

BHP 2024 Projected Net Revenue Requirement Meeting

October 2023

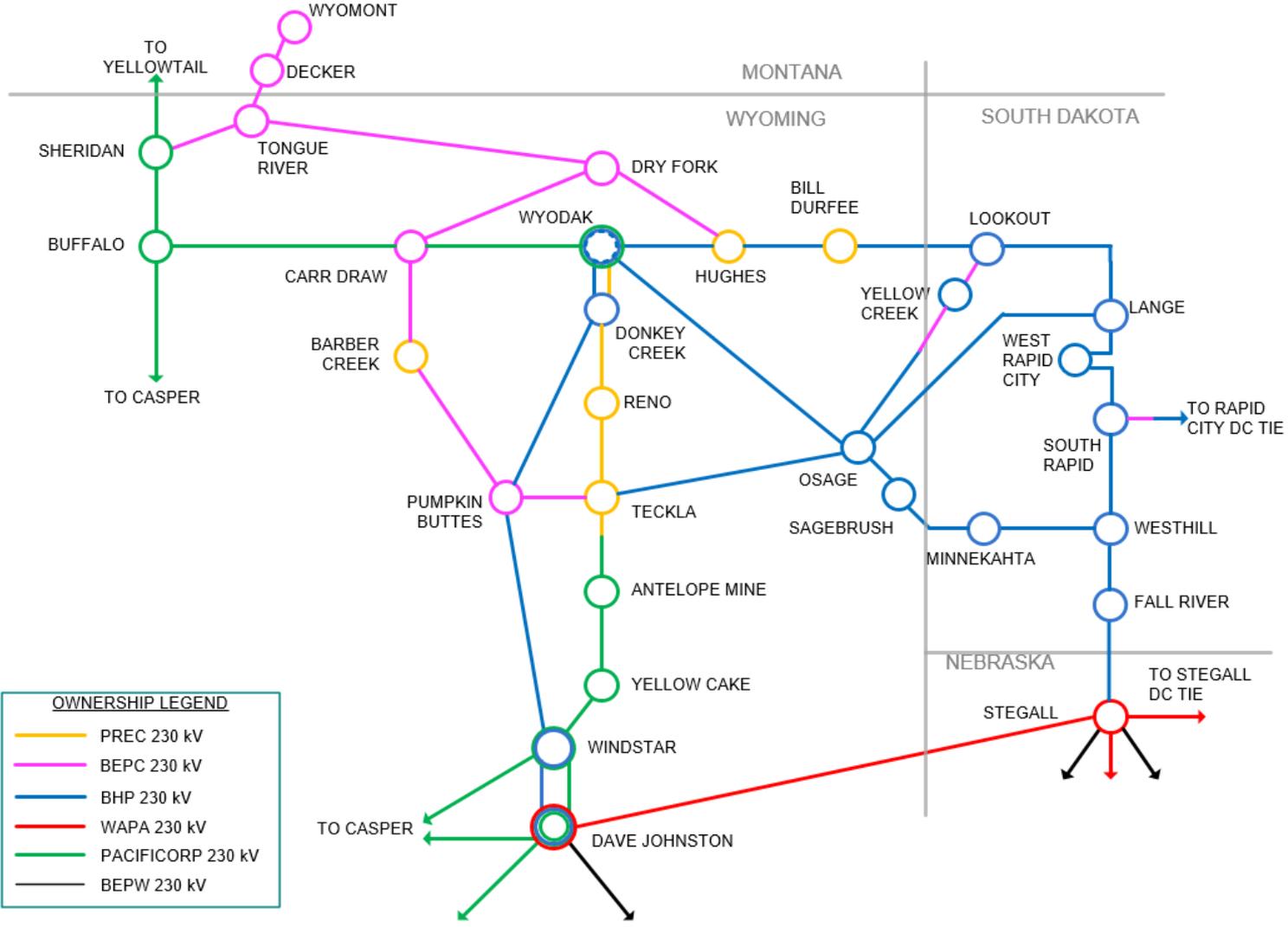




Agenda

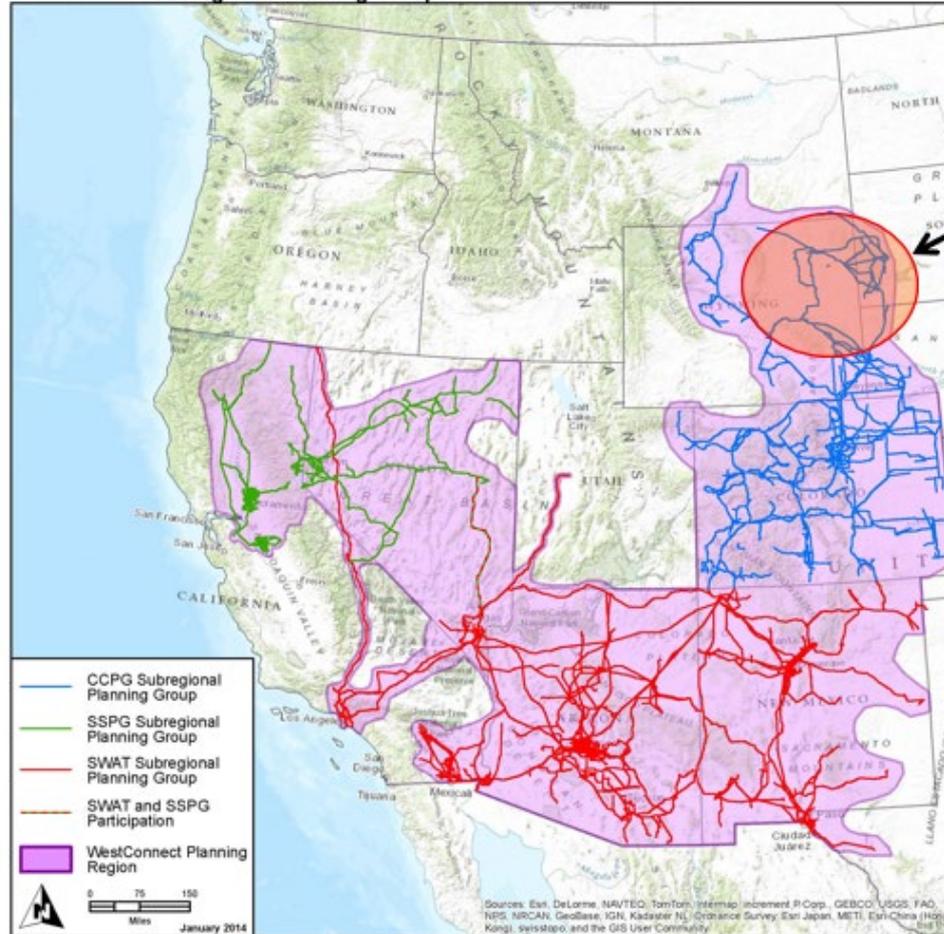
- Introductions
- CUS Transmission System Overview
- CUS Protocols
- Discuss the 2024 Projected Net Revenue Requirement
 - 2024 Projected Revenue Requirement
 - Adjustments to FERC Form 1 (FF1) Data
 - Changes to References in the Formula
 - Workpapers Provided for the Projection
- Where to Find Information and be Engaged
- Questions & Comments

Common Use System



Where We Are in the West

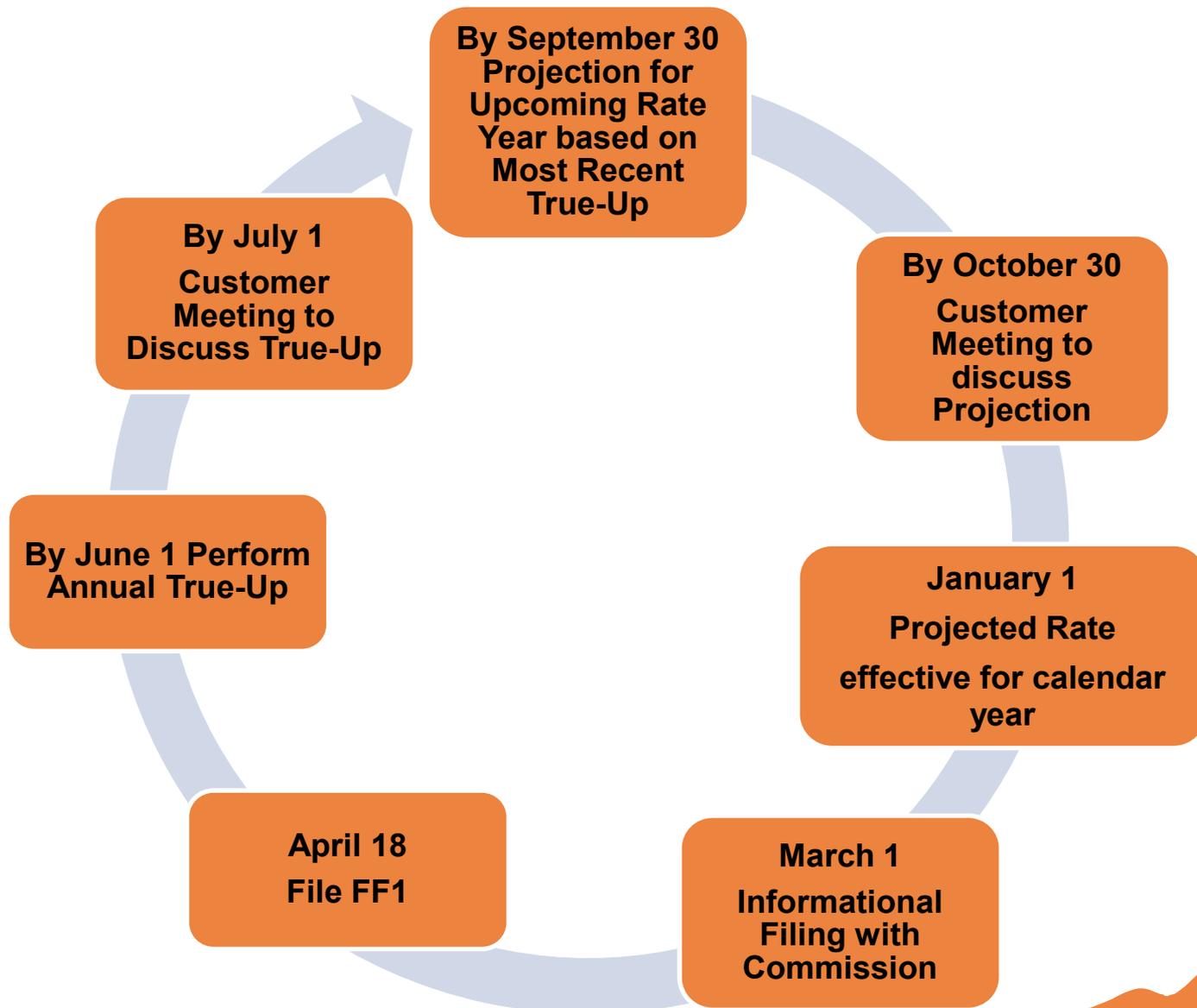
WestConnect Subregional Planning Groups



BHBE / Common Use System

CCPG—Colorado Coordinated Planning Group
SSPG—Sierra Subregional Planning Group
SWAT—Southwest Area Transmission

Formula Rate Protocols



2024 Projected Revenue Requirement

Black Hills Power Attachment H		2024 Projected	2023 Projected	2022 Actual	2024 Projection Variance from Prior Year
1	Average Transmission Rate Base	\$ 183,279,064	\$ 180,567,845	\$ 166,288,371	\$ 2,711,219
2	Weighted Rate of Return	8.76%	8.77%	8.76%	0.00%
3	Return on Average Rate Base	\$ 16,058,439	\$ 15,829,020	\$ 14,569,759	\$ 229,419
4	Operating Expenses				
5	Operations & Maintenance	5,097,876	5,342,962	5,016,701	(245,086)
6	Depreciation	6,640,048	6,641,501	5,963,347	(1,453)
7	Taxes Other than Income	1,710,373	1,713,439	1,595,091	(3,066)
8	Total Operating Expenses	13,448,297	13,697,903	12,575,138	(249,605)
9	Income Taxes	2,999,188	2,954,821	2,721,151	44,367
10	Total Revenue Requirement	32,505,925	32,481,744	29,998,618	24,180
Component Annual Revenue Requirements					
11	Black Hills	32,505,925	32,481,744	29,998,618	24,180
12	Basin Electric	16,482,130	16,482,130	16,482,130	-
13	PRECorp	2,123,466	2,123,466	2,123,466	-
14	Total Annual Revenue Requirements	51,111,521	51,087,340	48,604,214	24,180
15	Revenue Credits	(877,241)	(799,486)	(877,241)	(77,755)
16	Net Annual Revenue Requirements	\$ 50,234,280	\$ 50,287,854	\$ 47,594,403	\$ (53,575)
17	Network Load	1,003,778	968,667	990,250	35,111
18	Rate (\$/kW-Yr)	\$ 50.05	\$ 51.91	\$ 48.06	\$ (1.87)

Adjustments to FF1 data within the 2024 Projected Revenue Requirement

- Black Hills calculated the 2024 Projected Net Revenue Requirement with the following modifications to data from the FF1:
 - Plant in Service and associated Accumulated Depreciation balances by Functional categories were evaluated to ensure the following were excluded from rate base:
 - Horizon Point Company Headquarters
 - Asset Retirement Obligation
 - Right of Use Operating Lease
 - Adjustments from state-approved depreciation rates to FERC-approved depreciation rates

Changes in Formula Rate References (changes in page and line numbers for FF1)

- ❑ Over the years FERC has changed pagination and display related to the FF1; this includes formatting changes in 2021 due to FERC's Conversion to XBRL.
- ❑ Any changes in the references between the template, as filed, and the FF1 can be seen in 2024 BHBE Attachment H Transmission Rate Estimate Supplemental Supporting Schedules file (Cost of Service References tab).
- ❑ Thus far, FERC has not taken the position that Transmission Providers need to make changes to their templates to accommodate the reference changes

Workpapers Provided for Projected Revenue Requirement

- Supplemental Supporting Schedules
 - Cost of Service References - changes in FF1 references
 - BHP WP1 A&G – adjustments and details for specific A&G expenses
 - BHP WP4 Transmission Assets - excluded plant
 - BHP WP8 Adj to Rate Base – ADIT adjustments to rate base
 - BHP WP9 Accum Depr - General and Intangible accumulated depreciation
 - BHP WP10 Plant in Service - General and Intangible plant in service
 - BHP WP11 Property Tax Expense - property tax adjustment for Horizon Point
 - BHP WP12 ADIT - the ADIT adjustment for Horizon Point and depreciation
 - BHP WP13 Accumulated Reserve - the accumulated depreciation variance between state-approved and FERC-approved depreciation rates
- 2024 BHP Projection Tie Out to FF1 – reconciliation of plant and accumulated depreciation balances from the Projection to the FF1

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/BHBE/index.html>

- To sign up for the notices go to our website www.blackhillsenergy.com. In the upper right click on *About Black Hills Energy*. Next click on *Transmission & Distribution* then *Transmission Rates*. Under More Information click on the link *Sign up for notices*. Key in your email address 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

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