

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. PGA-06-40
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**ORDER APPROVING ANNUAL PURCHASED GAS ADJUSTMENT
RECONCILIATION FILING AND CLOSING DOCKET**

(Issued November 6, 2006)

On September 27, 2006, MidAmerican Energy Company filed its annual reconciliation of gas costs for the 12-month period ending August 31, 2006, in accordance with 199 IAC 19.10(7). On October 16, 2006, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection to the filing. Consumer Advocate indicated that the filing is voluminous and complex and it would need additional time to complete a review of the filing.

On October 19, 2006, the Board issued an order docketing the annual filing based upon Consumer Advocate's objection. On October 31, 2006, Consumer Advocate withdrew the conditional objection.

Each year, on or before October 1, Iowa rate-regulated natural gas distribution companies must reconcile the actual net invoiced cost of purchased gas for each customer class to the actual revenue collected, net of the prior year's reconciliation dollars plus any undistributed refunds. If this calculation shows an undercollection, the total uncollected dollars are divided by the anticipated sales volumes for the

prospective ten-month period beginning November 1. The resulting quotient called the ("E factor") then becomes a part of that customer class purchased gas adjustment (PGA) formula. If the calculation shows an overcollection and that overcollection is greater than 3 percent of the annual cost of purchased gas subject to recovery, the overcollection must be refunded by bill credit or check. If the overcollection is 3 percent or less, the overcollection may be refunded by bill credit or check or by an E factor adjustment to the PGA formula for the ten-month period beginning November 1.

The annual filing made by MidAmerican appears to comply with 199 IAC 19.10(7) and shows an overcollection of less than 3 percent. The Board has reviewed MidAmerican's reconciliation and believes the information adequately supports its proposed E factor. The reconciliation amount and proposed E factor are shown in the following table.

<u>Customer Class</u>	<u>(Overcollection) Undercollection</u>	<u>E Factor \$/Mcf</u>
2006 SVF/MVF	\$(10,035,523)	\$(0.01811)

The Board will approve the annual filing and the E factor for the overcollection will be included in the PGA factor for the ten-month period beginning November 1, 2006.

IT IS THEREFORE ORDERED:

1. The annual reconciliation filing made by MidAmerican Energy Company on September 27, 2006, is approved.

2. Docket No. PGA-06-40 is closed.

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 6th day of November, 2006.