

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

**IN THE MATTER OF THE FILING BY)
MIDAMERICAN ENERGY)
COMPANY FOR APPROVAL OF A)
TARIFF REVISIONS REGARDING) DOCKET NO. NG17-011
FARM TAP SERVICE)**

APPLICATION FOR APPROVAL OF CUSTOMER AGREEMENT

COMES NOW, MidAmerican Energy Company (“MidAmerican”), pursuant to SDCL 49-1-11 and South Dakota Administrative Rule 20:10:01:02.02, and requests the South Dakota Public Utilities Commission (“Commission”) approve a customer agreement regarding farm tap service. The agreement, a draft of which is attached as Exhibit A to this Motion, establishes the customer’s responsibility for the customer’s portion of the required transition fee and for any costs incurred by MidAmerican for repairs or replacements that are needed on the customer-owned facilities as a condition of service. MidAmerican believes that this agreement is necessary to establish that MidAmerican may disconnect or refuse service to customers in the event that they fail to pay the customer portion of the transition fee or the replacement or repair costs.

1. Beginning in February of 2017, MidAmerican and the Commission staff have been engaged in discussions about the possibility of transitioning some farm tap customers currently receiving services from NorthWestern Energy Company (“NorthWestern”) to MidAmerican. NorthWestern is currently providing services to farm tap customers pursuant to a contractual arrangement between Northern Natural Gas Company (“Northern”) and NorthWestern, which is set to expire on December 31, 2017.

2. On August 15, 2017, the Commission discussed MidAmerican's proposal(s) to transition all farm tap customers currently served by NorthWestern under this contractual arrangement to MidAmerican services. The approved proposal includes requirements for customers to have their facilities inspected for safety as well as a requirement that customers pay a \$200 share of the cost of safety inspections, with the remainder of costs of the inspections going through the Purchased Gas Adjustment.

3. MidAmerican also proposed (and the Commission approved) a requirement that any facilities that fail to meet specified safety requirements be repaired or replaced at the customers' expense. MidAmerican proposes either to perform this work for customers, or the work could be done by a third party (provided the work meets the safety requirements set forth in the tariff).

4. The Commission approved MidAmerican's proposal in an Order dated August 23, 2017.

5. MidAmerican is currently working to transition customers to MidAmerican service, and MidAmerican's initial contacts with prospective farm tap customers through letters and phone calls has been largely positive. MidAmerican will host a series of informational meetings in September to provide opportunities for prospective customers to ask questions and gain additional information.

6. To ensure that this transition is fair to all customers and consistent with the proposal the Commission approved, MidAmerican seeks approval of a farm tap customer agreement to ensure that farm tap services are made contingent on a customer paying their share of transition costs. Under MidAmerican's gas service tariff, MidAmerican can refuse or disconnect service under certain circumstances, including failure to pay a past-

due bill “for the same class of service.” *See*, MidAmerican South Dakota Gas Tariff, Section 5 – Rules and Regulations, Subsection 2.18, Original Sheet No. 37.

7. In the context of a transitioning farm tap customer, the transition fee and any repair or replacement costs are arguably not for the same “class of service” as the services that MidAmerican will be providing to the customer as of January 1, 2018, which include meter reading, odorization, etc. Given this, one interpretation of MidAmerican’s tariff is that MidAmerican could not refuse service to customers that fail to pay for the safety inspection and construction services (if any) rendered prior to January 1, 2018.

8. MidAmerican’s tariff provides that MidAmerican can refuse or disconnect service if a customer fails to “fulfill a contractual obligation imposed as a condition of obtaining service by any contract filed with and subject to the regulatory authority of the Commission.” *See*, MidAmerican South Dakota Gas Tariff, Section 5 – Rules and Regulations, Subsection 2.18, Original Sheet No. 37.

9. The proposed customer agreement also includes a requirement that transitioning farm tap customers provide reasonable access to the facilities for the safety inspections and any work performed by MidAmerican.

10. MidAmerican requests approval of the attached agreement to provide that payment for the customer-portion of the transition fee (\$200) and the cost of any repairs or replacements performed by MidAmerican are a contractual obligation imposed as a condition of receiving service. This provides a specific and additional incentive for customers to fulfill this obligation, and not have any costs shifted to other MidAmerican customers.

11. The proposed agreement will be presented to each prospective farm tap customer for execution as we begin to provide services. MidAmerican requests approval of an agreement to allow MidAmerican to establish this contractual arrangement as MidAmerican transitions customers.

12. MidAmerican is presently moving forward with farm tap customer transitions, including working with customers to schedule safety inspections, even without this contractual arrangement in place. This is necessary given the timeline to transition these customers. However, without approval of this agreement, MidAmerican will be hesitant to perform any substantial repair or replacement work since that creates significantly higher amounts of potential liability. Given this, MidAmerican requests expedited review of this agreement at the Commission's September 12, 2017 meeting. MidAmerican will have representatives available on the phone to answer any questions the Commission or staff may have.

WHEREFORE, MidAmerican Energy Company respectfully requests the South Dakota Public Utilities Commission to approve its request as described herein.

DATED this 6th day of September, 2017

Respectfully Submitted,

MIDAMERICAN ENERGY COMPANY

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