

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NOS. WRU-07-42-156 TF-07-215 TF-07-216
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ORDER GRANTING WAIVER REQUEST AND APPROVING TARIFFS

(Issued January 14, 2008)

On December 18, 2007, MidAmerican Energy Company (MidAmerican) filed a request for waiver of the computation method described in the definition of an "advance for construction" (advance) found in paragraphs 199 IAC 19.3(10)"a" and 20.3(13)"a" and to use in its place the computation method described in the definition for a "contribution in aid of construction" (contribution), also found in those paragraphs. MidAmerican proposes to use the same computation method for both types of payments and proposes to allow refunds for all payments where Board rules allow refunds for advances instead of giving the customer a choice of paying an advance or a nonrefundable contribution.

MidAmerican also requests a waiver of the provision that gives the customer a choice of paying an advance or contribution in 199 IAC 19.3(10)"b," 19.3(10)"c"(2), 19.3(10)"c"(3), 20.3(13)"b," 20.3(13)"c"(2), and 20.3(13)"c"(3). Since both advances and contributions will be calculated using the same method under MidAmerican's proposal, MidAmerican suggests that there will no longer be a choice for customers to make. The waiver request has been identified as Docket No. WRU-07-42-156.

On December 18, 2007, MidAmerican also filed proposed electric tariffs and gas tariffs that reflect the proposed changes in the calculation method for advances and the removal of the customer's choice. The proposed electric tariffs have been identified as TF-07-215, and the proposed gas tariffs have been identified as TF-07-216. On January 10, 2008, MidAmerican filed revisions to the two sets of tariffs.

Under the Board's rules, a customer has the choice of paying an advance, which allows for refunds, or a nonrefundable contribution to cover the cost of construction of distribution main extensions, electrical line extensions, or plant additions that are not paid for by the utility. Advances require the customer to make a larger payment than the customer would pay as a contribution because the calculation for a contribution is reduced by the present value of the tax benefits from depreciation. The higher cost to the customer may be offset by refunds the customer can receive based on usage of the new facilities. Under MidAmerican's proposal, a customer paying an advance for a distribution main extension, electrical line extension, or a plant addition would pay the lower contribution amount and would receive refunds as prescribed by Board rules. Customers requesting a service line extension for both gas and electric service do not have a choice and will still be required to pay a nonrefundable contribution.

MidAmerican indicates that the waiver requests meets the four criteria in 199 IAC 1.3 for granting waivers and the Consumer Advocate Division of the Department of Justice has indicated it has no objection to the waiver request.

The Board has reviewed the waiver request and is satisfied that the waiver request meets the four criteria in 199 IAC 1.3. It appears from MidAmerican's filing that it would be an undue hardship for MidAmerican to continue to allow customers a choice of whether to pay a refundable advance or a nonrefundable contribution. MidAmerican's solution to use the contribution computation method, the lower cost method, for advances is reasonable and MidAmerican will continue to make refunds where the Board's rules require refunds for advances. This simplifies MidAmerican's obligations by requiring only a single calculation.

Granting the waiver will not prejudice the substantial legal rights of any person since all customers making advances will receive refunds where appropriate under the current rules. Stated differently, any customer who would be entitled to a refund under the current rules will also receive one after the waiver is granted. The refund requirement is not mandated by statute or other provision of law and substantially equal protection of the public health, safety, and welfare will be afforded by other means if the waiver is granted.

Since the request for waiver filed by MidAmerican meets the four criteria in 199 IAC 1.3, the Board will grant the waiver request. Board rules at 199 IAC 19.3(10) and 20.3(13) establish the requirements for when a customer must make a payment to cover costs for construction of distribution main extensions, electrical line extensions, and plant additions that are not covered by the utility. Under the waiver, MidAmerican customers required to make a payment will no longer have a choice between paying an advance or a contribution. The customer will pay the lower

contribution amount as an advance and will receive refunds where appropriate under Board rules.

The Board has reviewed the proposed tariffs, as revised, and finds they are in substantial compliance with Board tariff filing requirements and are in compliance with the waiver request granted in this order. The Board will approve the proposed tariffs, as revised, effective January 21, 2008.

IT IS THEREFORE ORDERED:

1. MidAmerican Energy Company is granted a waiver of 199 IAC 19.3(10) and 20.3(13), and 199 IAC 19.3(10)"b," 19.3(10)"c"(2), 19.3(10)"c"(3), 20.3(13)"b," 20.3(13)"c"(2), and 20.3(13)"c"(3) as described in this order. This waiver is effective until a change in relevant circumstances makes it appropriate for the Board to revisit the matter.

2. The proposed tariffs filed in TF-07-215 and TF-07-216 on December 18, 2007, as revised on January 10, 2008, are approved subject to complaint and investigation.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 14th day of January, 2008.