BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE COMMISSION'S GATHERING OF INFORMATION CONCERNING NATURAL GAS OUTAGES IN THE SOUTHWESTERN UNITED STATES. DOCKET NO: G-00000C-11-0081 PUBLIC COMMENTS SPECIAL OPEN MEETING

At: Sierra Vista, Arizona

Date: April 6, 2011

Filed: April 20, 2011

REPORTER'S TRANSCRIPT OF PROCEEDINGS

ARIZONA REPORTING SERVICE, INC.
Court Reporting
Suite 502
2200 North Central Avenue
Phoenix, Arizona 85004-1401

Prepared for: By: Kate E. Baumgarth, RPR
Certified Reporter
Certificate No. 50582

Arizona Reporting Service, Inc. www.az-reporting.com 602-274-9944 Court Reporting & Videoconferencing Center Phoenix, AZ
BE IT REMEMBERED that a Public Comment Meeting

was held at Buena High School, 5225 Buena School

Boulevard, Sierra Vista, Arizona 85635, commencing at

6:00 p.m., on the 6th day of April, 2011.

BEFORE:

GARY PIERCE, Chairman

BOB STUMP, Commissioner

SANDRA D. KENNEDY, Commissioner

PAUL NEWMAN, Commissioner

BRENDA BURNS, Commissioner

For Southwest Gas Corporation:

Mr. Justin Lee Brown

KATEE. BAUMGARTH, RPR

Certified Reporter

Certificate No. 50582
25
24
23
22
21
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1

CHMN. PIERCE: Let's begin this public comment session. I don't know if -- okay, we will begin this public comment session.

I want to thank Buena High School for giving us -- for letting us have this gorgeous room to do this.

I'm Gary Pierce, Chairman of the Arizona Corporation Commission, and we are here for public comment regarding Docket No. G-00001C-11-001. That isimportant for you if you want to read what has gone on in this docket, but we can give that to you again later on. We are gathering information concerning the natural gas outage in the Southwestern United States.

I want to thank everyone for coming again. It's so -- you know, it's an honor to represent you. All of us comments and let each of the Commissioners do that, and -- and having people here to make sure we are all comfortable.

CHMN. PIERCE: Yes, thank you.

(Appause)
say very much and let you say your part. We will take
notes so that we can deal with this the way we should.

   On this form it says, at the bottom, a
three-minute speaking limit. Please, please, for
everyone's -- that is not for us; that is for everybody
else. That is at the bottom. So thank you.

   And we sent out an e-mail letting people know
where -- everybody that e-mailed us, we tried -- I think
you got an e-mail back from our office letting you know,
here is what is happening and here is the information,
where you can go to get information so you can have it.

   So many of you that have e-mailed us, if you
e-mailed me, or any of us, we will refer you to that
docket where you can actually pull up more information on
this case.

   So again, this was a tragic event. As Chairman
of the Commission it's not anything that you want to see
happen, but at the same time it's one of those that, from
a political standpoint, it's important not to politicalize
this. When power or natural gas goes down, it's important
for the companies to react and for us to be informed of
what is going on but stay the heck out of their way
politically and not tie up resources that they need to
react to the crisis. I think we did a pretty good job of
that.
We were writing letters. We were talking and meeting with representatives of the company, but I think you know that we believe this is important. We did have a hearing in Phoenix earlier this last month -- it might have been end of February -- and we said we will get down here in about 30 days. Pretty close. And what we found is lot of reasons for what occurred, and there are solutions to making sure it doesn't occur again.

So with that I will let each of the Commissioners -- we will start with Commissioner Newman. I will ask each Commissioner to try to hold to the same thing, just a couple minutes, so we can get to your concerns.

Commissioner Newman.

COM. NEWMAN: Thank you, Mr. Chairman.

I want to make sure everyone hears me. Can you hear me?

First, I want to say, it's good to be back to Cochise County. As many of you know, I was the County Supervisor here, and I'm on the Commission now. I represent you guys. Typically we cover Arizona, but we are all over the state, but it's really good to be back home. It's been an interesting day. It sort of rained all over, which was pretty amazing.

I have been on the Commission now for almost --
going on three years; plan to run another term. You can
have two four-year terms. We have done a lot on energy
efficiency. We have done a lot in the solar energy area,
but I know that we are here to talk about the gas
situation, and I wanted to just outline a couple points.

You are at a little bit of a disability in the
sense that you are not going to get a whole outline from
Southwest Gas or from El Paso Pipeline like we had up in
Phoenix about a month ago. We could have brought them
down here. There are some representatives sprinkled
around the audience, but they will not give you their
spiel, if you will, about everything that went on.

So I just want to give you a couple facts that we
gleaned from the lecture, really, on what happened. It
was well run. As you can think it would be well run, it
was companies like El Paso Gas and Southwest Gas that
presented us with these issues.

Southwest Gas admitted to communication failure,
and they said that basically they are working on it with
new communications equipment and things like that. But
they realize that it was hard for them to communicate with
you during that five-day period. And since they had to
turn all the pipelines back on, it took a long time. They
are apologizing — I'm not apologizing for them — but
that is what you would have heard, more or less.
Now, from the El Paso Gas standpoint, they also -- they're responsible for bringing the power supply this way, and they are basically saying that everything worked okay there; it was the actual power suppliers in the fields that got so cold in Texas that the plants went down.

I'm not trying to make an excuse. I'm just trying to give you an overview of what -- an overview in what I can say in a couple words.

What is interesting about that is that there were an incredible number of 80 power plants down at that time. So what we found is -- the lesson learned is that we had a problem with our grid. That is a big problem. That is a national problem. There is a Federal Energy Regulatory Commission that is sort of in charge of those issues, the power issues that caused this.

And then they say also the wellheads themselves froze. It isn't like it is in Canada where they will make the wellheads for Alaska or Allegheny weather. They were making them more for what is usual in that weather period for the Midwestern United States.

I just want to tell you all that because you didn't get the benefit of actually a pretty good briefing on some of the problems that happened. It doesn't wipe the injuries and things like that.
When I asked them about compensation for people who might have lost work or other things like that, they said they are working on those kinds of things, and I haven't had any more information from the company on that. But there are some people in Tucson that would like to see compensation or reimbursement. I'm not sure whether any of you folks have.

And then there are three other lessons I learned so far, and I am here to get more. I want to tell you something that I really found out that I thought was very interesting because I used to be the County Supervisor here. We have a reverse 911 system, an emergency system, that can use -- call up all folks in the time of an emergency. And there were a lot of very hardworking County employees that finally got that done, but one of the things that happened was that the reverse 911 system in Cochise County is not designed as well as it is in Pima County. And that is something that we have to get with Mr. Call about and Mr. Ortega and the people from the County. That is something I wanted to mention. That is a big lesson learned.

The other lesson is that we probably have storage somewhere in Arizona or near Arizona. Storage would help the situation.

And then there is one thing that I want to bring
up that may or may not be on the nightly news, but --
because it is important, and I will have to ask Southwest
Gas about this as well. I will ask them tonight about it
actually, if I can.

There is a possibility that the infrastructure,
the gas infrastructure, that goes into Sierra Vista which
was originally constructed -- I don't know exactly which
year -- but probably sometime in the transition from Fry
to Sierra Vista, sometime in that period of time -- it was
all dirt roads --

CHMN. PIERCE: Commissioner Newman.

COM. NEWMAN: I'm about to conclude. I told you
this was my last point.

--- that there may be a problem with that
infrastructure. Now, I'm going to ask questions about
that tonight. I will expect answers about that.

But there is a possibility that that pipe that
comes down here doesn't have -- you know, perhaps is not
the kind of pipe that we want to go into a metropolitan
area of more than 50,000 people.

That is all I wanted to say. I just wanted to
give you an overview of what happened last month. Thank
you.

CHMN. PIERCE: Commissioner Burns.

COM. BURNS: Well, I will try to hold to the
three minutes, but that was a lot of good information, and
I will try not to repeat it.

Indeed you know that we did have a meeting in
Phoenix, and we learned some of what you just heard about,
but there was some other issues as well.

Clearly we are hearing about the provider, where
it was coming from, Texas, what was going on there. Those
are things that we hear that we can sort of research, but
it's really -- as far as delving into it better, the
Federal Energy Regulatory Commission is also doing a
thorough investigation, which I think will be very helpful
to help round out the story and make sure that all the
facts are as they should be. So we are working with FERC
to make sure their information yields what we would hope
and expect that it does.

But there is the issue that happened. There is
the problems that we had. There is how it was dealt with.
First of all, were we prepared? Was the preparedness done
appropriately? Were there things we could have done
differently ahead of time, or how much we put on the
provider, El Paso, and what was going on in Texas?

And then there is simply, while it was going on,
was it handled properly? We do all understand that
communication is something that could have been improved
on. Southwest Gas has said they could have. They are
looking at different ways that things could have been done
better and to try to fix it so that should such an
occurrence happen again, that you'd get the information
that you need.

There were a lot of areas which we need better --
we just needed it referred to you better. We just needed
the reverse 911. We needed the west side to work. We
needed a lot of things. We will hear more from you and
learn about things that could have been done.

I was reaching out to people here during the
outage, so I was hearing directly from Sierra Vista,
people who were having the outage, exactly how they were
doing, what the Red Cross did, what options you had
available to you. But we, again, need to do better.

And I have long been a believer that we need gas
storage in this state so we are not so reliant on other
places, other states, to deal with the needs of our
Arizona residents and hoping that we can make some
progress on the storage. If we had it in this instance,
we would not have had the outages that we did.

I will look forward to hearing you.

CHMN. PIERCE: Thank you.

Commissioner Stump.

COM. STUMP: Thanks, Mr. Chairman.

Sierra Vista, of course, was particularly hard
hit a couple months ago, and my colleagues and I have felt it was important to have a meeting in Phoenix to figure out what went wrong, but we wanted to hear from you in person, to come down here.

I know I speak for all of them in saying we are very happy to be here tonight, and we are certainly all ears. And some representatives of the companies are here. I know they are all ears as well, and we look forward to hearing some of your comments.

The end result, hopefully being, of course, that this never happens again. So I look forward to hearing what you have to say, and I want to thank you all for being here as well.

CHMN. PIERCE: Thank you.
Commissioner Kennedy.

COM. KENNEDY: Thank you, Chairman.
Can you hear me?
Okay. Let me first thank everyone for coming out tonight, and let me acknowledge the mayor and former representative, Pat Fleming, for coming out this evening.
I really appreciate you just coming to show your presence, to show that you are concerned.

I am really here tonight to listen to you.
Tonight is your night, and I want to hear what you have to say. I will be taking lots of notes, and for those of you
who would like to e-mail me, you can e-mail me and I will
have your comments docketed in the docket so that they are
part of the record, not just part of the transcript	onight, but your actual comments can be part of the
docket.

And, again, thank you for coming out tonight.

CHMN. PIERCE: Okay. Thank you, everyone.

And now we will turn the time over to you. What
I will do is I will read a name, and then I will read an
on-deck person. If you could be ready, that would be
great.

We don't mind applause. Applause takes time, so,
you know, quick ones, because we know the longer you take,
the longer -- everybody supports, and I know what that
applause means.

First is Gary or Denna Lium. Did I say that
right?

MRS. LIUM: Donna.

CHMN. PIERCE: Donna. I'm sorry, Donna. I need
to put on glasses.

Okay. But both of you, and then after that is
Marie Aira.

Okay. Go ahead.

MRS. LIUM: So we have three minutes to take care
of something that took four or five days?
MR. LIUM: Six minutes, two of us.

MRS. LIUM: Well, our main complaint is that we have -- we are involved with three places: Our own personal residence, the residence that belongs to our son who is now in assisted living and cannot take care of it anymore -- we have it up for sale and have been taking care of that and found out the gas was shut off there -- and then the assisted living place where he is living with four other residents. They were cut off also. So we are concerned about three places.

Our son's place, we have pictures of the holes in the pipes that -- because the water froze because there was no heat. We had called the furnace man to come out, and he tried to light the furnace. We couldn't get it started, so we called him to come out, and it was $50 for him to tell us that there is no gas. Okay?

So I called the gas company, and they said, "Oh, the gas has been shut off." That is the first we knew anything about it.

So then --- finally then after four or five days then the plumbing pipes froze. That bill was over $800. And then, like I say, we have all of these holes in the pipes that had been repaired.

Then a week or so later, maybe two weeks, the furnace wouldn't come back on again. So we had to call
the furnace repairman back, and that was another $350.

MR. LIUM: And due to the stuff —

CHMN. PIERCE: Please speak into the mike.

MR. LIUM: It's due to the gas being shut off and

turned back on and not blowing out.

And actually this circumstance, I think, is more
accréditable not only to personal damage but to public
safety simply because I went down to check out my son's
house and found out the hard way, with a $57 bill, that it
had been shut off. That is the first time I knew about
it.

I went home to find out mine had been shut off
while I was at my son's. And my outside water heater --
instant hot -- froze up.

What I am getting at here, nobody -- it's like a
thief coming during the night and breaking into your
house. They did the same thing by shutting our gas off.
They caused damage. They caused life to be at risk.

Some of these older people, when it's three
degrees, that is not easy for them to survive. It's darn
cold for some of us right now when it gets cold. Just
imagine what some of these people went through.

They went through this. In assisted living where
they are trying keep people alive and take care of them,
they lost their heat, too.
MRS. LIUM: While we were on our way to see him after we had been to his home and went to the assisted living, we saw a gas company truck on the road. We stopped and asked the guy when they were going to go down to the assisted living place and turn on the gas there, and he got on the phone. And he said, "Well, it's not on my list of things to go -- of places to go, so he called his supervisor, and she said they had to go -- this is Saturday -- they had to turn on the church's first and then they would take care of assisted living. That was a low blow. These are older people and sick people that needed care.

Right now we are out almost $1200 for repairs, and we feel like we should be somewhat compensated.

MR. LIUM: And what could have been done to notify everyone that they had the gas shut off was to have the PD, the sheriff's office, the assist team, and search-and-rescue go around and pound on doors and let them know what was going on. Because Southwest Gas never answered their phones. We never got anything on the news until the next day. By that time we are the second day into it and the third day.

So there was not enough reaction from our public official to protect life.

CHAIR. PIERCE: Thank you.
Marie Aira, and after Marie is Barbara Denniss.

MS. AIRA: Actually my name is Margie.

CHMN. PIERCE: I'm sorry.

MS. AIRA: That's all right. Not a problem.

It's my handwriting.

Tonight I had the opportunity to speak briefly with some of the Southwest Gas representatives, and I think Mr. Newman alluded to it, as did Ms. Burns, but basically my concern and my complaint and if I were to ask the Commission to come away with anything tonight would be basically to ask all the utilities -- Southwest Gas, SSVEC, even the various water companies here in the local area -- what is your contingency plan, first of all, to notify your customers?

As the gentleman before me alluded to, we couldn't get through on the phone lines. There was nothing as far as the media was concerned until almost 10:30 or 11:00 in the morning, and that again came from Tucson. There was nothing that addressed specifically what was going on in Cochise County.

So if the Commission is going to take anything away from this, it would be to go to them and say, "What is your disaster contingency plan? How are you going to notify your customers? Within what time frame are you going to notify them?" They knew at 6:30 in the morning.
As a community we didn't know anything until almost 10:30 or 11:00.

There needs to be more expediency as far as notifying their customers, and again, when it came back on, to keeping us notified, up to date: We are going to start turning it back on; we are going to go north to south; we will go south to north; what neighborhoods can we expect to be turned on first; are they going as indicated here to the hospitals, to the nursing homes, and all that.

So again, it isn't just Southwest Gas. If something happens to SSVEC, what is their contingency plan, and as far as all water companies, as I said.

So thank you.

CHMN. PIERCE: Thank you.

Barbara Denniss, D-e-n-n-i-s-s. And after Barbara is Rick Young.

MS. DENNISS: I just want to tell you that we were not notified that the gas was out. We had to move out of our home, stay in a motel for two nights at our expense because my husband is on medical -- has medical problems.

I e-mailed to Southwest Gas. The other day I got a reply from them with a report to have a doctor sign. I took it over to the local office, and for 14 years we have
lived in Sierra Vista and they had our wrong information, the wrong social security number, the wrong age. Everything was incorrect; however, they always took our check.

CHMN. FIERCE: Thank you.

Okay. Rick, and then Steve Scheumann is after Rick.

MR. YOUNG: Thank you very much for hearing me, Rick Young for Sierra Vista.

I guess one of the problems I am having with Southwest Gas is that they are the only game in town. You can't go to another place and say I want your gas service versus these guys. So we are over the barrel in this.

The other thing that bothered me after I spent $250 on a hotel bill was the fact that it looks like I'm not going to receive any money back. According to the Arizona Daily Star in February, "The utility is not responsible for damage claims related to interruptions to service under Arizona rules adopted as part by the gas company's rates."

So I am kind of listening to this and reading this and going, "Well, you folks approve the rates," and now according to this that was lumped in as I'm not going to get compensated. So I would like to know how you would respond to that. Thank you.
COM. NEWMAN: Mr. Chairman.

CHMN. PIERCE: Well, the thing is, I would like to have -- if we have an attorney for the Commission available, we can probably get into the statutory language that prohibits us from doing that, but I think -- those things are statutory legislative, so that is it.

COM. NEWMAN: Mr. Chairman, if I may, I am an attorney, too, and I'm not the attorney for the gas company.

They did make a public statement to us that they were reticent about reimbursement, but I'm still pushing on that point, which is why I want to hear everybody on that. And there may be statutes, but there is something about good faith. And there is something about being a monopoly and you being a captured audience for them.

So I am not letting up hope no matter what the statute says about on this.

MR. YOUNG: Thank you.

CHMN. PIERCE: Steve.

MR. SCHEUMANN: Yes, Steve Scheumann. I'm glad you came down here. I sent e-mails to all of you on this. I got responses from two of you here, Pierce and Brenda Burns. Thank you very much.

Chairman Pierce also sent out e-mails to me about the agenda in Phoenix and the presentation. I read those.
I appreciate that very much.

Also your staff, I sent my concerns on to Southwest Gas up to them. Southwest Gas responded within five days. Southwest Gas listened to my comments, was great.

I tried that with El Paso Gas, they gave nothing. They never responded. I never got a follow-up. Maybe because they are not in this state they don't have to do anything. I don't know what happened with them.

As for Southwest Gas, there has been many comments on this. The only one I would like to make was somewhat alluded to here, I do think if it's possible to have -- they need to consider, some party, a plan for restoral of service. I certainly would like to have mine done first, but I'm not a hospital, I'm not somebody that is infirm. I don't know exactly what the right categories are. I don't know if that is possible, but I think that is certainly important. We don't want people losing their lives or getting sick over something like this.

As for communications, that has been discussed, but I do appreciate the e-mails I got from Pat Call and the City. They did a better job than the other communication channels. Hopefully we can do better than that the next time.

As for restoral of service, it took two knocks
two times to our house. The second time they showed up, they knocked on the door and they ran off. My wife had to go literally run down the street to get them. I realize it's frustrating for them to go around and knock on doors, but they need to stay. Fortunately my wife was fast enough to catch them, and once she did, they did a great job of restoring our service.

As for the plans I saw for El Paso Gas, which is really the culprit in this as far as I'm concerned, not Southwest Gas, I think their plans, they need to really -- they need to really be held their feet to the fire when they come to the briefing for when it comes to making sure they don't lose power at critical facilities, again, right, and their plan to put more storage in place. There is probably some other things they need to do, but those are the two basic things.

They just basically couldn't get enough gas here because they lost power. They should have had in place plans with the electric companies and other things else, maybe backup power in certain critical facilities. They told that in their briefings. They need to make sure that happens, not just some PR thing to keep you off their back and keep charging Southwest Gas and us for no real backups.

I also think that gas storage would be great. I
came from the East. We had big storage tanks in big
cities. My neighbor worked for a gas company there that
helped them out in emergencies. I know there has been
problems. You worked on it here. I hope that -- I hope
that thing doesn't get lost somewhere because I'm not sure
it would help in some huge emergency, but it certainly
would mitigate it, hopefully, and get the gas back
because we are at the end of the line, and this is going
to happen to us again. It ain't going to happen to
somebody who is on the mainline somewhere.

Thank you for your time.

CHMN. PIERCE: Thank you.

And next is -- I apologize I didn't get you on
deck -- Walter Davis. And after Walter is Robert Hebert.

I'll let the Commissioners know, I am sure there
are things we would like to comment on. We will have a
closing statement from each of us which covers some of
these thing that you said. So you will be able -- I think
we are moving pretty fast, so I think we will still all be
here.

MR. DAVIS: Commission, I got a little other view
on this. I'm 100 percent combat disability rating. At
this time this went off I had four cracked ribs and
pneumonia, and they wouldn't put me in the hospital
because they said too many germs in there. That's the
doctor's statement.

However, Thursday -- I mean Wednesday night was
cold. My house survived everything. They came in
Thursday, knocked on my door. The guy couldn't get back
to my meter. There is a gate there, but it's broad iron.
They can read it, but they can't get back.

I opened it. They cut my gas off. I asked him,
I said, "When we will we get this back on?"

Now, I know this is not the worker's fault. All
they could do is like this. He didn't know.

And we didn't know. The lack of giving
information to the public, and for those of us who are,
more or less, housebound has to improve. You have to
improve on that so we can take the necessary actions if we
have to.

I spent over a month, just got out on the 15th or
16th in a motel from the 15th of March on while they were
trying to clean up their mess that happened in my home.

Needless to say, yes, I am put out. I'm not put
out with the guy that goes out and turns my gas on and
off. I'm put out by the people who do the planning. I am
an old military man. You say we don't plan much, but we
do plan for emergencies, and by golly, they didn't. And
they didn't even have the courtesy to let us know anything
until the next day or so when we found out on the radio.
And this is my great complaint. Let the people know so they can take some kind of action, some kind of action to take care of their stuff and take care of themselves.

I know I look around this crowd here. We are not all -- we are all getting up in age a little bit. And a lot of us have trouble, and a lot of us stay home and we have to have certain treatments and certain stuff to survive. So my biggest complaint, I guess, is get the information out so people can take care of themselves.

Thank you Commission.

CMNH. PIERCE: Thank you.

And Robert Hebert. After Robert is Carol Cottrell.

MR. HEBERT: Ladies and gentlemen, Robert Hebert.

CMNH. PIERCE: Hebert.

MR. HEBERT: I would like to speak as an injured party and as somewhat of an expert.

A week prior to this outage I came home from the hospital from a quad-bypass open heart surgery. I laid wrapped in blankets with a space heater sitting on my chest.

Luckily being a building contractor as a trade, I had switched my house out to PEX piping. It all froze but it wasn't damaged because PEX expands and contracts.
I think I should have been notified a day or two prior to this outage by the gas company. They should have been able to look at the weather reports and tell me what was going to happen and then come to my house and shut the gas off at my house, not throw a valve on Buffalo Soldier Trail shutting 2500 or 4500 people out of gas.

Because when they shut that major valve off, air then entered the entire system. The big delay in getting the system back on was pumping gas from a truck into those pipes so that they had gas back in those pipes so that they could even pump the air back out of the pipes in your home. It would have taken days less to turn things back on if the valves had been turned off at each house individually and if we had been notified.

As a building contractor -- I am licensed in the state of California and Arizona as a general contractor, in the state of Arizona residential, commercial, and engineering. Engineering qualifies me to build this kind of a system.

So I think I can say that there was probably a cost benefit analysis done when they built these systems to try to maximize their profits rather than provide for the contingencies of this kind of situation. You don't find this happening in the North. You don't find this happening in the East. You find it happening here because
they didn't care enough to have a contingency plan for
cold weather.

I think that since corporate officers are hardly
ever punished for criminal negligence, that the thing to
do when the next time they ask for a rate increase is to
ask for an 8 percent reduction in their salaries.

CHMN. FIERCE: Thank you.

And Carol. And after Carol is Linda Garcia.

MS. COTRELL: Thank you. I wanted to talk about
notification, but I think that has been well covered. You
gave us more notification tonight that you would be
sitting down in two minutes than we ever got.

But the other thing that really, really bothered
me was the way you went about turning it on. They didn't
go down the street and go to this house and then this one
and this one. They picked out where they wanted to go.
They drove by my house. I am on oxygen and I'm a
diabetic. And my husband was out hunting, so I was there
alone. If it hadn't been for a neighbor blocking the road
with her car and telling them, "There is a lady over on
that corner you need to turn on the gas for," I don't know
when I would have got gas, and I was home all the time.
And that is my number one -- number two thing.
Number three I wasn't going to say anything
about, but it made me so mad at that time I think I will.
I don't like being called "fingertips," and "to save the hand they cut off the fingertips" is a quote from the newspaper, and it was made by a woman that worked for Southwest Gas. My bill doesn't seem to count as fingertips. They sent it out. I got it. I know it was in the mail. I got it the day after I got gas back.

CHMN. PIERCE: Thank you.

And Linda. And then Rose Mandell after that.

MS. GARCIA: I woke up on Thursday morning the first day of the gas crisis and it was cold in my house. We tried the furnace, and it didn't work. And I would imagine everybody in here, their first reaction was, "Oh, heck. I'm going to have to call the furnace company," and from the sound of it a few of you people did.

Carol and I communicated and started a phone tree with all of our friends to find out what was going on. Had one of her neighbors not had a friend whose husband works for the gas company who came over to tell the neighbor what the problem was with the gas, we would have never found out. But we all kept our tree going so we would know when anyone got some information.

The interesting part was the people around the country club area got their gas turned off on Thursday, and guess what, it was on on Friday. And if you look at the people around this room, you are seeing older people.
I live outside of Sierra Vista on Bevers Street, and we live, a lot of people out there, on big five-acre lots. We are not on small lots where you can go 15 minutes and turn the gas on.

The other thing is, I had to -- when I was the one that stopped the gas people and blocked them in with my car to ask if they could go to Carol's house to turn her gas on, and informed them that my husband was home and that I lived at 5008 East Bevers and would they please go down there, assuming they were going down house to house. That didn't happen.

When Carol got her gas on, she called a friend of hers over in the country club area and found out, oh, gee wiz; they had their gas turned on on Friday. So it was kind of interesting that they were very selective.

I would have hazard a guess that the majority of the people that had their gas turned off were on the -- from Buffalo Soldier out. And you are looking at a lot of old people. Well, my husband got tired of me griping about money talks, so he went and found himself a Southwest Gas man, drove around the neighborhood until he found one and asked a guy if he would come over and turn on our gas. And he told him he had been suffering all month with pneumonia and had just had a new pacemaker put in so he didn't need any more health challenges.
The guy was down in the Sierra Reserve area, and he came down within about ten minutes and turned on our gas. Now, the positive thing I can say about this is that the Southwest Gas individuals that turned on the gas were very positive. This guy came right away, turned on our gas, lit all of our appliances, and we had no problems.

But you are looking around this room. There are older people with health problems. There was no notification. Had we not found out from a friend of a friend, we wouldn't have known what was going on.

And then to select areas where predominately supposedly it's the poorer sections of town and sections with the older people, that is unacceptable.

If you can have the gas turned on at the country club area after being off less than 24 hours and we had to wait until Saturday afternoon to get the gas turned on, we were smart enough to go get heaters and we lived in one room and slept under electric blankets so we didn't have any problems.

But I think there were some communication problems. And like one of the individuals said, we can't take it off on the poor meter readers or the guys that turned off the gas.

That is all I have to say.

CHMN. PIERCE: Thank you, Linda.
Okay, Rose. And after Rose is Amy McCormick.

This is Rose Mandell.

MS. MANDELL: I dressed for the occasion.

All right. Very bad communication. I told them 6:00 on Thursday they had no gas. I'm a Detroit girl. They told me my furnace was broken. I said, "I'm not neurotic. It's not."

The communication was so poor. And I went to a Southwest Gas meeting on Monday and they were told that communications and the way they came back -- I didn't get my gas back on until Saturday late afternoon. And we are a wealthy part of town. That has nothing to do with it. They turned it off. It was off, period. But there was radio. I'm up at 4:00 in the morning. There was radio and television. There was nothing. Communications and then how they were going to get it back on, that is what they should do, and that is what everyone is angry about.

This is going to happen again, I can guarantee you. But with no communications, that is what everybody has said. And I was the treasurer of a homeowners association -- it was 88 families -- and that is what everyone said, communication.

Thank you for coming.

CHMN. PIERCE: Thank you, Rose.

Amy. And after Amy McCormick is Corinne Sugitan.
MS. MCCORMICK: Hi. Thank you for coming. I'm kind of here on behalf of my parents.

I was pretty patient about the gas outage. I found out on Thursday at work. Someone at work found out about it and told us.

First thing I did was go to the Web site and confirm the information was true. Second thing I did was call my father, who lives next door to me, and tell him he needed to get a space heater. He struck out at three different stores in town and finally got the last one at the Exchange.

He then spent the next three days in his living room chair under blankets with the heater at his feet. He is diabetic. He is 86 years old. My mother died four weeks before this. He was extremely sick, and I put up with all of that, worrying about him, that his house might burn down because my house was colder than his. He lives next door to me. I put up with worrying if he had hypothermia and made him wear a hat in the house. I was so concerned for him.

I found out later that his 89-year-old neighbor who had two major open heart surgeries in the past was doing the same thing, sitting alone in her house waiting for the gas company -- because we didn't know when they would come -- sitting in her chair under her blankets. He
couldn't even rest in his own bed, my dad couldn't.

And I put up with all that until the Wednesday after our gas was turned on. We got ours Sunday morning. I got mine about 30 or 40 minutes after him. The 89-year-old neighbor got hers Sunday afternoon.

On the Wednesday following that I was speaking to an acquaintance who does live in the country club who told what he thought was an amusing anecdote, that he got his gas on early asking the meter man who came to turn on his neighbor's gas if he could turn on his own and he said, "yes." He thought it was funny because they came to turn on his neighbor's gas, and his neighbor was affluent and had a second home and had left when the gas went off. But they came to his house anyway because he was on a special priority list.

I went to their Web site many times. I watched the news. I read the paper. There was no publication of any priority list. If people like my father and my neighbor and the folks who have spoken here with all their health conditions had known of any priority list, this was never advertised. We were never told that it existed.

I would not have had to worry for three days about my father. I would not have been so stressed. People would have had heat. I would give up my heat for another week if he had it a day sooner, and nobody said
anything about such a list. And I'm sure it exists because this man was not lying to me when he said that they came and turned on his empty neighbor's house's heat because that man was on a list. And the first couple said that the gas company had such a list.

I wish we had known about that, and I can excuse them for almost anything except for failing to communicate information that was within their power to tell us. They were perfectly able to publicize the existence of a list like that and they chose not to do so. And that is what upset me, and that is why I came to you to say that I feel badly and that it was a huge failure on their part.

CHMN. PIERCE: Thank you, Amy.

Corinne, yes, you have to go up there. And after Corinne is Albert Davis.

MS. SUGITAN: Well, everyone has spoken about communication, so I won't go there because that has been spoken about enough.

Bottom line for me is I think we should -- we deserve some kind of compensation, some credit monetarily. I know no gas, so we don't get charged, but for all that everybody went through, like -- because the way I look at it is, if we didn't pay our bill, Southwest Gas would cut us off, charge us all kinds of late fees, blah, blah, blah, all kind of stuff. So I feel like they owe us
1 something.

2 Okay. It's been said that it's not Southwest
3 Gas's problem or cause of it, but somebody needs to give
4 us credit, I feel. That is what my thing is. I want some
5 kind of credit for my bill, something, if that is
6 possible.

7 Now Southwest Gas is looking for another rate
8 hike pretty soon. That angers me. That is like putting
9 salt on a wound when I found out about that.
10
11 So that is about all I have to say for now.
12
13 CHMN. PIERCE: Thank you, Corinne.
14
15 And Albert Davis.
16
17 MR. DAVIS: Okay. I own Anaconda Plumbing, and I
18 watch the weather every night. I knew the zero-degree
19 weather was on its way three days in advance, and I said,
20 "Oh, my goodness. It's going to be cold." We got
21 hundreds of service calls.
22
23 And I guess what aggravates me the most is -- for
24 me, for instance, when I shut somebody's water down,
25 "Hello. I'm shutting your water down." No. If I -- I
26 learned one time you never shut the water down without
27 knocking on the door because, you know, I shut the water
28 down with a lady in the shower one time, and I never
29 forgot that.
30
31 So what aggravates me was, "Hey, we are shutting
you down. Prepare for the worse.” I knew it was coming,
but I didn't know it was the gas. I knew there was going
to be broken water lines from one end of the county to
another. Tucson had approximately 100,000 broken water
lines. Cochise I figure about 10,000 simply because it
was just way too cold. It was colder here than it was in
Anchorage, Alaska, minus the windchill factor. It was
very cold.

And that is what I am so aggravated about. I
knew it was coming. We have a lot of electric, but we got
the last electric heaters. We bought a couple, had a
couple of blankets. And I’ll tell you one thing, Katrina
taught me one lesson: In the event of a disaster there is
no help, or at best, little too late.

We as Americans are spoiled. Most of us have
never gone without for very long. And it's a shame. It’s
taught me that you really need to prepare for yourself.
And I have got 4,000 gallons worth of water stored up in
the event of an emergency for my animals, myself, my
plants, my garden. And I am going to start buying -- I
need to buy a generator, because I'm going all electric.
That is the way to go, solar, and you can't depend on
anyone but yourself in this world really, unless you have
money; then you pay someone to do it for you.

There was a lot people that were in a lot of deep
trouble. I came home at 8:00 at night with my feet
soaking wet. My wife was on the couch with her hoodie
playing with her laptop and no heat. She says, "There is
no gas."

I said, "I know."

So we went three or four days. That won't happen
again. I will turn it back on myself. I don't care. I
will deal with the Arizona statute at a later date.

But my main -- it taught me a very valuable
lesson. We must be prepared for unnatural events, and
they are going to happen. And a lot of people don't have
the money to prepare. It costs a lot of money to get
generators, and we shouldn't have to have generators. But
there is more and more people and less and less resources.

And we as Americans are just wasteful. We use
most of our natural gas, electricity more than any other
country. And it's really -- the whole thing is a crying
shame.

But like I said before, to not -- the service
tech that shut us down should have at least knocked on the
door.

CHMN. PIERCE: Okay. Is there anyone else?

Pat, did you want to say anything?

I see Supervisor Call here. Thank you for being
here. I am sure you found it very interesting today. You
knew these things already. Thank you for being here.

You know, it is the end of those who turned in
speaker slips, but I would offer it to someone who wants
to say anything, we would need a slip, but raise your hand
if you would like to say a couple of things.

Hi. Yes.

Would you guys give me some slips so he can fill
it out as soon as --

I will let you speak first, but I need you to
give me your name when you get to the mike. I'm sorry.
It's so that she can hear you up here.

MR. DOSEY: My name is Wayne Dosey. I live in
Hereford. The night before all this happened, the lady
from Southwest Gas got on the television, said there is no
need to worry about the gas; we got plenty; there's no
shortage of gas, no nothing; we will take care of it.

That is all.

CHMN. FIERCE: Thank you.

Okay. What we will do now -- if we could get a
slip to Wayne over there, right at the desk there, I'd
appreciate that.

And is there anyone else?

Okay. What we will do now is, I know the
Commissioners want to say something, but we will hold them
to the same rules. We will hold ourselves to the same
rules we did for you. We will have three minutes only.
We will -- I will speak last. We will go in reverse
order. We will start with Commissioner Kennedy,
Commissioner Stump, Commissioner Burns, and then
Commissioner Newman, and then I will go at the very end.
We'll proceed. Thank you.
 Commissioner Kennedy.
COM. KENNEDY: Thank you, Mr. Chairman.
Let me say to everyone that I have taken this
outage very personally. I have written lots of letters,
sat down with El Paso Natural Gas and have asked them,
"What are you going to do if this happens again?" And I
have asked them to work and coordinate with other utility
companies here in this state to put on a mock emergency,
act it out as if the same incident happened again. I have
gotten a commitment that all of the utility companies are
going to participate, and I said "all utility companies
are going to participate."
I have heard here tonight all of your concerns,
and I do believe that when I hear you, the consensus
really is that Southwest Gas didn't have the ability to --
or the inability to apologize, to communicate,
acknowledge, and act in a timely but safe manner. And I
think we as a Commission will be working very diligently
to make sure that something happens.
We will have to respond to your comments. This will not -- as far as I'm concerned, this will not go undetected. And yes, I do plan to do something. What that something is, I don't know yet; that is why I wanted to hear from you tonight. You will hear from me after tonight's comment period.

So thank you for coming.

CHMN. PIERCE: Commissioner Stump.

COM. STUMP: Thanks, Mr. Chairman.

I think, you know, Walt summed it up best, and, Walt, you said, "Let the people know" -- I think that is the crux of the matter tonight -- so that you can be prepared should a disaster of this sort occur again.

You know, I represented Sun City in the legislature, and one of the reasons I ran for office was to work on long-term care issues. And so, Commissioner Kennedy, I hear you when you say that it hits you personally. When I hear stories about, you know, folks having to go to motels due to the cold, people who have undergone surgery, those stories get to me as well.

And obviously this is a matter of public health and survival. I think that was very much impressed upon us tonight. This was much better than getting e-mails, hearing you in person, understanding precisely what you all went through.
And I want to thank also Commissioner Kennedy for
asking for a mock drill. And if anybody would like to
know the outcome of that, certainly feel free to e-mail
me. My e-mail address is bstump@azcc.gov. I would be
happy to let you know how that went.

I do promise you and pledge to you that all five
of us will continue to work very hard so this doesn't
happen again.

Again, I want to thank you for coming out
tonight.

CHMN. FIERCE: Thank you.

Commissioner Burns.

COM. BURNS: Thank you, Chairman.

Thank you all for being willing to step up here
and share your personal and sometimes very painful stories
with us. I can see the pain. When many of you were
talking, especially the lady with her father and who had
lost her mother, I can visualize when you are telling me
things that happen, the state that you must have been in.

When this was going on, as I said, I reached out
to some people here because my first concern was, "What is
happening to those people that are homebound, and how are
they being taken care of?" So those are some of the more
painful and direct things that must be dealt with.

And I had a number of discussions with Southwest
Gas. We have all met with these companies, as well as having a hearing. We are all trying to work with them and see where we can help make that better.

This is how I learned about something call PURPA, Public Utility Regulatory Policy Act, which is something that actually, you know, tells these companies that they need to have a priority list for turning back on. And so they had a list, but it was obviously very, very inadequate, which they shared with me. We talked about the fact -- you know, I was told before I got here about a 90-year-old woman who was homebound and needed it turned on and a neighbor -- I don't think parked her car -- but was in the road to block them, but, you know, the same kind of thing happened.

So we need to work with the company to find out how they can get that list updated. If people are willing to tell them, "Hey, I am of this age and I have this ailment" and be willing to get on their list so that it's a remedy if something should occur again -- we can certainly hope it does not -- that this will be ready to go.

You know, communication -- so my previous comment, the common thread -- communication has been a common thread from day one, that we were finding out that the people said they weren't notified. Sometimes just
knowing helps, and in today's technological society there
is text and there are e-mails and phone calls and helping
to build that list. So we need that communication, and
it -- there is no reason for it not to be updated. And
Southwest Gas has told us that they are committed to doing
that, and we will continue to work with them and make sure
that it doesn't get put on the back burner. And, of
course, the contingency plans, the emergency plans, as
well, I think they will work on.

I very much want to thank you for sharing your
stories with us. I know it's painful, and it has affected
so many.

CHMN. PIERCE: Thank you.

Commissioner Newman.

COM. NEWMAN: Yeah, I associate myself with
Commissioner Burns' remarks. They are remarkable. I do
want to thank you for coming out and for your time and
telling us your stories. They are very touching and quite
concerning to me because they involve life and safety,
which is so important to everyone here.

We are supposed to -- we are on the Commission to
sort of regulate the monopolies, and we do the best we
can. They come to us all the time with rate increases,
and they are doing some good programs on energy
efficiency. I hope that you look into that, but there are
several problems that have come up lately regarding the natural gas -- actually several things going on in the natural gas industry, which should be concerning to everybody.

First of all, the Shell gas that they are getting out of Pennsylvania and other places, while it's good and while it also, with our national security problems on fuel, there could be a lot of environmental problems associated with it. There is a New York Times article about that. That is about, you know, how we rely on natural gas.

We should know, even amidst all the complaints -- and I totally commensurate with the complaints with communication, and I'll work with the company on these things -- but you should know that you spend -- Arizona taxpayers spend $1.5 billion on natural gas -- or electricity. $800 million is for natural gas. That is $2.3 billion. That is a lot of money that we are sending out of state to El Paso and to other states that are blessed with natural gas.

So natural gas is a big fuel that we use. And what I'm trying to say is that where we're getting it from now more may be because of environmental problems. You may have heard there have been a lot of explosions. San Bruno, California, more than -- around ten people passed
away -- I don't have the exact number -- eight people
passed away. There have been exposures in downtown
Pennsylvania. There have been exposures in Minnesota
recently. And the Secretary of Transportation in the
Obama Administration now has asked PHMSA, which is another
agency -- I will give you another alphabet -- but it's
basically the federal agency that looks at all of the
pipelines in the United States, not just this state. So
there is a federal agency, and they are going to do a
total audit of a lot of these, they say, problems with the
pipes. I just wanted to bring that up. This is another
thing that we -- you know, it's all part of the same
scope.

So what has happened on the night in question
wasn't a grid problem, but many problems, and most
apparent tonight is the lack of communication. And they
promised us a new computer system. I don't know what that
will look like. They promised Commissioner Kennedy and I
a tabletop exercise, a emergency exercise. I haven't
gotten a chance to talk to the County about the 911
system, but that might take a long time to do.

CHMN. PIERCE: Commissioner.

COM. NEWMAN: Hold on, please. Just let me sum
up. You can say, "Commissioner, could you please sum up?"

CHMN. PIERCE: We are at four minutes.
COM. NEWMAN: Well, these folks raised a lot of
issues, and I want to tell them that it's more than just
the trauma that you went through.

So we have not seen the end of this, and I would
like to ask the Chairman for special permission to ask the
company to come up, to ask -- because I would like to ask
the question, only one question. I will give the scope of
the question, and I will tell you what it was. I
announced it when I first talked, and I would like to
finish off my activities tonight, not only thanking
everyone who came, but ask a Southwest Gas representative
to come up to talk about whether there is indeed any
information about pipes or any engineering that needs to
be done so we can find out whether the pipe size to Sierra
Vista had anything to do with the accident.

And if my Chairman won't let me do that -- I have
asked the question, see if Southwest Gas has heard it --
and I am sure that someone wants to know the answer to
that question, as I do. But if the Chairman chooses not
to have them come up and not have them give me a spiel
which will -- so the County will know the answer to that
question for that -- even myself to know the answer, we
will do it another day.

CHMN. PIERCE: Well, interesting. I appreciate
that.
1. COM. NEWMAN: Well, Mr. Chairman --
2. CHMN. PIERCE: They don't pay me enough.
3. COM. NEWMAN: Well, Mr. Chairman, I --
4. CHMN. PIERCE: You abuse this process.
5. COM. NEWMAN: I'm not abusing the process. I'm asking you permission to ask the question.
6. Are you going to do it or not?
7. CHMN. PIERCE: Commissioner Newman --
8. COM. NEWMAN: Are you going to do it or not?
9. CHMN. PIERCE: Commissioner Newman, you are shouting.
10. COM. NEWMAN: Are you not going to do it? Okay.
11. Then I object --
13. COM. NEWMAN: Then I object.
14. CHMN. PIERCE: You are completely out of order.
15. COM. NEWMAN: I object, and I also object that the Chairman did not bring Southwest Gas representatives to meet you, to meet with you.
17. COM. NEWMAN: This meeting was supposed to be a face-to-face meeting for Southwest Gas and El Paso. They are not here, and they are not talking, only the people who suffered, and I'm very, very sorry about that.
18. CHMN. PIERCE: Well, you know, Commissioner, I
appreciate that you are all here. I don't appreciate
Commissioner Newman's abuse of the privilege in
speaking --

COM. NEWMAN: Mr. Chairman, I got more votes than
you.

(Audience spoke out.)

CHMN. PIERCE: All right. You know, and I
apologize, but any comments have to be so that our court
reporter can hear them, and so you need --

Let me just say what I want to say about the
hearing, and then I will respond.

You know, I listened to this. I think about --
you know, my mom is 79, and my father is deceased -- he is
buried in the cemetery across Charleston Road, as a matter
of fact -- and my in-laws are in their 80s, mid-80s. I
think about and I listened particularly to, what would you
do when you are that frantic?

Someone who knew what he was doing probably would
do the same thing -- did what I would probably do, which
is, you know, I know how to turn on the gas, and a lot of
people here do. And I think -- but, you know, you abide
by the rules and the laws, and I wonder what I would have
done when I am trying to protect those that I love.

And that is the issue here; it really, really is.
And for me, the responses by Southwest Gas, all of those
things, are important. I recognize that, you know, the age of the pipes and that sort of thing. We've understood this pipe in Arizona is pretty solid. And if Southwest Gas wants to comment publicly, I would welcome them to do that, actually. I didn't quite get the chance to respond, but I would also like them to do that in writing to the docket so that we can read that.

Now, it will be in the hearing if they desire to speak to that tonight. That is certainly their option, and if they're prepared to look at the question that the Commission would raise — and we have time to do that.

But my thoughts are, you know, I listened to what occurred and to a little plumbing background myself, and I think and I think, you know, the communication issue is important. Communicating up front is important, and what is the plan for the future? That is another thing. What is the contingency plan for the future for all the utilities, particularly in rural areas where there might not be resources that we have in other places? So that is what we're going to get to the bottom of.

And certainly storage is the issue. Someone talked about tanks. We are talking about big underground caverns for storage that would store a lot of natural gas so we could flow that either towards Phoenix or towards wherever the need is. So there are solutions to make sure
that it doesn't happen again, and it takes a little time
to get that constructed underground.

But I hear you, and it's upsetting. I spent a
lot of years here in my younger days -- this is -- in my
20s. My dad is buried here. My third son was born here,
not quite at this large hospital, but it was quite smaller
for those who lived here. The recovery room was the
hallway for my wife. It was not the same.

So I understand. I'm glad to have been here for
this. We will do the same thing tomorrow in Tucson. I am
sure we will hear similar stories. But again, thank you
for being here.

And now I would like to ask Southwest Gas if they
could respond. If someone could respond about the
questions asked, please come to the mike. Identify
yourself, if there is someone who will, and then we would
ask you to respond to the docket.

Thank you, Justin.

MR. BROWN: Chairman Pierce, my name is
Justin Lee Brown. I'm assistant general counsel with
Southwest Gas.

I heard Commissioner Newman's comment or
question, and I will address that, but first I just want
to take this time to let everybody know, those that we
haven't communicated with in writing, that we sincerely
regret the outage that everybody experienced and that you and your families experienced. And I want everyone to know that we are here. We are listening. We are communicating with our customers to elicit feedback because we want to make sure that in the future we do a better job of meeting your expectations in the event there is an issue in the future.

And so I want to thank everyone for being here tonight, and we appreciate your comments. And we are taking sincere notes to see what we can do to make improvements at the company along those lines of the concerns that were expressed tonight.

With respect to Commissioner Newman's question, I can assure you that had we actually received the physical gas that we had ordered, had it come through our system and we did not have the pressure issues, our system would have performed as designed, and we are not aware of any design issues regarding the pipeline that feeds this community.

And so we are more than willing to work with Commissioner Newman off-line to find out, you know, exactly what information he has been made aware of so we can make sure to address those concerns that he has.

COM. NEWMAN: Thank you.

CHMN. FIERCE: Thank you.
Everyone, again, thank you for coming. If you have any additional questions, I am sure we will be hanging around a little bit for some one-on-one, if you'd like.

Again, it is a pleasure to be here and to be able to hear your concerns, and we plan to completely address them all the way through. I am not sure how long that will take. We will take the time necessary to make sure that these things are addressed, and you will know -- we will feed it to the docket. Then if you e-mail me, you'll be on this e-mail.

I heard people say, "Well, he's got Commissioner Pierce." That is because we formatted it to be able to respond back to you. Staff really is not --- that information you got --- you get --- you know, we will make sure you have this, folks.

So thank you again. Have a wonderful evening, and have a great summer.

(TIME NOTED: 7:20 p.m.)
STATE OF ARIZONA
COUNTY OF MARICOPA

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