

BHCE 2025 Projected Net Revenue Requirement Meeting

October 2024

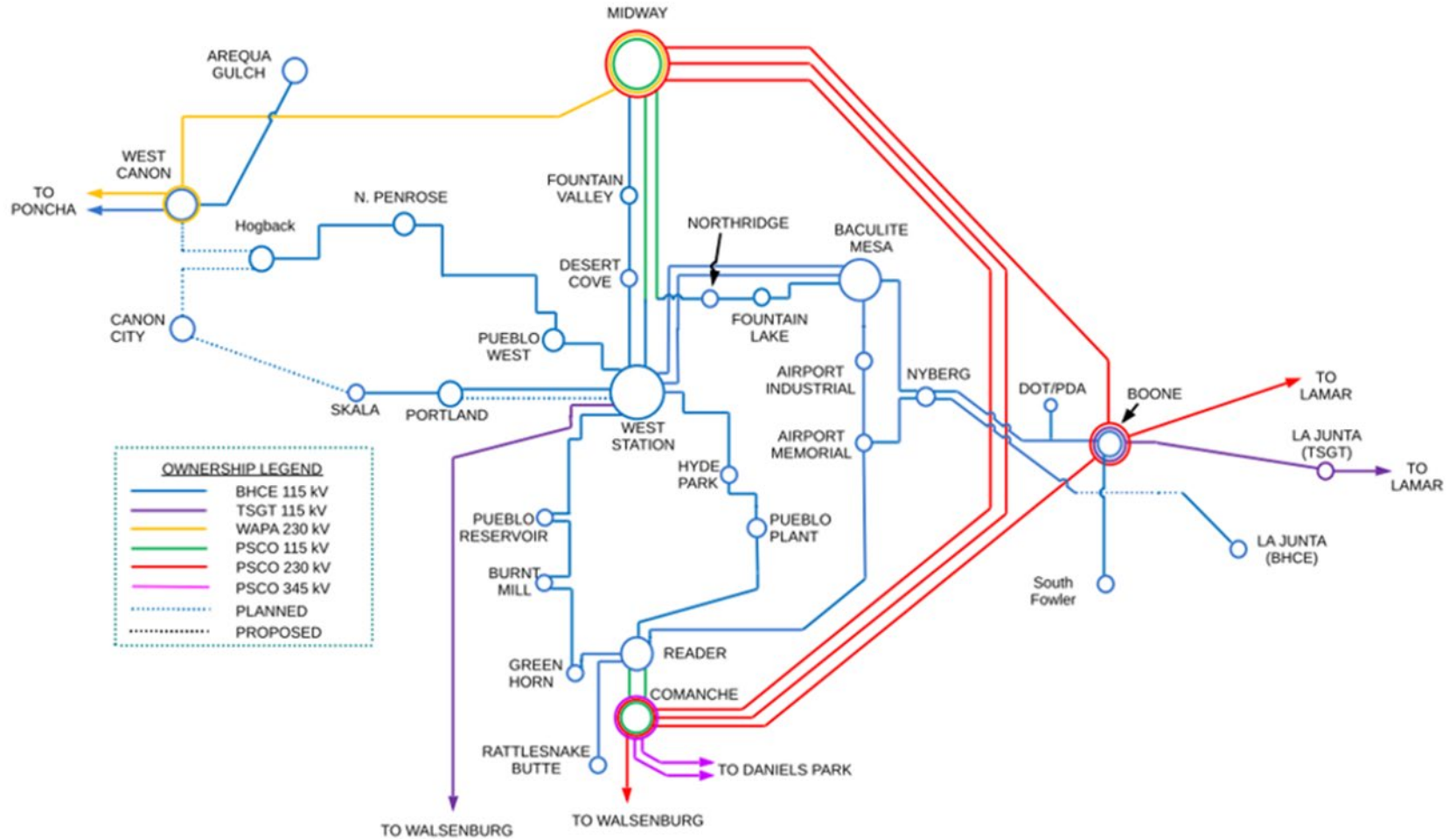




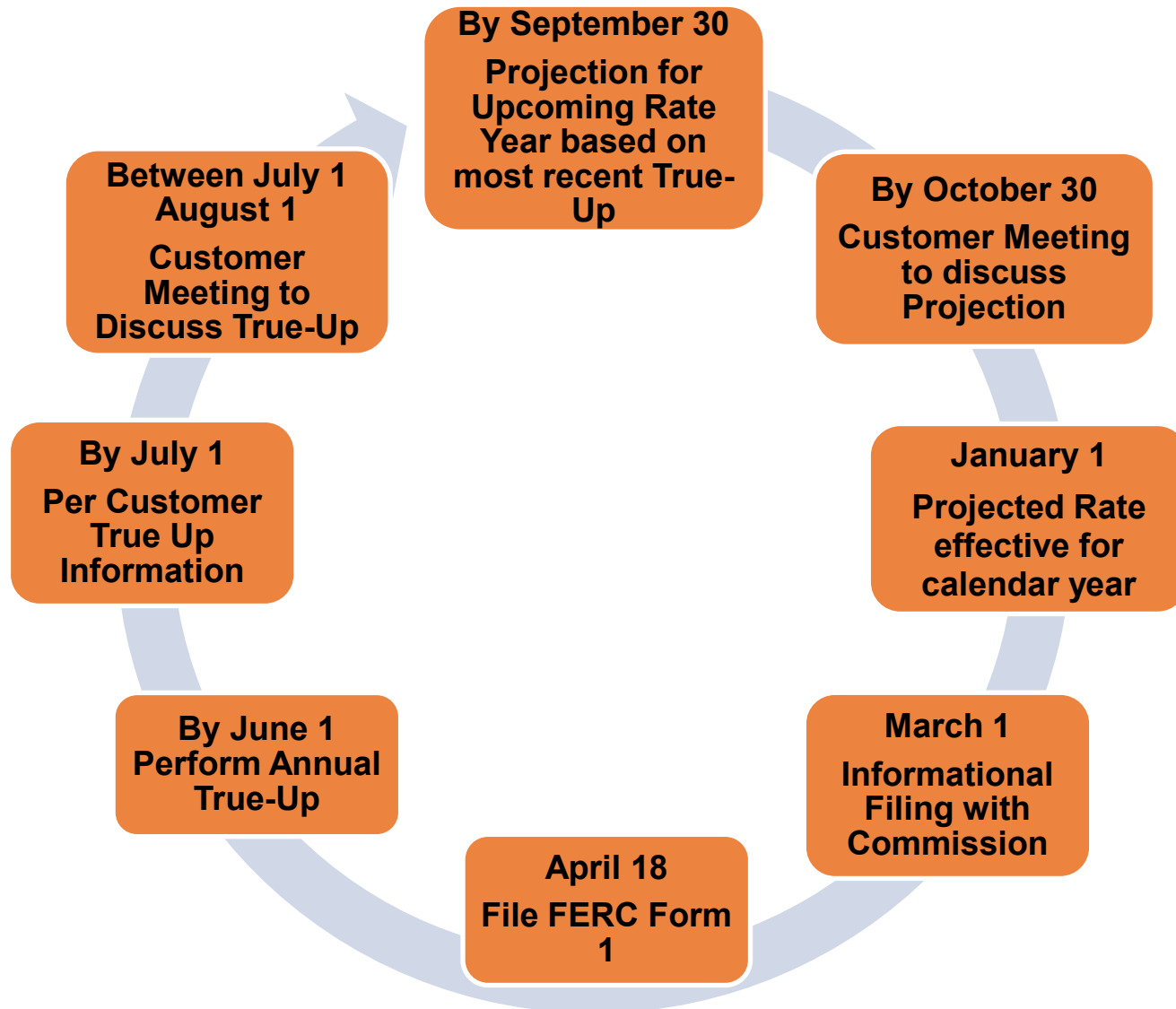
Agenda

- Introductions
- BHCE Transmission System Overview
- Protocols
- Discuss the 2025 Projected Net Revenue Requirement
 - Summary of Key Drivers
 - 2025 Projected Net Revenue Requirement
 - Disclosure Obligations
 - Revisions to 2023 True-Up
 - Workpapers Provided for the Projection
- Where to Find Information and be Engaged
- Questions & Comments

BHCE Transmission System



Formula Rate Protocols



Summary of Key Drivers

- The BHCE 2025 Projected Net Annual Revenue Requirement is \$31.88M.
 - Decrease of \$94k compared to 2024 projection
- Primary Drivers of Net Decrease:
 - Change in Cost of Debt and resulting return.
 - Total Operating Expenses decreased by \$589,702.
 - Projected Total Income Taxes increase by \$202,697.
 - Total Revenue Credits increased by \$440,154.



2024 Projected Revenue Requirement

Black Hills Colorado Electric Attachment H			*2025 Projected	2024 Projected	2025 Projection Variance from Prior Year
1	Average Transmission Rate Base		\$ 217,789,725	\$ 211,253,549	\$ 6,536,177
2	Weighted Rate of Return		6.59%	6.45%	0.14%
3	Return on Average Rate Base		\$ 14,348,820	\$ 13,615,502	\$ 733,317
4	Operating Expense				
5	Operations & Maintenance		6,455,237	6,754,759	(299,522)
6	Depreciation		5,982,859	5,571,687	411,172
7	Taxes Other Than Income		3,133,314	3,834,666	(701,352)
8	Total Operating Expenses		15,571,410	16,161,112	(589,702)
9	Income Taxes		2,873,941	2,671,244	202,697
10	Total Revenue Requirement		32,794,171	32,447,859	346,312
11	Revenue Credits		(909,616)	(469,461)	(440,154)
12	Net Annual Revenue Requirements		31,884,555	31,978,398	(93,842)
13	Divisor		377,253	390,970	(13,717)
14	Rate (\$/kW-Yr)		\$ 84.52	\$ 81.79	\$ 2.73

*Note: The 2025 Projected amounts are based on the revised 2023 True-Up

Other Specific Disclosure Obligations

Other Taxes

- Footnote AA of Actual Attachment H provides that if Colorado Electric populates the data enterable field relating to other taxes certain disclosure procedures must be followed.
- This field has not been populated.

Load Inputs

- No changes since the settlement of ER22-2185

Accounting Changes

- No changes

Revisions to 2023 True-Up

- A1-RevCred
 - FERC Form 1 Page 328 did not include Black Hills Colorado's non-firm point to point transmission use in the revenue credit. Consequently, BHCOE determined STF and NF usage for 2023 and included those revenues as part of the revenue credit on Attachment H. A revised workpaper, "Revised 2023 A1-Rev Cred", has been provided with the revised 2023 True-Up.
- Schedule 1
 - FERC Form 1 Page 398 does not provide the detail needed to accurately calculate the credit. A revised workpaper, "Revised 2023 Schedule 1", that provides more detail has been provided with the revised 2023 True-Up.
- A6-Divisor
 - Due to an error in the calculation of the Impacted Gen, the A6-Divisor tab in 2023 True-Up was recalculated. A revised workpaper, "2023 Monthly System Peak Workpaper", has been provided.

Workpapers Provided for ATRR Projection

- Supplemental Supporting Schedules
 - Actual Attachment H – Cost of Debt
 - Actual Attachment H – Income Tax
 - Actual Attachment H – Excluded Plant
 - Actual Attachment H - Excluded Plant - OATT ancillary services or GSUs
 - A2- A & G (PBOP)
 - 2024 Monthly System Peak Workpaper
 - 2023 Monthly System Peak Workpaper

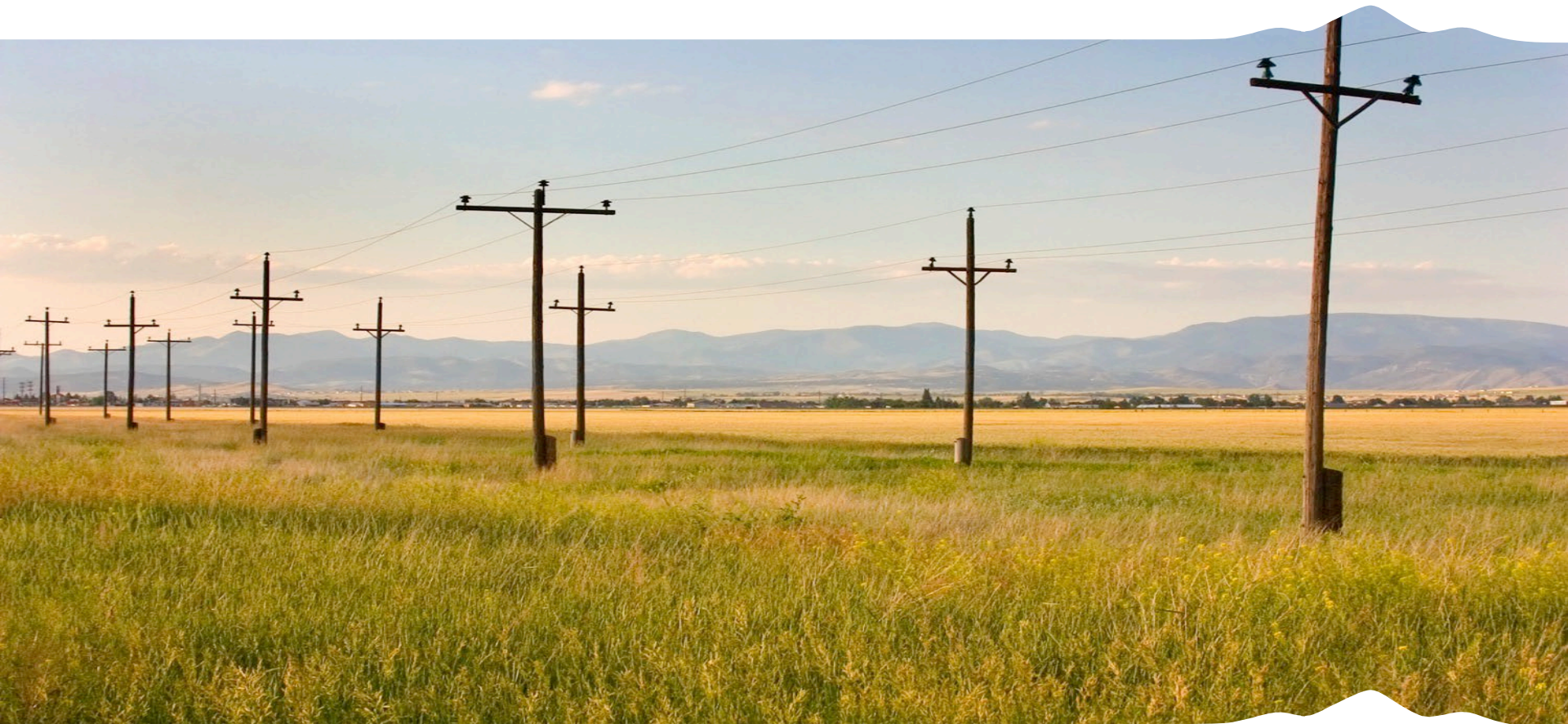
How to be Engaged

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/BHCT/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 *Black Hills Colorado Electric* 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

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