

Cheyenne Light 2027 Projected Net Revenue Requirement Meeting

October 2026

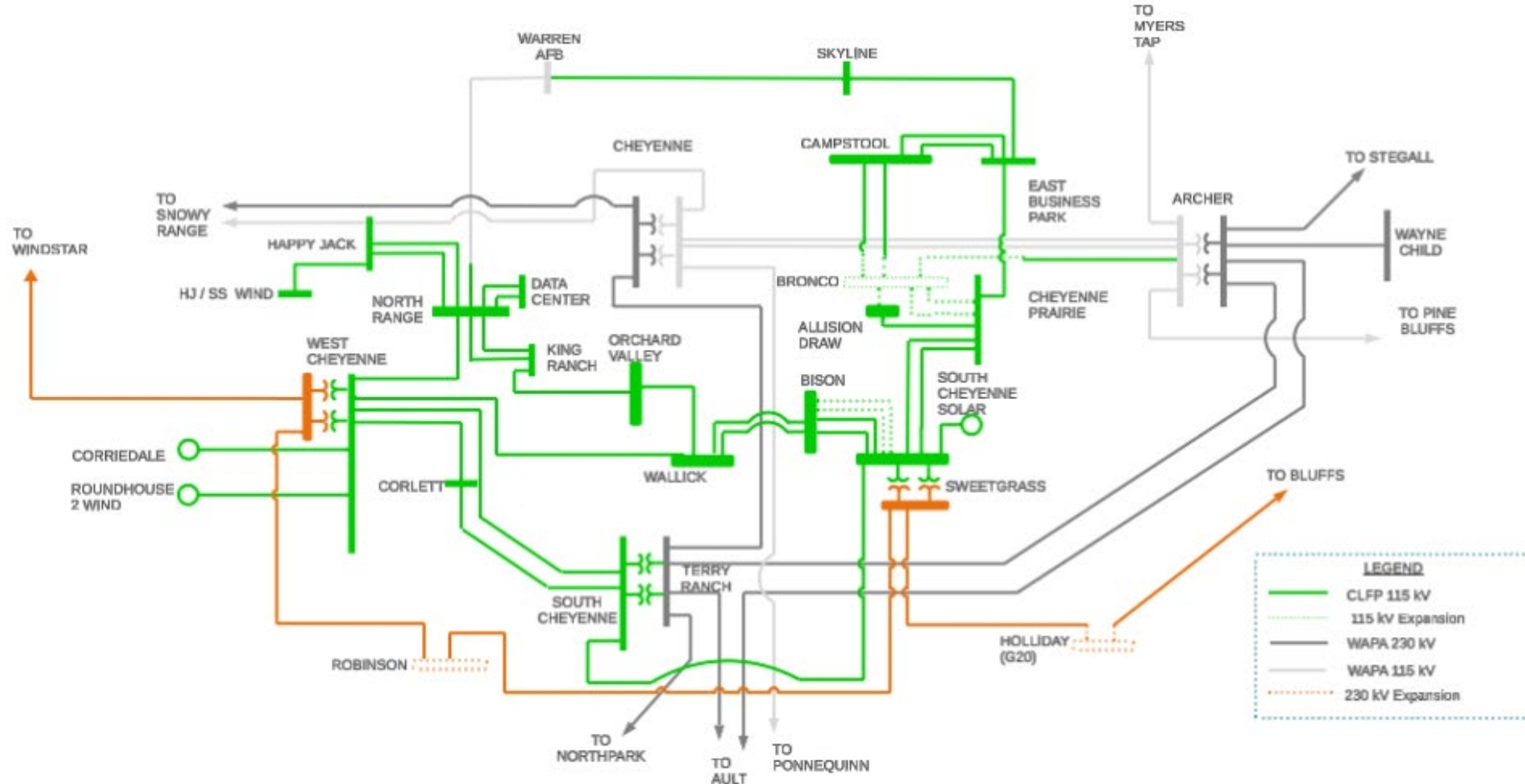




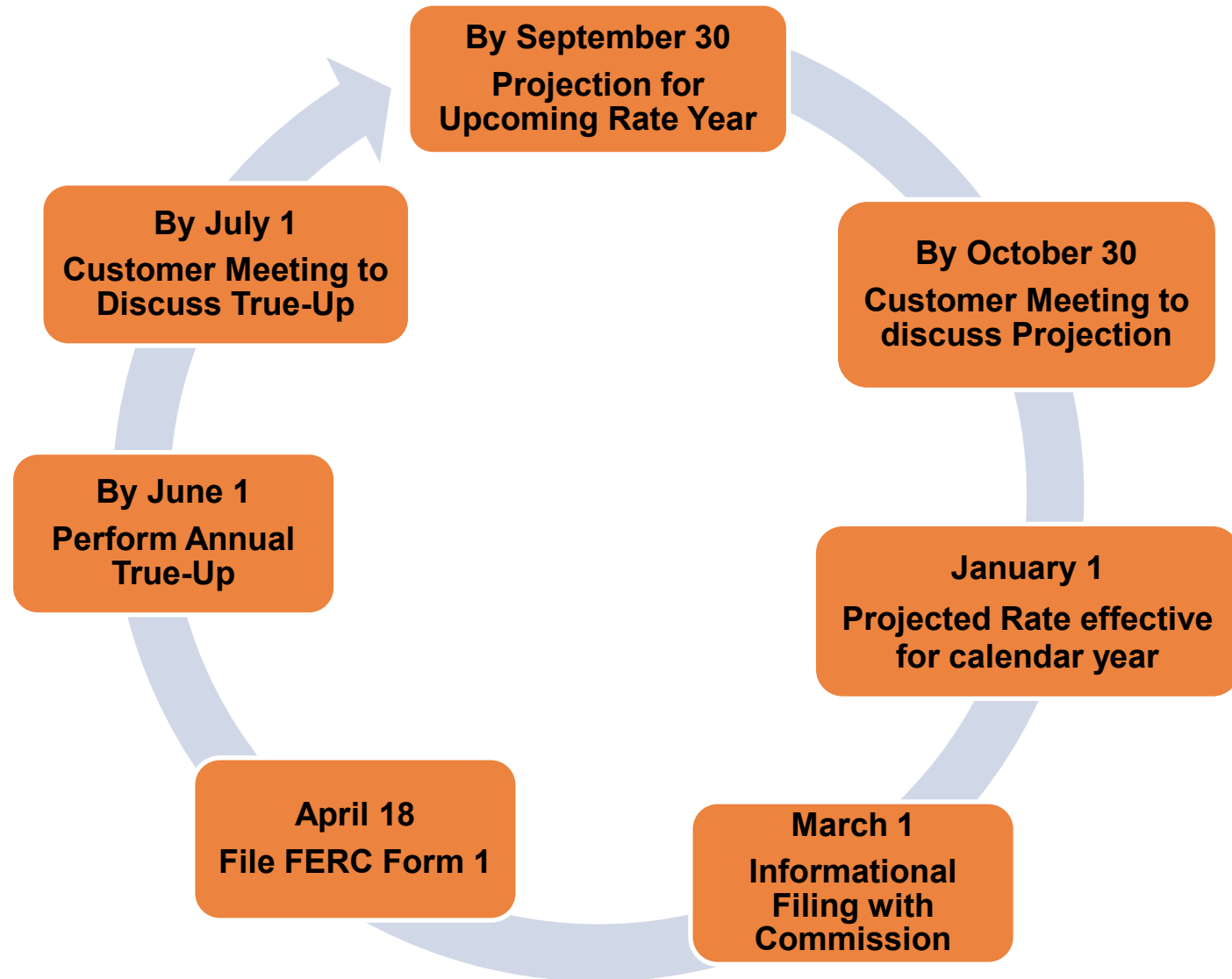
Agenda

- ☐ Introductions
- ☐ CLFP Transmission System Overview
- ☐ Protocols
- ☐ Discuss the 2027 Projected Net Revenue Requirement
 - ☐ Summary of Key Drivers
 - ☐ 2027 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



Cheyenne Light Formula Rate Template Revisions

- ❑ In May of 2025, Cheyenne Light made an FPA Section 205 filing seeking to implement limited revisions to a subset of worksheets in its Formula Rate Template (Docket No. ER25-2171).
- ❑ FERC approved those revisions effective August 1, 2025.
- ❑ Targeted Revisions included but were not limited to:
 - ❑ Increased flexibility and transparency in utilizing Excluded Plant Function.
 - ❑ Revisions to more accurately reflect Cheyenne Light long-term Debt.
 - ❑ Refined O&M projection which includes an escalation cap.
 - ❑ Changes driven by FERC Order 898.
 - ❑ Aligning Fixed Depreciation Rates with the depreciation rates approved in Cheyenne Light's most recent retail rate case.
- ❑ **The 2025 Annual True-Up represents the first true-up since approval in Docket No. ER25-2171**

Summary of Key Drivers

- ❑ The CLPT 2027 Projected Annual Net Revenue Requirement is \$18.7M
 - ❑ Decrease of \$24.8M over 2026 projection
- ❑ Primary Drivers of Decrease:
 - ❑ The CLPT 2027 total projected rate base decreased \$120,660,297 year over year
 - ❑ This 31.72% decrease over the 2026 projection is due to a decrease in projected net plant
 - ❑ 2026 - \$409,226,773
 - ❑ 2027 - \$267,931,154
 - ❑ Decrease in Total Operating Expenses of \$4M
 - ❑ O&M decreased \$856K over the 2026 projection
 - ❑ Depreciation decreased \$2.8M over the 2026 projection due to new depreciation rates.
 - ❑ TOTI decreased \$291K over the 2026 projection



2027 Projected Revenue Requirement

Cheyenne Light Fuel & Power Attachment H		2027 Projected	2026 Projected	2025 True Up	2027 Projection Variance from Prior Year
1	Average Transmission Rate Base	\$ 259,773,295	\$ 380,433,592	\$ 117,852,663	\$ (120,660,297)
2	Weighted Rate of Return	7.95%	7.96%	7.95%	
3	Return on Average Rate Base	20,655,868	30,281,329	9,371,052	\$ (9,625,461)
4					
5	Operating Expense				
6	Operations & Maintenance	\$ 1,848,315	\$ 2,704,141	\$ 1,803,504	\$ (855,826)
7	Depreciation	5,942,008	8,750,716	2,932,234	(2,808,708)
8	Taxes Other Than Income	968,468	1,259,863	601,314	(291,395)
9	Total Operating Expenses	\$ 8,758,791	\$ 12,714,721	\$ 5,337,052	\$ (3,955,930)
10					
11	Income Taxes	\$ 3,350,059	\$ 4,672,502	\$ 1,410,225	\$ (1,322,443)
12					
13	Total Revenue Requirement	\$ 32,764,718	\$ 47,668,552	\$ 16,118,329	\$ (14,903,834)
14					
15	Revenue Credits	(139,732)	(101,350)	(86,443)	(38,382)
16					
17	Prior Year True Up Adjustment	(13,875,119)	(3,968,398)		
18	Net Annual Revenue Requirements	\$ 18,749,867	\$ 43,598,804	\$ 16,031,886	\$ (24,848,937)
19					
20	Network Load kW per Year	414,088	339,201	353,167	74,887
21	Rate (\$/kW-Yr)	\$ 45.28	\$ 128.53	\$ 45.39	\$ (83.25)

Adjustments to FF1 data within the 2027 Projected Revenue Requirement

- ❑ In prior projections, 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.
- ☐ Two new prepayments were included in the 2025 True-Up. A supplemental worksheet is provided to offer detailed information as mandated by Cheyenne Lights protocols. The two new prepayments include:
 - ☐ Siemens Energy - SF6 Circuit Breaker
 - ☐ General Electric Company - Spare Combustor
 - ☐ Both are subject to the Transmission Plant Allocator, which applies a percentage of transmission plant included in rates; only the allocated portion is reflected in transmission rates.

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.

Identify any Accounting Changes including:

- ☐ The initial implementation of an accounting standard or policy
- ☐ The initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction
- ☐ Correction of errors and prior period adjustments that impact the True-up adjustment calculation
 - ☐ Captive insurance adjustment (2023 activity recorded in 2025)
- ☐ The implementation of new estimation methods or policies that change prior estimates
- ☐ Changes to income tax elections

Workpapers Provided for ATRR True-Up

☐ Attachment H Supplemental Workpapers

- ☐ Act Att-H, Page 3, Line 9-10 Adjustment – Depreciation and amortization expense
- ☐ Act Att-H, Page 4, Line 2 Adjustment – Transmission plant to exclude in transmission plant allocator
- ☐ 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

☐ A-8 Prepayments – Supporting documentation for prepayments

☐ FERC Form 1 page 429 – Transactions with affiliated companies

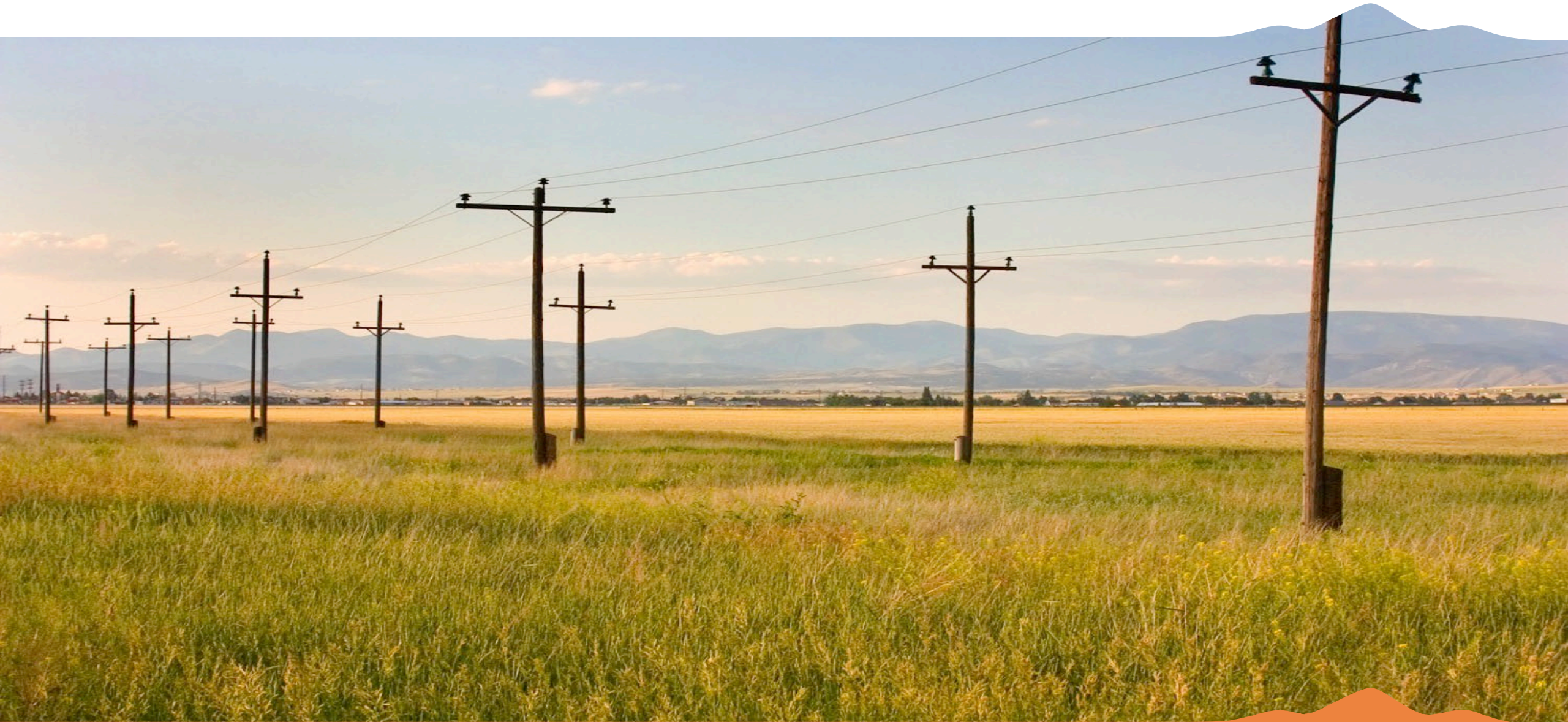
How to be Engaged

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
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