

All of the member's equity of MidAmerican Funding, LLC was held by its parent company, MidAmerican Energy Holdings Company as of October 31, 2011.

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 October 31, 2011, 70,980,203 shares of MidAmerican Energy Company common stock, without par value, were outstanding.

MidAmerican Funding, LLC and MidAmerican Energy Company 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 subsidiaries, MidAmerican Energy Company makes no representation as to information relating to any other subsidiary of MidAmerican Funding, LLC.

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Definition of Abbreviations and Industry Terms

When used in Part I, Items 2 through 4, and Part II, Items 1 through 6, the following terms have the definitions indicated.

Companies

MEHC	MidAmerican Energy Holdings Company
MidAmerican Funding	MidAmerican Funding, LLC
MidAmerican Energy	MidAmerican Energy Company

Certain Industry Terms

AFUDC	Allowance for Funds Used During Construction
CSAPR	Cross-State Air Pollution Rule
Dths	Decatherms
DSM	Demand-side Management
EPA	United States Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
GHG	Greenhouse Gases
GHG Reporting	Greenhouse Gases Reporting
GWh	Gigawatt Hours
IUB	Iowa Utilities Board
MISO	Midwest Independent Transmission System Operator, Inc.
MW	Megawatts
NRC	Nuclear Regulatory Commission
RCRA	Resource Conservation and Recovery Act

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 Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can typically be identified by the use of forward-looking words, such as "will," "may," "could," "project," "believe," "anticipate," "expect," "estimate," "continue," "intend," "potential," "plan," "forecast" and similar terms. These statements are based upon MidAmerican Funding's and 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, as well as changes in laws and regulations affecting MidAmerican Energy's operations or related industries;
- changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce generating facility output, accelerate generating facility retirements or delay generating facility construction or acquisition;
- the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies;
- changes in economic, industry, competition or weather conditions, as well as demographic trends, that could affect customer growth and usage, electricity and natural gas supply or MidAmerican Energy's ability to obtain long-term contracts with customers and suppliers;
- a high degree of variance between actual and forecasted load that could impact MidAmerican Energy's hedging strategy and the cost of balancing its generation resources and wholesale activities with its retail load obligations;
- performance and availability of MidAmerican Energy's generating facilities, including the impacts of outages and repairs, transmission constraints, weather and operating conditions;

- changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generating capacity and energy costs;
- the financial condition and creditworthiness of MidAmerican Energy's significant customers and suppliers;
- changes in business strategy or development plans;
- availability, terms and deployment of capital, including reductions in demand for investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for MidAmerican Energy's credit facilities;
- changes in MidAmerican Energy's credit ratings;
- risks relating to nuclear generation;
- the impact of derivative contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in commodity prices, interest rates and other conditions that affect the fair value of derivative contracts;
- the impact of inflation on costs and our ability to recover such costs in regulated rates;
- increases in employee healthcare costs;
- the impact of investment performance and changes in interest rates, legislation, healthcare cost trends, mortality and morbidity on pension and other postretirement benefits expense and funding requirements;
- unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions;
- the impact of new accounting guidance or changes in current accounting estimates and assumptions on MidAmerican Funding's or MidAmerican Energy's consolidated financial results;
- other risks or unforeseen events, including the effects of storms, floods, litigation, wars, terrorism, embargoes and other catastrophic events; and
- other business or investment considerations that may be disclosed from time to time in MidAmerican Funding's or MidAmerican Energy's filings with the United States Securities and Exchange Commission 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 United States Securities and Exchange Commission, including Part II, 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.

PART I

Item 1. Financial Statements

MidAmerican Energy Company and Subsidiaries

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of MidAmerican Energy Company and subsidiaries (the "Company") as of September 30, 2011, and the related consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2011 and 2010, and of cash flows and changes in equity for the nine-month periods ended September 30, 2011 and 2010. 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, 2010, and the related consolidated statements of operations, cash flows, changes in equity, and comprehensive income for the year then ended (not presented herein); and in our report dated February 28, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2010 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
November 4, 2011

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Amounts in millions)

	As of	
	September 30, 2011	December 31, 2010
ASSETS		
Utility plant, net:		
Electric	\$ 9,846	\$ 9,403
Gas	1,241	1,214
Gross utility plant in service	11,087	10,617
Accumulated depreciation and amortization	(4,053)	(3,849)
Utility plant in service, net	7,034	6,768
Construction work in progress	439	151
Total utility plant, net	7,473	6,919
Current assets:		
Cash and cash equivalents	378	203
Receivables, net	333	383
Inventories	188	159
Other	128	110
Total current assets	1,027	855
Other assets:		
Investments and nonregulated property, net	479	490
Regulatory assets	633	578
Other	169	168
Total other assets	1,281	1,236
Total assets	\$ 9,781	\$ 9,010
CAPITALIZATION AND LIABILITIES		
Capitalization:		
MidAmerican Energy common shareholder's equity	\$ 3,177	\$ 2,931
Preferred securities	27	27
Noncontrolling interests	1	1
Long-term debt, excluding current portion	2,842	2,865
Total capitalization	6,047	5,824
Current liabilities:		
Current portion of long-term debt	400	—
Accounts payable	221	250
Taxes accrued	86	103
Interest accrued	37	44
Other	114	114
Total current liabilities	858	511
Other liabilities:		
Deferred income taxes	1,573	1,368
Asset retirement obligations	243	216
Regulatory liabilities	724	721
Other	336	370
Total other liabilities	2,876	2,675
Total capitalization and liabilities	\$ 9,781	\$ 9,010

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

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Amounts in millions)

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Operating revenue:				
Regulated electric	\$ 487	\$ 505	\$ 1,276	\$ 1,361
Regulated gas	99	110	562	625
Nonregulated	280	317	811	906
Total operating revenue	<u>866</u>	<u>932</u>	<u>2,649</u>	<u>2,892</u>
Operating costs and expenses:				
Regulated:				
Cost of fuel, energy and capacity	146	157	383	443
Cost of gas sold	56	67	378	447
Other operating expenses	97	105	304	303
Maintenance	48	45	142	143
Depreciation and amortization	78	86	247	257
Property and other taxes	29	28	87	84
Total regulated operating costs and expenses	<u>454</u>	<u>488</u>	<u>1,541</u>	<u>1,677</u>
Nonregulated:				
Cost of sales	256	290	740	833
Other	8	7	21	19
Total nonregulated operating costs and expenses	<u>264</u>	<u>297</u>	<u>761</u>	<u>852</u>
Total operating costs and expenses	<u>718</u>	<u>785</u>	<u>2,302</u>	<u>2,529</u>
Operating income	<u>148</u>	<u>147</u>	<u>347</u>	<u>363</u>
Non-operating income:				
Interest income	—	—	1	1
Allowance for equity funds	7	1	12	3
Other, net	(1)	3	2	3
Total non-operating income	<u>6</u>	<u>4</u>	<u>15</u>	<u>7</u>
Fixed charges:				
Interest on long-term debt	40	39	117	116
Other interest expense	—	—	1	1
Allowance for borrowed funds	(3)	—	(5)	(1)
Total fixed charges	<u>37</u>	<u>39</u>	<u>113</u>	<u>116</u>
Income before income tax expense	<u>117</u>	<u>112</u>	<u>249</u>	<u>254</u>
Income tax expense	10	4	19	7
Net income	<u>107</u>	<u>108</u>	<u>230</u>	<u>247</u>
Preferred dividends	—	—	1	—
Earnings on common stock	<u>\$ 107</u>	<u>\$ 108</u>	<u>\$ 229</u>	<u>\$ 247</u>

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

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Amounts in millions)

	Nine-Month Periods	
	Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 230	\$ 247
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	247	257
Deferred income taxes and amortization of investment tax credits	166	95
Changes in other assets and liabilities	23	24
Other, net	(7)	4
Changes in other operating assets and liabilities:		
Receivables, net	57	82
Inventories	(27)	4
Derivative collateral, net	(11)	14
Contributions to pension and other postretirement benefit plans, net	(42)	(9)
Accounts payable	(43)	(36)
Taxes accrued	(39)	(13)
Other current assets and liabilities	11	6
Net cash flows from operating activities	<u>565</u>	<u>675</u>
Cash flows from investing activities:		
Utility construction expenditures	(397)	(182)
Purchases of available-for-sale securities	(64)	(57)
Proceeds from sales of available-for-sale securities	61	51
Other, net	11	5
Net cash flows from investing activities	<u>(389)</u>	<u>(183)</u>
Cash flows from financing activities:		
Dividends	(1)	(376)
Repurchase of preferred securities	—	(3)
Net cash flows from financing activities	<u>(1)</u>	<u>(379)</u>
Net change in cash and cash equivalents	175	113
Cash and cash equivalents at beginning of period	203	87
Cash and cash equivalents at end of period	<u>\$ 378</u>	<u>\$ 200</u>

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

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(Amounts in millions)

MidAmerican Energy Shareholders' Equity						
	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss, Net	Preferred Securities	Noncontrolling Interests	Total Equity
Balance, December 31, 2009	\$ 561	\$ 2,417	\$ (49)	\$ 30	\$ 1	\$ 2,960
Net income	—	247	—	—	—	247
Other comprehensive loss	—	—	(3)	—	—	(3)
Repurchase of preferred securities	1	—	—	(3)	—	(2)
Common dividends	—	(375)	—	—	—	(375)
Preferred dividends	—	(1)	—	—	—	(1)
Balance, September 30, 2010	\$ 562	\$ 2,288	\$ (52)	\$ 27	\$ 1	\$ 2,826
Balance, December 31, 2010	\$ 562	\$ 2,398	\$ (29)	\$ 27	\$ 1	\$ 2,959
Net income	—	230	—	—	—	230
Other comprehensive income	—	—	17	—	—	17
Preferred dividends	—	(1)	—	—	—	(1)
Balance, September 30, 2011	\$ 562	\$ 2,627	\$ (12)	\$ 27	\$ 1	\$ 3,205

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

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Amounts in millions)

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Net income	\$ 107	\$ 108	\$ 230	\$ 247
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on available-for-sale securities, net of tax of \$-, \$-, \$- and \$(1)	—	—	1	(3)
Unrealized gains (losses) on cash flow hedges, net of tax of \$3, \$(5), \$12 and \$-	4	(9)	16	—
Total other comprehensive income (loss), net of tax	4	(9)	17	(3)
Comprehensive income	\$ 111	\$ 99	\$ 247	\$ 244

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

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

(1) General

MidAmerican Energy Company ("MidAmerican Energy") is a public utility with electric and natural gas operations and is the principal subsidiary of MHC Inc. ("MHC"). MHC is 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 the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Consolidated Financial Statements as of September 30, 2011, and for the three- and nine-month periods ended September 30, 2011 and 2010. The results of operations for the three- and nine-month periods ended September 30, 2011, are not necessarily indicative of the results to be expected for the full year.

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 Consolidated Financial Statements and the reported amounts of revenue 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, 2010, describes the most significant accounting policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in MidAmerican Energy's assumptions regarding significant accounting estimates and policies during the nine-month period ended September 30, 2011.

Utility Plant Depreciation Rates

During the second quarter of 2011, MidAmerican Energy revised its electric and gas utility plant depreciation rates based on the results of a periodic study. The new rates generally reflect longer estimated useful lives and lower net salvage. The effect of this change was to reduce depreciation and amortization expense by \$7 million and \$9 million for the three- and nine-month periods ended September 30, 2011, respectively, and is estimated to be \$28 million annually based on depreciable plant balances at the time of the change.

(2) New Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-05, which amends FASB Accounting Standards Codification ("ASC") Topic 220, "Comprehensive Income." ASU No. 2011-05 provides an entity with the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Regardless of the option chosen, the guidance also requires presentation of items on the face of the financial statements that are reclassified from other comprehensive income to net income. This guidance does not change the items that must be reported in other comprehensive income, when an item of other comprehensive income must be reclassified to net income or how tax effects of each item of other comprehensive income are presented. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011. MidAmerican Energy is currently evaluating which presentation option will be implemented.

In May 2011, the FASB issued ASU No. 2011-04, which amends FASB ASC Topic 820, "Fair Value Measurements and Disclosures." The amendments in this guidance are not intended to result in a change in current accounting. ASU No. 2011-04 requires additional disclosures relating to fair value measurements categorized within Level 3 of the fair value hierarchy, including quantitative information about unobservable inputs, the valuation process used by the entity and the sensitivity of unobservable input measurements. Additionally, entities are required to disclose the level of the fair value hierarchy for assets and liabilities that are not measured at fair value in the balance sheet, but for which disclosure of the fair value is required. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011. MidAmerican Energy is currently evaluating the impact of adopting this guidance on its disclosures included within Notes to Consolidated Financial Statements.

In January 2010, the FASB issued ASU No. 2010-06, which amends FASB ASC Topic 820, "Fair Value Measurements and Disclosures." ASU No. 2010-06 requires disclosure of (a) the amount of significant transfers into and out of Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers and (b) gross presentation of purchases, sales, issuances and settlements in the Level 3 fair value measurement rollforward. This guidance clarifies that existing fair value measurement disclosures should be presented for each class of assets and liabilities. The existing disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements have also been clarified to ensure such disclosures are presented for the Levels 2 and 3 fair value measurements. MidAmerican Energy adopted this guidance as of January 1, 2010, with the exception of the disclosure requirement to present purchases, sales, issuances and settlements gross in the Level 3 fair value measurement rollforward, which MidAmerican Energy adopted as of January 1, 2011. The adoption of this guidance did not have a material impact on MidAmerican Energy's disclosures included within Notes to Consolidated Financial Statements.

(3) Fair Value Measurements

The carrying value of MidAmerican Energy's cash, certain cash equivalents, receivables, payables, accrued liabilities and short-term borrowings approximates fair value because of the short-term maturity of these instruments. MidAmerican Energy has various financial assets and liabilities that are measured at fair value on the Consolidated Financial Statements 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 or 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 its own data.

The following table presents MidAmerican Energy's assets and liabilities recognized on the Consolidated Balance Sheets and measured at fair value on a recurring basis (in millions):

	Input Levels for Fair Value Measurements			Other⁽¹⁾	Total
	Level 1	Level 2	Level 3		
As of September 30, 2011:					
Assets:					
Commodity derivatives	\$ 2	\$ 21	\$ 13	\$ (18)	\$ 18
Investments in available-for-sale securities:					
Money market mutual funds ⁽²⁾	241	—	—	—	241
Debt securities	83	55	16	—	154
Equity securities	148	—	—	—	148
	<u>\$ 474</u>	<u>\$ 76</u>	<u>\$ 29</u>	<u>\$ (18)</u>	<u>\$ 561</u>
Liabilities - Commodity derivatives	<u>\$ (18)</u>	<u>\$ (67)</u>	<u>\$ (3)</u>	<u>\$ 32</u>	<u>\$ (56)</u>

	Input Levels for Fair Value Measurements				Total
	Level 1	Level 2	Level 3	Other⁽¹⁾	
As of December 31, 2010					
Assets:					
Commodity derivatives	\$ 3	\$ 23	\$ 18	\$ (23)	\$ 21
Investments in available-for-sale securities:					
Money market mutual funds ⁽²⁾	120	—	—	—	120
Debt securities	74	53	20	—	147
Equity securities	167	—	—	—	167
	<u>\$ 364</u>	<u>\$ 76</u>	<u>\$ 38</u>	<u>\$ (23)</u>	<u>\$ 455</u>
Liabilities - Commodity derivatives	<u>\$ (10)</u>	<u>\$ (89)</u>	<u>\$ (4)</u>	<u>\$ 37</u>	<u>\$ (66)</u>

(1) Represents netting under master netting arrangements and a net cash collateral receivable of \$14 million as of September 30, 2011 and December 31, 2010.

(2) Amounts are included in cash and cash equivalents and investments and nonregulated property, net on the Consolidated Balance Sheets. The fair value of these money market mutual funds approximates cost.

Derivative contracts are recorded on the Consolidated Balance Sheets as either assets or liabilities and are stated at fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. When available, the fair value of derivative contracts is estimated using unadjusted quoted prices for identical contracts in the market in which MidAmerican Energy transacts. When quoted prices for identical contracts are not available, MidAmerican Energy uses forward price curves. Forward price curves represent MidAmerican Energy's estimates of the prices at which a buyer or seller could contract today for delivery or settlement at future dates. MidAmerican Energy bases its forward price curves upon 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 derivative contracts; 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 due to the length of the contract. Given that limited market data exists for these contracts, as well as for those contracts that are not actively traded, MidAmerican Energy uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs that are based on unobservable inputs. The estimated fair value of these derivative contracts is a function of underlying forward commodity prices, interest rates, related volatility, counterparty creditworthiness and duration of contracts. Refer to Note 4 for further discussion regarding MidAmerican Energy's risk management and hedging activities.

MidAmerican Energy's investments in money market mutual funds and debt and equity securities are accounted for as available-for-sale securities and are stated at fair value. When available, a readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value. In the absence of a quoted market price or net asset value of an identical security, the fair value is determined using pricing models or net asset values 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 pricing models based on available observable market data and MidAmerican Energy's judgment about the assumptions, including liquidity and nonperformance risks, which market participants would use when pricing the asset.

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-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	Commodity Derivatives	Debt Securities	Commodity Derivatives	Debt Securities
2011				
Beginning balance	\$ 7	\$ 16	\$ 14	\$ 20
Changes included in earnings ⁽¹⁾	6	—	10	—
Changes in fair value recognized in other comprehensive income	—	—	—	1
Changes in fair value recognized in regulatory assets and liabilities	(1)	—	3	—
Sales	—	—	—	(5)
Settlements	(3)	—	(18)	—
Transfers from Level 2	1	—	1	—
Ending balance	\$ 10	\$ 16	\$ 10	\$ 16
2010				
Beginning balance	\$ 16	\$ 12	\$ 21	\$ 16
Changes included in earnings ⁽¹⁾	10	—	15	—
Changes in fair value recognized in other comprehensive income	—	—	—	(4)
Changes in fair value recognized in regulatory assets and liabilities	—	—	3	—
Settlements	(4)	—	(17)	—
Transfers to Level 2	3	—	3	—
Ending balance	\$ 25	\$ 12	\$ 25	\$ 12

(1) Changes included in earnings are reported as nonregulated operating revenue on the Consolidated Statements of Operations. For commodity derivatives held as of September 30, 2011 and 2010, net unrealized gains (losses) included in earnings for the three-month periods ended September 30, 2011 and 2010, totaled \$4 million and \$5 million, respectively, and for the nine-month periods ended September 30, 2011 and 2010, totaled \$5 million and \$10 million, respectively.

MidAmerican Energy's long-term debt is carried at cost on the Consolidated Financial Statements. The fair value of MidAmerican Energy's long-term debt has been estimated based upon quoted market prices, where available, or at the present value of future cash flows discounted at rates consistent with comparable maturities with similar credit risks. The carrying value of MidAmerican Energy's variable-rate long-term debt approximates fair value because of the frequent repricing of these instruments at market rates. The following table presents the carrying value and estimated fair value of MidAmerican Energy's long-term debt (in millions):

	As of September 30, 2011		As of December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$ 3,242	\$ 3,663	\$ 2,865	\$ 3,161

(4) Risk Management and Hedging Activities

MidAmerican Energy is exposed to the impact of market fluctuations in commodity prices and interest rates. MidAmerican Energy is principally exposed to electricity, natural gas, coal and fuel oil commodity price risk as it has an obligation to serve retail customer load in its regulated service territory. MidAmerican Energy also provides nonregulated retail electricity and natural gas services in competitive markets. MidAmerican Energy's load and generating facilities represent substantial underlying commodity positions. Exposures to commodity prices consist mainly of variations in the price of fuel required to generate electricity, wholesale electricity that is purchased and sold, and natural gas supply for regulated and nonregulated retail customers. Commodity prices are subject to wide price swings as supply and demand are impacted by, among many other unpredictable items, weather, market liquidity, generating facility availability, customer usage, storage, and transmission and transportation constraints. Interest rate risk exists on variable-rate debt and future debt issuances. MidAmerican Energy does not engage in a material amount of proprietary trading activities.

MidAmerican Energy has established a risk management process that is designed to identify, assess, monitor, report, manage and mitigate each of the various types of risk involved in its business. To mitigate a portion of its commodity price risk, MidAmerican Energy uses commodity derivative contracts, including forwards, futures, options, swaps and other agreements, to effectively secure future supply or sell future production generally at fixed prices. MidAmerican Energy manages its interest rate risk by limiting its exposure to variable interest rates primarily through the issuance of fixed-rate long-term debt and by monitoring market changes in interest rates. Additionally, MidAmerican Energy may from time to time enter into interest rate derivative contracts, such as interest rate swaps or locks, to mitigate its exposure to interest rate risk. MidAmerican Energy does not hedge all of its commodity price and interest rate risks, thereby exposing the unhedged portion to changes in market prices.

There have been no significant changes in MidAmerican Energy's accounting policies related to derivatives. Refer to Note 3 for additional information on derivative contracts.

The following table, which excludes contracts that qualify for the normal purchases or normal sales exception afforded by GAAP, summarizes the fair value of MidAmerican Energy's derivative contracts, on a gross basis, and reconciles those amounts to the amounts presented on a net basis on the Consolidated Balance Sheets (in millions):

	Current Assets - Other	Other Assets - Other	Current Liabilities - Other	Other Liabilities - Other	Total
As of September 30, 2011					
Not designated as hedging contracts⁽¹⁾⁽²⁾:					
Commodity assets	\$ 16	\$ 3	\$ 6	\$ 1	\$ 26
Commodity liabilities	(6)	(1)	(45)	(20)	(72)
Total	<u>10</u>	<u>2</u>	<u>(39)</u>	<u>(19)</u>	<u>(46)</u>
Designated as hedging contracts⁽¹⁾:					
Commodity assets	2	5	3	—	10
Commodity liabilities	(1)	—	(13)	(2)	(16)
Total	<u>1</u>	<u>5</u>	<u>(10)</u>	<u>(2)</u>	<u>(6)</u>
Total derivatives	11	7	(49)	(21)	(52)
Cash collateral receivable	—	—	13	1	14
Total derivatives - net basis	<u>\$ 11</u>	<u>\$ 7</u>	<u>\$ (36)</u>	<u>\$ (20)</u>	<u>\$ (38)</u>

As of December 31, 2010**Not designated as hedging contracts⁽¹⁾⁽²⁾:**

Commodity assets	\$ 19	\$ 5	\$ 12	\$ 2	\$ 38
Commodity liabilities	(2)	(2)	(47)	(13)	(64)
Total	17	3	(35)	(11)	(26)

Designated as hedging contracts⁽¹⁾:

Commodity assets	1	2	2	1	6
Commodity liabilities	(1)	(1)	(31)	(6)	(39)
Total	—	1	(29)	(5)	(33)
Total derivatives	17	4	(64)	(16)	(59)
Cash collateral receivable	—	—	11	3	14
Total derivatives - net basis	\$ 17	\$ 4	\$ (53)	\$ (13)	\$ (45)

(1) Derivative contracts within these categories subject to master netting arrangements are presented on a net basis on the Consolidated Balance Sheets.

(2) The majority of MidAmerican Energy's commodity derivatives not designated as hedging contracts are included in regulated rates, and as of September 30, 2011 and December 31, 2010, a net regulatory asset of \$46 million and \$27 million, respectively, was recorded related to the net derivative liability of \$46 million and \$26 million, respectively.

Not Designated as Hedging Contracts

For MidAmerican Energy's regulated electric and regulated gas commodity derivatives not designated as hedging contracts, the settled amount is generally included in regulated rates. Accordingly, the net unrealized gains and losses associated with interim price movements on contracts that are accounted for as derivatives and probable of inclusion in regulated rates are recorded as net regulatory assets or liabilities. The following table reconciles the beginning and ending balances of MidAmerican Energy's net regulatory assets (liabilities) and summarizes the pre-tax gains and losses on commodity derivative contracts recognized in net regulatory assets (liabilities), as well as amounts reclassified to earnings (in millions):

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Beginning balance	\$ 20	\$ (3)	\$ 27	\$ (14)
Changes in fair value recognized in net regulatory assets (liabilities)	29	21	39	19
Net (losses) gains reclassified to operating revenue	(2)	(1)	(3)	7
Net gains reclassified to cost of fuel, energy and capacity	1	3	6	13
Net losses reclassified to cost of gas sold	(2)	—	(23)	(5)
Ending balance	\$ 46	\$ 20	\$ 46	\$ 20

For most of MidAmerican Energy's derivatives not designated as hedging contracts and for which changes in fair value are not recorded as a net regulatory asset or liability, unrealized gains and losses are recognized on the Consolidated Statements of Operations as nonregulated operating revenue for sales contracts and as nonregulated cost of sales for purchase contracts and electricity and natural gas swap contracts. MidAmerican Energy also had a weather derivative contract for which unrealized gains and losses were recognized in regulated cost of gas sold. The following table summarizes the pre-tax gains (losses) included on the Consolidated Statements of Operations associated with MidAmerican Energy's commodity derivative contracts not designated as hedging contracts and not recorded as a net regulatory asset or liability (in millions):

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Nonregulated operating revenue	\$ 5	\$ 8	\$ 8	\$ 19
Regulated cost of gas sold	—	—	—	3
Nonregulated cost of sales	(4)	(7)	(4)	(17)
Total	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 5</u>

Designated as Hedging Contracts

MidAmerican Energy uses commodity derivative contracts accounted for as cash flow hedges to hedge electricity and natural gas commodity prices for delivery to nonregulated customers.

The following table reconciles the beginning and ending balances of MidAmerican Energy's accumulated other comprehensive loss (pre-tax) and summarizes pre-tax gains and losses on commodity derivative contracts designated and qualifying as cash flow hedges recognized in other comprehensive income ("OCI"), as well as amounts reclassified to earnings (in millions):

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Beginning balance	\$ 13	\$ 49	\$ 34	\$ 63
Changes in fair value recognized in OCI	(10)	18	(24)	28
Net gains (losses) reclassified to nonregulated cost of sales	3	(4)	(4)	(28)
Ending balance	<u>\$ 6</u>	<u>\$ 63</u>	<u>\$ 6</u>	<u>\$ 63</u>

Realized gains and losses on hedges and hedge ineffectiveness are recognized in income as nonregulated operating revenue or nonregulated cost of sales depending upon the nature of the item being hedged. For the three- and nine-month periods ended September 30, 2011 and 2010, hedge ineffectiveness was insignificant. As of September 30, 2011, MidAmerican Energy had cash flow hedges with expiration dates extending through December 2015, and \$9 million of pre-tax net unrealized losses are forecasted to be reclassified from accumulated other comprehensive loss into earnings over the next twelve months as contracts settle.

Derivative Contract Volumes

The following table summarizes the net notional amounts of outstanding commodity derivative contracts with fixed price terms that comprise the mark-to-market values as of (in millions):

	Unit of Measure	September 30, 2011	December 31, 2010
Electricity purchases	Megawatt hours	6	2
Natural gas purchases	Decatherms	67	53
Fuel purchases	Gallons	2	4

Credit Risk

MidAmerican Energy extends unsecured credit to other utilities, energy marketing companies, financial institutions and other market participants in conjunction with its wholesale energy supply and marketing activities. Credit risk relates to the risk of loss that might occur as a result of nonperformance by counterparties on their contractual obligations to make or take delivery of electricity, natural gas or other commodities and to make financial settlements of these obligations. Credit risk may be concentrated to the extent that one or more groups of counterparties have similar economic, industry or other characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in market or other conditions. In addition, credit risk includes not only the risk that a counterparty may default due to circumstances relating directly to it, but also the risk that a counterparty may default due to circumstances involving other market participants that have a direct or indirect relationship with the counterparty.

MidAmerican Energy analyzes the financial condition of each significant wholesale counterparty before entering into any transactions, establishes limits on the amount of unsecured credit to be extended to each counterparty and evaluates the appropriateness of unsecured credit limits on an ongoing basis. To mitigate exposure to the financial risks of wholesale counterparties, MidAmerican Energy enters into netting and collateral arrangements that may include margining and cross-product netting agreements and obtains third-party guarantees, letters of credit and cash deposits. Counterparties may be assessed fees for delayed payments. If required, MidAmerican Energy exercises rights under these arrangements, including calling on the counterparty's credit support arrangement.

MidAmerican Energy also has potential indirect credit exposure to other market participants in the regional transmission organization ("RTO") markets where it actively participates, including the Midwest Independent Transmission System Operator, Inc. and the PJM Interconnection, L.L.C. In the event of a default by a RTO market participant on its market-related obligations, losses are allocated among all other market participants in proportion to each participant's share of overall market activity during the period of time the loss was incurred, diversifying MidAmerican Energy's exposure to credit losses from individual participants. Transactional activities of MidAmerican Energy and other participants in organized RTO markets are governed by credit policies specified in each respective RTO's governing tariff or related business practices. Credit policies of RTO's, which have been developed through extensive stakeholder participation, generally seek to minimize potential loss in the event of a market participant default without unnecessarily inhibiting access to the marketplace. MidAmerican Energy's share of historical losses from defaults by other RTO market participants has not been material.

Collateral and Contingent Features

In accordance with industry practice, certain wholesale derivative contracts contain provisions that require MidAmerican Energy to maintain specific credit ratings from one or more of the major credit rating agencies on its senior unsecured debt. These derivative contracts may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in MidAmerican Energy's creditworthiness. These rights can vary by contract and by counterparty. As of September 30, 2011, MidAmerican Energy's credit ratings from the three recognized credit rating agencies were investment grade.

The aggregate fair value of MidAmerican Energy's derivative contracts in liability positions with specific credit-risk-related contingent features totaled \$66 million and \$80 million as of September 30, 2011 and December 31, 2010, respectively, for which MidAmerican Energy had not posted any collateral. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of September 30, 2011 and December 31, 2010, MidAmerican Energy would have been required to post \$53 million and \$65 million, respectively, of additional collateral. MidAmerican Energy's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings, changes in legislation or regulation, or other factors.

(5) Long-Term Debt

In conjunction with the construction of wind-powered generating facilities, MidAmerican Energy has accrued as construction work in progress certain amounts for which it is not contractually obligated to pay until December 2013. The amounts ultimately payable are discounted at 1.46% and recognized upon delivery of the equipment as long-term debt. The discount is amortized as interest expense over the period until payment is due using the effective interest method. As of September 30, 2011, \$376 million of such debt, net of associated discount, was outstanding.

(6) Employee Benefit Plans

MidAmerican Energy sponsors a noncontributory defined benefit pension plan covering a majority of all employees of MEHC and its domestic energy subsidiaries other than PacifiCorp. MidAmerican Energy also sponsors certain postretirement healthcare and life insurance benefits covering substantially all retired employees of MEHC and its domestic energy subsidiaries other than PacifiCorp. Net periodic benefit cost for pension and other postretirement benefit plans included the following components (in millions):

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2011	2010	2011	2010
Pension:				
Service cost	\$ 4	\$ 5	\$ 13	\$ 13
Interest cost	10	9	30	29
Expected return on plan assets	(10)	(10)	(32)	(30)
Net periodic benefit cost	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 11</u>	<u>\$ 12</u>
Other postretirement:				
Service cost	\$ 1	\$ 1	\$ 3	\$ 3
Interest cost	3	3	8	8
Expected return on plan assets	(4)	(4)	(10)	(10)
Net amortization	(1)	—	(2)	(1)
Net periodic benefit cost	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ —</u>

Employer contributions to the pension and other postretirement benefit plans are expected to be \$56 million and \$- million, respectively, during 2011. As of September 30, 2011, \$53 million and \$- million of contributions had been made to the pension and other postretirement benefit plans, respectively.

(7) Income Taxes

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows:

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2011	2010	2011	2010
Federal statutory income tax rate	35%	35%	35%	35%
Amortization of investment tax credit	—	(1)	—	(1)
State income tax, net of federal income tax benefit	6	8	7	7
Renewable electricity production tax credits	(29)	(29)	(28)	(26)
Income tax method change	—	—	—	(3)
Effects of ratemaking	(7)	(10)	(6)	(10)
Other, net	4	1	—	1
Effective income tax rate	<u>9%</u>	<u>4%</u>	<u>8%</u>	<u>3%</u>

MidAmerican Energy's wind-powered generating facilities are eligible for federal renewable electricity production tax credits for 10 years from the date the facilities were placed in service.

In 2010, MidAmerican Energy changed the method by which it determines current income tax deductions for repair costs ("Repairs Deduction") related to certain of its regulated utility assets. The change resulted in current deductibility for those costs, which are capitalized for book purposes. MidAmerican Energy was allowed to retroactively apply the method change and deduct the related prior years' costs on the tax return that includes the year of the change. State utility rate regulation in Iowa requires that the tax effect of certain temporary differences such as these 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 treatment of such temporary differences impacts income tax expense and effective tax rates from year to year. Accordingly, MidAmerican Energy's earnings for the nine-month period ended September 30, 2010, reflect \$7 million of net tax benefits recognized in connection with the Repairs Deduction for tax years prior to 2010 related to MidAmerican Energy's regulated natural gas utility assets. Additionally, income tax expense for the three- and nine-month periods ended September 30, 2011, reflects increases of \$3 million and \$10 million, respectively, for other effects of ratemaking, including the impact of 100% bonus depreciation for 2011, the ongoing impact of the method change and certain other temporary differences.

(8) Commitments and Contingencies

Contractual Obligations

In May 2011, MidAmerican Energy signed contracts totaling \$427 million for the construction of emissions control equipment at two of its jointly owned generating facilities to address air quality requirements. These contracts resulted in purchase obligations for the years ending December 31 of approximately \$143 million in 2012, \$194 million in 2013 and \$90 million in 2014. As a joint owner of the generating facilities, MidAmerican Energy's share is \$238 million.

Legal Matters

MidAmerican Energy is party to a variety of legal actions 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 litigation will have a material impact on its consolidated financial results.

(9) Components of Accumulated Other Comprehensive Loss, Net

Accumulated other comprehensive loss, net consists of the following components (in millions):

	As of	
	September 30, 2011	December 31, 2010
Unrealized losses on cash flow hedges, net of tax of \$(2) and \$(14)	\$ (4)	\$ (20)
Unrealized losses on available-for-sale securities, net of tax of \$(6) and \$(6)	(8)	(9)
Total accumulated other comprehensive loss, net	<u>\$ (12)</u>	<u>\$ (29)</u>

(10) 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 revenue by transporting gas owned by others through its distribution system. Pricing for regulated electric and regulated 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 certain factors, which primarily relate to the nature of the cost.

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

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2011	2010	2011	2010
Operating revenue:				
Regulated electric	\$ 487	\$ 505	\$ 1,276	\$ 1,361
Regulated gas	99	110	562	625
Nonregulated energy	280	317	811	906
Total operating revenue	<u>\$ 866</u>	<u>\$ 932</u>	<u>\$ 2,649</u>	<u>\$ 2,892</u>
Depreciation and amortization:				
Regulated electric	\$ 70	\$ 77	\$ 221	\$ 231
Regulated gas	8	9	26	26
Total depreciation and amortization	<u>\$ 78</u>	<u>\$ 86</u>	<u>\$ 247</u>	<u>\$ 257</u>
Operating income:				
Regulated electric	\$ 133	\$ 130	\$ 248	\$ 266
Regulated gas	(1)	(3)	48	43
Nonregulated energy	16	20	51	54
Total operating income	<u>\$ 148</u>	<u>\$ 147</u>	<u>\$ 347</u>	<u>\$ 363</u>

	As of	
	September 30, 2011	December 31, 2010
Total assets:		
Regulated electric	\$ 8,582	\$ 7,780
Regulated gas	1,031	1,033
Nonregulated energy	168	197
Total assets	<u>\$ 9,781</u>	<u>\$ 9,010</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of MidAmerican Funding, LLC and subsidiaries (the "Company") as of September 30, 2011, and the related consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2011 and 2010, and of cash flows and changes in equity for the nine-month periods ended September 30, 2011 and 2010. 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, 2010, and the related consolidated statements of operations, cash flows, changes in equity, and comprehensive income for the year then ended (not presented herein); and in our report dated February 28, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2010 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
November 4, 2011

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

	As of	
	September 30, 2011	December 31, 2010
ASSETS		
Utility plant, net:		
Electric	\$ 9,846	\$ 9,403
Gas	1,241	1,214
Gross utility plant in service	11,087	10,617
Accumulated depreciation and amortization	(4,053)	(3,849)
Utility plant in service, net	7,034	6,768
Construction work in progress	439	151
Total utility plant, net	7,473	6,919
Current assets:		
Cash and cash equivalents	379	203
Receivables, net	336	386
Inventories	188	159
Other	126	111
Total current assets	1,029	859
Other assets:		
Investments and nonregulated property, net	504	516
Goodwill	1,270	1,270
Regulatory assets	633	578
Other	167	168
Total other assets	2,574	2,532
Total assets	\$ 11,076	\$ 10,310
CAPITALIZATION AND LIABILITIES		
Capitalization:		
MidAmerican Funding member's equity	\$ 3,907	\$ 3,673
Noncontrolling interests	28	28
Long-term debt, excluding current portion	3,167	3,190
Total capitalization	7,102	6,891
Current liabilities:		
Current portion of long-term debt	400	200
Note payable to affiliate	234	14
Accounts payable	221	250
Taxes accrued	86	103
Interest accrued	39	56
Other	115	114
Total current liabilities	1,095	737
Other liabilities:		
Deferred income taxes	1,573	1,370
Asset retirement obligations	243	216
Regulatory liabilities	724	721
Other	339	375
Total other liabilities	2,879	2,682
Total capitalization and liabilities	\$ 11,076	\$ 10,310

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

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

(Amounts in millions)

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Operating revenue:				
Regulated electric	\$ 487	\$ 505	\$ 1,276	\$ 1,361
Regulated gas	99	110	562	625
Nonregulated	280	318	812	909
Total operating revenue	<u>866</u>	<u>933</u>	<u>2,650</u>	<u>2,895</u>
Operating costs and expenses:				
Regulated:				
Cost of fuel, energy and capacity	146	157	383	443
Cost of gas sold	56	67	378	447
Other operating expenses	97	105	304	303
Maintenance	48	45	142	143
Depreciation and amortization	78	86	247	257
Property and other taxes	29	28	87	84
Total regulated operating costs and expenses	<u>454</u>	<u>488</u>	<u>1,541</u>	<u>1,677</u>
Nonregulated:				
Cost of sales	255	290	740	833
Other	9	7	23	21
Total nonregulated operating costs and expenses	<u>264</u>	<u>297</u>	<u>763</u>	<u>854</u>
Total operating costs and expenses	<u>718</u>	<u>785</u>	<u>2,304</u>	<u>2,531</u>
Operating income	<u>148</u>	<u>148</u>	<u>346</u>	<u>364</u>
Non-operating income:				
Interest income	—	—	1	1
Allowance for equity funds	7	1	12	3
Other, net	(1)	4	4	8
Total non-operating income	<u>6</u>	<u>5</u>	<u>17</u>	<u>12</u>
Fixed charges:				
Interest on long-term debt	44	48	136	143
Other interest expense	1	—	2	1
Allowance for borrowed funds	(3)	—	(5)	(1)
Total fixed charges	<u>42</u>	<u>48</u>	<u>133</u>	<u>143</u>
Income before income tax expense (benefit)	112	105	230	233
Income tax expense (benefit)	8	2	12	(1)
Net income	104	103	218	234
Net income attributable to noncontrolling interests	—	—	1	—
Net income attributable to MidAmerican Funding	<u>\$ 104</u>	<u>\$ 103</u>	<u>\$ 217</u>	<u>\$ 234</u>

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

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

	Nine-Month Periods	
	Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 218	\$ 234
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	247	257
Deferred income taxes and amortization of investment tax credits	165	98
Changes in other assets and liabilities	23	24
Other, net	(6)	(1)
Changes in other operating assets and liabilities:		
Receivables, net	58	82
Inventories	(28)	4
Derivative collateral, net	(11)	14
Contributions to pension and other postretirement benefit plans, net	(42)	(9)
Accounts payable	(42)	(36)
Taxes accrued	(38)	(13)
Other current assets and liabilities	1	(3)
Net cash flows from operating activities	<u>545</u>	<u>651</u>
Cash flows from investing activities:		
Utility construction expenditures	(397)	(182)
Purchases of available-for-sale securities	(64)	(57)
Proceeds from sales of available-for-sale securities	61	51
Other, net	12	5
Net cash flows from investing activities	<u>(388)</u>	<u>(183)</u>
Cash flows from financing activities:		
Distributions to member	—	(114)
Distributions to noncontrolling interests	(1)	(1)
Repayment of long-term debt	(200)	—
Repurchase of preferred securities of subsidiary	—	(3)
Net change in note payable to affiliate	220	(237)
Net cash flows from financing activities	<u>19</u>	<u>(355)</u>
Net change in cash and cash equivalents	176	113
Cash and cash equivalents at beginning of period	203	88
Cash and cash equivalents at end of period	<u>\$ 379</u>	<u>\$ 201</u>

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

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(Amounts in millions)

	<u>MidAmerican Funding Member's Equity</u>				<u>Total Equity</u>
	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss, Net</u>	<u>Noncontrolling Interests</u>	
Balance, December 31, 2009	\$ 1,679	\$ 1,798	\$ (49)	\$ 31	\$ 3,459
Net income	—	234	—	—	234
Other comprehensive loss	—	—	(3)	—	(3)
Repurchase of preferred securities of subsidiary	—	—	—	(2)	(2)
Distributions to member	—	(114)	—	—	(114)
Distributions to noncontrolling interests	—	—	—	(1)	(1)
Balance, September 30, 2010	<u>\$ 1,679</u>	<u>\$ 1,918</u>	<u>\$ (52)</u>	<u>\$ 28</u>	<u>\$ 3,573</u>
Balance, December 31, 2010	\$ 1,679	\$ 2,023	\$ (29)	\$ 28	\$ 3,701
Net income	—	217	—	1	218
Other comprehensive income	—	—	17	—	17
Distributions to noncontrolling interests	—	—	—	(1)	(1)
Balance, September 30, 2011	<u>\$ 1,679</u>	<u>\$ 2,240</u>	<u>\$ (12)</u>	<u>\$ 28</u>	<u>\$ 3,935</u>

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

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

	Three-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Net income	\$ 104	\$ 103	\$ 218	\$ 234
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on available-for-sale securities, net of tax of \$-, \$-, \$- and \$(1)	—	—	1	(3)
Unrealized gains (losses) on cash flow hedges, net of tax of \$3, \$(5), \$12 and \$-	4	(9)	16	—
Total other comprehensive income (loss), net of tax	4	(9)	17	(3)
Comprehensive income	108	94	235	231
Comprehensive income attributable to noncontrolling interests	—	—	1	—
Comprehensive income attributable to MidAmerican Funding	\$ 108	\$ 94	\$ 234	\$ 231

The accompanying notes are an integral part of these consolidated 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 conducts no business other than the ownership of its subsidiaries and related corporate services. 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 Midwest Capital Group, Inc. 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 the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Consolidated Financial Statements as of September 30, 2011, and for the three- and nine-month periods ended September 30, 2011 and 2010. The results of operations for the three- and nine-month periods ended September 30, 2011, are not necessarily indicative of the results to be expected for the full year.

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 Consolidated Financial Statements and the reported amounts of revenue 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, 2010, describes the most significant accounting policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in MidAmerican Funding's assumptions regarding significant accounting estimates and policies during the nine-month period ended September 30, 2011. Refer to Note 1 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(2) New Accounting Pronouncements

In addition to the following new accounting pronouncement, refer to Note 2 of MidAmerican Energy's Notes to Consolidated Financial Statements.

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-08, which amends FASB Accounting Standards Codification ("ASC") Topic 350, "Intangibles-Goodwill and Other." The amendments in this guidance provide an entity the option to assess qualitatively whether it is necessary to perform the current two-step goodwill impairment test. An entity would be required to perform step one if it determines qualitatively that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. Otherwise, no further testing would be required. This guidance is effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011, and is not expected to have an impact on MidAmerican Funding's Consolidated Financial Statements.

(3) Fair Value Measurements

Refer to Note 3 of MidAmerican Energy's Notes to Consolidated Financial Statements.

MidAmerican Funding's long-term debt is carried at cost on the Consolidated Financial Statements. The fair value of MidAmerican Funding's long-term debt has been estimated based upon quoted market prices, where available, or at the present value of future cash flows discounted at rates consistent with comparable maturities with similar credit risks. The carrying value of MidAmerican Funding's variable-rate long-term debt approximates fair value because of the frequent repricing of these instruments at market rates. The following table presents the carrying value and estimated fair value of MidAmerican Funding's long-term debt (in millions):

	As of September 30, 2011		As of December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$ 3,567	\$ 4,078	\$ 3,390	\$ 3,741

(4) Risk Management and Hedging Activities

Refer to Note 4 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(5) Long-Term Debt

Refer to Note 5 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(6) Employee Benefit Plans

Refer to Note 6 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(7) Income Taxes

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows:

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2011	2010	2011	2010
Federal statutory income tax rate	35%	35%	35%	35%
Amortization of investment tax credit	—	(1)	—	(1)
State income tax, net of federal income tax benefit	6	8	7	7
Renewable electricity production tax credits	(30)	(31)	(31)	(29)
Income tax method change	—	—	—	(3)
Effects of ratemaking	(7)	(11)	(7)	(11)
Other, net	3	2	1	2
Effective income tax rate	7%	2%	5%	—%

MidAmerican Energy's wind-powered generating facilities are eligible for federal renewable electricity production tax credits for 10 years from the date the facilities were placed in service.

In 2010, MidAmerican Energy changed the method by which it determines current income tax deductions for repair costs ("Repairs Deduction") related to certain of its regulated utility assets. The change resulted in current deductibility for those costs, which are capitalized for book purposes. MidAmerican Energy was allowed to retroactively apply the method change and deduct the related prior years' costs on the tax return that includes the year of the change. State utility rate regulation in Iowa requires that the tax effect of certain temporary differences such as these 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 treatment of such temporary differences impacts income tax expense and effective tax rates from year to year. Accordingly, MidAmerican Energy's earnings for the nine-month period ended September 30, 2010, reflect \$7 million of net tax benefits recognized in connection with the Repairs Deduction for tax years prior to 2010 related to MidAmerican Energy's regulated natural gas utility assets. Additionally, income tax expense for the three- and nine-month periods ended September 30, 2011, reflects increases of \$3 million and \$10 million, respectively, for other effects of ratemaking, including the impact of 100% bonus depreciation for 2011, the ongoing impact of the method change and certain other temporary differences.

(8) Commitments and Contingencies

Refer to Note 8 of MidAmerican Energy's Notes to Consolidated Financial Statements.

MidAmerican Funding is party to a variety of legal actions 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 litigation will have a material impact on its consolidated financial results.

(9) Components of Accumulated Other Comprehensive Loss, Net

Refer to Note 9 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(10) 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 revenue by transporting gas owned by others through its distribution system. Pricing for regulated electric and regulated 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 certain factors, which primarily 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-Month Periods		Nine-Month Periods	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Operating revenue:				
Regulated electric	\$ 487	\$ 505	\$ 1,276	\$ 1,361
Regulated gas	99	110	562	625
Nonregulated energy	280	317	811	906
Other	—	1	1	3
Total operating revenue	<u>\$ 866</u>	<u>\$ 933</u>	<u>\$ 2,650</u>	<u>\$ 2,895</u>

Depreciation and amortization:				
Regulated electric	\$ 70	\$ 77	\$ 221	\$ 231
Regulated gas	8	9	26	26
Total depreciation and amortization	<u>\$ 78</u>	<u>\$ 86</u>	<u>\$ 247</u>	<u>\$ 257</u>

Operating income:				
Regulated electric	\$ 133	\$ 130	\$ 248	\$ 266
Regulated gas	(1)	(3)	48	43
Nonregulated energy	16	20	51	54
Other	—	1	(1)	1
Total operating income	<u>\$ 148</u>	<u>\$ 148</u>	<u>\$ 346</u>	<u>\$ 364</u>

	As of	
	September 30,	December 31,
	2011	2010
Total assets⁽¹⁾:		
Regulated electric	\$ 9,773	\$ 8,971
Regulated gas	1,110	1,111
Nonregulated energy	168	197
Other	25	31
Total assets	<u>\$ 11,076</u>	<u>\$ 10,310</u>

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

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

MidAmerican Funding is an Iowa limited liability company whose sole member is MEHC. MidAmerican Funding owns all of the outstanding common stock of MHC Inc., which owns all of the common stock of MidAmerican Energy, Midwest Capital Group, Inc. and MEC Construction Services Co. MHC Inc., MidAmerican Funding and MEHC are headquartered in Des Moines, Iowa.

The following is management's discussion and analysis of certain significant factors that have affected the consolidated financial condition and results of operations of MidAmerican Funding and its subsidiaries and MidAmerican Energy and its subsidiaries as presented in this joint filing. Information in Management's Discussion and Analysis 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. Explanations include management's best estimate of the impact of weather, customer growth and other factors.

This discussion should be read in conjunction with the historical unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q. MidAmerican Energy's and MidAmerican Funding's actual results in the future could differ significantly from the historical results.

Results of Operations for the Third Quarter and First Nine Months of 2011 and 2010

Overview

MidAmerican Energy -

MidAmerican Energy's earnings on common stock for the third quarter of 2011 was \$107 million, a decrease of \$1 million, or 1%, and for the first nine months of 2011 was \$229 million, a decrease of \$18 million, or 7%, compared to 2010. The decreases were due to lower regulated electric wholesale margins and higher income tax expense in 2011. The decrease in wholesale margins resulted from lower sales volumes and lower average revenue per unit sold. An increase in regulated electric retail margins, due primarily to higher volumes as a result of increased industrial sales and customer growth in MidAmerican Energy's service territory, partially offset the decrease in regulated electric wholesale margins for the first nine months of 2011. Higher income tax expense in the first nine months of 2011 was due to the effects of ratemaking. Decreases in depreciation and amortization and higher AFUDC partially offset the above decreases to earnings on common stock.

MidAmerican Funding -

Net income attributable to MidAmerican Funding for the third quarter of 2011 was \$104 million, an increase of \$1 million, or 1%, and for the first nine months of 2011 was \$217 million, a decrease of \$17 million, or 7%, compared to 2010. In addition to the factors discussed for MidAmerican Energy, net income attributable to MidAmerican Funding for the first nine months of 2010 reflects \$3 million of after-tax income from the reduction of environmental contingencies related to MidAmerican Funding's past divestiture of an oil and gas company for which MidAmerican Funding has determined its future liability is no longer probable.

Regulated Electric Gross Margin

	Third Quarter				First Nine Months			
	2011	2010	Change		2011	2010	Change	
Gross margin (in millions):								
Operating revenue	\$ 487	\$ 505	\$ (18)	(4)%	\$ 1,276	\$ 1,361	\$ (85)	(6)%
Less - cost of fuel, energy and capacity	146	157	(11)	(7)	383	443	(60)	(14)
Electric gross margin	<u>\$ 341</u>	<u>\$ 348</u>	<u>\$ (7)</u>	(2)	<u>\$ 893</u>	<u>\$ 918</u>	<u>\$ (25)</u>	(3)
Sales (GWh):								
Retail	6,083	5,956	127	2 %	16,650	16,389	261	2 %
Wholesale	2,606	3,115	(509)	(16)	7,596	9,829	(2,233)	(23)
Total	<u>8,689</u>	<u>9,071</u>	<u>(382)</u>	(4)	<u>24,246</u>	<u>26,218</u>	<u>(1,972)</u>	(8)

Electric gross margin for the third quarter of 2011 decreased \$7 million compared to the third quarter of 2010. Wholesale gross margin decreased a total of \$5 million due to a \$3 million reduction from lower wholesale sales volumes and a \$2 million decrease from a lower average margin per megawatt hour sold on lower market prices. Wholesale includes sales of energy to markets operated by regional transmission organizations, other utilities and municipalities. Retail gross margin decreased \$2 million due primarily to an increase in the use of higher cost generation for retail, offset partially by improvements from customer growth and hotter temperatures compared to the third quarter of 2010.

Electric gross margin for the first nine months of 2011 decreased \$25 million compared to the first nine months of 2010. Wholesale gross margin decreased a total of \$34 million due to a \$19 million reduction from lower wholesale sale volumes, reflecting a decrease in MidAmerican Energy's generation availability in the first quarter of 2011, and a \$15 million reduction from a lower average margin per megawatt hour sold as a result of lower market prices. Retail gross margin increased \$9 million due in part to an improvement in sales volumes as a result of various customer usage influences, including customer growth and increased industrial sales. Additionally, increases in recoveries through bill riders for DSM program costs and carbon reduction study costs contributed \$4 million to the improvement in retail gross margin. Changes in recoveries through these bill riders are substantially matched by changes in other operating expenses and depreciation and amortization. These increases were partially offset by the use of higher cost generation during the third quarter of 2011.

Regulated Gas Gross Margin

	Third Quarter				First Nine Months			
	2011	2010	Change		2011	2010	Change	
Gross margin (in millions):								
Operating revenue	\$ 99	\$ 110	\$ (11)	(10)%	\$ 562	\$ 625	\$ (63)	(10)%
Less - cost of gas sold	56	67	(11)	(16)	378	447	(69)	(15)
Gas gross margin	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ —</u>	—	<u>\$ 184</u>	<u>\$ 178</u>	<u>\$ 6</u>	3
Sales (000's Dths):								
Retail	6,051	5,929	122	2 %	55,379	53,917	1,462	3 %
Wholesale	4,384	6,921	(2,537)	(37)	15,856	25,275	(9,419)	(37)
Total	<u>10,435</u>	<u>12,850</u>	<u>(2,415)</u>	(19)	<u>71,235</u>	<u>79,192</u>	<u>(7,957)</u>	(10)

Regulated gas revenue includes 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 regulated gas revenue reflects comparable fluctuations through the purchased gas adjustment clauses.

Compared to the third quarter and first nine months of 2010, gas revenue and cost of gas sold decreased primarily due to the decrease in wholesale sales volumes for 2011. Additionally, for the first nine months of 2011, MidAmerican Energy's average per-unit cost of gas sold decreased 6%, resulting in a \$24 million decrease in gas revenue and cost of gas sold compared to 2010. The increase in gross margin compared to the first nine months of 2010 was due to greater retail sales volumes as a result of weather conditions and other usage factors, higher Illinois retail rates implemented in the second quarter of 2010 and a \$1 million increase in recoveries through a bill rider for DSM program costs.

Regulated Operating Costs and Expenses

Other operating expenses of \$97 million for the third quarter of 2011 decreased \$8 million compared to the third quarter of 2010 primarily due to a \$3 million increase in insurance recoveries that reduced environmental costs and a \$2 million decrease in utility regulatory assessments. Other operating expenses of \$304 million for the first nine months of 2011 increased \$1 million compared to the first nine months of 2010 due to a \$4 million increase in DSM program costs, \$3 million of costs related to flooding in a portion of MidAmerican Energy's service territory and a \$2 million increase in healthcare benefit costs, offset substantially by a \$4 million decrease in utility regulatory assessments, a \$2 million increase in a nuclear insurance refund distribution and a \$2 million increase in insurance recoveries of environmental costs. Increases in DSM program costs are matched by increases in related electric and gas revenue.

Maintenance expense of \$48 million for the third quarter of 2011 increased \$3 million compared to the third quarter of 2010 due to a \$2 million increase in other power generation maintenance and a \$1 million increase in fossil-fueled generation facility maintenance costs. Maintenance expense of \$142 million for the first nine months of 2011 decreased \$1 million compared to the first nine months of 2010 due to a \$7 million decrease in storm and flood-related response and restoration costs from greater storm damage in 2010. Increases from other power generation and fossil-fueled generation facility maintenance substantially offset this decrease.

Depreciation and amortization expense of \$78 million for the third quarter of 2011 decreased \$8 million compared to the third quarter of 2010. For the first nine months of 2011, depreciation and amortization expense of \$247 million decreased \$10 million compared to the first nine months of 2010. During the third quarter and first nine months of 2011, MidAmerican Energy recorded credits of \$1 million and \$5 million, respectively, related to a revenue sharing arrangement in Iowa. Refer to Note 4 in Item 8 of MidAmerican Energy's and MidAmerican Funding's Annual Report on Form 10-K for the year ended December 31, 2010, for additional information regarding the revenue sharing arrangement. During the second quarter of 2011, MidAmerican Energy revised its electric and gas utility plant depreciation rates based on the results of a depreciation study. The new rates generally reflect longer estimated useful lives and lower net salvage. The effect of this change was to reduce depreciation and amortization expense by \$7 million and \$9 million for the third quarter and first nine months of 2011, respectively, and is estimated to be \$28 million annually based on depreciable plant balances at the time of the change. These decreases were partially offset by the increase in depreciable plant and costs related to an Iowa carbon reduction study.

Property and other taxes expense of \$29 million and \$87 million for the third quarter and first nine months of 2011 increased \$1 million and \$3 million, respectively, compared to 2010 due primarily to higher Iowa property taxes as a result of the statutory phase-in of wind-powered generation facility assessments, which increase by 5% annually for seven years from the year each facility is placed in service.

Nonregulated Gross Margin

MidAmerican Energy -

	<u>Third Quarter</u>				<u>First Nine Months</u>			
	<u>2011</u>	<u>2010</u>	<u>Change</u>		<u>2011</u>	<u>2010</u>	<u>Change</u>	
Gross margin (in millions):								
Nonregulated operating revenue	\$ 280	\$ 317	\$ (37)	(12)%	\$ 811	\$ 906	\$ (95)	(10)%
Less - nonregulated cost of sales	256	290	(34)	(12)	740	833	(93)	(11)
Nonregulated gross margin	<u>\$ 24</u>	<u>\$ 27</u>	<u>\$ (3)</u>	(11)	<u>\$ 71</u>	<u>\$ 73</u>	<u>\$ (2)</u>	(3)
Nonregulated electric sales (GWh)	<u>3,004</u>	<u>3,210</u>	<u>(206)</u>	(6)	<u>8,204</u>	<u>8,765</u>	<u>(561)</u>	(6)
Nonregulated gas sales (000's Dths)	<u>7,149</u>	<u>7,435</u>	<u>(286)</u>	(4)	<u>26,930</u>	<u>29,226</u>	<u>(2,296)</u>	(8)

For the third quarter of 2011 compared to the third quarter of 2010, lower volumes, prices and costs for nonregulated electric and gas sales resulted in decreases to nonregulated operating revenue and cost of sales. Nonregulated gross margin decreased compared to the third quarter of 2010 due to lower average margins per unit on nonregulated electric and gas sales and lower volumes. For the first nine months of 2011 compared to the first nine months of 2010, lower volumes, prices and costs for nonregulated electric and gas sales resulted in decreases to nonregulated operating revenue and cost of sales. Nonregulated gross margin decreased compared to the first nine months of 2010 due to the lower sales volumes and a lower average margin per unit on nonregulated gas sales, offset partially by a higher average margin per unit on nonregulated electric sales.

Non-Operating Income

MidAmerican Energy -

Allowance for equity funds increased \$6 million and \$9 million compared to the third quarter and first nine months of 2010, respectively, primarily as a result of greater capital expenditures for wind-powered generation. MidAmerican Energy's other, net for the third quarter of 2011 decreased \$4 million compared to the third quarter of 2010 due to lower income from corporate-owned life insurance policies as a result of capital market performance, offset partially by a \$1 million gain on the sale of utility property. MidAmerican Energy's other, net for the first nine months of 2011 decreased \$1 million primarily due to lower income from corporate-owned life insurance policies as a result of capital market performance and a decrease in contributions from customers for construction, offset partially by a \$3 million expense in the second quarter of 2010 for the resolution of a dispute with the operator of one of MidAmerican Energy's jointly owned generating facilities and the 2011 gain on the sale of utility property.

MidAmerican Funding -

Other, net for the first nine months of 2010 reflects \$5 million of income from the reduction of environmental contingencies related to MidAmerican Funding's past divestiture of an oil and gas company for which MidAmerican Funding has determined its future liability is no longer probable.

Fixed Charges

MidAmerican Funding -

In March 2011, MidAmerican Funding repaid \$200 million of 6.75% Senior notes, which reduced its interest on long-term debt for the third quarter and first nine months of 2011.

Income Tax Expense (Benefit)

MidAmerican Energy -

MidAmerican Energy's income tax expense increased \$6 million to \$10 million for the third quarter of 2011 with an effective tax rate of 9% compared to 4% for the third quarter of 2010. MidAmerican Energy's income tax expense increased \$12 million to \$19 million for the first nine months of 2011 with an effective tax rate of 8% compared to 3% for the first nine months of 2010.

MidAmerican Energy's income tax expense for the third quarter and first nine months of 2011 increased relative to the comparable periods in 2010 principally due to the effects of ratemaking, partially offset, for the first nine months of 2011, by lower pre-tax income.

In 2010, MidAmerican Energy changed the method by which it determines current income tax deductions for repair costs ("Repairs Deduction") related to certain of its regulated utility assets. The change resulted in current deductibility for those costs, which are capitalized for book purposes. MidAmerican Energy was allowed to retroactively apply the method change and deduct the related prior years' costs on the tax return that includes the year of the change. State utility rate regulation in Iowa requires that the tax effect of certain temporary differences such as these 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 treatment of such temporary differences impacts income tax expense and effective tax rates from year to year. Accordingly, MidAmerican Energy's earnings for the first nine months of 2010 reflect \$7 million of net tax benefits recognized in connection with the Repairs Deduction for tax years prior to 2010 related to MidAmerican Energy's regulated natural gas utility assets.

Additionally, income tax expense for the three- and nine-month periods ended September 30, 2011, reflects increases of \$3 million and \$10 million, respectively, for other effects of ratemaking, including the impact of 100% bonus depreciation for 2011, the ongoing impact of the method change and certain other temporary differences.

MidAmerican Funding -

MidAmerican Funding's income tax expense increased \$6 million to \$8 million for the third quarter of 2011 with an effective tax rate of 7% compared to 2% for the third quarter of 2010. MidAmerican Funding's income tax expense increased \$13 million to \$12 million for the first nine months of 2011 with an effective tax rate of 5% compared to -% for the first nine months of 2010. These increases were due principally to the factors discussed for MidAmerican Energy.

Liquidity and Capital Resources

As of September 30, 2011, MidAmerican Energy's total net liquidity available was \$833 million consisting of \$378 million of cash and cash equivalents and \$650 million of revolving credit facilities reduced by \$195 million of the revolving credit facilities reserved to support MidAmerican Energy's variable-rate tax-exempt bond obligations. As of September 30, 2011, MidAmerican Funding's total net liquidity available was \$838 million, including MidAmerican Energy's net liquidity, MHC Inc.'s \$4 million revolving credit facility and an additional \$1 million of cash and cash equivalents.

Operating Activities

MidAmerican Energy's net cash flows from operating activities for the nine-month periods ended September 30, 2011 and 2010, were \$565 million and \$675 million, respectively. MidAmerican Funding's net cash flows from operating activities for the nine-month periods ended September 30, 2011 and 2010, were \$545 million and \$651 million, respectively. The decreases were predominantly due to an increase in employer contributions to MidAmerican Energy's pension benefit plan, lower wholesale electric margins and an increase in cash collateral posted for derivative positions, offset partially by the timing of income tax receipts.

In September 2010, the President signed the Small Business Jobs Act into law, extending retroactively to January 1, 2010, the 50% bonus depreciation for qualifying property purchased and placed in service in 2010. In December 2010, the President signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 into law, which provided for 100% bonus depreciation for qualifying property purchased and placed in service after September 8, 2010, and prior to January 1, 2012, and 50% bonus depreciation for qualifying property purchased and placed in service after December 31, 2011 and prior to January 1, 2013. As a result of the new laws, MidAmerican Energy's cash flows from operations are expected to benefit in 2011 and 2012 from bonus depreciation on qualifying assets placed in service, including the 596 MW of wind-powered generation assets expected to be placed in service during 2011.

Investing Activities

MidAmerican Energy's net cash flows from investing activities for the nine-month periods ended September 30, 2011 and 2010, were \$(389) million and \$(183) million, respectively. MidAmerican Funding's net cash flows from investing activities for the nine-month periods ended September 30, 2011 and 2010, were \$(388) million and \$(183) million, respectively. Net cash flows from investing activities consist almost entirely of utility construction expenditures, which increased for 2011 due principally to expenditures for wind-powered generation facilities, which excludes \$376 million of deferred payments. MidAmerican Energy placed in service 154 MW of its 596 MW wind-powered generation project during the third quarter of 2011, and the remaining 442 MW is expected to be placed in service during the fourth quarter of 2011. Purchases and proceeds related to available-for-sale securities consist of activity within the Quad Cities Generating Station nuclear decommissioning trust.

Financing Activities

MidAmerican Energy's net cash flows from financing activities for the nine-month periods ended September 30, 2011 and 2010, were \$(1) million and \$(379) million, respectively. MidAmerican Funding's net cash flows from financing activities for the nine-month periods ended September 30, 2011 and 2010, were \$19 million and \$(355) million, respectively. In 2010, MidAmerican Energy paid common dividends to MHC totaling \$375 million. In 2011, MidAmerican Funding received \$220 million, compared to paying \$237 million in 2010, through its note payable with MEHC and repaid \$200 million of 6.75% Senior notes in March 2011. Additionally, MidAmerican Funding made a distribution of \$114 million to MEHC in the third quarter of 2010.

Long-term Debt

In conjunction with the construction of wind-powered generating facilities, MidAmerican Energy has accrued as construction work in progress certain amounts for which it is not contractually obligated to pay until December 2013. The amounts ultimately payable are discounted at 1.46% and recognized upon delivery of the equipment as long-term debt. The discount is amortized as interest expense over the period until payment is due using the effective interest method. As of September 30, 2011, \$376 million of such debt, net of associated discount, was outstanding.

Debt Authorizations and Related Matters

MidAmerican Energy has authority from the FERC to issue through October 30, 2012, commercial paper and bank notes aggregating \$750 million at interest rates not to exceed the applicable London Interbank Offered Rate plus a spread of 500 basis points. MidAmerican Energy currently has an unsecured credit facility that supports its commercial paper program and its variable-rate tax-exempt bond obligations. The \$645 million multi-bank credit facility reduces in July 2012 to \$530 million and expires in July 2013. Additionally, MidAmerican Energy has a \$5 million unsecured credit facility for general corporate purposes.

MidAmerican Energy currently has authorization from the FERC to issue through October 30, 2012, long-term securities totaling up to \$850 million at interest rates not to exceed the applicable United States Treasury rate plus a spread of 500 basis points. Regarding multiple-year capital projects, MidAmerican Energy has authorizations from the Illinois Commerce Commission, expiring October 8, 2012, to issue up to an aggregate of \$547 million of long-term debt securities. MidAmerican Energy's effective registration statement with the United States Securities and Exchange Commission to issue any amount of long-term securities expired October 1, 2011.

In conjunction with the March 1999 merger, MidAmerican Energy committed to the IUB to use commercially reasonable efforts to maintain an investment grade rating on its long-term debt and to maintain its common equity level above 42% of total capitalization unless circumstances beyond its control result in the common equity level decreasing to below 39% of total capitalization. MidAmerican Energy must seek the approval of the IUB of a reasonable utility capital structure if MidAmerican Energy's common equity level decreases below 42% of total capitalization, unless the decrease is beyond the control of MidAmerican Energy. MidAmerican Energy is also required to seek the approval of the IUB if MidAmerican Energy's equity level decreases to below 39%, even if the decrease is due to circumstances beyond the control of MidAmerican Energy. If MidAmerican Energy's common equity level were to drop below the required thresholds, MidAmerican Energy's ability to issue debt could be restricted. As of September 30, 2011, MidAmerican Energy's common equity ratio was 51% computed on a basis consistent with its commitment.

Future Uses of Cash

MidAmerican Energy and MidAmerican Funding have available a variety of sources of liquidity and capital resources, both internal and external, including net cash flows from operating activities, public and private debt offerings, the issuance of commercial paper, the use of unsecured revolving credit facilities, and other sources. These sources are expected to provide funds required for current operations, capital expenditures, debt retirements and other capital requirements. The availability and terms under which MidAmerican Energy and MidAmerican Funding have access to external financing depends on a variety of factors, including their credit ratings, investors' judgment of risk and conditions in the overall capital market, including the condition of the utility industry in general.

Utility Construction Expenditures

MidAmerican Energy's primary need for capital is utility construction expenditures. MidAmerican Energy's forecasted utility construction expenditures, which exclude non-cash equity AFUDC, are approximately \$1.3 billion for 2011, comprised of \$1.0 billion for wind-powered generation, including approximately \$650 million for which payments are due in December 2013 on a 596 MW project; \$315 million for ongoing distribution, generation, transmission and other infrastructure needed to serve existing and expected demand; and \$8 million for emissions control equipment to address current and anticipated air quality regulations. MidAmerican Energy placed in service 154 MW of the 596 MW wind-powered generation project during the third quarter of 2011, and the remaining 442 MW is expected to be placed in service during the fourth quarter of 2011. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of these reviews, which may consider, among other factors, changes in rules and regulations, including environmental and nuclear, changes in income tax laws, general business conditions, load projections, system reliability standards, the cost and efficiency of construction labor, equipment and materials, and the cost and availability of capital. Expenditures for compliance-related items, such as pollution-control technologies, replacement generation, nuclear decommissioning and associated operating costs, are generally incorporated into MidAmerican Energy's regulated retail rates.

MidAmerican Energy continues to evaluate additional cost effective wind-powered generation and has authorization from the IUB, pursuant to current ratemaking principles, to construct up to 405 MW of additional wind-powered generation to be placed in service by December 31, 2012. Additionally, MidAmerican Energy has begun preliminary investigation into possible development of a nuclear generation facility. In support of such investigatory activities, Iowa law authorizes recovery of approximately \$15 million over three years beginning in October 2010 from MidAmerican Energy's Iowa customers for the cost of this effort, subject to the review of the IUB. MidAmerican Energy has not entered into any material commitments with regard to nuclear facility development.

MidAmerican Energy is currently evaluating a number of transmission development projects within the MISO footprint in Iowa and Illinois. MidAmerican Energy has submitted to the MISO for its consideration several Multi-Value Projects ("MVP") totaling approximately \$600 million in capital costs, for which it expects feedback by the end of 2011. If such projects are approved by the MISO, the bulk of the capital expenditures would occur in the 2015-2018 time frame.

Separately, in July 2011, the FERC issued Order No. 1000, which addresses transmission planning and cost allocation issues. Among other things, Order No. 1000 removes the federal right of first refusal for certain new transmission investments. MidAmerican Energy continues to evaluate Order No. 1000 to determine its impact on the proposed MVP. While MidAmerican Energy may be the developer of these projects, a significant portion of the revenue requirement associated with the investments would be shared with other MISO participants based on the MISO's cost allocation methodology. Additionally, other MISO participants have similar proposed transmission projects that are in various stages of consideration by the MISO, for which a portion of the revenue requirement would be allocated to MidAmerican Energy based on the MISO's cost allocation process. MidAmerican Energy cannot predict which, if any, of these projects will be approved and proceed with development.

MidAmerican Energy has implemented a planning process that forecasts the site-specific controls and actions that may be required to meet emissions reductions as promulgated by the EPA. The plan, which under Iowa law must be filed with the IUB and updated every two years, is designed to effectively manage MidAmerican Energy's expenditures required to comply with emissions standards. On September 17, 2010, MidAmerican Energy submitted to the IUB an amendment to its April 1, 2010 updated plan, which increased its estimate of required capital expenditures. The amended plan estimated that the cost of capital expenditures for emission control equipment included in the plan for compliance with current air quality requirements would total \$245 million for January 1, 2011 through December 31, 2014. 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. The future costs (beyond existing planned capital expenditures) of complying with applicable environmental laws, regulations and rules cannot yet be reasonably estimated but could be material to MidAmerican Energy. Additionally, refer to the "Environmental Laws and Regulations" discussion included in Liquidity and Capital Resources.

Contractual Obligations

As of September 30, 2011, there have been no material changes outside the normal course of business in MidAmerican Energy's and MidAmerican Funding's contractual obligations from the information provided in Item 7 of their Annual Report on Form 10-K for the year ended December 31, 2010, other than the additional purchase obligations disclosed in Note 8 of Notes to Consolidated Financial Statements. Additionally, refer to the "Utility Construction Expenditures" discussion included in Liquidity and Capital Resources.

General Regulation

On March 11, 2011, a massive earthquake and associated tsunami struck the northeast coast of Japan that resulted in severe damage to the Fukushima Daiichi nuclear generating facilities in that country. These events have had a significant impact on the Japanese economy and have elevated public concerns surrounding the safety of nuclear generation. While the situation in Japan is not expected to have a direct material impact on MidAmerican Energy's operations, the NRC has launched a review of the Fukushima Daiichi accident to apply possible lessons learned to the United States nuclear industry. The results of this NRC review could potentially impact MidAmerican Energy's interest in Quad Cities Generating Station Units 1 and 2 ("Quad Cities Station"). To date, no specific findings or orders pertinent to Quad Cities Station have been communicated to either Exelon Generation Company, LLC, the operator of Quad Cities Station, or MidAmerican Energy. The impact of the NRC's review cannot be predicted but could result in higher operations and maintenance expense, higher capital costs or extended outages at Quad Cities Station.

Environmental Laws and Regulations

MidAmerican Energy is subject to federal, state and local laws and regulations regarding air and water quality, emissions performance standards, climate change, coal combustion byproduct disposal, hazardous and solid waste disposal, protected species and other environmental matters that have the potential to impact its current and future operations. In addition to imposing continuing compliance obligations, these laws and regulations provide authority to levy substantial penalties for noncompliance including fines, injunctive relief and other sanctions. These laws and regulations are administered by the EPA and various other state and local agencies. All such laws and regulations are subject to a range of interpretation, which may ultimately be resolved by the courts. Environmental laws and regulations continue to evolve, and MidAmerican Energy is unable to predict the impact of the changing laws and regulations on its operations and consolidated financial results. MidAmerican Energy believes it is in material compliance with all applicable laws and regulations. Refer to "Future Uses of Cash" for discussion of MidAmerican Energy's forecasted environmental-related capital expenditures. The discussion below contains material developments since those disclosed in Item 7 of MidAmerican Energy's and MidAmerican Funding's Annual Report on Form 10-K for the year ended December 31, 2010.

Clean Air Standards

Clean Air Mercury Rule/Hazardous Air Pollutant Maximum Achievable Control Technology Standards

In March 2011, the EPA proposed a new rule that will require coal-fired generating facilities to reduce mercury emissions and other hazardous air pollutants through the establishment of a "Maximum Achievable Control Technology" standard rather than a cap-and-trade system. The public comment period closed in August 2011, and the final rule is expected to be issued in December 2011. The proposed rule requires that new and existing coal-fired facilities achieve emission standards for mercury, acid gases and other non-mercury hazardous air pollutants. Existing sources are required to comply with the new standards within three years after the final rule is promulgated, with individual sources granted an additional year to complete installation of controls if approved by the permitting authority. Until the rule is final, MidAmerican Energy cannot fully determine the costs to comply with the requirements; however, MidAmerican Energy believes that its emission reduction projects completed to date or currently permitted or planned for installation, including scrubbers, baghouses and electrostatic precipitators are consistent with the EPA's proposed rules and will support MidAmerican Energy's ability to comply with the proposal's standards for acid gases and non-mercury metallic hazardous air pollutants. MidAmerican Energy anticipates having to take additional actions to reduce mercury emissions and otherwise comply with the proposal's standards. Incremental costs to install and maintain mercury emissions control equipment and additional emissions monitoring equipment at each of MidAmerican Energy's coal-fired generating facilities will increase the cost of providing service to customers.

New Source Review

In October 2011, MidAmerican Energy received a request from the EPA Region VII pursuant to Section 114 of the Clean Air Act for information on its coal-fired generating units to supplement requests made by the EPA Region VII in 2002 and 2003. MidAmerican Energy responded to the original requests in 2003 and is in the process of gathering information responsive to the EPA's recent request.

Cross-State Air Pollution Rule

In July 2011, the EPA issued a final rule, the CSAPR, to address interstate transport of sulfur dioxide and nitrogen oxides emissions in 27 eastern and Midwestern states, including Iowa, where MidAmerican Energy operates generating facilities. The CSAPR originated as the Clean Air Interstate Rule, which was vacated by the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit"). In response to the D.C. Circuit's vacatur, the EPA issued the proposed Clean Air Transport Rule in July 2010, which has been renamed the CSAPR. Upon full implementation in 2014, the CSAPR will reduce sulfur dioxide emissions by 73% and nitrogen oxides emissions by 54% at electric generating plants as compared to 2005 levels. In addition to issuing the final rule, the EPA issued a supplemental notice of proposed rulemaking seeking comment on inclusion of Iowa and five other states in the ozone season nitrogen oxides emissions reduction requirements. MidAmerican Energy submitted comments on the supplemental proposal in August 2011. Based on the final allocation of sulfur dioxide and nitrogen oxides allowances, MidAmerican Energy believes its completed and planned emissions reduction projects will be sufficient to ensure compliance with the new regulations beginning January 1, 2012 and 2014.

Climate Change

GHG Tailoring Rule

Effective January 2, 2011, power plants, among other facilities, are required to comply with the first phase of the GHG Tailoring Rule, which provides that any source that already has a Title V operating permit is required to have GHG provisions added to its permits upon renewal. In addition, the GHG Tailoring Rule provides that if projects at existing major sources result in an increase in emissions of GHG of at least 75,000 tons per year, such projects could trigger permitting requirements and the application of best available control technology to address GHG emissions. The second phase of the GHG Tailoring Rule took effect July 1, 2011 and broadened the scope of the sources that are required to obtain federal permits to limit GHGs to any new or modified sources that emit more than 100,000 tons per year of GHG, regardless of whether a major source air permit is required for any other pollutant regulated under the Clean Air Act.

New major sources are also required to undergo permitting and install the best available control technology if their GHG emissions exceed the applicable threshold. Several legal challenges have been filed to the EPA's final GHG Tailoring Rule in the D.C. Circuit. The EPA issued GHG best available control technology guidance documents in an effort to provide permitting authorities guidance on how to conduct a best available control technology review for GHG. Permitting authorities are beginning to implement the GHG Tailoring Rule and determine what constitutes best available control technology for GHG. MidAmerican Energy has obtained and is in the process of obtaining permits to install emissions reduction equipment at existing facilities to comply with CSAPR and was required to assess the impacts of the projects on GHG emissions. A GHG emissions limit will be imposed on the permits for those projects. The GHG Tailoring Rule will result in the imposition of a permit limit for GHG emissions at certain facilities, which management believes will not have a material impact on MidAmerican Energy.

GHG New Source Performance Standards

Under the Clean Air Act, the EPA may establish emissions standards that reflect the degree of emission reductions achievable through the best technology that has been demonstrated, taking into consideration the cost of achieving those reductions and any non-air quality health and environmental impact and energy requirements. The EPA entered into a settlement agreement with a number of parties, including certain state governments and environmental groups, in December 2010 to promulgate emissions standards covering GHG by September 30, 2011, as amended, and issue final regulations by May 26, 2012. However, in mid-September, the EPA indicated it would not meet the September 30, 2011 deadline to promulgate the standards, and it has not yet established a new schedule for issuing the proposed rules. It is unclear what standards the EPA will establish for new and modified sources or what the guidelines will be for existing sources. Until the standards are proposed and finalized, the impact on MidAmerican Energy cannot be determined.

Regional and State Activities

Several states have promulgated or otherwise participate in state-specific or regional laws or initiatives to report or mitigate GHG emissions, including in Iowa where, in November 2007, the Iowa governor signed the Midwest Greenhouse Gas Accord and the Energy Security and Climate Stewardship Platform for the Midwest. The signatories to the platform were other Midwestern states that agreed to implement a regional cap-and-trade system for GHG emissions. Advisory group recommendations included the assessment of 2020 emissions reduction targets of 15%, 20% and 25% below 2005 levels and a 2050 target of 60% to 80% below 2005 levels. In addition, the accord calls for the participating states to collectively meet at least 2% of regional annual retail sales of electricity and natural gas through energy efficiency improvements by 2015 and continue to achieve an additional 2% in efficiency improvements every year thereafter. There has been no further progress in implementing a Midwest regional cap-and-trade program.

GHG Litigation

In September 2009, the United States Court of Appeals for the Second Circuit ("Second Circuit") issued its opinion in the case of *Connecticut v. American Electric Power, et al*, which remanded to the lower court a nuisance action by eight states and the City of New York against five large utility emitters of carbon dioxide. The United States District Court for the Southern District of New York ("Southern District of New York") dismissed the case in 2005, holding that the claims that GHG emissions from the defendants' coal-fueled generating facilities were causing harmful climate change and should be enjoined as a public nuisance under federal common law presented a "political question" that the court lacked jurisdiction to decide. The Second Circuit rejected this conclusion and stated the Southern District of New York was not precluded from determining the case on its merits. In December 2010, the United States Supreme Court agreed to hear the case on appeal from the Second Circuit. After oral arguments were heard by the United States Supreme Court in April 2011, the United States Supreme Court issued its decision in June 2011 dismissing the federal common law claim of nuisance and holding that the Clean Air Act provides a means to seek limits on emissions of carbon dioxide on power plants.

Reporting

In September 2009, the EPA issued its final rule regarding mandatory GHG Reporting beginning January 1, 2010. Under GHG Reporting, suppliers of fossil fuels, manufacturers of vehicles and engines, and facilities that emit 25,000 metric tons or more per year of GHG are required to submit annual reports to the EPA. MidAmerican Energy is subject to this requirement and submitted its first report prior to September 30, 2011.

Federal Legislation

Legislation introduced in the 112th Congress has been focused on repeal or delay of the EPA's ability to regulate GHG emissions. There is currently no federal legislation pending to regulate GHG emissions.

Water Quality Standards

In March 2011, the EPA released a proposed rule under §316(b) of the Clean Water Act to regulate cooling water intakes at existing facilities. The proposed rule establishes requirements for all power generating facilities that withdraw more than 2 million gallons per day, based on total design intake capacity, of water from waters of the United States and use at least 25% of the withdrawn water exclusively for cooling purposes. The proposed rule includes impingement (i.e., when fish and other organisms are trapped against screens when water is drawn into a facility's cooling system) mortality standards to be met through average impingement mortality or intake velocity design criteria and entrainment (i.e., when organisms are drawn into the facility) standards to be determined on a case-by-case basis. The standards are required to be met as soon as possible after the effective date of the final rule, but no later than eight years thereafter. The rule is required to be finalized by the EPA by July 2012. MidAmerican Energy will be required to complete impingement and entrainment studies in 2013. The costs of compliance with the cooling water intake structure rule cannot be determined until the rule is final and the prescribed studies are conducted. In the event that MidAmerican Energy's existing intake structures require modification, the costs are not anticipated to be significant.

Coal Combustion Byproduct Disposal

In December 2008, an ash impoundment dike at the Tennessee Valley Authority's Kingston power plant collapsed after heavy rain, releasing a significant amount of fly ash and bottom ash, coal combustion byproducts, and water to the surrounding area. In light of this incident, federal and state officials have called for greater regulation of the storage and disposal of coal combustion byproducts. In May 2010, the EPA released a proposed rule to regulate the management and disposal of coal combustion byproducts, presenting two alternatives to regulation under the RCRA. Under the first option, coal combustion byproducts would be regulated as special waste under RCRA Subtitle C and the EPA would establish requirements for coal combustion byproducts from the point of generation to disposition, including the closure of disposal units. Alternatively, the EPA is considering regulation under RCRA Subtitle D under which it would establish minimum nationwide standards for the disposal of coal combustion byproducts. Under both options, surface impoundments utilized for coal combustion byproducts would have to be cleaned and closed unless they could meet more stringent regulatory requirements; in addition, more stringent requirements would be implemented for new ash landfills and expansions of existing ash landfills. MidAmerican Energy operates eight surface impoundments and four landfills that contain coal combustion byproducts. These ash impoundments and landfills may be impacted by the newly proposed regulation, particularly if the materials are regulated as hazardous or special waste under RCRA Subtitle C, and could pose significant additional costs associated with ash management and disposal activities at MidAmerican Energy's coal-fired generating facilities. The public comment period closed in November 2010. The EPA has indicated it does not intend to finalize the rule in 2011, and the substance of the final rule is not known. The impact of the proposed regulations on coal combustion byproducts cannot be determined at this time; however, MidAmerican Energy has begun developing surface impoundment and landfill compliance plan options to ensure that physical infrastructure decisions are aligned with the potential outcomes of the rulemaking.

Other

MidAmerican Energy expects it will be allowed to recover the prudently incurred costs to comply with the environmental laws and regulations discussed above. MidAmerican Energy's planning efforts take into consideration the complexity of balancing factors such as: (1) pending environmental regulations and requirements to reduce emissions, address waste disposal, ensure water quality, and protect wildlife; (2) avoidance of excessive reliance on any one generation technology; (3) costs and trade-offs of various resource options including energy efficiency, demand response programs, and renewable generation; (4) state-specific energy policies, resource preferences, and economic development efforts; (5) additional transmission investment to reduce power costs and increase efficiency and reliability of the integrated transmission system; and (6) keeping rates as affordable as possible. Due to the number of generating units impacted by environmental regulations, deferring installation of compliance-related projects is often not feasible or cost-effective and places MidAmerican Energy at risk of not having access to necessary capital, material, and labor while attempting to perform major equipment installations in a compressed timeframe concurrent with other utilities across the country. Therefore, MidAmerican Energy has established installation schedules with permitting agencies that coordinate compliance timeframes with construction and tie-in of major environmental compliance projects as units are scheduled off-line for planned maintenance outages; these coordinated efforts reduce costs associated with replacement power and maintain system reliability.

Missouri River Flooding

In June 2011, the Missouri River exceeded flood stage in western Iowa as a result of significant releases from upriver reservoirs and remained above flood stage throughout much of the third quarter. MidAmerican Energy took precautionary measures to protect certain of its electric and gas distribution and electric generation facilities that were impacted, including the installation of berms and barriers. All of MidAmerican Energy's generating facilities remained operational during the flooding. Capital and operating expense amounts expended on such measures through September 30, 2011, totaled \$13 million.

Collateral and Contingent Features

MidAmerican Energy's senior unsecured debt credit ratings are as follows: Moody's Investors Service, "A2/stable;" Standard & Poor's Rating Services, "A-/stable;" and Fitch Ratings, "A/stable." Debt and preferred securities of MidAmerican Energy are rated by 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.

MidAmerican Funding and MidAmerican Energy have no credit rating downgrade triggers that would accelerate the maturity dates of its outstanding debt, and a change in ratings is not an event of default under the applicable debt instruments. MidAmerican Energy's unsecured revolving credit facilities do not require the maintenance of a minimum credit rating level in order to draw upon its availability but, under certain instances, must maintain sufficient covenant tests if ratings drop below a certain level. However, commitment fees and interest rates under the credit facilities are tied to credit ratings and increase or decrease when the ratings change. A ratings downgrade could also increase the future cost of commercial paper, short- and long-term debt issuances or new credit facilities.

In accordance with industry practice, certain wholesale agreements, including derivative contracts, contain provisions that require MidAmerican Energy to maintain specific credit ratings on its unsecured debt from one or more of the three recognized credit rating agencies. These agreements, including derivative contracts, may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in MidAmerican Energy's creditworthiness. These rights can vary by contract and by counterparty. If all credit-risk-related contingent features or adequate assurance provisions for these agreements, including derivative contracts, had been triggered as of September 30, 2011, MidAmerican Energy would have been required to post \$216 million of additional collateral. MidAmerican Energy's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings, changes in legislation or regulation, or other factors. Refer to Note 4 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q for a discussion of MidAmerican Energy's collateral requirements specific to its derivative contracts.

In July 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Reform Act"). The Reform Act reshapes financial regulation in the United States by creating new regulators, regulating new markets and firms, and providing new enforcement powers to regulators. Virtually all major areas of the Reform Act, including collateral requirements on derivative contracts, are the subject of regulatory interpretation and implementation rules requiring rulemaking proceedings that may take several years to complete.

MidAmerican Energy is a party to derivative contracts, including over-the-counter derivative contracts. The Reform Act provides for extensive new regulation of over-the-counter derivative contracts and certain market participants, including imposition of mandatory clearing, exchange trading, capital and margin requirements for "swap dealers" and "major swap participants." The Reform Act provides certain exemptions from these regulations for commercial end-users that use derivatives to hedge and manage the commercial risk of their businesses. Although MidAmerican Energy generally does not enter into over-the-counter derivative contracts for purposes unrelated to hedging of commercial risk and does not believe it will be considered a swap dealer or major swap participant, the outcome of the rulemaking proceedings cannot be predicted and, therefore, the impact of the Reform Act on MidAmerican Energy's consolidated financial results cannot be determined at this time.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting MidAmerican Energy and MidAmerican Funding, refer to Note 2 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q.

Critical Accounting Estimates

Certain accounting measurements require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized on the Consolidated Financial Statements based on such estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected on the Consolidated Financial Statements will likely change 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 benefits, income taxes and revenue recognition - unbilled revenue. For additional discussion of MidAmerican Energy's and MidAmerican Funding's critical accounting estimates, see Item 7 of their Annual Report on Form 10-K for the year ended December 31, 2010. There have been no significant changes in MidAmerican Energy's and MidAmerican Funding's assumptions regarding critical accounting estimates since December 31, 2010.

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, 2010. MidAmerican Energy's and MidAmerican Funding's exposure to market risk and their management of such risk has not changed materially since December 31, 2010. Refer to Note 4 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q for disclosure of MidAmerican Energy's derivative positions as of September 30, 2011.

Item 4. Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, the Company (MidAmerican Energy or MidAmerican Funding, as applicable) carried out an evaluation, under the supervision and with the participation of the Company's 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 the Company's 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, the Company's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the 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 United States Securities and Exchange Commission's rules and forms, and is accumulated and communicated to management, including the 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 the Company's internal control over financial reporting during the quarter ended September 30, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

None.

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, 2010.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. (Removed and Reserved)

Item 5. Other Information

Not applicable.

Item 6. Exhibits

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

SIGNATURES

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

MIDAMERICAN FUNDING, LLC
MIDAMERICAN ENERGY COMPANY

(Registrants)

Date: November 4, 2011

/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

Exhibit No. Description

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.

MidAmerican Energy and MidAmerican Funding

- 101 The following financial information from MidAmerican Energy's and MidAmerican Funding's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, is formatted in XBRL (eXtensible Business Reporting Language) and included herein: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) the Consolidated Statements of Comprehensive Income, and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text.

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 subsidiaries for the periods ended September 30, 2011 and 2010, as indicated in our report dated November 4, 2011; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, is incorporated by reference in Registration Statement No. 333-153777 on Form S-3.

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

/s/ Deloitte & Touche LLP

Des Moines, Iowa
November 4, 2011

**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: November 4, 2011

/s/ William J. Fehrman
William J. Fehrman
President and Chief Executive Officer
(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: November 4, 2011

/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: November 4, 2011

/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: November 4, 2011

/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 and Chief Executive Officer of MidAmerican Energy Company (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2011 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 4, 2011

/s/ William J. Fehrman
William J. Fehrman
President and Chief Executive Officer
(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 September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 4, 2011

/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 September 30, 2011 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 4, 2011

/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 September 30, 2011 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 4, 2011

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