

South Dakota Public Utilities Commission
Docket NG16-011
MidAmerican Energy Company
First Data Requests

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1-4. Explain the impact any profits or losses associated with the negotiated rates charged pursuant to the contract(s) will have on MidAmerican's other natural gas customers.

Response:

It is our intent to negotiate contract rates that will minimize the chance of losses associated with serving these customers. We would propose to calculate the contract rates in the following way:

- Basic service, meter, and transportation administrative charges would be the same as tariffed rates for similarly sized transportation customers.
- Fixed investment and/or volumetric commodity charges would be individually calculated for each customer to meet an annual revenue requirement related to investment, income taxes, depreciation and a reasonable return on equity to ensure that other customers are not subsidizing these projects.
- Quality monitoring, maintenance and odorant charges would be based on actual costs, with the first year based on estimated costs, and updated annually.

Revenues and expenses associated with these contract rates would be included in our next rate case. At that time, we could evaluate if we have enough data and experience to set standard rates for these types of customer or if individual contract rates are still appropriate.