

South Dakota Public Utilities Commission  
Docket GE17-001  
MidAmerican Energy Company  
Second Data Request

Responder Name: Cade Simmons  
Job Title: Energy Efficiency Data Analyst  
Phone: 563-333-8139

## 2-1 South Dakota Data Request

Referring to MidAmerican's response to Staff Data Request 1-7, please explain why tax credits and non-energy benefits are included in the calculation of total benefits for the TRC test and excluded from the calculation of total benefits for the societal test.

### **Response:**

In response to non-energy benefits:

MidAmerican utilizes the methodologies set forth in *Understanding Cost-Effectiveness of Energy Efficiency Programs* from the EPA ([link](#))<sup>1</sup>. Monetizable non-energy benefits are included in the Total Resource Cost (TRC) test and non-monetizable non-energy benefits are included in the Societal Cost Test (SCT).

MidAmerican uses direct calculations for water and electric savings from its Appendix A to monetize the non-energy benefits used for the TRC.

The SCT uses a predetermined percentage to calculate 'externalities' or non-monetized societal benefits. Those percentages were determined and included in the Plan filing and are 7.5% for gas programs and 10% for electric programs.

In response to tax credits:

The EPA document referenced above details which tests utilize tax credits and which do not.

Generally the SCT views tax credits as a transfer payment from one societal group to another which nets out to zero.

The TRC seeks to estimate the benefits to the region or territory in which the utility operates its programs. State and local tax credits would be seen as transfer payments and not included as a benefit in the TRC. Federal tax credits are included because it is unlikely that the entire value of the tax credit is collected from the geographic region that received the benefit of the measure.

---

<sup>1</sup> <https://www.epa.gov/energy/understanding-cost-effectiveness-energy-efficiency-programs>