



MidAmerican Energy
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June 15, 2018

VIA ELECTRONIC FILING

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: MidAmerican Energy Company Gas Energy Efficiency Cost Recovery Factor

Dear Ms. Van Gerpen:

MidAmerican Energy Company (MidAmerican) transmits the accompanying gas tariff sheet for filing.

South Dakota Gas Tariff
Section No. 3:

5th Revised Sheet No. 72

Canceling 4th Revised Sheet No. 72

Effective: July 29, 2018

With this filing, MidAmerican proposes to change the gas Energy Efficiency Cost Recovery (EECR) residential factor from zero to \$-0.01161 and the non-residential factor from zero to \$0.00207 with customers' August 2018 bills, as shown in Exhibit 1.

On February 15, 2018, MidAmerican filed to change the gas EECR to zero effective with customers' March 2018 bills. MidAmerican proposed this factor change because the factors were experiencing volatility, and a large over-recovery was accumulating in 2018 for residential gas energy efficiency programs. MidAmerican requested to set the factor to zero to discontinue the over-recovery, and allow time to review the reconciliation timing and calculation in order to reduce future volatility. MidAmerican has reviewed the methodology used in the past and proposes the following changes.

The primary change proposed is to shift the effective period for the factor to a June to May time period. The factor filing will occur annually in April, with the new factor going into effect with customers' June bills. This will allow the recording of actual recoveries collected through March (see tab titled "Page 3"). The previous effective period required that February and March recoveries be estimated. Estimating usage for winter months was one source of volatility in the gas factor calculation.

MidAmerican also proposes to use twelve months of forecasted sales, June through May, to line up with the effective period. The previous calculation used eight months, April through December. Including additional usage in the denominator of the calculation reduces the magnitude of the factor, thus reducing volatility.

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MidAmerican made no changes to the previous year's recoveries and expense (page 1), the reconciliation (page 2) nor the incentive (page 4). In addition, MidAmerican is not changing the current year proposed budget (page 3) as approved in the five year plan. MidAmerican will continue to forecast the current budget year in the factor filing. While this will create a slight lag, there is not a significant dollar difference (approximately \$500 incremental costs) in MidAmerican's budget from year to year. The cost and recoveries are estimates, and are subject to true up.

To prove this new methodology would reduce volatility, MidAmerican recreated the two previous reconciliations using the new calculation. The results can be found in Workpaper 1 and Workpaper 2, and are summarized in Workpaper 3. Workpaper 3 also compares the results of the new calculation to the original factors, and a chart demonstrates the reduced volatility.

MidAmerican includes with the filing, four exhibits (explained above) that we believe will reduce the volatility in the Energy Efficiency Cost Recovery (EECR) for our customers. MidAmerican respectfully requests that the Commission approved this tariff change effective July 29, 2018.

Please contact me if you have any questions.

Sincerely,

/s/ Renee D White

Renee D White
Rates Analyst