

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. PGA-00-32
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**ORDER APPROVING PURCHASED GAS ADJUSTMENT FILING**

(Issued July 5, 2000)

On June 2, 2000, MidAmerican Energy Company (MidAmerican) submitted its monthly purchased gas adjustment (PGA) rates for the month of June 2000.

MidAmerican included in this filing an adjustment to the Rb factor reflecting a projected under collection due to an increase in gas storage costs. MidAmerican adjusted the Rb factor using repriced January through April 2000 storage gas withdrawals based on the NYMEX Market Futures Index Prices on gas commodity costs.

On June 20, 2000, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to the adjustment of the Rb factor as proposed by MidAmerican. Consumer Advocate contends that the fact that NYMEX natural gas futures contract prices are increasing does not necessarily mean the increased price will be reflected in the cost of gas injected into storage. Consumer Advocate states that the projected factors causing the rise in futures prices may not materialize. Finally, Consumer Advocate asserts that the factor should be rejected because the under collection would be recovered from non-space heating customers in the summer months, when the gas is purchased for space heating customers for

the winter months. Consumer Advocate proposes that any under recovery be assessed through the reconciliation factor.

On July 3, 2000, MidAmerican filed a response to Consumer Advocate's objection. In its response, MidAmerican states that it will have a significant under collection of costs for storage because of increased prices. MidAmerican states that it only used the NYMEX futures prices for part of its calculations, since part of the calculations are based upon actual purchases. MidAmerican states further that its filing of the Rb adjustment conformed to the intent of 199 IAC 19.10(4), and that the PGA filing should not be rejected.

In 199 IAC 19.10(1), the Rb factor is defined as, "the adjusted amount necessary to obtain the anticipated balance for the remaining PGA year calculated by taking the anticipated PGA balance divided by the forecasted volumes for the months of October through August of the PGA Year." Rule 199 IAC 19.10(4) provides that the Rb factor may be filed in the October through January PGA filings, but must be filed in the February through August PGA filings. It provides further that the adjustment will be for services rendered in the remaining months of the same PGA year.

The above rule concerning the Rb factor was promulgated in 1992. A review of the comments from that rule making indicates that the issue of under collections falling on summer customers was raised and considered. The rule was amended in 1998, to use an 11-month forecasted sales period, to reduce the effect of the Rb recovery on large volume high seasonal use customers.

On April 3, 2000, the Utilities Board (Board) granted a waiver to MidAmerican in Docket No. PGA-00-13, which allowed MidAmerican to calculate the Rb factor

based on the forecasted sales for the months March through August rather than the 11-month period of October through August. In the order the Board found that the waiver should allow MidAmerican to recover more of the under collection during the current PGA year and to reduce the amount that would be carried forward to the next PGA year. No objections filed to the waiver request were filed.

The Board finds that the Rb factor filed by MidAmerican was filed in compliance with the waiver granted on April 3, 2000, in Docket No. PGA-00-13. The Board finds further that the Rb factor as filed by MidAmerican is consistent with 199 IAC 19.10, and the effect of recovering the increased cost of gas on summer customers was considered and anticipated by the rule. Based upon these considerations, the PGA, including the Rb factor, filed on June 2, 2000, by MidAmerican will be approved.

**IT IS THEREFORE ORDERED:**

The purchased gas adjustment filed by MidAmerican Energy Company on June 2, 2000 is approved.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.  
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 5<sup>th</sup> day of July, 2000.