

ORIGINAL

OPEN MEETING

MEMORANDUM
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Arizona Corporation Commission

DOCKETED

MAY 29 2013

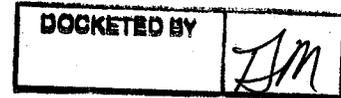
2013 MAY 29 P 4: 56

TO: THE COMMISSION

FROM: Safety Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: May 29, 2013



RE: IN THE MATTER OF THE PROPOSED AMENDMENTS TO THE PIPELINE SAFETY RULES A.A.C. R14-5-201, R14-5-202, R14-5-203, R14-5-204 AND R-14-5-205 AND THE ADDITION OF NEW RULES R14-5-206 AND R14-5-207.

DOCKET NO. RG-00000A-13-0049

Staff of the Safety Division ("Staff") of the Arizona Corporation Commission ("Commission") is proposing amendments to the Rules governing Pipeline Safety to accomplish the following:

R14-5-201 (Definitions) is modified to delete the definitions for "Abandon" and "Business District".

R14-5-201 (Definitions) is modified to add definitions for "Discontinuation of Service", "DOT", "Evacuation", "Gas", "Hazardous liquid", "Independent laboratory", "Liquefied natural gas", "LNG", "LNG Facility", "LPG", "MAOP", "OPS", "Outage", "PHMSA", "Provider", "PSIG", "Public service corporation", "Sour gas", "Sour oil", and "Unknown failure".

R14-5-201 (Definitions) is modified to revise the existing definitions for "Intrastate pipeline", "Master meter system", "Office of Pipeline Safety", "Person", "Pipeline system", "Sandy type soil", "Structure", and "Transport".

R14-5-202 (Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems) is modified as follows:

- Paragraph A is revised for clarity.
- Paragraph B is revised to update incorporations of CFR provisions by reference.
- Paragraph C is revised to update exceptions to the incorporations of CFR provisions by reference.
- Paragraph D is revised for clarity.

- Paragraph E is revised to update incorporations of standards by reference.
- Paragraph F is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Paragraph G is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Paragraph H is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Paragraph I is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Paragraph J is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Paragraph K is deleted in its entirety.
- Former Paragraph L is renumbered as Paragraph K and is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Former Paragraph M is renumbered as Paragraph L and is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Former Paragraph N is renumbered as Paragraph M and is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Former Paragraph O is renumbered as Paragraph N and is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Former Paragraph P is renumbered as Paragraph O and is revised for clarity, to update incorporations of standards by reference and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Former Paragraph Q is renumbered as Paragraph P and is revised for clarity and to specify the CFR provisions adopted by Paragraph B that it modifies.
- Former Paragraph R is renumbered as Paragraph Q and is revised for clarity, to update incorporations by reference, to specify the CFR provisions adopted by Paragraph B that it modifies, and to delineate the standards to apply for performing leakage surveys in the case of gas (non-LPG) or LPG leaks.

- Former Paragraph S is deleted in its entirety. Its substantive requirements are adopted in new Paragraph T discussed below.
- New Paragraph R is added to specify standards for when to perform leakage surveys and specify the CFR provisions adopted by Paragraph B that it modifies.
- New Paragraph S is added to require nondestructive testing is performed on each weld done on newly installed, replaced or repaired pipelines that are operating at or above 20 percent of minimum yield strength and specify the CFR provisions adopted by Paragraph B that it modifies.
- New Paragraph T is added to provide the notification procedure and testing procedure to use in the event of an unknown failure of a gas, LNG or hazardous liquid pipeline.
- Former Paragraph T is renumbered as Paragraph U and is revised for clarity.
- Former Paragraph U is renumbered as Paragraph V and is revised for clarity.
- Former Paragraph V is renumbered as Paragraph W and is revised for clarity.
- Former Paragraph W is deleted in its entirety.

R14-5-203 (Pipeline Incident Reports and Investigations) is modified as follows:

- Paragraph A is revised for clarity.
- Paragraph B is revised for clarity and to identify additional circumstances where an incident report and telephonic notification of a pipeline failure is required.
- Paragraph C is revised for clarity and to identify additional circumstances where a written incident report is required.
- Paragraph D is deleted in its entirety. The provisions of former Paragraph D are substantially incorporated into new rule R14-5-205 (Commission Investigations) discussed further below.

R14-5-204 (Annual Reports) is modified as follows:

- Paragraph A is revised for clarity.
- Paragraph B is revised for clarity.

R14-5-205 (Master Meter System Operators) is renumbered as R14-5-207 (Master Meter System Operators). The modifications to R14-5-207 will be discussed further below.

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New rule R14-5-205 (Commission Investigations) is added. R14-5-205 adds requirements for the Office of Pipeline Safety originally found in R14-5-203(D) to investigate the cause of each reportable incident, accident or event resulting in death or an injury requiring hospitalization. R14-5-205 specifies the Commission's and the Commission's authorized agents' authority to inspect materials, interview personnel, inspect premises, hold and attend formal investigations and hearings and issue subpoenas to compel production of records or taking of testimony.

New rule R14-5-206 (Employee Drug and Alcohol Testing Requirements) is added. The new rule adopts by reference the federal employee drug and alcohol testing requirement applicable to interstate pipelines and applies it to intrastate gas or hazardous liquid pipeline facilities and intrastate LNG facilities.

Renumbered rule R14-5-207 (Master Meter System Operators) is modified as follows:

- Paragraph A is revised for clarity and to delete provisions relating to grounds for termination of service which are moved to new Paragraph B.
- Paragraph B is deleted in its entirety.
- New Paragraph B is added to specify the circumstances under which noncompliance by a master meter operator constitutes grounds and procedure for termination of service by a provider.
- Paragraph C is revised for clarity.
- Paragraph D is revised for clarity.
- Paragraph E is revised for clarity.
- Paragraph F is revised for clarity.
- Paragraph G is deleted in its entirety.
- Former Paragraph H is renumbered as Paragraph G and is revised for clarity.
- Former Paragraph I is renumbered as Paragraph H and is revised for clarity.
- Former Paragraph J is renumbered as Paragraph I and is revised for clarity.
- Former Paragraph K is renumbered as Paragraph J and is revised for clarity and to update incorporations by reference.
- Former Paragraph L is renumbered as Paragraph K and is revised for clarity.

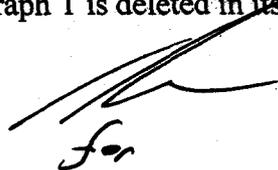
THE COMMISSION

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- New Paragraph L is added that incorporates federal interstate pipeline cathodic protection standards by reference and applies them to underground steel pipeline operated as part of a master metered system.
- Paragraph M is revised for clarity.
- Paragraph N is revised for clarity.
- Paragraph O is deleted in its entirety. Its substantive requirements are adopted by new Paragraph O discussed below.
- New Paragraph O is added specifying the frequency and manner of conducting leakage surveys, adopting standards for how to grade detected leaks based on the type of gas involved, and specifying schedules for the conduct of repairs of detected leaks on the basis of the graded severity.
- Paragraph P is deleted in its entirety. Its substantive requirements are adopted by new Paragraph P discussed below.
- New Paragraph P is added specifying the reporting and procedure that is required in the event of an unknown failure of a master meter operator's gas pipeline system.
- Paragraph Q is deleted in its entirety. The substantive requirements of Paragraph Q are incorporated as subsection (3) of the new Paragraph Q discussed below.
- New Paragraph Q is added specifying the circumstances where telephonic reporting is required and the procedures to follow to perform telephonic reporting. Additionally, Paragraph Q adopts as subsection (3) the annual reporting requirements that were previously found in the former Paragraph Q.
- Paragraph R is revised for clarity.
- Paragraph S is revised for clarity.
- Paragraph T is deleted in its entirety.

Robert E. Marvin
Division Director
Safety Division
REM:rem



ORIGINATOR: Robert E. Miller

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE PROPOSED
AMENDMENTS TO THE PIPELINE
SAFETY RULES A.A.C. R14-5-201, R14-5-
202, R14-5-203, R14-5-204 AND R-14-5-205
AND THE ADDITION OF NEW RULES
R14-5-206 AND R14-5-207.

DOCKET NO. RG-00000A-13-0049
DECISION NO. _____
ORDER

Open Meeting
June 11 and 12, 2013
Phoenix, Arizona

BY THE COMMISSION:

On March 4, 2013, 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, R14-5-205 and the addition of new rules R14-5-206 and R14-5-207, 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. R14-5-201, R14-5-202, R14-5-203, R14-5-204, R14-5-205 and the addition of new rules R14-5-206 and R14-5-207, of the Pipeline Safety Rules.

1 2. The recommended amendments would update the rules by incorporating the most
2 recent amendments to the Code of Federal Regulations (“CFR”), Title 49.

3 3. Likewise, the recommended amendments to Rule R14-5-201 (Definitions) would
4 update the meanings of the definitions for “Intrastate pipeline”, “Master meter system”, “Office of
5 Pipeline Safety”, “Person”, “Pipeline system”, “Sandy type soil”, “Structure”, and “Transport”.
6 The recommended amendments would also delete the definitions for “Abandon” and “Business
7 District”. The recommended amendments would also add definitions for “Discontinuation of
8 Service”, “DOT”, “Evacuation”, “Gas”, “Hazardous liquid”, “Independent laboratory”, “Liquefied
9 natural gas”, “LNG”, “LNG Facility”, “LPG”, “MAOP”, “OPS”, “Outage”, “PHMSA”,
10 “Provider”, “PSIG”, “Public service corporation”, “Sour gas”, “Sour oil”, and “Unknown failure”.

11 4. The recommended amendments to Rule R14-5-202 (Construction and Safety
12 Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems) would do the following:

- 13 a. Paragraph A is revised for clarity.
- 14 b. Paragraph B is revised to update incorporations of CFR provisions by
15 reference.
- 16 c. Paragraph C is revised to update exceptions to the incorporations of CFR
17 provisions by reference.
- 18 d. Paragraph D is revised for clarity.
- 19 e. Paragraph E is revised to update incorporations of standards by reference.
- 20 f. Paragraph F is revised for clarity and to specify the CFR provisions adopted
21 by Paragraph B that it modifies.
- 22 g. Paragraph G is revised for clarity and to specify the CFR provisions adopted
23 by Paragraph B that it modifies.
- 24 h. Paragraph H is revised for clarity and to specify the CFR provisions adopted
25 by Paragraph B that it modifies.
- 26 i. Paragraph I is revised for clarity and to specify the CFR provisions adopted
27 by Paragraph B that it modifies.
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1 j. Paragraph J is revised for clarity and to specify the CFR provisions adopted
2 by Paragraph B that it modifies.

3 k. Paragraph K is deleted in its entirety.

4 l. Former Paragraph L is renumbered as Paragraph K and is revised for clarity
5 and to specify the CFR provisions adopted by Paragraph B that it modifies.

6 m. Former Paragraph M is renumbered as Paragraph L and is revised for clarity
7 and to specify the CFR provisions adopted by Paragraph B that it modifies.

8 n. Former Paragraph N is renumbered as Paragraph M and is revised for clarity
9 and to specify the CFR provisions adopted by Paragraph B that it modifies.

10 o. Former Paragraph O is renumbered as Paragraph N and is revised for clarity
11 and to specify the CFR provisions adopted by Paragraph B that it modifies.

12 p. Former Paragraph P is renumbered as Paragraph O and is revised for clarity,
13 to update incorporations of standards by reference and to specify the CFR provisions adopted by
14 Paragraph B that it modifies.

15 q. Former Paragraph Q is renumbered as Paragraph P and is revised for clarity
16 and to specify the CFR provisions adopted by Paragraph B that it modifies.

17 r. Former Paragraph R is renumbered as Paragraph Q and is revised for clarity,
18 to update incorporations by reference, to specify the CFR provisions adopted by Paragraph B that
19 it modifies, and to delineate the standards to apply for performing leakage surveys in the case of
20 gas (non-LPG) or LPG leaks.

21 s. Former Paragraph S is deleted in its entirety. Its substantive requirements
22 are adopted in new Paragraph T discussed below.

23 t. New Paragraph R is added to specify standards for when to perform leakage
24 surveys and specify the CFR provisions adopted by Paragraph B that it modifies.

25 u. New Paragraph S is added to require nondestructive testing is performed on
26 each weld done on newly installed, replaced or repaired pipelines that are operating at or above 20
27 percent of minimum yield strength and specify the CFR provisions adopted by Paragraph B that it
28 modifies.

1 v. New Paragraph T is added to provide the notification procedure and testing
2 procedure to use in the event of an unknown failure of a gas, LNG or hazardous liquid pipeline.

3 w. Former Paragraph T is renumbered as Paragraph U and is revised for clarity.

4 x. Former Paragraph U is renumbered as Paragraph V and is revised for
5 clarity.

6 y. Former Paragraph V is renumbered as Paragraph W and is revised for
7 clarity.

8 z. Former Paragraph W is deleted in its entirety.

9 5. The recommended amendments modify R14-5-203 (Pipeline Incident Reports and
10 Investigations) as follows:

11 a. Paragraph A is revised for clarity.

12 b. Paragraph B is revised for clarity and to identify additional circumstances
13 where an incident report and telephonic notification of a pipeline failure is required.

14 c. Paragraph C is revised for clarity and to identify additional circumstances
15 where a written incident report is required.

16 d. Paragraph D is deleted in its entirety. The provisions of former Paragraph D
17 are substantially incorporated into new rule R14-5-205 (Commission Investigations) discussed
18 further below.

19 6. The recommended amendments modify R14-5-204 (Annual Reports) as follows:

20 a. Paragraph A is revised for clarity.

21 b. Paragraph B is revised for clarity.

22 7. The recommended amendments modify R14-5-205 (Master Meter System
23 Operators) by renumbering it as R14-5-207 (Master Meter System Operators). The modifications
24 to R14-5-207 will be discussed further below. The recommended amendments introduce new rule
25 R14-5-205 (Commission Investigations). R14-5-205 adds requirements for the Office of Pipeline
26 Safety originally found in R14-5-203(D) to investigate the cause of each reportable incident,
27 accident or event resulting in death or an injury requiring hospitalization. R14-5-205 specifies the
28 Commission's and the Commission's authorized agents' authority to inspect materials, interview

1 personnel, inspect premises, hold and attend formal investigations and hearings and issue
2 subpoenas to compel production of records or taking of testimony.

3 8. The recommended amendments further add new rule R14-5-206 (Employee Drug
4 and Alcohol Testing Requirements). The new rule adopts by reference the federal employee drug
5 and alcohol testing requirement applicable to interstate pipelines and applies it to intrastate gas or
6 hazardous liquid pipeline facilities and intrastate LNG facilities.

7 9. The recommended amendments modify the former R14-5-205 (Master Meter
8 System Operators) by renumbering it as rule R14-5-207 (Master Meter System Operators).
9 Recommended new Rule R14-5-207 is modified from the previous R14-5-205 as follows:

10 a. Paragraph A is revised for clarity and to delete provisions relating to
11 grounds for termination of service which are moved to new Paragraph B.

12 b. Paragraph B is deleted in its entirety.

13 c. New Paragraph B is added to specify the circumstances under which
14 noncompliance by a master meter operator constitutes grounds and procedure for termination of
15 service by a provider.

16 d. Paragraph C is revised for clarity.

17 e. Paragraph D is revised for clarity.

18 f. Paragraph E is revised for clarity.

19 g. Paragraph F is revised for clarity.

20 h. Paragraph G is deleted in its entirety.

21 i. Former Paragraph H is renumbered as Paragraph G and is revised for
22 clarity.

23 j. Former Paragraph I is renumbered as Paragraph H and is revised for clarity.

24 k. Former Paragraph J is renumbered as Paragraph I and is revised for clarity.

25 l. Former Paragraph K is renumbered as Paragraph J and is revised for clarity
26 and to update incorporations by reference.

27 m. Former Paragraph L is renumbered as Paragraph K and is revised for clarity.
28

1 n. New Paragraph L is added that incorporates federal interstate pipeline
2 cathodic protection standards by reference and applies them to underground steel pipeline operated
3 as part of a master metered system.

4 o. Paragraph M is revised for clarity.

5 p. Paragraph N is revised for clarity.

6 q. Paragraph O is deleted in its entirety. Its substantive requirements are
7 adopted by new Paragraph O discussed below.

8 r. New Paragraph O is added specifying the frequency and manner of
9 conducting leakage surveys, adopting standards for how to grade detected leaks based on the type
10 of gas involved; and specifying schedules for the conduct of repairs of detected leaks on the basis
11 of the graded severity.

12 s. Paragraph P is deleted in its entirety. Its substantive requirements are
13 adopted by new Paragraph P discussed below.

14 t. New Paragraph P is added specifying the reporting and procedure that is
15 required in the event of an unknown failure of a master meter operator's gas pipeline system.

16 u. Paragraph Q is deleted in its entirety. The substantive requirements of
17 Paragraph Q are incorporated as subsection (3) of the new Paragraph Q discussed below.

18 v. New Paragraph Q is added specifying the circumstances where telephonic
19 reporting is required and the procedures to follow to perform telephonic reporting. Additionally,
20 Paragraph Q adopts as subsection (3) the annual reporting requirements that were previously found
21 in the former Paragraph Q.

22 w. Paragraph R is revised for clarity.

23 x. Paragraph S is revised for clarity.

24 y. Paragraph T is deleted in its entirety.

25 10. Pursuant to Executive Order 2012-03 (June 26, 2012) ("Moratorium"), an agency
26 shall not conduct any rulemaking that would impose increased monetary or regulatory costs on
27 other state agencies, political subdivisions, persons, or individuals or would not reduce the
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1 regulatory burden on the persons or individuals so regulated. Pursuant to Paragraph (4) of the
2 Moratorium, the rules proposed by the Commission are expressly exempt from the Moratorium.

3 11. Staff recommends that the effective date for the rule amendments should be
4 immediately upon the Attorney General's approval. Staff believes the interest in safety that the
5 rule amendments promote, justifies the immediate implementation and effectiveness of the
6 amendments.

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

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

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

1 15. A.R.S. § 41-1057(A)(2) exempts Commission rules from A.R.S. Title 41, Chapter
2 6, Article 5, pertaining to review and approval of rulemakings by the Governor's Regulatory
3 Review Council, but requires the Commission to "adopt substantially similar rule review
4 procedures, including the preparation of an economic impact statement and a statement of the
5 effect of the rule on small business."

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

10 18. Staff recommends that the Commission direct Staff to file with the Office of the
11 Secretary of State, for publication in the *Arizona Administrative Register* no later than June 14,
12 2013, (1) a Notice of Rulemaking Docket Opening and (2) a Notice of Proposed Rulemaking that
13 includes the text of the rules as included in Exhibit A, attached hereto and incorporated herein by
14 reference.

15 19. Staff recommends that the Commission hold an oral proceeding to receive public
16 comment on the Notice of Proposed Rulemaking on August 5, 2013, at 10:00 a.m. or as soon as
17 practicable thereafter, in Hearing Room #1 at the Commission's offices in Phoenix, Arizona.

18 20. Staff further recommends that interested persons be requested to provide comments
19 concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's
20 Docket Control by July 26, 2013; and be permitted to provide oral comments at the oral
21 proceeding to be held on August 5, 2013.

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

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

3 CONCLUSIONS OF LAW

4 1. Pursuant to A.R.S. § 40-441, the Commission has jurisdiction to amend A.A.C.
5 R14-5-201, R14-5-202, R14-5-203, R14-5-204, R14-5-205 and the addition of new rules R14-5-
6 206 and R14-5-207 as reflected in Exhibit A.

7 2. Staff's recommendations made in Findings of Fact Nos. 18 through 21 are
8 appropriate and should be followed.

9 ORDER

10 IT IS THEREFORE ORDERED that the Safety Division shall prepare and file with
11 the Office of the Secretary of State by June 14, 2013, for publication in the *Arizona Administrative*
12 *Register* no later than July 5, 2013, (1) a Notice of Rulemaking Docket Opening and (2) a Notice
13 of Proposed Rulemaking that includes the text of the rules as included in Exhibit A, attached
14 hereto and incorporated herein by reference.

15 IT IS FURTHER ORDERED that an oral proceeding to receive public comment on the
16 Notice of Proposed Rulemaking shall be held on August 5, 2013, at 10:00 a.m. or as soon as
17 practicable thereafter, in Hearing Room No. 1 at the Commission's offices in Phoenix, Arizona.

18 IT IS FURTHER ORDERED that interested persons are requested to provide comments
19 concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's
20 Docket Control by August 5, 2013; and/or may provide oral comments on the Notice of Proposed
21 Rulemaking at the oral proceeding to be held on August 5, 2013.

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

25 IT IS FURTHER ORDERED that the Safety Division shall ensure that the Preamble to the
26 Notice of Proposed Rulemaking states (1) that written comments on the Notice of Proposed
27 Rulemaking should include a reference to Docket No. RG-00000A-13-0049; (2) that written
28 comments should be filed with the Commission's Docket Control; (3) that written comments are

1 requested to be filed by August 5, 2013; (4) that oral comments may be provided at the oral
2 proceeding to be held on August 5, 2013.

3 IT IS FURTHER ORDERED that the Safety Division shall ensure that any written
4 comments submitted to the Safety Division rather than the Commission's Docket Control are
5 promptly filed with the Commission's Docket Control.

6 IT IS FURTHER ORDERED that the Safety Division shall, on or before August 26, 2013,
7 file with the Commission's Docket Control an Economic, Small Business, and Consumer Impact
8 Statement that addresses the economic impacts of the recommended changes to the rules as
9 included in Exhibit A and conforms to the requirements of A.R.S. § 41-1057(2).

10 IT IS FURTHER ORDERED that the Safety Division shall, on or before September 30,
11 2013, file with the Commission's Docket Control (1) a Staff Memorandum including a summary
12 of any written comments that were filed by interested persons between the effective date of this
13 Decision and July 26, 2013, (2) a summary of any oral comments provided at the oral proceeding
14 in this matter, and (3) the Utilities Division's response to those comments.

15
16 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

17
18 _____
19 CHAIRMAN

COMMISSIONER

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21 _____
22 COMMISSIONER

COMMISSIONER

COMMISSIONER

23 IN WITNESS WHEREOF, I, JODI JERICH, Executive
24 Director of the Arizona Corporation Commission, have
25 hereunto, set my hand and caused the official seal of this
26 Commission to be affixed at the Capitol, in the City of
27 Phoenix, this _____ day of _____, 2013.

28 _____
JODI JERICH

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DISSENT: _____

DISSENT: _____

**SERVICE LIST FOR:
DOCKET NO. RG-00000A-13-0049**

**Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007**

**Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007**

Exhibit A

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND
ASSOCIATIONS; SECURITIES REGULATION
CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION
ARTICLE 2. PIPELINE SAFETY**

Section

- R14-5-201. Definitions
- R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems
- R14-5-203. Pipeline Incident Reports and Investigations
- R14-5-204. Annual Reports
- R14-5-205. ~~Master Meter System Operators Commission Investigations~~
- R14-5-206. Employee Drug and Alcohol Testing Requirements
- R14-5-207. Master Meter System Operators

ARTICLE 2. PIPELINE SAFETY

R14-5-201. Definitions

As used in this Article:

1. ~~“Abandon” means disconnecting the pipeline from all sources and supplies of gas, or hazardous liquids, purging the gas or hazardous liquids from the pipeline being disconnected, and capping all ends.~~
- 2.1. “Building” means any structure intended for supporting or sheltering any occupancy.
3. ~~“Business District” means an area where the public congregate for economic, industrial, religious, education, health or recreational purposes and two or more buildings used for these purposes are located within 100 yards of each other.~~
- 4.2. “Commission” means the Arizona Corporation Commission.
3. “Discontinuation of service” means an interruption in service expected to exceed four hours, occurring after an operator tests a service line or meter set assembly and determines that additional actions are necessary to restore service because of a leak or hazardous operating condition.
4. “DOT” means the U.S. Department of Transportation.
5. “Evacuation” means denying entry into or the organized clearing of a building or buildings, involving:
 - a. One hundred or more individuals from any number of buildings;
 - b. All of the individuals present from five or more buildings;
 - c. All of the individuals present from five or more businesses within a single building such as a strip mall; or
 - d. A nonresidential building occupied by individuals who are confined, are of impaired mobility, or would be difficult to evacuate because of their age or physical or mental condition or capabilities, such as a hospital, prison, school, daycare facility, retirement facility, or assisted living facility.
6. “Gas” means natural gas, flammable gas, or toxic or corrosive gas and includes LPG and LNG that is vaporized.
7. “Hazardous liquid” means:
 - a. Petroleum,
 - b. A petroleum product, or

c. Anhydrous ammonia.

8. “Independent laboratory” means a laboratory that is not owned or operated by an operator and that has no affiliation with the operator through ownership, contract, or familial relationship.
- 5-9. “Intrastate pipeline” means all pipeline facilities, included in the definition of “pipeline system” that are used by ~~public service corporations~~ a provider to transport natural gas, Liquefied Natural Gas (“LNG”), LNG, ~~other gas~~ or a hazardous liquids liquid within Arizona, and that are not used to transport gas, LNG, or a hazardous liquids liquid in interstate or foreign commerce. This includes, without limitation, any equipment, facility, building, or other property used or intended for use in transporting gas, LNG, or a hazardous liquids liquid.
10. “Liquefied natural gas” means natural gas or synthetic gas having as its major constituent methane (CH₄) that has been changed to a liquid.
11. “LNG” means liquefied natural gas.
12. “LNG facility” means those portions of a pipeline system that are used for transporting or storing LNG or for LNG conversion.
13. “LPG” means liquefied petroleum gas.
14. “MAOP” means maximum allowable operating pressure, the maximum pressure at which a gas or LPG pipeline or segment of pipeline may be operated.
- 6-15. “Master meter system” means physical facilities for distributing gas within a definable area where the operator purchases metered gas from a ~~public service corporation~~ provider to provide gas service to two or more buildings other than at a single family residence.
16. “Office of Pipeline Safety” means the Commission personnel assigned to perform the Commission’s day-to-day activities under A.R.S. Title 40, Chapter 2, Article 10, who are headquartered at 2200 N. Central Ave., Suite 300, Phoenix, AZ 85004 and whose contact information is available at <http://www.azcc.gov/Divisions/Safety>.
- 7-17. “Operator” means a person that owns or operates a pipeline system or master meter system.
18. “OPS” means “Office of Pipeline Safety,” as defined herein.
19. “Outage” means an unplanned and unscheduled discontinuation of service:

- a. Concurrently to 250 or more residential customer accounts or to 10 or more commercial customer accounts; or
- b. To a nonresidential building occupied by individuals who are confined, are of impaired mobility, or would be difficult to evacuate or relocate because of age or physical or mental condition or capabilities, such as a hospital, prison, school, daycare facility, retirement facility, or assisted living facility.
- 8-20. "Person" means any individual, firm, joint venture, partnership, corporation, association, cooperative association, joint stock association, trustee, receiver, assignee, or personal representative, or the state or any political subdivision thereof of the state.
21. "PHMSA" means the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration.
- 9-22. "Pipeline system" means all parts of these the physical facilities that are used by of a public service corporations corporation or provider through which natural gas, LPG, LNG, other gases or a hazardous liquids move liquid moves in transportation, including, but not limited to, pipes, compressor units, metering stations, regulator stations, delivery stations, holders, and fabricated assemblies, and other equipment, buildings, and property so used.
23. "Provider" means any intrastate gas pipeline operator, public service corporation, or municipality that provides natural gas or LPG service to a master meter customer.
24. "PSIG" means pounds per square inch gauge.
25. "Public service corporation" has the same meaning as in Article 15, § 2 of the Arizona Constitution.
10. ~~"Office of Pipeline Safety" means the Pipeline Safety personnel for the Commission.~~
- 11-26. "Sandy type soil" means sand no larger than "coarse" as defined by the American Society for Testing and Materials, ASTM D-2487-83 (1983 Edition), Standard Practice for Classification of Soils for Engineering Purposes (1983), incorporated by reference (and no future amendments) and including no future editions or amendments, which is incorporated by reference; on file with the Office of the Secretary of State Pipeline Safety; and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 published by and available from ASTM

International, 100 Barr Harbor Drive, P.O. Box C700, West Conshohocken, PA, 19428-2959.

27. “Sour gas” means natural gas that contains the corrosive sulfur-bearing compound hydrogen sulfide (H₂S).
28. “Sour oil” means crude oil containing the impurity sulfur in a concentration greater than 0.5 percent.
- ~~12-29.~~ “State” means the state of Arizona and all lands within its boundaries.
- ~~13-30.~~ “Structure” means something that ~~which~~ is built or constructed, ~~an edifice or building of any kind or any piece of work artificially built or composed of parts joined together in some definite manner.~~
- ~~14-31.~~ “Transport” or “transportation” of gas, LNG, or ~~a hazardous liquids~~ liquid means the gathering, transmission, distribution, or storage of gas, LNG, or ~~a hazardous liquids~~ liquid by using a pipeline system within the state.
32. “Unknown failure” means an occurrence in which a portion of a pipeline system fails, and:
- a. The cause cannot be attributed to any observable external corrosion, third-party damage, natural or other outside force, construction or material defect, equipment malfunction, or incorrect operations; or
- b. The operator and the Office of Pipeline Safety disagree as to the cause.

R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems

- A. Applicability: This ~~rule~~ Section applies to the construction, reconstruction, repair, operation, and maintenance of ~~all each~~ intrastate ~~natural gas, other gas, LNG, and or hazardous liquid pipeline systems, system,~~ pursuant to as described in A.R.S. § 40-441.
- B. Subject to the definitional changes in R14-5-201 and the ~~revisions~~ modifications noted in ~~subsection (C)~~ this Section, the Commission adopts, incorporates, and approves as its own 49 CFR 40, 191; 192, except ~~1(2) and (3)~~ (1)(A)(2) and (3) of Appendix D to Part 192; 193; 195, except 195.1(b)(2), and (3), and (4); and 199, revised as of October 1, 2010 (October 1, 2012), including (and no future editions or amendments), which are incorporated by reference; on file with and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and ; and published by and

available from the United States U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954 710 North Capital Street N.W., Washington DC 20401, and at <http://www.gpo.gov/fdsys/>. For purposes of 49 CFR 192, "Business District" means an area where the public congregate for economic, industrial, religious, educational, health, or recreational purposes and two or more buildings used for these purposes are located within 100 yards of each other.

- C. The above mentioned incorporated Parts of 49 CFR, except Parts 191, 192.727 (g)(1), 192.913 (b)(1)(vii), 192.943(a), 192.949 (a)(b), 192.951, 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,~~ "Pipeline and Hazardous Materials Administration," or "Office of Pipeline Safety," or ("~~OPS~~") ~~appear-appears; and~~
 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~~ An operator of an intrastate pipeline ~~will shall~~ file with the Commission an Operation and Maintenance Plan (~~O & M~~), including an emergency plan, at least 30 days prior to before placing a pipeline system into operation. Any changes in an existing plans Operation and Maintenance Plan will shall be filed within 30 days ~~of after~~ the effective date of the change.
- E. ~~Operators~~ An operator of an intrastate pipeline transporting sour gas or sour oil ~~are~~ subject to shall comply with the following industry standards addressing facilities handling hydrogen sulfide (H₂S). ~~Standards adopted are, which are incorporated by reference, including no future editions or amendments, and are on file with the Office of Pipeline Safety:~~
1. NACE Standard ~~MR0175~~ MR0175-99, Standard Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment (1999 Revision), ~~incorporated by reference and no future amendments. Copies are available from on file with the Office of Pipeline Safety, 2200 N. Central Ave.,~~

- ~~Ste. 300, Phoenix, AZ 85004 and published by and available from the NACE International, 1440 S. Creek Dr., Houston, TX 77084-4906.; and~~
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~~ Recommended Practice for Conducting Oil and Gas Producing and Gas Processing Plant Operations Involving Hydrogen Sulfide (2nd Edition 1995), available from on file with the Office of Pipeline Safety and published by and available from the American Petroleum Institute, 1200 L Street, NW, Washington, DC 2005-4070 20005-4070 and at Techstreet, <http://www.techstreet.com/>.
- F. Operators An operator of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other gas will shall not construct any part of a hazardous liquid, LNG, natural gas or other gas pipeline system under a building. For building encroachments If a building encroaches over a pipeline system, the operator may require the property owner to remove the building from over the pipeline or to reimburse the operator the cost associated with relocating the pipeline system. The operator shall determine, within 90 days after discovering the encroachment, whether the encroachment can be resolved within 180 days. If the operator determines that the encroachment cannot be resolved within 180 days, the operator shall, within 90 days of discovery, submit to the Office of Pipeline Safety a written plan to resolve the encroachment within a period longer than 180 days. 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 property owner and the operator to implement the written plan to resolve the encroachment. If the operator does not submit a written plan, and the encroachment is not resolved within 180 days of discovery, the operator shall discontinue service to the pipeline system. This modifies 49 CFR 192.361 and 195.210.

- G. ~~Operators~~ An operator of an intrastate distribution pipeline transporting natural gas or other gas ~~will~~ shall not construct any part of a pipeline system closer less than 8 inches to away from any other underground structure. If the 8-inch clearance cannot be maintained from other underground structures, a sleeve, casing, or shielding shall be used. This modifies 49 CFR 192.361.
- H. ~~Operators~~ An operator of an intrastate pipeline transporting natural gas or other gas that ~~have~~ has regulators, meters, or regulation meter sets that have been out of service for 36 months ~~will~~ shall abandon these lines disconnect the pipeline from all sources and supplies of gas or hazardous liquids, purge the gas or hazardous liquids from the pipeline being disconnected and cap all ends. The Operator's steps to accomplish the abandonment shall not exceed within six months beyond after the 36 months out-service status have passed. This modifies 49 CFR 192.727.
- I. ~~Operators~~ An operator of an intrastate pipeline shall not install or operate a gas regulator that might release gas ~~in its operation closer than~~ within 3 feet to of a source of ignition, an opening into a building, an air intake into a building, or to any electrical source that is not intrinsically safe. The 3 foot clearance from a source of ignition will shall 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 does not apply to building permits which are issued and subdivisions which are platted prior to before October 1, 2000. For If an encroachment within into the required 3 foot clearance is caused by an action of the property owner, an occupant, or a service provider, after the effective date of this rule, the operator may require the property owner to resolve the encroachment or to reimburse the operator the cost associated with relocating the pipeline system. The operator shall determine, within 90 days after discovering the encroachment, whether the encroachment can be resolved within 180 days. If the operator determines that the encroachment cannot be resolved within 180 days, the operator shall, within 90 days of discovery, submit to the Office of Pipeline Safety a written plan to resolve the encroachment within a period longer than 180 days. 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 property owner~~ and the operator to implement the written plan to resolve the encroachment. If the operator does not submit a written plan, and the encroachment is not resolved within 180 days of discovery, the operator shall discontinue service to the affected pipeline system. This modifies 49 CFR 192.357 and 192.361.

J. ~~Operators~~ An operator of an intrastate pipeline transporting LNG, natural gas, other gases or a hazardous liquid ~~will utilize~~ shall use a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, 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) (D)(A)(2) and (3) of Appendix D to Part 192 shall not be utilized. This modifies 49 CFR 192.463(a), 193.2629, and 195.571.

~~**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, 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.K.** Operators~~ An operator of an intrastate pipeline transporting hazardous liquid, natural gas or other gas ~~will~~ shall not install ~~Acrylonitrile-Butadiene-Styrene~~ Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in ~~their a pipeline systems system.~~ This modifies 49 CFR 192.53 and 192.59.

~~**M.L.** Operators~~ An operator of an intrastate pipeline transporting hazardous liquid, natural gas or other gas ~~will~~ shall not install plastic pipe aboveground unless the plastic pipeline is protected by a metal casing, or equivalent, and the installation is approved by the Office of Pipeline Safety. ~~Temporary~~ An operator may use a temporary aboveground plastic pipeline ~~bypasses are permitted by~~ bypass for up to 60 days, provided that the plastic

pipeline is protected and is under the direct supervision of the operator at all times. This modifies 49 CFR 192.321 and 195.254.

N.M. ~~Operators~~ An operator of an intrastate pipeline transporting hazardous liquid, ~~natural gas~~ or other gas that ~~construct~~ constructs a pipeline system or any portion thereof using plastic pipe, ~~will~~ shall 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~~ Tracer wire may be taped, or attached ~~in some manner~~ to the pipe in another manner, provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall. This modifies 49 CFR 192.321 and 195.246.

O.N. ~~Operators~~ An operator of an intrastate pipeline transporting ~~natural gas, other gas or hazardous liquid~~, that ~~construct~~ constructs an underground pipeline system using plastic pipe, ~~will~~ shall bury the installed pipe with ~~a minimum of~~ at least 6 inches of sandy type soil, free of any rock or debris, surrounding the pipe for bedding and shading, ~~free of any rock or debris~~, unless the pipe is otherwise protected and as approved by the Office of Pipeline Safety. Steel pipe shall be installed with at least 6 inches of sandy type soil, free of any debris or materials injurious to the pipe coating, surrounding the pipe for bedding and shading, free of any debris or materials injurious to the pipe coating, unless the pipe is otherwise protected and as approved by the Office of Pipeline Safety. This modifies 49 CFR 192.321, 192.361 and 195.246.

P.O ~~Operators~~ An operator of an intrastate pipeline transporting ~~natural gas or other gas~~ that ~~construct~~ constructs an underground pipeline system using plastic pipe ~~will~~ shall install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe and fittings for use in an area with service temperatures above 100° F shall be tested and marked CD, CE, CF, or CG as required by ASTM D2513 (1995e Edition and no future editions) (1995), including no future editions or amendments, which is incorporated by reference, on file with the Office of Pipeline Safety, and published by 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~~ and through http://www.astm.org. This modifies 49 CFR 192.63.

Q.P. Operators An operator of an intrastate pipeline system transporting hazardous liquid, natural gas or other gases gas shall qualify welding procedures and shall perform ensure that welding of steel pipelines is performed in accordance with API Standard 1104., as incorporated by reference in 49 CFR 192.7 by welders qualified pursuant to API Standard 1104, except that Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, 192.7. The qualification of welders qualified as delineated in 49 CFR 192, appendix Appendix C may be used for low stress level pipe. This modifies 49 CFR 192.225, 192.227, 195.214, and 195.222.

R.Q. Operators An operator of an intrastate pipeline transporting natural gas or other gas pipeline system shall survey and grade all detected leakage by the following guide: as provided below: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(e) (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, 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.

1. In the case of all gas except LPG, leakage surveys and grading shall be performed pursuant to the standards set by ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983, including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety and published by and available from ASME, Three Park Avenue, New York, NY 10016-5990 and modified by omitting 4.4(c) and by replacing "should" with "shall" each time it appears.
2. In the case of LPG, leakage surveys and grading shall be performed pursuant to the standards set by ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11A-1983, including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety and published by and available from ASME, Three Park Avenue, New York, NY 10016-5990

3. Leakage survey records shall identify in some manner each pipeline surveyed and shall be maintained to demonstrate that each required leakage survey has been conducted. This modifies 49 CFR 192.706 and 192.723.

~~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.~~
- ~~e. 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.~~~~

R. An operator of an intrastate transmission pipeline transporting gas shall conduct a leakage survey at least twice each calendar year, at an interval not exceeding 7 1/2 months, independent of class location, and shall repair each underground leak classified as grade two or three either upon discovery or within one year after discovery. This modifies 49 CFR 192.706 and 192.711.

S. An operator of an intrastate transmission pipeline transporting gas and operating at or above 20 percent of Specified Minimum Yield Strength shall ensure that nondestructive testing is completed for each weld performed on newly installed, replaced or repaired pipeline or an appurtenance. This modifies 49 CFR 192.241.

T. In the event of an unknown failure of a gas, LNG, or hazardous liquid pipeline, resulting in the operator's being required to provide a telephonic or written report under R14-5-203 (B) or (C) and in the operator's removing a portion of the failed pipeline, the following shall occur:

1. The operator shall retain the portion of failed pipeline that was removed;
2. The operator shall telephonically notify the Office of Pipeline Safety of the removal within two hours after the removal is completed, providing the following information.
 - 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, and
 - f. Any additional information about the failure or the removal of the portion of the failed pipeline that is requested by the Office of Pipeline Safety;
3. Within 48 hours after receiving telephonic notification pursuant to subsection (T)(2), the Office of Pipeline Safety shall:
- a. Determine, based on the information provided by the operator and the availability, adequacy, and reliability of any pipeline testing laboratory operated by the operator, whether it is necessary to have the removed portion of pipeline tested at an independent laboratory; and
 - b. Telephonically notify the operator either:
 - i. That the operator must have the removed portion of pipeline tested, in accordance with Office of Pipeline Safety directions, by an independent laboratory selected by the Office of Pipeline Safety as provided in subsection (T)(5), to determine the cause or causes of the failure; or
 - ii. That the operator is not required to have the removed portion of pipeline tested by an independent laboratory and instead must conduct testing in its own pipeline testing laboratory, after which the operator may discard the removed portion of pipeline;
4. After providing telephonic notice as provided in subsection (T)(3)(b), the Office of Pipeline Safety shall confirm its notification in writing;
5. If the Office of Pipeline Safety directs testing by an independent laboratory:
- a. The Office of Pipeline Safety shall:
 - i. Determine, as provided in subsection (T)(6), the independent laboratory that will do the testing and the period of time within which the testing is to be completed;
 - ii. Determine, based on the available information concerning the failure, the number and types of tests to be performed on the removed pipeline; and
 - iii. Notify the operator of its determinations; and

b. The operator shall:

- i. Contact the selected independent laboratory to arrange the scheduling of the required tests;
- ii. Notify the Office of Pipeline Safety, at least 20 days before the date of the tests, of the date and time scheduled for the laboratory tests;
- 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 test results are provided to the Office of Pipeline Safety by the independent laboratory within 30 days after the tests are completed; and
- v. Pay for the independent laboratory testing; and

6. In determining an independent laboratory to perform testing required under subsection (T), the Office of Pipeline Safety shall:

- a. Submit to at least three different independent laboratories written requests for bids to conduct the testing;
 - b. Consider each responding independent laboratory's qualifications to perform the testing, as demonstrated by:
 - i. Past experience in performing the required test or tests according to ASTM International standards, and
 - ii. Any recognition that a laboratory may have received from a national or international laboratory accreditation body, such as through a certification or accreditation process;
 - c. Wait to select an independent laboratory until one of the following occurs:
 - i. The Office of Pipeline Safety has received written bids from at least three different independent laboratories, or
 - ii. Thirty days have passed since the date of the request for bids; and
 - d. Select the independent laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.
- This modifies 49 CFR 192.617, 193.2515, and 195.402.

- ~~T.U.~~ All An operator shall ensure that all repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquids~~liquid~~, ~~natural gas~~ or other gas will comply with the provisions of this Article.
- ~~U.V.~~ The Commission may waive compliance with any of the ~~aforementioned parts~~ requirements of this Section upon a finding that such a waiver is in the interest of public and pipeline safety.
- ~~V.W.~~ To ensure compliance with the provisions of this ~~rule~~ Article, 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, electronic files, 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~~ Section applies to all intrastate pipeline systems.
- B. Required incident reports by telephone:
1. ~~Operators~~ An operator of an intrastate pipeline transporting LNG, natural gas or other gas will shall immediately notify by telephone the Office of Pipeline Safety, at 602-262-5601 during normal working hours or at 602-252-4449 at all other times, immediately upon discovery of discovering the occurrence of any of the following:
 - a. ~~The release~~ 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.~~ Injury to any individual resulting in loss of consciousness;
 - iii. ~~Property damage, including the value of the gas lost, estimated in excess of \$5,000.~~ An explosion or fire not intentionally set by the operator;
 - iv. Property damage estimated in excess of \$5,000, including the value of the gas lost; or
 - v. Unintentional release of gas from a transmission pipeline;

- 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 any LNG process or storage facility;
 - g. An evacuation; or
 - h. An outage.
2. ~~Operators~~ An operator of an intrastate pipeline transporting hazardous liquid ~~will~~ shall immediately notify by telephone the Office of Pipeline Safety, at 602-262-5601 during normal working hours or at 602-252-4449 at all other times, ~~immediately upon discovery of~~ discovering a failure in a pipeline system resulting in the occurrence of any of the following:
- a. ~~Death or personal injury requiring hospitalization.~~ Injury to an individual that results in one or more of the following:
 - i. Death or personal injury requiring medical treatment,
 - ii. Loss of consciousness, or
 - iii. Inability of the individual to leave the scene of the incident unassisted;
 - 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; or stream, river, lake, reservoir, or other body of water that violates applicable environmental quality; or water quality standards, causes a discoloration of the water surface of the water or adjoining shoreline, or deposits sludge or emulsion beneath the water surface of the water or upon the 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) ~~(2010 revision and no future revisions)~~, as incorporated by reference in R14-5-202 and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004;
 - iii. Confined to ~~company~~ the operator's property or the pipeline right-of-way; and
 - iv. Cleaned up promptly; or
 - g. Any release of hazardous liquid or carbon dioxide, that was significant in the judgment of the operator even though it did not meet any of the criteria of this subsection in subsections (B)(2)(a)-(f).
3. ~~Telephone~~ A telephonic incident reports will report shall 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~~ Telephone number of the reporting party,
 - e. Location of the incident,
 - f. Time of the incident, and
 - g. ~~Fatalities~~ Description of any fatalities and injuries, if any.

C. ~~Require~~ Required written incident report reports:

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

- a. ~~An explosion or fire not intentionally set by the operator. Release of natural gas, other gas, or LNG from a pipeline or LNG facility, when any of the following results:~~
 - i. ~~Death or personal injury requiring hospitalization;~~
 - ii. ~~Loss of consciousness;~~
 - iii. ~~An explosion or fire not intentionally set by the operator;~~
 - iv. ~~Property damage estimated in excess of \$25,000, including the value of all released gas; or~~
 - v. ~~Unintentional release of gas from a transmission pipeline;~~
 - 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.~~
 - b. ~~Evacuations, outages, property damage including the value of all released gas and cost associated with restoring service to customers, estimated in excess of \$25,000.~~
 - e. ~~Property damage, including the value of the lost gas, estimated in excess of \$5,000.~~
 - d.c. ~~Emergency transmission pipeline shutdown;~~
 - e.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%; or~~
 - f.e. ~~Emergency shutdown of a any LNG process or storage facility.~~
2. ~~Written~~ A written incident reports report concerning a natural gas or other gas pipeline systems system will shall be in completed using the following form, as applicable, which are incorporated by reference: on file with the Office of Pipeline Safety; and published by and available from PHMSA at East Building, Second Floor, 1200 New Jersey Ave., SE, Washington, DC 20590, and at <http://www.phmsa.dot.gov/pipeline/library/forms>:

- a. ~~PHMSA F7100.1—Distribution System: Incident Report, (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. Form PHMSA F 7100.1: Incident Report – Gas Distribution System (June 2011), including no future editions or amendments;~~
 - b. ~~PHMSA F7100.2—Transmission and Gathering System: Incident Report, (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. Form PHMSA F 7100.2: Incident Report – Natural and Other Gas Transmission and Gathering Pipeline Systems (December 2012), including no future editions or amendments; or~~
 - 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 recurrence. Form PHMSA F 7100.3: Incident Report – Liquefied Natural Gas (LNG) Facilities (June 2011), including no future editions or amendments.~~
3. ~~Operators~~ An operator of an intrastate pipeline transporting hazardous liquid will make shall file a written incident report on completed using Form PHMSA F 7000-1, (January 2010 Revision and no future revisions), : Accident Report – Hazardous Liquid Pipeline Systems (December 2012), including no future editions or amendments, which is incorporated by reference, and copies available from on file with the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004, and published by and available from PHMSA as set forth in subsection (C)(2), when there is a release of hazardous liquid which results resulting in any of the following: any time the operator would have been required to make a notification as required under R14-5-203 (B)(2).
- 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.;~~
 - ~~e. 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); (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~~ A written incident reports as report required in by this Section will shall be filed with the Office of Pipeline Safety; within the time specified below:
- a. ~~Natural Gas, an LNG, or other gas incident,~~ For gas, an LNG, or other gas incident, within 20 days after detection; and
 - b. ~~Hazardous liquids—~~ For a hazardous liquid incident, within 15 days after detection.
5. ~~The Operators~~ An operator shall also either file a copy of all each DOT required written incident reports report electronically with ~~the Pipeline and Hazardous Materials Safety Administration PHMSA at~~ http://opsweb.phmsa.dot.gov/ https://portal.phmsa.dot.gov/pipeline 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, under 49 CFR 195.58, as incorporated by reference in R14-5-202.

6. ~~Operators of a natural gas or other~~ After an incident involving shutdown or partial shutdown of a master meter system, an operator of a gas pipeline system will shall request and obtain a clearance from the Office of Pipeline Safety prior to before turning on or reinstating service to a master meter operator system or portion of the master meter system that was shut down.

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. ~~All intrastate pipeline operators will~~ An operator of an intrastate pipeline shall file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, the following appropriate report(s) an annual report completed using one of the following, as applicable, which are incorporated by reference; on file with the Office of Pipeline Safety; and published by and available from PHMSA as provided in R14-5-203(C)(2):

1. Form PHMSA F 7000-1.1: Annual Report for Calendar Year 20__ Hazardous Liquid Pipeline Systems (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. 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 Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>, including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form;
2. ~~PHMSA F7100.1-1~~ Form PHMSA F 7100.1-1: (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 Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>, (January 2011), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form;
3. ~~PHMSA F7100.2-1 (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 Pipeline and~~

~~Hazardous Materials Safety Administration, at <http://opswb.phmsa.dot.gov/>.
Form PHMSA F 7100.2-1: Annual Report for Calendar Year 20__ Natural and
Other Gas Transmission and Gathering Pipeline Systems (December 2012),
including no future editions or amendments, which shall be completed in
accordance with the PHMSA instructions for the form; or~~

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://opswb.phmsa.dot.gov/>. Form PHMSA F 7100.3-
1: Annual Report for Calendar Year 20__ Liquefied Natural Gas (LNG) Facilities
(June 2011), including no future editions or amendments, which shall be
completed in accordance with the PHMSA instructions for the form.~~

- B. ~~The An operator will also file of an intrastate pipeline shall submit a copy of all each
required annual reports report by March 15, for the previous calendar year, to the
Information Pipeline and Hazardous Materials Safety Administration, at
<http://opswb.phmsa.dot.gov/>. PHMSA at <https://portal.phmsa.dot.gov/pipeline>.~~

R14-5-205. Commission Investigations

1. The Office of Pipeline Safety shall investigate the cause of each reportable
incident, accident, or event resulting in a death or an injury requiring
hospitalization.
2. While investigating an incident, accident, or event, the Commission, or an
authorized agent of the Commission may:
 - a. Inspect all plant and facilities of a pipeline system and all other property
of a pipeline system operator;
 - b. Inspect the books, papers, business methods, and affairs of a pipeline
system operator;
 - c. Make inquiries regarding and interview persons having knowledge of facts
surrounding an incident or accident;

- d. Attend, as an observer, all hearings and formal investigations concerning a pipeline system operator;
- e. Schedule and conduct a public hearing into the incident or accident; and
- f. Issue subpoenas to compel the production of records and the taking of testimony.

R14-5-206. Employee Drug and Alcohol Testing Requirements

An operator of an intrastate pipeline facility transporting gas or a hazardous liquid or of an intrastate LNG facility shall ensure that drug and alcohol testing of its workers is performed in compliance with 49 CFR 199, as incorporated by reference in R14-5-202.

R14-5-205.R14-5-207. Master Meter System Operators

- A. Applicability: This rule Section applies to the construction, reconstruction, repair, emergency procedures, operation, and maintenance of all master meter systems, as a condition of receiving service from a provider. ~~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 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.
- B. Noncompliance with this Section by operators of a master meter system shall constitute grounds for termination of service by the provider when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the provider oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- C. The above mentioned incorporated parts of 49 CFR, except Part 191, are revised as follows:

- ~~1. Substitute "Commission" where "Office of Pipeline Safety" (OPS) appears.~~
 - ~~2. Substitute Office of "Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the address for the Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation appears.~~
- Each operator of a master meter system shall comply with all applicable requirements of 49 CFR 192, as incorporated by reference in R14-5-202.

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.~~

An operator of a master meter system shall:

1. Establish an Operation and Maintenance (O&M) Plan, including an emergency plan; and
2. At all times, maintain a copy of the Operation and Maintenance Plan 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.~~

An operator of a master meter system shall:

1. Ensure that no part of a gas pipeline system is constructed under a building and that no building is placed over any portion of a gas pipeline system; and
2. Upon discovering that a building is located over a portion of a gas pipeline system, complete one of the following within 180 days:
 - a. Remove the building from over the pipeline,
 - b. Relocate the pipeline, or
 - c. Discontinue service to the portion of the pipeline system located under the building.

F. ~~Operators~~ An operator of a master meter system will shall not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their systems the master meter system.

~~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, 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.G.~~ 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. An operator of a master meter system that constructs a pipeline or any portion thereof using plastic pipe shall 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 to the pipe in another manner, provided that the adhesive or attachment is not detrimental to the integrity of the pipe wall.

~~I.H.~~ Operators An operator of a master meter system that ~~construct~~ constructs an underground pipeline using plastic pipe, ~~will shall~~ bury the installed pipe with ~~a minimum of at least 6 inches of sandy type soil, free of any rock or debris,~~ at least 6 inches of sandy type soil, free of any debris or materials injurious to the pipe coating, surrounding the pipe for bedding and shading, free of any debris or materials injurious to the pipe coating, unless the pipe is otherwise protected and as approved by the Office of Pipeline Safety. Steel pipe shall be installed with at least 6 inches of sandy type soil, free of any debris or materials injurious to the pipe coating, surrounding the pipe for bedding and shading, free of any debris or materials injurious to the pipe coating, unless the pipe is otherwise protected and as approved by the Office of Pipeline Safety.

~~J.I.~~ Operators An operator of a master meter system that ~~construct~~ constructs an underground pipeline using plastic pipe ~~will shall~~ install the pipe with sufficient slack to allow for

thermal expansion and contraction. In addition, all plastic pipe and fittings for use in an area with service temperatures above 100° F shall be marked CD, CE, CF, or CG as required by ASTM D2513 (1995e Edition and no future editions) (1995), incorporated by reference in R14-5-202, 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.J. Operators An operator of a master meter gas system shall qualify welding procedures and shall ~~perform~~ ~~have~~ ensure that welding of steel pipelines is performed in accordance with API Standard 1104, as incorporated by reference in 49 CFR 192.7 and R14-5-202, by welders qualified pursuant to API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, 192.7.

L.K. An operator of a master meter system shall ensure that All all repair work performed on an existing master meter systems will comply with the provisions of system complies with this Article.

L. An operator of a master meter system shall:

1. Ensure that each underground steel pipeline is protected against external corrosion with an external protective coating meeting the requirements of 49 CFR 192.461;
2. When installing a new underground steel pipeline system, before placing the new pipeline system into service, provide a cathodic protection system designed to protect the new pipeline system in its entirety;
3. When repairing, partially replacing, or relocating an existing underground steel pipeline system, within 45 days after completing the repair, replacement, or relocation, provide a cathodic protection system designed to protect the pipeline system; and
4. Ensure that each cathodic protection system has a voltage of at least negative 0.85 volts direct current (-0.85Vdc) as measured using a saturated copper-copper sulfate half cell.

M. Operators An operator of a master meter system will not construct any part of a natural shall ensure that no portion of an underground gas or other gas system is installed closer less than 8 inches to away from 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:~~ At least 30 days before commencing construction of any pipeline, an operator of a master meter system shall file with the Office of Pipeline Safety a Notice of Construction that includes at least the following information:

1. ~~The dates of construction~~ The dates projected for commencing and completing construction.
2. The size and type of pipe to be used,
3. The location of construction, and
4. ~~The Maximum Allowable Operating Pressure (MAOP) for the new pipeline.~~

~~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, 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.~~

O. An operator of a master meter system shall perform leakage surveys at intervals not exceeding 15 months, but at least once each calendar year using leak detection procedures approved by the Office of Pipeline Safety. Grade 1 leaks shall be repaired immediately upon discovery; grade 2 leaks shall be repaired within 30 days of discovery; and grade 3 leaks shall be repaired within 1 year of discovery. Leakage surveys shall be conducted pursuant to the following standards:

1. Except in the case of LPG, each leakage survey shall be performed in accordance with ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 (1983), as incorporated by reference in R14-5-202(R) and modified by omitting 4.4(c) and by replacing “should” with “shall” each time it appears; and

2. In the case of LPG, perform each leakage survey shall be performed in accordance with ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11A-1983, including no future editions or amendments.

~~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.~~
- ~~e. 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.~~~~

P. In the event of an unknown failure of a gas pipeline resulting in a master meter operator's being required to provide a report under subsection (O) and in the operator's removing a portion of the failed pipeline, the following shall occur:

1. The operator shall retain the portion of failed pipeline that was removed;
2. The operator shall telephonically notify the Office of Pipeline Safety of the removal within two hours after the removal is completed, providing the following information:
 - 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, and
 - f. Any additional information about the failure or the removal of the portion of the failed pipeline that is requested by the Office of Pipeline Safety;
3. Within 48 hours after receiving telephonic notification pursuant to subsection (O)(2), the Office of Pipeline Safety shall:
 - a. Determine, based on the information provided by the operator and the availability, adequacy, and reliability of any pipeline testing laboratory operated by the operator, whether it is necessary to have the removed portion of pipeline tested at an independent laboratory; and

b. Telephonically notify the operator either:

- i. That the operator must have the removed portion of pipeline tested, in accordance with Office of Pipeline Safety directions, by an independent laboratory selected by the Office of Pipeline Safety as provided in subsection (P)(6), to determine the cause or causes of the failure; or
- ii. That the operator is not required to have the removed portion of pipeline tested by an independent laboratory and instead must conduct testing in its own pipeline testing laboratory, after which the operator may discard the removed portion of pipeline;

4. After providing telephonic notice as provided in subsection (P)(3)(b), the Office of Pipeline Safety shall confirm its notification in writing;

5. If the Office of Pipeline Safety directs testing by an independent laboratory:

a. The Office of Pipeline Safety shall:

- i. Determine, as provided in subsection (P)(6), the independent laboratory that will do the testing and the period of time within which the testing is to be completed;
- ii. Determine, based on the available information concerning the failure, the number and types of tests to be performed on the removed pipeline; and
- iii. Notify the operator of its determinations;

b. The operator shall:

- i. Contact the selected independent laboratory to arrange the scheduling of the required tests;
- ii. Notify the Office of Pipeline Safety, at least 20 days before the date of the tests, of the date and time scheduled for the laboratory tests;
- 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 test results are provided to the Office of Pipeline Safety by the independent laboratory within 30 days after the tests are completed; and
- v. Pay for the independent laboratory testing; and
- 6. In determining an independent laboratory to perform testing required under subsection (P), the Office of Pipeline Safety shall:
 - a. Submit to at least three different independent laboratories written requests for bids to conduct the testing;
 - b. Consider each responding laboratory's qualifications to perform the testing, as demonstrated by:
 - i. Past experience in performing the required test or tests according to ASTM International standards; and
 - ii. Any recognition that a laboratory may have received from a national or international laboratory accreditation body, such as through a certification or accreditation process;
 - c. Wait to select an independent laboratory until:
 - i. The Office of Pipeline Safety has received written bids from at least three different independent laboratories; or
 - ii. Thirty days have passed since the date of the request for bids, whichever comes sooner; and
 - d. Select the independent laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.

~~Q. Operators of a master meter system will file an annual report with the Commission on Commission Form MM-04, "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.~~

Q. An operator of a master meter system shall:

1. Telephonically notify the Office of Pipeline Safety, at 602-262-5601 during normal working hours or at 602-252-4449 at all other times, at the earliest practicable moment following discovery of any of the following:
 - a. An event involving a release of gas from a pipeline, along with any of the following:
 - i. A death or personal injury requiring hospitalization;
 - ii. Injury to any individual resulting in the individual's loss of consciousness;
 - iii. Estimated property damage, including the value of all released gas, in excess of \$5,000;
 - iv. Unintentional estimated gas loss of 3 million cubic feet or more;
 - v. An explosion or fire not intentionally set by the operator;
 - vi. A news media inquiry;
 - vii. An evacuation; or
 - viii. An outage;
 - b. An event involving 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%;
 - c. An event involving permanent or temporary discontinuance of gas service to a master meter system or any portion of a master meter system due to a failure of a leak test; or
 - d. An event that is significant, in the judgment of the operator, even though it does not meet any of the criteria listed in subsections (O)(1)(a) through (c);
2. Include the following information in a telephonic report under subsection (O)(1):
 - a. The names of the operator and the person making the report;
 - b. The job title of the person making the report;
 - c. The telephone numbers of the operator and the person making the report;
 - d. A description of the type and location of the event;
 - e. The time of the event;

- f. The number of fatalities and personal injuries, if any; and
- g. All other significant facts that are known by the operator and are relevant to the cause of the event or the extent of the damages; and
3. Not later than April 15 of each year, submit to the Office of Pipeline Safety an annual report for the prior calendar year, completed on Commission Form MM-04: "Annual Report for Calendar Year 20 , Small Operators of Gas Distribution System," which is included herein as Exhibit A.
- R. The Commission may waive compliance with any of the ~~aforementioned parts~~ requirements of this Section upon a finding that such a waiver is in the interest of public and pipeline safety.
- S. To ensure compliance with all applicable provisions of this rule Article, 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, electronic files, 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.~~