
SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM**4.01 APPLICABILITY**

The provisions of this subsection pertain to any expansion of the Company's gas Distribution System, whether it includes an Extensive Plant Addition, Plant Addition, Distribution Main or a Service Line.

4.02 DEFINITIONS

In addition to terms previously defined in the subsection "Gas Service Policies," the following definitions are used in this subsection:

Abnormal Conditions means circumstances that cause increased installation costs for a Distribution System Expansion including but not limited to, frozen ground, rock, safety issues, legal problems, routing, right-of-way acquisition, obstructions, hindrances, crop damage, governmental or third-party requirements.

Applicant means a Customer, developer, subdivider, property owner(s) or other entity that requests and/or contracts for gas service requiring Extensive Plant Additions, Plant Additions, Distribution Main Extensions and/or Service Line.

Attachment Period means a time period within which the Applicant must attach to a Distribution Main Extension. The Attachment Period will be between zero (0) days and one (1) year, as agreed upon by the Company and the Applicant. A longer Attachment Period may be allowed where the Company has determined it is highly probable that such attachment(s) will occur.

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Construction Costs means the materials, labor and miscellaneous costs associated with an Extensive Plant Addition or a Distribution Main Extension. It does not include the cost of Service Lines.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.02 DEFINITIONS (continued)

Distribution Main means any gas pipe, owned, operated, or maintained by the Company, which is used for the purpose of transmission or distribution of gas but does not include a Service Line.

Distribution Main Extension means a segment of pipeline installed to convey gas to individual Service Lines or other Distribution Mains.

Distribution System for the purposes of determining Extensive Plant Addition, Plant Addition, and/or Distribution Main applicability, means all gas facilities other than Service Lines used to deliver gas.

Distribution System Expansion means any expansion of the Company's Distribution System, including Extensive Plant Additions, Plant Additions and Distribution Main Extensions. It does not include Service Lines.

Extensive Plant Addition means facilities required before Customer can be served that:

- Are other than Plant Additions paid by the Company, Distribution Main Extension or Service Line including but not limited to:
 - Distribution Main upgrades.
 - Third-party pipeline installations, upgrades, and/or supply-related costs that would be incurred by the Company.
 - Station construction and/or upgrades for pressure and/or flow control.
- Are infrastructure improvements that are not currently budgeted or economically justified.

Farm Tap refers to a tap into and a pipeline from a transmission, high pressure distribution or permitted line to provide gas service to a Customer. A farm tap typically has two (2) pressure cuts between the source pipeline and the Customer.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.02 DEFINITIONS (continued)

Large Residential Service refers to any service to a residential property whose load cannot be served utilizing a standard domestic residential meter set.

Nonrefundable Contribution means an amount paid by a Customer and/or Applicant to the Company that is not subject to refund.

Non-Residential Service for purposes of determining Extensive Plant Additions, Distribution Main Extension and/or Service Line applicability means the gas utility service rendered which does not meet the definition of Residential Service.

Permit Fees means those costs imposed upon the Company by a governmental unit or other entity having the authority to levy such charges, that are incurred by the Company in association with making the Distribution System Expansion for the Applicant(s). Permit Fees are not subject to refund.

Plant Addition is additional plant, other than Distribution Main Extension or Service Line, which the Company will construct without charge to the Applicant.

Primary Heat Source refers to the main heating source or the first stage heat source installed at a premise. Whenever a heat pump or geothermal system is installed, it is considered the primary source of heat.

Refundable Advance means an amount paid by Customer and/or Applicant to the Company that potentially may be refunded in whole or in part, when certain conditions are met.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.02 DEFINITIONS (continued)

Residential Service for purposes of determining Distribution Main and/or Service Line applicability means the gas service rendered to a Customer that uses natural gas for general household purposes in space occupied as a living unit, such as a single private residence, single or multiple metered apartment complexes with less than five (5) units, farm or ranch houses.

Revenue Credit is the amount of Customer revenue used to offset the Construction Costs for Distribution System Expansions in determining if a Customer must pay a Refundable Advance or, in limited cases, a Nonrefundable Contribution.

Service Line is piping that transports gas from a common source of supply to a Customer meter or the connection to a Customer's piping, whichever is farther downstream.

Similarly Situated Customer is a Customer whose annual consumption or service requirements are similar to the Applicant requesting the Distribution System Expansion.

Subdivision means a parcel or parcels of land consisting of four (4) or more lots whose site plan or plats have been recorded with the appropriate governmental agencies.

Surety means a bond, contract, or guarantee by the Applicant or on behalf of the Applicant to pay a Refundable Advance due to the Company, or to guarantee Revenue Credit.

Temporary Gas Service means facilities installed to supply the required service and which will be removed or abandoned at a later date when the Customer has the service discontinued.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.03 GENERAL

The Company's distribution lines will be installed and maintained only on public highways, city streets and alleys, and in utility easements, except for the standard service connection to individual Customers.

Distribution Main Extensions required for Temporary Gas Service and Customers with Disputed Revenues are addressed under the "Additional Requirements for Temporary Gas Service" and "Disputed Revenues" within this subsection "Expansion of Gas Distribution System."

Distribution System Expansions and Service Lines shall remain the sole property of the Company, regardless of any Customer Refundable Advance or Nonrefundable Contribution.

Gas Service Lines installed prior to March 1, 1986 and customer-owned Farm Tap Service Lines will remain the property of the Customer.

The procedure to order Distribution Main Extensions and/or Service Lines is contained in the Company's Gas Service Manual, available at www.midamericanenergy.com.

4.04 APPLICANT REQUIREMENTS

Notify the Company of the Expansion Before Starting Work

The Applicant is advised to contact the Company to make the necessary arrangements with respect to Distribution System Expansion before proceeding with the design and construction of the facilities for which gas service is required.

If an expansion of the Company's Distribution System is necessary in order to serve an Applicant, the Company shall make the Distribution System Expansion in accordance with the provisions in this subsection "Expansion of Gas Distribution System". The Applicant must agree to the provisions of this subsection before the Distribution System Expansion is made.

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Issued By: Rob Berntsen
Senior V.P. & General Counsel

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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.04 APPLICANT REQUIREMENTS (continued)

Provide Adequate Space

An Applicant shall be responsible for providing space for any:

- Piping.
- Metering.
- Pressure regulating and relief equipment.
- Valves.
- Cathodic protection equipment.
- Equipment required to serve Customers.
- Suitable right-of-way, acceptable to the Company.
- Necessary easements for Extensive Plant Additions and Distribution Main Extensions located on the Customer's property.
- Specific requirements as outlined in the Company's Gas Service Manual, available on MidAmerican's website at: www.midamericanenergy.com

Provide Right-of-Way or Easements Without Charge to the Company

The Applicant must provide, without cost, such unobstructed right-of-way for Company equipment or facilities over, across, under and upon property owned or controlled by the Applicant or Customer as is necessary and incidental to supplying service to Customers. The Applicant is responsible for any expense to the Company for:

- Acquisition of suitable right-of-way acceptable to the Company.
- Proper clearing of right-of-way and easements for adequate clearances or to final grade.
- Any additional easements required that are not on Customer property.

SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.04 APPLICANT REQUIREMENTS (continued)

Provide Safe Working Conditions for Installation of Company Facilities

If Abnormal Conditions such as severe frost inhibit the Company from the ability to safely install Company facilities, the Company may require the Customer to remedy the abnormal situation prior to commencing with the installation. The Customer will be required to pay any additional costs incurred by the Company due to the Abnormal Conditions as a Nonrefundable Contribution.

Reimbursements Required

Any right-of-way, easements, Permit Fees and/or clearing of obstructions obtained or provided by the Company shall be reimbursed by the Applicant unless the Company, at its sole discretion determines the collection of the amount would be uneconomic. Such fees are to be paid regardless of whether the Applicant pays a Refundable Advance or Nonrefundable Contribution and:

- Must be paid in advance.
- Are not refundable.
- Shall not be offset by Revenue Credit.

Such right-of-way shall include the right to remove trees and other vegetation as deemed necessary by the Company to provide reliable service. The Customer must permit Company access to such right-of-way at all reasonable hours.

An Applicant requesting a Distribution System Expansion will be required to pay a Refundable Advance to the extent the Construction Costs for the requested expansion exceed the Applicant's Revenue Credit. See "Refundable Advances" within this subsection "Expansion of Gas Distribution System."

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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.05 DISTRIBUTION SYSTEM FACILITIES PROVIDED

The Company shall provide Extensive Plant Additions and/or Distribution Main Extensions for Applicant(s) that requests and/or contracts for gas service requiring such gas facilities in accordance with good engineering practice. If the Construction Costs to provide the Extensive Plant Additions and/or Distribution Main Extension exceeds the Customer's Revenue Credit, the Applicant will pay, in advance of construction, a Refundable Advance to the Company equal to the difference between the Construction Costs and the Revenue Credit.

A Refundable Advance shall be made for the estimated Construction Cost exceeding the Revenue Credit as outlined in "Refundable Advances" within this subsection "Expansion of Gas Distribution System."

4.06 CONSTRUCTION COSTS

Construction Costs are calculated using average current costs in accordance with good engineering practice.

- For estimated Construction Costs less than \$100,000 there is no true-up to actual costs.
- Estimated Construction Costs of \$100,000 or greater will be trued-up to actual costs as specified in the facilities agreement between the Company and the Applicant.

Standard Construction Costs may include labor, materials and equipment required to construct facilities appropriate to the service desired by the Applicant, including:

- Metering in excess of standard metering installation.
- Any other construction material.

Should the Applicant wish or require a more expensive Extensive Plant Addition, Plant Addition, or Distribution Main Extension design than the Company proposes based on good engineering practice, the Applicant must pay, as a Refundable Advance, the difference between the higher cost design and the Company's design or facilities normally provided.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.06 CONSTRUCTION COSTS (continued)

Costs for Non-Residential, Large Residential or Farm Tap Service Lines shall be included in the Construction Costs for Distribution System Expansion and may be offset by the Applicant's Revenue Credit.

4.07 REVENUE CREDIT

Revenue Credit is the amount of estimated Applicant revenue that may be used to offset the Construction Costs for a requested Distribution System Expansion. The Applicant must reimburse the Company for any remaining amount after offset as a Refundable Advance.

The Revenue Credit is set at three (3) times the estimated annual net revenue, less both cost of purchased gas and energy efficiency cost recovery charges that the Company expects to receive from the Applicant. The Revenue Credit may be set at greater than three (3) times the estimated annual revenue in response to competition for a potential Customer when supported by an economic analysis and applied in a non-discriminatory fashion.

Estimated annual net revenues are calculated on the basis of Similarly Situated Customers, taking into account several factors, including, but not limited to, the following:

- Size of the Applicant's facility.
- Size and type of equipment to be used by the Applicant.
- Average annual amount of service required by the equipment.
- Average number of hours per day and days per year the equipment will be in use.
- Revenue Credits will be calculated for the Applicant's facilities anticipated to utilize gas service within twelve (12) months of the Distribution System Expansion.

SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)**4.07 REVENUE CREDIT (continued)**

At the Company's sole discretion, exceptions to the twelve (12)-month limitation on the calculation of Revenue Credits may be allowed where the Company has determined that it is highly probable that the anticipated gas service will occur.

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Where estimates of the Applicant's estimated annual net revenues are in dispute or are, in the Company's sole discretion, not able to be calculated:

- The Applicant must pay the total cost of the Distribution System Expansion at the time of construction.
- After one (1) year, the Company will apply a credit of three (3) times the Customer's actual annual net revenue, less both cost of purchased gas and energy efficiency cost recovery charges.

4.08 ADDITIONAL APPLICANT COSTS**Abnormal and Unusual Conditions**

When Abnormal Conditions are present and/or unusual expenditures are required, Applicants shall pay the Company a Nonrefundable Contribution for the excess costs to be incurred by the Company in order to expand the system. Such charges:

- Are not refundable.
- May not be offset by Revenue Credit.

Permit Fees

The Applicant shall pay actual Permit Fees. Permit Fees may not be offset by Revenue Credit and are to be paid regardless of whether the Applicant is required to pay a Refundable Advance or a Nonrefundable Contribution.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.09 GENERAL REQUIREMENTS FOR SYSTEM EXPANSIONS

Site Requirements

The Applicant is responsible for site preparation including removal and restoration of:

- Obstructions.
- Sod.
- Landscaping features.
- Other conditions that impede installation of Company facilities.

Changes After Start of Construction

The Applicant will be charged for relocating any Company facilities after construction is started as a result of changes in:

- Grade changes in excess of four (4) inches.
- Lot line(s).
- Site conditions including driveways, fences, or other impediments to construction.
- Easement boundaries which had previously been considered final.

Agreements Required

The Company will not begin installation of gas facilities until agreements between the Company and the Applicant setting forth the obligations and liabilities of the parties have been obtained. The agreements shall include:

- The Company's estimates of all payments, reimbursements, and deposits, if any, to be made by the Applicant.
- Arrangements satisfactory to the Company with regard to payments, reimbursements, and deposits, if any, made prior to the commencement of the installation of such gas facilities. The arrangements can include, but are not limited to, payment of estimates in advance of the installation and credit or collateral agreements.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.09 GENERAL REQUIREMENTS FOR SYSTEM EXPANSIONS (continued)

Prior to Construction

Before the Company begins to install gas facilities, the Applicant will be required to:

- Provide approved site or plot plans.
- Provide clearance and remove obstructions from the Company's construction route and from the area to be used for installation of gas facilities and provide access to the area for the Company's equipment.
- Establish grade within four (4) inches of the final route upon which the Company's gas facilities will be located and stake or otherwise identify property boundaries, as required.
- Provide visible lot pins or stakes in all lot corners adjacent to the easement areas at such intervals as may be designated by the Company.
- Notify the Company sufficiently in advance of construction to permit proper coordination of construction with other utilities involved.
- For Subdivisions, the Applicant in an area to be served by gas facilities will be required to furnish the Company the following:
 - Suitable recorded plats and valid title restrictions or covenants.
 - Final site or plot plans showing specific locations of all existing or proposed buildings, water mains, sewer tiles, paved areas, and any other obstacles that are or will be below grade. The final site or plot shall also include the final lot numbering system and/or final address numbers, if applicable.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

**4.10 ADDITIONAL REQUIREMENTS FOR SYSTEM EXPANSIONS COSTING
\$100,000 OR MORE**

The Company will not begin installation of gas facilities for Distribution System Expansions estimated to cost \$100,000 or more until agreements between the Company and the Applicant or Applicant's agent setting forth the obligations and liabilities of the parties have been obtained. The agreements shall include:

- The Company's estimates of all payments, reimbursements, reconciliations, and deposits, if any, to be made by the Applicant or Applicant's agent.
- Arrangements satisfactory to the Company with regard to payments, reimbursements, and deposits, if any, made prior to the commencement of the installation of such gas facilities. The arrangements can include, but are not limited to, payment of estimates in advance of installation, minimum monthly contributions, and credit or collateral agreements.

Construction Costs shall be based on the actual cost of the Distribution System Expansion required to provide gas service to the Applicant. The method of reconciliation and cost recovery or credit for any discrepancy shall be specified in the agreement.

For Construction Costs that are expected to exceed \$500,000, the Company may require additional Surety equal to the Applicant's Revenue Credit. The additional Surety shall be:

- In addition to any Refundable Advance.
- An unconditional and non-expiring irrevocable letter of credit or alternative form of security acceptable to the Company.
- In effect on a declining basis until such time as the actual revenue less both the cost of purchased gas and energy efficiency cost recovery charges paid by the Customer, is equal to the Revenue Credit.

At the Company's sole discretion, additional Surety may be waived after review in accordance with standard commercial practices.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.11 ADDITIONAL REQUIREMENTS FOR TEMPORARY GAS SERVICE

An Applicant requesting Temporary Gas Service is subject to the provisions in this subsection, "Expansion of Gas Distribution System." In addition to right-of-way, easements, and permit costs, the Applicant shall pay the cost of installation and removal (in excess of any salvage realized) of temporary Distribution Main Extension, Service Line, and any other facilities of a temporary nature as a Nonrefundable Contribution. Such costs associated with the temporary facilities shall not be offset by Revenue Credit.

Construction Costs for any portion of the Distribution Main Extension that is not of a temporary nature may be offset by Revenue Credit and any remaining cost paid separately as a Refundable Advance. The Company shall not be required to make any refunds to the Temporary Gas Service Customer for Service Line attachments made after the Temporary Gas Service Customer's service is removed.

A Customer taking temporary service shall pay the regular rates applicable to the class of service which is provided.

The Company reserves the right to refuse to provide temporary service if the Company determines that the facilities required to provide the temporary service cannot be installed or operated safely.

**4.12 ADDITIONAL REQUIREMENTS FOR APPLICANT'S FAILURE TO ATTACH
WITHIN THE ATTACHMENT PERIOD**

Should the Applicant fail to attach within the Attachment Period, a Refundable Advance or Nonrefundable Contribution equal to the Construction Costs of the Distribution System Expansion and/or Service Line will be required.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.13 SERVICE LINES

An Applicant, either Residential utilizing natural gas as the Primary Heat Source or Non-Residential, requiring a Service Line will be provided up to 100 feet of plastic pipe or 50 feet of steel pipe, including the riser at no charge to the Applicant. For Non-Residential or Large Residential Service Lines, the free footage allowance may be extended beyond 100 feet of plastic pipe or 50 feet of steel pipe when sufficient Revenue Credit is available to offset the additional footage. Where the length of Service Line exceeds the total free footage allowance, if Abnormal Conditions exist, or if the Applicant requests any noncustomary installation or a meter location beyond the midpoint of the building or Company preferred meter location, the Applicant shall pay the Company the difference through a Nonrefundable Contribution. The Nonrefundable Contribution may not be offset by Revenue Credit. When a Residential Customer will not be using natural gas as the Primary Heat Source, the Company may require a Nonrefundable Contribution in aid of construction for the gas Service Line.

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The Company will discuss the location of the Service Line with the Applicant and the Company will make the final determination for each of the following:

- Point on its system where the Service Line will originate.
- Point of attachment of Company facilities to Applicant's facilities.
- Meter location.

Repair or Replacement of Customer-owned Farm Tap Service Lines

When a customer-owned Farm Tap Service Line that is transitioning to MidAmerican Rate NF needs to be repaired or replaced because it does not comply with the safety requirements shown in "Inspections" within subsection "Technical and Operational Requirements" of Section 5 of this Tariff, the Customer shall pay the Company the total cost of the repairs or replacement of the Service Line through a nonrefundable payment.

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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.13 SERVICE LINES (continued)

Applicant-Owned Underground Facilities

Any Applicant-owned underground facilities shall be marked on the Premises by the Applicant or shall be shown on the diagram in the completed service agreement. During the installation of the Service Line, the Company will not be responsible for damage to any Applicant-owned underground facilities if improperly marked or not marked.

See "One-call Notification" within the "Technical and Operational Requirements" subsection of this Section 5 for additional requirements of Customer-owned underground facilities after Service Line installation.

Underground facilities include, but are not limited to: septic lines, water lines, electric wires, fuel gas lines, invisible fencing, irrigation lines, storm water/foundation drains and communication lines.

4.14 AGREEMENTS REQUIRED

An Applicant will enter into an agreement with the Company for each of the following, as applicable when:

- Required to pay a Refundable Advance.
- Required to pay a Nonrefundable Contribution.
- An Extensive Plant Addition is needed to serve the Applicant's gas requirements.
- Additional Surety is required as a result of Construction Costs expected to exceed \$500,000.



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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.15 SUMMARY OF CUSTOMER PAYMENTS THAT MAY BE APPLICABLE

The table below provides a summary of payments that may be applicable for Distribution System Expansion and is not intended to replace the detailed provisions of this subsection "Expansion of Gas Distribution System."

Nonrefundable Contributions	Refundable Advances
<ul style="list-style-type: none">• Service Line costs in excess of free footage allowance.• Cost of Abnormal and Unusual Conditions.• Cost of relocation of Company facilities after start of construction.• Expansion costs performed at the Applicant's request which are beyond the customary requirements to provide service to the property.• Installation and removal costs of temporary facilities for Temporary Gas Service.• Permit fees.• Right-of-way costs.• Cost of easements.• Cost of clearing obstructions.	<ul style="list-style-type: none">• Where Construction Costs exceed Revenue Credit for customary Distribution System Expansions.• As additional Surety equal to the Revenue Credit for Construction Costs over \$500,000.• Where Construction Costs exceed Revenue Credit for the portion of Temporary Gas Service facilities that are not temporary.• Total Construction Costs for Customers where net revenue is in dispute.• Total Construction Cost of expansion if attachment is not made during the Attachment Period.



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SECTION 5 – RULES AND REGULATIONS (continued)
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4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.16 TIMING OF PAYMENTS

Prior to the Start of Construction

Refundable Advances

All Refundable Advances required for Distribution System Expansions will be made no more than thirty (30) days prior to the start of construction, unless other arrangements have been made with the Company. Payments for Refundable Advances must be made in cash, check, money order, or at the Company's sole discretion, by Surety instrument or other Company-approved arrangement.

Permit Fees, Right-of-Way, Easements and Cost of Clearing Obstructions

Must be paid prior to the start of construction and payment must be made in cash, check, or money order.

Following Completion of Construction

Nonrefundable Contributions

All Nonrefundable Contributions for Service Lines, Abnormal Conditions charges, changes after start of construction, installation and removal of temporary facilities, or unusual expenditures will be made within thirty (30) days after completion of the construction which was subject to the Nonrefundable Contribution. Any Customer that fails to pay any or all Nonrefundable Contributions or fees will be subject to disconnection. Payments for Nonrefundable Contributions must be made in cash, check, or money order.

SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.17 REFUNDABLE ADVANCES

An Applicant requesting a Distribution System Expansion may be required to pay a Refundable Advance.

An Applicant shall always have the option to make a Refundable Advance in the form of cash, check or money order. The Company, at its sole discretion, may make available to the Applicant other Refundable Advance options including non-expiring irrevocable letters of credit, Surety bonds or other payment and refund arrangements agreed to by the Company.

Such Refundable Advance is in addition to other costs including but not limited to right-of-way, easements, Permit Fees, and other costs imposed by public or private entities in completion of the Distribution System Expansion. The Refundable Advance shall be refundable for ten (10) years. Refunds will be made for each new Service Line attachment to the Distribution System Expansion. No interest will be paid on Refundable Advances held by the Company.

In the event a new Distribution System Expansion is proposed off of a previous non-refunded Distribution System Expansion, the following process shall be used to determine refundable contracts, if required:

- The Revenue Credit shall be applied to the new Distribution System Expansion first.
- Any Revenue Credit remaining shall be applied solely to the previous Distribution System Expansion and shall not be applied to any other installed non-refunded Distribution System Expansions. In no instance will a revenue credit be applied to a refundable advance beyond the original ten (10)-year period for which the refundable advance was originally collected.

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SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.17 REFUNDABLE ADVANCES (continued)

Refunds will be made annually. The refund will have a cash value equal to the Revenue Credit for the attaching Service Line(s) or new usage. The total refunded shall not exceed the amount of the original Refundable Advance. The Customer is responsible to notify the Company when a refund is due. Refunds will only be made to the original contributor unless assigned in a form acceptable to the Company by such original contributor.

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Surety Instruments

If a Surety instrument is used, the amount must include:

- The amount of the Refundable Advance.
- A surcharge equal to the annual interest rate paid by the Company on Customer credit assurance deposits multiplied by the amount of the Refundable Advance.

The Surety must remain in force until called by the Company, at the earlier of the following:

- At the end of one (1) year from the date of the Refundable Advance.
- When the earned revenues are equal to the amount of the Refundable Advance.

When called by the Company, the Applicant must pay the Company the amount of the surcharge in cash, check, or money order.

If there are not sufficient earned refunds when the Surety is called to offset the full amount of the original Refundable Advance, the Applicant must provide a new Refundable Advance to cover the remaining amount.



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SOUTH DAKOTA GAS TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 5
1st Revised Sheet No. 78
Canceling Original Sheet No. 78

SECTION 5 – RULES AND REGULATIONS (continued)
Applicable to All Rates and Riders

4.00 EXPANSION OF GAS DISTRIBUTION SYSTEM (continued)

4.17 REFUNDABLE ADVANCES (continued)

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Upon receipt of a new Refundable Advance, the Company will release the prior Surety. Earned refunds will be credited against the new Refundable Advance over the remainder of the original refund period.

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The Applicant may continue to provide a Surety as a Refundable Advance each year until the end of the ten (10) year refund period. At that time, the Refundable Advance becomes nonrefundable and must be paid in cash, check, or money order.

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4.18 NONREFUNDABLE CONTRIBUTIONS

Payments for Nonrefundable Contributions must be made in cash, check, or money order.

The Company, in its sole discretion, may waive the requirement for a Nonrefundable Contribution when it determines the collection of the amount would be uneconomic.

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