

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
IOWA UTILITIES BOARD

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IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. PGA-2020-0156
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**MIDAMERICAN ENERGY COMPANY’S MOTION TO TEMPORARILY  
SUSPEND TARIFF AND IMPLEMENT INTERIM FACTOR**

COMES NOW, MidAmerican Energy Company (“MidAmerican”) and requests that the Iowa Utilities Board (“Board”) temporarily suspend the Purchased Gas Adjustment clause (“PGA”) of MidAmerican’s Gas Tariff No. 1 and implement an interim PGA factor until the Board approves a final method to recover the costs associated with the February 2021 winter weather event and resulting increase in natural gas commodity prices.

**I. BACKGROUND**

During the third week of February 2021, a severe winter weather system settled over the central United States. The weather system produced widespread, historically low temperatures for nearly 10 days across the Midwest and south-central United States, including Oklahoma and Texas. On February 15 and 16, 2021, the prolonged record-low temperatures resulted in a cascading series of adverse impacts that drove natural gas commodity prices to historically high levels. Natural gas commodity prices were driven both by a supply shock, as supplies were strained due to mechanical failures, and a demand shock, as millions of customers increased their consumption to heat their homes and businesses.

MidAmerican’s Board-approved PGA is an automatic adjustment mechanism permitted by Iowa Code § 476.6(8) to pass through, with no mark-up, the cost of natural gas supply to serve customers. The PGA clause results in a factor, which when multiplied by the volume of gas

consumed by a customer each month, would recover the costs of acquiring the gas supplied to the customer. This factor is calculated monthly pursuant to the calculation included in the Board's rules at 199 IAC 19.10, which is reflected in MidAmerican's tariff, and the costs are reconciled at the end of each year.

Because of the increase in natural gas commodity prices, the PGA tariff would be significantly higher than could have been reasonable anticipated. When applied to increased customer consumption, the impact to customer bills would be significant. On February 19, 2021, the Board issued an "Order Scheduling Meeting" ("Order") recognizing that "if no adjustment to those mechanisms are implemented, many customers will face unusually high bills for the February, and subsequent, billing periods and are very likely to not be able to afford service once the bills become due." Order at p. 2. The Board scheduled a meeting for March 12, 2021, to discuss how the "actual or estimated costs" will be recovered as a result of this winter weather event, as well as "a proposed time period for recovery" and any waivers of Board rules that would be required to facilitate the recovery. *Id.* at 3.

## **II. REQUEST FOR TEMPORARY SUSPENSION OF PGA TARIFF**

The Board's Order states, "[u]tilities are requested to not file to recover costs associated with the polar vortex that occurred in February 2021 above a level that would be filed for a normal winter storm until after the meeting..." Order at p. 3. To accommodate this request, MidAmerican requests that the Board temporarily suspend the specific terms of MidAmerican's PGA. MidAmerican makes this request because Iowa Code § 476.5 prohibits a utility from directly or indirectly charging a rate greater than or less than the rate prescribed in its tariff for the service provided. This section obligates MidAmerican to apply the terms of the tariff as long as the tariff

is in effect. Without a temporary suspension of the PGA, MidAmerican would be unable to implement the Board's request, while also complying with the requirements of Iowa Code § 476.5.

MidAmerican also asserts that the problem cannot be addressed at this time with a request for a waiver, because the Board cannot suspend the operation of Iowa Code § 476.5. *See* 199 IAC 1.3 (stating that the Board "may grant a waiver from a rule adopted by the Board"); *see also* Iowa Code § 476A.15 (illustrating that the Board's ability to waive a provision of the statute would require express authorization by the Iowa Legislature as demonstrated by the Board's authority to waive a statutory requirement of Iowa Code chapter 476A). To comply with Iowa Code § 476.5, the Board should either modify how the tariff operates or suspend the tariff until a later date. Given that the Board indicated it would discuss the appropriate method to recover the costs at the March 12, 2021 meeting, MidAmerican believes temporarily suspending the tariff is a prudent way to ensure compliance with Iowa Code § 476.5 without requiring a permanent change to the PGA factor calculation.

### **III. REQUEST FOR APPROVAL OF INTERIM PGA FACTOR**

In addition to temporarily suspending the PGA calculation, MidAmerican requests that the Board approve an interim PGA factor. MidAmerican is proposing an interim PGA factor calculated using a "normal winter storm," as requested by the Board. Order at p. 3. The interim factor and its calculations are submitted with this request. The interim factor utilizes the current PGA formula, but includes costs incurred during the February 2014 polar vortex, rather than actual costs incurred during February 2021. MidAmerican selected the February 2014 polar vortex because it represents a recent weather event experienced by MidAmerican that resulted in a similar increase in natural gas commodity prices, without requiring MidAmerican to modify the PGA operation and calculation. For many customers, natural gas consumption is significantly higher

from November through March than from April through October. Permitting recovery of some winter storm costs in March allows the impact to be spread across more customer usage and, thus, reduces the PGA factor. Applying the costs in this way allocates the cost to those customers whose usage patterns are consistent with how the costs were incurred. Additionally, permitting MidAmerican to implement this interim factor ensures that the ultimate costs of the winter weather event will not continue to increase while MidAmerican works with the Board to identify the best way to recover all costs while also protecting customers from unanticipated bill volatility.

#### IV. CONCLUSION

MidAmerican has worked diligently to ensure that it provides reliable and reasonably-priced electric and natural gas service to its customers. As a result of this work, MidAmerican customers avoided many of the adverse outcomes that impacted utility customers across the country. MidAmerican commits to work with the Board to protect MidAmerican customers from the potentially substantial bill increases that could accompany this unprecedented weather event. In order to provide MidAmerican with the regulatory flexibility to address these issues, MidAmerican requests that the Board approve the proposed interim PGA factor and suspend the operation of the PGA tariff until the Board approves a final resolution.

Dated this 24<sup>th</sup> day of February, 2021.

Respectfully submitted,

MIDAMERICAN ENERGY COMPANY

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