

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

| | |
|--|---------------------|
| IN RE: MIDAMERICAN ENERGY COMPANY | DOCKET NO. RPU-94-3 |
|--|---------------------|

ORDER ALLOWING INCENTIVE GAS SUPPLY PROCUREMENT PLAN AWARD

(Issued October 24, 2006)

On September 1, 2006, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) its six-month report of the results of the Incentive Gas Supply Procurement Plan (IGSPP). The filing was identified as Docket No. RPU-94-3. The six-month period included in the report is November 2005 through April 2006. Depending upon the results, MidAmerican may earn a share of certain gas supply cost savings, which would be reflected in the purchased gas adjustment factor from November 2006 through April 2007. On September 20, 2006, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to the filing. On October 4, 2006, Consumer Advocate withdrew its objection.

The IGSPP was originally approved in 1995 and consisted of four primary components in which MidAmerican's actual gas supply costs were measured against benchmarks based upon natural gas markets and rates approved by the Federal Energy Regulatory Commission. The components used were natural gas commodity costs, pipeline reservation costs, storage costs, and transportation costs. Since

1995, the Board has extended the IGSPSP several times with the last extension continuing the plan until October 31, 2006.

The plan is designed to share savings from efficient gas purchasing practices between MidAmerican's shareholders and its ratepayers. To continue to earn a share of the savings, MidAmerican must keep negotiating more favorable rates in relation to the benchmarks. Thus, the plan operates as an incentive for MidAmerican to continually improve its purchasing methods and practices.

The results filed by MidAmerican on September 1, 2006, show that costs were below the current benchmark. Based upon these results, MidAmerican is entitled to a share of the savings, which will be reflected as an IGSPSP factor in the purchased gas adjustment factor from November 2006 through April 2007.

IT IS THEREFORE ORDERED:

MidAmerican Energy Company is allowed to add the IGSPSP factor from its September 1, 2006, filing to its purchased gas adjustment filings for November 2006 through April 2007.

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 24th day of October, 2006.