PUBLIC DOCUMENT

Section M

20:10:13:96. Statement M -- Overall cost of service. Statement M shall show for the test period the overall cost of service per books for the filing public utility's utility operations during the test period, including allowances for return and income taxes based upon the rate of return claimed, together with the operating revenues of the filing public utility for the test period. If the filing public utility claims any adjustments to book figures, the cost of service based upon the claimed adjustments shall be shown on a separate schedule. If the amount of the filing public utility's total utility operating revenue differs significantly from its overall cost of service, including allowances for claimed return and income taxes, the filing public utility shall show the amounts available for return and taxes on income and return expressed as a percentage of rate base.

South Dakota Intrastate Pipeline Company Pipeline Pro Forma Revenue Requirement Twelve Months Ended December 31, 2016

Revenue Requirement Summary (Whole Dollars)

		WIT	TH PRESENT RA	WITH PROPO	OSED RATES	
			Restating and		Proposed	
Line		Per	Pro Forma	Pro-forma	Revenues &	Proposed
No.	DESCRIPTION	Books	Adjustments	Total	Related Exp	Total
	а	b	с	d	e	f
	Operating Revenues					
1	Operating Revenues	2,193,844	-	2,193,844	250,236	2,444,080
2	Total Operating Revenues	2,193,844	-	2,193,844	250,236	2,444,080
	Operating Expenses					
3	Operation Expense	1,791,402	324,640	2,116,042	-	2,116,042
4	Maintenance Expense	91,801	3,495	95,296	-	95,296
5	Depreciation Expense	857,546	(805,671)	51,875	-	51,875
6	Taxes O.T.I.T.	115,868	639	116,507	-	116,507
7	Total Operating Expenses	2,856,617	(476,897)	2,379,720	-	2,379,720
8	Operating Income Before Taxes	(662,773)	476,897	(185,876)	250,236	64,360
	Provision for Income Taxes					
9	Deferred	-	-	-	-	-
10	Current	-	(74,350)	(74,350)	100,094	25,744
11	Debt Interest	-	-	-	-	-
				(=1.2.5)		
12	Total Provision for Income Taxes	-	(74,350)	(74,350)	100,094	25,744
12	V.O	(((2.552)	551.245	(111.53.0	150 141	20.616
13	Net Operating Income	(662,773)	551,247	(111,526)	150,141	38,616
	Rate Base					
14	Utility Plant	14,325,852	228,190	14,554,042		14,554,042
15	Accumulated Depreciation	(12,601,686)	(1,693,050)	(14,294,736)	_	(14,294,736)
16	Deferred Income Taxes	(12,001,000)	(1,075,050)	(14,274,730)	_	(14,274,730)
17	Working Capital	-	174,092	174,092	-	174,092
1 /	working Capital	-	174,092	174,092	-	174,092
18	Total Rate Base	1,724,166	(1,290,768)	433,398	_	433,398
10	IVIII IIIII DUSE	1,727,100	(1,270,700)	733,370	-	733,370
19	Rate Of Return	-38.4%		-25.7%		8.9%
1)	naic of neum	-30.470		-23.770		0.570

South Dakota Intrastate Pipeline Company Pipeline Pro Forma Revenue Requiremen Twelve Months Ended December 31, 2016

Revenue Requirement Adjustment Summary (Whole Dollars)

Pro Forma Rate of Return Revenue Conversion Factor 8.91%

0.600000

			Restating Adjustr	nents									Pı	o Forma Adjust											
			Restate						Professional				Integrity	Fixed Assets -		Public									
Line	DESCRIPTION	Per	Inc. Taxes		Depreciation	D 4 E	Utilities	Training Expense	Services - Rate Case Filing	Professional Services Office	Management	Operations Expense	Management Expense	Office &	Trucks and Equipment	Awareness	Employee Benefits	Vehicle/Truck	Insurance Expense	Pipeline Safety C Tax Expense		Payroll Expense	Pro Forma	Rate	Proposed
No.	Adjustment Number	Books 1.00	and A.D.I.T.	Capital 1.02	Expense 1.03	Rent Expense 2.01	Expense 2.02	2.03	2.04	2.05	Fee 2.06	2.07	2.08	Operations 2.09	2.10	Expense 2.11	2.12	Expense 2.13	2.14	2.15	2.16	2.17	Results	Increase	Total
	Adjustment Number	1.00	1.01	1.02	1.05	2.01	2.02	2.03	2.04	2.03	2.00	2.07	2.00	2.07	2.10	2.11	2.12	2.13	2.14	2.13	2.10	2.17			
	On another Barrens																								
1	Operating Revenues Operating Revenues	2,193,844		_	_	_			_	_	_		_	_	_			_		_	_	_	2,193,844	250,236	2,444,080
2	Total Operating Revenues	2,193,844	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,193,844	250,236	2,444,080
	Operating Expenses																								
3	Operation Expense	1,791,402	-	-	-	7,200	2,154	3,435	220,000	17,490	102,400	21,628	(110,050)	-	-	-		3,628	17,066	5,891	-	33,800	2,116,042	-	2,116,042
4	Maintenance Expense	91,801	-	-	(005 (71)	-	-	-	-	-	-	-	-	-	-	1,747	1,748	-	-	-	-	-	95,296		95,296
5	Depreciation Expense Taxes O.T.I.T.	857,546 115,868	-	-	(805,671)	-	-	-		-	-		-	-	-	-		-		-	639	-	51,875 116,507		51,875 116,507
0		,	_	-		-								_	-	-		-				-	,	-	
7	Total Operating Expenses	2,856,617	-	-	(805,671)	7,200	2,154	3,435	220,000	17,490	102,400	21,628	(110,050)	-	-	1,747	1,748	3,628	17,066	5,891	639	33,800	2,379,720	-	2,379,720
8	Operating Income Before Taxes	(662,773)	-	-	805,671	(7,200)	(2,154)	(3,435)	(220,000)	(17,490)	(102,400)	(21,628)	110,050	-	-	(1,747)	(1,748)	(3,628)	(17,066)	(5,891)	(639)	(33,800)	(185,876)	250,236	64,360
	Provision for Income Taxes																								
9	Deferred		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Current	-	(265,109)	-	322,268	(2,880)	(861)	(1,374)	(88,000)	(6,996)	(40,960)	(8,651)	44,020	-	-	(699)	(699)	(1,451)	(6,826)	(2,356)	(256)	(13,520)	(74,350)	100,094	25,744
11	Debt Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Total Provision for Income Taxes	-	(265,109)	-	322,268	(2,880)	(861)	(1,374)	(88,000)	(6,996)	(40,960)	(8,651)	44,020	-	-	(699)	(699)	(1,451)	(6,826)	(2,356)	(256)	(13,520)	(74,350)	100,094	25,744
	Net Operating Income	(662,773)	265,109	-	483,403	(4,320)	(1,292)	(2,061)	(132,000)	(10,494)	(61,440)	(12,977)	66,030	-	-	(1,048)	(1,049)	(2,177)	(10,239)	(3,535)	(383)	(20,280)	(111,526)	150,141	38,616
	Rate Base																								
13	Utility Plant	14,325,852	-	-		-	-	-	-	-	-	-	-	73,190	155,000	-	-	-	-	-	-	-	14,554,042		14,554,042
14	Accumulated Depreciation	(12,601,686)	-	-	(1,693,050)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,294,736)		(14,294,736)
15	Deferred Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
16	Working Capital	-	-	174,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	174,092		174,092
17	Total Rate Base	1,724,166	-	174,092	(1,693,050)	-	-	-	-	-	-	-	-	73,190	155,000	-	-	-	-	-	-	-	433,398	-	433,398
18	Rate Of Return	-38.44%																					-25.73%		8.91%
19	Rev. Req. Def. / (Suf.)	1,360,660	(441,849)	25,853	(1,057,089)	7,200	2,154	3,435	220,000	17,490	102,400	21,628	(110,050)	10,869	23,018	1,747	1,748	3,628	17,066	5,891	639	33,800	250,236		(0)
	- ` '				/								/												

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South Dakota Intrastate Pipeline Company
Pipeline Pro Forma Revenue Requirement
Twelve Months Ended December 31, 2016

Revenue Conversion Factor

Line No.	Description	Factor
1	Revenues	1.000000
2	Expense: Uncollectibles	0.000000
3	Commission Fees	0.000000
4	Excise Taxes	0.000000
6	Total Expense	0.000000
7	Net Operating Income Before FIT	1.000000
8	Income Tax @ 40%	0.400000
9	REVENUE CONVERSION FACTOR	0.600000

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South Dakota Intrastate Pipeline Company

Pipeline Pro Forma Revenue Requirement Twelve Months Ended December 31, 2016

Cost of Capital

Component	Capital Structure	Cost	Weighted Cost
Debt	17.88%	3.90%	0.70%
Preferred	0.0%	0.00%	0.00%
Common Equity	82.12%	10.00%	8.21%
Total	100.00%		8.91%

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South Dakota Intrastate Pipeline Company Pipeline Pro Forma Revenue Requirement Twelve Months Ended December 31, 2016

Restating Adjustment Details (Whole Dollars)

Adj. No.	Description	Pre-tax NOI	Post Tax NOI	Rate Base	Purpose
1.01	Income Taxes		(265,109)		Accrues a tax benefits associated with the Company's net operating losses at a 40% blended tax rate, consisting of both Federal and state taxes
1.02	Working Capital			174,092	Incorporates a provision for working capital in rate base
1.03	Depreciation	-805,671		(1,693,050)	Accounting for the fully depreciated transmission line as of August 31, 2018.

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South Dakota Intrastate Pipeline Company Pipeline Pro Forma Revenue Requirement Twelve Months Ended December 31, 2016

Pro forma Adjustn	nent Details (Whole Dollars)	Projected	Projected					
			2017-2018	2017-2018	Adjustment			
Adj. No.	Description	2016	Expenditure	Avg. Annual	Oper. Exp	Rate Base		
2.01	Rent Expense	50,400	115,200	57,600	7,200			
2.02	Utilities Expense	35,415	75,137	37,569	2,154			
2.03	Training Expense	4,155	15,180	7,590	3,435			
2.04	Professional Services - Rate Case Filing		440,000	220,000	220,000			
2.05	Professional Services Office	13,518	62,016	31,008	17,490			
2.06	Management Fee				102,400			
2.07	Operations Expense	144,252	331,760	165,880	21,628			
2.08	Integrity Management Expense	160,050	100,000	50,000	-110,050			
2.09	Fixed Assets - Office & Operations		73,190			73,190		
2.10	Fixed Assets - Trucks and Equipment		155,000			155,000		
2.11	Public Awareness Expense	11,271	26,036	13,018	1,747			
2.12	Employee Benefits	31,798	67,092	33,546	1,748			
2.13	Vehicle/Truck Expense	80,256	167,767	83,884	3,628			
2.14	Insurance Expense	111,678	257,487	128,744	17,066			
2.15	Pipeline Safety Tax Expense	56,233	124,248	62,124	5,891			
2.16	Gross Receipts Tax	3,060	7,398	3,699	639			
2.17	Payroll Expense	716,372	1,500,343	750,172	33,800			