

Dear Customer,

At MidAmerican Energy, we take pride in delivering safe, reliable and affordable natural gas service every day. We understand that businesses across South Dakota are facing higher costs, supply chain challenges and a tight labor market. That's why we remain focused on managing expenses responsibly while investing in the natural gas system your business and community depend on.

While we have worked diligently to control operating and maintenance costs, rates established four years ago no longer fully support the investments needed to maintain and strengthen the system. As a result, MidAmerican has filed a request with the South Dakota Public Utilities Commission (SDPUC) to update natural gas delivery rates.

Proposed natural gas rate adjustment

The proposed increase would take effect in February 2027. This table shows the change in delivery rates and estimated supply charges. The supply charge reflects the cost of natural gas and is passed through to customers with no markup. The amount you pay depends on how much natural gas you use at your facility.

Average Monthly Natural Gas Charges

(This includes various riders. Bulk transportation amounts were calculated using MidAmerican's Purchase Gas Adjustment rates.)

Rate Name (Your rate is listed on the final page of your bill.)	Estimated Usage (Therms)	Current Charges	Proposed Charges (2027)	Amount Increase	% Increase
SVS – Small Volume Service Non-Residential	159	\$122.90	\$130.07	\$7.17	5.8%
MVS – Medium Volume Service Non-Residential	1,305	\$859.53	\$920.40	\$60.87	7.1%
STM – Small Transport Monthly	360	\$300.93	\$323.29	\$22.36	7.4%
MTM – Medium Transport Monthly	2,935	\$2,000.27	\$2,100.61	\$100.34	5%
SVI – Small Volume Interruptible Gas Service	3,078	\$1,375.60	\$1,558.17	\$182.57	13.3%
LVI – Large Volume Interruptible Gas Service	74,906	\$32,193.08	\$33,381.27	\$1,188.19	3.7%
SSS – Small Seasonal	5,963	\$3,872.06	\$3,992.21	\$120.14	3.1%
NFS – Non-Residential Farm Tap Service	122	\$127.77	\$149.61	\$21.84	17.1%
MVT – Medium Volume Transportation Service	9,608	\$6,429.64	\$6,747.12	\$317.48	4.9%
LVT – Large Volume Transportation Service	117,810	\$72,214.26	\$75,262.19	\$3,047.93	4.2%

We understand that any increase in operational costs impacts budgeting and expansion decisions. This is why we are sharing this information well in advance and outlining the investments we're making to ensure your business has the safe and dependable gas service you expect.

Even with the proposed rates, average nonresidential bills would remain lower than 20 years ago, by \$48 per month for small-volume customers and \$364 per month for medium-volume customers.

Investing in safety, reliability and growing communities

Since our last natural gas rate request in 2022, MidAmerican has continued investing in the natural gas system that serves more than 114,000 South Dakota customers. This includes:

- ▶ **Responding when communities need us most:** Following the June 2024 flooding in McCook Lake and North Sioux City, crews repaired and restored damaged natural gas facilities to maintain service. This rate request includes recovery of approximately \$520,000 in previously approved emergency response and restoration costs.
- ▶ **Keeping service safe and reliable:** We continue to replace and upgrade gas mains, service lines and other facilities to maintain system integrity, reduce corrosion and prevent leaks. This work is essential for community safety and to meet regulatory requirements, even when it does not increase revenue.

- ▶ **Supporting community growth:** We have added approximately 10,000 natural gas customers in South Dakota. To serve these new homes and businesses, we've invested nearly \$3 million to build or install new distribution pipelines and individual service lines.
- ▶ **Modernizing systems and service:** We are replacing aging technology that supports billing, field operations and cybersecurity. These upgrades improve service, strengthen cybersecurity and help protect customer information.
- ▶ **Managing higher costs and changing usage:** Like many businesses, MidAmerican faces rising labor and material costs. At the same time, customers are using less natural gas on average. Even as usage declines, the costs of operating and maintaining the system remain.



June 2024 flooding in the McCook Lake area washed away critical gas infrastructure and required emergency response and restoration.

Customer rights

Under South Dakota law (SDCL 49-34A-12), a customer has the right to join with 24 other customers to file a written objection and may request that the SDPUC suspend the rate increase and hold a public hearing to determine if the rate increase should be allowed.

What happens next?

The SDPUC will carefully review the request before deciding whether to approve the proposed rates. If the final approved rates are lower than the proposed rates, customers will be refunded the difference, plus interest.

Thank you for the important role your business plays in South Dakota. We value the opportunity to serve you and remain committed to supporting your business with safe, reliable natural gas service for years to come.

If you have questions about our proposed rate adjustments, please visit our website at MidAmericanEnergy.com/southdakota or give us a call at 888-427-5632.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Leza'.

Karrie Leza

Vice President, Gas Delivery
MidAmerican Energy