

IOWA UTILITIES COMMISSION

IN RE: CORN, LP	DOCKET NO. P-0889
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ORDER DENYING WAIVER AND APPROVING REQUEST TO RECLASSIFY PIPELINE

BACKGROUND

Corn, LP (Corn), has requested a reclassification of its Goldfield Lateral 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 Goldfield Lateral has a maximum allowable operating pressure (MAOP) of 102 pounds per square inch gauge (psig); the Utilities Commission (Commission) does not require permits for distribution lines operating at 150 psig or less.

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 Goldfield Lateral pipeline permit. See 49 CFR § 192.3.

On March 7, 2024, Corn filed a "Petition for Reclassification of Pipeline from Transmission to Distribution Line and Request for Partial Waiver of 199 [Iowa Administrative Code (IAC)] 10.1(3)" (Petition) that would change the permitted Goldfield Lateral (Docket No. P-0889, Permit No. 1278) from a transmission pipeline to a distribution pipeline. In its petition, Corn requested a waiver of the date certain provision in the Commission's definition of CFR at 199 IAC 10.1(3), which is defined to be "the Code of Federal Regulations . . . in effect as of December 22, 2021."

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On February 13, 2025, the Commission filed a Staff Report detailing the background of the Goldfield Lateral and Corn's request for reclassification, along with an analysis of Corn's request.

REQUEST FOR WAIVER

Corn 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 Corn's filing, prohibited the Commission from considering revisions made to the CFR after December 22, 2021. Corn has requested this waiver because the Commission was prohibited from considering and applying the new PHMSA definition of "distribution center," upon which this request to reclassify relies.

On July 16, 2025, the Commission's new rules on intrastate gas pipeline and underground gas storage at 199 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 Corn's request for waiver of the date certain is moot.

REQUEST FOR RECLASSIFICATION

1. Corn's Petition

Corn seeks to reclassify the Goldfield Lateral pipeline from a transmission line to a distribution line. In support of its petition, Corn asserts that the Distribution Center where this pipeline originates is at a point of interconnection at Northern Natural Gas's interstate transmission pipeline and terminates at Corn's ethanol plant in Goldfield, Iowa. The MAOP of the pipeline is 102 psig.

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Corn claims that the Goldfield 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 § 162.3. 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 gas pipeline permits are promulgated at 199 IAC chapter 10. Commission rule 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 Corn's filing and descriptions of the pipeline, it is clear that the Goldfield 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 Goldfield 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 of 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 Goldfield Lateral pipeline.

The Commission makes this finding for two reasons. First, the Goldfield 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 Goldfield Lateral is used by Corn's ethanol plant.

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 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.* Corn states that the Goldfield lateral does not operate at a hoop stress of 20 percent or more SMYS.

The third factor in PHMSA's definition of a transmission line is the pipeline "[t]ransports gas within a storage field." *Id.* Corn states the Goldfield Lateral 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." Corn states the Goldfield Lateral is not required to be classified as a transmission line.

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4. Conclusion

Because the Goldfield Lateral does not transport gas to any downstream distribution centers, storage facilities, or large-volume customers; the pipeline has a SMYS below 20 percent; the pipeline does not transport gas within a storage field; and the pipeline has not been voluntarily designated by Corn as a transmission pipeline, the Commission finds the Goldfield Lateral is not a transmission line. Therefore, as the Goldfield Lateral is neither a transmission line nor a gathering line, the Commission finds the Goldfield Lateral is a distribution line.

CANCELLATION OF PERMIT

In its March 7, 2024 filing, Corn states it is not asking for or seeking cancellation of its permit at this time. Corn's petition states it will consider its options regarding the permit after the Commission undertakes the rulemaking discussed in the guidance letter issued by the Commission.

In the intervening time between Corn's filing and this order, the Commission has completed the rulemaking identified in the guidance letter. As such, distribution pipelines that operate at or below 150 psig do not require a permit under 199 IAC 10.1(2). The Goldfield Lateral does not require a permit from the Commission to operate.

Accordingly, as the Commission has already found this pipeline to be a distribution pipeline, the Commission will cancel Permit No. 1278 30 days after the issuance of this order. While Corn did not explicitly request to cancel its permit, the time and intervening action by the Commission aligns with the comments made by Corn in its petition. The inclusion of the 30-day cancellation provision will ensure that should Corn seek to keep its permit, a reconsideration request on this issue would be available.

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ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The request for waiver filed by Corn, LP, on March 7, 2024, is denied as moot.
2. Corn, LP's, Goldfield Lateral pipeline, identified by Pipeline Permit No. 1278 issued to Corn, LP, in Docket No. P-0889 on July 22, 2013, is reclassified to be a distribution line.
3. Pipeline Permit No. 1278 is canceled, effective 30 days after this order.

UTILITIES COMMISSION



Sarah Martz, Chair



Joshua Byrnes, Commissioner



Erik Helland, Commissioner