

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

**IN THE MATTER OF THE FILING BY) ORDER APPROVING TARIFF
MIDAMERICAN ENERGY COMPANY FOR) REVISIONS
APPROVAL OF TARIFF REVISIONS) NG02-003**

On May 16, 2002, the Public Utilities Commission (Commission) received an application from MidAmerican Energy Company (MidAmerican) requesting approval of its gas tariff sheet changes. According to the filing, MidAmerican is requesting approval to limit both the Small and Large Volume Interruptible gas tariffs (Rates SVI and LVI) to existing customers as of the effective date of this tariff change. MidAmerican proposed that the tariff change be made effective June 21, 2002. The revised tariff sheets are as follows:

SDPUC Gas Sales Tariff
Section No. III

Fourth Revised Sheet No. 14
Fourth Revised Sheet No. 15

Canceling Third Revised Sheet No. 14
Canceling Third Revised Sheet No. 15

At its regularly scheduled meeting of June 13, 2002, the Commission discussed final approval of the application. Commission Staff recommended approval of the revisions to the tariff sheets.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically, 49-34A-2, 49-34A-4, 49-34A-6, 49-34A-8, and 49-34A-10 and ARSD 20:10:13:04. The Commission finds the revisions are just and reasonable and approves the change (Commissioner Nelson, dissenting). It is therefore

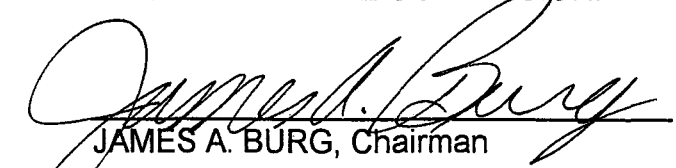
ORDERED, that the above-referenced revised tariff sheets are approved and are effective for two years from the date of this order; and it is

FURTHER ORDERED, that MidAmerican shall file a plan within two years to phase out its interruptible gas tariffs.

Dated at Pierre, South Dakota, this 27th day of June, 2002.

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>Melaine Kolbo</u>
Date: <u>6/28/02</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:


JAMES A. BURG, Chairman

PAM NELSON, Commissioner, dissenting


ROBERT K. SAHR, Commissioner

STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY
MIDAMERICAN ENERGY COMPANY
FOR APPROVAL OF TARIFF REVISIONS
DOCKET NG02-003

DISSENT OF COMMISSIONER NELSON

Interruptible rates are a tool that when used properly, can benefit both interruptible customers and all the other system customers. Interruptible rates can provide customers with both economic and operational efficiency incentives. Interruptible rates can give the utility beneficial timing opportunities for developing the system.

But interruptible rates do have drawbacks. The most obvious is that we have conditioned a class of customers to expect a lower rate, a rate that does not include all firm service costs. When interruptible rates are no longer justified, we must confront the unpleasant task of restoring firm service costs to all rates. However unpleasant, to do otherwise is simply unfair to every customer receiving equivalent service, yet paying more.

MidAmerican recognizes this unfairness. In Docket NG01-010, MidAmerican's recent rate case, MidAmerican had filed a rate designed to phase out interruptible service. In this filing MidAmerican requested to limit interruptible gas service to existing customers, but maintain the service until some future time.

I understand that interruptible customers may have invested in backup facilities in order to receive interruptible service, and there is concern about the fairness of withdrawing the interruptible rate given this investment. But we don't know to what extent those costs have already been recovered through rate savings and tax deductions. Even so, interruptible customers cannot be forever guaranteed unwarranted benefits at other customers' expense.

Good cause exists for MidAmerican to totally eliminate this rate. But that is not what MidAmerican asks. MidAmerican wants to "freeze" the rate class by allowing those now on the rate to stay on the rate, but allow no new customers. I think this is discriminatory and unfair. Either have the rate available to all, or eliminate it. I must therefore dissent with the majority decision to allow MidAmerican to freeze the rate class, but continue the rate.