

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

IN RE:)
MIDAMERICAN ENERGY COMPANY) **DOCKET NO. NG14-____**
)
)

**DIRECT TESTIMONY
OF
MARY JO ANDERSON**

1 **Q. Please state your name and business address.**

2 A. Mary Jo Anderson. MidAmerican Energy Company (MidAmerican), 666
3 Grand Avenue, Des Moines, Iowa 50309.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by MidAmerican as a Senior Technical Accountant – Property
6 Accounting. My responsibilities in that position are to review the analysis,
7 adjustments, unitization and closing of distribution, general plant, intangible
8 construction and retirement projects. In addition, I prepare or oversee the
9 preparation of data required for rate base valuations as well as data needed for
10 management, government agencies, budgets, and forecasts.

11 **Q. Please describe your education and business experience.**

12 A. I am a graduate of Saint Ambrose College with a Bachelor of Arts degree in
13 Accounting. I worked at the Davenport Bank and Trust Company in various
14 finance related positions until 1992. At that time I started to work for Iowa-
15 Illinois Gas and Electric Company (“IIGE”), a MidAmerican predecessor
16 company, as a fuel accountant. In 1993, I became a Senior Plant Accountant
17 and in 1994 was promoted to Supervisor – Mass Plant Accounting. With the
18 merger of IIGE and Midwest Power Systems, Inc., I became a Senior
19 Accountant. In 2004, I received my most recent promotion to my current
20 position as Senior Technical Accountant.

21 **Q. Have you testified before the South Dakota Public Utilities Commission or**
22 **other regulatory bodies previously?**

23 A. Yes, I testified before the South Dakota Public Utilities Commission in Docket
24 Nos. NG01-010 and NG04-001. I have also testified in general rate proceedings
25 in Illinois and Iowa.

26 **Q. What is the purpose of your direct testimony?**

27 A. The purpose of my testimony is to support MidAmerican's South Dakota gas
28 jurisdictional rate base components and rate base adjustments.

29 **Q. Are you sponsoring any exhibits in the filing?**

30 A. Yes. I am sponsoring Exhibit MJA 1.1, which includes the following schedules:

- 31 • Schedule 1: South Dakota Gas Rate Base with Pro Forma Adjustments
- 32 • Schedule 2: South Dakota Gas Rate Base Pro Forma Adjustments
- 33 • Schedule 3: Acquisition Adjustment – 50%
- 34 • Schedule 4: Cast Iron Replacement
- 35 • Schedule 5: 2013 Sales Growth Adjustment
- 36 • Schedule 6: Projects In Service During Test Year
- 37 • Schedule 7: Projects In Service by 12/31/2015

38 **Q. Please describe Exhibit MJA 1.1, Schedule 1.**

39 A. Exhibit MJA1.1, Schedule 1 depicts the South Dakota jurisdictional gas rate
40 base of \$82,963,000, including certain appropriate adjustments. Column (b)
41 presents 12-month average balances for the year ending December 31, 2013.
42 These balances are based on the Company's books and records. Column (c)
43 shows the pro forma adjustments necessary to reflect the known and
44 measurable changes to rate base for rate making purposes. Column (d) shows
45 the 12-month average rate base adjusted for pro forma adjustments.

46 MidAmerican witness Debra L. Kutsunis supports the working capital and
47 advanced tax collections portion of the South Dakota jurisdictional rate base in
48 her Exhibit DLK 1.1, Schedule B.

49 **Q. Please describe Exhibit MJA 1.1, Schedule 2.**

50 A. Exhibit MJA 1.1, Schedule 2 summarizes MidAmerican's pro forma
51 adjustments to test year South Dakota jurisdictional electric rate base.

52 **Q. Please describe Exhibit MJA 1.1, Schedules 3 through 7.**

53 A. Exhibit MJA 1.1, Schedules 3 through 7 show the individual pro forma
54 adjustments to the 12-month average rate base.

55 **Q. Please explain the pro forma adjustment found on Exhibit MJA 1.1,
56 Schedule 3.**

57 A. The pro forma adjustment in Exhibit MJA 1.1, Schedule 3 eliminates 50% of
58 the amount of the plant acquisition adjustment related to the exchange of
59 property between MidAmerican and Minnegasco from the South Dakota
60 jurisdictional gas plant in service, accumulated depreciation and accumulated
61 deferred income taxes ("ADIT"). The amount had previously been disallowed.
62 This is consistent with the treatment used in the settlement agreements in
63 Docket No. NG95-006, NG98-011, NG01-010 and NG04-001.

64 **Q. Please explain the pro forma adjustment found on Exhibit MJA 1.1,
65 Schedule 4.**

66 A. The adjustment found on Exhibit MJA 1.1, Schedule 4 reflects the known and
67 measurable changes to plant in service, accumulated depreciation and ADIT
68 associated with the cast iron replacement projects. In 2011, MidAmerican

69 began a project to replace its existing cast iron main and associated bare steel
70 mains and services over a three-year period from 2012 through 2014. This pro
71 forma annualizes the changes related to projects completed in the test year and
72 to be completed during 2014.

73 **Q. Please explain the pro forma adjustment found in Exhibit MJA 1.1,**
74 **Schedule 5.**

75 A. The sales growth adjustment found on Exhibit MJA1.1, Schedule 5 reflects the
76 incremental changes in gas plant in service, accumulated depreciation and
77 ADIT associated with the increase in year-end customers over average
78 customers. This incremental plant includes the average cost to extend a new
79 service to the customer. These adjustments annualize the incremental increase
80 in South Dakota jurisdictional gas plant in service, accumulated depreciation
81 and ADIT associated with the addition of new customers in order to achieve a
82 proper matching of costs with the associated projected sales growth revenues as
83 shown on Exhibit RRT 1.1, Schedule 9 in the testimony of MidAmerican
84 witness Rick Tunning.

85 **Q. Please explain the pro forma adjustment found in Exhibit MJA 1.1,**
86 **Schedule 6.**

87 A. The pro forma adjustment found in Exhibit MJA 1.1, Schedule 6 annualizes the
88 known and measurable changes to plant in service, accumulated depreciation
89 and ADIT associated with certain projects placed in service during the test year.

90 **Q. Please explain the pro forma adjustment found in Exhibit MJA 1.1**
91 **Schedule 7.**

92 A. This pro forma adjustment reflects the known and measurable changes to plant
93 in service, accumulated depreciation and ADIT associated with certain projects
94 scheduled to be placed in service in 2014.

95 **Q. Does this conclude your prepared direct testimony?**

96 A. Yes, it does.