

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE) DOCKET NO. NG14-005
APPLICATION OF MIDAMERICAN)
ENERGY COMPANY, FOR)
AUTHORITY TO INCREASE)
ITS NATURAL GAS RATES)

NOTICE OF INTENT TO IMPLEMENT INTERIM NATURAL GAS RATES

Pursuant to SDCL 49-34A-17, MidAmerican Energy Company (“MidAmerican”) respectfully submits to the South Dakota Public Utilities Commission (“Commission”) this Notice of Intent to Implement Interim Natural Gas Rates for its South Dakota retail natural gas customers on and after February 1, 2015 (the “Interim Rate Increase”). The Interim Rate Increase of approximately \$2.9 million in annual revenues based on a calendar year 2013 test period, or approximately 3.5%, will remain in effect until final rates are implemented following the Commission’s determination of the pending Application for Authority to Increase Natural Gas Rates (“Application”).

In support of this Notice of Intent, MidAmerican submits as follows:

1. On August 4, 2014, MidAmerican filed with the Commission its Application for approval of increased natural gas rates to customers in its South Dakota service territory on and after September 30, 2014. On August 27, 2014, the Commission issued its Order Assessing Filing Fee and Suspending Operation of Proposed Rates and pursuant to SDCL 49-34A-14 suspended the proposed rates for 180 days after August 4, 2014. The suspension period expires February 1, 2015.
2. A final decision of the Commission regarding MidAmerican’s proposed rate increase is not expected to be entered prior to February 1, 2015.

3. SDCL 49-34A-17 provides in part that the public utility may implement the proposed practice, the proposed rate, or a rate lower than the proposed rate if:

- (1) The proposed rate or practice has not been suspended or is no longer subject to suspension;
- (2) The commission has not issued a final decision; and
- (3) Thirty days has passed from the date of filing.

As provided by these provisions, MidAmerican has the right, on February 1, 2015, to implement the proposed rates set forth in its Application.

4. SDCL-49-34A-17 further provides utilities the choice of implementing proposed rates using the rate design in effect at the time the rates were proposed or the rate design proposed in the filing without prior Commission approval. MidAmerican has selected the option of implementing the Interim Rate Increase using the rate design in effect at the time increased rates were proposed, which is a rate design that has received express approval from the Commission.

Composition of Interim Schedules

5. Attached to this Notice are the following Interim Schedules regarding MidAmerican's Interim Rate Increase:

- Proof of revenues, including a calculation of the increase
- Interim rate calculations for each rate
- Red-lined interim tariffs
- Clean revised interim tariffs

Summary of Interim Rates

6. Following is a summary of MidAmerican's Interim Rate Increase as reflected in the Interim Schedules:

- The Interim Rate Increase percentage is 10.89%.
- The Interim Rate Increase percentage has been applied to the current base rates to develop an interim rate instead of being applied as a percentage adder to current rates.
- The Interim Rate Increase percentage has not been applied to the purchased gas adjustment clause or the energy efficiency cost recovery clause.
- The proof of revenues demonstrates that the interim rates are designed to recover approximately \$2.9 million on an annual basis.
- No adjustments were made to the final amounts requested in the Application.

Refunds

7. As required by SDCL 49-34A-17, the Interim Rate Increase will be subject to refund pending final Commission determination on the general natural gas rate increase, and MidAmerican will

keep an accurate account in detail of all amounts received by reason of the increase, specifying by whom and in whose behalf the amounts are paid.

MidAmerican will track the individual customer billings impacts during the interim period so that refunds can be made if the Commission ultimately approves rates which are lower than the Interim Rate Increase for any particular customer or customer class. Further, MidAmerican commits to refund its customers, with interest as determined by the Commission, any portion of the increased rates found to be unjust, unreasonable, or discriminatory.

Customer Notice

8. In addition to the notice provided to customers regarding the August 4, 2014 Application, notice of the Interim Rate Increase will be provided as follows:

