



December 16, 2013

SUPPLEMENTAL STATEMENT
ELECTRIC
ILL. C.C. NO. 10

MidAmerican Energy Company (MidAmerican), for the reasons discussed below and shown in its filed documents, proposes an increase in its rates for electric service. MidAmerican is proposing an increase in electric rates of \$21.6 million or approximately 16.9% over 2012 revenues.

MidAmerican is requesting an increase in its electric rates so that its electric rates reflect the current costs of providing safe, adequate, and reliable electric generation, transmission and distribution service to its Illinois customers. MidAmerican has not filed a rate case to increase its rates for electric rates since 1992, over twenty years ago, in Docket No. 92-0357. MidAmerican's predecessor company, Iowa Illinois Gas and Electric Company was ordered to reduce rates pursuant to Docket No. 96-0510. MidAmerican's delivery service rates were established in Docket Nos. 99-0122/99-0130 and 01-0444.

Since the time of MidAmerican's rate reduction in 1997, the Consumer Price Index has increased approximately 43%. MidAmerican has experienced increased operating costs including the cost of materials and supplies, labor and employee benefits.

MidAmerican has provided stable base rates for twenty years by mitigating much of the increasing costs through increased efficiencies. MidAmerican, however, is not immune from the increases in costs. In addition to the operating and maintenance cost increases, MidAmerican continues to make additional investments in emissions controls for its electric generating plants, as well as investments in transmission and distribution facilities. MidAmerican can no longer sustain the revenue shortfall caused by these factors. MidAmerican is requesting this rate relief in order to continue to provide safe, adequate, and reliable electric service.

SUMMARY OF PREPARED DIRECT TESTIMONY IN SUPPORT OF
MIDAMERICAN'S FILING

MidAmerican's filed tariffs are supported by the testimony of company witnesses and an independent expert. The testimony submitted with the filing is as follows:

- Dean A. Crist, Vice President – Regulation, provides an overview of the reasons MidAmerican is requesting an increase in its electric rates. Additionally, Mr. Crist provides an overview of MidAmerican's rate design and tariff changes. Mr. Crist's direct testimony is marked as: MidAmerican Exhibit DAC 1.0.
- Rick R. Tunning, Manager – Corporate Accounting, supports the Company's Illinois jurisdictional electric revenue requirement and the Illinois electric test year operating income. Mr. Tunning also presents MidAmerican's capital structure and the calculation of the weighted average cost of capital to apply to the Company's rate base. Mr. Tunning's direct testimony is marked as: MidAmerican Exhibit RRT 1.0.
- Mary Jo Anderson, Senior Technical Accountant - Property Accounting, supports MidAmerican's Illinois rate base and Illinois rate base pro forma adjustments. Ms. Anderson's direct testimony is marked as: MidAmerican Exhibit MJA 1.0.
- James H. Vander Weide, President of Financial Strategy Associates, analyzed a fair rate of return on equity applicable to the Company's Illinois electric utility operations. Mr. Vander Weide recommends a rate of return for MidAmerican's common equity of 10.70%. Mr. Vander Weide's direct testimony is marked as: MidAmerican Exhibit JHV 1.0.
- Naomi G. Czachura, Vice President, Rates and Regulatory Strategy, supports the customer contract adjustment, and explains cash working capital and the standby and supplementary service tariff. She also discusses rate issues related to future supply procurement. Ms. Czachura's direct testimony is marked as: MidAmerican Exhibit NGC 1.0.

- Charles B. Rea, Manager, Regulatory Strategic Analysis, presents the weather normalization adjustment, cost of service model and rate calculations and supports rate components. Mr. Rea's direct testimony is marked as: MidAmerican Exhibit CBR 1.0.
- Debra L. Kutsunis, Manager, Regulated Pricing, describes the revised rates and the tariffs. Ms. Kutsunis' direct testimony is marked as: MidAmerican Exhibit DLK 1.0.
- Dehn A. Stevens, Manager, Transmission Services, explains and supports the implementation of the Transmission Service Rider and provides a detailed description of the costs and revenues associated with the rider. Mr. Stevens' direct testimony is marked as: MidAmerican Exhibit DAS 1.0.
- Spencer T. Moore, Project Director, Supply, addresses MidAmerican's investments in emission control equipment at coal-fired generating units Neal Energy Center Unit 3 and Neal Energy Center Unit 4 as well as improvements made to the jointly-owned Ottumwa Generating Station. Mr. Moore testifies that the investments made and costs incurred are reasonable and prudent. Mr. Moore's direct testimony is marked as: MidAmerican Exhibit STM 1.0.
- Melissa A. Grannes, Director, Compensation, provides an overview of MidAmerican's performance incentive compensation. Ms. Grannes' direct testimony is marked as: MidAmerican Exhibit MAG 1.0.

SCHEDULE OF RATES FOR ELECTRIC SERVICE

MidAmerican proposes to cancel all its electric tariffs designated as Ill.C.C. Nos. 1, 6, 7 & 8 (Schedule Nos. 1, 6, 7 & 8), and replace them with Ill.C.C. No. 10 (Schedule No. 10).

MidAmerican has not filed an electric base rate case since open access was implemented in Illinois, and the current bundled electric tariff has remained unchanged since open access began. The proposed Schedule No. 10 will unbundle MidAmerican's electric bill and includes the revised rates to implement the revenue requirement described by MidAmerican witness Rick Tunning, tariff consolidation described by

MidAmerican witness Debra Kutsunis, and the unbundled rate design supported by MidAmerican witness Charles Rea. Filing requirement 285.1015, Schedule A-3, provides a comparison of the present and proposed rates and demonstrates that the proposed rates will recover the revenue requirement.

Schedule No. 10 also consolidates the terms and conditions, rules and regulations, and rate schedules and provides a single, more detailed table of contents. Schedule No. 10 consolidation and reorganization will make it easier for customers, employees, suppliers and regulators to use MidAmerican's tariff.

Additionally, MidAmerican is proposing more extensive definitions and revised language to provide additional clarity. These changes reflect input from employees in MidAmerican's customer service and delivery organizations who work with customers on a daily basis. The changes also reflect changes to comply with revisions to 83 Ill. Admin. Code Part 500.

Schedule No. 10 is organized into ten major sections:

1. Electric Service Policies
2. Customer Policies
3. Technical and Operational Requirements
4. Expansion of Electric Distribution Systems
5. Existing System Modifications
6. Miscellaneous Fees and Charges
7. Supplier Terms and Conditions
8. Electric Interconnections of Distributed Generation Facilities
9. Forms and Agreements
10. Rate Schedules, Clauses and Riders

A sample customer bill, which will reflect the following terms and further itemize the charges for electric services is provided in Section 9:

Basic Service Charge
Meter Service Charge
Supply Charge
Delivery Charge
Fuel Adjustment Clause
Transmission Service Charge

Taxes and other surcharges

CHANGES TO SERVICE CLASSIFICATIONS, RIDERS, TERMS AND CONDITIONS, AND MISCELLANEOUS CHARGES

MidAmerican is proposing to combine the two residential service classes approved by the Commission in prior dockets. Rates 9 and 10 will be combined to form the Residential Service or Rate RS. The service classes are consistent with the cost of service customer groups.

MidAmerican is proposing to eliminate Rate 45 – Municipal General Light and Power. Separate load information is not available for Rate 45 accounts; they are included with the commercial load sample. Municipal accounts will be moved to the appropriate commercial or industrial rate.

MidAmerican's proposed rate design has its basis in the cost of service study, with consideration given to reducing customer impacts. Schedule E-5 demonstrates that the proposed rates, when applied to adjusted test year billing determinants, will produce the requested increased revenue.

MidAmerican proposes six major service classifications for bundled rates:

Residential – Rate RS

General Energy Service – Rate GE

General Demand Service – Rate GD

Large Electric Time-of-Use Service – Rate LST

Very Large Electric Time-of-Use Service – Rate VLT

Lighting – Street and Area lighting – Rates SL and AL

MidAmerican is also proposing to revise its delivery service tariffs to include similar classifications for Delivery-Only service rates:

Residential Delivery-Only Service – Rate RSR

General Energy Delivery-Only Service – Rate GER

General Demand Delivery-Only Service – Rate GDR

Large Electric Delivery-Only Service – Rate LSR
Very Large Electric Delivery-Only Service – Rate VLR
Lighting – Street and Area lighting – Rates SLR and ALR

MidAmerican proposes several optional Time-of-Use Rates:

Residential Time-of-Use Service – Rate RST
General Energy Time-of-Use Service – Rate GET
General Demand Time-of-Use Service – Rate GDT

MidAmerican will also continue the following qualifying facility rates:

Cogeneration and Small Power Production Facilities – Rate QF
Qualified Solid Waste Energy Facility Purchases – Rate SW
Net Metering of Eligible Renewable Electrical Generating Facilities –
Rate NM

Additionally, MidAmerican is proposing to eliminate Riders 3, 4, 5, 11, 13, 15, and 17. These riders are being eliminated because the riders may no longer be relevant or the related rate is being modified rendering the rider unnecessary. MidAmerican witness Debra Kutsunis provides further explanation of each change in her direct testimony.

MidAmerican is also proposing to recover its jurisdictional transmission revenues and costs through a Transmission Service rider – Rider TS. Rider TS includes all transmission costs, which are described in MidAmerican witness Dehn Steven's direct testimony.

MidAmerican is also proposing the following riders and clauses which include charges that may be applicable to multiple customer rates:

- COT – Allowance for Customer-Owned Transformers, which provides a credit to commercial and industrial customers who provide their own transformation when transformation would normally be provided by the Company. This is a continuation of the current Rider No. 6.
- CS – Curtailment Service, which provides credits for qualifying customers willing to curtail load under defined circumstances. This service is limited to customers on Rates GD, GDT, LST, and VLT. The changes to this

section are stylistic only. There is no change to the application and function current Rider No. 14 Curtailment Service.

- EAA – Energy Assistance Charge, which recovers the charge imposed by Section 13 of the Energy Assistance Act of 1989. This is a continuation of the current Rider No. 10.
- EECR – Energy Efficiency Cost Recovery Adjustment, which recovers the cost of approved electric energy efficiency programs. The proposed changes to the EECR are discussed further in Ms. Kutsunis’ testimony. This is a continuation of the current Rider No. 2.
- EF – Excess Facilities, which defines the payment provisions for customers requesting additional facilities in excess of a normal installation. The description of this clause has been expanded to be more informative to the reader. This is a continuation of the current Rider No. 1.
- FAC – Electric Fuel Adjustment Clause, which recovers costs related to the production of energy and purchased power. This is a continuation of the current fuel adjustment clause, with only a minor change proposed related to fuel costs included in base rates.
- ISS – Interim Supply Service is a short-term bundled full service offering available to any customer who purchases energy supply from a retail electric supplier (RES) but currently has no supplier. This service is limited to two billing periods.
- MTA – Municipal Tax Additions is an additional charge for customers receiving service in municipalities that have imposed a tax on using or consuming electricity. This is a continuation of the current Rider No. 9.
- ND – Nuclear Decommissioning Factor, is a per kilowatthour charge for nuclear decommissioning expense. This is a continuation of the current Rider No. 12 Nuclear Decommissioning Factor in MidAmerican’s current electric tariff.

- PSR – Partial Delivery-Only Service is a service available to customers who elect to purchase a part of their energy requirements under a bundled energy service rate and part of their energy requirements from a RES.
- RCA- Renewable Energy Resources and Coal Technology Development Assistance Charge, which recovers the charge imposed by Section 6-5 of the Renewable Energy, Energy Efficiency, and Coal Resources Development Law of 1997. This is a continuation of the current Rider No. 16.
- SBO – Single Bill Option Delivery-Only allows a RES to bill customers for both supply and delivery services.
- SPS – Standby and Supplementary Power Service is available to large customers having their own generation. MidAmerican witness Czachura discusses SPS in detail in her direct testimony. This service replaces current Rider No. 8.
- STA – State Electric Tax Additions, which includes state taxes imposed under The Electricity Excise Tax Law of 1997. This is a continuation of the current Rider No. 7.
- TS - Transmission Service recovers transmission costs. This is a new adjustment clause. The application and function of the Rider TS is discussed further in Ms. Kutsunis’ testimony.

MidAmerican witness Debra Kutsunis’ prepared direct testimony and accompanying schedules provide a detailed description of the proposed changes to MidAmerican’s rate classifications, riders, clauses, and terms and conditions of service. MidAmerican Schedule E-1 contains MidAmerican’s proposed rates and MidAmerican Schedule E-2 provides a copy of the present tariffs in red-line form.

Finally, MidAmerican is proposing to change the electric returned payment charge from \$5 to \$25, which is consistent with the approved charge in MidAmerican’s last gas rate case in Docket No. 09-0312.