

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. TF-06-262
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ORDER APPROVING TARIFF WITH CLARIFICATIONS

(Issued January 25, 2007)

On September 22, 2006, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) proposed tariff changes, identified as TF-06-262. The proposed changes would consolidate MidAmerican's separate zonal tariffs for qualifying cogeneration and small power production facilities (QFs) under the Public Utility Regulatory Policies Act of 1978 (PURPA) with a design capacity of 100 kW or less (small QFs) and consolidate and increase MidAmerican's standard avoided cost tariff rates for small QFs.

MidAmerican's proposed consolidation of the separate zonal small QF tariffs continues a process begun in Docket No. TF-03-445, where all non-rate differences among MidAmerican's separate pricing zones were eliminated for its QF and alternate energy production (AEP) tariffs. In this filing, MidAmerican proposes to fully consolidate its small QF tariffs into one uniform tariff applicable to all small QFs in all pricing zones. MidAmerican is not proposing a similar consolidation for its separate AEP tariffs.

In order to allow the Board and interested persons an opportunity to fully review the proposed tariff changes, the Board docketed MidAmerican's tariff for further investigation by order issued October 17, 2006. The Board's docketing order also required MidAmerican to provide additional information, which MidAmerican filed on November 16, 2006. Finally, the docketing order allowed interested parties until December 18, 2006, to file comments or objections regarding MidAmerican's proposed tariff changes. No comments or objections were filed.

MidAmerican's proposed small QF energy and capacity credits are a reasonable interpretation and implementation of the avoided cost information provided by MidAmerican in its 2006 PURPA avoided cost report. The proposed customer charge will be \$8.41, which is the rate currently paid by the only QF customer served under MidAmerican's current three small QF tariffs. The KWh energy credits paid to this customer (and any future customers) will increase from 1.81 cents to 2.87 cents during summer on-peak periods; from 1.48 cents to 1.60 cents during summer off-peak periods; from 1.53 cents to 2.05 cents during winter on-peak periods; and from 1.31 cents to 1.48 cents during winter off-peak periods.

In response to Board questions contained in the October 17, 2006, docketing order, MidAmerican clarified that its capacity credits will be available to QFs under both time-of-day and standard or non-time-of-day energy credit options; will only be available during the four summer months; and will be

adjusted to a monthly basis of \$4.15/kW/month by dividing the annualized credit of \$16.60/kW/year by the four summer months. The Board will approve the proposed tariff, but will require MidAmerican to file amended tariff language which contains the clarifications provided in MidAmerican's November 16, 2006, response to the Board's questions. The following amended tariff language will be required (new language is underlined and in bold):

Capacity Credit:

Applicable for generation capacity received only during the summer, and summer on-peak periods defined above.

Capacity credit will be based on current capacity rates, presently \$16.60/kW/Year, and will be the lesser amount as determined by either Method 1 or Method 2, as follows:

Method 1 (Optional Time-of-Day):

$$A = \frac{B}{C} \times D$$

where:

A is the capacity credit.

B is the kWh delivered during the applicable summer on-peak period.

C is the number of hours in the applicable summer on-peak period.

D is the current capacity charge adjusted to a monthly basis (\$4.15/kW).

Method 2 (Standard):

$$A = \frac{B}{C} \times D$$

where:

A is the capacity credit.

B is the kWh delivered during the applicable summer month.

C is the number of hours in the applicable **summer** month.

D is the current capacity charge adjusted to a monthly basis
(\$4.15/kW).

IT IS THEREFORE ORDERED:

1. Tariff filing TF-06-262 is approved, subject to the clarifications contained in this order.
2. MidAmerican shall file tariff amendments conforming to the clarifications contained in this order within 15 days of the date of this order.

UTILITIES BOARD

/s/ John R. Norris

/s/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 25th day of January, 2007.