	\$ 14,517,559	\$ (4,393,730)
4	2020 Weighted Average Cost of Capital	6.80%	6.80%	
5	Required Earnings at WACC [Line 3 x Line 4]	\$ 1,285,968	\$ 987,194	\$ (298,774)
6	Weighted Average Equity component	4.95%	4.95%	
7	Equity earnings [Line 3 x Line 6]	936,109	718,619	\$ (217,490)
8	Income Tax Expense [(Line 7 x (1/1-0.246577)) - Line 7]	306,366	235,187	\$ (71,179)
9	Total Revenue Requirements Including Taxes [Line 5 + Line 8]	\$ 1,592,333	\$ 1,222,381	\$ (369,953)

* Column C = Column B - Column A

Black Hills - Colorado Electric
Plant in Service True-Up From 2020 Estimate
For the Twelve Months Ended December 31, 2021

Line No.	Description	A	B	C
		As Filed	Actual	True-UP*
1	Plant in Service	\$ 62,384,068	\$ 62,342,019	\$ (42,049)
2	Less: Depreciation Reserve	\$ 2,389,144	\$ 2,389,070	\$ (74)
3	Less: Tax Timing Difference - Accumulated Deferred Income Tax	\$ 5,142,779	\$ 5,112,052	\$ (30,727)
4	Net PIS [Line 1 - Line 2 - Line 3]	\$ 54,852,145	\$ 54,840,896	\$ (11,249)
5	Weighted Average Cost of Capital	6.80%	6.80%	
6	Required Earnings	3,729,946	3,729,181	(765)
7	Weighted Average Equity component	4.95%	4.95%	
8	Equity earnings [Line 4 x Line 7]	2,715,181	2,714,624	\$ (557)
9	Income Tax Expense [(Line 8 x (1/1-0.246577)) - Line 8]	888,613	888,430	\$ (182)
10	Total - Column F [Line 6 + Line 9]	\$ 4,618,559	\$ 4,617,611	\$ (947)

* Column C = Column B - Column A

**Black Hills - Colorado Electric
Projected KWh Sales For the Twelve Month Period January 1, 2021 - December 31, 2021**

<u>Line No.</u>	<u>Description</u>	<u>Total</u>
1	Projected 2021 KWh (January 1 to December 31)	1,964,675,230

Black Hills - Colorado Electric
 Construction Work in Progress
 Project Listing 2021

Line No.	Work Order	Description	Balance at September 30, 2021	Oct 2021 - Dec 2021 Spend	adjustment	Totals
1	10055994	10055994-CANON WEST RELIABILITY PROJECT	\$ 19,665,970	\$ 1,730,061	\$ -	\$ 21,396,031
2	10077683	10077683-ccp-Hogback Tie	\$ 71,147	\$ -	\$ -	\$ 71,147
3	10068379	10068379-COE Rekeying Effort - Transmission	\$ -	\$ 171,841	\$ -	\$ 171,841
4	10067129	10067129-115kV Reblld,Boone-S.Fowler Tap	\$ 9,877,816	\$ 2,821,816	\$ -	\$ 12,699,632
5	10067128	10067128-115kV South Fowler Tap Sub	\$ 1,880,657	\$ 70,895	\$ -	\$ 1,951,552
6	10060038	10060038-APM/API Relay Upgrade	\$ 65,661	\$ -	\$ -	\$ 65,661
7	10046503	10046503-Trans I Overhead Trans Rel	\$ -	\$ 105,310	\$ -	\$ 105,310
8	10076741	10076741-COE 115kV Pole Treatments 2021	\$ 94,241	\$ -	\$ -	\$ 94,241
9	10065001	10065001-115KV COE LiDAR Remediation	\$ 82,148	\$ 211,056	\$ -	\$ 293,204
10	10069791	10069791-115kV Burnt Mill- West Station Rbld	\$ 1,054,654	\$ 34,675	\$ -	\$ 1,089,329
11	10065006	10065006-115KV WS-Portland-CCP-CW Rebuild	\$ -	\$ 16,260	\$ -	\$ 16,260
12	10067484	10067484-115kV NERC DMR Equipment	\$ 15,938	\$ 68,542	\$ -	\$ 84,480
13	10067596	10067596-115 kV Transmission Relay Upgrades	\$ 30,146	\$ 30,744	\$ -	\$ 60,890
14	10069578	10069578-115kV Rodrigues Sub T-Line	\$ 46,589	\$ 10,019	\$ -	\$ 56,609
15	10070923	10070923-Pueblo West 115 kV sub	\$ 345,382	\$ 122,449	\$ -	\$ 467,832
16	10067109	10067109-115kV Rodrigues Sub	\$ 65,564	\$ 9,100	\$ -	\$ 74,664
17	10067881	10067881-115kV Boone Sub Terminal Add	\$ 602,719	\$ 84,125	\$ -	\$ 686,844
18	10067000	10067000-115kV N. Penrose Substation	\$ 3,056,072	\$ 98,022	\$ -	\$ 3,154,094
19	10067024	10067024-115kV Hogback Substation	\$ 2,215,817	\$ 266,551	\$ -	\$ 2,482,368
Totals			\$ 39,170,521	\$ 5,851,465	\$ -	\$ 45,021,985

**Black Hills - Colorado Electric
 Authorized Pro Forma Rate of Return
 WACC Calculation**

Actual

Line No.	Description	Percent of Total	Cost of Capital	Weighted Cost of Capital
1	Long-Term Debt	46.71%	3.91%	1.83%
2	Common Equity	53.29%	9.37%	4.99%
3		<u>100.00%</u>		<u>6.82%</u>

Authorized (Decision C16-1140)

Line No.	Description	Percent of Total	Cost of Capital	Weighted Cost of Capital
1	Long-Term Debt	47.61%	5.29%	2.52%
2	Common Equity	52.39%	9.37%	4.91%
3		<u>100.00%</u>		<u>7.43%</u>

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Actual 2020 Collections from Tariff Sheet No. 101	\$ 5,391,877
2	Expected Collections from First Revised Tariff Sheet No. 101 (Effective date 1/1/2020)	\$ 5,824,720
3	(Over)/Under Actual collections compared to Expected collections	<u>\$ 432,843</u>
4	Approved Annual Revenue Requirement	
5	Annual Revenue Requirement (Effective day 1/1/2020 - 12/31/2020) Proceeding No. 18AL-0764E	\$ 5,824,720

Line No.	Description	Amount
1	Expected Collections from First Revised Tariff Sheet No. 101 (Effective date 1/1/2020)	5,824,720
2	Actual 2020 Collections from Tariff Sheet No. 101	5,391,877
3	(Over)/Under Actual collections compared to Expected collections (Line 1 - Line 2)	432,843
4	2020 CWIP True-Up (Appendix A Pg 4)	(369,953)
5	2020 Plant In Service True-Up (Appendix A Pg 5)	(947)
6	2020 Ownership Cost True-Up	(571)
7	(Over)/Under Revenue Requirement from Forecasted Plant Activity	(371,471)
8	Net (Over)/Under Collection from 2020 TCA Tariff [Line 3 + Line7]	61,372
9	Weighted Average Cost of Capital	4.99%
10	Interest [If line 7 is less than 0, then Line 8 x Line 9, else 0]	-

December 31, 2020 Ending Balance	62,431,469
2021 Transmission Additions	11,135,766
December 31, 2021 Projected Balance	73,567,235

Line No.	Work Order	Work Order Description	December 31, 2017												2018 Grand Total	
			Ending Balance	1	2	3	4	5	6	7	8	9	10	11		12
21	Monthly Additions		\$ 31,638,639	363,709	16,027	281,444	309	(105,543)	43,741	154,436	768,981	6,220	8,849	12,102	(56,541)	1,493,734
22	Monthly Ending Balance			32,002,349	32,018,375	32,299,819	32,300,129	32,194,585	32,238,326	32,392,762	33,161,743	33,167,963	33,176,812	33,188,914	33,132,374	
23																
			December 31, 2018													
Line No.	Work Order	Work Order Description	December 31, 2018												2019 Grand Total	
			Ending Balance	1	2	3	4	5	6	7	8	9	10	11		12
78	Grand Total		33,132,374	(1,534)	296	5,044,936	(60,757)	13,444,761	425,713	129,991	(256,820)	1,842,675	69,699	368,978	(112,140)	20,895,799
79	Monthly Ending Balance		33,132,374	33,130,840	33,131,136	38,176,072	38,115,315	51,560,076	51,985,789	52,115,781	51,858,961	53,701,635	53,771,335	54,140,312	54,028,172	
80																
			December 31, 2019													
Line No.	Work Order	Work Order Description	December 31, 2019												2020 Grand Total	
			Ending Balance	1	2	3	4	5	6	7	8	9	10	11		12
130	Grand Total		54,028,172	9,595,884	676,444	(358,756)	80,641	24,130	441,139	(2,729,362)	112,979	115,599	(12,675)	(1,085)	458,357	8,403,297
131	Monthly Ending Balance		54,028,172	63,624,056	64,300,501	63,941,745	64,022,386	64,046,516	64,487,655	61,758,293	61,871,273	61,986,871	61,974,197	61,973,112	62,431,469	
132																
			December 31, 2020													
Line No.	Work Order	Work Order Description	December 31, 2020												2021 Grand Total	
			Ending Balance	1	2	3	4	5	6	7	8	9	10	11		12
133	10076411	10076411-Land #250 W Station-North Penrose	-	-	-	-	-	2,879,238	32,263	81,611	29,370	105,803	-	-	-	3,128,286
134	10068550	10068550-Boone Phy Security	-	-	-	-	-	-	(4)	-	-	-	-	-	-	(4)
135	60140780	60140780-BHE-CO-PU-UIP - 31035 COUNTY 3 RD,	-	-	-	-	-	-	-	-	1,459	(69)	-	-	-	1,390
136	10067817	10067817-Canon City Bkr Repl	701	-	-	-	-	-	-	-	-	-	-	-	-	701
137	10069802	10069802-115kV Canon City Bkrs 3&5	(21,459)	5,616	5,108	(1,581)	-	84	-	-	837	-	-	-	(11,394)	
138	10075506	10075506-115kV CAC 2021 Bkr Replments	-	-	-	-	380,335	(99,248)	(565)	(1,199)	-	-	-	-	-	279,323
139	10071978	10071978-line 210 arm replacment	5,020	-	-	-	-	-	-	-	-	-	-	-	-	5,020
140	10076499	10076499-arm replacment ws	-	-	-	-	-	-	-	-	-	4,405	-	-	-	4,405
141	10077317	10077317-line 290 pole rep	-	-	-	-	-	-	-	-	-	86,933	-	-	-	86,933
142	10077749	10077749-Line 720 - Hit Pole	-	-	-	-	-	-	-	(6,282)	59	-	-	-	-	(6,223)
143	10057778	10057778-Boone-LaJunta 115kV Rebuild	-	-	-	-	-	-	-	-	-	19,140	-	-	-	19,140
144	10066581	10066581-Desert Cove-Midway rebuild	712	-	-	-	-	-	(161,800)	2,146	-	-	-	-	-	(158,942)
145	10069936	10069936-Fountain Valley-Midway115	2,577,007	(2,857)	15,782	831	-	-	(406,381)	4,102	-	-	-	-	-	2,188,484
146	10069789	10069789-115kV GreenHorn-Burntmill Rebuild	1,693,229	80,279	(72,796)	783	1,313	10,671	(500,000)	2,819	-	-	-	-	-	1,216,297
147	10069790	10069790-115kV Burntmill-Puebloreservoir Rbl	-	-	-	-	-	-	-	-	2,173,104	-	-	-	-	2,173,104
148	10069792	10069792-115kV Airport-Nyberg Rebuild	-	2,995,421	12,553	23,107	16,901	1,391	(953,318)	-	-	-	-	-	-	2,096,056
149	10075392	10075392-Greenhorn Install NERC Test Switch	-	-	-	-	-	-	8,716	1,208	-	-	-	-	-	9,924
150	10075410	10075410-Airport Industrial NERC Test Switch	-	-	-	-	-	-	41,485	(2,457)	(1,210)	-	-	-	-	37,818
151	10075412	10075412-Burnt Mill Sub NERC test switches	-	-	-	-	-	-	8,283	2,430	-	-	-	-	-	10,713
152	10075413	10075413-Desert Cove Sub NERC Test Switch	-	-	-	-	-	7,328	12,071	(6,273)	-	-	-	-	-	13,126
153	10075418	10075418-Hyde Park sub NERC test switches	-	-	-	-	-	7,642	4,248	(95)	-	-	-	-	-	11,794
154	10075420	10075420-Portland Sub NERC Test Switches	-	-	-	-	-	-	-	-	29,815	-	-	-	-	29,815
155																
156																2021 Additions
157	Grand Total		62,431,469	4,255,210	3,078,458	(39,353)	23,140	3,277,787	(39,873)	(1,865,650)	28,066	2,417,980	-	-	-	11,135,766
158	Monthly Ending Balance		62,431,469	66,686,679	69,765,137	69,725,785	69,748,924	73,026,712	72,986,839	71,121,189	71,149,255	73,567,235	73,567,235	73,567,235	73,567,235	

13 mo avg 70,839,302