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

Re: In the Matter of the Consideration of Standards to Govern Avoided Cost Determinations
Docket No. RM13-002 – Reply Comments

Dear Ms. Van Gerpen:

MidAmerican Energy Company (“MidAmerican”) provides the following reply comments to the South Dakota Public Utilities Commission (“SDPUC”) relating to draft rules under consideration in the above-referenced docket.¹ The draft rules identify the process and procedure for establishing a legally enforceable obligation (“LEO”) for qualifying facilities in South Dakota.² MidAmerican filed initial comments³ in this docket and files these reply comments to continue to encourage minor, but important, modifications to the draft rules.

MidAmerican’s initial comments addressed three major issues and provided suggested rule modifications to address the stated concerns. These three issues are: (1) the time of election of the avoided cost calculation; (2) the ability to recover all costs associated with the addition of the qualifying facility; and (3) the size of generation subject to the prior notice requirements.⁴

Each of the initial comments filed in this rulemaking docket address one or more of MidAmerican’s concerns. For example, the need for clarity on timing and mechanics of the avoided cost calculation (issue #1 in MidAmerican’s initial comments) was also raised by Xcel Energy⁵ and Black Hills Energy Company.⁶ The need to modify the rules to ensure that all costs

¹ *In the Matter of the Consideration of Standards to Govern Avoided Cost Determinations*, Docket No. RM13-002, Order Establishing Comment Deadlines (Nov. 30, 2015).

² Draft rules filed by SDPUC Staff (Nov. 5, 2015).

³ MidAmerican Energy’s Comments (February 1, 2016).

⁴ Id. at 1-3.

⁵ Xcel Energy’s Comments at 2 (February 1, 2016).

⁶ Black Hills Energy’s Comments at 2 (February 1, 2016).

incurred for interconnection can be recovered by the utility (issue #2 in MidAmerican's initial comments) was also raised by Xcel Energy,⁷ Northwestern Energy⁸ and Otter Tail Power Company.⁹ The request to apply the prior notice requirements to systems 100 kW and larger, rather than 500 kW and larger (issue #3 in MidAmerican's initial comments), was also raised by Xcel Energy¹⁰ and Northwestern Energy¹¹ in their respective initial comments.

The fact that these issues were raised in other comments shows that there is general consensus among the utilities that additional clarity is needed. That is, the relatively minor modifications proposed would make the South Dakota rules better. Given this consensus, MidAmerican reiterates its request for the SDPUC to take action to amend the draft rules. Notably, some of the initial comments provide specific proposals to clarify the rules using different proposed language from that proposed in MidAmerican's initial comments. MidAmerican is not opposed to using alternative language offered by other parties to clarify these issues.

MidAmerican appreciates the opportunity to offer these reply comments and encourages the SDPUC to make the modifications identified to provide additional clarity in the final rule.

Sincerely,

/s/ Brian J. Rybarik
Brian J. Rybarik
Managing Senior Attorney

⁷ Xcel Energy's Comments at 2 (February 1, 2016).

⁸ Northwestern Energy's Comments at 2 (February 1, 2016).

⁹ Otter Tail Power Company's Comments at 1 (February 1, 2016).

¹⁰ Xcel Energy Comments at 3 (February 1, 2016).

¹¹ Northwestern Energy's Comments at 3 (February 1, 2016).