

**Key Assumptions**

Line No	Capital Structure	2017			2018			2019		
		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	<b>Common Equity *</b>									
7	Required Rate of Return			7.03%			6.94%			7.00%
8	<b>(Cost of Equity from Settlement in Docket EL14-058)</b>									
9										
10	<b>Property Tax Rates</b>									
11	Property Tax Rate			0.000%			0.000%			0.000%
12										
13	<b>Income Tax Rates</b>									
14	Federal Tax Rate			35.00%			21.00%			21.00%
15	State Tax Rate			0.00%			0.00%			0.00%
16	Company Composite Income Tax Rate			40.7980%			28.1061%			28.1061%
17										
18	<b>OATT</b>									
19	Total Cost of Capital			7.03%			6.94%			7.00%
20	Equity Gross-Up Rate			53.85%			26.58%			26.58%
21	Equity Gross-Up									
22	Total Cost of Capital incl Gross-Up for Taxes - Annual Rate			9.61%			8.21%			8.30%
23	Rate for Carrying Charge			0.7675%			0.6600%			0.6665%
24										
25	Annual OATT Credit Factor			22.76%			25.74%			24.79%
26										
27	Annual SD RECB Amount (\$)			4,552,413			4,639,311			5,441,813
28										
29	<b>Allocators</b>									
30	SD 12-month CP demand (Electric Demand)			6.6108%			6.3147%			6.6117%
31	NSPM 36-month CP demand (Interchange Electric)			84.2464%			84.0798%			83.8717%
32	Jurisdictional Allocator			5.5694%			5.3094%			5.5453%