

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-863
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ORDER ACCEPTING WITHDRAWAL OF PETITION

(Issued April 5, 2006)

On September 1, 2005, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a petition for permit for an existing approximate 1.92-mile 2- and 4-inch diameter natural gas pipeline, known as the Lockridge Lateral, located in Jefferson County, Iowa. The pipeline supplies natural gas to the city of Lockridge, Iowa, and the adjacent area. On October 28, 2005, Board staff sent a letter to IPL pointing out deficiencies in the petition and requesting additional information. On February 17, 2006, IPL filed a letter in response stating it had made alterations to the operations of the Lockridge Lateral and the pipeline no longer required a permit. IPL stated that it wished to withdraw the petition for permit. The petition for a permit for the Lockridge Lateral has been identified as Docket No. P-863.

Prior to the alterations identified by IPL in the February 17, 2006, letter, the Lockridge Lateral operated with a Maximum Allowable Operating Pressure (MAOP) of 125 psig (pounds per square inch gauge) and an actual operating pressure of 100 psig. The lateral delivered gas from the IPL Town Border Station, located at the ANR Pipeline Company (ANR) metering station, to a district regulator station in the

southern part of Lockridge, where the pressure was reduced to 30 psig for distribution to customers. In its February 17, 2006, filing, IPL indicated that after the alterations the lateral operates at 30 psig, which is the same pressure used to deliver gas to customers in Lockridge. Since there is no longer a reduction in pressure between the point of gas receipt by IPL and the customer meter sets, IPL considers the entire system to be a distribution system and, therefore, suggests it does not require a permit.

Board rule 199 IAC 10.16 provides that a permit is required 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, standards established by the American Society of Mechanical Engineers, or 49 CFR Part 192, pipeline safety regulations of the federal Department of Transportation. Since the Lockridge Lateral has not operated at a pressure of over 150 psig, the relevant inquiry is whether it is a transmission line. Pursuant to the pertinent part of the definition of transmission line in 49 CFR Part 192, a pipeline is a transmission line if it transports gas from a gathering line or storage facility to a distribution center. Pursuant to ASME B31.8, to be a transmission line a pipeline must be part of a transmission system that delivers gas to distribution systems; a distribution system delivers gas to individual service lines or other mains.

Board Safety and Engineering Section staff reviewed the petition and the alterations made by IPL to the Lockridge Lateral. Based upon that review, Board staff indicated that after the alterations the Lockridge Lateral should be considered a distribution line and, therefore, it would not require a permit. Board staff points out that:

(1) the lateral consists of approximately 1.92 miles of pipeline and this length of pipe is relatively short for a lateral pipeline; (2) the lateral operates at the same pressure as the distribution pipelines located within the community of Lockridge; (3) after the alterations, there is no clear physical point of demarcation where the line changes function; (4) under the standards established in ASME B31.8, the lateral appears more appropriately described as part of a distribution system than as part of a transmission system; and (5) the lateral serves a number of customers on the rural portion of the line, which enhances its distribution function.

Based upon the Board staff review, the Board finds that the Lockridge Lateral does not require a permit pursuant to rule 10.16.. The lateral does not meet the definition of a transmission line in 49 CFR Part 192, appears not to function as a transmission line under ASME B31.8, and does not operate at over 150 psig. Based upon this finding, the Board will accept the withdrawal of the petition for a permit requested by IPL on February 17, 2006.

The Board has assessed penalties in some recent pipeline permit dockets where a permit was not obtained prior to construction or was not renewed upon expiration. However, the Board finds that the facts in this instance show the failure to obtain a permit may have been caused by a reasonable misunderstanding over whether the Lockridge Lateral was included in another permit, rather than a failure on IPL's part to comply with Board rules.

The Lockridge Lateral was constructed in 1969 and it shows in the Board's records that Permit No. 833 was issued for a pipeline identified as the Keosauqua-Lockridge Lateral on August 2, 1969. A review of the description of the pipeline

covered by Permit No. 833, however, shows that the inclusion of the Lockridge Lateral in the title of this permit was not consistent with the petition or the description of the pipeline covered by the permit. When IPL became aware this pipeline did not have a permit, it filed a petition for a permit. The Board finds under these circumstances that assessment of civil penalties against IPL for not filing for a permit prior to September 1, 2005, is not warranted.

IT IS THEREFORE ORDERED:

The withdrawal of the petition for a permit for the pipeline, known as the Lockridge Lateral, is accepted.

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 5th day of April, 2006.