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VIA ELECTRONIC FILING

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capital Avenue
Pierre, South Dakota 57501-5070

RE: APPLICATION OF MIDAMERICAN ENERGY COMPANY FOR AUTHORITY TO INCREASE RATES FOR NATURAL GAS SERVICE IN SOUTH DAKOTA DOCKET NO. NG22-___

Dear Ms. Van Gerpen:

MidAmerican Energy Company (“MidAmerican” or “Company”) hereby submits the enclosed Application to the South Dakota Public Utilities Commission for authority to increase its natural gas distribution rates for its 104,000 customers.

MidAmerican’s natural gas distribution rates were last increased in 2014. Although MidAmerican has successfully managed its operations and maintenance expense since its last gas rate case, revenues have not kept pace with the cost of providing service to customers over time. Since 2014, the Company’s total plant has increased by \$108.1 million to \$255.1 million at the end of 2021. This increase was driven primarily by capital investments necessary to serve rapidly growing areas in South Dakota¹ such as system reliability improvements, necessary integrity management improvements, and government-mandated relocation projects associated with municipal infrastructure projects. MidAmerican’s necessary investments have increased rate base, depreciation expense, and property tax expense. These projects, some of which do not generate corresponding revenue, have created a disparity between cost of service and revenue that has been exacerbated by significant increases in construction costs over time.² Economic growth and increased cost of service influenced by above-trend inflation are expected to continue into the future.

¹ Since the Company’s last rate case, MidAmerican has completed system improvements and extensions necessary to serve 16,144 new residential, commercial, and industrial natural gas customers.

² For example, since MidAmerican’s last rate case, the cost of two-inch plastic pipe (the most commonly main installed on MidAmerican’s system) has increased by over 50%, while the installation cost using contractor labor has increased 126%.

To assure MidAmerican's natural gas distribution rates reflect the current costs of providing natural gas distribution service to its customers, including an appropriate return on common equity, the Company proposes rate changes that would result in an annual increase in natural gas distribution revenues of \$7.037 million, which is an approximate increase of 6.4% of test year billed revenue including cost of gas.

In addition to the rate changes discussed above, MidAmerican proposes a modification to the Company's Rate PRG – Producers of Renewable Gas Transportation Service tariff to improve producers' ability to contract with off-takers and proposes modifications to expansion policies that will be beneficial to developers and customers.³ MidAmerican proposes to make the base rate and tariff changes effective November 1, 2022.

This Application consisting of the following information has been electronically filed and is available for public view. In addition, four paper copies are provided to the Commission:

- Transmittal Letter
- Commission Notice of Change in Rates
- Statement of Authorized Accounting Representative
- Report of Tariff Schedule Change
- Comparison of Sales, Service, and Revenues Rate Comparisons
- Comparison of Rates
- Statements and Support Schedules: A through R
- Testimony and Supporting Schedules, Workpapers, and Tariffs

MidAmerican, by and through its representative, certifies that it will notify customers of the proposed increase in compliance with ARSD §§ 20:10:13:17 to 20:10:13:19, inclusive. MidAmerican is providing notice to customers of the proposed increase by posting notice on its website. Beginning on July 1, 2022, MidAmerican will provide notice to individual customers via paper or electronic notification. Customers who elect to receive paper bills will receive paper notices, and customers who elect to receive electronic bills will receive electronic notices. At the conclusion of the proceeding, MidAmerican will mail or provide electronically a notice informing the customers of the approved rates.

In accordance with ARSD §§ 20:10:01:39 through 42, MidAmerican respectfully requests confidential treatment of certain information contained in this filing. In compliance with ARSD § 20:10:01:41, material containing confidential information has been marked as "CONFIDENTIAL" in the filing, and paper copies are submitted separately in a separate sealed envelope. The following information supports this request for confidential treatment:

(1) Documents for which confidential treatment is requested:

- Schedule K-1
- Schedule K-3
- Statement P

³ The tariff changes proposed in this rate case are minimal because MidAmerican's gas tariff was restructured during the Company's last rate proceeding.

Schedule K-1 contains working papers for the Company's federal income taxes and a complete reconciliation of the book net income with taxable net income as reported to the Internal Revenue Service for the most recent tax year and the three previous years. Schedule K-3 contains working papers showing the net taxable income or loss for each company included in the Company's consolidated tax return, along with consolidating adjustments. Statement P includes the derivation of the gas adjustment factor.

(2) Duration of request: Perpetual.

(3) Questions regarding confidential treatment should be directed to the undersigned attorney.

(4) Legal grounds for confidential treatment:

Confidential treatment is requested on the grounds that the material is proprietary and trade secret information, the disclosure of which would result in material damage to the Company's financial or competitive position. The claim for confidential treatment is based on SDCL § 1-27-30 and ARSD § 20:10:01:39(4). The information contained within the referenced documents meets the definition of "trade secret" under SDCL § 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that "Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." The information also meets the definition of "proprietary information" under SDCL § 1-27-28, which is defined as "information on pricing, costs, revenue, taxes, market share, customers, and personnel held by private entities and used for that private entity's business purposes."

(5) Factual grounds for confidential treatment:

The noted documents qualify for confidential treatment because they contain proprietary business information which the Company does not disclose to the public.

Schedule K-1 provides a complete reconciliation of the Company's book net income with taxable net income. This information would provide actual and potential competitors with detailed information concerning the tax treatment of various income statement items that could provide competitors with an unfair competitive advantage.

Schedule K-3 provides the net taxable income or loss for each company in the consolidation, some of whom are unregulated. This information would provide actual and potential competitors with information concerning the profitability of its various unregulated affiliates that could provide competitors with an unfair competitive advantage.

Statement P includes information on prices of natural gas acquired through confidential contracting processes. Public disclosure of these processes and the prices derived from these processes may violate the contractual rights of third parties and would be harmful to the Company's ability to obtain service at the lowest available cost.

Communications regarding this Petition may be directed to:

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It is always MidAmerican's honor and privilege to provide safe, reliable, and affordable service to the residents and businesses of South Dakota. We look forward to working with you in this matter as we continue into the future.

Sincerely,

/s/ Katelyn Lynch-Butcher

Katelyn Lynch-Butcher
Attorney