Docket NG01-010

MidAmerican Energy Company Application To Increase Natural Gas Service Rates

On September 24, 2001, MidAmerican Energy Company (MidAmerican) filed an application with the South Dakota Public Utilities Commission (Commission) to increase rates for providing natural gas service by approximately \$3,697,000 or about 5.6%. Prior to this application, MidAmerican's last rate increase request was filed in 1998.

MidAmerican provides natural gas service in southeastern South Dakota and the majority of their customers are located in the rapidly expanding Sioux Falls area.

MidAmerican stated in its application that the increase in rates was necessary to recover the costs of upgrading and expanding its distribution system in South Dakota and because of the effects of inflation. SDCL 49-34A-8 requires that the Commission allow a public utility to recover the costs necessary to furnish adequate and reasonable service including a fair return on the value of its property.

Staff's analysis was completed in four months, meeting the requirements of SDCL 49- 34A-17. On January 23, 2002, seven Staff witnesses filed approximately 235 pages of testimony and exhibits explaining and supporting their analyses and recommendations. Staff's filing determined that an increase of approximately \$2,812,000 was sufficient for MidAmerican to recover costs. The adjustments recommended by Staff included reducing MidAmerican's return on equity, disallowance of mercury spill cleanup costs, reduction of working capital requirements, disallowance of economic development costs, disallowance of certain association dues, disallowance of certain fringe benefits for employees, disallowance of budget billing balances and other adjustments. The pre-hearing reconciliation provided Staff with further clarification and updates which changed Staff's position from that originally filed. Remaining differences were discussed and ultimately Staff and MidAmerican were able to reach an agreement that both considered fair and reasonable. The agreed-upon increase was approximately \$3,105,000.

Using the year 2001 average cost of gas and weather normalized test year monthly volumes, rates overall increased by 4.75%. The increases to individual customer classes range from 0.9% for Large Volume Interruptible sales customers to 7.6% for Small Transport customers. The Small Volume Firm rate, which is the rate applicable to most residential customers increased 4.8%. Included in this percentage is an increase to the monthly Basic Service Charge for Small Volume Firm customers of \$1.00 which changed the amount from \$6.50 to \$7.50. MidAmerican's initial filing proposed to increase the charge to \$10 and the analysis submitted by MidAmerican supported an increase to over \$18.50.

Staff testimony recommended an increase of \$1.00 even though Staff's own analysis showed that a charge of \$9.20 could be justified. The Basic Service Charge recovers costs which the company incurs regardless of whether gas is delivered to a customer or not. Such costs include customer accounting, meter reading, partial recovery of investment in meters, regulators, service lines, and other expenses.

The Commission and its advisors reviewed MidAmerican's initial filing, Staff's testimony and exhibits, and the negotiated agreement and questioned the parties at the public hearing held February 20, 2002. On February 26, 2002, the Commission issued an order approving the settlement stipulation.

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF MIDAMERICAN ENERGY COMPANY FOR AUTHORITY TO INCREASE RATES FOR NATURAL GAS SERVICE DECISION AND ORDER APPROVING SETTLEMENT STIPULATION NG01-010

On September 24, 2001, MidAmerican Energy Company (MidAmerican), filed with the Public Utilities Commission (Commission) an application to increase natural gas rates in South Dakota. The application sought an overall increase in rates in the approximate amount of \$3,697,000 or approximately 5.6%. The Company requested a change in rates to become effective for billings on and after October 27, 2001.

At its regularly scheduled meeting of October 10, 2001, the Commission found that pursuant to SDCL 49-1A-8, MidAmerican shall be assessed a filing fee as requested by the executive director up to the statutory limit of \$100,000. The Commission further established an intervention deadline of November 9, 2001. Pursuant to SDCL 49-34A-14, the Commission suspended the operation of the schedule of rates proposed by MidAmerican for 90 days beyond October 26, 2001. On November 29, 2001, the state of South Dakota (State) filed a late petition for leave to intervene in this docket. By order dated December 20, 2001, the Commission granted intervention to the State. By order dated January 31, 2002, the Commission extended the suspension of proposed rate for 60 days or until the entry of the final order of the Commission, whichever occurs first.

The Commission set the matter for hearing for February 20-21, 2002, starting at 9:00 A.M., on February 20, 2002, in the Crown Room, Kings Inn, 220 South Pierre Street, Pierre, South Dakota. On February 4, 2002, the Commission received a letter from Commission Staff stating that MidAmerican and Commission Staff had reached a proposed settlement agreement. Staff requested that the Commission consider the settlement agreement on February 20, 2002. Based on Staff's letter, the Commission cancelled the hearing set for February 20-21, 2002, which was scheduled to hear the testimony of the parties. On February 15, 2002, the Commission received the Settlement Stipulation signed by all of the parties and a Staff Memorandum Supporting Settlement Stipulation. The Commission also received a Motion to Modify from MidAmerican requesting that the Commission's January 31, 2002, order, which suspended MidAmerican's proposed rates for 60 days or until the entry of the final order of the Commission, be modified to allow MidAmerican to put the proposed rates into effect on February 20, 2002.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, including 1-26-18, 1-26-19, 49-34A-2, 49-34A-3, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-8.1, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-14, 49-34A-16, 49-34A-17, 49-34A-19, 49-34A-19.1, 49-34A-19.2, 49-34A-20, 49-34A-21, 49-34A-22, and 49-34A-23.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER) DOCKET NO. NG01-010
OF THE APPLICATION OF)
MIDAMERICAN ENERGY COMPANY FOR AUTHORITY TO INCREASE	RECEIVED
NATURAL GAS RATES IN)
SOUTH DAKOTA	FEB 1 5 2002

I. SETTLEMENT STIPULATION

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

On September 24, 2001, MidAmerican Energy Company ("MidAmerican") filed with the South Dakota Public Utilities Commission ("Commission") an application for approval to increase rates for natural gas service in the State of South Dakota.

MidAmerican proposed an overall increase of \$3,697,000, which would produce an average annual increase in total South Dakota gas revenues of approximately 5.6%. The Staff of the Commission ("Commission Staff") on January 23, 2002, filed its direct testimony supporting an overall increase for MidAmerican of \$2,812,000 or 4.3%. By orders dated October 10, 2001, and January 31, 2002, the Commission suspended MidAmerican's proposed tariff until April 1, 2002, or entry of the final order of the Commission, whichever occurs first. By order issued December 20, 2001, the State of South Dakota ("State") was granted intervention in this proceeding.

The Commission Staff, MidAmerican and the State (jointly the "Parties") held a negotiating session on January 31, 2002, in an effort to arrive at a jointly acceptable resolution of this matter. As a result of the session, the Parties have been able to resolve all issues in this proceeding and have entered into this Settlement Stipulation ("Stipulation"), which, if accepted and ordered by the Commission, will determine rates to result from this proceeding.

II. PURPOSE

This Stipulation has been prepared and executed by the Parties for the sole purpose of resolving Docket No. NG01-010, and is applicable to final rates in this proceeding only. The Parties understand and agree that the proposals, positions, and adjustments made or obtained in this Stipulation, whether express or implied, are made or obtained only through the spirit of compromise. In consideration of the mutual promises hereinafter set forth, the Parties agree as follows:

- 1. Upon execution of this Stipulation, the Parties shall immediately file this Stipulation with the Commission together with a joint motion requesting that the Commission issue an order approving this Stipulation in its entirety without condition or modification.
- 2. This Stipulation includes all terms of settlement and is submitted with the condition that in the event the Commission imposes any changes in or conditions to this Stipulation which are unacceptable to any party, this Stipulation shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose.
- 3. This Stipulation shall become binding upon execution by the Parties, provided however, that if this Stipulation does not become effective in accordance with Paragraph 2 above, it shall be null, void and privileged. This Stipulation is intended to relate only to the specific matters referred to herein; no party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein; no party shall be deemed to have approved, accepted, agreed or consented to any rate making principle, or any method of cost of service determination, or any method of cost

allocation underlying the provisions of this Stipulation, or be prejudiced or bound thereby in any other current or future proceeding before the Commission. No party or representative thereof shall directly or indirectly refer to this Stipulation or that part of any order of the Commission referring to this Stipulation as precedent in any other current or future rate proceeding before the Commission.

- 4. The Parties to this proceeding stipulate that all prefiled testimony, exhibits, and workpapers, be made a part of the record in this proceeding. The Parties understand that if this matter had not been settled, MidAmerican would have filed rebuttal testimony responding to certain of the positions contained in the testimony of Commission Staff.
- 5. It is understood that Commission Staff enters into this Stipulation for the benefit of MidAmerican's South Dakota customers affected hereby.
- 6 It is understood that the State enters into this Stipulation for the benefit of the citizens of South Dakota affected hereby.

III. ELEMENTS OF THE SETTLEMENT STIPULATION

1. Revenue Requirement

The Parties agree that MidAmerican's attached rate schedules are designed to produce annual increases in base rate levels (excluding purchase gas cost adjustment and sales taxes) of approximately \$3.105 million annually for retail natural gas service in the State of South Dakota based on a settlement revenue requirement of \$68.418 million, including the cost of gas.

2. Rate Design

The agreed to change in rates including average calendar year 2001 gas costs,

would affect customer classes by the following percentages:

Designation: Small Volume Firm (SVF)

Class of Service: Residential, Commercial, and Industrial

Percent Increase: 4.8%

Designation: Medium Volume Firm (MVF)

Class of Service: Residential, Commercial, and Industrial

Percent Increase: 1.5%

Designation: Large Volume Firm (LVF) Class of Service: Commercial and Industrial

Percent Increase: N/A There are no LVF customers

Designation: Small Volume Interruptible (SVI) Class of Service: Commercial and Industrial

Percent Increase: 1.5%

Designation: Large Volume Interruptible (LVI) Class of Service: Commercial and Industrial

Percent Increase: 0.9%

Designation: Large Transport (LT)

Class of Service: Gas Transportation Tariffs

Percent Increase: 1.2%

Designation: Medium Transport (MT)
Class of Service: Gas Transportation Tariffs

Percent Increase: 2.3%

Designation: Small Transport (ST)

Class of Service: Gas Transportation Tariffs

Percent Increase: 7.6%

Total South Dakota: 4.75%

The percent increase for Total South Dakota was calculated by dividing the revenue

increase of \$3,104,847 by the Test Year Revenue amount of \$65,314,149

3. Other Conditions

The parties agree to an overall rate of return of 9.393% reflecting a return on common equity of 11% and MidAmerican's proforma test year capital structure and costs of debt and preferred stock.

It is further agreed by the parties that Economic Development expenses up to \$100,000 shall be equally paid by shareholders (\$50,000) and ratepayers (\$50,000). The economic development expenses shall include, but not be limited to, all South Dakota labor, expenses, and monetary contributions. This program will begin in 2002 and shall continue thereafter until revised by the Commission. MidAmerican, on an annual basis, will submit for Commission approval a filing which describes the cost, design, and benefit of MidAmerican's Economic Development programs. Any portion of the annual ratepayer contribution which remains unspent at the end of a program year shall be "carried over" into the next program year for Commission approval of expenditure or refund. No carry over shall occur for amounts spent annually in excess of \$100,000. This agreement does not preclude MidAmerican expending more on Economic Development nor does it restrict MidAmerican from asking for modification of these Economic Development terms in its next general rate filing.

It is further agreed by the parties that the issue of eliminating Purchased Gas Adjustment (PGA) interruptible rates will be heard as a PGA request before the Commission prior to MidAmerican's next annual PGA reconciliation.

4. Tariffs.

The Tariffs attached hereto reflect an agreement to increase present rate margin revenues (i.e. revenues exclusive of purchased gas adjustment amounts) for Small Volume, Medium Volume, and Large Volume classes by an approximately equal percentage to provide the agreed upon total increase in revenues of \$3.105 million. The Tariffs reflect Staff's position regarding customer charges, which is a proposed \$1.00 increase in the monthly small volume class customer charge but no other changes in customer charges.

It is agreed by the parties that the proposed tariff sheets, Section III-A, Third Revised Sheet No. 20, Cancels Second Revised Sheet No. 20 and Section III-A, Third Revised Sheet No. 21, Cancels Second Revised Sheet No. 21 shall not become effective until a formal request is submitted to the Commission at a later date. Section III-A, Second Revised Sheet No. 20 and Second Revised Sheet No. 21, will remain in effect until that time.

6. <u>Implementation of Rates.</u>

Except for the two tariff sheets referred to above, the revised rate schedules shall be implemented with billings on and after the date of the Commission's consideration of this matter on February 20, 2002, with billings prorated so that usage prior to February 20, 2002, is billed at the previous rates and usage on and after February 20, 2002, is billed at the new rates.

7. Conclusion

This Stipulation is entered into this 15th day of Hibrury, 2002.

MidAmerican Energy Company	South Dakota Public Utilities Commission
BY:	BY:
Suzan M. Stewart Managing Attorney	Kelly Frazier
P.O. Box 778	Attorney State Capitol Building
Sioux City, IA 51102	500 East Capitol Building
DATED:	Pierre, SD 57501-5070 DATED:
State of South Dakota	
BY:	
Tom Geraets	
DATED:	



SOUTH DAKOTA GAS TARIFF SD P.U.C. Section No. I Fifth Revised Sheet No. 1 Cancels Fourth Revised Sheet No. 1

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SOUTH DAKOTA GAS TARIFF SD P.U.C. Section No. II Second Revised Sheet No. 1 Cancels First Revised Sheet No. 1

PRELIMINARY STATEMENT

Territory Served

The Company provides natural gas service at retail to the following communities and their immediate environs in South Dakota:

Alcester Ellis Baltic Flandreau Beresford Gayville Brandon Harrisburg Canton Hartford Centerville Jefferson Colton Lennox Dakota Dunes McCook Lake Del Rapids Mecklina Elk Point

Montrose

North Sioux City Ramona Salem Sioux Falls Tea Vermillion Worthing Yankton

Types and Classes of Service

The Company has the following Classes of Service:

Gas Sales Service Small Volume Firm (SVF) Medium Volume Firm (MVF) Large Volume Firm (LVF) Small Volume Interruptible (SVI) Large Volume Interruptible (LVI) Economic Development Service (EDS) Incremental Expansion (SD1)

Gas Transportation Service Small Volume Transport (ST) Medium Volume Transport (MT) Large Volume Transport (LT) Competitive Pricing Transportation Service (CPS)

> D D

Daily Balancing Service (DBS) Group Balancing Service (GBS) Firm Standby Service (FSS)

General Conditions of Service

All service is furnished under the provisions of the Company's Rules and Regulations set forth in Section No. V of the tariff schedules.

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Date Filed:	September 24, 2001	Effective Date:	February 20, 2002
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SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Fourth Revised Sheet No. 1 Cancels Third Revised Sheet No. 1

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SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Second Revised Sheet No. 11 Cancels First Revised Sheet No. 11

DESIGNATION:

Small Volume Firm (SVF)

CLASS OF SERVICE: Residential, Commercial and Industrial

1. Application

Available in all service areas in South Dakota.

Applicable to all firm natural gas service normally supplied through one meter at a single point of delivery for all residential, commercial, and industrial customers having peak day requirements of less than 500 therms. Not applicable for resale, standby or supplemental service. The Company's service rules and regulations shall apply.

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2. Monthly Rate

	3VF
Service Charge per Meter:	\$ 7.50
Non-Gas Commodity Charge:	,
First 250 therms per therm:	\$.17725
Balance per therm:	\$.11725

3. Clauses

Above rate subject to: Cost of Purchased Gas Adjustment Clause 1, (Sheet No. 3).

Tax Adjustment Clause (Sheet No. 6). Btu Adjustment Clause (Sheet No. 7).

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

5. Minimum Charge

The minimum charge is the service charge plus the commodity charge for all therms used.

6. Terms of Tariff

In the event the customer orders a disconnection and a reconnection of service at the same premises within a period of twelve (12) months, the Company will collect a turn-on charge.

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SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Second Revised Sheet No. 12 Cancels First Revised Sheet No. 12

DESIGNATION:

Medium Volume Firm (MVF)

CLASS OF SERVICE: Residential, Commercial and Industrial

1. Application

Available in all service areas in South Dakota.

Applicable to firm natural gas service normally supplied through one meter at a single point of delivery for all residential, commercial, and industrial customers having peak day requirements of less than 2,000 therms. Not applicable for resale, standby or supplemental service. The Company's service rules and regulations shall apply.

2. Monthly Rate

Service Charge per Meter: Non-Gas Commodity Charge per therm **MVF** \$ 60.00 \$.07201

3. Clauses

Above rate subject to:

Cost of Purchased Gas Adjustment Clause 1, (Sheet No. 3).

Tax Adjustment Clause (Sheet No. 6). Btu Adjustment Clause (Sheet No. 7).

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

5. Minimum Charge

The minimum charge is the service charge plus the commodity charge for all therms used.

6. Terms of Tariff

In the event the customer orders a disconnection and a reconnection of service at the same premises within a period of twelve (12) months, the Company will collect a turn-on charge.

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			1 CDI dai y 20, 2002



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Third Revised Sheet No. 13 Cancels Second Revised Sheet No. 13

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DESIGNATION:

Large Volume Firm (LVF)

CLASS OF SERVICE: Commercial and Industrial

1. Application

Available in all service areas in South Dakota.

Applicable to all firm natural gas service normally supplied through one meter at a single point of delivery for all commercial and industrial customers having peak day requirements of 2,000 therms and higher. Not applicable for resale, standby or supplemental service. The Company's service rules and regulations shall apply.

2. Monthly Rate

Service Charge per Meter: Commodity Charge (per therm):

LVF \$ 275.00 .03526

3. Clauses

Above rate subject to: Cost of Purchased Gas Adjustment Clause 2, (Sheet No.3).

Tax Adjustment Clause (Sheet No. 6). Btu Adjustment Clause (Sheet No. 7).

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

5. Term of Contract

The term of the contract will be 12 months or as mutually agreed to by Company and customer. Extension and cancellation is based on individual written contract.

6. Minimum Charge

The minimum charge is the service charge plus the commodity charge for all therms used.

7. Terms of Tariff

In the event that a customer orders a disconnection and reconnection of service at the same premises within a period of twelve (12) months, the Company will collect a turn-on charge.

Date Filed:	September 24, 2001	_ Effective Date:	February 20, 2002



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Third Revised Sheet No. 14 Cancels Second Revised Sheet No. 14

DESIGNATION:

Small Volume Interruptible (SVI)

CLASS OF SERVICE: Commercial and Industrial

1. Application

Available in all service areas in South Dakota.

Applicable to all natural gas service required by commercial and industrial customers to be supplied on an interruptible basis, having peak day requirements of less than 2,000 therms. The Company's service rules and regulations shall apply.

2. Monthly Rate

Service Charge per Meter: \$ 60.00
Non-Gas Commodity Charge per therm: \$.07201

3. Clauses

Above rate subject to: Cost of Purchased Gas Adjustment Clause 3, (Sheet No. 3).

Tax Adjustment Clause (Sheet No. 6). Btu Adjustment Clause (Sheet No. 7).

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

5. Minimum Charge

The term of this agreement is one year or as agreed. The minimum charge is the service charge plus the commodity charge for all therms used.

6. Terms of Tariff

In the event the customer orders a disconnection and a reconnection of service at the same premises within a period of twelve (12) months, the Company will collect a turn-on charge.

7. Special Provision

A customer electing interruptible service must have an alternate fuel capability or be willing to discontinue gas service during periods of curtailment.

8. Pipeline Demand Recovery

In the event an existing small or medium firm sales customer elects this service the customer shall be charged the Cost of Purchased Gas Adjustment Clause 1 until the Company is able to effectuate reduction with the interstate pipeline.

9. Optional Off Peak Firm Service

This service is available to Customers who want firm service during the off peak months of April through November for a minimum term of one year. The Customers selecting this service will be subject to a surcharge on all their consumption throughout the year. Customers must initially contact the Company by February 28 in order to sign up for this service prior to the start of the off peak season. The surcharge is included as part of the customer's Purchased Gas Adjustment clause. The actual surcharge will be available in Section III, Sheet No. 3, and will be published annually in April. Customers must contact the Company if they choose to discontinue this optional service.

Date Filed:	September 24, 2001	Effective Date:	February 20, 2002



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Third Revised Sheet No. 15 Cancels Second Revised Sheet No. 15

DESIGNATION:

Large Volume Interruptible (LVI)

CLASS OF SERVICE: Commercial and Industrial

1. Application

Available in all service areas in South Dakota.

Applicable to all natural gas service required by customers to be supplied on an interruptible basis, having peak day requirements of 2,000 therms and higher. The Company's service rules and regulations shall apply.

2. Monthly Rate

Service Charge per Meter: Commodity Charge (per therm):

LVI \$ 275.00 .03526

3. Clauses

Above rate subject to: Cost of Purchased Gas Adjustment Clause 3, (Sheet No. 3).

Tax Adjustment Clause (Sheet No. 6). Btu Adjustment Clause (Sheet No. 7).

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

5. Minimum Charge

The term of this agreement is one year or as agreed. The minimum charge is the service charge plus the commodity charge for all therms used.

6. Terms of Tariff

In the event the customer orders a disconnection and a reconnection of service at the same premises within a period of twelve (12) months, the Company will collect a turn-on charge.

7. Special Provisions

A customer electing interruptible service must have an alternate fuel capability or be willing to discontinue gas service during periods of curtailment.

The above rate is also available for cogeneration loads. There are no peak day requirements for these uses.

8. Pipeline Demand Recovery

In the event an existing large firm sales customer elects this service the customer shall be charged the Cost of Purchased Gas Adjustment Clause 2 until the Company is able to effectuate reduction with the interstate pipeline.

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Issued By: James J. Howard

Vice President



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III First Revised Sheet No. 23 Cancels Original Issue Sheet No. 23

DESIGNATION:	
CLASS OF SERVICE:	

RESERVED FOR FUTURE USE

Date Filed: September 24, 2001 Effective Date: February 20, 2002

Issued By: James J. Howard

Vice President



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Second Revised Sheet No. 24 Cancels First Revised Sheet No. 24

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RESERVED FOR FUTURE USE

Date Filed: September 24, 2001 Effective Date: February 20, 2002



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Third Revised Sheet No. 25 Cancels Second Revised Sheet No. 25

DESIGNATION:	
CLASS OF SERVICE:	

RESERVED FOR FUTURE USE

Date Filed: September 24, 2001 Effective Date: February 20, 2002



SOUTH DAKOTA GAS SALES TARIFF SD P.U.C. Section No. III Third Revised Sheet No. 26 Cancels Second Revised Sheet No. 26

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RATE DESIGNATION: Competitive Sales Service **CLASS OF SERVICE:** Residential (SVF, MVF),

Commercial & Industrial (SVF, MVF, SVI, LVI, LVF)

1. Availability

This rate is available on an optional non-discriminatory basis, taking into consideration distance from competing natural gas services; volume of gas purchased; length of contract term; and other related costs and factors that affect both the Company and the Customer.

SVF - less than 500 therms peak day requirements MVF, SVI - less than 2000 therms peak day requirements LVF, LVI - greater than 2000 therms peak day requirements

2. Rates

Customer Charge:

SVF: Max \$7.50 per Delivery Point MVF, SVI: Max \$60.00 per Delivery Point LVF, LVI: Max \$275.00 per Delivery Point

Delivery Charge:

SVF: First 250 therms Max \$.17725 Min \$.00500

Balance therms Max \$.11725 Min \$.00500

MVF, SVI: All therms Max \$.07201 Min \$.00500 LVF; LVI: All therms Max \$03526 Min \$.00500

Minimum Monthly Billing:

Negotiated rate pursuant to agreement

3. Clauses

Above rates subject to:

SVF, MVF: Cost of Purchased Gas Adjustment Clause 1, (Sheet No. 3) LVF: Cost of Purchased Gas Adjustment Clause 2, (Sheet No. 3) SVI, LVI: Cost of Purchased Gas Adjustment Clause 3, (Sheet No. 3)

All Rates: Tax Adjustment Clause (Sheet No. 6) Btu Adjustment Clause (Sheet No. 7)

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

5. Incremental Cost Provision

A rate charged to any new or existing customer which is less than the maximum tariffed rate shall recover the incremental cost of serving that customer plus a margin. In all cases, MidAmerican shall be able to show that the competitive rate offered to a customer, recovers incremental cost plus a margin or that benefits exceed costs.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Fourth Revised Sheet No. 3 Cancels Third Revised Sheet No. 3

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Date Filed:	September 24, 2001	Effective Date:	February 20, 2002



SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Third Revised Sheet No. 4 Cancels Second Revised Sheet No. 4

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A

Fourth Revised Sheet No. 5

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Cancels Third Revised Sheet No. 5

RATE DESIGNATION: Large Transport (LT)
CLASS OF SERVICE: Gas Transportation Tariffs

1. Applicability and Character of Service

This Transportation Service Tariff shall apply to gas purchased by Customer from a third-party supplier delivered to Company's system by an interstate pipeline, and received, transported, and delivered, on a firm basis, by Company to Customer's premises, when the Company and Customer have executed a Service Request Form.

2. Availability

This service is available to any Customer with facilities served by the Company who has peak day requirements of 2,000 therms or greater and has Company installed telemetric equipment in place to monitor daily usage. The customer may install telemetric equipment in accordance with Terms and Conditions specified in Transportation Tariff Sheet No. 32, part 8(b). Company shall have no obligation to provide gas supplies to customers that contract for this service without also contracting for Firm Supply Standby Service or other optional firm supply services that may be offered. In the event that a LT Customer seeks to purchase gas supplies from Company, such sales shall be at the sole discretion of Company.

3. Rates

Monthly Charges:

Service Charge:

\$ 275.00 per Billing Period per Delivery Point

Commodity Charge:

\$.03526 per therm transported

Transportation Administrative Charge

\$ 35.00 per Billing Period per Delivery Point

System Exit Charges:

Pipeline Demand, Rider No. 2 Pipeline Transition, Rider No. 4

One-Time Charges:

Application Charge:

\$250.00 with each request for service

Telemetering:

Actual cost of telemetry, installation and hardware.

Minimum Monthly Bill:

The Service Charge(s) and Transportation Administrative Charge(s) plus any Rider(s).

4. Bill Payment Provision.

The rate is net. A late payment charge of 1.5 percent per month shall be added to the past-due amount if the bill is not paid by the due date.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF

SD P.U.C. Section No. III-A

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Fourth Revised Sheet No. 6

Cancels Third Revised Sheet No. 6

RATE DESIGNATION: Medium Transport (MT)
CLASS OF SERVICE: Gas Transportation Tariffs

1. Applicability and Character of Service

This Transportation Service Tariff shall apply to gas purchased by Customer from a third-party supplier delivered to Company's system by an interstate pipeline, and received, transported, and delivered, on a firm basis, by Company to Customer's premises, when the Company and Customer have executed a Service Request Form.

2. Availability

This service is available to any Customer with facilities served by the Company who has peak day requirements of less than 2,000 therms and has Company installed telemetric equipment in place to monitor daily usage. The customer may install telemetric equipment in accordance with Terms and Conditions specified in Transportation Tariff Sheet No. 32, part 8(b). Company shall have no obligation to provide gas supplies to customers that contract for this service without also contracting for Firm Supply Standby Service or other optional firm supply services which may be offered. In the event that a MT Customer seeks to purchase gas supplies from Company, such sales shall be at the sole discretion of Company.

3. Rates

Monthly Charges: Service Charge: Commodity Charge: Transportation Administrative Charge System Exit Charges: Pipeline Demand, Rider No. 2 Pipeline Transition, Rider No. 4	 \$ 60.00 per Billing Period per Delivery Point \$.07201 per therm transported \$ 35.00 per Billing Period per Delivery Point
One-Time Charges: Application Charge: Telemetering: Minimum Monthly Billing:	\$250.00 with each request for service Actual cost of telemetry, installation and hardware.

The Service Charge(s) and Transportation Administrative Charge(s) plus any Rider(s). 4. Bill Payment Provision.

The rate is net. A late payment charge of 1.5 percent per month shall be added to the past-due amount if the bill is not paid by the due date.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Fourth Revised Sheet No. 7

Cancels Third Revised Sheet No. 7

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RATE DESIGNATION: Small Transport (ST) **CLASS OF SERVICE: Gas Transportation Tariffs**

1. Applicability and Character of Service

This Transportation Service Tariff shall apply to gas purchased by Customer from a third-party supplier delivered to Company's system by an interstate pipeline, and received, transported, and delivered, on a firm basis, by Company to Customer's premises, when the Company and Customer have executed a Service Request Form.

2. Availability

This service is available to any Customer with facilities served by who has peak day requirements of less than 500 therms and has Company installed telemetric equipment in place to monitor daily usage. The customer may install telemetric equipment in accordance with Terms and Conditions specified in Transportation Tariff Sheet No. 32, part 8(b). Company shall have no obligation to provide gas supplies to customers that contract for this service without also contracting for Firm Supply Standby Service or other optional firm supply services which may be offered. In the event that a ST Customer seeks to purchase gas supplies from Company, such sales

Date

	discretion of Company.	ies fi	rom Compa	ny, such sales shall be at the sole
3.	Rates			
	Monthly Charges: Service Charge: Commodity Charge: First 250 therms transported Balance per therm transported Transportation Administrative Charge System Exit Charges: Pipeline Demand, Rider No. 2 Pipeline Transition, Rider No. 4	\$ \$\$ \$.17725 .11725	Billing Period per Delivery Point per therm per therm Billing Period per Delivery Point
	One-Time Charges: Application Charge: \$250.00 Telemetering: Actual of Minimum Monthly Billing: The Service Charge(s) and Transportation A	ost (of telemetry	est for service , installation and hardware. narge(s) plus any Rider(s).
4.	Bill Payment Provision. The rate is net. A late payment charge of 1.5 pramount if the bill is not paid by the due date.	erce	nt per mon	th shall be added to the past-due
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SOUTH DAKOTA GAS TRANSPORTATION TARIFF

SD P.U.C. Section No. III-A

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Second Revised Sheet No. 8 Cancels First Revised Sheet No. 8

RATE DESIGNATION: Competitive Transportation Service CLASS OF SERVICE: Gas Transportation (ST, MT, LT)

1. Application

This rate is available on an optional non-discriminatory basis, taking into consideration distance from competing natural gas services; volume of gas purchased; length of contract term; and other related costs and factors that affect both the Company and the Customer.

2. Character of Service

This Transportation Service Tariff shall apply to gas purchased by Customer from a third-party supplier delivered to Company's system by an interstate pipeline, and received, transported, and delivered, on a firm basis, by Company's premises, when the Company and Customer have executed a Service Request Form.

3. Availability

This service is available to any Customer who has in place telemetric equipment to monitor daily usage. The Customer may install telemetric equipment in accordance with Terms and Conditions specified in Transportation Tariff Sheet No. 32, part 8(b). Company shall have no obligation to provide gas suppliers to customers that contract for this service without also contracting for Firm Supply Standby Service or other optional firm supply services which may be offered. In the event that a customer seeks to purchase gas supplies from Company, such sales shall be at the sole discretion of Company.

ST - less than 500 therms peak day requirements MT - less than 2000 therms peak day requirements

LT - equal to or greater than 2000 therms peak day requirements

4. Rates

Monthly Customer Charge:

ST: Max \$7.50 per Delivery Point MT: Max \$60.00 per Delivery Point LT: Max \$275.00 per Delivery Point

Transportation Administrative Charge:

\$35.00 per Billing Period per Delivery Point

Commodity Charge:

ST: First 250 therms Max \$.17725 Min \$.00500 Balance therms Max \$.11725 Min \$.00500 MT: All therms Max \$.07201 Min \$.00500

LT: All therms Max \$.03526 Min \$.00500

Minimum Monthly Billing:

The Service Charge(s) and Transportation Administrative Charge(s) plus any Rider(s).

System Exit Charges:

Pipeline Demand, Rider No. 2 Pipeline Transition, Rider No. 4

One-Time Charges:

Application Charge: \$250.00 with each request for service

Telemetering: Actual cost of

Actual cost of telemetry, installation and hardware.

5. Bill Payment Provision

The rate is net. A late payment charge of 1.5% per month shall be added to the past due amount if the bill is not paid by the due date.

6. Incremental Cost Provision

A rate charged to any new or existing customer which is less than the maximum tariffed rate shall recover the incremental cost of serving that customer plus a margin. In all cases, MidAmerican shall be able to show that the competitive rate offered to a customer, recovers incremental cost plus a margin or that benefits exceed costs.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Third Revised Sheet No. 20 Cancels Second Revised Sheet No. 20

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RATE DESIGNATION: Customer Balancing CLASS OF SERVICE: Gas Transportation Tariffs

- 1. Customer Obligation Customer shall have the obligation to balance on a daily basis the receipt of transportation gas by the Company at the Receipt Point with deliveries of thermally adjusted quantities of gas by the Company to the Delivery Point ("Balance"). Differences between Daily Receipts and Deliveries ("Imbalances") shall be accumulated and recorded in a Customer account. MidAmerican will review the Customer's nomination made to the interstate pipeline. For purposes of determining distribution system imbalances, MidAmerican will use the lesser of the volume confirmed on the interstate pipeline or the nomination submitted by the Customer to MidAmerican.
 - (a) <u>Daily Balancing Limit</u> The Customer is permitted to incur a daily Positive or Negative Imbalance up to and including ten percent (10%) of the quantities delivered by the Company on the Customer's behalf, except on Critical Days.
 - (b) Short Critical Day The Customer is not permitted to incur a Daily Negative Imbalance but is permitted to incur an unlimited daily Positive Imbalance.
 - (c) <u>Long Critical Day</u> The Customer is permitted to incur a Daily Positive Imbalance up to and including five percent (5%) and is permitted to incur an unlimited Negative Imbalance.
 - (d) Operational Flow Order (OFO Company may call an OFO on a specific customer, multiple customers, or a Group Customer in order to limit critical day parameters to as small a segment of customers as possible. This customer or group will be subject to the same balancing parameters imposed on a Critical Day as outlined above.

2. Settlement of Imbalances:

On a monthly basis, the Customer will receive an Imbalance Statement from the Company which will show the daily quantities received by the Company on behalf of the Customer, Deliveries to the Customer's facilities and any Daily Imbalances resulting from the over or under delivery of gas.

(a) Imbalance Settlement - In addition to the applicable over/under delivery charges, cumulative daily Positive or Negative Imbalances at a delivery point will be deemed to have been sold to or bought from the Company at the average of the Gas Daily index prices plus applicable interstate pipeline transportation fees. The Customer will be subject to the index pricing point on the pipeline they are served by. The Company will establish the pricing index points and transportation used for each pipeline. The Company may change this index point at its discretion via a posting on the MOT bulletin board. For purposes of calculating a Positive daily imbalance cashout, gas delivered to alternate receipt points will be considered first gas delivered. Customers with multiple index pricing points will be cashed out at a weighted cost of the pipeline index points listed on the MOT bulletin board based on MidAmerican's allocation of firm entitlements on each pipeline.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Third Revised Sheet No. 21 Cancels Second Revised Sheet No. 21

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RATE DESIGNATION: Customer Balancing (Continued)
CLASS OF SERVICE: Gas Transportation Tariffs

3. Over/Under Delivery Charges for Imbalances:

- (a) <u>Daily</u> Customers with a Positive or Negative Imbalance greater than 10%, after adjustment for optional balancing service, shall be subject to an additional charge at the rate of \$0.01 per therm (\$0.10 per Dth) up to 20% imbalances. For imbalances greater than 20%, the imbalance charge is \$0.10 per therm (\$1.00 per Dth) of imbalance except as charged on Critical Days or OFO days.
- (b) Short Critical Day Customers with a Negative Imbalance will be charged \$.50 per therm (\$5.00 per Dth) for the first 5% Negative Imbalance and will be assessed the greater of \$3.00 per therm (\$30.00 per Dth) or three (3) times the Chicago-LDCs, large end-users "Midpoint" Index price as reported in Gas Daily publication for any Negative Imbalance in excess of 5%.
 - Customers with a Positive Imbalance on any short critical day, will not incur the daily \$.10 per therm (\$1.00 per Dth) over delivery charge.
- (c) Long Critical Day Customers with a Positive Imbalance in excess of the free 5% will be charged \$1.00 per therm (\$10.00 per Dth).
 - Customers with a Negative Imbalance on any Long Critical Day will not incur the daily \$.10 per therm (\$1.00 per Dth) under delivery charge.
- (d) <u>Additional Charges</u> If the Company incurs additional charges due to a Customer's Imbalance, those costs will be passed on to the Customer.

The customer shall reimburse the Company for any penalty, storage, or other costs incurred by the Company or imposed on the Company by a pipeline as a result of any under or over delivery imbalance, daily, monthly or otherwise, caused by the customer.

- If the Company incurs additional charges due to a Customer's Imbalance, which is in excess of the penalty recoveries from transportation customers, the net excess penalty will be collected on a pro rata basis from all parties that created the additional charges.
- (e) Revenue Sharing Over/Under Delivery Charges for Imbalances shall be credited to the sales customers via the Annual Purchased Gas Adjustment Reconciliation filing.
- (f) Waiver of Penalties Regardless of Customer circumstances, the Company will not waive interstate pipeline imbalance charges that are incurred due to a customer imbalance. However, in the event of unanticipated, non-recurring conditions experienced by the Customer with their natural gas fueled equipment where the Customer as a result of problems with its natural gas fueled equipment was unable to use all quantities of gas confirmed for delivery (excluding changes in production levels by the Customer), the Company may waive its daily imbalance charges for the gas day the condition initially occurred.

Any imbalance charge paid by the Customer or waived by the Company, shall not be construed as giving the Customer the right to continue to create an imbalance on the system.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Third Revised Sheet No. 26 Cancels Second Revised Sheet No. 26

RATE DESIGNATION: Standby Service Options CLASS OF SERVICE: Gas Transportation Tariff

Firm Supply Standby Service (FSS):

(a) <u>Description</u> - A Customer may elect to receive Firm Supply Standby Service to assure continued gas service when their own gas supply is interrupted. The Customer will be permitted to contract for daily delivery capacity under this standby option. This service is available for an annual period.

(b) Rates

Pipeline Demand Charge:

Applicable pipeline charges

Commodity Charge:

110% of the Gas Daily interstate pipeline index including applicable interstate pipeline and Company transportation

and fuel charges.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A First Revised Sheet No. 27 Cancels Original Issue Sheet No. 27

RATE DESIGNATION:

CLASS OF SERVICE: Gas Transportation Tariff

RESERVED FOR FUTURE USE

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Issued By: James J. Howard

Vice President



SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Second Revised Sheet No. 28 Cancels First Revised Sheet No. 28

RATE	DESIGNATION:

CLASS OF SERVICE: Gas Transportation Tariff

RESERVED FOR FUTURE USE

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Issued By: James J. Howard

Vice President



SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Fourth Revised Sheet No. 35 Cancels Third Revised Sheet No. 35

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RATE DESIGNATION: General Terms and Conditions (Con't.)

CLASS OF SERVICE: Gas Transportation Tariff

(g) <u>Late Nominations</u>: The Company may, at its sole discretion, reduce the Nomination requirements outlined above in those situations where operationally the Company can accommodate a change in Nomination on less notice. Nominations shall be implemented only if they are confirmed by the interstate pipeline. For each Late Nomination, the Company will charge a Rescheduling Service fee of \$50 per Delivery Point. The charge will be imposed for each nomination change received and confirmed by the Company.

(h) MidAmerican ONLINE Transportation (MOT) Bulletin Board: The MOT bulletin board is a functional electronic bulletin board available on a 24-hour basis via the Internet. This system offers access to daily nominations, usage, balancing information, system notifications, weather, and other pertinent information. Customers electing the MOT bulletin board shall be required to submit nominations electronically. Customers who choose not to utilize the MOT bulletin board will not have access to this information without charge.

(i) Operational Flow Order (OFO): The Company may call an OFO on customers behind a specific pipeline, delivery zone, town border station; on a marketer, agent, group of customers, or specific customer. This OFO will result in requiring customers that the OFO was called on to balance gas volumes under either the Short or Long Critical Day provisions. The OFO will remain in effect until the operational condition requiring its issuance has been remedied. The type of OFO call and process the Company will use is as follows:

OFO call by pipeline, Delivery Zone, or Town Border Station (TBS). The Company will call a Short or Long Critical Day on a specific pipeline, delivery zone, or TBS for the following reasons:

- When the Company experiences failure of transmission, distribution, gas storage or gas manufacturing facilities.
- 2. When transmission system pressures or other unusual conditions jeopardize the operation of the Company's system.
- 3. When the Company's transportation, storage, and supply resources are being used at or near their maximum rated deliverability.
- 4. When any of the Company's transporters or suppliers call the equivalent of a Critical Day.
- When the Company is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of the Company's system.

OFO call by a marketer, agent, group of customers, or specific customer. The Company will call a Short or Long Critical Day on a marketer, agent, group of customers or specific customer when in the Company's judgment, the OFO is necessary to maintain or restore operational integrity when a marketer, agent, group of customers, or specific customer is significantly delivering long or short during periods of significant gas price changes.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Second Revised Sheet No. 36 Cancels First Revised Sheet No. 36

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RATE DESIGNATION: General Terms and Conditions (Con't.)

CLASS OF SERVICE: Gas Transportation Tariff

13. Provisions Applicable to Third Party Suppliers: If a Gas Transportation Customer wishes to utilize brokers, marketers, or other third party suppliers ("Third Party Suppliers") either as agents or as suppliers of gas into the Company's system, the Customer must notify the Company in writing of the Third Party Supplier that will be used in any particular gas month and whether the Third Party Supplier will be acting as agent for Customer for making nominations. If the Customer is using a Third Party Supplier, Customer agrees that as between Company and Customer, the Company shall all be entitled to rely upon information concerning deliveries of natural gas on behalf of Customer provided by Third Party Supplier.

- 14. Failure to Comply: If the Customer or assigned agent fails to comply with or perform any of the obligations on its part to be complied with or performed under a Schedule, the Company shall have the right to give Customer written notice of the Company's intention to terminate the Transportation on account of such failure. The Company shall have the right to terminate such Transportation at the expiration of five days after the giving of said notice, unless within five days the Customer shall make good such failure. Termination of such Transportation for any such cause shall be a cumulative remedy as to the Company, and shall not release the Customer from its obligation to make payment of any amount or amounts due or to become due from the Customer to the Company under the applicable Schedule. In order to resume Transportation after termination of service hereunder, it shall be necessary for Customer to file a new request for service.
- 15. Successors and Assigns: Any party which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of any Customer shall be subject to the obligations of its predecessor in title under a Contract. No other assignment of a Contract or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of the non-assigning party, which consent shall not be unreasonably withheld. Any party may assign its respective right, title, and interest in and to and under a Contract to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of any such assignee becoming in any respect obligated to perform the obligation of the assignor under a Contract and, if any such trustee be a corporation, without its being required to qualify to do business in any state in which performance of a Contract may occur.

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SOUTH DAKOTA GAS TRANSPORTATION TARIFF SD P.U.C. Section No. III-A Second Revised Sheet No. 42 Cancels First Revised Sheet No. 42

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RATE DESIGNATION: Rider No. 2 Pipeline Demand Rider

CLASS OF SERVICE: Gas Transportation Tariff

1. Applicable

Applicable to all transportation customers that contract for one of the Company's Gas Transportation services on or after November 15, 1995, and that previously received sales service under one of the Company's sales service rate schedules. This rider shall commence with the implementation of transportation service. Company shall cease charging the PDR to customer at the earlier of 1) actual termination of Company's obligation to pay the interstate pipeline for the pipeline demand charges previously related to customer's requirements or 2) November 1 of the second calendar year of transportation service for customer. This rider will not allow the ST, MT, or LT Customer the right to broker the use of the stranded capacity. Customer may give notification of switching to transportation in writing by June 1 at least 5-months prior to commencement of transportation service in order to avoid PDR charges once the customer starts transporting.

2. Pipeline Demand Rider

The Pipeline Demand Rider (PDR) is the surcharge per therm of natural gas transported. The surcharge shall be equal to the non-commodity cost of gas excluding transition costs, which shall be collected under the Pipeline Transition Rider, reflected in the monthly Purchased Gas Adjustment filings for the appropriate pipeline.

3. Gas Reconciliation

The company shall reflect the recovery of the PDR as a reduction to the sales customer's cost of gas on a dollar-for-dollar basis in the Annual Purchased Gas Adjustment Reconciliation.

4. Billing

For Transport customers, the PDR will be added as a separate line on the bill.

5. Permanent Capacity Release

Customer may elect to contract with the Company for a permanent release of peak day capacity requirements, currently used to serve the customer as determined by the Company, in lieu of being assessed the PDR surcharge. Company, in its discretion, shall have the right to specify which firm transportation entitlement contract is permanently released. Any transition costs related to permanently released capacity which are assessed against Company will be assigned to the customer taking the capacity assignment. This will primarily involve the transition costs collected on the firm transportation entitlements.

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