

Douglas, Tina (PUC)

From: PUC Docket Filings
Sent: Friday, October 27, 2006 11:02 AM
To: Kolbo, Delaine; Zebroski, Carol; Douglas, Tina (PUC); Forney, Heather; Van Gerpen, Patty
Subject: FW: Existing Docket Filing

From: Hansel, Sherry R[SMTP:SRHANSEL@MIDAMERICAN.COM]
Sent: Friday, October 27, 2006 11:01:35 AM
To: PUC Docket Filings
Subject: Existing Docket Filing
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Docket Number: NG06-009 Last Name: Stewart First Name: Suzan M. Company: MidAmerican Energy Company Address:
P.O. Box 778 City: Sioux City State: Iowa Zip: 51102 Phone: 712-277-7587 Fax: 712-252-7396 Email:
smstewart@midamerican.com Comments:



MidAmerican Energy
401 Douglas Street
P.O. Box 778
Sioux City, IA 51102

October 27, 2006

E-Filed

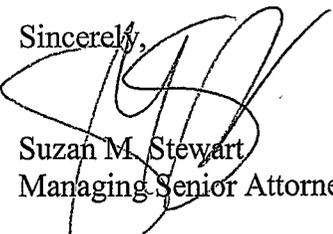
Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, South Dakota 57501

**RE: MidAmerican Energy Company
Docket No. NG06-009**

Dear Ms. Van Gerpen:

Enclosed for filing electronically please find the Revision to Combined Request for Approval of Fuel Incentive and Proposal to Credit Margins Through the Purchased Gas Adjustment of MidAmerican Energy Company in the above-captioned matter.

Sincerely,



Suzan M. Stewart
Managing Senior Attorney

SMS/sh
Enclosures



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

IN RE:)

MIDAMERICAN ENERGY COMPANY)

DOCKET NO. NG06-009

**REVISION TO COMBINED REQUEST FOR APPROVAL OF FUEL
INCENTIVE AND PROPOSAL TO CREDIT MARGINS THROUGH THE
PURCHASED GAS ADJUSTMENT**

COMES NOW, MidAmerican Energy Company (“MidAmerican”), and for its Revision to its Combined Request for Approval of Fuel Incentive and Proposal to Credit Margins through the Purchased Gas Adjustment, submits as follows:

1. On September 9, 2006, MidAmerican filed a Combined Request for Approval of Fuel Incentive and Proposal to Credit Margins through the Purchased Gas Adjustment (“Request”) with the South Dakota Public Utilities Commission (“Commission”). The Request proposed that MidAmerican first recover the costs of repairs to its Waterloo West Liquefied Natural Gas (“LNG”) facility through retention of the margin earned on sales for resale transactions made using gas resources from the LNG tank, and then, once the repair costs to the LNG tank were fully recovered, to share the margin with customers through the PGA.

2. In order to provide the PGA with a fuel incentive at all stages of the program, MidAmerican has revised the proposed method in which the program proceeds will be shared with customers. MidAmerican filed a Confidential Exhibit entitled “Waterloo West LNG Tank Project Preliminary Estimate of Proceeds from Hedged Transactions” with the Commission in this Docket on October 23, 2006. The

Confidential Exhibit shows the estimated results of the program over the 2006-2007 heating season, using the new methodology. The new methodology provides an incentive to customers from the beginning by sharing all of the net proceeds from the hedging transactions that underlie the program. Once the net proceeds from the hedging transactions attain a certain amount, there is a one-time adjustment to the sharing percentages as described in paragraph 4 below. At the conclusion of the program, the customers will have received an estimated amount of margin that is comparable to the margin amount reflected in the program as originally proposed.

3. The revised program fully complies with SDCL 49-34A-25, which authorizes the Commission to include "fuel incentives" in the PGA. The program provides an incentive by sharing all, and not just part, of the net proceeds from the hedging transactions related to the LNG project between customers and MidAmerican.

4. MidAmerican additionally requests the Commission to modify the credit mechanism for the limited purpose of implementing the revised program. Under the revised program, the first \$100,000 of net proceeds from the hedging transactions will be shared on a 10/90% basis between customers and MidAmerican and the remaining net proceeds will be shared 60/40% between customers and MidAmerican.

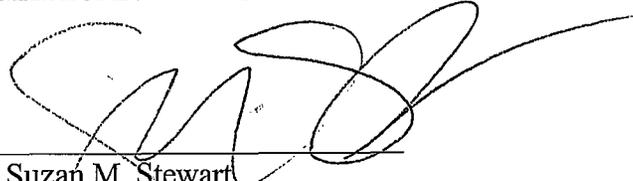
WHEREFORE, MidAmerican Energy Company respectfully requests the Commission to approve the revised program as set forth in the Confidential Exhibit and described herein.

DATED this 27th day of October, 2006.

Respectfully submitted,

MIDAMERICAN ENERGY COMPANY

By: _____



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