

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. WRU-05-32-156 (EEP-03-1)
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ORDER GRANTING WAIVER

(Issued July 20, 2005)

On June 27, 2005, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) a request for waiver of 199 IAC 35.6(4)"a"(2) for calendar years 2004 and 2005. This subparagraph provides that an energy efficiency plan modification must be filed in the event expenditures for a customer class vary from the budgeted amount by more than 10 percent. MidAmerican asks the subparagraph be waived for 2004 and 2005 only for the situations where the spending for the residential and nonresidential classes exceeds 110 percent of the budgeted amount. Waiver of the rule would allow MidAmerican to exceed budgeted energy efficiency spending for the residential and nonresidential classes by more than 10 percent. No objections to the request were filed. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response to the waiver request on July 8, 2005.

In support of its request, MidAmerican said that for 2004, the increase in expenditures was largely attributed to the New Construction program, which has been recognized by the United States Environmental Protection Agency. Over 3,000

ENERGY-STAR-labeled homes were certified in MidAmerican's service territory in 2004. MidAmerican noted that success in the New Construction program was not offset by greatly decreased success elsewhere, resulting in actual expenditures for the residential class exceeding the budget by more than 10 percent in 2004.

Projections for 2005 indicate that this trend will continue.

In addition, MidAmerican said pressures on the 2005 residential budget are coming from the addition of a compact fluorescent light program and additional spending for low-income programs. On the nonresidential side, the additional spending in 2004 was largely driven by the unexpected participation levels in the nonresidential equipment and curtailment programs.

MidAmerican stated it is not asking for a program modification now because participation levels in the residential programs are vulnerable to outside factors such as mortgage interest rates, gas price moderation, and the general employment outlook for the state of Iowa. On the nonresidential side, MidAmerican said in the past it has been difficult to create interest in the programs, but that if current spending trends continue, it would consider a permanent spending increase. MidAmerican argued that spending waivers are valuable tools to manage unanticipated program successes because utilities can fulfill the expectations of their customers and create a positive impression for energy efficiency.

Consumer Advocate in its response said it was generally supportive of the waiver because it will facilitate a continuation of the promising developments reported

in 2004 and to date in 2005. However, Consumer Advocate said its support of the waiver was contingent on MidAmerican continuing to achieve commensurate participation and demand and energy savings through its energy efficiency programs. Consumer Advocate noted that this could be monitored and evaluated through, among other means, MidAmerican's quarterly and annual energy efficiency report filings.

The Board will grant the waiver request. Energy efficiency programs offer customers an opportunity to reduce their energy bills. The increased spending for calendar years 2004 and 2005 may not continue in future years, so a waiver is appropriate to allow MidAmerican to expend the needed funds without increasing the budget to a level where funds in future years will go unspent. Granting the waiver will accommodate the increased participation levels and will not prejudice the substantial legal rights of any person. Energy efficiency spending limits are not mandated by statute and granting the waiver will not impinge upon the public health, safety, or welfare. The standards for a waiver contained in 199 IAC 1.3 have been satisfied.

The Board agrees with Consumer Advocate's assertion that the waiver is only appropriate if the high levels of program participation and energy and demand savings that are driving the waiver request continue. The Board will not, however, condition the waiver upon the obtaining of specific results but instead will monitor MidAmerican's results through the required periodic reports. If the reasons for a

waiver are no longer present, rule 1.3 allows for cancellation of a waiver after notice and an opportunity for hearing.

IT IS THEREFORE ORDERED:

The request for waiver filed by MidAmerican Energy Company on June 27, 2005, is granted.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 20th day of July, 2005.