

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. RPU-02-2
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ORDER DIRECTING RESPONSE

(Issued April 25, 2002)

On March 15, 2002, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) proposed tariffs, identified as Docket Nos. TF-02-115 and TF-02-116. In TF-02-115, MidAmerican is proposing a temporary increase that would produce additional revenue of approximately \$20.4 million. In TF-02-116, MidAmerican is proposing a permanent annual revenue increase of approximately \$26.6 million, or an overall annual revenue increase of 4.3 percent. To allow the Board time to fully consider the proposed increase, the proposed tariffs have been docketed as a formal proceeding identified as Docket No. RPU-02-2.

The Board must issue an order concerning the interim rate increase by June 13, 2002. The Board is reviewing the documents filed by MidAmerican to support the interim rate increase. Based upon that review, the Board has determined that it needs additional information or clarification concerning the calculation of the revenue requirement. In Exhibit GCS-4, current rates applied to the pro forma billing determinants on page 1, plus purchased gas adjustment (PGA) revenue on page 3

(col. S), would produce lower revenues than the pro forma test period revenues shown on page 4 (col. V). If the pro forma billing determinants are accurate, then use of the pro forma test period revenues seems to overstate the rate increases needed to produce the target interim revenue increase.

Traditionally, revenue increases in a rate case are produced by applying base tariff rate changes to the adjusted pro forma test year bill determinants. That is, the total revenue increase should equal the difference between current and proposed base rates applied to the base rate billing determinants. Pro forma revenues should tie to pro forma billing determinants. The calculations in Exhibit GCS-4 described above do not appear to follow this traditional method of determining revenue increases.

The Board will direct MidAmerican to explain how it arrived at the calculations in Exhibit GCS-4 and to explain whether it has used calculations different from those traditionally used. In addition, if the calculations used are different from those traditionally used, MidAmerican shall provide the regulatory principles that support its calculations.

IT IS THEREFORE ORDERED:

MidAmerican Energy Company shall file a response to the inquiry described in this order by May 2, 2002.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 25th day of April, 2002.