
LEGAL UPDATE

Legal Services Division



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Iowa Supreme Court Decision — Maximum Civil Penalty for a Related Series of Violations

Legal Updates, prepared by the nonpartisan Legal Services Division of the Legislative Services Agency, provide summaries of recent meetings, court decisions, Attorney General Opinions, regulatory actions, federal actions, and other occurrences of a legal nature that may be pertinent to the General Assembly's consideration of a topic and are intended for use primarily by legislators, legislative staff, and other persons interested in legislative matters. The reader is cautioned against using information contained in a legal update to draw conclusions as to the legality of a particular behavior or set of circumstances and should not be interpreted as advocating a particular course of action.

Enterprise Products Operating, LLC v. Iowa Utilities Commission Filed June 5, 2026 No. 24-1648

Factual and Procedural Background. Enterprise Products Operating, LLC (Enterprise), owns and operates a propane pipeline system extending from Texas into Iowa and two underground propane storage caverns located in Johnson County. In July 2002, Enterprise purchased a 98 percent ownership interest in Mid-America Pipeline Company, LLC (MAPCO). The purchase sale agreement warranted that all permits necessary for operation of the pipeline and storage facilities were in place. Enterprise operated the facilities under the belief that all required permits had been obtained for more than two decades.

Prior to Enterprise's acquisition, MAPCO had obtained nine permits between 1961 and 1973 for various pipeline segments and underground storage facilities. However, in 1993, the United States Court of Appeals for the Eighth Circuit determined that the statutory scheme under which those permits had been issued was preempted by federal law. Following that decision, the General Assembly enacted Iowa Code chapter 479B, which contains permit requirements for hazardous liquid pipelines and underground storage facilities without regulating safety, to conform to the new precedent. Although chapter 479B required MAPCO to obtain new state permits under the new statutory framework, it never did, and neither did Enterprise.

In 2022, while reviewing permit records, the Iowa Utilities Commission (IUC) discovered that Enterprise was operating without permits required under chapter 479B. The IUC ordered Enterprise to show cause why it was operating in Iowa without a state permit. Following a hearing, the IUC levied a civil penalty of \$1.8 million by assessing nine separate \$200,000 penalties, corresponding to the nine historical permits previously issued to MAPCO.

Enterprise sought rehearing and later judicial review, arguing that Iowa Code section 479B.21 limits civil penalties to \$200,000 for "any related series of violations" and that the IUC exceeded its statutory authority by imposing nine separate maximum penalties. The district court, and later the Iowa Court of Appeals, affirmed the IUC's decision. Enterprise then sought and obtained further review by the Iowa Supreme Court.

Issues.

1. Whether the Iowa Utilities Commission exceeded its statutory authority by imposing a \$1.8 million civil penalty under Iowa Code section 479B.21.
2. Whether Enterprise's violations constituted a single "related series of violations" subject to a maximum civil penalty of \$200,000 or nine separate violations subject to a maximum penalty of \$1.8 million.

Holding. In a unanimous decision, with one justice not participating, the Iowa Supreme Court vacated the decision of the Court of Appeals, reversed the district court, and held that Iowa Code section 479B.21 limited the civil penalty against Enterprise to \$200,000. The Court concluded that Enterprise’s permit violations constituted a single related series of violations and that the IUC lacked authority to impose nine separate maximum penalties.

Analysis. The Court first determined that the dispute involved statutory interpretation and therefore reviewed the IUC’s decision for correction of errors at law without deference to the agency’s interpretation of Iowa Code section 479B.21. In coming to this determination, the Court found that the general assembly did “not explicitly grant the [IUC] the authority to interpret” chapter 479B’s maximum civil penalty and neither did the statute contain “a term of art within the agency’s area of expertise such that the agency’s interpretative authority can be fairly implied.” *Renda v. Iowa C.R. Comm’n* 784 N.W.2d 8, 14 (Iowa 2010), *Cooke v. Iowa Dep’t of Health & Hum. Servs.* 31 N.W.3d 368, 372 (Iowa 2026).

The Court examined chapter 479B, which governs hazardous liquid pipelines and underground storage facilities and requires pipeline companies to obtain permits from the IUC. Under Iowa Code section 479B.21, a person who violates the chapter may be assessed a civil penalty of up to \$1,000 per day for each violation. The statute further provides that the maximum civil penalty may not exceed \$200,000 for “any related series of violations.”

The Court noted that it is undisputed that Enterprise operated its pipeline and storage facilities without chapter 479B permits for approximately 21 years. Since each day of noncompliance constituted a separate violation, the Court concluded that Enterprise had reached the statutory limit.

In reaching its decision, the Court rejected IUC’s reliance on the nine permits historically issued to MAPCO. The Court explained that those permits were invalidated after the Eighth Circuit’s 1993 decision, and therefore could not serve as the basis for assessing the separate civil penalties against Enterprise. Because the permits were no longer valid when Enterprise acquired the facilities, the Court concluded that Enterprise could not be penalized based upon the invalidated permits.

The Court further examined the phrase “related series of violations”, as the parties’ arguments centered around each party’s interpretation of the phrase. The Court examined case law to determine interpretation of the phrase, finding that the word “related” was not superfluous and that a “series of violations” contemplates “a like relationship among the continuing daily offenses that are treated as distinct violations under Iowa Code section 479B.21(1),” but that the statutory maximum applies to a “related series”, not just a “series.” The Court found that Enterprise’s violations all stemmed from the single event of its acquisition and operation of MAPCO’s pipeline and storage facilities without obtaining permits required under chapter 479B. Whether Enterprise ultimately needed one permit, three permits, or nine permits did not alter the fact that the violations arose from the same single event.

Accordingly, the Court held that Enterprise’s permit violations constituted a single related series of violations subject to the statutory maximum civil penalty of \$200,000.

LSA Staff Contact: Seth Bohstedt, 515.281.8871 or Seth.Bohstedt@legis.iowa.gov