

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

MidAmerican Energy Company )  
 )  
Application pursuant to )  
Section 6-102 of the Public Utilities Act ) Docket No. 15-  
for an order authorizing the issuance and )  
sale of up to \$750,000,000 aggregate )  
principal amount of Long-Term Debt )

APPLICATION FOR AUTHORITY TO ISSUE  
AND SELL LONG-TERM DEBT

MidAmerican Energy Company (“Company”) submits this Application for Authority to Issue and Sell Long-Term Debt (“Application”) to the Illinois Commerce Commission (“Commission”) under Section 6-102(b) of the Public Utilities Act (“Act”) (220 ILCS 5/1-101 et seq.). This Application relates to the proposed issuance and sale of \$750,000,000 aggregate principal amount of long-term debt (“Long-Term Debt”) to be undertaken by the Company in support of certain of the Company’s capital projects (the “Capital Projects”) as described herein.

The Company requests authority to issue up to \$750,000,000 aggregate principal amount of Long-Term Debt to finance the Capital Projects, such Long-Term Debt to be issued from time to time during the three-year period following the date of the Commission’s order approving this Application.

Inquiries concerning this Application and the proposed financing should be directed to the following persons:

Name:	James C. Galt	Paul J. Leighton
Title:	Treasurer	Vice President and Secretary
Address:	MidAmerican Energy Company 666 Grand Avenue, Suite 500 Des Moines, Iowa 50309-2580	MidAmerican Energy Company 4299 NW Urbandale Drive Urbandale, Iowa 50322
Phone:	515.281.2521	515.242.4099
Fax:	515.281.2389	515.281.2460
Email:	jcgalt@midamerican.com	pjleighton@midamerican.com

GENERAL INFORMATION

1. The Company is a public utility incorporated under the laws of the State of Iowa with its principal office located in Des Moines, Iowa, and is engaged primarily in the business of generating, transmitting and distributing electricity and distributing natural gas to

the public in the Illinois counties of Rock Island, Henry, Mercer and Whiteside, and elsewhere. The Company is a public utility within the meaning of the Act.

2. The following Application Exhibits are attached hereto and by this reference made a part hereof:

- I. Application Exhibit A – Direct Testimony of James C. Galt, Treasurer of the Company
- II. Application Exhibit B – Statement of Income for the Twelve Months Ended June 30, 2015
- III. Application Exhibit C – Balance Sheet as of June 30, 2015
- IV. Application Exhibit D – Schedule of Capital Stock as of June 30, 2015
- V. Application Exhibit E – Schedule of Funded Debt as of June 30, 2015
- VI. Application Exhibit F – Notes to Financial Statements dated June 30, 2015
- VII. Application Exhibit G – Pro Forma Capitalization Structure

3. The financial condition of the Company as of June 30, 2015 is stated in Application Exhibits B, C, D, E and F. Exhibits D and E include detailed information about the Company's outstanding securities, including: (i) a description of the security, including the type, series and shares outstanding; (ii) the issue date; (iii) the maturity date; (iv) the interest or dividend rate; (v) the amount outstanding; and (vi) the amount of interest or dividend. Application Exhibit G is a pro forma capitalization structure showing the relative equity and debt components of the Company's capitalization at the end of the financing period.

#### INFORMATION RELATING TO THE ISSUANCE AND SALE OF THE LONG-TERM DEBT

4. The Company intends to issue and sell up to \$750,000,000 aggregate principal amount of Long-Term Debt in one or more transactions to fund the Capital Projects described in this Application. The terms of the Long-Term Debt, including but not limited to the maturity, rate or method of calculation of interest and dates for payment thereof, and any redemption, prepayment or sinking fund provisions will be determined at the time or times of sale. The Company intends to issue the Long-Term Debt subject to and depending upon market conditions at the time of each offering. Currently, if the Long-Term Debt were to be issued as fixed-rate with a maturity of three, five, seven, ten or thirty years, it would have an interest rate based on a nominal United States Treasury security having a constant maturity ("U.S. Treasury") ranging from 1.08% to 2.84% plus the Company's applicable spread over the respective U.S. Treasury; however, the actual interest rate, which may be fixed or floating, will be determined at the time of each offering or periodically during the term of the

Long-Term Debt. The following table is illustrative of the interest rate for the respective U.S. Treasury on August 14, 2015:

<u>Maturity (Years)</u>	<u>Interest Rate (%)</u> <sup>1</sup>
3	1.08
5	1.61
7	1.96
10	2.20
30	2.84

The spreads over the respective U.S. Treasury will be dependent on market conditions at the time of the offering; however, for comparison purposes, corporate credit spreads of similarly rated debt securities above the comparable U.S. Treasury applicable to the Company's April 3, 2014 issuance and sale of first mortgage bonds in the aggregate principal amount of \$850,000,000 were: 47 basis points for the five-year maturity; 83 basis points for the 10-year maturity; and 88 basis points for the 30-year maturity.

5. The Company may sell the Long-Term Debt in one or more underwritten public offerings from time to time to finance the Capital Projects during the three-year period following the date of the Commission's order approving this Application pursuant to one or more pricing supplements and prospectus supplements and the underlying base prospectus to be filed with the Securities and Exchange Commission ("SEC"). The Company has a currently effective registration statement on Form S-3 (No. 333-192077) on file with the SEC for the registration of \$800,000,000 of long-term debt securities, which includes the Long-Term Debt that is the subject of this Application, through November 12, 2016. The Company will amend this currently effective registration statement or file another registration statement with the SEC so that the entire amount of the Long-Term Debt that is the subject of this Application is registered prior to any offering of such Long-Term Debt. An underwriting agreement containing terms similar to those contained in previous underwriting agreements to which the Company was a party will be executed between the Company and the underwriters selected to underwrite this financing prior to the offering or offerings of the Long-Term Debt. In the alternative, the Company may sell the Long-Term Debt in private placements to a limited number of purchasers in which case the Company will choose one or more investment banking firms to act as agent for the purchasers.

6. The Company, upon application, received authority from the Federal Energy Regulatory Commission ("FERC") on March 16, 2015 in Docket No. ES15-8-000 to issue up to \$1,700,000,000 of long-term indebtedness, including the Long-Term Debt, during the two-year period beginning April 1, 2015 and ending March 31, 2017. The authority granted in that proceeding superseded the authority granted in Docket No. ES14-4-000 in which FERC authorized MidAmerican to issue up to \$925,000,000 of long-term debt securities during the two-year period beginning December 31, 2013. The Company is required to obtain this authority from FERC in order to comply with the Federal Power Act and the applicable FERC rules issued thereunder. To the extent Federal Energy Regulatory Commission

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<sup>1</sup> As listed in the Federal Reserve weekly publication H.15 "Selected Interest Rates (Weekly)" published for August 14, 2015 at <http://www.federalreserve.gov/releases/h15/current/>

authority to issue the Long-Term Debt is required prior to the expiration of the three-year period following the date of the Commission's order approving this Application, the Company will file the necessary application requesting such authority.

7. The authority requested in this Application is supplemental to the current authority the Company received from the Commission by orders dated December 19, 2012 in Docket No. 12-0657 and December 9, 2013 in Docket No. 13-0634. Of the original \$1,500,000,000 of long-term debt authorized in Docket No. 12-0657, \$50,000,000 remains following the issuance and sale of \$950,000,000 and \$500,000,000 of first mortgage bonds September 19, 2013 and April 3, 2014, respectively. This authority expires December 19, 2015. The full amount of \$750,000,000 authorized in Docket No. 13-0634 is available for issuances of long-term debt during the three-year period ending December 9, 2016.

#### USE OF PROCEEDS

8. The Company will use all of the proceeds from the sale of the Long-Term Debt to fund the debt portion of the financing requirements of the Capital Projects as described below during the three year period following the date of the Commission's order approving this Application. The Capital Projects will directly or indirectly benefit all of the Company's customers, including those located in the State of Illinois. None of the proceeds of any Long-Term Debt issued pursuant to this Application will be used to refund any debt of the Company maturing during the three-year period following the date of the Commission's order approving this Application.

The following is a description of the Capital Projects.

The Capital Projects consist of annual capital projects, electric transmission facilities, environmental enhancements to existing coal generating facilities and wind generation facilities.

a. Annual capital projects ("Annual Projects") consist of regular capital items budgeted for calendar years 2015, 2016 and 2017 as part of the Company's ongoing capital equipment replacement and improvement program. Each year the Company expends funds to replace aging capital equipment, upgrade existing facilities and add new facilities to meet customer demand and growth. For example, funds may be spent on (i) adding new gas and electric distribution facilities to meet customer growth across the Company's service territory, (ii) replacing or upgrading certain distribution or transmission facilities due to life limitation or wear in order to maintain service reliability, (iii) replacing or upgrading major equipment and other components at the Company's gas, coal, wind or nuclear generating facilities due to life limitation, wear or regulatory requirements, or procuring nuclear fuel needed for refueling of the Quad Cities Station and (iv) replacing, expanding or upgrading the Company's information technology infrastructure, including hardware and software. The total costs of the Annual Projects are budgeted for an aggregate of \$1,073,000,000 for the three-year period.

b. The electric transmission capital project (“Transmission Project”) is the Ottumwa Generating Station (“OGS”)-Adair Project which is included in the Midcontinent Independent System Operator, Inc. portfolio of “Multi-Value Projects.” It consists of the Ottumwa, Iowa to Adair, Missouri 345 kV and 161 kV transmission line and additional substation work at the OGS Substation. As part of the OGS-Adair Project, some 161 kV facilities will be rebuilt as double-circuit 345 kV/161 kV facilities to utilize the existing rights-of-way. The Company will construct and own an estimated 16 miles of the project which is estimated to cost approximately \$45,000,000 of which \$28,000,000 is planned to be expended in calendar years 2016 and 2017 and is expected to be placed in service in 2018.

c. The environmental enhancement projects (“Environmental Projects”) include the installation of certain pollution control equipment at OGS, the closure of coal ash ponds and the construction of “monofill” disposal facilities at the Company’s generating facilities at an aggregate estimated capital expenditure of \$178,000,000 during the calendar years 2016 and 2017.

d. The wind capital projects consist of a wind generating project (“Wind IX Project”) located in Iowa and comprised of facilities currently under construction by the Company. The Wind IX Project has a nameplate capacity of 161.3 megawatts and a planned capital cost of approximately \$231,000,000, which amount includes the cost of associated transmission facilities and allowance for funds used during construction. The Wind IX Project is scheduled for commercial operation and to be placed in service by December 31, 2015.

As stated above, the Capital Projects will directly or indirectly benefit all of the Company’s customers, including those located in the State of Illinois. This statement is not meant to imply that all projects within the Capital Projects will result in benefits to the Company’s Illinois customers, but that all of the Company’s customers will benefit from at least some of the Capital Projects. In the Capital Projects included in this Application, the Company’s Illinois customers will directly benefit from the Annual Projects and the Environmental Projects. These customers may also indirectly benefit from the Transmission Project. Wind generation assets are not assigned to Illinois and therefore the Wind IX Project does not provide direct benefits to Illinois customers.

The Company points out that even though more than 90% of its gross plant in service is assigned to jurisdictions other than Illinois, the Act requires “public utilities,” which the Company is, to receive authority from the Commission to issue equity or debt securities. Thus, unless or until the Commission or courts determine otherwise, Illinois law could be interpreted to require Commission approval of a security issuance by a public utility even where none of the proceeds will be used to support projects that directly benefit Illinois customers.

9. Capital financing requirements for the Capital Projects are based on project costs and a 50% debt-to-total capitalization structure. The Company is using a 50% debt to total capitalization ratio in this Application since it is consistent with the range of equity

capital required in order for the Company to maintain its ratings assigned by the credit rating agencies. The planned costs of the Capital Projects aggregate approximately \$1,510,000,000. A targeted 50% debt-to-total capitalization would result in a capital financing requirement of \$755,000,000 of which \$750,000,000 is being included in this Application for authority to issue and sell Long-Term Debt. The balance of the funding for the Capital Projects is expected to be from internal sources or will be the subject of a future application requesting authority to issue and sell long-term debt to be filed with the Commission.

10. The following table outlines the planned financing requirement for the Capital Projects as explained in the foregoing paragraph:

<b><u>Capital Projects</u></b>	<b><u>Total</u><sup>1</sup></b>
Annual Projects	\$1,073
Transmission Project	\$28
Environmental Projects	\$178
Wind IX Project	\$231
Total Capital Projects Costs	<u>\$1,510</u>
Total Debt Requirement	\$755
Total Debt Authority Requested <sup>2</sup>	<u>\$750</u>

<sup>1</sup> In millions

<sup>2</sup> Capital Projects costs are expected to be financed with 50% debt and the balance from internally generated sources; however, the debt requirement for the capital costs of the Capital Projects is limited to \$750,000,000 in this Application

11. The issuance of the Long-Term Debt will be accomplished within the FERC authority granted to the Company as discussed above and pursuant to an effective registration statement filed with the SEC. The Company contemplates the Long-Term Debt will be issued from time to time during the three-year period following the date of the Commission's order approving this Application and in such amounts as the Company deems necessary and prudent to take advantage of conditions in the credit markets and to reflect the timing of expenditures.

#### CUSTOMER AND PUBLIC INTEREST

12. The Company believes that the proposed issuances and sales of up to \$750,000,000 of Long-Term Debt, for which authority is being requested herein, will be advantageous to the interests of the Company and its service to customers and the public will be inconvenienced thereby.

## APPLICATION FEE

13. The Company will pay the required fee under Section 6-108 with respect to \$750,000,000 of the Long-Term Debt for which no fee has been previously paid to the Commission. The Company will pay the required fee reflecting the percentage of the Company's utility property located in the State of Illinois no later than 30 days after service of the Commission order authorizing the issuance and sale of the Long-Term Debt. Using the statutory rate of \$0.24 per one hundred dollars of principal amount of the Long-Term Debt, the Company calculates the fee to be \$88,486, based on a 4.9159% factor that is determined by taking the Company's net gas (\$54,002,245) and electric (\$424,775,112) utility plant allocated to Illinois (total of \$478,777,357), as shown in the Company's Form 21 ILCC, page 2a, column (j) plus column (k), line 6, as of December 31, 2014, and dividing that sum by the Company's total net utility plant (\$9,739,362,243) as shown in the Company's Form 21 ILCC, page 2, column (d), line 6, as of December 31, 2014.

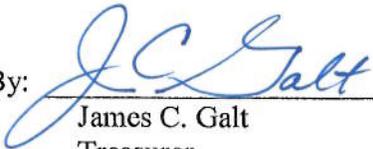
## IDENTIFICATION NUMBERS

14. The Company requests ten Illinois Commerce Commission identification numbers be assigned to the Long-Term Debt so as to accommodate multiple series of issuances from this proceeding. Each individual series of Long-Term Debt will have one identification number assigned to it.

WHEREFORE, the Company respectfully requests, based upon the foregoing, that the Commission enter a written order in conformance with Section 6-102(b) of the Act authorizing the issuance and sale of \$750,000,000 principal amount of Long-Term Debt from time to time, as described in this Application and Application exhibits hereto.

Dated this 19th day of August, 2015.

MIDAMERICAN ENERGY COMPANY

By:   
James C. Galt  
Treasurer

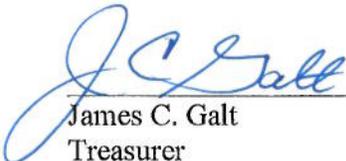
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VERIFICATION

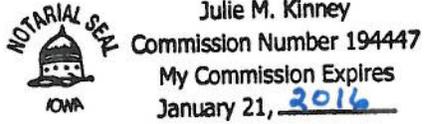
STATE OF IOWA            )  
                                  ) ss  
COUNTY OF POLK        )

I, James C. Galt, being first duly sworn, depose and say that I am the Treasurer of MidAmerican Energy Company, which has filed the foregoing Application, that I am authorized to file the same, that I have read the Application and know the contents thereof, and that the same are true to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
James C. Galt  
Treasurer  
MidAmerican Energy Company

SUBSCRIBED AND SWORN TO  
before me this 19th day of August, 2015.

  
\_\_\_\_\_  
Notary Public

  
Julie M. Kinney  
Commission Number 194447  
My Commission Expires  
January 21, 2016

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

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MIDAMERICAN ENERGY COMPANY )  
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 Application pursuant to )  
 1 Section 6-102 of the Public Utilities Act ) Docket No. 15-  
 2 for an order authorizing the issuance )  
 3 and sale of up to \$750,000,000 aggregate )  
 4 principal amount of Long-Term Debt )

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DIRECT TESTIMONY  
OF  
JAMES C. GALT

5 **Q. Please state your name, business address, place of employment and position.**

6 A. My name is James C. Galt and my business address is 666 Grand Avenue, Suite  
7 500, Des Moines, Iowa 50309-2580. I am the Treasurer of MidAmerican Energy  
8 Company, which I will refer to hereinafter as MidAmerican.

9 **Q. Please describe your education and business experience.**

10 A. I received a Bachelor of Mechanical Engineering degree from Georgia Institute of  
11 Technology and a Masters of Business Administration from the University of North  
12 Carolina. I joined a MidAmerican predecessor company in 1987 and served as Assistant  
13 Treasurer from 1998 until I became Treasurer in 2014 the position which I have held  
14 since.

15 **Q. Please describe your duties and responsibilities as Treasurer?**

16 A. I am responsible for daily cash flow management and for all stocks, bonds and  
17 other securities issued by MidAmerican and for ensuring that capital funds are secured at  
18 the time they are needed. I am also responsible for recommending and managing external  
19 financings.

20 **Q. Is MidAmerican a corporation?**

21 A. Yes. It was incorporated in 1994 in Iowa with its principal business office at 666  
22 Grand Avenue, Suite 500, Des Moines, Iowa 50309-2580. MidAmerican is the successor  
23 to Iowa-Illinois Gas and Electric Company and Midwest Power Systems Inc. which

1 merged in 1995 to create MidAmerican.

2 **Q. What is the business of MidAmerican?**

3 A. MidAmerican's principal business is generating, transmitting, distributing and  
4 selling electric energy in Illinois, Iowa and South Dakota and distributing and selling  
5 natural gas in Iowa, Illinois, Nebraska and South Dakota. MidAmerican is an indirect  
6 subsidiary of Berkshire Hathaway Energy Company (BHE), a holding company that  
7 owns subsidiaries principally engaged in energy businesses. BHE's subsidiaries include  
8 four utility companies in the United States serving customers in 11 states, two electricity  
9 distribution companies in Great Britain, two interstate natural gas pipeline companies in  
10 the United States, an electric transmission business in Canada, interests in electric  
11 transmission businesses in the United States, a renewable energy business primarily  
12 selling power generated from solar, wind, geothermal and hydro sources under long-term  
13 contracts, the second largest residential real estate brokerage firm in the United States and  
14 one of the largest residential real estate brokerage franchise networks in the United  
15 States.

16 **Q. Are you familiar with the Application and the Application Exhibits thereto**  
17 **which have been filed in this proceeding by MidAmerican?**

18 A. Yes.

19 **Q. Do Application Exhibits B, C, D, E and F correctly state the financial**  
20 **condition of MidAmerican as shown by its books and records as of June 30, 2015 in**  
21 **accordance with generally accepted accounting principals?**

22 A. Yes.

23 **Q. Since June 30, 2015, have there been any material changes in the financial**  
24 **condition of MidAmerican?**

25 A. No.

26 **Q. Under what system of accounts are MidAmerican's accounting records**  
27 **maintained?**

28 A. Under the Uniform System of Accounts for Electric Utilities and the Uniform  
29 System of Accounts for Gas Utilities prescribed by 83 Ill. Adm. Code 415 and 505 and  
30 the Uniform System of Accounts prescribed by the Federal Energy Regulatory  
31 Commission (FERC).

1 **Q. Please describe the transaction(s) proposed by MidAmerican in the**  
2 **Application.**

3 A. MidAmerican intends to issue and sell up to \$750,000,000 aggregate principal  
4 amount of Long-Term Debt in one or more transactions to fund the debt portion of the  
5 Capital Projects described in the Application. MidAmerican expects the Long-Term Debt  
6 to be issued from time to time during the three-year period following the date of the  
7 Commission's order approving the Application. The terms of the Long-Term Debt,  
8 including but not limited to the maturity, rate or method of calculation of interest and  
9 dates for payment thereof and any redemption, prepayment or sinking fund provisions,  
10 will be determined at the time of sale. MidAmerican intends to issue the Long-Term Debt  
11 subject to and depending upon market conditions at the time of offering. If the Long-  
12 Term Debt were to be issued as of August 14, 2015 as fixed-rate with a maturity of three,  
13 five, seven, ten or thirty years, it would have an interest rate based on a nominal United  
14 States Treasury security having a constant maturity (U.S. Treasury) ranging from 1.08%  
15 to 2.84% plus the Company's applicable spread over the respective U.S. Treasury. The  
16 spreads over the respective U.S Treasury will be dependent on market conditions at the  
17 time of the offering; however, for comparison purposes, corporate credit spreads of  
18 similarly rated debt securities above the comparable U.S. Treasury applicable to  
19 MidAmerican's April 3, 2014 issuance and sale of \$850,000,000 aggregate principal  
20 amount of first mortgage bonds were: 47 basis points for the five-year maturity; 83 basis  
21 points for the 10-year maturity; and 88 basis points for the 30-year maturity. Therefore,  
22 the actual interest rate, which may be fixed or floating, will be determined at the time of  
23 each offering or periodically during the life of the Long-Term Debt.

24 Depending upon conditions in the marketplace, MidAmerican will sell the Long-  
25 Term Debt from time to time either in underwritten public offerings or in private  
26 placements to a limited number of purchasers. In any case, MidAmerican will select one  
27 or more investment banking firms to provide services in connection with the issuance and  
28 sale of the Long-Term Debt, including acting as underwriter in the case of public offering  
29 or agent in the case of private placement.

30 Should MidAmerican elect to sell the Long-Term Debt in one or more  
31 underwritten public offerings from time to time during the time periods specified in the

1 Application, such offers and sales will be made pursuant to a pricing supplement,  
2 prospectus supplement and underlying base prospectus previously filed or to be filed with  
3 the Securities and Exchange Commission (SEC).

4 The authority requested in the Application is supplemental to the current authority  
5 MidAmerican received from the Commission by orders dated December 19, 2012 in  
6 Docket No. 12-0657 and December 9, 2013 in Docket No. 13-0634. Of the original  
7 \$1,500,000,000 of long-term debt authorized in Docket No. 12-0657, \$50,000,000  
8 remains following the issuance and sale of \$950,000,000 and \$500,000,000 of first  
9 mortgage bonds September 19, 2013 and April 3, 2014, respectively. This authority  
10 expires December 19, 2015. The full amount of \$750,000,000 authorized in Docket No.  
11 13-0634 is available for issuances of long-term debt during the three-year period ending  
12 December 9, 2016.

13 **Q. Please explain the financing authorizations that MidAmerican currently has**  
14 **from other jurisdictional regulatory bodies.**

15 A. MidAmerican has a currently effective registration statement on Form S-3 (No.  
16 333-192077) on file with the SEC for the registration of \$800,000,000 of long-term debt  
17 securities, which includes the Long-Term Debt that is the subject of the Application,  
18 through November 12, 2016. MidAmerican will amend this currently effective  
19 registration statement or file another registration statement with the SEC so that the entire  
20 amount of the Long-Term Debt that is the subject of the Application is registered prior to  
21 any offering of such Long-Term Debt. An underwriting agreement containing terms  
22 similar to those contained in previous underwriting agreements to which MidAmerican  
23 was a party will be executed between MidAmerican and the underwriters selected to  
24 underwrite each debt issuance prior to the offering or offerings of the Long-Term Debt.

25 MidAmerican received authority from FERC on March 16, 2015 in Docket No.  
26 ES15-8-000 to issue up to \$1,700,000,000 of long-term indebtedness, including the  
27 Long-Term Debt, during the two-year period beginning April 1, 2015 and ending  
28 March 31, 2017. The authority granted in that proceeding superseded the authority  
29 granted in Docket No. ES14-4-000 in which FERC authorized MidAmerican to issue up  
30 to \$925,000,000 of long-term debt securities during the two-year period beginning  
31 December 31, 2013. MidAmerican is required to obtain this authority from FERC in

1 order to comply with the Federal Power Act and the applicable FERC rules issued  
2 thereunder. MidAmerican will amend or supplement the most recent application  
3 approved by FERC or file a new application in order to provide sufficient authorization to  
4 issue the Long-Term Debt in the amount specified in the Application.

5 **Q. For what purposes will the proceeds from issuance of the Long-Term Debt be**  
6 **used?**

7 A. MidAmerican will use all of the proceeds from the sale of the Long-Term Debt to  
8 fund the debt portion of the financing requirements of the Capital Projects as described in  
9 the Application. None of the proceeds of any Long-Term Debt issued pursuant to the  
10 Application will be used to refund any debt of MidAmerican maturing during the three-  
11 year period following the date of the Commission's order approving the Application. The  
12 Capital Projects will directly or indirectly benefit all of MidAmerican's customers,  
13 including those in the State of Illinois. This statement is not meant to imply that all  
14 projects within the Capital Projects will result in benefits to MidAmerican's Illinois  
15 customers, but that all of MidAmerican's customers will benefit from at least some of the  
16 Capital Projects. In the Capital Projects included in this Application, MidAmerican's  
17 Illinois customers will directly benefit from the annual capital projects and the  
18 environmental enhancement projects. These customers may also indirectly benefit from  
19 the electric transmission project. Wind generation assets are not assigned to Illinois and  
20 therefore do not provide direct benefits to Illinois customers.

21 **Q: Please describe the Capital Projects.**

22 A: The Capital Projects consist of annual capital projects, electric transmission  
23 facilities, environmental enhancements to existing coal generating facilities and wind  
24 generation facilities. The annual capital projects consist of regular capital items budgeted  
25 for calendar years 2015, 2016 and 2017 as part of MidAmerican's ongoing capital  
26 equipment replacement and improvement program. Each year MidAmerican expends  
27 funds to replace aging capital equipment, upgrade existing facilities and add new  
28 facilities to meet customer demand and growth. For example, funds may be spent on (i)  
29 adding new gas and electric distribution facilities to meet customer growth across  
30 MidAmerican's service territory, (ii) replacing or upgrading certain distribution or  
31 transmission facilities due to life limitation or wear in order to maintain service

1 reliability, (iii) replacing or upgrading major equipment and other components at  
2 MidAmerican's gas, coal, wind or nuclear generating facilities due to life limitation, wear  
3 or regulatory requirements, or procuring nuclear fuel needed for refueling of the Quad  
4 Cities Station and (iv) replacing, expanding or upgrading MidAmerican's information  
5 technology infrastructure, including hardware and software. The total costs of the annual  
6 capital projects are budgeted for an aggregate of \$1,073,000,000 for the three-year  
7 period. The electric transmission capital project, which is included in the Midcontinent  
8 Independent System Operator, Inc. portfolio of "Multi-Value Projects," has an estimated  
9 cost of approximately \$45,000,000 of which \$28,000,000 is expected to be expended in  
10 calendar years 2016 and 2017 and is planned for operation in 2018. The environmental  
11 enhancement projects include the installation of certain pollution control equipment at  
12 Ottumwa Generating Station, the closure of coal ash ponds and the construction of  
13 "monofill" disposal facilities at MidAmerican's coal-fired generating facilities at an  
14 aggregate estimated capital expenditure of \$178,000,000 during calendar years 2016 and  
15 2017. The wind capital project (Wind IX Project) consists of a wind generating project  
16 located in Iowa and comprised of facilities currently under construction by MidAmerican  
17 that is scheduled for commercial operation by December 31, 2015. The Wind IX Project  
18 will have a nameplate capacity rating of 161.3 megawatts and a planned capital cost of  
19 approximately \$231,000,000, which amount includes the cost of associated transmission  
20 facilities and allowance for funds used during construction.

21 **Q. Please explain how the capital costs of the Capital Projects will be financed.**

22 A. Capital financing requirements for the Capital Projects are based on project costs  
23 and a 50% debt-to-total capitalization structure. MidAmerican is using a 50% debt to  
24 total capitalization ratio in the Application since it is consistent with the range of equity  
25 capital required in order for MidAmerican to maintain its ratings by the credit rating  
26 agencies. The planned aggregate costs of the Capital Projects are approximately  
27 \$1,510,000,000. A targeted 50% debt-to-total capitalization would approximate a capital  
28 financing requirement of \$755,000,000; however, MidAmerican is excluding \$5,000,000  
29 in debt requirements associated with the Capital Project capital costs from the  
30 Application thereby reducing the Capital Projects debt requirements to \$750,000,000.  
31 The balance of the funding for the Capital Projects will be from internal sources or the

1 subject of a future application requesting authority to issue and sell long-term debt to be  
2 filed with the Commission.

3 **Q. Please explain Application Exhibit G.**

4 A. Application Exhibit G shows MidAmerican's pro forma capital structure  
5 assuming \$750,000,000 of Long-Term Debt is issued as described in the Application.

6 **Q. Will there be any expenses in connection with the proposed issuance of the  
7 Long-Term Debt?**

8 A. Yes. MidAmerican will pay a fee to its underwriters or agents in connection with  
9 the issuance and sale of the Long-Term Debt which will be negotiated at the time of the  
10 proposed issuance. In addition, MidAmerican will be required to pay other fees and incur  
11 other expenses such as legal fees and printing costs.

12 **Q. How will MidAmerican account for the expenses of issuance and sale of the  
13 Long-Term Debt?**

14 A. In conformity with the Uniform System of Accounts for Electric Utilities  
15 prescribed by 83 Ill. Adm. Code 415 and the Uniform System of accounts of Gas Utilities  
16 prescribed by 83 Ill. Adm. Code 505, MidAmerican proposes to charge the expenses of  
17 issuing and selling the Long-Term Debt to Account 181, Unamortized Debt Expense, and  
18 any discount to Account 226, Unamortized Discount on Long-Term Debt, recognizing  
19 the amounts so charged may be amortized ratably over the life of the Long-Term Debt to  
20 Account 428, Amortization of Debt Discount and Expense.

21 In conformity with the Uniform System of Accounts for Electric Utilities  
22 prescribed by 83 Ill. Adm. Code 415 and the Uniform System of Accounts for Gas  
23 Utilities prescribed by 83 Ill. Adm. Code 505, MidAmerican proposes to credit the  
24 premium received from selling the Long-Term Debt, if any, to Account 225,  
25 Unamortized Premium on Long-Term Debt, recognizing the amounts so credited may be  
26 amortized ratably over the life of the Long-Term Debt to Account 429, Amortization of  
27 Premium on Debt.

28 **Q. Have you calculated the Illinois Commerce Commission's fee with respect to  
29 this transaction?**

30 A. Yes. Using the statutory rate of \$0.24 per one hundred dollars of principal amount  
31 of debt, MidAmerican calculates the fee to be \$88,486 which is based on a 4.9159%

1 allocation factor that is determined by taking MidAmerican's net gas and electric utility  
2 plant allocated to Illinois and dividing it by MidAmerican's total net utility plant as  
3 explained in the Application. This factor is applied to the total amount of the Long-Term  
4 Debt requested in the Application since no fee has been previously paid to the  
5 Commission for the Long-Term Debt.

6 **Q. Will there be any affiliation of interests, as defined under Section 7-101 of the**  
7 **Public Utilities Act, between MidAmerican and the corporate finance firms selected**  
8 **as underwriter or agent?**

9 A. No.

10 **Q. In your opinion, is the proposed transaction in the best business interest of**  
11 **MidAmerican and the public it serves in the State of Illinois?**

12 A. Yes, it is. Participation by MidAmerican in the proposed transaction is in the  
13 public interest and the public will be inconvenienced thereby. The proposed issuance of the  
14 Long-Term Debt will serve the purpose of providing funds in accordance with the Public  
15 Utilities Act.

16 **Q. If this issuance is authorized by the Commission, are there any other**  
17 **authorities whose authorization is required?**

18 A. I understand that no further regulatory approval, except as I explained earlier  
19 regarding an SEC registration statement and FERC approval, is required.

20 **Q. Does this conclude your testimony?**

21 A. Yes.

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

	MIDAMERICAN ENERGY COMPANY	)	
		)	
	Application pursuant to	)	
1	Section 6-102 of the Public Utilities Act	)	Docket No. 15-
2	for an order authorizing the issuance and	)	
3	sale of up to \$750,000,000 aggregate	)	
4	principal amount of Long-Term Debt	)	
		)	
		:	

AFFIDAVIT OF  
OF  
JAMES C. GALT

STATE OF IOWA            )  
                                  ) ss.  
COUNTY OF POLK        )

I, James C. Galt, being first duly sworn on oath, depose and state that I am the same James C. Galt identified in the foregoing Direct Testimony; that I have caused the attached Direct Testimony to be prepared and am familiar with the contents thereof; and that the foregoing Direct Testimony is true and correct to the best of my knowledge and belief as of the date of this Affidavit.

Further affiant sayeth not.

  
\_\_\_\_\_

Subscribed and sworn to before me, a Notary Public in and for said County and State, this 19th day of August, 2015.

  
\_\_\_\_\_  
Notary Public



Julie M. Kinney  
Commission Number 194447  
My Commission Expires  
January 21, 2016

APPLICATION EXHIBIT B  
MIDAMERICAN ENERGY COMPANY  
CONSOLIDATED STATEMENT OF OPERATIONS  
(in thousands)

	<b>Year Ended June 30, 2015</b>
	<b>2015</b>
<b>Operating revenues:</b>	
Regulated electric	\$ 1,827,553
Regulated gas	753,527
Nonregulated	904,665
Total operating revenues	3,485,745
<b>Operating costs and expenses:</b>	
Utility:	
Cost of fuel, energy and capacity	491,422
Cost of gas sold	483,093
Other operating expenses	482,171
Maintenance	201,350
Depreciation and amortization	380,157
Property and other taxes	125,022
	2,163,215
Nonregulated:	
Cost of sales	844,789
Depreciation and amortization - other	286
Other	31,060
	876,135
Total operating costs and expenses	3,039,350
<b>Operating income (loss)</b>	<b>446,395</b>
<b>Non-operating income (expense):</b>	
Interest and dividend income	1,142
Allowance for equity funds	30,826
Other income	9,609
Other expense	(1,816)
Total non-operating income	39,761
<b>Fixed charges:</b>	
Interest expense - long-term	176,031
Other interest expense	1,092
Allowance for borrowed funds	(12,373)
Total fixed charges	164,750
<b>Income (loss) before income taxes</b>	<b>321,406</b>
Income tax expense (benefit)	(131,845)
<b>Net income (loss)</b>	<b>\$ 453,251</b>

APPLICATION EXHIBIT C  
MIDAMERICAN ENERGY COMPANY  
CONSOLIDATED BALANCE SHEET  
(in thousands)

**As of June 30,  
2015**

**Assets**

Utility plant, net:	
Electric	\$ 13,534,488
Gas	1,462,451
Gross plant	14,996,939
Accumulated depreciation and amortization	(5,042,311)
Net utility plant	9,954,628
Construction in progress	892,765
Total utility plant, net	<u>10,847,393</u>
Current assets:	
Cash and cash equivalents	301,989
Accounts receivable, net	392,108
Inventories	180,528
Other current assets	84,612
Total current assets	<u>959,237</u>
Other assets:	
Regulatory assets	958,717
Investments and non utility plant, net	639,887
Deferred charges and other	153,988
Total other assets	<u>1,752,592</u>
<b>Total assets</b>	<b><u>\$ 13,559,222</u></b>

**Capitalization and Liabilities**

Capitalization:	
Additional paid-in capital	\$ 561,373
Unrealized gain (loss) on cash flow hedges, net	(23,507)
Unrealized gain (loss) on marketable securities, net	(2,293)
Retained earnings	3,937,058
Long-term debt	3,634,066
Total capitalization	<u>8,106,696</u>
Current liabilities:	
Current portion of long-term debt - subsidiary debt	430,502
Accounts payable	372,876
Accrued property and other taxes	133,673
Accrued interest	40,104
Other current liabilities	161,847
Total current liabilities	<u>1,139,002</u>
Other liabilities:	
Deferred income taxes	2,738,083
Investment tax credits	25,448
Asset retirement obligations	457,215
Regulatory liabilities	835,864
Other long-term liabilities	256,914
Total other liabilities	<u>4,313,524</u>
<b>Total capitalization and liabilities</b>	<b><u>\$ 13,559,222</u></b>

APPLICATION EXHIBIT D  
MIDAMERICAN ENERGY COMPANY  
SCHEDULE OF CONSOLIDATED CAPITAL STOCK  
AS OF JUNE 30, 2015

Line No.	Description of Issue (a)	Number of Shares Authorized (b)	Par or Stated Value of One Share (c)	Total Par Value Outstanding in Hands of Public (d)	Dividends During 12 months ended 6/30/2015	
					Rate (e)	Amount (f)
				(In Thousands)	(In Thousands)	
1	PREFERRED SHARES OF MIDAMERICAN ENERGY None					
2	COMMON SHARES	<u>350,000,000</u>	No Par	\$ - (1)	\$ -	<u>-</u>
3	TOTAL	<u><u>350,000,000</u></u>		<u><u>\$ -</u></u>		<u><u>\$ -</u></u>

(1) Actual shares issued and outstanding at 6/30/15 - 70,980,203

See notes attached as Application Exhibit F.

APPLICATION EXHIBIT E  
MIDAMERICAN ENERGY COMPANY  
SCHEDULE OF CONSOLIDATED FUNDED DEBT  
AS OF JUNE 30, 2015

Line No.	Class of Bonds (a)	Date of Issue (b)	Date of Maturity (c)	Total Par Value Authorized	Total Par Value Outstanding in Hands of Public	Interest During 12 months ended 6/30/2015	
				(d)	(e)	Rate (f)	Amount (g)
				(In Thousands)	(In Thousands)	(In Thousands)	
1	<u>Debentures/Pollution Control Revenue Bonds</u>						
2	Louisa County, Ia, - Adj Rate	10/01/94	10/01/24	34,900	34,900	Various	16
3	<u>Pollution Control Bonds</u>						
4	CP Bonds Due 2016	09/01/86	09/01/16	29,500	29,500	Various	14
5	CP Bonds Due 2017	04/02/87	03/01/17	3,900	3,900	Various	2
6	Variable Rate Due 2016	03/17/93	01/01/16	4,200	4,200	Various	4
7	Variable Rate Due 2023	03/17/93	01/01/23	6,850	6,850	Various	7
8	CP Bonds Due 2025	01/01/95	01/01/25	12,750	12,750	Various	13
9	Variable Rate Due 2038	07/01/08	07/01/38	45,100	45,100	Various	42
10	Variable Rate Due 2023	07/01/08	05/01/23	57,325	57,325	Various	47
11	<u>First Mortgage Bonds</u>						
12	Bonds Due 2019	09/19/13	03/15/19	350,000	350,000	2.4000	8,400
13	Bonds Due 2023	09/19/13	09/15/23	250,000	250,000	3.7000	9,250
14	Bonds Due 2043	09/19/13	09/15/43	350,000	350,000	4.8000	16,800
15	Bonds Due 2019	04/03/14	03/15/19	150,000	150,000	2.4000	3,600
16	Bonds Due 2024	04/03/14	10/15/24	300,000	300,000	3.5000	10,500
17	Bonds Due 2044	04/03/14	10/15/44	400,000	400,000	4.4000	17,600
18	<u>Other Long-Term Debt</u>						
19	MTN 6.75% due 2031	02/08/02	12/30/31	400,000	400,000	6.7500	27,000
20	MTN 5.75% due 2035	11/01/05	11/01/35	300,000	300,000	5.7500	17,250
21	MTN 5.80% due 2036	10/06/06	10/15/36	350,000	350,000	5.8000	20,300
22	MTN 5.95% due 2017	06/29/07	07/15/17	250,000	250,000	5.9500	14,875
23	MTN 5.30% due 2018	03/25/08	03/15/18	350,000	350,000	5.3000	18,550
24	Turbine purchase obligation due 2015	11/18/11	12/31/15	426,255	426,255	1.4300	-
25	Transmission interconnection obligation due 2035	01/31/15	01/31/35	5,548	5,548	4.4490	-
26				4,076,328	4,076,328	(1)	164,270

(1) Excludes Capital Lease Obligations of \$1,909 and Unamortized Debt Discount/(Premium) of \$13,669 (net).

(2) Excludes amortization of premiums, discounts and issuance expense of \$8,559 (net) and amortization of losses on reacquired debt of \$3,229 (net).

See notes attached as Application Exhibit F.

**APPLICATION EXHIBIT F**  
**MIDAMERICAN ENERGY COMPANY**  
**NOTE TO FINANCIAL STATEMENTS**

These condensed financial statements condense or omit certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles. It is suggested these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in MidAmerican Energy Company's annual report on Form 10-K for the fiscal year ended December 31, 2014 and on Form 10-Q for the quarter ending June 30, 2015.

APPLICATION EXHIBIT G  
MIDAMERICAN ENERGY COMPANY  
PRO FORMA CAPITALIZATION STRUCTURE  
AS OF JUNE 30, 2015  
(Unaudited, In Thousands)

	Per Books <u>6/30/2015</u>	Pro Forma <u>Debt (1)</u>	Pro Forma <u>Net Income</u>	Pro Forma <u>Dividends</u>	Pro Forma <u>12/31/2015</u>	Pro Forma Cap. Ratios <u>12/31/2015</u>
Common (2)	\$ 4,472,630		\$ 253,683	\$ -	\$ 4,726,313	50.47%
Long-Term Debt	4,064,568	573,612			4,638,180	49.53%
Total Capital	<u>\$ 8,537,198</u>	<u>\$ 573,612</u>	<u>\$ 253,683</u>	<u>\$ -</u>	<u>\$ 9,364,493</u>	<u>100.00%</u>

	Pro Forma <u>12/31/2015</u>	Pro Forma <u>Debt (1)</u>	Pro Forma <u>Net Income</u>	Pro Forma <u>Dividends</u>	Pro Forma <u>12/31/2016</u>	Pro Forma Cap. Ratios <u>12/31/2016</u>
Common (2)	\$ 4,726,313		\$ 555,589	\$ -	\$ 5,281,902	53.43%
Long-Term Debt	4,638,180	(33,700)			4,604,480	46.57%
Total Capital	<u>\$ 9,364,493</u>	<u>\$ (33,700)</u>	<u>\$ 555,589</u>	<u>\$ -</u>	<u>\$ 9,886,382</u>	<u>100.00%</u>

	Pro Forma <u>12/31/2016</u>	Pro Forma <u>Debt (1)</u>	Pro Forma <u>Net Income</u>	Pro Forma <u>Dividends</u>	Pro Forma <u>12/31/2017</u>	Pro Forma Cap. Ratios <u>12/31/2017</u>
Common (2)	\$ 5,281,902		\$ 562,878	\$ (650,000)	\$ 5,194,780	52.50%
Long-Term Debt	4,604,480	96,100			4,700,580	47.50%
Total Capital	<u>\$ 9,886,382</u>	<u>\$ 96,100</u>	<u>\$ 562,878</u>	<u>\$ (650,000)</u>	<u>\$ 9,895,360</u>	<u>100.00%</u>

	Pro Forma <u>12/31/2017</u>	Pro Forma <u>Debt (1)</u>	Pro Forma <u>Net Income</u>	Pro Forma <u>Dividends</u>	Pro Forma <u>12/31/2018</u>	Pro Forma Cap. Ratios <u>12/31/2018</u>
Common (2)	\$ 5,194,780		\$ 551,581	\$ (625,000)	\$ 5,121,361	52.14%
Long-Term Debt	4,700,580	-			4,700,580	47.86%
Total Capital	<u>\$ 9,895,360</u>	<u>\$ -</u>	<u>\$ 551,581</u>	<u>\$ (625,000)</u>	<u>\$ 9,821,941</u>	<u>100.00%</u>

Notes:

(1) The pro forma adjustment to long-term debt represents assumed issuances less maturing issues.

(2) The pro forma adjustment to common equity represents projected retained earnings net of common stock dividends through December 31, 2018.