

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. PSA-2011-0001
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**ORDER CANCELING HEARING AND ASSESSING CIVIL PENALTIES**

(Issued October 7, 2011)

**BACKGROUND**

On August 9, 2011, the Utilities Board (Board) issued an order opening a docket to review compliance with federal and Board pipeline safety regulations by MidAmerican Energy Company (MidAmerican). In the order the Board described probable violations found by the Board's Safety and Engineering staff during an inspection of MidAmerican's natural gas system in the Clarksville District. In the order, the Board also gave MidAmerican notice that it could be subject to civil penalties for the probable violations and the Board scheduled a hearing for October 14, 2011, for the purpose of addressing the issues raised by the probable violations.

The Board directed MidAmerican to explain how the probable violations occurred, why MidAmerican took the actions it did in response to the inspection reports, and what corrective action MidAmerican has taken to ensure that similar probable violations do not occur in the future. In addition, the Board directed MidAmerican to explain what action it is taking to review 2007 and older pressure

tests in the Clarksville District and what action MidAmerican is taking to correct any improper tests that may be found.

On August 31, 2011, MidAmerican filed a compliance report in response to the Board's August 9, 2011, order. On September 12, 2011, MidAmerican filed a request to cancel the October 14, 2011, hearing and requested that the Board not assess civil penalties against MidAmerican.

### **PROBABLE VIOLATIONS**

In February 2011, Board Safety and Engineering staff conducted an inspection of MidAmerican's Clarksville District for compliance with state and federal natural gas pipeline safety and service standards. The pipelines inspected in the Clarksville District are intrastate pipelines. Board staff completed the inspection report on February 28, 2011. In the report, Board staff noted two probable violations of gas pipeline safety regulations and several advisories. Probable violations are noted when violations of specific safety regulations are found during the inspection. An advisory is noted when the inspection finds practices that may not be specific violations but which could lead to violations or where improved practices are recommended. Probable violations become violations when an adjudicatory authority, such as the Board, makes a determination that a violation has occurred.

In the February 28, 2011, report, the first probable violation was for a failure to perform pressure tests on seven mains and five services in accordance with MidAmerican's operating and maintenance standards as required by 49 CFR

192.13(c). The second violation in the February 28, 2011, report was not included in the Board's August 9, 2011, show cause order.

In a letter dated May 17, 2011, MidAmerican responded to the first probable violation. In the response, MidAmerican stated that: (1) two of the mains and four of the services had been retested; (2) for one service an affidavit had been obtained from the crew foreman stating that standards had been followed; (3) variances had been approved for the remaining five mains; and (4) refresher training on test requirements was provided to Clarksville gas employees.

One of the advisories in the February 28, 2011, report called for MidAmerican to check older pressure test records, 2007 and older, to determine if there were other tests that had been incorrectly performed. MidAmerican's response in the May 17, 2011, letter indicated the review would be completed by June 30, 2011, and a plan for any required remediation would be created after the review.

On June 7, 2011, Board staff sent a letter to MidAmerican that noted two new probable violations based upon the responses provided in the May 17, 2011, letter. The first new probable violation was for a failure to follow its own procedures for obtaining a variance as required by 49 CFR 192.13(c). MidAmerican procedures require that a variance must be obtained before the action is performed and the justification for the variance needs to be documented. The MidAmerican procedures state "Not following Standards without an approved variance is a violation of DOT (PHMSA) regulations." The "DOT (PHMSA) regulations" refer to regulations adopted by the U.S. Department of Transportation, Office of Pipeline Safety, Pipeline and

Hazardous Material Safety Administration. The June 7, 2011, letter pointed out that the variances described by MidAmerican in the May 17, 2011, letter had been granted after the fact and with no rationale for the issuance of the variances.

The second new probable violation occurred as a result of MidAmerican's response to the first probable violation for improper pressure tests as noted in the February 28, 2011, report. The June 7, 2011, letter pointed out that the individuals responsible for the improper tests should have been held accountable in accordance with the federal Operator Qualification regulations and the MidAmerican Operator Qualification plan. Pursuant to the federal regulations and the MidAmerican plan, the operators should have been immediately disqualified from conducting pressure tests and required to pass requalification testing before being allowed to perform pressure tests again. The June 7, 2011, letter pointed out that "refresher training" was not an adequate remedy under the applicable safety regulations. In addition, MidAmerican was asked to explain why it considered an after-the-fact affidavit sufficient to establish one of the tests had been properly conducted. MidAmerican was also asked for an update of the review of the 2007 and older pressure test records.

On July 6, 2011, MidAmerican filed a response to the June 7, 2011, letter. In the response, MidAmerican stated:

(1) The five variances had been withdrawn and the lines involved would be retested by August 31, 2011.

(2) The persons who performed the pressure tests had been disqualified and subsequently re-qualified. MidAmerican stated that a records review of all pressure tests conducted by these individuals from February 4, 2011,

through disqualification concluded the tests in question had been properly conducted.

(3) MidAmerican stated that an affidavit was acceptable based on the experience of the foreman involved and the past history of the Clarksville area.

(4) MidAmerican indicated it was verifying the older test records and would have a remediation plan prepared by August 31, 2011, with remediation to be completed by May 31, 2012.

### **MIDAMERICAN COMPLIANCE REPORT**

In the August 31, 2011, compliance report, MidAmerican states that it does not contest the findings of probable violations and provided responses as directed by the Board. MidAmerican included an Executive Summary that summarized its response to the probable violations and the actions it has taken, or is taking, to try to ensure similar probable violations do not occur in the future.

In the summary, MidAmerican states that in response to the inspection reports and the Board's order, it has undertaken a comprehensive gas pressure test review of its gas facilities and records that extends well beyond the specific items in the order addressing the Clarksville District. MidAmerican states that it completed a review of its gas pressure test records in the Clarksville District and throughout its Iowa gas distribution system for a period of over ten years (2001 through August 2011). The review examined test pressure, test duration, test medium, test personnel, and test dates. MidAmerican states that it applied the new, more stringent

standard regarding variances and affidavits developed in response to the probable violations and Board order in its review.

MidAmerican states that it has taken the following corrective action in addition to the comprehensive review described above:

(1) It rescinded the five variances and one affidavit and completed retesting each of the seven main segments and five services noted in the February 28, 2011, inspection report.

(2) It reviewed all pressure test records performed by the two disqualified employees in the Clarksville District from February 4, 2011, through June 10, 2011. It retested those items to ensure compliance.

(3) It reviewed 2007 and earlier pressure tests in the Clarksville District and completed retesting of those services and mains where testing and documentation was questionable.

(4) It developed a retesting plan for the rest of its Iowa gas distribution system.

(5) It disqualified and re-qualified all MidAmerican employees and contract employees who perform pressure testing of gas services and mains.

(6) It revised its Operator Qualification plan and training by incorporating changes to address gas testing.

(7) It revised its Gas Standards to modify the approval process for use of variances and eliminated the use of affidavits.

(8) It developed operational processes to allow management and field personnel to identify promptly the adequacy of tests and test records.

(9) It formalized annual gas compliance awareness training.

In response to the first probable violation, involving the main line segments that were not properly tested, MidAmerican states that its crews did not apply the proper testing duration standards during the testing of these mains. MidAmerican has now adopted a practice of maintaining a supply of larger diameter pretested pipe for repairs to eliminate the need for on-site pressure testing. The inadequate duration of pressure testing for four services, MidAmerican states, resulted primarily from misapplication of standards. MidAmerican states it has improved the process to verify proper pressure testing requirements. For the fifth gas service, MidAmerican has rescinded the affidavit, retested the service, and discontinued the use of affidavits.

MidAmerican states that the first new probable violation noted in the June 7, 2011, letter related to the use of variances which occurred because of employees' use of the variance process to address testing issues was too broad. MidAmerican had reviewed the tests, considered them to be in compliance with testing standards, and issued the variances for the five main segments. MidAmerican states that it has rescinded the five variances and subsequently retested each main. MidAmerican states that it has since revised its gas standards to change the approval process, which should reduce the use of variances.

MidAmerican states that the second new probable violation noted in the June 7, 2011, letter that involved operator qualifications resulted from the omission of the crew member's signature and the failure to catch the omission during the work

order review process. MidAmerican states that it considered the issue resolved when it provided the appropriate records to Board staff.

MidAmerican states that it believes the initial corrective actions it took regarding refresher training were consistent with the Operator Qualification plan; however, it has since disqualified (and requalified) the two crew members and retested all pressure tests performed by the two crew members from February 4, 2011, through June 10, 2011. MidAmerican also revised its Operator Qualification plan to specifically disqualify and requalify personnel when pressure testing records are found to be inadequate.

MidAmerican states that its review of the pre-2007 test records for the Clarksville District was completed prior to July 6, 2011, and it has completed all retesting as of August 31, 2011. In addition, MidAmerican states that it has expanded the retesting to its entire Iowa gas distribution system. MidAmerican states that it has reviewed records back to January 1, 2001. As part of this review, MidAmerican states that it identified 1,315 services and sections of 397 mains to be retested, including those in the Clarksville District that had already been addressed.

MidAmerican states that it applied its new, more stringent standard regarding variances and affidavits in its review of pre-2007 records. Retesting was performed on questionable variances and affidavits and these are included in the above totals. MidAmerican states that it has established an action plan to retest services and mains identified in the comprehensive review and established a program for quarterly



leak surveys for the 1,315 service lines and sections of 397 mains until they are retested.

In addition, MidAmerican states that it has adopted other changes to its processes to enhance gas safety compliance. These changes are as follows:

- (1) Creation of a new management report to proactively identify pressure testing issues as they occur.
- (2) Establishment of a formal multi-level approach to verifying testing data, including weekly supervisor review and acknowledgement, random sampling, and more comprehensive compliance audits.
- (3) Creation of annual formalized compliance training specific to gas standards for employees with gas responsibilities.
- (4) All requested variances require vice president and president approval before acceptance.
- (5) Revised gas standards to completely eliminate the use of affidavits to verify proper testing documentation.

MidAmerican also described other actions it had previously taken which implemented a number of other programs to ensure the safety of its gas pipeline system.

In conclusion, MidAmerican states that it takes safety and compliance matters very seriously and is committed to fully adhering to increasing compliance standards and expectations. MidAmerican states that it takes regulatory and internal inspection issues very seriously and works to improve the safety of and mitigate any potential risks associated with its gas delivery system.

### **REQUEST TO CANCEL HEARING AND NO CIVIL PENALTY**

MidAmerican states that a hearing is scheduled for October 14, 2011, to address any issues arising out of the probable violations found by Board staff during the Clarksville District inspection. MidAmerican states that it has filed its compliance report as directed by the Board's August 9, 2011, order and it does not contest the probable violations cited in the inspection report. MidAmerican states that the actions it has taken in response to the inspection report and the Board's order show that it takes these matters very seriously. MidAmerican states that it has expended considerable resources with daily participation of senior management to fully investigate and formulate a comprehensive plan to address these issues.

MidAmerican states that its compliance report details the steps it has taken in response to the Clarksville District report. In addition, MidAmerican states that it has proactively conducted a comprehensive review of the pressure test records for its entire system to address these issues. MidAmerican contends that these actions demonstrate its commitment to natural gas safety and compliance with applicable gas rules and MidAmerican safety standards.

MidAmerican submits that the assessment of a civil penalty for the probable violations cited in the August 9, 2011, order is not necessary. MidAmerican states that the actions it has described in its compliance report show its commitment to natural gas safety compliance and public safety. MidAmerican submits that the compliance report provides assurances required by the Board's order for the

Clarksville District and general compliance matters. MidAmerican requests the Board cancel the October 14, 2011, hearing and find that a civil penalty is not necessary.

### **BOARD DISCUSSION**

The Board inspects MidAmerican's intrastate natural gas pipelines pursuant to Iowa Code chapter 479 and federal regulations of the U.S. Department of Transportation (DOT), Pipeline and Hazardous Material Safety Administration (PHMSA) as specified in 49 CFR Part 192. The Board applies annually to PHMSA for certification allowing the state to conduct a pipeline safety inspection and enforcement program covering intrastate pipeline facilities within that state in lieu of PHMSA conducting inspections under federal authority. The Board has obtained the required certification pursuant to 49 U.S.C. § 60105. To receive certification, a state must adopt the minimum federal standards, although a state may adopt additional or more stringent standards for intrastate pipeline facilities. The Board has adopted the federal regulations in 199 IAC 10.12. The Board also conducts safety inspections of interstate pipelines as an agent for PHMSA pursuant 49 U.S.C. § 60106.

The Board employs inspectors within its Safety and Engineering Section who conduct the inspections of natural gas operators within Iowa. Board staff inspected MidAmerican's Clarksville District natural gas system pursuant to the authority described above. The probable violations and MidAmerican's responses to those probable violations are discussed below. Probable violations become violations

when an adjudicatory authority, such as the Board, makes a determination that a violation has occurred.

As part of the Board enforcement authority in Iowa Code chapter 479, the Board is authorized to assess civil penalties against any person who violates chapter 479 or any person that violates any Board rule or Board order that implements the provisions of chapter 479. Pursuant to Iowa Code § 479.31, civil penalties can be assessed up to \$10,000 for each violation and each day that the violation continues shall constitute a separate offense. The statute sets a maximum civil penalty of \$500,000 for any related series of violations.

**A. Probable Violations**

Board staff informed MidAmerican of two probable violations in the February 28, 2011, report. The first probable violation was the failure to perform pipeline pressure tests on seven main and five services in accordance with MidAmerican's operating and maintenance standards. The second probable violation in the February 28, 2011, report does not need to be considered in this show cause proceeding.

Board staff informed MidAmerican of two new probable violations by letter dated June 7, 2011. The two new probable violations were based upon MidAmerican's response to the first probable violation in the February 28, 2011, report. The first new probable violation involved a failure of MidAmerican to follow its own procedures for obtaining a variance. The second new probable violation involved failure to disqualify individuals responsible for performing improper tests.

**1. Pressure Tests**

In the February 2011 inspection of the MidAmerican Clarksville District, Board staff identified seven gas mains and five gas service lines that had not been properly pressure tested in accordance with MidAmerican's testing procedures. This was cited as a probable violation of 49 CFR § 192.13(c), which requires that a gas operator, such as MidAmerican, follow the written procedures the gas operator has adopted to implement "performance" requirements, where the operator has discretion to select the method to be used to comply with a regulation.

In its response to the inspection report, MidAmerican stated that two of the mains and four of the services had been retested, five mains had received "variances," and for the fifth service an affidavit of proper completion had been obtained from the crew foreman. Board staff informed MidAmerican that the variances did not comply with MidAmerican's own procedures for granting variances, since they were issued after-the-fact and contained no justification for granting the variance. Board staff cited this failure to follow variance procedures as the first new probable violation of § 192.13(c). An explanation for use of the affidavit was also requested, but was not identified as a probable violation.

MidAmerican subsequently withdrew the variances and affidavit and retested those mains and the services. No problems occurred during the retests. The Board finds that MidAmerican's action has corrected the first probable violation of § 192.13(c) for incorrect pressure tests, as identified in the February 28, 2011, inspection report.

## **2. Variances**

The first new probable violation of § 192.13(c) was cited in the June 7, 2011, letter for improper use of variances. Variance procedures in use by MidAmerican at the time required the variance be obtained before an action not complying with MidAmerican procedures was undertaken and included a list of Variance Approval Considerations to be used when considering a request for variance. The procedure specifically stated that "Not following Standards without an approved variance request is a violation of DOT regulations."

Copies of variances obtained by the Board for the above pressure tests showed they were issued after the fact and showed no evidence that the Variance Approval Considerations in the procedure had in fact been considered. The failure to follow established procedures for granting variances is a violation of federal gas safety regulations.

In the August 9, 2011, order, MidAmerican was directed to examine other test records to see if similar deficiencies existed elsewhere. In response, MidAmerican reviewed records not just for the Clarksville District, but for its entire Iowa gas distribution operations. As a result of its review, MidAmerican identified 1,315 services and 397 sections of mains with suspect pressure tests.

MidAmerican also revised its standards for variances and affidavits in response to the Board's August 9, 2011, order. MidAmerican applied the new standard to the review of test records and states in its compliance report that "all questionable gas segments that had variances or affidavits were also flagged for

retest." MidAmerican did not specify how many of the 1,315 services and 397 main segments scheduled for retest had received variances or affidavits not in compliance with MidAmerican's variance procedures. Based upon the number of services and mains scheduled for retest, it appears the practice was widespread.

MidAmerican has issued new variance procedures effective August 31, 2011. It appears, for the most part, that the changes are a reorganization of MidAmerican procedures rather than substantive differences from the prior procedures. The Board considers it important that MidAmerican ensure that the new procedures are applied properly and compliance is overseen by management. However, the Board has two concerns with the new procedures.

First, the new procedures provide that "Variances are typically requested where unusual circumstances make application of a practical standard technically infeasible, unreasonably expensive, or impractical." This provision is identical to a provision in the prior procedures; however, the provision is not included in the Variance Approval Considerations or the variance request review form. Also, in the prior procedures, one of the Variance Approval Considerations was "Determine whether the existing standard is adequate to resolve the particular situation." This standard was omitted from the new procedures.

It appears that the new procedures do not call for a decision on whether a variance is necessary or justified, and a prior provision that required a decision on whether a variance is necessary has been removed. A variance process for natural gas safety regulations should resemble a waiver process such as the Board employs

in rule 199 IAC 1.3, which requires a showing of "undue hardship" and "substantially equal protection" for the waiver to be granted.

The Board understands that variance provisions may sometimes be appropriate for discretionary standards since the best procedures may not always fit the circumstances of a particular situation. However, the assumption must be that a standard was adopted for good reason, and granting a variance from a standard should require justification. The Board will require MidAmerican to revise its procedures to include in the Variance Approval Considerations and the variance request review form the provision that "Variances are typically requested where unusual circumstances make the application of a particular standard technically infeasible, unreasonably expensive, or impractical." This language will make it clear that a justification of a variance must be provided before a variance is granted.

Second, in its August 31, 2011, compliance filing, MidAmerican states that variances will require vice president and president approvals. The new procedures adopted by MidAmerican state only that variances must be approved by MidAmerican's Gas Standards unit; however, the review form makes provision for the corporate officers' signatures. MidAmerican should review its new procedures to ensure it is clear that the procedures require vice president and president signatures for a variance to be approved.

In addition, MidAmerican's new standard says "Affidavits will not be accepted to validate any data discrepancies or corrections." Even though the Board does not



oppose the use of affidavits in all situations, the Board considers the decision not to use affidavits to be reasonable.

### **3. Operator Qualification**

Federal regulations at 49 CFR Part 192 Subpart N, require that gas operators have a system for qualifying workers to perform covered functions on gas systems. The February inspection cited a probable violation of Operator Qualification regulations based on a failure to document on a pressure test record the identity of the person conducting the test and, therefore, whether the tester was qualified to conduct the test. MidAmerican subsequently provided a work order identifying the crew leader on this repair and indicated that this individual was qualified. The Board considers the information provided by MidAmerican to be a resolution of this probable violation.

However, in response to the discovery of inadequate pressure tests, MidAmerican stated it had given refresher training to Clarksville District gas employees. Board staff informed MidAmerican that the response was inadequate and found the action taken by MidAmerican to be a violation of Subpart N, the second new probable violation. It is the Board's interpretation of the regulations that the responsible individuals should have had their qualification to perform pressure tests revoked when the inadequate tests were first discovered. MidAmerican's response fell short of this. There is no indication that MidAmerican considered applying the qualification program to a failure to perform until this was raised by Board staff. Since that time, MidAmerican has requalified the employees.

MidAmerican states that the work done by those employees in the months prior to disqualification was reviewed, was apparently found correctly performed, and the lines were retested.

Subpart N is performance language which does not specifically require a worker be disqualified for failure to follow procedures. Nor does the MidAmerican Operator Qualification plan specifically require disqualification. However, it is the Board's interpretation that the failure to disqualify personnel when multiple performance errors are found is inconsistent with the purpose and intent of Subpart N. MidAmerican has since revised its Operator Qualification plan to require that unsatisfactory performance will result in immediate suspension of the person's qualification for that task and the person must requalify before resuming that activity. The requalification of the persons involved and the revisions to procedures satisfactorily resolves the operator qualification issues raised in the inspection reports and described in the August 9, 2011, order as the second new probable violation.

#### **4. Other Issues**

The Board considers the failure of MidAmerican's supervisory personnel to discover the inadequate pressure tests from filed records before those tests were brought to MidAmerican's attention by the Board staff inspection to be of concern. No probable violation was cited regarding this lack of oversight, but the Board believes MidAmerican's adoption of oversight improvements was a necessary response to this finding.

One remaining item is that the pressure test standards submitted by MidAmerican in its August 31, 2011, compliance report do not make provision for testing of gas mains smaller than two inches in diameter. It is the Board's understanding that MidAmerican has mains smaller than two inches. This omission needs to be corrected. The Board will require MidAmerican to revise its pressure test standards to include provisions for testing mains smaller than two inches in diameter.

**B. Cancellation of Hearing and Assessment of Civil Penalties**

Based upon the actions taken by MidAmerican as described in the compliance report and MidAmerican's statement that it does not contest the probable violations, the Board does not consider a hearing to address the issues raised by the probable violations to be necessary. MidAmerican has taken action to address the specific probable violations for the Clarksville District and has taken more comprehensive action throughout its entire gas delivery system to address the issues raised by the subsequently cited new probable violations. Based upon the compliance report filed by MidAmerican, it does not appear that a hearing would provide any additional substantive information about the actions taken by MidAmerican to address the violations found by the Board in this order.

Even though a hearing may not be necessary to address the violations found by the Board and the actions taken by MidAmerican to address those violations, the Board considers the failure to comply with applicable safety regulations and MidAmerican's failure to follow its own safety procedures for granting variances to be troubling. MidAmerican's response to the Board's opening of a show cause

proceeding has been comprehensive; however, after-the-fact compliance is not an adequate process for ensuring compliance with safety regulations.

The issues involved in the granting of variances found by Board staff had been ongoing for many years, as evidenced by the results of the MidAmerican review. Even though MidAmerican's procedures required prior approval of variances and justification of the variance, the records indicate that MidAmerican personnel granted variances after the fact, and did not always provide justification for the variance. The Board is concerned that MidAmerican's failure to recognize the problem in response to the February 28, 2011, inspection may say more about MidAmerican's oversight of its safety procedures than the actions taken after the Board's order.

Based upon the failure of MidAmerican to recognize that its own gas safety procedures were not being followed and the length of time that this failure continued, the Board finds that a civil penalty should be assessed against MidAmerican. The Board has reviewed prior dockets where the Board has assessed civil penalties for violation of Board rules and safety regulations. Most of the prior dockets where civil penalties were assessed involved pipeline permit violations; however, there is a PSA docket involving Interstate Power and Light Company (IPL) that is similar to this matter, Docket Nos. PSA-04-1, PSA-04-2, In re: Interstate Power and Light Company, "Order Assessing Civil Penalties" (2/24/05). In that docket, the Board assessed civil penalties totaling \$54,000 for 29 specific violations of safety regulations and for a pattern of violations. In the docket, IPL acknowledged the violations and accepted the civil penalties.

Although the violations in this docket are not as extensive as those in the IPL docket, the Board finds that the assessment of a civil penalty is necessary to ensure MidAmerican understands the need to continue to monitor its safety inspection procedures for compliance with federal pipeline safety regulations and its own procedures. MidAmerican has not contested the probable violations, similar to IPL's position in the above-cited case. In that case, IPL had multiple violations and the Board found there was a pattern of violations that required Board action. In this docket, the violations are more limited in scope and so the Board considers a lesser penalty to be appropriate.

Based upon the failure of MidAmerican to follow its own procedures for granting variances, which MidAmerican's own procedures state is a violation of federal pipeline safety regulations, a civil penalty in the amount of \$10,000 is found to be reasonable. The violations relate to pipeline safety regulations which are designed to ensure the safe operation of natural gas systems. The failure to follow testing and variance procedures continued for many years and occurred multiple times, which indicates that MidAmerican did not have adequate procedures in place to ensure compliance with its own procedures that were designed to comply with federal regulations. In addition, it was found during the inspection that inadequate pressure tests were not being recognized by MidAmerican management.

The Board is assessing the civil penalty in order to raise MidAmerican's awareness of the need to provide the necessary oversight to ensure compliance with these and other safety requirements, including its own standards. The Board is not

proposing that a civil penalty be assessed in this proceeding for the violations of operator qualification regulations. The Board considers the clear intent of Subpart N is that employee errors, especially repeated errors, should have qualification repercussions. However, since this is the Board's interpretation, and this interpretation has not previously been clarified with natural gas operators, the Board will direct its staff to contact all gas operators to explain this interpretation instead of assessing a civil penalty. All gas operators will be given notice that failure to connect employee performance to their qualification to perform a task may result in civil penalties in the future.

### **ORDERING CLAUSES**

#### **IT IS THEREFORE ORDERED:**

1. The hearing scheduled for October 14, 2011, is canceled.
2. MidAmerican Energy Company is assessed a civil penalty of \$10,000 pursuant to Iowa Code § 479.31 for violation of federal and state natural gas safety regulations as described in this order.
3. Payment in the form of a check made payable to the Iowa Utilities Board shall be forwarded to the Executive Secretary of the Board at 1375 E. Court Avenue, Des Moines, Iowa 50319-0069. Payment is due within ten days of the date of this order. The docket number listed on this order shall be listed on the check or in the accompanying correspondence.

4. MidAmerican Energy Company shall revise its Variance Approval Considerations as described in this order.

5. MidAmerican Energy Company shall revise its pipeline testing standards to add standards for testing gas mains 2 inches in diameter or smaller.

6. The Board's Safety and Engineering section staff shall give notice to all gas operators in Iowa of the Board's interpretation of the Operator Qualification requirements described in this order.

**UTILITIES BOARD**

/s/ Elizabeth S. Jacobs

/s/ Darrell Hanson

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary, Deputy

/s/ Swati A. Dandekar

Dated at Des Moines, Iowa, this 7<sup>th</sup> day of October 2011.