

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

<p>IN RE:</p> <p>BRANDAN BRUCE,</p> <p style="padding-left: 100px;">Petitioner,</p> <p style="text-align:center">v.</p> <p>MIDAMERICAN ENERGY COMPANY,</p> <p style="padding-left: 100px;">Respondent;</p>	<p style="text-align:right">DOCKET NO. FCU-03-8 (C-02-287)</p>
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**ORDER DOCKETING COMPLAINT AND
ASSIGNING TO ADMINISTRATIVE LAW JUDGE**

(Issued January 15, 2003)

On August 22, 2002, Brandan Bruce filed with the Utilities Board (Board) an informal complaint, identified as C-02-287, alleging that MidAmerican Energy Company (MidAmerican) acted improperly with respect to a service line extension to Mr. Bruce's new home south of Milo, Iowa. Mr. Bruce elected to have underground service and paid MidAmerican \$2,472 for the service extension. At the time, Mr. Bruce was the only customer served by the extension. However, another customer has moved to the area and is receiving service. Mr. Bruce alleges that because another customer is now being served because of the extension he paid for, MidAmerican should refund some of the cost of the extension. Mr. Bruce said that

the company from which he receives water service, Warren Water, refunded one-half of the cost of its extension when the second customer began receiving service.

MidAmerican responded to the complaint on September 10, 2002.

MidAmerican said Mr. Bruce was given information regarding all his options, which are defined in MidAmerican's Electric Tariff Number 1, Original Sheet 39. The first option for a line extension is an advance for construction, which is a cash payment or equivalent provided by the customer to assist in financing the line extension. This is subject to refund to the customer if and when other customers attach to the line extension.

The second option available to a customer for a line extension is a contribution in aid of construction. This is a non-refundable payment by a customer to cover the cost of construction or line extension. MidAmerican said Mr. Bruce chose the non-refundable option, which in this case has a lower up-front cost. In Mr. Bruce's case, the refundable option would have required an additional \$645 in up-front costs. Under both options, the amounts due from the customer are subject to gross-up for income tax, which increases the amounts due. The percentage of the tax gross-up differs under the two options.

The line extension and a transformer were placed on Mr. Bruce's property. When the new customer moved nearby and requested service, MidAmerican started at Mr. Bruce's transformer and built a line to the new customer's home. MidAmerican maintained that this new line is not an extension of Mr. Bruce's line, and that Mr. Bruce would not be entitled to a refund even if he had selected the

advance for construction option instead of the contribution in aid of construction option. Mr. Bruce contends that MidAmerican's approach, as contrasted to Warren Water's approach, is unfair to customers paying for extensions. Mr. Bruce also maintains that the two options available for paying for a service extension were not completely and adequately explained to him by MidAmerican.

On November 15, 2002, the Customer Service Section of the Board issued a proposed resolution that found MidAmerican had followed its tariffs and no refund was due under the option chosen by Mr. Bruce. Mr. Bruce promptly contacted the Customer Service Section to appeal the resolution and confirmed his appeal in writing.

Mr. Bruce's complaint presents at least two issues about the approach taken by MidAmerican to service line extensions. First, MidAmerican does not require a signed and written verification for customer extensions, which raises the questions of whether a written verification should be required and whether MidAmerican's representatives adequately explained Mr. Bruce's options. Second, there is a question of whether MidAmerican made a proper determination that the line to the new neighbor was not an extension of Mr. Bruce's line.

Based on the circumstances described above, the Board will docket this matter as a formal complaint proceeding, pursuant to Iowa Code § 476.3, identified as Docket No. FCU-03-8. The docket will be assigned to an administrative law judge for further proceedings.

IT IS THEREFORE ORDERED:

1. The informal complaint filed by Brandan Bruce, identified as C-02-287, is docketed as a formal complaint proceeding, identified as Docket No. FCU-03-8.

2. Pursuant to Iowa code § 17A.11(1)"b" and 199 IAC 7.1(4), this matter is assigned to Administrative Law Judge Amy Christensen for such further proceedings as may be appropriate.

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 15th day of January, 2003.