

**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 June 30, 2008

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.
<b>333-90553</b>	<b>MIDAMERICAN FUNDING, LLC</b> <b>(An Iowa Limited Liability Company)</b> <b>666 Grand Avenue, Suite 500</b> <b>Des Moines, Iowa 50309-2580</b>	<b>47-0819200</b>
<b>333-15387</b>	<b>MIDAMERICAN ENERGY COMPANY</b> <b>(An Iowa Corporation)</b> <b>666 Grand Avenue, Suite 500</b> <b>Des Moines, Iowa 50309-2580</b>	<b>42-1425214</b>
(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, non-accelerated filers or smaller reporting companies. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer                       Accelerated filer                       Non-accelerated filer                       Smaller reporting company

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

All of the member's equity of MidAmerican Funding, LLC was held by its parent company, MidAmerican Energy Holdings Company as of July 31, 2008.

All common stock of MidAmerican Energy Company is held by its parent company, MHC Inc., which is a direct, wholly owned subsidiary of MidAmerican Funding, LLC. As of July 31, 2008, 70,980,203 shares of MidAmerican Energy Company common stock, without par value, were outstanding.

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.

## **TABLE OF CONTENTS**

### **PART I - FINANCIAL INFORMATION**

Item 1.	Financial Statements	3
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	34
Item 4.	Controls and Procedures	34

### **PART II - OTHER INFORMATION**

Item 1.	Legal Proceedings	35
Item 1A	Risk Factors	35
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 3.	Defaults Upon Senior Securities	35
Item 4.	Submission of Matters to a Vote of Security Holders	35
Item 5.	Other Information	35
Item 6.	Exhibits	35
Signatures		36
Exhibit Index		37

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

MidAmerican Energy Company and Subsidiary

Report of Independent Registered Public Accounting Firm	4
Consolidated Balance Sheets	5
Consolidated Statements of Operations	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

MidAmerican Funding, LLC and Subsidiaries

Report of Independent Registered Public Accounting Firm	16
Consolidated Balance Sheets	17
Consolidated Statements of Operations	18
Consolidated Statements of Cash Flows	19
Notes to Consolidated Financial Statements	20

## 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 June 30, 2008, and the related consolidated statements of operations for the three-month and six-month periods ended June 30, 2008 and 2007, and of cash flows for the six-month periods ended June 30, 2008 and 2007. 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 (not presented herein) of MidAmerican Energy Company and subsidiary as of December 31, 2007, and the related consolidated statements of operations, comprehensive income, cash flows, and retained earnings for the year then ended (not presented herein); and in our report dated February 27, 2008, 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)*, as of December 31, 2006. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2007, 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  
August 8, 2008

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

	As of	
	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Utility Plant, Net</b>		
Electric	\$ 7,748	\$ 7,473
Gas	<u>1,112</u>	<u>1,086</u>
	8,860	8,559
Accumulated depreciation and amortization	<u>(3,336)</u>	<u>(3,237)</u>
	5,524	5,322
Construction work in progress	<u>551</u>	<u>386</u>
	<u>6,075</u>	<u>5,708</u>
<b>Current Assets</b>		
Cash and cash equivalents	75	11
Receivables, net	578	485
Inventories	106	133
Other	<u>108</u>	<u>39</u>
	<u>867</u>	<u>668</u>
<b>Other Assets</b>		
Investments and nonregulated property, net	457	478
Regulatory assets	330	268
Other	<u>126</u>	<u>129</u>
	<u>913</u>	<u>875</u>
<b>Total Assets</b>	<u>\$ 7,855</u>	<u>\$ 7,251</u>
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization</b>		
Common shareholder's equity	\$ 2,465	\$ 2,288
Preferred securities	30	30
Long-term debt, excluding current portion	<u>2,819</u>	<u>2,470</u>
	<u>5,314</u>	<u>4,788</u>
<b>Current Liabilities</b>		
Notes payable	-	86
Current portion of long-term debt	-	1
Accounts payable	349	408
Taxes accrued	107	85
Interest accrued	44	41
Other	<u>138</u>	<u>76</u>
	<u>638</u>	<u>697</u>
<b>Other Liabilities</b>		
Deferred income taxes	623	517
Investment tax credits	37	38
Asset retirement obligations	199	182
Regulatory liabilities	800	793
Other	<u>244</u>	<u>236</u>
	<u>1,903</u>	<u>1,766</u>
<b>Total Capitalization and Liabilities</b>	<u>\$ 7,855</u>	<u>\$ 7,251</u>

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

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

	<b>Three Months</b>		<b>Six Months</b>	
	<b>Ended June 30,</b>		<b>Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Operating Revenues</b>				
Regulated electric	\$ 492	\$ 467	\$ 975	\$ 947
Regulated gas	280	209	851	708
Nonregulated	<u>307</u>	<u>293</u>	<u>625</u>	<u>550</u>
	<u>1,079</u>	<u>969</u>	<u>2,451</u>	<u>2,205</u>
<b>Operating Expenses</b>				
Regulated:				
Cost of fuel, energy and capacity	189	176	365	373
Cost of gas sold	232	161	712	574
Other operating expenses	97	102	201	200
Maintenance	61	42	98	85
Depreciation and amortization	77	76	149	145
Property and other taxes	<u>26</u>	<u>25</u>	<u>51</u>	<u>50</u>
	<u>682</u>	<u>582</u>	<u>1,576</u>	<u>1,427</u>
Nonregulated:				
Cost of sales	289	269	588	511
Other	<u>5</u>	<u>5</u>	<u>9</u>	<u>9</u>
	<u>294</u>	<u>274</u>	<u>597</u>	<u>520</u>
Total operating expenses	<u>976</u>	<u>856</u>	<u>2,173</u>	<u>1,947</u>
<b>Operating Income</b>	<u>103</u>	<u>113</u>	<u>278</u>	<u>258</u>
<b>Non-Operating Income</b>				
Interest and dividend income	2	1	3	2
Allowance for equity funds	7	11	11	22
Other income	4	2	4	4
Other expense	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>	<u>(2)</u>
	<u>12</u>	<u>13</u>	<u>16</u>	<u>26</u>
<b>Fixed Charges</b>				
Interest on long-term debt	40	26	75	52
Other interest expense	1	3	2	7
Allowance for borrowed funds	<u>(3)</u>	<u>(5)</u>	<u>(6)</u>	<u>(11)</u>
	<u>38</u>	<u>24</u>	<u>71</u>	<u>48</u>
<b>Income Before Income Taxes</b>	77	102	223	236
<b>Income Taxes</b>	<u>17</u>	<u>28</u>	<u>56</u>	<u>70</u>
<b>Net Income</b>	60	74	167	166
<b>Preferred Dividends</b>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<b>Earnings on Common Stock</b>	<u>\$ 59</u>	<u>\$ 73</u>	<u>\$ 166</u>	<u>\$ 165</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)

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net Cash Flows From Operating Activities</b>		
Net income	\$ 167	\$ 166
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	149	146
Deferred income taxes and investment tax credit, net	92	(2)
Amortization of other assets and liabilities	14	13
Impact of changes in working capital-		
Receivables, net	(98)	(22)
Inventories	27	45
Accounts payable	8	23
Taxes accrued	5	62
Other current assets and liabilities	11	(7)
Other, net	<u>(14)</u>	<u>(13)</u>
Net cash flows from operating activities	<u>361</u>	<u>411</u>
<b>Net Cash Flows From Investing Activities</b>		
Utility construction expenditures	(560)	(656)
Purchases of available-for-sale securities	(72)	(102)
Proceeds from sales of available-for-sale securities	69	82
Other, net	<u>2</u>	<u>5</u>
Net cash flows from investing activities	<u>(561)</u>	<u>(671)</u>
<b>Net Cash Flows From Financing Activities</b>		
Dividends paid	(1)	(1)
Proceeds from long-term debt	349	649
Retirement of long-term debt	-	(1)
Net change in notes payable	(86)	-
Other, net	<u>2</u>	<u>(2)</u>
Net cash flows from financing activities	<u>264</u>	<u>645</u>
<b>Net Change in Cash and Cash Equivalents</b>	64	385
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>11</u>	<u>9</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ 75</u>	<u>\$ 394</u>

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 Inc. is the direct wholly owned subsidiary of MidAmerican Funding, LLC (“MidAmerican Funding”), which is an Iowa limited liability company with MidAmerican Energy Holdings Company (“MEHC”) as its sole member. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc.

The unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and U.S. Securities and Exchange Commission rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments, consisting of normal recurring adjustments, considered necessary for the fair presentation of its financial statements as of June 30, 2008, and for the three and six months ended June 30, 2008 and 2007. The results of operations for the three and six months ended June 30, 2008, are not necessarily indicative of the results to be expected for the full year.

The unaudited Consolidated Financial Statements include the accounts of MidAmerican Energy and the subsidiary in which it holds a controlling financial interest. 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, 2007, 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 six months of 2008.

**(2) New Accounting Pronouncements**

In March 2008, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 161, “Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133” (“SFAS No. 161”). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand how and why an entity uses derivative instruments and their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. MidAmerican Energy is currently evaluating the impact of adopting SFAS No. 161 on its disclosures included within the notes to its Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141(R), “Business Combinations” (“SFAS No. 141(R”). SFAS No. 141(R) applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS No. 141(R) establishes how the acquirer of a business should recognize, measure and disclose in its financial statements the identifiable assets and goodwill acquired, the liabilities assumed and any noncontrolling interest in the acquired business. SFAS No. 141(R) is applied prospectively for all business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, with early application prohibited. SFAS No. 141(R) will not have an impact on MidAmerican Energy’s historical Consolidated Financial Statements and will be applied to business combinations completed, if any, on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51” (“SFAS No. 160”). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 requires entities to report noncontrolling interests as a separate component of shareholders’ equity in the consolidated financial statements. The amount

of earnings attributable to the parent and to the noncontrolling interests should be clearly identified and presented on the face of the consolidated statements of operations. Additionally, SFAS No. 160 requires any changes in a parent's ownership interest of its subsidiary, while retaining its control, to be accounted for as equity transactions. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. MidAmerican Energy is currently evaluating the impact of adopting SFAS No. 160 on its consolidated financial position and results of operations.

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. MidAmerican Funding and MidAmerican Energy adopted SFAS No. 159 effective January 1, 2008, and did not elect the fair value option for any existing eligible items.

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. Under SFAS No. 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market. The standard clarifies that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In February 2008, the FASB issued Staff Position No. 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS 157-2"), which delays the effective date of SFAS No. 157 for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis until fiscal years beginning after November 15, 2008. These non-financial items include assets and liabilities such as asset retirement obligations initially measured at fair value. MidAmerican Funding and MidAmerican Energy adopted the provisions of SFAS No. 157 for assets and liabilities recognized at fair value on a recurring basis effective January 1, 2008. The partial adoption of SFAS No. 157 did not have a material impact on MidAmerican Funding's or MidAmerican Energy's Consolidated Financial Statements. Refer to Note 6 for additional discussion.

### **(3) Risk Management**

MidAmerican Energy is exposed to the impact of market fluctuations in commodity prices, principally natural gas and electricity. Interest rate risk exists on variable rate debt, commercial paper and future debt issuances. MidAmerican Energy employs established policies and procedures to manage its risks associated with these market fluctuations using various commodity and financial derivative instruments, including forward contracts, futures, options, swaps and other over-the-counter agreements. The risk management process is designed to identify, assess, monitor, report, manage, and mitigate each of the various types of risk involved in its business. MidAmerican Energy does not engage in a material amount of proprietary trading activities.

The following table summarizes the various derivative mark-to-market positions included in the Consolidated Balance Sheet as of June 30, 2008 (in millions):

	Derivative Net Assets (Liabilities)			Regulatory Net Assets (Liabilities)	Accumulated Other Comprehensive (Income) Loss <sup>(1)</sup>
	Assets	Liabilities	Net		
Regulated electric	\$ 2	\$ (80)	\$ (78)	\$ 78	\$ -
Regulated gas	24	(2)	22	(22)	-
Nonregulated	<u>52</u>	<u>(27)</u>	<u>25</u>	<u>-</u>	<u>(27)</u>
Total	<u>\$ 78</u>	<u>\$ (109)</u>	<u>\$ (31)</u>	<u>\$ 56</u>	<u>\$ (27)</u>
Current	\$ 67	\$ (91)	\$ (24)		
Non-current	<u>11</u>	<u>(18)</u>	<u>(7)</u>		
Total	<u>\$ 78</u>	<u>\$ (109)</u>	<u>\$ (31)</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, 2007 (in millions):

	Derivative Net Assets (Liabilities)			Regulatory Net Assets (Liabilities)	Accumulated Other Comprehensive (Income) Loss <sup>(1)</sup>
	Assets	Liabilities	Net		
Regulated electric	\$ 6	\$ (9)	\$ (3)	\$ 3	\$ -
Regulated gas	5	(19)	(14)	17	-
Nonregulated	<u>13</u>	<u>(12)</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total	<u>\$ 24</u>	<u>\$ (40)</u>	<u>\$ (16)</u>	<u>\$ 20</u>	<u>\$ (1)</u>
Current	\$ 22	\$ (38)	\$ (16)		
Non-current	<u>2</u>	<u>(2)</u>	<u>-</u>		
Total	<u>\$ 24</u>	<u>\$ (40)</u>	<u>\$ (16)</u>		

(1) Before income taxes.

#### (4) Commitments and Contingencies

##### *Environmental Matters*

MidAmerican Energy is subject to numerous environmental laws, including the federal Clean Air Act, related air quality standards promulgated by the United States Environmental Protection Agency (“EPA”) and various state air quality laws; the Endangered Species Act, particularly as it relates to certain endangered species of fish; the Comprehensive Environmental Response, Compensation and Liability Act and similar state laws relating to environmental cleanups; the Resource Conservation and Recovery Act and similar state laws relating to the storage and handling of hazardous materials; and the Clean Water Act and similar state laws relating to water quality. These laws have the potential for impacting MidAmerican Energy’s operations. Specifically, the Clean Air Act will likely continue to impact the operation of MidAmerican Energy’s generating facilities and will likely require MidAmerican Energy to reduce emissions from those facilities through the installation of additional or improved emission controls, the purchase of additional emission allowances, or some combination thereof. MidAmerican Energy believes it is in material compliance with current environmental requirements.

### Other Commitments and Contingencies

MidAmerican Energy is a party in a variety of legal actions or claims arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. MidAmerican Energy does not believe that such normal and routine matters will have a material effect on its financial results.

#### (5) Employee Benefit Plans

MidAmerican Energy sponsors a noncontributory defined benefit pension plan covering substantially all employees of MEHC 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 MEHC and its domestic energy subsidiaries other than PacifiCorp. Net periodic benefit cost for the pension, including supplemental executive retirement plans, and other postretirement benefit plans included the following components (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<u>Pension</u>				
Service cost	\$ 6	\$ 6	\$ 13	\$ 12
Interest cost	10	9	20	19
Expected return on plan assets	(12)	(10)	(23)	(20)
Net amortization	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
Net periodic benefit cost	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 11</u>	<u>\$ 13</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<u>Other Postretirement</u>				
Service cost	\$ 1	\$ 3	\$ 3	\$ 4
Interest cost	3	5	7	9
Expected return on plan assets	(4)	(6)	(8)	(9)
Net amortization	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Net periodic benefit cost	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 5</u>

Employer contributions to the pension and other postretirement plans are expected to be \$7 million and \$14 million, respectively, in 2008. As of June 30, 2008, \$3 million and \$8 million of contributions had been made to the pension and other postretirement plans, respectively.

#### (6) Fair Value Measurements

MidAmerican Energy has various financial instruments that are measured at fair value in the Consolidated Financial Statements, including marketable debt and equity securities and commodity derivatives. MidAmerican Energy's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that MidAmerican Energy has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 – Unobservable inputs reflect MidAmerican Energy's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. MidAmerican Energy develops these inputs based on the best information available, including MidAmerican Energy's own data.

The following table presents MidAmerican Energy's assets and liabilities recognized in the Consolidated Balance Sheet and measured at fair value on a recurring basis as of June 30, 2008 (in millions):

Description	Input Levels for Fair Value Measurements			Other <sup>(1)</sup>	Total
	Level 1	Level 2	Level 3		
<u>Assets</u> <sup>(2)</sup>					
Available-for-sale securities	\$ 184	\$ 74	\$ 31	\$ -	\$ 289
Commodity derivatives	35	61	6	(24)	78
	<u>\$ 219</u>	<u>\$ 135</u>	<u>\$ 37</u>	<u>\$ (24)</u>	<u>\$ 367</u>
<u>Liabilities</u>					
Commodity derivatives	<u>\$ (5)</u>	<u>\$ (98)</u>	<u>\$ (30)</u>	<u>\$ 24</u>	<u>\$ (109)</u>

(1) Represents netting under master netting arrangements.

(2) Does not include investments in either pension or other postretirement plan assets.

MidAmerican Energy's investments in debt and equity securities are classified as available-for-sale and stated at fair value. When available, the quoted market price or net asset value of an identical security in the principal market is used to record the fair value. In the absence of a quoted market price in a readily observable market, the fair value is determined using pricing models based on observable market inputs and quoted market prices of securities with similar characteristics. The fair value of MidAmerican Energy's investments in auction rate securities, where there is no current liquid market, is determined using broker quotes and pricing models based on unobservable inputs.

MidAmerican Energy uses various commodity derivative instruments, including forward contracts, futures, options, swaps and other over-the-counter agreements. The fair value of commodity derivatives is determined using unadjusted quoted prices for identical instruments on the applicable exchange in which MidAmerican Energy transacts. When quoted prices for identical instruments are not available, MidAmerican Energy uses forward price curves derived from market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by MidAmerican Energy. Market price quotations for certain major electricity and natural gas trading hubs are generally readily obtainable for the applicable term of MidAmerican Energy's outstanding commodity derivative instruments, and therefore, MidAmerican Energy's forward price curves for those locations and periods reflect observable market quotes. Market price quotations for other electricity and natural gas trading hubs are not as readily obtainable or the instrument is not actively traded. Given that limited market data exists for these instruments, MidAmerican Energy uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs that are based on significant unobservable inputs.

The following table reconciles the beginning and ending balances of MidAmerican Energy's assets and liabilities measured at fair value on a recurring basis using significant Level 3 inputs (in millions):

	Three Months Ended June 30, 2008		Six Months Ended June 30, 2008	
	Available- For-Sale Securities	Commodity Derivatives	Available- For-Sale Securities	Commodity Derivatives
Beginning balance	\$ 36	\$ (13)	\$ 40	\$ -
Changes included in earnings <sup>(1)</sup>	-	(10)	-	(20)
Unrealized gains (losses) included in regulatory assets and liabilities	-	(1)	-	(5)
Unrealized gains (losses) included in other comprehensive income	<u>(5)</u>	<u>-</u>	<u>(9)</u>	<u>1</u>
Ending balance	<u>\$ 31</u>	<u>\$ (24)</u>	<u>\$ 31</u>	<u>\$ (24)</u>

(1) Changes included in earnings are reported as nonregulated revenues in the Consolidated Statement of Operations. Net unrealized losses included in earnings for the three and six months ended related to commodity derivatives held at June 30, 2008, totaled \$10 million and \$16 million, respectively.

#### (7) Comprehensive Income and Components of Accumulated Other Comprehensive Income, Net

The components of comprehensive income are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Earnings on common stock	\$ 59	\$ 73	\$ 166	\$ 165
Other comprehensive income (loss):				
Fair value adjustment on cash flow hedges, net of tax of \$2, \$(4), \$10 and \$7	5	(8)	16	10
Unrealized losses on available-for-sale securities, net of tax of \$(2), \$-, \$(4) and \$-	<u>(3)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>2</u>	<u>(8)</u>	<u>11</u>	<u>10</u>
Comprehensive income	<u>\$ 61</u>	<u>\$ 65</u>	<u>\$ 177</u>	<u>\$ 175</u>

Accumulated other comprehensive income, net is included in the Consolidated Balance Sheets in common shareholder's equity and consists of the following components (in millions):

	As of	
	June 30, 2008	December 31, 2007
Fair value adjustment on cash flow hedges, net of tax of \$10 and \$-	\$ 17	\$ 1
Unrealized losses on available-for-sale securities, net of tax of \$(4) and \$-	<u>(5)</u>	<u>-</u>
Total accumulated other comprehensive income, net	<u>\$ 12</u>	<u>\$ 1</u>

**(8) Segment Information**

MidAmerican Energy has identified three reportable operating segments: regulated electric, regulated gas and nonregulated energy. 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. 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. The nonregulated energy segment derives most of its revenue from nonregulated retail electric and gas activities. 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,				
	2008	2007	2008	2007			
<u>Segment Profit Information</u>							
Operating revenues:							
Regulated electric	\$ 492	\$ 467	\$ 975	\$ 947			
Regulated gas	280	209	851	708			
Nonregulated energy	307	293	625	550			
Total	<u>\$ 1,079</u>	<u>\$ 969</u>	<u>\$ 2,451</u>	<u>\$ 2,205</u>			
Depreciation and amortization:							
Regulated electric	\$ 69	\$ 68	\$ 133	\$ 130			
Regulated gas	8	8	16	15			
Total	<u>\$ 77</u>	<u>\$ 76</u>	<u>\$ 149</u>	<u>\$ 145</u>			
Operating income:							
Regulated electric	\$ 89	\$ 94	\$ 205	\$ 189			
Regulated gas	3	1	48	42			
Nonregulated energy	11	18	25	27			
Total	<u>\$ 103</u>	<u>\$ 113</u>	<u>\$ 278</u>	<u>\$ 258</u>			
Earnings on common stock:							
Regulated electric	\$ 55	\$ 64	\$ 124	\$ 128			
Regulated gas	-	(1)	24	22			
Nonregulated energy	4	10	18	15			
Total	<u>\$ 59</u>	<u>\$ 73</u>	<u>\$ 166</u>	<u>\$ 165</u>			
As of							
<table border="1"> <thead> <tr> <th></th> <th>June 30, 2008</th> <th>December 31, 2007</th> </tr> </thead> </table>						June 30, 2008	December 31, 2007
	June 30, 2008	December 31, 2007					
<u>Segment Asset Information</u>							
Total assets:							
Regulated electric			\$ 6,749	\$ 6,110			
Regulated gas			839	938			
Nonregulated energy			267	203			
Total			<u>\$ 7,855</u>	<u>\$ 7,251</u>			

**(9) Recent Debt Transactions**

On July 1, 2008, the Iowa Finance Authority issued \$45 million of variable-rate tax-exempt bonds due July 1, 2038, the proceeds of which were loaned to MidAmerican Energy to pay environmental construction costs. Also on July 1, 2008, the Iowa Finance Authority issued \$57 million of variable-rate tax-exempt bonds due May 1, 2023, to refinance \$57 million of pollution control revenue bonds issued on behalf of MidAmerican Energy in 1993, which are reflected on the Consolidated Balance Sheet as of June 30, 2008. MidAmerican Energy is contractually responsible for the timely payment of principal and interest on these variable-rate tax-exempt bonds.

On April 1, 2008, MidAmerican Energy increased its unsecured revolving credit facility, expiring July 1, 2012, from \$500 million to \$650 million. As of June 30, 2008, the unsecured revolving credit facility supported MidAmerican Energy's \$455 million commercial paper program and its variable-rate tax-exempt bonds.

On March 25, 2008, MidAmerican Energy issued \$350 million of 5.3% Senior Notes due March 15, 2018. The proceeds are being used by MidAmerican Energy to pay construction costs, including costs for its wind-powered generation 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 June 30, 2008, and the related consolidated statements of operations for the three-month and six-month periods ended June 30, 2008 and 2007, and of cash flows for the six-month periods ended June 30, 2008 and 2007. 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 (not presented herein) of MidAmerican Funding, LLC and subsidiaries as of December 31, 2007, and the related consolidated statements of operations, comprehensive income, cash flows, and retained earnings for the year then ended (not presented herein); and in our report dated February 27, 2008, 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)*, as of December 31, 2006. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2007, 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  
August 8, 2008

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

	As of	
	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Utility Plant, Net</b>		
Electric	\$ 7,748	\$ 7,473
Gas	<u>1,112</u>	<u>1,086</u>
	8,860	8,559
Accumulated depreciation and amortization	<u>(3,336)</u>	<u>(3,237)</u>
	5,524	5,322
Construction work in progress	<u>551</u>	<u>386</u>
	<u>6,075</u>	<u>5,708</u>
<b>Current Assets</b>		
Cash and cash equivalents	76	12
Receivables, net	583	490
Inventories	106	133
Other	<u>108</u>	<u>40</u>
	<u>873</u>	<u>675</u>
<b>Other Assets</b>		
Investments and nonregulated property, net	471	494
Goodwill	1,270	1,270
Regulatory assets	330	268
Other	<u>126</u>	<u>129</u>
	<u>2,197</u>	<u>2,161</u>
<b>Total Assets</b>	<u>\$ 9,145</u>	<u>\$ 8,544</u>
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization</b>		
Member's equity	\$ 2,988	\$ 2,825
MidAmerican Energy preferred securities	30	30
Long-term debt, excluding current portion	<u>3,344</u>	<u>3,170</u>
	<u>6,362</u>	<u>6,025</u>
<b>Current Liabilities</b>		
Notes payable	-	86
Note payable to affiliate	45	33
Current portion of long-term debt	175	1
Accounts payable	349	408
Taxes accrued	108	86
Interest accrued	60	57
Other	<u>138</u>	<u>76</u>
	<u>875</u>	<u>747</u>
<b>Other Liabilities</b>		
Deferred income taxes	614	509
Investment tax credits	37	38
Asset retirement obligations	199	182
Regulatory liabilities	800	793
Other	<u>258</u>	<u>250</u>
	<u>1,908</u>	<u>1,772</u>
<b>Total Capitalization and Liabilities</b>	<u>\$ 9,145</u>	<u>\$ 8,544</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 Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Operating Revenues</b>				
Regulated electric	\$ 492	\$ 467	\$ 975	\$ 947
Regulated gas	280	209	851	708
Nonregulated	<u>309</u>	<u>295</u>	<u>628</u>	<u>553</u>
	<u>1,081</u>	<u>971</u>	<u>2,454</u>	<u>2,208</u>
<b>Operating Expenses</b>				
Regulated:				
Cost of fuel, energy and capacity	189	176	365	373
Cost of gas sold	232	161	712	574
Other operating expenses	97	102	201	200
Maintenance	61	42	98	85
Depreciation and amortization	77	76	149	145
Property and other taxes	<u>26</u>	<u>25</u>	<u>51</u>	<u>50</u>
	<u>682</u>	<u>582</u>	<u>1,576</u>	<u>1,427</u>
Nonregulated:				
Cost of sales	290	270	589	512
Other	<u>5</u>	<u>6</u>	<u>10</u>	<u>11</u>
	<u>295</u>	<u>276</u>	<u>599</u>	<u>523</u>
Total operating expenses	<u>977</u>	<u>858</u>	<u>2,175</u>	<u>1,950</u>
<b>Operating Income</b>	<u>104</u>	<u>113</u>	<u>279</u>	<u>258</u>
<b>Non-Operating Income</b>				
Interest and dividend income	2	1	3	2
Allowance for equity funds	7	11	11	22
Other income	4	3	5	5
Other expense	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>	<u>(2)</u>
	<u>12</u>	<u>14</u>	<u>17</u>	<u>27</u>
<b>Fixed Charges</b>				
Interest on long-term debt	51	37	98	75
Other interest expense	-	4	2	8
Preferred dividends of subsidiaries	1	1	1	1
Allowance for borrowed funds	<u>(3)</u>	<u>(5)</u>	<u>(6)</u>	<u>(11)</u>
	<u>49</u>	<u>37</u>	<u>95</u>	<u>73</u>
<b>Income Before Income Taxes</b>	67	90	201	212
<b>Income Taxes</b>	<u>14</u>	<u>24</u>	<u>48</u>	<u>61</u>
<b>Net Income</b>	<u>\$ 53</u>	<u>\$ 66</u>	<u>\$ 153</u>	<u>\$ 151</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)

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net Cash Flows From Operating Activities</b>		
Net income	\$ 153	\$ 151
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	149	146
Deferred income taxes and investment tax credit, net	92	(3)
Amortization of other assets and liabilities	14	13
Impact of changes in working capital -		
Receivables, net	(98)	(30)
Inventories	27	45
Accounts payable	8	28
Taxes accrued	5	63
Other current assets and liabilities	12	(7)
Other, net	<u>(12)</u>	<u>(11)</u>
Net cash flows from operating activities	<u>350</u>	<u>395</u>
<b>Net Cash Flows From Investing Activities</b>		
Utility construction expenditures	(560)	(656)
Purchases of available-for-sale securities	(72)	(102)
Proceeds from sales of available-for-sale securities	69	82
Other, net	<u>1</u>	<u>5</u>
Net cash flows from investing activities	<u>(562)</u>	<u>(671)</u>
<b>Net Cash Flows From Financing Activities</b>		
Proceeds from long-term debt	349	649
Retirement of long-term debt	-	(1)
Net increase in note payable to affiliate	12	15
Net change in notes payable	(86)	-
Other, net	<u>1</u>	<u>(2)</u>
Net cash flows from financing activities	<u>276</u>	<u>661</u>
<b>Net Change in Cash and Cash Equivalents</b>	64	385
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>12</u>	<u>9</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ 76</u>	<u>\$ 394</u>

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 (“MEHC”) as its sole member. MEHC 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 MEHC 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 (“MidAmerican Energy”), a public utility with electric and natural gas operations. Direct, wholly owned nonregulated subsidiaries of MHC are InterCoast Capital Company, Midwest Capital Group, Inc., MidAmerican Services Company and MEC Construction Services Co.

The unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and U.S. Securities and Exchange Commission rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments, consisting of normal recurring adjustments, considered necessary for the fair presentation of its financial statements as of June 30, 2008, and for the three and six months ended June 30, 2008 and 2007. The results of operations for the three and six months ended June 30, 2008, are not necessarily indicative of the results to be expected for the full year.

The unaudited Consolidated Financial Statements include the accounts of MidAmerican Funding and its subsidiaries in which it holds a controlling financial interest. 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, 2007, 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 six months of 2008.

**(2) New Accounting Pronouncements**

Refer to Note 2 of MidAmerican Energy’s Notes to Consolidated Financial Statements for information regarding 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) Commitments and Contingencies**

Refer to Note 4 of MidAmerican Energy’s Notes to Consolidated Financial Statements for information regarding MidAmerican Funding’s commitments and contingencies.

### Other Commitments and Contingencies

MidAmerican Funding is a party in a variety of legal actions or claims arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. MidAmerican Funding does not believe that such normal and routine matters will have a material effect on its financial results.

#### (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) Fair Value Measurements

Refer to Note 6 of MidAmerican Energy's Notes to Consolidated Financial Statements for information regarding MidAmerican Funding's fair value measurements. In addition to MidAmerican Energy's financial instruments recorded at fair value, MidAmerican Funding had \$3 million of other trust securities as of June 30, 2008, which are categorized as Level 2 assets.

#### (7) Comprehensive Income and Components of Accumulated Other Comprehensive Income, Net

The components of comprehensive income are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income	\$ 53	\$ 66	\$ 153	\$ 151
Other comprehensive income (loss):				
Fair value adjustment on cash flow hedges, net of tax of \$2, \$(4), \$10 and \$7	5	(8)	16	10
Unrealized losses on available-for-sale securities, net of tax of \$(2), \$-, \$(4) and \$-	(3)	-	(5)	-
Total other comprehensive income (loss)	2	(8)	11	10
Comprehensive income	\$ 55	\$ 58	\$ 164	\$ 161

Accumulated other comprehensive income, net is included in the Consolidated Balance Sheets in member's equity and consists of the following components (in millions):

	As of	
	June 30, 2008	December 31, 2007
Fair value adjustment on cash flow hedges, net of tax of \$10 and \$-	\$ 17	\$ 1
Unrealized losses on available-for-sale securities, net of tax of \$(4) and \$-	(5)	-
Total accumulated other comprehensive income, net	\$ 12	\$ 1

#### (8) Segment Information

MidAmerican Funding has identified three reportable operating segments: regulated electric, regulated gas and nonregulated energy. 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. 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. The nonregulated energy segment derives most of its

revenue from nonregulated retail electric and gas activities. 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. "Other" in the tables below consists of the nonregulated subsidiaries of MidAmerican Funding not engaged in the energy business and parent company interest expense. The following tables provide information on a reportable operating segment basis (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,				
	2008	2007	2008	2007			
<u>Segment Profit Information</u>							
Operating revenues:							
Regulated electric	\$ 492	\$ 467	\$ 975	\$ 947			
Regulated gas	280	209	851	708			
Nonregulated energy	307	293	625	550			
Other	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>			
Total	<u>\$ 1,081</u>	<u>\$ 971</u>	<u>\$ 2,454</u>	<u>\$ 2,208</u>			
Depreciation and amortization:							
Regulated electric	\$ 69	\$ 68	\$ 133	\$ 130			
Regulated gas	<u>8</u>	<u>8</u>	<u>16</u>	<u>15</u>			
Total	<u>\$ 77</u>	<u>\$ 76</u>	<u>\$ 149</u>	<u>\$ 145</u>			
Operating income:							
Regulated electric	\$ 89	\$ 94	\$ 205	\$ 189			
Regulated gas	3	1	48	42			
Nonregulated energy	11	18	25	27			
Other	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>			
Total	<u>\$ 104</u>	<u>\$ 113</u>	<u>\$ 279</u>	<u>\$ 258</u>			
Net income:							
Regulated electric	\$ 55	\$ 64	\$ 124	\$ 128			
Regulated gas	-	(1)	24	22			
Nonregulated energy	4	10	18	15			
Other	<u>(6)</u>	<u>(7)</u>	<u>(13)</u>	<u>(14)</u>			
Total	<u>\$ 53</u>	<u>\$ 66</u>	<u>\$ 153</u>	<u>\$ 151</u>			
As of							
<table border="1"> <thead> <tr> <th></th> <th>June 30, 2008</th> <th>December 31, 2007</th> </tr> </thead> </table>						June 30, 2008	December 31, 2007
	June 30, 2008	December 31, 2007					
<u>Segment Asset Information</u>							
Total assets <sup>(1)</sup> :							
Regulated electric			\$ 7,940	\$ 7,301			
Regulated gas			917	1,017			
Nonregulated energy			267	203			
Other			<u>21</u>	<u>23</u>			
Total			<u>\$ 9,145</u>	<u>\$ 8,544</u>			

(1) Total assets by operating segment reflect the assignment of goodwill to applicable reporting units.

## (9) Recent Debt Transactions

Refer to Note 9 of MidAmerican Energy's Notes to Consolidated Financial Statements for information regarding MidAmerican Funding's recent debt transactions.

## **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, political and business conditions in the jurisdictions in which MidAmerican Energy’s facilities are located;
- changes in governmental, legislative, or regulatory requirements affecting MidAmerican Energy or the electric or gas utility industries;
- changes in, and compliance with, environmental laws, regulations, decisions and policies that could increase operating and capital improvement costs, reduce plant output and/or delay plant construction;
- the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies;
- changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage or supply of electricity and gas;
- changes in prices and availability for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on energy costs;
- the financial condition and creditworthiness of significant customers and suppliers;
- changes in business strategy or development plans;
- availability, term and deployment of capital;
- performance of MidAmerican Energy’s generation facilities, including unscheduled generation outages or repairs;
- risks relating to nuclear generation;
- the impact of derivative instruments used to mitigate or manage volume and price risk and changes in the commodity prices, interest rates and other conditions that affect the value of the derivatives;
- the impact of increases in healthcare costs, changes in interest rates, mortality, morbidity and investment performance on pension and other postretirement benefits expense, as well as the impact of changes in legislation on funding requirements;

- changes in MidAmerican Funding’s or MidAmerican Energy’s credit ratings;
- unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generation plants and infrastructure additions;
- the impact of new accounting pronouncements or changes in current accounting estimates and assumptions on financial results;
- other risks or unforeseen events, including litigation and wars, the effects of terrorism, embargos 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 filings with the United States Securities and Exchange Commission (“SEC”) or in other publicly disseminated written documents.

Further details of the potential risks and uncertainties affecting MidAmerican Funding or MidAmerican Energy 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.

### **Results of Operations for the Three Months Ended June 30, 2008 and 2007**

#### Overview

MidAmerican Energy’s earnings on common stock decreased \$14 million to \$59 million for the second quarter of 2008 compared to \$73 million for the second quarter of 2007 due to increased interest costs resulting from the issuance of long-term debt principally to fund MidAmerican Energy’s construction of additional wind-powered generation capacity in Iowa and a decrease in allowances for equity and borrowed funds used during construction as a result of Walter Scott, Jr. Energy Center Unit No. 4 (“WSEC Unit 4”) commencing commercial operation in June 2007. Additionally, MidAmerican Energy had lower nonregulated margins and increased maintenance expense due to generation plant outages and emergency response and restoration related to storms and floods in the second quarter of 2008, partially offset by higher regulated electric margins. MidAmerican Funding’s net income decreased \$13 million to \$53 million for the second quarter of 2008 compared to \$66 million for the second quarter of 2007.

#### Regulated Electric Gross Margin

	Three Months Ended June 30,	
	2008	2007
Gross margin (in millions):		
Operating revenues	\$ 492	\$ 467
Less cost of fuel, energy and capacity	<u>189</u>	<u>176</u>
Electric gross margin	<u>\$ 303</u>	<u>\$ 291</u>
Sales (Gigawatt hours (“GWh”)):		
Retail	5,012	5,082
Wholesale	<u>3,536</u>	<u>2,898</u>
Total	<u>8,548</u>	<u>7,980</u>

Electric gross margin for the second quarter of 2008 increased \$12 million compared to the second quarter of 2007. Gross margin on electric wholesale sales, which include sales of energy to markets operated by regional transmission organizations, other utilities, municipalities and marketers inside and outside of MidAmerican Energy’s balancing authority area, increased \$15 million, while gross margin on electric retail sales decreased \$3 million. Electric wholesale and retail gross margins were positively affected by a decrease in the average cost of electricity compared to the second quarter of 2007 due principally to the addition of WSEC Unit 4 in June 2007 and 288 MW (nameplate ratings) of wind-powered generation placed in service in the fourth quarter of 2007 and the first six months of 2008. The decrease in electric retail gross margin was primarily attributable to unfavorable weather conditions compared to the second quarter of 2007.

## Regulated Gas Gross Margin

	Three Months Ended June 30,	
	2008	2007
Gross margin (in millions):		
Operating revenues	\$ 280	\$ 209
Less cost of gas sold	<u>232</u>	<u>161</u>
Gas gross margin	<u>\$ 48</u>	<u>\$ 48</u>
Sales (000's decatherms ("Dths")):		
Retail	11,565	10,953
Wholesale	<u>11,011</u>	<u>10,759</u>
Total	<u>22,576</u>	<u>21,712</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. Compared to the second quarter of 2007, MidAmerican Energy's average per-unit cost of gas sold increased 38%, resulting in a \$65 million increase in gas revenues and cost of gas sold for the second quarter of 2008. Regulated gas revenues and cost of gas sold increased \$6 million due to the increase in total sales volumes in the second quarter of 2008.

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 June 30, 2008 vs. 2007
Change in recoveries of cost of gas sold:	
Average cost per unit	\$ 65
Sales volumes	<u>6</u>
Total change in cost of gas sold	71
Change in margin:	
Usage factors	1
Energy efficiency cost recovery	(2)
Other	<u>1</u>
Total revenue variance	<u>\$ 71</u>

Usage factors includes the effect of colder temperatures compared to the second quarter of 2007 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 of \$97 million for the second quarter of 2008 decreased \$5 million compared to the second quarter of 2007 due to a \$3 million decrease in pension and other postretirement costs resulting from lower annual cost estimates, a \$2 million decrease in property insurance expense as a result of a refund in the second quarter of 2008 and a \$2 million decrease in energy efficiency program costs, which was substantially matched by decreases in related electric and gas revenues. Fossil-fueled generation operation costs increased \$2 million due in part to WSEC Unit 4 beginning commercial operation in June 2007.

Maintenance expense of \$61 million for the second quarter of 2008 increased \$19 million compared to the second quarter of 2007 principally due to an \$11 million increase in fossil-fueled generation plant maintenance as a result of outages. Additionally, emergency response and restoration costs increased \$7 million compared to the second quarter of 2007 due to intense storms and extensive flooding in the second quarter of 2008.

Depreciation and amortization expense of \$77 million for the second quarter of 2008 increased \$1 million compared to the second quarter of 2007 due to a \$9 million increase in utility plant depreciation expense as a result of additional plant in service, including WSEC Unit 4 placed in service on June 1, 2007, and wind-powered generating facilities placed in service in the fourth quarter of 2007 and the first quarter of 2008. Regulatory expense related to a revenue sharing arrangement in Iowa decreased \$8 million as a result of lower Iowa electric equity returns. Refer to the “Utility Regulatory Matters” section of Item 7 in MidAmerican Energy’s Annual Report on Form 10-K for the year ended December 31, 2007, for an explanation of the revenue sharing arrangement.

### Nonregulated Gross Margin

	Three Months Ended June 30,	
	2008	2007
MidAmerican Energy (in millions) -		
Nonregulated operating revenues	\$ 307	\$ 293
Less nonregulated cost of sales	<u>289</u>	<u>269</u>
Nonregulated gross margin	<u>\$ 18</u>	<u>\$ 24</u>
MidAmerican Funding Consolidated (in millions) -		
Nonregulated operating revenues	\$ 309	\$ 295
Less nonregulated cost of sales	<u>290</u>	<u>270</u>
Nonregulated gross margin	<u>\$ 19</u>	<u>\$ 25</u>
Nonregulated electric retail sales (GWh)	<u>2,267</u>	<u>2,661</u>

Nonregulated revenues and cost of sales for the second quarter of 2008 increased compared to the second quarter of 2007 principally due to higher average prices and costs for nonregulated gas sales and a 16% increase in related sales volumes. Nonregulated electric retail revenues and cost of sales decreased compared to the second quarter of 2007 due to a 15% reduction in related sales volumes resulting primarily from a decrease in the number of customers due to the competitive environment in Illinois. The impact of the decrease in electric retail sales volumes was partially offset by higher prices and costs. Nonregulated gross margin decreased \$6 million for the second quarter of 2008 due primarily to a lower gross margin on nonregulated electric retail sales as a result of increased costs of electricity and the reduction in electric retail sales volumes.

### Non-Operating Income

MidAmerican Energy’s non-operating income for the second quarter of 2008 decreased \$1 million compared to the second quarter of 2007 primarily due to a \$4 million decrease in allowance for equity funds as a result of the decrease in construction work in progress from WSEC Unit 4 being placed in service in June 2007. 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 Federal Energy Regulatory Commission (“FERC”).

### Fixed Charges

The \$14 million increase in MidAmerican Energy’s interest on long-term debt for the second quarter of 2008 compared to the second quarter of 2007 was primarily due to long-term debt issuances of \$650 million in June 2007 and \$350 million in March 2008. MidAmerican Energy’s other interest expense decreased \$2 million due to a lower balance of the Iowa revenue sharing liability. 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 \$2 million decrease in allowance for borrowed funds for the second quarter of 2008 was due to the decrease in construction work in progress compared to the second quarter of 2007.

## Income Taxes

Income tax expense decreased \$11 million to \$17 million for the second quarter of 2008 with an effective tax rate of 22% compared to 27% for the second quarter of 2007.

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 second quarter of 2008 include \$3 million of additional production tax credits compared to the second quarter of 2007 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 Six Months Ended June 30, 2008 and 2007**

### Overview

MidAmerican Energy's earnings on common stock increased \$1 million to \$166 million for the first six months of 2008 compared to \$165 million for the first six months of 2007 due to improved margins on regulated electric sales primarily as a result of WSEC Unit 4 commencing commercial operation in June 2007 and to the addition of wind-powered generation capacity in Iowa. The increase in regulated electric margins was substantially offset by increased interest costs resulting from the issuance of long-term debt principally to fund MidAmerican Energy's construction of additional wind-powered generation capacity in Iowa and by a decrease in allowances for equity and borrowed funds used during construction as a result of WSEC Unit 4 being placed in service. Additionally, MidAmerican Energy incurred increased maintenance expense due to generation plant outages. MidAmerican Energy's net income increased \$2 million to \$153 million for the first six months of 2008 compared to \$151 million for the first six months of 2007.

### Regulated Electric Gross Margin

	Six Months Ended June 30,	
	2008	2007
Gross margin (in millions):		
Operating revenues	\$ 975	\$ 947
Less cost of fuel, energy and capacity	<u>365</u>	<u>373</u>
Electric gross margin	<u>\$ 610</u>	<u>\$ 574</u>
Sales (Gigawatt hours ("GWh")):		
Retail	10,248	10,056
Wholesale	<u>7,178</u>	<u>6,392</u>
Total	<u>17,426</u>	<u>16,448</u>

Electric gross margin for the first six months of 2008 increased \$36 million compared to the first six months of 2007. Gross margin on electric wholesale sales, which include sales of energy to markets operated by regional transmission organizations, other utilities, municipalities and marketers inside and outside of MidAmerican Energy's balancing authority area, increased \$34 million, while gross margin on electric retail sales increased \$2 million. The improved gross margins were primarily attributable to a decrease in the average cost of electricity compared to the first six months of 2007 due principally to the addition of WSEC Unit 4 in June 2007 and 288 MW (nameplate ratings) of wind-powered generation placed in service in the fourth quarter of 2007 and the first six months of 2008. Electric retail sales volumes reflect customer growth offset primarily by the impact of unfavorable weather conditions compared to the first six months of 2007. Additionally, sales of renewable energy credits contributed \$3 million to the improvement in electric retail gross margin but were substantially offset by a decrease in revenues from the recovery of energy efficiency program costs.

## Regulated Gas Gross Margin

	Six Months Ended June 30,	
	2008	2007
Gross margin (in millions):		
Operating revenues	\$ 851	\$ 708
Less cost of gas sold	<u>712</u>	<u>574</u>
Gas gross margin	<u>\$ 139</u>	<u>\$ 134</u>
Sales (000's decatherms ("Dths")):		
Retail	53,065	47,564
Wholesale	<u>21,915</u>	<u>23,670</u>
Total	<u>74,980</u>	<u>71,234</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. Compared to the first six months of 2007, MidAmerican Energy's average per-unit cost of gas sold increased 18%, resulting in a \$108 million increase in gas revenues and cost of gas sold for the first six months of 2008. Regulated gas revenues and cost of gas sold increased \$30 million due to the increase in total sales volumes in the first six months of 2008.

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

	Six Months Ended June 30, 2008 vs. 2007
Change in recoveries of cost of gas sold:	
Average cost per unit	\$ 108
Sales volumes	<u>30</u>
Total change in cost of gas sold	138
Change in margin:	
Usage factors	7
Energy efficiency cost recovery	(4)
Other	<u>2</u>
Total revenue variance	<u>\$ 143</u>

Usage factors includes the effect of colder temperatures compared to the first six months of 2007, 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 of \$201 million for the first six months of 2008 increased \$1 million compared to the first six months of 2007 due to a \$4 million increase in fossil-fueled generation operation costs due in part to WSEC Unit 4 beginning commercial operation in June 2007. Additionally, electric and gas distribution and electric transmission costs increased \$5 million compared to the first six months of 2007. These increases were offset by a \$4 million decrease in pension and other postretirement costs resulting from lower annual cost estimates and a \$6 million decrease in energy efficiency program costs, which was substantially matched by decreases in related electric and gas revenues.

Maintenance expense of \$98 million for the first six months of 2008 increased \$13 million compared to the first six months of 2007 primarily due to a \$12 million increase in fossil-fueled generation plant maintenance as a result of outages. Additionally, other power generation maintenance expense increased \$3 million due to the increase in the number of wind-powered generation facilities in service. Maintenance costs for emergency response and restoration related to storms and flooding decreased in 2008 due to greater costs for ice storms in the first quarter of 2007.

Depreciation and amortization expense of \$149 million for the first six months of 2008 increased \$4 million compared to the first six months of 2007 due to a \$17 million increase in utility plant depreciation expense as a result of additional plant in service, including WSEC Unit 4 placed in service on June 1, 2007, and wind-powered generating facilities placed in service in the fourth quarter of 2007 and the first quarter of 2008. Regulatory expense related to a revenue sharing arrangement in Iowa decreased \$14 million as a result of lower Iowa electric equity returns. Refer to the "Utility Regulatory Matters" section of Item 7 in MidAmerican Energy's Annual Report on Form 10-K for the year ended December 31, 2007, for an explanation of the revenue sharing arrangement.

### Nonregulated Gross Margin

	Six Months Ended June 30,	
	2008	2007
MidAmerican Energy (in millions) -		
Nonregulated operating revenues	\$ 625	\$ 550
Less nonregulated cost of sales	<u>588</u>	<u>511</u>
Nonregulated gross margin	<u>\$ 37</u>	<u>\$ 39</u>
MidAmerican Funding Consolidated (in millions) -		
Nonregulated operating revenues	\$ 628	\$ 553
Less nonregulated cost of sales	<u>589</u>	<u>512</u>
Nonregulated gross margin	<u>\$ 39</u>	<u>\$ 41</u>
Nonregulated electric retail sales (GWh)	<u>4,652</u>	<u>4,687</u>

Nonregulated revenues and cost of sales for the first six months of 2008 increased compared to the first six months of 2007 principally due to higher average prices and costs related to both nonregulated electric retail sales and nonregulated gas sales. Additionally, nonregulated gas sales volumes increased 11%, while nonregulated electric retail sales volumes were relatively unchanged. Nonregulated gross margin decreased \$2 million for the first six months of 2008 due primarily to increases in costs of electricity and natural gas.

### Non-Operating Income

MidAmerican Energy's non-operating income for the first six months of 2008 decreased \$10 million compared to the first six months of 2007 primarily due to an \$11 million decrease in allowance for equity funds as a result of the decrease in construction work in progress from WSEC Unit 4 being placed in service in June 2007. 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.

### Fixed Charges

The \$23 million increase in MidAmerican Energy's interest on long-term debt for the first six months of 2008 compared to the first six months of 2007 was primarily due to long-term debt issuances of \$650 million in June 2007 and \$350 million in March 2008. MidAmerican Energy's other interest expense decreased \$5 million due to a lower balance of the Iowa revenue sharing liability. 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 \$5 million decrease in allowance for borrowed funds for the first six months of 2008 was due to the decrease in construction work in progress compared to the first six months of 2007.

## Income Taxes

Income tax expense decreased \$14 million to \$56 million for the first six months of 2008 with an effective tax rate of 25% compared to 30% for the first six months of 2007.

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 six months of 2008 include \$8 million of additional production tax credits compared to the first six months of 2007 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 and distributions, 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 \$361 million and \$411 million for the first six months of 2008 and 2007, respectively. MidAmerican Funding's net cash provided by operating activities was \$350 million and \$395 million for the first six months of 2008 and 2007, respectively. The decrease in operating cash flows was due principally to growth in regulated gas and nonregulated revenue and the timing of receipts and disbursements related to these revenues. The decrease resulting from these factors was partially offset by a reduction in income taxes paid due to benefits from bonus depreciation and greater production tax credits in 2008.

## Utility Construction Expenditures

MidAmerican Energy's primary need for capital is utility construction expenditures, which totaled \$560 million and \$656 million for the first six months of 2008 and 2007, respectively. Utility construction expenditures for 2007 include amounts for the construction of WSEC Unit 4, which was placed into service June 1, 2007. MidAmerican Energy's utility construction expenditures for 2008, excluding the non-cash allowance for equity funds used during construction, are estimated to be approximately \$1.5 billion, which includes \$1.0 billion for the wind-powered generation projects discussed below, \$95 million for emissions control equipment to address current and anticipated air quality regulations, and \$435 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. Estimates may change significantly at any time as a result of, among other factors, changes in rules and regulations, including environmental and nuclear, changes in income tax laws, general business conditions, load projections, the cost and efficiency of construction labor, equipment, and materials, and the cost of capital. In addition, there can be no assurance that costs related to capital expenditures will be fully recovered. MidAmerican Energy expects to meet these capital expenditure requirements with short-term borrowings, cash flows from operations and the issuance of long-term debt.

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 capacity in Iowa to be placed in service on or before December 31, 2013. All new wind-powered generation capacity up to the 540 MW will be subject to the 2007 settlement agreement, including 78 MW (nameplate ratings) placed in service in the fourth quarter of 2007 and 87 MW (nameplate ratings) placed in service in the first six months of 2008. As of June 30, 2008, MidAmerican Energy had 748 MW (nameplate ratings) of operating wind-powered generation capacity and 536 MW (nameplate ratings) of wind-powered generation capacity in Iowa under development or construction that it expects will be placed in service by December 31, 2008, including 108 MW (nameplate ratings) subject to a settlement agreement between MidAmerican Energy and the OCA, which was approved by the IUB on June 16, 2008, and 53 MW (nameplate ratings) covered by a settlement agreement with the OCA that is subject to approval by the IUB. 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 capacity. Refer to Note 14 of Notes to Consolidated Financial Statements included in Item 8 of MidAmerican Energy's Annual Report on Form 10-K for the year ended December 31, 2007, for a discussion of the 2007 settlement agreement.

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

#### Contractual Obligations and Commercial Commitments

Subsequent to December 31, 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, 2007, other than the following debt issuances.

#### Debt Issuance

On March 25, 2008, MidAmerican Energy issued \$350 million of 5.3% Senior Notes due March 15, 2018. The proceeds are being used by MidAmerican Energy to pay construction costs, including costs for its wind-powered generation projects in Iowa, to repay short-term indebtedness and for general corporate purposes.

On July 1, 2008, the Iowa Finance Authority issued \$45 million of variable-rate tax-exempt bonds due July 1, 2038, the proceeds of which were loaned to MidAmerican Energy to pay environmental construction costs. Also on July 1, 2008, the Iowa Finance Authority issued \$57 million of variable-rate tax-exempt bonds due May 1, 2023, to refinance \$57 million of pollution control revenue bonds issued on behalf of MidAmerican Energy in 1993. MidAmerican Energy is contractually responsible for the timely payment of principal and interest on these variable-rate tax-exempt bonds.

#### Debt Authorizations and Related Matters

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 revolving credit facility, expiring July 6, 2012, for \$650 million that supports its \$455 million commercial paper program and its variable-rate tax-exempt obligations.

MidAmerican Energy currently has an effective registration statement with the SEC to issue up to \$330 million of long-term securities. It also has authorization from the FERC to issue long-term securities totaling up to \$248 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 \$236 million of long-term debt securities.

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 June 30, 2008, MidAmerican Energy's common equity ratio was 47% computed on a basis consistent with its commitment.

MidAmerican Funding or one of its subsidiaries, including MidAmerican Energy, may from time to time seek to retire its outstanding debt through cash purchases or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, may be temporary, and 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 June 30, 2008, 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 Energy are rated by nationally recognized credit rating agencies. Assigned credit ratings are based on each rating agency's assessment of 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, MidAmerican Energy does not have 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 its 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 June 30, 2008, MidAmerican Energy's estimated potential collateral requirements totaled approximately \$169 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.

## **Environmental Matters**

MidAmerican Energy is subject to federal, state and local laws and regulations with regard to air and water quality, renewable portfolio standards, hazardous and solid waste disposal and other environmental matters. The cost of complying with applicable environmental laws, regulations and rules is expected to be material to MidAmerican Energy. In particular, future mandates including those associated with addressing the issue of global climate change, may impact the operation of MidAmerican Energy generating facilities and may require MidAmerican Energy to reduce emissions at its facilities through the installation of additional emission control equipment or to purchase additional emission allowances or offsets in the future. MidAmerican Energy is not aware of any proven, commercially available technology that eliminates or captures and stores carbon dioxide emissions from coal-fired and gas-fired generation facilities, and MidAmerican Energy is uncertain when, or if, such technology will be commercially available.

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 U.S. Environmental Protection Agency ("EPA"). The plan is designed to effectively manage its expenditures required to comply with emissions standards. On April 1, 2008, MidAmerican Energy submitted to the IUB an updated plan, as required every two years by Iowa law, which increased its estimate of required expenditures. That plan estimated that the cost of incremental capital expenditures for emission control equipment included in its plan for compliance with current air quality requirements would total approximately \$360 million for January 1, 2008, through December 31, 2015. Additionally, MidAmerican Energy expected to incur significant incremental operating costs in conjunction with the utilization of the emissions control equipment. In light of the recent action on the Clean Air Interstate Rule ("CAIR"), as discussed below, MidAmerican Energy will be updating its estimates. Given the uncertainty in air emissions regulation, the change in estimates, if any, cannot be quantified at this time. 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.

### *National Ambient Air Quality Standards*

The EPA implements national ambient air quality standards for ozone and fine particulate matter, as well as for other criteria pollutants that set the minimum level of air quality for the United States. Areas that achieve the standards, as determined by ambient air quality monitoring, are characterized as being in attainment, while those that fail to meet the standards are designated as being nonattainment areas. Generally, sources of emissions in a nonattainment area are required to make emissions reductions. A new, more stringent standard for fine particulate matter became effective on December 18, 2006, but is under legal challenge in the United States Court of Appeals for the District of Columbia Circuit. The Iowa Department of Natural Resources recently notified emissions sources, including MidAmerican Energy's Riverside and Louisa coal-fired generating facilities, in Scott and Muscatine counties in Iowa that the two counties have not attained the fine particulate matter standard that was adopted in December 2006. It has not yet been determined if MidAmerican Energy's facilities contribute to the nonattainment and, if they have, what impact the nonattainment designation may have on the operation of MidAmerican Energy's facilities.

### *Regulated Air Pollutants*

In March 2005, the EPA released the final CAIR, calling for reductions of sulfur dioxide ("SO<sub>2</sub>") and nitrogen oxide ("NO<sub>x</sub>") emissions in the Eastern United States through, at each state's option, a market-based cap and trade system, emission reductions, or both because of contributions to downwind nonattainment of the fine particulate matter and ozone standards. The SO<sub>2</sub> and NO<sub>x</sub> emissions reductions were planned to be accomplished in two phases, in 2009-2010 and 2015. However, on July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit held that the CAIR was fatally flawed and vacated the rule, remanding it to the EPA to consider which states are included in CAIR based on their contribution to nonattainment and connect states' emission reductions to contributions to nonattainment in addition to distributing allowances appropriately. Given the court's ruling, it is unknown when reductions in emissions of SO<sub>2</sub> and NO<sub>x</sub> will be required or the level of any required reductions on MidAmerican Energy's generation facilities. Under the CAIR, a market for trading SO<sub>2</sub> and NO<sub>x</sub> emission credits had developed. As a result of the rule being vacated, that market has been adversely affected, and the value of credits has declined. While MidAmerican Energy participated in the market for SO<sub>2</sub> credits, management does not expect any impact from these market declines to be material to MidAmerican Energy.

The emissions reductions could be made more stringent by current or future regulatory and legislative proposals at the federal or state levels that would result in significant reductions of SO<sub>2</sub>, NO<sub>x</sub> and mercury, as well as carbon dioxide and other gases that may affect global climate change.

### *Regional Haze*

The EPA has initiated a regional haze program intended to improve visibility at specific federally protected areas. Some of MidAmerican Energy's plants meet the threshold applicability criteria under the Clean Air Visibility Rules. In accordance with the federal requirements, states were required to submit state implementation plans by December 2007 to demonstrate reasonable progress toward achieving natural visibility conditions in certain Class I areas by requiring emission controls, known as best available retrofit technology ("BART"), on sources with emissions that are anticipated to cause or contribute to impairment of visibility. Iowa submitted its state implementation plan to the EPA by December 2007 and suggested that the emission reductions already made by MidAmerican Energy and additional reductions that will be made under the CAIR place the state in the position that no further reductions should be required. However, because the court has vacated the CAIR, emissions reductions could be required under the regional haze provisions at MidAmerican Energy's BART-eligible sources. Until the outcome of the CAIR or its replacement is better known, it is not known whether emissions reductions will be required under this provision.

Refer to the Environmental Regulations section of Item 1 in MidAmerican Energy's Annual Report on Form 10-K for the year ended December 31, 2007, for a detailed discussion of environmental standards affecting MidAmerican Energy.

### **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 included in Item 1 of this Form 10-Q.

## **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 Consolidated 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 Consolidated 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, pension and other postretirement obligations, income taxes and revenue recognition - unbilled revenue. For additional 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, 2007. MidAmerican Energy's and MidAmerican Funding's critical accounting policies have not changed materially since December 31, 2007.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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, 2007. MidAmerican Energy's and MidAmerican Funding's exposure to market risk and their management of such risk has not changed materially since December 31, 2007. Refer to Note 3 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for disclosure of MidAmerican Energy's derivative positions as of June 30, 2008 and December 31, 2007.

### **Item 4. Controls and Procedures**

At the end of the period covered by this Quarterly Report on Form 10-Q, MidAmerican Energy and MidAmerican Funding each carried out an evaluation, under the supervision and with the participation of their respective management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of their respective disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended). Based upon that evaluation, each company's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), concluded that their respective disclosure controls and procedures were effective to ensure that information required to be disclosed by each company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including their respective company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There has been no change in MidAmerican Funding's or MidAmerican Energy's internal control over financial reporting during the quarter ended June 30, 2008, that has materially affected, or is reasonably likely to materially affect, their respective internal control over financial reporting.

## PART II – OTHER INFORMATION

### **Item 1. Legal Proceedings**

MidAmerican Funding and its subsidiaries currently have no material legal proceedings. For a discussion of the termination of a previously disclosed legal proceeding, refer to Part II, Item 1 in MidAmerican Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008. Information regarding MidAmerican Energy's regulatory and environmental matters is included in the "Utility Regulatory Matters" and "Environmental Matters" sections, respectively, of Item 7 in its Annual Report on Form 10-K for the year ended December 31, 2007.

### **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, 2007.

### **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: August 8, 2008

/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**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
---------------------------	---------------------------

MidAmerican Energy

- |      |  |
|------|--|
| 15   | Awareness Letter of Independent Registered Public Accounting Firm.                                   |
| 31.1 | Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

MidAmerican Funding

- |      |  |
|------|--|
| 31.3 | Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.4 | Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.3 | Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.4 | Principal 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 periods ended June 30, 2008 and 2007, as indicated in our report dated August 8, 2008; 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 June 30, 2008, 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  
August 8, 2008

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

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) 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 the registrant's board of directors (or persons performing the equivalent functions):
  - 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: August 8, 2008

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

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

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) 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 the registrant's board of directors (or persons performing the equivalent functions):
  - 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: August 8, 2008

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

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

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) 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 the registrant's board of directors (or persons performing the equivalent functions):
  - 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: August 8, 2008

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

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

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) 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 the registrant's board of directors (or persons performing the equivalent functions):
  - 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: August 8, 2008

/s/ Thomas B. Specketer  
Thomas B. Specketer  
Vice President and Controller  
(principal 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 June 30, 2008 (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: August 8, 2008

/s/ William J. Fehrman  
William J. Fehrman  
President  
(principal 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 June 30, 2008 (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: August 8, 2008

/s/ Thomas B. Specketer  
Thomas B. Specketer  
Vice President and Controller  
(principal 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 June 30, 2008 (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: August 8, 2008

/s/ Gregory E. Abel  
Gregory E. Abel  
President  
(principal 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 June 30, 2008 (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: August 8, 2008

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