

2016 IRP Update

Financial Parameters for Resource Costs

The table below provides an updated snapshot of financial parameters as of December 2017. The values from the 2016 IRP were provided in Table 7-4 and Table 10-3.

Financial Parameters	
Cost of Capital Components	%
Composite Income Tax Rate ¹	27.08%
Incremental Cost of Long-Term Debt	4.97%
Allowed Return on Equity ²	9.50%
Long-Term Debt Share of Capital Structure	50.00%
Equity Share of Capital Structure	50.00%
Weighted Cost of Capital	7.24%
Nominal Weighted After-Tax Cost of Capital	6.56%
Long-Term General Inflation	2.00%
Economic Lives³	Years
Thermal Plants	38
Solar	20
Wind	30

Notes

1. Reflects December 2017 changes to federal tax law.
2. Allowed ROE from UM 319.
3. Depreciation Study filed in UM 1809.