

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. WRU-07-5-156 (EEP-03-1)
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ORDER GRANTING WAIVER

(Issued March 13, 2007)

On February 26, 2007, 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 2007. 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 2007 only for the situations when the spending for the residential and nonresidential classes exceeds 10 percent of the budgeted amount. 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. Counsel for the Board contacted counsel for the Consumer Advocate Division of the Department of Justice (Consumer Advocate). Consumer Advocate said it had no objection to granting the waiver.

In support of its request, MidAmerican notes that while it projects energy efficiency plan expenditures for residential programs to be lower in 2007 than 2006, spending for some programs, particularly residential new construction, may exceed budget projections. MidAmerican states that residential new construction remains

difficult to forecast because of higher interest rates (and their impact on construction starts) and the addition of Energy Star and Energy Advantage components to MidAmerican's residential new construction program.

For both residential and nonresidential programs, MidAmerican states that outside factors are contributing to uncertainty about 2007 participation levels. MidAmerican cites uncertainty about energy prices, increased public concern about climate change, and issues regarding dependency on foreign oil as outside factors that could be influencing energy efficiency participation. On the nonresidential side, MidAmerican asserts that the equipment program remains popular, largely due to rebates for lighting and variable speed drives. Because additional rebates have been added for such things as commercial kitchen equipment, MidAmerican expects spending to exceed budgeted amounts. MidAmerican states that its nonresidential load management program also has seen increased participation.

MidAmerican asserts it is not asking for a program modification now because participation levels in the energy efficiency programs are vulnerable to outside factors such as interest rates and energy prices. MidAmerican argues 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.

The Board will grant the waiver request. Energy efficiency programs offer customers an opportunity to reduce their energy bills. The increased spending for calendar year 2007 may not continue indefinitely, so a waiver is appropriate to encourage MidAmerican to expend the needed funds this year without increasing the

budget to a level where 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 impinge upon the public health, safety, or welfare. The standards for a waiver contained in 199 IAC 1.3 have been satisfied.

The waiver, however, is only appropriate if commensurate levels of program participation and energy and demand savings that are driving the waiver request continue. The Board will monitor MidAmerican's results through the required periodic reports. If the reasons for a waiver are no longer present, rule 1.3 allows for cancellation of a waiver after notice and an opportunity for hearing. MidAmerican will have to file another request if it wants the waiver to continue in 2008.

IT IS THEREFORE ORDERED:

The request for waiver filed by MidAmerican Energy Company on February 26, 2007, is granted.

UTILITIES BOARD

/s/ John R. Norris

/s/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 13th day of March, 2007.