

1 BEFORE THE ARIZONA CORPORATION COMMISSION

2

3 IN THE MATTER OF THE)
4 COMMISSION'S GATHERING OF) DOCKET NO:
5 INFORMATION CONCERNING) G-00000C-11-0081
6 NATURAL GAS OUTAGES IN THE)
7 SOUTHWESTERN UNITED STATES.) PUBLIC
8) COMMENTS
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12 At: Tucson, Arizona
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17 REPORTER'S TRANSCRIPT OF PROCEEDINGS

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1 BE IT REMEMBERED that a Public Comment Meeting
2 was held at Desert Sky Middle School, 9850 East Rankin
3 Loop, Tucson, Arizona, commencing at 6:00 p.m., on the 7th
4 day of April, 2011.

5

6 BEFORE: GARY PIERCE, Chairman
7 BOB STUMP, Commissioner
8 SANDRA D. KENNEDY, Commissioner
9 PAUL NEWMAN, Commissioner
10 BRENDA BURNS, Commissioner

11

12 For Southwest Gas Corporation:

13 Mr. Justin Lee Brown

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1 (6:02 p.m.)

2 CHMN. PIERCE: Good evening, everyone. We
3 welcome you to this public comment session of the Arizona
4 Corporation Commission.

5 We are here at Desert Sky Middle School. This is
6 a great place. We are delighted to be here. What a
7 wonderful facility. As a former school teacher, I will
8 tell you that I would have loved to be able to use this
9 room.

10 Anyway, we are here for public comment regarding
11 Docket No. G-00000C-11-0081, which by the way is where you
12 can go to find information. There is a docket. If you
13 didn't get that number, we can get that to you later. We
14 will.

15 We are gathering information concerning the
16 natural gas outage in Southwestern United States.
17 Specifically what we are doing tonight is making sure that
18 each of you have an opportunity to comment. We are taking
19 these comments in order that we might be able to take
20 every instance of a problem and make sure that the company
21 understands that problem -- and the company is here and
22 they will listen to this tonight -- and then solve that so
23 that we can come back to you and show you how that has
24 been resolved. That is really what we are going to try to
25 do.

1 We will take a couple minutes for each
2 Commissioner to say something. Commissioner Newman, I
3 suspect, will join us later, but we will move on.

4 So, Commissioner Kennedy, would you like to
5 start?

6 COM. KENNEDY: Thank you, Mr. Chairman.

7 Hello. Good evening, and thank you so much for
8 coming out and spending your evening with us to express
9 your concerns about the Southwest Gas outage. I truly
10 appreciate all of your e-mails and phone calls. Tonight
11 is really your night. I'm here to listen and to take
12 notes. So thanks for coming.

13 CHMN. PIERCE: Commissioner Stump.

14 COM. STUMP: Thank you, Mr. Chairman.

15 I want to thank everyone for coming as well.
16 It's good to be back to Tucson... I lived here for several
17 years some time ago, and this is a home away from home.
18 So it's good to be here.

19 Several of us, or all of the Commissioners felt
20 it wasn't sufficient simply to only have a public comment
21 session in Phoenix. We wanted to drive down to Southern
22 Arizona, where this outage occurred, to hear from you.

23 So our purpose here tonight, really, is to hear
24 your comments. We will all be taking notes on those
25 comments, and we will go back up to Phoenix and act on

1 those comments.

2 And so we are all ears tonight. The
3 representatives of the company are here as well. I know
4 they are all ears as well. And the end result, of course,
5 we hope that an outage of this sort doesn't occur again.

6 So I am looking forward to hearing your comments,
7 and again, thanks for being here tonight.

8 CHMN. PIERCE: Okay. Commissioner Burns.

9 COM. BURNS: Thank you, and like the others, of
10 course, I want to thank you for coming this evening. It's
11 our pleasure to have the opportunity to be here, and we
12 appreciate you showing up.

13 We did have the meeting in Phoenix where
14 Southwest Gas made their presentation. It was very
15 interesting. We learned a lot, and we were able to share
16 with them the concerns that we have heard from all of you.
17 But unfortunately during that meeting the piece that was
18 missing was you, and so we want to make sure we hear
19 directly from you, like we heard directly the folks last
20 night in Sierra Vista.

21 We learned a lot from those who were willing to
22 share their personal and sometimes painful stories with
23 us, and we are learning from that. There are a lot of
24 things that came into play to create the outages
25 concerning things going on in Texas and sort of a

1 multiplier effect of things that happened. But we want to
2 make sure that going forward that we learn from this, that
3 the company, Southwest Gas, makes the corrections they
4 need, and other companies as well.

5 And we heard some common threads last night from
6 those who were testifying -- or speaking, and I will be
7 interested to see if we have the same common threads this
8 evening.

9 Thank you.

10 CHMN. PIERCE: Thank you. And if Commissioner
11 Newman gets here pretty soon, we will let him have a
12 one-minute opening, which seems to be the amount of time
13 that the rest of us took.

14 At the end of this the Commissioners will
15 speak -- two or three minutes -- two minutes here, but you
16 get to speak three. The forms that you filled out here,
17 it says "Three-minutes speaking limit." We ask you to try
18 to hold to that or just as close as you can. I will be
19 timing it, and I will let you know when it's time to wrap
20 it up. But that way we make sure -- I'm sure other people
21 will come and we will have these slips. We just want to
22 make sure that everybody has a chance.

23 And I know you may have some questions, and we
24 will write those down, too. Sometimes those are things
25 that maybe can be readily answered. Maybe -- and if we

1 have time we can look to the company if there is something
2 that -- but some of these questions are issues that we
3 will take back to the company and make sure that we solve.

4 So here is how this will work. I am Gary Pierce.
5 I'm the chairman, and so I get to lead this thing. I will
6 read your name, and I will give you an on-deck person so
7 you know when you are up next. And some of these, if you
8 didn't check whether you want to speak or not, I will read
9 your name and will you let me know whether you want to
10 speak, and if you do, I will check that off.

11 If I had a pen, I would check -- thank you.

12 And then I will -- John, why don't you give me a
13 pen. I must have -- oh, we have a spare. Thank you.

14 Okay. First off is Vicki Davis. Vicki, did you
15 want to speak? Please come on up --

16 MS. DAVIS: First of all.

17 CHMN. PIERCE: -- and speak into the mike,
18 please. No, that is the TV mike, and I'm sure they'd like
19 you to speak into that, but speak into the one on the
20 pole.

21 MS. DAVIS: Okay. Can you hear me?

22 CHMN. PIERCE: Yes.

23 MS. DAVIS: Thank you very much for coming. We
24 really appreciate it. I did write to each of you, but I
25 got no reply, so I don't know if you received my letter or

1 not. So I appreciate this opportunity to get to speak to
2 you directly.

3 I have heard that some people are saying we
4 should join a class action suit or something of the court
5 or that we should get some compensation for whatever, and
6 I personally think that rewards and punishments are the
7 most form of education, so that sort of thing just
8 enriches the lawyers and impoverishes us as the customers
9 paying for stuff. So I don't think that that will solve
10 the problem.

11 Rather than a lawsuit, I think we should
12 concentrate on -- or that Southwest Gas should concentrate
13 on fulfilling their stated goal where they said,
14 "Delivering safe and reliable natural gas every day to
15 meet the energy needs of our customer is what we do best."
16 So I think they should improve their monitoring of their
17 sources.

18 It was my understanding that El Paso Gas didn't
19 even know about the freeze until someone from Tucson
20 called them, of which a regular citizen called them. So I
21 think that was unconscionable and that they should focus
22 on getting a supply of -- with what we need.

23 I also have a firm conviction that some of the
24 policies that the Arizona Corporation Commission has put
25 in place not only cost us a heck of a lot of money -- for

1 example, I figured out that 16 percent of my Southwest Gas
2 bill is caused by restrictions that you impose on the
3 company. And rather than base these onerous taxes based
4 on acceptable CO2 levels that are decided on by nonelected
5 bureaucrats from the EPA or organizations such as ICLEI
6 and IUCN, which is ascribed to Agenda 21, I think we
7 should remember that, as thoughts of Klaus, president of
8 Czech, said, "When energy prices go up, the cost of nearly
9 all other goods and services go up as well. All carbon
10 taxes, cap and trade schemes, wind and solar power
11 subsidies are steps in the wrong direction leading to a
12 severe and protracted economic hardship for little or no
13 benefit."

14 These kind of policies lead to shortages and so
15 forth, but thank you very much.

16 CHMN. PIERCE: Thank you so much.

17 Okay. And I'm sorry, I didn't give you an
18 on-deck like I said I would.

19 Jim Sanford and then Dave Norton. And please use
20 the mike. Thank you.

21 MR. SANFORD: My questions is in reference to the
22 undated letter that the customers received from Southwest
23 Gas. It was sent by Mr. Jeffrey Shaw, CEO, and also from
24 Gerald Clark, Vice President of Southern Arizona Division,
25 who I assume are in the audience here.

1 I was just wondering if -- they mentioned that
2 they will provide additional tools on how they will
3 prevent this or inform customers. I'm just wondering if
4 that information will be posted anywhere on the Web site
5 and if they have developed action plans, now in case oil
6 heads freeze in the future and they don't have enough
7 pressure to supply customers here in Southern Arizona.

8 Thank you.

9 CHMN. PIERCE: Thank you. Hang around and I
10 think we can probably have some response to that later.

11 And David Norton.

12 MR. NORTON: Yes, I want to speak.

13 Again, my name is David Norton. I represent
14 Loews Ventana Canyon Resort in the Foothills.

15 CHMN. PIERCE: Thank you.

16 MR. NORTON: We recognize that things happen in
17 the world and things are not always in everyone's control.
18 And we also recognize that once Southwest Gas was up front
19 with us about what was going on, they did try to help us
20 get everything back on line.

21 Our biggest problem at the time of the outage, we
22 were 92 percent occupied, had 600 guests in house and
23 suddenly could not provide heat or hot water to any of the
24 guests. Our net loss from this direct cost was over
25 \$200,000.

1 Had we been notified in advance that this
2 particular outage was a possibility, we could have
3 contacted one of the groups that checked in on the day of
4 the outage and delayed that group or some of those members
5 from coming to us, but we weren't given that. We were
6 told from the media that there was no problem. We heard
7 from Southwest Gas representatives. They knew, in fact,
8 that El Paso was having problems on the morning of
9 February 2nd. I went to El Paso's Web site, and I looked
10 at their public postings to all their customers. They had
11 several alerts starting at 7:00 in the morning on the 2nd
12 that they were having problems. But Southwest Gas
13 continued to give us a rosy picture of the freeze and what
14 might not happen to us. And I think that was disingenuous
15 to the public and certainly to the business community.

16 But again, they did help us once -- once they
17 acknowledged they had a big problem, it took two days to
18 get the gas on. And it just took about 12 hours for them
19 to be forthcoming and tell us really what was going on,
20 even when we knew what was going on looking at El Paso's
21 Web site.

22 So we would like to see some notification issues
23 in place that would help warn the public and be more
24 transparent, more honest about what is really happening.
25 Clearly they didn't know in advance exactly what would

1 happen, but they were shedding customers. They were
2 determined -- someone determined who would lose gas and
3 who didn't. And, you know, some people should have been
4 notified. Some people should have been taken care of.

5 CHMN. PIERCE: Thank you.

6 MR. NORTON: Thank you.

7 CHMN. PIERCE: Okay. I'm sorry. Teri Thornton.
8 I'm sorry. You are next. I would -- did I give -- okay.
9 We had Jim, Dave, and then Teri.

10 And then on deck, if I keep to my own schedule,
11 it will be Frank Bergen. Thank you.

12 MS. THORNTON: I'm Teri Thornton, and I'm a
13 homeowner out here. Woke up that morning freezing in my
14 own home. We keep our temperature set at 68 degrees, but
15 when I got up that morning it was down to 60 and didn't
16 know what the heck was going on.

17 I called Southwest Gas, and it took them about
18 five, ten minutes to figure out why I was even calling
19 them. So I am -- I care about the lack of communication
20 from Southwest Gas regarding this. I have never been that
21 cold in my house, and it got down in the 50s.

22 Then they said they were going to try and get the
23 gas back on. They didn't get it back on until Friday
24 night, but the thing was, is that they told people, if you
25 weren't there -- if they weren't at your place by sundown,

1 that they weren't coming. Well, they did come two hours
2 later after sundown. So you were basically held hostage
3 to your own home trying to get your gas back on.

4 I think once it happened that maybe they could
5 have come up with a better plan than what they had.

6 Thank you.

7 CHMN. PIERCE: Thank you.

8 And Frank. And on deck is Lorenzo Garcia.

9 MR. BERGEN: My name is Frank Bergen. I live in
10 Sunnywood Estates, which is really neither down here nor
11 in the Foothills. It's actually in the Tanque Verde
12 Valley, but that did not make it any warmer or any more
13 supply -- any better supplied with gas during the outage.

14 At 6:30 in the morning on Thursday, February 3rd,
15 I realized that we did not have any gas, that meant no
16 heat, no hot water, no dryer, no range, so no cooking, no
17 drying clothes, which happened already to be in the
18 washer.

19 The inconvenience was not, you know, a grand
20 crisis, but when we woke up on Friday morning, the
21 temperature in the house was 50 degrees, and that was not
22 at all pleasant.

23 Friday night we were able to stay with friends
24 who live in an all-electric house, not in our
25 neighborhood.

1 Friday we had to take our dog to the kennel so
2 that we wouldn't be leaving him alone while we went off to
3 stay with friends. Our expenses, you know, were very,
4 very minimal. Our inconvenience was relatively major.

5 The big thing is that from 6:30 Thursday morning
6 until probably about the middle of the day on Saturday we
7 had no word that there was any help whatsoever from
8 Southwest Gas. They were not answering with a human voice
9 their telephones. The automated message was next to
10 worthless. The Web site had no information that was
11 anything but of the very vaguest and pointing in every
12 direction except at Southwest Gas.

13 When I got home from a trip to Phoenix Saturday
14 early evening, eventually I was able to find out that in
15 our subdivision the main line had been turned back on.
16 There was no notice given. A neighbor knew for some
17 reason. I think he went out and he was able to check
18 something and see that the gas was available. And with
19 help given over the telephone, I went out and turned on
20 our gas at 9:30 Saturday evening, which probably subjects
21 me to prosecution for disobeying Southwest Gas's mandate
22 that we wait until they come around without there being
23 any indication of when they might come.

24 As it is they came into the neighborhood about
25 13 hours later, about 10:30 on Sunday morning; meanwhile,

1 my wife and I had had a warm bed to sleep in. We were
2 able to take hot showers and to prepare breakfast.

3 Southwest Gas gave nobody any help through all of
4 this. That is the thing that is my biggest concern, that
5 they just didn't communicate anything. And for that
6 matter, as far as I can recall, there still has been no
7 word of apology from Southwest Gas, because I think maybe
8 that would make them feel they were somehow liable for
9 something and they certainly don't want that.

10 But I am extremely disappointed and want the
11 world to know that.

12 Thank you very much for being here and giving us
13 an opportunity to sound off.

14 CHMN. PIERCE: Sure. Thank you.

15 MR. BERGEN: It helps a little bit. An apology
16 would help a lot more.

17 CHMN. PIERCE: Thank you.

18 Lorenzo, and then it will be -- I'm sorry. Is it
19 Lieschen Hatch?

20 MS. HATCH: Lieschen.

21 CHMN. PIERCE: Lorenzo.

22 MR. GARCIA: Yes, Lorenzo Garcia. I am a renter
23 here looking to purchase a home in the area. I want to
24 thank you, everybody, for coming out and talking to us.
25 There are a lot of people that I know didn't know.

1 My biggest concern is, there was a plan of
2 action. This was a choice to cut off gas in this area,
3 whatever the reason may be, whether it be low pressure.

4 What is your plan of action next time? Are we,
5 Rita Ranch, going to fall into this again? Is there an
6 area that is going to be prone to this? Unfortunately it
7 was the two coldest days of the year. They had to do what
8 needed to be done.

9 So in the future, what is the plan of action if
10 this were to happen again? Are we going to look at
11 another part of town, or is this going to be the rules of
12 engagement for this? That is my question.

13 CHMN. PIERCE: Thank you.

14 Lieschen, and on deck is Dennis Garvin.

15 MS. HATCH: Hi. I'm Lieschen Hatch. Thank you,
16 again, for coming out tonight.

17 We live in the neighborhood, and I'm a
18 stay-at-home mom, so I was home all during the gas outage.
19 I didn't have a job to go to where there was heat.

20 But I take a little different view of this. I
21 saw it as an opportunity to make sure that we were
22 prepared. I'm not entitled to have gas as a person, and
23 it was up to us to find other ways to make sure that we
24 could stay warm that night and the next day, and we did.

25 And I was actually really happy for the situation

1 because it made us really think. I mean, what if
2 something else happened? What if we didn't have
3 electricity in the summer? Oh my goodness, that would be
4 so much worse. So we need to prepare and make sure that
5 we could take care of ourselves and our neighborhoods,
6 which is what we did.

7 And to Southwest Gas, I was sad with the lack of
8 communication from them. I was glad that they brought in
9 so much help. I felt like our gas in our area was turned
10 back on fairly quickly. And yeah, I would have liked to
11 see more communication from them. The Web site wasn't
12 helpful. We couldn't get through on the phones. I got
13 everything from the media, and that was how many hours
14 later when I could have gotten something from them?

15 That is what I have. Thank you.

16 CHMN. PIERCE: I'm sure that the media would like
17 to talk to you since that is a little different story than
18 what we have been hearing. Thank you for that. That is a
19 little different than -- most people don't welcome this,
20 but at the same time I think people -- that if it happens
21 again, I think people are a little more prepared. I think
22 the company will be preparing differently, obviously, but
23 I think everybody else is thinking what would I do
24 differently next time in this circumstance, because from
25 what I have heard, I sure have that thought.

1 And I just now -- I'm sorry. I have a popping.
2 Let me try to get rid of the popping. I'm sorry about
3 that.

4 Okay. Dennis Garvin.

5 MR. GARVIN: Thank you for coming down to Tucson
6 for me.

7 CHMN. PIERCE: Please speak into the mike.

8 MR. GARVIN: We appreciate the chance to speak
9 with you.

10 I believe you stated that representatives of
11 Southwest Gas are here this evening. And what I would
12 like to do is have them provide us a simple, detailed
13 answer to why this situation was allowed to develop the
14 way that it did. Obviously it became apparent to them
15 that there was going to be a shortfall in the natural gas
16 supply that they were getting. I would like to know when
17 they learned of this situation, what actions they took to
18 obtain additional natural gas supplies from sources other
19 than their regular supplier, because it became readily
20 apparent that their regular suppliers weren't going to be
21 able to provide the full amount that they needed.

22 So we would appreciate a statement from them of
23 what they did, when they did it, and why they weren't able
24 to obtain sufficient additional natural gas supplies to
25 meet the demand.

1 Thank you.

2 CHMN. PIERCE: Thank you, Dennis.

3 Okay. And I'm sorry. Daniel, is it, Pawlak?

4 MR. PAWLAK: Pawlak.

5 CHMN. PIERCE: And then Michael Headrick.

6 MR. PAWLAK: As I said, my name is Daniel Pawlak.

7 I live here at Rita Ranch, as a matter of fact, just over
8 across the street there in the area over there.

9 And I guess what was frustrating was -- really,
10 everybody has been saying -- the lack of information. I
11 mean, Internet access, people who are home -- I had been
12 sick when it first started, so I was home anyway. But I
13 got the word when the gas was turned off through my
14 daughter who was at Seneca High School. That is how I
15 found out there was no gas.

16 And Southwest Gas came around and turned
17 everyone's gas off. It would have been nice if they left
18 a little note on the door like when they terminate
19 someone's service and they hang a tag on it there saying
20 they turned off your gas. I didn't know whether it was on
21 or off. I was playing with my thermostat trying to make
22 it work. I thought something else was wrong. I was ready
23 to call the homeowner's association. The Internet, that
24 would have been great.

25 But anyway, I was sitting there one day -- I was

1 outside -- and I looked up the road a couple houses from
2 me and saw two news media crews and a Southwest Gas truck
3 in the neighborhood. And I listened to the news lady that
4 night and found out they turned on this person's gas.
5 Well, the truck drove away. We never saw them again.

6 So everybody -- a couple people were talking in
7 the neighborhood, "What happened? Why aren't they here
8 turning on the gas? They turned on one person's. Why
9 aren't they turning on the rest of us?"

10 It turned out that ~~me~~ and the neighbors turned on
11 our own gas. And my house, I know what it is. I have all
12 the electronics. I have the electronics that starts the
13 pilot for the hot water, and an electronic ignition for my
14 furnace, so there is no pilot valve in my furnace. So I
15 don't worry about that, and my gas water heater was brand
16 new.

17 But the lack of not knowing where they were --
18 one thing, I sent an e-mail to them and I said, why don't
19 you just put up a map and say we expect to be in this area
20 turning on the gas during this -- on this day or this
21 time. Everybody had to stay home. It was literally, you
22 were told, don't go out because we have to turn -- we have
23 to get to the house and check everything.

24 Well, whenever they came by, when they came by,
25 they must have saw my gas meter on and they left. No

1 note, no nothing. So that is some of the things I could
2 think of, why are they doing this?

3 So, you know, if you come by and you do
4 something, leave a note. Leave something. Let us know.
5 "We came by, and we found your gas was on." Okay. "We
6 came by and we turned off your gas." Fine, I know then.
7 I'm not sitting there wondering, getting ready to call up
8 a home warranty company to come over and check out my
9 furnace, why it is not working. So that is one of the
10 things.

11 The other thing is that -- I have a second part
12 that is, I notice a new Southwest Gas line going in over
13 on Valencia. So I don't know if that is going to be this
14 area, but it's all coming out of the same area that is
15 already out here. Is that supposed to bring in more gas
16 for us, or is that for projected growth? So that was one
17 of the questions I had. I think you saw it on my form,
18 and I asked about that.

19 But that was the general comments that I had.

20 CHMN. PIERCE: Thank you, Dan.

21 Okay. Michael Headrick and then Anna Salazar.

22 MR. HEADRICK: Hi.

23 CHMN. PIERCE: Don't worry about it, just speak
24 into the mike.

25 MR. HEADRICK: I'm Mike Headrick, and I was

1 affected like everyone else here. In my case we had no
2 hot water, no heat, and no stove. On the other hand
3 looking at it positively, it was like one of my
4 backpacking trips with a nice bed, running water, and
5 microwave. So we got by fine. Not everyone was so lucky
6 as us though. It was a serious situation.

7 Southwest Gas's response reminded me a little bit
8 of the Three Stooges. As everybody has pointed out, there
9 is a lot that could be done there, but that is not my
10 fundamental question.

11 I think we need to understand what caused this
12 problem in the first place. And I've read and gone
13 through all the responses from your Web site -- thanks for
14 sending it to me from your hearing up in Phoenix -- and it
15 appears to me that you heard from distribution companies,
16 these pipeline companies, who basically said, it wasn't
17 our problem, and maybe it wasn't. They basically said it
18 was a lack of production. But I don't see where you have
19 spoken to the production companies and got their story as
20 to why the supplies dropped so dramatically during that
21 period. The supply out of the Texas basin dropped
22 70 percent over the three days. That says something is
23 seriously wrong with that, and I think that needs a lot of
24 investigation.

25 As this hearing grows, I think we need to be sure

1 that we have adequate supply to support the growth, or we
2 ought to quit building out.

3 CHMN. PIERCE: Thank you. And a good question,
4 and we do have some responses to all of these. I think
5 maybe we will have time to perhaps do a little
6 dissertation by the company, and it could clear up some of
7 those things for us here. Thank you so much.

8 Anna.

9 MS. SALAZAR: I, too, bring a similar message.
10 My name is Anna Salazar. I'm a homeowner in Tanque Verde.

11 And the gas outage on February 3rd was more than
12 an inconvenience for us. We are still affected by the
13 outage. The temperature in our house dropped to between
14 40 and 45 degrees that night and a pipe burst due to the
15 lack of heat. The resulted water damage was to every room
16 in our house except the dining room. Our house is still
17 destroyed and still in shambles. Part of this is due to
18 the insurance company and working with them trying to get
19 the house repaired.

20 But since February 3rd we have been living out of
21 our suitcases. Whatever we took that night was all we
22 had, and we have been living with our clothes like that.
23 It's just horrible.

24 We blame Southwest Gas for the destruction of our
25 house and the emotional distress this has caused us over

1 the last couple months. They had the information about
2 the lack of adequate gas supply, and they didn't share it
3 with their customers in a timely manner. They could have
4 had better links set up to direct us towards ways of
5 protecting ourselves, protecting our house, keeping things
6 warm, where to go for emergency shelter. A lot of what we
7 found out was through the Internet and not at their site.

8 They could have updated their Web site more
9 frequently to share updates and status and to let us know
10 they were working on a solution. We were really clueless
11 as to what was going on.

12 And like so many of the other people here who
13 spoke out, they should have notified some of the
14 neighborhoods when they were coming in to turn the gas
15 back on. Like other people in the room, we had no idea.
16 Every day we went over there thinking this is the day that
17 they will come and turn the gas back on and things will
18 get better, and they never did.

19 Finally, on the last day that suddenly they were
20 going to turn things on, I noticed there was a gas truck
21 at the neighbor's across the street, and I went over there
22 and I physically asked them and walked them back to my
23 house to get them to turn the gas on. And even after
24 that, we had our next door neighbor, who also left because
25 there was no gas, called us saying, "Did you get a note?"

1 Did you get a phone call? We haven't heard anything. Do
2 you know when they are coming through?"

3 And I finally told them, "No. You know, there
4 was somebody walking around the neighborhood and I went
5 and grabbed them and they turned the gas on for us."

6 So again, you know, the big concern from us, my
7 husband and myself, is that there was no updates and there
8 doesn't seem to be any accountability from Southwest Gas.
9 And yes, I know other states have suffered similar at the
10 same time because of this, but there has to be a solution
11 somewhere. We have to be able to look forward and say,
12 "Hey, this could happen again. What are we going to do to
13 prevent it in the future?"

14 CHMN. PIERCE: Thank you, Anna.

15 And I have come to the end of my slips. Is there
16 anybody else that wanted to speak? We could have you come
17 speak, and we still need to have you fill out the slip.
18 We have a court reporter.

19 I appreciate everyone holding to the time frame
20 and better. Wow. But what I would like to do is see if
21 the company -- there are -- some of this information that
22 you asked, I am hopeful that it's going to be -- it should
23 be in some of the information we are sending out,
24 especially the information about back to the source. But
25 we got some of that information from El Paso Natural Gas.

1 So if the companies, if they can respond to some
2 of these questions, I think it would be helpful. It would
3 be nice to have that. I don't know if Justin or someone
4 from the company would like to respond, but, please, I
5 think everybody would like to hear some of these things
6 because they are kind of general questions that have come
7 up.

8 Did you want to come up first, sir?

9 Okay. Come on up. When you get to the mike, go
10 ahead and state your name, and then fill out a slip over
11 here and we will -- so we can give that to our court
12 reporter. Thank you.

13 MR. THORTON: My name is Bob Thorton. I'm a
14 homeowner out here. My wife was already up here earlier.

15 And the one thing I haven't heard from anybody is
16 that, why were we the ones that had the gas turned off?
17 Out of the whole city, why was it us? We are farther out
18 from the city main itself, which means we are farther
19 apart. We probably have 50 percent more washes out here
20 than what the city of Tucson has.

21 Everybody that has lived here for any amount of
22 time realizes these washes suck in the cold air. So it's
23 plausible, if anything somebody else maybe could have been
24 chosen to have their gas lightened or turned off as
25 opposed to us. We were the first ones that are going to

1 get the cold weather.

2 Fortunately in the summertime, you can drive out
3 to Valencia, and you can feel the temperature change
4 because we are that much cooler. Same thing happens in
5 the winter. We get the cold weather first.

6 CHMN. PIERCE: Sure, and perhaps you can touch on
7 that protocol, too.

8 And would you give him a slip, please? Thank
9 you.

10 Okay. Justin, and I know that -- and if someone
11 from El Paso Gas would like to respond, we will give you
12 that opportunity, too.

13 Just identify yourself for the record.

14 MR. BROWN: Chairman, Commissioners, my name is
15 Justin Lee Brown. I'm with Southwest Gas, and I will
16 attempt -- we have been here listening, and I will attempt
17 to answer some of the questions that were raised today.

18 I would also like to point out that there is
19 probably some more detailed responses on our Web site. We
20 tried to collect the different comments, the concerns that
21 were expressed, categorize them and provide responses so
22 that people have those in terms of answering their
23 questions.

24 I want to start out first by letting everyone
25 know that we sincerely regret what happened, and we

1 apologize for the inconvenience that you and your families
2 experienced during that outage.

3 With respect to what happened, you know, it was
4 really, as some have commented already, it was a physical
5 gas supply issue. It was a matter of getting the gas out
6 of the ground into the pipeline and transporting it to our
7 distribution system. And it was really a function of a
8 culmination of severe weather events that was experienced
9 through Texas, New Mexico, and Arizona. As you all
10 experienced, it was extremely cold during that time
11 period. And it was moving across the southwestern --
12 along the southwestern interstate pipeline system.

13 And what had happened is there were some wellhead
14 freeze offs, some power outages in Texas where we procure
15 our gas, and they were unable to get the gas in the
16 pipeline.

17 With respect to why certain areas were shut off,
18 was really driven by our distribution system and where the
19 pressure was. So even though we could monitor the weather
20 and we were placing orders for physical gas supply, it
21 never made it into the system. It never arrived in our
22 distribution system.

23 And so as the cold weather was affecting the
24 Tucson area, our pressures along our system were dropping
25 in certain areas, and that is really what dictated where

1 we needed to shut off to prevent a domino effect so it
2 didn't affect the entire system.

3 And so I think one gentleman's question was, is
4 this going to happen again here? You know, it's not that
5 this place was selected for the turn off. It was driven
6 by where the pressures were on the system, how we could
7 control it so the system didn't collapse. So we had to
8 isolate certain areas based upon where the pressure was
9 low.

10 I think there was another question about how can
11 this be prevented in the future, and that is exactly what
12 this Commission is doing, the March 2nd meetings with the
13 distribution and the pipeline companies. And one of the
14 things that the Commission is looking at is natural gas
15 storage right here in Arizona so that we have backup in
16 the ground in this state to draw from when there are
17 physical gas supply issues in Texas or in other areas
18 where we actually purchase the gas.

19 As I mentioned in the beginning, we are here
20 listening. We do sincerely appreciate everyone's
21 feedback. I know a common theme is communication. I
22 trust -- I want to ensure to all of you that we are
23 looking at that. We want to do better in the future, and
24 part of participating in these public comment sessions is
25 to listen to our customers, find out, okay, we had a

1 communication plan in place, it obviously didn't work to
2 the level that you guys expected and that we expected of
3 ours to make sure that we provide safe and reliable
4 service to each of you.

5 So we will be listening to these comments. We
6 are going to go back and make sure that we revise our
7 plans to ensure that if there is an event in the future,
8 we adequately -- we do a better job of meeting your
9 expectations in those regards.

10 I just want to -- I think I tried to touch on a
11 lot of the different areas that were raised. If there are
12 other questions, we will be happy to talk with you
13 individually afterwards. And as I mentioned before, we do
14 have some information on our Web site. It gets into a
15 little more detail of some frequently asked questions that
16 we have received from our customers.

17 As was mentioned by the Commissioners, I want to
18 also on behalf of the company thank each of you for coming
19 out here tonight. I know it's not easy. You all have
20 your lives that you are living, and we appreciate you
21 coming out and taking the time to provide this feedback so
22 we can go back and make changes to ensure that we meet
23 your expectations in the future.

24 I appreciate it. Thank you.

25 CHMN. PIERCE: Thank you, Mr. Brown.

1 Okay. You have a question? But if you have a
2 question, you must come up to the mike. Did you get the
3 question answered?

4 Tell me what the question is, and I will repeat
5 it, and Justin will touch on it.

6 (Audience member spoke out.)

7 CHMN. PIERCE: Okay. The question is about, did
8 Southwest Gas -- and I heard Southwest Gas say that they
9 asked for more -- but if you would go into a little detail
10 of what the company did and the failure that occurred.

11 This is about the national gas supply, when
12 Southwest Gas saw that they weren't going to have enough
13 gas that they ordered more, and what was the procedure
14 there and basically who dropped the ball at that end.
15 Thank you.

16 MR. BROWN: Thank you, Chairman.

17 You know, we followed our normal procedures of
18 going to the wholesale market, to our normal supplier and
19 repurchase. And one of things that we were talking about
20 at the Phoenix meeting was showing graphically the amount
21 that we had requested to be delivered and then the amount
22 that was actually delivered.

23 And so we had contacted all of our normal
24 suppliers, made arrangements to receive that gas. It just
25 never made it into the system because they couldn't get it

1 out of the ground.

2 CHMN. PIERCE: I need you to come up and use the
3 mike. And actually, we can probably -- let me ask this
4 question.

5 There was a question: What other pipelines could
6 you have used besides El Paso? That was a question that
7 that gentleman asked outside.

8 MR. BROWN: And with respect to the way our
9 system is laid out and what feeds the Tucson area, it's
10 only the El Paso transportation system that feeds into the
11 area. So when we were going out to our suppliers to get
12 gas to bring it into that system, there is really only one
13 way to get it in on that one pipeline.

14 So when you are talking about other suppliers, we
15 couldn't go, you know, north into the Rockies or into
16 Canada. There are different -- the way the system is laid
17 out, there is really only one way into the Southern
18 Arizona territory. So we can only seek supplies along
19 that distribution -- or transportation system.

20 CHMN. PIERCE: Okay. And, Kate, Dennis Garvin,
21 that is who those questions were from.

22 All right. Well, we appreciate that, and we will
23 be staying around for those that want to have some real
24 one-on-one.

25 We appreciate the company for being here and the

1 responses, and El Paso is here, too. We actually covered
2 what I would ask them. Thank you for doing that,
3 Mr. Brown.

4 Well, we have jumped to the end of this. What we
5 would like to do is wrap up with final comments from the
6 Commission and then we will adjourn.

7 We will start with Commissioner Burns.

8 COM. BURNS: Thank you. And again, thank you for
9 coming and for sharing your stories with us. It's
10 incredibly important for us to hear directly from you.

11 And as last night, and has been throughout this
12 entire incident, the communication seems to be the main
13 theme that we are hearing. We have had many discussions
14 with Southwest Gas, who, by the way did offer to come and
15 visit with us recently. I know I had many meetings with
16 them, as did the other Commissioners. And the
17 communication is one of the things that we really drove
18 home, and I know that they are committed to working on
19 that. As you say, in this technological age, there should
20 be many, many ways to communicate.

21 But there is another issue as well, and that is a
22 list that they need to have so that they know where to go
23 and shut off or turn back on sooner, whoever is, you know,
24 people who are homebound, people who are over a certain
25 age that aren't able to get to other care areas. And that

1 list is inadequate. It's not up to date, and they need to
2 reach out to you, and obviously all their other customers,
3 and find out who needs to be on that list and do a better
4 job at turning it back on more quickly.

5 I think the communication and those kind of
6 things are going to be very helpful, and I think we will
7 see a lot of changes in that. And I know that because you
8 are willing to share with us and by e-mail, phone, and by
9 being here that we have been able to see a lot of areas
10 that need attention.

11 Thank you.

12 CHMN. PIERCE: Commissioner Stump.

13 COM. STUMP: Yes, Mr. Chairman. Well, as
14 Commissioner Burns mentioned, the theme we keep hearing
15 over and over again is one of communication and how that
16 broke down and how that needs to improve. I think that's
17 what a gentleman said last night, and he said "Let the
18 people know." That was the message that he represented
19 over and over again.

20 This obviously is a matter of public health and
21 often survival. We heard many stories last night and, of
22 course, today in which that was very much the case. And
23 there is really nothing more serious than matters relating
24 to public health and survival.

25 And the Commission -- several Commissioners have

1 asked the company to enact a mock of emergencies, which I
2 think Commissioner Kennedy may touch on in a minute. I
3 think we will glean some useful information on that. And
4 feel free to e-mail any of us to discern the results from
5 that once it occurs. My e-mail address is
6 bstump@azcc.gov, and I would be happy to dialogue with you
7 on this or any other issue.

8 And I want to pledge to you that we will continue
9 to work with the companies so that this doesn't happen
10 again. And I know they are willing and able to work with
11 us and ensure again that an outage of this sort does not
12 happen again.

13 And I think to that end, natural gas storage is
14 critical, and so I know we will continue beating on the
15 drum on that as well.

16 I want to thank you again for coming out, and
17 it's been a pleasure to be here this evening, and the mike
18 is yours, Mr. Chairman.

19 CHMN. PIERCE: Commissioner Kennedy.

20 COM. KENNEDY: Thank you, Mr. Chairman.

21 I have heard you loudly and clearly, and I feel
22 your pain. We have our work cut out for us here at the
23 Commission. I have asked all providers, all utilities to
24 come together to do an emergency mock, and I am hoping it
25 will come together very, very soon.

1 Let me say thank you to you for standing up.
2 Thank you for being here and being heard, being seen. And
3 thank you for allowing us, me, the opportunity to listen
4 to you. Thank you.

5 CHMN. PIERCE: Thank you. And Commissioner
6 Newman has joined us.

7 We agree -- we all opened with one minute and
8 wrapped up with two, so you get three.

9 COM. NEWMAN: Good evening, everyone. How are
10 you? I was here. I was outside talking to some
11 reporters. I didn't hear all the complaints that were in
12 the room, but I was certainly there all night in Cochise
13 County.

14 As some of you know, I am from Tucson, so I get a
15 lot of complaints about this. It was a very, very tough
16 February week, I know, for you. Some of the lowest
17 temperatures ever recorded in the country and down in
18 Cochise County.

19 I just came from Bisbee. It was minus eight that
20 night, and cracking -- a lot of cracked water, but they
21 had gas. Down in Sierra Vista and you in this part of
22 Tucson didn't have gas. A lot of things caused that. It
23 was a remarkable day in which 82 power plants went down.

24 I want to talk about the issue of compensation
25 and how Southwest Gas is interacting with you. By law

1 they probably have an arguable argument that it was an act
2 of God in terms of they couldn't really help it. But I am
3 hoping that the company will show some good faith with
4 regard to this issue and work with the customers, and I
5 will be working with the company to make sure that they
6 show good faith to their customers.

7 So maybe \$100,000 was expended by the company to
8 relight the pilots; the least they could do is spend some
9 money to make some people whole who were truly hurt that
10 night. And I know you're part of the voices of the people
11 that were hurt. You represent, not only the 50 or so
12 people who are in the room, to me you represent 500 to
13 1,000 people who were really affected badly that night,
14 and communication, as we all know, could be better.

15 I will close with this, I will ask for the
16 Commission to have a workshop on the issue of trying to
17 have a reservoir of a gas supply somewhere in the state or
18 near the state so that might help in the future. I would
19 like to have a workshop on that. That could be part of
20 what comes out of this.

21 And then, finally, I would like to see an
22 investigation from the federal government, which I know
23 will now happen, as to the breakdowns of the grid and how
24 there needs to be some backup power by some of these
25 pipelines. They can't necessarily rely all the time on

1 those -- the power being on. So that is another thing I
2 know that is going to be a lot of work that will happen in
3 the future years.

4 I thank the Chairman for the time, and again, I
5 thank you for coming out tonight. Thank you.

6 CHMN. PIERCE: Thank you. Let me wrap up with
7 this, we do have an underground storage docket open at the
8 Commission. An underground storage is simply this: We
9 have been studying, and the utilities have been studying
10 in Eloy, underground storage, and by that it's an
11 underground cavern where they can store multiple days of
12 natural gas, which in an instance like this could take us
13 out in this type of incident ten days so it would not have
14 had an impact. They could backflow the pressures from
15 that storage to fill in wherever there is a void in the
16 line. That is the solution of the future.

17 In the meantime, in the three or four years that
18 it would take to do all that potentially, we need to have
19 procedures in place, protocols that work. We need to run
20 drills. I would like to come down to participate in those
21 since it's a drill and I'm not really going to get cold,
22 and I think that that -- not during the middle of the
23 summer -- but do those and let people participate, let
24 your -- so that customers know. And we can go through the
25 protocols of that, but that is a necessity so that we know

1 these things are going to work in any kind of emergency.

2 It's been wonderful to be here with you and hear
3 the problems. Some of those problems, I think the resort
4 and the costs associated with that, each of your
5 individual stories and the costs associated with that, to
6 have pipes burst and have your house destroyed by water --

7 Last year in the middle of my campaign my water
8 heater broke, and we have a basement. We didn't -- the
9 water heater is upstairs. It all drained, and we went
10 down into the basement, and, oops. And we had -- we had a
11 huge mess. And so I know how bad that gets, and they're
12 just things we have to deal with that we don't want to.

13 Act of God or no act of God, we should be ready
14 for those acts in the best way we can. And that is what
15 we at the Commission, we will see to it, and the company
16 will see to it, that they are prepared.

17 I listened intently to being better prepared, and
18 I understand that. We all should be in so many ways, but
19 that is exactly what we are asking the company to do, is
20 be better prepared for this so that the rest of you are
21 not severely inconvenienced. I understand a little
22 inconvenienced, getting turned on the next day. If
23 everybody would have been turned on the next day and had
24 good communication, not a problem. Some, even longer with
25 good communication, understanding the issue.

1 I appreciate that you are here. We will have
2 solutions to this, and we will take each of these problems
3 and make sure they are addressed.

4 Thank you for coming. We will be around for a
5 little bit if you have any other questions or concerns
6 that you have thought of.

7 So with that, we are adjourned.

8 (TIME NOTED: 6:54 p.m.)

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I, KATEE. BAUMGARTH, RPR, Certified Reporter
No. 50582, for the State of Arizona, do hereby certify
that the foregoing printed pages constitute a full, and
accurate transcript of the proceedings had in the
foregoing matter, all done to the best of my skill and
ability.

WITNESS my hand this 14th day of April, 2011.

Kate E. Baumgarth, RPR
Certified Reporter, No. 50582