



MIDAMERICAN ENERGY COMPANY
P.O. Box 4350
Davenport, Iowa 52808-4350

SOUTH DAKOTA GAS TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
Original Sheet No. 74

**SECTION 3 – GAS RATE SCHEDULES
CLAUSE GTA – GAS TAX ADJUSTMENT CLAUSE**

APPLICABLE

To all gas rates.

ADJUSTMENT

When any occupation, production, severance, transportation, pipeline, footage, sales, receipts, license, excise, privilege or similar tax or fee of any kind is imposed upon the Company by any governmental authority based upon (i) the sale of gas service to Customers, (ii) the amount of gas energy sold to Customers, (iii) the gross receipts, net receipts or revenues to the Company therefrom, such tax or fee or value of service shall, insofar as practical, be charged on a pro rata basis to all Customers receiving gas service from the Company within the boundaries of such taxing authority. Taxes will be prorated on the same basis as they are charged to the Company. Any such charge shall continue in effect only for the duration of such tax, assessment or service period.

CURRENT APPLICABLE REQUIREMENTS

South Dakota Sales Tax

A state sales tax, as set forth in the South Dakota Code, shall be applied to all billings for gas service, unless excepted under the provisions of the South Dakota Code, and regulations applicable thereto.

Municipal Tax

South Dakota law (SDCL 10-52 and 10-52A), allows municipalities to impose a municipal sales tax. The current rates by city are listed in the "Municipal Tax Information Bulletin" on the South Dakota Department of Revenue website.



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SD P.U.C. Sec. No. 3
Original Sheet No. 74.10

SECTION 3 – GAS RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM

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DESCRIPTION

N

This clause is designed to return to customers the benefits of lower income tax expense resulting from changes in income tax rate changes for the period of January 2018 through May 2019.

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N

DEFINITIONS

N

As used in this clause, the terms below are defined as follows:

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Gas Base Rates shall include Rates SV, MV, LV, SVI, LVI, SSS, LSS, STM and MTM.

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Effective Period means the time period during which the TERM rate is applied to Customers' monthly bills. The initial Effective Period shall begin with the first billing cycle of July 2019 and goes through the last billing cycle of December 2019. The length of any future Effective Period shall be dependent on the Reconciliation Adjustment amount determined in any future reconciliations as described in the Reconciliation section of this tariff.

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Tax Period means January 1, 2018 through May 31, 2019.

N

APPLICATION

N

The Clause TERM factor will be a separate line item on the bill. All other provisions of the customer's current applicable rate schedule will apply in addition to this clause.

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Issued By: Rob Berntsen

Senior V.P. & General Counsel



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SD P.U.C. Sec. No. 3
Original Sheet No. 74.11

SECTION 3 – GAS RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

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N

DETERMINATION OF INCOME TAX REFUND (ITF)

N

The amount of the Income Tax Refund (ITF), applicable to the Tax Period shall be determined using the following formula:

N
N

$$\text{ITF} = (\text{ARR} \times P_{18}) + (\text{ARR} \times P_{19}) + \text{UP} + \text{I}$$

N

Where:

N

ARR = Annual Revenue Reduction due to change in income tax expense that was in effect during the Company's rate case used in setting Gas Base Rates in effect during the Tax Period.

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P₁₈ = 2018 Refund Proration Percentage of 100%.

N

P₁₉ = 2019 Refund Proration Percentage of 41.67%.

N

UP = Unprotected Property excess deferred taxes calculated as of December 31, 2017.

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I = Interest at an annual rate of seven percent (7%) accrued on the Tax Period benefit since the beginning of the Tax Period until the end of the Effective Period.

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SECTION 3 – GAS RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

N
N

DETERMINATION OF INITIAL TERM FACTORS

N

The initial Tax Expense Refund Mechanism (TERM) factors for the Tax Period shall be billed over a six (6) month period beginning with the first billing cycle of July 2019. A separate per therm factor shall be determined for each class using the following formula:

N
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N
N

$$TERM_c = (ITF \times BR_c) / S_c$$

N

Where:

N

TERM_c = Tax Expense Refund Mechanism factor for each class in cents per therm.

N
N

ITF = Income Tax Refund as described in this clause.

N

BR_c = Gas Base Rate revenue for the class as a percentage of the total Gas Base Rate revenue for all applicable classes.

N
N

S_c = Forecasted number of therms of gas to be delivered to the class by the Company during the Effective Period.

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RECONCILIATION

No later than ninety (90) days after the end of the initial Effective Period, the Company shall file an initial reconciliation that compares the actual credits under this clause during the initial Effective Period with the total expected TERM revenues for the Tax Period. Customer classes that are within an acceptable tolerance shall be considered complete and no further refund shall be required for that class. Customer classes that are outside of an acceptable tolerance shall have new TERM factors calculated in a manner that applies the unreconciled amount to the class(es) causing the unreconciled amount, and shall be calculated using the following formula:

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SD P.U.C. Sec. No. 3
Original Sheet No. 74.13

SECTION 3 – GAS RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

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N

RECONCILIATION (continued)

N

$$TERM_c = (RA_c + RI) / S_c$$

N

Where:

N

RA_c = Reconciliation Adjustment for each class equal to the difference between the actual credits under this clause during the Effective Period with the expected TERM revenues for the same Effective Period for each class.

N
N
N
N

RI = Reconciliation Interest at an annual rate of seven percent (7%) accrued on the RA since the ending of the previous Effective Period until the end of the new Effective Period.

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N
N

The length of the Effective Period for the new TERM factors shall be dependent on the magnitude of the Reconciliation Adjustment.

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No later than ninety (90) days after the end of any subsequent Effective Period, the Company shall file a corresponding reconciliation repeating the steps used for the initial Effective Period, including the calculation and application of new TERM factors for applicable customer classes. Subsequent reconciliations and Effective Periods shall continue until the sum of unreconciled amounts for all customer classes is equal to or less than \pm \$5,000, at which time the TERM refund shall be considered complete for all customer classes.

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Original Sheet No. 74.14

SECTION 3 – GAS RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

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REVISION OF RATES

N

The Company may revise the TERM rates prior to a reconciliation if the Company determines the continuation of the current TERM rates would result in an unacceptable over- or under-refund at the end of the Effective Period.

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The Company must file with the Commission such revised TERM rates no less than thirty (30) days preceding the monthly billing period during which such revised TERM rates are proposed to become effective.

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SOUTH DAKOTA GAS TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
2nd Revised Sheet No. 74.15
Canceling 1st Revised Sheet No. 74.15

SECTION 3 – GAS RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

TERM FACTORS

The adjustment of gas charges under the provisions of Clause TERM – Tax Expense Refund Mechanism to be effective with bills rendered beginning with the first billing cycle of September 2020, shall be as follows:

T

<u>Class</u>	<u>Rates</u>	<u>Price per therm</u>	
Small Volume Sales	SVS, SVI, SSS, STM	\$(0.02950)	R
Medium Volume Sales	MVS, MTM	\$ 0.00000	R
Large Volume Sales	LVS, LVI, LSS	\$ 0.00000	
Small and Medium Volume Transport	SVT, MVT	\$ 0.00000	
Large Volume Transport	LVT	\$ 0.00000	I

The adjustment of gas charges under the provisions of Clause TERM – Tax Expense Refund Mechanism to be effective with bills rendered beginning with the first billing cycle of October 2020, shall be as follows:

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<u>Class</u>	<u>Rates</u>	<u>Price per therm</u>	
Small Volume Sales	SVS, SVI, SSS, STM	\$ 0.00000	T
Medium Volume Sales	MVS, MTM	\$ 0.00000	T
Large Volume Sales	LVS, LVI, LSS	\$ 0.00000	T
Small and Medium Volume Transport	SVT, MVT	\$ 0.00000	T
Large Volume Transport	LVT	\$ 0.00000	T



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2nd Revised Sheet No. 74.20
Canceling 1st Revised Sheet No. 74.20

SECTION 3 – GAS RATE SCHEDULES
CLAUSE CIPA – CAPITAL INVESTMENT PHASE-IN ADJUSTMENT

APPLICABLE

To all rates for gas service in South Dakota.

CAPITAL INVESTMENT PHASE-IN ADJUSTMENT

Capital Investment Phase-in Adjustment (Clause CIPA) factors are applied to gas service for the purpose of phasing in MidAmerican’s approved increase in revenue in Docket No. NG22-005 using a multi-step approach. Clause CIPA factors are billed on a dollar per Therm basis at the amounts shown below.

MidAmerican will make a quarterly tariff filing with the staff of the PUC (“Staff”) to report the actual expenses associated with approved projects placed in service to date and recalculate the factor. The quarterly filings will be submitted according to the following schedule:

Filing Date	Actual expenses for approved projects placed in service through	Effective Date of New Factor	Factor
March 14, 2023	December 31, 2022	April 1, 2023	\$(0.01252)
April 30, 2023	March 31, 2023	June 1, 2023	\$(0.01041)
July 31, 2023	June 30, 2023	September 1, 2023	\$(0.00886)
October 31, 2023	September 30, 2023	December 1, 2023	TBD

N

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Issued By: Arick R. Sears
Vice President, Regulation



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 P.O. Box 4350
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SECTION 3 – GAS RATE SCHEDULES
CLAUSE CIPA – CAPITAL INVESTMENT PHASE-IN ADJUSTMENT (continued)

FINAL REVIEW

N

No later than March 15, 2024, MidAmerican will submit a report detailing the actual costs and in-service dates for all projects included in Clause CIPA. Staff will verify that projects were placed in service by the end of December 2023 and review any difference between actual costs and the projections used to calculate the tariffed rates approved in Docket No. NG22-005 for materiality. At the conclusion of the Final Review:

N
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 N

- If Staff determines there was no material difference in cost, MidAmerican will submit a compliance tariff filing to set the Clause CIPA factor to \$0.0000.
- If Staff determines there was a material difference in cost, the Commission may order MidAmerican to adjust tariffed rates accordingly. If an adjustment to MidAmerican’s tariffed rates is ordered, the Clause CIPA factor will be set to \$0.0000 when the new tariffed rates become effective.

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