

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  WATERLOO GAS TRANSPORT, LLC	DOCKET NO. P-867
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**SECOND ORDER REGARDING SURETY BOND**

(Issued January 16, 2008)

On September 28, 2006, Waterloo Gas Transport, LLC (WGT) filed a petition and exhibits for a pipeline permit to allow it to construct, operate, and maintain a gas pipeline in Black Hawk County, Iowa. On January 12, 2007, the undersigned administrative law judge issued a proposed decision and order granting the requested permit with a condition that WGT was required to file a surety bond that complied with the requirements of Iowa Code § 479.26 prior to beginning construction. The Utilities Board (Board) issued a permit to WGT that included the surety bond requirement on January 24, 2007.

On February 6, 2007, WGT filed the required surety bond with the Board. However, the bond stated that it was for a one-year term beginning February 12, 2007, and ending February 12, 2008.

On February 7, 2007, the undersigned administrative law judge issued an order noting that the financial requirement of Iowa Code § 479.26 is an ongoing requirement. The order required WGT, at least 60 days prior to expiration of the bond, on or before December 14, 2007, to file evidence that satisfied the Board that

WGT would continue to comply with the financial requirement of Iowa Code § 479.26 after expiration of its current surety bond. The order stated that the Board would issue an amended pipeline permit to include this condition. The order further stated that if WGT failed to timely comply with this requirement, it would not be in compliance with the terms of its pipeline permit and would be subject to enforcement action and civil penalties.

On April 12, 2007, the Board issued amended Pipeline Permit No. 1225 to WGT that stated, among other things:

The surety bond filed by WGT is for a one-year term beginning February 12, 2007, and ending February 12, 2008. The financial requirement of Iowa Code § 479.26 is an ongoing requirement that must be continuously satisfied by WGT during construction and operation of the pipeline. Therefore, at least 60 days prior to expiration of the bond, on or before December 14, 2007, WGT must file evidence that satisfies the Board that WGT will continue to comply with the financial requirement of Iowa Code § 479.26 after expiration of the current surety bond.

On December 20, 2007, WGT filed a performance and financial guaranty bond with an effective date of February 13, 2008, and an end date of February 12, 2009. The undersigned notes that WGT filed this surety bond late. The late filing will be accepted. However, WGT is put on notice that future filings must be made on time unless the Board grants an extension. The bond filed on December 20, 2007, is sufficient to satisfy the undersigned that WGT is in compliance with the financial requirement of Iowa Code § 479.26, but only until expiration of the surety bond on February 12, 2009. Since WGT must continuously satisfy the financial requirement of Iowa Code § 479.26 during its operation of the pipeline, it has an ongoing

obligation to file evidence that satisfies the Board it is in compliance with this requirement. Therefore, at least 60 days prior to the expiration of the bond, and at least 60 days prior to the expiration of any future bond WGT uses to satisfy the Iowa Code § 479.26 financial requirement, WGT must file evidence that satisfies the Board that WGT will continue to comply with the financial requirement of Iowa Code § 479.26 after expiration of the applicable surety bond.

The Board will issue an amended pipeline permit that includes this condition.

**IT IS THEREFORE ORDERED:**

1. At least 60 days prior to the expiration of its current surety bond, and at least 60 days prior to the expiration of any future bond WGT uses to satisfy the financial requirement of Iowa Code § 479.26, WGT must file evidence that satisfies the Board that WGT will continue to comply with the financial requirement of Iowa Code § 479.26 after expiration of the applicable surety bond.

2. If WGT fails to timely comply with this ongoing requirement, it will not be in compliance with the terms of its pipeline permit and will be subject to enforcement action and civil penalties.

**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 16<sup>th</sup> day of January, 2008.