MidAmerican Energy Company
Schedule of Rates For
Electric Service in Illinois

Ill C. C. No. 11
Original Sheet No. 484.50

# RIDER PE – PURCHASED ELECTRICITY

## PURPOSE

If the Company elects to procure capacity, energy and transmission services to meet customer needs, Rider PE will allow the Company to recover the costs it incurs to procure all such component services not recovered through other mechanisms, in accordance with Section 16-111.5 of the Public Utilities Act (Act).

## DEFINITIONS

**Company Supply Rates** include all:

- Bundled Power and Energy Service Rates – RS, GE, GD, LST, VLT, SL and AL.
- Optional Time-of-Use Rates-Company Supply – RST, GET and GDT.

**Customer Supply Group** is the revenue class into which the Company Supply Rates are grouped for application of this rider.

- Residential includes rates RS and RST.
- General Energy Service includes rates GE and GET.
- General Demand Service includes rates GD and GDT.
- Large Electric Time-of-Use Service includes rate LST.
- Very Large Electric Time-of-Use Service includes rate VLT.
- Lighting includes rates SL and AL.

**Component Services** include any supply-related electric capacity and energy services, transmission services, and ancillary transmission services procured by the Company to meet retail customers' needs.

## APPLICATION

Rider PE factors are applicable to all Company Supply Rates. Retail Purchased Electricity Charges (RPECs) will be applied to all kWh sales monthly, depending upon Customer Supply Group, for the purpose of billing, commencing with the first bill group of June 2016. The RPECs and monthly adjustment factors will be separate line items on the bill. All provisions of the customer's current applicable rate schedule will apply in addition to these charges.

## RIDER PE – PURCHASED ELECTRICITY (continued)

### PROCUREMENT OPTIONS

Rider PE may include costs associated with any or all of the following:

**IPA Contracts** are binding wholesale capacity and energy contractual arrangements with the winning suppliers selected during the course of a procurement event initiated by the Illinois Power Agency (IPA) in accordance with a procurement plan developed pursuant to Section 16-111.5 of the Act. The Company must enter into such IPA Contracts within three (3) business days after the Commission approves the results of the procurement event.

**Load Balancing** is "the process for (i) hourly balancing of supply and demand and (ii) the criteria for portfolio rebalancing in the event of significant shifts in load" in accordance with section 16-111.5(b)(4) of the Act.

**Renewable Energy Resources** are specifically defined by Section 1-10 of the IPA Act. Procurement of renewable energy resources is done in accordance with Section 1-75(c) of the IPA Act and the applicable procurement plan approved by the Commission.

**Qualifying Facilities** are those which meet the requirements of Rate QF – Qualifying Facilities. The Company must procure energy from any qualifying facilities.

**Residual Procurement** includes any electric capacity and energy services, transmission services, and ancillary transmission services not procured by other mechanisms previously described in this Procurement Options section. These Component Services, if available, shall be procured by the Company in MISO-Administered Markets. If the service is not available in MISO-Administered Markets, the Company shall use the wholesale electricity or an equivalent market.

The Company must also pay such other charges under tariffs regulated by the FERC as may be applicable to the Company by virtue of the fact that the Company provides electric service to retail customers.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### CONTINGENCY OBLIGATIONS

Pursuant to the provisions of Section 16-111.5(e)(5)(i), in the event of default by a supplier with which the Company entered into an IPA Contract, the Company reviews such contract to determine (a) the amount of electric capacity and energy such supplier was contracted to supply, and (b) the number of days remaining in the term of the contract. In the event that a contract is terminated as a result of a default, such contract will be replaced as specified in Section 16.111.5(e)(5) and Section 16.111.5(n) of the Act.

Pursuant to the provisions of Section 16-111.5(e)(5)(iii), in any case in which there are insufficient Component Services procured under contracts awarded through the procurement process to fully meet the electric load requirement identified in the procurement plan, the Company will procure the necessary Component Services to make up for such insufficiency in MISO-Administered Markets. Notwithstanding the provisions of the previous sentence, if any Component Services that must be procured by the Company to make up for such insufficiency are not available in MISO-Administered Markets, the Company shall purchase any such Component Services in the wholesale electricity or equivalent markets.

### PURCHASED ELECTRICITY PRICES

Purchased Electricity Prices (PEPs) are the expected load-weighted average time-of-use unit costs, in $/MWh, for all applicable Component Services pertaining to the period for which Retail Purchased Electricity Charges (RPECs) are being calculated.

The Company determines four (4) PEPs to be used in the calculation of the RPECs:

- Summer On-Peak (SPPEP)
- Summer Off-Peak (SOPEP)
- Non-Summer On-Peak (NPPEP)
- Non-Summer Off-Peak (NOPEP)

## RIDER PE – PURCHASED ELECTRICITY (continued)

### PURCHASED ELECTRICITY PRICES (continued)

PEPs are generally determined annually and used to calculate RPECs for the period from the beginning of June through the end of the following May which corresponds to a given MISO Planning Year. However, the PEPs must be recomputed each time a Commission-approved procurement event occurs.

The PEPs include the following costs expected to be incurred by the Company:

(a) Applicable costs described in the Procurement Options section of this rider;

(b) Costs related to the development, approval, implementation of, or compliance with any procurement plan that is put into effect pursuant to Section 1-75 of the IPA Act and Section 16-111.5 of the Act, including any fees assessed by the IPA, and including attorney, consultant, and expert witness fees.

### RETAIL PURCHASED ELECTRICITY CHARGES

Retail Purchased Electricity Charges (RPECs) are the electric supply service unit prices that, through their application, allow the Company to recover from retail customers the costs the Company incurs in procuring applicable Component Services to meet such retail customers' needs.

The development of RPECs is based upon the PEPs determined in accordance with the provisions of the Purchased Electricity Price section of this rider and the electricity usage characteristics of the applicable Customer Supply Group to reflect each group’s responsibility for costs.

The Company shall calculate and file RPECs with the Commission as an informational filing within two (2) business days after the Commission approves the results of a procurement event. RPECs are generally calculated annually, but they must be computed each time a Commission-approved procurement event occurs and the PEPs are updated.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### RETAIL PURCHASED ELECTRICITY CHARGES (continued)

The Summer Retail Purchased Electricity Charge ($SRPEC_g$), in $/kWh for each applicable Customer Supply Group will be a separate line item on the bill and is computed in accordance with the following equation:

$$SRPEC_g = \frac{((SPPEP-SPBR) \times SPE_g) + ((SOPEP-SOBR) \times SOE_g)}{SE_g} \times Exp_g \div 1000$$

Where:

SPPEP = Summer On-Peak Purchased Electricity Price, in $/MWh, is the Summer On-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this rider.

SPBR = Summer On-Peak in Base Rates, are costs related to sections (a) and (b) in the Purchased Electricity Price section of this rider, which are currently recovered in base rates, allocated to summer on-peak hours.

$SPE_g$ = Summer On-Peak Energy, in MWh, is the forecasted electric consumption of customers taking service under this rider for the wholesale peak periods consisting of the hours from 6AM until 10PM Central Prevailing Time (CPT) Monday through Friday except on days designated by the NERC, for the months of June, July, August, and September for Customer Supply Group, g.

SOPEP = Summer Off-Peak Purchased Electricity Price, in $/MWh, is the Summer Off-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this rider.

SOBR = Summer Off-Peak in Base Rates, are costs related to sections (a) and (b) in the Purchased Electricity Price section of this rider, which are currently recovered in base rates, allocated to summer off-peak hours.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### RETAIL PURCHASED ELECTRICITY CHARGES (continued)

$SOE_g$ = Summer Off-Peak Energy, in MWh, is the forecasted electric consumption of customers taking service under this rider for the wholesale off-peak periods consisting of all hours other than those included in the wholesale peak periods, for the months of June, July, August, and September for Customer Supply Group, g.

$SE_g$ = Summer Energy, in MWh, is the forecasted electric consumption of customers taking service under this rider for the months of June, July, August, and September for Customer Supply Group, g

$Exp_g$ = Expansion Factor, in decimal format, is one plus the Energy Loss Factor for Customer Supply Group, g, as provided on Sheet No. 188 in Section 7 of this tariff, "Supplier Terms and Conditions".

The Non-Summer Retail Purchased Electricity Charge ($NRPEC_g$), in $/kWh for each such Customer Supply Group will be a separate line item on the bill and is computed in accordance with the following equation:

$$NRPEC_g = \frac{((NPPEP-NPBR) \times NPE_g) + ((NOPEP-NOBR) \times NOE_g)}{NE_g} \times Exp_g \div 1000$$

Where:

NPPEP = Non-Summer On-Peak Purchased Electricity Price, in $/MWh, is the Non-Summer On-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this rider.

NPBR = Non-Summer On-Peak in Base Rates, are costs related to sections (a) and (b) in the Purchased Electricity Price section of this rider, which are currently recovered in base rates, allocated to non-summer on-peak hours.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### RETAIL PURCHASED ELECTRICITY CHARGES (continued)

$NPE_g$ = Non-Summer On-Peak Energy, in MWh, is the forecasted electric consumption of customers taking service under this rider for the wholesale peak periods consisting of the hours from 6AM until 10PM Central Prevailing Time (CPT) Monday through Friday except on days designated by the NERC, for the months of January, February, March, April, May, October, November, and December for Customer Supply Group, g.

NOPEP = Non-Summer Off-Peak Purchased Electricity Price, in $/MWh, is the Non-Summer Off-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this rider.

NOBR = Non-Summer Off-Peak in Base Rates, are costs related to sections (a) and (b) in the Purchased Electricity Price section of this rider, which are currently recovered in base rates, allocated to non-summer off-peak hours.

$NOE_g$ = Non-Summer Off-Peak Energy, in MWh, is the forecasted electric consumption of customers taking service under this rider for the wholesale off-peak periods consisting of all hours other than those included in the wholesale peak periods, for the months of January, February, March, April, May, October, November, and December for Customer Supply Group, g.

$NE_g$ = Non-Summer Energy, in MWh, is the forecasted electric consumption of customers taking service under this rider for the months of January, February, March, April, May, October, November, and December for Customer Supply Group, g.

$Exp_g$ = Expansion Factor, in decimal format, is one plus the Energy Loss Factor for Customer Supply Group, g, as provided on Sheet No. 188 in Section 7 of this tariff, “Supplier Terms and Conditions”.

## RIDER PE – PURCHASED ELECTRICITY (continued)

### PURCHASED ELECTRICITY ADJUSTMENT

Purchased Electricity Adjustment (PEA) is a unit credit or charge that, through its application, periodically equalizes applicable recoveries from retail customers taking service under Company Supply Rates and the expenses incurred by the Company related to the procurement of applicable Component Services to meet such retail customers' needs, thereby ensuring that the Company does not over or under recover its costs related to the procurement of electric capacity, energy and transmission services for its retail customers "due to changes in customer usage and demand patterns" in accordance with Section 16-111.5(l) of the Act.

**Determination Period** is the calendar month for which the PEA is determined for customers taking service under Company Supply Rates as appropriate, for which the Company procures Component Services to meet their needs.

**Effective Period** is the first monthly billing period beginning no earlier than 15 calendar days after the 55-day MISO-conducted settlement process for electric supply for the Determination Period(s) during which a PEA is applied to kilowatt-hours (kWhs) provided to customers taking service under Company Supply Rates as appropriate.

The Company shall calculate and file the PEA factor and supporting workpapers with the Commission as an informational filing no later than the 20th day of the month prior to the start of each Effective Period.

The Company may file any corrections to a timely filed PEA factor before the start of the applicable Effective Period. Any other filing after that date will be accepted only if submitted as a special permission request under the provisions of Section 9-201(a) of the Act.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### PURCHASED ELECTRICITY ADJUSTMENT (continued)

The PEA factor is determined and applied in each Effective Period in accordance with the following equation and will be a separate line item on the bill:

$$PEA = \frac{(AE - AR + AB + A)_{amortized}}{U}$$

Where:

PEA = Purchased Electricity Adjustment, in $/kWh, applied as a credit or charge to kWhs provided to customers taking service under Company Supply Rates as appropriate, during the Effective Period.

AE = Accrued Expenses, in dollars, equal to the sum of the accrued net expenses incurred by the Company in accordance with this rider for the Component Services procured for customers taking service under Company Supply Rates as appropriate, during the Determination Period(s).

AR = Accrued Recoveries, in dollars, equal to the accrued net recoveries recognized for customers taking service under Company Supply Rates as appropriate, during the Determination Period(s) in accordance with this rider.

AB = Automatic Balancing factor, in dollars, equal to the cumulative debit or credit balance resulting from the application of the PEA through the Determination Period(s). Such balance includes interest at the rate established by the Commission in accordance with 83 Ill. Adm. Code 280.40(g)(1).

## RIDER PE – PURCHASED ELECTRICITY (continued)

### PURCHASED ELECTRICITY ADJUSTMENT (continued)

A = Adjustment, in dollars, equal to an amount (a) ordered by the Commission or (b) determined by the Company, after discussion with the Staff, which is to be refunded to or collected from customers to correct the computation of previously applied PEAs. Such amount includes interest charged at the rate established by the Commission in accordance with 83 Ill. Adm. Code 280.40(g)(1). Such interest is calculated for the period of time beginning on the first day of the Effective Period during which such PEA was applied and extending through the day prior to the start of the Effective Period in which the "A" is applied. Such amount may be amortized over multiple Effective Periods with interest.

$(\ )_{\text{amortized}}$ = Amortization of the quantity included in the parentheses, as necessary, for a period not to exceed twelve (12) Effective Periods. For a situation in which amortization is not necessary, there is no amortization period.

U = Usage, in kWh, forecasted to be provided to customers taking service under Company Supply Rates where appropriate, during the Effective Period.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

## ANNUAL REPORTS

### Internal Audit Report

Each year the Company shall conduct an internal audit of its costs and recoveries of such costs pursuant to this rider. The internal audit shall determine whether 1) accounting controls are effectively preventing the double recovery of costs through Rider PE and through other means, 2) Rider PE is being properly applied to customer's bills, 3) recoveries from Rider PE are correctly stated and recorded in appropriate accounts, and 4) costs recovered through Rider PE are reasonable. The Company must also prepare a report that summarizes the results of such audit.

The summary audit report will be provided to the Manager of Accounting of the Commission Staff within 60 calendar days after the end of the Effective Period associated with the May Determination Period of such year. Such report must be verified by an officer of the Company.

### Reconciliation

Each year no earlier than 90 calendar days after the end of the Effective Period associated with the May Determination Period of such year, the Company shall file a reconciliation report in accordance with Section 16-111.5(l) of the Act to "provide for the correction, on at least an annual basis, of any accounting errors that may occur" in the application of the provisions of this rider. Such filing may also provide for the determination of the reasonableness of the Company's internal administrative and operational costs associated with the procurement of Component Services pursuant to Section 16-111.5 of the Act and other costs of implementing or complying with the procurement plan approved by the Commission to the extent that they are properly reviewable in such filing pursuant to Section 16-111.5(l) of the Act.

## RIDER PE – PURCHASED ELECTRICITY (continued)

### REVISION OF RATES

**Purchased Electricity Prices**
PEPs are generally determined annually and used to calculate RPECs for the period from the beginning of June through the end of the following May which corresponds to a given MISO Planning Year. However, the PEPs must be recomputed each time a Commission-approved procurement event occurs

**Retail Purchased Electricity Charges**
The Company shall calculate and file RPECs with the Commission as an informational filing within two (2) business days after the Commission approves the results of a procurement event. RPECs are generally calculated annually, but they must be computed each time a Commission-approved procurement event occurs and the PEPs are updated.

**Purchased Electricity Adjustment**
The Company shall calculate and file the PEA factor and supporting workpapers with the Commission as an informational filing no later than the 20th day of the month prior to the start of each Effective Period.

### MISCELLANEOUS GENERAL PROVISIONS

The Company is not required to obtain any consent or other approval, whether prospective, contemporaneous, or retrospective, from the Commission or any other entity in order to issue bills containing any RPEC or PEA Factor determined in accordance with the provisions of this rider or in order to collect any such RPEC or PEA Factor provided, however, that any such PEA Factor is subject to adjustment in accordance with Section 16-111.5(l) of the Act.

In accordance with Section 16-111.5(l) of the Act, the provisions of this rider are not subject to review under, or in any way limited by, Section 16-111(i) of the Act.

The Company must maintain confidentiality of all bidder and supplier information associated with any procurement plan to which it has access in a manner consistent with all applicable laws, rules, regulations, and tariffs.

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### RETAIL PURCHASED ELECTRICITY CHARGE FACTORS

| Class | Rates | SRPEC[1] $/kWh | NRPEC[2] $/kWh |
|---|---|---|---|
| Residential Service | RS, RST | $ 0.00000 | $ 0.00000 |
| General Energy Service | GE, GET | $ 0.00000 | $ 0.00000 |
| General Demand Service | GD, GDT | $ 0.00000 | $ 0.00000 |
| Large Electric Time-Of-Use Service | LST | $ 0.00000 | $ 0.00000 |
| Very Large Electric Time-Of-Use Service | VLT | $ 0.00000 | $ 0.00000 |
| Lighting | SL, AL | $ 0.00000 | $ 0.00000 |

[1]SRPEC is effective with bills rendered in June, July, August and September

[2]NRPEC is effective with bills rendered in January, February, March, April, May, October, November and December

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## RIDER PE – PURCHASED ELECTRICITY (continued)

### PURCHASED ELECTRICITY ADJUSTMENT FACTOR

| Class | Rates | PEA $/kWh |
|---|---|---|
| All Customer Supply Groups | All Company Supply Rates | $ 0.00000 |

The PEA is effective with bills rendered in September 2016.