

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

IN THE MATTER OF THE APPLICATION OF)	ORDER RECITING
MIDAMERICAN ENERGY COMPANY FOR)	COMMISSION
DETERMINATIONS PURSUANT TO SECTION)	DETERMINATIONS
32(k)(2)(A) OF THE PUBLIC UTILITY HOLDING)	
COMPANY ACT)	EL00-006

On March 2, 2000, the South Dakota Public Utilities Commission (Commission) received an Application for Determinations Pursuant to Section 32(k)(2)(A) of the Public Utility Holding Company Act (PUHCA) from MidAmerican Energy Company (MidAmerican).

MidAmerican is a direct wholly-owned subsidiary of MHC Inc., an exempt public utility holding company under PUHCA, which in turn is an indirect wholly-owned subsidiary of MidAmerican Energy Holdings Company (MidAmerican Holdings). MidAmerican proposes to enter into a purchase power agreement (the transaction) with Cordova Energy Company LLC (Cordova) which is a direct wholly-owned subsidiary of Quad Cities Energy Company which is a direct wholly-owned subsidiary of MidAmerican Holdings. Cordova is an exempt wholesale generator and is an affiliate of MidAmerican.

MidAmerican in its filing provided pre-filed testimony and exhibits relative to the merits of its Application.

At its regularly scheduled meeting of June 20, 2000, the Commission considered this matter. MidAmerican appeared through its counsel of record Randall B. Palmer and explained MidAmerican's Application. Commission Staff recommended that the findings be entered with certain conditions.

Based upon the Application, the presentation of MidAmerican and the recommendations of Commission Staff, the Commission makes the following determinations:

(i) The Commission has sufficient regulatory authority, resources and access to books and records of MidAmerican and Cordova to exercise its duties under 15 U.S.C. Section 79z-5a(k)(20)(A) pursuant to SDCL Chapter 49-34A, generally, and specifically SDCL 49-34A-41, 49-34A-6. Also available to the Commission for purposes of access to records are those processes found at or implemented under SDCL 1-26-19.1, 1-26-19.2 and 15-6-26(b).

(ii) The transaction (I) will benefit customers by providing generating capacity which will allow MidAmerican to avoid reserve penalties which may be imposed by the Mid-Continent Area Power Pool (MAPP). The purchase power agreement provides an assured source of capacity and energy for the 2001-2004 period. The transaction (II) does not violate state law. South Dakota law at SDCL 49-34A-19.2 acknowledges that affiliate transactions may occur and has provided a remedy to disallow the effects of these transactions in rate cases should they not be in the public interest.

(iii) The transaction would not provide Cordova any unfair competitive advantage by virtue of its affiliation or association with MidAmerican. MidAmerican proposes to enter the transaction with Cordova and pay for electric energy priced as the result of a competitive bidding process, the details of which have been filed with the Commission and which were further analyzed by an independent consultant as demonstrated in MidAmerican's filing.

(iv) The transaction is in the public interest because it provides needed generating capacity for MidAmerican and allows MidAmerican to avoid fines and penalties which may be imposed by MAPP should its generating reserves not meet MAPP standards. The public interest will be further served if the following conditions are imposed: (a) the approval of the transaction by the Commission does not guarantee recovery of MidAmerican's costs associated with the purchase power agreement in any rate proceeding; (b) demand charges that MidAmerican pays to Cordova may not be recovered through MidAmerican's fuel adjustment clause; (c) approval of the purchase power agreement is not a finding of prudence of the amounts paid by MidAmerican for the natural gas supplied by MidAmerican to Cordova under the purchase power agreement; and (d) MidAmerican shall submit cost information relative to the PPA in its monthly FAC filing and with testimony submitted in its annual FAC reconciliation filing and such information shall be submitted substantially in the form of Schedule 1. Schedule 1 as offered by Staff at the hearing in this matter shall be incorporated herein by reference and shall be attached to this Order. It is the intent of the Commission that these conditions shall be imposed as part of its determinations in this docket.

It is hereby ORDERED that the foregoing, including conditions imposed in them, shall constitute the determinations of the Commission in this docket.

Dated at Pierre, South Dakota, this 28th day of June, 2000.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Debra Helbo</u>
Date:	<u>6/29/00</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAMNELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

MidAmerican Energy Company
 Information to Be Provided Relative to PPA
 For Monthly FAC Filings

	Total Kwh	Demand Kw	Energy Cost	Transmission Cost	Penalties	Total Cost	SD Allocation Factor	SD Allocated Cost
January								
February								
March								
April								
May								
June								
July								
August								
September								
October								
November								
December								
12 Month Total								
12 Month FAC Recoverable								
12 Month Non-Recoverable								

Note: All costs shown on this schedule are those proposed to be passed through the Fuel Adjustment Clause

