

# Cheyenne Light 2025 Projected Net Revenue Requirement Meeting

October 2024

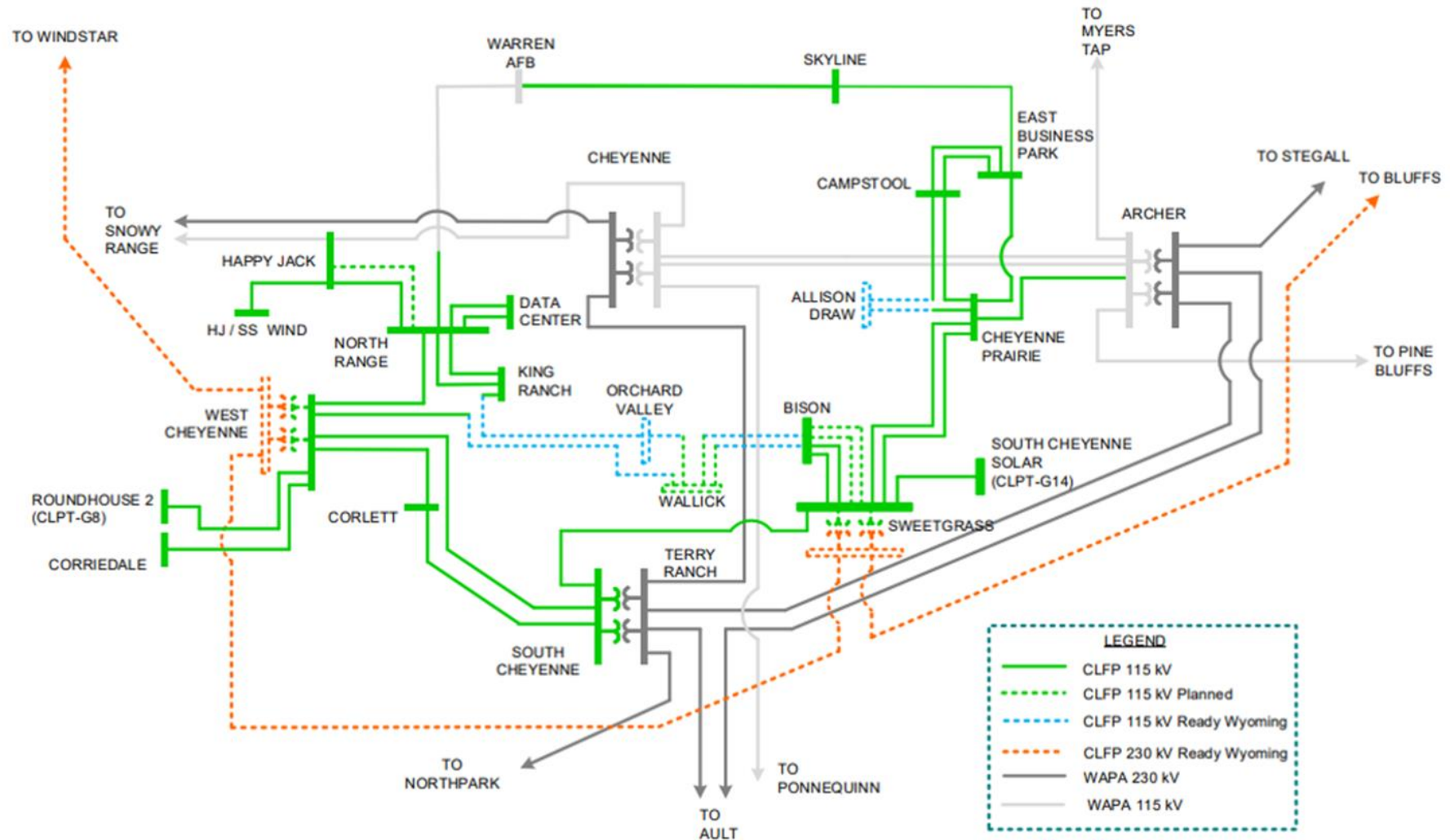




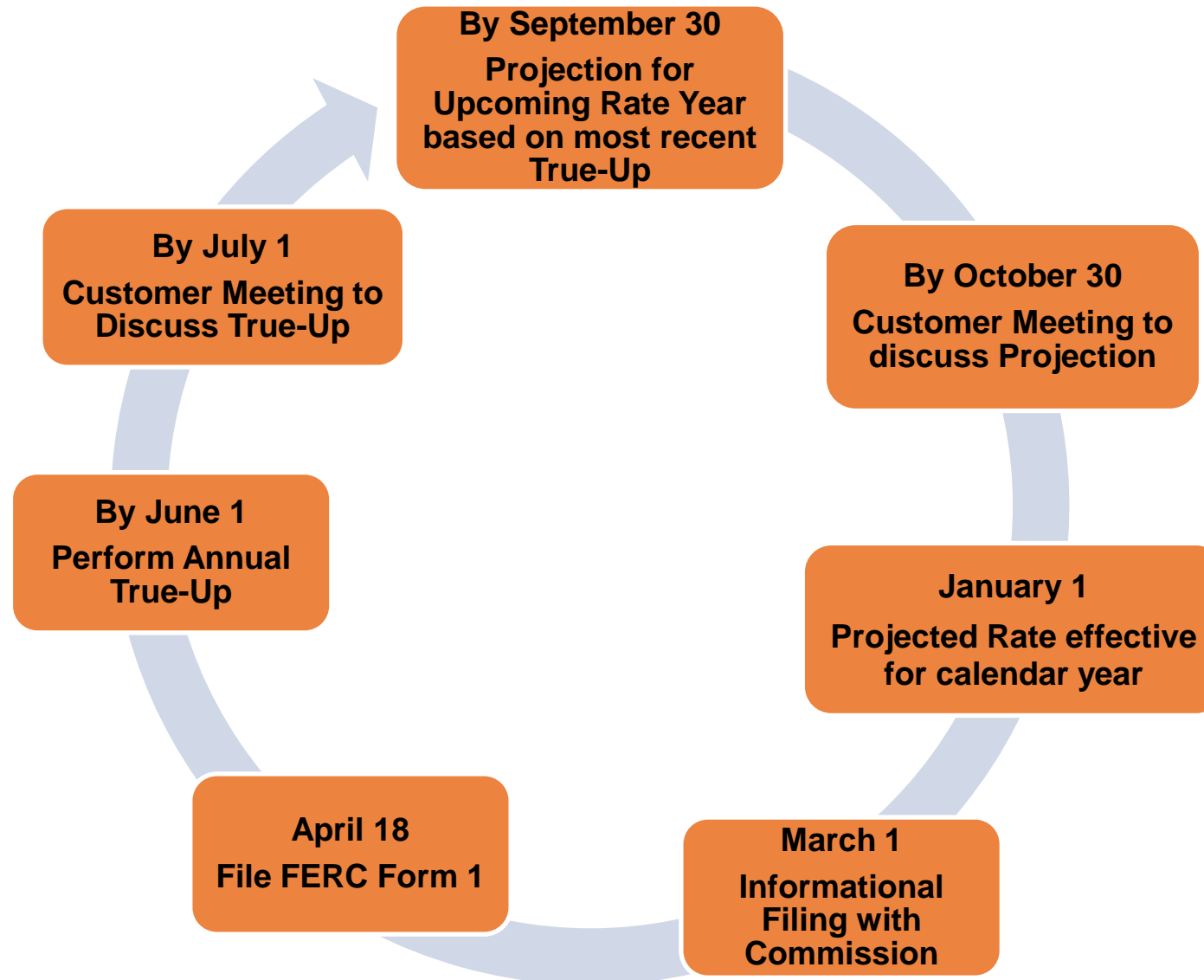
## Agenda

- Introductions
- CLFP Transmission System Overview
- Protocols
- Discuss the 2025 Projected Net Revenue Requirement
  - Summary of Key Drivers
  - 2025 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 10-Year Transmission Projects



# Formula Rate Protocols



# Summary of Key Drivers

- The CLPT 2025 Projected Annual Revenue Requirement is \$20M.
  - Increase of \$6.2M over 2024 projection
- Primary Drivers of Increase:
  - The CLPT 2025 total projected rate base increased \$55,756,749 year over year
  - This 47.33% increase over the 2024 projection is due to capital additions.
    - 2024 - \$43,995,333
    - 2025 - \$255,201,361
  - Increase in Total Operating Expenses of \$2.1M



# 2025 Projected Revenue Requirement

Cheyenne Light Fuel & Power Attachment H		2025 Projected	2024 Projected	2023 True Up	2025 Projection Variance from Prior Year
1	Average Transmission Rate Base	\$ 173,561,569	\$ 117,804,820	\$ 96,913,204	\$ 55,756,749
2	Weighted Rate of Return	7.91%	9.18%	7.91%	
3	<b>Return on Average Rate Base</b>	13,730,320	10,809,594	7,666,728	\$ 2,920,726
4					
5	<b>Operating Expense</b>				
6	Operations & Maintenance	\$ 3,875,056	\$ 2,769,252	\$ 2,207,388	\$ 1,105,804
7	Depreciation	3,866,988	3,143,012	2,465,585	723,976
8	Taxes Other Than Income	1,288,450	1,004,330	499,973	284,120
9	<b>Total Operating Expenses</b>	\$ 9,030,494	\$ 6,916,594	\$ 5,172,946	\$ 2,113,900
10					
11	<b>Income Taxes</b>	\$ 1,922,154	\$ 1,619,591	\$ 1,005,425	\$ 302,563
12					
13	<b>Total Revenue Requirement</b>	\$ 24,682,968	\$ 19,345,779	\$ 13,845,099	\$ 5,337,189
14					
15	<b>Revenue Credits</b>	(96,386)	(80,688)	(90,629)	(15,698)
16					
17	Prior Year True Up Adjustment	(4,314,709)	(5,173,908)		
18	<b>Net Annual Revenue Requirements</b>	\$ 20,271,873	\$ 14,091,182	\$ 13,754,470	\$ 6,180,690
19					
20	Network Load kW per Year	308,450	282,555	287,750	25,894
21	Rate (\$/kW-Yr)	\$ 65.72	\$ 49.87	\$ 47.80	\$ 15.85

# Adjustments to FF1 data within the 2025 Projected Revenue Requirement

- In prior true-ups, Cheyenne Light manually calculated a workpaper to show a reconciliation between state approved and FERC approved depreciation rates in its determination of accumulated depreciation.
  - Cheyenne Light has implemented a software solution that allows the Company to calculate FERC accumulated reserve at the utility account level.
    - As such, this information is now sourced directly from the FF1 on page 219, including the footnote in section B.

# 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.
- No new prepayments were included in the 2023 True-Up.

## 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.

## Accounting Changes

- There are no accounting changes included in the 2025 Projected Formula Rate.



## 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 2025 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
    - P2-Exp. & Rev. Credits cross reference
    - P5-ADIT 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, Line 3, 4, 18-22 Adjustment – Accumulated deferred income taxes
  - A-4, Pg. 1, Lines 15-28 Adjustment – Transmission accumulated depreciation workpaper
  - GSU – Net GSU
  - Corriedale Depreciation Adjustment
  - King Ranch Depreciation Adjustment

# How to be Engaged

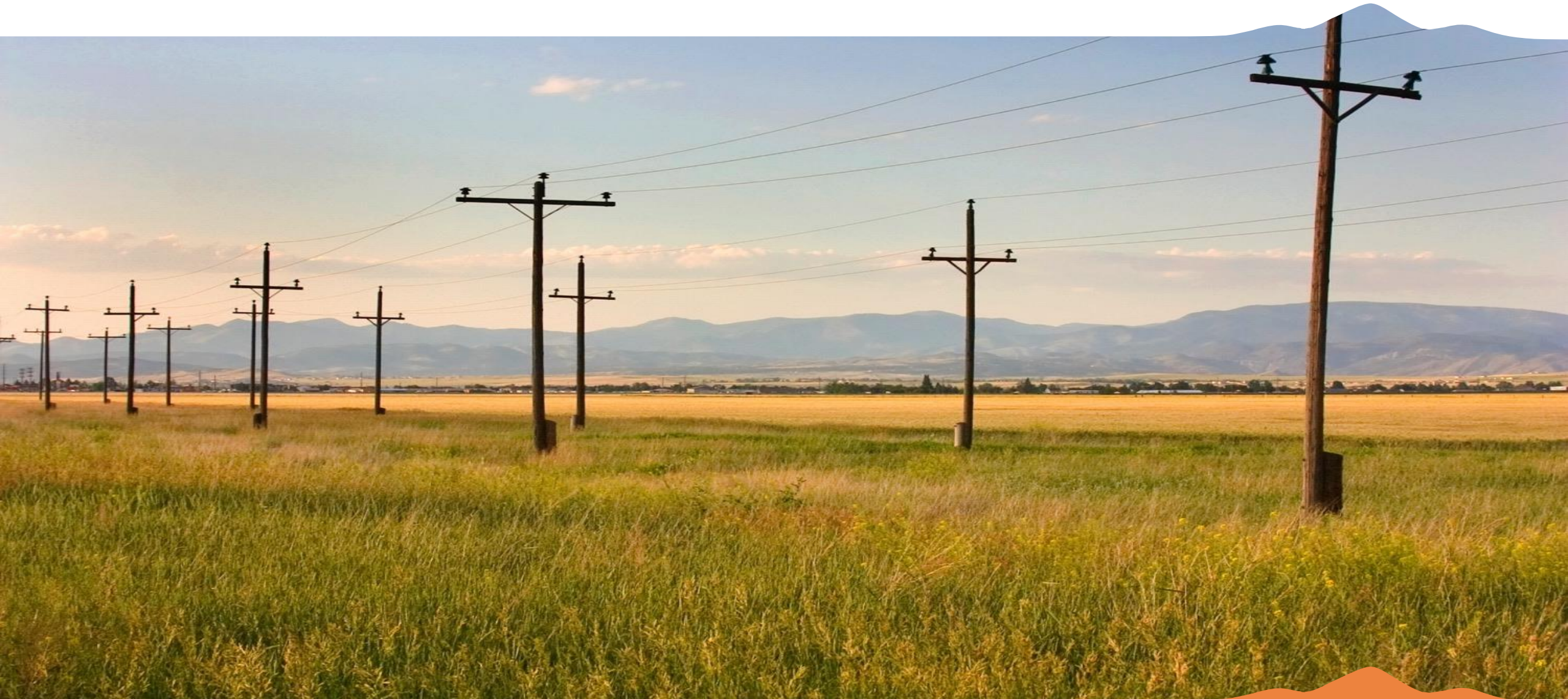
We invite our transmission customers to sign up to receive notices related to the Projected Net Revenue Requirement and Annual True-Up. A notification will be sent by email whenever there is an update. These notifications are also posted on our OASIS site. <https://www.oasis.oati.com/CLPT/index.html>

- To sign up for the notices go to our website [www.blackhillsenergy.com](http://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](mailto:Transmissionservice@blackhillscorp.com).





# Questions





# Comments / Suggestions

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