MidAmerican Energy Company
Response to South Dakota Public Utilities Commission Data Request
Docket No. NG13-005

Responder Name: Brian Wiese
Job Title: Director, Gas Portfolio Planning and Trading
Phone: (515) 281-2618

Requested Data:

1-1) After completing annual comparison filings, December 31, 2011 and December 31, 2012, as opposed to semi-annual comparison filings for the past 3 years, can MidAmerican quantify the savings obtained by switching from semi-annual to annual comparison filings? Or does MidAmerican have an estimated total savings per year over that time span?

Response:

MidAmerican has not specifically quantified the savings obtained by switching from semi-annual to annual comparison filings. As a general rule, MidAmerican employees allocate the hours and associated costs spent working on jurisdictional specific tasks, including the hours spent compiling the Incentive Gas Supply Procurement Plan (IGSPP) comparison filings, directly to the applicable jurisdiction(s). Hours and associated costs spent working on non-jurisdictional tasks are allocated between the four jurisdictions served by MidAmerican. In Response 1 to the data request in NG10-008, MidAmerican stated that a general estimate of the cost savings resulting from an annual comparison filing versus semi-annual filing requirement was less than $10,000 per year but the greater benefit to the purchased gas adjustment customers would be in the ability for both MidAmerican employees and Commission Staff to use the time that would have otherwise been spent compiling and reviewing the extra comparison filing information on other PGA related tasks. MidAmerican believes that this statement remains accurate.

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1-2) In response 2 to the data request in NG10-008 it was said that, "excess interstate pipeline capacity on three of the four pipelines serving MidAmerican has all but disappeared." Has any excess capacity become available on any of the 4 pipelines or has excess amounts stayed the same or become more limited? Please explain.

Response:

MidAmerican Energy Company is directly connected to four interstate pipeline companies, which are (largest to smallest in order of contracted service): Northern Natural Gas Company (Northern Natural), Natural Gas Pipeline Company of America, Northern Border Pipeline Company, and ANR Pipeline Company.

The Northern Natural system remains constrained across many sections of its pipeline. Northern Natural's system includes many branch lines serving captive markets throughout the upper Midwest. Many of these branch lines continue to remain constrained, including branch lines serving markets captive to MidAmerican Energy in central and northwest Iowa and in southeast South Dakota.

Increased production of natural gas from shale reserves in North Dakota along with changing natural gas flows on Canadian pipelines have resulted in increased utilization of the Northern Border Pipeline Company system in recent years and limited excess capacity is available.

Excess capacity has become available from time to time in recent years on Natural Gas Pipeline Company of America and ANR Pipeline Company systems for delivery to Midwestern markets from supply basins located primarily in the Midcontinent and Gulf Coast regions. Narrowing basis spreads between these supply basins and major end-use markets such as Chicago have made this capacity less attractive for marketers and traders to hold.

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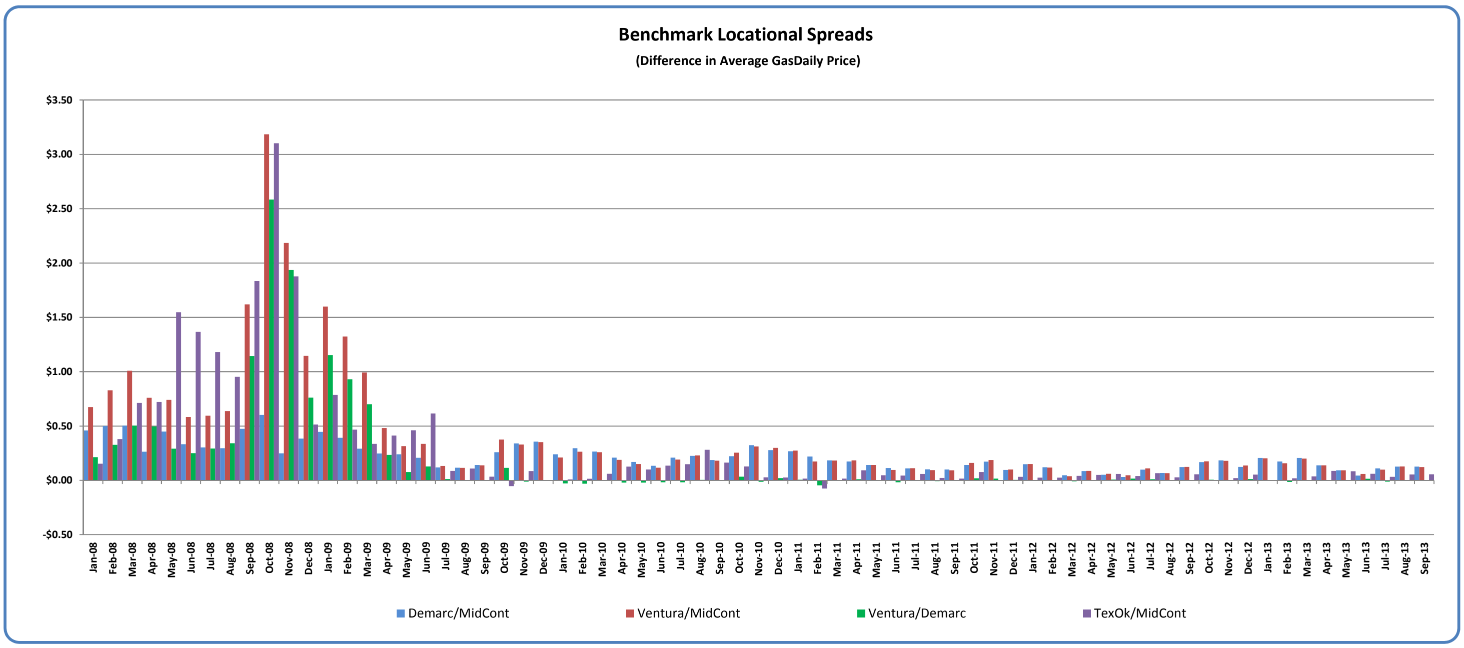
1-3) Also in response 2 it was said, "It is unknown whether basis differential will continue to be flat or will begin to widen out". Has MidAmerican seen in terms of basis differential trends since NG10-008?

Response:

As can be seen in the chart below, basis differentials, as measured by the difference in average Gas Daily index prices for key natural gas receipt points, have continued to be flat.



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1-4) Are the *Inside FERC* and *Gas Daily* still used for the calculations for the monthly supply reference prices and the daily supply reference prices respectively?

Response:

Yes, *Inside FERC* and *Gas Daily* are still used for the calculations for the monthly supply reference prices and the daily supply reference prices, respectively.

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1-5) In the past there has been a 5 year extension granted and multiple 3 year extensions granted. Why is MidAmerican looking for a 3 year extension as compared to a longer term or shorter term extension?

Response:

In both Iowa and South Dakota, MidAmerican has typically sought to extend the program in three year increments to balance the need for periodic review and modification of terms and conditions in light of changing market conditions with a desire for regulatory certainty. A shorter term extension would likely require MidAmerican and Commission staff to re-evaluate the program's effectiveness based on data from only one year while a three year extension provides an opportunity to evaluate data from at least two full years. MidAmerican did not seek a longer term extension primarily due to uncertainty with regard to the impact of environmental regulations, potential natural gas exports, and other fundamental factors on natural gas markets over a longer term horizon.

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1-6) Does MidAmerican feel that all the changes approved in NG10-008 to the IGSPP have been working to their satisfaction and does MidAmerican feel all the changes have improved its efficiently as initially hoped for?

Response:

MidAmerican believes that the changes approved in NG10-008 have improved efficiency as desired and have also improved the effectiveness of the program as a benchmark for measuring savings achieved for MidAmerican's PGA customers. The changes resulted in methodology more consistent with methodology in the Iowa IGSPP and more reflective of MidAmerican's purchasing procurement practices and integrated distribution system.

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1-7) Have there been any changes in the Iowa IGSPP in the past 3 years? If so did the changes make the Iowa and South Dakota IGSPP's more similar or more different?

Response:

There has not been any material change in the Iowa IGSPP since it was extended for three years through October 31, 2013, in the "Order Granting Three-Year Extension of Incentive Gas Supply Procurement Plan" issued September 3, 2010, in Iowa Utilities Board Docket No RPU-94-3. On September 12, 2013, the Iowa Utilities Board approved an order to extend the program for three additional years through October 31, 2016, under substantially the same terms and conditions as the previous extension.