

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

IN THE MATTER OF)	
MIDAMERICAN ENERGY COMPANY’S)	
APPLICATION FOR APPROVAL OF ITS)	
2015 RECONCILIATION AND 2016)	DOCKET NO. EL16-004
TRANSMISSION COST RECOVERY)	
FACTORS)	

**APPLICATION FOR APPROVAL OF MIDAMERICAN ENERGY COMPANY’S 2015
RECONCILIATION AND 2016 TRANSMISSION COST RECOVERY FACTORS**

COMES NOW, MidAmerican Energy Company (“MidAmerican”), and respectfully requests the South Dakota Public Utilities Commission (“Commission”) approve MidAmerican’s 2016 Transmission Cost Recovery (“TCR”) Factors for its electric rates to be effective April 4, 2016, and approve MidAmerican’s 2015 TCR reconciled costs pursuant to S.D.C.L. §§ 49-34A-2.1 through 49-34A-25.4. In support of MidAmerican’s request, MidAmerican states as follows:

Introduction

1. MidAmerican is an electric and natural gas distribution utility operating in the states of South Dakota, Iowa, Illinois, and Nebraska and is a public utility pursuant to S.D.C.L. Ch. 49-34A.

2. In Docket No. EL14-072, the Commission approved a Settlement Stipulation allowing MidAmerican to implement a TCR. MidAmerican’s TCR became effective July 13, 2015, and includes costs assessed to MidAmerican by the Midcontinent Independent System Operator, Inc. (“MISO”), including a portion of the costs associated with its regionally-allocated electric transmission facilities as reflected in MidAmerican’s transmission rates approved by the Federal Energy Regulatory Commission (“FERC”).

3. Specifically, the costs assessed by MISO include MISO administrative costs¹ as well as MISO regional transmission costs.² With respect to the portion of MidAmerican's regionally-allocated transmission facilities, MidAmerican's TCR clause utilizes the MidAmerican rate templates filed with FERC ("FERC Rate Template"). MidAmerican's TCR replaces the overall rate of return reflected in the FERC Rate Template with an overall rate of return based on the Company's actual capital structure, including actual debt costs as of the prior year and the rate of return on common equity approved by the Commission in Docket No. EL14-072.

4. On February 12, 2016, MidAmerican filed its TCR reconciliation for 2015 and the calculation of the 2016 TCR factors to be implemented. The 2015 TCR reconciliation reflects the costs for the first year of implementation for the TCR from July 13, 2015 through December 31, 2015. With this Application, MidAmerican respectfully requests the Commission approve the 2015 TCR reconciliation for the first year the TCR was effective and the new 2016 TCR factors to be effective with the first April 2016 bill groups through the final March 2017 bill groups, as supplemented.

5. Included with this Application, is MidAmerican's Supplemental and Revised filing to the original February 12, 2016, TCR reconciliation filing and request for approval. MidAmerican's filing includes additional support to the original request.

6. MidAmerican has published notice of the TCR filing in MidAmerican's customer offices in Sioux Falls, South Dakota and Sioux City, Iowa. MidAmerican respectfully requests the Commission allow the residential customer notice to be posted in MidAmerican's customer offices in Sioux Falls, South Dakota and Sioux City, Iowa pursuant to S.D. Admin. R.

¹ Presently tariffed as MISO FERC Transmission Rate Schedule 10.

² Presently tariffed as MISO FERC Transmission Rate Schedules 26 and 26-A.

20:10:13:19 instead of mailing the notice to each customer. The posting of the notice and filing in the customer offices is reasonable since the impact on customer bills is less than one percent. Pursuant to S.D. Admin. R. 20:10:13:19, the Commission may determine whether to require a utility to provide notice. MidAmerican requests that the Commission determine that MidAmerican does not need to provide individual customer notices under the circumstances of this case. Providing individual customer notice of this small change is likely to cause more confusion than benefit, and publishing the notice posted MidAmerican's customer office will allow customers the chance to review the notice and speak with MidAmerican's customer service associates regarding any questions.

7. In the event the Commission determines that individual customer notice is required, MidAmerican respectfully requests the Commission consider directing MidAmerican to include the following customer bill notice:

Residential

This month the Transmission Cost Recovery rider, which recovers the transmission costs and expenses assessed by the Midcontinent Independent System Operator, will be increasing from \$.00097 per kWh to \$.00173 per kWh. If you have questions, please call 888-427-5632.

Required Information

8. MidAmerican submits the following information pursuant to S.D. Admin. R. 20:10:13:26:

(1) Name and address of the public utility

MidAmerican Energy Company
106 East Second Street
Davenport, Iowa 52801
563-333-8869

(2) Section and sheet number of tariff schedule

The following tariff schedules have been re-filed to reject adjustments made in the Supplemental filing:

South Dakota Electric Tariff Schedule No. 2

Section No. 3 1st Revised Sheet No. 73

Canceling Original Sheet No. 73

(3) Description of the change

Upon Commission approval, MidAmerican will update the current TCR factor of \$.00097/kWh to the proposed 2016 TCR factor of \$.00173/kWh for residential customers; \$.00204 to \$.00037 for small general service, energy customers; \$.00033 to \$.00175 for small general service, demand customers; \$.00063 to \$.00123 for large general service customers; \$.00084 to \$.00087 for water pumping customers; and \$.00030 to \$.00076 for lighting customers.

(4) Reason for the change

In Docket No. EL14-072, the Commission approved a Settlement Stipulation allowing MidAmerican to implement a TCR which provides for annual rate changes to reflect changes in certain transmission costs. MidAmerican, as a load-serving member of MISO, is assessed costs related to regional transmission facilities that benefit customers throughout the Midwest. The change in the TCR factor is driven by increases in the regional transmission costs assessed to MidAmerican by MISO.

This Application includes the MISO costs consistent with the Settlement Stipulation and also includes the 2015 reconciliation of the 2015 TCR costs.

Pursuant to the Settlement Stipulation, none of these costs are included in MidAmerican's base rates or any other recovery mechanism for 2016.

(5) Present rates

The current rates were implemented on July 13, 2015 and approved by the Commission in Docket No. EL14-072. The current rates reflect the following:

Residential	\$0.00097
Small General Service, Energy	\$0.00204
Small General Service, Demand	\$0.00033
Large General Service	\$0.00063
Water Pumping Service	\$0.00084
Lighting	\$0.00030

(6) Proposed rates

MidAmerican is proposing the following rates with an effective date of April 4, 2016:

Residential	\$0.00173
Small General Service, Energy	\$0.00037
Small General Service, Demand	\$0.00175
Large General Service	\$0.00123
Water Pumping Service	\$0.00087
Lighting	\$0.00076

MidAmerican filed the calculation of the proposed 2016 Factors on February 12, 2016, in its 2015 TCR Reconciliation and New Factor Calculation. Pursuant to the Stipulation and Settlement approved in Docket No. EL14-072, the amounts were calculated using the cost of capital as approved by the Commission.

(7) Proposed effective date of modified rates

April 4, 2016

(8) Approximation of annual amount of increase or decrease in revenue

The proposed TCR Factor changes will result in an annual increase of approximately \$139,310 for all revenue classes.

(9) Points affected

MidAmerican's proposed TCR factor changes would be applicable to customers in MidAmerican's electric service territory in Alcester, Dakota Dunes, Fairview, Hudson, Jefferson and North Sioux City, South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers; and

The TCR factor changes are proposed to be applied to all customer classes within MidAmerican's South Dakota electric service territory. MidAmerican currently serves approximately 4,500 customers in several communities in eastern South Dakota.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

MidAmerican filed supporting information on February 12, 2016, and as provided throughout this Application and in the exhibits provided in the supplemental filing and responses to Commission Staff data requests.

Additionally, to ensure the TCR costs are reasonable, MidAmerican participates in matters affecting MISO transmission costs and policy in two primary manners: directly, and through participation on the MISO Transmission Owners Committee (“TO Committee”). MidAmerican’s direct participation comes in the form of MISO’s many stakeholder venues such as the Planning Advisory Committee, the Planning Subcommittee, the Market Subcommittee, including several working groups, and the Reliability Subcommittee, including several working groups.

The TO Committee is made up of representatives of MISO transmission owners that have signed the Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent Transmission System Operator, Inc. (“TO Agreement”), which is part of the MISO Tariff. The TO Committee includes more than 30 utilities, transmission companies, cooperatives, and municipal organizations. The TO Committee is the primary venue for the MISO TOs to work collaboratively on MISO-related issues affecting a broad spectrum of utilities. The MISO TO Committee reviews matters that affect MISO transmission service and participates in those matters with impact on the TOs. The committee meets in person approximately 8-10 times per year and telephonically several times per week. Since it integrated its electric transmission system with MISO,

MidAmerican has fully participated on the TO Committee and played an active role in ensuring that its efforts focus on cost-effective transmission service. Dehn Stevens of MidAmerican is the current Chair of the MISO TO Committee. He was elected to this position in 2013 and began the two-year term on January 1, 2014. MidAmerican has historically been influential at the MISO TO Committee as evidenced by the changes to the MISO Schedule 1 cost allocation in 2012.

MidAmerican's work with other MISO members and with the TO Committee, along with FERC oversight of the MISO tariffs, ensures that the lowest, reasonable costs are included in rates. Furthermore, the FERC Rate Template is modified in MidAmerican's TCR to include an overall rate of return based on the Company's actual capital structure, including actual debt costs as of the prior year and the rate of return on common equity approved by the Commission in Docket No. EL14-072.

Conclusion

WHEREFORE, MidAmerican Energy Company respectfully requests the South Dakota Public Utilities Commission approve MidAmerican's Transmission Cost Recovery Factor increases and approve MidAmerican proposed 2015 reconciliation of the Transmission Cost Recovery costs.

DATED this 4th day of March, 2016.

Respectfully submitted,

MIDAMERICAN ENERGY COMPANY

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