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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE  
Chairman  
BOB STUMP  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
PAUL NEWMAN  
Commissioner  
BRENDA BURNS  
Commissioner

Arizona Corporation Commission

DOCKETED

JUL 29 2011

DOCKETED BY NR

IN THE MATTER OF THE PROPOSED  
AMENDMENTS TO THE PIPELINE  
SAFETY RULES R14-5-201, R14-5-202,  
R14-5-203, R14-5-0204 AND R14-5-205.

DOCKET NO. RG-00000A-11-0161

DECISION NO. 72503

ORDER

Open Meeting  
July 29, 2011  
Phoenix, Arizona

BY THE COMMISSION:

On April 11, 2011, Staff of the Safety Division ("Staff") of the Arizona Corporation Commission ("Commission") docketed a memorandum requesting to have a docket opened for purposes of amending Arizona Administrative Code ("A.A.C.") R14-5-201, R14-5-202, R14-5-203, R14-5-204, and R14-5-205, of the Pipeline Safety Rules. As a result, this docket was opened.

\* \* \* \* \*

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

FINDINGS OF FACT

1. Staff is recommending amendments to A.A.C. R14-5-202, R14-5-203, R14-5-204, and R14-5-205, of the Pipeline Safety Rules.

2. The recommended amendments would update the rules by incorporating 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), (3) and (4)) and 199 revised as of October 1, 2010. R14-5-202(B), (J), (K), R14-5-205(B).

- 1           3.       The recommended amendments would update the following contact information:
- 2               a.       Change the address for the “Information Resources Manager, Office of
- 3 Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Rm. 7128, 400 Seventh
- 4 St., S. W., U.S. Department of Transportation Washington, D.C. 20590” to “the Pipeline and
- 5 Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/> or submit a written
- 6 request for an alternative reporting method to “The Information Resources Manager, Office of
- 7 Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U. S. Department of
- 8 Transportation, PHP-20, 1200 New Jersey Ave. SE., Washington, DC 20590. R14-5-203(C)(5).
- 9               b.       Modify the location of Techstreet from “777 E. Eisenhower Pkwy, Ann
- 10 Arbor, MI 48108” to “<http://www.techstreet.com>” and replaced the reference to “Office of
- 11 Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix AZ 85004” with “American Petroleum
- 12 Institute, 1220 L. Street, NW, Washington, DC 20005-4070” R14-5-202(E)(2).
- 13               c.       Update the location of the ASME to Three Park Ave., New York, NY
- 14 10016-5990. R14-5-202(R), R14-5-205(O).
- 15               d.       Change the address for all PHMSA annual reports from “The Information
- 16 Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety
- 17 Administration, U. S. Department of Transportation, Rm 7128, 400 Seventh St., S. W.
- 18 Washington, D.C. 20590 to “the Pipeline and Hazardous Materials Safety Administration at
- 19 <http://opsweb.phmsa.dot.gov/>.” R14-5-204(A)(1), (A)(2), (A)(3), (B).
- 20           4.       Additionally, the proposed amendments would update the following reporting
- 21 criteria:
- 22               a.       Update the revision date for the conditions for telephonic and written
- 23 reporting of a release of hazardous liquid resulting from a pipeline maintenance activity from
- 24 “(1994 revision and no future revisions)” to “(2010 revision and no future revisions)”. R14-5-
- 25 203(B)(2)(f)(ii), (C)(3)(c)(ii).
- 26               b.       Update written incident reporting form revision dates to January, 2010. R14-
- 27 5-203(C)(2)(a), (C)(2)(b), (C)(3).
- 28

1 c. Update the PHMSA annual report form and instructions for hazardous liquid  
2 or carbon dioxide systems to the June 2011 edition. R14-5-204(A)(1).

3 d. Update the PHMSA annual report form and instructions for Gas Distribution  
4 Systems and Gas Transmission and Gathering Systems to the June 2011 edition. R14-5-204 (A2),  
5 (A3).

6 e. Update to add: PHMSA F7100.3-1 (November 2010 Edition and no future  
7 editions) – “Annual Report for Calendar 20\_\_, Liquefied Natural Gas (LNG) Facilities,” and  
8 instructions for completing Form F7100.3-1 (10-2011), Annual Report for Calendar Year 20\_\_,  
9 Liquefied Natural Gas (LNG) Facilities,” incorporated by reference and copies available from the  
10 Office of Pipeline Safety , 2200 N. Central Ave., Ste. 300 Phoenix, AZ 85004 and the Pipeline and  
11 Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/>. R14-5-204(A4).

12 f. Update master meter annual report form to MM-04 (Latest revision). R14-5-  
13 205(Q).

14 5. Pursuant to Laws 2009, Chapter 7, § 28 (“Moratorium”), an agency shall not  
15 conduct any rulemaking that would impose increased monetary or regulatory costs on other state  
16 agencies, political subdivisions, persons, or individuals or would not reduce the regulatory burden  
17 on the persons or individuals so regulated. The moratorium was extended to fiscal year 2011 by  
18 Laws 2010, Chapter 287, § 18. By its own terms, the moratorium does not apply to rulemakings  
19 “[t]o prevent a threat to the public health, peace or safety” (Moratorium subsection B(3)) and “[t]o  
20 eliminate or replace archaic or illegal rules” (Moratorium subsection B(7)).

21 6. Staff believes that amendment of the pipeline safety rules is appropriate despite the  
22 moratorium because it satisfies the requirements of the exceptions articulated at Moratorium  
23 subsections B(3) and B(7). Staff believes the rules will improve public safety by adopting the  
24 most current standards for the regulation of pipelines. Likewise, because the amendments updates  
25 references to federal rule standards that are no longer current, the rulemaking replaces obsolete  
26 rule references. In light of recent pipeline safety incidents around the country, including the San  
27 Bruno pipeline explosion occurring on September 9, 2010, Staff’s recommendation is reasonable  
28 to prevent a threat to the public health, peace and safety and to eliminate archaic rule provisions.

1           7.       Staff further recommends that the effective date for the rule amendments should be  
2 immediately upon Attorney General approval. Staff believes the interest in safety that the rule  
3 amendments promote, justifies the immediate implementation and effectiveness of the  
4 amendments.

5           8.       Staff believes that the proposed amendments will be beneficial to the general public  
6 by maintaining the safe operation of pipeline facilities. Therefore, Staff recommends that the  
7 proposed amendments to the Rules be forwarded to the Secretary of State for Notice of proposed  
8 Rulemaking. Staff further recommends that a public comment oral hearing be scheduled on the  
9 proposed amendment to the Rules no earlier than thirty (30) days after publication in the Arizona  
10 Register, but as soon as practicable thereafter, in Phoenix or Tucson, Arizona.

11          9.       A.R.S. § 41-1028 allows an agency to incorporate by reference in its rules all or any  
12 part of a code or standard of a nationally recognized organization or association if incorporation of  
13 the text in the rules would be unduly cumbersome, expensive, or otherwise inexpedient. The  
14 statute requires the reference to fully identify the incorporated matter by location, date, and  
15 otherwise; to state that the rule does not include any later amendments or editions of the  
16 incorporated matter; and to state where copies of the incorporated matter are available from the  
17 agency issuing the rule and the organization or association originally issuing the matter. Further,  
18 the statute provides that an agency may incorporate later amendments or editions of the  
19 incorporated matter only after compliance with the rulemaking requirements of A.R.S. Title 41,  
20 Chapter 6, the Administrative Procedure Act.

21          10.       The rules of the Secretary of State require an incorporation by reference to include  
22 the publisher's name and address, the date of publication, and a location where the item is  
23 available if different from the publisher's location (A.A.C. R1-1-414). The rule also clarifies that  
24 items incorporated by reference and filed with an agency's final rules prior to September 18, 2003,  
25 remain on file at the Office of the Secretary of State, while items incorporated by reference  
26 thereafter are to be kept on file with the agency issuing the rule. (*Id.*)

27          11.       A.R.S. § 41-1057(2) exempts Commission rules from A.R.S. Title 41, Chapter 6,  
28 Article 5, pertaining to review and approval of rulemakings by the Governor's Regulatory Review

1 Council, but requires the Commission to “adopt substantially similar rule review procedures,  
2 including the preparation of an economic impact statement and a statement of the effect of the rule  
3 on small business.”

4 12. A.R.S. § 41-1044 requires the Attorney General to review rules that are exempt  
5 pursuant to A.R.S. § 41-1057 as to form and whether the rules are clear, concise, and  
6 understandable; within the power of the agency to make; within the enacted legislative standards;  
7 and made in compliance with appropriate procedures.

8 13. Staff recommends that the Commission direct Staff to file with the Office of the  
9 Secretary of State, for publication in the *Arizona Administrative Register* no later than July 29,  
10 2011, (1) a Notice of Rulemaking Docket Opening and (2) a Notice of Proposed Rulemaking that  
11 includes the text of the rules as included in Exhibit A, attached hereto and incorporated herein by  
12 reference.

13 14. Staff recommends that the Commission hold an oral proceeding to receive public  
14 comment on the Notice of Proposed Rulemaking on September 19, 2011, at 2:00 p.m. or as soon  
15 as practicable thereafter, in Hearing Room #1 at the Commission’s offices in Phoenix, Arizona.

16 15. Staff further recommends that interested persons be requested to provide comments  
17 concerning the Notice of Proposed Rulemaking by filing written comments with the Commission’s  
18 Docket Control by September 19, 2011; and be permitted to provide oral comments at the oral  
19 proceeding to be held on September 19, 2011.

20 16. Staff further recommends that the Commission establish additional procedural  
21 deadlines and requirements consistent with the Administrative Procedure Act and prior  
22 Commission rulemakings.

23 17. It is appropriate to establish in this Order requirements regarding the contents of the  
24 Preamble to the Notice of Proposed Rulemaking; Staff’s ensuring that misfiled comments are filed  
25 with the Commission’s Docket Control; Staff’s preparation and filing of an Economic, Small  
26 Business, and Consumer Impact Statement; and Staff’s filing of summaries of interested persons’  
27 comments and Staff’s responses thereto.

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**CONCLUSIONS OF LAW**

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2 1. Pursuant to A.R.S. § 40-441, the Commission has jurisdiction to amend A.A.C.  
3 R14-5-201, R14-5-202, R14-5-203, R14-5-204, and R14-5-205 as reflected in Exhibit A.

4 2. Staff's recommendations made in Findings of Fact Nos. 13 through 16 are  
5 appropriate and should be followed.

**ORDER**

6  
7 IT IS THEREFORE ORDERED that the Utilities Division shall prepare and file with the  
8 Office of the Secretary of State by July 29, 2011, for publication in the *Arizona Administrative*  
9 *Register* no later than August 19, 2011, (1) a Notice of Rulemaking Docket Opening and (2) a  
10 Notice of Proposed Rulemaking that includes the text of the rules as included in Exhibit A,  
11 attached hereto and incorporated herein by reference.

12 IT IS FURTHER ORDERED that an oral proceeding to receive public comment on the  
13 Notice of Proposed Rulemaking shall be held on September 19, 2011, at 2:00 p.m. or as soon as  
14 practicable thereafter, in Hearing Room No. 1 at the Commission's offices in Phoenix, Arizona.

15 IT IS FURTHER ORDERED that interested persons are requested to provide comments  
16 concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's  
17 Docket Control by September 19, 2011; and/or may provide oral comments on the Notice of  
18 Proposed Rulemaking at the oral proceeding to be held on September 19, 2011.

19 IT IS FURTHER ORDERED that the Utilities Division shall ensure that the Preamble to  
20 the Notice of Proposed Rulemaking conforms to the requirements of A.R.S. § 41-1001(14) and  
21 provides notice of the date, time, and location of the oral proceeding required herein.

22 IT IS FURTHER ORDERED that the Utilities Division shall ensure that the Preamble to  
23 the Notice of Proposed Rulemaking states (1) that written comments on the Notice of Proposed  
24 Rulemaking should include a reference to Docket No. RG-00000A-11-0161; (2) that written  
25 comments should be filed with the Commission's Docket Control; (3) that written comments are  
26 requested to be filed by September 19, 2011; (4) that oral comments may be provided at the oral  
27 proceeding to be held on September 19, 2011.  
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1 IT IS FURTHER ORDERED that the Utilities Division shall ensure that any written  
2 comments submitted to the Utilities Division rather than the Commission's Docket Control are  
3 promptly filed with the Commission's Docket Control.

4 IT IS FURTHER ORDERED that the Utilities Division shall, on or before August 19,  
5 2011, file with the Commission's Docket Control an Economic, Small Business, and Consumer  
6 Impact Statement that addresses the economic impacts of the recommended changes to the rules as  
7 included in Exhibit A and conforms to the requirements of A.R.S. § 41-1057(2).

8 IT IS FURTHER ORDERED that the Utilities Division shall, on or before October 3,  
9 2011, file with the Commission's Docket Control (1) a Staff Memorandum including a summary  
10 of any written comments that were filed by interested persons between the effective date of this  
11 Decision and September 19, 2011, (2) a summary of any oral comments provided at the oral  
12 proceeding in this matter, and (3) the Utilities Division's response to those comments.

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1 IT IS FURTHER ORDERED that the Utilities Division shall, on or before October 11,  
 2 2011 file with the Commission's Docket Control either a revised Economic, Small Business, and  
 3 Consumer Impact Statement or a memorandum explaining why no revision of the prior filed  
 4 Economic, Small Business, and Consumer Impact Statement is necessary.

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

6 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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 8 \_\_\_\_\_  
 9 CHAIRMAN

EXCUSED  
COMM. STUMP

COMMISSIONER

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 11 \_\_\_\_\_  
 12 COMMISSIONER

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 11 \_\_\_\_\_  
 12 COMMISSIONER

EXCUSED  
COMM. KENNEDY

COMMISSIONER

13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
 14 Executive Director of the Arizona Corporation Commission,  
 15 have hereunto set my hand and caused the official seal of the  
 16 Commission to be affixed at the Capitol, in the City of  
 17 Phoenix, this 29<sup>th</sup> day of July, 2011.

17   
 18 \_\_\_\_\_  
 19 ERNEST G. JOHNSON  
 20 EXECUTIVE DIRECTOR

21 DISSENT: \_\_\_\_\_

22 DISSENT: \_\_\_\_\_

1 SERVICE LIST FOR:  
2 DOCKET NO. RG-00000A-11-0161

3 Mr. Steven Olea  
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8 Ms. Janice M. Alward  
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13 Mr. Ernest G. Johnson  
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16 1200 West Washington  
17 Phoenix, Arizona 85007

18 Docket Control  
19 Arizona Corporation Commission  
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22 Robert Miller  
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26 Phoenix, Arizona 85004

27 Mr. Charles G. Taylor, Jr., President & CEO  
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4	Mr. Frank McRae Director of Energy Resources	Mr. Charlie Brooks Plant Engineer
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6	Mesa, Arizona 85211-1466	Box 5050 Chandler, Arizona 85226
7	Mr. Jay Howe Director	Pinal County Building Inspections Queen Creek, Magma Gas Area
8	City of Safford Post Office Box 272	Building Safety Division Post Office Box 827
9	Safford, Arizona 85548	31 North Pinal St. Bldg. D Florence, Arizona 85232
10	Mr. Nathan Shelly General Manager	Mr. Greg Merdick Cox Communication
11	Unisource Energy 1300 South Yale Street	Community Relations 1550 W. Deer Valley Rd.
12	Flagstaff, Arizona 86001	Phoenix, Arizona 85027
13	Mrs. Debra Gallo Manager Regulatory Affairs	Chris Dyrek Cable America
14	Southwest Gas Corporation Post Office Box 98510	4120 E. Valley Auto Dr. Mesa, Arizona 85206
15	Las Vegas, Nevada 89193-8510	Jones Intercable Regulatory Division
16	Mr. Jim Kane President	8251 North Cortaro Road Tucson, Arizona 85743-9599
17	Southwest Gas Corporation Post Office Box 98510	Tucson Electric Power Legal Department – DB203
18	Las Vegas, Nevada 89193-8510	220 West 6 <sup>th</sup> Street Post Office Box 711
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22	Mr. Greg Dahl Manager	Mr. Clark Tartar and Mr. Frank Harris Arizona Pipeline Company
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24	Westlake Village, CA 91361	
25	Mr. Doug Adams Plant Manger	
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**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 ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, 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, 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 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)~~ MR0175, 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the NACE International, 1440 S. Creek Dr., Houston, 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004~~ American Petroleum Institute, 1200 L Street, NW, Washington, DC 2005-4070 and Techstreet, ~~777 E. Eisenhower Pkwy., Ann Arbor, MI 48108~~ <http://www.techstreet.com/>.
- 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 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 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 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 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, ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004, and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, 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, ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004, and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, 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 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 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.
- 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 tested and marked CD, CE, CF or CG as required by ASTM D2513 (1995c Edition and no future editions), incorporated by reference, and copies available from ASTM International, 100 Barr Harbor Dr., P.O. Box C700, W. Conshohocken, 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 192.7~~. 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~ASME, United Engineering Center, 345 E. 47th St., New York, NY 10017~~ ASME, Three Park Avenue, New York, NY 10016-5990. (“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 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, whichever 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 2010 revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004;
    - iii. Confined to company property or pipeline right-of-way; and
    - iv. Cleaned up promptly.
  - 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. PHMSA F7100.1 - Distribution System: Incident Report, (~~March, 2004~~ January, 2010 Revision and no future revisions) incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004.
  - b. PHMSA F7100.2 - Transmission and Gathering System: Incident Report, (~~January, 2002~~ 2010 Revision and no future revisions) incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, 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 PHMSA F 7000-1, (~~January 2004~~ 2010 Revision and no future revisions), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, 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 2010 revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, 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.
  - b. Hazardous liquids - within 15 days after detection.
5. The Operators shall also file a copy of all DOT required written incident reports electronically with the ~~Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Rm. 7128, 400 Seventh St., S.W., U.S. Department of Transportation,~~ at <http://opsweb.phmsa.dot.gov/> or submit a written request for an alternative reporting method to the Information Resource Manager, office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, PHP-20 1200 New Jersey Avenue, SE, 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~~ All 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. PHMSA F 7000-1.1 (~~April 2006~~ June 2011 Edition and no future editions) – “Annual Report for calendar year 20\_\_\_, hazardous liquid or carbon dioxide systems” and “Instructions for completing PHMSA F 7000-1.1 (Rev. ~~04-2006-01-~~ 2011), 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, at~~ http://opsweb.phmsa.dot.gov/. U.S. Department of Transportation, Rm. 7128 400 Seventh St., S.W., Washington, DC 20590.
  2. PHMSA F7100.1-1 (~~December 2005~~ January 2011 Edition and no future editions) - “Annual Report for Calendar Year 20\_\_\_, Gas Distribution System” and “Instructions for Completing 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, at~~ http://opsweb.phmsa.dot.gov/ U.S. Department of Transportation, Rm. 7128, 400 Seventh St., S.W., Washington, D.C. 20590.
  3. PHMSA F7100.2-1 (~~December 2005~~ June 2011 Edition and no future editions) - “Annual Report for Calendar Year 20\_\_\_, Gas Transmission and Gathering Systems” and “Instructions for Completing Form 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety~~

Administration, at <http://opsweb.phmsa.dot.gov/>. U.S. Department of Transportation, Rm. 7128, 400 Seventh St., S.W., Washington, D.C. 20590.

4. PHMSA F7100.31 (November 2010 Edition and no future editions) – “Annual Report for Calendar Year 20\_\_ , Liquefied Natural Gas (LNG) Facilities.; and “Instructions for Completing Form F7100.3-1 (10-2010), Annual Report for Calendar Year 20\_\_ , Liquefied Natural Gas (LNG) Facilities.” incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Avenue, Suite 300, Phoenix, AZ 85004 and the Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>.

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, Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>. U.S. Department of Transportation, Rm. 7128, 400 Seventh 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 ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, 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~~ appears.
  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,~~ 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, ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and ASTM International, 100 Barr Harbor Dr., P.O. Box C700, W. Conshohocken, 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~~ 192.7.
- 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 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ASME, ~~United Engineering Center, 345 E. 47th St., New York, NY 10017~~ ASME, Three Park Avenue, New York, NY 10016-5990. ("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 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, whichever 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)~~ MM-04 (Latest revision), "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 N. Central Ave., Ste. 300, Phoenix, 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.