

Schedule E-2

20:10:13:66. Schedule E-2 -- Working papers on depreciation and amortization method. Schedule E-2 shall include a description of the methods and procedures followed in depreciating or amortizing plant and recording abandonments by the utility if any policy change has been made effective since the period covered by the last annual report on FERC form no. 1 or FERC form no. 2 as filed with the FERC.

Source:2 SDR 90, effective July 7, 1976; 12 SDR 86, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

Law Implemented: SDCL 49-34A-10, 49-34A-12, 49-34A-41.

Depreciation and Amortization:

The Company's test year depreciation expense rates are based on a depreciation study completed by Foster & Associates in February 2013. The study was performed in accordance with standard industry practice. The study was completed using Company data through December 31, 2011. Specific depreciation expense rates were calculated for each FERC property account. The rates reflect a straight-line, vintage-group, remaining-life approach. These rates are applied to the depreciation base for each FERC to calculate monthly depreciation expense. The depreciation base for each FERC is updated at the beginning of each calendar quarter. See Statement J for the calculation of depreciation expense for the test year.

Foster & Associates performed a technical update in September 2014 as a supplement to this filing. Statement J has been completed using the new rates calculated in this update.