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December 30, 2021

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

**Re: Cold Weather Event 2021 Impact on Purchased Gas Cost Adjustment Plan Modification Docket No. GE21-001**

Dear Ms. Van Gerpen:

During the third week of February 2021, the region experienced an extensive cold weather event that resulted in significant impacts to the cost of natural gas. To reduce the bill impact to customers, MidAmerican Energy Company (MidAmerican) proposed to spread February actual purchased gas adjustment (PGA) costs throughout the months of March 2021 through December 2021. The proposed plan was approved by the Commission at the Ad Hoc Commission meeting and subsequent Order Granting Temporary Waiver of Tariff Provisions on less than 30 days' Notice to Mitigate Rate Impacts for MidAmerican Customers in Docket No. GE21-001.

On December 9, 2021, MidAmerican filed a letter requesting a modification to the approved recovery plan to extend the recovery period beyond December 2021. Due to lower-than-forecasted volumes and higher than forecasted market prices, PGA balances have not declined as forecasted. Since the initial plan was implemented, the contemporaneous cost of natural gas has increased. Because the PGA rate is comprised of both prior period costs (i.e. the costs related to the February 2021 event) and contemporaneous costs, higher than forecasted gas costs further contributed to the potential for high customer bills. MidAmerican has sought to balance recovery of the approved costs with customer bill impact. For example, MidAmerican moderated the costs recovered through the October and November PGA rates to protect customers from possible rate shock. While higher PGA rates would have allowed MidAmerican to recover costs more quickly, this would have caused an undue burden on customers. Similarly, while MidAmerican could have included the remaining February 2021 costs in the December PGA rate, it would have caused an undue burden on customers. In the December 9, 2021 filing, MidAmerican proposed to spread remaining costs through April 2022. To provide the best chance of recovery, MidAmerican proposed to front-load the costs into January and February.

At the December 21, 2021, Commission Meeting, the Commissioners requested additional information supporting MidAmerican's plan modification. Included with this filing is a worksheet demonstrating total PGA monthly balances since March 2021, and the approximate allocation of the under-recovery between costs incurred in February 2021 and other factors. The worksheet also includes a forecast through April 2022. MidAmerican notes that the allocation of the under-recovery between costs incurred in February 2021 and other factors is provided for illustrative purposes only. The entire PGA balance is included in a single factor in the purchased gas adjustment calculation. There is not a separate surcharge or line item in the purchased gas adjustment calculation for the February 2021 vortex costs. As a general practice, MidAmerican

manages the entire PGA balance and does not allocate recoveries to specific costs or reasons for the balance.

Forecasted amounts provided in the worksheet are based on expected factors given actual results received as of November 30, 2021. MidAmerican will propose actual factors in the monthly purchased gas adjustment filings that will incorporate the best available actual information at the time of those monthly filings. By incorporating actual costs and actual recoveries there is no chance for over-recovery through the purchased gas adjustment.

MidAmerican would like to correct a statement made during the December 21, 2021, Commission Meeting. MidAmerican stated that the under-collection due to the February 2021 cold weather event as of November 30, 2021 was approximately twenty million dollars. That amount (\$20,620,301) was the total under-collection, which includes the February 2021 event and contemporaneous costs incurred since February. Using the allocation method demonstrated in the worksheet, \$10,947,723 would be related to the February event, and \$9,672,578 would be related to other factors such as increasing natural gas prices and weather-related lower volumes. The total amount remaining to be collected can be found on "Attachment A" Lines 14 and 15 for each month. The approximate monthly vortex surcharges and forecasted vortex surcharges can be found on "Attachment A" Line 11. MidAmerican reiterates that these balances have been shown separately here for illustrative purposes only. The PGA balance is not tracked by cost type or time period, nor are there separate surcharges in the PGA rate calculation. The PGA balance (also referred to as over/under account) includes only actual costs and actual recoveries but does not attempt to apply certain recoveries to certain costs.

Request for Confidential Treatment:

Pursuant to S.D. Admin. R. 20:10:01:39 et seq., MidAmerican respectfully requests confidential treatment of the file named "Vortex Under-Collection" in which all pages are also marked "Confidential."

MidAmerican requests that the entire confidential file be accorded confidential treatment in perpetuity.

The confidential material constitutes a trade secret that, if released to the general public, would result in material damage to MidAmerican and give an unfair advantage to existing and potential gas suppliers and serve no public purpose. *Food Marketing Institute v. Argus Leader Media*, 139 S. Ct. 2356, 2358 (2019). In order for MidAmerican to minimize gas costs that are billed to its customers, MidAmerican maintains this information be held confidential.

If you have any questions, please contact me at (563) 333-8047 or Renee.White@midamerican.com.

Sincerely,

/s/ Renee White

Renee White  
Rates Analyst, Regulated Pricing

/s/Katelyn Lynch-Butcher

Katelyn Lynch-Butcher  
Attorney