

MidAmerican Energy Company
Response to South Dakota Public Utilities Commission Data Request
Docket No. EL26-020

Responder: Sunny Jansen

1-2. Identify and explain the main drivers causing the increase in the avoided energy and capacity costs and resulting credits.

Response:

The main driver of the avoided capacity cost increase for calendar year 2026 is the increase in MISO Planning Resource Auction (PRA) clearing price and the use of the higher of that clearing price or the offer cap of 10% of CONE. In the 2024 filing, the annual average clearing price of the PRA was \$7.33 in \$/kw-year compared to 10% of CONE of \$11.76. In the 2026 filing, the annual average clearing price of the PRA was \$46.06 in \$/kw-year compared to 10% of CONE of \$12.73.

The main drivers of the increase in avoided energy costs were the higher forecasted cost of net market purchases and the higher forecasted cost of nuclear generation. The following amounts refer to the annual all hours rate for the 0 megawatt level of purchases in 2026 from both filings for comparison and are representative of all purchase levels and years common between the two filings. The weighted average cost of net market purchases increased 11% from \$29.17 per MWh in the 2024 filing period to \$32.36 in the 2026 filing period. MISO net market purchases accounted for 18% of the generation mix in the proposed 2026 filing versus 14% in the 2024 filing. Nuclear production was flat, accounting for approximately 10% of the generation mix in both filing periods, but the forecasted cost increased due to an updated Variable O&M cost assumption. MidAmerican operates its generating units in the most economical position possible given the MISO market conditions and the unit's operating characteristics. Electric market prices in the region generally increased compared to the previous year due to higher fuel prices and other inflationary pressures.