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**SOUTHWEST GAS CORPORATION**

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October 4, 2004

Arizona Corporation Commission  
**DOCKETED**

OCT - 6 2004

Amanda K. Pope  
Administrative Law Judge  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2996

DOCKETED BY	
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**Re: In the Matter of the Notice of Proposed Rulemaking Regarding  
the Transportation of Natural Gas, Other Gases and  
Hazardous Liquids by Pipelines.**

**Docket No. RG-00000A-04-0169**

Dear Judge Pope:

The parties that filed comments in the above captioned docket have negotiated a resolution to their past disagreement over the text of proposed rule A.A.C. R14-5-201(S)(1), which generally triggers new reporting obligations for pipeline operators. Specifically, Southwest Gas Corporation (Southwest), the Staff of the Utilities Division of the ACC (ACC Staff), the Arizona Utility Group, and UNS Gas, Inc., have all agreed to the text contained in Attachment 1. This consensus was reached after conducting two conference calls, the first of which occurred after certain parties on this docket's service list received the invitation to participate in the call that is contained in Attachment 2. No other parties on the service list contacted the undersigned in response to the undersigned's letter to you of September 14, 2004.



Amanda K. Pope  
Administrative Law Judge  
October 4, 2004  
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By and through this correspondence, Southwest urges the adoption of the proposed rule A.A.C. R14-5-201(S)(1) as contained in Attachment 1. Southwest waives as moot that portion of its filings concerning proposed rule A.A.C. R14-5-201(S)(1).<sup>1</sup> Southwest's objections to the text of subsections 2, 3, and 4 of proposed rule A.A.C. R14-5-201(S), and the Additional Supplemental Response of ACC Staff, remain on the docket for your consideration.

The undersigned recently learned of the Procedural Order of September 27, 2004, and of that Order's requirement that this submittal be filed on or before October 1, 2004. The undersigned contacted the ACC Staff and they have no objections to the filing of this document after the October 1 deadline. The undersigned regrets the error.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

Craig R. Roecks  
Assistant General Counsel

Attachments

Copies to: Docket Control (13 copies)  
Jason Gellman, ACC Staff *via facsimile*  
Kevin Kent, AUG *via e-mail*  
Deborah Scott, UNS Gas, Inc. *via facsimile*  
Service List *via U.S. Mail*

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<sup>1</sup> Specifically, Southwest waives as moot the arguments on page 14, line 19 to page 16, line 22 of its August 2, 2004 filing and Southwest waives as moot its arguments on page 2, line 1 to page 4, line 18 of its August 30, 2004 filing.

1 **ARIZONA CORPORATION COMMISSION**

2 Docket No. RG-00000A-04-0169 Service List

3 Current as of September 9, 2004

4 Connie Wightman  
Technologies Management, Inc.  
210 Park Avenue North  
5 Winter Park, FL 32789

6 William L. Allsbrooks  
Superintendent of Schools  
Kayenta School District No. 27  
P.O. Box 337  
7 Kayenta, AZ 86033

8 Charles G. Taylor, Jr., President and CEO  
Local Gateway Exchange, Inc.  
700 North Pearl, Ste. 200  
9 Dallas, TX 75201

Doug Mann, Manager  
Energy West Arizona  
200 West Overland  
Payson, AZ 85541

10 Steve Williams  
Plant Manager  
11 APS  
P.O. Box 53999  
12 Mail Station 4120  
13 Phoenix, AZ 85072-3999

Pinal County Building Inspections  
Queen Creek, Magma Gas Area  
Building Safety Division  
P.O. Box 827  
31 North Pinal Street, Bldg. D  
14 Florence, AZ 85232

15 Larry Daniel, Manager  
Customer Construction Dept. Leader  
16 APS  
P.O. Box 53999  
17 Mail Station 3015  
18 Phoenix, AZ 85072-3999

Jack McBride  
Copper Market Incorporated  
c/o Cyprus Bagdad Copper Company  
P.O. Box 245  
19 Bagdad, AZ 86321

20 Mark Battaglia  
City Manager  
City of Benson  
P.O. Box 2223  
21 Benson, AZ 85602

Jim Vescio, Station Manager  
Swissport Fueling Inc.  
4200 East Airplane Drive  
22 Phoenix, AZ 85034

23 Jack Shilling, General Manager  
Duncan Rural Service Cooperative  
P.O. Box O  
24 Duncan, AZ 85534

Gary Powell, Manager  
Amerigas Terminal  
14702 West Olive Avenue  
25 Waddell, AZ 85355

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Dennis Lloyd, Manager  
El Paso Natural Gas Company  
5499 W. Needle Mountain Road  
Toprock, AZ 86436

Steve Lines, General Manager  
Graham County Utilities, Inc.  
P.O. Drawer B  
Pima, AZ 85543

David Plumb, Gas Manager  
City of Mesa  
P.O. Box 1466  
Mesa, AZ 85211-1466

Ken Mecham, Director  
Gila Resources  
P.O. Box 272  
Safford, AZ 85548

Frank Gonzales, Director of Utilities  
City of Wilcox  
155 West Maley  
Wilcox, AZ 85643

Steve Barlett, Manager  
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Amarillo, TX 79121

Becky Gardner  
Senior Human Resources Assistant  
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Chandler, AZ 85336

US West Communications  
Regulatory Division  
3033 North 3<sup>rd</sup> Street, Room 1010  
Phoenix, AZ 85012

Greg Merdick  
Cox Cable  
Community Relations  
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Chris Tyrek  
Cable America  
2720 East Camelback Road  
Phoenix, AZ 85016

Jones Intercable  
Regulatory Division  
8251 North Cortaro Road  
Tucson, AZ 85743

Tucson Electric Power  
Legal Department – DB203  
220 West 6<sup>th</sup> Street, P.O. Box 711  
Tucson, AZ 85072

David Martin  
Association of General Contractors  
1825 West Adams  
Phoenix, AZ 85007

Clark Tartar  
Frank Harris  
Arizona Pipeline Company  
3111 West Lincoln Street  
Phoenix, AZ 85009

Jim Gholson  
Northern Pipeline Construction Co.  
3024 West Weldon Avenue  
Phoenix, AZ 85017

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Tom Mattingly, Superintendent  
City of Mesa  
Building Inspections  
P.O. Box 1466  
Mesa, AZ 85211

Walt Jones  
Henkles and McCoy, Inc.  
21601 North 3<sup>rd</sup> Avenue  
Phoenix, AZ 85027

ASARCO Incorporated  
c/o Webb Crockett  
Fennemore Craig  
3003 North Central Avenue, Ste. 2600  
Phoenix, AZ 85012

Janet Slowmanchee  
Superintendent of Schools  
Red Mesa Unified School District No. 27  
HCR 6100, Box 40  
Teec Nos Pos, AZ 86514

The Arizona Utility Group  
c/o Jason Hughes  
Graham County Utilities  
P.O. Drawer B  
Pima, AZ 85543

Dr. Hector G. Tahu  
Superintendent of Schools  
Tuba City Unified School District No. 15  
P.O. Box 67  
Tuba City, AZ 86045

John H. Shorbe, Sr.  
Southern Arizona Home Buildings  
Association  
2840 North Country Club Road  
Tucson, AZ 85716

Dominic Antignano, President  
Zapco Energy Tactics Corporation  
1420 - D Church Street  
Bokemia, NY 11716

John Rueter  
Park Manager  
Canyon Valle Airpak  
801 South State Route 64, Space 100  
Williams, AZ 86406

Gary Smith, Vice President  
Unisource Energy  
1300 South Yale Street  
Flagstaff, AZ 86001

Brian Jaconi, Manager  
Havasas Springs Resort  
2581 Highway 95  
Parker, AZ 85344

Christopher Kempsey, Chief Counsel  
Legal Division  
Arizona Corporation Commission  
Legal Division  
1200 West Washington Street  
Phoenix, AZ 85007

Glen Meyers, Manager  
Ikard and Newsom  
P.O. Box 217  
Flora Vista, NM 87415

Ernest Johnson, Director  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Reporting Service, Inc.  
2627 N. Third Street, Suite Three  
Phoenix, AZ 85004-1103

**ATTACHMENT 1**

## Consensus Language

- S. Laboratory testing of intrastate pipelines shall be conducted in accordance with the following:
1. If an operator of an intrastate natural gas, other gas or hazardous liquid pipeline removes a portion of a failed pipeline from an incident that requires a telephonic or written incident report under R14-5-203(B) or (C), where the cause of the failure is unknown, the operator shall retain the portion that was removed and shall telephonically notify the Office of Pipeline Safety of the removal within two hours after the removal is completed. A notice made pursuant to this subsection shall include all of the following:
    - a. Identity of the failed pipeline.
    - b. Description and location of the failure.
    - c. Date and time of the removal.
    - d. Length or quantity of the removed portion.
    - e. Storage location of the removed portion.
    - f. Any additional information about the failure or the removal of the portion of the pipeline that failed that is requested by the Office of Pipeline Safety.

An unknown failure is any failure where the cause of the failure is not observable external corrosion, third-party damage, natural or other outside forces, construction or material defect, equipment malfunction or incorrect operations; or is any failure where the Office of Pipeline Safety and the operator do not agree as to the cause of the failure.

**ATTACHMENT 2**

**Craig Roecks - ACC Rule Making Conference Call**

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**From:** Jerry Schmitz  
**To:** abohnenkamp@cc.state.az.us; Clarillos, Robert; Denio, Galen; dennis.lloyd@el Paso.com; gasmith@uesaz.com; gregory.hill@el Paso.com; Kevin.Kent@cityofmesa.org; Michael.Comstock@cityofmesa.org; paul.lopez@el Paso.com; Roecks, Craig  
**Date:** 09/16/2004 5:09 PM  
**Subject:** ACC Rule Making Conference Call  
**CC:** solea@cc.state.az.us; Wunderlin, James

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Greetings,

I spoke with most of you today about the conference call that I set up for next Friday, September 24 from 9:00 to 10:00 a.m. This is to reach a consensus on the notification section of the new proposed rule for lab testing. Below is the text of the letter I will be sending out broadly to let other interested parties know about the call. The conference call access number and password are listed below as well.

"On July 19, 2004, a hearing was held at the Arizona Corporation Commission concerning the Proposed Rule Making Regarding the Transportation of Natural Gas, Other Gases and Hazardous Liquids by Pipelines, Docket Number RG-00000A-04-0169. At that hearing concerns were raised by a number of interested parties including the Arizona Utility Group (AUG), El Paso Pipeline Group (El Paso), City of Mesa (Mesa) and Southwest Gas Corporation (Southwest) about the new reporting requirements under A.A.C. R14-5-205(S)(1). The interested parties and other industry groups were given the opportunity to submit alternative language for this proposed rule that would narrow the definition of "failure" so that it was more akin to the federal definition of "incident".

Southwest with the support of AUG and Mesa did submit alternative language that added a clause referencing the pre-existing written incident reporting requirements of A.A.C. R14-5-203. On August 19, 2004, the Arizona Corporation Commission Staff issued their recommendation for the proposed language change that did not include a reference to the written incident reporting requirements, see Attachment 1. Southwest responded to this with additional comments, in part reiterating the proposal to include the narrowing clause based on the pre-existing definition of written reportable incidents. Subsequent meetings and discussions with the ACC Office of Pipeline Safety and other industry groups has led to a general consensus in favor of narrowing the definition of "failure" in the proposed A.A.C. R14-5-205(S)(1) using the pre-existing definition of written reportable incidents, see Attachment 2.

A conference call has been scheduled for Friday September 24, 2004, from 9:00 a.m. to 10:00 a.m. to review the attached documents and reach a consensus on the reporting criteria. The scope of this call will be limited to the proposed language for A.A.C. R14-5-205(S)(1).

The instructions for the dial-in conference call are as follows:

1. Dial 1-8003413088 and follow the voice prompts.
2. At the voice prompt, press the Conference Code 7777 and the # key.
3. You will be connected to the conference if your Conference Code is correct. Otherwise, you will be transferred to a conference operator for assistance.
4. Press \* and 0 for the assistance of a conference operator during the conference.
5. If you are disconnected for any reason, you can dial 1-8003413088 and Conference Code 7777 to continue with your conference or call the Conference Center at

1-800-574-3456 for further assistance.

Thanks again for your help and cooperation with this. I look forward to talking to you next Friday.

Jerry Schmitz

Jerry Schmitz, PE  
Director/Engineering Staff  
Southwest Gas Corporation  
(702) 364-3263