

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. PSA-04-1 PSA-04-2
---	----------------------------------

**ORDER GRANTING IN PART AND DENYING IN PART REQUEST TO
DISCONTINUE QUARTERLY REPORTS**

(Issued March 26, 2007)

On August 12, 2004, the Utilities Board (Board) issued an order opening Docket No. PSA-04-1, In re: Interstate Power and Light Company, and directed Interstate Power and Light Company (IPL) to show cause why it should not be assessed civil penalties under the provisions of Iowa Code § 476.51 for violations of federal and Board gas safety regulations in IPL's Mason City zone. On September 10, 2004, the Board issued an order opening Docket No. PSA-04-2, In re: Interstate Power and Light Company, and directed IPL to show cause why it should not be subject to civil penalties for violations of federal and Board gas safety regulations in IPL's Creston zone. In the September 10, 2004, order, the Board consolidated Docket Nos. PSA-04-1 and PSA-04-2 for hearing and established a procedural schedule for the filing of prepared testimony.

On October 28, 2004, IPL filed a motion to compromise these two civil penalty proceedings as provided in Iowa Code § 476.51. As part of the motion to

compromise, IPL admitted there was sufficient evidence that 9 of the 11 probable violations cited in the Board's August 12, 2004, order, and 20 of the 20 probable violations cited in the September 10, 2004, order did occur. In the motion, IPL contended that it did not agree there was sufficient evidence that there was a probable violation of 49 CFR §192.469 for failing to take a sufficient number of readings to determine the adequacy of cathodic protection on 15 systems in the Belmont district and there was not sufficient evidence to support the pattern of violations described in the Board's August 12, 2004, order.

As part of the offer to compromise, IPL proposed to file certain information on a semi-annual basis through the end of 2006 to assure the Board that the Gas Inspection and Management Maintenance System (GIMMS), the new maintenance tracking spreadsheets, the staffing changes, and the organizational changes implemented by IPL were effectively addressing the 29 specific violations described in these consolidated dockets. IPL proposed to include the following information in the semi-annual filings:

1. A description of the regulatory safety inspections that were done in the preceding six-month time period for each zone or district with information showing the inspections' timeliness or lack thereof. The filing will include attestation that the identified inspections were the only ones known by IPL to be required within the time period. If a violation were to occur, IPL

would explain how the violation occurred and what steps were taken to avoid re-occurrence.

2. A description of the compliance inspections that will be accomplished during the next reporting period and the approximate dates those inspections are scheduled to be completed. The description will include whether the inspection was required and the required date for completion.

3. A description of any facilities and equipment reported by IPL staff or others to not be in compliance with regulatory requirements and the repairs and upgrades that were made or that are planned to meet current or forthcoming standards.

4. A description of any internal audits or other performance checks by higher level management during the prior reporting period, including a summary of the results of those audits and any responsive actions taken.

5. A description of any problems that zone managers or other IPL staff report in meeting regulatory standards during the reporting period and any higher-level management responses.

6. An attestation statement by appropriate management that the information is true and correct.

On December 15, 2004, the Board issued an order denying the motion to compromise and setting the issue of civil penalties for hearing. The Board did not accept the compromise because IPL did not acknowledge that there was a pattern of

violations. The Board pointed out that the pattern of violations cited in the show cause orders addressed the failure of IPL's management team and processes to keep IPL in compliance with all federal and Board safety standards. In the December 15, 2004, order, the Board also indicated that it should be kept informed concerning the determination by IPL of the appropriate number of points for testing cathodic protection on its distribution system and that the Board would like to see the reports filed more frequently than semi-annually.

A hearing was held as scheduled on February 2, 2005, at which IPL witnesses acknowledged the pattern of violations. On February 24, 2005, the Board issued an order assessing civil penalties against IPL for 30 violations described by the Board in the August 12, 2004, and September 10, 2004, show cause orders. The Board indicated that the one violation not acknowledged by IPL was being addressed to determine a reasonable number of test points for cathodic protection.

In the February 24, 2005, order, the Board directed IPL to file quarterly reports with the information described in the offer for compromise. IPL has filed the quarterly reports through December 31, 2006. In the last report, IPL indicated that it believed it had addressed all but one of the findings in the Board's February 24, 2005, order. IPL indicated that the December 31, 2006, report would be the last quarterly report filed unless otherwise directed by the Board. IPL proposed to provide the Board assurance that the cathodic protection test station studies are completed by filing

completion reports with Board staff on an annual basis. IPL requested the Board close Docket Nos. PSA-04-1 and PSA-04-2.

The Board does not agree that the quarterly reports ordered in the February 24, 2005, order assessing civil penalties were to be concluded at the end of 2006. IPL proposed the ending date as part of the motion to compromise that was denied in the December 15, 2004, order, and the order did not adopt IPL's proposed ending date. However, by raising the issue of continued reporting at this time, IPL has provided the Board an opportunity to review the information filed to determine whether portions of the quarterly filings can be discontinued.

One of the primary methods IPL proposed to improve compliance with Board and federal safety regulations was implementation of a new computerized tracking system, GIMMS, to schedule activities, record completions, and advise of pending deadlines. A significant portion of IPL's quarterly filings have included tables derived from GIMMS data showing various activities and whether work was being completed on time. The information proved useful in demonstrating progress in system implementation and correction of early problems. Board staff inspections now indicate that GIMMS appears to have evolved into a satisfactory system and requiring IPL to continue this segment of the quarterly reports is not necessary.

The quarterly reports also contain sections with information on the progress of various inspection, compliance, and maintenance programs that IPL has in progress. This information has been useful and based upon Board staff inspections these

programs appear to be progressing well. However, the Board is aware that there have been recent changes in IPL personnel responsible for implementing many of these programs and the Board considers it necessary for IPL to continue filing the report section titled "Non-Compliant Facilities and Equipment" on a quarterly basis to ensure that the programs continue to progress in a satisfactory manner under the new personnel.

The Board's February 24, 2005, order also required IPL to provide Board staff with copies of its cathodic protection test station studies and associated consultant reports. IPL has been including this information in the quarterly reports under the heading "Corrosion Test Station Study and Consultant Report." This program is of significant benefit to IPL in improving its corrosion control program and the Board considers it necessary for IPL to continue to report on this activity to document the progress IPL is making in this area.

The Board will grant IPL's request to discontinue the quarterly reports except for the information included in the two sections described above. The Board will reevaluate the continued reporting of these two sections at the end of 2007.

IT IS THEREFORE ORDERED:

1. The request to discontinue quarterly reporting requirements filed by Interstate Power and Light Company on January 31, 2007, is granted in part and denied in part.

2. Interstate Power and Light Company shall continue to file quarterly reports containing the information in sections entitled "Non-Compliant Facilities and Equipment" and "Corrosion Test Station Study and Consultant."

UTILITIES BOARD

/s/ John R. Norris

/s/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 26th day of March, 2007.