

Cheyenne Light 2026 Projected Net Revenue Requirement Meeting

October 2025

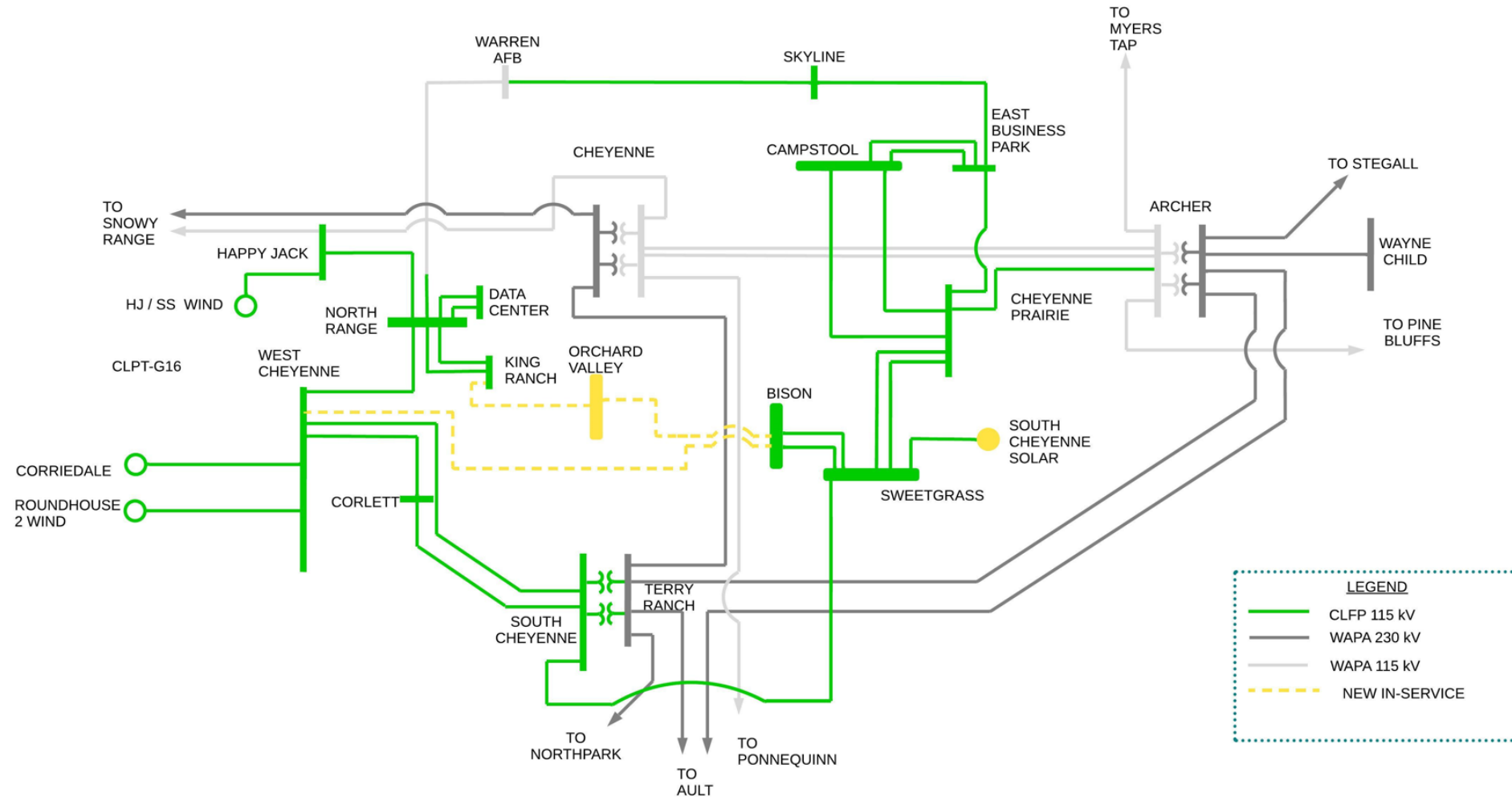




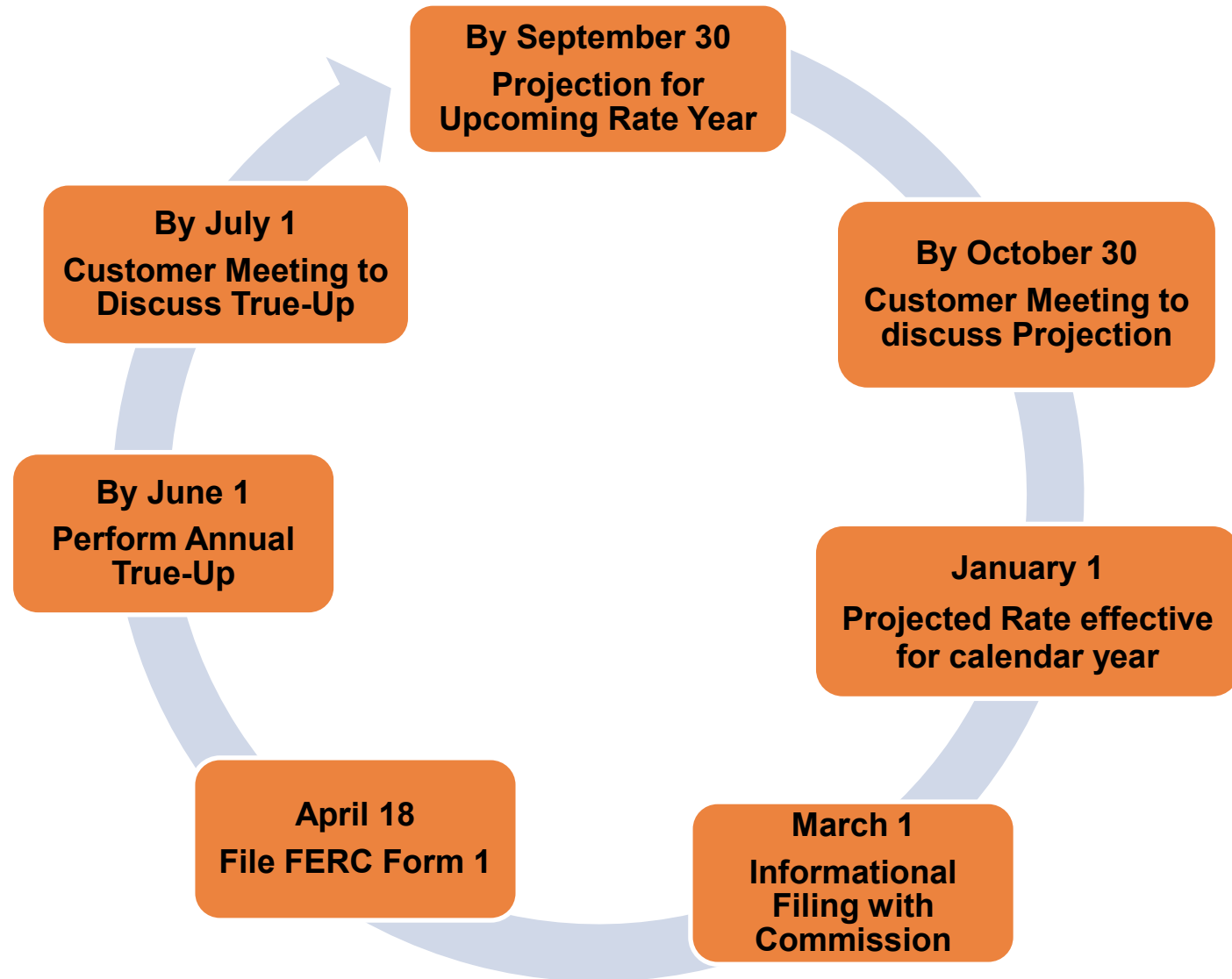
Agenda

- ☐ Introductions
- ☐ CLFP Transmission System Overview
- ☐ Protocols
- ☐ Discuss the 2026 Projected Net Revenue Requirement
 - ☐ Summary of Key Drivers
 - ☐ 2026 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

Cheyenne Transmission System (CLPT)



Formula Rate Protocols



Summary of Key Drivers

- ❑ The CLPT 2026 Projected Annual Net Revenue Requirement is \$52M
 - ❑ Increase of \$31.7M over 2025 projection
- ❑ Primary Drivers of Increase:
 - ❑ The CLPT 2026 total projected rate base increased \$207,581,301 year over year
 - ❑ This 120% increase over the 2025 projection is due to an increase in projected net plant
 - ❑ 2025 - \$188,652,704
 - ❑ 2026 - \$409,226,773
 - ❑ Increase in Total Operating Expenses of \$12M
 - ❑ O&M increased \$4.5M over the 2025 projection
 - ❑ Depreciation increased \$4.9M over the 2025 projection
 - ❑ TOTI increased \$2.6M over the 2025 projection



2026 Projected Revenue Requirement

	Cheyenne Light Fuel & Power Attachment H	<u>2026 Projected</u>	<u>2025 Projected</u>	<u>2024 True Up</u>	<u>2026 Projection Variance</u> <u>from Prior Year</u>
1	Average Transmission Rate Base	\$ 381,142,870	\$ 173,561,569	\$ 116,940,325	\$ 207,581,301
2	Weighted Rate of Return	7.96%	7.91%	7.96%	
3	Return on Average Rate Base	30,337,786	13,730,320	9,308,086	\$ 16,607,466
4					
5	Operating Expense				
6	Operations & Maintenance	\$ 8,378,368	\$ 3,875,056	\$ 2,638,468	\$ 4,503,312
7	Depreciation	8,750,716	3,866,988	2,980,160	4,883,728
8	Taxes Other Than Income	3,914,852	1,288,450	601,517	2,626,402
9	Total Operating Expenses	\$ 21,043,936	\$ 9,030,494	\$ 6,220,145	\$ 12,013,442
10					
11	Income Taxes	\$ 4,681,568	\$ 1,922,154	\$ 1,304,519	\$ 2,759,414
12					
13	Total Revenue Requirement	\$ 56,063,290	\$ 24,682,968	\$ 16,832,750	\$ 31,380,322
14					
15	Revenue Credits	(101,350)	(96,386)	(97,402)	(4,964)
16					
17	Prior Year True Up Adjustment	(3,968,398)	(4,314,709)		
18	Net Annual Revenue Requirements	\$ 51,993,542	\$ 20,271,873	\$ 16,735,348	\$ 31,721,670
19					
20	Network Load kW per Year	339,201	308,450	295,500	30,751
21	Rate (\$/kW-Yr)	\$ 153.28	\$ 65.72	\$ 56.63	\$ 87.56

Adjustments to FF1 data within the 2026 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 track state depreciation expense and FERC depreciation expense as well as the impact this difference has on Accumulated Depreciation. This information is included on page 219 of the FF1, including the Section A. footnote and page 336 of the FF1, including footnote A.

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.
- ❑ Three new prepayments were included in the 2024 True-Up. A supplemental worksheet is provided to offer detailed information as mandated by Cheyenne Lights protocols. The three new prepayments include:
 - ❑ Wildfire Insurance Policy
 - ❑ AON Consulting Retainer for 2024 Actuarial Services related to Pension and Retirement
 - ❑ Advance Payments for Ready Wyoming Land

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.

Affiliate Cost Allocation

- ❑ There have been no material changes in the cost allocation method.
- ❑ Cheyenne Light also has an obligation to identify the magnitude of any affiliate cost allocations; this information is shown on FERC Form 1 page 429 and was posted to OASIS with the True-Up filing

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 reference changes in the 2026 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

- ☐ 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, Lines 3-5 Adjustment – Accumulated deferred income taxes

- ☐ A-4, Pg. 1, Lines 15-28 Adjustment – Transmission accumulated depreciation workpaper

- ☐ GSU – Net GSU

☐ FERC Form 1 page 429 – Transactions with affiliated companies

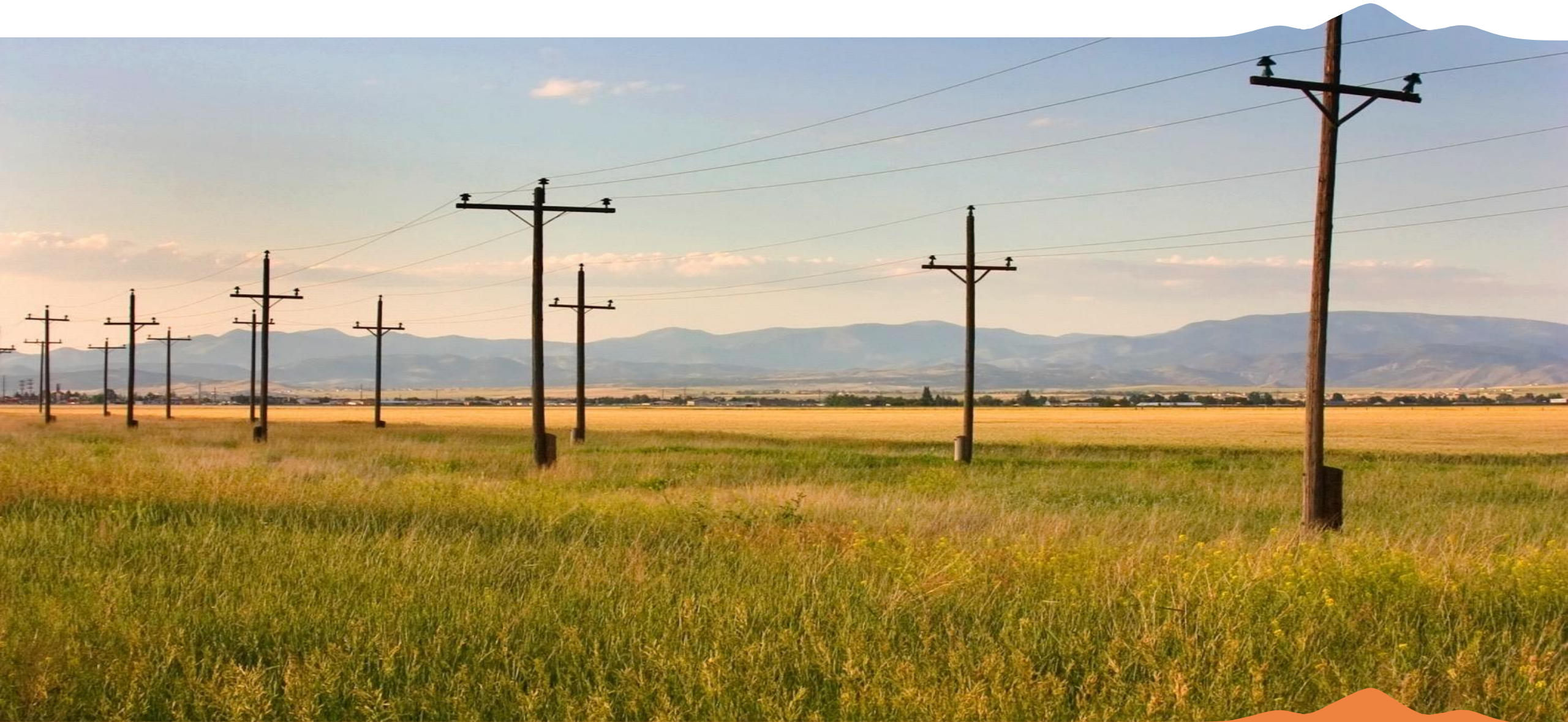
How to be Engaged

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. 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.



Questions





Comments / Suggestions

Electric Transmission Services
Transmissionservice@blackhillscorp.com

Strategic Objectives

