



All of the member's equity of MidAmerican Funding, LLC was held by its parent company, MidAmerican Energy Holdings Company as of April 30, 2012.

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 April 30, 2012, 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
Dth	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 and MidAmerican Energy's ability to recover costs in rates in a timely manner;
- 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 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 March 31, 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2012 and 2011. 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 subsidiaries as of December 31, 2011, 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 27, 2012, 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, 2011 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  
May 4, 2012

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

	As of	
	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Utility plant, net:		
Electric	\$ 10,648	\$ 10,587
Gas	1,259	1,255
Gross utility plant in service	11,907	11,842
Accumulated depreciation and amortization	(4,201)	(4,120)
Utility plant in service, net	7,706	7,722
Construction work in progress	200	173
Total utility plant, net	7,906	7,895
Current assets:		
Cash and cash equivalents	42	1
Receivables, net	352	373
Income taxes receivable	296	272
Inventories	183	201
Other	62	57
Total current assets	935	904
Other assets:		
Investments and nonregulated property, net	529	503
Regulatory assets	828	831
Other	168	177
Total other assets	1,525	1,511
<b>Total assets</b>	<b>\$ 10,366</b>	<b>\$ 10,310</b>
<b>CAPITALIZATION AND LIABILITIES</b>		
Capitalization:		
MidAmerican Energy common shareholder's equity	\$ 3,304	\$ 3,244
Preferred securities	27	27
Noncontrolling interests	1	1
Long-term debt, excluding current portion	2,843	3,115
Total capitalization	6,175	6,387
Current liabilities:		
Current portion of long-term debt	275	—
Accounts payable	269	313
Taxes accrued	87	107
Interest accrued	32	34
Other	142	119
Total current liabilities	805	573
Other liabilities:		
Deferred income taxes	1,931	1,918
Asset retirement obligations	296	293
Regulatory liabilities	743	719
Other	416	420
Total other liabilities	3,386	3,350
<b>Total capitalization and liabilities</b>	<b>\$ 10,366</b>	<b>\$ 10,310</b>

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)

	<b>Three-Month Periods</b>	
	<b>Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating revenue:</b>		
Regulated electric	\$ 380	\$ 377
Regulated gas	263	333
Nonregulated	231	269
Total operating revenue	<u>874</u>	<u>979</u>
<b>Operating costs and expenses:</b>		
Regulated:		
Cost of fuel, energy and capacity	108	110
Cost of gas sold	186	242
Other operating expenses	102	101
Maintenance	46	47
Depreciation and amortization	93	85
Property and other taxes	29	30
Total regulated operating costs and expenses	<u>564</u>	<u>615</u>
Nonregulated:		
Cost of sales	212	245
Other	6	6
Total nonregulated operating costs and expenses	<u>218</u>	<u>251</u>
Total operating costs and expenses	<u>782</u>	<u>866</u>
<b>Operating income</b>	<u>92</u>	<u>113</u>
<b>Non-operating income:</b>		
Allowance for equity funds	2	2
Other, net	4	3
Total non-operating income	<u>6</u>	<u>5</u>
<b>Fixed charges:</b>		
Interest on long-term debt	37	39
Other interest expense	—	1
Allowance for borrowed funds	(1)	(1)
Total fixed charges	<u>36</u>	<u>39</u>
<b>Income before income tax (benefit) expense</b>	62	79
Income tax (benefit) expense	<u>(12)</u>	<u>5</u>
<b>Net income</b>	74	74
Preferred dividends	—	—
<b>Earnings on common stock</b>	<u>\$ 74</u>	<u>\$ 74</u>

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)

	<b>Three-Month Periods</b>	
	<b>Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Net income	\$ 74	\$ 74
Other comprehensive (loss) income, net of tax:		
Unrealized gains on available-for-sale securities, net of tax of \$1 and \$-	—	1
Unrealized (losses) gains on cash flow hedges, net of tax of \$(11) and \$1	(14)	2
Total other comprehensive (loss) income, net of tax	(14)	3
Comprehensive income	\$ 60	\$ 77

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)

	<u>MidAmerican Energy Shareholders' Equity</u>					<u>Total Equity</u>
	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss, Net</u>	<u>Preferred Securities</u>	<u>Noncontrolling Interests</u>	
<b>Balance, December 31, 2010</b>	\$ 562	\$ 2,398	\$ (29)	\$ 27	\$ 1	\$ 2,959
Net income	—	74	—	—	—	74
Other comprehensive income	—	—	3	—	—	3
<b>Balance, March 31, 2011</b>	<u>\$ 562</u>	<u>\$ 2,472</u>	<u>\$ (26)</u>	<u>\$ 27</u>	<u>\$ 1</u>	<u>\$ 3,036</u>
<b>Balance, December 31, 2011</b>	\$ 562	\$ 2,716	\$ (34)	\$ 27	\$ 1	\$ 3,272
Net income	—	74	—	—	—	74
Other comprehensive loss	—	—	(14)	—	—	(14)
<b>Balance, March 31, 2012</b>	<u>\$ 562</u>	<u>\$ 2,790</u>	<u>\$ (48)</u>	<u>\$ 27</u>	<u>\$ 1</u>	<u>\$ 3,332</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)

	<b>Three-Month Periods</b>	
	<b>Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 74	\$ 74
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	93	85
Deferred income taxes and amortization of investment tax credits	13	29
Changes in other assets and liabilities	11	8
Other, net	(5)	4
Changes in other operating assets and liabilities:		
Receivables, net	32	10
Inventories	18	35
Derivative collateral, net	8	12
Contributions to pension and other postretirement benefit plans, net	2	3
Accounts payable	(38)	(46)
Taxes accrued	(46)	(27)
Other current assets and liabilities	(4)	4
Net cash flows from operating activities	<u>158</u>	<u>191</u>
<b>Cash flows from investing activities:</b>		
Utility construction expenditures	(117)	(98)
Purchases of available-for-sale securities	(14)	(29)
Proceeds from sales of available-for-sale securities	8	33
Other, net	6	1
Net cash flows from investing activities	<u>(117)</u>	<u>(93)</u>
<b>Cash flows from financing activities - net</b>		
	<u>—</u>	<u>—</u>
<b>Net change in cash and cash equivalents</b>	41	98
<b>Cash and cash equivalents at beginning of period</b>	1	203
<b>Cash and cash equivalents at end of period</b>	<u>\$ 42</u>	<u>\$ 301</u>

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 a holding company that conducts no business other than the ownership of its subsidiaries, which include the following nonregulated subsidiaries: Midwest Capital Group, Inc. and MEC Construction Services Co. MHC is the direct, wholly owned subsidiary of MidAmerican Funding, LLC ("MidAmerican Funding"), which is an Iowa limited liability company with MidAmerican Energy Holdings Company ("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 March 31, 2012, and for the three-month periods ended March 31, 2012 and 2011. The results of operations for the three-month period ended March 31, 2012, 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, 2011, 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 three-month period ended March 31, 2012.

**(2) New Accounting Pronouncements**

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, which amends FASB Accounting Standards Codification ("ASC") Topic 210, "Balance Sheet." The amendments in this guidance require an entity to provide quantitative disclosures about offsetting financial instruments and derivative instruments. Additionally, this guidance requires qualitative and quantitative disclosures about master netting agreements or similar agreements when the financial instruments and derivative instruments are not offset. This guidance is effective for fiscal years beginning on or after January 1, 2013, and for interim periods within those fiscal years. MidAmerican Energy is currently evaluating the impact of adopting this guidance on its disclosures included within Notes to Consolidated Financial Statements.

In June 2011, the FASB issued ASU No. 2011-05, which amends FASB 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, this 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. In December 2011, the FASB issued ASU No. 2011-12, which also amends FASB ASC Topic 220 to defer indefinitely the ASU No. 2011-05 requirement to present items on the face of the financial statements that are reclassified from other comprehensive income to net income. ASU No. 2011-12 is also effective for interim and annual reporting periods beginning after December 15, 2011. MidAmerican Energy adopted this guidance on January 1, 2012 and elected the two separate but consecutive statements option.

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 adopted ASU No. 2011-04 on January 1, 2012. 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):

	<b>Input Levels for Fair Value Measurements</b>				<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Other<sup>(1)</sup></b>	
<b>As of March 31, 2012</b>					
<b>Assets:</b>					
Commodity derivatives	\$ 3	\$ 65	\$ 30	\$ (65)	\$ 33
Money market mutual funds <sup>(2)</sup>	30	—	—	—	30
<b>Debt securities:</b>					
United States government obligations	90	—	—	—	90
International government obligations	—	1	—	—	1
Corporate obligations	—	31	—	—	31
Municipal obligations	—	11	—	—	11
Agency, asset and mortgage-backed obligations	—	7	—	—	7
Auction rate securities	—	—	17	—	17
<b>Equity securities:</b>					
United States companies	186	—	—	—	186
International companies	2	—	—	—	2
	<u>\$ 311</u>	<u>\$ 115</u>	<u>\$ 47</u>	<u>\$ (65)</u>	<u>\$ 408</u>
<b>Liabilities - commodity derivatives</b>	<u>\$ (31)</u>	<u>\$ (186)</u>	<u>\$ (7)</u>	<u>\$ 93</u>	<u>\$ (131)</u>

	<b>Input Levels for Fair Value Measurements</b>				<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Other<sup>(1)</sup></b>	
<b>As of December 31, 2011</b>					
<b>Assets:</b>					
Commodity derivatives	\$ 1	\$ 47	\$ 26	\$ (45)	\$ 29
Debt securities:					
United States government obligations	89	—	—	—	89
International government obligations	—	1	—	—	1
Corporate obligations	—	30	—	—	30
Municipal obligations	—	12	—	—	12
Agency, asset and mortgage-backed obligations	—	7	—	—	7
Auction rate securities	—	—	16	—	16
Equity securities:					
United States companies	166	—	—	—	166
International companies	1	—	—	—	1
	<u>\$ 257</u>	<u>\$ 97</u>	<u>\$ 42</u>	<u>\$ (45)</u>	<u>\$ 351</u>
<b>Liabilities - commodity derivatives</b>	<u>\$ (37)</u>	<u>\$ (148)</u>	<u>\$ (4)</u>	<u>\$ 78</u>	<u>\$ (111)</u>

(1) Represents netting under master netting arrangements and a net cash collateral receivable of \$28 million and \$33 million as of March 31, 2012 and December 31, 2011, respectively.

(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):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>Commodity Derivatives</b>	<b>Auction Rate Securities</b>
<b>2012</b>		
<b>Beginning balance</b>	\$ 22	\$ 16
Changes included in earnings <sup>(1)</sup>	10	—
Changes in fair value recognized in other comprehensive income	(3)	1
Changes in fair value recognized in regulatory assets and liabilities	8	—
Settlements	(14)	—
<b>Ending balance</b>	<u>\$ 23</u>	<u>\$ 17</u>
<b>2011</b>		
<b>Beginning balance</b>	\$ 14	\$ 20
Changes included in earnings <sup>(1)</sup>	2	—
Changes in fair value recognized in other comprehensive income	—	1
Changes in fair value recognized in regulatory assets and liabilities	2	—
Sales	—	(5)
Settlements	(8)	—
<b>Ending balance</b>	<u>\$ 10</u>	<u>\$ 16</u>

(1) Changes included in earnings are reported as nonregulated operating revenue on the Consolidated Statements of Operations. For commodity derivatives held as of March 31, 2012 and 2011, net unrealized gains (losses) included in earnings for the three-month periods ended March 31, 2012 and 2011, totaled \$7 million and \$(1) 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 is a Level 2 fair value measurement and 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):

	<b>As of March 31, 2012</b>		<b>As of December 31, 2011</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Long-term debt	<u>\$ 3,118</u>	<u>\$ 3,506</u>	<u>\$ 3,115</u>	<u>\$ 3,620</u>

#### (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 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, which may include 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 reflects master netting arrangements and excludes contracts that have been designated as normal under 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):

	<b>Current Assets - Other</b>	<b>Other Assets - Other</b>	<b>Current Liabilities - Other</b>	<b>Other Liabilities - Other</b>	<b>Total</b>
<b>As of March 31, 2012</b>					
<b>Not designated as hedging contracts<sup>(1)</sup>:</b>					
Commodity assets	\$ 75	\$ 7	\$ 13	\$ —	\$ 95
Commodity liabilities	(44)	(3)	(76)	(31)	(154)
Total	<u>31</u>	<u>4</u>	<u>(63)</u>	<u>(31)</u>	<u>(59)</u>
<b>Designated as hedging contracts:</b>					
Commodity assets	—	—	1	2	3
Commodity liabilities	(2)	—	(45)	(23)	(70)
Total	<u>(2)</u>	<u>—</u>	<u>(44)</u>	<u>(21)</u>	<u>(67)</u>
Total derivatives	29	4	(107)	(52)	(126)
Cash collateral receivable	—	—	24	4	28
Total derivatives - net basis	<u>\$ 29</u>	<u>\$ 4</u>	<u>\$ (83)</u>	<u>\$ (48)</u>	<u>\$ (98)</u>

	<u>Current Assets - Other</u>	<u>Other Assets - Other</u>	<u>Current Liabilities - Other</u>	<u>Other Liabilities - Other</u>	<u>Total</u>
<b>As of December 31, 2011</b>					
<b>Not designated as hedging contracts<sup>(1)</sup>:</b>					
Commodity assets	\$ 60	\$ 6	\$ 6	\$ 1	\$ 73
Commodity liabilities	(29)	(2)	(73)	(41)	(145)
Total	<u>31</u>	<u>4</u>	<u>(67)</u>	<u>(40)</u>	<u>(72)</u>
<b>Designated as hedging contracts:</b>					
Commodity assets	—	—	1	—	1
Commodity liabilities	(6)	—	(21)	(17)	(44)
Total	<u>(6)</u>	<u>—</u>	<u>(20)</u>	<u>(17)</u>	<u>(43)</u>
Total derivatives	25	4	(87)	(57)	(115)
Cash collateral receivable	—	—	28	5	33
Total derivatives - net basis	<u>\$ 25</u>	<u>\$ 4</u>	<u>\$ (59)</u>	<u>\$ (52)</u>	<u>\$ (82)</u>

- (1) MidAmerican Energy's commodity derivatives not designated as hedging contracts are generally included in regulated rates, and as of March 31, 2012 and December 31, 2011, a net regulatory asset of \$60 million and \$73 million, respectively, was recorded related to the net derivative liability of \$59 million and \$72 million, respectively.

#### *Not Designated as Hedging Contracts*

The following table reconciles the beginning and ending balances of MidAmerican Energy's net regulatory assets and summarizes the pre-tax gains and losses on commodity derivative contracts recognized in net regulatory assets, as well as amounts reclassified to earnings (in millions):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Beginning balance</b>	\$ 73	\$ 27
Changes in fair value recognized in net regulatory assets	10	(6)
Net gains reclassified to operating revenue	13	—
Net gains reclassified to cost of fuel, energy and capacity	1	3
Net losses reclassified to cost of gas sold	(37)	(21)
<b>Ending balance</b>	<u>\$ 60</u>	<u>\$ 3</u>

The following table summarizes the pre-tax gains (losses) included on the Consolidated Statements of Operations associated with MidAmerican Energy's derivative contracts not designated as hedging contracts and not recorded as a net regulatory asset or liability (in millions):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Nonregulated operating revenue	\$ 8	\$ 1
Nonregulated cost of sales	(7)	—
Total	<u>\$ 1</u>	<u>\$ 1</u>

*Designated as Hedging Contracts*

MidAmerican Energy uses 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 derivative contracts designated and qualifying as cash flow hedges recognized in other comprehensive income ("OCI"), as well as amounts reclassified to earnings (in millions):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Beginning balance</b>	\$ 43	\$ 34
Changes in fair value recognized in OCI	38	1
Net losses reclassified to nonregulated cost of sales	(13)	(4)
<b>Ending balance</b>	<b>\$ 68</b>	<b>\$ 31</b>

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-month periods ended March 31, 2012 and 2011, hedge ineffectiveness was insignificant. As of March 31, 2012, MidAmerican Energy had cash flow hedges with expiration dates extending through December 2016, and \$46 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 derivative contracts with fixed price terms that comprise the mark-to-market values as of (in millions):

	<b>Unit of Measure</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Electricity purchases	Megawatt hours	11	8
Natural gas purchases	Decatherms	44	62
Fuel purchases	Gallons	1	2

## *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 March 31, 2012, 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 \$145 million and \$122 million as of March 31, 2012 and December 31, 2011, respectively, for which MidAmerican Energy had posted collateral of \$- million. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of March 31, 2012 and December 31, 2011, MidAmerican Energy would have been required to post \$130 million and \$109 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) 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 March 31,	
	2012	2011
<b>Pension:</b>		
Service cost	\$ 4	\$ 4
Interest cost	9	9
Expected return on plan assets	(10)	(9)
Net amortization	1	—
Net periodic benefit cost	<u>\$ 4</u>	<u>\$ 4</u>
<b>Other postretirement:</b>		
Service cost	\$ 1	\$ 1
Interest cost	2	3
Expected return on plan assets	(3)	(3)
Net amortization	—	(1)
Net periodic benefit cost	<u>\$ —</u>	<u>\$ —</u>

Employer contributions to the pension and other postretirement benefit plans are expected to be \$32 million and \$- million, respectively, during 2012. As of March 31, 2012, \$2 million and \$- million of contributions had been made to the pension and other postretirement benefit plans, respectively.

## (6) Income Taxes

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

	Three-Month Periods Ended March 31,	
	2012	2011
Federal statutory income tax rate	35 %	35%
Amortization of investment tax credit	—	(1)
State income tax, net of federal income tax benefit	8	7
Renewable electricity production tax credits	(49)	(29)
Effects of ratemaking	(13)	(5)
Other, net	—	(1)
Effective income tax rate	<u>(19)%</u>	<u>6%</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.

**(7) Commitments and Contingencies**

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.

**(8) Components of Accumulated Other Comprehensive Loss, Net**

The following table shows the change in accumulated other comprehensive loss by each component of other comprehensive income, net of applicable income taxes, for the three-month period ended March 31, 2012 (in millions):

	<b>Unrealized Losses on Available-For-Sale Securities</b>	<b>Unrealized Losses on Cash Flow Hedges</b>	<b>Accumulated Other Comprehensive Loss, Net</b>
<b>Balance, December 31, 2011</b>	\$ (8)	\$ (26)	\$ (34)
Other comprehensive loss	—	(14)	(14)
<b>Balance, March 31, 2012</b>	<u>\$ (8)</u>	<u>\$ (40)</u>	<u>\$ (48)</u>

**(9) Segment Information**

MidAmerican Energy has identified three reportable 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 segment basis (in millions):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating revenue:</b>		
Regulated electric	\$ 380	\$ 377
Regulated gas	263	333
Nonregulated energy	231	269
Total operating revenue	<u>\$ 874</u>	<u>\$ 979</u>
<b>Depreciation and amortization:</b>		
Regulated electric	\$ 84	\$ 76
Regulated gas	9	9
Total depreciation and amortization	<u>\$ 93</u>	<u>\$ 85</u>
<b>Operating income:</b>		
Regulated electric	\$ 48	\$ 50
Regulated gas	30	45
Nonregulated energy	14	18
Total operating income	<u>\$ 92</u>	<u>\$ 113</u>
<b>As of</b>		
	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Total assets:</b>		
Regulated electric	\$ 9,164	\$ 9,016
Regulated gas	1,088	1,159
Nonregulated energy	114	135
Total assets	<u>\$ 10,366</u>	<u>\$ 10,310</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 March 31, 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2012 and 2011. 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, 2011, 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 27, 2012, 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, 2011 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  
May 4, 2012

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

	As of	
	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Utility plant, net:		
Electric	\$ 10,648	\$ 10,587
Gas	1,259	1,255
Gross utility plant in service	11,907	11,842
Accumulated depreciation and amortization	(4,201)	(4,120)
Utility plant in service, net	7,706	7,722
Construction work in progress	200	173
Total utility plant, net	7,906	7,895
Current assets:		
Cash and cash equivalents	43	1
Receivables, net	353	376
Income taxes receivable	296	270
Inventories	183	201
Other	61	58
Total current assets	936	906
Other assets:		
Investments and nonregulated property, net	554	528
Goodwill	1,270	1,270
Regulatory assets	828	831
Other	166	175
Total other assets	2,818	2,804
<b>Total assets</b>	<b>\$ 11,660</b>	<b>\$ 11,605</b>
<b>CAPITALIZATION AND LIABILITIES</b>		
Capitalization:		
MidAmerican Funding member's equity	\$ 4,029	\$ 3,972
Noncontrolling interests	28	28
Long-term debt, excluding current portion	3,168	3,440
Total capitalization	7,225	7,440
Current liabilities:		
Current portion of long-term debt	275	—
Note payable to affiliate	240	231
Accounts payable	269	314
Taxes accrued	87	107
Interest accrued	34	41
Other	142	120
Total current liabilities	1,047	813
Other liabilities:		
Deferred income taxes	1,931	1,918
Asset retirement obligations	296	293
Regulatory liabilities	743	719
Other	418	422
Total other liabilities	3,388	3,352
<b>Total capitalization and liabilities</b>	<b>\$ 11,660</b>	<b>\$ 11,605</b>

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)

	<b>Three-Month Periods</b>	
	<b>Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating revenue:</b>		
Regulated electric	\$ 380	\$ 377
Regulated gas	263	333
Nonregulated	231	269
Total operating revenue	<u>874</u>	<u>979</u>
<b>Operating costs and expenses:</b>		
Regulated:		
Cost of fuel, energy and capacity	108	110
Cost of gas sold	186	242
Other operating expenses	102	101
Maintenance	46	47
Depreciation and amortization	93	85
Property and other taxes	29	30
Total regulated operating costs and expenses	<u>564</u>	<u>615</u>
Nonregulated:		
Cost of sales	212	245
Other	7	6
Total nonregulated operating costs and expenses	<u>219</u>	<u>251</u>
Total operating costs and expenses	<u>783</u>	<u>866</u>
<b>Operating income</b>	<u>91</u>	<u>113</u>
<b>Non-operating income:</b>		
Allowance for equity funds	2	2
Other, net	5	3
Total non-operating income	<u>7</u>	<u>5</u>
<b>Fixed charges:</b>		
Interest on long-term debt	42	47
Other interest expense	1	1
Allowance for borrowed funds	(1)	(1)
Total fixed charges	<u>42</u>	<u>47</u>
<b>Income before income tax (benefit) expense</b>	56	71
Income tax (benefit) expense	<u>(15)</u>	<u>2</u>
<b>Net income</b>	71	69
Net income attributable to noncontrolling interests	—	—
<b>Net income attributable to MidAmerican Funding</b>	<u>\$ 71</u>	<u>\$ 69</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)

	<b>Three-Month Periods</b>	
	<b>Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Net income	\$ 71	\$ 69
Other comprehensive (loss) income, net of tax:		
Unrealized gains on available-for-sale securities, net of tax of \$1 and \$-	—	1
Unrealized (losses) gains on cash flow hedges, net of tax of \$(11) and \$1	(14)	2
Total other comprehensive (loss) income, net of tax	(14)	3
Comprehensive income	57	72
Comprehensive income attributable to noncontrolling interests	—	—
Comprehensive income attributable to MidAmerican Funding	<u>\$ 57</u>	<u>\$ 72</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)

	<b>MidAmerican Funding Member's Equity</b>				<b>Total Equity</b>
	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss, Net</b>	<b>Noncontrolling Interests</b>	
<b>Balance, December 31, 2010</b>	\$ 1,679	\$ 2,023	\$ (29)	\$ 28	\$ 3,701
Net income	—	69	—	—	69
Other comprehensive income	—	—	3	—	3
<b>Balance, March 31, 2011</b>	<u>\$ 1,679</u>	<u>\$ 2,092</u>	<u>\$ (26)</u>	<u>\$ 28</u>	<u>\$ 3,773</u>
<b>Balance, December 31, 2011</b>	\$ 1,679	\$ 2,327	\$ (34)	\$ 28	\$ 4,000
Net income	—	71	—	—	71
Other comprehensive loss	—	—	(14)	—	(14)
<b>Balance, March 31, 2012</b>	<u>\$ 1,679</u>	<u>\$ 2,398</u>	<u>\$ (48)</u>	<u>\$ 28</u>	<u>\$ 4,057</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)

	<b>Three-Month Periods</b>	
	<b>Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 71	\$ 69
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	93	85
Deferred income taxes and amortization of investment tax credits	13	29
Changes in other assets and liabilities	11	8
Other, net	(6)	4
Changes in other operating assets and liabilities:		
Receivables, net	35	14
Inventories	18	35
Derivative collateral, net	8	12
Contributions to pension and other postretirement benefit plans, net	2	3
Accounts payable	(38)	(46)
Taxes accrued	(48)	(30)
Other current assets and liabilities	(10)	(5)
Net cash flows from operating activities	<u>149</u>	<u>178</u>
<b>Cash flows from investing activities:</b>		
Utility construction expenditures	(117)	(98)
Purchases of available-for-sale securities	(14)	(29)
Proceeds from sales of available-for-sale securities	8	33
Other, net	7	2
Net cash flows from investing activities	<u>(116)</u>	<u>(92)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	—	(200)
Net change in note payable to affiliate	9	213
Net cash flows from financing activities	<u>9</u>	<u>13</u>
<b>Net change in cash and cash equivalents</b>	<b>42</b>	<b>99</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1</b>	<b>203</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 43</u></b>	<b><u>\$ 302</u></b>

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 March 31, 2012, and for the three-month periods ended March 31, 2012 and 2011. The results of operations for the three-month period ended March 31, 2012, 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, 2011, 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 three-month period ended March 31, 2012. Refer to Note 1 of MidAmerican Energy's Notes to Consolidated Financial Statements.

**(2) New Accounting Pronouncements**

Refer to Note 2 of MidAmerican Energy's Notes to 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 is a Level 2 fair value measurement and 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):

	<u>As of March 31, 2012</u>		<u>As of December 31, 2011</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Long-term debt	\$ 3,443	\$ 3,917	\$ 3,440	\$ 4,038

**(4) Risk Management and Hedging Activities**

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

**(5) Employee Benefit Plans**

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

**(6) Income Taxes**

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

	Three-Month Periods Ended March 31,	
	2012	2011
Federal statutory income tax rate	35 %	35%
Amortization of investment tax credit	(1)	(1)
State income tax, net of federal income tax benefit	9	7
Renewable electricity production tax credits	(54)	(33)
Effects of ratemaking	(15)	(5)
Other, net	(1)	—
Effective income tax rate	<u>(27)%</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.

**(7) Commitments and Contingencies**

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.

**(8) Components of Accumulated Other Comprehensive Loss, Net**

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

**(9) Segment Information**

MidAmerican Funding has identified three reportable 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. "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 segment basis (in millions):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating revenue:</b>		
Regulated electric	\$ 380	\$ 377
Regulated gas	263	333
Nonregulated energy	231	269
Total operating revenue	<u>\$ 874</u>	<u>\$ 979</u>
<b>Depreciation and amortization:</b>		
Regulated electric	\$ 84	\$ 76
Regulated gas	9	9
Total depreciation and amortization	<u>\$ 93</u>	<u>\$ 85</u>
<b>Operating income:</b>		
Regulated electric	\$ 48	\$ 50
Regulated gas	30	45
Nonregulated energy	14	18
Other	(1)	—
Total operating income	<u>\$ 91</u>	<u>\$ 113</u>
<b>As of</b>		
	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Total assets<sup>(1)</sup>:</b>		
Regulated electric	\$ 10,355	\$ 10,207
Regulated gas	1,166	1,238
Nonregulated energy	114	135
Other	25	25
Total assets	<u>\$ 11,660</u>	<u>\$ 11,605</u>

(1) Total assets by reportable 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 First Quarters of 2012 and 2011**

#### Overview

##### MidAmerican Energy -

MidAmerican Energy's earnings on common stock for the first quarter of 2012 was \$74 million, unchanged compared to 2011. Operating income decreased \$21 million to \$92 million for the first quarter of 2012 due principally to the effects of unseasonably mild weather conditions. The decrease in operating income was substantially offset by lower income tax expense from the effects of ratemaking and greater production tax credits for wind-powered generation, primarily due to additional facilities placed in service in 2011.

##### MidAmerican Funding -

Net income attributable to MidAmerican Funding for the first quarter of 2012 was \$71 million, an increase of \$2 million, or 3%, compared to 2011. In addition to the items discussed above for MidAmerican Energy, MidAmerican Funding had lower interest expense as a result of a \$200 million repayment for its 6.75% Senior notes in March 2011.

## Regulated Electric Gross Margin

	First Quarter			
	2012	2011	Change	
<b>Gross margin (in millions):</b>				
Operating revenue	\$ 380	\$ 377	\$ 3	1 %
Less - cost of fuel, energy and capacity	108	110	(2)	(2)
Electric gross margin	<u>\$ 272</u>	<u>\$ 267</u>	<u>\$ 5</u>	2
<b>Sales (GWh):</b>				
Retail	5,202	5,373	(171)	(3)%
Wholesale	3,034	2,072	962	46
Total	<u>8,236</u>	<u>7,445</u>	<u>791</u>	11

Electric gross margin for the first quarter of 2012 increased \$5 million compared to the first quarter of 2011. Wholesale gross margin increased a total of \$3 million due to a \$6 million increase from higher wholesale sales volumes partially offset by a \$3 million decrease from a lower average margin per megawatt hour sold. Wholesale includes sales of electricity to markets operated by regional transmission organizations, other utilities and market participants. Retail gross margin increased \$2 million due to increased use of lower cost generation for retail, customer growth and increased recoveries through bill riders, substantially offset by lower retail sales from the impact of usage factors, including unseasonably mild temperatures, compared to the first quarter of 2011.

## Regulated Gas Gross Margin

	First Quarter			
	2012	2011	Change	
<b>Gross margin (in millions):</b>				
Operating revenue	\$ 263	\$ 333	\$ (70)	(21)%
Less - cost of gas sold	186	242	(56)	(23)
Gas gross margin	<u>\$ 77</u>	<u>\$ 91</u>	<u>\$ (14)</u>	(15)
<b>Sales (000's Dth):</b>				
Retail	28,810	38,490	(9,680)	(25)%
Wholesale	12,357	6,440	5,917	92
Total	<u>41,167</u>	<u>44,930</u>	<u>(3,763)</u>	(8)

Lower retail sales as a result of mild temperatures and other usage factors, offset partially by the increase in wholesale sales volumes, reduced gas revenue and cost of gas sold. The decrease in gross margin for the first quarter of 2012 was due primarily to the unseasonably mild temperatures and related decrease in retail sales volumes. 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 first quarter of 2011, MidAmerican Energy's average per-unit cost of gas sold decreased 16%, resulting in a \$36 million decrease in gas revenue and cost of gas sold for the first quarter of 2012.

## Regulated Operating Costs and Expenses

Maintenance expense of \$46 million for the first quarter of 2012 decreased \$1 million compared to the first quarter of 2011 due to lower maintenance costs associated with the 2011 outage of Louisa Generating Station, substantially offset by increased maintenance costs for wind-powered generating facilities in 2012.

Depreciation and amortization expense of \$93 million for the first quarter of 2012 increased \$8 million compared to the first quarter of 2011 due to additional wind-powered generating facilities placed in service in the second half of 2011, partially offset by lower depreciation rates implemented during the second quarter of 2011, following the results of a depreciation study.

### Nonregulated Gross Margin

MidAmerican Energy -

	First Quarter			
	2012	2011	Change	
<b>Gross margin (in millions):</b>				
Nonregulated operating revenue	\$ 231	\$ 269	\$ (38)	(14)%
Less - nonregulated cost of sales	212	245	(33)	(13)
Nonregulated gross margin	<u>\$ 19</u>	<u>\$ 24</u>	<u>\$ (5)</u>	(21)
<b>Nonregulated electric sales (GWh)</b>	<u>2,467</u>	<u>2,507</u>	<u>(40)</u>	(2)
<b>Nonregulated gas sales (000's Dth)</b>	<u>10,266</u>	<u>11,829</u>	<u>(1,563)</u>	(13)

For the first quarter of 2012 compared to the first quarter of 2011, lower prices, costs and volumes 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 quarter of 2011 due principally to lower average margins per unit on nonregulated electric sales.

### Fixed Charges

MidAmerican Energy -

In December 2011, MidAmerican Energy redeemed \$400 million of 5.65% Senior notes, which reduced its interest on long-term debt for the first quarter of 2012.

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 first quarter of 2012.

### Income Tax (Benefit) Expense

MidAmerican Energy -

MidAmerican Energy's income tax expense decreased \$17 million to a benefit of \$12 million for the first quarter of 2012 with an effective tax rate of (19)% compared to 6% for the first quarter of 2011. The improvement in income tax benefit was principally due to the benefit of additional renewable electricity production tax credits, lower pre-tax income and the effects of ratemaking.

Federal renewable electricity production tax credits are earned on qualifying wind-powered generation for ten years after the in-service date of each facility.

MidAmerican Funding -

MidAmerican Funding's income tax expense decreased \$17 million to a benefit of \$15 million for the first quarter of 2012 with an effective tax rate of (27)% compared to 3% for the first quarter of 2011. These increases were due principally to the factors discussed for MidAmerican Energy.

## **Liquidity and Capital Resources**

As of March 31, 2012, MidAmerican Energy's total net liquidity available was \$497 million consisting of \$42 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 March 31, 2012, MidAmerican Funding's total net liquidity available was \$502 million, including 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 three-month periods ended March 31, 2012 and 2011, were \$158 million and \$191 million, respectively. MidAmerican Funding's net cash flows from operating activities for the three-month periods ended March 31, 2012 and 2011, were \$149 million and \$178 million, respectively. The decreases were predominantly due to the timing of working capital and income tax receipts and lower regulated gas and nonregulated margins.

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 this legislation, MidAmerican Energy's cash flows from operations are expected to benefit in 2012 due to 50% bonus depreciation on qualifying assets placed in service in 2012, including the 407 MW of wind-powered generating facilities, and from income taxes received in 2012 for assets placed in service in 2011.

### Investing Activities

MidAmerican Energy's net cash flows from investing activities for the three-month periods ended March 31, 2012 and 2011, were \$(117) million and \$(93) million, respectively. MidAmerican Funding's net cash flows from investing activities for the three-month periods ended March 31, 2012 and 2011, were \$(116) million and \$(92) million, respectively. Net cash flows from investing activities consist almost entirely of utility construction expenditures, which increased for 2012 due principally to expenditures for the construction of emissions control equipment at two of MidAmerican Energy's jointly owned generating facilities. Purchases and proceeds related to available-for-sale securities consist of activity within the Quad Cities Generating Station nuclear decommissioning trust.

### Financing Activities

MidAmerican Funding's net cash flows from financing activities for the three-month periods ended March 31, 2012 and 2011, were \$9 million and \$13 million, respectively. In 2012, MidAmerican Funding received \$9 million through its note payable with MEHC, and in 2011, received \$213 million through its note payable with MEHC and repaid \$200 million of 6.75% Senior notes in March 2011.

### *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 March 31, 2012, 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. 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; outcomes of regulatory proceedings; 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. Prudently incurred 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's forecasted utility construction expenditures, which exclude amounts for non-cash equity AFUDC and other non-cash items, are approximately \$676 million for 2012. In addition to amounts for ongoing investments in distribution, generation and other infrastructure needed to serve existing and expected demand, forecasted utility construction expenditures for 2012 include:

- \$212 million, for a 407-MW (nominal ratings) wind-powered generation project expected to be placed in service in 2012, excluding approximately \$400 million of payments deferred until the fourth quarter of 2015.
- \$169 million for emissions control equipment primarily to meet air quality targets, including the reduction of sulfur dioxide, nitrogen oxides and particulate matter emissions.
- \$25 million for other generation development projects.

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 April 2, 2012, MidAmerican Energy submitted to the IUB an updated plan, which increased its estimate of required capital expenditures. The 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 \$337 million for January 1, 2012 through December 31, 2015. 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 be reasonably estimated but could be material to MidAmerican Energy.

### *Contractual Obligations*

As of March 31, 2012, 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, 2011. Additionally, refer to the "Utility Construction Expenditures" discussion included in Liquidity and Capital Resources.

On April 25, 2012, MidAmerican Energy entered into a multi-year coal transportation agreement with BNSF Railway Company, an affiliate of MidAmerican Energy, for long-haul delivery of coal to MidAmerican Energy's generating facilities that are not "captive" to a single railroad. The new contract will provide delivery for the majority of the coal anticipated to be delivered to MidAmerican Energy-operated coal-fueled generating facilities beginning January 1, 2013. While prices for this rail service are significantly higher than those contained in MidAmerican Energy's legacy long-haul rail contract, which expires December 31, 2012, the BNSF Railway Company proposal was the lowest cost and best overall bid. Negotiations continue on arrangements for delivery of coal to MidAmerican Energy's other coal-fueled generating facilities.

### **Regulatory Matters**

On February 21, 2012, MidAmerican Energy filed an application with the IUB for an interim and final increase in Iowa retail electric rates in the form of two adjustment clauses to be added to customers' bills. The requested adjustment clauses and a modification to current revenue sharing provisions are consistent with a November 2011 settlement agreement between MidAmerican Energy and the OCA, in which the parties agree to support the proposed changes. The adjustment clauses would recover anticipated increases in retail coal and coal transportation costs and environmental control expenditures subject to an aggregate maximum of \$39 million, or 3.4%, for 2012 and an additional \$37 million for an aggregate maximum of \$76 million for 2013, or a 3.2% increase from 2012. The requested modification to the existing revenue sharing provisions provides for MidAmerican Energy to share with its customers 20% of revenue associated with Iowa electric returns on equity between 10% and 10.5%, 50% of revenue associated with Iowa electric returns on equity between 10.5% and 11.75%, 75% of revenue associated with Iowa electric returns on equity between 11.75% and 13.0% and 83.3% of revenue associated with Iowa electric returns on equity above 13.0%. Such shared amounts would reduce MidAmerican Energy's investment in the Walter Scott, Jr. Energy Center Unit 4. There would be no revenue sharing for Iowa electric returns on equity below 10%. Pursuant to the settlement agreement, MidAmerican Energy is not precluded from seeking interim rate relief in 2013. MidAmerican Energy implemented the adjustment clauses on an interim basis in March 2012 and expects resolution of the related rate proceeding in the fourth quarter of 2012.

### **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 regulators with the 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 "Liquidity and Capital Resources" for discussion of MidAmerican Energy's forecasted environmental-related capital expenditures. The discussion below contains material developments to those matters disclosed in Item 7 of MidAmerican Energy's and MidAmerican Funding's Annual Report on Form 10-K for the year ended December 31, 2011.

## *Clean Air Standards*

### *Mercury and Air Toxics Standards*

The Clean Air Mercury Rule ("CAMR"), issued by the EPA in March 2005, was the United States' first attempt to regulate mercury emissions from coal-fueled generating facilities through the use of a market-based cap-and-trade system. The CAMR, which mandated emissions reductions of approximately 70% by 2018, was overturned by the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") in February 2008. In March 2011, the EPA proposed a new rule that would require coal-fueled generating facilities to reduce mercury emissions and other hazardous air pollutants through the establishment of "Maximum Achievable Control Technology" standards rather than a cap-and-trade system. The final rule, Mercury and Air Toxics Standards ("MATS"), was published in the Federal Register on February 16, 2012, with an effective date of April 16, 2012, and requires that new and existing coal-fueled 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 by April 16, 2015. Individual sources may be granted up to one additional year, at the discretion of the Title V permitting authority, to complete installation of controls or for transmission system reliability reasons. While the final MATS continues to be reviewed by MidAmerican Energy, MidAmerican Energy believes that its emissions reduction projects completed to date or currently permitted or planned for installation, including scrubbers, baghouses and electrostatic precipitators are consistent with the EPA's MATS and will support MidAmerican Energy's ability to comply with the final rule's standards for acid gases and non-mercury metallic hazardous air pollutants. MidAmerican Energy will be required to take additional actions to reduce mercury emissions through the installation of controls or use of sorbent injection at certain of its coal-fueled generating facilities and otherwise comply with the final rule's standards. MidAmerican Energy is evaluating whether or not to close certain units. Incremental costs to install and maintain emissions control equipment at MidAmerican Energy's coal-fueled generating facilities and any requirements to shut down what have traditionally been low-cost coal-fueled generating facilities will likely increase the cost of providing service to customers. In addition, numerous lawsuits are pending against the MATS rules in the D.C. Circuit, which may have an impact on MidAmerican Energy's compliance obligations and the timing of those obligations.

## *Climate Change*

### *GHG New Source Performance Standards*

Under the Clean Air Act, the EPA may establish emissions standards that reflect the degree of emissions 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. In April 2012, the EPA proposed new source performance standards for new fossil-fueled generating facilities that would limit emissions of carbon dioxide to 1,000 pounds per megawatt hour. The proposal exempts simple cycle combustion turbines from meeting the GHG standards. The proposal is open for public comments until June 12, 2012. The EPA indicated in the proposal that it does not have sufficient information to establish GHG new source performance standards for modified or reconstructed units and has not established a schedule for when these units, or other existing sources, will be regulated. Any new fossil-fueled generating facilities constructed by MidAmerican Energy will be required to meet the final GHG new source performance standards, which, if finalized as proposed, will preclude the construction of any coal-fueled generating facilities that do not have carbon capture and sequestration. Until any standards for existing, modified or reconstructed units are proposed and finalized, the impact on MidAmerican Energy's existing facilities cannot be determined.

In October 2009, a three-judge panel in the United States Court of Appeals for the Fifth Circuit ("Fifth Circuit") issued its opinion in the case of *Ned Comer, et al. v. Murphy Oil USA, et al.*, ("Comer I") a putative class action lawsuit against insurance, oil, coal and chemical companies, based on claims that the defendants' GHG emissions contributed to global warming that in turn caused a rise in sea levels and added to the ferocity of Hurricane Katrina, which combined to damage the plaintiff's private property, as well as public property. In 2007, the United States District Court for the Southern District of Mississippi ("Southern District of Mississippi") dismissed the case based on the lack of standing and further held that the claims were barred by the political question doctrine. In March 2010, the full court of the Fifth Circuit agreed to rehear the case; however, in May 2010, the Fifth Circuit dismissed the appeal for failure to have a quorum, resulting in the Southern District of Mississippi's decision, holding that property owners did not have standing to sue for climate change and that climate change was a political question for the United States Congress, standing as good law. The plaintiffs filed a petition asking the United States Supreme Court to direct the Fifth Circuit to reinstate the appeal and return it to the original panel. In January 2011, the United States Supreme Court denied the request, resulting in the original dismissal of the case to stand. However, in May 2011, the Comer case was refiled ("Comer II") in the Southern District of Mississippi. In response to the defendants' motions to dismiss in Comer II, the Southern District of Mississippi, in March 2012, granted the motions, dismissing the suit with prejudice. Plaintiffs filed an appeal with the Fifth Circuit in April 2012. MidAmerican Energy was not a party in Comer I and is not a party in Comer II.

### **Collateral and Contingent Features**

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. As of December 31, 2011, MidAmerican Energy's credit ratings for its senior unsecured debt from the three recognized credit rating agencies were investment grade.

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 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 had been triggered as of March 31, 2012, MidAmerican Energy would have been required to post \$327 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 ("Dodd-Frank Reform Act"). The Dodd-Frank 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 Dodd-Frank Reform Act, including collateral requirements on derivative contracts, are the subject of regulatory interpretation and implementation rules requiring rulemaking proceedings, some of which have been completed and others that are expected to be finalized in 2012.

MidAmerican Energy is a party to derivative contracts, including over-the-counter derivative contracts. The Dodd-Frank 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 Dodd-Frank 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 Dodd-Frank 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 and 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, 2011. There have been no significant changes in MidAmerican Energy's and MidAmerican Funding's assumptions regarding critical accounting estimates since December 31, 2011.

### **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, 2011. MidAmerican Energy's and MidAmerican Funding's exposure to market risk and their management of such risk has not changed materially since December 31, 2011. 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 March 31, 2012.

### **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 March 31, 2012, 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, 2011.

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

Not applicable.

### **Item 3. Defaults Upon Senior Securities**

Not applicable.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **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

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(Registrants)

Date: May 4, 2012

/s/ Thomas B. Specketer

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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

- 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 March 31, 2012, 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 Comprehensive Income, (iv) the Consolidated Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text.

**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: May 4, 2012

/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: May 4, 2012

/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: May 4, 2012

/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: May 4, 2012

/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 March 31, 2012 (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: May 4, 2012

/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 March 31, 2012 (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: May 4, 2012

/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 March 31, 2012 (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: May 4, 2012

/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 March 31, 2012 (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: May 4, 2012

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