STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission : On Its Own Motion : -vs- :
MidAmerican Energy Company : 18-1730 :
Reconciliation of revenues collected under :
fuel adjustment charges with actual costs :
prudently incurred. :

ORDER

By the Commission:

I. PROCEDURAL HISTORY

On November 26, 2018, the Illinois Commerce Commission ("Commission") entered an Order commencing reconciliation proceedings in accordance with Section 9-220(a) of the Public Utilities Act ("Act"), 220 ILCS 5/9-220, which directed MidAmerican Energy Company ("MidAmerican" or "Company") to present evidence in this docket at a public hearing to show the reconciliation of MidAmerican's fuel adjustment clause ("FAC") revenues collected with the actual cost of such fuel supplies "prudently purchased" for the 12 months ended December 31, 2018.

Notice of the filing of MidAmerican's testimony and exhibits was posted in MidAmerican's business offices and was published in newspapers having general circulation in the Company's electric service territories, in the manner prescribed by 83 Ill. Adm. Code 255 in compliance with the Commission's Order in this proceeding.

Pursuant to proper legal notice, a hearing was held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois on April 25, 2019. Thereafter, an evidentiary hearing was held on September 19, 2019. MidAmerican entered the pre-filed direct testimonies of Spencer T. Moore, Vice President of Generation, and Ann C. McMinimee, Accounting Advisor. Staff of the Commission ("Staff") entered the pre-filed testimonies of Greg Rockrohr, Senior Electrical Engineer, Safety and Reliability Division, and Scott Tolsdorf, Accountant, Financial Analysis Division. At the conclusion of the hearing on September 19, 2019, the record was marked "Heard and Taken." On October 4, 2019, MidAmerican filed a Draft Order, which was reviewed by Staff.

II. MIDAMERICAN'S POSITION

MidAmerican presented evidence concerning fossil fuel procurement practices, fuel procurement activities for the Quad Cities Nuclear Power Station, and power and
energy purchases from January 1, 2018 through December 31, 2018. MidAmerican presented a reconciliation of the total costs of electric fuel and purchased power with the total FAC and base fuel cost ("BFC") revenues for the 2018 reconciliation year. This reconciliation is summarized in MidAmerican witness McMinimee’s Schedule 1, Page 1 of 2 and summarized in Staff Exhibit 1.0, Schedule 1.01, which is included in Appendix A of this Order.

Ms. McMinimee explained the allocation methodology of recoverable fuel costs, which removes fuel costs and sales from the Greater Des Moines Energy Center ("GDMEC"), wind projects, and Walter Scott Energy Center Unit 4 (collectively referred to as “New Generation”). Ms. McMinimee explained that the Commission approved the methodology for removing the fuel costs and sales from the New Generation from the FAC beginning on October 1, 2005 and replacing those costs with energy and fuel costs from the rest of MidAmerican’s generation portfolio in Docket No. 05-0736. The Commission again approved this methodology in Docket No. 06-0739. This methodology was used through May 2016. Since June 1, 2016, MidAmerican has participated in the Illinois Power Agency’s ("IPA") auction. Some of MidAmerican’s Illinois retail customers’ energy requirements are purchased through the auction after the assignment of MidAmerican generating resources’ production to the Illinois jurisdiction. The purchase of energy from the IPA meets the Illinois jurisdiction’s retail energy deficit ending the generation cost-based transfer from Iowa to Illinois. Fuel costs and sales from New Generation are still being excluded from the FAC.

For calendar year 2018, MidAmerican experienced a net over-recovery of fuel costs in the amount of $395,454. The over-recovery of $395,454, when combined with the under-recovered balance from prior periods results in an overall net under-recovery balance as of December 31, 2018, of $496,509.

III. STAFF’S POSITION

Staff witness Rockrohr stated he found no reason to dispute MidAmerican’s assertion that its costs for fuel and power purchases during the reconciliation period were prudently incurred. Mr. Rockrohr explained that MidAmerican was a participant within the Midcontinent Independent System Operator, Inc. ("MISO") market during the entire reconciliation period, so that MISO, rather than MidAmerican, determined and dispatched generation sources to provide the lowest-cost supply to customers within the MISO footprint, including MidAmerican’s customers. Mr. Rockrohr also noted that MidAmerican had not included costs associated with “New Generation” (Walter Scott Unit 4, Greater Des Moines Energy Center, and various wind projects) that were fully allocated to Iowa. Mr. Rockrohr added that the Commission’s Order in Docket No. 05-0736 allowed MEC to exclude fuel costs associated with New Generation from consideration in the Illinois FAC rider reconciliation. Mr. Rockrohr noted that in Docket Nos. 06-0739, 12-0648, 13-0684, 14-0726, 15-0527, 16-0555 and 17-1007, the Commission confirmed its decision to allow MidAmerican’s full allocation of energy and fuel costs associated with MidAmerican’s “New Generation” to Iowa. Mr. Rockrohr recommended the Commission continue to allow MidAmerican to exclude fuel and energy associated with “New Generation” from cost recovery in the fuel adjustment clause.
Staff witness Tolsdorf recommended that the Commission accept the reconciliation of revenues collected under the fuel adjustment clause with actual costs as reflected on Staff Exhibit 1.0, Schedule 1.01.

IV. COMMISSION ANALYSIS AND CONCLUSION

The Commission finds that the costs for fuel and power purchases during the reconciliation period were prudently incurred. The Commission will allow MidAmerican’s full allocation of energy and fuel costs associated with “New Generation” to Iowa. The Commission will allow MidAmerican to exclude fuel and energy associated with “New Generation” from cost recovery in the fuel adjustment clause. Finally, the Commission accepts the reconciliation of revenues collected under the fuel adjustment clause with actual costs as reflected on Staff Exhibit 1.0, Schedule 1.01 and attached as Appendix A to this Order.

V. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

(1) MidAmerican Energy Company, an Iowa corporation, is engaged in the generation, transmission and distribution of electricity and the purchase and distribution of gas to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;

(2) the Commission has jurisdiction over Respondent and of the subject matter of this proceeding;

(3) the statements of fact set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;

(4) the evidence indicates that Respondent acted reasonably and prudently in its purchases of fuel and power during calendar year 2018; and

(5) for calendar year 2018, Appendix A to this Order sets forth the reconciliation of Respondent’s fuel and purchased power costs with revenues collected under the FAC. Respondent had a net under-recovery balance at December 31, 2018 of $496,509, which is being collected in 2019 via the Automatic Reconciliation Factor (Ra) leaving no Ordered Reconciliation Factor (Ro).

IT IS THEREFORE ORDERED that the reconciliation of the costs incurred by MidAmerican Energy Company for the purchase of fuel and power with the revenues received for such fuel and power for calendar year 2018, set forth in Appendix A to this Order, is approved.

IT IS FURTHER ORDERED that pursuant to Section 10-113(a) of the Public Utilities Act and 83 Ill. Adm. Code 200.880, any application for rehearing shall be filed within 30 days after service of the Order on the party.
IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the
Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to
the Administrative Review Law.

By Order of the Commission this 14th day of November, 2019.

(SIGNED) CARRIE ZALEWSKI

Chairman