

IOWA UTILITIES COMMISSION

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-0785
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ORDER DENYING WAIVER AND APPROVING REQUEST TO RECLASSIFY PIPELINE

BACKGROUND

Interstate Power and Light Company (IPL) has requested a reclassification of its Eldon-Selma 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 Eldon-Selma Lateral has a maximum allowable operating pressure (MAOP) of 100 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 Eldon-Selma Lateral pipeline permit. See 49 CFR § 192.3.

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 Administrative Code 10.1(3)" (Petition) requesting a change to the permitted Eldon-Selma Lateral (Docket No. P-0785, Permit No. 1349) from a transmission pipeline to a distribution pipeline. In its petition, IPL requested a waiver of the date certain

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provision in the Commission's definition of CFR at 199 Iowa Administrative Code (IAC) 10.1(3), which was defined to be "the Code of Federal Regulations . . . in effect as of December 22, 2021."

On August 18, 2025, the Commission filed a staff report detailing the background of the Eldon-Selma 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 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 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 provision 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 provision is moot.

REQUEST FOR RECLASSIFICATION

1. IPL's Petition

IPL seeks to reclassify the Eldon-Selma Lateral pipeline from a transmission line to a distribution line and cancel Permit No. R1349 in Docket No. P-0785. In support of

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its petition, IPL asserts that the distribution center where this pipeline originates is at a point of interconnection at the Eldon-Selma Gate Station with an existing ANR interstate transmission pipeline; that it terminates at the Batavia District Regulation Station in Batavia, Iowa, and the Eldon District Regulation Station in Eldon, Iowa; and that it provides natural gas to customers in the cities of Eldon, Selma, and Batavia, Iowa. The MAOP of the pipeline is 100 psig.

IPL claims that the Eldon-Selma Lateral is a distribution line under PHMSA's updated definitions provided in 49 CFR § 192.3.

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 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 uses 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.

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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. 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.*

3. 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 Eldon-Selma 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 Eldon-Selma 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.

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To determine whether the Eldon-Selma 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.

- a. *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, storage facility, or large volume customer that is not down-stream from a distribution center.” *Id.* 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 Eldon-Selma Lateral pipeline.

The Commission makes this finding for two reasons. First, the Eldon-Selma 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 Eldon-Selma 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

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pipeline to deliver gas to customers for consumption, and therefore there can be no subsequent distribution centers downstream from the initial one.

b. 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 Eldon-Selma Lateral pipeline consists of approximately 5.90 miles of 6-inch high density polyethylene (HDPE) pipe, 0.66 miles of 6-inch steel pipe, 6.3 miles of 4-inch HDPE pipe, and 0.6 miles of 4-inch steel pipe. For the 5.90 miles of 6-inch HDPE pipe and the 6.3 miles of 4-inch HDPE pipe, the MAOP cannot be expressed as a percentage of SMYS because that portion of the pipeline is made of HDPE pipe. For the 0.66 miles of 6-inch steel pipe, IPL states the pipe has a %SMYS at MAOP of 3.38%. For the 0.6 miles of 4-inch steel pipe, IPL states the pipe has a %SMYS at MAOP of 2.71%.

c. 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 Eldon-Selma Lateral does not transport gas within a storage field.

d. 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 Eldon-Selma Lateral as a transmission pipeline.

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4. Conclusion

Because the Eldon-Selma Lateral does not transport gas to any downstream distribution centers, storage facilities, or large-volume customers; the portion of the pipeline with a calculable %SMYS of the MAOP is 3.38% for the 6-inch steel pipe and 2.71% for the 4-inch steel pipe; 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 Eldon-Selma Lateral is not a transmission line. Therefore, as the Eldon-Selma Lateral is neither a transmission line nor a gathering line, the Commission finds the Eldon-Selma 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 Eldon-Selma Lateral does not require a permit from the Commission to operate. Accordingly, the Eldon-Selma Lateral will be reclassified as a distribution line pursuant to IPL's reclassification request, and IPL's Permit No. R1349 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 denied as moot.
2. Interstate Power and Light Company's Eldon-Selma Lateral pipeline identified by Pipeline Permit No. R1349 issued to Interstate Power and Light Company in Docket No. P-0785 on October 4, 2017, is reclassified to be a distribution line.

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3. Pipeline Permit No. R1349 is canceled.

UTILITIES COMMISSION



Sarah Martz, Chair



Joshua Byrnes, Commissioner



Erik Helland, Commissioner