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0000150485

ARIZONA CORPORATION COMMISSION

ORIGINAL

MEMORANDUM

TO: Docket Control

FROM: Betty Camargo 
Paralegal, Legal Division

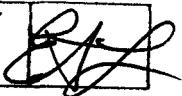
DATE: December 17, 2013

RE: NOTICE OF ATTORNEY GENERAL APPROVAL OF FINAL PIPELINE
SAFETY RULES A.A.C. R14-5-201 through R14-5-205 and the addition of new
rules R14-5-206 and R14-5-207

Arizona Corporation Commission

DOCKETED

DEC 17 2013

DOCKETED BY 

DOCKET NO. RG-00000A-13-0049

Attached is the Attorney General's approval letter of Final Rules for Pipeline Safety. The final rulemaking package has been forwarded to the Secretary of State. The rules are effective immediately in accordance with A.R.S. § 41-1032.

RECEIVED
2013 DEC 17 P 3:55
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL



SECRETARY OF STATE

2013 DEC 16 PM 2:06

FILED

TOM HORNE
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL
CIVIL DIVISION/LICENSING ENFORCEMENT SECTION

December 16, 2013



Charles Hains
Staff Attorney, Legal Division
Arizona Corporation Commission
1200 W Washington Street
Phoenix, Arizona 85007

RG-00000A-13-0049

RE: A.G. Rule No. 13-0005; A.A.C. R14-5-201 through R-14-5-205 and the addition of new rules R14-5-206 and R14-5-207

Dear Mr. Hains,

We have reviewed the above-referenced rule adopted by the Corporation Commission. We have determined that the rule is in proper form, is clear, concise and understandable, within the power of the agency to adopt and within legislative standards, and was adopted in compliance with appropriate procedures. In addition, we have determined that the Corporation Commission has demonstrated that the rule needs to be effective immediately in accordance with A.R.S. § 41-1032.

Accordingly, pursuant to A.R.S. § 41-1044, I have affixed my signature to the original Approval of Final Rules and have forwarded it together with the original rule, notice of final rulemaking, and economic, small business, and consumer impact statement and four copies of each to the Secretary of State, I have affixed my signature to the original Approval of Final Rules and have forwarded it together with the original rule, notice of final rulemaking, and economic, small business, and consumer impact statement and four copies of each to the Secretary of State.

We have enclosed a copy for your reference

Sincerely,

Tom Horne
Attorney General

Enclosure

SECRETARY OF STATE

ATTORNEY GENERAL APPROVAL OF FINAL RULES

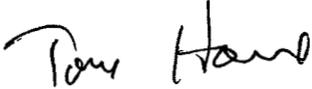
2013 DEC 16 PM 2:06

FILED

1. **Agency Name:** Arizona Corporation Commission
2. **Chapter Heading:** Corporation Commission - Transportation
3. **Code Citation for the Chapter:** 14 A.A.C. 5
4. **The Articles and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

<u>Sections</u>	<u>Action</u>
Article 2	
R14-5-201	Amend
R14-5-202	Amend
R14-5-203	Amend
R14-5-204	Amend
R14-5-205	Renumber
R14-5-205	New Section
R14-5-206	New Section
R14-5-207	Renumber
R14-5-207	Amend

5. **The rules contained in this package are approved as final rules pursuant to A.R.S. § 41-1044 and the Attorney General has determined that the rules comply with A.R.S. § 41-1032 and the rules are effective immediately upon filing.**



TOM HORNE
Attorney General

10/16/13

Date

AGENCY CERTIFICATE
NOTICE OF FINAL RULEMAKING

SECRETARY OF STATE

2013 DEC 16 09:2:06

FILED

1. Agency name: Arizona Corporation Commission
2. Chapter heading: Corporation Commission – Transportation
3. Code citation for the Chapter: 14 A.A.C. 5
4. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, in numerical order:

Article, Part, or Section Affected (as applicable) Rulemaking Action

Article 2

R14-5-201 Amend

R14-5-202 Amend

R14-5-203 Amend

R14-5-204 Amend

R14-5-205 Renumber

R14-5-205 New Section

R14-5-206 New Section

R14-5-207 Renumber

R14-5-207 Amend

5. The rules contained in this package are true and correct as (choose one: proposed or made):

Made

6. 
Signature of Agency Chief Executive Officer in ink

Jodi Jerich
Printed or typed name of signer


Date signed

Executive Director
Title of signer

NOTICE OF FINAL RULEMAKING

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

2013 DEC 16 12:06

CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION
ARTICLE 2. PIPELINE SAFETY

FILED

PREAMBLE

<u>1. Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
R14-5-201	Amend
R14-5-202	Amend
R14-5-203	Amend
R14-5-204	Amend
R14-5-205	Renumber
R14-5-205	New Section
R14-5-206	New Section
R14-5-207	Renumber
R14-5-207	Amend

2. Citations to the agency’s statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 40-441

Implementing statute: Arizona Constitution, Article XV, § 3

3. The effective date of the rule:

a. If the agency selected a date earlier than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):

Immediately upon filing in the Office of the Secretary of State after Attorney General certification per A.R.S. §§ 41-1032(A), 41-1044 and 41-1057. Immediate effectiveness of these rule amendments is justified under A.R.S. § 41-1032(A)(1) and (2), to preserve the public health and safety and to avoid a violation of the PHMSA deadline for the Commission to adopt regulations conforming to the current federal regulations for

pipeline safety. Because the rule amendments deal directly with the handling of natural gas and other hazardous liquids transmitted through pipelines, the rule amendments will preserve the public health or safety.

- b. If the agency selected a date later than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):

Not applicable

4. Citations to all related notices published in the *Register* as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 19 A.A.R. 1742

Notice of Proposed Rulemaking: 19 A.A.R. 1723

5. The agency's contact person who can answer questions about the rulemaking:

Name: Charles Hains, Commission Counsel, Legal Division

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

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: Chains@azcc.gov

Web site: www.azcc.gov

6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

The purpose of the proposed rules would be to amend R14-5-201, R14-5-202, R14-5-203, R14-5-204, renumbering R14-5-205 and adding new rules R14-5-206 and R14-5-207, of the Pipeline Safety Rules.

The amendments to R14-5-201 will update the meanings of the definitions and add definitions for several terms used within the rules. The amendments to R14-5-202, R14-5-

203 and R14-5-204 are revised for clarity and to update incorporations by reference of the most recent amendments to the Code of Federal Regulations (“CFR”), Title 49.

R14-5-205 (Master Meter System Operators) is renumbered as R14-5-207. New rule R14-5-205 (Commission Investigations) is added.

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

Renumbered rule R14-5-207 is modified for clarity.

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

None

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

Not applicable

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

Small Business Subject to the Rules: These rules do not change the responsibilities of master meter operators already established in 1970 by the adoption by the Commission of the Code of Federal Regulations, Title 49, Parts 191 and 192.

The new rules will have no effect upon consumers or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by maintaining a safe pipeline system.

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

- 10. A description of any changes between the proposed rulemaking, to include supplemental notices, and the final rulemaking:**

The following clarifying changes were made to the final rulemaking:

- a. In the Table of Contents for Article 2, the title for R14-5-203 should appear as follows: “Pipeline Incident Reports ~~and Investigations~~”;
- b. In R14-5-201(5)(d), the words “known or discovered to be” were inserted after “A nonresidential building”;
- c. In R14-5-201(8), the definition of “Independent laboratory” was revised to read as follows: “‘Independent laboratory’ means a laboratory that is not owned or operated by the operator and that has no affiliation with the operator through ownership, familial relationship, or contractual or other relationship that results in the laboratory being controlled by or under common control with the operator.”;
- d. In R14-5-201(19), the words “known or discovered to be” were inserted after “To a nonresidential building”;
- e. In R14-5-201(27), the definition of “Sour gas” was revised to read as follows: “‘Sour gas’ means natural gas that contains the corrosive sulfur-bearing compound hydrogen sulfide (H₂S) in a concentration that exceeds a minimum threshold of 0.25 grain of hydrogen sulfide per 100 cubic feet (5.8 milligrams/m³) under standard operating conditions (4 parts per million).”;
- f. In R14-5-201(32), the definition of “Unknown failure” was revised by deleting the word “external”;
- g. In R14-5-202(S), the following sentence was inserted after the first sentence: “The nondestructive testing shall be completed before the newly welded area of the pipeline or appurtenance is used for service.”;
- h. At R14-5-203, the section title should appear as follows: “Pipeline Incident Reports ~~and Investigations~~”;
- i. In R14-5-203(B)(1), the following language was added before the colon: “related to the operator’s intrastate pipeline system”;
- j. In R14-5-203(C)(3), in the sixth line, “resulting” was deleted;
- k. In R14-5-205(A), before the period at the end of the sentence, the following language was added: “and may investigate other incidents, accidents, or events”;
- l. In R14-5-207(Q)(1), the following language was added before the colon: “related to the operator’s master meter system”;

11. An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:

Written Comments on Notice of Proposed Rulemaking	
Public Comment	Commission Response
Rulemaking generally: Southwest Gas Corporation (“SWG”) stated that it supports many of the proposed amendments as they update Arizona’s pipeline safety regulations and help establish consistency between federal and state requirements.	The Commission acknowledges the supportive comment. No change is needed in response to this comment.
R14-5-201(5)(d): SWG expressed concern about the definition of “evacuation” because a utility	Staff recognized SWG’s concerns and proposed a revision to the definition.

<p>could be unaware that a building is used as a daycare facility, retirement facility, or assisted living facility. SWG stated that the definition is overly broad and could result in a utility's violating the rules because there was no reasonable manner for the utility to identify a building as a daycare facility, retirement facility, or assisted living facility. SWG suggested that "daycare facility, retirement facility, or assisted living facility" be removed from the definition or, alternatively, that R14-5-201(5)(d) be limited to "when a utility has knowledge of the existence of a nonresidential building"</p>	<p>The Commission will address SWG's concerns by inserting the words "<u>known or discovered to be</u>" after "<u>A nonresidential building.</u>"</p>
<p>R14-5-201(8): SWG expressed concern about the definition of "independent laboratory" because SWG interprets the definition as excluding all laboratories that may have a contract with an operator. SWG stated that this is an overly restrictive standard that may result in the disqualification of most, if not all, viable laboratories and that the existence of a contract with an operator may not create a conflict of interest, although it could be taken into account in determining what laboratory should perform testing.</p>	<p>Staff disagreed with SWG's interpretation, stating that only a relationship between a laboratory and the operator for whom investigation is ordered would be precluded. Staff did not recommend any change.</p> <p>The Commission will clarify the definition by revising it to read as follows: "<u>'Independent laboratory' means a laboratory that is not owned or operated by the operator and that has no affiliation with the operator through ownership, familial relationship, or contractual or other relationship that results in the laboratory being controlled by or under common control with the operator.</u>"</p>
<p>R14-5-201(19): SWG expressed the same concern about the definition of "outage" as it had expressed regarding the definition of "evacuation" and suggested the same alternate revisions to address its concern.</p>	<p>Staff recognized SWG's concerns and proposed a revision to the definition.</p> <p>The Commission will address SWG's concerns by inserting the words "<u>known or discovered to be</u>" after "<u>To a nonresidential building.</u>"</p>
<p>R14-5-201(27): SWG expressed concern about the proposed definition of "sour gas" because it did not provide a minimum threshold of hydrogen sulfide content for gas to be considered "sour gas" and could result in gas with only a trace amount of hydrogen sulfide being categorized as "sour gas." SWG suggested that the definition be revised to include a minimum threshold of "more than 0.25 grain of hydrogen sulfide per 100 cubic feet (5.8</p>	<p>Staff found the suggested clarification to be reasonable and proposed a revision to the definition.</p> <p>The Commission will address SWG's concerns by revising the definition, consistent with the PHMSA standard set in 49 CFR § 192.475(c), to read as follows: "<u>'Sour gas' means natural gas that contains the corrosive sulfur-bearing</u></p>

<p>milligrams/m³) at standard conditions (4 parts per million),” which SWG stated is the standard set by PHMSA in 49 CFR § 475(c).</p>	<p><u>compound hydrogen sulfide (H₂S) in a concentration that exceeds a minimum threshold of 0.25 grain of hydrogen sulfide per 100 cubic feet (5.8 milligrams/m³) under standard operating conditions (4 parts per million).”</u></p>
<p>R14-5-201(32)(a): SWG proposed that the term “observable external corrosion” be replaced with “observable corrosion” to eliminate the unnecessary exclusion of observable internal corrosion or stress corrosion cracking from the definition of “unknown failure.”</p>	<p>Staff agreed with SWG’s suggested change and recommended that it be made. The Commission will revise the definition of “Unknown failure” by deleting the word “<u>external</u>.”</p>
<p>R14-5-202(R): SWG expressed concern regarding the proposed requirement for transmission pipeline leakage surveys to be conducted at least twice a year, not more than 7 1/2 months apart, and for repairing underground leaks classified as grade 2 or 3 either upon discovery or within one year after discovery. SWG stated that although both proposed requirements exceed current requirements, SWG believes that they are not based on supporting risk information of which SWG is aware and may divert resources from other activities that could reduce risk. SWG cited American Society of Mechanical Engineers (“ASME”), Managing System Integrity of Gas Pipelines, B31.8s-2004, Section 1.2 as supporting integrity management programs that allow operators to allocate resources to prevention, detection, and mitigation activities that will result in improved safety and a reduction in incidents. SWG stated that it is already required to identify and implement appropriate prevention, detection, and mitigation activities per 49 CFR § 192.935 and recommended that this subsection be removed or, alternatively, that the rule require leak surveys twice a year, no more than 7 1/2 months apart, on Class 3, 4, and HCAs within Class 1 and 2, and that Grade 2 or 3 leaks confirmed on transmission pipelines “be repaired within 12 months, not to exceed 15 months of discovery.”</p>	<p>While Staff acknowledged the existence of regulations and standards, such as the referenced ASME standard, addressing similar issues of leak detection and mitigation and other risks to pipeline, Staff disagreed that the proposed subsection should be removed or modified as proposed by SWG. Staff stated that because of the increased operational pressures and increased severity of catastrophic failures associated with transmission pipelines (versus distribution systems), time spent eliminating leaks on transmission pipeline is time well spent. Staff further stated that the rule would not hamper SWG’s ability to manage other risks associated with its pipeline system operation.</p> <p>Balancing the potential benefits against the expected burdens, the Commission finds that the enhancements advocated by Staff are reasonable and appropriate and should be adopted. Staff asserted that the increased operational pressures, and the increased severity of catastrophic failures, associated with transmission pipeline leaks versus lower pressure distribution system leaks, merit the enhancements of the rule. SWG has not asserted that the rule will result in increased operational costs or a need for additional resources. Because the preventative requirements should enhance safety and could prevent</p>

	<p>significant hazards, damage, and costs, the Commission will not make a change in response to this comment. The Commission notes, however, that the rule could be revisited under the proposed R14-5-202(V) if it unexpectedly becomes an undue burden not in the interest of public and pipeline safety.</p>
<p>R14-5-202(S): SWG stated that it supports the requirement for nondestructive testing for each weld performed on newly installed, replaced, or repaired intrastate transmission pipeline or an appurtenance, but proposed that operators be provided at least a five-day window to complete the testing, as weekends and holidays may cause delay.</p>	<p>Staff stated that the subsection does not currently include a deadline for the testing to be completed, but that Staff would require an operator to remove pipe or an appurtenance from service if the operator failed to complete the nondestructive testing. Staff stated that this provides an operator flexibility because all of the testing on a large project could be completed at the end of the project, even though the welding may have been completed more than five days earlier.</p> <p>The Commission agrees with Staff that flexibility in the timing of the testing is appropriate and that the important thing is that the testing be completed before transmission pipeline or an appurtenance with a new weld is placed into service. Thus, the Commission will insert the following sentence after the first sentence of R14-5-202(S): <u>“The nondestructive testing shall be completed before the newly welded area of the pipeline or appurtenance is used for service.”</u></p>
<p>R14-5-203(B)(1)(a): SWG stated that this subsection should be revised to read “Release of gas or LNG from an operator’s pipeline or LNG facility,” because failure to narrow the subsection to an operator’s own facilities would result in an operator’s being required to report release of gas from any pipeline, regardless of ownership and operational responsibility.</p>	<p>Staff stated that the language is sufficiently clear in the placement of the obligation solely on the operator for the operator’s own pipeline.</p> <p>While the Commission does not believe it likely that the proposed language would be interpreted as broadly as suggested by SWG, the Commission will clarify the rule by adding the following language in R14-5-203(B)(1), immediately before the colon: <u>“related to the operator’s intrastate pipeline system.”</u></p>

<p>R14-5-203(B)(1)(a)(v): SWG expressed concern that the requirement to provide immediate notification of all unintentional release of gas from a transmission pipeline is overly broad because it would require operators to report all leaks, including Grade 2 and Grade 3 leaks, which SWG stated are considered non-hazardous. SWG also expressed concern that the responsibility to provide notice immediately would create practical issues for operators when transmission and distribution pipelines are in close proximity, because an operator may not be able to tell which pipeline has the leak until after excavation, which could be weeks later if the leak is not severe. SWG stated that the subsection may result in reporting of leaks that are not from transmission pipeline or reporting of leaks sometime after discovery but immediately after the leaks are determined to be from transmission line. SWG stated that it would be amenable to a requirement to make a telephonic report upon discovery of any Grade 1 leak from transmission pipe.</p>	<p>Staff disagreed with SWG's statement that the requirement to report any unintentional release of gas from a transmission pipeline is overly broad. Staff stated that the subsection is intended to require operators to make such reports, because the high pressures on transmission lines, and the increased threat of catastrophic failure from leaks on transmission lines, can easily and quickly escalate the severity of the circumstance. Staff stated that it would expect an operator, when faced with a leak in an area where transmission and distribution lines are in close proximity, not to wait to excavate to determine which of the two lines was leaking, regardless of the readings.</p> <p>The Commission agrees with Staff and will make no change in response to this comment.</p>
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Oral Comments on Notice of Proposed Rulemaking	
Public Comment	Commission Response
<p>Copper Market Gas, Incorporated appeared at the oral proceeding, but declined to make any comments other than to state that it was monitoring the rulemaking and had no objection to the changes proposed.</p>	<p>The Commission acknowledges the comment.</p> <p>No change is needed in response to this comment.</p>
<p>SWG appeared at the oral proceeding and indicated that it stood by its written comments.</p>	<p>The Commission acknowledges the comment.</p> <p>No change is needed in response to this comment.</p>

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

- a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**

None

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

The rule amendments bring the state rules into conformity with the federal law, thereby paralleling the federal law and therefore are neither more nor less stringent than the federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

None

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

- 49 CFR 40 (October 1, 2012) adopted in R14-5-202(B)
- 49 CFR 191 (October 1, 2012) adopted in R14-5-202(B)
- 49 CFR 192 (October 1, 2012), except I(A)(2) and (3) of Appendix D to part 192 adopted in R14-5-202(B)
- 49 CFR 193 (October 1, 2012) adopted in R14-5-202(B)
- 49 CFR 195 (October 1, 2012), except 195.1(b)(2), (3), and (4) adopted in R14-5-202(B)
- 49 CFR 199 (October 1, 2012) adopted in R14-5-202(B)

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

Not applicable

15. The full text of the rules follows:

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

Section

R14-5-201. 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 known or discovered to be 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 the operator and that has no affiliation with the operator through ownership, familial relationship, or contractual or other relationship that results in the laboratory being controlled by or under common control with the operator.
- 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 known or discovered to be 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 ~~those~~ 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 Conshocken, PA, 19428-2959.

27. “Sour gas” means natural gas that contains the corrosive sulfur-bearing compound hydrogen sulfide (H₂S) in a concentration that exceeds a minimum threshold of 0.25 grain of hydrogen sulfide per 100 cubic feet (5.8 milligrams/m³) under standard operating conditions (4 parts per million).
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 ~~I(2) and (3)~~ (I)(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~~ 49 CFR 191; ; 49 CFR 192.727(g)(1), 192.913(b)(1)(vii), 192.943(a), 192.949(a)-(b), and 192.951; 49 CFR 193 Subpart A; and 49 CFR 195 Subpart Subparts 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:
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)~~ (I)(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~~ 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:~~ according to the standards provided below, which modify 49 CFR 192.706 and 192.723: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(c) (1983 Revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ASME, 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; 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; published by and available from ASME, Three Park Avenue,

New York, NY 10016-5990; and modified by replacing “should” with “shall” each time it appears.

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.~~
- c. ~~Select the laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.~~
- d. ~~The Office of Pipeline Safety shall not select a laboratory pursuant to this subsection before either of the following, whichever occurs first:~~
 - i. ~~The Office of Pipeline Safety has received written bids from at least three different laboratories.~~
 - ii. ~~Thirty days from the date of the request for bids has passed.~~

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. The nondestructive testing shall be completed before the newly welded area of the pipeline or appurtenance is used for service. 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:

- 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 liquidsliquid, natural gas or other gas will complycomplies 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 related to the operator's intrastate pipeline system:
 - 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.~~shoreline~~;
 - 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 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. An incident involving an evacuation, outage, or property damage and resulting in expenses including the value of any released gas and of restoring service or evacuation 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 reoccurrence. 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.~~
 - c. ~~— Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:~~
 - i. ~~— Not otherwise reportable under this Section;~~
 - ii. ~~— Not one described in 49 CFR 195.52(a)(4); (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 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://opsweb.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://opsweb.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://opsweb.phmsa.dot.gov/>. PHMSA at <https://portal.phmsa.dot.gov/pipeline>.~~

R14-5-205. Commission Investigations

- A. 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 and may investigate other incidents, accidents, or events.
- B. While investigating an incident, accident, or event, the Commission, or an authorized agent of the Commission may:

1. Inspect all plant and facilities of a pipeline system and all other property of a pipeline system operator;
2. Inspect the books, papers, business methods, and affairs of a pipeline system operator;
3. Make inquiries regarding and interview persons having knowledge of facts surrounding an incident or accident;
4. Attend, as an observer, all hearings and formal investigations concerning a pipeline system operator;
5. Schedule and conduct a public hearing into the incident or accident; and
6. 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 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. An operator of a master meter system shall comply with this Section as a condition of receiving service from a provider. Noncompliance with this Section by an operator of a master meters system constitutes 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 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, 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.

~~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~~ 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(e), 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:
1. 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;
 2. Except for LPG, perform each leakage survey in accordance with ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material,

Appendix G-11-1983, other than 4.4(c), as incorporated by reference in R14-5-202(Q);

3. For LPG, perform each leakage survey in accordance with ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11A-1983, as incorporated by reference in R14-5-202(Q); and
4. Repair each grade 1 leak immediately upon discovery, each grade 2 leak within 30 days of discovery, and each grade 3 leak within one year of discovery.

~~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 (Q) 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 (Q)(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 related to the operator's master meter system:
 - 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 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 (Q)(1)(a) through (c);
2. Include the following information in a telephonic report under subsection (Q)(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 ~~forementioned 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.~~

EXHIBIT A

**ANNUAL REPORT FOR CALENDAR YEAR _____
 SMALL OPERATORS OF GAS DISTRIBUTION SYSTEM**

<u>FACILITY INFORMATION</u>		<u>OPERATOR/OWNER</u>	
NAME OF FACILITY _____		NAME _____	
ADDRESS OF FACILITY _____		ADDRESS _____	
CITY _____	COUNTY _____	CITY _____	
STATE _____	ZIP CODE _____	STATE _____	ZIP CODE _____
FACILITY E-MAIL ADDRESS _____		OPERATOR E-MAIL ADDRESS _____	
AREA CODE _____	TELEPHONE _____	AREA CODE _____	TELEPHONE _____

FACILITY TYPE: MHP _____ APT/CONDO _____ SCHOOL _____ BUSINESS _____ # OF BLDG _____

SYSTEM INFORMATION		FEET OF PIPE	FOR UNDERGROUND STEEL SYSTEMS DATE OF LAST C/P CHECK IN CAL. YR. ____ / ____ / ____ <small>(If no tests were conducted in _____, please write "None Conducted")</small>
UNDERGROUND STEEL PIPE			DATE OF LEAK SURVEY CONDUCTED IN CAL. YR. ____ / ____ / ____ <small>(If no tests were conducted in _____, please write "None Conducted")</small>
ABOVEGROUND STEEL PIPE			
UNDERGROUND PE PLASTIC PIPE			TOTAL LEAKS IN SYSTEM DURING LAST CAL. YEAR _____ CAUSE: CORROSION _____ THIRD PARTY DAMAGE _____ CONSTRUCTION DEFECT _____ MATERIAL DEFECT _____ OTHER _____ NUMBER OF KNOWN LEAKS AT END OF YEAR _____
UNDERGROUND PVC PLASTIC PIPE			
TOTAL FEET OF PIPE IN SYSTEM			
NOTE: (if you have any comments or concerns, please note in this box)			

PREPARED BY (TYPE OR PRINT) _____	AREA CODE _____	TELEPHONE _____
NAME AND TITLE PERSON SIGNING _____	AUTHORIZED SIGNATURE _____	

**MAIL TO: 2200 N. Central Ave., Suite #300, Phoenix, Arizona 85004
 FAX TO: (602) 262-5620 – OR EMAIL TO: safety@azcc.gov**

WILL NOT
BE
DELIVERED
WITHOUT
PROPER
POSTAGE

**ARIZONA CORPORATION COMMISSION
OFFICE OF PIPELINE SAFETY – GAS SAFETY PROGRAM
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ECONOMIC IMPACT STATEMENT

1. **BRIEF DESCRIPTION:** This rulemaking will modify Arizona Administrative Code (“A.A.C.”) Title 14, Chapter 5, Article 2, the Arizona Corporation Commission’s rules for Pipeline Safety, by amending A.A.C. R14-5-201 through R14-5-204, renumbering the existing R14-5-205 and amending it at its new location at R14-5-207, separating an existing requirement into a new R14-5-205, and adopting a new rule at R14-5-206. The primary purpose of this rulemaking is to bring the Commission’s Pipeline Safety rules into compliance with federal requirements by updating the rules’ incorporations by reference of various parts of Title 49 of the Code of Federal Regulations (“49 CFR”). The other modifications to the rules are designed to make the rules more clear, concise, and understandable and to enhance several safety requirements.

2. **NEED FOR THE RULEMAKING:** Under Title 49, § 60105 of the U.S. Code (“49 U.S.C. § 60105”), the Commission holds certification from the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (“PHMSA”) authorizing the Commission to prescribe and enforce safety standards and practices for intrastate pipeline facilities and intrastate pipeline transportation. To maintain certification, the Commission’s Pipeline Safety Section must annually submit to PHMSA a certification stating, *inter alia*, that the Commission (1) has regulatory jurisdiction over the standards and practices to which the certification applies; (2) has adopted, by the date of certification, each applicable standard prescribed under 49 U.S.C. Chapter 601 or, if the standard was prescribed no later than 120 days before certification, is taking steps to adopt the standard; and (3) is enforcing each adopted standard through means including inspections by qualified Commission employees. (*See* 49 U.S.C. § 60105(a), (b).) The certification filing must also identify the persons subject to the Commission’s safety jurisdiction, describe specific types of reported accidents or incidents during the past 12 months, provide an investigation summary for each accident or incident, and describe the

Commission's regulatory and enforcement practices. (49 U.S.C. § 60105(c).) The PHMSA may reject certification for a state authority if it determines that the state authority is not satisfactorily enforcing compliance with the applicable federal safety standards of 49 U.S.C. Chapter 601. (49 U.S.C. § 60105(f).) A state authority that carries out a safety program pursuant to certification under 49 U.S.C. § 60105 is eligible to obtain grant funding from PHMSA of up to 80 percent of the state authority's costs for the personnel, equipment, and activities reasonably required to carry out the program for the next calendar year. (49 U.S.C. § 60107(a).) One of the performance factors considered by PHMSA when determining the allocation of grant funds to a state authority is whether the state has adopted the applicable federal pipeline safety standards. (49 CFR § 198.13(c)(7).) PHMSA can withhold payment if it determines that a state authority is not satisfactorily carrying out its safety program. (49 U.S.C. § 60107(b).)

The Commission's Pipeline Safety rules currently incorporate by reference 49 CFR 40, 191, 192 except I(2) and (3) of Appendix D to Part 192, 193, 195 except 195.1(b)(2) and (3), and 199, revised as of October 1, 2010. This rulemaking will update the incorporations by reference to adopt 49 CFR 40; 191; 192 except (I)(A)(2) and (3) of Appendix D to Part 192; 193; 195 except 195.1(b)(2), (3), and (4); and 199, revised as of October 1, 2012. The rulemaking will also update the forms to be used for reporting, consistent with federal requirements.

Additionally, the rulemaking will make organizational and language changes and add a number of definitions to make the rules more clear, concise, and understandable. For transmission pipelines transporting gas, the rulemaking will also enhance the safety standards for leakage surveys, repairs of underground leaks, and testing of welds on pipelines or appurtenances operating at or above 20 percent of specified minimum yield strength. The rulemaking will broaden some of the reporting criteria for incidents, such as by requiring reporting when a failure in a pipeline transporting hazardous liquid results

in injury with loss of consciousness, an inability to leave the scene unassisted, or a need for medical treatment, as opposed to only requiring reporting when such an incident results in death or an injury requiring hospitalization. The rulemaking adds a new section specifically requiring drug and alcohol testing of pipeline facility and liquefied natural gas (“LNG”) facility workers to be performed in compliance with 49 CFR 199, which is not a new requirement, but a clarification because 49 CFR 199 has been incorporated by reference for some time. The rulemaking will also revise the master meter system rules to clarify its requirements; set forth requirements for cathodic protection of new, repaired, replaced, or relocated lines; clarify leakage survey requirements and impose deadlines for leak repairs based on grade; and clarify reporting requirements.

3. AFFECTED CLASSES OF PERSONS:

- A. Intrastate operators of natural gas and other gas pipelines.
- B. Intrastate operators of hazardous liquid pipelines.
- C. Operators of master meter gas distribution systems.
- D. The general public (residents of and visitors to Arizona).

4. PROBABLE IMPACTS ON AFFECTED CLASSES OF PERSONS:

- A. Operators of natural gas and other gas pipeline systems who are already complying with current federal pipeline safety regulations will experience only minimal impacts from the enhanced safety standards described above. These operators will also experience significant but unquantifiable benefits from the increased clarity, conciseness, and understandability of the requirements in the rules. In addition, if the enhanced safety standards described above result in prevention of future incidents, such prevention may result in significant and quantifiable benefits.

B. Operators of pipeline systems transporting hazardous liquids who are already complying with current federal pipeline safety regulations will experience only minimal impacts from the broadened reporting requirements described above. These operators will also experience significant but unquantifiable benefits from the increased clarity, conciseness, and understandability of the requirements in the rules.

C. Master meter system operators who are already complying with current federal pipeline safety regulations will experience only minimal impacts from the requirements for cathodic protection of new, repaired, replaced, or relocated lines and from the leak repair deadlines based on grade. These operators will also experience significant but unquantifiable benefits from the increased clarity, conciseness, and understandability of the requirements in the applicable rule and, if the enhanced/clarified safety standards for cathodic protection and leak repair timing result in prevention of future incidents, may also receive significant and quantifiable benefits therefrom.

D. The general public should receive significant but unquantifiable benefits from the enhanced clarity and enhanced safety and reporting requirements of the rules. If the enhanced clarity and enhanced safety and reporting requirements result in prevention of future incidents, the general public may also receive significant and quantifiable benefits therefrom.

5. **PROBABLE COSTS AND BENEFITS TO THE AGENCY:** The rulemaking will have a minimal cost effect on the Commission and is expected to have no cost impact on other state agencies. The Commission will benefit substantially from maintaining its federal grant funding and its agent status. The Commission also should benefit from the enhanced safety and reporting standards to be adopted in the rules, particularly if those

enhanced standards result in prevention of future incidents. The Commission will not need to hire any new full-time employees to implement and enforce the revised rules.

6. **PROBABLE COSTS AND BENEFITS TO POLITICAL SUBDIVISIONS:** For political subdivisions that are intrastate pipelines operators or master meter operators, the impacts will be as described above for those classes of persons.
7. **PROBABLE COSTS AND BENEFITS TO PRIVATE PERSONS AND CONSUMERS:** None of the impacted operators indicated a need for additional resources due to the proposed revisions to the rules. Thus, the proposed revisions should have no cost effect upon private persons or consumers. Customers and the general public are expected to benefit as described above for the general public.
8. **PROBABLE IMPACT ON PRIVATE EMPLOYMENT:** The Commission believes that the rulemaking will have no impact on private employment.
9. **PROBABLE IMPACT ON SMALL BUSINESSES:** The small businesses subject to the rules would be master meter system operators, and the costs and benefits to those operators are as described above for that class of persons.
10. **PROBABLE EFFECT ON STATE REVENUES:** If the rulemaking is not completed, the Commission believes that there would be a substantial cost to the state as a result of the Commission's loss of federal grant funding to cover most of the costs of its Pipeline Safety Section.
11. **LESS COSTLY OR INTRUSIVE METHODS:** The Commission believes that the revisions to the rules are the least costly and least intrusive method for ensuring the safety of pipeline systems, including master meter systems, in Arizona. The Commission believes that the benefits of the rulemaking, and the potential benefits of the rulemaking if the enhanced safety and reporting standards in the rules result in prevention of adverse

incidents, greatly outweigh any costs associated with the rulemaking for any affected persons.

12. **ALTERNATIVE METHODS CONSIDERED:** The Commission does not believe that there is an alternative method available to ensure the safety of pipeline systems, including master meter systems, in Arizona.