



MidAmerican Energy
106 East Second Street
P.O. Box 4350
Davenport, Iowa 52808

March 23, 2011

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

**Re: Docket No. EL09-012
Annual Report pursuant the approved petition to include hedged fuel costs in the
Electric Energy Cost Adjustment (EECA)**

Dear Ms. Van Gerpen:

MidAmerican hereby submits the annual report covering hedging activities for calendar year 2010 as they relate to the Electric Energy Cost Adjustment in compliance with ordering clause (ii) of the Order issued in Docket No. EL09-012.

Additionally, as requested, I, on behalf of MidAmerican's Fuel, Emissions and Transportation department, will participate in a meeting with MidAmerican's Gas Supply department, tentatively scheduled for the end of May to be held at the Commission, to deliver a brief presentation and answer any questions.

Request for Confidential Treatment:

Pursuant to Rule 20:10:01:41 et seq., MidAmerican respectfully requests confidential treatment of the file identified in the filename as "Confidential" and also marked "Confidential".

MidAmerican requests the confidential file be accorded confidential treatment for three years or such time as the Commission may deem reasonable. The confidential file contains information relevant to fuel cost and constitutes a trade secret and if released, would result in material damage to MidAmerican's competitive position, or give advantage to competitors and serve no public purpose. If the competitors or customers have information of MidAmerican's

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hedging strategies and results, this information would provide them with the competitive benefits of non-public knowledge of MidAmerican's fuel procurement processes. In order for MidAmerican to maintain reasonable electric rates for its customers, MidAmerican maintains this information be held confidential and constitutes a trade secret. The confidential material contains information, which if released to the general public, would give an unfair advantage to existing and potential fuel providers to MidAmerican. National Parks and Conservation Association v. Morton, 498 F.2d 765, 768 (U.S.C.A. 1974).

If you have any questions, please contact me at (515) 281-2683 or dlmandernach@midamerican.com

Sincerely,

/s/ Dan Mandernach
Emissions Trader

MidAmerican Energy Company
Electric Energy Cost Adjustment
Annual Report Narrative
2010

EL09-012

Schedule A (confidential):

Estimated Annual Gain and Loss Requested Hedge Pass-Through and SD EECA

This confidential schedule is a snapshot of the heating oil and natural gas positions as of January 1, 2010. The schedule provides the volume of heating oil and natural gas hedged as of January 1, 2010 and the estimated maximum and minimum annual gain and loss that would be expected to be experienced using the actual price history for the January 2007 through December 2010 period. As noted on the schedule, as of January 1, 2010 all the hedges were New York Mercantile Exchange futures contracts or financial over-the-counter swap contracts. In the future, Intercontinental Exchange futures contracts or physical fixed price agreements could also be utilized.

Schedule B:

Electric Energy Cost Adjustment Annual Gain/Loss from Hedge Pass-Through 2010

This schedule provides the actual dollar value of total company financial and physical hedging transactions recorded in the inventory accounts then expensed, or directly expensed, and the South Dakota allocation using the average monthly allocation factors during the period. These gains and losses were included in the March 2010 to February 2011 Electric Energy Cost Adjustment filings and they incorporate the results for the January through December 2010 period. A total gain of \$7,891 was allocated to South Dakota for the period.