

Key Assumptions

Line No	Capital Structure	2015			2016			2017		
		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			7.07%			7.10%			7.04%
8	(Cost of Equity from Settlement in Docket EL14-058)									
9										
10	Property Tax Rates									
11	Property Tax Rate			1.714%			1.622%			0.000%
12										
13	Income Tax Rates									
14	Federal Tax Rate			35.00%			35.00%			35.00%
15	StateTax Rate			0.00%			0.00%			0.00%
16	Company Composite Income Tax Rate			40.7980%			40.7980%			40.7980%
17										
18	OATT									
19	Total Cost of Capital			7.07%			7.10%			7.04%
20	Equity Gross-Up Rate			53.85%			53.85%			53.85%
21	Equity Gross-Up									
22	Total Cost of Capital incl Gross-Up for Taxes - Annual Rate			9.66%			9.72%			9.63%
23	Rate for Carrying Charge			0.7714%			0.7762%			0.7691%
24										
25	Annual OATT Credit Factor			20.35%			20.95%			20.95%
26										
27	Annual SD RECB Amount			3,117,767			4,016,073			4,708,095
28										
29	Allocators									
30	SD 12-month CP demand (Electric Demand)			6.3495%			6.3487%			6.3910%
31	NSPM 36-month CP demand (Interchange Electric)			84.5789%			84.2731%			84.2731%
32	Jurisdictional Allocator			5.3703%			5.3502%			5.3859%