

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. EPB-05-156 (EPB-04-156)
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**ORDER ADDRESSING COMPLETENESS OF EMISSIONS FILING
AND APPROVING SETTLEMENTS**

(Issued December 28, 2005)

On September 16, 2005, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an updated multiyear plan and budget (2005 Plan Update) for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal. The 2005 Plan Update generally covers the period from 2004 through 2006 but for certain activities extends to 2008. Pursuant to Iowa Code § 476.6(25) (2005), updates to the plan and budget are to be filed at least every 24 months. On November 21, 2005, MidAmerican filed an amendment to the update.

Included with the 2005 Plan Update was a proposed settlement agreement between MidAmerican and the Consumer Advocate Division of the Department of Justice (Consumer Advocate). The settlement stipulates that the 2005 Plan Update complies with Iowa Code § 476.6(25), pending review by the Iowa Department of Natural Resources (IDNR), and should be approved. An additional settlement agreement was filed on November 21, 2005. In that settlement, MidAmerican and

Consumer Advocate agreed that the amended update filed on the same date complies with Iowa Code § 476.6(25), pending IDNR review, and should be approved.

IDNR has an important role in the plan review process. Iowa Code § 476.6(25)"a"(4) provides, in part, that the DNR "shall state whether the plan or update meets applicable state environmental requirements for regulated emissions." If the answer is no, DNR shall recommend amendments that outline actions to bring the plan in compliance. The Board cannot approve a plan that does not meet applicable standards. Iowa Code § 476.6(25)"b."

While not a party to the settlement, the IDNR filed testimony on September 27, 2005, commenting on the 2005 Plan Update. The testimony indicated general agreement with MidAmerican's projections of future regulatory issues and said that the 2005 Plan Update, in conjunction with continued compliance with all permitting requirements and permit conditions, meets applicable state environmental requirements for regulated emissions. The IDNR in a cover letter to its filing stated that it did not believe it was necessary to hold a hearing in this docket.

The IDNR filed similar testimony in response to the amendment to the plan update. The IDNR said that the plan update, including the November 21, 2005, amendment, in conjunction with continued compliance with all permitting requirements and permit conditions, meets applicable state environmental requirements for regulated emissions. The cover letter accompanying the testimony said that IDNR did not believe it was necessary to hold a hearing. No other party

requested a hearing. Because the IDNR has answered the question posed by the statute in the affirmative, both with respect to the original update and the amendment, the Board may decide whether to approve the plan and settlements.

Iowa Code § 476.6(25)"d" requires the Board to issue an order approving or rejecting the 2005 Plan Update within 180 days after the filing has been deemed complete. The Board finds the filing is complete and that additional information is not required to rule on the proposed settlement. The Board did not make this finding earlier because of the settlement between MidAmerican and Consumer Advocate and IDNR's review process.

The Board examines all proposed settlements by the criteria found in 199 IAC 7.2(11). This rule provides that "[t]he board will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest."

MidAmerican's 2005 Plan Update is divided into two main sections, MidAmerican's assessment of future emissions requirements and MidAmerican's plan for meeting these requirements. The IDNR's testimony indicates that at this time it agrees with MidAmerican's projection of future regulatory issues. While IDNR cannot confirm MidAmerican's projected allowance market prices, IDNR said MidAmerican's methodology for projecting those prices was a standard tool used for such projections. In addition, the IDNR states that the 2005 Plan Update, in conjunction with continued compliance with all permitting requirements and permit

conditions, meets applicable state environmental requirements for regulated emissions.

MidAmerican's 2005 Plan Update adequately addresses costs, economic development, and reliability as provided in Iowa Code § 476.6(25)"c." The primary change in the plan is installation of equipment to reduce NOx emissions and the installation of a scrubber and baghouse at Louisa Generating Station.

MidAmerican's filing indicates that costs for installation of the controls for NOx emissions pursuant to the 2005 Plan Update will be less when compared to delaying the installations until a later time frame. MidAmerican's 2005 Plan Update reasonably balances costs, environmental requirements, economic development potential, and reliability of the generation and transmission system. The revisions are in response to the Clean Air Interstate Rule and Clean Air Mercury rules promulgated by the Environmental Protection Agency, which will be implemented in state rules proposed by the IDNR.

The Board will approve the settlements. The settlements are reasonable in light of the whole record, consistent with law, and in the public interest.

IT IS THEREFORE ORDERED:

1. MidAmerican Energy Company's updated multiyear plan and budget for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal filed on September 16, 2005, and amended on November 21, 2005, is deemed complete pursuant to Iowa Code § 476.6(25)"d."

2. The settlements filed by MidAmerican and Consumer Advocate on September 16, 2005, and November 21, 2005, are approved.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 28th day of December, 2005.