

IOWA UTILITIES BOARD
Energy Section

Docket No.: RPU-2014-0002
Utility: MidAmerican Energy Company
Memo Date: December 30, 2014

TO: The Board

FROM: Dan Fritz -Team Lead, Leslie Cleveland, Rob Hillesland, Bob LaRocca, Ellen Shaw, Gary Stump, Mack Thompson

SUBJECT: Clarification and additional information in Docket No. RPU-2014-0002

I. Background

On October 10, 2014, MidAmerican Energy Company (MidAmerican) filed with the Board an Application for Determination of Ratemaking Principles (Ratemaking Principles). This project has been identified as Wind IX. MidAmerican is requesting eight principles related to the construction of 162 MW of additional wind capacity. MidAmerican is requesting expedited treatment of this case and is asking for a decision by January 15, 2014. The requested principles cover:

- Iowa Jurisdictional Allocation
- Cost Cap
- Size Cap
- Depreciation
- Return on Equity
- Cancellation Cost Recovery
- Renewable Energy and CO2 Credits, etc.
- Federal Production Tax Credits

II. Legal Standards

Iowa Code § 476.53(3)c states:

In determining the applicable ratemaking principles, the board shall make the following findings:

- (1) The rate-regulated public utility has in effect a board-approved energy efficiency plan as required under section 476.6, subsection 16.

(2) The rate-regulated public utility has demonstrated to the board that the public utility has considered other sources for long-term electric supply and that the facility or lease is reasonable when compared to other feasible alternative sources of supply. The rate-regulated public utility may satisfy the requirements of this subparagraph through a competitive bidding process, under rules adopted by the board, that demonstrate the facility or lease is a reasonable alternative to meet its electric supply needs.

III. Analysis

On December 15, 2014, MidAmerican filed responses to the Board's December 11, 2014, Order Requiring Additional Information. Staff has a clarifying question regarding one of the responses. Also, on December 19, 2014, MidAmerican made a compliance filing in Docket No. IAC-2014-3103. In that filing MidAmerican listed an affiliate addition: MidAmerican Wind Tax Equity Holdings, LLC. Staff would like MidAmerican to provide further information on the following:

1. Referring to MidAmerican's December 15, 2014, response to the Board's December 11, 2014, Order, do the values provided for Iowa electric utility operating income under Question 3 reflect pre-sharing amounts or post-sharing amounts?
2. On December 19, 2014, MidAmerican made a compliance filing in Docket No. IAC-2014-3103. In that filing MidAmerican listed an affiliate addition: MidAmerican Wind Tax Equity Holdings, LLC. Provide a description of the affiliate, what impact it has on the Wind IX project, and how that impact has been incorporated into the analysis that MidAmerican has provided.

While the majority of the team recommends asking for the information identified above, at least one staff member would not ask the second question because at some point, the record of the proceeding needs to be final. For example, staff could draft a question as to the impact of gas prices in January 2015, February 2015, et al. on the economics of Wind IX, and the docket would never be concluded.

IV. Recommendation

Staff recommends that the General Counsel draft for the Board's consideration an order requiring MidAmerican to provide the information identified in the body of this memo.

RECOMMENDATION APPROVED

IOWA UTILITIES BOARD

/mat

/s/ Elizabeth S. Jacobs 12-30-14

Date

/s/ Nick Wagner 12/30/14

Date

/s/ Sheila K. Tipton 12/30/2014

Date