

# **BHP 2020 Formula Rate True-Up Meeting**

June 11, 2021





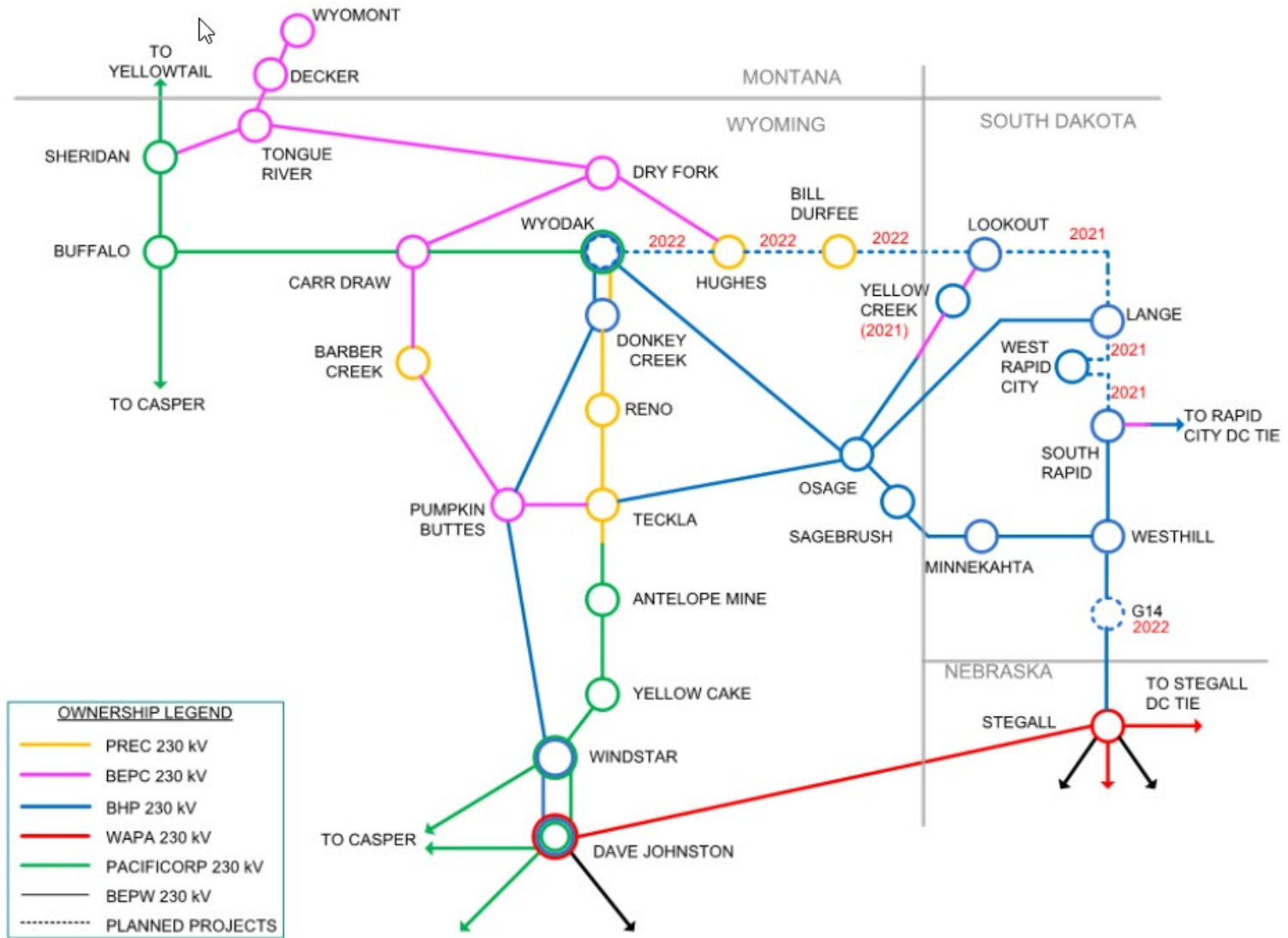
# Agenda

- Introductions
- CUS Transmission System Overview
- Discuss the 2020 Annual True-Up
  - Summary of Key Drivers
  - 2020 Actual vs Estimated
- Where to Find Information and be Engaged
- Questions & Comments

# CUS Transmission System

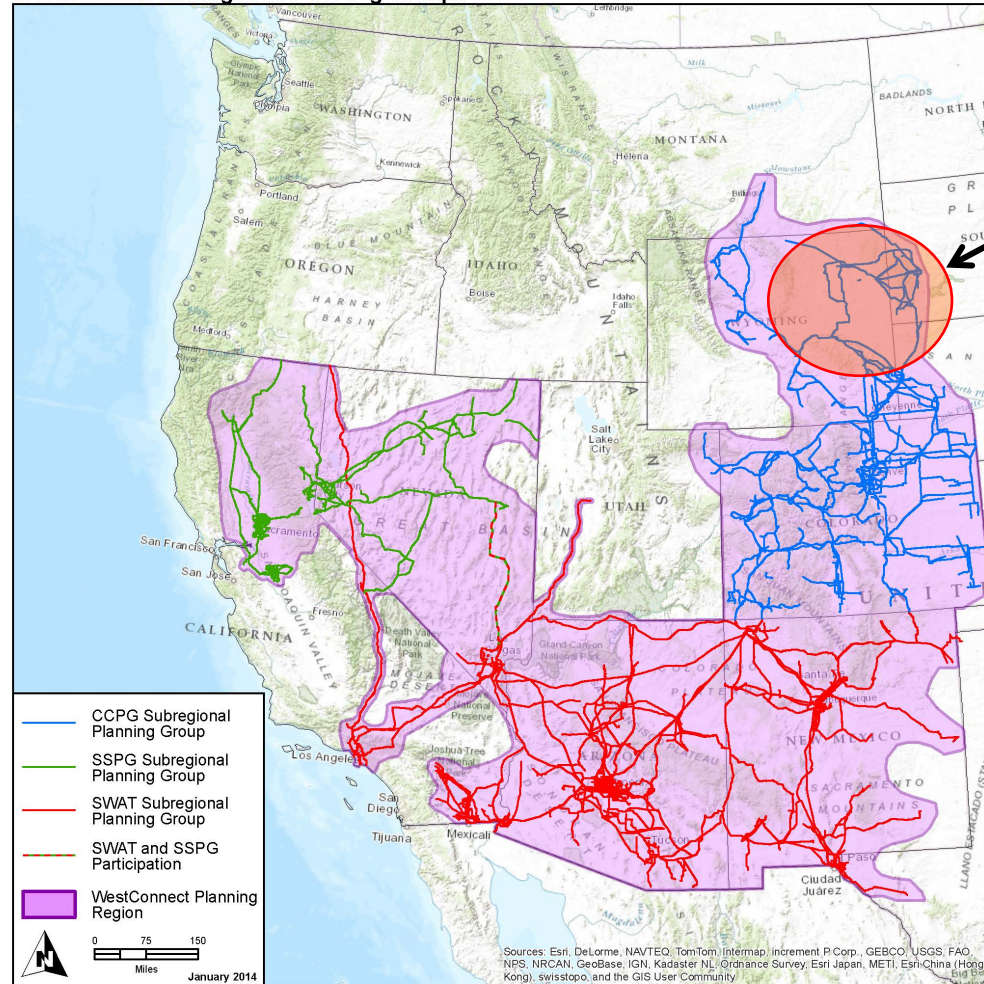
- The Common Use System (CUS) is a jointly operated transmission system. The CUS participants include Basin Electric Power Cooperative, Black Hills Power Inc. and Powder River Energy Corporation.
- The CUS has filed with the FERC a joint open-access transmission tariff that provides transmission service over these combined assets that consist of 230 kV and limited 69 kV transmission facilities within areas of Southwestern South Dakota and Northeastern Wyoming.
- The CUS is made up of approximately 1242 circuit miles

# 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

# Summary of Key Drivers

- Decrease in total revenue requirement of \$1,499,459 from the 2020 estimate.

## Primary Drivers of Decrease:

- (\$363k) Return on Average Rate Base
- (\$74k) Income Taxes due to lower Rate Base
- Total Operating Expenses Decrease of \$1 million
  - (\$875k) Transmission O&M
    - LiDAR
    - Consulting
    - Travel (COVID)
  - (\$382k) Depreciation
  - \$229k Payroll Taxes (process change due to audit discussed last year)



# 2020

## Actual vs. Estimated

<b>Black Hills Power Attachment H</b>		<b>2020 Actual</b>	<b>2020 Estimated</b>	<b>2020 True-up</b>
1	Average Transmission Rate Base	\$ 132,352,590	\$ 136,899,321	\$ (4,546,731)
2	Weighted Rate of Return	8.78%	8.76%	
3	<b>Return on Average Rate Base</b>	<b>11,625,846.87</b>	<b>11,989,038.17</b>	<b>\$ (363,191)</b>
4	<b>Operating Expenses</b>			
5	Operations & Maintenance	\$ 5,572,049	\$ 6,480,300	\$ (908,252)
6	Depreciation	5,088,583	5,470,885	(382,302)
7	Taxes Other Than Income	1,470,268	1,241,579	228,689
8	<b>Total Operating Expenses</b>	<b>\$ 12,130,900</b>	<b>\$ 13,192,764</b>	<b>\$ (1,061,865)</b>
9	<b>Income Taxes</b>	<b>\$ 2,165,824</b>	<b>\$ 2,240,227</b>	<b>\$ (74,403)</b>
10	<b>Total Revenue Requirement</b>	<b>\$ 25,922,570.92</b>	<b>\$ 27,422,030.01</b>	<b>\$ (1,499,459)</b>
<b>Component Annual Revenue Requirements</b>				
11	Black Hills	\$ 25,922,571	\$ 27,422,030	(1,499,459)
12	Basin Electric	16,482,130	16,482,130	-
13	PRECorp	2,123,466	2,123,466	-
14	<b>Total Annual Revenue Requirements</b>	<b>\$ 44,528,167</b>	<b>\$ 46,027,626</b>	<b>\$ (1,499,459)</b>
15	<b>Revenue Credits</b>	<b>(631,954)</b>	<b>(401,991)</b>	<b>(229,963)</b>
16	<b>Net Annual Revenue Requirements</b>	<b>\$ 43,896,213</b>	<b>\$ 45,625,635</b>	<b>\$ (1,729,422)</b>
17	Network Load kW per Year	927,750	957,547	(29,797)
18	Rate (\$/kW-Yr)	\$ 47.31	\$ 47.65	\$ (0.33)

# 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](http://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](mailto:Transmissionservice@blackhillscorp.com).





# Questions





## Comments / Suggestions

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