

Southwest Gas Corporation

James F. Wunderlin, P.E., Vice President/Engineering

August 21, 2002

Mr. Terry Fronterhouse  
Arizona Corporation Commission  
Office of Pipeline Safety  
1200 W. Washington  
Phoenix, AZ 85007

RE: DOT 49 CFR Part 192.327 & 192.361

Dear Mr. Fronterhouse:

Southwest Gas Corporation (Southwest) is a natural gas local distribution company serving over 700,000 customers and operates approximately 973 miles of transmission and 14,131 miles of distribution pipelines in Arizona. It serves over 1.4 million customers and operates approximately 1,517 miles of transmission and 22,034 miles of distribution pipelines in its three-state service territory. Southwest's service territory stretches over two different Department of Transportation regions.

Southwest has requested an interpretation from the Department of Transportation Office of Pipeline Safety (DOT/OPS) related to 49 CFR Parts 192.327(d) and 192.361(a)(b)(d) for the cover and backfill of main and service installations as such is described below. This letter request was sent to DOT/OPS by Southwest on August 14, 2002, and a copy is attached hereto for your use. Southwest will abide by the responsive interpretation it receives from DOT/OPS.

The Arizona Corporation Commission Office of Pipeline Safety (ACC/OPS) has suggested that Southwest request a waiver of Parts 192.37ed) and 192.361(a)(b)(d) for Southwest's Arizona operations in light of the fact that there is not presently pending any enforcement action related to these code sections. This letter directed to the ACC/OPS constitutes just such a waiver request of Parts 192. (d) and 192.361(a)(b)(d) for Southwest's Arizona operations. This waiver is requested pending DOT/OPS guidance on the applicability and effect of the delineated code sections to Southwest's system-wide practices as such are outlined in the August 14, 2002, letter to DOT/OPS.

The situation to be addressed by the DOT/OPS code interpretation and the request for waiver of the ACC/OPS arises as a result of several random acts of vandalism which have occurred on Southwest's system located in the northwest Tucson area. Southwest in good faith has explained in some detail to the ACC/OPS the acts of vandalism which have occurred; the investigation by the company, law enforcement agencies, and other parties which is taking place; and steps which Southwest is taking to provide further protection for its northwest Tucson system. As a part of its good faith efforts with the ACC/OPS, Southwest has explained in substantial detail its operating practices relating to new residence, commercial, and industrial developments. It is as a result of Southwest's utilization of construction practices which have been in existence for a number of years that request for interpretation of Parts 192.372(d) and 192.361(a)(b)(d) have come to light.

Southwest utilizes joint utility trench construction when installing new gas mains and services, most commonly applied in well defined, secure housing development areas. During a project construction phase it is not uncommon for the gas mains and services associated with the project to be installed, tested, pressurized with gas and shaded with 6-inches of approved backfill to protect the facilities. Other utilities are often installed subsequent to the gas facilities and the remainder of the trench is back filled with approved material to obtain the required cover outlined in 49 CFR Parts 192.327 and 192.361.

Southwest believes that the intent and spirit of the requirements set forth in 49 CFR Parts 192.327 and 192.361 are being met by the description provided in the previous paragraph. However, pending a response from the DOT/OPS, or until such time as Southwest has a good faith belief that the threat of vandalism to the NW Tucson system has abated, Southwest has arranged for patrol of all new construction projects in the NW Tucson area from dusk to dawn during the work week and on 24-hour basis on weekends and holidays. As a courtesy, Southwest has previously provided the confidential details of this patrol regimen to ACC/OPS. This patrol action has been taken to provide an additional safeguard to pertinent Southwest NW Tucson facilities while the continued threat of vandalism is reasonably believed to persist.

Southwest appreciates the Arizona Corporation Commission Office of Pipeline Safety Division's consideration in regards to this request. Southwest feels that this situation will result in no impact to system safety or reliability, and that it will enhance our ability to serve our customers efficiently. If you have any questions or if you would like to discuss this issue further, please contact me.

Sincerely,  
James F. Wunderlin, P.E.  
Vice President/Engineering

ARIZONA CORPORATION COMMISSION

August 23, 2002

CERTIFIED MAIL

Mr. J.F. Wunderlin  
Vice President/Engineering  
Southwest Gas Corporation  
5241 Spring Mountain Road/P.O. Box 98510  
Las Vegas, Nevada 89193-8510

RE: WAIVER REQUEST

Dear Mr. Wunderlin,

The Arizona Corporation Commission's Office of Pipeline Safety has completed its review of Southwest Gas Corporations (SWG) request for waiver dated August 21, 2002, from the requirements of Part 192.327(d) of at least 24 inches of cover over a main and Part 192.361(a) of cover over a service line.

Your request for waiver from the above mentioned requirements is approved at this level, providing SWG follow their written procedures and the additional stipulations are complied with:

1. SWG shall inspect the pipeline for proper shading prior to backfilling by developer. This inspection shall take place on the day of and just prior to the developer backfilling the trench.
2. The person conducting the backfilling operation of a trench containing a SWG facility shall be trained to SWG's written procedure for backfilling.
3. SWG shall conduct inspections to ensure the excavation has been properly backfilled to meet SWG specifications.
4. SWG shall follow their written patrolling procedure dated June 28, 2002, for pipeline facilities where the trench is to be backfilled by the developer with the following additions:
  - The patrolling of these facilities shall be by walking the full excavated trench.
  - Any condition found that does not meet SWG written specifications shall be immediately investigated and corrective action shall be taken until the conditions are corrected and specifications met.
5. Persons conducting patrolling shall be trained in the written patrolling procedure and action to be taken as defined in item number four (4) of this waiver.
6. SWG shall conduct quality assurance inspections to ensure that proper patrolling has been conducted and documented.
7. SWG shall conduct patrolling of all new construction projects where SWG facilities are installed in a joint trench. Patrolling shall be continuous from dusk to dawn or at anytime a responsible person is not present at the trench site during the work week and on a continuous 24 hour basis on weekend(s) and holidays until the trench has been completely backfilled.

Your request for waiver from the requirements of Part 192.361(b) and (d) are hereby denied.

This approval will be forwarded to the Federal Office of Pipeline Safety for their review. The Federal Office of Pipeline Safety has sixty (60) days from their receipt to accept or deny this waiver.

This waiver shall not go into effect until the Federal Office of Pipeline Safety has had an opportunity for its review and this office notifies you of their course of action.

Should you have any questions in regards to this matter, you may contact Corky Hanson or me at (602) 262-5601.

Sincerely,  
Terry Fronterhouse  
Chief of Pipeline Safety  
Pipeline Safety Section

ARIZONA CORPORATION COMMISSION

August 23, 2002

CERTIFIED MAIL

Ms. Stacey Gerard  
Associate Administrator for Pipeline Safety  
U.S. Department of Transportation  
400 Seventh Street, SW, Room  
7128 Washington, D.C. 20509

RE: SOUTHWEST GAS CORPORATION, WAIVER REQUEST, CFR PARTS 192.327 (d) AND 192.361 (a).

Enclosed find a copy of the Southwest Gas Corporation (SWG) request for waiver from the requirements of Title 49 CFR Parts 327 (d) and 192.361 (a) (b) (d), cover of main and service line installation.

The Arizona Corporation Commission (Commission) Office of Pipeline Safety has reviewed this request and denied SWG request for waiver from the requirements of Part 192.361 (b) and (d). The Commission Office of Pipeline Safety has approved SWG request for waiver from Parts 192.327 (d) and 192.361 (a) at the state level with stipulations. We feel that by granting this waiver there will be no compromise of safety. It is now being forwarded to your office for review.

The Commission Office of Pipeline Safety has advised SWG of our action at the state level. We have also advised SWG that this waiver request must be forwarded to the Federal Office of Pipeline Safety for review and that the waiver approval shall not take place until your office has had an opportunity to review the waiver request and advise this office of your approval or rejection. Should you have any questions regarding this matter, please contact Corky Hanson at (602) 262-5601.

Sincerely,  
Terry Fronterhouse  
Chief of Pipeline Safety  
Arizona Corporation Commission