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FILED ELECTRONICALLY

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

Dear Ms. Van Gerpen:

MidAmerican Energy Company ("MidAmerican") appreciates this opportunity to submit comments regarding the above referenced docket for consideration by the South Dakota Public Utilities Commission ("SDPUC" or "Commission").

On October 16, 2013, the Commission issued an Order to Proceed and Request for Comments from Interested Persons ("Order"). In the Order, the Commission directed that a rulemaking proceeding be conducted for the purpose of receiving comments from utilities and other interested persons as to whether rules should be promulgated at this time governing Public Utility Regulatory Policies Act ("PURPA") avoided cost determinations for qualifying facilities ("QF"), and, if so, what subject matter areas should be addressed.

The SDPUC Staff, in a memo dated September 25, 2013, identified the following six possible issues that could be addressed in a rulemaking docket:

- 1) Requirements for the creation of a Legally Enforceable Obligation ("LEO");
- 2) Acceptable methodology or methodologies for determination of avoided cost;
- 3) Appropriateness of particular methods in specified circumstances;
- 4) Appropriate contract term;
- 5) Standards for determination of when capacity credits shall be allowed; and
- 6) The appropriate method(s) for computing the magnitude and duration of such credits

In response to Staff's recommendation, MidAmerican agrees that a rulemaking should be opened and that the first issue, requirements for a LEO, represents policy considerations for which having prescribed rules would be beneficial for all stakeholders. None of the remaining issues identified by Staff lend themselves to one-size-fits-all solutions, and therefore addressing these particular considerations should be left to the discretion of each utility based on its own unique circumstances. In reference to issues 5 and 6, each utility may be differently situated in regard to the development of capacity credits and must necessarily align with the regional rules and requirements for the load being served. For resources that will be used as capacity credits within the Midcontinent Independent System Operator, Inc. ("MISO"), the methodology used to determine the quantity of capacity credits, and the timing of such determinations must ultimately be consistent with the MISO tariff and business practices to ensure appropriate credit in the annual capacity auction. After reviewing the initial and reply comments in this preliminary inquiry, should the SDPUC decide to move forward and open a formal rulemaking docket, MidAmerican intends at that time to provide detailed comments on the various areas the Commission determines are appropriate for addressing in the rulemaking.

MidAmerican appreciates the opportunity to offer its recommendations at this point in the process and looks forward to participating in this proceeding in whatever manner it unfolds.

Sincerely,

/s/ Suzan M. Stewart

Managing Senior Attorney