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Docket No.: EL15-015

Response To: South Dakota Public Utilities Data Request No. 1-6
Commission

Requestor: Darren Kearney

Date Received: October 16, 2015

Question:

Please provide the cost of capital structure used for estimating carrying charges in Tables 1 and 2 of Attachment C. Please ensure the WACC used is current (i.e. WACC was adjusted in the rate case docket EL14-048) if it was not updated in the initial Attachment C filing.

Response:

The capital structure used for estimating carrying charges in Table 1 and 2 of Attachment C was identified in our 2012 Rate Case, Docket EL-12-046.

The Company notes approval of the 2014 Rate Case, Docket EL14-058, approved June 16, 2015, adjusts the WACC from 7.78% to 7.22% beginning July 1, 2015.

The 2014 DSM Status Report and Proposed 2016 DSM Plan was filed prior to Commission approval of these new rates. As a matter of practice, the Company includes the rate active at time filing within our forecasted DSM Tracker.

Adopting this change, along with our adjustment to quarterly accruals¹ does have an impact on the DSM Adjustment Factor. We estimate this impact to be approximately -\$0.003. This could potentially result in under-recovery for the Company in 2016. However, the DSM Adjustment Factor is based on a forecast for 2016, including several forecasted assumptions on budget, incentive, and sales. We will true-up these short-falls in later years.

We believe our current requested rate of \$0.00048 per customer kWh remains prudent and will adjust our carrying charge beginning within the 2015 DSM Status Report and Proposed 2017 DSM Plan.

¹ Please see South Dakota Public Utilities Commission Information Request No. 4.

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