

## IOWA UTILITIES COMMISSION

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| IN RE:                                |                   |
| INTERSTATE POWER AND LIGHT<br>COMPANY | DOCKET NO. P-0613 |

### ORDER GRANTING PETITION FOR AMENDMENT TO PIPELINE PERMIT, DENYING WAIVER, AND APPROVING REQUEST TO RECLASSIFY PIPELINE

#### BACKGROUND

On February 19, 2025, Interstate Power and Light Company (IPL) filed a petition with the Utilities Commission (Commission) for an amendment of Pipeline Permit No. R1335 pursuant to Iowa Code chapter 479. The petition requests to reduce the maximum allowable operating pressure (MAOP) of the Cincinnati Lateral from 180 pounds per square inch gauge (psig) to 150 psig. Contemporaneously with the filing of its petition for amendment, IPL requested a reclassification of its Cincinnati Lateral from a transmission pipeline to a distribution 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 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 13, 2025, the Commission filed a staff report regarding IPL's filings. In the staff report, Commission Staff states the petition and exhibits in this docket have been reviewed and the filings appear to be complete and sufficient to proceed with granting an amendment to Permit No. R1335. Additionally, Commission staff detail the

DOCKET NO. P-0613

PAGE 2

background of the Cincinnati Lateral and request for reclassification, along with an analysis of IPL's request.

### **PETITION FOR PERMIT AMENDMENT**

As discussed above, IPL's petition to amend its permit requests decreasing the pipeline's MAOP from 180 psig to 150 psig.

#### ***1. Analysis of Petition for Amendment***

Iowa Code chapter 479 establishes the requirements for granting a permit for a natural gas pipeline. The Commission has adopted rules in 199 Iowa Administrative Code (IAC) chapter 10 that also establish the requirements for a pipeline permit. Commission subrule 199 IAC 10.9(2) requires that the same exhibits be filed for an amendment as for a new pipeline, found at 199 IAC 10.3(1), and requires that the applicable procedures for a new permit also be followed for an amendment. In this instance, certain provisions were not applicable to IPL's petition for amendment and noted as such on the filed exhibits.

An informational meeting is required to be held if the proposed pipeline will operate at a pressure in excess of 150 psig and will extend for a distance of not less than five miles. 199 IAC 10.8(1)(c). An informational meeting was not required for this amendment because the proposed amendment is to reduce the MAOP and does not include any construction on the pipeline itself.

No hearing is required for this petition for amendment. Pursuant to Iowa Code § 479.8, the Commission is required to hold a hearing if the "proposed new pipeline will operate under pressure exceeding one hundred fifty pounds per square inch and

DOCKET NO. P-0613

PAGE 3

exceed five miles in length.” Here, IPL is requesting only a change in the MAOP and not constructing or repairing any portion of the Cincinnati Lateral.

The remaining relevant statutory and rule requirements regarding the petition for amendment of pipeline are addressed below.

*a. Iowa Code § 479.6*

1. Iowa Code §§ 479.6(1) and (2) require that the petition include the name of the entity requesting the permit and the entity’s principal place of business. IPL’s petition contains this information.

2. Iowa Code §§ 479.6(3) and (4) require the petition to include a legal description and map of the proposed pipeline. Commission rules at 199 IAC 10.3(1)(a) and (b) require Exhibits A and B, respectively, and describe the information to be provided in the legal description and maps to comply with these statutory requirements. IPL filed the required information.

3. Iowa Code §§ 479.6(5) and (6) require that the petition include the specifications of materials and manner of construction of the pipeline and the maximum and normal operating pressure proposed for the pipeline. Commission rules at 199 IAC 10.3(1)(c) require an Exhibit C that describes the information needed to meet these statutory requirements. IPL filed the required information.

4. Commission rules at 199 IAC 10.3(1)(j) require an Exhibit K with an affidavit showing that the pipeline company undertook a review of land records to identify all affected persons for all parcels over which the pipeline is proposed to be located. IPL filed an adequate Exhibit K indicating no private easements will be obtained, no agreements will be obtained, and no additional facilities will be constructed.

DOCKET NO. P-0613

PAGE 4

*b. Iowa Code § 479.9*

Iowa Code § 479.9 states that any person, corporation, company, or city whose rights or interests may be affected by the proposed pipeline may file written objections. No objections have been filed regarding the proposed permit amendments.

*c. Iowa Code § 479.12*

Iowa Code § 479.12 provides that the Commission may grant a permit for a natural gas pipeline in whole or in part upon terms, conditions, and restrictions as to safety requirements and as to location and route as determined to be just and proper. This section of the statute has been made applicable for petitions for amendment. The Commission is required, as a condition precedent to granting an amendment to the permit, to determine whether the proposed pipeline will promote the public convenience and necessity.

The statutory requirements of Iowa Code chapter 479, as well as the specific facts that relate to the proposed pipeline, are considered in making a determination as to whether to approve an amendment to a permit. In this case, the evidence shows that the pipeline will continue to meet all federal and state safety requirements, no additional easements are required, and no objections have been filed regarding the petition for amendment.

IPL states the purpose of the pipeline is to provide natural gas service to residential, commercial, and industrial customers in Cincinnati, Iowa. IPL states that providing natural gas service to Cincinnati will continue to benefit the public and serve the public interest. There are no proposed route modifications to the existing line, only a change in the MAOP; as such, IPL believes the continued operation of the pipeline will be consistent with present and future land use.

DOCKET NO. P-0613  
PAGE 5

## **2. Conclusions of Law**

a. The Commission has jurisdiction over the subject matter of IPL's petition under the provisions of Iowa Code chapter 479.

b. The statutory requirements in Iowa Code chapter 479 have been considered, and the evidence supports the granting of IPL's petition for amendment of permit.

### **REQUEST FOR RECLASSIFICATION**

As discussed above, IPL has requested reclassification of its Cincinnati Lateral from transmission to distribution due to PHMSA's new definitions of transmission line and distribution center under 49 CFR § 192.3. The Cincinnati Lateral now has an MAOP of 150 psig; at such an operating level, the Commission does not require a permit.

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 Cincinnati pipeline permit. See 49 CFR § 192.3.

IPL has filed a "Petition for Reclassification of Pipeline from Transmission to Distribution Line, Cancellation of Permit, and Waiver in Part of 199 [IAC] 10.1(3)," which requests to change the Cincinnati Lateral from a transmission pipeline to a distribution pipeline. In its petition, IPL requested a waiver of the date certain provision in the Commission's definition of CFR at 199 IAC 10.1(3), which was defined to be "the Code of Federal Regulations . . . in effect as of December 22, 2021."

#### **1. 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

DOCKET NO. P-0613

PAGE 6

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 “federal government’s current definition of ‘distribution center,’” upon which this request to reclassify relies.

On July 16, 2025, the Commission’s new rules on intrastate gas pipelines 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 rule 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.

## **2. Request for Reclassification**

### *a. IPL’s Petition*

IPL seeks to reclassify the Cincinnati Lateral 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 at the Cincinnati Gate Station with an existing ANR transmission pipeline, terminates at the District Regulator Station in Cincinnati, and provides natural gas to customers in Cincinnati. The pipeline has a nominal operating pressure of 113 psig and an MAOP of 150 psig.

IPL claims that the Cincinnati Lateral is a distribution line under PHMSA’s updated definitions provided in 49 CFR § 192.3.

DOCKET NO. P-0613

PAGE 7

*b. 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 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.

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.

Under 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.

DOCKET NO. P-0613

PAGE 8

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.*

*c. Analysis*

A distribution line is defined to be a line that is neither a gathering line nor a transmission line. *Id.* Based upon IPL's filing and descriptions of the pipeline, it is clear that the Cincinnati 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 Cincinnati 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.

To determine whether the Cincinnati Lateral should be reclassified as a distribution line will require an analysis of the factors found in 49 CFR § 192.3. The Commission will discuss each factor in turn below.

- i. A pipeline is a transmission line if it “[t]ransports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center”*

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,

DOCKET NO. P-0613

PAGE 9

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

The Commission makes this finding for two reasons. First, the Cincinnati 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 Cincinnati 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 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.

*ii. A pipeline is a transmission line if it "[h]as an MAOP of 20 percent or more of SMYS"*

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 Cincinnati Lateral at a MAOP of 150 psig has a %SMYS of 3.3 percent.

DOCKET NO. P-0613

PAGE 10

*iii. A pipeline is a transmission line if it “[t]ransports gas within a storage field”*

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 Cincinnati Lateral does not transport gas within a storage field.

*iv. A pipeline is a transmission line if it “[i]s voluntarily designated by the operator as a transmission pipeline*

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.” *Id.* IPL has not voluntarily designated the Cincinnati Lateral as a transmission pipeline.

*d. Conclusion*

Because the Cincinnati Lateral 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 Cincinnati Lateral is not a transmission line. Therefore, as the Cincinnati Lateral is neither a transmission line nor a gathering line, the Commission finds the Cincinnati Lateral 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 Cincinnati Lateral does not require a permit from the Commission to operate. Accordingly, the Cincinnati Lateral will be reclassified as a distribution line pursuant to IPL’s reclassification request, and IPL’s Permit No. R1335 shall be canceled.

DOCKET NO. P-0613

PAGE 11

### ORDERING CLAUSES

#### IT IS THEREFORE ORDERED:

1. The Petition for Pipeline Permit Amendment filed by Interstate Power and Light Company on February 19, 2025, is granted.
2. The request for waiver filed by Interstate Power and Light Company on February 19, 2025, is denied as moot.
3. Interstate Power and Light Company's Cincinnati Lateral pipeline identified by Pipeline Permit No. R1335 issued to Interstate Power and Light Company in Docket No. P-0613 on June 12, 2017, is reclassified to be a distribution line.
4. Pipeline Permit No. R1335 is canceled.

#### UTILITIES COMMISSION



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Sarah Martz, Chair



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Joshua Byrnes, Commissioner



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Erik Helland, Commissioner