

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MUNICIPAL ELECTRIC UTILITY OF THE CITY OF CEDAR FALLS	DOCKET NO. WRU-00-5-602
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**ORDER GRANTING WAIVER**

(Issued February 17, 2000)

On January 18, 2000, the Municipal Electric Utility of Cedar Falls, Iowa (Cedar Falls), filed with the Iowa Utilities Board (Board) a request for waiver of the generating certificate requirements of Iowa Code Chapter 476A. Cedar Falls currently owns and operates a 25 MW combustion turbine peaking unit located in Cedar Falls, Iowa. Cedar Falls plans to install a second unit on the same site with 26 MW of nameplate capacity. On February 1, 2000, the Consumer Advocate Division of the Department of Justice filed a response stating it did not object to the Board granting the waiver request.

Cedar Falls in its request states the second unit will allow it to provide generating resources demanded by at least four of its wholesale customers and establish a seasonal reserve. The second unit will also allow Cedar Falls to serve all area load from local generation in the event of transmission system outage.

Iowa Code § 476A.15 specifically grants the Board the authority to waive any of the requirements of Chapter 476A for facilities with a capacity of 100 MW or less if

the Board determines the public interest will not be detrimentally affected. With the second unit, the facility's total capacity will be 51 MW. Iowa Code § 476A.1(5).

The decision criteria for a generation certificate are found in Iowa Code § 476A.6. Three of the criteria which relate to having a comprehensive energy management program, consideration of long-term electric supply, and examination of feasible alternatives to building generation are used primarily for rate-regulated electric utilities because the decision to build generation can have a significant impact on regulated electric rates. Because Cedar Falls is a non-rate regulated municipal utility, these criteria have little or no impact on the Board's decision whether or not to grant a certificate. Consideration of long-term supply, examination of alternatives, and the ultimate impact on rates are matters for consideration by Cedar Falls' governing body.

The remaining three decision criteria are 1) whether the facility is required, 2) whether the applicant will construct, maintain, and operate the facility pursuant to the provisions of the certificate, and 3) whether the construction, maintenance, and operation of the facility will cause minimum adverse land use, environmental, and aesthetic impact. In its waiver request, Cedar Falls has provided sufficient information to establish the need for the facility, the first remaining criteria. With respect to the second criteria, Chapter 476A provides that if there is a significant alteration to the facility, Board approval is required. Because this requirement is statutory, it does not need to be restated in a certificate.

The final decision criterion relates primarily to environmental factors. Environmental permits are within the purview of the Department of Natural Resources (DNR) and the Board has traditionally deferred to DNR's expertise in these areas and has found this criteria satisfied if DNR issues the appropriate permits. The Board finds that the waiver request adequately addresses the decision criteria for a generating certificate and will therefore waive the requirements of Chapter 476A. The waiver will not detrimentally affect the public interest. However, the Board reminds Cedar Falls that it must obtain any applicable environmental permits and comply with any other state and local regulations, such as zoning or land use restrictions.

**IT IS THEREFORE ORDERED:**

The request for waiver filed by the Municipal Electric Utility of the City of Cedar Falls, Iowa, on January 18, 2000, is granted.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary, Deputy

/s/ Diane Munns

Dated at Des Moines, Iowa, this 17<sup>th</sup> day of February, 2000.