

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: MIDAMERICAN ENERGY COMPANY | DOCKET NO. EPB-06-156 |
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**ORDER ADDRESSING COMPLETENESS OF EMISSIONS FILING
AND APPROVING SETTLEMENT**

(Issued August 18, 2006)

On April 1, 2006, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an updated multiyear plan and budget (2006 Plan Update) for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal. The 2006 Plan Update generally covers the period from 2006 through 2009. Pursuant to Iowa Code § 476.6(25) (2005), updates to the plan and budget are to be filed at least every 24 months. The 2006 Plan Update supercedes MidAmerican's prior plan update filed on September 16, 2005, and amended on November 18, 2005, that was approved by the Board in an order issued on December 28, 2005, in Docket No. EPB-05-156 (EPB-04-156).

On July 19, 2006, MidAmerican and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a proposed partial settlement agreement between MidAmerican and Consumer Advocate. The settlement stipulates that the 2006 Plan Update complies with Iowa Code § 476.6(25), pending review by the Iowa Department of Natural Resources (IDNR), and should be approved. The settlement was designated a partial settlement because it is not intended to interfere with IDNR carrying out its statutory responsibilities pursuant to

Iowa Code § 476.6(25). Included in the settlement is MidAmerican's commitment to file periodic reports with the Board and Consumer Advocate every 12 months. These reports are to include information on project implementation to date, actions taken to minimize costs, and expected actions contemplated during the next calendar years.

IDNR has an important role in the plan review process. Iowa Code § 476.6(25)"a"(4) provides, in part, that the IDNR "shall state whether the plan or update meets applicable state environmental requirements for regulated emissions." If the answer is no, IDNR 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 July 25, 2006, commenting on the 2006 Plan Update. The IDNR's testimony concludes that, based on knowledge available to it at the time its testimony was filed, the 2006 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 an evidentiary hearing in this docket.

No other party requested a hearing. Because the IDNR has answered the question posed by the statute in the affirmative, the Board may decide whether to approve the 2006 Plan Update and settlement.

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.

In reviewing a proposed settlement, the Board examines all 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 2006 Plan Update is divided into two main sections, MidAmerican's assessment of future emissions requirements and the potential impacts on MidAmerican's coal-fired plants (in other words, MidAmerican's plan for meeting these emissions requirements). The IDNR's testimony indicates that the technologies proposed by MidAmerican in its 2006 Plan Update appear reasonable, but that MidAmerican will be required to obtain specific construction permit applications for the equipment MidAmerican contemplates using. In addition, the IDNR states, based on its knowledge to date, that the 2006 Plan Update, in conjunction with continued compliance with all permitting requirements and permit conditions, meets applicable state environmental requirements for regulated emissions.

MidAmerican's 2006 Plan Update adequately addresses costs, economic development, and reliability as provided in Iowa Code § 476.6(25)"c." The primary driver in the 2006 Plan Update is the adoption of rules by the IDNR to implement the federal Clean Air Interstate and Clean Air Mercury rules, both of which have a cap and trade program. While the 2006 Plan Update is specifically for the 2006-2009

time frame, MidAmerican has included a summary of controls it believes will be installed through 2015; these projections could change based on future regulatory requirements or changes in the allowance markets. MidAmerican's 2006 Plan Update reasonably balances costs, environmental requirements, economic development potential, and reliability of the generation and transmission system.

The Board will approve the settlement. The settlement is 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 March 31, 2006, is deemed complete pursuant to Iowa Code § 476.6(25)"d."

2. The settlement filed by MidAmerican and Consumer Advocate on July 19, 2006, is 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 18th day of August, 2006.