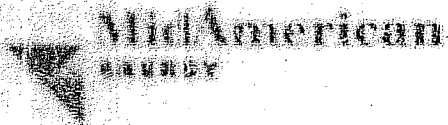


NG 98-007



RECEIVED

AUG 27 1998

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSIONFAX Received AUG 25 1998MidAmerican Energy Company
401 Douglas Street
P.O. Box 778
Sioux City, Iowa 51101
712 777 7587 Telephone
712 257 7396 FaxSuzan M. Stewart
Managing Attorney

August 25, 1998

BY TELEFAX AND U.S. MAIL DELIVERY

Mr. William Bullard
Executive Secretary
South Dakota Public Utilities Commission
State Capitol
Pierre, SD 57501-5070

In Re: MidAmerican Energy Company, Petition for Extension of Test Period

Dear Mr. Bullard:

Enclosed for filing please find the original and eleven copies of MidAmerican Energy Company's Petition regarding the above-captioned matter.

Please file stamp the extra copy and return to me in the self-addressed stamped envelope.

Very truly yours,

A handwritten signature in dark ink, appearing to be "Suzan M. Stewart". The signature is stylized and somewhat cursive.

sm
Enc

NG 98-007

RECEIVED

AUG 27 1998

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

STATE OF SOUTH DAKOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

MidAmerican Energy Company) Docket No. NG98-
Petition for Extension of Test Period) PETITION

FAX Received AUG 25 1998

COMES NOW, MidAmerican Energy Company, and for its Petition for Extension of Test Period, submits as follows:

1. MidAmerican Energy Company ("MidAmerican") is in the process of determining whether to file a natural gas rate case in South Dakota. At this time, MidAmerican's best estimate is that a filing, if made, would take place in November 1998. MidAmerican expects to file for natural gas rate relief in Iowa at about that same time. MidAmerican proposes to use a calendar year 1997 test period as the basis of the rates in this filing.

2. South Dakota Public Utilities Commission ("SDPUC") Regulation 20.10.13.44 requires the use of a test period consisting of 12 months of actual experience ending no earlier than 6 months before the date of filing *unless good cause for extension is shown*. MidAmerican respectfully requests the SDPUC to authorize the use of a calendar 1997 test period in this filing. As further described herein, MidAmerican believes that a calendar 1997 test period will simplify the filing efforts for MidAmerican, will assist the staff in verifying MidAmerican's financial status and will cause the basis of rates charged to South Dakota customers to reflect proper levels of costs for the following reasons:

(a) MidAmerican maintains its books and records for all purposes on a calendar year basis. There may be deviations from month to month that will not be reflected in the same manner in a test period that is not a calendar year.

(b) Publicly filed reports reflect calendar year results, not monthly results. Reports to the SEC, FERC and state regulatory authorities are on this basis. Staff and other possible parties to this rate proceeding will be most easily able to audit and verify MidAmerican's book results from analysis of these publicly filed reports. The verification process will not be as time consuming as if a non-calendar test period is used.

(c) Pro forma adjustments will not be affected by use of a calendar year test period because of nominal inflation. Also, the calendar year basis should make verification of pro formas easier.

(d) Use of a non-calendar year test period would likely increase MidAmerican's rate case preparation expense. The major portions of the rate case will be based on the same total company information. Also, if the same test period is used in all jurisdictions, the cost of service study can use the same revenue basis and proforma adjustments.

(e) While MidAmerican understands that what is planned for one jurisdiction does not control activities in others, the SDPUC may recognize that there will be a greater possibility of "dollars slipping through the cracks" or differences in cost between jurisdictions when rates are calculated at about the same time but using different bases.

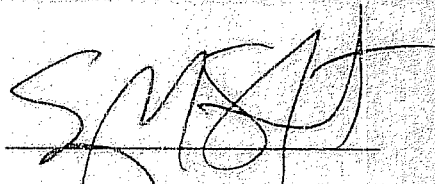
WHEREFORE, MidAmerican Energy Company respectfully requests the South Dakota Public Utilities Commission to authorize the use of a calendar 1997 test period for its possible general rate increase in natural gas rates.

DATED this 25th day of August, 1998.

Respectfully submitted,

MIDAMERICAN ENERGY COMPANY

BY:

A handwritten signature in black ink, appearing to read 'S. Stewart', written over a horizontal line.

Suzan M. Stewart
Managing Attorney
P.O. Box 778
Sioux City, IA 51102
(712)277-7587 (voice)
(712)252-7373 (fax)

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of August 27, 1998 through September 3, 1998

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact
Dulaine Kolbo within five business days of this filing. Phone: 605-773-3705. Fax: 605-773-3809.

MISCELLANEOUS

MS98-001 In the Matter of the Request for a Survey on Utilities' Year 2000 Readiness

The Commission voted to open this docket to determine the status of South Dakota utilities' efforts towards mitigating the potential problems posed by the Year 2000 computer problem. A survey was sent to all utility companies and other interested persons and entities on August 28, 1998. Responses to the survey are due no later than October 1, 1998.

Staff Attorney: Karen Cremer
Staff Analyst: Martin Bettmann
Order Opening Docket was signed on 8/26/98
Responses Due: Not later than 10/01/98

NATURAL GAS

NG98-007 In the Matter of the Filing by MidAmerican Energy Company for Approval of Petition for Extension of Test Period

On August 27, 1998, the Commission received a Petition for Extension of Test Period from MidAmerican Energy Company (Mid American) as it relates to its natural gas service in South Dakota. ARSD 20:10:13:44 requires the use of a test period consisting of 12 months of actual experience ending no earlier than 6 months before the date of filing unless good cause for extension is shown. MidAmerican is contemplating filing a natural gas rate case in November 1998 and respectfully requests the Commission to authorize the use of a calendar year 1997 test period for its possible general rate increase in natural gas rates.

Staff Attorney: Camron Hoseck
Staff Analyst: Bob Knadle
Date Filed: 08/27/98
Intervention Deadline: N/A

NG98-008 In the Matter of the Filing by Northwestern Public Service Company for Approval of Tariff Revisions

Application by Northwestern Public Service Company to update the fuel retention percentage pursuant to its Gas Transportation Tariff General Terms and Conditions. Northwestern Public Service company proposes to update the Gas Transportation fuel retention percentage effective October 1, 1998 based on the actual percentage incurred for the 12 month period ended July 1, 1998.

Staff Attorney: Karen Cremer
Staff Analyst: Dave Jacobson
Date Filed: 09/01/98
Intervention Deadline: N/A

TELECOMMUNICATIONS

TC98-147 In the Matter of the Application of FIBERCOMM, L.C. for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Application by FIBERCOMM, L.C. for a Certificate of Authority to provide local exchange service, intrastate and interstate long distance interexchange telecommunications services in the state of South Dakota. FIBERCOMM, L.C. proposes to provide Internet access, resold wireless services, and other enhanced services within U S WEST exchanges in the state of South Dakota.

Staff Attorney: Camron Hoseck
Staff Intern Analyst: Kylie Tracy
Date Filed: 08/27/98
Intervention Deadline: 09/18/98

TC98-148 In the Matter of the Application of Sioux Falls Cable Television for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Application by Sioux Falls Cable Television for a Certificate of Authority to provide intrastate intraexchange telecommunications services in the state of South Dakota. Sioux Falls Cable Television proposes to initially offer voice messaging and data transmission services and thereafter an increasing variety of telecommunications services on a intraexchange basis only. Initially in Sioux Falls, Crooks, Renner and Mitchell.

Staff Attorney: Karen Cremer
Staff Analyst: Dave Jacobson
Date filed: 08/27/98
Intervention Deadline: 09/18/98

TC98-149 In the Matter of the Complaint filed by Lown House Restaurant, Spearfish, South Dakota, against AT&T Communications of the Midwest, Inc., regarding Consumer Service Issues

Complaint by Lown House Restaurant vs AT&T. Complainant raises a variety of issues regarding service from AT&T. The complainant requests the following relief: "Reimburse the Lown House Restaurant and B&B for realistic business losses in the \$8,000 to \$9,000 range for which I am requesting payment from AT&T and FIRSTEL Communications."

Staff Attorney: Karen Cremer
Staff Analyst: Len Healy
Date Filed: 08/27/98
Intervention Deadline: NA

In the Matter of the Joint Application of Valley Telephone Company and Park Region Mutual Telephone Company Regarding the Sale of Valley Telephone Company Stock to Park Region Mutual Telephone Company

Park Region Mutual Telephone Company proposes to purchase and Valley Telephone Company proposes to sell the stock of Valley Telephone Company in this joint application. Valley Telephone Company currently serves approximately 180 access lines in West Browns Valley, South Dakota as well as approximately 636 access lines in Browns Valley, Minnesota. Park Region Mutual Telephone Company is an independent telephone company serving six exchanges with approximately 4,100 access lines in Otter Tail County, Minnesota.

Staff Attorney: Karen Cremer
Staff Analyst: Dave Jacobson
Date Filed: 09/03/98
Intervention Deadline: 09/18/98

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You may subscribe to the PUC mailing list at <http://www.state.sd.us/state/executive/puc/puc.htm>

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY)	ORDER APPROVING
MIDAMERICAN ENERGY COMPANY FOR)	EXTENSION OF TEST
EXTENSION OF TEST PERIOD)	PERIOD
)	NG98-007

On August 25, 1998, the Public Utilities Commission (Commission) received a Petition for Extension of Test Period from MidAmerican Energy Company (MidAmerican) as it relates to its natural gas service in South Dakota. ARSD 20:10:13:44 requires the use of a test period consisting of 12 months of actual experience ending no earlier than 6 months before the date of filing unless good cause for extension is shown. MidAmerican is contemplating filing a natural gas rate case in November, 1998, and has petitioned the Commission to authorize the use of a calendar year 1997 test period as a basis for establishing its natural gas cost of service.

At its regularly scheduled September 10, 1998, meeting, the Commission considered MidAmerican's Petition. MidAmerican presented its arguments in favor of granting the Petition to the Commission. Staff recommended denial of the Petition. The Commission found that good cause exists for extension of the test period, as requested, for a natural gas rate case filing made by MidAmerican by December 1, 1998. The Commission, with Commissioner Nelson dissenting, voted to grant the Petition.

The Commission has jurisdiction in this matter pursuant to SDCL Chapter 49-34A and ARSD 20:10:13:44. It is hereby

ORDERED that MidAmerican is granted a waiver of ARSD 20:10:13:47 and shall be allowed to use a 1997 test year for its natural gas rate case provided the filing is made by December 1, 1998.

Dated at Pierre, South Dakota, this 21st day of September, 1998.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u>Nelaine Kaebo</u>
Date: <u>9/21/98</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

PAM NELSON, Commissioner, dissenting

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

Dissent by Commissioner Nelson

I dissent from the vote of the majority in this decision which allows MidAmerican to use a test year of 1997. The rule that we are relying on here must have intended that information used in gas rate cases have some semblance of being current. MidAmerican says it wants a calendar year because that is how its books are kept. That is fine--except that MidAmerican comes to this Commission with a representation that it may file a gas rate case only two months from the expiration of calendar year 1998. Had MidAmerican come before this Commission with its Petition in a different time frame, its proposal may have been more believable.

The main reason I want to see current information filed in this gas rate case stems from the fact that this company is being bought lock, stock, and barrel by a company which proposes to pay a thirty-six percent premium to make this purchase. Within about fifteen days of the announcement of this sale, MidAmerican approaches this Commission with this Petition to use last year's data to determine gas rates in a case it intends to file. Certainly, MidAmerican has the right to file a gas rate case when it chooses; however, when it does so, I think it should be prepared to offer complete and current information to this Commission about its financial status. This is especially true when an acquisition of a utility occurs. The timing of this Petition in this regard, to say the least, is suspect.

We need current information in light of this acquisition of MidAmerican so that the Commission can evaluate whether or not the purchaser is intending to pass along any acquisition costs to South Dakota consumers. We need to see, for instance, whether this is the equivalent of the old landlord raising the rent before the new landlord takes possession. Secondly, I think that the internal financial workings of MidAmerican, including executive compensation, should be closely scrutinized to make sure South Dakota consumers are not being stuck with farewell stock options and other golden parachutes.

All I ask for is a full disclosure so that we as Commissioners know what is really going on here. The requirement that the test year be no older than six months should be adhered to at a minimum. I do not think that MidAmerican has shown good cause to change that.



Pam Nelson

Commissioner (Dissenting)