

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. PGA-07-39
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**ORDER APPROVING ANNUAL PURCHASED GAS ADJUSTMENT
RECONCILIATION FILING**

(Issued December 5, 2007)

On September 28, 2007, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) its annual reconciliation of gas costs for the 12-month period ending August 31, 2007, in accordance with 199 IAC 19.10(7). On October 10, 2007, MidAmerican filed a revision to the reconciliation. On October 18, 2007, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection to the filing. Consumer Advocate indicated that it needed additional time to complete a review of the filing. On December 3, 2007, Consumer Advocate withdrew its conditional objection.

Requirements for annual reconciliation of gas costs are listed in 199 IAC 19.10(7). 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 from that class net of the prior year's reconciliation dollars plus any undistributed refunds. If this calculation results in 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 (the E factor) then becomes a part of the purchased gas adjustment (PGA) formula for that customer class. If the calculation results in 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 to customers in that class 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 reconciliation for the period ending August 31, 2007, shows that MidAmerican overcollected less than 3 percent of the annual cost of purchased gas. The Board has reviewed the reconciliation filing and it appears to comply with 199 IAC 19.10(7). Since Consumer Advocate has withdrawn its conditional objection, the Board will approve the E factor as filed by MidAmerican on September 28, 2007, as revised on October 10, 2007. MidAmerican will be allowed to include the E factor in the purchased gas adjustment filing over the remaining nine months from December 2007 through August 2008. The E factor calculation is as follows:

<u>Customer Class</u>	<u>(Overcollection) Undercollection</u>	<u>E Factor \$/Mcf</u>
2007 SVF/MVF	\$(5,684,933)	\$(0.01089)

IT IS THEREFORE ORDERED:

1. The annual reconciliation filed by MidAmerican Energy Company on September 28, 2007, as revised on October 10, 2007, is approved effective December 7, 2007, subject to complaint and investigation.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Margaret Munson
Executive Secretary, Deputy

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 5th day of December, 2007.