

South Dakota Public Utilities Commission  
Docket GE17-002  
MidAmerican Energy Company  
First Data Request

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### **1-8 South Dakota Data Request**

Referring to Exhibit 4, please provide support for using a 2.25% escalation rate after 2021 for avoided energy costs for gas. Please explain why the natural gas escalation rates from the Energy Information Administration or other source are not recommended to be used.

#### **Response:**

The description of gas avoided costs in Exhibit 4 is in error and should read “The natural gas avoided energy costs are calculated on a monthly basis and represents MidAmerican’s long-term forecast of the weighted average of commodity costs plus delivery costs to MidAmerican’s primary gas receipt points for 2018-2037. Beyond **2037** (emphasis added), natural gas forecasts are escalated at 2.25% from 2021 forecasted values”.

The 2.25% escalation factor is a general escalation factor MidAmerican uses for a variety of costs in its energy efficiency planning activities. This escalation rate is higher than Energy Information Administration forecasts for the 2037-2042 timeframe which are less than 0.5% per year. Because these differences in escalation are 20 years in the future, the effect on the economics of the proposed energy efficiency plan is negligible. MidAmerican can re-analyze the economics of the proposed Plan and resubmit with updated cost-effectiveness statistics if Staff deems necessary.