

Line	Description	SD Electric Amount
	(a)	(b)
	Plant in Service	
	<u>Steam Production Plant</u>	
1	Big Stone AQCS Project	\$ 4,762,633
2	Lewis & Clark MATS Compliance	784,015
3	Total Steam Production	\$ 5,546,648
	<u>Other Production Plant</u>	
4	Lewis & Clark RICE	\$ 916,389
5	Total Other Production	\$ 916,389
6	Total Plant in Service	\$ 6,463,037
	Depreciation Expense	
	<u>Steam Production Plant</u>	
7	Big Stone AQCS Project	\$ 75,250
8	Lewis & Clark MATS Compliance	32,615
9	Total Steam Production	\$ 107,865
	<u>Other Production Plant</u>	
10	Lewis & Clark RICE	\$ 22,910
11	Total Other Production	\$ 22,910
12	Total Depreciation Expense	\$ 130,775
	Accumulated Depreciation	
	<u>Steam Production Plant</u>	
13	Big Stone AQCS Project	\$ 37,625
14	Lewis & Clark MATS Compliance	16,308
15	Total Steam Production	\$ 53,933
	<u>Other Production Plant</u>	
16	Lewis & Clark RICE	\$ 11,455
17	Total Other Production	\$ 11,455
18	Total Accumulated Depreciation	\$ 65,388
	Accumulated Deferred Income Taxes	
	<u>Steam Production Plant</u>	
19	Big Stone AQCS Project	\$ 320,701
20	Lewis & Clark MATS Compliance	19,871
21	Total Steam Production	\$ 340,572
	<u>Other Production Plant</u>	
22	Lewis & Clark RICE	\$ 4,009
23	Total Other Production	\$ 4,009
24	Total Accumulated Deferred Income Taxes	\$ 344,581

Sources:

Lines 1 & 2: MDU's response to Staff DR 8-40, Attachment A
Line 3: sum of lines 1 and 2
Line 4: $\$954.68 / \text{KW} * 18.6 \text{ MW} * 1000 \text{ KW/MW} * 5.160705\%$
(SD allocation) [Kavita Maini Recommendation]
Line 5: line 4
Line 6: sum of lines 3 and 5
Lines 7, 8, & 10: BAM-2, page 2, line 15
Line 9: sum of lines 7 & 8
Line 11: line 10
Line 12: sum of lines 9 and 11
Lines 13, 14, & 16: depreciation expense divided by 2
Line 15: sum of lines 13 & 14
Line 17: line 16
Line 18: sum of lines 15 and 17
Lines 19, 20, & 22: BAM-2, page 2, line 18 divided by 2
Line 21: sum of lines 19 & 20
Line 26: BAM-3, Schedule 1, column i, line 8
Line 23: line 22
Line 24: sum of lines 21 & 23

Line	Description	Big Stone AQCS	L&C MATS	L&C RICE
	(a)	(b)	(c)	(d)
<u>Pollution Control Tax Depreciation Calculation:</u>				
1	Original Cost: SD Electric portion	\$ 4,762,633	\$ 784,015	
2	Less: AFUDC - E & B Plus: CPI Less: R&D	198,628	5,140	
3	50% Bonus Depreciation on 2014 & prior costs:	1,610,353	47,415	
4	Depreciable Cost:	\$ 2,953,652	\$ 731,460	
Basis Reductions:				
5	-Reg. 1.169-3(d) Useful Life Reduction	738,413	182,865	
6	-Section 291(a)(4) Reduction	443,048	109,719	
7	Amortizable Basis (Reg Tax) 84 Mo. @ AQCS or 60 Mo. @ MATS	1,772,191	438,876	
8	Depreciable Basis (Reg Tax) 20-Year MACRS	1,181,461	292,584	
	20-Year MACRS rate	3.75%	3.75%	
9	CPC Amortization (annualized)	253,170	87,775	
10	50% Bonus	1,610,353	47,415	
11	MACRS Yr 1	44,305	10,972	
12	Total Tax Depreciation/Amortization	\$ 1,907,828	\$ 146,162	
<u>Deferred Tax Calculation:</u>				
13	Book Plant	\$ 4,762,633	\$ 784,015	\$ 916,389
14	Book Rate	1.58%	4.16%	2.50%
15	Book Depreciation	\$ 75,250	\$ 32,615	\$ 22,910
16	Tax Depr./Amort.	\$ 1,907,828	\$ 146,162	\$ 45,819
17	Difference	\$ 1,832,578	\$ 113,547	\$ 22,909
18	Deferred Income Tax	\$ 641,402	\$ 39,741	\$ 8,018

Sources:

Lines 1 through 12, columns b & c: Email from Travis Jacobson on 2/5/16
Line 13, columns b, c, & d: BAM-2, page 1
Line 14, column b: Staff recommendation
Line 14, column c & d: Statement J, page 8
Line 15, columns b, c, & d: line 13 * line 14
Line 16, columns b & c: line 12
Line 16, column d: line 13 * 5.00% (Statement K, page 19)
Line 17, columns b, c, & d: line 16 less line 15
Line 18, columns b, c, & d: line 17 times 35%