



MIDAMERICAN ENERGY COMPANY
P.O. Box 4350
Davenport, Iowa 52808-4350

SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
1st Revised Sheet No. 74
Canceling Original Sheet No. 74

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM

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DESCRIPTION

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This clause is designed to return to customers the benefits of lower income tax expense resulting from changes in income tax rate changes for the period of January 2018 through May 2019.

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DEFINITIONS

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As used in this clause, the terms below are defined as follows:

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Electric Base Rates shall include Rates RS, RSW, RSH, RSE, GE, GEH, GD, GDH, GSH, GSW, LS, LSH, MWP, GEP and SAL.

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Effective Period means the time period during which the TERM rate is applied to Customers' monthly bills. The initial Effective Period shall begin with the first billing cycle of July 2019 and goes through the last billing cycle of December 2019. The length of any future Effective Period shall be dependent on the Reconciliation Adjustment amount determined in any future reconciliations as described in the Reconciliation section of this tariff.

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Tax Period means January 1, 2018 through May 31, 2019.

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APPLICATION

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The Clause TERM factor will be a separate line item on the bill. All other provisions of the customer's current applicable rate schedule will apply in addition to this clause.

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SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
1st Revised Sheet No. 75
Canceling Original Sheet No. 75

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

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DETERMINATION OF INCOME TAX REFUND (ITF)

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The amount of the Income Tax Refund (ITF) applicable to the Tax Period shall be determined using the following formula:

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$$ITF = (ARR \times P_{18}) + (ARR \times P_{19}) + (PTC \times P_{18}) + (PTC \times P_{19}) + UP + I$$

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Where:

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ARR = Annual Revenue Reduction due to change in income tax expense that was in effect during the Company's rate case used in setting Electric Base Rates in effect during the Tax Period.

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PTC = Production Tax Credit Adjustment due to the change in the wind production tax credit gross-up factor used in the calculation of the Energy Cost Adjustment Clause factors during the Tax Period.

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P₁₈ = 2018 Refund Proration Percentage of 100%.

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P₁₉ = 2019 Refund Proration Percentage of 41.67%.

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UP = Unprotected Property excess deferred taxes calculated as of December 31, 2017.

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I = Interest at an annual rate of seven percent (7%) accrued on the Tax Period benefit since the beginning of the Tax Period until the end of the Effective Period.

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Date Filed: May 2, 2019

Effective Date: June 1, 2019

Effective on less than 30 days' notice by authority of the
Public Utilities Commission of South Dakota, dated May 15, 2019 in Docket No. GE17-003

Issued By: Rob Berntsen
Senior V.P. & General Counsel



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SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
Original Sheet No. 75.10

SECTION 3 – ELECTRIC RATE SCHEDULES N
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued) N

DETERMINATION OF INITIAL TERM FACTORS N

The initial Tax Expense Refund Mechanism (TERM) factors for the Tax Period shall be billed over a six (6) month period beginning with the first billing cycle of July 2019. A separate per kilowatt-hour (kWh) factor shall be determined for each class using the following formula: N

$$\text{TERM}_c = (\text{ITF} \times \text{BR}_c) / S_c \quad \text{N}$$

Where: N

TERM = Tax Expense Refund Mechanism factor for each class in cents per kWh. N

ITF = Income Tax Refund as described in this clause. N

BR_c = Electric Base Rate revenue for the class as a percentage of the total Electric Base Rate revenue for all applicable classes. N

S_c = Forecasted number of kWhs of electricity to be delivered to the class by the Company during the Effective Period. N

RECONCILIATION N

No later than ninety (90) days after the end of the initial Effective Period, the Company shall file an initial reconciliation that compares the actual credits under this clause during the initial Effective Period with the total expected TERM revenues for the Tax Period. Customer classes that are within an acceptable tolerance shall be considered complete and no further refund shall be required for that class. Customer classes that are outside of an acceptable tolerance shall have new TERM factors calculated in a manner that applies the unreconciled amount to the class(es) causing the unreconciled amount, and shall be calculated using the following formula: N

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SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
1st Revised Sheet No. 75.11
Canceling Original Sheet No. 75.11

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

RECONCILIATION (continued)

$$\text{TERM}_c = (\text{RA}_c + \text{RI}) / S_c$$

Where:

RA_c = Reconciliation Adjustment for each class equal to the difference between the actual credits under this clause during the Effective Period with the expected TERM revenues for the same Effective Period for each class.

RI = Reconciliation Interest at an annual rate of seven percent (7%) accrued on the RA since the ending of the previous Effective Period until the end of the new Effective Period.

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The length of the Effective Period for the new TERM factors shall be dependent on the magnitude of the Reconciliation Adjustment.

No later than ninety (90) days after the end of any subsequent Effective Period, the Company shall file a corresponding reconciliation repeating the steps used for the initial Effective Period, including the calculation and application of new TERM factors for the applicable customer classes. Subsequent reconciliations and Effective Periods shall continue until the sum of unreconciled amounts for all customer classes is equal or less than \pm \$5,000, at which time the TERM refund shall be considered complete for all classes.



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SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
Original Sheet No. 75.12

SECTION 3 – ELECTRIC RATE SCHEDULES N
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued) N

REVISION OF RATES N

The Company may revise the TERM rates prior to a reconciliation if the Company determines the continuation of the current TERM rates would result in an unacceptable over- or under-refund at the end of the Effective Period. N
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The Company must file with the Commission such revised TERM rates no less than thirty (30) days preceding the monthly billing period during which such revised TERM rates are proposed to become effective. N
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SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
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1st Revised Sheet No. 75.13
Canceling Original Sheet No. 75.13

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE TERM – TAX EXPENSE REFUND MECHANISM (continued)

TERM FACTORS

The adjustment of electric charges under the provisions of Clause TERM – Tax Expense Refund Mechanism to be effective with bills rendered beginning with the first billing cycle of May 2020, shall be as follows:

<u>Class</u>	<u>Rates</u>	<u>Price per kWh</u>	
Residential	RS, RSW, RSH, RSE, RST	\$(0.00579)	I
Commercial	GE, GEH, GD, GDH, GSH, GSW, MWP, GEP, GET, GDT	\$ 0.00000	I
Industrial	LS, LSH, LPT	\$ 0.00135	I
Lighting	SAL	\$ 0.00000	I

The adjustment of electric charges under the provisions of Clause TERM – Tax Expense Refund Mechanism to be effective with bills rendered beginning with the first billing cycle of June 2020, shall be as follows:

<u>Class</u>	<u>Rates</u>	<u>Price per kWh</u>
Residential	RS, RSW, RSH, RSE, RST	\$ (0.00000)
Commercial	GE, GEH, GD, GDH, GSH, GSW, MWP, GEP, GET, GDT	\$ (0.00000)
Industrial	LS, LSH, LPT	\$ (0.00000)
Lighting	SAL	\$ (0.00000)