

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: WILLIAMS PIPE LINE COMPANY	DOCKET NO. P-667
--	------------------

PROPOSED DECISION AND ORDER GRANTING PERMIT

(Issued August 1, 2000)

APPEARANCES:

MR. PAUL E. HORVATH, Attorney at Law, Dickinson, Mackaman, Tyler & Hagen, P.C., 1600 Hub Tower, 699 Walnut Street, Des Moines, Iowa 50309-3986, appearing on behalf of Williams Pipe Line Company

MR. BEN STEAD, Attorney at Law, 310 Maple Street, Des Moines, Iowa 50319, appearing on behalf of the Iowa Department of Justice, Office of Consumer Advocate.

STATEMENT OF THE CASE

On November 15, 1967, the Utilities Board issued Pipeline Permit No. 771 in Docket No. 667 to Williams Brothers Pipe Line Company (now Williams Pipe Line Company) to construct, operate, and maintain a natural gas pipeline in Poweshiek County, Iowa. The permit was for the pipeline at issue in this case. (Bloome report; file no. P-667 Pump Station #601 Lateral, Poweshiek County. Williams Bros. P L Co., Tulsa Oklahoma) On May 2, 1997, Williams Pipe Line Company (Williams) filed a petition for a permit authorizing it to operate and maintain approximately 6.3 miles of natural gas pipeline in Poweshiek County, Iowa. (petition for permit)

Williams amended its petition on August 10, 1998. (amended petition) The pipeline, originally built in 1967, transports fuel to the Williams pumping station near Montezuma, Iowa. (petition; Bloome report)

On March 23, 2000, the Board assigned this case to a presiding officer. A procedural schedule was established by order entered on May 16, 2000. In that order, the presiding officer set July 11, 2000 as the date for the hearing on the petition. Also in that order, the presiding officer proposed to take official notice of a May 2, 2000 report concerning the pipeline prepared by Mr. John A. Bloome, a utility regulatory inspector for the Utilities Division's Safety and Engineering Section.

Williams caused notice of the hearing to be published in Poweshiek County in the Grinnell Herald-Register, a newspaper of general circulation in the county, on June 22 and June 29, 2000. (Exhibit 4 - proof of publication)

Williams filed prepared direct testimony of Mr. Kenneth Lybarger on June 9, 2000. The Iowa Department of Justice, Office of Consumer Advocate (Consumer Advocate), filed a notice of intent to cross-examine Mr. Bloome on June 13, 2000. Williams filed a notice of intent to cross-examine Mr. Bloome on June 19, 2000.

The hearing was held on July 11, 2000. Mr. Kenneth Lybarger, senior compliance specialist/coordinator – DOT for Williams Energy Services Company, testified on Williams' behalf. Williams Pipe Line Company is a subsidiary of Williams Energy Services Company. (testimony of Mr. Lybarger) Williams submitted additional evidence on July 28, 2000. (Williams July 28, 2000 submission)

Mr. Bloome drafted a memo to the file regarding the additional evidence dated July 31, 2000. (Bloome memo dated July 31, 2000)

DISCUSSION OF THE EVIDENCE

Williams seeks a permit to operate and maintain a natural gas pipeline approximately 6.3 miles long in Poweshiek County, Iowa. (petition for permit, testimony of Mr. Lybarger, tr.p. 26) The pipeline receives gas from a transmission pipeline owned by the City of Montezuma Natural Gas Department and provides fuel for the pumps at Williams' pumping station in rural Poweshiek County. (testimony of Mr. Lybarger, tr.p. 26)

The pipeline begins at a point on the Montezuma Lateral (P-646) approximately 50 feet north of County Road V13 within the city limits of Montezuma. It then runs south to the south road ditch of County Road V13, thence westerly to the west city limits of Montezuma, a distance of approximately .47 mile. The pipeline continues westerly for another .75 mile and then proceeds in a northwesterly direction for approximately 5.08 miles where it terminates at the Williams pumping station in rural Poweshiek County. (testimony of Mr. Lybarger, tr.p. 27; Bloome report) The pipeline is a four-inch steel line and will have a maximum allowable operating pressure (MAOP) of 480 pounds per square inch (psi) and an actual operating pressure of 400 psi. (Petition Exhibit C; testimony of Mr. Lybarger, tr.p. 28, 31; testimony of Mr. Bloome, tr.p. 12)

Williams is obligated to operate and maintain this pipeline in accordance with the standards adopted by reference at 199 IAC § 10.12(1), which include the federal natural gas pipeline safety standards found in 49 C.F.R. Part 192. Mr. John Bloome inspected the pipeline route on May 8, 1997 and April 20, 2000 per Iowa Code § 479.11(1999). (Bloome report) An inspection of the pipeline to determine compliance with federal standards was conducted on June 22, 1999. (Bloome report) Mr. Bloome was also present when a relief valve was installed. (testimony of Mr. Bloome, tr.p. 15)

He also reviewed the Williams petition and exhibits, and concluded that four unresolved issues remained at the time he wrote his report. (Bloome report) At the hearing, Mr. Bloome testified three issues remained unresolved: 1) Williams had not submitted a form used to establish and document the MAOP on the line; 2) whether the capacity of the relief valve installed was adequate for protection of the system; and 3) Williams had not submitted an operations and maintenance plan particular to the pipeline at issue in this case. (Bloome testimony, tr.pp. 12-14, 18, 19)

Mr. Bloome further testified that he did not object to the calculations for MAOP submitted by Williams, and that if Williams submitted the required form this would resolve the issue. (Bloome testimony, tr.pp. 14, 19) He also testified the three concerns were more a documentation problem than a problem with the pipeline itself, and he did not believe it was necessary to require the documents to be submitted prior to issuance of the permit. (testimony of Mr. Bloome, tr.p. 22) He testified he did not doubt that Williams had done what was required, only that he wanted the

documentation to show the required actions had been taken. (testimony of Mr. Bloome, tr.p. 23)

Williams has a new procedural manual for operations, maintenance, and emergencies (O & M) for pipelines such as the one at issue in this case. (testimony of Mr. Lybarger, tr.p. 30) Williams has trained all personnel who perform or may perform a maintenance, operations or emergency response function on the pipeline in all pertinent provisions of the new O & M manual. (testimony of Mr. Lybarger, tr.p. 30; Exhibit 2) Mr. Lybarger explained how Williams calculated MAOP for the line in his prepared testimony. (testimony of Mr. Lybarger, tr.p. 30-32) Mr. Lybarger testified he could provide the documentation needed by Mr. Bloome soon after the hearing. (Lybarger testimony, tr.p. 34-35) Mr. Lybarger testified he would request Williams engineers to verify that the capacity of the relief valve is correct and provide documentation showing it is correct to Mr. Bloome. (Lybarger testimony, tr.p. 38)

After the hearing, on July 28, 2000, Williams submitted additional evidence regarding calculation of the MAOP, Williams' training manual, records of staff training, capacity of the pressure relief valve, and a revision of pertinent data regarding the Montezuma line. (Williams July 28, 2000 submission) The information submitted on July 28, 2000 satisfied Mr. Bloome's concerns. (Bloome memo dated July 31, 2000)

The pipeline meets all design, construction, and testing requirements. (testimony of Mr. Bloome, tr.pp. 15, 19, 23; Williams July 28, 2000 submission; Bloome memo dated July 31, 2000)

Williams owns non-pipeline property within the state subject to execution of a reasonable value in excess of \$250,000. (testimony of Mr. Lybarger, tr.p. 26; petition exhibit D)

ANALYSIS

Sections 479.12 and 479.26 of the Iowa Code apply to all petitions for pipeline permits. Section 479.12 provides that:

The board may grant a permit in whole or in part upon terms, conditions, and restrictions as to safety requirements and as to location and route as determined by it to be just and proper. Before a permit is granted to a pipeline company, the board, after a public hearing as provided in this chapter, shall determine whether the services proposed to be rendered will promote the public convenience and necessity, and an affirmative finding to that effect is a condition precedent to the granting of a permit.

Iowa Code § 479.12 (1999). Section 479.26 requires any applicant for a pipeline permit to establish that it has property subject to execution within Iowa, other than pipelines, of a value greater than two hundred fifty thousand dollars, or it must file and maintain a surety bond of the same amount. The applicant may satisfy this requirement in any of several prescribed ways. Iowa Code § 479.26 (1999); 199 IAC §10.2(1)(d).

Together, these statutes generate four issues: (1) whether the services the petitioner proposes to render will promote the public convenience and necessity; (2) whether it is just and proper to impose terms, conditions and restrictions involving safety requirements upon the permit; (3) whether it is just and proper to impose

terms, conditions and restrictions as to location and route of the pipeline upon the permit; and (4) whether the petitioner has presented adequate proof of satisfactory financial condition. These issues will be addressed in turn.

First, the evidence shows that this pipeline is necessary to transport natural gas from a transmission pipeline owned by the City of Montezuma to provide fuel for the pumps at the Williams pumping station in rural Poweshiek County. (petition for permit; testimony of Mr. Lybarger, tr.p. 26; Bloome report) Without the pumping station, Williams would not be able to provide a safe, reliable means of transporting refined petroleum products to Iowa and neighboring states. (testimony of Mr. Lybarger, tr.pp. 26-27) Therefore, the service promotes the public convenience and necessity. (testimony of Mr. Lybarger, tr.pp. 26-27)

Second, the evidence shows the pipeline meets applicable federal natural gas pipeline safety standards, which the Utilities Division has adopted as its own standards at 199 IAC §10.12. (testimony of Mr. Bloome, tr.pp. 15, 19, 23; Williams July 28, 2000 submission; Bloome memo dated July 31, 2000) There is no reason to impose additional safety-related terms, conditions and restrictions upon the permit.

The third issue is whether terms, conditions, or restrictions as to location and route should be imposed. Iowa Code § 479.12 (1999). The pipeline was built in 1967. (petition for permit; Bloome report) The evidence shows the location and route are reasonable and there is no reason the location or route of the pipeline should be changed, or that terms, conditions and restrictions regarding the location or route should be added to the permit. (petition for permit; Bloome report)

Finally, in accordance with Iowa Code § 479.26, Williams has satisfactorily demonstrated that it has property subject to execution within this state, other than pipelines, of a value in excess of \$250,000. (testimony of Mr. Lybarger, tr.p. 26; petition exhibit D)

FINDINGS OF FACT

1. Williams is a pipeline company within the meaning of Iowa Code § 479.2 (1999). (testimony of Mr. Lybarger, tr.p. 25)
2. On November 15, 1967, the Utilities Board issued Pipeline Permit No. 771 in Docket No. 667 to Williams Brothers Pipe Line Company (now Williams Pipe Line Company) to construct, operate, and maintain a natural gas pipeline in Poweshiek County, Iowa. The permit was for the pipeline at issue in this case. (Bloome report; file no. P-667 Pump Station #601 Lateral, Poweshiek County. Williams Bros. P L Co., Tulsa Oklahoma) On May 2, 1997, Williams filed a petition for a permit authorizing it to operate and maintain a natural gas pipeline in Poweshiek County, Iowa, and amended its petition on August 10, 1998. (petition for permit; Bloome report)
3. Williams caused notice of the hearing to be published in Poweshiek County in the Grinnell Herald-Register, a newspaper of general circulation in the county, on June 22 and June 29, 2000. (Exhibit 4 - proof of publication) Williams filed proof of payment of the costs of publication of these notices as required by Iowa Code § 479.13(1999) and 199 IAC § 10.4. (Exhibits 4 and 5)

4. This pipeline is necessary to transport natural gas from a transmission pipeline owned by the City of Montezuma to provide fuel for the pumps at the Williams pumping station in rural Poweshiek County. (petition for permit; testimony of Mr. Lybarger, tr.p. 26; Bloome report) Without the pumping station, Williams would not be able to provide a safe, reliable means of transporting refined petroleum products to Iowa and neighboring states. (testimony of Mr. Lybarger, tr.pp. 26-27) Therefore, the service promotes the public convenience and necessity. (testimony of Mr. Lybarger, tr.pp. 26-27) Iowa Code § 479.12 (1999).

5. The pipeline complies with the construction, safety and design requirements of Iowa Code Chapter 479 (1999), 199 IAC § 10.12, and 49 C.F.R. Part 192. (petition for pipeline; testimony of Mr. Bloome, tr.pp. 15, 19, 23; Williams July 28, 2000 submission; Bloome memo dated July 31, 2000) No further terms, conditions, or restrictions need to be imposed pursuant to Iowa Code § 479.12(1999).

6. The location and route of the proposed pipeline is reasonable and no further terms, conditions, or restrictions need to be imposed pursuant to Iowa Code § 479.12(1999). (petition for permit; Bloome report)

7. Williams has property subject to execution within this state, other than pipelines, of a value in excess of \$250,000, as required by Iowa Code § 479.26 (1999) and 199 IAC § 10.2(1)(d). (testimony of Mr. Lybarger, tr.p. 26; petition exhibit D)

8. No objections to the petition for a permit were filed. (testimony of

Mr. Bloome, tr.p. 23)

CONCLUSIONS OF LAW

1. The Utilities Board has the authority to grant, amend and renew permits for the construction, operation and maintenance of pipelines for the intrastate transportation of natural gas. Iowa Code §§ 479.1, 479.4, 479.12 and 479.18 (1999); 199 IAC § 10.7.

2. The Utilities Board has jurisdiction over Williams, and over the petition for a natural gas pipeline permit it has filed. Iowa Code §§ 479.2, 479.5, 479.6, 479.12 and 479.18 (1999).

3. The petition of Williams for issuance of a permit for the natural gas pipeline in Docket No. P-667 should be granted. Iowa Code §§ 479.11, 479.12, and 479.26 (1999).

IT IS THEREFORE ORDERED:

1. Official notice is taken of the report dated May 2, 2000, filed in this docket by Mr. John Bloome, utility regulatory inspector for the Iowa Utilities Board. Official notice is also taken of the memo dated July 31, 2000 filed by Mr. Bloome. Iowa Code § 17A.14(4)(1999).

2. Pursuant to Iowa Code Chapter 479 (1999), the petition for a pipeline permit filed by Williams in this docket is granted. A permit will be issued if this proposed decision and order becomes the final order of the Utilities Board.

3. The Utilities Board retains jurisdiction of the subject matter in this docket.

4. This proposed decision will become the final decision of the Utilities Board unless appealed to the Board within fifteen days of its issuance. Iowa Code § 17A.15(3) (1999); 199 Iowa Admin. Code § 7.8(2).

UTILITIES BOARD

/s/ Amy L. Christensen
Amy L. Christensen
Administrative Law Judge

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

Dated at Des Moines, Iowa, this 1st day of August, 2000.