South Dakota Public Utilities Commission
Docket EL14-062
MidAmerican Energy Company
Data Request No. 1-3

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1-3 Have any modifications been made to how the avoided cost forecast is figured from the 2013 filing (EL13-027)?

Response:

No. The methodology for calculating the avoided energy cost rate is unchanged from the 2013 filing. MidAmerican Energy Company does update its forecast assumptions for load, resource mix and generating unit costs and operating parameters based on the most recent company Ten Year Financial Plan. This year's proposed rate uses the assumptions in the 2014-2023 Financial Plan.

The cogeneration rate filed this year is based on the marginal costs of operating the MidAmerican Energy Company system. MidAmerican Energy Company uses a chronological Monte Carlo simulation production costing model, PROMOD IV to estimate the marginal energy costs. Changes in the marginal costs are affected by a number of factors. These factors included changes in system loads, the hourly variations of those loads, the type of generation used to serve the load, operating costs of that generation, operating characteristics of generating units and limitations on the dispatch of the generation. MidAmerican's costs were based on current and committed generating units and wind projects, wind projects under construction, forecasts of fuel, variable operation and maintenance costs and retail energy requirements. The generating unit operating characteristics are based on the historical parameters for MW upper and lower limits, ramp rates and heat rate characteristics.