

Key Assumptions

Line No	Capital Structure	2016			2017			2018		
		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			7.15%			7.11%			7.08%
8	(Cost of Equity from Settlement in Docket EL14-058)									
9										
10	Property Tax Rates									
11	Property Tax Rate			1.664%			0.000%			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			7.15%			7.11%			7.08%
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			9.80%			9.75%			9.74%
23	Rate for Carrying Charge			0.7821%			0.7786%			0.7775%
24										
25	Annual OATT Credit Factor			24.08%			24.00%			22.70%
26										
27	Annual SD RECB Amount (\$)			3,859,949			4,436,161			5,182,284
28										
29	Allocators									
30	SD 12-month CP demand (Electric Demand)			6.0868%			6.4181%			6.3147%
31	NSPM 36-month CP demand (Interchange Electric)			84.1349%			84.2464%			84.0798%
32	Jurisdictional Allocator			5.1211%			5.4070%			5.3094%