



MidAmerican Energy  
106 East Second Street  
P.O. Box 4350  
Davenport, Iowa 52808  
563 333-8006 Telephone  
563 333-8021 Fax  
[jmoore@midamerican.com](mailto:jmoore@midamerican.com)

Jennifer S. Moore  
Senior Attorney

December 15, 2011

Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

Re: Supplemental Information in Support of Request to Extend Energy Efficiency Plan One Year  
MidAmerican Energy Company's Energy Efficiency Plan  
Docket No. EL-07-015

On October 21, 2011 MidAmerican Energy Company (MidAmerican) filed a request to extend its Three Year Energy Efficiency Plan (Plan) for one year through 2012. The letter also referenced making program revisions in 2012 that would eliminate program measures falling below the cost effectiveness standards utilized by Commission Staff. On December 6, 2011, MidAmerican further filed an amended request asking the Commission to recognize increased costs in the 2012 budget related to increased participation and costs due to flooding.

This supplemental filing further details the proposed program revisions referred to in the October 21, 2011 letter, discusses the impact of these revisions on the amended request related to flood impacts, and quantifies the projected impact on MidAmerican's gas and electric customers.

In order to improve the cost effectiveness of MidAmerican's South Dakota energy efficiency programs for the 2012 bridge year, MidAmerican is proposing to remove four measures from its current energy efficiency programs that are not deemed to be cost effective. The following measures are proposed for removal:

- Air Source Heat Pumps
- Ground Source Heat Pumps
- Water Source Heat Pumps
- Boilers

The following table provides a summary of the calculated cost effectiveness using the Total Resource Cost (TRC) test for 2010 for these measures:

Measure	Average Incremental Cost	Average kWh Savings	Estimated Useful Life	Total Lifetime Net Benefits	TRC
Air Source Heat Pumps	\$1,654	961	15	-\$19,768	0.40
Ground Source Heat Pumps	\$10,078,257		15	-\$47,392	0.48
Water Source Heat Pumps	\$6,231	1,769	18	-\$101,727	0.22

Measure	Average Incremental Cost	Average Therm Savings	Estimated Useful Life	Total Lifetime Net Benefits	TRC
Boilers - Residential	\$3,626	144	18	-\$26,774	0.38
Boilers – Commercial	\$10,583,888		18	-\$14,164	0.81

It is anticipated that the changes in MidAmerican’s South Dakota energy efficiency programs outlined above would add \$209,825 of system net benefits relative to the level of system net benefits achieved in 2010, and would reduce system net costs from MidAmerican’s equipment and audit programs from \$461,653 in 2010 to \$251,828. These changes and other internal changes being enacted by MidAmerican are expected to achieve positive net benefits for these programs going forward.

MidAmerican is also proposing to change the eligibility date for HomeCheck audits from homes built before 1989 to homes built before 2001. MidAmerican reviewed program participation during the three-year plan and found that it could cost-effectively accommodate additional participation in this program. Therefore, the eligibility date during this 2012 bridge year is proposed to be extended to 2001, consistent with eligibility in Iowa. This date becomes significant in reviewing the flood-related expenses presented to the Commission in MidAmerican’s December 6, 2011 letter estimating the potential impact of the flood on program participation and cost. By extending the eligibility for HomeCheck to 2001, a significant portion of the housing development known as Dakota Dunes, which was developed after 1989, would become eligible for audits, and accordingly, for the insulation rebate. Insulation rebates are not offered as a stand-alone program measure and are only available when insulation has been recommended by a HomeCheck auditor. The total cost for affected customers driven by this change is estimated to be \$48,053 for audits, \$26,527 for direct install measures, and \$254,250 for insulation rebates. These audit expenses, including insulation, are by far the most significant component of the anticipated flood related expenses and would only be available if the eligibility date is extended. In addition, the majority of the audit costs (\$251,599) would be shared by all South Dakota natural gas customers, not just electric customers in Dakota Dunes.

Total flood-related rate impacts on customers were projected in the December 6, 2011 letter to be a 2.43% increase for all South Dakota electric customers and 0.62% for all South Dakota gas customers. In 2012, this would amount to a \$2.26 increase on a typical bill for an electric customer and a \$0.05 per month increase on a typical bill for a natural gas customer. This unexpected increase would be filed in February with the Commission as a part of MidAmerican’s energy efficiency cost recovery factor and trued-up the following year.

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MidAmerican has attached Exhibit A to this letter that shows the line items associated with MidAmerican's plan to improve the cost effectiveness of its energy efficiency programs. This exhibit also details the assumptions and calculations that support our cost estimates concerning the expected increase in energy efficiency activity in Dakota Dunes.

MidAmerican company personnel are available to meet with the Commission and Commission Staff regarding specific details proposed in MidAmerican's 2012 plan. If you have any questions, please feel free to contact me at 563-333-8006.

Sincerely,

/s/ Jennifer S. Moore