

IOWA UTILITIES COMMISSION

IN RE:	
INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-0460

ORDER GRANTING WAIVER AND APPROVING REQUEST TO RECLASSIFY PIPELINE

BACKGROUND

Interstate Power and Light Company (IPL) has requested a reclassification of its Keota Lateral pipeline due to the Pipeline and Hazardous Materials Safety Administration's (PHMSA) new definitions of transmission line and distribution center under 49 Code of Federal Regulations (CFR) § 192.3. The Keota Lateral pipeline has a maximum allowable operating pressure (MAOP) of 150 pounds per square inch gauge (psig); the Utilities Commission (Commission) does not require permits for distribution lines operating at 150 psig or less. As such, IPL requests reclassification of the pipeline and to remove the pipeline from the Commission's permitting process.

On August 24, 2022, PHMSA published a final rule defining the term "distribution center," which was not defined by PHMSA at the time of the renewal of the Keota Lateral pipeline permit. See CFR § 192.3. However, due to the date certain provision within the Commission's definition of "CFR" at 199 Iowa Administrative Code (IAC) 10.1(3), changes to the CFR, including PHMSA's new definition of "distribution center," are not automatically incorporated into Commission rules.

On January 22, 2025, IPL filed a "Petition for Reclassification of Pipeline from Transmission to Distribution Line, Cancellation of Permit, and Waiver in Part of 199 Iowa

DOCKET NO. P-0460

PAGE 2

Administrative Code 10.1(3)” (Petition) that would change the permitted Keota Lateral pipeline (Docket No. P-0460, Permit No. R1260) from a transmission pipeline to a distribution pipeline. In its petition, IPL requested a waiver of the date certain provision in the Commission Rule 10.1(3) definition of CFR, which is defined to be “the Code of Federal Regulations . . . in effect as of December 22, 2021.”

On June 25, 2025, the Commission filed a Staff Report detailing the background of the Keota Lateral pipeline and IPL’s request for reclassification, along with an analysis of IPL’s request.

REQUEST FOR WAIVER

IPL seeks waiver of the date certain provision found within the definition of CFR at 199 IAC 10.1(3), which prohibits the Commission from considering revisions made to the CFR after December 22, 2021. Commission rule 199 IAC 1.3 provides the Commission may, in response to a request, grant a waiver from a rule adopted by the Commission, in whole or in part, as applied to a specific set of circumstances, if it finds:

- (1) The application of the rule would pose an undue hardship on the person for whom the waiver is requested;
- (2) The waiver would not prejudice the substantial legal rights of any person;
- (3) The provisions of the rule subject to a petition for waiver are not specifically mandated by statute or another provision of law; and
- (4) Substantially equal protection of public health, safety, and welfare will be afforded by a means other than that prescribed in the rule for which the waiver is requested.

IPL states that an application of the date certain provision would impose an undue hardship on IPL and prohibit it from relying on the regulations and guidance of PHMSA. IPL further states that the date certain provision is not mandated by any other statute or provision of law. IPL states that waiver of this rule will “not prejudice the

DOCKET NO. P-0460
PAGE 3

substantial legal rights of any person and substantially equal protection of public health, safety, and welfare will be afforded by a means other than imposition of the date certain.”

The Commission has reviewed PHMSA’s new definition of distribution center and finds it to be reasonable. Application of the date currently stated as the date certain at 199 IAC 10.1(3) would cause IPL undue hardship by prohibiting the utility from relying on the current regulations and guidance of PHMSA. There are no persons whose substantial legal rights will be prejudiced by granting IPL’s request for waiver. Applicability of the currently stated date certain within the Commission’s definition of CFR is not required by statute or another provision of law. Finally, protection of public health, safety, and welfare will still be afforded; the waiver will not affect how the Commission’s safety and engineering staff inspect the Keota Lateral pipeline.

Based on its review of the information submitted by IPL, and there being no objection to the request for waiver, the Commission finds the four criteria of 199 IAC 1.3 have been met. The date currently stated as the date certain within the definition of CFR as set out in 199 IAC 10.1(3) will be waived, and the date certain required pursuant to Iowa Code § 17A.6(5) will be the date of this order.

REQUEST FOR RECLASSIFICATION

1. IPL’s Petition

IPL seeks to reclassify the Keota Lateral pipeline from a transmission line to a distribution line and remove the pipeline from the Commission’s permitting process. In support of its petition, IPL asserts that the distribution center where this pipeline originates is at a point of interconnection with an existing Natural Gas Pipeline

DOCKET NO. P-0460

PAGE 4

Company of America interstate transmission pipeline; terminates at the Keota Regulation Station in Keota, Iowa; and provides natural gas to customers in Keota. The pipeline operates at a pressure of 150 psig.

IPL claims that the Keota Lateral pipeline is a distribution line under PHMSA's updated definitions provided in 49 CFR 192.3. A transmission line is defined as:

[A] pipeline or connected series of pipelines, other than a gathering line, that: (1) Transports gas from a gathering pipeline or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) Has an MAOP of 20 percent or more of SMYS; (3) Transports gas within a storage field; or (4) Is voluntarily designated by the operator as a transmission pipeline.

49 CFR § 192.3. PHMSA's new definition of distribution center is:

[T]he initial point where gas enters piping used primarily to deliver gas to customers who purchase it for consumption, as opposed to customers who purchase it for resale, for example:

- (1) At a metering location;
- (2) A pressure reduction location; or
- (3) Where there is a reduction in the volume of gas, such as a lateral off a transmission line.

Id. A gathering line is defined as "a pipeline that transports gas from a current production facility to a transmission line or main." *Id.* Lastly, a distribution line is defined to be "a pipeline other than a gathering or transmission line." *Id.*

2. *Legal Standards and Commission Precedent*

The Commission grants pipeline permits under the authority of Iowa Code chapter 479, and Commission rules governing intrastate gas pipeline permits are promulgated at 199 IAC chapter 10. Commission rule at 199 IAC 10.1(2) states:

A pipeline permit shall be required for any pipeline which will operate at a pressure in excess of 150 [psig] or which, regardless of operating pressure, is a transmission line. . . .

DOCKET NO. P-0460

PAGE 5

Using the factors set out in rule 199—10.14(479), the commission shall determine whether a pipeline is a transmission line and requires a permit.

The factors the Commission uses when considering whether a pipeline is a transmission line are:

1. The definitions of a transmission line in ASME B31.8 and 49 CFR 192.3.
2. [PHMSA] interpretations.
3. The location of a distribution center.
4. Interconnection with an interstate pipeline.
5. Location of distribution regulator stations downstream of a proposed distribution center.
6. Whether a proposed distribution center has more than one source of supply and the type of pipeline that provides the supply.
7. Transfer of ownership of gas.
8. Reduction in pressure of pipeline at a meter.
9. No resale of gas downstream of a distribution center.

199 IAC 10.14.

In Docket Nos. P-0822, P-0837, and P-0901 (collectively, the Manning Dockets), and P-0841, the Commission granted a waiver of the date certain provision in 199 IAC 10.1(3) and approved a request to reclassify pipelines. *In re: Manning Municipal Utilities*, Docket Nos. P-0822, P-0837, P-0901, “Order Granting Waiver and Approving Request to Reclassify Pipelines” (Utilities Board, Dec. 5, 2023); *In re: Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy*, Docket No. P-0841, “Order Granting Waiver and Approving Request to Reclassify Pipelines” (Utilities Board, Apr. 23, 2024). The Manning Dockets’ order set forth an analysis to determine whether a previously permitted pipeline would appropriately be reclassified under 49 CFR § 192.3; such analysis will be discussed below given the evidence provided for the reclassification of the Keota Lateral pipeline.

DOCKET NO. P-0460

PAGE 6

3. *Analysis and Conclusion*

A distribution line is defined to be a line that is neither a gathering line nor a transmission line. 49 CFR § 192.3. Based upon IPL's filing and descriptions of the pipeline, it is clear that the Keota Lateral pipeline is not a gathering line because a gathering line is a "pipeline that transports gas from a current production facility to a transmission line or main." *Id.* Therefore, if the Commission finds that the Keota Lateral pipeline is not a transmission line, then the pipeline is necessarily a distribution line.

PHMSA defines a transmission line, in relevant part, to be a pipeline that "[t]ransports gas from a gathering pipeline or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center." *Id.* Distribution centers existing downstream on any pipeline strongly weigh toward that pipeline being a transmission line. When considering PHMSA's new definition of distribution center, the Commission finds that there are no distribution centers located downstream of the Keota Lateral pipeline.

The Commission makes this finding for two reasons. First, the Keota Lateral pipeline origination point is at a distribution center. PHMSA defines a distribution center to be the initial point where gas enters a pipeline used primarily to deliver gas to customers who use it for consumption rather than resale. *See id.* Examples of distribution centers are metering locations and pressure-reduction locations. *Id.* All of the gas entering the Keota Lateral pipeline is subsequently being transferred to another customer for consumption, not resale, and at the interconnection point, there is a pressure-reducing station and custody-transfer meter.

Second, PHMSA's new definition instructs that a distribution center is only the initial point where gas enters piping used primarily to deliver gas to customers that

DOCKET NO. P-0460

PAGE 7

purchase it for consumption. *Id.* There can be only one initial point where gas enters a pipeline to deliver gas to customers for consumption; therefore, there can be no subsequent distribution centers downstream from the initial one.

The second factor in PHMSA's definition of a transmission line is the pipeline "[h]as an MAOP or 20 percent or more of [specified minimum yield strength]" (SMYS). *Id.* IPL states that the Keota Lateral pipeline at the maximum operating pressure of 150 psig has "a maximum %SMYS of 3.3 percent."

The third factor in PHMSA's definition of a transmission line is the pipeline "[t]ransports gas within a storage field." *Id.* IPL states the Keota Lateral pipeline does not transport gas within a storage field.

The final factor in PHMSA's definition of a transmission line is that the pipeline has been "voluntarily designated by the operator as a transmission pipeline." IPL has not voluntarily designated the Keota Lateral pipeline as a transmission pipeline.

Because the Keota Lateral pipeline does not transport gas to any downstream distribution centers, storage facilities, or large-volume customers; the pipeline has a SMYS MAOP of 3.3 percent; the pipeline does not transport gas within a storage field; and the pipeline has not been voluntarily designated by IPL as a transmission pipeline, the Commission finds that the Keota Lateral pipeline is not a transmission line.

Therefore, as the Keota Lateral pipeline is neither a transmission line nor a gathering line, the Commission finds the Keota Lateral pipeline is a distribution line.

As distribution pipelines operating at or under 150 psig do not require a permit under 199 IAC 10.1(2), the Keota Lateral pipeline does not require a permit from the Commission to operate. Accordingly, the Keota Lateral pipeline will be reclassified as a

DOCKET NO. P-0460
PAGE 8

distribution line pursuant to IPL's reclassification request and IPL's Permit No. R1260 shall be canceled.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The request for waiver filed by Interstate Power and Light Company on January 22, 2025, is granted in accordance with 199 Iowa Administrative Code 1.3 for the date certain set forth in the definition of "CFR" found at 199 Iowa Administrative Code 10.1(3), and is substituted with the date of this order.
2. Interstate Power and Light Company's Keota Lateral pipeline, identified by Pipeline Permit No. R1260 issued to Interstate Power and Light Company in Docket No. P-0460 on September 28, 2011, is reclassified to be a distribution line.
3. Pipeline Permit No. R1260 is canceled.

UTILITIES COMMISSION



Sarah Martz, Chair



Joshua Byrnes, Commissioner



Erik Helland, Commissioner