

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
PAUL NEWMAN
SANDRA D. KENNEDY
BRENDA BURNS



ARIZONA CORPORATION COMMISSION

Gary Pierce
Chairman

(602) 542-3933
Fax (602) 542-5560

February 7, 2011

Jeffrey W. Shaw, Chief Executive Officer
Southwest Gas
5241 Spring Mountain Road
Las Vegas, NV 89150-0002

Douglas L. Foshee, Chief Executive Officer
El Paso Natural Pipeline Group
1001 Louisiana Street
Houston, TX 77002
PO Box 2511
Houston, TX 77252-2511

Re: Natural Gas Outages in Southeastern Arizona

Gentlemen:

A little more than three months ago, on October 28, the Arizona Corporation Commission held a winter preparedness meeting to ensure that all public service corporations delivering natural gas within the State were prepared to provide reliable service during the coming winter months. Representatives from Southwest Gas Corporation (“Southwest Gas”) and El Paso Natural Gas Company (“El Paso Natural Gas”) were present and assured the Commission that your companies were prepared for the winter. Alas, despite those assurances, some of Southwest Gas’ customers in southeastern Arizona have been without service for approximately five days, during some of the coldest weather in Arizona history.

I intend to schedule an open meeting within the next few weeks for the Commission to hear from your companies—and other industry representatives—regarding these outages. Some of the questions I have for you are as follows:

- (1) What type of gas supply, firm or interruptible, does El Paso Natural Gas provide to Southwest Gas?
- (2) Did Southwest Gas pay for “firm supply” that was not delivered?
- (3) Why did the outages occur in southeastern Arizona but not in central or northern Arizona? What impact, if any, did Transwestern Pipeline Company’s new spur line into central Arizona have on preventing additional outages?
- (4) Several companies have explored the possibility of developing natural gas storage near Eloy. Would natural gas storage near Eloy have likely helped prevent or limit the outages?

(5) What communication efforts and technologies did Southwest Gas employ to maintain contact with its customers impacted by the outages?

(6) What measures did Southwest Gas utilize to ensure a quick and efficient re-lighting process for its customers?

The Commission needs to know why these outages happened, and what your companies are doing to ensure they do not happen again.

Sincerely,



Chairman Gary Pierce

CC

Commissioner Stump

Commissioner Newman

Commissioner Kennedy

Commissioner Burns

Kelcy L. Warren, Chief Executive Officer
Energy Transfer Partners/ Transwestern Pipeline
Company

Russell K. Girling, Chief Executive Officer
TransCanada

Ronald W. Jibson, President & CEO
Questar Pipeline Company

Kevin Clement, President
Semstream

Paul Bonavia, Chief Executive Officer
UniSource Energy