

ORIGINAL



0000003553

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

Arizona Corporation Commission

3052

Commissioners
MARC SPITZER Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

2004 JUL 12 P 3: 08

DOCKETED

JUL 12 2004

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY	
-------------	--

IN THE MATTER OF THE NOTICE OF
PROPOSED RULE MAKING REGARDING
THE TRANSPORTATION OF NATURAL
GAS, OTHER GASES AND HAZARDOUS
LIQUIDS BY PIPELINES

DOCKET NO. RG-00000A-04-0169
STAFF'S SUPPLEMENTAL
RESPONSE TO AUG'S COMMENTS
REGARDING THE PROPOSED
RULEMAKING

Staff of the Utilities Division ("Staff") of the Arizona Corporation Commission met with representatives from the Arizona Utility Group ("AUG") to discuss the proposed rulemaking that amends the Rules on the Transportation of Natural Gas, Other Gases and Hazardous Liquids by Pipelines (hereinafter "the Rules"). Those discussions focused on AUG's comments on proposed regulations A.A.C. R14-5-202(O), (P), (R), and (S). As promised, here are Staff's supplemental comments.

1. **Staff still supports proposed regulations R14-5-202(S) and R14-5-205(P).**

Staff believes that the public interest demands proactive measures to ensure the safety of intrastate pipelines. Central to that precept is the thorough and complete laboratory testing of failed portions of pipelines. This is the reason Staff composed A.A.C. R14-5-202(S) and R14-5-205(P). AUG's written comments submitted June 21, 2004, contained many criticisms of these subsections. But Staff still believes the pros of the provisions in these subsections far outweigh the cons. For instance, being informed about pipeline section removals can be valuable toward determining the availability of sections to undergo possible laboratory testing, especially when the timing of certain tests is immediate. The proposed subsections do not coerce the operator into some binding opinion as to the cause of an incident if it is not prepared to make such a conclusion. And having some indication as to what the possible causes may be could prove beneficial toward determining the number and types of laboratory testing that should be conducted. Finally, because Staff is entrusted with the primary responsibility of pipeline safety

1 for intrastate facilities and master meter systems, Staff should approve the laboratory, along with
 2 the number and types of testing. For all of those reasons, Staff still recommends adopting the
 3 laboratory testing provisions in A.A.C. R14-5-202(S) and R14-5-205(P).

4 Having stated the importance of the laboratory testing subsections, Staff is not inflexible
 5 to considering revisions to the proposed subsections. Staff believes AUG will now be proposing
 6 revisions to those subsections. Staff does not know what those proposed revisions will be at
 7 present and reserves right to comment on any revisions offered by AUG and/or other parties.

8 **2. Certain industrial standards referenced in the Rules should not be updated**
 9 **at this time, but those standards could be updated in a subsequent rulemaking procedure.**

10 Because updated standards are not always beneficial toward public safety, Staff does not
 11 recommend blindly adopting updated standards. This is why Staff still recommends sticking
 12 with the standard in subsection R14-5-202(R), for example. Furthermore, all of the industrial
 13 standards in the Rules are available from Staff's Pipeline Safety Section at 2200 North Central
 14 Avenue in Phoenix. This is indicated in the Rules. In addition, the industrial standards in the
 15 Rules are available at the following locations:

- 16 • Global Engineering Documents, 15 Inverness Way, Englewood, Colorado 80112-7179;
 17 Phone No. 1-800-854-7179; Fax No. 1-303-397-2740.
- 18 • Proquest, 300 North Zeeb Road, P.O. Box 21346, Ann Arbor, Michigan 48106-1346;
 19 Phone No. 1-800-521-0600.

20 But Staff is not completely opposed to updating industrial standards if doing so is for the public
 21 interest. Staff agrees that in some subsections the updated industrial standards should be
 22 updated; those updates have already been made in the Rules. AUG and Staff have agreed to defer
 23 updating certain other industrial standards in the Rules until after the parties have thoroughly
 24 discussed the ramifications of updating those standards. Any agreed-upon updates would be part
 25 of a subsequent rulemaking package.

26 **3. R14-5-202(O) should contain some language requiring protection for steel**
 27 **pipe and hazardous liquid pipelines.** Rock impingement can do significant damage to steel
 28 pipe and hazardous liquid pipelines. Requiring six inches of sandy type soil protects pipes from
 such impingement. This type of coating can also help insulate a steel pipe from corrosion, along

1 with cathodic protection. But Staff is not opposed to different language on this issue and does
2 recognize some economic impact exists. AUG proposes to keep this rule as is and to add a
3 provision addressing steel pipe. Staff cannot endorse the addition at present because it has not
4 seen what AUG will propose, but remains open to the concept.

5 4. Staff agrees with AUG that R14-5-202(P) should be amended to remove the
6 phrase ‘shall be marked “Gas” and ‘. Staff understands the reasoning behind AUG’s criticism
7 on this subsection and agrees that the economic impact significantly outweighs the benefit, and
8 that having plastic pipe and fittings marked CD, CE, CF, or CG will ensure the public safety.
9 Therefore, Staff believes the phrase in R14-5-202(P), ‘shall be marked “Gas” and ‘, should be
10 removed and this subsection should now be as follows below:

11
12 Operators of an intrastate pipeline transporting natural gas or other gas pipeline
13 system that construct an underground pipeline system using plastic pipe will
14 install the pipe with sufficient slack to allow for thermal expansion and
15 contraction. ~~In addition, all plastic pipe shall be marked CD or CE as required by
16 ASTM D 2513-95e~~ **In addition, all plastic pipe and fittings shall be marked
17 CD, CE, CF or CG as required by ASTM D2513** (1995c Edition and no future
18 editions), incorporated by reference, ~~on file with the Office of the Secretary of
19 State, and copies available from the Commission Office of Pipeline Safety, 1200
20 West Washington, Phoenix, Arizona 85007 2200 North Central Avenue, Suite
21 300, Phoenix, Arizona 85004 and ASTM International, 100 Barr Harbor Drive,
22 P.O. Box C700, West Conshohocken, Pennsylvania 19428-2959, the ASTM, 1916
23 Race Street, Philadelphia, Pennsylvania 19103-1187,~~ for areas where the service
24 temperature is above 100°F.

19 The bolded portion in the amended subsection highlights where the phrase has been removed.

20 In conclusion, Staff believes that the meeting with AUG was fruitful and both parties now
21 better understand the positions of the other. While receptive to considering modifications by
22 AUG or other parties, Staff believes that the content of the Rules is for the public benefit and
23 does preserve public safety. Staff still recommends adoption of the Rules as modified to date,
24

25
26 ...
27 ...
28 ...

1 but will consider future revisions if not detrimental to the public interest.

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

RESPECTFULLY SUBMITTED this 12th day of July, 2004.



Jason D. Gellman, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

The original and fifteen (15) copies of the foregoing filed this 12th day of July, 2004, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPIES of the foregoing were mailed this 12th day of July, 2004 to:

Mr. Charles G. Taylor, Jr., President & CEO
Local Gateway Exchange, Inc.
700 North Pearl, Suite 200
Dallas, Texas 75201

Mr. Mark Battaglia
City Manager
City Of Benson
Post Office Box 2223
Benson, Arizona 85602

Ms. Connie Wightman
Technologies Management, Inc.
210 North Park Avenue
Winter Park, Florida 32789

Mr. Gail Robinson
Southwest Gas Corporation
Post Office Box 1028
Page, Arizona 86040

Mr. Steve Williams
Plant Manager
Arizona Public Service Company
Post Office Box 53999
Mail Station 4120
Phoenix, Arizona 85072-3999

Mr. Doug Mann
Manager
Energy West Arizona
200 West Overland
Payson, Arizona 85541

Mr. Larry Daniel
Customer Construction Dept. Leader
Arizona Public Service Company
Post Office Box 53999
Mail Station 3015
Phoenix, Arizona 85072-3999

Mr. Gary Powell
Manager
Amerigas Terminal
14702 West Olive Avenue
Waddell, Arizona 85355

...

1 Mr. Jack McBride
Copper Market Incorporated
2 c/o Cyprus Bagdad Copper Company
Post Office Box 245
3 Bagdad, Arizona 86321

4 Mr. Jim Vescio
Station Manager
5 Swissport Fueling Inc.
4200 East Airplane Drive
6 Phoenix, Arizona 85034

7 Mr. Jack Shilling
General Manager
8 Duncan Rural Service Cooperative
Post Office Box O
9 Duncan, Arizona 85534

10 Mr. Dennis LLOYD
Manager, Compliance
11 El Paso Natural Gas Company
5151 East Broadway, Suite 1680
12 Tucson, Arizona 85711

13 Mr. Steve Lines
General Manager
14 Graham County Utilities, Inc.
Post Office Drawer B
15 Pima, Arizona 85543

16 Mr. David Plumb
Gas Manager
17 City of Mesa
Post Office Box 1466
18 Mesa, Arizona 85211-1466

19 Mr. Ken Mecham
Director
20 Gila Resources
Post Office Box 272
21 Safford, Arizona 85548

22 Mr. Gary Smith
Vice President
23 Unisource Energy
2901 West Shammrell Boulevard
24 No. 110
Flagstaff, Arizona 86001

25 Mrs. Debra Jacobson
26 Manager Regulatory Affairs
Southwest Gas Corporation
27 Post Office Box 98510
Las Vegas, Nevada 89193-8510
28 ...

Mr. Frank Gonzales
Director of Utilities
City of Wilcox
155 West Maley
Wilcox, Arizona 85643

Mr. Steve Barlett
Manager
Applied LNG Technologies
8101 North 34th Street
Amarillo, Texas 79121

Ms. Becky Gardner
Senior Human Resources Assistant
City of Mesa
Post Office Box 1466
Mesa, Arizona 85211-1466

Mr. Jay Bowcutt
Vice President/General Manager
Nucor Steel Utah
Post Office Box 100
Plymouth, Utah 84330

Mr. Jack Williams
Pinalco Aerospace Aluminum
6833 West Willis Road
Box 5050
Chandler, Arizona 85226

Pinal County Building Inspections
Queen Creek, Magma Gas Area
Building Safety Division
Post Office Box 827
31 North Pinal St. Bldg. D
Florence, Arizona 85232

U S WEST Communications
Regulatory Division
3033 North 3rd Street
Room 1010
Phoenix, Arizona 85012

Mr. Greg Merdick
Cox Cable
Community Relations
17602 North Black Canyon Highway
Phoenix, Arizona 85053

Chris Tyrek
Cable America
2720 East Camelback Road
Phoenix, Arizona 85016

1 Jones Intercable
 Regulatory Division
 2 8251 North Cortaro Road
 Tucson, Arizona 85743-9599
 3
 4 Tucson Electric Power
 Legal Department – DB203
 220 West 6th Street
 5 Post Office Box 711
 Tucson, Arizona 85072
 6
 7 Mr. David Martin
 Association of General Contractors
 1825 West Adams
 8 Phoenix, Arizona 85007
 9 Mr. Clark Tartar and Mr. Frank Harris
 Arizona Pipeline Company
 10 3111 West Lincoln Street
 Phoenix, Arizona 85009
 11
 12 Mr. Jim Gholson
 Northern Pipeline Construction Co
 3024 West Weldon Avenue
 13 Phoenix, Arizona 85017
 14 Mr. Walt Jones
 Henkles and McCoy, Inc.
 15 21601 North 3rd Avenue
 Phoenix, Arizona 85027-2907
 16
 17 Mr. Terry Mattingly
 Director of Building Safety
 City of Mesa
 18 Post Office Box 1466
 Mesa, Arizona 85211-1466
 19
 20 ASARCO Incorporated
 c/o Webb Crockett, Esq.
 Fennemore Craig
 21 3003 North Central Avenue, Suite 2600
 Phoenix, Arizona 85012
 22
 23 The Arizona Utility Group
 c/o Kevin Kent
 City of Mesa
 24 Post Office Box 1466
 Mesa, Arizona 85211-1466
 25
 26 Mr. John H. Shorbe, Sr.
 Southern Arizona Home Builders
 Association
 27 2840 North Country Club Road
 Tucson, Arizona 85716
 28 ...

Mr. John Rueter
 Park Manager
 Canyon Valle Airpark
 801 South State Route 64, Space 100
 Williams, Arizona 86406

 Mr. Bryan Jaconi
 Manager
 Havasu Springs Resort
 2581 Highway 95
 Parker, Arizona 85344

 Mr. Rus Brock
 Deputy Director
 HBACA
 2111 East Highland, Suite 190
 Phoenix, Arizona 85016

 Mr. Glen Myers
 Manager
 Ikard and Newsom
 826 B Highway 516
 Flora Vista, New Mexico 87415

 Mr. Tom Yazzi
 Superintendent of Schools
 Kayenta School District No. 27
 Post Office Box 9000
 Window Rock, Arizona 86515

 Ms. Janet Slowman Chee
 Superintendent of Schools
 Red Mesa Unified School District No. 27
 HCR 6100, Box 40
 Teec Nos Pos, Arizona 86514

 Dr. Hector G. Tahu
 Superintendent of Schools
 Tuba City Unified School District No. 15
 Post Office Box 67
 Tuba City, Arizona 86045

 Mr. Donimic Antignano
 President
 Zapco Energy Tactics Corporation
 1420 – D Church Street
 Bokemia, New York 11716

 Mr. Ray Vernon
 Superintendent
 Pinon Unified School District No. 4
 Post Office Box 839
 Pinon, Arizona 85610

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Mr. David A. Salyers
Abbott RPD Manager
Utility & Facility Manager
Abbott Labs
1250 West Maricopa Highway
Casa Grande, Arizona 85222

Mr. Lyle Iedje
Manager, Pipeline Operations
Calpine Pipeline Company
60 River Road
Rio Vista, California 94571

Mr. Justin B. Jessop
Gas Department Supervisor
Colorado City Gas
Post Office Box 840809
Hildale, Utah 84784

Dr. Peter M. Belleto
Superintendent
Ganado Unified Scholl District No. 20
Post Office Box 1757
Ganado, Arizona 86505

Mr. Dan Baer
Plant Manager
Panda Gila River
1414 West Broadway Road
Suite 145
Tempe, Arizona 85282


Angela L. Bennett secretary to
Jason D. Gellman