

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-864
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PROPOSED DECISION AND ORDER GRANTING PERMIT

(Issued April 19, 2006)

APPEARANCES:

MR. KENT M. RAGSDALE, Attorney at Law, Alliant Energy Corporate Services, Inc., 200 First Street SE, P.O. Box 351, Cedar Rapids, Iowa 52406-0351, appearing on behalf of Interstate Power and Light Company.

MR. JOHN F. DWYER, 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 January 5, 2006, Interstate Power and Light Company (IPL) filed a petition for a permit to construct, operate, and maintain a 6-inch diameter steel pipeline approximately 0.34 miles long for the transportation of natural gas in Story County, Iowa. (petition for permit; testimony of Mr. teDuits; O'Neal report.) IPL amended its petition on January 13 and March 7, 2006. (petition for permit.) The proposed pipeline will provide natural gas service to a new co-generation facility being constructed on the property of the National Animal Disease Center in Story County, Iowa. (petition for permit; O'Neal report; testimony of Mr. teDuits.)

On February 14, 2006, the Utilities Board (Board) assigned this case to the undersigned administrative law judge, who issued an order establishing a procedural schedule, proposing to take official notice, and providing notice of the hearing on February 22, 2006. In that order, the undersigned set April 18, 2006, as the date for the hearing on the petition, and proposed to take official notice of a report concerning the proposed pipeline dated February 1, 2006, prepared by Mr. Jeffrey L. O'Neal, utility regulatory engineer for the Board.

The hearing was held on April 18, 2006, in Board Conference Room 3, 350 Maple Street, Des Moines, Iowa. IPL was represented by its attorney, Mr. Kent Ragsdale. Mr. Daniel B. teDuits, lead gas engineer for Alliant Energy Corporate Services, Inc., testified on behalf of IPL. The representatives of IPL were connected to the hearing by telephone conference call. Mr. O'Neal testified as the engineer selected by the Board to examine the proposed route and permit application pursuant to Iowa Code § 479.11(2005). The Consumer Advocate Division of the Department of Justice (Consumer Advocate) was represented by its attorney, Mr. John F. Dwyer.

FINDINGS OF FACT

1. IPL is a pipeline company within the meaning of Iowa Code § 479.2. (testimony of Mr. teDuits; petition for permit; O'Neal report.)
2. On January 5, 2006, IPL filed a petition for a permit to construct, operate, and maintain approximately 0.34 miles of 6-inch diameter steel pipeline for the transportation of natural gas in Story County, Iowa. (petition for permit; testimony

of Mr. teDuits; O'Neal report.) IPL filed amendments to its petition on January 13 and March 7, 2006. (petition for permit; O'Neal report.) In its petition, IPL requested a maximum allowable operating pressure (MAOP) of 720 psig. (petition for permit; testimony of Mr. teDuits; O'Neal report.)

3. IPL caused notice of the hearing to be published in Story County in The Tribune, a newspaper of general circulation in the county, on March 22 and March 29, 2006. (proof of publication.)

4. The proposed pipeline will follow a route described in Exhibit A and shown on Exhibit B attached to the petition for a permit (as amended.) (petition Exhibits A and B.) There are no problems with the location and route of the proposed pipeline and no further terms, conditions, or restrictions regarding them need to be imposed pursuant to Iowa Code § 479.12. (petition for permit; O'Neal report.)

5. The proposed pipeline will transport natural gas from a proposed connection with a Northern Natural Gas Company pipeline to the National Animal Disease Center (NADC) property in Ames, Iowa. The proposed pipeline will provide natural gas to a new co-generation facility being constructed on the NADC property. (petition for permit; O'Neal report; testimony of Mr. teDuits.) This pipeline is necessary to provide natural gas service to the new co-generation facility that will provide electricity and steam to multiple facilities on the property in conjunction with existing utility-provided power sources. (petition for permit; O'Neal report; testimony of Mr. teDuits.) Increasing electrical loads at the NADC complex and the nature of

the work performed on the complex require additional power sources. (petition for permit; testimony of Mr. teDuits; O'Neal report.) The co-generation facility will provide power for normal operations and it will function as a back-up source of power when needed. (petition for permit; testimony of Mr. teDuits; O'Neal report.) Of the fuel options available for the co-generation facility, natural gas will produce fewer emissions than some other fuels and it can be delivered by underground pipeline that will not interfere with normal highway traffic or inconvenience landowners once the pipeline is constructed. (petition for permit; testimony of Mr. teDuits.) In addition, alternate fuels would need to be trucked to the facility and stored on site, which would substantially increase the amount of heavy truck traffic transporting flammable fuels on state and county roads. (petition for permit; testimony of Mr. teDuits.) Therefore, the proposed pipeline promotes the public convenience and necessity. (petition for permit; testimony of Mr. teDuits.)

6. The petition supports an MAOP of 720 psig for the pipeline. (petition for permit; testimony of Mr. O'Neal.) Based on the 6" pipe diameter of the proposed pipeline and the 720 psig MAOP, it appears that one building on the NADC site may be within the potential impact radius (PIR) of the proposed pipeline and may be an identified site as defined in Subpart O of 49 CFR Part 192. (testimony of Mr. teDuits, Mr. O'Neal; petition for permit; O'Neal report.) This would trigger the requirement that IPL comply with the requirements of Subpart O and include the pipeline in an integrity management program. (testimony of Mr. O'Neal, Mr. teDuits; O'Neal report.) Mr.

teDuits further testified that IPL will conduct a post-construction review to determine if the building is within the PIR, and if it is, IPL will lower the MAOP of the pipeline to a point where the building will lie outside of the calculated PIR, mitigating the need for a Baseline Assessment Plan. (testimony of Mr. teDuits.) So long as IPL conducts the post-construction review and, if necessary, lowers the MAOP or otherwise complies with applicable requirements of Subpart O, the proposed pipeline will comply with the design, construction, and safety requirements of Iowa Code chapter 479, 199 IAC § 10.12, and 49 CFR Part 192. (petition for permit; testimony of Mr. teDuits, Mr. O'Neal; O'Neal report.) No further safety-related terms, conditions, or restrictions need to be imposed pursuant to Iowa Code § 479.12. (petition for permit; testimony of Mr. teDuits; O'Neal report.)

7. IPL owns property subject to execution within this state, other than pipelines, of a value in excess of \$250,000, and thus meets the requirements of Iowa Code § 479.26 and 199 IAC 10.2(1)"d." (testimony of Mr. teDuits; petition exhibit D.)

8. No written objections to the petition for a permit were filed and no objectors appeared at the hearing. (testimony of Mr. O'Neal; Docket No. P-864 file.)

9. IPL will obtain the easement it needs from NADC for the proposed pipeline. (petition for permit; testimony of Mr. teDuits.)

CONCLUSIONS OF LAW

1. The 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, 479.3, 479.4, 479.12, and 479.18; 199 IAC 10.

2. The Board has jurisdiction over IPL and over the petition for a natural gas pipeline permit it has filed. Iowa Code §§ 479.2, 479.3, 479.5, 479.6, 479.12, and 479.18.

3. The petition of IPL for issuance of a permit for the natural gas pipeline in this docket should be granted. Iowa Code §§ 479.11, 479.12, and 479.26; 199 IAC 10.

4. Since the proposed pipeline will not be constructed in agricultural land, IPL is not required to file a land restoration plan. Iowa Code § 479.29; 199 IAC 9.

5. Subpart O of 49 CFR Part 192 requires a pipeline operator to develop and implement an integrity management program for its 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, among other things, contains an identified site as defined by the rules. Based upon the 6-inch pipe diameter and the 720 MAOP of the proposed pipeline in this case, it appears that one building could be within the PIR of this pipeline and that the building may meet the definition of an identified site. (testimony of Mr. teDuits, Mr. O'Neal; O'Neal report; petition for permit.) However, depending on the exact placement of the proposed pipeline, the

building may be outside the PIR for the proposed pipeline. (testimony of Mr. teDuits, Mr. O'Neal; O'Neal report; petition for permit.) IPL will conduct the necessary review after construction of the pipeline to ensure the pipeline will comply with the requirements of Subpart O of 49 CFR Part 192. (testimony of Mr. teDuits.)

IT IS THEREFORE ORDERED:

1. Official notice is taken of the report dated February 1, 2006, filed in this docket by Mr. Jeffrey O'Neal, utility regulatory engineer for the Board.
2. Pursuant to Iowa Code chapter 479, the petition for a pipeline permit filed by IPL in this docket is granted. A permit will be issued if this proposed decision and order becomes the final order of the Board.
3. IPL must provide timely notice to the Board before beginning construction of the pipeline, and must also file weekly progress reports with the Board during construction of the pipeline.
4. After IPL completes construction of the new pipeline, it must file a construction completion report with the Board. This report must include information regarding any unusual construction problems or occurrences, and a copy of the pressure test procedures used and the results obtained.
5. Within 180 days after completion of the construction of the new pipeline, IPL must file a map that accurately shows the location of the pipeline route as constructed. The map will be a part of the record in this case and will represent the final route as authorized by the permit.

6. The Board retains jurisdiction of the subject matter in this docket.
7. This proposed decision will become the final decision of the Board unless appealed to the Board within 15 days of its issuance or the Board votes to review the proposed decision on its own motion. Iowa Code § 17A.15(3); 199 IAC 7.26(2).

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 19th day of April, 2006.