



RIDER NO. 5 COST OF PURCHASED GAS ADJUSTMENT

Section A - Applicability

- * 1) The Gas Charge(s) shall be applied to all terms associated with the service classifications so identified in the filed rate schedules of the Company in the State of Illinois. The Gas Charge(s) shall be applied to each term delivered during the effective month. The Company elects to use the delivery method. Each Gas Charge shall be determined in accordance with Section F. Each month the Company shall calculate a separate commodity and non-commodity charge. The total of these two charges will be the Gas Charge applied to customer bills.
- 2) The number and design of Gas Charge(s) applicable to a given service may differ between services. For example, some services may include a single Gas Charge while other services may include separate commodity and non-commodity Gas Charges.
- * 3) The Company shall report monthly, in a format designated by the Illinois Commerce Commission ("Commission"), the Gas Charge(s), calculated under the provisions of Section F to be applied to service delivered during the effective month. The reports required by this Section must be postmarked by the twentieth day of the filing month.

(Continued on Sheet No. 14.05)



MIDAMERICAN ENERGY COMPANY
Schedule of Rates for
Gas Service in Illinois

Ill. C. C. No. 2
172nd Information Sheet
Supplemental to Sheet No. 14
Canceling 171st Information Sheet

* The adjustment of gas charges under the provisions of Rider No. 5, Cost of Purchased Gas Adjustment, to be effective with service rendered in November 2009 shall be as follows:

	Price Per Therm:	
	<u>Cents</u>	<u>Dollar Amount</u>
* Non-Commodity Gas Charge	5.96 ¢	\$ 0.0596
* Commodity Gas Charge	34.19	0.3419
* Total Gas Charge	<u>40.15 ¢</u>	<u>\$ 0.4015</u>

Issued: October 28, 2009

Effective: For Usage on and After
November 1, 2009

Asterisk (*) indicates change.

Issued by: Naomi G. Czachura
Vice President



RIDER NO. 5 COST OF PURCHASED GAS ADJUSTMENT (Cont.)

Section B - Definitions

"Base period" shall mean the effective month or the remaining months in the reconciliation year which includes the effective month.

"Effective month" shall mean the month following the filing month, during which the Gas Charge(s) will be in effect.

"Filing month" shall mean the month in which a Gas Charge(s) is determined by the utility and filed with the Commission.

"Gas used by the utility" shall include all gas used by the utility except gas utilized in the manufacture of gas through a reforming process, and shall include gas furnished to municipalities or other governmental authorities without reimbursement in compliance with franchise, ordinance or similar requirements.

"Reconciliation year" shall mean the 12-month period ending December 31st for which actual gas costs and associated revenues are to be reconciled.

"System average cost of gas" shall mean the weighted average cost per them of gas estimated to be purchased, withdrawn from storage, and manufactured during the base period or reconciliation year.

Section C - Cost Basis

The Gas Charge(s) represents the Company's estimate of recoverable gas costs to be incurred during the base period, with an adjustment to such costs through use of Adjustment Factors. Any Gas Charge(s) established to recover commodity gas costs (separately or in conjunction with non-commodity gas costs) shall use an estimate of the recoverable costs to be incurred during the effective month. Any Gas Charge(s) established to recover only non-commodity gas costs shall use an estimate of the recoverable costs to be incurred during the remaining months of the reconciliation year.

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RIDER NO. 5 COST OF PURCHASED GAS ADJUSTMENT (Cont.)

Section D - Recoverable Gas Costs

- 1) Costs recoverable through the Gas Charge(s) shall include the following:
 - a) cost of natural gas and any solid, liquid or gaseous hydrocarbons purchased for injection into the gas stream or purchased as feedstock or fuel for the manufacture of gas, or delivered under exchange agreements;
 - b) costs for storage services purchased;
 - c) transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and
 - d) other out-of-pocket direct non-commodity costs, related to hydrocarbon procurement, transportation, supply management, or price management, net of any associated proceeds, and Federal Energy Regulatory Commission-approved charges required by pipeline suppliers to access supplies or services described in subsections (a)(1) through (3) of this Section.
- 2) Determinations of the Gas Charge(s) shall exclude the estimated cost of gas to be used by the Company, based on the system average cost of gas for the effective month.
- 3) The cost of gas estimated to be withdrawn from storage during the base period shall be included in the Gas Charge(s).
- 4) Recoverable gas costs shall be offset by the revenues derived from transactions at rates that are not subject to the Gas Charge(s) if any of the associated costs are recoverable gas costs as prescribed by subsection (a) of this Section. This Subsection shall not apply to transactions subject to rates contained in tariffs on file with the Commission, or in contracts entered into pursuant to such tariffs, unless otherwise specifically provided for in the tariff. Taking into account the level of additional recoverable gas costs that must be incurred to engage in a given transaction, the Company shall refrain from entering into any such transaction that would raise the Gas Charge(s).

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RIDER NO. 5 COST OF PURCHASED GAS ADJUSTMENT (Cont.)

- 5) Revenues from penalty charges or imbalance charges, which the Commission has previously approved to prevent unauthorized actions of customers, shall offset gas costs.
- 6) Revenues from "cash-out" schedules, which the Commission has previously approved for transportation customers' monthly imbalances, shall offset gas costs. Under such schedules, the utility can charge customers for gas used in excess of the amount contracted for, or can refund to customers the avoided cost of gas not taken. Refunds by the utility pursuant to any such "cash-out" schedule shall be treated as gas costs recoverable under this Section.

Section E - Adjustments to Gas Costs

- 1) The Adjustment Factor (Factor A) shall be treated as an addition to or an offset against actual gas costs. This Adjustment Factor shall include the total of the following items:
 - a) refunds, directly billed pipeline surcharges, unamortized balances of adjustments in effect as of the Company's implementation date, and other separately designated adjustments;
 - b) the cumulative difference between actual recoverable gas costs and purchased gas adjustment ("PGA") recoveries for months preceding the filing month; and
 - c) the unamortized portion of any Adjustment Factor(s) included in prior determinations of the Gas Charge(s).
- 2) If the Company determines the need to amortize the Adjustment Factor over a period longer than the base period, this Adjustment Factor shall be amortized over a period not to exceed 12 months. The Company shall, in the monthly filing in which Factor A is first amortized, include an amortization schedule showing the Adjustment Factor amount to be included in the base period. The associated carrying charge established by the Commission under 83 Ill. Adm. Code §280.70(e)(1) and in effect when the Adjustment Factor is first amortized shall be applied to each month's unamortized balance and included within Factor A.

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RIDER NO. 5 COST OF PURCHASED GAS ADJUSTMENT (Cont.)

Section F - Determination of Gas Charge(s)

- 1) Each month the Company shall determine the Gas Charge(s) to be placed into effect for service billed during the effective month.
- 2) The Gas Charge(s) shall be determined in accordance with the following formula:

$$GC = \frac{(G \pm A \pm O)}{T} \times 100$$

Where:

GC = The Gas Charge(s) in cents per therm rounded to the nearest 0.01¢ shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢. The Company may establish separate Gas Charges for each type of gas cost.

G = The sum of the estimated recoverable gas costs associated with the base period as prescribed in Section D - Recoverable Gas Costs. If separate Gas Charges are established, only costs related to the specific Gas Charge shall be included.

A = An amount representing the total adjustments to gas costs as prescribed in Section E - Adjustments to Gas Costs. If a utility has elected to amortize the total adjustments to gas costs, Factor A shall include the amount applicable to the base period.

O = An amount representing the additional over- or under-recovery for a reconciliation year ordered by the Commission to be refunded or collected, including interest charged at the rate established by the Commission under 83 Ill. Adm. Code §280.70(e)(1) from the end of the reconciliation proceeding. If the Commission determines it is necessary to amortize the additional over- or under-recovery, additional interest shall be charged in the same manner as that prescribed in Section E (2) - Adjustments to Gas Costs.

T = The estimated applicable therms of gas associated with service to be billed during the base period.

(Continued on Sheet No. 14.25)



RIDER NO. 5 COST OF PURCHASED GAS ADJUSTMENT (Cont.)

Section G - Annual Reconciliation

- 1) In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be certified by the utility's independent public accountants and verified by an officer of the utility. This statement shall show the difference between the following:
 - a) the costs recoverable through the Gas Charge(s) during the reconciliation year, as adjusted by Factor A and Factor O, and
 - b) the revenues arising through the application of the Gas Charge(s) to applicable terms during the reconciliation year.
- 2) If, after hearing, the Commission finds that the Company has not shown all costs to be prudently incurred for has made errors in its reconciliation statement for such reconciliation year, the difference determined by the Commission shall be refunded or recovered, as appropriate, under the Ordered Reconciliation Factor (Factor O), along with any interest or other carrying charge authorized by the Commission.