BHCE 2027 Projected Net Revenue Requirement Meeting

October 2026

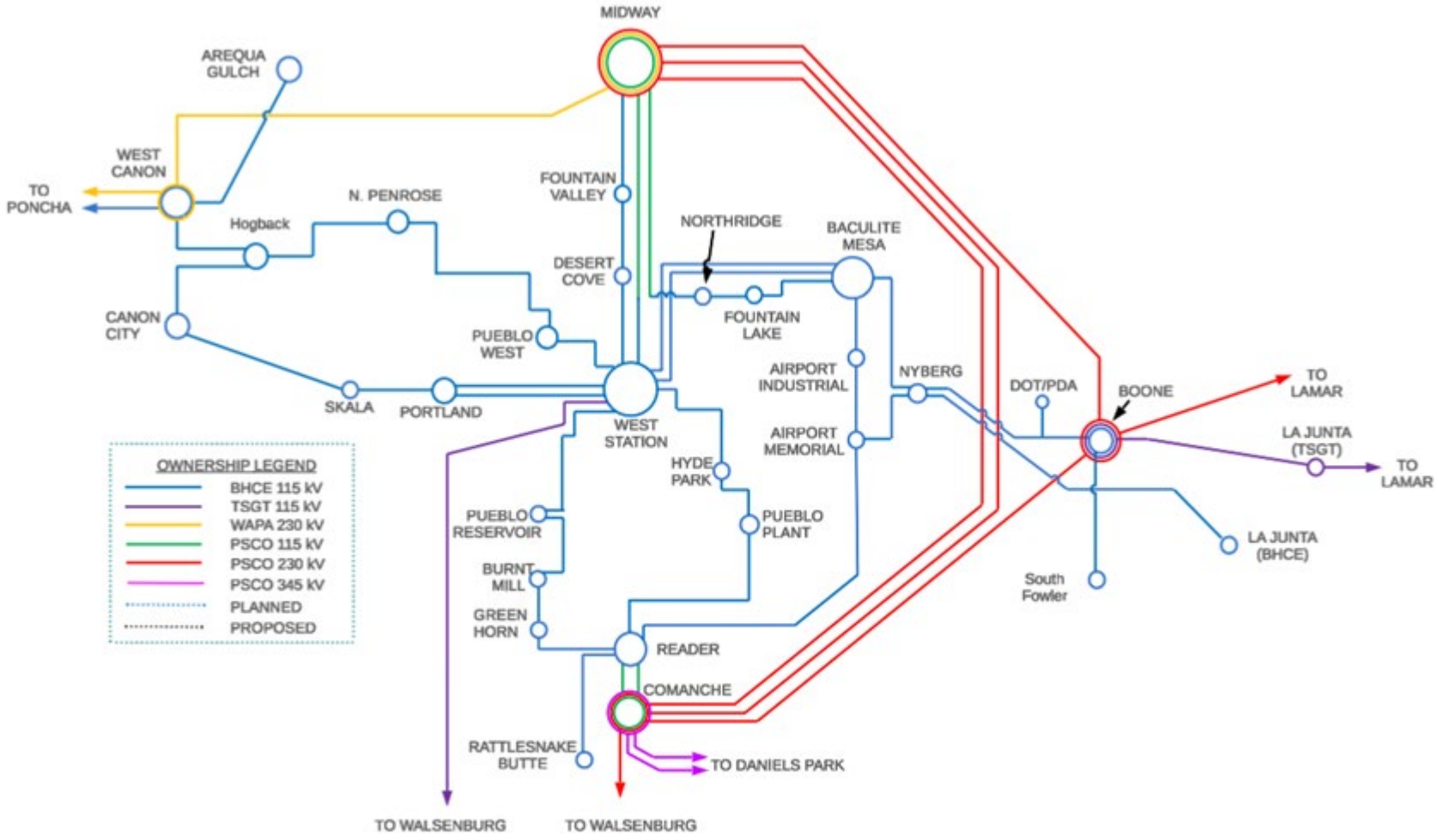
Black Hills Energy
Ready



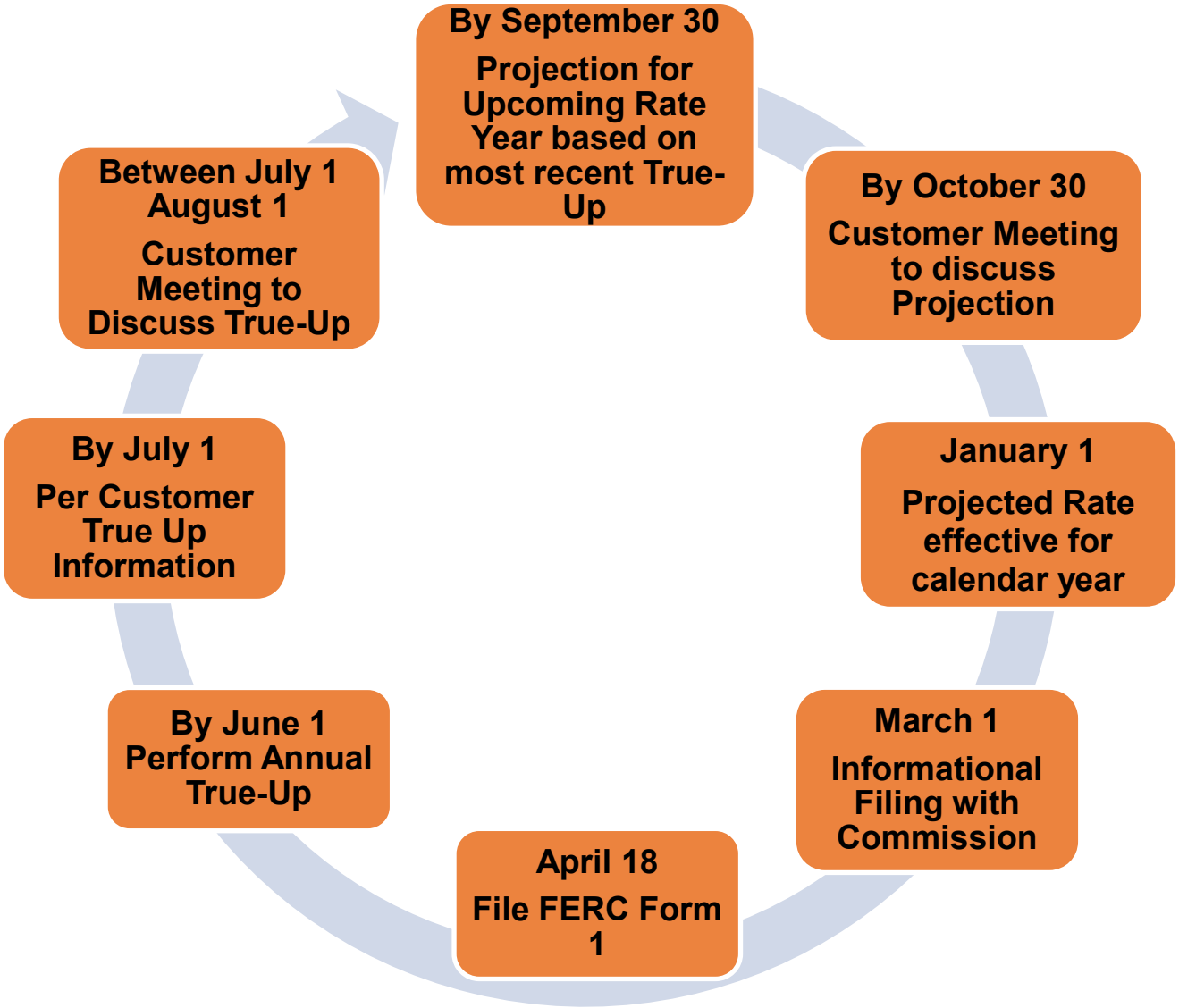
Agenda

- Introductions
- BHCE Transmission System Overview
- Protocols
- Discuss the 2027 Projected Net Revenue Requirement
  - Summary of Key Drivers
  - 2027 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 2027 Projected Net Annual Revenue Requirement is $35.963m.
  - Increase of $1.7m compared to 2026 projection

- Primary Drivers of Net Increase:
  - Change in Cost of Debt and resulting return.
  - Rate Base decreased by $5.55m.
  - Depreciation increased by $2.6m.
  - Projected Total Income Taxes increased by $159,635.
  - Total Revenue Credits decreased by $412,490.



2027 Projected Revenue Requirement

	Black Hills Colorado Electric Attachement H	2027 Projected	2026 Projected	2027 Projection Variance from Prior Year
1	Average Transmission Rate Base	$ 234,136,407	$ 239,687,249	$ (5,550,842)
2	Weighted Rate of Return	7.05%	6.85%	0.21%
3	**Return on Average Rate Base**	$ 16,513,654	$ 16,413,076	$ 100,577
4	Operating Expense			
5	Operations & Maintenance	5,992,399	6,159,894	(167,496)
6	Depreciation	8,887,127	6,331,235	2,555,892
7	Taxes Other Than Income	2,991,991	3,481,912	(489,920)
8	**Total Operating Expenses**	17,871,517	15,973,041	1,898,477
9	Income Taxes	3,162,172	3,002,538	159,635
10	Total Revenue Requirement	37,547,343	35,388,655	2,158,689
11	**Revenue Credits**	(1,584,199)	(1,171,709)	(412,490)
12	**Net Annual Revenue Requirements**	35,963,144	34,216,946	1,746,198
13	Divisor	331,110	329,368	1,742
14	Rate ($/kW-Yr)	$ 108.61	$ 103.89	$ 4.73

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

Miscellaneous Changes

- Consistent with IRS PLRs 202426002-202426004 and FERC's June 30, 2025 decisions in Docket Nos. ER17-405-002 and ER18-194-006, BHCOE will no longer reduce protected NOL DTAs for tax-sharing payments received under its consolidated tax-sharing agreement in rate base. BHCOE is using the FAS 109 expandable list on Schedule A3-ADIT to reverse these reductions and comply with federal normalization requirements. The process was first implemented as part of the true-up of 2025 transmission rates. This adjustment decreases ADIT and acts to increase rate base.

Workpapers Provided for ATRR Projection

- **Supplemental Supporting Schedules**
  - 2025 BHCT - Actual Attachment H – Cost of Debt
  - 2025 BHCT - Actual Attachment H – Income Tax
  - 2025 BHCT - Actual Attachment H – Excluded Plant
  - 2025 BHCT - Actual Attachment H - Excluded Plant - OATT ancillary services or GSUs
  - 2025 BHCT - A2- A & G (PBOP)
  - 2026 BHCT - Monthly System Peak Workpaper
  - 2026 Projection – 2025 Monthly System Peak Workpaper

How to be Engaged

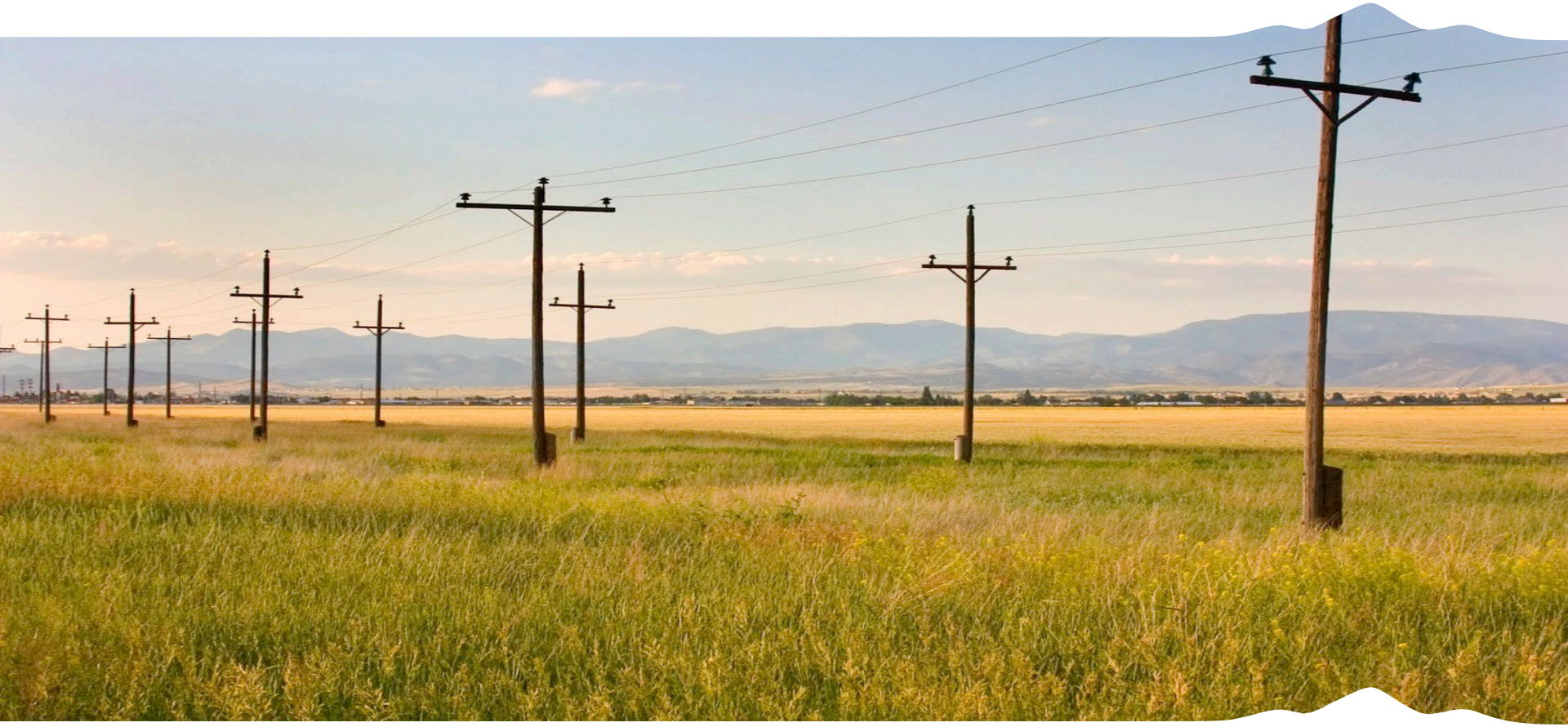
We invite our transmission customers to sign up to receive notices related to the Projected Net Revenue Requirement and Annual True-Up. A notification will be sent by email whenever there is an update. These notifications are also posted on our OASIS site. https://www.oasis.oati.com/BHCT/index.html

- 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