

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: CORN BELT POWER COOPERATIVE AND BASIN ELECTRIC POWER COOPERATIVE	DOCKET NO. WRU-01-30-917
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ORDER GRANTING WAIVER

(Issued July 13, 2001)

On June 1, 2001, Corn Belt Power Cooperative (Corn Belt) and Basin Electric Power Cooperative (Basin) filed with the Utilities Board (Board) a request for waiver of the generating certificate requirements of Iowa Code Chapter 476A. An amendment to the request was filed on June 8, 2001. On June 20, 2001, the Consumer Advocate Division of the Department of Justice filed a response stating it did not object to the Board granting the waiver request. No objections to the waiver request were filed.

Corn Belt and Basin seek to construct an 80 MW gas/oil fired combustion turbine in Clay County, Iowa. Corn Belt and Basin are both generation and transmission cooperatives. Corn Belt sells to 12 wholesale members in Iowa while Basin serves 118 electric cooperatives in nine states, including Iowa. The planned 80 MW unit would provide peaking capacity for member cooperatives and is located adjacent to an existing 40 MW coal/gas facility owned and operated by Corn Belt.

This existing unit was constructed in 1958, prior to the certification requirements of Chapter 476A.

Corn Belt and Basin state the project is needed to meet the future needs of their members. Generating capacity margins are declining in the region and the proposed project will contribute to available capacity on a short start-up time basis. The proposed site has an existing gas supply, rail service, sufficient permitted water supplies, and existing transmission interconnection that has been approved for use by Corn Belt and Basin. Corn Belt and Basin state that it will not be necessary to construct any additional transmission facilities for the project.

Iowa Code § 476A.15 was amended this legislative session by House File 577 to specifically grant the Board the authority to waive any of the requirements of Chapter 476A for any facility if the Board determines the public interest will not be detrimentally affected. Previously, the Board's waiver authority was limited to units of 100 MW or less. The changes to Chapter 476A contained in House File 577 were effective on July 3, 2001. The old and new units combined have a maximum nameplate capacity of 120 MW.

The decision criteria for a generation certificate are found in Iowa Code § 476A.6, which was also amended by House File 577. The decision criteria are: 1) whether the facility is consistent with legislative intent, the economic development policy of the state, and will not be detrimental to provision of adequate and reliable electric service, 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 are consistent with reasonable land use and environmental policies.

The first criteria relates to the provision of adequate and reliable service. Corn Belt and Basin have provided sufficient information to establish the need for the facility, and the facility is consistent with the legislative intent expressed in House File 577 (Iowa Code § 476.53) to develop generation in Iowa to serve Iowa consumers. The facility also supports economic development policies by creating jobs and improving the energy infrastructure. The facility does not require new transmission lines and there is no evidence it will have any detrimental impact on the provision of adequate and reliable service.

The second criterion is of little importance in this case. A certificate, if required, would merely state that Corn Belt and Basin must comply with applicable law. Corn Belt and Basin are subject to statutory requirements regardless of whether an actual certificate is issued. For example, Iowa Code § 476A.2(2) provides that Board approval must be obtained for a significant alteration to a facility. Granting this waiver would not exempt Corn Belt and Basin from this or any other statutory requirement with respect to their future activities.

The final decision criterion relates to environmental factors. Environmental permits are within the purview of the Iowa Department of Natural Resources (IDNR) and the Board has traditionally deferred to IDNR's expertise in these areas and has found this criterion satisfied if IDNR 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 Corn Belt and Basin that they 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 Corn Belt Power Cooperative and Basin Electric Power Cooperative, on June 1, 2001, is granted.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Sharon Mayer
Acting Executive Secretary, Asst. to

Dated at Des Moines, Iowa, this 13th day of July, 2001.