Docket Number: **EL17-040**
Subject Matter: **Third Data Request**
Request to: **MidAmerican Energy Company**
Request from: **South Dakota Public Utilities Commission Staff**

3-1 Provide a comparison of total SD ratepayer impact during the years 2018 through 2022 under two scenarios: 1) MidAmerican keeps the PTCs from the repowering and doesn't file a rate case for the next five years and 2) MidAmerican includes the PTCs from repowering in the fuel clause but files annual rate increases to fully recover the costs of repowering and any other increases in operating costs and investment during this time frame. This analysis should include rate case expense and any necessary weather normalization adjustments.

MEC Response:

MidAmerican provides the spreadsheet ("MEC Response to Data Request 3-1") to show the estimated outcomes of the two scenarios identified in this request.

In performing these scenarios, MidAmerican used forecast operating income and rate base information from our financial plan and the 2016 actual capital structure and cost of debt to show projected returns on equity. Like any forecast, these figures are estimates, and the closer in time the numbers are, the more probable they are.

As forecast information, this is proprietary and confidential under ARSD 20:10:01:39 since it shows company forecasts of these figures. MidAmerican hereby requests that this information be maintained as confidential pursuant to the ARSD 20:10:01:40 or any other rule or statute governing confidential information. MidAmerican provides a confidential version of the spreadsheet (with the proprietary information highlighted) and a public version (with the proprietary information redacted).

The spreadsheet shows that under both scenarios, MidAmerican is expected to under-earn in the early years. However, under the first scenario where MidAmerican retains PTCs from repowering, the deficiency is unlikely to drive a rate case in either 2018 or 2019. Under the second scenario where customers get the PTC benefits (without the costs in rates), it is highly likely to drive a rate case in the early years along with the accompanying rate case costs. MidAmerican assumed $300,000 per year in rate case expenses, amortized over five years. This is consistent with the estimated rate case expense MidAmerican identified in its 2014 electric rate case.

The data around Scenario 2 shows that through the five-year period, assuming the same 9.25% return on equity that resulted from the 2014 rate case, customers are benefited by $228,000 by allowing MidAmerican to retain the PTCs and avoid a rate case. Based on the numbers, rate cases in the first two years are very likely, while it is less likely that cases would occur in the remaining years. Nonetheless, this scenario indicates that MidAmerican's retention of the repowering PTCs brings benefits to MidAmerican *and* to customers, while avoiding the risks (including disruption to customers) and costs associated with rate case proceedings.