LS Power Grid California

2025 Annual Update Stakeholder Meeting

July 30, 2026

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General Information

Company, Projects, and Formula Rate

General Information

Overview of the Company and Projects

LS Power Grid California, LLC (LSPGC) is a transmission-only company formed to develop, own, and operate transmission facilities in the California Independent System Operator (CAISO) region.

- As part of separate FERC Order No. 1000-compliant competitive solicitation processes, CAISO has selected LSPGC to develop the following projects:
  - Gates 500 kV Dynamic Reactive Support Project (Orchard Substation)
    Placed in service March 12, 2025
  - Round Mountain 500 kV Area Dynamic Reactive Support Project (Fern Road Substation)
    Initial facilities placed in service in June 2026
  - Manning 500/230 kV Substation Project *2028*
  - Collinsville 500/230 kV Substation Project *2028*
  - Newark-Northern Receiving Station (NRS) 230 kV Project (Power the South Bay) *2028*
  - Metcalf-San Jose B HVDC Project (Power Santa Clara Valley) *2028*
  - NRS-San Jose B 230 kV Project (Power the Valley Connector) *2030*
- Projects are subject to certain cost and schedule commitments per Approved Project Sponsor Agreements (APSAs) with CAISO.
- More information is available at lspowergrid.com/utilities/ls-power-grid-california

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General Information – Regulatory

Selected Foundational Filings and Orders

2020 – 2023

- June 18, 2020 – FERC grants certain transmission rate incentives to LSPGC and the Gates and Round Mountain Projects requested in a March 4, 2020, petition in Docket No. EL20-29:
  1. Regulatory asset incentive for deferred recovery of precommercial costs and accrual of carrying charges;
  2. 100% recovery of prudently-incurred costs associated with abandonment of the Project;
  3. Hypothetical capital structure (55% debt/45% equity) prior to commercial operation, then actual capital structure with a 45% cap on equity;
  4. 50 bps RTO participation adder (subject to 9.8% maximum ROE, inclusive of adders).

- June 29, 2021 – FERC accepts transmission owner tariff (TO Tariff) and formula rate initially filed October 23, 2020, as deferred December 8, 2020, and reinstated and amended on April 30, 2021. ER21-195, et al.

- March 27, 2023 – FERC grants certain transmission rate incentives for Collinsville, Manning, Newark, and Metcalf Projects requested January 24, 2023, as supplemented March 9, 2023, in Docket No. ER23-926.
  1. Regulatory asset incentive for deferred recovery of precommercial costs and accrual of carrying charges;
  2. 100% recovery of prudently-incurred costs associated with abandonment of the Project.

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General Information – Regulatory

Selected Foundational Filings and Orders

2024 – present

- October 15, 2024 – FERC accepts formula revisions and grants certain transmission rate incentives submitted August 1, 2024, as amended August 16, 2024, for the Collinsville, Manning, Newark, and Metcalf Projects in Docket No. ER24-2668.
  1. Cost containment mechanisms incorporated for each project;
  2. Hypothetical capital structure granted for new transmission projects and extended for Gates and Round Mountain: 55% debt/45% equity prior to commercial operation of the last of the six projects.

  FERC simultaneously initiates FPA Section 206 investigative proceeding related to Protocols.

- February 7, 2025 – FERC accepts Protocols revisions submitted December 10, 2024, in Docket No. ER25-685 and terminates investigative proceeding in Docket No. EL24-146.

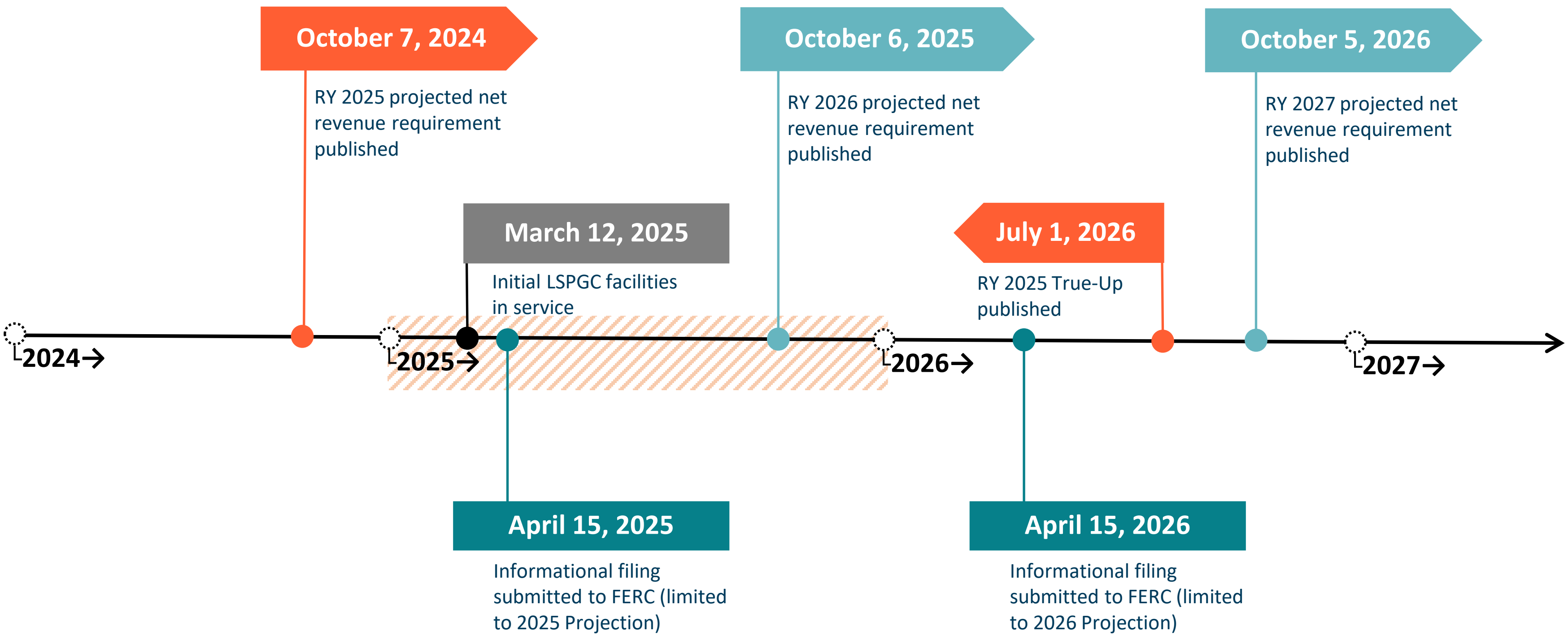
- August 28, 2025 – FERC grants LSPGC request submitted July 8, 2025, for authorization to begin amortizing regulatory asset in Docket No. ER25-2806.

- May 1, 2026 – FERC grants LSPGC request submitted March 3, 2026, for 100% abandonment for Manning Expansion Project on Docket No. ER26-1588.

- July 27, 2026 – FERC grants LSPGC requests submitted May 26, 2026, for 100% abandonment and continuation of hypothetical capital structure incentives for NRS-San Jose B Project in Docket No. ER26-2665.

Formula Rate Timeline

General Update Process



Formula Rate Timeline

Selected milestones

- October 6, 2025 – Publication of 2026 Projection
- April 15, 2026 – Limited Informational Filing submitted in Docket No. ER26-2263
- April 15, 2026 – 2025 FERC Form No. 1 filed
- July 1, 2026 – Publication of 2025 Annual Update and Revised 2026 Projection*
- July 30, 2026 – Stakeholder Meeting
- October 5, 2026 – Publication of 2027 Projection
- October 15, 2026 – TRBAA update to be submitted
- 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

* Revised 2026 Projection clarified the presentation of an adjustment for excluded costs related to the Gates Project but did *not* affect the calculated projected net revenue requirement. Please refer to the revision notes included with the revised 2026 Projection.

Annual Update & True-up Adjustment Calculation

2025 Rate Year

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2025 Actual Revenue Requirement

Background and Considerations

- Gates (Orchard Substation) Project placed in service on March 12, 2025, adheres to May 1, 2025, schedule guarantee and $68.3 million Capital Cost Cap.[1]
- 2025 Annual Update values for Gates reflect costs net of the capital cost cap write-offs as ending plant balances do not reflect the inclusion of those costs.
- In September 2024, LSPGC wrote off the entirety of regulatory assets for Gates (and Round Mountain) precommercial costs.[2]
- Gates ARR Cap was not applicable in 2025 since it was only a partial calendar year in service.
- Excluded Costs as defined in the APSAs are represented as a separate line item in Attachments 1/1a and are not subject to Capital Cost or ARR Caps.

[1] Refer to Attachment 10 in the 2025 Annual Update.
[2] Refer to Docket No. ER25-2806 filing requesting authorization to amortize pre-commercial cost regulatory assets.

2025 Actual Net Revenue Requirement

Adjustment to 2025 Projection for Actual Days in Service

- As previously disclosed, 2025 Projection used estimated annualized costs (*i.e.*, costs as if facilities were to be in service the full year) to calculate ARR, consistent with CAISO settlement practices.
- 2025 Annual Update True Up Adjustment calculation compares LSPGC's actual partial year costs to the annualized 2025 projected annual revenue requirement that have been weighted by actual days in service.
- Work paper included with 2025 Annual Update calculates weighting for actual days in service starting on March 12, 2025.

Item	Source	Value	
Date first LSPGC facitlities tranferred to CAISO operational control		March 12, 2025	
Days in service in 2025	[January 1, 2026 - Line 1]	295	
Days in 2025		365	
Weighting factor for actual days in serice in 2025	[Line 2 / Line 3]	0.8082	
2025 Projection values (annualized)			
Gates (subject to capital cost caps)	[2025 Projection, Att. 1, Page 3, Line 1a, Col. 16]	$ 11,742,174	
Gates - Excluded Costs (not subject to cost caps)	[2025 Projection, Att. 1, Page 3, Line 1b, Col. 16]	$ 2,165,765	
Total Annualized 2025 projected net revenue requirement	[2025 Projection, App. III, Page 1, Line 9]	$ 13,907,939	
2025 Projection values (adjusted for days in service)			
Gates (subject to capital cost caps)	[Line 5 x Line 4]	**9,490,250**	→ to Att. 3, Row 4a, Col. C
Gates - Excluded Costs (not subject to cost caps)	[Line 6 x Line 4]	**1,750,413**	→ to Att. 3, Row 4b, Col. C
2025 Projected ARR weighted by actual days in service	[Line 7 x Line 4]	**11,240,663**	→ to Att. 6, Line 1

Weighting Calculation

Annualized 2025 Projection values as published

2025 Projection values weighted by days in service

2025 Actual Net Revenue Requirement

True-up Adjustment Calculation

Item [Att. 3., Column A]	Actual Net ARR Actual days in service [Att. 3., Column E]	Projected Net ARR Adj. for days in service [Att. 3., Column C]	Under/(Over) Projection [Att. 3., Column F]	Interest [Att. 3., Column G]	Total True-Up Adjustment [Att. 3., Column I]
Gates	$11,558,507	$9,490,250	$2,068,257	$319,416	$2,387,673
Gates Excluded Costs	$1,990,974	$1,750,413	$240,561	$58,914	$299,475
Total	**$13,549,482**	**$11,240,663**	**$2,308,819**	**$378,330**	**$2,687,148**

True Up-Adjustment value to be applied to 2027 Projection

- The True-Up Adjustment calculation compares the *actual* net ARR to the *projected* net ARR adjusted for actual days in service.
- No variance analysis has been performed for 2025 (the first and partial year in service) because a comparison between the *components* of the annualized projection and those of actual operations for a partial year would not be meaningful.

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Weighted Average Cost of Capital

Rate of Return Calculation

WACC Element	Weight	Cost	Weighted	
Long Term Debt	55%	6.53%	3.59%	
Preferred Stock	-	-	-	
Common Stock	45%	9.80%	4.41%	
Total			**8.00%**	**= Rate of Return**

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

Discussion

Formula rate materials are posted on the LSPGC website:

lspowergrid.com/utilities/ls-power-grid-california

Direct inquiries, information requests, and challenges to:

rates@lspgridcalifornia.com

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Disclaimer

Notwithstanding requirements and terms defined in LS Power Grid California, LLC's (LSPGC) 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 LSPGC 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 LSPGC; 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 LSPGC 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.