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BY: E-filing

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

RE: EL08-028 – In the Matter of the Consideration of the New PURPA Standards
Annual Report

Dear Ms. Van Gerpen:

Pursuant to the South Dakota Public Utilities Commission's (Commission) December 18, 2009, Order in Docket EL08-028, MidAmerican Energy Company (MidAmerican) respectfully submits its Annual Report regarding smart grid deployment opportunities.

MidAmerican continues to track the development of smart grid technology employed in the industry to assess its value to MidAmerican customers and will consider initiating pilot projects at the appropriate time. MidAmerican's general goals for smart grid technology include developing strategies to take advantage of the automated meter reading technology (AMR) that was recently installed throughout its service territory. MidAmerican is exploring the expansion capability of the existing system to take advantage of its functionality. MidAmerican also continues to assess opportunities for deployment on the transmission and distribution side of our business, as smart grid improvements at that level may be beneficial to our customers and the company. When a business case can be made that demonstrates customer benefits, MidAmerican will consider deploying the technology, subject to regulatory acceptance and approval. At this time, MidAmerican has not found a successful, cost effective smart grid project that will benefit customers and meet general goals for smart grid technology. Consequently, MidAmerican has not developed a "smart grid" deployment plan for its service territory.

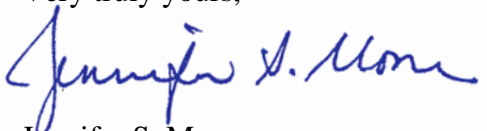
MidAmerican, however, did complete an assessment for a potential critical-peak pricing pilot in Iowa in 2010. Based on the current economic conditions, the cost/benefit analysis of the pilot is not favorable for customers at this time. MidAmerican decided to defer the start date of the pilot in order to take advantage of the results of numerous pilots taking place across the United States as well as significant advancements in technology options. Additionally, there is

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relevant work being done with respect to adoption of interoperability standards, customer acceptance and consumer privacy protections. This decision was supported by the Iowa Utilities Board and the Iowa Office of the Consumer Advocate.

MidAmerican will continue to monitor the smart meter deployments and smart grid pilots. MidAmerican will begin investigating software options that would be necessary to handle the increased data requirements for both pilot and wide-scale deployments. MidAmerican will keep the Commission informed as to its assessment of potential smart grid technology deployments.

Very truly yours,



Jennifer S. Moore
Senior Attorney