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February 27, 2025

Ms. Debbie-Anne A. Reese  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington DC, 20246

RE: *Cheyenne Light, Fuel and Power Company*  
Docket No. ER25-\_\_\_\_-000  
2025 Annual Formula Rate Update Informational Filing

Dear Secretary Reese:

Cheyenne Light, Fuel and Power Company (“Cheyenne Light”) hereby submits the annual informational filing (“Informational Filing”) required by Section V of its formula rate protocols (“Protocols”), which are set forth in Attachment H of its Open Access Transmission Tariff (“OATT”). This Informational Filing includes information relating to Cheyenne Light’s Projected Net Revenue Requirement, which forms the basis for rates effective January 1, 2025. Cheyenne Light’s Projected Net Revenue Requirement for 2025 is based on actual data for 2023 and estimated data for 2025. In addition, this Informational Filing includes data and information relating to Cheyenne Light’s most recent Annual True-Up. The last Annual True-Up was performed in May of 2024 and covered Rate Year 2023.

## **I. INFORMATIONAL FILING REQUIREMENTS**

Section V of Cheyenne Light’s Protocols provides that, by March 1 of each year, Cheyenne Light shall submit to the Commission an Informational Filing relating to its Projected Net Revenue Requirement and Annual True-Up including the postings required by Section II and IV of the Protocols and which occurred during the prior year. Section V further provides that the Informational Filing is to include information reasonably necessary to determine: (1) that input data under the formula rate are properly recorded in any underlying workpapers; (2) that Cheyenne Light has properly applied the formula rate and its Protocols; (3) the accuracy of data and the consistency with the formula rate of the net revenue requirement and rates under review; (4) the extent of accounting changes that affect formula rate inputs; and (5) the reasonableness of projected costs. The Protocols also require

Cheyenne Light to submit, in its Informational Filing, the formula rate template and underlying workpapers in native format, fully populated, and with formulas intact. Cheyenne Light is fulfilling these tariff obligations by providing the attachments, narrative descriptions, and files described in this transmittal letter.

## A. Attachments

In accordance with the requirements under Section V of its Protocols, Cheyenne Light provides the following attachments with its Informational Filing.

- This Transmittal Letter;
- 2025 CLPT Attach H Trans Formula Projection.xlsx;
- 2025 CLPT Attach H Supplemental Workpapers.xlsx;<sup>1</sup>

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<sup>1</sup> 2025 CLPT Attach H Supplemental Workpapers.xlsx includes the following individual supporting workpapers:

- Act Att-H Cross Reference: provides a cross-reference between template FF1 references and revised FF1 pagination resulting from the Commission's change to XBRL format.
- A3-ADIT Cross Reference: provides a cross-reference between template FF1 references and revised FF1 pagination resulting from the Commission's change to XBRL format.
- A4-Rate Base Cross Reference: provides a cross-reference between template FF1 references and revised FF1 pagination resulting from the Commission's change to XBRL format.
- Proj Att-H Cross Reference: provides a cross-reference between template FF1 references and revised FF1 pagination resulting from the Commission's change to XBRL format.
- P2-Exp. & Rev. Credits Cross Reference: provides a cross-reference between template FF1 references and revised FF1 pagination resulting from the Commission's change to XBRL format.
- P5-ADIT Cross Reference: provides a cross-reference between template FF1 references and revised FF1 pagination resulting from the Commission's change to XBRL format.
- A-4 Pg. 1, Lines 15-28 Adj: reconciles the Transmission Accumulated Depreciation rates on Worksheet A4, page 1, lines 15-28 for King Ranch and Corriedale transmission assets with the FERC depreciation rates listed on Worksheet A5.
- Act Att-H, Page 3, Ln 9-10 Adj: reconciles the Transmission Depreciation and Amortization Expense on Actual Attachment H, page 3, line 9 with the FERC depreciation rates listed on Worksheet A5.
- Act Att-H, Page 4, Line 3 Adj details the removal of Generation Step-Up Units and tie lines from Actual Attachment H, page 4, line 3.
- A-3, Line 3, 4, 18-22 Adj: reconciles Account No. 282 on Worksheet A3, line 3 and Account No. 283 on Worksheet A3, line 4 with the FERC depreciation rates listed on Worksheet A5.
- A-2, Line 21, PBOP Adj: reconciles Account No. 926 on Worksheet A2, line 21.
- Corriedale Depr Adjustment: provides more detail for the accumulated depreciation adjustment on A-4 Pg. 1, Lines 15-28.
- King Ranch Depr Adj: provides more detail for the accumulated depreciation adjustment on A-4 Pg. 1, Lines 15-28.
- GSU: provides more detail for the Excluded Plant workpaper.

- 2023 CLPT Attach H Trans Formula Rate True Up.xlsx;
- 2023 CLPT Attach H Supplemental Workpapers.xlsx;<sup>2</sup>
- 2023 CLFP Prepaid Accounting Rec Summary.xlsx;<sup>3</sup> and
- 2023 CLFP Informational Cost Allocation.pdf.<sup>4</sup>

## **B. Corrections, Adjustments, Accounting Changes and Challenges**

Through the Informational Filing, Cheyenne Light describes any corrections, adjustments, or accounting changes made during the periods relevant to this Informational Filing. In addition, Cheyenne Light is required to identify any informal or formal challenges relating to its most recent Annual True-Up and Projected Net Revenue Requirement.

### **1. Corrections and Adjustments**

During the operative reporting period, Cheyenne Light did not use the prior period adjustment mechanism approved in its transmission formula rate template nor were there any corrections.

Cheyenne Light has some instances where state approved depreciation rates differ from its FERC approved depreciation rates. Differences of this type can impact depreciation expense, accumulated reserve, and ADIT. However, Cheyenne Light has a software solution that allows the company to track state depreciation expense and FERC depreciation expense as well as the impact this difference had on Accumulated Depreciation. Generally, this information is included on page 219 of the FERC Form 1, including the Section (a) footnote and page 336 of the FF1, including the Section 1 footnote.

In preparing the 2023 Annual True-Up, Cheyenne Light identified an error in the footnote calculations on page 219 of the FERC Form 1 and particularly footnote (a) for rows 25 and 26 relating to accumulated reserve on the FERC Form 1 but utilized the correct

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<sup>2</sup> The 2023 CLPT Attach H Supplemental Workpapers.xlsx includes the same workpapers as noted in footnote 1 above with the exception of the Proj Att-H Cross Reference, P2-Exp. Rev. Credits Cross Re, and P5-ADIT Cross Reference.

<sup>3</sup> Prepayments are included on Worksheet A8 of 2023 CLPT Attach H Trans Formula Rate True Up.xlsx and cite Company Records as the source of the information. The attachment labeled “2023 CLFP Prepaid Accounting Rec Summary.xlsx” provides that level of detail.

<sup>4</sup> Cheyenne Light’s Protocols require it to provide a description of the methodologies used to allocate and directly assign costs between Cheyenne Light and its affiliates. Cheyenne Light must also identify the magnitude of such costs that have been allocated or directly assigned to Cheyenne Light by any affiliates. *See* Cheyenne Light OATT, Attachment H-2 Section V. The information in “2023 CLFP Informational Cost Allocation.pdf” was sourced from the Company’s 2023 FERC Form 1, page 429 wherein all non-power goods or services provided by affiliated entities are reported.

amounts for accumulated reserve in the 2023 Annual True-Up. As such the amount in the true-up template will not tie to the original FERC Form 1 footnote.<sup>5</sup> Similarly, the depreciation expense on FERC Form 1 page 336 also had an error in the footnote; nevertheless, Cheyenne Light utilized the correct depreciation expense in the 2023 Annual True-Up. As such the amount in the true-up template will not tie to the original FERC Form 1 footnote.<sup>6</sup> The reconciliation of both accumulated reserve and depreciation expense to account for this situation can be found within the 2023 CLPT Attach H Supplemental Workpapers.xlsx on the A-4 Pg. 1, Lines 15-28 Adj and the Act Att-H, Page 3, Ln 9-10 Adj tabs.

The reconciliation of ADIT begins with the balances as shown in the footnote of page 274-275. Two reconciling items are included to account for the ADIT adjustments specific to the Corriedale and King Ranch assets as shows within the 2023 CLPT Attach H Supplemental Workpapers.xlsx on the A-3, Line 3, 4, 18-22 Adj, Corriedale Depr Adjustment and King Ranch Depr Adj tabs.

Other miscellaneous adjustments to the FERC Form 1 values, such as reconciliation for right of use operating lease assets and asset retirement obligations, are shown in the attachment labeled 2023 CLPT Attach H Supplemental Workpapers.xlsx on the A-4 Pg. 1, Lines 15-28 Adj tab.

## **2. Accounting Changes**

Cheyenne Light has not identified any accounting changes that would have impacted the 2023 FERC Form 1 information. The 2023 FERC Form 1 provided the basis for the most recent Annual True-Up and constitutes part of the data set that it used for the 2025 Projected Net Revenue Requirement.

## **3. FERC Form 1 Reference Disclosures**

In the Annual True-Up customer meeting required by Cheyenne Light's Protocols, Cheyenne Light highlighted that there were some changes to FERC Form 1 pagination that occurred after the Commission's conversion to XBRL and which caused some of the references displayed in Actual Attachment H to be slightly inaccurate. Cheyenne Light

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<sup>5</sup> Cheyenne Light did file a revised FERC Form 1 to address this calculation error, however, it occurred after publication of the 2023 Annual True-Up. The revised FERC Form 1 does tie to the template input.

<sup>6</sup> Cheyenne Light did file a revised FERC Form 1 to address this calculation error, however, it occurred after publication of the 2023 Annual True-Up. The revised FERC Form 1 does tie to the template input.

posted workpapers that provide cross-references for customers and has included those cross references within the attachment labeled 2023 CLPT Attach H Supplemental Workpapers.xlsx.<sup>7</sup>

#### 4. Informal or Formal Challenges

Finally, Section V of the Protocols requires Cheyenne Light to describe any aspect of the formula rate, or its inputs, that is the subject of dispute under the informal or formal challenge procedures available under its Protocols. At the time of this filing, no aspect of Cheyenne Light's formula rate, its 2025 Projected Net Revenue Requirement, or its Annual True-up of the 2023 Rate Year is the subject of a dispute under the informal or formal challenge procedures set forth in the Protocols.

##### C. Cost Allocation Information

Section V of the Protocols requires that Cheyenne Light include, in its Informational Filing, a description of the methodologies used to allocate and directly assign costs between Cheyenne Light and its affiliates. Cheyenne Light must also identify the magnitude of such costs that have been allocated or directly assigned to Cheyenne Light.

In 2023 (the data year applicable to the most recent Annual True-Up), Cheyenne Light received allocated or directly assigned costs from Black Hills Service Company, LLC ("BHSC") and Black Hills Power, Inc.

Costs from BHSC could be directly charged to Cheyenne Light or indirectly allocated when the cost was not associated with an activity specifically undertaken on behalf of Cheyenne Light. Stated similarly, direct costs are costs that are specifically associated with and assignable to Cheyenne Light. Indirect costs are costs that benefit or support more than one Black Hills Corporation subsidiary and are allocated among subsidiaries using one of several pre-defined allocation ratios. Those pre-defined allocation ratios are described in BHSC's Cost Allocation Manual or "CAM." The potential allocation ratios available for use in 2023 under the CAM included:

- **Asset Cost Ratio** – Based on the net cost of assets.
- **Gross Margin Ratio** – Based on the total gross margin.
- **Payroll Dollars Ratio** – Based on the total direct payroll dollars.
- **Blended Ratio** – A composite ratio comprised of an average of the Asset Cost Ratio, the Payroll Dollars Ratio, and the Gross Margin Ratio. These ratios are equally weighted. This ratio is sometimes referred to as the 3-factor allocation ratio.

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<sup>7</sup> See 2023 CLPT Attach H Supplemental Workpapers.xlsx.

- **Employee Ratio** – Based on the number of employees.
- **Generation Capacity Ratio** – Based on the power generation facility’s capacity.
- **Square Footage Ratio** – The total square footage of a given facility.
- **Regulated Electric Transmission/Distribution Ratio** - Based on an average of a multiple of cross-sectional drivers for the transmission function that includes customer counts, peak load, number of substations, number of feeders, number of distribution and transmission miles, and number of remote terminal units.
- **Customer Count Ratio** - Based on the number of customers.

Each BHSC department is assigned one of these allocation ratios. All indirect costs of that department are then allocated using the assigned ratio. When determining which allocation ratio should be assigned to each department, a ratio is selected based on the specific cost driver of that department. For instance, the expenses incurred by the Human Resources department are primarily related to their support of all company employees. In this example, the cost driver for the Human Resources department indirect costs is employees. Therefore, their indirect costs will be allocated based upon the Employee Ratio.

The Protocols also require disclosure of costs allocated or directly assigned between Cheyenne Light and its affiliates by service category or function. To satisfy this requirement, Cheyenne Light has attached a document titled “2023 CLFP Informational Cost Allocation.pdf.” The information in “2023 CLFP Informational Cost Allocation.pdf” was sourced from the Company’s 2023 FERC Form 1 page 429 wherein non-power goods or services provided by affiliated entities are reported.

In addition, BHSC also allocates assets to BHC subsidiaries pursuant to the CAM together with attendant accumulated deferred income tax and excess deferred income tax expense. Based on a 13-month average, in 2023 BHSC allocated \$9,264,936 in net plant to Cheyenne Light and, of that total, \$758,837 was allocated to the formula rate. This net plant amount represents the portion of BHSC net plant allocated to the transmission formula rate exclusive of accumulated deferred income tax and excess deferred income tax expense.

#### **D. Additional Reporting: Prepayments and Taxes Other than Income Taxes**

Cheyenne Light’s Attachment H formula rate template includes certain disclosure obligations if certain data enterable fields are populated. Those data enterable fields are included in Actual Attachment H, Note AA (Taxes Other than Income Taxes) and Worksheet 8, Note B (Prepayments).

Cheyenne Light did not populate the template line associated with Actual Attachment H, Note AA (Taxes other than Income Tax). There were no new prepayments included in the

2023 True Up Template. Prepayments are included on Worksheet A8 of 2023 CLPT Attach H Trans Formula Rate True Up.xlsx and cite Company Records as the source of the information. The attachment labeled “2023 CLFP Prepaid Accounting Rec Summary.xlsx” provides that level of detail.

### **E. Deadlines and Administrative Requirements**

The Protocols also contain several deadlines and administrative requirements. For instance, Cheyenne Light’s Protocols require it to post its Projected Net Revenue Requirement for the following rate year on its website and Cheyenne Light’s Open Access Same Time Information System (“OASIS”) by September 30 of each year. Further, within ten (10) days of its posting of the Projected Net Revenue Requirement, Cheyenne Light is required to provide notice of the posting to interested parties, via an email exploder list. Similarly, Cheyenne Light’s Protocols require it to post its Annual True-Up on its website and Cheyenne Light’s OASIS by June 1 of each year. Thereafter, within ten (10) days of the posting of its Annual True-Up, Cheyenne Light is required to provide notice of such postings to interested parties via its email exploder list. Finally, following the posting of its Projected Net Revenue Requirement and Annual true-up, Cheyenne Light’s Protocols require it to hold open meetings with interested parties to permit Cheyenne Light to explain and clarify its projected net revenue requirement and/or its Annual True-Up.

Cheyenne Light has satisfied these deadlines and administrative requirements. The following table summarizes Cheyenne Light’s compliance with the specific deadlines and administrative requirements set forth in the Protocols.

<b>Activity</b>	<b>Due Date</b>	<b>Date Activity Completed</b>
Determine Annual True-Up and Post on Website and OASIS	6/01/2024	6/03/2024 <sup>8</sup>
Send notice by email exploder list of the posting of True-Up calculation	6/11/2024	6/10/2024
Send notice by email exploder list and post notice of meeting on website and OASIS of Annual True-Up meeting <sup>9</sup>	6/03/2024	6/12/2024
Hold Annual True-Up meeting	7/01/2024	6/17/2024

<sup>8</sup> Because June 1, 2024, was a Saturday, this activity occurred on June 3, 2024, which was the first business day after June 1, 2024.

<sup>9</sup> Cheyenne Light provided notice of its annual meeting via the exploder and posted a separate notice in the CLPT OATT folder on its OASIS in the Sub-Folder for the Annual True-Up.

Determine Projected Net Revenue Requirement for Rate Year 2025 and Post on Website and OASIS	9/30/2024	9/30/2024
Send notice by email exploder list of the posting of Schedule 1 and Attachment H Projected Rates	10/10/2024	10/10/2024
Send notice by email exploder list and post on website and OASIS of Annual Projected Rate meeting <sup>10</sup>	10/16/2024	10/16/2024
Hold Projected Rate Meeting	10/30/2024	10/30/2024

## II. COMMUNICATIONS

Please direct all communications and correspondence in this proceeding to the individual listed below:

Catherine M. Sabers  
Associate General Counsel  
Black Hills Service Company, LLC  
PO Box 1400  
Rapid City, SD 57709-1400  
Phone: (605)721-1914  
Cathy.Sabers@blackhillscorp.com

## III. POSTING

In accordance with Section V of its Protocols, Cheyenne Light will provide notice of this Informational Filing via an email exploder list and by posting the docket number assigned to this Informational Filing on its website and the Cheyenne Light OASIS within five days of the filing.

Thank you for your attention to this matter. Please contact the undersigned if you have any questions concerning this Informational Filing.

Respectfully Submitted,

/s/ Catherine M. Sabers

Catherine M. Sabers  
Associate General Counsel

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<sup>10</sup> Cheyenne Light provided notice of its annual meeting via the exploder and posted a separate notice in the CLPT OATT Folder on its OASIS in the Sub-Folder for the ATRR Projected Net Revenue Requirement.