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December 8, 2011

**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 position that full deployment of smart grid technologies should be driven by value to customers, not by policy initiatives, has remained unchanged. MidAmerican will make decisions about smart grid deployments as part of smart meter plans that include developing strategies to take full advantage of automated meter reading-related technologies and deploying new technologies when customer benefits can be demonstrated. MidAmerican will continue to monitor demonstration pilots throughout the country and will assess the value of strategic deployments. Additionally, MidAmerican will monitor customer feedback regarding smart grid technology applications. Opportunities for deployment of smart grid components on the transmission and distribution side of the business will also continue to be assessed. Pilot projects may be implemented to evaluate technologies, customer acceptance and benefits. When a business case can be made that demonstrates customer benefits, MidAmerican will consider deploying the technology, subject to regulatory acceptance and approval.

MidAmerican is currently following the trend in the industry of focusing on consumer outreach and education prior to undertaking smart grid advancements by deploying Opower home energy reports through an energy efficiency pilot project in Iowa. These home energy

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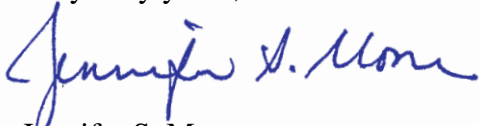
reports focus on conservation and promote energy efficiency opportunities. Customers of other utilities who received Opower home energy reports have on average lowered their energy bills and implemented additional energy efficiency measures in the process. At this time, MidAmerican does not have any findings from its deployment of Opower home energy reports since the pilot began in late October.

MidAmerican recently submitted responses to questions posed by the Iowa Utilities Board (Board) in their notice of inquiry into PURPA standards in the Energy Independence and Security Standard Act of 2007. In light of numerous developments in smart grid technology, policy, and programs, and other smart grid developments since the Board last sought input on smart grid issues, the Board solicited new input regarding smart grid developments, and updated comments on whether it would be appropriate to continue, modify, or withdraw the temporary prohibition on aggregators of retail customers (ARCs) operating in Iowa. A copy of MidAmerican's submission is available from the Board's website:

<https://efs.iowa.gov/efiling/groups/external/documents/docket/084342.pdf>

MidAmerican will continue to monitor the smart meter deployments and smart grid pilots. MidAmerican will continue 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,

A handwritten signature in blue ink that reads "Jennifer S. Moore". The signature is fluid and cursive, written over a light blue rectangular background.

Jennifer S. Moore  
Senior Attorney