

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

<p>IN RE:</p> <p>IOWA ELECTRIC LIGHT AND POWER COMPANY n/k/a INTERSTATE POWER AND LIGHT COMPANY</p>	<p>DOCKET NO. P-30</p>
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**ORDER RECLASSIFYING PIPELINE, CANCELING PERMIT,  
AND CLOSING DOCKET**

(Issued March 6, 2006)

On November 23, 2005, Interstate Power and Light Company (IPL) filed a letter with the Utilities Board (Board) proposing the reclassification of the natural gas pipeline serving the Knoxville, Iowa, area from a transmission line to a distribution line. On February 14, 2006, IPL filed supplemental information in support of the proposed reclassification. The information showed the number of customers and provided revised maps. The pipeline is known as the Knoxville Lateral.

Permit No. 1051, issued in 1988 for this two-mile long pipeline, ended transmission at a point where the 6-inch pipe was reduced to two 4-inch distribution laterals. IPL states the pipeline is currently operating at 150 psig and that the beginning of distribution should be considered the Knoxville Gate Station where this pipeline originates at a connection to an interstate transmission pipeline owned by Natural Gas Pipeline Company of America. IPL states that the high-pressure piping from the Knoxville Gate Station feeds eight regulator stations located throughout Knoxville as well as serving customers directly from the 150-psig system. IPL states that over the years Knoxville has grown and the use of the original pipeline has

changed. Based upon these changes, IPL suggests that the pipeline should be reclassified and no longer be required to have a permit to operate.

A permit to operate this pipeline, Permit No. 21, was first issued by the Board of Railroad Commissioners (predecessor of the Iowa State Commerce Commission, which is the predecessor to the Board) on November 3, 1931, to Central States Electric Company (Central States) for two miles of 2-inch, 375-psig pipeline. Permit No. 109 was issued for the pipeline in 1934 after the permit statute was found unconstitutional. Board of Railroad Commissioners v. Stanolind Pipe Line Company, 249 N.W. 366, cert. denied, 290 U.S. 684, 54 S.Ct. 120, 78 L.Ed. 589 (1933).

Central States replaced the 2-inch pipeline with a 4-inch pipeline in 1946 without amending the permit. In 1951, the Board of Railroad Commissioners approved the transfer of the permit from Central States to Iowa Electric Light and Power Company (Iowa Electric). Iowa Electric is the predecessor of IPL. A renewal permit, Permit No. 392, was issued to Iowa Electric in 1960. The permit was for a 4-inch pipeline operating at 375 psig.

In 1968, the 4-inch pipeline was abandoned and replaced with a 6-inch pipeline. Iowa Electric did not file for an amendment to the permit for the replacement and changes made in the operation of the pipeline. On January 14, 1988, the Board issued Permit No. 1051 to Iowa Electric for two miles of 6-inch, 145 psig pipeline.

Board rule 199 IAC 10.16 requires a permit for any pipeline which will be operated at a pressure of over 150 psig or which, regardless of operating pressure, is a transmission line as defined in ASME B31.8 or 49 CFR Part 192. A transmission

line is defined in 49 CFR 192.3 as a pipeline, other than a gathering line, that: (1) transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS (specified minimum yield strength); or (3) transports gas within a storage field. The definitions in ASME B31.8 require consideration of whether a pipeline is best described as part of a transmission network or a distribution system.

The Knoxville Lateral now operates at 150 psig, not over that pressure, and does not require a permit on that basis. The Knoxville Lateral does not operate at a pressure that stresses the steel pipe to 20 percent or more of its SMYS and it does not transport gas within a storage field. The remaining issue is at what point natural gas first enters the distribution system. In other words, where is the location of the distribution center and is the pipeline best considered part of a transmission network or a distribution system?

Board Safety and Engineering Section staff have reviewed the information concerning the operation of the pipeline. Based upon that review, the Board agrees with IPL that the two miles of Knoxville Lateral consisting of a 6-inch pipeline should now be classified as a distribution line. The pipeline operates as part of a distribution system and as an unseverable segment of a 150-psig system of mains. The pipeline from the Knoxville Gate Station to where it branches into smaller pipes is more correctly considered part of the distribution system serving Knoxville and adjacent areas and not as a part of a transmission network transporting gas to Knoxville.

Based upon the determination that the Knoxville Lateral should be reclassified as a distribution system, the operation of the pipeline no longer requires a permit. The Board will cancel Permit No. 1051 and close Docket No. P-30 based upon the reclassification of this pipeline.

Board Safety and Engineering Section staff also examined an approximately 6.5 mile-long eastern branch of the 150 psig high-pressure system that also originates at the Knoxville Gate Station. The eastern branch currently serves industrial and residential customers and appears to be correctly classified as part of a distribution system.

**IT IS THEREFORE ORDERED:**

1. The pipeline known as the Knoxville Lateral, consisting of two miles of 6-inch pipe serving Knoxville, Iowa, and adjacent areas, is reclassified as a distribution pipeline.
2. Permit No. 1051 is cancelled.
3. Docket No. P-30 is closed.

**UTILITIES BOARD**

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 6<sup>th</sup> day of March, 2006.