



October 26, 2006

Jerry Steffen, P.E.
Steffen Engineering and Testing, Inc.
611 5th Street
Sioux City, Iowa 51101

**Re: Soils Reports for Contaminated Soils
1st Street Construction Project**

Dear Jerry:

Attached is a copy of the letter from MidAmerican Energy regarding the above referenced item. Please provide copies of the original soils reports and the construction field data taken during the construction.

It was my understanding that the "Sheen Test" used on site, to determine if the material was contaminated, was recommended and approved by the Iowa Department of Natural Resources.

If you have questions, please do not hesitate to contact me at 712.279.6933.

Respectfully,

David P. Carney, P.E.
Senior Civil Engineer

- c: ✓ Chris Payer, P.E. – City Engineer
- Paul Stensland, P.E. – Schroder Engineering
- ✓ Dan Cook - IDNR
- Jim Abshier

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PUBLIC WORKS DEPARTMENT

ADMINISTRATION

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RECREATION SERVICES

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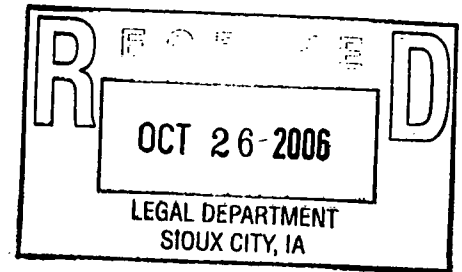


MidAmerican Energy Company
666 Grand Avenue, 28th Floor
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Des Moines, Iowa 50303-0657
(515) 281-2779 Telephone
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E-mail: maroy@midamerican.com

MARGARET A. ROY, Senior Attorney

October 23, 2006

James L. Abshier, City Attorney
Legal Department
The City of Sioux City
405 6th St, Ste 511
PO Box 447
Sioux City, IA 51102



Re: First Street Project Bill invoice #2006.028

Dear Mr. Abshier:

I received the subject invoice dated October 10, 2006, seeking payment by MidAmerican Energy Company of a total cost of \$318,408.73. I note that the tons of "unsuitable soils" removed were more than triple the bid amount. As stated in MidAmerican's April 25, 2006, letter to you, MidAmerican disputes liability for these costs.

Almost one year ago, MidAmerican advised the City that any claim for reimbursement for removal of contaminated soils must be supported by a lab analysis conclusively demonstrating the contamination is solely manufactured gas plant waste. Please provide that lab analysis. In addition, please provide support for all other charges, including a detailed explanation of how they relate to MidAmerican Energy Company.

Sincerely,

Peg Roy
Peg Roy
Senior Attorney

cc: *Dave Carney*