



Gary Hanson, Chairperson  
Chris Nelson, Vice Chairperson  
Kristie Fiegen, Commissioner

*South Dakota*

**PUBLIC UTILITIES COMMISSION**

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April 17, 2014

Chuck Rea  
Manager, Regulatory Strategic Analysis  
MidAmerican Energy Company  
PO Box 4650  
Davenport, IA 52808

**RE: Docket GE14-001 – Request for additional information by Commissioner Nelson**

Dear Chuck,

As you know, Docket GE 14-001, *In the Matter of the Filing by MidAmerican energy Company for the Approval of its Reconciliation for 2013 and its Proposed Energy Efficiency Plan for 2014*, came before the Commission at its April 15, 2014, meeting. During consideration of this matter, questions were asked by Commissioners and advisors that specifically addressed issues related to MidAmerican's response to SDPUC staff's Data Request 2-8:

Please calculate the estimated gas and electric rate savings expected as a result of the program lifetime measures. More specifically, and if able to do so, provide a statement similar to the following: "implementing this program will prevent rates from increasing by \$X/kWh" over a specific time period. Make sure to include any calculations used.

MidAmerican's response:

Please see Attachment 2-8.

The total reduction in revenue requirements over the 2014-2034 timeframe from the implementation of the 2014 electric portfolio is approximately \$750,000. Assuming a sales level of approximately 215,000 MWh per year for 20 years, the average expected reduction in electric rates is approximately \$.00017/kWh.

The total reduction in revenue requirements over the 2014-2034 timeframe from the implementation of the 2014 gas portfolio is approximately \$5,700,000. Assuming a sales level of approximately 108 million therms per year for 20 years, the average expected reduction in gas rates is approximately \$.00264/therm.

Please provide the Commission the following additional information:

1. In response to questions at the Commission meeting, MidAmerican stated that it used the "Utilities Cost Test" a/k/a Program Administrators Test to measure life cycle benefit/cost ratios of a given year's program. Explain fully why this test was used as the measure for making such a calculation rather than the TRC test, which was used as the benefit/cost measure in the filing? Which of the two aforementioned tests provides the more positive result? Is there value in using two or more tests to examine life cycle benefits of an annual expenditure? If so, why?

2. How can one appropriately measure life cycle benefit/cost ratios without usage of present value methods to equate current expenditures with future benefits?

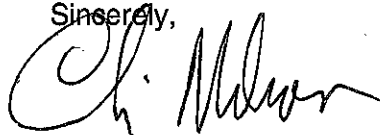
3. Assuming a present value analysis of benefits and cost is performed, what is MidAmerican's preference for usage as the discount rate, and if that rate is not the overall cost of capital as most recently determined by this commission, explain why it is not.

4. Provide the life cycle benefit / costs using both the TRC test and the Utility Cost test in a format similar to Attachment 2-8, and appropriately discounted at both the overall rate of return and a discount rate preferred by MidAmerican if the preferred number is not the overall rate of return last granted by this commission. List all key assumptions used in development of these numbers, including the life cycle assumed and used for each measure, so that they may be replicated by SDPUC staff.

5. MidAmerican may also supplement the data in Question 4, above, by including any other test, if another test is preferred by MidAmerican. Provide support for this preference to the tests in 4 above. List all key assumptions used in development of these numbers so that they may be replicated by SDPUC staff.

Thank you, Chuck. Your assistance is appreciated.

Sincerely,



Chris Nelson, Commissioner  
South Dakota Public Utilities Commission