

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. RPU-05-4
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**ORDER DOCKETING CASE, ESTABLISHING PROCEDURAL SCHEDULE,  
GRANTING INTERVENTION, GRANTING WAIVER, AND  
SHORTENING TIME FOR DISCOVERY RESPONSES**

(Issued February 16, 2006)

On December 16, 2005, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an application for determination of ratemaking principles pertaining to a proposed wind-powered generation project with a maximum size of 545 MW. MidAmerican said it had not yet determined the ultimate nameplate size and location for the project, but it will be installed at more than one location.

As part of its application, MidAmerican filed a stipulation and agreement signed by MidAmerican and the Consumer Advocate Division of the Department of Justice (Consumer Advocate). The stipulation and agreement asks that the Board approve MidAmerican's requested ratemaking principles. The stipulation and agreement also provides that MidAmerican commits not to seek any general increase in Iowa electric base rates to become effective during 2012, unless its return on equity falls below 10 percent. A revenue sharing mechanism is also contained in the stipulation and agreement, which is extended until the end of 2012.

Iowa Code § 476.53, the ratemaking principles statute, provides that when defined new electric generation is constructed by a public utility, the Board shall

specify in advance, by order issued after a contested case proceeding, the ratemaking principles that will apply when the costs are included in electric rates. MidAmerican's proposed project appears to meet the requirements of the statute for eligibility for ratemaking principles.

On January 4, 2006, the Board issued an order requiring MidAmerican to file additional information. The Board noted there were significant pieces of information missing from the filing that were necessary for the Board to conduct its review. MidAmerican filed responses on January 12, 2006.

Subsequent to reviewing the additional information filed, the Board issued an order on January 20, 2006, scheduling a technical conference. The Board noted that the responses MidAmerican filed to the Board's January 4, 2006, order were not comprehensive and did not contain sufficient information for the Board to carry out its statutory responsibilities under the ratemaking principles statute. The Board said under the current state of the record, the Board could not proceed to a decision in the docket.

Rather than attempt to reformulate the questions, the Board scheduled a technical conference to enable the Board's staff to discuss with MidAmerican the type of information required. The conference was held on January 26, 2006, and was open to all parties and any others interested in the docket. No formal record was kept of the discussions. On February 2, 2006, MidAmerican filed additional information as a result of the discussions.

The Board has reviewed the application and supplemental information. While MidAmerican filed its initial application on December 16, 2005, it is only with the

February 2, 2006, filing that MidAmerican has provided sufficient information for the filing to be docketed and a procedural schedule set. The Board will therefore docket the filing for investigation, identified as Docket No. RPU-05-4, and set a procedural schedule. The Board will also grant a waiver of 199 IAC 7.2(11)"a," which provides that a settlement may be filed at any time after a case is docketed. Here, the settlement and agreement were filed as part of the ratemaking principles application. The waiver, which was requested by MidAmerican in its filing, is appropriate because it gives potential intervenors an opportunity to review the settlement and agreement prior to making their decision whether to intervene in the proceeding.

The Iowa Farmers Union (IFU) filed a petition to intervene on February 7, 2006. The IFU said its members had an interest in the proceeding both as customers and as potential vendors to MidAmerican; the petition alleged that the impact on members could include diminution of value of their small-scale alternative energy generation facilities or increases in retail electricity rates. In particular, the IFU was critical that MidAmerican did not evaluate distributed generation as a potential part of MidAmerican's energy portfolio; IFU said its members could provide some wind generation that would be widely dispersed with less stress on the transmission system. The IFU asked in a separate filing for the opportunity to present testimony and cross-examine witnesses.

MidAmerican filed a response to the petition to intervene on February 9, 2006. MidAmerican argued that the IFU petition did not raise any issue of material fact relevant to a ratemaking principles proceeding and that its interests perhaps could be addressed in other dockets. MidAmerican suggested that a hearing in this docket is

not required. MidAmerican asked that the Board limit the IFU intervention by stating that increases in retail electricity rates are outside the scope of a § 476.53 proceeding, because retail rate changes are not currently at issue and will not change in the ratemaking principles docket.

The Board agrees that MidAmerican's rates will not change in this docket, but this docket could affect electric rates in the post-2012 time frame. MidAmerican itself made electric rates at least a peripheral issue by including an extension of the revenue freeze in its application and settlement. While it may be that IFU will attempt to introduce testimony or evidence in this proceeding that may be irrelevant to a ratemaking principles proceeding, that is not apparent from the petition to intervene. The Board will grant the petition without limitation; the IFU has alleged interests in the subject matter of this proceeding that could affect its members, who are not currently represented in this proceeding.

MidAmerican may file a motion to strike or other appropriate motion if evidence it believes is beyond the scope of these proceedings is introduced in prefiled testimony. MidAmerican may also file a motion to cancel the hearing that will be set in this order if it believes there is no material issue of fact after testimony is filed. However, the Board notes that it may have questions at hearing and that intervenors have a right to cross-examine witnesses in a contested case proceeding. It is premature to consider whether a hearing may not be required.

MidAmerican asked for expedited treatment, although its original requested decision deadline (January 27, 2006) could not be met because MidAmerican did not file complete initial information until February 2, 2006. The Board will set the

schedule for an expedited hearing. In order to accommodate this schedule, the Board will shorten the time period for responses or objections to data requests and interrogatories from seven to four days.

**IT IS THEREFORE ORDERED:**

1. An investigation is initiated with respect to the application for determination of ratemaking principles filed by MidAmerican Energy Company on December 16, 2005, and supplemented on January 4 and February 2, 2006. This matter is identified as Docket No. RPU-05-4, a formal contested case proceeding. The expenses reasonably attributable to this investigation will be assessed to MidAmerican in accordance with Iowa Code § 476.10 (2005).
2. The following procedural schedule is established:
  - a. The deadline to file a petition to intervene in this proceeding shall be March 3, 2006.
  - b. Any intervenors opposed to the stipulation and agreement shall file prepared direct testimony, with underlying workpapers and exhibits, on or before March 13, 2006. If a party references a data request in its prepared testimony, the data request shall be filed as an exhibit.
  - c. MidAmerican and any intervenors supporting the stipulation and agreement shall file rebuttal testimony, with underlying workpapers and exhibits, on or before March 23, 2006.
  - d. The parties shall file a joint statement of the issues on or before March 27, 2006.

e. All parties that choose to file a prehearing brief may do so on or before March 27, 2006.

f. A hearing shall be held beginning at 9 a.m. on April 11, 2006, for the purpose of receiving testimony and the cross-examination of all testimony. The hearing shall be held in the Board's hearing room at 350 Maple Street, Des Moines, Iowa 50319-0069. The parties shall appear one-half hour prior to the time of the hearing for the purpose of marking exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

3. In the absence of objection, all underlying workpapers shall become a part of the evidentiary record of these proceedings at the time the related testimony and exhibits are entered into the record.

4. In the absence of objection, all data requests and responses referred to in oral testimony or on cross-examination that have not been previously filed shall become a part of the evidentiary record of these proceedings. The party making reference to the data request shall file an original and six copies of the data request and response with the Board at the earliest possible time.

5. In the absence of objection, when the Board has called for further evidence on any issue and the evidence is filed after the close of the hearing, the evidentiary record will be reopened and the evidence will become part of the record five days after the evidence is filed with the Board. All evidence filed pursuant to this

paragraph shall be filed no later than seven days after the close of the hearing in this proceeding.

6. The petition to intervene filed by the Iowa Farmers Union on February 7, 2006, is granted.

7. The request for waiver of 199 IAC 7.2(11)"a" filed by MidAmerican Energy Company on December 16, 2005, as part of its ratemaking principles application, is granted.

8. The time period for responses or objections to data requests and interrogatories is shortened from seven to four days.

**UTILITIES BOARD**

/s/ John R. Norris

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ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 16<sup>th</sup> day of February, 2006.