

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-864
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**ORDER ESTABLISHING PROCEDURAL SCHEDULE AND PROPOSING TO
TAKE OFFICIAL NOTICE AND NOTICE OF HEARING**

(Issued February 22, 2006)

On January 5, 2006, Interstate Power and Light Company (IPL) filed a petition and exhibits for a pipeline permit for a proposed 6-inch diameter natural gas pipeline approximately 0.3617 miles long in Story County, Iowa. The proposed pipeline would transport natural gas from a connection with a Northern Natural Gas Company pipeline to the National Animal Disease Center (NADC) property in Ames, Iowa. The proposed pipeline would provide natural gas to a new co-generation facility being constructed on the NADC property that will provide electricity and steam to multiple facilities on the property. The proposed pipeline requires a permit because it is a transmission line with a maximum allowable operating pressure of 720 psig.

199 IAC 10.16; 49 CFR 192.3. IPL filed an amendment to its petition and exhibits on January 13, 2006.

On February 14, 2006, the Utilities Board (Board) assigned this proceeding to the undersigned administrative law judge to establish a procedural schedule and exercise the authority provided in 199 IAC 7.3.

THE BOARD'S AUTHORITY AND JURISDICTION

The Board has the authority to grant permits for pipelines in whole or in part upon terms, conditions, and restrictions as to safety requirements, and as to location and route, as it determines to be just and proper. Iowa Code §§ 479.12 and 479.18 (2005).

To obtain a permit, the petitioner must show that the services it proposes to render will promote the public convenience and necessity. Iowa Code § 479.12. The petitioner must also satisfy the financial requirements of Iowa Code § 479.26.

The conduct of this case is governed by Iowa Code chapters 17A and 479, and by Board rules at 199 IAC 10.

THE ISSUES

Pursuant to Iowa Code §§ 479.7 and 479.8 and 199 IAC 10.6, this matter will be set for a public hearing for the presentation of oral and documentary evidence and the cross-examination of witnesses concerning the public convenience and necessity issue, any safety issues, any pipeline location and route issues, the financial issue, and issues raised by objectors or any other party.

PREPARED TESTIMONY AND EXHIBITS

All parties will be given the opportunity to present and respond to evidence and argument on all issues, and to be represented by counsel at their own expense. Iowa Code § 17A.12(4). The proposed decision and order that the administrative law judge will issue in this case must be based on evidence contained in the record and on matters officially noticed in the record. Iowa Code § 17A.12(8). Unless contrary arrangements are made on the record at the hearing, all evidence will be received at the hearing, and the record will be closed to any further evidence at the conclusion of the hearing.

The submission of prepared evidence prior to hearing will help to identify disputed issues of fact to be addressed at the hearing. Prepared testimony contains all statements that a witness intends to give under oath at the hearing, set forth in question and answer form. When a witness who has submitted prepared testimony takes the stand, the witness does not ordinarily repeat the written testimony or give a substantial amount of new testimony. Instead, the witness is cross-examined by the other parties concerning the statements already made in writing. The use of prepared testimony prevents surprise at the hearing and helps each party to prepare adequately for the hearing, so that a full and true disclosure of the facts can be obtained. Iowa Code §§ 17A.14(1), 17A.14(3) and 479.11. This procedure also tends to diminish the length of the hearing, and spares the parties the expense and inconvenience of additional hearings.

IPL must submit prepared testimony and exhibits prior to the hearing. At a minimum, IPL's prepared testimony must address the issues listed above. In prepared testimony or an affidavit of a corporate officer, IPL must verify that at least \$250,000 worth of the property shown in petition Exhibit D, other than pipelines, is located in Iowa and subject to execution. Iowa Code § 479.26.

The Consumer Advocate Division of the Department of Justice (Consumer Advocate), and any objectors may also file prepared testimony and exhibits before the hearing in accordance with the procedural schedule.

Parties other than IPL who choose not to file prepared testimony and exhibits before the hearing will not be precluded from participating in the proceedings. If an objector, for example, does not intend to present evidence going substantially beyond the information contained in the letter of objection, it is unnecessary for the objector to file prepared testimony. However, when a party has a substantial amount of information to present to the Board about the petition, if the information has not been previously disclosed to the Board, it should be presented in the form of prepared testimony and exhibits according to the procedural schedule established below.

PARTY STATUS

IPL and the Consumer Advocate are currently the only parties to this proceeding. Iowa Code §§ 17A.2(8) and 475A.2(2). No one has filed an objection to

the petition as of the date of this order. IPL does not request the right of eminent domain for this pipeline.

Anyone who has filed or will file an objection pursuant to Iowa Code §§ 479.9 and 479.10 and 199 IAC 10.5 will also be presumed to be a party to this case. However, no objector is entitled to party status merely because that person has written a letter of objection. In order to qualify as a party, the objector must be able to demonstrate some right or interest that may be affected by the granting of the permit. Iowa Code § 479.9. An objector's status as a party may be challenged at the hearing, and an objector who cannot demonstrate a right or interest that may be affected by the granting of the permit will no longer be considered a party. Therefore, at a minimum, objectors should be prepared to give evidence that will explain the nature of their specific rights or interests they believe should be protected and will show how these rights or interests will be affected by the pipeline or the grant of a permit. As has already been noted, to the extent that the evidence goes substantially beyond information already communicated to the Board in an objection letter, it should be reduced to writing and filed as prepared testimony according to the procedural schedule established below.

Because objectors will be presumed to be parties up to the time of the hearing, an objector will receive copies of all documents that are filed in this docket after the letter of objection has been filed with the Board. If a person files an objection after some or all of the prepared testimony and exhibits have been filed with the Board by

other parties, the objector should make direct contact with the parties who have already filed prepared testimony and exhibits in order to obtain a copy of those materials. The official file of this case will be available for inspection at the Board's Records and Information Center, 350 Maple Street, Des Moines, Iowa.

199 IAC 1.9(1).

Objections must be filed no less than five days prior to the date of hearing. Late-filed objections may be permitted if good cause is shown. 199 IAC 10.5. Objections must be made in writing and filed with the Executive Secretary of the Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

After an objector has filed a letter of objection, all further communications from the objector to the Board having to do with this case (including motions or prepared testimony and exhibits) should be sent to the Executive Secretary of the Board. A party (including objectors) must file an original and ten copies of each communication with the Executive Secretary and the party must send one copy to each of the other parties to this case, except that three copies must be sent to the Consumer Advocate. 199 IAC 1.8(4), 7.4(6). Along with the communication being sent, the party must file with the Board a certificate of service that conforms to 199 IAC 2.2(16), which verifies that a copy of the document was served upon the other parties.

These procedures are necessary to comply with Iowa Code § 17A.17, which prohibits ex parte communication. Ex parte communication is when one party in a

contested case communicates with the judge without the other parties being given the opportunity to be present. In order to be prohibited, the communication must be about the facts or law in the case. Calls to the Board to ask about procedure or the status of the case are not ex parte communication. Ex parte communication may be oral or written. This means the parties in this case may not communicate about the facts or law in this case with the undersigned administrative law judge unless the other parties are given the opportunity to be present, or unless the other parties are provided with a copy of the written documents filed with the Board.

The parties should examine Iowa Code chapter 479 and Board rules at 199 IAC 10 and 199 IAC 1.8, 7.1(3), 7.22, 7.26, and 7.27 for other substantive and procedural statutes and rules that apply to this case. There is a link to the Iowa Code and the administrative rules on the Board's website at www.state.ia.us/iub.

PROPOSAL TO TAKE OFFICIAL NOTICE

Mr. Jeffrey L. O'Neal, utility regulatory engineer for the Board, has prepared a report in the form of a memo dated February 1, 2006, concerning IPL's petition. A copy of the report is attached to this order. Pursuant to Iowa Code § 17A.14(4), the undersigned administrative law judge proposes to take official notice of the report and of the facts contained therein, thus making it a part of the record of this case. Iowa Code § 17A.12(6)(c). Any party objecting to the taking of official notice of the report must file such objection as soon as possible, and no later than five days prior to the hearing. The parties will have the opportunity to contest any information

contained in the report in prepared testimony and at the hearing. Mr. O'Neal will be present at the hearing and available for cross-examination regarding his report.

IT IS THEREFORE ORDERED:

1. Each person who files a letter of objection to IPL's petition in this docket will be presumed to be a party in the proceeding unless it is established at hearing that the objector has no right or interest that may be affected by the pipeline.

2. Objections must be made in writing and filed with the Executive Secretary of the Board, 350 Maple Street, Des Moines, Iowa 50319-0069, no later than five days before the hearing. Objectors must file an original and ten copies of all subsequent communications to the Board with the Executive Secretary. The communications must be served on the other parties and accompanied by a certificate of service as discussed in this order.

3. The following procedural schedule is established:

a. On or before March 15, 2006, IPL must file prepared direct testimony relating to its petition for a permit for its natural gas pipeline, as discussed in this order. If IPL wishes to file a prehearing brief, it must do so on or before March 15, 2006.

b. If the Consumer Advocate or any objector chooses to file prepared responsive testimony or a prehearing brief, it must do so on or before March 31, 2006.

c. A public hearing for the presentation of evidence and the cross-examination of witnesses concerning the issues identified in this notice of hearing will be held beginning at 11 a.m. on Tuesday, April 18, 2006, in Board Conference Room 3, 350 Maple Street, Des Moines, Iowa. Each party must provide a copy of its prepared testimony and exhibits to the court reporter at the hearing. If any party wishes to be connected to the hearing by telephone conference call or have a witness connected by telephone conference call, the party must notify the Board as soon as possible, and no later than Friday, March 31, 2006, so that appropriate arrangements may be made. Persons with disabilities who will require assistive services or devices to observe this hearing or participate in it should contact the Board at (515) 281-5256 no later than five days prior to the hearing to request that appropriate arrangements be made.

d. Required number of copies. All parties must file an original and ten copies of all documents filed with the Board. 199 IAC 1.8(4), 7.4(4)"a."

4. The undersigned administrative law judge proposes to take official notice of Mr. O'Neal's report dated February 1, 2006, which is attached to this order, and of the facts contained therein. Any party objecting to the taking of official notice of the report should file such objection as soon as possible, and must file such objection no later than five days prior to the hearing.

5. Pursuant to Iowa Code §§ 17A.12(1) and 199 IAC 10.4, a copy of this order will be served by ordinary mail upon IPL, and will be delivered to the Consumer Advocate. No persons have filed objections to the petition as of the date of this order.

6. IPL must work with Board staff regarding publication of notice pursuant to Iowa Code § 479.7 and 199 IAC 10.4, and must file proof of publication prior to or at the hearing.

UTILITIES BOARD

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

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 22nd day of February, 2006

**Department of Commerce
UTILITIES DIVISION
SAFETY & ENGINEERING SECTION**

TO: Docket No. P-864

FROM: Jeffrey L. O'Neal

DATE: February 1, 2006

SUBJ: Staff Review of Interstate Power and Light Company Petition for Pipeline Permit for Approximately 0.3617 Miles of 6-inch Diameter Natural Gas Pipeline in Story County, Iowa.

On January 5, 2006, Interstate Power and Light Company (IPL) filed a Petition for Pipeline Permit with the Utilities Board (Board) for a proposed natural gas transmission pipeline in Story County, Iowa. On January 10, 2006, I conducted a field examination of the proposed route. By letter dated January 11, 2006, I advised IPL of petition deficiencies requiring correction, and requested additional information on certain items. On January 13, 2006, IPL filed revisions to exhibits and provided additional information.

The petition is for construction of approximately 0.3617 miles (1920 feet) of 6-inch diameter steel pipeline. The proposed pipeline would deliver natural gas from an existing town border station (TBS) on a Northern Natural Gas Company (NNG) pipeline to a metering point on the National Animal Disease Center (NADC) property, on the north side of Ames, Iowa. IPL plans to design and test the pipeline for a maximum allowable operating pressure (MAOP) of 720 psig.

The proposed pipeline requires a pipeline permit because it will operate at a pressure higher than 150 psig, and because it will meet the definition of a transmission line under 49 CFR Part 192. (See 199 IAC 10.16.) It will meet the definition of a transmission line because it will transport gas from another transmission line (and ultimately from gathering lines and/or storage facilities) to a large volume customer that is not downstream of a distribution center, and because at the proposed MAOP it would operate at a hoop stress of more than 20 percent of specified minimum yield strength (SMYS). (See 49 CFR § 192.3) An informational meeting was not held for this proposed pipeline. An informational meeting was not required because the pipeline will be less than 5 miles long. (See 199 IAC 10.3.)

Route Inspection

I examined the route of the proposed pipeline on January 10, 2006. The route map filed as Exhibit B was used as a guide.

The route begins at an existing NNG TBS located on the west side of County Road R63, on the north side of Ames, Iowa, in Story County. The route exits the TBS to the east, crosses County Road R63, then turns and runs south parallel to the east side of County Road R63, on NADC property. The proposed pipeline would end at a metering station on NADC's property.

The route runs through flat terrain. None of the route is in agricultural land, although there is agricultural land on the west side of County Road R63, across the road from the proposed route. The route crosses one paved county road. Except for the road crossing, the entire route is on private property. Except for the portion inside the NNG TBS and the road crossing, the entire route is on property that is owned by the customer to be supplied by the pipeline, NADC.

I noted three buildings near the route that appear to create Class 3 locations: A building on the NADC property across the road from the NNG TBS, a daycare center about 0.1 mile south of the NNG TBS (across the road from the proposed route), and another building on the NADC property near the southern portion of the route. Each of these buildings appears to be within 100 yards of the proposed route, and it appears likely that each would be occupied by 20 or more persons often enough to qualify as a Class 3 location as specified in 49 CFR § 192.5. Therefore, most of the route appears to be in a Class 3 location as defined by Federal Minimum Safety Standards in 49 CFR Part 192. Class 3 is a high population density classification. The latest Exhibit C shows the entire route is in a Class 3 location.

Near the southern end of the route there is an existing IPL facility that appears to contain an electric substation and a natural gas meter set. A house and two mobile homes are located across the road from this facility.

It appears that all but a small portion of the route (at the NNG TBS) is within the city limits of Ames.

Subpart O of 49 CFR Part 192 requires pipeline operators to develop and implement an Integrity Management Program for gas transmission pipelines in high consequence areas (HCAs) as defined by the rules. An HCA is an area within the potential impact radius (PIR) for the pipeline that contains an identified site as defined in the rules, or that contains 20 or more buildings intended for human occupancy. Based on the pipe diameter and maximum allowable operating pressure specified in the filing, the PIR for this pipeline would be 111.1 feet. It appears that one building

on the NADC property, at the north end of the route, could be within the PIR for this pipeline, and it appears this building may meet the definition of an identified site, but depending on the exact placement of the pipeline, this building may be outside the PIR for this pipeline. In a cover letter with its January 13, 2006, filing, IPL stated it will try to avoid placing the pipeline within the PIR from this building, and if necessary, IPL will reexamine the MAOP of the pipeline to reduce its PIR. Another building on the NADC property and a day care center across the street from the proposed route both appeared they would meet the definition of an identified site, except that both of those buildings appear to be outside the PIR for the pipeline. I observed no other apparent identified sites within the PIR for the pipeline, and the number of houses near the route was far less than the 20 or more houses within the PIR that would be required to create an HCA. IPL will need to conduct a review of the route to check for HCAs after construction as required by the rules, but if IPL installs the pipeline a greater distance than the PIR from the NADC building at the north end of the route, it appears the pipeline will most likely not require an integrity management program under Subpart O of 49 CFR Part 192, and most of the requirements under Subpart O will not apply to this pipeline.

No problems were noted with the proposed route. No conflicts with safety standards or significant impediments to pipeline construction were found.

Petition

Natural gas pipelines must comply with the federal pipeline safety standards of 49 CFR Part 192, which have been adopted by the Board in 199 IAC 10.12(1)"b". The information filed by IPL shows the pipeline will be designed, constructed and tested in compliance with these standards. The filing would support specifying a maximum operating pressure of 720 psig in a pipeline permit for this pipeline. IPL plans to use PSL 2 pipe, which is more resistant to rupture than the alternative PSL 1 pipe. (Both PSL 1 pipe PSL 2 pipe comply with the safety standards.)

Iowa Code § 479.12 requires a finding that "the services proposed to be rendered will promote the public convenience and necessity" before a permit can be granted. The purpose of the project as stated in Exhibit F is to provide natural gas to a new co-generation facility being constructed on the NADC property, which will provide electricity and steam to multiple facilities on the NADC site. Exhibit F states that due to increased loads at the NADC complex, additional energy is required both for normal operations and to provide a source of backup power, and that backup power is needed due to the nature of the work done at the NADC.

The proposed route is not on agricultural land. Therefore, a Land Restoration Plan is not required for this project.

In the cover letter with its January 13, 2006, filing, IPL says the PIR of the pipeline is 122.7 feet. By my calculation, the PIR of the pipeline would be 111.1 feet. It appears IPL may have used the outside diameter of the pipe (6.625 inches) rather than the nominal diameter (6 inches) as specified in 49 CFR § 192.903, when calculating the PIR, resulting in a more conservative PIR than is required by the code. This discrepancy is not significant enough to require IPL to file a correction.

IPL has not requested eminent domain for this project.

Summary

I have reviewed the petition and exhibits in this docket. The information presented shows the proposed pipeline would comply with all design, construction, and testing requirements set forth by the Iowa Utilities Board. The filing appears in sufficient order to set a date for hearing.