



401 Douglas Street
P.O. Box 778
Sioux City, Iowa 51102
(712) 277-7587 Telephone
(712) 252-7396 Fax
E-mail: smstewart@midamerican.com

Suzan M. Stewart
Managing Senior Attorney

March 27, 2009

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57502

BY ELECTRONIC DELIVERY

Re: Docket No. NG08-_____

Dear Ms. Van Gerpen:

In accordance with the Decision and Order approving Settlement Stipulation NG01-010, attached is MidAmerican Energy Company's report on 2008 economic development activities and its 2009 proposed budget. The actual expenditures shown in section 1 are based on the MidAmerican Energy Company 2008 Economic Development Budget, which was approved by the Commission by order issued April 24, 2007 in Docket No. NG07-002.

MidAmerican provides monetary support to local development organizations, specific project assistance efforts for these groups, and business attraction incentives. We also provide in-kind support through the work of Brad L. Howard, our Economic Development Consultant for an area including our South Dakota natural gas service territory.

Brad will continue the work with local development personnel throughout MidAmerican's South Dakota service territory to encourage expansion of existing business, foster economic vitality and support community preparedness for new growth. Additional MidAmerican economic development staff is available to enhance the overall program, as needed, which further extends our relationship and value to our South Dakota communities.

MidAmerican's role is to support community leaders in making decisions relating to the economic growth and vitality of their communities. The unique knowledge and capability of local leaders to address community issues, goals and priorities is fundamental to the growth of those areas. MidAmerican encourages community leaders

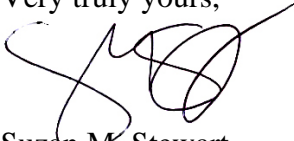
March 27, 2009
Ms. Patricia Van Gerpen
Page 2

to work closely with all public and private entities to advance their specific economic development priorities.

We are very pleased to report continued growth within our South Dakota service territory during 2008. In Section III we provide an overview of economic development highlights during the year.

Since successful economic development requires a team effort by many players, we sincerely appreciate the opportunity to support all organizations working to achieve positive impacts on employment, income, and community growth. We respectfully request approval of our 2008 report and our proposed 2009 budget.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Suzan M. Stewart', with a large, stylized flourish at the end.

Suzan M. Stewart
Senior Managing Attorney
Attachment

SS/sh

cc: Brad Howard
Kathryn Kunert

MidAmerican Energy Company

Report on

2008 Economic Development Activities
and Proposed 2009 Budget

to the

South Dakota Public Utilities Commission

February 2009

Prepared by: Brad Howard, Economic Development Consultant,
and Kathryn Kunert, Vice President Community Relations and
Economic Development

TABLE OF CONTENTS

Section I – Overview.....	1
Section II – Expenditures	
2008 Approved Budget	2
2008 Actual Expenses	3
2009 Proposed Budget	4
Section III – Economic Development Highlights.....	5
Section IV – Economic Indicators	19
• Building Permit Valuations: 2004-2008	
• Taxable Valuation-Dakota Dunes & North Sioux City	
• Population Change Estimate: 2000-2008	

SECTION I

Overview

This report is being submitted in accordance with the Decision and Order approving Settlement Stipulation issued in Docket No. NG01-010 and addresses MidAmerican Energy Company's ("MidAmerican") economic development expenditures.

This report presents MidAmerican's expenditures against approved budget for 2008 and the proposed 2009 spending plan. There are two budget variances to note with the first being the staffing expenses which increased due to the elevated level of professional in the position. Second, because there were increased demands from local partners for financial assistance to implement programs and initiatives, the economic assistance expenses were also higher than budgeted. MidAmerican believes these increased expenses provide additional economic development assistance critical to the strength and vitality of communities, regions and the state. Also presented is an overview of economic activity in MidAmerican's gas service territory. This activity is presented both in narrative format on accomplishments and statistically in selected key measurements of economic activity.

Generally, 2008 was economically positive in MidAmerican's territory. These accomplishments are the result of the continuing commitment of proactive local, regional and state economic development activity. Recognizing the downward turn of the economy and unprecedented challenges all companies, communities, regions and states are facing, 2009 is providing unique challenges, change in focus, and the need to support existing industry and business greater than ever before. The heart of MidAmerican's economic development plan is to support the initiatives implemented by community practitioners, both professional staff and community volunteers, to meet their needs. We believe our 2008 spending plan helped in that regard and our 2009 plan will do likewise to support our partners.

In summary, we were approved to spend \$105,000 in 2008 but actually spent \$119,260. In 2009, we will continue focusing on local development groups and supporting events and activities that will help the communities in our service territory is successful.

Our plan submitted herein calls for spending \$106,250 in 2009.

SECTION II

Expenditures & Budget

2008 Proposed Budget

Large Development Group Support:

Forward Sioux Falls	\$ 18,500
Yankton Area Progressive Growth	3,500
Vermillion Development Co.	1,250
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA)	3,500
(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	3,500
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	
McCook County Development Alliance	800
Total Large Development Group Support	
	\$ 33,025

Individual Community Development Support:

Alcester Development Corp.....	\$ 250
Centerville Development Corp	250
Elk Point Development Corp	250
Flandreau Improvement Corp	250
North Sioux City Development Corp	200

Total Individual Community Support \$ 1,200

Economic Assistance Programs

Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (GOED programs, industrial site analysis, LOIS, etc.)..... \$ 10,000

Business Attraction Incentives

Governor's Golf Classic – South Dakota Business Attraction
Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (trade shows/marketing assistance, etc.) \$ 10,775

Staffing

Allocation of salaries and related expenses for MEC developers working with and/or on behalf of communities in our South Dakota service territory. \$ 50,000

TOTAL 2008 PROPOSED BUDGET FOR SDPUC APPROVAL \$ 105,000

2008 Actual Expenditures

	<u>Actual</u>
<u>Large Development Group Support:</u>	
Forward Sioux Falls.....	\$ 18,500
Yankton Area Progressive Growth.....	3,500
Vermillion Development Co.....	1,500
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA)	3,500
(Includes community development support for:	
Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	3,500
(Includes community development support for:	
Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	
McCook County Development Alliance	<u>800</u>
Total Large Development Group Support	\$ 33,275
<u>Individual Community Development Support:</u>	
Alcester Development Corp.....	\$ 250
Centerville Development Corp	250
Elk Point Development Corp.....	250
Flandreau Improvement Corp.....	250
North Sioux City Development Corp	200
Total Individual Community Support	\$ 1,200
<u>Economic Assistance Programs</u>	
Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (GOED programs, industrial site analysis, LOIS, etc.).....	\$ 17,525
<u>Business Attraction Incentives</u>	
Governor's Golf Classic – South Dakota Business Attraction Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (trade shows/marketing assistance, etc.)	\$ 4,760
<u>Staffing</u>	
Allocation of salaries and related expenses for MEC developers working with and/or on behalf of communities in our South Dakota service territory.	\$ 62,500
 Actual 2008 Expenditures Requested for SDPUC Approval in this Report	 <u>\$119,260</u>
2008 Proposed Budget Approved By SDPUC	<u>\$105,000</u>
2008 Overspent Expenditures	\$ 14,260

2009 Proposed Budget

Large Development Group Support:

Forward Sioux Falls.....	\$ 18,500
Yankton Area Progressive Growth	3,500
Vermillion Development Co.....	1,500
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA)	3,500
(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	<u>3,500</u>
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	

Total Large Development Group Support \$ 32,475

Individual Community Development Support:

Alcester Development Corp.....	\$ 250
Centerville Development Corp	250
Elk Point Development Corp	250
Flandreau Improvement Corp	250
North Sioux City Development Corp	200

Total Individual Community Support \$ 1,200

Economic Assistance Programs

Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (GOED programs, industrial site analysis, LOIS, etc.)..... \$ 6,800

Business Attraction Incentives

Governor's Golf Classic – South Dakota Business Attraction
Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (trade shows/marketing assistance, etc.) \$ 4,775

Staffing

Allocation of salaries and related expenses for MEC developers working with and/or on behalf of communities in our South Dakota service territory. \$ 61,000

TOTAL 2009 PROPOSED BUDGET FOR SDPUC APPROVAL **\$ 106,250**

SECTION III
2008 Highlights of Economic Development Activities
MidAmerican Energy Company's South Dakota Service Territory

SIOUX FALLS

Industrial and Warehouse Developments

A new building under construction in the industrial area off of I-229 at the Crooks-Renner exit will be home to **A & B Concrete Inc.** later this winter.

Advance Sign & Engraving, Inc. purchased one acre of land in the Sioux Empire Development Park land for a new 5,500 square foot manufacturing facility. The company makes outdoor furnishings from recycled plastic.

Construction was completed in September on a 13,600 square-foot building for **Boxy's Paint & Body** in the industrial area off of I-229 at the Crooks- Renner exit. The new facility will allow the company room to work on RVs as well as cars and trucks.

Crescent Electric's new 27,000 square-foot office and distribution warehouse facility is located near 4th Avenue and Benson Road in Sioux Empire Development Park III.

Dakota Fluid Power purchased 13 acres and built a new 25,000 square foot office and shop facility and moved manufacturing and assembly operations into the existing 12,800 square foot building.

Brookings-based manufacturer **Daktronics** added an additional shift to its 120,000 square foot billboard-production plant located in Sioux Empire Development Park II. With the additional shift, the company will increase production by roughly 25%.

Family Memorials by Gibson purchased and renovated a facility in the industrial area off of I-229 at the Crooks-Renner exit. This second site will allow the company to expand inventory and double manufacturing space.

Ribbon cutting ceremonies were held in September for **John Morrell & Company's** Building #142. The \$6 million investment houses the new stunning operation providing the ability to improve overall quality of pork products.

Kreiser's Inc. constructed and moved into a new 45,000 square-foot warehouse facility in Sioux Empire Development Park VII earlier this year.

Maguire Iron acquired and renovated the former Drake Equipment Building on North Minnesota Avenue to accommodate their fleet maintenance operations allowing more space for tank manufacturing in the main facility.

Groundbreaking ceremonies were held in June for **Marmon/Keystone**, a wholesale distributor of tubular products. The company will occupy a \$2.5 million, 62,000 square-foot facility creating up to ten new jobs.

The **North Central States Regional Council of Carpenters** purchased land in Sioux Empire Development Park IV for a 16,000 square-foot training center for construction workers. The \$2 million facility, which broke ground in October, will include classrooms and hands-on learning space.

Sunkota Construction broke ground in July on a 5,000 square-foot office facility and an 8,000 square-foot shop building near I-229 and 39th Street North. The facility is scheduled to be complete by the end of this year.

A new 40,000 square-foot facility in northwest Sioux Falls is home to **Tri-State Wholesale Flooring Inc.**'s expanding business.

The former dairy facility located at 10th Street and West Avenue has been rebuilt into a temperature-controlled rental facility for vehicle

Office, Commercial & Medical Developments

The **Avera Living Well Center** located at 33rd and Minnesota Avenue, formerly a 41,200 square-foot former Hy-Vee store, was remodeled to house the consolidation of three home medical equipment centers. Avera is relocating its outpatient mental health and chemical dependency programs to a new 11,600 square-foot office complex at 33rd and Cliff Avenue. It opened a revamped women's center on the hospital's fourth floor with 24 new recovery rooms and in May broke ground on the new Avera Cancer Institute. The 217,000 square-foot Cancer Institute, scheduled for completion in the fall of 2010, will be staffed by 165 medical and support personnel.

Constructed at the site of the former Radisson Encore by the Empire Mall, the 103-room **Courtyard by Marriott** and the 85-room **SpringHill Suites by Marriott** are two of the newest additions to the Sioux Falls lodging market, opening earlier this year.

Dakota Video and Post/Anderson Friesen Creative purchased one of the former Howalt-McDowell buildings on Minnesota Avenue to house their operations. DeWitt Designs restored and remodeled the former American Salvage Building on East 8th Street to house the expanding home furnishing store. The extensive remodeling project was completed earlier this year.

The four-story, \$8 million **First Bank & Trust Financial Center** located on Minnesota Avenue was completed earlier this year. First Bank & Trust occupies the first two floors of the center.

First PREMIER Bank expanded their operations center in the Sycamore Commerce Center by 13,000 square feet which nearly doubled the amount of space they were occupying. The company also relocated their South Cliff Avenue branch to Southeastern Avenue and recently completed a 4,500 square foot branch at 4001 West Benson Road.

Hagen Commercial Real Estate completed construction on a new 9,000 square-foot office facility on Tan Tara Circle.

Hematech opened a bio-tech production facility in Hudson on an 80-acre site that could eventually house up to ten buildings. The first 16,000 square-foot facility houses transgenic cattle genetically engineered to have human antibodies.

Construction is underway on an \$8.5 million **Hilton Garden Inn** near the intersection of 59th Street and Louise Avenue. The four-story, 85-room hotel is scheduled for completion in the spring of 2009.

Construction continues on **LodgeNet Interactive's** new two-story, 40,000 square foot corporate headquarter office addition in northwest Sioux Falls. The addition is scheduled for completion in the summer of 2009 and will provide room for an additional 125 employees.

Maxwell Food Equipment is open at its new location on South Cliff Avenue. The company purchased the former Fuji Film building providing three times the space they had previously.

The new, 120,000 square foot headquarters for **Midland National Life Insurance Company** is nearing completion. The \$18 million facility is located on twelve acres in the Interstate Crossing Commerce Park near the intersection of I-229 and I-29.

Push-Pedal-Pull is constructing a new headquarters at 515 South Garfield Avenue. The new 24,000 square foot facility will include warehouse and office operations.

Quoin Bank opened earlier this year in a 5,300 square-foot facility at 5700 South Remington Place, near 69th and Western Avenue, with five employees.

Resurgent Capital Services, a wholly owned subsidiary of Sherman Financial Group LLC based in New York, is growing. Over 75 jobs will be added to the Sioux Falls operation, ranging from collections to customer service reps to unit managers.

Construction continues on the **Sanford Children's Hospital**. The \$52 million, five-story, 120-bed facility will encompass 160,000 square-feet of space. The facility is scheduled for completion in the spring of 2009. Construction also continues on a \$9 million addition to the labor and delivery area at Sanford USD Medical Center which will include six universal suites, triage area and an operating room. The 22,000 square foot Sanford Power Center, located near 69th Street and Cliff Avenue, is open and offers physical therapy and athletic training. Ground was broken earlier this year on the 185-acre Sanford Research Park in southwest Sioux Falls.

A new 5,000 square-foot facility is home to **SDN Communication's Technologies Division**, which sells phone systems, computer networking equipment and cabling infrastructure. Located at 2904 West 10th Street, the facility houses 18 employees with room for growth.

Groundbreaking ceremonies were held for **The Shoppes at Dawley Farm Village** located near 26th Street and Highway 11 in eastern Sioux Falls. The 70-acre retail development will include Target and Kohl's, both scheduled to open in late 2009.

Showplace Wood Products opened a 5,000 square-foot Sioux Falls showroom, Showplace Kitchens Living Concepts, in the former Accents Lorraine building on Minnesota Avenue.

An \$11.5 million, 43,000 square-foot addition is underway at the **Sioux Falls Surgical Center**. The two-story expansion will add recovery rooms, additional office space and an expanded reception admissions area.

Ultieg Engineers moved into a new 15,000 square-foot office building earlier this year near the junction of I-29 and I-229. Work continues on the five-acre Uptown at Falls Park development. The multi-million, multi-year development included the \$1.8 million restoration of the Tri-State Creamery and the \$4.8 million restoration of the Larson Square buildings. New tenants include Taste of the Big Apple, Dyce Photography and Foth Infrastructure & Environment.

A new, 19,400 square foot facility will be home to the consolidated operations of **Urology Specialists**. The new facility will be located near 69th Street and Minnesota Avenue and is scheduled for completion in early 2009.

Value Place Hotel opened a three-story, 124-room hotel at the southeast corner of I-29 and 12th Street. The hotel, which broke ground in September 2007, was completed.

Zuercher Technologies, a software development company specializing in programs for law enforcement officers, relocated operations to Sioux Falls from Pierre. The company is located on West 69th Street in the McHale Institute.

Quality of Life Developments

Augustana College - \$12 million Kirkeby-Over Football Stadium, Larson Field & Track Complex and a soccer complex; \$7.4 million Mikkelsen Library expansion and renovation.

Canterbury Village - \$16.5 million condominium complex.

Charter First - Started charter and flight services at the Sioux Falls Regional Airport.

City of Sioux Falls - \$4.8 million Harmodon Park Softball Complex; \$4.7 million Drake Springs Family Aquatic Center; \$12 million Main Library expansion; 44-acre Legacy Park; \$1.3 million Bike Trail expansion; \$328,000 Arena renovation.

Globe University/Minnesota School of Business - 30,000 square foot classroom and office facility in Interstate Crossings Business Park.

Home Builder's Association of the Sioux Empire - \$3.2 million, 25,000 square foot Ronald McDonald House near Sanford Children's Hospital.

SculptureWalk - outdoor, year-round sculpture exhibit located along the sidewalks in downtown Sioux Falls.

Sioux Empire Housing Partnership - \$700,000 Pettigrew Heights five-unit townhouse development.

Sioux Falls Public Schools - \$8.5 million elementary school in Southwest Sioux Falls; \$1 million update to Whittier Middle School; \$2.8 million addition/renovation of Robert Frost Elementary; \$900,000 in improvements to John F. Kennedy Elementary; new sports facilities at Lincoln High School.

South Dakota Public Universities & Research Center - \$15.7 million, 60,000 square foot classroom building; \$6.3 million, 21,000 square foot Graduate Education and Applied Research (GEAR) Center on 260-acre campus in northwest Sioux Falls.

Southeast Technical Institute - \$880,000 remodel to accommodate the new Animation Program.

University of Sioux Falls - \$4.3 million Salsbury Science Center expansion and renovation; 30-acre, \$12 million Sanford Health Sports Complex; establishing a School of Nursing

USD School of Health Sciences - dental hygiene clinic in partnership with Falls Community Health in the Siouxland Health and Human Services building VA Medical Center - \$10 million renovation of the mental health unit.

Wild Water West - \$2,000,000 expansion including a wave pool, deck with cabanas and new concession area.

Youth Enrichment Services - purchased former Calvin Christian Elementary for a day care center.

Statistics for Growth in Sioux Falls: Sioux Empire Development Parks

Number of Businesses:	115
Employment in the Parks:	13,900+
Total Acreage:	1,351
2008 Land Sales	
Land Sold:	6.531 acres
Value of Land Sold:	\$552,000

Sioux Falls Area Communities:

(Source: Lincoln County and Minnehaha County development groups 2008 Annual Report)

Lincoln County Economic Development Association (LCEDA)

Beresford

Beresford experienced significant growth including the sale of two lots in the 115-acre industrial park, resulting in the expansion and relocation of three businesses. Three new homes and six townhomes were built in 2008, and the city completed construction of a new recycling center and a bus barn to house the community transit program. Bouge, Inc. announced plans to add 10,000 square feet to an existing building in the industrial park. Beresford, with a population of 2,190, issued 77 building permits valued at nearly \$2 million in 2008.

Canton

Canton, with a population of 3,110, saw both residential and commercial growth. Among the commercial projects was another expansion at Adams Thermal Systems, one of Canton's largest employers. Building permits in Canton totaled 57 at a value of \$1.2 million, and four new single family

Harrisburg

This year, 102 single-family homes, plus seven multi-family units, were built in Harrisburg, now with a population of more than 3,500. The community approved 284 building permits with a total value of almost \$19 million. Non-residential building included construction at Schoeneman's Building Center and a new \$25.3 million high school and athletic complex. Showplace Wood Products expanded again at the Harrisburg facility and Legendary Estates opened in northwest Harrisburg.

Lennox

Lennox, with a population of 2,741, experienced \$2.5 million in construction spread over 135 projects. Two new single-family homes were built and the city completed a \$1 million street project that included a new lift station for the industrial park. Street improvements were also made by paving and guttering eight blocks of city streets and a Capital Improvement Plan is being developed to continue infrastructure enhancement. The city is planning a new grandstand at the baseball field, an outdoor pool and a bike path. Lennox Area Development Corporation also purchased an additional 18 acres to expand the industrial park.

Tea

Tea's population grew again in 2008 to 4,250 and saw both commercial and residential building activity. Dakota Millwork expanded by 19,600 square feet, while the local post office is expanding into a new 3,600 square foot building. The community is in the design phase for a new 25-acre park and athletic complex. New businesses include Lewis Pharmacy, Straight Lines Quality Auto Restorations, B&G Milkyway and Daylight Donuts. The building permit total for 2008 was 140, with a valuation of more than \$8 million, including 45 new single family homes.

Worthing

In Worthing, housing once again was an important element in the community's growth. Worthing issued 35 building permits, including three for new single-family homes, for a total

building permit activity of nearly a half million dollars for 2008. The population is 900 and growing.

Minnehaha County Economic Development Association (MCEDA)

Baltic

Baltic, population 975, saw new home construction in both Baltic Heights and Valley View Meadows subdivisions with a total of seven new homes. In 2008, 55 building permits were issued at a valuation of nearly \$1 million.

Brandon

Brandon, population 115, issued 372 building permits at a valuation of more than \$39 million with more than \$8 million of that total for single family home construction, with 42 permits issued. Commercial projects for the year included new construction at Pace Manufacturing, Tower Tech, MiniLynx daycare and the Brandon Valley school district, as well as an addition to the Wausau Supply facility.

Colton

Colton, population 675, saw the construction of a 260,000-bushel grain bin and other improvements to the Colton Farmers Elevator. The old Colton school was removed and the site cleared for redevelopment. The bathhouse and concession stand at the city pool received a new roof and other enhancements. A major street project is planned for spring 2009 on a portion of 5th Street. The community reports 36 building permits at a valuation of more than \$660,000 during 2008.

Dell Rapids

Dell Rapids experienced significant housing construction in 2008 with ten new single family homes and two multi-family projects completed. This community of 3,241 continues to grow, issuing a total of 89 building permits.

Hartford

In Hartford, 120 permits were issued, with a valuation of \$5.3 million during 2008. The community, with a population of 2,400, issued permits for 18 single-family homes with a value of more than \$4 million. Ten Pin Alley, a 12-lane smoke-free, family entertainment center, was built along as well as two four-plex multi-family housing units. The community continues to see double-digit sales tax increases and is promoting itself with television ads. New playground equipment was installed in 2008 and plans are underway for a new fire station and new city government positions in economic development and zoning.

Sherman

Sherman, the smallest, member community in the Minnehaha County Economic Development Association, continued to improve its residential base in this town of 87 residents. Sherman continues to concentrate on infrastructure improvements in their community.

LINCOLN COUNTY- MINNEHAHA COUNTY

For the second consecutive year, Minnehaha and Lincoln counties have recorded significant sales tax collections. This key statistic, compiled by the South Dakota Department of Revenue's Business Tax Division, is a measure of the business strength of individual communities, but also the region's growth pattern. The state has posted FY2008 sales tax collections against 2007 showing a \$10.8 million increase in Lincoln County and a \$16.9 million increase in Minnehaha County for a combined total increase of 8.66% for the counties. Leading Lincoln County in taxable sales growth was Lennox, with a 21.9% increase in 2008, while in Minnehaha County, Baltic showed a 29.6% increase in sales tax collections last year. These numbers again indicate stability in the economic growth of the area, with retail, commercial and residential growth equally driving the prosperity of the communities.

DAKOTA DUNES

(Major investment also served by MEC electric. Note growth in taxable valuation on page 20.)

136 new residential lots were developed in 2008

A total of **47 homes** were built at Dakota Dunes in 2008 with a total of 821 homes built since the beginning of the Dunes with 35 homes under construction at the end of 2008.

9.92 acres of commercial property sold in 2008

There is a total of 42 commercial buildings constructed at Dakota Dunes at the end of 2008 with 77 different companies located at Dakota Dunes

2008 other highlights

A 4,000 square-foot veterinarian office was constructed.

A 7,000 square-foot Mercy Dunes Family Medicine office was constructed.

Malloy Electric broke ground on a 66,000 square-foot office and operations facility.

A 12,000 square-foot dental office broke ground.

StoneyBrook Assisted Living broke ground on a 28,200 square-foot assisted living complex.

An 11,400 square-foot office condo building was constructed.

Premier Bankcard opened their 50,000 square-foot call center, which will eventually include 60 full and part-time positions dealing with collections and credit teleservices.

A **water interconnect project** was completed with the City of Sioux City.

NORTH SIOUX CITY

(Major investment also served by MEC electric. Note growth in taxable valuation on page 20.)

Mid-States Supply Company began leasing approximately 10,000 square-feet at 813 North Derby Lane (Nelson Warehouse). Headquartered in Kansas City, with branches located throughout MO, KS, NE and IA, the company specializes in industrial pipes, valves, fittings, hoses, controls, etc.

Riverside Technologies, Inc. expanded to the Dakota Plaza building. The company provides the customization, integration and deployment of computer networks, and specializes in educational institutions, state and local government entities and corporate clients. They are experiencing rapid growth and anticipate a further expansion in 2009.

Aegis Food Testing Lab began operations in the Dakota Plaza building. Perform product testing for BPI, Iowa Lamb, Portionables, etc. The company is experiencing significant growth and will double the size of their existing facility at Dakota Plaza to 12,000 square-foot employing approximately 30 high-skilled employees.

BlankenshipMeier Painting purchased the building at 701 North Derby Lane. The company employs approximately 25 workers and is one of the area's largest and most successful commercial painters.

Midwest Dog Training constructed a new 2500 square-foot facility on North Derby Lane. The company specializes in result oriented obedience training. The facility also offers 40 kennels for overnight boarding, doggie daycare, grooming and a retail area.

VERMILLION

Phase 1 of Reconstruction of SD Hwy 50 (business district) was completed by widening the road between the east-end of town to Dakota Street.

Marketplace Vermillion Shopping Center opened and is home to five new retail businesses.

Dakota Realty constructed a new facility and currently housing two additional tenants.

Hallmark Square shopping center was completed and announced its first tenant.

Casey's General Store began construction on a new, expanded facility.

Vermillion Federal Credit Union began construction on a new facility.

University of South Dakota completed and opened its new medical school building, began construction on the Beacom School of Business and continued work on the Muenster University Center

YANKTON

L & M Radiator moved into Yankton's spec building at Fox Run and has expanded their business at the new site. **Dakota Trailer** also moved into a portion of the same building.

Yankton Data Center is working with Yankton Economic Development to construct a 5,000 square-foot building expanding technology. They are using an EDA grant and the building will be expandable to 25, 000 square feet.

National Field Archers obtained surrounding land and will be building additional infrastructure for the nation-wide competition taking place in Yankton in the future.

Due to upgrading, the chamber of commerce and the economic development organization will each have their own Web site. The \$45,000 - \$50,000 project will provide specific data sets for economic development prospects.

CENTERVILLE

The second of two spec homes was sold on Jan. 31, 2008, completing the first phase of the housing project. The sale of the two houses yielded a net profit of \$7,719. A sale was negotiated for the north half of the middle lots to the new home owners for \$2,500 each.

Concern over the housing market and economy discouraged the building of additional houses in 2008. Instead, research was started on options available to implement a neighborhood revitalization project. The Neighborhood Stabilization Program could provide grant money to revitalize housing neighborhoods. An application process will begin in 2009.

Fundraising efforts brought in more than \$50,000 in grants and cash donations, plus in-kind assets of land from Good Sam, Governor's House from SDHDA and equipment/supplies from numerous individuals. The daycare board officers worked on grant-writing and setting up business structure of the organization. The daycare opened on April 20, 2008. Current enrollment averages about 30 children with capacity of 37. The daycare is still struggling to achieve a positive cash flow. Staffing versus total income remains high.

ELK POINT

A new Laundromat and consignment store opened on Main Street, **Dailey Wash** and **Gracie's Consignment Store**.

The **Housing Commission** project of four, four-plexes was complete and is now fully occupied.

Subway is leasing a portion of the **Kum and Go** building at Exit 15 on Interstate 29. A **casino** is operating in the third section of their facility.

The Pub, an eating establishment, has opened in **Country Club Plaza**. It recently changed its name from Fox's Pizza to the Pub.

A three-quarter million project is nearly complete near Exit 18 on Interstate 29. A **new lift station and water and sewer lines** were constructed.

Another five blocks water, sewer and street reconstruction project commenced with only one block completed in 2008. The remaining blocks will be done in 2009.

Hair Studio 3, a new beauty salon, opened on Main Street.

The **Community Health Clinic** completed an expansion project on the Main Street facility.

Both local banks changed names in 2008. Valley Bank was purchased by **Liberty National Bank** and First Federal Bank changed their name to **Bank 360**.

FLANDREAU

Duckwall-Alco outlet near CENEX and Flandreau Motors opened.

Bean Vine & Spirits restaurant opened.

Fiddlers Green is a professional printing service.

NAPA shut down and was restarted by a new owner.

Crow's Garage opened in December of 2008.

New South Dakota Economic Development Personnel In 2008

Slater Barr was hired as President of the Sioux Falls Development Foundation. He worked with MidAmerican's staff to obtain funding for Web site marketing on the Sioux Falls Economic Development Web site. Staff partnered with Sioux Falls Development on presentations to prospects informing them of MidAmerican's tariffs and extension policies.

Steve Howe was hired as Director of Vermillion Chamber and Development Company. MidAmerican's staff provided financial assistance to fund a capital fund drive assessment in as well as updates for Vermillion's Web site. MidAmerican's staff also assisted by hosting a meeting of area utilities to discuss upgrades to utility systems. These upgrades may be needed if or when ancillary businesses locate on Highway 50, near Vermillion, when Hyperion Energy locates in Union County.

Mike Dellinger was hired as Executive Director of Yankton Area Progressive Growth Inc. Mike is working with MidAmerican staff to help fund the redesign and update the Yankton's Office of Economic Development Web site.

MidAmerican staff is working with all three Economic Developers encouraging them to use products such as LocationOne (LOIS) and Synchronist. LocationOne is an Internet site populated by information from 19 states and 6,500 communities, including portions of South Dakota. Synchronist is a business retention program used throughout the Midwest. The interview findings help demystify what is going on with manufacturing in the communities, and identify a clear need or opportunity for strategic change in the organizations. The findings can be confirmed by analysis of aggregate findings from throughout the region. As a result, it can dramatically change increase economic development value to manufacturing companies.

Sources for this section: Various economic development groups and chambers of commerce newsletters, newspaper articles and personal phone interviews.

SECTION IV

Economic Indicators
Building Permit Valuations in MidAmerican Energy Communities: 2004-2008
New residential/non-residential construction & major additions only, excludes fences, sidewalks.

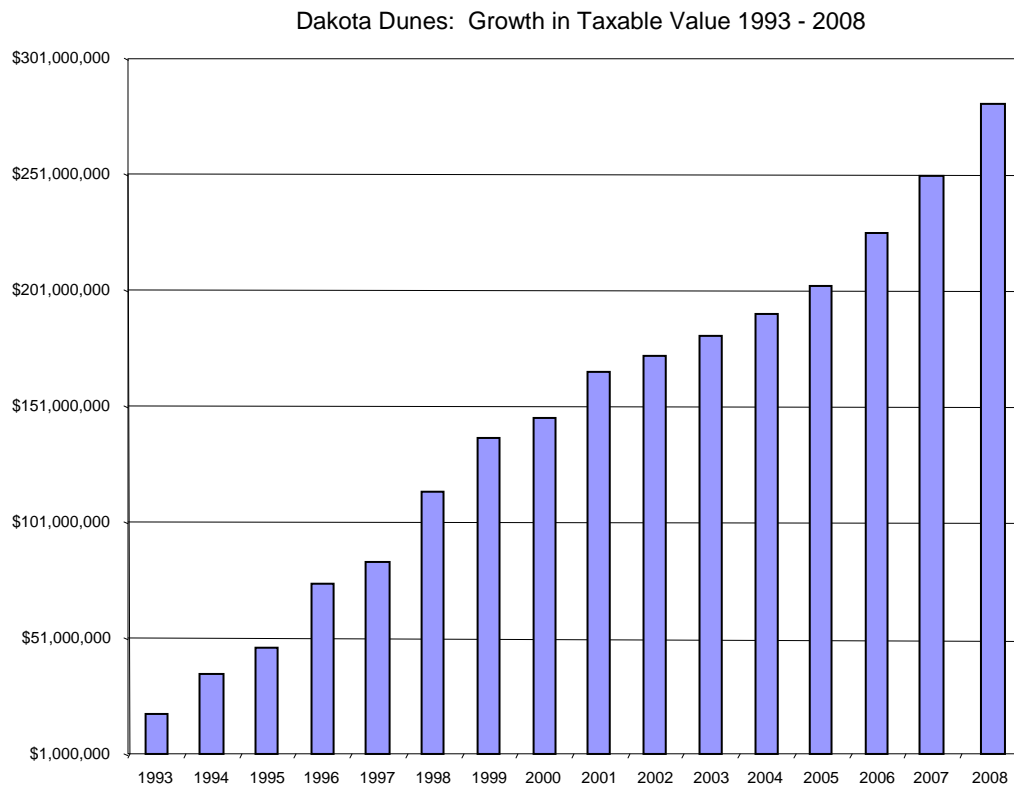
<u>Community</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total New Valuation</u>
Lincoln County*					
Beresford**	\$ 5,509,339	\$4,000,000	\$1,891,469	\$3,600,241	\$15,001,049
Canton	2,570,112	3,900,000	8,121,688	1,533,956	16,125,756
Harrisburg	22,818,860	30,000,000	23,085,497	44,278,884	120,183,241
Lennox	1,013,721	3,400,000	9,296,235	916,224	14,626,180
Tea	10,614,900	11,200,000	9,889,618	7,082,866	38,787,384
Worthing	1,190,080	1,000,000	1,201,827	473,292	3,865,199
Minnehaha County*					
Baltic	\$ 731,646	\$1,200,000	\$1,237,755	\$1,032,094	\$4,201,495
Brandon	27,085,442	27,500,000	33,802,162	40,763,051	129,150,655
Colton	187,900	170,000	384,609	660,000	1,402,509
Dell Rapids	3,343,949	4,000,000	3,505,757	2,212,210	13,061,916
Hartford	2,084,469	9,500,000	6,518,977	4,429,695	22,533,141
Union County					
Alcester	\$ 215,000	\$247,705	\$410,000	842,398	\$1,715,103
Dakota Dunes	24,754,000	17,961,076	20,599,008	21,926,418	85,240,502
Elk Point	1,969,600	2,107,676	6,420,000	1,208,900	11,706,176
Jefferson	704,000	180,894	380,000	100,000	1,364,894
North Sioux City	11,541,200	4,560,034	2,586,123	2,068,898	20,756,255
Other Communities					
Sioux Falls*	\$463,105,323	\$382,629,518	\$523,125,775	454,143,347	\$1,823,003,963
Centerville (Turner County)	598,568	171,675	158,309	85,533	1,014,085
Flandreau (Moody County)	1,320,000	778,453	3,309,115	686,934	6,094,502
Gayville (Yankton County)	140,000	577,580	190,000	130,000	1,037,580
Montrose (McCook County)	212,610	100,000	542,050	147,000	1,001,660
Ramona (Lake County)	---	117,400	---	---	117,400
Salem (McCook County)	1,588,750	250,000	---	---	1,838,750
Vermillion (Clay County)	15,085,802	8,708,857	19,544,721	9,839,155	53,178,535
Yankton (Yankton County)	26,339,865	30,005,023	21,884,929	20,153,199	98,383,016
<u>TOTAL</u>	<u>\$624,725,136</u>	<u>\$544,265,891</u>	<u>\$698,085,624</u>	<u>\$616,465,267</u>	<u>\$2,485,390,946</u>

*As Sioux Falls is in both Lincoln and Minnehaha Counties, it is grouped under "Other Communities."

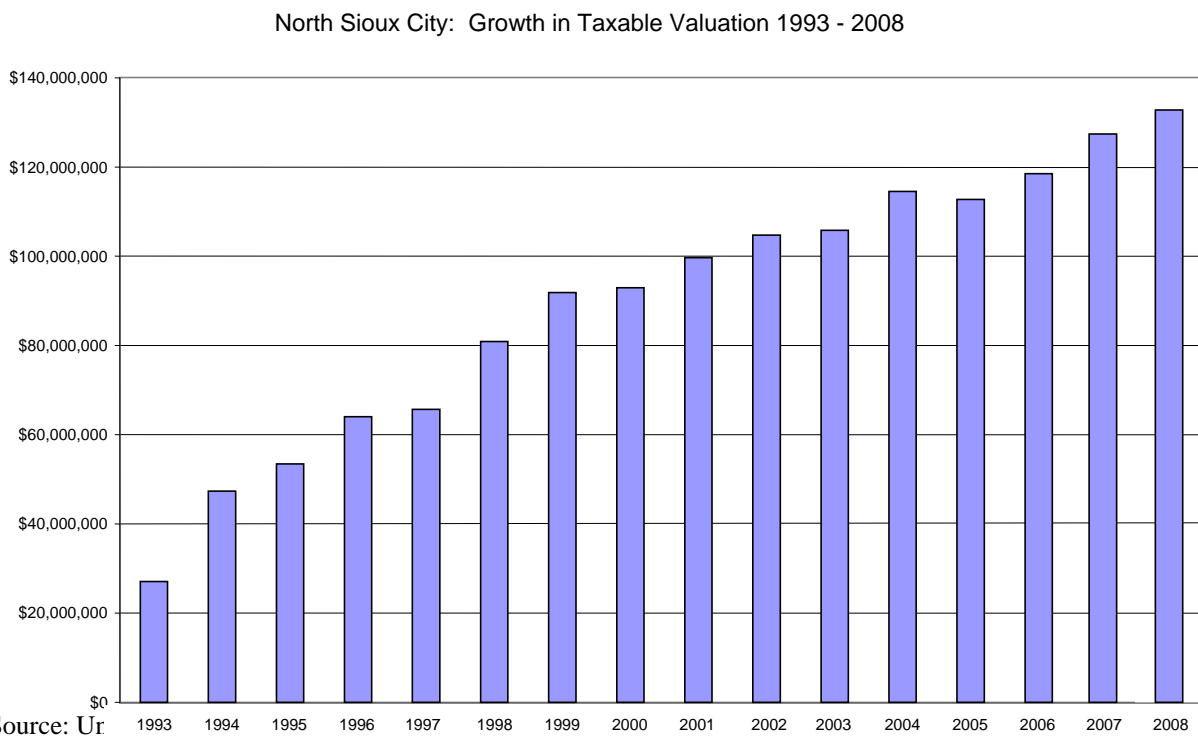
**Beresford is listed in Lincoln County because it is part of that countywide development group.

Source: City Clerks from each of the communities listed.

Taxable Valuation -- **Dakota Dunes**



Taxable Valuation - **North Sioux City**



Source: Ur

POPULATION ESTIMATES FOR MEC-SERVED COUNTIES IN SOUTH DAKOTA

South Dakota Counties with MidAmerican Energy	2000	2008	Total Change	Per Cent Change
Clay	13,587	13,364	-223	-1.6
Lake	11,276	11,372	96	-0.085
Lincoln	24,131	37,765	13634	56.4
McCook	5,832	5,755	-77	0.3
Minnehaha	148,281	175,272	26991	18.2
Moody	6,595	6,506	-89	-0.012
Turner	8,849	8,379	-470	-5.3
Union	12,584	13,952	1368	10.8
Yankton	21,652	21,645	-7	-0.03
TOTAL MEC COUNTIES	252,787	294,010	41,993	16.6
OTHER SD	502,107	502,204	97	0.019
SD TOTAL	754,844	796,214	41,370	5.4
MEC COUNTIES %/SD	33.5	36.9		
Source: US Census Bureau				