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-0000OC-11-0081

PUBLIC COMMENTS

SPECIAL OPEN MEETING

At: Tucson, Arizona

Date: April 7, 2011

Filed: April 20, 2011

REPORTER’S TRANSCRIPT OF PROCEEDINGS

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BE IT REMEMBERED that a Public Comment Meeting was held at Desert Sky Middle School, 9850 East Rankin Loop, Tucson, Arizona, commencing at 6:00 p.m., on the 7th 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
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CHMN. PIERCE: Good evening, everyone. We welcome you to this public comment session of the Arizona Corporation Commission.

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

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

We are gathering information concerning the natural gas outage in Southwestern United States. Specifically what we are doing tonight is making sure that each of you have an opportunity to comment. We are taking these comments in order that we might be able to take every instance of a problem and make sure that the company understands that problem -- and the company is here and they will listen to this tonight -- and then solve that so that we can come back to you and show you how that has been resolved. That is really what we are going to try to do.
We will take a couple minutes for each Commissioner to say something. Commissioner Newman, I suspect, will join us later, but we will move on. So, Commissioner Kennedy, would you like to start?

COM. KENNEDY: Thank you, Mr. Chairman.

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

CHMN. PIERCE: Commissioner Stump.

COM. STUMP: Thank you, Mr. Chairman.

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

So it's good to be here.

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

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

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

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

CHMN. PIERCE: Okay. Commissioner Burns.

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

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

We learned a lot from those who were willing to share their personal and sometimes painful stories with us, and we are learning from that. There are a lot of things that came into play to create the outages concerning things going on in Texas and sort of a
multiplier effect of things that happened. But we want to make sure that going forward that we learn from this, that the company, Southwest Gas, makes the corrections they need, and other companies as well.

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

Thank you.

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

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

And I know you may have some questions, and we will write those down, too. Sometimes those are things that maybe can be readily answered. Maybe -- and if we
have time we can look to the company if there is something
that -- but some of these questions are issues that we
will take back to the company and make sure that we solve.

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

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

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

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

MS. DAVIS: First of all.

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

MS. DAVIS: Okay. Can you hear me?

CHMN. PIERCE: Yes.

MS. DAVIS: Thank you very much for coming. We
really appreciate it. I did write to each of you, but I
got no reply, so I don't know if you received my letter or
not. So I appreciate this opportunity to get to speak to you directly.

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

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

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

I also have a firm conviction that some of the policies that the Arizona Corporation Commission has put in place not only cost us a heck of a lot of money -- for
example, I figured out that 16 percent of my Southwest Gas bill is caused by restrictions that you impose on the company. And rather than base these onerous taxes based on acceptable CO2 levels that are decided on by nonelected bureaucrats from the EPA or organizations such as ICLEI and IUCN, which is ascribed to Agenda 21, I think we should remember that, as thoughts of Klaus, president of Czech, said, "When energy prices go up, the cost of nearly all other goods and services go up as well. All carbon taxes, cap and trade schemes, wind and solar power subside steps in the wrong direction leading to a severe and protracted economic hardship for little or no benefit."

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

CHMN. PIERCE: Thank you so much.

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

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

MR. SANFORD: My questions is in reference to the undated letter that the customers received from Southwest Gas. It was sent by Mr. Jeffrey Shaw, CEO, and also from Gerald Clark, Vice President of Southern Arizona Division, who I assume are in the audience here.
I was just wondering if they mentioned that they will provide additional tools on how they will prevent this or inform customers. I'm just wondering if that information will be posted anywhere on the Web site and if they have developed action plans, now in case oil heads freeze in the future and they don't have enough pressure to supply customers here in Southern Arizona.

Thank you.

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

And David Norton.

MR. NORTON: Yes, I want to speak.

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

CHMN. PIERCE: Thank you.

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

Our biggest problem at the time of the outage, we were 92 percent occupied, had 600 guests in house and suddenly could not provide heat or hot water to any of the guests. Our net loss from this direct cost was over $200,000.
Had we been notified in advance that this particular outage was a possibility, we could have contacted one of the groups that checked in on the day of the outage and delayed that group or some of those members from coming to us, but we weren't given that. We were told from the media that there was no problem. We heard from Southwest Gas representatives. They knew, in fact, that El Paso was having problems on the morning of February 2nd. I went to El Paso's Web site, and I looked at their public postings to all their customers. They had several alerts starting at 7:00 in the morning on the 2nd that they were having problems. But Southwest Gas continued to give us a rosy picture of the freeze and what might not happen to us. And I think that was disingenuous to the public and certainly to the business community.

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

So we would like to see some notification issues in place that would help warn the public and be more transparent, more honest about what is really happening. Clearly they didn't know in advance exactly what would
happen, but they were shedding customers. They were determined -- someone determined who would lose gas and who didn't. And, you know, some people should have been notified. Some people should have been taken care of.

CHMN. PIERCE: Thank you.

MR. NORTON: Thank you.

CHMN. PIERCE: Okay. I'm sorry. Teri Thornton.

I'm sorry. You are next. I would -- did I give -- okay.

We had Jim, Dave, and then Teri.

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

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

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

Then they said they were going to try and get the gas back on. They didn't get it back on until Friday night, but the thing was, is that they told people, if you weren't there -- if they weren't at your place by sundown,
that they weren't coming. Well, they did come two hours
later after sundown. So you were basically held hostage
to your own home trying to get your gas back on.

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

Thank you.

CHMN. PIERCE: Thank you.

And Frank. And on deck is Lorenzo Garcia.

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

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

The inconvenience was not, you know, a grand

crisis, but when we woke up on Friday morning, the
temperature in the house was 50 degrees, and that was not
at all pleasant.

Friday night we were able to stay with friends
who live in an all-electric house, not in our
neighborhood.
Friday we had to take our dog to the kennel so that we wouldn't be leaving him alone while we went off to stay with friends. Our expenses, you know, were very, very minimal. Our inconvenience was relatively major.

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

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

As it is they came into the neighborhood about 13 hours later, about 10:30 on Sunday morning; meanwhile,
my wife and I had had a warm bed to sleep in. We were able to take hot showers and to prepare breakfast. Southwest Gas gave nobody any help through all of this. That is the thing that is my biggest concern, that they just didn't communicate anything. And for that matter, as far as I can recall, there still has been no word of apology from Southwest Gas, because I think maybe that would make them feel they were somehow liable for something and they certainly don't want that. But I am extremely disappointed and want the world to know that. Thank you very much for being here and giving us an opportunity to sound off.

CHMN. PIERCE: Sure. Thank you.

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

CHMN. PIERCE: Thank you.

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

MS. HATCH: Lieschen.

CHMN. PIERCE: Lorenzo.

MR. GARCIA: Yes, Lorenzo Garcia. I am a renter here looking to purchase a home in the area. I want to thank you, everybody, for coming out and talking to us. There are a lot of people that I know didn't know.
1. My biggest concern is, there was a plan of action. This was a choice to cut off gas in this area, whatever the reason may be, whether it be low pressure.
2. What is your plan of action next time? Are we, Rita Ranch, going to fall into this again? Is there an area that is going to be prone to this? Unfortunately it was the two coldest days of the year. They had to do what needed to be done.
3. So in the future, what is the plan of action if this were to happen again? Are we going to look at another part of town, or is this going to be the rules of engagement for this? That is my question.
4. CHMN. PIERCE: Thank you.
5. Lieschen, and on deck is Dennis Garvin.
6. MS. HATCH: Hi. I'm Lieschen Hatch. Thank you, again, for coming out tonight.
7. We live in the neighborhood, and I'm a stay-at-home mom, so I was home all during the gas outage. I didn't have a job to go to where there was heat.
8. But I take a little different view of this. I saw it as an opportunity to make sure that we were prepared. I'm not entitled to have gas as a person, and it was up to us to find other ways to make sure that we could stay warm that night and the next day, and we did.
9. And I was actually really happy for the situation.
because it made us really think. I mean, what if something else happened? What if we didn't have electricity in the summer? Oh my goodness, that would be so much worse. So we need to prepare and make sure that we could take care of ourselves and our neighborhoods, which is what we did.

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

That is what I have. Thank you.

CHMN. PIERCE: I'm sure that the media would like to talk to you since that is a little different story than what we have been hearing. Thank you for that. That is a little different than -- most people don't welcome this, but at the same time I think people -- that if it happens again, I think people are a little more prepared. I think the company will be preparing differently, obviously, but I think everybody else is thinking what would I do differently next time in this circumstance, because from what I have heard, I sure have that thought.
And I just now -- I'm sorry. I have a popping.
Let me try to get rid of the popping. I'm sorry about that.
Okay. Dennis Garvin.
MR. GARVIN: Thank you for coming down to Tucson for me.
CHMN. PIERCE: Please speak into the mike.
MR. GARVIN: We appreciate the chance to speak with you.
I believe you stated that representatives of Southwest Gas are here this evening. And what I would like to do is have them provide us a simple, detailed answer to why this situation was allowed to develop the way that it did. Obviously it became apparent to them that there was going to be a shortfall in the natural gas supply that they were getting. I would like to know when they learned of this situation, what actions they took to obtain additional natural gas supplies from sources other than their regular supplier, because it became readily apparent that their regular suppliers weren't going to be able to provide the full amount that they needed. So we would appreciate a statement from them of what they did, when they did it, and why they weren't able to obtain sufficient additional natural gas supplies to meet the demand.
Thank you.

CHMN. PIERCE: Thank you, Dennis.

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

MR. PAWLAK: Pawlak.

CHMN. PIERCE: And then Michael Headrick.

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

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

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

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

But anyway, I was sitting there one day -- I was
outside -- and I looked up the road a couple houses from me and saw two news media crews and a Southwest Gas truck in the neighborhood. And I listened to the news lady that night and found out they turned on this person's gas.

Well, the truck drove away. We never saw them again.

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

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

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

Well, whenever they came by, when they came by, they must have saw my gas meter on and they left. No
note, no nothing. So that is some of the things I could think of, why are they doing this?

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

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

But that was the general comments that I had.

CHMN. PIERCE: Thank you, Dan.

Okay. Michael Headrick and then Anna Salazar.

MR. HEADRICK: Hi.

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

MR. HEADRICK: I'm Mike Headrick, and I was
affected like everyone else here. In my case we had no
hot water, no heat, and no stove. On the other hand
looking at it positively, it was like one of my
backpacking trips with a nice bed, running water, and
microwave. So we got by fine. Not everyone was so lucky
as us though. It was a serious situation.

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

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

As this hearing grows, I think we need to be sure
that we have adequate supply to support the growth, or we ought to quit building out.

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

Anna.

MS. SALAZAR: I, too, bring a similar message.

My name is Anna Salazar. I'm a homeowner in Tanque Verde. And the gas outage on February 3rd was more than an inconvenience for us. We are still affected by the outage. The temperature in our house dropped to between 40 and 45 degrees that night and a pipe burst due to the lack of heat. The resulted water damage was to every room in our house except the dining room. Our house is still destroyed and still in shambles. Part of this is due to the insurance company and working with them trying to get the house repaired.

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

We blame Southwest Gas for the destruction of our house and the emotional distress this has caused us over
the last couple months. They had the information about
the lack of adequate gas supply, and they didn’t share it
with their customers in a timely manner. They could have
had better links set up to direct us towards ways of
protecting ourselves, protecting our house, keeping things
warm, where to go for emergency shelter. A lot of what we
found out was through the Internet and not at their site.

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

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

Finally, on the last day that suddenly they were
going to turn things on, I noticed there was a gas truck
at the neighbor’s across the street, and I went over there
and I physically asked them and walked them back to my
house to get them to turn the gas on. And even after
that, we had our next door neighbor, who also left because
there was no gas, called us saying, "Did you get a note?
Did you get a phone call? We haven't heard anything. Do you know when they are coming through?"

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

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

CHMN. PIERCE: Thank you, Anna.

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

I appreciate everyone holding to the time frame and better. Wow. But what I would like to do is see if the company -- there are -- some of this information that you asked, I am hopeful that it's going to be -- it should be in some of the information we are sending out, especially the information about back to the source. But we got some of that information from El Paso Natural Gas.
So if the companies, if they can respond to some of these questions, I think it would be helpful. It would be nice to have that. I don't know if Justin or someone from the company would like to respond, but, please, I think everybody would like to hear some of these things because they are kind of general questions that have come up.

Did you want to come up first, sir?

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

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

And the one thing I haven't heard from anybody is that, why were we the ones that had the gas turned off?

Out of the whole city, why was it us? We are farther out from the city main itself, which means we are farther apart. We probably have 50 percent more washes out here than what the city of Tucson has.

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

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

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

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

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

Just identify yourself for the record.

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

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

I want to start out first by letting everyone 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
4 With respect to what happened, you know, it was
5 really, as some have commented already, it was a physical
6 gas supply issue. It was a matter of getting the gas out
7 of the ground into the pipeline and transporting it to our
8 distribution system. And it was really a function of a
9 culmination of severe weather events that was experienced
10 through Texas, New Mexico, and Arizona. As you all
11 experienced, it was extremely cold during that time
12 period. And it was moving across the southwestern --
13 along the southwestern interstate pipeline system.
14
15 And what had happened is there were some wellhead
16 freeze offs, some power outages in Texas where we procure
17 our gas, and they were unable to get the gas in the
18 pipeline.
19
20 With respect to why certain areas were shut off,
21 was really driven by our distribution system and where the
22 pressure was. So even though we could monitor the weather
23 and we were placing orders for physical gas supply, it
24 never made it into the system. It never arrived in our
25 distribution system.
26
27 And so as the cold weather was affecting the
28 Tucson area, our pressures along our system were dropping
29 in certain areas, and that is really what dictated where
we needed to shut off to prevent a domino effect so it
didn't affect the entire system.

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

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

As I mentioned in the beginning, we are here
listening. We do sincerely appreciate everyone's
feedback. I know a common theme is communication. I
trust -- I want to ensure to all of you that we are
looking at that. We want to do better in the future, and
part of participating in these public comment sessions is
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
6 So we will be listening to these comments. We
7 are going to go back and make sure that we revise our
8 plans to ensure that if there is an event in the future,
9 we adequately -- we do a better job of meeting your
10 expectations in those regards.
11
12 I just want to -- I think I tried to touch on a
13 lot of the different areas that were raised. If there are
14 other questions, we will be happy to talk with you
15 individually afterwards. And as I mentioned before, we do
16 have some information on our Web site. It gets into a
17 little more detail of some frequently asked questions that
18 we have received from our customers.
19
20 As was mentioned by the Commissioners, I want to
21 also on behalf of the company thank each of you for coming
22 out here tonight. I know it's not easy. You all have
23 your lives that you are living, and we appreciate you
24 coming out and taking the time to provide this feedback so
25 we can go back and make changes to ensure that we meet
26 your expectations in the future.
27
28 I appreciate it. Thank you.
29
30 CHMN. PIERCE: Thank you, Mr. Brown.
Okay. You have a question? But if you have a question, you must come up to the mike. Did you get the question answered?

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

(Audience member spoke out.)

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

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

Thank you.

MR. BROWN: Thank you, Chairman.

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

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

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

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

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

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

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

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

We appreciate the company for being here and the
responses, and El Paso is here, too. We actually covered what I would ask them. Thank you for doing that,

Mr. Brown.

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

We will start with Commissioner Burns.

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

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

But there is another issue as well, and that is a list that they need to have so that they know where to go and shut off or turn back on sooner, whoever is, you know, people who are homebound, people who are over a certain age that aren't able to get to other care areas. And that
list is inadequate. It's not up to date, and they need to
reach out to you, and obviously all their other customers,
and find out who needs to be on that list and do a better
job at turning it back on more quickly.

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

Thank you.

CHMN. PIERCE: Commissioner Stump.

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

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

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

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

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

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

CHMN. PIERCE: Commissioner Kennedy.

COM. KENNEDY: Thank you, Mr. Chairman.

I have heard you loudly and clearly, and I feel your pain. We have our work cut out for us here at the Commission. I have asked all providers, all utilities to come together to do an emergency mock, and I am hoping it will come together very, very soon.
Let me say thank you to you for standing up.
Thank you for being here and being heard, being seen. And thank you for allowing us, me, the opportunity to listen to you. Thank you.

CHMN. PIERCE: Thank you. And Commissioner Newman has joined us.
We agree -- we all opened with one minute and wrapped up with two, so you get three.

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

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

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

I want to talk about the issue of compensation 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.

   So maybe $100,000 was expended by the company to
7. relight the pilots; the least they could do is spend some
8. money to make some people whole who were truly hurt that
9. night. And I know you're part of the voices of the people
10. that were hurt. You represent, not only the 50 or so
11. people who are in the room, to me you represent 500 to
12. 1,000 people who were really affected badly that night,
13. and communication, as we all know, could be better.
14. I will close with this, I will ask for the
15. Commission to have a workshop on the issue of trying to
16. have a reservoir of a gas supply somewhere in the state or
17. near the state so that might help in the future. I would
18. like to have a workshop on that. That could be part of
19. what comes out of this.
20. And then, finally, I would like to see an
21. investigation from the federal government, which I know
22. will now happen, as to the breakdowns of the grid and how
23. there needs to be some backup power by some of these
24. pipelines. They can't necessarily rely all the time on
those -- the power being on. So that is another thing I
know that is going to be a lot of work that will happen in
the future years.

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

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

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

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

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

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

I listened intently to being better prepared, and I understand that. We all should be in so many ways, but that is exactly what we are asking the company to do, is be better prepared for this so that the rest of you are not severely inconvenienced. I understand a little inconvenienced, getting turned on the next day. If everybody would have been turned on the next day and had good communication, not a problem. Some, even longer with good communication, understanding the issue.
I appreciate that you are here. We will have solutions to this, and we will take each of these problems and make sure they are addressed.

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

So with that, we are adjourned.

(TIME NOTED: 6:54 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