

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. WRU-06-12-156 (EEP-03-1)
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**ORDER GRANTING WAIVER**

(Issued April 20, 2006)

On March 29, 2006, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) a request for waiver of 199 IAC 35.6(4)"a"(2) for calendar year 2006. This subrule 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 subrule be waived for 2006 only for the situations when the spending for the residential and nonresidential classes exceeds the budgeted amount by more than 10 percent. 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 April 17, 2006.

In support of its request, MidAmerican said that for 2005, the residential New Construction program continued to exceed expectations. Rebates were made to over 4,300 homes, a 45 percent increase over 2004, the previous record year. Because of nationwide news reports that the real estate market is slowing,

MidAmerican said it is difficult to predict construction trends in its service territory, which are actually ahead of last year's pace through February 2006.

MidAmerican said it also expected increases in at least three other residential programs, including the *Change a Light, Change the World* campaign, which is conducted in partnership with Interstate Power and Light Company. Over 400,000 light bulbs were sold, earning the program an award from the United States Environmental Protection Agency. MidAmerican also expects increases in the HomeCheck Audit program and multi-family low-income spending. On the nonresidential side, additional spending is expected by MidAmerican in the equipment program, load management, and new construction.

MidAmerican asserted 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 and natural gas prices, and differing combinations of external influences may affect program participation differently. For example, higher interest rates and higher natural gas prices may have a different impact than higher interest rates and slightly moderating natural gas prices. On the nonresidential side, MidAmerican said decisions might hinge more on the customer's current and forecast performance than any component of MidAmerican's program. 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.

In its response, Consumer Advocate noted that in a previous waiver application to allow increased spending due to increased energy efficiency participation levels (Docket No. WRU-05-32), MidAmerican proposed to monitor nonresidential participation trends through the remainder of 2005 to determine whether a plan modification to permanently increase spending for the nonresidential class might be in order. Consumer Advocate said the increase in participation was consistent with its long-held views, reflected in a June 23, 2003, settlement agreement in Docket No. EEP-03-1 between Consumer Advocate and MidAmerican, that there was room for additional growth in participation levels.

Consumer Advocate said the facts cited by MidAmerican in its waiver request in support of the increased spending are consistent with what has been reflected in MidAmerican's quarterly and annual energy efficiency reports. Consumer Advocate supports the waiver request because it facilitates the current momentum for energy efficiency programs and is consistent with the June 23, 2003, settlement. Consumer Advocate said that during the term of the waiver, the parties to the proceeding should evaluate and implement the terms of the settlement, which might lead to the filing of a program modification.

Consumer Advocate asked that the waiver be conditioned by MidAmerican's continuation of commensurate levels of program participation and energy and demand savings that are driving the waiver request. Consumer Advocate said these

conditions could be monitored through 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 requirement for calendar year 2006 may not continue indefinitely, so a waiver is appropriate to encourage MidAmerican to expend the needed funds without increasing the budget to a level where budgeted 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 adversely affect 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 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. MidAmerican's next annual report will provide additional information in the form of benefit-cost reporting, which MidAmerican committed to provide in discussions with Board's staff. If the reasons for a waiver are no longer present at that time, rule 1.3 allows for cancellation of a waiver after notice and an opportunity for hearing. Also the waiver

is for the year 2006 only; MidAmerican will have to file another request if it wants the waiver to continue in 2007.

**IT IS THEREFORE ORDERED:**

The request for waiver filed by MidAmerican Energy Company on March 29, 2006, is granted.

**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 20<sup>th</sup> day of April, 2006.