

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. P-162
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PROPOSED DECISION AND ORDER GRANTING PERMIT

(Issued September 25, 2002)

APPEARANCES:

MR. ROBERT P. JARED, Attorney at Law, MidAmerican Energy Company, 106 East Second Street, P.O. Box 4350, Davenport, Iowa 52808, appearing on behalf of MidAmerican Energy Company.

MR. CRAIG GRAZIANO, Attorney at Law, 310 Maple Street, Des Moines, Iowa 50319, appearing on behalf of the Iowa Department of Justice, Office of Consumer Advocate.

STATEMENT OF THE CASE

On April 4, 1950, Temporary Permit No. 119 was issued in Docket No. P-162 to Iowa-Illinois Gas and Electric Company, Davenport, Iowa, n/k/a MidAmerican Energy Company (MidAmerican), to construct, operate, and maintain a natural gas pipeline in Linn County, Iowa. This permit was for a pipeline 8.5 miles in length, of 10.75-inch diameter pipe, to operate at a maximum pressure of 125 pounds per square inch (psi). On May 29, 1950, the company was granted the right to condemn and obtain easement over a parcel of land adjacent to the Cedar River in Section 2, T-82N, R-7W, Linn County, Iowa. On February 16, 1951, Permanent Permit No. 208 was issued to replace Temporary Permit No. 119. (O'Neal report)

In 1965, MidAmerican installed approximately 0.8 miles of new pipe in the southwest quarter of Section 3, T-82N, R-7W, and the northwest quarter of Section 10, T-82N, R-7W, to relocate the pipeline to allow for industrial development in this area. The pipeline's original route ran diagonally across this area. The new route runs north-south and east-west along public roads. The permit was not modified at the time. The relocated pipe is more than 300 feet, but less than ½ mile, from the route of the original pipeline. (O'Neal report)

On June 23, 1970, an amendment to Permit No. 208 was issued to MidAmerican, increasing the maximum operating pressure on 4.8 miles of pipeline to 600 psi. This amendment excluded several miles of pipe that had been included in the original permit, and added roughly 1½ miles of new pipe (installed in 1969) along a different route, mostly along Otis Road. The portion of the original pipeline that was excluded from the amendment now operates as a distribution main, at less than 150 psig, so it does not require a permit. See 199 IAC 10.16. (O'Neal report)

On July 20, 1976, MidAmerican was issued renewal permit No. R-878, for 4.8 miles of pipeline at a maximum operating pressure of 600 psig. (O'Neal report)

In 1976, MidAmerican installed approximately 0.8 miles of new pipe in the north half of Section 2, T-82N, R-7W, and the southeast quarter of Section 35, T-83N, R-7W, to relocate the pipeline to allow for the expansion of a quarry east of the Cedar River. The pipeline's original route ran north through the area where the quarry is now located, then east along a public road. The new route runs east along a railroad, then north along a public road. The new pipe was placed in service on July 15, 1976, prior to the date the renewal permit was issued (July 20, 1976), but

after the June 21, 1976, renewal hearing date. No record could be found showing the date construction began. The permit was not modified at this time. The relocated pipe is more than 300 feet, but less than ½ mile, from the route of the original pipeline. Approximately ½ mile of the pipe that was replaced is still in operation as a distribution main at less than 150 psig. This pipe no longer requires a permit, and was not included in the current petition for renewal. See 199 IAC 10.16. (O'Neal report)

In 1988, MidAmerican installed approximately 0.9 miles of new pipe in the east half of Section 3, T-82N, R-7W, to relocate the pipeline to allow for industrial development in this area. The pipeline's original route ran diagonally across this area. The new route runs north-south and east-west. The permit was not modified at this time. The relocated pipe is more than 300 feet, but less than ½ mile, from the route of the original pipeline. (O'Neal report)

This pipeline currently consists of 4.57 miles of 10.75-inch diameter steel pipe in Linn County, Iowa. (O'Neal report)

On February 12, 2002, MidAmerican filed a petition and exhibits for renewal of Gas Pipeline Permit Number R-878, issued by the Iowa State Commerce Commission (predecessor agency to the Utilities Board) in Docket No. P-162 on July 20, 1976. (petition for permit; testimony of Mr. Grigsby; O'Neal report) The renewal petition is for a 10.75-inch diameter steel pipeline 4.57 miles long in Linn County, Iowa, with a maximum allowable operating pressure (MAOP) of 600 psig. (petition for permit; testimony of Mr. Grigsby; O'Neal report) The pipeline supplies

natural gas to the city of Cedar Rapids, Iowa. (testimony of Mr. Grigsby)
MidAmerican amended its petition on May 15, 2002. (petition for permit)

On June 17, 2002, the Utilities Board (Board) assigned this case to a presiding officer. A procedural schedule was established by an order issued on June 19, 2002. In that order, the undersigned presiding officer set August 7, 2002, as the date for the hearing on the petition, and proposed to take official notice of a June 6, 2002, report concerning the pipeline prepared by Mr. Jeff O'Neal, a utility regulatory engineer for the Utilities Division's Safety and Engineering Section.

MidAmerican filed prepared direct testimony of Mr. David C. Grigsby on July 8, 2002.

An order changing the hearing date to September 24, 2002, was issued August 5, 2002.

MidAmerican caused notice of the hearing to be published in Linn County in THE GAZETTE, a newspaper of general circulation in the county, on September 6 and 13, 2002. (proof of publication)

The hearing was held on September 24, 2002, by telephone conference call. Mr. Grigsby, engineer for MidAmerican, testified on behalf of MidAmerican. Mr. O'Neal testified on behalf of the Board. The parties did not object to the taking of official notice of Mr. O'Neal's report.

FINDINGS OF FACT

1. MidAmerican is a pipeline company within the meaning of Iowa Code § 479.2 (2001). (testimony of Mr. Grigsby)

2. The pipeline at issue in this docket was originally constructed in 1950, and was modified in 1965, 1969, 1976, and 1988. (O'Neal report; testimony of Mr. Grigsby) In 1970, an amendment to the permit for the pipeline was issued, increasing the MAOP and excluding several miles of pipe that had been included in the original permit. (O'Neal report) On February 12, 2002, MidAmerican filed a petition and exhibits for renewal of Gas Pipeline Permit Number R-878, issued by the Iowa State Commerce Commission (predecessor agency to the Utilities Board) in Docket No. P-162 on July 20, 1976. (petition for permit; testimony of Mr. Grigsby; O'Neal report) The renewal petition is for a 10.75-inch diameter steel pipeline 4.57 miles long in Linn County, Iowa, with a maximum allowable operating pressure (MAOP) of 600 psig. (petition for permit; testimony of Mr. Grigsby; O'Neal report) The pipeline supplies natural gas to the city of Cedar Rapids, Iowa. (testimony of Mr. Grigsby) MidAmerican amended its petition on May 15, 2002. (petition for permit)

3. MidAmerican caused notice of the hearing to be published in Linn County in THE GAZETTE, a newspaper of general circulation in the county, on September 6 and 13, 2002. (affidavit of publication) MidAmerican filed proof of payment of the costs of publication of these notices as required by Iowa Code § 479.13 and 199 IAC § 10.4. (affidavit of publication)

4. Continued operation of this pipeline is necessary to provide natural gas service to Cedar Rapids, Iowa. (petition for permit; testimony of

Mr. Grigsby) Therefore, the service promotes the public convenience and necessity. (petition for permit; testimony of Mr. Grigsby)

5. The pipeline continues to comply with the design, construction, and safety requirements of Iowa Code Chapter 479, 199 IAC § 10.12, and 49 C.F.R. Part 192. (petition for permit; testimony of Mr. Grigsby; O'Neal report) Therefore, there is no reason to impose additional safety-related terms, conditions, or restrictions on the permit. (petition for permit; testimony of Mr. Grigsby; O'Neal report)

6. The location and route of the proposed pipeline are reasonable and there is no reason the location or route of the pipeline should be changed, or that further terms, conditions, or restrictions regarding location and route should be added to the permit. (petition for permit; O'Neal report; testimony of Mr. Grigsby)

7. MidAmerican has property subject to execution within this state, other than pipelines, of a value in excess of \$250,000, as required by Iowa Code § 479.26 and 199 IAC § 10.2(1)(d). (testimony of Mr. Grigsby; petition Exhibit D)

8. No written objections to the petition for permit renewal were filed, and no objectors appeared at the hearing. (testimony of Mr. O'Neal; Docket P-162 file)

CONCLUSIONS OF LAW

1. The Board has the authority to grant, amend, and renew permits for the construction, operation, and maintenance of pipelines for the intrastate transportation of natural gas. Iowa Code §§ 479.1, 479.4, 479.12, and 479.18; 199 IAC Chapter 10.

2. The Board has jurisdiction over MidAmerican, and over the petition for permit renewal it has filed. Iowa Code §§ 479.2, 479.5, 479.6, 479.12, and 479.18.

3. The petition of MidAmerican for renewal of Pipeline Permit No. R-878 in Docket No. P-162 should be granted. Iowa Code §§ 479.11, 479.12, and 479.26; 199 IAC Chapter 10.

4. The provisions of Iowa Code § 476.29 do not apply to this permit, because the pipeline was constructed prior to June 1, 1999. Iowa Code § 479.29(12).

5. MidAmerican should be cognizant of the requirements of 199 IAC 10.18, regarding reportable changes to pipelines under permit.

IT IS THEREFORE ORDERED:

1. Official notice is taken of the report dated June 6, 2002, filed in this docket by Mr. Jeffrey L. O'Neal, utility regulatory engineer for the Board.

2. Pursuant to Iowa Code Chapter 479, the petition for renewal of Pipeline Permit No. R-878 filed by MidAmerican in this docket is granted. A permit will be issued if this proposed decision and order becomes the final order of the Board.

3. The Board retains jurisdiction of the subject matter in this docket.

4. Ordinarily, this proposed decision would become the final decision of the Board unless appealed to the Board within 15 days of its issuance. Iowa Code § 17A.15(3); 199 IAC § 7.8(2). However, under appropriate circumstances, it is possible to reduce the time for appeal. Iowa Code §17A.15(3); 199 IAC 1.3, 7.8(2). This is an appropriate case for a reduced appeal period. No objections to this petition were filed. The Consumer Advocate Division of the Department of Justice does not object to a reduced appeal period. There are no unresolved issues that indicate a need for the 15-day appeal period. **Therefore, this proposed decision will become the final decision of the Board unless appealed to the Board within five (5) days of its issuance.**

UTILITIES BOARD

/s/ Amy L. Christensen
Amy L. Christensen
Administrative Law Judge

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 25th day of September, 2002.