



MidAmerican Energy Company
106 East Second Street
P.O. Box 4350
Davenport, Iowa 52808
(563) 333-8006 Telephone
(563) 333-8021 Fax
E-mail: jsmoore@midamerican.com
Jennifer S. Moore
Senior Attorney

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BY: E-filing

Ms. Patty Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Ave.
Pierre, SD 57501

RE: RM10-001 – In the Matter of the Gas and Electric Customer Billing Rules

Dear Ms. Van Gerpen:

MidAmerican Energy Company (MidAmerican) respectfully submits the following limited comments on the above-captioned rules. MidAmerican appreciates the Commission's approach of allowing informal initial comment on proposed rules. It is our experience that this approach results in final rules that properly balance interests of the utilities and customers.

Treatment of Customer Classes

While MidAmerican supports changes to the rules, MidAmerican does have a few suggested changes that are intended to balance the interests of the utilities and customers. Sections 20:10:17:063; 20:10:17:07; 20:10:17:08; and 20:10:17:09 were all amended to prohibit residential customers from being back-billed for meter-related errors, and only allow limited back-billing of commercial customers related to meter errors. The proposed amended rules create different treatment between customer classes without any rationale for the disparate treatment related to undercharges caused by meter errors.

Without a rational basis for the disparate treatment of customer classes, MidAmerican does not support treating back-billing differently among customer classes. If the Commission adopts rule changes, the changes should be the same for all customer classes. Consistent rules for all customer classes will make the rules more efficient and less costly to administer.

MidAmerican does not object to amending the rules to allow a limit on the amount of time a customer can be back-billed. MidAmerican suggests that the amount of time a customer can be back-billed be consistent, regardless of the type of meter error. The proposed rules place different limits on back-billing depending on the type of meter error, but the proposed rules do

not provide rationale for why different meter errors warrant different back-billing timeframes. Applying the same timeframe for back-billing, regardless of the type of meter error, will ensure consistent application of the rules for all customers.

If a limit is placed on the amount of time a customer can be back-billed, then the same limit should also be placed on the amount of time a customer can be refunded. MidAmerican not only recommends the same limit be placed on the amount of time a customer can be refunded, but that the limit also apply to all customer classes and all types of meter errors. MidAmerican would support the six-month limitation initially proposed in 20:10:17:06 be applicable to both back-billing and refunds for all classes of customers and all types of metering errors.

Moreover, applying a timeframe for refunds provides consistency in applying the rules. For example, the current rules require a refund back to the date when the error can be fixed with reasonable certainty, and if the date cannot be determined, then the refund is limited to six months. The date of reasonable certainty is often determined by how long a utility retains its records. Since different utilities will have different record retention policies, the rules are currently not applied consistently, and will continue to be applied inconsistently as this portion of the rule was not amended. Consequently, it can be argued the rules encourage utilities to retain records for only six-months since the rules use a six-month limit if no other means of tracking the error is available.

MidAmerican, however, recognizes that the Commission may want to consider a longer refund period for customers. MidAmerican encourages the Commission to limit the refund timeframe to avoid any inconsistency and ambiguity in the rules. If the Commission rejects a six-month refund recommendation, then the Commission should consider a utility's costs in retaining records for long periods of time and should have a rational basis for limiting the refund timeframe. While MidAmerican prefers a six-month refund time frame, as an alternative, MidAmerican recommends refunds should not to exceed three years. This is a reasonable limit that would allow a consistent application of the rules across utilities and balance a customer's right to a reasonable refund with the utility's cost to maintain records beyond three years.

Use of Commercial versus Non-Residential Customer

The amended rules distinguish between residential and commercial customers, but the rules do not address other non-residential customers such as industrial class customers. The use of "commercial" customer implies that the rules do not apply to any non-residential customer that is not a "residential" or "commercial" customer. Consequently, MidAmerican recommends that non-residential customer be used instead of "commercial" customer.

Regulatory Asset Account

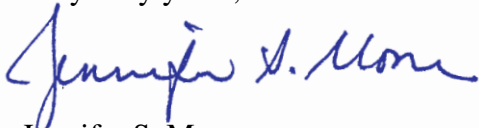
If the Commission adopts MidAmerican's recommendations to limit the timeframe for both refunds and back-billing to six months, MidAmerican does not think that a regulatory asset provision is necessary. However, MidAmerican supports the proposal to allow the creation of a

regulatory asset for uncollected amounts due to meter errors, if the Commission adopts the proposed rules without amendments. The regulatory asset strikes an appropriate balance between recovery of dollars owed to utilities for uncollected amounts and the hardship that back-billing may cause individual customers, particularly when the customer may have had no knowledge of his true gas or electricity consumption due to the metering error. For example, over the last five years, MidAmerican has back-billed customers for approximately \$130,000 for gas metering errors. This equates to approximately \$1.54 per customer over five years, or about 31¢ per customer annually if the cost was spread to all customers. MidAmerican suggests, however, that the rules be expanded to identify the recovery mechanism and time period to be used by utilities to recover such amounts. MidAmerican could support limiting the uncollected amounts to be included in the recovery mechanism to the lesser of the period of meter error or three years. MidAmerican would advocate allowing these small uncollected amounts to be recovered through the electric energy cost adjustment and purchased gas adjustment clauses or a similar tracking mechanism as approved by the Commission.

MidAmerican respectfully requests the opportunity to participate in any public hearings or other proceedings that may be held in this docket.

Thank you for the opportunity to comment in this matter.

Very truly yours,



Jennifer S. Moore
Senior Attorney