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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

SUSAN BITTER SMITH - Chairman
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ORIGINAL

IN THE MATTER OF COMMISSION PIPELINE
SAFETY SECTION STAFF'S COMPLAINT
AGAINST DESERT GAS, LP FOR VIOLATIONS
OF COMMISSION RULES.

DOCKET NO. G-20923A-15-0030

PROCEDURAL ORDER

BY THE COMMISSION:

On February 3, 2015, the Pipeline Safety Section ("Staff") of the Arizona Corporation Commission's ("Commission's") Safety Division filed in this docket a Complaint against Desert Gas, LP ("DG"), alleging multiple violations of Commission rules associated with DG's construction and placement into service of a new methane compressor and associated piping. *Inter alia*, Staff asserted that DG is both a pipeline operator and public service corporation and that DG has violated A.A.C. R14-5-202(B) by failing to qualify welding procedures, failing to qualify welders, failing to perform required nondestructive testing during construction, and failing to perform required nondestructive testing after discovering failed construction welds. The Complaint requests that the Commission order DG to cease operating the new methane compressor until nondestructive testing of all welds has been completed and that DG be required to pay monetary fines. The Complaint also requested that a hearing be scheduled.

On February 12, 2015, Staff filed a Notice of Filing Amended Complaint, to clarify that a reference to an Order to Show Cause in the original filing had been included in error.

Also on February 12, 2015, the Commission's Docket Control Center sent a copy of the Formal Complaint to DG by certified mail, with a cover letter instructing DG to respond within 20 days of receipt.

On February 23, 2015, a Notice of Appearance and Request for Extension of Time were filed for DG, identifying Jason D. Gellman as counsel and requesting a 60-day extension of time to answer

1 the Amended Complaint. DG asserted that settlement of this matter is likely and that a 60-day
2 extension would allow Staff and DG to devote their full attention to negotiating a mutually acceptable
3 settlement in an efficient matter. DG further asserted that it believed a settlement could be reached
4 without the need for an Answer to be filed, that the extension was requested to further administrative
5 efficiency and not for the purpose of delay, and that Staff had no objection to the requested extension.

6 On February 25, 2015, a Procedural Order was issued granting DG a 60-day extension of time
7 to file an Answer to the Amended Complaint filed on February 12, 2015.

8 On April 20, 2015, a Joint Request for Extension of Time was filed, in which the parties
9 stated that considerable progress had been made toward settlement, that major settlement terms had
10 been exchanged and were being negotiated, and that a further 60-day extension of time would be
11 beneficial.

12 On April 22, 2015, a Procedural Order was issued granting DG a second 60-day extension of
13 time to file an Answer to the Amended Complaint filed on February 12, 2015, and clarifying that the
14 extension resulted in a due date of July 13, 2015.

15 On June 10, 2015, Staff filed a Notice of Filing Settlement Agreement and Request for
16 Procedural Conference, including a copy of the Settlement Agreement executed by DG and Staff on
17 June 9, 2015.

18 On June 15, 2015, a Procedural Order was issued scheduling a procedural conference on June
19 24, 2015.

20 On June 24, 2015, the procedural conference was held, with the parties appearing through
21 counsel. At the procedural conference, Staff proposed that this matter be resolved without a hearing
22 and through Staff's submission to the Commission of a proposed order to approve the Settlement
23 Agreement. DG agreed with Staff's proposal, indicated again that DG believes there is no need for
24 an Answer to be filed herein, and proposed an indefinite stay of the requirement for an Answer to be
25 filed. It was determined that a Procedural Order would be issued after consideration of Staff's
26 proposal.

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1 On June 25, 2015, in accordance with A.R.S. §§ 40-246 and 40-247, a Procedural Order was
2 issued scheduling the hearing in this matter to commence on August 6, 2015. The Procedural Order
3 also established testimony requirements and vacated the requirement for DG to file an Answer.

4 On July 13, 2015, DG filed a Request to Appear Telephonically (“Request”) for its witness,
5 Raymond Latchem. DG stated that Mr. Latchem resides in Tulsa, Oklahoma, and that DG desires to
6 avoid the time and cost of travel because DG anticipates a short and uncontested hearing. DG also
7 stated that Staff has no objection to the Request.

8 Considering the circumstances in this matter, including Staff’s lack of objection to DG’s
9 Request, it is reasonable and appropriate to grant DG’s Request.

10 IT IS THEREFORE ORDERED that **DG’s Request** for Mr. Latchem to be permitted to
11 testify telephonically is hereby **granted**.

12 IT IS FURTHER ORDERED that **DG shall arrange for Mr. Latchem to be available** by
13 telephone at the appropriate time during the evidentiary hearing on August 6, 2015, **and for Mr.**
14 **Latchem to call** in to the Commission’s Hearing Room No. 1 at the appropriate time, using a
15 **landline telephone**,¹ the telephone number **1-800-689-9374**, and participant passcode **415962#**.

16 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
17 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
18 hearing.

19 DATED this 15th day of July, 2015.

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21 
22 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed
this 15th day of June, 2015 to:

24 Jason D. Gellman
25 SNELL & WILMER, LLP
26 One Arizona Center
27 400 East Van Buren Street, Suite 1900
Phoenix, AZ 85004
Attorney for Desert Gas, LP

28 ¹ Mobile telephones do not provide audio of the quality needed for verbatim transcription of witness testimony.

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