Silver Run Electric

an LS Power Grid Company

JULY 30, 2026

2025 Annual Update Stakeholder Meeting

Silver Run Electric, LLC

Outline

1. **Introductions**

2. **Background**
   - Company and Project(s)
   - Formula Rate

3. **2025 Annual Update**
   - 2025 Annual Update vs. 2024 Annual Update
   - True-up Adjustment
   - Weighted Average Cost of Capital

4. **Discussion**

Background

Company, Project(s), and Formula Rate

Background – General

Overview of the Company

- Silver Run Electric, LLC (Silver Run) is a transmission-only company established to develop, own, and operate transmission facilities in the PJM region.

- Silver Run owns components of the Artificial Island Project including the Silver Run Substation that commenced operation in April 2020 and a 230 kV transmission line between the Silver Run Substation and the Hope Creek substation in New Jersey that commenced operation in May 2020.

- The Artificial Island Project is subject to certain rate commitments including a cost cap.

- More information is available at https://www.lspowergrid.com/utilities/silver-run-electric/

Background – Regulatory

Selected Regulatory Filings and Orders

- December 2, 2015 – Silver Run files transmission owner tariff and proposed transmission formula rate template in No. ER16-453
  - April 26, 2016 – Certain aspects of the formula rate filing were set for settlement and hearing procedures
  - September 7, 2016 – Parties reach settlement agreement
  - November 17, 2016 – Commission approves settlement agreement
- April 26, 2016 – FERC approves certain transmission rate incentives requested in same Docket No. ER16-453
  - Regulatory asset incentive and accrual of carrying charges
  - 100% recovery of prudently-incurred costs associated with abandonment of the Project
  - 50 bps RTO participation adder (on top of stated base ROE of 9.85% from later settlement agreement)
  - Hypothetical capital structure (50% debt/50% equity) until the Project achieves commercial operation, then 54.75% equity cap
- May 12, 2020 – FERC accepts corrections to the formula rate filed March 25, 2020, in Docket No. ER20-1387
- August 3, 2022 – FERC accepts formula rate revisions to comply with FERC Order No. 864 (ADIT) in Docket No. ER20-1633.
- June 12, 2023 – Silver Run files revised tariff sheets and requests authorization of clean-up or administrative edits to its formula rate template in Docket No. ER23-2123.
- June 27, 2025, FERC accepts filing to adjust the depreciation rates for certain transmission and general plant accounts effective July 1, 2025, in Docket No. ER25-2061
  - July 16, 2026 – FERC accepts tariff revisions in Docket No. ER26-2606 to add account missing from Order in ER25-2061.

Background – Cost Commitments

Key Provisions

Silver Run made certain cost commitments for the Artificial Island Project

- **Cost Cap**[1] – Silver Run's Project costs may not exceed the binding cost cap of $166.3 million, subject to certain exclusions.

- **Equity Cap**[2] – The Project is subject to an equity percentage cap of 54.75%.

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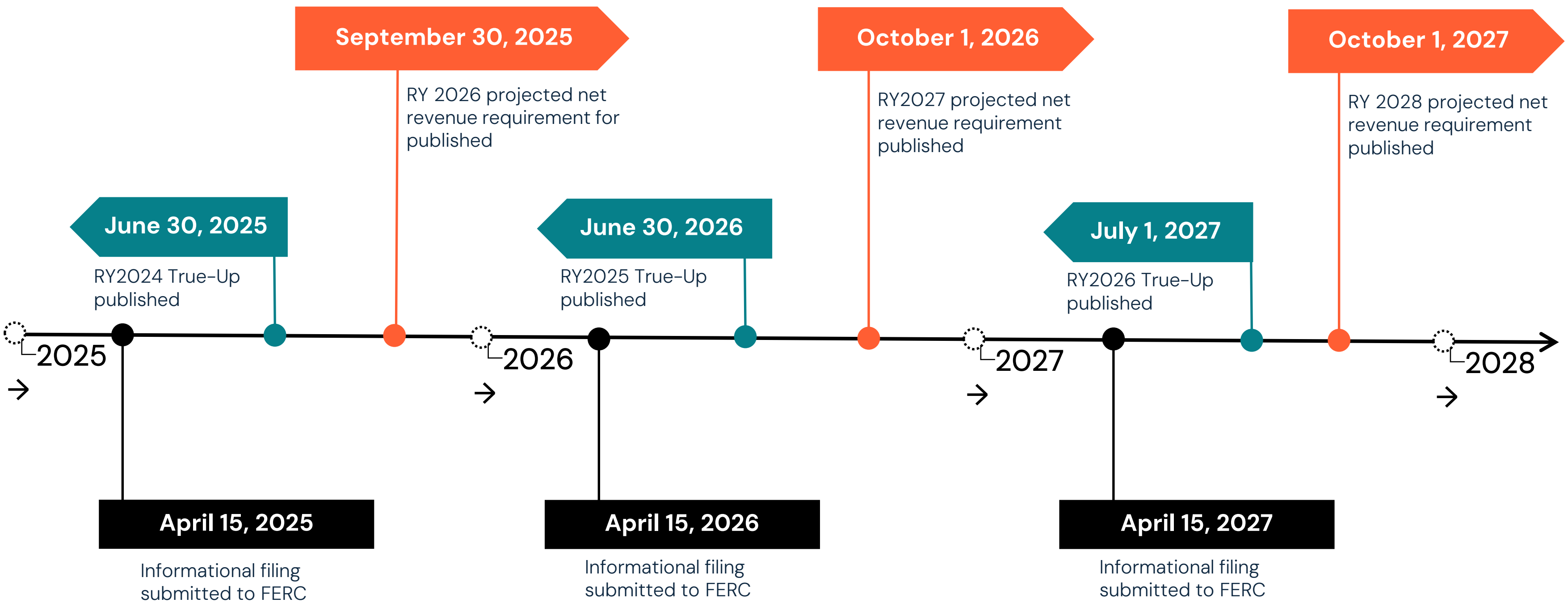
[1] As defined in and subject to the terms of the Designated Entity Agreement between Silver Run and PJM.
[2] Subject to terms of the settlement agreement in Docket No. ER16-453

Formula Rate Timeline

General Update Process



Formula Rate Timeline

Selected Milestones

- April 15, 2026 – Informational filing submitted to FERC in Docket No. ER26-2237
- April 15, 2026 – 2025 FERC Form No. 1 submitted to FERC
- June 30, 2026 – 2025 Annual Update published
- July 30, 2026 – Stakeholder meeting for 2025 Annual Update
- October 1, 2026 – Publication of 2027 Projection
- TBA – Stakeholder meeting for 2027 Projection
- December 1, 2026 – Last day to incorporate corrections into 2027 Projection
- January 1, 2027 – Scheduled end of information request period

Annual Update (True-up)

2025 Rate Year

Annual Update: 2025 vs. 2024

Comparison of Revenue Requirement Components

Appendix III Item	2024 Annual Update	2025 Annual Update	Difference[1] (2025 Annual Update minus 2024 Annual Update)	
Average Rate Base	$139,447,802	$134,505,414	($4,942,388)	-4%
Rate of Return[2]	6.6%	6.61%	1 bps	
Return on Rate Base	**$9,206,395**	**$8,886,346**	**($320,050)**	**-3%**
Incentive Return	$529,781	$511,004	($18,777)	-4%
Income Taxes	$2,993,551	$2,867,264	($126,287)	-4%
Total Income Taxes	**$3,523,332**	**$3,378,268**	**($145,064)**	**-4%**
Operating Expenses:				
O&M and A&G Expenses	$6,775,672	$7,507,552	$731.880	11%
Depreciation Expenses	$3,674,708	$3,647,979	($23,729)	-1%
Non-income taxes	$1,127,196	$1,156,719	$29,523	3%
Total Operating Expenses	**$11,574,576**	**$12,312,250**	**$373,674**	**6%**
Gross Revenue Requirement	**$24,304,303**	**$24,576,863**	**$272,560**	**1%**
Less: Revenue Credits	$323,967	$388,391	$64,424	20%
Net Revenue Requirement	**$23,980,336**	**$24,188,472**	**$208,136**	**1%**

[1] Refer to the 'Explanation of Variances' document published with the 2025 Annual Update for explanations.
[2] Weighted Average Cost of Capital (WACC) calculation for true-up provided in Appendix.

True-up Adjustment

Rate Year 2025

True-Up Adjustment (including interest)[1]	Published **June 30, 2026**
Actual 2025 Net Annual Revenue Requirement (Att. H-27A, Page 1, Line 9)	$24,188,472
Account 456.1 Revenue Received During 2025 (Att. 3, Line 2; itemized on Workpaper No. 5)	$24,256,872
Under/(Over) Recovery of Revenue Requirement	**($68,399)**
Monthly Interest Rate	0.622%
Interest For 24 Months	($11,208)
Total Under/(Over) Recovery Including Interest	**($79,607)**

Adjustment to be incorporated into 2027 Projection

[1] Refer to Attachment 3 (Formula Rate True-up), Attachment 6 (Interest on True-up), and Workpaper No. 5 (Attachment 3 Support) in the published Annual Update for more detail.

Weighted Average Cost of Capital

WACC Calculation

WACC Element[1]	Weight	Cost	Weighted	
Long Term Debt	45.25%	2.68%	1.21%	
Preferred Stock	–	–	–	
Common Stock	54.75%	9.85%	5.4%	
Total			6.61%	= Return

[1] Refer to Attachment 5 (Return on Rate Base worksheet) in the published 2025 Annual Update for more detail.

Discussion

Formula rate materials are posted online:

- https://www.lspowergrid.com/utilities/silver-run-electric/

Direct inquiries, information requests, and challenges to:

- rates@silverrunelectric.com

Disclaimer

Notwithstanding requirements and terms defined in Silver Run Electric, LLC's (Silver Run) formula rate implementation protocols and terms commonly used in FERC ratemaking (e.g., 'projected', 'projection'), this document and any related discussions may contain certain statements that describe Silver Run management's beliefs concerning future financial performance, future business conditions and prospects, growth opportunities and the outlook for the electric transmission industry based upon information currently available. Such statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, and are often identified by words such as "anticipates", "believes", "intends", "estimates", "expects", "projects", "projected", "shall", "will", "should", "could", "may" and similar phrases. Such forward-looking statements are based upon assumptions management believes are reasonable. Such forward-looking statements are subject to important risks, uncertainties and other factors which could cause actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements. These important risks, uncertainties and other factors include: future economic conditions in regional, national and international markets and their effects on prices, costs and availability of required goods and services; market perception of the energy industry and Silver Run; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates that Silver Run may charge; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters; financial market conditions and performance, including changes in interest rates and credit spreads and in availability and cost of capital; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including cyber terrorism; and weather conditions, including weather-related damage. Given these uncertainties, you should not rely on forward-looking information.