

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

IN THE MATTER OF THE FILING BY)	ORDER ALLOWING
MIDAMERICAN ENERGY COMPANY FOR)	DEFERRAL OF REFUND
APPROVAL OF WAIVER OF REFUND PLAN)	
RELATING TO KANSAS AD VALOREM TAX)	NG98-006
REFUNDS RECEIVED FROM NORTHERN)	
NATURAL GAS COMPANY)	

On June 18, 1998, MidAmerican Energy Company (MidAmerican) filed for approval of a waiver of refund plan relating to Kansas ad valorem tax refunds received from Northern Natural Gas Company (Northern) with the South Dakota Public Utilities Commission (Commission). As of that date, MidAmerican had received \$4,450,770.55 in total Kansas ad valorem tax refunds from Northern. These refunds are being made pursuant to the FERC's Order in Docket No. RP97-369-000. MidAmerican requested that the Commission permit retention of the refund amount received from Northern until such time as MidAmerican determines that the amount received constitutes a final refund. At such time, MidAmerican would file a refund plan and calculate accrued interest on the refund amounts at the rate of 9.429%.

On June 30, 1998, at its duly noticed meeting, the Commission considered this application and directed MidAmerican to file a specific refund plan. On July 9, 1998, MidAmerican filed a further request that the refund be retained by MidAmerican until MidAmerican determined the final refund or, alternatively, for one year at which time they will update the plan.

On July 23, 1998, the Commission considered MidAmerican's request allowing MidAmerican to defer the refund until MidAmerican determines whether the amount received constitutes a final refund or for a maximum of one year. Commission Staff recommended that the Commission grant MidAmerican the refund deferral subject to the condition that MidAmerican initiate the refund at the time it considers the FERC's and possibly the appellate court's decision final or at the maximum for a period of one year, at which time MidAmerican would update its refund plan. On August 5, 1998, the Commission ordered the deferral be approved.

On July 16, 1999, MidAmerican filed for another deferral of the refund amounts and that MidAmerican continue to retain them until "MidAmerican is under no possible obligation to return all or a portion of the refund, or, for one year, whichever is earlier." Commission Staff recommended that such a deferral be granted.

At a regularly scheduled meeting of August 17, 1999, the Commission considered MidAmerican's most recent filing and heard comments from MidAmerican and Commission Staff. The following provisions were proposed to be added as conditions to the deferral:

1. Effective May 1, 1999, the accrued interest on the money subject to refund shall be calculated on the basis of the Commission's order in general rate case Docket No. NG98-011 which set MidAmerican's authorized overall rate of return of 8.61%.

2. Interest calculations in the refund plan are to be based on the applicable overall rate of return allowed in the most current gas rate case, as modified from time to time during the refund deferral period.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically, 49-34A-2, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-25. Further, the Commission finds that the refund deferral is just and reasonable and shall be granted. It is therefore

ORDERED, that MidAmerican's proposal to defer the Kansas ad valorem tax refunds, subject to the two conditions stated above, until MidAmerican determines that the amount received constitutes a final refund or for a maximum of one year from August 17, 1999, whichever comes first, is granted.

Dated at Pierre, South Dakota, this 26th day of August, 1999.

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>Delaine Kaabo</u>
Date:	<u>8/27/99</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner