

OPEN MEETING ITEM



0000073731

COMMISSIONERS  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

ORIGINAL



ARIZONA CORPORATION COMMISSION

22

DATE: JUNE 6, 2007

DOCKET NO: RG-00000A-06-0648

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Yvette B. Kinsey. The recommendation has been filed in the form of an Opinion and Order on:

PROPOSED AMENDMENTS TO PIPELINE SAFETY RULES  
(RULEMAKING)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JUNE 15, 2007

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

JUNE 26 AND 27, 2007

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

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Arizona Corporation Commission  
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON, Chairman  
4 WILLIAM A. MUNDELL  
5 JEFF HATCH-MILLER  
6 KRISTIN K. MAYES  
7 GARY PIERCE

8 IN THE MATTER OF THE PROPOSED  
9 AMENDMENTS TO THE PIPELINE  
10 SAFETY RULES R-14-5-202, R14-5-203,  
11 R14-5-204 AND R14-5-205.

DOCKET NO. RG-00000A-06-0648

DECISION NO. \_\_\_\_\_

OPINION AND ORDER

12 DATE OF HEARING:

February 27, 2007

13 PLACE OF HEARING:

Phoenix, Arizona

14 ADMINISTRATIVE LAW JUDGE:

Marc E. Stern

15 APPEARANCES:

Mr. Craig R. Roecks, Assistant General Counsel,  
on behalf of Southwest Gas Corporation; and

Mr. Charles Hains, Staff Attorney, Legal  
Division, on behalf of the Utilities Division of  
the Arizona Corporation Commission.

16 **BY THE COMMISSION:**

17 On November 15, 2006, the Utilities Division ("Staff") of the Arizona Corporation  
18 Commission ("Commission") forwarded a proposal to the Commission recommending that the  
19 Commission amend its Pipeline Safety Rules ("Rules") A.A.C. R-14-5-202, R-14-5-203, R14-5-204,  
20 and R14-5-205. The purpose of the proposed amendments is to update the Commission's Rules to  
21 incorporate the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49, Parts  
22 191, 192, 193, 195, 199 and Part 40.

23 On December 21, 2006, the Commission issued Decision No. 69197 which directed that the  
24 Hearing Division schedule a hearing to take public comment on Staff's proposed amendments to the  
25 Commission's Rules.

26 On January 4, 2007, the Hearing Division, by Procedural Order, scheduled a public comment  
27 hearing on the above-captioned matter.  
28

1 On January 19, 2007, the Notice of Proposed Rulemaking and Notice of Public Hearing on  
2 Proposed Rulemaking, respectively, were published by the Arizona Secretary of State's office in the  
3 Arizona Administrative Register ("Register").

4 Pursuant to the terms of the Procedural Order and notice provided in the Register, comments  
5 were filed in this docket by Southwest Gas Corporation ("Southwest") supporting the proposed  
6 rulemaking and also proposing to include additional current updates. No other comments were  
7 received.

8 On February 27, 2007, a public comment hearing was held before a duly authorized  
9 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Assistant  
10 General Counsel of Southwest and counsel for Staff were in attendance at the proceeding. Staff has  
11 received no additional written or oral comments regarding the proposed amendment of the Rules.  
12 Following the conclusion of the proceeding, the matter was taken under advisement pending the  
13 submission of a Recommended Opinion and Order to the Commission.

14 \* \* \* \* \*

15 Having considered the entire record herein and being fully advised in the premises, the  
16 Commission finds, concludes, and orders that:

17 **FINDINGS OF FACT**

18 1. On November 15, 2006, Staff forwarded to the Commission proposed amendments to  
19 A.A.C. R14-5-202, R14-5-203, R14-5-204 and R14-5-205 in order to update and incorporate the  
20 most recent amendments to the most recent CFR, Title 49, Parts, 191, 192, 193, 195, 199 and Part 40.

21 2. The purpose of the proposed amendments is to conform the Commission's Rules to  
22 the most recent amendment to the CFR as required for the Commission's Office of Pipeline Safety  
23 ("OPS") acting on behalf of the Commission as an agent of the United States Department of  
24 Transportation's Office of Pipeline Safety.

25 3. Staff believes that the proposed amendments will be beneficial to the general public by  
26 maintaining the safe operation of pipeline facilities.

27 4. On December 21, 2006, the Commission issued Decision No. 69197 which directed  
28 that a hearing be scheduled on the proposed amendments to the Rules for the purpose of taking public

1 comment. By Procedural Order, a public comment hearing was scheduled for February 27, 2007.

2 5. The amendment of the Rules will improve the safe operation of gas and hazardous  
3 liquid pipelines.

4 6. Staff believes that the proposed amendments will be beneficial to the general public by  
5 maintaining the safe operation of pipeline facilities.

6 7. Pursuant to law, Notice of Proposed Rulemaking and Notice of Hearing on Proposed  
7 Rulemaking were given on January 19, 2007, in the Register.

8 8. On January 20, 2007, Southwest filed public comments in support of the  
9 Commission's proposed rulemaking. Southwest specifically supported Staff's proposed amendments  
10 to R14-5-202 and R14-5-205, but submitted alternative amendments to R14-5-203 and R14-5-204,  
11 which while generally adopting Staff's proposed amendments, include additional amendments to  
12 account for the updates that were made to the forms that are drafted by the United States Department  
13 of Transportation. These additional amendments include non-substantial changes such as revisions to  
14 an agency's name, current agency addresses and the addition of room numbers where not included in  
15 an agency's mailing address, and current form names and numbers.

16 9. A summary of the comments that the Commission received on specific sections of the  
17 proposed Rules following their publication, including both technical and legal issues, and the  
18 Commission's analysis and resolution of those comments, are included in the Summary of Comments  
19 and Response, which is attached hereto as Appendix B and incorporated herein by reference.  
20 Appendix B was prepared in accordance with A.R.S. § 41-1001(14)(b)(iii), and is to be included in  
21 the Preamble to be published with the Notice of Final Rulemaking.

22 10. Staff, in responding to Southwest's comments, indicated that it concurs with the  
23 additional changes proposed by Southwest. Further, Staff does not believe that the additional  
24 changes which have been proposed by Southwest have resulted in any substantive changes in Staff's  
25 proposed amendments and will not require any additional notice or publication since Southwest sent  
26 copies of its comments to all parties on the service list and no further comments have been received.

27 11. The Commission did not receive any other written or oral comments with respect to  
28 the proposed amendment of its Rules.



1 non-substantive changes in the adopted rules A.A.C. R14-5-202, R14-5-203, R14-5-204 and R14-5-  
2 205 and to the Summary of Comments and Response and to the adopted Economic, Small Business  
3 and Consumer Impact Statement in response to comments received from the Attorney General's  
4 office during the approval process under A.R.S. § 41-1044 unless, after notification of those changes,  
5 the Commission requires otherwise.

6 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

7 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

8  
9  
10 CHAIRMAN

COMMISSIONER

11  
12 COMMISSIONER

COMMISSIONER

COMMISSIONER

13  
14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
15 Director of the Arizona Corporation Commission, have  
16 hereunto set my hand and caused the official seal of the  
17 Commission to be affixed at the Capitol, in the City of Phoenix,  
18 this \_\_\_\_ day of \_\_\_\_\_, 2007.

19 \_\_\_\_\_  
20 BRIAN C. McNEIL  
21 EXECUTIVE DIRECTOR

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SERVICE LIST FOR:

PROPOSED RULEMAKING

DOCKET NO.

RG-00000A-06-0648

CONNIE WIGHTMAN  
TECHNOLOGIES MANAGEMENT  
210 PARK AVENUE NORTH  
WINTER PARK, FLORIDA 32789

JACK SHILLING  
DUNCAN RURAL SERVICE CO-OP  
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DUNCAN, ARIZONA 85334

CHARLES G TAYLOR JR  
LOCAL GATEWAY EXCHANGE INC  
700 N PEARL SUITE 200  
DALLAS , TEXAS 75201

JOHN HAZEN  
EL PASO NATURAL GAS CO  
5499 W NEEDLE MOUNTAIN ROAD  
TOP ROCK, ARIZONA 86435

STEVE WILLIAMS  
ARIZONA PUBLIC SERVICE CO  
P O BOX 53999  
MS 3015  
PHOENIX, ARIZONA 85072-3999

NELSON PECK  
GRAHAM COUNTY UTILITIES INC  
P O DRAWER B  
PIMA, ARIZONA 85543

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GILA RESOURCES  
405 W. DISCOVERY PARK BLVD.  
SAFFORD, AZ 85546-4203

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BLACK MOUNTAIN GAS CO  
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DEBRA JACOBSON  
SOUTHWEST GAS CORPORATION  
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LAS VEGAS, NV 89193-8510

GAIL ROBINSON  
BLACK MOUNTAIN GAS CO  
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PUBLIC UTILITIES COMMISSION OF NEVADA  
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CARSON CITY, NV 89701

NICK MARTINEZ  
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DEAN PEERY  
NORTH STAR STEEL  
3000 HIGHWAY 66 SOUTH  
KINGMAN, AZ 86401

JIM VESCIO  
DYN AIR FUELING COMPANY  
4200 E AIRLANE DRIVE  
PHOENIX, ARIZONA 85034

JACK WILLIAMS  
PIMALCO AEROSPACE ALUMINIUM  
6833 WEST WILLIS ROAD  
CHANDLER, AZ 85226

- |    |  |   |
|----|--|---|
| 1  | PINAL COUNTY BUILDING INSPECTIONS<br>BUILDING SAFETY DIVISION<br>PO BOX 827<br>FLORENCE, AZ 85232                | JOHN H. SHORBE, JR.<br>SOUTHERN ARIZONA HOME BUILDERS ASSOCIATION<br>2840 NORTH COUNTRY CLUB ROAD<br>TUCSON, AZ 85716 |
| 2  |  |   |
| 3  | COX CABLE<br>20401 NORTH 29 AVENUE, STE. 100<br>PHOENIX, AZ 85027  | NORMAN GOBEIL<br>CANYON VALLE AIRPARK<br>P.O. BOB 3038<br>GRAND CANYON, AZ 86023                                      |
| 4  |  |   |
| 5  | CHRIS TYREK<br>CABLE AMERICA<br>2720 EAST CAMELBACK ROAD<br>PHOENIX, AZ 85016                                    | DAN PRIBBLE<br>TRANSWESTERN PIPELINE<br>333 CLAY STREET 3 AC3202<br>HOUSTON, TX 77002                                 |
| 6  |  |   |
| 7  | JONES INTERCABLE<br>8251 NORTH CORTARO ROAD<br>TUCSON, AZ 85743-9599   | ROBERT ATKINS<br>HAVASU SPRINGS RESORT<br>2581 HIGHWAY 95<br>PARKER, AZ 85344   |
| 8  |  |   |
| 9  | TUCSON ELECTRIC POWER<br>220 WEST 6TH STREET<br>TUCSON, AZ 85072   | RUS BROCK<br>HBACA<br>211 EAST HIGHLAND, STE. 190<br>PHOENIX, AZ 85016  |
| 10 |  |   |
| 11 | DAVID MARTIN<br>ASSOCIATION GENERAL CONTRACTORS<br>1825 WEST ADAMS<br>PHOENIX, AZ 85007                          | GLEN MEYERS<br>IKARD AND NEWSOM<br>PO BOX 217<br>FLORA VISTA, NM 87415  |
| 12 |  |   |
| 13 | CLARK TARTAR<br>ARIZONA PIPELINE COMPANY<br>3111 WEST LINCOLN STREET<br>PHOENIX, AZ 85009                        | WILLIAM AUSBROOKS<br>KEYENTA SCHOOL DISTRICT NO. 27<br>PO BOX 9000<br>WINDOW ROCK, AZ 86515                           |
| 14 |  |   |
| 15 | JIM GHOLSON<br>NORTHERN PIPELINE CONSTRUCTION CO.<br>3024 WEST WELDON AVENUE<br>PHOENIX, AZ 85017                | RALPH FRIEDLEY<br>RED MESA UNIFIED SCHOOL DISTRICT NO. 27<br>HCR 6199, BOX 40<br>TEEC NOS POS, AZ 86514               |
| 16 |  |   |
| 17 | DEBORAH R. SCOTT<br>CITIZENS COMMUNICATIONS COMPANY<br>2901 NORTH CENTRAL AVENUE, STE. 1660<br>PHOENIX, AZ 85007 | CHEE BENALLY<br>TUBA CITY UNIFIED SCHOOL DISTRICT NO. 15<br>PO BOX 67<br>TUBA CITY, AZ 86045                          |
| 18 |  |   |
| 19 | GARY A. SMITH<br>CITIZENS COMMUNICATIONS COMPANY<br>2901 WEST SHAMRELL BLVD., STE. 110<br>FLAGSTAFF, AZ 86001    | DONIMIC ANTIGNANO<br>ZAPCO ENERGY TACTICS CORPORATION<br>1420 - D CHURCH STREET<br>BOKEMIA, NY 11716                  |
| 20 |  |   |
| 21 | WALT JONES<br>HENKLES AND McCOY, INC.<br>21601 NORTH 3RD AVENUE<br>PHOENIX, AZ 85027-2907                        | GARY SMITH<br>CITIZENS COMMUNICATIONS COMPANY<br>1300 SOUTH YALE STREET<br>FLAGSTAFF, AZ 86001                        |
| 22 |  |   |
| 23 | TOM MATTINGLY<br>CITY OF MESA<br>PO BOX 1466<br>MESA, AZ 85211-1466  | CARL LABELSTEIN<br>CITIZENS COMMUNICATIONS COMPANY<br>2901 NORTH CENTRAL AVENUE, STE. 1660<br>PHOENIX, AZ 85102       |
| 24 |  |   |
| 25 | WEBB CROCKETT<br>FENNEMORE CRAIG<br>3003 NORTH CENTRAL AVENUE, STE. 2600<br>PHOENIX, AZ 85012                    |   |
| 26 |  |   |
| 27 | JASON HUGHES<br>GRAHAM COUNTY UTILITIES<br>P.O. DRAWER B<br>PIMA, AZ 85543                                       |   |
| 28 |  |   |

1 Appendix A

2 **ARTICLE 2. PIPELINE SAFETY**

3  
4 **R14-5-202. Construction and Safety Standards**

- 5  
6 A. Applicability: This rule applies to the construction, reconstruction, repair, operation and  
7 maintenance of all intrastate natural gas, other gas, LNG and hazardous liquid pipeline  
8 systems, as described in A.R.S. § 40-441.
- 9 B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the  
10 Commission adopts, incorporates, and approves as its own 49 CFR 40, 191, 192 except I (2)  
11 and (3) of Appendix D to Part 192, 193, 195, except 195.1(b)(2) and (3), and 199, revised as  
12 of ~~January 15, 2004~~ August 1, 2006 (and no future amendments), incorporated by reference  
13 and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite  
14 Ste. 300, Phoenix, ~~AZ~~Arizona 85004 and the United States Government Printing Office, P.O.  
15 Box 371954, Pittsburgh, ~~PA~~Pennsylvania 15250-7954.
- 16  
17 C. The above mentioned incorporated Parts of 49 CFR, except Parts 191, 193 Subpart A and 195  
18 Subpart A and B, are revised as follows:
- 19 1. Substitute "Commission" where "Administrator of the Research and Special Programs  
20 Administration" or "Office of Pipeline Safety" (OPS) appear.
- 21  
22 2. Substitute "Office of Pipeline Safety, Arizona Corporation Commission, at its office in  
23 Phoenix, Arizona" where the address for the Information Resources Manager, Office  
24 of Pipeline Safety, ~~Research and Special Programs Administration, Pipeline and~~  
25 Hazardous Materials Safety Administration, U.S. Department of Transportation  
26 appears.
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1 D. Operators of an intrastate pipeline will file with the Commission an Operation and  
2 Maintenance Plan (O & M), including an emergency plan, 30 days prior to placing a pipeline  
3 system into operation. Any changes in existing plans will be filed within 30 days of the  
4 effective date of the change.

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6 E. Operators of an intrastate pipeline transporting sour gas or oil are subject to industry standards  
7 addressing facilities handling hydrogen sulfide (H<sub>2</sub>S). Standards adopted are:

8 1. NACE Standard MR-0175-99 (1999 Revision); (and no future revisions), Standard  
9 Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for  
10 Oilfield Equipment, incorporated by reference and no future amendments. Copies are  
11 available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste.  
12 300, Phoenix, AZ 85004 and the NACE International, 1440 South Creek  
13 Drive, Houston, TX 77084-4906.

14  
15 2. API RP55 (1995 Edition); (and no future amendments), API recommended practice  
16 for conducting oil and gas production operations involving hydrogen sulfide,  
17 incorporated by reference and no future amendments. Copies are available from the  
18 Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix,  
19 AZ 85004 and Techstreet, 777 East Eisenhower Parkway Pkwy., Ann Arbor,  
20 MI 48108.

21  
22 F. Operators of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other  
23 gas will not construct any part of a hazardous liquid, LNG, natural gas or other gas pipeline  
24 system under a building. For building encroachments over a pipeline system, the operator  
25 may require the property owner to remove the building from over the pipeline or reimburse  
26 the operator the cost associated with relocating the pipeline system. The encroachment shall  
27 be resolved within 180 days of discovery, or the operator shall discontinue service to the  
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1 pipeline system. When the encroachment ~~can not~~ cannot be resolved within the 180 days the  
2 operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written  
3 plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day  
4 requirement in order to allow the ratepayer and the operator to implement the written plan to  
5 resolve the encroachment.  
6

7 G. Operators of an intrastate distribution pipeline transporting natural gas or other gas will not  
8 construct any part of a pipeline system closer than 8 inches to any other underground  
9 structure. If the 8-inch clearance cannot be maintained from other underground structures, a  
10 sleeve, casing, or shielding shall be used.

11 H. Operators of an intrastate pipeline transporting natural gas or other gas that have regulators,  
12 meters, or regulation meter sets that have been out of service for 36 months will abandon  
13 those lines and cap all ends. The Operator's steps to accomplish the abandonment shall not  
14 exceed six months beyond the 36 months out service status.  
15

16 I. Operators of an intrastate pipeline shall not install or operate a gas regulator that might release  
17 gas in its operation closer than three feet to a source of ignition, opening into a building, air  
18 intake into a building or to any electrical source not intrinsically safe. The three foot  
19 clearance from a source of ignition will be measured from the vent or source of release  
20 (discharge port), not from the physical location of the meter set assembly. This subsection  
21 shall not be effective with respect to building permits which are issued and subdivisions  
22 which are platted prior to October 1, 2000. For encroachment within the required three foot  
23 clearance caused by an action of the property owner, occupant or a service provider, after the  
24 effective date of this rule the operator may require the property owner to resolve the  
25 encroachment or reimburse the operator the cost associated with relocating the pipeline  
26 system. The encroachment shall be resolved within 180 days of discovery or the operator  
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1 shall discontinue service to the effected pipeline system. When the encroachment cannot be  
2 resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within  
3 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline  
4 Safety may then extend the 180-day requirement in order to allow the ratepayer and the  
5 operator to implement the written plan to resolve the encroachment.  
6

7 **J.** Operators of an intrastate pipeline transporting LNG, natural gas, other gases or hazardous  
8 liquid will utilize a cathodic protection system designed to protect the metallic pipeline in its  
9 entirety, in accordance with 49 CFR 192, Subpart I, ~~January 15, 2004~~ August 1, 2006 (and  
10 no future amendments), incorporated by reference, and copies available from the Office of  
11 Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004, and  
12 the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA Pennsylvania  
13 15250-7954, except I (2) and (3) of Appendix D to Part 192 shall not be utilized.  
14

15 **K.** Operators of an intrastate pipeline transporting natural gas or other gas will not use solvent  
16 cement to join together plastic pipe manufactured from different materials unless the operator  
17 utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F,  
18 ~~January 15, 2004~~ August 1, 2006 (and no future amendments), incorporated by reference,  
19 and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite  
20 Ste. 300, Phoenix, AZ Arizona 85004, and the United States Government Printing Office, P.O.  
21 Box 371954, Pittsburgh, PA Pennsylvania 15250-7954.  
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23 **L.** Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will  
24 not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their pipeline systems.

25 **M.** Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will  
26 not install plastic pipe aboveground unless the plastic pipeline is protected by a metal casing,  
27 or equivalent, and approved by the Office of Pipeline Safety. Temporary aboveground plastic  
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1 pipeline bypasses are permitted for up to sixty (60) days, provided that the plastic pipeline is  
2 protected and is under the direct supervision of the operator at all times.

3 N. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas that  
4 construct a pipeline system or any portion thereof using plastic pipe, will install, at a  
5 minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of  
6 locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic  
7 pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the  
8 adhesive or the attachment is not detrimental to the integrity of the pipe wall.

9  
10 O. Operators of an intrastate pipeline transporting natural gas, other gas or hazardous liquid, that  
11 construct an underground pipeline system using plastic pipe, will bury the installed pipe with  
12 a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free  
13 of any rock or debris, unless otherwise protected and approved by the Office of Pipeline  
14 Safety. Steel pipe shall be installed with bedding and shading, free of any debris or materials  
15 injurious to the pipe coating, unless otherwise protected and approved by the Office of  
16 Pipeline Safety.

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18 P. Operators of an intrastate pipeline transporting natural gas or other gas that construct an  
19 underground pipeline system using plastic pipe will install the pipe with sufficient slack to  
20 allow for thermal expansion and contraction. In addition, all plastic pipe and fittings shall be  
21 marked CD, CE, CF or CG as required by ASTM D2513 (1995c Edition and no future  
22 editions), incorporated by reference, and copies available from the Office of Pipeline Safety,  
23 2200 North Central Avenue, Suite Ste. 300, Phoenix, Arizona 85004 and ASTM  
24 International, 100 Barr Harbor Drive, P.O. Box C700, West Conshohocken, Pennsylvania  
25 19428-2959, for areas where the service temperature is above 100°F.  
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1 Q. Operators of an intrastate pipeline system transporting hazardous liquid, natural gas or other  
2 gases shall qualify welding procedures and shall perform welding of steel pipelines in  
3 accordance with API Standard 1104. Each welder must be qualified in accordance with API  
4 Standard 1104, 49 CFR 192, appendix A. The qualification of welders delineated in 49 CFR  
5 192, appendix C may be used for low stress level pipe.  
6

7 R. Operators of an intrastate pipeline transporting natural gas or other gas pipeline system shall  
8 survey and grade all detected leakage by the following guide: ASME Guide for Gas  
9 Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except  
10 4.4(c) (1983 Revision and no future revisions), incorporated by reference and copies available  
11 from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix,  
12 Arizona 85004 and the ASME, United Engineering Center, 345 East 47th Street, New  
13 York, N.Y. NY 10017. ("Should" as referenced in the Guide will be interpreted to mean  
14 "shall"). Leakage survey records shall identify in some manner each pipeline surveyed.  
15 Records shall be maintained to demonstrate that the required leakage survey has been  
16 conducted.  
17

18 S. Laboratory testing of intrastate pipelines shall be conducted in accordance with the following:

- 19 1. If an operator of an intrastate natural gas, other gas, or hazardous liquid pipeline  
20 removes a portion of a failed pipeline, where the cause of the failure is unknown, as  
21 the result of an incident that requires a telephonic or written incident report under  
22 R14-5-203(B) or (C), the operator shall retain the portion that was removed and shall  
23 telephonically notify the Office of Pipeline Safety of the removal within two hours  
24 after the removal is completed. A notice made pursuant to this subsection shall  
25 include all of the following:  
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- 27 a. Identity of the failed pipeline,  
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- 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.

2. Within 48 hours after telephonic notification pursuant to subsection (1), the Office of Pipeline Safety shall notify the operator that either:

- a. The Office of Pipeline Safety is directing the operator to have the portion of the pipeline that was removed tested by a laboratory to determine the cause or causes of the failure; or
- b. The Office of Pipeline Safety is not directing laboratory testing and the operator may discard the portion of the pipeline that was removed. The Office of Pipeline Safety shall confirm its notification in writing.

3. If the Office of Pipeline Safety directs laboratory testing pursuant to subsection (2)(a):

- a. The Office of Pipeline Safety shall:
  - i. Determine the laboratory that will do the testing pursuant to subsection (4) and the period of time within which the testing is to be completed.
  - ii. Approve the number and types of tests to be performed.

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iii. Notify the operator of its determinations pursuant to subsections (3)(a)(i),  
and

b. The operator shall:

i. Notify the Office of Pipeline Safety of the number and types of tests  
proposed by the operator.

ii. Notify the Office of Pipeline Safety of the date and time of any  
laboratory tests at least 20 days before the tests are done.

iii. At the request of the Office of Pipeline Safety, ensure that a  
representative of the Office of Pipeline Safety is permitted to observe  
any or all of the tests.

iv. Ensure that the original laboratory test results are provided to the Office  
of Pipeline Safety within 30 days of the completion of the tests.

v. Pay for the laboratory testing.

4. In determining a laboratory pursuant to subsection (3)(a)(i), the Office of Pipeline  
Safety shall:

a. Submit a written request to at least three different laboratories for bids to  
conduct the testing.

b. Consider the qualifications of the respondent laboratories to perform the  
testing, including:

i. Past experience in performing the required test or tests according to  
ASTM International standards.

ii. Any recognition that the laboratory may demonstrate with national or  
international laboratory accreditation bodies.

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- c. Select the laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.
- d. The Office of Pipeline Safety shall not select a laboratory pursuant to this subsection before either of the following, which ever occurs first:
  - i. The Office of Pipeline Safety has received written bids from at least three different laboratories.
  - ii. Thirty days from the date of the request for bids has passed.

- T. All repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquids, natural gas or other gas will comply with the provisions of this Article.
- U. The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public and pipeline safety.
- V. To ensure compliance with provisions of this rule the Commission or an authorized representative thereof may enter the premises of an operator of an intrastate pipeline to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the pipeline system operation.
- W. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.

**R14-5-203. Pipeline Incident Reports and Investigations**

- A. Applicability. This rule applies to all intrastate pipeline systems.
- B. Required incident reports by telephone:
  - 1. Operators of an intrastate pipeline transporting LNG, natural gas or other gas will notify by telephone the Office of Pipeline Safety immediately upon discovery of the occurrence of any of the following:

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- a. The release of natural gas, other gas or liquefied natural gas (LNG) from a pipeline or LNG facility, when any of the following results:
    - i. Death or personal injury requiring hospitalization.
    - ii. An explosion or fire not intentionally set by the operator.
    - iii. Property damage, including the value of the gas lost, estimated in excess of \$5,000.
  - b. Emergency transmission pipeline shutdown.
  - c. News media inquiry.
  - d. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50% where a pipeline operating between 12 SSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%
  - e. Permanent or temporary discontinuance of gas service to a master meter system or when assisting with the isolation of any portion of a gas master meter system due to a failure of a leak test.
  - f. Emergency shutdown of a LNG process or storage facility.
2. Operators of an intrastate pipeline transporting hazardous liquid will notify by telephone the Office of Pipeline Safety immediately upon discovery of the occurrence of any of the following:
- a. Death or personal injury requiring hospitalization
  - b. An explosion or fire not intentionally set by the operator.
  - c. Property damage estimated in excess of \$5,000.
  - d. Pollution of any land, stream, river, lake, reservoir, or other body of water that violates applicable environmental quality, water quality standards, causes a

1           discoloration of the surface of the water or adjoining shoreline, or deposits  
2           sludge or emulsion beneath the surface of the water or upon adjoining  
3           shorelines.

4           e.    News media inquiry.

5           f.    Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide  
6           except that no report is required for a release of less than 5 barrels (0.8 cubic  
7           meters) resulting from a pipeline maintenance activity if the release is:

8                i.   Not otherwise reportable under this Section;

9                ii.   Not one described in 49 CFR 195.52(a)(4) (1994 revision and no future  
10                revisions), incorporated by reference and copies available from the  
11                Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300,  
12                Phoenix, AZ Arizona 85004;

13                iii.   Confined to company property or pipeline right-of-way; and

14                iv.   Cleaned up promptly.

15           g.    Any release of hazardous liquid or carbon dioxide, that was significant in the  
16           judgment of the operator even though it did not meet the criteria of this  
17           subsection.  
18

19           3.    Telephone incident reports will include the following information:  
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21                a.    Name of the pipeline system operator,  
22

23                b.    Name of the reporting party,  
24

25                c.    Job title of the reporting party,  
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27                d.    The reporting party's telephone number,  
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              e.    Location of the incident,

              f.    Time of the incident, and

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g. Fatalities and injuries, if any.

C. Require written incident report:

1. Operators of an intrastate pipeline transporting natural gas, LNG or other gases will file a written incident report when an incident occurs involving a natural gas or other gas pipeline that results in any of the following:

- a. An explosion or fire not intentionally set by the operator.
- b. Injury to a person that results in one or more of the following:
  - i. Death
  - ii. Loss of consciousness
  - iii. Need for medical treatment requiring hospitalization.
- c. Property damage, including the value of the lost gas, estimated in excess of \$5,000.
- d. Emergency transmission pipeline shutdown.
- e. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.
- f. Emergency shutdown of a LNG process or storage facility.

2. Written incident reports concerning natural gas or other gas pipeline systems will be in the following form:

- a. **RSPA PHMSA F7100.1 - Distribution System: Incident Report, (March, 2004 Revision and no future revisions)** incorporated by reference and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004.

- 1           **b. RSPA PHMSA F7100.2 - Transmission and Gathering System: Incident**  
2           Report, (January, 2002 Revision and no future revisions) incorporated by  
3           reference and copies available from the Office of Pipeline Safety, 2200 North  
4           Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004.
- 5           **c.** Written incident reports with respect to LNG facilities will be in an  
6           investigative form defining the incident and corrective action taken to prevent  
7           a reoccurrence.
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- 9           **3.** Operators of an intrastate pipeline transporting hazardous liquid will make a written  
10          incident report on **RSPA PHMSA F 7000-1**, (January 2001 Revision and no future  
11          revisions), incorporated by reference, and copies available from the Office of Pipeline  
12          Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004, when  
13          there is a release of hazardous liquid which results in any of the following:
- 14          **a.** An explosion or fire not intentionally set by the operator.
- 15          **b.** Injury to a person that results in one or more of the following:
- 16                  **i.** Death.
- 17                  **ii.** Loss of consciousness.
- 18                  **iii.** Inability to leave the scene of the incident unassisted.
- 19                  **iv.** Need of medical treatment.
- 20                  **v.** Disability which interferes with a person's normal daily activities  
21                  beyond the date of the incident.
- 22          **c.** Release of 5 gallons (19 liters) more of hazardous liquid or carbon dioxide,  
23          except that no report is required for a release of less than 5 barrels (.08 cubic  
24          meters) resulting from a pipeline maintenance activity if the release is:
- 25                  **i.** Not otherwise reportable under this Section;
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ii. Not one described in 49 CFR 195.52 (a)(4); (1994 revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004;

iii. Confined to company property or pipeline right-of-way; and

iv. Cleaned up promptly.

d. Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the operator or other, or both exceeding \$5,000.

e. News media inquiry.

4. Written incident reports as required in his Section will be filed with the Office of Pipeline Safety, within the time specified below:

a. Natural gas, LNG or other gas – within 20 days after detection.

b. Hazardous liquids – within 15 days after detection.

5. The Operators shall also file a copy of all DOT required written incident reports with the Information Resources Manager, Office of Pipeline Safety, ~~Research and Special Programs—Administration~~ Pipeline and Hazardous Materials Safety Administration, Rm. 7128, 400 Seventh St., S.W., U.S. Department of Transportation, Washington, DC 20590.

6. Operators of a natural gas or other gas pipeline system will request a clearance from the Office of Pipeline Safety prior to turning on or reinstating service to a master meter operator.

D. Investigations by the Commission:

1. The Office of Pipeline Safety will investigate the cause of incidents resulting in death

1 or serious injury.

2 2. Pursuant to an investigation under this rule, the Commission, or an authorized agent  
3 thereof, may:

4 a. Inspect all plant and facilities of a pipeline system.

5 b. Inspect all other property, books, papers, business methods, and affairs of a  
6 pipeline system.

7 c. Make inquiries and interview persons having knowledge of facts surrounding  
8 an incident.

9 d. Attend, as an observer, hearings and formal investigations concerning pipeline  
10 system operators.

11 e. Schedule and conduct a public hearing into an incident.

12 3. The Commission may issue subpoenas to compel the production of records and the  
13 taking of testimony.

14 4. Incidents not reported in accordance with the provisions of this rule will be  
15 investigated by the Office of Pipeline Safety.

16 5. Incidents referred to in incomplete or inaccurate reports will be investigated by the  
17 Office of Pipeline Safety.

18 6. Late filed incident reports will be accompanied by a letter of explanation. Incidents  
19 referred to in late filed reports may be investigated by the Office of Pipeline Safety.  
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23 **R14-5-204. Annual Reports**

24 A. Except for operators of an intrastate pipeline transporting LNG, all other intrastate pipeline  
25 operators will file with the Office of Pipeline Safety, not later than March 15, for the  
26 preceding calendar year, the following appropriate report(s):  
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1. **RSPA PHMSA F 7000-1.1** (~~February 2004~~ **April 2006** Edition and no future editions) – “Annual Report for calendar year 20\_\_\_, hazardous liquid or carbon dioxide systems” and “Instructions for completing **RSPA PHMSA F 7000-1.1 (Rev. 04-2006)**, Annual Report for calendar year 20\_\_\_ hazardous liquid or carbon dioxide systems”, incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, **Pipeline and Hazardous Materials Safety Administration**, U.S. Department of Transportation, **Room 2335 Rm. 7128** 400 Seventh Street, S.W., Washington, DC 20590.
2. **RSPA PHMSA F7100.1-1** (~~November 1985 Edition for use in 2004; March 2005 December 2005~~ Edition and no future editions) - ~~which can be used in 2004 but will become mandatory starting in 2005~~ "Annual Report for Calendar Year 20\_\_\_, Gas Distribution System" and "Instructions for Completing **RSPA PHMSA Form F7100.1-1**, Annual Report for Calendar Year 20\_\_\_, Gas Distribution System", incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, ~~Research and Special Programs Administration~~, **Pipeline and Hazardous Materials Safety Administration**, U.S. Department of Transportation, **Room 8417 Rm. 7128**, 400 Seventh Street, S.W., Washington, D.C. 20590.
3. **RSPA PHMSA F7100.2-1** (December ~~2003~~ **2005** Edition and no future editions) - "Annual Report for Calendar Year 20\_\_\_, Gas Transmission and Gathering Systems" and "Instructions for Completing Form **RSPA PHMSA F7100.2-1 (Rev. 12-2005)**, Annual Report for Calendar Year 20\_\_\_, Gas Transmission and Gathering Systems",

1 incorporated by reference, and copies available from the Office of Pipeline Safety,  
 2 2200 North Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004 and the  
 3 Information Resources Manager, Office of Pipeline Safety, ~~Research and Special~~  
 4 ~~Programs Administration~~ Pipeline and Hazardous Materials Safety  
 5 Administration, U.S. Department of Transportation, ~~Room 8417~~ Rm. 7128, 400  
 6 Seventh Street, S.W., Washington, D.C. 20590.

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 8 B. The operator will also file a copy of all required annual reports by March 15 to the  
 9 Information Resources Manager, Office of Pipeline Safety, ~~Research and Special Programs~~  
 10 ~~Administration~~ Pipeline and Hazardous Materials Safety Administration, U.S.  
 11 Department of Transportation, Rm. 7128, 400 Seventh Street S.W., Washington, D.C.  
 12 20590-0001.

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 14 **R14-5-205. Master Meter System Operators**

- 15 A. Applicability. This rule applies to the construction, reconstruction, repair, emergency  
 16 procedures, operation and maintenance of all master meter systems, as a condition of  
 17 receiving service from public service corporations. Noncompliance with this rule by  
 18 operators of a master meter system shall constitute grounds for termination of service by the  
 19 public service corporation when informed in writing by the Office of Pipeline Safety. In case  
 20 of an emergency, the Office of Pipeline Safety may give the public service corporation oral  
 21 instructions to terminate service, with written confirmation to be furnished within 24 hours.  
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 23 B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the  
 24 Commission adopts, incorporates, and approves as its own 49 CFR 191 and 192, revised as of  
 25 ~~January 15, 2004~~ August 1, 2006 (and no future amendments), incorporated by reference,  
 26 and copies available from the Office of Pipeline Safety, 2200 North Central Avenue, Suite  
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1 Ste. 300, Phoenix, AArizona 85004 and the United States Government Printing Office, P.O.  
2 Box 371954, Pittsburgh, Pennsylvania 15250-7954.

- 3 C. The above mentioned incorporated parts of 49 CFR, except Part 191, are revised as follows:
- 4 1. Substitute "Commission" where "Administrator of the Research and Special Programs  
5 Administration," or "Office of Pipeline Safety" (OPS) appear.
- 6 2. Substitute Office of "Pipeline Safety, Arizona Corporation Commission, at its office in  
7 Phoenix, Arizona" where the address for the Information Resources Manager, Office  
8 of Pipeline Safety, ~~Research and Special Programs Administration~~ Pipeline and  
9 Hazardous Materials Safety Administration, U.S. Department of Transportation  
10 appears.
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- 12 D. Operators of a master meter system will establish an Operation and Maintenance Plan (O &  
13 M) including an emergency plan. The plans must be maintained at the master meter system  
14 location.
- 15
- 16 E. Operators of a master meter system will not construct any part of a natural gas or other gas  
17 system under a building or permit a building to be placed over a pipeline. Within 180 days of  
18 discovery of a building being located over a pipeline, the operator shall remove the building  
19 from over the pipeline, relocate the pipeline or discontinue the service to the pipeline located  
20 under the building.
- 21
- 22 F. Operators of a master meter system will not install Acrylonitrile-Butadiene-Styrene (ABS) or  
23 aluminum pipe in their systems.
- 24
- 25 G. Operators of a master meter system will not use solvent cement to join together plastic pipe  
26 manufactured from different materials unless the operator utilizes a joining procedure in  
27 accordance with the specifications of 49 CFR 192, Subpart F, ~~January 15, 2004~~ August 1,  
28 2006 (and no future amendments), incorporated by reference, and copies available from the

1 Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, AArizona  
2 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh,  
3 Pennsylvania 15250-7954.

4 **H.** Operators of a master meter system that construct a pipeline or any portion thereof using  
5 plastic pipe will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically  
6 conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not  
7 be wrapped around the plastic pipe, tracer wire may be taped, or attached in some manner to  
8 the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the  
9 pipe wall.

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11 **I.** Operators of a master meter system that construct an underground pipeline using plastic pipe,  
12 will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the  
13 pipe for bedding and shading, free of any rock or debris, unless otherwise protected and  
14 approved by the Office of Pipeline Safety. Steel pipe shall be installed with bedding and  
15 shading, free of any debris or materials injurious to the pipe coating, unless otherwise  
16 protected and approved by the Office of Pipeline Safety.

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18 **J.** Operators of a master meter system that construct an underground pipeline using plastic pipe  
19 will install the pipe with sufficient slack to allow for thermal expansion and contraction. In  
20 addition, all plastic pipe and fittings shall be marked CD, CE, CF or CG as required by ASTM  
21 D2513 (1995c Edition and no future editions), incorporated by reference, and copies available  
22 from the Office of Pipeline Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix,  
23 AArizona 85004 and ASTM International, 100 Barr Harbor Drive, P.O. Box C700, West  
24 Conshohocken, Pennsylvania 19428-2959, for areas where the service temperature is above  
25 100°F.  
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- 1 K. Operators of a master meter gas system shall qualify welding procedures and shall perform  
2 welding of steel pipelines in accordance with API Standard 1104. Each welder must be  
3 qualified in accordance with API Standard 1104, 49 CFR 192, appendix A.
- 4 L. All repair work performed on existing master meter systems will comply with the provisions  
5 of this Article.
- 6 M. Operators of a master meter system will not construct any part of a natural gas or other gas  
7 system closer than 8 inches to any other underground structure.
- 8 N. Operators of a master meter system will file a Notice of Construction 30 days prior to  
9 commencement of the construction of any pipeline. The Notice will contain the following  
10 information:  
11
- 12 1. The dates of construction,
  - 13 2. The size and type of pipe to be used,
  - 14 3. The location of construction, and
  - 15 4. The Maximum Allowable Operating Pressure (MAOP).
- 16
- 17 O. Operators of a master meter system will perform leakage surveys at intervals not exceeding  
18 15 months but at least once each calendar year and will survey and grade all detected leakage  
19 by the following guide -- ASME Guide for Gas Transmission and Distribution Pipeline  
20 System, Guide Material, Appendix G-11-1983 (1983 Revision and no future revisions),  
21 except 4.4(c), incorporated by reference, and copies available from the Office of Pipeline  
22 Safety, 2200 North Central Avenue, Suite Ste. 300, Phoenix, AZ Arizona 85004 and the  
23 ASME, United Engineering Center, 345 East 47th Street, New York, New York NY 10017.  
24 (“Should” as referenced in the guide will be interpreted to mean “shall”.) Leak detection  
25 procedures shall be approved by the Office of Pipeline Safety.  
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1 P. Laboratory testing of master meter systems shall be conducted in accordance with the  
2 following:

3 1. If an operator of a master meter system, other gas or hazardous liquid pipeline  
4 removes a portion of a failed pipeline, where the cause of the failure is unknown, as  
5 the result of an incident that requires a telephonic or written incident report under  
6 R14-5-203(B) or (C), the operator shall retain the portion that was removed and shall  
7 telephonically notify the Office of Pipeline Safety of the removal within two hours  
8 after the removal is completed. A notice made pursuant to this subsection shall  
9 include all of the following:

- 10
- 11 a. Identity of the failed pipeline,
  - 12 b. Description and location of the failure,
  - 13 c. Date and time of the removal,
  - 14 d. Length or quantity of the removed portion,
  - 15 e. Storage location of the removed portion,
  - 16 f. Any additional information about the failure or the removal of the portion of  
17 the pipeline that failed that is requested by the Office of Pipeline Safety. An  
18 unknown failure is any failure where the cause of the failure is not observable  
19 external corrosion, third-party damage, natural or other outside forces,  
20 construction or material defect, equipment malfunction or incorrect operations;  
21 or is any failure where the Office of Pipeline Safety and the operator do not  
22 agree as to the cause of the failure.

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25 2. Within 48 hours after telephonic notification pursuant to subsection (1), the Office of  
26 Pipeline Safety shall notify the operator that either:  
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- a. The Office of Pipeline Safety is directing the operator to have the portion of the pipeline that was removed tested by a laboratory to determine the cause or causes of the failure.
  - b. The Office of Pipeline Safety is not directing laboratory testing and the operator may discard the portion of the pipeline that was removed. The Office of Pipeline Safety shall confirm its notification in writing.
3. If the Office of Pipeline Safety directs laboratory testing pursuant to subsection (2)(a):
- a. The Office of Pipeline Safety shall:
    - i. Determine the laboratory that will do the testing pursuant to subsection (4) and the period of time within which the testing is to be completed.
    - ii. Approve the number and types of tests to be performed.
    - iii. Notify the operator of its determinations pursuant to subsections (3)(a)(i) and (ii).
  - b. The operator shall:
    - i. Notify the Office of Pipeline Safety of the number and types of tests proposed by the operator.
    - ii. Notify the Office of Pipeline Safety of the date and time of any laboratory tests at least 20 days before the tests are done.
    - iii. At the request of the Office of Pipeline Safety, ensure that a representative of the Office of Pipeline Safety is permitted to observe any or all of the tests.
    - iv. Ensure that the original laboratory test results are provided to the Office of Pipeline Safety within 30 days of the completion of the tests.
    - v. Pay for the laboratory testing.

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4. In determining a laboratory pursuant to subsection (3)(a)(i), the Office of Pipeline Safety shall:
- a. Submit a written request to at least three different laboratories for bids to conduct the testing.
  - b. Consider the qualifications of the respondent laboratories to perform the testing, including:
    - i. Past experience in performing the required test or tests according to ASTM International standards.
    - ii. Any recognition that the laboratory may demonstrate with national or international laboratory accreditation bodies.
  - c. Select the laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.
  - d. The Office of Pipeline Safety shall not select a laboratory pursuant to this subsection before either of the following, which ever occurs first:
    - i. The Office of Pipeline Safety has received written bids from at least three different laboratories.
    - ii. Thirty days from the date of the request for bids has passed.

20 Q. Operators of a master meter system will file an annual report with the Commission on  
21 Commission Form 1-90/15M (1990 Edition and no future editions), "Annual Report for  
22 Calendar Year 20\_\_\_, Small Operators of Gas Distribution System," incorporated by  
23 reference, and copies available from the Office of Pipeline Safety, 2200 North Central  
24 Avenue, Suite Ste. 300, Phoenix, Arizona 85004. This report will be filed with the Office  
25 of Pipeline Safety not later than April 15 for the preceding calendar year.  
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R. The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public safety.

S. To ensure compliance with provisions of this rule, the Commission or an authorized representative thereof, may enter the premises of an operator of a master meter system to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the operation of the master meter system.

T. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions

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**Appendix B****SUMMARY OF THE COMMENTS MADE REGARDING THE RULE  
AND THE AGENCY RESPONSE TO THEM****ARTICLE 2. PIPELINE SAFETY**

R14-5-202 Construction and Safety Standards

R14-5-203 Pipeline Incident Reports

R14-5-204 Annual Reports

R14-5-205 Master Meter System Operators

**ISSUE:** Southwest Gas Corporation (“Southwest”) filed public comments in support of the Commission’s proposed rulemaking. Southwest specifically supported Staff’s proposed amendments to R14-5-202 and R14-5-205, but submitted alternative amendments to R14-5-203 and R14-5-204, which while generally adopting Staff’s proposed amendments, include additional amendments to account for the updates that were made to the forms that are drafted by the United States Department of Transportation. These additional amendments include non-substantial changes such as revisions to an agency’s name, current agency addresses and the addition of room numbers where not included in an agency’s mailing address, and current form names and numbers.

Staff comments that the additional changes proposed by Southwest were overlooked and Staff agrees with them. These modifications make no substantial changes to those amendments originally proposed by Staff, but clarify and update the proposed Rules.

**Analysis:** We agree with the additional changes as agreed to by Staff.

**Resolution:** The proposed Rules as adopted in Appendix A reflect the additional modifications.

1 Appendix C

2 ECONOMIC, SMALL BUSINESS AND CONSUMER IMPACT STATEMENT  
3 PER A.R.S. § 41-1055

4 1. **BRIEF DESCRIPTION:** These amendments will amend already existing rules (R14-5-  
5 202, R14-5-203, R-14-5-204 and R14-5-205) under Chapter 5 entitled "Transportation". The  
6 proposed amendments to the existing rules are designed to update the Arizona Corporation  
7 Commission Pipeline Safety rules to recognize the amendments to the Code of Federal  
8 Regulations (CFR), Title 49, Parts 40, 191, 192, except I (2) and (3) of Appendix D to Part  
9 192, 193, 195 (except 195.1(b)(2) and (3)) and 199 revised as of October 1, 2005.

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11 2. **NEED:** The Commission has been granted agent status allowing it to enforce the  
12 Federal Pipeline Safety Standards. To maintain that status the Commission must, pursuant to  
13 the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, adopt and  
14 keep current with the Federal Pipeline Safety Standards. The Commission believes that  
15 through the adoption and incorporating by reference of CFR Title 49 updates, the rules will be  
16 consistent with the Federal Regulations and will enhance public safety which will be in the  
17 best interest of all citizens' in the State of Arizona.

18 3. **NAME AND ADDRESS OF AGENCY EMPLOYEE WHO MAY BE CONTACTED**  
19 **TO SUBMIT ADDITIONAL DATA ON THE INFORMATION INCLUDED IN THIS**  
20 **STATEMENT:**

21 Robert E. Miller, Interim Supervisor, Office of Pipeline Safety  
22 Arizona Corporation Commission  
23 2200 N. Central Avenue, Suite 300  
Phoenix, Arizona 85004  
Telephone Number (602) 262-5601; Fax Number (602) 262-5620

24  
25 4. **AFFECTED CLASSES OF PERSONS:**

- 26 A. Operators of master meter gas distribution systems.  
27 B. Intrastate operators of natural gas and other gas pipelines.  
28 C. Intrastate operators of hazardous liquid pipelines.

1 5. **RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**

2 A. There will be no impact on master meter system operators if they are already  
3 complying with current Federal Pipeline Safety Regulations.

4 B. There will be no direct impact of the State rule changes. Indirectly however, the  
5 change in federal regulations, that the ACC is required to adopt, will have a minimum  
6 (operators other than Southwest Gas) to moderate impact (estimated to be over \$1  
7 million but less than \$5 million for Southwest Gas) on operators of natural gas or other  
8 gas systems if they are already complying with current Federal Pipeline Safety  
9 Regulations.

10 C. There will be no impact on operators of hazardous liquid pipelines if they are already  
11 complying with current Federal Pipeline Safety Regulations.  
12

13 6. **COST AND BENEFITS TO THE AGENCY:** The proposed amendments to the existing  
14 rules will have a minimal cost effect on the Commission and will have no impact on other  
15 state agencies. The Commission will benefit by maintaining agent status in keeping current  
16 with the Federal Pipeline Safety Standards. The Commission believes that by amending the  
17 existing rules, the rules will be consistent with the Federal Regulations and will enhance  
18 public safety which will be in the best interest of all citizens' in the State of Arizona.  
19

20 7. **COST AND BENEFITS TO POLITICAL SUBDIVISIONS:** For those political  
21 subdivisions that are operators of intrastate pipelines or master meter operators, there will be  
22 little impact if they are already complying with the Federal Pipeline Safety Regulations.  
23

24 8. **COST AND BENEFITS TO PRIVATE PERSONS:** The proposed amendments to the  
25 existing rules will have no effect upon private persons or users of the gas service provided by  
26 regulated public utilities as they presently are required to be in compliance with all standards,  
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1 but, this will benefit consumers, users and the general public by enhancing the safe operation  
2 and maintenance of pipeline systems.

3  
4 9. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES:**

5 The proposed amendments to the existing rules should have no direct impact; however, the  
6 change in federal rules will have a minimal impact on consumers or users of the gas service  
7 provided by regulated public utilities. As major utilities such as Southwest Gas come to the  
8 ACC for future rate cases, they will include some increased costs due to complying with the  
9 new federal regulations. On the other hand, it is impossible to forecast the exact impact on  
10 final rates of any one issue at this time. The utilities are presently required to be in  
11 compliance with all standards, but, the new regulations will benefit consumers, users and the  
12 general public by enhancing the safe operation and maintenance of pipeline systems.

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14 10. **LESS COSTLY OR INTRUSIVE METHODS:** The amendments to the rules are the least  
15 costly method for obtaining compliance with the minimum safety standards. There is no less  
16 intrusive method.

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18 11. **ALTERNATIVE METHODS CONSIDERED:** There are no alternative methods  
19 available that ensure the public health and safety to the degree the proposed amendments  
20 ensure.