

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. RPU-94-3
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**ORDER ALLOWING INCENTIVE GAS SUPPLY
PROCUREMENT PLAN AWARD**

(Issued December 19, 2008)

On August 29, 2008, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) its six-month report of the results of the Incentive Gas Supply Procurement Plan (IGSPP) for the period November 2007 through April 2008. The IGSPP is designed to allow MidAmerican to share in any savings or pay a penalty depending on a comparison of its gas procurement costs with market and Federal Energy Regulatory Commission benchmarks. A comparison of actual gas procurement costs to the benchmark is required every six months. Any reward or penalty is then applied over the next matching six-month period.

On September 22, 2008, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection to the IGSPP filing. Consumer Advocate stated that the IGSPP filing is voluminous and complex and Consumer Advocate needed additional time to review and investigate the information presented. On December 4, 2008, Consumer Advocate withdrew its conditional objection.

On December 15, 2008, MidAmerican filed a revised IGSP to reflect that the IGSP factor would not be implemented until the January 2009 billing cycle.

MidAmerican also proposed to recover the IGSP award over the six-month period from January 2009 through June 2009 rather than the remaining four months of the current IGSP recovery period. MidAmerican states that the six-month recovery period has been retained for three reasons: (1) the monthly customer impact will be reduced; (2) there will be no factor associated with the next IGSP filing because the savings cap was reached in this filing; and (3) Consumer Advocate supports the retention of the six-month recovery period.

The IGSP was originally approved in a "Final Decision and Order" issued May 19, 1995, and an "Order Granting Rehearing in Part and Denying Rehearing in Part" issued June 30, 1995. The plan, as originally approved, consisted of four primary components in which MidAmerican's actual gas supply costs were measured against market-based benchmarks. The benchmarks are natural gas commodity costs, pipeline reservation costs, storage costs, and transportation costs. The Board has extended the IGSP, with certain modifications, several times including the latest extension through October 2010.

The plan is designed to share savings from efficient gas purchasing practices between MidAmerican's shareholders and its ratepayers. To continue to earn a share of the savings, MidAmerican must keep negotiating more favorable rates in relation to the benchmarks. The plan operates as an incentive for MidAmerican to continually improve its gas purchasing methods and practices. Under the terms of

the current extension, MidAmerican is subject to a declining cap through the end of the extension.

The results filed by MidAmerican on August 29, 2008, show that costs were below the benchmark and MidAmerican is entitled to retain a portion of those savings, calculated pursuant to the IGSPF formula. The actual amount of savings has been held confidential. The Board will allow the IGSPF factor to be added to the monthly purchased gas adjustment factor from January 2009 through June 2009. Allowing the recovery over six months will reduce the monthly factor and, since there will be no IGSPF factor from the next IGSPF filing, there will be no risk of customers experiencing an additional recovery for the months of May and June 2009.

IT IS THEREFORE ORDERED:

MidAmerican Energy Company is allowed to add the IGSPF factor from its August 29, 2008, filing to its purchased gas adjustment filings for January 2009 through June 2009.

UTILITIES BOARD

/s/ John R. Norris

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 19th day of December, 2008.