

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2007

or

[] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number	Exact name of registrant as specified in its charter State or other jurisdiction of incorporation or organization	IRS Employer Identification No.
333-90553	MIDAMERICAN FUNDING, LLC (An Iowa Limited Liability Company) 666 Grand Avenue, Suite 500 Des Moines, Iowa 50309-2580	47-0819200
333-15387	MIDAMERICAN ENERGY COMPANY (An Iowa Corporation) 666 Grand Avenue, Suite 500 Des Moines, Iowa 50309-2580	42-1425214
(515) 242-4300		
(Registrant's telephone number, including area code)		
N/A		

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

MidAmerican Funding, LLC Yes No MidAmerican Energy Company Yes No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

(Check one): Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of October 31, 2007, all of the member's equity of MidAmerican Funding, LLC was held by its parent company, MidAmerican Energy Holdings Company.

As of October 31, 2007, all 70,980,203 outstanding shares of MidAmerican Energy Company's voting stock were held by its parent company, MHC Inc., a direct, wholly owned subsidiary of MidAmerican Funding, LLC.

MidAmerican Funding, LLC (“MidAmerican Funding”) and MidAmerican Energy Company (“MidAmerican Energy”) separately file this combined Form 10-Q. Information relating to each individual registrant is filed by such registrant on its own behalf. Except for its subsidiary, MidAmerican Energy makes no representation as to information relating to any other subsidiary of MidAmerican Funding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder
MidAmerican Energy Company
Des Moines, Iowa

We have reviewed the accompanying consolidated balance sheet of MidAmerican Energy Company and subsidiary (the "Company") as of September 30, 2007, and the related consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2007 and 2006, and of cash flows for the nine-month periods ended September 30, 2007 and 2006. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and consolidated statement of capitalization of MidAmerican Energy Company and subsidiary as of December 31, 2006, and the related consolidated statements of operations, comprehensive income, retained earnings, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2007, we expressed an unqualified opinion on those consolidated financial statements, which included an explanatory paragraph related to the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2006, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
November 2, 2007

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In millions)

	As of	
	September 30, 2007	December 31, 2006
ASSETS		
Utility Plant, Net		
Electric	\$ 6,833	\$ 6,366
Gas	<u>1,063</u>	<u>1,031</u>
	7,896	7,397
Accumulated depreciation and amortization	<u>(3,180)</u>	<u>(3,261)</u>
	4,716	4,136
Construction work in progress	<u>570</u>	<u>867</u>
	<u>5,286</u>	<u>5,003</u>
Current Assets		
Cash and cash equivalents	258	9
Short-term investments	40	15
Receivables, net	421	394
Inventories	124	113
Other	<u>41</u>	<u>163</u>
	<u>884</u>	<u>694</u>
Investments and Nonregulated Property, Net	437	410
Regulatory Assets	258	273
Other Assets	<u>111</u>	<u>130</u>
Total Assets	<u>\$ 6,976</u>	<u>\$ 6,510</u>
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholder's equity	\$ 2,234	\$ 1,951
MidAmerican Energy preferred securities	30	30
Long-term debt, excluding current portion	<u>2,469</u>	<u>1,819</u>
	<u>4,733</u>	<u>3,800</u>
Current Liabilities		
Current portion of long-term debt	-	2
Accounts payable	274	498
Taxes accrued	86	99
Interest accrued	38	33
Other	<u>111</u>	<u>171</u>
	<u>509</u>	<u>803</u>
Other Liabilities		
Deferred income taxes	481	471
Investment tax credits	38	41
Asset retirement obligations	178	173
Regulatory liabilities	785	989
Other	<u>252</u>	<u>233</u>
	<u>1,734</u>	<u>1,907</u>
Total Capitalization and Liabilities	<u>\$ 6,976</u>	<u>\$ 6,510</u>

The accompanying notes are an integral part of these financial statements.

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In millions)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Operating Revenues				
Regulated electric	\$ 537	\$ 494	\$ 1,484	\$ 1,370
Regulated gas	146	153	854	778
Nonregulated	<u>299</u>	<u>119</u>	<u>849</u>	<u>419</u>
	<u>982</u>	<u>766</u>	<u>3,187</u>	<u>2,567</u>
Operating Expenses				
Regulated:				
Cost of fuel, energy and capacity	184	199	557	517
Cost of gas sold	110	113	684	619
Other operating expenses	105	101	305	288
Maintenance	44	34	129	105
Depreciation and amortization	70	58	215	219
Property and other taxes	<u>22</u>	<u>24</u>	<u>72</u>	<u>73</u>
	<u>535</u>	<u>529</u>	<u>1,962</u>	<u>1,821</u>
Nonregulated:				
Cost of sales	272	104	783	392
Other	<u>4</u>	<u>4</u>	<u>13</u>	<u>11</u>
	<u>276</u>	<u>108</u>	<u>796</u>	<u>403</u>
Total operating expenses	<u>811</u>	<u>637</u>	<u>2,758</u>	<u>2,224</u>
Operating Income	<u>171</u>	<u>129</u>	<u>429</u>	<u>343</u>
Non-Operating Income				
Interest and dividend income	5	1	7	6
Allowance for equity funds	9	10	31	25
Other income	3	3	7	6
Other expense	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
	<u>17</u>	<u>14</u>	<u>43</u>	<u>35</u>
Fixed Charges				
Interest on long-term debt	35	21	87	68
Other interest expense	1	3	8	8
Allowance for borrowed funds	<u>(3)</u>	<u>(4)</u>	<u>(14)</u>	<u>(11)</u>
	<u>33</u>	<u>20</u>	<u>81</u>	<u>65</u>
Income Before Income Taxes	155	123	391	313
Income Taxes	<u>45</u>	<u>39</u>	<u>115</u>	<u>96</u>
Net Income	110	84	276	217
Preferred Dividends	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Earnings on Common Stock	<u>\$ 110</u>	<u>\$ 84</u>	<u>\$ 275</u>	<u>\$ 216</u>

The accompanying notes are an integral part of these financial statements.

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In millions)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Earnings on Common Stock	\$ 110	\$ 84	\$ 275	\$ 216
Other Comprehensive Income (Loss)				
Unrealized gains (losses) on cash flow hedges:				
Unrealized gains (losses) during period -				
Before income taxes	(1)	(7)	16	(7)
Income tax (expense) benefit	<u>1</u>	<u>3</u>	<u>(6)</u>	<u>3</u>
	<u>-</u>	<u>(4)</u>	<u>10</u>	<u>(4)</u>
Less realized gains reflected in earnings on common stock during period -				
Before income taxes	1	-	1	-
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Other comprehensive income (loss)	<u>(1)</u>	<u>(4)</u>	<u>9</u>	<u>(4)</u>
Comprehensive Income	<u>\$ 109</u>	<u>\$ 80</u>	<u>\$ 284</u>	<u>\$ 212</u>

The accompanying notes are an integral part of these financial statements.

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Nine Months Ended September 30,	
	2007	2006
Net Cash Flows From Operating Activities		
Net income	\$ 276	\$ 217
Adjustments to reconcile net income to net cash provided:		
Depreciation and amortization	215	220
Deferred income taxes and investment tax credit, net	13	(3)
Amortization of other assets and liabilities	21	19
Impact of changes in working capital-		
Receivables, net	(28)	172
Inventories	(10)	(15)
Accounts payable	17	(125)
Taxes accrued	6	15
Other current assets and liabilities	10	33
Other, net	(9)	(13)
Net cash provided by operating activities	511	520
Net Cash Flows From Investing Activities		
Utility construction expenditures	(879)	(514)
Purchases of available-for-sale securities	(477)	(518)
Proceeds from sales of available-for-sale securities	442	534
Other, net	8	8
Net cash used in investing activities	(906)	(490)
Net Cash Flows From Financing Activities		
Dividends paid	(1)	(1)
Issuance of long-term debt, net of issuance cost	646	-
Retirement of long-term debt	(1)	(160)
Net increase in notes payable	-	70
Other	-	(6)
Net cash provided by (used in) financing activities	644	(97)
Net Increase (Decrease) in Cash and Cash Equivalents	249	(67)
Cash and Cash Equivalents at Beginning of Period	9	71
Cash and Cash Equivalents at End of Period	\$ 258	\$ 4

The accompanying notes are an integral part of these financial statements.

**MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

(1) General

MidAmerican Energy Company (“MidAmerican Energy”) is a public utility with electric and natural gas operations and is the principal subsidiary of MHC Inc. (“MHC”). MHC is a holding company that conducts no business other than the ownership of its subsidiaries, and it has the following nonregulated subsidiaries: InterCoast Capital Company, MidAmerican Services Company, Midwest Capital Group, Inc. and MEC Construction Services Co. MHC is the direct wholly owned subsidiary of MidAmerican Funding, LLC (“MidAmerican Funding”), which is an Iowa limited liability company with MidAmerican Energy Holdings Company (“MidAmerican Energy Holdings”) as its sole member. MidAmerican Energy Holdings is a consolidated subsidiary of Berkshire Hathaway Inc.

The accompanying unaudited Consolidated Financial Statements have been prepared by MidAmerican Energy in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the rules and regulations of the Securities and Exchange Commission for interim financial statements. Accordingly, they do not include all of the disclosures required for annual financial statements. In the opinion of MidAmerican Energy, all adjustments, consisting of normal recurring adjustments, have been made to present fairly its financial position, results of operations and changes in cash flows for the periods presented. Although MidAmerican Energy believes that the disclosures contained herein are adequate to make the information presented not misleading, it is suggested that these financial statements be read in conjunction with the Consolidated Financial Statements and the notes thereto included in MidAmerican Energy’s latest Annual Report on Form 10-K.

The accompanying unaudited Consolidated Financial Statements include the accounts of MidAmerican Energy and the subsidiary in which it holds a controlling financial interest. All intercompany accounts and transactions have been eliminated, other than those between rate-regulated operations.

The preparation of the unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Consolidated Financial Statements. Note 2 of Notes to Consolidated Financial Statements included in MidAmerican Energy’s Annual Report on Form 10-K for the year ended December 31, 2006, describes the most significant accounting estimates and policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in MidAmerican Energy’s assumptions regarding significant accounting policies during the first nine months of 2007, except as described in Note 2.

(2) New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109” (“FIN 48”). MidAmerican Energy adopted the provisions of FIN 48 effective January 1, 2007. Under FIN 48, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in MidAmerican Energy’s tax returns that do not meet these recognition and measurement standards.

As of January 1, 2007, MidAmerican Energy had \$25 million of unrecognized tax benefits. Of this amount, MidAmerican Energy recognized a net increase in the liability for unrecognized tax benefits of \$11 million as a cumulative effect of adopting FIN 48, which was offset by reductions in beginning retained earnings of \$1 million and deferred income tax liabilities of \$9 million and an increase in regulatory assets of \$1 million in the Consolidated Balance Sheet. The remaining \$14 million had been previously accrued under Statement of Financial

Accounting Standards (“SFAS”) No. 5, “Accounting for Contingencies,” or SFAS No. 109, “Accounting for Income Taxes.” Unrecognized tax benefits are included in other liabilities – other in the Consolidated Balance Sheet.

Included in the \$25 million is \$14 million of net unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits, other than applicable interest and penalties, would not affect MidAmerican Energy’s effective tax rate. MidAmerican Energy recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. As of January 1, 2007, MidAmerican Energy had \$4 million accrued for the payment of interest, which is included in unrecognized tax benefits.

MidAmerican Energy’s ultimate parent company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The U.S. Internal Revenue Service has closed its examination of income tax returns that include MidAmerican Energy through 2003. In addition, open tax years related to a number of state jurisdictions remain subject to examination. During the nine-month period ended September 30, 2007, there were no material changes to the liability for uncertain tax positions.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115” (“SFAS No. 159”). SFAS No. 159 permits entities to elect to measure many financial instruments and certain other items at fair value. Upon adoption of SFAS No. 159, an entity may elect the fair value option for eligible items that exist at the adoption date. Subsequent to the initial adoption, the election of the fair value option may only be made at initial recognition of the asset or liability or upon a re-measurement event that gives rise to new-basis accounting. The decision about whether to elect the fair value option is applied on an instrument-by-instrument basis, is irrevocable and is applied only to an entire instrument and not only to specified risks, cash flows or portions of that instrument. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value nor does it eliminate disclosure requirements included in other accounting standards. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. MidAmerican Energy and MidAmerican Funding do not anticipate electing the fair value option for any existing eligible items. However, each will continue to evaluate items on a case by case basis for consideration of the fair value option.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. MidAmerican Energy and MidAmerican Funding are currently evaluating the impact of adopting SFAS No. 157 on their respective consolidated financial position and results of operations.

(3) Risk Management

MidAmerican Energy is exposed to loss of net income, cash flows and asset values due to market risk, including: 1) changes in the market price of gas, electricity and fuel used in its regulated and nonregulated businesses, 2) variations in the severity of weather conditions from normal, and 3) changes in interest rates. To manage these exposures, MidAmerican Energy enters into various financial derivative instruments, including futures, swaps, options and forward physical contracts. Through the functioning of a risk oversight committee, senior management provides the overall direction, structure, conduct and control of MidAmerican Energy’s risk management activities, including authorization and communication of risk management policies and procedures, the use of financial derivative instruments, strategic hedging program guidelines, appropriate market and credit risk limits, and appropriate systems for recording, monitoring and reporting the results of transactional and risk management activities.

The following table summarizes the various derivative mark-to-market positions included in the Consolidated Balance Sheet as of September 30, 2007 (in millions):

	Derivative Net Assets (Liabilities)			Regulatory Net Assets (Liabilities)	Accumulated Other Comprehensive Loss ⁽¹⁾
	Assets	Liabilities	Net		
Regulated electric	\$ 16	\$ (5)	\$ 11	\$ (11)	\$ -
Regulated gas	1	(21)	(20)	20	-
Nonregulated	17	(22)	(5)	-	5
Total	<u>\$ 34</u>	<u>\$ (48)</u>	<u>\$ (14)</u>	<u>\$ 9</u>	<u>\$ 5</u>
Current	\$ 26	\$ (44)	\$ (18)		
Non-current	8	(4)	4		
Total	<u>\$ 34</u>	<u>\$ (48)</u>	<u>\$ (14)</u>		

(1) Before income taxes.

The following table summarizes the various derivative mark-to-market positions included in the Consolidated Balance Sheet as of December 31, 2006 (in millions):

	Derivative Net Assets (Liabilities)			Regulatory Net Assets (Liabilities)	Accumulated Other Comprehensive Loss ⁽¹⁾
	Assets	Liabilities	Net		
Regulated electric	\$ 36	\$ (14)	\$ 22	\$ (22)	\$ -
Regulated gas	2	(45)	(43)	36	-
Nonregulated	35	(56)	(21)	-	20
Total	<u>\$ 73</u>	<u>\$ (115)</u>	<u>\$ (42)</u>	<u>\$ 14</u>	<u>\$ 20</u>
Current	\$ 67	\$ (109)	\$ (42)		
Non-current	6	(6)	-		
Total	<u>\$ 73</u>	<u>\$ (115)</u>	<u>\$ (42)</u>		

(1) Before income taxes.

(4) Rate Matters

The Iowa Utilities Board (“IUB”) has approved a series of settlement agreements between MidAmerican Energy, the Iowa Office of Consumer Advocate (“OCA”) and other intervenors, under which MidAmerican Energy has agreed not to seek a general increase in electric base rates to become effective prior to January 1, 2014, unless its Iowa jurisdictional electric return on equity for any year covered by the applicable agreement falls below 10%, computed as prescribed in each respective agreement. Prior to filing for a general increase in electric rates, MidAmerican Energy is required to conduct 30 days of good faith negotiations with the signatories to the settlement agreements to attempt to avoid a general increase in such rates. As a party to the settlement agreements, the OCA has agreed not to request or support any decrease in MidAmerican Energy’s Iowa electric base rates to become effective prior to January 1, 2014. The settlement agreements specifically allow the IUB to approve or order electric rate design or cost of service rate changes that could result in changes to rates for specific customers as long as such changes do not result in an overall increase in revenues for MidAmerican Energy.

The settlement agreements also each provide that revenues associated with Iowa retail electric returns on equity within specified ranges will be shared with customers and that the portion assigned to customers will be recorded as

a regulatory liability. The following table summarizes the ranges of Iowa electric returns on equity subject to revenue sharing under each settlement agreement, the percent of revenues within those ranges to be assigned to customers, and the method by which the liability to customers will be settled.

<u>Date Approved by the IUB</u>	<u>Years Covered</u>	<u>Range of Iowa Electric Return on Equity Subject to Sharing</u>	<u>Customers' Share of Revenues Within Range</u>	<u>Method to be Used to Settle Liability to Customers</u>
December 21, 2001	2001 - 2005	12% - 14% Above 14%	50% 83.33%	Credits against the cost of new generation plant in Iowa
October 17, 2003	2006 - 2010	11.75% - 13% 13% - 14% Above 14%	40% 50% 83.3%	Credits against the cost of new generation plant in Iowa
January 31, 2005	2011	Same as 2006 - 2010		Credits to customer bills in 2012
April 18, 2006	2012	Same as 2006 - 2010		Credits to customer bills in 2013
July 27, 2007	2013	Same as 2006 - 2010 ⁽¹⁾		Credits against the cost of wind-powered generation projects covered by this agreement

(1) If a rate case is filed pursuant to the 10% threshold, as discussed above, the revenue sharing arrangement for 2013 is changed such that the amount to be shared with customers will be 83.3% of revenues associated with Iowa operating income in excess of electric returns on equity allowed by the IUB as a result of the rate case.

Under the 2007 settlement agreement, effective January 1, 2007, through December 31, 2013 (or December 31, 2012, in the event there is a rate increase in 2013), MidAmerican Energy has reduced its funding into the Quad Cities Station's decommissioning trusts from the 2006 level of \$8 million annually to a new level of \$2 million annually. The difference will be used to reduce electric base rates in 2008 and 2009 for MidAmerican Energy's residential customers in eastern and southern Iowa service territories previously served by two of MidAmerican Energy's predecessor companies. To the extent the reduction in funding exceeds the annual amount needed to implement these rate reductions, as approved by the IUB, the excess will be used during the period 2007 through 2013 (or 2007 through 2012 in the event there is a rate increase in 2013), to reduce MidAmerican Energy's investment in Walter Scott, Jr. Energy Center Unit No. 4 ("WSEC Unit 4"), formerly Council Bluffs Energy Center Unit No. 4.

The regulatory liabilities created by the settlement agreements have been and are currently recorded as a regulatory charge in depreciation and amortization expense when the liability is accrued. As a result of the credits applied to generating plant balances when the related plant is placed in service, depreciation expense is reduced over the life of the plant. On June 1, 2007, WSEC Unit 4 was placed in service. Accordingly, the January 1, 2007 balance of the revenue sharing liability, plus the related interest accrued in 2007, was applied against the cost of WSEC Unit 4 in utility plant in service.

The change in the balance of the regulatory liability is summarized as follows (in millions):

Balance, January 1, 2007	\$ 259
Current year revenue sharing	29
Interest costs	5
Amounts applied to utility plant in service	<u>(264)</u>
Balance, September 30, 2007	<u>\$ 29</u>

(5) Employee Benefit Plans

MidAmerican Energy sponsors a noncontributory defined benefit pension plan covering substantially all employees of MidAmerican Energy Holdings and its domestic energy subsidiaries other than PacifiCorp. MidAmerican Energy also sponsors certain postretirement health care and life insurance benefits covering substantially all retired employees of MidAmerican Energy Holdings and its domestic energy subsidiaries other than PacifiCorp. The components of net periodic benefit cost for these plans were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Pension</u>				
Service cost	\$ 8	\$ 7	\$ 20	\$ 19
Interest cost	10	10	29	29
Expected return on plan assets	(12)	(10)	(32)	(29)
Net amortization	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>
Net periodic benefit cost	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 20</u>	<u>\$ 22</u>
<u>Other Postretirement</u>				
Service cost	\$ 1	\$ 2	\$ 5	\$ 5
Interest cost	2	4	11	11
Expected return on plan assets	(2)	(3)	(11)	(8)
Net amortization	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>
Net periodic benefit cost	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 7</u>	<u>\$ 11</u>

MidAmerican Energy expects to contribute \$6 million and \$12 million in 2007 to its pension and other postretirement plans, respectively. As of September 30, 2007, \$5 million and \$12 million of contributions had been made to the pension and other postretirement plans, respectively.

(6) Segment Information

MidAmerican Energy has identified two reportable operating segments: regulated electric and regulated gas. The regulated electric segment derives most of its revenue from regulated retail sales of electricity to residential, commercial, and industrial customers and from wholesale sales to other utilities. The regulated gas segment derives most of its revenue from regulated retail sales of natural gas to residential, commercial, and industrial customers and also obtains significant revenues by transporting gas owned by others through its distribution system. Pricing for regulated electric and gas sales are established separately by regulatory agencies; therefore, management also reviews each segment separately to make decisions regarding allocation of resources and in evaluating performance. Common operating costs, interest income, interest expense and income tax expense are allocated to each segment based on MidAmerican Energy allocators most related to the nature of the cost. "Nonregulated and other" in the tables below consists principally of nonregulated gas and electric activities.

The following tables provide information on a reportable operating segment basis (in millions):

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
<u>Segment Profit Information</u>				
Operating revenues:				
Regulated electric	\$ 537	\$ 494	\$ 1,484	\$ 1,370
Regulated gas	146	153	854	778
Nonregulated and other	299	119	849	419
Total	<u>\$ 982</u>	<u>\$ 766</u>	<u>\$ 3,187</u>	<u>\$ 2,567</u>
Operating income:				
Regulated electric	\$ 157	\$ 126	\$ 346	\$ 308
Regulated gas	(7)	(6)	35	24
Nonregulated and other	21	9	48	11
Total	<u>\$ 171</u>	<u>\$ 129</u>	<u>\$ 429</u>	<u>\$ 343</u>
Earnings on common stock:				
Regulated electric	\$ 103	\$ 84	\$ 231	\$ 197
Regulated gas	(5)	(6)	17	11
Nonregulated and other	12	6	27	8
Total	<u>\$ 110</u>	<u>\$ 84</u>	<u>\$ 275</u>	<u>\$ 216</u>

	As of	
	September 30, 2007	December 31, 2006
<u>Segment Asset Information</u>		
Total assets:		
Regulated electric	\$ 5,918	\$ 5,485
Regulated gas	867	923
Nonregulated and other	191	102
Total	<u>\$ 6,976</u>	<u>\$ 6,510</u>

(7) Walter Scott, Jr. Energy Center

WSEC Unit 4, a 790-megawatt (“MW”) (accredited capacity) supercritical, coal-fired generating plant, began commercial operation on June 1, 2007. MidAmerican Energy operates the plant and holds an undivided ownership interest of 59.66%, or approximately 471 MW, as a tenant in common with the other owners of the plant. MidAmerican Energy accounts for, and provided financing for, its proportional share of the plant. Operating costs of WSEC Unit 4 are assigned to joint owners based on ownership percentage or energy produced, depending on the nature of the cost, and MidAmerican Energy’s share of those costs is included in operating expenses on the Consolidated Statements of Operations.

In conjunction with WSEC Unit 4 being placed in service, certain Consolidated Balance Sheet classifications were impacted, the most significant of which was the transfer of \$710 million from construction work in progress to electric utility plant. Additionally, as discussed in Note 4, \$264 million was transferred from the revenue sharing regulatory liability to electric utility plant in accordance with the related Iowa regulatory settlement agreements.

(8) Long-Term Debt

On June 29, 2007, MidAmerican Energy issued \$400 million of 5.65% Senior Notes due July 15, 2012, and \$250 million of 5.95% Senior Notes due July 15, 2017. The proceeds are being used by MidAmerican Energy to pay construction costs of its interest in WSEC Unit 4 and its wind projects in Iowa, to repay short-term indebtedness and for general corporate purposes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Member
MidAmerican Funding, LLC
Des Moines, Iowa

We have reviewed the accompanying consolidated balance sheet of MidAmerican Funding, LLC and subsidiaries (the "Company") as of September 30, 2007, and the related consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2007 and 2006, and of cash flows for the nine-month periods ended September 30, 2007 and 2006. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and consolidated statement of capitalization of MidAmerican Funding, LLC and subsidiaries as of December 31, 2006, and the related consolidated statements of operations, comprehensive income, retained earnings, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2007, we expressed an unqualified opinion on those consolidated financial statements, which included an explanatory paragraph related to the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2006, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
November 2, 2007

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In millions)

	As of	
	September 30, 2007	December 31, 2006
ASSETS		
Utility Plant, Net		
Electric	\$ 6,833	\$ 6,366
Gas	<u>1,063</u>	<u>1,031</u>
	7,896	7,397
Accumulated depreciation and amortization	<u>(3,180)</u>	<u>(3,261)</u>
	4,716	4,136
Construction work in progress	<u>570</u>	<u>867</u>
	<u>5,286</u>	<u>5,003</u>
Current Assets		
Cash and cash equivalents	259	9
Short-term investments	40	15
Receivables, net	427	391
Inventories	124	113
Other	<u>42</u>	<u>163</u>
	<u>892</u>	<u>691</u>
Investments and Nonregulated Property, Net	453	427
Goodwill	1,270	1,270
Regulatory Assets	258	273
Other Assets	<u>110</u>	<u>130</u>
Total Assets	<u>\$ 8,269</u>	<u>\$ 7,794</u>
CAPITALIZATION AND LIABILITIES		
Capitalization		
Member's equity	\$ 2,776	\$ 2,514
MidAmerican Energy preferred securities	30	30
Long-term debt, excluding current portion	<u>3,169</u>	<u>2,519</u>
	<u>5,975</u>	<u>5,063</u>
Current Liabilities		
Note payable to affiliate	39	3
Current portion of long-term debt	-	2
Accounts payable	274	493
Taxes accrued	86	98
Interest accrued	43	48
Other	<u>111</u>	<u>172</u>
	<u>553</u>	<u>816</u>
Other Liabilities		
Deferred income taxes	472	468
Investment tax credits	38	41
Asset retirement obligations	178	173
Regulatory liabilities	785	989
Other	<u>268</u>	<u>244</u>
	<u>1,741</u>	<u>1,915</u>
Total Capitalization and Liabilities	<u>\$ 8,269</u>	<u>\$ 7,794</u>

The accompanying notes are an integral part of these financial statements

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In millions)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Operating Revenues				
Regulated electric	\$ 537	\$ 494	\$ 1,484	\$ 1,370
Regulated gas	146	153	854	778
Nonregulated	<u>302</u>	<u>120</u>	<u>855</u>	<u>422</u>
	<u>985</u>	<u>767</u>	<u>3,193</u>	<u>2,570</u>
Operating Expenses				
Regulated:				
Cost of fuel, energy and capacity	184	199	557	517
Cost of gas sold	110	113	684	619
Other operating expenses	105	101	305	288
Maintenance	44	34	129	105
Depreciation and amortization	70	58	215	219
Property and other taxes	<u>22</u>	<u>24</u>	<u>72</u>	<u>73</u>
	<u>535</u>	<u>529</u>	<u>1,962</u>	<u>1,821</u>
Nonregulated:				
Cost of sales	272	104	784	393
Other	<u>7</u>	<u>4</u>	<u>18</u>	<u>13</u>
	<u>279</u>	<u>108</u>	<u>802</u>	<u>406</u>
Total operating expenses	<u>814</u>	<u>637</u>	<u>2,764</u>	<u>2,227</u>
Operating Income	<u>171</u>	<u>130</u>	<u>429</u>	<u>343</u>
Non-Operating Income				
Interest and dividend income	5	1	7	6
Allowance for equity funds	9	10	31	25
Other income	3	4	8	53
Other expense	<u>-</u>	<u>(1)</u>	<u>(2)</u>	<u>(7)</u>
	<u>17</u>	<u>14</u>	<u>44</u>	<u>77</u>
Fixed Charges				
Interest on long-term debt	47	32	122	103
Other interest expense	1	4	9	10
Preferred dividends of subsidiaries	-	-	1	1
Allowance for borrowed funds	<u>(3)</u>	<u>(4)</u>	<u>(14)</u>	<u>(11)</u>
	<u>45</u>	<u>32</u>	<u>118</u>	<u>103</u>
Income Before Income Taxes	143	112	355	317
Income Taxes	<u>39</u>	<u>33</u>	<u>100</u>	<u>94</u>
Net Income	<u>\$ 104</u>	<u>\$ 79</u>	<u>\$ 255</u>	<u>\$ 223</u>

The accompanying notes are an integral part of these financial statements.

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In millions)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Net Income	<u>\$ 104</u>	<u>\$ 79</u>	<u>\$ 255</u>	<u>\$ 223</u>
Other Comprehensive Income (Loss)				
Unrealized gains on available-for-sale securities:				
Unrealized gains during period -				
Before income taxes	-	-	-	32
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
Less realized gains reflected in net income during period -				
Before income taxes	-	-	-	32
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
Net unrealized gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrealized gains (losses) on cash flow hedges:				
Unrealized gains (losses) during period -				
Before income taxes	(1)	(7)	16	(7)
Income tax (expense) benefit	<u>1</u>	<u>3</u>	<u>(6)</u>	<u>3</u>
	<u>-</u>	<u>(4)</u>	<u>10</u>	<u>(4)</u>
Less realized gains reflected in net income during period -				
Before income taxes	1	-	1	-
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Net unrealized gains (losses)	<u>(1)</u>	<u>(4)</u>	<u>9</u>	<u>(4)</u>
Other comprehensive income (loss)	<u>(1)</u>	<u>(4)</u>	<u>9</u>	<u>(4)</u>
Comprehensive Income	<u>\$ 103</u>	<u>\$ 75</u>	<u>\$ 264</u>	<u>\$ 219</u>

The accompanying notes are an integral part of these financial statements.

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Nine Months Ended September 30,	
	2007	2006
Net Cash Flows From Operating Activities		
Net income	\$ 255	\$ 223
Adjustments to reconcile net income to net cash provided:		
Depreciation and amortization	215	220
Deferred income taxes and investment tax credit, net	12	(2)
Amortization of other assets and liabilities	21	15
Gain on sale of securities, assets and other investments	-	(36)
Impact of changes in working capital -		
Receivables, net	(36)	183
Inventories	(10)	(15)
Accounts payable	21	(132)
Taxes accrued	7	13
Other current assets and liabilities	(2)	21
Other, net	(7)	(12)
Net cash provided by operating activities	476	478
Net Cash Flows From Investing Activities		
Utility construction expenditures	(879)	(514)
Purchases of available-for-sale securities	(477)	(518)
Proceeds from sales of available-for-sale securities	442	562
Proceeds from sales of assets and other investments	-	10
Other, net	7	7
Net cash used in investing activities	(907)	(453)
Net Cash Flows From Financing Activities		
Issuance of long-term debt, net of issuance cost	646	-
Retirement of long-term debt	(1)	(160)
Net increase in note payable to affiliate	36	4
Net increase in notes payable	-	70
Other	-	(6)
Net cash provided by (used in) financing activities	681	(92)
Net Increase (Decrease) in Cash and Cash Equivalents	250	(67)
Cash and Cash Equivalents at Beginning of Period	9	71
Cash and Cash Equivalents at End of Period	\$ 259	\$ 4

The accompanying notes are an integral part of these financial statements.

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

MidAmerican Funding, LLC (“MidAmerican Funding”) is an Iowa limited liability company with MidAmerican Energy Holdings Company as its sole member. MidAmerican Energy Holdings Company is a consolidated subsidiary of Berkshire Hathaway Inc. MidAmerican Funding’s direct, wholly owned subsidiary is MHC Inc. (“MHC”), which constitutes substantially all of MidAmerican Funding’s assets, liabilities and business activities except those related to MidAmerican Funding’s long-term debt securities. MHC, MidAmerican Funding and MidAmerican Energy Holdings Company are holding companies headquartered in Des Moines, Iowa. MHC conducts no business other than the ownership of its subsidiaries. MHC’s principal subsidiary is MidAmerican Energy Company, a public utility with electric and natural gas operations. MHC’s nonregulated, direct, wholly owned subsidiaries include InterCoast Capital Company, Midwest Capital Group, Inc., MidAmerican Services Company and MEC Construction Services Co.

The accompanying unaudited Consolidated Financial Statements have been prepared by MidAmerican Funding in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the rules and regulations of the Securities and Exchange Commission for interim financial statements. Accordingly, they do not include all of the disclosures required for annual financial statements. In the opinion of MidAmerican Funding, all adjustments, consisting of normal recurring adjustments, have been made to present fairly its financial position, results of operations and changes in cash flows for the periods presented. Although MidAmerican Funding believes that the disclosures contained herein are adequate to make the information presented not misleading, it is suggested that these financial statements be read in conjunction with the Consolidated Financial Statements and the notes thereto included in MidAmerican Funding’s latest Annual Report on Form 10-K.

The accompanying unaudited Consolidated Financial Statements include the accounts of MidAmerican Funding and its subsidiaries in which it holds a controlling financial interest. All intercompany accounts and transactions have been eliminated, other than those between rate-regulated operations.

The preparation of the unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Consolidated Financial Statements. Note 2 of Notes to Consolidated Financial Statements included in MidAmerican Funding’s Annual Report on Form 10-K for the year ended December 31, 2006, describes the most significant accounting estimates and policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in MidAmerican Funding’s assumptions regarding significant accounting policies during the first nine months of 2007, except as described in Note 2.

(2) New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109” (“FIN 48”). MidAmerican Funding adopted the provisions of FIN 48 effective January 1, 2007. Under FIN 48, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in MidAmerican Funding’s tax returns that do not meet these recognition and measurement standards.

As of January 1, 2007, MidAmerican Funding had \$33 million of unrecognized tax benefits. Of this amount, MidAmerican Funding recognized a net increase in the liability for unrecognized tax benefits of \$16 million as a cumulative effect of adopting FIN 48, which was offset by reductions in beginning retained earnings of \$2 million

and deferred income tax liabilities of \$13 million and an increase in regulatory assets of \$1 million in the Consolidated Balance Sheet. The remaining \$17 million had been previously accrued under Statement of Financial Accounting Standards (“SFAS”) No. 5, “Accounting for Contingencies,” or SFAS No. 109, “Accounting for Income Taxes.” Unrecognized tax benefits are included in other liabilities – other in the Consolidated Balance Sheet.

Included in the \$33 million is \$19 million of net unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits, other than applicable interest and penalties, would not affect MidAmerican Funding’s effective tax rate. MidAmerican Funding recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. As of January 1, 2007, MidAmerican Funding had \$5 million accrued for the payment of interest, which is included in unrecognized tax benefits.

MidAmerican Funding’s ultimate parent company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The U.S. Internal Revenue Service has closed its examination of income tax returns that include MidAmerican Funding through 2003. In addition, open tax years related to a number of state jurisdictions remain subject to examination. During the nine-month period ended September 30, 2007, there were no material changes to the liability for uncertain tax positions.

Refer to Note 2 of MidAmerican Energy’s Notes to Consolidated Financial Statements for additional disclosure of new accounting pronouncements.

(3) Risk Management

Refer to Note 3 of MidAmerican Energy’s Notes to Consolidated Financial Statements for information regarding MidAmerican Funding’s risk management.

(4) Rate Matters

Refer to Note 4 of MidAmerican Energy’s Notes to Consolidated Financial Statements for information regarding MidAmerican Funding’s rate matters.

(5) Employee Benefit Plans

Refer to Note 5 of MidAmerican Energy’s Notes to Consolidated Financial Statements for information regarding MidAmerican Funding’s employee benefit plans.

(6) Segment Information

MidAmerican Funding has identified two reportable operating segments: regulated electric and regulated gas. The regulated electric segment derives most of its revenue from regulated retail sales of electricity to residential, commercial, and industrial customers and from wholesale sales to other utilities. The regulated gas segment derives most of its revenue from regulated retail sales of natural gas to residential, commercial, and industrial customers and also obtains significant revenues by transporting gas owned by others through its distribution system. Pricing for regulated electric and gas sales are established separately by regulatory agencies; therefore, management also reviews each segment separately to make decisions regarding allocation of resources and in evaluating performance. Common operating costs, interest income, interest expense and income tax expense are allocated to each segment based on MidAmerican Funding allocators most related to the nature of the cost. “Nonregulated and other” in the tables below consists principally of nonregulated gas and electric activities and parent company interest expense.

The following tables provide information on a reportable operating segment basis (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Segment Profit Information				
Operating revenues:				
Regulated electric	\$ 537	\$ 494	\$ 1,484	\$ 1,370
Regulated gas	146	153	854	778
Nonregulated and other	302	120	855	422
Total	<u>\$ 985</u>	<u>\$ 767</u>	<u>\$ 3,193</u>	<u>\$ 2,570</u>
Operating income:				
Regulated electric	\$ 157	\$ 126	\$ 346	\$ 308
Regulated gas	(7)	(6)	35	24
Nonregulated and other	21	10	48	11
Total	<u>\$ 171</u>	<u>\$ 130</u>	<u>\$ 429</u>	<u>\$ 343</u>
Net income:				
Regulated electric	\$ 103	\$ 84	\$ 231	\$ 197
Regulated gas	(5)	(6)	17	11
Nonregulated and other	6	1	7	15
Total	<u>\$ 104</u>	<u>\$ 79</u>	<u>\$ 255</u>	<u>\$ 223</u>

	As of	
	September 30, 2007	December 31, 2006
Segment Asset Information		
Total assets ^(a) :		
Regulated electric	\$ 7,109	\$ 6,676
Regulated gas	946	1,002
Nonregulated and other	214	116
Total	<u>\$ 8,269</u>	<u>\$ 7,794</u>

(a) Total assets by operating segment reflect the assignment of goodwill to applicable reporting units in accordance with GAAP.

(7) Walter Scott, Jr. Energy Center

Refer to Note 7 of MidAmerican Energy's Notes to Consolidated Financial Statements for information regarding the Walter Scott, Jr. Energy Center.

(8) Long-Term Debt

Refer to Note 8 of MidAmerican Energy's Notes to Consolidated Financial Statements for information regarding MidAmerican Funding's long-term debt.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

MidAmerican Energy Company (“MidAmerican Energy”) is a public utility with electric and natural gas operations and is the principal subsidiary within MidAmerican Funding, LLC (“MidAmerican Funding”).

Management’s Discussion and Analysis (“MD&A”) addresses the financial statements of MidAmerican Funding and its subsidiaries and MidAmerican Energy and its subsidiary as presented in this joint filing. Information in MD&A related to MidAmerican Energy, whether or not segregated, also relates to MidAmerican Funding. Information related to other subsidiaries of MidAmerican Funding pertains only to the discussion of the financial condition and results of operations of MidAmerican Funding. Where necessary, discussions have been segregated under the heading “MidAmerican Funding” to allow the reader to identify information applicable only to MidAmerican Funding.

MD&A should be read in conjunction with the financial statements included in this Form 10-Q and the notes to those statements, together with MD&A in MidAmerican Energy’s and MidAmerican Funding’s most recently filed Annual Report on Form 10-K.

Forward-Looking Statements

This report contains statements that do not directly or exclusively relate to historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can typically be identified by the use of forward-looking words, such as “may,” “could,” “project,” “believe,” “anticipate,” “expect,” “estimate,” “continue,” “intend,” “potential,” “plan,” “forecast,” and similar terms. These statements are based upon MidAmerican Funding’s and/or MidAmerican Energy’s current intentions, assumptions, expectations and beliefs and are subject to risks, uncertainties and other important factors. Many of these factors are outside the control of MidAmerican Funding or MidAmerican Energy and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, among others:

- general economic and business conditions in the United States as a whole and in the midwestern United States and MidAmerican Energy’s service territory in particular;
- the financial condition and creditworthiness of their significant customers and suppliers;
- governmental, statutory, legislative, regulatory or administrative initiatives, proceedings or decisions, including those relating to the Energy Policy Act of 2005;
- changes in, and compliance with, environmental laws, regulations, decisions and policies that could increase operating and capital improvement costs or affect plant output and/or delay plant construction;
- weather effects on costs, sales and revenues;
- changes in expected customer growth or usage of electricity or gas;
- economic or industry trends that could impact electricity or gas usage;
- increased competition in the power generation, electric or gas industries;
- fuel, fuel transportation and power costs and availability;
- changes in business strategy, development plans or customer or vendor relationships;
- availability, term and deployment of capital;

- availability of qualified personnel;
- unscheduled generation outages or repairs;
- risks relating to nuclear generation;
- financial or regulatory accounting principles or policies imposed by the Public Company Accounting Oversight Board, the Financial Accounting Standards Board (“FASB”), the Securities and Exchange Commission (“SEC”), the Federal Energy Regulatory Commission (“FERC”) and similar entities with regulatory oversight;
- other risks or unforeseen events, including wars, the effects of terrorism, embargoes and other catastrophic events; and
- other business or investment considerations that may be disclosed from time to time in MidAmerican Funding’s or MidAmerican Energy’s SEC filings or in other publicly disseminated written documents.

Further details of the potential risks and uncertainties affecting MidAmerican Energy or MidAmerican Funding are described in their filings with the SEC, including Item 1A and other discussions contained in this Form 10-Q. MidAmerican Funding and MidAmerican Energy undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors should not be construed as exclusive.

Executive Summary

MidAmerican Energy’s earnings on common stock improved \$59 million to \$275 million for the first nine months of 2007 compared to \$216 million for the first nine months of 2006. MidAmerican Funding’s net income increased \$32 million to \$255 million for the first nine months of 2007 compared to \$223 million for the first nine months of 2006.

The following significant events and changes, as discussed in more detail herein, highlight some of the factors that had an effect on MidAmerican Energy’s and MidAmerican Funding’s financial results:

- MidAmerican Energy’s third quarter 2007 regulated electric gross margin increased \$58 million compared to 2006 due to improved margins on wholesale sales and greater electric retail sales volumes. MidAmerican Energy’s nonregulated gross margin increased \$12 million compared to the third quarter of 2006 due to a substantial increase in nonregulated electric sales volumes and improved margins per unit.
- In February 2007, MidAmerican Energy’s electric distribution and transmission systems sustained extensive damage from several winter storms. Capital expenditures for restoration of facilities damaged by the storms totaled approximately \$28 million. Additionally, MidAmerican Energy incurred \$11 million of maintenance expense in the first quarter for storm restoration.
- On June 1, 2007, Walter Scott, Jr. Energy Center Unit No. 4 (“WSEC Unit 4”), formerly Council Bluffs Energy Center Unit No. 4, began commercial operation. The unit is a 790-megawatt (“MW”) (accredited capacity) supercritical, coal-fired generation plant operated by MidAmerican Energy. MidAmerican Energy owns 59.66% of the plant as a tenant in common with other owners of the plant and has invested \$835 million in the plant.
- On July 27, 2007, the Iowa Utilities Board (“IUB”) approved a settlement agreement between MidAmerican Energy and the Iowa Office of Consumer Advocate (“OCA”) in conjunction with MidAmerican Energy’s ratemaking principles application for up to 540 MW (nameplate ratings) of additional wind-powered generation in Iowa.

Following is a discussion of various factors that affected earnings for the periods presented on the Consolidated Statements of Operations. Explanations include management's best estimate of the impact of weather, customer growth and other factors. MidAmerican Energy's and MidAmerican Funding's future results could differ significantly from historical results.

Results of Operations for the Three Months Ended September 30, 2007 and 2006

Regulated Electric Gross Margin

	Three Months Ended September 30,	
	<u>2007</u>	<u>2006</u>
Gross margin (in millions):		
Operating revenues	\$ 537	\$ 494
Less cost of fuel, energy and capacity	<u>184</u>	<u>199</u>
Electric gross margin	<u>\$ 353</u>	<u>\$ 295</u>
Sales (Gigawatt hours ("GWh")):		
Retail	5,850	5,515
Wholesale	<u>3,097</u>	<u>2,618</u>
Total	<u>8,947</u>	<u>8,133</u>

Electric gross margin for the third quarter of 2007 increased \$58 million compared to the third quarter of 2006 primarily due to a \$41 million increase in gross margin on wholesale sales, which include sales of energy to other utilities, municipalities and marketers inside and outside of MidAmerican Energy's balancing authority area. Electric wholesale gross margin increased \$38 million as a result of improved average electric wholesale margins per megawatt hour sold, which was due to increased availability of low-cost energy principally resulting from the addition of WSEC Unit 4 generation. Wholesale sales volumes increased 18% resulting in a \$3 million increase in wholesale gross margin compared to the third quarter of 2006.

Gross margin on electric retail sales increased \$17 million compared to the third quarter of 2006 due primarily to a 6% increase in retail sales volumes. The effect of warmer temperature conditions, an increase in the average number of retail customers and electricity usage factors not dependent on weather, such as home size, technology changes and multiple appliances, contributed \$12 million to the improvement in electric retail gross margin. A decrease in fuel costs related to retail electric sales improved retail gross margin by \$5 million due in part to a decrease in the portion of energy requirements met with higher cost generation resources as a result of the availability of WSEC Unit 4 and new wind-powered generation.

Regulated Gas Gross Margin

	Three Months Ended September 30,	
	2007	2006
Gross margin (in millions):		
Operating revenues	\$ 146	\$ 153
Less cost of gas sold	<u>110</u>	<u>113</u>
Gas gross margin	<u>\$ 36</u>	<u>\$ 40</u>
Sales (000's decatherms ("Dths")):		
Retail	5,536	6,323
Wholesale	<u>11,222</u>	<u>11,494</u>
Total	<u>16,758</u>	<u>17,817</u>

Regulated gas revenues include purchased gas adjustment clauses through which MidAmerican Energy is allowed to recover the cost of gas sold from its retail gas utility customers. Consequently, fluctuations in the cost of gas sold do not directly affect gross margin or net income because revenues reflect comparable fluctuations through the purchased gas adjustment clauses. Regulated gas revenues and cost of gas sold decreased \$10 million due to the reduction in total sales volumes in the third quarter of 2007. Compared to the third quarter of 2006, MidAmerican Energy's average per-unit cost of gas sold increased 3%, resulting in a \$7 million increase in gas revenues and cost of gas sold for the third quarter of 2007.

The following table summarizes the variance in gas operating revenues based on the change in gas cost recoveries and margin components (in millions):

	Three Months Ended September 30, 2007 vs. 2006
Change in recoveries of cost of gas sold:	
Average cost per unit	\$ 7
Sales volumes	<u>(10)</u>
Total change in cost of gas sold	(3)
Change in margin:	
Usage factors	(2)
Energy efficiency cost recovery	<u>(2)</u>
Total revenue variance	<u>\$ (7)</u>

Usage factors includes the effect of warmer temperatures compared to the third quarter of 2006, a 1% growth in the average number of gas retail customers, and influences on customer usage other than weather, such as technology, energy efficiency and economics. Changes in revenues from the recovery of energy efficiency program costs are substantially matched with corresponding changes in other operating expenses.

Regulated Operating Expenses

Other operating expenses increased \$4 million for the third quarter of 2007 compared to the third quarter of 2006 due to increases of \$3 million in fossil-fueled generation operation costs, due in part to WSEC Unit 4 beginning commercial operation in June 2007, and \$2 million in gas distribution costs.

Maintenance expenses for the third quarter of 2007 increased \$10 million compared to the third quarter of 2006 due to increases of \$7 million in generation maintenance, resulting principally from the timing of plant maintenance and new wind-powered generation, and \$2 million in electric distribution maintenance, due primarily to summer storms and related restoration costs.

Depreciation and amortization expense for the third quarter of 2007 increased \$12 million compared to the third quarter of 2006 due to a \$7 million increase in utility plant depreciation expense as a result of additional plant in service, including 99 MW (nameplate capacity) of wind-powered generating facilities placed in service in the fourth quarter of 2006 and WSEC Unit 4 on June 1, 2007. Additionally, regulatory expense related to a revenue sharing arrangement in Iowa increased \$4 million as a result of higher Iowa electric equity returns. Refer to the "Utility Regulatory Matters" section for an explanation of the revenue sharing arrangement.

Nonregulated Gross Margin

	Three Months Ended September 30,	
	2007	2006
(In millions)		
MidAmerican Energy -		
Nonregulated operating revenues	\$ 299	\$ 119
Less nonregulated cost of sales	<u>272</u>	<u>104</u>
Nonregulated gross margin	<u>\$ 27</u>	<u>\$ 15</u>
MidAmerican Funding Consolidated -		
Nonregulated operating revenues	\$ 302	\$ 120
Less nonregulated cost of sales	<u>272</u>	<u>104</u>
Nonregulated gross margin	<u>\$ 30</u>	<u>\$ 16</u>

Nonregulated revenues, cost of sales and gross margin for the third quarter of 2007 increased compared to the third quarter of 2006 due primarily to an increase in nonregulated electric sales volumes driven by a greater number of commercial and industrial customers being served by MidAmerican Energy in the Illinois market. Beginning January 1, 2007, the Illinois electricity market became fully competitive. Higher average prices and costs related to nonregulated electric sales also contributed to the increases. These increases were partially offset by the impact of a decrease in nonregulated gas sales volumes and average prices and costs.

Non-Operating Income

MidAmerican Energy's non-operating income for the third quarter of 2007 increased \$3 million compared to the third quarter of 2006 due to an increase in interest income resulting from greater temporary cash and short-term investments during the third quarter of 2007 compared to the third quarter of 2006.

Fixed Charges

The \$14 million increase in MidAmerican Energy's interest on long-term debt for the third quarter of 2007 compared to the third quarter of 2006 was primarily due to long-term debt issuances of \$350 million in October 2006 and \$650 million in June 2007.

Income Taxes

Federal law currently provides for federal production tax credits for energy produced by renewable electricity generation facilities, including wind-powered generation, for ten years after the in-service date. MidAmerican Energy's income taxes for the third quarter of 2007 include \$6 million of additional production tax credits compared to the third quarter of 2006 due to additional wind-powered generation.

State utility rate regulation in Iowa requires that the tax effect of certain timing differences be flowed through immediately to customers. Therefore, amounts that would otherwise have been recognized in income tax expense have been included as changes in regulatory assets. This flow-through treatment of such timing differences impacts the effective tax rates from year to year.

Results of Operations for the Nine Months Ended September 30, 2007 and 2006

Regulated Electric Gross Margin

	Nine Months Ended September 30,	
	2007	2006
Gross margin (in millions):		
Operating revenues	\$ 1,484	\$ 1,370
Less cost of fuel, energy and capacity	<u>557</u>	<u>517</u>
Electric gross margin	<u>\$ 927</u>	<u>\$ 853</u>
Sales (GWh):		
Retail	15,906	15,111
Wholesale	<u>9,489</u>	<u>8,357</u>
Total	<u>25,395</u>	<u>23,468</u>

Electric gross margin for the first nine months of 2007 increased \$74 million compared to the first nine months of 2006 principally due to a \$50 million increase in gross margin on wholesale sales, which include sales of energy to other utilities, municipalities and marketers inside and outside of MidAmerican Energy's balancing authority area. Electric wholesale gross margin increased \$36 million compared to the first nine months of 2006 as a result of improved average electric wholesale margins per megawatt hour sold, which was due to increased availability of low-cost energy principally resulting from the addition of WSEC Unit 4 generation. The remaining \$14 million increase in electric wholesale gross margin is attributable to a 14% increase in wholesale sales volumes compared to the first nine months of 2006 due to newly added wind-powered generation to supply retail customers, the addition of WSEC Unit 4 in June 2007 and greater regional wholesale market opportunities.

Gross margin on electric retail sales increased \$24 million, with electric retail sales volumes increasing 5% compared to the first nine months of 2006. The effect of more extreme temperature conditions during the first nine months of 2007 compared to the first nine months of 2006, an increase in the average number of retail customers, and other retail usage factors, such as home size, technology changes and multiple appliances, contributed \$27 million to the improvement in electric retail gross margin. An increase in fuel costs related to Iowa retail electric sales reduced electric retail gross margin by \$10 million compared to the first nine months of 2006 due in part to an increase in the portion of energy requirements met with higher cost generation resources, particularly prior to the addition of WSEC Unit 4. Additionally, recoveries of energy efficiency program costs increased electric retail gross margin by \$3 million compared to the first nine months of 2006. Changes in revenues from the recovery of energy efficiency program costs are substantially matched with corresponding changes in other operating expenses.

Regulated Gas Gross Margin

	Nine Months Ended September 30,	
	2007	2006
Gross margin (in millions):		
Operating revenues	\$ 854	\$ 778
Less cost of gas sold	<u>684</u>	<u>619</u>
Gas gross margin	<u>\$ 170</u>	<u>\$ 159</u>
Sales (000's Dths):		
Retail	53,100	46,266
Wholesale	<u>34,892</u>	<u>34,811</u>
Total	<u>87,992</u>	<u>81,077</u>

Regulated gas revenues include purchased gas adjustment clauses through which MidAmerican Energy is allowed to recover the cost of gas sold from its retail gas utility customers. Consequently, fluctuations in the cost of gas sold do not directly affect gross margin or net income because revenues reflect comparable fluctuations through the purchased gas adjustment clauses. Regulated gas revenues and cost of gas sold increased \$59 million due to improved sales volumes for the first nine months of 2007. Compared to the first nine months of 2006, MidAmerican Energy's average per-unit cost of gas sold increased 2%, resulting in a \$6 million increase in gas revenues and cost of gas sold.

The following table summarizes the variance in gas operating revenues based on the change in gas cost recoveries and margin components (in millions):

	Nine Months Ended September 30, 2007 vs. 2006
Change in recoveries of cost of gas sold:	
Sales volumes	\$ 59
Average cost per unit	<u>6</u>
Total change in cost of gas sold	65
Change in margin:	
Usage factors	10
Energy efficiency cost recovery	<u>1</u>
Total revenue variance	<u>\$ 76</u>

Usage factors includes the effect of colder temperature conditions in the first quarter of 2007 compared to the same period in 2006, a 1% increase in the average number of gas retail customers, and influences other than weather on customer usage, such as technology, energy efficiency and economics. Changes in revenues from the recovery of energy efficiency program costs are substantially matched with corresponding changes in other operating expenses.

Regulated Operating Expenses

Other operating expenses increased \$17 million for the first nine months of 2007 compared to the first nine months of 2006 due largely to a \$4 million increase in energy efficiency program costs, a \$3 million increase in gas distribution costs, and increases of \$4 million and \$3 million in fossil-fueled and nuclear generation operation costs, respectively. The increase in fossil-fueled generation operation costs is primarily attributable to WSEC Unit 4, which was placed in service on June 1, 2007. Changes in energy efficiency program costs are substantially matched by changes in related electric and gas revenues. Additionally, compared to the first nine months of 2006, information technology, transmission, electric distribution and a number of other operating costs each experienced less significant increases. These increases were partially offset by a \$5 million decrease in pension and postretirement costs compared to the first nine months of 2006.

Maintenance expenses for the first nine months of 2007 increased \$24 million compared to the first nine months of 2006 due principally to \$13 million of costs incurred for restoration of facilities damaged by storms, primarily in February 2007. Additionally, fossil-fueled generation maintenance increased \$5 million and other power generation maintenance costs increased \$4 million due to additional wind-powered generation facilities.

Depreciation and amortization expense for the first nine months of 2007 decreased \$4 million compared to the first nine months of 2006 due to a \$16 million decrease in regulatory expense related to a revenue sharing arrangement in Iowa as a result of lower Iowa electric equity returns. Refer to the "Utility Regulatory Matters" section for an explanation of the revenue sharing arrangement. Partially offsetting this decrease was higher utility plant depreciation expense due to additional plant in service, including wind-powered generating facilities placed in service in the fourth quarter of 2006 and WSEC Unit 4 on June 1, 2007.

Nonregulated Gross Margin

	Nine Months Ended September 30,	
	2007	2006
	(In millions)	
MidAmerican Energy -		
Nonregulated operating revenues	\$ 849	\$ 419
Less nonregulated cost of sales	<u>783</u>	<u>392</u>
Nonregulated gross margin	<u>\$ 66</u>	<u>\$ 27</u>
MidAmerican Funding Consolidated -		
Nonregulated operating revenues	\$ 855	\$ 422
Less nonregulated cost of sales	<u>784</u>	<u>393</u>
Nonregulated gross margin	<u>\$ 71</u>	<u>\$ 29</u>

Nonregulated revenues, cost of sales and gross margin for the first nine months of 2007 increased compared to the first nine months of 2006 due primarily to an increase in nonregulated electric sales volumes driven by a greater number of commercial and industrial customers being served by MidAmerican Energy in the Illinois market. Beginning January 1, 2007, the Illinois electricity market became fully competitive. Higher average prices and costs related to nonregulated electric sales also contributed to the increases. These increases were partially offset by decreases in nonregulated gas sales volumes and average prices and costs.

Non-Operating Income

MidAmerican Energy -

MidAmerican Energy's non-operating income for the first nine months of 2007 increased \$8 million compared to the first nine months of 2006 due primarily to a \$6 million increase in allowance for equity funds as a result of the increase in construction work in progress. As a regulated public utility, MidAmerican Energy is allowed to capitalize, and record as income, a cost of construction for equity funds used, based on guidelines set forth by the FERC.

MidAmerican Funding -

MidAmerican Funding's non-operating income decreased \$33 million for first nine months of 2007 compared to the first nine months of 2006. In addition to the MidAmerican Energy item discussed above, MidAmerican Funding's other income for the first nine months of 2006 includes \$28 million of pre-tax gains from sales of MidAmerican Funding's shares of common stock of an electronic energy and metals trading exchange and a \$4 million pre-tax gain on MidAmerican Funding's remaining shares of that common stock, which it donated to a charitable foundation. Other expense for the first nine months of 2006 reflects \$4 million of expense for the donation of the shares. Other income for the first nine months of 2006 also includes an \$8 million pre-tax gain on the sale of MidAmerican Funding's non-controlling interest in a non-utility gas-fired cogeneration plant and \$5 million of pre-tax income resulting from changes in a financing arrangement related to a non-strategic investment in a hydroelectric generating plant.

Fixed Charges

The \$19 million increase in MidAmerican Energy's interest on long-term debt was due to long-term debt issuances of \$350 million in October 2006 and \$650 million in June 2007, offset partially by the maturity of higher interest rate debt in 2006. MidAmerican Energy is allowed to capitalize, and record as a reduction to fixed charges, a cost of construction for debt funds used, based on guidelines set forth by the FERC. The \$3 million increase in allowance for borrowed funds for the first nine months of 2007 was due to the increase in construction work in progress compared to the first nine months of 2006.

Income Taxes

Federal law currently provides for federal production tax credits for energy produced by renewable electricity generation facilities, including wind-powered generation, for ten years after the in-service date. MidAmerican Energy's income taxes for the first nine months of 2007 include \$9 million of additional production tax credits compared to the first nine months of 2006 due to additional wind-powered generation.

State utility rate regulation in Iowa requires that the tax effect of certain timing differences be flowed through immediately to customers. Therefore, amounts that would otherwise have been recognized in income tax expense have been included as changes in regulatory assets. This flow-through treatment of such timing differences impacts the effective tax rates from year to year.

Liquidity and Capital Resources

MidAmerican Energy and MidAmerican Funding have available a variety of sources of liquidity and capital resources, both internal and external. These resources provide funds required for current operations, construction expenditures, dividends, debt retirement and other capital requirements.

As reflected on the Consolidated Statements of Cash Flows, MidAmerican Energy's net cash provided by operating activities was \$511 million and \$520 million for the first nine months of 2007 and 2006, respectively. MidAmerican Funding's net cash provided by operating activities was \$476 million and \$478 million for the first nine months of 2007 and 2006, respectively.

Utility Construction Expenditures

MidAmerican Energy's primary need for capital is utility construction expenditures, which totaled \$879 million for the first nine months of 2007. MidAmerican Energy's utility construction expenditures for 2007, excluding the non-cash allowance for equity funds used during construction, are estimated to be approximately \$1,331 million, which includes \$750 million for the coal-fired and wind-powered generation projects discussed below; \$143 million for emissions control equipment to address current and anticipated air quality regulations; and \$438 million for ongoing operational projects, including connections for new customers and facilities to accommodate load growth. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of such reviews. MidAmerican Energy expects to fund these capital expenditures with short-term borrowings, cash flows from operations and the issuance of long-term debt.

MidAmerican Energy has constructed WSEC Unit 4, a 790-MW (accredited capacity) supercritical, coal-fired generating plant, which began commercial operation on June 1, 2007. MidAmerican Energy operates the plant and holds an undivided ownership interest as a tenant in common with the other owners of the plant. In conjunction with the completion of the project, MidAmerican Energy transferred a 1.01% ownership interest in WSEC Unit 4 to another public utility as partial payment for electric distribution property MidAmerican Energy received from the utility in 2005. Accordingly, MidAmerican Energy's ownership interest is 59.66%, or approximately 471 MW. Prior to construction, MidAmerican Energy obtained approval from the IUB to include the Iowa portion of the actual cost of WSEC Unit 4 in its Iowa rate base as long as the actual cost did not exceed the agreed cap that MidAmerican Energy deemed reasonable. As of September 30, 2007, MidAmerican Energy had invested \$835 million in the plant, including \$63 million of non-cash allowance for equity funds used during construction. It is presently expected that the actual final cost of WSEC Unit 4 will be within the agreed cap. If the cap is ultimately exceeded, MidAmerican Energy has the right to demonstrate the prudence of the expenditures above the cap, subject to regulatory review. Refer to Note 7 of MidAmerican Energy's Notes to Consolidated Financial Statements in Item 1 for a discussion of the material financial statement impacts of WSEC Unit 4 being placed in service.

On April 18, 2006, the IUB approved a settlement agreement regarding ratemaking principles for additional wind-powered generation capacity to be installed in Iowa in 2006 and 2007. On July 27, 2007, the IUB approved a settlement agreement in conjunction with MidAmerican Energy's ratemaking principles application for up to 540 MW (nameplate ratings) of additional wind-powered generation capacity in Iowa to be placed in service on or before December 31, 2013. With the exception of 123 MW (nameplate ratings) of capacity MidAmerican Energy has under construction, all new wind-powered generation capacity up to the 540 MW will be subject to the 2007 settlement agreement. Including the 123 MW previously mentioned, MidAmerican Energy has 213 MW (nameplate ratings) of wind-powered generation under construction that is expected to be in service by December 31, 2007. Another 75 MW (nameplate ratings) of wind-powered generation is under construction and expected to be in service in mid-2008. Generally speaking, accredited capacity ratings for wind-powered generation facilities are considerably less than the nameplate ratings due to the varying nature of wind. MidAmerican Energy continues to pursue additional cost effective wind-powered generation. Refer to Note 4 of Notes to Consolidated Financial Statements in Item 1 for a more in-depth discussion of the settlement agreement.

Refer to the "Environmental Matters" section later in MD&A for additional information regarding capital expenditures for emission control equipment.

Spent Nuclear Fuel

In the third quarter of 2007, MidAmerican Energy implemented a practice of retiring fully amortized spent nuclear fuel two years after it is removed from a reactor. Accordingly, electric utility plant and accumulated depreciation and amortization were each reduced by \$227 million, the original cost of the qualifying spent nuclear fuel. The adjustment did not affect net utility plant, net income or cost of service.

Contractual Obligations and Commercial Commitments

During the nine-month period ended September 30, 2007, there were no material changes outside the normal course of business in MidAmerican Energy's and MidAmerican Funding's contractual obligations and commercial commitments from the information provided in Item 7 of their Annual Report on Form 10-K for the year ended December 31, 2006, other than the issuance of \$650 million of long-term debt on June 29, 2007 and the payment of \$200 million of previously deferred construction payments.

Debt Issuance

On June 29, 2007, MidAmerican Energy issued \$400 million of 5.65% Senior Notes due July 15, 2012, and \$250 million of 5.95% Senior Notes due July 15, 2017. The proceeds are being used by MidAmerican Energy to pay construction costs of its interest in WSEC Unit 4 and its wind projects in Iowa, to repay short-term indebtedness and for general corporate purposes.

Debt Authorizations and Credit Facilities

MidAmerican Energy has authority from the FERC to issue through April 14, 2009, short-term debt in the form of commercial paper and bank notes aggregating \$800 million. MidAmerican Energy currently has in place a \$500 million revolving credit facility, expiring July 6, 2012, that supports its \$380 million commercial paper program and its variable rate pollution control revenue obligations.

MidAmerican Energy currently has an effective registration statement with the SEC to issue up to \$680 million of long-term securities. It also has authorization from the FERC to issue long-term securities totaling up to \$700 million through May 14, 2009. Additionally, regarding annual and multiple year capital projects, MidAmerican Energy has authorizations, expiring May 2, 2009 and May 2, 2011, respectively, from the Illinois Commerce Commission ("ICC") to issue up to an aggregate of \$631 million of long-term debt securities. On July 11, 2007, MidAmerican Energy received authorization from the ICC to refinance approximately \$57 million of pollution control revenue bonds issued in 1993.

In conjunction with the March 1999 merger, MidAmerican Energy committed to the IUB to use commercially reasonable efforts to maintain an investment grade rating on its long-term debt and to maintain its common equity level above 42% of total capitalization unless circumstances beyond its control result in the common equity level decreasing to below 39% of total capitalization. MidAmerican Energy must seek the approval of the IUB of a reasonable utility capital structure if MidAmerican Energy's common equity level decreases below 42% of total capitalization, unless the decrease is beyond the control of MidAmerican Energy. MidAmerican Energy is also required to seek the approval of the IUB if MidAmerican Energy's equity level decreases to below 39%, even if the decrease is due to circumstances beyond the control of MidAmerican Energy. If MidAmerican Energy's common equity level were to drop below the required thresholds, MidAmerican Energy's ability to issue debt could be restricted. As of September 30, 2007, MidAmerican Energy's common equity ratio was 50.9% computed on a basis consistent with its commitment.

Other Financing Information

MidAmerican Funding or one of its subsidiaries, including MidAmerican Energy, may from time to time seek to retire its outstanding debt through cash purchases and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. The repurchases or exchanges, if any, will depend on prevailing market conditions, the issuing company's liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Credit Ratings Risks

As of September 30, 2007, MidAmerican Energy's senior unsecured debt credit ratings were as follows: Fitch Ratings, "A/stable;" Moody's Investor Service, "A2/stable;" and Standard and Poor's, "A-/stable."

Debt and preferred securities of MidAmerican Funding and MidAmerican Energy may be rated by nationally recognized credit rating agencies. Assigned credit ratings are based on each rating agency's assessment of MidAmerican Funding's or MidAmerican Energy's ability to, in general, meet the obligations of its issued debt or preferred securities. The credit ratings are not a recommendation to buy, sell or hold securities, and there is no assurance that a particular credit rating will continue for any given period of time. Other than the energy supply and marketing agreements discussed below, neither MidAmerican Funding nor MidAmerican Energy has any credit agreements that require termination or a material change in collateral requirements or payment schedule in the event of a downgrade in the credit ratings of the respective company's securities.

In conjunction with its risk management activities, MidAmerican Energy must meet credit quality standards as required by counterparties. In accordance with industry practice, master agreements that govern MidAmerican Energy's energy supply and marketing activities either specifically require it to maintain investment grade credit ratings or provide the right for counterparties to demand "adequate assurances" in the event of a material adverse change in MidAmerican Energy's creditworthiness. If one or more of MidAmerican Energy's credit ratings decline below investment grade, MidAmerican Energy may be required to post cash collateral, letters of credit or other similar credit support to facilitate ongoing wholesale energy supply and marketing activities. As of September 30, 2007, MidAmerican Energy's estimated potential collateral requirements totaled approximately \$173 million. MidAmerican Energy's potential collateral requirements could fluctuate considerably due to seasonality, market price volatility, and a loss of key MidAmerican Energy generating facilities or other related factors.

Utility Regulatory Matters

Rate Matters

The IUB has approved a series of electric settlement agreements between MidAmerican Energy, the Iowa Office of Consumer Advocate ("OCA") and other intervenors, under which MidAmerican Energy has agreed not to seek a general increase in electric base rates to become effective prior to January 1, 2014, unless its Iowa jurisdictional electric return on equity in any year covered by the applicable agreement falls below 10%, computed as prescribed in each respective agreement. As a party to the settlement agreements, the OCA has agreed not to request or support any decrease in MidAmerican Energy's Iowa electric base rates to become effective prior to January 1, 2014. Refer to Note 4 of MidAmerican Energy's Notes to Consolidated Financial Statements in Item 1 for further discussion of these rate matters.

In an order issued September 27, 2004, the IUB required MidAmerican Energy to file various plans to fully equalize and consolidate its class zonal electric rates by the end of each of the years 2007 through 2010. On October 18, 2004, MidAmerican Energy filed a motion for reconsideration opposing full rate equalization and proposing a series of rate reductions. On March 21, 2005, the IUB required MidAmerican Energy to file additional information about potential rate changes concerning phased equalization or consolidation of existing zonal rate differences that could have the effect of bringing rates together on a basis designed to have no impact on the overall revenues MidAmerican Energy receives from its Iowa electric customers. MidAmerican Energy filed the requested information on April 11, 2005. In the same proceeding, MidAmerican Energy has a pending plan to reduce rates for some residential customers by a total of approximately \$4 million in the 2008-2009 time frame in addition to the reductions to be offset by cost decreases related to existing contracts. On June 19, 2006, without ruling on revenue requirement issues, the IUB issued an order requiring MidAmerican Energy to hold informal workshops in 2007 and file a comprehensive class cost-of-service study and a revenue neutral rate equalization/rate consolidation plan by mid-2009. MidAmerican Energy completed the series of informal workshops in October 2007. Refer to Note 4 of Notes to Consolidated Financial Statements in Item 1 for discussion of a July 2007 settlement agreement and its impact on zonal rate equalization in Iowa.

Electric Market Developments

On July 13, 2004, the FERC issued an order requiring MidAmerican Energy to conduct a study to determine whether MidAmerican Energy or its affiliates possess generation market power as part of the FERC's triennial market power review process. MidAmerican Energy must show the absence of generation market power in order to

be allowed to continue to sell wholesale electric power at market-based rates. MidAmerican Energy filed the required study on October 29, 2004. On June 1, 2005, the FERC issued an order setting for investigation the reasonableness of MidAmerican Energy's market-based rates within its balancing authority area. The order also terminated the previously established November 1, 2004, refund date and instead required that market-based sales made by MidAmerican Energy within its balancing authority area beginning August 7, 2005, be subject to refund until the matter is resolved. In response to the order, MidAmerican Energy filed a proposed cost-based sales tariff ("CBST") applicable to sales made within its balancing authority area to replace its market-based sales tariff. On March 17, 2006, the FERC issued an order ("March 17 Order") accepting MidAmerican Energy's commitment not to make sales using market-based rates in its balancing authority area but rejected the proposed applicable tariff language. MidAmerican Energy filed revised tariff language together with a request for clarification, or in the alternative, rehearing ("Request for Clarification") of the March 17 Order. On November 9, 2006, the FERC approved a settlement agreement among MidAmerican Energy and the other parties to the proceeding for rates to be charged under the CBST and ordered that refunds be paid to customers within 30 days for certain sales transactions in the balancing authority area on or after August 7, 2005. MidAmerican Energy timely made the refunds of an immaterial amount. Any actual remaining refund will depend upon the FERC's ruling on the Request for Clarification and the applicability of the CBST to certain sales made within the balancing authority area for delivery outside the balancing authority area. MidAmerican Energy believes the ultimate outcome of this matter will not have a material effect on its financial results. On June 21, 2007, the FERC issued Order 697 addressing electric wholesale market-based sales for the utility industry. MidAmerican Energy had previously made changes to its wholesale sales practices that it believes substantially comply with the requirements of Order 697. Subject to a request for clarification filed by MidAmerican Energy regarding the schedule for its next triennial review established by Order 697, MidAmerican Energy's next triennial filing will occur in June 2008.

Environmental Matters

MidAmerican Energy's generating facilities are subject to applicable provisions of the Clean Air Act and related air quality standards promulgated by the United States Environmental Protection Agency ("EPA"). The Clean Air Act provides the framework for regulation of certain air emissions and permitting and monitoring associated with those emissions. MidAmerican Energy believes it is in material compliance with current air quality requirements.

The EPA has in recent years implemented and proposed more stringent national ambient air quality standards. Additionally, legislation is pending, and could be proposed in the future, that may impact MidAmerican Energy if enacted. MidAmerican Energy has implemented a planning process that forecasts the site-specific controls and actions that may be required to meet emissions reductions as promulgated by the EPA. The plan allows MidAmerican Energy to more effectively manage its expenditures required to comply with emissions standards. On April 1, 2006, MidAmerican Energy submitted to the IUB an updated plan, as required every two years by Iowa law, which increased its estimate of required expenditures. MidAmerican Energy currently estimates that the incremental capital expenditures for emission control equipment to comply with air quality requirements will total approximately \$540 million for January 1, 2007 through December 31, 2015. Additionally, MidAmerican Energy expects to incur significant incremental operating costs in conjunction with the utilization of the emissions control equipment. Estimates of the environmental capital and operating requirements may change significantly at any time as a result of, among other factors, changes in related regulations, prices of products used to meet the requirements and management's strategies for achieving compliance with the regulations. Refer to Item 1. Business of MidAmerican Energy's most recently filed Form 10-K for further discussion of air quality standards affecting MidAmerican Energy.

As a result of increased attention to climate change in the United States, numerous bills have been introduced in the current session of the United States Congress that would reduce greenhouse gas emissions in the United States. Congressional leadership has made climate change legislation a priority, and many congressional observers expect to see the passage of climate change legislation within the next several years. In addition, nongovernmental organizations have become more active in initiating citizen suits under existing environmental and other laws. In April 2007, a United States Supreme Court decision concluded that the EPA has the authority under the Clean Air Act to regulate emissions of greenhouse gases from motor vehicles. In addition, pending cases that address the potential public nuisance from greenhouse gas emissions from electricity generators and the EPA's failure to

regulate greenhouse gas emissions from new and existing coal-fired plants are expected to become active. Furthermore, while debate continues at the national level over the direction of domestic climate policy, several states have developed state-specific laws or regional legislative initiatives to reduce greenhouse gas emissions, including Oregon, Washington, California and several Northeastern states, and individual state actions to regulate greenhouse gas emissions are likely to increase. The impact of any pending judicial proceedings and any pending or enacted federal and state climate change legislation and regulation cannot be determined at this time; however, adoption of stringent limits on greenhouse gas emissions could significantly impact MidAmerican Energy's current and future fossil-fueled facilities, and, therefore, its financial results.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting MidAmerican Energy and MidAmerican Funding, refer to Note 2 of Notes to Consolidated Financial Statements in Item 1.

Critical Accounting Policies and Estimates

Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled in the future. Amounts recognized in the financial statements from such estimates are necessarily based on numerous assumptions involving varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in the financial statements will likely increase or decrease in the future as additional information becomes available. Estimates are used for, but not limited to, the accounting for the effects of certain types of regulation, derivatives, impairment of long-lived assets and goodwill, accrued pension and other postretirement expense, income taxes and revenue recognition - unbilled revenue.

For a discussion of MidAmerican Energy's and MidAmerican Funding's critical accounting policies, see Item 7 of their Annual Report on Form 10-K for the year ended December 31, 2006. MidAmerican Energy's and MidAmerican Funding's critical accounting policies have not changed materially since December 31, 2006, other than the adoption of FIN 48.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Refer to Note 3 of Notes to Consolidated Financial Statements in Item 1 for disclosure of MidAmerican Energy's derivative positions as of September 30, 2007 and December 31, 2006. For quantitative and qualitative disclosures about market risk affecting MidAmerican Energy and MidAmerican Funding, see Item 7A of their Annual Report on Form 10-K for the year ended December 31, 2006. MidAmerican Energy's and MidAmerican Funding's exposure to market risk and their management of such risk has not changed materially since December 31, 2006.

Item 4. Controls and Procedures.

Under the supervision and with the participation of MidAmerican Funding's and MidAmerican Energy's management, including the respective persons acting as chief executive officer and chief financial officer, each company performed evaluations regarding the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of September 30, 2007. Based on those evaluations, MidAmerican Funding's and MidAmerican Energy's management, including the respective persons acting as chief executive officer and chief financial officer, concluded that its disclosure controls and procedures were effective. There have been no changes during the quarter covered by this report in MidAmerican Funding's or MidAmerican Energy's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

On December 28, 2004, an apparent gas explosion and fire resulted in three fatalities, one serious injury and property damage at a commercial building in Ramsey, Minnesota. According to the Minnesota Office of Pipeline Safety, an improper installation of a pipeline connection may have been a cause of the explosion and fire. A predecessor company to MidAmerican Energy provided gas service in Ramsey, Minnesota, at the time of the original installation in 1980. In 1993, a predecessor of CenterPoint Energy, Inc. (“CenterPoint”) acquired all of the Minnesota gas properties owned by the MidAmerican Energy predecessor company.

All of the wrongful death, personal injury and property damage claims arising from this incident have been settled by CenterPoint. MidAmerican Energy’s exposure, if any, to these settlements is covered under its liability insurance to which a \$2 million retention applies.

Two lawsuits naming MidAmerican Energy as a third party defendant have been filed by CenterPoint Energy Resources Corp. in the U.S. District Court, District of Minnesota, related to this incident. The complaints seek reimbursement of all sums associated with CenterPoint’s replacement of all service lines in the MidAmerican Energy predecessor company’s properties located in Minnesota at a cost of approximately \$39 million according to publicly available reports. MidAmerican Energy filed a motion for summary judgment in both of these actions requesting that CenterPoint’s third party claims based upon misrepresentation and negligent installation and negligent operation and maintenance of the gas pipeline be barred. On March 5, 2007, the U.S. District Court issued an order granting MidAmerican Energy’s motion for summary judgment as to CenterPoint’s misrepresentation and negligent installation claims and denying MidAmerican Energy’s motion for summary judgment as to CenterPoint’s negligent operation and maintenance claims. A court-ordered settlement conference was held September 21, 2007, but the parties did not achieve a settlement. Subsequently, the court ordered the parties to be ready for trial on or after February 1, 2008. MidAmerican Energy intends to vigorously defend its position in these claims and believes their ultimate outcome will not have a material impact on its financial results.

Other than the litigation described above, MidAmerican Funding and its subsidiaries currently have no material legal proceedings. Information on MidAmerican Energy’s environmental matters is included in the “Environmental Matters” section of MD&A in Item 2. Information regarding MidAmerican Energy’s regulatory matters is included in the “Utility Regulatory Matters” section of MD&A in Item 2.

Item 1A. Risk Factors.

There has been no material change to MidAmerican Funding’s or MidAmerican Energy’s risk factors from those disclosed in Item 1A of their Annual Report on Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The exhibits listed on the accompanying Exhibit Index are filed as a part of this Quarterly Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIDAMERICAN FUNDING, LLC
MIDAMERICAN ENERGY COMPANY
Registrants

Date: November 2, 2007

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
of MidAmerican Funding, LLC
and MidAmerican Energy Company
(principal financial and accounting officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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MidAmerican Energy

15	Awareness Letter of Independent Registered Public Accounting Firm
31.1	Chief executive officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief financial officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief executive officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Chief financial officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

MidAmerican Funding

31.3	Chief executive officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4	Chief financial officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.3	Chief executive officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.4	Chief financial officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

AWARENESS LETTER OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MidAmerican Energy Company
Des Moines, Iowa

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of MidAmerican Energy Company and subsidiary for the three-month and nine-month periods ended September 30, 2007 and 2006, as indicated in our report dated November 2, 2007; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, is incorporated by reference in Registration Statement No. 333-142663 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
November 2, 2007

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, William J. Fehrman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MidAmerican Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2007

/s/ William J. Fehrman
William J. Fehrman
President
(chief executive officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, Thomas B. Specketer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MidAmerican Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2007

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(chief financial officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, Gregory E. Abel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MidAmerican Funding, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2007

/s/ Gregory E. Abel
Gregory E. Abel
President
(chief executive officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

CERTIFICATIONS

I, Thomas B. Specketer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MidAmerican Funding, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2007

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(chief financial officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, William J. Fehrman, President of MidAmerican Energy Company (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 2, 2007

/s/ William J. Fehrman
William J. Fehrman
President
(chief executive officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Thomas B. Specketer, Vice President and Controller of MidAmerican Energy Company (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 2, 2007

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(chief financial officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Gregory E. Abel, President of MidAmerican Funding, LLC (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 2, 2007

/s/ Gregory E. Abel
Gregory E. Abel
President
(chief executive officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Thomas B. Specketer, Vice President and Controller of MidAmerican Funding, LLC (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 2, 2007

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(chief financial officer)