

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY, AQUILA, INC., d/b/a AQUILA NETWORKS, AND INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. RFU-05-1 RFU-05-2, WRU-05-40-225 RFU-05-3, WRU-05-42-150
--------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------

ORDER APPROVING REFUND PLANS AND GRANTING WAIVERS

(Issued September 29, 2005)

On September 1, 2005, MidAmerican Energy Company (MidAmerican) filed a refund plan with the Utilities Board (Board), proposing to retain a refund it received from Northern Natural Gas Company (Northern) in MidAmerican's retention account and include the refund in its annual purchased gas adjustment (PGA) reconciliation. The refund is the result of a settlement of Northern rate cases filed with the Federal Energy Regulatory Commission (FERC). MidAmerican's refund is \$1,601,286, and averages \$2.22 per residential customer. Subrule 199 IAC 19.10(8) requires the filing of a refund plan whenever a company receives a refund related to gas costs charged through the PGA factor. The refund plan has been identified as Docket No. RFU-05-1.

On September 2, 2005, Aquila, Inc., d/b/a Aquila Networks (Aquila), filed a refund plan with the Board proposing to retain a refund from Northern in a special retention account until November 1, 2005, and to incorporate the refund into Aquila's annual PGA reconciliation filing to be filed on September 30, 2005. Iowa's portion of

the refund is \$3,032,861 and calculates to an average residential refund per customer of \$15.46. The refund plan has been identified as Docket No. RFU-05-2. As part of the refund plan, Aquila requests a waiver of 199 IAC 19.10(8)"a," which requires refunding by bill credit or check if the refund exceeds \$10 per customer. The waiver request has been identified as Docket No. WRU-05-40-225.

On September 12, 2005, Interstate Power and Light Company (IPL) filed with the Board a refund plan to retain a refund it received from Northern. The Iowa portion of the refund is \$3,130,648, and is an average of \$10.08 per residential customer. IPL proposes to retain the refund and include it in the annual PGA reconciliation. The refund plan has been identified as Docket No. RFU-05-3. IPL states that the plan is more administratively efficient, will reduce costs, and could reduce confusion for customers who are going into a winter heating season in which gas bills are projected to exceed bills in previous years. As part of the refund plan, IPL requests a waiver of 199 IAC 19.19(8)"a" since the average refund is more than \$10. The waiver request has been identified as Docket No. WRU-05-42-150.

To waive a rule the Board must find, based upon clear and convincing evidence, that the four criteria in 199 IAC 1.3 are met. Those criteria are: 1) the application of the rule would pose an undue hardship, 2) the waiver would not prejudice the substantial legal rights of any person, 3) the provisions of the rule are not specifically mandated by statute, and 4) substantially equal protection of public health, safety, and welfare will be afforded after the waiver.

The Board finds that requiring the return of the refunds received from Northern by IPL and Aquila at this time would pose an undue administrative burden, would

cause a greater expense for the companies, and might cause confusion among customers because of the projected higher bills for natural gas this winter. Any bill credit would coincide with a new PGA factor based upon annual reconciliations reflecting higher gas prices for the winter heating season. A refund might cause customers to disregard or discount the projections of higher winter heating prices and not budget for the increase or reduce usage. In addition, both companies estimate that their annual reconciliations will show an under-collection for the previous year and the refund would be better used as an offset to reduce the PGA factor for this winter.

The Board finds that the waivers would not prejudice the substantial legal rights of any person, the provisions waived are not specifically mandated by statute, and substantially equal protection of public health, safety, and welfare will be afforded after the waiver. The Board will grant the waivers of 199 IAC 19.10(8)"a" as requested by Aquila and IPL. MidAmerican does not need a waiver of this paragraph since its average residential refund is not more than \$10.

The Board finds the refund plans are reasonable and including the refunds in the annual reconciliation should reduce the PGA factor for each company for the upcoming winter heating season. Many factors have come together to move prices for natural gas to very high levels. These higher levels will be reflected in the PGA factor charged to customers and the refund will help reduce that factor.

IT IS THEREFORE ORDERED:

1. The refund plan filed by MidAmerican Energy Company on September 1, 2005, is docketed as Docket No. RFU-05-1 and is approved.

2. The refund plan filed by Aquila, Inc., d/b/a Aquila Networks, on September 2, 2005, is docketed as Docket No. RFU-05-2 and is approved.

3. Aquila, Inc., d/b/a Aquila Networks, is granted a waiver of 199 IAC 10(8)"a" as part of the refund plan approved in this order. The waiver is identified as Docket No. WRU-05-40-225.

4. The refund plan filed by Interstate Power and Light Company on September 12, 2005, is docketed as Docket No. RFU-05-3 and is approved.

5. Interstate Power and Light Company is granted a waiver of 199 IAC 19.10(8)"a" as part of the refund plan approved in this order. The waiver is identified as Docket No. WRU-05-42-150.

6. MidAmerican Energy Company, Aquila, Inc., d/b/a Aquila Networks, and Interstate Power and Light Company shall each file a report within 30 days of the completion of the refund, detailing the results of each refund.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 29th day of September, 2005.