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December 23, 2014

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

Dear Ms. Van Gerpen:

Attached is a copy of the January 2015 energy cost adjustment for MidAmerican Energy Company's South Dakota service area.

The energy cost adjustment to be used for January 2015 billing is \$0.0117/kWh (per attached schedule).

Effective with the January 2015 filing, MidAmerican Energy Company is changing the process used for allocating fuel and purchased power costs between retail and wholesale and also updating the transmission loss factor based on the most recent line loss study. The new process computes the costs to serve retail by "stacking up" resources from lowest cost to highest cost rather than computing wholesale costs by "stacking down" resources from highest cost to lowest cost. The result continues to reflect that the lowest cost resources are allocated to retail.

An \$(8,551) reduction to net recoverable South Dakota energy costs is being included on the second page of this month's filing. Wholesale purchased energy costs were incorrectly queried for the March – September 2014 filings which resulted in net recoverable South Dakota energy costs being overstated for that period.

Sincerely,
/s/ Debbie Kutsunis

DLK-lv

Attachments