

Mitigation Plan

In Docket No. RPU-2013-0004, the Iowa Utilities Board directed MidAmerican to file a mitigation plan that demonstrates how MidAmerican will ensure that no residential customer sees an annual increase of more than 15% and more than \$200 per year, and that no nonresidential customer sees an annual increase of more than 15% and more than \$1,500 per year. Pursuant to this requirement, MidAmerican submits this mitigation plan for the Board's approval.

MidAmerican proposes a two-step plan to mitigate the impact of increases resulting from this rate proceeding to levels specified in the Board's Order. The first step is to identify the most economical standard rate for customers based on their test year usage, move them to that rate and recalculate rates based on new revenues and billing determinants. Since the residential class has one standard rate this first step only involves nonresidential customers. Hourly usage data is not available to determine whether the residential time of use rate would be more economical.

The second step is to analyze bill impacts related to the implementation of new rates for all customers with a full year of usage in 2013. For those customers who were switched to a different rate in the first step, bill impacts will be assessed based on the rate to which they have been re-assigned. Those customers who would see an increase larger than the caps specified in the Board's Order at any point during the next ten years will be identified, and tariffs will be established to implement discounts for the customers that would receive an increase greater than the specified caps and to recover the costs of those discounts from remaining customers.

Determination of the Most Economical Rate

MidAmerican believes that moving nonresidential customers to what is determined to be the most economical rate is an important first step of the mitigation strategy and also addresses the Board's directive to work with customers to direct them to the most favorable rate. As a result, subject to Board approval, MidAmerican will move approximately 6,700 nonresidential customers it has identified as benefitting from re-assignment to the most economical rate within the first billing period after the new rates are implemented. MidAmerican will notify those customers being re-assigned to a different type of rate to make sure they are aware that this will affect how they are billed.

MidAmerican's recalculation of rates following the customer rate re-assignment will be limited to test year information for those customer groups that have had customers re-assigned to a different rate or that contain re-assigned customers. This limits the rate recalculation to commercial/industrial rates GE, GD and LS/SS. MidAmerican will separately evaluate all new nonresidential customers with twelve months of billing history in 2013 to determine if, based on their 2013 usage, any additional customers should be re-assigned to a different rate. MidAmerican will also switch these new customers to the most favorable rate, but consistent with the Board's rejection of MidAmerican's proposed revenue true-up, is not proposing any rate recalculation as a result.

The following process will be used to determine the most economical rate for nonresidential customers and to recalculate rates based on expected migration:

- A separate analysis will be conducted for each customer with a complete billing history during the test year
- For each customer
 - A determination will be made as to the total annual amount that customer would pay under 2014 rates using test year sales data for Rate GE, GD, and LS/SS, including rate equalization and phase-in clauses, and forecasted EAC and TCA amounts.
 - Each customer will be assigned to the rate class that provides the lowest annual bill consistent with the above analysis.
- Total billing determinants for all customers moving to a rate other than the rate they were originally mapped to will be tracked.
- Billing determinants will be removed from the rate they were originally mapped to and will be added to the rate they are expected to migrate to.
- Revenue will be calculated based on cost of service rates and migrated billing determinants, and the shortfall in revenues will be added to the three affected rates equally on an equal percentage increase basis.

The increase in rates for the energy and demand components of Rates GE, GD, and LS/SS from rates calculated through cost of service is approximately 1.4%.

Determination of Customers Subject to Rate Caps

The second step in MidAmerican's mitigation plan will be implemented after migrating customers in the first step have been identified and rates are recalculated. At that point, MidAmerican will evaluate bill impacts resulting from its rate proposal for all customers of record on December 31, 2013 that have a full twelve-month standard billing history in 2013 and did not switch rates during the year.

For each eligible customer, MidAmerican will estimate the amount the customer will pay under rates for each of the next ten years based on known base rates, equalization and phase-in factors, forecasted EAC and TCA amounts, and the amount they would have paid under interim rates for a full year using 2013 usage information. For each customer whose total annual bill during any year of the ten-year period exceeds the total annual bill under interim rates by an amount that exceeds the Board's prescribed cap, MidAmerican will calculate a discount amount for that customer that would apply to 2013 usage such that when the discount is applied, the customer's total annual increase falls within the Board's cap requirements. A discount tariff would then be implemented with separate discount amounts by proposed rate class where the discount price for a customer in each rate class is the maximum discount amount needed to ensure that each individual customer in that rate class will not see an increase above the cap.

The following process will be used to determine discount prices by rate class:

- A separate analysis will be conducted for each eligible customer
- For each eligible customer

- A determination will be made as to the total annual amount that customers would pay under 2014 through 2023 rates, including rate equalization and phase-in clauses, and forecasted EAC and TCA amounts.
- A determination will be made as to the total annual amount that customer would have paid under interim rates.
- The calculation of the total annual amount paid under 2014 through 2023 rates and interim rates will be based on total monthly billed usage for each of 12 months in the 2013 calendar year.
- If the annualized bill under 2014 rates (or any subsequent years' rates) is greater than the annualized bill under the previous year's rates by an amount greater than the Board-defined cap, a discount amount is calculated for that customer by dividing the amount of the annualized increase that exceeds the cap by the customer's total annual usage.
- The discount price for each proposed rate class will be set to the maximum discount amount calculated for any individual eligible customer in that class, thus ensuring that all customer increases in that rate class will fall below the cap assuming future usage patterns are equal to 2013 usage patterns.

Discount Activity Resulting from Caps

MidAmerican estimates the following refunds and refund amounts would be payable to customers under this plan:

Discount tariffs will be effective upon implementation of final rates, will be updated after 12 months, and will expire at the end of 24 months, when no further eligible customers have been identified. Eligibility will be limited to those customers identified in the Determination of Customers Subject to Rate Caps section above whose annualized increases exceeded the Board's cap.

Class	2014 Eligible Customers	Discount to Rate	Dollars Discounted	2015 Eligible Customers	Discount to Rate	Dollars Discounted
Residential	0	-----	\$0	0	-----	\$0
Street Lighting	0	-----	\$0	1	\$.00002/kWh	\$9
Security Lighting	0	-----	\$0	4	\$.00820/kWh	\$747
SGS – Energy	45	\$.01403/kWh	\$366,132	2	\$.00048/kWh	\$382
SGS – Demand	83	\$3.92/kW	\$357,634	0	-----	\$0
LGS/SS	11	\$1.89/kW	\$394,601	0	-----	\$0
ICR	0	-----	\$0	0	-----	\$0
Water Pumping	3	\$.00552/kWh	\$2,547	0	-----	\$0
Total	142	-----	\$1,120,914	7	-----	\$1,129

Recovery of Mitigation Costs

The cost of discounts applied to eligible customers in this mitigation plan will be recovered through a mitigation cost recovery rider that will apply separately to each

affected rate class. The recovery factor will be calculated by dividing the total expected discount amounts by rate class by forecasted sales by class for each year the discount tariff is in effect. The rider will apply to all customers within the rate class. The total refund amounts in 2015 are so small, however, that a recovery factor cannot be calculated for any of the classes. Accordingly, MidAmerican will absorb those costs rather than reallocate those costs to other customers within the applicable class.