

PROPOSED COST OF CAPITAL FOR 2017 TEST YEAR

| | (A) | (B) | (C) | (D) | (E) |
|----------|----------------------|----------------------|------------------|-----------------|--------------------------|
| Line No. | Capitalization | Amount | Percent of Total | Cost of Capital | Weighted Cost of Capital |
| 1 | Long term debt | 496,615,385 | 46.90% | 5.30% | 2.49% |
| 2 | Common equity | \$562,251,845 | 53.10% | 10.30% | 5.47% |
| 3 | Total Capitalization | <u>1,058,867,229</u> | <u>100.00%</u> | | <u>7.96%</u> |