

COST OF SERVICE SUMMARY for 2024 Historic Test Year (\$000's)

Line No.	SD Electric		SD Electric
			2024 HTY
		2024 Unadjusted	
1	<u>Composite Income Tax Rate</u>		
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 Rate))	1.265823	1.265823
7			
8	<u>Weighted Cost of Capital</u>		
9	Active Rates and Ratios Version	Proposed	Proposed
10	Cost of Short Term Debt		
11	Cost of Long Term Debt	4.48%	4.48%
12	Cost of Common Equity	10.30%	10.30%
13	Ratio of Short Term Debt		
14	Ratio of Long Term Debt	47.13%	47.13%
15	Ratio of Common Equity	52.87%	52.87%
16	Weighted Cost of STD		
17	Weighted Cost of LTD	2.11%	2.11%
18	Weighted Cost of Debt	2.11%	2.11%
19	<u>Weighted Cost of Equity</u>	<u>5.45%</u>	<u>5.45%</u>
20	Required Rate of Return	7.56%	7.56%
21			
22	<u>Rate Base</u>		
23	Plant Investment	2,081,408	2,285,004
24	<u>Depreciation Reserve</u>	<u>909,388</u>	<u>920,879</u>
25	Net Utility Plant	1,172,020	1,364,124
26			
27	CWIP	(0)	
28			
29	Accumulated Deferred Taxes	238,605	251,109
30	DTA - NOL Average Balance	(16,856)	(17,341)
31	DTA - State Tax Credit Average Balance		
32	DTA - Federal Tax Credit Average Balance	(79,399)	(67,966)
33	Total Accum Deferred Taxes	142,351	165,802
34			
35	Cash Working Capital	(3,439)	(3,421)
36	Materials and Supplies	15,527	15,527
37	Fuel Inventory	6,426	6,426
38	Non-plant Assets and Liabilities	4,289	5,841
39	Customer Advances	(3,438)	(3,438)
40	Customer Deposits	(48)	(48)
41	Prepays and Other	7,170	7,170
42	<u>Regulatory Amortizations</u>	<u>2,882</u>	<u>12,932</u>
43	Total Other Rate Base Items	29,370	40,990
44			
45	Total Rate Base	1,059,039	1,239,313
46			

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Line No.		SD Electric	SD Electric
		2024 Unadjusted	2024 HTY
47	Operating Revenues		
48	Retail	269,543	289,622
49	Interdepartmental		
50	<u>Other Operating Rev - Non-Retail</u>	<u>50,091</u>	<u>55,416</u>
51	Total Operating Revenues	319,634	345,038
52			
53	Expenses		
54	Operating Expenses:		
55	Fuel	77,525	77,553
56	Deferred Fuel	71	71
57	Variable IA Production Fuel	572	572
58	<u>Purchased Energy - Windsource</u>	<u>0</u>	<u>0</u>
59	Fuel & Purchased Energy Total	78,168	78,196
60	Production - Fixed	33,727	34,672
61	Production - Fixed IA Investment		
62	Production - Fixed IA O&M	3,566	3,566
63	Production - Variable	380	356
64	Production - Variable IA O&M	446	446
65	<u>Production - Purchased Demand</u>	<u>11,249</u>	<u>11,249</u>
66	Production Total	49,368	50,289
67	Regional Markets	797	798
68	Transmission IA	10,643	10,643
69	Transmission	18,431	10,583
70	Distribution	7,085	7,446
71	Customer Accounting	4,036	4,991
72	Customer Service & Information	1,289	1,285
73	Sales, Econ Dvlp & Other	63	114
74	<u>Administrative & General</u>	<u>20,425</u>	<u>21,604</u>
75	Total Operating Expenses	190,306	185,949
76			
77	Depreciation	68,091	77,259
78	Amortization	1,614	3,149
79			
80	Taxes:		
81	Property Taxes	11,055	13,587
82	ITC Amortization	(70)	(90)
83	Deferred Taxes	7,551	12,044
84	Deferred Taxes - NOL	937	(34)
85	Less State Tax Credits deferred		
86	Less Federal Tax Credits deferred	(31,618)	(31,750)
87	Deferred Income Tax & ITC	(23,199)	(19,830)
88	Payroll & Other Taxes	2,124	2,123
89	Total Taxes Other Than Income	(10,020)	(4,120)
90			

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Line No.		SD Electric	
		2024 Unadjusted	2024 HTY
91	Income Before Taxes		
92	Total Operating Revenues	319,634	345,038
93	less: Total Operating Expenses	190,306	185,949
94	Book Depreciation	68,091	77,259
95	Amortization	1,614	3,149
96	<u>Taxes Other than Income</u>	<u>(10,020)</u>	<u>(4,120)</u>
97	Total Before Tax Book Income	69,643	82,802
98			
99	Tax Additions		
100	Book Depreciation	68,091	77,259
101	Deferred Income Taxes and ITC	(23,199)	(19,830)
102	Nuclear Fuel Burn (ex. D&D)	7,444	7,412
103	Nuclear Outage Accounting	3,417	3,417
104	Avoided Tax Interest	3,960	2,243
105	<u>Other Book Additions</u>	<u>(4)</u>	<u>692</u>
106	Total Tax Additions	59,709	71,194
107			
108	Tax Deductions		
109	Total Rate Base	1,059,039	1,239,313
110	Weighted Cost of Debt	2.11%	2.11%
111	Debt Interest Expense	22,346	26,150
112	Nuclear Outage Accounting	4,068	4,068
113	Tax Depreciation and Removals	111,788	136,998
114	NOL Utilized / (Generated)	3,343	(121)
115	<u>Other Tax / Book Timing Differences</u>	<u>(2,564)</u>	<u>(2,643)</u>
116	Total Tax Deductions	138,981	164,451
117			
118	State Taxes		
119	State Taxable Income	(9,628)	(10,455)
120	State Income Tax Rate		
121	State Taxes before Credits		
122	<u>Less State Tax Credits applied</u>	-	-
123	Total State Income Taxes		
124			
125	Federal Taxes		
126	Federal Sec 199 Production Deduction		
127	Federal Taxable Income	(9,628)	(10,455)
128	Federal Income Tax Rate	21.00%	21.00%
129	Federal Tax before Credits	(2,022)	(2,196)
130	<u>Less Federal Tax Credits</u>	<u>(132)</u>	<u>25,715</u>
131	Total Federal Income Taxes	(2,154)	23,520
132			
133	Total Taxes		
134	Total Taxes Other than Income	(10,020)	(4,120)
135	Total Federal and State Income Taxes	(2,154)	23,520
136	Total Taxes	(12,174)	19,399
137			
138	Total Operating Revenues	319,634	345,038
139	Total Expenses	247,837	285,756
140			
141	AFDC Debt		
142	AFDC Equity		
143			
144	Net Income	71,797	59,282
145			

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Line No.		SD Electric	SD Electric
		2024 Unadjusted	2024 HTY
146	Rate of Return (ROR)		
147	Total Operating Income	71,797	59,282
148	<u>Total Rate Base</u>	<u>1,059,039</u>	<u>1,239,313</u>
149	ROR (Operating Income / Rate Base)	6.78%	4.78%
150			
151	Return on Equity (ROE)		
152	Net Operating Income	71,797	59,282
153	Debt Interest (Rate Base * Weighted Cost of Debt)	(22,346)	(26,150)
154	Earnings Available for Common	49,451	33,133
155	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>559,914</u>	<u>655,225</u>
156	ROE (earnings for Common / Equity)	8.83%	5.06%
157			
158	Revenue Deficiency		
159	Required Operating Income (Rate Base * Required Return)	80,063	93,692
160	<u>Net Operating Income</u>	71,797	59,282
161	Operating Income Deficiency	8,267	34,410
162			
163	<u>Revenue Conversion Factor (1/(1--Composite Tax Rate))</u>	<u>1.265823</u>	<u>1.265823</u>
164	Revenue Deficiency (Income Deficiency * Conversion)	10,464	43,557
165			
166	Total Revenue Requirements		
167	Total Retail Revenues	269,543	289,622
168	<u>Revenue Deficiency</u>	<u>10,464</u>	<u>43,557</u>
169	Total Revenue Requirements	280,007	333,179