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February 21, 2017

VIA ELECTRONIC FILING

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

RE: MidAmerican Energy Company (INITIAL FILING)

Dear Ms. Van Gerpen:

MidAmerican Energy Company (“MidAmerican”) transmits the accompanying gas tariff sheets for filing with the South Dakota Public Utilities Commission (“Commission”).

MidAmerican Energy Company
South Dakota Gas Tariff Schedule No. 2
SD PUC Sec. No. 1

1st Revised Sheet No. 8

Canceling Original Sheet No. 8

SD PUC Sec. No. 5

1st Revised Sheet No. 83

Canceling Original Sheet No. 83

Effective: April 14, 2017

These tariff sheets are being filed to implement cost recovery for the installation of an excess flow valve (“EFV”) on an existing gas line at the customer’s request. As identified in the proposed tariff, MidAmerican proposes to add a \$400 charge (the “EFV Installation Charge”) for customers that choose to have MidAmerican install an EFV. As is further outlined below, this will split the cost of a typical installation between the customer and MidAmerican.

The EFV Installation Charge is proposed in order to implement new federal regulations issued by the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration (“PHMSA”). These new regulations mandate that natural gas utilities offer the installation of EFVs to existing residences and small commercial structures served from qualifying distribution systems. The new regulations were adopted by PHMSA on October 7, 2016 as a revision to Title 49 Section 192.383 of the Code of Federal Regulations (“49 CFR 192.383”). See 81 Fed. Reg. 70987-01; Docket No. PHMSA-2011-0009; Amdt. No 192-121. The new requirements take effect on April 14, 2017.

Background

Since 2008, MidAmerican has installed EFVs on all new and replacement service lines pursuant to the current 49 CFR 192.383. On October 7, 2016, PHMSA amended 49 CFR 192.383 in the following respects:

- (1) Expands the types of new and fully-replaced service lines on which utilities must install EFVs beyond single-family residences (“SFR”) to also include:
 - (a) A branched service line to a SFR;
 - (b) A multi-family residence with a known customer load not exceeding 1,000 standard cubic feet per hour (“SCFH”); and
 - (c) A single, small commercial customer served by a single service line with a known customer load not exceeding 1,000 SCFH.
- (2) Provides certain exceptions to the requirement for utilities to install an EFV (49 CFR 192.383(c));
- (3) Provides residential and small commercial customers (whose service is less than 1,000 SCFH) the right to request that the utility install an EFV on an existing service line (49 CFR 192.383(d));
- (4) Delegates to state ratemaking agencies the responsibility to determine how and to whom the costs of the requested “retrofit” EFVs are distributed (49 CFR 192.383(d)); and
- (5) Requires utilities to inform customers of their right to request installation of an EFV on an existing service line (49 CFR 192.383(e)).

MidAmerican has approximately 50,000 service lines in its South Dakota gas service territory served from qualifying distribution systems that do not have an EFV and, under the new regulations, could request an EFV retrofit installation.

Notice to Customers

Customers who request an EFV will be responsible for the EFV Installation Charge. Consistent with new 49 CFR 192.383(e), MidAmerican will provide notice to its customers of their right to request installation of an EFV on a retrofit basis in the following manner:

- (1) MidAmerican will provide the information on its website about the availability of EFV installations. MidAmerican will also provide information on EFVs in future mailings to customers, which may be done as a bill insert.

- (2) The notice will include an explanation to the customer of the potential safety benefits that may be derived from installing an EFV, including information that an EFV is designed to shut off the flow of natural gas automatically if the service line breaks or is severed.
- (3) The notice will include a description of the EFV installation costs.
- (4) If the customer is served from a qualifying distribution system and load does not exceed 1,000 SCFH, MidAmerican will install the requested retrofit EFV at a mutually agreeable date.

Proposed EFV Installation Charge

MidAmerican is committed to the safety of its customers and those in the communities that we serve. Safety is always a top priority as we develop our Gas Operating Plans, including the associated Distribution and Transmission Integrity Management Plans. The result of these plans are expenditures designed to implement safety improvements on MidAmerican's system. This new federal requirement of installing retrofit EFVs has not been a part of our previous plans because of the relatively modest safety improvements it presents. This new federal requirement to install an EFV on existing service lines per customer request imposes a new requirement that, while modestly increasing safety, comes at a cost. That stated, MidAmerican is committed to meeting the requirements, and seeks to do so in a cost-effective way that makes sense for all of our customers.

The cost of installing an EFV on an existing service line includes two components. First, the existing service line must be excavated. Second, the new valve must be installed. The precise scope of work to install the valve will depend on the installation that exists at the premises, with some installations being more complex than others. While there is a wide range of costs, MidAmerican has estimated that a typical installation will cost approximately \$800.

To ensure fairness to all customers, MidAmerican proposes an up-front EFV Installation Charge - of up to \$ 400 as a cost-sharing "copay" for customers that request installation of an EFV on an existing service line. The \$400 represents a financial commitment on the part of the customer for an EFV that materially benefits that individual customer. The customer one-time up-front payment will be booked against that incremental expense as an offset. If the actual installation cost totals less than the \$400 EFV Installation Charge, the individual customer will be refunded the balance.

This cost-sharing fairly balances the interests of customers who want an EFV retrofit installed and the interest of all customers, who will fund the portion of the cost not paid by the individual customer. Establishing a single EFV Installation Charge for all retrofit EFVs and requiring the customer to pay the same charge in advance of the installation of the EFV will be easy for customers to understand and also minimizes the administrative burden associated with installing EFVs.

Correspondence relating to this filing should be addressed to:

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MidAmerican respectfully requests that the Commission approve the tariff no later than April 3, 2017, which will allow for implementation prior to the effective date of the PHMSA rule.

If you have any questions, please do not hesitate to contact me at (515) 281-2559

Sincerely,

/s/ Brian J. Rybarik

Brian J. Rybarik
Managing Senior Regulatory Attorney

Attachments