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MEMORANDUM

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TO: THE COMMISSION

AZ CORP COMMISSION
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FROM: Utilities Division

DATE: February 26, 2004

RG-00000A-04-0169

RE: IN THE MATTER OF PROPOSED AMENDMENTS TO THE OFFICE OF PIPELINE SAFETY RULES REGARDING TRANSPORTATION OF NATURAL GAS, OTHER GASES AND HAZARDOUS LIQUIDS BY PIPELINES (DOCKET NO. RG-_____ - _____ - _____)

Staff of the Utilities Division (Staff) of the Arizona Corporation Commission ("Commission") is proposing amendments to the Rules governing Pipeline Safety to accomplish the following:

- Update the Rules by incorporating by reference the most recent amendments to the Code of Federal Regulations (CFR), Title 49, Parts 191, 192, 193, 195, 199 and Part 40 (minimum safety standards for construction and maintenance of natural gas, other gases and hazardous liquid pipeline facilities, and pipeline operator's alcohol and drug enforcement programs).
- To change the address for the Office of Pipeline Safety. R14-5-202(B), (E), (J), (P), (R), R14-5-203(B), (C), R14-5-204(A) and R14-5-205(B), (G), (O) (Q).
- Require that all new pipeline installed have proper bedding and shading. R14-5-202(O) and R14-5-205(I).
- Require all plastic pipeline fitting to be marked "Gas" and marked with CF or CG. R14-5-202(P) and R14-5-205(J).
- Require laboratory testing of pipeline that was or could have been involved in an accident or incident. R15-5-202(S) and R14-5-205(P).

The proposed amendments will conform to the most recent amendments of the Federal Pipeline Safety Regulations, which is required by the Commission's Agreement with the United States Department of Transportation, Office of Pipeline Safety, and require for the Commission's Pipeline Safety Group to receive Federal funds for Pipeline Safety Programs.

Staff believes that the proposed amendments will be beneficial to the general public by maintaining the safe operation of pipeline facilities. Therefore, Staff recommends that the proposed amendments to the Rules be forwarded to the Secretary of State for Notice of Proposed

Rulemaking. Staff further recommends that the Hearing Division schedule a hearing on the proposed amendment to the Rules no earlier than thirty (30) days after publication in the Arizona Register, but as soon as practicable thereafter, in Phoenix or Tucson, Arizona.

Ernest Johnson
Director
Utilities Division

EGJ:TF:JI:vb/JDG

Originator: Terry Fronterhouse