

United States of America

Federal Energy Regulatory Commission

Transwestern Pipeline Company, LLC Docket No. CP06-459-000

Motion of Miller Holdings, Inc. to Intervene Out-of-Time

CO9-1

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC"), 18 C.F.R. § 385.214, Miller Holdings, Inc. ("Miller") moves to intervene in the above-captioned proceeding.

In this proceeding, Transwestern Pipeline Company, LLC ("Transwestern"), on September 15, 2006, filed a request for a certificate of public convenience and necessity to construct and operate facilities collectively known as the Phoenix Expansion Project. Transwestern is seeking authority from FERC to construct and operate this Phoenix Expansion Project.

Miller owns real property in Coolidge, Arizona. The proposed route of the Phoenix Expansion Project runs directly through its land. Miller is developing this land for a residential subdivision and, working with the City of Coolidge, has an approved pre-plat in place. Transwestern's proposed route would adversely affect its and the City of Coolidge's efforts to date. Miller therefore requests the right to intervene in this proceeding, where it will urge that Transwestern co-locate its pipeline with an existing pipeline running adjacent to the proposed route.

I. Communications

In accordance with Rule 203, 18 C.F.R. § 385.203, Miller requests that communications concerning this matter be served on the following:

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Gammage & Burnham
2 North Central Avenue, 18th Floor
Phoenix, Arizona 85004
(602) 256-4491
jdacey@gblaw.com

Jim Boyden
Miller Holdings, Inc.
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Scottsdale, Arizona 85260
(480) 947-5100
jim@omegams.com

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Miller Holdings, Inc.'s motion to intervene out of time is noted. See also the response to comment letter CO22.

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(cont'd)

II. Description of the Intervenor

Miller Holdings, Inc. is an Arizona corporation with its principal place of business in Scottsdale, Arizona. It is not publicly traded. Miller is the 100% owner of multiple related subsidiaries that hold title to the property at issue in Coolidge, Arizona. Miller is developing this property as a residential subdivision known as the Verona Master Planned Community. Miller has created several wholly owned LLCs to develop different portions of the community.

Miller's property is located, for the most part, between Eleven Mile Road and La Palma Road on the west and east, and between Bartlett Road and Kleck Road on the north and south. The City of Coolidge has already granted pre-plat approval for Miller to develop the Verona Master Planned Community at this site. Miller is currently in the process of preparing specific engineering plans for mass grading, drainage, and utilities, following which it will seek final plat approval. If Miller is forced to go back to the pre-plat stage, it will lose several months of progress and a substantial amount of money it already spent on the project.

III. Proposed Project

On September 15, 2006, Transwestern applied under section 7(c) of the Natural Gas Act and Parts 157 and 284 of FERC's regulations, seeking authority to construction and operate: (i) approximately 25 miles of 36-inch diameter pipeline in two segments in New Mexico, (ii) a new 259-mile pipeline consisting of 36-inch and 42-inch diameter pipeline extending southward from Transwestern's existing mainline near Ash Fork in Yavapai County, Arizona through Coconino and Maricopa Counties, Arizona and terminating at the beginning of El Paso Natural Gas Company's East Valley Lateral near the City of Coolidge in Pinal County, Arizona ("Phoenix Pipeline"), and (iii) related customer laterals, meter stations, and ancillary facilities ("Phoenix Pipeline Project").

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In addition, Transwestern seeks to acquire an undivided interest in the East Valley Lateral and to use such facilities to render service in conjunction with the Phoenix Pipeline Project.

IV. Statement of Interest

Under Rule 214(b)(ii), Miller has the right to intervene if it represents an interest that may be directly affected by the outcome of the proceeding. Miller owns land in Coolidge, Arizona that it is developing for a residential subdivision. The project has received pre-plat approval and Miller is preparing specific engineering plans to seek final-plat approval. Transwestern seeks to install a gas pipeline on this land that will directly impact and force Miller to essentially redesign the Verona subdivision. Accordingly, Miller will be directly affected by FERC's decision regarding Transwestern's proposed Phoenix Expansion Project.

Additionally, under Rule 214(b)(iii), Miller's participation is in the public interest. Miller has worked with the City of Coolidge to have the property pre-platted. Public dollars would be wasted if the plats have to be redone to accommodate Transwestern's proposed pipeline location. Miller should be granted party status to represent the interests of the City of Coolidge, as shown by the resolution it passed concerning the location of the Transwestern pipeline.¹ Miller's position is consistent with the public interest represented by the City of Coolidge.

Miller believes this motion is made after the deadline for automatic intervention, but that there is "good cause" under Rule 214(b)(3) for FERC to grant party status to Miller. Under Rule 214(d), FERC considers four factors in considering whether to grant intervention. All factors favor Miller's intervention.

1. Good Cause for Failing to File the Motion within the Time Prescribed

Miller has not slept on its rights. Although it did not seek formal party status, Miller has been communicating with FERC regarding the Transwestern proposal.²

Miller has also communicated with Transwestern to explain its position.³ Miller does not intend to take a different position than its earlier communications

¹ See Exhibit A, City of Coolidge Resolution 07-01 (dated Jan. 8, 2007).

² See Exhibit B, letter of February 13, 2007 from Steven Tomita to FERC.

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(cont'd)

opposing the location of Transwestern's proposed pipeline in the middle of Miller's master planned community.

2. Disruption of the Proceeding from Permitting Intervention

Granting party status to Miller would not disrupt the proceeding. FERC recently disseminated a draft Environmental Impact Statement ("EIS") for Transwestern's proposed project. The EIS is currently in the comment stage, and there have not been any hearings under 18 C.F.R. § 385.101 *et seq.*

3. Movant's Interest is Not Adequately Represented by Other Parties

Other participants in this proceeding may take positions that support their specific interests, and those positions may differ from Miller's position, and that certainly will not consider the specific impact on Miller's property and the Verona Master Planned Community.

Miller's position is that Transwestern's pipeline should be co-located with an El Paso Natural Gas Company pipeline that is adjacent to Transwestern's proposed route and for which an easement is already in place. It is true that there are other parties in this proceeding that have property interests in other locations, and for which the draft EIS requires Transwestern to co-locate with the El Paso pipeline. But the draft EIS does not require co-location on Miller's property, thus illustrating that Miller's interest is not adequately represented by other parties. Miller requests the right to intervene in order to ensure that Transwestern is required to co-locate on Miller's land as well.

4. Prejudice To or Additional Burdens Upon Existing Parties

Miller's involvement will not prejudice or unduly burden any existing parties. Miller agrees to accept the record in this proceeding as it developed prior to intervention, and Miller's intervention will not disrupt the proceedings.

³ See Exhibit C, letter of April 16, 2007 from Steven Tomita to Transwestern.

CO9-1 Miller has a direct interest in the outcome, and there is good cause to allow its (cont'd) intervention. Miller therefore respectfully requests that it be given party status in this proceeding.⁴

V. Statement of Position

CO9-2 FERC's certification decisions for gas pipelines involve consideration of the interests of landowners whose property would be condemned for the pipeline's location. Miller is requesting party status to assure that their interests as a landowner are represented.

Miller's position is that Transwestern should not locate its pipeline as to disrupt a subdivision development that has already reached the pre-plat stage. It would be unduly burdensome to Miller and the City of Coolidge if they are forced to start the platting process anew.

Transwestern agrees that it should avoid residential subdivisions with immediate development plans, as shown by this statement in its application:

Further, Transwestern routed its pipeline to avoid those residential subdivisions with immediate development plans.⁵

Despite this statement, Transwestern's proposed pipeline runs directly through one of Miller's most important subdivision projects. The project has already received pre-plat approval from the City of Coolidge, and Miller has started preparing specific engineering plans. There would be a substantial burden to Miller and the City of Coolidge if they are forced to scrap their immediate development plans and start over.

Furthermore, there is a suitable, alternate route that Transwestern can utilize. There is an existing, 130-150 foot wide right-of-way directly adjacent to Transwestern's proposed route. This route is currently used for El Paso Natural Gas Company's pipeline. The easement is wide enough to accommodate co-location with

⁴ See also *Decatur Energy Ctr., LLC*, 110 FERC ¶ 61,045 (2005) (granting late intervention); *Atlanta Gas Light Co.*, 102 FERC ¶ 61,323 (2003) (granting late intervention); *Williams Natural Gas Co.*, 70 FERC ¶ 61,304 (1995) (granting late intervention due to the lack of disruption or prejudice to other parties).

⁵ Resource Report no. 8 at 5-6.

Companies and Organizations

CO9-2 Section 3.5.2.5 has been revised to address the Verona master planned community.

CO9-2
(cont'd)

Transwestern's pipeline. El Paso Natural Gas has indicated that it has no objection to Transwestern co-locating its pipeline in the existing right of way.

Miller believes that Transwestern should co-locate its pipeline within this existing easement on Miller's land. Co-location obviates the need for Miller and the City of Coolidge to revise immediate development plans. Co-location with the El Paso Natural Gas pipeline is also a more efficient use of land.

Other interested parties agree with Miller. The Coolidge City Council passed a resolution, virtually identical to one passed by the City of Casa Grande, to request that Transwestern's pipeline to be installed within the El Paso Natural Gas easement.⁶ The draft EIS requires Transwestern to co-locate with El Paso Natural Gas for other subdivisions. Given Transwestern's stated desire to avoid immediate development plans, the City of Coolidge resolution, the treatment of other landowners in the draft EIS, and the absence of similar accommodation for Miller's property, Miller should be permitted intervenor-party status in order to assert its interests.

This request is not controversial and should be granted. Miller respectfully requests that FERC grant this motion to intervene.

Dated this 24th day of May, 2007.

GAMMAGE & BURNHAM, P.L.C.

By Gregory J. Gnepper
John R. Dacey (AZ bar #004962)
Gregory J. Gnepper (AZ bar #024085)
2 North Central Avenue, 18th Floor
Phoenix, Arizona 85004
Attorneys for Miller Holdings, Inc.

⁶ See Exhibit A, City of Coolidge Resolution 07-01 (dated Jan. 8, 2007).

RESOLUTION No. 07-01

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COOLIDGE, ARIZONA, DECLARING ITS PREFERENCE FOR ALIGNMENT OF THE TRANSWESTERN PIPELINE WITHIN THE CITY LIMITS AND THE PLANNING AREA OF COOLIDGE.

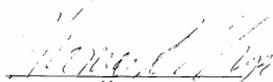
WHEREAS, the Transwestern Pipeline Company is seeking to locate a natural gas pipeline within the City Limits and the Planning Area of the City of Coolidge; and

WHEREAS, the Mayor and City Council believe that the alignment of the pipeline within the El Paso Natural Gas rights-of-way is preferable over all other alignments, and endorses this alignment, and

WHEREAS, the City Council urges both Transwestern and the Federal Energy Regulatory Commission to consider the economic and environmental consequences of the proposed alignment, and re-align the pipeline within the El Paso Natural Gas rights-of-way.

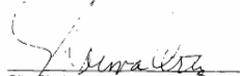
NOW THEREFORE, BE IT HEREBY RESOLVED by the Mayor and City Council of the City of Coolidge, Arizona, that the City, in order to reduce the overall impact on the community of Coolidge, encourages the Federal Energy Regulatory Commission to adopt an alignment for the Transwestern Pipeline utilizing the El Paso Natural Gas rights-of-way.

PASSED AND ADOPTED by the Mayor and City Council of the City of Coolidge, Arizona, on this 8th day of January, 2007.



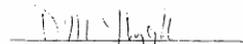
Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

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Omega Management Services, Inc.

LAND DEVELOPMENT MANAGEMENT CONSULTANTS

February 13, 2007

Federal Energy Regulatory Commission
Office of Energy Projects
Mr. Mark Robinson, Director of OEP
888 First Street, NE
Washington, DC 20426

Re: Transwestern Pipeline Company, LLC
Natural Gas Transition Line

Dear Mr. Robinson,

The purpose of this correspondence is to inform you that the Verona Master Planned Community, located in the City of Coolidge, Arizona (see attached exhibit), is situated within the natural gas alignment being proposed by Transwestern Pipeline Company LLC. Verona has been annexed into the City of Coolidge and zoned for residential and commercial uses. Further, residential subdivision plats have been approved by the City of Coolidge and lots within those platted areas lie directly within the proposed easement.

We wish to inform you that the Owners of Verona (11 Mile Road Investors, LLC, Randolph Road Investors, LLC, Sunshine Road Investors, LLC, Bartlett Road Investors, LLC, Kleck Road Investors, LLC, Windsor Road Investors, LLC, Coolidge Corner Retail, LLC, and McCarthy, Main, and Main, LLC), are vehemently opposed to the proposed gas line easement traversing directly through the master planned community. Moreover, a one hundred foot (100') wide easement already exists through the Verona community for the benefit of El Paso Natural Gas that is parallel, and adjacent to the easement being proposed by Transwestern Pipeline Company LLC. It is our understanding that this existing easement is sufficient in width to be utilized by both El Paso Natural Gas and Transwestern Pipeline Company LLC and that El Paso Natural Gas has already indicated it is willing to share their easement.

The Coolidge City Council voted to request that Transwestern Pipeline's proposed gas line to be installed within El Paso Natural Gas's easement. We join with the City of Coolidge and request that the proposed gas line to be contained within El Paso Natural Gas's easement as it traverses through the Verona development.

Thank you for your attention to this matter.

Respectfully,



Steven P. Tomita
Director of Planning



Omega
Management
Services

April 16, 2007

Mr. Mark Cicciarella
Cinnabar Service Company
c/o Transwestern Pipeline Company
11225 N. 28th Drive, Suite D-207
Phoenix, AZ 85029

RE: Transwestern Pipeline Easement Acquisition Response

Mark,

This letter is to serve as the response to Transwestern Pipeline's offer to acquire an easement to install a natural gas line through the Verona master planned community in the City of Coolidge. Omega Management Services, as representatives for the Owners of Verona, wish to advise you that the Owners are not willing to accept the offer Transwestern Pipeline has presented and provide for the easement requested. Reasons for the Owners position are as follows:

- * A portion of the property the easement would pass through has been platted and approved by the Coolidge City Council. The easement would take out numerous lots for which the Owners would need to be properly compensated. That area would also have to be replatted and go through Staff review and Council re-approval which is an additional cost to the Owner both in direct expenses and time.
- * El Paso Natural Gas has indicated its willingness to allow Transwestern to install their pipeline within El Paso Natural Gas's (EPNG) existing easement. Upon review of EPNG's easement it has been noted that the width of the easement varies from 130 to 150 feet wide. A concern was raised by Transwestern Gas regarding risk potential involved with installing your gas line within an easement that already contained gas lines. It is our opinion we do not see why EPNG's easement width is not sufficient to accommodate EPNG's two existing lines and Transwestern's additional line.
- * EPNG has informed us that the two existing gas lines were installed around 1954. Because of the length of time the lines have been in the ground, they are due to be replaced as Verona begins to build residences within the development or the school district begins to construct the school located near the easement, whichever occurs first. Since EPNG will need to replace their lines, this is an ideal situation for EPNG and Transwestern to coordinate that replacement to occur at the time Transwestern would be installing their pipe, thus addressing several concerns at the same time.

* The City of Coolidge has passed a resolution that calls for Transwestern Pipeline to install their line within EPNG's existing easement.

Due to the above, while the Owners of Verona are not necessarily opposed to Transwestern Pipeline installing a natural gas line through the development, they take the position that the line should be installed within El Paso Natural Gas's existing easement.

We thank you for your consideration of the Owners of Verona's position in this matter. If you have any questions or wish to discuss this matter further, you may contact either Steven Tomita or James Boyden at (480) 947-5100.

Respectfully,
Omega Management Services

Steven P. Tomita
Director of Planning

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Companies and Organizations

Sonnenschein
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June 14, 2007

VIA E-MAIL

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First St. NE; Room 1A
Washington, DC 20426

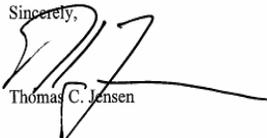
Re: Transwestern Pipeline Phoenix Expansion Project -- CP06-459-000

Dear Secretary Bose:

Please accept for filing the attached Comments by Mainspring Casa Grande, LLP; Miller & White 815, LLP and Anderson & Miller 694, LLP on the Draft Environmental Impact Statement on Transwestern Pipeline Company's Phoenix Expansion Project.

Thank you for your assistance.

Sincerely,



Thomas C. Jensen

CC: Service list

Brussels Charlotte Chicago Dallas Kansas City Los Angeles New York Phoenix St. Louis
San Francisco Short Hills, N.J. Silicon Valley Washington, D.C. West Palm Beach

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Transwestern Pipeline Company, LLC)
) Docket No. CP06-459-000
)

COMMENTS BY
MAINSRING CASA GRANDE, LLP
MILLER & WHITE 815, LLP & ANDERSON & MILLER 694, LLP
ON THE
DRAFT ENVIRONMENT IMPACT STATEMENT
TRANSWESTERN PIPELINE COMPANY'S PHOENIX EXPANSION PROJECT

Pursuant to the Notice of Availability issued by the Federal Energy Regulatory Commission on April 27, 2007, Mainspring Casa Grande, LLP; Miller & White 815, LLP; and Anderson & Miller 694, LLP (hereafter "Mainspring, M&W and A&M") hereby submit the following comments on the Draft Environmental Impact Statement on Transwestern Pipeline Company's proposed Phoenix Expansion Project.

I.

IDENTIFICATION OF PARTIES

Mainspring, M&W and A&M are parties to this proceeding. Mainspring, M&W and A&M are the owners and developers of certain lands in the general area of Casa Grande, Arizona. Their interests are distinguishable from, though similar to, the interests of other parties, including Pinal County and the City of Casa Grande.

II.

COMMUNICATIONS

The names and mailing addresses of the persons upon whom all communications concerning the proceeding should be served are as follows:

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Court S. Rich
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Scottsdale, Arizona 85250
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(480) 505-3925 - Facsimile
CRich@roslawgroup.com

III.

BACKGROUND

CO10-1 On April 27, 2007, the Federal Energy Regulatory Commission ("FERC" or "Commission") issued a Draft Environmental Impact Statement on Transwestern Pipeline Company's ("Transwestern" or "Applicant") proposed Phoenix Expansion Project ("DEIS"). The DEIS reflects information provided by Transwestern in its original application and in three responses by Transwestern to requests from Commission staff for supplemental information. The DEIS also reflects information provided to the Commission staff and to Transwestern in multiple filings by Mainspring, M&W and A&M, and by other parties.

IV.

COMMENTS

a. **Chronic Shortcomings in the Applicant's Behavior Raise Fundamental Concerns Regarding the Project**

CO10-2 The information provided to the Commission by the Applicant throughout this proceeding has omitted key details, misrepresented others, and generally implied a remarkable degree of disregard for the Commission's responsibility to evaluate Transwestern's application on the basis of an honest and comprehensive record. Transwestern's various submissions have failed to provide accurate descriptions of

CO10-1 Mainspring Casa Grande, LLP; Miller & White 815, LLP; and Anderson & Miller 694, LLP's description of the background and data requests issued for the project is noted.

CO10-2 See the response to comment PM3-2 that addresses the adequacy of the EIS.

CO10-2
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locations, parties, development activities, impacts, concerns, activities, and other matters that are central to preparation of a legally sufficient EIS and Commission decision on Transwestern's application. Mainspring, M&W and A&M have repeatedly demonstrated in our filings that Transwestern's submissions have asserted close collaboration with stakeholders when none occurred, misrepresented the nature of our interests and those of other stakeholders, inaccurately described planned developments in or adjacent to the proposed Transwestern right-of-way, and, in too many cases, simply failed to respond to Commission inquiries.

For example, despite having been provided with digital files of all planned developments, site plans, and related materials on January 2 and 3, 2007, Transwestern has still not provided a response to inquiries from Mainspring, M&W, A&M and Commission staff regarding potential collocation alternatives or specific concerns related to collocation. Moreover, even in instances where Transwestern received information relevant to their responses, such information has been ignored by the company. For example, Pinal County provided the Applicant with an updated, comprehensive survey map identifying the location of all planned communities, and Transwestern actually provided the map to the Commission, but failed to apply the information on the map to its description of lands and interests affected by the proposed alignment. As we documented in our previous filings, the Applicant repeatedly failed to identify the location of large master planned communities, and mischaracterized others -- despite the fact that all of the omitted information has been widely available in local government offices and was provided directly to the Applicant.

As a result of these deficiencies, landowners, local governments, members of the public and other stakeholders have shouldered a significant burden in trying to

CO10-2
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understand and analyze Transwestern's intentions, options, and the potential impacts of its planned activities. Throughout this process, Mainspring, M&W and A&M and other stakeholders have diligently sought to obtain information from the applicant, but have been largely ignored. Mainspring, M&W and A&M have attempted to pursue dialogue with Transwestern but have found the discussions one-sided.

We have not, however, turned our back on this process. Mainspring, M&W and A&M and other stakeholders have independently developed and provided to the Commission information related to Transwestern's proposed route that should properly have been provided by the Applicant. Mainspring, M&W and A&M have been active participants in these proceedings and, as the DEIS notes on page 3-38, attended numerous meetings with Commission staff and other stakeholders in an effort to ensure that the process moves forward on a proper basis and that FERC staff receives information sufficient to meet the Commission's statutory and regulatory obligation to take an honest "hard look" at the environmental and other consequences of the proposed Transwestern pipeline. It has been expensive, burdensome and distracting to Mainspring, M&W and A&M, and to others.

Transwestern's persistent failure to provide necessary and reliable data, and its chronic unresponsiveness to stakeholders and, it appears, to Commission staff, means it is unsurprising that a number of stakeholders have expressed the view that the DEIS should be withdrawn until such time as the applicant provides material and relevant information. It is our impression that, as problematic as our experience with the Applicant has been, there are many other stakeholders who are more deeply aggrieved and are unlikely to reach any measure of accord with Transwestern, so long as it pursues its favored alignment.

CO10-2
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Indeed, given the number of opportunities the Commission and other stakeholders have afforded the Applicant to engage in productive dialogue, and the repeated rejection of those overtures, the Commission would be entirely justified in questioning the fundamental viability of the proposed project, particularly insofar as it is owned or controlled by the present applicant.

b. The Final EIS Should Incorporate Additional Information Regarding the Pinal County EPNG Collocation Variations

CO10-3

Despite the significant shortcomings in the Applicant's overall approach to this project and to stakeholder interests, we wish to compliment the Commission staff for the fact that the DEIS contains a significant amount of useful information and responsible analysis concerning alternatives to the initially proposed alignment in the areas of Pinal County where Mainspring, M&W and A&M are developing the master planned communities of Terrazo, Solano Ranch North and Maratea.

We also applaud the Commission staff's continued efforts to ensure that Transwestern provides all of the information the Commission requires to ensure that the final EIS represents an appropriate record on which to base the Commission's ultimate decision regarding Transwestern's application. In light of the problems to date, it is not unreasonable to believe that the record, as it stands, would be vulnerable to challenge because it omits or misstates fundamental information.

The controversies surrounding the proposed pipeline are substantial, and they are likely to persist. It is in the mutual interest of the Commission and the stakeholders to ensure that the final EIS, if it goes forward, fully explains the basis for selecting an alternative alignment in the Casa Grande area. In this regard, Mainspring, M&W, and A&M have identified several areas of the DEIS where additional information should be

Companies and Organizations

CO10-3

Regarding comment b(1), section 3.5.2.5 notes the concerns of Pinal County and the City of Casa Grande that replanning developments that have already been approved and engineered would cause local governments to incur significant time and resources.

Regarding comment b(2), as explained in section 3.5.2.5, the developments of Terrazo, Solana Ranch North, Maratea, and Vista Canyons were identified based on input from the public and the affected local government development agencies.

See the response to comment CO30-1 in response to comments b(2)(a) and b(2)(b).

See the response to comment CO14-5 in response to comment b(2)(c).

CO10-3
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presented. Our concerns involve the description of the rationale for the Pinal County EPNG Collocation Variations.

1. Impact on Constructability and Value of Master Planned Communities

The DEIS properly sees past Transwestern's repeated attempts to trivialize the nature and extent of the impacts of its proposed alignment on Mainspring, M&W and A&M. The DEIS correctly identifies the significant interests that Mainspring, M&W, and A&M hold in the existence of approved master planned communities, and expressly notes that "it appears that direct impact (i.e., the placement of permanent right-of-way on lots) on [Terrazo, Solano Ranch North, Maratea, and Vista Canyons developments] could be avoided by slight variations in Transwestern's proposed alignment." (DEIS, 3-38). The DEIS appropriately recognizes that these are not speculative, abstract, or trivial interests.

The DEIS correctly concludes, despite Transwestern's repeated assertions to the contrary, that the most significant concerns of Mainspring, M&W, and A&M relate to the impact of a new permanent right-of-way for the Transwestern pipeline on the "constructability and value of [the parties'] lots." (DEIS, 3-37). The DEIS also correctly states that the imposition of a new right-of-way would likely require "significant time and resources to replan developments that have already been approved and engineered." (*Id.*)

Indeed, the master planned communities already approved are the result of thousands of hours of diligent review by public employees in one of the fastest developing corridors in the entire country. It is not only the developers, but ultimately the taxpayers in Pinal County who would bear the burden of addressing the consequences of an alignment that disrupts the approved communities. It would not be equitable to force those parties who have worked in good faith to reconcile community concerns with

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CO10-3
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the development interests of landowners to bear the substantial costs of revising the already-settled master plans, particularly where the Applicant's approach to community interests has been so dismissive and where, as here, there are multiple optional alignments that do little or no harm to the current community plans.

The final EIS should continue to stress and explain more fully the importance of these factors to the Commission. The final EIS should expressly note that the cost of re-planning will not be solely a burden on Mainspring, M&W, and A&M, but will impose a substantial financial and operational hardship on the affected local governments.

2. Feasibility of the Pinal County EPNG Collocation Variations

Mainspring, M&W, and A&M believe that FERC has established a workable model of collaboration among stakeholders in its analysis of the Pinal County EPNG Collocation Variations. Specifically, the DEIS requires Transwestern to "work with EPNG to develop variations of the Phoenix Lateral that would avoid the placement of permanent right-of-way on platted lots within the Terrazo, Solano Ranch North, Maratea, and Vista Canyons developments." (DEIS, 3-38). Commission staff appropriately determined that collocation within the existing EPNG right-of-way in those areas is a well-balanced alternative and instructed Transwestern to work with all stakeholders to ensure that the Transwestern pipeline location does not involve placement of permanent right-of-way on the properties under development by Mainspring, M&W, and A&M. (DEIS, 3-38). In doing so, FERC referenced concerns expressed by Mainspring, M&W, and A&M, and the concerns raised by Pinal County in its March 19, 2007 letter to the Commission. (*Id.*). The DEIS notes that the proposed Transwestern route would cross a significant number of lots in four master planned communities--Terrazo, Solano Ranch North, Maratea, and Vista Canyons--and further concludes that only "slight" variations

CO10-3
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would be required in order to avoid placement of new permanent right-of-way on more than 100 platted lots. (DEIS, 3-38).

In this regard, the DEIS's direction to Transwestern represents an appropriate balancing of the interests of the applicant with the interests of other interested parties, including landowners and local government. Nevertheless, Mainspring, M&W, and A&M believe that the final EIS should further describe the various factors that led to the staff's direction to Transwestern regarding use of the EPNG right-of-way and other restrictions on the proposed Transwestern route in the Pinal County area. Specifically, Mainspring, M&W, and A&M encourage Commission staff to provide additional explanation regarding the basis of the conclusion that collocation is appropriate in the four master planned communities cited in the DEIS. We believe that the public's understanding of the Commission's decision would benefit from a more explicit characterization of the factors that underpin the direction to Transwestern. Indeed, the final EIS and Commission decision would be greatly enhanced by including factors related to the DEIS' findings and recommendations relating to the Pinal County Collocation Variations, and would provide the level of evidence necessary for a legally sufficient decision by the Commission.

Specifically, the final EIS should identify the geographic and regulatory factors that make collocation within the existing EPNG right-of-way a practical and workable alternative. These factors were identified the April 3, 2007 submission by Mainspring, M&W, and A&M to the Commission, and accordingly we would request that the Commission include them in the final EIS. These key facts and regulatory provisions add further weight to the conclusions and recommendations in the DEIS, and are outlined below:

Companies and Organizations

CO10-3
(cont'd)

- a) Safety and Industry Standards. There is only one segment where the distance between the proposed developments and the closest EPNG line is less than 50 feet, and that segment is 45 feet wide, still wide enough to provide 22.5 feet of separation if centered, or a full 25 feet separation from the EPNG line if desired. Simply put, collocation within the EPNG right of way is practical and would be consistent with all applicable industry standards.
- b) Part 192 Requirements. It is established law that NEPA requires agencies to take into account reasonably foreseeable facts and occurrences in their decision-making. It is reasonably foreseeable that EPNG will be replacing, moving, or otherwise modifying its pipelines in the Casa Grande area to meet the Department of Transportation's Pipeline and Hazardous Materials Safety Administration regulations under Part 192.
- c) NEPA Standards. NEPA requires that the Commission consider alternatives to a proposed action that would achieve the purpose of the proposed action, while avoiding unnecessary adverse impacts on the human environment. In this case, it is entirely appropriate for the Commission to consider an alternative that relies on mechanisms to coordinate the timing, location, and nature of the two companies' activities in the corridor so as to achieve economic efficiency, regulatory compliance, public safety, and minimal near- and long-term impacts on adjacent landowners.

c. The Final EIS Must Contain the Route Information Requested by the Commission from Transwestern.

CO10-4

In addition to suggesting that the Commission staff revise the DEIS to elaborate on the reasons why collocation is the proper siting alternative in the areas of the Terrazo, Solano Ranch North, Maratea, and Vista Canyons developments, Mainspring, M&W, and A&M urge the Commission in the strongest possible terms to insist that Transwestern comply with the instructions given to the company in the DEIS.

The history of this proceeding includes ample reason to suspect that Transwestern will not comply with Commission direction. The direction to Transwestern in the DEIS was not the first time that the Commission staff directed Transwestern to work with other interested parties to attempt to identify collocation siting alternatives. To date, despite repeated requests from Commission staff, Mainspring, M&W, and A&M, numerous meetings, and the submission of additional detailed data related to the location of the Mainspring, M&W, and A&M developments, Transwestern has failed to do what the Commission asked the company to do.

Our caution to the Commission about the Applicant's future behavior is not mere speculation. In point of fact, Transwestern has stated in recent conversations with legal counsel to Mainspring, M&W and A&M that the company fully expects to impact the lots in master planned communities and will attempt to place permanent easements on those platted lots, in defiance of the simple, clear directions contained in the DEIS.

Should Transwestern continue to defy Commission directives, particularly with respect to collocating with EPNG, Mainspring, M&W, and A&M would strongly urge the Commission to require Transwestern to identify a new route that avoids entirely the Casa Grande corridor, or reject Transwestern's application outright.

Companies and Organizations

CO10-4 See the response to comment CO30-1. See also section 3.5.2.5 that has been revised to include new information regarding the Pinal County EPNG Collocation Variations.

d. The Commission Should Evaluate the Merit of the Application in Light of the Likelihood of Substantial Future Conflict and Compliance Difficulties.

CO10-5

The Applicant may change course and choose to do what the DEIS directed. In our case, that would be a positive next step in the Commission's regulatory process, but by no means would we consider this matter satisfactorily resolved. We have real doubts, and the Commission should have real doubts, given the unusual history of this proceeding, whether Transwestern will meet the terms of any certificate. This is especially true to the extent that the Commission, in issuing a certificate, expects the pipeline to work in a constructive, respectful and professional manner with the private property owners, local jurisdictions and other stakeholders affected by the project during construction and afterward.

We anticipate that, should the Commission grant a certificate to Transwestern, even on terms that require full collocation with EPNG in the Casa Grande area, the area's stakeholders -- and the Commission -- will be in conflict with Transwestern at virtually every turn for years to come. The company has been unwilling to demonstrate the level of fealty to Commission priorities and responsibilities to which the Commission, and the public are entitled. The credibility of the Commission process is at risk in a situation where a regulated entity is openly disinclined to follow Commission directions.

We do not in any way question the importance of promptly improving the gas supply infrastructure serving Arizona. We do, however, suggest that the Commission consider seriously whether the present applicant is the proper party in which to entrust that responsibility and privilege, or whether the Phoenix Extension Project or its

II-587

Companies and Organizations

CO10-5

The commentor's concerns regarding Transwestern's ability to meet the terms of a FERC Certificate are noted. Section 2.5 describes the environmental compliance inspection and mitigation monitoring program that would be implemented by the FERC and other agencies during and after construction of the project, if the project is approved.

CO10-5
(cont'd)

equivalent should be put in the hands of another pipeline company with an unambiguous commitment to regulatory compliance and industry best practices.

V.

CONCLUSION

Mainspring, M&W and A&M respectfully request that the Commission give full consideration to these comments.

Respectfully submitted,



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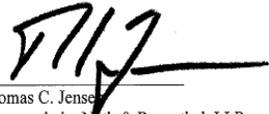
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June 14, 2007
Washington, D.C.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused to be served by email the foregoing document to all parties listed on the official service list compiled by the Secretary for this proceeding.

Dated at Washington, DC, this 14th day of June 2007.



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2520E951V-9

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Transwestern Pipeline Company, LLC) Docket No. CP06-459-000

COMMENTS OF SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ON
THE DRAFT ENVIRONMENTAL IMPACT STATEMENT
PHOENIX EXPANSION PROJECT

Pursuant to Rule 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.213, Salt River Project Agricultural Improvement and Power District ("SRP") respectfully submits its comments in support of the Draft Environmental Impact Statement ("DEIS") issued by the Federal Energy Regulatory Commission (the "Commission") on April 27, 2007 and urges the Commission to issue a final Environmental Impact Statement and the certificate for the project promptly.

I.

INTRODUCTION

SRP has previously filed a timely Motion to Intervene in Support of the Transwestern Pipeline Company, LLC ("TW") Application in the instant docket. SRP also commented upon the Response by TW to a Data Request from the Commission and provides these additional comments in support of the Phoenix Expansion Project and the DEIS.

II.

THE DEIS SHOULD NOT BE WITHDRAWN OR DELAYED

Some parties have urged that DEIS should be withdrawn or the comment period extended.¹ SRP strongly urges the Commission that the DEIS should not be withdrawn or the comment period extended.

¹ See, e.g., Preliminary Comments of Stardust-Tartesso W-12, Inc. and Pulte Home Corp. and Request for Withdrawal of the Draft Environmental Impact Statement, filed on June 1, 2007; Town of Buckeye's Motion for Withdrawal of Draft Environmental Impact Statement or, in the Alternative, Motion to Extend the Comment Period, filed June 1, 2007; Comments on Transwestern Pipeline's Proposed Phoenix Expansion Project Draft Environmental Impact Statement, filed on June 13, 2007 by WVSV Holdings, L.L.C.

II-590

CO11-1

CO11-1 See the response to comment PM3-3.

CO11-1
(con'td)

None of the commenting parties have shown any compelling reason why further delay should be added to the process. Every party received notice of the application and many of those parties now seeking delay intervened in the proceeding shortly after the notice was issued.² Even prior to the notice being issued there were company open houses and scoping meetings held in a variety of locations in the areas impacted by the Project. None of parties seeking withdrawal or delay has presented any compelling evidence that withdrawal or delay is necessary or appropriate.

III.

THE NEED FOR THE PROJECT HAS BEEN AMPLY DEMONSTRATED

CO11-2

The woeful lack of natural gas infrastructure in Arizona has been commented upon in this docket and in many other proceedings and SRP will not belabor the issue here. The greater Phoenix area is currently served by one natural gas pipeline, El Paso Natural Gas Company, which has capacity constraints in several areas. With the projected growth in Arizona, SRP alone will need to add several thousand MWs of generation capacity over the next ten years to provide reliable electric service to its retail customers. Concerns with greenhouse gas emissions and greater environmental regulation on coal-fired generation means that more of the generation capacity is likely to be natural gas. The current pipeline resources will not be adequate to serve the additional generating plants that will be needed. It seems a bit hypocritical for Buckeye and some of the developers of projects in Buckeye to object to the Phoenix Expansion Project because there will be "a million" residents in the area and then suggest that there will not be a need for additional natural gas to fuel the generators to provide electrical service to those residents. There was also a suggestion that the power generated by the additional natural gas will be transported outside the State of Arizona. The growth that SRP is projecting in generating resources is needed solely to satisfy its retail customers. Clearly, additional generating plants are going to be required to support the growth.

² The Town of Buckeye, Stardust-Tartesso W12, Inc., Pulte Homes, WVSU Holdings, L.L.C., and several other developers in the Buckeye area filed motions to intervene on October 12, 2006 and were added to the service lists for this docket.

II-591

Companies and Organizations

CO11-2 Sections 1.1 and 3.4.2.5 have been revised to incorporate SRP's comments regarding the purpose and need of the proposed project.

CO11-2
(cont'd)

In addition to the increase in generation capacity which is projected, the natural gas market in Arizona is constrained by a lack of competition. With only one natural gas pipeline, electric generators and local distribution companies are all captive to one supplier with no competitive pressure on prices or services. Having another supplier of natural gas in the Phoenix metropolitan area can only have a substantial positive impact on competition in the market, and hence on the cost of electricity for retail customers.

IV.

THE IMPACT OF FUTURE UTILITY CROSSINGS HAS BEEN EXAGGERATED

CO11-3

The proposed route for the Phoenix Expansion Project has been attacked as requiring too many additional utility crossings of the pipeline to accommodate the projected growth and additional infrastructure in the Buckeye area. The proposed route through that area will parallel the Palo Verde to Westwing transmission facilities which are operated by SRP and SRP will not permit any utilities to be placed in its right of way (ROW) which are parallel to the transmission lines, except for the pipeline. In addition, SRP will be required to consent to any crossings of its transmission corridor at a ninety degree angle. The vast majority of any other utility installations are going to be located along planned roadways. As a result, SRP has been working with the developers in the area to locate the necessary roadways to cross its ROW and there are limited planned roadways which will cross the ROW. There is one planned new roadway in the Tartesso subdivision and two planned new roadways in the Festival Ranch subdivision, all of which should be completed prior to the commencement of construction by TW. The issue of additional utility crossings interfering with the pipeline is simply not as significant as has been suggested and should not impact the determination of the route for the Project.

II-592

Companies and Organizations

CO11-3 Section 3.4.2.5 has been revised to incorporate SRP's comments regarding the number of future utility crossings of SRP's powerline easement in the Buckeye, Arizona area.

V.

COLLOCATION IS NOT A SAFETY HAZARD

CO11-4

The suggestion that SRP believes collocation to be a safety concern³ is a gross mischaracterization of its position. SRP has consented to the collocation of the pipeline within its ROW within certain guidelines which have been approved by Western Electricity Coordinating Council ("WECC") and by the Arizona Power Plant and Transmission Line Siting Committee. The Arizona Power Plant and Line Siting Committee has a requirement that any transmission lines be located at least 100 feet from any natural gas pipeline. In order to assure that distance from the lines, SRP required TW to site the pipeline within the outer 15 feet of the ROW. SRP objected to placing the pipeline between the two transmission lines because of concerns with the ability to access the lines and make necessary repairs and maintenance. The nature of the maintenance required for the transmission lines and the extremely large and heavy equipment needed for such maintenance necessitates a greater distance between the lines and any other facilities; one cannot equate that type of maintenance activity with the types of activities that would be routinely be done on other types of utility crossing or residential uses. With the pipeline located in the outer edge of the ROW, the maintenance issues are substantially lessened. SRP would also note that the alternative route proposed would be located within an Arizona Public Service Company ROW for a future 500 kV line; thus, that route is not inherently superior to the proposed route from any safety perspective.

VI.

SRP WILL NOT ABANDON THE ROW THROUGH

THE WASTE MANAGEMENT LANDFILL

CO11-5

Waste Management, Inc. ("WM") has stated that the SRP ROW through its landfill will expire in 2028 and that WM intends to use that area as additional landfill at that time.⁴ SRP fully intends to renew

³ See, Preliminary Comments of Stardust-Tartesso W-12, Inc. and Pulte Home Corp. and Request for Withdrawal of the Draft Environmental Impact Statement, filed on June 1, 2007, page 7-8.

⁴ See, Comments of Waste Management Arizona Landfills, Inc. in Answer to Transwestern Pipeline Company, LLC Response to Deficiency Letter, filed on February 16, 2007, page 4.

II-593

Companies and Organizations

CO11-4

Section 3.4.2.5 has been revised to incorporate SRP's clarification of its position regarding the safety of collocating the proposed project within the existing powerline easement.

CO11-5

Section 3.5.2.4 has been revised to include SRP's intention to renew its current easement in perpetuity across the WMA landfill between approximate MPs 126.0 to 127.5.

CO11-5
(cont'd) | the easement in perpetuity because the transmission lines are a critical asset for the Western Interconnection and for SRP to continue to provide electric service to its customers. Thus, the proposed route through the landfill will not present any additional maintenance or safety issues due to changes in the use of the property.

VII.

CONCLUSION

CO11-6 | SRP believes that the DEIS adequately addresses the relevant environmental issues with the proposed route for the Phoenix Expansion Project and urges the Commission to promptly issue an Environmental Impact Statement which adheres to the proposed route.

Wherefore, SRP respectfully requests that the Commission accept these comments to supplement the record.

Respectfully submitted,

By: /s/ (filed electronically)

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Dated: June 18, 2007

CO11-6 SRP's comment expressing support for the adequacy of the EIS is noted.

Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington, D.C. this 18th day of June, 2007.

/s/ (filed electronically)
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June 15, 2007

Kimberly D. Bose, Secretary
Federal Energy Regulation Commission
888 First St. NE; Room 1A
Washington, DC 20426

RE: *Transwestern Pipeline Company-Phoenix Expansion Project-Draft Environmental Impact Statement-Docket No. CP06-459-000*

Dear Ms. Bose:

I represent the owners of two projects presently under development that will be impacted by the location of this pipeline through the North Branch of the Santa Cruz river. The first is the Arroyo Linda site (SW corner of Rodeo Road and Peart Road, Casa Grande, Az) and the second being the Mission Por Del Rio site at the SE corner of this intersection. Both are residential platted sites with planned units in excess of 1,000 single family homes. The planned location of this pipeline runs adjacent to the south of Arroyo Linda and runs through the middle of Mission Por Del Rio an area that is part of the North Branch Habitat Preserve. Significant damage will take place if the pipeline is allowed to proceed through these areas both to the natural habitat and the adjacent development. Please reconsider alternate routes as the City of Casa Grande has encouraged.

Sincerely,

Gordon Phillips
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8501 N. Scottsdale Road, Suite 125
Scottsdale, Arizona 85253

II-596

CO12-1

Companies and Organizations

CO12-1

As indicated in table 4.7.3.2 of the EIS and on drawings #9 and #10 of the Proposed Phoenix Lateral – Wash Route included in Transwestern’s March 1, 2007 filing, the proposed alignment of the Phoenix Lateral would not impose temporary or permanent right-of-way on any of the lots within the Mission Por Del Rio or Arroyo Linda (Griffiths Parcel) planned developments. Therefore, the proposed project would not result in significant damage to the referenced developments.

Regarding project impacts on the North Branch Habitat Preserve, the commentor is referred to sections 4.4.2 and 4.5.1.2 for a discussion of vegetation and wildlife impacts that would result from the project. As stated in section 3.4.2, Transwestern has agreed to provide substantial mitigation or compensation for impacts on land uses along The Wash alignment. Alternative routes that would avoid The Wash alignment are considered in section 3.4.2.6.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Transwestern Pipeline Company, LLC) Docket No. CP06-459-000

SUPPLEMENTAL COMMENTS OF
ARIZONA PUBLIC SERVICE COMPANY IN SUPPORT OF THE TRANSWESTERN
PIPELINE PHOENIX EXPANSION PROJECT

CO13-1

Pursuant to the Procedural Schedule established in the above captioned proceeding, Arizona Public Service Company ("APS") hereby files supplemental comments to its October 12, 2006 motion to intervene in this docket in support of the Transwestern Pipeline Company, LLC's ("Transwestern") Phoenix Expansion Project. The purpose of these supplemental comments are to provide additional details relating to the natural gas demands of Arizona customers in response to remarks made by members of the public at the June 6, 2007 FERC Town Meeting in Buckeye, Arizona.

As explained in its earlier comments, APS is an electric utility involved in the generation, transmission and distribution of electric power and electric services to residential, commercial, industrial and agricultural customers in 11 of the 15 counties within the State of Arizona. Currently, one hundred percent of APS' natural gas requirements for its Arizona electric generation facilities are transported by El Paso Natural Gas Company ("El Paso"). At the June 6, 2007 town meeting, various speakers opposed the construction of Transwestern's proposed pipeline facilities on the grounds that there is no need for a new interstate natural gas transmission pipeline in the Phoenix area.

As one of the sponsors of the pipeline (having entered into an agreement for capacity on Transwestern), APS disagrees with the conclusion that there is no need for an additional

II-597

CO13-1 APS' comments expressing support for the proposed project are noted.

CO13-1
(cont'd)

interstate natural gas pipeline in Arizona. It is widely recognized that Arizona is among the fastest growing states in the country in terms of population and economy. Similarly, it should be expected that as the population grows so does the demand for utility service, including natural gas.¹ APS has witnessed this growth in utility demand in all sectors: residential, commercial and industrial use. Currently, approximately 25 percent of APS' utility load is served by its natural gas-fired electric generators.

Beyond fulfilling the needs of a growing population, the addition of the Transwestern pipeline into the Phoenix market will provide two additional benefits: competition and reliability. Today, the Phoenix market is physically captive to the service offerings and price structure of the El Paso system because there are no other pipeline alternatives and therefore no competition for interstate natural gas transmission. The entrance of the Transwestern into the Phoenix market will, for the first time provide a viable competitive alternative to El Paso.² In addition to competition, having a second interstate pipeline feeding into the Phoenix market area will add to the reliability of the natural gas service and supplies and mitigate the impact of an outage on one pipeline.

¹ According to data produced by the United States Census Bureau (revised May 7, 2007), from April 2000 to July 2006, Arizona's population has increased by 20.2% as compared to the nation's 6.4% population increase during this same period.

² Unlike Arizona, California is served by multiple pipelines which has lead to the discounting of natural gas transportation services into the California market.

CO13-1
(cont'd)

For the foregoing reasons, APS respectfully requests that the Commission expeditiously act favorably upon Transwestern's instant application.

Respectfully submitted,

/s/ Kelly A. Daly

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Attorneys for
ARIZONA PUBLIC SERVICE COMPANY

DATED: JUNE 18, 2007

CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing document electronically, upon all interested parties in this proceeding.

Dated at Washington, D.C. this 18th of June, 2007.

/s/ M. Denyse Zosa

M. Denyse Zosa

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Transwestern Pipeline Company, LLC)

Docket No. CP06-459-000

COMMENTS OF EL PASO NATURAL GAS COMPANY ADDRESSING THE
DRAFT ENVIRONMENTAL IMPACT STATEMENT FOR THE PROPOSED
PHOENIX EXPANSION PROJECT

000-II

CO14-1

El Paso Natural Gas Company ("EPNG") hereby submits comments on the Draft Environmental Impact Statement prepared by the environmental staffs of the Federal Energy Regulatory Commission ("FERC" or the "Commission"), the U.S. Department of the Interior, Bureau of Land Management, the U.S. Department of Agriculture, Forest Service, the U.S. Department of Transportation, Office of Pipeline Safety, the U.S. Department of the Interior, Bureau of Indian Affairs, and the Navajo Nation (collectively referred to as the "Agency Staffs") for the proposed Phoenix Expansion Project of Transwestern Pipeline Company, LLC ("Transwestern"). The comments of EPNG focus primarily on the spacing between the pipeline facilities of EPNG and the proposed Transwestern Phoenix Lateral Project. In summary, EPNG supports the conclusions reached in the DEIS that due to the size of the proposed Transwestern Phoenix lateral, and the right-of-way required for construction and operation of such a pipeline, it is not feasible to construct and operate the Phoenix Lateral within the existing EPNG ROW. For this reason EPNG supports the conclusions reached by the Agency Staffs that the facilities of the Transwestern Phoenix lateral should not be located in the EPNG ROW in the Agua Fria National Monument. For the same reasons, EPNG supports the conclusion of the Agency Staffs that the Transwestern proposed route through the City of Casa Grande is preferable to the "CGEPNG Alternative." Finally, EPNG states that while it is willing to work with Transwestern

CO14-2

to allow some use of existing ROW for temporary construction space, EPNG does not believe it is feasible to avoid all impacts on proposed developments by squeezing the Transwestern Phoenix Lateral into the EPNG ROW. If the proposed development plans must be revised in any case, EPNG submits that safety concerns mandate that the development plans be revised sufficiently to permit Transwestern to acquire its right-of-way outside of the EPNG right-of-way.

Companies and Organizations

CO14-1

EPNG's comments expressing support for the proposed route in proximity to the Agua Fria National Monument (AFNM) and in The Wash alignment through the City of Casa Grande are noted.

CO14-2

Section 3.5.2.5 has been revised regarding the Pinal County EPNG Collocation Variations. While we concur with EPNG that the variations would not avoid all direct impacts on the planned developments discussed in section 3.5.2.5, we do not agree that the developments would require replatting to accommodate the variations.

CO14-2
(cont'd)

EPNG recognizes that this is a difficult proposition for those parties that are unfamiliar with the practices of high pressure large diameter natural gas pipeline construction and operation, and EPNG desires to submit additional comments on this topic.

I.
BACKGROUND

CO14-3

On September 15, 2006, the Commission noticed the Application of Transwestern for a certificate of public convenience and necessity for the construction, ownership and operation of (i) 24.6 miles of new 36-inch-diameter pipeline loop1 (the San Juan Lateral Loops A and B) extending along the existing San Juan Lateral in San Juan and McKinley Counties, New Mexico; (ii) 259.3 miles of new 42- and 36-inch-diameter pipeline (the Phoenix Lateral), consisting of 95.7 miles of 42-inch-diameter pipeline extending from milepost (MP) 0.0 in Yavapai County, Arizona to MP 95.2 in Maricopa County, Arizona, and 163.6 miles of 36-inch-diameter pipeline extending from MP 95.2 in Maricopa County, Arizona to MP 255.1 in Pinal County, Arizona; (iii) various ancillary facilities; and the acquisition of an ownership interest in EPNG's East Valley Lateral line located in Pinal and Maricopa Counties, Arizona. EPNG filed a timely motion for leave to intervene as a party to the certificate proceeding and has been monitoring and participating in this proceeding in a limited nature. EPNG's participation has been primarily limited to discussions regarding the potential for the encroachment of the Transwestern Phoenix expansion project on the rights-of-way for EPNG's existing pipelines in the area. EPNG has been present at certain public meetings and has consulted informally with representatives of the Commission staff and various local governmental agencies.

II.
EPNG'S CONCERN WITH
PIPELINE ROW ENCROACHMENTS AND OVERLAPS

CO14-4

EPNG is committed to the safe and reliable operation of its pipeline system. In the areas discussed in the DEIS, EPNG owns and operates three, and sometimes four large diameter, high pressure natural gas pipelines. Depending upon subsurface conditions that were experienced when the pipelines were installed, the location of the pipelines within the rights-of-way can vary substantially from point to point.

Companies and Organizations

CO14-3 EPNG's background description is noted.

CO14-4 EPNG's concerns regarding construction safety, operational constraints, and system reliability associated with locating the Phoenix Lateral in proximity to EPNG's existing natural gas pipelines are addressed in sections 3.4.2.6 and 3.5.2.5.

CO14-4
(cont'd)

The DEIS describes in Section 2.3.2 the "Special Construction Techniques" that will be employed when working near other pipelines. The character of these techniques underscore the importance of extreme vigilance when operating heavy excavation and construction equipment in close proximity to operating high pressure natural gas pipelines.

There are a number of reasons why EPNG opposes the overlap of the rights-of-way of the existing EPNG pipelines and the Transwestern Phoenix Expansion Project.

It is important to recognize that pipelines are not always centered within their rights-of-way. In fact, a pipeline is commonly closer to one side of the right-of-way than the other. Obstacles encountered in the trenching and installation process may cause this, but in the case of EPNG's facilities and rights-of-way in this area there is another reason. EPNG built line 1600 in 1969, and it purchased Line 2000 in 2000 (and converted it from oil to natural gas service). Because these two pipelines were initially built and operated by separate companies, the rights-of-way of the two pipelines did not always abut. This resulted in an occasional gap between the rights-of-way. In response to requests from landowners and land developers, EPNG has in some locations "traded" portions of its right-of-way to the outside of the two pipelines in exchange for the "gap" in the right-of-ways between the pipelines. The combined effect of these two factors has caused the EPNG pipeline to be located very close to the edge of its right-of-way in some locations. This clearly and obviously minimizes the ability of an adjacent pipeline to use a portion of the EPNG right-of-way.

It is also important to recognize that natural gas pipelines are not something that are installed and then forgotten. There are a number of reasons why pipeline companies need to get back into their pipelines on occasion. EPNG engages in periodic "smart pigging" of its pipelines to monitor the status of the pipe. This process involves the movement of a measuring tool through the pipeline which is capable of measuring the condition of the pipeline. If any anomalies are identified in the pipe, the segment of pipe is excavated and the anomaly is investigated and repaired. This repair may involve the replacement of a segment of the pipe.

II-602

Companies and Organizations

CO14-4
(cont'd)

Likewise, in areas of rapid development and population growth, interstate pipelines must contend with adding or modifying its pipeline facilities. For example, in rapid growth areas, there is always a potential need to tie into the pipeline for additional customer deliveries. Rapid growth can also result in the need for a change in the classification of pipeline facilities. The Department of Transportation pipeline safety rules require different pipeline thicknesses in areas of different population densities. Where population growth mandates a change in pipeline wall thickness, EPNG will typically replace existing pipeline by installing a new segment of thicker wall pipe next to the original pipeline. When the installation of the new segment of pipe is complete, EPNG will cut out the original segment and will tie in the new (heavier-walled) segment. This process minimizes the time the pipeline must be taken out of service.

Each of these examples can require excavation of the pipeline. Safe excavation of a natural gas pipeline requires two things: knowledge of the precise location of the pipeline and enough physical space to bring in and operate the necessary equipment.

Identifying the precise location of underground facilities is of course quite possible, but this effort becomes increasingly difficult whenever multiple facilities are placed in close proximity. If the underground facilities are not precisely located and accurately marked, the excavation process becomes far more difficult and dangerous. The difficulty of precisely locating and accurately marking underground facilities becomes even more cumbersome and difficult when the underground facilities are owned and operated by multiple entities.

The amount of physical space that is needed to safely work on a natural gas pipeline is difficult to state with certainty. As was noted in the DEIS, it is generally not an adopted practice to operate heavy construction and excavation equipment directly above operating high pressure pipelines. When pipelines are placed too close together, the use of some equipment is precluded and some construction techniques (such as the placement of a replacement segment of pipe next to the section that is being replaced) become impossible. The local conditions can affect the necessary spacing of pipeline facilities, but as is noted in the DEIS, the nominal right-of-way necessary for the installation of a pipeline the size of the Phoenix Lateral is 120 feet, and the nominal right-of-way for the operation of the pipeline is 50 feet.

II-603

Companies and Organizations

CO14-4
(cont'd)

Another aspect of pipeline operation that is adversely affected by pipeline congestion is the cathodic protection of the pipelines. Cathodic protection systems are designed to create an electrical charge on pipelines to prevent or minimize the amount of corrosion on steel pipelines. EPNG and Transwestern will be required to operate separate cathodic protection systems on their respective lines due to the differing ages of the pipes. Older pipes require a greater amount of electrical current than newer pipes. If the Transwestern Phoenix Lateral is placed in too close a proximity to the existing EPNG pipelines, there is a strong potential for the cathodic protection electrical currents to travel to one of the three pipelines, thereby compromising the effectiveness of the cathodic protection systems on the other lines. In all likelihood, the higher currents from EPNG's older pipelines would cross over to the new Transwestern pipe. This will make it harder for EPNG to maintain corrosion protection and require Transwestern to deal with the unexpected electrical charges from EPNG's line.

Finally, there is the risk that if the pipelines are placed too closely together an incident involving one pipeline could jeopardize the operability of one or both of the other pipelines. Installation of the additional pipeline could therefore decrease the redundancy of the pipelines and actually reduce reliability. Certainly congestion within a pipeline right-of-way will increase the amount of time to access and repair any pipeline problem.

In conclusion, putting the pipeline facilities too close together increases risk, expense and difficulty and decreases reliability and safety. For all of these reasons, EPNG urges the Agency Staffs to continue to mandate adequate physical separation between the proposed Transwestern Phoenix Lateral and the existing facilities of EPNG.

III
EPNG'S ABILITY TO WORK WITH TRANSWESTERN TO REDUCE IMPACTS ON
PLATTED DEVELOPMENTS

CO14-5

The DEIS recommends that Transwestern work with EPNG to "develop variations of the Phoenix Lateral that would avoid the placement of permanent right-of-way on platted lots within the Terrazo, Solano Ranch North, Maratea and Vista Canyon developments." DEIS, §3.5.2.5 at p. 3-39. EPNG has discussed this matter with Transwestern and has concluded that even where the facilities are placed much closer together than EPNG considers safe, the Transwestern pipeline will nevertheless impact a number of platted lots. Because the proposed developments (which have not yet begun any development activity) will need modification in any event, EPNG recommends the following conditions for collocation:

1. In all cases the Transwestern pipeline should be installed no closer than 50 feet from the centerline of EPNG's existing pipelines, and not within EPNG's permanent right-of-way.
2. In the same way that Agency staffs have recommended that EPNG and Transwestern should discuss the potential for the collocation of pipelines, EPNG recommends that Agency staffs should encourage Transwestern and the developers of the Terrazo, Solana, Maratea, and Vista Canyon residential developments to engage in negotiations aimed at modifying these planned developments. The goal would be for these parties to reach a mutually agreeable resolution that would provide Transwestern sufficient space to accommodate its proposed pipeline without having to locate its pipeline on EPNG's permanent right-of-way or on any planned residential plats.
3. Transwestern can use portions of EPNG's permanent right-of-way for construction space provided that Transwestern's workspace activities come no closer than 10 feet from the centerline of EPNG's existing pipelines or other existing facilities.
4. The locations of Transwestern's proposed above-ground facilities must be identified to ensure that the facilities do not encroach within EPNG's rights-of-way.

II-605

Companies and Organizations

CO14-5 EPNG's recommendations for collocation of EPNG's existing facilities and Transwestern's proposed project are noted.

We agree that EPNG and Transwestern must work closely together to ensure the safe construction and operation of EPNG and Transwestern facilities if the Phoenix Lateral is authorized and expect that Transwestern and EPNG would execute and implement formal agreements similar to those outlined by EPNG in its comments.

909-II

CO14-5
(cont'd)

5. Transwestern's permanent right-of-way should be located outside of EPNG's current easements or fee simple interests.

In addition, EPNG proposes that EPNG and Transwestern negotiate and execute two agreements:

- a "Parallel Construction Agreement" (setting forth the rights and obligations of both parties during construction and including the requirements articulated herein as well as communication protocols, marking obligations, and cost allocation provisions among other things); and
- a "Joint Use Agreement" (covering the rights and obligations of the parties during operation or maintenance of the pipelines in which either party may need to use the rights-of-way of the other).

These agreements would permit Transwestern to safely utilize part of EPNG's right-of-way areas, where feasible, during construction, maintenance and repair of the new Transwestern pipeline. The details of these agreements would need to be discussed to ensure that the work proceeds in a manner that ensures the safety of personnel and the community.

EPNG has provided these comments to Transwestern in the form of a letter, a copy of which is attached to these comments as Attachment A.

IV
CONCLUSION

CO14-6

EPNG appreciates the opportunity to provide these comments and also appreciates the efforts made by Agency Staffs to accommodate the concerns of the various parties affected by the proposed Transwestern Phoenix Lateral. EPNG generally supports the conclusions reached in the DEIS that it is not feasible to construct and operate the Phoenix Lateral within the existing EPNG ROW. EPNG supports the conclusions reached by the Agency Staffs that the facilities of the Transwestern Phoenix lateral should not be located in the EPNG ROW in the Agua Fria National Monument and that the Transwestern proposed route through the City of Casa Grande is preferable to the "CGEPNG Alternative." While EPNG is willing to work with Transwestern

Companies and Organizations

CO14-6 See the responses to comments CO14-1 and CO14-2.

CO14-6
(cont'd) | to allow some use of existing ROW for temporary construction space, EPNG does not believe it
is feasible to avoid all impacts on proposed developments by squeezing the Transwestern
Phoenix Lateral into the EPNG ROW.

Respectfully submitted,
EL PASO NATURAL GAS COMPANY

By /s/ Mark A. Minich
Mark A. Minich
Senior Counsel
Dated: June 18, 2007

Certificate of Service

I hereby certify that I have on this day caused a copy of the foregoing Comments of El Paso Natural Gas Company to be served upon each person designated on the official service list compiled by the Commission's Secretary in the proceeding at Docket No. CP06-459-000, in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure.

Dated at Colorado Springs, Colorado as of the 18th day of June 2007

/s/ Mark A. Minich
Mark A. Minich
Senior Counsel
El Paso Natural Gas Company

P.O. Box 1087
Colorado Springs, Colorado 80944
(719) 520-3782

609-II

ATTACHMENT A

Companies and Organizations

14



June, 12, 2007

Mr. Don Hawkins
Senior Vice President
Operations & Engineering
Transwestern Pipeline Company
5444 Westheimer Road
Houston, Texas 77056

Dear Mr. Hawkins:

Last week, I understand that a number of Transwestern's personnel assigned to work on Phoenix Expansion project met with personnel from El Paso Natural Gas Company (EPNG), including our Right-of-Way, Legal and Operations employees, in Phoenix to discuss routing of Transwestern's pipeline through central Arizona near the city of Casa Grande.

I was encouraged to learn there was strong cooperation between the two companies. Clearly, we all recognize our mutual interests in enhancing the safety of personnel and nearby communities by having the appropriate space between the pipeline systems and to ensure the ease of operation/maintenance of both of our pipeline systems through this rapidly developing area.

After the meeting of our two companies, I then met with our Operations group to receive their feedback on the proposed co-location of the facilities. As a result of that meeting, EPNG requests that Transwestern adhere to the following standards while acquiring easements and planning construction for Transwestern's new project:

On the land for which EPNG has either an easement right or a fee simple interest:

1. Survey and trench to ensure the new Transwestern pipeline is a minimum of 50 feet from the centerline of EPNG's existing pipelines, but at no time within EPNG's rights-of-way.
2. Ensure that all temporary workspace activities are greater than 10 feet from the centerline of EPNG's existing pipelines or other existing facilities.
3. Verify locations of Transwestern's proposed above-ground appurtenances to ensure that the facilities do not encroach within EPNG's rights-of-way.

El Paso Natural Gas
2 North Nevada Avenue Colorado Springs, Colorado 80903
PO Box 1087 Colorado Springs, Colorado 80944
tel 719 473.2300



4. Acquire rights-of-way for Transwestern which are outside of, but where necessary adjacent, to EPNG's current easements or fee simple interests. This will, of course, require coordination with our Phoenix personnel to determine EPNG's right of way boundaries.

In addition, we propose that EPNG and Transwestern develop two agreements. The first would be a "Parallel Construction Agreement" which would set forth the rights and obligations of the parties during construction occurring within EPNG's rights-of-way, and would include the requirements articulated herein as well as communication protocols, marking obligations, and cost allocation among other things.

The second would be a "Joint Use Agreement" to cover the rights and obligations of the parties during operation or maintenance of the pipelines in which either party may need to use the rights-of-way of the other.

We believe both agreements would meet the needs articulated earlier to permit Transwestern to safely utilize part of EPNG's right-of-way areas, where feasible, during construction, maintenance and repair of the new Transwestern pipeline. The details of these agreements would need to be discussed to ensure that the work proceeds in a manner that ensures the safety of personnel and the community.

EPNG is committed to making this long term relationship a win-win situation for both companies. With that in mind, we ask that you please forward this letter to your project personnel and encourage them to contact Mr. Tom Trujillo at 602-438-4237. Mr. Trujillo is EPNG's point of contact for this project.

In addition, I am available to answer questions and provide assistance. I can be contacted at 719 520-3727.

Thank you for your time and consideration.

Sincerely,

David R. Anderson
Manager Land Department