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BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

GARY PIERCE, CHAIRMAN  
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PAUL NEWMAN  
BOB STUMP  
BRENDA BURNS

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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

**DOCKETED**

AUG 19 2011

DOCKETED BY

IN THE MATTER OF THE PROPOSED  
AMENDMENTS TO THE PIPELINE  
SAFETY RULES R14-5-201, R14-5-202,  
R14-5-203, R14-5-204, AND R14-5-205.

DOCKET NO. RG-00000A-11-0161

**NOTICE OF FILING**

The Arizona Corporation Commission Staff hereby files the attached Economic Impact Statement.

RESPECTFULLY SUBMITTED this 19<sup>th</sup> day of August, 2011.

By

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**Original and thirteen (13) copies of the foregoing filed this 19<sup>th</sup> day of August, 2011, with:**

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*Roseann Osorio*

**ECONOMIC IMPACT STATEMENT  
PER A.R.S. § 41-1055**

- 1. BRIEF DESCRIPTION:** These amendments will amend already existing rules (R14-5-201, R14-5-202, R14-5-203, R-14-5-204 and R14-5-205) under Chapter 5 entitled “Transportation”. The proposed amendments to the existing rules are designed to update the Arizona Corporation Commission Pipeline Safety rules to recognize the 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)(3) and (4)) and 199 revised as of October 1, 2010.
  
- 2. NEED:** The Commission’s Pipeline Safety Section, through its participation in the Federal Department of Transportation pipeline safety program, receives an annual grant from the Pipeline and Hazardous Materials Safety Administration’s Federal Office to offset the Pipeline Safety Section’s operational cost. Additionally, the Pipeline Safety Section has been granted agent status allowing it to enforce the Federal Pipeline Safety Standards. To maintain that status and to continue to receive grant monies the Commission must, pursuant to the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, adopt and keep current with the Federal Pipeline Safety Standards. The Commission believes that through the adoption and incorporation by reference of CFR Title 49 updates, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens in the State of Arizona.

**3. AFFECTED CLASSES OF PERSONS:**

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

**4. RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**

- A. There will be no impact on master meter system operators if they are already complying with current Federal Pipeline Safety Regulations.
- B. There will be no direct impact of the State rule changes. Indirectly, however, the change in federal regulations will have a minimal to moderate impact on operators of natural gas or other gas systems if they are already complying with current Federal Pipeline Safety Regulations.
- C. There will be no impact on operators of hazardous liquid pipelines if they are already complying with current Federal Pipeline Safety Regulations.

**5. COST AND BENEFITS TO THE AGENCY:** The proposed amendments to the existing rules will have a minimal cost effect on the Commission and will have no impact on other state agencies. The Commission will benefit by maintaining agent status for purposes of enforcing Federal Pipeline Safety Standards by staying current with the standards. The Commission believes that by amending the existing rules, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens in the State of Arizona.

6. **COST AND BENEFITS TO POLITICAL SUBDIVISIONS:** For those political subdivisions that are operators of intrastate pipelines or master meter operators, there will be little cost impact if they are already complying with the Federal Pipeline Safety Regulations.
  
7. **COST AND BENEFITS TO PRIVATE PERSONS:** The proposed amendments to the existing rules will have no cost effect upon private persons or users of the gas service provided by regulated public utilities as the public utilities presently are required to be in compliance with all standards. However, this will benefit consumers, users, and the general public by enhancing the safe operation and maintenance of pipeline systems.
  
8. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES:** The proposed amendments to the existing rules should have a minimal cost impact on consumers or users of the gas service provided by regulated public utilities. The new regulations will benefit consumers, users and the general public by enhancing the safe operation and maintenance of pipeline systems.
  
9. **LESS COSTLY OR INTRUSIVE METHODS:** The amendments to the rules are the least costly method for obtaining compliance with the minimum safety standards. There is no less intrusive method.

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