

## STIPULATION AND AGREEMENT

Dated March 9, 2009

### Article I – Introduction

In Docket Nos. RPU-03-1, RPU-04-3, RPU-05-4, RPU-07-2, RPU-08-2, and RPU-08-4 the Iowa Utilities Board (“Board”) issued orders approving settlements between the Iowa Office of Consumer Advocate (“OCA”) and MidAmerican Energy Company (“MidAmerican”) addressing ratemaking principles pursuant to Iowa Code Section 476.53 for the construction of rate-regulated wind generation projects. MidAmerican and the OCA support the development of additional new wind generation resources where the projected revenues of the wind generation resources offset, or exceed, the projected costs. The projects that MidAmerican may undertake pursuant to this Stipulation and Agreement shall be referred to as the “Wind VII Iowa Project.”

### Article II – Purpose

This Stipulation and Agreement has been prepared and executed by the signatories for the purpose of stipulating to their mutually-agreed position regarding the Wind VII Iowa Project. In consideration of the mutual agreements set forth herein, the signatories stipulate their belief that the Board should issue an order that allows the terms and provisions of this Stipulation and Agreement to be fully implemented.

### Article III – Ratemaking Principles

The signatories to this Stipulation and Agreement agree to support the Wind VII Iowa Project with the following ratemaking principles:

Topic	Ratemaking Principle
Iowa Jurisdictional Allocation	The Wind VII Iowa Project will be allocated to Iowa in the same manner as the Greater Des Moines Energy Center, Walter Scott Jr. Energy Center Unit No. 4, and prior wind projects.
Cost and Term Caps	The cost cap for the Wind VII Iowa Project (including AFUDC) is:

	<ul style="list-style-type: none"> <li>• \$█m per MW (including AFUDC) for completed sites which are placed in-service or before December 31, 2009.</li> <li>• \$█m per MW (including AFUDC) for completed sites which are placed in-service after December 31, 2009 and on or before December 31, 2010.</li> <li>• \$█m per MW (including AFUDC) for completed sites which are placed in-service after December 31, 2010 and on or before December 31, 2012.</li> </ul> <p>In the event that actual capital costs of a given Wind VII Iowa Project site are lower than the projected capital costs, rate base shall consist of actual costs. In the event actual capital costs exceed the cost cap, MidAmerican shall be required to establish the prudence and reasonableness of such excess before it can be included in rates.</p>
<b>Size Cap</b>	The ratemaking principles shall be applicable to all new MidAmerican wind capacity up to 1001 MW for all Project sites under this Wind VII Stipulation and Agreement.
<b>Depreciation</b>	The depreciation life of the Wind VII Iowa Project for ratemaking purposes shall be 20 years. MidAmerican shall revise the depreciable life in the event the manufacturer changes the 20-year design life of any of the Wind VII turbines.
<b>Return on Equity</b>	The allowed return on common equity investment (ROE) on the portion of the Wind VII Iowa Project included in Iowa electric rate base shall be 12.2%.
<b>Bonus Depreciation Benefits</b>	In recognition of potential receipt of bonus depreciation for 2009 arising out of The American Recovery and Reinvestment Act of 2009, a contingent revenue sharing credit of \$2,315 per MW for each megawatt of Wind VII Iowa Project capacity that qualifies for bonus depreciation shall be used to offset the capital costs of Walter Scott, Jr. Energy Center Unit 4 from 2009-2013 without regard to whether MidAmerican's revenue sharing net income exceeds 11.75%.
<b>Cancellation Cost Recovery</b>	In the event MidAmerican cancels any Wind VII Iowa Project sites for good cause, MidAmerican's prudently incurred costs shall be amortized over a period of ten years beginning no later than six months after the cancellation. The annual amortization shall be recorded above-the-line and included in MidAmerican's revenue sharing or revenue requirement calculations, but the unamortized balance shall not be included in rate base in any such calculations.
<b>Double Leverage</b>	As long as any equity infusion coming directly or indirectly from MidAmerican Energy Holdings Company to MidAmerican does not exceed approximately 50% of the capital required for the addition of the Wind VII Iowa Project to the MidAmerican portfolio, such infusion will not be a justification for, nor used as an argument to support, a double leverage adjustment to MidAmerican's revenue requirement.
<b>Renewable Energy and CO2 Credits and the Like</b>	The Iowa jurisdictional portion of any revenues from the sale of renewable energy credits, carbon dioxide credits or other environmentally related benefits associated with the Wind VII Iowa Project shall be recorded above-the-line, in FERC accounts 456 and 411.8, by MidAmerican, such revenues and benefits shall be recorded in the accounts specified in Appendix 2 and included in the revenue sharing calculations of items "g" and "h" of the Stipulation and Settlement in Docket No. RPU-03-1.
<b>Federal Production Tax Credit</b>	The Iowa jurisdictional portion of any federal production tax credits associated with the Wind VII Iowa Project shall be recorded above-the-line, in FERC account 409.1, by MidAmerican, through the depreciable life (and thereafter as ordered by the Board in a contested case proceeding), such federal production tax credits shall be recorded in the accounts specified in Appendix 2 and included in the revenue sharing calculations of items "g" and "h" of the Stipulation and Settlement in Docket No. RPU-03-1.
<b>Wholesale Sales Revenue</b>	Through the revenue sharing calculation for calendar year 2013, the Iowa jurisdictional portion of wholesale sales revenue associated with the Wind VII Iowa Project shall be recorded above-the-line in the accounts specified in Appendix 2 and included in the

	revenue sharing calculations of items “g” and “h” of the Stipulation and Settlement in Docket No. RPU-03-1.
<b>Revenue Sharing</b>	<p>Revenue sharing related to the Wind VII Iowa Project will be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. Total MidAmerican Iowa electric revenue sharing (including Wind VII Iowa Project results) will be calculated consistent with the methodology approved by the Board in Docket No. RPU-03-01 and further extended thereafter.</li> <li>2. To the extent the total MidAmerican Iowa electric return on equity (ROE) falls below 10% in any revenue sharing year prior to 2014, MidAmerican will be allowed to record revenue sharing in order to increase the Wind VII Iowa Project return on equity from the overall calculated MidAmerican Iowa electric ROE to 10%.</li> <li>3. The calculation shall be based on the difference between the overall MidAmerican Iowa electric ROE and 10%, multiplied by the equity portion of the Wind VII Iowa Project rate base, with that result grossed-up for income taxes.</li> <li>4. Rate base shall consist of the Iowa electric portion of a) Wind VII Iowa Project plant in-service less accumulated depreciation and deferred income taxes.</li> <li>5. The equity portion of the Wind VII Iowa Project rate base shall be based on the Iowa electric Wind VII Iowa Project rate base as defined in item 4 above multiplied by the 13-month average common equity ratio as determined pursuant to the annual revenue sharing calculation.</li> <li>6. The Wind VII Iowa Project revenue sharing for any year in which the total MidAmerican Iowa electric ROE falls below 10% shall be recorded as a credit to FERC account 407.4 - Regulatory credits and a debit to FERC account 101 - Electric plant in-service.</li> </ol>

**Article IV – Double Leverage**

The OCA and MidAmerican further agree that assets which have or will have a return on equity approved by the Board in a ratemaking principles proceeding shall not directly nor indirectly be subject to any double leverage adjustment.

**Article V – Joint Motion**

The signatories shall jointly file with the Board this Stipulation and Agreement in the docket initiated by MidAmerican’s filing of a ratemaking principles application pursuant to Iowa Code Section 476.53 for the Wind VII Iowa Project. The signatories shall also file with the Board a joint motion requesting that the Board accept this Stipulation and Agreement without condition or modification.

**Article VI – Condition Precedent**

This Stipulation shall not become effective unless and until the Board accepts the same in its entirety without condition or modification.

**Article VII – Privilege and Limitation**

This Stipulation and Agreement is made pursuant to Iowa Code §17A.10 and 199 I.A.C. §7.2(11). This Stipulation and Agreement relates only to the specific matters referenced herein, and neither signatory waives any claim or right that it may otherwise have with respect to any matter not expressly provided for herein. Except as expressly provided in this Stipulation and Agreement, neither signatory shall be deemed to have approved, accepted, agreed or consented to any ratemaking principle, any method of cost of service determination, or any method of cost allocation underlying the provisions of this Stipulation and Agreement or be prejudiced or bound thereby in any other current or future proceeding before any agency. Except as necessary to implement Article III, this Stipulation and Agreement shall not, directly or indirectly, be referred to as precedent in any other current or future proceeding before the Board.

**Article VIII – Execution**

To facilitate and expedite execution, this Stipulation and Agreement may be executed by the signatories in multiple conformed copies which, when the original signature pages are consolidated into a single document, shall constitute a fully-executed document binding upon all the signatories. The facsimile signatures of the signatories shall be deemed to constitute original signatures, and facsimile copies hereof shall be deemed to constitute duplicate originals.

**Article IX – Modification and Amendment**

This Stipulation and Agreement shall not be amended or modified except by an instrument in writing signed by all signatories.

**Article X – Term**

This Stipulation and Agreement shall remain in effect as long as the Wind VII Iowa facilities covered by the Ratemaking Principles in Article III continue to provide regulated electric service to Iowa consumers.

**Article XI – Binding Nature**

This Stipulation and Agreement shall be binding on the signatories. The signatories shall take no actions directly or indirectly to eliminate or otherwise limit or expand the scope or effect of this Stipulation and Agreement throughout its term.

**Article XII – Further Assurances**

The signatories agree to cooperate in order to effectuate the full and complete intent of the signatories as expressed in this Stipulation and Agreement.

**Article XIII – Entire Agreement**

This Stipulation and Agreement contains the entire agreement between the signatories. There are no additional terms, whether consistent or inconsistent, oral or written, that have not been incorporated into this Stipulation and Agreement

MIDAMERICAN ENERGY COMPANY

OFFICE OF CONSUMER ADOCATÉ

(Signature)  \_\_\_\_\_

(Signature)  \_\_\_\_\_

Name: William J. Fehrman  
Date: 3/10/09

Name: John R. Perkins  
Date: 3/10/09