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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's position continues to be that full deployment of smart grid technologies should be driven by value to customers, not by policy initiatives. MidAmerican has been tracking the development of smart grid technology employed in the industry over the past few years to assess its value to MidAmerican's customers. MidAmerican will make future 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. 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 continued to monitor demonstration pilots throughout the country to assess the value of strategic deployments. Regulatory and legislative developments were also followed as states continued to develop positions on smart grid requirements and associated cost recovery, e.g. Illinois. Additionally, MidAmerican closely monitored customer feedback regarding smart grid technology applications, especially with the increase in customer opt-outs around the country.

An energy efficiency pilot was initiated in October 2011 in which Opower home energy reports were given to 50,000 customers in Iowa. The focus of the pilot is consumer outreach and education prior to undertaking smart grid advancements, with the home energy reports emphasizing conservation and promoting energy efficiency opportunities. The home energy reports have proven to be very effective with almost 5 million kWh and over 350,000 therms saved by customers so far. MidAmerican is currently exploring the possibility of expanding the pilot to more customers in Iowa.

As part of the ongoing assessment for future smart grid deployments, MidAmerican also investigated the potential for upgrading the current meter reading software to a company-wide meter data management system. MidAmerican determined that there was not a business case to justify such an expenditure at this time. While MidAmerican still does not have any plans to utilize a meter data management software option, MidAmerican decided to upgrade a piece of its bill processing software to accommodate interval automated meter reading (AMR) meter data for a limited number of meters that have been purchased and will be deployed to customers in Iowa starting in May 2013. These upgrades will allow MidAmerican to test the benefits of replacing current manually probed interval AMR meters with advanced interval AMR meters that will be read using the existing monthly drive-by meters reading technology.

MidAmerican will continue to monitor the smart meter deployments and smart grid pilots. MidAmerican will test the effectiveness of the new bill processing software while continuing to investigate other software options that might 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*

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