



NEWS & INFORMATION

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IUB approves advance ratemaking principles for utility wind project

The Iowa Utilities Board (IUB) today issued its decision order approving a settlement agreement filed by MidAmerican Energy Company and the Office of Consumer Advocate, which establishes advance ratemaking principles for MidAmerican's proposed wind-powered electric generation project of up to 108 megawatts, called the "Wind V Iowa Project." The full [written order](#) is available at www.state.ia.us/iub, under Docket No. RPU-08-2.

On May 2, 2008, MidAmerican requested the Board's review to establish certain aspects of future regulatory treatment for this proposed project, stating its ultimate nameplate size and locations had not yet been determined. A generating certificate from the Board is not required so long as no single gathering line for electricity generated at the site exceeds 25 megawatts.

Among other things, the approved settlement:

- Establishes an 11.7 percent rate of return on equity for the portion of the wind project to be included in the Iowa electric rate base. This is identical to the rate of return the Board has allowed in its two previous advance ratemaking principles proceedings involving wind generation.
- Declares a set depreciation lifetime of 20 years for this project during which the company can recover its investment.
- Sets an overall cost cap for this wind generation project, which is confidential while the utility negotiates with project developers so not to drive up the project costs. The cost cap established indicates project costs that, with its construction and as part of a rate filing in the future, would become part of MidAmerican's regulated revenue requirements for its Iowa customers. It includes associated costs necessary for reliable integration of the wind generation project into the company's delivery system.

The Board has had authority to establish advance ratemaking principles for proposed Iowa-based generating facilities since 2001 when the Iowa Legislature approved this new approach. In addition to being set in advance, the ratemaking principles will be effective for the regulated life of the facility. Previously, utility companies were required to await decisions in rate cases brought to the Board after new plants were actually in service before learning how regulators would treat their investment. Those rate treatments were subject to change over the life of the facility. That is no longer the case in this new regulatory environment.

Customers stand to benefit from this wind project, which would provide an additional renewable source of electricity to meet growing demand in Iowa. The Board determined it would be a reasonable long-term source of electricity.

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