

Key Assumptions

Line No	Capital Structure	2018			2019			2020		
		Rate	Ratio	Cost	Rate	Ratio	Cost	Rate	Ratio	Cost
1										
2	<u>Capital Structure</u>									
3	Long Term Debt									
4	Short Term Debt									
5	Preferred Stock									
6	Common Equity *									
7	Required Rate of Return			6.94%			6.98%			6.88%
8	*(Cost of Equity from Settlement in Docket EL14-058)									
9										
10	Property Tax Rates									
11	Property Tax Rate			0.000%			0.000%			0.000%
12										
13	Income Tax Rates									
14	Federal Tax Rate			21.00%			21.00%			21.00%
15	State Tax Rate			0.00%			0.00%			0.00%
16	Company Composite Income Tax Rate			28.1344%			28.1344%			28.1344%
17										
18	OATT									
19	Total Cost of Capital			6.94%			6.98%			6.88%
20	Equity Gross-Up Rate			26.58%			26.58%			26.58%
21	Equity Gross-Up									
22	Total Cost of Capital incl Gross-Up for Taxes - Annual Rate			8.21%			8.27%			8.16%
23	Rate for Carrying Charge			0.6600%			0.6641%			0.6555%
24										
25	Annual OATT Credit Factor			24.56% (1)			28.13%			23.29%
26										
27	Annual SD RECB Amount (\$)			4,547,650 (1)			4,981,133			5,216,989
28										
29	Allocators									
30	SD 12-month CP demand (Electric Demand)			6.5240% (1)			6.6117%			6.8090%
31	NSPM 36-month CP demand (Interchange Electric)			84.2615% (1)			83.8864%			83.9342%
32	Jurisdictional Allocator			5.4972% (1)			5.5463%			5.7151%

(1) Amounts vary slightly from the prior year 2018 assumptions due to updated information. The 2018 assumptions reported last year were based on 6 months of actuals and 6 months of forecast, whereas this year it is based on 12 months of actuals