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

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AZ CORP COMMISSION  
DOCKET CONTROL

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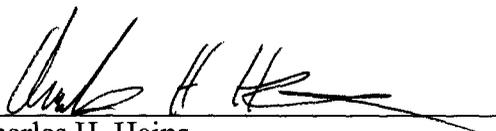
IN THE MATTER OF THE PROPOSED  
AMENDMENTS TO THE PIPELINE SAFETY  
RULES R14-5-202, R14-5-203,  
R14-5-204 AND R14-5-205

DOCKET NO. RG-00000A-06-0648

STAFF'S NOTICE OF FILING

Arizona Corporation Commission Staff hereby files the attached Notice of Final Rulemaking approved by the Attorney General on November 26, 2007 and filed the Secretary of State on the same date. The final rules were published in the December 21, 2007 issue of The Arizona Administrative Register and became effective January 25, 2008.

RESPECTFULLY SUBMITTED this 3<sup>rd</sup> day of March, 2008.

  
Charles H. Hains  
Attorney, Legal Division  
Arizona Corporation Commission  
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Phoenix, Arizona 85007  
(602) 542-3402

The original and thirteen (13) copies of the foregoing were filed this 3<sup>rd</sup> day of March, 2008 with:

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

Arizona Corporation Commission  
DOCKETED  
MAR 3 2008

DOCKETED BY 

1 Copies of the foregoing were mailed  
 this 3<sup>rd</sup> day of March, 2008 to:

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Colorado Springs, CO 80904



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Notices of Final Rulemaking

- discretion ~~which that~~ deprived the moving party of a fair hearing;
2. Misconduct of the Board, or its staff, or the prevailing party;
  3. Accident or surprise ~~which that~~ could not have been prevented by ordinary prudence;
  4. Newly discovered material evidence ~~which that~~ could not, with reasonable diligence, have been discovered and produced at the original hearing;
  5. Error in the admission or rejection of evidence or other errors of law occurring at the administrative hearing or during the progress of the proceedings; or
  6. ~~That the~~ The findings of fact or decision is not justified by the evidence or is contrary to law.
- D.** Affirmation or modification of decision; grant of rehearing or review. The Board may affirm or modify ~~the a~~ decision or grant a rehearing or review to all or ~~any some~~ of the parties on all or ~~part some~~ of the issues for any of the reasons set forth listed in subsection (C); ~~and, The Board shall specify with particularity the grounds for an order modifying a decision or granting a rehearing or review. If a rehearing or review is granted, the rehearing or review shall cover only the matters specified in the order.~~
- E.** ~~after giving notice and an opportunity to be heard, the Board may grant a rehearing for reasons not specified in a party's motion. An order modifying a decision or granting a rehearing shall specify the grounds for such order. Board-initiated rehearing or review. Not later than 30 days after the date of a decision and after giving the parties notice and an opportunity to be heard, the Board may, on its own initiative, order a rehearing or review of the decision for any reason it might have granted a rehearing or review on motion of a party. The Board may grant a motion for rehearing or review, timely served, for a reason not stated in a motion. The Board shall specify with particularity the grounds on which a rehearing or review is granted under this subsection.~~
- E-F.** Affidavits. ~~When a party bases a motion for a rehearing is based or review upon affidavits, they the party shall be served serve the affidavits with the motion. An opposing party may, within 10 15 days after such service, serve opposing affidavits, which This period may be extended for an additional period not exceeding 10 days by the Chairperson of the Board for a maximum 10 days for good cause shown or by written stipulation of the parties. Reply affidavits may be permitted. The Board may permit a party to file a reply affidavit.~~
- F-G.** Emergencies. ~~If in a particular decision the Board makes specific findings that the immediate effectiveness of such decision is necessary for the preservation of the public health and safety and that a rehearing or review of the decision is impracticable, unnecessary, or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review. If a decision is issued as a final decision without an opportunity for rehearing, any application for judicial review of the decision shall be made within the time limits permitted for applications for judicial review of the Board's final decisions. Exigency. If, in a particular decision, the Board makes a specific finding that the immediate effectiveness of the decision is necessary for preservation of the public health, safety, or welfare and that a rehearing or review of the decision is impracticable, unnecessary, or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review.~~
- G-H.** Time Limits ~~limits. A The Board shall rule on a motion for review or rehearing will be considered expeditiously and in no case more than within 90 days after it has been is filed. If the Board grants a rehearing is granted or review, the Board shall conduct the rehearing or review it will be held expeditiously and in no case more than within 90 days after issuing the order granting the rehearing has been or review issued.~~

**NOTICE OF FINAL RULEMAKING**

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION**

**CHAPTER 5. CORPORATION COMMISSION  
TRANSPORTATION**

[R07-414]

**PREAMBLE**

**1. Sections Affected**

R14-5-202  
R14-5-203  
R14-5-204  
R14-5-205

**Rulemaking Action**

Amend  
Amend  
Amend  
Amend

**2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Arizona Administrative Register / Secretary of State

Notices of Final Rulemaking

Authorizing statute: A.R.S. §§ 40-202, 40-203, 40-321, 40-441 and 40-442 et seq.

Constitutional authority: Arizona Constitution, Article XV

Implementing statute: Not applicable

**3. The effective date of the rules:**

January 25, 2008

The Commission approved these rules at an open meeting on June 27, 2007. Commission Decision No. 69675 was issued on June 28, 2007. Since these rules must be submitted to the Attorney General under A.R.S. §§ 41-1044 and 41-1057, and because the Attorney General has 60 days to either approve or disapprove, the effective date of these rules shall be 60 days after the Attorney General approves the rules and submits the rules package with the Secretary of State per A.R.S. § 41-1032.

**4. A list of all previous notices appearing in the Register addressing the proposed rule:**

Notice of Rulemaking Docket Opening: 13 A.A.R 162, January 19, 2007

Notice of Proposed Rulemaking: 13 A.A.R. 152, January 19, 2007

**5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Charles Hains, Commission Counsel, Legal Division

Address: Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-6026

Fax: (602) 542-4870

E-mail: Chains@azcc.gov

**6. An explanation of the rule, including the agency's reasons for initiating the rule:**

Staff is proposing amendments to transportation rules R14-5-202, R14-5-203, R14-5-204 and R14-5-205. The amendments will update the rules to incorporate the most recent amendments to the Code of Federal Regulations (CFR), Title 49, Parts 40, 191, 192, except I (2) and (3) of Appendix D to Part 192, 193, 195 (except 195.1(b)(2) and (3)) and 199 revised in part as of October 1, 2005, in part as of August 1, 2006.

**7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

None

**8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

This rule does not diminish a previous grant of authority of a political subdivision of this state.

**9. The summary of the economic, small business, and consumer impact:**

Small Business Subject to the Rules: There will be no impact on master meter system operators if they are already complying with current Federal Pipeline Safety Regulations. There will be no direct impact of the State rule changes. Indirectly however, the change in federal regulations, that the ACC is required to adopt, will have a minimum (operators other than Southwest Gas) to moderate impact (estimated to be over \$1 million but less than \$5 million for Southwest Gas) on operators of natural gas or other gas systems if they are already complying with current Federal Pipeline Safety Regulations. Lastly, there will be no impact on operators of hazardous liquid pipelines if they are already complying with current Federal Pipeline Safety Regulations.

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

The proposed rules are the least costly method for obtaining compliance with the long standing minimum safety standards. The rules do not impose additional standards. There is no less intrusive method.

**10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):**

In R14-5-203 and R14-5-204, the Commission changed the name of the incident report form replacing "RSPA" with "PHMSA" in several places. The Commission also changed the title and address of the reporting agency to reflect the

Arizona Administrative Register / Secretary of State

Notices of Final Rulemaking

changes made at the U.S. Department of Transportation from "Research and Special Programs Administration" to "Pipeline and Hazardous Material Safety Administration, Rm. 7128, 400 Seventh St., S.W."

11. A summary of the comments made regarding the rules and the agency response to them:

A public comment hearing was held on February 27, 2007. No members of the public appeared to make a public comment. Southwest Gas filed public comments in support of the Commission's proposed rulemaking. Southwest Gas specifically supported proposed amendments to R14-5-202 and R14-5-205, but submitted alternative amendments to R14-5-203 and R14-5-204 which included additional amendments to account for the updates that were made to the forms that are drafted by the United States Department of Transportation. Commission Staff concurred with the additional changes proposed by Southwest Gas. The additional amendments did not result in any substantive changes in Staff's proposed amendments and will not require any additional notice or publication since Southwest sent copies of its comments to all parties on the service list and no further comments were received.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

13. Incorporations by reference and their location in the rules:

Title 49, Code of Federal Regulations (CFR), Parts 40, 191, 192, except I (2) and (3) of Appendix D to Part 192, 193, 195 (except 195.1(b)(2) and (3)) and 199 revised in part as of October 1, 2005, in part as of August 1, 2006. These regulations cover the minimum safety standards for construction and operation of gas and hazardous liquid pipelines. These regulations may be found at the Arizona Corporation Commission, Office of Pipeline Safety, 2200 N. Central Ave., Suite 300, Phoenix, AZ 85004. These regulations are incorporated by reference in the amended rules at: R14-5-202.B, C, J, K; R14-5-203.C; R14-5-204.A, B; and R14-5-205.B, C, and G.

14. Was this rule previously made as an emergency rule?

No

15. The full text of the rules follows:

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 5. CORPORATION COMMISSION TRANSPORTATION

ARTICLE 2. PIPELINE SAFETY

Section

- R14-5-202. Construction and Safety Standards
R14-5-203. Pipeline Incident Reports and Investigations
R14-5-204. Annual Reports
R14-5-205. Master Meter System Operators

ARTICLE 2. PIPELINE SAFETY

R14-5-202. Construction and Safety Standards

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

*Arizona Administrative Register / Secretary of State*  
**Notices of Final Rulemaking**

- within 30 days of the effective date of the change.
- E. Operators of an intrastate pipeline transporting sour gas or oil are subject to industry standards addressing facilities handling hydrogen sulfide (H<sub>2</sub>S). Standards adopted are:
1. NACE Standard MR-0175-99 (1999 Revision); (and no future revisions), Standard Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment, incorporated by reference and no future amendments. Copies are available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and the NACE International, 1440 South S. Creek Drive Dr., Houston, Texas TX 77084-4906.
  2. API RP55 (1995 Edition); (and no future amendments), API recommended practice for conducting oil and gas production operations involving hydrogen sulfide, incorporated by reference and no future amendments. Copies are available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and Techstreet, 777 East E. Eisenhower Parkway Pkwy., Ann Arbor, Michigan MI 48108.
- F. Operators of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other gas will not construct any part of a hazardous liquid, LNG, natural gas or other gas pipeline system under a building. For building encroachments over a pipeline system, the operator may require the property owner to remove the building from over the pipeline or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery, or the operator shall discontinue service to the pipeline system. When the encroachment ~~can not~~ cannot be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.
- G. Operators of an intrastate distribution pipeline transporting natural gas or other gas will not construct any part of a pipeline system closer than 8 inches to any other underground structure. If the 8-inch clearance cannot be maintained from other underground structures, a sleeve, casing, or shielding shall be used.
- H. Operators of an intrastate pipeline transporting natural gas or other gas that have regulators, meters, or regulation meter sets that have been out of service for 36 months will abandon those lines and cap all ends. The Operator's steps to accomplish the abandonment shall not exceed six months beyond the 36 months out service status.
- I. Operators of an intrastate pipeline shall not install or operate a gas regulator that might release gas in its operation closer than ~~three~~ 3 feet to a source of ignition, opening into a building, air intake into a building or to any electrical source not intrinsically safe. The ~~three-foot~~ 3-foot clearance from a source of ignition will be measured from the vent or source of release (discharge port), not from the physical location of the meter set assembly. This subsection shall not be effective with respect to building permits which are issued and subdivisions which are platted prior to October 1, 2000. For encroachment within the required ~~three-foot~~ 3-foot clearance caused by an action of the property owner, occupant or a service provider, after the effective date of this rule the operator may require the property owner to resolve the encroachment or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery or the operator shall discontinue service to the effected pipeline system. When the encroachment cannot be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.
- J. Operators of an intrastate pipeline transporting LNG, natural gas, other gases or hazardous liquid will utilize a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~January 15, 2004~~ August 1, 2006 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004, and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania PA 15250-7954, except I (2) and (3) of Appendix D to Part 192 shall not be utilized.
- K. Operators of an intrastate pipeline transporting natural gas or other gas will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, ~~January 15, 2004~~ August 1, 2006 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004, and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania PA 15250-7954.
- L. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their pipeline systems.
- M. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install plastic pipe aboveground unless the plastic pipeline is protected by a metal casing, or equivalent, and approved by the Office of Pipeline Safety. Temporary aboveground plastic pipeline bypasses are permitted for up to ~~sixty~~ 60 days, provided that the plastic pipeline is protected and is under the direct supervision of the operator at all times.
- N. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas that construct a pipeline system or any portion thereof using plastic pipe, will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plas-

*Arizona Administrative Register / Secretary of State*  
**Notices of Final Rulemaking**

- tic pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.
- O. Operators of an intrastate pipeline transporting natural gas, other gas or hazardous liquid, that construct an underground pipeline system using plastic pipe, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety. Steel pipe shall be installed with bedding and shading, free of any debris or materials injurious to the pipe coating, unless otherwise protected and approved by the Office of Pipeline Safety.
- P. Operators of an intrastate pipeline transporting natural gas or other gas that construct an underground pipeline system using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe and fittings shall be marked CD, CE, CF or CG as required by ASTM D2513 (1995c Edition and no future editions), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and ASTM International, 100 Barr Harbor Drive Dr., P.O. Box C700, West W. Conshohocken, Pennsylvania PA 19428-2959, for areas where the service temperature is above 100° F.
- Q. Operators of an intrastate pipeline system transporting hazardous liquid, natural gas or other gases shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix A. The qualification of welders delineated in 49 CFR 192, appendix C may be used for low stress level pipe.
- R. Operators of an intrastate pipeline transporting natural gas or other gas pipeline system shall survey and grade all detected leakage by the following guide: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(c) (1983 Revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and the ASME, United Engineering Center, 345 East E. 47th Street St., New York, N.-Y. NY 10017. ("Should" as referenced in the Guide will be interpreted to mean "shall"). Leakage survey records shall identify in some manner each pipeline surveyed. Records shall be maintained to demonstrate that the required leakage survey has been conducted.
- 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, where the cause of the failure is unknown, as the result of an incident that requires a telephonic or written incident report under R14-5-203(B) or (C), 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.
  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.
      - 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

*Arizona Administrative Register / Secretary of State*  
**Notices of Final Rulemaking**

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- 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.
  - 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:
    - 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 PSIG 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 discoloration of the surface of the water or adjoining shoreline, or deposits sludge or emulsion beneath the surface of the water or upon adjoining shorelines.
    - e. News media inquiry.
    - f. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:
      - i. Not otherwise reportable under this Section;
      - 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 N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004;
      - iii. Confined to company property or pipeline right-of-way; and
      - iv. Cleaned up promptly.

*Arizona Administrative Register / Secretary of State*  
**Notices of Final Rulemaking**

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- g. Any release of hazardous liquid or carbon dioxide, that was significant in the judgment of the operator even though it did not meet the criteria of this subsection.
- 3. Telephone incident reports will include the following information:
  - a. Name of the pipeline system operator,
  - b. Name of the reporting party,
  - c. Job title of the reporting party,
  - d. The reporting party's telephone number,
  - e. Location of the incident,
  - f. Time of the incident, and
  - 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 N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004.
    - b. RSPA PHMSA F7100.2 - Transmission and Gathering System: Incident Report, (January, 2002 Revision and no future revisions) incorporated by reference and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004.
    - c. Written incident reports with respect to LNG facilities will be in an investigative form defining the incident and corrective action taken to prevent a reoccurrence.
  - 3. Operators of an intrastate pipeline transporting hazardous liquid will make a written incident report on RSPA PHMSA F 7000-1, (January 2001 Revision and no future revisions), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004, when there is a release of hazardous liquid which 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. Inability to leave the scene of the incident unassisted.
      - iv. Need for medical treatment.
      - v. Disability which interferes with a person's normal daily activities beyond the date of the incident.
    - c. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:
      - i. Not otherwise reportable under this Section;
      - 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 N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 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 others, or both, exceeding \$5,000.
    - e. News media inquiry.
  - 4. Written incident reports as required in this 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.

*Arizona Administrative Register / Secretary of State*  
**Notices of Final Rulemaking**

- 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 or serious injury.
  2. Pursuant to an investigation under this rule, the Commission, or an authorized agent thereof, may:
    - a. Inspect all plant and facilities of a pipeline system.
    - b. Inspect all other property, books, papers, business methods, and affairs of a pipeline system.
    - c. Make inquiries and interview persons having knowledge of facts surrounding an incident.
    - d. Attend, as an observer, hearings and formal investigations concerning pipeline system operators.
    - e. Schedule and conduct a public hearing into an incident.
  3. The Commission may issue subpoenas to compel the production of records and the taking of testimony.
  4. Incidents not reported in accordance with the provisions of this rule will be investigated by the Office of Pipeline Safety.
  5. Incidents referred to in incomplete or inaccurate reports will be investigated by the Office of Pipeline Safety.
  6. Late filed incident reports will be accompanied by a letter of explanation. Incidents referred to in late filed reports may be investigated by the Office of Pipeline Safety.

**R14-5-204. Annual Reports**

- A. Except for operators of an intrastate pipeline transporting LNG, all other intrastate pipeline operators will file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, the following appropriate report(s):
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 N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 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 St., 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 N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 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 St., 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,” incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 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 St., S.W., Washington, D.C. 20590.
- B. The operator will also file a copy of all required annual reports by March 15 to the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation, Rm. 7128, 400 Seventh Street St., S.W., Washington, D.C. 20590-0001.

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

- A. Applicability. This rule applies to the construction, reconstruction, repair, emergency procedures, operation and maintenance of all master meter systems, as a condition of receiving service from public service corporations. Noncompliance with this rule by operators of a master meter system shall constitute grounds for termination of service by the public service corporation when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the public service corporation oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 191 and 192, revised as of ~~January 15, 2004~~ August 1, 2006 (and no future

*Arizona Administrative Register / Secretary of State*  
**Notices of Final Rulemaking**

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amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N, Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania PA 15250-7954.

- C. The above mentioned incorporated parts of 49 CFR, except Part 191, are revised as follows:
1. Substitute "Commission" where "Administrator of the Research and Special Programs Administration," or "Office of Pipeline Safety" (OPS) appear.
  2. Substitute Office of "Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the address for the Information Resources Manager, Office of Pipeline Safety, ~~Research and Special Programs Administration~~ Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation appears.
- D. Operators of a master meter system will establish an Operation and Maintenance Plan (O & M) including an emergency plan. The plans must be maintained at the master meter system location.
- E. Operators of a master meter system will not construct any part of a natural gas or other gas system under a building or permit a building to be placed over a pipeline. Within 180 days of discovery of a building being located over a pipeline, the operator shall remove the building from over the pipeline, relocate the pipeline or discontinue the service to the pipeline located under the building.
- F. Operators of a master meter system will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their systems.
- G. Operators of a master meter system will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, ~~January 15, 2004~~ August 1, 2006 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N, Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania PA 15250-7954.
- H. Operators of a master meter system that construct a pipeline or any portion thereof using plastic pipe will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.
- I. Operators of a master meter system that construct an underground pipeline using plastic pipe, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety. Steel pipe shall be installed with bedding and shading, free of any debris or materials injurious to the pipe coating, unless otherwise protected and approved by the Office of Pipeline Safety.
- J. Operators of a master meter system that construct an underground pipeline using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe and fittings shall be marked CD, CE, CF or CG as required by ASTM D2513 (1995c Edition and no future editions), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N, Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and ASTM International, 100 Barr Harbor Drive Dr., P.O. Box C700, West W, Conshohocken, Pennsylvania PA 19428-2959, for areas where the service temperature is above 100° F.
- K. Operators of a master meter gas system shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix A.
- L. All repair work performed on existing master meter systems will comply with the provisions of this Article.
- M. Operators of a master meter system will not construct any part of a natural gas or other gas system closer than 8 inches to any other underground structure.
- N. Operators of a master meter system will file a Notice of Construction 30 days prior to commencement of the construction of any pipeline. The Notice will contain the following information:
1. The dates of construction,
  2. The size and type of pipe to be used,
  3. The location of construction, and
  4. The Maximum Allowable Operating Pressure (MAOP).
- O. Operators of a master meter system will perform leakage surveys at intervals not exceeding 15 months but at least once each calendar year and will survey and grade all detected leakage by the following guide -- ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 (1983 Revision and no future revisions), except 4.4(c), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N, Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004 and the ASME, United Engineering Center, 345 East E, 47th Street St., New York, New York NY 10017. ("Should" as referenced in the guide will be interpreted to mean "shall".) Leak detection procedures shall be approved by the Office of Pipeline Safety.
- P. Laboratory testing of master meter systems shall be conducted in accordance with the following:
1. If an operator of a master meter system, other gas or hazardous liquid pipeline removes a portion of a failed pipeline, where the cause of the failure is unknown, as the result of an incident that requires a telephonic or written incident

Notices of Final Rulemaking

- report under R14-5-203(B) or (C), 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.
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.
  - 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.
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.
- Q.** Operators of a master meter system will file an annual report with the Commission on Commission Form 1-90/15M (1990 Edition and no future editions), "Annual Report for Calendar Year 20\_\_\_, Small Operators of Gas Distribution System," incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 North N. Central Avenue Ave., Suite Ste. 300, Phoenix, Arizona AZ 85004. This report will be filed with the Office of Pipeline Safety not later than April 15 for the preceding calendar year.
- 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 of this Article.