

**FIRST AMENDMENT
TO
INTERCOMPANY ADMINISTRATIVE SERVICE AGREEMENT**

This First Amendment is made and entered into this first day of December, 1996, by and between MidAmerican Energy Company (MidAmerican) and MidAmerican Energy Holdings Company (Holdings), for itself and its subsidiaries.

RECITALS

1. MidAmerican and Holdings entered into an Intercompany Administrative Service Agreement (IASA) dated March 1, 1996.
2. In Illinois Commerce Commission Docket No. 96-0446, MidAmerican agreed to and the Commission ordered MidAmerican to amend the IASA to add certain provisions.

In consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. The IASA shall be amended in Article II. Charges for Administrative Services by adding a new Section 2.03 which states:

2.03 Other Charges. In lieu of the charges billed under Section 2.01, the parties may provide Administrative Services on the basis of a fee for service. A fee for service shall be used when it is impractical to charge the other party under Section 2.01 for each individual usage of a particular Administrative Service. Such services include, but are not limited to, use of MidAmerican's computer systems, telephone systems and aircraft. The fee for service shall be determined or re-determined from time to time based on periodic studies of costs associated with providing the service. Before imposing a fee for service for a particular Administrative Service or changing such fee, the providing party shall give the other party reasonable notice of the amount of the fee or any change thereto.

2. The IASA shall be amended in Article II. Charges for Administrative Services by adding a new Section 2.04 which states:

2.04 Management Fee. In addition to the other charges which may be billed hereunder, MidAmerican shall pay to Holdings a management fee. The management fee shall be based on MidAmerican's corporate governance costs allocated to Holdings on the basis of a formula which averages the percentages of total payroll and total assets of each affiliate subject to an IASA compared to MidAmerican's payroll and assets. If the management fee as allocated is based on estimated costs, MidAmerican shall true-up the estimated costs used to determine the management fee against such actual costs for the year and any difference shall be reflected into the management fee calculation for the subsequent year.


3. The IASA shall be amended in Article V. Miscellaneous by adding a new Section 5.08 which states:

5.08 Regulatory Compliance. This Agreement shall be applied and administered consistent with applicable regulatory requirements.

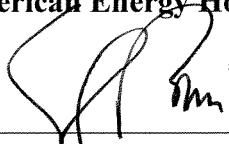
4. Except as herein amended, the IASA shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed in their respective corporate names, by their duly authorized representative, as of the day and year first above written.

MidAmerican Energy Company

By 
Name: P. G. Lindner
Title: Senior Vice President and
Chief Financial Officer

MidAmerican Energy Holdings Company

By 
Name: S. J. Bright
Title: President and
Chief Executive Officer

INTERCOMPANY ADMINISTRATIVE SERVICES AGREEMENT

This Intercompany Administrative Service Agreement (Agreement) is made and entered into this first day of March, 1996, by and between MidAmerican Energy Company, an Iowa corporation (MidAmerican) and MidAmerican Energy Holdings Company, an Iowa corporation (Holdings), for itself and its subsidiaries.

RECITALS

1. Holdings and its subsidiaries are "affiliated interests" of MidAmerican as that term is defined by Section 7-101 of the Illinois Public Utilities Act, 220 ILCS 5/7-101.
2. Holdings and its subsidiaries are "affiliates" of MidAmerican as that term is defined by Section 476.72, *Iowa Code*.
3. MidAmerican may, from time to time or on an ongoing basis, provide administrative services to Holdings and/or its subsidiaries.
4. Holdings and/or its subsidiaries may, from time to time or on an ongoing basis, provide administrative services to MidAmerican.

In consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

Article I. Applicability

1.01 Holdings Subsidiaries. As used hereinafter, all references to "Holdings" shall include MidAmerican Energy Holdings Company and its subsidiaries.

1.02 Applicability. This Agreement shall apply to Administrative Services provided by either MidAmerican or Holdings to the other, from time to time or on an ongoing basis, the provision and use of which is not the subject of a separate agreement among the parties.

Administrative Services provided under this Agreement shall be provided from time to time or on an ongoing basis as agreed to by the parties. If a party elects to discontinue the provision or use of an Administrative Service provided under this Agreement, such party shall provide the other party with reasonable advanced notice of such discontinuance.

1.03 Administrative Services. For purposes of this Agreement, Administrative Services shall include, but not be limited to, the following:

- a. The use of office facilities including, but not limited to, office space, conference rooms, fixtures, furniture, equipment, machinery, supplies, personal computers, mainframe computers, computer software and other personal property;
- b. The use of airplanes, automobiles, other vehicles and equipment;
- c. Personal services by executive, management, professional, technical and clerical employees;
- d. Financial services, payroll processing, employee benefits participation, purchase order processing, billing services, mail services, tax sharing, contract negotiation and administration, engineering services.

1.04 Scheduling and Use. Each party reserves the right to provide and schedule the provision of Administrative Services pursuant to this Agreement so as not to interfere with the operations of the party providing such services. Except for corporate overheads, neither party shall be required by this Agreement to use the Administrative Services of the other party available pursuant hereto.

Article II. Charges and Billings for Administrative Services

2.01 Charges. Administrative Service charges will be made at full cost, as incurred by the provider. Charges will be documented by the provider of the service and will be available for audit by the party receiving the charge. Three types of categories have been established which provide reasonable and practical means for properly charging Administrative Services. They are:

- a. Direct charges - for costs which have a direct relationship with the service or goods received.
 1. Each Administrative Service in this category shall be provided on the basis of direct labor cost attributed to providing that Administrative Service plus a loading rate representative of the providing party's overall actual costs to cover employee benefits, payroll taxes and overhead, plus direct non-labor expenses, if any, for providing that Administrative Service.
 2. The loading rate shall be determined to be the base labor loading rate specified from time to time by the providing party's accounting department. Such loading rate shall be adjusted periodically to reflect actual periodic changes in the underlying costs being loaded.

- b. Service Charges - for costs that are impractical to charge directly but for which a cost/benefit relationship can be reasonably identified. A practical allocation method can be established and performed when the benefit of doing so outweighs the cost thereof.
- c. Management Fee - for costs incurred for the general benefit of the entire corporate group for which direct charging and service charges are not practical.

2.02 Billings. The providing party shall bill the other party monthly for Administrative Services furnished hereunder. Such bills, accompanied by supporting detail, shall be rendered as soon as practicable after the end of each month (but not later than the 25th day of the following month) and shall be paid within ten days after the date of invoice. If, in order to furnish such bills within the time specified, it shall be necessary to use estimates of any items, such estimates shall be used and the necessary corrections shall be made at the earliest practicable time.

III. Indemnification

3.01 Indemnification. Each party shall protect, defend, indemnify and hold harmless the other party, its subsidiaries and affiliates and its and their agents, officers and employees from and against any loss or damage resulting from the prosecution of the work, and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities (including legal expense and incidental and consequential damages) arising out of or connected with the provision or use of the Administrative Services provided (including all defects whether or not discoverable by either party) pursuant to this Agreement and resulting from the negligence or willful misconduct of the indemnifying party. The foregoing indemnification obligation shall extend to and include any

and all liability of every kind and character, arising as a result of the Administrative Service provided or used, including damage to property, injury to or death of any persons in any manner resulting from the provision or use of the Administrative Service and resulting from the negligence or willful misconduct of the indemnifying party.

IV. Term

4.01 Term. This Agreement shall be effective upon completion of the statutory share-for-share exchange provided by the Agreement and Plan of Exchange entered into by MidAmerican and Holdings as of January 24, 1996 and continue in effect until terminated by either party upon sixty (60) days written notice to the other party.

V. Miscellaneous

5.01 Cooperation. The parties shall cooperate to the fullest extent in the administration of this Agreement and the provision of Administrative Services thereunder.

5.02 Entire Agreement; Amendments. This Agreement constitutes the sole and entire agreement between the parties with respect to the subject matter herein and supersedes all previous proposals, oral or written, negotiations, representations, commitments and all other communications between the parties. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto.

5.03 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

5.04 Access to Records. During the term of this Agreement and for a period of seven years after the expiration or termination of this Agreement, each party shall have reasonable access to and the right to examine any and all books, documents, papers and records which pertain to the Administrative Services provided by the other party hereunder. Each party shall maintain all such records for a period of seven years after expiration or termination of this Agreement.

5.05 Partial Invalidity. Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provision hereof, unless such a construction would be unreasonable.

5.05 Waiver. Failure by either party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that either party may have against the other nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.


5.06 Status of Parties. In the performance of the Administrative Services hereunder, the providing party shall be an independent contractor with authority to control and direct the performance of the work hereunder.

5.07 Governing Law. This Agreement shall be governed by, construed and interpreted

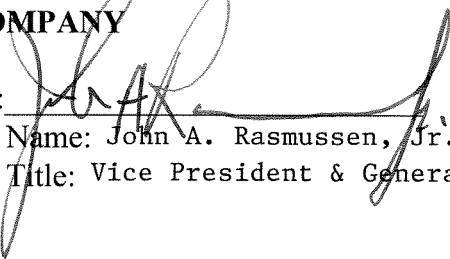
pursuant to the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties have caused this Administrative Services Agreement to be executed in their respective corporate names, by their duly authorized representative, as of the day and year first above written.

MIDAMERICAN ENERGY COMPANY

By: 
Name: Lance E. Cooper
Title: Group Vice President-
Finance & Accounting

**MIDAMERICAN ENERGY HOLDINGS
COMPANY**

By: 
Name: John A. Rasmussen, Jr.
Title: Vice President & General Counsel