

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: MIDAMERICAN ENERGY COMPANY | DOCKET NO. EPB-2014-0156 |
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**ORDER ADDRESSING COMPLETENESS
OF EMISSIONS FILING AND APPROVING PARTIAL SETTLEMENT**

(Issued March 12, 2015)

On April 1, 2014, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an updated multiyear plan and budget for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal (2014 Plan Update). MidAmerican's filing described emissions control projects that began in 2014 and run through 2023 at its coal-fired plants, some of which are jointly owned. However, MidAmerican only seeks approval in this proceeding for MidAmerican's share of costs that are scheduled to be incurred in 2014 through 2016. The 2014 Plan Update is largely informational because most projects were approved in prior emissions plan dockets or MidAmerican's most recent rate case, Docket No. RPU-2013-0004. Pursuant to Iowa Code § 476.6(20) (2014 Supp.), updates to the plan and budget are to be filed at least every 24 months.

The Environmental Law and Policy Center and the Iowa Environmental Council (jointly, Environmental Intervenors) were granted intervenor status by order

issued on April 10, 2014. On December 3, 2014, the Board issued an order requiring MidAmerican to provide additional information. MidAmerican filed the additional information on December 18, 2014.

On January 8, 2015, MidAmerican, the Environmental Intervenors, and the Office of Consumer Advocate (OCA) filed a proposed partial settlement agreement between the three parties. The proposed partial settlement stipulates that the 2014 Plan Update complies with Iowa Code § 476.6(20) and should be approved. The settlement was designated a partial settlement because MidAmerican, OCA, and the Environmental Intervenors said the settlement is not intended to interfere with the ability of the Iowa Department of Natural Resources (IDNR) to carry out its statutory responsibilities pursuant to Iowa Code § 476.6(20). Included in the settlement is MidAmerican's commitment to provide periodic updates to the Board and OCA every 12 months. These reports are to summarize MidAmerican's efforts to implement the 2014 Plan Update. MidAmerican agreed to a specific format and timing for filing the updates.

The proposed partial settlement also provided that MidAmerican, the Environmental Intervenors, and OCA will meet twice each year to exchange information on potential changes in state and federal environmental regulations and emissions control projects that may be considered for future emissions plans, including the Environmental Protection Agency's rules promulgated pursuant to section 111(d), 42 U.S.C. § 7411, regulating greenhouse gases from existing power

plants. MidAmerican committed to use reasonable efforts to inform the parties of regulatory changes that occur between meetings that could have a material impact on MidAmerican's emissions strategy. Finally, OCA, the Environmental Intervenors, and MidAmerican agreed that routine operations and maintenance expenses unrelated to emissions control, including those related to any turbine upgrades, will not be eligible for inclusion in any MidAmerican emission plan or budget.

IDNR has an important role in the plan review process. Iowa Code § 476.6(20)"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 into compliance. The Board cannot approve a plan that does not meet applicable standards. Iowa Code § 476.6(20)"b."

While not a party to the settlement, the IDNR filed testimony on August 7, 2014, commenting on MidAmerican's initial filing. IDNR's testimony stated that it had reviewed MidAmerican's April 1, 2014, filing and determined that the filing meets applicable state environmental requirements for regulated emissions. Furthermore, IDNR stated that MidAmerican's plan accurately reflects the current status of federal requirements at the time of MidAmerican's 2014 Plan Update submittal. IDNR supplied information regarding court decisions that had occurred since the submission of MidAmerican's April 1, 2014, filing, but found that these decisions do

not impact MidAmerican's Plan Update. The IDNR had no additional comments and did not object to the proposed partial settlement.

No party requested a hearing on the proposed settlement. Because the IDNR has answered the question posed by the statute in the affirmative, the Board may decide whether to approve the 2014 Plan Update and partial settlement.

Iowa Code § 476.6(20)"d" requires the Board to issue an order approving or rejecting the 2014 Plan Update within 180 days after the filing has been deemed complete. The Board finds the filing is complete, as supplemented on December 18, 2014, with the information required by the Board. The Board did not make this finding earlier because of the settlement between MidAmerican, the Environmental Intervenors, and OCA and IDNR's review process.

In reviewing a proposed settlement, the Board examines all settlements by the criteria found in 199 IAC 7.18. 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 2014 Plan Update, as supplemented by the information filed on December 18, 2014, includes MidAmerican's assessment of current and future emissions requirements and the potential impacts of those requirements on MidAmerican's coal-fired plants (in other words, MidAmerican's plan for meeting these emissions requirements). The IDNR states in its testimony, based on its

information at the time the 2014 Plan Update was filed, that the 2014 Plan Update meets applicable state environmental requirements for regulated emissions.

MidAmerican's 2014 Plan Update adequately addresses costs, economic development, and reliability as provided in Iowa Code § 476.6(20)"c." Most of the projects in the 2014 Plan Update are continuations of projects previously approved. The primary drivers in the 2014 Plan Update are current and projected Environmental Protection Agency environmental standards and continuing efforts to meet particulate matter and mercury standards. While the 2014 Plan Update is specifically for the 2014-2016 time frame, MidAmerican has included a summary of controls it believes will be installed through 2023; these projections could change based on future regulatory requirements or changes in the allowance markets.

MidAmerican's 2014 Plan Update reasonably balances costs, environmental requirements, economic development potential, and reliability of the generation and transmission system. The Board will therefore approve the partial 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 April 1, 2014, and supplemented on

December 18, 2014, with the information required by the Board, is deemed complete pursuant to Iowa Code § 476.6(20)"d."

2. The partial settlement filed by MidAmerican Energy Company, the Office of Consumer Advocate, and the Environmental Law and Policy Center and the Iowa Environmental Council on January 8, 2015, is approved.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary, Deputy

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 12th day of March 2015.