
IOWA UTILITIES BOARD
Energy Section

Docket No.: EPB-2014-0156
Utility: MidAmerican Energy Company
File Date/Due Date: April 1, 2014 / N/A
Memo Date: November 17, 2014

TO: The Board

FROM: Kerri Johannsen, Ellen Shaw

SUBJECT: Additional Information Required from MidAmerican Regarding EPB-2014-0156

I. Background

On April 1, 2014, MidAmerican Energy Company (MidAmerican) filed an updated Emissions Plan and Budget (Plan Update). Iowa Code § 476.6(21) requires Iowa's rate-regulated utilities to develop a multi-year emissions plan and associated budget for managing regulated emissions from their coal-fired facilities in a cost-effective manner, with updates filed at least every two years.

On August 7, 2014, the Iowa Department of Natural Resources, Air Quality Bureau (IDNR) filed a letter stating the IDNR believes the filing, in conjunction with continued compliance with all permitting requirements and permit conditions, meets the applicable state environmental requirements and that it has no further comments at this time.

MidAmerican's 2014 Plan Update describes emission reduction projects that will occur beginning in 2014 through 2023. However, MidAmerican requests approval specifically for activities and associated budgets for 2014-2016. MidAmerican also provides a status report on activities and budgets associated with its 2012 Plan Update.

II. Legal Standards

Iowa Code § 476.6(21)(a) and (c) state:

21. *Electric Power generating facility emissions.*

a. It is the intent of the general assembly that the state, through a collaborative effort involving state agencies and affected generation owners, provide for compatible statewide environmental and electric energy policies with respect to regulated emissions from rate-regulated electric power generating facilities in the state that are fueled by coal. Each rate-regulated public utility that is an owner of one or more electric power generating facilities fueled by coal and located in this state on July 1, 2001, shall develop a multiyear plan and budget for managing regulated emissions from its facilities in a cost-effective manner.

c. The board shall review the plan or update and the associated budget, and shall approve the plan or update and the associated budget if the plan or update and associated budget are reasonably expected to achieve cost-effective compliance with applicable state environmental requirements and federal ambient air quality standards. In reaching its decision, the board shall consider whether the plan or update and the associated budget reasonable balance costs, environmental requirements, economic development potential, and the reliability of the electric generation and transmission system.

III. Analysis

Staff has drafted questions to clarify the filing and assist in its evaluation of the EPB.

1. The columns in Confidential Exhibit 1 showing the “Total” and “MEC Share” of the “ten-year” costs of projects included in the Plan Update are labeled “2010 – 2023.” Provide an updated spreadsheet with the 2014 – 2023 total and MEC share of capital costs for each project and for the ten-year budget as a whole.
2. In Confidential Exhibit 1, the 2014 costs shown for the ACI systems planned at Neal Units 3 and 4 exceed the ten-year total shown for the projects. Correct or explain this inconsistency.

3. A number of projects were slated to come online following the planned May 2014 outage at Neal 3. Provide status updates on the following:
 - a. Scrubber and baghouse
 - b. Turbine efficiency project
 - c. SNCR
 - d. ACI
4. Court decisions affecting coal plant emissions were issued subsequent to MidAmerican's April 1, 2014, filing. The potential impact of the cooling water intake ruling was addressed by the IDNR in its testimony. Specify whether and how the following decisions impact MidAmerican's environmental plan and budget.
 - a. The June 23, 2014, U.S. Supreme Court ruling partially invalidating the Tailoring Rule.
 - b. The April 29, 2014, U.S. Supreme Court reversal of the D.C. Circuit Court's decision vacating the Cross State Air Pollution Rule (CSAPR) and the D.C. Circuit Court's October 23, 2014, decision that lifted the stay on CSAPR.
5. Conflicting information appears to have been filed regarding the status of the ACI projects at Neal 3 and 4, Louisa, and WSEC 3. These statements are found in Exhibit 1 of MidAmerican's filing in Docket No. EPB-2012-0156 on February 13, 2014, at page 2, pages 5 through 7 and 13 through 17 of MidAmerican's current EPB filing, page 5 of Maystrick's direct testimony, and Exhibit 1. Please reconcile these statements and provide the following information:
 - a. Provide a timeline (both historical and projected) of each facility's ACI system regulatory approval, construction, and in-service date and update this Plan's exhibits accordingly.
 - b. What is the basis for the budget numbers for the ACI equipment at these units?
 - c. Explain the variance in the costs of the ACI projects at Neal 3 and 4 between the 2012 and 2014 filing as well as the timing of the expenditures.
6. What options are being considering for compliance with pending coal combustion by-product regulations?

7. Does MidAmerican plan to include in a future Plan Update costs related to coal combustion by-product, cooling water intake, and effluent limitation regulations as these rules are finalized?

IV. Recommendation Staff recommends that the Board direct General Counsel to draft for Board review an order requiring MidAmerican Energy Company to provide responses to the questions contained in this memo.

RECOMMENDATION APPROVED

IOWA UTILITIES BOARD

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/krj

/s/ Elizabeth S. Jacobs 11-24-14
Date

/s/ Nick Wagner 11/24/14
Date

/s/ Sheila K. Tipton 12/1/2014
Date