

COST OF SERVICE SUMMARY for 2021 Historic Test Year (\$000's)

Line No.	SD Electric		SD Electric
		2021 Unadjusted	2021 HTY
1	Composite Income Tax Rate		
2	State Tax Rate		
3	Federal Statutory Tax Rate	21.00%	21.00%
4	<u>Federal Effective Tax Rate</u>	<u>21.00%</u>	<u>21.00%</u>
5	Composite Tax Rate	21.00%	21.00%
6	Revenue Conversion Factor (1/(1--Composite Tax	1.265823	1.265823
7			
8	Weighted Cost of Capital		
9	Active Rates and Ratios Version	Proposed	Proposed
10	Cost of Short Term Debt		
11	Cost of Long Term Debt	4.15%	4.15%
12	Cost of Common Equity	10.75%	10.75%
13	Ratio of Short Term Debt		
14	Ratio of Long Term Debt	46.99%	46.99%
15	Ratio of Common Equity	53.01%	53.01%
16	Weighted Cost of STD		
17	Weighted Cost of LTD	1.95%	1.95%
18	Weighted Cost of Debt	1.95%	1.95%
19	<u>Weighted Cost of Equity</u>	<u>5.70%</u>	<u>5.70%</u>
20	Required Rate of Return	7.65%	7.65%
21			
22	Rate Base		
23	Plant Investment	1,757,073	1,885,659
24	<u>Depreciation Reserve</u>	<u>802,419</u>	<u>811,307</u>
25	Net Utility Plant	954,655	1,074,352
26			
27	CWIP		0
28			
29	Accumulated Deferred Taxes	211,855	220,959
30	DTA - NOL Average Balance	(13,373)	(14,105)
31	DTA - Federal Tax Credit Average Balance	(35,917)	(36,019)
32	Total Accum Deferred Taxes	162,565	170,835
33			
34	Cash Working Capital	117	1,419
35	Materials and Supplies	12,006	12,006
36	Fuel Inventory	4,865	4,865
37	Non-plant Assets and Liabilities	6,246	8,309
38	Customer Advances	(1,556)	(1,556)
39	Customer Deposits	(47)	(47)
40	Prepays and Other	4,837	4,837
41	<u>Regulatory Amortizations</u>	<u>3,422</u>	<u>13,786</u>
42	Total Other Rate Base Items	29,889	43,619
43			
44	Total Rate Base	821,979	947,135
45			

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		2021 Unadjusted	2021 HTY
46	Operating Revenues		
47	Retail	244,261	247,154
48	Interdepartmental		
49	<u>Other Operating Rev - Non-Retail</u>	<u>69,669</u>	<u>63,895</u>
50	Total Operating Revenues	313,931	311,049
51			
52	Expenses		
53	Operating Expenses:		
54	Fuel	89,017	89,041
55	Deferred Fuel	76	76
56	Variable IA Production Fuel	1,003	1,003
57	<u>Purchased Energy - Windsource</u>	<u>0</u>	<u>0</u>
58	Fuel & Purchased Energy Total	90,096	90,120
59	Production - Fixed	30,812	31,025
60	Production - Fixed IA Investment		
61	Production - Fixed IA O&M	3,178	3,178
62	Production - Variable	498	384
63	Production - Variable IA O&M	356	356
64	<u>Production - Purchased Demand</u>	<u>10,161</u>	<u>10,161</u>
65	Production Total	45,006	45,105
66	Regional Markets	720	721
67	Transmission IA	8,189	8,189
68	Transmission	18,854	11,406
69	Distribution	6,890	7,013
70	Customer Accounting	3,275	3,712
71	Customer Service & Information	1,310	1,320
72	Sales, Econ Dvlp & Other	186	238
73	<u>Administrative & General</u>	<u>18,196</u>	<u>18,759</u>
74	Total Operating Expenses	192,720	186,583
75			
76	Depreciation	56,725	75,079
77	Amortization	1,624	3,490
78			
79	Taxes:		
80	Property Taxes	11,205	12,758
81	ITC Amortization	(74)	(74)
82	Deferred Taxes	4,145	8,806
83	Deferred Taxes - NOL	5,682	4,219
84	Less State Tax Credits deferred		
85	Less Federal Tax Credits deferred	(10,187)	(10,393)
86	Deferred Income Tax & ITC	(435)	2,558
87	Payroll & Other Taxes	2,051	2,050
88	Total Taxes Other Than Income	12,822	17,367
89			

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Line No.		SD Electric	SD Electric
		2021 Unadjusted	2021 HTY
90	<u>Income Before Taxes</u>		
91	Total Operating Revenues	313,931	311,049
92	less: Total Operating Expenses	192,720	186,583
93	Book Depreciation	56,725	75,079
94	Amortization	1,624	3,490
95	<u>Taxes Other than Income</u>	<u>12,822</u>	<u>17,367</u>
96	Total Before Tax Book Income	50,039	28,530
97			
98	<u>Tax Additions</u>		
99	Book Depreciation	56,725	75,079
100	Deferred Income Taxes and ITC	(435)	2,558
101	Nuclear Fuel Burn (ex. D&D)	7,703	7,581
102	Nuclear Outage Accounting	2,663	2,663
103	Avoided Tax Interest	1,796	1,194
104	<u>Other Book Additions</u>	-	<u>696</u>
105	Total Tax Additions	68,452	89,771
106			
107	<u>Tax Deductions</u>		
108	Total Rate Base	821,979	947,135
109	Weighted Cost of Debt	1.95%	1.95%
110	Debt Interest Expense	16,029	18,469
111	Nuclear Outage Accounting	3,711	3,711
112	Tax Depreciation and Removals	87,492	122,829
113	NOL Utilized / (Generated)	20,268	15,049
114	<u>Other Tax / Book Timing Differences</u>	<u>(968)</u>	<u>(1,396)</u>
115	Total Tax Deductions	126,532	158,662
116			
117	<u>State Taxes</u>		
118	State Taxable Income	(8,041)	(40,361)
119	State Income Tax Rate		
120	State Taxes before Credits		
121	<u>Less State Tax Credits applied</u>	-	-
122	Total State Income Taxes		
123			
124	<u>Federal Taxes</u>		
125	Federal Sec 199 Production Deduction		
126	Federal Taxable Income	(8,041)	(40,361)
127	Federal Income Tax Rate	21.00%	21.00%
128	Federal Tax before Credits	(1,689)	(8,476)
129	<u>Less Federal Tax Credits</u>	<u>(798)</u>	<u>(593)</u>
130	Total Federal Income Taxes	(2,487)	(9,068)
131			
132	Total Taxes		
133	Total Taxes Other than Income	12,822	17,367
134	Total Federal and State Income Taxes	(2,487)	(9,068)
135	Total Taxes	10,335	8,298
136			
137	Total Operating Revenues	313,931	311,049
138	Total Expenses	261,405	273,451
139			
140	AFDC Debt		
141	AFDC Equity		
142			
143	Net Income	52,526	37,598
144			

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		2021 Unadjusted	2021 HTY
145	Rate of Return (ROR)		
146	Total Operating Income	52,526	37,598
147	<u>Total Rate Base</u>	<u>821,979</u>	<u>947,135</u>
148	ROR (Operating Income / Rate Base)	6.39%	3.97%
149			
150	Return on Equity (ROE)		
151	Net Operating Income	52,526	37,598
152	Debt Interest (Rate Base * Weighted Cost of Debt)	(16,029)	(18,469)
153	Earnings Available for Common	36,497	19,129
154	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>435,731</u>	<u>502,077</u>
155	ROE (earnings for Common / Equity)	8.38%	3.81%
156			
157	Revenue Deficiency		
158	Required Operating Income (Rate Base * Required	62,881	72,456
159	<u>Net Operating Income</u>	52,526	37,598
160	Operating Income Deficiency	10,355	34,858
161			
162	<u>Revenue Conversion Factor (1/(1-Composite Tax</u>	<u>1.265823</u>	<u>1.265823</u>
163	<u>Revenue Deficiency (Income Deficiency * Cor</u>	<u>13,108</u>	<u>44,123</u>
164			
165	Total Revenue Requirements		
166	Total Retail Revenues	244,261	247,154
167	<u>Revenue Deficiency</u>	<u>13,108</u>	<u>44,123</u>
168	Total Revenue Requirements	257,369	291,277