

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. P-875
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**PROPOSED DECISION AND ORDER GRANTING PERMIT**

(Issued July 2, 2008)

**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. JOHN F. DWYER, 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 February 14, 2008, MidAmerican Energy Company (MEC) filed a petition and exhibits for a pipeline permit with the Utilities Board (Board). (petition for permit.) MEC proposes to construct, operate, and maintain a new 6-inch diameter steel natural gas pipeline approximately 14.19 miles long in Ida County, Iowa, with a maximum allowable operating pressure (MAOP) of 800 pounds per square inch gauge (psig). (petition for permit; testimony of Mr. VerBrugge; O'Neal report.) MEC filed amendments to its petition and exhibits and provided additional information on April 9 and 16, 2008. (petition for permit; O'Neal report.)

The proposed pipeline will transport natural gas from a connection with a Platinum Ethanol, LLC (Platinum) transmission pipeline near Galva, Iowa, to the Platinum Ethanol Plant near Arthur, Iowa. (petition for permit; O'Neal report; testimony of Mr. VerBrugge.)

On April 17, 2008, Mr. Jeffrey L. O'Neal, regulatory engineer for the Board, filed a report regarding the petition and proposed pipeline (O'Neal report). On April 25, 2008, the Board assigned this case to the undersigned administrative law judge. On May 8, 2008, the undersigned issued an order establishing a procedural schedule, proposing to take official notice, and providing notice of the hearing.

MEC filed the prepared direct testimony of Mr. David A. Lane, Mr. Alan VerBrugge, and Mr. Jeff Walters, and a prehearing brief, on June 3, 2008. MEC filed proof of publication of notice on June 23, 2008.

The hearing was held on July 1, 2008, in the Ida Grove Community Hall, Ida Grove City Council Chambers, 403 Third Street, Ida Grove, Iowa 51445. MEC was represented by its attorney, Mr. Robert P. Jared. Mr. Lane, Mr. VerBrugge, and Mr. Walters testified on behalf of MEC. Mr. Lane is a right-of-way agent for MEC. (testimony of Mr. Lane.) Mr. VerBrugge is a senior engineer in the Gas Engineering Department of MEC. (testimony of Mr. VerBrugge.) Mr. Walters is a senior environmental coordinator in the Environmental Services Department of MEC. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) was represented by its attorney, Mr. John F. Dwyer. Mr. O'Neal testified as the engineer

selected by the Board to examine the proposed route and permit application pursuant to Iowa Code § 479.11 (2007).

### **FINDINGS OF FACT**

1. MEC is a pipeline company within the meaning of Iowa Code § 479.2. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.)

2. On February 14, 2008, MidAmerican Energy Company (MEC) filed a petition and exhibits for a pipeline permit with the Utilities Board (Board). (petition for permit.) MEC proposes to construct, operate, and maintain a new 6-inch diameter steel natural gas pipeline approximately 14.19 miles long in Ida County, Iowa, with an MAOP of 800 psig. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.) MEC filed amendments to its petition and exhibits and provided additional information on April 9 and 16, 2008. (petition for permit; O'Neal report.)

3. The proposed pipeline must have a permit from the Board because it will operate at a pressure greater than 150 psig and because it will meet the definition of a transmission line. 199 IAC 10.16; 49 CFR 192.3. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.) It is a transmission line because it will transport natural gas from a transmission line to a large volume customer that is not downstream from a distribution center, and because it will operate at a hoop stress of more than 20 percent of specified minimum yield strength (SMYS). 49 C.F.R. 192.3. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.)

4. MEC caused notice of the hearing to be published in Ida County in the Ida County Courier, a newspaper of general circulation in the county, on June 4 and 11, 2008. (proof of publication.)

5. The proposed pipeline will follow a route described in Exhibit A and shown on Exhibit B attached to the petition for a permit. (petition Exhibits A and B; testimony of Mr. VerBrugge; O'Neal report.) There are no problems with the location and route of the proposed pipeline and no further terms, conditions, or restrictions regarding them need to be imposed pursuant to Iowa Code § 479.12. (petition for permit; testimony of Mr. VerBrugge, Mr. Lane, Mr. Walters; O'Neal report.)

6. MEC has received a required railroad license and the necessary authorizations from Ida County and the Iowa Department of Transportation for the proposed pipeline. (testimony of Mr. Lane, Mr. Walters; petition for permit; O'Neal report.) MEC filed an application for a National Pollutant Discharge Elimination System (NPDES) General Permit No. 2 stormwater discharge permit with the Iowa Department of Natural Resources (IDNR) and expects to receive it within approximately 10 days of the filing. (testimony of Mr. Walters.)

7. The proposed pipeline will transport natural gas from an interconnection with a Platinum transmission pipeline near Galva, Iowa, to the Platinum Ethanol Plant currently under construction near Arthur, Iowa. (petition for permit; O'Neal report; testimony of Mr. VerBrugge; affidavit of Mr. David P. Yexley.) The proposed pipeline is necessary to serve the new ethanol plant. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.) The ethanol plant is expected to produce approximately

110 million gallons of ethanol per year, will provide a new delivery point for area corn producers, and is expected to increase the price of corn in the area. (testimony of Mr. VerBrugge; petition for permit.) Approximately 40 jobs will be created at the ethanol plant. (petition for permit; testimony of Mr. VerBrugge.) Economic benefits to the local economy will be realized during construction due to the construction workforce, and include expenditures for construction materials, lodging, fuel, and food. (petition for permit.) Therefore, the proposed pipeline will promote the public convenience and necessity. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.)

8. The proposed pipeline will comply with the design, construction, and safety requirements of Iowa Code chapter 479, 199 IAC § 10.12, and 49 CFR Part 192. (petition for permit; testimony of Mr. VerBrugge; O'Neal report.) MEC will be responsible for the design, construction, operation, inspection, and maintenance of the proposed pipeline and will own it once construction is completed. (testimony of Mr. VerBrugge; petition for permit.) MEC has hired Midwestern Contractors to construct the proposed pipeline. (testimony of Mr. VerBrugge.) Although MEC has not previously used this company, it is familiar with the company's work, and the company has good recommendations, proven skills, and over twenty-five years' experience. (testimony of Mr. VerBrugge.)

9. MEC owns property subject to execution within this state, other than pipelines, of a value in excess of \$250,000, and thus meets the requirements of Iowa

Code § 479.26 and 199 IAC 10.2(1)"d." (petition Exhibit D; testimony of Mr. VerBrugge.)

10. No written objections to the petition for a permit were filed and no objectors appeared at the hearing. (testimony of Mr. O'Neal, Mr. VerBrugge, Mr. Lane; Docket No. P-875 file.) MEC does not request the right of eminent domain. (testimony of Mr. Lane; petition for permit.) MEC has obtained all voluntary easements needed for the proposed pipeline. (testimony of Mr. Lane; petition for permit.)

#### **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, 479.3, 479.4, 479.12, 479.18, and 479.29; 199 IAC 9 and 10.

2. The Board has jurisdiction over MEC and over the petition for a natural gas pipeline permit it has filed. Iowa Code §§ 479.2, 479.3, 479.5, 479.6, 479.12, 479.18, and 479.29; 199 IAC 9 and 10.

3. The petition of MEC for issuance of a permit for the natural gas pipeline in this docket should be granted. Iowa Code §§ 479.11, 479.12, 479.26 and 479.29; 199 IAC 9 and 10.

4. The land restoration plan filed by MEC complies with the requirements of Iowa Code § 479.29 and 199 IAC 9. (petition for permit; O'Neal report.)

5. In the notice of informational meeting mailed to landowners and initially published, MEC erroneously stated the MAOP of the proposed pipeline to be 500 psig, rather than the correct 800 psig. (MEC prehearing brief; testimony of Mr. Lane; O'Neal report.) There is no requirement to state the MAOP of a proposed pipeline in the notices of informational meetings. Iowa Code § 479.5; 199 IAC 10.3(4). Once MEC discovered the mistake, it republished notice with the correct MAOP and discussed the corrected MAOP at the informational meetings. (petition for permit; testimony of Mr. Lane; O'Neal report; MEC prehearing brief.) The correct MAOP was stated in the petition for permit filed with the Board. (petition for permit.) No landowners objected that they were misled by the mistake. Under the circumstances, the error was insignificant and does not require that any additional action be taken by MEC.

**IT IS THEREFORE ORDERED:**

1. Official notice is taken of the report dated April 17, 2008, filed in this docket by Mr. Jeffrey O'Neal, utility regulatory engineer for the Board.

2. Pursuant to Iowa Code chapter 479, the petition for a pipeline permit filed by MEC in this docket is granted. A permit will be issued if this proposed decision and order becomes the final order of the Board.

3. Once MEC receives its stormwater discharge permit from the IDNR, it must file a copy with the Board.

4. MEC must provide timely notice to the Board before beginning construction of the pipeline and must also file weekly progress reports with the Board during construction of the pipeline.

5. After MEC completes construction of the new pipeline, it must file a construction completion report with the Board. This report must include information regarding any unusual construction problems or occurrences and a copy of the pressure test procedures used and the results obtained.

6. Within 180 days after completion of the construction of the new pipeline, MEC must file a map that accurately shows the location of the pipeline route as constructed. The map will be a part of the record in this case and will represent the final route as authorized by the permit.

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

8. This proposed decision will become the final decision of the Board unless, within five (5) days after the proposed decision is issued, a party files written notice of appeal with the Board or the Board votes to review the proposed decision on its own motion. Iowa Code § 17A.15(3); 199 IAC 7.26(2).

**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 2<sup>nd</sup> day of July, 2008.