

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. P-0890
---	-------------------

PROPOSED DECISION AND ORDER GRANTING PERMIT

(Issued June 19, 2014)

APPEARANCES:

MR. VERLE W. NORRIS, Attorney at Law, 300 West Marion, P.O. Box 256, Corydon, Iowa 50060, and MS. PAULA N. JOHNSON, Attorney at Law, Alliant Energy Corporate Services, Inc., Legal Department, Alliant Tower, 200 First Street SE, P.O. Box 351, Cedar Rapids, Iowa 52406-0351, appearing on behalf of Interstate Power and Light Company.

MR. JOHN S. LONG and MR. MARK SCHULING, Attorneys at Law, 1375 East Court Avenue, Rm. 63, Des Moines, Iowa 50319, appearing on behalf of the Iowa Department of Justice, Office of Consumer Advocate.

STATEMENT OF THE CASE

On November 25, 2013, Interstate Power and Light Company (IPL) filed a petition and exhibits for a pipeline permit with the Utilities Board (Board). (petition for permit.) IPL proposes to construct, operate, and maintain a new 12-inch diameter steel natural gas pipeline approximately 13 miles long in Hamilton and Story Counties, Iowa. (petition for permit; testimony of Mr. teDuits, Mr. Pollard; O'Neal report.) IPL filed amendments to its petition and exhibits, and provided additional

information, on December 19, 2013, January 30, 2014, February 21, 2014, and June 18, 2014. (petition for permit; O'Neal report.)

The proposed pipeline will transport natural gas from a connection with a Northern Natural Gas Company (NNG) pipeline in southern Hamilton County near Story City to an IPL Distribution Regulating Station in Story County near Ames, Iowa, where the pressure of the gas will be reduced for delivery through IPL's delivery system to customers in and near Ames. (petition for permit; testimony of Mr. teDuits, Mr. Pollard; O'Neal report.)

On March 10, 2014, Mr. Jeffrey L. O'Neal, regulatory engineer for the Board, filed a report regarding the petition and proposed pipeline (O'Neal report).

On March 13, 2014, the Board assigned this case to the undersigned administrative law judge. On March 27, 2014, the undersigned issued an order establishing a procedural schedule, proposing to take official notice of Mr. O'Neal's report, and providing notice of the hearing.

IPL filed the prepared direct testimony and exhibits of Ms. Dee A. Brown, Mr. Daniel B. teDuits, and Mr. Andrew R. Pollard, on April 4, 2014. IPL filed the supplemental direct testimony and exhibits of Mr. Pollard on June 4, 2014. IPL filed proof of publication of notice on June 5, 2014.

On April 24, 2014, E.I. du Pont de Nemours and Company (DuPont) filed a petition to intervene in this proceeding. On April 25, 2014, the Nevada Economic Development Council (NEDC) filed a petition to intervene. On April 29, 2014, an

order was issued granting DuPont and NEDC limited intervention regarding the interests each had that were discussed in a letter each previously filed with the Board on behalf of IPL's proposed pipeline in this case. DuPont filed the direct testimony of Mr. Steven Ogle on May 15, and the revised direct testimony of Mr. Ogle on May 27, 2014. On June 9, 2014, DuPont filed a motion to withdraw the direct and revised direct testimony of Mr. Ogle, which was granted in an order issued on the same date.

The Consumer Advocate Division of the Iowa Department of Justice (Consumer Advocate) filed a pre-hearing brief on May 15, 2014.

IPL originally requested that it be vested with the power of eminent domain over two parcels of property in Story County owned by Blackdirt Farms, LLC (Blackdirt Farms). (petition for permit; O'Neal report; testimony of Mr. Pollard, Mr. teDuits.) Blackdirt Farms filed the prepared testimony of several witnesses and a brief on May 15, 2014. Blackdirt Farms filed a written objection to the proposed pipeline on May 16, 2014. IPL and Blackdirt Farms were able to settle their differences and agree on an amended route crossing Blackdirt Farms' properties. They filed various documents regarding this settlement on June 4, 2014, including IPL's withdrawal of its request for eminent domain and Blackdirt Farms' withdrawal of its objection to the proposed pipeline. An order approving the withdrawal of certain documents and providing direction regarding the settlement agreement was issued on June 6, 2014. The Joint Motion and Partial Settlement Agreement filed by IPL

and Blackdirt Farms on June 4, 2014, is approved, except that the route IPL proposes has changed from that discussed in the settlement agreement.

The hearing in this case was held on June 10, 2014, in Courtroom 2A, Story County Justice Center, 1315 South B Avenue, Nevada, Iowa. IPL was represented by its attorneys, Mr. Verle W. Norris and Ms. Paula N. Johnson. Ms. Brown, Mr. teDuits, and Mr. Pollard testified on behalf of IPL. Ms. Brown is Director – Gas Engineering, Planning and Services for Alliant Energy Corporate Services, Inc. (AECS), a service company subsidiary of Alliant Energy Corporation (Alliant Energy). (testimony of Ms. Brown.) Mr. teDuits is a Senior Engineer for IPL, a utility subsidiary of Alliant Energy. (testimony of Mr. teDuits.) Mr. Pollard is a Project Manager for JCG Land Services, Inc. (JCG). (testimony of Mr. Pollard.) JCG is providing right-of-way acquisition services for the proposed pipeline on behalf of IPL. (testimony of Mr. Pollard.) IPL Exhibits DAB-1, Schedules A-E; DBt-1, Schedules A-D; ARP-1, Schedules A-G; ARP-2, Schedules A-C; and ARP-3, Schedule A; were admitted at the hearing. IPL withdrew Exhibit ARP-1, Schedules H-K. The Consumer Advocate was represented by its attorneys, Mr. John S. Long and Mr. Mark Schuling. The Consumer Advocate did not present evidence at the hearing. Since IPL and Blackdirt Farms settled their differences prior to the hearing, Blackdirt Farms did not appear at the hearing. Interveners DuPont and NEDC did not appear at the hearing. Mr. O'Neal testified as the engineer selected by the Board to examine the proposed route and permit application pursuant to Iowa Code § 479.11 (2013). At the hearing,

IPL agreed to file revisions to its petition showing the changes to its proposed route within seven business days of the hearing. Specifically, IPL agreed to file a revised petition cover sheet and revised petition Exhibits A, B, C-1, and E.

On June 18, 2014, IPL filed a revised petition and exhibits, consisting of the Revised Petition, Revised Exhibit A, Revised Exhibit B, Second Revised Exhibit C, Second Revised Exhibit E, Attachment 1, Revised Exhibit F, and Revised Exhibit I.

FINDINGS OF FACT

1. IPL is a pipeline company within the meaning of Iowa Code § 479.2. (petition for permit; testimony of Ms. Brown, Mr. teDuits, Mr. O'Neal; O'Neal report.)
2. On November 25, 2013, IPL filed a petition and exhibits for a pipeline permit with the Board. (petition for permit; O'Neal report.) IPL proposes to construct, operate, and maintain a new 12-inch diameter steel natural gas pipeline approximately 13 miles long in Hamilton and Story Counties, Iowa, with a maximum allowable operating pressure (MAOP) of 960 pounds per square inch gauge (psig), and an operating pressure IPL anticipates will fluctuate between 960 psig and 720 psig. (petition for permit; testimony of Mr. teDuits, Mr. Pollard, Mr. O'Neal; O'Neal report.) IPL filed amendments to its petition and exhibits, and provided additional information, on December 19, 2013, January 30, 2014, and February 21, 2014. (petition for permit; O'Neal report.)
3. The proposed pipeline must have a permit from the Board because it will meet the definition of a transmission line in 49 CFR Part 192, and because it will

operate at a pressure greater than 150 psig. 199 IAC 10.16; 49 CFR § 192.3. (petition for permit; testimony of Mr. teDuits, Mr. O'Neal; O'Neal report.) It is a transmission line because it will operate at a hoop stress of more than 20 percent of specified minimum yield strength (SMYS), and because it will transport natural gas from a transmission line (and ultimately from gathering lines and/or storage facilities) to a distribution center. 49 CFR § 192.3. (petition for permit; testimony of Mr. teDuits, Mr. O'Neal; O'Neal report.)

4. IPL caused notice of the hearing to be published in Hamilton County in The Daily Freeman-Journal, a newspaper of general circulation in the county, on May 20 and 27, 2014. (proof of publication.) IPL caused notice of the hearing to be published in Story County in The Ames Tribune, a newspaper of general circulation in the county, on May 20 and 27, 2014. (proof of publication.)

5. The proposed pipeline will follow a route described in Exhibit A and shown on Exhibit B attached to the petition for a permit. (petition Exhibits A and B; testimony of Mr. Pollard, Mr. teDuits, Mr. O'Neal; Exhibit ARP-3, Schedule A; O'Neal report.) There are no problems with the location and route of the proposed pipeline and no further terms, conditions, or restrictions regarding them need to be imposed pursuant to Iowa Code § 479.12. (petition for permit; testimony of Mr. Pollard, Mr. teDuits, Mr. O'Neal; Exhibit ARP-3; O'Neal report.)

6. IPL has received all required permits and authorizations it needs for the proposed pipeline from federal, state, and local authorities other than the Board.

(petition for permit; testimony of Mr. teDuits, Mr. Pollard; Exhibit DBt-1, Schedules A-D.)

7. The proposed pipeline will transport natural gas from a connection with a Northern Natural Gas Company (NNG) pipeline in southern Hamilton County near Story City to an IPL Distribution Regulating Station in Story County near Ames, Iowa, where the pressure of the gas will be reduced for delivery through IPL's delivery system to customers in and near Ames. (petition for permit; testimony of Ms. Brown, Mr. teDuits, Mr. Pollard; O'Neal report.) IPL has an obligation to provide natural gas service to the cities of Ames, Nevada, and Boone. (petition for permit; testimony of Mr. teDuits.) The purpose of the proposed pipeline is to increase capacity for IPL's Ames high pressure natural gas distribution system for existing and new load and future growth and to provide a second source of natural gas supply for the system. (petition for permit; testimony of Ms. Brown, Mr. teDuits; Exhibit DAB-1, Schedules A-E; O'Neal report.) IPL's Ames/Nevada/Boone-area customer natural gas requirements are significantly increasing in the near term due to the expansion projects of three IPL natural gas customers: DuPont, which is constructing a new 30 million gallon per year cellulosic ethanol plant; Lincolnway Energy, LLC (LWE), an existing ethanol plant, which is converting from coal to natural gas; and the Iowa State University of Science and Technology Power Generation Plant (ISU plant), which is converting from coal to natural gas. (petition for permit; testimony of Ms. Brown, Mr. teDuits; Exhibit DAB-1, Schedules A-E; O'Neal report.) Public benefits

from these three customers' projects include that: 1) farmers in the area will benefit by being a source of corn stover needed for DuPont's plant and will provide corn feedstock to the LWE plant for the production of ethanol; 2) the DuPont and LWE plants will reduce dependence on foreign oil; and 3) the conversion from coal to natural gas by the LWE and ISU plants will reduce the plants' air emissions. (petition for permit; testimony of Ms. Brown, Mr. teDuits; Exhibit DAB-1, Schedules A-E; O'Neal report.) Construction of the proposed pipeline will allow future business growth and the creation of jobs in the area due to increased natural gas capacity of the distribution system, and there will be economic benefits to the area during construction of the proposed pipeline and DuPont plant and during the plant conversions from coal to natural gas. (petition for permit; testimony of Ms. Brown, Mr. teDuits; Exhibit DAB-1, Schedules A-E; O'Neal report.) Therefore, the proposed pipeline will promote the public convenience and necessity. (petition for permit; testimony of Ms. Brown, Mr. teDuits; Exhibit DAB-1, Schedules A-E; O'Neal report.)

8. The proposed pipeline will comply with the design, construction, and safety requirements of Iowa Code chapter 479, 199 IAC § 10.12, and 49 CFR Part 192. (petition for permit; testimony of Mr. teDuits, Mr. O'Neal; O'Neal report.) No safety-related terms, conditions, or restrictions need to be imposed pursuant to Iowa Code § 479.12. (petition for permit; testimony of Mr. teDuits, Mr. O'Neal; O'Neal report.)

9. IPL owns property subject to execution within this state, other than pipelines, of a value in excess of \$250,000. (petition Exhibit D.)

10. IPL's land restoration plan complies with the requirements of Iowa Code § 479.29 and 199 IAC 9. (petition Exhibit I; testimony of Mr. teDuits; O'Neal report.)

11. One objection to the proposed pipeline was filed with the Board, but it was withdrawn prior to hearing, and no objectors appeared at the hearing. (O'Neal Report; Docket No. P-0890 file.)

12. IPL originally requested the right of eminent domain over two parcels of property in Story County owned by Blackdirt Farms, but it has now obtained all the easements it needs for the proposed pipeline and does not request the right of eminent domain authority for the proposed pipeline. (petition for permit; testimony of Mr. teDuits, Mr. Pollard, Mr. O'Neal; O'Neal report.)

CONCLUSIONS OF LAW

1. The Board has the authority to grant, amend, and renew permits for the construction, operation, and maintenance of pipelines for the intrastate transportation of natural gas. Iowa Code §§ 479.1, 479.3, 479.4, 479.12, 479.18, and 479.29; 199 IAC 10.

2. The Board has jurisdiction over IPL and over the petition for a natural gas pipeline permit it filed. Iowa Code §§ 479.2, 479.3, 479.5, 479.6, 479.12, 479.18, and 479.29; 199 IAC 9 and 10.

3. The proposed pipeline meets all applicable requirements and the petition of IPL for issuance of a permit for the natural gas pipeline in this docket should be granted. Iowa Code §§ 479.6, 479.11, 479.12, 479.26 and 479.29; 199 IAC 9 and 10.

4. IPL's proposed pipeline is subject to the land restoration requirements of Iowa Code § 479.29 and 199 IAC 9.

IT IS THEREFORE ORDERED:

1. Official notice is taken of the report dated March 10, 2014, filed in this docket by Mr. Jeffrey O'Neal, utility regulatory engineer for the Board.

2. Pursuant to Iowa Code chapter 479, the petition for a pipeline permit filed by IPL in this docket is hereby granted. A permit will be issued if this proposed decision and order becomes the final order of the Board.

3. IPL must provide timely notice to the Board before beginning construction of the pipeline and must also file weekly progress reports with the Board during construction of the pipeline.

4. After IPL completes construction of the new pipeline, it must file a construction completion report with the Board. This report must include information regarding any unusual construction problems or occurrences and a copy of the pressure test procedures used and the results obtained.

5. Within 180 days after completion of the construction of the new pipeline, IPL must file a map that accurately shows the location of the pipeline route

as constructed. The map will be a part of the record in this case and will represent the final route as authorized by the permit.

6. The Board retains jurisdiction of the subject matter in this docket.

7. This proposed decision will become the final decision of the Board unless, within fifteen (15) days after the proposed decision is issued, a party files written notice of appeal with the Board, or the Board votes to review the proposed decision on its own motion. Iowa Code § 17A.15(3); 199 IAC 7.26(2).

UTILITIES BOARD

/s/ Amy L. Christensen
Amy L. Christensen
Administrative Law Judge

ATTEST

/s/ Joan Conrad
Executive Secretary

Dated at Des Moines, Iowa, this 19th day of June 2014.