SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE ECA – ENERGY COST ADJUSTMENT

APPLICABLE

To all price schedules for electric service. The Energy Cost Adjustment (ECA) factor will be applied monthly to all kilowatt-hour sales, under all rates and riders on file with the South Dakota Public Utilities Commission where the charge for such energy is subject to adjustment for increases and decreases in the cost of energy. The cost recovery factor is applied on a monthly basis as a separately billed charge to all kilowatt-hours, for the purpose of billing. The cost recovery factor shall be determined per the formula below. The Company will perform quarterly reviews. When the projected cumulative account balance (X) divided by projected jurisdictional sales (J) equals or exceeds ± $0.001, a revised ECA Factor will be determined and filed for implementation with the next month's billing cycle. All provisions of the Customer's current applicable rate schedule will apply in addition to this charge.

ENERGY COST ADJUSTMENT FACTOR

Annually, the estimated South Dakota jurisdictional cost of energy, plus the prior year's cumulative excess or deficiency which arises out of the difference between the actual costs and actual recoveries, will be divided by the estimated annual jurisdictional electric energy consumed under rates set by the Commission to calculate the annual Energy Cost Adjustment factor. The resulting factor E will be filed with the Commission no later than five (5) days before the first March billing cycle.

Monthly, the charges for all kilowatt-hours of energy supplied to designated Customers shall be increased or decreased by the annual Energy Cost Adjustment charge or credit to the nearest $0.00001 determined as follows:

Where:

$$E = \frac{EC + A}{EJ} + D$$

$D = X / EJ$ if $X / EJ \geq \$0.001$ either debit or credit

And E preceding the letters C and J indicates the quantity is estimated.

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE ECA – ENERGY COST ADJUSTMENT (continued)

ENERGY COST ADJUSTMENT FACTOR (continued)

Component Definitions

All references to account numbers mean the Uniform System of Accounts for Electric Utilities.

E = monthly Energy Cost Adjustment factor, calculated annually and reviewed quarterly.

A = the cumulative account balance at the beginning of the year of any excess or deficiency which arises out of the difference between the actual South Dakota jurisdictional cost of energy (C) and the actual recovery from the Energy Cost Adjustment clause applied to actual jurisdictional electric energy consumed (J).

Annually, the Company will reconcile actual costs with actual recoveries and establish a new factor A and set factor D to zero. The new factor A will be updated in the annual calculation of the new Energy Cost Adjustment factor E.

C = the South Dakota jurisdictional cost of energy will include:

- Natural gas used for electrical generation and fossil fuel in account 501or transferred from account 151 to account 501 or 547, plus consumable chemicals in account 502 used to reduce fossil fuel emissions.
- Nuclear fuel in account 518 which is not already included in fossil fuel.
- The cost of contract, emergency, economy and wholesale energy purchased in accounts 555, 565, or 575, less the energy revenue recovered from sales as entered in account 447.
- The cost of energy will be adjusted by ninety percent (90%) of the revenues from the sale of renewable energy credits, carbon dioxide credits or other environmentally related benefits associated with MidAmerican Energy's renewable power projects as entered into account 456. T

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE ECA – ENERGY COST ADJUSTMENT (continued)

ENERGY COST ADJUSTMENT FACTOR (continued)

Component Definitions (continued)

C = the South Dakota jurisdictional cost of energy will include (continued):

- The cost of energy will be adjusted by the pre-tax amount of any federal production tax credits associated with renewable power projects whose costs have been approved for inclusion in rate base in a rate proceeding, grossed up at the rate of 1.266 as entered into account 409.1, reduced for any negative energy settlements from those renewable power projects that result during the period the projects are eligible for the production tax credit, as recorded in account 447.043. R

D = to be applied to the calculation of factor E when projected year-end balance (X) divided by projected jurisdictional sales (J) for the months remaining until the next annual factor calculation exceeds ± $0.001.

J = the jurisdictional electric energy consumed under rates set by the South Dakota Public Utilities Commission.

X = the projected cumulative balance for the current year of any excess or deficiency which arises out of the difference between the South Dakota jurisdictional cost of energy (C) and the recovery from the energy cost adjustment applied to projected jurisdictional sales (J). X includes actual costs of energy and recoveries through the second prior month and estimated costs of energy and recoveries through the remainder of the calendar year.

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE ECA – ENERGY COST ADJUSTMENT (continued)

CURRENT ANNUAL ENERGY COST ADJUSTMENT CLAUSE FACTOR

Class	$/kWh	
All Rates	$0.01360	I