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SOUTHWEST GAS CORPORATION / ED

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AZ CORP COMMISSION
DOCKET CONTROL

August 8, 2013

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

Subject: Docket Nos. RG-00000A-13-0049

Please accept for filing an original and thirteen (13) copies of Southwest Gas Corporation's Comments in the Matter of the Proposed Amendments to Pipeline Safety Rules R14-5-201, R14-5-202, R14-5-203, R14-5-204 and R14-5-205 and the addition of new rules R14-5-206 and R14-5-207.

If you have any questions or comments, please do not hesitate to contact me at 702-876-7163.

Respectfully submitted,

Debra S. Gallo by emg

Debra S. Gallo, Director
Government & State Regulatory Affairs

Enclosures

Arizona Corporation Commission
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BEFORE THE ARIZONA CORPORATION COMMISSION

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) Docket No. RG-00000A-13-0049
AND R14-5-205 AND THE ADDITION OF NEW RULES)
R14-5-206 AND R14-5-207.)
_____)

COMMENTS OF SOUTHWEST GAS CORPORATION

Southwest Gas Corporation (“Southwest Gas” or “Company”) respectfully submits comments regarding the proposed amendments (the “Proposed Amendments”) to R14-5-201, R14-5-202, R14-5-203, R14-5-204, and R14-5-205 and the addition of new rules R14-5-206 and R14-5-207 (collectively “Rules”) to the A.A.C. in the above captioned matter. Southwest Gas is an interested party in this matter in as much as it owns, operates, and maintains intrastate natural gas transmission pipelines and intrastate distribution mains and services within the State of Arizona.

Southwest Gas supports many of the Proposed Amendments as they update the Arizona pipeline safety regulations and help establish consistency between the federal and state requirements. Southwest Gas, however, does maintain concerns about certain proposed amendments. These Comments address Southwest Gas’ concerns and discusses alternatives or solutions to remedy the Company’s concerns.

I. Comments on Proposed Amendments to R14-5-201

The Proposed Amendments revises the definitions of terms contained in R14-5-201. Southwest Gas offers comments on the following subsections of R14-5-201:

- Subsection 5 definition of “evacuation”
- Subsection 8 definition of “independent laboratory”
- Subsection 19 definition of “outage”
- Subsection 27 definition of “sour gas”
- Subsection 32 definition of “unknown failure”

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1 **A. Subsection 5 definition of “evacuation” – R14-5-201(5)**

2 Southwest Gas has concerns regarding the definition of the term “evacuation” as it pertains to
3 the inclusion of R14-5-201(5)(d) which provides:

4 A nonresidential building occupied by individuals who are confined, are of impaired
5 mobility, or would be difficult to evacuate because of their age or physical or mental
6 condition or capabilities, such as a hospital, prison, school, daycare facility, retirement
7 facility, or assisted living facility.

8 Southwest Gas is concerned that utilities, including Southwest Gas, may not be aware that
9 certain buildings that are evacuated would be a daycare facility, retirement facility or assisted living
10 facility. Such facilities can be located within residential areas and may not be identified as a daycare
11 facility, retirement facility or assisted living facility until after gas service is reestablished, if ever.
12 There is also a possibility that such facilities will never be identified as a daycare facility, retirement
13 facility or assisted living facility. For example, Southwest Gas would have no independent knowledge
14 of whether a facility that is evacuated is actually a licensed daycare facility or is simply a residence
15 where an individual looks after young children. Also, retirement or assisted living facilities vary as to
16 size and location. These types of facilities may be limited to caring for a few individuals and the
17 facility where they are located may be within a residential community. Southwest Gas recommends
18 further definition or explanation of the term “nonresidential building” as there may be commercial
19 facilities located within residential communities that are not otherwise identified as a commercial
20 enterprise.

21 As currently proposed, the definition of “evacuation” is overly broad and could result in
22 situations where a utility is in violation of the Rules because there was no reasonable manner for the
23 utility to identify a daycare facility, retirement facility or assisted living facility. Southwest Gas
24 suggests removal of “daycare facility, retirement facility or assisted living facility” from R14-5-
25 201(5)(d) or, alternatively, limit the applicability of R14-5-201(5)(d) to “when a utility has knowledge
26 of the existence of a nonresidential building . . .”

27 **B. Subsection 8 definition of “independent laboratory” – R14-5-201(8)**

28 Southwest Gas has reservations regarding the definition of “independent laboratory” because
the definition excludes all laboratories that may have a contract with an operator. Southwest Gas

1 utilizes multiple laboratories for testing in Arizona. The definition of “independent laboratory”, as
2 currently proposed, would exclude the Office of Pipeline Safety from using these same laboratories.
3 Southwest Gas understands the intent of the definition is to avoid conflicts of interest, however,
4 Southwest Gas believes that the mere existence of a contract for testing with an operator does not
5 necessarily automatically create such a conflict of interest. Southwest Gas believes that the existence
6 of a contract with an independent laboratory should be taken into account when deciding which
7 laboratory to assist with testing, but does not believe that such existence should automatically result in
8 disqualification of that laboratory. Such a stringent standard is too restrictive and may result in a
9 situation where the majority, if not all, of the viable laboratories are conflicted as a result of a contract
10 those laboratories had with the operator.¹

11 **C. Subsection 19 definition of “Outage” – R14-5-201(19)**

12 Southwest Gas’ concerns regarding the proposed definition of “outage” in R14-5-201(19) are
13 the same as those concerns discussed in Section I.A. above, the discussion of which is incorporated
14 herein by this reference. Southwest Gas believes that the inclusion of “daycare facility, retirement
15 facility or assisted living facility” in R14-5-201(19)(b) creates a situation where a utility may not be
16 able to identify such a facility until after gas service is reestablished, if it is able to identify such a
17 facility at all. Like above, Southwest Gas proposes the removal of “daycare facility, retirement facility
18 or assisted living facility” from R14-5-201(19)(b) or, alternatively, limit the applicability of R14-5-
19 201(19)(b) to “when a utility has knowledge of the existence of a nonresidential building”

20 **D. Subsection 27 definition of “sour gas” – R14-5-201(27)**

21 The definition of “sour gas” in R14-5-201(27) is troublesome because the definition does not
22 provide a minimum threshold for hydrogen sulfide for gas to be considered “sour gas”. As currently
23 proposed, the definition could result in gas being considered “sour gas” even if that gas only has trace
24 amounts of hydrogen sulfide. Southwest Gas proposes that the definition in R14-5-201(27) should be
25 revised so that gas is only considered “sour gas” if the gas includes a minimum threshold of “more
26 than 0.25 grain of hydrogen sulfide per 100 cubic feet (5.8 milligrams/m³) at standard conditions (4
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28 ¹ The use independent laboratories was also addressed and commented on by Southwest Gas in Docket No. RG-00000A-04-0169.

1 parts per million).” This minimum threshold is the standard set by the Pipelines and Hazardous
2 Materials Safety Administration (PHMSA) in 49 CFR §475(c). If R14-5-201(27) is not revised to
3 include the minimum threshold, there will be inconsistency between 49 CFR §475(c), the Tariffs for
4 the interstate pipelines (i.e., El Paso Natural Gas and Transwestern) and R14-5-201(27).

5 **E. Subsection 32 definition of “unknown failure” – R14-5-201(32)**

6 In R14-5-201(32)(a), Southwest Gas proposes the replacement of the term “observable external
7 corrosion” with the term “observable corrosion”. Southwest Gas believes that the removal of the term
8 “external” would eliminate the unnecessary exclusion of observable internal corrosion or stress
9 corrosion cracking from the definition of “unknown failure.”

10 **II. Comments on Proposed Amendments to R14-5-202**

11 **A. Subsection R – R14-5-202(R)**

12 Southwest Gas’ concerns regarding the proposed requirements for conducting transmission
13 pipeline leakage surveys at least twice a year, not to exceed 7-1/2 months, and repairing underground
14 leaks classified as grade two or three either upon discovery or within one year after discovery, stem
15 from the key principles of transmission integrity management. According to ASME (American
16 Society of Mechanical Engineers) Managing System Integrity of Gas Pipelines, B31.8s-2004,
17 “integrity management program provides the information for an operator to effectively allocate
18 resources for appropriate prevention, detection, and mitigation activities that will result in improved
19 safety and a reduction in the number of incidents” (ASME, B31.8s-2004, Section 1.2). Although both
20 proposed requirements are above and beyond current requirements, they are not based on supporting
21 risk information that Southwest Gas is aware of, and may divert resources from other activities that
22 could reduce risk. Southwest Gas is already required to identify and implement appropriate
23 prevention, detection, and mitigation activities per 192.935. Southwest Gas recommends the removal
24 of this section or, alternatively, proposes leak survey requirements twice a year, not to exceed 7 ½
25 months, on Class 3, 4, and HCAs within Class 1 and 2, and repairs of Grade 2 or 3 leaks confirmed on
26 transmission pipelines shall be repaired within 12 months, not to exceed 15 months of discovery.

1 **B. Subsection S – R14-5-202(S)**

2 Southwest Gas supports the inclusion of the requirement for nondestructive testing for each
3 weld performed on newly installed, replaced or repaired intrastate transmission pipeline or an
4 appurtenance. However, Southwest Gas believes that operators should be afforded at least a 5-day
5 window to complete such testing. Southwest Gas is concerned that with weekends and holidays,
6 operators may not be able to complete such testing on the day the weld is made.

7 **III. Comments on Proposed Amendments to R14-5-203**

8 **A. Subsection (B)(1)(a) – R14-5-203(B)(1)(a)**

9 Southwest Gas believes that R14-5-203(B)(1)(a) should be revised to only pertain to an
10 “operator’s pipeline”. As currently drafted, the proposed amendment to R14-5-203(B)(1)(a) would
11 require an operator to report release of gas discovered from any pipeline, regardless of whether or not
12 the operator owns and operates the pipeline. Southwest Gas proposes that R14-5-203(B)(1)(a) be
13 revised as follows:

14 Release of gas or LNG from **an operator’s** pipeline or LNG facility, when any of the
15 following results: . . . (emphasis added on insertion)

16 If revised to limit the requirements to an operator’s pipeline, R14-5-203(B)(1)(a) would
17 properly assign the responsibility for notifying the Office of Pipeline Safety to the owner and operator
18 of the pipeline that experienced the release of gas.

19 **B. Subsection (B)(1)(a)(v) – R14-5-203(B)(1)(a)(v)**

20 Southwest Gas believes that the requirement to “immediately” notify the Office of Pipeline
21 Safety of all “unintentional release of gas from a transmission pipeline” is overly broad. This mandate
22 would require operators to report all leaks, including non-hazardous Grade 2 and Grade 3 leaks. These
23 types of leaks have historically not been required to be reported because they are considered non-
24 hazardous leaks. Furthermore, information regarding Grade 2 and Grade 3 leaks and actions taken to
25 address them are typically obtained during audits.

26 In addition to being unnecessary, requiring operators to “immediately” notify the Office of
27 Pipeline Safety of the unintentional release of gas from a transmission pipeline creates practical issues
28 for the operators. For example, an operator may discover a leak where transmission and distribution

1 pipelines are in close proximity, but may not know which facility the leak emanates from until the
2 operator has had an opportunity to excavate the location of the leak. Depending on the severity of the
3 leak, excavation may occur immediately or may occur weeks after initial discovery of the leak. As
4 drafted, R14-5-203(B)(1)(a)(v) may result in operators either reporting leaks that are not on
5 transmission pipeline or may result in operators reporting leaks sometime after the leak was initially
6 discovered, but immediately after the operator has had an opportunity to verify that the leak stems
7 from a transmission pipeline.

8 In the alternative, Southwest Gas would be amenable to a telephonic report of any Grade 1 leak
9 of transmission pipeline. The timing for this report should be upon discovery of the leak of a
10 transmission pipeline.

11 **IV. Conclusion**

12 Southwest Gas appreciates the opportunity to file these comments. Southwest Gas supports
13 many of the Proposed Amendments and the Commission's efforts to amend the Rules. Southwest Gas
14 has identified several areas within the Proposed Amendments that it believes can be improved and has
15 included viable alternatives to the existing Proposed Amendments. Southwest Gas requests the
16 Commission take these comments and alternatives into consideration as the Commission deliberates
17 the Proposed Amendments.

18 Respectfully submitted this 9th day of August, 2013.

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20 SOUTHWEST GAS CORPORATION

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing **COMMENTS OF SOUTHWEST GAS CORPORATION** by mailing a copy, properly addressed, with postage prepaid, to each of the following individuals:

ORIGINAL and 13 COPIES of the foregoing filed this 9th day of August 2013, with:

Docket Supervisor
Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Dated at this 9th day of August 2013.


An employee of
SOUTHWEST GAS CORPORATION

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