

## IOWA UTILITIES COMMISSION

IN RE:	
INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-0622

### ORDER DENYING WAIVER, APPROVING REQUEST TO RECLASSIFY PIPELINE, AND ADDRESSING PERMIT DISCREPANCY

#### BACKGROUND

Interstate Power and Light Company (IPL) has requested a reclassification of its Grandview 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 Grandview Lateral has a maximum allowable operating pressure (MAOP) of 192 pounds per square inch gauge (psig); the Utilities Commission (Commission) requires permits for distribution lines operating above 150 psig. As such, IPL requests reclassification of the pipeline from a transmission line to a permitted distribution line.

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 Grandview Lateral permit. See 49 CFR § 192.3.

On January 22, 2025, IPL filed a "Petition for Reclassification of Pipeline from Transmission to Distribution Line, and Waiver in Part of 199 Iowa Administrative Code 10.1(3)" (Petition) that would change the permitted Grandview Lateral (Docket No. P-0622, Permit No. R1356) from a transmission pipeline to a permitted distribution pipeline. In its petition, IPL requested a waiver of the date certain provision in the

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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 August 1, 2025, the Commission filed a Staff Report detailing the background of the Grandview Lateral and IPL’s request for reclassification, along with an analysis of IPL’s request.

### **REQUEST FOR WAIVER**

IPL seeks a waiver of the date certain provision found within the definition of CFR at 199 IAC 10.1(3), which, at the time of IPL’s filing, prohibited the Commission from considering revisions made to the CFR after December 22, 2021. IPL has requested this waiver because the Commission was prohibited from considering and applying “the current definition of ‘distribution center,’” for which this request to reclassify relies upon.

On July 16, 2025, the Commission’s new rules on intrastate gas pipelines and underground gas storage at 199 Iowa Administrative Code (IAC) chapter 10 went into effect. These new rules have been updated and the definition of CFR found at 199 IAC 10.1(3) includes a date certain of July 16, 2025. Because this new date certain considers PHMSA’s new rules at 49 CFR § 192.3, which includes the definition of “distribution center,” the Commission finds that IPL’s request for waiver of the date certain is moot.

### **REQUEST FOR RECLASSIFICATION**

#### ***1. IPL’s Petition***

IPL seeks to reclassify its Grandview Lateral from a transmission line to a distribution line. In support of its petition, IPL asserts that the Distribution Center where this pipeline originates is at a point of interconnection at IPL’s Letts Lateral; terminates

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at a Regulation Station in Grandview, Iowa; and provides natural gas to customers in Grandview. The pipeline operates at a pressure of 192 psig.

IPL claims that the Grandview Lateral 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**

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

A pipeline permit is required for any pipeline that will operate at a pressure in excess of 150 [psig] or that, regardless of operating pressure, is a transmission line as defined in American Society of Mechanical Engineers (ASME) B31.8 or 49 CFR 192.3.

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The factors the Commission may use when considering whether a pipeline is a transmission line consist of the following:

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 10.12.

### **3. Analysis**

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 Grandview Lateral 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 Grandview Lateral is not a transmission line as defined by ASME B31.8 or 49 CFR § 192.3, 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." 49 CFR § 192.3. Distribution centers existing downstream on any pipeline strongly weigh toward that pipeline being a transmission line. When considering

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PHMSA's new definition of distribution center, the Commission finds that there are no distribution centers located downstream of the Grandview Lateral.

The Commission makes this finding for two reasons. First, the Grandview Lateral 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 Grandview Lateral 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 purchase it for consumption. *Id.* There can be only one initial point where gas enters a pipeline to deliver gas to customers for consumption, and 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 of 20 percent or more of [specified minimum yield strength]" (SMYS). *Id.* IPL states that the Grandview Lateral at the maximum operating pressure of 192 psig has a "%SMYS of 6.17 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 Grandview Lateral does not transport gas within a storage field.

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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 Grandview Lateral as a transmission pipeline.

#### **4. Conclusion**

Because the Grandview Lateral does not transport gas to any downstream distribution centers, storage facilities, or large-volume customers; the pipeline has a %SMYS MAOP of 6.17 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 Grandview Lateral is not a transmission line. Therefore, as the Grandview Lateral is neither a transmission line nor a gathering line, the Commission finds the Grandview Lateral is a distribution line. Because the Grandview Lateral has an MAOP above 150 psig, the Grandview Lateral will still require a permit.

#### **PERMIT DISCREPANCY**

Upon review of IPL's request for reclassification, Commission staff identified a discrepancy between the stated MAOP and permitted MAOP of the Grandview Lateral. The Pipeline Permit R1356, issued December 19, 2017, states that the MAOP of the Grandview Lateral is 100 psig. The order, issued December 19, 2017, granting renewal of the permit states the Grandview Lateral has an MAOP of 192 psig. Finally, the petition for reclassification and most recent Exhibit C states the MAOP for the Grandview Lateral is 192 psig.

Upon Commission staff's review, it appears the MAOP for the Grandview Lateral was incorrectly identified in Permit No. R1356 and the correct MAOP for the Grandview

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Lateral is 192 psig. The Commission is issuing an updated Permit No. R1356, attached to and incorporated by reference with this order, correcting the MAOP discrepancy.

### ORDERING CLAUSES

#### IT IS THEREFORE ORDERED:

1. The request for waiver filed by Interstate Power and Light Company on January 22, 2025, is denied as moot.
2. Interstate Power and Light Company's Grandview Lateral pipeline identified by Pipeline Permit No. R1356 issued to Interstate Power and Light Company in Docket No. P-0622 on December 19, 2017, is reclassified to be a distribution line.
3. Pipeline Permit No. R1356 is updated to address discrepancies described pursuant to this order.

### UTILITIES COMMISSION



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Sarah Martz, Chair



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Joshua Byrnes, Commissioner



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Erik Helland, Commissioner