

BHCE 2026 Projected Net Revenue Requirement Meeting

October 2025

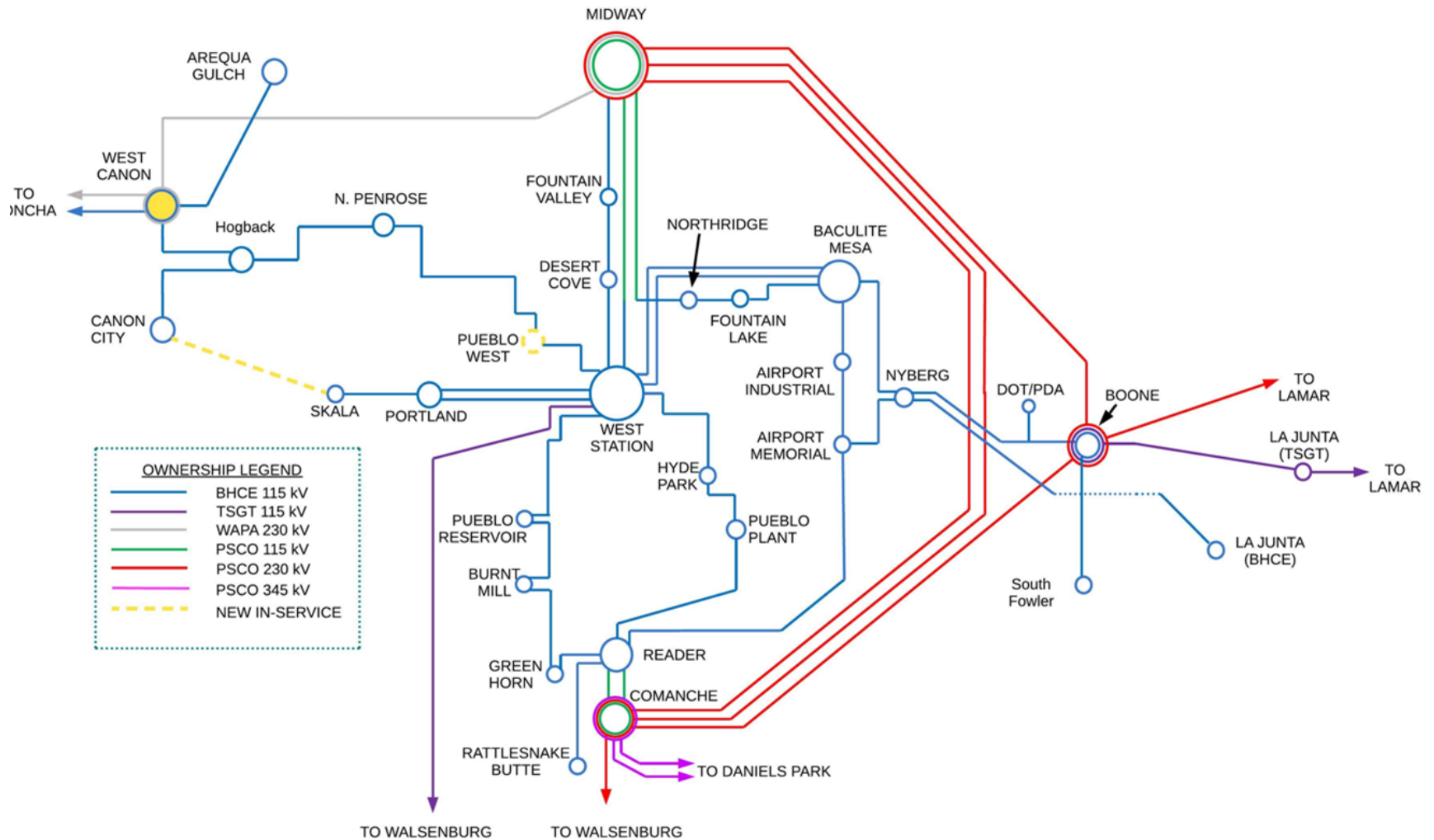




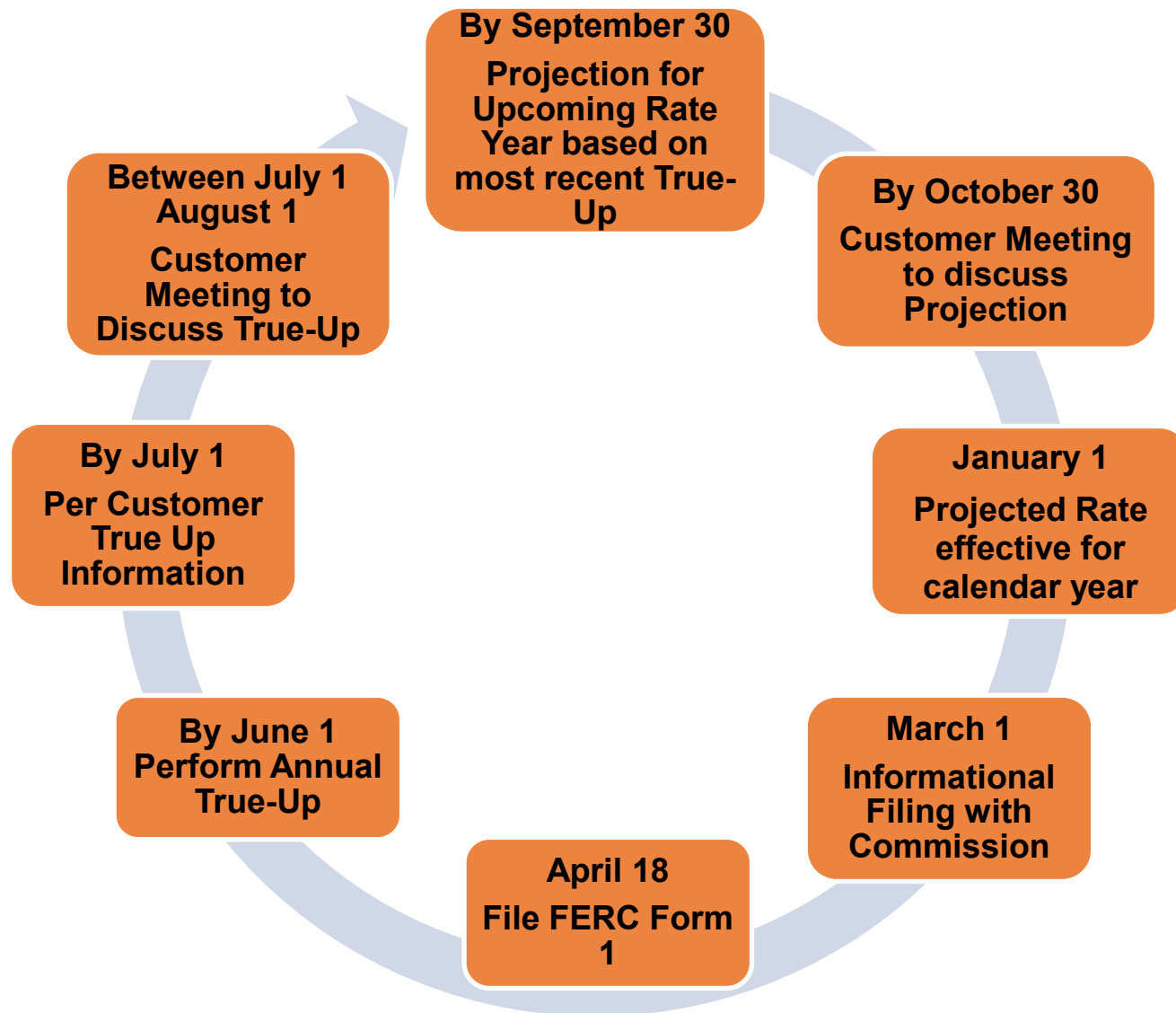
Agenda

- Introductions
- BHCE Transmission System Overview
- Protocols
- Discuss the 2026 Projected Net Revenue Requirement
 - Summary of Key Drivers
 - 2026 Projected Net Revenue Requirement
 - Disclosure Obligations
 - 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 2026 Projected Net Annual Revenue Requirement is \$34.2m.
 - Increase of \$2.3m compared to 2025 projection
- Primary Drivers of Net Increase:
 - Change in Cost of Debt and resulting return.
 - Rate Base increased by \$21.9m.
 - Total Operating Expenses increased by \$401,631.
 - Projected Total Income Taxes increased by \$128,596.
 - Total Revenue Credits decreased by \$262,094.



2026 Projected Revenue Requirement

Black Hills Colorado Electric Attachment H			2026 Projection Variance	
		<u>2026 Projected</u>	<u>2025 Projected</u>	<u>from Prior Year</u>
1	Average Transmission Rate Base	\$ 239,687,249	\$ 217,789,725	\$ 21,897,524
2	Weighted Rate of Return	6.85%	6.59%	0.26%
3	Return on Average Rate Base	\$ 16,413,076	\$ 14,348,820	\$ 2,064,256
4	Operating Expense			
5	Operations & Maintenance	6,159,894	6,455,237	(295,343)
6	Depreciation	6,331,235	5,982,859	348,376
7	Taxes Other Than Income	3,481,912	3,133,314	348,598
8	Total Operating Expenses	15,973,041	15,571,410	401,631
9	Income Taxes	3,002,538	2,873,941	128,596
10	Total Revenue Requirement	35,388,655	32,794,171	2,594,484
11	Revenue Credits	(1,171,709)	(909,616)	(262,094)
12	Net Annual Revenue Requirements	34,216,946	31,884,555	2,332,390
13	Divisor	329,368	377,253	(47,885)
14	Rate (\$/kW-Yr)	\$ 103.89	\$ 84.52	\$ 19.37

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

Workpapers Provided for ATRR Projection

➤ **Supplemental Supporting Schedules**

- 2024 BHCT - Actual Attachment H – Cost of Debt
- 2024 BHCT - Actual Attachment H – Income Tax
- 2024 BHCT - Actual Attachment H – Excluded Plant
- 2024 BHCT - Actual Attachment H - Excluded Plant - OATT ancillary services or GSUs
- 2024 BHCT - A2- A & G (PBOP)
- 2025 BHCT - Monthly System Peak Workpaper
- 2024 BHCT - Monthly System Peak Workpaper

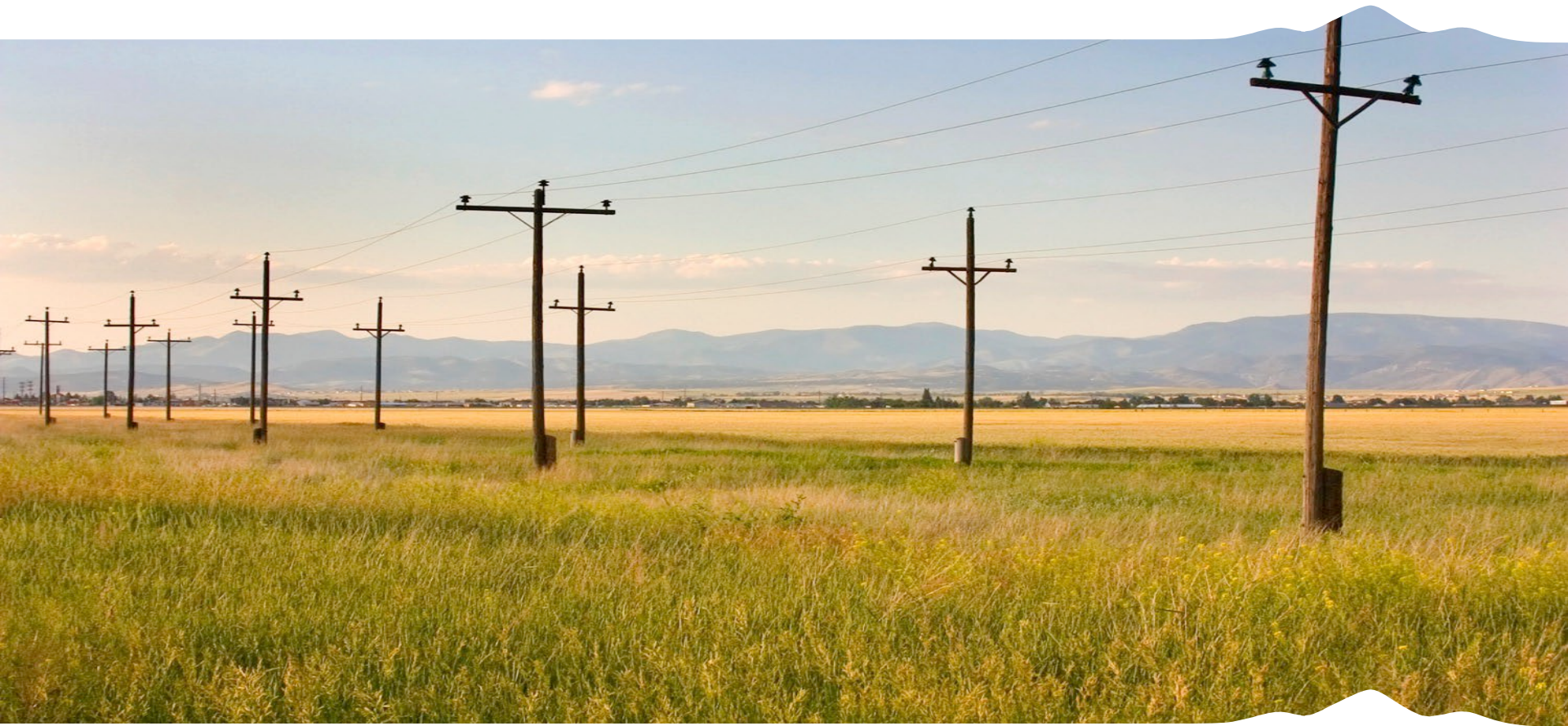
How to be Engaged

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

Transmissionservice@blackhillscorp.com