
STAFF MEMORANDUM

TO: COMMISSIONERS AND ADVISORS
FROM: JOSEPH REZAC, LOGAN SCHAEFBAUER AND JENNIE FUERST
RE: NG24-013 - In the Matter of MidAmerican Energy Company's Petition for Approval of Deferred Accounting Treatment of Costs Incurred Related to McCook Lake Flooding
DATE: February 25, 2025

Commission Staff (Staff) submits this Memorandum regarding its recommendations for the above captioned matter.

BACKGROUND

On December 31, 2024, MidAmerican Energy Company (MidAmerican) submitted a petition requesting approval to utilize deferred accounting and establish a regulatory asset for \$520,211.84 in costs incurred due to the June 2024 flooding at McCook Lake and surrounding areas. The flooding, triggered by the Big Sioux River cresting at a record 44.84 feet on June 23, 2024, and exacerbated by a temporary levee across Interstate 29, damaged MidAmerican's natural gas infrastructure, impacting 481 customers in North Sioux City and McCook Lake and 45 customers in Jefferson. MidAmerican asserts these costs—covering labor, equipment, and repairs—were unforeseen and necessary to maintain service.

This docket and MidAmerican's petition is not a request to increase current rates or a change to any of the rates currently in effect, but instead a request to establish a regulatory asset to defer recognition and potentially seek recovery of these costs in a future rate case.

The petition highlights MidAmerican's mitigation efforts during an extraordinary event, supported by a detailed cost breakdown (Attachment A). The Company's response appears reasonable indicating that they responded proactively by capping damaged lines, deploying a bottle truck for interim gas delivery, and installing a temporary two-inch line, followed by a permanent four-inch line on August 6, restoring service as conditions allowed.

Staff sent a data request to MidAmerican that requested more information regarding the availability of other funds such as insurance or emergency funds that may have covered the expenses incurred by MidAmerican. MidAmerican responded to the insurance coverage and disaster relief funds questions specifically in data requests 1-2 and 1-3, respectively.

RECOMMENDATION

Staff recommends the Commission approve MidAmerican's request for deferred accounting and the creation of a regulatory asset for the \$520,211.84 in flood-related costs, subject to the following conditions:

1. The deferred accounting method and the resulting creation of a regulatory asset shall not preclude Commission review of these amounts and any future cost recovery for reasonableness and prudence, including both rate filings by MidAmerican and rate reviews initiated by the Commission, and does not guarantee any such recovery.
2. The allowance for deferred accounting and the resulting creation of a regulatory asset in this docket is based on the facts of this case, and any future deferred accounting method and the resulting creation of a regulatory asset for any other costs not related to this current docket must be approved by the Commission.